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Updates

J&H buys Scotland-based broker, plans to continue U.K. expansion

EDINBURGH, Scotland—Johnson & Higgins U.K. Ltd. is expanding its retail brokerage network in the United Kingdom by aggressively seeking acquisitions.

Late last week, the London-based brokerage bought Edinburgh, Scotland-based broker Corporate Risk P.L.C., which last year generated revenue of £3 million ($4.7 million). J&H U.K. has acquired 100% of Corporate Risk, which was owned by six directors, for an undisclosed amount.

Dan Jones, chairman of Johnson & Hig-

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TIG cutback has some guessing

Buyers and brokers considering options to deal with plans

By ROBERTO CENICEROS

NEW YORK—The pressure is on TIG Holdings Inc. to prevent an exodus of good accounts from its commercial insurance operations, after announcing it will restructure, lay off employees and not renew certain commercial policies, brokers and analysts say.

About 10% of TIG Holdings Inc.'s total book of business, or $200 million in premium volume, will face non-renewal, said Don Hutson, president and chief operating officer of the holding company. However, company officials said that is a high projection.

Reinsurance, which accounts for 30% of TIG's operations, and personal lines operations, which account for 20%, will not be affected.

The restructuring can greatly reduce expenses and may play favorably with shareholders and stock analysts, the experts add. But, disruptions for customers are likely and the insurer must tread carefully, because troubled accounts are more likely to want to stay put while good accounts can always find it easier to move, said John Ward, chairman of Ward Financial Group, a Cincinnati-based management consulting firm that specializes in the insurance industry.

"It would be very difficult for TIG or any company making such massive changes in their operation to do it in a manner that is transparent to their customer," he said. "The challenge TIG will be facing is not how to not renew the unprofitable accounts but how to renew the profitable ones. With (employees) leaving and morale being affected by such announcements, all customers are going to feel an impact—probably a negative impact—on service levels and it may not be on accounts they want to non-renew or run off."

The New York-based holding company announced Feb. 22 that it will consolidate two commercial divisions and trim 550 jobs, or 28% of its workforce. The company also said it would not retreat from entire classes of business but would drop specific accounts (*BI*, Feb. 26).

TIG's plans include the eventual elimination of all branch offices for commercial accounts, although that elimination will be executed over a period of years. Most work will be cen-

See **TIG** *on page 61*

ERISA pre-empts stop-loss limit set by Maryland

Court rules against regulation

By JERRY GEISEL

BALTIMORE—A Maryland insurance regulation defining when stop-loss insurance policies are considered health insurance and subject to state mandated benefit rules is pre-empted by federal law, a U.S. District Court judge says.

Under the Maryland regulation, stop-loss insurance policies must have at least a $10,000 attachment point for specific claims and an aggregate attachment point of at least 115% of expected claims. Policies below those levels are considered health insurance and must abide by state requirements.

That regulation, issued last year by Maryland Insurance Commissioner Dwight Bartlett III, "imposes" significant restrictions on plan administration and operations of employee benefit plans and thus is pre-empted by the Employee Retirement Income Security Act, the court said. ERISA pre-empts state laws that "relate" to employee benefit plans.

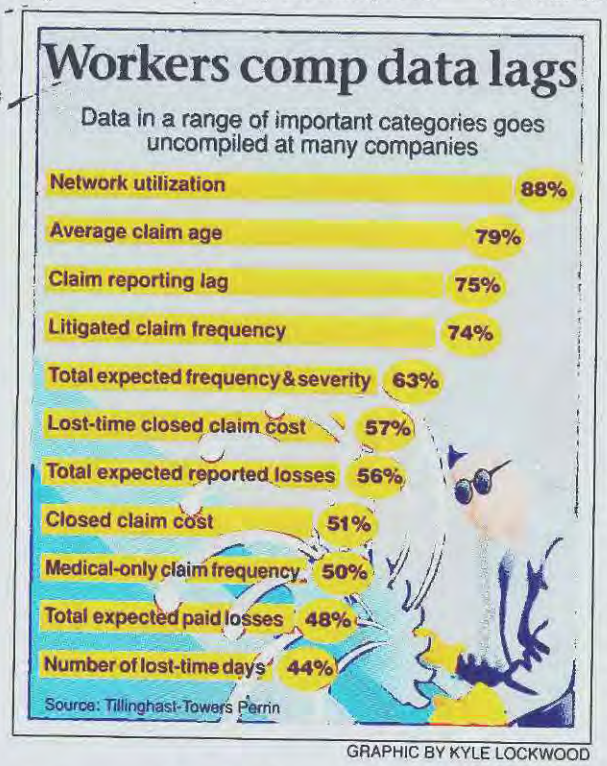
Among other things, the court noted, the effect of the regulation is to force a small employer either to take on more risk by purchasing a stop-loss policy with a higher attachment point or abandon self-funding and purchase a traditional health insurance policy, which would include state-mandated benefit requirements. Collectively, states require policies sold by commercial health insurers to offer more than 1,000 benefits.

While ERISA does not bar states from regulating insurance plans, the purchase of insurance does not convert a self-funded employee benefit plan into an insured plan in which an insurance company is directly providing benefits to employees, the court said.

"The purpose of stop-loss insurance is to protect the plan from catastrophic losses and not to provide health and accident insurance directly to employees," the court said.

The ruling—the first federal court decision to address whether state rules regulating stop-loss insurance are pre-empted by ERISA—is a victory for self-

See **Stop-loss** *on page 62*



GRAPHIC BY KYLE LOCKWOOD

Better not good enough for comp improvements

Poll finds monitoring will ensure gains

By MEG FLETCHER

NEW YORK—Employers whose workers compensation costs have decreased as conditions have improved now need to measure the performance of various aspects of their workers compensation programs to ensure that improvements continue, a new survey says.

Otherwise, they may become victims of their own success and top managers may lose interest, which would eliminate the chance for continuous gains in controlling costs, said Jenny P. Emery, the Hartford, Conn.-based manager of Tillinghast-Towers Perrin's risk management consulting practice.

Unfortunately, employers "are becoming data-rich, but information poor; they are collecting a large number of data elements but so far are unlikely to be using those data in meaningful program assessment," according to the New York-based consulting firm's third, biennial survey.

The vast majority of the 686 executives surveyed collect data on time and type of injury and cause of loss as well as demographic

See **Comp** *on page 63*

Mental health must be managed with care

By JUDY GREENWALD

Managed care cost controls can provide better mental health services at a lower cost, say its advocates.

Those managed mental health care advocates vehemently deny charges by providers, including psychologists and psychiatrists, that employers and managed mental health care firms narrowly focus on the bottom line to the employee's detriment.

But they also acknowledge there is a range of quality among the firms specializing in mental health managed care.

"It's probably the good news, bad news scenario," said Don Weber, a director with Coopers & Lybrand L.L.P. in Atlanta. When costs skyrocketed, many companies "just slashed their benefits" because they didn't know what else to do, he said.

But "the good news is that if managed care truly focuses on a continuum of care," including a range of services from outpatient to inpatient, employees can actually see their benefits increased with little if any additional cost.

The "bad news," he said, is there are managed care firms that attempt to control utilization through denial. However, he added, "I think the majority are starting to move toward a quality-based system."

There are organizations whose approach is "we would rather over treat than under treat," said John Vlasjjkovic, a consultant with Hewitt Associates L.L.C. in Lincolnshire, Ill. "There are other organizations out there that have really fallen prey to a lot of employer demands for cost cutting that will take a more aggressive approach."

"I think there are instances where aggressive managed care may limit in some ways access to mental health care or determine particular types of therapy as opposed to others," agreed Dr. Geof Kusch, director of health care planning for Dow Chemical Co. in Midland, Mich.

But, "I think that has more to do with specific individual programs (rather than being) an indictment of the process as a whole or the program as a whole." In Dow Chemical's case, its managed mental health care programs "have experienced some significant cost savings, but we have not run into issues where we have complaints either from providers or our employees that they were not being able to get the counseling services they felt they needed."

Jack Doerr, group benefits practice leader at Sedgwick Noble Lowndes in Chi-

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Updates

J&H buys Scottish broker

Continued from previous page
gins U.K. Ltd., said that J&H is aiming to build "critical mass" in its retail brokerage division by buying "quality operations" and confirmed that the broker is "actively looking at other acquisitions."

As J&H U.K.'s first retail purchase, Corporate Risk was attractive because of its "caliber of individuals and quality of servicing," as well as the client base. Corporate Risk will maintain its name for the near future. Corporate Risk's clients include companies in Scotland and England in the financial services, construction and mining industries. Mr. Jones described the client base as the "upper end of the middle market," adding that J&H is aiming for a "significant part" of the midsize and large corporate accounts in the United Kingdom.

Mixed implant verdicts reached

HOUSTON—Minnesota Mining & Manufacturing Co. won a product liability suit over silicone breast implants in Houston, while an Oregon jury reached a $1.5 million verdict against Bristol-Myers Squibb Co.

The two state court verdicts followed last week's release of a large-scale study in the Journal of the American Medical Assn. that suggested that women with implants have a small increased risk of developing connective tissue diseases. In the Texas case, the jury found that 3M should not be held liable for allegations by three plaintiffs that the implants caused them to have health problems.

The decision "confirms that silicone does not cause disease," said Dr. Carol A. Ley, 3M's associate medical director.

But, in Oregon, a state court jury awarded $1.5 million in compensatory damages to Lori Shaw of Gresham, Ore., who alleged she contracted immune system illness from silicone implants made by Bristol-Myers Squibb. A jury is still considering punitive damages.

The JAMA study was done by Harvard Medical School and Brigham & Women's Hospital researchers using data on more than 395,000 female health professionals, including 10,000 women with breast implants. They concluded their research was similar to other studies that had found no evidence of a large hazard of connective tissue diseases. But the researchers did find a "small but significant increased risk."

Arizona to vote on tort reform

PHOENIX—Arizona's Legislature is preparing to vote on a state constitutional amendment that would permit the Legislature to pass tort reforms. But, the measure would not take effect unless it also were approved by voters in a November 1996 ballot initiative.

The enabling legislation was approved by the Senate Government Reform Committee in February.

The Arizona Constitution currently prohibits lawmakers from enacting any laws that limit a person's right to file a lawsuit to recover damages (*BI*, May 10, 1993).

Briefly noted

The proposed **California Earthquake Authority** cleared its last financial hurdle last week when the Internal Revenue Service ruled that the facility's retained earnings will be exempt from federal taxation. The facility has obtained reinsurance commitments totaling $1.78 billion and plans to raise $1.5 billion from the capital markets and $1 billion in post-earthquake debt financing (*BI*, Jan. 22). A plan of operation also has been completed and a rating plan was submitted to the CEA advisory board late last week. . . .**Terra Nova (Bermuda) Holdings Ltd.** has registered with the Securities and Exchange Commission for a $125 million initial public offering. . . .New York Superintendent of Insurance Edward J. Muhl last week directed livery taxi insurers to include **coverage for Feb. 29** on policies that were due to expire on Feb. 28. The ruling was made because 1996 is a leap year and also because some drivers have had problems obtaining renewal coverage. . . .Revised language for H.R. 2500, the **Reform of Superfund Act**, now being circulated by House Republicans, would exempt from retroactive cleanup liability most parties whose waste was legally transported to multiparty sites on Superfund's National Priority List before Jan. 1, 1987. . . .A federal grand jury charged New York insurance consultant John D. McAllister on Feb. 28 with paying $85,000 in **kickbacks to Abdoul Sesay,** the former risk manager for the Los Angeles Metropolitan Transit Authority. Mr. Sesay pleaded guilty last year to charges of accepting kickbacks and tax evasion (*BI*, Aug. 7, 1995). . . .Superintendent of Insurance Edward J. Muhl was appointed liquidator of the **New York Insurance Exchange Inc.** after the exchange's board of directors approved terms for the withdrawal of the Goldstreet Syndicate, the final syndicate that had not withdrawn from the exchange or entered into liquidation. The move brings to an end a winding up project begun in 1987. . . .London market underwriters—led by the Specialist Claims Unit, which deals with asbestos, pollution and health hazard claims on behalf of Lloyd's of London—have reached a **$235 million settlement with Shell Oil Co.** for clean up costs at the Rocky Mountain Arsenal site. . .**H. Edward Hanway** has been named president of CIGNA HealthCare based in Hartford, Conn. Mr. Hanway previously was president of CIGNA Corp.'s international division. . . .**William E. Thiele**, president and chief operating officer of Swiss Re America Corp., will leave to join General Re Corp. in mid-March.

Errors & omissions

- A Feb. 24 story misstated the 1991 statutory surplus of Skandia America Reinsurance Corp. The correct figure was $353.9 million. The figure given in the story, $404.4 million, was actually the company's net premiums written.
- Due to an editing error, a Feb. 24 chart misstated the pretax earnings improvement at Aon Group. The chart should have said that pretax earnings rose 28.8% in 1995.

OSHA reform may pass Senate, but veto looms as a possibility

By MARK A. HOFMANN

WASHINGTON—The Senate Labor and Human Resources Committee today is expected to approve wide-ranging reform of the Occupational Safety and Health Administration.

The committee had initially scheduled a vote on S. 1423, the OSHA Reform and Reinvention Act, for last Wednesday. However, the vote was delayed because Democratic members offered many amendments, only one of which was approved during last week's hearing.

In fact, the committee only approved three amendments to the bill.

Even before the amendments, the Clinton administration had opposed the bill.

Reform proponents say this opposition is unjustified.

Unlike a broad-ranging House OSHA reform measure sponsored by Rep. Cass Ballenger, R-N.C., the Senate bill does little more than codify many reforms that already have been enacted administratively by U.S. Assistant Secretary of Labor Joseph A. Dear, who heads OSHA.

Nevertheless, in recent days, both Vice President Albert Gore Jr. and Labor Secretary Robert Reich have promised that President Clinton would veto the measure if it ever reaches his desk. In a letter received Feb. 27 by Labor Committee Chairman Nancy L. Kassebaum, R-Kan., Mr. Reich wrote bluntly that "enactment of S. 1423 would not be in accord with the program of the president."

Proponents of OSHA reform do not take the threat of a veto lightly, but still hold some hope of

See **OSHA** *on page 48*

No relief in sight for Lloyd's

Seven states pursuing legal actions against ailing market

By GAVIN SOUTER

State authorities are lining up to take a swing at Lloyd's of London.

West Virginia, California and Missouri late last month became the latest states to act against the beleaguered insurance market, and other states are investigating possible legal actions against Lloyd's, alleging unregistered sale of securities and, in some case, deceiving members about the risk of loss in the insurance market.

The state suits, often brought on by the persistent complaints of individual Lloyd's members, are expected to carry greater weight in the U.S. courts, which have been reluctant to hear suits against Lloyd's by U.S. members.

Even with that greater weight, the suits still rank second to members' protests and litigation in London, which is threatening to overturn Lloyd's reconstruction plan.

Yet, if successful, the U.S. litigation could cause huge problems for Lloyd's as the funds assigned to pay future asbestos and pollution claims could be used to pay back U.S. members instead.

In West Virginia, regulators charge Lloyd's in an order with the unregistered sale of securities.

Missouri became the sixth state to take action against Lloyd's when Secretary of State Rebecca Cook issued a cease and desist order Feb. 28.

The order prevents Lloyd's from recruiting more members in Missouri and prevents Lloyd's from drawing down on Missouri members' letters of credit. Ms. Cook said that though Lloyd's no longer recruits individual members in the United States, the order prohibiting such recruiting was made in case the market reverses its policy in the future.

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Gingrich foresees House health action

By MARK A. HOFMANN

WASHINGTON—House Republicans will follow the lead of their Senate counterparts and will soon unveil a bill to guarantee portability of employer-provided health insurance and curb pre-existing condition exclusions.

That was one of many predictions House Speaker Newt Gingrich, R-Ga., made during a speech last week to the American Assn. of Health Plans, which was formed by the merger of the Group Health Assn. of America and the American Managed Care & Review Assn. (see story, page 59).

Rep. Gingrich also discussed medical savings accounts, the need for medical malpractice reform, likely technological developments that could transform the

See **Gingrich** *on page 59*



Newt Gingrich expects to revisit health care reform.

High court ruling protects settlement process

By MICHAEL SCHACHNER

WASHINGTON—In ruling last week that settlements reached in state courts could extinguish parallel claims in federal court, the U.S. Supreme Court could expedite the settlement process for class action suits in legal fields including patents, antitrust, civil rights and transportation.

The ruling will probably not affect the prospects for settlements of product liability class actions, though, because there are very few federal statutes that could be the basis for class-action product liability suits.

Experts from both sides characterized the 7-2 ruling in a securities law case as favoring neither defendants nor plaintiffs. Instead, they said, it signals that the justices are committed to promoting expediency and ensuring that settlements, once completed, are secure and safe from challenges in unrelated proceedings.

The Full Faith and Credit Act, which dates to the early days of the republic, "directs all courts to treat a state court judgment with

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Inside

- Employers need time to complete 401(k) salary deferral transfers, one of this week's editorials says. **PAGE 8**
- CIGNA's president defends the restructuring in Speaking Out. **PAGE 35**
- Israel's terrorism rates unshaken by bombs. **PAGE 55**

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Risk management consulting

Is bigger better?

Wrong question, say risk managers. Expertise is best.

By MICHAEL SCHACHNER

When selecting a risk management consultant, expertise and lack of bias are more important than an affiliation with a large firm.

Expertise is the most important criterion, with independence and objectivity a close second. Consulting firm size and name recognition are not that important.

At least not to risk managers. But if it's treasurers or other executives who want a consultant, they often ask for a big name—because those are the only ones they know.

With expertise and knowledge most in demand, risk managers stress that simply being employed by a large broker or accounting firm doesn't automatically make one a good consultant. Conversely, while a small consultant may bring the important element of independence to the table, working outside the umbrella of a large broker or accounting firm won't make up for a lack of expertise.

By the numbers, chances are greater that at least one person capable of doing the needed tasks will be available at the large firms owned by brokerages. However, if small and midsize independents also employ a person skilled at what the risk manager is seeking, risk managers say they are often the first choice because they are independent and almost always charge less.

"Generally, you're just looking for that one smart person to help you. . .There's no reason to believe that a small shop wouldn't be terrific, but you have to know who you're going to be working with. In the end, I'll go to the expert regardless of affiliation," said John F. Riley, director of corporate risk management with financial data company The Dun & Bradstreet Corp. in New York.

Mr. Riley said that if he is working on changing D&B's self-insurance levels, or coming up with a new coverage scheme, virtually all consultants potentially could help. "Brokers can provide this advice, and so can a Big Six company. To me it doesn't matter who I go with. I just want them to be good at what

See **Choosing** *on next page*



GRAPHIC BY JOHN HALL

When one size doesn't fit all

Consultants and other specialists provide audit services by demand

By MARK A. HOFMANN

As interest in basic insurance audits has tailed off, more and more risk managers are turning to consultants for advice on targeted cost-saving strategies, particularly for workers compensation.

Risk management consultants say that managers are demonstrating a greater appetite for retention of risk and are seeking services that sate that appetite. There is continued interest in methods of alternative risk financing, though consultants are divided over whether this means more interest in captives.

Business continuity planning and getting risk managers to understand the power they have in the marketplace are among the things fueling demand for consulting services.

But consultants cannot provide every service, and some risk managers are seeking special services from specialized vendors.

"There's never one particular hot service in the sense that each client's needs are different, so for one client it may be workers comp audits, another may be general liability, property, ocean marine," said Thomas A. Kovatch, president of United Insurance Consultants Inc. in Glen Rock, N.J.

"Our emphasis has shifted from the basic insurance audits," said William L. Granahan, senior consultant with Milliman & Robertson Inc. in Wakefield, Mass.

While some risk managers still seek this service, demand is down because there are fewer risk managers and fewer dollars to pay for such projects, he said (see story, page 16).

Mark Charron, who is principal with Deloitte & Touche L.L.P.-Risk Management Consulting Services in Hartford, Conn., disagreed somewhat, saying the consulting firm had a "busy year" with risk management audits.

He added, however, that the audits were "probably more focused, as opposed to the broad-brush evaluations" often favored in the past.

"As you might suspect, the application of managed care techniques in workers comp remains a hot topic. I think it will remain a topic as long as workers comp reform keeps being generated in the states," said Michael Vogler, principal and national director of risk management with Coopers & Lybrand L.L.P. in At-

See **Demand** *on page 12*

Top U.S. independent risk management consultants

Ranked by revenues, dollar figures in millions

	Revenues: 1995 pure risk management consulting	Revenues: % change from 1994	Number of clients	Professional risk management staff [1]	Offices Total/U.S.
1. Tillinghast-Towers Perrin	$ 27.0	7.1%	1,000	106	27/16
2. Coopers & Lybrand L.L.P.	23.2	17.8	1,460	101	23/14
3. Watson Wyatt Worldwide	22.0	25.7	1,300	106	17/8
4. Deloitte & Touche L.L.P.	19.5	11.4	500	90	16/13
5. Arthur Andersen & Co. S.C.	15.3	86.3	400	75	9/9
6. Ernst & Young L.L.P.	14.0	9.2	400	106	8/6
7. KPMG Peat Marwick L.L.P.	11.0[2]	2.8	110	71	9/6
8. Milliman & Robertson Inc.	7.6	7.0	1,000	33	15/14
9. United Insurance Consultants Inc.	6.5	30.0	536	13	1/1
10. J.H. Albert International	6.3	0.0	800	31	1/1

[1] Staff figures are given in full-time equivalents [2] Estimate
Source: BI survey

GRAPHIC BY KYLE LOCKWOOD

Timely newsletters often supplement dated risk manuals

Particular audiences targeted with bulletins

By MICHAEL BRADFORD

Risk management manuals—those weighty dust collectors and doorstops familiar to so many managers—are gradually being supplemented by newsletters and bulletins that keep fresh the concepts of safety and loss control.

Risk management consultants say their clients are slowly realizing that keeping information in front of employees is an excellent way to make sure the risk management manual's intent is realized. Newsletters and bulletins can be used to translate some of the sterile-sounding policy statements into readable objectives, they say.

"It can really be an effective risk management technique," said Stephen Scammell, a Parsippany, N.J.-based consultant with Tillinghast-Towers Perrin.

Risk managers who use newsletters and bulletins are taking an active approach, he added, and "are interested in effecting change in their organizations."

However, risk managers who take advantage of this inexpensive way to keep risk management topics fresh are in the minority, consultants agree.

Unlike employee benefit newsletters, which years ago found a valuable role in communicating plan changes, risk management bulletins are not so easily located in the workplace.

"Most risk managers don't do that kind of thing," Mr. Scammell pointed out, because often they are preoccupied with other matters like making sure adequate insurance is in place.

And, at companies where the publications are found, distribution is often limited. Managers typically are targeted to receive newsletters and bulletins, but a company's rank-and-file gener-

See **Manual** *on page 15*

Targeted audits No longer do many risk managers want the time-consuming in-depth reviews popular a few years ago. Tighter budgets and increasing sophistication are encouraging a much narrower approach.....**Page 16**

Spotlight editor
Mark A. Hofmann

Spotlight report

Choosing

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they're doing. But if it's our CFO that's asking for something, we'd probably go with an independent big name like a Tillinghast or Wyatt."

One prime selling point for the small firms is their independence from the big brokerage and, to a certain extent, accounting firms. (For the purposes of *BI* rankings, independent firms are defined only as those not affiliated with an insurance company, agency or brokerage.)

"Our opinion, which we believe is subscribed to by all Society of Risk Management Consultants members, is that a consultant that's part of an auditing firm or broker can't be objective," said Michael Rodman, executive vp with J.H. Albert International Insurance Advisors Inc. in Needham, Mass.

Once an accounting firm reviews a client's books and is called on to assess the adequacy and accuracy of insurance programs, it could be put in a compromising situation.

"What if the consultant comes up with a negative opinion of the insurance. Won't that reflect negatively on the previous work of the auditor, who is likely a member of the same firm?" asked Mr. Rodman. "And with brokers, my concerns are even greater. What is the ultimate goal of a broker? It's to sell insurance."

Several other consultants argued that their competitors that are owned by brokerages do not have the client's best interest in mind. A brokerage's bread and butter, they say, is in commissions from placing insurance.

"Everyone has biases, but economic bias that stems from revenues being tied to the advice one gives is different than professional bias. That's the problem I see with broker-owned consulting units," said Richard S. Betterley, president of Betterley Risk Consultants in Sterling, Mass., which in 1994 merged with Milliman & Robertson Inc. but split off nine months later.

"If you ask a broker about going self-insured, you're automatically discussing a risk financing method that will reduce the business that goes through that broker. Therefore, can a client be certain that they will receive the objective advice they're supposed to be paying for? They may, but there has to be doubts," Mr. Betterley said.

Some risk managers echoed these sentiments.

"In my mind, independence is the most critical thing. Otherwise, there's too much potential for a conflict of interest," said Carla Eberling, director of risk management at Phillips-Van Heusen Corp., a New York-based clothing manufacturer. "Size of the consultant doesn't matter. But I do prefer hiring someone that has been a risk manager before. I think that helps them relate to the issues at hand."

Where the larger accounting firms may have an advantage over their smaller competitors, Ms. Eberling said, is when "number crunching" is involved. "If there's going to be an analysis of financials, it will usually lead us to the larger firms like Ernst & Young, Coopers & Lybrand or Tillinghast," she said.

'You already have a broker, most likely from a large shop. I think you need a totally different perspective from a consultant,' says Fred Melton.

Fred Melton, vp-risk management with Coca-Cola Bottling Co. Consolidated in Charlotte, N.C., was more adamant about the type of consultant he would want.

"If I were looking for a consultant, I'd want an independent and I wouldn't care if it was a one-person business or they had 100 consultants. I want independence, not a broker whose objectivity could be shaded."

His company uses risk management consultants only rarely, and then primarily to advise on acquisitions or to review insurance coverages that have been arranged by a broker.

"You already have a broker, most likely from a large shop. I think you need a totally different perspective from a consultant," he said.

Executives with consulting units of brokerages respond that they can provide just such perspective.

"We're not just a broker. We're a diversified brand that happens to have a brokerage unit as part of its stable of five or six businesses," said Joe McCarthy, the regional director with Sedgwick James Inc. who is responsible for the company's risk management consulting division in Boston. "We're no more a broker than Arthur Andersen is an accountant. We do much more than one thing."

Mr. McCarthy insisted that most of Sedgwick's risk management clients are looking for one thing, and one thing only: a reduction in the cost of risk.

"So who owns the consultant and whether he's short, tall, big or small doesn't matter. Ultimately, risk managers want to advance the interests of their company" and will either opt for the best consultant regardless of affiliation or will select someone from a company they respect and to which they can relate.

"You can make an argument for all of us, but like water, which seeks its own level, risk managers often go to a consultant whose firm mirrors theirs," he said. That is why Sedgwick consults mostly with larger companies, according to Mr. McCarthy.

"To need a consultant to begin with, you have to have problems, whether they're claims, environmental or something else. It's usually the largest corporations that face such troubles. Bigger companies retain more risk, while smaller ones are usually just net buyers of insurance. Small companies aren't worried about self-insured workers comp or 2,000 annual general liability claims," he said.

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Integrated Cost-Reduction Services – Utilization Management – Case Management – Medical Review Services – National Provider Networks – ProVention Services – Injury Management Program – Review Services – Bill Review – Peer Review

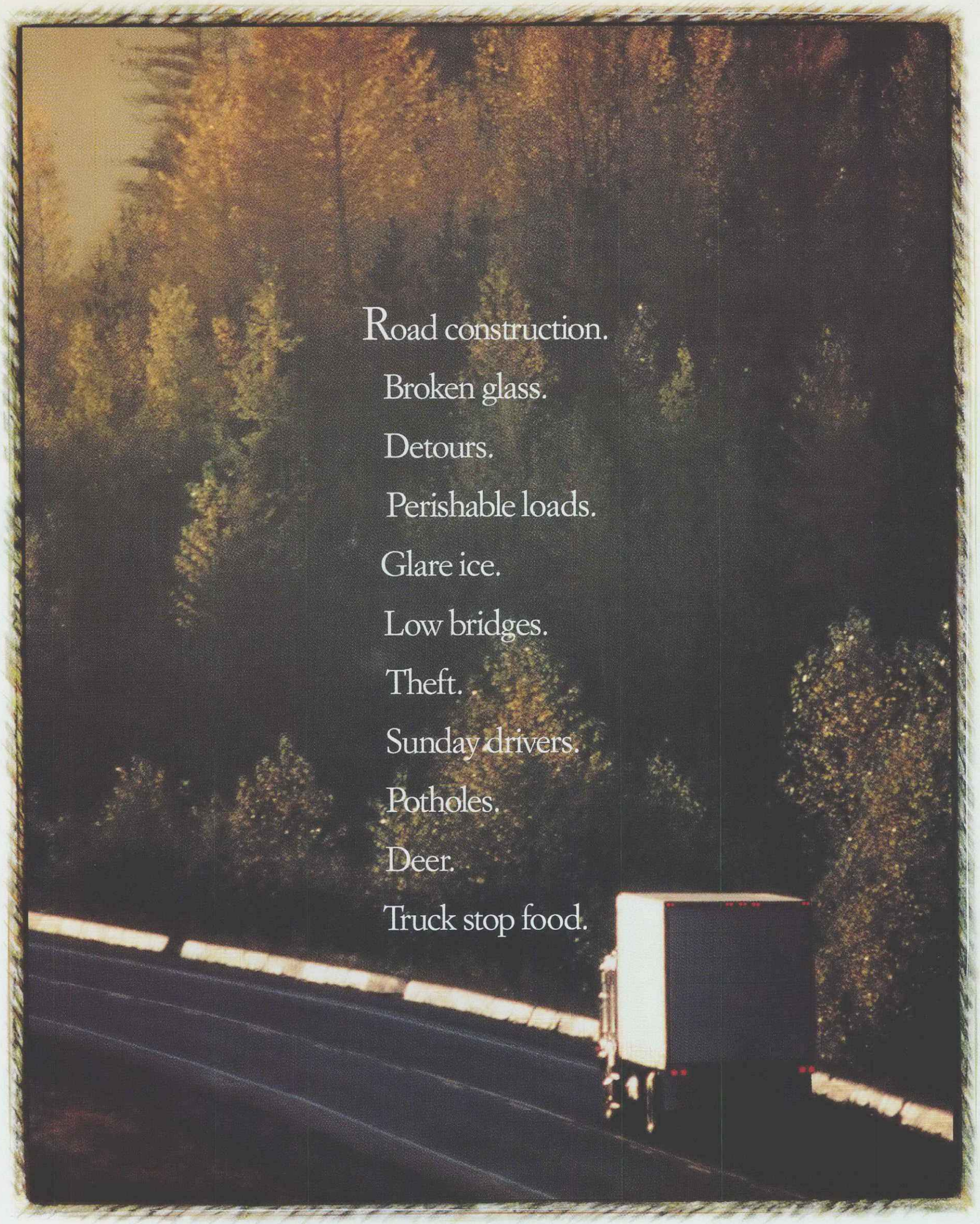
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Choosing

Continued from page 4

Roger Egan, global consulting practice leader with Marsh & McLennan Inc. in New York, said size is an advantage. "Size means you have more consultants and it gives a firm the ability to specialize across a broad array of disciplines. . .Our consultants don't have to be the chief, cook and bottle washer."

Even smaller competitors understand that thinking.

"A large broker or accounting firm may be appreciated by the bigger client," said Ken Butler, a partner with Crain, Langner & Co., a risk management consulting firm in Richfield, Ohio.

"A client that has embraced the large corporate culture may prefer to see that same culture reflected at the consulting firm. We are often told that a reason an account is going to a large firm is that 'our culture matches theirs,' " said Mr. Butler.

Large independent firms, meanwhile, believe their size is beneficial to clients.

"We strongly feel that big corporations prefer doing business with a big-name firm like us. We bring a presence and stature to the (consulting) industry," said Douglas H. Hartman, a principal in the risk management consulting practice at Ernst & Young L.L.P. in New York.

He said Ernst & Young often is called on to perform three types of projects: those requested by treasurers and human resources professionals; approvals of public entity insurance programs; and full risk management services for companies without full-time risk managers.

"We have analytical capabilities, brand-name recognition and credibility to match up with our technical expertise. Bosses will believe our reports based on who we are," Mr. Hartman asserted.

Why is bigger better? 'Our consultants don't have to be the chief cook and bottle washer,' says Roger Egan, global consulting practice leader with M&M.

No matter how good a small firm is, said Jerry Miccolis, worldwide risk management practice leader with Tillinghast-Towers Perrin in Parsippany, N.J., it can't offer the services a company like his can.

"We have more tools and firepower. We can reach into other parts of the organization to find experts in any area, be it catastrophe modeling, communications, or medical cost control," he said.

But Mr. Miccolis acknowledged that clients tend to contract for consulting services based more on what the project is than the size of the firm. "If it's a new-wave project involving alternative risk financing, that business usually goes to the large independent firms or the brokers. Large-scale workers comp management also goes in that direction. But traditional reviews of coverage bids and new program design very often goes to the smaller independent consultants, and quantitative audit work is the domain of the Big Six."

Another factor determining what type of consultants risk managers hire is location and quality of service. Experts say that consulting services are delivered locally, thus the consultant must be situated close to where the work is being done.

"If you're going to compare a national consulting firm to a smaller, local one, you have to measure the distance the consultant will be traveling. A large company may not be able to deliver the service that we can if we're there," Crain, Langner's Mr. Butler said.

"I think the hallmark of a company like ours is the personal service. An organization is only as good as the people manning a location, and I've seen large corporations go with smaller firms and small ones go with large consultants," said Robb Hubbard, a senior consultant with Melanber Inc. in Halifax, Nova Scotia. "In my opinion, size doesn't matter at all. Be it Boeing or ABC Construction, they all use risk transfer methods, and if you're a quality consultant, you can help." BI



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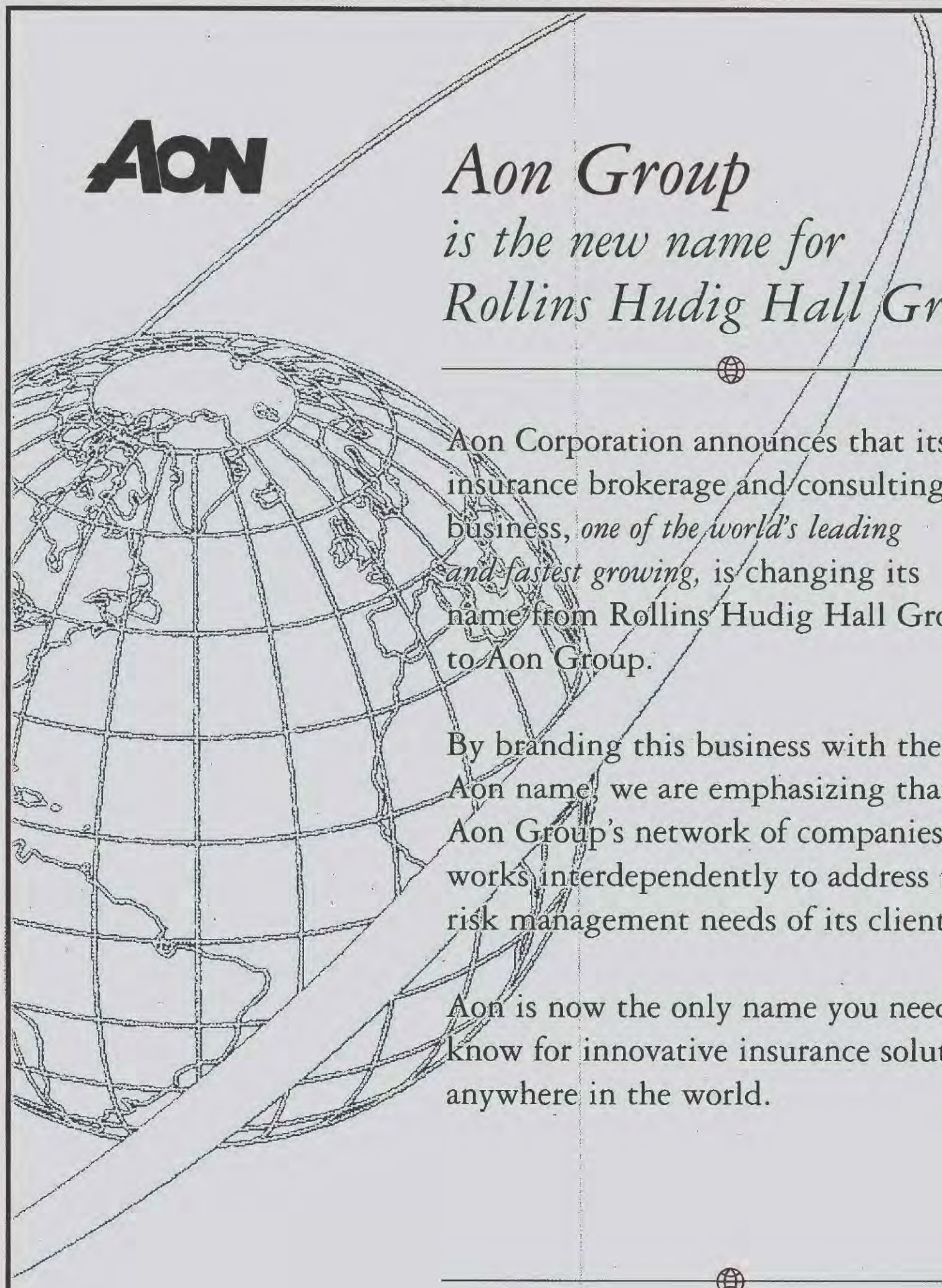
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401(k) transfers not built in a day

HOW MUCH TIME should an employer have to transfer employees' 401(k) plan salary deferrals from general corporate assets to the plan itself?

While we don't have an exact answer, we know that just one day—the amount of time the Labor Department is proposing to give large employers in certain circumstances—is not enough.

Clearly, the current rules on transferring employee contributions to 401(k) and other benefit plans are out of date and should be strengthened.

Those rules, put in place in 1988, require employee contributions to be transferred to plans as soon as possible, but in no case should the transfer be made later than 90 days after the employee makes the contribution.

In today's era of electronic transfers, a 90-day window to transfer money into savings plans is more than employers need. These are employee contributions, and those contributions should earn interest as soon as possible.

But a one-day transfer rule is too tight. Employers, for example, need time to reconcile payroll records with contributions. An employee, for instance, may want to make a contribution to a 401(k) plan but may no longer be eligible to do so because he or she exceeded the contribution cap. One day just won't be enough time to catch such mistakes.

Obviously, it makes more sense to verify that correct amounts are being remitted to plans before the transfer occurs rather than to fix errors later.

In addition, a one-day transfer period would be especially burdensome on employers with a single 401(k) plan covering employees across the country who are paid at different times of the month.

Those companies now can aggregate contributions, reducing administrative costs as well as errors.

In trying to make the case for faster 401(k) plan transfer rules, Labor Department officials have trotted out a slew of horror stories, such as companies holding on to employees' 401(k) plan contributions to give themselves interest-free loans.

But virtually all the employers the Labor Department has cited as playing games with their 401(k) plans are very small, fewer than 100 employees. Yet, ironically, the smallest employers would be given the most time—generally from two to four weeks—to transfer contributions.

While the track record of large employers in administering their 401(k) plans may not be perfect, it in no way justifies the kind of rules the Labor Department is proposing.

The Labor Department should be reminded that employees are as much the victims of costly administrative rules as their companies. Higher administrative costs can mean less money to pay benefits, and surely that is not something the department wants.

Department officials need to go back to the drawing board on this rule.

New tune on benefit mandates

LIBERAL CONGRESSIONAL DEMOCRATS, many of whom have been only too willing to impose new benefit mandates on employers, now are whistling a different tune.

We are glad to see that a legislative package unveiled last week by Senate Democratic leaders takes the carrot rather than the stick approach to encourage employers to offer and partially pay for pension and health plans.

Specifically, the Democrats' proposal would give new—though as yet undefined—tax breaks for employers that, among other things, contribute at least 3% of payroll to their pension plans and pay at least 50% of the cost of a health insurance plan that covers employees working for at least three months of the year.

Giving employers some financial incentives to offer employee benefit programs strikes us as a much better approach than actions to force companies to provide benefits to their employees—whether they can afford to do so or not.

And we like the idea that the Democratic package leaves it up to the employer to design its pension and health care plans rather than have the government set the requirements.

In our opinion, one of the big failings of the Clinton health plan was that employers were told how their health care plans had to be structured down to the nth degree.

The Clinton administration's attempts to pile on employers government benefit mandates and requirements backfired for Democrats and was a factor in the 1994 elections, which were such a fiasco for the party.

With the 1996 elections approaching, Democrats clearly want to avoid a repeat of the 1994 elections that gave Republicans control of Congress. Encouraging employers—rather than forcing them—to offer benefit plans, is not only a good political move, it also is the right step to take.

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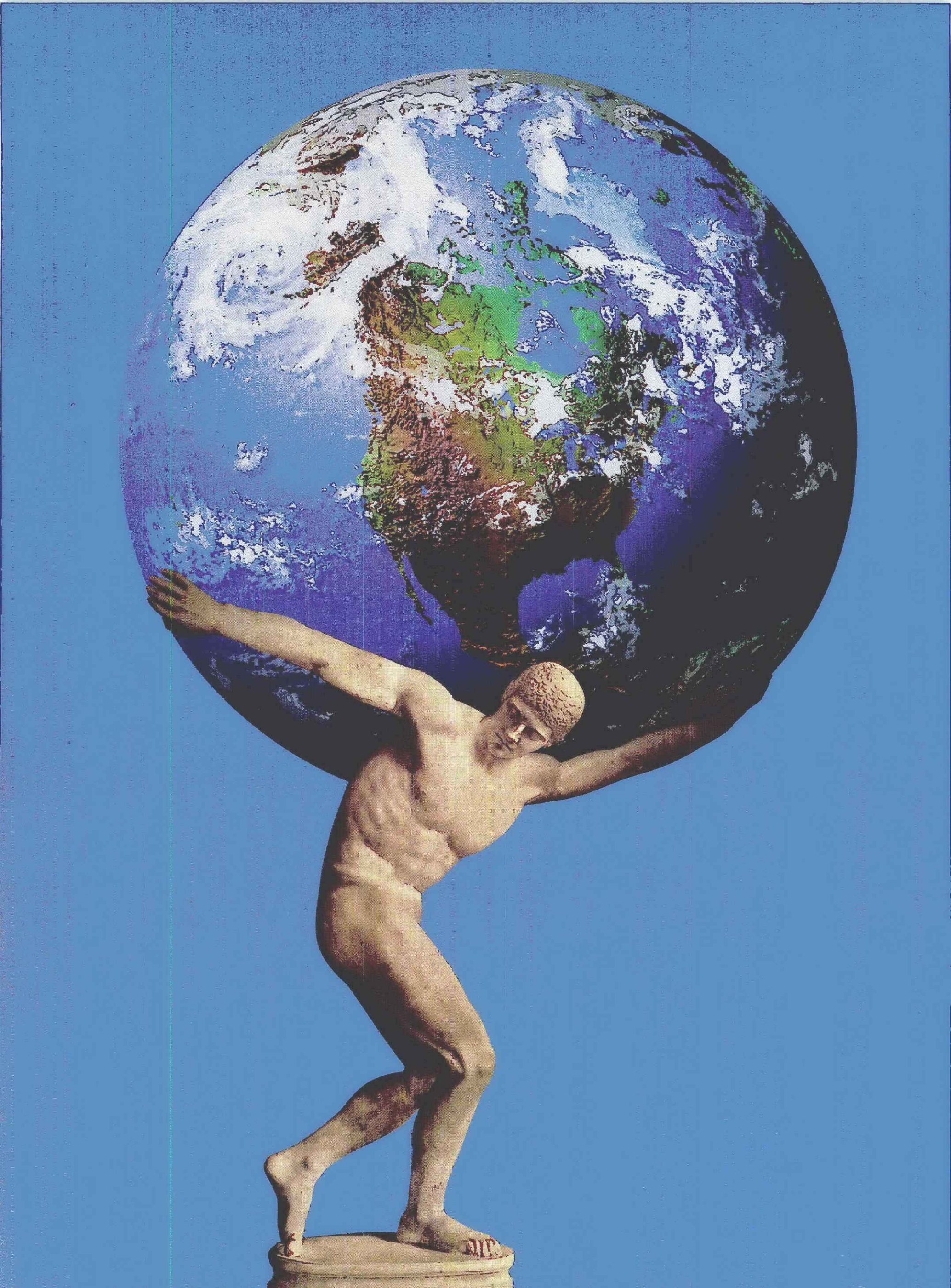
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Demand

Continued from page 3

lanta. He said that much of the application of techniques boils down to claims management.

"As far as the services that seem to be more in demand this year, there are two categories," said Jerry Miccolis, principal and practice leader of Tillinghast-Towers Perrin in Parsippany, N.J.

"One is an expansion of what we've been calling for the past few years workers comp cost management, an expansion into the non-occupational arena. This consists of more than what has been called 24-hour coverage. If you consider 24-hour coverage to mean providing medical benefits both on and off the job, it includes more than that in two respects. It includes disability management as well as medical management, but it also includes the whole realm of pre-claim cost management—in other words, prevention of the claim itself integrating safety with wellness, and the whole fields of health risk management and health demand management.

'Keeping employees healthy and productive is the goal, not necessarily keeping them off the workers comp rolls," Mr. Miccolis said.

"We're all aware that we think we've achieved savings in workers comp," said Mr. Charron. The question now is, "what do we need to do next?" because "we've already achieved the easy stuff," he said.

"We're seeing more of a focus now on lost-time management, which is an integration of workers comp, disability management and medical programs, and a total

Risk management consultants generally agree that workers comp services are currently hot, but they differ regarding alternative risk financing.

evaluation of how the workforce is or is not on the job. Clearly, a continued focus is on medical management. We're seeing a lot more state reform. The frontier I really think we're seeing pushed on is lost-time management," he said.

Milliman & Robertson's Mr. Granahan also reported increased interest in 24-hour coverage, though he cautioned that some people's perception that such coverage is the ability to buy both accident and health and workers comp from the same insurer "really doesn't work that way because you can't pool accident and health losses with the workers comp."

Milliman & Robertson has "been working with a lot of the vendors that want to get into this business," including both HMOs and workers comp insurers. "What it really boils down to is they're offering the services to control the losses on a 24-hour basis," but they're not offering a risk pooling on the same contract, Mr. Granahan said.

"The movement is for the property/casualty/workers comp vendors to pair up with the accident and health vendors," he said, noting that about 85% of his work in the last eight to 10 months has been in this area.

For medium-size employers, the interest in workers comp-related services includes pooling workers comp exposures together into self-insurance groups, the requirements for which vary from state to state, Mr. Granahan added.

"SIGs have taken off," he said. "If a fairly sophisticated group of employers get together and look at the experience of SIGs in other states, it's still a better deal" than a more traditional approach, he said.

If consultants generally agree that workers comp services are currently hot, they differ regarding alternative risk financing.

For example, United Insurance Consulting's Mr. Kovatch said, "We have seen some demand for alternative risk. However, when properly structured and negotiated, the standard markets generally respond as well."

But, "there's a lot less demand right now for offshore work" than 10 years ago, when there was a tremendous amount of interest in alternative financing, he said.

Coopers & Lybrand's Mr. Vogler, however, said there is increased interest in captives, both offshore and domestic. For some clients, exploring captive possibilities leads to other savings approaches, such as taking larger deductibles, he said.

Mr. Granahan also said the risk managers are still looking for alternative risk financing, including onshore and offshore captives, despite the continuing soft market.

"For the larger employers, it doesn't matter to them because they're going to pay a lot of money for their insurance anyway," and they are understandably looking to save money, he said.

Cost-conscious risk managers are in general showing a greater willingness to retain risk and to seek the services that allow them to do so.

"Our clients are showing a larger appetite for retention of risk. The general trend toward self-insurance has the majority of corporate clients more acutely aware of their role in retaining risk. Someone may have gone self-insured in workers comp, and once they've gone down that path, then they start understanding the risk/reward ratios," said Deloitte & Touche's Mr. Charron.

"We're beginning to see a re-evaluation of the larger risks that an organization faces and the strategies appropriate to respond to them: for example, multiyear, single-limit programs where we're combining various areas of coverage over a larger retention level with one single limit or a layering of single limits over multiple-year," he said.

"We believe that the market is moving in that direction, that more and more corporations are taking a different approach than their traditional policy-by-policy and deduction-by-deduction decision-making," he said.

Tillinghast-Towers Perrin's Mr. Miccolis said the major category of risk service demand beyond workers comp is on the risk financing side.

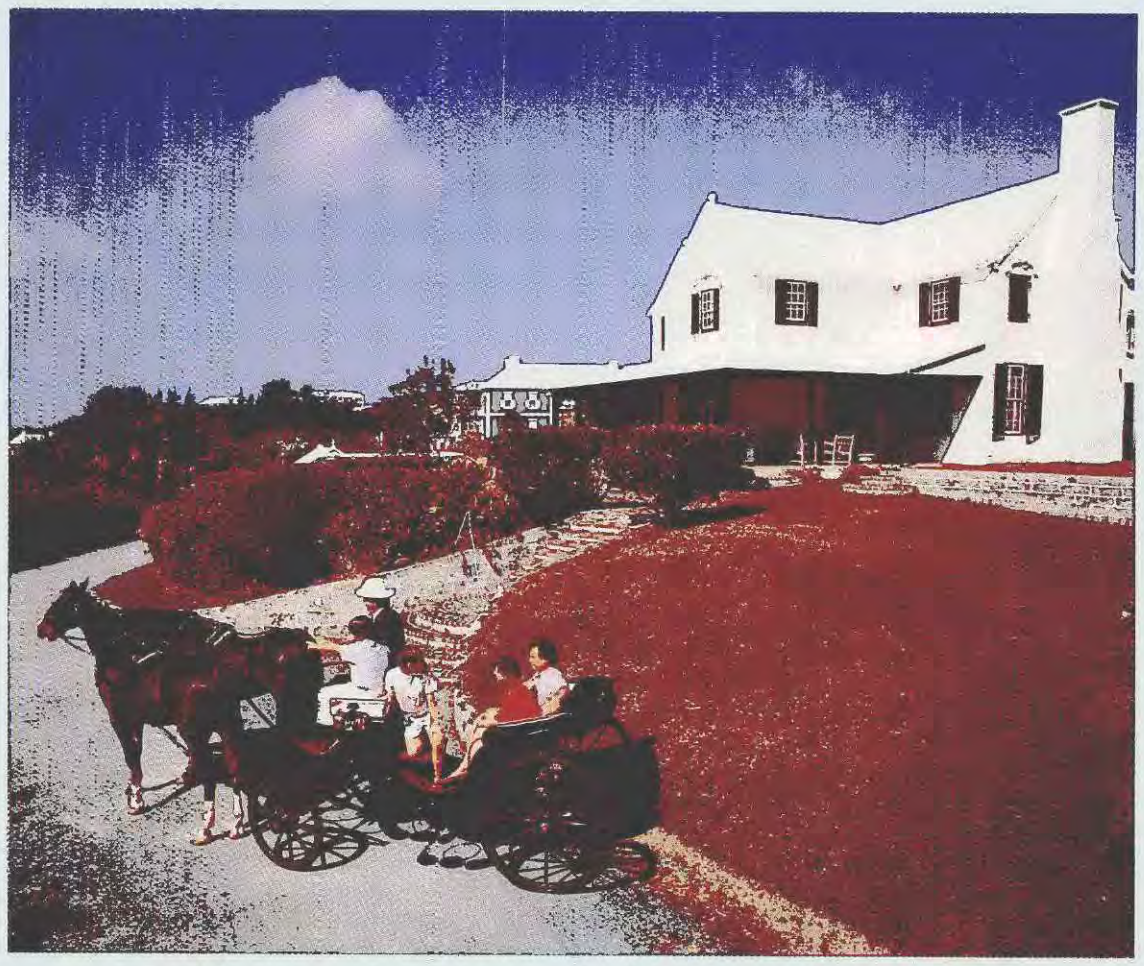
"Risk managers want more than just their hazard risks dealt with,

See **Demand** *on page 14*

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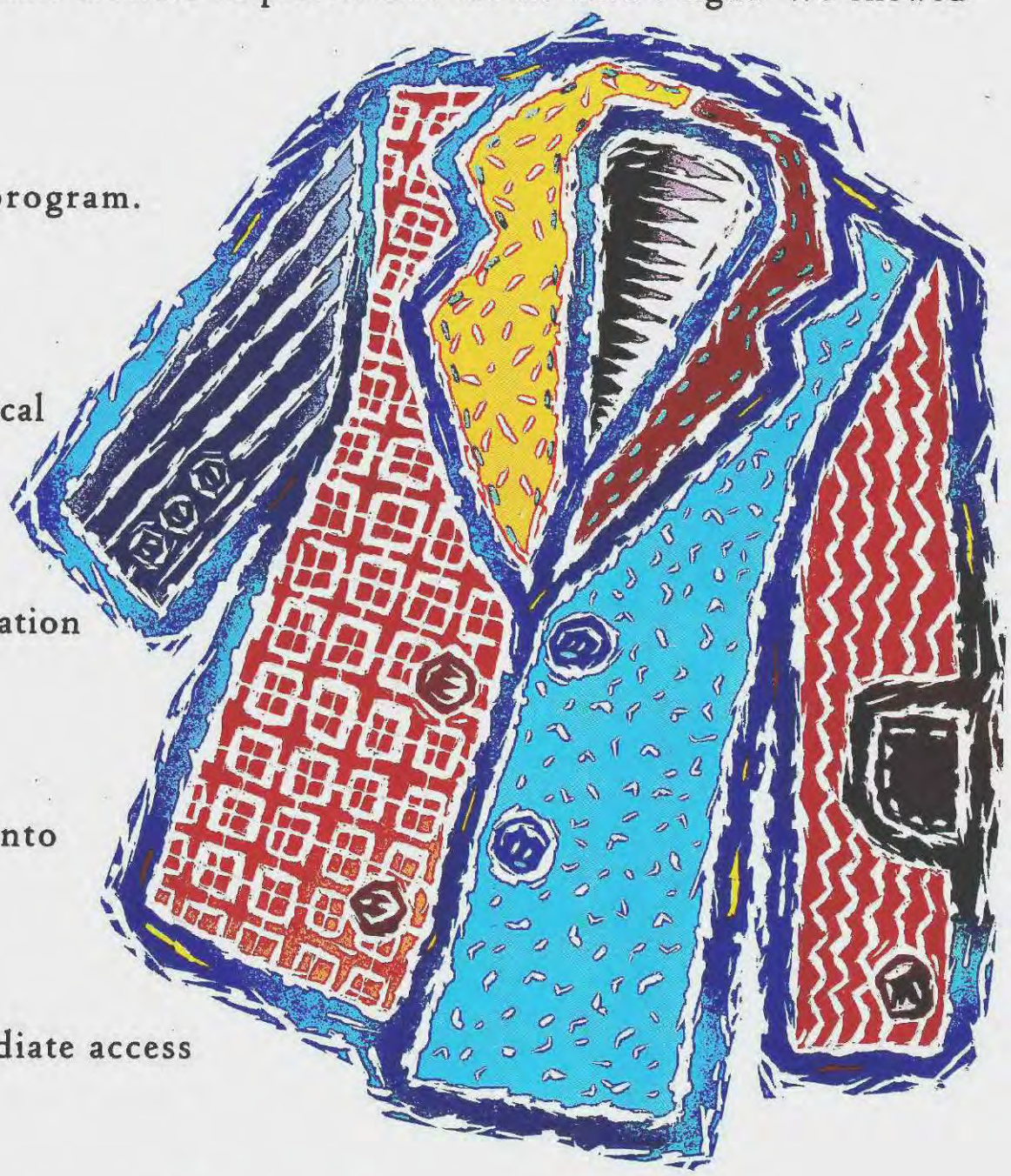
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Demand

Continued from page 12

more than just the traditional insurable property/casualty risks. They want to go beyond that and look at things like credit risk, foreign exchange risks, political risks and deal with all those risks together and deal with them over a longer, more strategic time horizon," he said.

"They are looking at multiyear, multirisk financing programs and in the process are looking more closely at what their real risk appetite is and typically finding they have a greater risk appetite than what they had implicitly thought by virtue of how much insurance they used to buy. Now they are looking for coverage products that are multiyear, multirisk and non-traditional in the sense that capacity is coming from other than the traditional insurance market. Those non-traditional sources of capacity include reinsurance companies writing direct to corporations and other private and public entities and also the capital and credit markets.

"What's common about both of those two major categories is that risk managers are breaking out of what we call the property/casualty paradigm," he said.

An emerging issue for consultants is risk managers saying "It seems like we risk managers are being driven by the insurance market rather than driving the insurance market," said Coopers & Lybrand's Mr. Vogler.

Harvey Michaels, principal and director-business insurance claims practice for Deloitte & Touche in Houston, said there also has been increased demand for international services, particularly regarding claims in the Middle East and Eastern Europe.

"For many of these places, the clients just don't have the analytic tools, modernized computers or wherewithal to get through the claims," he said.

Vertical integration of corporations also has led to new business opportunities. "If you have an impact in one particular division, the ripple through the company gets to be fairly extensive. We have gotten more calls now for maximum foreseeable loss or maximum probable loss studies" to deal with these exposures.

Business continuity planning questions have also become more common as risk managers wonder what rewards insurance companies offer to entities that plan well, he said.

And, some risk managers are going outside the traditional consulting marketplace to find specialized services.

"We're spending a lot of money on technical expertise from outside organizations" for services such as earthquake analysis, said. But, rather than seek these services from traditional consultants,

Risk managers wonder what rewards insurers offer for good business continuity planning, says Harvey Michaels.

The Hillman Co. turns to specialized engineering firms, said Sue Anne Mitro, manager-risk and insurance for the Pittsburgh-based holding company with extensive real estate exposures across the country.

Another non-traditional approach has been taken at the Weyerhaeuser Co., said Cheri Hawkins, assistant treasurer and director-insurance at the Tacoma, Wash.-based wood products company. The company has been using an employee as an internal consultant to study its construction wrap-up program, she said.

The growth of interest in outside services has not blindsided consultants.

"I'm not surprised; oftentimes a unique need arises that should be addressed by a specialist. It's almost impossible for a consulting firm to have a stable of specialists in a large number of different areas. We have engaged a former medical director for a major workers compensation insurer to assist us in a medical cost containment project. We can't justify having a full-time doctor on staff, but in this particular situation we needed that level of expertise. I can understand why a risk manager would go outside the consulting arena for specialized services," said Deloitte & Touche's Mr. Charron. BI

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Manual

Continued from page 3

ally are not so well-informed.

"I have seen over the past few years, particularly in manufacturing companies, risk managers using short updates in the form of newsletters or documents that will go out to department heads and maybe middle management," said Robert Russell, senior risk management consultant at Watson Wyatt Worldwide in Chicago.

Those communications don't reach the assembly lines in most cases, but "there are progressive companies out there, particularly those that are self-insured," that are getting the information to everyone, Mr. Russell said. "They want employees to understand it's the company's money and they have a stake."

Mr. Russell said apart from practical information, newsletters can provide a "positive stroke kind of approach to get employees to buy in to the importance of loss prevention."

What shows up in a newsletter or bulletin depends on the audience, consultants note. And the message should be direct.

"I think, generally, a newsletter needs to be succinct and short," about one page in length, said Mr. Scammell. "If you're looking to target specific managers or safety groups, like plant managers, then you want to be a little more detailed," he said. For example, more specifics may be necessary if a plant needs to avoid problems that have developed at a similar site.

"Executives will want it brief," he said, wanting only a description of a problem, how it can be fixed and the consequences if it isn't.

Some risk managers are just now recognizing the need for regular communication with employees, while others have some experience under their belts.

"It's certainly one of the things we're going to do," said Randy McKnight, director of corporate risk management at Belz Enterprises in Memphis, Tenn.

At his post less than a year, Mr. McKnight said he is working to increase the frequency of communication with employees at the real estate development company.

In-house publications at Belz currently are developed when enough information is received to fill them, but Mr. McKnight said he is aware of the need for a more structured program to keep workers up-to-date on risk management topics.

"Non-supervisory employees get information as it's needed," he explained. Workers at the company's hotels or other properties may, for example, receive periodic bulletins that remind them of maintenance or other procedures recommended by the company's property insurer.

While there are plans to eventually publish scheduled newsletters for employees, Mr. McKnight said his department is closer to publishing a handbook that will explain topics like coverages and claims reporting. That book is aimed at supervisors and management personnel.

"Our communications will evolve as we get further into the process of looking into our risk management programs," Mr. McKnight said.

Employees of the Canadian Province of British Columbia get quarterly risk management newsletters, and bulletins arrive as needed. The circulation of three newsletters, which reach workers at the government, schools and colleges in the province, total 6,000 and have been sent out for the past few years.

Governments "put stuff in policy manuals, and people don't always read it" because it isn't written in a way that is easy to understand, noted Phil Grewar, Victoria, British Columbia-based director of the risk management branch of the province government. That means a newsletter can take a brief but clunky policy statement from a manual and explore it in a short, easy-to-read article, Mr. Grewar explained.

A past issue of RiskEd, the newsletter for British Columbia schools, discussed how school districts should review administrative policies and make sure they comply with legal standards. Risk 101, a newsletter for colleges and universities, explained how Canada's Human Rights Act applies to the institutions. An issue of At Risk, written for government employees, detailed the workings of a "master insurance policy" developed to make it easier for companies to obtain comprehensive general liability insurance for public services provided on behalf of the province.

Mr. Grewar said the newsletters have generated interest from outside their British Columbia readership. The publications can be found in many libraries in the province and reprint requests are frequent.

At Risk is sent to all risk managers of provincial governments in Canada as a way to share information, he said.

The newsletters produced by Mr. Grewar's office are produced using desktop publishing software and are "quite inexpensive," he pointed out. "Our biggest cost is mailing."

Mr. Scammell suggested that risk managers take advantage of electronic mail to send risk management information to some employees.

"In some cases, e-mail is better because it really targets your audience," he explained, and the electronic delivery sidesteps all the other newsletters and publications that pile up on associates' desks.

There are, of course, some topics that should not show up in the risk manager's newsletter or bulletin, consultants note.

"You don't want to name names," said Mr. Scammell. "There you're running into not just political problems but you can run into legal problems. If you broadcast that John Doe in Plant A caused this kind of problem, you can create a kind of slander. Sanitize it a bit."

Nitty-gritty financial information on insurance and losses generally is not passed out, according to Mr. Russell. And most companies make known concerns about product liability and directors and officers exposures only at higher levels of management, he said.

While risk managers are busy making sure workers are up to speed on risk management topics, they have to be careful they do not fall behind themselves. That is where a consultant can help.

"What we have found is if you have the launching of a risk management manual, everybody's excited," said Erika D. Sabo, president of Copper Roof Management Inc., a consulting firm in Vancouver, British Columbia. "They've been working on it for months and sometimes years."

But, when the excitement passes, what's left in many cases is a "big glossy manual that's put on the shelf and never seen again," she said.

So, to keep risk managers up to speed, Ms. Sabo makes sure her clients are on the publication list. Copper Roof Management sends clients newsletters and bulletins intended to keep the intent of the risk management manual alive.

The information ranges from general advice that covers areas such as automobile safety and environmental issues to more specific details like problems unique to a client's business. BI

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Risk management audits' scope narrowing

Internal sophistication, limited resources among reasons for fewer broad reviews

By JUDY GREENWALD

Risk managers in growing numbers are asking their consultants—or even their brokers—to do more narrowly focused audits than they did years ago.

This partially reflects the better handle many risk managers have on their operations, which eliminates the need for comprehensive studies.

Other factors also are contributing to the lesser popularity of broad-based audits by consultants. The soft market, for example, has led some senior managers to be less interested in risk management operations.

The fewer resources available to scaled back risk management departments is a contributing factor as well. In addition, in some cases risk managers are asking their brokers to conduct audits instead of approaching consultants, observers say.

A risk management audit is a comprehensive review of a company's risk management program, including insurance, self-insurance, captives, risk management department staffing and broker services. Depending on the operation's size, it can cost from a few thousand dollars to more than $1 million and take weeks or months to complete.

"The more sophisticated risk manager probably doesn't need our services in some cases," said William L. Granahan, senior consultant with Milliman & Robertson Inc.'s risk management division in Wakefield, Mass. Risk managers who are well-trained and professional and know enough about their programs, coverages, limits and markets do not necessarily need a risk management consultant, except in specialized areas where they may have no training or expertise, Mr. Granahan said.

Michael Kaddatz, principal with Advanced Risk Management Techniques Inc. in Lake Forest, Calif., agreed the broad-based audit may not meet some risk managers' needs. "The risk management audit was always a broad-brushed thing that looked at the whole global aspect of risk management," he said. "Maybe they found that those kinds of studies didn't give them enough meat on specific solutions to their problems, so now they just slice, look at this aspect to it or that aspect to it."

"There is more of a need to focus on the really big issues that affect an organization, which might be self-insurance for one organization, it might be claims for another, it might be a particular area of coverage for a third," such as environmental, professional liability or international coverages, said Mark Charron, principal and national director of risk management consulting services for Deloitte & Touche L.L.P. in Hartford, Conn.

The soft market and its lower rates are having an impact as well, say consultants.

During the hard market, the attitude was, "Oh my gosh, the bill's gone up. Better get a consultant," said Richard S. Betterley, president of Betterley Risk Consultants Inc. in Sterling, Mass.

Now that the hard market crisis is over, "some senior management almost reacted the other way by not putting enough importance on risk management," he said. "They're just not paying enough attention to it any more."

"Say what you will about insureds being very concerned about scope of coverage and policy conditions. . .I think what gets their attention is the cost," agreed Ed Armstrong, managing director-risk management services division for Aon Specialty Group in Washington.

"It's a sad state if that's true," commented Jim Dineen, director of risk management for Barnett Banks Inc. in Jacksonville, Fla. The softness of the market is not a factor at Barnett. "My management's close enough (to the risk management operation) where they understand cost isn't a factor in how well we're doing. They don't necessarily look directly at that."

"We have continued with pretty much our same level of activity," said William Mather, director of risk management at Boston-based Gillette Co. "We feel we should either have them done by internal or external people periodically, and it really has more to do with timing, I think, than the state of the market."

Or, economics may play a role. "Going way back, you used to have these full-blown audits that were very time-consuming and costly," said Joseph H. Albert, president of Needham, Mass.-based J H. Albert International Insurance Advisors Inc. "We don't see people spending money for that anymore."

The decline is also an outcome of smaller risk management departments, say consultants. "We've seen risk management departments taking on more work and getting by with fewer resources, fewer bodies," said Mr. Charron.

Brokers also are increasingly filling the role of performing audits, say consultants. "Brokers are doing more fee-for-service work and are including consultants and audits in their own services," said Mr. Armstrong. While some clients still want this work performed by an independent consultant, it is less of a concern than it was years ago.

"The agents are trying very hard to pick up that business," said independent San Francisco-based consultant Erin A. Oberly, who trains agents and brokers to do audits.

All this is not to say there is no longer a need or demand for comprehensive risk management audits. While fewer of them are being conducted these days, they have far from disappeared, say consultants.

Some full-time risk managers may not need a full-blown audit. But part-time insurance buyers, who also may wear three or four additional hats because of their corporation's cost-cutting mentality, may have neither the time nor the desire to "come up to speed," and do need consultants' services, said Mr. Granahan.

In general, "I don't think there's less of a need to have these reviews done," said Mr. Charron, pointing to the increasing complexity of coverages as well as the number of lawsuits filed. He noted also that Deloitte & Touche has done a few large, comprehensive risk management studies at corporations that have not had any outside review in a number of years, "so it seems to be cyclical." BI

The Alexsis philosophy – No. 6 in a series

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Annual directory of risk management consultants

A

AFM Associates Ltd./Water Street Group

10421 Byrum Woods Drive, Suite 101, Raleigh, N.C. 27613; 919-846-1414; fax: 919-846-1414

1995 revenues

Total gross revenues	$300,000
Risk management consulting revenues	$300,000
Continuous consulting	10%
Risk management audits	5%
Special projects	85%

Clients

Total	4
Minimum size	$300,000

Staff

Total	4
Risk management professionals	4

Includes: 2 principal consultants, 1 consultant, 1 analyst; 1 CPCU

Consulting since: 1988.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, alternate risk transfer, dispute resolution, reinsurance analysis/collections, historical account reconstruction.

Occasional services: Captive feasibility studies, loss prevention audits, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Health care and medical organizations, Latin American and Asian concerns, industrial concerns.

Locations: New York; Durham, N.C.; Sao Paulo, Brazil.

Compensation: By the project, on retainer.

Officers: Anthony Motola, CEO; Andrew A. Alberti, chairman; Carlos A. Barros de Moura, principal partner-Latin America.

Contact: Anthony Motola.

AIG Risk Management Inc.

70 Pine St., New York, N.Y. 10270; 212-770-7000; fax: 212-770-5693

1995 revenues

Total gross revenues	$184,195,000
Risk management consulting revenues	$171,294,500
Continuous consulting	80%
Risk management audits	5%
Special projects	5%

Clients

Total	535
Associations	46
Minimum size	$250,000

Staff

Total	563
Risk management professionals	85

Includes: 17 principal consultants, 33 consultants, 20 actuaries, 15 analysts; 19 CPCUs, 9 ARMs, 7 FCASs, 9 CSPs, 13 ACAS, 8 CICs

Consulting since: 1974.

Parent: American International Group.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, claims auditing, accounting systems analysis, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, mergers and acquisitions, actuarial loss reserve studies, feasibility and funding studies for self-insurers.

Occasional services: Insurance contract analysis, environmental consulting, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, expert witness.

Specialties: Transportation, construction, energy, alternative staffing, communications, manufacturing, retailing, health care.

Locations: Los Angeles; San Francisco; Atlanta; Chicago; Boston; Cleveland; Philadelphia; Pittsburgh; Dallas; Houston; Burlington, Vt.; Hamilton, Bermuda; Toronto; London.

Compensation: By the project, on retainer.

Officers: Joseph Smetana, chairman; Charles Dangelo, president; Frank Neuhauser, Ed Garofolo, Michael Curio, senior vps.

Contact: Douglas W. Oliver, 212-770-6320.

A&L Risk Management Ltd.

9971 Valley View Road, Suite 205, Eden Prairie, Minn. 55344; 612-829-8879; fax: 612-943-1235

1995 revenues

Risk management consulting revenues	$307,000
Continuous consulting	76%
Risk management audits	12%
Special projects	12%

Clients

Total	NA
Associations	1
Minimum size	None

Staff

Total	5
Risk management professionals	4

Includes: 1 principal consultant, 2 consultants, 1 analyst; 2 CPCUs, 2 ARMs, 1 CSP, 1 CIC

Consulting since: 1986.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Captive feasibility studies, environmental consulting, accounting systems analysis, loss settlement assistance, risk management organization studies, RMIS consulting, expert witness, international risk management.

Specialties: Computer, electronic, medical instruments, contractors, manufacturing, retail, foreign companies.

Compensation: By the project, on retainer, by the hour: principal consultant, $125 to $250; consultant, $88 to $105.

Officers: Robert Abrahamson, executive consultant/CEO.

ARM Tech

23701 Birtcher Drive, Lake Forest, Calif. 92630; 714-472-8324; fax: 714-472-9228

1995 revenues

Total gross revenues	$2,900,000
Risk management consulting revenues	$2,600,000
Continuous consulting	35.6%
Risk management audits	13.35%
Special projects	40.05%

Clients

Total	250
Associations	60
Minimum size	None

Continued on next page

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Change in listings

The methods used for this directory of risk management consultants differ from previous directories.

For the first time, to be listed *Business Insurance* required companies to report gross revenues. In addition, a firm must generate at least $250,000 in revenues from risk management consulting to be included.

In requiring gross revenues to be reported, *BI* is striving to give its readers more complete information on the firms listed.

By setting a threshold for inclusion in our listings, *BI* intends to provide readers with a listing of the firms that have developed a substantial presence in a given marketplace. While big is not always better, exceeding a given threshold of business does suggest experience and the capability to meet our readers' needs.

As a result of the change, a number of consultants that belong to the Society of Risk Management Consultants became ineligible for inclusion or opted not to disclose their revenues.

Readers wishing to obtain a full list of SRMC members can obtain one from the society by writing it at 300 Park Ave., New York, N.Y. 10022; or calling 800-765-7762.

Continued from previous page

Staff

Total 20
Risk management professionals 15
Includes: 4 principal consultants, 6 consultants, 1 actuary, 4 analysts; 3 CPCUs, 5 ARMs 1 CSP

Consulting since: 1982.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, risk retention pool planning projects, actuarial analyses of self-insured loss reserves.

Occasional services: Environmental consulting, loss prevention audits, accounting systems analysis, loss settlement assistance, RMIS consulting, expert witness.

Specialties: Utilities, government agencies, health care, educational institutions, transportation, developers, contractors, property owner associations.

Locations: Sacramento, Calif

Compensation: By the project by the hour: principal consultant, $185; consultant, $125 to $140.

SRMC member.

Officers: Steven P. Kahn, Michael M. Kaddatz, Gregory L. Trout, principals; Steven A. Glicksman, principal/director-actuarial services.

Contact: Sandra M. Dick.

J.H. Albert International Insurance Advisors Inc.

72 River Park, Needham, Mass. 02194; 617-449-2866; fax: 617-449-5340

1995 revenues

Total gross revenues $6,300,000
Risk management consulting revenues $6,300,000
Continuous consulting 80%
Risk management audits 5%
Special projects 15%

Clients

Total 800
Associations 6
Minimum size ..... None

Staff

Total 38
Risk management professionals 31
Includes: 9 principal consultants, 22 consultants

Consulting since: 1967.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, development of risk management and safety manuals, loss control consulting, merger and acquisition projects.

Occasional services: Environmental consulting, accounting systems analysis, loss settlement assistance, RMIS consulting.

Specialties: Manufacturing, retail, wholesale, contracting, health care, real estate educational and governmental entities.

Compensation: By the project, by the hour: principal consultant, $165 to $325; consultant, $105 to $150.

SRMC member.

Officers: Joseph H. Albert, president; Michael A. Rodman, executive vp; George W. West, Thomas L. Atkins, Martin S. Berman, Stuart T. Cowert, Alfred H. Nagelberg, James W. Evans Jr., Judith A. Kokinda, vps.

Contact: Joseph H. Albert.

Aldrich & Cox Inc.

3075 Southwestern Blvd., Orchard Park, N.Y. 14127-1287; 716-675-6300; fax: 716-675-2098

1995 revenues

Total gross revenues $1,000,000
Risk management consulting revenues $750,000
Continuous consulting 56.25%
Risk management audits 15%
Special projects 3.75%

Clients

Total 80
Minimum size ..... None

Staff

Total 13.5
Risk management professionals 9
Includes: 9 consultants, 5 CPCUs, 2 ARMs

Consulting since: 1951.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, broker assessment, loss settlement assistance, preparation of bidding specifications.

Occasional services: Captive feasibility studies, environmental consulting, loss prevention audits, risk management organization studies, quantitative analysis

Continued on page 20



Directory terminology explained

The directory of risk management consultants lists companies that generate at least $250,000 of their gross revenues from pure risk management consulting. *Business Insurance* defines pure risk management consulting as providing advice on risk management issues on a fee-for-service basis; this excludes activities such as conferences, publishing, claims administration, computer time sharing, consulting for insurers, captive management and employee benefit consulting.

Listings begin with the company name, address, phone and fax number. Following is financial/statistical information. This section includes: total 1995 gross **revenues** and actual 1995 revenue generated by risk management consulting, including the percent attributed to continuous risk management consulting, risk management audits and special risk management projects.

Following is the total number of risk management consulting **clients**, including the number of association clients and minimum-size client accepted by risk and insurance budget, if applicable.

The **staff** section provides figures in full-time equivalents for the number of total employees and professional employees assigned to risk management consulting, including breakout of principal consultants, consultants, actuaries and analysts. Professional designations are defined below.

The text section begins with **consulting since,** the year risk management consulting services began, **parent** company, if applicable, and **frequent/occasional special projects** conducted.

If the company consults to a particular type of business or industry, it is noted under the **specialties** heading. Majority-owned **locations** providing risk management consulting other than the home office is listed next.

Compensation specifies if the company is paid on a project basis, through commissions for insurance placed with underwriters, on a retainer basis and/or by the hour. The range of hourly charges is given for a principal consultant and consultant.

Listings conclude with a line noting if a Society of Risk Management Consultants, or **SRMC**, member is on staff, the names and titles of the company's top **officers** and the name of a **contact** for readers seeking additional information.

The directory is published as an editorial service; there is no charge for companies to be included.

Information reported is based on each company's responses to a *BI* questionnaire. Although every effort is made to publish complete and accurate listings, *Business Insurance* is unable to verify all information.

Following are the full professional designations for those abbreviated under the staff heading: **ACAS** is Associate, Casualty Actuarial Society; **AIC** is Associate in Claims; **ALCM** is Associate, Loss Control Management; **ARe** is Associate in Reinsurance; **ARM** is Associate in Risk Management; **CIC** is Certified Insurance Counselor; **CPCU** is Chartered Property Casualty Underwriter; **CSP** is Certified Safety Professional; **FCAS** is Fellow, Casualty Actuarial Society; **FIRM** is Fellow/Institute of Risk Management.



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Continued from page 18
and statistical forecasting, expert witness.

Specialties: Manufacturing, retail, health care, education, municipalities.

Compensation: By the project, by the hour: consultant, $75 to $150.

SRMC member.

Officers: Charles H. Cox, president; James B. Hood Jr., executive vp; Michael B. Coyle, Ernest A. Holfoth, vps.

Contact: Charles H. Cox.

Alexander & Alexander Inc.

1185 Ave. of the Americas, New York, N.Y. 10036; 212-575-8000

1995 revenues

Total gross revenues	$170,000,000
Risk management consulting revenues	$65,000,000
Continuous consulting	33%
Risk management audits	3%
Special projects	2%

Clients

Total	2,000
Minimum size	$1,500,000

Staff

Total	700

Parent: Alexander & Alexander Services.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, loss settlement assistance, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, benefit integration and cost containment studies, loss mitigation advice.

Occasional services: Accounting systems analysis, broker assessment, risk management organization studies, expert witness.

Locations: 65 offices nationwide.

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

Officers: Larry Burk, CEO; Elliot Cooperstone, COO; David Batchelor, director-western division; Tom Rodell, director-central region; Bob Needle, director-eastern division.

Contact: Ed Kiessling, director-risk management national practice.

Alpha Risk Management Inc.

60 Cutter Mill Road, Great Neck, N.Y. 11021; 516-829-3500; fax: 516-829-6029

1995 revenues

Total gross revenues	$1,576,000
Risk management consulting revenues	$1,576,000
Continuous consulting	60%
Risk management audits	15%
Special projects	25%

Clients

Total	45
Associations	1

Staff

Total	14
Risk management professionals	8

Includes: 6 principal consultants, 1 consultant, 1 analyst

Consulting since: 1973.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, expert witness, acquisition due diligence, establishment of risk management guidelines.

Occasional services: Captive feasibility studies, claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, quantitative analysis and statistical forecasting, RMIS consulting.

Specialties: Real estate, banks, manufacturing, construction, service, distribution, hotels, import/export.

Locations: Montreal.

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

Officers: Herbert F. Feldman, president/CEO; Judith Scott, managing director-Canada; James E. Branigan, executive vp; Fran Carleton, Anne M Reyerson, senior vps.

American Risk Group Inc.

1 Executive Drive, P.O. Box 1383, Fort Lee, N.J. 07024; 201-592-7100; fax: 201-592-7859

1995 revenues

Total gross revenues	$22,000,000
Risk management consulting revenues	$5,000,000
Continuous consulting	9.2%
Risk management audits	2.3%
Special projects	11.5%

Clients

Total	100
Associations	10
Minimum size	$250,000

Staff

Total	215

Includes: 20 principal consultants, 50 consultants, 25 analysts; 10 CPCUs, 5 ARMs, 1 CSP

Consulting since: 1958.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, business continuation planning, utilization of capital markets for alternative risk transfer.

Occasional services: Environmental consulting.

Locations: Sacramento, Calif.; Newark, Del.; Atlanta; Chicago; Detroit; Minneapolis; Somerville, N.J.; Cleveland; Dallas; Burlington, Vt.; Seattle.

Compensation: By the project.

Officers: G.G. Bradburn, chairman; T.G. Grill, vice chairman; W.F. Nehls, president; E.M. Shawver, W.F. Ramonas, executive vps.

American Risk Managers Inc.

Tne Sanderson Building, Suite 3, Hamilton, Ala. 35570; 205-921-7979; fax: 205-921-3146

1995 revenues

Total gross revenues	$565,000
Risk management consulting revenues	$565,000
Continuous consulting	85%
Risk management audits	5%
Special projects	10%

Clients

Total	65
Minimum size	$100,000

Staff

Total	12
Risk management professionals	5

Includes: 2 principal consultants, 3 consultants; 1 CPCU, 1 ARM, 1 CIC

Consulting since: 1979.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting.

Occasional services: Risk retention analysis, captive feasibility studies, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, expert witness.

Locations: Tupelo, Miss.

Compensation: By the project, on retainer, by the hour: principal consultant, $150; consultant, $75.

Officers: Walter D. Haney Sr., chairman; Walter D. Haney Jr., president; Ginny Hughett, vp.

Contact: Walter D. Haney Jr.

Applied Risk Control Corp.

15 N. Mill St., Nyack, N.Y. 10960; 914-365-2444; fax: 914-365-2444

1995 revenues

Total gross revenues	$765,000
Risk management consulting revenues	$612,000
Continuous consulting	64%
Risk management audits	12%
Special projects	4%

Clients

Total	115
Associations	4
Minimum size	None

Staff

Total	12
Risk management professionals	10

Includes: 5 principal consultants, 2 consultants, 3 analysts; 1 ARM, 1 CSP

Consulting since: 1985.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting, expert witness, seminars, loss management studies.

Occasional services: Accounting systems analysis, quantitative analysis and statistical forecasting.

Locations: Los Angeles; Atlanta; Chicago; Kansas City, Kan.

Compensation: By the project, on retainer, by the hour: principal consultant, $105; consultant, $90.

Contact: Harry P. Mirijanian, president.

APTECH Engineering Services Inc.

1282 Reamwood Ave., P.O. Box 3440, Sunnyvale, Calif. 94089; 408-745-7000; fax: 408-734-0445

1995 revenues

Total gross revenues	$10,000,000
Risk management consulting revenues	$500,000
Continuous consulting	0.5%
Risk management audits	0.5%
Special projects	4%

Clients

Total	2
Minimum size	$50,000

Staff

Total	80

Includes: 3 principal consultants, 1 consultant

Consulting since: 1980.

Frequent services: Risk management organization studies, quantitative analysis and statistical forecasting, expert witness.

Occasional services: Preparation of bidding specifications, RMIS consulting.

Specialties: Electric utilities, oil pipelines and refineries, chemical process plants.

Locations: Houston.

Compensation: By the hour: principal consultant, $200; consultant, $150.

Officers: Geoffrey Egan, president; Terry Rettig, Harry Steagele, Kimble Clark, vps.

Arthur Andersen & Co. S.C.

1601 Market St., Philadelphia, Pa. 19103; 215-241-7302; fax: 215-241-6460

1995 revenues

Total gross revenues	$8,100,000,000
Risk management consulting revenues	$15,288,696
Risk management audits	0.01%
Special projects	0.19%

Clients

Total	400
Associations	5

Staff

Total	82,121
Risk management professionals	75

Includes: 15 principal consultants, 25 consultants, 9 actuaries, 26 analysts; 2 CPCUs, 2 ARMs, 11 FCASs, 2 ACAS

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, business interruption claims, business recovery planning, risk identification and assessment, evaluation of competitive proposals, business risk studies.

Occasional services: RMIS consulting, risk management communication.

Locations: San Francisco; Hartford, Conn.; Atlanta; Chicago; New York; Philadelphia; Nashville, Tenn.; Houston; Milwaukee.

Compensation: By the project, on retainer, by the hour: principal consultant, $290 to $375; consultant, $230 to $290.

Officers: Michael L. Toothman, managing partner; David A. Borghesi, partner-business interruption claims; Russell J. Gates, partner-disaster recovery planning; Richard G. Gregoire, principal-claims consulting; Mark C. Hargis, partner-environmental risk analysis; Stephen E. Silver, partner-business fraud risk services; Todd L. Williams, senior manager-risk management/business risk services.

Contact: Ellen A. Semple, marketing manager, 215-241-8071.

Associated Consultants Inc.

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

1995 revenues

Total gross revenues*	$350,000
Risk management consulting revenues*	$280,000
Continuous consulting	72%
Risk management audits	4%
Special projects	4%

Clients

Total	35
Associations	7
Minimum size	$50,000

Staff

Total	5
Risk management professionals	2

Includes: 1 principal consultant, 1 consultant

Consulting since: 1980.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, broker assessment, preparation of bidding specifications.

Occasional services: Risk retention analysis, captive feasibility studies, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, expert witness.

Specialties: Wholesale distribution, manufacturing, real estate, retail.

Compensation: By the project, on retainer, by the hour: principal consultant, $145; consultant, $90.

SRMC member.

Contact: Robert K. Nelson, president.

**BI estimate.*

AudiRate Inc.

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

1995 revenues

Total gross revenues	$800,000
Risk management consulting revenues	$625,000
Continuous consulting	10%
Risk management audits	60%
Special projects	8%

Clients

Total	100
Associations	1
Minimum size	None

Continued on page 22

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Continued from page 20

Staff

Total 3
Risk management professionals 2
Includes: 2 principal consultants, 2 consultants, 2 analysts; 1 CPCU, 2 ARMs

Consulting since: 1966.
Parent: Alper Services Inc.
Frequent services: Captive feasibility studies, analysis of limits, insurance contract analysis, loss prevention audits, workers compensation claim management.
Occasional services: Risk retention analysis, claims auditing, environmental consulting, accounting systems analysis broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, expert witness.
Specialties: Manufacturing, metal works.
Compensation: By the project, on retainer, by the hour: principal consultant, $200; consultant, $135.
Officers: Howard C. Alper, president/CEO; John F. Wheaton, executive vp/COO; Richard A. Swoik, vp.
Contact: Howard C. Alper.

B

R.L. Beeckman & Co. Inc.

1523 Court St., P.C. Box 6700, Saginaw, Mich. 48608-6700; 517-791-4545; fax: 517-791-4714

1995 revenues

Total gross revenues $1,200 000
Risk management consulting revenues $1,200 000
Continuous consulting 100%

Clients

Total 120

Staff

Total 15
Risk management professionals ..... NA
Includes: 2 principal consultants, 4 consultants, 1 analyst; 4 CPCUs, 4 ARMs, 2 ALCMs, 2 AIC, 1 ARe

Consulting since: 1986.
Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, loss settlement assistance, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness.
Occasional services: Captive feasibility studies, risk management organization studies.
Locations: Mishawaka, Ind.; Ann Arbor, Mich.
Compensation: By the hour: principal consultant, $100 to $150; consultant, $75 to $125.
Officers: Richard L. Beeckman.
Contact: Richard L. Beeckman or R. Scott Ecker.

Berkley Risk Services Inc.

920 Second Ave. S., Suite 700, Minneapolis, Minn. 55402-4023; 612-376-4200; fax: 612-376-4299

1995 revenues

Total gross revenues $500,000
Risk management consulting revenues $300,000
Continuous consulting 48%
Risk management audits 6%
Special projects 6%

Clients

Total 35
Associations 2
Minimum size $500,000

Staff

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

Consulting since: 1995.
Parent: W.R. Berkley Corp.
Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, loss prevention audits, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting, self-insured health plan analysis.
Occasional services: Captive feasibility studies, claims auditing, environmental consulting, loss settlement assistance, risk management organization studies, expert witness.
Compensation: By the project, on retainer, by the hour: principal consultant, $125; consultant, $100.
Officers: Mark Flaten, vp.

Max Bernstein Co.

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

1995 revenues

Total gross revenues $258,897
Risk management consulting revenues $258,897
Continuous consulting 75%
Risk management audits 20%
Special projects 5%

Clients

Total 24

Staff

Total 4
Risk management professionals 3
Includes: 1 principal consultant, 2 CPCUs, 1 ARM

Consulting since: 1987.
Frequent services: Risk retention analysis, insurance contract analysis, broker assessment, loss settlement assistance, preparation of bidding specifications, risk management outsourcing.
Occasional services: Captive feasibility studies, analysis of limits, claims auditing, loss prevention audits, risk management organization studies, expert witness.
Specialties: Biotechnology, high tech, financial services, food processors, real estate, retail.
Compensation: By the project, on retainer, by the hour: principal consultant, $175; consultant, $150.
Officers: Max Bernstein, president.

Betterley Risk Consultants Inc.

13 Loring Way, Sterling, Mass. 01564; 508-422-3366; fax: 508-422-3365

1995 revenues

Total gross revenues $275,000
Risk management consulting revenues $267,000
Continuous consulting 29.1%
Risk management audits 29.1%
Special projects 38.8%

Clients

Total 27
Associations 3
Minimum size ..... None

Staff

Total 1
Risk management professionals 1
Includes: 1 principal consultant

Consulting since: 1932.
Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, strategy and product development for alternative risk transfer vehicles, benchmark studies.
Occasional services: Claims auditing, loss prevention audits, accounting systems analysis, loss settlement assistance, expert witness.
Compensation: By the project, by the hour: principal consultant, $200.
SRMC member.
Contact: Richard S. Betterley, president.

Blades, Macaulay, Crout & Myers Inc.

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

1995 revenues

Total gross revenues $340,000
Risk management consulting revenues $340,000
Continuous consulting 40%
Risk management audits 40%
Special projects 20%

Clients

Total 25
Associations 3
Minimum size ..... None

Staff

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

Consulting since: 1926.
Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, broker assessment, preparation of bidding specifications.
Occasional services: Loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.
Compensation: By the project, on retainer, by the hour: principal consultant, $160 to $180; consultant, $120 to $140.
SRMC member.
Officers: John J. Crout, president; Richard L. Myers, vp.

T.E. Brennan Co.

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

1995 revenues

Total gross revenues $1,850,000
Risk management consulting revenues $1,295,000
Continuous consulting 48%
Risk management audits 15%
Special projects 7%

Continued on page 24

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Continued from page 22

Clients

Total 238
Associations 5
Minimum size ..... None

Staff

Total 15
Risk management professionals 11
Includes: 6 principal consultants, 5 consultants; 3 CPCUs, 3 ARMs

Consulting since: 1985.

Frequent services: Analysis of limits, insurance contract analysis, environmental consulting, loss prevention audits, loss settlement assistance, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, broker assessment, risk management organization studies.

Compensation: By the project, on retainer, by the hour: principal consultant, $180; consultant, $150.

SRMC member.

Officers: John Hayes, chairman; Arvid R. Tillmar, CEO; Thomas E. Gold, president; William Foran, secretary.

Larry W. Buck & Associates Inc.

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

1995 revenues

Total gross revenues $250,000
Risk management consulting revenues $250,000
Continuous consulting 80%
Risk management audits 10%
Special projects 10%

Clients

Total 55
Associations 1
Minimum size ..... None

Staff

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

Consulting since: 1977.

Frequent services: Analysis of limits, insurance contract analysis, broker assessment, preparation of bidding specifications.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, accounting systems analysis, loss settlement assistance, risk management organization studies, expert witness.

Specialties: Real estate, manufacturing, hotels, non-profit agencies.

Compensation: By the hour: principal consultant, $200; consultant, $200.

SRMC member.

Officers: Larry W. Buck, president; N. Richard Magel, vp.

Ken Buhler Associates Inc.

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

1995 revenues

Total gross revenues $250,000
Risk management consulting revenues $250,000
Continuous consulting 50%
Risk management audits 25%
Special projects 25%

Clients

Total 50
Associations 50

Staff

Total 5
Risk management professionals 4
Includes: 2 principal consultants, 2 consultants

Consulting since: 1976.

Frequent services: Risk retention analysis, loss prevention audits, preparation of bidding specifications, expert witness.

Occasional services: Analysis of limits, insurance contract analysis, environmental consulting, broker assessment, loss settlement assistance, risk management organization studies.

Specialties: Retail stores, warehouses.

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

Officers: Ken Buhler, president; Randy Buhler, Sandy Relkin, vps.

J.D. Byrd & Associates Inc.

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

1995 revenues

Total gross revenues $363,960
Risk management consulting revenues $363,960
Continuous consulting 90%
Special projects 10%

Clients

Total 2
Minimum size $3,000,000

Staff

Total 8
Risk management professionals 8
Includes: 2 principal consultants, 6 consultants; 1 ARM

Consulting since: 1993.

Frequent services: Loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, workers compensation cost containment.

Occasional services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, loss prevention audits, accounting systems analysis, expert witness.

Specialties: Public agencies, hospitals, self-insurers, experience-rated insurers.

Locations: Hayward, Calif.

Compensation: On retainer, by the hour: principal consultant, $125; consultant, $100.

Officers: J. Douglas Byrd, president; Dr. Clinton Collins, medical director.

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P.O. Box 61689, Marshalltown 2107, South Africa; 27-11-322-8078; fax: 27-11-322-8299

1995 revenues

Total gross revenues $8,600,000
Risk management consulting revenues $8,010,000
Continuous consulting 87%
Risk management audits 1%
Special projects 5%

Clients

Total 190
Associations 3
Minimum size $200,000

Staff

Total 130
Risk management professionals 103
Includes: 25 principal consultants, 49 consultants, 3 actuaries, 28 analysts; 1 ARM

Consulting since: 1976.

Parent: Forbes Financial Services.

Frequent services: Risk retention analysis; captive feasibility studies; analysis of limits; environmental consulting; loss prevention audits; loss settlement assistance; risk management organization studies; preparation of bidding specifications; quantitative analysis and statistical forecasting; RMIS consulting; expert witness; legal liability assessments; cost of risk analysis; development of risk management strategy; financial engineering; currency, commodity and interest rate risk advice.

Occasional services: Accounting systems analysis, broker assessment.

Specialties: Mining, food processing, motor vehicle manufacturing, paper, diversified industrial and financial institutions.

Locations: Cape Town, Durban, Johannesburg, Port Elizabeth, Pretoria and Sandton, South Africa; Nairobi, Kenya; London.

Compensation: By the project, on retainer, by the hour: principal consultant, $130; consultant, $90.

Officers: F.D. Butler, managing director-CRM International; J.J. Wolff, J.R. Riley, directors-CRM International; A.C. Valsamakis, chairman-IRC; L. Ferreira, managing director-IRC.

Contact: Steven Brieris, marketing executive-CRM International.

Cannon Cochran Management Services Inc.

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

1995 revenues

Total gross revenues $22,474,000
Risk management consulting revenues $1,573,180
Continuous consulting 7%

Clients

Total 68
Associations 28
Minimum size ..... None

Staff

Total 287
Risk management professionals 14
Includes: 14 principal consultants; 2 CPCUs, 5 ARMs, 3 CICs

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Occasional services: Captive feasibility studies, environmental consulting, accounting systems analysis, risk management organization studies, preparation of bidding specifications.

Specialties: Nursing homes, long-term

Continued on page 26



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8 Bridge Street, Sydney, New South Wales 2000
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care facilities, transportation, construction, municipalities, townships, hospitals, restaurants, manufacturing.

Locations: Little Rock and Springdale, Ark.; Oak Brook, Ill.; Indianapolis; Des Moines, Iowa; Detroit; N. Kansas City and St. Louis, Mo.

Compensation: By the project, commissions.

Officers: Samuel P. Cannon, CEO; Robert L. Cowgill, president; Gary J. Schirmer, treasurer/executive vp; Jacqueline J. Cannon, secretary/executive vp; G. Bryan Thomas, senior vp/chief marketing officer.

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

Cantor & Co.

9100 Wilshire Blvd., Suite 445 E., Beverly Hills, Calif. 90212; 310-859-7277; fax: 310-859-7415

1995 revenues

Risk management consulting revenues	$300,000
Special projects	100%

Clients

Minimum size	None

Staff

Total	6
Risk management professionals	4
Includes: 1 principal consultant, 3 analysts	

Consulting since: 1982.

Frequent services: Risk retention analysis, quantitative analysis and statistical forecasting, RMIS consulting.

Occasional services: Captive feasibility studies, analysis of limits.

Specialties: Health care, public entities.

Compensation: By the project, by the hour: principal consultant, $180.

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

Capell Industrial Risk Management Inc.

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

1995 revenues

Total gross revenues	$500,000
Risk management consulting revenues	$400,000
Continuous consulting	68%
Risk management audits	4%
Special projects	8%

Clients

Total	55
Associations	2
Minimum size	None

Staff

Total	4
Risk management professionals	1
Includes: 1 principal consultant	

Consulting since: 1978.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, environmental consulting, broker assessment, loss settlement assistance, preparation of bidding specifications, RMIS consulting, environmental coverage analysis.

Occasional services: Risk retention analysis, captive feasibility studies, loss prevention audits, risk management organization studies, quantitative analysis and statistical forecasting, expert witness, insurance archaeology.

Specialties: Paints, coatings, adhesives/sealants, specialty chemicals, plastics, real estate developers/contractors, hazardous waste haulers.

Compensation: By the project, commissions, on retainer, by the hour: principal consultant, $175.

Officers: James W. Capell, president.

Caronia Corp.

3300 PGA Blvd., 7th Floor, Palm Beach Gardens, Fla. 33410; 800-227-6642; fax: 407-694-1990

1995 revenues

Risk management consulting revenues	$6,080,000
Continuous consulting	10%
Risk management audits	15%
Special projects	25%

Clients

Total	185
Associations	16
Minimum size	None

Staff

Total	175
Risk management professionals	50
Includes: 54 consultants	

Consulting since: 1972.

Frequent services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, RMIS consulting, design of in-house programs, frequency and severity studies.

Occasional services: Analysis of limits, insurance contract analysis, environmental consulting, accounting systems analysis, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness.

Specialties: High exposure risk, including health care providers.

Locations: 25 offices nationwide.

Compensation: By the project, commissions, on retainer, by the hour: principal consultant $150; consultant, $75 to $135.

Officers: Charles Caronia, president; Charles McGill, COO; Benjamin Thompson, CFO.

Charlesworth & Associates L.C.

P.O. Box 12830, Overland Park, Kan. 66212; 913-451-4730; fax: 913-451-5985

1995 revenues

Risk management consulting revenues	$250,000
Continuous consulting	70%
Risk management audits	20%
Special projects	10%

Clients

Total	40
Minimum size	None

Staff

Total	5
Risk management professionals	4
Includes: 4 consultants; 1 CPCU, 3 ARMs, 1 ALCM, 1 AU	

Consulting since: 1977.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, preparation of bidding specifications.

Occasional services: Claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.

Specialties: Municipals/public entities, hospitals, schools, manufacturing.

Compensation: By the project, on retainer, by the hour: consultant, $75.

Officers: Art Charlesworth, Bob Charlesworth, James Charlesworth, Connie McGraw, members.

Chubb Services Corp.

25 Independence Blvd., Warren, N.J. 07059; 908-903-7102; fax: 908-903-7187

1995 revenues

Total gross revenues	$2,600,000
Risk management consulting revenues	$1,000,000
Continuous consulting	25%
Special projects	13%

Clients

Total	80
Minimum size	None

Staff

Total	135
Risk management professionals	20
Includes: 12 principal consultants, 4 consultants, 2 actuaries, 2 analysts; 2 CPCUs, 7 ARMs, 12 CSPs	

Consulting since: 1991.

Parent: Chubb & Son Inc.

Frequent services: Risk retention analysis, loss prevention audits, disaster recovery planning.

Occasional services: Captive feasibility studies, analysis of limits, claims auditing, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, expert witness.

Specialties: Financial institutions, electronics, biotechnology, health care, manufacturing.

Locations: Los Angeles; Atlanta; Chicago; Louisville, Ky.; Westborough, Mass.; Murray Hill, N.J.; Harrisburg, Pa.; Houston.

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

Officers: Robert Felch, president; Patrick Pisano, executive vp-claims; Sam Lee, vp-risk management services; Robert Santoro, vp-self-insurance group administration; Jane Moran, vp-human resources.

Contact: Ronni Zimmerman, marketing manager.

Cityside Associates Inc.

P.O. Box 429, Guthrie Corner Professional Building, Vernon, N.J. 07462; 201-764-7590; fax: 201-764-8582

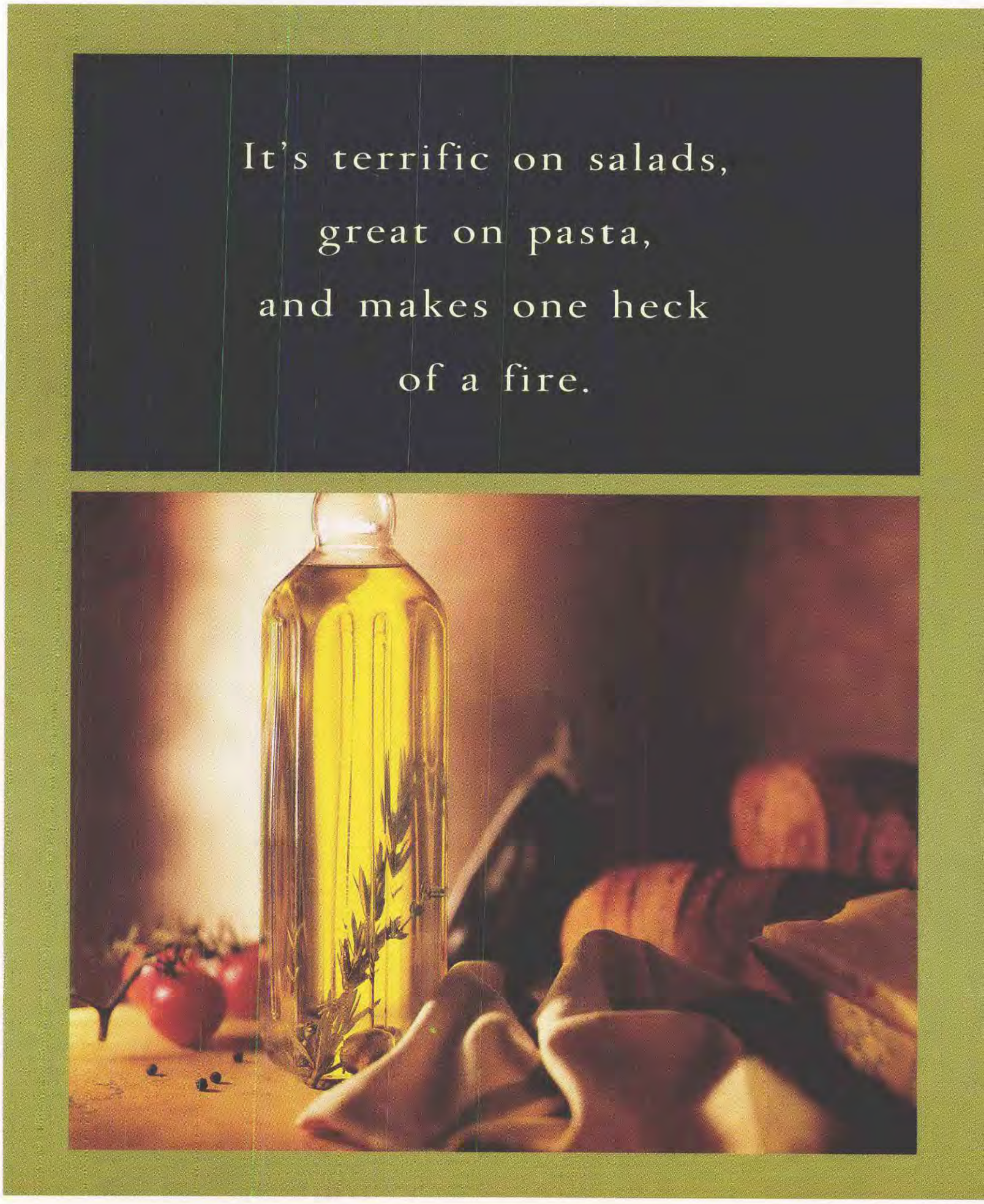
1995 revenues

Total gross revenues	$550,000
Risk management consulting revenues	$400,000
Continuous consulting	44%
Risk management audits	14.5%
Special projects	14.5%

Clients

Total	12
Minimum size	$100,000

Continued on next page



Continued from previous page

Staff

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

Consulting since: 1981.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, loss settlement assistance, risk management organization studies.

Occasional services: Risk retention analysis, loss prevention audits, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Locations: Farmingdale and White Plains, N.Y.

Compensation: By the project, by the hour: principal consultant, $125; consultant, $110.

SRMC member.

Contact: Ralph Carnesecchi, president.

Commercial Risk Consultants Inc.

P.O. Box 606, 2 Eaton St., Suite 504,
Hampton, Va. 23669-0606;
804-723-0254; fax: 804-723-7953

1995 revenues

Total gross revenues $250,000
Risk management consulting revenues $250,000
Continuous consulting 90%
Risk management audits 5%
Special projects 5%

Clients

Total 40
Minimum size $100,000

Staff

Total 3
Risk management professionals 2
Includes: 1 principal consultant, 1 consultant, 1 analyst; 1 CPCU, 1 ARM

Consulting since: 1979.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, loss prevention audits, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Captive feasibility studies, claims auditing, environmental consulting, accounting systems analysis, loss settlement assistance, RMIS consulting.

Specialties: Shore-based marine-related activities, manufacturing, municipalities, school boards.

Locations: Richmond, Va.

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

SRMC member.

Officers: John W. Newby, president.

The Compass Co. Inc.

1 Steuben Place, Albany,
N.Y. 12207-2110; 518-465-1000;
fax: 518-462-5523

1995 revenues

Risk management consulting revenues* $250,000
Continuous consulting 45%
Risk management audits 20%
Special projects 35%

Clients

Total ..... NA
Associations 4
Minimum size ..... None

Staff

Total 2
Risk management professionals 1
Includes: 1 principal consultant

Consulting since: 1984.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, expert witness.

Occasional services: Captive feasibility studies, environmental consulting, RMIS consulting.

Specialties: Retirement communities, recreation services, developers.

Compensation: By the project, on retainer, by the hour: principal consultant, $150.

Contact: Edward W.S. Neff.

**Estimate.*

Consolidated Risk Management

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

1995 revenues

Total gross revenues $1,000,000
Risk management consulting revenues $410,000
Continuous consulting 32.8%
Risk management audits 4.1%
Special projects 4.1%

Clients

Total 22
Minimum size ..... None

Staff

Total 9
Risk management professionals 7
Includes: 3 principal consultants, 3 consultants, 1 analyst; 2 CPCUs, 4 ARMs

Consulting since: 1985.

Frequent services: Analysis of limits, insurance contract analysis, risk management organization studies, preparation of bidding specifications, expert witness.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting.

Compensation: By the project, on retainer, by the hour: principal consultant, $150 to 190; consultant, $85.

Officers: Michael R. Weil, Michael A. Cristal.

Contact: Michael R. Weil.

Consulting Services Inc. (CSI)

600 Eagleview Blvd., Exton,
Pa. 19341; 610-458-7280;
fax: 610-458-7285

1995 revenues

Total gross revenues $9,000,000
Risk management consulting revenues $8,100,000
Continuous consulting 1%
Risk management audits 86%
Special projects 3%

Clients

Total 40

Staff

Total 65
Risk management professionals 55
Includes: 4 principal consultants, 51 consultants; 1 ARM, 3 CSPs

Consulting since: 1985.

Parent: Environmental Compliance Services.

Frequent services: Environmental consulting; loss prevention audits; risk management organization studies; health, safety and environmental training; fleet/transportation assistance; industrial hygiene; indoor air quality; compliance audits.

Occasional services: Preparation of bidding specifications, expert witness.

Specialties: Insurance companies and brokers, self-insurers, manufacturing, industrial operations.

Compensation: By the project, on retainer, by the hour: principal consultant, $100 to $150; consultant, $55 to $90.

Officers: William Kronenberg, CEO/president; David Rosenberg, executive vp; Frank Piliero, executive vp/CFO; James F. Splain, vp.

Contact: Claudia O'Brien, market development manager.

Coopers & Lybrand L.L.P.

1155 Peachtree St., 1100 Campanile,
Atlanta, Ga. 30309; 800-404-2276

1995 revenues

Total gross revenues $45,800,000
Risk management consulting revenues $23,200,000
Continuous consulting 7.7%
Risk management audits 20%
Special projects 23%

Clients

Total 1,460
Minimum size ..... None

Staff

Total 275
Risk management professionals 101
Includes*: 117 principal consultants, 61 consultants, 119 actuaries, 61 analysts; 10 CPCUs, 12 ARMs, 54 FCASs, 2 CSPs, 19 ACAS, 2 CICs

Consulting since: 1979.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, alternative risk financing studies, insurance litigation services, liquidation services, merger and acquisition services, cost of risk allocation systems studies, third party administrators evaluation, property/business interruption claim preparation assistance.

Occasional services: Loss prevention audits, RMIS consulting, managed care techniques in workers compensation, business continuity planning, owner controlled insurance program feasibility studies.

Specialties: Chemical, pharmaceutical, insurance, financial services, retail, manufacturing, education, transportation, mining, energy, health care, utilities, government.

Locations: 23 offices worldwide.

Compensation: By the project, by the

Continued on next page



At Allendale Insurance we believe that most property loss can be prevented. But that means asking some very tough questions, and looking for risk in some unlikely places. For example, take vegetable oil in plastic bottles. Conventional wisdom has been that warehousing this very high flashpoint liquid presented no more of a hazard than storing ordinary combustibles. Yet tests conducted through our ownership of Factory Mutual Research revealed that even sprinkler systems arranged for high hazard commodities could not control fires of this type. Further tests revealed that this was no ordinary combustible. Once heated by the fire in their cardboard packaging, the plastic bottles leaked and the preheated vegetable oil burned with the intensity of a flammable liquid. And once the fire spread from the cardboard to the liquid, the fire was uncontrollable. This led to the development of a strategy aimed at replacing conventional in-rack sprinklers with the quick response model, and spacing them closer together. As a result the fire is suppressed in its earliest stages when it's limited to the cardboard. This solution is easy to implement and uses the sprinkler piping and water supplies normally in place in grocery warehouses. Plus, it doesn't interfere with normal warehouse materials handling. The truth is, this is but one example of how we never stop looking at commodities and the hazards they pose. In fact, for over a century and a half, we've never stopped asking the kind of difficult questions that lead to the cost-effective solutions our clients need to minimize risk. Even if that means looking in places as surprising as, yes, a salad.

Allendale Insurance 1835 FACTORY MUTUAL SYSTEM

©1996 Allendale Insurance, P.O. Box 7500, Johnston, Rhode Island, 02919

Continued from previous page
hour: principal consultant, $320 to $500; consultant, $205 to $330.

SRMC member.

Officers: Frederick O. Kist, managing principal; Michael R. Vogler, principal/national director-risk management; W. Michael Flaharty, principal/national director-casualty claims; Cathy L. McKeon, director-risk management-northeast region.

Contact: Michael R. Vogler.

** Overcount in numbers is due to actuaries included in more than one category.*

CORE Risk Services

Johannitter-Halle, 22145 Wasserstrasse, P.O. Box 206, Oldenburg, Ind. 47036; 812-933-0656; fax: 812-933-0354

1995 revenues

Total gross revenues	$250,000
Risk management consulting revenues	$250,000
Continuous consulting	40%
Risk management audits	10%
Special projects	50%

Clients

Total	12
Minimum size	None

Staff

Total	2
Risk management professionals	1

Includes: 1 principal consultant; 1 ARM

Consulting since: 1993.

Frequent services: Insurance contract analysis, broker assessment, risk management organization studies, preparation of bidding specifications.

Occasional services: Risk retention analysis, captive feasibility studies, loss prevention audits, accounting systems analysis, expert witness.

Compensation: By the project. on retainer, by the hour: principal consultant, $125.

Officers: Robert L. Bernens, chairman; R. David Turner, president; Gary A. Getter, treasurer; Mary Ellen Wilson, secretary.

Contact: Robert L. Bernens.

Corporate Risk Consultants Division-Meadowbrook Insurance Group Inc.

26600 Telegraph Road, Southfield, Mich. 48034; 810-358-1100; fax: 810-358-1614

1995 revenues

Total gross revenues	$2,100,000
Risk management consulting revenues	$1,750,000
Continuous consulting	70%
Risk management audits	6%
Special projects	7%

Clients

Total	65
Associations	65
Minimum size	None

Staff

Total	25
Risk management professionals	10

Includes: 3 principal consultants, 2 consultants, 3 actuaries, 2 analysts; 5 CPCUs, 2 ARMs, 1 FCAS, 1 ACAS, 2 CICs

Consulting since: 1978.

Parent: Meadowbrook Insurance Group Inc.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis.

Occasional services: Claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Specialties: Public entities, group captives.

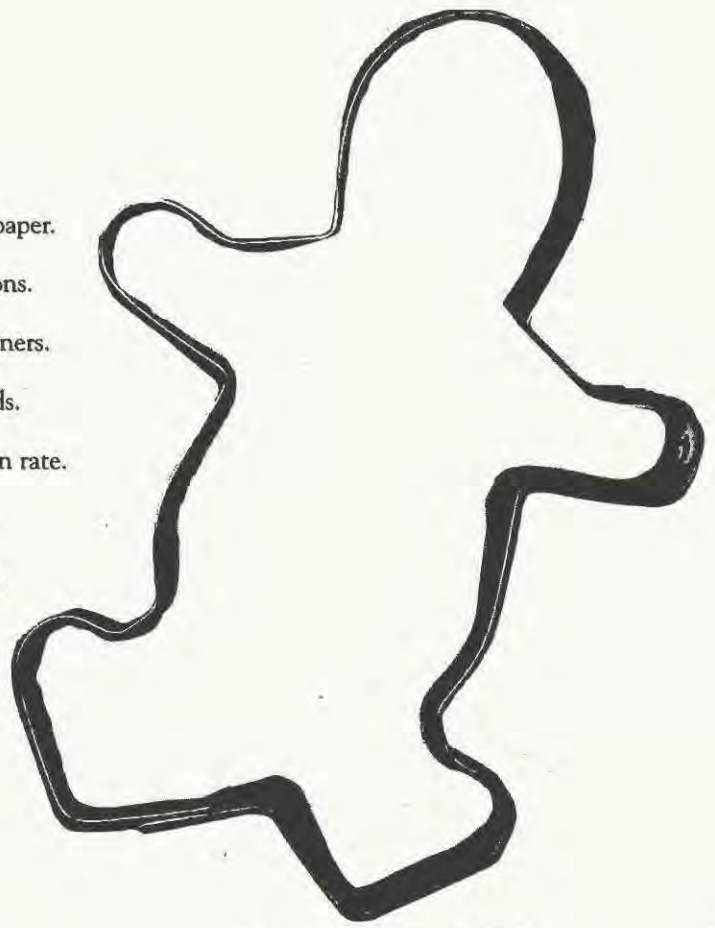
Locations: Miami; Minneapolis; Kansas City, Mo.; New York; Hamilton, Bermuda.

Compensation: By the project, on retainer, by the hour: principal consultant, $100 to $200; consultant, $75 to $100.

Officers: Merton J. Segal, chairman/CEO; Warren D. Gardner, president/CEO; James R. Parry Sr., executive vp; Robert S. Cubbin, senior vp/general counsel; Joseph Henry, senior vp/CFO.

Contact: Richard R. Marshall, vp.

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American Indemnity Insurance Company, Ltd.

Call: Dick Marshall 1-800-482-2726 ext. 297 or Carol Mercer ext 665.

Corporate Risk Management Inc.

505 Fenton Place, Charlotte, N.C. 28207; 704-335-0185; fax: 704-377-2973

1995 revenues

Total gross revenues	$250,000
Risk management consulting revenues	$250,000
Continuous consulting	60%
Risk management audits	30%
Special projects	10%

Clients

Total	50
Minimum size	None

Staff

Total	7
Risk management professionals	6

Includes: 2 principal consultants, 3 consultants, 1 analyst; 1 CPCU, 2 ARMs

Consulting since: 1978.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting.

Occasional services: Captive feasibility studies, loss prevention audits, quantitative analysis and statistical forecasting.

Compensation: By the project, on retainer, by the hour: principal consultant, $125.

Officers: William B. Heeney, president; Mark S. Moss, vp.

Contact: William B. Heeney.

Crain, Langner & Co.

3728 Waitley Drive, P.O. Box 531, Richfield, Ohio 44286; 216-659-3142; fax: 216-659-6241

1995 revenues

Total gross revenues	$330,000
Risk management consulting revenues	$300,000
Continuous consulting	40%
Risk management audits	25%
Special projects	25%

Clients

Total	100
Associations	2
Minimum size	None

Staff

Total	5
Risk management professionals	3

Includes: 2 principal consultants, 1 consultant; 2 CPCUs, 1 ARM

Consulting since: 1939.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, risk management organization studies, preparation of bidding specifications.

Occasional services: Captive feasibility studies, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Health care, government, manufacturing, financial institutions, contractors, developers.

Compensation: By the project, on retainer, by the hour: principal consultant, $125 to $140.

SRMC member.

Officers: Thomas E. Borror, president; Kenneth R. Butler, vp.

Crouch Insurance Consulting Inc.

5929 Balcones, Suite 301, Austin, Texas 78731; 512-467-7299; fax: 512-452-7288

1995 revenues

Total gross revenues	$1,725,164
Risk management consulting revenues	$1,708,956
Continuous consulting	97%
Risk management audits	2%

Clients

Total	100
Minimum size	None

Continued on page 30



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American International Group, Inc., Dept. A, 70 Pine Street, New York, NY 10270

Continued from page 28

Staff

Total 4
Risk management professionals 2
Includes: 1 principal consultant, 1 analyst; CICs

Consulting since: 1982.

Frequent services: Analysis of limits, preparation of bidding specifications.

Occasional services: Risk retention analysis, captive feasibility studies, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Habitational and commercial properties, manufacturing, retail.

Compensation: By the project, on retainer, by the hour: principal consultant, $200.

Officers: Gregory K. Crouch, president.

D

Deloitte & Touche L.L.P—Risk Management Consulting Services

333 Clay St., Suite 2300, Houston, Texas 77002; 713-756-2000; fax: 713-756-2006

1995 revenues

Total gross revenues $2,000,000,000
Risk management consulting revenues $19,500,000
Continuous consulting 0.3%
Risk management audits 0.2%
Special projects 0.5%

Clients

Total 500
Minimum size ..... None

Staff

Total 100
Risk management professionals 90
Includes: 30 principal consultants, 39 consultants, 14 actuaries, 6 analysts; 4 CPCUs, 4 ARMs, 13 FCASs, 8 ACAS, 2 CICs

Consulting since: 1978.

Frequent services: Risk retention analysis; captive feasibility studies; analysis of limits; insurance contract analysis; claims auditing; accounting systems analysis; broker assessment; loss settlement assistance; risk management organization studies; preparation of bidding specifications; quantitative analysis and statistical forecasting; RMIS consulting; expert witness; business interruption, physical damage, fidelity and product liability claims; disaster recovery planning.

Occasional services: Environmental consulting, loss prevention audits.

Specialties: Energy, chemical, retail, car rental, financial institutions, health care, public sector, manufacturing, insurance, hospitality, metals and mining.

Locations: Birmingham, Ala.; Los Angeles; San Francisco; Hartford, Conn.; Washington; Chicago; Newark, N.J.; New York; Portland; Dallas; Houston; Seattle; Calgary, Toronto and Vancouver, Canada.

Compensation: By the project, on retainer, by the hour: principal consultant, $275 to $450; consultant, $150 to $250.

Officers: Harvey N. Michaels, Mark Charron, William D. O'Connell, Jan A. Lommele, Vincent C. Cali, Gregory Higgins, Greg Pollard, Chris Vandenoever, partners/principals.

Dempsey, Myers & Co.

426 Danbury Road, Wilton, Conn. 06897; 203-762-5052; fax: 203-762-9826

1995 revenues

Total gross revenues $1,600,000
Risk management consulting revenues $1,600,000
Special projects 100%

Clients

Total 50

Staff

Total 10
Risk management professionals 9
Includes: 6 principal consultants, 3 consultants

Consulting since: 1982.

Frequent services: Loss settlement assistance, determination of business interruption values, business interruption and employee dishonesty claim preparation.

Occasional services: Expert witness.

Locations: Chicago.

Compensation: By the hour: principal consultant, $110 to $150; consultant, $75 to $100.

Officers: John D. Dempsey, William L. Myers, partners; Richard A. Royston, Michael J. Skweres, principals.

Contact: John D. Dempsey.

Devine & Tweedale Inc.

7633 Ganser Way, Madison, Wis. 53719; 608-833-9595; fax: 608-833-8088

1995 revenues

Total gross revenues* $600,000
Risk management consulting revenues* $600,000
Continuous consulting 60%
Risk management audits 35%
Special projects 5%

Clients

Minimum size ..... None

Staff

Total 7
Risk management professionals 3
Includes: 2 CPCUs, 3 ARMs

Consulting since: 1979.

Frequent services: Analysis of limits, insurance contract analysis, loss prevention audits, broker assessment, loss settlement assistance, preparation of bidding specifications.

Occasional services: Risk retention analysis, claims auditing, environmental consulting, quantitative analysis and statistical forecasting, expert witness.

Specialties: School districts, municipalities, associations.

Compensation: By the project, by the hour: principal consultant, $105.

Officers: Dennis G. Tweedale, president; Barbara B. Tweedale, vp/secretary.

Contact: Joy Gander-Rozzell.

** Estimate.*

Kevin F. Donoghue & Associates

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

1995 revenues

Risk management consulting revenues* $2,100,000
Continuous consulting 73%
Risk management audits 18%
Special projects 9%

Clients

Total 155
Associations 2

Staff

Total 14
Risk management professionals 11
Includes: 7 principal consultants, 2 consultants; 2 CPCUs, 1 ARM

Consulting since: 1971.

Frequent services: Risk retention analysis, insurance contract analysis, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Captive feasibility studies, analysis of limits, claims auditing, accounting systems analysis, loss settlement assistance, risk management organization studies, RMIS consulting, expert witness.

Specialties: Retail, construction, government, co-operatives, hospitals.

Locations: Boca Raton, Fla.

Compensation: By the hour.

SRMC member.

Officers: Kevin F. Donoghue, president; Dwight E. Levick, Joseph Boyle, Joseph Grillo, Edward M. Taylor, Joseph Tangney, senior vps.

** Estimate.*

E

EQE International Inc.

44 Montgomery St., Suite 3200, San Francisco, Calif. 94104; 415-989-2000; fax: 415-433-5107

1995 revenues

Total gross revenues $40,000,000
Risk management consulting revenues $18,000,000
Special projects 45%

Clients

Total 500
Associations 125
Minimum size $1,000

Staff

Total 375
Risk management professionals 260
Includes: 16 principal consultants, 200 consultants; 1 CPCU

Frequent services: Risk retention analysis, analysis of limits, loss prevention audits, quantitative analysis and statistical forecasting RMIS consulting.

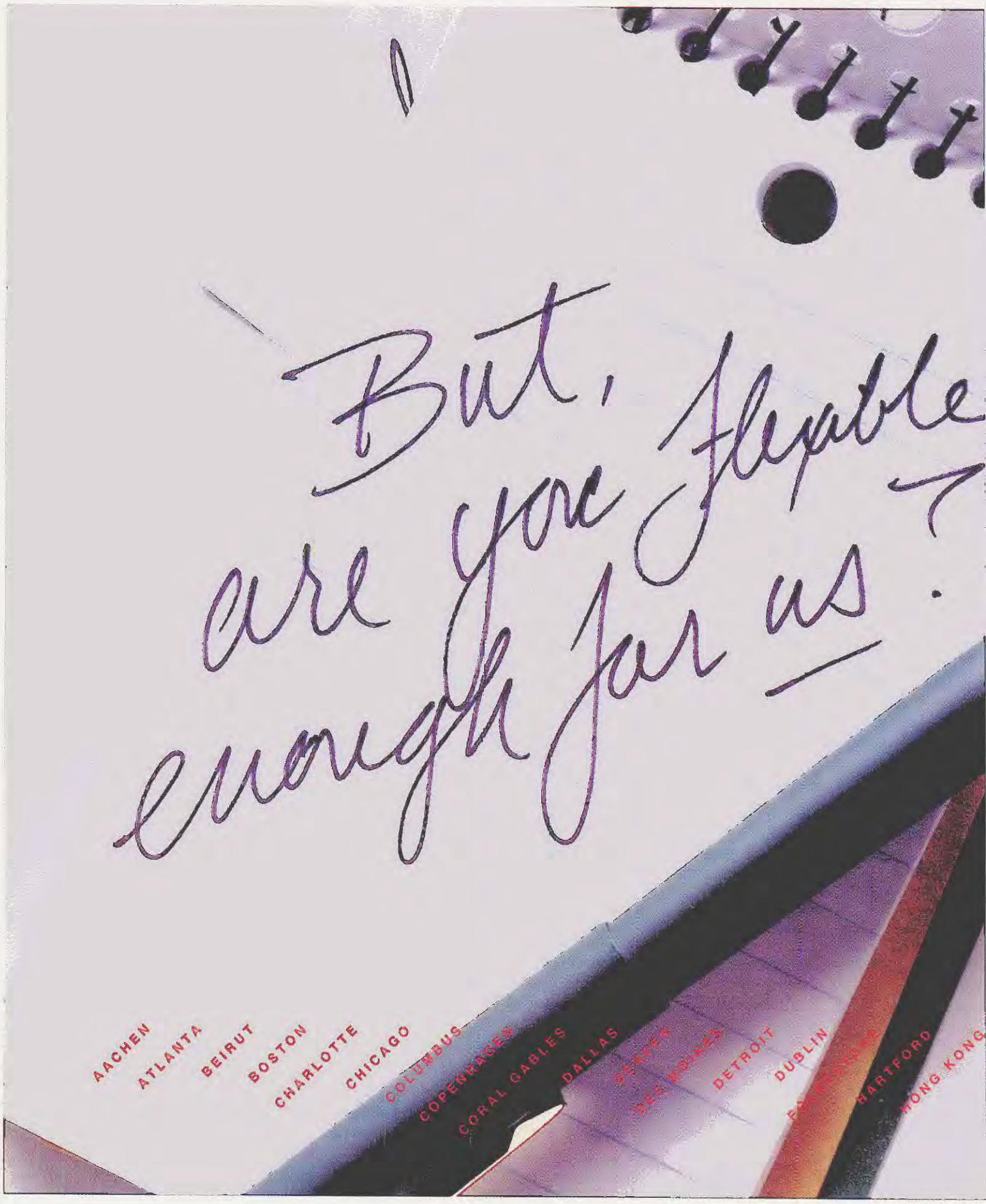
Occasional services: Insurance contract analysis, claims auditing, environmental consulting, loss settlement assistance, preparation of bidding specifications, expert witness.

Locations: Irvine, Calif.; Evergreen, Colo.; St. Louis; Stratham, N.H.; New York; Aiken, S.C.; Houston; Seattle; Bulgaria; England; Japan; Singapore; Spain.

Compensation: By the project, on retainer, by the hour: principal consultant, $125 to $200; consultant, $75 to $150.

Officers: Peter Yanev, chairman; Douglas Frazier, CEO; Stephen Hom, James

Continued on next page



Continued from previous page
Johnson, executive vps; Roy Kunar, managing director.
Contact: Earl J. Aurelius.

Ecology & Environment Inc.

Buffalo Corporate Center, 368 Pleasant View Drive, Lancaster, N.Y. 14086-1397; 716-684-8060; fax: 716-684-0844

1995 revenues

Total gross revenues	$91,512,204
Risk management consulting revenues	$9,000,000

Staff

Total	900

Consulting since: 1970.
Frequent services: Environmental consulting, hazard and risk assessment.
Occasional services: Loss prevention audits, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.
Specialties: Chemical, petrochemical, oil and gas development and pipeline companies, nuclear industry.
Locations: Anchorage, Alaska; Los Angeles; San Francisco; Denver; Washington; Miami, Pensacola and Tallahassee, Fla.; Chicago; Baton Rouge, La.; Detroit; Kansas City and St. Louis, Mo.; Albuquerque, N.M.; Buffalo and New York, N.Y.; Cleveland; Philadelphia; Dallas; Houston; Seattle; Beijing; Budapest, Hungary; Gruena, Germany; Caracas, Venezuela.
Compensation: By the project.
Officers: Gerhard J. Neumaier, president; Frank B. Silvestro, executive vp; Gerald A. Strobel, executive vp-technology; Ronald L. Frank, executive vp/treasurer/secretary.
Contact: Ronald J. Skare, vp-sales.

Empire Risk Management

300 W. Coleman Blvd., Suite 207, Mount Pleasant, S.C. 29464; 803-849-7475; fax: 803-849-7104

1995 revenues

Total gross revenues	$562,060
Risk management consulting revenues	$269,789
Continuous consulting	38%
Risk management audits	6%
Special projects	4%

Clients

Total	22
Associations	3
Minimum size	$250,000

Staff

Total	7

Includes: 2 principal consultants, 4 consultants; 3 CPCUs, 5 ARMs, 3 CSPs

Consulting since: 1990.
Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness.
Occasional services: Captive feasibility studies, accounting systems analysis, RMIS consulting.
Specialties: Transportation.
Locations: Hartford, Conn.; Chicago; Winston-Salem, N.C.; Charleston, S.C.
Compensation: By the project, commissions, on retainer, by the hour: principal consultant, $150; consultant, $120.
Officers: D.W. Speer, president.

Environmental Risk Ltd.

120 Mountain Ave., Bloomfield, Conn. 06002; 860-242-9933; fax: 860-243-9055

1995 revenues

Total gross revenues	$6,000,000
Risk management consulting revenues	$2,400,000
Continuous consulting	20%
Risk management audits	10%
Special projects	10%

Clients

Total	400
Minimum size	None

Staff

Total	60
Risk management professionals	44

Includes: 4 principal consultants, 40 consultants

Consulting since: 1985.
Frequent services: Environmental consulting, loss prevention audits, preparation of bidding specifications, expert witness.
Occasional services: Analysis of limits, insurance contract analysis, claims auditing, loss settlement assistance, risk management organization studies, RMIS consulting.
Specialties: Pollution liability insurers, financial institutions, real estate developers, energy facility developers, industrial corporations.
Locations: Clifton, N.J.
Compensation: By the project, on retainer, by the hour: principal consultant, $180 to $225; consultant, $50 to $130.
Officers: Richard S. Atkins, president/principal; Mitchell M. Wumbrand, Gordon T. Brookman, vps/principals; David I. Brandwein, vp-operations/principal; Philip H. Gutt, CFO.
Contact: David I. Brandwein.

Ernst & Young L.L.P.

787 Seventh Ave., New York, N.Y. 10019; 212-773-1045; fax: 212-773-8477

1995 revenues

Total gross revenues	$18,506,000
Risk management consulting revenues	$13,998,000
Continuous consulting	23%
Risk management audits	15%
Special projects	37%

Clients

Total	400
Minimum size	None

Staff

Total	168
Risk management professionals	106

Includes: 31 principal consultants, 20 consultants, 30 actuaries, 25 analysts; 8 CPCUs, 6 ARMs, 19 FCASs, 13 ACASs

Consulting since: 1922.
Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness.
Occasional services: Loss prevention audits, RMIS consulting.
Specialties: Health care, public entities, captives, workers compensation group self-insurance.
Locations: Los Angeles; Atlanta; Chicago; Boston; New York; Philadelphia; Bermuda; Montreal.
Compensation: By the project, on retainer, by the hour: principal consultant, $420; consultant, $215 to $320.
Officers: John Dawson, Tony Joacquin, Rusty Kuehn, Orin Linden, Jim MacGinnitie, Lee Smith, partners; Doug Hartman, Jacques Lemaire, Layne Onefur, principals.

EVAZBO Risk Management Consulting Services Inc.

Popular Bank Building, Ninth Floor, Old San Juan, Puerto Rico 00902; 809-723-1950; fax: 809-723-8128

1995 revenues

Total gross revenues	$500,000
Risk management consulting revenues	$425,000
Continuous consulting	70%
Risk management audits	10%
Special projects	5%

Clients

Total	26
Associations	6
Minimum size	$80,000

Staff

Total	8
Risk management professionals	4

Includes: 1 principal consultant, 2 consultants, 1 analyst; 2 CPCUs, 2 ARMs

Consulting since: 1974.
Frequent services: Analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting.
Occasional services: Risk retention analysis, environmental consulting, expert witness.
Specialties: Hospitals, churches, government, manufacturing, trade associations.
Locations: Tampa, Fla; Miniola, N.Y.; Santo Domingo, Dominican Republic.
Compensation: By the project, commissions, on retainer, by the hour: principal consultant, $150; consultant, $100.
Officers: Edna Vazquez de Bonnet, president; Chandrissa Bonnet, vp; Gloria Gordils, secretary; L. Alexandre Bonnet, treasurer.

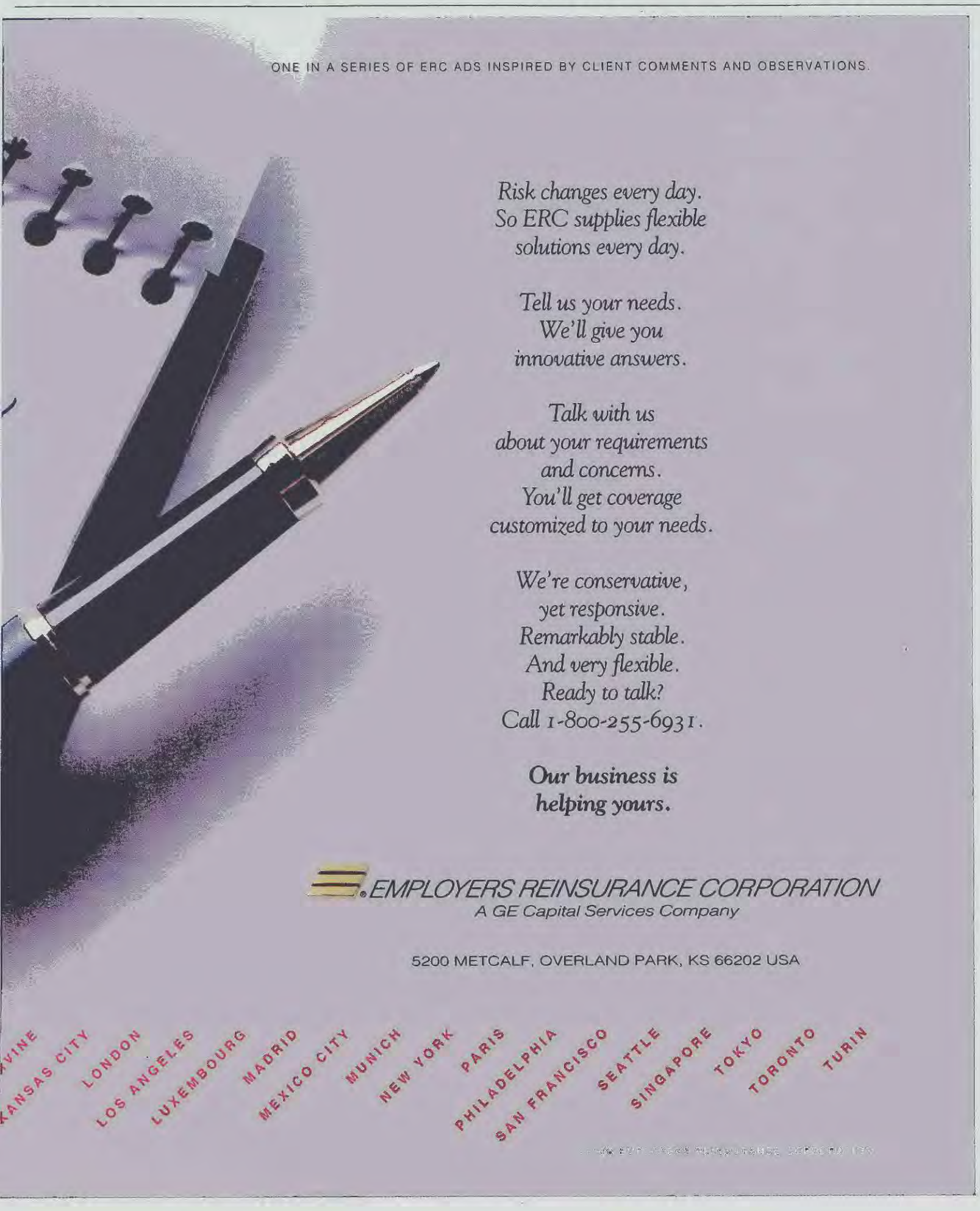
Ferguson Risk Management Inc.

1520 S. Lapeer Road, Suite 220, Lake Orion, Mich. 48362; 810-693-3344; fax: 810-693-5803

1995 revenues

Total gross revenues	$300,000

Continued on next page



Continued from previous page

Risk management consulting revenues $300,000
Continuous consulting 80%
Risk management audits 10%
Special projects 10%

Clients

Total 15
Associations 1
Minimum size $50,000

Staff

Total 3
Risk management professionals 1
Includes: 1 principal consultant; 1 CPCU, 1 ARM

Consulting since: 1992.

Frequent services: Analysis of limits, insurance contract analysis, broker assessment, preparation of bidding specifications, use of risk transfer mechanisms.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, accounting systems analysis, loss settlement assistance, risk management organization studies, expert witness.

Specialties: Retail, manufacturing, construction.

Compensation: By the project, on retainer, by the hour: principal consultant, $150.

Officers: Richard D. Ferguson, president; Richard W. Zimmerman, vp; Beverly S. Ferguson, secretary/treasurer.

First Risk Management-Legal Division Inc.

636 Old York Road, Suite 220,
Jenkintown, Pa. 19046-2858;
215-885-1125; fax: 215-885-1161

1995 revenues

Total gross revenues $500,000
Risk management consulting revenues $500,000
Continuous consulting 24%
Risk management audits 1%
Special projects 75%

Clients

Total 50
Minimum size ..... None

Staff

Total 7
Risk management professionals 3
Includes: 1 principal consultant, 2 consultants
2 CPCUs, 2 ARMs

Consulting since: 1988.

Parent: First Risk Management Co.

Frequent services: Analysis of limits, insurance contract analysis, environmental consulting, preparation of bidding specifications, expert witness, litigation support.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies.

Compensation: By the project, by the hour: principal consultant, $375; consultant, $185 to $225.

SRMC member.

Officers: Leonard J. Silver, president; Bonnie Esposito, secretary.

Contact: Leonard J. Silver.

Leonard R. Friedman Risk Management Inc./Risk Control Strategies Inc.

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

1995 revenues

Total gross revenues $1,000,000
Risk management consulting revenues $1,000,000
Continuous consulting 85%
Risk management audits 10%
Special projects 5%

Clients

Total 50
Minimum size ..... None

Staff

Total 10
Risk management professionals 7
Includes: 3 principal consultants, 4 analysts;
1 CPCU, 4 ARMs

Consulting since: 1974.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, preparation of bidding specifications, safety management audits and program development.

Specialties: Retail, real estate, manufacturing, distributors.

Compensation: By the project, on retainer, by the hour: principal consultant, $200; consultant, $150 to $185.

SRMC member.

Officers: Alice B. Weiss, president; Susan G. Kaufman, executive vp.

G

G.C.G. Risk Management Inc.

85 Worth St., New York, N.Y. 10013;
212-431-3000; fax: 212-941-6546

1995 revenues

Total gross revenues $4,000,000
Risk management consulting revenues $3,900,000
Continuous consulting 87%
Risk management audits 2%
Special projects 8%

Clients

Total 500
Associations 17

Staff

Total 30

Consulting since: 1977.

Frequent services: Workers compensation risk management consulting only, including workers comp claims review, reserve analysis and negotiation.

Occasional services: Workers compensation risk management consulting only, including risk retention analysis, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, quantitative analysis and statistical forecasting, expert witness.

Specialties: Workers compensation, including health care, contractors, food products, transportation, hauling, furniture manufacturing, metal processing.

Locations: Fairport, Schenectady and Westbury, N.Y.

Compensation: By the project, commissions, on retainer.

Officers: Joseph M. Gnesin, president; Charles S. Cates, vp; Ross L. Gnesin, treasurer; Lawrence E. Gramm, secretary.

Gallagher Bassett Services Inc.

The Gallagher Centre, 2 Pierce Place,
Itasca, Ill. 60143-3141; 708-773-3800;
fax: 708-285-4000

1995 revenues

Total gross revenues $110,000,000
Risk management consulting revenues $8,600,000
Continuous consulting 6.4%
Risk management audits 0.4%
Special projects 1.2%

Clients

Total 375
Associations 25
Minimum size ..... None

Staff

Total 65
Risk management professionals 50
Includes: 10 principal consultants, 40 consultants;
6 ARMs, 10 CSPs

Consulting since: 1962.

Parent: Arthur J. Gallagher & Co.

Frequent services: Environmental consulting, loss prevention audits, quantitative analysis and statistical forecasting.

Occasional services: Claims auditing, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting, expert witness.

Specialties: Commercial, religious, educational and governmental entities.

Locations: Little Rock, Ark.; Denver; Farmington, Conn.; Miami and Orlando, Fla.; Atlanta; Schaumburg, Ill.; Portland, Maine; Kansas City and St. Louis, Mo.; Middletown, N.Y.; Arden, N.C.; London.

Compensation: By the project, on retainer, by the hour: consultant, $110 to $130.

Officers: John G. Campbell, chairman; Peter J. Durkalski, president; Michael J. Billings, Richard Rothman, Richard McKenna, executive vps.

Contact: Tracy D. Mock, area vp-marketing services.

H

HJH Group Inc.

3837 Northdale Blvd., Suite 352,
Tampa, Fla. 33624; 813-985-4535;
fax: 813-985-6851

1995 revenues

Total gross revenues $500,000
Risk management consulting revenues $450,000
Risk management audits 10%
Special projects 80%

Clients

Total 25
Minimum size ..... None

Staff

Total 5
Risk management professionals 5
Includes: 2 principal consultants, 3 consultants;
1 CPCU, 2 ARMs, 1 FCAS, 1 CSP

Consulting since: 1993.

Frequent services: Claims auditing, preparation of bidding specifications.

Occasional services: Risk retention analysis, analysis of limits, insurance contract analysis, loss prevention audits, broker assessment, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting.

Locations: Miami.

Compensation: By the project, on retainer, by the hour: principal consultant, $175 to $200; consultant, $125 to $150.

Officers: Dennis L. Huffman, CEO; Catherine K. Johnson, president.

Contact: Catherine K. Johnson.

Henderson Insurance & Risk Management Consultants Inc.

3300 Henderson Blvd., Suite 206,
Tampa, Fla. 33609; 813-287-2986;
fax: 813-289-0583

1995 revenues

Total gross revenues $250,000
Risk management consulting revenues $250,000
Continuous consulting 50%
Risk management audits 30%
Special projects 20%

Clients

Total 40
Minimum size ..... None

Staff

Total 2
Risk management professionals 2
Includes: 2 principal consultants

Consulting since: 1971.

Frequent services: Insurance contract analysis, broker assessment, preparation of bidding specifications.

Occasional services: Risk retention analysis, claims auditing, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Compensation: By the hour.

SRMC member.

Officers: Otto Lee Henderson, president; Robert F. Hood, senior vp.

P.M. Hudson & Associates Inc.

350-A Christopher Ave., Gaithersburg,
Md. 20879; 800-355-6946 or
301-212-9300; fax: 301-990-0665

1995 revenues

Total gross revenues $1,450,000
Risk management consulting revenues $500,000
Continuous consulting 20%
Risk management audits 10%
Special projects 4%

Clients

Total 65
Associations 15
Minimum size $75,000

Staff

Total 10
Risk management professionals 6
Includes: 1 principal consultant, 3 consultants,
2 analysts; 2 ARMs, 1 CIC

Consulting since: 1982.

Parent: The Hudson Group of Cos.

Frequent services: Analysis of limits, insurance contract analysis, loss prevention audits, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, disaster planning, OSHA compliance, insurance certificate tracking and compliance services, forums and seminars.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss settlement assistance, RMIS consulting, expert witness.

Specialties: High technology, associations, real estate, wholesale distribution, embassies, foreign-based entities.

Compensation: On retainer, by the hour: principal consultant, $200; consultant, $160.

Officers: Peter M. Hudson, president/CEO; Larry Denney, vp-marketing; Stephen Howard, vp; Margretta Glock, secretary/treasurer.

Contact: Larry W. Denney.

Robert Hughes Associates Inc.

14180 Dallas Parkway, Suite 400,
Dallas, Texas 75240; 214-980-0088;
fax: 214-233-1548

1995 revenues

Total gross revenues $1,800,000
Risk management consulting revenues $560,000
Continuous consulting 16%
Risk management audits 10%
Special projects 5%

Clients

Total 300
Associations 15
Minimum size ..... None

Staff

Total 12
Risk management professionals 9
Includes: 1 principal consultant, 5 consultants,
2 actuaries, 1 analyst; 4 CPCUs, 2 ARMs,
1 FCAS, 1 ACAS, 1 CIC

Consulting since: 1979.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, insurance program design.

Occasional services: Claims auditing, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, RMIS consulting, insurance company management.

Locations: Houston; London.

Compensation: By the project, on retainer, by the hour: principal consultant, $275; consultant, $200 to $250.

Officers: Robert N. Hughes, president; Cathy L. Jones, executive vp; Olie Jolstad, vp; Michele S. Martin, treasurer; Jeanne Camp, chief actuary.

I

IRMC Inc.

P.O. Box 740504, Dallas,
Texas 75374-0504; 214-669-1091;
fax: 214-680-8009

1995 revenues

Total gross revenues $296,000
Risk management consulting revenues $296,000
Continuous consulting 80%
Risk management audits 10%
Special projects 10%

Clients

Total 20
Minimum size $100,000

Staff

Total 3
Risk management professionals 2
Includes: 2 principal consultants; 1 CPCU

Consulting since: 1985.

Continued on next page

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Agent/Broker Topics

A monthly editorial section sent exclusively to agents and brokers



Targeting opportunity worldwide

Want to get on the board globally? A number of options can help agents and brokers increase their business.

Agent/Broker Topics

Adapting to the changing global market

Executive explains what brokerages do, and should do more, at home and abroad

Claude F. Gallello is managing director, responsible for international business development in the United States and Canada, at Willis Corroon International/Americas in New York.

Mr. Gallello, who was chairman of the Washington-based National Assn. of Insurance Brokers' international committee last year, spoke recently with Copy Editor Regis Coccia about today's evolving global market.

What are the duties of the NAIB's international committee?

The committee focuses on trade issues, for instance, in areas like Japan, where Japan has been trying to promulgate freedom of services. We have been the component that has represented the broker's cause in Japan. We meet with the U.S. trade representative here in Washington, explain what a broker does and some of the things we might like to see. That message then gets carried with the U.S. trade delegation going to Japan and in the negotiations with the Ministry of Finance our input represents what the brokers would like to see in terms of freedom of services.

Recently, the international committee has put together a draft broker model law, so when countries overseas are trying to write codes for insurance, we have a document that represents the collective agreement of the NAIB members—they're all of the major brokers, of course—that these are some of the guidelines that countries might want to set up to recognize a broker. Oftentimes, the insurance companies are addressed properly in Third World countries. . .but they fail to include anything regarding brokers. So, the NAIB, through the U.S. government and through our networking with other broker organizations around the world, is able to exert some influence on laws of various countries.

What are some current "hot spots" for brokers?

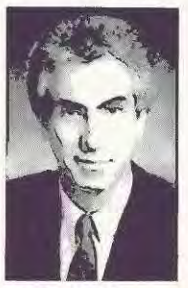
India certainly represents some significant opportunities. There was an effort to liberalize India—because it's all nationalized now—about a year ago. Then there was a change in government and things were put on the back burner. But, we expect that within the next couple of years we'll see some liberalization which will allow us to function as brokers.

We're looking to see if we can get Korea to give brokers more freedom. Right now, brokers operate on a limited capacity in Korea.

GLOBAL STRATEGIES

Is China a potentially huge source of business for brokers?

The three priority countries for the NAIB are India, China and Japan. Brokers in China are just becoming recognized to a very limited degree. There are broker representative offices in China, but the laws are not absolutely clear on the role of a broker.



Mr. Gallello

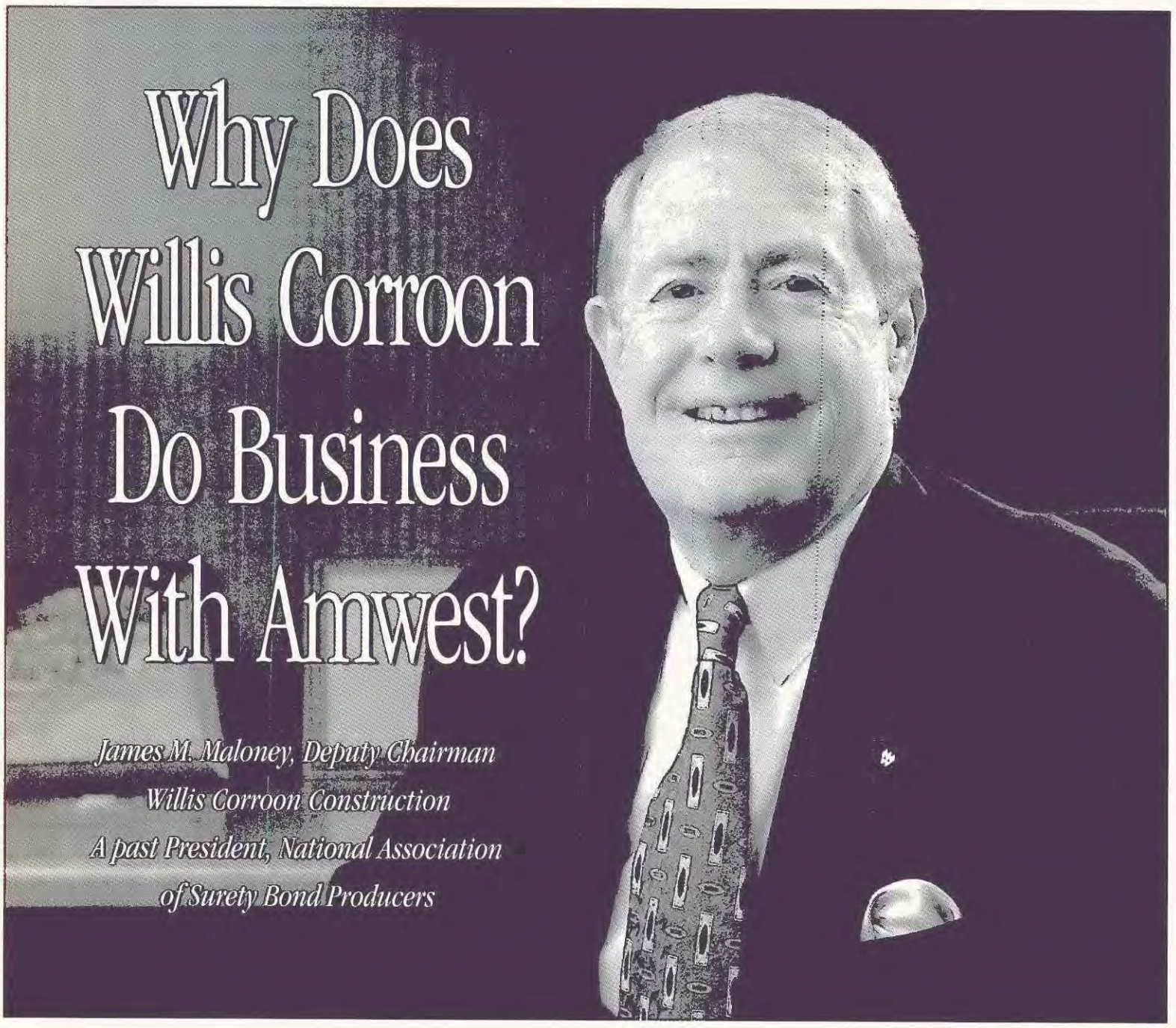
So far, the Chinese market seems to be developing slowly. What can brokers do to help speed up the process?

There is something everyone in the industry can do. Chubb, for instance, has set up an insurance school in China that certainly should go a long way in making that area more sophisticated from an insurance standpoint. Willis Corroon, as an organization, has been trading in China for quite some time, and we've made it a point of training hundreds of representatives from the insurance companies in China over the years.

Education is a key. Things like being there when our trade officials are trying to go in and investigate opportunities, having some influence on laws and things like that, are very important. Yes, there are things that are being done now that we need to do more of.

How can brokers take advantage of opportunities in

See **Gallello** *on page 32D*



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Fireman's Fund

Gallello

Continued from page 32B

emerging markets around the world?

Willis, for instance, has made commitments to various countries like Poland, Hungary, Czechoslovakia, Russia—where we actually have people on the ground. Some of our activities in those areas are revolving around the reinsurance side of the business. Some of those offices then are also developing retail business and beginning to service our multinational customers. The brokers in Third World countries from a reinsurance standpoint stand to gain a lot when those countries open up. And, when more foreign investment goes into that country we can be there and follow our customer and be recognized by the authorities in those countries already.

If you sit back and expect to do everything long distance, at the end of the day, you're really not going to be recognized and you won't be able to take advantage of the opportunity. For instance, we opened up an office in China, like most other brokers. You have to be there. The broker that is not in China today probably is not going to get very far there in the future. In countries like China, relationships—not just two-year or three-year or four-year relationships—sometimes 10- or 20-year relationships are really at the end of the day what's going to make one broker more successful than another.

How would you define a "global" broker? What makes a successful global broker?

There has to be a realization that our customers are operating in various countries overseas. You can't just say, "I'm a global broker," and have all your people on a worldwide basis go their own way.

But then, on the other hand, you have to understand that our customers have certain needs overseas that need to be accommodated within those markets. What you really need to do is define in your organization what is a global program.

We have a definition that we try to instill in our worldwide operations that "Willis Corroon is a domestic company worldwide." Our domestic clients located everywhere have differing needs and approaches to risk management. Our ability to respond to those differing needs is what makes us a global firm. By being a domestic company worldwide, we can accommodate the needs of our international customers. We're in over 70 countries, we have over 300 offices worldwide.

The other thing that drives good broker operations is ownership. You're not going to own everything everywhere around the world. Willis, where we don't have ownership—and we have ownership in over 60% of the countries we're operating in—has formed strategic alliances with good, quality local brokers. And, while there is no ownership, those brokers act and respond as if they were part of our organization. That takes good management and good selection of local brokers.

Another thing that distinguishes a global firm is a firm that has information technology that's global in nature. How do you operate on a global basis? Do you share your information around the world with your partners? We think that's critical so we're all understanding what's going on in the world of insurance. Information technology is going to make or break a global company.

The other thing that makes a global company is efficient delivery of resources. You don't have to be all in one place, in today's environment, to deliver expertise. If you have a vehicle for delivering expertise, whether it's from your Seattle office or your London office or your office in Bahrain, in a quick, efficient manner, that will distinguish the global broker as well. BI

For special needs, California agency has Mexico covered

Hundreds of agents and brokers regularly tap its expertise for specific coverages

By ROBERTO CENICEROS

Some agents and brokers who send their clients to MacAfee & Edwards for coverage for travel into Mexico don't care about receiving commissions for it. It's the hassle-free service and client good will they're after.

The Pasadena, Calif.-based agency has a decades-old reputation for servicing U.S. businesses and residents traveling to Mexico by airplane, auto, boat or truck.

While MacAfee & Edwards' customers have liability and hull policies purchased in the United States, Mexico requires travelers to have a minimum amount of liability insurance sold by a Mexican insurer.

About 300 agents and brokers nationwide and others worldwide refer their clients to MacAfee & Edwards and do collect commissions for it, says M&E's new owner, Duane E. Allen.

MacAfee & Edwards generally gives agents and brokers that use it a percentage of its commissions, but some producers are content with just helping their customers



who occasionally need vehicle or airplane liability coverage while traveling in Mexico for a day or two. For many of them, it's not worth collecting the minuscule commissions that come with the

Continued on next page

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Continued from previous page

short-term policies, according to Mr. Allen.

"Our average policy, we probably get $15 in revenue and it probably costs us $10 to do it," Mr. Allen says. "It's a funny little business. But there are lots of funny little businesses in insurance and you don't know about them unless you get involved."

It may be a unique niche, but it's one on which many producers have grown to depend.

"I've used them for 25 or 30 years," says Curtis Ackerland, part owner of Affiliated Insurance Agency in Salt Lake City. "They are our Mexican insurance contacts. They have the relationship with the Mexican company that we use whenever I have insureds who fly airplanes down to Mexico for vacation or business travel."

Commercial accounts make up about 90% of Mr. Ackerland's book of business. But, providing insurance for his clients who fly their own airplanes on personal fishing trips south of the border helps keep them loyal to his agency, he says. "It's a service I perform and I get maybe five or 10 bucks for doing it."

Selling underlying policies just for these customers has spread M&E's reputation far and wide.

"I got a call a couple of weeks ago from some fellow who was in La Paz, Bolivia," Mr. Allen says. "They had a tour from South America that was going into Mexico. He had to (buy a policy) on the plane that was going in to take people there and then another to go back and pick them up. We did a policy on each trip and the premium on each one was about $90."

Melanie McCowan, an aviation broker for Alexander & Alexander Services Inc. in Calgary, Alberta, Canada, says her office also turns to MacAfee & Edwards when commercial helicopter accounts need Mexican insurance to operate in Mexico.

"We had one client who was down there for over a year, but most of it is short term," she said. "For the short period of time that they are using it, it is very low premium. But we have never had a complaint from our clients about the service."

M&E also places the Mexican insurance for charter flights into Mexico. Some larger U.S. insurers, like American International Group Inc., have their own Mexican affiliates that can service charter companies on both sides of the border, Mr. Allen says. But M&E picks up business from brokers who have charter company clients. They may be insured by a U.S. or London insurer but lack a Mexican affiliate. That's one reason premiums on the Mexican business are generally very low.

The agency also sells direct to its own loyal customers. For example, M&E has a number of trucking companies that purchase Mexican coverage for trips across the border.

Producers say M&E's service is a convenience for them as well as for their clients because the size of policies and the infrequency of their need just does not make it worthwhile to cultivate a relationship with a Mexican insurer.

M&E has a relationship with Mexico City-based insurer Seguros Tepeyac S.A. that dates back 35 years. That relationship allows the agency to obtain policies and insurance certificates quickly.

M&E also provides a credit card-size instrument called a MexiCard that is accepted by Mexican authorities as proof of insurance for airplanes and autos. To activate coverage, customers can telephone the agency at any time and advise when they will cross the border.

That way, coverage is activated only for the days spent in Mexico. The agency then can bill customers directly or accept payment via credit card.

A typical aircraft liability policy has a limit of $100,000 per person, $200,000 per occurrence for bodily injury and $200,000 per occurrence for property damage.

The amounts can be increased, but they meet Mexican requirements. For a 10-day charter trip such a policy would cost about $102, Mr. Allen says. A personal flight costs about half as much.

Mr. Allen, a former risk manager with 30 years' experience, was the *Business Insurance* Risk Manager of the Year in 1981. He continues to operate a variety of related businesses, including Applied Risk Insurance Services Inc., a surplus lines brokerage in Pasadena, Calif.

He was on a flight and reading a trade publication when he saw an advertisement for the sale of a 50-year-old insurance agency, he says.

"I called them up and found out it was MacAfee & Edwards, who had been in this business since back in the 1940s."

Helen MacAfee had been running the agency since her husband died in the 1970s. But, at 88, she was ready to sell, Mr. Allen said.

The agency's reputation, its relationship with Seguros Tepeyac and three bilingual employees were factors that led Mr. Allen to buy the agency last year.

"What they had not done was very much advertising," Mr. Allen said. "So we developed a marketing program. We didn't change the name. We didn't change the insurance company (association). We just continued the business while working out a marketing arrangement to develop it."

The marketing strategy includes mailers sent to producers and the operation of a display booth at agent and broker conferences. Mr. Allen estimates the agency is now selling 4,000 policies a year and admits that the small premiums mean the agency will have to increase its volume. BI

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Charity fund-raiser shoots and scores

By MICHAEL SCHACHNER

Not often does the common man get to rub shoulders with a professional athlete. But, hundreds of New Yorkers enjoyed an evening with 19 members of the New York Rangers hockey team last month at the New York insurance industry's "Skate with the Greats II" fund-raiser for the Ronald McDonald House, a private, non-profit residence for child cancer patients and their families.

The event, which cost between $350 and $1,000 to attend, included an opportunity to skate and chat with Ranger players and to participate in an auction of sports memorabilia. Ultimately, the event raised more than $250,000 in net proceeds for Ronald McDonald House, more than twice the $105,000 that was raised during the inaugural "Skate with the Greats" event in 1994.

The event is the brainchild of executives at Marsh & McLennan Inc., The Equitable Cos. and some other New York companies.

"If ever there was a cause the insurance industry should be involved with, it's this. Ronald McDonald House is a wonderful facility that makes cancer treatment a much more comfortable experience for kids and their families," said Walter S. Tomenson Jr., an executive vp with M&M and a Ronald McDonald House board member.

Mr. Tomenson was co-chairman of the event along with Jerry M. de St. Paer, senior executive vp and chief financial officer at Equitable.

Ronald McDonald House is a $24 million, 84-room residence located on Manhattan's Upper East Side. It provides temporary housing to all pediatric cancer patients being treated at any New York hospital and their families.

Mr. Tomenson said this year's event differed from the one two years ago in that the entire industry rallied behind it and put its money where its collective mouth is.

"When you get the analysts, bankers, brokers, insurers and accountants involved, you can really do something. Most of the corporations that co-sponsored this put up at least $5,000 and hundreds of tickets were sold. The Rangers are a great group. They do it all for nothing. It's a great event," he said.

And, individuals in attendance did their part, too.

Eager to snap up some sports items that could be worth a lot of money if players like Mark Messier and Brian Leetch continue on their paths to the Hockey Hall of Fame, one person bid $3,000 for the jersey worn by Mr. Leetch at this year's All-Star Game.

A jersey signed by Mr. Messier went for $1,200, and many other items ranging from autographed sticks and jerseys fetched hundreds of dollars. BI



M&M executive Walter S. Tomenson Jr., left, and hockey pro Brian Leetch teamed up recently to raise funds for child cancer patients.

Language

Continued from page 32F

Paul Gallanda, CIGNA's director of international public affairs, has been responsible for getting these translations, and he says MultiTech has delivered.

"Most often, MultiTech has translated our materials into French, Spanish, German, Italian and Japanese, which pretty much covers our international workforce. I'd say the proof of the value of these translations is measured in the number of complaints I receive, and there haven't been any," he said.

Harold Talbot, managing director with Guy Carpenter & Co. Inc. in New York, says he has been using MultiTech for about 10 years to translate various documents, including contracts, letters and newspaper articles.

Although Guy Carpenter doesn't use MultiTech exclusively, the reinsurance intermediary is "very happy with MultiTech's services" and believes MultiTech is "probably the most insurance-oriented translator available," Mr. Talbot said.

In the future, Mr. Cardillo said MultiTech's challenge is to stay abreast of the modifications occurring almost daily in computerized translation and communications.

Where opportunities are definitely growing is with electronic mail and the Internet as international communication routes.

"E-mail has changed the marketplace dramatically. E-Mail is to fax technology as the computer is to the typewriter," he said, noting an increasing amount of the work MultiTech is doing is now transmitted via e-mail. "E-mail not only is cheaper than fax technology, but it's foolproof." BI

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Continued from previous page

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Occasional services: Loss prevention audits, broker assessment, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Oil and gas, electric and gas utilities.

Locations: Clearwater, Fla.

Compensation: By the project, on retainer, by the hour: principal consultant, $165; consultant, $145.

Officers: Gene L. Weaver, chairman.

Contact: Gene L. Weaver or Frank L. Eblen.

Industrial Risk Specialists Inc.

150 Great Neck Road, Great Neck, N.Y. 11021; 516-487-1700; fax: 516-487-1146

1995 revenues	
Total gross revenues	$2,000,000
Risk management consulting revenues	$1,500,000
Continuous consulting	55%
Risk management audits	5%
Special projects	5%

Clients	
Total	110
Minimum size	None

Staff	
Total	17
Risk management professionals	13

Includes: 3 principal consultants, 5 consultants, 5 analysts; 2 CPCUs, 3 ARMs

Consulting since: 1980.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, loss settlement assistance, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Captive feasibility studies, claims auditing, loss prevention audits, risk management organization studies, expert witness.

Specialties: Real estate, hospitality, entertainment, retail, manufacturing, wholesalers.

Compensation: By the project, on retainer, by the hour: principal consultant, $200 to $250; consultant, $160 to $180.

SRMC member.

Officers: Robert S. Sterling, president; Pat Antonacci, executive vp; Daniel S. Sterling, comptroller; Les Welch, vp.

Contact: Robert S. Sterling.

INSPRO Risk Management Inc.

P.O. Box 515039, Dallas, Texas 75251; 214-235-3030; fax: 214-235-3556

1995 revenues	
Total gross revenues	$250,000
Risk management consulting revenues	$250,000
Continuous consulting	50%
Risk management audits	20%
Special projects	30%

Clients	
Total	50
Minimum size	$100,000

Staff	
Total	6
Risk management professionals	4

Includes: 2 principal consultants, 2 consultants; 1 CPCU, 2 ARMs

Consulting since: 1991.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, accounting systems analysis, loss settlement assistance, preparation of bidding specifications, exposure analysis.

Occasional services: Captive feasibility studies, loss prevention audits, broker assessment, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness, policy reconstruction.

Specialties: Governmental, communications, oil and gas, architects/engineers, professional liability, manufacturing.

Compensation: By the project, on retainer, by the hour: principal consultant, $100 to $150; consultant, $60 to $75.

Officers: Gerald P. Brunker, Paul J. McVearry Jr., principals; Alexander Angel Jr.

Insurance Buyers' Council Inc./First Risk Management/IBC Inc.

9690 Deereco Road, Suite 650, Timonium, Md. 21093-6943; 410-561-9200; fax: 410-561-9351

1995 revenues	
Total gross revenues	$2,312,235
Risk management consulting revenues	$2,290,345
Continuous consulting	93%
Risk management audits	2%
Special projects	4%

Clients	
Total	258
Associations	25
Minimum size	None

Staff	
Total	18
Risk management professionals	12

Includes: 11 principal consultants, 1 consultant; 8 CPCUs, 11 ARMs

Consulting since: 1945.

Parent: Insurance Buyers' Council Inc.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, preparation of risk management and insurance manuals.

Occasional services: Captive feasibility studies, claims auditing, environmental consulting, loss prevention audits, loss settlement assistance, risk management organization studies, RMIS consulting.

Locations: Philadelphia.

Compensation: By the hour: principal consultant, $175 to $320; consultant, $100 to $125.

SRMC member.

Officers: Bernard J. McGovern, chairman/president/treasurer; Adam P. Sielicki Jr., executive vp; Frederic W. Schultz, vp/secretary; Thomas J. Krzys, vp.

Insurance Consulting Associates

1 International Blvd., Suite 605, Mahwah, N.J. 07495-0019; 201-512-9600; fax: 201-512-9635

1995 revenues	
Risk management consulting revenues*	$5,000,000
Continuous consulting	69%
Risk management audits	3%
Special projects	3%

Clients	
Total	310
Associations	13
Minimum size	None

Staff	
Total	45
Risk management professionals	31

Includes: 12 principal consultants, 8 consultants, 12 analysts; 2 CPCUs, 8 ARMs, 2 CICs

Consulting since: 1956.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, setting up association programs, technical review of insurance and risk management programs for professional organizations.

Occasional services: Risk retention analysis, captive feasibility studies, environmental consulting, loss prevention audits, RMIS consulting, expert witness.

Specialties: Retailing, manufacturing, importers, real estate, financial institutions, service organizations, contractors, transportation, hospitality, universities, casinos, law firms.

Locations: Clark, Hasbrouck Heights and Wyckoff, N.J.

Compensation: By the project, on retainer, by the hour: principal consultant, $250 to $300; consultant, $150 to $200.

SRMC member.

Contact: Barron S. Wall, managing associate.

** BI estimate.*

Insurance Control Systems Inc.

1118 N. La Brea Ave., Inglewood, Calif. 90302; 213-678-7115; fax: 310-673-3350

1995 revenues	
Total gross revenues	$1,100,000
Risk management consulting revenues	$715,000
Continuous consulting	39%
Risk management audits	19.5%
Special projects	6.5%

Clients	
Total	40
Minimum size	$150,000

Staff	
Total	13
Risk management professionals	9

Includes: 2 principal consultants, 2 consultants, 1 actuary, 2 analysts; 2 ARMs, 3 CSPs

Frequent services: Insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, preparation of bidding specifications, actuarial analysis.

Occasional services: Risk retention analysis, captive feasibility studies, analysis of limits, environmental consulting, accounting systems analysis, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Locations: Atlanta; Reno, Nev.; Dallas.

Continued on next page

First comes thought, then organization of that thought into ideas and plans, then transformation of those plans into reality. The beginning as you will observe is in your imagination. - Napoleon Hill



Something New is on the Horizon

Bring together as a team two progressive, responsive specialty carriers ... one admitted in all states, one approved as a surplus lines carrier in all states and you create a powerful partnership. A partnership fashioned after the gryphon, a creature with the strength of a lion and the agility of an eagle. Gryphon Insurance Group offers pooled resources optimizing financial size, the ability to assist producers with almost any admitted or non-admitted specialty product and quality service under one powerful identity. Now that's something new!

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21860 Burbank Blvd., Suite 380, Woodland Hills, CA 91367
Phone: (818) 595-0600 • Fax: (818) 316-0377

EAST COAST
Two Hudson Place, Hoboken, NJ 07030
Phone: (201) 798-9500 • Fax (201) 798-9451

Continued from previous page

Compensation: By the project, on retainer.

Officers: A.D. Kirkpatrick, president; Valeta Paganelli, Laura Patten, vps; Velda Heitkamp, controller; Patty Traber, service director.

Contact: Laura Patten.

Insurance Review & Management

1820 Water Place, Atlanta, Ga. 30339; 770-955-4474; fax: 770-955-4358

1995 revenues

Total gross revenues	$252,313
Risk management consulting revenues	$252,313
Continuous consulting	75%
Risk management audits	20%
Special projects	5%

Clients

Total	70
Associations	2
Minimum size	None

Staff

Total	3
Risk management professionals	3

Includes: 2 principal consultants, 1 analyst; 2 CPCUs

Consulting since: 1985.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Captive feasibility studies, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, RMIS consulting, expert witness.

Specialties: Local governments public school systems, community banks, apartment management firms.

Compensation: By the project, on retainer, by the hour: principal consultant, $120.

Officers: T. Joe Eyrd, owner; Bill Swiger, principal consultant.

Insurance & Risk Management

P.O. Box 1705, 3811 Illinois Road, Fort Wayne, Ind. 46801; 219-436-1616; fax: 219-432-4083

1995 revenues

Total gross revenues	$250,000
Risk management consulting revenues	$250,000
Risk management audits	30%
Special projects	20%

Clients

Total	300
Minimum size	None

Staff

Total	5
Risk management professionals	4

Includes: 4 consultants; 2 CSPs

Consulting since: 1988.

Frequent services: Loss prevention audits.

Occasional services: Claims auditing, environmental consulting, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, occupational engineering, specialty training.

Locations: Indianapolis, Muncie and Warsaw, Ind.; Defiance and Sylvania, Ohio.

Compensation: By the project, by the hour: principal consultant, $90; consultant, $75.

Officers: Bart Bircheff, COO; Jim Van Dyck, Dewey Tagtmeyer, Harold Everett, Ron Harruff, account executives.

Contact: James E. Krouse.

J

JM Risk Management Co. of the Southwest Inc.

305 FM 474, Boerne, Texas 78006-7809; 210-537-4076; fax: 210-537-5023

1995 revenues

Total gross revenues*	$250,000
Risk management consulting revenues*	$250,000
Continuous consulting	85%
Risk management audits	10%
Special projects	5%

Clients

Total	36
Minimum size	None

Staff

Total	2
Risk management professionals	1

Includes: 1 principal consultant

Consulting since: 1987.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications.

Occasional services: Quantitative analysis and statistical forecasting, expert witness.

Specialties: Liquid propane, oil and gas, explosives, construction, engineering, real estate development, manufacturing, transportation, welding supply, industrial gases.

Compensation: On retainer, by the hour: principal consultant, $115 to $150.

Officers: James L. Macdonald, president.

**Estimate.*

Daniel James Risk Management

3077 E. 98th St., Suite 150, Indianapolis, Ind. 46280; 317-574-5000; fax: 317-574-5010

1995 revenues

Total gross revenues	$1,921,000
Risk management consulting revenues	$1,781,000
Continuous consulting	80%
Risk management audits	7%
Special projects	6%

Clients

Total	64
Associations	5
Minimum size	$60,000

Staff

Total	9
Risk management professionals	7

Includes: 5 principal consultants, 1 consultant, 1 analyst; 2 CPCUs, 2 ARMs

Consulting since: 1975.

Frequent services: Risk retention analysis, analysis of limits, claims auditing, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness.

Occasional services: Captive feasibility studies, insurance contract analysis, environmental consulting, loss prevention audits, accounting systems analysis, loss settlement assistance, RMIS consulting.

Specialties: Manufacturing, municipal, government, associations, construction, non-profits.

Locations: Columbus and Perrysburg, Ohio.

Compensation: By the project, on retainer, by the hour: principal consultant, $100; consultant, $75.

SRMC member.

Officers: Dan Dumbauld, CEO; James McWhinie, president; Philip Hastings, vp-technical services; Larry Cottrel, senior vp; Sam Hammons, vp; Kathy Harling, director-marketing.

Contact: Philip Hastings, 800-445-1974.

K

KPMG Peat Marwick L.L.P.

345 Park Ave., New York, N.Y. 10154; 212-872-5872; fax: 212-872-6973

1995 revenues

Risk management consulting revenues*	$11,000,000

Clients

Total*	190
Minimum size	$1,000,000

Staff

Risk management professionals	71

Includes: 17 principal consultants, 30 consultants, 14 actuaries, 10 analysts; 4 CPCUs, 8 FCAS, 4 ACAS

Consulting since: 1987.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, legal cost containment, claims consulting.

Occasional services: Captive feasibility studies, accounting systems analysis, loss settlement assistance, expert witness.

Specialties: Financial institutions, insurance companies.

Locations: Los Angeles; Hartford, Conn.; Chicago; New York; Philadelphia; Dallas; Bermuda; Cayman Islands.

Compensation: By the project.

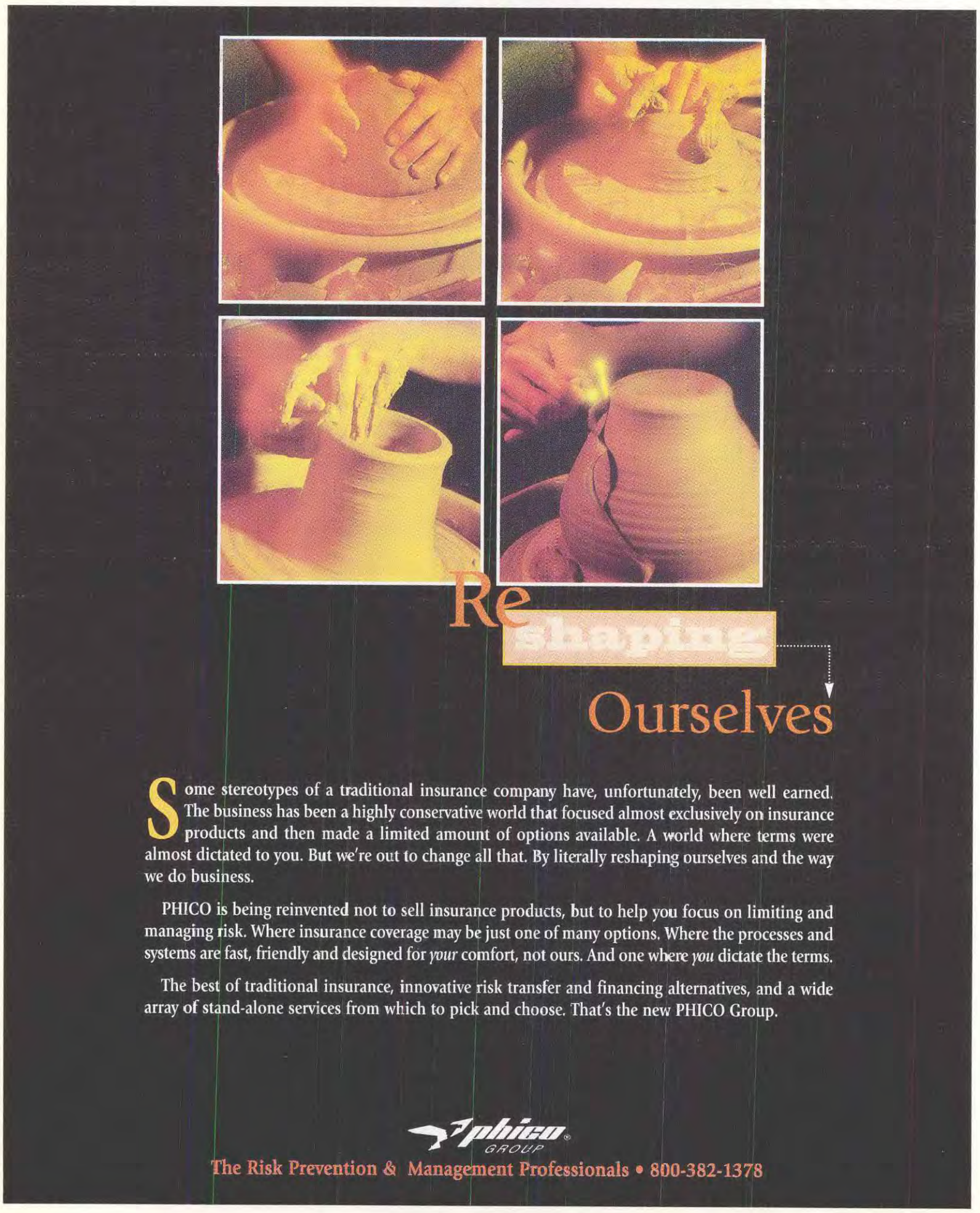
Officers: David W. (Bill) Schrempf, director.

Contact: Robert Klipera.

** Estimate.*

Continued on page 37

The directory of risk management consultants begins on page 17; terms are explained on page 18.



CIGNA restructuring defended

New capital, good management key to financial security

Speaking out

By Gerald A. Isom

AFTER MONTHS OF DEBATE, key regulators and rating agencies now agree that CIGNA Property & Casualty's recapitalization and restructuring plan improves the financial security of all our policyholders and positively addresses the issue of asbestos and environmental liabilities.

I find it extraordinary that just as we were obtaining approval from regulators and rating agencies—who are charged with protecting the interests of policyholders—a small circle of critics and competitors continued to argue for the status quo.

One can almost understand why a no-holds-barred competitor would want a weaker CIGNA P&C in the marketplace. Why, though, would a learned advocate for policyholders use this space—John Ellison's "CIGNA plan from policyholders' eye," (*BI*, Feb. 12)—to argue against a position that adds more than $1 billion in financial security to his clients?

Because I want our policyholders, producers and the industry at large to understand the steps we have taken to strengthen CIGNA P&C, let me counter the misconceptions created by our critics with the facts.

On Feb. 12, we began implementing our restructuring after receiving regulatory approval from all eight domiciliary states. The plan involves repooling all active companies under INA Holdings Corp. and runoff operations under Brandywine Holdings Corp. Both holding companies are linked under common ownership, with significant business ties between them. As part of the plan, we used a Pennsylvania business corporation law to divide the Insurance Co. of North America into two legal successors, one of which is merging with Century Indemnity, the lead runoff company under Brandywine Holdings.

A few days later, on Feb. 15, A.M. Best Co. gave all insurance companies within INA Holdings, including the ongoing Insurance Co. of North America, an unqualified A-, or excellent, rating. The rating agency also affirmed Century Indemnity Co.'s B+, or very good, rating, the second highest rating for a runoff company.

As part of the restructuring, we have added $500 million in new capital and financial support dedicated to the runoff operations, which now have approximately $5 billion in statutory assets, plus dedicated investment income, to fund policyholder obligations. Four actuarial firms, regulators and rating agencies have found this funding sufficient to meet our obligations under any reasonable scenario.

Contrary to the opinion of a handful of critics, I believe that policyholders are in a better position under CIGNA P&C's plan.

As one of the last enhancements to our plan, we agreed to increase the excess-of-loss coverage provided by the active companies to $800 million to assure obligations are met should anything happen to Century Indemnity.

The ongoing operations under INA Holdings have statutory assets of almost $6 billion, reserves of $3.1 billion and $1.2 billion in surplus. CIGNA P&C reported $1.6 billion in net written premiums in 1995, giving us a very strong premiums-to-surplus ratio of 1-to-3.

Now here's why I believe, contrary to the opinion of Mr. Ellison and a handful of critics, that policyholders are in a better position under CIGNA P&C's plan:

- There is more money in the pot. The plan adds capital and financial support—$500 million—a fact usually ignored by critics. This is new capital that investors would not have contributed to CIGNA P&C if it hadn't taken on the difficult task of addressing its A&E exposures.
- Two focused specialist operations are stronger than one combined operation. Some of our critics have repeatedly asked why two parts are stronger than one. I believe that our structure offers added protection because it shields the runoff company's assets from the potential risks of active business, including large catastrophe losses.
- Dedicated capital is controlled by dedicated management. We created a management to oversee Brandywine, a management that views this operation not as something we are casting off, but as an ongoing business that will meet its obligations, collect reinsurance owed to it and ultimately return capital to shareholders. Present and future policyholders have a strong ongoing operation under INA Holdings Corp., focused solely on the future.
- We start with one of the strongest asbestos and environmental liability reserve positions in the industry. Last fall, we made a $1.2 billion pretax

Continued on next page

Focusing on vision care benefits

Optometrists' role growing in keeping costs in sight

By Jeff Smith

AS THE HEALTH CARE DOLLAR continues to shrink, providing additional benefits to employees may be the last thing on benefit managers' minds. However, studies show that an increasing number of U.S. workers are requesting vision care, which means employers are looking at the benefits of offering such services.

A recent study of attitudes toward managed care was conducted by Research & Forecasts, an international research firm based in New York. The April 1995 study, commissioned by Pearle Vision Managed Care, included interviews with more than 1,000 working adults over age 18. Even though 73% of respondents think their health plans should cover vision benefits, only 33% were provided an annual eye exam through their employers' benefit plans.

All of this translates into an increased demand from employees for vision benefits, with fewer benefit dollars available for employers to spend on such care.

How can employers offer affordable vision plans without sacrificing the quality of care offered? One answer to this question lies in the "medicalization" of optometry.

As optometrists gain credibility and are allowed to perform an increasing number of therapeutic procedures, they are helping employers save a great deal of money in the area of specialty care, which in the past has typically been provided by ophthalmologists.

A look back

The history leading up to the medicalization of optometry spans the last 20 years and includes recent legislative changes. These laws allow optometrists to use "therapeutic pharmaceutical agents" when treating patients for infections and ocular diseases. The laws governing which procedures optometrists may provide are passed and enforced by each state government, in effect causing the legal process to become a detour on the road to more efficient vision care.

The first legislative hurdle for optometrists was the passage of "diagnostic pharmaceutical agent" laws in all 50 states. The laws allow optometrists to use diagnostic pharmaceutical agents when examining patients. For example, topical anesthetics are now used by most optometrists to conduct pressure tests on patients during annual check-ups. The pharmaceuticals simply numb the eye's cornea so the patient is more comfortable during the test, which requires the doctor to apply pressure to the surface of each eye. Other diagnostic agents include the pharmaceuticals that are used to dilate the eyes during examination. Since diagnostic pharmaceutical agents laws were approved throughout the country many years ago, few patients can still remember visiting the eye doctor for a check-up and not having their eyes dilated.

And now the industry has moved to the next level in the medicalization of optometry, which includes the passage of therapeutic pharmaceutical agent laws. Optometrists may now use anti-viral drugs, steroidal and non-steroidal agents, antibacterial drugs and in many states, anti-glaucomic medicines. The ability of optometrists to prescribe these drugs is very important in the treatment of common eye infections and the containment of vision care costs.

Already, 47 states have passed therapeutic agent laws. California was the most recent, passing legislation last month that will allow optometrists to use such agents. The laws are different in every state, especially in the treatment of glaucoma with anti-glaucomic drug therapy. Only four states have yet to pass therapeutic agent laws: Massachusetts, Pennsylvania, California and Hawaii.

For instance, if a patient discovers that he or she has conjunctivitis, or pink eye, it is much less costly to the vision care organization if the patient visits an optometrist rather than a medical doctor or ophthalmologist. Many other common treatments can be performed now because of therapeutic pharmaceutical agent laws, which are revolutionizing the way managed vision care is organized.

A step forward

Essentially, therapeutic agent laws are allowing optometrists to become the gatekeepers of managed vision care. Much like primary care physicians in health maintenance organizations and point-of-service plans, optometrists providing care for managed vision plans can now treat patients for many common eye problems while referring the more serious problems to ophthalmologists.

Since the optometrist's office is a patient's point of entry into the vision care system, it makes sense to treat as many vision conditions there as possible. If a patient can be treated for a variety of problems in the optometrist's office, the result will be lowered vision expenses on the part of the patient, the vision plan and ultimately the employer.

One common concern revolves around how patients and employers can be assured that the optometrists will refer patients to ophthalmologists when it becomes medically necessary.

First, the optometrist must realize that it is beyond his or her scope of practice to attempt treatment of certain conditions. This is an important part of the ethical code in the optometric profession. Additionally, most states have passed laws governing what an optometrist may or may not treat. In states without therapeutic pharmaceutical agent approval, it is illegal for

See **Optometry** *on next page*

CIGNA

Continued from page previous page
increase in net reserves in the third quarter, giving us $1.8 billion in A&E reserves on a GAAP basis.

• We based our actions on our analysis of ultimate A&E exposures. The financial plan was created after our own work and extensive study by a nationally recognized actuarial firm, Tillinghast, which was retained and managed by Pennsylvania regulators. This was an unprecedented, comprehensive vetting of our company's financial condition. If you want to know how comprehensive, just read Tillinghast's public testimony. It is significantly more than we know about any of our critics' reserve positions.

Finally, let me correct some additional misconceptions created by our critics:

• We are not transferring policies from one company to another. Policies under our plan stay with the issuing insurer or its legal successor, as they would in a merger. And just as a merger of companies does not require policyholder approval, the division of INA doesn't require policyholder approval.

• There is no threat to the state guaranty funds. We have increased the financial security of Century Indemnity, with added capital, with increased excess-of-loss coverage, with a working capital fund of up to $50 million—all designed to prevent Century Indemnity from ever slipping into insolvency. And despite the alarmist views spread by our competitors, logic would dictate that guaranty fund coverage is not lost as a result of the corporate reorganization. If it were, then coverage would lapse in the case of a merger as well.

• This is not the first such legal restructuring. With the exception of the due diligence in examining our ultimate A&E liabilities and financial strength, there is nothing new in this plan, which is certainly within the scope of current regulation and law. We are not the first insurer to place a company into runoff nor the first to create two separate pools of underwriting companies.

After all the rhetoric and debate, the fact remains: Our restructuring is a direct, comprehensive and good faith approach to resolving the A&E issue for our company, our policyholders and the industry. Eventually our competitors will acknowledge what Tillinghast, A.M. Best and now the regulators have concluded: It is possible for a P/C company to reasonably estimate ultimate A&E liabilities and take the right action. BI



Gerald A. Isom is president of CIGNA Property & Casualty in Philadelphia.

Optometry

Continued from previous page
an optometrist to treat glaucoma. Even in therapeutic agent-approved states, an optometrist who is typically allowed to treat glaucoma would necessarily refer advanced cases to an ophthalmologist.

Strategic alliances

Employers can take advantage of the trend toward therapeutic agent laws by forming strategic alliances with vision care organizations that allow optometrists to treat common eye problems while referring the more advanced cases to ophthalmologists.

Strategic alliances can be formed with one vision care organization or several. Many managed care companies contract with a variety of vision organizations to offer flexibility to employers of various sizes.

For example, an employer with offices in large cities throughout the United States may favor a managed vision care company that is affiliated with a national retail chain, since retail chains typically have locations in major markets. On the other hand, a company with regional offices in smaller markets might have trouble finding a retail chain with locations in each of its markets.

Quality assurance

When contracting with a vision care organization, it is very important to consider the panel of providers. Simply put, when an employer or PPO contracts with a vision care organization, it is buying the rights to that vision plan's list of participating doctors. If the policyholders covered by the vision plan have access to quality doctors who provide the best possible care, the arrangement is a strong one. Therefore, employers and managed care organizations should consider several criteria when choosing vision care organizations and their panels.

One way to evaluate a panel is to check its history and ask a number of questions. How does the company handle customer complaints? Are accurate records kept and complaints well documented? Find out if the panel has a high provider turnover rate. Do doctors seem happy to work with the plan? What is the plan's reputation within the industry? Does it have high customer turnover rates? Are doctors credentialed? If so, what are the standards used to credential them? Are they held accountable for quality assurance standards? What types of standards? These criteria will help eliminate the plans that do not meet a company's needs.

The best vision plans will hold their panel providers to strict quality assurance standards. Most quality assurance programs are divided into two types of standards: quantitative and qualitative.

Quantitative standards usually include process audits, which are continuously conducted throughout the group of panel providers. Auditors randomly select patient files for review, and upon reviewing the files, the auditors check that a minimum set of tests was completed to ensure the most accurate exam possible. By continuously auditing patient files in this manner, vision plans can gauge the effectiveness of providers and the quality of the panel. If necessary, vision plans can make adjustments in the panel or work to improve the quality of service in given areas.

Qualitative analysis is much more involved than the quantitative because it typically includes outcome studies. Patients with previously diagnosed optical conditions are sent to various panel providers on a random basis. The condition could be any number of eye problems, and it is the responsibility of the provider to correctly detect, diagnose and treat the condition or refer it to a specialist if necessary.

If the doctors complete the proper tests and make the correct diagnoses with the prediagnosed patients, they receive successful performance reviews from the vision plan.

In a quality vision plan, all panel providers should be credentialed to expected NCQA standards. Those standards are in development and will be made final next year. Until then, many vision plans are working with independent credentialing firms to match their providers' current levels of quality with the NCQA levels to be finalized next year.

Because optometrists are able to perform more procedures than in the past, credentialing has changed somewhat. Today it is a much longer process with more factors to consider and more background information to gather for each provider. And the process is more important than ever as these providers take on more responsibility for the welfare of the policyholder.

The first step to credentialing an optometrist involves checking the level of the license. It may be an optometric license, an optometric license with diagnostic pharmaceutical agents certification or an optometric license with diagnostic agents and therapeutic agent certification (in the states that are therapeutic agent-approved). Each state optometric board keeps licensing information on file so a provider's record may be checked at any time.

Once the level of the optometrist's license have been determined, the credentialing process requires a full educational background check. The provider's original college degree and optometric doctorate are confirmed at the actual schools where they were earned. The most important part of the credentialing process is that the information be gathered directly from the source of the original license, degree or certification.

Once the educational background has been established, a provider's malpractice history is reviewed and malpractice insurance coverage is confirmed. If a provider's criminal record includes felony convictions, he or she will not be allowed to complete the credentialing process.

Each of these criteria, credentialing, quality assurance standards, licensing and panel history will help PPOs when they begin making decisions regarding strategic alliances with vision plans.

The future of optometry is encouraging both for the optometric community and for managed vision care overall. As therapeutic agent laws continue to be approved and enacted, optometrists will become the most important part of the managed vision care process. This means realizing better efficiencies for the vision plan, more convenient service for the patient and a more affordably priced vision product for the employer. BI



Jeff Smith, who has a doctorate in optometry, is vp of professional affairs at Pearle Vision in Dallas.

Vacancy defined for fire policy exclusion

A definition of vacant in a fire insurance policy exclusionary clause as containing no contents pertaining to the operations or activities customary to occupancy of the building did not mean that the insured building had to be devoid of any contents to be considered vacant, according to the 4th U.S. Circuit Court of Appeals.

Catalina Enterprises Inc. Pension Trust owned a warehouse in Baltimore. At the time of a fire there in May 1992, the warehouse was not occupied by any tenant, the last tenant having left about five months earlier. The heat and alarm system for the warehouse were deactivated after the last tenant left. The only contents in the warehouse at the time of the fire were one piece of scaffolding, one hand truck and a small work table.

The warehouse was insured by Hartford Fire Insurance Co. The policy excluded coverage for losses if the building had been continuously vacant during the previous 60 days. Hartford denied Catalina's claim for damages because of the vacancy clause. Catalina sued for breach of contract but lost in the trial court.

On appeal, Catalina urged a strict, literal reading of the words "no contents" in the vacancy exclusionary clause so that the presence in the warehouse of a single item, no matter how small or insignificant, would render a building not vacant. But, the court said pressing the phrase "no contents" to the extreme urged by Catalina would for all practical purposes eliminate the coverage exclusion from the policy. To read the policy in that way would be absurd, according to the court. The trial court decision was affirmed.

Legal briefs

Catalina Enterprises vs. Hartford Fire Insurance Co., 4th U.S. Circuit Court of Appeals, Oct. 17, 1995 (*BI*/04/M.-$10).

These abstracts were prepared by Mayo H. Stiegler. Copies of these decisions are available by sending a $10 check payable to Mayo H. Stiegler, to Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. List the number for each opinion.

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Keenan & Associates

P.O. Box 4328, 2355 Crenshaw Blvd., Suite 200, Torrance, Calif. 90510; 310-212-3344; fax: 310-328-6793

1995 revenues

Total gross revenues	$37,378,000
Risk management consulting revenues	$2,082,000
Continuous consulting	3.3%
Risk management audits	1.2%
Special projects	1.5%

Clients

Total	102
Associations	57
Minimum size	None

Staff

Total	395
Risk management professionals	14

Includes: 2 principal consultants, 12 consultants; 3 CPCUs, 7 ARMs, 2 CSPs

Consulting since: 1978.

Frequent services: Analysis of limits, loss prevention audits, accounting systems analysis, loss settlement assistance, joint power authority formation, drug and alcohol testing.

Occasional services: Risk retention analysis, insurance contract analysis, environmental consulting, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Public school districts, hospitals.

Locations: Campbell, Chico, Emeryville, Fresno, Riverside, Sacramento, San Diego, Santa Ana and Westlake Village, Calif.

Compensation: By the project, on retainer.

Officers: John R. Keenan, CEO/president; David J. De Wenter, executive vp/chief administrative officer; Keith R. Pippard, CFO; Sean K. Smith, executive vp/director-sales; Richard B. Stewart, executive vp.

Contact: David J. De Wenter.

L

Larsen Risk Consultants Inc.

10 North St., Easton, Conn. 06612-1041; 203-268-4177; fax: 203-268-1266

1995 revenues

Total gross revenues	$336,850
Risk management consulting revenues	$336,850
Continuous consulting	80%
Risk management audits	20%

Clients

Total	15
Minimum size	$2,300,000

Staff

Total	2
Risk management professionals	2

Includes: 1 principal consultant, 1 consultant, 1 ARM, 1 CIC

Consulting since: 1984.

Frequent services: Insurance contract analysis, claims auditing, preparation of bidding specifications.

Occasional services: Risk retention analysis, analysis of limits, loss prevention audits, loss settlement assistance, risk management organization studies, RMIS consulting.

Specialties: Banking, finance, real estate development and management.

Compensation: By the project, on retainer.

Officers: James F. Larsen, president; Susan E. Larsen, executive vp.

Contact: James F. Larsen.

M

MBA Inc.

36 Midvale Road, Mountain Lakes, N.J. 07046-1330; 201-335-6448; fax: 201-335-9665

1995 revenues

Total gross revenues	$1,000,000
Risk management consulting revenues	$250,000
Special projects	25%

Clients

Total	15
Minimum size	None

Staff

Total	5

Includes: 1 CPCU, 4 FCASs

Consulting since: 1978.

Frequent services: Quantitative analysis and statistical forecasting, RMIS consulting, expert witness, self-insurance reserve analysis, loss cost allocations.

Occasional services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, loss settlement assistance, retrospective rating plan analysis, cash flow analysis, loss reduction program analysis, employee turnover analysis.

Specialties: Construction, utilities, coal mines, long-haul trucking, marine, motorcycles.

Compensation: By the project, by the hour.

Officers: Charles F. Cook, president; John H. Muetterties, executive vp; Regina M. Berens, Peter A. Bennett, Mark J. Mahon, vps.

Contact: Mark J. Mahon.

MMI Risk Management Resources Inc.

540 Lake Cook Road, Deerfield, Ill. 60015; 847-374-2400; fax: 847-374-1332

1995 revenues

Total gross revenues	$14,000,000
Risk management consulting revenues	$12,300,000
Clients	
Minimum size	None

Staff

Total	92
Risk management professionals	61

Consulting since: 1985.

Parent: MMI Cos. Inc.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting workers compensation program assessment.

Occasional services: Insurance contract analysis, preparation of bidding specifications.

Specialties: Health care.

Locations: Irvine and San Francisco, Calif.; Wallingford, Conn.. Orlando, Fla.; Atlanta; Detroit; Albuquerque, N.M.; Raleigh, N.C.; Eugene, Ore.; Dallas.

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

Officers: Anna Marie Hajek, president; Robert Harris, senior vp; Bernard Minton, division president; Pamela Lockowitz, Michelle Cooney, vps.

Contact: Susan Wisbey-Smith, manager-corporate communications, 800-854-2617.

Matrix Risk Consultants Inc.

3491 Newmark Drive, Miamisburg, Ohio 45342; 513-438-7200; fax: 513-438-7220

1995 revenues

Total gross revenues	$1,397,141
Risk management consulting revenues	$1,397,141
Continuous consulting	90%
Risk management audits	8%
Special projects	2%

Clients

Total	15
Minimum size	None

Staff

Total	14
Risk management professionals	10

Includes: 4 principal consultants, 6 consultants; 1 ARM

Consulting since: 1974.

Frequent services: Loss prevention audits, preparation of bidding specifications.

Occasional services: Captive feasibility studies, loss settlement assistance.

Specialties: Pulp and paper, manufacturing, telecommunications.

Compensation: On retainer.

Officers: Walter P. Luker, president; Larry D. Jones, vp-engineering; Alan J. Rodeck, vp-marketing; Keith A. Willoughby, senior loss control engineer; Sheryl K. Hickman, secretary/treasurer.

McNeary Insurance Consulting Inc.-Risk Management Division

P.O. Box 220926, 6525 Morrison Blvd., Suite 200, Charlotte, N.C. 28222; 704-365-4150; fax: 704-365-4155

1995 revenues

Total gross revenues	$2,790,076
Risk management consulting revenues	$2,790,076
Continuous consulting	88%
Risk management audits	5%
Special projects	7%

Clients

Total	283
Associations	2
Minimum size	None

Continued on next page



Continued from previous page

Staff

Total 31
Risk management professionals 31
Includes: 11 principal consultants, 3 consultants, 11 analysts; 7 CPCUs, 7 ARMs, 1 CSP, 4 CICs

Consulting since: 1956.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, loss prevention audits, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Captive feasibility studies, claims auditing, loss settlement assistance, risk management organization studies, RMIS consulting, expert witness.

Locations: Marietta, Ga.; Richmond, Va.

Compensation: By the project, on retainer, by the hour: principal consultant, $160 to $193; consultant, $150 to $165.

Officers: Glen E. Pehl, chairman; William D. Yaeger, president; Richard Fisher, Lyman H. Kempton, Thomas F. Walston, vps.

Contact: Glen E. Pehl.

MedFacts Ltd.

119 W. 57th St., Suite 612, New York, N.Y. 10019; 800-257-1463; fax: 212-977-2194

1995 revenues

Total gross revenues $2,500,000
Risk management consulting revenues $625,000
Continuous consulting 6.25%
Special projects 12.5%

Clients

Total 5
Associations 5
Minimum size $1,000

Staff

Total* 15

Consulting since: 1989.

Frequent services: Loss settlement assistance, expert witness.

Occasional services: Quantitative analysis and statistical forecasting.

Specialties: Independent medical examinations, insurance companies, self-insurers.

Compensation: By the project.

Officers: Martin H. Evans, president; Steven Ferber, executive vp.

Contact: Martin H. Evans.

** This figure represents in-house staff; 3,500 doctors are available on retainer for independent medical examinations.*

Melanber Inc.

Box 1C1, Rural Route #1, Boutiliers Point, Nova Scotia, Canada B0J 1G0; 902-826-7579; fax: 902-826-7996

1995 revenues

Total gross revenues* $256,000
Risk management consulting revenues* $256,000
Continuous consulting 60%
Risk management audits 20%
Special projects 20%

Clients

Total 10
Associations 1

Staff

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

Consulting since: 1976.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, risk management organization studies, preparation of bidding specifications.

Occasional services: Captive feasibility studies, claims auditing, environmental consulting, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Government, construction, manufacturing.

Compensation: By the project, on retainer, by the hour: principal consultant, $170; consultant, $100.

SRMC member.

Officers: Mel Parsons, Beryl Parsons.

** Canadian dollar.*

Milliman & Robertson Inc.

289 Edgewater Drive, Wakefield, Mass. 01880; 617-245-4847; fax: 617-246-2308

1995 revenues

Total gross revenues $30,000,000
Risk management consulting revenues $7,600,000
Continuous consulting 12.5%
Risk management audits 6.25%
Special projects 6.25%

Clients

Total 1,000
Minimum size ..... None

Staff

Total 182
Risk management professionals 33
Includes: 5 principal consultants, 8 consultants, 16 actuaries, 4 analysts; 1 CPCU, 2 ARMs, 16 FCASs, 4 ACAS, 1 CIC

Consulting since: 1932.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, broker assessment, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, managed care liability audits, managed workers compensation program design.

Occasional services: Loss prevention audits, loss settlement assistance, risk management organization studies, RMIS consulting.

Locations: Irvine, Los Angeles and San Francisco, Calif.; Denver; Atlanta; Chicago; Boston; Minneapolis; New York; Philadelphia; Dallas; Seattle; Milwaukee; Bermuda.

Compensation: By the project, on retainer, by the hour: principal consultant, $225 to $425; consultant, $125 to $225.

Officers: William L. Granahan, James F. Cerone, senior consultants; Allan Kaufman, E. Frederick Fossa, Joel Chansky, consulting actuaries.

Contact: William L. Granahan.

Minet Risk Services

1114 Ave. of the Americas, New York, N.Y. 10036; 212-782-6000; fax: 212-782-6100

1995 revenues

Total gross revenues $5,500,000
Risk management consulting revenues $3,700,000
Continuous consulting 44%
Risk management audits 3%
Special projects 20%

Clients

Total 125
Associations 25
Minimum size ..... None

Staff

Total 65
Risk management professionals 30
Includes: 4 principal consultants, 14 consultants, 3 actuaries, 4 analysts; 3 CPCUs, 4 ARMs, 1 ACAS

Consulting since: 1929.

Parent: Minet Group.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, environmental consulting, quantitative analysis and statistical forecasting, business continuity planning, workers compensation cost containment.

Occasional services: Loss prevention audits, broker assessment, risk management organization studies, preparation of bidding specifications.

Specialties: Professional service firms, financial institutions, energy, construction, information technology, biological sciences.

Locations: Los Angeles and Palo Alto, Calif.; Perth and Sydney, Australia; London.

Compensation: By the project, on retainer, by the hour: principal consultant, $200 to $500; consultant, $150 to $175.

Officers: J. Bernard Friemann, CEO; Michael D. Dangelo, executive vp; L. Ware Preston III, James M. Gevlin, David Ayasthi, senior vps .

Contact: Michael D. Dangelo.



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National Insurance Advisory Services Inc.

5725 Corporate Way, Suite 102, West Palm Beach, Fla. 33407; 800-883-5600; fax: 407-689-1009

1995 revenues

Total gross revenues $700,000
Risk management consulting revenues $700,000
Continuous consulting 90%
Risk management audits 5%
Special projects 5%

Clients

Total 90
Associations 4

Staff

Total 12
Risk management professionals 6
Includes: 3 principal consultants, 1 consultant, 2 analysts; 1 ARM

Consulting since: 1979.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, expert witness, workers compensation audits.

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Occasional services: Risk retention analysis, captive feasibility studies, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting.

Specialties: Employee leasing companies, construction.

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

Contact: James B. Conant, president/CEO.

O

OHS Consulting Group

56 Grassy Hill, Old Lyme, Conn. 06371; 203-434-9398; fax: 203-434-0739

1995 revenues	
Total gross revenues	$750,000
Risk management consulting revenues	$750,000
Continuous consulting	80%
Special projects	20%

Clients	
Total	3

Staff	
Total	5
Risk management professionals	3

Includes: 3 principal consultants

Parent: Orthopaedic Health Services Inc.

Frequent services: Claims auditing, loss prevention audits, risk management organization studies, workers compensation loss prevention, disability/medical management.

Occasional services: Broker assessment, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Airlines, health care, trucking, food services.

Compensation: By the project.

Officers: John Spratt, chairman/CEO; Maureen Gibeault, chief professional officer; Mike Fortunato, CFO.

Contact: John Spratt.

P

PRC Environmental Management Inc.

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

1995 revenues	
Total gross revenues	$95,000,000
Risk management consulting revenues	$9,500,000
Special projects	10%

Clients	
Total	10
Minimum size	None

Staff	
Total	850
Risk management professionals	50

Includes: 10 principal consultants, 20 consultants, 20 analysts; 2 ARMs

Consulting since: 1984.

Parent: Tetra Tech Inc.

Frequent services: Captive feasibility studies, environmental consulting, loss prevention audits, loss settlement assistance, training, conference and meeting support.

Occasional services: Risk retention analysis, analysis of limits, insurance contract analysis, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness.

Specialties: Government agencies.

Locations: Sacramento, San Diego and San Francisco, Calif.; Denver; Atlanta; Honolulu; Chicago and Rolling Meadows, Ill.; Kansas City, Kan.; Baton Rouge, La.; Helena, Mont.; Albuquerque, N.M.; Cincinnati; Philadelphia; Aiken, S.C.; Dallas; Seattle; Milwaukee.

Compensation: By the project.

Officers: Tom Brisbin, president; Robert Van Osten, CFO; Mike Nigro, vp-eastern operations; Edward DiDomenico, vp-midwestern operations; Daniel Chow, vp-western operations; Mark Johnson, risk manager/director-risk management services.

Paragon Reinsurance Risk Management Services Inc.

3500 W. 80th St., Minneapolis, Minn. 55431; 612-844-9752; fax: 612-896-4646

1995 revenues	
Total gross revenues	$11,000,000
Risk management consulting revenues	$8,800,000
Continuous consulting	55%
Risk management audits	15%
Special projects	10%

Staff	
Total	90
Risk management professionals	75

Includes: 3 actuaries; 7 CPCUs

Consulting since: 1994.

Parent: E.W. Blanch Holdings Inc.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Accounting systems analysis, broker assessment, loss settlement assistance, RMIS consulting.

Specialties: Insurers, reinsurers.

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

Officers: Frank S. Wilkinson, Jr., chairman/CEO; William P. Windhorst, president; William J. Ashley, Lewis H. Paul, Kevin C. Campion, senior vps.

Contact: Timothy McGrath, vp-finance-E.W. Blanch Holdings Inc., 612-835-3310.

The Parvus Co.

8403 Colesville Road, Suite 610, Silver Spring, Md. 20910; 301-589-4949; fax: 301-589-0007

1995 revenues	
Total gross revenues	$3,000,000
Risk management consulting revenues	$1,500,000
Special projects	50%

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Continued from previous page

Staff

Total 16

Consulting since: 1984.
Frequent services: Claims auditing, environmental consulting, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.
Occasional services: Loss prevention audits, accounting systems analysis.
Compensation: By the project, on retainer, by the hour: principal consultant, $150.
Officers: Gerard P. Burke, chairman; Tatiana S. Gau, executive vp; Michael J. Burke, CFO; Robert Wade, senior vp.
Contact: Eric Bassett.

Premium Review Associates

P.O. Box 7142, Nashua, N.H. 03060; 603-888-9361

1995 revenues

Total gross revenues $250,000
Risk management consulting revenues $250,000
Special projects 100%

Clients

Total 20
Minimum size ..... None

Staff

Total 2
Risk management professionals 2
Includes: 2 principal consultants

Consulting since: 1979.
Frequent services: Expert witness.
Specialties: Workers compensation.
Compensation: By the hour: principal consultant, $150.
Contact: Norman Goodman, owner.

Professional Liability Risk Management Ltd.

214 Bronson Road, Suite 200, Syracuse, N.Y. 13219-1408; 800-323-7475; fax: 315-488-3963

1995 revenues

Total gross revenues $256,000
Risk management consulting revenues $256,000
Continuous consulting 50%
Risk management audits 10%
Special projects 40%

Clients

Total 20
Associations 2
Minimum size $100,000

Staff

Total 6
Risk management professionals 2
Includes: 1 principal consultant, 1 consultant

Consulting since: 1983.
Frequent services: Analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of bidding specifications, expert witness.
Occasional services: Risk retention analysis, captive feasibility studies, environmental consulting, broker assessment, quantitative analysis and statistical forecasting, RMIS consulting.
Specialties: Architects, engineering.
Compensation: By the project on retainer, by the hour: principal consultant, $200; consultant, $100.
Contact: Eli Marposon III, president.

Professional Risk Management Consultants

393 Vanadium Road, Pittsburgh, Pa. 15243; 412-429-3301; fax: 412-429-3310

1995 revenues

Total gross revenues $510,000
Risk management consulting revenues $510,000
Continuous consulting 20%
Risk management audits 45%
Special projects 35%

Clients

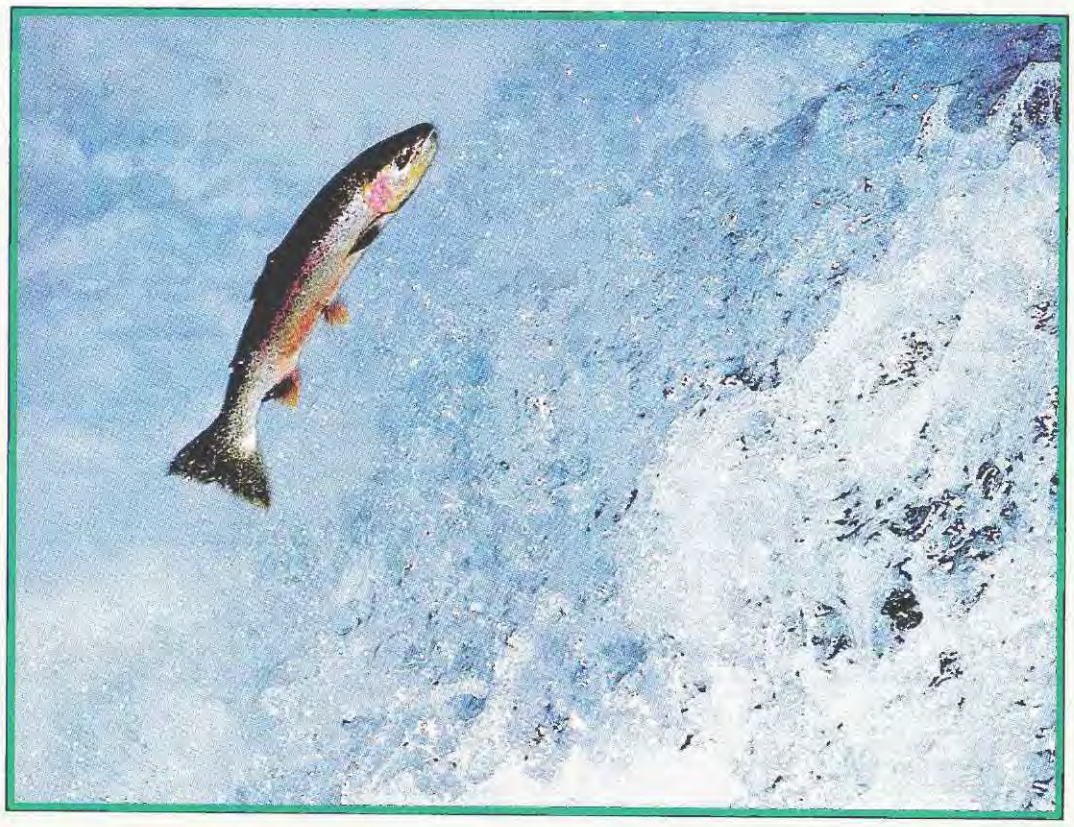
Total 200
Minimum size ..... None

Staff

Total 6
Risk management professionals 5
Includes: 4 principal consultants, 1 consultant, 1 actuary; 4 CPCUs, 3 ARMs, 1 FCAS

Consulting since: 1983.
Parent: Halliwell & Associates.
Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting.
Occasional services: Captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, expert witness.
Specialties: Health care, municipalities, financial institutions.
Compensation: By the project, on retainer, by the hour: principal consultant, $160; consultant, $125.
Officers: Thomas S. Baily, president.
Contact: Mari Murphy, consultant.

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RCS Services Inc.

16300 Katy Freeway, Suite 170, Houston, Texas 77094; 713-647-9022; fax: 713-647-0722

1995 revenues

Total gross revenues $1,100,000
Risk management consulting revenues $880,000
Continuous consulting 72%
Special projects 8%

Clients

Total 450
Associations 5
Minimum size ..... None

Staff

Total 16
Risk management professionals 11
Includes: 4 principal consultants, 7 consultants; 1 ARM, 1 CSP

Consulting since: 1990.
Frequent services: Claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting.
Occasional services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, broker assessment, quantitative analysis and statistical forecasting.
Specialties: Temporary help and staffing, captive insurance companies.
Compensation: By the project, on retainer, by the hour: principal consultant, $150 to $200; consultant, $100 to $150.
Officers: William D. Nagel, CEO; James E. Parker Jr., president; Mark A. Lawrence, vp-operations; Patricia A. MaCall, vp-field services.
Contact: Mark A. Lawrence.

RWL & Associates dba RWL Group

101 W. Renner Road, Suite 240, Richardson, Texas 75082-2003; 214-907-9095; fax: 214-907-9198

1995 revenues

Total gross revenues $700,000
Risk management consulting revenues $700,000
Continuous consulting 50%
Risk management audits 25%
Special projects 25%

Clients

Total 300
Associations 8
Minimum size ..... None

Staff

Total 8
Risk management professionals 3
Includes: 1 principal consultant, 2 consultants; 1 CPCU, 3 ARMs

Consulting since: 1989.
Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, preparation of bidding specifications, expert witness, contractual risk transfer requirements.
Occasional services: Captive feasibility studies, claims auditing, environmental consulting, broker assessment, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting.
Compensation: By the project, on retainer, by the hour: principal consultant, $195; consultant, $195.
SRMC member.
Officers: Robert W. Lazarus, president; Roberta A. Lazarus, vp/corporate secretary.

Risk Analysts Inc.

24 Greenway Plaza, Suite 1100, Houston, Texas 77046-2401; 713-507-9400; fax: 713-507-9433

1995 revenues

Total gross revenues $907,148
Risk management consulting revenues $583,374
Continuous consulting 48%
Risk management audits 3%
Special projects 13%

Clients

Total 80
Associations 3
Minimum size ..... None

Staff

Total 14
Risk management professionals 14
Includes: 3 principal consultants, 4 consultants, 2 analysts; 8 CPCUs, 8 ARMs, 3 CSPs, 7 CICs

Consulting since: 1982.
Parent: Wisenberg Insurance & Risk Management.

Continued on next page

Continued from previous page

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, workers compensation act rejection (Texas), risk transfer by contract.

Occasional services: Captive feasibility studies, broker assessment, RMIS consulting, expert witness.

Specialties: Hospitals, entertainment, motor sports, retail, supermarkets, wholesale distribution, warehousing.

Compensation: By the project, on retainer, by the hour: principal consultant, $250; senior consultant, $175; consultants, $125.

Officers: Joe Williams, president; Irving Pozmantier, chairman; Thomas Francis, executive vp/senior consultant; Nick Dalby, vp.

Risk Concepts Ltd.

1800 Diagonal Road, Suite 600, Alexandria, Va. 22314; 703-684-4475; fax: 703-548-9446

1995 revenues

Total gross revenues	$880,000
Risk management consulting revenues	$880,000
Continuous consulting	5%
Risk management audits	75%
Special projects	20%

Clients

Total	160
Associations	2

Staff

Total*	10
Risk management professionals*	10

Includes: 4 principal consultants, 6 consultants

Consulting since: 1987.

Frequent services: Loss prevention audits.

Occasional services: Risk retention analysis, analysis of limits, insurance contract analysis, accounting systems analysis, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness, disaster recovery planning, risk management benchmarking and best practices studies.

Specialties: Financial institutions.

Locations: Boston; Asheville, N.C.

Compensation: By the project, on retainer, by the hour: principal consultant, $150 to $250; consultant, $125 to $175.

Officers: Eugene E. Eskildsen, James A. Stewart, Charles A. Binkelman, Kenneth W. Proctor, directors.

** Includes 6 subcontracted consultants.*

Risk Consultants Inc.

7506 E. Independence Blvd., Suite 100, Charlotte, N.C. 28227; 704-537-3400; fax: 704-532-2359

1995 revenues

Total gross revenues	$560,000
Risk management consulting revenues	$365,000
Continuous consulting	45%
Risk management audits	15%
Special projects	5%

Clients

Total	200
Associations	3
Minimum size	None

Staff

Total	10
Risk management professionals	6

Includes: 3 principal consultants, 2 consultants, 1 analyst, 1 CPCU, 2 ARMs

Consulting since: 1969.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, loss prevention audits, loss settlement assistance, preparation of bidding specifications, fire protection engineering.

Occasional services: Captive feasibility studies, claims auditing, environmental consulting, accounting systems analysis, broker assessment, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness, reciprocal feasibility and formation.

Specialties: Banking, manufacturing, trucking, hospitals, schools, municipalities.

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

Officers: Merle D. Randle, chairman; Richard C. Canovai, president; J. Lanny Goode, vp-sales; David R. Lively, vp.

Risk Management Affiliates

990 Westbury Road, Westbury, N.Y. 11590; 516-333-7250; fax: 516-333-7778

1995 revenues

Total gross revenues*	$350,000
Risk management consulting revenues*	$250,000
Continuous consulting	52.5%
Risk management audits	10%
Special projects	5%

Clients

Total	5
Minimum size	None

Staff

Total	5
Risk management professionals	2

Includes: 1 principal consultant, 1 consultant; 1 CPCU, 1 ARM, 1 CSP, 1 CIC

Consulting since: 1991.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss settlement assistance, risk management organization studies.

Occasional services: Captive feasibility studies, environmental consulting, loss prevention audits, broker assessment, preparation of bidding specifications, RMIS consulting, expert witness, workers compensation audits.

Specialties: Health care, municipalities, construction development companies, school districts.

Compensation: By the project, on retainer, by the hour: principal consultant $150; consultant, $100.

Contact: Reynold M. Corn, president.

** BI estimate.*

Risk Management Associates

Executive Offices, 13 Franklin Circle, Northboro, Mass. 01532; 508-393-2519 fax: 508-393-1467

1995 revenues

Total gross revenues	$250,000
Risk management consulting revenues	$250,000
Continuous consulting	95%
Risk management audits	5%

Clients

Total	10
Minimum size	None

Staff

Total	3
Risk management professionals	3

Includes: 1 principal consultant, 2 analysts

Consulting since: 1972.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, construction surety

Occasional services: Captive feasibility studies, expert witness.

Specialties: Trucking, construction, medical.

Compensation: On retainer, by the hour: principal consultant, $90.

SRMC member.

Officers: Edward V. Harding, principal consultant.

The Risk Management Center Inc.

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

1995 revenues

Total gross revenues	$275,000
Risk management consulting revenues	$260,000
Continuous consulting	50%
Risk management audits	20%
Special projects	25%

Clients

Total	21
Associations	1
Minimum size	$150,000

Staff

Total	3
Risk management professionals	1

Includes: 1 principal consultant; 1 CPCU, 1 ARM, 1 CSP

Consulting since: 1993.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, preparation of bidding specifications, risk management seminars and research.

Occasional services: Environmental consulting, broker assessment, loss settlement assistance, risk management organization studies, RMIS consulting.

Specialties: Public transportation, defense contractors, public entities, housing and redevelopment, trucking, medical providers.

Compensation: By the project, on retainer, by the hour: principal consultant, $100.

SRMC member.

Contact: Richard F. O'Hare, president.

Continued on next page



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Continued from previous page

Risk Management Consulting Associates

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

1995 revenues

Total gross revenues	$650,000
Risk management consulting revenues	$650,000
Continuous consulting	97%
Risk management audits	2%
Special projects	1%

Clients

Total	NA
Associations	2
Minimum size	$100,000

Staff

Total	5
Risk management professionals	3

Includes: 3 principal consultants; 3 ARMs

Consulting since: 1990.

Frequent services: Analysis of limits, insurance contract analysis, preparation of bidding specifications.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, environmental consulting, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.

Specialties: Retail, manufacturing, service, import/export operations, distribution.

Compensation: By the project, on retainer.

Officers: Gary D. Salt, president.

Risk Management Dynamics Inc.

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

1995 revenues

Total gross revenues*	$300,000
Risk management consulting revenues*	$300,000
Continuous consulting	90%
Risk management audits	5%
Special projects	5%

Clients

Total	35
Associations	2
Minimum size	None

Staff

Total	6
Risk management professionals	2

Includes: 2 principal consultants; 2 CPCUs, 2 ARMs

Consulting since: 1987.

Frequent services: Analysis of limits, insurance contract analysis, preparation of bidding specifications, expert witness.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies.

Specialties: Retirement communities, transportation, financial institutions, light manufacturing, retail.

Compensation: On retainer, by the hour: principal consultant, $200.

SRMC member.

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

* *BI estimate.*

Risk Management Services Inc.

990 Westbury Road, Westbury, N.Y. 11590; 516-333-7250; fax: 516-333-7778

1995 revenues

Total gross revenues	$600,000
Risk management consulting revenues	$540,000
Continuous consulting	58.5%
Risk management audits	9%
Special projects	22.5%

Clients

Total	48
Associations	2
Minimum size	$25,000

Staff

Total	5
Risk management professionals	5

Includes: 1 principal consultant, 2 consultants, 2 analysts; 1 CPCU, 2 ARMs

Consulting since: 1985.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, broker assessment, loss settlement assistance, preparation of bidding specifications, environmental audits and compliance programs, financial liability estimations.

Occasional services: Captive feasibility studies, risk management organization studies, RMIS consulting, expert witness.

Specialties: Municipalities, non-profits, chemical, high-risk exposures.

Compensation: By the project, on retainer, by the hour: principal consultant, $175; consultant, $125.

Officers: Allan H. Bader, president.

Risk Management Services Inc.

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

1995 revenues

Total gross revenues	$355,000
Risk management consulting revenues	$355,000
Continuous consulting	60%
Risk management audits	20%
Special projects	20%

Clients

Total	12

Staff

Total	4
Risk management professionals	3

Includes: 1 principal consultant, 2 consultants

Consulting since: 1990.

Frequent services: Insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting, expert witness.

Occasional services: Risk retention analysis, analysis of limits, quantitative analysis and statistical forecasting.

Specialties: Maritime industries, law firms.

Compensation: By the project, commissions, by the hour: principal consultant, $100 to $150; consultant, $50 to $75.

Officers: Roger Phillips, president.

Contact: Elizabeth Seymour, claims/administration manager.

Risk Resources/Corporate Policyholders Counsel Inc.

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

1995 revenues

Total gross revenues	$1,000,000
Risk management consulting revenues	$1,000,000
Continuous consulting	60%
Risk management audits	20%
Special projects	20%

Clients

Total	95
Associations	7
Minimum size	None

Staff

Total	6
Risk management professionals	4

Includes: 4 principal consultants; 2 CPCUs, 2 ARMs

Consulting since: 1992.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications.

Occasional services: Captive feasibility studies, claims auditing, accounting systems analysis, quantitative analysis and statistical forecasting, expert witness.

Compensation: By the project, on retainer, by the hour: principal consultant, $165 to $205.

SRMC member.

Officers: Stephen A. Coombs, president; William Leinheiser, senior vp; Robert J. Trompeter, executive vp.

Risk Science Inc.

11166 Main St., Suite 110, Fairfax, Va. 22030; 703-591-0113; fax: 703-591-9595

1995 revenues

Total gross revenues	$800,000
Risk management consulting revenues	$800,000
Continuous consulting	80%
Risk management audits	10%
Special projects	10%

Clients

Total	40
Minimum size	None

Staff

Total	8
Risk management professionals	8

Includes: 2 principal consultants, 4 consultants, 2 analysts

Consulting since: 1981.

Frequent services: Environmental consulting, risk management organization studies, environmental impairment liability assessments.

Occasional services: Analysis of limits, insurance contract analysis, loss prevention audits, preparation of bidding specifications, RMIS consulting, expert witness.

Specialties: Industrial, insurance.

Compensation: By the project, on re-

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tainer, by the hour: principal consultant, $90 to $125; consultant, $65 to $90.

Officers: Robert M. Kube, president; Jeff A. LaLande, executive vp.

Contact: Jeff A. LaLande.

RiskCap

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

1995 revenues	
Total gross revenues	$1,300,000
Risk management consulting revenues	$760,000
Continuous consulting	40%
Risk management audits	6%
Special projects	12%
Clients	
Total	50
Associations	8
Minimum size	$5,000
Staff	
Total	15
Risk management professionals	8
Includes: 1 principal consultant, 4 consultants, 3 analysts; 2 CPCUs, 3 ARMs, 1 CIC, 1 ARe	

Consulting since: 1976.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, accounting systems analysis, broker assessment, loss settlement assistance, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, risk management audits of alternative market programs, ongoing program management of insured and self-insured plans.

Occasional services: Environmental consulting, loss prevention audits, risk management organization studies, expert witness.

Specialties: Alternative market programs; self-insured plans; self-insured pools, trusts, captives and risk retention groups; banks.

Compensation: By the hour: principal consultant, $150 to $175; consultant, $125 to $150.

SRMC member.

Officers: Michael Murphy, principal consultant; Sherlyn Farrell, senior consultant; Richard Poling, consultant; Ed Rohrer, George Kern, consultants.

Contact: Michael Murphy.

RiskSolutions

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

1995 revenues	
Total gross revenues	$300,000
Risk management consulting revenues	$300,000
Continuous consulting	25%
Risk management audits	50%
Special projects	25%
Clients	
Total	12
Minimum size	None
Staff	
Total	3
Risk management professionals	2
Includes: 2 principal consultants; 1 CPCU, 1 ARM	

Consulting since: 1995.

Frequent services: Analysis of limits, insurance contract analysis, broker assessment, preparation of bidding specifications, project financing due diligence.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, loss settlement assistance, risk management organization studies, RMIS consulting, expert witness.

Specialties: Agribusines, financial services, manufacturing, utilities.

Compensation: By the project.

Officers: Bruce Codding, president; Brian Gagan, executive consultant.

Seaver, Rudolph & Associates Inc.

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

1995 revenues	
Total gross revenues	$600,000
Risk management consulting revenues	$600,000
Continuous consulting	30%
Risk management audits	45%
Special projects	25%
Clients	
Total	90
Minimum size	None
Staff	
Total	6
Risk management professionals	4
Includes: 3 principal consultants, 1 analyst; 1 CPCU, 1 ARM	

Consulting since: 1898.

Frequent services: Captive feasibility studies, analysis of limits, insurance contract analysis, risk management organization studies, preparation of bidding specifications, expert witness.

Occasional services: Risk retention analysis, claims auditing, environmental consulting, broker assessment, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting.

Locations: Neshkoro, Wis.

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

Officers: Ronald E. Seaver, president/treasurer; Richard G. Rudolph, senior vp; Laurie K. Filipinski, vp/secretary/office manager.

Sedgwick Ltd.

P.O. Box 439, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1M3; 416-361-6700; fax: 416-361-6743

1995 revenues	
Risk management consulting revenues*	$3,000,000
Continuous consulting	60%
Risk management audits	10%
Special projects	30%
Clients	
Total	150
Associations	10
Minimum size	None
Staff	
Total	22
Risk management professionals	17
Includes: 6 principal consultants, 9 consultants, 2 analysts; 3 CPCUs, 6 ARMs	

Consulting since: 1987.

Parent: Sedgwick Group P.L.C.

Frequent services: Risk retention analysis, analysis of limits, loss prevention audits, risk control training and education programs, risk profiling, health and safety.

Occasional services: Captive feasibility studies, insurance contract analysis, claims auditing, environmental consulting, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting.

Specialties: Oil, petrochemicals.

Locations: Calgary, Montreal and Vancouver, Canada.

Compensation: By the project, commissions, on retainer, by the hour: principal consultant, $180; consultant, $120.

Officers: William O. Jarvis, president/CEO; Ron Lawrence, Brian McAskill, senior vps; Grant Robinson, senior vp/corporate secretary.

**BI estimate.*

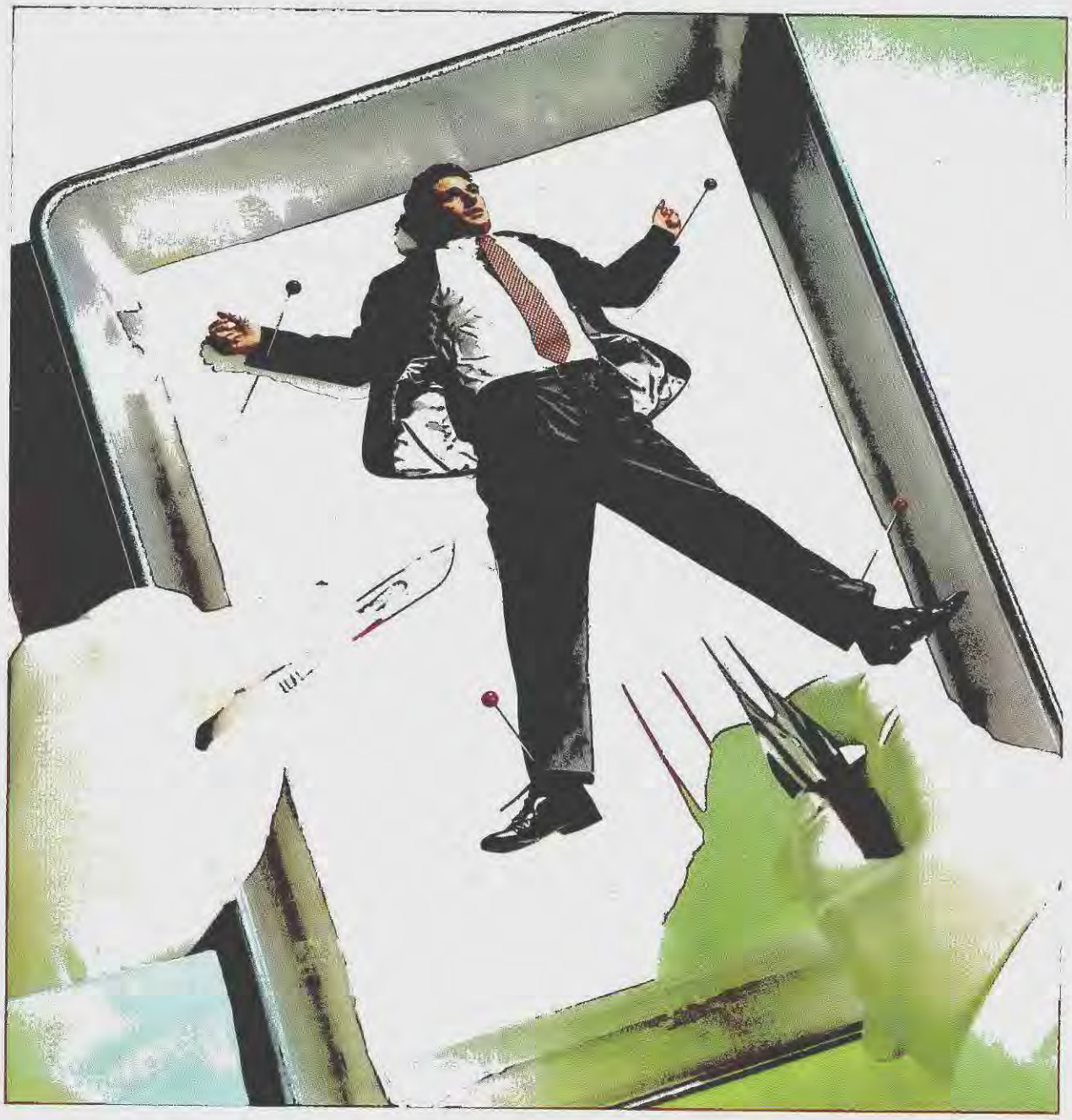
Sedgwick Risk Services

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

1995 revenues	
Total gross revenues	$10,500,000
Risk management consulting revenues	$10,500,000
Continuous consulting	55%
Risk management audits	10%
Special projects	35%
Clients	
Total	250

Continued on next page

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Coverage may not be available in all states.

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Associations 6
Minimum size ..... None

Staff

Total 69
Risk management professionals 60
Includes: 24 principal consultants, 20 consultants, 4 actuaries, 12 analysts; 12 CPCUs, 9 ARMs, 2 FCASs

Consulting since: 1976.
Parent: Sedgwick P.L.C.
Frequent services: Risk retention analysis, captive feasibility studies, claims auditing, loss settlement assistance, risk management organization studies, quantitative analysis and statistical forecasting, insurance allocation models.
Occasional services: Analysis of limits, insurance contract analysis, environmental consulting, loss prevention audits, accounting systems analysis, broker assessment, preparation of bidding specifications, RMIS consulting, expert witness.
Specialties: Banking, finance, food processing, health care, high tech, manufacturing, retail, service, public entities.
Locations: Los Angeles; San Francisco; Boston; Detroit; New York; Philadelphia; Memphis, Tenn.; Dallas.
Compensation: By the project, commissions, by the hour: principal consultant, $175 to $278; consultant, $132 to $190.
Officers: R. Jane Hill Fleming, senior vp-risk services; Richard M. Duvall, president-financial/actuarial consulting; Charles W. Kahsen, director-claims consulting services.
Contact: Richard M. Duvall, 615-783-2505, or Charles W. Kahsen, 415-983-4645.

Self-Insurance Resource Inc.

12770 Coit Road, Suite 1215, Dallas, Texas 75251; 214-991-8077; fax: 214-991-8498

1995 revenues

Total gross revenues $1,090,210
Risk management consulting revenues $654,126
Continuous consulting 36%
Risk management audits 12%
Special projects 12%

Clients

Total 75
Associations 2
Minimum size $250,000

Staff

Total 11
Risk management professionals 8
Includes: 4 principal consultants, 2 consultants, 2 analysts; 1 CPCU, 2 ARMs

Consulting since: 1983.
Frequent services: Insurance contract analysis, loss prevention audits, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting, expert witness.
Occasional services: Risk retention analysis, captive feasibility studies, analysis of limits, claims auditing, accounting systems analysis, broker assessment, risk management organization studies, preparation of bidding specifications.
Compensation: By the project, on retainer, by the hour: principal consultant, $175; consultant, $100.
Officers: Keith C. Kakacek, president; John Catanzano, vp.

Richard E. Sherman & Associates Inc.

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

1995 revenues

Total gross revenues $360,000
Risk management consulting revenues $250,000
Continuous consulting 24%
Special projects 45%

Clients

Total 34
Associations 6
Minimum size ..... None

Staff

Total 3
Risk management professionals 3
Includes: 1 principal consultant, 2 actuaries; 1 FCAS

Consulting since: 1991.
Frequent services: Risk retention analysis, quantitative analysis and statistical forecasting, expert witness.
Occasional services: Captive feasibility studies, analysis of limits, RMIS consulting, cost allocation plan reviews.
Specialties: Longshore, logging, public entities, hospitals, trucking.
Compensation: By the project, by the hour: principal consultant, $175 to $350.
Officers: Richard E. Sherman, president; Dawn Glover, Dana Winkler, Mary Ann Case, actuaries.

Terms are explained on page 18.

Sigma Risk Management Inc.

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

1995 revenues

Total gross revenues* $400,000
Risk management consulting revenues* $400,000
Continuous consulting 25%
Risk management audits 25%
Special projects 50%

Clients

Total 20

Staff

Total 4
Risk management professionals 3
Includes: 1 principal consultant, 1 consultant, 1 analyst; 2 ARMs

Consulting since: 1992.
Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, business interruption risk assessment, valuations, earthquake and hurricane risk modeling.
Occasional services: Claims auditing, environmental consulting, loss prevention audits, expert witness.
Specialties: Petroleum, natural gas, telephone and electric utilities, chemical, marine.
Compensation: By the project, by the hour: principal consultant, $200; consultant, $100.
SRMC member.
Officers: J.M. Gordon, president.
**Canadian dollar.*

Silver Stone Consulting

9290 W. Dodge Road, Suite 405, Omaha, Neb. 68114; 402-392-1373; fax: 402-392-1794

1995 revenues

Total gross revenues $12,100,000
Risk management consulting revenues $300,000
Continuous consulting 1.6%
Risk management audits 0.2%
Special projects 0.6%

Clients

Total 40
Minimum size $100,000

Staff

Total 140
Risk management professionals 4
Includes: 2 principal consultants, 2 analysts; 4 CPCUs, 2 ARMs, 3 CICs

Consulting since: 1994.
Parent: Silver Stone Group Inc.
Frequent services: Risk retention analysis, analysis of limits, loss prevention audits, loss settlement assistance, preparation of bidding specifications.
Occasional services: Captive feasibility studies, insurance contract analysis, broker assessment, risk management organization studies, quantitative analysis and statistical forecasting, RMIS consulting.
Specialties: Manufacturing, educational institutions.
Locations: Des Moines, Iowa; Kansas City and St. Louis, Mo.
Compensation: By the project, on retainer, by the hour: principal consultant, $140.
Officers: Gary L. Hurley, president; Albert Dothage, Vince Politte, vps.
Contact: John Sarich, vp, 712-325-5838.

Sirco Consulting Services Inc.

P.O. Box 70729, Richmond, Va. 23255; 804-747-7577; fax: 804-346-4815

1995 revenues

Risk management consulting revenues $275,000

Clients

Total 15

Staff

Total 3
Risk management professionals 2
Includes: 2 principal consultants; 1 CPCU, 1 CIC

Consulting since: 1974.
Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, safety manual publication.
Occasional services: Expert witness.
Specialties: Heavy rigging operations, steel erection, cranes, ferrous recycling.
Compensation: On retainer.
Officers: Sam S. Revenson, president; Steve Revenson, senior consultant.

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PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

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A ❑ Mfg/Svcs B ❑ Association C ❑ Union D ❑ Government E ❑ Educational Inst F ❑ Ins Agent G ❑ Ins Broker H ❑ Ins/Reins Co I ❑ Consultant J ❑ Actry/Attorney K ❑ Adj/Apprs L ❑ TPA M ❑ Health care Inst N ❑ Other ____

2. **Number of employees:**
1 ❑ 150 or less 2 ❑ 151 - 499 3 ❑ 500 - 999 4 ❑ 1,000 - 4,999 5 ❑ 5,000 or more 6 ❑ Unknown

3. **My title is best defined as:**
A ❑ Administrative Mgt B ❑ Financial Mgt C ❑ Risk Mgt D ❑ Benefits Mgt E ❑ Loss Prevention Mgt F ❑ Other_____

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1 ❑ recommend only 2 ❑ specify 3 ❑ approve

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Siver Insurance Management Consultants

P.O. Box 21343, 9400 Fourth St. N., Suite 119, St. Petersburg, Fla. 33702; 813-577-2780; fax: 813-579-8692

1995 revenues

Total gross revenues	$1,380,459
Risk management consulting revenues	$1,028,516
Continuous consulting	26%
Risk management audits	4%
Special projects	45%

Clients

Total	90
Associations	2
Minimum size	None

Staff

Total	14
Risk management professionals	6

Includes: 2 principal consultants, 4 consultants; 4 CPCUs, 3 ARMs, 2 AUs

Consulting since: 1970.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, loss settlement assistance, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, insurance litigation services.

Occasional services: Captive feasibility studies, claims auditing, loss prevention audits, accounting systems analysis, risk management organization studies, RMIS consulting.

Specialties: Government, health care, retail, law firms.

Compensation: By the project, on retainer, by the hour: principal consultant, $150 to $200; consultant, $100 to $125.

SRMC member.

Officers: Edward W. Siver, president/senior consultant; James Marshall Jr., executive vp/senior consultant; Robert F. McBurney, senior vp/senior consultant; Stephanie M. Barnhill, secretary/senior consultant.

Contact: Edward W. Siver.

C.J. Spivey Associates Inc.

6813-B Fairview Road, Charlotte, N.C. 28209; 704-364-6187; fax: 704-364-7143

1995 revenues

Total gross revenues	$712,336
Risk management consulting revenues	$368,414
Continuous consulting	31%
Risk management audits	13%
Special projects	8%

Clients

Total	8
Minimum size	$100,000

Staff

Total	2
Risk management professionals	1

Includes: 1 principal consultant, 0.5 consultant; 1 ARM

Consulting since: 1981.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, loss prevention audits, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting, exposure analysis.

Occasional services: Captive feasibility studies, broker assessment, quantitative analysis and statistical forecasting, expert witness, risk management job analysis.

Specialties: Municipalities, government, schools, colleges and universities, fraternities, hospitals, housing authorities, mental health facilities.

Compensation: By the project, on retainer, by the hour: principal consultant, $150; consultant, $100.

Officers: C.J. Spivey, president/treasurer; B.R. Spivey, vp/secretary.

William H. Sternburg & Associates Inc.

125 Greenleaf St., Quincy, Mass. 02167; 617-773-6672;, fax: 617-479-7563

1995 revenues

Total gross revenues	$250,000
Risk management consulting revenues	$250,000
Continuous consulting	90%
Risk management audits	5%
Special projects	5%

Clients

Total	50
Minimum size	None

Staff

Total	3
Risk management professionals	2

Includes: 2 principal consultants; 1 CPCU

Consulting since: 1991.

Frequent services: Analysis of limits, insurance contract analysis, claims auditing, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Risk retention analysis, captive feasibility studies, loss prevention audits, RMIS consulting, expert witness.

Specialties: Privately held organizations, middle market accounts.

Compensation: By the project, on retainer, by the hour: principal consultant, $150 to $200.

Contact: Emily F. Schabacker, executive vp.

Stogniew & Associates

12225 28th St. N., St. Petersburg, Fla. 33716; 813-572-7400; fax: 813-572-7457

1995 revenues

Total gross revenues	$1,000,000
Risk management consulting revenues	$900,000
Continuous consulting	81%
Risk management audits	4.5%
Special projects	4.5%

Clients

Total	50
Associations	3
Minimum size	None

Staff

Total	15
Risk management professionals	9

Includes: 4 principal consultants, 5 consultants, 1 analyst

Consulting since: 1980.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, accounting systems analysis, loss settlement assistance, expert witness, onsite risk surveys.

Occasional services: Captive feasibility studies, broker assessment, risk management organization studies, preparation of bidding specifications, RMIS consulting.

Specialties: Financial institutions, hospitals.

Locations: Los Angeles.

Compensation: By the project, on retainer.

Officers: Gerald F. Stogniew, executive director; Robert L. Niemann, director; Kristen L. Stogniew, general counsel.

Contact: Gerald F. Stogniew.

Stone & Webster Management Consultants Inc.-Risk Management Division

1 Penn Plaza, 250 W. 34th St., New York, N.Y. 10119; 212-290-7137; fax: 212-290-7123

1995 revenues

Total gross revenues	$1,250,000
Risk management consulting revenues	$1,250,000
Continuous consulting	65%
Risk management audits	10%
Special projects	25%

Clients

Total	68
Associations	1
Minimum size	None

Staff

Total	7
Risk management professionals	7

Includes: 5 principal consultants, 1 consultant, 1 analyst; 3 CPCUs, 2 ARMs

Parent: Stone & Webster Inc.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, wrap-up feasibility studies, risk transfer analysis.

Occasional services: Captive feasibility studies, claims auditing, loss prevention audits, accounting systems analysis, RMIS consulting, expert witness.

Specialties: Utilities, municipal governments, industrial.

Compensation: By the project, on retainer, by the hour: principal consultant, $165 to $200; consultant, $90.

Officers: William J. Gombocz, director-risk management services; Louis J. DeMartino, manager-client services; Michael A. Colin, assistant manager-client services; Alice Rushforth, consultant.

Contact: William J. Gombocz.

Synectics

5020 Campus Drive, Newport Beach, Calif. 92660; 714-851-9293; fax: 714-851-9295

Staff

Total	3
Risk management professionals	3

Includes: 3 principal consultants; 2 CPCUs, 1 ARM

Consulting since: 1996.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, risk management organization studies, preparation of bidding specifications, expert witness, policy drafting, contract review, contract insurance specifications, drafting and analyzing indemnity wording.

Occasional services: Captive feasibility studies, claims auditing, environmental consulting, loss prevention audits, accounting systems analysis, loss settlement assistance, quantitative analysis and statistical forecasting, RMIS consulting.

Specialties: Government, hospitals, pooling, manufacturing, construction.

Locations: Cincinnati.

Compensation: By the project, by the hour: principal consultant, $175 to $275; consultant, $100 to $175.

SRMC member.

Officers: Donald S. Malecki, Pete Ligeros, Ronald Rakich, principals.

T

D.L. Tibbals Risk Management Consulting Inc.

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

1995 revenues

Total gross revenues	$336,692
Risk management consulting revenues	$336,692
Continuous consulting	60%
Risk management audits	30%
Special projects	10%

Clients

Total	55
Minimum size	None

Staff

Total	2
Risk management professionals	1

Consulting since: 1987.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, review of contracts for exposures and insurance implications.

Occasional services: Captive feasibility studies, claims auditing, loss prevention audits, accounting systems analysis, RMIS consulting, expert witness.

Specialties: Hotels, hospitality, hospitals, real estate development and management, country clubs, high tech, telecommunications, banking, construction, manufacturing.

Compensation: By the hour: principal consultant, $200.

SRMC member.

Officers: David L. Tibbals, president.

Tillinghast-Towers Perrin

335 Madison Ave., New York, N.Y. 10017-4605; 212-309-3400; fax: 212-309-3957

1995 revenues

Total gross revenues	$62,600,000
Risk management consulting revenues	$27,000,000
Continuous consulting	17%
Risk management audits	4%
Special projects	22%

Clients

Total	1,000
Associations	100
Minimum size	None

Staff

Total	325
Risk management professionals	106

Consulting since: 1946.

Parent: Towers Perrin.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, claims auditing, environmental consulting, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, strategic risk financing, workers compensation cost management, vendor selection/evaluation.

Occasional services: Insurance contract analysis, loss prevention audits, accounting systems analysis, expert witness, financial reinsurance design.

Locations: 27 offices worldwide.

Compensation: By the project, by the hour: principal consultant, $280 to $425; consultant, $165 to $340.

Officers: Jerry Miccolis, practice leader; Jenny Emery, practice manager; Greg Berg, Lisa Chanzit, Rob Darby, Cecily Gallagher, Tom Gallagher, Chuck Lee, Martin Lewis, Dave Mohrman, Judi Morgan, Rick Moscicki, Paul Pickney, Hugh Rosenbaum, John Yonkunas, principals.

Contact: Jerry A. Miccolis, 201-331-3524.

U

United Insurance Consultants Inc.

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

1995 revenues

Total gross revenues	$6,800,000
Risk management consulting revenues	$6,500,000
Continuous consulting	94%
Risk management audits	1%
Special projects	1%

Clients

Total	536
Minimum size	$100,000

Staff

Total	26
Risk management professionals	13

Includes: 10 principal consultants, 3 consultants, 1 CPCU, 2 ARMs

Consulting since: 1979.

Frequent services: Analysis of limits, insurance contract analysis, preparation of bidding specifications, quantitative analysis and statistical forecasting.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, RMIS consulting.

Compensation: On retainer.

Officers: Thomas Kovatch, president.

W

Warren, McVeigh & Griffin Inc.

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

1995 revenues

Total gross revenues	$1,405,000
Risk management consulting revenues	$1,120,000
Continuous consulting	36%
Risk management audits	16%
Special projects	28%

Clients

Total	150
Associations	5
Minimum size	None

Staff

Total	8
Risk management professionals	6

Includes: 2 principal consultants, 3 consultants, 1 analyst; 2 CPCUs, 3 ARMs, 1 ALCM

Consulting since: 1968.

Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, broker assessment, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, expert witness, workers comp management studies, public entity pool studies and audits.

Occasional services: Captive feasibility studies, loss prevention audits, accounting systems analysis, loss settlement assistance, RMIS consulting.

Specialties: Government, utilities, manufacturing, construction, transportation, financial institutions, aerospace, port authorities.

Compensation: By the project, on retainer, by the hour: principal consultant, $175 to $225; consultant, $125 to $175.

SRMC member.

Officers: C.C. Griffin, president; Gary W. Griffin, senior vp; Tom Myers, senior consultant; Don Huff, Sheila Roberts, senior associates.

Watson Wyatt Worldwide

601 13th St. N.W., Suite 1000, Washington, D.C. 20005-3808; 202-508-4600; fax: 202-508-4688

1995 revenues

Total gross revenues	$26,000,000
Risk management consulting revenues	$22,000,000
Continuous consulting	42%
Risk management audits	9%
Special projects	34%

Clients

Total	1,300
Associations	80
Minimum size	None

Staff

Total	153
Risk management professionals	106

Includes: 22 consultants, 34 actuaries, 38 analysts; 6 CPCUs, 9 ARMs, 7 FCASs, 7 ACAS, 1 CIC, 3 ALCMs, 2 FIRMs

Consulting since: 1973.

Frequent services: Risk retention analysis, captive feasibility studies, analysis of limits, insurance contract analysis, claims auditing, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting, expert witness, strategic risk financing studies, captive reengineering studies, risk retention group studies, evaluation of reserves, workers compensation managed care, special industry surveys.

Occasional services: Environmental consulting, loss prevention audits, accounting systems analysis.

Specialties: Health care, corporations, associations, public entities and pools, financial institutions, energy.

Locations: San Francisco; Washington; Chicago; Boston; Detroit; Minneapolis; Dallas; St. Michael, Barbados; Calgary, Montreal; Toronto; London and Reigate, England; Amsterdam, Netherlands; Auckland, New Zealand; Oslo, Norway.

Compensation: By the hour: consultant, $110 to $310.

Officers: James A. Swanke Jr., practice director; Allen Krakower, COO-DAVID Corp.; Mitchell Cole, Ronald Hendy, Timothy Hoffman, Russell McGuire, Paul Van Zuiden, consultants.

Contact: James A. Swanke Jr., 612-921-5773.

Weil & Son Inc.

1127 Euclid Ave., Suite 1050, Cleveland, Ohio 44115-1695; 216-781-1300; fax: 216-623-1777

1995 revenues

Total gross revenues	$500,000
Risk management consulting revenues	$280,000
Continuous consulting	44.8%
Risk management audits	5.6%
Special projects	5.6%

Clients

Total	17
Minimum size	None

Staff

Total	5
Risk management professionals	4

Includes: 1 principal consultant, 2 consultants, 1 analyst; 1 CPCU, 2 ARMs

Consulting since: 1985.

Frequent services: Analysis of limits, insurance contract analysis, risk management organization studies, preparation of bidding specifications, expert witness.

Occasional services: Risk retention analysis, captive feasibility studies, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, RMIS consulting.

Compensation: By the project, on retainer, by the hour: principal consultant, $190; consultant, $85.

Officers: Michael R. Weil, president.

R.K. Williams

229 W. Main Cross, Suite 321, Findlay, Ohio 45839; 800-479-1776; fax: 419-424-9210

1995 revenues

Total gross revenues	$463,220
Risk management consulting revenues	$447,350
Continuous consulting	90%
Risk management audits	4%
Special projects	3%

Clients

Total	13
Minimum size	None

Staff

Total	4
Risk management professionals	3

Includes: 2 principal consultants, 1 consultant

Consulting since: 1983.

Frequent services: Insurance contract analysis, environmental consulting, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, RMIS consulting, expert witness.

Occasional services: Risk retention analysis, captive feasibility studies, analysis of limits, claims auditing, loss prevention audits, accounting systems analysis, quantitative analysis and statistical forecasting.

Specialties: Manufacturing, government, non-profit, municipal, specialty risks.

Locations: Phoenix; Beloit, Wis.

Compensation: By the project, on retainer, by the hour: principal consultant, $100; consultant, $75.

Contact: R.K. Williams, CEO.

Willis Corroon Advanced Risk Management Services

26 Century Blvd., Nashville, Tenn. 37214; 615-872-3200; fax: 615-872-3333

1995 revenues

Total gross revenues	$10,000,000
Risk management consulting revenues	$10,000,000

Continued on next page

Continued from previous page

Risk management consulting revenues ... $10,000,000
- Continuous consulting ... 55%
- Risk management audits ... 5%
- Special projects ... 40%

Clients

Total ... 320
- Associations ... 15

Minimum size ... None

Staff

Total ... 88

Risk management professionals ... 32
Includes: 6 principal consultants, 12 consultants, 9 actuaries 5 analysts; 6 CPCUs, 6 ARMs, 3 FCASs, 2 CSPs, 3 ACASs

Consulting since: 1976.
Parent Willis Corroon Group P.L.C.
Frequent services: Risk retention analysis, captive feasibility studies, insurance contract analysis, environmental consulting, risk management organization studies, quantitative analysis and statistical forecasting, actuarial analysis and certification loss financing alternatives.
Occasional services: Analysis of limits, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, preparation of bidding specifications, RMIS consulting, expert witness, capital markets consulting.
Specialties: Health care, construction, transportation, food service, government, financial services, energy, aerospace, manufacturing, retail.
Locations: Glendale, Calif.; Chicago; New York; Radnor, Pa.
Compensation: By the project, on retainer, by the hour: principal consultant, $225 to $350 consultant, $150 to $230.
Officers: James V. Davis, chairman/CEO; P. Richard Hackenburg, president/COO; Carl Groth, Greg Alff, senior vps.
Contact: P. Richard Hackenburg.

R.P. Wittuck & Associates Inc.

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

1995 revenues

Total gross revenues ... $350,000
Risk management consulting revenues ... $350,000
- Continuous consulting ... 100%

Clients

Total ... 25
Minimum size ... None

Staff

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

Consulting since: 1991.
Frequent services: Risk retention analysis, analysis of limits, insurance contract analysis, claims auditing, loss prevention audits, broker assessment, loss settlement assistance, risk management organization studies, preparation of bidding specifications, quantitative analysis and statistical forecasting.
Occasional services: Accounting systems analysis, RMIS consulting.
Specialties: Companies in extreme acquisition and growth mode.
Compensation: On retainer.
Officers: R.P. Wittuck, president; Vicky A. Wittuck, treasurer/secretary.

Workers' Compensation Injury Management Program

Corporate Center 2, 628 Hebron Ave.,
Glastonbury, Conn. 06033;
860-659-6780; fax: 860-659-6787

1995 revenues

Total gross revenues ... $2,500,000
Risk management consulting revenues ... $2,500,000
- Continuous consulting ... 95%
- Risk management audits ... 3%
- Special projects ... 2%

Clients

Minimum size ... None

Staff

Total ... 16
Risk management professionals ... 9
Includes: 2 principal consultants, 6 consultants, 1 analyst; 4 CPCUs, 4 ARMs, 3 CSPs

Consulting since: 1986.
Parent: Aon Risk Services Inc.
Frequent services: Claims auditing, accounting systems analysis, risk management organization studies, workers comp cost containment and benchmarking.
Occasional services: Analysis, loss prevention audits, loss settlement assistance, preparation of bidding specifications, quantitative analysis and statistical forecasting, RMIS consulting.
Specialties: Casinos and gaming, airlines, newspapers and printers, aerospace, manufacturing, health care.
Locations: Riverside and San Francisco, Calif.; Hartford, Conn.; Chicago; St. Louis; New York; Dallas.
Compensation: By the project, on retainer, by the hour: principal consultant, $250; consultant, $185 to $250.
Officers: John Washburn, executive vp; Rebecca Shafer Bruce, senior vp; Fred Muldoon, Cathie Bigger, Robert Ferris, Anne Ritter, vps. BI

Regulatory reform redux

Efforts derailed but not dead in their tracks, advocates say

By MARK A. HOFMANN

WASHINGTON—Derailed efforts at regulatory reform can be put back on the legislative track, though probably not completely so during the current Congress.

That was the message a quartet of reform advocates presented during a discussion of "Making Regulatory Reform a Reality" sponsored by the Heritage Foundation in Washington recently.

As Angela Antonelli, deputy director-economic policy for the conservative think tank observed, 1995 was "somewhat" disappointing to reformers, who watched as a series of reform bills won swift House approval but withered and died in the Senate.

The House passed bills that called for, among other things, subjecting proposed environmental, safety and other regulations to cost/benefit analysis and making regulatory agencies justify the continued existence of current regulations. In some cases, the regulated industries would have been allowed to challenge regulations in court.

Opponents branded the measures as little more than efforts to give businesses a freer rein at the public's expense and as a sure way to clog the courts with unnecessary litigation.

Reformers lost the battle of public opinion and now need to put forth the message that "regulatory reform means more protection, not less," Ms. Antonelli said.

Reform means achieving goals with "less money and less government intervention," she said. "We need to help the public understand that the benefits of regulatory reform can be significant."

One of the chief congressional advocates of reform followed Ms. Antonelli's assessment by pointing out that the House Republican leadership's "Contract with America" will not be enacted during this Congress.

So, Rep. David McIntosh, R-Ind., said he is leaning toward getting a consensus bill passed that would include "sunset" provisions for some existing regulations and a moratorium on some new regulations. He also predicted that there will be more pressure on the current Congress to pass legislation instituting some reforms at the Occupational Safety and Health Administration.

Rep. McIntosh, who is chairman of the House Government Reform and Oversight Subcommittee on National Economic Growth, Natural Resources and Regulatory Affairs, used a World War II analogy to describe the current status of reform efforts. Those efforts are "somewhere between" the Battle of Britain and planning for the Normandy invasion, he said.

There is currently a solid pro-reform coalition of Republicans and "Blue Dog" Democrats, a group of conservative, largely Southern Democratic House members, he said. But a similar majority is "still evolving" in the Senate.

Rep. McIntosh promised that his subcommittee will be "the driving force for regulatory relief." He wants the panel to put together a "report card" on how the Clinton administration is doing on regulatory reform on an agency-by-agency basis, noting successes and failures alike.

Rep. McIntosh also wants to revive the Golden Fleece Award bestowed on particularly egregious examples of government waste by former Sen. William Proxmire, D-Wis. The subcommittee is gathering nominations for the award now, he said.

Fred Smith, president of the Competitive Enterprise Institute, a free-market think tank in Washington, said the regulatory reform debate is at the same stage that welfare reform debate was 10 years ago. Pro-reform forces need to accelerate the shift in environmental debate much as that of the welfare debate was shifted, from focusing on improving the existing federal structure to advocating radical reforms, he said.

Good government reform efforts aren't enough to achieve regulatory reform, he said. "Tinkering reforms are not going to be adequate."

Reformers will need to advance the analytic basis for reform by pointing out how the regulated industries often gain control of the regulatory mechanism and by providing case studies of successful private alternatives to government regulation, he said. Reformers must also develop a better communication strategy.

Mr. Smith recommended that reformers present a strong message to the public. "We lose little by being bold."

He cited Superfund as a particularly compelling example of the need for reform. In fact, "Superfund is a poster child for regulatory reform," he said.

John Graham was not so optimistic as some of the other speakers.

"I'm very worried about where we are right now," said Mr. Graham, who is director of the Harvard School of Public Health's Center for Risk Analysis in Cambridge, Mass.

Part of the reason for the worry is semantic. For example, he called "regulatory relief" a "very unfortunate phrase" that reformers should avoid in favor of saying that they want smarter regulation. Regulatory relief sounds as though reformers want to give relief to polluters, he said. He also questioned whether the term "free-market environmentalism," which many pro-reform leaders use to describe their aims, draws a positive public reaction.

But, he added, "if we are careful about" the regulatory debate, reformers can make progress.

Like Rep. McIntosh, Mr. Graham proposed a limited legislative agenda, including drafting "streamlined" reform bills that enjoy bipartisan support. He also advocated seeking "incremental" Superfund reform that would allow Republicans to demonstrate their commitment to public health. BI

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Fraud charges filed in check-kiting plan

Investment firm head pleads not guilty

HALIFAX, Nova Scotia—The head of a far-flung network of investment and insurance firms has pleaded not guilty to charges of defrauding a Canadian bank in a $2.5 million check-kiting scheme.

Robert C. Wilson was charged by Canadian authorities with 10 counts of fraud for allegedly writing bad checks that produced $2.5 million in losses for the Canadian Imperial Bank of Commerce, where one of his companies had an account. The money was later repaid.

After pleading not guilty recently, he was released pending a trial expected to begin this fall, said his lawyer, David Bright of Halifax, Nova Scotia, who declined to comment further.

Mr. Wilson was separately charged in civil lawsuits last year with bilking three U.S. insurers out of more than $13 million in an investment scheme (*BI*, Nov. 13, 1995). Last month, the Securities and Exchange Commission also obtained a preliminary injunction freezing the assets of Mr. Wilson and three of his companies: Debenture Guaranty Corp., Euro Scotia Funding (U.S.A.) Inc. and Euro Scotia Group Ltd.

In its complaint, the SEC charged that Mr. Wilson repaid the Canadian bank with $2.6 million that he misappropriated from National Family Care Life Insurance Co. of Dallas, one of the insurers now suing him for fraud.

Sam Boyd, a Dallas lawyer who handled the repayment from a trust account he managed for Mr. Wilson, denied the money was misappropriated. He said the funds came from the proceeds of a $9.6 million loan the insurer made to Mr. Wilson. Mr. Wilson has not yet repaid the loan.

—By Douglas McLeod

Liberty Mutual offers safety service

By ROBERT KAZEL

BOSTON—An electronic service that helps risk management and safety administrators judge the quality of their safety systems is now available from Liberty Mutual Insurance Co.

Called the HALO program, the service helps multinationals and companies with many sites judge their systems against local, regional and worldwide standards.

Companies are evaluated on at least 680 aspects of safety and health. The process includes interviews, documentation reviews and tours of facilities according to the wishes of the customer. A corporation profile is then produced.

The program has been tested at Pittsburgh-based H.J. Heinz Co.

For more information, contact Donna Coppenrath, associate analyst, 617-574-5948.

Court case newsletter

WAYNE, Pa.—A new newsletter, Mealey's Emerging Insurance Disputes, offers information on court cases relating to employer liability, sexual misconduct, intellectual property, construction defects, directors and officers liability and intentional acts.

The twice-monthly publication includes news, case summaries and text of court opinions, briefs, settlements and other court documents. A listing of attorneys is published for each case.

A fax bulletin service is included with the subscription price of $350 for six months or $650 annually. The newsletter is available via mail, fax, modem or computer diskette.

For more information, contact Mealey's Litigation Reports, 800-MEALEYS.

You make the call

PHILADELPHIA—Two new group health managed care products designed to make employees more capable of working with managed care plans are now available from Intracorp.

The first service, Smart Choices, is a 24-hour telephone counseling and education telephone line staffed by registered nurses. Nurses provide assistance by explaining treatment options, giving advice, recommending changes in lifestyle and making referrals. An audio tape library also is available for callers.

Nurses also can answer questions about specific health plans.

The second product, Preferred Care Plus, is specifically designed to reduce employee use of specialists by using an Intracorp nurse as a telephone gatekeeper. Patients call the nurse hot line instead of visiting a primary care physician whenever they want to see a specialist; the nurse may then recommend a visit to the specialist without any visit to a primary care doctor.

For more information, contact Intracorp, 215-761-7100.

Disability benefits

CHATTANOOGA, Tenn.—A new non-cancelable, individual disability income policy that encourages the employee to return to work is now available from Provident Life & Accident Insurance Co.

The policy is affordably priced and is designed to pay out more benefits during the period of greatest need. Income of the disabled person is replaced at 20% to 100% of the benefit limit, depending on extent of injury or illness. In the case of some catastrophic disabilities, up to 150% of the benefit limit may be received.

Provident also will reimburse the disabled policyholder for a voluntary program of vocational rehabilitation that can include financial planning, job counseling and placement and retraining.

The policy also pays "back to work" benefits when earnings are reduced during the first year back at work.

A cost-of-living option also is available so that benefits stay above inflation.

For more information, contact Fred Rodenbach, director of marketing development, Provident Life, 423-755-2366.

Inventory software

PRINCETON, N.J.—Software that will figure replacement cost estimates for contents, machinery and equipment for several hundred businesses is available from Marshall & Swift.

The company's Commercial Contents & Inventory Valuation Program uses recent records of equipment purchases and holdings organized by business type, size, space occupied, number of employees and other factors, and is intended to avoid the time and expense of field inspections after a loss.

The product is based on New York-based Oxxford Information Technology Ltd.'s profit and loss statements and balance sheets of 10 million companies, as well as proprietary building cost data from Marshall & Swift.

The program can run on any personal computer with the Microsoft Corp. Windows operating system. The system uses neural network technology for quick processing of large quantities of data.

For more information, contact Peter M. Wells, Marshall & Swift, 800-451-2367.

New D&O product

SIMSBURY, Conn.—A new liability policy for corporate directors and officers and higher limits for professional liability for lawyers are available from Executive Risk Management Associates.

The directors and officers product, called The Power, includes optional entity coverage, so that claims against the company arising out of actions of directors and officers also will be covered.

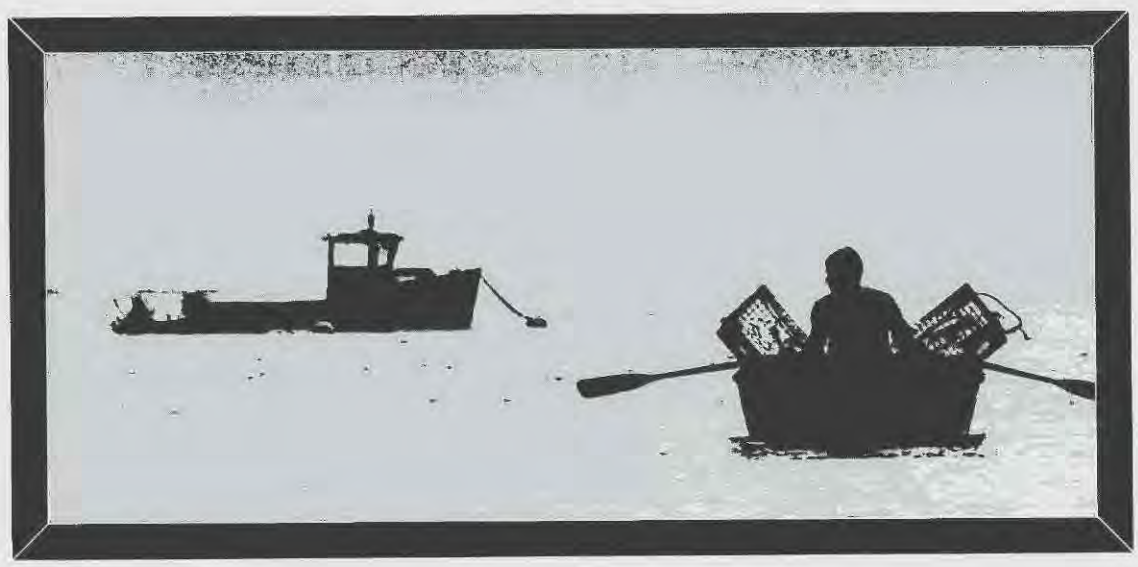
Executive Risk also is offering higher limits for professional liability coverage for law firms.

Limits available are $50 million per claim and $100 million aggregate for firms with 35 or more attorneys.

For more information on either program, call the communications/marketing department, 800-432-8168. BI

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Alternative market shrinks in Florida

Three hospital trust funds disband

By JERRY GEISEL

Consolidation in the health care industry and the competitive commercial insurance market is shrinking the alternative risk financing market for Florida hospitals.

Three trust funds that at one time provided professional liability and workers compensation coverage to more than 40 non-profit acute care community hospitals in Florida ceased underwriting late last year.

In addition, Hospital Liability Risk Retention Group Inc., a Vermont-based RRG that at its peak provided professional liability coverage to 14 hospitals in South Florida agreed to dissolve last year.

The three trust funds that disbanded are:

- The Florida Hospital Trust Fund, which had provided coverage of up to $250,000 per claim with an annual aggregate limit of $1 million.
- The Florida Hospital Excess Trust Fund that provided up to $10 million of coverage with a minimum retention of $250,000 per claim and an annual retention of $1 million.
- The Florida Hospital Workers Compensation Fund, which covered workers compensation claims.

A number of factors led to the decision to close the trust funds, noted Peter Brennan, senior vp in Maitland, Fla., at Sedgwick James Inc., the trust funds' service agent. A wave of consolidation and mergers, Mr. Brennan noted, has significantly reduced the number of stand-alone acute care not-for profit hospitals in the state.

That meant there were fewer hospitals to share risk in the trust funds. While the trust funds once had more than 40 members, the number of participating hospitals by last year had declined to about 20.

"We came to the conclusion that there would be fewer tax-exempt hospitals and that they could not continue to self-insure because of a smaller number of hospitals to spread risk," Mr. Brennan said.

In addition, commercial insurers, which once shunned Florida hospitals, have become competitive and can offer broader coverage. The trust funds, by Florida statute, only could provide medical malpractice and workers compensation policies.

The two professional liability trust funds purchased coverage from an American International Group Inc. unit to cover claims. The workers compensation fund, which is now in runoff, has levied an assessment against members—to be paid over a five-year period—to cover claims.

Unrelated to the trust funds' dissolution was a federal appeals court ruling earlier this year that the funds were not entitled to tax-favored status and that investment income earned on assets held by the trusts was taxable (*BI*, Jan. 22).

Hospital Liability Risk Retention Group Inc., the other alternative risk financing vehicle to cease operations, was licensed in 1990 amid a coverage drought in the commercial market, said Chandler Bailey, the former president of the RRG and now a senior vp with Aon Corp.'s Aon Health Care Risk unit in Coral Gables, Fla.

"A competitive commercial market did not exist at that time in South Florida," Mr. Chandler said.

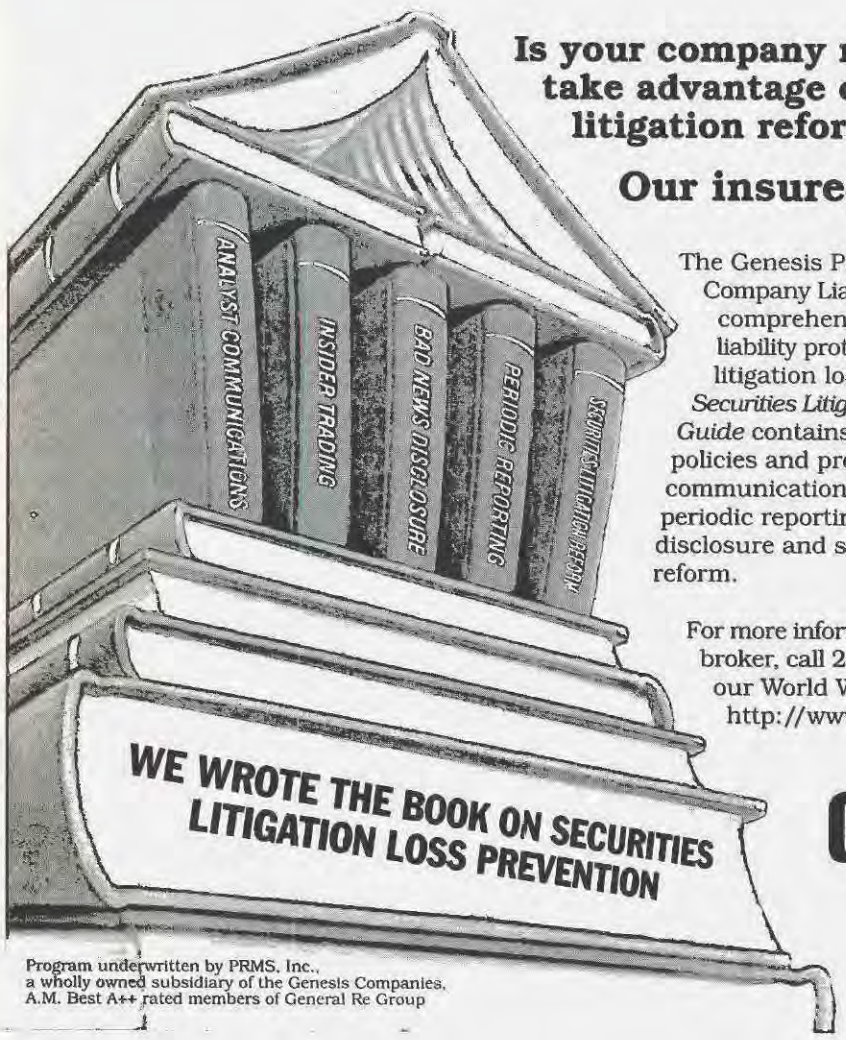
The RRG wrote professional liability coverage, providing limits of $2 million per claim and $4 million annual aggregate. At its peak several years ago, it had 14 members and an annual premium flow of about $12 million. By last year, though, membership had dipped to eight hospitals, while premium volume dropped to about $7 million.

Given the soft commercial market, members of the RRG could not justify the additional capital needed to meet new National Assn. of Insurance Commissioners risk-based capital standards, Mr. Chandler said.

He expects there will be sufficient assets to pay claims.

Members of the risk retention group have purchased new professional liability policies from commercial insurers, he said. BI

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OSHA

Continued from page 2

reform during the current Congress.

"Obviously the veto threat will have some impact on Democrats in particular and politicians in general, but I don't think that in and of itself is going to kill it," said Pete Lunnie, executive coordinator of the Washington-based Coalition on Occupational Safety and Health, a business-backed group that supports S. 1423.

"The president has made clear as recently as his State of the Union address that the day of big government is gone," Mr. Lunnie said. The bill "is a mirror image of the president's own words. In fact, there's nothing in that bill that isn't in that message or that Joe Dear isn't doing already," he said.

The bill's chief sponsor, Sen. Judd Gregg, R-N.H., used much the same language in describing the bill, which is co-sponsored by Sens. Kassebaum; Slade Gorton, R-Wash.; James Jeffords, R-Vt.; and Sam Nunn, D-Ga.

"If the day of big government is over, then this bill essentially represents the sunrise of the new day," said Sen. Gregg.

'If the day of big government is over, then this bill essentially represents the sunrise of the new day,' said Sen. Judd Gregg, chief sponsor of the OSHA reform bill.

"If they do get strong bipartisan support in the Senate, I believe it will be very difficult for the president to veto such a bill. Having said that, the vast differences between the House and Senate bills, and the short legislative session this year leaves us cautiously optimistic that we will get a bill enacted this year," said Paul Brown, director of government affairs for the Risk & Insurance Management Society, Inc., in New York.

S. 1423, Sen. Gregg said, is "a mild piece of legislation" compared with the House measure, which would require that at least half of federal safety agency's budget be used on education and consultation rather than enforcement efforts (*BI*, June 19, 1995).

Among other provisions, the House bill also would merge the Mine Safety and Health Administration into OSHA.

S. 1423 would, among other things:

- Codify the consultation program and the voluntary protection program currently operated by OSHA. The consultation program provides information to employers so they can comply with OSHA standards.

The voluntary protection program exempts employers with excellent health and safety records from routine inspections.

- Promote voluntary compliance and permit third-party certification of comprehensive workplace safety programs.

Employers with programs that pass inspection by a qualified professional would be exempt from routine inspections and subject to lower fines for citations they do receive.

Employers would also enjoy self-audit privilege in that they would not be required to release the audit results to OSHA if they dealt with the hazards uncovered by the audit. The privilege would not extend to audits involved in fatality investigations.

- Clarify that employee-employer safety committees do not violate federal labor law.
- Allow the issuance of warnings instead of citations for some nonserious violations, such as paperwork violations, and reduce the maximum penalty for nonserious hazard violations to $100 from the current $7,000.
- Give OSHA more flexibility in how it does inspections.
- Eliminate quotas for inspections or citations by individual OSHA inspectors.
- Exempt employers from responsibility if properly trained employees disregard health and safety rules.
- Codify an existing annual exemption from inspections for certain small employers.

One amendment, offered by Sens. Mike DeWine, R-Ohio, and Spencer Abraham, R-Mich., struck a section of the bill that appeared to limit the right of nonemployee third parties—such as insurers and emergency room personnel—from filing complaints with OSHA.

The other Republican amendment, offered by Sen. Jeffords, cut language that would have allowed the secretary of labor to disclose the names of employees who filed complaints.

Sen. Paul Simon, D-Ill, filed the sole Democratic amendment to win approval. The Simon amendment would prohibit for three years the award of federal contracts to companies found to have a "pattern and practice" of OSHA violations.

The committee's Republican majority voted down a number of Democratic amendments, but only after giving their colleagues from the other side of the aisle all the time they wanted to explain why the amendment at hand was necessary.

Sen. Kennedy offered an amendment designed to gut the bill's reduction of penalties for nonserious violations. The Kennedy amendment would also have increased the OSHA criminal penalty for willful occupational deaths to 10 years imprisonment from the current six months.

In addition, it would have extended liability to "any officer, management official, or supervisor having direction, management, control or custody of any place of employment" rather than simply the "employer" as the law currently reads.

Although Sen. Kennedy spoke at great length in favor of his amendment, the majority was not swayed and the amendment went down in defeat.

An identical fate met an amendment offered by Sen. Christopher Dodd, D-Conn., that would have required the development of a safety and health plan for most construction sites and then would have required the general contractor to coordinate it. Only projects involving fewer than five units, work performed under a contract between a contractor and an individual homeowner, or "routine maintenance and upkeep performed at least monthly" would have been exempt. The amendment fell on a strict party line vote.

Although the Democratic amendments failed, their sponsors received repeated applause from union members who packed the hearing room.

Many of the union members belonged to the United Mine Workers, and wore black T-shirts that left no doubt about their position on the House bill. The shirts read: "Save Workers' Lives, Beat H.R. 1834." BI

Regulator foresees surplus lines success

By EDWIN UNSWORTH

LONDON—The U.S. excess and surplus lines industry faces "very bright" prospects, New York's top insurance regulator says.

Speaking at a recent seminar, "The Future of U.S. Surplus Lines in the London Market," New York Superintendent of Insurance Edward Muhl said excess and surplus lines have a vital role to play in the overall insurance market by offering coverage for difficult and unique risks in which the admitted market is no longer interested.

Mr. Muhl, a past president of the National Assn. of Insurance Commissioners, said admitted insurers have been undergoing a revolution through consolidation, restructuring and merging, and trying to find core markets that best fit their corporate culture and where they stand the best chance of making a reasonable profit.

"This has opened the door for the excess and surplus lines companies to write these lines, unique as they may be, and to do so with more flexibility than the admitted markets are allowed," he said.

"Excess and surplus lines also provide important insurance coverages for risks that do not typically fit the underwriting guidelines of many commercial lines insurers. This has pushed the door open even further as many of these coverages have become necessary for many businesses to continue in a global economy," Mr. Muhl added.

New York has taken steps to ease regulatory burdens on excess and surplus lines insurers in the state, he said. In doing so, the state is trying to create a regulatory body "that will allow companies, brokers and others to better respond to market conditions."

Sol Kroll, a partner in New York-based law firm Kroll & Tract, which co-sponsored the seminar with the Institute of London Underwriters, said now is the time for the London insurance market "to promote the trans-Atlantic redefinition of the excess and surplus lines professional partnership."

He called on U.K. insurers to take a fresh look at the United States and to "structure a secure, stable market in London that will have the power, the strength and the resource to accept and meet the challenge" of America's burgeoning economy and its growing insurance sector.

To provide the capacity and underwriting expertise to meet the needs of this growing economy, the insurance industry "must grow and necessarily adapt itself to responsibly accommodate its constituency, their assureds, their brokers and their risk managers."

Mr. Kroll concluded that "the recent influx of capital into the U.K. bodes well for the London insurance market as it strives to retain its global position as 'king of the hill' in the world of insurance and reinsurance."

In the past five years, London underwriters have done much to improve risk selection and pricing in surplus lines, said Tony Lancaster, chairman of GAN Insurance Co. Ltd., a subsidiary of Paris-based GAN International S.A.

In particular, they have shown a determination to improve quality and not relax standards. The London market continues to have an influential position, writing about a third of the $9 billion in premium the surplus lines industry wrote in 1994.

Mr. Lancaster expressed confidence of a bright future for surplus lines business in London.

This confidence was shared by Louisiana Insurance Commissioner Jim Brown, who also attended the seminar.

He said one reason for his optimism lay in the NAIC's Non-Admitted Insurers Model Act. The act allows for the recognition of certain groups, including the ILU, as approved marketplaces in their own right. BI


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Gallagher executive was leader

Brokerage firm and family mourn loss of John P. Gallagher to stroke

By SALLY ROBERTS

ITASCA, Ill.—John P. Gallagher, vice chairman of Arthur J. Gallagher & Co., died late last month following complications from a stoke. He was 68.

Mr. Gallagher began his insurance career in 1950, after graduating from Cornell University, by helping out with the mail and filing at his father's brokerage firm for $2,200 a year.

For the next 46 years, Mr. Gallagher was instrumental in building the Itasca, Ill.-based firm into the world's ninth-largest brokerage.

"The influence he has had on this company is just profound," noted his son, J. Patrick Gallagher Jr., president and chief executive officer.

"This guy single-handedly brought more people into this business than anyone," he said, referring to Gallagher's internship program, which his father founded in 1965.

"He took kids from our neighborhood he liked and convinced them to come into the business," he said. More than 200 people have gone through the program.

He also was one of the founders and developers of Gallagher Bassett Services Inc., Gallagher's third-party claims administration and risk management information subsidiary. "In 1962, this was avant-garde" in an industry that, at the time, was not thinking about paying claims on behalf of self-insured clients, he noted. "It was very much an industry changing event."

In addition, John Gallagher "was always a key driver in our sales efforts," developing one of Gallagher's preeminent risk management products, Bishops' Insurance Plan, he said. "He saved the Catholic church in the country more money than anyone could ever count."

He also was one of the first people to ever sell the self-insurance concept to public entities.

During the 1980s and early 1990s, John Gallagher was responsible for building the international division at Gallagher, and established Arthur J. Gallagher U.K. Ltd., as well as a presence in Scotland, Argentina and Australia.

"He was a very low key, understated guy who could just get along with anyone," his son said. "He loved this business and will be extremely missed by the company and by his family."

"A small part of the heart and soul of our company was taken away," said Chairman Robert E. Gallagher of the loss of his brother.

"He was proud of what we have accomplished, and I know he will be proud of what our wonderful staff will accomplish in the future. He has set the tone for all of us to follow."

John Gallagher is survived by his wife, Mary Claire, five children and 17 grandchildren.



Mr. Gallagher

Contributions in memory of Mr. Gallagher may be sent to Catholic Charities, 126 N. Des Plaines, Chicago, Ill. 60661-2357. BI



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Barnes new Nationwide president

Galen R. Barnes will become president of Nationwide Mutual Insurance Co. of Columbus, Ohio, succeeding **D. Richard McFerson**, who remains chief executive officer and will assume the new position of chairman on April 4.

Mr. Barnes, who had been a Nationwide senior vp, will remain president and chief operating officer of its Employers Insurance of Wausau unit and will stay in Wausau, Wis.

Also at Nationwide:

Joseph J. Gasper will become president and chief operating officer from executive vp of Nationwide Life Insurance Co. when **Peter F. Frenzer** retires in April.

Other insurer changes:

Roger J. Consolla and **Daniel J. Herdmann** named vps at Kemper National Insurance Cos. in Long Grove, Ill.

Kevin D. Silva joined MBIA Insurance Corp. as senior vp-management services in Armonk, N.Y. Formerly with Merrill Lynch & Co. Inc., he succeeds **Hilda H. Boas** who retired.

Bradley J. Joern named vp and actuary and **Daniel C. Thompson** named vp-direct reinsurance at Northwestern National Life Insurance Co. in Minneapolis.

Andrew M. Gibbs named senior vp-accounting for ACE Ltd. in Hamilton, Bermuda.

Kathleen Creegan Damaskos named a vp at Arkwright Mutual Insurance Co. in Waltham, Mass.

Agent/Broker

R. Thomas Benson named president of Sedgwick James of Florida Inc. in Naples.

Robert F. Treend named vp of the employee benefits division of Britton-Gallagher & Associates Inc. in Solon, Ohio.

Frank Yerger named president of Ross & Yerger replacing **Wirt Yerger Jr.** who became chairman of the Jackson, Miss.-based agency.

Lynn C. Miles resigned as president of John P. Pearl & Associates Ltd. in Peoria Heights, Ill. and took a position in its satellite office in Orlando, Fla. **Gary P. Pearl**, formerly executive vp and chief operating officer, assumed Mr. Miles' post.

Thomas O. Wilder named senior vp at Willis Corroon Corp. of Arizona in Phoenix.

Victor Belinski named senior vp at Minet Inc. in New York.

Thomas V. Ealy joined Near North Insurance Brokerage Inc. as executive vp and managing director in Chicago. Previously, Mr. Ealy was vp-insurance services for Johnson & Higgins. Also at Near North, **Jonathan Kroeger** named vp in the affinity group division in Washington.

Reinsurance

Edward Ragan named a vp of U.S. Reinsurance Corp. in New York and **Philip C. Cawley** named a vp in U.S. Re's Atlanta office.

John A. Kelly named vp of Am-Re Managers Inc. in Princeton, N.J. with responsibilities for marketing Am-Re products and services to brokers, captive insurers and public entity pools throughout New England.

Paul H. Milione named vp-domestic insurance company operations at American Re-Insurance Co. in Princeton with responsibilities for its professional liability clients.

Centre Reinsurance (Bermuda) Ltd. announced several promotions: **Christiane M. Allaire** and **Tara Leonard** named senior vps and **Robert L. Miller** named vp in the actuarial department in Hamilton, Bermuda; **Oscar Tymon** named senior vp in Centre Re's representative office in London; **Mark Baker** and **Steven Fallon** named senior vps in New York; and **Peter Bellisano** and **Thomas M. Eversmann** named vps in New York.

Kevin Scott Balfour named senior vp-casualty facultative underwriting for Constitution Reinsurance Corp. in the Atlanta office.

James A. Pilla named senior vp at The Mercantile & General Reinsurance Co. of America in Morristown, N.J., with overall responsibility for facultative operations.

Great Lakes American Reinsurance Co. in New York announced several new appointments: **Ronald C. Stanziale Jr.** named senior vp and chief financial officer; **Frank M. Johnson** named senior vp and chief operating officer; and **Dennis R. Johnson** named vp-casualty lines.

Dr. Donald C. Chambers and **Larry Rowland** named senior vps at Lincoln National Reinsurance Cos. in Fort Wayne, Ind.

Transatlantic Reinsurance Co. announced several new appointments: **Bertrand Levy** named vp and continental European branch manager in Paris; **Steve Hartman** named vp in New York; and **John Hyland** and **Brian Young** named vps in London.

James E. Migliorini named president of the property/casualty treaty division of Signet Star Reinsurance Co. in Florham Park, N.J.

HMO/PPO

Dr. William C. Popik named senior vp and national medical director of CIGNA HealthCare in Hartford, Conn. Previously, Dr. Popik served as senior vp and chief medical officer at Health Net.

George Bregante named president and chief operating officer of Beech Street Corp. in Irvine, Calif. Mr. Bregante succeeds **William Fickling Jr.**, who remains chairman and CEO.

Richard G. Barnaby named chief operating officer at Kaiser Foundation Health Plan Inc. and Kaiser Foundation Hospitals in Oakland, Calif.

Barbara B. Hill named president and CEO of Rush Prudential Health Plans in Chicago. Ms. Hill, previously president of Aetna Health Plans of the Midwest, replaces **Scott Serota**, who resigned.

Cleve L. Killingsworth Jr. named president of the Mid-Atlantic states region of Kaiser Foundation Health Plan in Rockville, Md.

Jeffrey J. Bairstow named president and chief operating officer of Foundation Health PsychCare Services Inc., in San Rafael, Calif.

Richard J. Galica named director of national network development for Green Spring Health Services Inc., a mental health and substance abuse firm in Columbia, Md.

Other suppliers

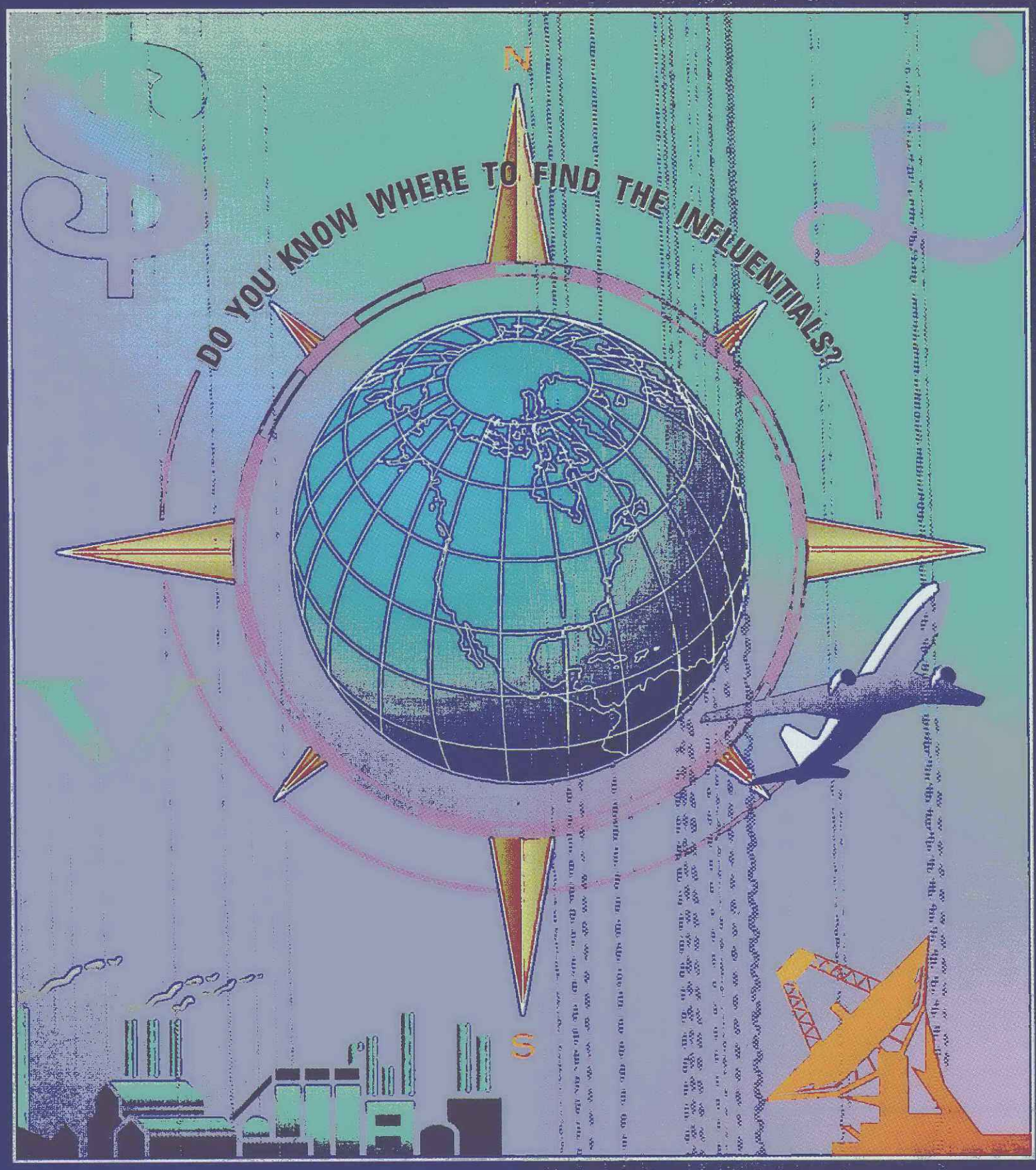
David G. Schorr joined Sedgwick Noble Lowndes as vp of the firm's Seattle employee benefits consulting practice. Previously, Mr. Schorr was a senior consultant with Howard Johnson & Co.

Dr. Arthur J. Small named vp of a new disease management unit of Prudential Health Plans Inc. in Roseland, N.J.

Mitchell Wilneff named chief operating officer and **Rob Valerious** named senior vp at Allied Benefit Systems Inc., a Chicago-based third party administrator.

Frank A. Piliero named executive vp of ECS Inc., the Exton, Pa.-based environmental risk management firm. Also at ECS, **Mark Vuono** named executive vp of its subsidiary ECS Underwriting Inc. BI

Comings & Goings: Industry



1995/96 DIRECTORY OF BUYERS 1995/96

When you want to reach corporate influentials who matter most in purchasing commercial insurance, risk management, employee benefits and related products and services, you'll want to reach for the most comprehensive reference tools from the publishers of *Business Insurance*.

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Datebook

MARCH

MARCH 11. 401(k) Plans From A to Z workshop in Bellevue, Wash., sponsored by Corbel; $235. **Also March 13** in Long Beach, Calif.; **April 23** in Fort Lauderdale, Fla.; **April 25** in Orlando; **May 21** in Philadelphia; **May 23** in Syracuse, N.Y. Education Services, Corbel, P.O. Box 47720, Jacksonville, Fla. 800-326-7235.

MARCH 11-12. Insurance—An Industry in Transition seminar in San Diego, sponsored by Standard & Poor's; $695. Standard & Poor's, Seminar Programs, 25 Broadway, New York, N.Y. 10004; 212-208-1999.

MARCH 11-12. Benefits Outsourcing Summit in Coral Gables, Fla., sponsored by ManagementCircle Inc.; $1,095. Conference Coordinator, ManagementCircle Inc., 150 E. 58th St., 18th Floor, New York, N.Y. 10155; 800-338-3004.

MARCH 11-12. Principles of Reinsurance seminar in New York, sponsored by the College of Insurance; $595. The College of Insurance Center for Professional Education; 101 Murray St., Room 426, New York, N.Y. 10007; 212-815-9201.

MARCH 11-13. Low Back Pain Prevention, Control & Treatment Symposium in St. Louis, sponsored by Travelers Insurance and The Ohio State University Biodynamics Laboratory; $485. Georgann Roche, Travelers Insurance, 1 Tower Square, 4GS, Hartford, Conn. 06183; 800-842-0282.

MARCH 12. The 31st Annual All Industry Day in Seattle, sponsored by the Washington Chapter of the Risk and Insurance Management Society Inc.; $85 for RIMS members, $100 for non-members. Shannon M. Stratton, Univar Corp., P.O. Box 34325, Seattle, Wash. 98124-1325; 206-889-3400.

MARCH 12. Finance—Building it into Risk Management conference in Boston, sponsored by Liberty Mutual Insurance Cos.; no charge. Tina Ziegler, Liberty Mutual Insurance Cos., Commercial Marketing Dept., 175 Berkeley St., P.O. Box 140, Boston, Mass. 12117-0140; 617-574-5727.

MARCH 12. OSHA Compliance for Small Business and OSHA Safety & Health Program Requirements seminars in Pittsburgh, sponsored by Safety Excellence Resources; $79 for one, $149 for both. **Also March 13** in Erie, Pa.; **March 14** in Buffalo, N.Y.; **March 19** in Binghamton, N.Y.; **March 20** in Newburg, N.Y.; **March 21** in Saratoga, N.Y. Safety Excellence Resources, 300 Erie Blvd. West. Syracuse, N.Y. 13202; 315-460-1286.

MARCH 12-13. Administering an Employer's Workers' Compensation Program in Philadelphia, sponsored by Michigan State University; $545. **Also March 27-28** in Livonia, Mich.; **April 9-10** in Los Angeles; **April 24-25** in East Lansing, Mich.; **April 25-26** in Portland, Ore.; **May 2-3** in San Francisco; **May 7-8** in Minneapolis. Human Resources Education and Training Center, Michigan State University, 422 S. Kedzie Hall, East Lansing, Mich. 48824-1032, 517-355-9591.

MARCH 12-13. Disaster Planning and Preparedness seminar in Nashville, Tenn., sponsored by Factory Mutual Engineering and Research; $495. **Also March 14-15** in Columbus, Ohio; **May 9-10** in Milwaukee; **May 20-21** in Minneapolis; **May 22-23** in Chicago; **July 23-24** in Toronto; **July 25-26** in Montreal; **Sept. 10-11** in Baltimore; **Sept. 12-13** in New York; **Dec. 3-4** in Norwood, Mass. FME&R's Insured Education, 1151 Boston-Providence Turnpike, P.O. Box 9102, Norwood, Mass. 02062; 617-255-4606.

MARCH 12-14. The Tenth Annual Self-Insurance Institute of America Legislative Conference in Washington, sponsored by SIIA; $555 for members, $725 for non-members. SIIA's Member Services Center, P.O. Box 15466, Santa Ana, Calif. 92735; 714-261-2594.

MARCH 13. Workers Compensation seminar in New York, sponsored by the College of Insurance; $95. The College of Insurance Center for Professional Education; 101 Murray St., Room 426, New York, N.Y. 10007; 212-815-9201.

MARCH 13-14. Intermediate Reinsurance seminar in New York, sponsored by the College of Insurance; $625. The College of Insurance Center for Professional Education; 101 Murray St., Room 426, New York, N.Y. 10007; 212-815-9201.

MARCH 14. The Insurance Educational Assn.'s Annual Recognition Luncheon in San Francisco, sponsored by IEA; $50. Margaret Wesser, IEA, 100 California St., Suite 1100, San Francisco, Calif. 94111-4524; 415-986-6356.

MARCH 14. Evaluating and Controlling Lead-Based Paint Hazards seminar, sponsored by The CPCU Society; $95 for members, $85 for non-members. The CPCU Society, 720 Providence Rd., P.O. Box 3009, Malvern, Pa. 19355-0709; 610-251-2775.

MARCH 14. Massachusetts Risk and Insurance Management Society 27th Annual Spring Conference in Waltham, Mass., sponsored by the Massachusetts Chapter of RIMS; $100. Walter Pizzano, 508-808-3554.

MARCH 14. Work? Life?: Developing a Work/Life Strategy conference and trade show in Boston, sponsored by The New England Employee Benefits Council; $175 for members, $250 for non-members NEEBC, 62 Walnut St., Wellesley, Mass. 02181; 617-239-1767.

MARCH 14-15. The Casualty Actuarial Society's Annual Ratemaking Seminar in Las Vegas, sponsored by CAS; $500 for members, $600 for non-members. CAS, 1100 N. Glebe Rd., Suite 600, Arlington, Va. 22201; 703-276-3100.

MARCH 14-17. The NCOIL Spring Seminar in Washington, sponsored by the National Conference of Insurance Legislators; $250 for insurance department, $400 for industry member, $650 for industry non-member. NCOIL, 122 S. Swan St., Albany, N.Y. 12210-1715; 518-449-3210.

MARCH 18-19. Are Health Care Costs Really Contained. . .What's Next for Employers? conference in Rosemont, Ill., sponsored by Midwest Business Group on Health; $475 for members, $595 for non-members. MBGH, 8303 W. Higgins Road, Suite 200, Chicago, Ill. 60631; 312-380-9090.

MARCH 18-19. Mastering New Markets: Business Opportunities in Environmental Insurance conference in Exton, Pa., sponsored by The Center for Environmental Risk Management; $295. **Also April 17-18.** The Center for Environmental Risk Management, Jacque Kakareka, 520 Eagleview Blvd., P.O. Box 636, Exton, Pa. 19341-0636; 800-ECS-1414.

MARCH 20-22. Workers' Compensation and Occupational Medicine Seminar in San Francisco, sponsored by Worker's Compensation Monthly; $495. Seak Inc., P.O. Box 729, Falmouth, Mass. 02541; 508-548-7023.

MARCH 20-22. The 20th Annual IIAA National Legislative Conference in Washington, sponsored by Independent Insurance Agents of America; $130. IIAA's Convention Department, 127 S. Peyton St., Alexandria, Va. 22314; 1-800-296-0578.

MARCH 21-22. New Alternatives in Risk Financing conference in New York, sponsored by the Institute for International Research; $1,295. Conference Coordinator, Institute for International Research, 708 Third Ave., 4th Floor, New York, N.Y. 10017-4103; 212-661-8740 or 800-999-3123.

MARCH 21-22. Mealey's Toxic and Mass Torts: New Exposures Conference in Philadelphia, sponsored by Mealey Publications Inc.; $695. Mealey Publications, P.O. Box 446, Wayne, Pa. 19087-0446; 610-688-6566 or 800-MEALEYS.

MARCH 22. Leadership in Insurance Organizations course in New York, sponsored by the College of Insurance; $175. The College of Insurance Center for Professional Education; 101 Murray St., Room 426, New York, N.Y. 10007; 212-815-9201.

MARCH 24-28. Assessing Clinical Quality in Managed Care Organizations: Using Clinical Practice Guidelines for Quality Improvement course in Boston, sponsored by Harvard School of Public Health; $1,295. Harvard School of Public Health, Office of Continuing Professional Education, 677 Huntington Ave., LL-23, Dept. B, Boston, Mass. 02115-6023; 617-432-1171.

MARCH 25-26. Litigating Bad Faith Claims and Punitive Damages conference in New York, sponsored by American Conference Institute; $995. American Conference Institute, 175 Fifth Ave., Suite 2182, New York, N.Y. 10010; 416-927-7936.

MARCH 25-27. Pension Basics Seminar in Baltimore, sponsored by Corbel; $595. **Also May 8-10** in Indianapolis, Education Services, Corbel, P.O. Box 47720, Jacksonville, Fla. 800-326-7235.

MARCH 25-27. Orientation to Indoor Air Quality course in Boston, sponsored by Harvard School of Public Health; $225. Harvard School of Public Health, Office of Continuing Professional Education, 677 Huntington Ave., LL-23, Dept. B, Boston, Mass. 02115-6023; 617-432-1171.

MARCH 25-28. Quantitative Industrial Hygiene course in Cleveland, sponsored by American Industrial Hygiene Association; $855 for members, $995 for non-members. **Also July 29-Aug. 1** in Cleveland. AIHA Continuing Education Department, 2700 Prosperity Ave., Suite 250, Fairfax, Va. 22031; 703-849-8888.

MARCH 25-29. Occupational & Environmental Radiation Protection course in Boston, sponsored by Harvard School of Public Health; $1,295. Harvard School of Public Health, Office of Continuing Professional Education, 677 Huntington Ave., LL-23, Dept. B, Boston, Mass. 02115-6023; 617-432-1171.

MARCH 25-29. Fundamentals of Industrial Hygiene course in Boston, sponsored by Harvard School of Public Health; $1,095. Harvard School of Public Health, Office of Continuing Professional Education, 677 Huntington Ave., LL-23, Dept. B, Boston, Mass. 02115-6023; 617-432-1171.

MARCH 25-29. Practicing Property Conservation seminar in Norwood, Mass., sponsored by Factory Mutual Engineering Corp.; $995. Factory Mutual Engineering Corp., Attn. Insured Education, Training Resource Center, P.O. Box 9102, Norwood, Mass. 02062; 617-255-4606.

MARCH 26-28. Funding Catastrophe Protection: Using Securitization to Enhance Capacity forum in New York, sponsored by Insurance Advisory Council; $1,295. International Quality & Productivity Center, 150 Clove Road, P.O. Box 401, Little Falls, N.J. 07424; 800-882-8684.

MARCH 27-29. The Primary Care/Behavioral Healthcare Summit in San Diego, sponsored by CentraLink; $795. CentraLink, 1110 Mar West St., Suite E, Tiburon, Calif. 94920; 415-435-9092.

MARCH 28. Applied Ergonomics in the Office Setting: Work Station Boot Camp in Seattle, sponsored by University of Washington; $159 for non-profit organizations, $199 for profit. Northwest Center for Occupational Health and Safety, Department of Environmental Health, University of Washington, 4225 Roosevelt Way NE #100, Seattle, Wash. 98105-6099; 206-543-1069.

MARCH 28. The Second Annual Educational Outreach Program in Association with the U.S. Department of Labor in Dallas, sponsored by the International Foundation of Employee Benefit Plans; $125. **Also March 29** in New Orleans; **April 29** in Atlanta; **April 30** in Greensboro, N.C. IFEBP, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6710

MARCH 28-29. Using Health Services Research to Improve Plan Performance conference in San Diego, sponsored by Group Health Assn. of America/American Medical Care Review Assn. and the Agency for Health Care Policy and Research; $400. GHAA/AMCRA, 1129 20th St., N.W., Suite 600, Washington, D.C. 20036-3403; 202-778-3269.

APRIL

APRIL 1-2. The 1996 Annual Workers Compensation Issues Symposium in Orlando, Fla., sponsored by the National Council on Compensation Insurance; $595 for attendees, $1,000 for exhibitors. James Wolfe, NCCI, 750 Park of Commerce Drive, Boca Raton, Fla. 33487; 407-997-4749.

APRIL 3. Minimizing Environmental Risk in Real Estate: An Opportunity conference in Exton, Pa., sponsored by The Center for Environmental Risk Management; $195. The Center for Environmental Risk Management, Jacque Kakareka, 520 Eagleview Blvd., P.O. Box 636, Exton, Pa. 19341-0636; 800-ECS-1414.

APRIL 8-9. Insurance Company Financial Statements—Property/Casualty seminar/workshop in New York, sponsored by the College of Insurance; $595. The College of Insurance Center for Professional Education; 101 Murray St., Room 426, New York, N.Y. 10007; 212-815-9201.

APRIL 8-10. The NCOIL Summit in Salt Lake City; sponsored by the National Conference of Insurance Legislators; $250 for member legislator, $275 for non-member legislator, $400 for industry advisory committee and $650 for industry non-member. NCOIL, 122 S. Swan St., Albany, N.Y. 12210; 518-449-4698.

APRIL 9-12. Information Systems for Managed Care and Integrated Delivery Networks course in Boston, sponsored by Harvard School of Public Health; $995. Harvard School of Public Health, Office of Continuing Professional Education, 677 Huntington Ave., LL-23, Dept. B, Boston, Mass. 02115-6023; 617-432-1171.

APRIL 10-11. Insurance Company Financial Statements—Life/Health seminar/workshop in New York, sponsored by the College of Insurance; $595. The College of Insurance Center for Professional Education; 101 Murray St., Room 426, New York, N.Y. 10007; 212-815-9201.

APRIL 10-12. Policyowner Service Seminar in New Orleans, sponsored by Life Office Management Assn.; $345 for members, $495 for non-members. LOMA, Meetings Department, 2300 Windy Ridge Parkway, Suite 600, Atlanta, Ga. 30339-8443; 770-951-1770.

APRIL 11. Influencing Behavior for Good Health seminar in Chicago, sponsored by The Wellness Planning Coalition; $100 for members, $125 for non-member. Midwest Business Group on Health, 8303 W. Higgins Rd., Suite 200, Chicago, Ill. 60631; 312-380-9090.

APRIL 14-19. The 23rd International Workers' Compensation College in Phoenix, sponsored by the International Association of Industrial Accident Boards and Commissions; $550 for members, $650 for non-members. International Worker's Compensation College, 8643 Hauser, Suite 200, 87th Street Parkway, Shawnee Mission, Kan. 66215; 913-541-1131.

APRIL 21-26. The 34th Annual Risk & Insurance Management Society Inc. conference in Toronto; full-week until Feb. 16: $695 for RIMS members; $795 for non-members; after Feb. 16: add $100. Risk & Insurance Management Society Conference Department, 655 Third Ave., New York, N.Y. 10017-5637; 212-286-9292.

The Datebook is compiled from notices sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. Please include the cost, if any, to attend the meeting and information on registration for interested readers. Business Insurance reserves the right to select the meetings that may be of most interest to its readers and cannot guarantee that notices will be printed.

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Ruling on time limit may aid cedants

By JUDY GREENWALD

NEW YORK—In a victory for insurers, a federal appellate court says the statute of limitations on a cedant's lawsuit against a reinsurer begins to run when the reinsurer refuses to pay the claim—not when the cedant pays the underlying claim.

But the decision may not have much impact on other suits because it is based on language in "very old London market reinsurance policies with very, very bare bones terms and conditions," says Michael H. Goldstein, an attorney with Mound, Cotton & Wollan in New York, who represented Chicago-based Continental Casualty Co., a CNA Financial Corp. Other reinsurance contracts have much more detailed terms.

The Feb. 13 ruling by the 2nd U.S. Circuit Court of Appeals affirms a 1994 U.S. District Court ruling.

The focus of the suit is several medical malpractice policies Continental had issued to hospitals and hospital associations and then reinsured with Lloyd's of London syndicates and 15 other reinsurers during the 1960s.

During the 1980s, Continental Casualty settled several claims made against these policies. But, between 1987 and 1990, the reinsurers denied they were liable for the settlements.

Continental Casualty sued in 1991, more than six years after it settled the last of these claims. The statute of limitations in New York runs six years.

The two sides agreed the reinsurers would pay certain amounts under the policies if the district court ruled the claims were timely and it was later affirmed on appeal. The amount involved now totals about $250,000, said Mr. Goldstein.

After the district court ruled for Continental Casualty, most of the reinsurers appealed. They argued that because the six-year period began to run when Continental Casualty settled and paid the malpractice claims, the suit was filed too late.

'Where are the snows of yesteryear?' the 2nd Circuit asked in assessing the state of reinsurance today.

The cedant countered, and the district court agreed, that the period did not begin to run until the reinsurers breached their contracts by rejecting the demand for indemnity.

In affirming the lower court decision, the 2nd Circuit said "The timeliness of Continental's claims. . .turns on a fairly simple question: When were its losses due and payable under the reinsurance policies?"

"Under these policies, Continental's actual losses were not due and payable until a reasonable period of time elapsed after it gave notice of them," the court said. "Accordingly, Continental's causes of action accrued then (or when the reinsurers refused to pay, if earlier) and not before."

"The reinsurers argue that because Continental could have 'demanded' indemnity by giving notice of the claims as soon as it paid them, its causes of action accrued as soon as it paid the underlying malpractice settlements," the court said. "We disagree."

The decision concludes on a nostalgic note and with a bit of French poetry. "Because custom and usage have established a gentility and unity of interest between the reinsured and its reinsurer. . .a generation ago, we doubt that the defendants would even have considered asserting a statute of limitations. 'Where are the snows of yesteryear?' the 2nd Circuit asked in assessing the state of reinsurance today."

It is unclear how much of an impact the ruling will have on reinsurance litigation.

"It creates some certainty on an issue that did not have any certainty or clear answers," said Mr. Goldstein. "The argument that the cause of action accrues when the underlying loss is paid before the reinsurer knows the loss has been paid simply does not make sense."

Still, the ruling may not apply in many cases. "Any other reinsurance contract might involve substantially different and more detailed and specific terms and conditions which could render this decision completely irrelevant," he said.

David J. Grais, of Grais & Phillips in New York, who represented the reinsurers, said it is the least important of the decisions that have been issued among the big reinsurance cases in federal court.

However, "it illustrates that the old style of reinsurance law based on custom and practice is hurting reinsurers much more than ceding companies," he said.

"The courts are uncertain whether reinsurance agreements embody an obligation of utmost good faith or not, and in this case the court imposed such an obligation on the reinsurers, but in other cases the courts have excused ceding companies from exactly the same obligations, which is why I think the old style of reinsurance law is a one-edged sword."

"Decisions like this show the need to bring reinsurance law more up to date," said Mr. Grais.

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Continental Casualty Co. vs. Stronghold Insurance Co. Ltd., 2nd U.S. Circuit Court of Appeals; No. 95-7326.

New complaint filed in fraud suit

By DOUGLAS McLEOD

NEW YORK—Plaintiffs in a massive health insurance fraud class action suit are pursuing new racketeering charges against nearly 100 individuals and companies linked to the deceased insurance swindler Alan Teale.

The new complaint represents an effort by defrauded policyholders to collect on a $150 million default judgment entered last year against Old American Insurance Co. Ltd., part of Mr. Teale's network of bogus offshore insurers.

The class action was originally filed in federal court in New York in 1993 on behalf of several thousand people who bought health insurance through a sham union set up by convicted felon William Loeb (*BI*, Oct. 3, 1994).

After the purported union's initial insurer, Empire Blue Cross & Blue Shield, terminated the program in 1990, coverage for many of the policyholders was rolled over to a series of insurers, including Old American.

In amended complaints, the class action eventually grew to name more than 500 defendants, including Empire, Mr. Loeb, several offshore insurers and their operators, and scores of retail and wholesale agents and brokers who produced business for the alleged scam.

Empire and errors and omissions insurers for the agents have paid several million dollars to settle the litigation. Last April, U.S. District Judge Milton Pollack also entered a $50 million default judgment against Old American, trebled under federal racketeering statutes to $150 million.

In the latest step in the litigation, plaintiffs' lawyers in January filed a third amended complaint naming dozens of new defendants, all allegedly linked to Old American and Mr. Teale in a racketeering conspiracy.

Attached to the latest complaint is a sworn statement given by one of the defendants describing how he, Mr. Teale and other defendants acquired worthless stock to inflate the balance sheets of Old American and several related companies.

The latest suit names:

• Benjamin F. Kirk, his brother Darrell Kirk and KLK Consulting & Management Corp., a Houston firm they operated. KLK controlled several Turks & Caicos Islands-based insurers used by Mr. Teale, including Old American and American Trust Insurance Co. Ltd., one of the first of Mr. Teale's companies to be questioned by state regulators (*BI*, July 25, 1988).

Benjamin Kirk served jail time on an unrelated 1986 federal conviction, court papers say.

• Steven Signer, a Denver businessman and former KLK president.

• Frank O'Bryan, a self-described stock hustler who lined up assets for KLK's insurance operations.

Mr. O'Bryan is awaiting sentencing after pleading guilty to federal charges in another health insurance fraud involving the defunct Cabot Day Insurance Co. Ltd. (*BI*, May 10, 1993).

• Mr. Teale and his wife, Charlotte C. Rentz. Mr. Teale died in federal prison in 1994, a year after beginning a 17-year fraud sentence. Ms. Rentz is serving a 13-year term after pleading guilty with her husband (*BI*, Dec. 6, 1993; Jan. 25, 1993).

• More than 80 insurance, reinsurance, management and investment firms that were either operated by Mr. Teale or linked to the alleged racketeering conspiracy he headed. Mr. Teale identified most of these companies himself in a plea agreement with federal prosecutors in 1993.

One of those named is Forum Rothmore Inc., a Colorado stock vendor that figured in the securities fraud indictment of six other men last month (*BI*, Feb. 12).

The class action suit charges that the individual defendants operated Old American as one cog in a massive swindle that involved nearly all of the other corporate defendants.

As part of the fraud, the defendants arranged to "rent" worthless penny stocks to enhance Old American's financial statements and to mislead regulators and agents about the insurer's ability to pay claims. The defendants then diverted millions of dollars of premiums into other Teale-related companies to keep the scam going, the suit alleges.

To support the charges, plaintiffs' lawyers included a statement Mr. O'Bryan gave to federal prosecutors in 1993 describing how the Kirk brothers hired him to find bogus assets for KLK.

In the statement, Mr. O'Bryan said he worked with Benjamin Kirk, Mr. Signer, Mr. Teale and other KLK officials to "lease" various stocks from third parties that were then reported at "highly inflated" values as assets of KLK's insurance units.

KLK got the stock in exchange for monthly fees and KLK "surplus notes," though the notes were drafted in such a way that KLK would never actually have to honor them, Mr. O'Bryan asserted.

The assets reported by the KLK insurers were bogus for several reasons, Mr. O'Bryan said, including that KLK never actually owned the shares and therefore could not have sold them; the companies themselves were shells with little or no intrinsic value; most of the stocks were restricted from free trading under Securities and Exchange Commission rules; and there was no real market for most of the stocks, especially in the huge volumes allegedly held by KLK.

Benjamin Kirk, Darrell Kirk, Mr. Signer and Mr. O'Bryan could not be reached for comment.

The class action suit seeks unspecified actual damages as well as treble damages for violations of the federal racketeering law.

If the plaintiffs win a judgment, their lawyers will go after bank accounts holding funds traceable to any of the defendants, said Timothy D. Cohelan, a plaintiffs' lawyer with the San Diego firm of Cohelan & Khoury.

A judgment could also be used to support a claim against a victim compensation fund set up by Alabama federal prosecutors with assets forfeited by Mr. Teale and Ms. Rentz, said Robert L. Brace, a plaintiffs' lawyer with Hollister & Brace in Santa Barbara, Ca.

The compensation fund holds about $2 million, the two lawyers said. BI

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WellPoint proposal to benefit Blue Cross

By JOANNE WOJCIK

WOODLAND HILLS, Calif.—WellPoint Health Network's latest proposed recapitalization plan will enable the for-profit subsidiary of Blue Cross of California to expand outside California, said company President and CEO Leonard D. Schaeffer.

"Our initiatives have set the stage for improved performance in California and fulfillment of a national strategy that will ultimately accelerate our growth rate and enhance shareholder value," he said last week in announcing WellPoint's 1995 earnings.

The company's net income was $214.5 million, excluding a net charge of $34.5 million for non-recurring costs in the fourth quarter.

Comparative 1994 earnings amounted to $213.2 million. Net income in 1995 after the charge for non-recurring costs was $180.0 million. Premiums written in 1995 totaled $2.9 billion, compared with $2.6 billion in 1994.

Membership in WellPoint's health plans increased by 190,000 to 2.8 million. This is up 7% from 2.6 million at year-end 1994.

The earnings report comes on the heels of the announcement by Blue Cross of California and WellPoint that they have agreed on a revised recapitalization plan that would allow the health plan to meet its public obligations in converting to for-profit status.

The plan was revised after a proposed merger with Health Systems International fell through earlier this year.

Under California law, companies that convert from non-profit to for-profit status must donate assets to a public interest foundation. Blue Cross has been working on the recapitalization plan since it spun off WellPoint as a for-profit subsidiary in 1993.

Under last month's proposal, which the California Department of Corporations and a majority of company shareholders must approve, WellPoint would create two public foundations with a combined value of $3 billion.

The organizations would receive more than $1 billion in cash and $2 billion in equity under the revised plan.

Also under the new recapitalization plan, WellPoint stockholders would receive a cash dividend of $10 per share rather than the $12 proposed under the previous recapitalization plan. Under a two-for-three reverse stock split, each of their shares would be worth 0.667 of a share in the new company.

Blue Cross, which is WellPoint's largest shareholder, would receive more than $1 billion, including $800 million from the cash dividend and up to $235 million from the sale of Blue Cross commercial assets to WellPoint.

The parent company would then transfer most of the cash and 53.4 million shares—representing 80.4% of the new WellPoint—into the two newly created public foundations.

WellPoint, which also would receive about 310,000 enrollees from Blue Cross, would need to take on debt to finance the transaction. The plan also provides for WellPoint to become a primary licensee of the Blue Cross name and mark.

Responding to earlier criticism by consumer groups on the proposed makeup of the foundation boards, Blue Cross has proposed that only a minority of former Blue Cross directors sit on the board of the foundation holding the most cash and that a majority sit on the board holding primarily stock.

Blue Cross said it expects the transaction to close in the second quarter of this year. BI



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For the Record

Maine comp rates cut 10.9% on average

GARDINER, Maine—After years of being one of the worst states for workers compensation loss costs, Maine is continuing on its path of improvement.

On Friday, a 10.9% average rate reduction took effect. The National Council on Compensation Insurance had requested that reduction and Maine regulators approved it last week.

The reduction is expected to save businesses about $21 million in premiums for the year. The rate reduction would mark the third consecutive year that Maine would experience an overall rate reduction.

In 1995, the approved loss cost rate reduction was 12.5%, while in 1994 it was 3.8%. This year's average decrease varies by industry: 17% for manufacturing, 8.6% for contracting, 12.1% for goods and services, 9.7% for miscellaneous businesses, and 0.7% for office and clerical.

Insurance groups plan leadership forum

NEW YORK—Nine property/casualty insurance organizations plan to sponsor the first Insurance Leadership Forum next January in New York.

The industrywide meeting will be the first of its kind. The American Insurance Assn., the Insurance Information Institute and the Insurance Services Office Inc. held an annual joint meeting for a number of years but discontinued more than a year ago after ISO changed its form of governance.

Details of the agenda will be available during the next few months, but are expected to include a discussion of capital and risk, a company executive panel on industry issues and an address by a political commentator. The forum is scheduled to take place Jan. 14-15 at The Plaza Hotel in New York.

In addition to the AIA, the III and the ISO, the groups sponsoring the conference are: the Alliance of American Insurers, the American Institute for Chartered Property Casualty Underwriters, the National Assn. of Independent Insurers, the National Assn. of Mutual Insurance Cos., the National Council on Compensation Insurance and the Reinsurance Assn. of America.

High overhead found at for-profit HMOs

SACRAMENTO Calif.—Much of the revenue earned by for-profit health maintenance organizations goes for administration, marketing, profits and dividends rather than to medical care, a report by the California Medical Assn. states.

The amount spent on medical care by California's largest for-profit HMOs ranges from 84% for PacifiCare of California Inc., a network-model HMO to 73% for FoundationCare Health Plan, a large network/independent practice association HMO according to the association's ranking of 37 HMOs. The report was released Feb. 12 and reveals that in contrast, non-profit Kaiser Foundation Health Plan of California Inc. spends 97% of its revenues on patient care.

Similar findings on a national basis, using 1994 data from National Assn. of Insurance Commissioners filings and HMO surveys, were published late last year by Weiss Ratings Inc. of Palm Beach Gardens, Fla., a life and health insurance rating agency (*BI*, Jan. 8). According to Weiss, the national IPA model average is 83% of premiums going to medical care, while the average for group and staff model HMOs is 89.2%.

The CMA, whose members oppose for-profit HMOs, said it produced its report to educate consumers and employers about how health plans operate.

"Health plans are required to report this data to the Department of Corporations," the report's executive summary states. "However they do not routinely provide this information to physicians, benefit managers, or potential enrollees."

But health plan representatives contend that amounts spent by HMOs on doctors, hospitals and other medical expenses are not directly comparable because of operations and product differences.

Copies of the report can be obtained by contacting the California Medical Assn., 916-444-5532.

Mississippi governor fights tobacco suit

JACKSON, Miss.—Tobacco companies and Mississippi's governor are asking the Mississippi Supreme Court to dismiss a lawsuit that seeks to recover Medicaid payments to patients in the state who suffered smoking-related illnesses.

Both suits filed with the Supreme Court last month claim Mississippi Attorney General Mike Moore did not have the authority to bring the action against the 22 defendants.

A spokesman for the attorney general called the governor's and defendants' charges "absolutely ridiculous." The spokesman pointed out that a state court judge ruled last year that the attorney general could bring the action.

Mr. Moore filed suit in 1994 against tobacco companies and other defendants charging that the state is entitled to recover Medicaid-related and other expenses generated from treatment for illnesses caused by smoking (*BI*, Oct. 3, 1994). The suit also seeks an unspecified amount of punitive damages.

Mississippi Gov. Kirk Fordice said his petition was "not an attempt to take the side of the tobacco companies. Instead it is simply an attempt to stop an improper action by our state's attorney general."

"Absolutely ridiculous," a spokesman for the attorney general said of the governor's and defendants' charges. He said that a state court judge ruled last year that the attorney general could bring the action.

The amount of past and future Medicaid-related expenses that the lawsuit seeks could reach hundreds of millions of dollars, the spokesman said.

Winter weather toll could set a record

RAHWAY, N.J.—Weather-related insured property losses from the winter of 1996, which are estimated at more than $1.99 billion through Feb. 22, may be the worst on record, according to the Property Claim Services division of the American Insurance Services Group.

Forty-one states have suffered winter catastrophe losses, said Gary R. Kerney, assistant vp of the PCS. Six different catastrophes accounted for the nearly $2 billion in insured property losses, and "there is still the possibility of more severe winter events this season," Mr. Kerney said.

Winter weather caused $2 billion in insured property damage in 1993, but most of that arose from a mid-March blizzard that caused $1.75 billion in insured damage. BI

INTERNATIONAL

New theory puts spotlight on magnetic fields, cancer

By CAROLYN ALDRED

BRISTOL, England—A new theory that may link some cancers to electromagnetic fields could spur more litigation against utility companies and prompt insurers to further cut coverage for EMF exposures.

New research led by Denis Henshaw, a University of Bristol physicist, approaches the question of possible EMF affects by focusing on the naturally occurring radioactive gas radon in electric fields.

In a study published Feb. 14 in The International Journal of Radiation Biology, Mr. Henshaw and other researchers show that domestic electric wiring attracts the radioactive products of radon present in normal room air. They also found evidence that the same concentrations of radon products—which are known to cause cancer—may be present around overhead power lines. Other carcinogens similarly may be caught in minute particles of water and gas in the air and attracted to power cables and electrical wiring, he said.

Utility regulators and companies were quick to take issue with the results. The research and its conclusions were dismissed as "implausible" by the U.K. government's National Radiological Protection Board. Nevertheless, the study will be examined closely by utilities, electric product manufacturers and insurers worldwide.


IMAGE BANK

With his study, scientists have "crossed a major conceptual barrier," said Mr. Henshaw. "Previously, science could not explain how electromagnetic fields could cause cancer. Now we have used principles from basic physics to show how these fields can concentrate a cocktail of known carcinogens around them."

Over the years, epidemiological, or population-based, studies have observed links between cancer in children and the presence of high-voltage power lines, but there has been no conclusive scientific explanation of the phenomena (*BI*, May 8, 1995).

Until such a link is proven, governments and electric utilities in many countries are reluctant to change existing safeguards.

Many insurers fear that EMF-induced illnesses could become an even more expensive problem than asbestos. Indeed, many U.K. insurers already are denying EMF exposure by defining it as "gradual pollution," which is excluded

See **EMFs** *on next page*

U.S. business bouyed U.K. insurers in 1995

Bottom line gains achieved despite weather losses, competition at home

By EDWIN UNSWORTH

LONDON—International business, particularly from the United States, helped Britain's major insurers report improved overall performance for 1995, despite the drag of weather-related losses and stiff competition in their domestic market.

Guardian Royal Exchange P.L.C. kicked off the round of announcements of year-end 1995 financial performance by reporting pretax profit of £340 million ($528 million), up 14.1% from £298 million ($466.4 million) in 1994. The pretax result, including investment income, was £812 million ($1.26 billion), compared with a £75 million ($117.4 million) loss in 1994 after restructuring charges and investment losses.

Guardian's performance in the United Kingdom reflects the insurance downturn and increased competition. 1995 results also were affected by higher claims following the exceptionally hot and dry summer and year-end freeze as well as subsidence claims.

U.K. premium volume fell 9.7% to £1.02 billion in 1995 ($1.58 billion) from £1.13 billion ($1.77 billion) in 1994, and underwriting profit plummeted to £5 million from £64 million (to $7.8 million from $100.2 million).

Despite noting soft market conditions in the United States, Guardian boosted its premium volume there 5.9% to £607 million ($942.7 million) last year and, aided by a mild winter, improved underwriting losses to £13 million ($20.2 million) from a 1994 loss of £26 million ($40.7 million). As a result, U.S. pretax profits rose to £58 million ($90.1 million) from a previous £28 million ($43.8 million) loss.

Strong profit growth outside the United Kingdom helped the country's largest general lines insurer, Commercial Union P.L.C., achieve a record pretax operating profit of £509 million ($790.5 million) last year, up 14.1% from a restated £446 million ($698 million) in 1994.

When reporting the figures, CU Chief Executive John Carter emphasized the growing importance of foreign markets as U.K. insurance

See **Results** *on page 57*

Hong Kong competitive

S&P forecasts market and company

By KATE TILLEY

HONG KONG—After conducting its first independent assessment of an insurer's claims-paying ability in Hong Kong, rating agency Standard & Poor's Corp. is predicting the market will remain competitive.

Ian Thompson, a Melbourne-based S&P regional director who recently returned from an assignment in Hong Kong, said insurers there are making underwriting profits. But, despite stiff competition, insurers are not softening rates due to higher costs for acquiring business, he said.

S&P gave Asia Insurance, a unit of Hong Kong-based Asia Financial Holdings Ltd., an A-. With 1994 net written premiums of $229.5 million Hong Kong ($29.6 million), the company is among Hong Kong's top 10 non-life insurers.

Asia Insurance was the first Hong Kong-based company to request and pay for the S&P rating service. Mr. Thompson said he expects others to seek a rating to compete for policyholders and reinsurers now that one company has taken the lead.

With 188 non-life insurers and a premium volume of $12.84 billion Hong Kong ($1.66 million), the market is highly competitive, observed Mr. Thompson.

Thirty companies, many with foreign ownership, account for 90% of the overall premium volume.

Although Hong Kong insurers reported underwriting profits in 1993 and 1994, Mr. Thompson said the favorable cycle has peaked and there will be a deterioration in premium growth and underwriting performance.

Increased costs for acquiring business—because of commissions paid to agents, a rise in average claim costs in line with inflation, plus heightened competition—are likely to hurt Hong Kong insurers.

Hong Kong underwriters' liability business tends to be short-tail, and that contributes to their ability to make underwriting profits, Mr. Thompson said.

"Even workers compensation business has a tail of only about five years," he noted. The workers compensation market in Hong Kong is competitive, and Mr. Thompson does not expect insurers to make profits in that line of business this year, noting that court awards have been escalating.

Workers comp premium increased for employers by about 40% in 1993 (*BI*, May 24, 1993).

The competitive market means it is "inevitable" that some insurers will hand back their licenses.

The market has expanded as Chinese insurers, like the People's Insurance Co. of China, and the insurance subsidiary of the Agricultural Bank of China, established offices in Hong Kong in preparation for the handover of the former British colony to China next year.

"China clearly wants to have a strong influence in the financial sector," Mr. Thompson said.

Terrorism rates stable in Israel

Capacity is up, even following recent bombings

LONDON—Terrorism insurance rates for Israel-based risks likely will not increase, despite last month's suicide bombing attacks in Jerusalem and Ashkelon, according to industry experts.

Overseas companies in Israel are not high-profile targets, unlike the situation in other turbulent areas such as Algeria, said Geoffrey Lynch, political risks underwriter for Hiscox Syndicates Ltd. Mr. Lynch, who is with Lloyd's of London syndicate 33, leads reinsurance placed in the London market and is "not much fazed" by the threat of Hamas, a Palestinian Islamic organization that claimed responsibility for two recent bus bombings.

"Hamas is targeting the Israelis rather than McDonald's," he said.

This could be partly because Hamas is aiming to frighten Israelis out of the occupied territories rather than overthrow the government, he said.

As a result, the Hamas threat is having no effect on reinsurance rates, said Mr. Lynch. Currently, political risks rates are competitive, and increased capacity has meant "a scramble for business," Mr. Lynch said.

Most of the insurers are not new to the business, but one or two potential leaders are emerging from the group. Some of the insurers are increasing their underwriting as they are "looking for income," he said.


AP/WIDE WORLD

Two recent bus bombings killed 27 and injured more than 50. Since Hamas terrorists in Israel target people rather than businesses, political risk coverage is still widely available. Terrorism insurance rates have remained stable.

Hamas claimed responsibility for the 27 deaths caused by bombs on two buses on the morning of Feb. 25. More than 50 people were injured in the attacks.

Most Israeli coverage is written locally with limitations that exclude Jerusalem and areas of Israel outside the pre-1967 borders, including the West Bank and Gaza Strip. The port town of Ashkelon, a frequent meeting place for off-duty soldiers, is within the 1967 borders.

The most recent attacks are part of a deliberately planned campaign by Hamas, according to Martin Stone, a senior analyst for the Middle East with Control Risks Group Ltd. in London. Hamas is trying to stir up the political situation and undermine public support in the peace process before the parliamentary and prime ministerial elections in May, Mr. Stone said.

Just two days before the bombs exploded, restrictions limiting access to and from the Gaza Strip and West Bank had been lifted by the Israeli government. These have now been replaced indefinitely—certainly until after the elections.

Bus bombings have been a favorite Hamas tactic since 1994, Mr. Stone said. "It is virtually impossible to secure a bus," he pointed out, adding that the attacks will become more intense as the elections near. However, their frequency may be tempered by the Gaza Strip and West Bank restrictions.

—By Sarah Goddard

INTERNATIONAL

EMFs

Continued from previous page

under the pollution exclusion clause in U.K. liability policies (*BI*, Sept. 12, 1994).

In their experiments, the Bristol scientists used special plastic films to detect the presence of radon decay particles in various situations.

The particles attach themselves to aerosols, or minute particles of water and gas in the air, they said. The researchers' experiments showed that the aerosols were attracted to main power cables like "iron filings to a magnet." Electric fields also make the aerosols oscillate in the air.

According to Mr. Henshaw, the movement increases their chance of sticking to the skin or being inhaled. Furthermore, he contends that the aerosols could contain bacteria, pollutants or other chemicals in the air.

The findings were repeated in a variety of domestic situations, and simulations of EMFs from overhead power lines showed evidence of an increase in radioactivity in the air around the source.

The scientists believe that domestic electrical equipment like hair dryers and ovens is unlikely to cause health problems because the effects occur only very close to conduits like power cables and wires. The scientists argue that the principal effects will be around major sources of electromagnetic fields, such as overhead power lines, and they recommend further research.

Meanwhile, "epidemiological and geographical studies have suggested an association between alpha particle exposure via radon and occurrence of leukemia, brain tumors and kidney cancer, especially in children," the scientists write in their paper.

The NRPB and the Electricity Assn., a trade organization representing the electricity generating, transmission and supply companies in the United Kingdom, have not changed their advice in light of the new research.

"New claims of a risk to health linked between radon and electric and magnetic fields are unsubstantiated," the Electricity Assn. said in a statement last month.

"No research to date has provided an effective basis for recommending restriction of EMF exposures. The U.K. advisers on radon and EMF, the National Radiological Protection Board, have dismissed Professor Henshaw's research as implausible," said David Jeffers, a consultant to the Electricity Assn.

"They do not recommend any change to the electricity industry's operating practices or the everyday use of electricity by customers."

The Electricity Assn. noted that the industry is contributing £3.8 million ($5.8 million) to a national survey of childhood cancer by the U.K. Co-ordinating Committee on Cancer Research, which is examining several possible causes of cancer, including radon.

The NRPB argues that the researchers are muddling two health issues. It says that the increased likelihood of radon decay products sticking to objects in electric fields is a well-known phenomenon. One result of that, it said, is that exposure to radon is actually reduced because fewer radon products will remain in the air.

The Bristol researchers, the board argues, offer "no credible explanation" for why radon product inhalation would increase. "The theory is implausible. The weight of evidence would suggest the presence of electric fields will, if anything, slightly reduce human exposure to radon."

There is some evidence for an EMF-cancer link, the board said, but neither the Bristol study nor earlier ones showed EMF caused cancer. "There is no convincing evidence that the electric and magnetic fields generated by overhead power lines or electrical apparatus are harmful to health," it concluded.

Despite the reaction from the U.K. electricity industry, Mr. Henshaw's work likely will be studied by risk managers, insurers and lawyers worldwide, in the face of continuing litigation related to EMF.

Even if the new theory is found credible, however, liability may still be hard to prove, according to one London liability underwriter.

Lloyd's of London underwriter Bob Wallace noted that Mr. Henshaw's theory introduced the possibility that the cause of cancers associated with EMFs actually are the pollutants in the air, rather than the EMFs themselves.

Mr. Wallace, whose syndicate 386/683, managed by Janson Green Ltd., still offers EMF coverage to electricity-related industries, points out that underwriting already is tightly controlled. EMF exposures are written on a claims-made basis with an aggregate limit of indemnity. BI

Stern warning issued for P&I clubs' future

Premiums too low to cover future claims, S&P says

By EDWIN UNSWORTH

LONDON—Protection and indemnity clubs could face liquidity problems in the future because they are not charging shipowners enough to cover the higher risk of claims associated with increased world shipping traffic, a new report warns.

New York-based rating agency Standard & Poor's Corp. cautions in its 1996 Marine Mutual Report published last month that the failure of the shipowners mutuals to seek higher premiums from their members now likely means poorer underwriting results and hefty contributions in the future to make up any shortfall.

Reserves are necessary to 'cushion the impact of claims growth' as sea trade expands, S&P's report says.

P&I clubs can call on their shipowner members to make supplemental contributions to cover unanticipated losses from prior years.

The report, which the rating agency publishes annually, warns this could cause problems for third-party claimants because a shipowner's inability or unwillingness to meet a supplementary call for contributions from its P&I club could lead to insurance coverage being retroactively withdrawn.

That could leave the third party with a claim against an uninsured shipowner.

S&P said a particular worry at this time is that competition between the various P&I clubs for shipowner members will result in member calls that are not high enough to allow the clubs to build an adequate level of reserves.

"These reserves are particularly necessary now to cushion the impact of claims growth as trade by sea continues to expand," said S&P.

The S&P report said the recent lull in world shipping claims is coming to an end and P&I clubs' results will decline toward the end of the century, making it an inopportune time for the shipowner mutuals to be weakening their reserves.

The report organizes 16 members of the International Group of P&I Clubs and two non-International Group mutuals into three categories according to their anticipated need to make supplementary calls on members to meet claims.

On the favorable side, it said the number of clubs deserving its highest ranking of three flags—which indicates a lower than average risk of unanticipated funding shortfalls—rose to six clubs in 1995 from five in 1994 (see chart).

Eight clubs, down from nine in 1994, received the two-flag ranking, which suggests an average risk of unforeseen funding shortfalls.

The change in rankings reflects S&P's raising of The Standard Steamship Owners P&I Assn. (Bermuda) Ltd. and The Standard Steamship Owners P&I Assn. Ltd. to three flags from two flags, and the lowering of The Shipowners Mutual P&I Assn. (Luxembourg)'s ranking to two flags from three.

The number of insurance companies in the one-flag category, signifying a greater than average risk of unforeseen supplementary funding, remained unchanged at four.



GRAPHIC BY JOHN HALL

The report says P&I clubs generally have recovered from four years ago when poor rating of risks and weak reserving led to hefty supplementary calls on club members.

•

Single copies of the 1996 Marine Mutual Report are available from S&P either in the United States or in Britain.

Call or write Dorothy Hemmingway, Standard & Poor's, 25 Broadway, New York, N.Y. 10004; 212-208-1759. The cost of the report is $650. Or call or write Lisa Nathan, Insurance Rating Service, Standard & Poor's, Garden House, 18 Finsbury Square, London EC2M 7BP; 171-826-3581. The cost of the report is £375.

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Allianz executive dies

Wolfgang Schieren, supervisory board chairman of Allianz A.G. Holding, has died at the age of 68.

Under his leadership, Allianz became Europe's largest insurance group. As chief strategist of the company's global expansion, Mr. Schieren is credited with making foreign business a key growth factor.

At the time of his death on Feb. 24, Allianz's group premium volume had reached 70 billion DM ($47.77 billion), rising from 3.4 billion DM when he began in 1956. The share of foreign business grew to 48% from 3%.

From 1971 to 1991, as management board chairman, Mr. Schieren led Allianz to world ranking with key acquisitions, including Italian RAS-Group in 1984, the British Cornhill-Group in 1986 and holdings in French Rhin+Mosel Group in 1989.

Once it had became clear Germany would be reunified, Mr. Schieren negotiated a takeover deal for East Germany's insurance monopoly.

In the United States, Allianz became a major player with the acquisition of California-based Fireman's Fund Insurance Co.

In 1991, Mr. Schieren retired as management board director to assume the position of supervisory board chairman. His successor will be Klaus Liesen, management board chairman of energy group Ruhrgas A.G. and a member of Allianz's supervisory board.

—By Don Lewis Kirk

INTERNATIONAL

Results

Continued from page 55

goes through the cyclical downturn. Half of group premium and half of profit come from outside the United Kingdom.

In U.K. non-life insurance, CU's premium volume fell 11.6% to £1.52 billion from £1.72 billion (to $2.36 billion from $2.69 billion), and pretax profit slipped 8.4% to £229 million from £250 million (to $355.6 million from $391.2 million) because of stiff competition and increased weather-related claims. Underwriting profit dropped 80.6% to £18 million in 1995 from £93 million (to $27.9 million from $145.5 million) in 1994.

However, in the United States, CU's non-life premiums improved 5.7% to £1.11 billion ($1.72 billion), reflecting premium increases in both personal and commercial lines, and profit to £59 million from £53 million (to $91.7 million from $82.9 million), helped by higher investment income. However, underwriting losses in the United States worsened by 12.2% in 1995, reaching £101 million ($156.8 million), after a 19% rise in catastrophe claims.

Mr. Carter stressed that, given the depressed state of the U.K. insurance market, CU sees future growth opportunities in overseas expansion through organic growth or partnership ventures. Likely target areas would be the Far East, Eastern Europe and the United States, he said.

Royal Insurance Holdings P.L.C. continued the form by reporting improved overall profitability on the back of overseas earnings.

Operating profit before tax rose to a record £439 million ($681.8 million) in 1995 from a restated £414 million ($647.9 million) in the previous year. The United Kingdom accounted for 61.3% of Royal's pretax operating profit last year.

Royal reported a £4 million underwriting loss ($6.2 million) on its U.K. non-life insurance operations, compared with a £115 million underwriting profit ($180 million) in 1994.

It blamed the deterioration on a doubling of subsidence and weather losses.

In the United States, Royal's pretax operating profit rose dramatically to £77 million ($119.6 million) from £6 million ($9.4 million) after a reduction in underwriting losses to £112 million ($173.9 million) from £181 million ($283.3 million). The improvement was attributed to a lower level of weather and catastrophe losses and an improvement in the underlying loss ratio.

Yet another insurer to see improved 1995 results on the back of its U.S. business was General Accident P.L.C. The Perth, Scotland-based insurer reported 1995 pretax operating profit of a record £436 million ($677.1 million), edging up 0.46% from a restated £434 million ($679.2 million) in 1994. Non-life premium volume in both personal and commercial lines reached £4.41 billion ($6.85 billion), 3.8% higher than last year's £4.25 billion. The overall improvement was also helped by a 20.3% rise in life underwriting profit to £71 million ($110.3 million).

General Accident's U.S. premiums improved 2.4% to £1.28 billion ($2.54 billion), but underwriting losses were slashed 41.1% to £66 million ($102.5 million). General Accident Chief Executive Bob Scott said the 1995 U.S. combined ratio of 100%, an improvement from 103% in 1994, was the best since 1988.

Walter Farnam, General Accident's chief executive officer for the United States, said that having finally moved into underwriting profit in the final quarter of 1995, "We look for further progression quarter per quarter in 1996." He said General Accident's strong improvement was helped by cutting back on unprofitable lines, such as involuntary business on the large personal auto account and certain property lines, and concentrating more on profitable areas such as midsize commercial accounts and inland marine business.

General Accident was the only one of the major U.K. insurers to show a domestic underwriting profit last year, though at £92 million ($142.9 million), it was well below 1994's record £200 million ($313 million). Mr. Scott said the deterioration resulted from fierce competition and £40 million ($62.1 million) of claims from burst pipes in last December's freeze, though both personal and commercial line portfolios were profitable.

Mr. Scott said General Accident is interested in expanding—by acquisition or internal growth—in continental Europe, which currently accounts for about 5% of its worldwide premiums. France and Germany would be potential areas for expansion, he said.

However, despite the relatively good 1995 figures, the market is not expecting further improvement in 1996.

Guardian said it sees tough market conditions continuing for "the next year or two." Like the other U.K. insurers, it said it remains determined to underwrite for profit rather than market share.

"We're managing on the basis that there will be a steady decline of profit in the U.K." and "more challenging trading conditions" in many of our major markets, General Accident's Mr. Scott said.

Both CU and Royal stressed the importance of their international diversity in shielding them from the vagaries of economic, political and insurance risks in any one market.

Securities firm SBC Warburg said that the "soft landing" experienced by U.K. insurers last year will not be repeated in the "very competitive market environment" of 1996. It forecasts in its February review of the U.K. insurance sector that while "modest" premium growth can be expected, underwriting margins will fall by some 7 percentage points.

Commercial lines pricing is deteriorating in all markets, according to Warburg in its report, "Final Results Preview 1996 Sector Outlook."

It also forecasts consolidation in the U.K. insurance market and says recent insurance deals in the United States, such as that between Travelers Corp. and Aetna Life & Casualty Co. (*BI*, Dec. 4, 1995), have shown the potential cost savings that can be made through maximizing economies of scale.

The U.S. market, which represents 22% of U.K. general insurers' business "remains extremely competitive, particularly in lines such as private auto and workers' compensation, which reached its cyclical peak in 1995," the Warburg report says. BI

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Do not contact the Corporation directly.

REQUEST FOR PROPOSALS

NOTICE INVITING PROPOSALS

The City of Los Angeles is seeking the services of firm(s) or individual(s) experienced in Workers' Compensation technical training for its Workers' Compensation Program.

Those firms or individuals interested in contracting with the City may obtain a copy of the Request for Proposal by calling (213) 847-9040. Copies are also available in Room 210, 700 East Temple Street, Los Angeles, CA 90012. All proposals submitted must conform to the Request for Proposal provided by the City. Proposals are due on April 8, 1996, no later than 5:00 p.m. Interested parties are also invited to attend a Proposer's Conference on March 15, 1996, at 9:00 a.m. in Room 115B, at address listed above.

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REQUEST FOR PROPOSALS

NEW YORK CITY HOUSING AUTHORITY

PUBLIC NOTICE

—INVITATION FOR BID—

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The New York City Housing Authority ("NYCHA") requests Proposals from qualified **INSURANCE CARRIERS** for Primary/Excess General Liability Insurance coverages.

Coverages are to become effective **June 1, 1996.**

Proposals shall be made in the format included in the Invitation For Bid packet containing instructions, specifications, and detailed submission requirements. Packets may only be obtained by calling NYCHA's **Insurance Consultant Sedgwick James, Inc., 1285 Avenue of the Americas, 37th Floor, New York, NY 10019, at (212) 830-1189.** In order to be eligible, completed bid proposals **must be received by 4:30 PM on May 1, 1996.**

All inquiries for additional information regarding the Invitation For Bid are to be directed in writing, to **Robert Mazzaro, Vice President, Sedgwick James, Inc.,** at the aforementioned address/phone.

NYCHA IS NOT SOLICITING QUOTES FROM BROKERS

Rudolph W. Giuliani, Mayor
Rubén Franco, Chair

LEGAL NOTICE

LEGAL NOTICE

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

IN THE PETITION OF PAUL ANTHONY BRERETON EVANS AND RICHARD CLAUDE BOYS-STONES, AS JOINT PROVISIONAL LIQUIDATORS OF THE ORION INSURANCE COMPANY PLC AND THE LONDON AND OVERSEAS INSURANCE COMPANY PLC (THE "COMPANIES")

Case Nos. 94-B-44968 (SMB) and 94-B-44969 (SMB) Jointly Administered

NOTICE IS HEREBY GIVEN that on February 22, 1996 an order was entered by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") continuing the Preliminary Injunction Order originally issued on March 14, 1995 (the "Order"):

1. Enjoining and restraining all persons and entities from (a) transferring, relinquishing or disposing of any property of the Companies in the United States, or the proceeds of such property, to third parties; (b) commencing or continuing any action or other legal proceeding (including, without limitation, arbitration, or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever) against the companies or any of their property in the United States, or any proceeds thereof; (c) enforcing any judicial, quasi-judicial, administrative or regulatory judgment, assessment or order or any arbitration award, and commencing or continuing any act or any action or other legal proceeding (including, without limitation, arbitration, or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever) to create, perfect or enforce any lien, set-off or other claim against the Companies or any of their property in the United States or any proceeds thereof, including, without limitation, rights under reinsurance contracts; and (d) drawing down any letter of credit established by either of the Companies, or withdrawing from, setting off against, or otherwise applying property that is the subject of any escrow agreement or similar arrangement in which either of the Companies has an interest, in excess of what is expressly authorized by the terms of the contract and any related trust or other agreement pursuant to which such letter of credit, escrow, or similar arrangement has been established;

2. Requiring all persons and entities that are beneficiaries of letters of credit established by either of the Companies, or parties to any escrow or similar arrangement in which either of the Companies has an interest, to (a) provide notice to Petitioners' United States counsel of any drawdown on any letter of credit established by either of the Companies, or any withdrawal from, setoff against, or other application of property that is the subject of any escrow agreement or similar arrangement in which either of the Companies has an interest, together with information sufficient to permit the Petitioners to assess the propriety of such drawdown, withdrawal, setoff, or other application, including, without limitation, the date and amount of such drawdown, withdrawal, setoff or other application and a copy of the agreement pursuant to which any such drawdown, withdrawal, setoff or other application was made and provide such notice and other information contemporaneously therewith; (b) turn over and account to the Petitioners for all funds resulting from such drawdown, withdrawal, setoff, or other application, in excess of what is expressly authorized by the terms of the contract, any related trust or other agreement pursuant to which such letter of credit, escrow, or similar arrangement has been established;

3. Requiring every person and entity that has a claim arising under a contract of insurance, reinsurance or retrocession written or entered into by either of the Companies and who is a party to any action or other legal proceeding (including, without limitation, arbitration, or any judicial, quasi-judicial, administrative or regulatory action, proceeding or process whatsoever) in which either of the Companies is named as a defendant, to place the Petitioners' United States counsel on the master service list of any such action or other legal proceeding and to take such other steps as may be necessary to ensure that such counsel receives (a) copies of any and all documents served by the parties to such action or other legal proceeding or issued by the court, and (b) any and all correspondence, or other documents circulated to parties named in the master service list.

The Order shall remain in effect pending the hearing scheduled to be held in Room 621 of the Alexander Hamilton U.S. Custom House, One Bowling Green, New York, New York on June 20, 1996 at 10 o'clock a.m. before the Honorable Stuart M. Bernstein, without prejudice to the right of any party in interest to seek relief prior to that date upon appropriate notice and hearing. Any party in interest who has not received a copy of the Order should contact counsel for the Joint Provisional Liquidators in writing at the address listed below.

Chadbourne & Parke LLP
30 Rockefeller Plaza
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Attention: Kenneth P. Coleman, Esq.

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

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Gingrich

Continued from page 2

way health care operates and even Superfund.

Although the speaker did not go into the specifics of the House health reform bill, he said that it would be "parallel" to a Senate bill sponsored by Senate Labor and Human Resources Committee Chairman Nancy L. Kassebaum, R-Kan., and Sen. Edward M. Kennedy, D-Mass. (*BI*, Feb. 12). That bill is scheduled for full Senate consideration within the next two months.

The Senate bill, S. 1028, would among other things: limit to 12 months the time a group health plan could deny coverage for a pre-existing condition, with the limit offset by the amount of time the beneficiary was covered under another plan; bar any pre-existing medical condition exclusion for the first 12 months of life; permit employees who become disabled while receiving benefits under COBRA to extend coverage for an additional 11 months; and require employers to tell employees the name of entity that funds their group health plans.

Rep. Gingrich predicted that there will be a "major breakthrough" this year after the House bill becomes public. Passage of the measure "will take a tremendous amount of anxiety" out of the lives of middle-class workers, he said.

Curbs on pre-existing conditions and improved portability of benefits were not the only reforms on the speaker's mind. As he has previously, he endorsed the idea of medical savings accounts, saying that such accounts—which the Clinton administration strongly opposes—would encourage individual responsibility for health care decisions.

He also told his audience that situations described as health care problems are often truly societal problems stemming from such factors as illegal drugs and violence. He said that scaling back potential liability for both medical malpractice and defective products, both initiatives that he said President Clinton would oppose, would help solve health care problems. Reduction of the capital gains tax would encourage investment in biomedical technology firms and thus improve health care options, he added.

The speaker also engaged in one of his favorite hobbies: futurism.

Molecular medicine, which the speaker believes will revolutionize medicine in the next decade, will lead to a "profound rethinking" of how human biology works, he said. This means that society will have to answer a basic question: How do we re-educate a generation of doctors to deal with this change?

"Telemedicine is going to change everything," Rep. Gingrich also predicted. The use of online data bases and diagnoses "offers all sorts of potential to move the right patient to the right treatment at the right time," he said. However, he added that telemedicine will raise all sorts of new legal questions, notably exactly who is liable if something goes awry.

Rep. Gingrich also addressed, albeit briefly, another concern of his that had little direct connection with his audience—Superfund reform. Superfund "is a case study of Washington bureaucracy failing," he said. He said he still thinks reform can be achieved this year.

Only a few hours earlier, another House member involved in the Superfund debate had been a little less optimistic about 1996.

"I'd have to say there's probably only a 50/50 chance," Rep. Rick White, R-Wash., said at a National Assn. of Independent Insurers seminar in Arlington. Va.

Rep. White, a member of the House Commerce Committee, which is expected to vote on reform legislation during the next few weeks, said that Democrats appear to have decided that the environment will be an important campaign issue this fall and thus do not wish to give the GOP a victory on Superfund.

Rep. White said he hopes that if reform fails this year, the next Congress will closely scrutinize all environmental laws and develop a consensus on environmental protection. BI

New philosophy: Start on right foot

By ROBERT KAZEL

WASHINGTON—Two recently merged managed care trade associations are hoping to curb criticism of health maintenance organizations in part through a "philosophy of care" issued last week.

The first words of the infant organization—the American Assn. of Health Plans, which consists of about 1,000 HMOs, point-of-service plans and preferred provider organizations formerly in the Group Health Assn. of America or the American Managed Care & Review Assn.—spoke almost nothing of managed care's efficiency or cost control. Instead, the philosophy reads remarkably like a bold consumer manifesto.

The move is a strategic one in light of mounting criticism in the press over HMOs, a spokeswoman said. The credo is to be the foundation of a public relations campaign for managed care plans.

Excerpts include:

- "Patients should have the right care, at the right time, in the right setting."
- "All health care professionals should be held accountable for the quality of the services they provide and for the satisfaction of their patients."
- "Patients should have a choice within their health plans of physicians who meet high standards of professional training and experience.
- "Health care decisions should be the shared responsibility of patients, their families and health care professionals, and we encourage physicians to share information with patients on their health status, medical conditions, and treatment options."
- "Consumers have a right to information about health plans and how they work."
- "Working with people to keep them healthy is as important as making them well. We value prevention as a key component of comprehensive care."
- "Access to affordable, comprehensive care gives consumers the value they expect and contributes to the peace of mind that is essential to good health."

Those at the first policy meeting last week also agreed to form national business advisory and consumer committees to advise the group on health care issues.

Ruling favors health insurers

ERISA pre-empts benefit plan misrepresentation suits

By MICHAEL SCHACHNER

BOSTON—Lawsuits alleging that insurers violated state law by misrepresenting what an employee benefits plan would cover inevitably require an interpretation of benefit plan terms and are thus pre-empted by ERISA, Massachusetts' highest court has ruled.

Ultimately, the ruling could save health insurers millions of dollars in damages, says a lawyer for the two insurers involved in the Massachusetts case.

Had the Massachusetts Supreme Judicial Court not overturned a state appeals court ruling that the Employee Retirement Income Security Act did not pre-empt state law misrepresentation claims, courts in other states could have used it as guidance in determining whether to hear suits alleging improper coverage denials, misrepresentation of benefits and breach of contract, said Nancy G. Ross, of McDermott Will & Emery in Chicago.

When state court juries are allowed to hear such claims, outcomes are unpredictable and punitive damages often are assessed, said Ms. Ross, who represented Fort Dearborn Life Insurance Co. and Portland, Maine-based UNUM Corp. ERISA, which pre-empts all state laws insofar as they "relate to" benefit plans, does not allow punitive damages.

"It's not uncommon to get $1 million in punitive damages or more on state common law claims," she said. "And, while Massachusetts wouldn't be legal precedent for another state, state courts do look to other state high courts for guidance, and if they were to see that something like this was not pre-empted by ERISA, the ball could get rolling and a domino effect could follow."

The Massachusetts suit was brought by Marguerite Kelly, a former human resources professional with Mayfield Heights, Ohio-based NAACO Industries Inc., who negotiated that company's long-term disability insurance program with Fort Dearborn. The plan was reinsured by UNUM.

Two weeks after the plan went into effect at NAACO, Ms. Kelly filed a claim for mental illness. Fort Dearborn denied the claim, citing a pre-existing condition exclusion. Ms. Kelly sued, claiming a Fort Dearborn sales representative promised her that the pre-existing condition exclusion would be waived.

A trial judge dismissed the suit in 1993, citing ERISA pre-emption. On appeal, the ruling was reversed based on a 1994 Supreme Judicial Court ruling that found that ERISA did not pre-empt a state law claim that an employer had misrepresented the existence of insurance to someone not actually covered by its plan. Because that suit did not seek benefits under a plan and was based on a misrepresentation regarding the existence of a plan, the court allowed the suit to be brought in state court.

But, in reversing the appeals court, the state high court said: "The claim here that the ERISA plan should have, but did not, provide particular coverage as the insurer promised. Such a claim relates to the employer's ERISA plan, and state law claims in such cases are pre-empted."

"This shows that it all depends on whether you're litigating in state or federal court," said Ms. Ross. "As a matter of course, the first thing I do when I defend a state common law claim is file to have it removed to federal court. The second thing is to file for ERISA pre-emption."

That could become impossible if S.B. 1101, the Federal Court Improvement Act of 1995, becomes law. Introduced last year by Sens. Orrin Hatch, R-Utah, and Howell Heflin, D-Ala., the bill would prohibit the removal of state common law claims to federal courts. The Senate Judiciary Committee has not acted on the bill.

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Kelly vs. Fort Dearborn Life Insurance Co., Supreme Judicial Court of Massachusetts, Feb. 8, SJC-06814.

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Aon establishes alternative financing unit

CHICAGO—Aon Risk Services Inc. has formed a new unit, Aon Risk Resources-Midwest, to create and service group purchasing arrangements and other alternative financing programs.

Cynthia L. LaMantia, executive vp, will direct the new entity, which is based in Rolling Meadows, Ill.

It will set up and service group purchasing programs for alternative financing, pools, joint purchasing arrangements, joint insurance funds and captives.

Aon Risk Services is a unit of Aon Corp.

Markets

AIG technology unit

NEW YORK—American International Group Inc. has formed American International Technology Enterprises Inc., a new business unit that will market AIG's information processing and network technology services to organizations in the United States and around the world.

John Sterni has been named president of AITE and will report to Lawrence W. English, AIG senior vp-administration. AITE, whose headquarters will be in Livingston, N.J., is a subsidiary of American International Group Data Center Inc.

In addition to serving as president of AITE, Mr. Sterni will continue as chief of staff at AIG's worldwide data center in Livingston. For more information, contact Mr. Sterni at 201-533-3281.

Hartford Re in Munich

LONDON—Hartford Re Co. is establishing a new branch office in Munich, Germany, to expedite expansion of its European business. Christopher C. Genillard, named senior vp of Hartford Re Europe, will head the new office.

The office will work in tandem with Hartford Re's existing London operations, and Mr. Genillard will report directly to John Daly, president of London-based Hartford Re Europe.

Hartford Re is part of U.S.-based ITT Hartford Group Inc. The company has 135 employees worldwide and anticipates writing more than $600 million in net premiums this year.

For more information, contact Mr. Daly at 0171-617-4400.

Kay Granger expands role

DALLAS—Congressional candidate and former Fort Worth Mayor Kay Granger is expanding her insurance agency's reach through an affiliation with Lowndes Lambert of Texas Inc.

The creation of Kay Granger-Lowndes Lambert Insurance means Ms. Granger's firm is expanding beyond personal lines and commercial coverages for small businesses to offer a broader range of business insurance and risk management services to larger companies.

Lowndes Lambert of Texas Inc. and its immediate parent, Lowndes Lambert U.S. Holdings Inc., were created last year as units of the world's 15th largest brokerage, London-based Lowndes Lambert Group Holdings P.L.C. (*BI*, Jan. 8).

"Kay has always sought to provide individual clients with insurance specifically tailored to their needs," said Richard K. Kerr, chief executive officer of Lowndes Lambert of Texas and Lowndes Lambert U.S. Holdings. "Today's medium to large company needs access to a wider range of insurance services at lower cost."

Lowndes Lambert of Texas consolidates the roles of retailer, wholesaler and reinsurance broker, allowing insurance buyers to bypass some of the steps in the insurance transaction and thereby save on fees or commissions.



Genesis acquires PRMS

STAMFORD, Conn.—Genesis Underwriting Management Co., a wholly owned subsidiary of General Reinsurance Corp., has acquired Beachwood, Ohio-based PRMS Inc.

PRMS has been the exclusive underwriting manager for Genesis Insurance Co.'s specialty directors and officers insurance program designed primarily for corporations involved in initial public offerings.

Genesis Insurance Co. will continue to offer D&O liability and entity liability products and services through the PRMS/Genesis unit. For more information on the PRMS/Genesis program or upcoming loss prevention seminars, call 216-766-5416.

New TIG unit

NEW YORK—TIG Holdings Inc. has formed a new entity, Gramercy Park Program Managers Inc., to facilitate the placement of property/casualty programs.

For more information, contact Tom Luckstone, Gramercy's executive director, at 212-702-8501.

DPS changes name

MINNEAPOLIS—Diversified Pharmaceutical Services Inc. has changed the name of its Horsham, Pa.-based mail service company to Diversified Prescription Delivery.

Diversified Pharmaceutical Services, a SmithKline Beecham P.L.C. subsidiary, acquired what was formerly called Prescription Delivery Systems in February 1995.

New offices

Hewitt Associates L.L.C. has opened a new office at 1751 Pinnacle Drive, Suite 400, McLean, Va. 22102; 703-821-7400; fax: 703-821-7978.

RLI Corp. has opened a lenders single interest insurance office in Columbus, Ohio. The office will be headed by David G. Juredine, who has spent 22 years working with lenders single interest insurance, which protects the installment loan collateral of financial institutions. For additional information, call Mark Dirkschneider at 614-840-0725.

Sedgwick James Inc. has moved its Western corporate headquarters to Seattle. The new address is 2101 Fourth Ave., Suite 1700, Seattle, Wash. 98121-2344. The main telephone number is 206-269-2301 and the fax number is 206-269-2304. BI

TIG

Continued from page 1

tralized at four locations, with commercial lines in Dallas; personal lines in Battle Creek, Mich.; reinsurance in Stamford, Conn.; and excess and surplus lines in Phoenix.

TIG officials also said they hope to shed accounts with high loss frequency, which require extensive claims administration services, to focus more on risk severity. But the company could continue to insure some of those accounts or move back into markets when it is profitable to do so by outsourcing claims administration functions to brokers and third-party administrators.

According to the 1995 edition of Ward's Results compiled by Ward Financial Group, cost-cutting is necessary. For 1994, TIG had an underwriting expense ratio of 33.1%, compared with an average ratio of 29.9% for its industry peers. The company had a combined ratio of 109.7% vs. 109.5% for its peers, and total expenses as a percentage of net premiums written were 51.3%, compared with 43.8% for its peers. Ward's also reported a 4.2% return on equity for 1994. The statutory surplus for all of TIG Holdings for 1995 was $952 million, TIG says.

TIG will maintain customer service levels by informing employees during the restructuring process so that morale does not wane, Mr. Hutson said. He said most employees are stockholders and several of the 550 who face layoffs could still be at TIG a year from now because the changes will be gradual. "Any time you go through a restructuring, there is some disruption in the process," Mr. Hutson said. "But we have to make certain that all of our management personnel, all of our technical people are fully oriented and fully understand why we are doing it and fully buy into it. That process is going on as we speak."

The layoffs do not involve customer service personnel and will eliminate back-office duplication expected to occur when specialty commercial insurance and workers compensation divisions are combined into a commercial specialty programs division.

Mr. Hutson said he has met personally with about 25% of the brokers whose clients face non-renewal. "We're not talking about a large number of brokers or agents," he said. "But, every agent or broker that is impacted where we are going to non-renew, there will be someone from our underwriting/sales marketing operation in front of them within the next three weeks."

Mr. Hutson said TIG will explain to the agents and brokers a host of actions, from "exactly how we will manage the runoff, to normal expiration to where there can be an orderly transfer to a market that has an appetite for those types of (accounts)."

TIG has reduced agent and broker relationships to 200 from 3,500 since spinning off from Transamerica Corp. in 1993, Mr. Hutson said.

Brokers say they are already talking with other insurers about accounts currently placed with TIG, even though they have not been notified specifically which policies will face non-renewal.

Soft market conditions are expected to make it easy to find new insurers and limit potential disruptions.

Sedgwick James Inc. has been talking with another insurer about three "very large risk management accounts" that are using TIG as a fronting company for their captives, said Shelley Yim, Sedgwick director of insurer relations for Southern California, based in Los Angeles.

One of the accounts is based in Texas and the other two are in California. None has been notified it will face non-renewal, but all are shopping, Ms. Yim said.

The difficulty will be obtaining similar terms and conditions because TIG acquired that business relatively recently, since late 1993. In its eagerness for market penetration, TIG probably offered better terms than did insurers established in that line, she said.

"I just want to make sure we can match the terms and conditions so that the client does not suffer," she said. "The market is still soft, and I think there is certainly enough competition out there that we can get it done."

But moving in and out of markets can diminish reputation.

"They jumped into San Diego and made a commitment to (workers) comp, and six months later they were out of it," Ms. Yim explained. "They made a commitment to middle-market business and then they left."

Ms. Yim said she spoke candidly in a recent discussion with a TIG sales director. "I said, 'You guys are now saying you are reorganizing, and obviously Sedgwick is familiar with that process.' I said, 'It's going to be tough for people to buy into your reorganized status because you guys have had so many changes.' "

But risk managers are braced for more industry consolidation, she explained.

"Like when we went through our reorganization, clients are supportive," she said. "It isn't anything (clients) haven't had to do because of the economy in terms of looking at what areas you are profitable in and what areas you are not profitable and divesting yourself of those.

"They are not overly concerned. It is not like they built up such a long-standing relationship with (TIG) because they have only been doing it for such a finite amount of time. (Customers) are looking at it as, 'Well, just find someone to replace them.' They are not jumping up and down. I have not had clients calling and screaming at me that you placed me with this carrier that is going out of the industry."

Risk managers must now build insurer consolidation into their contingency planning, said Karen Banks, director of risk management for Shaklee Corp., a San Francisco-based home products manufacturer.

"You kind of learn to bend with the wind somewhat because there has been a lot of fluctuation with all the acquisitions and such," she said. "Like with employer/employee relationships, it's an at-will situation and you can't always count on that job being there tomorrow. It's kind of the same way with the insurance market right now."

Shaklee has a TIG primary general liability policy for a large automobile fleet and umbrella coverage for its other lines. TIG informed Shaklee last week that it would not renew the three-year auto policy when it expires in October 1997, but Ms. Banks said Shaklee plans to renew the umbrella policy with TIG because the insurer is keeping its commitment on the auto policy until its expires.

TIG officials are not alone in the need to assure agents and customers that their accounts are secure and service levels will remain adequate.

Poe & Brown Inc. has placed two large program accounts with TIG. One is for car dealerships and the other for tow-truck operators, said John Hester, executive vp of the broker's national programs division in Tampa, Fla.

They are the types of accounts TIG hopes to grow and Poe & Brown wants to keep them profitable by maintaining a long-term relationship with the insurer. A negative impact is not expected, but market rumblings make it good business sense to be aware of other potential insurers, Mr. Hester said. And, because Poe & Brown acts as a managing general agency on some of the accounts, there is also a need to inform the agents they still fit into TIG's future.

"We really have to be on top of it," Mr. Hester explained. "We can't leave our agents guessing. We will get something out to them very shortly. In fact, with all the changes going on, when (Transamerica) went to TIG two years ago they gave us pretty good information pretty fast so that we could get it out to the agents, and I would expect them to do that this time. In fact, we were given the release before it was released publicly."

Marvin Shulman, a senior vp with A.M. Best Co. in Oldwick, N.J., said he thinks producers are recognizing that companies are making such moves to become more profitable and efficient. In the long run, these moves will result in fewer but more stable insurers, he added.

But some customers are still angry about TIG's past retrenchment from markets.

John Andreini, chairman of San Mateo, Calif.-based Andreini & Co., fumes about several workers comp accounts his brokerage formerly placed with TIG.

For him, the fallout started in November 1994, when a client with a workers comp policy generating $5 million in premium decided to seek bids for the first time in about four years, Mr. Andreini said. The account had been with Transamerica and then TIG for about five years, and the account's loss ratios never exceeded 40%. Yet, TIG came back with the highest bid.

"If they were within 15% of the average quotation, we would have given it to them," Mr. Andreini said. "They (the customer) was very disgusted. They just threw the account out the window. We had millions of dollars of business with them. We just quit it over six months."

There could also be some new winners resulting from TIG's desire to shed itself of employees and building overhead.

Officials at Keenan & Associates, a brokerage and TPA in Torrance, Calif., said they have been talking with TIG about outsourcing workers comp claims for the insurance company.

"They realize that the more employees you have, the more problems you have," said Dick Stewart, executive vp for Keenan & Associates. "And that if you can get yourself in a position where you are a pure risk-taker and not have to manage a large, unwieldy staff, you will make more money."

Such arrangements could make it cost-effective for TIG to move back into markets, Mr. Hutson said. BI

Mental

Continued from page 1

cago, agreed any problems are isolated. "There have been situations where there have been problems because the quality hasn't been acceptable to any reasonable norm, but I tend to think that certainly is the exception more than the rule. In the fervor to decrease costs there's been some shortcuts taken, some corners that have been cut," but the change has been "for the better."

Psychologists and others, however, say managed care advocates are too focused on the bottom line.

"I think employers are too interested in saving money in the short run and don't have the knowledge or interest in the mental health of their employees to make decisions that help the interests of their employees in the long run," said Dr. Frederic Schiffer, a Harvard psychiatrist.

Too often, managed care mental health contracts are negotiated with insufficient dollars to cover the employee's needs, said Mary Hurtig, the director of policy for the Philadelphia-based Mental Health Assn. of Southeastern Pennsylvania.

"There's sort of a perception that people's mental health treatment is not as critical as cancer or any of the physical ailments," she said.

Managed care has a place in containing cost, "but we have seen repeatedly that managed care utilization reviewers and managed care companies have overstepped their bounds, in an effort to discourage people from getting treatment, to put up roadblocks to accessing appropriate care, and in general to reduce costs by preventing access, and that's not what it's supposed to be about," said Dr. Daniel Abrahamson, director of professional affairs for the Connecticut Psychological Assn. in East Hartford, Conn.

But managed care advocates charge these providers have their own financial incentives at work here as well.

"There's no question that managed care companies, in order to market themselves to employers, have been vastly more focused on achieving cost savings than quality of care," said Dr. Patricia Armstrong, vp and manager of employee assistance services at Wells Fargo & Co. in San Francisco. "At the same time, I think providers for a long time have been completely unrealistic about there somehow being insurance dollars that were a bottomless pit. Managed care wouldn't be around if providers had really been looking at how you would achieve good treatment outcomes in a cost-effective way."

"Most of them had gotten used to a very comfortable living from companies," said Helen Darling, manager of health care strategies and programs at Stamford, Conn.-based Xerox Corp., which has a managed mental health care program.

"Let's face it, there's been a for-profit aspect of medical care forever," said Dr. Henry T. Harbin, who is president and CEO of Columbia, Md.-based Green Spring Health Services Inc., a managed mental health care firm, and past president of the Washington-based American Managed Behavioral Health Care Assn., a trade organization. Regardless of whether you are a provider or managed care company, "you have to balance the effects of economic incentives with quality and your own professional ethics," he said.

And, the advantages of managed care outweigh any potential disadvantages, advocates say. For instance, past abuses are disappearing. "I think prior to managed care there was probably more abuse in mental and nervous treatment than any other aspect in the delivery of medicine," said Sedgwick's Mr. Doerr.

"Time and time again" the length of hospital stay and the cost of treatment would "coincidentally" match the available insurance. But once managed care began to look at this issue, both the incidence and length of hospitalizations decreased dramatically, said Mr. Doerr.

Before managed care was introduced at the Xerox Corp., "we were being eaten alive by the cost of mental health care and much of it was not for what most people, including psychologists, would say is serious mental illness," said Ms. Darling.

"At one point, the average number of visits for an individual in regular psychotherapy per year was 60 visits," she said. "That's almost hard to fit in."

In addition, managed care advocates say charges they inappropriately prescribe short-term care are unjustified. "Our view in managing outpatient health care is some people need to be in treatment for years" while others can be treated with five or six weekly visits, said Green Spring's Dr. Harbin.

Observers note also that sometimes diagnosing a mental disorder can be a lot less straightforward than, for instance, using an X-ray to see if someone has a broken leg.

Managed care advocates say, however, the data now being collected by managed care firms is helping to determine the best therapies for particular problems. Collection of this information, they note, was simply not practical in the days when mental health was essentially a cottage industry dominated by small groups or solo practitioners.

"Obviously when you have a situation where the managed care firm makes more if they do less, there's potential for abuse, and that's why outcome measures are very important," said Dr. Martin Lazoritz, president and CEO of Winter Park, Fla.-based FPM Behavioral Health Inc.

Not enough outcomes studies have been completed so far, though. "It's something that's being done at this point in time, and I think managed care companies will increasingly be able to compare outcomes between one company and another, between one type of therapy and another and between therapists," he said. "That's something that will benefit all of us."

Dr. David Whitehouse, corporate medical director for Eden Prairie, Minn.-based MCC Behavioral Care Inc., a CIGNA Corp. unit, which is emphasizing collecting data, said the company is moving toward "self-managed networks where our role is not really to tell providers what to do, but is to share information with the providers so that they can continually improve their process."

Managed care also makes mental health services available to a wider range of people, advocates say. "If it weren't for managed care, I think most employers would severely limit the benefit," said Robin Weiner, a managing consultant with A. Foster Higgins & Co. Inc. in Los Angeles.

With the introduction of its managed care program, for instance, Xerox introduced coverage for residential psychiatric programs, which provides a more relaxed setting than a psychiatric hospital, said Ms. Darling. It would not have done so with the previous "uncontrolled system."

Instead of negotiating a bureaucratic maze, it is easier for an employee to call a mental health provider directly or be referred by a primary care physician because of the availability of "800" numbers, said Cristi Cohn, Phoenix-based principal in the national behavioral health consulting practice of Mercer Inc.

She noted for instance that her own children's pediatrician, who is part of a large, multispecialty office, has a "cheat sheet" of whom to call and is "much more likely to go ahead and say to a parent, or even sometimes to the child, 'If you really don't want to talk to your folks about this, why don't you call such and such?' "

"It seems to be increasing the number of initial contacts," she said.

Better quality of care can also be obtained, said Ron Moreland, chairman and CEO of the Los Angeles-based Managed Health Network. A managed care firm will direct an employee to a qualified therapist based on an assessment of his particular problem, rather than forcing the employee to ask a friend for a referral or looking up a name in the Yellow Pages. BI

Stop-loss

Continued from page 1

funded employers.

They see the state requirements as a back-door way for states to make their plans abide by the same regulations commercial insurers have to follow. Doing that, they say, raises costs and makes it harder to offer uniform benefits in multiple states.

"When you force companies to offer certain benefits. . .you drive up costs and reduce the flexibility employers have in designing their own plans," said Bill Gibson, a vp with benefit consultant Sedgwick Noble Lowndes in Philadelphia.

State regulators say they are not interfering with legitimate self-insurance.

"The purpose of this regulation is to prevent abusive situations in which employers, through stop-loss arrangements, transfer most of the risk to an insurer," said Mr. Bartlett, the Maryland commissioner.

"Regulators do not have a qualm with legitimate self-insurance arrangements," said David Randall, deputy director of the Ohio Insurance Department in Columbus.

The immediate impact of the ruling is limited to small employers that buy stop-loss policies with attachment points below those set by Maryland.

Most larger self-funded use much higher attachment points, though. Employers with at least 500 employees often buy aggregate stop-loss policies attaching between 115% and 125% of claims and specific stop-loss policies that cover claims starting between $25,000 and $100,000. Larger employers' attachment points for aggregate coverage often start at 125% of expected claims, while specific stop-loss policies will cover individual claims of at least $100,000 and often $200,000.

But, many small self-insurers use stop-loss policies with attachment points below the Maryland levels, and the regulation threatened their benefits funding method, lobbyists said.

"This regulation essentially would have eliminated self-funding for employers with less than 100 employees. All employers should have the right to self-fund their benefit plans. But they can only do so if they have access to stop-loss insurance," said George Pantos, Washington counsel for the Self-Insurance Institute of America of Irvine, Calif.

In fact, two of the three small employers that challenged the regulation have attachment points for specific losses well below $10,000.

But, had the regulation been affirmed, it could have had implications for large employers as well.

"If the regulation had been upheld, what's to say that another state might have mandated a much higher stop-loss insurance attachment point? That's why this decision is important: it upholds the general principle that states cannot set stop-loss insurance attachment points for the purpose of converting self-funded plans to insured plans," said Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York.

But the issue is far from settled. Maryland's Mr. Bartlett says the federal decision will be appealed and said he likely will ask the National Assn. of Insurance Commissioners to file an amicus brief.

The NAIC itself last year proposed a model law with a minimum attachment point of $20,000 for specific coverage. Policies with lower attachments would be considered health insurance and subject to state regulations (*BI*, Feb. 5).

In all, about 20 states in some way regulate stop-loss insurance, said the American Legislative Exchange Council in Washington.

Late last year, a Cole County, Mo., circuit judge ruled a state regulation raising the minimum stop-loss attachment point to $10,000 from $7,500 was pre-empted by ERISA. Regulators "illegally" usurped "authority over stop-loss coverages under the guise of regulating group health," the judge ruled.

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American Medical Security Inc. vs. Bartlett, U.S. District Court for the District of Maryland; No. H-95-1463.

Engineer liability costs up

WASHINGTON—Consulting engineers are paying higher premiums for liability insurance, but the industry's growing revenues are making the coverage easier to afford.

Liability insurance costs were 2.42% of annual gross revenues of consulting engineering firms, down from 2.6% in 1994, according to the American Consulting Engineers Council's 17th Annual Liability Survey.

The drop is recorded even though the recently released study shows the average annual premium paid by consulting engineers for the coverage rose almost 16% to $71,386 in 1995.

The figures are taken from questionnaires completed by 985 engineering firms that represent a cross-section of the industry.

Survey respondents were firms that provide services in areas including structural, mechanical, electrical, architectural and civil engineering.

In a trend the ACEC called "disturbing," 97% of the firms surveyed reported that the continuing threat of litigation stifled innovation in the profession.

However, the danger of being sued isn't scaring firms away from business as it has in the past.

In 1994, respondents reported turning down an average of $176,000 worth of billable work because of a perceived threat of litigation. That figure fell to $113,000 last year.

Of the respondents, 193—about 20%—said they resolved a total of 365 legal claims against their companies in their most recent fiscal year. Of those claims, 176, or 49%, were resolved with no payment to the claimant.

—By Michael Bradford

Empire boosts reserves

NEW YORK—Empire Blue Cross & Blue Shield will remain a member of the Blue Cross association, at least for another year, after it increased reserves last year by $71.8 million, or 34%, to $280 million.

New York's largest health insurer, whose revenues fell by about 15% to $4.09 billion in 1995, had been under severe pressure from the national Blue Cross association to bolster reserves. Reserves had fallen so low in recent years—only $40 million in 1992—that Empire almost lost the right to market itself as a Blue Cross member. Empire had been told that if reserves had fallen below $190 million by year-end, it could have lost its Blue Cross trademark.

The insurer attributed its ability to improve reserves to claims cost control initiatives that saved about $100 million in 1995. For instance, an antifraud program yielded $27 million in recoveries.

Empire also cut underwriting losses 6.8% to $97.2 million from $104.3 million in 1994.

Still hampering Empire, however, is the fact that 90% of its 4.8 million members are still enrolled in fee-for-service health plans that are unmanaged. On the positive side, Empire's administrative costs are expected to fall by about 12% this year, in part due to Empire's reduction in staff. The company finished 1995 with 6,554 employees, down 12.6% from 7,497 employees in 1994.

—By Michael Schachner

Lloyd's

Continued from page 2

Ms. Cook charged that Lloyd's violated state securities laws by selling securities in the form of Lloyd's membership to 79 Missouri residents without authority.

Members of Lloyd's are actually buying investments, the Missouri cease and desist order said. "Membership in Lloyd's and participations in Lloyd's syndicates are investment contracts. Investment contracts are securities."

Lloyd's not only recruited members illegally, but it also duped the members by telling them they would make profits when in fact Lloyd's already had huge liabilities, Ms. Cook's order alleges.

"This large and prestigious company clearly took advantage of Missouri investors by leading them to believe that it was on sound financial footing and that over a period of time sustained losses could never occur. But the fact is, Lloyd's was using money from American investors to cover tremendous insurance liabilities it had incurred," said a statement by Ms. Cook, misidentifying the insurance market as a company.

Members in Missouri have lost $17 million at Lloyd's so far and could face estimated future losses of another $63 million, Ms. Cook said.

Throughout the United States, Missouri officials estimate, 2,700 Lloyd's members have lost $170 million and face potential losses of $1.8 billion. The officials are currently negotiating with Lloyd's and may seek compensation for members, Ms. Cook said later in an interview.

In California, state regulators have taken even stronger action.

The California Department of Corporations has filed a lawsuit in Los Angeles Superior Court alleging securities fraud and sought a temporary restraining order prohibiting Lloyd's drawing down on members' letters of credit. The department also is seeking to freeze Lloyd's American Trust Funds and use the $10 billion to repay California members.

Members in California so far have $100 million in Lloyd's losses and likely will be called on to pay another $400 million, the California authorities estimate.

"The department has taken this action to protect the interests of Californians who have been fraudulently induced into investing hundreds of millions of dollars by an operation well aware of the undisclosed and unlimited risks in such investments," Gary Mendoza, the state corporations commissioner, said in a statement.

New York-based Citibank N.A., which is trustee for the LATF, last week requested that the case be removed from California Superior Court to a federal district court.

Even within California state government, that suit has detractors. The insurance department opposes the Department of Corporations' attempt to freeze the LATF, and said it probably will intervene because, if the fund is frozen, Lloyd's syndicates will not pay local insurers' reinsurance claims.

The Surplus Lines Assn. of California also voiced its alarm at the suit. About 30,000 surplus lines policyholders in California may be unable to collect claims payments from Lloyd's if the LATF is frozen, said Chairman Hank Haldeman.

Lloyd's syndicates accounted for 17.5%, or $227 million, of the $1.3 billion in surplus lines premiums in California in 1995, he said.

The Missouri and California actions follow similar allegations by regulators in Illinois, Colorado, Arizona and Ohio. Texas also is considering taking action (*BI*, Oct. 9, 1995).

The regulators' actions likely will carry more weight in the U.S. courts than actions brought by U.S. members of Lloyd's, which largely have failed to get a hearing, observers say.

"Theoretically, a case is a case and there should be no difference in the eyes of the court, but inevitably there is more gravitas to these actions," said David Tiplady, a partner at London law firm D.J. Freeman who represents several Lloyd's members groups.

Hundreds of U.S. members are seeking to sue Lloyd's in the United States rather than London. The members believe they are more likely to succeed in proving their allegations—which include fraud—in U.S. courts, where more extensive discovery is permitted (*BI*, Aug. 28, 1995).

Most judges have refused to hear the cases, saying instead they should be heard in London under agreements signed by the members when they joined Lloyd's. However, at least one member suit has been allowed to proceed (*BI*, Sept. 18, 1995).

If fraud is proven in U.S. courts, the suits could seriously damage Lloyd's reputation and impair its ability to write U.S. business, Mr. Tiplady said.

Also, if the California suit is successful, the future of Equitas and Lloyd's reconstruction program could be jeopardized, he said. Lloyd's would be unable to collect any more cash from U.S. members and funds allotted for Equitas could go to repay members rather than pay policyholders, he said.

The state suits are troublesome, but still they are secondary to the members' litigation and negotiation in London, said David Spector, a partner at Mayer, Brown & Platt in Chicago, who represents insurers.

"The central issue is in London, and that is whether or not the Equitas experiment will succeed," said Mr. Spector.

Over the past several years, Lloyd's entities have settled or lost several suits brought by members.

The London negotiations and litigation will have a stronger bearing on the future of Lloyd's than the U.S. action, agreed Leah Dunlop, a partner at Lovell White Durrant in London who also represents insurers.

The British disputes and negotiations will determine the future structure of Lloyd's, whereas the U.S. disputes more likely will affect Lloyd's "brand name," she said.

"If they don't get the future of Lloyd's sorted out, what's the point in trying to keep the brand name healthy?" Ms. Dunlop asked.

The U.S. litigation does pose serious problems for Lloyd's but is unlikely to overturn the reconstruction plan, said Barry Ostrager, a partner at Simpson, Thatcher & Bartlett in New York who represents insurance companies.

"These cases have a potential for giving rise to unanticipated concerns, but at the end of the day they. . .will ultimately be resolved by judgment and settlement and should not necessarily threaten the viability of the London market or the viability of Equitas," he said. BI

Settle

Continued from page 2

the same respect that it would receive in the courts of the rendering state," explained Justice Clarence Thomas, writing for the majority.

Federal courts must "give preclusive effect to state court judgments approving settlements even if the settlement includes the extinguishment of federal claims," Justice Thomas wrote.

The Feb. 27 ruling turns back a challenge to a 1993 class-action settlement reached in Delaware state court between Matsushita Electric Industrial Co. Ltd. of Osaka, Japan, and shareholders that released the company from all pending state and federal law claims.

Approval of that settlement effectively quashed another suit originally brought in U.S. District Court in Los Angeles by a separate group of shareholders. Those shareholders appealed a federal judge's dismissal of their federal suit to the 9th U.S. Circuit Court of Appeals, which reversed the dismissal on the grounds that dissenting plaintiffs had proved portions of their breach of fiduciary duties claims under federal law.

The company then appealed to the Supreme Court.

Defense and plaintiffs attorneys supported the court's ruling, saying it makes sense in a day when courts are overcrowded.

"This is really a neutral decision that only favors the finalizing of settlements," said Barry Ostrager of Simpson Thatcher & Bartlett in New York, who represented Matsushita. "The ruling is good for the legal system as a whole. It eliminates collateral attacks and is positive for the voice of the state court system."

"I do think it's good for plaintiffs, but what it really does is run counter to any trend toward federalism," said Stanley Chesley of Waite, Schneider, Bayless & Chesley in Cincinnati, who has represented plaintiffs in several high profile class actions. "It affirms the rights of state courts, and frankly, it makes sense."

"It doesn't really benefit either defendants or plaintiffs. What it reflects is a trend of courts favoring the public interest of expediency. It seems as though the courts are basically trying to reduce litigation," said Victor Schwartz, an attorney with Crowell & Moring in Washington.

Future civil rights and employment law settlements could be affected by the new ruling, as could suits under state unfair competition laws and parallel federal antitrust statutes, said Mr. Schwartz.

Beyond securities litigation, the ruling will affect primarily antitrust and tax cases, said Harvey Pitt, an attorney with Fried, Frank, Harris, Shriver & Jacobson in New York.

"This decision reflects a growing concern (among courts) that businesses that attempt to resolve disputes get some sort of finality," said Mr. Pitt. And to allow a state-court settlement to be held up due to federal claims is really a "quirk" in the system that has now been addressed.

Some of the biggest fields of class-action litigation, over products such as breast implants and asbestos materials, will be unaffected.

"The impact on tort cases is zero, but for the types of claims it deals with, it's a solid ruling," said Fred Baron of Baron & Budd in Dallas.

In dissent, Justice Ruth Bader Ginsburg argued that the case should have been remanded to the 9th Circuit for further consideration of objections by some plaintiffs that their due process rights were violated by the Delaware settlement.

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Matsushita Electrical Industrial Co. Ltd. vs. Epstein, U.S. Supreme Court, SC 94-1809, Feb. 27, 1996.

Comp

Continued from page 1

information related to the injury. However, very few used focused performance measurement as a tool to better understand how effective various initiatives are and how to reallocate resources to assume maximum return on investment, Ms. Emery said.

The 32-page report, "Reality Testing: Assessing the Performance of Workers Compensation Cost-Management Initiatives," contains responses from chief financial officers, risk managers, treasurers and heads of human resource departments.

Overall, the survey found that some qualitative performance measures are only seldom used, though they are considered effective by those using them. These include internal incentives such as loss-sensitive allocation programs and bonuses.

Good performance measurement is essential if risk managers and others are going to identify best practices and quantify for top managers the cost-effectiveness of initiatives, the study emphasizes.

Measuring workers comp costs can be quite a challenge. Calculations must be adjusted for the time lag between the reporting of claims and their payment. They must also be changed to reflect external factors—like changes in benefit levels, work force location and medical inflation—that can distort results and lead to misdirected efforts, the study said.

Most people surveyed said they adjust for some external factors as they track their workers compensation costs, including 87% who adjusted for medical fee schedules and another 54% who adjusted for payroll classification.

Employers' emphasis on measuring performance to ensure that improvements continue is emerging after widespread success in holding the line on costs, the survey found.

"Respondents have clearly made great strides in responding to the seeming endless spiral of cost increases that began in the 1980s," Ms. Emery said.

Approximately 71% of those surveyed reported that their workers comp costs have either decreased or leveled off in the past two years, with more than 40% reporting actual decreases.

Respondents, who represent both private and public entities, attribute their success primarily to their own workers comp cost containment initiatives rather than to changes in state regulations or the general economy, she said.

That self-absorbed focus may stem from the fact that many of the employers are self-insured, and therefore have greater direct control over their workers comp costs.

The survey report is the third in a series examining use of 23 cost containment initiatives.

The survey found that at least two-thirds of the respondents are using 12 of 23 initiatives, "reflecting a steady increase from prior surveys."

Between 1993 and 1995, there was a 33% increase in communication with employees, a 23% increase in channeling to preferred providers, and a 22% increase in use of negotiated provider discounts.

The four initiatives with the highest effectiveness ratings were fee schedule compliance checks, rated effective by 92% of those using it; return-to-work programs, 91%; medical bill audits, 88%; and communication with injured workers, 85%.

"Interestingly, the 30% of survey respondents who continue to report increased workers compensation costs are less likely—in some cases, significantly less likely—to use the cost control initiatives than the total group of respondents," Ms. Emery said. "There is a clear correlation between the use of initiatives and real success in controlling costs."

In addition, few respondents report integrating work and non-work-related aspects of data management, claim management, benefit plan design and financing.

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A free copy of "Reality Testing: Assessing the Performance of Workers Compensation Cost-Management Initiatives" is available by calling 800-525-6741.

New math: 1 injury = X Cokes

How bottler drives its comp message home

ATLANTA—The performance measurement program at Coca-Cola Enterprises Inc. is the real thing.

In 1993, the bottling unit of the soft drink company started the program to help cut wage-loss benefit costs.

"We focused on closing claims two years old and older and on implementing a return-to-work program," said Michael G. Hickey, claims administration manager for the Atlanta-based company. "We developed a scorecard based on actual and expected results for each division, based on the prior year's experience."

The scorecard measured the change in the number of open claims two or more years old as well as the new, lost-time accidents. In addition, a new incentive program was designed to get division managers' attention and keep them focused on reducing wage-loss benefit costs.

It worked. Workers comp costs fell 23% from 1993 to 1995.

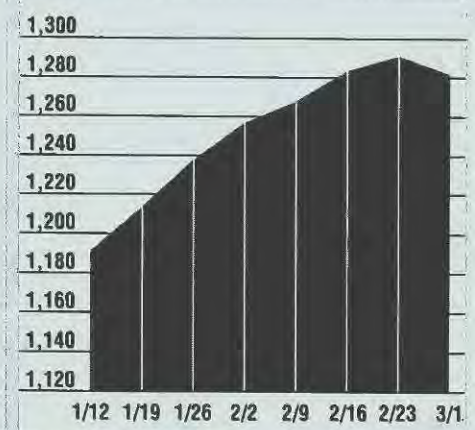
The Coke unit then expanded the scorecard to include an accident prevention initiative. Program benchmarks were set by using each division's own experience as well as industry frequency rates compiled by the Occupational Safety and Health Administration.

The program helped educate employees and managers by giving them a concrete way of understanding the financial impact of a workers compensation claim—it calculated the cost of workers comp in terms of the price of a case of Coke.

The best single thing any employer can do is to translate workers comp costs into production terms, such as cost per unit, said Jenny P. Emery, who is manager in Hartford, Conn., of the risk management consulting practice at Tillinghast-Towers Perrin. For example, a bakery could ask: "How many more loaves do we have to bake for every (workers comp) event that happens?"

—By Meg Fletcher

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc.

PCS catastrophe options

As of March 1

Call spread	Price bid/ask	Call spread	Price bid/ask
Eastern September 1996		**Western Annual**	
40/60	5.4/6	30/50	—/4.8
50/70	4/6	40/60	3.5/4.5
80/100	2.5/4	80/100	1.8/2.5
Southeast Sept. 1996		**Texas June 1996**	
40/60	4/5	10/20	1/1.8

Total volume: 500 Total open interest: 2,220

For information on PCS cat options, call 312-435-3674.
Source: Chicago Board of Trade

British Issues

Feb. 29 Companies	Price pence	P/E	Div. pence	Yield %	1 week high—low
Comml Union	603	11.6*	35.3*	5.9	606—601
Genl Accident	640	9.6*	38.8*	6.1	650—637
Gdn Royal Exch	245	9.1*	11.3*	4.6	248—245
Independent	433	9.6	13.8	3.2	433—433
Royal	378	7.1*	20.0*	5.3	380—374
Sun Alliance	383	8.3	21.3	5.6	386—383
Brokers					
Bradstock	71	11.8*	7.1*	10.0	71—65
Fenchurch	126	8.5*	10.6*	8.4	126—126
CE Heath	167	10.4	12.5	7.5	167—165
JIB Group	101	10.6	9.4	9.3	101—100
Lloyd Thmpson	172	10.6*	11.3*	6.6	172—172
Lowndes Lmbrt	148	8.0	11.0	7.4	148—145
Nelson Hurst	169	11.3	9.5	5.6	169—169
Sedgwick Grp	134	10.5*	8.1*	6.0	143—134
Steel Brt Jones	43	5.4	5.4	13.0	43—42
Willis Corroon	152	13.7*	8.3*	5.5	152—149

Source: Philip Olsen, London * Actual. Others estimated.

BI Industry Stock Report FEB. 26, 1996, THROUGH MARCH 1, 1996

		Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
BROKERS												
Acordia Inc.	NYS	27.875	-1.76	-6.30	33.88	23.50	22	0.8	2.87	17	14.00	1.99
Alexander & Alexander	NYS	18.625	-2.61	-1.97	26.44	18.00	547	0.1	0.54	13	19.17	0.97
E.W. Blanch Holdings Inc.	NYS	25.25	3.06	8.02	25.25	16.50	135	0.4	1.58	19	4.93	5.12
Gallagher Arthur J. & Co.	NYS	39.25	5.72	5.37	39.25	32.50	136	1.16	2.96	15	6.48	6.06
Hilb, Rogal & Hamilton	NYS	13.75	0.92	2.80	14.38	10.50	155	0.6	4.36	17	1.21	11.36
Kaye Group Inc.	NDQ	7.5	-1.64	-6.25	10.75	6.75	2	0.1	1.33	8	NA	NA
Marsh & McLennan	NYS	98.5	0.25	10.99	101.63	76.13	764	3.2	3.25	18	19.95	4.94
Poe & Brown	NDQ	25	0.00	0.50	25.50	21.00	101	0.48	1.92	15	5.15	4.85
BROKERS	AVERAGE		0.5	1.6					2.7	17		
INSURERS/REINSURERS												
ACE Ltd.	NYS	47.75	0.00	20.13	50.38	23.00	289	0.00	0.00	0	22.45	2.13
Acceptance Insurance Cos.	NYS	14.5	-2.52	-2.52	17.50	13.13	98	0.3	2.07	30	10.76	1.35
AEGON N.V.	NYS	43.75	0.29	-0.57	46.75	27.38	28	1.08	2.47	16	17.28	2.53
Aetna Life & Casualty	NYS	75.25	4.70	8.66	76.75	53.13	3857	2.76	3.67	34	48.85	1.54
AFLAC Inc.	NYS	47.625	-2.06	9.48	49.50	36.25	1527	0.52	1.09	14	17.58	2.71
Allied Group Inc.	NDQ	43	5.52	19.44	43.00	26.50	322	0.68	1.58	9	21.81	1.97
Allmerica Prop. & Casualty	NYS	26.25	0.96	-2.78	27.13	18.25	105	0.16	0.61	12	19.87	1.32
Allstate Corp.	NYS	43.75	-3.85	6.38	46.00	26.13	8147	0.85	1.94	10	18.75	2.33
American Financial Group	NYS	32.125	-1.91	4.90	34.50	22.88	183	1	3.11	31	24.94	1.29
American General	NYS	37	0.68	6.09	39.13	30.38	1233	1.3	3.51	14	17.03	2.17
American Heritage Life Ins.	NYS	21.375	-2.29	-6.56	23.88	16.25	61	0.72	3.37	11	12.51	1.71
American Indemnity/Fin'l	NDQ	10	-4.76	0.00	13.25	9.00	1	0.3	3.00	-4	15.92	0.63
American International	NYS	98.5	-1.50	6.49	103.38	66.88	3356	0.34	0.35	19	34.66	2.84
American Re Corp.	NYS	38.75	-2.82	-5.20	45.00	32.75	1144	0.32	0.83	-21	16.77	2.31
Aon Corp.	NYS	52.375	-2.78	5.01	55.38	34.13	1039	1.36	2.60	15	18.30	2.86
Argonaut Group	NDQ	32.75	-4.38	0.77	35.00	28.88	68	1.32	4.03	14	29.91	1.09
AVEMCO Corp.	NYS	15.25	-1.61	-4.69	18.25	14.63	65	0.48	3.15	17	6.28	2.43
Baldwin & Lyons Inc.	NDQ	16.5	1.15	1.54	18.00	14.25	35	0.32	1.94	8	13.90	1.19
Berkley W.R. Corp.	NDQ	45.25	-5.97	-15.81	55.50	34.50	713	0.48	1.06	16	34.46	1.31
Berkshire Hathaway Inc.	NYS	36000	2.27	12.15	36000.00	21500.00	1	0.00	0.00	75	10089.11	3.57
Capital RE Corporation	NYS	34.375	1.85	11.79	34.50	22.00	66	0.24	0.70	11	27.82	1.24
Capsure Holdings Corp.	NYS	16.75	-2.90	-4.96	18.13	12.38	35	0.00	0.00	15	14.61	1.15
Chubb Corp.	NYS	99.625	0.63	2.97	104.38	57.00	1710	1.96	1.97	13	48.92	2.04
CIGNA Corp.	NYS	120.25	0.00	16.46	124.50	68.25	1163	3.2	2.66	42	80.46	1.49
CNA Financial Corp.	NYS	116.75	-0.32	2.86	123.25	71.75	126	0.00	0.00	10	71.13	1.64
EMC Insurance Group Inc.	NDQ	13.25	0.00	-3.64	15.25	9.75	14	0.56	4.23	9	11.13	1.19
EXEL Ltd.	NYS	70	-1.58	14.99	72.25	42.50	342	0.4	0.57	0	31.47	2.22
Fremont General Corp.	NYS	23.875	0.53	-2.55	26.25	12.63	287	0.6	2.51	9	19.04	1.25
Frontier Insurance Group	NYS	31.75	0.79	-0.78	33.75	20.25	52	0.48	1.51	13	14.65	2.17
Gainsco Inc.	ASE	10.625	8.97	-6.59	12.38	8.31	164	0.05	0.47	13	3.98	2.67
General RE Corp.	NYS	147.25	0.94	-5.00	158.25	123.88	1519	2.04	1.39	15	59.35	2.48
Guaranty National Corp.	NYS	13.875	0.00	-9.76	19.00	13.50	100	0.5	3.60	21	11.60	1.20
Harleysville Group	NDQ	27.5	1.85	-15.06	33.00	23.75	38	0.76	2.76	9	20.72	1.33
Hartford Steam Boiler	NYS	49.75	-1.24	-0.50	52.50	40.88	92	2.28	4.58	16	14.68	3.39
HCC Insurance Holdings	NYS	50	2.30	35.14	50.00	21.75	81	0.00	0.00	24	15.86	3.15
ITT Hartford Group	NYS	52.375	-0.71	8.27	53.13	47.38	2196	1.6	3.05	11	45.46	1.15
Lincoln National	NYS	54.875	-1.35	2.09	57.00	39.75	956	1.84	3.35	12	28.90	1.90
Markel Corp.	NDQ	86.5	-0.57	14.57	91.00	44.50	8	0.00	0.00	14	25.71	3.36
Meadowbrook Insur. Group	NYS	27.25	-3.54	-18.66	33.88	24.00	179	0.08	0.29	20	NA	NA
Mid Ocean Ltd.	NDQ	38	-3.49	2.36	43.00	25.13	719	0.25	0.66	0	22.18	1.71
Mutual Risk Mgmt. Ltd.	NYS	45	1.41	-1.64	46.50	26.63	69	0.4	0.89	21	9.72	4.63
NAC Re Corp.	NYS	33.75	0.00	-6.25	39.00	28.25	157	0.2	0.59	10	18.23	1.85
National Re Corp.	NYS	32.875	-4.71	-13.49	38.13	28.38	197	0.2	0.61	12	17.05	1.93
Navigators Group	NDQ	18.75	5.63	6.38	19.50	12.75	32	0.00	0.00	18	10.21	1.84
Nobel Insurance Ltd.	NDQ	12.75	3.03	12.09	12.75	8.75	63	0.2	1.57	6	6.84	1.86
Ohio Casualty Corp.	NDQ	37	-0.34	-4.52	40.00	29.00	249	1.6	4.32	13	23.64	1.57
Old Republic Int'l	NYS	33.75	-2.53	-4.93	36.50	23.63	725	0.52	1.54	9	25.79	1.31
Orion Capital Corp.	NYS	47.25	2.44	8.93	47.63	34.25	91	1	2.12	10	26.00	1.82
Partner Re Ltd.	NDQ	30.875	3.78	12.27	30.88	19.75	849	0.00	0.00	0	20.37	1.52
Penn-America Group Inc	NDQ	12.375	-3.88	-13.16	15.50	7.00	61	0.16	1.29	9	6.40	1.93
Philadelphia Cons. Holding	NDQ	21	3.70	29.23	21.88	12.00	33	0.24	1.14	15	9.05	2.32
PXRE Corp.	NDQ	24.875	-0.50	-6.13	29.75	21.00	182	0.72	2.89	5	21.27	1.17
Prudential Reinsurance	NYS	23.875	3.24	2.14	24.75	18.50	1415	0.12	0.50	-	NA	NA
Reliance Group Holdings	NYS	8.25	0.00	-4.35	9.25	5.00	570	0.32	3.88	10	3.42	2.41
Reliastar Financial Corp.	NYS	47.75	-1.80	7.61	51.63	33.00	340	1	2.09	11	24.53	1.95
RenaissanceRe Holdings Ltd.	NDQ	27.875	-5.51	-8.23	33.13	20.72	2545	0.00	0.00	0	NA	NA
Risk Capital Holdings	NDQ	20.125	0.63	-13.90	23.38	19.75	310	0.00	0.00	335	NA	NA
RLI Corp.	NYS	25.375	-0.49	1.50	25.88	18.00	26	0.52	2.05	25	20.51	1.24
St. Paul Companies	NYS	58	0.00	4.27	60.50	46.13	676	1.76	3.03	10	32.46	1.79
SAFECO Corp.	NDQ	36.625	-4.56	6.16	39.75	27.00	1441	1.06	2.89	12	44.95	0.81
Seibels Bruce Group	NDQ	3	-4.00	100.00	4.25	0.44	206	0	0.00	43	0.04	75.00
Selective Ins. Group	NDQ	36.5	-2.67	2.82	38.75	27.25	130	1.12	3.07	10	23.23	1.57
Sphere Drake Holdings	NYS	11.25	2.27	-19.64	19.13	11.00	206	0.00	0.00	0	13.86	0.81
TIG Holdings	NYS	32.125	1.18	12.72	33.13	18.88	874	0.2	0.62	17	16.62	1.93
Titan Holdings, Inc.	NYS	13.375	-1.83	-6.96	15.75	9.38	67	0.3	2.24	10	9.04	1.48
Tokio Marine & Fire	NDQ	60.375	-3.98	-8.52	69.25	50.88	6	0.4	0.66	21	57.72	1.05
Torchmark Corp.	NYS	47.375	-0.26	4.70	49.88	36.75	448	1.16	2.45	13	17.37	2.73
Transatlantic Holdings	NYS	70.625	-1.40	-3.75	75.25	57.25	127	0.48	0.68	12	33.30	2.12
Transnational Re Corp.	NDQ	22.25	-0.84	-9.18	27.25	19.13	80	0.2	0.90	6	18.84	1.18
Travelers Corp.	NYS	68.25	-2.33	8.98	70.50	36.63	5041	0.9	1.32	13	24.77	2.76
Trenwick Group Inc.	NDQ	51.5	1.73	-8.44	57.50	41.75	166	1.12	2.17	12	29.23	1.76
United Fire & Casualty	NDQ	30	-14.29	7.14	37.25	18.25	37	0.9	3.00	11	28.96	1.04
Unitrin	NDQ	49	-0.51	2.08	51.75	44.50	166	2.2	4.49	13	37.51	1.31
UNUM Corp.	NYS	59.75	-0.21	8.64	61.50	39.88	771	1.06	1.77	15	26.45	2.26
US Facilities Corp.	NDQ	18.25	-0.68	-14.62	23.38	12.75	420	0.24	1.32	8	14.20	1.29
USF&G Corp.	NYS	15.375	-5.38	-8.89	19.50	13.38	2067	0.2	1.30	9	10.86	1.42
USLIFE Corp.	NYS	30.25	-4.35	1.26	33.25	23.88	242	0.93	3.07	10	38.45	0.79
Washington National	NYS	26.875	0.47	-2.71	30.50	17.75	74	1.08	4.02	10	25.13	1.07
Zenith National Ins.	NYS	23.75	1.06	11.11	24.63	19.38	27	1	4.21	66	16.35	1.45
Zurich Reinsurance Centr.	NYS	31.75	-1.93	4.53	32.50	27.88	188	0.00	0.00	37	21.64	1.47
INSURERS/REINSURERS	AVERAGE		-0.7	2.5					1.9	19.4		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	NDQ	32.375	-3.72	13.60	34.25	19.50	1196	0.00	0.00	405	28.15	1.15
Humana Inc.	NYS	25.125	0.50	-8.22	28.88	17.00	3348	0.00	0.00	21	6.56	3.83
Oxford Health Plans	NDQ	83	-0.90	12.35	86.63	38.50	1942	0.00	0.00	58	6.56	12.65
Pacificare Health Sys.	NDQ	90	-1.91	3.45	96.50	44.50	364	0.00	0.00	24	15.02	5.99
Safeguard Health Enter.	NDQ	12.75	2.00	9.68	13.25	8.63	28	0.00	0.00	32	6.15	2.07
Sierra Health Services	NYS	34.125	-2.85	7.48	36.00	22.13	414	0.00	0.00	28	9.22	3.70
United Healthcare Corp.	NYS	66.875	2.69	2.29	68.25	34.13	4605	0.03	0.04	33	16.17	4.14
U.S. Healthcare	NDQ	48.625	-2.26	4.57	50.25	26.50	7098	1.1	2.26	20	5.66	8.59
Wellpoint Health Networks	NYS	34	0.74	5.84	37.00	27.38	439	0.00	0.00	19	14.26	2.38
HMOs	AVERAGE		-0.6	5.7					0.3	71		
ALL COMPANIES	AVERAGE		-0.3	3.3					2.1	28		

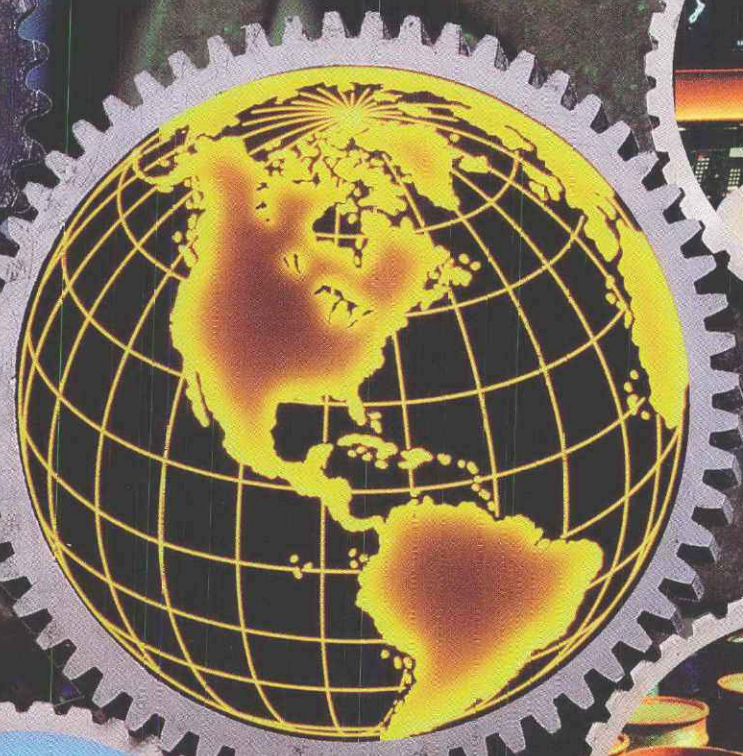
Top advancing issues: Gainsco Inc., Gallagher Arthur J. & Co., Navigators Group. Leading decliners: United Fire & Casualty, Berkley W.R. Corp., RenaissanceRe Holdings Ltd. Most active issue: Allstate Corp. The BI Index fell 0.7%; the Dow Jones 30 Industrials fell 1.7%; the S&P 500 decreased 2.2% and the NYSE Composite lost 1.6%. Book values are updated annually by Nordby International Inc.

System design: Nordby International Inc.

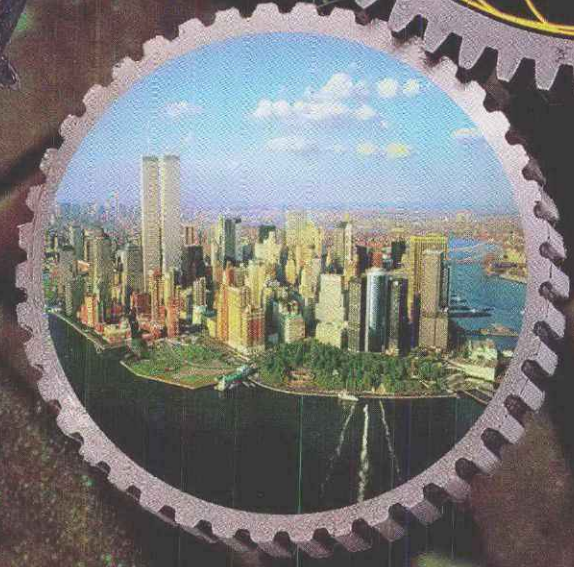
Reliance National's Risk Management Services













Machinery won't function properly or produce positive results unless all of its parts and gears are working in conjunction with each other. Like machinery, the mechanism of managing risk can also be a complex, multi-faceted process that requires the right alignment and balance.

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- National Risks
- Transportation
- Construction
- Global Risk Management
- Environmental Products

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