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Update

Bush administration to draft new health care reform bill

WASHINGTON—The Bush administration will work with House Republican leaders to draft health insurance reform legislation that could win bipartisan support before the fall elections.

Health and Human Services Deputy Secretary Kevin Moley said the legislation—scaled back from an earlier administration proposal—likely will include provisions that would make it easier for small employers to band together to purchase health insurance or self-insure on a group basis.

Continued on next page

Britain and Bermuda see most reinsurance from U.S.

By JOANNE WOJCIK

WASHINGTON—The bulk of the $6.83 billion in property/casualty reinsurance premiums ceded by U.S. insurers to non-U.S. underwriters in 1990 went to reinsurers in Bermuda and the United Kingdom, a new study shows.

Those premiums were then widely dispersed among reinsurance underwriters in those two countries, according to a new study by the Reinsurance Assn. of America.

U.S. underwriters ceded about $9.5 billion in premiums to U.S. professional reinsurers in 1990, the RAA says. This number does not reflect reinsurance premiums paid to U.S. professional reinsurers by overseas ceding companies.

Surprisingly, only a fraction of the total U.S. reinsurance premium ceded abroad went to Swiss and German reinsurers, despite the growing interest they have expressed in U.S. business, said RAA Senior Vp Jim Shamberger, one of the study's authors.

Underwriters in Bermuda received $2.03 billion—or about 30%—of the $6.83 billion in reinsurance ceded by U.S. insurers to non-U.S. underwriters in 1990, the survey shows. U.K. underwriters followed close on Bermuda's heels with $2.01 billion, followed by reinsurers in Germany, with $394.1 million or 5.8% of the total, Barbados, with $363.4 million or 5.3%, and Switzerland, with $277.7 million or 4.1%.

However, nearly half of the premiums ceded to Bermuda reinsurers were collected by affiliated companies. The RAA could not determine how much of the other half of the premiums were paid to captive insurers of industrial and service companies and how much was paid to financial reinsurers.

Likewise, 31% of the premiums ceded to Barbados was paid to affiliates. By comparison, only 3% the premiums ceded to U.K. reinsurers was paid to affiliates.

Of the total $6.83 billion in premiums ceded abroad in 1990, only about 25%, or $1.68 billion, was ceded to affiliated underwriters.

"The U.S. Reinsurance Market in 1990: An Analysis of Annual Statement Data" presents a comprehen-

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Taking Haslip to heart

Maryland considers first punitive damage law based on high court ruling

By MARK A. HOFMANN

ANNAPOLIS, Md.—Maryland may become the first state in the nation to pass a punitive damages reform bill drafted in direct response to a landmark 1991 U.S. Supreme Court ruling.

A Senate committee may vote this week on the bill, which would significantly shield employers from punitive damages for the actions of their employees.

The Maryland House of Delegates approved H.B. 329 by a lopsided 82-43 margin in early March, and the legislation was sent to the Senate Judicial Proceedings Committee.

Among other things, the bill would:

- Eliminate punitive damage awards against employers whose employees' actions caused harm to someone, unless the employer authorized the act or knew that the employee was "unfit."
- Prohibit punitive damage awards when no compensatory damages are awarded.
- Establish bifurcated trials in punitive damages cases.

The first phase of the trial would decide whether a defendant is liable for compensatory damages. If liable, punitive damages could be considered in a separate, second phase.

- Spell out mandatory instructions for juries in punitive damage cases.

Some proponents of the bill, including the state's governor, who has pledged to sign the measure, say enactment of H.B. 329 would help recession-wracked Maryland attract businesses.

"We thought it was important for the business climate in Maryland that we restructure our law," said a spokesman for Gov. William Donald Schaefer.

But opponents say the changes aren't needed because it is already very difficult to win punitive awards in Maryland. Opponents also say that the measure would encourage corporate irresponsibility.

"We don't think the bill's necessary," said Janelle Cousino, executive director of the Maryland Trial Lawyers Assn. in Baltimore. "It's very hard to get punitive damages and harder to get them paid."

Both sides agree that the measure—which was sponsored by state Delegate John S. Arnick, D-Baltimore County,

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Municipalities found liable in Superfund suit

By STACY GORDON

NEW YORK—Municipalities can be held liable under Superfund for the cleanup of sites at which they disposed municipal waste, a federal appellate court says.

In the first appellate ruling of its kind, the 2nd U.S. Circuit Court of Appeals ruled March 12 that a municipality that sends municipal solid waste—or household waste—to a landfill can be held liable as a waste generator.

Attorneys say that the decision will encourage corporations in the 2nd Circuit—Connecticut, New York and Vermont—that are named as potentially responsible parties for cleanup costs to seek contributions from municipalities.

The decision also is likely to fuel debate in Congress on legislation that would exempt municipal solid waste from the Comprehensive Environmental Response, Compensation and Liability Act, better known as Superfund.

The 2nd Circuit ruling is an attempt to shift the burden of cleanup costs from corporations to the taxpayers, charged attorney William Butler of Powell, Goldstein, Frazer & Murphy in Washington, D.C., who represented the municipalities in the case.

"Municipalities are aggregates of individuals," he said. "This is an attempt to say that we are all PRPs, since everything, when reduced to its component parts, contains toxic chemicals."

"This is also an attempt to undo Superfund," Mr. Butler said. "This turns Superfund into a taxpayer-generated and taxpayer-supported method of cleaning hazardous waste sites, thus relieving corporate generators of liability."

However, environmental law specialist Mitchell Bernstein contends that a ruling that would have exempted municipalities would have done more damage to the Superfund law.

"What keeps the program going is the idea of no special deals and joint and several liability," said Mr. Bernstein of Skadden, Arps, Slate, Meagher & Flom in

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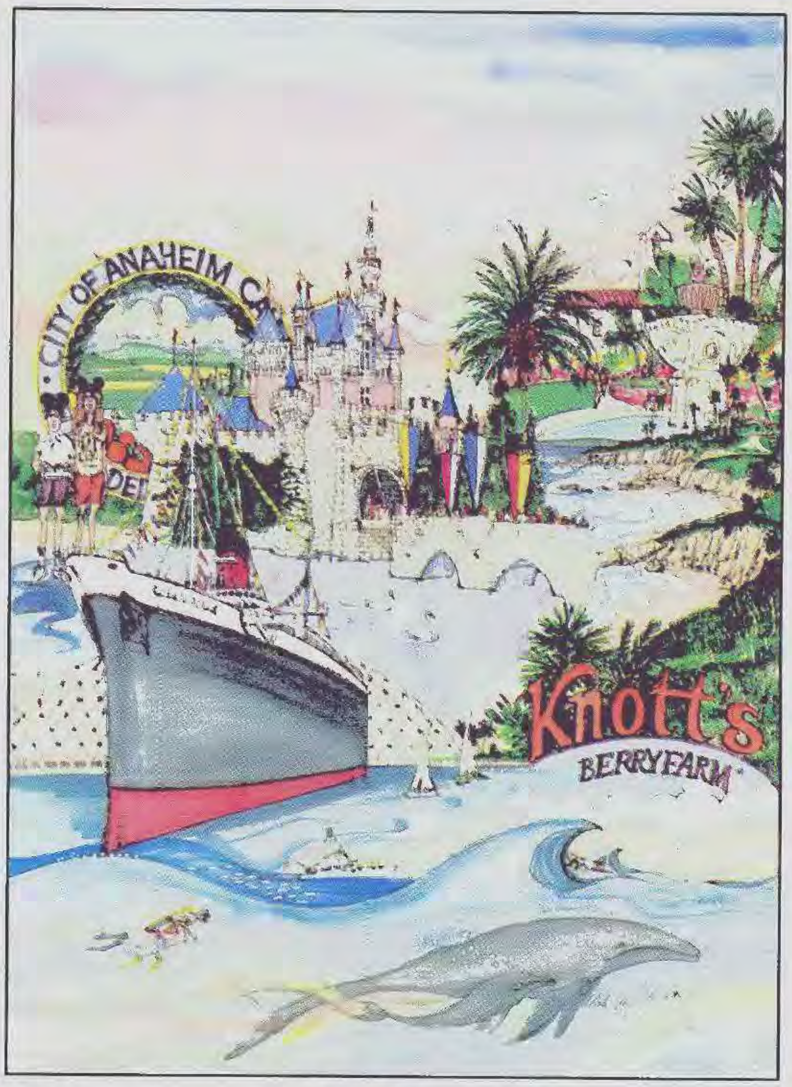

Southern California's magic

RIMS conference attendees will experience Southern California's magic, not only at Disneyland Park or Knott's Berry Farm, but also in sunny skies, beautiful beaches, the rugged terrain of Santa Catalina Island and the fertile valleys of the Temecula wine country. For a guide to the conference and Southern California, see the special section following page 20.

Update

Bush administration health bill

Continued from previous page

It also will likely call for increasing the tax deduction the self-employed can take for health insurance premiums to 100% from 25%.

The administration will not push for a provision included in its February proposal that would provide new tax credits and expand tax deductions to help individuals purchase health insurance. That provision has been criticized because the administration did not propose how the government would pay for them (*BI*, Feb. 10).

Separately, congressional conferees were expected to strip certain limited health care reforms from a tax bill earlier approved by the Senate (*BI*, March 9).

PBGC sees loss on CF&I plan

WASHINGTON—The Pension Benefit Guaranty Corp. expects one of its largest losses ever following the termination and takeover last week of the massively underfunded defined benefit plan sponsored by CF&I Steel Corp. of Pueblo, Colo.

The plan has 4,200 participants, including 1,500 retirees. With only $30 million in assets, the plan soon would have been unable to pay any of the $300 million in benefits it has promised, the PBGC said. The agency, which does not guarantee all benefits, like recent benefit improvements, estimates that its loss could be $220 million.

CF&I Steel has not made plan contributions since July 1990, the PBGC said. The company filed for Chapter 11 reorganization in November 1990, shortly before the PBGC would have been allowed by federal law to obtain statutory liens against CF&I for missing required payments to the plan.

Seibels agrees to acquisition

COLUMBIA, S.C.—The Seibels Bruce Group Inc., whose premium volume declined in 1991 for the fifth consecutive year, will be acquired by American States Insurance Co.

The directors of Columbia, S.C.-based Seibels Bruce, a regional property/casualty insurer, approved the acquisition in principle on March 17. Seibels Bruce reported net written premiums of $116 million in 1991, down 24.2% from $153 million in 1990.

American States, the Indianapolis-based property/casualty unit of Fort Wayne, Ind.-based Lincoln National Corp., wrote net premiums of about $1.2 billion last year. A spokesman for American States said the acquisition will allow the insurer, which currently operates in 46 states, to enhance its position in the Southeast.

American States will pay roughly $46.9 million for Seibels Bruce's estimated 7.5 million outstanding shares of stock. About 45% will be paid in cash, with the remainder in Lincoln National stock.

Sterling E. Beale, chairman and chief executive officer of Seibels Bruce, said it was "premature" to say whether Seibels Bruce units will continue to do business under their own names after the acquisition, which is subject to shareholder and regulatory approval.

A terminated managing general agent contract and Hurricane Hugo produced large losses for Seibels Bruce in recent years, according to A.M. Best Co.

Utility covered for settlement

MILWAUKEE—Wisconsin Electric Power Co. is insured for the bulk of a $25.2 million settlement of a negligence suit by a boy who lost his arms and suffered other injuries when he reached into an unlocked transformer box.

Associated Electric & Gas Insurance Services Ltd., a Bermuda-based utility industry captive insurer, will cover $24 million of the settlement, said William Dundas, manager of risk management at Wisconsin Electric. The utility already had spent $800,000 of its $2 million self-insured retention on legal fees.

Matthew Brown, now 6, received a 4,800-volt electric shock when he reached into the box Oct. 6, 1990, in a Milwaukee suburb.

"The size of the settlement indicates the utility was lax in its inspection practices," said the boy's lawyer, Willard Techmeier with Techmeier & Lowl in Milwaukee. The utility had been told the transformer lock was missing but did not replace it, he said.

Mr. Dundas termed the settlement "reasonable."

The settlement is subject to court approval.

Dow Corning to drop implants

WASHINGTON—Dow Corning Corp., which is facing potentially huge liability from its silicone gel breast implants, will stop making implants, help women pay for removing the implants and contribute $10 million toward research on the product's safety.

The implants have not been very profitable for the last several years for the company, a joint venture of Dow Chemical Co. and Corning Corp., said Keith McKennon, chairman and chief executive officer. The implants accounted for about 1% of Dow Corning's $1.85 billion in sales last year.

The company, which says it is the fourth-largest maker of silicone implants, is offering to pay up to $1,200 to women with Dow Corning implants who want to have them removed for health reasons but cannot afford the procedure.

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Errors & omissions

• Warren, McVeigh & Griffin Inc. was omitted from the Directory of Risk Management Consultants in the March 9 issue. A listing for the firm appears on page 37.

In addition, Risk Management Associates of Manlius, N.Y., was left out of the directory's geographical index.

Comp rating plan hit by California insurers

By JOANNE WOJCIK

LOS ANGELES—Most workers compensation insurers in California oppose a proposal to eliminate the state's minimum rate law, arguing that attacking factors that drive up workers comp costs would be more effective.

The proposal, drafted by a panel of academics assembled to study how workers comp rates are set and to suggest improvements, is expected to be presented to the state Legislature later this month.

However, it likely will take a back seat to more than 80 workers comp reform bills that have been introduced so far this session, observers say.

And, critics of the seven-member California Workers Compensation Rate Study Commission, which proposed scrapping the minimum rate law, say it didn't fulfill its mission, as prescribed by a 1989 workers comp reform package (*BI*, Oct. 2, 1989).

Others say the commission did the best that it could given the circumstances: It went without staff for four months last year after Insurance Commissioner John Garamendi removed Executive Director Orin Kramer, claiming he was too closely tied

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Risks of managed care

Employers can limit liability created by provider contracts

By CHRISTINE WOOLSEY

CHICAGO—Employers that contract directly with health care providers may be found liable if the provider causes injury to a plan participant, warns a health care lawyer.

One way to avoid this risk is to carefully word contracts with providers and managed care vendors, like utilization review firms, he said.

"If you are building a relationship with a provider, you need to do three very important things: avoid unnecessary risk, apportion risk that can't be avoided and manage risk once it's been apportioned," said John P. Marren, an attorney with Katten, Muchin & Zavis in Chicago, who specializes in negotiating managed care contracts. "If you do all three, you are half the way there to avoiding additional costs and liability."

Mr. Marren discussed utilization review contracts during a session at a National Health Lawyers Assn. meeting held March 12-13 in Chicago.

"One of the questions that arises in a managed care contracting relationship is whether or not such a relationship causes an increase in potential liability," Mr. Marren said.

Employers can get into legal snafus in a number of ways. For example, "contracting with specific providers either directly or

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Loss control consultants to be listed

The May 18 issue of *Business Insurance* will contain the annual directory of property loss control consultants. The issue also will feature a spotlight report on property loss control topics.

Insurers, brokers and other firms that provide loss prevention inspections, building plan reviews, loss prevention research, training seminars and other loss control consulting are eligible to be listed in the directory if their services are provided on a fee-for-service basis.

The directory is published as an editorial service. There is no charge to be included, but organizations first must complete and return a questionnaire provided by *BI* by April 6.

If your organization provides property loss control services on an unbundled basis and you would like a questionnaire, please contact Sarah Polster, Directory Editor, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590; 312-649-5279.

Firms fear rise in discrimination suits

New policies cover employment claims

By MEG FLETCHER

Employers that fear employment-related lawsuits will increase due to new federal laws that expand their liability now can look beyond sound personnel practices for protection.

Two insurers are now offering coverage designed to provide employers a defense and indemnification for unapproved acts by employees giving rise to discrimination, wrongful termination, sexual harassment and other claims by current or former workers or job applicants.

Both Lexington Insurance Co. and Chubb & Son Inc. began offering "Employment Practices Liability Insurance" policies earlier this month, though no policies are yet in effect.

Lexington's policy provides coverage for claims of discrimination, wrongful termination and sexual harassment.

Chubb's policy covers those claims as well as others, including failure to promote, breach of employment contract, and misrepresentation or defamation.

Insurers and brokers say the new coverage is generally broader than earlier policies because it covers the corporation and its employees in addition to its directors and officers, and because it pays both indemnity and defense costs.

However, risk managers and

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Inside

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Captives to continue to dominate Bermuda market: Reinsurer

By ROGER SCOTTON

HAMILTON, Bermuda—Despite the continued rapid growth of new sectors of the Bermuda insurance industry, captives will continue to dominate the island's alternative risk transfer market for much of the next decade, says a reinsurer executive specializing in coverage for captives.

Jonathan J. Crawley, president of Sphere Drake Underwriting Management (Bermuda) Ltd., predicted that the more than 1,300 captives, which write annual gross premiums of about $10 billion, would grow at a compound rate of 1% to 2% annually.

But Bermuda's financial reinsurance sector—consisting of eight companies with $1.4 billion in gross volume in 1990—is "on course to expand dramatically," he said at the Bermuda Insurance and Reinsurance Forum earlier this month.

Mr. Crawley forecasted a doubling of financial reinsurance premiums over the next two to three years. Before the turn of the century, he projected, annual financial reinsurance premiums written in Bermuda will hit $5 billion.

"Future premium growth in the policyholder-owned companies, such as Bermuda's excess liability insurers, is less easy to foresee," he said at the conference, run by the Tillinghast division of Towers, Perrin, Forster & Crosby Inc. "They are now up against competition from the commercial market in both the United States and London."

In the traditional reinsurance sector where his own company operates, Mr. Crawley expected growth to be less dramatic—"perhaps $300 million this year as opposed to $230 million last year."

However, he stressed that the future of the Bermuda industry, which writes a total of $13 billion in annual premiums, rests on two "generally unconsidered" factors—the future of the island's quality of life and environment, and the economic

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Photo by L. Brown/The Image Bank

Some weather services now plot lightning strikes as they occur.

Ill winds do not have to blow harm

Weather services can aid in averting damage

By SARA J. HARTY

Risk managers who believe there's nothing anyone can do about the weather are missing out on chances to control losses caused by Mother Nature.

Improved forecasting and warning systems can give risk managers extra time—from precious hours to several days—to prepare for inclement weather.

Some weather services even can specify and prioritize the risk management and loss control steps that should be taken depending on the type of weather approaching.

Some risk managers, though, decide to "ride out the storm" while continuing full operations, even when a storm system as fierce as a hurricane is headed in their direction, said Kenneth W. Linder, assistant director of research at Hartford, Conn.-based Industrial Risk Insurers.

But this approach can result in "significant business interruption losses," he said.

For example, in cases of arctic freezes, companies that do not take precautions are likely to suffer losses 20 to 50 times greater than companies that have prepared for Old Man Winter's frosty embrace, said Richard A. Gross, a research consultant with IRI.

Planning ahead is crucial in weather risk management, Mr. Linder said. "If you don't have a plan, it is unlikely that you will do the proper things at the time of the storm."

For the most part, awareness on the part of policyholders that weather losses are preventable is relatively high, said Peter J.G. Willse, a research consultant with IRI.

But, policyholders that have suffered a recent loss are usually most aware of the dangers, said Paul C. Blanchard, special projects engineer for Factory Mutual Engineering & Research, in Norwood, Mass., which provides loss control services for the three Factory Mutual insurance companies.

Risk managers can take many steps to minimize weather-related losses—ranging from lightning-plotting data to computerized weather forecast data bases that are continuously updated to simply monitoring weather broadcasts.

For example, Salt Lake City-based weather forecasting firm WeatherVector and affiliate WeatherBank are able to plot lightning strikes as they occur

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Regulatory proposals cause CICA to mull a move into lobbying

By LOUISE KERTESZ

RANCHO MIRAGE, Calif.—Regulatory challenges to the way captive insurers do business are prompting the Captive Insurance Companies Assn. Inc. to consider whether it should become more involved in confronting these problems.

CICA

These challenges include:

- A model act to limit fronting activities, now under consideration by a working group of the National Assn. of Insurance Commissioners (*BI*, March 16).
- Proposed federal regulation of alien insurers and reinsurers (*BI*, Aug. 12, 1991).

In opening CICA's annual conference, held here March 1-4, President Frank T. Dunn Jr. invited members to consider what course the organization should take in the future.

"Can we be a more vital organization, perhaps a lobbying group?" asked Mr. Dunn, a vp with Citibank N.A. in New York. CICA's board is currently struggling with that question, he said, inviting suggestions from members.

"CICA is in a unique situation as the only captive group on a national level. There are big issues coming up, and CICA must be poised to act," said Paul Brown, general counsel and director of government and public affairs for the Risk & Insurance Management Society Inc., who also spoke at the conference.

"It would be great to have CICA support" when taking a stand on issues like the regulation of fronting programs and offshore insurers, Mr. Brown said, noting that RIMS has "jumped on" these issues.

CICA must be prepared to act on the

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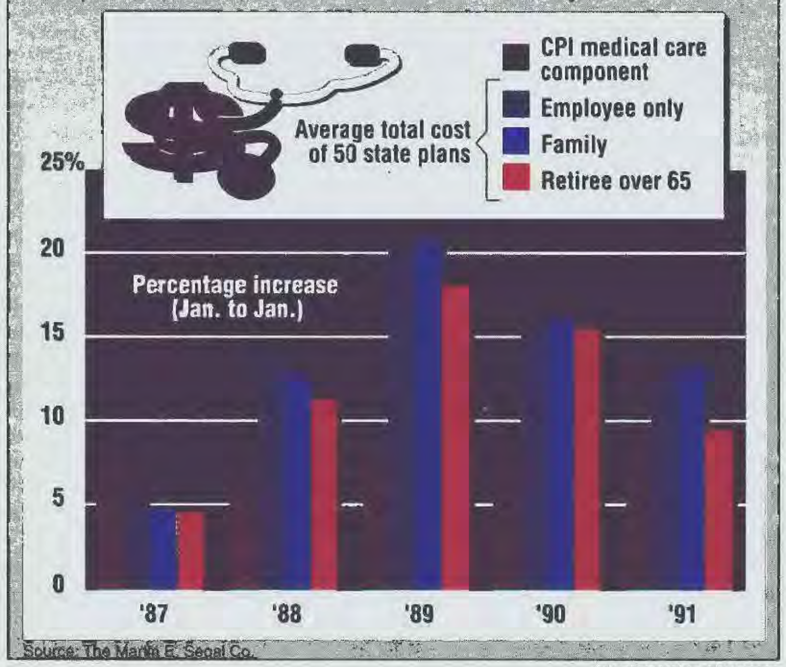
A toehold against health costs

The increase in state employee and retiree indemnity health plan costs shrank for the second consecutive year in 1991.



Source: The Martin E. Segal Co.

GRAPHIC BY JOHN HALL

State health plans report more modest cost hikes

By SARA MARLEY

NEW YORK—The cost of indemnity health plans covering state employees and retirees continues to rise, though at a lower rate than in several years.

Indeed, the increase in health care costs for retirees over age 65 covered by state plans was less than the increase in the medical care component of the Consumer Price Index for the year ending Jan. 31, 1991, according to the survey by benefit consultant Martin E. Segal Co. of New York.

"States are becoming much more active in cost management techniques," said Clark H. Yaggy, a Segal vp in Atlanta. "They are taking advantage of being larger employers."

State health plans covered more than 4.5 million people as of January 1991. Of those, 900,000 were retirees. Of the 3.6 million active employees, 1 million were employees of local agencies, like municipal governments and public school districts, enrolled in the state employee plans in 28 states.

The average monthly cost of individual coverage under state-sponsored indemnity plans was $153.75 per employee in January 1991, a 12.9% increase from January 1990. Individual coverage costs rose 15.1% in 1989-90, 20.2% in 1988-89 and 14.1% in 1987-88.

Because the figures do not take into account health maintenance organization costs, "they may overstate the rise in total health plan costs for states where HMO rates have increased less rapidly than indemnity plan costs," the survey notes.

The slowdown in indemnity plan cost increases also held true for family coverage. The cost of those plans rose 13.3% in 1990-91, compared with 16% in 1989-90, 20.8% in 1988-89 and 12.8% in 1987-88.

"Nobody is happy with a 12% or 13% increase, but on the spectrum it is a much more acceptable cost increase level than a lot of employers are seeing," Mr. Yaggy said.

Cost increases for retirees 65 and older, who are eligible for

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Reinsurance study

Continued from page 1

sive picture of the size and scope of the alien reinsurance market.

According to the RAA, this analysis is the first attempt by any organization to determine where U.S. reinsurance premiums are going.

Previously, the only publicly available data on international transactions had been the U.S. Commerce Department's survey of reinsurance transactions with overseas insurers. That survey contains summary data by geographic region and does not differentiate between life/health and property/casualty reinsurance.

The RAA conducted the study after receiving numerous inquiries from U.S. lawmakers and insurance regulators about what impact stepped-up regulation of alien reinsurers might have on the U.S. insurance market, explained Franklin W. Nutter, president of the Washington, D.C.-based group.

"We wanted to be a comprehensive source of information on the U.S. reinsurance market, both domestic and foreign," he said.

Using information collected by the Insurance Services Office Inc. from Schedule F of U.S. insurers' annual convention statements, Mr. Shamberger and other RAA staff attempted to determine how much U.S. reinsurance premium is ceded abroad and to what countries.

While it was not surprising to learn that the bulk of the U.S. reinsurance premium ceded to alien reinsurers goes to the United Kingdom and Bermuda, "what was surprising is that it goes to lots of places, not to any really large entities," Mr. Shamberger pointed out.

Surprisingly, the bulk of U.S. reinsurance premium 'goes to lots of places,' says Mr. Shamberger.

A total of 267 U.K. companies—with Lloyd's of London counted as a company—shared the $2 billion in U.S. reinsurance premium ceded to that country.

Similarly, 392 companies assumed the $2 billion in U.S. reinsurance premium ceded to Bermuda, according to the RAA analysis.

Another surprising finding was that only a few alien reinsurers are assuming large amounts of ceded reinsurance, Mr. Shamberger added.

For example, only four U.K. companies assumed $50 million or more in U.S. reinsurance premiums in 1990, while 147 have assumed between $100,000 and $500,000.

Likewise, only one Swiss reinsurer assumed more than $50 million in 1990, while 16 assumed between $100,000 and $500,000.

While many industry observers might expect the large reinsurance companies in Switzerland and Germany to be big players in the U.S. reinsurance market, their premium volume appears small because many of these alien companies do business through their subsidiaries in the United States, Mr. Shamberger explained.

For example, Zurich Reinsurance Co. of New York assumes U.S. reinsurance business on behalf of its parent, Zurich Insurance Co. in Switzerland. Likewise, North American Reinsurance Corp. assumes business on behalf of its parent, Swiss Reinsurance Co.

Another reason Swiss and German reinsurers appear to take such a small piece of the U.S. reinsurance pie is that much of the business eventually written by them is first ceded to the London market, Mr. Shamberger said.

The RAA plans to assemble a more definitive report on the 1991 U.S. reinsurance market, following improvements made to the NAIC annual statement for the 1991 accounting year, according to Mr. Shamberger.

For example, while in the past U.S. insurers could lump together all reinsurance amounts totaling less than $50,000 onto a single line for regulatory reporting purposes, they now must break this information down, he said.

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Copies of the 1990 report are available free from the RAA. Contact Jim Shamberger at the RAA, 1819 L St. N.W., Seventh Floor, Washington, D.C. 20036; 202-293-3335.

Andersen will settle fraud suits

CHICAGO—One of the nation's largest accounting firms, Arthur Andersen & Co. of Chicago, will pay up to $30 million to settle civil fraud suits related to the failure of Lincoln Savings & Loan Assn., the nation's largest S&L collapse.

Some $22 million will go to bondholders of American Continental Corp., Lincoln's parent. In a class-action suit, they accused Arthur Andersen of fraud related to audits done for American Continental for three years ending with the 1985 audit, when the firm resigned the account.

Holders of American Continental common shares could also recover on their fraud claims. Arthur Andersen agreed to pay 5% of any approved stockholder claims up to a total of $8 million. The firm, though, says these payments will be "relatively small" and will not "materially increase" settlement costs.

Denying any wrongdoing, the firm said it was settling to avoid protracted litigation and "to get the matter behind us."

The firm would not discuss its professional liability coverage. Big Six accounting firms typically place their coverage in the London market and are estimated to carry a $6 million to $10 million self-insured retention per claim and an aggregate retention of $20 million to $30 million annually (*BI*, Oct. 8, 1990).

This is the second settlement in as many weeks arising from the Lincoln Savings failure. Kaye, Scholer, Fierman, Hayes & Handler, a New York law firm, earlier agreed to pay $41 million to the Office of Thrift Supervision (*BI*, March 16).

News reports say that another Lincoln auditor—Ernst & Young—will settle out of court in the American Continental Corp. bondholder suit. No settlement had been announced as of last week.

—By Lori Block

Grede Foundries, one of the largest in the country, pours hundreds of tons of molten metal daily. At Grede, the people you see are sand mixers, melting foremen, coresetters, grinders, pattern makers, and, quite often, insurance professionals from Wausau.

"The Wausau people visit our facilities on a regular basis — to see what's going on and to understand our risks," says Gary Ertel, Grede Assistant Secretary-Treasurer. "I don't have to convince

2,750° FAHRENHEIT. WOULD THAT BE TOO HOT FOR YOUR PROPERTY INSURER TO HANDLE?

Wausau of the need to visit our plants; they want to get involved in order to understand our business."

At Wausau, the better we understand a policyholder's business, the better we understand their property insurance needs.

"I'm impressed with these facts: Wausau people have gone out of their way to become knowledgeable about our operations. They're competent; they know what they are talking about. Wausau is competitively priced, and that's extremely important," concludes Mr. Ertel.

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Firm offers both child, adult day care

By MICHAEL SCHACHNER

Benefit Beat

With the recent addition of an adult care wing, Lancaster Laboratories Inc. now offers an on-site intergenerational daycare center that is growing in popularity among company employees.

The center is believed to be only the second corporate-sponsored facility nationwide offering both adult and child day care.

The adult daycare facility, Lancaster Generations Inc., and the Hildebrandt Learning Center for Children are helping the company's 460 employees meet their ever-increasing need to find affordable quality day care for aging parents or children.

In addition, Hildebrandt, which opened in 1986, produces substantial savings for the Lancaster, Pa.-based firm in terms of increased productivity and reduced training costs because of dramatically lower turnover.

Both employees and community members can bring their parents or adult children, including those who have mild mental or physical disabilities, to the facility's adult care wing, which opened in October.

"A couple years ago we started to see that among our employee base there was a growing number of employees that were beginning to deal with aging parents," explained Carol D. Miller, executive vp-human resources and administration.

"We wanted to address these concerns."

While the Lancaster Generations daycare center got off to a slow start—only four adults were using the center regularly at first—the center appears to be gaining a following, she said.

Currently, about 12 adults use the center on a daily basis.

There is no age limit for Lancaster Generations. Most of the adults that come to the center each day are split fairly evenly between younger adults with physical handicaps or older people who recently have suffered a mild stroke or are in the early stages of Alzheimer's disease and need a limited amount of professional attention, she said.

"The adult daycare center is designed to offer adults a moderate amount of care. The real goal is to provide them with stimulation and to get them out of the house each day," Ms. Miller said.

Lancaster Generations is licensed to accommodate 25 adults. It currently maintains a three-person staff consisting of a director, a nurse and an activities director. The 5,500-square-foot facility has space and equipment for a physical therapist if needed.

The daily rate for the adult portion of the intergenerational daycare center is $30. The weekly rate is $140. The employee bears the entire cost for the day care, but subsidization can be obtained through the Lancaster County branch of the Office of Aging.

The child care center can accommodate up to 150 children between the ages of 6 months and 6 years. An outside agency staffs the center with between 20 and 25 employees, depending on the number of children there.

Employees pay between $60 and $92 weekly per child, depending on the child's age, a 20% discount from rates charged to community residents.

Although Lancaster Lab's employees have first rights to enrolling their children or parent in the facilities, residents of nearby central Pennsylvania communities New Holland, Ephrata and Akron also can use the center.

Ms. Miller said all of the infant slots are currently filled by the lab's own employees.

Lancaster Labs, which tests pharmaceutical and food products and performs environmental tests, is breaking even on the centers, Ms. Miller said.

"The whole idea is just to break even monetarily and offer employees a way of caring for their loved ones. They really like the ability to pay a quick visit to their child or a parent who may have just had a stroke or something. It seems to ease everyone's mind," Ms. Miller said.

She could not estimate the value to the company of constructing the on-site adult care center, which cost $700,000 to build. "It's hard to put numbers on this because it's still new. But for the employees who are using it, it appears to be invaluable." However, a six-year study conducted by Lancaster shows that since Hildebrandt opened, the percentage of women who leave the company after taking maternity leave has fallen to 7% from more than 50% before the program was implemented, she said.

"Not only does this increase our productivity because we're keeping experienced personnel, but it eliminates training costs, which we estimate to be about $10,000 per person," she said.

Mental health care

The combination of managed inpatient care and the increased use of outpatient treatments is reducing the average length of stay for psychiatric and substance abuse treatment, says a survey by a health care marketing firm.

As managed mental health care has become more popular, the average length of stay for inpatient behavioral health treatment declined to 13.1 days in 1990, from 14.1 days in 1989, according to Ann Arbor, Mich.-based Healthcare Knowledge Resources.

The decline in the average length of stay is even more pronounced in specific regions.

For example, in the South, the average length of stay in a psychiatric unit fell to 12.1 days in 1990 from 15.2 days in 1989.

The West continues to have the lowest average length of stay: 11 days in 1990, compared with 11.3 days in 1989, the study reports.

The Length of Stay Diagnosis study is available for free from Healthcare Resources, P.O. Box 303, Ann Arbor, Mich. 48106-0303; 800-521-6210. ■

At issue

What kind of role should the health care crisis play in this year's presidential campaign?

Richard G. Thomas
Benefits Director
The School Board of Broward County
Fort Lauderdale, Fla.

Health care and the economy rightly stand as the leading issues in the 1992 campaign. Reform will likely emerge, but containing costs while expanding coverage will continue to escape political architects. A national managed care plan featuring Medicare's DRG-based flat payments offers hope, but will undoubtedly be pre-empted by lesser measures.

Margy McKenna
Risk & Benefit Manager
Jones Intercable Inc.
Englewood, Colo.

This is a major domestic issue and should be treated as such. Candidates must address the type of care to be given to the public, and also the manner in which this care would be funded. They must have viable ideas on medical care cost containment. Because of U.S. economic problems, the financial side of this problem must be emphasized.

Lewis F. Filewood
Vp-Personnel/Insurance
Harbison-Fischer Manufacturing Co.
Fort Worth, Texas

The health care crisis must play a major role in this campaign. Candidate must define their solutions for aggressive reform and cost containment. The electorate deserves to know who has the most realistic plan to solve the problems of the delivery system without creating a huge bureaucracy, unbearable taxes or a loss of jobs by low wage earners.

Nina Falci
Benefits Supervisor
Engineering Research Associates
Vienna, Va.

Health care definitely needs to be an important part of the candidates' platforms. It should not just be a problem that is given lip service; it's a big issue that needs to be dealt with.

Compiled by Karen Armaganian

Winner o' the lottery is heading home again

CHICAGO—The luck of the Irish was with the St. Patrick's Day raffle that raised nearly $23,000 for the Angus Robinson Jr. Memorial Foundation.

The prize, an all-expense-paid trip for two to Ireland for 10 days, was won by Paula Murnane, who was born and raised in Ireland.

Ms. Murnane is a reinsurance accountant for E.W. Blanch-Burlingame, the former Enan Co. in Burlingame, Calif., which has merged with E.W. Blanch Co.

"I came to the United States six years ago," says Ms. Murnane, who was given the $5 raffle ticket by Hussein A. Enan, owner of Enan Co.

"It's just what I needed," she said, because "I was hoping to go to Ireland next month."

The native of Cork plans to take her husband and her young daughter with her to Ireland within the next month or two to visit her parents.

"I've never been lucky before," said Ms. Murnane in a light brogue. "I've never won anything in my entire life."

Ms. Murnane's winning ticket was drawn on St. Patrick's Day during the 20th annual St. Patrick's Day party held in Chicago by Aon Risk Services, a unit of Aon Corp.

Raffle tickets were mailed with invitations to the party hosted by Michael O'Halleran, president of Aon Risk Services and a trustee of the Angus Robinson Jr. Memorial Foundation.

"Aon is pleased to support the Angus Robinson Jr. Memorial Foundation as it represents an outstanding industry resource," Mr. O'Halleran said.

The Angus Robinson Jr. Memorial Foundation provides financial assistance to people studying insurance and reinsurance.

The foundation was established in honor of Mr. Robinson, who was a founder of Trenwick Group Inc. in Bermuda in 1978 and president of Chartwell Reinsurance Co. at the time of his death in 1990.

The foundation trustees, who contributed the prize for the raffle, were delighted that people bought about 5,000 tickets.

With the proceeds of the St. Patrick's Day raffle, the foundation now has $168,000.

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For more information on the foundation, write Angus Robinson Jr. Memorial Foundation, 4 Wake Robin Road, Westport, Conn. 06880.

Opinions

Crackdown on MEWAs due

MEMBERS OF CONGRESS finally want to crack down on fraudulent and mismanaged self-funded multiple employer welfare arrangements.

It's about time.

As we have reported so often, unscrupulous MEWA organizers exploit loopholes in federal law to trap naive small employers in what are health insurance ripoffs.

These schemes nearly always work the same way: An organizer, often with an insurance sales or third-party claims administration background, markets MEWAs to small firms with the promise of substantially lower premiums than those charged by insurers or health maintenance organizations. However, rather than pay claims, the MEWA organizers use the premiums to pay big fees to themselves and high commissions to agents who lure new employers into the scheme.

State officials often attempt to take action, but first they must overcome legal challenges erected by the MEWA's organizers. By the time the state finally can act, it is too late: The MEWA has gone broke, and the organizers have vanished.

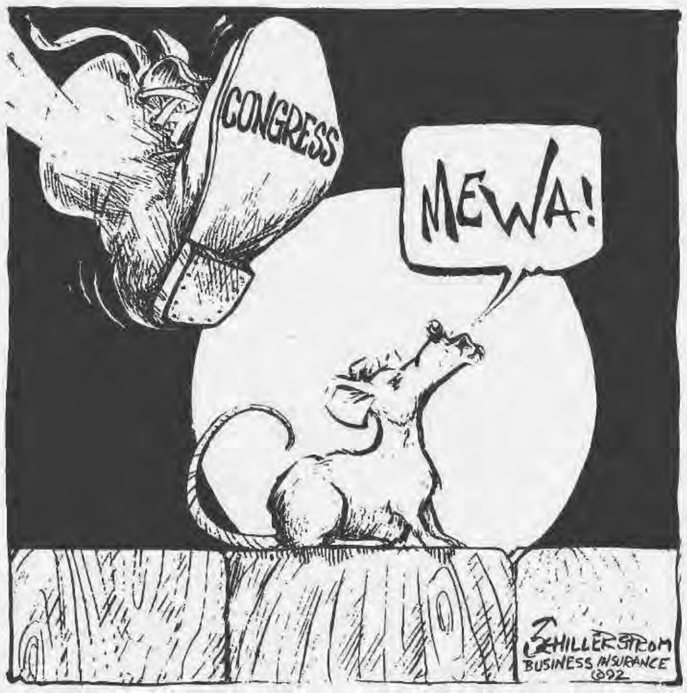
A decade ago, Congress—reacting to the first wave of MEWA failures in the late 1970s and early 1980s—passed legislation to end those abuses. Among other things, the law gives states the authority to shut down most self-funded MEWAs if they fail to meet state requirements.

However, this law—as the continuing failures of MEWAs attest—has not solved the problem.

Scam artists are exploiting new loopholes. Some fraudulent MEWA operators avoid state regulation by labeling employees as "associate members" of a union and then enrolling them in a self-funded union health plan. Benefit plans offered through a collective bargaining agreement are not considered MEWAs under federal law and thus are out of state regulators' reach.

Other scams involve the use of employee leasing arrangements so it appears that employees from many companies are covered under a single employer's benefit plan, again making the arrangements exempt from state regulation.

These abuses thrive because states have to fight



one legal battle after another to put bogus MEWAs out of business.

The key to stopping MEWA fraud is not to let it start in the first place, an approach now incorporated in several legislative proposals.

For example, a proposal being drafted by Reps. William Hughes, D-N.J., and Sherwood Boehlert, R-N.Y., would require MEWAs to be certified by the Labor Department as meeting new federal licensing standards before they could operate. Without such certification, a state regulator could immediately shut down a MEWA as an unauthorized insurer (*BI*, March 16).

Another proposal, advanced in a report by the Senate Permanent Subcommittee on Investigations, would among other things crack down on MEWA fraud involving leasing firms.

There is, however, only so much Congress and state regulators can do to reduce MEWA fraud. Fast-buck operators always will find new ways to rip off the public. Ultimately, small employers and their agents must learn to carefully check out the source of their health insurance programs. If a quote sounds too good to be true, it probably is.

Letters

Elected officials 'too busy' for health seminar

To the editor: Your Feb. 17 editorial—"Where Do We Go From Here?"—struck a nerve with me.

As the committee chair-education and seminars for a national insurance organization representing several million policyholders, I recently labored through setting the agenda and speakers for a seminar on the health care crisis.

Our objective in this seminar was exactly as you suggested in your editorial, i.e., "to bring together representatives of the administration, congressional leaders on both sides of the aisle, health care providers and insurers, business groups, labor, taxpayers, advocates for the uninsured and others. . .to propose different solutions to the health care crisis and discuss them, face-to-face, with candor."

We were successful in attracting top experts in their respective fields. They included Dr. William Amos, president of Med Strategies Inc. and a founding member of the American Assn. of Preferred Provider Organizations; Dr. George Lundberg, editor of the AMA Review; Art Jetter, president of the National Assn. of Health Underwriters; Jim Kinder, executive vp of the Self Insurance Institute of America; Jack Meler, a senior vp with Fortis Insurance Group; and Steve Young of the Health Insurance Institute of America. Even the Florida insurance commissioner, Tom Gallagher, spent a day sharing thoughts from the regulatory perspective.

Conspicuous by its absence, however, was any representation by our elected officials in Washington, D.C. Intensive recruiting efforts to sponsors of all major health care bills—Sens. Durenberger, Kennedy and Rockefeller; Reps. Waxman and Russo; and others—all failed to generate a speaker. A special invitation to Dr. Louis Sullivan, the secretary of health and human services, was declined.

In total, we were turned down by 16 different representatives and senators, and one cabinet secretary.

The general theme in all of these declinations was that our elected officials were too busy to talk to the constituency on a subject that they had already proposed a solution to anyway. Feeling invincible behind their bureaucratic fortress, our political "representatives" continue to operate as if public opinion is irrelevant. This is more a reflection of the monarchical attitude of "What's mine is mine, and what's yours is mine, too" of the Dark Ages rather than of an enlightened 21st century mentality.

With so many different proposals being floated by so many different interests, it is evident that the only common denominator is the need for change. However, nothing close to a consensus exists on the structure of this change. Structure and cost, inseparable components in this issue, need to be discussed in the type of open forum you suggested—and we tried.

If there is ever to be a meeting of the minds, there must first be a meeting of the "mines."

Paul J. Disser
Chairman/Chief Executive Officer
Preferred Vision Care
Overland Park, Kan.

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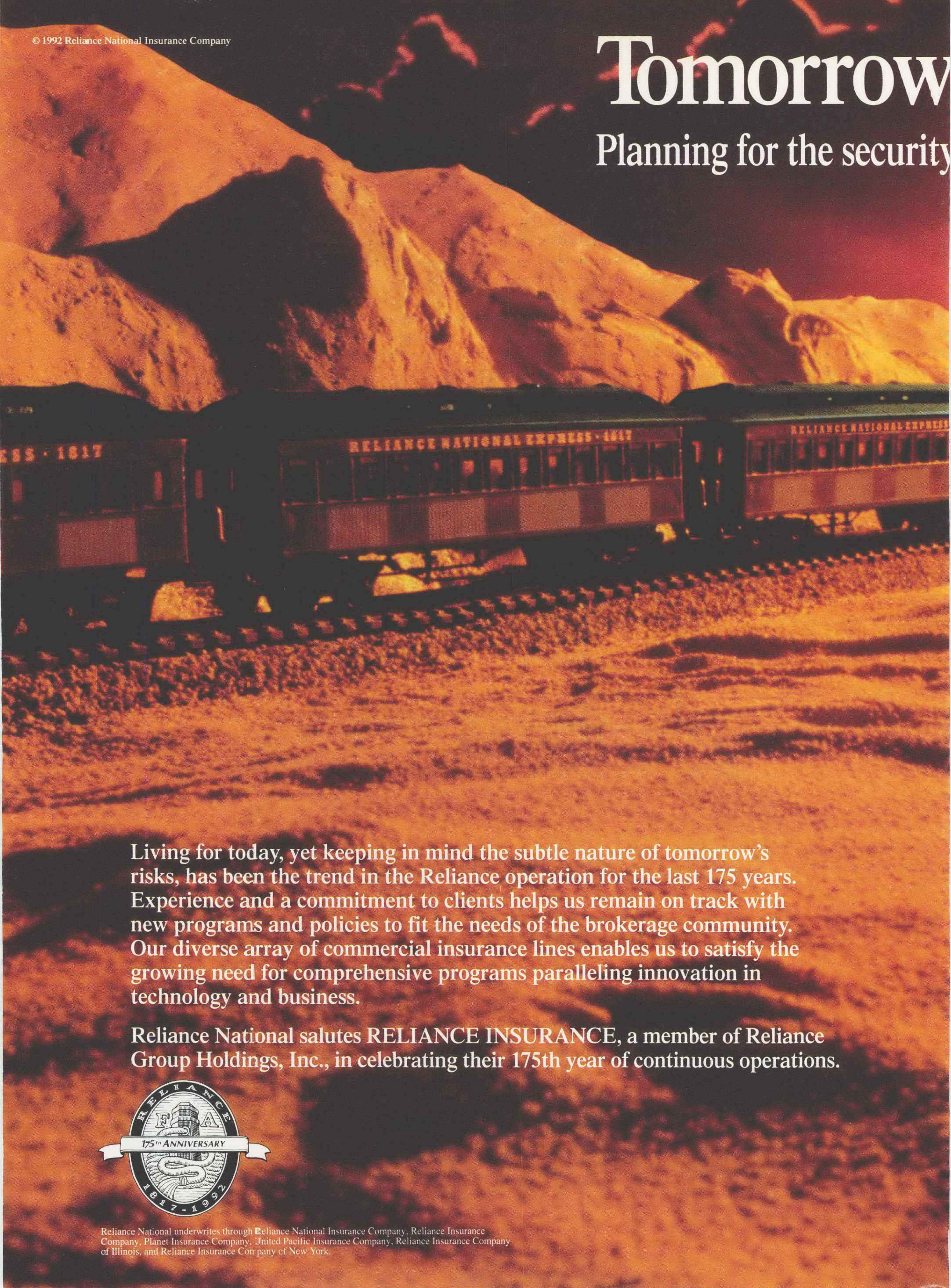
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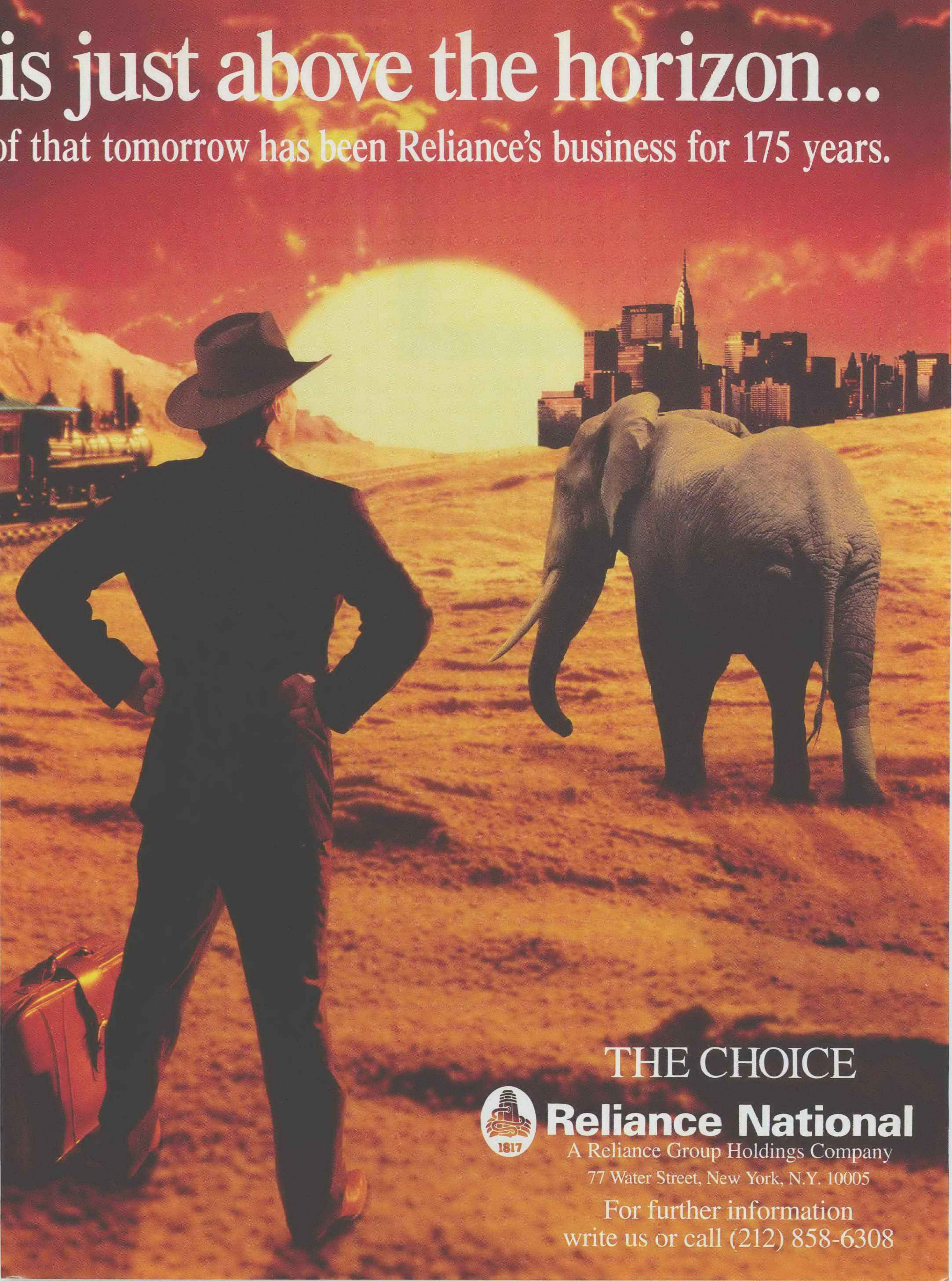
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State plans

Continued from page 3

Medicare slowed even more dramatically. Retiree plan costs increased 9.4% in 1990-91, compared with a 15.5% gain in 1989-90, an 18% jump in 1988-89 and an 11.3% rise in 1987-88.

In fact, the increase in retiree indemnity plan costs in January 1991 was less than the 9.7% increase in the CPI's medical care component for the year ended Jan. 31, 1991.

The annual increase in the CPI's medical care component has not exceeded the increase in state retiree indemnity plan costs since 1987. For the year ended Jan. 31, 1987, the CPI medical care component grew 7.6%, while state retiree plan costs increased 4.6%.

Almost all states have implemented some cost management programs to control indemnity plan expenditures. For example:

- Forty-six states require hospital inpatient precertification.
- Forty-five states demand concurrent review.
- More than 40 states have implemented one or more of several other managed care features: home health care, hospice care, case management, and mental health and substance abuse case management.
- More than 30 states have implemented second surgical opinion programs, audits of large bills, maternity case management, generic drug incentives, claim administrator audits and hospital discharge planning.

Twenty-six states also offer preferred provider organizations, although Mr. Yaggy expects that number to increase.

Only Oregon and South Dakota offer full flexible benefit plans to state employees, but 22 states offer employees flexible spending accounts that allow employees to set aside a portion of their pretax pay to cover unreimbursed health care expenses.

States lag behind similarly-sized employers in implementing flex plans to contain health care costs because of administrative problems like geographic spread and diverse payroll systems and employee pools, Mr. Yaggy said.

But, flexible spending accounts may "become universal shortly, because they are relatively easy administratively to handle," he said.

A surprising finding is that 16 states still purchase health insurance rather than self-fund their health benefits.

"Self-insurance is generally considered to be the most cost-effective means of delivering health care. State plans are large enough to spread the risk over large numbers of people," Mr. Yaggy said.

Ten of the 16 states that buy coverage have health care plans that are underwritten by Blue Cross & Blue Shield Assn. plans.

Of 34 self-insured states, 19 use BC/BS plans to administer their programs, while one state's plan is administered by an insurer and a BC/BS plan.

Six states use third-party administrators, five use insurers under administrative services only contracts and three states—Louisiana, Missouri and Utah—self-administer their health care plans.

Among the states that self-fund, only Minnesota, Nevada and Vermont purchase stop-loss insurance.

The survey also found that the number of HMOs offered by all the states decreased again in 1991, although the number of employees participating in HMOs remained steady at 29%.

In January 1991, state plans offered a total of 350 HMOs, down from 358 in 1990, 398 in 1989 and 445 in 1988. Participation peaked at 32% of all eligible employees in 1989.

"States are consolidating their HMOs," Mr. Yaggy said. "They're finding they have to manage their HMO vendors more carefully."

The decline in participation is a "leveling off" due to consolidation, Mr. Yaggy explained.

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A free copy of "1991 Survey of State Employee Health Benefit Plans" is available from Mary L. Feldman, Vp-Public Affairs, Martin E. Segal Co. Inc., 1 Park Ave., New York, N.Y. 10016; 212-251-5029.

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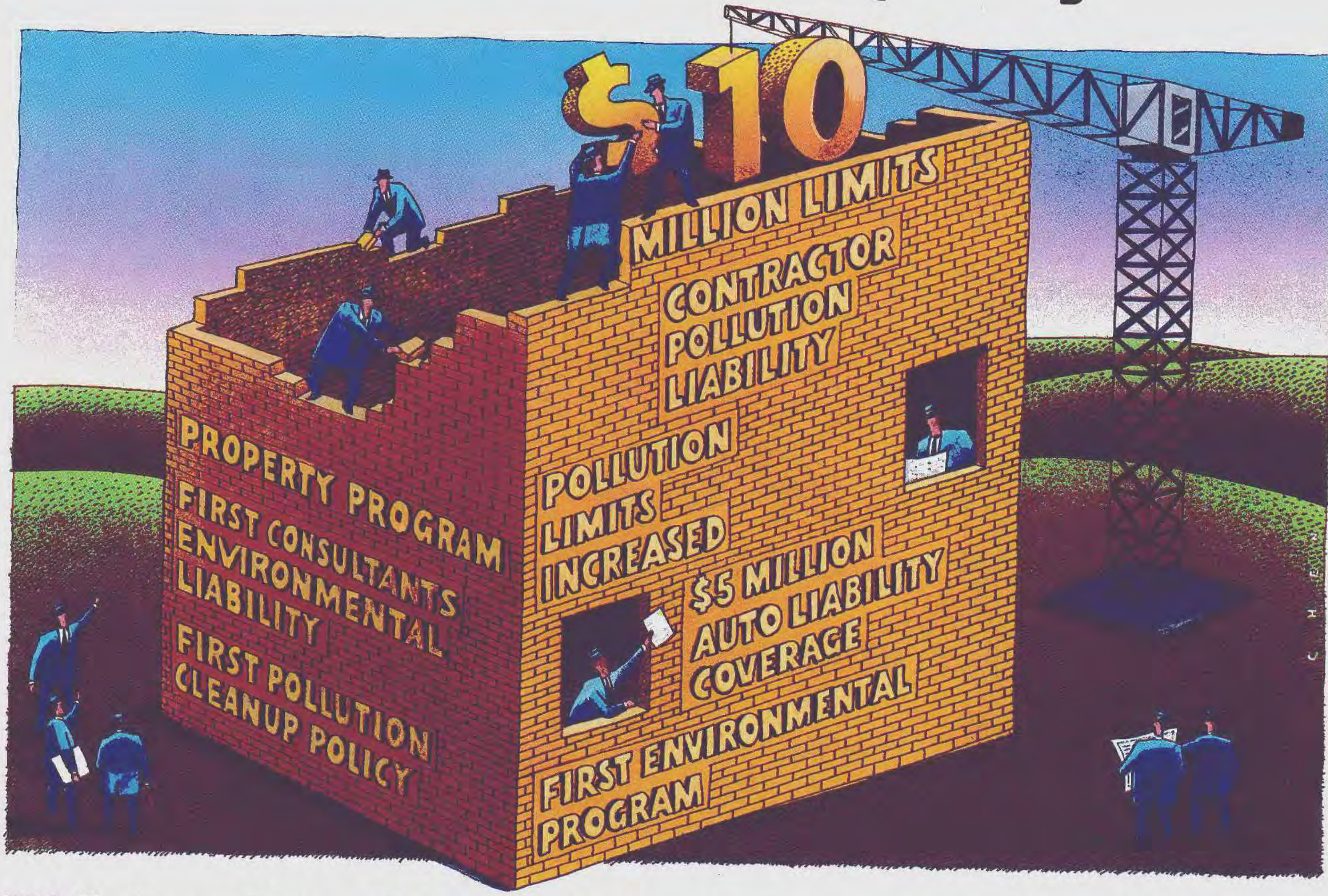

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Bermuda captives

Continued from page 3

stability of the United States.

Mr. Crawley called for an end to "American doom-mongering" and the "degradation of Japan-bashing," which he said was "poisoning the minds of Americans and America's friends, including Bermudians."

Arguing that the island's economy depended on American optimism and strength of purpose, Mr. Crawley said that it was now conventional wisdom in the United States to say that American business can no longer compete and that Americans can no longer innovate.

"But that is all poppycock," he argued.

There is no basis for this "declinism," Mr. Crawley said, insisting that corporate America was both innovative and competitive.

He made no apologies for broadening the scope of his speech, pointing out that 80% of the world's 2,600 captive insurance companies are owned by companies which are in turn owned or controlled by U.S. stockholders.

"All of this is truly very relevant to us all and is not as totally out of place in this forum as you might think," he said.

There is no basis for the 'declinism' that now prevails in America, says Jonathan J. Crawley.

Bermuda's insurance industry needs "a buoyant America aware of, rather than deflating, its buoyancy. Bermuda's prosperity. . .is inextricably linked to that of the United States, and the effect on Bermuda of the global recession of the past 18 months is painful to behold," he said. "But, to me at any rate, nothing is so painful as the paranoia presently gripping our trusted but ailing friend, Uncle Sam himself."

Tourism and international business were created in Bermuda by a people sensitive to geographic and climactic advantages and with an extraordinary ability to adapt, he said.

Yet the island is vulnerable and only too well aware of the need to protect its quality of life—an awareness which Mr. Crawley said had "always had the positive effect of keeping us on our toes."

The island's awareness of the need for long-term development and planning is as "advanced as any other country in the world and, indeed, more advanced than most," he said.

Mr. Crawley said that the "bold intention" of the island's latest long-range development plan, which looks to the year 2001 and beyond, is to promote better environmental management. The plan encourages more efficient use and development of increasingly precious land on the 21-square-mile island.

It recommends steps to ease congestion in the capital city of Hamilton and says consideration should be given to the construction of a new container port, land reclamation system, a bridge connecting one end of the island with the other and a mass transit system to avoid congestion on Bermuda's limited road system.

"These are the sort of imaginative ideas which leave me convinced that Bermuda's environment and the quality of life for Bermudians and for visitors to the island are in the hands of far-sighted and responsible people," said Mr. Crawley.

He said Bermuda's position in 2001 will depend on the skills of its insurance industry and its environment and quality of life. "And, most vitally of all, because the American way of life is also in good hands." ■

Forum finale: 16th meeting is also the last

HAMILTON, Bermuda—The 16th Annual Insurance and Reinsurance Forum held here earlier this month marked the final installment of this industry event.

The conference, held each year at the Hamilton Princess hotel, bowed out with around 120 people gathering to hear speakers discuss the captive industry during a series of seminars March 10-13.

That doesn't mean Bermuda will be without a conference, however. Next year the island's Insurance Advisory Committee will unveil the Bermuda Insurance Symposium at Marriott's Castle Harbour Hotel. The event is slated for Memorial Day weekend, May 26-28.

Robin Spencer-Arscott, president of Rollins Burdick Hunter (Bermuda) Ltd. and head of marketing for the IAC, said next year's conference will emphasize Bermuda's position as the foremost domicile for captives and alternative risk transfer mechanisms.

At this year's forum, speeches and discussions covered topics like the model fronting act proposed by the National Assn. of Insurance Commissioners, the evolution of insurance and reinsurance, the tax and regulatory environment in the United States and the state of the U.S. economy.

Information on next year's conference is available from Suzie McKeegan at The Whitfield Group, 809-292-6386.

Reinsurer says industry must roll with the changes

By MICHAEL BRADFORD

HAMILTON, Bermuda—As insurance and reinsurance companies continue to evolve, those companies that don't anticipate or respond to change may find themselves with time on their hands, says a reinsurance company executive.

The insurance research and consulting firm Conning & Co. has projected that alternative insurance mechanisms will account for half of all commercial risk financing in a few years, according to Mark W. Hinkley, senior vp of Transamerica Reinsurance Co. in Stamford, Conn.

That means that insurers and reinsurers will be forced to reassess how they do business in coming decades, he said.

Mr. Hinkley made his remarks in a session on "Reinsurance, Regulation and Underwriting Results" at the 16th Annual Bermuda Insurance and Reinsurance Forum held March 10-13. The meeting was sponsored by the Tillinghast division of Towers, Perrin, Forster & Crosby Inc.

The 1980s marked a significant point in the evolution of insurers and reinsurers, Mr. Hinkley said. "In the middle '80s, I'm sure you're quite aware of the market's collapse. Reinsurance became, if available at all, largely unaffordable in the lines of business that it was needed most: general liability, auto liability, workers compensation."

As the insurance and reinsurance market has begun to recover from the turmoil of the 1980s, insurance buyers have embraced alternative forms of funding their exposures, Mr. Hinkley pointed out.

And insurers and reinsurers that ignore the fact that alternative markets are claiming a greater percentage of commercial risks "are going to find themselves in the buggy whip business pretty fast," he observed.

Mr. Hinkley pointed to American International Group Inc. as an example of an insurer that is adapting to shifting insurance and reinsurance market trends.

AIG is "one of the best examples of a company that very carefully looks at how the business is being distributed, how it's being played out," he said.

AIG, which has been involved with captives since the 1940s, is well aware of the changes that have brought captive insurers to the forefront of commercial risk financing, said Joseph C. Smetana, chairman and chief executive officer of New York-based AIG Risk Management Inc., who also spoke at the conference.

In a separate presentation to attendees of the Bermuda conference, Mr. Smetana said AIG believes alternative markets will thrive and "captives will be a major part of it."

But the insurance industry's response to the move toward alternative mechanisms will be mixed, Mr. Smetana said.

"I suggest there will be three or four major companies that clearly will see the opportunities to provide the strategy and imagination to work with the captive and alternative market," he said.

However, much of the industry, "will continue to go its merry way," he said.

Insurers that recognize and embrace the movement to alternative risk financing will have "a partnership relationship," according to Mr. Smetana. These will be companies that are interested primarily in helping a client "absorb, assume and financially control its risk with integrity," he said.

Commercial insurers have a "plethora of opportunities" to form a partnership with the alternative market and provide "the needed services, worldwide facilities and capacities to support this movement," Mr. Smetana said.

Mr. Smetana and Mr. Hinkley both said insurers shouldn't count on another hard market to bring in cash any time soon, because the market doesn't appear ripe for a quick turn.

In 1991, the commercial insurance industry racked up a combined ratio of about 116%, according to Mr. Smetana, and cash flow registered "definitively negative."

Despite indicators that generally herald a market change, "two factors which are very germane to continuing the soft cycle remain in play," he added.

First, insurers' surplus grew last year "and, number two, the overall losses came down a bit from 1990. And as you all know, when capacity is rampant, the tendency is to continue to write more premium at inadequate rates," Mr. Smetana said.

Mr. Hinkley agreed there currently is not enough "blood in the streets" for the commercial marketplace "to take a sharp turn or a sharp drop."

Market turns are always signaled by executives losing their jobs, Mr. Hinkley noted. At that point, attitudes toward pricing and coverage change, he said.

"I don't think the business is that horrible, universally," he said.

"There are some lines where the business is shooting itself in the foot," Mr. Hinkley conceded, but "there are other lines that I think have some resilience just from the lessons we learned in the '80s."

When the market does eventually turn, Mr. Smetana predicted that the turn won't be as dramatic as the hardening that took place in the mid-1980s.

"I think the factors that were present in 1985 no longer exist," he said. "I think we really do have a healthy insurance industry. We have an industry that is no longer totally subject to reinsurance. Capacity and surplus have been built up rather strong since 1985."

Mr. Hinkley said he, too, thinks the next market change, when it does arrive, won't be as quick or sharp as the one that struck in the 1980s. ■

Using captive to fund loss control suggested

By ROGER SCOTTON

HAMILTON, Bermuda—In addition to funding losses, the cash flow from a captive insurance company can be used as a secure source of funding for loss control and loss prevention programs, according to a risk management consultant.

Much of the brain power and expertise in the field of risk management is being "devoted to the area of loss financing, to the point of diminishing returns," according to James V. Davis, chairman of Nashville, Tenn.-based Willis Corroon Advanced Risk Management Services.

"Nowhere near the same amount of brain power has been concentrated on risk prevention and control," he told the annual Insurance and Reinsurance Forum in Bermuda. The conference was organized by Tillinghast, a division of Towers, Perrin, Forster & Crosby Inc.

Mr. Davis pointed out that it is easy for risk managers to argue the case for putting sprinklers into an organization's buildings. The benefits are far more obvious than the returns available from investing in a casualty insurance program, he said.

And, by setting up captives properly and placing loss control and prevention objectives into a captive's charter, risk managers assume their proper position in corporations.

Only by stressing loss control initially will the captive become part of a corporation's "administrative arm for loss control," Mr. Davis said.

By funding preventive programs out of the cash flow of a captive, "risk managers may be able to avoid some of the quarterly budgetary pressures in a corporation," he pointed out.

Risk managers who throw up their hands and claim to be helpless bystanders as workers compensation costs soar are likely to be replaced by risk managers who can control these loss costs, Mr. Davis warned.

Much of the brain power and expertise in the field of risk management is being 'devoted to the area of loss financing, to the point of diminishing returns,' says James V. Davis of Willis Corroon Advanced Risk Management Services.

He also noted that during economic slowdowns, loss control and prevention staff are often among the first risk management employees to be laid off.

Though generally bullish about the future of captives, particularly where they are used to convert a cost center into a profit center while formalizing a funding mechanism for losses, Mr. Davis warned that they are facing some "very bad news."

Pointing to the proposed NAIC model fronting bill (*BI*, March 16), he said the expected impact on fronting charges "will be significant" and "no doubt will be passed on to the captives."

But John Kessock Jr., chairman of Philadelphia-based rent-a-captive company Commonwealth Risk Services Inc., said he welcomes the new insurance solvency regulations.

"In general, under these proposals, the failure of non-U.S. reinsurers to comply with these requirements would mean that the domestic policy-issuing company would not be able to take credit for the reinsurance reserves ceded to the offshore reinsurer," he said. "The larger offshore reinsurers, or those that could access additional capital, would have an advantage in doing business with domestic insurers."

Mr. Kessock added that although the regulations could discourage the formation of new multi-participant captives, they could benefit established rent-a-captive companies like his own, which is part of Mutual Risk Management Ltd., the publicly traded Bermuda group which operates Insurance Profit Center program companies in the United States, Dublin, Bermuda and Barbados and owns Legion Insurance Co., a Philadelphia-based property/casualty insurance company.

"Larger, established and well-capitalized offshore reinsurers should emerge relatively unscathed by new solvency regulations, especially where they are associated with a U.S. policy-issuing insurer," according to Mr. Kessock. "At the other extreme, association captives could have an extremely difficult time."

Mr. Kessock predicted that the most likely regulatory development to emerge from the current proposals will be some form of federal oversight in addition to tougher state regulation. But he said he does not expect new regulations to be enacted until 1993 at the earliest.

While predicting bigger costs for the overall insurance structure, Mr. Kessock said that the heavier financial burden of expanded regulatory requirements would be felt most by the conventional insurance markets. "When the heavier burden is passed along to the insureds, the attractiveness of the alternative markets will be further enhanced."

"One can comfortably conclude that for established, well-capitalized, fully-integrated rent-a-captives, the outlook is highly positive," Mr. Kessock said.

Smaller groups, he said, will have to come up with additional capital and get an insurer to front for them.

Mutual's acquisition of Legion in November 1987 was "one of the smartest moves we ever made," he said.

Mr. Kessock urged companies considering using rent-a-captive facilities to "ask a lot of questions and make sure you know what you're getting into." ■

Captive accounting edge described

By MICHAEL BRADFORD

HAMILTON, Bermuda—Group captive insurers can sharpen their competitive edge over commercial insurers by using the techniques of membership accounting, an expert advises.

Membership accounting is a bookkeeping method that allocates administrative expenses of a group captive according to its members' performance, explained John Salisbury, chief executive officer of two Vermont-based risk retention groups.

This accounting method necessitates that a group captive or risk retention group collect comprehensive performance data on individual members.

Mr. Salisbury is head of Housing Authority Risk Retention Group Inc. and Housing Authority Property Insurance Inc.

Speaking at the annual Insurance and Reinsurance Forum here earlier this month, Mr. Salisbury said that the vast amount of member information collected can improve the captive's performance, help it retain members and attract good risks.

Membership accounting, the method used by the risk retention groups he heads, requires sophisticated data processing programs, Mr. Salisbury acknowledged. But the information produced by the accounting method separates good risks from bad ones and allows the insurer to take action against policyholders that are hurting its performance.

By eliminating the bad performers in a group captive or risk retention group, the insurer can remain healthy and attract new members, Mr. Salisbury noted.

Membership accounting "is very quick to identify who are your winners and who are your losers as an underwriter," he said.

And policyholders find advantages in membership accounting, he added, because they can receive premium credits or dividends based on their performance.

Those incentives encourage loss control and longevity within the captive, Mr. Salisbury pointed out.

"I really see membership accounting as another way captives can set themselves apart from their competition," he observed, adding that traditional insurers currently don't use this bookkeeping method.

He told captive owners and members that using the method will allow them to "attract and retain the best risks in your type of business. . .because you'll know more about your business."

The method offers several advantages over other accounting methods, he said, including:

- A basis for members to judge their performance relative to the overall performance of the captive. Loss information shows how each member affects the performance of the captive.
- Information that creates greater member and manager accountability for their actions.
- An understanding of whether rates for individual accounts are adequate.
- A tool for encouraging members with frequent losses to improve their loss control programs.
- A database for ratemaking. Mr. Salisbury pointed out that the housing authority risk retention groups using the method are able to "aggregate the experience virtually in any pattern we want, any territorial area we want, whether we do it by state or carve up some other area."

As membership accounting gains acceptance, it won't be limited to group captives and risk retention groups, Mr. Salisbury predicts.

In the future, some commercial insurers will take the approach, he said. "And we will see in time the significant transformation of how—especially in personal lines—they treat their policyholders."

In addition, the wider acceptance of membership accounting will allow even personal lines policyholders to understand "what they are contributing to their company and what their risk exposures are," he added. "There will be more of a financial perspective brought to the insurance community." ■

AIG exec leery of fronting law

By MICHAEL BRADFORD

HAMILTON, Bermuda—Fronting activities will be severely restricted if a model law drafted by the National Assn. of Insurance Commissioners is adopted, says a risk management service firm executive.

"After the Internal Revenue Service eliminated most of the favorable tax treatment for captive insurance companies operating offshore and elsewhere, the NAIC appears to be bent on killing the approach from a business point of view," said Joseph Smetana, chairman and chief executive officer of AIG Risk Management Inc., a New York-based subsidiary of insurer American International Group Inc.

Mr. Smetana, speaking at the 16th Annual Insurance and Reinsurance Forum held earlier this month in Bermuda, said the NAIC's model act in its original form "apparently sought to effectively eliminate all fronting activities involving cessions to unauthorized reinsurers."

Since its first wording, input from insurers, insurance buyers and representatives of the captive insurance industry has softened somewhat the potential impact of the act. Still, concerns remain regarding the effect of the proposed legislation on fronting arrangements and captive reinsurers.

The latest draft of the model act is currently before a working group of the NAIC, and a final version is expected to be presented to the NAIC's Reinsurance Task Force at the association's spring meeting this month.

Risk managers, captive insurance company officials and reinsurers continue to press for a reworking of parts of the draft that would limit how licensed insurers can cede large amounts of reinsurance to unlicensed and offshore insurers (*BI*, March 16). As the act moves toward finalization, however, they admit to making little headway.

While he acknowledged that the draft remains subject to change, Mr. Smetana noted that if it is passed in its current form, the act "will permit captives to continue, but subject to some restrictions. . . ."

He said the act would "place an added burden on the commercial fronting market, as well as the activities of the captive insurance company."

While the NAIC's fronting policy has not been finalized, an NAIC official acknowledged that significant changes to the current draft of the model act are not expected.

"I do not believe there will be too many changes to what we are looking at right now," said John Darwood, manager of the NAIC's Non-Admitted Insurers Information Office.

Mr. Darwood, who in the 1980s served as insurance superintendent in the Cayman Islands and insurance adviser in the Bahamas, said the working group's draft still must pass through further NAIC committees before it is finalized.

"Whether the task force itself—which consists of 13 insurance commissioners—will agree to what the working group is proposing is an entirely different matter," Mr. Darwood remarked. And even if that group agrees, the draft must make its way through further committees until it is approved by the NAIC's executive committee.

"So, there are a few steps yet to go through," he said. "But my prognostication is (that) something is going to go all the way through. It may not have all the component parts of that which is there now."

Mr. Darwood pointed out that the fronting bill primarily focuses on the delegation of underwriting authority by fronting insurers.

The model act states that there "should be no delegation on the part of a U.S. domestic insurer of underwriting, claims handling or loss reserving. . .except if the reinsurer is a captive," he said.

The problem is, "the definition of a captive has been going round and round in circles for several months. Today, a captive is a single-parent captive or one that is controlled by several policyholders that have similar or related business," Mr. Darwood noted.

Therefore, the fronting arrangement is still allowed, but "with a number of controls," he explained.

For example, the act says a captive reinsurer will have to post collateral in cash or letters of credit equal to 100% of the liabilities it is assuming. And, it would have the option of maintaining additional security equal to 25% of the ceded liabilities or maintaining net worth of $50 million, or if it is a non-life reinsurer, maintaining surplus equal to 25% of gross written premiums.

Despite the NAIC's concern with the financial strength of captives, Mr. Smetana contended that "at the end of the day, the ceding company must pay the claim, whether recovered from an alien reinsurer or whether it is paid out of its own free surplus. Accordingly, financial control, underwriting integrity, proper rating and proper reserve setting must be within the purview of the ceding company to some degree."

Mr. Smetana protests a portion of the act that calls for prior approval before premium ceded to a captive can exceed 10% of the surplus of the fronting company. For some, he said, "this is an onerous requirement."

To illustrate, Mr. Smetana said AIG cedes about $400 million to an offshore captive. "This particular amount of premium happens to exceed 10% of the surplus of one our operating stateside companies. What we may have to do is split the business among the seven stateside companies that we operate in order to satisfy this particular regulation."

Financial reporting requirements that are part of the model act, while still "difficult to sort out," apparently call for captives to provide more information to regulators than they currently report, according to Mr. Darwood.

Captive owners, along with fronting insurers, will have to receive approval to conduct fronting activities after explaining details of the arrangement to regulators, he said.

In addition, captives will likely have to report quarterly to the domestic regulator with financial information regarding the fronting arrangement, said Mr. Darwood.

"You may even have to report the ownership of the captive to the domestic regulator," he added, along with details of the captive management arrangement.

"The fronting carrier will have to demonstrate to the domestic regulator" that management of the captive is in capable hands, Mr. Darwood said.

"There are a number of what I would regard as fairly onerous requirements in terms of reporting," he said. ■

Bermuda to premier new forum in 1993

By ROGER SCOTTON

HAMILTON, Bermuda—The 16th annual Bermuda Insurance and Reinsurance Forum marked the end of an era for its organizers—Tillinghast.

The show will not go on, though Tillinghast Principal D. Hugh Rosenbaum steered well clear of the subject in a muted address at the close of the conference.

After 16 consecutive years of staging what is regarded as one of the most important conferences of its kind, Tillinghast—the risk management consulting division of Towers, Perrin, Forster & Crosby Inc.—is bowing out and leaving the stage clear for the Bermuda insurance industry to put on its own forum next year (*BI*, Oct. 21, 1991).

The 1993 conference, the Bermuda Insurance Symposium, is to be held May 26-28 at Marriott's Castle Harbour Hotel. It is being organized by an ad hoc industry group working under the island's Insurance Advisory Committee, a statutory body comprising public and private sector interests.

The symposium's theme will be Bermuda's role as the leading domicile for alternative risk transfer products and services. The organizers hope to get a member of Britain's royal family to open the symposium.

Critics of the Tillinghast conference, which this year attracted 105 delegates, have claimed the annual meetings had begun to resemble the gatherings of an elite club and were badly in need of new ideas and faces.

Although not entirely accepting these criticisms, Mr. Rosenbaum conceded: "It's difficult to avoid getting stale. We needed something new, and my only regret is that I won't be part of it."

Mr. Rosenbaum will not occupy the center-stage position next year, but he may well be active behind the scenes. Although the extent of his involvement is still to be decided, he has been asked to consider what services he could provide as a consultant for the 1993 conference.

A good conference, he observed, is one that explores an objective viewpoint objectively and is not heavily subsidized by its organizers.

"Tillinghast's objective is to put on unbiased conferences which are financially self-supporting," he said. "These for-profit, high-cost independent conferences are the ones that tend to attract the right kind of speakers and the right kind of audience."

Attendance at the Bermuda conference peaked at the height of the hard market in 1988. "We had 225 at the 1988-89 conference," he said.

Successful conferences also are those that have a measure of controversy built into them, said Mr. Rosenbaum, who recalled that the first Bermuda conference he organized attracted just 30 attendees and was held in what was then the Holiday Inn in St. George's.

In putting on the Bermuda conference annually, he said he tried to broaden the scope of the meetings so as to embrace "major issues of the day and the position Bermuda was occupying in the international industry."

He pointed out, however, that the broader perspectives were not always the most popular. "People would often tell us that they wanted us to stick to the more traditional subjects rather than have an intellectual debate on an issue of the day," he noted. "For example, the first-day workshop that we run on the basics of captive insurance companies has always been one of the best attended sessions of the conference." ■

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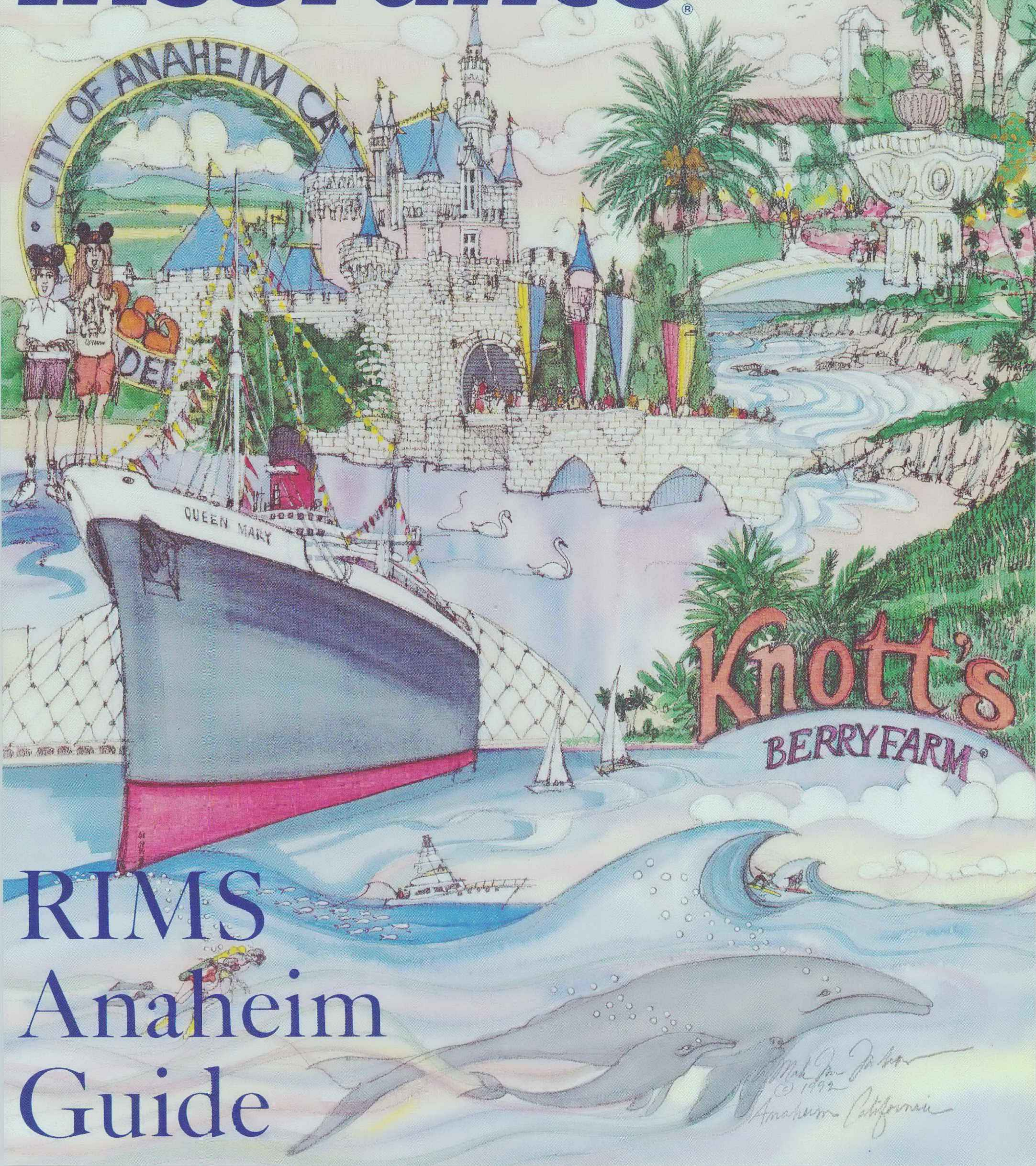

RIMS Anaheim Guide

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Southern California to cast spell on conference-goers

Sunny skies await more than 3,000 risk, benefit managers

By KATHRYN LARRABEE

ANAHEIM, Calif.—Even the most jaded risk and benefit managers at the Risk & Insurance Management Society conference will find something magic about Southern California.

Whether it's the magic of Disney's kingdom or the simpler but no less powerful magic that sunny skies and a warm beach can work on the psyche, conference attendees will have a chance to fall under Southern California's spell March 29-April 3.

Prepaid registration for this year's conference totaled 3,126 participants as of March 3, said Barbara Parker, assistant director of conferences for RIMS in New York.

Last year's total registration was 4,750, she said.

This year's meeting will offer 124 conference sessions, Ms. Parker said. Sessions will be held at the Anaheim Convention Center, the Anaheim Hilton & Towers and the Disneyland Hotel.

A special session on Wednesday, April 1, will feature Peter Drucker, a leading management consultant and author of numerous books focusing on corporate management technique. The session will take place at 9 a.m. in the California Pavilion of the Anaheim Hilton & Towers.

Immediately following the session will be a roundtable discussion among officers of four major U.S.property/casualty insurers. The discussion will take place at 10:30 a.m. in the same room.

The Exhibit Hall in the convention center will feature products and services from more than 300 companies and organizations (see floor plan and story, pages T26 and T27.)

The full-week registration for this year's conference is $695 for RIMS members, $795 for non-members and $100 for students. Partial registration for Monday through Wednesday at 2 p.m. is $575 for members and $675 for non-members. Partial registration for Monday through Wednesday at 5 p.m. is $600 for members and $700 for non-members, and partial registration for Wednesday through Friday at noon is $575 for members and $675 for non-members. One-day registration for members and non-members is $195.

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

Whether you're hanging 10 or just hanging out

Great outdoors offers biking, hiking and wave-riding

By THOMAS TYRER

LOS ANGELES—Forget the rare deluge that recently pounded Southern California.

Near-constant sunshine makes the area idyllic for outside activities running the gamut of just about everyone's idea of fun.

California is perhaps best known for its sand and surf—and the people who regularly partake of each. The entire California coast is packed with breathtaking beaches and—from about 5 p.m. to 6:30 p.m.—the sunsets that grace them.

But, California's appeal also exudes from bike paths along the sea, miles upon miles of beautiful mountain ranges and hiking trails, many professional sports teams and even casinos.

For the purposes of this guide, the beach cities to bear in mind—from the north to south—are Malibu, Santa Monica, Venice, Marina Del Rey, Manhattan Beach, Redondo Beach, Hermosa Beach, Rancho Palos Verdes, San Pedro, Long Beach, Seal Beach, Huntington Beach, Newport Beach and Laguna Beach.

Parking is available at beachside lots for $5 to $8 per day. But, free street parking also is available walking distance away.

Sportsmen and women will most likely want to make a fast trip to the beaches, if not for the swimming, the surfing or the sites, then for the miles of oceanside bike paths stretching from just north of Santa Monica to south of San Diego.

The most interesting bike path is the seven-mile stretch that begins at Washington Blvd., the northernmost point of Marina Del Rey, and stops just south of Malibu. At many beaches, visitors can rent bicycles for $2.50 per hour or $10 per day or rollerblade skates for $4.50 per hour.

Almost all of the beaches also boast volleyball courts, though they often feature more hard-nosed matches of two-on-two rather than Sunday-in-the-park contests.

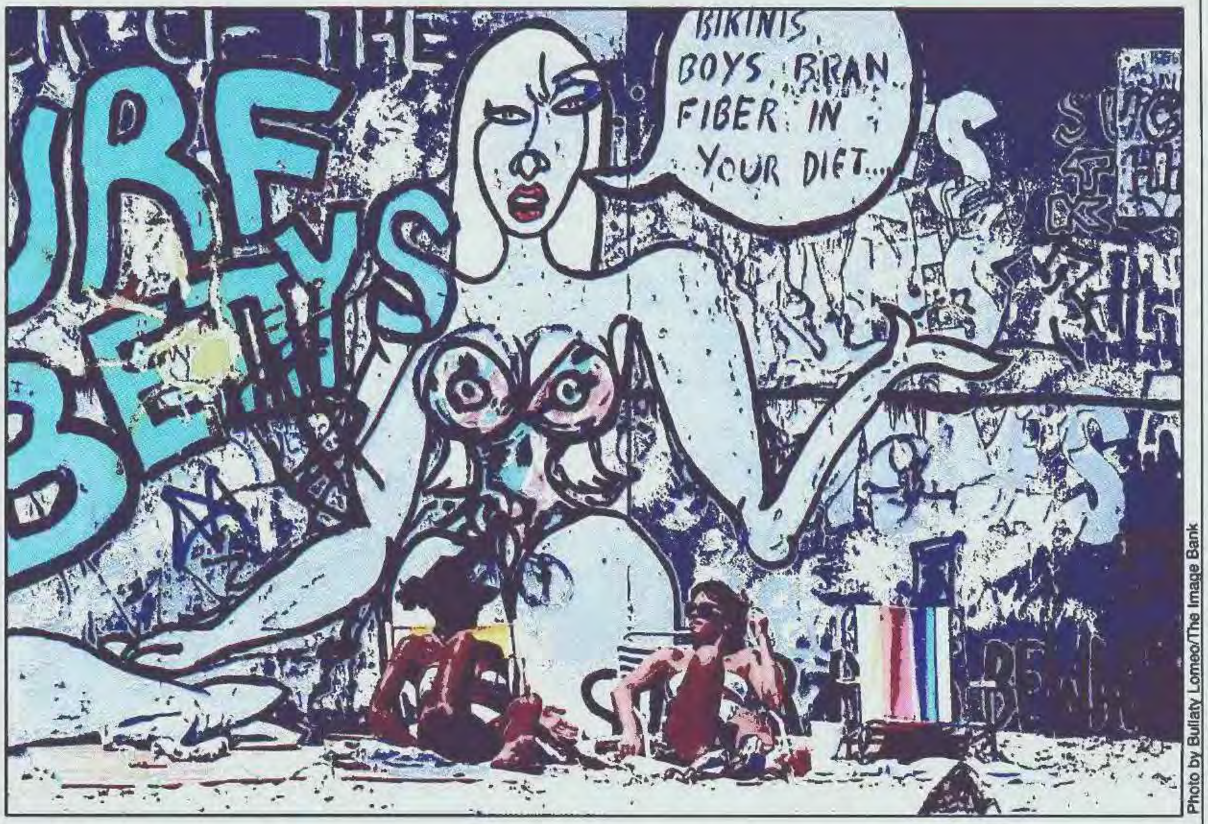

Photo by Bullaty Lomeo/The Image Bank

Out-of-towners will see their most full-color preconception of the wacky Californian at Venice Beach.

Of course, where there's sand, there's water, and by late March and early April water temperatures have warmed up enough not to induce hypothermia.

For those who want to hang 10, surfing's arguably best in Malibu, Venice, Manhattan Beach, Hermosa Beach and Huntington Beach.

But, those beaches aren't only for those interested in riding the waves. Visitors also can take a clinical look at those totally gnarly and radical surf specimens indigenous to the region.

Sport anglers will find a full day's worth of reeling at Malibu, Santa Monica and Redondo Beach piers. Bait and tackle shops are located nearby.

And, for those in search of bigger offshore catches, there are some fairly inexpensive fishing charters at Marina Del Rey, Redondo Beach and Newport Beach. These charters cost about $16 per person.

Boating's another great form of recreation. Small sailboats are available for rent in Marina Del Rey or Newport Beach.

There also are offshore cruises, which cost about $10 to $25 per person.

Catalina Cruises, which sets sail from Long Beach, is offering the final two days of its "Grey Whale Adventure" cruise in

Continued on next page

In this section

Section edited by Kathryn Larrabee

Cover illustration by Mark McMahon

Hanging 10

Continued from previous page
search of the migratory behemoths on March 28 and 29. The cruise line can be reached at 800-838-5939.

Also, Hornblower Yachts in Marina Del Rey, 213-301-9900; Long Beach, 213-519-9400; and Newport Beach, 714-631-2469; offer some very nice brunch, dinner and general sightseeing cruises.

Although there's always plenty to do on Southern California beaches, the great thing about the area is that glorious mountain ranges and hiking opportunities are within striking distance, too.

Perhaps the best and closest are in:

- The Santa Monica Mountain range, running along the northern rim of the Los Angeles basin all the way west to Malibu.
- The San Gabriel Mountains, which lie east of the city and Anaheim.

Hiking's almost always free, and one may easily see some of the most breathtaking views of the week—or one's life—from high atop a quiet canyon or oceanside precipice.

In addition, horseback riding sometimes is available, and the trails generally accommodate riders from novice to advanced levels.

The National Park Service, which can be reached at 818-597-9192, can help visitors determine which area might best meet their desires.

Close by—about 17 miles southeast of the city of Orange—lies the Tucker Wildlife Preserve which offers walking paths around the grounds and indigenous wildlife. The wildlife preserve can be reached at 714-649-2760.

At the same time, there are plenty of offerings for the sportsman or sportswoman who may feel a need for a more cerebral venue.

For example, around 40 miles or so north in Arcadia, Calif., the thoroughbreds are in midseason at one of the world's most beautiful horse racing tracks, Santa Anita Racetrack, which can be reached by phone at 818-574-7223.

Or maybe you need something a little more within your control to wager on?

After a full day at the convention center, there's the 24-hour Commerce Casino in Commerce, Calif., which is about 10 to 15 miles north of Anaheim. The casino offers play-for-stakes poker and other card games It can be reached at 213-721-2100.

There also are more professional sports teams per square foot around these lands than anywhere else shy of New York.

Conference week marks the beginning of the season for the California Angels and the Los Angeles Dodgers.

The hometown Angels open their annual pre-season freeway series against the Dodgers at Anaheim Stadium on Friday, April 3.

Tickets for that and the following two games of the series, slated for Dodger Stadium in Los Angeles on Saturday night and Sunday afternoon, were still available at press time through the Dodgers' ticket office 213-224-1400

L.A.'s beloved Lakers—213-419-3182—are in town Sunday, March 29, against the Philadelphia 76ers; Friday April 3, against the Seattle Supersonics; and Sunday, April 5, against the Phoenix Suns.

Seats for Lakers games, though, are among the toughest tickets in town.

Tickets for for the L.A. Clippers—213-748-6131—generally aren't as hard to obtain But, they play only Saturday, March 28, against the Milwaukee Bucks before leaving town for an extended road trip.

Conventioneers hoping to catch Wayne Gretzky and the L.A. Kings hockey club will be disappointed to learn that the Kings—213-419-3182—first return from a road trip Sunday, April 5.

An intriguing option for those who find music under the stars more to their liking are Orange County's outside concert venues, the Irvine Meadows Amphitheatre in Laguna Hills—714-855-4515—and Pacific Amphitheatre in Costa Mesa—213-642-4242.

It's certainly easy to get lost in the mellifluent musical notes swirling into the nearby hills, but if losing oneself is the goal, there are quite a few other places in the coastal and Orange County areas to accomplish this.

The most interesting of all is the Boardwalk at Venice Beach. The city—so named because of its many interlocking canals resembling those of Venice, Italy—is longtime home of "Simpsons" creator Matt Groening. The cartoonists' warped visions speak volumes on the town.

It has been proved that every out-of-towner who visits Venice Beach will see his or her most full-color preconception of the way-out or wacky Californian.

That's because 1960s holdovers, psychics, bawdy seaside comedians, chainsaw jugglers and other characters from all walks of life grace that entertaining and inexpensive bazaar.

Have your fortune told or portrait painted. Watch the jugglers, balloon artists and street comics compete with Muscle Beach weight lifters for the attention of passers-by. Or, browse through an overwhelming array of low-cost clothing, jewelry and artwork from the scores of vendors who populate the boardwalk.

Venice Beach also is well known for supplying the vast bulk of cheap sunglasses to the entire Western Hemisphere.

About 10 miles to the south, Germany's California address is in Torrance.

Whether one is seeking a warm wiener schnitzel, a hearty Bavarian oom-pah-pah band, or beer and lederhosen galore, Torrance's Alpine Village—213-327-4384—is surely the trick.

If that's to one's liking but the hour drive from Anaheim seems too long, the Medieval Times dinner and tournament—800-438-9911—is just minutes away in Buena Park.

Many of the beach cities also boast other quaint dining and shopping emporiums modeled after old-time fishermen's villages.

Some of the best of that variety are located at Santa Monica, Marina Del Rey, Redondo Beach, San Pedro and Long Beach.

Santa Monica's Third Street Promenade is ideal for late-night strolling. The three-block area features sidewalk cafes, street performers, bookstores, restaurants and state-of-the-art movie theatres. The Promenade is three blocks west of the water, bordered by Wilshire Boulevard on the north.

In addition, Balboa Island, Newport Beach and Laguna Beach offer interesting seaside shops and boutiques.

Photo by Joanne Wojcik

The Crystal Cathedral is made of glass shaped into a 124-foot star.

There's also something to be said for a few nearby churches and cathedrals.

The scenic Wayfarer's Chapel, built on a cliff overlooking the turbulent ocean off Rancho Palos Verdes—213-377-1650—is not to be missed.

And nearby, Garden Grove's Crystal Cathedral—714-971-4013—proves an interesting experience, as well. The cathedral is made of glass in the shape of a 124-foot star.

And, for literature, art and horticulture lovers, there's the glorious Huntington Estate library, art gallery and floral and botanic gardens in San Marino—818-449-3901—bequeathed by early California rail baron Henry Huntington.

The 130-acre complex, located about an hour north of Anaheim, boasts one of the world's most impressive collections of art, including "Blue Boy" by Gainsborough; original manuscripts by Chaucer, Ovid and Milton; acres of roses; a Japanese garden; and other horticultural delights.

Most attendees of this year's RIMS conference ought to find at least a little something within this cornucopia of Southern California delights to whet their appetites. ■

Photo courtesy Anaheim Area Visitor & Convention Bureau

Visitors to Medieval Times will view an 11th-century tournament.

Photo courtesy Anaheim Area Visitor & Convention Bureau

Anaheim Stadium will host the opening of the Angels' annual pre-season freeway series on April 3.

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Dock Fire, New York 1835

panies,  whose financial resources and expertise have allowed them to pay their

Flood, Johnstown 1889

But even the smallest disasters seem big to the  companies they affect. The fire,

Hurricane, New England 1938

cut 1955

could ever illustrate in a thousand advertisements. And always

Earthquake, Los Angeles 1971

asters, unfortunately, will always  be with us. We don't know where the next one

Tornado, Iowa 1987

Francisco 1989

do know though. We'll be there. **We get paid for results.**®

Disneyland: All-American fun

The ultimate fantasy park holds appeal for adults, too

By JOANNE WOJCIK

ANAHEIM, Calif.—Disneyland Park's commercial success is a testament to American ingenuity.

There is nothing quite like Disneyland, except, perhaps, the Walt Disney World Resort. But they both sprang from the same creative genius, Walt Disney, who gave the world Mickey Mouse and developed the science of Audio-Animatronics in the early 1950s, an electronic technique that gives speech, motion and special effects capabilities to inanimate objects.

Disneyland is special because it was the first; and by virtue of its smaller size, it is more intimate than Orlando's Magic Kingdom Park.

Where else but Disneyland can both children and adults leave reality behind and take a journey through the surrealistic world of fairy tales and nursery rhymes?

And where else do people from every walk of life wait patiently side-by-side in line for two- to 10-minute rides that by their very artistic nature translate deftly into every language?

Disneyland is divided into seven "lands" arranged around a central hub. Closest to the central hub is Main Street U.S.A., an attraction that recreates the spirit of small town America at the turn of the century.

As visitors walk clockwise around the hub, they are transported into Adventureland, Frontierland, Fantasyland and Tomorrowland. The two remaining lands, Critter Country and New Orleans Square, must be accessed through Adventureland and Frontierland.

Adventureland, which is designed with an African safari motif, features the Enchanted Tiki Room where Audio-Animated birds and flowers seemingly come alive with the sound of music.

Other attractions are a jungle cruise down a tropical river and the Swiss Family Treehouse modeled after the home of the legendary Robinson family that was shipwrecked on a deserted island.

With its stockades and other pioneer trappings, Frontierland focuses on an Old West theme.

Among its attractions are the Big Thunder Ranch, an old homestead with a log cabin, horses and burros, stables, and a petting barnyard.

Nearby, riders can experience the thrill of riding on a runaway mine car on the Big Thunder Mountain Railroad.

Fantasyland expresses the heart of Disney with its colorful Sleeping Beauty Castle towering above a miniature Alpine village.

Here visitors can walk through the castle, take the skyway to Tomorrowland, explore the world brotherhood theme of It's a Small World, take off on Peter Pan's Flight or go for a spin on Mr. Toad's Wild Ride.

Other rides featured in this section of the park are the Matterhorn Bobsleds, a high-speed roller coaster that careens down a man-made mountainside; and Dumbo, the Flying Elephant, and

© The Walt Disney Co.

RIMS-goers can relax at the Star Tours and the Mad Tea Party.

the Mad Tea Party, two circular-spinning rides.

Tomorrowland is a futuristic mixture of attractions that trace technological developments in an attempt to predict what life will be like in the future.

However, Tomorrowland is really a 1950s version of the future in terms of architecture and scientific thought.

For example, once you view its mission control center, it's easy to see that the Mission to Mars ride was created before Apollo 11 landed on the moon.

Fortunately, Disneyland has begun a complete renovation of this section of the park. Already, the new Star Tours ride and the high-tech "Captain EO," a musical animated space adventure featuring Michael Jackson, bring visitors into the 21st century.

Critter Country which closely resembles Frontierland, features the Country Bear Playhouse, an Audio-Animatronic country hoedown performed by animals; and Splash Mountain, a water ride

One of the most realistic lands in the park is New Orleans Square, which is modeled after its namesake in Louisiana.

Here visitors can tour a Haunted Mansion; view "The art of Disneyland," a collection of various artists' portrayals of Disneyland scenes at the Disney Gallery; or take a ride on the Pirates of the Caribbean, one of the most elaborate rides at the park.

Pirates of the Caribbean depicts a pirate raid on an island settlement, illustrating in detail the bombardment of the fortress and the debauchery that follows.

Like Pirates of the Caribbean, many of Disneyland's "dark rides"—rides in which the rider sits in a vehicle that moves past visual and tactile images—are timeless adventures that focus on the universal themes of good and evil.

And while the endings are usually happy, as would be expected in "the happiest place on Earth," the images conjured up by Disney's special effects are thought-provoking, providing subliminal messages at times.

In Mr. Toad's Wild Ride, for example, after your Model-T Ford jerks its way past a judge who sentences you to hell for bad driving, you find yourself heading into the underworld, where it's really hot, thanks to bursts of man-made steam. It's the ultimate punishment for

© The Walt Disney Co.

Just try to keep dry on Splash Mountain in Critter Country.

bad driving.

And Pinocchio's Daring Journey into a night carnival scene warns of the evils of escaping reality for too long—you may find yourself transformed into a donkey.

While it's usually said that Disneyland is for kids, many of the park's visual effects can only be appreciated by a mature mind.

For example, some of the rides' frightening images—the menacing witches, the skulls and bones, and the ghosts rising out of their graves—are created with a sense of humor that only adults can appreciate.

And members of the baby-boom generation will be particularly drawn to the anachronistic rides of Tomorrowland, which is often referred to as "Yesterday-land" in jest.

To appreciate Disneyland is to truly understand what Mr. Disney was trying to create: a place where human beings can escape reality by becoming a part of the surrealistic world of animation.

In fact, at Videopolis, visitors to the park can be photographed beside their favorite Disney characters as if they are in a cartoon cel, which is the proper name for one frame in a cartoon film.

Mr. Disney also was deeply committed to the capitalistic spirit of the American Dream, as is evidenced by one of the park's relics: In a room between the Mad Hatter Shop and the Old Opera House where a film titled "The Walt Disney Story," is playing, visitors will find brass plaques situated beneath a collage of images paying tribute to freedom of speech, religion and enterprise.

This exhibit, which dates back to the park's creation in 1955, can only be found at Disneyland. There is no counterpart at Walt Disney World.

In fact, the lifelike statue used in the accompanying "Great Moments with Mr. Lincoln" show was put on permanent display at Disneyland in 1965, after it was featured as an example of Mr. Disney's Audio-Animatronics technique at the 1964 World's Fair in New York.

Three other attractions that debuted at the 1964 World's Fair are: It's a Small World, Primeval World and The Carousel of Progress, which is no longer featured.

Other plans that Mr. Disney had for his first theme park can

Continued on next page

© The Walt Disney Co.

The Main Street train station, with its "floral Mickey" is one of Disneyland's most famous photo spots.

Continued from previous page
be found at The Disney Gallery in New Orleans Square, where an exhibit of limited edition lithographs, animation cels and a variety of collectors' items illustrate the theme of "The Disneyland that Never Was."

While these plans may never come to fruition, other renovations are constantly taking place.

Because of its size—Disneyland covers just 160 acres—old attractions must be removed to make room for new ones.

As a result, the old Mark Twain Steamboat that had been a fixture in the lake near New Orleans Square has been removed, while the lake has been drained to construct a new attraction focusing on the Rivers of America, scheduled to open in April 1992.

To paraphrase Walt Disney, Disneyland will never stop changing as long as there are new ideas to explore.

Disneyland tickets, called "Magic Days Passports," cost $27.50 for adults, $22.50 for children between the ages of three and 11. Children age two and under can enter the park for free, and senior passports for adults over 60 are $22. There is no additional charge for attractions.

Multiday passports are also available.

For further park information, call Disneyland at 714-999-4565. ■

One salad, and hold the fries

Disneyland offers healthy foods for waistline watchers

ANAHEIM, Calif.—Just because you're at an amusement park doesn't mean you have to eat like a little kid.

Like most of the nation's fast-food restaurants, Disneyland Park food purveyors are becoming more health-conscious, serving up low-fat dishes and healthy snacks.

Years ago, visitors to the Southern California theme park may have dined on ice cream, greasy hamburgers and cotton candy. Today they're more likely to find non-fat frozen yogurt, turkey burgers and spaghetti with meatless sauce.

And fresh fruit stands are placed throughout the park where cotton candy vendors or caramel corn stands may once have ruled.

The modern Disneyland boasts that visitors will find something to please both the palate and the conscience, as the following menus demonstrate:

Main Street U.S.A.

- The Carnation Ice Cream Parlor & Restaurant serves lean beef hamburgers, chicken salad sandwiches and marinated boneless breast of chicken.
- The Town Square Cafe features grilled chicken breast sandwiches and omelettes made with reduced-cholesterol Egg-beaters.
- The Plaza Inn, which is sponsored by the Colombian Coffee Growers, serves meatless spaghetti and fresh fish.
- The Plaza Pavilion's fare includes spaghetti with meatless sauce and vegetarian lasagna.
- The Blue Ribbon Bakery & Yogurt Shop offers non-fat frozen yogurt.
- The Fruit Cart features succulent, seasonal fresh fruit.

Adventureland

- The Tahitian Terrace serves up a different fresh fish daily, as well as a vegetable stir-fry.
- Bengal Barbecue offers a fresh fruit box with yogurt-raspberry dressing and a fresh vegetable box.

New Orleans Square

- The Blue Bayou Restaurant will serve a fresh vegetable plate on request (it's not on the menu).
- Cafe Orleans' menu includes Cajun-spiced chicken pocket sandwiches and tuna salad.
- The French Market serves spinach tortellini and spaghetti with meatless sauce.

Critter Country

- The Hungry Bear Restaurant offers fresh fruit plates, grilled chicken breast sandwiches and smoked turkey salad.

Photos by Joanne Wojcik

Healthy food options like grilled chicken, meatless pasta sauce and fresh fruit are available.

- Harbour Galley cooks up fresh seafood brochettes.

Frontierland

- The River Belle Terrace features vegetable stew served in a bread bowl, as well as fresh fruit plates.

Fantasyland

- Village Haus, sponsored by Minute Maid, serves grilled chicken breast sandwiches, smoked chicken salad, turkey burgers, fresh fruit salad, angel food cake and even a meatless burger.

Tomorrowland

- Tomorrowland Terrace, sponsored by Coca-Cola, offers smoked turkey breast sandwiches, chicken pita sandwiches, smoked turkey salad and non-fat frozen yogurt shakes.
- The Space Place menu includes smoked chicken salads and frozen yogurt shakes.

In addition to these light dinners, healthy snacks like fresh whole fruit, non-fat frozen yogurt and tossed salads are available at many other food service locations throughout the park.

—By Joanne Wojcik

Photo by Joanne Wojcik

A horse-drawn trolley ride goes from fun to romantic after dusk.

Disneyland after dark reveals new dimensions of magic and fantasy

At night, rides deliver extra thrills

ANAHEIM, Calif.—To experience Disneyland Park at dusk is to witness the transformation of the nation's foremost amusement park into the fantasy world that it is meant to be.

As the Southern California sunset fades and the neon night takes over, the walkways separating Tomorrowland from Fantasyland and Adventureland from Frontierland begin to blur, leaving behind only the music and scenery to mark the transitions.

And once darkness descends on Disneyland, attractions like Main Street and New Orleans Square seem more authentic; Sleeping Beauty's multicolored castle glows like a beacon in the darkness; and the rides become much more venturesome.

At night, there is no light at the end of the tunnel as the runaway mine cars wind their way through shadowed canyons on the Big Thunder Mountain Railroad in Frontierland.

Just imagine bobsledding in the dark on the treacherous Matterhorn roller coaster in Fantasyland.

Tomorrowland's Space Mountain really feels like it's reaching warp speed as it explores the far reaches of the universe.

And the starlit sky inside the dark Pirates of the Caribbean ride can't be discerned from the real thing outside as you sail away from New Orleans Square.

Those who stay in the park after sunset receive yet another bonus: Most of the families with small children have gone for the day, shortening the lines for the more popular rides.

The two-minute rides like Peter Pan's Flight or Mr. Toad's Wild Ride are much more enjoyable when you only have to wait five minutes. A half-hour is the average wait during the height of day.

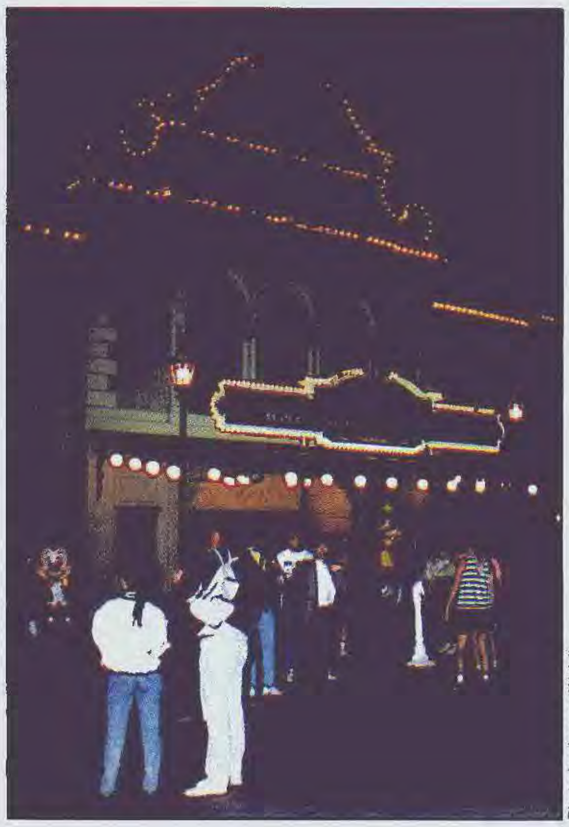


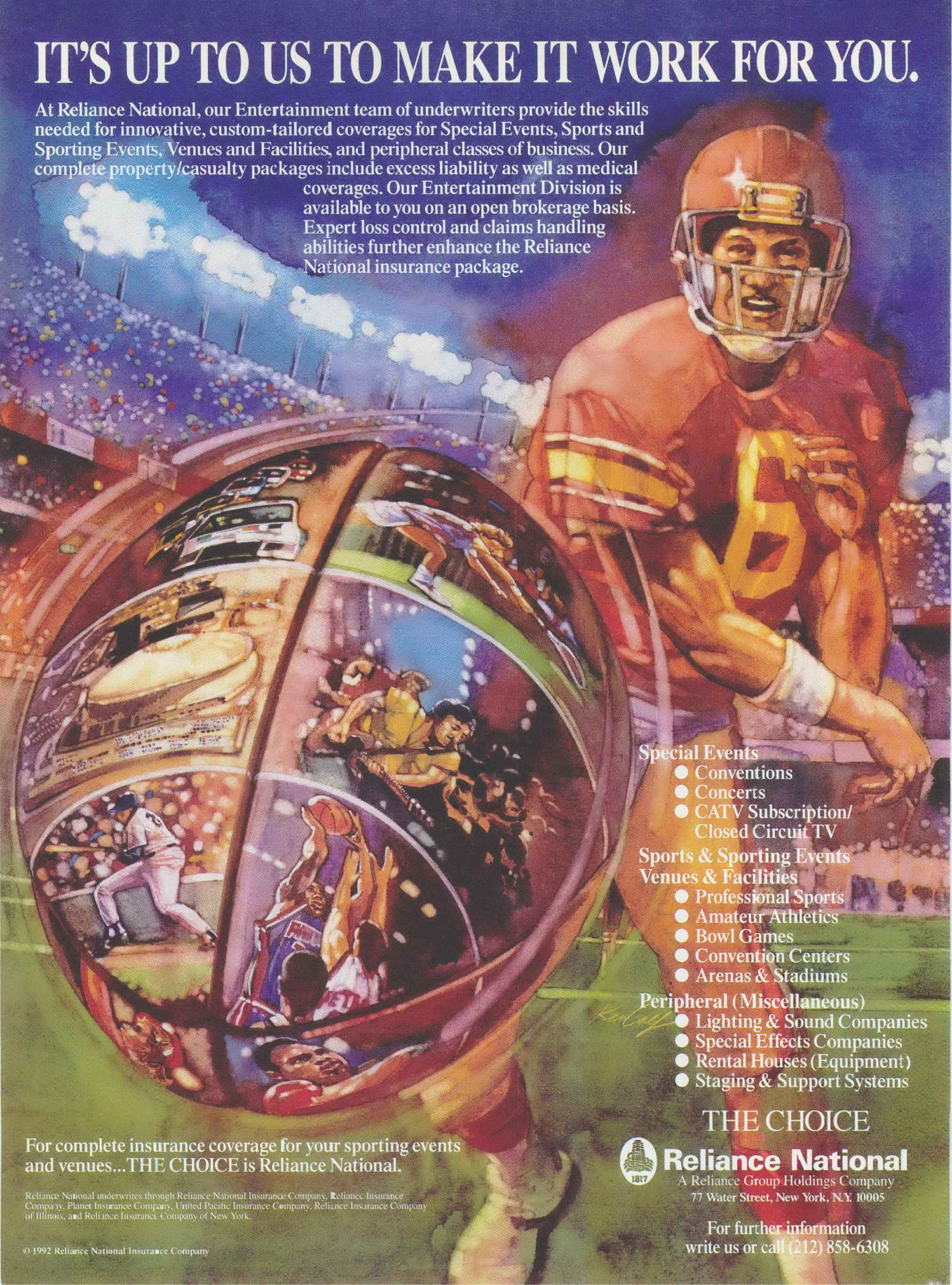
Photo by Joanne Wojcik

Visitors enjoy 'Great Moments with Mr. Lincoln.'

Like most eclipses, this Disney-at-night phenomenon is a rare occurrence. In the spring, the park is open late only three days a week: Friday, Saturday and Sunday until midnight.

Monday through Thursday, on the other hand, visitors are ushered out at 7 p.m., just as the real magic of Walt Disney's kingdom begins.

—By Joanne Wojcik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Long Beach
Queen Mary & Spruce Goose
to Catalina Island
7th St.
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Santa Fe Springs
Norwalk
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Hawaiian Gardens
Los Alamitos
Seal Beach
Cypress
Lincoln Ave.
La Mirada
Whittier
Buena Park
Beach Blvd.
Knott's Berry Farm
La Habra
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Anaheim
Disneyland
Stanton
Garden Grove
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Crystal Cathedral
Santa Ana Freeway
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Santa Ana
John Wayne Airport
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Irvine
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Newport Beach
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Laguna Beach
Laguna Hills
South Laguna
Laguna Niguel
El Toro
Dana Point
Mission Viejo
Capistrano Beach
San Juan Capistrano
Mission San Juan Capistrano
San Celememte
San Onofre
to San Diego
to Temecula
Trabuco Canyon
Silverado
Cleveland National Forest
Corona
El Cerrito
Home Gardens
Orange County
Pacific Ocean
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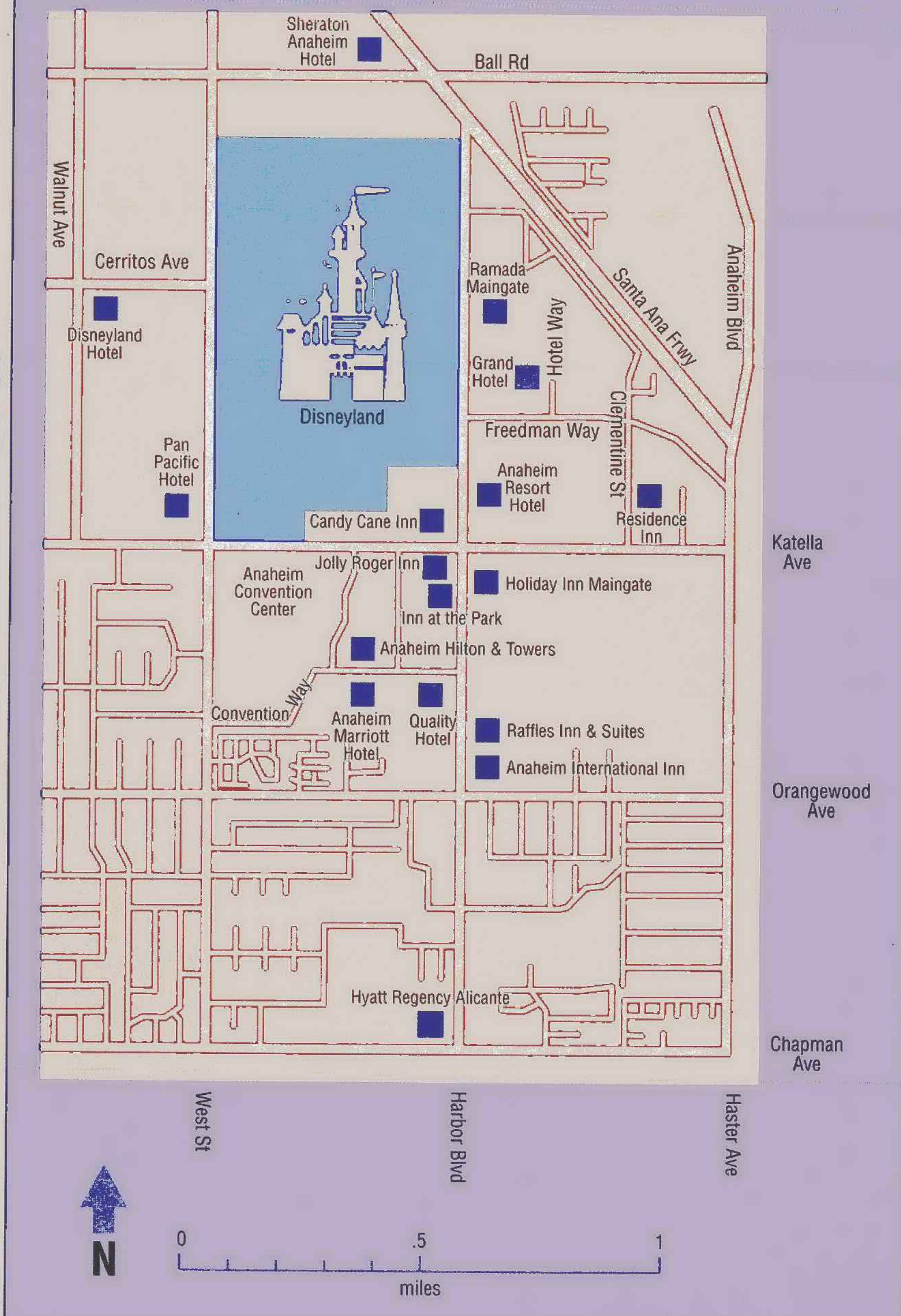
Anaheim



Los Angeles Freeways

Queen Mary recalls the elegance of a bygone era

While nearby Spruce Goose evokes the scale of Howard Hughes' dream

By LOUISE KERTESZ

LONG BEACH, Calif.—A legend is docked at the Port of Long Beach, a legend that once bore celebrities like Clark Gable and Greta Garbo and historical figures like the Duke and Duchess of Windsor and Winston Churchill across the Atlantic.

This immense vessel, the Queen Mary, launched its maiden voyage from Southampton, England, to New York City on May 27, 1936. Thirty-one years later, after 1,001 transatlantic crossings, one of the largest luxury liners ever built made its final voyage. The ship was then put on the auction block, where it was sold to the city of Long Beach for $3.5 million.

Permanently berthed, the Queen Mary now holds court next to another legend, Howard Hughes' gargantuan Spruce Goose, the biggest plane that ever flew, albeit only once. The Queen Mary and Spruce Goose Entertainment Center, open from 10 a.m. to 6 p.m. daily, provides a fascinating day's journey into history.

Tickets are $17.50 for adults, which allows admission for both attractions.

The Queen Mary and her sister luxury liners fell victim to the age of jet travel, a nostalgic thought that crosses the minds of visitors who stand on deck and hear the distant whine of a jet passing overhead.

But the beautiful ship, measuring 1,018 feet long, 118 feet wide and 180 feet high—larger than many city buildings—has been preserved for thousands of visitors to board, enjoy and learn from every year.

The opulent interior decor of the Queen Mary, a spectacle of art, design and architecture, was inspired by the 1925 Exposition Internationale des Arts Decoratifs et Industriels Modernes in Paris, which gave birth to the art deco style.

Everything about the Queen Mary is on a grand scale—from the Grand Salon, a stately ballroom, to the rooms where its gleaming engines were once capable of generating 200,000 horsepower.

Guests may tour the Queen Mary through self-guided or escorted tours. "Dark Secrets of the Queen Mary" is a multimedia presentation that explores the many legends surrounding the gigantic liner. On the "Haunted Passages" tour, guests are escorted through parts of the ship that were once closed to the public and hear stories of unexplained phenomena described by passengers.

"Legendary Passages" tells of the famous passengers who sailed on the Queen Mary and describes what it was like to sail aboard the vessel in the years when it served as a troop ship during World War II. The Queen could carry up to 15,000 troops in one crossing. A variety of historic exhibits from the 1930s and 1940s accent the presentation.

Visitors may also dine at several interesting restaurants on the Queen Mary.

Sitting in the semi-circular Observation Bar, with authentic art deco furnishings, wood paneling and murals, visitors will drink in the flavor of an earlier, unhurried era. The elegant Observation Bar, with elaborate nickel silver railings, was originally the ship's First Class Lounge, reserved for those who could afford a first class ticket on the Queen of the seas.

Dancing, an outdoor patio and a panoramic view over the ship's bow are features of the Observation Bar.

Sir Winston's is the ship's most elegant dining spot, offering Continental cuisine, an extensive wine list and a sweeping view of the California coastline. Sir Winston's piano bar offers a cozy retreat for cocktails and features live entertainment.

The Promenade Cafe, offering casual dining, and The Chelsea, which specializes in seafood, round out the Queen Mary's restaurant offerings.

The Grand Salon comes alive every Sunday for a sumptuous brunch spread out on a 1,250-square-foot buffet table offering 54 specialties from around the world. Champagne is complimentary.

The Queen Mary now holds court next to the Spruce Goose.

Photos courtesy The Queen Mary & Spruce Goose Entertainment Center

People can visit the Queen Mary's restaurants without paying the $17.50 admission by reservation only, although access to the rest of the ship and tours are not available to these guests.

Other attractions include Picadilly Circus, a variety of elegant, unusual shops in the ship's original first class shopping mall on the Promenade Deck.

The Queen Mary's 365 staterooms and 8 suites have been refurbished to create the Hotel Queen Mary, where guests may spend the night in a nostalgic ambiance fitted with modern conveniences. The original veneers on the stateroom walls gave the Queen her reputation as the "Ship of Beautiful Woods."

While staying at the Hotel Queen Mary, guests have exclusive use of the Capstan Club, which serves cocktails and Continental breakfasts and features a private deck for enjoying the sunshine or the moonlight.

And for entertainment onshore, guests can stroll over to see the Spruce Goose, which has a wingspan of 320 feet, about the length of a football field. The mammoth airplane was conceived by Howard Hughes and industrialist Henry J. Kaiser to transport troops and equipment during World War II.

The plane is made of laminated birch and bonded with special glues. Little spruce was used, but it was enough to inspire the nickname. Construction of the Spruce Goose adhered to the government requirement that only materials not critical to the war effort be used.

Visitors enter the plane's massive cargo hold, which was designed to carry 750 combat-ready troops and two 30-ton Sherman tanks. Visitors also may view the flight deck, crew space and cockpit.

Within the giant aluminum dome that houses the Spruce Goose, displays tell the story of the plane's design, construction and one-and-only flight, a short test above Long Beach Harbor in November 1947, with Howard Hughes at the controls. The plane was found to be impractical, but Mr. Hughes had promised that it would fly.

Other Howard Hughes memorabilia also is on display in the dome, as are a number of classic automobiles.

Both the Queen Mary and the Spruce Goose are operated by Walt Disney Co. However, Disney has chosen to terminate its lease for the attractions, and will cease operations on Sept. 30.

Visitors to the two attractions may shop at "Londontowne Village," a collection of shops and restaurants adjacent to the Queen Mary and Spruce Goose.

To reach the Queen Mary and Spruce Goose, take the 91 freeway West from Anaheim and the 710 south to the Queen Mary exit. ■

Orange County shops may buck Rodeo Drive

By JOANNE WOJCIK

ANAHEIM, Calif.—Southern California gives new meaning to the phrase, "Shop 'til you drop."

With a 300-store mall in the heart of Orange County, there's little need for people in town for the Risk & Insurance Management Society conference to venture north to Beverly Hills' renowned Rodeo Drive. Many of the same stores on that glitzy strada also can be found in South Coast Plaza in Costa Mesa.

In fact, more money is spent at South Coast Plaza than in any other retail center in the continental United States.

Shoppers spent more than $720 million in 1990 in the center's chic boutiques like Tiffany's, Chanel, Emporio Armani, Gucci, Louis Vuitton, Hermes, Burberry's, Cartier and Barneys New York. The average shopper at South Coast Plaza—nicknamed "Snob Coast Plaza" by the locals—has a household income of more than $70,000.

In addition, South Coast Plaza and its neighboring Crystal Court offer seven department store anchors: Nordstrom's, Bullock's, Saks Fifth Avenue, Robinson's, The Broadway, May Co. and Sears, Roebuck & Co.

Across the street from the two malls is the European-style South Coast Plaza Village, an outdoor collection of 70 distinctive shops and restaurants.

In Newport Beach, Fashion Island beckons to shoppers from the bluffs overlooking the beach. With a dramatic view of the Pacific Ocean at its front door, Fashion Island is an outdoor high-fashion center featuring fine retailers like Neiman Marcus and Bullock's Wilshire.

Inside Fashion Island's Atrium Court, a Mediterranean-style plaza features three levels of the finest in contemporary designer fashions, gourmet eateries and the Irvine Ranch Farmer's Market, where you'll find some of California's freshest produce.

RIMS shoppers also can take advantage of some 13 other malls in Orange County, including Anaheim Plaza, located just three miles from the convention center, The City in Orange and MainPlace in Santa Ana.

The City, MainPlace and South Coast Plaza all offer free shuttle service from the major downtown Anaheim hotels. Shuttles run every two hours from 9 a.m. until 8 p.m.

If you're in the mood for playing tourist while shopping, take the 25-cent ferry ride from Newport Beach to the Balboa Island Peninsula where you'll find the quaint Lido Village gift shops.

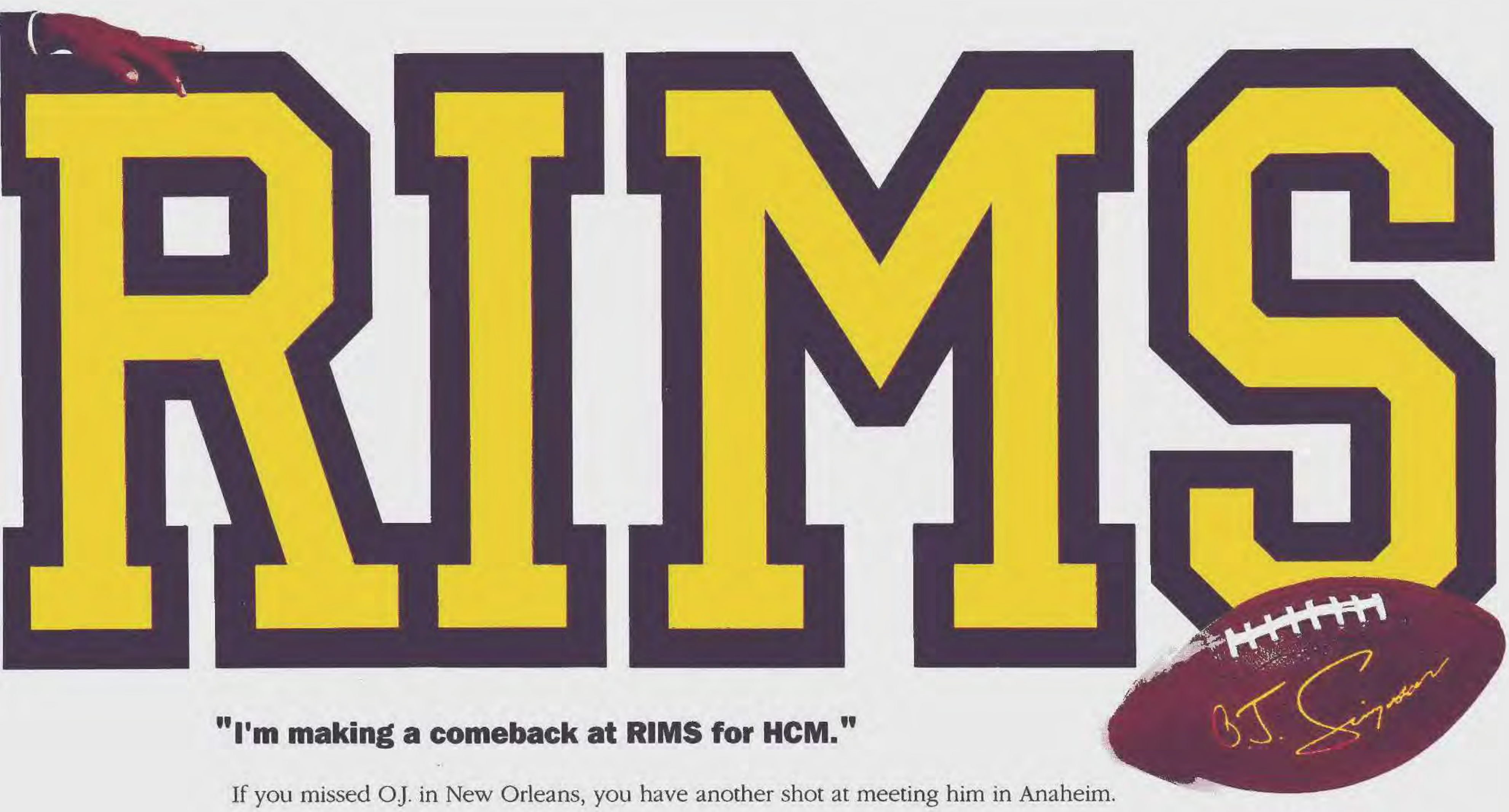
Visitors also will be enchanted by the inviting boutiques in another beach community, Dana Point, where treasures like Belgian chocolates and original artwork can be found in the turn-of-the-century Mariner's Village.

Although it's tempting to do as the Southern Californians do and just go "malling," RIMS shoppers who head north up the coast will find that the real bargains are found at the beach. Venice Beach, that is—where Southern California meets the Third World.

Take a stroll along the boardwalk amid the echo of steel drum music and chanting preachers. While dodging roller bladers, 1960s throwbacks and people speaking exotic languages, you'll find everything from colorful handpainted T-shirts and Los Angeles-style pants called "baggies" to imported leather and silver goods.

Anything goes on Venice Beach. Just ask the guy selling the souvenir sun visors for dogs.


OJ
at



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For little kids and big kids, but not for the faint-hearted

Knott's Berry Farm offers wild rides, good times for all

By JOANNE WOJCIK

BUENA PARK, Calif.—Don't believe what they say. Knott's Berry Farm isn't just for little kids.

With two high-speed roller coasters and rides that simulate riding white water rapids or dropping 20 stories by parachute, Knott's is really for big kids, like those attending the Risk & Insurance Management Society conference.

The nation's oldest independently owned theme park, Knott's covers 150 acres of this Southern California community with exciting rides, unusual attractions, specialty gift shops and, of course, the world-famous Mrs. Knott's Chicken Dinner Restaurant.

The park began as a roadside berry stand in 1920. It started to grow when founder Walter Knott and his wife, Cordelia, decided to supplement their income during the Great Depression by serving chicken dinners on their wedding china for a paltry 65 cents each.

Both the berry stand and the restaurant grew steadily, and by the 1940s people would wait in line several hours to sample Mrs. Knott's famous fried chicken.

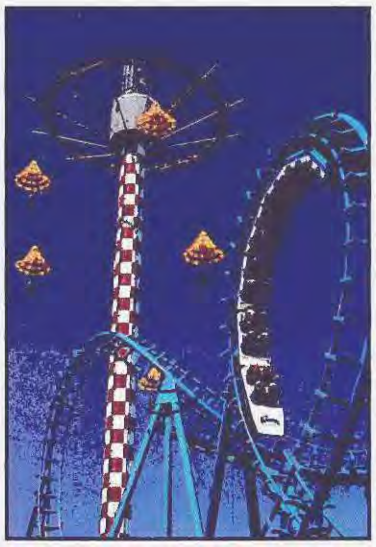
Wanting to create a diversion for waiting customers, Mr. Knott offered his customers their first "ride" by taking them around the farm in a covered wagon led by a team of horses.

Later, authentic stagecoaches were added, and Mr. Knott built a replica of an Old West town, which has since become one of the nation's premier family theme parks.

Every year, about 5 million people come to Buena Park, Calif., to enjoy the amusement park's 165 rides, shows and attractions in five themed areas, including an authentic reproduction of an 1880s California mining town.

Many of the buildings in Knott's Ghost Town were moved from abandoned desert towns throughout the West.

Visitors to this area of the park can pan for real gold from a miner's trough, ride an authentic Butterfield stagecoach and careen down a 70-foot mountainside in hollowed-out logs, just as the loggers did.



Photos courtesy Knott's Berry Farm

Riders at Knott's Berry Farm can parachute down 20 stories or plunge into a spray of water.

Other entertainment includes a Wild West Show, an authentic Medicine Man Show and old-time melodramas performed at the Birdcage Theatre.

As visitors stroll through the amusement park, they pass from Ghost Town to other attractions, including:

• Fiesta Village, a tribute to early Spanish California where strolling mariachis entertain visitors amid terra cotta tiled fountains while high above, Montezooma's Revenge, the ultimate upside-down-and-backwards thrill ride, reaches speeds as high as 55 mph in less than five seconds.

Between Ghost Town and Fiesta Village is the Incredible Waterworks Show, in which colored lights and fountain sprays pulsate rhythmically to music in a classical water ballet.

• The Roaring '20s, an amusement-park-within-a-park. This recreation of a 1920s California amusement park features the largest penny arcade west of the Mississippi, a 2,100-seat theater for live entertainment and an aquatic pavilion.

However, unlike in the 1920s, the Boomerang roller coaster turns riders upside down six times—three times forward and three times backwards—while other visitors drop 20 stories in the majestic Parachute Sky Jump.

• Camp Snoopy, home of the characters created by cartoonist Charles Schultz. Life-size versions of the characters roam the six-acre area hugging guests and posing for photos.

This area resembles a campground in California's High Sierra mountains with rushing waterfalls, a meandering stream, and pontoon and suspension bridges.

• Wild Water Wilderness, which features landscaping indigenous to California, including 300 trees and 100 varieties of flowers, shrubs and groundcover.

The highlight of this area is the Bigfoot Rapids, a water ride that simulates rafting on white water rapids.

Despite the numerous diversions that have sprung up since the 1930s, there is still a line outside Mrs Knott's Chicken Dinner Restaurant, whose kitchen odors permeate the amusement park. According to park sources, 1.5 million chicken dinners are served up by the restaurant annually.

Photo courtesy Knott's Berry Farm

Entertainment at Knott's Ghost Town includes a Wild West Show. Many Ghost Town buildings are from abandoned desert towns.

And, after dinner, visitors can explore the marketplace that houses some 30 shops, including a bakery, candy store and, of course, a market featuring Mr. Knott's famous jams and preserves.

Across the street from the park stands a replica of Boston's Independence Hall, complete with a 2,075-pound Liberty Bell, which is exactly five pounds less than the original.

Independence Hall is open from 9 a.m. to 5 p.m. daily.

Still owned by the Knott family, Knott's Berry Farm is located at 8039 Beach Blvd. in Buena Park, six miles north of Disneyland Park. The park is open from 10 a.m. to 6 p.m. weekdays, Saturday from 10 a.m. to 10 p.m. and Sunday from 10 a.m. to 7 p.m.

Admission to the amusement park—$22.95 for adults and $9.95 for children—includes unlimited use of the rides, shows and attractions for one day. However, there is no admission charge for Knott's California Marketplace or Independence Hall. ■

Photo by Joanne Wojcik

Fountains pulsate rhythmically in the Incredible Waterworks Show.

Photo courtesy Knott's Berry Farm

Camp Snoopy is home to Charles Schultz's characters, where they hug guests and pose for photos.

RIMS hotels offer range of amenities

Late-night photocopies easier to muster than late-night snacks

By JOANNE WOJCIK

ANAHEIM, Calif.—There won't be much post-midnight snacking during the 30th Annual Risk & Insurance Management Society Conference since none of the conference hotels offers round-the-clock room service.

But even if attendees won't find all of the comforts of home and office at their convention hotels, advance knowledge of the services and amenities that are available will make it possible to plan an efficient and enjoyable stay.

For example, a 3 a.m. snack will be hard to muster. And conference-goers who bring along work may find it uncomfortable to do, since few, if any, of the conference-hotel rooms have desks.

However, communicating with the office via fax, Federal Express or computer modem won't be a problem for most attendees.

Let's start with the basics—food. Room service hours generally begin at dawn and end somewhere around midnight at the four largest hotels close to the Anaheim Convention Center.

Room service hours are 6 a.m. to 2 a.m. at the Hilton, 6 a.m. to 1 a.m. at the Marriott, 6 a.m. to midnight at the Hyatt Regency Alicante and 5 a.m. to 1 a.m. at the Disneyland Hotel.

Guests at the Disneyland Hotel also can take advantage of in-room minibars.

No such luck if you're staying at the Hilton or the Hyatt Regency Alicante. And at the Marriott, only the suites come with that amenity.

For those who can't leave the office behind, some of the rooms at the Disneyland Hotel feature desks with phones nearby.

Photo by Joanne Wojcik

The Hyatt Regency Alicante in Anaheim.

Most rooms at the other conference hotels only have small tables and chairs that usually are used for in-room dining.

At most hotels, the phones will accommodate modems on laptop or personal computers. Not at the Hyatt, though.

Phone charges vary by hotel. At the Disneyland Hotel, the charge for outside calls is 90 cents. That compares to just 60 cents at the Hilton & Towers and 75 cents at both the Marriott and the Hyatt.

All of these conference hotels use AT&T for their long-distance phone service.

Anyone who needs copies made at midnight will probably be able to get the job done easily by visiting the front desk in their respective hotels. In fact, most business services are accessed via the front desk, the hotel concierge or guest services. The front desk, concierge or guest services personnel also can arrange for messenger service and Federal Express or other express mail pickups and deliveries.

For more demanding tasks, the Hilton features a professional business center staffed daily by Audio Visual Headquarters Corp. of Rancho Dominguez, Calif. The center is open to everyone at the RIMS conference, regardless of where they are staying.

The center, which is open from 8 a.m. to 6 p.m. Monday through Friday and 8 a.m. to 5 p.m. on Saturday, provides services like copying, preparing transparencies, typing and word processing. The center also will rent typewriters, personal computers and laser jet printers by the hour.

Federal Express or United Parcel Service pickups and deliveries also can be arranged at the Hilton business center.

Audio Visual Headquarters also staffs a scaled-down version of its Hilton business center at the Disneyland Hotel. Only copying and fax services are offered.

To avoid wasting time later, guests should ask during check-in where they can obtain necessary business services.

Those determined to stay in shape will find that all of the conference hotels offer some type of fitness facilities.

The Disneyland has two pools, but no exercise facilities, while the Hyatt, Marriott and Hilton offer both.

In fact, the Hilton fitness center—which has exercise machines, a weight room and jacuzzi—is available to guests for $10 a day and to visitors for $12 a day.

Attendees who plan to rent a car will not find it difficult to park. All conference hotels provide parking for registered guests and the general public, albeit for a fee.

Both guests and other parkers at the Hyatt pay $4 per day for self-parking, $5 per day for valet service.

Self-parking fees are $4 per day for the Marriott's guests; others pay $7 per day.

The Disneyland Hotel charges $8 per day for guest self-parking and $2 per hour for others, up to a daily maximum of $12.

Parking at the Hilton costs $6 per day for self-park and $8 for valet service, both for guests and other parkers.

While none of the conference hotels provides complimentary airport shuttle service, they can arrange for a ride to John Wayne International Airport in nearby Orange via one of several local ground transportation companies (see story, next page). ■

RIMS to offer free shuttle bus service to Convention Center

ANAHEIM, Calif.—The Risk & Insurance Management Society will operate a free shuttle bus service between all designated conference hotels and the Anaheim Convention Center throughout conference week.

The continuous service will run from 6 a.m. to midnight from Sunday, March 29, through Thursday, April 2, and from 6 a.m. until noon on Friday, April 3.

Santa Catalina's rugged beauty left undisturbed

Exploring California island's wonders

By LOUISE KERTESZ

SANTA CATALINA ISLAND, Calif.—"Twenty-six miles across the sea," as the old song goes, lies a slice of California that looks a lot like it did 200 years ago.

The island is 75 square miles of mostly rugged, mountainous terrain, where bison roam and the Channel Island fox can be spotted as it nibbles apples of the native Manzanita tree.

Visitors can reach the island by boarding the Catalina Express, which departs from a dock adjacent to the Queen Mary in Long Beach, about an hour southwest of Anaheim, for the trip to Avalon, Catalina's only city. The round-trip adult fare is $34 for super-express ferry service, which gets you there in less than an hour.

Once aboard, sit on the top deck and enjoy a cold drink as the bustling port city recedes. Or enjoy the ride from the sheltered cabin, with comfortable airline-style seats, booths with tables and a bar serving drinks and light snacks.

Soon the mountains of Catalina loom in the distance and the Catalina Express sails past cruise ships and small colorful craft docked in Avalon Bay.

Charming, flower-bedecked Avalon is a little over a mile square, hugging the coast along a crescent-shaped bay.

Several open-air restaurants await hungry visitors. Armstrong's offers an extensive mesquite-grilled seafood menu, and the Busy Bee features huge burgers, including buffalo burgers. At El Galleon, across from the dock, guests will find a friendly bar and local seafood like abalone.

For more intimate dining, Portofino and Cafe Prego serve Italian and Continental cuisine, accompanied by an impressive wine list.

Boutiques, galleries, restaurants and cafes decorated with colorful Catalina tile line the streets along the bay, and relaxed visitors sit or stroll, watching the world go by and the boats sail in and out.

Bicycles and gas-powered Yamaha golf carts may be rented for excursions in and around Avalon, or see the sights from horseback along the bridle trails. The more athletic may choose to hike into the hills away from town.

But, unless visitors plan to combine hiking or biking beyond Avalon with camping on the island for a few days—all three require permits and camping requires advance reservations—the only way to reach the remote, nearly pristine interior of Catalina is to take the Inland Motor Tour. The tour, which costs $11.50 for adults, is a nearly four-hour, 28-mile journey up winding roads with breathtaking views of the windward and channel shorelines.

The route overlooks valleys lush with rare plant life, including the ironwood tree that has been extinct on the mainland for 20,000 years. Under the careful watch of the Catalina Island Conservancy, beautiful native vegetation such as St. Catherine's lace and the Catalina cherry tree flourish, often fenced off from the grazing buffalo and goats that roam free.

Photo by Louise Kertesz

Little Harbor is the cove where "Sands of Iwo Jima" was filmed.

Broad expanses of prickly pear cactus and fragrant coastal sage line the hillsides. Blue lilac and other wildflowers dot the more protected areas.

The tour bus passes high above picturesque coves such as Little Harbor, where "Sands of Iwo Jima," starring John Wayne, was filmed. Little Harbor, the oldest Indian village site on the island, was first inhabited more than 4,000 years ago and is now the site of a public campground.

Another famous cove far below the tour bus route was the setting of "Jaws" and "Jaws II."

Riding along a ridge in the sky, visitors can see snowcapped Mount Baldy on the mainland, 65 miles away.

The tour bus stops at Catalina's "Airport-in-the-Sky," where small planes seem to ride the gusts like surfers onto the runway, which is perched on a flattened mountaintop 1,600 feet above the sea.

The bus stops again at El Rancho Escondido, where visitors are treated to refreshments and a performance by purebred Arabian horses. Riders demonstrate how these beautiful animals have been trained to negotiate narrow mountain paths, and can even back up delicately or balance on moving planks. The ranch, established and operated by the Wrigley family, was dubbed "Escondido" or "hidden," because it is tucked into a gentle canyon high above the ocean on the windward side of the island.

William Wrigley Jr., founder of the chewing gum firm, in 1919 purchased a majority interest in the island's holding company. Since that time the Wrigley family has been involved in conservation projects while promoting public enjoyment of the island.

When the tour is over and visitors are back at sea level, it may be time for lunch and a nap on the beach.

Afterward, there are many things to explore in Avalon. The Catalina casino is a well-preserved example of art deco design, where the big bands once played. Or take a trip on the glass bottom boat, day or night, and see the undersea world, here starring the orange garibaldi, California's state fish.

Don't miss the Wrigley Memorial and Botanical Garden, a healthy 1.7-mile uphill hike from town at the head of lush Avalon Canyon, or a short drive by rental golf cart. The concrete memorial to William Wrigley Jr. is an imposing structure highlighting stones quarried on the island. The red roof tiles and glazed tiles in the interior came from a tile plant Mr. Wrigley established on the island.

The garden showcases a wide variety of cactus and succulent plants as well as insular endemics, which are plants that grow naturally on one or more of the California islands but not naturally on the mainland. These include Catalina mahogany, wild tomato, toyon, Catalina cherry and Catalina currant.

Visitors who become enamored of the island and wish to prolong their stay can choose from a number of hotels, motels, and camp grounds. A longer stay would permit enjoyment of activities like golf, tennis and fishing.

Catalina is also accessible by helicopter from Long Beach, a 15-minute trip. ■

The rule of the road: Cars rule

Getting around Southern California

By JOANNE WOJCIK

ANAHEIM, Calif.—It's a simple law of physics in Southern California: The shortest travel time between two points can only be achieved with a car.

Sure, Anaheim has buses. And they're relatively cheap at 85 cents per ride. But they're not really convenient, since most public transportation in Southern California involves considerable waiting and numerous transfers.

Those who prefer to travel by cab will probably not have much trouble finding one outside their hotel, but they may have difficulty with the return trip.

One downtown Anaheim hotel concierge advises people who insist on taxi transportation to ask for the business card of the cab driver who took them to their destination. But even if you call the number on the card, you may have to wait a half hour or more to get a ride back.

If your heart is set on seeing California from the back of a taxi, carry plenty of cash, because the fares can be prohibitive.

According to Anaheim Yellow Cab, the only taxicab company serving the Anaheim area, the fare is $1.90 at the flag drop and $1.60 for each mile thereafter or 20 cents per one-eighth mile.

Here are a few sample destinations to put those figures into perspective: It costs approximately $25 to travel one-way from the Anaheim Marriott Hotel to Irvine, a popular dining spot. To go from the Marriott to downtown Newport Beach for dinner, it'll cost even more: $34 one way. And that doesn't even include the tip.

Cab fare from the John Wayne International Airport in Orange to the Anaheim Hilton & Towers is a veritable bargain at $25 each way. But don't even think of trying to cab it from Los Angeles International Airport to Anaheim—about 35 miles.

Still, there are advantages to letting someone else do the driving.

If a group is traveling together, there's no extra charge for up to five people per cab.

And cabbies usually know their way around (but don't bank on it).

Using a cab also means you don't have to tip the valet.

For those unfamiliar with the "glitz" of Southern California, you'll be surprised to learn that valet parking can be found almost everywhere—even at some fast food eateries.

The idea is, if you're not rich yet—the primary reason so many people moved here in the first place—you can at least act rich by having someone in a tuxedo jacket park your car for $1.50. Besides, it saves you the struggle of walking that 200 feet or so from the parking lot.

In addition to taxicabs, there are several transportation companies serving the airport and downtown Anaheim hotels, few of which provide ground transportation.

Reservations must be made at least 24 hours in advance, though.

So don't be dissuaded by those 24-hour rush-hour traffic tales or Tonight Show jokes about L.A. freeway shootings. Those are basically myths. The traffic is pretty bad during the typical weekday rush hours of 6 a.m. to 9 a.m. and 3 p.m. to 6 p.m., but so far the only known perpetrators of freeway shootings are gang members targeting rival gang members.

Still, the truth is: It's hard to get anywhere in the massive urban sprawl of Southern California without wheels.

If you don't want to go it alone, pair up with someone and share a car.

The larger car rental firms serving the Anaheim area include:

- Alamo: 800-327-9633.
- Avis: 800-331-1212.
- Budget: 800-527-0700.
- Dollar: 800-421-6878.
- Hertz: 800-654-3131.
- National: 800-227-7368.
- Thrifty: 800-367-2277.

For taxi service, Anaheim Yellow Cab can be reached at 714-535-2211.

Also, these companies provide airport transportation:

- Super Shuttle, 714-973-1100. The fare from John Wayne Airport to downtown Anaheim is $22 each way; from Los Angeles International Airport, $36 each way; from Long Beach Airport, $33 each way.
- Airport Coach, 714-491-3500. The fare from John Wayne Airport to downtown Anaheim is $8 each way; from LAX, $11 each way. Airport Coach does not serve Long Beach.
- Green Flag Airport Shuttle, 714-641-6666. The fare from John Wayne Airport to downtown Anaheim is $25 each way; from LAX, $45 each way; from Long Beach, $38 each way. However, Green Flag only charges $5 for each additional person who is picked up and dropped off at the same location. ■


Photo by Steve Proehl/The Image Bank

First, put the top down. . .

Now you're ready to see L.A., dude

By STEVE TARAVELLA

LOS ANGELES—If you're tired of Anaheim and think there's more to California than what you've seen from your hotel room, you're right. Los Angeles is a short drive away and offers experiences you're not likely to find elsewhere.

First things first: Southern California was meant to be seen from a convertible. Daily rates for Mustang and Sunbird convertibles start at $59.99 at the Enterprise and Dollar rental agencies near your hotel; choose a sporty model, put the top down, turn the radio to FM 89.9 for an eclectic mix of news and music and head toward the excitement of Los Angeles.

Take the 405—the San Diego Freeway—north about 35 miles until you hit the 10—the Santa Monica Freeway. From that point, depending on what you'd like to see, you'll head east or west. Either way, you'll experience a treat in greater Los Angeles' well-known cultural melting pot.

Some highlights RIMS-goers might enjoy:

• **Grave Line Tours.** Experience Hollywood's history through the lives of those no longer with us. Billed as a look at the "Deathstyles of the Rich and Famous," Grave Line Tours offers up-close visits to sites of notorious deaths, crimes and scandals.

Going Grave Line, which takes you about town in a '69 Cadillac hearse, is the only appropriate way to see where James Dean had dinner before his fatal car crash, where rocker Janis Joplin overdosed, or the home where gangster Bugsy Siegel was gunned down.

Two-hour tours depart at noon daily from the east wall of Mann's Chinese Theater in Hollywood for $30 per person. But reservations are required: call 213-469-4149. Mourners receive detailed maps of two "Cemeteries of the Stars." For private viewing, of course.

• **The Eco-Home Demonstration Project.** No matter where you're visiting from, you're sure to appreciate this environmentally sound, energy-efficient residence. It's become a model for non-polluting living.

See how the sun's energy can be directed to storage batteries used to provide electricity; and how drought-tolerant landscaping and drip-irrigation vegetable gardens can be made practical.

The home, just south of Griffith Park in Los Angeles' hilly Los Feliz neighborhood, is open to tours on Tuesdays and Sundays for $5. Call 213-662-5207 for directions; park on Commonwealth Ave.

• **Melrose Avenue.** Still miss the lava lamp you discarded in '66? Regret tossing out those platform shoes in '78? Want the latest in '90s footwear? That's why Melrose Avenue is here.

No other shopping district in the area can top Melrose as a trendy shopping experience. You'll enjoy the colorful collection of clothing boutiques, galleries, performance spaces, restaurants and memorabilia stores.

To make the most of your time, stick to the hippest stretch of Melrose, between Fairfax and La Brea avenues.

Stores that are must-visits: Off the Wall Antiques, Time After Time Vintage Clothing, WACKO gifts and Condomania—an upscale store devoted entirely to condom novelties.

If you get hungry, stop at Koala Blue, the Australian gift shop established by Olivia Newton John, for a Vegemite sandwich.

• If museums are your passion, visit an institution that captures the spirit of Los Angeles' growing art community, like the **Museum of Neon Art,** just east of Little Tokyo. You can see it two ways.

First, call 213-617-1580 to see if space is available on a March 28 evening bus tour of the city's neon displays. The four-hour tour is worth its $35 fee. If not, check out the museum's "Mourning Becomes Electric" exhibit through April 4. It's a 60-piece show of neon sculpture, drawing and photographs with spiritual themes by artist Lili Lakich.

• No picture of Los Angeles would be complete without a visit to the local Hispanic community. Los Angeles County has the third-largest Latino population in the world, after only Mexico City and Guadalajara. Stop by **Olvera Street**, where Spaniards founded Los Angeles in 1871.

Today the area—bounded by Alameda, Temple, Main and Macy Streets—is an historic district rich with the sounds and smells of the Latino culture. Sample authentic Mexican cuisine and handicrafts in the open-air marketplace.

• **Television tapings.** If you absolutely must tell the folks back home that you saw a celebrity, your best bet this time of year is "The Tonight Show Starring Johnny Carson." Jay Leno hosts March 31, while Johnny's back April 1-3.

Free tickets are available at NBC Studios beginning at 8 a.m. the day of the show; arrive as early as possible.

For directions and information on guests, call the regularly updated line: 818-840-3537. ■

Photo by Andy Caulfield/The Image Bank

In charity hockey match, stakes high, sticks aren't

Not-so-bitter rivals in fifth faceoff

By MICHAEL SCHACHNER

PARAMOUNT, Calif.—At the rink where Frank Zamboni built and introduced his now-famous ice cleaning machine, the RIMS Hockey "All-Stars" will lace up their skates again during the Risk & Insurance Management Society conference to benefit the Spencer Educational Foundation.

After a second one-year hiatus from an annual series begun in Toronto in 1986, Team USA and Team Canada will rekindle their not-so-bitter rivalry at Paramount Iceland in Paramount, Calif., on Wednesday, April 1, at 4 p.m.

Team USA will be defending the Golden Skate Award, which it won for the first time in 1990 by beating the Canadians 6-3 in Boston (*BI*, May 7, 1990). Team Canada won two of the three previous contests. The teams skated to a tie in the other contest.

Unlike previous faceoffs, Team USA this year will enter the game as the favorite, a role they covet, according to team captain Peter King, an assistant vp with Marsh & McLennan Inc. in Philadelphia.

"The Golden Skate has been sitting in our coach's office for two years, and I wouldn't mind storing it in my office throughout the rest of this year. We'll be seeing many of the same faces again this year and a few new ones. It should be a lot of fun," Mr. King said.

However, strong goaltending by Steve Patenaude and filling a few holes in the Canadian roster could permit Team Canada to regain the Golden Skate, said Team Canada veteran and Quebec native Georges Balcer, risk manager with Stone Container Corp. in Chicago.

Peter King captains Team USA in bid to best the Canadians.

Mr. Patenaude, a senior account representative with Arkwright Mutual Insurance Co. in Montreal, has been a Team Canada netminder since the series began.

"All the pressure's on Patenaude. He needs to be the Ray LeBlanc of our team," said Mr. Balcer, referring to the U.S. Olympic hockey team goaltender who grabbed the world's attention with his stunning play at the Winter Olympic Games in Albertville, France.

"We're a little thin in numbers at the forward position and on defense, so unless we can produce a few secret weapons and Patenaude plays well, it's going to be an uphill battle for us," Mr. Balcer said.

But, both clubs this year may be shorthanded, even before the game's referee starts doling out penalties.

"With the industry and the economy the way it is, I think it's going to be tougher for a lot of the usual guys to make it all the way out to California," Mr. King lamented. "Right now we expect that we'll carry about 15 players, and the Canadians may only get 10 or so."

Besides Mr. Patenaude, Team Canada also is banking on the presence of Steve Hales, Cleveland branch manager with American Home Assurance Co., to push the club over the top, Mr. Balcer said.

Mr. King acknowledged that if Mr. Hales, an Ontario native, plays, Team USA's advantage could dissipate.

"Since he's based in Cleveland, we'd love for him to play for us but they'd never allow that. He's their Eric Lindros," Mr. King said, comparing Mr. Hales to the 6-foot-4-inch, 18-year-old Canadian star who shined in the Olympics. "But we have a few studs, too."

For example, Team USA is expecting big performances out of players like Pete Bostwick, vp of Johnson & Higgins in Rochester, N.Y.; Karl Burns, a property underwriter for American International Underwriters Inc. in Chicago; and John Chaney, president of Rollins Burdick Hunter Co.'s Cleveland office.

Stan Tait, director of risk management for Cadbury Schweppes Inc. in Stamford, Conn., will again coach Team USA. His counterpart for the Canadian squad is Brian Hammond, director of risk management and insurance for Federal Development Business Bank in Montreal.

Players look forward to the game all year. In fact, Mr. King already is searching for ice space in Orlando, Fla., for next year's contest.

But the main reason for the game is to raise money for Spencer Foundation scholarships.

"This may look like an April Fools' affair, but we're really trying to get money for the scholarships," he said.

All proceeds from the benefit game go to the foundation. The Boston game raised about $3,000, according to Mr. King.

This year, the two teams would like to raise at least $5,000.

Tickets for the fifth installment in the series are $10 and may be obtained on a prepaid basis from Mr. King at Marsh & McLennan, 3 Parkway, 15th Floor, Philadelphia, Pa., 19102; 215-963-2800.

Tickets also will be on sale during the conference at the RIMS booth in the exhibit hall.

In addition to the game, the teams will hold an hour-long open practice at the rink on Tuesday, March 31, at 12:30 p.m.

The rink is located at 8041 Jackson Street in Paramount, which is near the intersection of the Long Beach and Artesia Freeways. ■

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Witty combinations flavor California cuisine

Chefs offer the titillating and trendy

By LOUISE KERTESZ

LOS ANGELES—These are the cliches: Californians are passionate about eating out. It's the focus of our social life. We jump at the news of any interesting new restaurant within two hours' drive. In fact, some of us think nothing of driving 75 miles for Sunday brunch.

But that's only part of the story.

The restaurants that survive this passionate attention share a common quality. They are interesting and witty. And their menus titillate the salivary glands even from afar through the food columns and ads in our myriad large and small publications. Many of these—like the L.A. Reader, the L.A. Weekly and the Orange County Metropolitan—are free, and the hungry visitor should seek them out at newsstands and drugstores.

Wit, in this context the surprising expression of strange and wonderful combinations, is the definition of California cuisine. This inspired cuisine was invented by Wolfgang Puck at Spago in West Hollywood and is exemplified by Spago's roasted Cantonese duck with wild greens and pineapple-port wine sauce.

For, as much as Californians love to eat out, we spend more time sitting home perusing the food columns and ads, vicariously devouring Spago's Cantonese duck while we munch on carrot sticks and consider when we can next afford to go out and eat cheap. (That, incidentally, is the secret of our legendary thinness. How else to explain it? After "L.A. Story," the whole planet knows we never walk anywhere.)

And when we do venture out to eat, what captures our interest? Californians are drawn to a restaurant not only by the wit exhibited in its menu, but often in its very name. A name, for instance, like Genghis Cohen, which is a Chinese restaurant and more, famous for its margaritas and its blues bands in a Jewish neighborhood of Los Angeles. Talk about strange and wonderful combinations.

It's no surprise, then, that the California cuisine invented by Mr. Puck at Spago's above Sunset Boulevard has migrated up and down the boulevards and freeways and can be found at much more reasonable prices—and without a month's wait for reservations—at countless eateries throughout California.

Successful restaurateurs have found that Californians want to eat those strange and wonderful combinations on the run, so many gourmet or quasi-gourmet/ethnic eateries are paradoxically located in strip malls near office buildings and other unimposing locales. Watch for them. Try that Indian or Thai restaurant by the Thrifty Drugs that you spy as you drive by.

Some gourmet foods in California are astonishing elevations of lowly fare. Take, for instance, the ultimate gourmet sausage, which is praised and used by chefs like Pascal Vignau at the Four Seasons in Beverly Hills, as well as by many restaurants in Orange County. That sausage is chiefly sold at a boardwalk stand at Venice Beach called Jody Maroni's Sausage Kingdom.

Here's how Jody describes some of his sausages in a brochure you can take home and read at your kitchen table. It reads like the L.L. Bean catalog of sausage: "Yucatan—surely our most unique sausage, it is made with chicken and duck, cilantro, serrano chilis and beer. A beautiful green sausage with a surprising Southwestern tang."

Mexican food is not generally classified as gourmet fare. But not so at Las Brisas in Laguna Beach, where you can watch the waves and gaze at the hillsides through a lattice of blooms and palms.

Reservations are suggested for this immensely popular Mexican seafood restaurant where spicy black bean soup is served with a choice of eight toppings (including cilantro and a pico di gallo sauce) and rolls are subtly studded with jalapeno peppers. Frothy margaritas are the ordained accompaniment.

The astonishing fare—to those of us who equate Mexican food with tacos and burritos—includes a calamari steak, as tender and

Continued on page T45

Fed up with the cuisine? Juicy burgers beckon

ANAHEIM, Calif.—If after a week of California's famous nouvelle cuisine you can't face yet another "something-or-other-with-artichokes," you may want to stroll over to In-N-Out Burger at the corner of Brookhurst Street and Orange Avenue.

Or, instead, maybe you should drive there, because what makes In-N-Out Burger a real Southern California institution is the fact that customers don't even have to get out of their cars to be served. (And everyone knows that Southern Californians virtually live in their cars.)

The Baldwin Park-based hamburger chain has cooked up one of the best meat-and-potato bargains on the West Coast since 1948, when founder Harry Snyder got the idea to make the freshest-tasting burgers available in something called a drive-thru.

Today, the juicy pure-beef burgers—the cornerstone of the menu—are still made fresh to order from 60 unpretentious, but spotless, huts throughout Southern California, all of which are still family owned.

And the ubiquitous line of cars under the striped awning outside gives testimony to In-N-Out's popularity.

Little has changed since the early days at In-N-Out.

In-N-Out's menu for success is simple: hamburgers, cheeseburgers, freshly cut french fries, soft drinks and milkshakes made with real ice cream—the fattening stuff.

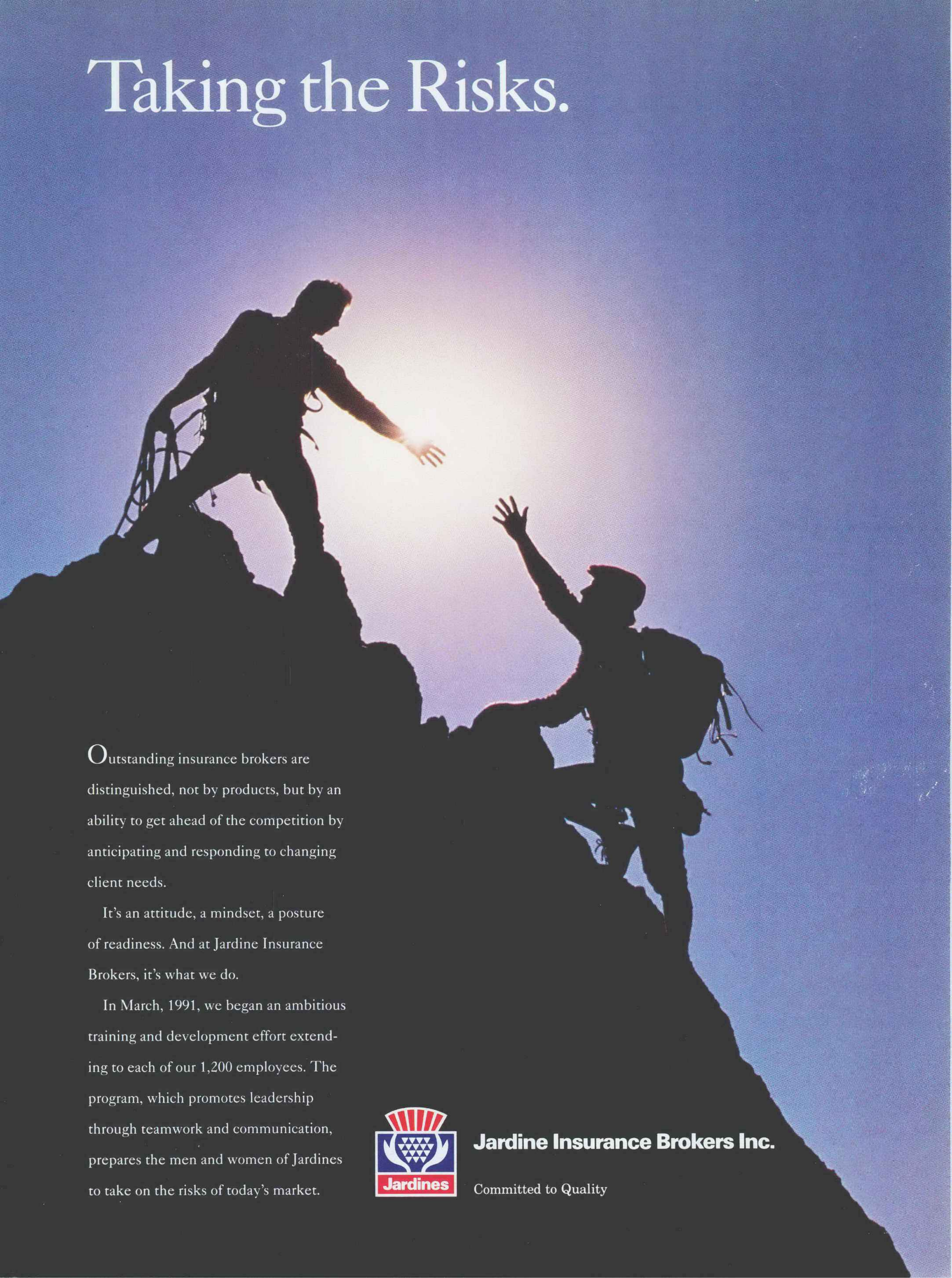
There's also the famous "Double-Double," a two-fisted sandwich of two pure beef patties, American cheese, a thick slice of ripe tomato, crispy leaf lettuce and your choice of grilled or fresh onions. Wrapped in white butcher paper to keep the juices from dripping out onto your sleeves, the Double-Double is a steal at $2.30.

And, if you're really hungry, In-N-Out will make you a "Triple-Triple," even though it isn't on the menu.

While the food is guaranteed to hit the spot for a price you'll hardly believe, don't expect the speedy service delivered by other fast-food restaurants.

Remember, at In-N-Out the burgers—and the fries—are made fresh when you order them. As they say behind the counter, heat lamps are bogus, man!

—By Joanne Wojcik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Outstanding insurance brokers are distinguished, not by products, but by an ability to get ahead of the competition by anticipating and responding to changing client needs.
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In March, 1991, we began an ambitious training and development effort extending to each of our 1,200 employees. The program, which promotes leadership through teamwork and communication, prepares the men and women of Jardines to take on the risks of today's market.
Jardines
Jardine Insurance Brokers Inc.
Committed to Quality

Conference to feature more than 300 exhibitors

More than 300 organizations will exhibit products and services in the Anaheim Convention Center during the Risk & Insurance Management Society conference March 29-April 3.

Attendance to the Exhibition Hall is limited to conference and guest program registrants, as well as exhibitor personnel. Conference badges must be worn at all times. RIMS also prohibits solicitation of business in any public areas occupied by the conference. Solicitation of business in the Exhibition Hall is limited to those individuals in a registered booth.

A box luncheon will be held Monday, March 30 at 12:15 p.m., and a reception sponsored by RIMS and the 1991 exhibitors will be held from 4:15 p.m. to 6 p.m. on Tuesday, March 31. Conference attendees are permitted to bring a guest to the reception, but children under the age of 16 will not be allowed in the Exhibit Hall at any time.

Two theme lounges sponsored by Jardine Insurance Brokers Inc. also will provide refreshments between Sunday, March 29 and Thursday, April 2.

The 1992 exhibit hall hours are:

- Sunday, March 29: noon-5 p.m.
- Monday, March 30: 9:30 a.m.-5 p.m.
- Tuesday, March 31: 9 a.m.-6 p.m.
- Wednesday, April 1: 9 a.m.-5 p.m.
- Thursday, April 2: 8 a.m.-noon.

Special exhibiting hours for conference delegates will be:

- Monday, March 30: 4 p.m.-5 p.m.
- Tuesday, March 31: 11 a.m.-noon.
- Wednesday, April 1: 11 a.m.-noon; 4 p.m.-5 p.m.
- Thursday, April 2: 11 a.m.-noon.

Following is a list of conference exhibitors and their booth numbers as of March 6:

A.I. Credit Corp. **901**
A/S Quasar Consultants **246**
AFCO Credit Corp. **545**
AVEMCO Services Group **341**
Adjustco Inc. **1207**
Advanced Driver Training **1448**
Advantage Health Inc. **947**
AEGIS Floorsystems **334**
Alexander & Alexander Services Inc. **541**
The Alexander Consulting Group Inc. **645**
Am-Re Managers Inc. **1007**
American Appraisal Associates **241**
American Assn. of Occupational Health **1743**
American Excess Insurance Assn. **240**
American Insurance Services Group Inc. **249**
American International Group Inc. **813**
American International Health & Rehabilitation **1237**
American International Healthcare **949**
American International Recovery Inc. **1235**
American Risk Management Corp. **233**
American Safety Risk Retention Group Inc. **835**
American Society for Healthcare Risk Management **1122**
American Technical Services **1501**
America's Pharmacy Inc. **804**
Aon Entertainment Ltd. **1103**
Arkwright Mutual Insurance Co. **1001**
Associated Risk Services Corp. **1719**
Axia Services Inc. **128**
BMS Catastrophe Inc. **1432**
Bahamas Ministry of Finance **1105**
Baldwin & Lyons Inc. **1537**
Barbados **1626**
Barron & Co. Adjusters **902**
Becher & Carlson Risk Management Inc. **921**
Beech Street of California Inc. **445**
Benesys **1042**
Bermuda Government **1341**
A.M. Best Co. **816**
Bind-it Corp. **1349**
Blue Cross & Blue Shield Assn. **1307**
Business Insurance **641**
Business Resumption Planners **1200**
CEI/ClaimsNet Inc. **905**
CMG Health Inc. **824**
CNA Insurance Cos. **1609**
California Psychological Health **749**
California Workers' Compensation **1709**
California Interactive Computing Inc. **1725**
Cambridge Medical Consultants **1231**
Allan Campo & Associates **1436**
The CareSys Co. **1604**
Caronia Corp. **1737**
Cat Links **1749**
Cayman Islands Government **934**
Champion Ergonomics **801**
Chubb Corp. **1113**
CIGNA Corp. **417, 420**
Claim Net Inc. **1402**
Claims Overload Systems **1331**
Colorado Assn. of Captive Entities **832**
Commonwealth Risk Services Inc. **325**
Community Care Network **344**
Comprehensive Loss Management **248**
CompReview Inc. **747**
Computer Sciences Corp. **1642**
Compu-Weather Inc. **144**
Compwatch Corp. **945**
Concord Information Systems Inc. **927**
Conservco **119**
Consolidated Medical Care Inc. **1740**
Consolidated Service Corp. **138**
Construction Industry Services **1249**
Construction Technology Laboratories Inc. **822**
Continental Insurance Co. **129**
Continental Medical Systems Inc. **805**
Conway Computer Consultants **1505**
Coopers & Lybrand **740**
Corporate Systems **1621**
Cost Care Inc. **842**
Countrywide Services Corp. **1101**
Coverbind Corp. **826**
Crawford & Co. **329**
Data General Corp. **1433**
Delaware Development Office **1721**
Deloitte & Touche **540**
Dempsey, Myers & Co. **719**
Diagnostic Engineering Inc. **1227**
Dorn Technology Group Inc. **546**
ECIPS **1047**
EQE International Inc. **1020**
Employee Benefit News **933**
Employers Reinsurance Corp. **1008**
Environmental Science & Engineering Inc. **1301**
EquipNet Inc. **1634**
Ergodyne Corp. **132**
ERIC Group Inc. **1026**
Ernst & Young **1547**
Factory Mutual Engineering Corp. **727**
FlexRx Pharmacy Services Inc. **848**
Flight Safety International **720**
Florida Orthopedics Inc. **1336**
FOCUS Healthcare Management Inc. **1727**
Frontier of Los Angeles Risk **123**
GAB Business Services Inc. **1613**
Arthur J. Gallagher & Co. **713**
The Frank Gates Service Co. **1330**
Gates McDonald/ Nationwide Insurance **322**
General Care Review Co. **1029**

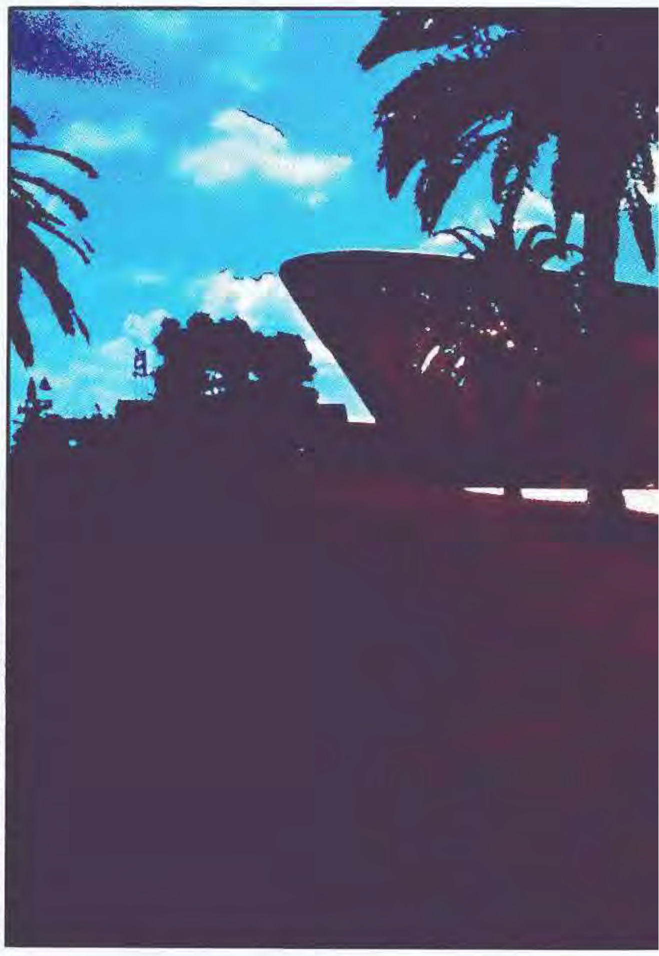
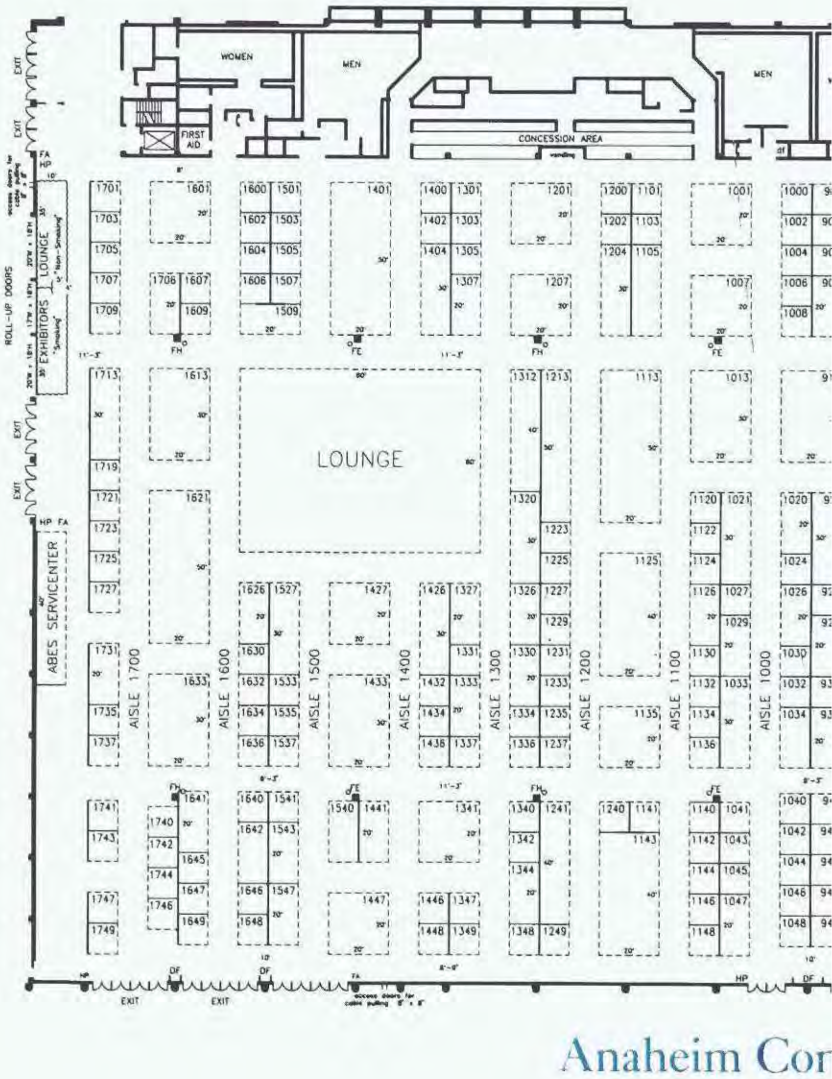


Photo courtesy of the Anaheim Visitor & Convention Bureau

General Environmental Management Corp. **1048**
General Rehabilitation Services Inc. **1033**
Genesis Underwriting Management Co. **1533**
Glaxo Inc. **703**
Global Accident Line Slip Inc. **1746**
Gulf South Risk Managers Ltd. **1723**
Frank B. Hall & Co. Inc. **913**
ITT Hartford Group Inc. **1426**
The Hartford Steam Boiler Inspection & Insurance Co. **521, 621**
Hawaii Insurance Division **1320**
HazTran Inc. **1240**
Health Care Services Inc. **1509**
Health Examinetics Inc. **117**
HealthCare COMPARE Corp./OUCH **828**
Healthcare Insurance Services Inc. **332**
Healthcare Recoveries Inc. **1045**
HealthSouth Rehabilitation **1126**



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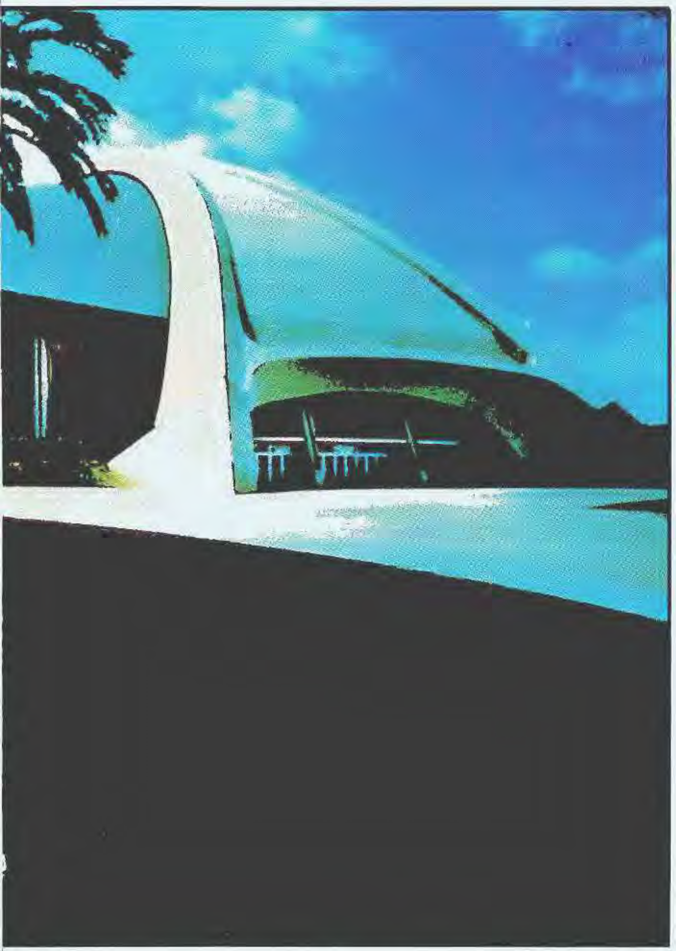

Helmsman Management Services Inc. **1006**
Hertz Claim Management Corp. **935**
Hewitt, Coleman & Associates Inc. **345**
Hillmann Environmental Co. **1046**
Hi-Tech Restoration Inc. **1334**
The Home Insurance Co. **617**
Hook-SuperRx Inc. **449**
Thomas Howell Group **1447**
Huver & Associates Inc. **946**
INSURx Inc. **929**
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Impact Hearing Conservation **944**
Imperial Premium Finance Inc. **1602**
Industrial Appraisal Co. **809**
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Information Inc. **143**
Insurance Institute of America **849**
Insurance Services Office Inc. **1646**
Insurance Software Packages Inc. **1540**
Integrated Health Services **1648**
International Loss Control Institute **1344**
International Risk Management Institute **1541**
Interplan Corp. **1744**
Intracorp **517**
Isotechnologies Inc. **1340**
J.A.M.S. Inc. **1202**
Thomas L. Jacobs & Associates **1130**
Jardine Insurance Brokers Inc. **1427**
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Lehigh Safety Shoe Co. **219**
Liaison Inc. **926**
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M.D. Associates **1000**
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Marcor Environmental **1507**
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Mead Loss Control Consultants **806**
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MedView Services Inc. **1441**
Richard Meyers & Associates **340**
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Munters Moisture Control Service **1705**
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The National Underwriter Co. **1326**
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Popp & Associates Inc. **725**
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Safety Software Inc. **140**
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Vermont Insurance Management Inc. **1731**
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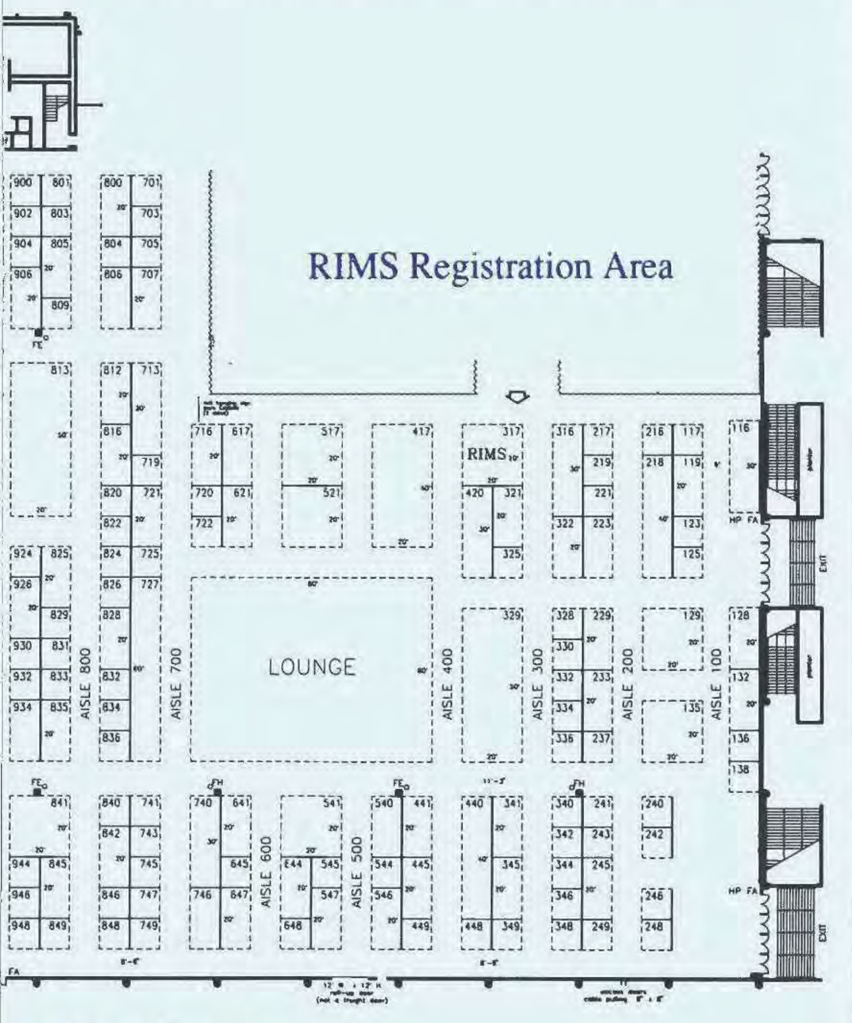

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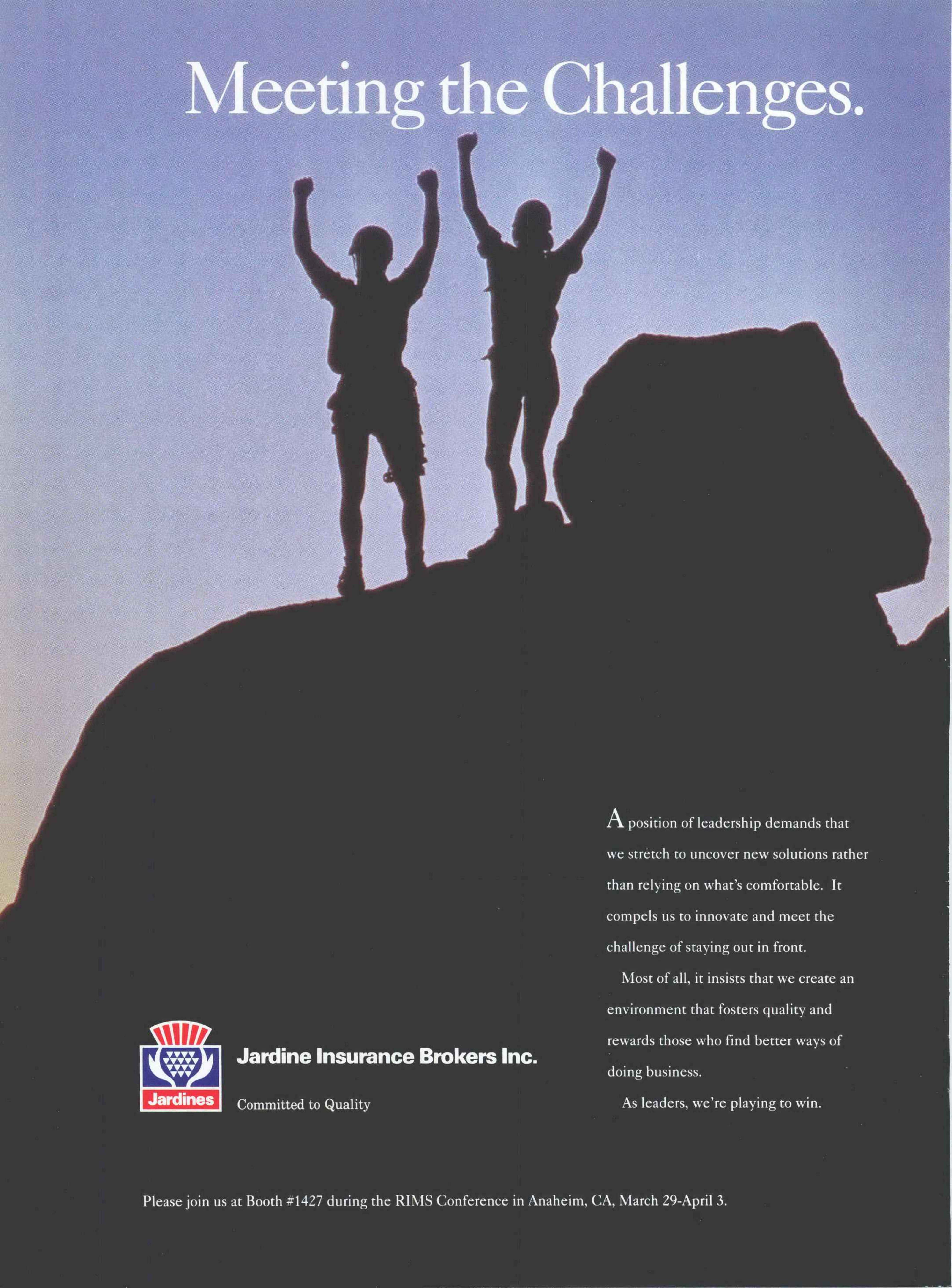
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Please join us at Booth #1427 during the RIMS Conference in Anaheim, CA, March 29-April 3.

California's 'microclimates' a short drive away

Different diversion just around the bend from seaside villages to valley wineries

By LOUISE KERTESZ

Dramatically different terrains, vistas and "microclimates" within an hour or two from Anaheim await conventioneers.

In New England or in the Midwest, if you don't like the weather, you wait an hour. In California, you drive an hour. Chances are excellent that sunshine will accompany you on your journey, but you'll also find ocean breezes; crisp mountain air; or scented, fertile valleys.

A short drive south from Anaheim on the Pacific Coast Highway (Highway 1) lies Laguna Beach, an artists' colony where the sparkling bay and the sunwashed houses that hug the cliffs will make you think you're on the French Riviera. Creative restaurants abound, as do boutiques and galleries—and there are swings on the main beach for the kids.

If you want to plan a more leisurely trip—overnight or even the weekend after the conference—continue south on PCH past Dana Point to reach San Juan Capistrano, where you'll find an old Spanish mission and some of the oldest buildings in California. The mission is about a half-hour south of Laguna.

After touring the mission, proceed northeast on Highway 74, the Ortega Highway, up and through the majestic Santa Ana Mountains (make sure you do this in daylight) and down past Lake Elsinore into the Temecula wine country.

If that trip sounds too ambitious, choose any leg of that journey, and you'll face about an hour's drive from Anaheim. For example, if you want to drive directly to the Temecula wine country on the 91 Freeway, it will take you about an hour.

Laguna Beach

To experience a good chunk of the Pacific Coast Highway and the exhilaration of driving a stone's throw from the breakers, make your way down from Anaheim to Route 73, pick up the PCH in Newport Beach and drive south. Soon the ocean will be your close companion, and as you drive into town, you may catch a glimpse of the ubiquitous surfers in one of Laguna's many coves.

By then the sea air will have made you ravenous. Have lunch at Las Brisas, overlooking Laguna's main beach, where you can watch the waves and gaze at the hillsides through a lattice of blooms and palms (see restaurant guide).

After a cup of full-bodied coffee, take in the Laguna Art Museum a few steps from the restaurant, featuring works of local artists.

Or stroll down the palm-lined path from Las Brisas to the beach. Cross the PCH—it's a busy village street at this point—and browse through boutiques, book stores and some of Laguna's 70 art galleries and many craft shops.

If you are a pottery lover, three miles south on PCH you'll find The Pottery Shack, a 20,000-square-foot indoor/outdoor emporium of dinnerware, glassware, housewares and accessories—the largest collection of its kind in Southern California. There is ample free parking.

In front of the store, gleaming in the sun and worn smooth from the touch of many hands, is a 1,300-pound jade stone that Laguna divers found washed up on the beach and brought to the shop's original owners in 1958, a beautiful and surprising gift from the sea.

Restaurants that will entice you to stay in town for the evening include Kachina's, managed by David Wilhelm, who also directs the stunning Bistro 201 in Irvine—both quintessentially Californian in decor and cuisine (see restaurant guide).

But if you've had it with artsy in gallery and cuisine, have lunch or dinner—inside or al fresco—at a comfortable spot called The Place Across from the Hotel Laguna, located where its name says on PCH, not far from the main beach (see restaurant guide).

Breakfast, lunch or dinner, especially if you happened to bring the kids along, is a trip at Ruby's Autodiner, which looks like a place where you might have spent a lot of afternoons during high school, except that the food is healthier.

Ruby's not only offers the traditional burger and fries, but it also offers a turkey burger or garden burger (see restaurant guide).

Continue south along PCH and you'll pass the elegant Ritz-Carlton Hotel at Laguna Niguel, where you can stop for brunch on a Saturday or Sunday, followed by a stroll through the Salt Creek Beach State Park.

While it's easy to descend to shore from the hotel, which is built above the cliffs overlooking the Pacific Ocean, the climb back up can be challenging if you're not in shape.

To get to the Ritz, simply turn west off of PCH at Niguel Road, which becomes Ritz-Carlton Drive when it reaches the hotel.

Mission San Juan Capistrano

Proceeding south on PCH, pass through Dana Point and turn north at Del Obisbo Street, which will take you into the city of San Juan Capistrano. The mission lies behind a high adobe wall that fences out the souvenir shops, as well as the rest of the commercial world.

On orders from the Spanish Court, the Franciscan padres established California's 21 missions at a distance of a hard day's walk from one another along 650 miles of El Camino Real—The Royal Highway—on the coast. San Juan Capistrano, "The Jewel of the Missions," was founded by Father Junipero Serra in 1776.

A sense of great age and the passage of time envelops the visitor encountering the ruins of the great stone church. A mission brochure reminds the visitor: "Do not touch the walls of the Mission as it is over 200 years old and will not retain its beauty and strength if touched often."

Built in 1797, the great stone church was destroyed in an earthquake in 1812 and never rebuilt. The legendary swallows that return to Capistrano from their winter home in South America each March build their mud and grass nests along the ruins' walls.

Though the great stone church is in ruins, its bells were preserved and hung along a wall framed with lush bougainvillea. A marker gives the bells' names and the date they were cast.

The tiny Serra Chapel, built in 1777 in the quadrangle behind the old stone church, is believed to be the oldest building still in use in California. The adobe walls are four feet thick. Handmade pews sit on a red tile floor. The uneven ceiling boards and the chapel walls are painted with Indian designs.

Yet, amid the overall simplicity of the chapel is a 300-year-old reredos—the ornamental screen behind the altar—an immense, splendid piece of art hand carved out of cherry wood overlaid with gold leaf paint.

The reredos, created in Spain, was shipped to America in 1906, destined for the Los Angeles Cathedral. But it was given instead to the priest who restored the Serra Chapel in 1922.

There are many interesting niches to explore at the mission, which bring home the fact that the padres were hard working and self sustaining: kitchens, an old smelter, tallow ovens, tanning vats, a millstone used to crush grain and olives for olive oil, an ancient winery and gardens where huge cactus, succulents and a 100-year-old tree now preside.

Some of the mission's work areas had been buried for 80 years before being excavated in an archaeological project, which still is in progress.

Photo courtesy Anaheim Visitor & Convention Bureau

Laguna Beach sports a sparkling bay and homes that hug the cliffs.

Photo courtesy Anaheim Visitor & Convention Bureau

The Mission San Juan Capistrano lies behind a high adobe wall.

And, as in all the missions, there is a small cemetery, as well as a museum and a gift shop.

Santa Ana Mountains

If there is plenty of daylight left, head northeast on Highway 74, the Ortega Highway, up into the Santa Ana Mountains, where you have to turn your headlights on even in the daytime as the narrow highway winds into foggy canyons.

In no time at all, you will find yourself at 2,000 feet above sea level and peering down into rolling chasms, though you are barely an hour from the shopping malls and the ocean.

The view on the way down the mountains is what jetliner pilots see as they make their approaches: a dramatic panorama, especially if the lights of Lake Elsinore have begun to come on, and a drive not for the faint hearted—or those with worn brakes.

To head either back to Anaheim or on to Temecula, pick up Highway 15 after passing Lake Elsinore and head either north to Highway 91 or south to Temecula.

Temecula

"The urban monster that is Los Angeles gobbled up most of the vineyards" that once dotted Southern California, somberly reads an authoritative guide. But a growing number of wineries are contributing to a renaissance of winemaking around Temecula, which is Southern California's version of the more famous Napa Valley north of San Francisco.

If you take the tour at the Callaway Vineyard and Winery—on Rancho California Road right off Highway 15 where most of the area wineries are located—you'll learn what makes this area a perfect wine-producing region.

Standing on the hill at Callaway about 25 miles from the ocean and facing the coastal Santa Ana Mountains, you will notice a gap in the mountain range. That gap, which is pictured on Callaway's label, allows the mountain breezes to flow into the valley, creating the longer growing season that premium varietal grapes require.

There's a feast for the senses and an education to be had at the dozen wineries that dot the gentle hills around Temecula. Some wineries—like Callaway and the John Culbertson Winery—are big operations, with organized tours, tasting rooms and gift shops. Culbertson even boasts an award-winning restaurant (more about Cafe Champagne below). There also are some smaller wineries, like Clos du Muriel, where you can taste the wine production while standing near the enormous vats where it is stored.

Other vintners in the region include: the French Valley Vineyards, Piconi Vineyard & Winery, Hart Winery, Mount Palomar Winery, Baily Winery, Cilurzo Vineyard & Winery, Maurice Carrie Winery, Filsinger Vineyards & Winery and Keyways Vineyard & Winery.

Friendly and knowledgeable staff members can explain the different production methods that result in such different kinds of wine.

Trees laden with oranges and lemons and lush flower gardens border the vineyards, and traces of the wild animals that may still make their home in the region are in evidence. For example, at Callaway, irrigation hoses are placed high into the vines, because coyote pups once nibbled at the rubber tips.

At Callaway, growers have decided to use as few pesticides as possible. So, roosts atop high poles have been scattered around the vineyards, and visitors can glimpse the majestic forms of owls and hawks as they soar above the winery, controlling the pest population naturally.

After you've tramped around the wineries, you will want to have lunch or dinner at Culbertson Winery's Cafe Champagne, so named because Culbertson produces that delicate beverage exclusively (see restaurant guide).

Another place to have dinner in Temecula is the Temet Grill at the Temecula Creek Inn, overlooking a splendid golf course. The view may persuade you to spend the night at the Inn and get in a round before leaving the area (see restaurant guide).

But if you don't get a chance to visit Southern California's wine country, drop by the Wine Club in Santa Ana to sample some of the state's finest from a self-serve tasting bar. Because state law requires liquor stores to charge for tastings, patrons are asked to contribute a nominal fee for each two-ounce portion of wine they select from among 50 or so wines set out on display.

For more information, call the Wine Club at 714-835-6485. For further information about the Temecula Wineries, contact the Temecula Valley Vintners' Assn. at 714-699-3626. ■

South of L.A.'s glitz and glitter

San Diego takes care to preserve its 450-year history

By JOANNE WOJCIK

SAN DIEGO—Unlike many other cities in Southern California, this old seaport town dates back to the 16th century.

Visitors who stroll through the Gaslamp Quarter of San Diego, the 16-block section of downtown that has been designated a National Historic District, will feel as if they have been transported to the East Coast.

Surely these handsome Victorian buildings dating back to 1867 don't resemble any of the steel-and-glass skyscrapers of Orange County.

And driving on the Cabrillo Freeway beneath the high rock bridges that mark Balboa Park feels much like meandering along a stretch of Rock Creek Parkway—the road that cuts through the wooded oasis in northwest Washington, D.C.

Furthermore, the city's recent burgeoning growth—it is now California's second-largest city—has created a skyline of distinct contrasts, much like the skylines of cities east of the Mississippi.

But the Spanish architecture and the lush native Southern California landscaping soon give San Diego's identity away.

Founded 450 years ago by Juan Rodriguez Cabrillo, a Portuguese navigator who was trying to reach Spain, San Diego is California's oldest city.

And San Diego's city fathers over the years have taken great pains to preserve the city's rich history.

Old Town, situated in a prominent corner of modern San Diego, remains a constant reminder of the Old West and the heritage that the city shares with Mexico.

Six blocks in the middle of Old Town were designated a state historic park in 1968, with outdoor marked displays of historic tools and artifacts, restored homes, quaint shops and early California-style restaurants providing a glimpse of California life dating back to 1769.

And each year, Old Town plays host to a Cinco de Mayo celebration that rivals many of the July 4th celebrations held throughout the United States.

Daily walking tours of the Old Town area depart from the Old Town State Park Information Center at 4002 Wallace St.

During the tour, don't forget to visit Bazaar del Mundo, a marketplace built on the site of the historic Casa de Pico Hacienda.

Rising above Old Town is Presidio Hill, home to the Junipero Serra Museum. Run by the San Diego Historical Society, the mission-style white adobe structure features exhibits of the Indian, Spanish and Mexican periods of San Diego history.

Other artifacts can be found in the museums, theaters and attractions of Balboa Park.

The park is best known as home to the world-renowned San Diego Zoo, considered by many to be a modern-day Noah's Ark—a last hope for animals threatened by extinction.

But Balboa Park's 1,400 acres also contain the Museum of Man, the San Diego Museum of Art, the Timken Art Gallery, the Museum of Photographic Arts, the Hall of Champions, the San Diego Historical Society's Research Archives, the Museum of San Diego History, the Reuben H. Fleet Space Theater & Science Center and the San Diego Railroad Museum.

In addition, Balboa Park is home to five theaters: The Starlight Bowl, the Old Globe Theatre, the Cassius Carter Centre Stage, the Festival Theatre and the Casa Del Prado.

Photos courtesy of The San Diego Convention & Visitors Bureau

The Gaslamp Quarter, a National Historic District (top), and Balboa Park, site of the San Diego Zoo.

In downtown San Diego, bordered by modern skyscrapers and luxury hotels, sits the Gaslamp Quarter, named after the elegant lamps that cast a golden glow on the streets beneath them.

The San Diego Trolley and quaint Old Town Trolley vehicles provide transportation throughout this historic district, which served as San Diego's Main Street area in the 1800s.

Then, when business moved north from the waterfront to newer neighborhoods, the quarter became an infamous red light district, which was outlawed in 1912.

Today, the quarter is known for some of San Diego's best accommodations, dining, entertainment and shopping.

Walking tours organized by the Gaslamp Quarter Council/Foundation and Museum depart every Saturday at 11 a.m. from the William Heath Davis House at 410 Island Ave., the oldest structure in the quarter.

The centerpiece of the new downtown San Diego is Horton Plaza. The 11.5-acre shopping complex includes four major department stores and 150 specialty shops and restaurants, two performing arts theaters housing the San Diego Repertory Theatre, a seven-screen movie theater and a farmers' market. It is located between Broadway and G streets and First and Fourth avenues.

West of downtown in San Diego Bay along Harbor Drive, the San Diego Maritime Museum is anchored. The museum consists of a 100-year-old windjammer, a steam ferry and a luxury yacht that together showcase San Diego's colorful maritime history.

Visitors who continue south along the Embarcadero on Harbor Drive will come across Seaport Village, a development that depicts the harborside as it was a century ago, complete with more than 60 shops, 13 theme cafes and four major restaurants.

And those who venture across the Coronado Bay Bridge will be delighted to find a bit of Hollywood in San Diego's past.

The 104-year-old Hotel del Coronado in the oceanfront community of Coronado was chosen as the setting for the 1950s film "Some Like It Hot," starring Marilyn Monroe, because of its resemblance to the Mid-Atlantic coastal resorts of the time. Inside, visitors will find photographs and other memorabilia from a cast reunion held at the hotel.

Architects James and Merritt Reid masterminded the construction of the 400-room wooden structure at a time when San Diego had neither lumber nor skilled carpenters and had to import both from San Francisco.

The hotel, with its turrets, hand-carved wooden pillars and Victorian filigree dominates the shoreline and has been designated an official state landmark. The hotel also is listed in the National Register of Historic Places.

Southwest of Coronado Island at Point Loma, a statue of San Diego's founder, Juan Rodriguez Cabrillo, majestically overlooks the city.

And north of the city beside Mission Bay, visitors can learn about the region's aquatic life at Sea World.

Further north, the community of La Jolla (Spanish for "jewel" and pronounced "La Hoya") sits like a picture-postcard village nestled along the gently curving Southern California coastline.

Visitors can take self-guided walking tours of this community starting at the corner of Prospect Street and Park Row, sometimes called the Rodeo Drive of San Diego because of its upscale boutiques, fine restaurants and galleries.

The pine tree-lined path leads to the water's edge, which is dotted with bluffs and caves. Visitors taking the path also come across La Jolla Cove, Ellen Browing Scripps Park, the San Diego Museum of Contemporary Art and a variety of architectural landmarks. ■

Reliving U.S. history at the Richard Nixon Library & Birthplace

Exhibits do not sidestep controversy

By JOANNE WOJCIK

YORBA LINDA, Calif.—Visiting the Richard Nixon Library & Birthplace is like stepping into a 30-year-old time capsule.

Those who came of age during the tumultuous '60s will certainly appreciate the nostalgic journey into the past via film, interactive video displays, photographs and memorabilia.

They can even watch the historic 1960 presidential debates between Mr. Nixon and John F. Kennedy on a vintage black-and-white television set while relaxing in a living room furnished much like the set from Ozzie and Harriet.

In fact, these restored television sets are strategically placed throughout the museum to enable visitors to relive the events that shaped today's TV generation.

Surprisingly, while some exhibits do paint a somewhat rosy picture of the nation's 37th president, the library does not sidestep the controversial issues that overshadowed the Nixon administration, particularly the Vietnam War and the Watergate break-in that led to his 1974 resignation.

Visitors can even listen to excerpts from the infamous Watergate tapes.

The library, which opened on July 20, 1990, is the only presidential library built without public funds.

The $21 million facility covers nine acres in the city of Yorba Linda, Calif., a 15-minute drive from downtown Anaheim.

Along with the 52,000-square-foot main hall, the facility includes a 3,600-square-foot reflecting pool, former first lady Pat Nixon's rose garden and Mr. Nixon's boyhood home and birthplace.

Visitors take a self-guided tour that begins in the main hall, where a special exhibit running through May 29 explores the relationship between Mr. Nixon and Mr. Kennedy. The exhibit, titled "RN and JFK: Friendly Rivals," features photographs and never-before-released correspondence between these two presidents and their families, including Jacqueline Kennedy Onassis' post-assassination letter to Mr. Nixon, poignantly positioned beside a large photo of John John saluting his father's casket.

Beginning March 30, the library also will host "America's Presidents and America's Pastime," a collection of baseball memorabilia demonstrating the presidents' love of the sport.

The exhibit will include Mr. Nixon's selections for his personal all-star team, the glove President Bush used when he played first base on Yale University's 1948 team and the softball used by former President Jimmy Carter in a 1976 game with his brother, Billy.

After examining the exhibits in the main hall, visitors are invited to view a 27-minute film on Mr. Nixon's career in the library's 293-seat amphitheater.

Focusing on Mr. Nixon's resiliency, the film, titled "Never Give Up: Richard Nixon in the Arena," includes segments of the famous Checkers speech in 1952, in which Mr. Nixon, as vice president under Dwight D. Eisenhower, made public his personal finances to allay charges that he had a secret trust.

Also featured are TV films from the 1960 presidential campaign that Mr. Nixon lost to Mr. Kennedy, cuts from his famous trip to China as well as footage of the former president engaging in current pursuits.

After viewing the film, visitors are directed into the museum time tunnel that contains exhibits ranging from a 1949 "Woody" station wagon used during Mr. Nixon's first successful campaign for a U.S. House seat to a pistol given to Mr. Nixon

Continued on next page

Photos courtesy of The Richard Nixon Library & Birthplace

The $21 million Nixon library spans nine acres in Yorba Linda.

Nixon library

Continued from previous page
by Elvis Presley.

Particularly impressive is the room housing life-size statues of 10 world leaders, including Charles de Gaulle, Winston Churchill, Golda Meir and Mao Tse-tung.

The statues, made of plaster of Paris and clad in real clothing that has been spray-painted bronze, are engaged in conversation as if they were at a cocktail party.

Other highlights include:

- Gifts from world leaders, including: coins discovered with the Dead Sea Scrolls, rare Chinese tapestries, gold and ivory from Africa and a 6th century B.C. bronze statue of the goddess Isis.
- An authentic recreation of the Lincoln Sitting Room in the White House.
- Campaign buttons and posters from throughout Mr. Nixon's political career.
- A moon rock presented to the former president by the Apollo 11 astronauts, the first to land on the moon.

After viewing the various museum exhibits, visitors are invited to engage in a conversation with the former president through the use of a touchscreen video system.

The computerized program can cue up questions on subjects like Watergate, the Vietnam War, the 1960 presidential debates—even what it was like for the former president to meet "The King," Elvis Presley.

After exploring the library, which can take several hours, visitors can step outside into Pat Nixon's garden, stroll past the reflecting pool and roses and enter Mr. Nixon's birthplace, a turn-of-the-century farmhouse complete with original furnishings like the family's piano.

The recreation is so authentic that there are even vintage spice boxes on the kitchen shelves beside a restored cast iron stove.

The library is open weekdays from 10 a.m. to 5 p.m. and from 11 a.m. to 5 p.m. on Sundays. Admission is $4.95.

The library's address is 18001 Yorba Linda Blvd. To get there, take Katella Avenue east to Highway 57 north, exiting east on Yorba Linda Boulevard. ■

Photos courtesy of The Richard Nixon Library & Birthplace

Outside, the Richard Nixon Library's gardens line a reflecting pool.

The song was wrong: It does rain in California

They say it never rains in California, but April is technically still the rainy season, so RIMS conference attendees might want to play it safe by bringing a raincoat.

The temperatures in late March and early April generally reach highs around 60 degrees Fahrenheit. Spring-weight clothing with a sweater or light jacket for evening should keep conference-goers comfortable.

RIMS considering shift in strategy

Task force plots group's future course; more international efforts likely

By SARA MARLEY

The Risk & Insurance Management Society Inc. plans to change with the times.

A task force of RIMS members currently is considering new strategies to make the society an even more vital organization serving North American risk managers.

This effort follows a two-year period in which major changes were made to the society's governing structure and in the role of RIMS staff, including the appointment of a new executive director.

A special task force formed in the past year is considering changes to the organization's strategic plan, which was originally drafted in 1985 and approved by the membership in 1986, says RIMS President Robert W. Esenberg.

The new plan "will be more focused than the previous one and provide better guidance so that the policies the executive council establishes will be better directed," said Mr. Esenberg, who is risk manager for the city of Virginia Beach, Va.

"It is important to note that any plan can't stay static. It has to be revisited to determine where your organization is headed," added RIMS First Vp Suzanne H. Crager, who will succeed Mr. Esenberg as president on May 1.

The 1985 plan was "a really good plan, but it was a first effort, and it needed to be updated," said Ms. Crager, assistant vp of risk management and insurance at PNC Financial Corp., a bank holding company in Pittsburgh.

While the specifics of any changes to the strategic plan are not expected to be announced until July, "I don't expect any major changes, but I do expect it is going to shift some priorities," Mr. Esenberg said, "especially in light of the global nature of business. I would expect that you are going to see more emphasis put on the international area."

In addition, while RIMS will continue to speak out on employee benefits issues, "I don't think we'll try to be the single voice on employee benefit issues, which I think our existing strategic plan was looking at," he said.

Since benefit management and risk management overlap in many areas—like the relationship between group health care and workers compensation programs—"I think we will have to continue to be players" in the employee benefits area, Mr. Esenberg says. However, because of RIMS' limited resources and the organization's "major emphasis" on property/casualty insurance and risk management issues, we have "to identify what would be a realistic role" for RIMS in employee benefits.

"Most of our membership appears to be primarily interested in the property/casualty side, not benefits," Ms. Crager added.

While some major changes may be in the wind at RIMS, the organization has not stood still in the past year. In January, RIMS combined its government affairs functions with its communications efforts into a single government and public affairs department headed by Paul Brown, RIMS' director of government affairs.

"Combining government and public affairs makes sense," Mr. Esenberg says. "A lot of our communications to members and to the industry deal with very public issues in the governmental areas.

"Now we can speak more authoritatively with one voice, because our communications are much more coordinated," he said.

Combining the two separate departments comes on the heels of major changes in RIMS governing structure made in 1990-91 (*BI*, April 22, 1991). Among the changes: the executive director now reports to the 12-member executive council rather than the much larger board of directors; the executive council now appoints chairmen of various committees; and the 48-person RIMS staff now reports directly to the executive director.

The changes so far have been a big success, Mr. Esenberg said.

"Communications are much more open and clearly defined," he says. "Everybody recognizes that staff reports to and works for the executive director. We have eliminated to a great extent conflicting instructions that have pulled the staff in different directions."

Another change in the past year was the appointment of Eugene U. Ricci as executive director. Mr. Ricci succeeded Ron Judd, who retired last spring after 24 years as executive director of RIMS and its predecessor organization.

"When you replace somebody who has been here for 24 years, it's a cultural shock. But Gene has done marvelously," Mr. Esenberg says.

Under Mr. Ricci's leadership, the permanent RIMS staff has become more involved in the planning process, Mr. Esenberg says. "It's really a change in environment for them. They feel like they are more involved in the process, and we need that, because the staff is involved with the members day to day.

"We now look for staff's input when issues come before the executive council. Gene will not bring matters to the executive council until he has that input. It's very, very helpful to us," Mr. Esenberg said.

Apart from any changes in RIMS' strategic plan, another change is in the works: A shift in the responsibilities of members of the executive council will be announced to the RIMS board of directors on Sunday, March 29, and to the membership at the annual meeting the next day.

One other change occurred in 1991: RIMS posted its first year-end deficit in several years. While its complete financial report has not yet been published, RIMS ended the year with a loss of $269,000 on revenues of more than $7.5 million.

Revenues of $6.8 million in 1990 exceeded expenses by $105,000, while revenues of $6.2 million in 1989 exceeded expenses by nearly $440,000.

"We did not make budget" on the 1991 conference, Mr. Esenberg points out. "A lot of that had to do with the Gulf War, the beginning of the recession—economic factors."

This year, advance registration among non-RIMS members for the conference is down from the 1991 conference, Mr. Esenberg says. However, registration among RIMS members is holding steady, while "the exhibit hall is virtually sold out" (see story, page T26).

For 1992, RIMS is projecting a smaller deficit—only $37,000—based on projected revenues of $7.78 million and estimated expenses of $7.82 million.

In what could be a cost-cutting move, RIMS has turned over management and financial responsibility for RIMSNET to Information Inc., which administers and helped develop the on-line computer service. RIMS will maintain input on RIMSNET's operations and will receive a commission based on RIMSNET's revenues, which Mr. Esenberg anticipates will return RIMS' initial investment.

"It had never even broken even," Mr. Esenberg says. "We were probably a little bit ahead of our time with RIMSNET. We didn't have the marketing experience to really sell it. But I still think it's a viable product."

In 1990, the last year for which figures are available, RIMS lost more than $66,000 on RIMSNET.

RIMS had 4,522 member organizations in 1991, virtually the same as in the previous year. While 9% of members did not renew last year, they were replaced by new members, Ms. Crager explained. The "9% that did not renew is largely the result of mergers and acquisitions," she adds.

RIMS raised membership dues

Continued on next page

Photo by Michael A. Marcotte

Suzanne H. Crager will oversee changes begun by Robert W. Esenberg when she succeeds him as the 39th president of RIMS on May 1.

Crager takes fast track to RIMS post

Risk manager fell into career

Risk & Insurance Management Society Inc. First Vp Suzanne H. Crager didn't plan to go into risk management. In fact, she didn't even know it existed when she left college.

But while the assistant vp of risk management and insurance at PNC Financial Corp., a Pittsburgh-based bank holding company, may have stumbled into her career, she has since excelled and will become president of RIMS on May 1.

Ms. Crager interrupted her studies at Thiel College in Greenville, Pa., in 1964 to raise her daughter, but returned 11 years later to Glassboro State College in Glassboro, N.J. She graduated with honors in 1976 with a degree in sociology and a minor in political science and economics.

"After I graduated, I was qualified to go to graduate school," Ms. Crager quipped.

Instead, she went to work for Inductotherm Industries Inc., a high-tech electronics manufacturer in Rancocas, N.J., as an assistant to the corporation counsel. Within a year, she was named insurance administrator.

A broker encouraged Ms. Crager to study for the Associate in Risk Management designation and join the Delaware Valley chapter of RIMS, where she credits Gordon Heile, now a consultant with Frank B. Hall & Co. Inc. in Philadelphia, as her mentor.

"He started me on my career as an active RIMS participant," she said. "There were times when I really thought I was too new to take on a job within the RIMS community."

Shortly after joining the chapter in 1978, Ms. Crager was nominated secretary. She became president in 1982.

Ms. Crager was named to the RIMS executive council in 1989 as vp-finance/treasurer. Before that, she chaired the national research committee and served on the audit committee. In 1990, she was vp-conference.

At the same time, her professional career progressed. Beginning in 1981, Ms. Crager spent nine years as corporate risk manager at Provident National Bank in Philadelphia, a PNC unit. She shifted to the corporate risk management office in 1990 and moved to PNC's Pittsburgh headquarters last December.

She and her husband, Dillon Crager, a marriage and family counselor, have bought a 150-year-old farmhouse outside of Pittsburgh, furnished with antiques they have refinished.

Once they complete work on the house, the couple wants to restore the orchard of pears, apples, cherries and peaches, but Ms. Crager is a realist.

"A lot of that might have to wait until next year."

—By Sara Marley

RIMS presidents

Continued from previous page
for 1992 to $300 per organization from $275, the first increase since 1986. While conference fees were not raised this year, Mr. Esenberg would not rule it out in the future.

One of RIMS' accomplishments in the past year was to elevate the recognition of risk management, both within corporations and among the public at large, Mr. Esenberg says.

"We have established some programs this year to communicate to senior management, to students and educators, to regulators and to the general public the role that the risk manager plays in the corporate environment and its positive effect on the bottom line," he said.

In addition, RIMS has developed a brochure on careers in risk management that is being distributed in colleges and high schools.

Ms. Crager says that among her goals as president is to offer new educational programs to members and to focus on international issues.

"I would like to see more financial workshops or seminars for people who need that in the risk management context," she says.

In addition, "I would like to see more emphasis on global issues—how business is conducted in other countries—because you can't expect to go to a foreign country and expect business to be conducted as it is here."

To meet this goal, RIMS is developing a new course, "International Risk and Insurance Strategies," which will be held Oct. 19-21 in New York.

"The development of this course was a direct result of customer feedback," Mr. Esenberg said, referring to input from members.

In addition, Ms. Crager hopes to improve dialogue with risk managers and the insurance industries in other countries "to find out what is happening outside our borders."

These efforts can only help risk managers whose companies operate internationally, she says.

Ms. Crager also is hoping to beef up RIMS' governmental affairs programs. "We've done an excellent job there, but we need to do more. It's one of the most important services we provide to our corporate members."

One way to accomplish this goal is for RIMS to improve relations "with other organizations actively involved in the legislative/regulatory arena," said Mr. Esenberg, referring to both insurance industry groups, like the American Insurance Assn. and the National Assn. of Insurance Brokers, and general business associations, like the National Assn. of Manufacturers.

In addition, "we need to scare up a little excitement to get some participation from the members" in speaking out on issues that concern risk managers, Ms. Crager said. That "participation" could be as small as writing letters to legislators, she says.

Mr. Esenberg said that one of "the most frustrating areas" he has faced during his six years as a member of the RIMS executive council has been getting members involved in lobbying efforts.

"When you have a membership in excess of 8,000 people and you are generating 200, 300 or 400 letters—that's not a lot," he said.

RIMS scored a major "success" in the past year in its efforts to modify a National Assn. of Insurance Commissioners draft model law that would restrict fronting activities, Mr. Esenberg noted.

However, a version of the proposal that still contains several provisions opposed by RIMS will be discussed at next week's NAIC meeting (*BI*, March 16).

RIMS "can't stop" its efforts to amend the fronting proposal "until it is dead or until we have a product we can live with," Ms. Crager said.

In addition, RIMS will continue to lobby to make sure that NAIC proposals to regulate offshore insurers and reinsurers do not affect the viability of offshore captives.

"We want them to keep their hands off the offshore captives," Ms. Crager says.

However, "we're not opposed to appropriate regulation of offshore insurers," Mr. Esenberg adds.

RIMS staffers also are working with the House Energy and Commerce Committee "to assure the continued viability of captive insurance programs in a federal regulatory scheme," Ms. Crager said. In addition, RIMS currently is examining various proposals that include a federal role in insurer solvency regulation and expects to release a position statement soon.

RIMS will play a role in the health care reform debate "at the appropriate time," Ms. Esenberg says.

"We are certainly looking at the issues, but at this point it's premature to put a lot of resources into the issue," he explained. "We need to wait until it's a little bit more clearly defined and we find out whose issues we're actually going to be dealing with."

In other developments:

• J.A. (Tony) Bridger, risk manager at the Bank of Montreal, has been nominated to serve as RIMS first vp for 1992-93, the traditional stepping stone to the presidency. In addition, Frieda Jackson, president/risk manager of Park South Associates Inc. in Charlotte, N.C., has been nominated to serve on the executive council, replacing Mr. Esenberg.

• RIMS this year will combine its annual cost of risk and insurance availability studies. "Our membership is surveyed to death," Mr. Esenberg explained, adding that combining the two studies will make them more meaningful to members.

• Three new RIMS chapters were formed in 1991, bringing the total to 89: Palm Beach, Fla.; Southwest Florida, which includes Naples and Fort Meyers; and New Brunswick/Prince Edward Island in Canada.

• Several reports from RIMS' Risk Management Roundtable are due out in the coming year, including a report by the roundtable's environmental task force.

RIMS "has received a lot of requests" for copies of a controversial report by the workers compensation task force released last spring, which criticized the actions of all players in the workers comp system, Mr. Esenberg said.

• Risk Management magazine, which is published by RIMS, has been redesigned beginning with this month's issue.

"It's been updated, and it has a much more current look. It will be issue-oriented; there will be a main theme to each month's issue," Ms. Crager said. ■

RIMS hosts management guru

Peter F. Drucker to speak volumes about corporate management at a special session

By KATHRYN LARRABEE

ANAHEIM, Calif.—What Peter F. Drucker knows about corporate management could fill volumes. In fact, two dozen volumes at last count.

Mr. Drucker—author of 24 books on management topics, including two textbooks—will speak at a special session of this year's Risk & Insurance Management Society conference on Wednesday, April 1 at 9 a.m. in the California Pavilion of the Anaheim Hilton & Towers.

The management guru began publishing books on political and economic issues in 1939, with "The End of Economic Man." His other works include: "The Concept of the Corporation," a landmark study of General Motors Corp.; "The Practice of Management"; "The Effective Executive"; "Men, Ideas and Politics"; "Managing in Turbulent Times"; "Innovation and Entrepreneurship"; "Frontiers of Management"; and, most recently, "Managing for the Future: The 1990s and Beyond," published earlier this year.

Mr. Drucker also has written two novels, a book of memoirs and several volumes of essays. He is co-author of a book on Japanese paintings.

He also is an editorial columnist for the Wall Street Journal and a frequent contributor to various magazines and journals.

Mr. Drucker has been the Clarke Professor of Social Science and Management at Claremont Graduate School in Claremont, Calif., since 1971. The school named its Graduate Management Center after him in 1987.

From 1979 to 1985, Mr. Drucker served as a professorial lecturer in Oriental art at Pomona College in Claremont, Calif. Before that, he was a professor of management at the Graduate Business School of New York University from 1950 to 1972. He received a presidential citation, New York University's highest honor, in 1969.

Mr. Drucker also has received 17 honorary doctorates from U.S., Belgian, English, Japanese, Spanish and Swiss universities, as well as governmental honors from Austria and Japan.

He has served as a management consultant specializing in economic and business policy for large corporations both in the United States and abroad; for U.S., Japanese and Canadian government agencies; and for non-profit institutions like universities, hospitals and community services.

He was born into a prominent Vienna, Austria, family in 1909. His mother was a physician, and his father was a senior civil servant at the Austrian Ministry of Economics. Both were acquaintances of Sigmund Freud.

He moved to Germany in 1927, first as a trainee clerk in an export firm in Hamburg. Then he moved to Frankfurt to work as a securities analyst in a merchant bank that had become the European branch of a Wall Street brokerage firm. When the stock market crashed in 1929, he was hired as a financial writer for the Frankfurter General-Anzeiger, the city's largest newspaper. In 1931, he earned a doctorate in international and public law from Frankfurt University.

Fleeing the Nazis, he moved to London in 1932 and worked as an economist for an international bank. He emigrated to the United States in 1937, and his consulting career took off in 1943 when GM approached him. The result was "Concept of the Corporation."

Mr. Drucker has been married to his wife, Doris, a physicist, for more than 50 years. ■

The Drucker consulting style

Conference-goers: Be prepared for a mental workout

ANAHEIM, Calif.—Peter Drucker's consulting style has been likened to "mental aerobics."

Sitting at a small table, wristwatch in hand but unaided by notes, his mind will sail from topics like the evolution of modern accounting, to the role of pension funds, to civil servants in Japan—all in the space of a few hours.

While spinning this sort of holistic world view of politics, economics and social progress, Mr. Drucker also has a knack for coining aphorisms—a combination of language, wit and observation that immediately smacks of truth. Some of his better known aphorisms are:

On government health care programs:

"Medicare and Medicaid are the greatest measures yet devised to make the world safe for clerks."

On bureaucracy:

"If a government commission had worked on the horse, you would have had the first horse who could operate his knee joint in both directions. The only trouble would have been that he couldn't stand up."

On the Food and Drug Administration:

"If we applied the FDA rules of safety to psychotherapy, there would not be one panacea on the market."

On the health care profession:

"One of the problems of the American medical profession is that there is no correlation between performance in medical school and performance in practice. None."

On pension plans:

"The growth of pension plans makes unions negotiate with themselves. They bargain present income against future income."

On the profit motive:

"If we eliminate the profit motive, the result will not be the equal and peaceful society of the millennium but the emergence of some other outlet for man's basic lust for power."

And on business management:

"If you ever run into an industry that says it needs better people, sell its shares. There are no better people. You have to use ordinary, everyday people and make them capable of doing the work." ■

RIMS conference events to be held over six days at several different sites

Sunday, March 29

Noon-5 p.m. Exhibit Hall open—Hall D of the Anaheim Convention Center, 800 W. Katella Ave.

Noon-8 p.m. Conference registration—Hall D of the Anaheim Convention Center.

7:30 p.m.-9:30 p.m. Spencer Educational Foundation reception, Disneyland Hotel, Grand Ballroom.

Monday, March 30

7 a.m.-7 p.m. Conference registration—Hall D of the Anaheim Convention Center.

8:30 a.m.-9:30 a.m. Conference opening and annual membership meeting—Anaheim Marriott Hotel, Grand Ballroom. Coffee and danish will be available outside the ballroom at 7:45 a.m.

9:30 a.m.-5 p.m. Exhibit Hall open.

10 a.m.-noon. Conference sessions. Sessions will be held in the Anaheim Convention Center, the Anaheim Hilton & Towers at 777 Convention Way and the Disneyland Hotel at 1150 W. Cerritos Ave.

12:15 p.m.-1:45 p.m. Box lunch—Exhibit Hall.

2 p.m.-4 p.m. Conference sessions.

4 p.m.-5 p.m. Special exhibit time—Exhibit Hall.

5:30 p.m.-11:30 p.m. Hospitality suites open.

Tuesday, March 31

7 a.m.-6 p.m. Conference registration—Hall D of the Anaheim Convention Center.

9 a.m.-11 a.m. Conference sessions.

9 a.m.-6 p.m. Exhibit Hall open—Hall D of the Anaheim Convention Center.

11 a.m.-noon. Special exhibit time—Exhibit Hall.

Noon-1:45 p.m. Lunch with Elizabeth Dole—Anaheim Hilton & Towers, Pacific Ballroom.

2 p.m.-4 p.m. Conference sessions.

4:15 p.m.-6 p.m. Exhibit Hall Reception—Exhibit Hall.

6:15 p.m.-11:30 p.m. Hospitality suites open.

Wednesday, April 1

7 a.m.-9 a.m. Exhibitor breakfast—Hall D lobby of Anaheim Convention Center.

8 a.m.-5 p.m. Conference registration—Hall D of Anaheim Convention Center.

9 a.m.-10:30 a.m. Special session with business management expert Peter Drucker—Anaheim Hilton & Towers, California Pavilion.

9 a.m.-4 p.m. Workshops.

9 a.m.-5 p.m. Exhibit Hall open.

10:30 a.m.-11:30 a.m. Chief executive officer roundtable discussion—Anaheim Hilton & Towers, California Pavilion.

11 a.m.-noon. Special exhibit time—Exhibit Hall.

Noon-1:45 p.m. Lunch.

2 p.m.-4 p.m. Conference sessions.

4 p.m.-5 p.m. Special exhibit time—Exhibit Hall.

5:30 p.m.-11:30 p.m. Hospitality suites open.

Thursday, April 2

8 a.m.-2 p.m. Conference registration—Hall D of Anaheim Convention Center.

8 a.m.-noon. Exhibit Hall open.

9 a.m.-11 a.m. Conference sessions.

9 a.m.-4:30 p.m. Workshops.

11 a.m.-noon. Special exhibit time—Exhibit Hall.

Noon-1:45 p.m. Lunch with Reggie Jackson—Anaheim Hilton & Towers, Pacific Ballroom.

2 p.m.-4 p.m. Conference sessions.

5:30 p.m.-11:30 p.m. Hospitality suites open.

Friday, April 3

9 a.m.-11 a.m. Conference sessions.

Future locations for the annual RIMS conference

The Risk & Insurance Management Society's 1993 conference will be held in Orlando, Fla., April 25-30.

Other RIMS conferences are scheduled for:

- New Orleans, April 17-22, 1994.
- San Francisco, April 21-28, 1995.

Insurers' top officers tackle industry issues

CEO roundtable to feature four execs

By LAURA MAZZUCA

ANAHEIM, Calif.—What do executives from some of the country's largest insurers have to say about issues like environmental liability, the workers compensation crisis and the turmoil at Lloyd's of London?

Top officers from four major insurance companies will tackle these and other topics at the "CEO Roundtable," a discussion of current conditions in the insurance industry and the outlook for the future. The roundtable will be held immediately following the special session with Peter Drucker at 10:30 a.m. Wednesday, April 1, in the California Pavilion of the Anaheim Hilton & Towers.

Panel participants are Gary L. Countryman, chairman and chief executive officer of Liberty Mutual Insurance Co. in Boston; Caleb Fowler, executive vp of Philadelphia-based CIGNA Corp. and president of CIGNA Property & Casualty Cos.; Douglas Leatherdale, chairman, president and CEO of The St. Paul Cos. Inc. in St. Paul, Minn.; and Thomas R. Tizzio, president of American International Group Inc. in New York.

The officers have been presented with questions on a range of issues compiled by Risk & Insurance Management Society Inc. representatives.

Mr. Countryman will discuss upcoming trends in tort reform, how Liberty Mutual has responded to the workers compensation crisis and impending changes in the state-by-state regulatory system.

CIGNA's Mr. Fowler will address the effects of real estate investments on the insurance industry, the loss of municipal liability coverage to risk sharing pools, property/casualty market changes and the feasibility of 24-hour health care coverage as an alternative to traditional workers compensation programs.

Mr. Leatherdale of St. Paul will talk about the insurance industry's ability to meet claims obligations in the event of a major catastrophe like an earthquake; capacity changes arising from problems at Lloyd's of London; and St. Paul's aggressive tactics in preventing fraudulent claims in the workers compensation, medical and auto theft areas.

AIG's Mr. Tizzio will tackle questions on the accuracy of the current rating systems, redundancies in efforts between brokers and insurers, the cyclical nature of insurance capacity and pricing, and how RIMS and the insurance industry can work together to ensure the long-term health of the industry.

All of the panelists will give their opinions of AIG's proposed environmental trust fund, which would be subsidized by a 2% charge added to all commercial insurance premiums. The environmental trust fund would be used for cleanup of pre-Superfund waste on a no-fault basis, while those responsible for waste dumped after Superfund would be required to pay for those cleanups (*BI*, June 10, 1991; May 13, 1991).

Panelists also will be invited to attend the RIMS Boss's Day Breakfast at 8 a.m. on Wednesday, April 1, in the Anaheim Hilton & Towers' El Capitan Room on the concourse level. ■

Jackson steps to plate for RIMS luncheon talk

Ex-Yankee slugger to speak April 2

ANAHEIM, Calif.—Baseball's "Mr. October" will appear in the spotlight six months early this year.

Reggie Jackson, the former New York Yankees and Oakland A's outfielder, will speak on Thursday, April 2, from noon to 1:45 p.m. during the Risk & Insurance Management Society conference.

A nine-time All-Star in right field, Mr. Jackson is perhaps best known for his heroics in the 1977 World Series. His three home runs on three consecutive pitches led the Yankees to a win over the Los Angeles Dodgers in the sixth and final game.

Four years earlier, the flamboyant, outspoken slugger batted .310 for the A's during their 1973 World Series victory over the New York Mets.

During his career, Mr. Jackson was also named to the American League All-Star Team in 1969, 1971 to 1975, 1977 to 1982 and 1984.

He was born in Wyncote, Pa., where he attended Cheltenham High School and went on to attend Arizona State University. After two years in college, he turned professional, having been selected by the Kansas City A's as the second pick of the June 1966 free agent draft.

Mr. Jackson was called up to the majors in 1967 and spent the next 10 years with the A's. After a brief stint with the Baltimore Orioles, he signed with the Yankees as a free agent in 1977.

Today, he is a coach for the Oakland A's.

Among his other notable achievements: a cameo role in "The Naked Gun" and a candy bar named after him.

Mr. Jackson will speak in the Pacific Ballroom of the Anaheim Hilton & Towers. ■

Dole's years in Washington

Halls of power focus of address

ANAHEIM, Calif.—Former Secretary of Labor Elizabeth Dole will discuss her Washington years spanning six presidential administrations on Tuesday, March 31, at the Risk & Insurance Management Society conference.

Ms. Dole, who is now president of the American Red Cross, was the 20th secretary of labor until she resigned in 1990. She headed a federal agency of nearly 19,000 employees with a budget of more than $31 billion. She was President Bush's chief adviser on labor and workforce issues, as well as a key economic policy adviser.

During her two years at the Labor Department, Ms. Dole proposed requiring employees to use safety belts in automobiles and motorcycle riders to wear helmets, ordered nationwide child labor strike forces and increased penalties against violators, and formed a commission to recommend long-term solutions for a financial crisis facing retired coal miners' health care funds.

She also initiated an enforcement effort aimed at cracking the "glass ceiling" that she said blocks women and minorities from reaching the highest echelons in the public and private sectors.

Before becoming secretary of labor, Ms. Dole was the longest-serving secretary of transportation, holding the post from 1983 to 1987.

Her other government experience includes having been an assistant to President Reagan, acting as liaison to lobbying groups, 1981 to 1983; serving as a federal trade commissioner, 1973 to 1979; and acting as deputy director of the White House Office of Consumer Affairs, 1971 to 1973.

Ms. Dole graduated with distinction from Duke University in 1958, where she was president of the student government and elected to Phi Beta Kappa. She later received both a law degree and a master's in education and government from Harvard University. She serves on the Harvard Board of Overseers and is a former trustee of Duke.

In 1976, she married Sen. Robert Dole, R-Kan., the current Senate minority leader.

Ms. Dole will speak on Tuesday, March 31 from noon to 1:45 p.m. in the Pacific Ballroom of the Anaheim Hilton & Towers. ■

Peters to headline RIMS entertainment

ANAHEIM, Calif.—Singer-actress Bernadette Peters will headline an evening of entertainment to be held April 1 during the Risk & Insurance Management Society conference.

Ms. Peters is perhaps best known for her many roles in Broadway musicals.

Her performance in Andrew Lloyd Webber's "Song and Dance" earned her the Tony, Drama Desk and Drama League awards in 1986. She also has earned Tony nominations for her work in "Sunday in the Park with George," "Mack & Mabel" and "On the Town."

Ms. Peters won a Drama Desk Award at age 19 for her performance in the comedy "Dames at Sea" and a Theatre World Citation for her performance in "George M!.'

Ms. Peters also has starred in many feature films, including "The Longest Yard," "W.C. Fields & Me," "Silent Movie," "The Jerk" and "Pennies from Heaven," which earned her the Hollywood Foreign Press Assn.'s Golden Globe Award for best actress in 1983.

She also has appeared in several television shows, including "The Carol Burnett Show" and a short-lived Norman Lear sitcom "All's Fair."

Ms. Peters has two record albums to her credit and continues to tour with her nightclub act. A popular attraction in Las Vegas, Lake Tahoe and Atlantic City, Ms. Peters earned the first annual Best of Las Vegas Award in 1980.

Jay Johnson and his wooden friend Bob—Chuck and Bob from the "Soap" television series—will open for Ms. Peters.

CIGNA Corp. has joined RIMS in sponsoring Ms. Peters' and Mr. Johnson's performance.

The Anaheim Convention Center Arena will open an hour before the 9 p.m. show. ■

Panel to probe risk management trends

By KATHRYN LARRABEE

ANAHEIM, Calif.—Many risk managers choose to attend a particular session of the Risk & Insurance Management Society conference because they have a problem to solve.

But the speakers at session RK 206: "Risk Management 2001: Bracing for the Odyssey" are trying to move away from delivering quick-fix solutions, said Brian M. Kawamoto, president and chief executive officer-national accounts service division of Willis Corroon Corp. in Nashville, Tenn.

Rather than focus on a particular problem, panelists will discuss overall issues and trends like risk management product development, technology, the environment, rising health care costs, declining underwriting results and insolvency.

"These are things (risk managers) need to be addressing to make certain kinds of decisions," said John Gantz Jr., president and chief operating officer of AIG Risk Management Inc. in New York.

"Rather than have a staid, monotonous approach, where we talk at each other and at the audience, our approach is to be a catalyst for discussions that will go on after the session," said Mr. Gantz.

"Things are changing in this world," he said. "How do you explore these issues? There's not always a right and wrong answer."

Mr. Gantz said the session will focus on issues that risk managers will need to consider in the future, ways to explain them to senior management and some ways to deal with the issues.

There may be no specific solutions in many of these areas, and even within the panel, opinions may vary about the best way to handle some of risk managers' future concerns. But Mr. Kawamoto said he hopes the session will be both "interactive"—with the risk managers in the audience supplying questions and concerns—and "provocative," causing risk managers to say to themselves, "Gee, I never thought of that."

Three panelists from different disciplines—a risk manager, a brokerage executive and an insurance executive—should give a "pretty broad spectrum of potential viewpoints," said Mr. Kawamoto.

As both the insurance industry and Corporate America change, so will the job qualifications of risk managers, said Mr. Gantz. "There's no definitive answer of what our industry is going to look like down the road."

Session panelists will discuss the "role of the risk manager and how he (or she) fits into this process," Mr. Kawamoto said.

One company that has addressed issues shaping the future of risk management is PepsiCo Inc., which in 1990 established "Vision '95," a program that included a five-year plan for its risk management division. That program focused on many of the same topics that will be included in the session, said Steven H. Lawrence, director of risk management and insurance.

Mr. Lawrence said he hopes the session will generate a "free flow of ideas" between session participants and audience members.

"We understand the issues and we want to stimulate within our audience what their viewpoints are," said Mr. Lawrence, who will moderate the session. ■

'No-holds-barred' debate on insurance litigation

Session to review techniques, alternatives to coverage suits

By STACY GORDON

ANAHEIM, Calif.—Insurance litigation is growing exponentially. Every day, there are court rulings affording or denying coverage to policyholders for environmental cleanup costs or massive product liability exposures.

Has the time come to rethink the value of litigating these coverage questions? This question will be debated at session LL 207: "The Use and Abuse of Policyholder Litigation" during the Risk & Insurance Management Society conference.

The program will be held Tuesday, March 31, from 2 to 4 p.m. and will bring together a prominent policyholder attorney, an insurer attorney and a commentator on the civil justice system to debate the pros and cons of insurance litigation.

Panelists who will explore both the techniques used in litigating coverage disputes and the alternatives to litigation include:

- Eugene Anderson of Anderson, Kill, Olick & Oshinsky in New York, who represents policyholders in coverage disputes nationwide.
- Roger Warin of Steptoe & Johnson in Washington, D.C., who represents insurers in coverage disputes nationwide.
- Peter Huber, senior fellow at the Manhattan Institute for Policy Research, who has written extensively on liability law and the civil justice system. He is the author of "Liability," "The Liability Maze," and "Galileo's Revenge: Junk Science in the Courtroom," and is a regular contributor to Forbes magazine.

"This will be a first-class, no-holds-barred debate on the use and abuse of lawsuits against insurers seeking interpretations of standard policy wording," said program coordinator Ronald A. Jacks of Mayer, Brown & Platt in Chicago, who represents insurers in coverage disputes.

Among the topics that will be explored are: "When is litigation advisable and proper? And, when is litigation clearly inadvisable and improper?"

In addition, the panelists will explore various alternatives to settling coverage disputes, including negotiation, arbitration and mediation.

Mr. Jacks predicted that the program would be a "spirited discussion of the subject, not simply a rehash of past seminars or individual cases."

"It will be a lively, entertaining and informative program," Mr. Jacks said. "And, hopefully one that will encourage a great deal of interplay between the panelists and the audience."

The RIMS coordinator for the program, Julie Long, noted the session boasts an "extraordinary" panel of speakers.

"The panelists will explore both the nullification of insurance by litigation and how courts create insurance where none was intended," said Ms. Long, corporate manager-risk management for Southwestern Bell Corp. in St. Louis.

Both the cost of litigation and the techniques used in litigation will be delved into, she said.

In addition, "quite a number of other topics also will be addressed," she said, including:

- When to notify insurers about claims.
- What forum in which to bring litigation.
- What to include in a coverage lawsuit.
- How to manage a massive coverage lawsuit.

Mr. Anderson, who represents policyholders in insurance disputes, said he will focus on techniques used by insurers to "nullify insurance coverage by litigating their policyholders into submission."

Specifically, Mr. Anderson will explore how insurance companies attempt to portray policyholders in environmental coverage disputes as deliberate, willful polluters.

"Insurance company lawyers brag that there is no policyholder that can afford to litigate a coverage dispute and no policyholder that can withstand the scrutiny insurance companies will put them through in the litigation," said Mr. Anderson.

"Insurance companies have converted plowshares into swords," he said.

"Among the more questionable arguments being made by insurance companies today is that policyholders are so bad they do not deserve the insurance for which they have paid," he said.

Mr. Warin, who represents insurers in coverage disputes, will focus on the issue of when to sue and when an insurer should wait to be sued by its policyholders.

Once the decision to litigate a coverage dispute has been made, a number of auxiliary questions arise, according to Mr. Warin. Among them are where to sue, whom to sue and what to include in the lawsuit.

In addition to exploring these topics, Mr. Warin also will discuss alternatives to costly coverage litigation.

Finally, Mr. Huber will attempt to place coverage litigation into a broader perspective of the overall civil justice system.

Rob Wheeler, risk manager of B.C. Rail Ltd. in Vancouver, British Columbia, will moderate the program. ■


BRING ON WORKERS' COMP.

Lloyd's professionals speak out

Session to provide perspective on problems at Lloyd's

By GAVIN SOUTER

ANAHEIM, Calif.—The turbulent times at Lloyd's of London will be the focus of at least one session at the Risk & Insurance Management Society conference.

Session IN 202—provocatively titled: "Trouble in the Coffee House? What's Going on at Lloyd's?"—will put into perspective the vast publicity that Lloyd's has received over the past year, said the session's coordinator, W. Lee Carter, director-research & development at Alexander & Alexander Inc. in New York. The session will be held on Tuesday, March 31, from 9 to 11 a.m.

U.S. risk managers have heard, read and seen for themselves on visits to London the upheaval in the Lloyd's market over the past year, Mr. Carter said.

Since so much U.S. business is placed at Lloyd's, risk managers will be eager to hear firsthand the views of the Lloyd's professionals speaking at the session, he explained.

Last June, Lloyd's posted a record 509.7 million pound ($983.7 million at applicable exchange rates) loss for its 1988 year of account (*BI*, July 1, 1991). It was the first loss since 1967. Further losses are expected for 1989 and 1990.

Since then, a barrage of bad publicity has circulated around Lloyd's, despite the release of a long-awaited task force report that calls for widespread changes in the market (*BI*, Jan. 20).

"Risk managers are concerned and interested in what is going on in Lloyd's, but the issues that are arising are not stopping them from placing business there," Mr. Carter said.

Lloyd's underwriter Richard Hazell, who will be attending his first RIMS conference, will speak at the session. Previously, the conference has been held at a time when the London market was too busy for him to leave his underwriting box, said Mr. Hazell, who is a deputy chairman of Lloyd's as well as underwriter for syndicate 190, managed by Cater Allen Syndicate Management Ltd.

"But as it is now my last year as active underwriter for the syndicate, I was able to accept the invitation," he said. Mr. Hazell will retire from underwriting in June.

Mr. Hazell said he hopes to relay the clear message that Lloyd's is in good shape to accept business from U.S. risk managers. "I hope to convince the risk managers there that Lloyd's is a good place to place business."

He plans to outline what Lloyd's has to offer and the changes that will take effect when some of the task force recommendations are implemented.

A lively debate could follow the speeches, he said.

The session will give the speakers from Lloyd's the opportunity to tell their U.S. clients that Lloyd's is "alive and well," said Dennis Mahoney, chairman of Alexander Howden Ltd. in London.

"We will be able to explain that all of the bad publicity that they might have heard about Lloyd's does not spell the end for Lloyd's," he said.

"It has had its problems, just like other markets, but it is not dead," Mr. Mahoney added.

The assets of the market's members clearly show that technically it still provides the best security in the world, he said.

"When I sit down and talk to my clients about the security of various insurers, I am usually most happy with Lloyd's," he said. And, if a client has a difficult risk, an underwriter is nearly always found at Lloyd's, he noted.

Mr. Mahoney, as a member of Lloyd's, has increased his support for the market this year. "I have increased my underwriting line for 1992, and I am not a registered charity," he quipped.

Some of the adverse publicity the market has received over the past year is due to its accounting structure, he said.

"Part of the problem is the three-year accounting system, because the past is always prominent rather than the future," Mr. Mahoney said.

Lloyd's also is put at a disadvantage during poor years because of the openness of its accounting system, he said.

"If Lloyd's has a problem, the openness of the market makes it clear for everybody to see any problems, whereas it is not always so easy to see what is going on at insurance and reinsurance companies," Mr. Mahoney said.

Many U.S. policyholders will not be deterred by Lloyd's problems, because they are sophisticated insurance buyers and understand how Lloyd's works, he said.

They also realize that Lloyd's unlimited liability system ensures that their claims will always be paid, Mr. Mahoney said.

The session will be moderated by Myriam M. Fontaine, director of risk management at Gap Inc. of San Bruno, Calif. ■

How to avoid liabilities related to benefit plans

Separate sessions will view hazards of misinformation, cost containment

By CHRISTINE WOOLSEY

ANAHEIM, Calif.—The legal risks employers face when providing and administering employee benefits will be discussed during the Risk & Insurance Management Society conference.

Two sessions—EB 102: "Employee Benefit Liability: What Happens When I Misinform an Employee?" and EB 202: "Are You Legally Liable for Your Cost Containment Program?"—will offer employers advice on how to minimize their risk for employee benefit-related legal problems.

"We'll tell employers how to avoid the risk of employee benefit-related liability claims by establishing internal controls and practicing good risk management," said William L. Granahan, coordinator and speaker at EB 102 and a senior consultant with Betterley Risk Consultants Inc. of Worcester, Mass.

"We'll be discussing the exposures an employer has when administering and providing a benefit package," including liabilities relating to group health plans, retiree benefit plans and severance plans, he said.

Elizabeth M. Barry, a lawyer with Ropes & Gray in Boston, will team up with Mr. Granahan to give advice on how to avoid problems. Mr. Granahan will speak from the employee's point of view, Ms. Barry from the employer's.

"We want to get across to people that they need to pay very close attention to all communication—both written and oral," she said.

The speakers will give examples of each type of violation, emphasizing how benefit managers can avoid or resolve any conflicts. Both unintentional and intentional violations will be covered.

"Unintentional oral misrepresentations typically are due to a lack of knowledge on the plan administrator's part," Mr. Granahan explained. Written misrepresentations, he said, might involve contractual agreements that misstate benefits or include information that does not match information in summary plan documents.

"You may get locked into what you promise in the contract," he warned. "Plan documents sometimes have errors, so employers should pay attention to them, because they are the gospel, so to speak, when a dispute arises."

Ms. Barry will discuss lawsuits that have resulted from misrepresentations and intentional violations. "In general, in Ms. Barry's experience, the courts make employers comply with written documents," regardless of the verbal information they have given employees, Mr. Granahan said.

Tom Phillips, risk manager for the city of Santa Monica, Calif., will moderate the session, to be held from 2 p.m. to 4 p.m. on Monday, March 30.

Session 202: "Are You Legally Liable for Your Cost Containment Program?" will be held from 9 a.m. to 11 a.m. and from 2 p.m. to 4 p.m. on Tuesday March, 31.

Sally Spong, a health law attorney with Kitch, Saurbier, Drutchas, Wagner & Kenney in Detroit, will discuss how employers can protect themselves from liability when they adopt cost containment programs.

Rather than contract with insurer-sponsored managed care networks, employers are increasingly selecting their own health care provider networks, she explained. And "as employers select their own providers, there is increased liability for what those providers do."

The session will teach employers how they can minimize their risks if a physician they contract with is sued for malpractice.

In addition, Ms. Spong will discuss the extent to which employers can be held liable when a decision by a utilization review vendor causes an employee injury.

Ms. Spong also noted that employers that arrange performance guarantees with providers—like payment plans that encourage providers to keep utilization levels low—may open themselves up to liability.

"Some courts (have) said if the plaintiff can show the payment arrangement caused an injury, the employer can be held liable," she said.

While no underwriter is yet writing stand-alone coverage for these liabilities, Corbette Doyle, senior vp with Willis Corroon Corp. in Nashville, Tenn., will discuss other options, including hold harmless agreements and general liability coverage endorsements.

No employer has yet been held liable for injuries resulting from cost containment programs, Ms. Doyle said. "But the decisions are coming closer and closer. It's inevitable."

Richard Wilson, corporate risk manager for Hewlett-Packard Co. in Palo Alto, Calif., will moderate EB 202. ■

Spencer scholarships continue

Matching funds program finances additional awards

The Spencer Educational Foundation will award eight $7,500 scholarships this year to outstanding full-time students of risk management and insurance.

In addition, other awards will be made under the foundation's matching funds program in conjunction with individual Risk & Insurance Management Society Inc. chapters, including the Atlanta, Carolinas, Minnesota, New York, Rocky Mountain and Washington chapters.

Fifty applications were received by the foundation this year, according to Anita Benedetti, president of the foundation and director of research and education at RIMS. Scholarship recipients will be announced the first week in May.

Scholarship recipients are selected by the foundation's education committee, which this year consists of: James V. Davis, chairman and chief executive officer of Willis Corroon Advanced Risk Management Services, chairman; Ms. Benedetti; Allan Goldberg, manager, property and casualty insurance for Interco Inc.; George L. Head, a vp of the Insurance Institute of America; H. Felix Kloman, vp and principal of Tillinghast; Dick Smith, a principal of Morris Insurance Services; and Anne M. Zug, corporate director of insurance for Main Line Health Inc.

The foundation seeks applicants each year who have an exceptional grade point average; who major in risk management, property/casualty insurance or employee benefits or minor in those areas with a related major in finance, accounting, economics, business, engineering or management; and who are either full-time college juniors or seniors, master's degree candidates or teaching-oriented Ph.D. candidates.

The Spencer Foundation is a charitable and educational organization. It was established in 1979 to honor the late Robert S. Spencer, a career risk management executive who was committed to education. A former president of both RIMS and its Atlanta chapter, Mr. Spencer died in 1979 at age 53.

Anyone interested in contributing to the foundation can contact Ms. Benedetti at the Spencer Educational Foundation Inc., Suite 1504, 205 East 42nd St., New York, N.Y. 10017, 212-286-9292.

Following are 1991-1992 contributors and pledges to the foundation as of Feb. 24, 1992:

• **President's Circle** ($30,000 or more):

Johnson & Higgins

• **Golden Circle** ($12,000-$29,999):

Alexander & Alexander Services Inc.; Atlanta chapter of RIMS; Marsh & McLennan Inc.

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• **Contributors** ($500-$999):

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California cuisine

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don't work. For instance, a new restaurant recently got terrible reviews for creations like a dish combining seaweed, endive and radicchio with a Dijon-sesame dressing. But on the whole, attempts to create California cuisine are surprisingly successful.

Let's see, what will it be this time? On one hand, there's the Tango Grill, described as a "carnecopia" because of its wonderful grilled meat offerings.

Or there's Bistro of Santa Monica, boasting: "The Pasta-bilities continue—over 600 combinations, 15 different pastas, 40 different sauces, 25 vegetarian sauces, 13 dairy-free dishes."

And let's not forget the emphasis on healthy and fresh ingredients and imaginative decor. There's nary a "greasy spoon" in sight, even at the ultimate witty revisionist diner chain—Ruby's—which looks more like a '40s/'50s diner than they did back then.

Ruby's looks like the place where you might have spent a lot of afternoons in high school, except the food is healthier. Along with the old diner standbys, Ruby's menu includes the "Aloha Burger," which features teriyaki glaze and a pineapple ring, and "Canyon Salad" with walnuts, blue cheese, red onion, tomato, avocado, mushrooms and fresh greens, and herb bean salad.

World Cafe, a block from the ocean on Main Street in Santa Monica, serves up surprising dishes—either as appetizers or main courses—like spicy bow-tie pasta with vodka chicken and cilantro pesto—in what seems to have started out as an artist's studio. Bizarre murals and sculpture complement the comestibles and the fresh-fruit tropical drinks at the indoor/outdoor bar.

At World, America's love affair with red meat is rekindled with a sauteed beef tenderloin in homemade herb vodka. Or we could have the spicy coconut shrimp with lime, cilantro and chili or African shrimp saute with garlic, banana and pineapple.

David Wilhelm's Bistro 201 in Irvine represents a pinnacle in elegant decor and eclectic cuisine. And the menu is a fabulous read. "Small plates" begin with smoked salmon on potato cake with shallot cream and two caviars and soar through carpaccio with arugula, parmesan, capers and horseradish vinaigrette, building to a climax of grilled radicchio with prosciutto, figs and goat cheese dressing.

If we lean to pasta, we could try the steamed clams with leeks, garlic and linguine or sample the "rustic cut noodles" with smoked chicken, mushrooms, greens and fresh herbs.

Among the "large plates" on the menu are grilled breast of duck with leg confit in Michigan sun-dried cherry sauce, roast rack of lamb on garlicky lima beans with tomato and grilled eggplant, and sand dabs in potato wafer crust with tomato and rosemary sauce.

Kachina, Mr. Wilhelm's restaurant in Laguna Beach, is named for the handmade spirit dolls of the Hopi Indians and presents colorful dishes as if they were works of art in an eye-catching, Southwestern-minimalist dining room.

Serving dinner only, Kachina's inventive appetizers include goat cheese relleno with crispy blue cornmeal crust and corn and sweet basil salsa. Another appetizer is horseradish fried oysters with chipotle mousseline and confetti salsa.

If you aren't mad to sample every appetizer in Kachina's repertoire, move on to main courses like filet of salmon grilled in corn husk with poblano chile pesto.

Are you ready to go out and eat, instead of just reading about these great restaurants? Here's a sampling of area restaurants:

AMELIA'S
311 Marine Ave., Newport Beach
714-673-6580
Italian dishes and seafood. Owned by the same family in the same location for 30 years. Specialties include bouillabaisse, calamari stuffed with crab and several pasta platters. Average dinner for two with wine and gratuity: $40. Early bird special if seated before 6:30 p.m.: $6.75 per person, excluding beverages and gratuity. All major credit cards. Reservations recommended. Dress casual. Regular dinner hours are 5 p.m. to 10 p.m. nightly; lunch served Monday through Saturday 11 a.m. to 2:30 p.m. Sunday brunch: 10 a.m. to 2:30 p.m.

GUSTAF ANDERS
South Coast Plaza Village, Santa Ana
(Bear and Sunflower streets)
714-668-1737
Continental/Swedish cuisine. Specialties include gravlax and bouillabaisse. Average dinner for two with wine and gratuity: $60. All major credit cards except Discover. Dressy casual. Reservations suggested on weekends. Lunch Monday through Friday 11:30 a.m.-2:30 p.m. Dinner Monday through Friday 5:30 p.m.-10 p.m., Saturday 5:30 p.m.-12 p.m.

ANGELI CAFFE
7274 Melrose Ave., Los Angeles
213-936-9086
Italian cuisine. A two-room cafe on trendy Melrose Avenue. Specialties change weekly, but include pasta, pizza, sandwiches and an extensive wine list. Average dinner for two with wine and gratuity: $50. Master Card, Visa, American Express, Diner's Club. Reservations recommended for dinner. Casual dress. Lunch Monday through Saturday: noon-5 p.m. Dinner: 6 p.m.-10:30 p.m.

ANTOINE HOTEL MERIDIEN
4500 MacArthur Blvd., Newport Beach
(Across from John Wayne Airport)
714-476-2001
Gourmet French. Candlelit dining with harpist almost every night. Average dinner for two with wine and gratuity: $100. Hours: 6 p.m.-10 p.m. Tuesday through Saturday. All major credit cards. Reservations required. Tie and jacket required.

ANTONELLO
1611 Sunflower, Santa Ana
(South Coast Village Shopping Center)
714-751-7153
Northern Italian cuisine. Specialties include fresh pastas, fish and veal dishes. Average dinner for two with wine and gratuity: $100. All major credit cards except Discover. Reservations recommended. Hours: 11:30 a.m.-2:30 p.m. and 5:45 p.m.-10 p.m. Monday through Thursday; open until 11p.m. Friday and Saturday. No lunch Saturday.

THE BEL AIR HOTEL
701 Stone Canyon Road, Bel Air
213-472-1211
California provencale. French country garden atmosphere with piano bar. Outside seating available for all meals. Specialties include Lake Superior whitefish, grilled crab cakes and a house smoked salmon. Vegetarian dishes also featured. Formal high tea served in late afternoon. Average dinner for two with wine and gratuity: $120. All major credit cards except Discover. Reservations recommended on weekends. Jacket and tie required for dinner. Hours: 7 a.m.-10 a.m., 12 p.m.-2 p.m. 3 p.m.-5 p.m. (high tea), 6:30 p.m.-10 p.m. Monday through Friday; brunch served 11:30 a.m.-2 p.m. Saturday and Sunday.

BELISLE'S
12001 Harbor Blvd., Garden Grove
714-750-6560
Country home cooking. Casual, upscale coffee shop. Specialties include boneless short ribs, steaks, chicken and fish. Bakery on premises. Average dinner for two with wine and gratuity: $40, but

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portions are enormous. No hard liquor served; beer and wine only. Master Card and Visa only. Open 24 hours.

BESSIE WALLS
1074 N. Tustin Blvd., Anaheim
714-630-2812
American continental cuisine. Housed in a 1927 Spanish-style mansion, Bessie Walls' specialties include chicken and dumplings, steaks and fresh fish. Average dinner for two with wine and gratuity: $50. Major credit cards. Reservations advised. Jackets and ties recommended. Lunch Monday through Friday 11 a.m.-2:30 p.m. Dinner Sunday through Thursday 5 p.m.-10 p.m., Friday and Saturday 5 p.m.-11 p.m. Sunday brunch 10 a.m.-2 p.m.

BISTANGO
19100 Von Karman Ave., Irvine
714-752-5222
Contemporary California/Italian. Located in an Irvine office building. Specialties include pastas and pizza. Nightly entertainment includes blues, jazz and popular music. Average dinner for two with wine and gratuity: $60. All major credit cards. Dressy casual attire. Reservations suggested. Hours: 11 a.m.-midnight. Monday through Friday; 5 p.m.-1 a.m. Saturday; 5 p.m.-10 p.m. Sunday.

BISTRO OF SANTA MONICA
2301 Santa Monica Blvd.
Santa Monica
310-453-5442
Northern Italian cuisine. Specialties include 15 pastas (two whole wheat) and 40 sauces (25 vegetarian, 13 with no dairy products). Average dinner for two with wine and gratuity: $50. All major credit cards. Reservations required for large parties. Casual dress. Lunch: 11 a.m.-3 p.m. Monday through Friday. Dinner: 5 p.m.-10 p.m. Tuesday through Saturday.

BISTRO 201
18201 Von Karman Ave., Irvine
714-553-9201
American cuisine. Same owners as Kachina (see listing). Specialties include meatloaf, lamb and breast of duck. Average dinner for two with wine and gratuity: $70. New York-style cabaret jazz in the evenings. Casual dress. All major credit cards except Discover. Reservations advised. Lunch Monday through Friday 11:30 a.m.-4:30 p.m. Dinner Sunday through Thursday 5:30 p.m.-10 p.m., Friday and Saturday 5:30 p.m.-11 p.m. There's also a late night menu after 11 p.m.

CA'BREA
346 S. LaBrea, Los Angeles
213-938-2863
Italian cuisine. Specialties include half-roasted air dry duck with a honey-balsamic vinegar sauce; grilled lamb chops with a black truffle and mustard sauce; and grilled veal chop with rosemary and mushroom sauce. Average dinner for two with wine and gratuity: $60. Master Card, Visa, American Express. Reservations recommended. Lunch Monday through Friday: 11:30 a.m.-2:30 p.m. Dinner Monday through Saturday: 5:30 p.m.-11:30 p.m. closed Sunday.

CAFE CHAMPAGNE
32575 Rancho California Road
Temecula
714-699-0088
Californian cuisine. Winery restaurant's specialties include fresh fish, pasta, jambalaya, filet of tenderloin and grilled chicken with elephant garlic. Features the winery's own champagne, as wines from Napa and Santa Barbara counties. Average dinner for two with wine and gratuity: $60. Master Card, Visa. Reservations recommended. Dressy casual. Lunch daily: 11 a.m.-4:30 p.m. Dinner: 4:30 p.m.-9 p.m.

CAFE EL CHOLO
840 E. Whittier Blvd., La Habra
714-525-1320
Mexican. Specialties include corn tamales, fajitas, chimichangas and enchiladas. Average dinner for two with wine and gratuity: $25. All major credit cards except Discover. Reservations recommended. Casual dress. Hours: Monday through Saturday 11:30 a.m.-10 p.m., with entertainment in the lounge after 10 p.m. Sunday hours: 10 a.m.-9 p.m.

CAFFE PIEMONTE
1835 E. Chapman Ave., Orange
714-532-3296
Authentic Northern Italian. A family-owned trattoria. Specialties include homemade pastas, fresh fish, veal chops and a filet with shrimp, parma ham, green peppers, champagne and creme sauce. Average dinner for two with wine and gratuity: $50. Master Card, Visa, American Express, Italian lire and U.S. dollars accepted. Seats only 50, reservations highly recommended. No smoking. Wine and beer only. Casual dress. Hours: 5 p.m.-10 p.m. Tuesday through Sunday.

CANNERY
3010 Lafayette Ave., Newport Beach
714-675-5777
Seafood. Built on the same site and in the same style as an old fishing cannery. Specialties include fresh abalone, Pacific Coast swordfish and a Newporter filet mignon with Alaskan king crab in a bearnaise sauce. Average dinner for two with wine and gratuity: $40. All major credit cards except Discover. Obtain a preferred customer card from your hotel concierge and receive a complimentary glass of wine with dinner. Reservations are suggested. Lunch Monday through Saturday 11:30 a.m.-3 p.m. Dinner seven nights a week 5-10 p.m. Saturday and Sunday champagne brunch cruise on the harbor from 10 a.m.-2:30 p.m.; the cost is $25 per person, prepaid.

CANO'S
2241 W. Pacific Coast Highway
Newport Beach
714-631-1381
Mexican seafood. A Moorish villa with a breathtaking view of Newport Bay. Specialties include Mexican bouillabaisse, grilled swordfish and tiger prawns. Average dinner for two with wine and gratuity: $100. All major credit cards. Reservations recommended. Semi-formal dress. Lunch Monday through Friday: 11:30 a.m.-2:30 p.m.; Saturday: noon-3 p.m. Sunday brunch: 10 a.m.-2:30 p.m. Dinner Sunday through Thursday: 5 p.m.-10 p.m., Friday 5 p.m.-11 p.m. and Saturday 6 p.m.-11 p.m.

CAT & THE CUSTARD CUP
800 E. Whittier Blvd., La Habra
714-992-6496
Continental with an American influence. Reminiscent of an old English inn. Also has a piano bar. Specialties include prime rib and rack of lamb. Average dinner for two with wine and gratuity: $80. All major credit cards except Discover. Reservations and jackets recommended. Lunch Monday through Friday 11:30 a.m.-2:30 p.m. Dinner Sunday 5 p.m.-9 p.m., Monday 5:30 p.m.-9 p.m., Tuesday through Thursday 5:30 p.m.-10 p.m., Friday and Saturday 5:30 p.m.-10:30 p.m.

THE CELLAR
305 N. Harbor Blvd., Costa Mesa
714-525-5682
Traditional French cuisine. Underground restaurant with stone walls, wine casks and crystal chandeliers. Specialties include pheasant, quail, rabbit and tenderloin of lamb. Average dinner for two with wine and gratuity: $100. All major credit cards. Coat and tie required. Reservations recommended. Hours: 6 p.m.-closingTuesday through Saturday.

CHANTECLAIR
18912 MacArthur Blvd., Irvine
(across from John Wayne International Airport)
714-752-8001
Norman chateau serves French cuisine. Specialties include chateaubriand, rack of lamb and Dover sole. Dinner for two with wine and gratuity: $100. All major credit cards. Jackets and ties recommended. Reservations advised. Lunch Monday through Friday 11:30 a.m.-2:30 p.m. Sunday brunch 10 a.m.-2 p.m. Dinner Monday through Friday 5 p.m.-10 p.m., Saturday and Sunday 5 p.m.-11 p.m.

THE CHART HOUSE
34442 Street of the Green Lantern
Costa Mesa
714-493-1183
Steak and seafood. Located on a cliff overlooking the harbor. Specialties include Australian lobster tail, Alaskan king crab legs and prime rib. Average dinner for two with wine and gratuity: $60. All major credit cards. Reservations requested. Casual dress. Hours: 5 p.m.-10 p.m. Sunday through Thursday; 5 p.m.-10:30 p.m. Friday; 5 p.m.-11 p.m. Saturday.

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California cuisine

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CHAYA VENICE
110 Navy St., Venice Beach
213-396-1179
Mediterranean cuisine. A block from Venice Beach. Specialties include paella, grilled tuna Nicoise, grilled swordfish. Average dinner for two with wine and gratuity: $75. Master Card, Visa, American Express, Diner's Club. Reservations recommended on Fridays and Saturdays. No dress code. Lunch Monday through Friday: 11:30 a.m. to 2:30 p.m. Dinner Monday through Thursday: 6 p.m. to 10:30 p.m.; Friday and Saturday: 6 p.m.-11 p.m.; Sunday: 5:30 p.m.-10 p.m.

CITY
180 S. LaBrea Ave., Los Angeles
213-938-2155
French cuisine with an ethnic influence. Located in a gutted carpet warehouse. Specialties include authentic Thai, Indian and Mexican dishes; a vegetable plate that features curried, sauteed and grilled vegetables; and stuffed rigatoni with chicken fennel mousse and Parmesan cream sauce. Average dinner for two with wine and gratuity: $80. Master Card, Visa and American Express. Reservations recommended. Monday through Saturday, noon to 11:45 p.m.; Sunday, 5 p.m. -11 p.m.

THE CRAB COOKER
2200 Newport Blvd., Newport Beach
714-673-0100
Strictly seafood. Specialties include: Alaskan king crab legs, lobster, clams, oysters, shrimp and scallops. Average dinner for two with wine and gratuity: $35. No credit cards. First come, first served; there's generally a line. Casual dress. Hours: 11 a.m.-9 p.m. Sunday through Thursday; 11 a.m.-10 p.m. Friday and Saturday.

THE DINING ROOM
Regent Beverly Wilshire Hotel
9500 Wilshire Blvd., Beverly Hills
213-275-5200
Continental American. Specialties include veal chops, fresh fish, venison, angel hair pasta and oysters. Piano music in the lounge. Dinner for two with wine and gratuity: $90. All major credit cards. Jacket required. Reservations recommended. Hours: 7 a.m.-10:30 a.m., 11:30 a.m.-3 p.m., 6 p.m.-11 p.m. Monday through Friday; Saturday breakfast: 8 a.m.-10:30 a.m.; Sunday brunch: 10 a.m.-3 p.m.; Sunday dinner: 5 p.m.-10:30 p.m.

DIZZ'S AS IS
2794 S. Pacific Coast Highway
Laguna Beach
714-494-5250
Continental cuisine. Dining in the art deco style of the '30s and '40s. The 12 complete dinners on the menu change nightly and feature veal, pasta, fresh fish and steak filets. Average dinner for two with wine and gratuity: $50. Master Card and Visa only. No reservations accepted—expect a line. Dress casual. Dinner Sunday, Tuesday, Wednesday and Thursday: 6 p.m.-9:30 p.m. Friday and Saturday 6 p.m.-10:30 p.m.

JOHN DOMINIS
2901 W. Pacific Coast Highway
Newport Beach
714-650-5112
Steak and seafood in Hawaiian setting. There are two indoor, lava rock, salt water pools. Sharks swim in one; lobsters in the other. Specialties of the house include fresh Hawaiian fish, prime steak and veal. Average dinner for two with wine and gratuity: $120. All major credit cards. Dress formal. Reservations highly recommended. Dinner Monday through Thursday 4 p.m. until 10 p.m. Friday and Saturday 4 p.m. until 11 p.m. Sunday brunch 10 a.m.-2 p.m.

EL TORITO GRILL
633 Anton, Costa Mesa
714-662-0798
Tex-Mex cuisine. Upscale local chain. Specialties include the Santa Fe Torte (chicken, cheese and chiles in layered corn crepes with New Mexico chile sauce); pork wrapped in banana leaves served with borracho black beans, grilled green onions and avocado relish; and guacamole ground fresh at the table. Average dinner for two with wine and gratuity: $35. All major credit cards accepted. Reservations recommended. Casual dress. Lunch Monday through Friday: 11:30 a.m.-3 p.m. Dinner Monday through Friday: 3 p.m. to 10 p.m.; Saturday: 3 p.m. to 11 p.m.; Sunday: 2 p.m.-10 p.m. Sunday brunch: 10 a.m. to 2 p.m.

ETIENNE'S
215 S. El Camino Real, San Clemente
714-492-7263
French cuisine. Family owned and operated for 35 years. Specialties include duck a l'orange, chateaubriand, rack of lamb and Dover sole. Average dinner for two with wine and gratuity: $60. All major credit cards. Reservations recommended. Jackets advised. Hours: 6 p.m.-10 p.m. Monday through Saturday.

THE FIVE CROWNS
3801 E. Pacific Coast Highway
Corona del Mar
714-497-4955
British/American cuisine. A replica of the oldest existing inn in England, complete with waitresses in Elizabethan dress. Specialties include prime rib, roast beef with Yorkshire pudding and rack of lamb. Average dinner for two with wine and gratuity: $60. All major credit cards. Reservations required. Jackets requested. Hours: 4:30 p.m.-12 a.m. Monday through Thursday; 4:30 p.m.-1 a.m. Friday and Saturday.

FIVE FEET
328 Glenneyre St., Laguna Beach
714-497-4955
New-wave Oriental. Menu changes daily. Specialties include catfish, lamb and seafood. Average dinner for two with wine and gratuity: $50. All major credit cards. Casual dress. Reservations recommended on weekends. Dinner seven nights 5 p.m.-11 p.m. Lunch Fridays only 11 a.m.-2 p.m., but see listing for Five Feet Too.

FIVE FEET TOO
1145 Newport Center Drive
Newport Beach
(Newport Fashion Island)
714-640-5250
An offshoot of Five Feet. Everything's the same, except Five Feet Too is larger and serves lunch: Monday through Saturday 11 a.m.-3 p.m. Dinner: 5-11 p.m.

GARDEN COURT BISTRO
Sheraton Anaheim
1015 W. Ball Road, Anaheim
714-778-1700
Cuisine includes American, French and Japanese dishes. A brand new restaurant in the renovated Sheraton Anaheim. Specialties include Sonoma Valley rack of lamb and grilled shrimp. Average dinner for two with wine and gratuity: $50. All major credit cards. Reservations not required. Dress casual. Open every day. Breakfast and lunch: 7 a.m.-2 p.m. Dinner: 5-11 p.m.

GENGHIS COHEN
740 N. Fairfax, Los Angeles
213-653-0640
Chinese eclectic cuisine. Specialties include a sampling from several Chinese provinces, featuring Szechuan; tropical drinks. Average dinner for two with wine and gratuity: $35-$40. All credit cards. Reservations suggested. Casual dress. Lunch: noon-3 p.m. Monday through Friday. Dinner: 5 p.m.-11 p.m. Monday through Saturday; 5 p.m.-10 p.m. Sunday.

THE GRILL
9560 Dayton Way, Beverly Hills
213-276-0615
American cuisine. San Francisco-style turn-of-the-century bar and grill with dark wood paneling and brass trim. Specialties include braised beef ribs, corned beef hash and grilled fresh salmon. Average dinner for two with wine and gratuity: $80. All major credit cards. Casual dress. Reservations required. Open Monday through Thursday 11:30 a.m.-11 p.m.; Friday and Saturday 11:30 a.m.-midnight. Closed Sunday.

GULLIVERS
18482 MacArthur Blvd., Irvine
714-833-8411
British/American. English manor with servers in authentic dress. Specialties include prime rib, seafood and homemade pasta. Average dinner for two with wine and gratuity: $70. All major credit cards. Jackets advised but not required. Reservations recommended. Lunch Monday through Friday 11 a.m.-2:30 p.m. Dinner seven nights 6 p.m.-10 p.m.

JW's
Anaheim Marriott Hotel
700 Convention Center, Anaheim
714-750-0900
Contemporary French cuisine. Specialties include fresh seafood, venison, roasted saddle of lamb and central Texas wild boar. Average dinner for two with wine and gratuity: $120. All major credit cards. Reservations recommended. Jackets required. Hours: 6 p.m.-10 p.m. Monday through Saturday.

KACHINA
222 Forest Ave., Laguna Beach
714-497-5546
Continental Southwestern cuisine. Underground eatery has same owners as Bistro 201 (see listing). Specialties include Zuni black bean and corn soup, green corn tamale in a tomatillo sauce and gulf shrimp. Average dinner for two with wine and gratuity: $60. All major credit cards except Discover. Dressy casual. Reservations suggested. Dinner Sunday through Thursday 5:30 p.m.-10 p.m., Friday and Saturday 5:30 p.m.-11 p.m. No lunches, but brunch on Sunday 10 a.m.-2 p.m.

KITAYAMA
101 Bay View Place, Newport Beach
714-725-0777
Authentic Japanese cuisine. Specialties include shabu-shabu, kaiseki and sushi. Average dinner for two with wine and gratuity: $60. All major credit cards. Business attire. Reservations suggested. Lunch Monday through Friday 11:15 a.m.-2 p.m. Dinner Monday through Friday 6 p.m.-10 p.m., Saturday 5 p.m.-10 p.m.

L.A. NICOLA
4326 Sunset Blvd., Hollywood
213-660-7217
Continental American with ethnic overtones. An unpretentious bistro with white walls and fresh flowers. Specialties include submarine of trout, sauteed oysters on spinach with walnuts and garlic, and veal chop with capers. Average dinner for two with wine and gratuity: $60. All major credit cards except Diner's Club. Dress casual. Reservations recommended. Lunch Tuesday through Friday 11:30 a.m.-2 p.m. Dinner Monday through Friday 6 p.m.-10 p.m., Saturday and Sunday 6 p.m.-10:30 p.m. Martini lounge opens at 5 p.m.

LAS BRISAS
361 Cliff Drive, Laguna Beach
714-497-5434
Nouvelle Mexican. Located on a bluff overlooking Laguna Beach. The terrace menu is more moderately priced, with fajitas, enchiladas and salads. Indoors, specialties are seafood, steak, chicken and veal. Average dinner for two with wine and gratuity: $50. All major credit cards. Dressy casual. Reservations recommended. Breakfast Monday through Saturday 8 a.m.-11 a.m. Lunch Monday through Saturday 11 a.m.-3:30 p.m. Sunday brunch 9 a.m.-3 p.m. Dinner six nights 5 p.m.-10 p.m., 5 p.m.-11 p.m. Saturday.

L'HIRONDELLE
31631 Camino Capistrano, San Juan Capistrano
714-830-8620
Country-style French and Belgian cuisine. Located across the street from the mission San Juan Capistrano. Specialties include fresh fish, steaks, rabbit with prunes in white creme sauce, pepper steak flamed at the table and duck with peppercorn sauce, cherry sauce or a l'orange. Average dinner for two with wine and gratuity: $40. All major credit cards except Discover. Show your convention badge and receive a discount or complimentary glass of wine. Casual to dressy attire. Reservations recommended; a must on weekends. Dinner Tuesday through Sunday: 5 p.m.-10 p.m. Closed Mondays. Sunday brunch: 11 a.m.-2 p.m.

MANDARIN GOURMET
1500 Adams Ave., Costa Mesa
714-540-1937
Mandarin Chinese. Elegant Chinese decor. Specialties include aromatic shrimp and three-ingredient taste (beef, chicken, shrimp and broccoli sauteed together). Average dinner for two with wine and gratuity: $40. All major credit cards except Discover. Casual dress. Reservations advised. Lunch Monday through Friday 11:30 a.m.-3 p.m. Dinner Monday through Thursday 4:30-10 p.m. Friday 4:30-11 p.m. Open Saturday 11:30 a.m.-11 p.m and Sunday 11:30 a.m.-10 p.m.

MAYUR
2931 E. Pacific Coast Highway
Corona del Mar
714-675-6622
Indian. One of the few Indian restaurants in Southern California. Authentic Indian dishes. Average dinner for two with wine and gratuity: $50. Master Card, Visa and American Express only. Casual dress. Reservations recommended. Lunch Monday through Friday 11:30 a.m.-2:30 p.m. Sunday brunch 11:30 a.m.-2:30 p.m. Dinner seven nights 5 p.m.-10 p.m.

MEDIEVAL TIMES
7662 Beach Blvd., Buena Park
714-521-4740
11th century cuisine. A Medieval castle in which the king and queen, ladies, knights, wenches and knaves of the court will serve and entertain. You'll be seated family-style at a long table and served a set menu, which includes homemade soup, Cornish game hens, spare ribs, herb-basted potatoes and pastries. Utensils not used—so dress casual. To drink, there's coffee, tea and soft drinks. Set prices include food, all non-alcoholic drinks, two rounds of beer or wine and entertainment throughout the meal and range from $25.95 to $32.95 (gratuity not included) for adults and between $18.95 and $19.95 for children age 12 and under. Master Card and Visa only. Reservations required. Seatings are Monday through Thursday at 7:30 p.m.; Friday at 6:15 p.m. and 8:30 p.m.; and Saturday at 4 p.m., 6:30 p.m. and 9:15 p.m.

MENAGERIE RESTAURANT
3347 Motor Ave., West Los Angeles
213-202-8808
Eclectic cuisine. Specialties include lamb chops stuffed with shrimp mousse; crispy-crunchy Japanese cajun catfish. Average dinner for two with wine and gratuity: $45. All major credit cards. Reservations required. Casual dress. Lunch: 11:30 a.m.-2:30 p.m. Monday through Saturday. Dinner: 5:30 p.m.-10 p.m. Sunday through Thursday; 5:30 p.m.-11 p.m. Friday and Saturday.

MEZZALUNA
2441 E. Pacific Coast Highway
Corona del Mar
714-675-2004
Italian. Sophisticated bistro with the same owners as as Mezzaluna and Mezzogiorno in New York. Specialties include homemade pastas and pizza made in wood-burning ovens. Average dinner for two with wine and gratuity: $50. Master Card, Visa and American Express. Casual dress. Reservations recommended on weekends. Open daily. Lunch 11:30 a.m.-3 p.m. Dinner 5 p.m.-midnight.

MING DELIGHT
409 W. Katella Ave., Anaheim
714-758-0978
Chinese cuisine. A five-minute walk from the Anaheim Convention Center. Specialties include chow mein and sweet and sour pork. Average dinner for two with wine and gratuity: $40. All major credit cards except Discover. Reservations recommended. Dress casual. Open seven days. Lunch 11 a.m.-2:30 p.m. Dinner 5 p.m.-9:30 p.m.

MRS. KNOTT'S CHICKEN DINNER RESTAURANT
Knott's Berry Farm
8039 Beach Blvd., Buena Park
714-827-1776
All-American cuisine. Specialties include fried chicken, dumplings, pork chops, steak, meatloaf, boysenberry and apple pie. Average dinner: $9.45 per person, including appetizer, entree, beverage and dessert. First come, first served. No liquor served. Three hours of free parking. Hours: 7 a.m.-8:30 p.m. Monday through Saturday; 4 p.m.-8:30 p.m. Sunday.

MR. STOX
1105 E. Katella Ave., Anaheim
714-634-2994
California Continental cuisine. French chateau decor. Specialties include: fresh seafood, homemade pastas, rack of lamb, veal, duck and steaks. Average dinner for two with wine and gratuity: $80. All major credit cards except Discover. Reservations advised. Dressy casual. Valet parking. Lunch Monday through Friday: 11:30 a.m.-3:30 p.m. Dinner Monday through Thursday 5:30 p.m.-10 p.m., Friday and Saturday 5:30-11 p.m. and Sunday 5-9 p.m.

MONIQUE RESTAURANT
31727 Pacific Coast Highway
South Laguna
714-499-5359
California cuisine. French country home decor. Specialties include: Sonoma Valley rack of lamb, prime steaks and variety of fresh seafoods. Average dinner for two with wine and gratuity: $55. All major credit cards. Reservations recommended. Dressy casual. Lunch Tuesday through Friday: 11:30 a.m.-2 p.m. Dinner: Tuesday through Sunday 5:30 p.m.-10 p.m. Sunday brunch: 11 a.m.-3 p.m.

MORELL'S
Hyatt Regency Irvine
17900 Jamboree Road, Irvine
714-863-3111
California Nouvelle cuisine. Specialties include salmon papillote, poached salmon baked in fresh herbs, fettuccine with sea scallops, shrimp, grilled salmon and lemon creme basil sauce. All desserts are homemade. Average dinner for two with wine and gratuity: $80. All major credit cards; no personal checks. Wide range of attire from dressy to very casual. Reservations suggested. Lunch Monday through Friday 11 a.m.-2 p.m. Dinner Monday through Saturday 6 p.m.-10 p.m.

NEWPORT LANDING
503 E. Edgewater Ave.,
Newport Beach
714-675-2373
Seafood. This antique yacht offers a view of the ferry crossing and at night features reggae music. Specialties include blackened Cajun prime rib, lemon ginger swordfish and an oyster bar. Average dinner for two with wine and gratuity: $60, but there's a dinner special 5 p.m.-6:30 p.m.: soup, salad, choice of six entrees and a glass of wine for $15 per person. All major credit cards. Dressy casual. Reservations advised. Open seven days. Lunch menu 11:30 until closing. Dinner Monday through Friday 5 p.m.-9 p.m., Saturday and Sunday 5 p.m.-10 p.m.

OVERLAND STAGE
Inn at the Park Hotel
1855 S. Harbor Blvd., Anaheim
714-750-1811
American cuisine. There is a stage coach in the entrance, and the walls are lined with western memorabilia. Specialties include rattlesnake, wild boar, elk, bear and buffalo. For the less adventuresome, there's also steak, lamb, venison, quail and the catch of the day. Try the wild game combo of quail and buffalo if you're looking for adventure but want to play it safe. Soup and salad bar are included with all entrees. Average dinner for two with wine and gratuity: $60. All major credit cards. Casual dress. Reservations recommended. Lunch Monday through Friday 11:30 a.m.-2 p.m. Dinner seven nights 5 p.m.-11 p.m.

PAPA GEPETTO'S
Hyatt Regency Alicante
1000 Plaza Alicante, Anaheim
714-971-3000
Northern Italian country cuisine. Specialties include grilled salmon with plumed tomatoes in garlic and red wine and grilled veal with artichokes and capers. Parties of six or more can request in advance to dine in the chef's kitchen, where they can watch their meals being prepared. Average dinner for two with wine and gratuity: $50. All major credit cards. Reservations suggested, especially on Fridays and Saturdays. Dinner Tuesday through Sunday: 5 p.m.-10 p.m.

PATINA
5955 Melrose Ave., Los Angeles
213-467-1108
California and Contemporary French. Specialties include peppered tuna with Chinese vegetables; free-range chicken with artichokes, leeks and celery; duck liver with rhubarb; and corn blinis with salmon. Average dinner for two with wine and gratuity: $75. Master Card, Visa, American Express, Diner's Club. Dressy casual. Reservations recommended. Lunch Tuesday through Friday: 11:30 a.m.-1:30 p.m. Dinner all nights:6 p.m.-10 p.m.

PAVIA
Anaheim Hilton & Towers
777 Convention Way, Anaheim
714-750-4321
Northern Italian cuisine. Specialties include chicken, beef and seafood. Sauces are cream-based, not tomato-based. Average dinner for two with wine and gratuity: $65. Master Card, Visa and American Express. Reservations suggested for large groups. Dressy casual. Dinner only 6 p.m.-11 p.m.

PAVILION
690 Newport Center Drive,
Newport Beach
714-759-0808
American cuisine with a California influence. Specialties include rack of lamb and wood-grilled swordfish. Average dinner for two with wine and gratuity: $100. All major credit cards except Discover. Business attire. Reservations recommended. Breakfast Monday

Continued on next page

Continued from previous page
through Saturday 6:30 a.m.-11 a.m. Lunch Monday through Saturday 11 a.m.-4 p.m. Sunday brunch 10:30 a.m.-2 p.m. Dinner Sunday through Saturday 6 p.m.-10:30 p.m.

PEPPINO'S
23600 Rockfield Blvd., El Toro
714-951-2611
Italian cuisine. Specialties include veal piccata and eggplant parmesan. Average dinner for two with wine and gratuity: $45. All major credit cards. Dress casual. No reservations taken. Expect a wait. Tuesday through Thursday 11 a.m.-9:30 p.m Friday and Saturday 11 a.m.-10:30 p.m. Sunday 4 p.m.-9 p.m.

THE PLACE ACROSS FROM THE HOTEL LAGUNA
440 S. Coast Highway, Laguna Beach
714-497-2625
Italian cuisine. Located directly across from the ocean. Specialties include fresh grilled salmon with mustard sauce. Average dinner for two with wine and gratuity: $35. All major credit cards. Casual dress. Reservations required for parties of six or more. Hours: Monday through Friday, 11 a.m.-10 p.m.; Saturday and Sunday, 10 a.m.-11 p.m.

PREGO
18420 Von Karman Ave., Irvine
714-553-1333
Northern Italian cuisine. Chicken, duck, rabbit and lamb are roasted on an open-fire rotisserie. Other specialties include grilled fresh fish, homemade pastas and pizza baked in a woodburning oven. Average dinner for two with wine and gratuity: $50. All major credit cards. Dressy casual. Reservations suggested—if they put you on hold, you'll hear Italian lessons. Lunch Monday through Friday 11:30 a.m.-5 p.m. Dinner seven nights beginning at 5 p.m. Sunday and Monday until 10 p.m. Tuesday, Wednesday and Thursday until 11 p.m. Friday and Saturday until midnight.

QUIET WOMAN
3224 Pacific Coast Highway
Corona Del Mar
714-640-7440
Mesquite-grilled meat and fish. A small English pub with dark wood and dim lights. Specialties include mesquite-grilled, thick-cut swordfish, domestic rack of lamb, handcut top sirloin, steaks and fresh fish. Average dinner for two with wine and gratuity: $60. Master Card, Visa and American Express. Reservations for parties of six or more. Dress casual. Lunch Monday through Friday 11 a.m.-3 p.m. Dinner seven nights. Sunday through Thursday: 5 p.m.-10 p.m. Friday and Saturday: 5 p.m.-11 p.m. Late night menu after dinner in the bar. Live entertainment Wednesday through Saturday.

THE RITZ
Newport Fashion Island
880 Newport Center Drive,
Newport Beach
714-720-1800
Continental cuisine. A family-owned restaurant not associated with the Ritz Carlton. Specialties include rack of American lamb, New York pepper steak and whole Dover sole. Average dinner for two with wine and gratuity: $100. All major credit cards except Discover. Sportcoat required. Reservations advised. Lunch Monday through Friday 11 a.m.-3 p.m. Dinner Monday through Thursday 6 p.m.-10 p.m., Friday and Saturday 5:30 p.m.-11 p.m.

RITZ-CARLTON
Ritz-Carlton Hotel
33533 Shoreline Drive,
Laguna Niguel
714-240-2000
American cuisine in a formal setting. Specialties include prime rib, rabbit and fresh seafood. Average dinner for two with wine and gratuity: $100. All major credit cards. Dressy casual. Reservations recommended. Open every night. Dinner 6 p.m.-9 p.m.

RUBY'S AUTODINER
30622 S. Pacific Coast Highway
Laguna Beach
714-497-7829
Classic diner fare. Local chain of "retro" '40s/'50s diners. Specialties include "fountain treats," big breakfasts, and a menu of burgers featuring turkey, veggie and chicken burgers. Average dinner for two with gratuity: $12. Master Card, Visa, American Express. Hours: Sunday through Friday, 6:30 a.m.-11 p.m.; Saturday, 6:30 a.m.-midnight.

SAPORI
1080 Bayside Drive, Newport Beach
714-644-4220
Italian cuisine. A contemporary trattoria in a local shopping center. Specialties include homemade pastas, chicken and veal. Average dinner for two with wine and gratuity: $60. Master Card, Visa and American Express. Casual dress. Reservations recommended. Monday through Thursday 11:30 a.m.-10 p.m., Friday 11:30 a.m.-11 p.m., Saturday 4 p.m.-11 p.m., Sunday 4 p.m.-10 p.m.

SCAMPI
1576 Newport Blvd., Costa Mesa
714-645-8560
Authentic northern Italian cuisine. Specialties include fresh seafood, chicken, veal, and pastas. Average dinner for two with wine and gratuity: $50. Master Card, Visa and American Express. Dress casual. Reservations suggested on weekends. Open seven nights for dinner only. Monday through Thursday 5 p.m.-10:30 p.m., Friday and Saturday 5 p.m.-11 p.m., Sunday 4:30 p.m.-10 p.m.

SCOTT'S
Seafood Grill & Bar
3300 Bristol St., Costa Mesa
714-979-2400
Specialties include a dozen types of seafood, pastas, an oyster bar and gourmet pizza. Being near the Performing Arts Center, Scott's also offers a special theater menu and extended hours on theater nights. Wine tasting and jazz on Wednesday nights. Average dinner for two with wine and gratuity: $60. All major credit cards. Dressy casual. Reservations recommended. Open every day. Lunch Monday through Saturday 11:30 a.m.-3 p.m. Sunday brunch 10 a.m.-2 p.m. Dinner Sunday through Thursday 5 p.m.-10 p.m. Friday and Saturday 5 p.m.-11 p.m.

SEAFOOD PARADISE
8602 Westminster Blvd., Westminster
714-893-6066 and
8547 Westminster Blvd.,
Garden Grove
714-895-7964
Cantonese cuisine. Both locations in Orange County's Little Saigon. Specialties include dim sum, shrimp, clam, chicken and beef. Average dinner for two with wine and gratuity: $40. Master Card and Visa only. Casual dress. Reservations suggested on weekends. Open seven days 10 a.m.-9:30 p.m.

SHIPYARD INN
Disneyland Hotel
1150 W. Cerritos Ave., Anaheim
714-956-6404
Seafood. This nautical restaurant overlooks the marina. Specialties include salmon, red snapper, tiger prawns, scampi and Cajun catfish, steak and lobster. Average dinner for two with wine and gratuity: $60. All major credit cards except Discover. Reservations suggested. Casual dress. Open seven days. Lunch: 11:30 a.m.-2:30 p.m. Dinner: 5-10 p.m. Validated parking.

SORRENTO GRILL
370 Glenneyre St., Laguna Beach
714-494-8686
Contemporary Italian cuisine. Specialties include a one-pound free-range veal chop and homemade eggplant ricotta macaroni. Average dinner for two with wine and gratuity: $60. Master Card and Visa only. Dressy casual. Reservations recommended. Dinner only Tuesday through Thursday 5:30 p.m.-9:30 p.m; Friday through Sunday 5:30 p.m.-10 p.m.

TANGO GRILL
8807 Santa Monica Blvd.,
West Hollywood
310-659-3663
Argentinian. Specialties inclue parrillada; three rib steaks, two quarters of grilled chicken; grilled sweetbreads, anise chorizo sausage; grilled marinated chicken breast. Average dinner for two with gratuity: $35. No alcohol served. All major credit cards. No reservations required. Casual dress. Open daily: 11:30 a.m.-11:30 p.m.

TEMET GRILL
Temecula Creek Inn
44501 Rainbow Canyon,
Continued on next page

California cuisine

Continued from previous page
Temecula
800-962-7335
Southwestern cuisine. Located in the Temecula Creek Inn golf resort. Specialties include grilled tiger prawns with cilantro scallion relish and blue corn polenta, Southwestern osso bucco with fettuccine and a lobster and scallop enchilada with winter vegetables and lobster tomato sauce. Average dinner for two with wine and gratuity: $65. Master Card, Visa, American Express and Diner's Club. Casual dress. Reservations required. Breakfast Monday through Saturday: 6:30 a.m.-11 a.m.; Sunday: 6 a.m.-10 a.m. Lunch: Monday through Saturday 11 a.m. to 2:30 p.m. Dinner Monday through Sunday: 5 p.m.-10 p.m. Sunday brunch: 10 a.m. to 2:30 p.m.

TIAQUEPALQUE
111 N. Santa Fe Ave., Placentia
714-528-8515
Mexican cuisine. Specialties include whole red snapper and bistec milanesa (a thin breaded steak). There's also a taco bar and bakery. All tortillas are homemade. Average dinner for two with wine and gratuity: $40. Master Card, Visa and American Express. Casual dress. Mariachi music on weekends. Dinner reservations suggested. Open early for bakery and breakfast. Monday through Thursday 6 a.m.-9 p.m., Friday and Saturday 6 a.m.-11 p.m. Sunday brunch 11:30 a.m.-2:30 p.m. Sunday dinner 2:30 p.m.-9 p.m.

THE TOWERS
Surf and Sand Hotel
1555 S. Pacific Coast Highway
Laguna Beach
714-497-4477
French Continental and Northern Italian cuisine. This ninth-floor, art deco restaurant has a breathtaking view of the ocean. Specialties include veal chop, salmon, duck, lobster, scallops and rack of lamb. Average dinner for two with wine and gratuity: $50. All major credit cards except Discover. Jackets highly recommended; ties optional. Reservations advised; required on weekends. Dinner only. Sunday through Thursday, 5:30 p.m-9 p.m. Friday and Saturday until 10 p.m. Piano bar Friday and Saturday only, 8 p.m.-midnight.

TREES
Dana Point Resort
440 Heliotrope Ave., Corona del Mar
714-673-0910
Eclectic, a combination of Continental and ethnic with classic American. Specialties include Thai fried chicken, Vietnamese spring rolls, Chinese chicken salad, veal sweetbreads and pastas, Maryland crab cakes, roast turkey and meatloaf. Average dinner for two with wine and gratuity: $60. All major credit cards. Dressy casual. Reservations recommended. Dinner only seven nights 5:30 p.m.-11 p.m. Piano bar 5 p.m.-midnight.

TRUMPS
8764 Melrose Ave., West Hollywood
(213) 855-1480
California cuisine. Specialties include lamb in a port wine sauce with blue cheese and crispy Chinese duck with polenta in a black bean sauce. Average dinner for two with wine and gratuity: $60. There is also a late supper menu Monday through Saturday beginning at 10:30 p.m. In addition, there is an afternoon tea: a fixed menu that includes cheese, a light entree, a glass of wine or sherry and tea for $15 per person. Tea is accompanied by a harpist. All major credit cards except Discover. Formal dress. Reservations are suggested. Lunch Monday through Saturday 11:45 a.m.-2:45 p.m. Tea Monday through Saturday 3:30-5:30 p.m. Dinner Monday through Saturday 6-10 p.m. Late supper Monday through Thursday 10:30 p.m.-midnight, Friday and Saturday 10:30 p.m.-1 a.m.

TUTTO MARE
Newport Fashion Island
545 Newport Center Drive,
Newport Beach
714-640-6333
Northern Italian cuisine. Specialties include seafood and pastas. Average dinner for two with wine and gratuity: $60. All major credit cards. Dressy casual. Reservations advised. Open for lunch and dinner Monday through Thursday 11:30 a.m.-11 p.m., Friday and Saturday 11:30 a.m.-midnight. Sunday dinner only 5 p.m.-10 p.m.

21 OCEAN FRONT
2100 Ocean Front, Newport Beach
714-675-2566
Seafood. Victorian decor with an impressive view of the ocean. Specialties include abalone, fresh seafood steak, lamb, chicken and pasta. Average dinner for two with wine and gratuity: $40. All major credit cards. Coat and tie suggested. Reservations recommended. Dinner only, every night 5:30 p.m.-9 p.m. Friday and Saturday until 9:30 p.m. Piano bar every night except Monday 4 p.m. until closing.

VIE EN ROSE
240 S. State College Blvd., Brea
714-529-8333
Country French cuisine. A 10- to 15-minute drive from Anaheim. Specialties include grilled fresh tuna with black olives in a pine nut sauce and breast of duck with loganberry sauce. Average dinner for two with wine and gratuity: $70. All major credit cards except Discover. Reservations recommended. Dressy casual. Lunch Monday through Friday: 11:30 a.m.-2:30 p.m. Dinner Monday through Saturday: 5:30 p.m.-9:30 p.m.

WATERCOLORS
Dana Point Resort
25135 Park Lantern, Dana Point
714-661-5000
California Continental cuisine. Has a clifftop view of the ocean. Specialties include grilled swordfish, baked breast of pheasant, pasta, lamb and veal. Average dinner for two with wine and gratuity: $50. All major credit cards. Casual dress. Reservations requested. Dinner every night 6:30 p.m.-10 p.m.

THE WHITE HOUSE
340 S. Pacific Coast Highway
Laguna Beach
714-494-8088
American Continental cuisine. Specialties include steak, fresh seafood and homemade pasta. There's also a salad bar and a few Mexican dishes. Average dinner for two with wine and gratuity: $30. All major credit cards except Discover. Dress casual. No reservations. Open for breakfast and lunch Monday through Friday 7 a.m.-4 p.m., Saturday 8 a.m.-4 p.m. Dinner Sunday through Thursday 5 p.m.-10 p.m., Friday and Saturday 5 p.m.-11 p.m. Live entertainment on weekends: reggae, R&B, Motown and rock.

WORLD CAFE
2820 Main St., Santa Monica
(213) 392-1661
Eclectic cuisine. Located one block from the beach. Specialties include chicken drumettes with honey lime chili sauce; yucca cakes with sour cream and spicy apple sauce; spinach pancakes with sour cream and caviar; and African shrimp sauteed with garlic, banana and pineapple. Average dinner for two with wine and gratuity: $40. All major credit cards. Lunch: Tuesday through Sunday, 11 a.m.-3 p.m. Limited bar menu available 3 p.m.-6 p.m. Dinner Tuesday through Sunday: 6 p.m.-midnight.

YANKEE TAVERN
333 Bayside Drive, Newport Beach
714-675-5333
American cuisine. A Cape Cod style restaurant with a nautical theme and a bay view. Specialties include Yankee pot roast with mashed potatoes, chicken pot pie and meat loaf, fish and chips, pork chops and poached salmon prepared in exhibition kitchen. Average dinner for two with wine and gratuity: $40. All major credit cards. Very casual. Reservations suggested on weekends. Dinner every night, Sunday through Thursday 5 p.m.-11 p.m., Friday and Saturday 5 p.m.-midnight.

ZOV'S BISTRO
17440 E. 17th St., Tustin
714-838-8855
Mediterranean and California cuisine. Located in a mini-mall. Specialties include rack of lamb, homemade pastas and seafood. Average dinner for two with wine and gratuity: $50. Master Card, Visa and American Express. Casual dress. No smoking throughout. Reservations recommended. Lunch Monday through Saturday 11 a.m.-2:30 p.m. Dinner Wednesday through Saturday 5 p.m.-9 p.m. ■


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Employer liability

Continued from page 2

through a managed care plan and encouraging employees to use those providers—either through the use of financial or benefit plan incentives or educational efforts—gives rise to a duty to exercise care in selecting the providers," he explained.

Employers may be found liable under the theory of "corporate negligence" if they fail to practice "due diligence" in selecting physicians and other medical staff, Mr. Marren said. And, if the providers are selected by a managed care company, employers still have a responsibility to make sure the managed care company carefully evaluates their qualifications, he added.

"Essentially, case law says hospitals are in a better position to evaluate and monitor physician performance than the patient," Mr. Marren said, noting that courts also have applied the corporate negligence doctrine to managed care entities.

"The theory of corporate negligence indicates that hospitals, managed care vehicles and, arguably, employers have a duty to act carefully in evaluating and monitoring provider performance if they are selecting various providers to give care to their patients, members or employees," he explained.

Employers also may face the risk of liability for negligent acts of designated providers if the provider is controlled—or appears to be controlled—by the company, Mr. Marren said. For example, if a patient is injured because of a negligently designed UR program, an employer could be held liable if the court decides it controlled the UR company to such an extent that the review company became an agent of the employer.

Employers with on-site clinics also might face increased risk under the "master/servant relationship" liability doctrine.

As a result, employers should "carefully draft contracts that exert some control, but not so much control that the UR company's actions become the employer's actions," Mr. Marren advised.

Employers also should carefully review the qualifications of UR firms and monitor their performance, he says (see related story).

The theory of "vicarious liability" also may pose a threat to employers, Mr. Marren said.

'There will be a lot more cases regarding denial of care,' predicts health care attorney Mr. Marren.

Borrowing again from case law applicable to hospitals and physicians, courts have applied the vicarious liability theory to managed care entities and may possibly apply it to employers, Mr. Marren said.

The theory imposes legal responsibility on one party for the negligent acts of another party because of the relationship between the two, he explained. For example, a managed care company could be held vicariously liable for a physician's negligence because it required an injured individual to see that physician.

"The basic premise of the decisions in these cases is that the injured patient looked to the managed care vehicle for care, and not solely to the physician," Mr. Marren explained. And, he pointed out, "employees and beneficiaries who become injured will file lawsuits against all parties involved, claiming it was not clear through employer benefit plan documents who was in charge of what."

"For this reason alone, it is imperative that the contracts between employer, managed care vehicle and provider clearly specify responsibilities," he said. In addition, benefit plan documents, employer handbooks and other communication materials should "be used to educate the employee or patient as to the role of each party," he added.

Sometimes managed care marketing departments are so eager to close a deal that they neglect to tell employers that benefit plan documents should be updated to clarify the relationship, Mr. Marren said. "The court will look at the arrangement and ask whether someone can understand what is going on and who is responsible for what."

Cost containment efforts, particularly utilization review, can pose risks for employers as well, Mr. Marren pointed out.

For example, in a widely cited 1986 case, *Wickline vs. State of California*, a California appeals court said third-party payers of health care services can be held legally accountable when medically inappropriate decisions result from defects in the design or implementation of cost containment mechanisms (*BI*, Sept. 19, 1988).

The potential for liability from cost containment programs affects all managed care participants to some degree, including employers contracting with UR vendors, he warned.

"We are talking about cases where the UR decision impacts the care being delivered and then the injured patient alleges that his injury was caused by the UR decision," he explained.

"There will be a lot more cases regarding denial of care," Mr. Marren predicted. "A leap is being made that says UR is not just denying payment, it's denying care." ■

Examine UR credentials, health attorney advises

CHICAGO—To minimize liability from utilization review decisions, employers must examine the credentials of these firms and monitor the decisions they make, a health lawyer says.

It is "incumbent upon employers to review the qualifications of utilization review entities and monitor their performance with the same attention to detail applied to overall provider credentialing," said John P. Marren, an attorney with Katten, Muchin & Zavis in Chicago.

Mr. Marren, who specializes in negotiating managed care contracts, said employers' selection and monitoring efforts should include:

- A review of UR policies and procedures and whether or not they are followed on a regular basis.
- An examination of the qualifications for UR personnel, like nurse reviewers.
- Looking at whether physician reviewers practice in the area they review.
- Verification that the UR firm has been accredited by national certification groups, like the Utilization Review Accreditation Commission. URAC recently certified its first 17 firms (*BI*, March 16).
- Verification that the procedures include discussions with the attending physician before denying payment.
- To the extent possible, a review of ongoing UR activities without directing, controlling or accepting responsibility for actions and outcomes.

These efforts will give plan sponsors "some comfort" because it will enable them to justify why they chose to contract with a certain UR vendor, Mr. Marren said. "You can't just say you picked a UR company because it's the one CIGNA uses," he pointed out.

Mr. Marren also said that when developing UR contracts, employers should make sure the wording focuses on quality care. "Appropriate utilization should lead to quality, and you don't want the contract to sound like you are only interested in reducing the price," he said.

In any contracts with managed care vendors, self-insured employers also should be sure to mention the Employee Retirement Income Security Act of 1974, Mr. Marren said.

That way, if a company is sued, it may be able to avoid state laws allowing punitive damage awards, he said. ■

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Back injury claims costs

For many employers, bad backs are a pain in the pocketbook

By Michael A. Sommer

OH, MY ACHING BACK!

That's a sentiment some 80% of us may utter at least once before we die. For many, the experience will be unpleasant but manageable. We'll recuperate and go about our business. For some, however, back pain will lead to permanent—and costly—disability.

Disabilities in general are on the rise. Between 1957 and the mid-1970s, Social Security disability awards rose an average of 347%—for all conditions. But bad back injury disabilities increased 2,680%.

Disability *costs* also are escalating, though by just how much is difficult to determine precisely. Simulation models suggest that the total cost of the bad back problem may be somewhere between $14 billion and $20 billion annually. Some set the figure as high as $40 billion. In any case, the cost is a truly colossal financial pain in the pocketbook.

Interestingly, the number of back injury claims is small compared to their actual cost. For example, in a 1980 study at Boeing Co., back injury claims accounted for only 19% of all workers compensation claims. However, they were responsible for a stunning 41% of total costs. The reason: Back injuries, if not properly and quickly treated, become chronic, requiring costly hospitalization, surgery and litigation.

Today, a decade later, there is every indication that the picture has worsened.

Some critics contend that the workers compensation system is the culprit, that it perpetuates chronic disabilities. Others worry that we're going soft, becoming a nation of crybabies, as Time magazine suggested not too long ago.

But, regardless of whom we blame, the fact is that back disability claims have reached epidemic proportions, and something needs to be done.

If we take the epidemic seriously—and we'd better—what can be done? There are some things that employers can do to diminish the number of disabilities and reduce costs.

First of all, make sure top management is solidly and sincerely behind your efforts. Also high on the list of "to do's" are quick and appropriate treatment, active case management and careful follow-up.

Everyone's main goal should be to prevent back injuries from becoming long-term cases. Most people recover within several weeks; however, a few cases become chronic and costly. To be sure, we need to worry about avoiding all back injuries, but we need most of all to target our preventive efforts on that small percentage with which the major costs are incurred.

As an employer, there are several steps you can take:

- **Respond immediately—and sympathetically.**

When there is an injury, take care to express concern about the worker's welfare. Don't automatically adopt a tone of blame; it doesn't benefit anyone. A quick, empathetic response, followed by regular communications during an employee's recovery period, can go a long way to resolve adversarial entanglements.

Make sure that proper first aid is available and administered by a knowledgeable person. Afterward, investigate—swiftly and openly—the cause of the accident and take immediate action to prevent the problem from happening again.

- **Be committed to early intervention.**

Getting the earliest—and most appropriate—treatment possible increases a worker's chances of returning to a productive life. It also helps prevent more serious and costly reinjuries to workers who go back to work before they are fully recovered.

- **Recommend appropriate physicians.**

Recommend or direct injured employees to physicians who are return-to-work oriented, if state law allows. The doctor's treatment plan should include measurable objectives, including short- and long-term goals, and periodic progress reports. If you have doubts, arrange for an independent medical examination. It's not only your right; it's your responsibility.

- **Beware passive therapy.**

Watch out for treatment that relies solely on bed rest, painkillers, massage, heat packs, ultrasound or traction. These passive modalities may be useful initially, but they are only temporary appeasements that, if continued, may do more harm than good.

Be warned that reliance on feel-good therapy can be a direct route to dependency, physical deconditioning and chronic pain syndrome behavior, characterized by a debilitating attitude of defeat. This behavior can prolong disability and lessen the chances of the employee ever returning to work.

- **Insist on active rehab to offset deconditioning.**

Inactivity due to injury causes rapid loss of strength, flexibility and endurance—deconditioning. University of Washington research asserts that people who take to their beds can lose up to 3% of their muscle strength in just one day. When these same people try to resume their normal work activities, it is painful, and the result is often interpreted as a "reinjury."

To counteract this situation, injured workers need active therapy that emphasizes full-body reconditioning: stretching, strength training, neuromuscular conditioning and work simulation activities keyed to the worker's ability and tolerance.

The push to retrain employees for less physically demanding jobs is laudable and appropriate in some instances. But, for the majority, restoring strength with an active reconditioning program and then returning the employee to his or her old job is more cost-effective than retraining, especially when you consider the substantial investment of time and money required to retrain an injured worker for another vocation.

Whether an injured employee is ready to return to work can be difficult to determine. Look for a therapy program that includes work capacity testing, which helps physicians, insurance companies and employers establish a worker's return-to-work readiness. Results can facilitate job placement and determine job modifications, if needed. In addition, work capacity testing can be useful for pre-employment screening.

The physical rehabilitation program prescribed by the doctor should offer customized, work-oriented programs that teach proper body mechanics. There should be therapeutically supervised exercises to teach injured construction workers, for example, how to move cinder blocks correctly, housekeepers how to make beds and vacuum floors, secretaries how to type and file and stockmen how to move boxes.

Work as a team with all professionals involved: doctors, physical rehabilitation professionals, vocational rehabilitation specialists and insurers. Don't expect the insurance company or anyone else to assume total responsibility for case management, treatment or follow-up of your injured employee.

Whatever you do, don't let the injured employee get out of the habit of working or get into the habit of learning to be comfortable with a disability lifestyle.

When workers have been disabled, get them back to work as soon as possible, even with reduced hours or "make work" tasks. The longer employees stay off the job, the less likely they are to return to work. A study of injured workers at Weyerhaeuser Co. showed that after 52 weeks of disability, only 25% of injured workers are likely to return to work. This and subsequent data also indicate that after two years, the return-to-work rate is nil.

Whenever possible, you should have the injured worker return to physically stressful work gradually. You must make sure the treating physician understands the employee's job tasks and physical demands so that the doctor can make the best decision about return-to-work limitations. Insist on having the information you need, such as work capacity testing that gives objective facts about an employee's ability to perform the job.

Don't demand return to full-time work without making sure that the employee has successfully completed a good reconditioning program that restores strength, flexibility, coordination and endurance. Otherwise, you're asking for reinjury and failure.

When employees finally get back to work, it's very important to welcome and psychologically reintegrate them into the work force. Re-entering workers may well be fearful and worried about their ability to "hold their own" and to "do their share" of the work. Watch these employees closely, recognizing that their poor body mechanics, lack of physical fitness and poor judgment may have caused the problem in the first place.

Carefully monitor sick leave. Several days of sick leave a year may be expected. But if it's longer, look out. You may need to find this employee another job that is less stressful.

There are several other things you can do to discourage injuries and stave off chronic, permanent and expensive disabilities:

- **Maintain good morale.**

An employee with a grievance is like an accident looking for a place to happen. If your workers are disgruntled, they are more likely to file disability claims. On the other hand, when injuries happen to contented employees, the resulting disabilities are usually less severe.

- **Pay attention to ergonomics.**

Think of yourselves as "work engineers." Listen to your employees, and together create the most efficient work environment possible. Try to minimize or eliminate repetitive bending, stooping and twisting. And take a critical look at your equipment. It's far easier and less expensive to replace a bulky or inefficient piece of equipment than to "repair" or replace an employee.

- **Train your employees.**

Because newer employees tend to have more back injuries overall, it is wise to conduct apprenticeship programs that stress good work habits, safety and the maintenance of a healthy lifestyle on—and off—the job. Periodic group training should emphasize proper body mechanics, including lifting and material handling, standing, sitting and sleeping postures. It also is a good idea to foster the notion that employees are ultimately responsible for their own health care and injury prevention.

Training should not be limited to blue-collar workers. Physical-related disabilities have been mushrooming among white- and pink-collar workers, too.

- **Promote physical fitness and good work habits.**

Numerous statistics support the notion that the physically fit are less likely to have back injuries. If an injury does occur, it is usually less severe and the recovery time is shorter.

To help curtail work-related injuries, consider offering informational programs on weight control, physical fitness, back injury prevention and other health-related issues. Make sure your supervisors are vigilant in correcting poor work habits as soon as they are detected.

Finally, this reminder: If you require speedy work without regard for safety, you're asking for trouble. ■

Dr. Michael A. Sommer is national medial director for CHART, a San Ramon, Calif.-based national network of outpatient physical rehabilitation centers.

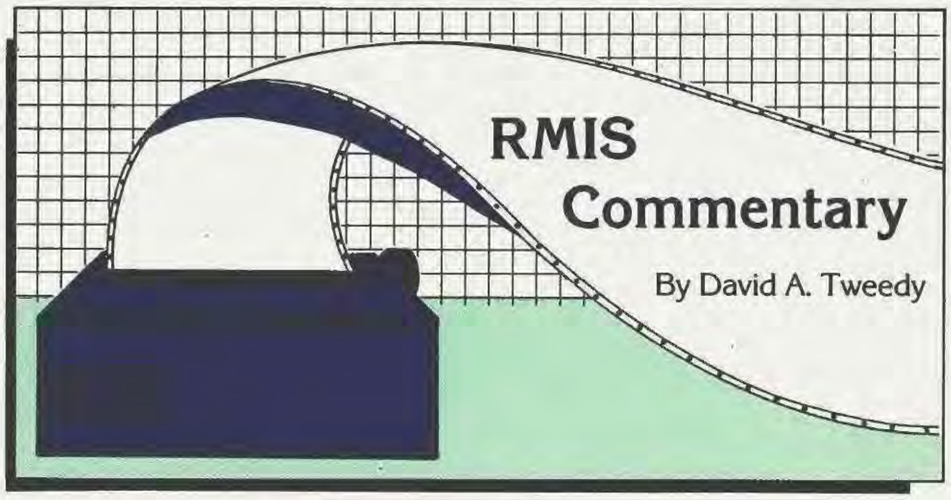
Role of the risk manager

Seminar focuses on communication with management

SOME OF THE GREATEST FEARS and challenges that the risk management community faces in this decade were summarized during the second annual "Risk Management Roundtable" sponsored by a major brokerage firm and held in Seattle earlier this month.

At the core of all of those issues is communication with senior management, a subject I addressed with Brian Casey, director of risk management at toymaker Hasbro Inc., of Pawtucket, R.I. Titled "Communication Strategies for Today's Risk Manager," the interactive seminar assembled some of the Northwest's most prominent risk managers to discuss the practical strategies for risk management professionals in these difficult times.

Following are some of the topics raised during the discussion.



• **How does the chief executive officer/chief financial officer see the role of the risk manager?**

As could be expected, there were conflicting answers here. Effective risk managers demonstrated that they were an asset to the firm—and were perceived as such by bosses and the corporation—in areas of cost reduction/containment or providing specialized expertise in areas like directors and officers liability, environmental impairment or risk financing.

Some risk managers face the problem that their department's function was unknown or mysterious to the rest of the company, a "black-box" operation, so to speak. In those situations, CFOs either ignored the risk manager as simply an "insurance manager," replaced him or her with the services of a broker or consultant, or downsized by splitting up the function among other technical personnel—accounting, legal or human resources.

What is the bottom line in both situations? Communication—either effective or a lack thereof. Those risk managers able to effectively demonstrate a broad and deep understanding of the organization with all its exposures, assets and liabilities, not just from an insurance perspective, but a business/strategic management perspective, were the ones who were effective and perceived highly in the eyes of their superiors. Those that weren't perceived as such are at risk.

Effective communication was seen as both a horizontal and a vertical process. In horizontal communication, the risk manager becomes an information resource or clearinghouse, the center of an extensive network of strategic alliances within the organization at the staff department head level and outside the organization with professionals like attorneys, accountants, brokers and consultants. Vertical communication is that between the risk manager and his or her superiors—including the CEO; the CFO; the heads of legal, human resources and manufacturing; and even the board itself.

• **What are the key strategic issues facing risk managers in the 1990s?**

Overwhelmingly, the reduction of the cost of risk was cited as the most important pending issue. Achieving cost containment through medical cost management/case management in workers compensation; possibly combining workers compensation with group health and disability, such as 24-hour coverage; focusing on reducing the cost of litigation within the claims function; and more successfully auditing claims operations, whether handled by a third-party administrator or self-administered, were the most important impact areas.

• **How will downsizing affect the risk management department in the 1990s?**

The impact of downsizing, like all of the other topics, could have consumed the entire discussion. All agreed that it is most unlikely—with few exceptions—that risk management staff would increase during a recessionary period. In fact, the risk management department would do well to maintain current staff levels.

More probably, many cited examples of being given increased responsibility—obviously those who were effective in their job, demonstrating their worth, eliminating the image of the "black-box syndrome"—with no increase in staff. This, of course, leaves risk managers in a very difficult position. How can they take on increased responsibility and still maintain an image as a corporate information manager?

"Delegation," says Mr. Case of Hasbro. Even though the risk manager may not have a personnel responsibility for some of the line managers at different manufacturing locations, for example, he or she can delegate the responsibility of following up on claims reporting, attending to injuries immediately, looking for light-duty opportunities and the like.

• **What are the solutions to these problems?**

How does one increase visibility, defuse the "black-box syndrome," and handle the increased responsibility without additional staff?

Faithful readers of "RMIS Commentary" must know the answer to this one. Obviously, the answer is a risk management information system. An information system is probably one of the most effective tools that a risk manager has in his or her arsenal to address these issues.

• An RMIS, properly designed and implemented, is an excellent communication tool. The most obvious communication methods are the report, floppy disk or on-line access through a network or mainframe system by a multiple number of end users.

The most typical mode of communication with senior management is through the written report. Today, still, most RMIS vendors have not figured out how to provide "canned" reports that are concise, accurate and easy to read. All agree that senior managers are not interested in lengthy narrative; instead, the reports must be one or two pages maximum, contain meaningful graphics and be almost instantly understandable by the recipient.

Clarity, conciseness and visual reinforcement are the keys here. Some RMIS vendors have an excellent ad hoc report writer from which the risk manager can compile good reports.

Horizontal communication is improved by allowing those within the "strategic network" to tap into the "computer network" of the RMIS. These line and staff managers can also receive more detailed reports on a quarterly, monthly or more-frequent time interval.

• Dealing with strategic issues.

The RMIS also effectively allows the risk manager to deal with current, difficult issues: cost reduction/containment, auditing third-party providers, risk financing analysis, loss control analysis and others.

In past columns, I have gone into detail on how an RMIS will assist in the cost containment aspect through medical and legal management software. Bill review, medical appropriateness and legal-charge appropriateness are all designed to assist the risk manager in watching costs. Furthermore, a system is very useful in performing a claims provider audit, in such areas as reserving, adjuster efficiency, file closure analysis, settlement analysis, and measuring the efficiency upon which claims are reported and acted upon by the claims organization.

One emerging key use for a system is in the area of fraud detection in workers compensation. Through the use of a neural network, a system can combine may different claim facts, including: type of claim, medical provider, plaintiff attorney, claimant location and claimant past history. An RMIS can analyze vast amounts of this data and come out with potential correlations that might lead to the detection of fraud.

Certainly, an RMIS has been historically helpful in allocating loss costs in a variety of ways across departmental/location structure. It is an excellent tracking device for exposure areas, and can keep good records of information such as property values, locations and vehicle lists. An RMIS also enables a risk manager to perform comparative analyses on various risk financing options.

Finally, the system is essential in assisting the risk manager/safety manager in charting loss frequency and severity by such factors as location and time of day to zero in on problem areas.

• Downsizing difficulty.

The tendency toward the risk manager assuming more responsibility—with less staff—in these downsizing days can be addressed by an effectively designed RMIS. A risk manager can delegate work to other people and monitor performance through the use of the RMIS. This will be augmented if the recipients of the data have access to the system and can actually perform many of the monitoring/management functions by using the RMIS.

This roundtable presented very interesting and sobering perspectives on risk management in the '90s. While the RMIS is not the panacea to those problems, it can certainly aid the risk management professional in proving his or her worth; increasing visibility within the corporation, especially senior management; and, in some instances, function as that missing or replacing staff person, if the downsizing virus attacks. ■

David A. Tweedy is a senior consultant for Betterley Risk Consultants Inc. in Worcester, Mass. He is the editor of Betterley Risk Management Commentary and the author of RMIS Update, a yearly publication analyzing major risk management information systems and vendors. Mr. Tweedy's column on risk management information systems appears the third Monday of the month.

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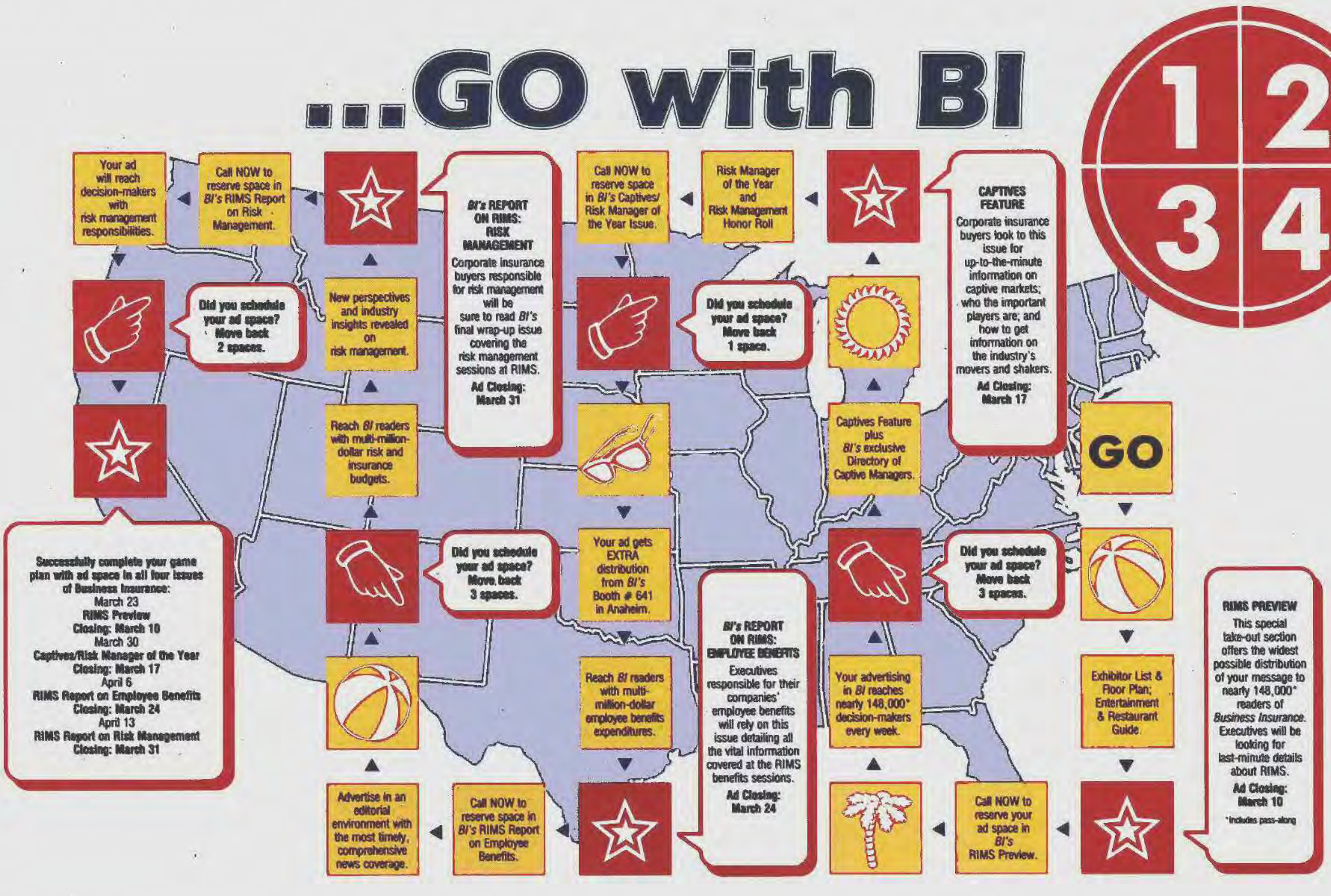

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Business Insurance
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UR firms, doctors debate regulation

By CHRISTINE WOOLSEY

CHICAGO—Regulation of utilization review firms is fast becoming a battleground where proponents of health care cost containment and providers slug it out, says a health lawyer.

UR firms want to guard their proprietary clinical protocols, which they say help reduce inappropriate medical care. Providers, on the other hand, say UR firms are in essence practicing medicine and therefore should make their protocols public.

And, providers say, they are tired of dealing with hundreds of review firms, some of which are so busy denying reimbursement that they lose sight of ensuring quality medical care.

State and federal legislators are responding to provider complaints by introducing measures designed to require UR firms to follow specific operational guidelines, said Richard A. Hinden, an attorney with Altheimer & Gray in Chicago.

Unfortunately, "state regulations have fallen on the side of providers who, for the most part, are more interested in guaranteeing access to care rather than reducing the cost of care," Mr. Hinden said during a session at a National Health Lawyers Assn. meeting held March 12-13.

Some state UR regulations are not that controversial, he said. For example, some states require UR firms to provide 24-hour telephone access, a toll-free phone number identification of owners, time limits for UR determinations, a clearly explained appeals process and payment of filing fees. Such laws have been passed in about 22 states, he said.

Other states require UR firms to provide customer lists or lists of employee qualifications and information on any disciplinary actions taken against the firm—even if the action was not UR- or health care-related.

More controversial are state regulations that require physician involvement in all UR determinations, Mr. Hinden said. "Questions arise about when that physician involvement is necessary: at initial contact, only if an adverse determination is contemplated or only on appeal," he said. It also is unclear whether UR physicians must be of the same speciality as the attending physician, must be a local resident or be licensed locally.

Other, more prohibitive measures have been termed "anti-managed care laws," he said. For example, Maryland prohibits UR firms from directing patients to specific providers, a cornerstone of many health maintenance and preferred provider arrangements.

Federal legislation also may limit managed care activity. One example is H.R. 1565, the Health Equity and Access Reform Today —or HEART—bill introduced in March 1991 by Rep. Nancy Johnson, R-Conn. It would restrict reimbursement negotiation or selective contracting and limit financial disincentives to use of a non-plan provider on a non-emergency basis, according to Mr. Hinden.

State and federal requirements calling for the release of UR standards, though, are causing the most controversy, he said.

Providers insist that UR firms are telling them how to practice medicine, he said. And, providers argue, if a UR firm is going to inform an employer that a procedure shouldn't be paid for, it should be required to give the reasons why.

States are responding to that argument in various ways, Mr. Hinden said. Some, for instance, stipulate that any medical protocols used by UR firms must be developed with physician input.

Other states, however, are taking tougher steps that UR industry officials say will stifle the market's competitiveness and vendors' ability to come up with innovative products and services.

UR firms complain that they have spent millions of dollars inventing clinical protocols for their review systems and do not want to share their trade secrets with their competitors, Mr. Hinden noted.

Nevertheless, at least five states —Connecticut, Georgia, Hawaii, Kentucky and Texas—now require UR firms to disclose the clinical criteria and protocols they use to make their decisions and/or require the use of specific clinical criteria, Mr. Hinden said.

The UR industry, health insurance trade groups and others have responded to state regulation by creating their own guidelines and protocols, he said. One group—the Utilization Review Accreditation Commission—has developed a set of voluntary guidelines designed to increase the quality of UR services. URAC recently accredited its first 17 companies (*BI*, March 16).

A URAC stamp of approval is an acceptable certification in some states, he said. Other states model their UR regulations to match URAC guidelines, while others cherry-pick some URAC guidelines and add others, he said.

The American Medical Assn., the Health Insurance Assn. of America and the Blue Cross & Blue Shield Assn. also have cooperatively released a set of UR guidelines (*BI*, Jan. 22, 1990).

However, Mr. Hinden said, "who will be the deemed entity (to regulate UR firms) is up in the air." ■

CICA's future

Continued from page 3

many issues that are expected to arise as regulators debate "how captives will fit into a federal regulatory scheme," he said, referring to proposals in Congress to require federal oversight of insurer solvency regulation.

CICA's board will meet within two months to address CICA's future direction, said Martin Hahn, risk manager at Berwind Corp. in Philadelphia and CICA's conference program director.

While major changes affecting captives recently have been proposed, "not a voice was raised" among CICA members, commented P. Bruce Wright, a tax attorney with LeBoeuf, Lamb, Leiby & MacRae in New York. Mr. Wright urged CICA to "start thinking of getting a structure together to present your views in appropriate forums" before legislation is enacted affecting captives.

"You represent the captive movement, and there is a leverage that is not being used," agreed Hugh Rosenbaum, a principal with the Tillinghast division of Towers, Perrin, Forster & Crosby in Stamford, Conn. CICA should first become more involved in lobbying efforts, he said.

CICA should also become a centralized data collection and information source on captives, he said. "Think of what the influence of good information would be on regulators." If a data base were set up, CICA could attend meetings of regulators and tax officials and be "the organization that validates captive information."

It also would be advantageous for CICA to establish standards for captive operations and a program of accreditation for captives, Mr. Rosenbaum said.

He also suggested that "there is a need for your own fronting company," and that if CICA members used a single fronting company, regulators would be less troubled with fronting arrangements.

CICA also "should consider a captive guaranty fund before it is imposed on you. . (by) suspicious regulators," he said. Then, members could be the "gatekeepers for captive financial security."

In a question and answer session following Mr. Rosenbaum's remarks, an audience member said CICA "has not kept up with the overall growth of captive formation," and that "we need a young, aggressive, innovative and energetic person working full-time" on issues that concern members.

In an interview at the conference, two top CICA officials said CICA's board would consider all suggestions from members.

"More than ever we have a common rallying point" as a result of "legislative threats" to the way captives operate, said Jeff Adams, director-subsidiary insurance services at General Electric Capital Corp. in Eden Prairie, Minn., and a CICA director.

In 1982, when a proposal surfaced in Congress to allow tax deductions for premiums paid to captives, members decided "we should not be a lobbying group," said Mr. Dunn, CICA's current president.

But now that national and state regulatory proposals could again affect captives, "we can become more aggressive," he said. "The question is, 'Do we want to be?' "

At an April meeting, the board will decide what course CICA will take, officials said. "Maybe it will just be improving information dissemination. Or maybe we'll hire an executive director or a lobbyist," Mr. Adams said.

Meanwhile, having Vincent Laurenzano, chief of the New York Insurance Department's Property Companies Bureau and head of the NAIC working group drafting the fronting model law, attend the CICA conference "was a tremendous opportunity for him to see our point of view," Mr. Adams said. "Our board had the opportunity to meet with him, and he seemed to me to be willing to listen.

"His concern is that fronting insurers will give up their management of a captive program, which could lead to insurer insolvencies. But we mentioned to him that there are ways for management to stay aware" of potential problems with a captive, Mr. Adams said.

"When we met with Mr. Laurenzano in 1991, his concern was that fronting insurers gave us their pen. But we don't have that kind of influence," Mr. Dunn said.

"Since 1991, we have come a long way toward establishing credibility for captives' funding mechanism," Mr. Adams added. "We were able to show (regulators that) the front does not get disinvolved in management" of captives.

Mr. Adams added that Mr. Laurenzano's presentation of the NAIC's viewpoint on fronting was encouraging (see story, page 29). "It's a good starting point."

"But I hope we're not seen as the lion's den. After all, we're the consumer he's supposed to be protecting," Mr. Dunn added. ■

Advertiser Index

Issue of March 23

Business Insurance

Regulator, RIMS official debate fronting proposal

By LOUISE KERTESZ

RANCHO MIRAGE, Calif.—The feeling is mutual between insurance regulators and the captive insurance company owners——and that feeling is distrust.

"I feel like I'm stepping into the lion's den," said Vincent Laurenzano, chief of the New York Insurance Department's Property Companies Bureau, at a session on proposed fronting regulations at the Captive Insurance Companies Assn. Inc. conference here early this month.

Mr. Laurenzano is chairman of a National Assn. of Insurance Commissioners' working group that is considering a model act, entitled "Limitations on Reinsurance Activities of Insurers," that would place limitations on fronting activities (*BI*, March 16).

The proposal in its current form is opposed by risk managers, who contend it would destroy many captive programs.

"Fronting is a solvency issue," and the NAIC's position in considering placing limitations on fronting is "to enhance solvency," Mr. Laurenzano explained.

"Fronting has been a factor in several (insurer) insolvencies," he added.

Regulators become concerned when insurers cede large blocks of business to unlicensed underwriters, especially offshore reinsurers, according to Mr. Laurenzano.

"Lulled into a false sense of security," fronting insurers may fail to scrutinize the capitalization of their reinsurer, the New York regulator said.

Mr. Laurenzano outlined the "significant differences" between fronting and other reinsurance programs that concern regulators.

First, in a fronting arrangement, "the entire premium is ceded" to the reinsurer, so the fronting insurer cannot use the premium to pay losses, he explained.

Second, the fronting arrangement creates an exposure to the front's capital, in that the fronting insurer is not in control of the business that is being written and, unlike a primary insurer, the front can't adjust rates, Mr. Laurenzano said.

The NAIC working group is involved in "a difficult and controversial project," he said. "The proposed model act doesn't attempt to ban fronting" but, rather, it "sets limits" to the practice.

Mr. Laurenzano said he also wished to "correct a misconception" about how the NAIC's model act on fronting originated.

"It is not a New York state initiative. We were directed by the officers of the NAIC to chair a working group to come up with limitations on fronting," he explained.

The NAIC working group is involved in 'a difficult and controversial project,' says the NAIC's Mr. Laurenzano. 'The proposed model act doesn't attempt to ban fronting' but, rather, it 'sets limits' to the practice, he adds.

Arguing against overly burdensome regulations on fronting arrangements, Paul Brown, general counsel and director of government and public affairs for the Risk & Insurance Management Society Inc., addressed the CICA audience after Mr. Laurenzano.

"Captives have been the most important catalyst for the development of risk management skills," Mr. Brown said. But "regulators have an inherent distrust of the alternative market."

Nevertheless, "the alternative market is here to stay, and we're trying to educate the regulators on its virtues. We will fight any effort to eliminate or curtail that marketplace," Mr. Brown asserted. "Consumers just will not let that happen."

Captives provide significant income to states like Vermont, he pointed out. But, he noted, Vermont regulators are "not as involved as we would have hoped" in the debate over the model act to limit fronting.

The current draft of the NAIC model act is "more workable and reasonable" than previous versions, Mr. Brown said. "We've come a long way" from a first draft that banned fronting altogether, he said (*BI*, Dec. 10, 1990).

Still, "a growing number of regulators—including those from Vermont, Colorado, Hawaii and Illinois—are not enamored of this act," Mr. Brown noted. As a result of "good dialogue," regulators have come to accept that "the alternative market is valuable."

Meanwhile, in response to concerns raised in another session, Mr. Brown said the property/casualty insurance market is not in "regulatory turmoil. . . .State regulation is working."

Although the federal government may try to play a role in insurer solvency regulation, "I don't see that happening, at least for awhile. If Mr. Dingell thinks he can do better, I'd like to see him try," commented Mr. Brown. The RIMS official was referring to a legislative outline by Rep. John D. Dingell, D-Mich., that would place oversight of insurer solvency regulation with the federal government (*BI*, Aug. 12, 1991).

In response to a question from the audience following the session, Mr. Laurenzano noted that the debate over the model fronting act has been a learning process.

"We have a new appreciation for single-parent captives," he said.

In answering a question on whether regulatory activities will proceed at a slower pace in the future, Mr. Laurenzano predicted, "You'll see a slowdown of the regulatory process. . .I don't see major regulatory issues (emerging) in the next several years."

"Why do we need more regulation? What are the NAIC's objectives" in considering a model act on fronting, asked Peter Gerken, vp at Oilmen's Insurance Plan, a Bermuda-based specialty reinsurer for petroleum marketers. Mr. Gerken also is CICA's vp in charge of legislation.

Mr. Laurenzano responded that the NAIC seeks "to enhance solvency. . . .Insurance companies have in the past mismanaged their operations. We tried to institutionalize sound business practice" when an insurer is acting as a fronting company, he said.

A fronting insurer must exercise sufficient "oversight" in dealing with unlicensed reinsurers, because the fronting insurer's capital may be at risk.

"Unfortunately, we need regulation to force people to do things that good common sense requires," Mr. Laurenzano said.

But Mr. Gerken responded that "more regulations will stifle economic activity."

Mr. Laurenzano replied that insurance companies are custodians of other people's money. "They need to be regulated, whether they like it or not," he said, adding that less regulation would be required "if they kept their fiduciary responsibility uppermost."

"There will always be failures," conceded Mr. Laurenzano, and a regulatory system that tries to ensure that no failures ever occur could be "suffocating" to the industry.

But he asked Mr. Gerken to understand "there are people who don't operate as well as Oilmen's."

Another audience member charged that increasing regulation of captives would be "throwing out the baby with the bath water."

"If it's 'Rosemary's Baby,' maybe we should," Mr. Laurenzano replied. ■

CICA's role discussed at conference

RANCHO MIRAGE, Calif.—The Captive Insurance Companies Assn. Inc held its 19th annual conference March 1-4 in this new California desert city, which coincidentally will celebrate its 20th birthday in 1993.

Appropriately for an organization moving out of its teens, there was much discussion at the conference about what CICA's identity and role should be. Talk centered on the increasing regulatory focus on captive operations (see story, page 3).

But the 200 attendees still found time for golf, tennis and walks along desert trails surrounding the conference hotel, the Ritz-Carlton Rancho Mirage. Attendance at the conference was down from 230 in 1991.

Next year's conference will be held March 21-24 at the Loews Ventana Canyon resort in Tucson, Ariz.

For more information, contact CICA at 205 E. 42nd St., Suite 1504, New York, N.Y. 10017-5779; 212-687-4501. ■

Growth for captives is forecast

By LOUISE KERTESZ

RANCHO MIRAGE, Calif.—Even "if the soft market lasts forever," the number of captive insurance companies still will grow steadily, a consultant predicts.

But growth in the number of new captives formed could speed up if the practice of insuring employee benefit programs through captives "catches on," predicts Hugh Rosenbaum, a principal at Tillinghast, a division of Towers, Perrin, Forster & Crosby in Stamford, Conn. Mr. Rosenbaum spoke at the Captive Insurance Companies Assn. annual meeting earlier this month.

Currently, captive formations are leveling off, Mr. Rosenbaum said. In 1991, the total number of captives worldwide rose 7% to 3,280 from 3,065 in 1990, according to Tillinghast. He estimates that the total will increase 8% to 3,530 in 1992 and will climb to 4,100 by 1995.

According to Mr. Rosenbaum, the 1991 breakdown by domiciles is: Bermuda, 1,240; domestic U.S., 750; Cayman, Barbados, Bahamas, 585; Dublin, Luxembourg, Isle of Man, Guernsey, 515; and all others, including Singapore, 200.

Of the 163 new captives formed in 1991, half were formed by non-U.S. owners. Of the 75 new U.S. single-owner captives formed in 1991, 55 were domiciled offshore, Mr. Rosenbaum said.

Worldwide, Mr. Rosenbaum estimated that captive premiums remained at $10 billion in both 1990 and 1991, though captives' assets grew to $23 billion in 1991 from $19 billion in 1990, and capital and surplus grew to $11 billion from $10.5 billion.

Captives are generating about $100 million in total captive management fee income, "another reason why this captive scene keeps rolling on," Mr. Rosenbaum quipped.

Although most captives were originally started to write property coverages, half now write liability coverages including workers compensation, he noted.

Mr. Rosenbaum said captive formation could pick up: when the market hardens; if there is a "next crisis," which he explained would occur "if a big insurer goes down"; if companies decide to prefund post-retirement medical benefits through captives; if more favorable tax developments affecting captives occur; and because of the "promotions and perks" involved in having a captive, which he said were "far from negligible."

"I'm an optimist. I see that business increasing," he said.

However, he said there are reasons why the growth of captives might slow, including: excess capacity; competition from other forms of self-insurance; opposition from the National Assn. of Insurance Commissioners; and the rising costs of operating a captive. ■

Financial reinsurance to increase: Broker

By LOUISE KERTESZ

RANCHO MIRAGE, Calif.—**CICA** Regulators may be leery of some financial reinsurance transactions, and others may label it "unsavory," but financial reinsurance has legitimate applications, a broker maintains.

As a result, "financial reinsurance will tend to grow," Charles L. Ruoff, a senior vp at Sedgwick James Inc. in New York, asserted at a session of the Captive Insurance Companies Assn. Inc. annual meeting earlier this month.

The label "financial reinsurance" can be applied to almost any reinsurance transaction in which anticipated investment income is an acknowledged component of underwriting, and in which the reinsurer's ultimate liability is capped.

Financial reinsurance and traditional reinsurance will "tend to blend" as insurance companies increasingly design their protection "partly of financial and traditional reinsurance," he said.

The financial reinsurance market is currently estimated at between $3 billion and $4 billion in the United States and 1.5 billion pounds ($2.57 billion at current exchange rates) in the London market, Mr. Ruoff said.

Regulators are leery of financial reinsurance because "they are concerned with potential abuses," he explained. They fear that financial reinsurance "can create an incorrect view of an insurer's financial results" by manipulating them so that, for example, "loss ratios can be masked." And regulators worry that financial reinsurance could even mask an insurer's insolvent condition, he said.

Regulators are on guard about financial reinsurance because, in the wake of nationwide savings and loan failures, "the perception in the press is that insurance regulation is asleep at the switch," he said.

"But like anything else that can be abused, financial reinsurance has not been created for that purpose," and it has several useful applications, he said.

Another reason that regulators are uncomfortable with financial reinsurance is that it is difficult to define. "You'd like to define it if you could," Mr. Ruoff said. "It's hard to define, but when you see it, you know it."

Various transactions carried out "to improve weakened balance sheets" are forms of financial reinsurance, including the time-and-distance policies popular in the London market, Mr. Ruoff observed.

Financial reinsurance is different from traditional reinsurance, under which the reinsurer must follow the form of the ceding insurer's policy and indemnify the ceding insurer when claims are made against that original policy.

The traditional reinsurer "does not know the ultimate amount of the claim payment or when it must be made," Mr. Ruoff explained.

By contrast, the purpose of financial reinsurance is to "indemnify the ceding insurer against unwanted changes in balance sheet or income statement values," he said. "Future investment income is used to set the amount of protection, and the financial reinsurer caps its ultimate liability." Unlike in traditional reinsurance, the financial reinsurer's risks are known in advance, Mr. Ruoff explained.

Financial reinsurance can be used to:

- Reduce exposure to loss reserve development.
- Stabilize underwriting ratios —for example, maintain a specific combined ratio rather than allowing it to rise.
- Protect against uncollectible reinsurance recoverables.
- Provide an orderly retirement from a line of business.
- Assist in mergers and acquisitions of insurance companies.

Mr. Ruoff noted that financial reinsurance can also be used "to level out results" of operations and "hold a profit for a rainy day. You can use financial reinsurance to create a fund for a future year that may not be as good." But, he noted, this must be done with aftertax dollars.

Mr. Ruoff replied that he did not know of any ceding company that has been injured by the collapse of a financial reinsurer, though he noted that in most financial reinsurance deals, "all the marbles" are placed with one underwriter rather than many reinsurers.

Asked how a financial reinsurer should be evaluated, Mr. Ruoff said, "Our advice to a client is to look at the financials." But, he said, "like anything else in life, at the end of the day, you take a risk" in using financial reinsurance. ■

Risk retention groups may grow

Proposal on fronting may spur conversions

By LOUISE KERTESZ

RANCHO MIRAGE, Calif.—**CICA** The number of risk retention groups could grow if captives encounter fronting difficulties and decide to take advantage of the Risk Retention Act, an industry observer says.

Besides the costs that fronting programs present, single-parent captives are concerned about the extra reporting and compliance expenses that they may incur under a model fronting law being drafted by a National Assn. of Insurance Commissioners working group (*BI*, March 16).

One captive that became a risk retention group in 1991 is College Liability Insurance Co. Ltd., which was originally established in 1988 as an association captive domiciled in Hawaii.

CLIC, whose parents are a group of colleges, reorganized into a risk retention group because a satisfactory fronting arrangement could not be established for the captive, according to Karen Cutts, editor of The Risk Retention Reporter, which monitors developments in the Risk Retention Act.

The Risk Retention Act, which became law in 1986, allows special multiowner captive insurers—called risk retention groups—to operate nationwide to provide member-owners with all types of commercial liability coverages except workers compensation.

A risk retention group chartered in one state is free to operate nationwide without having to obtain prior rate and policy-form approval from every state in which it does business. And risk retention groups do not have to use licensed, commercial insurers as fronts.

Not only association captives but also single-parent captives may find it beneficial to convert into risk retention groups, Ms. Cutts said at the Captive Insurance Companies Assn. Inc.'s annual meeting earlier this month.

Companies with multistate franchises or subsidiaries might find it possible to link up with other companies in the same industry to form a risk retention group, she said. That would eliminate the need for a single-parent captive to obtain a fronting insurer licensed in each state in which a subsidiary requires coverage.

And in a "role reversal" of current fronting arrangements, companies might form a risk retention group and obtain reinsurance from companies that previously served as fronts for their captives, Ms. Cutts said.

"There is life after the fight with the regulators," observed Martin Hahn, risk manager for Philadelphia-based Berwind Corp. and program director for the conference. The possibility of captives "reversing roles" with fronting insurers by becoming risk retention groups is "very interesting," he said.

Although more companies might in the future consider converting their onshore captives into risk retention groups, risk retention group formations in 1991 slowed to a virtual standstill with only two new groups, compared with seven in 1990 and 13 in 1989, according to Ms. Cutts.

Risk retention groups surveyed by the Risk Retention Reporter last year projected 1991 premiums of $521.5 million, a growth of 15% from 1990.

And, Ms. Cutts noted that two new groups already have been formed this year.

"Even though the soft market impacts risk retention, it never takes the energy out of it. There's an energy in the Risk Retention Act. . . .The soft market will slow growth but will never stop it," she said.

But, unless there are "a significant number of new formations this year," risk retention groups' premium volume in 1992 will grow only slightly or could be "flat," Ms. Cutts said.

The growth is restrained not only because of the soft market and the recession, but because of the departure this year of two large risk retention groups, with a total of $40 million in premium, Ms. Cutts explained. Vermont-domiciled MEDMARC Insurance Co. Inc. became a fully licensed property/casualty insurer as of Jan. 1, and New Mexico-domiciled Environmental Risk Insurance Co. has become a surplus lines insurer, she said.

"The dynamic of the risk retention marketplace continues to surprise me," Ms. Cutts said. "You'll never know what will happen in the risk retention area."

The Risk Retention Act also allowed the formation of risk purchasing groups, Ms. Cutts observed.

Since the Risk Retention Act was enacted, 79 risk retention groups and 379 risk purchasing groups have been formed, she said. But four risk retention groups became insolvent and were placed into liquidation by state regulators, leaving the total at 75, she said.

Existing risk retention groups, by business area, are: health care, 23; manufacturing and commerce, 11; government and institutions, 10; professional services, nine; property development, seven; transportation, six; environmental, five; financial, two; and leisure, two, Ms. Cutts said.

Risk retention groups are domiciled in many states.

Thirty groups—or 40% of the total—are domiciled in Vermont, while Tennessee is the home of seven groups. Colorado has five groups, while Arizona has four.

Hawaii, Iowa, Illinois and Missouri have three risk retention groups. States with two groups include Georgia, Indiana, Maryland and Texas, while the following states have one group: Delaware, Florida, Michigan, Nebraska, Montana, Oklahoma, Pennsylvania and Virginia.

Nine states where risk retention groups are domiciled have captive laws; 11 do not. "Looking at how many risk retention groups have gravitated to states with captive laws, we find of the 75 risk retention groups, 53 are chartered in states with captive laws and 22 are not," Ms. Cutts said. ■

INTERNATIONAL

Kuwait Airways in coverage battle

Seeks $700 million for lost aircraft, parts

By STACY SHAPIRO

LONDON—A year after the end of the Persian Gulf War, Kuwait Airways Corp. still is trying to recover as much as $700 million in lost aircraft and spare parts—or receive full reimbursement—from Iraq or from the airline's aviation war risk underwriters.

A British High Court judge is expected soon to decide whether to quash a default judgment issued last year against Iraq and government-owned Iraqi Airways for $489.5 million. The High Court awarded the damages, which correlate to the market value of 10 seized Kuwaiti aircraft, after Iraq and its airline failed to answer a writ issued by Kuwait Airways (*BI*, April 8, 1991).

Iraq and Iraqi Airways have applied to the High Court to set aside the judgment, claiming sovereign immunity, confirmed Christopher Gooding, a partner at Clyde & Co in London, which represents Kuwait Airways and its underwriters. Justice Evans is expected to make his decision soon, possibly this week, Mr. Gooding said.

Meanwhile, Kuwait Airways is continuing litigation against its hull war risk underwriters to recover nearly $700 million of a total $1 billion insured loss that the underwriters refused to pay.

During the August 1990 Iraqi invasion of Kuwait, the Iraqi government seized 15 aircraft with an insured value of $691 million, plus $270 million in spare parts, says Andrew Pincott, senior partner for Elborne Mitchell, which also represents Kuwait Airways.

Ten of the aircraft have been traced. Six jetliners are in Iran, while four aircraft were destroyed on the ground in Iraq during the war. Five executive jets still have not been

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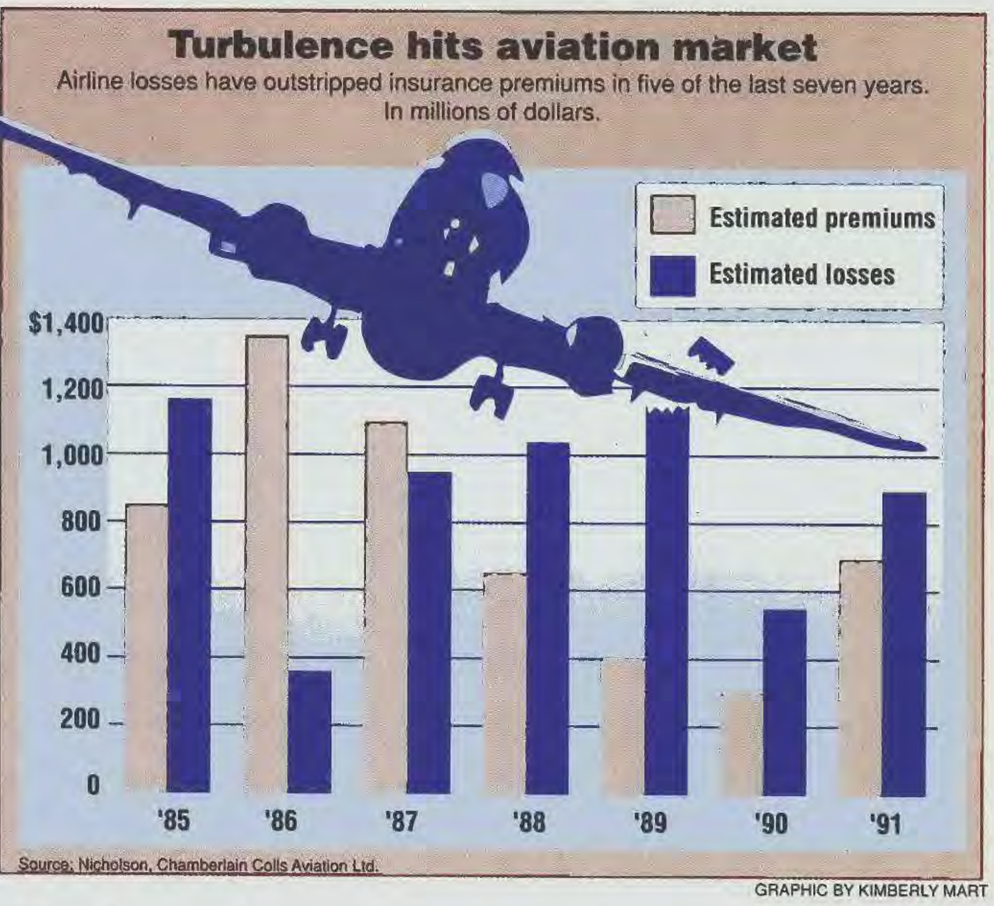

GRAPHIC BY KIMBERLY MART

Airlines complain about conditions sought by London aviation insurers

By STACY SHAPIRO

LONDON—Airlines' opinion of London aviation underwriters has plummeted following last year's coverage negotiations.

The airlines conceded at the end of last year that hull and liability rates had to rise in light of several years in which losses exceeded total premiums paid, airline officials said earlier this month at the seventh annual Airline Insurance Conference.

However, airlines were surprised that aviation hull war risk underwriters charged millions more in premiums during last year's Persian Gulf War, even though air traffic declined by 30% worldwide.

The airlines also were upset about increased deductibles for baggage and cargo losses instituted last year.

And they were astounded when, with no warning, aviation underwriters insisted during October renewals that airlines pay premiums more quickly. Although the underwriters backed down on this payment structure a month later, the blunder did not bode well for airline-insurer relations.

Last year has been described as "the worst period in the history of civil aviation," Sir Colin Marshall, deputy chairman and chief executive of British Airways P.L.C., told the conference's 75 delegates.

In the first three months of 1991,

Continued on next page

Lloyd's names' stop-loss premiums soar

By GAVIN SOUTER and STACY SHAPIRO

LONDON

LONDON—Many large Lloyd's of London syndicates are demanding huge increases in rates for the personal stop-loss coverage purchased by thousands of Lloyd's members.

Brokers, though, are refusing to accept the increases, and the dispute has delayed the formation of one of the largest stop-loss line slips in Lloyd's.

Meanwhile, Lloyd's has written to members warning them that unless they pay their cash calls, Lloyd's will accelerate the process that allows it to draw on members' deposits.

The joint stop-loss line slip placed by Holman Wade Group and Steel Burrill Jones Group P.L.C. is yet to be completed, said George Boden, chief executive of SBJ. However, underwriters have agreed to write more than 50% of the line slip's capacity and it should be fully completed in April, he said.

The slip is led by Eric Pieri, underwriter for syndicate 872, managed by Pieri (Underwriting Agencies) Ltd., and Michael Marchant, underwriter for syndicate 282, managed by M.J. Marchant Underwriting Ltd.

Both leading underwriters have agreed to lead the 1992 slip under the brokers' terms, said Michael Wade, chairman of Holman Wade.

However, following underwriters are demanding far higher premiums before they join the slip, he said.

The following underwriters refusing to join the slip include high profile syndicates including ones managed by Murray Lawrence & Partners, Merrett Underwriting Agency Management Ltd., R.J. Kiln & Co. Ltd., and Roberts & Hiscox Ltd., market sources say.

Under the terms of the 1992 slip, a member buying 250,000 pounds ($432,500 at current exchange rates) of coverage with a deductible of 10% to 15% would be charged 5,000 to 7,000 pounds ($8,650 to $12,110), Mr. Wade said. The same coverage was available last year for 3,500 to 4,500 pounds ($6,055 to $7,785), he said.

However, the following underwriters are asking for the new rates to be doubled, the coverage halved and the deductible increased to 20%, Mr. Wade said.

Senior market figures are using their influence to ensure that the line slip is placed.

Lloyd's underwriter and Deputy Chairman Richard Hazell recently held a meeting of underwriters to discuss the problem. And, senior brokers are meeting with underwriters in an attempt to persuade them to join the slip at the quoted premiums.

The brokers are said to include: Simon Arnold, chairman and chief executive of Bain Clarkson P.L.C.; Philip Wroughton, chairman of C.T. Bowring & Co. Ltd.; and Roger Elliott, executive chairman of Willis Corroon P.L.C.

Holman Wade/SBJ anticipates ultimately

Continued on page 33

Turkish quake claims may not top $15 million

By GAVIN SOUTER

ERZINCAN, Turkey—Insured damage from the series of severe earthquakes in eastern Turkey this month could total less than $15 million.

However, international reinsurers will probably receive claims as Turkish insurers and reinsurers cede most of their earthquake risk.

The first earthquake, which registered 6.3 on the Richter scale, hit near the city of Erzincan in eastern Turkey March 13. A second tremor, which registered 6.0, occurred March 15.

As of late last week, 479 people were known to be killed and more than 600 were injured, according to the Turkish embassy in London.

About 2,000 buildings were destroyed by the earthquake, said a spokesman for Alexander & Alexander Sigorta Musavirlik A.S. in Istanbul, Turkey.

Many of the buildings damaged exceeded four stories in height despite the known earthquake risk in the area, the A&A spokesman said.

Many of the damaged buildings were government-owned, including hospitals and schools. The government does not purchase earthquake insurance, he said.

Most commercial buildings in the area would be covered against earthquake damage, said Barbaroose Yalcin, fire manager for Milli Reasurans Turk Anomin Sirketti in Istanbul.

"Although the householders often do not buy earthquake coverage, the building societies that lend the money to buy the homes do buy earthquake coverage for the buildings," he said.

About 60% of the insured buildings are commercial structures and about 40% are residences, Mr. Yalcin said.

Among the severely damaged commercial buildings are a sugar factory and a factory producing agricultural products, he said.

Material damage estimates have not yet been compiled but the insured loss will probably not exceed about $15 million, or 20% of the 456.7 billion Turkish lire ($75.8 million) in earthquake coverage written in the area, Mr. Yalcin said.

Turkish insurers writing earthquake coverage typically cede most of the risk, he noted.

There are four domestic reinsurers in Turkey. All insurers are required to cede 25% of their reinsurance to Milli Reasurans T.A.S., which is nearly 50% owned by the state, he said.

Milli Re itself cedes much of its earthquake exposure to London and continental European markets, Mr. Yalcin said.

That coverage is placed in London by Willis Corroon P.L.C. and Leslie & Godwin Reinsurance Ltd.

The domestic market retains 125 billion Turkish lire ($20.7 million) of the earthquake coverage limits written in Erzincan, a spokesman for Willis Corroon said.

Around 20% of the coverage ceded outside of Turkey is placed in London and the remainder is placed in the German, French, Swiss and other continental markets, he said.

London has so far only received preliminary advisories about the insured damage, said Peter Roundell, chairman of Leslie & Godwin Reinsurance.

Some ceding insurers in Turkey have provisionally estimated losses of 5% of insured values in the earthquake zone, whereas others, which write only few risks in the area, are estimating losses of 80%, he said.

"It really is too early to make an accurate assessment of the damage and it will vary from company to company depending on their spread of business in the area," Mr. Roundell said.

The Turkish companies' reinsurance protection is written on both a proportional and excess-of-loss basis, he said.

Much of the lower layers of the reinsurance has been written in the continental European market, Mr. Roundell said.

"A lot of the bottom-end coverage of the catastrophe protection is written on the continent while the top end has tended to come to London," he said.

Turks traditionally have bought little insurance, but this is gradually changing, Mr. Roundell said. "There is a growing awareness of insurance in the country as they look more toward the West, and there has been a gradual increase in the purchase of insurance each year." ■

Airline complaints

Continued from previous page

the world's airlines were forced to cancel at least 30,000 flights as a result of the war, Sir Colin said. As a result, air traffic declined by as much as 30% from the previous year.

The world's airlines posted a $3.7 billion cumulative loss for calendar-year 1991, added Ralf Oelssner, director of corporate insurance for Lufthansa German Airlines and chairman of the conference.

Insurance-related problems contributed to airlines' woes.

"I do not suppose that there was ever more controversy between the airline industry and its insurers than in the early part of last year when war risk rates rose dramatically as a consequence of the crisis in the Gulf," said Sir Colin.

"Carriers operating in the Middle East area were charged many millions of dollars in additional premiums. In some cases the increase was 2,000%, climbing to as much as $100,000 to $125,000 a flight to so-called sensitive destinations," he said.

Meetings were held between the airlines and war risk underwriters through the auspices of the International Air Transport Assn. to protest the increases, said Sir Colin. "The industry's position was that the extra costs were unjustified, given the extensive precautions being taken by the airlines and that some limitations of cover being imposed were antiquated. Our arguments fell on deaf ears."

After the war ended, some airlines felt that the war risk insurance market in London had made "undue profits" and should return some of the premium by way of no-claims bonuses, said Sir Colin. Although the airlines held discussions, they decided not to take any action, because refunds from underwriters were unlikely, he said.

In addition, "recent events in Yugoslavia and their implications for the costs of insurance prompted the industry to reconsider the development of national and international war risk insurance pools," said Sir Colin.

But nothing has so far been developed, says Peter Lerwill, director of insurance for British Airways.

Meanwhile, during the last quarter of 1991, when 70% of the world's airlines renewed their coverage, hull and general liability rates soared. Hull rates on average increased 120%, while liability rates increased an average of 90%, said Lufthansa's Mr. Oelssner.

As a result, global airline premiums rose to an estimated $700 million in 1991 from $300 million in 1990, though total and partial losses rose to an estimated $900 million from $550 million in 1990, said London broker Nicholson Chamberlain Colls Aviation Ltd.

Aviation underwriters also increased baggage and cargo deductibles during that season in light of $300 million in "attrition" claims, which includes lost baggage. The baggage deductible rose to $1,250 per item from $500; the cargo deductible rose to $5,000 from $1,000 per cargo shipment.

In October, underwriters also insisted that 50% of premium be paid within 60 days of the coverage's inception, 25% within 90 days and the final 25% within 120 days.

Previously, insurers allowed airlines to pay 25% of their premium every 90 days (*BI*, Nov. 25, 1991).

Airlines were outraged at the way they were treated, airline officials said. Although they realized premiums would rise, they were taken aback at not being consulted before deductibles went up and about the accelerated premium payments.

"Airlines wonder why the hell no one talks to them," said Mr. Oelssner.

Underwriters did retreat from the premium payment schedule in November following meetings with outraged brokers, noted Peter Butler, managing director of Nicholson Chamberlain & Colls.

The adversarial stance between underwriters and brokers "is so unnecessary and can only be unhelpful for us both," he said.

Brokers prepared airlines for the price hikes at the end of last year and negotiated with underwriters to speed up the payment of premium. But before any decisions on payment were reached, "we were suddenly presented with premium payment schedules which were not only completely unrealistic and unworkable, but no effort had been made to communicate with the brokers on this issue and explain the reasoning," Mr. Butler said. "We had received no prior warning, and so how could we be expected to explain—let alone prepare our client for—an initiative with which we also fundamentally disagreed."

Following more meetings, the underwriters relented "but quite honestly the damage had already been done in terms of lost orders and, most importantly, lost confidence," said Mr. Butler.

The standard baggage and cargo deductibles remain, however.

'The industry's position was that the extra costs were unjustified. . . and that some limitations of cover being imposed were antiquated,' says British Airways' Sir Colin Marshall. 'Our arguments fell on deaf ears.'

"Why?" asks Mr. Butler. "What was the extent of the problem in each of these areas, and what savings are anticipated by the elimination or reduction of claims in these categories?"

Mr. Butler says he cannot believe that the experience of every airline is universally the same for lost baggage and cargo. Loss experience should be studied before across-the-board deductibles are imposed and airlines with good loss records are penalized, he said.

Generally, Mr. Butler would like aviation underwriters to present more information to airlines to justify their actions. If underwriters are losing money and need to boost rates, they should substantiate their losses.

"I really do believe that I should expect underwriters to be able to better demonstrate the true state of their account, and particularly that they should be able to substantiate any cause of action that they propose," he said.

"I want so much for our industry to adopt and maintain professional standards of which we can all be proud," added Mr. Butler. "I find it sad but true that many airlines do not hold the aviation insurance industry in particularly high regard, and certainly they would not describe us as a profession. We are often seen as not properly understanding our own business, so what right have we to ask to be understood?"

Sir Colin of British Airways added that he understands that airlines need a financially sound and stable aviation insurance market. However, he said, "unpredictability and instability of an important part of the airline cost base will, if not realistically checked, drive airlines to minimize dependence on inflexible sources of supply and create their own collective solutions."

Already, many airlines have captives to help fund their risks, said Martin Belcher, chief underwriter for Polygon Insurance Co. Ltd., a Guernsey captive insurer owned by three European airlines.

"I would regret a serious and irrevocable disruption of working relationships between the air transport industry and the commercial insurance market, and I hope that a new way forward can be found to serve our mutual interests," said Sir Colin. ■

Kuwait Airways suit

Continued from previous page

located.

The airline is seeking less from Iraq than it is from its insurers, because the amount sought from Iraq in the default judgment represents the market value of the 10 traceable aircraft. The amount sought from the insurers represents the insured value of all 15 aircraft, plus spare parts.

Following the confiscation, aviation hull war risk underwriters, led by Lloyd's of London underwriter Stephen Merrett, agreed to pay Kuwait Airways about $300 million (*BI*, March 11, 1991; Sept. 3, 1990).

The limited amount "was paid rapidly and to the credit of Lloyd's" and particularly to Mr. Merrett, who negotiated the payment, Mr. Pincott said.

But there is still a dispute over the "per occurrence" limit under the policy, he said.

The underwriters claim that $300 million is the total "per occurrence" limit the airline can recover under the hull war risk policy.

"We are clear that the takeover of the airfield with the aircraft on it led to the loss of the aircraft" and therefore was one "occurrence," Mr. Merrett said last week.

Kuwait Airways, however, claims that an "occurrence" took place each time Iraq flew an aircraft out of Kuwait, Mr. Merrett said. "We say the aircraft were lost before they were flown out," he contends.

The war risk underwriters also believe that coverage for spare parts was excluded from the hull war risk coverage, Mr. Merrett said.

As a result, Kuwait Airways continues to sue its underwriters to recover an additional $700 million not paid by the insurers, said Jonathon Barrett, a Clyde & Co. partner. Mr. Barrett spoke at the recent Seventh Annual International Airline Conference, sponsored by DYP Insurance & Reinsurance Research Group Ltd.

The lawsuit against the underwriters could be dropped if Kuwait Airways can recover its equipment and/or receive damages from Iraq and Iraqi Airways, Mr. Pincott said.

The United Nations has been involved in the effort to have Iraq and Iran return the aircraft and the spare parts, Mr. Pincott said. "It's all highly political." ■

Aviation overcapacity questioned

LONDON—Plenty of capacity still is available for airline risks despite big rate increases over the past six months.

Although the aviation excess-of-loss retrocessional market lost $1.5 billion in capacity during Jan. 1 renewals, twice as much capacity as needed is available for airline risks, says Tim Dumenil, aviation manager for Zurich Reinsurance Co. (U.K.) Ltd.

"We have a long way to go before (scarcity in capacity) will make a big impact," he said at the seventh annual Airline Insurance Conference here earlier this month.

There has been "no noticeable impact" following the dramatic contraction in the excess-of-loss retrocessional market three months ago, added Peter Butler, managing director of broker Nicholson Chamberlain & Colls Aviation Ltd. "It has astonished us how much capacity there is, and there's 30% or 40% more waiting in the wings."

Nevertheless, airline insurance rates are rising steadily, though the increases could become larger if capacity begins to markedly shrink, aviation insurers, reinsurers and brokers say.

Hull and liability insurance prices doubled during the last quarter of 1990, when 70% of the world's airlines renewed their coverage. But the glut of capacity has meant that underwriters cannot push prices even higher.

"We are presently entered upon what is euphemistically described as a 'hard market' in terms of the providers of insurance," said Mr. Butler. However, wise men say that "if only capacity would dry up or at least be severely reduced, then sanity can return to the market and the surviving underwriters can obtain a proper price for their products," he added.

Airline hull and liability rates have fluctuated with capacity for years. In the past, this "cycle" was fairly predictable and usually spanned eight years, noted Brian Beagley, Lloyd's of London's largest aviation underwriter for syndicates managed by Sturge Aviation Underwriting Management Ltd.

But in the 1970s and '80s, the aviation insurance cycle was "erratic," he said. Rates shot upward in 1984 after a series of losses and increased steadily until 1986 when they rose sharply, he said.

Airline premiums in 1985 totaled $850 million, rising to $1.35 billion in 1986, estimates Nicholson Chamberlain Colls.

However, "price-cutting" began in 1987, Mr. Beagley said. "This process accelerated sharply in 1988 and became pretty stupid in 1989 and 1990."

Estimated airline premiums dropped to $1.1 billion in 1987, $650 million in 1989 and $300 million in 1990, according to NCC.

Meanwhile, estimated total and partial losses grew from $362 million in 1986, to $952 million in 1987 and more than $1 billion both in 1988 and 1989 before falling to $550 million in 1990.

As rates fell, the aviation excess-of-loss reinsurance market grew, "driven by the increasing availability of retrocession cover," Mr. Beagley said.

He believes that London market excess-of-loss retrocessional coverage—the so-called LMX spiral—did not add any value to aviation underwriting, and "is responsible for the idiocy of the recent past."

The availability of low-cost reinsurance buoyed by cheap LMX retrocessional coverage "allowed (insurance) writers to lose money on their gross trading but to make adequate profits on a bottom-line basis," Mr. Beagley said.

By the beginning of 1991, some of the more intelligent insurers had become very concerned about the "dangerously low levels of prices," he said. Attempts were made to increase rates, but capacity and competition were still excessive, so "only minor success was achieved," he said.

However, by the end of 1991, underwriters had doubled hull and liability insurance prices. These price hikes followed a major contraction in the excess-of-loss reinsurance and retrocessional market for marine, non-marine and aviation risks in light of the billions of dollars in catastrophe losses paid by retrocessionaires.

Aviation insurers were able to increase prices by last October, according to Mr. Beagley, because:

- 70% of the world's airlines renewed during the last three months of the year.
- Reinsurers were "applying pressure" to insurers to increase rates.
- Insurers were concerned that they would see huge increases in their own reinsurance costs at year end.
- Underwriters became concerned about their personal futures. "You would be very insensitive as an underwriter if you were not worried about your future employment," he said.

"Sharp rate increases were essential; no one felt that prices would rise to equilibrium, but nonetheless the gap had to be closed," Mr. Beagley said.

However, "what happened next, I have to admit, surprised me and threw the underwriting markets into some confusion," he said.

Although airline rates soared during Oct. 1 renewals, rate hikes moderated for November and December renewals because additional capacity entered the market from new players that saw possible profits in aviation underwriting.

"Available capacity in the world was released onto a sick market," said Mr. Beagley. "A totally new global market emerged within days where, in order to achieve your share, you needed to undercut the leaders' price."

This new competition "undermined the structure and stability of the marketplace," he said.

The current "violence" in pricing "is causing insurers enormous problems," Mr. Beagley noted. "It will, in time, result in a contraction of capacity."

Mr. Dumenil of Zurich Re notes that aviation reinsurers still can find some excess-of-loss retrocessional coverage, which is necessary for the reinsurers to do business, though "spiral" coverages have been curbed.

However, "it's time for the simple use of the abacus again," said Mr. Dumenil. It is time for professional reinsurers to take a long-term view of the aviation market and educate ceding insurers and airlines about the need for professional underwriting, he said.

—*By Stacy Shapiro*

Aviation market consolidation seen

LONDON—Lloyd's of London's largest aviation underwriter espouses a controversial vision of the future with only a few major players writing the majority of the world's airline risks.

His predictions come at a time when four Lloyd's of London aviation syndicates have decided to merge, creating a syndicate with 100 million pounds ($173 million at current exchange rates) of capacity that will be led by one underwriter as of Jan. 1

Lloyd's aviation underwriter Brian Beagley—who already oversees 25% of the aviation capacity at Lloyd's—told the seventh International Airline Insurance Conference earlier this month that the London market soon may be composed of only three or four major aviation syndicates in Lloyd's and two major aviation insurance companies, including the British Aviation Insurance Group Ltd.

He also predicts there will be only two main aviation underwriting groups in the United States, two in Paris and several other continental European aviation insurers. Japanese underwriters would back these with reinsurance support, he said.

"What will emerge is fewer (aviation) insurers," said Mr. Beagley, chairman and managing director of Sturge Aviation Syndicate Management Ltd., which manages five aviation syndicates including Mr. Beagley's syndicates 960 and 998.

Insolvencies, the increasing cost of doing business and the contraction of the excess-of-loss retrocessional market justify this kind of consolidation, he implied.

Already, the aviation market is contracting at Lloyd's, others note. Most recently, aviation syndicates 824, 635 and 648, all underwritten by leading aviation underwriter Barry Coleman, and aviation syndicate 173, underwritten by Tony Medniuk, decided to merge in July to prepare for underwriting together in January 1993.

Mr. Medniuk confirmed that he will write for the four syndicates—with combined capacity of 100 million pounds ($173 million)—and Mr. Coleman will retire.

A reduction in the number of aviation insurance underwriters must occur in London soon, Mr. Beagley told the airline insurance conference. Already it has taken place in the company market with the merger of several companies to form BAIG, one of the largest aviation insurers now in London, he said.

"I expect future moves to take place. In Lloyd's, I expect to see a very different market structure as early as 1993. There are too many aviation syndicates, many of the smaller ones have already ceased to trade. It is difficult to see how the remaining small and medium-sized syndicates can survive independently for much longer," said Mr. Beagley.

"Merging of some of the larger syndicates into new larger groupings is already under way, bringing the potential for greater strengths, efficiency and better service," he noted.

—*By Stacy Shapiro*

LONDON

Continued from page 31

placing stop-loss coverage for 9,000 members, Mr. Wade said. Of those, 6,000 are already covered under renewable contracts.

A rival stop-loss line slip placed by the Fraser Group and the Fenchurch Group has been completed, said Garth Bearman, chief executive of the Fraser Group.

The line slip will provide coverage for about 2,000 members for a premium that is about 25% higher than last year's, he said.

Meanwhile, Lloyd's has written to members and their agents warning them to pay cash calls.

The March 9 letter gives members 30 days to pay cash calls or face a drawdown on their Lloyd's deposits.

The notice does not apply to members who are seeking injunctions from a High Court in London to prevent Lloyd's from drawing down on their deposits, Lloyd's says (*BI*, March 2).

The request for the injunctions is expected to be heard late this month or early next month.

The Lloyd's letter has not yet been sent to U.S. and Canadian members. Lloyd's says it is awaiting legal advice before it sends the letter to North American members.

Several syndicates have made cash calls so far this year, including a 101 million pound ($174.7 million) call by syndicates formerly managed by Gooda Walker Ltd.; a 17 million pound ($29.4 million) call for syndicates managed by Rose Thompson Young Underwriting Ltd.; and a 36.5 million pound ($63.1 million) call on syndicates managed by Devonshire Underwriting Agencies Ltd.

In addition, Feltrim Underwriting Agencies Ltd. made four cash calls on its members last year for a total of 178 million pounds

Continued on next page

LONDON

Continued from previous page

($307.8 million), of which 24% has not been paid by members.

Outhwaite settlement

The long-running dispute over a runoff reinsurance contract written by Lloyd's of London underwriter Richard Outhwaite for syndicate 33, managed by Roberts & Hiscox Ltd., has been settled out of court.

The decision follows last month's 116 million pound ($200.7 million) settlement of a much larger court action involving 32 disastrous asbestos-related runoff reinsurance contracts that Mr. Outhwaite wrote (*BI*, Feb. 17).

One remaining dispute involving the runoff contracts underwritten by Mr. Outhwaite is expected to be settled out of court soon.

Mr. Outhwaite and Roberts & Hiscox said in a joint statement that "in consideration of an amendment to the reinsurance contract, Outhwaite has agreed to pay all current and future claims."

No further details were given. But, market sources say the amendment to the contract consisted of increasing syndicate 33's deductible on the runoff contract.

Anglo goes it alone

The runoff of the H.S. Weavers (Underwriting) Agencies Ltd. line slip—once London's largest U.S. casualty insurer—has become more fragmented following last week's decision by one of the slip's major underwriters to handle its own runoff.

Anglo-American Insurance Co. Ltd. last week decided to withdraw support for a single runoff company for the Weavers line slip. Instead, Anglo-American has decided to handle its own claims beginning May 5 rather than use the services of Southwark Run-Off Services, which is handling the runoff of insurance companies owned by London United Investments P.L.C. that participated on the line slip.

The LUI companies include Walbrook Insurance Co. Ltd. and four insolvent insurers.

Anglo, which joined the Weavers slip in 1987, wrote about 45% of the slip when it was shut down in 1990 (*BI*, April 2, 1990). Anglo continues to underwrite from its London offices.

Political risk policy

A new political risk policy covering confiscation war risks is scheduled to be launched by Lloyd's of London broker Berry Palmer & Lyle Ltd.

The coverage is aimed at equipment owned by contractors based in developed countries but operating in Third World nations. The coverage will be offered to contractors on a worldwide basis and would most likely be bought on a first-loss basis, said Anthony Palmer, marketing director.

The policy covers abandonment; deprivation; expropriation; riot and terrorism; and war risks.

BPL is still negotiating a line slip for the coverage. ■

Waste liability

Continued from page 1

Washington, D.C.

"Once you start chipping away at CERCLA and create exceptions, you erode the principal of equal treatment for all," he said. "Municipalities are no more or less culpable than industrial PRPs."

The 2nd Circuit case stemmed from a dispute among six corporations, 20 Connecticut municipalities and the owners and operators of two Connecticut landfills over which of them should be liable for cleanup costs at the landfills estimated at $47.9 million.

The six corporations, which had sent industrial waste to the landfills, sued the owners/operators for reimbursement of past and future cleanup costs. The owners/operators, in turn, sued about 200 other parties that sent waste to the site, including the 20 Connecticut municipalities.

The six corporations are: B.F. Goodrich Co., Upjohn Co., Dow Corning Corp., Reynolds Aluminum Building Products Co., Uniroyal Chemical Co. Inc., and Hoechst Celanese Corp.

Attorneys for the corporations could not be reached for comment.

The municipal defendants include the Connecticut cities and towns of: Ansonia, Beacon Falls, Bethany, Hamden, Killingworth, Middlebury, Milford, New Haven, Orange, Plymouth, Seymour, Shelton, Stamford, Stratford, Thomaston, Waterbury, Watertown, Westport, Woodbury and the borough of Naugatuck.

The municipalities argued that government entities could not be held liable as waste generators under CERCLA. They also argued that the 1980 statute exempts municipal solid waste from its definition of hazardous wastes.

The 2nd Circuit disagreed on both points, affirming a decision by the U.S. District Court in New Haven, Conn.

Writing for the three-judge majority, Judge Richard J. Cardamone said there is no reason why municipalities should be viewed any differently from other potentially responsible parties under CERCLA.

"As to the first element, it is

Continued on next page

The Professional Marketplace

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NOTICES

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATTER OF THE LIQUIDATION OF LINCOLNWOOD NATIONAL LIFE INSURANCE COMPANY a/k/a UNITED EQUITABLE LIFE INSURANCE COMPANY

NO. 90 CH 7724

NOTICE

PLEASE TAKE NOTICE than on December 20, 1991 an Order of Liquidation with a finding of insolvency was entered against United Equitable Life Insurance Company by the Honorable Lester D. Foreman, Judge of the Circuit Court of Cook County, Illinois. Stephen F. Selcke, Director of Insurance for the State of Illinois is the statutory and court appointed Liquidator of the United Equitable Life Insurance Company.

TAKE FURTHER NOTICE that pursuant to the order of liquidation, all rights and liabilities of United Equitable Life Insurance Company and its creditors, policyholders and all other persons or entities who may have a claim against its assets are fixed as of December 20, 1991, unless otherwise provided by a subsequent order of the court.

TAKE FURTHER NOTICE that any and all persons, partnerships, corporations, associations, estates, trusts and governmental units having or claiming to have any accounts, debts, claims or demands against United Equitable Life Insurance Company or claiming any right, title or interest in or to any funds or property of United Equitable Life Insurance Company in the possession of the Liquidator are required to file a Proof of Claim with the Liquidator on or before 4:30 p.m. Chicago Time, December 21, 1992.

TAKE FURTHER NOTICE that the form of and required content of all proofs of claim are described in the Illinois Revised Statutes, 1991, Chapter 73, Paragraph 821. Proofs of claim, together with supporting documents, if any, are to be filed with and may be secured from the Special Deputy Liquidator of United Equitable Life Insurance Company, In Liquidation, 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654. Filing shall occur upon receipt of Proof of Claim by the Liquidator. The Liquidator reserves the right to require such additional information with respect to any claims as he may deem necessary. The Liquidator further reserves all rights to any and all defenses of United Equitable Life Insurance Company concerning such claim. All Proofs of Claim must be duly sworn to before an officer authorized to take oaths.

THE LAST DATE FOR THE FILING OF PROOFS OF CLAIMS WITH THE LIQUIDATOR AT THE ABOVE MENTIONED OFFICE OF HIS SPECIAL DEPUTY LIQUIDATOR IS DECEMBER 21, 1992 AT 4:30 P.M. CHICAGO TIME. NO PERSON HAVING OR CLAIMING TO HAVE ANY CLAIMS AGAINST UNITED EQUITABLE LIFE INSURANCE COMPANY SHALL PARTICIPATE IN ANY DISTRIBUTION OF THE ASSETS OF THE COMPANY UNLESS THE CLAIMS ARE FILED WITH THE LIQUIDATOR ON OR BEFORE DECEMBER 21, 1992 AT 4:30 P.M.

James W. Schacht, Special Deputy Liquidator, Office of the Special Deputy Receiver, 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654, (312) 836-9500.

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Business Insurance Circulation Breakdown*

Commercial Consumers

Administrative:	
CEO's Presidents, and Owners	2,498
Vice-Presidents, General Managers and Other Administrative Personnel	4,175
Financial:	
Chief Financial Officers and Vice-presidents of Finance	2,811
Secretaries, Treasurers, contollers and other Financial Personnel	4,204
Risk/Employee Benefits:	
Vice-presidents, directors, managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations	11,995
Sub-total	**25,683**
Associations	442
Government, unions and Educational Institutions	1,261
Commercial Consumers	
Sub-total	**27,386**
Insurance Agents and Brokers	9,090
Insurance Companies	8,128
Accountants, Actuaries, Attorneys & Consultants	3,340
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers	1,529
Others Allied to the Field	1,580
Single Copies	46
TOTAL	**51,099**

* Source Business/Occupational breakdown of qualified circulation, November 25, 1991 issue, as submitted to BPA for December 1991 BPA Publisher's Statement.

Continued from previous page

clear that a municipality may be liable as a potentially responsible party if it arranges for the disposal of hazardous substances," said the court.

"CERCLA expressly includes municipalities, states and other political subdivisions within its definition of persons who can incur such liability," explained the court.

Further, the U.S. Supreme Court has held that the plain language of CERCLA indicates that Congress wanted to abrogate sovereign immunity for the states, the court said.

Additional evidence of congressional intent to include municipalities can be seen from the fact that CERCLA contains two exemptions for municipalities under certain circumstances, the court said.

First, CERCLA exempts municipalities that acquire ownership or control of a waste site, which may occur when there is no individual to inherit property or when the government takes private property for public use.

Second, CERCLA exempts municipalities acting in response to an emergency.

"These express exceptions to liability are strong evidence that municipalities are otherwise subject to CERCLA liability," said the court.

Next, Judge Cardamone interpreted CERCLA to encompass municipal solid waste.

At the outset, the appellate court acknowledged that municipal solid waste usually contains very low concentrations—less than 1% by weight—of substances the Environmental Protection Agency considers hazardous.

Nonetheless, "the concentration of hazardous substances in municipal solid waste, regardless of how low the percentage, is not relevant in deciding whether CERCLA liability is incurred," said the court.

CERCLA defines hazardous substances by reference to other environmental statutes, including the Resource Conservation & Recovery Act, which regulates the generation, transportation and storage of hazardous waste.

The municipalities argued that because the conservation act exempts municipal waste from its regulations, municipal waste also is exempt from CERCLA.

The appellate court disagreed: "RCRA is preventive; CERCLA is curative. It does not follow that because the environmental risk posed by household waste is deemed insufficient to justify the most stringent regulations governing its day-to-day handling," generators of household waste cannot be held liable for cleanup costs.

The court said it recognized the far-reaching implications of its decision.

"We are aware that holding the municipal defendants as responsible parties and including municipal solid waste within the definition of hazardous substances will have far-reaching implications for municipalities and their taxpayers," said the court.

"But burdensome consequences are not sufficient grounds to judicially graft an exemption onto a statute," concluded the court.

The 2nd Circuit remanded the case to the district court judge to apportion cleanup costs between the corporations and the municipalities.

Mr. Butler, who represents the Connecticut municipalities, says he will urge the court to apportion costs based on the limited toxicity of the waste sent by municipalities, rather than the volume of waste.

The municipalities all have liability insurance dating back 50 years, he said.

Environmental attorney Mr. Bernstein said the decision "will remove any reluctance that industrial PRPs may have to bringing actions against municipalities."

And, he said the decision will "increase the pressure" on Congress to exempt municipalities from Superfund liability.

Sen. Frank Lautenberg, D-N.J., has introduced a bill, S.B. 1557, that would create an exemption for municipal solid waste under CERCLA.

Meanwhile, New York City filed an amicus curiae brief in the litigation on behalf of the corporations.

New York City argued that there should not be an exemption under CERCLA for municipalities that send very small quantities of hazardous waste to waste sites.

New York City has sued a large number of corporate waste generators, which are arguing they should not be liable because they sent only very small quantities of waste to municipal waste sites, explained Peter H. Lehner, assistant corporation counsel for the city's environmental law division.

"No matter how low the concentration of hazardous waste, generators are still liable," argued Mr. Lehner.

"This decision read CERCLA and RCRA correctly," he said.

The 2nd Circuit ruling comes on the heels of another ruling that widens public entities' liability for hazardous waste.

Recently, the U.S. District Court in Philadelphia ruled that the federal government can be held liable as an owner or an operator under CERCLA (*BI*, March 2).

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B.F. Goodrich Co. et al. vs. Harold Murtha et al. and Town of Beacon Falls et al., U.S. Court of Appeals for the 2nd Circuit; No. 91-7450.

Punitive bill

Continued from page 1

chairman of the House Judiciary Committee—is unlikely to be approved as decisively in the Senate as it was in the House.

Nonetheless, supporters says its chances are good.

"We're very optimistic of its passage," said Martin F. Connor, president of the American Tort Reform Assn., a business-backed lobbying group in Washington, D.C.

"It's a very strong bill. It's the kind of bill we'd like to see in the aftermath of *Haslip*," Mr. Connor said.

He was referring to the landmark 1991 U.S. Supreme Court ruling in *Pacific Mutual Life Insurance Co. vs. Haslip*. In that case, the court ruled 7-1 that the due process clause of the 14th Amendment does not mandate limits on a jury's ability to levy punitive damages (*BI*, March 11, 1991). However, the court suggested that each state should examine whether to reform its system of awarding punitive damages.

Five states—Louisiana, Massachusetts, Nebraska, New Hampshire and Washington—already prohibit punitive damages under nearly all circumstances through either statute or common law.

But the Maryland bill is the first punitive damages reform measure introduced in direct response to the Haslip ruling.

Continued on next page

Punitive bill

Continued from previous page

"I think it's a very good bill. It helps capture the real letter of Haslip," said Victor E. Schwartz, an attorney with Crowell & Moring in Washington, D.C., and an advocate of tort reform.

The Haslip decision involved an Alabama case in which a jury held a life insurance company vicariously liable for the actions of its agent and ordered it to pay $1.1 million in punitive and compensatory damages to a woman who had been defrauded by the agent. The agent had previously defrauded clients but had been kept on as Pacific Mutual agent.

The punitive damage portion of the award, which the Supreme Court calculated as $840,000, amounted to more than four times the compensatory damages awarded Ms. Haslip and more than 200 times the out-of-pocket expenses she paid.

In upholding the constitutionality of the Alabama system of awarding punitive damages, Justice Harry Blackmun wrote for the majority: "We cannot say that the common law method for assessing punitive damages is so inherently unfair as to deny due process and be per se unconstitutional."

However, the decision added, "One must concede that unlimited jury discretion—or unlimited judicial discretion for that matter—in the fixing of punitive damages may invite extreme results that jar one's constitutional sensibilities."

Mr. Schwartz noted a particularly significant provison in the Maryland bill is its restrictions on punitive damages in vicarious liability cases to only incidents in which an employer knew of an employee's actions.

While he said he has "no problem" imposing punitive damages when defendants know of employee wrongdoing, Mr. Schwartz said it is unfair to impose such penalties on defendants unaware of an employee's actions.

An insurer trade group official agreed.

"We're very much in favor of the bill. It gets rid of the problem where someone sues an employer for the actions of an employee when the employer didn't know about it," said Dee Ann Bernhard, Southeast regional manager in Washington, D.C., for the Alliance of American Insurers.

The Maryland trial bar's Ms. Cousino, however, argued that the bill would encourage corporate irresponsibility.

"All corporate liability is vicarious liability. (A corporation) only exists through its employees," said Ms. Cousino. In some cases, relatively low-ranking employees may be responsible for wide-ranging injuries, she said.

Ms. Cousino said that passage of H.B. 329 would make it better for business executives to not know what their employees are doing. "The whole point of punitives is to say that society demands the business acts responsibly."

Calling the bill "a cloak of immunity," Brad Lint of the Maryland Citizen Action Coalition said eliminating vicarious liability "is one of the most deadly parts of this legislation."

"Marylanders would not be well-served by legislation that lets corporations off the hook for injurious business practices," said Mr. Lint, who is legislative director with the Silver Spring-based consumer advocacy group.

"Vicarious punitive damages have proved to be an effective deterrent" against unsafe products and unsafe practices, said Mr. Lint. H.B. 329 would "destroy this public policy goal," he said.

Ms. Cousino added that businesses that would be attracted to Maryland by such a law would not necessarily be desirable corporate citizens. Companies would come because they would know "how irresponsible they can be and not have to pay any money," she said.

"That's a stretch of the imagination," responded the Alliance's Ms. Bernhard. "If you have someone that's just out to make a buck, they're going to make it regardless of legislation."

Equity, not economic growth, is at the heart of the Maryland proposal, she said.

ATRA's Mr. Connor also downplayed the potential impact of the bill on the Maryland economy.

"It's awfully hard to tie something as targeted as this to the larger economic landscape," he said. "The obvious difference it makes is in the area of fairness and predictability of outcome."

The Maryland bill is also noteworthy in that it would mandate specific instructions to juries considering punitive damages.

Juries must be told that "an award of punitive damages must be reasonably related to the goals of punishment and deterrence and should reasonably relate to the. . .actual harm," the bill said.

The instructions also list factors the jury is supposed to consider, including the degree of responsibility of the defendant, whether the defendant knew of the action, and whether the defendant profited from the conduct.

James Doyle, a Baltimore lawyer who lobbies in Annapolis on behalf of the American Insurance Assn., said that as an attorney, he doesn't particularly like legislators, rather than judges, writing jury instructions.

But as a practical matter, it may be necessary, he said. He added that any good plaintiff's attorney with a sound case "won't be disturbed one whit" by the instructions.

As the Senate Judicial Proceedings Committee prepares to consider the bill, Ms. Cousino of the trial lawyers' group said "it's a contest" as to whether H.B. 329 will become law. "It depends on how discerning the senators are."

Mr. Schwartz said that if senators view the legislation as a means to implement "the letter and spirit of *Haslip*" rather than as a "tort reform vehicle," enough undecided senators will vote in support of the bill. ■

California comp

Continued from page 2

to the insurance industry (*BI*, March 11, 1991).

In its report, the commission recommends that California's minimum rate law for workers comp be replaced by a system of open competition, with floor rates approved by the insurance commissioner that would be based on loss costs provided by the state Workers Compensation Insurance Rating Bureau. Prior approval from the insurance commissioner would be necessary for insurers to set prices below the floor rate.

Recognizing that open competition might reduce availability of coverage for some companies, particularly small employers, the commission also said the Legislature should establish an assigned risk pool.

Pool costs would be spread among all workers comp insurers in the state based on market share, the commission said. In addition, it suggested that the Legislature study the feasibility of forcing self-insured employers to contribute to residual market costs.

California currently does not have an assigned risk plan. The state's competitive workers comp fund, State Fund Mutual Insurance Co., accepts all applicants regardless of risk.

While employer groups have not yet taken a position on the commission's proposals, most insurer groups oppose them.

The minimum rate law "should not be abandoned on the basis of political expediency or the desire to conduct an economic experiment," said the Assn. of California Insurance Companies in a letter to the commission.

"Any change in the rating law will result in market disruption," the ACIC predicted.

"We're very intrigued by the proposals," said Peter Rice, legislative counsel for Liberty Mutual Insurance Co. in Boston. "Open competition is certainly more attractive than politically motivated ratemaking."

However, "Liberty Mutual wouldn't support a bill that would implement all of the commission's recommendations without addressing the cost drivers," he added.

Insurers also maintain that there is no need to promote competition in the market, pointing to the fact that none of the more than 300 insurers writing workers comp coverage in the state has a market share exceeding 7%.

"The rating law has allowed competition to flourish in California," said a spokesman for the American Insurance Assn. in Sacramento. The 10 largest workers comp writers in the state together represent less than half of the market, he noted.

"This compares with auto, where the top 10 carriers control $10 billion of the $14 billion in premiums paid," he said.

The insurer-supported California Workers Compensation Rating Bureau declined to comment on the proposals, but President Robert Mike noted that the bureau historically has supported the minimum rate law because it "provides equity to all parties."

A spokesman for State Fund Mutual said the fund also supports the status quo.

Even the rate study commission appeared to be hedging in the report's last recommendation: "Because the important cost savings in workers compensation are beyond the ratemaking process, the commission recommends that the workers compensation system be re-evaluated on terms broader than the ratemaking mechanism."

"The ACIC agrees with the commission that the ratemaking process is not the cause nor the cure for the rising cost of workers compensation insurance in California," the organization said in its letter to the commission.

The bulk of the workers comp reform legislation introduced in the state so far this year indicates that employers recognize they have to focus on the factors driving up premiums, not ratemaking.

The California Chamber of Commerce and Californians for Compensation Reform, a coalition representing more than 3,000 employers, are co-sponsoring legislation "that will significantly curtail the upward spiral of workers compensation premiums" by controlling costs.

A.B. 3167, introduced by Assemblyman Jim Brulte, R-Los Angeles, also has the support of the California Manufacturers Assn., the AIA and the ACIC.

It is estimated that A.B. 3167 would shave $1 billion off employers' $11 billion annual workers comp bill by measures designed to substantially reduce litigation and excessive vocational rehabilitation costs, contain medical costs and curtail stress claims.

For example, it would tighten eligibility for stress claims by raising the standard of proof to "clear and convincing" evidence, requiring that the predominant cause of the disorder be a "sudden and extraordinary" employment event; and specifying that good faith, non-discriminatory personnel actions such as terminations, layoffs and demotions be excluded from coverage.

A measure that would have required employees to prove that at least 50% of their stress is work-related in order to be compensable died in the Legislature last year (*BI*, May 20, 1991). Currently, only 10% of a worker's stress-induced injuries must be work-related to be compensable.

A.B. 3167 is just one of some 84 workers comp reform measures that have been introduced in both houses of the Legislature this year.

Any change in California's minimum rate law 'will result in market disruption,' the ACIC predicts.

"What comes out of the 'black box' when things get started in Sacramento is anybody's guess," commented Liberty Mutual's Mr. Rice.

With so many reform measures on the table besides the commission's report, "it'll be interesting to see what the Legislature does with it," agreed Mark Webb, a Sacramento lobbyist for the AIA.

In addition, Mr. Webb explained, by eliminating insurers' expense loading factor in determining floor rates, the commission's proposal already is inconsistent with two other workers comp measures that address the rating process.

A.B. 2380, introduced by Assemblyman Burt Margolin, D-Los Angeles, would give the insurance commissioner control over the amount of expenses workers comp insurers could pass on to consumers, while A.B. 1539, submitted by Sen. Bill Lockyer, D-Alameda, would repeal the minimum rate law and replace it with a ratemaking process in which the insurance commissioner would approve all rates, including discounted rates.

Currently California's rating bureau recommends minimum workers comp rates to the insurance commissioner using a formula that includes both loss costs and an expense loading factor, which for 1992 has been set at 32.8% of loss costs, explained Mr. Mike of the WCIRB.

Under the 1989 workers compensation reform package that created the commission, the loading for insurer expenses was reduced from 35% in 1989 to 34% in 1990, 33% in 1991 and 32.8% in 1992.

However, the 32.8% cap is set to expire at the end of this year, and Mr. Garamendi has been openly critical of the size of the expense loading factors (*BI*, Feb. 10).

The commission's recommendation to set floor rates based on loss costs reflects a nationwide trend toward state approval of loss costs only, forcing individual insurers to determine their own expense and profit factors (*BI*, March 19, 1990).

The commission suggested other, less sweeping, reforms in its report.

Among these are proposals to reduce the premium level required for employers to participate in experience rated and retrospectively rated workers comp plans.

Currently, employers must have workers comp premiums totaling $6,900 to participate in experience rated plans and $25,000 to participate in retro plans.

Approximately 70% to 75% of California's employers pay workers comp premiums totaling less than $6,900, according to a spokesman for State Fund Mutual, which writes coverage for most of the state's small employers.

Many doubt that small employers would be willing to purchase a retrospectively rated plan, because of the costs involved.

Even if small employers are interested, the administrative costs for either an experience rated or retro plan would be prohibitive, according to the AIA.

"It costs more" on a per-capita basis "to service a policy covering 20 employees than one covering 200 employees," a spokesman said.

Insurers also say few small employers would nibble at the commission's proposal that they be permitted to participate in a system of premium refunds and/or deductible plans, like those enjoyed by larger employers.

"It doesn't mean that much actuarially if you have only five employees and don't experience a loss one year," said Liberty Mutual's Mr. Rice.

Among its other, less controversial suggestions, the commission recommends that:

- The state insurance code be modified to permit all employers that self-insure their workers comp exposures to purchase aggregate excess insurance.

California and Ohio are the only states that do not permit self-insured employers to purchase such coverage.

However, this coverage could be written only by admitted insurers, thus ensuring coverage from the California Insurance Guaranty Assn.

- Insurers be encouraged to develop and promote the availability of safety groups, which would provide group purchasing power to small employers.
- The insurance commissioner issue an annual report evaluating the state of competition in the workers comp market.

The lackluster reception given the commission's report is the latest in a string of events to derail the 1989 workers compensation reform package, which at the time was hailed by employers, insurers and labor groups.

For example, former Gov. George Deukmejian did not meet the 1989 law's deadline for appointing an Industrial Medical Council that would set standards for reviewing comp claims.

The October 1989 earthquake also delayed implementation of many of the reform package provisions when damage to the Division of Workers Compensation's San Francisco headquarters blocked access to agency records for weeks.

And Commissioner Garamendi's decision shortly after taking office last year to oust Mr. Kramer left the commission without technical support for four months. That hiatus violated provisions of the 1989 law requiring the Insurance Department to provide support staff.

The law, designed to reduce workers comp costs and provide injured workers better benefits, has only succeeded in the latter, summed up Roxanne Gould, director of insurance and employee relations for the California Chamber of Commerce.

Costs are still out of control, and only 23% of workers comp premiums end up in injured workers' pockets, she said. That's why workers comp reform is such a high priority for employers in California, she explained.

"Like a car that breaks down the day after it comes back from the repair shop, the workers compensation system in California is being towed back to the mechanic," Ms. Gould commented. ■

Risk consultant listed

The following company was omitted from the March 9 Directory of Risk Management Consultants:

Warren, McVeigh & Griffin Inc.
1420 Bristol St. N., Newport Beach, Calif. 92660;
714-752-1058; fax: 714-955-1929

Founded: 1968.
Services: 80% of gross revenues from risk management consulting, including 40% continuous consulting, 20% risk management audits, 20% special risk management consulting projects.
Frequent special projects: Risk retention analysis, analysis of necessary insurance limits, insurance contract analysis, claims auditing, loss prevention audits, assessment of broker service and remuneration, risk management organization studies, preparation of specifications for bidding, workers compensation management studies, public entity pool studies and audits.
Occasional special projects: Captive feasibility studies, environmental, accounting systems analysis, loss settlement assistance, quantitative analysis and statistical forecasting, consulting on the design of risk management information systems.
Other services: 20% of gross revenues, including publishing, health and welfare claims management studies.
Specialties: Manufacturers, aerospace, transportation systems, hospitals, public entities, hotels, developers, contractors, port authorities.
Locations: San Francisco.
Staff: 15 total, including eight principal consultants, one consultant, one analyst. Professional designations include two CPCUs, two ARMs, one MBA, one attorney, one professional engineer.
Clients: 160 total; 8% with risk and insurance budgets less than $1 million, 88% with $1 million to $24.9 million, 4% exceeding $25 million. 12 association clients. No minimum size client.
Compensation: By the project; on retainer; by the hour: principal consultant, $150 to $250; consultant, $100 to $130; analyst, $60 to $100; clerical, $35 to $50.
Principal officers: C.C. Griffin, president; Ronald Rakich, vp.
Membership: SRMC. ■

Proposals restrict non-admitted insurers

SACRAMENTO, Calif.—Both captives and commercial auto coverage could be exempt from two California proposals to restrict the use of non-admitted insurers.

Those proposals—one an emergency rule, the other a bill before the Legislature—modify emergency rules rejected last year by the Office of Administrative Law.

An objection raised to one of last year's emergency rules, known as Section 2174, which would set surplus and other requirements for non-admitted insurers, was that it would have severely limited the use of offshore captives that are newly formed or have modest capital and surplus from directly insuring California policyholders (*BI*, July 8, 1991).

Under the new proposal, an offshore insurer would be allowed to request exemptions from a requirement that it be in business for at least three years and have capital and surplus of at least $15 million. An OAL ruling on this proposal is due today.

The bill, A.B. 2445, sponsored by Assemblyman Paul Horcher, R-Whittier, would restrict the use of non-admitted insurers, but only for private passenger—not commercial—auto coverages. The OAL in 1991 rejected regulations that effectively barred surplus lines brokers from placing any auto coverage with non-admitted insurers (*BI*, Feb. 11, 1991).

Two other bills would also affect surplus lines insurance.

A.B. 2608, sponsored by Assemblywoman Barbara Friedman, D-Los Angeles, would limit the use of non-admitted insurers to cases where coverage cannot be procured from a majority of the admitted insurers "writing (that) type of insurance."

And A.B. 3530, sponsored by Assemblyman Xavier Becerra, D-Montebello, would increase surety bond requirements for surplus lines brokers to $500,000 from $50,000, among other things.

Weather risks

Continued from page 3

with the use of radar.

With so-called real time lightning-strike information, which became possible only in the last two or three years, a risk manager can better judge whether computer systems should be shut down or if other appropriate risk prevention measures should be taken.

Merrillville, Ind.-based Northern Indiana Public Service Co., which provides gas and electricity to northern Indiana, tracks lightning as well as rain, freezes, fronts and jet streams that indicate the type of weather conditions being formed, said William B. Mole, manager of central dispatching. NIPSCO receives information from WeatherBank and the National Weather Service.

WeatherBank provides the company with on-line forecasting and lightning strike information tailored to the utility's operating area.

The forecasts have enabled NIPSCO's central office to "give operating districts 45-minute warnings before they are hit with a storm" to assemble work crews, Mr. Mole said.

He said this is especially important because "about 80% of storms hit in the off hours"—evenings, weekends and holidays.

The lightning strike information enables work crews to pinpoint and correct power outages much more efficiently.

The utility also tracks freezing conditions since "ice buildup on distribution lines can wreak havoc" on power distribution, Mr. Mole said.

Salt Lake City-based trucking firm C.R. England & Sons Inc. uses WeatherVector's weather forecasts to determine the type of diesel fuel mixture it will buy for days at a time, according to Jack Brown, network administrator.

For example, in cold temperatures, "we need lighter fuel so that it won't freeze or gel," Mr. Brown said.

And weather maps are posted and distributed to the firm's drivers so they know what kind of weather to expect, he said. This information helps ensure that drivers' arrival times are met, Mr. Brown said.

WeatherVector shares the meteorologists used by WeatherBank but emphasizes risk management advice for its corporate and insurer clients, while WeatherBank focuses on forecasting the weather.

For example, WeatherVector now can send clients faxes that link the impending bad weather to clients' individual property exposures and advises clients on the kinds of precautions that can be taken to minimize losses.

When heavy rainfall is expected, for instance, the firm would advise clients to take preventive measures like opening drain spouts. Or, when a freeze is forecast, it would advise clients to drain sprinklers.

WeatherVector also offers faxed graphic information so a risk manager can see a national or regional overview of storm patterns and direction.

Weather faxes, which became available last year, cost from $3 to $7 per fax, depending on volume.

Satellite-delivered data feed and dial-up weather systems are both available from WeatherVector and WeatherBank, with real-time lightning-strike information for additional fees.

Modem-delivered software can be installed for a one-time fee ranging from $549 for a single computer terminal link to $1,649 for up to five terminal links.

Dial-up charges to access the data base cost $2 to $4 for the first three minutes and 95 cents to $1.95 for each additional minute.

Alternatively, software for the satellite-delivered weather forecasting information is available for a one-time charge of $949 for a single user and $2,599 for up to five users. The satellite-delivered continuous data feed costs $500 per month for single users and $1,000 per month for multiple users.

Other companies also offer a variety of weather risk management services.

For instance, Kavouras Inc.'s international weather data base allows clients to pull out raw reports and adapt them to their own uses, said Bill Schlueter, vp of marketing for the Minneapolis-based company.

Depending on the client, the data may be used for flight planning or for planning recreational events, he said.

Minneapolis-based Northwest Airlines Inc.'s in-house meteorology department compiles information from several sources, including Kavouras, for preflight and in-flight planning purposes, said Tom Fahey, manager of meteorology.

Kavouras primarily supplies satellite images and radar information, Mr. Fahey said.

Information from the meteorology department also helps determines the amount of fuel a plane should carry, Mr. Fahey said. For example, if bad weather is expected at the destination, the plane may be given extra fuel to ensure it can reach alternative airports.

Kavouras' data may be tapped via telephone modem by small-volume users or by satellite dish for large-volume users.

In addition to a one-time installation fee, modem users can expect monthly charges of up to $500, while satellite users can expect monthly charges ranging from $700 to several thousand dollars, depending on usage, Mr. Schlueter said.

Most property insurers also have programs to encourage policyholders to prepare for seasonal weather.

Factory Mutual Engineering's loss prevention consultants periodically inspect insured locations, offering loss prevention tips for natural disasters as well as for fires, Mr. Blanchard said.

Both Factory Mutual and IRI send all policyholders their in-house magazines, which often contain articles discussing preparation for seasonal weather hazards.

IRI also has contracted with WeatherVector so it can better track approaching weather conditions.

Using such a service would allow the main office to contact district offices, which could then contact individual policyholders, said John A. Davenport, assistant vp and director of research.

WeatherVector hopes to interest other insurers in the services it offers. These services would be a part of an insurer's package.

For many insurers, the idea that "something can be done about the weather" is a foreign concept, said Ted R. Knodel, vp-marketing for WeatherVector. "That is interesting, given the fact that so many claims are weather-related."

Risk managers also use their own systems to minimize weather-related losses.

For instance, U.S. Home Corp., a Houston-based home builder and developer, tracks the weather by simply monitoring television and newspaper forecasts and then contacting its divisions nationwide.

The company has survived windstorms, flooding and freezes with minimal damage, said Michael Jared Thibodeaux, director of risk management.

When there are indications of inclement weather approaching one of U.S. Home's 10 locations nationwide, the company contacts the National Weather Service directly for details, Mr. Thibodeaux said.

The corporate risk management department then contacts the division responsible for the location that lies in the path of a severe weather system, advises them of the problem and makes recommendations about the types of precautions that should be taken, Mr. Thibodeaux said.

For instance, managers are reminded to turn off the water and to drain pipes in a model home if a freeze is approaching.

Division presidents often request additional precautions or make their own calls to the local fire department or civil defense authorities to determine whether there are any other steps that should be taken.

During the recent heavy rainfall in Southern California, U.S. Home's local division president thought to place sandbags around the lots and homes to help keep water out, Mr. Thibodeaux said.

Although drainage turned out to be adequate, that type of risk management thinking is important, he said.

Risk managers also can minimize weather-related losses by more carefully analyzing structural changes, pointed out Mr. Willse of IRI.

For example, nearly every winter IRI sees a loss during a heavy snow because the roofline of an addition to a building did not align with the existing structure.

If the new roofline is not carefully analyzed to determine where snow will accumulate, the lower roof may cave in as a result of "snow loading," Mr. Willse said.

A quick and proper response after a natural disaster also can help mitigate losses, Factory Mutual Engineering's Mr. Blanchard pointed out.

For example, after a hurricane, risk managers can minimize further damage by arranging for temporary repairs of roofs damaged in the hurricane. ■

For many insurance companies, the idea that 'something can be done about the weather' is a foreign concept, says Mr. Knodel of WeatherVector. 'That is interesting, given the fact that so many claims are weather-related.'

Update

Dow Corning to drop implants

Continued from page 2

It also has set up a hot line to provide information on the devices.

Dow Corning will continue its replacement warranty program for Silastic II or MSI implants, which provides women with replacement devices and $600 in financial support.

Dow Corning is funding the research project because it agrees there is a "need for more studies," Mr. McKennon said. "The single, most important objective of this research is to answer those remaining questions women may have about their implants," he said.

Dow Corning, which consulted with Risk Manager Arnold Weigel before implementing its plan, has at least $250 million in claims-made commercial general liability coverage to respond to implant-related claims (*BI*, March 9).

Large comp hikes sought

BOCA RATON, Fla.—The National Council on Compensation Insurance is seeking huge workers compensation insurance rate hikes in Oklahoma, Kansas and South Carolina, all of which would take effect July 1 if approved.

But, Massachusetts workers comp insurers have agreed to delay a rate hike request for 60 days.

The NCCI filed a 47.3% workers comp rate increase for the voluntary market in Oklahoma.

In Kansas, the NCCI submitted a 31.4% overall rate increase for both the voluntary and involuntary markets.

In South Carolina, an 18.2% average increase for the voluntary market and a 40.3% hike for the assigned risk pool are sought.

But, after meeting with state government officials last month, the Massachusetts Workers Compensation Rating and Inspection Bureau agreed to delay a 20% rate hike request for at least 60 days. Many legislators believed that a workers comp reform package passed late last year would ensure that no rate increases would be necessary this year (*BI*, Jan. 6).

RAM officials guilty in fraud

KANSAS CITY, Mo.—Two former officials of defunct Royal American Managers Inc. have pleaded guilty to charges of conspiring to divert more than $20 million in reinsurance premiums from Omaha Indemnity Co., a Mutual of Omaha Insurance Co. unit.

James R. Wining and William A. Schonacher Jr. each pleaded guilty this month to two counts of conspiracy to commit fraud. The two men admitted using RAM and another managing general agency, World American Underwriters Inc., to convert Omaha Indemnity premiums to their own use.

Mr. Wining and Mr. Schonacher also admitted filing false financial statements for Laramie Insurance Co. of Wyoming, which they controlled and which was ordered liquidated in 1990.

Both men face a maximum sentence of 10 years in prison and $500,000 in fines. No sentencing date has been set.

Omaha Indemnity won a $225 million arbitration award against RAM for negligence and fraud in 1989 (*BI*, June 12, 1989).

Homeowners insurance futures

CHICAGO—The Chicago Board of Trade expects trading on homeowners insurance futures and options to begin Sept. 25, pending approval by the Commodity Futures Trading Commission.

Trading on the contracts, a way for insurers to hedge the risk of large losses, will be based on an index reflecting the underwriting results of at least 100,000 homeowners policies.

The index will be managed by ISO Data Inc., a subsidiary of the New York-based Insurance Services Office Inc. Quarterly publication of the homeowners pool index will begin June 15.

The CBOT also had planned to begin trading in group health insurance futures contracts last October (*BI*, Feb. 11, 1991). Trading in these contracts now is expected to begin in early 1993. Future plans call for trading in automobile and marine insurance futures.

Briefly noted

The liquidators of **Mentor Insurance Ltd.** will pay a first dividend to creditors by March 31. The dividend has been increased to 25 cents on the dollar from a proposed 10 cents on the dollar. . . .A **comprehensive anti-crime bill** that would impose federal penalties for certain types of insurance fraud has been shelved by the U.S. Senate again (*BI*, Feb. 3). Proponents of the bill, H.R. 3371, say it is unlikely to be revived this year. . . .Legislation scheduled to be introduced in both houses of California's Legislature would create a commission charged with formalizing Insurance Commissioner John Garamendi's **24-hour universal health insurance proposal** by 1993 (*BI*, Feb. 24). . . .Severe weather caused at least **$130 million of insured property damage** to portions of Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina and Texas March 3-11, reports the Property Claim Services division of the American Insurance Services Group. . . .A Texas state judge has ordered Ford Motor Co. to make public certain documents related to the **rollover incident rate and/or rollover fatality rate of the Ford Bronco II** that may indicate serious flaws in the vehicle's design. . . .The Michigan Attorney General has charged Ernest M. Solomon, former owner of defunct **Cadillac Insurance Co.**, with embezzling $265,915 from Cadillac in 1987 to make improvements on his home and on a delicatessen he owned. He faces five years in prison and $10,000 in fines if convicted on charges of larceny and filing a false state tax return. . . .Lloyd's of London members' agent **Lime Street Underwriting Agencies Ltd.** has been placed in liquidation.

Employer liability

Continued from page 2

brokers urge that prospective buyers should carefully evaluate a policy—and its many exclusions—to determine whether it is economically justified.

"This policy is, in a sense, a human resources E&O policy" to protect against a company's unintentional acts, said Ralph E. Jones III, senior vp and managing director at Chubb, which is based in Warren, N.J.

While insurers have attempted to exclude such coverage in other policies, Chubb and Lexington say they are able to offer the coverage on a stand-alone basis by seeking extensive information from applicants and by charging an adequate premium.

While companies could receive coverage for employment-related claims under general liability policies and the employers liability section of workers compensation policies, these policies now expressly exclude such coverage, said Donald T. DeCarlo, senior vp and general counsel of the Gulf Insurance units of Primerica Corp. of New York.

The coverage generally has been excluded from general liability policies since 1990 and from workers comp policies since the late 1980s.

However, employment-related coverage has been available to directors and officers—not the corporation itself—under D&O policies, as long as the claimant was not a director or officer, said Jamie R. Anthony Jr., president and chief executive officer of Willis Corroon Financial Services Corp. in New York.

Lexington and Chubb say they also are offering the new policies because recent laws have expanded employer liability for employment-related practices.

Specifically, the Civil Rights Act of 1991 makes it easier for workers to sue their employers for discrimination or sexual harassment and provides greater remedies, including punitive damages (*BI*, Dec. 9, 1991).

In addition, the Americans With Disabilities Act makes it easier for disabled people to sue prospective and current employers that fail to make reasonable workplace accommodations on their behalf. The ADA is expected to result in a 20% increase in complaints to the Equal Employment Opportunity Commission (*BI*, Jan. 27).

Employment-related suits can cost employers dearly.

In wrongful termination actions, for instance, the median verdict for compensatory damages is $105,000, according to Jury Verdict Research Inc. of Horsham, Pa.

"I think the biggest risk that employers face now is the unintentional violation," said Cheri J. Hawkins, assistant treasurer and director of insurance for Weyerhaeuser Co. in Tacoma, Wash., and a former president of the Risk & Insurance Management Society Inc.

Both the Lexington and Chubb policies, depending on the policyholder, generally cover losses including settlements, judgments, back pay and interest.

The policies provide a defense for the company, covered individuals and employees named as defendants in a lawsuit.

But, if a court determines that the named employee defendants intentionally caused the harm, the named employee defendants would not be eligible for additional defense or indemnity coverage. However, the corporation and other covered individuals would still be covered.

If the case were settled prior to a judicial determination, the corporation and the named employee defendants would have defense and indemnity coverage.

Lexington's policy, which is geared to employers with 500 to 2,500 employees, is written on a surplus lines basis for a minimum premium of $25,000, said Richard H. Bucilla, a senior vp at Lexington, an American International Group Inc. unit based in Boston.

The insurer offers up to $5 million in per occurrence and aggregate limits with a minimum $5,000 deductible and a required copayment ranging from 5% to 25%.

Lexington's policy excludes coverage for punitive damages.

Chubb's policy, which is geared to Fortune 1,000 companies with "professional" human resources departments, offers limits of $10 million per occurrence/aggregate.

The policy is silent on coverage for punitive damages, but Chubb says the policy "may" cover them, except in states where such coverage is prohibited.

There is no minimum premium requirement. Mr. Jones would not discuss deductibles or coinsurance requirements.

Chubb's policy, written on an admitted basis, now is available in 20 states. Chubb is seeking approval in the remaining states.

While it will not write the coverage for California-based companies due to the frequency of employment claims there, Chubb will cover the California units of companies based elsewhere, Mr. Jones said.

Both policies exclude coverage for losses stemming from claims that the employer violated one or more of several laws, including the Employee Retirement and Income Security Act of 1974, labor relations acts and workers compensation laws.

In addition, Chubb excludes coverage for claims related to the Occupational Safety and Health Administration Act, the Consolidated Omnibus Budget Reconciliation Act of 1985 and securities laws.

There will be a demand for this type of coverage because of the legal uncertainty most employers face, said Charles E. Ginsberg, managing director of research and training for Alexander & Alexander Consulting Group in Newbury Port, Mass.

Employers particularly at risk include hospitals, restaurants, theaters and those that might want to pretest employees, he said.

But employers attracted to the policy must be careful to examine their coverage closely and weigh the cost of coverage with the likelihood that they will be sued, he added.

"Even following good (personnel) practices doesn't insulate an employer from liability," said Nancy Fulco, a human resources attorney with the U.S. Chamber of Commerce.

Employers must defend against even groundless allegations, and that can be expensive, said Martin Minkowitz, a lawyer with Strook, Strook & Lavan in New York.

However, the demand for such insurance likely will diminish over time as case law reduces uncertainty over the laws, said Weyerhaeuser's Ms. Hawkins. As a result, risk managers will know more about what personnel policies to include in their loss control and loss prevention programs.

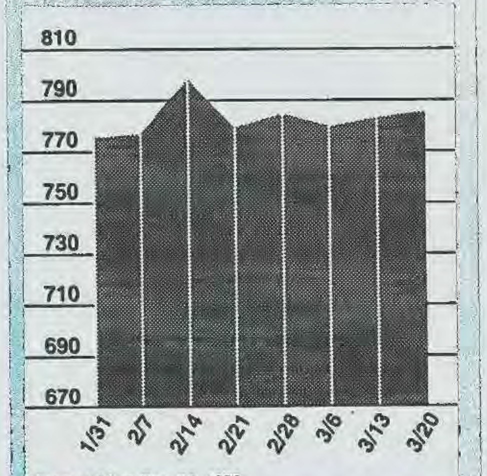
"For most companies, it would be more beneficial to use financial resources to bolster human resources practices than buy insurance," said Steven Coombs, president of risk management consultant Corporate Policyholders Counsel Inc. in Park Ridge, Ill.

Both insurers emphasize the need for good loss control by policyholders.

In addition, Lexington "strongly" encourages policyholders to use a personnel policies and practices audit program developed in cooperation with law firm Baker & McKenzie of Chicago, Mr. Bucilla said.

As part of the audit, attorneys review corporate personnel policies and practices, as well as employee handbooks, job applications, collective bargaining agreements, affirmative action programs and individual employment contracts. ■

BI Insurance Index



Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

Insurance industry stocks crept ahead last week, as the *Business Insurance* Index rose 3.8 points to 786.9 on March 20 from 783.1 on March 13. Advancing issues for the week were led by Seibels Bruce Group, up 15.8%; Chandler Insurance, up 14.7%; and Nobel Insurance Ltd., up 10.5%. Declining issues followed HMO America Inc., down 17.5%; Lawrence Insurance Group, down 10.8%; and American Indemnity/Financial, down 10.2%. The most active issue was Sears, Roebuck & Co. (Allstate), 5.7 million shares traded. The *BI* Index was up 0.5%; the New York Stock Exchange Composite was up 1.2%; the Standard & Poor's 500 was up 1.4%; and the Dow Jones 30 Industrials rose 1.3%.

British Issues

March 19 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence pence
Comml Union	413	N/M	31.5	7.6	416—408
Genl Accident	400	N/M	35.7	8.9	407—397
Gdn Royal Exch	128	N/M	10.0	7.8	128—114
Royal	170	N/M	15.0	8.8	178—170
Sun Alliance	250	N/M	19.3	7.7	257—248
Brokers					
Bradstock	158	17.7	6.3	4.0	162—158
CE Heath	403	13.7	34.5	8.6	439—403
Hogg Group	187	11.3	11.3	6.0	187—186
JIB Group	181	13.3	10.0	5.5	187—181
Lloyd Thompson	243	24.3	6.0	2.5	246—243
Lowndes Lmbrt	330	13.8	17.3	5.2	332—330
PWS Holdings	62	6.7	5.3	8.5	62—62
Sedgwick Grp	218	17.0	16.0	7.3	220—218
Steel Brrl Jones	296	14.9	17.7	6.0	298—296
Willis Corroon	241	15.3	17.6	7.3	256—241

Source: Philip Olsen, Insurance Industry Analyst, London

BI Industry Stock Report

MARCH 16, 1992 THROUGH MARCH 20, 1992

		Price	Weekly % change	Year to Date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
BROKERS												
Alexander & Alexander	NYS	21.63	3.59	5.49	27.50	18.00	169	1.00	4.62	-87	9.77	2.21
Gallagher Arthur J. & Co.	NYS	25.13	3.61	12.29	28.25	19.00	39	0.64	2.55	19	5.88	4.27
Frank B. Hall	NYS	4.13	-5.71	-2.94	5.50	3.13	382	0.00	0.00	-3	-5.24	-0.79
Hilb, Rogal & Hamilton	OTC	12.00	-7.69	-9.43	17.50	11.25	48	0.40	3.33	20	3.56	3.37
Marsh & McLennan	NYS	76.00	3.05	-6.61	87.25	70.00	469	2.60	3.42	18	14.77	5.15
Poe & Associates	OTC	15.00	-3.23	25.00	15.63	6.88	27	0.40	2.67	16	2.52	5.95
BROKERS	AVERAGE		-1.1	4.0					2.4	-2		
CONGLOMERATES & HOLDING COMPANIES												
Berkley W.R. Corp.	OTC	33.50	0.75	9.84	36.25	23.50	64	0.36	1.07	13	23.89	1.40
Berkshire Hathaway Inc.	NYS	8925.00	0.85	-1.38	8925.00	242.50	0	0.00	0.00	-33	4612.00	1.94
ITT (Hartford Group)	NYS	66.25	4.54	14.72	70.63	50.00	1958	1.84	2.78	10	64.01	1.03
Sears (Allstate)	NYS	47.25	5.00	24.75	47.25	32.50	5670	2.00	4.23	14	37.38	1.26
CONGLOMERATES	AVERAGE		2.8	12.0					2.0	1		
INSURERS/REINSURERS												
AEGON N.V.	NYS	69.25	1.84	-1.07	71.75	54.75	3	2.30	3.32	7	N/A	N/A
Aetna Life & Casualty	NYS	43.75	-1.13	-0.57	49.13	31.88	2013	2.76	6.31	10	64.23	0.68
Allied Group Inc.	OTC	21.25	-2.30	25.00	22.25	15.75	27	0.64	3.01	8	11.50	1.85
American General	NYS	43.38	3.27	-2.53	44.75	36.38	917	2.08	4.80	10	37.14	1.17
American Indemnity/Fin'l	OTC	6.63	-10.17	39.47	9.25	4.50	5	0.08	1.21	6	12.93	0.51
American International	NYS	90.00	4.50	-8.51	102.00	78.63	1207	0.48	0.53	12	45.34	1.99
Aon Corp.	NYS	42.75	-2.01	7.89	45.25	34.75	243	1.60	3.74	11	18.50	2.31
Argonaut Group	OTC	26.25	-0.94	10.53	33.38	21.75	29	0.68	2.59	8	48.26	0.54
AVEMCO Corp.	NYS	27.25	0.93	9.00	28.00	19.38	8	0.40	1.47	20	9.55	2.85
Baldwin & Lyons Inc.	OTC	26.50	0.00	2.91	27.50	21.50	19	0.28	1.06	7	24.29	1.09
Belvedere Corp.	ASE	4.38	9.38	34.62	5.38	2.75	12	0.04	0.91	13	7.65	0.57
Chandler Insurance	OTC	4.88	14.71	50.00	4.88	2.13	153	0.00	0.00	61	5.95	0.82
Chubb Corp.	NYS	65.63	2.74	-14.77	78.00	60.75	1261	1.60	2.44	10	35.19	1.86
CIGNA Corp.	NYS	55.75	-0.45	-8.79	61.75	41.25	599	3.04	5.45	11	73.15	0.76
CNA Financial Corp.	NYS	82.88	3.76	-15.43	104.50	75.50	129	0.00	0.00	8	70.23	1.18
Continental Corp.	NYS	27.75	2.78	0.45	30.38	23.25	896	2.60	9.37	29	37.83	0.73
EXEL Ltd.	NYS	34.63	-3.15	-7.67	40.25	27.38	221	3.60	10.40	7	N/A	N/A
Fund American Corp.	NYS	66.50	0.95	-4.83	70.25	60.88	271	0.68	1.02	15	36.11	1.84
Fremont General Corp.	OTC	21.00	-2.33	-13.85	26.00	18.00	296	0.88	4.19	5	19.13	1.10
Frontier Insurance Group	NYS	30.38	4.29	12.50	31.00	19.22	21	0.00	0.00	11	11.20	2.71
Gainsco Inc.	ASE	13.88	-4.31	-0.89	15.00	6.25	55	0.04	0.29	17	3.37	4.12
General RE Corp.	NYS	93.00	2.76	-8.71	104.75	85.00	708	1.80	1.94	12	37.50	2.48
Guaranty National Corp.	NYS	15.13	-1.63	4.31	17.00	12.63	37	0.48	3.17	11	N/A	N/A
Hanover Insurance Co.	OTC	37.50	-1.96	4.90	42.75	27.13	29	0.44	1.17	16	37.44	1.00
Harleysville Group	OTC	19.00	-7.32	-10.59	23.25	16.75	22	0.64	3.37	9	22.99	0.83
Hartford Steam Boiler	NYS	48.63	4.01	-15.43	63.75	45.13	117	2.00	4.11	14	17.05	2.85
Kemper Corp.	NYS	32.50	1.17	-14.75	46.13	28.88	770	0.92	2.83	8	34.20	0.95
Lawrence Insurance Group	ASE	8.25	-10.81	-25.84	11.13	7.88	7	0.48	5.82	16	4.71	1.75
Liberty Corp.	NYS	24.63	2.60	11.30	24.75	19.50	32	0.48	1.95	13	23.86	1.03
Lincoln National	NYS	56.75	-0.22	3.65	61.00	45.38	479	2.92	5.15	12	45.16	1.26
Markel Corp.	OTC	27.75	0.00	26.14	28.25	13.75	13	0.00	0.00	13	3.22	8.62
Mutual Risk Mgmt. Ltd.	NYS	35.63	7.14	1.42	37.75	17.00	94	0.12	0.34	26	-	-
NAC Re Corp.	OTC	28.75	-1.71	-8.73	33.00	21.75	89	0.16	0.56	13	18.90	1.52
Navigators Group	OTC	46.25	3.93	12.80	48.25	29.38	11	0.00	0.00	27	13.52	3.42
Nobel Insurance LTD.	OTC	5.25	10.53	31.25	5.25	3.00	109	0.00	0.00	7	7.76	0.68
NWNL Companies	NYS	31.63	4.98	1.61	38.50	18.63	532	1.40	4.43	12	42.73	0.74
Ohio Casualty Corp.	OTC	56.50	0.44	14.14	58.25	40.75	91	2.68	4.74	9	36.38	1.55
Old Republic Int'l	NYS	41.75	7.05	17.61	41.75	25.63	205	0.72	1.72	8	33.09	1.26
Orion Capital Corp.	NYS	31.00	-1.59	-1.98	34.25	22.88	40	0.92	2.97	5	20.42	1.52
Phoenix RE Corp.	OTC	9.75	0.00	-7.14	11.75	8.50	40	0.20	2.05	39	13.30	0.73
Provident Life	OTC	22.50	-1.10	-3.23	24.50	16.75	338	1.00	4.44	9	25.88	0.87
Re Capital Corp.	ASE	16.00	5.79	11.30	18.63	13.13	27	0.20	1.25	13	15.05	1.06
Reliance Group Holdings	NYS	5.13	0.00	24.24	6.75	3.50	61	0.32	6.24	3	5.61	0.91
RLI Insurance Corp.	NYS	20.38	1.24	23.48	20.38	11.88	16	0.48	2.36	9	14.41	1.41
St. Paul Companies	NYS	71.63	1.42	-1.72	75.75	57.13	311	2.72	3.80	8	52.00	1.38
SAFECO Corp.	OTC	47.13	-0.53	-3.33	50.00	35.50	1099	1.48	3.14	12	31.50	1.50
SCOR U.S. Corp.	NYS	18.00	1.41	17.07	18.88	11.63	8	0.28	1.56	10	11.19	1.61
Seibels Bruce Group	OTC	5.50	15.79	0.00	8.88	4.00	321	0.36	6.55	-2	7.35	0.75
Selective Ins. Group	OTC	19.00	0.66	13.43	19.75	13.75	80	1.04	5.47	9	18.91	1.00
Statesman Group Inc.	OTC	5.75	-4.17	0.00	6.88	2.31	175	0.00	0.00	4	2.48	2.32
Tokio Marine & Fire	OTC	38.13	1.67	-25.97	55.25	36.50	8	0.00	0.00	-	70.93	0.54
Torchmark Corp.	NYS	59.38	2.81	2.59	61.50	46.50	238	1.60	2.69	13	16.70	3.56
Transamerica	NYS	43.88	5.09	10.03	43.88	31.25	667	2.00	4.56	38	36.56	1.20
Transatlantic Holdings	NYS	36.88	2.79	-5.14	39.63	29.00	95	0.24	0.65	12	18.38	2.01
Travelers Corp.	NYS	20.13	-0.62	-6.94	25.38	17.25	978	1.60	7.95	7	41.44	0.49
Trenwick Group Inc.	OTC	29.00	-2.11	1.75	30.75	23.00	36	0.72	2.48	10	21.71	1.34
United Fire & Casualty	OTC	54.75	-2.23	21.67	58.00	41.25	6	1.32	2.41	11	35.39	1.55
USF&G Corp.	NYS	8.88	0.00	22.41	12.50	5.63	840	0.20	2.25	-4	11.96	0.74
UNUM Corp.	NYS	37.13	-0.34	-8.33	40.63	28.81	561	0.52	1.40	12	37.25	1.00
USLIFE Corp.	NYS	45.25	2.55	-5.48	47.88	37.50	77	1.64	3.62	9	60.34	0.75
Unitrin	OTC	33.50	-1.47	-6.29	41.50	31.00	157	1.00	2.99	13	30.70	1.09
USLICO Corp.	NYS	17.88	-4.67	-3.38	21.00	17.00	36	1.00	5.59	-18	29.44	0.61
Washington National	NYS	17.25	0.00	8.66	19.25	13.38	31	1.08	6.26	-52	26.86	0.64
Zenith National Ins.	NYS	16.38	-1.50	-2.96	18.50	13.75	18	1.00	6.11	7	13.14	1.25
INSURERS/REINSURERS	AVERAGE		1.0	3.6					3.4	12.1		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	OTC	14.25	-3.39	0.00	29.75	9.88	313	0.00	0.00	13	5.44	2.62
HMO America Inc.	OTC	20.00	-17.53	19.40	24.88	10.50	1500	0.00	0.00	21	0.61	32.79
Pacificare Health Sys.	OTC	60.25	0.42	52.53	62.50	21.50	186	0.00	0.00	24	6.55	9.20
Safeguard Health Enter.	OTC	13.00	-7.14	38.67	14.38	4.63	89	0.00	0.00	22	3.53	3.68
Sierra Health Services	ASE	24.00	2.13	29.73	29.50	12.38	30	0.00	0.00	13	1.78	13.48
United Healthcare Corp.	NYS	80.50	1.26	8.05	93.00	37.00	412	0.03	0.04	34	3.76	21.41
United Medical Corp.	ASE	8.00	3.23	14.29	10.88	5.88	3	0.20	2.50	25	8.79	0.91
U.S. Healthcare	OTC	47.75	-5.45	15.06	57.75	21.25	2042	0.56	1.17	23	3.38	14.13
HMOs	AVERAGE		-3.3	22.2					0.5	22		
ALL COMPANIES	AVERAGE		-0.1	10.5					2.8	11		

System design: Nordby International Inc.