

# business insurance

update

## Fiberglass-cancer link raises new health concerns

CINCINNATI—Studies linking exposure to fiberglass and other manufactured mineral fibers to lung cancer are causing concern among health officials and manufacturers of such products.

Some of the biggest defendants in asbestos litigation are fiberglass manufacturers, including Manville Corp. and Owens-Corning Fiberglas Corp.

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Reporting weekly for corporate risk, employee benefit and financial executives / \$1.75 a copy; \$68 a year © Entire contents copyright 1987 by Crain Communications Inc. All rights reserved

## Coverage in question for Ecuador pipeline

By MARIA KEILMAS and STACY SHAPIRO

LONDON—Ecuador's state-owned oil company may not have property insurance for the estimated \$48 million it will cost to repair the country's main oil pipeline, which was severely damaged by earthquakes earlier this month.

While Corporacion Estatal Petrolera Ecuatoriana, the state-owned oil company, contends the damage will be covered by insurance, the lead insurer and the U.S. oil company that purchased the coverage say they do not think the pipeline is covered.

CEPE believes it has up to \$323 million in property insurance led by American Home Assurance Co., an American International Group Inc. unit, for physical damage to the pipeline and other oil production installations, says Wilson Pastor, contracts manager for CEPE in Ecuador.

CEPE last week estimated it will file a claim of about \$48 million with American Home to pay for the material and equipment needed to repair the pipeline, an oil pumping station and bridges damaged by the earthquakes, confirmed Ivan Petoya, technical director of CEPE.

This estimate does not include the cost of building a temporary pipeline, rebuilding roads adjacent to the pipeline or labor costs, said Mr. Petoya. The Ecuadorian government says the total loss will hit \$150 million.

The pipeline is owned by CEPE and operated by Texaco Petroleum Co., a subsidiary of Texaco Inc. of White Plains, N.Y., Mr. Pastor said.

However, an AIG spokeswoman in New York said the American Home policy does not cover the pipeline "as far as we know."

AIG says the pumping station is covered under the policy, but the spokeswoman says AIG expects any claims paid by American Home "to be very small."

Property insurance purchased by Texaco to cover the Ecuadorian oilfields—which are 37.5% owned by Texaco and 62.5% owned by CEPE—does not cover damage to the pipeline since the pipeline is wholly owned by CEPE, a Texaco spokeswoman in White Plains believes.

"Texaco only is the operator of the pipeline, so Texaco is not in a position to make payments for damage" to a pipeline it does not own, she said.

The AIG spokeswoman also noted that the named policyholder on the coverage is Texaco, not CEPE.

The pipeline "is not Texaco's property," added another Texaco official who did not wish to be named. The insurance covers damage to the oilfields where Texaco has an interest "and there is no damage to the oilfields as far as we know," he said.

And, the official said that he believes that earthquake damage is not covered by the policy.

The Texaco official added, however, that while he does not know of any endorsement to the policy that would cover CEPE for pipeline damage, he could not rule that out. He said that Texaco insurance officials will be fly to Ecuador this week to discuss coverage with local officials.

Texaco insures its worldwide property exposures through primary coverage written by AIG units and excess coverage written by worldwide insurers. Jardine Emett & Chandler Inc. and Alexander & Alexander Services Inc. in the United States, and Willis Faber P.L.C. in London, place Texaco's global property coverage. Hedderington Insurance Ltd., Texaco's Bermuda-based captive insurer, participates in the coverage.

CEPE's Mr. Petoya contends that Texaco should have purchased coverage for the pipeline, which was partly owned by Texaco until early last year.

"The operator of the pipeline is Texaco, so Texaco

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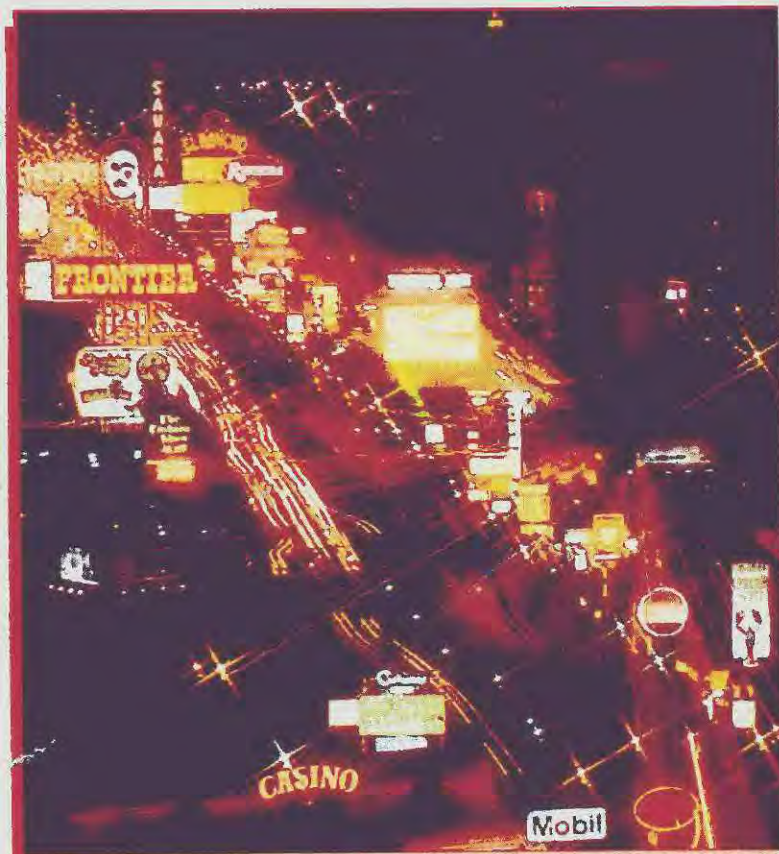


Photo: Las Vegas News Bureau

## Ready for RIMS?

You can bet you'll be prepared for this year's Risk & Insurance Management Society conference in Las Vegas if you bring along the special takeout section on pages T1-T24 of this issue. In addition to a complete update of conference sessions, the section also features conference highlights, gambling tips, restaurant listings and a guide on what to see and do in the gambling mecca of the West.

## 1986 was 'turnaround' year for insurers

By JUDY GREENWALD

Major property/casualty insurers' 1986 results are a good foundation upon which a great 1987 can be built, observers say.

The 24 major insurers surveyed by *Business Insurance* posted a 465% increase in aftertax operating earnings in 1986, compared with a 21.6% decline in earnings during 1985.

In addition, all but two of the 24 companies reported increased profits last year.

"All in all, it was a remarkable turnaround year," said James B. Stradtner, a general partner with Alex Brown & Sons in Baltimore.

"The full year 1986 was a year of initial recovery for just about all the companies," commented David Anthony, an analyst with Smith Barney Harris Upham & Co. Inc. in New York. "Almost everyone had better earnings."

However, observers noted that one factor—catastrophe losses—could have an effect on insurers' future profits. Analysts point out that 1986 was an exceptionally mild year for catastrophes.

"The weather is a wild card. The weather was so good in

1986 that it made the business look better than it really was," remarked Jeffrey Cohen, a senior analyst with Goldman, Sachs & Co. in New York.

Analysts warn this good luck cannot be expected to hold out.

After five or six pretty good quarters, a "decent-type of catastrophe" can be expected this year, said Mr. Anthony.

However, the most important factor affecting insurers' 1987 earnings will be how firm rates and coverage conditions remain, analysts say.

The danger exists that insurers will "believe their annual reports and start to relax their underwriting and pricing discipline, both in the field and the home office," said David Seifer, a vp with First Boston Corp. in New York, who nonetheless predicted that "we're going to have four good quarters in 1987."

Other analysts agree. "I think this year should be a super year," said Gloria L. Vogel, a vp at Bear, Stearns & Co. Inc. in New York. "It's almost a foregone conclusion we're going to be having better numbers."

This year "is going to be an outstanding year for earnings," said Joyce L. Culbert, an analyst with Warburg Securities in

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### Lowest combined ratios

Insurer	Year-end	
	1986	1985
Hartford Steam Boiler	86.0%	94.7%
Chubb Corp.	99.5	106.3
American International Group	101.2	106.1
Royal Group	102.0	114.3
General Re Corp.	103.3	110.8

### Highest combined ratios

Reliance Insurance Co. & subsidiaries	117.2%	114.9%
The Home Group Inc.	116.8	137.7
CNA Financial Corp.	114.6	123.7
Nationwide Mutual Insurance Co.	114.6	115.5
Liberty Mutual Insurance Co.	113.4	115.6

Source: BI survey

Chart: Amy Palmer

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**update**

**Fiberglass-cancer link found**

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New information indicates that there may be a risk of cancer from fiberglass, said Richard A. Lemen, director of policy for the National Institute of Occupational Safety and Health.

"We've not come to a firm conclusion," he said. "We are analyzing it. We're looking at fiberglass and all man-made individual fibers," he added. These include rock wool and ceramic fibers.

A Manville spokesman said that the link between fiberglass and cancer is based on a study of workers at an Owens-Corning plant in Newark, Ohio, where there was an increase in cancer. Citing other studies, Manville believes that fiberglass does not pose a risk, the spokesman said. He emphasized that he thinks fiberglass is not another asbestos. "We're just not finding disease among workers."

A spokesman for Owens-Corning said that the company has researched the subject since the 1930s and that the most recent evidence is not cause for alarm. An in-depth investigation of workers at the Newark plant is continuing, including comparing the nature of the workers' deaths with those in the surrounding community.

**'Evil mind' standard upheld**

PHOENIX, Ariz.—Plaintiffs seeking punitive damages in litigation against insurers must prove the insurers acted with an "evil mind," according to two rulings by the Arizona Supreme Court that reaffirm the standard for punitive damages the court outlined last year in two other decisions.

The court earlier this month reversed two punitive damage awards against insurance companies because the insurers did not act with "evil mind."

The evil mind standard first was handed down by the Arizona high court in the case of *Rawlings v. Apodaca* and *Linthicum vs. Nationwide Life Insurance Co.* last July (*BI*, Aug. 25, 1986).

The state high court said in the *Rawlings* case that an evil mind is manifested if the defendant intends to injure the plaintiff or if the defendant, although not intending to cause injury, consciously pursues a course of conduct knowing that it created a substantial risk of significant harm to others.

In one of the two recent cases, the court overturned a \$1 million punitive award against Preferred Risk Mutual Insurance Co. In the case, a woman alleged that claims filed under automobile and homeowners' policies were improperly handled by the insurer. However, the court upheld a compensatory award of \$100,000.

In the other case, the court overturned a \$385,000 punitive award against Illinois Mutual Life & Casualty Co. in a suit brought by a man over payment of disability benefits. A previous compensatory award of \$115,000 was not appealed.

Motions for reconsideration in both cases are pending with the state Supreme Court.

**Virginia acts against PRIME**

RICHMOND, Va.—Professional Risk Insurers Management Exclusive Co. Ltd. has been ordered to stop selling medical malpractice insurance in Virginia because it is not licensed there.

PRIME, which is headquartered in Kingstown, St. Vincent, British West Indies, but uses a Chicago post office box, "has refused to pay malpractice judgments, citing a policy provision that requires defendants to initiate their own appeal before any award will be paid," according to the Virginia State Corporation Commission.

Last year, the Illinois Insurance Department issued a cease and desist order against PRIME (*BI*, Sept. 22, 1986). Regulators in Colorado, Nevada, New York and Oklahoma have taken similar action against the insurer, the commission reports.

**Lloyd's could face higher taxes**

LONDON—Lloyd's of London members could face higher taxes under a government proposal to treat funds syndicates set aside to cover future claims similarly to insurance companies' loss reserves.

Currently, the funds—known as reinsurance-to-close premiums—are tax deductible but are not subject to review by the Inland Revenue. The agency is seeking review power.

For 1983, Lloyd's latest year of accounts under its three-year accounting system, 3.69 billion pounds of reinsurance (\$5.8 billion) was paid to close syndicates' accounts.

The new proposal would affect premiums payable on the Lloyd's 1985 account, which will close Dec. 31, 1987.

Chancellor of the Exchequer Nigel Lawson last week described the tax treatment of the reinsurance-to-close system as "clearly unsatisfactory."

Meanwhile, more than 100 syndicates still have not reached agreement with the Inland Revenue on how much tax they owe for the latest tax year (*BI*, March 16).

**Libel award overturned**

WASHINGTON—A federal appeals court overturned a July 1982 jury award of \$1.8 million in punitive damages and \$250,000 in compensatory damages against The Washington Post in a libel suit filed by former Mobil Corp. President and Chief Operating Officer William Tavoulaareas.

The decision is the latest in a string of libel cases in which appellate courts have overturned jury awards (*BI*, March 10, 1986).

In the Post decision, the U.S. Court of Appeals for the D.C. Circuit ruled the newspaper did not libel Mr. Tavoulaareas by reporting he set up his son in a shipping concern that does business with Mobil. The appeals court said Mr. Tavoulaareas did not prove that the newspaper acted with "actual malice"—that it knew the story was false or that the newspaper published the story with reckless disregard of whether it was true or false.

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**Frank B. Hall posts net loss for third consecutive year**

By LINDA J. COLLINS

BRIARCLIFF MANOR, N.Y.—Financial losses and legal problems continue to plague Frank B. Hall & Co. Inc., the fourth-largest U.S. insurance brokerage.

Hall last week reported a 1986 year-end net loss of \$22.5 million, largely due to its decision to sell its claims adjusting unit and a California branch office.

The loss marked the third consecutive year-end net loss for the brokerage, following a \$190.5 million loss in 1985 and a \$14.5 million loss in 1984.

For the fourth quarter of 1986, Hall reported a \$26.3 million net loss, compared with an \$87.4 million loss in the fourth quarter of 1985.

"We were expecting a loss in the fourth quarter, but this loss was a little greater than our expectations," said Leonard M. Wilson, an industry analyst and a principal with L.F. Rothschild, Unterberg & Towbin in New York.

Hall posted an 8.4% increase in gross revenues to \$390.9 million from a restated \$360.5 million in 1985. And for the fourth quarter, Hall's gross revenues grew 11.1% to \$99.3 million from a restated \$89.4 million in the fourth quarter of 1985.

"Hall's revenue growth of 11% in the quarter could be viewed positively except that it includes about three percentage points that reflect a shift of some large accounts to fourth-quarter renewals from third-quarter renewals in 1985," said Thomas G. Rosenkrantz, chief financial adviser for Johnson Lane Space Smith & Co. Inc. in Atlanta.

Revenues for 1986 and 1985 were restated following Hall's decision in the fourth quarter of 1986 to sell Adjustco Inc., its claims adjusting subsidiary, and

Frank B. Hall of California's Stockton Division, an office that marketed a large insurance program for new car dealers.

Both operations were losing money. While Hall officials say the brokerage decided to sell these units in the fourth quarter of 1986, the decision was not announced until last week.

"Our overall strategic plan is to return the company to its core brokerage business," said Hall Senior Vice-President John Addeo. "We are looking for a buyer."

While Adjustco and the Stockton office continue to do business, they are treated as discontinued operations in Hall's 1986 fourth-quarter results.

When a company designates an operation discontinued, it estimates all future losses that might occur and takes them as a charge.

Hall reported a \$15.2 million loss from discontinued operations, of which Adjustco and the Stockton office "represented a good part," Mr. Addeo said.

The brokerage also recorded a \$9 million loss on disposal of discontinued operations.

"Adjustments were put up in the fourth quarter as a result of an examination of our reserves for reinsurance and insurance operations," Mr. Addeo said. Part of the money was used to strengthen the reserves of Great Plains Insurance Co. Inc., one of five direct underwriting subsidiaries that Hall discontinued in late 1984, he explained.

"We don't anticipate that any further reserving will be necessary" for discontinued operations, Mr. Addeo commented. "We think we have adequate reserves for these companies now."

However, the brokerage will continue to review *Continued on page 58*

**BI to publish list of benefit info systems**

*Business Insurance* will publish its annual directory of employee benefit information systems producers and suppliers in the May 11 issue. Software systems used to communicate employee benefit programs to employees will also be included in the directory.

The directory will be part of a special spotlight report highlighting trends in employee benefit information and communication systems.

There is no charge to be included in the directory, but companies wishing to be listed must fill out and return a questionnaire provided by *Business Insurance*.

If you have not yet received a questionnaire, you may request one by writing Marilou Jones, Directory Editor, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611; or by calling 312-649-5279.

The deadline for returning completed questionnaires to *Business Insurance* is April 6.

**Takeover rumors fuel A&A stock activity**

By LINDA J. COLLINS

NEW YORK—Alexander & Alexander Services Inc.'s stock was heavily traded earlier this month amid rumors on Wall Street that the world's second-largest insurance broker is a takeover target.

Analysts say that on a normal day between 50,000 and 100,000 shares of A&A stock are traded. However, on March 13, 618,500 shares of A&A stock were traded. That activity was followed last week by the trading of 867,700 A&A shares on March 16, 833,200 shares on March 17 and 212,500 shares on March 18.

Trading returned to a more normal level of 62,400 shares on March 19.

In addition, the per-share value of A&A stock rose 25 cents on March 13 to \$29.88 and continued its surge to \$31.63 on March 16, a jump of 5.9%.

In the midst of that day's activity, A&A responded to the heavy stock trading and takeover rumors by issuing a statement on the Dow Jones news wire that said in part, "The company knows of no reason for today's activity in its stock in New York Stock Exchange trading."

A&A Corporate Secretary Frank R. Wieczynski admitted that he had heard "vague takeover rumors" concerning A&A, but he said those rumors were "not true."

A&A stock rose an additional 25 cents per share on March 17, before falling 37.5 cents on March 18 and another 25 cents on March 19, when the heavy trading began to taper off.

Financial analysts who track A&A stock said they also had heard takeover rumors but did not know whether the rumors had *Continued on page 57*

**inside**

✓ Representatives of the Insurance Services Office, major auto insurers and the major car rental companies should devise a way to insure the property and liability risks that arise from car rentals in a uniform manner and at a reasonable rate, this week's editorial says. **PAGE 8**

✓ Employers must—and will—become more involved, aggressive purchasers of health care benefits, health care consultant Laird Miller told a recent workshop sponsored by the National Assn. of Employers on Health Care Alternatives. **PAGE 17**

✓ The use of mediation to settle tort lawsuits is gaining such rapid momentum in the insurance industry that some observers are calling it an incipient revolution in the legal profession, observes a Perspective article by Brian Muldoon, vp with Resolve Dispute Management Inc. The reason for the growing acceptance of private alternatives to litigation is simple, he says: It provides enormous savings to both sides. **PAGE 35**

✓ Women employees appreciate flexible benefit programs more than men, according to a new survey of workers who participate in flexible benefit programs. The

survey, conducted by Swinehart Consulting Inc. for the Employers Council on Flexible Compensation, found that 97% of the women surveyed would be disappointed if their employers switched to a plan without flexible benefits, compared with 64% of the men surveyed. **PAGE 38**

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Vol. 21, No. 12—*Business Insurance* (ISSN 0007-6864) is published weekly at 740 N. Rush St., Chicago, Ill. 60611. Second-class postage is paid at Chicago, Ill. and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, Circulation department, 965 E. Jefferson Ave., Detroit, Mich. 48207; 313-446-1611. Copyright 1987 by Crain Communications Inc.

# Assessing benefit proposals

## Pension proposal spreads liability among affiliates

By JERRY GEISEL

WASHINGTON—An employer and all of its affiliates would be jointly and severally liable for funding shortfalls in each unit's defined benefit pension plans under the Reagan administration's sweeping pension reform proposals.

This joint and several pension funding liability would be triggered when the unit sponsoring the plan fails to make minimum contributions.

This provision, one of several bombshells in the package first released in February (BI, Feb. 23) but now undergoing close scrutiny by benefit experts, could have a chilling effect on companies' ability to compete, observers say.

A corporate unit that, for example, wanted to expand to meet competition, might have to shelve those plans because its resources could be drained by forced contributions to another unit's underfunded pension plan.

"If one unit's pension plan becomes underfunded, all other units pay the price," said Edward J. Davey, a vp with Johnson & Higgins in New York. "There would be a dramatic impact on cash flow."

Under current law, members of a corporate family—known as the controlled group—are only liable for each other's pension liabilities when a plan terminates, and not for



Photo: AP/Wide World

The Reagan administration's pension and Medicare reform proposals would affect benefits for millions of elderly Americans.

pension contributions while a plan is in operation.

The contributions that could be required under the Reagan proposal to prop up an underfunded pension plan could be massive.

For example, the administration package generally defines an underfunded plan as one in which assets are less than 110% of a plan's "termination liability" to participants.

While the phrase termination liability is not defined, experts say it is clear that it means far more than vested benefits. It al-

most certainly includes accrued, but non-vested benefits, such as accrued benefits for an employee that has worked seven years at a company that requires 10 years of service for first and full vesting.

And, pension plan contributions would have to be made rapidly, imposing what could be a big drain on corporate resources.

For example, if a plan suffered an investment reverse because of losses in the stock market and became 20% underfunded, that 20% shortfall would have to be amortized in

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## Medicare plan could boost costs over long term

By DEBORAH SHALOWITZ

WASHINGTON—Expanding Medicare to protect retirees from catastrophic health care bills may save employers money initially, but long-term savings are unlikely, say industry experts and benefit managers.

Theoretically, increasing Medicare benefits would be advantageous to many employers because their retiree health care costs would be lowered if Medicare pays a larger share of retiree medical bills (BI, Feb. 16).

"If Medicare is going to be broadened, it would appear that it would, in essence, lessen the cost to employers," said Edward Davey, vp and manager of the research department at Johnson & Higgins in New York. "But there's a more fundamental issue: Is this truly going to be an expansion program, or will the cost shift back to the employer after a few years?"

Employers and consultants agree that other forces, such as pressure on employers to pick up retirees' increased Medicare premiums and to pay additional payroll taxes to support the expansion, could consume any savings to employers.

Currently, the Medicare program is broken into two parts and structured so that the elderly are vulnerable to catastrophic health care bills.

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## Employer to appeal homicide conviction

By MEG FLETCHER

AUSTIN, Texas—A Texas employer convicted of criminally negligent homicide in the deaths of two employees will argue on appeal that only the federal workplace safety agency—and not a state court—can hold employers in the state liable for workplace deaths.

Texas is one of about half of the U.S. jurisdictions in which workplace safety is regulated by the federal Occupational Safety and Health Administration, not by a state OSHA plan.

Meanwhile, bills are pending in the state Legislature that would require employers to implement increased safety measures.

In the employee-death case, Sabine Consolidated Inc., a Houston-based construction company, and its president, Joseph Tantillo, entered separate pleas of no contest last month in the Travis County misdemeanor criminal court in Austin to charges of criminally negligent homicide in connection with the deaths of two workers killed in a 1985 trench cave-in.

As a result of a negotiated plea, Mr. Tantillo was sentenced to 180 days in jail, although he will serve no time in jail as long as he does not violate any state or federal laws for a year. In addition, he and the corporation were fined a total of \$12,000, plus costs and some expenses.

In return, charges were dropped against two company managers and a related corporation.

The two workers were killed when a 24-foot deep utility trench they were working in collapsed, according to Nickie Nicholas,

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## Asbestos Claims Facility to implement ADR program

By STEPHEN TARNOFF

PRINCETON, N.J.—Nearly two years after the signing of the Wellington Agreement, the Asbestos Claims Facility is establishing procedures for settling asbestos claims outside of court.

At a March 5 meeting, the facility's board of directors gave final approval to settlement and arbitration procedures for resolving serious asbestos-related disease claims in the first phase of a nationwide alternative dispute resolution program.

The ADR program is effective immediately, according to a facility spokeswoman. Claim forms, which are to be submitted by claimants to the facility's ADR department in Princeton, are being made available to courts around the country and to plaintiffs' attorneys.

Under the new ADR procedures, which attempt to resolve cases through settlement negotiations and binding arbitration, the facility agrees to pay its "fair share" of the asbestos claimants' total economic losses and reasonable non-economic losses.

However, the facility will offset awards by amounts victims collect from collateral sources, such as health insurance and workers compensation benefits.

And, it will not pay punitive damage claims.

Facility members will give up certain defenses in the arbitration proceedings, such as the state-of-the-art defense.

"The facility is hopeful that the availability of the Phase I ADR program will provide a fair and effective alternative for this group of claimants," a summary of the ADR procedures says.

"It believes that the experience gained in this phase will allow the facility to improve and expand the program, and to supplement even further the facility's claim handling efforts," the summary says.

"To my knowledge, it is the first nationwide attempt at an ADR program in any kind of personal injury litigation," said Lawrence Fitzpatrick, vp-law for the facility.

Mr. Fitzpatrick pointed out that the ADR procedures will differ from the way settlements are currently conducted in two major ways:

- The procedures permit settlements up to a year before cases are scheduled to go to trial. Most cases now are settled within 30 days of their trial date.

- Claims settlements under the ADR procedures will be negotiated by claims personnel of the facility. Most settlements currently are negotiated by outside lawyers hired by Wellington.

The Asbestos Claims Facility was created to help resolve the massive asbestos litigation problem. In June 1985, 34 producers and 16 insurers signed the Wellington Agreement, named for former Yale Law School Dean Harry H. Wellington, who chaired the negotiations creating the facility.

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# Product liability payments soar: Study

By ALISON KITTRELL

SCHAUMBURG, Ill.—Average payments for large product liability claims have increased 150.5% during the last decade, a recent closed claims study shows.

The survey, the third in a series conducted by the Schaumburg-based Alliance of American Insurers and the American Insurance Assn., shows that the average payment per claimant in large product liability claims resolved in 1985 was \$470,875. The earlier studies showed the average was \$309,262 in 1979 and \$187,977 in 1975.

This 150.5% increase outstripped the rate of inflation: During the same period, the Consumer Price Index rose 97.5%.

The three surveys by the Alliance and the AIA examined large product liability claims, which were defined as claims in which combined indemnity payments and loss-adjustment expenses totaled more than \$100,000.

Such claims, according to the Alliance, represent only 1% to 2% of all product liability claims, but they account for 50%

to 60% of insurers' product liability payments.

Other findings of the survey on 1985 claims include:

- Most of the incidents that resulted in claims involved bodily injury. Some 337 of the incidents involved bodily injury claims only, 98 incidents involved property damage claims only and 12 involved both bodily injury and property damage claims.

- Virtually all—97%—of the claimants were represented by a lawyer. And, about 96% of the claimants filed a lawsuit. However, 70.6% of the claimants reached a settlement before trial, and an additional 13.6% settled during the trial.

- Almost 13% of the incidents resulted in payment of \$1 million or more. In the 1979 study, only 6% of the incidents resulted in payment of \$1 million or more, and in the 1975 study, there were no million-dollar payments.

- In 51% of the incidents, more than a year had passed from the date of the accident until the claim was reported to the insurer.

- Business and industrial products, such as manufacturing

Continued on page 56

### Large product liability claims-1985

Payment from all sources	Number of incidents	% of incidents	% of total payments	Average payment
\$0	4	0.9%	0%	\$0
\$1-99,999	33	7.4	1.1	76,519
\$100,000-199,999	133	29.8	8.0	141,114
\$200,000-499,999	158	35.3	20.6	306,238
\$500,000-999,999	62	13.9	17.4	660,040
\$1 million +	57	12.8	53.0	2,190,110

Source: Alliance of American Insurers/American Insurance Assn. study

# Ball club sues insurers for \$2.8 million

By MICHAEL BRADFORD

OAKLAND, Calif.—The Oakland Athletics baseball team is alleging that Lloyd's of London syndicates and several other insurers ran afoul of their responsibility to pay nearly \$2.8 million in claims related to two pitchers' injuries.

A lawsuit, filed by the team earlier this month in Superior Court of California in Alameda County, charges the Lloyd's underwriters and the other insurers with breach of contract for failing to pay dis-

ability claims for injuries that apparently ended the careers of pitchers James Rick Langford and Michael K. Norris.

The lawsuit names as defendants underwriters at Lloyd's; Continental Insurance Co. (U.K.) Ltd.; Mutual of Omaha Insurance Co.; Terra Nova Insurance Co. Ltd. through Groves, John & Westrup (Underwriting) Ltd.; Excess Insurance Co. Ltd. and other insurers that participated on the policies but not identified by the time the court papers were filed.

Altogether, the suit is asking that Lloyd's underwriters pay total actual damages of \$2.23 million as their share of the coverage on both Mr. Norris and Mr. Langford. The action also seeks \$47,792 from each of the four named insurers on behalf of Mr. Langford, and a total of \$366,270 from the unnamed insurers that wrote coverage for Mr. Norris.

The suit says the ballclub purchased disability insurance policies with varying annual limits from Lloyd's underwriters and the

other insurers that were payable if the players suffered career-ending injuries. Both players had contracts with the A's that guaranteed payment of their salaries if injuries forced them out of action.

Mr. Langford was forced to hang up his spikes last year after rehabilitation efforts failed to clear up problems connected to a 1982 elbow injury, and Mr. Norris's playing career ended in 1985 because of a shoulder problem diagnosed in 1983, court papers say.

In the suit, the A's are seeking to

collect from Lloyd's a \$955,845 payment from coverage on Mr. Langford at the time he became disabled and \$1.8 million on coverage in place for Mr. Norris when he was injured.

Alan E. Harris, an attorney with the San Francisco law firm of Farella, Braun & Martel that is representing the A's, said he has "no idea" why the insurers are balking on paying the claims.

A spokeswoman for North American Claims Facilities Inc. in Boston, which acts as a claims adjuster for the Lloyd's underwriters, would not comment on the suit.

Copies of exhibits filed with the suit show that Lloyd's syndicates wrote 80% of the decreasing "loss of services insurance" on behalf of Mr. Langford.

The schedule submitted as part of the suit shows that for a premium of \$63,905.28, Oakland Athletics Baseball Co. purchased coverage limits for Mr. Langford of just more than \$1 million on March 9, 1981, that decreased annually to \$363,036 during the last year of the policy, which expired on March 9, 1986.

The Lloyd's policy was accompanied by a "companies collective policy," that showed the four named insurers each were responsible for 5% of the remainder of the coverage.

The suit also seeks to recover 80% of the \$1.8 million coverage written for Mr. Norris by Lloyd's underwriters and the remaining 20% from "certain co-insurers" that Mr. Harris's firm was still trying to identify last week.

Mr. Harris said Lloyd's syndicates wrote 80% of the coverage on Mr. Norris, but explained that, "we do not know the names of the carriers with the other 20%."

The four insurers that participated on the coverage for Mr. Langford were not named in the suit as participants on the coverage written for Mr. Norris.

Mr. Norris was insured under the same kind of loss-of-services policy that covered Mr. Langford. However, Mr. Norris simply was added to a policy that already covered fellow pitcher Matthew Lon Keough and A's third baseman Wayne Dale Gross. Both Mr. Keough and Mr. Gross were still playing professional baseball last year, Mr. Harris said.

For a premium of \$106,292.38, the A's purchased decreasing coverage limits on Mr. Norris that started at around \$2.1 million on April 26, 1981, and dropped to about \$1.6 million for the last 12 months of the four-year policy, which expired on March 9, 1985.

The A's are seeking \$1.8 million in the suit in connection with the coverage written on behalf of Mr. Norris, which the team says is the insured amount for the year the pitcher was disabled.

The coverage written for Mr. Norris and Mr. Langford states that a disability "shall include any and all bodily injury or sickness which results directly or indirectly from the insured person playing or practicing the sport in connection with his occupation. . . ."

A covered disability under the policy was described as one that is "continually and totally disabling for a period of 12 months from the commencement of the disablement" and one that is "deemed to be beyond hope of improvement," leaving the player "totally disabled from ever again engaging in his occupation. . . ."

The court papers say both players attempted to return to the game after their injuries, but rehabilitation efforts failed.

Mr. Norris was released by the team in 1985, and Mr. Langford was let go the following year. ■

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# Panel to examine work comp pool audits

By DEBORAH SHALOWITZ

Washington

WASHINGTON—The House Ways and Means Select Revenue Measures Subcommittee will hold a hearing April 7 to determine whether the Internal Revenue Service should audit workers compensation self-insurance pools.

The pools, which operate as mutual insurance companies—collecting premiums from their members to pay operation costs and claims and returning excess money as dividends—are not taxed since they retain no funds.

However, in a series of audits over the last several years, the IRS has questioned the classification of the work comp pools as mutual companies and questioned the timing and appropriateness of deductions taken for policyholder divi-

dends.

In particular, one Michigan pool was served with a notice calling for \$18 million in back taxes, interest and penalties (BI, Oct. 27, 1986).

As a result, Rep. John D. Dingel, D-Mich., and others worked to include a provision in the Tax Reform Act of 1986 calling for a one-year moratorium on such IRS audits of pools. The moratorium expires on April 16.

At the hearing, the subcommittee will study the correct classification of the entities and whether they should be allowed to deduct the dividends.

In addition, Ways and Means Committee member Guy Vander

Jagt, R-Mich., last week introduced legislation. H.R. 1489, to permanently make the entities tax-exempt.

Those wishing to testify at the hearing must submit their requests by telephone no later than March 27 to Harriet Lawler, 202-225-3627.

Telephone requests must be followed with written requests to Joseph K. Dowley, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515.

The hearing will take place at 10 a.m. in Room B-318 of the Rayburn House Office Building.

## Product liability

Rep. Delbert Latta, R-Ohio, is sponsoring federal product liability reform legislation that would cap non-economic damage awards at \$100,000 and establish an expanded fault-based standard of liability.

The bill is similar to federal product liability legislation advocated by the Reagan administration (BI, March 2).

However, while the administration-backed bill would establish uniform liability standards, it does not propose a cap on non-economic damages.

Rep. Latta's bill would exempt from liability those involved in the design, production, distribution or sale of a product, except if any of those persons or companies was

negligent in their responsibilities or if the product was defective, making it unreasonably dangerous.

Rep. Latta's bill also would exempt from liability manufacturers, sellers and others for injuries related to an "unreasonable or unforeseeable use or alteration of the product."

The fault-based standard also establishes a state-of-the-art defense, under which manufacturers, sellers and others would not be held responsible for product defects if the defect was unforeseeable using technology available at the time of manufacturer.

And, a manufacturer would not be held liable under the bill if it did not include a warning or instructions with the product in cases when the danger associated with the product is apparent or common knowledge.

Like the administration proposal, the Latta bill would:

- Eliminate joint and several liability, except in cases where defendants acted in concert.
- Allow damages exceeding \$100,000 awarded for future economic loss to be paid periodically.
- Offset product liability awards by payments the injured party receives from collateral sources, including workers compensation benefits.
- Limit plaintiffs' attorneys' contingent fees according to a sliding scale.

Under the scale, fees would be limited to 25% of the first \$100,000 of an award, 20% of the next \$100,000, 15% of the succeeding \$100,000 and 10% of any amount exceeding \$300,000.

## PBGC proposal

The current Pension Benefit Guaranty Corp. deficit of about \$4.5 billion could grow to \$10 billion or more in a few years, making adoption of recommendations by the PBGC's Advisory Committee "critical," members of the committee say.

In a letter to Senate Finance Committee Chairman Sen. Lloyd Bentsen, D-Texas, the seven individuals from the private sector appointed by President Reagan to serve as advisers to the PBGC said that each is "extremely alarmed with the seriously eroding financial position of the PBGC."

Neither legislative reforms enacted thus far nor premium increases is the answer, according to the committee.

"Unless further action is taken," particularly the adoption of these or similar recommendations, "the entire defined benefit pension plan system is in danger," the group stated.

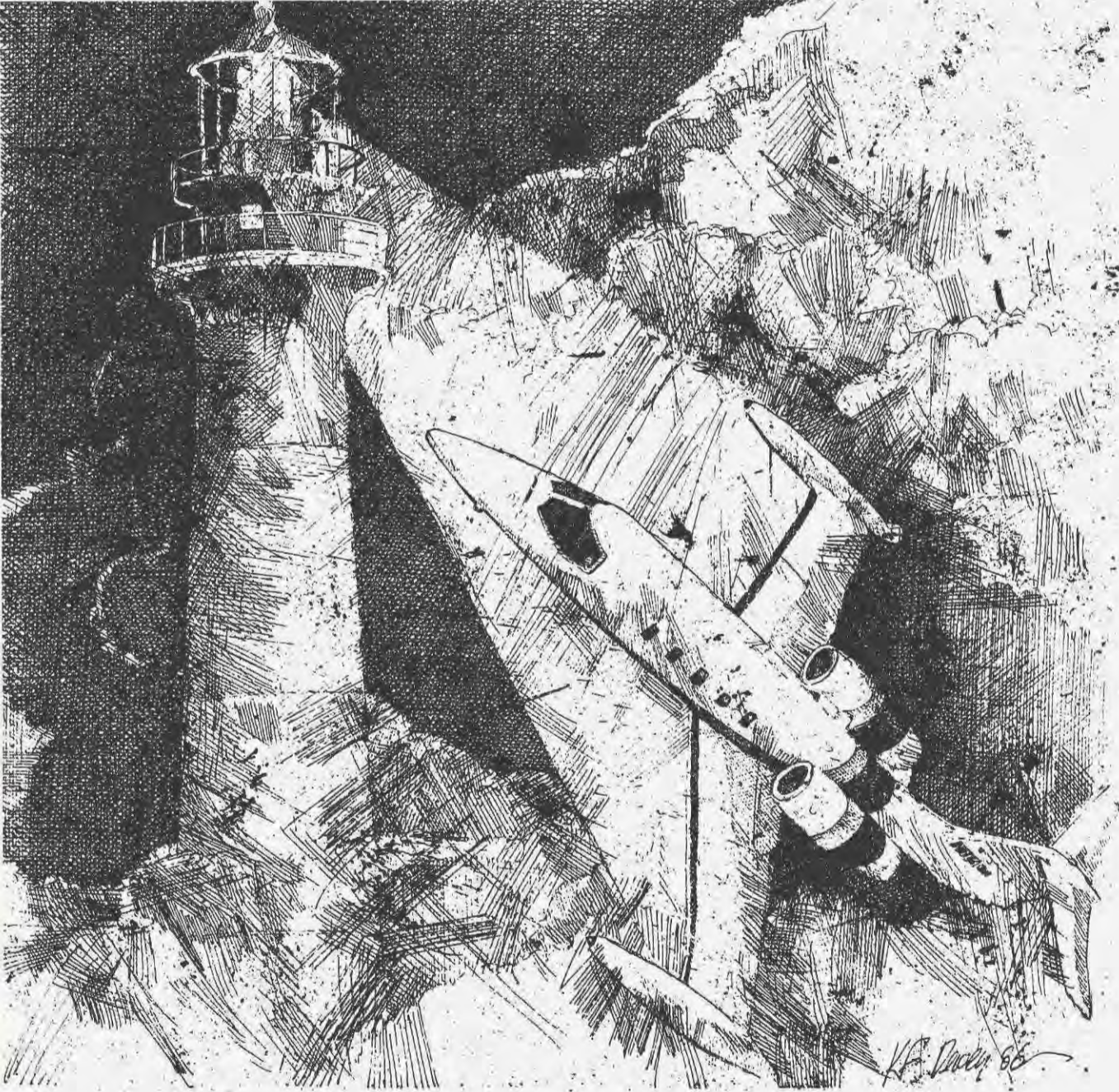
The group recommended that:

- Legislation require all defined benefit plans to be sufficiently funded to pay, upon any termination, either the accrued vested benefits or the minimum PBGC guaranteed benefits, whichever is less.
- Companies should fund their pension liabilities faster.
- Legislation require employers to put up collateral before the Internal Revenue Service could approve a waiver to exempt the company from making its required minimum pension contribution.
- The method of assessing PBGC premiums be changed to a risk-related formula.

The administration already has advocated basing PBGC termination insurance premiums on the financial condition of employers' pension plans.

While the proposal continues to be fine-tuned, annual premiums for well-funded plans would range from about \$10 to \$15 per plan

Continued on page 10



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# opinions

## There must be an easier way

IT'S A SHAME THAT risk managers, through little fault of their own, cannot be in the driver's seat when it comes to managing the risks created by car rentals.

But, as a story in our March 9 issue and two letters appearing on this page indicate, insuring the liability and property damage risks arising from car rentals is a lot tougher than it should be.

As we reported, three of the Big Four car rental companies have slashed the liability insurance limits they automatically offer with a rental car contract to as little as \$10,000 per person/\$20,000 per accident for personal injury claims, which should prompt risk managers to check their business auto policies to make sure they have excess liability coverage for accidents involving rental cars driven by company employees.

Also, the wording of the Insurance Services Office's new commercial general liability and business auto policies could leave companies without coverage for rental car accidents caused by the car rental company's negligence. Companies that want coverage for this liability must purchase additional endorsements, observers agree.

In addition, car rental companies are now holding renters liable for the full value of a damaged car—or as much as \$20,000 for a luxury automobile. Again, the prudent risk manager—unless he wants to purchase a collision damage waiver from a car rental company for the high rate of about \$9 a day—must make sure the declarations page of the company's business auto policy is properly filled out to provide collision damage for rented cars.

There must be an easier way.

### letters

## Car rental coverage creates more controversy

To the editor: Regarding your article on insurance for rental cars (BI, March 9):

First, the business auto policy, old or new form, covers liability arising out of the use of any auto if Symbol 1 is selected for liability insurance. Employees are covered as well, if they are using hired autos with the named insured's permission.

Second, many personal auto policies provide liability and physical damage coverages for rented autos, following the terms of coverages for owned autos. A

### Policy endorsement may not close gap

To the editor: Referring to your article on the car rental coverage changes (BI, March 9), it is stated that ISO endorsement CA9916 should be added "as a stop-gap measure" for daily rentals. While it is obvious that this endorsement was intended to be used for daily rentals, the endorsement itself does not provide "liability resulting from defect or faulty workmanship."

Implicit in the article was that this endorsement would cure the ills of the contractual exclusion, but the gap for the liability of the rental company, which is transferred by contract, is still not closed.

Joyce Breazeale  
Corroon & Black of Chattanooga  
Chattanooga, Tenn.

careful inspection of personal policies is necessary.

Third, ISO drafted a business auto policy endorsement to cover auto liability assumed by contract, but liability assumed by automobile rental contract was specifically excluded. The ISO Commercial Automobile Committee can hardly say that it overlooked the exposure—it carefully chose to exclude it!

Fourth, the physical damage coverage selections for hired autos on the business auto policy hardly fit reality. Primary coverage applies regardless of other insurance, and is expensive. Excess coverage applies in excess of other coverage, but there is no mention of how deductibles fit in. If I rent a car and assume \$5,000 of collision damage responsibility, does excess coverage apply to fill that \$5,000 or in excess of both the \$5,000

### Self-insurance bond writers face dilemma

To the editor: As a representative of one of the few companies still writing self-insurance bonds, I can appreciate the frustration expressed by Steven H. Pahl in his letter (BI, Feb. 16).

The Feb. 23 edition contained an article entitled "Surety Underwriters Eye Private Sector," which briefly outlined several of the reasons behind the decision of most surety insurers to avoid self-insurance bonds. The surety industry has not fared well the past several years, so that it is to be expected that their underwriting will become more conservative. Self-insurance bonds force the underwriter to make judgments concerning the likelihood of a company remaining solvent, not just over the next year or two, but for five to 10 years or more. In this day of the leveraged buyout and the "poison pill," who can make predictions concerning a company's future that far down the road with any confidence?

It is not surprising then that surety insurers are avoiding self-insurance bonds

plus other available coverage? ISO could have made it simple by providing an option to cover CDW amounts imposed by car rental companies, subject to audit.

Finally, it is difficult to understand the reluctance of an auto insurance underwriter to pick up the automobile contractual exposure. The CGL underwriters have been doing it for years with minimal concern.

Note that the businessowners policy and the ISO non-owned and hired auto endorsements have damaging exclusions. The BOP excludes all auto liability, and the non-owned/hired endorsement excludes contractual liability. Specific endorsements are needed to obtain auto contractual coverage, including employees as insureds.

Stephen Michaels  
Indianapolis

like the plague. The natural place to turn to for this coverage should be those companies that are involved in self-insurance services, especially the writers of excess or stop-loss coverage. This accounts for our involvement with self-insurance bonds as well as several of our competitors.

Surety underwriters really have no motivation to write this unattractive bond. A company like ours must be willing to write these bonds if we wish to maintain our ability to offer full insurance protection to our self-insured clients.

I believe that the void created by the exit of standard surety carriers from the self-insurance market can be adequately filled by those of us who do have a strong interest in creating conditions that make self-insurance an attractive means of managing risk.

Dean M. Miller  
MacCready & Gutman Insurance  
Services (Ohio) Inc.  
Lakewood, Ohio



We are not advocating that companies that rent cars should receive coverage for free. But we do believe that representatives of ISO, major auto insurers and the major car rental companies should sit down to devise a way to insure the property and liability risks that arise from car rentals in a uniform manner and at a reasonable rate.

Perhaps the auto insurers and the car rental companies can adopt an old advertising slogan and "try harder" to make insuring what should be a relatively easy-to-manage risk a little less painful, and expensive, for corporate risk managers.

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*Continued from page 6*

participant, while underfunded plans could pay as much as \$100 per plan participant per year.

Currently, all defined benefit plan sponsors pay a flat annual PBGC premium of \$8.50 per plan participant, regardless of their plans' financial condition.

- A change be made in the priority status of the bankruptcy laws, whereby the PBGC is given a secured status that is at least above that of general creditors.

- To encourage proper funding, legislation should be passed that allows companies to withdraw excess assets without terminating their plans, as long as the plan remains 125% funded.

**Medicare expansion**

The Blue Cross & Blue Shield

Assns. supports expanding the federal Medicare program to protect the elderly against the costs of catastrophic illness but opposes taxing part of the actuarial value of Medicare benefits.

In testimony before the House Ways and Means Committee, BC/BS President Bernard R. Tresnowski said that one of the disadvantages of taxing benefits is that it would establish an open-ended liability for the tax-paying elderly to finance rapidly increasing Medicare costs and the costs of any new benefits.

"We urge you to explore other options, such as income-related premiums or scaling out-of-pocket expense limits to beneficiary income," Mr. Tresnowski said.

A spokesperson for the Chicago-based association said that "with the exception of the financing" arrangement, the group supports the administration's proposal for expanding Medicare to cover catastrophic illnesses (BI, Feb. 16).

But the most significant problem facing both the elderly and their families, Mr. Tresnowski emphasized, is the need for long-term care. Mr. Tresnowski added that private insurance can play a greater role in long-term care, although the scope of that role is not clear.

**McCarran-Ferguson**

Repeal or modification of the McCarran-Ferguson Act, which gives insurers a limited exemption from federal antitrust laws, is the top priority of Rep. John J. LaFalce, D-N.Y.

Rep. LaFalce says his next two priorities are allowing the Federal Trade Commission to investigate the insurance industry and setting up a nationwide system for collecting data on the insurance industry, perhaps in cooperation with the National Assn. of Insurance Commissioners.

Rep. LaFalce, chairman of the House Small Business Committee, told the National Assn. of Insurance Brokers that those supporting repeal or modification of the McCarran-Ferguson Act include the White House Conference on Small Business, the National Governors Assn., the Federal Trade Commission and the Reagan administration.

But, he emphasized that changes in the McCarran-Ferguson Act do not mean de facto federal regulation of the insurance industry, for which there is little support in Congress.

Rep. LaFalce said that the current liability insurance crisis was largely "self-visited" by the insurance industry and, although economic factors contributed to the problem, cash-flow underwriting was the primary reason for the crisis.

The NAIB, a Washington-based trade association of commercial insurance brokers, supports congressional review of the McCarran-Ferguson Act.

At a recent quarterly NAIB meeting, the group said that examination of the antitrust exemptions is "a valid public policy issue" and "such a review should proceed immediately."

But "careful attention should be given to the impact any change in the McCarran-Ferguson Act might have on the insurance marketplace and insurance buyers," the group warned.

**Tort reform**

Tort reform legislation for the general aviation industry identical to a bill approved last year by the Senate Commerce Committee has been introduced by Sen. Nancy

*Continued on page 12*

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MENTAL HEALTH/SUBSTANCE ABUSE  
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## washington

Continued from page 16  
Kassebaum, R-Kan.

Rep. Dan Glickman, D-Kan., who last year also supported general aviation tort reforms, will reintroduce similar legislation in the House in the next couple of weeks, according to a spokesman.

The Kassebaum bill, S. 437, would establish uniform federal standards for liability for all individuals and parties involved in general aviation, including manufacturers, pilots and mechanics.

The bill, introduced last month, also would establish federal jurisdiction over general aviation accidents.

Currently, lawsuits involving general aviation accidents are tried under widely varying state tort laws. This leads to widespread "venue shopping" after an aviation accident, said Kevin Dorn, director

of legislation for the General Aviation Manufacturers Assn. in Washington.

Mr. Dorn also pointed out that the general aviation industry is heavily regulated by the federal government, so establishing federal jurisdiction over the industry in judicial matters would be consistent.

If passed, the bill would establish a 20-year statute of repose, exempting manufacturers of general aviation products from liability in the event of an accident if the plane or a major component is more than 20 years old.

"If a plane's been flying safely for 20 years, you can assume it's a safe plane" and accidents primarily would be due to other causes, Mr. Dorn explained.

Joint liability among manufacturers would be retained under the bill, but a new comparative liability doctrine would be established. Under the bill, prime manufacturers—those that manufacture airplane frames and engines—would be jointly liable with each other and with manufacturers of other airplane components, but the manufacturers would not be jointly liable with pilots, mechanics and other parties associated with the aircraft. Currently, manufacturers are jointly liable with all other parties in a lawsuit.

In addition, the bill would establish a two-year statute of limitations from the time of an accident for filing a lawsuit. ■

## Health care coalition elects board

CHICAGO—Four new members have been elected to the board of the Midwest Business Group on Health at the group's annual conference last month.

The new members are:

- Bruce Mueller, director of benefits administration at Motorola Corp. in Schaumburg, Ill.
- Martha Thornton, vp of human resources and benefits at Ameritech in Chicago.
- James Draeger, corporate manager of benefits at Emerson Electric Co. in St. Louis.
- Fred Hamacher, vp of compensation and benefits at Dayton Hudson Corp. in Minneapolis.

Other members of the MBGH board include:

- Garvin Shankster, vp-U.S. personnel at S.C. Johnson & Son Inc. in Racine, Wis.
- Roger Freitag, manager of corporate employee benefits at Allen-Bradley Co. in Milwaukee.
- Sherman D. Rosen, vp of human resources at Hartmarx Corp. in Chicago.
- Donald L. Longnecker, manager of group insurance and health care benefit plans at Chrysler Corp. in Detroit.
- Donald R. Margenthaler, manager of health care for Deere & Co. in Moline, Ill.
- Gil Acosta, U.S. benefits administration manager at M&M/Mars Inc. in Hackettstown, N.J.
- Betty Nelson, manager of health systems at Enron Corp. in Omaha, Neb.

• John Burns, vp of health and environmental resources at Honeywell Inc. in Minneapolis.

• Glenn Witt, staff vp at Meredith Corp. in Des Moines.

• William K. Emery, corporate medical consultant at Whirlpool Corp. in Benton Harbor, Mich.

The Chicago-based MBGH is a coalition of more than 150 businesses and public entities that are concerned about rising health care costs. ■

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## NAECHA workshop

# Many changes to affect health benefits: Expert

By DONNA DIBLASE

MIAMI—Employers must—and will—become more involved, aggressive purchasers of health care benefit plans and services, one consultant predicts.

"The goal of providing health benefit plans is to maintain or improve the health of employees, family members, the community and the environment. You want to purchase comprehensive, quality care in the most cost-efficient manner," advised Laird Miller, president of the Minneapolis-based health care consulting firm of Health Systems Management Inc.

Mr. Miller discussed the changes in the competitive health care environment and the reactions by employers at "Buying Right—Managed Care," a workshop sponsored by the National Assn. of Employers on Health Care Alternatives on March 12 and 13.

"Much of business learned a long time ago that if you don't provide a quality product or service, you're dead in the water, or even under the water," he said. "In the not too distant future, we will hold the benefits plan responsible for the performance of health care providers.

"In the future, we also will see changes in expectations of health plans on the part of employers," he continued.

Other changes he predicted include:

- Changes in the way providers are reimbursed by the plan for the provision of health care services.

"That's the way business operates all the time—we pay a certain price when we buy airplanes. We need to marry the fee-for-service reimbursement system and the capitation reimbursement system to get improved health status and contain costs," he suggested.

- Changes in the health care plans purchased by employers.

"We continue to be plagued by increasing costs and I think employers will continue to be concerned about the changes in the medical component of the Consumer Price Index. This cannot and will not continue.

"Plans that are increasing their premiums 10% to 15% will not survive—they will lose their employer contracts," Mr. Miller predicted.

- Changes in medical technology.

Employers will have to face more medical advances like transplants and artificial hearts, he said.

"The old excuse that, 'it's experimental and it might not work, so I don't have to cover it,' is not going to work. We have to anticipate the technological advances coming down the pike rather than waiting for these advances to become an issue before we deal with them," Mr. Miller explained.

- Changes in health care delivery systems.

Employers will be more concerned about consolidating benefit plan options, he said.

"There is no reason to have an HMO, a PPO and an indemnity plan all offered (separately) under one benefit plan. We have to do some combining," Mr. Miller added.

- Changes in benefit plans to offer employees new provider alternatives.

Employers must change their benefit plans to cover care delivered by providers other than physicians, such as therapists and nurse-midwives. This can contain costs by offering employees less-expensive and even more appropriate care, he said.

- Changes in the health practice patterns of providers.

"If we use a gatekeeper system, we need to have a cross-education of health care specialists so that the primary care doctor knows when it's really appropriate to send a patient to a specialist," Mr. Miller explained.

"We also need to be more concerned about patient satisfaction with health care services. We have to look at the appropriateness of the care and the improvement of the patient's health," he added.

And, "the health care system has to deal with the problems of inefficient practice patterns by providers. There are great variations in health care practice in the same geographic areas. That's an indictment of the medical profession."

Along with the changes in health care benefit plans and in health care technology, employers and providers alike are facing other complicated issues, Mr. Miller said.

One major problem is paying for care for the indigent and uninsured, Mr. Miller said.

"Indigent care is a major concern for hospitals. And, a certain amount of this is created by employers' plans

because the out-of-pocket expense is too much for some employees," he said.

"We need to invest some money to use preventive measures to improve the overall health status of people. And, since we're going to pay for indigent care anyway, let's let the most efficient providers treat the indigent," he said.

Another problem is the cost shifting created by reductions in federal Medicare payments to hospitals and reduced payments under negotiated, managed care plans.

"Cost shifting is going to continue to happen, so we have to develop a more long-term strategy to deal with it. Simply requiring employee cost sharing will not solve the problem," he said.

Some employers have taken great steps to deal with rising health care costs, he said. But, many also are developing comprehensive health care management programs.

"First, employers got into the health care cost-containment business. But, some employers got beyond cost containment and got into health care cost management, where they are focusing more on the outcomes of health care treatment" to improve overall health status, he explained.

However, "we need to look more at health, safety and environmental risk management" as an integrated approach to managing health status and costs, Mr. Miller said.

Employers must develop a competitive health care purchasing plan to really manage health care costs and quality, Mr. Miller urged.

Rather than simply purchasing the ready-made plans available in the marketplace, employers should become more active purchasers by shopping the market for plans that suit their individual needs, he advised.

Employers can shop the market by utilizing a competitive purchasing plan that includes the following steps:

- Developing a corporate health philosophy that addresses the health needs of individuals, the employer's organization, the employer's community and the employer's environment.

- Developing a health needs assessment and evaluation of the employee population.

"You need to find out what the health problems are in the population and what you as an employer want to take on," according to Mr. Miller.

- After performing a health needs assessment, employers need to develop a health benefits program that addresses those health needs.

"You must develop a compensation and benefits philosophy that fits these needs and after implementation, plan to evaluate and monitor the plan," Mr. Miller advised.

- Specifying to health care delivery systems the needs of the organization.

This usually is done by preparing a "request for proposal," a document or report that outlines the employer's needs.

This RFP is then distributed to insurers, health maintenance organizations or preferred provider organizations interested in contracting with the employer.

Among other things, the request for proposal should address benefit design; quality assurance and cost containment procedures; financial stability of the delivery system; accessibility of providers to employees; grievance procedures; accountability of the system for health care outcomes; and provider payment mechanisms.

- After the proposals are received from the delivery systems, the employer must select the best system for its health care needs.

- Finally, after a system is selected, monitoring and evaluation should begin.

"You should monitor the performance of health care providers in the system, the quality of care delivered and the program's effectiveness at meeting your needs," Mr. Miller said.

To determine the plan's effectiveness, he recommends "keeping the plan for more than one or two years."

"This way, you are able to develop a long-term relationship with the plan. Small employers currently don't have this because they jump from plan to plan every year," he said.

But, he predicts that, "we'll see more long-term relationships between employers and health care delivery systems in the future."



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**'In the not too distant future, we will hold the benefits plan responsible for the performance of health care providers,' says Laird Miller, president of Health Systems Management Inc.**

## PPO negotiations

Continued from page 22  
ting closer to a more efficient market," he observed.

And, more employers are interested in negotiating preferred provider arrangements themselves, rather than buying a "canned" PPO, Mr. Rosmann noted.

"In a Hansen survey conducted about a year ago, it was revealed that over half of the 1,000 companies surveyed wanted to get into direct purchasing of health care with providers, not through insurance companies or other arrangements," he explained.

Currently, as employers select preferred health care providers and enter into PPO arrangements, one of their goals is to buy and manage health care just like they purchase other goods and services, Mr. Rosmann pointed out.

Another goal is to make health care more cost-effective by selecting providers that realize the im-

**'The most effective preferred provider programs also are addressing the issues of quality control and utilization management,' according to Joseph H. Rosmann, senior principal and consultant with Mercer-Meidinger-Hansen Inc.**

portance of cost-effective health care delivery, he added.

And, to ensure that the PPO arrangement works, another goal is to make sure providers are accessible to employees.

But, accessibility is not limited to the geographical location of providers. It also includes whether the provider can deliver a wide range of services and whether the provider is available at times convenient to employees, Mr. Rosmann advised.

Employers usually base their decisions regarding PPOs on several factors, Mr. Rosmann said. These

include:

- The politics involved in contracting with certain providers in the community.

For example, some employers need to consider existing business relationships when choosing a provider.

- Relations with labor unions.

It may be important to include labor unions in discussions of offering a managed care plan to avoid conflict.

- Employee relations implications.

It is important that employees view managed care plans as an im-

provement in benefits and not a reduction.

- The corporation's health care and business philosophy.

The managed care plan's philosophy should match the goals of the corporation.

- The severity of health care costs.

If an employer does not have a problem with health care costs, it may not be to its advantage to enter into a managed care agreement.

In addition to risk sharing on the part of providers, another method employers are using when setting up PPO arrangements is employee cost sharing.

This not only ensures that providers are conscious of their performance, but it also involves employees in their own health care.

Through cost sharing, employees have to think about the necessity of the care they are seeking, and they are encouraged to find the most efficient providers.

To be effective, "this means that the employer never pays 100% for anything," Mr. Rosmann urged.

Another method used by employers in designing effective PPOs is limiting the number of hospitals and physicians available to employees.

"We find more providers working with employers on this," Mr. Rosmann said.

To negotiate with providers, employers must collect and analyze not only their own health care claims data, but they also should try to collect cost and utilization data of hospitals in their area.

This data can be obtained from hospital Medicare reports, state health data commissions or coalitions.

Also, "there are a growing number of companies that are developing their own individual data bases to share with other employ-

ers in the area," he said.

An example of this is the American Electronics Assn., a coalition in Palo Alto, Calif. Several companies involved in the coalition compiled a data base of health care costs and utilization information to be shared not only with each other, but also with hospitals in the community.

The result was that some of the companies—including Apple Computer Inc. and Xidex Corp.—negotiated their own PPO arrangements with hospitals (BI, July 14, 1986).

However, along with negotiating prices of services, "the most effective preferred provider programs also are addressing the issues of quality control and utilization management," Mr. Rosmann said.

These PPOs include utilization review features such as pre-admission certification, concurrent review, retrospective peer review, case management and second opinion programs, he explained.

In the past, small employers, or employers that lack the market share to effectively negotiate with providers, have not pursued direct contracting arrangements, he said.

However, "there is a whole new movement growing where groups of companies work together to create a local non-profit corporation to negotiate with providers on behalf of those companies," he noted.

Another approach is to use a shared data base in negotiations, as in the case of the American Electronics Assn., he said.

In this type of arrangement, each employer negotiates with the providers of its choice and each company is able to retain its own claims administrator.

However, employers have the advantage of a coordinated approach based on the shared data base—which contains information from local employers and providers.

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## Managed care workshop

MIAMI—"We're really in a revolution of health care. It's an era where the employer is the purchaser of health care," observed Ruth Stack, executive director of the National Assn. of Employers on Health Care Alternatives.

Benefits specialists had an opportunity to learn how to become active, informed purchasers of health care plans and services at "Buying Right—Managed Care," a workshop sponsored by the Key Biscayne, Fla.-based organization here on March 12 and 13.

Experts discussed utilization review, preferred provider organizations and contracting for psychiatric and substance abuse services at the informal workshop.

Twenty-four benefits professionals participated in the meeting, which was held at Miami's Omni International Hotel.

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# Careful selection of UR firms necessary

By DONNA DiBLASE

MIAMI—An organized, informed contracting process is the key to achieving the best results from a utilization review program, says one expert.

"The notion that utilization review is a uniform phenomenon is not true. Contracting for these services is analogous to shopping for a car—there are many options and features," observed Dr. Arnold Milstein, president of San Francisco-based National Medical Audit, a division of benefit consultant William M. Mercer-Meindinger-Hansen Inc.

Dr. Milstein discussed the steps employers should take when contracting for utilization review services at "Buying Right—Managed Care," a workshop sponsored by the National Assn. of Employers on Health Care Alternatives. The workshop was held on March 12 and 13 at the Miami Omni International Hotel.

Dr. Milstein said that employers, when contracting for utilization review services, should:

- Recognize and select the options available in the marketplace.
- Specify utilization review needs in a "request for proposal."
- Request competitive bids from utilization review firms in response to the RFP.
- Negotiate a contract with the utilization review firm selected.

And, once the review program is implemented, monitor the performance of the utilization review firm (see story, page 26).

When evaluating utilization review options, employers should decide whether they want an aggressive, high-yield savings program or an average-yield savings program, Dr. Milstein advised.

Among the options he said employers should consider when selecting a utilization review system:

- The eligibility and exclusions included in the review process.

For example, emergency hospital admissions may be excluded from the pre-admission certification requirements, he said. Or, the notification procedures may be more flexible to allow the employee more time to notify the review firm of the admission.

- The integration of a second surgical opinion program with pre-admission certification and other functions of the review program.

- Arranging and reviewing of alternatives to hospitalization—or case management.

"Case management is one of the ambiguities in utilization review language. Case management is what a good review system should already be doing," he noted.

- Review of ambulatory care.
- Judgment of alleged emergencies by the review firm.

- Procedures for validating the accuracy of the information obtained by the reviewer over the telephone.

- Review of the quality of care as well as the necessity and appropriateness of the setting in which the care will be delivered.

The employer also must determine whether benefit plan design will be structured to assure compliance with the utilization review program, Dr. Milstein said.

And, if a case management approach is to be included in the program, employers must decide whether the plan will be structured to cover alternatives to hospitalization.

Another program design consideration is the procedure to be followed by employees when obtaining a pre-admission certification and the procedure to be used by the review firm to notify the employee and the attending physician

**'The notion that utilization review is a uniform phenomenon is not true. Contracting for these services is analogous to shopping for a car—there are many options and features,' says Dr. Arnold Milstein, president of National Medical Audit**

of the reviewer's decision, he said. Once the review options have been investigated, the employer must decide how its utilization review program will be structured.

In the request for proposal, the employer should indicate the standards and scope of the review program to be implemented, he advised. The review process and procedures also should be detailed, including the hours and the num-

ber of review staff members that will be available to the employer's employees.

The RFP also should address employee orientation to the utilization review program, he said.

The indemnification and insurance carried by the review firm to protect the employer in the event of a lawsuit also is an important issue to be addressed in the RFP, Dr. Milstein added.

"Be sure that the employer also is named on these insurance policies," he advised.

After completing the RFP, the employer should hold a bidders' conference to make its needs clear, as well as to accept proposals from review firms interested in contracting.

"You should obtain structured responses to your RFP that address the process, impact and price of the review services to be provided," Dr. Milstein advised.

When evaluating the proposals made by review firms, it is very important to check the firms' client references.

"Talk to two of their clients they've been successful with. But, also check with two clients who've had average success and two that have canceled contracts with the

review firm," he noted. A visit to the review firm's facilities also can give the employer an idea of how the firm performs reviews, he said.

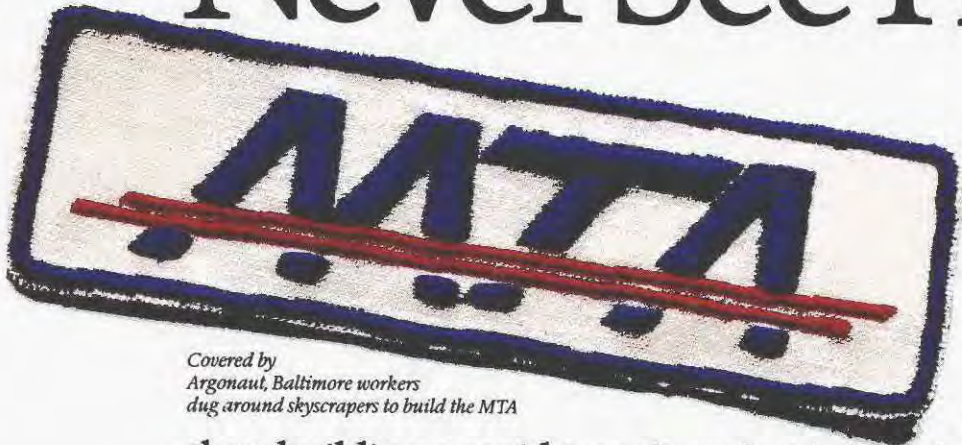
When the employer has narrowed down its choices of review firms, it is important that the utilization review contract is drafted by the employer, Dr. Milstein noted. This will ensure that the employer's needs will be addressed by the review firm.

Also, when negotiating contracts with review firms, "there is a great value in multiple simultaneous negotiations. Pick maybe two review firms and let them know you are negotiating with others," he said.

This process can help ensure that the review firm will do exactly what it promised in its original proposal, he added. ■



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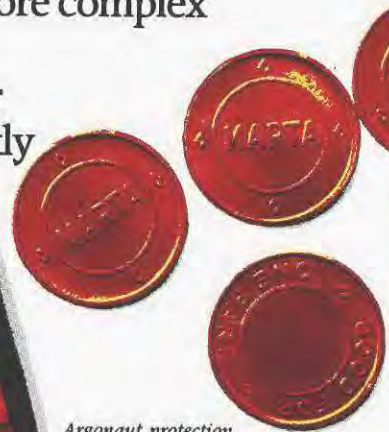
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# Florida firms battle psychiatric care costs

By DONNA DiBLASE

MIAMI—One employer coalition is making the delivery of psychiatric and substance abuse services more efficient.

"We needed to send a signal out to providers that the way mental health care currently is delivered has to change," said Stephen L. White, executive director of the Florida Health Coalition Inc. in Miami.

That signal was a "request for proposals" sent to health care management companies interested in helping Florida employers set up preferred provider arrangements specializing in the delivery of psychiatric and substance abuse services (BI, Feb. 16).

A request for proposals describes an employer's health care needs to

**'In Florida, we've seen a tremendous increase in the number of admissions and high lengths of stay for alcohol, drug abuse and mental health care,' says Stephen L. White, executive director of the Florida Health Coalition Inc. in Miami.**

potential health care providers.

Mr. White discussed the rising costs and utilization of inpatient mental health treatment in Florida and the coalition's response at "Buying Right—Managed Care," a workshop sponsored by the National Assn. of Employers on Health Care Alternatives in Miami on March 12 and 13.

"In Florida, we've seen a tremendous increase in the number of

admissions and high lengths of stay for alcohol, drug abuse and mental health care," Mr. White said. "Lengths of stay are curiously close to the 30-day maximum covered under most benefit plans."

Because many employers' benefit plans offer higher coverage of inpatient than outpatient psychiatric and substance abuse care, many employees and providers have an

incentive to focus on treatment in an inpatient setting, he observed.

"So, in that sense, we do get what we pay for. The alcohol, drug abuse and mental health area is one that hasn't changed all that much" in terms of treatment patterns, Mr. White said.

He described some 28-day inpatient treatment programs for problems such as eating disorders.

"There is a large over-utilization of mental health services. The abuses are mainly in treatments for alcohol and drug abuse and eating disorders," he noted.

"The proliferation of abuses of utilization and complaints from employer members motivated the coalition to take action," he said.

"A lot of people—including HMOs and PPOs—were very reluctant to get into managed care for

alcohol, drug abuse and mental health," he said.

This is because of the delicate nature of mental illness and a concern about liability in this area of health care, he explained.

"But, our members knew that cutting out the mental health benefit was not the solution.

"This is because there's a direct correlation between the elimination of mental health benefits and an increase in medical and surgical utilization," he said.

So, the coalition sent out an RFP early in 1987, addressing the need for more outpatient care and a specific panel of efficient providers.

"Our goal is to reduce employers' alcohol, drug abuse and mental health expenditures by 20% or more without sacrificing quality" by implementing managed care plans for psychiatric and substance abuse services, he said.

Eleven health care management companies responded to the RFP. The coalition will select two companies to act as "system administrators" with which employers will contract directly for managed psychiatric and substance abuse care.

The coalition will act as a broker and a monitor of the system's performance under these arrangements, he said.

According to the coalition's RFP, some of the requirements of the system administrator include:

- Providing triage through an employee assistance program.
- Employees will first visit an EAP counselor, who will then determine the appropriate care.
- Selecting a comprehensive panel of preferred providers that agrees to provide services at discount prices.
- Providing a 24-hour crisis care hot line.
- Emphasizing outpatient treatment.
- Providing inpatient services that emphasize brief confinements or partial hospitalization, such as day or evening treatment.

Some treatment programs allow the patient to visit the hospital for counseling or treatment during afternoon lunch or evening dinner meetings. This enables the patient to be at home with his or her family and maybe even continue working during treatment.

• Providing a liaison with self-help groups such as Alcoholics Anonymous.

These self-help programs usually are free and can be the most effective treatments for substance abusers, he noted.

• Offering detoxification services for substance abusers.

Since the detoxification process often can be dangerous to the patient's health, medical supervision may be necessary, he explained.

- Providing case management.
- Providing utilization review.
- Emphasizing the least intensive mode of care possible.
- Emphasizing individualized treatment planning.

The program should provide the least restrictive and the least expensive treatment appropriate for each individual patient.

• Assuming risk for the insured pool.

Because psychiatric and substance abuse benefits are a delicate area for most employers, the system administrator also must be flexible enough to deal with the different needs of each employer, Mr. White noted.

The coalition's RFP already has sparked a shift in the provider community, according to Mr. White.

"We're already seeing a shift as providers try to emphasize more efficient treatment in order to position themselves to contract with employers," he said.



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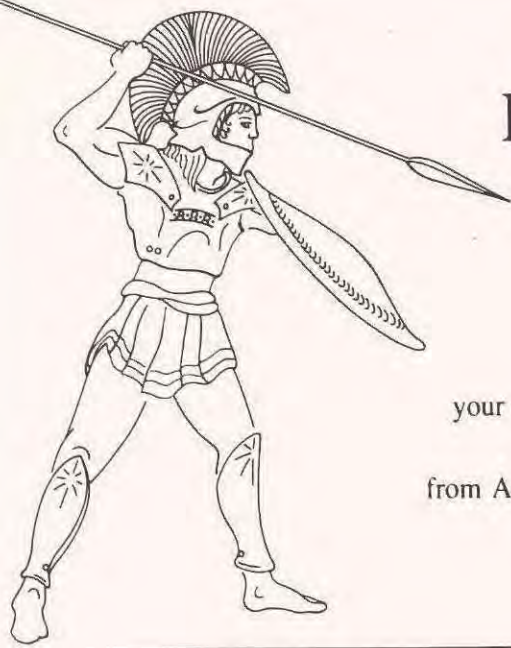
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# Few UR firms are effective, consultant says

By DONNA DIBLASE

MIAMI—Very few utilization review organizations execute effective reviews, according to one consultant.

"In the current market for utilization review services, the differences in performance among the systems are major," said Dr. Arnold Milstein, president of San Francisco-based National Medical Audit.

The firm, a division of benefit consultant William M. Mercer-Meindinger-Hansen Inc., evaluates and designs health care cost-containment programs.

Through the use of a board of independent physicians, National Medical Audit has performed 200 medical records audits of various utilization review systems.

Dr. Milstein discussed how employers can evaluate utilization review programs at "Buying Right—Managed Care," a workshop sponsored by the National Assn. of Employers on Health Care Alternatives here on March 12 and 13.

There are three levels of health care utilization efficiency, he noted.

Under Level One, health care utilization is grossly inefficient because of the absence of a utilization review program, he said.

"This level of utilization is consistent with 650 to 850 days of hospitalization per 1,000 covered individuals annually," Dr. Milstein explained.

Level Two utilization occurs in response to a "garden variety" utilization review program—or the average program with pre-admission certification, second surgical opinion and concurrent review with discharge planning, Dr. Milstein explained.

Level Two is the conventional or average level of health care utilization and is consistent with 450 to 555 days of hospitalization per 1,000 covered individuals annually, he added.

Level Three health care utilization occurs primarily in response to utilization review performed by very well-established health maintenance organizations.

"This is optimally efficient care. It is review that asks if the care is really necessary and also concentrates on the outcome of the treatment," he noted.

This level of utilization is consistent with 250 to 350 days of hospitalization per 1,000 covered individuals annually, Dr. Milstein added.

Dr. Milstein illustrated the differences among the utilization levels by comparing the average lengths of hospital stays for a hysterectomy under each level. The data used in the illustration was obtained from a 1984 National Hospital Discharge Survey.

The data, which is based on 70% to 80% of uncomplicated adult cases, was then narrowed down to subtract Medicare, Medicaid and

*Continued on page 28*

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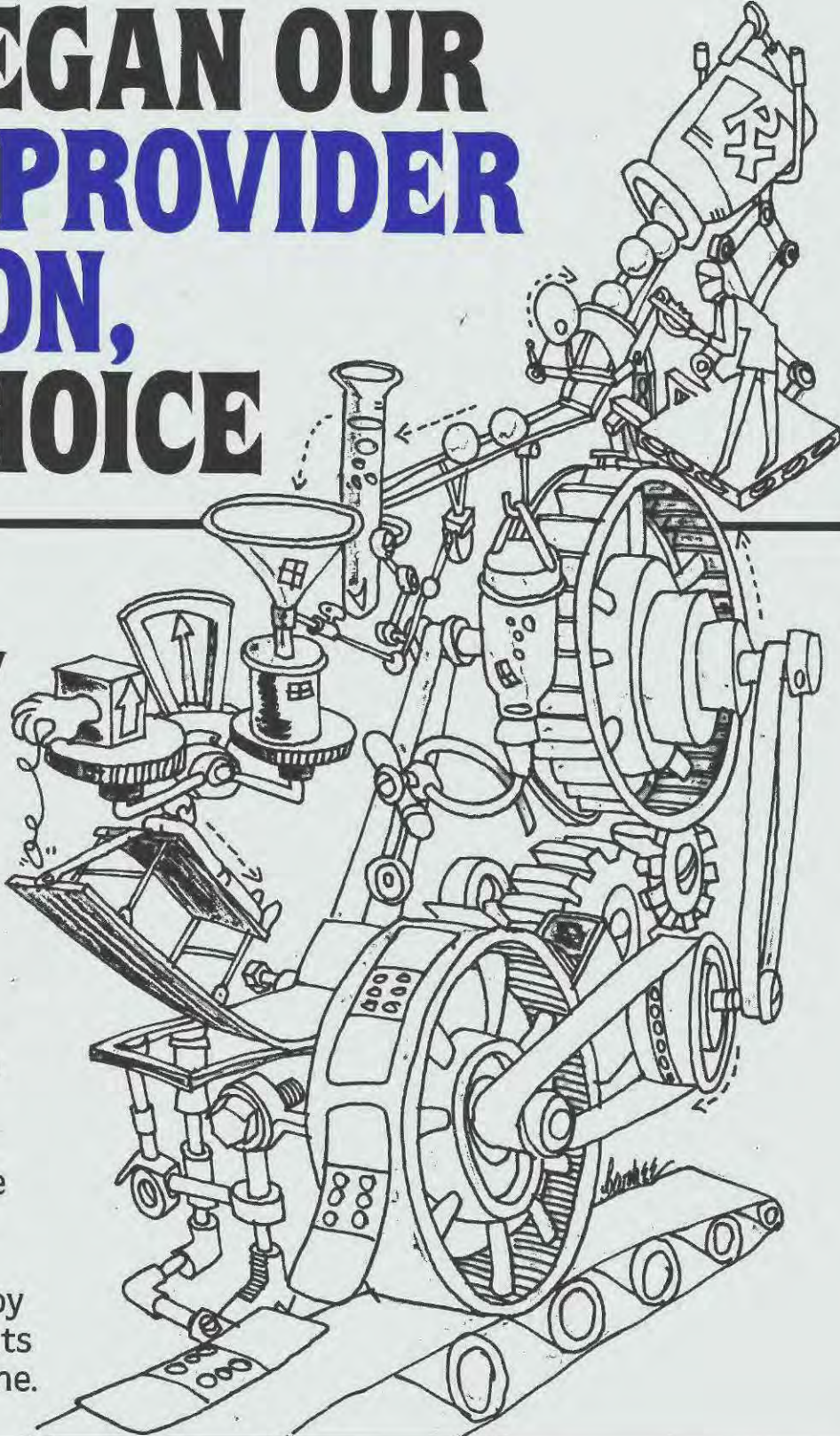
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## Review firms

*Continued from page 26*  
workers compensation cases, he said.

Under Level One, the patient would be admitted one day before surgery and would be hospitalized for a total of seven days.

Under utilization Level Two, the patient also would be admitted one day before surgery, but would be hospitalized for a total of only five days.

However, under Level Three, the patient would be admitted on the morning of the surgery and would be hospitalized for a total of four days.

There are three "performance windows" that can be used to evaluate the effectiveness of a utilization review system, Dr. Milstein said.

"One way to evaluate a utilization review system is look at the operations of the review company. This can be done by surveying re-

**'The medical records audit tends to be the most conclusive and revealing,' Dr. Milstein says.**

view firms through a 'request for proposal,' " which outlines the services an employer desires from the firm.

The proposals submitted by review firms in response to the RFP enable employers to see how a firm works and what it is willing to do for the employer, he explained.

Evaluating the operations of a firm also can be done by visiting the firm's review office.

"This is like seeing the bread factory of the bakery," he added.

Another performance window is the analysis of the review system's impact on utilization data, such as the reduction in length of stay and total hospital days per 1,000 covered individuals.

"The analysis of the reduction in hospital days per 1,000 covered individuals is by far the most effective measurement. But, that data might be suspect," said Dr. Milstein.

"For example, other benefit plan changes likely to reduce inpatient utilization may have been introduced at the same time as the review program was. It could be difficult to determine how much credit to give to the review program for the reduction," Dr. Milstein explained.

However, perhaps the most conclusive performance window for evaluating a utilization review system's effectiveness is an independent audit of medical records, he said.

"While all three windows are useful in evaluation, the medical records audit tends to be the most conclusive and revealing," he added.

Based on the review and findings by its board of independent physicians, National Medical Audit determines the percentage of hospital days approved by a utilization review system that were medically unnecessary. This is called an "error rate."

"We calculate the error rate and then compare that rate to the best score we've seen," Dr. Milstein said.

After performing 200 of these audits, "we've never had a utilization review system get a score higher than 90% and the worst score we've seen is 51%," of approved days that were really medically necessary, Dr. Milstein observed.

The score of 51% is "equivalent to having no utilization review at all," he added.

In calculating a utilization review system's error rate, National Medical Audit also breaks the error rate down into specific categories, he said.

For example, the error rate is calculated for the percentage of pre-operative days that are curbed by the system; the necessity of surgery; the necessity of hospital admissions; the necessity of the continued stay or total length of hospital stay.

In addition, the rate is calculated based on the avoidable delays in medical service, such as the number of days a patient is hospitalized while waiting for a diagnostic test to be performed.

Error rates also are calculated based on medical specialty categories. These include medication, surgery, obstetrics/gynecology, pediatrics and psychiatric and substance abuse treatment.

"With this type of audit, it is possible to identify where the problems are and to focus on correcting them," Dr. Milstein explained.

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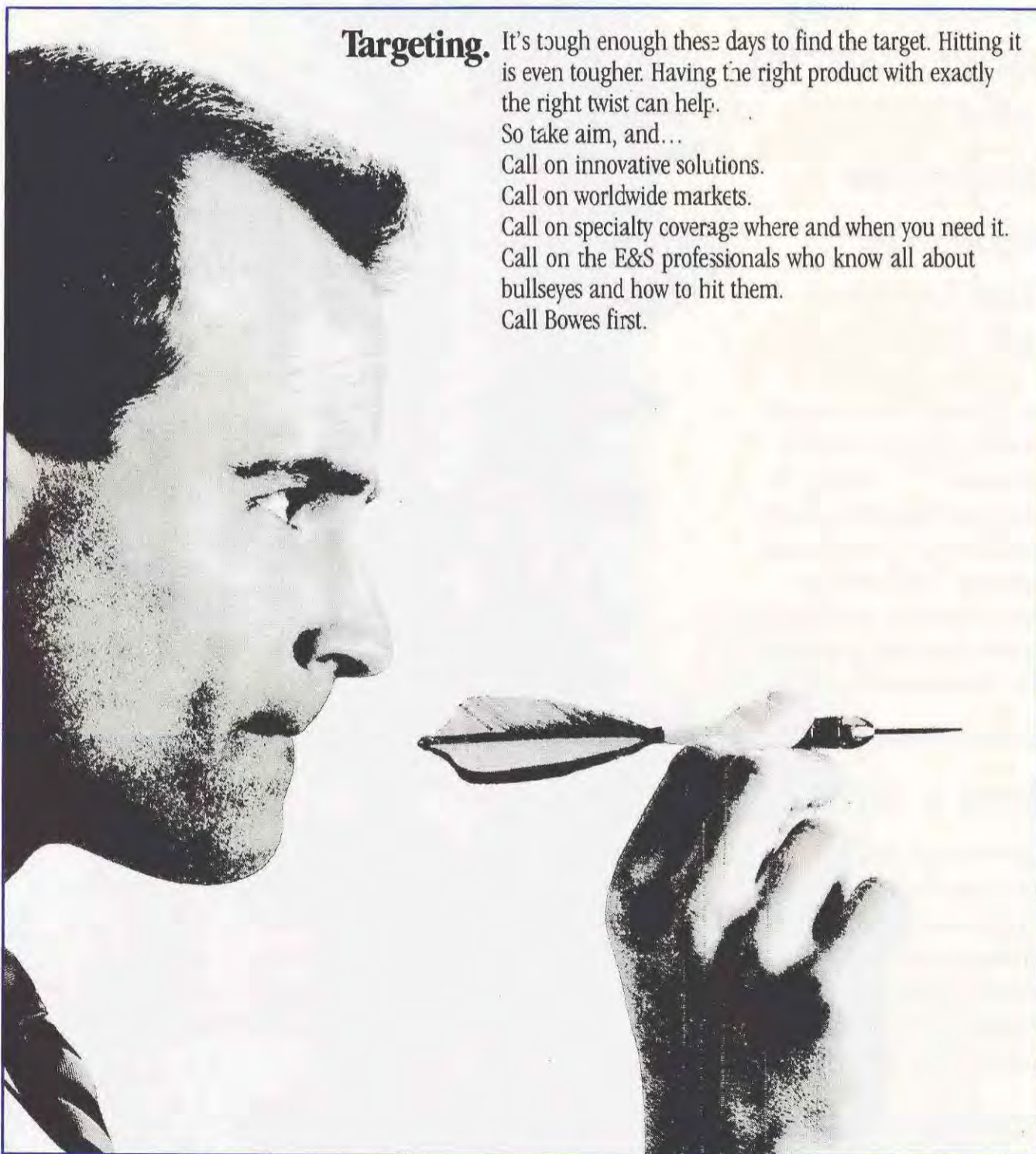
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## london

# U.K. doctors seek no-fault system

By CAROLYN ALDRED

LONDON—The British Medical Assn., which represents practicing physicians in the United Kingdom, plans to lobby for a no-fault compensation system for medical malpractice victims.

A no-fault system would allow more injured people to receive compensation for medical injuries since claimants would not have to prove negligence in court, the association contends.

It would also reduce the average time lag—now about four years—between an incident and settlements or judgments, according to a report published by the BMA.

The proposal is an adaption of the Swedish no-fault compensation system, "which attempts to provide a broad spread of compensation for medical accident victims in which need plays the major role and identification of blame a minor one," according to the BMA.

A "right to compensation is justified for injuries which were unexpected by the patient and unforeseeable—or at least considered improbable—by the doctor," the report says.

"If the injured patient feels dissatisfied" with the compensation awarded under the no-fault system, "an appeal can be made to claims panels, of which half the members are appointed by the government," the report says.

Although claimants would maintain the right to go to court under the proposal, the BMA believes the proposal could reduce malpractice awards and, in turn, reduce doctors' medical malpractice insurance rates.

"The rise in medical litigation parallels the increase in challenges to other professions through the courts and is not an isolated phenomenon. . . (Also), the amounts currently awarded by courts are increasing," the report says.

Although medical malpractice awards from British courts still are much smaller than verdicts in the United States—no British medical malpractice award has exceeded 1 million pounds (\$1.58 million)—awards in Britain are growing, according to the report.

"We now have solicitors advertising for dissatisfied or disappointed patients and relatives to consult them on a no-fee basis for the initial interview," the report says.

After the BMA has sought a reaction to the report from its members, it plans to send the proposals to the Department of Health and the British Law Society, a BMA spokeswoman said.

## Texas legislation

A bill pending in the Texas Legislature could lead to a damaging withdrawal of capacity from the Texas surplus lines insurance market, warned the Institute of London Underwriters.

A section of S.B. 291 proposes that all insurers writing surplus lines business in Texas be licensed in at least one state (BI, Feb. 9).

"This . . . would be detrimental to businesses in Texas since most non-admitted companies would not deem it in their interests to become so licensed," according to a statement released by the ILU, an association of 108 companies writing marine and aviation insurance in the London market.

"Inevitably, therefore, it would lead to a wholesale withdrawal of

non-admitted companies from the Texas surplus lines market, and the ILU recommended rejection of this section of the Senate bill," the statement said.

Without the insurance provided by non-admitted companies like ILU members, many businesses in Texas could lose their coverage, said Harold M. Tract, a partner with the New York law firm of Kroll, Tract, Harnett, Pomerantz & Cameron, which represents the ILU and its member companies.

Mr. Tract pointed out in testimony delivered before a Texas Senate committee that no member of the ILU, which accounts for almost 50% of the marine insurance business written in London and more than two-thirds of the aviation business, has ever been the subject of an insolvency proceeding in the institute's 100-year history.

The capacity and insurer insolvency problems were largely U.S.-made problems, and state insurance regulation would not serve any useful purpose in the non-admitted marketplace, the ILU statement said.

The ILU also noted that a bill now before the Texas House would require non-admitted companies operating in Texas to maintain a U.S. trust fund of at least \$1.5 million for the benefit of U.S. policyholders and to have a minimum surplus of \$5 million (BI, Jan. 26).

"The rejection of Section 5.04 of the Senate bill and the adoption of provisions such as those contained in the House bill would help assure both a stable source of insurance for Texas businesses" and a basic level of financial stability for insurers "providing such protection," Mr. Tract said.

## U.S. acquisition

Henry Ansbacher Holdings P.L.C., a British financial services company, has acquired 51% of Adams & Porter Inc., a New York-based insurance broker.

The acquisition is the first step in building a new international insurance brokerage group, said Nick Samuelson, chairman of Seascope Insurance Holdings Ltd., Ansbacher's Lloyd's of London brokerage subsidiary.

New York-based Adams & Porter, with annual revenues of more than \$4 million, has offices in California and Florida. It specializes in the accounts of Japanese subsidiaries in the United States, added Mr. Samuelson.

Adams & Porter's management will continue to control the other 49% of the company's shares, said Mr. Samuelson.

The combination of Adams & Porter and Seascope gives Ansbacher's insurance brokerage units 12 million pounds (\$19 million) in annual revenues.

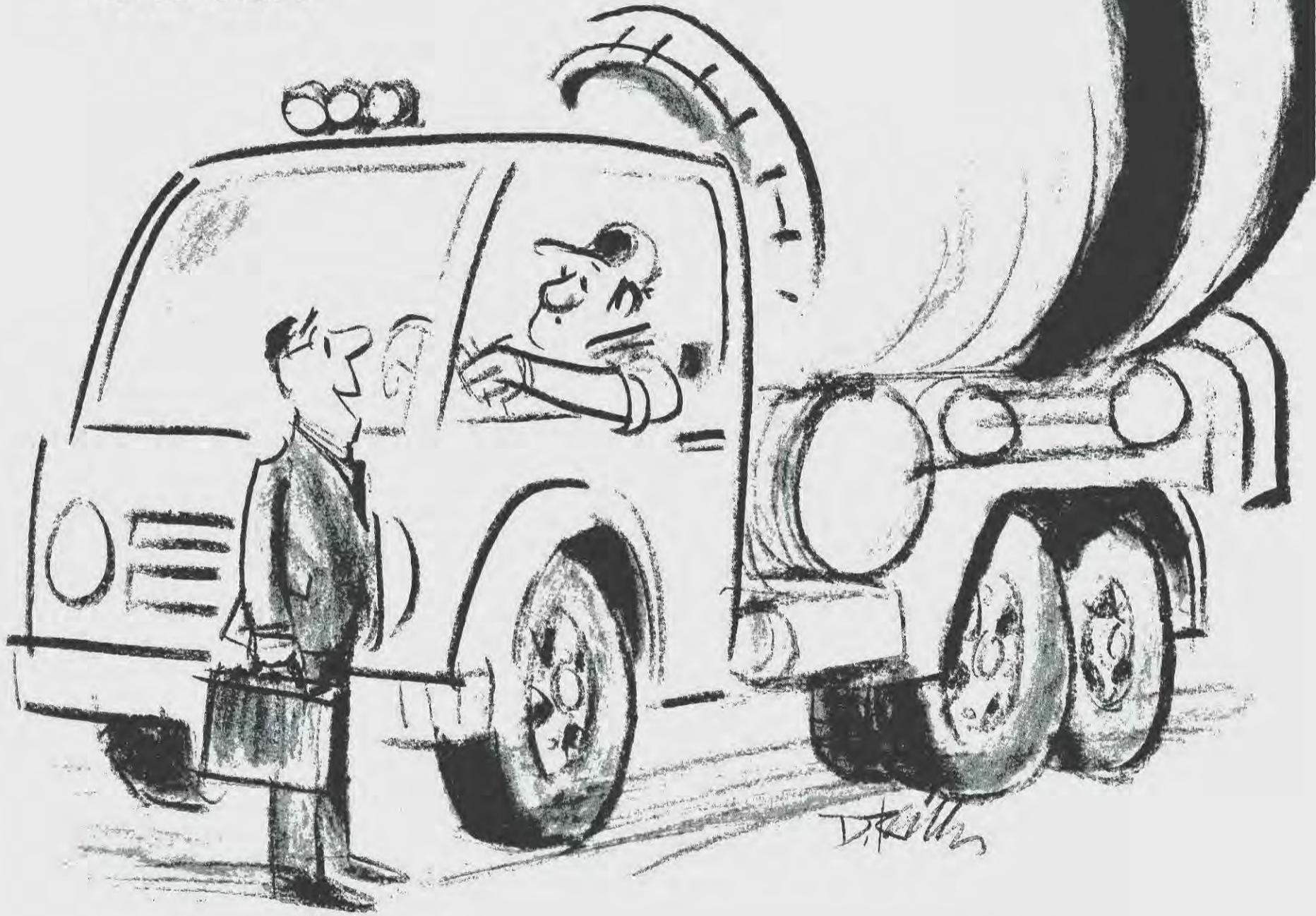
"Adams & Porter gives us a bridge head into the U.S. and is being perceived as an important move by Ansbacher. Another area we plan to develop in the U.S. is reinsurance brokerage, either by acquisition or internal growth," said Mr. Samuelson.

## Jardine acquisition

Lloyd's of London broker Leslie & Godwin P.L.C., a unit of Frank B. Hall & Co. Inc., is selling its Lloyd's members agency to Jardine (Lloyd's Underwriting Agents) Ltd.

Continued on page 33

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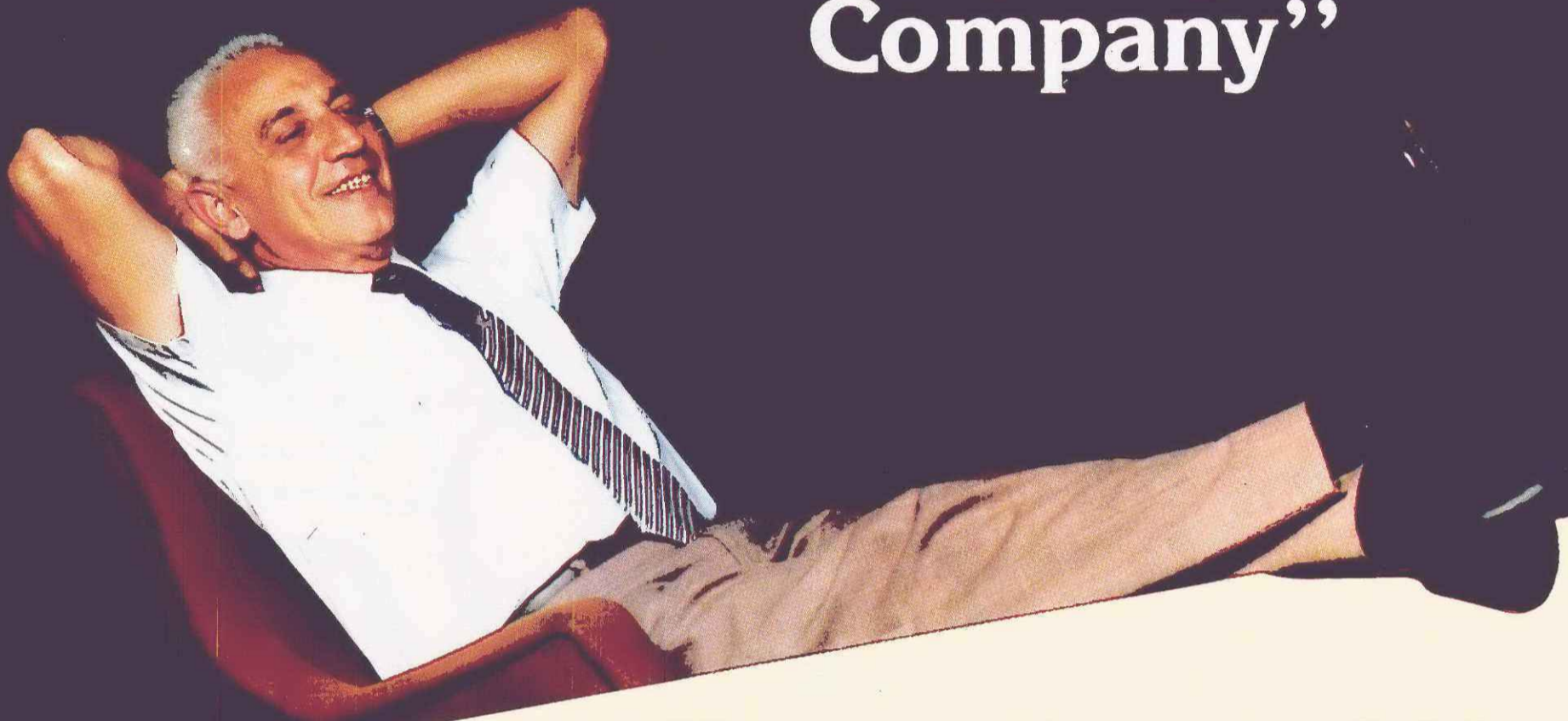


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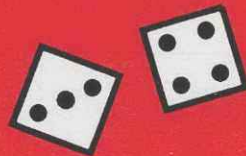
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# Las Vegas



## 25th RIMS draws full house

By JOANNE WOJCIK

LAS VEGAS, Nev.—Record attendance is predicted for this year's Risk & Insurance Management Society Conference to be held in the gambling mecca of Las Vegas—a suitable site for a gathering of professionals who deal in risk.

Registration already had surpassed the 3,000 mark two weeks before the conference, scheduled for March 29-April 3, a RIMS spokeswoman confirmed.

The conference, which will kick off Sunday night, March 29, with a party celebrating RIMS' 25th anniversary and centered around the theme, "Where were you in '62?," is going to be the best ever, its organizers say.

"We have fine-tuned it this year," said Florence Larcamp, assistant vp and corporate insurance manager at United Jersey Banks in Princeton, N.J., and a RIMS conference committee member.

Ms. Larcamp coordinated the Risk Management Basics track program, which will focus on teaching fundamentals of the profession.

"Everything is basic," explained Ms. Larcamp. "The Risk Management Basics Track is designed to accommodate those professionals who find their responsibilities broadening into all facets of risk management—insurance, employee benefits and finance."

In addition to the basic track program, an advanced track program, "Alternatives to the Traditional Insurance Market," will address issues of interest to more sophisticated risk managers.

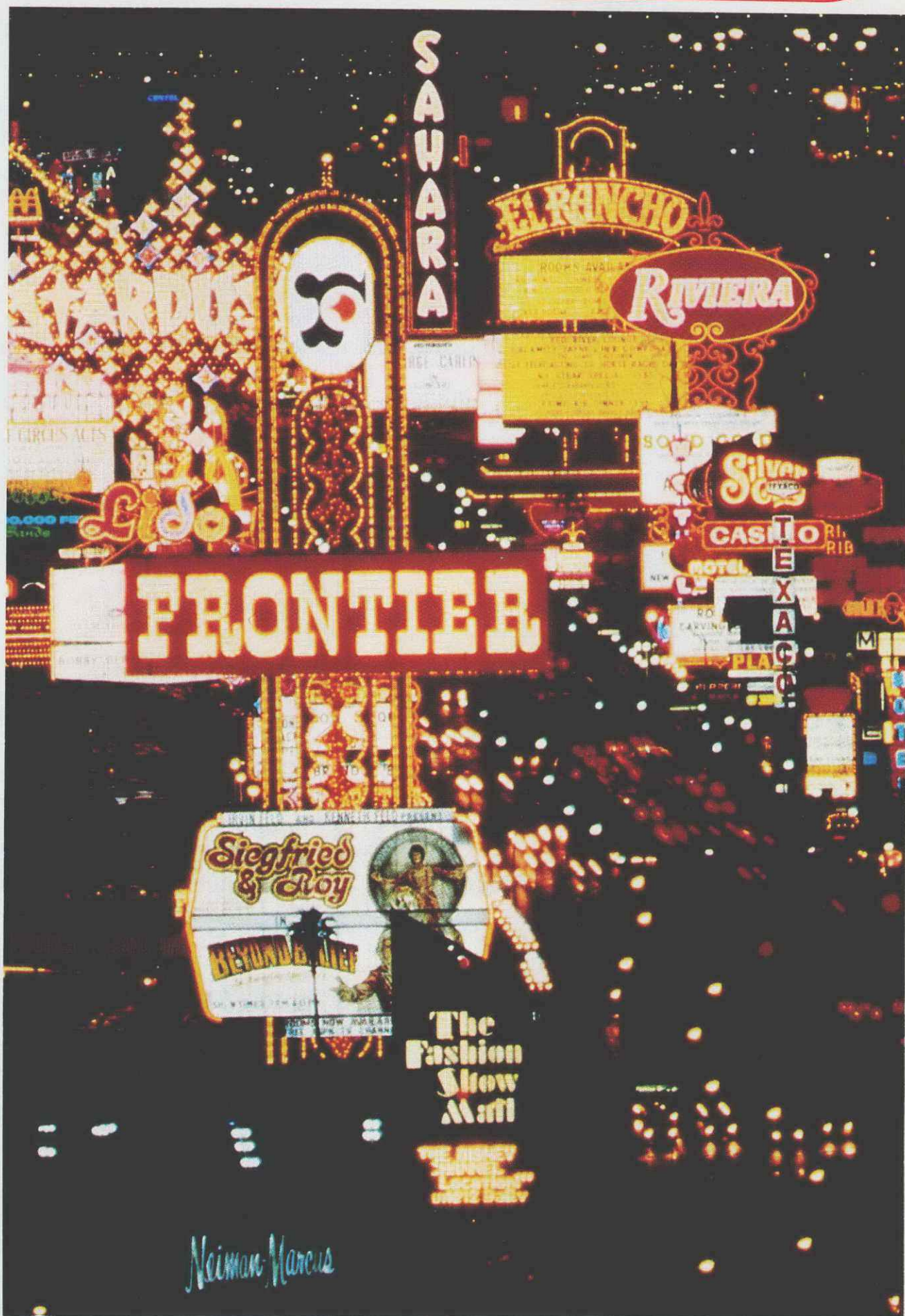
Track programs, which were introduced at the 1985 RIMS conference in New Orleans, are related sessions on specific areas of risk management that are taught at various experience levels. Conference attendees can take all of the seminars in a specific track or customize a course from among both track programs' offerings.

Risk managers who want to brush up on their skills or who have been given new responsibilities will be particularly interested in two basic track program seminars: Introduction to Employee Benefits and Introduction to Personal Computers, according to Ms. Larcamp.

The employee benefits session will familiarize risk managers with such health care alternatives as health maintenance organizations, wellness programs and preferred provider organizations, which are—in actuality—forms of loss control, Ms. Larcamp explained.

Employee benefits "are a large cost to every corporation," Ms. Larcamp said. "Considering what's going on with COBRA and tax changes, it's a very hot area, and an area that really needs controls."

Speakers scheduled for the session include: Jerry D. Todd, professor and holder of the Charles E. Cheever Chair in Risk Management at St. Mary's University in San Antonio, Texas, who also is serving as moderator and coordinator; Robert Epley, vp and senior actuary at Alexander & Alexander Inc. in New York; Doug Preston, senior vp at Alexander & Alexander Benefits Services Inc. in San Antonio, Texas; and Car-



Colorful neon lights illuminate Las Vegas, the site of this year's Risk & Insurance Management Society conference.

Photo: Las Vegas News Bureau

men Velez, assistant director of employee benefits for the Texas Municipal League in Austin.

During the session on personal computers, experts will translate into simple English often-complicated computer lingo. Once terms have been defined, risk managers will learn how to select a system that fits their needs or how to make full use of a system they may already have.

For example, "a risk manager may be asking, 'We're this size, what should I be looking for?'" Ms. Larcamp said. "It's hard to find this information."

Speakers include: Donald F. McGuffey, risk manager at Equifax Inc. in Atlanta, who also is moderating the session; James D. Blinn, a consultant at the Tillinghast Division of Towers, Perrin, Forster & Crosby Inc. in Darien, Conn.; James Kovacs, risk manager for Beverly Enterprises in Pasadena, Calif.; and Kenneth F. Martino, director-product development at Travelers Insurance Co. in Hartford, Conn.,

who also is coordinating the session.

This year's general session on Wednesday, April 1, will probe the question, "The Insurance Cycle: Is It Inevitable?"

"We already know the answer," said Chuck Clarke, senior vp-national accounts for Travelers Corp. in Hartford, Conn., who will speak during the session. "What's not known is the timing, the length and the depth of it."

"What's interesting is not the simplistic answer, but why does it still happen," he added. "Because you have so many random events... you're sort of guessing at the future."

A question-and-answer period will follow a brief presentation by Mr. Clarke and other members of the panel, made up of:

- Robert Clements, president of brokerage Marsh & McLennan Inc. in New York.
- Jan Edelstein, Republican counsel for the House Energy

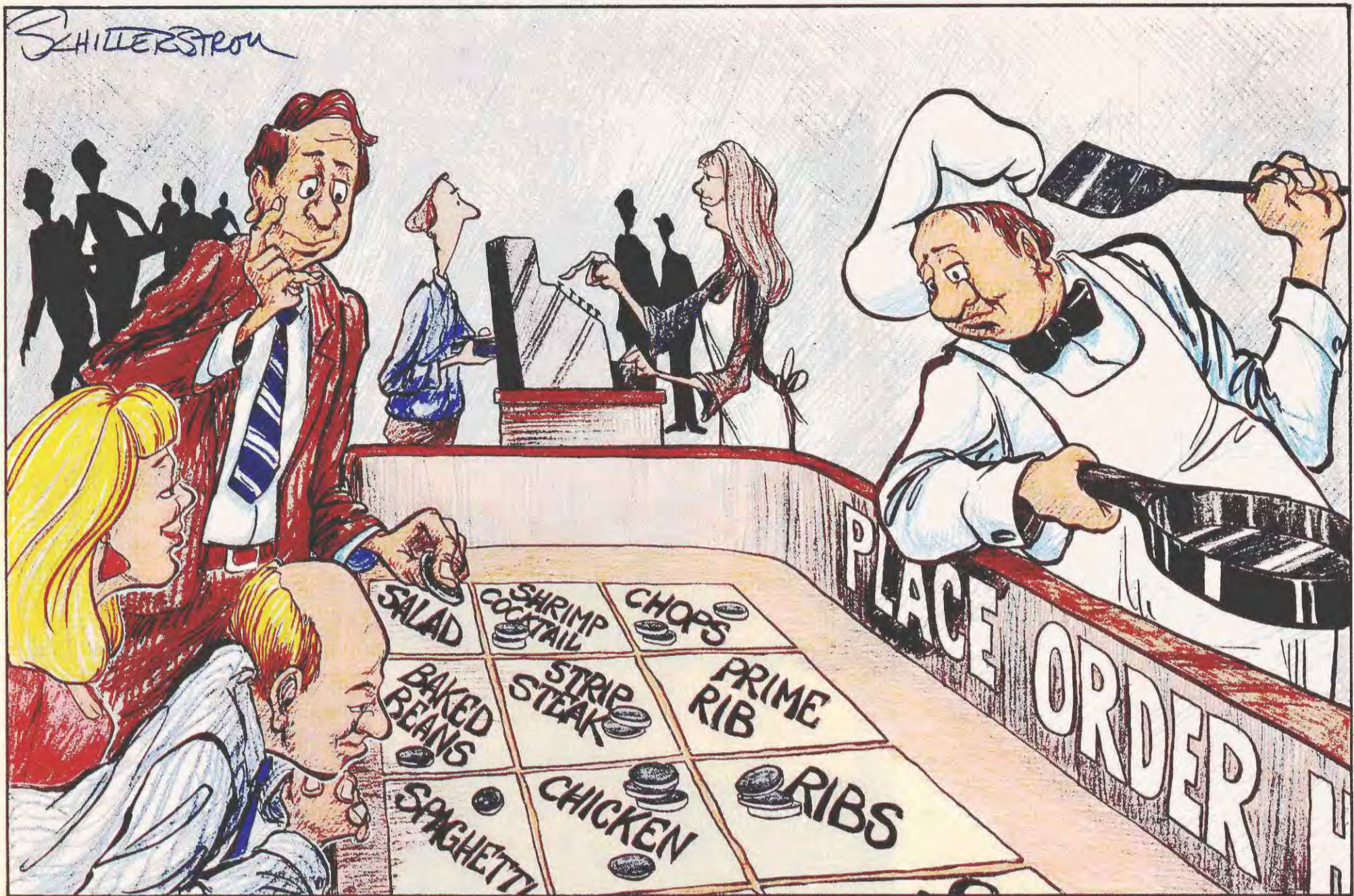
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This section was coordinated by Copy Editor Joanne Wojcik and designed by Graphics Editor Holly Seguire and Graphic Artist Amy Palmer. Copy Editor Karen Huelsman and Assistant Copy Editors Paul Winston and Stacy Adler also contributed to this section.

# BI Vegas guide



## Restaurants offer odds-on favorites

By JOANNE WOJCIC

LAS VEGAS, Nev.—Midnight snacking is no problem in Las Vegas, a town that truly never sleeps.

And, if you're willing to wait, the fare can be cheap. Billboards lining the "Strip" tout buffet bargains of as little as \$1.99.

But beware: The lines are long, the dining spots usually are tucked behind a tempting maze of mechanical gambling machines and don't forget the old adage, "You get what you pay for."

However, if you're into prime rib, you're in luck. Just about every hotel or gaming establishment lining the glitter gulch offers a dinner feast made up of beef lovers' favorite fare.

Or, if you're adventurous, you may want to venture away from the strip into the city of Las Vegas to sample how the locals dine.

There's no shortage of restaurants in this desert oasis.

Following is a listing of Las Vegas-area restaurants, categorized by region.

Some are located along Las Vegas' famous Strip, also known as Las Vegas Boulevard, while others can be found downtown or in outlying areas. In addition, a section on buffets is provided.

The following abbreviations are used to indicate which credit cards are accepted: AMEX, American Express; MC, MasterCard; CB, Carte Blanche; DC, Diners Club; and V, Visa.

### Las Vegas Strip

**ALPINE VILLAGE INN & RATHSKELLER**  
3003 Paradise Road  
Across from the Las Vegas Hilton  
734-6888

5 p.m.-midnight, reservations suggested, casual dress. Swiss chalet atmosphere inside and out. Featuring wiener schnitzel, sauerbraten and fondue bourguignonne. Dinner \$9.25-\$16. Piano sing-along in Rathskeller. Major credit cards.

**THE ARCADE**  
2755 Las Vegas Blvd. S.  
Inside El Rancho Hotel  
796-2222

Open weekdays noon-10 p.m. Reservations not necessary, casual dress. Ice cream parlor, quick bites from 80 cents.

**AH-SO**  
3570 Las Vegas Blvd. S.  
In Caesars Palace  
731-7519

6-11:30 p.m. Reservations suggested, casual dress. Features sushi and sashimi, Teppan-yaki cooking tables, de, set menu featuring chicken breast, tenderloin and lobster tail. \$38.50 fixed price. Major credit cards.

**BACCHANAL**  
3570 Las Vegas Blvd. S.  
In Caesars Palace  
731-7525

6-11:30 p.m. Reservations suggested, jackets for gentlemen. Seven courses and three wines in a "Roman Feast" setting. Specialties include roast rack of lamb, tournedos Rossini, veal Marsala and more. \$50 per-person fixed price. Major credit cards.

**BARRONSHIRE**  
3000 Paradise Road  
In the Las Vegas Hilton  
732-5801

6-11 p.m. Reservations suggested, optional dress. Prime rib is featured. \$15.75-\$19.25. Major credit cards, plus Hilton and En Route.

**BARRYMORE**  
3645 Las Vegas Blvd. S.  
In Bally's Las Vegas Hotel  
739-4111

6-11 p.m., closed Tuesdays and Wednesdays. Reservations suggested, casual dress. Steaks, seafood and more. Strolling musicians. \$12.95-\$29. Major credit cards.

**BAVARIAN INN**  
3000 Paradise Road  
In the Las Vegas Hilton  
732-5801

6-11 p.m. Tuesday-Saturday. Reservations suggested. Complete German menu in German pub atmosphere. Major credit cards.

**BEEF BARON**  
3645 Las Vegas Blvd. S.  
In the Flamingo Hilton Hotel  
733-3111

5:30-11:30 p.m. Reservations suggested, casual dress. Antique rifles and steer horns decorate this room featuring prime rib, steaks and Texas caviar. \$9.75-\$20. Major credit cards plus Hilton and En Route.

**BRANDING IRON STEAK HOUSE**  
3120 Las Vegas Blvd. S.  
In the Frontier Hotel  
734-0110; 734-0252 after 4 p.m.

5-11 p.m. Reservations suggested, casual dress. Prime-cut meats and fresh seafood displayed at entrance to restaurant. Specialty is Florida stone crab. Mesquite method of cooking for meats, fowl and fish. Major credit cards.

**CAFE ECLAIR**  
3000 Paradise Road  
In the Las Vegas Hilton  
732-5111

Open 7 a.m.-9 p.m. Features eclairs, French and Danish pastries, croissants, ice cream specialties, sandwiches, coffee and espresso.

**CAFE NOIR**  
2901 Las Vegas Blvd. S.  
In the Riviera Hotel  
734-5110

Open 24 hours. Reservations not necessary, casual dress. Full service with complete menu for breakfast, lunch, dinner or midnight snack. Breakfast and lunch ranges from \$3.95 to \$8.95, dinner \$7.50-\$22.95. AMEX, V, MC, DC, CB.

**CAPTAIN'S CABIN**  
3805 Las Vegas Blvd. S.  
In the Marina Hotel  
739-1500

6-11 p.m. Reservations suggested, casual dress. Order your steak from tray display. \$25 per person. Major credit cards.

**CASTAWAYS CASINO RESTAURANT**  
3320 Las Vegas Blvd. S.

731-5252

Open 24 hours. Reservations not necessary, casual dress. Oak, brass and desert murals in a casual, contemporary setting. Complete menu daily, featuring prime rib, chef's specials, eight breakfast specials at \$1.99 (11 p.m.-6 a.m.). Breakfast \$1.49-\$4.49, lunch \$2.45-\$5.25, dinner \$4.45-\$8.95. Major credit cards.

**CHARCOAL ROOM**  
3950 Las Vegas Blvd. S.  
In the Hacienda Hotel  
739-8911

Reservations required. Spanish style, very intimate. Steak, flambe cafe a la carte. Dinner \$14.85-\$32. Major credit cards.

**CHATEAU VEGAS**  
565 E. Desert Inn Road  
Across from Convention Center South Hall  
733-8282; 733-8755

11 a.m.-2:30 a.m. Elegant dining for business lunch or evening dinner. Offers three dining experiences: The Garden Room Steakhouse; the Fountain Room, featuring French and Italian cuisine; or Juliano's "Upstairs," featuring an eight-course gourmet meal. Live entertainment and dancing in lounge. \$8.95-\$35.

**CIRCUS PIZZERIA**  
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10 a.m.-2 a.m. Reservations suggested, casual dress. Mine shaft entrance with 1880 antique decor. Prime rib Friday and Saturday, porterhouse steak, liver and onions. Ladies night every night. AMEX, V, DC, CB.

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6-11 p.m. Reservations suggested, casual dress. Casual, yet elegant, steakhouse, exhibition broiler. Piano bar Monday-Saturday 6 p.m.-midnight. Dinner \$7.95-\$19.95. Major credit cards.

**CONTINENTALE**

3667 Las Vegas Blvd. S.  
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5 p.m.-1 a.m. Reservations suggested, Italian and French gourmet cuisine. Closed Tuesdays. \$8.50-\$42. Major credit cards.

**DAVINCI'S**

160 E. Flamingo Road  
In the Maxim Hotel  
731-4300

Reservations suggested, casual dress, quiet dining in elegant surroundings. Continental cuisine, \$10-\$21. Major credit cards.

**DEPOT DINER**

2755 Las Vegas Blvd. S.  
In the El Rancho Hotel  
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5-11 p.m. Closed Mondays. Reservations suggested, casual dress. Complete steak and lobster dinner, \$9.95. Complete dinner menu from \$4.95. Major credit cards.

**DIAMOND JIM'S**

3120 Las Vegas Blvd. S.  
In the Frontier Hotel  
734-0110

6 p.m.-midnight. Closed Monday and Tuesday. Reservations required. Special \$12.95 full course dinner nightly. Prices range \$12.95-\$26.50. Piano bar. Major credit cards.

**DOME OF THE SEA**

3650 Las Vegas Blvd. S.  
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Continued on page T19

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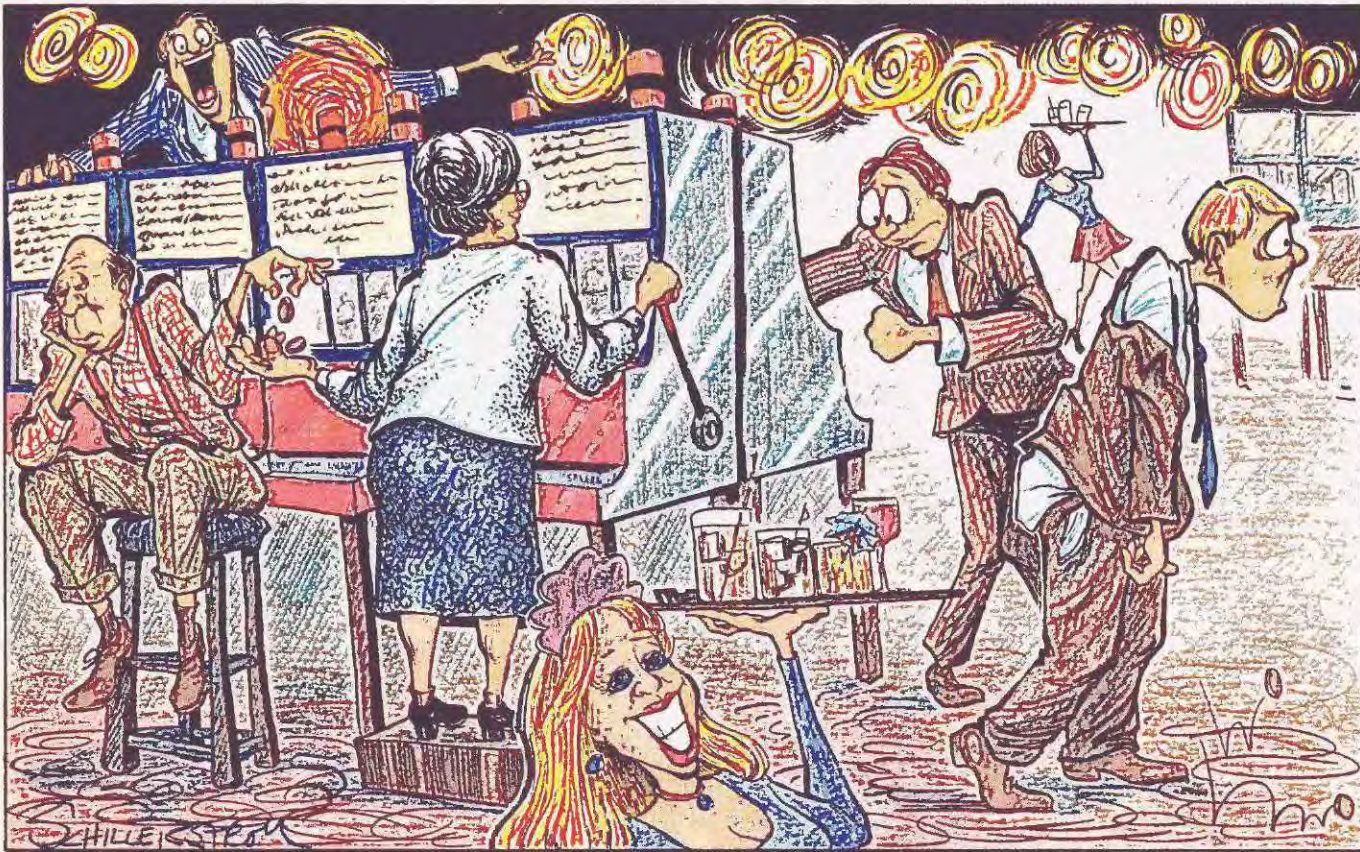
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## BI Vegas guide



# Professional card shark plays to win

By JOANNE WOJCIK

LAS VEGAS, Nev.—At an age when most boys were outside “playing the field,” Anthony Curtis was inside playing blackjack.

Indeed, the 29-year-old former stockbroker doesn't look old enough to be a card shark, especially since the stereotypical gambler is a flashy dressed, middle-aged man with nicotine-stained fingers and a diamond pinkie ring.

The youthful Mr. Curtis, whose physique attests to his college wrestling days, doesn't even smoke. But he sure knows how to burn up the blackjack table.

In fact, his skills made him the champion of the November 1986 Las Vegas Hilton Blackjack Tournament.

The payoff—a whopping \$76,000—wasn't bad for three days' work.

Mr. Curtis, who has made all or part of his income during the last five years as a blackjack professional and a lecturer on casino games, will share some of his secrets at 9:45 a.m. on Monday, March 30, during the Risk & Insurance Management Society Conference.

His presentation, “Beat the House,” is part of the RIMS guest program.

In addition to being a player and lecturer, Mr. Curtis is the executive director of Newport Institute of Advanced Gaming Strategies and its subsidiary, Huntington Press, which publishes “The Las Vegas Advisor,” a local newsletter detailing gaming strategies and some of the city's greatest bargains.

Mr. Curtis also is writing a book on his profession and gives private gambling lessons in the Las Vegas area.

During his lecture, Mr. Curtis will help relieve the apprehension most people feel when they approach the gaming tables. “I teach them shortcuts to what I'm doing,” he said, so that playing is “not as intimidating as it looks.”

“This is going to be for them, on their level,” he stressed.

Mr. Curtis said he prefers teaching beginners because they're more receptive. On the lecture circuit, he is often confronted with know-it-alls who challenge him, saying: “Sonny, I've been doing this longer than you've been alive. What can you possibly teach me?”

So how did a nice boy from Detroit end up in a place like Las Vegas? Much like his successful card playing, it was all part of a calculated plan. “I just kept working my way closer to Las Vegas,” he said.

After graduating from high school, Mr. Curtis entered Duke University in Durham, N.C., where he studied economics. During his junior year, he trans-

*Continued on page T8*

## Windfalls are few

# Beware of one-armed bandits

By JOANNE WOJCIK

LAS VEGAS, Nev.—Risk managers shouldn't let those one-armed bandits grab them on their way to their Risk & Insurance Management Society Conference sessions. But beware: The jingle of coins spilling over into change buckets can have a bewitching beat.

“I think it's exciting to go to Vegas,” says Sam Stone, corporate risk manager for HCB Contractors in Dallas and co-moderator of the Industry Session Recap at the conference.

However, he admits “it will take willpower and discipline to keep one's mind on the seriousness of risk management.”

Few are immune to the hypnotic power of this diamond in the desert. Even churchgoing spinsters, who don't drink, smoke or “gamble,” will feed their life savings into the hungry jaws of the one-armed bandit—one coin at a time—in hopes of striking it rich.

But the windfalls are few and far between. According to the Tourism Division of the Las Vegas Convention Center, gamblers lost more than \$4 billion in casinos in 1979.

And even those who do hit the jackpot often drop their winnings back into the slots, greedily aspiring for an even bigger payoff the next time the bars line up.

But there are two sides to every coin: For every rich and jubilant slot machine winner, there's more than one broke and dejected loser.

Gambling is a risky business. The best advice is offered by those who've been bitten by the bug: Only wager what you can afford to lose.

“If you enjoy the idea of giving your money to the casinos, of making a willful donation in exchange for a few free drinks and a ‘good’ time,” then take the gamble, suggests Dennis R. Harrison, a professional gambler and author.

In his book, “How to Win at the Casino,” Mr. Harrison suggests players go to Las Vegas with a winning attitude.

“No, I'm not going to suggest that you enroll in a Dale Carnegie course. Neither am I promoting Norman Vincent Peale or any other author who claims that you can change your life with the proper attitude,” Mr. Harrison writes.

“I'm not saying a change of attitude will make you a winner, but a change of attitude can help.”

Mr. Harrison also advises taking frequent breaks from the action. “No one can gamble intelligently for long time periods. Do your gambling in sessions lasting no more than an hour or two at a time.”

There's little difference between the addictive allure of poker and slot machines and that of video games. The same parent who chastises Johnny for playing Asteroids all day Saturday in the arcade will burn the midnight oil at a gaming machine in Las Vegas.

It's different, they say, because while Johnny is throwing

*Continued on page T8*

# You can't play if you don't know the rules

By JOANNE WOJCIK

LAS VEGAS, Nev.—Gambling in Las Vegas can be intimidating for players who don't know the rules.

Novice gamblers can watch the gambling channel provided by most hotels and/or take lessons with the house professionals.

Most gamblers agree that blackjack is about the only game in the casino in which the player can regularly beat the house. That's because rules dictate whether the dealer must “hit” or “stick,” while players have many options.

The object of the game is simple: A player wants the point value of his cards to total as close to 21 as possible without going over. If the cards total more than 21 points, the player loses or “busts.”

An abbreviated basic strategy offered by professional gambler Anthony Curtis may help players increase their odds of winning.

A player whose cards total between 12 and 16 points should request an additional card, or “hit,” by scratching his cards on the table when the dealer is showing a 7, 8, 9, 10 or Ace, Mr. Curtis advises. However, the player should “stick,” or wave his hand sideways over his cards, if the dealer is showing a 2, 3, 4, 5 or 6.

A player holding cards totaling between 17 and 21 points should always stick, he says.

Players should “double down” on 10 or 11 when the dealer is showing anything between a 2 and 9, according to Mr. Curtis.

But the player is forewarned: While doubling down doubles winnings, it also doubles losses.

The term doubling down is derived from two actions: First, the player doubles his bet; second, the player receives one additional card, normally dealt face down.

To double down, the player exposes his cards to the dealer, placing them face up in front of his betting area. Then, the player matches his original bet with a like amount placed adjacent to his original wager.

If all the cards were dealt face up, the player needs only to double his original wager. Then, the dealer will give the player one card—and one card only.

Mr. Curtis also advises players to split pairs of eights and aces, which is done by placing a bet on each of the cards and playing them as two, separate, hands.

But, contrary to the teachings of risk management, don't ever buy insurance, Mr. Curtis warns. In blackjack, insurance is not

*Continued on page T8*

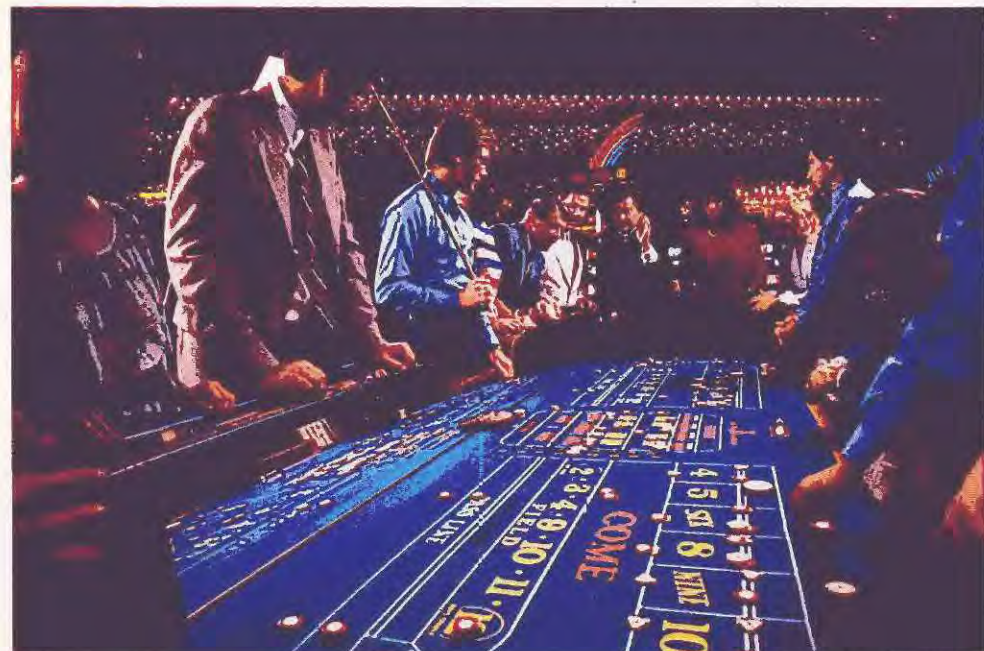


Photo: Las Vegas News Bureau

Roulette is one of the oldest and easiest of the casino games, but because it relies mostly on chance it is one of the hardest to win.

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# The sights

## Vegas, surrounding area boast many attractions

By JOANNE WOJCIK

LAS VEGAS, Nev.—At first glance, this glaring neon city may appear to be little more than an adult playground. But the gambling mecca of the West can be fun even for those who don't play the games of chance.

Las Vegas sits in the midst of a desert wonderland of mountains and canyons, ghost towns, a massive jewellike lake and one of the seven modern wonders of the world, Hoover Dam, a 45-minute drive.

And, air tours take off daily for the majestic Grand Canyon, just 1½ hours away by plane.

Rock hounds will enjoy the breathtaking geological formations along the 17-mile scenic loop drive in Red Rock Canyon Recreation Lands, just 15 miles west of Las Vegas.

Valley of Fire State Park, 55 miles away, offers views of scenic landscapes, hidden canyons, petroglyphs—ancient Indian rock carvings—and the remains of ancient Indian civilizations.

A short drive up Mount Charleston reveals a beautiful tree-covered mountain and meadows inside the Toiyabe National Forest, which offers camping, picnic areas and hiking trails.

Daily tours deep inside the giant Hoover Dam, an engineering marvel completed during the Great Depression, are conducted by U.S. Department of the Interior employees for a nominal charge.

The dam, located near picturesque Boulder City, forms the largest man-made reservoir in the Western Hemisphere: Lake Mead, where water skiers can skim the open water for miles.

Those who want to search the shoreline for bighorn sheep, navigate the Narrows or see Hoover Dam from the water can rent power boats.

Fishing also is a thriving sport on Lake Mead, host to some of the largest bass tournaments in the West. Fishing boats are available for rent and fishing tackle, bait and licenses are available in the Marina Store.

For more water sports, nearby Laughlin, Nev., nestled along the shores of the Colorado River, offers free aquatic shuttles from hotel to hotel.

Sam's Town Gold River Hotel and Ca-

sino in Laughlin features Nevada's largest Western wear store, Calamity Jane's Ice Cream Parlour and the Coca-Cola Museum.

Located just 15 minutes from "the Strip" on the way to Hoover Dam, the 2½-acre Ethel M. Chocolate Factory and Cactus Garden features more than 350 species of cacti, succulents and desert plants from the Southwest and various deserts throughout the world, as well as a variety of chocolates.

The factory tour gives a behind-the-scenes look at the inner workings of a gourmet chocolate factory. Experts explain how the chocolates are made and then treat tour-takers to a sample of their work.

A drive through the Garden Valley of Moapa shows where artesian water allowed the early Mormon settlers to turn the arid desert into a flourishing garden. This valley now is home to singer Wayne Newton. His ranch is a breeding farm for champion Arabian horses.

Old West aficionados won't want to miss nearby ghost towns like Potosi, Goodsprings, Sandy Valley and Eldorado Canyon.

A visit to Bonnie Springs Ranch/Old Nevada in Red Rock Canyon is an adventure into the past with a western town to explore and an animal petting and feeding zoo. This historic experience includes restaurants, a dramatic gunfight in the streets, museums, shops and horseback riding.

The Lost City Museum of Archeology, which houses the physical remains of a civilization lost until this century, offers a journey even further back in time. And, dinosaur replicas can be found at the Museum of Natural History on the University of Nevada-Las Vegas campus.

Animal lovers should enjoy the Southern Nevada Zoological Park and petting zoo on the west side of Las Vegas.

Those interested in more offbeat attractions may want to see the world's largest flashlight on the UNLV campus, or have their picture taken with one-hundred \$10,000 bills encased in an eight-foot golden horseshoe in Binion's Horseshoe Club in downtown Las Vegas.

More than 59,000 marriages are per-

Continued on page T9



Photo: Las Vegas News Bureau

Hoover Dam, one of the seven modern wonders of the world, is 45 minutes from Las Vegas

## Many stars in town during RIMS week

Many big-name entertainers will be appearing in Las Vegas during the silver anniversary Risk & Insurance Management Society conference, including:

- Sammy Davis Jr. and Jerry Lewis. Appearing together at Bally's Las Vegas, March 19 through April 1.
- Willie Nelson and Family. Appearing at Caesars Palace, March 25 through April 3.
- Suzanne Somers, Roseanne Barr and Father Guido Sarducci. Appearing together at the Desert Inn Country Club and Spa, March 12 through April 1.
- The Drifters. Appearing at the Four Queens Hotel and Casino, March 24 through March 29.
- Frank Sinatra Jr. Appearing at the Four Queens Hotel and Casino, March 31 through April 12.
- Illusionists Siegfried & Roy. Appearing at the Frontier, March 1 through May 24.
- Paul Anka. Appearing at the Golden Nugget Hotel and Casino March 19 through March 31.
- Joe Cannon and The Indian River Boys. Appearing at the Landmark Hotel, March 26 through April 15.
- Engelbert Humperdinck. Appearing at the Las Vegas Hilton, March 17 through March 29.
- Wayne Newton. Appearing at the Las Vegas Hilton, March 31 through April 12.

In addition to these acts, many hotels offer nightly variety shows that feature dancers, singers, magicians and other entertainers.



Photo: Las Vegas News Bureau

Glitz and glamour characterize the entertainment extravaganzas produced in many Las Vegas hotels.



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## Professional gambler

*Continued from page T4*  
ferred to the University of California at Los Angeles so he could be less than a day's drive from the famous glitter gulch of the West.

Then at age 21—ironic, since that's his favorite game—he made his final move, finding employment as a stockbroker for Merrill Lynch, Pierce, Fenner & Smith Inc. in Las Vegas.

The step from stockbroker to card player was a natural, said Mr. Curtis, adding that the two speculative businesses were analogous.

Futures and commodities traders are likely to be found at the blackjack tables in Las Vegas because "they're all risk takers and game players," he said.

For example, "card counters can be equated with inside traders," he said, li-

kening those who systematically keep track of the number of high cards dealt to those who profit from the use of market information that is not available to the general public.

"You have to understand the ups and downs of the game," he added.

He compares winning and losing streaks with the fluctuations that cause the bull and bear markets.

Winning can be explained through the laws of probability, which is why Mr. Curtis is sure "at the end of the year, I'll be on the



Mr. Curtis

plus side."

In addition to the monetary rewards, Mr. Curtis enjoys making contacts in the gaming industry.

"By doing this, you meet so many fascinating people—from casino owners to organizers of illegal games out of state," he said.

Unfortunately, Mr. Curtis' winning ways have made him somewhat of a persona non grata in many of the Las Vegas-area casinos.

If a dealer recognizes an expert, he'll "shuffle away your advantage," Mr. Curtis explained.

"You have to keep a certain amount of anonymity to be a professional gambler," he added.

Although Mr. Curtis tries to be low-key, it's difficult to maintain. "They tend to remember me, especially since I'm young," he explained.

## One-armed bandits

*Continued from page T4*

all of his quarters away, Mom or Dad may hit the mother lode.

But they're games all the same. And while playing, it's advisable to do a little reality-checking now and then.

In the intoxicating environment of the casino, it's possible to forget that the money on the table is real, especially after it's been changed into colorful red, blue and green chips. Each time the dealer wins at blackjack, players' stacks of counterfeit fives, tens, even fifties, are chiseled away. And, it's easy to "crap out" on just one roll of the dice.

So before heading for the tables in hunt of that elusive instant treasure, take a lesson, watch the hotel's instructional gambling channel or read a book like Mr. Harrison's.

Just breaking even may turn out to be an enriching experience. ■

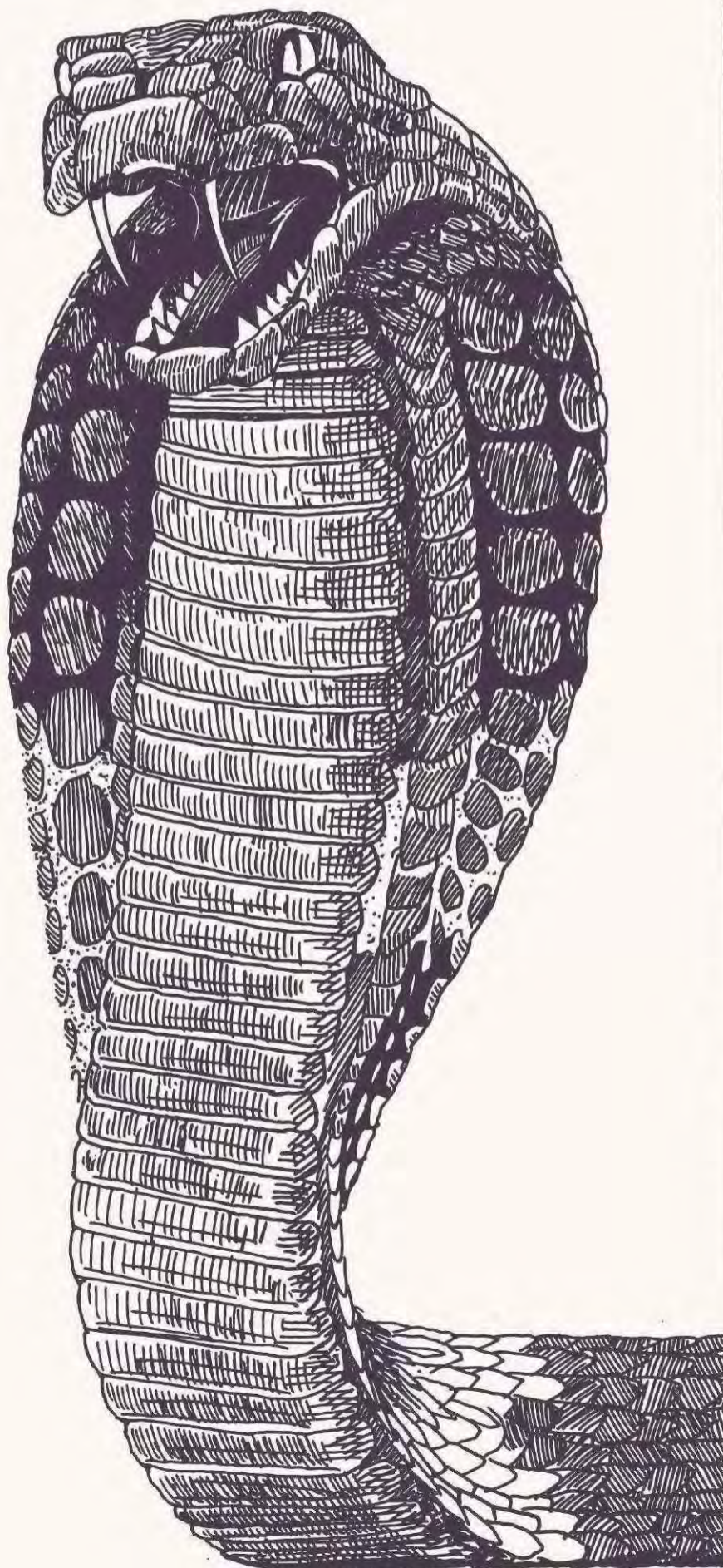
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## Gambling tips

*Continued from page T4*

a form of protection, it's simply making another bet.

A dealer usually will ask players if they want to buy insurance when his up card is an ace.

To buy insurance, a player places an amount equal to half his original bet into the area marked insurance. The dealer then peeks at his hole card to see if he has a 10-value card for a natural blackjack. If he does, the player loses his original wager, but wins his insurance bet.

Craps is probably the most complicated casino game, operating quickly and on numerous levels, and usually involving a large number of players.

Two dealers, a stickman and a boxman supervise the action. The dealers settle bets; the stickman assists the dealers, controls both the dice and the center table bets; and the boxman acts like a security guard, watching the money and looking out for cheats or a collusion between dealers and players.

The game starts and ends whenever a player, or "shooter," rolls a 7 or 11. If a player rolls a 7 or 11 on the "come out," or the first roll, of the game, he wins. If he rolls a 2, 3 or 12, he loses.

If he rolls a 4, 5, 6, 8, 9 or 10, that becomes his point—the point he must roll again to win. If, however, on a subsequent roll, he rolls 7 or 11, he loses, or "craps out."

Other players that bet on the "pass" line are wagering the shooter will roll a 7 or 11 or will make his point on the first roll.

On subsequent rolls, players betting with the shooter place their wagers on the "come" line; those who bet on the "don't come" line are betting against the shooter.

Bets on the come and don't come lines are essentially the same as those on the pass and don't pass lines, except that pass line bets are made only on the first roll.

Players also can bet on any point they think the shooter might roll. Payoffs vary based on the odds of various combinations. For example, a double four, totaling eight, is considered a "hard bet," and the payoff is 9-to-1. However, the odds are 6-to-5 for rolling an eight in any other combination.

When giving advice on slot machines, Mr. Curtis suggests players use as many coins as are allowed. "If the machine takes one to three coins, you are better off playing three, assuming your playing bankroll can handle it."

Roulette, like the slots, is a game of pure chance. Players bet on a specific number, odd or even numbers, black or red numbers or on blocks of numbers.

For example, by placing a chip in the center of a block of four numbers, the player is betting one of those four will win. ■

# BI Vegas guide

## The sights

Continued from page T6

formed annually in Las Vegas' 18 decorative wedding chapels. (There's a \$25 license fee, no blood test requirement and usually no waiting. And, at some locations, brides can even rent their veils.)

The dome-shaped Omnimax Theater at Caesar's Palace on the strip is designed to create a visual audio experience unlike any common theater. The 10-story screen and powerful speaker system surround viewers with an incredible sensory experience throughout the 20-to-30-minute films.

Caesar's Palace also offers a large Atari arcade.

Liberace fans may want to drop in the Liberace Museum on Tropicana Avenue to view the personal jewel collection, exquisite wardrobe, classic automobiles, custom-made pianos and other memorabilia that belonged to the late, flamboyant entertainer.

The glitter gulch of the silver state also is home to the Boxing Hall of Fame and the Imperial Palace Auto Collection, which features more than 200 antique cars.

And then, of course, there are the shows—one of Vegas' trademark.

Circus Circus, one of the largest and most colorful casinos on the Strip, features free circus acts daily in a carnival atmosphere.

And, nearly every marquee on the Strip or downtown boasts big-name entertainment—including singers, dancers, impersonators and illusionists—often through the wee hours of the morning.

As one of the Las Vegas casino employees puts it: "There are a lot of things going on in this town, but sleep isn't one of them."

Following is a list of places to see and things to do in and around town:

✓ Hoover Dam: South Boulder Highway, Boulder City, Nev. Tours daily 8:30 a.m. to 4:15 p.m. Admission is \$1.

✓ Ethel M. Chocolate Factory: 2 Green Valley Business Park, Henderson, Nev. Open daily 9 a.m. to 5:30 p.m. 702-458-8864.

✓ Calamity Jane's Ice Cream House & Coca-Cola Museum: Sam's Town on Boulder Highway. Open daily 10 a.m. to 1 a.m. 702-456-7777.

✓ Imperial Palace Antique Auto Collection: Imperial Palace Hotel, 3535 Las Vegas Blvd. S. Open daily 9:30 a.m. to 11 p.m. Admission \$3.75 for adults. 702-731-3311.

✓ Liberace Museum: 1775 E. Tropicana. Open daily 10 a.m. to 5 p.m.

✓ Museum of Natural History: University of Nevada-Las Vegas, 4505 Maryland Parkway. Open Monday through Thursday 9 a.m. to 5 p.m. 702-731-1775.

✓ Nevada State Museum and Historical Society: 700 Twin Lakes Drive, Lorenzi Park. Open Wednesday through Sunday 8:30 a.m. to 4:30 p.m. 702-385-0115.

✓ Old Nevada: West Charleston Boulevard (20 miles west of Las Vegas.) Open daily 10:30 a.m. to 5 p.m. 702-875-4191.

✓ Southern Nevada Museum: 1830 S. Boulder Highway. Open daily 8 a.m. to 5 p.m. 702-565-0907.

✓ Helicop-Tours: Two locations: 241 E. Reno at McCarran Airport and 364 E. Convention Center Drive in the Landmark Hotel. Open daily 10 a.m. to 6 p.m. Prices range from \$19 to \$200. 702-736-0606.

✓ Big Valley Riding Stables: 6291 S. Pecos Road. Open daily 8 a.m. to 5 p.m. \$7 per hour. 702-458-9939.

✓ Bonnie Springs Ranch: West Charleston Boulevard, Old Nevada. Open daily 9 a.m. to 4:30 p.m. Price for guided tours \$12 per

hour. 702-875-4191.

✓ The Boulevard Shopping Mall: 3528 Maryland Parkway. Open Monday through Thursday 10 a.m. to 9 p.m.; Saturday 10 a.m. to 6 p.m.; and Sunday 11 a.m. to 5 p.m. 702-735-8268.

✓ The Fashion Show Shopping Mall: 3200 Las Vegas Blvd. S. Open Monday through Wednesday 10 a.m. to 6 p.m.; Thursday and Friday 10 a.m. to 9 p.m.; Saturday 10 a.m. to 6 p.m. and Sunday noon to 5 p.m. 702-369-0704.

✓ The Meadows Shopping Mall: 4300 Meadows Lane. Open Monday through Friday 10 a.m. to 9 p.m.; Saturday 10 a.m. to 6 p.m.; and Sunday 11 a.m. to 6 p.m. 702-878-3331.

✓ Bob Taylor's Gun Club, trap and target shooting: North Rancho and Ranch House Road. Open daily 5 p.m. to 10 p.m. 702-645-1399. ■



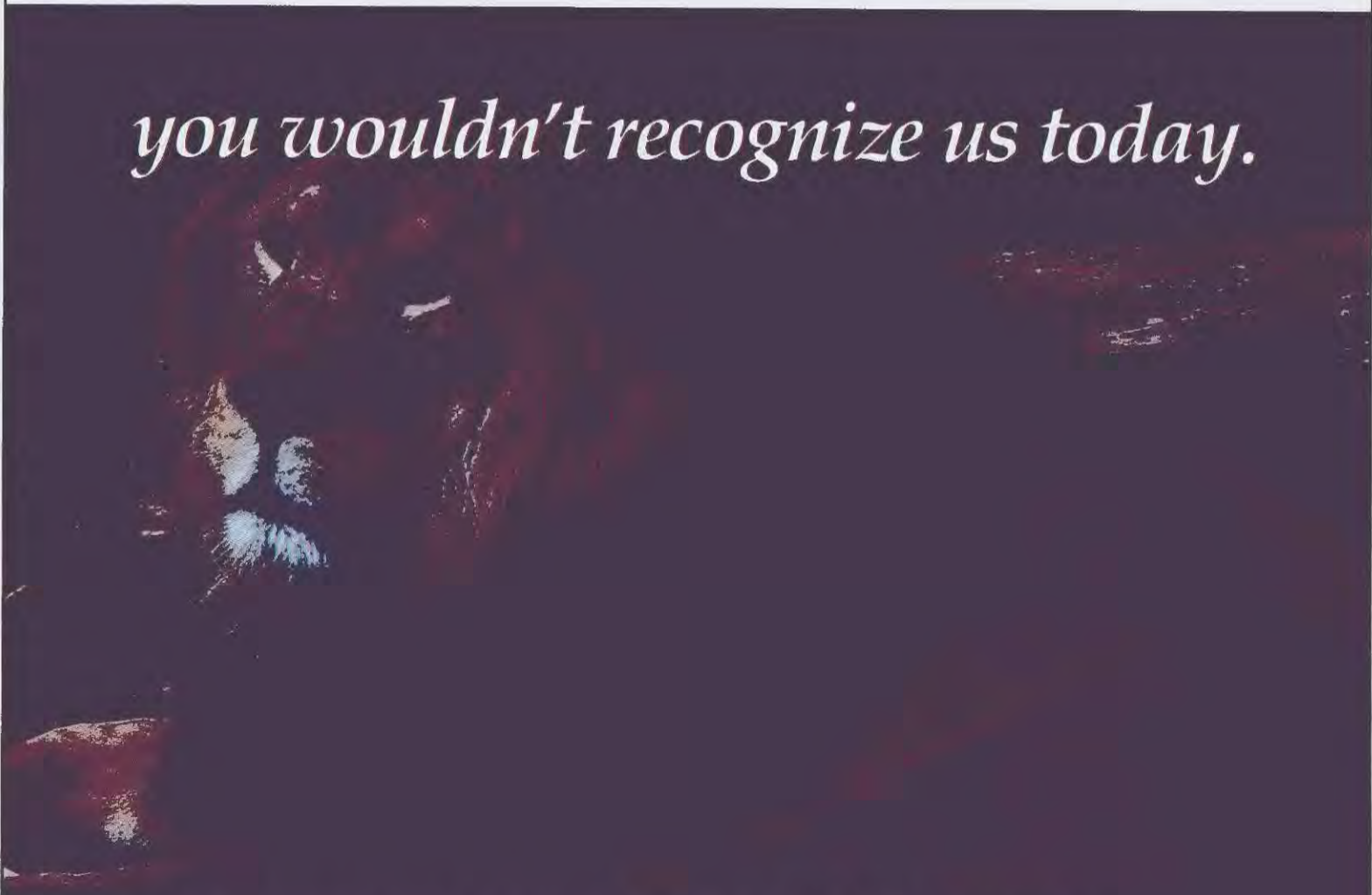
Photo: Las Vegas News Bureau

The antique automobile collection in the Imperial Palace Hotel includes more than 200 cars.



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# Two 'risk takers' to speak at conference

By PAUL D. WINSTON

Addresses by two men who— from high in the atmosphere to 12,500 feet beneath the sea—embody risk taking will highlight the silver anniversary Risk & Insurance Management Society conference in Las Vegas.

Retired U.S. Air Force Brig. Gen. Charles E. Yeager—the first man to fly faster than the speed of sound and also the first man to fly faster than twice the speed of sound—will speak at 12 p.m. on Tuesday, March 31.

Gen. Yeager will discuss his career in aeronautics, as well as the state of aeronautics today.

Oceanographer Martin F. Bowen, research assistant at the Deep Submergence Laboratory at Woods Hole Oceanographic Institute, will address conference registrants at 12:30 p.m. on Thursday, April 2.

Mr. Bowen served as the vehicle pilot for the remotely operated underwater robot Jason Jr., which penetrated and extensively documented the wreck of the Titanic.

Mr. Bowen's presentation, using slides and an eight-minute video, will review 1985 and 1986 Titanic expeditions.

"Part of it," he explained, "will be walking the audience through a typical day on the expedition, preparing Jason and taking them

**Gen. Chuck Yeager, the first man to fly faster than the speed of sound, will speak on March 31.**

below decks (of the Titanic)."

Gen. Yeager, who enlisted in the Army Air Corps in 1941, distinguished himself during World War II in aerial combat by shooting down 13 enemy aircraft over France and Germany.

In July 1945, he began experi-

mental flight test work at Wright Field, Ohio. Gen. Yeager's nine-year assignment there led to his selection as pilot of the nation's first research rocket aircraft, the Bell X-1.

On Oct. 14, 1947, he became the first man to fly at supersonic speeds. The historic flight took place in the Bell X-1 at Muroc Dry Lake Air Field, now Edwards Air Force Base, Calif.

From 1954-1957, Gen. Yeager commanded the 417th Fighter Squadron in France. Following this tour in Europe, he was assigned to the 413th Fighter Wing at George Air Force Base, Calif., and in 1958 became commander of the

1st Fighter Squadron.

Following graduation from the Air War College at Maxwell Air Force Base, Ala., in 1962 he was named commander of the Aerospace Research Pilot School, where all military astronauts are trained.

In 1966, he assumed command of the 405th Fighter Wing at Clark Air Base in the Philippines. While there, he flew 127 missions in South Vietnam. He assumed command of the 4th Tactical Fighter Wing at Seymour Johnson Air Force Base, N.C., in 1968 and went with the wing to Korea during the Pueblo crisis.

In 1969, he was promoted to the rank of brigadier general and became vice commander, 17th Air Force, with headquarters at Ramstein Air Force Base, West Germany. In 1971, he assumed duties as U.S. Defense Representative to Pakistan. He became director of the Air Force Inspection and Safety Center at Norton Air Force Base, Calif., in 1973. That year, he was elected to the Aviation Hall of Fame.

Gen. Yeager retired from active duty in the Air Force on March 1, 1975.

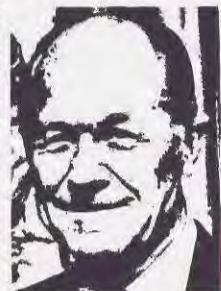
Mr. Bowen began working with remotely operated vehicles at Falmouth, Mass.-based Benthos Inc., a manufacturer of oceanographic equipment.

In 1983, he began work with towed and tethered vehicles at Woods Hole Oceanographic Institute.

In 1985 and 1986 he was a research assistant with Operation Titanic, a Woods Hole expedition partly sponsored by the U.S. Navy. This research expedition sought out and documented the wreck of the British luxury liner Titanic, which struck an iceberg and sank off the coast of Newfoundland on April 14-15, 1912.

The unmanned, self-propelled "swimming eyeball," Jason Jr., is the first remotely operated vehicle of its kind to have penetrated a shipwreck in 12,500 feet of water. Jason Jr. allowed scientists to extensively document the Titanic using both color photographs and broadcast quality video.

Last year, the Wood's Hole team revealed that the sunken ship, 882 feet long, lay in two sections but the explorers found no gash in its hull. The expedition leader said it appeared the ship was not pierced by the iceberg but had only ground against it.



Gen. Yeager

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## RIMS to return to Washington

Next year's Risk & Insurance Management Society conference will be held in the nation's capital, Washington, D.C., April 17-22.

Other future conference locations and the dates are:

- 1989—Atlanta, April 9-14.
- 1990—Boston, April 28-May 4.
- 1991—Chicago, April 14-19.
- 1992—Seattle, March 29-April 3.

## Conference transportation is effortless

By STACY ADLER

LAS VEGAS, Nev.—One of the nicer things about Las Vegas is that the "Strip" is only 3½ miles long, making it easy to get around.

Hotels, casinos and restaurants are just a short walk from one another.

RIMS will provide shuttle bus service between all hotels where attendees are staying, except for the Alexis Park.

The shuttle buses will run on Sunday, March 29, between noon and midnight; Monday through Thursday, March 30-April 2, between 7 a.m. and midnight; and Friday, April 3, between 7 a.m. and noon.

In addition, public transportation is available. There are 22 buses operating along 11 routes in Las Vegas.

The city buses run 24 hours a day, seven days a week. The fare is \$1.

Like many things in the glitter gulch, taxis are expensive. The fare for the first 1/7 of a mile is \$1.70; and each additional 1/7 mile is 20 cents. There are 12 cab companies in the Las Vegas area operating 455 taxis, so catching one should not be a problem.

For those who prefer to travel in style, four limousine services operate in Las Vegas.

For those groups interested in chartering a bus to take a private tour of Hoover Dam, Lake Mead or some of the other surrounding points of interest, there are five bus companies offering the service.

And finally, as in most cities, car rentals are available. According to the top four car rental agencies in the area, the average price per day on a midsize car is approximately \$45, plus mileage charges.

Following is a list of some transportation services available to help you get around Las Vegas:

### Chartered Buses

- Gray Line Tours, 1550 S. Industrial, 384-1234.
- LTR Stage Lines, 101 N. Mojave Road, 384-1230.
- Ray & Ross Transport Inc., 300 W. Owens Ave., 646-4661.
- Trailways Inc., 217 N. Fourth St., 385-1141.
- Westside Charter Services, 120 W. McWilliams, 385-5949.

### Limousine services

- Lucky 7 Luxury Limousine, McCarran International Airport, 739-8947 or 739-6177.
- Presidential Limousine Service 2901 S. Highland Drive, #13C, 731-5577 or toll-free 800-423-1420.
- Silver State Limousine Service, McCarran International Airport, 736-4428.
- Whittlesea VIP Limousine Services, McCarran International Airport, 739-7990.

### Car rentals

- Avis, \$43 per day for a midsize car, 100 free miles, 20 cents for each additional mile. 800-331-1212.
- Budget, \$31 per day for a midsize car, 100 free miles, 31 cents for each additional mile. 800-527-0700.
- Hertz, \$47.99 per day for a midsize car, 100 free miles, 30 cents for each additional mile. 800-654-3131.
- National, \$48 per day for a midsize car, 100 free miles, 30 cents for each additional mile. 800-328-4300. ■



## Sun to shine on conference

While much of the nation is being hit with snow and rain, very pleasant weather is expected at the silver anniversary Risk & Insurance Management Society conference to be held in Las Vegas.

Sunshine and mild temperatures in the 60s and 70s are a good bet for this year's conference.

Because Las Vegas is carved out of a desert valley, the likelihood of sunny skies is 83% in March and 87% in April.

However, according to a spokesman at the Las Vegas Convention and Visitors Authority, the city was hit with a snowstorm earlier this month.

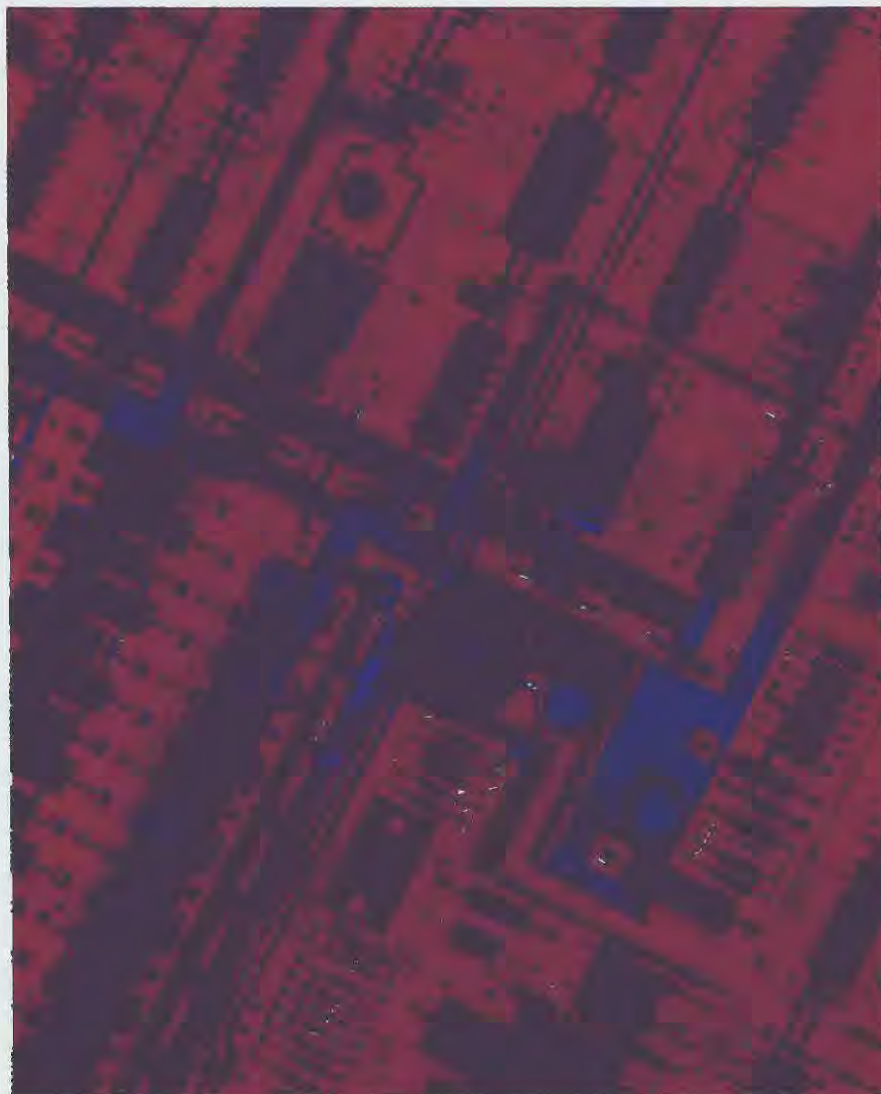
Convention participants are advised to bring spring clothing to the convention. Some people may opt to bring some swimwear and sportswear as well.

Some restaurants require men to wear jackets for dinner, but much of the dining is casual.

Also, because evening lows can be expected in the mid-40s, a spring coat or sweater is recommended.

Daily taped weather reports and forecasts are available through the National Weather Service at 702-734-2010.

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\*Anistics Risk Information System

# BI Vegas guide

## Where to find conference exhibitors

The Hilton Center will house the 1987 exhibition, which will open on Sunday, March 29, at noon, and remain open until 6 p.m. On Monday through Thursday, March 30 through April 2, exhibition hours will be 8 a.m. to 4 p.m. Exhibits will be closed on Friday, April 3.

Following is a list of exhibitors and booth numbers:

- Adjustco Inc. **816, 818**
- ADT Security Systems **428**
- Aeroscopic **200B**
- Aetna Life & Casualty Co. **904, 906**
- AFCO Credit Corp. **202**
- Alexander & Alexander of Texas **724, 726, 625, 627**
- Alexander & Alexander of New Jersey **320, 322, 324**
- A.M. Best Co. **220**
- American Appraisal Associates **1011**
- American Claims Evaluation **1004**
- American Dental Examiners **1006**
- American Excess Insurance Assn. **629**
- American International Adjustment Co. **923B**
- American International Group Inc. **400, 402, 404, 406**
- American Legal Systems **827, 829**
- American Physical Therapy Assn. **204B**
- Anchor Pad International Inc. **925B**
- Anistics Inc. **720, 722, 621, 623**
- Arkwright-Boston **104, 105**
- Axiom Review **928**
- Back Systems Inc. **427**
- Benetics Corp. **919B**
- Bermuda Government **527, 529**
- Blue Cross & Blue Shield Assns. **201, 203**
- BMS Catastrophe **809, 811**
- Brokers' Service Corp. **923**
- Brougher Insurance Group **728**
- The Brown Schools Healthcare Rehabilitation Center **909B**
- Business Insurance **412**
- California Interactive Computing **804**
- Caremark **820, 822, 721, 723**
- Cayman Islands Government **911**
- Central Bank of Barbados **215, 217**
- C/G Data Corp. **212**
- Chubb Group **220A**
- CIGNA Corp. **806, 808, 810, 707, 709, 711**
- Claim Management Specialists **228**
- Clayton Environmental Consultants **917A**
- Compass Health Management **204A**
- Comprehensive Care Corp. **227, 229**
- Conservco **501, 503**
- Continental Insurance Co. **900, 902, 801, 803**
- Control Data, Benefit Services **204, 206**
- Control Resource Industries **913A**
- Conway Computer Consultants **222**
- Cook & Miller **110**
- Coopers & Lybrand **908, 910**
- Corporate Healthcare Management **218A**
- Corporate Health Strategies **929B**
- Corporate Systems **520, 522, 524, 421, 423, 425**
- Corroon & Black Corp. **317, 319**
- Cost Care Inc. **924**
- Crawford & Co. **300, 302, 304, 306, 308, 310**
- Delaware Department of Insurance **901B**
- Dempsey, Myers & Hughes **922**
- Dyer, Wells & Associates **812, 814**
- Eastern Benefit Systems **920**
- Efficient Health Systems **222A**
- Employers Reinsurance Corp. **1012**
- Environmental Health Associates **218B**
- Enviromed **228B**
- EQE Inc. **909A**
- Equipax **921A**
- Erisco **1005**
- Ernst & Whinney **901**
- Factory Mutual Engineering **717, 719**
- FlightSafety International **100**
- GAB Business Services **600, 602, 604, 606, 608**
- Galahar Settlements **205**
- Arthur J. Gallagher & Co. and Gallagher Bassett Services **414, 416, 418**
- Gates McDonald **420, 422, 424, 426**
- Great-West Life Assurance Co. **921**
- Greenery Rehabilitation Group Inc. **903A**
- Group Administration Support Products **1001**
- John Hancock Managed Health Services **901A**
- Hanna Insurance Services **327**
- The Hartford Steam Boiler Inspection & Insurance Co. **313**
- HazTran Inc. **800**
- HealthCare Compare **315**
- Health Care Services Inc. **111**
- Health Claims System **528**
- Health Economics Corp. **216**
- Health Examinetics **200**
- Health Management Strategies International **220B**
- Health Risk Management Inc. **927B**
- Helmsman Management Services Inc. **626, 628**

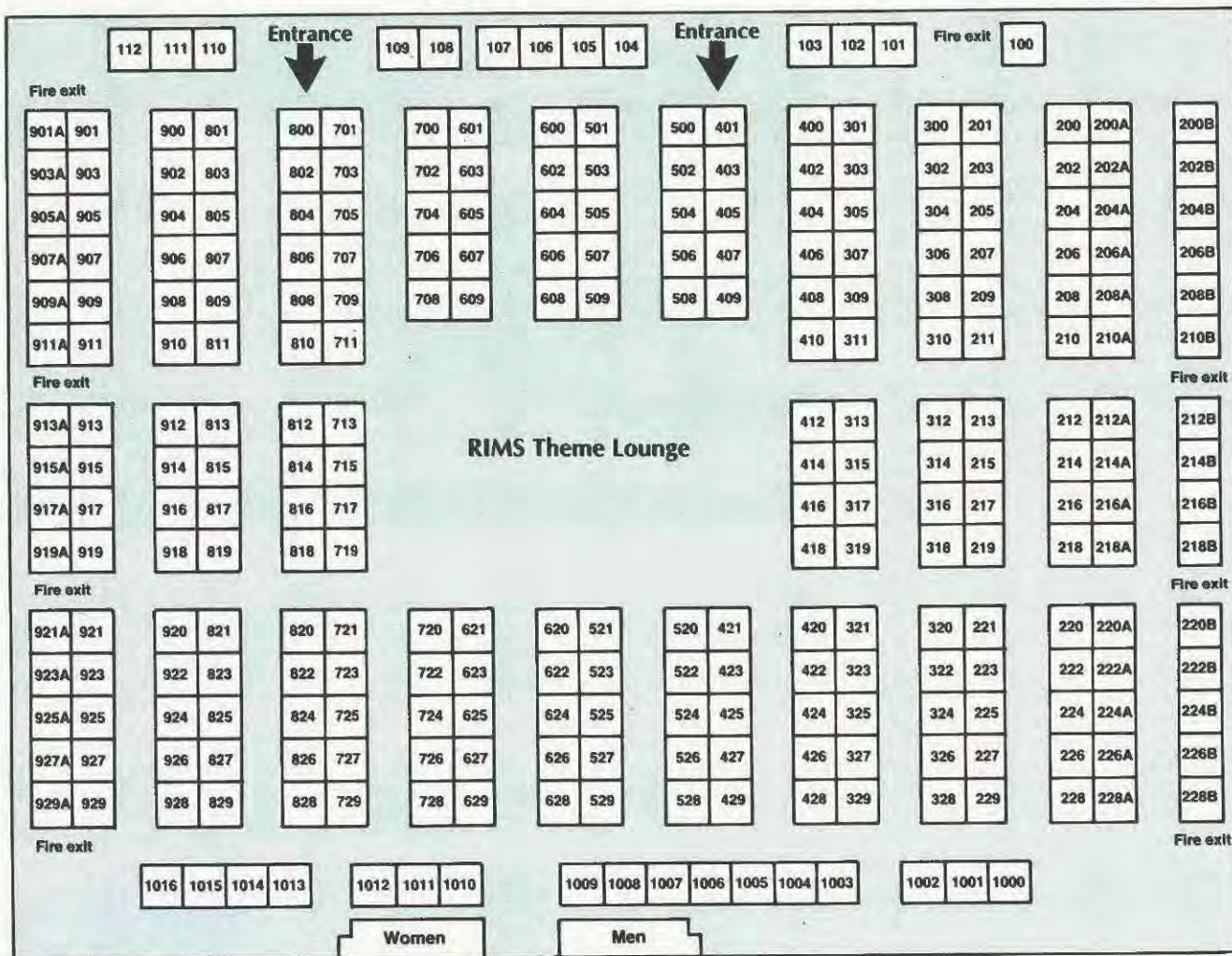


Photo: Las Vegas News Bureau  
**Las Vegas Hilton and Convention Center**

- HelpNet Inc. **526**
- The Home Group Inc. **108, 109**
- Huver & Associates Inc. **1013**
- Illinois Insurance Exchange **907A**
- Impact Hearing Conservation Inc. **929**
- Industrial Appraisal Co. **101**
- Industrial Risk Insurers **607, 609**
- Inrecon **1016**
- Insurance Review **919A**
- Insurance Software Packages Inc. **226A**
- International Foundation of Employee Benefit Plans **106, 107**
- International Insurance in the Bahamas **917, 919**
- International Technology Corp. **700, 702, 601, 603**
- INTRACORP **408, 410**
- IPC Group of America Ltd. **221**
- Thomas L. Jacobs & Associates **1010**
- Jardine Emmett & Chandler Inc. **708**
- Johnson & Higgins **505, 507, 509**
- Jury Verdict Research Inc. **907**
- Kelly Communications **222B**
- Kemper Group/NATLSCO **521, 523, 525**
- Krames Communications **208, 210**
- Lee Technologies Inc. **208B, 210B**
- Liberty Mutual Insurance Group **620, 622, 624**
- Litton Computer Services **206A, 208A**
- Lloyd-Thomas/Coats & Burchard Co. **1009**
- London House Inc. **925A**
- Mailscrips Pharmacy Services **905A**
- Management Services Inc. **1015**
- The Mangelsdorf Cos. **224**
- Mayer Hoffman McCann CPAs **911B**
- Mead Loss Control Consultants Inc. **326, 328**
- Medco Containment Services Inc. **1014**
- Medical Personnel Pool **925**
- Medical Review Corp. **1002**
- Medi-Rx America Inc. **202A**
- MEDSTAT Systems Inc. **223**
- MEDTRAC Inc. **206B**
- MedView **228A**
- The Merritt Co. **926**
- MetPro **928**
- Metropolitan Appraisal Co. **903B**
- Metropolitan Life Insurance Co. **825**
- M.F. Bank Cos. **508**
- Morden & Helwig Ltd. **821, 823**
- Mutual of Omaha Cos. Group Operation **312, 314, 316, 318**
- Myo-Tech Corp. **905B**
- National Assn. of Independent Insurance Adjusters **112**
- National Council on Compensation Insurance **1008**
- National Fleet Service Inc. **216A**
- National Rehabilitation Centers **913B**
- National Risk Management Inc. **429**
- The National Underwriter Co. **301, 303**
- Nationwide Prescription Services Inc. **212B**

- New Medico Head Injury System **1000**
- NILS Publishing Co. **226**
- NTS Engineering **1003**
- Pacific Review Services **915A**
- PCC **1008**
- PCS Inc. **102**
- Peat Marwick-Adjusters International **307**
- Peat Marwick Mitchell & Co. **309, 311**
- The Pickering Firm Inc. **915B**
- Pollution Liability Insurance Assn. **224B**
- Practical Risk Management **103**
- Preferred Health Care Ltd. **911A**
- Princeton Testing Laboratory **921B**
- Rehabilitation Network Corp. **1007**
- Relectronic Service Corp. **226B**
- Republic-RSB Cos. Inc. **214A**
- Resource Information Management Systems Inc. **903, 905**
- Restoration Technologies Inc. **729**
- Ringler Associates Inc. **917B**
- Risk & Insurance Management Society Inc. **701, 703, 705**
- Risk & Benefits Management Inc. **909**
- The Risk Exchange **329**
- Rollins Burdick Hunter Co. **813, 815, 817, 819, 912, 914, 916, 918**
- Royal Insurance Co. **321, 323, 325**
- Geo. M. Ruddy & Co. **605**
- The St. Paul Cos. **913, 915**
- Schirmer Engineering Corp. **213**
- S.E.A. Inc. **207**
- Seguros La Comercial S.A. **219**
- Self-Insurance Institute of America **929A**
- Alex N. Sill Co. **218**
- Softec Inc. **209, 211**
- SOS International **725, 727**
- Spine Education Center **923A**
- E. James Stergiou Risk Consultants Inc. **216B**
- Structured Benefits Inc. **214B**
- Synergy Health Systems Inc. **802**
- Tempus Development Corp. **907B**
- Tillinghast Division of Towers, Perrin, Forster & Crosby **704, 706**
- Toplis & Harding Inc. **210A**
- Touche Ross & Co. **214**
- The Travelers Corp. **401, 403, 405, 407, 500, 502, 504, 506**
- Trenwick Group Inc. **202B**
- Underwriters Adjustment Bureau Ltd. **212A**
- Underwriters Adjustment Co. **805, 807**
- University of Michigan's Fitness Research Center **927**
- U.S. Corporate Health Management **927A**
- Vermont Economic Development Department **824, 826**
- Vermont Insurance Management Inc. **828**
- VPS Case Management Services Inc. **200A**
- Kenneth H. Wells & Associates Inc. **305**
- Weyerhaeuser Information Systems **409**
- The Wheatley Group Ltd. **224A**
- J.H. Wiggins Co. **225**
- Zurich-American Insurance Group **713, 715**

## 1987 RIMS conference at a glance

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday
<p>Noon-6 p.m.—Exhibits open Noon-8 p.m.—Registration open 8-11 p.m.—Opening reception "Where Were You in '62?"</p>	<p>7 a.m.-7 p.m.—Registration 7:30-9:45 a.m.—Annual membership meeting/breakfast 8 a.m.—Exhibits open 10 a.m.-5 p.m.—Industry sessions, special interest groups 10 a.m.-12:30 p.m.—Sessions 12:30-1:45 p.m.—Lunch 1:45-2:15 p.m.—Exhibit time* 2:30-4:30—Sessions 3:30-3:45—Coffee break</p>	<p>7 a.m.—5-K run 7 a.m.-6 p.m.—Registration 8-9 a.m.—Coffee/rolls in exhibit hall courtesy of Jardine/Emett &amp; Chandler Inc. 9 a.m.-5 p.m.—Industry sessions, special interest groups 9-11:30 a.m.—Sessions 10-10:15 a.m.—Coffee break 11:30 a.m.-12:30 p.m.—Exhibit time* 12:30-2:30 p.m.—Luncheon speaker, Charles E. Yeager 2:45-4:45 p.m.—Sessions 3:30-3:45 p.m.—Coffee break</p>	<p>7 a.m.-5 p.m.—Registration 8:30-11 a.m.—General session. 9-11 a.m.—Sessions 9 a.m.-noon—Industry sessions, special interest groups 10-10:15 a.m.—Coffee break 11 a.m.-noon—Exhibit time* 12:15-2:15 p.m.—Awards luncheon 2:30 p.m.—Industry session recap 2:30-5 p.m.—Sessions, special interest groups 3:30-3:45 p.m.—Coffee break</p>	<p>7 a.m.-5 p.m.—Registration (Tues.-Thurs.) 8:30-11 a.m.—Sessions 9 a.m.-5 p.m.—Special interest groups 9:45-10 a.m.—Coffee break 11 a.m.-noon—Exhibit time* Noon-2 p.m.—Luncheon speaker, Martin F. Bowen 2:30-5 p.m.—Sessions 3:30-3:45 p.m.—Coffee break</p>	<p>7 a.m.-noon—Registration 9-11 a.m.—Sessions 10-10:15 a.m.—Coffee break</p>

\*Exhibits are open Monday through Thursday from 8 a.m.-4:30 p.m., but special exhibit hours enable conference attendees to visit booths without schedule conflicts.

Chart: Amy Palmer

## RIMS program

Continued from page T1 and Commerce Committee in Washington.

- David B. Mathis, chairman of Kemper Reinsurance Co. of Long Grove, Ill.

- Stephen R. Merrett, chairman of Merrett Syndicates Ltd. in London.

- John E. Washburn, director of insurance for the state of Illinois in Springfield.

Moderating the session will be Norman B. Chanzis, director of risk management at American Standard Inc. in New York.

This year's silver anniversary RIMS conference also will feature 38 industry sessions, 12 special interest groups and 71 conference seminars.

Industry sessions provide an opportunity for risk managers involved in the same or similar industries to discuss common concerns and exchange ideas.

Special interest groups, which were first offered during last year's RIMS conference in Toronto, are designed to unite risk managers who have similar concerns but who don't have any other common bond, either because they work in unrelated industries or because they are at different experience levels.

The groups are limited to 30 participants to facilitate discussion. Special interest group registrants will be sent a tentative agenda before the conference.

Conference seminars this year are divided into several topic areas, including: employee benefits; general risk management; risk management information systems; international risk management; general insurance; risk financing; loss control/safety; law/legislation; workers compensation; claims management; exposures; and personal and professional development.

Some of the conference sessions are limited to RIMS members only, while others are open to non-members.

And, for the first time this year, an industry session recap will be held especially for non-RIMS members on Wednesday, April 1. Leaders of the industry sessions dealing with banking, motor vehicle manufacturing and import, construction, public entities, real estate and utilities will highlight issues and ideas expressed by risk managers during closed sessions, explained Barbara Parker, assistant RIMS conference director.

Those who attend the RIMS conference can earn 20 continuing professional development credits toward the Chartered Property & Casualty Underwriter designation. In addition, conference speakers are eligible for an extra 10 CPD credits.

Continued on next page

# CLAIMS PROCESSING HEADACHES?

Synergy Health Systems Has the Prescription.



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## ◆ BI Vegas guide ◆

### RIMS program

*Continued from previous page*

The Hilton Center at the Las Vegas Hilton will house the 1987 exhibition hall, featuring 195 exhibitors. It also will be the site of many of the seminars and meetings, as well as registration, a message center and hospitality suite listings. Other sessions will be held at the Riviera and the Sahara hotels.

Registration fees for the full conference are \$595 for members and \$695 for non-members. For a partial week, the fees are \$475 for members and \$575 for non-members. The cost for one day is \$195.

Because attendance is limited, RIMS' Ms. Parker encourages conference attendees to register and make seminar selections prior to arriving on-site in Las Vegas.

For more information, contact the RIMS Conference Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

Following is a summary of program changes for the 25th anniversary Risk & Insurance Management Society conference:

#### Industry sessions

- Thomas E. Boss, risk manager of Alumax Inc. in San Mateo, Calif., will co-chair the aluminum industry session at a new time from 10 a.m. to 5 p.m. Tuesday.

- Gary Langsdale, risk manager of Hammermill Co. in Erie, Pa., will co-chair the American Paper Institute and wood products industry session.

- Steven M. Proffitt, risk manager of Kings Entertainment Co. in Charlotte, N.C., will co-chair the amusement parks industry ses-

sion.

- The apparel and textiles industry session has been changed to 10 a.m. to 5 p.m. Tuesday.

- Hank Bieniecki, risk manager of Boatman's Bancshares Inc. in St. Louis, will co-chair the banking industry session.

- James A. Breeding, risk manager for Rutgers-The State University in New Brunswick, N.J., will co-chair the college/university risk managers' session.

- Linda Ruthardt, risk manager at Barry Wright Corp. in Newton, Mass., will co-chair the session for conglomerates.

- The construction industry session's new time is 9 a.m. to 12:30 p.m. on Wednesday.

- F. Arthur Roderick, risk manager at the Molson Cos. Ltd. in Toronto, will co-chair the consumer beverages industry session.

- There will be no co-chairman for the containers industry session.

- Roger Harrison, risk manager at Fleming Cos. Inc. in Oklahoma City, Okla., will co-chair the food chains industry session.

- Marc Flanders, risk manager at St. Joe Minerals Corp. in Clayton, Mo., will co-chair the mining and metals industry session.

- An additional motor transport (industrial) session will be held at 9 a.m. to 5 p.m. Tuesday.

- Chairman of the oil and gas drilling industry session will be Thomas Tetlak, risk manager at Standard Oil of Ohio in Cleveland. Christy Anderson, risk manager at Parker Drilling Co. in Tulsa, Okla., will be co-chairwoman.

- Randy Waterman, assistant state risk manager of Nevada in Carson City, will co-chair the public/governmental entities industry

session. Also, an additional session has been added, from 9 a.m. to noon Wednesday.

- John J. Frawley, risk manager at Thomson McKinnon Securities Inc. in New York City, will chair the securities/stock exchange session from 9 a.m. to 5 p.m. Monday.

#### Special interest groups

- Gary A. Toms, assistant treasurer of Intel Corp. in Santa Ana, Calif., has been named coordinator/moderator of the advanced (single-parent) captive management group.

- Coordinator of the association captives group is Edith F. Lichota, senior vp of Irving Trust Co. in New York.

- Coordinator of the part-time risk managers group is Richard Dyer, risk manager of Lawrence Livermore Laboratories in Livermore, Calif.

#### Track programs

- "Marketing Finesse for the New Risk Manager," T2: Speakers will be Patrick M. Mulligan, vp-risk management division of Corroon & Black of Ohio in Columbus; and H. Gordon Heile, risk manager of Asplundh Tree Expert Co. in Willow Grove, Pa.

- "An Introduction to Workers Compensation and Controlling your Insurance Costs," T3: Moderator is Louis J. Drapeau, manager-insurance and risk management, Budd Co. in Troy, Mich. Speakers will be Reginald Beane, vp and assistant general counsel, National Council on Compensation Insurance in New York City; Gary Osborne, manager of technical insurance, Technical Actuarial Consultants in West Islip, N.Y.; and Maureen Ramert, assistant director of national affairs, National Council on Compensation Insurance in New York City.

- "Risk Identification/Analysis," T4: New speakers are: Charles M. Armstrong Jr., corporate risk manager, Xerox Corp. in Stamford, Conn.; Jerry Bober, vp, Alexander & Alexander of New York in New York City.

- "Property/Casualty Loss Settlements," T7: An additional speaker will be Ron Long, risk manager, The Southland Corp. in Dallas.

- "How Risk Managers Should Assess Loss Control and Security Programs," T9: A new speaker will be Jeffrey Whirley, vp, Sonitrol in Orlando, Fla.

- "Introduction to Captive Insurance Companies," T10: Moderator will be Christina Haley, director of risk management, Levi Strauss & Co. in San Francisco. Speakers will be: Simon C. Everett, president, H&H Re-Insurance Brokers Ltd. in Hamilton, Bermuda; Ian Kilpatrick, managing director, Johnson & Higgins Ltd. in Grand Cayman.

- "A to Z of Boiler and Machinery Insurance," T12: The speaker will be R.H. Driscoll, regional marketing, The Hartford Steam Boiler Inspection & Insurance Co. in Burbank, Calif.

#### Conference seminars

- "The Challenge of Managing Post-Retirement Medical Benefits," S20: Speakers will include Bernie Nash, assistant manager of business partnerships and community involvement, American Assn. of Retired Persons in Washington; Douglas J. Wert, director of employee benefits, Kraft, Inc. in Glenview, Ill.

- "What FASB Pension Accounting Statements No. 87 and 88 Mean to Employers," S21: Moderator will be Gary L. Swinhart, director of risk management, Cal-Mat Inc. in Los Angeles.

*Continued on next page*

# How to prevent airplane accidents.



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## FlightSafety international

## BI Vegas guide

Continued from previous page

• "Is Cost Containment Endangering Health?" S23: Additional speaker will be David Rosenbloom, president, Health Data Institute in Lexington, Mass.

• "Flexible Benefits and Cost Management for Small-to-Medium Sized Companies," S24: Moderator will be John Hahn, director of risk management and insurance, Northville Industries Corp. in Melville, N.Y. Speakers: Suzanne M. Kidd and Joseph B. Reilly, senior consultants, Frank B. Hall Consulting Co. in Briarcliff Manor, N.Y.; Raymond C. Lindstrum, president, CIGNA Employee Benefits Inc. in Hartford, Conn.

• "Maximizing the Return on Your Investments in Benefits Communications," S25, canceled.

• "Absent Employees Mean Absent Profits—Managing Short Term Disability and Salary Continuance Plans," S28: Additional speaker will be Maurice Shapiro, benefits research manager, Ford Motor Co. in Dearborn, Mich.

• "HMO Networking—Can It Work?" S29: Richard A. Kleinert, director of administration, General Motors Corp. in Detroit.

• "Taking the Bite Out of COBRA," S30: Moderator will be Katherine A. Dupree, risk manager, MetroVision Inc. in Atlanta.

• "Tax Reform: Coping With the Benefit Changes," S31: Additional speaker will be John E. Stair Jr., manager of analysis and studies, E.I. DuPont de Nemours & Co. in Wilmington, Del.

• "'Take Two Aspirin and...' Reducing the 'And' through Utilization Management," S32: Moderator will be Dennis Leibenson, vp-corporate development, Federated Industries in Brisbane, Calif. Speakers include: Byron Johnson, vp-human resources, Control Data Corp. in Minneapolis; Dr. Arnold Milstein, director, National Medical Audit in San Francisco.

• "Catastrophic Medical Costs—The Impact on Benefit Plans," S33: Speakers: Charles Billet, senior consultant, Johnson & Higgins in New York; Laird Miller, corporate director-health systems, Honeywell Corp. in Minneapolis.

• "The Outside Independent Risk Management Audit," S35: Moderator will be Anita Percaccio, risk manager, C.J. Segerstrom & Sons in Costa Mesa, Calif. Additional speaker will be Kathy Mariner, risk manager, Tandem Computers Inc. in Cupertino, Calif.

• "Balancing Insurance Needs with Availability," S36: Additional speaker will be Erin Oberly, president, Warren, McVeigh & Griffin Inc. in San Francisco.

• "Improving your Relationship With Your Underwriter," S37: Moderator will be Henry J. Guidry, risk manager, Cajun Electric Power Cooperative in Baton Rouge, La.

• "Secrets of Simplified Research," S38: Speakers include: Justin Murphy, director of insurance, Nestle Foods Corp. in White Plains, N.Y.; Linda L. Ruthardt, director of risk management, Barry Wright Corp. in Newton Lower Falls, Mass.; Anne Zug, assistant risk manager, General Foods Corp. in White Plains, N.Y.

• "Errors and Omissions: Risk Management of Risk Management," S40: Moderator will be Colleen Walsh-Koester, risk manager, Ingersoll-Rand in Woodcliff Lake, N.J. Speakers include Dr. George Head, vp, Insurance Institute of America; Edward P. Hollingsworth, vp, Frank B. Hall & Co.

• "Risk Information Systems and Employee Benefits," S42: Moderator will be David L. Broadway, director-risk manager, Carnation World Headquarters in Los Angeles. Additional speaker: Larry Tucker, consultant, Hewitt Associ-

ates in Santa Ana, Calif.

• "Coping with Products Liability for Multinationals," S46: Moderator will be Donald J. Davignon, director of risk management, Joseph E. Seagram & Sons Inc. in New York. Speakers include Edward Hester, assistant manager-United Kingdom and Ireland, Zurich Insurance Co. in London.

• "U.S. and Foreign Insurer Solvency: Not Worth the Paper It's Written On?" S51: Speakers include: S. David Childers, Arizona director of insurance; Roxani M. Gillespie, California insurance

commissioner.

• "Why D&O/What D&O, A Contrarian View," S52: Moderator will be Galt Grant, director of risk management, Polaroid Corp. in Cambridge, Mass. Speakers: Ajit Jain, president, Berkshire-Hathaway Insurance Group in Omaha, Neb.; and Alan Robins, Morrison, Mahoney & Miller in Boston.

• "Providing Security for Your Financial Alternatives," S53, canceled.

• "Umbrella Layering Markets: Domestic, Foreign, Pools," S54: Additional speaker will be John E.

Mumford, director, CNA Reinsurance of London.

• "Property Renewals—What to Expect and Why," S55: Speakers include James W. Guifoile, assistant vp and manager, Constitution State Management Co. in Chicago; and William C. Reynolds, account executive, Boockford & Co. in Oak Brook, Ill.

• "Loss Reserve Techniques for Risk Managers," S57: Moderator will be Philip J. Baecker Jr., director of risk management, PepsiCo in Purchase, N.Y. Speakers will include: Richard J. Fallquist, direc-

tor of casualty actuarial consulting, Coopers & Lybrand in Seattle; Douglas H. Hartman, director of risk management consulting, Coopers & Lybrand in New York; W. Michael McDonald, director of risk management, Ryder System Inc. in Miami; Gwen Wamsley, national risk manager, Toyota Motor Sales, USA in Torrance, Calif.

• "Crisis Communications: How to Defuse Disaster Through Smart Public Relations," S61: Moderator will be Doug Barlow, past president of RIMS. Speakers will be

Continued on next page

# The EBS Triple Play And PC's Touch All The Benefits Management Bases.

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## RIMS program

Continued from previous page

Thomas K. Mira, president of Mira Communications, Newport Beach, Calif.; James McMullen, director of risk management, The Lubrizol Corp. in Wickliffe, Ohio; Gerard P. O'Rourke, vp, Hall Aviation Division in New York.

• "Tort Reform—a State Issue—How to Establish a Coalition," S67, has been canceled.

• "Your Company's Contracts: What You Don't Know Might Hurt You," S. 68: Speakers will include

Carmen Pappalardo, market head—Atlantic, Travelers Insurance Co., Hartford, Conn.

• "Unsafe Premises—A New Nemesis," S69: Speakers will include Judge R. Keegan Federal Jr., attorney, Dow, Lohnes & Albertson in Atlanta; Mark T. Luttier, attorney, Gunster, Yoakley, Bricher & Stewart in West Palm Beach, Fla.; Joe Ravich, senior vp and general counsel, Adjustco Inc. in Tarrytown, N.Y.

• "Risk Management Issues in Labor and Employment Law," S70: Speakers will include Janie

Mayerson of Popham, Haik, Schnobrich, Kaufman & Doty Ltd. in Minneapolis; and Al Peterman, division claims manager at A&A of New York.

• "Update: On the Job Inquiries," S74: Moderator will be Jesse Pagonis, corporate insurance director, Engelhardt Corp. in Edison, N.J. Speakers will be Dr. Phil Borba, economics and social research, National Council on Compensation Insurance in New York; Robert Dorsey, claims manager, NCCI; Russell A. Drake, risk management consultant, Newark,

Ohio.

• "Controlling Costs Through Better Claims Management," S75: Speaker: Dan Durbin, vp, Galaher Settlements in Chicago.

• "The Changing Face of Insurance Fraud," S76: Moderator will be Samuel Y. Fisher, insurance manager, Hamilton Brothers Oil Co. in Denver.

• "What to Do When the Adjuster Says 'No,'" S77: Moderator will be Steve Grebenstein, risk manager, Regional Transportation District in Denver. Speakers: Les Lowenstein, director of insurance

claims management, Coopers & Lybrand in New York; Jack Marrian, senior vp, Marsh & McLennan Inc. in New York; Robert Meade, vp, American Arbitration Assn. in New York; John Woodward, vp, Alex N. Sill & Co. in Cleveland.

• "How to Control Your Defense Costs—A Cost Benefit Approach," S78: Speakers will include Mary Breighner, director of risk management, Columbia University in New York.

• "Bringing the Claims Adjusting Function In-House," S79: Speaker will include Richard H. Moscicki, Tillinghast Division of TPF&C in Dallas.

• "Fidelity Loss Preparation," S80: Moderator will be Charlotte Rowan, assistant vp, AmSouth Bank N.A. in Birmingham, Ala.

• "Alternate Dispute Resolution—How to Use It to Your Advantage," S81: Speakers will include Kathleen M. Cullen, director of ADR, Travelers.

• "Identifying the Risks Inherent in Administering an Employee Benefits Program," S82: Moderator will be Gary Yeow, manager of group insurance, Allied-Signal Inc. in Morristown, N.Y. Speakers include Robert Schnuer, national marketing executive, Connecticut General Insurance Co. in New York; and Bernard Schoen, vp, Johnson & Higgins of Connecticut.

• "Mergers and Acquisitions," S84: Moderator will be Joseph R. Perrello, director of corporate risk management, Smith, Kline, Beckman in Philadelphia. Speakers will be George F. Blackall, risk manager, General Electric Credit Corp. in Stamford, Conn.; Timothy J. Crombie, vp, Johnson & Higgins in New York; George T. Van Gilder, managing director, Chubb & Son Inc. in Warren, N.J.

• "Managing Professional Liability Claims," S85: Moderator will be Walter P. Cahill, vp, Chase Manhattan Bank in New York.

• "Managing Organizational Change," S86, has been canceled.

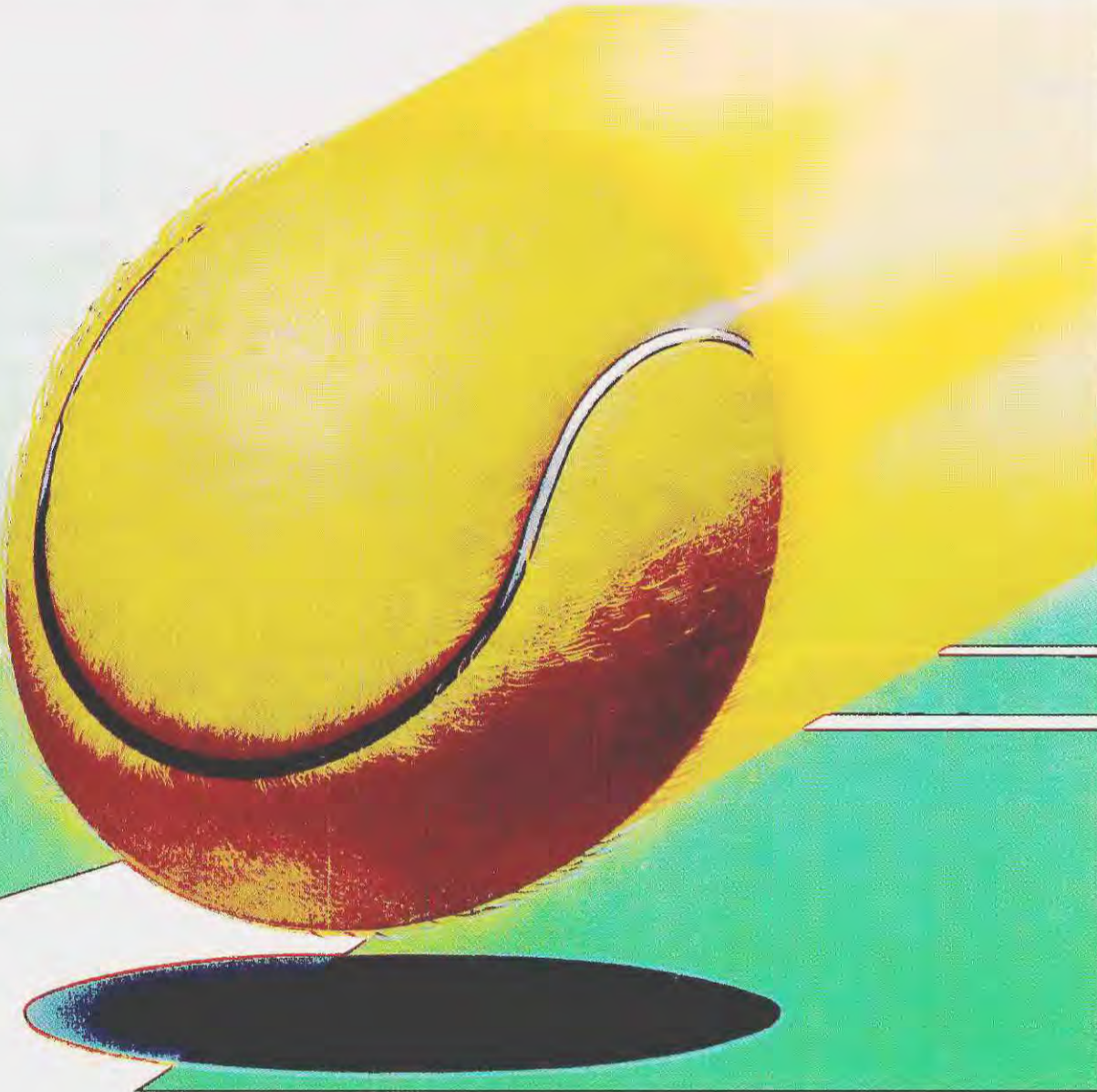
• "How to Manage People," S87: Moderator will be Donald W. Ungemah, director of risk and insurance, Manville Corp. in Denver.

• "Art of Negotiating," S89: Moderator will be Vince Patterson, risk manager, Clorox Co. in Oakland, Calif. Speaker will be Ray Crapo, principal consultant, T&D Associates in New York.

• "Time Management," S90: Moderator will be Pierrette E. Ray, risk management officer, city of Westminster, Colo.

• "Utilizing the Risk Retention Act: Pitfalls and Practical Issues," S91: Coordinator/Moderator will be Jon Harkavy, RIMS director of governmental affairs. Speakers: Michael Cohen, vp-marketing, American International Group Inc. in Washington; David N. Grubb, special deputy insurance commissioner of New Jersey in Trenton; P. Richard Hackenburger, staff vp and assistant treasurer, Allegheny International Inc. in Pittsburgh; Dan Koch, admissions officer, Delaware Insurance Department in Dover; Edward Meehan, chief examiner, Vermont Department of Banking and Insurance in Montpelier; James T. McIntyre Jr., attorney, Hansell & McIntyre, attorney, James T. & P. Young, consultant, Tillinghast.

• "Profitable Risk Transfer Process for Captives," S92: Moderator will be Timothy H. Hoffman, executive vp and general manager, Hanna Co. in Hanna, Colo. Speakers will include P. Richard Hackenburger, staff vp and assistant treasurer, Allegheny International Inc.; Richard S. Johnson, executive director, Risk Exchange Assn. in Hamilton, Bermuda; William Watson, vp, American Risk Management Inc. in Fort Lee, N.J. ■



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# ◆ BI Vegas guide ◆

## Special events planned for conference

By STACY ADLER

Risk managers who attend the 1987 Risk & Insurance Management Society conference in Las Vegas can unwind after a full day of seminars at one of many hospitality functions.

RIMS and CIGNA Corp. will host a performance Wednesday evening by pop singer Melissa Manchester. Showtime is 9 p.m. in the Las Vegas Hilton's main showroom.



Melissa Manchester

Conference registrants can use their paid registration badges to gain admission to the show.

Ms. Manchester has recorded such popular songs as "Midnight Blue," "Don't Cry Out Loud" and "Come in from the Rain." She has earned twin gold records and has been nominated for a Grammy Award.

Frank B. Hall & Co. Inc. is sponsoring the 5-kilometer Spencer Memorial Run on Tuesday. The race begins at 7 a.m. at the Las Vegas Hilton. Entries must be made before the day of the race.

All proceeds will benefit the Robert S. Spencer Memorial Foundation. The foundation awards scholarships to promising undergraduate and graduate students (see story, page T24).

Individual runners and corporate teams will compete. All those who register receive race T-shirts, and all who finish will receive awards.

For those who prefer to exercise

to music, American International Group Inc. will sponsor three, 45-minute, aerobic exercise classes on Monday, Wednesday and Thursday beginning at 7 a.m. at the Hilton.

For those who want to start the week out with exercise doing the jitterbug, there will be a sock hop on Sunday evening in the Riviera. Sponsored by RIMS, "Where Were You in '62?" will feature emcee Wolfman Jack and The Coasters. All conference registrants are invited to put on their poodle skirts, comb back their DAs and twist the night away.

San Francisco-based Jardine Emmett and Chandler Inc. will provide a selection of coffees and teas from around the world at the "International Coffee House" in the RIMS Theme Lounge all day Tuesday, Wednesday and Thursday. In the morning, Danish pastries and rolls will be offered as well.

The annual membership meeting, open to all registrants, will be held in the Hilton ballroom Monday morning at 7:30 a.m. RIMS President William L. Mather will provide an audiovisual report on the society followed by an introduction to RIMSNET, the RIMS computer network information system.

The 1987 Exhibitors Breakfast will be held Thursday morning at 7:30 a.m. in the Hilton's Club Continental Salon Rooms.

More than 55 companies are sponsoring hospitality suites, which offer registrants hors d'oeuvres and cocktails, at this year's conference.

Hospitality suite boards, with suite locations and room numbers, will be located in the registration area of the Hilton and in the lobbies of other conference hotels.

To preserve the ambience and educational reputation of the RIMS conference, the society imposes these restrictions on hospitality function sponsors:

- All suites will be closed from 9

a.m. to 5:30 p.m.

- An 11:30 p.m. curfew will be enforced, at which time all hospitality rooms and suites will be closed.

- There will no alcoholic beverages at breakfast functions.

- No signs will be taped on hotel halls, elevators, etc.

- All hotels concerned have agreed not to accept mass distribution by rooms or guest boxes to all conference attendees.

- Lotteries or raffles are not permitted.

Those breaking these rules will be excluded from next year's conference.

### PCS Continues to Write the Book on Rx Drug Cost Management



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- Client driven **pharmacy reimbursements**... is it necessary to pay retail or wholesale (AWP) prices?
- The industries' most sophisticated **claims system**... is your plan paying for **only** eligible items?
- On-site **pharmacy audits**... PCS audits thousands of pharmacies each year for your protection.
- **Recap**, the on-line claims adjudication system is being expanded nationally. Point-of-sale technology offers benefit plan savings and the flexibility to handle annual deductibles and benefit maximums.

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# BI Vegas guide



## A guide to the Las Vegas glitter

Legal gambling was the catalyst that transformed the dusty desert village known as Las Vegas into a world-famous tourism mecca and the largest city in the nation formed in the 20th Century, the area's Convention and Visitors Authority boasts. Visitors to the diamond in the desert will notice that the casino district is divided into two sections: the "Strip" and downtown. The more-modern Strip is aptly named, since the hotels, casinos, restaurants and shopping areas form a strip on either side of Las Vegas Boulevard. However, the downtown area is more concentrated, and its artistic neon figures—like the cowboy atop the Pioneer Club and the leggy cowgirl above the Glitter Gulch sign—lend themselves to the 1950s, the period in which they

originated. Both parts of Las Vegas take on a dazzling demeanor at night when the neon pulsates in an almost musical rhythm. And, amazingly, it seems none of the millions of colored lights are ever burned out for long. Likewise, the city that these flashy bulbs decorate is open 24 hours a day. Those who attend this year's Risk & Insurance Management Society conference will have lots to do at the end of each busy conference day. Beyond Las Vegas the city is a natural wonderland of mountains, rivers, rock formations and wildlife just waiting to be explored. In addition, the always mild desert climate lends itself well to recreational activities like golfing, swimming and tennis year-round.

# BI Vegas guide

## Las Vegas dining

Continued from page T2

and seafood. Old English decor with authentic antiques. Private dining and meeting rooms. Piano bar. Lunch \$2.95-\$6.95, dinner \$13.25-\$26.95.

### FISHERMAN'S BROILER

Sahara Avenue, just west of the Strip  
In the Palace Station  
367-2408

11 a.m.-11 p.m. Fresh seafood, charcoal broiled over mesquite wood. Luncheon salad bar. Lunch from \$3.95, dinner from \$5.95. Major credit cards.

### FISHERY

3667 Las Vegas Blvd. S.  
In the Aladdin Hotel  
736-0425

5 p.m.-1 a.m., closed Sundays. Reservations suggested, casual dress. Seafood in seahouse decor. \$14-\$19.50. Major credit cards.

### THE FLAME

1 E. Desert Inn Road  
735-4431

Open 24 hours. Casual dress. Crab legs, brochette of beef, Philly steak sandwiches, chicken wings, chicken fingers. Rustic decor for breakfast and lunch specials. Breakfast \$1.95-\$3.95, lunch \$2.95-\$4.50, dinner \$8.95-\$17.95. Also other dinner specials at lower prices. Major credit cards.

### FOURTH FLOOR RIB ROOM

3535 Las Vegas Blvd. S.  
In the Imperial Palace  
731-3311

Dinner 5 p.m.-midnight. A quiet, relaxing restaurant on the fourth floor over the casino. Take the orange elevator near the Kobe Bar. Appetizers, beef and pork ribs, chicken and prime rib. Dinner from \$7.50. Major credit cards.

### GIGI'S

3645 Las Vegas Blvd. S.  
In Bally's Las Vegas Hotel  
739-4111

Open seven days, 6-11 p.m. Reservations required, jackets for gentlemen. Classic gourmet French cuisine from \$19-\$32. Strolling musicians. Major credit cards.

### GOLDEN STEER STEAK HOUSE

308 W. Sahara Ave.  
Just off the Strip  
384-4470, 387-9236

5 p.m.-midnight. Reservations suggested, casual dress. Prime rib and steaks, as well as Italian specialties and fresh seafood, \$16.95. Major credit cards.

### GRILL ROOM

3145 Las Vegas Blvd. S.  
In Desert Inn & Country Club  
733-4444

6:30 a.m.-3:30 p.m. Breakfast \$1.80-\$6.75, lunch \$2-\$9.50. Full menu in coffee shop overlooking Desert Inn Golf Course. Two meeting rooms for small groups. Major credit cards.

### HILTON STEAK HOUSE

3000 Paradise Road  
In the Las Vegas Hilton  
732-5801

6-11:30 p.m. Reservations suggested, optional dress. Western decor for steaks. \$15-\$25. Major credit cards plus Hilton and En Route.

### HOUSE OF LORDS

2535 Las Vegas Blvd. S.  
In the Sahara Hotel  
737-2111

6-11 p.m. Steaks, prime rib, chops and fish in Old English atmosphere. \$13.50-\$27. Major credit cards.

### HO WAN

3145 Las Vegas Blvd. S.  
In Desert Inn & Country Club  
733-4547

6 p.m.-1 a.m. (closed Tuesday and Wednesday). Reservations suggested, casual dress. Original Chinese recipes from \$9-\$24. A la carte menu. AMEX, V, MC.

### IMPERIAL ROOM

3000 Paradise Road  
In the Las Vegas Hilton  
732-5801

Reservations required, jackets for gentlemen. Egyptian decor. \$19-\$49.50. Major credit cards, plus Hilton and En Route.

### JAVA JAVA

3801 Las Vegas Blvd. S.  
In the Tropicana Hotel  
739-2222

Open 24 hours. Reservations not necessary, casual dress. Breakfast \$2.95-\$6.95, lunch \$3.25-\$5.50, dinner \$5.95-\$12.95. Major credit cards.

### JEREMIAH'S RESTAURANT

171 E. Tropicana Ave.  
One block from Tropicana Hotel  
736-3044

Open 5 p.m. daily. Reservations suggested, casual dress. Warm wood, plants, rustic atmosphere, Tiffany lamps. Fresh seafood, prime rib, fine wine list. Dinner \$5.95-\$16.95. Major credit cards.

### JOE'S OYSTER BAR

2755 Las Vegas Blvd. S.  
In the El Rancho Hotel  
796-2222

Noon-10 p.m., closed Sundays. Steak and lobster complete dinner \$9.95. Lunch and dinner \$4.95-\$6.95. Major credit cards.

### JULIANO'S

565 E. Desert Inn Road

In Chateau Vegas  
Across from Convention Center South Hall  
733-8755; 733-8282

An eight-course gourmet meal. Complimentary liquor and liqueur following your meal. Private parties welcome.

### KELLY AND COHEN'S STEAK HOUSE

2000 Las Vegas Blvd. S.  
In Vegas World

382-2000; 385-0047 after 5 p.m.  
6-11 p.m. Reservations suggested. Beef, veal, fish and poultry. Dinner from about \$10. Major credit cards.

### KOBE STEAK HOUSE

3535 Las Vegas Blvd. S.  
In the Imperial Palace  
731-3311

5 p.m.-midnight. Reservations suggested, informal dress. Located on the first floor adjacent to the casino. Fine aged beef cooked to perfection. Entrees from \$7.95-\$14.95, except lobster tail/filet mignon \$23.95. Major credit cards.

### LEONARDO'S

3000 Paradise Road  
In the Las Vegas Hilton  
732-5801

6-11 p.m. Reservations suggested, optional dress. Full line of Italian dishes. \$10.50-\$21.

Closed Tuesday and Wednesday. Major credit cards, plus Hilton and En Route.

### LOBSTER TRAP

953 Sahara Ave.  
In Commercial Center  
734-0023

5-11 p.m., closed Sundays. Reservations suggested, optional dress. Warm and personal atmosphere reminiscent of San Francisco Wharf's finer restaurants. All dinners include homemade soup, salad, baked potato, corn on the cob & steamed clams. Fresh lobster flown in daily. Dinner \$10.95-\$18.95. Major credit cards.

### MICHAEL'S

3595 Las Vegas Blvd. S.  
In the Barbary Coast  
737-7111

6-11 p.m. Reservations required. Dover sole, veal, steaks and chops. \$16-\$32 a la carte. Major credit cards.

### MOBY DICK

3000 Las Vegas Blvd. S.  
In the Stardust Hotel  
732-6111

5-11 p.m. Reservations required, casual dress. Steaks and seafood. Dinner \$8.95-\$14.95. AMEX, MC, V, DC.

### MONTE CARLO ROOM

3145 Las Vegas Blvd. S.  
In Desert Inn & Country Club  
733-4444

5:30 p.m.-midnight. Reservations required, jackets for gentlemen. French specialties in small, French-style room. \$19-\$48 a la carte. Major credit cards.

### PALACE COURT

3570 Las Vegas Blvd. S.  
In Caesars Palace  
731-7547

Lunch 11:30 a.m.-2:30 p.m. Thursday-Sunday, dining nightly 6:30-11:30 p.m. Reservations required, jackets for gentlemen. Lunch \$8-\$15.75, dinner \$20.50-\$39.50, a la carte. Complete French menu. Specialties include cote de veau poelee bagatelle, maigret de canard, noisette d'Agneau "Chanteclair." Major credit cards.

### PAMPLEMOUSSE

400 E. Sahara Ave.  
One block east of Strip  
Behind Sahara Hotel  
733-2066

6-11 p.m. Reservations required. Romantic French country atmosphere with covered patio. Dinner starts with basket of fresh vegetables; menu offers fresh fish, duck, veal and steaks. Dinner \$15-22. Major credit cards.

### PASTA PALACE

In the Palace Station Casino  
367-2490

5-11 p.m. Italian specialties. Dinner from \$4.95. Major credit cards.

### PHILLIP'S SUPPER HOUSE

4545 W. Sahara Ave.  
873-5223

5 p.m.-midnight. Reservations suggested, casual dress. Replica of Victorian San Francisco house. Steaks, prime rib, seafood and Italian specialties. \$12.95-\$23.95. Major credit cards.

### PORT OF CALL

3805 Las Vegas Blvd. S.  
In the Marina Hotel  
739-1500

5-11 p.m. Reservations suggested, casual dress. Seafood and American specialties in a nautical setting. \$8.25-\$23.90. Major credit cards.

### PORTOFINO RESTAURANT

3145 Las Vegas Blvd. S.  
In the Desert Inn & Country Club  
733-4444

6 p.m.-2 a.m. Reservations required, jackets for gentlemen. Italian cuisine from \$13.50-\$50 a la carte. Major credit cards.

Continued on next page

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AXIOM . . . Our Quality And Experience Show

## Las Vegas dining

Continued from previous page  
carte. Major credit cards.

### PRIMAVERA

3570 Las Vegas Blvd. S.  
In Caesars Palace  
731-7568

9 a.m.-4 p.m. Breakfast and lunch overlooking the pools. Italian candlelight dining 6 p.m.-midnight. Major credit cards.

### REGENCY ROOM

3355 Las Vegas Blvd. S.  
In the Sands Hotel  
733-5000

6-11 p.m. Reservations suggested, jackets for gentlemen. Teak and mahogany motif. American and French specialties. Gourmet dining from \$14.95. Major credit cards.

### RHAPSODY

3801 Las Vegas Blvd. S.  
In the Tropicana Hotel  
739-2222

6-11:30 p.m. Reservations required, coats and ties required. A classically modern gourmet atmosphere. Harpist. Major credit cards.

### RISTORANTE DEL MONICO

2901 Las Vegas Blvd. S.  
In the Riviera Hotel  
734-5363

6-11 p.m. Reservations required, coats and ties

requested. Fine gourmet dining specializing in Italian fare in an intimate atmosphere. Dinner \$7.95-\$28.50. Major credit cards.

### SILVER CITY RESTAURANT

3001 Las Vegas Blvd. S.  
In the Silver City Casino  
732-4152

Open 24 hours. Reservations not necessary, casual dress accepted, homey atmosphere. Breakfast 99 cents-\$2.99, lunch \$1.49-\$2.99, dinners \$3.99, late-night specials \$1.59. No credit cards.

### SILVER SLIPPER RESTAURANT

3100 Las Vegas Blvd. S.  
734-1212

Open 24 hours. Reservations not necessary,

casual dress. A casual, relaxed atmosphere. Featuring prime rib, 11 breakfast specials at \$1.99 (11 p.m.-11 a.m.) and 11 chef's specials. Breakfast \$1.49-\$4.95, lunch \$2.45-\$5.95, dinner \$3.95-\$8.95. Lounge entertainment from 8 p.m.-6 a.m.

### SNACKBAR

2755 Las Vegas Blvd. S.  
Inside the El Rancho Hotel  
796-2222

Hot dogs, hamburgers, sandwiches in the only bowling alley on the Strip. 52 lanes.

### SPANISH STEPS

3570 Las Vegas Blvd. S.  
In Caesars Palace  
731-7560

6-11:30 p.m. Reservations suggested, jackets required for men. Steak house with a Spanish flair, paella, valenciana, polo condessa, zarzuela de mariscos. Also featuring seafood and gaucha-sized steaks and chops. \$9.50-\$26.80. Major credit cards.

### STARBOARD TACK

2601 Atlantic Ave.  
South of Sahara Avenue  
457-8794

11:30 a.m.-midnight. Featuring prime steaks, oysters, clams, lobster, king crab, fine seafood, salad bar and a wide selection of wines.

### THE STEAK HOUSE

2800 Las Vegas Blvd. S.  
In Circus Hotel & Casino  
734-0410

5 p.m.-midnight. Reservations suggested, casual dress. Fireplace, antique bookcases and breakfronts, paintings, prints and tapestries highlight this room with open-hearth charcoal grill cooking and see-through aging rooms. Steaks, prime rib, seafood and lamb. \$14.95-\$18.50. Major credit cards.

### SULTAN'S TABLE

3650 Las Vegas Blvd. S.  
Inside the Dunes Hotel & Country Club  
737-4110

6-11 p.m. Closed Monday and Tuesday. Reservations required, coats required. French continental menu. Dinner \$16.50-\$34. Featuring Clemente Lopez with his Magic Violins, nine-piece string and piano orchestra. Major credit cards.

### TRACY'S

3645 Las Vegas Blvd. S.  
In Bally's Las Vegas Hotel  
739-4111

6 p.m.-2 a.m. Closed Thursday. Casual dress. Two complete menus, American and Chinese, including full line of steaks. On the second floor of the new tower. \$5.75-\$16.95. Major credit cards.

### UNCLE JOHN'S FAMILY RESTAURANT

3771 Las Vegas Blvd. S.  
736-6365

Open 24 hours. Full breakfasts starts at \$4.25, lunch \$4.55, dinner \$5.95. Specialties include pancakes and chicken in Victorian atmosphere. MC, V.

### WESTWARD HO DELI

2900 Las Vegas Blvd. S.  
In the Westward Ho  
731-2900

Open 24 hours. Hot dogs and sandwich menu from 95 cents-\$1.99. Shrimp cocktail, sandwiches, desserts and full meals.

### THE WHARF

953 E. Sahara Ave.  
At the entrance to Commercial Center  
732-3594

5 p.m.-midnight. Reservations suggested, casual dress. Family dining serving Las Vegas for 10 years with the finest seafood and live Maine lobster. A warm San Francisco Wharf atmosphere, accented with flowers and Tiffany lamps at each table. Steaks, prime rib and Italian specialties. All dinners include soup or salad, crab spread and crackers, potato. \$8.95-\$25.95. Major credit cards.

### VERANDA

3475 Las Vegas Blvd. S.  
In the Holiday Inn Hotel  
369-5000

6 a.m.-10:30 p.m. Reservations not necessary, casual dress. Full dinners with soup or salad bar. Breakfast \$2.95-\$5.25, lunch \$3.75-\$6.50, dinner \$3.95-\$9.50. Major credit cards are accepted.

## Outlying areas

### ALIAS SMITH 'N JONES

541 E. Twain  
732-7401

11 a.m.-6 a.m. Hearty servings of ribs and choice cuts of steak. Popular local gathering place with casual intimacy. Entrees \$8.95-\$14.95.

### ARISTOCRAT

820 S. Rancho Drive  
870-1977

Monday-Friday 11:30 a.m.-2:30 p.m.; 6 p.m.-10 p.m. daily. Serving exquisite gourmet meals including fresh swordfish, beef Wellington, tourmedos Neptune. \$13.95-\$18.95. Major credit cards.

### ARMAND'S

3240 S. Eastern Ave.  
734-9767

11 a.m.-1 p.m. American/European entrees. \$6.00-\$26.50.

### ASHLEY'S SUPPER CLUB

5600 Spring Mountain Road  
362-5909

5 p.m.-11 p.m., lounge open 24 hours. Reservations suggested, full cocktail service, formal dress. Art deco, romantic atmosphere. Dinner \$11.95-\$20. Featuring Dondino/Cabaret Show with two shows nightly except Sunday. Dance to live 16-piece big band Sunday evenings. Major credit cards.

### ASSEMBLY LINE

6001 Spring Mountain Road  
871-7427

11 a.m.-11 p.m. Gourmet hamburgers, barbecue. \$3.98-\$9.98.

### BAVARIAN CHALET

3430 E. Tropicana Ave.  
Corner of Tropicana & Pecos  
451-7501

4:30-11 p.m. Reservations not necessary, casual dress. Rustic, old world decor. Steaks, poultry. *Continued on next page*

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# BI Vegas guide

Continued from previous page  
try, seafood. Dinner \$5.95-\$14. V, MC.

**BEVERLY HILLS BAR & GRILL**

3550 S. Decatur Blvd.  
876-8070  
4 p.m.-midnight. American cuisine, cocktail lounge with videos galore. \$9.95-\$14.95.

**BILLY BOB'S BARBECUE BISTRO**

4437 W. Charleston  
877-8811  
5-10 p.m. Ribs, Cajun specialties. \$4.95-\$13.95.

**BOB TAYLOR'S RANCH HOUSE**

Ranch House Road (off Interstate 95 North)  
645-1399  
5-11 p.m. Steaks, chops and seafood. Pan-fried lobster a specialty. \$8-\$26.

**BONNIE SPRINGS RANCH**

16 miles west on W. Charleston Blvd. at Old Nevada  
875-4300  
9 a.m.-9 p.m. Tuesday-Sunday, 1-10 p.m. Monday. Casual dress. Neckties strictly forbidden and will be removed in this Western restaurant with hand-hewn tables overlooking a duck pond. Steaks, barbecue. Breakfast \$1.95-\$4.25, lunch \$1.75-\$9.95, dinner \$10.95-\$24.95. Major credit cards.

**BOTANY'S**

1700 E. Flamingo Road  
737-6662  
11 a.m.-3 p.m., 6-11 p.m., Sunday-Thursday, 6 p.m.-midnight, Friday and Saturday. Menu changes daily, featuring global cuisine. \$11.50-\$21.50.

**CAFE MICHELLE**

1350 E. Flamingo Road  
In the Mission Shopping Center  
735-8686  
11 a.m.-11 p.m., except Sunday opens 6 p.m. Piano bar Tuesday-Saturday 7:30 p.m.-2 a.m. Reservations not necessary for a party of four or less, casual dress. Outdoor and indoor cafe featuring French, Italian and Greek cuisine including, lamb chops, souvlaki, spanacopita. Lunch \$2.95-\$7.95, dinner \$10.95-\$17.95. MC, V.

**CALAMITY JANE'S ICE CREAM HOUSE AND COCA-COLA MUSEUM**

5111 Boulder Highway  
In Sam's Town Hotel & Gambling Hall  
454-8021  
10 a.m.-1:30 a.m. Casual dress. Ice cream and soft drinks served amid an extensive collection of Coca Cola memorabilia. Menu also includes pastries and cakes. Reservations required for parties of 10 or more.

**CARLOS MURPHY'S**

4770 S. Maryland Parkway  
Across from the University of Nevada  
798-5541  
11:30 a.m.-11 p.m. Mexican and barbecue specialties. Reservations not necessary, casual dress. Antique wall hangings in a delicate wooded setting. Lunch \$3.75-\$7.95, dinner \$4.95-\$11.95. Entertainment Tuesday-Saturday 10 a.m.-close. AMEX, MC, V.

**CASA TEQUILA**

1815 Charleston Blvd.  
Across from Charleston Plaza Mall  
384-0651  
Reservations suggested, casual dress. Features satellite big-screen TV, closed-circuit events. Breakfast \$4.45-\$4.95, lunch from \$2.99, dinner \$4.95-\$8.95. Luncheon special is \$2.99 daily 11 a.m.-3 p.m., different specialty every day, includes small margarita, plus rice and beans.

**COFFEE PUB**

2800 W. Sahara  
No. 2A in the Plazas  
367-1913  
Open 7:30 a.m.-6 p.m. Reservations not necessary, casual dress. Exotic coffees, gourmet sandwiches, fruit smoothies in a San Francisco-style cafe. Breakfast \$1-\$3.95, lunch \$2-\$3.95. Major credit cards.

**DIAMOND LIL'S**

5111 Boulder Highway  
In Sam's Town Hotel & Gambling Hall  
456-7777  
5:30-11 p.m. Sunday-Thursday, Friday-Saturday to midnight. Reservations suggested, casual dress. Steak and seafood specialties; Sunday champagne brunch 11 a.m.-3 p.m. Dinner from \$11.95. Major credit cards.

**DI MARTINO'S RESTAURANT**

2797 Maryland Parkway  
732-1817  
4:30-10:30 p.m. Reservations not necessary, casual dress. Dining in a friendly atmosphere, specializing in homemade Italian food. Dinner \$6.50-\$15.95. V, MC.

**DOC HOLIDAY'S BAR & GRILL**

5866 Boulder Highway  
458-5554  
5-10 p.m. Bar open 24 hours. Reservations not necessary, casual dress. Western decor with seafood specialties, including Florida-style crab and live Maine lobster. No credit cards.

**THE DRAGON**

1000 E. Sahara Ave.  
Across from Commercial Center  
731-6765  
11:30 a.m.-10 p.m. closed Tuesdays. Reservations suggested, casual dress. Hong Kong-style Cantonese and pure Szechwan dishes prepared by chefs from Hong Kong. Lunch \$2.95-\$5.95, dinner \$5.95-\$9.50. V, MC.

**DUFFY'S TAVERN**

4420 E. Charleston Blvd.  
453-3454  
Open 24 hours. Reservations not necessary.

Deli sandwiches. No credit cards.

**ELEPHANT BAR & RESTAURANT**

2797 S. Maryland Parkway  
Just south of Sahara Avenue  
737-1586  
11 a.m.-6 a.m. Jungle decor featuring fresh seafood, steaks and sandwiches on a 65-item menu. \$2.50-\$11.95. Major credit cards.

**FERDINAND'S RESTAURANT**

5006 S. Maryland Parkway  
In Camelot Shopping Center  
798-6962  
Specializing in seafood, steak, chicken, veal and a variety of regional entrees. Major credit cards.

**THE FLITE DECK**

6005 Las Vegas Blvd. S.  
At McCarran Airport  
739-1117  
7 a.m.-9 p.m. Reservations not necessary. Features scampi and prime rib on weekends. Breakfast \$2.50-\$6, lunch \$3-\$7, dinner \$5-\$12. Major credit cards.

**THE GALLERY CAFE**

230 S. Rainbow Blvd.  
In the Rainbow Expressway Center  
363-7376

Lunch 11 a.m.-5 p.m., dinner 5-10 p.m. Sunday brunch 10:30 a.m.-2:30 p.m. Reservations suggested, casual dress. Features continental cuisine, garden terrace dining and art and antique exhibit. Lunch from \$3.50, gourmet dinner from \$9.95. AMEX, DC, CB.

**THE GOOD EARTH**

1545 E. Flamingo Road  
Across from Silver Dragon  
735-0082  
Sunday-Thursday 8 a.m.-10 p.m. Friday-Saturday 8 a.m.-11 p.m. Reservations not necessary, casual dress. Offering a variety of traditional American and international dishes such as steaks, hamburgers as well as Chinese wok favorites, Italian pasta dishes and a full vegetarian fare. All dishes prepared with no additives or preservatives. Breakfast \$2.25-\$5.95, lunch \$3.95-\$6.95, dinner \$6.95-\$10.95. Happy hour Monday-Friday 4-7 p.m. AMEX, V, MC.

**HILLTOP HOUSE SUPPER CLUB**

3400 N. Rancho Road  
645-9904  
5-10 p.m. Reservations not necessary, casual dress. Featuring a fresh-made salad bar, fresh baked bread and fried lobster tails. Dinner \$5.95-\$23.95. Major credit cards.

**HUEY'S**

3557 S. Maryland Parkway  
Across from Boulevard Mall  
732-8411  
11 a.m.-2 p.m. Reservations not accepted, casual dress. Cozy and comfortable, serving gourmet burgers, sandwiches and ice cream drinks. \$2.95-\$8.95. Major credit cards.

**LAKE MEAD RESORT**

322 Lakeshore Road  
Boulder City  
293-3484  
7 a.m.-9 p.m. Reservations not necessary, casual dress. Natural decor, floating restaurant overlooking a harbor. Music, dancing on weekends. Breakfast \$1.30-\$6.95, lunch \$2.75-\$7.95, dinner \$6.95-\$12.95. MC, V.

**LAS MARGARITAS**

2101 E. Flamingo Road  
1.8 miles east of Caesar's Palace  
731-0628  
11 a.m.-midnight. Reservations not necessary, casual dress. Seafood specialties like Camarones a la Tampiquena, consisting of fresh shrimp sauteed with garlic, cilantro, mild chiles and fresh tomato sauce. Traditional Mexican dishes, exotic drinks. Open for lunch and dinner daily. Major credit cards.

**LET'S COOK DUTCH**

2301 W. Bonanza  
In Rancho Circle Shopping Center  
648-0400  
11 a.m.-10 p.m. Reservations suggested, casual dress. Dutch-oven food, soup, cornbread, ribs, chicken, roast beef, potatoes, cobbler with ice cream. Lunch \$2.95-\$9.95, dinner \$5.95-\$14.95. Major credit cards.

**LITTLE KING**

953 E. Sahara Ave. Suit E-26  
In Commercial Center  
796-7666  
8 a.m.-10 p.m. Reservations not necessary. Pizza and subs on fresh baked bread. \$1.50-\$5. No credit cards.

**MARRAKECH**

4632 S. Maryland Parkway  
736-7655  
Reservations suggested. Fine Moroccan cuisine, but no forks, no knives, no spoons—only fingers!

**THE MASTERS OF FINE FOOD & SPIRITS**

3311 E. Flamingo Road  
458-5555  
Open 24 hours. Reservations suggested, casual dress. Garden dining, intimate atmosphere.  
*Continued on next page*

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# BI Vegas guide

## Las Vegas dining

*Continued from previous page*  
Steaks, seafood, Italian dishes. Lunch \$3.25-\$8.95, dinner \$7.95-\$36.95. V, MC, DC.

### PHILIP'S SUPPER HOUSE

4545 W. Sahara Ave.  
873-5222  
5 p.m.-midnight. Reservations suggested, casual dress. Replica of Victorian San Francisco house. Steaks, prime rib, seafood and Italian dishes are specialties. \$12.95-\$23.95. Major credit cards.

### PLAY IT AGAIN SAM

4120 Spring Mountain Road  
876-1550  
Lunch 11 a.m.-3 p.m. Dinner 6-11 p.m. Daily luncheon special, fresh fish daily, jumbo lobster, filet mignon, crab legs, steak au poivre, salmon bernaise and prime rib. Features a piano bar.

### PORT TACK

3190 W. Sahara Ave.  
873-3345  
Open 24 hours. Reservations suggested for five or more. Nautical motif with the warmth of a Spanish inn. Bucket-sized cocktails, salad bar, prime steaks, baby back ribs, fresh swordfish,

fresh catch daily: crab, lobster, shrimp, salmon, halibut, trout, mahi mahi. Oyster bar noon-2 a.m. All dinner items available 24 hours. Breakfast \$3.50-\$7.50, lunch \$4.50-\$7.50, diner \$7.95-\$26.95. Major credit cards.

### PRIME RIB RESTAURANT & BAR

2625 E. Tropicana Ave.  
456-3000  
5-10 p.m. Specializing in prime rib dinner \$9.95-\$10.50. Late-night menu of sandwiches after 10 p.m.

### THE QUIET CORNER

3500 S. Maryland Parkway  
In the Boulevard Mall  
735-5619  
9 a.m.-9 p.m. Monday-Friday. 9 a.m.-6 p.m. Saturday. 11 a.m.-5 p.m. Sunday. Meal-sized salads, sandwiches on home-baked croissants. \$3.95 and up.

### RACE AND SPORTSBOOK DELI

5111 Boulder Highway  
In Sam's Town Hotel & Gambling Hall  
456-7777  
8 a.m.-midnight. Casual dress, sandwiches and snacks.

### RAFTERS

1350 E. Tropicana Ave.

At Maryland Parkway  
739-9463  
5 p.m.-midnight. Reservations suggested, dress casual. Garden setting with 20-foot indoor trees, lush foliage, balcony dining. Fresh seafood flown in from San Francisco and Fort Lauderdale. Dinner \$8.50-\$15.50. Major credit cards.

### RENAISSANCE ROOM

4100 Paradise Road  
In the Hotel Continental  
737-5555  
Open 24 hours. Reservations not necessary, casual dress. Lobster tail \$4.99; daily special Monday-Thursday. Complete dinner, salad, entree and dessert only \$2.50. Thursday all-you-can-eat spaghetti with salad and glass of wine, only \$2.50. Breakfast 99 cents-\$3.99, lunch \$1.99-\$3.99, dinner \$2.99-\$8.49. Live entertainment in lounge. Major credit cards.

### RICARDO'S OF LAS VEGAS

4300 Meadows Lane  
In the Meadows Mall  
870-1088  
Also, 2380 E. Tropicana  
In Renaissance Center  
798-4525  
11 a.m.-10 p.m.; until 11 p.m. Friday and Saturday; until 8 p.m. Sunday. Casual dress. Full

eight-page menu, including deep-fried ice cream. Slushy fresh margaritas. Children's menu. Strolling musicians. Breakfast, lunch and dinner \$4.25-\$8.95. Major credit cards.

### SILVER DRAGON RESTAURANT

1510 E. Flamingo Road  
One block off Maryland Parkway  
737-1234  
11:30 a.m.-5 a.m. Reservations suggested, casual dress. Specialties include lemon chicken, kung pao chicken, Peking duck, pork chops, steak and lobster Peking-style and Szechwan dishes. Lunch \$3.25-\$5.25, dinner \$5.95-\$15.95. Major credit cards.

### THE STEAK OUT RESTAURANT & LOUNGE

4800 S. Maryland Parkway  
798-8383  
11 a.m.-7 a.m. Reservations not necessary, casual dress. \$2.95-\$10.50. V, MC.

### SPORTSMAN'S BAIT & LOUNGE

5660 Boulder Highway  
Corner of Tropicana & Boulder  
458-7071  
Open 24 hours, casual dress. Video games, music, dancing. From 99 cents-\$13.95. AMEX, V, MC.

### LA STRADA

4640 Paradise Road  
735-0150  
5-11 p.m. Reservations suggested, casual dress. Warm and intimate Continental decor featuring Italian and French food, homemade pasta, milk-fed veal, steaks, fresh seafood and chicken. Dinner \$9-\$18. Major credit cards.

### TEMPURA HOUSE

4425 E. Tropicana Ave.  
In Palm Plaza  
454-1517  
11:30 a.m.-10 p.m. Reservations not necessary. Small, family-style restaurant. Teriyaki beef, teriyaki chicken. Lunch \$2.99-\$5.50, dinner \$3.75-\$11. Major credit cards.

### TEQUILA PETE'S

3824 Paradise Road  
731-1050  
11 a.m.-4 a.m. Reservations suggested, casual dress. Mexican cuisine in festive atmosphere. Mexican band nightly. Major credit cards.

### TILLERMAN

2245 E. Flamingo Road  
731-4036  
5-11 p.m. Casual dress. Dining under the trees and open sky. Fresh seafood, steaks and prime rib in a nautical decor. Dinner \$7.95-\$21.95. Major credit cards.

### VENETIAN RISTORANTE

3713 W. Sahara Ave.  
Across from Wonderland  
876-4190  
11:30 a.m.-11:30 p.m. Reservations suggested, casual dress. Authentic Italian decor, Venetian scenes and paintings inside and outside. Lunch \$2.95-\$5.95, dinner \$5.95-\$15.95. AMEX, V, MC.

### VINCE'S SUPPER CLUB

4213 W. Sahara Ave.  
876-5698; 871-8336  
5 p.m.-midnight. Reservations suggested, casual dress. Intimate dining, booth seating. Fresh fish, steaks, prime rib and Italian specialties. Large wine list and homemade desserts. Lunch Monday-Friday 11 a.m.-3 p.m., \$3.95-\$8.50. Dinner 5 p.m.-midnight, \$7.95-\$18.95. Major credit cards.

### THE VINEYARD

3630 S. Maryland Parkway  
In the Boulevard Mall  
731-1606  
11 a.m.-11 p.m., open to midnight on Friday and Saturday. Casual dress. New York City "Little Italy" marketplace atmosphere featuring antipasto salad bar and complete Italian menu. Lunch, \$3.95-\$4.95, dinner \$6.75-\$13.95. AMEX, MC, V.

### VIVA ZAPATA'S RESTAURANT AND CAFE

3540 W. Sahara Ave.  
In Spanish Oaks Shopping Center  
873-7228  
11 a.m.-midnight. Reservations suggested, casual dress. House specialties include steaks, chicken and seafood cooked in traditional Mexican style. Daily luncheon buffet. Live music in lounge. Major credit cards.

### WALDEN POND

2800 W. Sahara Ave.  
In the Plazas  
Open 11 a.m.-3 p.m. Featuring rack of lamb, chateaubriand, linguine with fresh salmon and caviar. Champagne brunch on Sundays. Lunch \$4.50-\$6.50, dinner \$11.50-\$22. Major credit cards.

### WILLY & JOSE'S

5111 Boulder Highway  
In Sam's Town Hotel & Gambling Hall  
456-7777  
5-11 p.m.; until midnight Friday and Saturday; closed Sunday. Reservations suggested, casual dress. Mexican cuisine. Major credit cards.

### Downtown

### ANDRE'S FRENCH RESTAURANT

401 S. Sixth St.  
Just east of Federal Building  
385-5016  
6-11 p.m., lounge 4 p.m.-closing. Reservations suggested, proper attire required though jacket and tie not required. Southern French Provincial decor with wooden beamed ceilings and a quiet, romantic atmosphere. Specializing in fresh fish flown in daily. Complete dinner from \$25. Major credit cards.

### CASSIDY'S

301 E. Fremont St.  
In the Sundance Hotel & Casino  
382-6111  
5 p.m.-midnight. Reservations suggested, casual dress. Features steak and scampi, \$7.95. Dinners from \$4.95. Major credit cards.

### CENTER STAGE

1 Main St.  
In the Union Plaza Hotel  
386-2512  
Breakfast 7:30 a.m.-2:30 p.m., lunch 11 a.m.-2:30 p.m. Reservations suggested. Prime rib, black bean soup, salad cart. Overlooking the Fremont Street light show. Breakfast \$2.25-\$6.95, lunch \$3.25-\$9.25, dinner \$9.75-\$25. Piano bar. Major credit cards.

### COSMOS' UNDERGROUND ITALIAN RESTAURANT & LOUNGE

First and Fremont  
In Downtown Casino Center  
382-0330  
5 p.m.-5 a.m. Reservations suggested, casual dress. Underground garden atmosphere. Steamed clams in red sauce, scampi, linguini portofino, veal and chicken. After-hours menu 11 p.m.-5 a.m. V, MC, DC.

## METLIFE SHOWCASE HAS A MENU TO SATISFY YOUR EMPLOYEES' CRAVING FOR INFORMATION.

Hello, Snoopy

Hello, MetLife Showcase. Let's see a Menu.

What would you like to see?	Savings Plan Balances	1
	Health Care Benefits	2
	Retirement Projections	3
	Newsletter	4

Number Three Please.

Snoopy, These are your estimated retirement benefits.

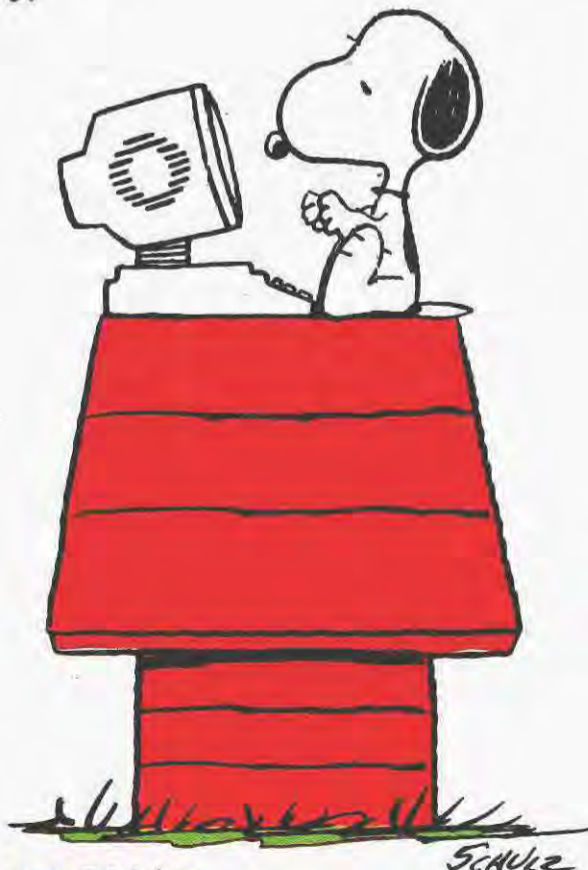
At age	Monthly
62	487
65	523

Thanks MetLife Showcase.  
Now let's see another menu. I'm in a pizza mood tonight.



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It'll also lend the support employee benefit managers need to do their job even better. As employees use MetLife SHOWCASE to ask questions about their own benefits, this unique computer-based service answers them. Our dynamic service can show each plan's current status, and its potential. It's easy to implement. Just call 1-800-847-8285 for a MetLife SHOWCASE demonstration.



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# BI Vegas guide

Continued from previous page

**ELAINE'S**  
129 Fremont St.  
In the Golden Nugget  
386-8100  
6-11 p.m. Reservations suggested, jackets for gentlemen. Fine dining in an elegantly intimate atmosphere. Continental cuisine. Dinner from \$18.50. Major credit cards.

**EMERALD ROOM**  
600 E. Fremont St.  
In the El Cortez Hotel  
385-5200  
Open 24 hours. Breakfast from \$1.25. American menu.

**THE GREAT MOMENTS ROOM**  
Main and Fremont Street  
In the Las Vegas Club Hotel & Casino  
385-1664  
5:30-11 p.m. Reservations suggested, casual attire. Gourmet dining featuring American and European specialties.

**HUGO'S CELLAR**  
202 E. Fremont  
In the Four Queens  
385-4011  
6-11 p.m. Reservations suggested, casual dress. Elegant dining in an intimate atmosphere. Table-side salad bar service. Menu features steak, lobster, veal, lamb, duckling and prime rib. \$13.95-\$22.95. Major credit cards.

**KUNG FU PLAZA**  
1 Main Street  
In the Union Plaza  
386-1757; 384-6582; 386-2110  
Lunch 11 a.m.-3 p.m., \$3.75. Dinner 5-11 p.m., \$7.95. Casual dress. Major credit cards.

**LADY LUCK PRIDE STEAK HOUSE**  
Third at Ogden  
In the Lady Luck Casino & Hotel  
384-4680  
5-11 p.m. Steak and seafood specialties \$2.25-\$10.95. Major credit cards.

**MAGNOLIA'S**  
202 E. Fremont St.  
In Four Queens Hotel  
385-4011  
Open 24 hours. Salads, sandwiches, steaks and seafood. An American menu with New Orleans flair. Breakfast \$1.95-\$8.95, lunch \$3-\$8.95, dinner \$3.95-\$12.95.

**ROBERTA'S CAFE CORTEZ**  
600 E. Fremont St.  
In El Cortez Hotel  
385-5200  
4:30-11 p.m. Reservations suggested, casual dress. Steaks, prime rib, seafood. \$5.95-\$10.95. Major credit cards.

**STEFANO'S**  
129 Fremont St.  
In the Golden Nugget  
386-8100  
6-11 p.m. Reservations suggested, coats required. Northern Italian specialties, featuring fresh fish and pasta. Dinner from \$12. Major credit cards.

**TOP OF THE MINT**  
100 E. Fremont St.  
In the Mint Hotel  
387-MINT  
5-11 p.m. Reservations required on weekends, suggested other times, casual dress. Features prime rib, steaks and lobster from \$11-\$23. Music and dancing nightly. Major credit cards.

**UNION PLAZA DINER**  
1 Main St.  
In the Union Plaza Hotel  
386-2879  
Open 24 hours. Reservations not necessary, casual dress. Coffee shop with railroad motif, featuring daily breakfasts, luncheon and dinner specials. Breakfast \$1.50-\$3.95, lunch \$2.25-\$6.95, dinner \$4.95-\$12. Major credit cards.

## Buffets

**BUFFET**  
3000 Las Vegas Blvd. S.  
In the Stardust Hotel  
732-6111  
Breakfast 8 a.m.-11 a.m., brunch 11 a.m.-3:45 p.m., dinner 4-11 p.m. Reservations not necessary, casual dress. Breakfast \$2.49, lunch \$2.49, dinner \$3.49. AMEX, MC, V, DC.

**THE BUFFET**  
129 Fremont St.  
In the Golden Nugget/Casino Level  
385-7111  
9:30 a.m.-11 p.m. Reservations not necessary, casual dress. An elegant buffet dining facility offering three meal seatings a day, featuring a wide assortment of hot and cold menu selections, plus an extensive salad and dessert bar. Breakfast \$5.50, lunch \$7, dinner \$8.50, Sunday champagne brunch \$8.50. Major credit cards.

**CASCADE TERRACE ETHNIC BUFFET**  
364 Convention Center Drive  
In the Landmark Hotel & Casino  
733-1110  
Reservations not necessary, casual dress. A complete ethnic buffet with new menu every Thursday. Dinner \$5.98. Major credit cards.

**CHAMPAGNE BUFFET**  
5111 Boulder Highway  
In Sam's Town Hotel & Gambling Hall  
456-3111  
Sundays 9 a.m.-3 p.m., \$3.79 adults.

**CHUCK WAGON BUFFET**  
3120 Las Vegas Blvd. S.  
In the Frontier Hotel  
734-0145  
Champagne buffet 8 a.m.-2 p.m. \$3.99 plus

tax. Major credit cards.

**CIRCUS CIRCUS BUFFET**  
2880 Las Vegas Blvd. S.  
In the Circus Circus Hotel  
734-0410  
Breakfast 6-11:30 a.m. \$2.29, brunch noon-4 p.m. \$2.49, dinner 4:30-11 p.m. \$3.49.

**GALLEY RESTAURANT**  
3475 Las Vegas Blvd. S.  
In the Holiday Inn Hotel & Holiday Casino  
369-5000  
Open 24 hours. Casual dress. Buffet breakfast 7-11 a.m., \$2.57. Lunch 11 a.m.-5 p.m., \$2.57. Dinner 5-11 p.m., \$3.57. A la carte menu 24 hours: Breakfast \$1.27-\$4.27, lunch \$2.29-\$8.95, dinner \$2.29-\$8.95.

**THE GOURMET BUFFET**  
2901 Las Vegas Blvd. S.  
In the Riviera Hotel  
734-5110  
8 a.m.-11 p.m. Reservations not necessary, casual dress. Breakfast \$3.95, lunch \$4.95, dinner \$5.95. Major credit cards.

**IMPERIAL PALACE EMPEROR'S BUFFET**  
3535 Las Vegas Blvd. S.  
Third Floor  
731-3311  
Breakfast 7-11 a.m., \$2.99 plus beverage, lunch 11 a.m.-5 p.m., \$2.99 plus beverage, dinner 5-11 p.m., \$3.99 plus beverage. Imperial Buffet served in Teshouse Monday through Saturday brunch 8 a.m.-3 p.m., \$5.95 (children under 10, \$3.45), prime rib dinner buffet 5-11 p.m., \$7.95 (children under 10, \$3.95). Major credit cards.

**ISLAND BUFFET**  
3801 Las Vegas Blvd. S.  
In the Tropicana Hotel  
739-2222  
Dine with a tropical view of a lagoon and lush landscape. Breakfast 7-11 a.m., \$4 (children \$1.75), lunch 11:45-2 p.m., \$4.70 (children \$2.50), dinner 4:30-10 p.m., \$5.75 (children \$3.75). Saturday brunch 7 a.m.-2 p.m. \$7.35 (children \$5.85), Sunday brunch 7 a.m.-3 p.m. \$7.35 (children \$5.85). Major credit cards.

**LAS VEGAS HILTON HOTEL ODYSSEY BUFFET**  
3000 Paradise Road  
732-5111  
Monday-Friday breakfast 7-9:30 a.m., \$5.95. Monday-Friday lunch 11 a.m.-2:30 p.m., \$6.95. Saturday-Sunday dinner 6-10 p.m., \$8.25.

**SUNSET ROOM SUNDAY BUFFET**  
364 Convention Center Drive  
In the Landmark Hotel & Casino  
733-1110  
Sunday 9 a.m.-2:30 p.m. On the 27th floor. Featuring prime rib, \$7.95. Major credit cards.

**WAGON WHEEL BUFFET**  
2755 Las Vegas Blvd. S.  
Inside the El Rancho Hotel  
796-2222  
Lunch Monday-Friday 12-3 p.m., \$2.49. Dinner 5-9 p.m., \$3.49. Saturday-Sunday brunch 7 a.m., \$2.79.

**WESTWARD HO**  
2900 Las Vegas Blvd. S.  
731-2900  
Lunch 11 a.m.-3:30 p.m., \$3.49, dinner 4-10 p.m., \$4.49.

## RISK MANAGERS:

# 137 Questions to ask yourself before you next renew

Crawford & Company now offers a free booklet with questions and answers designed to help you improve the service portion of your risk management program.

All of a sudden insurance is a vital business issue. Discussions of liability exposures have shifted from the lunchroom to the boardroom or the courtroom.

The risk manager is hard pressed to know what to do in these turbulent times. And questions outnumber answers.

Crawford & Company has put together a booklet with a series of questions on a number of topics of special concern to risk managers. Various Crawford risk management specialists contributed answers to these troubling questions. And this booklet is available to you without charge or obligation.

We haven't answered all the support service questions you need to ask, but give you a good start. For instance,

## RISK INFORMATION

**Q. Who owns the data in my RMIS? And in what form?**

**A.** You should ask for... as part of your contract with your RMIS supplier, a statement indicating that you own not only all data (relating to your insurance program), residing in the RMIS, but also...magnetic tape copy of the data...

## RISK CONTROL

**Q. Is there such a thing as too much risk control?**

**A.** ...the cost of control can easily exceed the cost of exposure...In order to deal with this, you should establish a budget for risk control and track or monitor results in accord with that budget.

**Q. How can I measure the effectiveness of risk control?**

**A.** ...there should be specific criteria established to measure the degree of effectiveness...These criteria must be measurable, quantifiable and relative to an exposure base.

## CLAIMS ADMINISTRATION

**Q. If my ultimate workers compensation costs either under a self-insured or insured program are based on my loss experience, is there anything I can do to control that cost?**

**A.** The effective coordination of Claims, Vocational Rehabilitation, and Risk Control can achieve substantial reduction in loss experience and ultimately reduce your workers compensation cost.

Prompt investigation of claims and coordination of defense activities should result in the prompt payment of valid claims and effective compromise or defense of those which are questionable...

Crawford & Company believes that now, more than ever before, it is critical that businesses arrange the key service components of effective risk management - risk control, claims administration, vocational/medical rehabilitation, risk management information systems, and finance - into an integrated system supporting the risk management process.

At this pivotal spot, the risk manager stands remembering that "Crawford earns your confidence... one assignment at a time."

For the remainder of the 137 questions and their answers, write for our free booklet:

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Company \_\_\_\_\_  
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Barry LaFleur  
Vice President, Market Development  
Crawford & Company  
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Atlanta, GA 30302



*You can pick up your free copy at our RIMS booth. Just fill out the coupon below & bring it by our booth. Barry*

# Spencer Foundation raises nearly \$55,000

By JOANNE WOJCIK

NEW YORK—Contributions to the Robert S. Spencer Memorial Foundation scholarship program reached nearly \$55,000 on March 12, according to foundation President Anita Benedetti.

And, "the fund raising continues," said Alfred Malecki, chairman of the foundation's fundraising committee and publisher of *Business Insurance*.

A road race and corporate team competition slated for 7 a.m. Tuesday, March 31, during the Risk & Insurance Management Society Conference in Las Vegas will raise additional funds for Spencer

Foundation scholarships.

Frank B. Hall & Co. Inc. is sponsoring the event, which will be open to both individuals and teams of three to five runners. Registration fees are \$15 for individuals and \$75 for teams, payable when registering at the conference.

All individuals who participate will receive race T-shirts, and everyone who finishes the five kilometer (3.1-mile) course that begins from the Las Vegas Hilton will receive an award.

In addition, awards will be given to the fastest male and female finishers in both the under-40 age and over-40 age group in each of the following categories:

- Risk management position.
- Insurance company/reinsurance company representative.
- Broker/consultant.
- Service company/exhibitor.
- Spouses of attendees.
- All other participants.

No day-of-race entries will be accepted, and only individuals with official race numbers will be allowed to run. All participants must be at least 18 years old, and every individual entrant and each team member must sign a release.

The \$55,000 raised so far in 1987 by the Spencer Foundation compares with \$48,760 raised by the beginning of the RIMS conference last year (*BI*, April 7, 1986).

This year, seven students were selected to receive \$1,250 scholarships, which will be announced during an awards luncheon on Wednesday, April 1. Last year, six \$1,000 grants were awarded.

In addition, four chapters have joined the matching funds program, in which participating RIMS chapters and the Spencer Foundation share the cost of awards. The size of matching funds program scholarships vary, based on the size of the individual RIMS chapter's contribution, according to Ms. Benedetti.

This year, the Atlanta, Cleveland/Akron, Minnesota and the New York chapters of RIMS joined

the matching funds program, which means four scholarships in addition to the general fund grants will be awarded, she explained.

The Spencer Foundation was established in 1979 by the Atlanta Chapter of RIMS to honor Robert S. Spencer, an exemplary risk manager and former RIMS president. Its objective is to assist students of risk management, insurance and employee benefits.

Size and number of scholarships are determined annually based on interest accrued to the principal in the foundation's account.

Ms. Benedetti declined to reveal the balance of the account this year. The foundation's bank account stood at \$143,320 as of December 1985.

The companies, groups and individuals donating to the Spencer Foundation this year include:

- Sponsors that have donated \$5,000 or more: American International Group Inc., *Business Insurance*, the Carolinas Chapter of RIMS, Marsh & McLennan Inc. and the Atlanta Chapter of RIMS.

- Benefactors that have contributed \$2,500 to \$4,999: Hartford Steam Boiler Inspection & Insurance Co., Johnson & Higgins and Liberty Mutual Insurance Co.

- Patrons that have contributed \$1,000 to \$2,499 to the foundation: CIGNA Corp., Corroon & Black Corp., Fred S. James & Co. Inc., Fuqua Industries Inc., GAB Business Services Inc., Berry L. Griffin Jr., International Risk Management Institute Inc., the Los Angeles Chapter of RIMS and the New York Chapter of RIMS.

- Contributors of \$250 to \$999 to the foundation include: American Greetings Corp., the Dallas-Fort Worth Chapter of RIMS, Del E. Webb Corp., the Fairfield-Westchester Chapter of RIMS, General Reinsurance Corp., the Golden Gate Chapter of RIMS, The Greyhound Corp., H. Felix Kroman, the Indiana Chapter of RIMS, Transportation Service Co., Trenwick America Corp. and the Western Michigan Chapter of RIMS.

- Friends of the foundation, which are contributors of \$100 to \$249, include: Anita Benedetti, the Dayton-Miami Chapter of RIMS, the Florida-Central Chapter of RIMS, Georgia Gulf Corp., Michael Grace, Guardsmark Inc., P. Richard Hackenberg, Kemper Group, James C. Newton Jr., Pacific Resources Inc., Self-Insurers Service Inc., James W. Smirles, South Central Bell Telephone Co., C.J. Spivey Associates Inc., United Banks of Colorado Inc.

In addition to the large contributions, "I am seeing so many more smaller contributions, which is good to see," said Ms. Benedetti, who also is RIMS' director of research and education. The foundation gratefully acknowledges these smaller contributors, she said.

For more information about the Robert S. Spencer Memorial Foundation Inc., call RIMS at 212-286-9292. Questions also can be addressed at the RIMS booth at the conference. ■

# Mingle with a Macaw. Get to know a Boa. Huddle with a Hawk.

Who knows what furry or feathered friend you'll meet? Visit our booth at the RIMS convention and have your picture taken with Peter Gros, co-star of "Mutual of Omaha's Wild Kingdom," and our friendly guest creatures.

Peter and his pals were the talk of the show last year in Toronto. Just wait till you see who he's bringing to Las Vegas this year!

While you're there, visit with our representatives and pick up valuable information on Mutual Preferred®, LifeAdvantage™, DentaCare™ and other premier employee benefit programs from the Mutual of Omaha Group Operation.

Look for us at the RIMS convention, Las Vegas, March 29-April 3.

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Group Operation

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## Message center located at Hilton

GAB Business Service is providing a message center for conference attendees. The message center will be located in the Hilton Center foyer of the Las Vegas Hilton. Messages can be left at: 702-791-9500.

**london**

Continued from page 30

The sale, which has been agreed in principle, is subject to formal approval by the Lloyd's Council but is expected to be completed by the end of the month, said Ian Taylor, director of Jardine.

Jardine currently acts as manager for 327 Lloyd's members writing a total of 87.7 million pounds (\$138.6 million) in premium through more than 176 Lloyd's syndicates.

The acquisition of Leslie & Godwin (Underwriting) Ltd. will result in a client portfolio of almost 500 members writing in excess of 110 million pounds (\$173.8 million) in premium through 200 syndicates, said a statement from Jardine.

**Tax victory**

Reffet Ltd., a company formed by 170 British insurance companies to recover excess U.S. taxes paid by the insurers, has won a New York court case in which Reffet's right to collect the recoveries was contested.

U.S. District Judge John E. Sprizzo dismissed a 1984 class action suit brought by Columbia Marine Services Inc. of Ohio against Reffet Ltd.

Columbia Marine, a marine services company insured by several Reffet members, alleged that the whole "plaintiff class" was entitled to excise tax refunds made to Reffet under the U.S./U.K. Double Taxation Treaty of 1980 (BI, April 9, 1984).

Columbia Marine claimed that refunds were due to the parties who "paid or otherwise bore the burden of the tax" and that the policyholders, rather than the British insurers, had borne that burden.

However, Judge Sprizzo earlier this year dismissed all of Columbia Marine's claims.

Reffet was formed in 1981 to serve as a clearing house between 170 insurers and the U.S. brokers that placed business with the insurers. Since then, it has recovered more than \$150 million in tax and interest.

**New Heath units**

Lloyd's of London broker C.E. Heath P.L.C. is forming two new subsidiaries as it consolidates following its merger with Fielding Insurance Holdings Ltd.

Heath Fielding Insurance Broking Ltd. replaces C.E. Heath & Co. (International) Ltd. and combines Heath's international portfolio and the major British facultative reinsurance business brokered by Heath's British retail division with Fielding's non-marine and non-U.S. facultative division, said Calum Stewart, chairman and managing director of C.E. Heath (Aviation) Ltd.

John MacKenzie-Green, who previously ran Fielding's facultative division, will be chairman of the new subsidiary.

Heath Fielding Reinsurance Broking Ltd. replaces C.E. Heath & Co. (Reinsurance Broking) Ltd. and combines the North American and international reinsurance and non-marine London market excess-of-loss reinsurance operations of Heath with the non-marine treaty division of Fielding. Anthony Money, who formerly ran Fielding's treaty operations, will chair the reinsurance subsidiary.

Also, C.E. Heath will retain its five other subsidiaries, including C.E. Heath (North America) Ltd., which will be managed by the Heath Chairman Richard Fielding and Dick Owles, who resigned as chairman of Gallagher Plumer Ltd.'s North American division in January (BI, Jan. 19).

**Comings & goings**

Tony Fortescue has been appointed chairman of Bowring Marine & Energy Insurance Brokers Ltd., a subsidiary of Lloyd's of London broker C.T. Bowring & Co. Ltd. Mr. Fortescue, who is succeeding Dennis Mead, will remain chief executive of the company.

Also at Bowring, Glen Stan-groom and John Nightingale appointed directors of C.T. Bowring & Co. (Insurance) Ltd. and Bowring Aviation Ltd. Bob Sanderson and Ronald Capel Cures appointed directors of Bowring Aviation Ltd.

Ross Sinclair appointed finance and administrative director of Price Forbes Ltd., the subsidiary of Lloyd's broker Sedgwick Group P.L.C. that handles North American business.

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**AEGEN** INTERNATIONAL, INC.

# The Biggest News In Excess Liability Is Buried At The Bottom Of This Ad.

The availability of a single policy of \$75 million over \$25 million in excess liability insurance is major news to anyone in need of this type of coverage.\*

But the biggest story is the American Excess Insurance Association. A new facility comprised of domestically admitted insurance companies with the underwriting skill and capacity to bring stability to the excess liability market.

The members of the American Excess Insurance Association (you may have heard us called the "American Slip") are among the nation's largest and strongest insurance institutions. The association is qualified to do business in almost every state of the union.

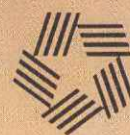
Within our single policy you can avoid missing layers, inconsistent policy language, offshore captives and disputes among multiple carriers.

\*Note: A few classes are restricted to \$50 million in excess of \$50 million. Each member is severally and not jointly liable for its share, as specified in the policy, of any assumed risk. Terms and conditions of coverage are as stated in the policy.

You enjoy the benefits of one claim manager, one underwriting facility, one policy of \$75 million beginning at \$25 million.\*

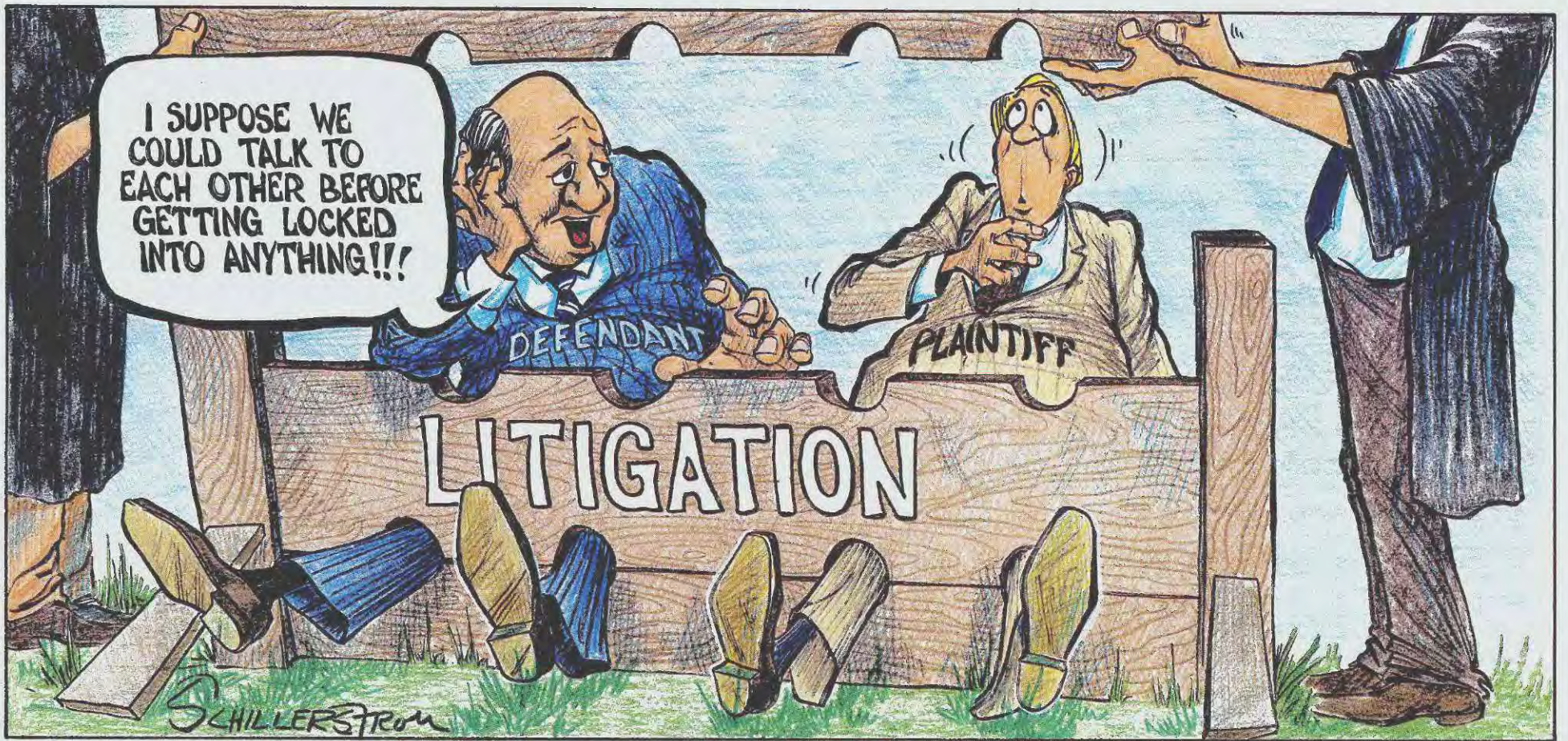
Your premiums are tax deductible and there's no added investment or "reserve premium" to lock you in. Our underwriting standards are designed to satisfy a broad spectrum of American business.

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Ætna Life & Casualty, Insurance Company of North America, a CIGNA company, Chubb Group of Insurance Companies, Crum and Forster Insurance Organizations, General Accident Insurance, The Home Insurance Company, NAC Re Group, The Travelers, Zurich-American Insurance Group. (Underwriting member companies: The Ætna Casualty and Surety Company, Insurance Company of North America, Federal Insurance Company, United States Fire Insurance Company, General Accident Insurance Company of America, The Home Insurance Company, North American Company for Property and Casualty Insurance, The Travelers Indemnity Company, Zurich Insurance Company, U.S. Branch.)



# WORKING IT OUT

## Mediation keeps parties focused on settlement instead of trial

By Brian Muldoon

**T**HE USE OF MEDIATION to settle tort lawsuits is gaining such rapid momentum in the insurance industry that some observers are calling it an incipient revolution in the legal profession.

More than 70 insurers and hundreds of plaintiffs' attorneys now are systematically moving their cases out of the courthouse and into mediators' conference rooms, with positive results. The reason for the growing acceptance of private alternatives to litigation is simple: It provides enormous savings to both sides.

More than 95% of all lawsuits settle without a jury verdict, but these settlements often come in the last stages of litigation. The conventional wisdom used to be that the best settlements are reached on the courthouse steps. It was assumed the prospect of settlement was enhanced by vigorously preparing for trial and waiting for the opposition to wave a white flag.

The cost of this assumption is high. Formal discovery is the most expensive component in resolving disputed claims. On the average, as a recent Rand Corp. study shows, the total cost of trial preparation exceeds what plaintiffs receive as compensation.

Litigation can, of course, play an important role in enabling parties to sit down at the table. Many plaintiffs believe, correctly or not, that an insurer will not seriously negotiate until a suit is filed. Moreover, a lawsuit can be useful in narrowing the issues in a dispute and provides a way to get important information that cannot be obtained independently or voluntarily from the other side.

But, in some important ways,

litigation can make it more difficult than it needs to be for parties to reach a reasonable settlement.

Both parties involved in a dispute share a common objective: Both want the best settlement they can negotiate. Even if a lawsuit has been filed, the risk of losing or passing up a fair offer almost always discourages the parties from letting the case go to a verdict.

Litigation then is really a form of indirect negotiation.

Parties to a tort action cannot effectively negotiate without exchanging basic information—like medical records—that are necessary to evaluate a case. Nevertheless, litigants usually venture beyond informational needs and use discovery to develop trial "ammunition."

Behavioral scientists have established that raising the stakes in a dispute tends to make the parties dig in their heels rather than become more willing to settle. When discovery goes beyond a request for essential information, it forces the other side to incur substantial expenses and to gather some ammunition of its own. This can cause the other party to become even more inflexible.

As a result, settlement negotiations are postponed until the whole process has either exhausted the parties, their litigation budgets or the witness list.

This suggests that the best time to explore settlement is either in the early stages of a dispute, before the parties have incurred great costs, or at the end, when the remaining costs are small compared with the risk of losing.

The purpose of mediation, as with other forms of alternative dispute resolution, is to reduce the cost of resolving claims without affecting the value of the case itself. A mediator can be retained at the outset of a case, whether or not a suit has been filed. If

the parties need additional information, they can obtain it through the offices of the mediator without formal requests or motions.

One of the benefits of mediation is that it keeps the parties focused on settlement rather than on a trial. A mediator will help the parties identify and clarify contested issues without engaging in unnecessary discovery. As a result, the parties are able to concentrate on negotiation strategies rather than preparing trial evidence.

By reducing the cost to each party, mediation actually increases the likelihood of reaching an agreement. The parties can afford some movement in negotiations without losing face.

Adversarial processes, like litigation and arbitration, tend to lock parties in polarized positions. In presenting arguments to a third person with the power to decide a case, the parties normally adopt extreme postures to highlight only the merits of their own positions. This necessarily increases the distance between them.

In mediation, the parties are motivated to close the gap themselves, because all-or-nothing positions are ineffective when agreement, rather than judgment, is the objective.

How does mediation work? First, a mediation conference, an informal meeting, is held. It begins with a short statement by the mediator, who explains the rules of the procedure and answers any questions.

The plaintiff is then invited to explain what happened in his own words. This provides the injured party with an opportunity to "get it off his chest" in a way that formal court proceedings rarely permit. It also allows the defense, if the plaintiff's deposition has not been taken, a chance to evaluate the plaintiff's appearance, current health and

credibility as a witness.

Each lawyer or claims representative then states the party's formal position. At this point, the parties are usually far apart, but will have learned important new information about the case.

To provide the parties with an opportunity to reassess their position, the mediator will typically then adjourn the formal session and ask one party to wait outside while the mediator meets privately in "caucus" with the other.

Caucusing is a unique characteristic of mediation. It is a confidential discussion with the mediator in which a party is free to disclose both its true bottom line in the case and its strategy. A party can experiment with various arguments and get candid feedback from the mediator about which approach may be most effective. In turn, the mediator learns why the parties are at an impasse and can explore strategies for moving past the obstacles.

In short, caucusing allows a party to modify its position without losing its negotiating power or unduly raising the expectations of the other side.

Sometimes several caucuses will be required with each side before a settlement is reached. In complex cases, it may even be necessary to have a second or third mediation conference.

Caucusing helps ensure that the momentum will be maintained through a conclusion, even when the parties' negotiating strategies require them to take positions strongly in opposition with each other.

Caucusing is not permitted in adversarial processes because the judge or the arbitrator is prohibited from "ex parte" consultations as a

*Continued on next page*

# Tort reform benefits all consumers

By Lawrence J. Bell

EVERY INJURY OR each incident causing damage or destruction to property is a loss of a portion of our world resources. The cost of such loss affects us all.

The loss of a productive person or property creates a scarcity or, at best, increases the cost of the product or service produced by the lost resource.

We, the consumer, pay for these losses, not some insurance company or government entity with a bottomless pit. Regardless of who pays the bills directly, we all pay a share of the cost. Consider:

- An insurance company pays the bills from a vehicle accident. Where does it get the money to do so? It collects premiums from you and me. The higher these loss costs are, the higher our premiums.

- An insurance company pays the settlements, judgments and legal fees connected with various types of liability claims against businesses, both large and small. Where does it get the money to do so? It collects premiums from these businesses.

So, the costs are borne by businesses, right? Wrong. Business adds the cost of insurance premiums it pays to the price it charges for its product. The higher the cost of claims against business, the higher the cost of the products we buy.

- Many types of losses—social benefits, for example—are paid by our federal, state, city or county governments. Where do these entities get the money to do so? They collect taxes from you and me. But, they also collect taxes from business, so it can be assumed much of the cost is borne by business, right? Wrong again. Business also adds the cost of the taxes it pays to the price it charges.

In the old days, these loss costs fell upon the individual having the loss, often beyond his or her capacity to pay—causing dire situations from a trip to the poor house to starvation. Today, we have programs to spread the costs among all of us. Theoretically, we have found the most efficient way to spread these costs is through the payment of insurance premiums and taxes. There are certain shortcomings in these methods, however:

- Much of the impact of these costs is lost upon us

## speaking out

because of the method of collection.

When these costs are paid through payroll deduction, we lose much of the awareness of how big the total really is. To all too many of us, income tax means a nice refund check every spring to pay for a vacation or a down payment on a new car.

If we had to write a check for each of our employee benefit premiums and tax payments, we would have a better idea of how much we pay.

- More important are the hidden costs we pay. Premiums and taxes paid by check or payroll deduction represent only the tip of the iceberg. Consider:

- ✓ The sales taxes, gasoline taxes, etc., that are added to almost every bill we pay.

- ✓ The taxes and insurance premiums paid by the merchant, wholesaler and manufacturer that are included in the price of the products and services we buy.

- ✓ The Social Security taxes paid by our employers, which are equal to the amount deducted from our checks.

- The distribution of what we pay leaves much to be desired:

- ✓ There is cost of administration, including the costs attributable to the diversion of funds by those we entrust with handling money.

- ✓ Because of the nature of a bureaucracy and the ignorance of those in need, many of the deserving do not receive their fair share.

- ✓ Because of their greed, avarice and downright dishonesty, many others receive more than their share, even reaping bonanzas that enable them to become wealthy from our contributions.

- ✓ In the area of liability claims, the litigation costs of the plaintiffs' and defense attorneys that, combined, are twice as large as the amount received by the injured party.

Basic economics tells us that the world does not have enough resources to fill everyone's needs and desires.

Since we are paying the bill, do we really want

our hard-earned money paying for:

- Unlimited pain and suffering after all out-of-pocket costs have been reimbursed.

- Medical and lost-time benefits that have already been paid through another source.

- Punitive damages to "punish" the wrongdoer. If punishment is warranted, it should be the province of the criminal justice system. Why should the injured party (and his or her attorney) reap this additional award after recovering all of his or her costs, including pain and suffering?

When we try to control the abuses to the system that we have created, we hear the cries of the Ralph Naders, the J. Robert Hunters and some misguided lawmakers that we are restricting consumers' rights. How about the rights of the vast majority of consumers who are paying the bill?

Because of the extent to which these costs are hidden, I can understand why the average consumer doesn't realize how much he or she is paying for these abuses. I cannot understand, however, why knowledgeable lawmakers and consumerists don't see it. Instead of trying to protect the rights of those who jump on the bandwagon to collect for illusionary and magnified injuries, why don't they help correct the abuses of the few, so we can get more mileage out of the money we pay for insurance premiums and taxes?

Let us strive for equity and balance in our tort system. The Naders and Hunters seem to be catering to the worst elements of our consumer society—the ones who are not satisfied to be restored reasonably close to the way they were before the injury, the ones who see the loss as an opportunity to be fixed for life.

Like everything else in this world, rights are limited resources. No one can have an absolute, unlimited right to anything that limits the rights of someone else. The objective of the marvelous system we have built is to keep all consumers out of the poor house, not just a favored few.

*Lawrence J. Bell, CPCU, A.R.M., is assistant vp-risk management at Revco D.S. Inc. in Twinsburg, Ohio.*

## Mediating disputes

*Continued from previous page*  
way of preserving neutrality. Since a mediator does not render a decision or even give an opinion about the proper outcome, the parties are able to reveal their real interests without fear that it will hurt their negotiating position.

Here are some common questions about mediation:

- Does mediation work if the parties are far apart on money?

Most cases submitted to mediation are ones in which the parties are so far apart they are unable to negotiate a settlement without a third party. In mediation, the disclosure of new information, as well as the catalytic role of the mediator, usually allows the parties to come to terms, even when valuations are dramatically different.

- What if a client doesn't want to settle?

Many plaintiffs have unrealistic expectations or want to have their day in court because they haven't come to terms with the risk of losing or the valid arguments of the defense. That can place a plaintiff's attorney in the uncomfortable position of having to negotiate with his or her own client.

Mediation allows the plaintiff to hear the other side's position, and perhaps to appreciate that the existence of an injury does not always

assure that the amount demanded will be awarded.

- Should an insurance company pay for the cost of mediation?

Although some mediators do expect the insurer to pay all expenses, others believe all parties should have an investment in the process. When the parties share the costs, they can be expected to expend their best efforts to reach an accord.

- When should arbitration, rather than mediation, be used?

Arbitration should be used if the dispute is non-negotiable.

However, if there is any way to get the parties to resolve a dispute voluntarily, they will be far more satisfied with the result, more likely to honor the outcome and more comfortable in negotiating with each other in the future.

Even in cases in which settlement seems impossible, there is no risk in trying mediation. Failing to reach agreement, the parties are still free to take their dispute to arbitration. The most effective way to do this may be "Med-Arb," in which the mediator—or another neutral party in the same firm—decides the case if the parties

cannot agree.

- What cases are appropriate for mediation?

Mediation should be considered for any case in which the parties have reached an impasse and it is clear the defendant will have to pay something. Mediation is not usually effective if a defendant believes it has no exposure and is prepared to litigate the case to a verdict.

In most cases, the parties should first attempt to negotiate a settlement themselves. Sometimes, however, a party may elect to

initiate mediation as a strategic first step in the negotiations. There may already be high emotions, which could lead to polarization if negotiation were attempted without a mediator.

An invitation to mediate signals that a party's opening position is likely to be reasonable and assures that the other party will respond with an offer or demand of its own.

- How should a mediation program be established?

Gradually. Establishing an effective mediation program is first a matter of evaluating the style and skills of the

mediation firm. Some mediators have a reputation as having too close of a relationship with one side or another, while others are too eager to express an early opinion about the value of a case. The parties generally are most satisfied if the mediator has the skill and the maturity to step back from the dispute, though some prefer the mediator to take a more active role.

Second, it takes time to familiarize claims representatives and defense lawyers with the negotiation process. Most claims personnel are not experienced in face-to-face negotiations and need a few mediations to become comfortable with it.

At the outset of a mediation program, it thus is important to select enough cases to test the performance of the mediator in getting the other side to the table, to determine if his or her style is compatible with the company's needs and to acquaint claims personnel with the process.

If the program succeeds, the savings will meet or exceed those promised by even the most optimistic cost-containment program.

*Brian Muldoon is vp with Resolve Dispute Management Inc., a mediation and settlement services firm in Chicago.*

**When the parties (in mediation) share the costs, they can be expected to expend their best efforts to reach an accord.**

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# Women have high regard for flex plans: Study

By JAMES M. BURCKE

Women employees appreciate flexible benefit programs more than men, according to a new survey of workers who participate in flexible benefit programs.

For instance, 97% of the women surveyed said they would be displeased if their employers returned to their former benefit programs that did not include flexible benefits, while only 64% of the males surveyed said they would be disappointed if their employers took such action.

In addition, 23% of the men surveyed said they would be pleased if their employers switched to a benefit program that did not contain flexibility, while only 2% of the women polled said they would be pleased with such a move.

The survey, conducted by Atlanta-based Swinehart Consulting Inc. for the Employers Council on Flexible Compensation, a Washington-based benefits lobbying group, was based on the responses

of 450 workers who currently participate in their companies' flexible benefits plans.

"The results show clearly that women, more than men, see cafeteria plans as an extremely beneficial factor in their lives," said Ken Feltman, executive director of the Employers Council on Flexible Benefits.

"Employers who want to attract and retain qualified women should be especially interested in flexible compensation," he added. "Women perceive that flexible plans allow them to even the playing field—a playing field that has been tilted toward benefits designed for a family model that no longer exists."

"Women are keenly aware that traditional benefit plans were designed with the idea that the male head of the household was the economic support of a non-working wife with two-plus children, a mortgage on a home in suburbia, payments on a late-model automobile and a dog," he pointed out. "Today, fewer than one worker in

five fits that former pattern."

Eighty-one percent of the total respondents—both men and women—said they would be displeased if their companies dropped the flexible benefits programs, while 12.5% said they would be pleased with such an action, 6% were unconcerned about such a move and 0.5% did not know whether they would be displeased with the decision.

Some 91% of the women surveyed said they preferred their flexible benefit plan over other benefit plans that offered fewer benefit choices, while only 1% said they did not prefer the flexible program over other programs and 8% had no opinion.

On the other hand, only 80% of the men participating in the study said they preferred the flexible plan, while 7% did not prefer the flex plan and 13% had no opinion.

Overall, 85.5% of the male and female respondents preferred their flexible plans over plans offering fewer benefits choices, while 4% did not and 10.5% did not voice an opinion.

Women were also more likely to believe their benefit coverage had improved under the flexible plans. Fifty-seven percent of the women surveyed said their level of benefits had improved with the introduction of a flex plan, 30% thought benefit coverage had declined and 1% were not sure.

Sixty percent of the men thought benefit coverage had improved with the establishment of a flexible plan, while 32% said coverage had decreased and 8% did not know.

Overall, 65% thought their flexible benefit plans had improved

coverage, 30% thought the flex plan had reduced their level of benefits and 4% were not sure.

More than half—51%—of women said their flexible benefit plan caused them to think more highly of their employers, while 41% said that their benefit program did not influence their perception of their employers. Two percent of the women said they thought less highly of their employers because they offered flexible benefits, while 6% had no opinion.

However, only 23% of the men surveyed thought more highly of their employers because of their flexible benefit plans, while 69% said flex plans did not change their feelings toward their employers. None of the men said they thought less highly of their employer because they offered a flex plan, while 8% said they had no opinion.

Overall, 37% of the male and female respondents had a better perception of their employers because they offered flexible benefits. Fifty-five percent said benefit programs did not affect their feelings toward their employers, while 1% said they thought less highly of their employers because they offered flex plans and 7% were not sure of their response.

Likewise, women were more than twice as likely as men to state that flexible benefits had a strong bearing on whether they would remain with their current employers or change jobs.

Fifty-nine percent of the women surveyed said they would strongly be influenced to stay at their current jobs if a prospective employer did not offer a flexible benefit plan. Another 28% said flexible benefits would have some influence on whether they took a new job, while only 10% said a flex plan would not influence their decision. Four percent said they were not sure what kind of influence a flex plan would have.

Only 23% of the male respondents said a flex plan would strongly influence them to stay with their current job rather than work for another employer that did not offer flexible benefits. Another 38% of the men said their flexible benefits would have some influence on their decision, while 30% said the presence of a flex plan would have absolutely no influence on whether they changed jobs. Some 9% were not sure of their response.

Overall, flex plans would have a strong influence on 41% of the respondents, while 33% said flexible benefits would have some influence on whether they changed jobs. Twenty percent said flex plans would have no influence on their decision, while 6% weren't sure of their response.

In addition, 56% of the women surveyed said that, if they were looking for a job, they would be more impressed with an employer that offered flexible benefits, while 28% said they might be more impressed with such an employer. Ten percent said flexible benefits would not influence their opinion of a prospective employer, while 6% were not sure.

On the other hand, only 26% of the men participating in the study said they would be more impressed with a prospective employer that offered a flex plan, while 50% said they might be. Twenty-two percent said flexible benefits would have no influence on their perception of a prospective employer, while 6% were not sure.

Overall, 41% said they would be more impressed with prospective employers that offered flexible benefit plans, 39% said they might be more impressed with such a company, 16% said their feelings toward a company would not be

affected by flexible benefits and 4% were not sure.

A greater percentage of women than men said they believed their employers were doing a good job of communicating flexible benefits. Sixty-nine percent of the women thought their employers had done a good job of helping them understand their flexible benefits, while 30% said employers did not do a good job of communicating their plans and 1% had no opinion.

Of the men surveyed, 60% ranked their employers' communications efforts as good, 32% said their employers did not do a good job of communicating flexible benefits and 8% were not sure.

Overall, 65% of all respondents thought their employers had done a good communications job, while 31% said they had not and 4% were not sure.

Men and women also had widely differing perceptions of their flexible benefit programs, with more women thinking that flexible programs offered greater benefits than their former, non-flexible plans.

For instance, 61% of the women surveyed said they liked their flex plan because they could avoid duplicating coverage with their spouses, while 32% said their plans did not help them avoid benefit duplication and 7% were not sure.

Meanwhile, only 15% of the men surveyed said their flex plans helped them avoid duplicating coverage with their spouses, while 82% said their plans did not help them avoid benefit duplication and 3% were not sure.

Overall, 38% of men and women said flex plans helped eliminate duplication of coverage with spouses, while 57% said the plans did not help avoid duplication and 5% were unsure.

And, 70% of the women said their flexible benefit plans offered them benefits not available from most employers, while 25% said their plans did not offer unique benefits and 5% were not sure.

Yet, only 19% of the men thought their flex plans offered benefits not available from most employers, while 65% said their plans did not provide unique benefits and 16% were not sure.

When the male and female responses are combined, 45% thought their flexible plans offered coverage that was unavailable from most other employers, another 45% disagreed and 10% were not sure.

However, men and women did have some of the same perceptions about flexible benefits plans.

For example, 62% of the men and 66% of the women noted that flexible plans allowed them to select benefits to meet their own specific needs, while 37% of the men and 31% of the women said this was not the case. One percent of the men and 3% of the women were not sure of their response.

Twenty percent of the men and 24% of the women said they could get more benefits from a flexible plan than a non-flexible plan, while 61% of the men and 64% of the women disagreed. Nineteen percent of the men and 12% of the women were not sure.

Thirteen percent of the men and 10% of the women said they could increase the size of their paycheck by trading benefits with their employers, while 27% of the men and 35% of the women said they could not increase their pay. Sixty percent of the men and 55% of the women said they were not sure.

Copies of the "Employee Attitude Survey on Flexible Compensation" are available for \$20 from the Employers Council on Flexible Compensation, 1660 L St. N.W., Suite 715, Washington, D.C. 20036; 202-659-4300.

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## Miami conference

# Kidnap coverage hard to find: Broker

By MICHAEL BRADFORD

MIAMI—Corporations that want to cover executives who might be kidnap and ransom targets have only a few markets to tap for the insurance.

"It's a very thin marketplace," said William J. Manson Jr., president of K.R.I Corp. in Key Biscayne, Fla.

Mr. Manson, whose firm operates as a kidnap and ransom insurance broker and consultant, participated in a panel discussion on the coverage at the Third Annual International Insurance Assembly held in Miami earlier this month. He told the attendees that he is aware of only six markets that consistently underwrite kidnap and ransom exposures.

While he would not specifically name the insurers that write the coverage, Mr. Manson said three are syndicates at Lloyd's of London, two are U.S. insurers and one is a managing general agency in the United States that holds underwriting authority for another Lloyd's syndicate.

Panel member Anthony J. Morphew, president of American International Group Inc.'s special services division, said that the New York-based insurer is one of the U.S. underwriters of the coverage.

Chubb Corp. also is a known market for the coverage.

Kidnap and ransom insurance indemnifies a policyholder for expenses incurred as a result of a kidnapping and for ransom paid to free a kidnap victim.

Mr. Manson said all the insurers write kidnap and ransom coverage on a "basic, 'boilerplate' form." The insurers also will consider several endorsements to policies.

"The trick, of course, is to find out who will do what," he said.

He said three of the six insurers refuse to write coverage for "previously kidnapped persons," while the other three routinely insure those who have been grabbed before on the assumption that "lightning doesn't strike twice in the same place."

Of the insurers writing the coverage, Mr. Manson said:

- Two will write policies that carry non-cancellation clauses with no restrictions, while one will write such a policy but only for the first \$1 million in limits.

- Four are competitive on rates.

- Four will write excess layers, though they won't write excess of all the other kidnap and ransom underwriters.

- Five will write coverage in Latin America, a region where kidnappings occur frequently.

- Four will accept business without signed applications.

Mr. Manson pointed out that "every underwriter in every line deserves to have a completed and signed application." However, because he "lives in Miami and travels frequently to places such as Bolivia and Peru," Mr. Manson said, "I am suspect as being in the drug business. You wouldn't believe the scrutiny I've experienced."

Since his belongings are often inspected by local authorities, Mr. Manson said he prefers not to carry signed documents with the words "kidnap and ransom insurance policy" at the top in order to protect the privacy of clients.

Therefore, he has arranged with four underwriters to bind coverage without signed applications from policyholders, he said.

Mr. Morphew of AIG said there are "three main insurance agreements" contained in kidnap and

ransom policies.

The coverage provides for "reimbursement for the ransom money or extortion money paid, up to the limits of the policy," he explained.

In addition, kidnap and ransom insurance will reimburse the policyholder for the money if it is "lost in transit," he said, explaining that sometimes ransoms are stolen or "misappropriated" by a third party in the course of being paid or collected.

"Unusual, but that's happened," he remarked. "And again, the policy would pay up to the limit of the cover."

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## Kidnap and ransom policies

Continued from previous page

"Thirdly, and importantly," kidnap and ransom policies "cover expense costs," Mr. Morpew said. The coverage generally indemnifies the policyholder for "most reasonable expense costs incurred by the insured party in response to the incident," he added.

Typically, covered expenses include consultant fees, rewards, interest on bank loans, legal fees, money spent on travel and accommodations and other costs related to a kidnapping incident, said Mr. Morpew.

"Unlike some other insurance coverages," Mr. Morpew remarked, "the policy limit will apply to each of these three main insuring agreements. So that means a policy with a limit of \$5 million could result in a claim of up to \$15 million."

Some of the endorsements written on kidnap and ransom policies are "quite important," according to Mr. Morpew.

There are endorsements, he said, covering accidental death or dismemberment in connection with a kidnapping incident, recall expenses, losses due to business interruption and

others.

In addition to policies written for corporations, Mr. Morpew said insurers also offer coverage for individuals on separate forms.

Mr. Morpew said premiums for kidnap and ransom insurance "vary tremendously, depending upon the perceived risk of the insured corporation or family."

The "profile" of a potential policyholder will determine, among other things, whether the client is perceived to be wealthy, Mr. Morpew explained.

If so, he noted, the policyholder has a greater chance of being targeted by kidnappers.

An underwriter also considers the "country exposure," said Mr. Morpew. Several countries in the world are considered "high-risk" for potential kidnappings, he added.

Once a company or family has been profiled, it may be charged a premium ranging from \$2,000 to \$30,000 or more per \$1 million of coverage, said Mr. Morpew.

Generally, U.S. companies seek limits from \$10 million to \$20 million, he added, while families look for lower coverage amounts.

While insurance affords corporations and families some

protection against financial loss in the event of a kidnapping, it also provides an important social function, according to another panel member.

Hugh E. Bicheno, chief consultant of Security Management Ltd., is often called to the scene of a kidnapping to provide consulting services to those involved in the incident. His fees are covered by a policyholder's kidnap and ransom policy.

"I cannot think of another line of insurance where the underwriter provides the client, free of charge, with the extensive services of expert consultants to help to minimize the human cost and suffering of an insured catastrophe," said Mr. Bicheno. He explained that his chief aim in a kidnapping is to help with negotiations and "get the victim back alive and unharmed."

In addition, Mr. Bicheno said his role is to provide psychological support to family members and others concerned about the victim.

Mr. Bicheno said that although insurance coverage is "peripheral to my job... undoubtedly it's a hell of a lot better for the clients, and the victim, if there is a nice, discreet insurance policy behind them," because sometimes "you can't win."

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## IEA will be stronger exchange after problems subside: CEO

By MICHAEL BRADFORD

MIAMI—The Insurance Exchange of the Americas, with most of its syndicates currently in rehabilitation, will re-emerge with reduced capacity but with greater controls to prevent the problems from recurring, according to the exchange's president.

IEA President and Chief Executive Officer Nicholas Cross said the process by which the Florida Insurance Department can give the syndicates a clean bill of health and lift them from rehabilitation is "perhaps the only one that will enable us to re-establish the credibility of the individual syndicates in the eyes of the public and in the eyes of our colleagues in the pro-

fession."

However, he also pointed out that the Insurance Department has the authority to remove "syndicate by syndicate" the IEA members that cannot be rehabilitated.

Mr. Cross made his comments during a panel discussion at the International Insurance Assembly in Miami earlier this month.

The panel also included officials from the New York Insurance Exchange, the Illinois Insurance Exchange and two exchanges forming in Canada and Australia, who told conference attendees about plans and concerns at their respective operations.

Referring to the Florida Insurance Department's procedure for lifting syndicates from rehabilitation, Mr. Cross told conference attendees that he expects the IEA "will emerge from this process undoubtedly with diminished capacity."

The current structure of the guaranty fund leaves it open to a "domino effect" that could threaten the financial stability of several syndicates in the event of a large loss, Mr. Cross explained.

When the guaranty fund was set up, it was intended to protect policyholders, Mr. Cross noted. However, he said, "We're finding it is having exactly the reverse effect."

For example, Mr. Cross said, a syndicate that has practiced prudent underwriting and declined a piece of business it felt was risky, still could end up sharing in losses connected to the business because of regulations in the guaranty fund's bylaws.

Although the Insurance Department is considering amendments that would limit the liability of some syndicates in the event of a large loss, "what we really need to do is sit down with the Insurance Department in Tallahassee and rewrite the constitution of the guaranty fund," Mr. Cross asserted.

"We stand to lose some syndicates along the way. But we will emerge with a strengthened control system, and we'll certainly be a hell of a lot wiser," Mr. Cross explained.

Of the 15 active syndicates at the exchange, at least seven have filed or have indicated they will file for rehabilitation. In addition, the Insurance Department has obtained court orders that require three other syndicates to prove they are financially unimpaired and not in need of rehabilitation (BI, Feb. 23, Feb. 16).

The IEA's most recent problems are connected to heavy losses on reinsurance business assumed by most of the exchange's syndicates. Since the losses were discovered, the IEA has stopped underwriting all business indefinitely.

The facility's credibility also has been strained by a lawsuit filed by Omaha Indemnity Co. against two IEA syndicates. The suit, which is currently in arbitration, concerns payments on business by Omaha Indemnity to RAM Syndicate Inc. and Administrative Management Services Syndicate Ltd. Inc. (BI, Sept. 1, 1986; April 28, 1986).

In a statement that accompanied his presentation, Mr. Cross said the exchange has slashed its staff by 30% "to conserve cash and enable the exchange to continue to fund its operations throughout the period of the moratorium on new business. We calculate that we have resources sufficient to cover at least six months of operations, which far exceeds the anticipated duration of the moratorium."

Part of the strengthening of controls Mr. Cross referred to involves amending the IEA's guaranty fund to protect the investments of new syndicates. The exchange has submitted proposed amendments to the Insurance Department and is awaiting approval.

Mr. Cross explained that some of the IEA's problems have stemmed from its eagerness to grow quickly.

"There are problems with the kind of business you see when you first start up," he said. "All the garbage drops on your doorstep during the first month of underwriting. And it's tough to say 'no' when you're conscious of the overhead and you're conscious of the need to start developing premiums."

Meanwhile, the New York Insurance Exchange can expect significant new investment in that marketplace this year, noted a NYIE representative.

Roy G. Nelson, president of the New York Syndicate Members Assn. and president of Johnson & Higgins Willis Faber (USA) Inc., said the NYIE expects to attract at least \$100 million in new capital this year.

"But candidly, no one is concerned with getting large," he added. "We want to provide a stable financial marketplace."

Mr. Nelson said one of the pressing issues at the NYIE, where five syndicates are insolvent, is increasing minimum capital and surplus requirements.

Currently, syndicates on the exchange are required to capitalize at a minimum of \$5 million.

"We need to encourage the larger syndicates to raise capital and surplus minimums in stages to at least perhaps \$10 million," Mr. Nelson said.

He pointed out that many syndicate management companies at the NYIE will not take on new clients that have less than \$10 million in capital.

Mr. Nelson said he is recommending that the minimum capital

Continued on page 41

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Continued from previous page requirements be raised to a point that would "respond to the financial security concerns of the purchasers and that we actively and aggressively promote additional investments from all sources. However, some thought has to be given to allowing existing syndicates to function under the old capital and surplus requirements."

At the Illinois Insurance Exchange in Chicago, officials are concerned with developing a "lead-follow relationship" among the 14 active syndicates.

Gary Hackley, the IIE's vp of regulatory compliance, said that too often the lead underwriter is carrying 100% of the risk on business submitted to the exchange.

"We believe that as the market softens for excess and surplus lines coverages, it will be important to put together larger limits," Mr. Hackley said. Therefore, the IIE is encouraging its syndicates to "get together and agree on common claims-made and occurrence policies to use for risk sharing," he noted.

In addition, the IIE is adding a new staff member who will be responsible for taking signed line slips from a lead underwriter to other members of the exchange.

Plus, the exchange is working on creating a computerized data base to provide more loss development information.

Ted Belton, president of the newly formed Canadian Insurance Exchange, told conference attendees that the Toronto-based facility expects to begin operations in late April or early May.

Currently, he added, the exchange has "got to play the role of marriage broker" to bring together syndicate investors with management companies that have similar business philosophies. "That is proving to be a time-consuming process," he noted.

Mr. Belton said he expects to see the first syndicate applications before the end of this month.

Syndicates are required to post initial capital of \$5 million, and the facility will not let a syndicate operate if that figure falls below \$4 million.

Mr. Belton said interest in the exchange indicates that investors are willing to pump from \$130 mil-

lion to \$178 million into new syndicates. All of that capital would be from Canadian investors, and 85% would come from other than "conventional insurance sources."

While underwriters at the exchange originally were expected to write mostly reinsurance, Mr. Belton said current projections reveal that as much as 65% of the business written by syndicate members will be direct insurance.

And, the Australian International Insurance Exchange is "about a year to a year-and-a-half behind Canada" in its formation process, noted David MacKinlay, chairman of the exchange's implementation committee. He said he hopes to see the exchange open in Perth sometime in 1988.

Mr. MacKinlay said the Australian exchange will compete for the estimated \$2 billion in direct and reinsurance premiums that leave Australia each year. Capturing "a small percentage would contribute to a very viable exchange." ■

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### Conference attracts 100

MIAMI—The Third Annual International Insurance Assembly, held March 9-11, attracted about 100 registrants to Miami to hear a variety of insurance-related presentations.

Registrants, who were mostly underwriters, insurance brokers and attorneys, gathered at the University of Miami Conference Center at the James L. Knight International Center in the heart of downtown Miami.

Material covered at the assembly included updates on each of the three U.S. insurance exchanges and reports on kidnap and ransom insurance, the Florida Insurance and Tort Reform Act of 1986 and other topics.

The three-day conference was sponsored by the Insurance Exchange of the Americas, the Florida International Insurance & Reinsurance Assn., the University of Miami and the city of Miami.

Information on the annual meeting is available from the conference coordinator, University of Miami Conference Center, 400 S.E. Second Ave., Fourth Floor, Miami, Fla. 33131; 305-372-0140.

# Florida tort reform must expand: Underwriter

By MICHAEL BRADFORD

MIAMI—Florida's Tort Reform and Insurance Act of 1986 is a step in the right direction, according to an underwriter at the Insurance Exchange of the Americas.

But the legislation doesn't go far enough to provide the predictability insurers need to properly gauge and underwrite risks, said George Bahm, executive vp of Citadel Management Corp.

The constitutionality of the legislation passed last June currently is being contested in Florida's Supreme Court and a decision is expected soon, according to the Florida Insurance Department.

Tort reform provisions in the law include a cap on non-economic damage awards, changes in the way punitive damages are awarded and a restructuring of the state's doctrine of joint and several liability.

The legislation also gives the Insurance Department greater authority in approving rates charged by commercial insurers in Florida.

The department already has used temporary authority granted by the court to slash 1987 rate requests (BI, Dec. 15, 1986).

Mr. Bahm, speaking as part of a panel discussion at the International Insurance As-

**While the Florida law attempts to establish some predictability, 'it is still a small and tentative step,' says George Bahm, executive vp of Citadel Management Corp. 'It won't yet provide the predictability I, as an underwriter, seek, although it is a start. It's a foot in the door, and that's the most important thing.'**

sembly in Miami, said "underwriters have to have predictability" to be able to price insurance properly.

Without the ability to estimate losses and claims payments, he said underwriters are forced to either charge too little for coverage, "which risks insolvency;" charge too much, "which makes the coverage unaffordable;" or "take the easiest path and withdraw from those classes where you can't predict what will happen."

All of those options, he added, "are bad for the consumer of insurance."

And, while the controversial Florida law attempts to establish some predictability, "it is still a small and tentative step," said Mr. Bahm. "It won't yet provide the predictability I, as an underwriter, seek, although it is a start. It's a foot in the door, and that's the

most important thing."

Panel member Sen. Mattox S. Hair, D-Jacksonville, told the group, "I do think that it is significant that we did enact tort reform this year. A lot of people have said that what we did will have very little bearing on insurance premiums."

"I think that the important thing is, we made a chink in the armor, so to speak. We did some things that we've never been able to do in prior years and we've moved in the right direction in my opinion," said Sen. Hair.

But Mr. Bahm said lawmakers should have gone further in establishing tort reform measures to bring order to a court system that he called a "chaotic non-system."

While the law sets forth a "very important step in the right direction," by establishing a

\$450,000 cap on non-economic damage awards, the figure "doesn't mean much," said Mr. Bahm.

"I've talked to quite a few plaintiffs' attorneys that are very happy with it because they don't see many cases where the non-economic damages go beyond \$450,000."

The cap should be set at \$250,000 to \$300,000, Mr. Bahm argued. "There's no reason why we can't fine-tune it down," he said.

The law's restructuring of joint and several liability requirements is "hard to understand and apply as it stands," said Mr. Bahm.

Under the legislation, joint and several liability would remain in effect for both economic and non-economic damage awards less than \$25,000, as in the current law.

For damage awards greater than \$25,000, joint and several liability would apply only to economic damages and only in cases where the fault of the defendant is found to be equal to or greater than the plaintiff.

Like the cap on damage awards, new requirements for joint and several liability would carry a 1991 automatic expiration or "sunset" date.

*Continued on next page*

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# German attorney views variation in tort systems

By MICHAEL BRADFORD

MIAMI—There is a general sense of disbelief among West Germans about the U.S. tort system, says an attorney for a West German re-

insurance company.

"In fact, I have found that even Europeans who have nothing to do with the insurance business cannot comprehend why manufacturers should pay for injuries out of the careless misuse of a product," says Marianne Oren, an attorney with Bayerische Ruckversicherung in Munich, West Germany.

Ms. Oren outlined some of the differences between West German and U.S. product liability laws at the Third Annual International Insurance Assembly in Miami earlier this month.

There is a "great deal less tort litigation in West Germany" for a number of reasons, Ms. Oren noted.

"The first hurdle for a German who wants to bring an action for a large amount of damages is that he or she would have to pay court costs according to how much money is claimed," Ms. Oren explained.

While court costs are nominal in the United States regardless of the amount sought in the suit, "in West Germany, only a rather wealthy person could afford to pay the court costs involved in a suit for 10 million marks (\$545,000)," she said.

Another reason suits are filed more frequently in the United States is because of the way lawyers are paid. A U.S. plaintiff's attorney works for a contingency fee based on a percentage of the anticipated award.

However, in West Germany, lawyers are paid according to a table of fees outlined in appropriate statutes. "There is no variation" from the statute, Ms. Oren pointed out.

In fact, she added, "the American contingency fee system is not only non-existent in Germany, it is also banned by the law as unethical."

The social welfare systems in the two countries also influence the number of lawsuits that reach the courts, Ms. Oren observed.

"For example, if I were to swallow a bad batch of tuna salad in

Germany... my subsequent hospital stay would be covered 100% by my health insurance. So would any medications I would have to take after leaving the hospital."

The German social welfare system "picks up the bill," not the producer of the tuna or its liability insurer, Ms. Oren explained.

Although litigation against manufacturers of asbestos in the United States is ongoing, Ms. Oren noted that claims against manufacturers of asbestos products are "virtually unheard of in Western Europe. Not because asbestos wasn't used there. Cases of asbestosis certainly do exist, but they

**'The American contingency fee system is not only non-existent in Germany, it is also banned by the law as unethical,' says Marianne Oren, a West German attorney.**

are paid for by health insurance and workers compensation carriers, not by the liability insurers."

Different psychological tendencies between workers in West Germany and workers in the United States also account for fewer lawsuits in Germany, Ms. Oren remarked.

Ms. Oren said a German that lost a finger in a machine at work "would feel stupid" for making a mistake that caused the loss of the digit, while such a mishap in the United States likely would lead to a lawsuit.

When a suit does reach the German legal system, there are significant differences in the way it is handled, compared with the way lawsuits travel through the American court system, according to Ms. Oren.

The discovery process common to U.S. litigation is "virtually unknown in Germany," Ms. Oren said.

"The American exchange of documents is particularly irksome" to Germans, she added. "The other side in a legal battle does not get to

*Continued on next page*

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## Florida law

Continued from previous page

"The law still retains large loopholes of joint and several," said Mr. Bahm. While the provision also is a "step in the right direction, it isn't enough," he said.

"There is no reason a solvent defendant should have to pay more than its share of an award," he said. "The apportionment should be based upon the percentage of fault."

Mr. Bahm suggested that lawmakers consider other ways to fund judgments that cannot be fully satisfied because defendants are unable to pay.

"One way to fund unsatisfactory judgments," he said, would be to use the proceeds from punitive damage awards in the state to pay damages in judgments that cannot be completely paid by defendants.

Mr. Bahm said that instead of 60% of punitive awards going to the state as the new law would require, "give it all to the state to pay judgments against insolvent

## German system

Continued from previous page

see documents in the possession of the opponent."

Also, "depositions are unheard of" in West Germany, Ms. Oren pointed out.

And cases there "are decided by professional judges, not by a jury of one's peers," she noted. "The idea of the jury is perhaps the strangest concept of the American system for Europeans to comprehend."

Punitive damages, which are frequently assessed as part of awards in the United States, do not exist in the German legal system, according to Ms. Oren.

Punitive damages are regarded as "the bogey man of the American system" by Europeans, who feel punitive awards are "the biggest

**Europeans feel punitive awards are 'the biggest threat to economic stability,' Ms. Oren says.**

threat to economic stability," Ms. Oren added.

Small awards for non-economic damages are allowed in the German legal system, but they are meant to have only a symbolic value, Ms. Oren noted. "Pain and suffering are considered to be things one cannot replace with money."

On a different front, David J. Springbett, president of London broker PWS Group P.L.C., told conference attendees that scandals in London in recent years have led to tighter, more professional underwriting practices in that marketplace.

"During the last decade, the London market has probably been rocked like it never has been rocked before," said Mr. Springbett.

"It's had scandal after scandal, problem after problem," he explained.

Mr. Springbett mentioned a case in which his company was involved several years ago. The brokerage had placed insurance on a shipment of Fiat automobiles that caught fire while still on board the vessel that was to carry the cars to the United States.

Of 300 cars taken off the ship, only eight were damaged, Mr. Springbett said.

Such incidents have led London insurers to be more stringent in their underwriting requirements, Mr. Springbett noted. "By and large, they're being much more professional," he pointed out. ■

**'There is no reason a solvent defendant should have to pay more than its share of an award. The apportionment should be based upon the percentage of fault,' says George Bahm, executive vp of Citadel Management Corp.**

defendants."

Panel member George Love, administrator of surplus lines for the state Insurance Department, told the gathering that the legislation not only attempts to establish tort reforms, but also aims at alleviating insurance availability and affordability problems by setting up

alternative markets.

He pointed out that the law allows the formation of a joint underwriting authority to provide all lines of commercial insurance to buyers who cannot find coverage in the traditional marketplace.

Florida Insurance Commissioner Bill Gunter has signed an order

calling for formation of the JUA, which will become operational if the law is upheld by the court.

In addition, Mr. Love pointed out, one of the law's provisions allows the formation of commercial self-insurance funds to cover members' liability exposures.

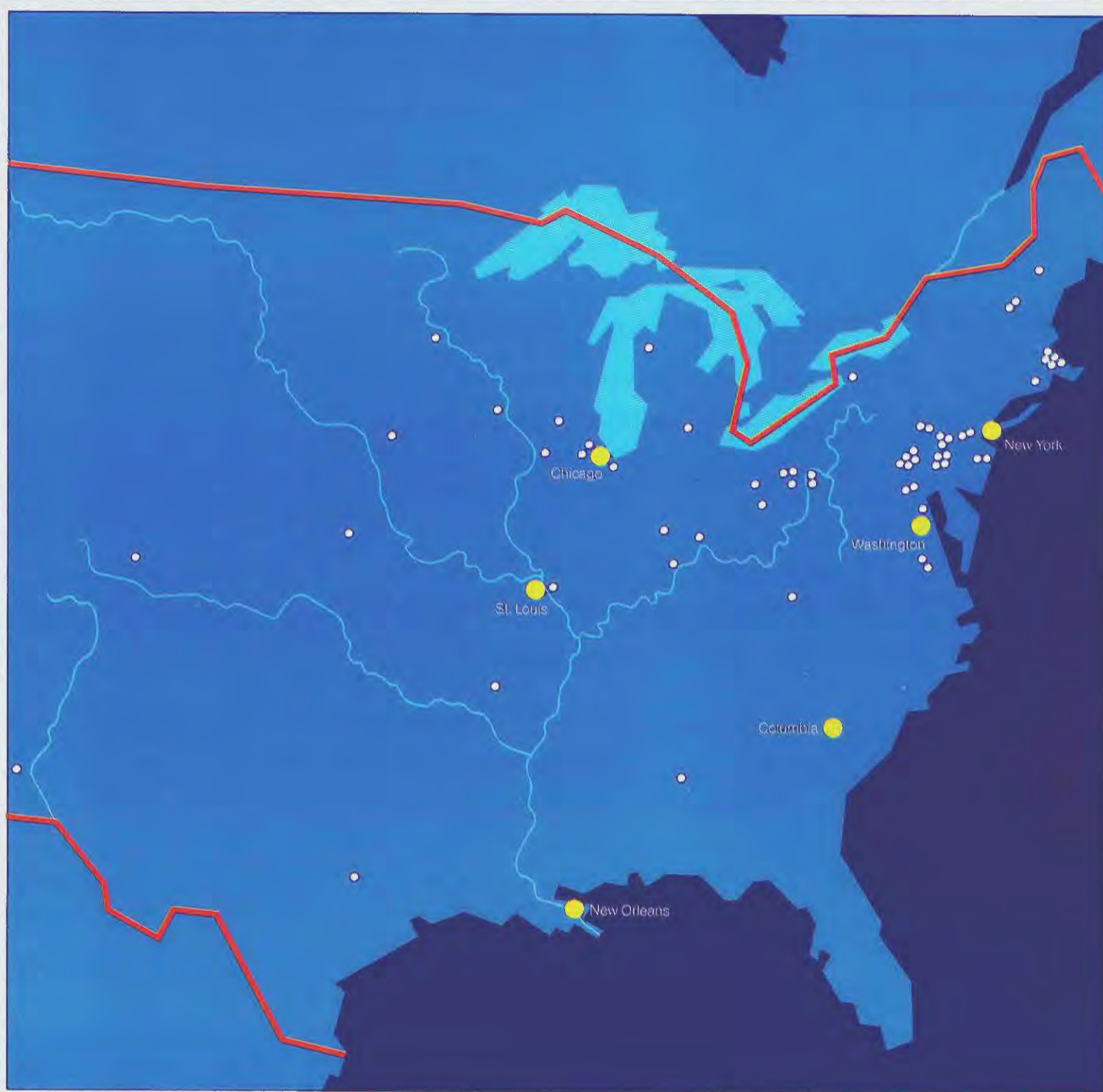
Under the law, associations of businesses are allowed to set up the funds. Another benefit to buyers under the legislation is a requirement that insurers notify policyholders at least 45 days before cancellation, non-renewal or premium increases on property/casualty coverages.

Mr. Love pointed out that policyholders were complaining that premium increase notices were not

being given until shortly before taking effect. Because of that, insurance buyers said they did not have time to "research the market" for lower rates when notified of an increase, said Mr. Love.

But with the legislation in place, buyers will have a chance to "see what is available," rather than having to accept a premium increase or let coverage lapse while looking for less expensive coverage, according to Mr. Love.

John Thornton, an attorney with Thornton, Herndon & Mastrucci in Miami, was also on the panel. The panel was moderated by William Sadowski, an attorney with the Miami firm of Akerman, Senterfitt & Eidson. ■



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## Petroleum conference

# Court rulings redefine maritime law

By MICHAEL BRADFORD

NEW ORLEANS—Court cases decided in recent years are clarifying—and sometimes confusing—several areas of maritime law, two attorneys say.

Joel L. Borrello and Mark J. Spansel, members of the New Orleans law firm of Adams & Reese, explained some of the ways maritime law has been reshaped in recent years at the Eighth Annual Petroleum Insurance Conference, held earlier this month in New Orleans.

The concept of product liability within maritime law, for example, was clarified by a June 1986 U.S. Supreme Court decision, Mr. Borrello said.

"The reason that this is important is that for several years there has been significant uncertainty" as to whether the concept of product liability applied to maritime law, he explained.

"As you know, maritime law develops on a case-by-case basis," said Mr. Borrello, "and there are very few statutes that control it. That being the case, did maritime law encompass product liability?"

"The court said indeed there is a body of product liability law recognized in the maritime law context," he said, but the court also ruled that product liability law would not apply to some instances of maritime property damage.

The case involved a claim by a ship owner against a manufacturer of high-pressure turbines for new vessels. The ship owner sued the manufacturer, claiming the turbines failed and, as a result, profits were lost and costly repairs incurred.

The court held that the incident occurred in a maritime jurisdiction and went on to rule that maritime law does not furnish a basis for such a claim. It held that laws regarding warranties are better suited to govern such a claim.

The court ruling also established that maritime law does not provide the basis for an action against a manufacturer when the only damage is to the

**'It seems like there is a prevalence of punitive damages claims now. Any time there's even the slightest thread of support for a possible punitive damages claim, you see it being asserted,' says attorney Mark Spansel.**

product that the manufacturer produced.

However, the court's ruling made it clear that maritime law does provide remedies for accidents caused by defective products that cause personal injury or damage to other property.

Mr. Spansel pointed out that courts also have recently begun to establish some patterns in awarding punitive damages in maritime cases.

"It seems like there is a prevalence of punitive damages claims now," Mr. Spansel remarked. "Any time there's even the slightest thread of support for a possible punitive damages claim, you see it being asserted." However, he pointed out, punitive damages are prohibited in certain maritime cases.

Punitive damages may not be recovered under the Jones Act or Death on the High Seas Act, which provide for other remedies, he explained.

The Jones Act allows seamen to receive compensation for on-the-job injuries.

The Death on the High Seas Act provides for recovery for deaths "caused by wrongful acts, neglect or default on the high seas."

Mr. Spansel said courts increasingly are recognizing claims for punitive damages in cases that involve the "unseaworthiness of a vessel. The vessel owner owes a duty to provide a vessel reasonably fit for its intended use."

Punitive damages are also being awarded in cases of "maritime negligence," or cases in which a defendant is found to have acted with gross disregard for the rights of the plaintiff, he said. That standard also applies in cases of "maintenance and cure" claims, in which a plaintiff seeks compensation for expenses that are incurred from an accident on board.

The subject of punitive damages has posed some significant insurance problems, according to Mr. Spansel.

"Some courts say that it depends on what the policy says. If the policy says it covers punitive damages, then so be it."

However, Mr. Spansel added, a federal district judge in Lafayette, La., ruled that regardless of policy wording, punitive damages cannot be insured. "The reason being, if it's going to be a punishment and a deterrent," the defendant must pay the damages, he explained.

One aspect of maritime law that has never been clearly defined by the courts centers on the loss of consortium, according to Mr. Borrello.

Loss of consortium in relation to maritime law was defined by the Supreme Court in 1980 to include the loss of "love, affection, care, attention, companionship, comfort and protection," said Mr. Borrello.

"The court said it does not include however, grief or emotional stress," he added.

The point the court was trying to make, said Mr. Borrello, was that plaintiffs should be compensated for something they lost, not emotions suffered.

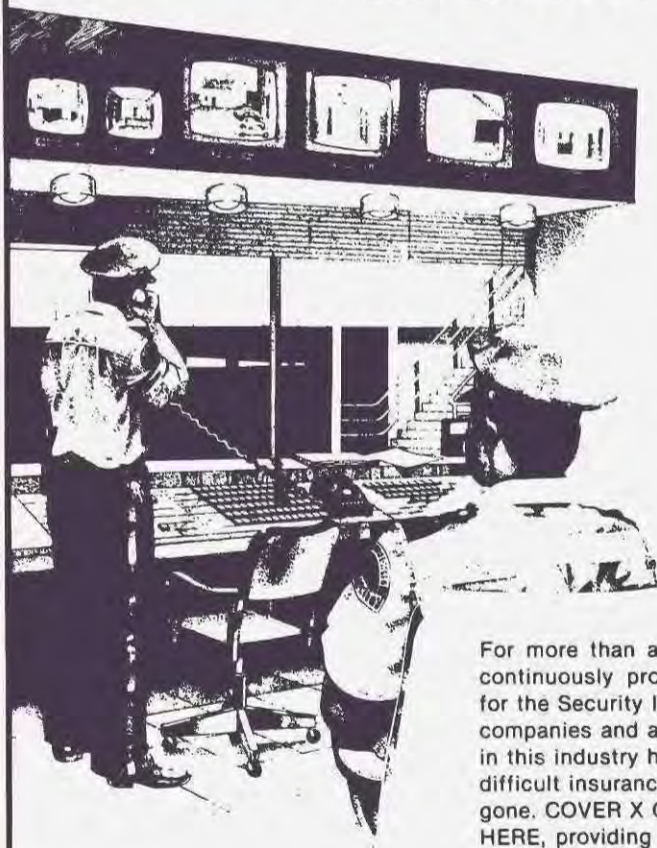
While the court attempted to define what could trigger a loss of consortium claim, it failed to adequately describe what types of plaintiffs would be entitled to recover damages under the claims, according to Mr. Borrello.

Whether a plaintiff may recover damages for loss of consortium could depend on the status of the injured party under maritime statutes like the Jones Act, the status of the claimant and the site of the accident, Mr. Borrello explained.

In literature provided with his presentation, Mr. Borrello referred to a case in which the parents of an injured seaman were denied damages for loss of consortium. Although the injured man was living with his parents at the time of his accident, the court held they could not recover damages because they were not financially dependent on their son.

In another case, a longshoreman's minor son was denied loss of consortium benefits. In that case, the injured man was hurt as the result of the vessel owner's negligence and the court held that common law did not allow a minor to bring such an action.

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# Risk, benefit managers share similar skills

By MICHAEL BRADFORD

NEW ORLEANS—The objectives of risk management and employee benefits management are very similar, two experts say.

And, a logical expansion of a risk manager's duties would be to supervise both risk management and employee benefits programs, they add.

Businesses today "can no longer afford battalions of middle managers," noted Alexander H. Szabo Jr., director of the corporate accounts division of Travelers Corp.'s National Accounts Group in Hartford, Conn. at the Eighth Annual Petroleum Insurance Conference in New Orleans.

Oil and gas companies' drive to "be lean and mean" in the struggle to compete in the current economy could have severe effects on risk managers and employee benefit planners, he added.

Because oil and gas companies are trimming management ranks, managers who "take new risks and accept new responsibilities" will have a greater chance of keeping their jobs.

Mr. Szabo said one way some risk managers can take on more responsibility is by assuming the duties performed by the employee benefit manager. "If you compare the responsibilities...there is a high degree of similarity between the risk manager and the benefits manager," he said.

Both managers "identify the risk, both implement activities to contain it, both communicate with the employees and within the organization to manage the risk involved and both are constantly involved in re-evaluating and re-assessing those activities," Mr. Szabo said.

It would seem that "this is a very common area where risk managers may be able to take a larger hand to provide assistance to the corporation and become more productive," Mr. Szabo remarked.

In fact, he said, trends show that risk managers have begun expanding their roles to include responsibility for purchasing group health and other benefits-related coverages.

"And this is something I think that current risk management people who are not now involved in benefits should take a very hard look at," he said.

R. Susan Weir, assistant vp at Alexander & Alexander of Texas Inc. in Dallas, told the risk managers who were attending the conference that "overall, benefits have become very visible and very costly."

Senior management, she said, "has realized that benefits are no longer simple and easy to manage. The cost implications are much greater than they were a few years ago."

Because benefits management is now "a highly technical function with significant potential to impact the bottom line of the corporation," risk managers that have expertise in financial areas are now "being thrust into the responsibility to control benefit costs."

Generally, "risk managers have the expertise to grasp the total impact of intricate and complex relationships between a vast array of programs," according to Ms. Weir.

Mr. Szabo said insurers are reacting to the greater involvement of risk managers in the benefits area by offering "a whole new set of products."

He said major multiline insurers are trying to accommodate the managers who divide their time between risk management and employee benefits planning by offer-

**Because corporations are trimming management ranks, managers who 'take new risks and accept new responsibilities' will have a greater chance of keeping their jobs, said Alexander H. Szabo Jr. of Travelers Corp.**

ing:

- Combined rating plans, "which tie together" group life/health and property/casualty insurance premiums into one payment.

- The ability to cross-check benefits and workers compensation claims for duplicate submissions.

- Combined claims information from both property/casualty and

group coverage into a single loss exhibit.

"If you're having to explain to your divisions why they need to build in higher cost figures in their production costs as a result of insurance...the more you can show in single exhibit, the less you're going to have to explain to them," Mr. Szabo said. "Insurance companies are attempting to deal with this."

Ms. Weir said that senior management is continuing to put pressure benefit managers to structure and operate more cost-effective plans.

"Management perceives that benefit costs are getting out of hand," she remarked.

"And while there is no single technique that can effectively measure return on benefit investments, there is good judgment," she added.

Ms. Weir explained that if a corporate benefit program costs \$500,000 to implement and only \$300,000 is being paid as benefits while \$200,000 goes toward administrative expenses, "we can expect that that return is not judged very good."

Elimination of wasteful expenses has always been a management

goal, she said, "but it has not been perceived in the benefit area as in other areas"

Apart from established measures that control health care utilization, risk managers who are put in charge of benefit programs have to consider other ways of keeping benefit costs down, according to Ms. Weir.

"You also have to control the cost of the systems that deliver benefits," she said, adding that "the quality of administrative systems varies widely."

The objective of an administrative system, she explained, should be to "ensure that claims are paid only to eligible employees, plan provisions are properly interpreted and applied, and in the medical plan, only the appropriate fees are considered covered expenses." ■



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# Oil firms make loss control errors: Expert

By **MICHAEL BRADFORD**

NEW ORLEANS—Businesses in the oil industry make a lot of common mistakes trying to implement effective loss control programs, according to a loss control professional.

Michael G. Golden, a senior loss control management consultant with CIGNA Loss Control Services' International Safety Academy in Houston, noted the mistakes are similar, "no matter where I go."

He pointed out that recent trips to Scotland, Singapore and Midland-Odessa, Texas, all revealed the same types of errors made by management interested in improving safety and controlling losses.

Mr. Golden outlined some of those mistakes in a presentation at the Eighth Annual Petroleum Insurance Conference held earlier this month in New Orleans.

"One of the mistakes that I see being made, in relation to an organization getting into loss control," is failing to set objectives or only setting vague ones, he said.

Instead of working toward specific goals, many petroleum-related businesses focus only on the activities involved in controlling

losses. "And they don't know what these activities are producing."

A common goal for a corporation to work toward to cut the number of losses and improve safety should involve "prevention and control of the underlying causes of personal injury, property damage and other losses," said Mr. Golden.

With such a common goal, he said, a company's workforce "would know that as they look at some of the problems in relation to quality, production, cost and safety, that what they are really trying to do is prevent and control" the problems causing losses.

Another common problem among oil and gas companies involves a poorly developed loss control policy that does not clearly outline who makes loss control decisions, said Mr. Golden.

"If this thing is going to be managed, which we know it has to be, then let's manage it."

Mr. Golden said an effective loss control policy is one that is directed toward the common goal established by the company. The purpose of a policy for the people carrying it out is "that it gives them the ability to make decisions on a day-to-day basis."

The policy should not only dic-

tate who makes loss control decisions, but also should make it clear that those carrying out such decisions have to be aware of "production, quality and efficiency" goals, said Mr. Golden.

Such a policy gives individual employees, usually front-line managers, the ability to make loss control decisions based on specific circumstances surrounding each particular job, he explained. The employee can weigh the "production, quality and efficiency" factors and use them to make a correct decision to control future losses and improve safety, he said.

Without such a policy, decisions can only be made by applying whatever philosophy is coming from top management. If that philosophy is "production, production, production, then that is the decision that will be made" without regard to other factors, Mr. Golden remarked.

Management, in fact, is often not involved enough in loss control, said Mr. Golden. But in most cases, management doesn't realize how out of touch it is, he added.

"I've never talked to a manager yet that didn't say, 'I'm involved in loss control.'" But when visiting workers on a drilling rig, at a re-

finery or at some other location, Mr. Golden said employees often remark: "If only management were more involved."

He said management should be giving workers clear direction in relation to the objectives of the company's loss control policy.

Another loss control "mistake" that Mr. Golden said he often sees deals with "the role of the safety manager."

Often these managers are so overburdened with work that they cannot effectively do their jobs, he said, adding that the safety manager's role is often "out of alignment. Where the role should be es-

tablished by management as a staff position to give guidance to the program, it is usually established that the person has the responsibility for the safety of X number of people."

While there is probably not a company in the United States that doesn't measure safety, many are using the wrong yardstick, he added. Too often, he said, safety is measured only in terms of frequency and severity of accidents.

According to Mr. Golden, oil industry businesses should "sort of leave the numbers alone and look at the activities that are actually producing the numbers." ■

## Oil slump hits conference

NEW ORLEANS—The Eighth Annual Petroleum Insurance Conference, held March 4-6, was a meeting that reflected the state of a slumping industry.

There were about 175 attendees at the gathering at the Sheraton New Orleans Hotel, compared with more than 300 that attended the 1986 conference. This year's attendance was off, conference planners acknowledged, because of the damage wrought by a year of low oil prices.

Instead of showing up in New Orleans to hear seminars on loss control, developments in maritime law, how to successfully structure benefit plans and other topics, many petroleum industry risk managers opted to save the expenses of traveling to the Crescent City.

A spokeswoman for the Professional Development Institute, which sponsors the conference each year, said registrants for the 1987 meeting were mostly insurance agents and other insurance-related professionals.

Last year, she pointed out, professionals from the oil and gas industry outnumbered insurance industry participants.

More information on the annual conference is available from the Professional Development Institute, P.O. Box 13288, NT Station, Denton, Texas 76203-3288. The institute's toll-free number for callers outside Texas is 800-433-5676 or 817-565-2483 for all callers.

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## Would mandate health cover

# Researcher questions Kennedy proposal

By DEBORAH SHALOWITZ

WASHINGTON—Although the majority of non-elderly Americans without health insurance are employed, requiring employers to provide group health insurance benefits is not necessarily the solution to the problem, according to one researcher.

Nineteen million of the 35 million people under age 65 without health insurance in 1985 were employed, according to a new study by the Employee Benefit Research Institute, a Washington benefits think tank.

In addition, 11 million uninsured Americans were children under 18 years of age, the study says.

The solution to the problem of uninsured Americans who cannot afford adequate health care is "probably a wide variety of things," said Deborah Chollet, a senior research associate at EBRI and the author of the report.

However, legislation that would make employer-provided group health insurance mandatory is probably not a good solution, says Ms. Chollet.

Sen. Edward M. Kennedy, D-Mass., chairman of the Senate Labor and Human Resources Committee, currently is drafting legislation that would require most employers to offer a group health insurance plan (BI, March 9).

"Mandating health insurance is exactly equivalent to increasing the minimum wage," stated Ms. Chollet. "I would question whether or not everyone's job would be safe in a world of mandated health insurance."

For employers that do not now offer coverage, "the incentive would be to lay people off," she explained, noting the cost of group health insurance coverage averages about 20% of compensation.

A health policy adviser to Sen. Kennedy's committee said that a study still being prepared by the Congressional Budget Office will estimate the cost impact of the legislation on employers. These estimates will be considered as the legislation is drafted, he said.

The staffer also said that the bill will be structured to help contain small business' health care costs.

He explained that small businesses—which he defined as those with 10 or fewer employees—pay a much higher rate for group health coverage than large companies. The legislation will attempt to reconcile this discrepancy, he said, but he could not comment on specifics.

Ms. Chollet said one answer to the problems caused by the uninsured is to reform Medicaid, the program run by each state that subsidizes medical care costs for the poor.

According to the study, 63% of the uninsured in 1985 lived in families with total income of less than \$20,000, the median family income in the United States. And 35% of uninsured Americans were members of families with annual incomes of less than \$10,000.

Perhaps most important, according to Ms. Chollet, is educating people that health insurance coverage is a necessity and to devise ways to subsidize coverage for those who truly cannot afford it.

"People are not aware of the potentially enormous cost of health care," Ms. Chollet said.

Other significant statistics revealed by the EBRI study are:

- The total population of non-elderly without health insurance grew to 17.4% in 1985 from 15.5% in 1982.

**'Mandating health insurance is exactly equivalent to increasing the minimum wage,' states Deborah Chollet, an EBRI researcher. 'I would question whether or not everyone's job would be safe in a world of mandated health insurance.'**

- Three out of four uninsured workers earned less than \$10,000 in 1985.

- Of full-year, full-time uninsured workers, 28% worked in services industries and 23.5% worked in retail trade.

- Of workers employed in pro-

fessional and related services, 9.8% were uninsured; these workers represented 12% of the total number of uninsured workers.

- About 16% of uninsured workers were principally self-employed during the year; among self-employed workers, about one-quarter

were uninsured.

- Of full-time uninsured workers, 70% were not unemployed at all during the year.

- The South Atlantic region—which includes Delaware, Maryland, the District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia and Florida—and the Pacific region—which includes Washington, Oregon, California, Alaska and Hawaii—each had about 6 million non-elderly uninsured residents, the highest amount in the country.

- The South Central regions of the United States had the highest percentage of uninsured non-elderly residents in 1985. Some

23.4% of the non-elderly residents of the West South Central region—Arkansas, Louisiana, Oklahoma and Texas—were not covered by health insurance, while 21.1% the non-elderly in the East South Central region—Kentucky, Tennessee, Alabama and Mississippi—were uninsured.

Ms. Chollet attributed these trends to employment problems in those regions.

Copies of the study, "The Non-Elderly Population Without Health Insurance Coverage," are \$15 from EBRI-ERF Publications, 2121 K St. N.W., Suite 860, Washington, D.C. 20037-2121; 202-659-0670.



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# C.E. Heath launches work comp insurer

Lloyd's of London broker C.E. Heath & Co. has launched a new U.S. underwriting subsidiary that will specialize in workers compensation insurance.

Falcon Insurance Co. of San Francisco is a subsidiary of C.E. Heath Underwriting & Insurance (Australia) Pty. Ltd., a Heath unit. Falcon has been capitalized at \$5 million and initially will concentrate on the California workers compensation market, according to Peter McCarthy, vp-marketing.

Heath decided to write workers compensation insurance in the U.S. market for three reasons, Mr. McCarthy explained.

"First, with the boom in Pacific Rim trade, it made sense to link our successful Australian underwriting activities with the U.S. West Coast—especially with San Francisco.

"Second, we have an existing market here of Australian-based companies doing business in the U.S., many of which are our clients in Australia.

"Third, the U.S. multinationals are increasingly establishing themselves in Australia, and we believe we can be helpful to them as well," he said.

Falcon is located at 1 Embarcadero Center, Suite 2203, San Francisco, Calif., 94111; 415-956-5831.

## Reinsurance broker

Surplus Marketing Service Inc., a Boston-based surplus lines insurance brokerage, has expanded its services to include reinsurance brokerage.

The company will now broker property/casualty treaty and facultative reinsurance—with an emphasis on property reinsurance.

Robert K. Hegarty, formerly vp at Commonwealth Associates, a facultative reinsurance broker in Boston, has been named vp and head of the new facility.

The company is located at 40 Broad St., Boston, Mass., 02109; 617-423-7408.

## HMOs to merge

PrimeCare Health Plan, a subsidiary of Heritage Health Systems in Milwaukee, has signed a letter of intent to acquire TotalCare, another Milwaukee-based health maintenance organization.

Together the two plans will create the third-largest HMO in Wisconsin, according to John McGinnis, president of PrimeCare, and Robert Timberlake, president of TotalCare.

If the Wisconsin insurance commissioner approves the merger, PrimeCare will have more than 70,000 members and 2,000 physicians and 35 hospitals in its provider network.

Mr. McGinnis will continue as president and Mr. Timberlake will become executive vp of the new PrimeCare.

## Seaboard expands

Seaboard Financial Group has added subsidiaries in Atlanta and Richmond, Va.

Overstreet & Newell Inc., an excess/surplus broker, has opened at 4350 Georgetown Square, Suite 777, Atlanta, Ga., 30356-8807; 404-451-2704.

Miller-Carneal Insurance, an insurance agency subsidiary, has opened at 2240 Dabney Road, Richmond, Va., 23230; 804-353-0146.

Seaboard, which has annual revenues of more than \$10 million, offers property/casualty, life/health and excess/surplus brokerage services.

## markets

### New offices

**The Structured Settlements Co.** has moved its San Francisco office to 655 Montgomery St., Suite 840, San Francisco, Calif., 94111-2628; 415-781-3083 or toll-free 800-421-2022.

This was incorrectly reported as being the relocation of Structured Settlements' Santa Monica office in the March 16 issue of *Business Insurance*.

In addition, **The Structured Settlements Co.** has moved its West Coast service center to

*Continued on next page*



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# WHSE FIRES II

## In an Earlier Message, We Reviewed a Few Well-known Warehouse Losses

of catastrophic proportion—over \$100 million each—and discussed the chain of events that led to these disasters. That particular message prompted a reader to write, urging us to present "... a summary of several mundane losses, those in the range below \$10 million ... and remind our clients they have just as much to lose on a proportionate basis as those with jumbo exposures." This suggestion made a lot of sense. So, we took a look at 1,076 incidents, representing \$170.7 million in property damage and business interruption over a recent five-year period. Here's what we found:

**Storage: 0-15 Feet.** This was the most common storage height, involving 76.4% of the reports, but resulting in only 46.7% of the loss dollars. The average loss was \$96,860. This performance can probably be attributed to the fact that fires in low storage configurations can usually be suppressed or controlled by most automatic sprinkler systems if a reasonably good water supply is available.

**Storage: 16-25 Feet.** This storage height was especially vulnerable, accounting for 41.7% of the loss dollars, and involving only 20.2% of the number of losses. The average loss was \$327,000, a sizable increase for just an additional 10 feet of storage height. One of the reasons for this increased hazard is that fires in the higher storage arrays are more difficult to suppress and require a more demanding sprinkler system design. At the same time, greater amounts of storage and values per sq. ft. of floor area are subject to the initial fire and to water damage from operating sprinklers. And finally, the storage is subjected to the overall effects of the fire (burning, wetting and general contamination) for longer periods of time since reaching the fire and extinguishing it is that much more difficult.

**Storage: 26-75 Feet.** There were only 1.4% of the incidents reported in this category, and none above 30 feet. However, the total loss dollars of 8.8% seemed to be significant with an average loss of \$1.0 million. Detailed analysis revealed that one-third of these losses involved vertical storage of rolled paper, which resulted in an average loss of \$2.9 million. Since the remaining losses averaged only \$38,780, it seems that high-rack storage with automated retrievers enjoyed the best loss experience of all categories. This probably reflects reduced ignition sources and damage potential from such items as smoking and the operation of fork lift trucks. Normally, there is no need for personnel to be in the rack areas and access is usually controlled because of the personnel hazard from the automated stackers.

## Regardless of the Size or Value of Your Warehouse,

it's a good idea to have a loss prevention and control program in place, such as OVERVIEW. IRI developed OVERVIEW as a means by which we can consult with you and help you measure the effectiveness of your existing loss prevention and control program. In addition, we created the OVERVIEW Forms Packet which can help you custom-tailor your own loss prevention guidelines and checklists. For information and prices concerning the new OVERVIEW Manual and Forms Packet, write to Mrs. P. A. Sasso, IRI, 85 Woodland St., Hartford, CT 06102 or phone her at (203) 520-7412.

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## Pension plans

Continued from page 3  
 just three years.

By contrast, under current law, plan investment losses can be amortized over 15 years, and only the unit sponsoring the defined benefit plan is responsible for funding the loss.

In addition, if a unit's plan became underfunded because of a benefit improvement, the underfunding would have to be amortized—depending on how well the plan was funded—in as little as three years.

Currently, benefit improvements can be amortized over a 30-year period.

Also, unfunded pension liabilities that exist at the time the proposal becomes law also would have to be paid—depending on how badly the plan was underfunded—in a period as short as three to five years.

Other provisions in the package also would boost employers' pension costs and increase administrative complexity. Under those provisions:

- A company that wanted to sell a unit with an overfunded plan could not do so immediately if the company also had an underfunded plan.

The company first would be required to transfer assets from the overfunded plan to the underfunded plan or use other corporate assets to boost the underfunded plan to fully funded status.

- Minimum contributions to a pension plan would have to be made quarterly with the total required contribution due no later than 2½ months after the close of the plan year.

The annual minimum contribution to a defined benefit pension plan now can be made as late as 210 days after the close of the plan year.

- The ability of a company to win an Internal Revenue Service waiver from making minimum contributions would become tougher.

Currently, to win a waiver, a company has to prove that making a minimum contribution would impose a substantial business hardship.

To win a waiver under the proposal, a company first would have to prove that its financial difficulties were of a temporary rather

than longstanding nature.

In addition, a company would have to prove that making the contribution would impose a hardship on all members of the controlled group.

For example, if a corporation had a healthy oil unit and a financially ailing steel unit, it would be unlikely that the corporation could win a funding waiver for its steel unit, experts say.

The maximum number of funding waivers that could be granted over a 15-year period would be reduced to three from the current five.

Also, employers would be required to notify pension plan participants of a funding waiver application and would have to give participants an opportunity to comment.

- The minimum contribution to a plan would have to be at least equal to the distribution made, including lump-sum benefits and administrative and investment requirements.

Currently, there is no comparable requirement.

But, there is strong support from the benefit community for two other administration pension proposals. Those proposals would:

- Allow companies to transfer surplus assets from an overfunded pension plan to special trusts to pay for current retirees' health care benefits.

Under this proposal, pension assets exceeding 125% of plan liabilities could be transferred to a special Voluntary Employee Beneficiary Assn. Transferred assets would be exempt from federal excise or income taxes, and assets in the VEBA would earn tax-free interest.

In the case of employers with several pension plans, those plans in the aggregate would have to be at least 125% overfunded before assets could be shifted from an overfunded plan to a retiree health care VEBA.

- Surplus pension plan assets—

**'The proposal doesn't get at the heart of the problem: allowing companies to contribute more when they are healthy and placing limits on company benefit payments in bad times,' says The Wyatt Co.'s Dick Raskin.**

those exceeding 125% of plan liabilities—could be withdrawn from an overfunded defined benefit plan for any corporate purpose without having to terminate the plan, as is the case now.

However, general purpose surplus asset withdrawals will be subject to federal income taxes and a 10% excise tax.

While the provision to allow the removal of surplus assets, especially to fund retiree health care benefits is welcomed, there is great concern about the effects of the new minimum funding requirements.

Benefit experts say the Reagan administration proposals to improve pension plan funding through greater corporate responsibility for all units' pension plans, faster amortization rules and curbs on funding waivers all are based on one goal: protecting the Pension Benefit Guaranty Corp. from being hit with more terminations of massively underfunded pension plans.

Since 1985, the PBGC's deficit—the difference between the agency's assets and the benefits it must pay to participants of terminated underfunded plans—has climbed to \$4 billion from \$462 million.

PBGC Executive Director Kathleen P. Utgoff labels current minimum funding rules, as contained in the Employee Retirement Income Security Act of 1974, as "grossly inadequate."

Ms. Utgoff in speeches has frequently cited a pension plan sponsored by LTV Corp. which had just \$7,700 in assets and \$230 million in unfunded liabilities. Yet, Ms. Utgoff notes, the plan was in full compliance with ERISA's minimum funding standards.

By tightening minimum funding rules and making other changes to boost employers' pension contributions, the PBGC's vulnerability to big underfunded terminations would be reduced.

"The proposals are designed to get the PBGC off the hook. It is

aimed at making the PBGC the insurer of last resort," said Frederick Rumack, director of taxes and legal services at Buck Consultants Inc. in New York.

If the PBGC were better insulated from such terminations, that would hold down the agency's need for continued increases in the insurance premiums it charges employers with defined benefit pension plans.

The annual PBGC premium currently is \$8.50 per plan participant, but the administration is advancing a proposal—still being fine tuned—that would raise the premium to a range of about \$10 to \$15 per participant for well-funded plans and as much as \$100 per participant for poorly funded plans.

If the PBGC sticks with a flat rate premium, the premium might have to go as high as \$40 or \$50 per participant to produce the income the agency needs to pay benefits, some experts say.

And, as the premium keeps increasing, more employers with well-funded pension plans, which resent subsidizing poorly funded plans through the PBGC premium, might terminate their defined benefit plans and set up defined contribution plans, which are not insured by the PBGC.

But some observers question whether the proposals really will hold the line on escalating PBGC premiums.

Buck's Mr. Rumack notes that accelerating contributions would hit financially troubled companies when they least could afford making such payments.

Faster funding could drive a company already on shaky ground into bankruptcy and ultimately a total collapse, Mr. Rumack said. Then, the PBGC would be forced to take over the plan and the liabilities.

"The proposal doesn't get at the heart of the problem: allowing companies to contribute more when they are healthy and placing limits on company benefit payments in bad times," said Dick Raskin, a consulting actuary with consultant The Wyatt Co. in New York.

While the pension proposal is part of a much larger administration package designed to make American industry more competitive, experts note that making a controlled group jointly and severally liable for all units' pension underfunding could have the opposite effect.

For example, a unit that wanted to use profits to improve its products in the face of foreign competition might be unable to do so if it had to make contributions to another unit's underfunded plan, noted Henry Saveth, a vp with J&H in New York.

Joint and several pension funding liability also would force conglomerates to pay closer attention and exercise more control over their units' pension plans.

Subsidiaries that formerly operated self-standing units would "have to look at everything that is going on" within the controlled group, said Dick Moody, a partner with Hewitt Associates in Lincolnshire, Ill.

Experts note that Congress already has begun hearings on the proposal, which still has to be put into legislative language. And, they warn, the ramifications are so important that employers must make their voices heard or their ability to do business could be severely impaired.

While the administration proposal is taking lots of criticism, experts note say the policy objectives pose a difficult dilemma.

"How do you balance public policy (protecting the PBGC from big terminations) without interfering with the ability of corporations to do business?" asks Mr. Davey of J&H.

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# Medicare plan

Continued from page 3

Part A, which covers hospital bills, is provided free. The program is funded by a portion of the 14% FICA payroll tax, which is split evenly between employers and employees.

Under Part A, the elderly are required to pay a deductible of \$492 for the first 60 days of hospital care. For hospital stays between 61 and 90 days, they must pay coinsurance of \$130 per day, and that coinsurance rises to \$260 per day for additional days. And, after 150 days, they are responsible for the entire bill.

Part B of Medicare—for which the elderly pay a monthly premium of \$17.90—covers 80% of the cost of physician services for inpatient hospital stays, but does not cover non-hospital prescription drugs.

The administration plan, first advanced by Health and Human Services Secretary Otis Bowen in December, would hike the Medicare Part B monthly premium by \$4.92 to \$22.82 and cap a beneficiary's out-of-pocket expenses for all covered services—including hospitalization—at \$2,000 per year. This annual limit of \$2,000 would be adjusted for inflation in future years (BI, Dec. 1, 1986).

Critics, however, say the administration plan is seriously flawed.

First of all, the proposal does not expand Medicare to cover nursing home care, the primary cost draining the savings of many elderly, experts say. And the administration proposal does not expand Medicare to cover prescription drugs or home or hospice care for chronic illnesses.

Although the administration's proposal would expand Medicare, many employer-provided retiree health care plans already provide more generous benefits than the expanded Medicare program would, experts note.

Most employer plans cover prescription drugs and often limit out-of-pocket expenses to less than \$2,000 annually, as well as covering hospital and physicians' fees.

Mary Ann Kiely, a consultant at Hewitt Associates in Lincolnshire, Ill., said an "average, good" retiree medical health plan offered by a large employer of 500 or more employees has an annual out-of-pocket expense limit of approximately \$1,000 and covers basic hospital costs and prescription drug costs for both the retiree and the retiree's spouse.

According to a Hewitt survey of 812 employers in a wide variety of industries and locations, 85% offer some kind of retiree medical benefits. Almost half of the employers surveyed—47%—offer a retiree health plan that is the same or similar to the plan offered to active employees with a Medicare "carve-out,"—under which the plan calculates the benefits payable if Medicare did not apply, subtracts the Medicare payment and pays the difference.

Almost a quarter of the employers—23%—offer their retirees a similar plan, called a "Medicare supplement," that pays a percentage of all expenses above Medicare benefits, after a deductible is paid.

Presumably, if an employer offered either of these types of retiree medical plans, the employer would pay the difference between the maximum amount the employee must pay under that plan and the \$2,000 maximum out-of-pocket expense under the Medicare proposal.

And, since the administration plan has built-in escalators to raise the \$2,000 cap with inflation, an employer's costs would also grow.

"Employers have got to look at (this) program with a jaundiced eye" and scrutinize exactly what the proposal will do, advised J&H's Mr. Davey.

"The main reluctance on the part

of employers that I see with this proposal is letting the government" expand its role in providing health care coverage for the elderly, said Cathy Amkraut, manager of public policy at the Washington Business Group on Health, a Washington-based lobbying group for large employers.

She added that most employers think that when the expanded program gets too expensive, the costs will shift back to them.

For example, if the proposed Medicare premium hike of \$4.92 is inadequate, employers could be pressured to make up the difference, possibly through increased FICA taxes, said Hewitt's Ms. Kiely.

Employers and consultants note that employers have been forced to assume a greater share of retiree health care costs throughout this decade. Before 1982, Medicare was the primary payer for health care coverage for workers over age 65.

The Tax Equity and Fiscal Re-

sponsibility Act of 1982 required companies with more than 20 employees to offer workers and their spouses between the ages of 65 and 69 the choice of either enrolling in a corporate health care plan, if one was offered to retirees, or sticking with Medicare for their primary health care coverage.

Later, under the Deficit Reduction Act of 1984, employers had to offer health care coverage to employees' spouses between the ages of 65 and 69 even if the employee is under 65 (BI, Feb. 11, 1985).

And, last year, President Reagan signed legislation requiring companies to give workers and their spouses age 70 and older the option of enrolling in the employer's group health care plan instead of Medicare (BI, April 14, 1986).

But a spokesman for the Department of Health and Human Services said that the administration's latest plan does not require or even ask employers to pick up any additional costs.

Experts do concede that, for some employers, picking up the increased Part B premium would cost less than premiums for their own retiree health insurance plan.

According to one consultant, depending on how many benefits a Medicare supplemental plan picks up, a supplemental plan could cost an employer between \$15 and \$90 per month per person, for a full package of benefits including those not covered by Medicare at all, such as hospice care.

This compares with the \$22.82 Medicare Part B premium proposed under the Bowen plan.

Although only 12% of employers currently pay the Part B premium, according to the Hewitt study, some employers think that the pressure to pay the premium might grow under the new proposal.

At Hewlett-Packard Co. in Palo Alto, Calif., the retiree medical health insurance plan pays a maximum of \$300,000 in lifetime benefits with an annual out-of-pocket

expense limit of \$1,100, according to Arthur Young, benefits manager. The company pays the Part B premium for active employees over age 65, but not for retirees.

If Hewlett-Packard did not alter its retiree health plan coverage, the Bowen proposal would save the manufacturing concern money by capping its liability at \$2,000 per year per retiree.

In that case, "We'd probably have to consider paying the premium" for retirees, said Mr. Young.

Fred Hamacher, vp-compensation and benefits at Minneapolis-based Dayton-Hudson Corp., agreed that employers will be pressured to pick up costs of expanded Medicare coverage if the system is not self-sustaining.

He also speculated that the government could reduce the costs of Medicare by increasing the age of eligibility, much like it did for Social Security benefits.

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# Workers' death conviction

Continued from page 3

director of OSHA's Austin-area office.

The trench, located in the Austin area, was inadequately shored, and other safety violations at the worksite were reported to Sabine's employee-hiring affiliate both before and after the deaths, Ms. Nicholas said.

The affiliate, Houston-based D&E Leasing Co., is contesting those violations, she said.

The company's lack of safety precautions at the Austin worksite constituted criminal negligence, argued Travis County Prosecutor Kenneth Oden.

"We were breaking new ground with (Texas) statutes that had been on the books but had never actually been used before," he pointed out.

Mr. Oden added the conviction in the Sabine case has made prosecutors "mindful" of the possibility of pressing criminal charges against corporations and corporate officials. But he said the "aggravated" cases in which such charges can be pressed are rare.

Sabine and Mr. Tantillo are appealing their convictions to the 3rd Court of Appeals in Austin. One of their main arguments is that a local prosecutor is pre-empted by the federal Occupational Safety and Health Act of 1970 from bringing any criminal action against an employer in workplace safety cases, says Frank Maloney, Mr. Tantillo's attorney and a senior partner in Maloney, Gotcher & Yeager in Austin.

Workplace safety in Texas is regulated by federal OSHA. Workplace safety in about half of the U.S. jurisdictions is regulated by local safety agencies independent of and superseding federal OSHA.

The question of local jurisdiction also has been raised at the appellate level in two Illinois criminal cases involving officials of Chicago Magnet Wire Corp. and Film Recovery Systems Inc., both of Elk Grove Village, Ill., in the deaths of workers (BI, May 26, 1986).

Like Texas, workplace safety in Illinois is regulated by federal OSHA.

Citing the precedence of federal jurisdiction, a Cook County Circuit Court dismissed criminal charges of aggravated battery, conspiracy and reckless conduct against five officials of Chicago Magnet Wire and the company itself. However, the Cook County state's attorney is appealing that dismissal.

But in the Film Recovery case, three officers were sentenced to 25-year prison terms for the murder of an employee who died of acute cyanide toxicity (BI, June 24, 1985; July 8, 1985).

Both cases are now pending before the Illinois Court of Appeals.

The cases raise an important issue for the jurisdictions—including Texas and Illinois—that have not sought authorization to administer OSHA regulations, noted Cynthia Atwood, an associate solicitor for occupational safety and health for the U.S. Department of Labor.

Mr. Maloney agrees that the issue of "whether or not OSHA has pre-empted states from acting" must be resolved.

The survivors of the Sabine workers who died—Benjamin Eatmon, 40, and Juan Rodriguez, 32—are receiving workers

**'We were breaking new ground with (Texas) statutes that had been on the books but had never actually been used before,' says Travis County Prosecutor Kenneth Oden.**

compensation benefits, Mr. Tantillo said.

In addition, the survivors are suing Sabine for an unspecified amount of punitive damages in civil court, according to Randy Moore, an attorney with Windle Turley P.C. in Dallas, who is representing the Eatmon family. He added that additional suits will be filed against additional defendants, including Sabine and Shell Oil Co., which was the general contractor on the project.

Sabine's employee-hiring subsidiary has \$100,000 in per-occurrence liability insurance limits that could be used to pay punitive damages, according to Ernest Cory, an attorney with Johnson, Cory & McNamee in Birmingham, Ala., who is also representing the Eatmon family.

Prosecutor Oden said he also is pressing similar criminal negligence charges against construction company Peabody Southwest Inc. in Houston and some of its supervising employees in the cave-in death of one employee. Peabody Southwest is a general construction company and a wholly owned subsidiary of Peabody International Corp., a conglomerate based in Stamford, Conn.

Thomas Liggett, vp and associate general counsel of Peabody International Corp. in Mansfield, Ohio, declined to comment on the case because it is still in litigation.

In response to the workplace safety record at construction sites in the state, a campaign to improve construction-site safety is gaining ground in the statehouse.

During the first half of the 1980s, 645 construction workers died in on-the-job accidents in Texas, which is six times higher than the national average, according to research compiled by the Dallas Times Herald.

The 1985 Sabine cave-in was "the straw that broke the back," said John Rogers, communication director of the Texas AFL-CIO in Austin.

"The criminal prosecution approach is the first time a non-union worker has had protection outside of an employer's good will, because OSHA has been a joke in this part of the country" due to limited resources and little direction from administration officials, Mr. Rogers said.

Statehouse proposals to curb workplace accidents are based on the December 1986 report to the Texas Legislature by the House Committee on Business and Commerce's Subcommittee on Construction Trench Safety Standards.

The campaign began because "in many instances, construction safety standards are being ignored in Texas," the report noted.

"The legislative goal is to make the workplace safer," said Rep. Ernestine V. Glossbrenner of Alice, who chaired the subcommittee. She is sponsoring the seven pieces of legislation in the House, along with Reps. Anita Hill of Garland

and Keith Oakley of Terrell.

"There is an insufficient number of safety inspectors, and the penalties for ignoring safety standards are not sufficient to discourage some in the construction industry from taking shortcuts to save dollars," the report found.

Bills pending before the Texas House, about half of which have also been introduced in the state Senate, would:

- Require contractors meet a set of general conditions on all projects—public as well as private—that have trench excavations exceeding 4 feet.

- One of the groups inclined to "short circuit" safety requirements are municipalities, Ms. Glossbrenner said.

- Give municipalities the authority to require detailed trench construction plans from contractors, to ensure that contractors shore trenches and to require contractors to allow for shoring costs in contracts.

- Make it a misdemeanor for employers and supervisors to fail to report a death or serious injury to the appropriate authority.

- Require the State Board of Insurance to verify every two years that insurers writing workers compensation insurance are providing accident prevention services to their policyholders.

- Reward a contractor with a 5% credit on workers compensation insurance premiums if the contractor had been issued no more than two serious citations in the previous three-year period.

- Require the Industrial Accident Board to prepare information on the number and causes of employee injuries and deaths occurring each year.

The board's data was limited to supplying the number of incidents until 1986, when it received a federal grant.

- Change the Texas penal code so that anyone failing to comply with OSHA regulations at trench excavation sites can be assumed to be acting recklessly.

This bill is designed to make it easier for law enforcement officials to prosecute employers who ignore safety guidelines.

Some of the workplace safety bills sponsored by Sen. Chet Edwards of Duncanville and pending in the Texas Senate would:

- Increase the fine that an employer could be assessed if convicted of negligent homicide or reckless assault in connection with a worker's death or serious injury. The bill would increase the maximum fine to \$50,000 from the current \$10,000 or \$20,000, depending upon the charge.

- Allow the state attorney general to dissolve a corporation that has persisted in criminal conduct that causes bodily injury or death.

- Allow municipalities to reject the lowest bid for a public project if the bidding contractor has a poor safety record.

In addition, State Sen. Carl Parker of Port Arthur introduced bills including one that protects a "whistle blowing" employee who reports safety violations. The bill would prohibit employers from firing those employees until 90 days after a safety violation is reported.

"Employers have a lot to gain from this (kind of legislation) because the cost of workers compensation insurance is just skyrocketing, and it's important to them that these costs be brought under control," Ms. Glossbrenner said. ■

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## Product liability

Continued from page 3

equipment, are involved in more large product liability claims than are consumer goods. And, about 60% of the claimants suffered their injury on the job.

• Some 28% of the incidents involved accidents that occurred more than six years after the product first was sold.

• Claims reviewers said that 13% of the claim payments would have been lower if the "state-of-the-art" defense, which says the product met all the requirements of technology at the time the product was put into circulation, had been a legal defense in product liability claims. And, the claims reviewers said that use of the state-of-the-art defense "possibly" would have lowered the payments

in an additional 19% of the claims.

The vast majority of the claimants filed a lawsuit, although only 11.4% of those claimants actually saw their suits end in a jury verdict; the rest settled before or during the trial. In comparison, a jury verdict was reached by 13% of the claimants in the 1979 study and by 23% in the 1975 survey.

Average defense costs incurred by insurers rose more than 66% from 1979 to 1985, the survey showed.

"Insurers are understandably concerned about the rising cost of defending their policyholders in product liability cases," said Larry Soular of the Alliance's Government Affairs Department.

The study also showed that requests for punitive damages have increased. Eighteen percent of the incidents in the 1985 study involved requests for punitive damages, compared with only 5% in 1975.

Only 1% of the cases covered by the 1985 survey actually resulted in the payment of separate punitive damages, and those payments totaled \$1.6 million.

But, the survey authors note, "It should be recognized that even in cases where punitive damages are not paid as separate amounts, the threat of large punitive damages awards can lead to an increase in the overall settlement value of the claim. Therefore, it's likely that the results in this study understate the impact of punitive damages, since the 'shadow effect' of punitive damage requests is not measurable from the data collected."

Some 12.8% of the incidents in 1985 resulted in total payment from all sources—including the insurer, the policyholder in terms of deductibles or losses above limits, and other defendants—of \$1 million or more. Only 0.9% resulted in no payment.

Some 7.4% of the incidents cost \$1 to \$99,999; 29.8% cost \$100,000 to \$199,999; 35.3% cost \$200,000 to \$499,999; and 13.5% of the incidents cost \$500,000 to \$999,999.

And, insurers paid the bulk of large product liability claims, although the percentage of payment by insurers has decreased somewhat from previous years.

In 1985, insurers paid an average of 46.3% of bodily injury payments and an average of 36% of property damage payments. In comparison, in 1979 insurers paid 60.2% of bodily injury claims and 50.2% of property damage claims.

Policyholders paid relatively larger shares of the claims in 1985 than in 1979. For example, through deductibles or self-insured retentions, policyholders paid 6% of bodily injury claims and 4.1% of

**Average defense costs incurred by insurers rose more than 66% from 1979 to 1985. 'Insurers are understandably concerned about the rising cost of defending their policyholders in product liability cases,' says Larry Soular of the Alliance.**

property damage claims in 1985, compared with 2.1% of bodily injury claims and 3.5% of property damage claims in 1979.

And, as a result of settlements that exceeded primary policy limits, policyholders or their excess insurers paid 6.4% of bodily injury claims and 18.5% of property damage claims in 1985, compared with 2.9% of bodily injury claims and 4% of property damage claims in 1979.

Other defendants—and possibly their insurers—paid 41.3% of bodily injury claims and 41.4% of property damage claims in 1985, compared with 34.8% of bodily injury claims and 42.3% of property damage claims in 1979.

In addition, the survey says settlements for bodily injury claims provided injury victims and their dependents with \$5.15 in tax-free payments for every \$1 in actual economic loss sustained up to the time of settlement.

And, taking into account estimated future economic losses, the survey estimates that claimants received \$1.36 for every \$1 of actual loss. However, the survey authors note that it is difficult to estimate precisely the future economic losses of injured claimants.

The allocated loss-adjustment expenses for the claims studied totaled \$22.4 million, or \$50,070 per claim, excluding payments to independent adjusters and salaries of the insurers' own claims-handling personnel.

Of this amount, 77.8% was spent for outside attorneys' fees, 0.8% was spent for in-house attorney's fees and 21.4% represented other costs, such as the cost of depositions and interrogatories, fees for expert witnesses and the cost of medical reports.

Allocated loss-adjustment costs have more than doubled in the last decade, the surveys show: The current \$50,070 per incident is up from \$30,079 in 1979 and \$23,844 in 1975.

The survey also shows that more than half of the claims—51.4%—involved accidents that had occurred more than a year before the insurer was notified of the claim. Such delays "make claims investigations difficult and result in delayed payments to those injured," notes the report.

And, although the survey dealt with only claims closed during 1985, accidents involved in those claims had occurred in every year from 1971. More than 75% of the accidents involved occurred during 1979-1983.

Finally, the survey sought the expert opinions of the claims reviewers involved on a number of issues related to these large product liability claims.

The claims reviewers said that 17.5% of the incidents involved product defects that would have been too technical for a jury to understand. In 1979, the reviewers said 17% of the incidents involved defects that would have been too technical for a jury. But, in 1975, reviewers said 31% involved such highly technical defects.

In 1985, the claims reviewers said that alteration, modification or misuse of the product was a proximate cause of the injury or damage in 34.2% of the incidents. And, they said the manufacturer had complied with all federal and state laws regarding design, testing, labeling and manufacture of the product in 73.2% of the incidents. Similar answers were found in the earlier studies.

The most recent survey also questioned the claims reviewers about the possible effect of the state-of-the-art defense. This defense, which now is not generally permitted by courts, is a major component of product liability reform legislation.

The claims reviewers said that the value of the claim definitely would have been mitigated by the state of the art defense in 12.9% of the claims closed in 1985, and it possibly would have been mitigated in an additional 18.6%.

"In addition to providing characteristics about these claims, the study also provides useful information for analyzing various tort reform proposals being considered at the federal level," the Alliance's Mr. Soular noted.

Single copies of the survey, "A Study of Large Product Liability Claims Closed in 1985," are available by contacting the Publications Order Department of the Alliance of American Insurers, 1501 Woodfield Road, Suite 400W, Schaumburg, Ill. 60173; 312-490-8500.

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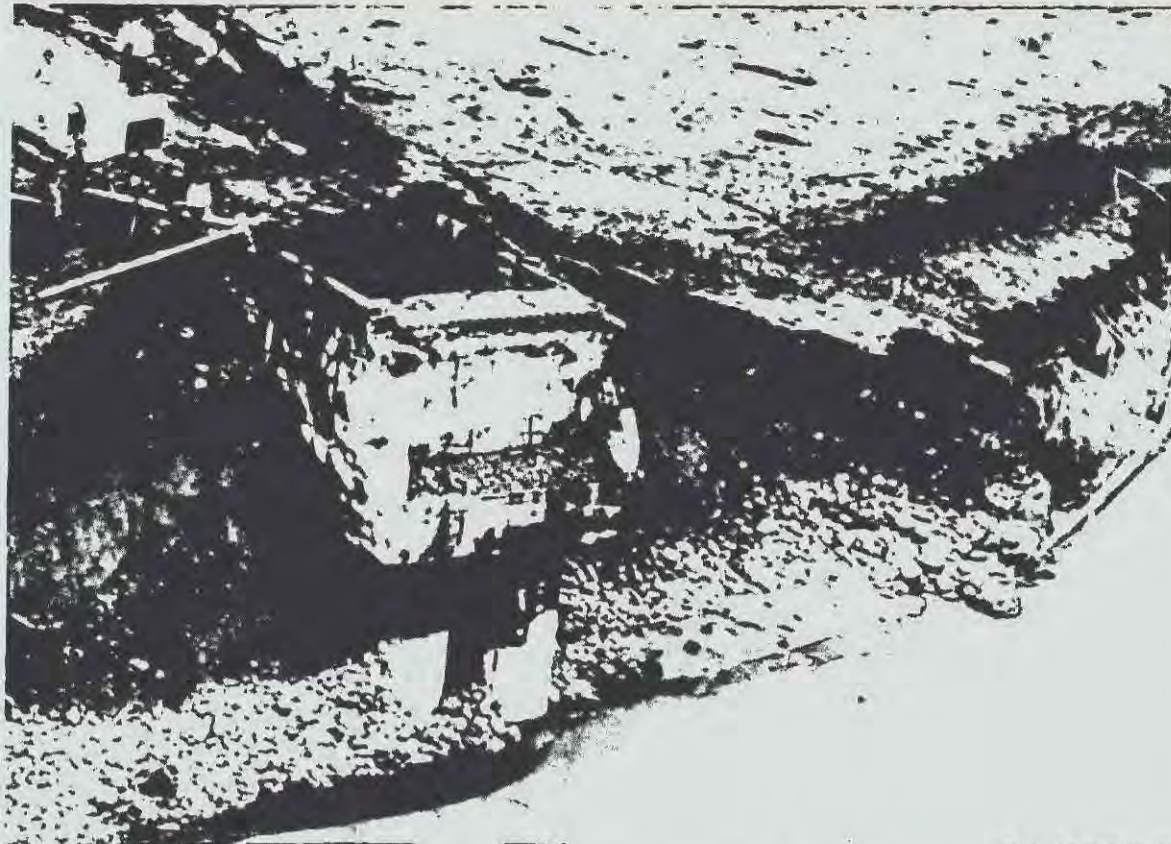


Photo: AP/Wide World

An earthquake that hit Ecuador March 5 destroyed 26 miles of the Trans-Ecuadoran pipeline, at right, along with a road and a 600-foot-long bridge that carried the pipeline across the Aguarico River.

## Ecuador pipeline

Continued from page 1

has the responsibility to buy the insurance," Mr. Pe-toya asserted.

"Texaco doesn't own the pipeline, so the premium is paid by CEPE. But, Texaco negotiates with American Home for the insurance. There is no direct relation between CEPE and the insurance company."

Texaco and CEPE do agree that neither company has coverage for the estimated \$370 million in oil revenues that may be lost during the five months the pipeline is closed for repair.

CEPE's Mr. Pastor confirmed that the American Home policy does not include business interruption coverage.

"As a matter of policy, we do not buy business interruption insurance," added the Texaco official.

More than 20 tremors struck northern Ecuador on March 5, with the two largest shocks striking between the towns of Ibarra and Mampiro, 43 miles northeast of the capital of Quito in mountainous Napo province.

Seismologists say the earthquakes probably were connected with volcanic activity and caused damage disproportionate to their size.

The shocks triggered landslides, which blocked rivers and caused widespread flooding, particularly in the worst-hit areas north and northeast of Quito in the river valleys of Papallacta, Quijos and Aguaricos.

Hundreds of people are reported to have died and tens of thousands left homeless following the earthquakes.

No buildings collapsed in Quito, said Philip Powell, director of Lloyd's of London broker Clarkson Puckle International Reinsurances Ltd., which works with Ecuador broker El Fenix.

Insurance losses in Quito "are only related to the falling of plaster, so there is no serious structural damage," he said.

The greatest damage apparently was sustained by the Trans-Ecuadoran pipeline, which transports Ecuador's oil production from Amazon oilfields to the Pacific port of Balao. Twenty-six miles of the pipeline virtually disappeared, along with a road, a 600-foot-long bridge that carried the pipeline across the Aguarico River and a key pumping station at El Sa-

lado.

The damaged pipeline ran along mountainous rain forest where vegetation had been cut down and laid on top of the surface of sandy soil, which is prone to landslides after heavy rainfalls, sources say.

Ecuador's deputy oil minister, Fernando Santos Al-vite, told *Business Insurance* that the repair to the pipeline will take up to five months and cost as much as \$150 million, including repair to the roads, the pipe-line and the pumping station and labor costs.

The pipeline first came into operation in 1972, with a pumping capacity of 200,000 barrels to 400,000 barrels per day. The pipeline originally was owned by Texaco Petroleum, which discovered several of the oilfields in Ecuador's Oriente region in the late 1960s, sources say.

In March 1986, CEPE assumed total ownership of the pipeline, although Texaco continues to operate the pipeline, confirmed the Texaco spokeswoman. Texaco also retains its 37.5% interest in the producing oilfields of Aguarico, Atacapi, Parahuacu, Lago Agrio, Sacha, Shushufindi, Yuca and Auca. CEPE owns the remain-ing interest in the fields.

Mr. Santos said that Texaco insurance officials would be examining the loss this week.

Ecuadoran President Febres Cordero has said that the total economic loss after the earthquakes to the country is around \$600 million, including \$370 million in oil exports that will be lost while the pipeline is under repair.

Already, a temporary "spur" pipeline is being built from Ecuador's largest oil fields to Colombia's pipe-lines, which run to the port of Tumaco on Colombia's Pacific coast. This construction will cost up to \$17 million, said Mr. Santos.

Ecuador is also appealing to fellow members of the Organization of Petroleum Exporting Countries for assistance. So far, Venezuela has offered to supply 5 million barrels of crude oil for Ecuador's domestic needs and 7.5 million barrels for Ecuador's export clients, which will be repaid by Ecuador when its own oil production resumes.

Meanwhile, President Cordero announced that Ecuador will not make any interest or principal payments on its \$8.16 billion foreign debt for the rest of this year because of the earthquakes. The country already is \$83 million behind on interest payments. ■

## A&A stock

Continued from page 2

any foundation. The analysts said they were not aware of any potential buyer or buyers.

"I don't engage in rumors, although the stories persist" about accumulation of A&A stock and a takeover attempt, observed Herbert E. Goodfriend, securities analyst for Prudential/Bache Securities Inc. in New York.

"I'd take them at their word if they say they know of no reason for the trading," said analyst Thomas G. Rosencrans, chief financial advisor at Johnson Lane Space Smith & Co. Inc. in Atlanta.

A&A's stock also experienced a period of heavy trading in mid-February, after A&A announced that Chairman and Chief

Executive Officer John A. Bogardus Jr. would step down as CEO of the brokerage effective May 21. He said he will retire as chairman next year (*BI*, Feb. 23).

Shortly thereafter, the brokerage announced that it earned \$43.2 million in 1986, compared with a \$7.3 million loss in 1985.

But analysts pointed out that because of the length of time that had elapsed between those announcements and the most recent activity, it was unlikely that the two were related.

Also last week, Moody's Investors Service Inc. increased the rating of A&A's commercial paper to Prime-3 from Not Prime.

Moody's said the rating change "is based on the company's im-

proved prospects in insurance brokerage and risk management consulting, the settlements of lawsuits relating to a U.K. acquisition and a recent management reorganization, which will lend stability to operating results."

A&A last fall collected \$24 million in the settlement of a 3-year-old lawsuit against four accounting firms that had audited Alexander Howden Group P.L.C. and its subsidiaries prior to Alexander & Alexander's 1982 acquisition of Howden.

Howden later was found to be worth \$40 million less than A&A paid, and A&A has been forced to make substantial additions to the reserves of Howden underwriting units (*BI*, Nov. 10, 1986). ■

## Libel award overturned

Continued from page 2

Employers Reinsurance Corp. of Overland Park, Kan., insures the newspaper for libel "to cover catastrophic claims," said Bois-feuillet Jones, legal counsel for the Washington Post Co.

In the recent string of libel decisions, no case involving an award of \$1 million or more has been affirmed on appeal, noted Henry R. Kaufman, general counsel for the Libel Defense Resource Center in New York. In addition, 60% to 70% of all verdicts in favor of the plaintiff are later reversed, he said.

Mr. Tavoulaareas, who could not be reached for comment, could ask the Supreme Court to review the case.

## Missouri tort and insurance bill

JEFFERSON CITY, Mo.—A Missouri tort and insurance reform package, House Bill 700 (*BI*, March 9), was approved by the Senate and has been sent to a joint conference committee, which will attempt to reconcile the House and Senate versions.

Among the provisions in the bill are: a modification of joint and several liability; limitations on the liability of uncompensated directors and officers; a prohibition against seeking specified monetary damages; restrictions on property/casualty rate increases and policy cancellations; increased capital and surplus requirements for admitted and surplus lines insurers; and an increase in data reporting requirements.

## NFL adds new retirement plan

MAUI, Hawaii—The National Football League is funding a new defined benefit pension plan for athletes who played prior to 1959.

Under the plan, announced last week, 717 former players will receive a benefit of \$60 per month for each year of service, said Robert L. Williams, head of the Baltimore office of Williams, Thacher & Rand, the NFL's benefit consultant.

Of the players eligible to receive the benefits, most are between the ages of 50 and 70 and about 18 of them are 89 years old, said Mr. Williams. All of the eligible retired players spent at least five years in the NFL, he said. The benefit will not be paid to surviving spouses of deceased players.

Benefit payments under the new plan will begin in July and are estimated to "total \$40 million over a period of years," he said.

## 3 Mission units file Chapter 11

LOS ANGELES—Three more units of Mission Insurance Group Inc. filed voluntary Chapter 11 bankruptcy petitions last week in the U.S. Bankruptcy Court for the Central District of California.

Filing separately in the U.S. Bankruptcy Court for the Central District of California were: Pacific Reinsurance Management Corp., a defunct treaty reinsurance underwriter; Mission Reinsurance Management Corp.; a defunct facultative reinsurance manager; and Sayre & Toso Inc., MIG's once-prominent wholesale managing general agency.

The two reinsurance management units wrote most of the business that led to the liquidation of Mission Insurance Co.

MIG filed for Chapter 11 bankruptcy in early February (*BI*, March 2, Feb. 9).

## Rate approval changes likely

JACKSON, Miss.—Insurance reforms passed by a joint legislative committee last Thursday and sent to the governor give Mississippi's insurance commissioner more control over property/casualty insurers' rate making.

Under the legislation, H.B. 1000, insurers will not have to seek prior approval of rates from a three-member insurance commission. They will be able to file and use rates, subject to review by the insurance commissioner.

The commissioner would have 30 days after a rate increase request to seek additional information or to disapprove the rate.

The legislation also would force insurers to specify profits and losses on liability insurance by line beginning with 1987.

The bill will become law this week if the governor does not veto it.

## Briefly noted

**Manville Corp.** Executive Vp G. Earl Parker will resign from the Manville board in May but will remain as special counsel to President and Chief Executive Officer W.T. Stephens until year-end. Mr. Parker, 49, was the top negotiator for Manville in its reorganization proceedings. . . .The 4th U.S. Circuit Court of Appeals in Richmond, Va., upheld a ruling in favor of **G.D. Searle & Co.** in a suit brought by 17 women seeking to recover for injuries allegedly caused by their use of the CU-7 intrauterine contraceptive device. The decision affirmed a directed verdict in favor of Searle by a U.S. District Court judge last year (*BI*, March 31, 1986). . . .The **Illinois Insurance Exchange** board is expected to consider April 8 a recommendation to increase the minimum capitalization requirements for IIE syndicates to \$5 million from \$2 million. The change would affect six of the 18 active IIE syndicates. . . .**Peninsular & Oriental Steam Navigation Co.**, owners of the British ferry that capsized off the Belgian coast this month killing up to 134 people, is offering to pay victims sums exceeding the 38,000 pounds (\$60,800) limit for each claimant available under an international maritime agreement, said a company spokesman. . . .For the first time in nearly three decades, conservatives form a majority on the **California Supreme Court**, following the appointment of three new justices: John A. Arguelles, David N. Eagleson and Marcus M. Kaufman. The three openings were created on the high court after voters, in an unprecedented action, removed three liberal justices, including Chief Justice Rose Elizabeth Bird.

# Frank B. Hall results

Continued from page 2  
these operations' reserves "from time to time" to make sure that they are sufficient, he said.

Together, losses from discontinued operations totaled more than \$24.2 million in the fourth quarter, contributing heavily to Hall's \$26.3 million net loss in the quarter.

In addition, Hall reported a \$2.1 million net loss from continuing operations in the quarter, which was generated by "\$4 million to \$5 million" stemming from "bad debt problems and non-recurring charges," said Mr. Addeo. He would not specify what the charges were for.

However, Hall also recorded a \$6.1 million loss from continuing operations in the third quarter, Mr. Rosencrants pointed out. In light of losses from continuing operations

in both the third and fourth quarters, he said it would be necessary to "wait and see" whether the losses were non-recurring.

Mr. Addeo said Hall made no provisions in the fourth quarter in response to a \$140 million lawsuit filed earlier this month by the New York insurance superintendent against Hall and auditor Touche Ross & Co. The suit charged that Hall and Touche Ross were responsible for the insolvency of Union Indemnity Insurance Co. of New York, a former Hall unit (BI, March 16).

This lawsuit and another lawsuit prompted Touche Ross to qualify Hall's 1986 financial statements.

The other lawsuit—brought by Omaha Indemnity Co. of Omaha, Neb., in May 1986—was amended earlier this month.

The Omaha Indemnity suit, which originally sought \$18 million and now seeks \$150 million in damages from Frank B. Hall Re

of New York and Frank B. Hall Underwriters Ltd., involves a managing general agency agreement Hall arranged between Kansas City, Mo.-based World American Underwriters Inc. and Omaha Indemnity.

Frank B. Hall Re also brokered reinsurance for this book of business, a substantial portion of which was written by the now-insolvent Union Indemnity.

In 1982 and 1983, World American wrote a substantial amount of undesirable business in its capacity as MGA for Omaha Indemnity, which prompted Union Indemnity to rescind its treaty with World American prior to its own liquidation, said a source at Hall.

In its lawsuit, Omaha Indemnity charges Hall with failure to properly monitor the activities of World American and with not informing Omaha Indemnity of Union Indemnity's financial condition.

Mr. Rosencrants predicted that Hall's fu-

ture could hold a "larger net loss because of the lawsuits over Union Indemnity and Omaha Indemnity. Because of the company's precarious financial condition, any substantial judgment against it would require additional substantial financing from Reliance," he added.

Reliance Insurance Co. owns 100% of Hall's outstanding preferred stock, 29% of Hall's common stock and warrants that, if exercised, would increase its common stock ownership to 48%.

All in all, this means "continued tough times" for the brokerage, he predicted.

Mr. Wilson was not quite so pessimistic.

"If Hall can maintain between 10% and 15% revenue growth in 1987, it should be able to show an improvement in its operating results," he said. "It still appears to be struggling to get new business production up with the other publicly held brokers." ■

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Continued from page 1  
New York.

After a "dramatic turnaround" in 1986, Sentry Insurance Co. is "bullish" on 1987, said Bernard C. Hlavac, the company's vp and treasurer. Sentry reported operating income of \$47 million for 1986, a 592.8% improvement over the \$9.5 million loss reported for 1985.

Most other major property/casualty insurers had a banner year as well in 1986:

- Boosted by continuing rate hikes, net premiums written for the major property/casualty insurers surveyed by *Business Insurance* increased 25.9% to \$77.8 billion. This is only a slight decline from the 29.4% boost reported during the first nine months of 1986 and compares with the 23.6% increase reported during 1985.

- With improved cash flow offsetting low interest rates, investment income increased 17% to \$9.3 billion, a slight decline from the 17.9% increase reported for the nine-month period but a big gain over the 10.6% increase reported in 1985.

- Underwriting losses declined 39.1% to \$60.9 billion, a substantial improvement over the 33.9% decline in underwriting losses reported for the nine-month period. Underwriting losses increased by 10.9% in 1985.

- With insurers no longer rushing to raise funds in the stock market, policyholder surplus increased 25.3% to \$30.4 billion. This compares with a 31.7% boost in surplus for the nine-month period and a 27.3% increase in surplus in 1985.

- The insurers posted an aggregate combined ratio of 108.2%, compared with 116.9% for 1985. This is a slight improvement over the 108.4% combined ratio reported at the end of the first nine months in 1986.

However, Chubb Corp. and The Hartford Steam Boiler Inspection & Insurance Co. remained the only two insurers surveyed to report combined ratios of less than 100% for the year.

Chubb reported a 99.5% combined ratio, compared with a 106.5% combined ratio for 1985, while Hartford Steam Boiler posted a 86.0% combined ratio, compared with a 94.7% combined ratio in 1985.

Of the insurers surveyed, Reliance Insurance Group, which took a \$100 million charge to bolster reserves during the first half, was the only company reporting an aftertax operating loss for the year. Reliance reported a \$67.3 million loss for 1986, compared with a \$77.2 million profit in 1985. The company, however, posted a \$12.8 million profit in the fourth quarter.

Results for Mission Insurance Group Inc., which is now in Chapter 11 reorganization, are no longer included in the BI survey, while only operating results have been reported for Fremont General Corp., which is now being restructured (BI, Feb. 9; Sept. 8, 1986).

Meanwhile, the Insurance Services Office and the National Assn. of Independent Insurers reported the entire property/casualty industry posted pretax operating income of \$5.6 billion in 1986, compared with a pretax loss of \$5.6 billion in 1985.

The industry's net written premium volume rose 22.2% to \$175.3 billion in 1986 from \$144.9 billion the previous year.

Despite the impressive results by the insurers, the adequacy of reserves remains an area of concern to analysts.

Although observers noted that some companies have strengthened reserves substantially, none of the additions compared with CIGNA Corp.'s \$600 million reserve boost at year-end 1985 (BI, March 24, 1986).

Companies that have significantly boosted their reserves include Chubb, which increased its reserves by \$180 million in the fourth quarter alone, giving it a total of \$2.1 billion in reserves, said Gail E. Devlin, vp-corporate finance and investor relations.

Fireman's Fund Insurance Cos. boosted its reserves by \$474 million during the year, including \$201.1 million for prior years' business, according to Glenn An-

derson, assistant vp-investor relations.

And, American International Group Inc.'s general insurance loss reserves totaled \$6.2 billion at year-end, a 53.6% boost from a year earlier, the company says.

Analysts say, in general, the industry's reserve situation has improved during 1986.

"I think the companies' reserve position has certainly improved, and they probably have a bit further to go," said Mr. Cohen. "They seem to have taken a more conservative stance in reserving in 1985 and 1986 accident years, which is what you'd expect during the recovery phase of the underwriting cycle."

"The industry is more adequately reserved than it had been in the past decade," said Alex Brown's Mr. Stradtner.

The industry is "a lot further along than it was last year at this time," said Bear, Stearns' Ms. Vogel.

"I don't think (reserving) is the problem it was," agreed Robert Branche of the Branche Research Group based in Morrisville, Pa.

"It's better than it was at year-end '85. It's probably not as good as it will be at year-end '87," said David P. Wells, an analyst with Merrill Lynch Pierce Fenner & Smith Inc. in New York.

Others were somewhat less optimistic. For instance, First Boston's Mr. Seifer estimated the industry remains about 5% underreserved.

"I think there's still more, probably, that needs to be done," said Myron M. Picoult, senior vp at Oppenheimer & Co. Inc. in New York.

Most analysts also say they remain concerned about the ability of insurers to recover from some reinsurers.

"I think reinsurance recoverables will be a problem for a number of years to come," said Mr. Seifer. "It's hard to determine how many companies really reserved

against the possibility. But it's a definite hazard."

"I think the situation will continue to get worse. It can't get better," said Mr. Wells.

"I don't see any huge surprises as far as the industry is concerned. But that's going to be a continuing problem for some time," said June I. Hoffer, an analyst with New-York based firm, Prudential/Bache Securities Inc.

"It's up for grabs. You just don't know who's out there," said Warburg's Ms. Culbert, describing reinsurance recoverables as a "nagging doubt."

We have not "scratched the surface" as far as the issue of reinsurance recoverables is concerned, said Mr. Picoult. "Let's wait and see what happens," he added, pointing to last month's liquidation of Mission Insurance Co.

Non-recoverable reinsurance has had "some impact on our results," said Sentry's Mr. Hlavac. He noted Sentry's excess/surplus lines underwriting operation, which was discontinued in 1985, had ceded some reinsurance to Mission.

He added, "We think at this point in time that we're reasonably reserved for our reinsurance losses, based on what we know."

Some industry observers note that low interest rates could lead to a slowdown in insurer's investment income despite increased cash flow from higher premium volume.

But, low interest rates could also discourage insurers from cutting premium rates, preventing a return to cash-flow underwriting.

There has been a general move in the industry towards investing in tax-exempts, say observers, as companies begin recording profits and run out of tax-loss carryforwards.

"The trend is still towards tax-exempts," said Mr. Wells.

However, a spokesman at USF&G Corp. said, "We're still doing taxables." At this point, he said, "We're not a taxpayer, and we're continuing to invest our funds in taxables."

"We're doing a modest amount of tax-exempt bonds," said Sentry's Mr. Hlavac. The insurer made

Continued on next page

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# Summary of major property/casualty insurers' 1986 results

(All amounts in thousands of dollars)  
(Ranked by change in aftertax operating income)

Rank 1986	Corporate			Property/casualty operations										
	Consolidated revenues 1986	Aftertax <sup>1</sup> operating income 1986	Percent increase (decline) 1985-1986	Combined <sup>1</sup> ratio 1986	Combined <sup>1</sup> ratio 1985	Net premiums written 1986	Percent increase (decrease) 1985-1986	Pretax underwriting income (loss) 1986	Percent increase (decline) 1985-1986	Pretax investment income 1986	Percent increase (decrease) 1985-1986	Policyholders surplus 1986	Percent increase (decrease) 1985-1986	
1	Chubb Corp.	3,208,800	214,400	1,867.0	99.5	106.3	2,546,200	32.4	(45,600)	86.8	230,900	19.0	981,900	38.3
2	Royal Group (U.S. subs.) <sup>2</sup>	N/A	295,400	834.8	102.0 <sup>2</sup>	114.3 <sup>2</sup>	2,200,000 <sup>2</sup>	29.4	(51,000) <sup>2</sup>	78.2	240,600 <sup>2</sup>	17.1	899,000	55.3
3	Sentry Insurance Cos. <sup>2</sup>	587,362	46,982	592.8	107.9	117.6	825,234	(1.7)	(63,895)	55.0	116,010	6.0	346,741	61.0
4	Continental Corp.	6,002,300	223,200	503.6	105.3 <sup>2</sup>	119.4 <sup>2</sup>	3,601,800 <sup>2</sup>	19.9	(165,700)	69.7	342,835	2.3	1,447,500	50.5
5	Fireman's Fund Ins. Cos.	3,699,477	155,586	441.6	108.5	123.5	3,354,283	15.2	(275,894)	58.9	457,614	(3.8)	1,310,210	11.8
6	The St. Paul Cos. Inc.	3,181,587	153,882	265.9	110.5	120.8	2,556,425	14.4	(275,184)	32.7	438,750	17.3	942,167	14.2
7	USF&G Corp.	4,336,783	242,535	194.0	109.0 <sup>2</sup>	121.7 <sup>2</sup>	3,695,950 <sup>2</sup>	17.3	(274,592)	52.8	565,029	62.4	1,239,900	35.8
8	CIGNA Corp.	17,064,100	534,900	162.6	109.2	121.4	5,670,400	18.6	(496,900)	47.5	723,300	13.1	1,768,400	25.5
9	Crum & Forster Inc.	3,161,600	65,500	158.4	111.4	121.6	2,976,400	30.1	(365,300)	45.2	437,200	17.5	1,156,900	38.8
10	Fremont General Corp.	93,106	8,510	157.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
11	Hartford Insurance Group	8,480,706	302,673	148.4	104.8	113.2	5,676,677	34.0	(294,881)	45.3	579,521	23.6	2,356,988	11.7
12	The Home Group Inc.	2,193,700	15,100	106.6	116.8	137.7	1,963,000	13.6	(301,200)	52.1	390,000	15.6	770,200	2.1
13	Kemper Corp.	3,329,897	148,125	94.4	106.8	114.0	749,116	4.7	(53,264)	46.1	81,009	9.2	362,138	10.0
14	Ohio Casualty Corp.	1,379,397	68,301	77.5	104.4 <sup>2</sup>	109.2 <sup>2</sup>	1,301,656 <sup>2</sup>	19.7	(56,981)	38.7	139,998	16.4	452,495	18.9
15	General Re Corp.	3,175,228	279,139	76.1	103.3 <sup>2</sup>	110.8 <sup>2</sup>	2,485,060	56.2	(98,967)	35.5	392,872	39.3	1,840,258	69.2
16	American International Group	8,875,600	656,603	75.7	101.2 <sup>2</sup>	106.1 <sup>2</sup>	6,314,389	47.2	(75,587)	68.4	521,438	36.2	N/A	N/A
17	Aetna Life & Casualty Co.	20,482,900	714,300	66.0	107.0	114.8	5,961,800	21.3	(414,200)	43.0	741,500	22.2	5,986,237	20.0
18	Hartford Steam Boiler	388,773	45,334	63.7	86.0	94.7	279,432	15.4	37,564	243.4	30,206	20.4	216,299	35.6
19	CNA Financial Corp.	6,392,000	260,600	44.7	114.6 <sup>2</sup>	123.7 <sup>2</sup>	4,184,000 <sup>2</sup>	45.7	(635,200) <sup>2</sup>	(8.5)	662,100 <sup>2</sup>	19.5	1,830,000	39.2
20	SAFECO Corp.	2,598,643	157,918	35.3	106.0	110.5	1,370,782	16.8	(77,568)	33.1	151,959	19.0	622,582	28.4
21	Travelers Corp.	16,046,600	443,600	23.3	108.1	117.7	4,954,200	23.1	(390,900)	41.1	455,100	13.3	1,727,700	22.6
22	American General Corp.	6,160,000	538,000	15.5	104.6 <sup>2</sup>	110.9 <sup>2</sup>	1,521,000	24.9	(53,000)	50.9	148,000	8.8	855,000	17.9
23	Old Republic Int'l (incl. life) <sup>3</sup>	1,143,500	47,200	(5.4)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
24	Reliance Ins. Co. & subs.	1,586,462	(67,250)	(187.1)	117.2 <sup>2</sup>	114.9 <sup>2</sup>	1,503,196	1.9	(262,908)	(52.4)	148,634	(15.1)	740,900	25.7
	Commercial Union Ins. (U.S.) <sup>2</sup>	N/A	N/A	N/A	111.0 <sup>2</sup>	128.4 <sup>3</sup>	1,020,400	7.4	(122,400)	54.2	145,800	(9.2)	476,900	12.1
	Liberty Mutual Ins. Co. <sup>2</sup>	N/A	N/A	N/A	113.4	115.6	5,377,118	31.1	(517,311)	11.1	683,804	13.8	N/A	N/A
	Nationwide Mutual Ins. Co. <sup>2</sup>	N/A	N/A	N/A	114.6	115.5	5,671,658	31.4	(763,522)	(22.9)	512,523	8.4	2,075,357	9.4
	<b>Cumulative</b>	<b>123,568,521</b>	<b>5,550,538</b>	<b>465.0</b>	<b>108.2</b>	<b>116.9</b>	<b>77,760,176</b>	<b>25.9</b>	<b>(6,094,390)</b>	<b>39.1</b>	<b>9,326,702</b>	<b>17.0</b>	<b>30,405,772</b>	<b>25.3</b>

<sup>1</sup> After dividends. <sup>2</sup> Statutory. <sup>3</sup> Before dividends. N/A—Company did not provide data

Continued from previous page  
some tax-exempt investments during 1986, he said, adding, "We'll pick up the pace in 1987."

"We are moving into tax-exempts currently, and expect to continue to do so during the year," said John H. Fitzpatrick, director of financial relations for Kemper Corp. in Long Grove, Ill.

"We're looking at probably some more investments in tax-exempt securities than we have in the past," said C. David Mencer, controller at Ohio Casualty Co.

He added, however, the possibility of having to pay an alternative minimum tax must be a consideration in Ohio

Casualty's investment strategy.  
The Tax Reform Act of 1986 introduces an alternative minimum tax in order to assure that all corporations pay some federal income tax and introduces prorating—the taxation of 15% of interest received from tax-exempt securities. As a result, insurers are not so hesitant to put their money into taxable investments.

The alternative minimum tax is a factor in SAFECO Corp.'s strategy, said George D. Yonker, assistant controller. In 1986, he said, the insurer had invested 20% of its funds in equities and 80% in non-taxable municipal bonds. In 1987, he said, SAFECO plans to place 40% of its investments in

taxable bonds, 40% in non-taxables and 20% in equity investments.

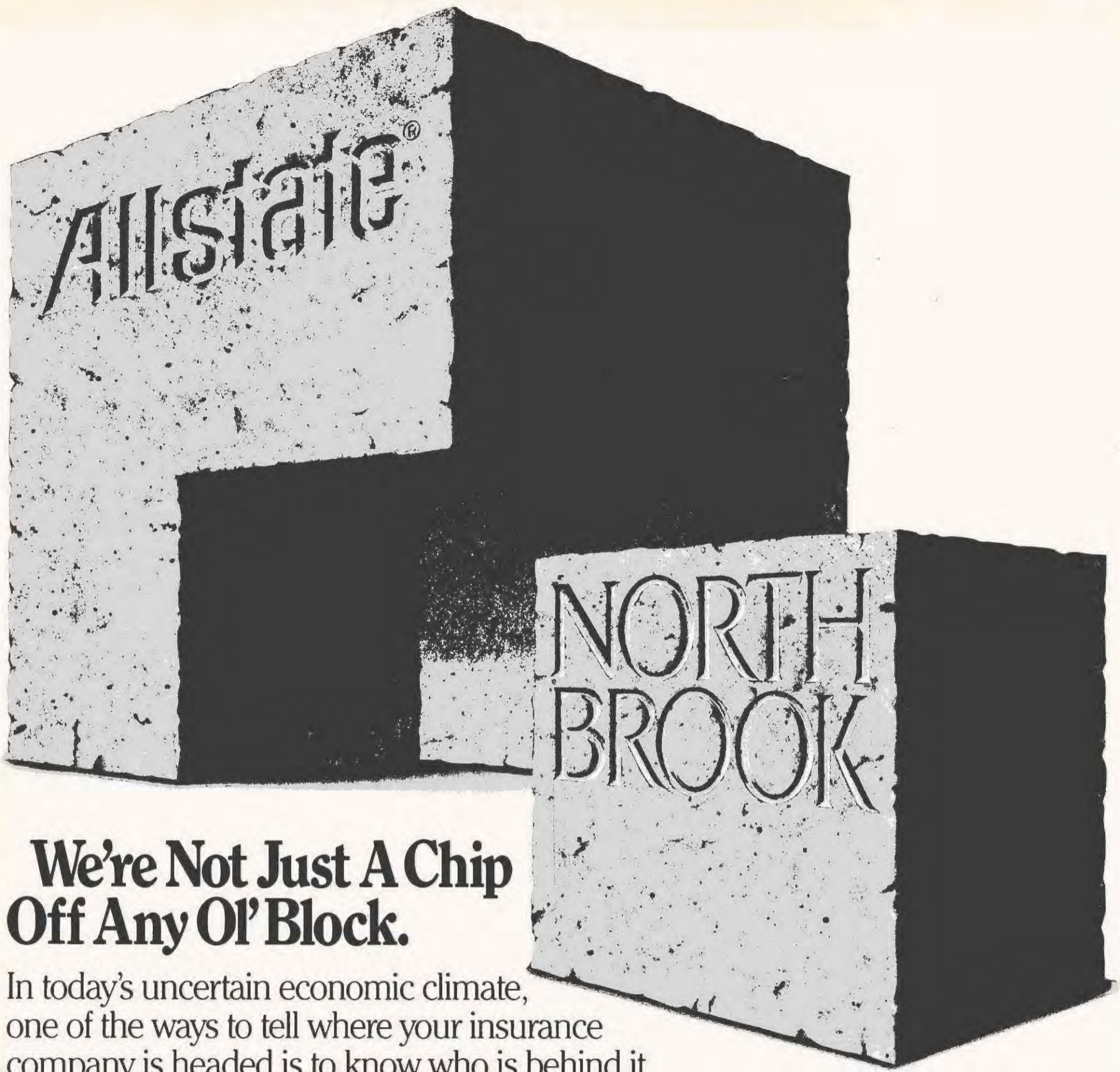
Observers noted also that while insurers are moving into tax-exempts, they are also moving more heavily into intermediate maturities of about five to seven years for both tax-exempt and taxable investments.

Michael Lewis, a vp and analyst with E.F. Hutton in New York, said these maturities are neither so long that insurers feel they no longer have control over them, nor so short that they are "constantly at the mercy of interest rates." They simultaneously present the "best return and best comfort level," he said.

## BI Industry Stock Report

March 19, 1987 3/13/87 thru 3/19/87

Brokers	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol.(000)	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol.(000)			
Alexander & Alexander Svcs	NYSE	31.25	5.5	30.0	1.00	3.2	31.88	29.88	2,594.3	Fireman Fd Corp	NYSE	40.63	-1.8	17.3	0.40	1.0	42.00	40.25	603.3
Baldwin & Lyons Inc	OTC	22.00	0.0	9.5	0.20	0.9	22.00	22.00	0.0	Fremont Gen Corp	OTC	19.75	-2.5	0.0	0.48	2.4	20.00	19.75	61.1
Corroon & Black Corp	NYSE	35.63	3.3	15.8	0.84	2.4	35.63	34.38	222.6	Great West Life Assurn Co	OTC	700.00	0.0	14.4	18.00	2.6	0.00	0.00	0.0
Gallagher Arthur J & Co	NYSE	25.75	-8.0	18.4	0.40	1.6	28.75	25.75	994.9	Home Group Inc	AMEX	23.13	-3.6	6.2	0.20	0.9	23.88	23.13	400.0
Hall Frank B & Co Inc	NYSE	14.13	-2.6	0.0	0.00	0.0	14.13	13.38*	644.0	Hanover Ins Co	OTC	75.50	-0.3	11.4	0.56	0.7	75.50	75.25	9.5
Marsh & McLennan Cos Inc	NYSE	68.50	2.8	20.8	1.90	2.8	68.50	66.63	1,015.7	Harleysville Group Inc	OTC	17.13	-2.8	5.5	0.40	2.3	17.25	17.00	65.8
Poe & Assoc Inc	OTC	13.25	0.0	16.8	0.40	3.0	13.25	13.25	79.9	Hartford Steam Boiler Insptn	OTC	66.25	7.7	15.5	1.60	2.4	66.25*	62.00	100.6
AGENTS/BROKERS	AVERAGE								17.7	Kans City Life Ins	OTC	28.25	0.0	10.9	0.96	3.4	28.50	28.25	10.7
									2.4	Kemper Corp	OTC	37.00	-3.3	14.7	0.60	1.6	37.63	37.00	940.1
										Liberty Corp S C	NYSE	39.75	-1.2	14.0	0.72	1.8	40.75	39.75	17.8
<b>Conglomerates &amp; Holding Cos.</b>										Lincoln Natl Corp Ind	NYSE	50.50	0.2	11.1	2.16	4.3	51.00	50.38	543.3
Anderson Clayton(Ranger/PanAm)	NYSE	65.63	0.0	18.8	0.00	0.0	0.00	0.00	0.0	Mission Ins Group Inc	PAC	2.63	0.0	0.0	0.00	0.0	4.38	0.69	203.4
Arco Inc	NYSE	8.13	3.2	0.0	0.00	0.0	8.25	7.75	564.3	Monumental Corp	OTC	55.63	0.0	18.8	0.00	0.0	55.63	55.63	1.1
Berkley M R Corp	OTC	33.75	0.7	14.1	0.24	0.7	33.75	33.25	542.2	Nac Re Corp	OTC	31.75	-1.6	48.8	0.00	0.0	32.25	31.75	201.1
Berkshire Hathaway Inc Del	OTC	3480.00	-3.2	201.9	0.00	0.0	3500.00	3325.00	1.4	Nobel Ins Ltd	OTC	15.50	-5.3	11.7	0.37	2.4	16.50	15.50	448.7
CIGNA Corp	NYSE	64.00	-1.2	10.1	2.80	4.4	64.75	64.00	850.0	Northwestern Natl Life Ins	OTC	28.38	-0.9	8.5	0.86	3.0	28.50	27.88	478.8
CNA Finl Corp (CNA)	NYSE	60.63	1.3	15.1	0.00	0.0	60.88	59.50	191.7	Ohio Cas Corp	OTC	46.50	4.5	15.4	1.68	3.6	46.50	44.75	277.0
General Re Corp	NYSE	65.25	-2.2	23.8	1.00	1.5	66.25	64.88	813.4	Old Rep Intl Corp	OTC	28.63	0.9	12.0	0.78	2.7	28.75	28.38	288.7
ITT (Hartford Group)	NYSE	65.00	1.6	18.4	1.00	1.5	65.00	63.50	1,856.3	Orlon Cap Corp	NYSE	28.50	-3.4	0.0	0.76	2.7	29.38	28.50	37.1
Sears Roebuck & Co. (Allstate)	NYSE	51.50	-2.1	14.2	2.00	3.9	52.75	51.13	3,720.7	Protective Corp	OTC	18.25	-1.4	11.8	0.70	3.8	18.50	18.13	177.3
Transamerica Corp (Occidental)	NYSE	34.75	1.8	9.7	1.76	5.1	34.75	33.25	1,035.7	Provident Life & Acc Ins Co	OTC	26.25	-1.4	12.2	0.84	3.2	26.50	26.00	240.8
CONGLOMERATES/HOLDING COS.	AVERAGE								83.5	St Paul Cos Inc	OTC	48.25	-2.5	14.0	1.76	3.6	48.50	48.00	975.5
									0.2	SAFECO Corp	OTC	59.75	0.8	12.4	1.70	2.8	59.75	59.00	339.5
										Scor U S Corp	OTC	14.00	0.0	28.0	0.00	0.0	14.00	14.00	295.8
										Selbels Bruce Group Inc	OTC	17.50	1.4	0.0	0.80	4.6	17.50	17.00	249.3
<b>Insurers</b>										Selective Ins Group Inc	OTC	24.00	0.0	11.1	0.92	3.8	24.00	23.75	68.7
Aetna Life & Cas Co	NYSE	67.00	-0.6	10.8	2.76	4.1	67.50	66.50	1,828.5	Statesman Group Inc	OTC	5.00	2.6	5.7	0.05	1.0	5.13	5.00	60.9
American General Corp	NYSE	41.88	-2.9	11.6	1.25	3.0	43.00	41.88	1,294.0	Tokio Marine & Fire Ins Co	OTC	73.38	0.0	82.4	0.17	0.2	73.38	73.38	15.6
Ameri Heritage Life Invnt Co	NYSE	42.50	-0.6	14.7	1.32	3.1	42.75	42.50	1.6	Torchmark Corp	NYSE	31.63	-3.1	11.6	1.20	3.8	32.50	31.63</	



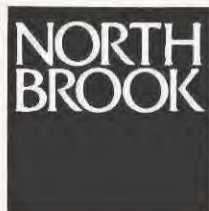
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