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Report OSHA leaning to self-inspection system

WASHINGTON—Labor department officials in charge of the Occupational Health and Safety Act won't comment directly, but insiders at the agency note that the bureaucrats are working hard on a system of self-inspection to help reduce on-the-job injuries and illnesses. The plan is still on the drawing board and couldn't be implemented until early next calendar year, but the positive aspects of such a program are so strong as to bode well for an announcement as to purpose before the November elections. (See related article on page 2.)

For the budget-conscious Nixon Administration, such a plan has definite attributes, in that it would allow compliance without hiring thousands of inspectors.

And, for an election-year-conscious Administration, it pleases both business and labor—as long as the announcement is vague enough to give each side the right impression about its relationship to the future of on-site inspection by the department.

On this point, even OSHA officials are unsure; they say it will depend on how well self-inspection works and on budget.

Union leaders told *Business Insurance* that they had heard rumors of the Nixon Administration's intention to substitute self-inspections for regular inspections.

George Taylor, an economist for the AFL-CIO and spokesman for the labor federation on OSHA matters, said the unions "would

look very negatively" at a program that would substitute self-inspections for regular inspections. "Substituting self-inspections for regular inspections is inadequate as far as we're concerned," said Mr. Taylor. "We would want to see the guidelines under which such a program would operate."

BUSINESS INTERESTS, including the U.S. Chamber of Commerce, have been pressing top OSHA officials hard to test and implement self-inspection.

And, on the other side of the coin, even Labor department critics, such as the Ralph Nader task force which investigates job health and safety, have urged

that the department issue regulations requiring employers to inspect facilities and file reports.

THE CHAMBER, and other business interests, are pushing the self-inspection program as an alternative to a very large federal inspection force.

The Nader group advocated self-inspection as an interim measure to be used while the federal government beefed up its inspection force.

Mr. Nader and union safety and health officials feel the self-inspection system can be useful, but would object strenuously if such a system were used in lieu of on-site inspections.

OSHA clearly gives the Secretary of Labor the authority to require employers to periodically inspect their plants. The original Senate version of the bill contained a provision requiring employers to certify the results of such inspections to the Secretary. This provision was dropped.

OSHA officials note that self-inspection has several advantages. Besides having cost-saving advantages, such a system would compel all employers (or at least those requested) to

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Employees of a cabaret housed in an Osaka department store gutted by fire flee the blaze, which killed 118 and injured 43. Survivors of the victims of the worst fire in Japan since World War II are likely to be compensated by private insurance. Japanese building owners must carry personal injury coverage, although there is no compulsory liability. Survivors' compensation, if awarded by the courts, will depend on the victim's annual income and number of dependents. Retail stores in the building were empty at the time of the fire, but the top-floor cabaret was filled to capacity. —Wide World photo

Clash on institutional exchange membership

WASHINGTON—A battle shaping up between William J. Casey, chairman of the Securities and Exchange Commission, and Sen. Harrison B. Williams (D.-N. J.) involves the issue of whether or not institutional investors—such as pension funds, insurance companies and mutual funds—should be allowed unrestricted membership on the nation's stock exchanges.

Using the strongest language he has to date on the subject, Mr. Casey earlier this month told the Securities Industry Assn. that institutional membership would impair the fairness of the stock market. He also said that the time had come for all stock exchange members to give priority to the public when trading for their own accounts. Members trading for their own accounts have distinct advantages over the public, he said, adding that the SEC would ask for legislation on the matter.

When and if such legislation does descend on Congress Sen. Williams, who is chairman of the Senate securities subcommittee, is certain to oppose it. The New Jersey Democrat has long spoken out in favor of allowing institutions to buy membership on the exchanges and has criticized the SEC head for "failure to produce any evidence to demonstrate that such membership would be harmful."

Sen. Williams, *Business Insurance* was told last week, relates his stand on the institutional membership issue directly to his involvement in pension reform. He

and Sen. Jacob K. Javits (D.-N. Y.) are prime movers behind sweeping pension legislation proposals.

"Pension funds are one of the largest sources of funds in the securities pool," an aide to Sen. Williams told this magazine. "These funds are contributed mostly on behalf of the low- to medium-wage earner in this country and Sen. Williams feels that these dollars should not be used to subsidize stock brokers through commissions when they could be better utilized to increase the value of the funds that buy and sell securities."

Mr. Casey, however, told his Securities Industry Assn. audience that institutions already have an economic advantage over the small investors through reduced commission charges on some transactions.

If the institutions were allowed to buy memberships for themselves without paying commissions this advantage would be compounded, he suggested.

Competitive factors among institutions, plus fiduciary duties to beneficiaries of institutions, would require hundreds and perhaps thousands of institutions to buy seats whether or not they wanted to, he added.

"**THIS MASS** invasion seeking a privileged status for private purposes would speedily undermine the public character of our markets," the SEC head declared.

"Clearly," he later added, "this would enable the institutions so privileged to progressively take over

more and more of the revenue on which our markets operate. The machinery upon which 30 million Americans relied when they became direct owners of our national economic plant would be increasingly impaired."

The SEC has recommended that institutional membership be restricted to those pension funds, mutual funds and insurance companies that buy an exchange seat and obtain the predominant portions of their business from non-affiliated investors.

Whether or not pension funds would rush to buy exchange seats if allowed is still a moot point, however. Some industry sources contend that for a fund to find institutional membership advantageous it would have to be rather substantial in size and have good in-house management. Setting up the effective institutional membership machinery would involve considerable sums of money, they point out, and might cost as much as a good negotiated commission system.

At least one major pension fund, however, has paid more than lip service to such a possibility. The City of New York is going through the preliminary motions of seeking permission from the state to buy a seat on the New York Stock Exchange. The fund New York City operates, which is in excess of \$6 billion, would still have to await New York Stock Exchange constitutional approval before such a fact could be realized. (See related story on page 32.)

Charges Administration with OSHA 'sabotage'

By STEPHEN GILKENSON

NEW ORLEANS—A Congressional aide who worked behind the scenes drafting the Occupational Safety and Health Act of 1970 (OSHA) has charged the

Nixon Administration with deliberately attempting to sabotage the law.

Gary B. Sellers, a legislative aide to Rep. Phillip Burton (D.-Ca.), made the charge in an interview with *Business Insurance* here. In effect, he said that President Nixon, through his influence on the Department of Labor, which is administering the act, is consciously stirring up political controversy in an election year that could jeopardize the effectiveness of the measure by leading Congress to pass amendments diluting it.

In a highly critical broadside—an attack, incidentally, that ended on a positive note when Mr. Sellers said he still thinks OSHA will live as the most significant job safety legislation of the century—the Congressional aide said the Labor department is inflaming thousands of grassroots constituents of the Congress by concentrating inspections, citations and fines on the small business and industry owner.

"There has been a deliberate misapplication of priorities in enforcement of the law," he said of the Labor department's OSHA compliance division. "They are letting some of the big boys off and stirring up Congressmen by hitting the smaller companies with small work forces with heavy fines for low priority violations. The owners of these businesses are a constituency that could influence Congressional action to amend or dilute the law," he told this magazine.

"WE COULDN'T anticipate

everything," he added of those who wrote the measure, "and we certainly couldn't anticipate this Administration's insensitivity to human beings who are being killed and injured on the job every day."

Mr. Sellers, an intense man in his 30s, worked three and one-half years for Ralph Nader before joining Congressman Burton's staff and plunging into the occupational safety and health issue when Congressional hearings began in 1968.

He was here in New Orleans for the Insurance Co. of North America, participating in several days of OSHA briefing sessions the Philadelphia-based insurer held for its agents throughout the country.

Dressed in a glen plaid suit, stripped button-down shirt and black Oxford shoes, he was the picture of what has made men like Mr. Nader so effective in recent years. He is intensely

preoccupied with his subject, and would rather talk about job safety than eat crawfish Newburg, a thick juicy steak and drink fine French wine. During a luncheon his meal went practically untouched. He doesn't drink—even wine—before 9 p.m. "I'm just one of those people who can't handle it. It just slows me down," he said.

LATER, during a lengthy interview at his hotel, Mr. Sellers made these points:

- He charged that the OSHA compliance manual does not present "a true picture" of the intent of the law, and urged corporations not to be lulled into lesser health and safety improvements than were intended under the law and may be required three years from now. He also expressed dismay that the Department of Labor has "bent" the law and done away with the "walk-around" provision, which specifies that employers must pay regular wages to employees when they tour job sites with compliance officers. And he called "unconscionable" the La-

bor department's definition of what a serious injury is.

- He suggested that corporations get unions involved in the responsibility of the law. An employer, for example, can be fined if employees do not use required safety devices. The wise thing for a company to do, then, he said, would be to negotiate employee responsibility in these matters into labor contracts.

- He urged employers not to rely solely on in-house staff safety and health people for compliance advice. Reliable independent and objective consultants can often alert top management to a safety or health problem staff people might unwittingly—or wittingly—hide from top executives, he said.

- He charged that regional and area OSHA compliance offices are not disclosing information required under the law. He cited New Orleans where, without identifying himself, he asked for some public information but was told he would have to go to Washington for it.

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Beech forms Bermuda captive

WICHITA, KS.—Beech Aircraft Corp. has established a Bermuda captive insurance company to write primary product liability coverage on aircraft the company produces.

The development, announced by company president Frank E. Hedrick, is a direct result of skyrocketing product liability costs the aircraft manufacturer has faced in the past year or two. Several product liability actions grew out of alleged defective design of a fuel system in several Beech models produced since 1961.

Several of these suits came home to roost last year, the largest of which resulted in a \$21.7 million award. That award was later reduced to \$1.9 million, however, and was fully insured, said the company.

The Bermuda captive, called Travel Air Insurance Co., will write Beech's primary product liability cover, which is believed to be somewhat less than \$4 million. Excess coverage will continue to be written in the London market, aviation insurance sources point out.

According to company sources, Beech has named a vp to head the captive operation. He is Seymour Colman, who was brought up from the manufacturing division "because that's where product liability risks emanate from."

Survivor benefits vary

KELLOGG, ID.—Survivors of the victims of the Sunshine silver mine disaster, in which 91 miners were killed, will receive a minimum of \$26,550 over 500 weeks in workmen's compensation, according to a Sunshine Mining Co. spokesman here.

Coverage, as required by Idaho workmen's compensation laws, will be provided through self-insurance and a private insurance carrier, the spokesman said, with a maximum for widows with children of \$35,400 over 500 weeks, or \$72 per week. He noted that "almost all" 91 miners were married, and most had children.

Besides workmen's compensation coverage, survivors will receive benefits through group life insurance policies provided by another private carrier. All 91 miners were covered, with survivor benefits dependent upon length of service. Minimum cov-

erage to beneficiaries is \$2,500, with a maximum of \$5,000.

SOCIAL SECURITY benefits will range from \$250 per month to a ceiling of \$440 a month for a widow with two children. Most payments will amount to \$400 or more, according to the mine spokesman. Most orphans of veterans will receive benefits through the Veterans' Administration. An individual child, the spokesman said, could receive from \$20 to \$80 per month.

United Steelworkers of America has donated \$25,000 to the Sunshine Miner's Disaster Fund, to be administered by Frank McKee, director of USWA District 38. Mr. McKee is now conducting an investigation of the disaster for the union. A Congressional committee is currently holding hearings on the tragedy. ■



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6 cities may get tax bite for pension fund

CHEYENNE—Wyoming state officials are considering increasing the tax bite from six cities to insure the financial solvency of a pension fund for firemen.

James Griffith, state treasurer and administrator of the pension fund, is expected to decide soon on whether to increase the amount assessed against the cities of Cheyenne, Casper, Sheridan, Laramie, Rawlins and Rock Springs—the only cities which have paid firemen.

The pension fund, established in 1935, has sunk to \$76,000 with 182 firemen paying into it and 81 persons drawing from it. The Wyoming Assn. of Municipalities said the pension "at the present time for full-time fireman is \$390 per month."

Presently the governments of these cities help match the contributions of the firemen by paying the equivalent of six-tenths

of one mill tax into the fund. Mr. Griffith is considering boosting that to the equivalent of eight-tenths of a mill to bring in an additional \$41,000 annually.

FIREMEN now pay 6% of the salary of a fireman first class into the fund, a figure that was set by the legislature.

The treasurer said he has the power to hike the tax against the cities up to one mill. However, Kirk Jensen, director of the workmen's compensation department, said the courts have not yet clarified that issue. Mr. Jensen said the attorney general has advised state officials they have the power to raise the tax but there has been legal debate on

whether legislative action is needed to increase the levy.

The two officials said they are concerned about the soundness of the firemen's fund, which Mr. Griffith said was in trouble simply because more was going out in benefits than was coming in.

IN ADDITION to the money from the cities and the firemen, the fund receives 50% of the tax collected on fire insurance in the state. Mr. Jensen noted this brings in another \$72,000 to \$75,000 a year.

In contrast, a financially healthy pension program for volunteer firemen in Wyoming has been in effect since 1967 and is administered through the state retirement system.

There are 234 volunteer firemen paying into the fund, with only four surviving widows of firemen drawing pensions. As of mid-April, the fund had \$272,778 in it. ■



Douglas A. Barlow, (left), before retiring as president of the American Society of Insurance Management, conferred an educational membership in ASIM on the University of Minnesota, represented by Arthur Williams Jr. (center), professor and associate dean of the school of business administration. Taking part in the presentation at an ASIM Minnesota chapter meeting was Frank Butte-worth, chapter president and corporate risk manager at Employers Overload Co.

State's first fire marshal job created

JEFFERSON CITY, MO.—Missouri's first fire marshal bill, designed to eliminate the causes of burning a business for profit reasons, has wended its way through the state legislature here and is expected to be signed into law quickly by Gov. Warren Hearnes, since he asked for the law in his message to the legislature earlier this year.

The signing of the law would create a fire marshal's office which would include an assistant director and nine investigators. The fire marshal, in cases where a fire's origin is suspicious, would have the authority to deputize local fire investigators to look into the blazes in their own areas. Their findings would be reported directly to the state fire marshal.

Also included in the statute would be the authority for a fire investigator to enter any premises at reasonable hours during his investigation. He would also have the power to subpoena both evidence and witnesses.

An amendment to the bill, which would have had counties establish their own fire investigation offices, was turned down before passage. The amendment's sponsor claimed that the county approach to the arson problem would have been less costly than the statewide system. ■

'Captive' reprints available from BI

NEW YORK—Captive insurance companies as an important alternative in corporate risk management are explored in an article "Captives: Bermuda, Colorado, taxes and beyond," by Marianne Burge in the April 10 issue of *Business Insurance*. Numerous requests have been received for reprints of this article, now available at \$1 a copy. Send your reprint order and a payment by check or money order to: Reprint Manager, *Business Insurance*, 630 Third Avenue, New York, N.Y. 10017.

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washington watch

Pension reform interest is on the rise again in both houses of Congress

By JOHN REVETT
Washington editor

WASHINGTON—In a period of less than two weeks, legislative interest in pension reform has taken a sharp turn upward, once again raising the question of whether a pension law will come out of Congress this year.

Despite continuing contentions of some government and industry sources, including the U.S. Chamber of Commerce, that nothing is

likely this year because of "election year considerations" and "complexities involved," there were these indicators that something's going on:

- Completion of a House pension study. Add this to a Senate study completed earlier. Both lean heavily toward expansion and reform of the private pension system.

- Introduction by Sen. Harrison A. Williams (D.-N.J.), Senate labor committee chairman, of

pension reform legislation similar to that of Sen. Jacob Javits (R.-N.Y.) but more detailed. Possible result: a potent combination bill that could barrel out of committee and onto the Senate floor, where Javits and Williams people feel passage would be likely this year.

- Pressure on the House. Sen. Javits has shifted his effort for pension legislation into higher gear with a strong plea for House cooperation in testimony before

the House ways and means committee.

- New hearings by the ways and means committee on tax proposals affecting private pension plans with emphasis on the Nixon Administration's pension reform plan, which was introduced by Reps. Wilbur Mills (D.-Ar.) and John W. Byrnes (R.-Wi.) ("as a courtesy," according to a Mills aide).

- Detailed criticism of the Nixon Administration bill by Sen. Javits, who urged the ways and means committee and chairman Mills to "take a much broader approach."

- This statement by Rep. John Dent (D.-Pa.), whose 10-years-service-for-100%-vesting pension bill is considered a contender in the House: "There will be a private pension plan reform this year and it will be related to the ability of the private sector to carry the system."

OUT OF THESE and related developments (a call for portability of pensions by former Securities & Exchange chief Manuel F. Cohen; strenuous anti-reform lobbying by manufacturing and pension industry groups opposed to government intervention) has come a general consensus that a last minute push is under way to get a vote on Senate and possibly House bills before this summer's conventions.

A main finding in the House pension study, and one that Rep. Mills stressed in a talk delivered by a staff attorney to members of the Assn. of Private Pension and Welfare Plans, is that "only one-third to one-half" of the labor force in the U.S. have private pension plan coverage and only about 75% of that group ever receive pension benefits. The report, prepared by the staff of the House general labor subcommittee for Rep. Dent, subcommittee chairman, also focused on a finding that the number of workers covered by private retirement plans has gone up less than 1% each year since 1960 while the total annual work force growth has been 2.5%.

The House report pulled up short of the Senate study in making no recommendations for federal vesting, portability or funding provisions. Instead, it emphasizes expansion of coverage by private plans.

Rep. Dent spoke at the same private pension conference that heard the very general views of the ways and means chairman Mills. In addition to coverage for more workers, he talked of spreading the cost "over the entire U.S.," stating it might be best "to have participation of the general funds of the Treasury," without mingling private plans with Social Security. "The idea is not to destroy the private pension system, but to expand it as a partner of Social Security," said Rep. Dent. "Increasing Social Security doesn't solve the problem. The worker needs to feel he has a personal part in providing for his retirement."

A DANGER that Rep. Dent sees as pressing the need for across-the-board pension coverage with rapid vesting is "the growing feeling in financial circles that the U.S. is going out of the manufacturing business." He said that if manufacturers and wholesalers continue importing parts and products more and more production workers will find themselves without jobs and, under most vesting provisions, without pension benefits. "Workers today won't sit still for only those vested getting benefits," he stated.

The view on expansion of plans as a primary goal is somewhat different in the Senate, according to Frank Cummings, a Javits staff attorney. Mr. Cummings told the private pension plan group: "There's no sense in expanding coverage until you make sure it really is coverage."

He said for this reason the Williams bill calls for vesting earlier than the Nixon Administration's "rule of 50" (combined age and service) and stresses funding, federal reinsurance and voluntary portability. He noted that the main difference between the Williams and Javits bills is that the former "has the material necessary to actually enact a bill—phase-ins, variances, exemptions . . . things that make it feasible, workable, not too expensive."

It was Mr. Cummings' opinion that the Senate labor committee will report a Williams/Javits bill before summer, that "the Senate, I think, is going to pass it," but

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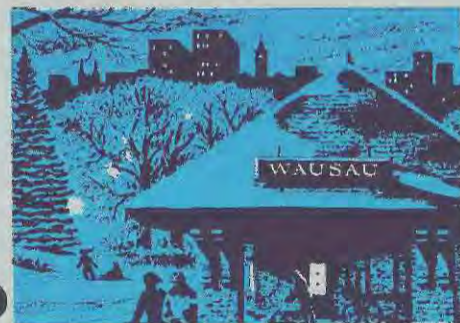
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• The Marine Office—Appleton & Cox Corp. has made available a reprint of **Marine Insurance Today—and Tomorrow** by John B. Ricker, Jr., chairman of MOAC. The article deals with most major aspects of marine insurance in relation to the changing world situation. For copies contact MOAC, 123 William St., New York, N.Y. 10038.

• Miller, Mason & Dickenson Inc. has prepared a pamphlet entitled the **BPQ (Benefit Plan Quotient) Analysis** which explains a method to measure and compare—on a quantitative basis—the survivor, disability, medical and retirement benefits of a company. Comparisons can readily be made with other company's plans. For a free copy write M. P. Dickenson Jr., president, Miller, Mason & Dickenson Inc., 21 E. School House Ln., Philadelphia, Pa. 19144.

• The American Society for Industrial Security has published a **Directory of Technical Services and Consultants**, a handbook containing a state by state listing of those offering scientific law enforcement and investigative services. Copies are free to members, \$1 for additional copies and to non-members, by writing ASIS, 2000 K St., N.W., Suite 651, Washington, D.C. 20006.

• **Homemakers Home and Health Care Services Inc.** has prepared a package of information that describes how insurance companies, industries and self-insurers can reduce the costs of many workmen's compensation, accident and health claims. Homemakers provides paraprofessional and other services in the home which may allow a claimant to be discharged from the hospital sooner. For a free copy write to R. E. Rosenberg, national insurance program director, Homemakers Home and Health Care Services Inc., Kalamazoo, Mi. 49001.

• **Brief Bank Index Supplement 1971** has been produced by the Defense Research Institute Inc. Available to institute members, the index is an up-dated listing of briefs available through the institute's brief bank service. Single copies are available to DRI members for a handling fee of \$1 each, prepaid. Write DRI, 1000 W. Wells St., Milwaukee, Wis. 53233.

• **What Every Businessman Should Know about Pension and Profit-Sharing Plans** has been released by the Provident Mutual Life Insurance Co. The booklet discusses the factors which induce an employer to install a pension or profit-sharing plan, the factors which help the employer

decide between a pension or profit-sharing plan and the various methods of funding the selected plan. For your copy contact the advertising and public relations department, Provident Mutual, 4601 Market St., Philadelphia, Pa. 19101.

• **Considering Dental Care Benefits for Your Group** has been made available to *Business Insurance* readers by Delta Dental Plans Assn., 211 E. Chicago Ave., Chicago, Ill. 60611. The pamphlet discusses prepaid dental care as an employee benefit, how to evaluate dental care programs, questions to ask dental plan carriers and program costs. Single copies may be obtained on a complimentary basis by writing James Bonk, director of enrollment and plan services at the association.

• First Investment Annuity Co. of American has released **Now That You're Retiring . . .** a booklet discussing the possibilities for those receiving a retirement plan distribution. The pamphlet compares the lump-sum, monthly payment and combination options with the investment annuity. For a sample copy write the company, 1845 Walnut St., Philadelphia, Pa. 19103.

• George Buck Consulting Actuaries Inc. has produced **Canadian Government Issues New Rules Affecting Pension Plans**, an explanatory summary of a Canadian Department of National Revenue circular pertaining to pension plans and the tax deductibility of employer contributions in Canada. Write the company at 2 Penn Plaza, New York, N.Y. 10001 for copies.

• **A Theoretical and Practical Approach to Risk Management**, a series of six articles by Dr. Tom C. Allen and Dr. Richard M. Duvall of the department of finance at the University of Tennessee, has been published in book form. The book establishes a theoretical base which would allow for the use of a quantitative methodology and incorporates techniques of operations research associated with cost and benefit analysis as tools for the risk manager. Copies are available at \$3 for American Society of Insurance Management members and students (\$5 for non-members and libraries) on a pre-paid basis from ASIM, 500 Fifth Ave., New York, N.Y. 10036.

• Marsh & McLennan International, 70 Pine St., New York, N.Y. 10005, has made available a speech by Don Boden, managing director of the company's Benefits International Ltd., London, entitled **European Employee Benefits**. The booklet deals with the current European situation and its problems, emphasizing (among other things) the functions of a global pension plan and organizational approaches in establishing international operation pension plans. The pamphlet includes charts, graphs and other explanatory aids and is available from the company at the New York address.

• A revised edition of **Existing Proposed Auto Insurance Systems: A Comparison Chart** has been made available by the Insurance Information Institute. The chart compares the main features of laws enacted in Florida, Illinois, Delaware, Oregon and South Dakota. The traditional tort liability insurance system is summarized, as well as major proposals for reform, and no-fault laws in Massachusetts, Puerto Rico and Canada are updated. For copies write the Insurance Information Institute, 110 William St., New York, N.Y. 10038. Copies are 5¢.

Wash Watch

Continued from page 4

that the House was still a question mark.

THE NIXON Administration bill got a going-over during the period of heightened pension law concern from Mr. Cummings (whose contention that "nobody in the Senate I've heard of is backing it" was followed by a wink to the audience from the pension association moderator) and from Sen. Javits, who took it to task in his appearance before the House ways and means committee—actually the bare bones of the committee, Reps. Mills, Hugh Carey (D.-N.Y.) and others who had displayed interest in pensions not being in attendance.

Thus, speaking more or less for the record, Sen. Javits said that while the Administration plan

would allow employers to contribute up to \$1,500 a year to individual retirement accounts as a tax deductible item and would expand deductible contributions for the self-employed, it falls short of "the landmark reform we need" in areas such as funding (employers would "promise" non-forfeitability), reinsurance to cover such occurrences such as the Studebaker collapse of 1962, and enforcement of private pension rights.

The "rule of 50," he said, "is the least desirable of vesting standards." Under this provision of the Administration bill, a 50-year-old job applicant would vest almost immediately while a 20-year-old wouldn't for 15 years. "A substantial incentive not to hire the 50-year-old but to hire the 20-year-old instead," Sen. Javits stated. He said it was for that reason that his own bill requires "deferred graded vesting," or 10% after six years and up-

ward to full vesting after 15 years.

Administration witnesses said earlier that the rule-of-50 gives greater coverage to older workers at lower cost. ■

Health policies endure

The widows of the 11 Attica prison employes killed in the September riot may continue their late husbands' health insurance policies under a bill given final legislative approval by the senate and sent to the governor. The measure, by Frank Walkley, Republican assemblyman from Castile, lets the widows pay what their husbands would have for the coverage, as long as the women do not remarry. The plan will let them keep health insurance more cheaply than would otherwise be the case. Of the eight guards and three civilian employes slain in the riot, all were married.

Insurer must use own name on mailings

OLYMPIA—Karl V. Herrmann, Washington state insurance commissioner, has vacated a cease and desist order aimed at the Bankers Life & Casualty Co., Chicago, after the firm agreed to put its name on bulk mail advertising featuring Paul Harvey, newscaster.

Mr. Herrmann said the company agreed to start putting its own name on the mailings, as the state law requires.

The commissioner said he did not object to Mr. Harvey's radio and television advertising for the firm but found fault with the mailing for not stating the firm's name on the envelope.

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Tighter security will stem white collar thefts

NEW YORK—A security manager of a large department store asked by *Business Insurance* if he was troubled with employee theft countered with the question, "And who isn't these days?" summing up the increasing problem of white collar crime today.

Ranging in form from paper clip pilferage to major embezzlement, the results of employee theft amount to an enormous drain on the economy.

"Employees steal more than \$10 million a day in cash and merchandise—about \$3 billion a year," noted Norman Jaspan, president of Norman Jaspan Associates Inc., a firm specializing in loss prevention measures against white collar crime.

The Insurance Crime Prevention Institute estimates that the

insurance industry alone is losing \$1.3 billion yearly in fraudulent claims to white collar crooks.

SADDLED on industry, the added cost of merchandise shortages, fraud and embezzlement is eventually passed on to the consumer in the form of price hikes and rate increases. "15% of the price you and I pay for goods and services goes to cover the cost of dishonesty," said Mr. Jaspan.

Budgeting in advance for such losses, a common business procedure, is counter-productive, according to most security experts. "If funds are allocated to cover a rise in theft, businesses get what they budget for," explained Saul Astor, president of Management Safeguards Inc. "The funds

should go toward loss prevention. Shortages aren't rising because there's too much theft, but rather because there's too little prevention."

Both protection agencies and bonding companies reported that more firms were taking advantage of their security services. But, they added, most companies seek outside help after the fact.

"One rule that seems to hold true is that effective loss prevention is always preceded by extensive losses," noted Mr. Astor. "Most companies operate on a day-to-day basis without even being aware of shortages until after inventory. They need to take a preventive posture prior to loss."

"PEOPLE ARE buying more

and more fidelity bonds to protect themselves too," commented a spokesman at the Surety Assn. of America. "Businessmen are much more aware of the problem than they have been in the past, but that's mainly due to increased losses. Unfortunately, most companies awaken to the need for a fidelity bond or a tighter security program only after they have suffered a loss."

Fidelity bonds should be the second line of defense, noted the spokesman, to back up a good loss prevention program. "The loss ratio on fidelity bonds has been gradually creeping upward. Each year, it exceeds the last. Similarly, many firms have increased premiums."

"Banks have had such unsatisfactory experience that a lot of

companies are refusing to insure them. When they obtain coverage, they are hit with large deductibles. Other high risk firms are clothing outlets and department stores," he added.

Although the specifics vary, internal security measures recommended by protection firms and insurance companies stress loss detection and prevention procedures and emphasize proper maintenance of the newly developed system.

INFORMATION distributed to management by the Surety Assn. warns that businesses are vulnerable to theft in all areas. Trustworthy employees have easy access to high value goods and information and "provide no immunity against embezzlement," they note.

"Put another way," Mr. Astor explained, "the man you trust least can steal least."

The two most common and effective security measures cited by firms were frequent audits and random spot checks. A New York bank security director told *Business Insurance* that guards at all entrances and exits conduct spot checks of employees' briefcases, bundles and similar items on an irregular basis.

"Employees should feel that such tests can occur at any time without warning, as a normal, accepted check of the operation," advised Mr. Jaspan.

OTHER surveillance procedures depend upon the particular character of the company. Department stores frequently use television cameras to monitor employees and customers, while construction plants rely on guard patrols to minimize theft exposure.

To be effective, however, all security systems need to employ a check and balance program. "Once controls are in force, a high level of implementation must be maintained through a frequent auditing system," commented Mr. Astor.

Robert McDermott, president of Holmes Security Corp., noted that companies are increasingly turning to the private security services to provide these controls.

"A major obstacle to a superior in-house security staff is employee compatability. That is, security personnel can become familiar with other employees and because of a long-standing relationship place a friend above suspicion," he said.

ONE SERVICE offered by the agencies is undercover surveillance. Agents hired to join the working staff try to determine how or where losses are occurring without tipping off the culprits involved.

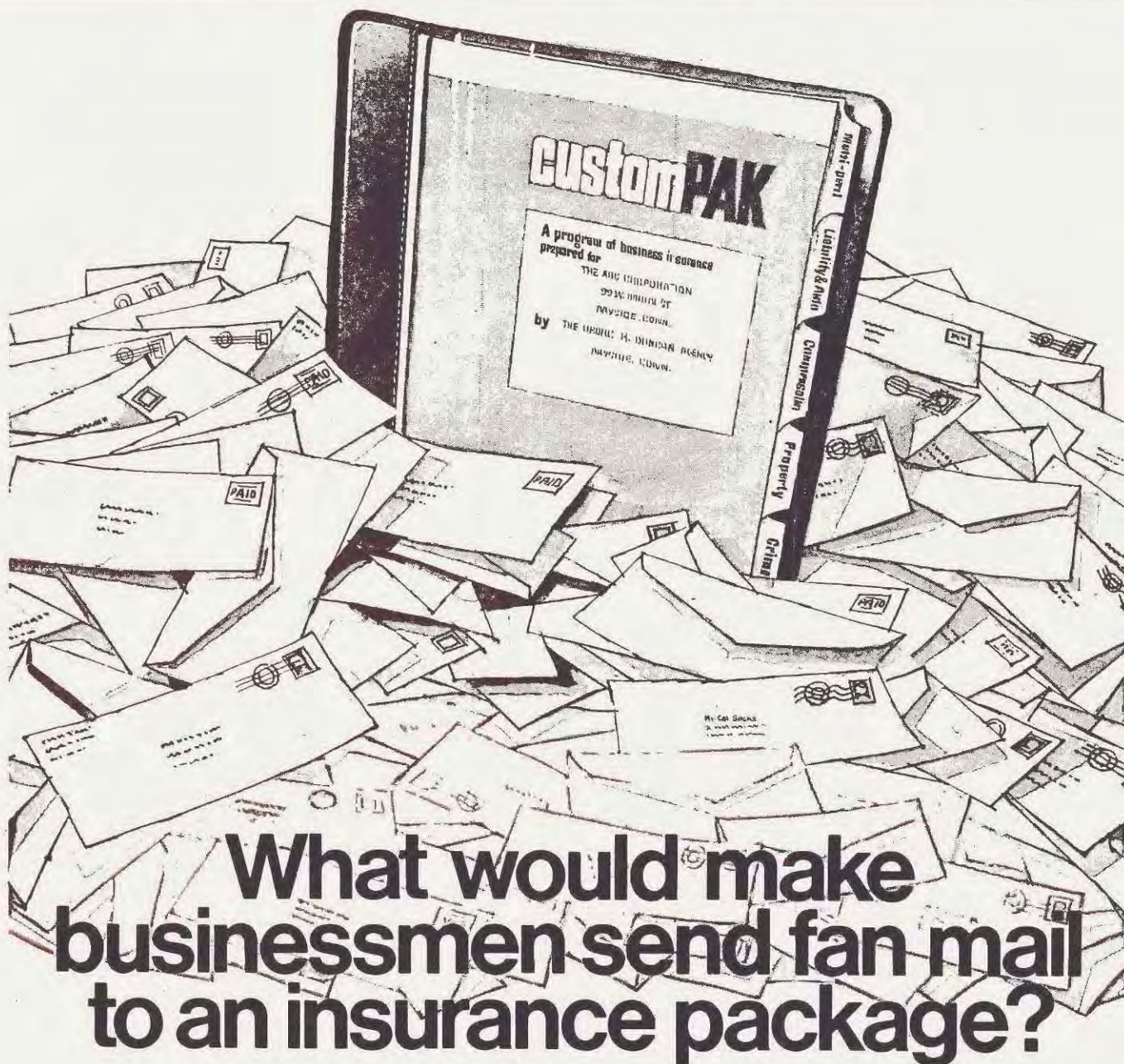
Most companies questioned were reluctant to discuss security measures utilized other than pre-employment screening devices, auditing controls and uniformed guard services.

"Discussing internal controls might jeopardize security," explained a financial security director.

Banking institutions surveyed felt that governmental security rulings requiring fingerprinting and bonding for bank employees prevented considerable losses.

"OUR BANK feels that the most effective weapon is pre-screening," noted one risk man. "If we have been spared from major losses, it is due to good hiring practices and internal audit checks. Problems are brought

Continued on page 76



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Williams, Javits bill asks 'partner' status for private pension system

WASHINGTON—Legislation aimed at "raising the private pension system to partnership status" with Social Security has been introduced in the Senate by a strong coalition of Democrats and Republicans and is complete with detailed options and variances aimed at easing the shift from old plans to new.

The addition of parts and gears that give the Williams-Javits Retirement Income Security for Employees Act the look of a finished product was stressed by attorneys who worked on the bill and feel it is "the most comprehensive pension legislation that could be put together in Congress" and a measure that "takes the big blast at all the arguments."

It is expected to pass to the Senate floor from the Senate labor committee with ease but not before public hearings in two to three weeks. Major provisions in the bill, in which Sens. Harrison A. Williams (D.-N.J.) and Jacob Javits (R.-N.Y.) joined forces and drew all of the labor committee Democrats and four of the seven Republicans to their side as co-sponsors, are similar in many respects to Sen. Javits' year-old proposed pension reform law.

MINIMUM VESTING requirements in the new bill include rights to 30% of pension benefits after eight years of service. Vesting would increase 10% a year until 100% is reached after 15

years. (The Javits bill called for vesting starting at 10% after six years.)

The new bill sets a funding standard insuring that all pension liabilities incurred by the plan will be funded over a 40-year period. Provisions also establish a voluntary portability fund so that employees of participating employers can transfer vested credits as they change jobs, and set up a federal insurance program to guarantee that pensions will be paid if a plan is terminated.

A new office of pension and welfare plan administration would be established in the Labor department to handle deposits into voluntary portability plans, run the plan insurance program (in

which premiums would be about .2% of a plan's unfunded liability) and generally administer the law.

The new pension office would be authorized to grant variances from funding requirements that would give employers up to three years to comply with the vesting and funding requirements in cases where immediate compliance would be "unduly burdensome."

EMPLOYERS WOULD also have the option of either changing their existing plans to conform with the act or continuing their present plans and starting new ones that comply. Under this option, new employees would go directly into the new plan and old employees would be able to select either one.

"This is an attempt to take care of the cost problem we've heard about from industry," said a staff attorney. "In our view what it does is provide the employee who's

been on the job with a choice between an existing plan that may have poor vesting and high benefits much later and early vesting with—according to our estimates of cost—just a slightly smaller benefit at retirement." ■

General Fire major insurer

BEAN STATION, TN.—General Fire & Casualty Co., an insurance company owned by the Greyhound Corp., is the primary insurer for the bus company on losses that might arise from a fatal bus-truck accident here, *Business Insurance* has learned.

The first layer of liability coverage on Greyhound is written "in a minimum amount" by General Fire, a Long Island-based insurer that became the bus carrier's captive in 1964 and still insures concerns other than Greyhound. "After that minimum amount," said a source at Greyhound, "the insurance is written by many different companies in varying amounts."

The Greyhound spokesman was quick to point out that "we are not committing any of these insurers at this time; the accident investigation is still going on and liability has not yet been decided." It was noted, however, that Greyhound carried coverage well in excess of the Interstate Commerce Commission's requirements (\$25,000 per person, \$300,000 per occurrence, \$10,000 property damage).

This accident, the second in a month involving rainslick highways and fatalities, killed the Greyhound driver, the truck driver and 12 bus passengers. Fifteen other passengers were injured in the accident, which cut the double-deck bus in half. The truck was carrying a load of tar paper and paint which burst into flame when hit by the bus.

Officials investigating the accident have said that the bus was six feet over the highway's centerline at the time of the crash. The bus was bound from Knoxville to New York and was known to be 10 minutes behind schedule.

The other fatal bus accident occurred last month when a Continental Trailways charter went out of control near Harrisburg, Pa. and turned over, killing four persons and injuring 43 others (*Business Insurance*, April 24). Both crashes occurred on roads wet with rain. ■

Safety plans on all fronts

LONDON—Corporate safety officials are being offered training courses by the British Safety Council on a guarantee of "money back if you're not satisfied."

James Tye, director general for the council, believes this is essential to a top-flight performance.

The courses last five days, and are available to risk managers or safety officers in industry. The aim is to tighten up safety procedures in industrial plants. Mr. Tye declared: "Corporate employers who send their delegates to these courses can ask for their money back if the man returns to work no better equipped for safety on his job than when he began training."

On the industry side of the fold, a British steel corporate, is offering free vacations to plant employees who support its industrial safety initiatives. ■

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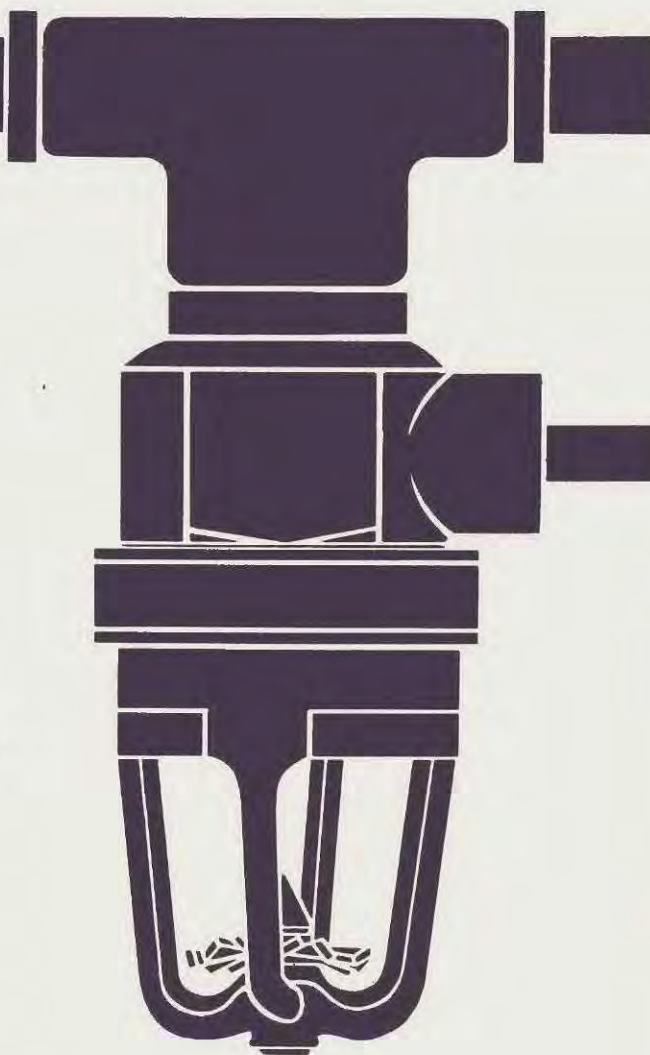
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New rule may change value of wage potential

LITTLE ROCK—In a decision that will undoubtedly affect future rulings, the Arkansas supreme court has made a ruling in a workmen's compensation case that appears on the face to be a contradiction of past decisions concerning wage-earning loss to victims of accidents.

The ruling has brought a sharp attack on the court from Mr. J. Bill Becker, president of the Arkansas state AFL-CIO.

The court unanimously held that the state workmen's compensation commission could not consider wage-earning loss in addition to the functional loss of affixing payments to a worker for partial disability.

The case in which the decision came involved Albert Rice, 49, who had suffered a broken leg as a construction worker for Anchor Construction Co. of Fayetteville, Ark. The accident left him disabled in the left leg.

MR. RICE had been earning \$2 an hour and he had been working 60 hours a week. After becoming disabled, he secured a job in which he could sit most of the time. This job paid \$42 a week.

The workmen's compensation commission decided that he deserved disability payments of 25% disability and this decision was upheld by the Benton County circuit court, which reviewed the case on appeal. The high court, however, reduced the payment from 25% to 15% because it said the only medical testimony in the case indicated a 15% disability.

Mr. Becker said the supreme court's decision reversed previous rulings that it had set down and "changed the whole meaning of the law." He said the ruling was "inconsistent with the purpose of the law."

"It's a tragic decision and a sad day for the working people of Arkansas," Mr. Becker said. "It's going to hurt those who are least able to survive in the job market."

HE SAID it would hurt those who did not have the training or the skills to get jobs in which disabilities would not hamper them. Mr. Becker said the court did not take into consideration what Mr. Rice could earn if he were well.

However, the court said the commission should not award more than what the testimony indicates. It said the issue was whether the commission could consider wage-earning loss to arrive at an award in excess of 15% to the lower left extremity

Deny rate hike request

The Arizona insurance department April 27 reaffirmed its refusal to allow a 6.9% rate increase requested by the workmen's compensation insurance industry. Department officials denied the request several weeks ago but met with an industry spokesman April 26 to hear his appeal for reconsideration of the request, it was reported. Melvin Dunton, chief deputy state insurance director, said the meeting did not change the department's stand. He indicated the department has doubts about the extent of the industry's financial needs because the impact of pending workmen's compensation legislation on the industry has not yet been ascertained.

below the hip, and "it follows that the commission erred in entering an award in excess of the 15% functional loss" because of the testimony.

In the past, the courts have allowed the commission to consider wage-earning loss in figuring benefits for scheduled injuries, Mr. Becker said. He said he was "at a loss" to understand the change in the supreme court's decision because the law in his area has not changed since the previous decisions.

"This means that the disabled worker will be thrown on the scrap heap that much sooner and that he will have to go, I suppose, on welfare," Mr. Becker said.



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Equitable's 1971 Report to Group Pension Separate Account Clients

Page One:

Equitable Group Pension Separate Accounts

Account	Assets December 31, 1971	
Common Stock Account (Separate Account No. 1)	\$702,908,761	Unit value increase in 1971: 23.0%
Short-Term Account (Separate Account No. 2)	\$ 19,578,664	Current yield at year end: 4.07%
Special Growth Stock Account (Separate Account No. 3)	\$ 23,396,922	Unit value increase in 1971: 18.9%
Publicly Traded Bond Account (Separate Account No. 6)	\$ 1,658,796	Yield to maturity at year end: 7.81%
Direct Placement Bond Account (Separate Account No. 7)	\$ 21,500,949	Yield to maturity at year end: 8.13%

NOTE: This report deals with group pension funds invested in Equitable's pooled Separate Accounts Nos. 1, 2, 3, 6 and 7*. Each of the separate accounts has its own distinctive investment objective and characteristics.

For each of the accounts the assets, liabilities and investment records are kept separate from the General Account and from each other. Although not discussed in this report, the General Account is also available to Equitable's group pension clients. In addition to group pensions, the General Account also funds the liabilities associated with Equitable's other lines of business including individual life insurance, individual annuities and group life insurance. The assets of the General Account are invested predominantly in

long-term direct placement debt securities and conventional mortgages. It is regarded by many group pension clients as a diversified long-term fixed income investment account.

All group separate account investments are accounted for at market value**. Each separate account operates with unit values reflecting dividend and interest income, realized and unrealized capital gains and losses, and investment management fees. All income and realized capital gains are reinvested in the accounts.

*Pooled Separate Account Nos. 4 and 5 are associated with group variable annuities, HR-10 plans and profit sharing and thrift plans. Their 1971 performance is reviewed in another report.

**The fair value of securities in Separate Account No. 7 is determined by Equitable. See notes to financial statements on page 24.

For a copy of the full report, write James A. Attwood, Senior Vice President, Group Operations, The Equitable Life Assurance Society of the United States, 1285 Avenue of the Americas, New York, N.Y. 10019

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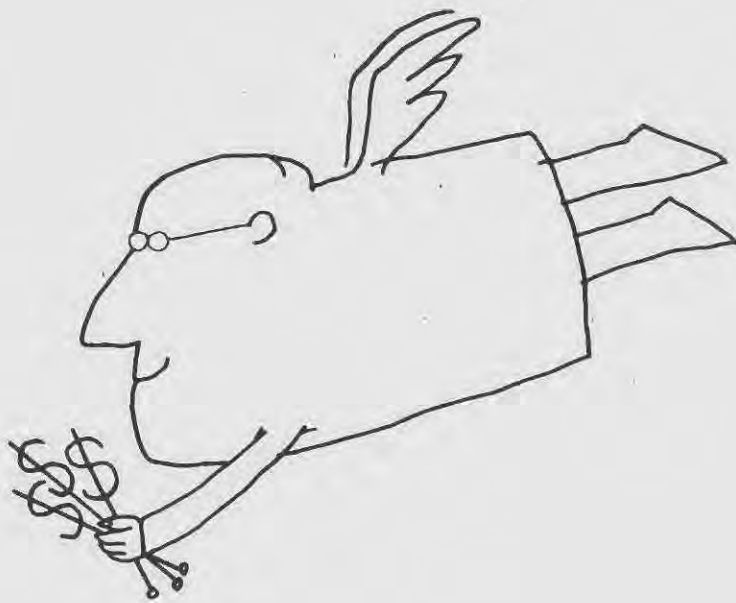
Payment of:

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Rent or real estate taxes	
Necessary light, heat and power	
Contractual obligations	
Dividends to stockholders	
Insurance premiums	
Unemployment and security taxes	
Repairs and maintenance	
Membership fees and dues in trade organizations	
Depreciation and expansion reserves	
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Professional fees	
Other continuing expense items	

Add on: Your estimated total of profits for one month (say during your busiest season)	
Total:	

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editorial opinions

OSHA: A three-way street

GOV. NELSON ROCKEFELLER of New York, delivering the Godkin lectures at Harvard University several years ago, sounded a theme that has proved itself often in recent years. The governor said that unless states act to meet the problems of people, the federal government will surely move in to fill the void because neither the problems nor demands for their solution will go away just because states choose to ignore them.

One of the latest proofs of Gov. Rockefeller's proposition was the adoption last year of the Occupational Safety and Health Act, a sweeping federal law now reaching its first anniversary amid controversy over how it is being administered and whether it will have the desired effect on on-job safety. OSHA on the federal level was the direct result of years of inaction by the states whose industrial commissions had ample authority over job safety matters if they cared to execute their responsibilities.

Now job safety enforcement has become a part of the federal bureaucracy, a condition that has brought about a great deal of suspicion and confusion in the industrial community and among labor leaders who darkly hint that the Nixon administration may be out to cripple the operation of the program. We believe that it is too early to accurately assess the act or the way it is being administered. After all, the Labor department is still in the throes of tooling up for the thousands of plant inspections it must conduct.

We think, on the other hand, that vigilance on the part of labor and management is healthy and that constructive criticism of the OSHA program ought to be welcomed by those who administer the act.

In fact, we view OSHA as a kind of three-way street with lanes for business, labor and government officials at state and national levels.

Business has demonstrated a lively interest in the operations of OSHA through seminars organized by the Na-

tional Assn. of Manufacturers and the American Management Assn. Risk managers have kept watch through the American Society of Insurance Management which has received some accurate feedback on OSHA developments from Bill Hollingsworth of Olin Corp.

It seems to us, however, that there is more that the business community can do to monitor the OSHA program and to contribute to its orderly development. ASIM, possibly in cooperation with the American Society of Safety Engineers, might profitably organize an OSHA task force to exchange experiences on how companies meet OSHA standards and how they come out in OSHA inspections.

Organized labor, which expressed some strong reservations about the weak policing provisions in the OSHA act, now questions whether management is willing to pay the price for full OSHA compliance. Unions can be

counted upon to press for voluntary compliance with OSHA standards or, in the alternative, action by OSHA officials to compel compliance.

That leaves state and federal officials, who presumably occupy the middle lane of the three-way OSHA street. We watch with hopeful anticipation the action of state governments in the occupational safety and health area. If the states act promptly and effectively, they will obviate the need for a giant federal bureaucracy to enforce OSHA compliance. Presumably the states would be more responsive to local conditions and would, moreover, be in a position to save the taxpayers some money by setting up state inspection services that would operate more economically than the federal program.

Now we're back face to face with Gov. Rockefeller's proposition: If the states fail to act to meet this social problem, the federal government will surely step in.

Conflict of interest?

AN INTRIGUING statistic grew out of the New York senate's vote on a modified no-fault auto insurance plan. Amid charges of conflict of interest, 27 of 39 lawyers in the chamber voted against the modified no-fault plan.

We don't quite agree with those who charge that lawyer-legislators are guilty of conflict of interest when they vote against auto victim reparations plans that would reduce personal injury litigation. After all, many lawyer-legislators are not trial lawyers and reap none of the 7 cents of every auto insurance premium dollar that is spent on legal costs. Furthermore, many lawyer-legislators believe fervently in the adversary system and cling to the belief that only through litigation can the parties to an accident properly sort out their liabilities.

Though we defend lawyer-legislators from broad charges of conflict of inter-

est in the no-fault matter, we cannot condone the shrill pressure tactics of plaintiffs' lawyers led by the American Trial Lawyers Assn. on a nationwide crusade designed to defeat or emasculate no-fault auto insurance legislation. ATLA and its allies have been so successful that they have intimidated many advocates of no-fault auto insurance. Instead of asking what forms of no-fault laws will best serve the public, many timid no-fault advocates now ask what form of law can be approved by lawyer-laden legislative bodies.

It's time to hold the lawyer-legislators' feet to the fire. They ought to be identified, as they were in New York, and held responsible to the electorate for votes they cast against the public interest. They may not be guilty of conflict of interest, but they certainly should be held responsible for their votes on no-fault.

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letters

(This column is a readers' forum. Letters are welcome. Address: Letters to the Editor, Business Insurance, 740 Rush St., Chicago, Ill. 60611.)

Blood benefit

To the Editor: I have read with interest the article on blood assurance by Teresa Norton of your staff. As a volunteer who has been involved with a blood program, not only in our own business, but also in enlisting other business leaders to support such a program, I wish to thank you. It is through articles such as Miss Norton's that our community leaders are frequently reminded of their responsibility to become involved in helping to solve a health care problem.

We have found in our own business that the participation in the Red Cross blood assurance program has been of direct benefit to our employes and their families. We, in fact, consider it a "fringe benefit" just as we do our health and medical insurance plans and other similar fringe benefits.

I am sure that the dissemination of information through articles such as appeared will provide a long-term "pay-back" to all communities and to our country.

Raymond G. Rinehart

Chairman, Group Blood Committee, American Red Cross, Mid-America Blood Center, Chicago, Ill.

Add Delaware

To the Editor: In a recent issue of *Business Insurance* I noted where Warren Brockmeier of Ebasco indicated that West Virginia was the only state other than Illinois to maintain a risk management program.

Being from a small state like Delaware we are used to being overlooked. However, just to keep your information creditable, I would comment that we do maintain a risk management program.

Our insurance coverage office has been in effect for two years. It can also be proudly reported that a considerable amount of money has been saved by the state of Delaware through its operation.

Arnold R. Olsen

Director of Insurance Coverage, Department of Insurance, State of Delaware, Dover.

'Excellent job'

To the Editor: You are to be congratulated on an excellent job on your Canadian report in *Business Insurance* of April 24. As I read through the various articles, I discover many interesting facts that had previously escaped me. Certainly your section on restaurants in Montreal gives a good cross-section representative of the excellent cuisine Montreal has to offer. It is an interesting idea to have persons in other articles recommending their favorite restaurants.

D. R. Turner

Assistant Manager, Canadian Government Travel Bureau, Chicago, Ill.

'Very valuable'

To the Editor: Herewith is the card giving the information you requested for the audit of your

Continued on page 20

133 things to remember when you plan a benefit program for your overseas employees.

1.

Let's be candid.

No employee program is worth a hoot if it doesn't throw off benefits to *you*.

By building incentive or satisfaction or loyalty among your employees.

But, shaping an effective program is tough enough when you're dealing with employees in the U.S. Once you venture overseas—look out! That's when you can stumble badly. Just because you didn't understand the local customs or the currency, the country's laws or your employees' needs. In that kind of situation, it's easy to come up with a benefit package your employees don't want—at a price you're sorry you paid.

Which is why so many businessmen turn to us — the American International Life Assurance Company of New York and its affiliated companies—for developing their international employee benefits: Group life insurance and group medical insurance. Third Country National programs. Pension plans, voluntary payroll deduction plans, and group accident and travel.

We're on the scene for you. With American-trained personnel who were born in the countries where they work. That's why they understand your problems—and also understand the countries they're in. They can give you what you must have: a "feel" for what's going on, what's needed, and what's practicable.

2.

Can't any local company give you that same up-close look?

Sure.

If you don't mind dealing with a different company in each country. And always at a long, long distance from your desk.

It's different when you deal with us. Our staffers may be "out there," but we're right here. In the U.S.

So that you can work with us face to face. On a daily basis, if you wish.

And no matter how many countries you go into, you still have only one organization to deal with. Ours.

3.

Another thing:

No matter whom you work with overseas, make sure they've got a direct and durable interest in your problems.

Unfortunately, that's not likely to happen if they're just correspondents—or parts of a loosely-linked network.

It *does* happen when you work with us. Because our people are *our* people. And that means their jobs depend on delivering what you want. Whether it's formulating a benefit program that jibes with your business philosophy—or, later on, arranging a quick claim settlement without any hassle.

In all, the American International Life Assurance Company of New York and its affiliated companies have 10,000 of these people on the job for you. All of them American-trained to U.S. standards of efficiency and service. And all of them backed by an organization with 50 years' experience.

4 to 133.

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letters

Continued from page 18

readers. I hope the information is sufficient for your purpose, but rather than simply return your card, I want to add a comment.

I find that your publication is a very valuable news source in my risk and insurance handling activities, and our employees benefits man now gets his own copy and also reports good updating on information he needs.

I have been clipping items of interest for some time, and particularly find your "Perspective" section of constant reference service. And I add a plaudit for your editorial opinion which is certainly forthright.

So I do want to keep on receiving your fine news weekly, and I wish you a continuing suc-

cess.

Vincent Williams

Administrative Assistant, Port of Houston Authority, Houston, Tx.

No laughing Falstaff

To the Editor: Somewhat amazed, I read the article in the March 13 issue of *Business Insurance* written by Mr. William W. Dintleman, Manager, Insurance and Safety, Falstaff Brewing Corp. St. Louis, Mo. Some of his statements were:

"Don't worry about the carrier making profits."

"Those that are poorly managed and staffed should go down the drain . . ."

"By now, you must realize that I not only believe that making a profit for the insurance carriers is solely their responsibility, but I believe it is the responsibility of the risk and insurance manager

to see that the carrier's charges reduce the profits of his company by the least amount possible."

Mr. Dintleman joined the Falstaff Brewing Corp. in 1963 and his general attitude would seem to reflect the attitude of his company. I found it interesting to note that Falstaff Brewing Corp. peaked out their earnings in 1963 and 1964, with a gradual decline from \$7,040,000 down to \$1,230,000 in 1970. The stock, in the same period, has gone from a high of 29 $\frac{3}{8}$ to a low of 5 $\frac{3}{8}$. Sales have actually declined in the last several years.

Many brewery stocks have shown a meteoric trend, reflecting all-time highs in sales and earnings. It would appear that Mr. Dintleman's views are not only contrary to those of most risk managers, but also the attitude of his company has caused their earnings trends to be contrary to their own industry trends. Perhaps Mr. Dintleman's

own comments would be appropriate:

"Those that are poorly managed and staffed should go down the drain and make room for those which are efficient to grow . . ."

Paul W. Miles

I. Berman Co. Inc., Montgomery, Ala.

Editor's note: Here is Mr. Dintleman's answer: Hey, hold on, Mr. Miles: For the first three or four years I wasn't even making the insurance decisions at Falstaff, and I refuse to accept any responsibility in areas of marketing during any of the period you've covered.

Also, I would suggest you re-examine your statistics on the brewing industry. The major brewers with good growth have been those with well-known premium price brands. The rest have had troubles and many have fall-

en, including two famous names, Ruppert and Balantine. The latter brand was acquired by Falstaff just last month.

Court rules shave protest compensable

SAN FRANCISCO—Man's allegedly inalienable right to grow and to wear a beard and to hold on to his job at the same time may have been placed on slightly firmer guard by a California appeals court decision just issued here.

Hugh King, an office machine repair man for the Dictaphone Co., violated a company rule forbidding employees dealing with the public from wearing a beard. Mr. King refused to shave and Dictaphone fired him.

He then applied for unemployment insurance benefits. The California department of employment turned him down, and a referee declared him ineligible on the basis he could have kept his job by shaving.

The California unemployment insurance appeals board, in turn, upheld the ruling by the referee and Mr. King went to American Civil Liberties Union attorneys who filed a mandamus proceeding with San Francisco superior court judge Robert Merrill. They argued that his beard was a form of self-expression, protected by the 1st Amendment of the U.S. Constitution.

Judge Merrill, however, disagreed and upheld the earlier rulings.

THE COURT of appeal in a unanimous decision written by Associate Justice Joseph A. Rattigan, reversed Judge Merrill and ruled that the facts presented on the loss of Mr. King's job qualified him for unemployment insurance.

"The state," Justice Rattigan said, "is constitutionally inhibited from denying unemployment compensation payments to an applicant who has been discharged because of personal action which is constitutionally protected. We neither hold nor suggest that a bearded person has a constitutional right to a job and we do not reach or affect a private employer's right to manage its own business."

"It may also be acknowledged that payment of unemployment insurance to King could penalize the employer to the extent, if any, that its reserve account with the department of employment is affected," the judge continued.

"Such event, however, may be regarded as part of the price which the employer must pay for participating in an unemployment compensation system which is administered by the state and is subject to the state's constitutional obligations," he noted.

The appeal court decision ordered the matter to be reheard by the unemployment insurance appeals board. "If," Justice Rattigan concluded, "a compelling state interest can be shown which justifies the substantial infringement of the claimant's First Amendment right, then King could still legally be refused his unemployment insurance payments." ■

\$2.6 million windstorm

Washington State Insurance Commissioner Karl V. Herrmann said that large commercial claims from the April 5 windstorm in Vancouver will approach a total insured loss of \$2.6 million.

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london line

British insurance exec hopes for a uniform no-fault law throughout U.S.

LONDON—Sir Paul Chambers, chairman of the Royal Insurance group, expects the no-fault liability system to spread widely throughout the U.S. shortly.

He told stockholders at the insurer's annual meeting: "I think there are good reasons for believing that it will bring considerable benefits, both socially and to our industry, particularly in simplifying and speeding up the settlement of claims."

"It is highly desirable, how-

ever, that a fairly uniform no-fault system is adopted in the various states, rather than that there should be a wide variety of systems."

REPORTING on the American market, where his group's premium income rose by 9.8% to more than \$600 million last year, he declared: "This improved business should be seen against the background of a generally healthy industry in the U.S. Wel-

come developments have been taking place, particularly with regard to more flexible rating laws which have enabled us to adjust our premium rates more rapidly to changed experience.

"But inflation is a continuing difficulty, particularly in the liability classes where claims often take several years to settle. It has to be remembered that apart from the effects of monetary inflation, these classes of business can be affected by changes in the attitude of the courts, both as to liability and the level of awards."

He reported that his group had made a \$1.5 million profit on its underwriting business in the U.S. last year, compared with a \$11.7 million loss in 1970.

The group achieved a world profit of more than \$100 million last year on all business in various countries, with marine and aviation risks helping to bring better returns.

* * *

PAYMENTS for thalidomide damages are still being held up after 10 years because of lawsuits in the British courts. Five parents have won their claim to attack the Distillers Co. separately over the future of their limbless children.

David Mason, wealthy Hertfordshire County art dealer, took action because he is unhappy about the tiny, \$22,000 compensation offered for his daughter, Louise, 9. Several other parents who believe they can get more by suing the firm direct in the high court are also acting.

But Distillers Co., which made the drug under license from a German pharmaceutical corporate to help mothers before childbirth and then found it was too harmful to keep on the market, has offered to create an \$8 million trust fund to help all af-

ected children.

HOWEVER, this is on condition that all allegations of product negligence against it are withdrawn, and that the lawsuits must all come to an end before any payments begin.

Most parents accepted this offer in order to get quick help while their deformed children are still at school, and lawyers on all sides won court approval for this action.

Now an appellate court has reversed the action, and allowed Mr. Mason to sue. As it could take several years to bring this litigation to an end, the affected children may have to wait still

longer for their "deformity grants," which the Distillers Co. had agreed to make.

About 370 children are affected, as damages totaling nearly \$2.5 million were awarded two years ago to six children in the top bracket of deformities, whose mothers had taken the drug during pregnancy before its harmfulness was suspected 10 years ago.

The drug was originally made as Contergan in West Germany, where the Chemie-Grumenthal pharmaceutical corporate agreed to an out-of-court settlement of \$34 million for 2,000 deformed children.

Insurance might stem quake losses, says OEP

WASHINGTON—Insurance can't stop earthquakes, but the White House Office of Emergency Preparedness feels it could help keep people and industry from building in high-risk places.

In a report to Congress on disaster preparedness, the OEP says the current earthquake insurance rate structure in the western U.S. uses five broad zones that "do not adequately reflect risk variations." Also, the rate structure "is determined largely by how much insurance the companies want to sell and the property owners want to buy."

From the standpoint of hazard reduction, says the OEP report, the high-risk areas should be more clearly delineated. "Further," it adds, "in the absence of any other regulatory tool, the rates in areas of extreme risk should closely reflect the various degrees of exposure, thus providing an incentive not to build there."

This could lead to another method of increasing awareness in earthquake danger areas: "The purchase of earthquake insurance as one criterion of any federally financed or insured project. Through the insurance mechanism, the community might be made acutely aware of the earthquake hazard and thus support effective community-sponsored earthquake hazard mitigation measures such as wise land use planning and

stringent building codes."

OEP NOTED A reluctance of insurance companies to write amounts. "Accordingly," said the report, "they do not sell it aggressively. As a result, property owners may simply be unaware that it can be purchased."

Reasons for this, according to OEP: "The unpredictable singular nature of the earthquake itself. Risk cannot be spread easily, and companies fear they will not be able to build and maintain reserves adequate to meet the claims resulting from a single, sizeable earthquake in a populated area. Concomitantly, the growing commercial concentration in high-risk areas adds to the financial burden the companies would have to assume if they agreed to provide full earthquake coverage for commercial as well as residential structures."

The OEP quoted from a Commerce department earthquake damage report stating that the "growing values of commercial and industrial properties have been concentrated in certain high-risk areas and have increased to the extent that the potential liability on a single building may exceed the area-underwriting limits of a reasonably large insurance company."

THE REPORT called on the Internal Revenue Service and the states to help expand the disaster insurance market in general by examining their regulations on losses and maintenance of reserves by insurance companies "with a view toward modification of any clause unduly restricting" companies from writing disaster insurance. It also said insurance companies, rating bureaus and states "should utilize the available hazard reduction information developed by federal agencies in setting disaster insurance rates which better reflect exposure and in establishing requirements for disaster insurance."

Drug warning

Hospitals in Britain have been advised by a drug safety committee to adopt caution in the use of the antiseptic drug hexachlorophene for treatment of babies. But Givaudan and Co., which manufactures the drug, emphasizes that this is only a precautionary move by the British government, which wants to guard against excessive or incorrect dosage that could harm infants. The manufacturers point out there is no evidence to suggest that the use of hexachlorophene preparations generally is harmful to humans.

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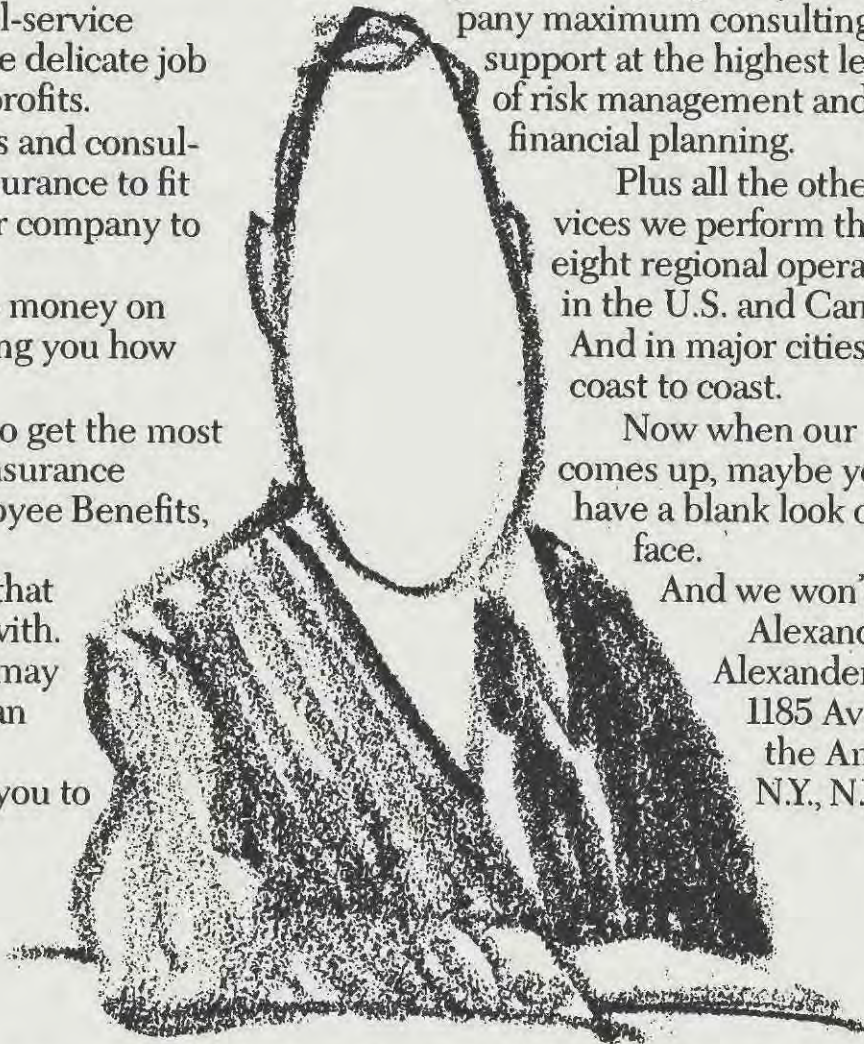
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state industrial insurance coverage. "Workmen's compensation pays for job injuries no matter how they happen," he declared.

A 1972 law allows the department to buy outside insurance to protect the workmen's compensation fund from massive drains in the event of a major catastrophe. ■

Brokers seek to help U.K. guard solvencies

LONDON—Representatives of British insurance brokers want to for much of the industry realize that most companies are soundly

representatives of the insurance industry, including brokers.

"The government department would be better able to exercise its already far-reaching powers if it were able to consult regularly and officially with an advisory panel representing both insurance knowledge and market ex-

Arizona legislator says: 'Self-insure our schools'

PHOENIX—The Arizona senate heard senate majority lead-

vious five years," he said. "The five-year average pre-

Medical group asks jump in doctors' fees

WINNIPEG, MAN.—The Manitoba Medical Assn. has asked the provincial government for an overall 5% increase in fees and a limit of \$44,000 a year on medicare payments to any doctor in the province.

An MMA spokesman said the purpose of the proposal is to bring payments to lower paid doctors more in line with those for higher priced medical services. Although the proposal would not prevent doctors from increasing their gross earnings from fees charged outside medicare, it would drastically reduce payments some doctors receive under the provincial health plan.

Gross annual incomes of doctors and other professionals in

related fields, as listed in the 1971 report of the Manitoba Health Services Commission, ranged from an average of \$14,600 for optometrists to \$75,350 for thoracic and cardiovascular surgeons.

Other incomes included an average of \$41,200 for 95 specialists in internal medicine, \$39,150 for 34 psychiatrists, \$60,800 for 72 general surgeons, \$41,000 for 226 general practitioners and \$59,700 for 41 obstetricians and gynecologists.

The MMA spokesman said the association's committee on economics worked for about a year before approaching the province with the proposals for the new fee schedule. He said it is based

on the \$50 million medical insurance payments to physicians in the province during 1970. The MMA has asked that funds available for payment to doctors be increased 5% to \$52.5 million.

"Together with certain adjustments we are making to the fees for more high priced services, in order to even out pay scales and bring the low man on the totem pole more in line with high earners, our proposal to the government would result in as much as an 8% increase for most doctors under the new arrangement," the spokesman commented.

Self-insurance refuted

Proposed Idaho legislation to permit self-insurance for schools throughout the state will be opposed by the Idaho Assn. of Mutual Insurance Agents.

Board studies cause of Marshall U. air crash

WASHINGTON—The Nov. 14, 1970, crash of a Southern Airways DC9, which killed all 75 persons aboard including 37 players and 12 staff members of the Marshall University football team, may have been caused by instrument failure or misuse, according to the National Transportation Safety Board.

The plane plowed into trees when the pilot descended below the correct altitude while attempting a landing in bad weather. The safety board said installation of an electronic instrument landing system (ILS) at the Huntington, W. Va., airport might have prevented the accident by giving the pilot more precise altitude information.

Marshall University did not carry non-owned aircraft insurance for the chartered flight to insure against third-party liability claims, but did have group accident coverage with Aetna Casualty & Surety Co. (*Business Insurance*, 1970).

Under the plan, which was developed by the National Collegiate Athletic Assn. by Professional Services Inc. of Kansas, Marshall insured each player and staff member for \$15,000. Following the crash, Aetna paid settlements totaling \$735,000.

HULL INSURANCE on the aircraft for \$4.5 million was placed with Associated Aviation Underwriters (AAU). According to one source, primary liability of from \$2 million to \$4 million was also written by AAU. Excess liability of several million was reported to have been placed in the London market.

A spokesman at AAU told *Business Insurance* that many claims against the company were "still outstanding."

According to a recorded conversation found in the wreckage, the crew was apparently unaware of the low altitude level. Readings from the radio altimeter giving the height of the plane may have been unreliable, noted the safety board, because the air strip was considerably higher in many areas than the surrounding terrain.

Another possibility is that the instruments showing the aircraft's height above sea level and the rate of descent might have been faulty.

To prevent such accidents in the future, the board reiterated an earlier request, urging development of a "ground proximity warning device" to supply pilots with accurate altitude information during the landing approach.

Merger suit appealed by Nader

HARTFORD—Consumer advocate Ralph Nader has filed an appeal in the Connecticut state supreme court for the denial of his law suit (*Business Insurance*, April 10) challenging approval of the merger of the Hartford Fire Insurance Co. and International Telephone & Telegraph Corp.

The Nader appeal contends that Judge Walter J. Sidor of the state superior court erred in his March 29 decision denying an appeal of the ruling of ex-state insurance commissioner William R. Cotter, which permitted the much publicized merger.

The appeal also charges that Judge Sidor erred in concluding that the plaintiffs in Mr. Nader's case did not have legal standing to bring the case before the state superior court.

Moreover, the appeal says that Judge Sidor should have ruled from the evidence presented to him that the decision of Mr. Cotter, now U.S. Representative, was illegal, arbitrary and an abuse of discretion.

Also challenged is the court's finding that Mr. Nader had no special interest in the proceedings before Mr. Cotter, prior to merger approval.

Mr. Cotter okayed the merger on May 23, 1970, six months before he was elected to Congress. ■



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It may be habit forming

for the record

Legislators get new benefits package

HARTFORD—The Connecticut state legislature has approved a \$1.3 million compensation package, providing pay and pension benefits for members of the senate and house, judges and other top officials.

The package boosts the 2-year compensation for rank-and-file legislators from \$5,500 to \$13,000, to become effective next January at the start of the 1973 legislative session.

It also initiates a pension program requiring a 10% gross salary contribution each year, paying new legislators, upon reaching age 65, a pension of about \$1,300 a year for logging 10 years of legislative service.

Moreover, there is a "buy-back" provision based on a contribution of \$200 per back year.

The package will give former governors a \$15,000-a-year pension at age 55 instead of the existing \$10,000 at age 65.

Triangle fire covered by Oil Insurance

DORAVILLE, GA.—An oil storage tank fire at Triangle Refineries Inc. here resulted in two dead, three injured and an approximate \$825,000 terminal and product loss. Cause of the blaze is still under investigation.

Triangle will assume a \$25,000 deductible on its property coverage provided by Oil Insurance Assn., which will cover the remaining amount.

Of the two dead, one was a Triangle employe, whose survivors will receive a total of \$17,750 in workmen's compensation benefits.

Chiropractic care part of new health legislation

REGINA, SAS.—Provision of chiropractic care as an insured health service and establishment of an appeal board when insured benefits are lost through non-payment of premiums are among several changes introduced to Saskatchewan's medical and hospital care legislation.

Both provisions are included in separate bills amending the Saskatchewan Medical Care Insurance Act and the Saskatchewan Hospitalization Act, introduced in the legislature by Walter Smishek, health minister.

In the case of the medical care act, chiropractic care would be covered by adding a description of chiropractor in the act, while the hospital act would be changed to include the patient of a chiropractor under the definition of patients eligible for insured hospital service.

The amendments to both acts include measures that would give the government power to set up an appeals system for those who lose their medical or hospital care benefits because they fail to pay their premium by the deadline.

Oregon school district to begin self-insuring

PORTLAND, OR.—The David Douglas school district here is about to alter its insurance program and go to self-insurance for

insurance company nearly canceled the policy.

"Nearly all of the schools were being hit," he added, "some by students and some by professional burglars. At least \$7,000 worth of electric typewriters was stolen a few years ago just the day before school was to open." Since installation of the systems, Mr. Gibbs noted, only two major thefts have occurred and 21 suspects have been "caught red handed" in the school buildings, while in 5 instances burglars were detected before they had the opportunity to complete their work.

He said the district will switch from a \$1,000 deductible to a \$5,000 deductible and achieve a saving in premium payments of 27%. The saving, Mr. Gibbs explained, will be used to establish a reserve fund for the self-insur-

ance program. Enabling legislation to permit self-insurance was adopted by the 1971 legislature at the urging of the Oregon School Board Assn. The district's current proposed budget allocates \$68,000 for insurance premiums.

Pension plan to pay full benefits by 1976

OTTAWA, ONT.—The Canada Pension Plan, begun in 1966 with a 10 year transitional period made 252,000 monthly benefit payments by the end of the 1970-1971 fiscal year compared with 160,000 a year earlier.

It will be 1976 before full retirement benefits are paid from the plan, which covers residents in nine of the provinces, and is dovetailed with the Quebec Pen-

sion Plan. In the meantime, revenues continue to outstrip benefit payments by a wide margin.

The CPP annual report shows that contributions into the plan in 1970-1971 totaled \$812.9 million, and interest on investments added about \$202.7 million. Benefits paid out totaled \$98.2 million compared with \$47.3 million a year earlier. The revenues and expenditures of the plan will come more closely in line when full benefit payments begin in 1976. Allowing for adjustments, the maximum monthly retirement pension in 1976 will be about \$112.50 a month.

At the end of the 1970-1971 fiscal year, a total of 171,601 retirement pensions were being paid, along with 3,236 disability pensions, 2,346 benefits for the de-

Continued on page 28



Shirtwaist factory ravaged

Fire Protection Found Wanting.

Origins of the fire which destroyed the Felicity Shirtwaist factory in East Pinafore, R. I., are cloaked in obscurity. Speculation at the time centered around a malfunction in the electrical system of a new high speed hemstitching machine. Thomas Farthingale, factory superintendent, reported that attempts to control the blaze were severely hampered when the concern's fire extinguishing equipment could not be located. Had the 12 high capacity water buckets, the heavy duty garden hose and the soda acid fire extinguisher been available, the outcome might have been more felicitous.

Could Ansul Have Prevented the Disaster?

Had Ansul been invited to conduct a hazard analysis of the factory we would, of a certainty, have made several recommendations. A Halon "clean agent" system might have provided excellent protection. It would have detected and quickly extinguished a fire without leaving any residue and without damaging the electrical apparatus (sewing machines) and the large inventory of shirtwaist fabric.

Should a Gentleman Offer a Lady a Fire Extinguisher?

Strategic placement of hand portable first aid extinguishers would have been indicated. Ansul's "Sentry" dry

chemical units would have been appropriate because of their light weight, which makes them most effective in the hands of female personnel . . . of which there were many. We would also have suggested that Mr. Farthingale and several of his key ladies attend the Ansul Fire School, to learn the most advanced techniques of fire fighting.

Effective fire protection for any factory means more than good fire extinguishing equipment. It means professional hazard analysis, training and the proper servicing of the equipment. That's what Ansul offers . . . a total fire protection package.

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Auto insurance reform passed in Connecticut

HARTFORD—Gov. Thomas J. Meskill has signed into law an automobile insurance reform measure that excludes commercial fleet vehicles.

The law, as it stands, is the result of several compromises reached here recently. One of those compromises, quietly made as a series of amendments approved by the legislature last month, eliminated commercial

vehicles from the law.

According to a spokesman for the Connecticut Insurance Assn., vehicular accidents involving private passenger cars and commercial vehicles will be treated by having the law "apply where it lies. In other words," the spokesman told *Business Insurance* "a private passenger car involved in an accident with a truck would get first party benefits." However, the commercial vehicle could go to court if a liability case was a possibility.

Record . . .

Continued from page 27

pendent children of disabled contributors, 35,770 widows' pensions, 38,666 orphans' benefits, 25 disabled widowers' pensions and 200 pensions which combined two or more of the others. There were also 49,846 lump-sum death benefits paid out.

Oregon supreme court holds insurer not liable

SALEM, OR.—The Oregon supreme court has upheld a decision by David Sandeberg, circuit court judge in Multnomah County, Portland, that the Truck Insurance Exchange is not liable for losses to a Portland auto dealer as a result of a salesman keeping the money from the sale of four used cars.

Bill Olinger Mercury Inc., had claimed its insurance should cover the loss of the four autos sold in 1969 and 1970 by a salesman. The court ruled the cars were not stolen because under terms of the insurance policy the salesmen did have custody of the autos.

In other actions, the state high court reversed an award of \$12,596 damages for Adolf J. Kisle against the St. Paul Fire & Marine Insurance Co. The firm had insured a farm supply company that Mr. Kisle claimed was responsible for damage to his alfalfa crop. The insured did not supply sprinkler parts for an irrigation system, Mr. Kisle alleged.

The court said the insurance covered accidental loss, and the firm's failure to supply parts could not be considered accidental.

Dread disease policies banned in New York

ALBANY, N.Y.—Dread disease health insurance policies—which cover only specified illnesses without providing basic health insurance coverage—have been banned in New York state under a new state insurance department regulation. The rule would permit the writing of such coverages as drugs, blood and rehabilitation medicine, however, since these coverages are not unique to a specified disease.

In explaining its decision, the insurance department noted that dread disease policies increase the cost of disability insurance "by significant amounts" without correspondingly increasing the disability benefit itself. Some policies make payment of any benefit contingent on additional insurance premium charges.

The regulation is applicable immediately to all policy forms presently pending action by the department and any future submissions which are made. Policies already approved which don't comply with the regulation will be ineffective 120 days after the effective date of the regulation.

THE SPOKESMAN said that of commercial fleet owners he had observed, "some wanted it this way and others did not."

One person who did support commercial vehicle inclusion in the law was Commissioner of Insurance Paul P. Altermatt. Mr. Altermatt said, "Yes, I had supported the concept of including fleet vehicles under the law in the original bill." He noted, however, that there was no groundswell support from fleet owners on this point. "I received a couple of letters from fleet owners expressing regret that they are not included under the law. But" he added, "I'm not sure fleet owners were aware of the amendment made last month."

The Connecticut bill allows persons involved in an accident to recover medical bills, lost wages and other related expenses up to \$5,000 from the vehicle's carrier. Victims lose their right to sue for "pain and suffering" unless there is a death, a serious disfigurement or dismemberment or permanent injury in the accident, or if medical bills alone exceed \$400. In Massachusetts this threshold is \$500. In Florida it is \$1,000.

THE CONNECTICUT law, which goes into effect Jan. 1, does not provide for "no-fault" property damage. Such a provision was included in the original measure but was later withdrawn by a voice vote of the house of representatives.

One provision of the measure specifies that there shall be automatic premium reductions of 10% on liability coverage when the bill goes into effect.

Vacation deferral benefit at Kodak

ROCHESTER, N. Y.—Kodak employees eligible for more than two weeks of vacation can now defer some of that time to the following year.

"Increasingly, individuals have shown interest in special vacation trips for longer-than-usual duration," said Carl L. Stevenson, assistant vp and director for compensation and benefits. "Recognizing this, the company feels that the broadened vacation-time deferral program will provide more Kodak men and women with the desired flexibility needed to enjoy their particular leisure-time plans."

Under the plan employees may defer one week of a three-week, one or two weeks of a four-week, and one, two or three weeks of a five- or six-week vacation to the following year.

One week of the deferred time may also be taken as separate days.

Update noise prevention at Maytag Co.

NEWTON, IA.—In a continuing effort to employ up-to-date equipment and methods for its hearing conservation program for employes, Maytag Co. has installed a new audiometer in one of its plant's medical departments here. The new model is fully transistorized.

Maytag, a pioneer in the development of a comprehensive industrial hearing conservation program, began its plan in June, 1966, with noise measurement, analysis and control. Steps were then taken, where possible, to reduce the noise level by placing mufflers on air ejections and using noise-absorbing materials in booths and other areas. Departments are periodically checked for noise.

THE COMPANY now has a program for testing all new employes, as well as older employes who work in especially noisy areas. Hearing losses are recorded and frequently rechecked; however, employes are referred to their own physicians if a medical condition is discovered.

Protective devices—earmuffs, fitted plugs, universal ear plugs, sound sentry type plugs with a wire headband and molded silicone plugs—are mandatory for employes working in areas where the noise level is more than 90 decibels. The type of protection assigned depends on the situation and the employe's preference.

To further implement hearing conservation in its plants, Maytag has prepared orientation materials and conducts hearing impairment classes for its employes. ■

Merchants must change attitudes

HAMILTON, ONT.—The attitude of store owners must be changed if store robberies are to decrease, Jerry Malcolmson, acting police sergeant, told a group of insurance agents at a seminar at Mohawk College.

"Many store owners seem to have the wrong attitude. They say, 'I don't care; I'm insured.' This attitude creates problems for the police and it costs money for insurance people," Sgt. Malcolmson said.

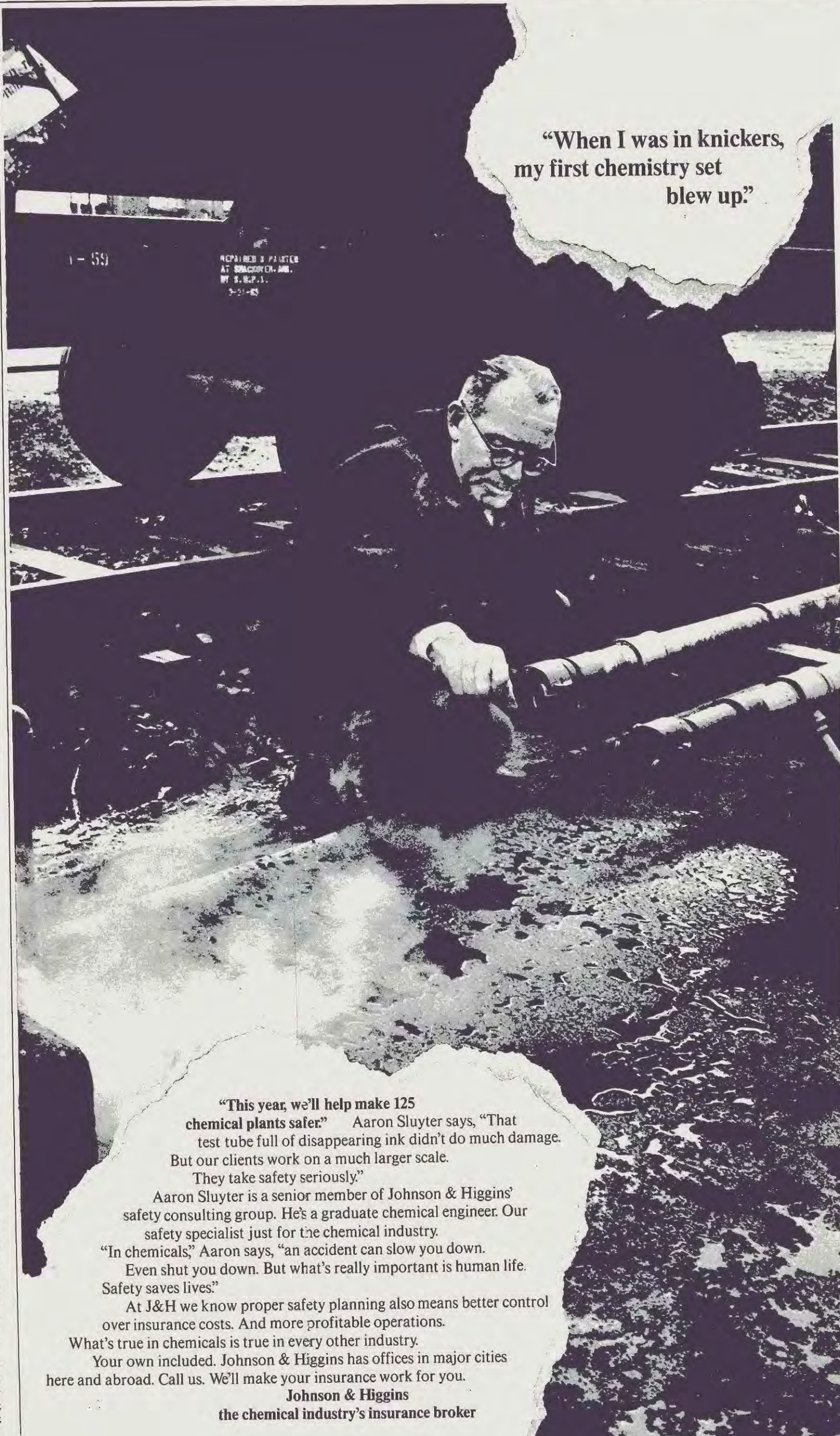
"We don't want to make it easier for the criminal. We should put a few pitfalls in his way. I'm talking about security."

"WE CAN only make suggestions. You (insurance agents) must enforce them. Insist that your client has more protection."

Sgt. Malcolmson said that insurance agents should demand from the alarm company the best type of alarm for their clients.

He also said that an increase in the number of visits to merchants by the criminal investigation bureau has resulted in a decline in the number of store robberies.

Public awareness is the answer to stopping robberies. "If people notice something suspicious they should tell the police—even if it turns out to be nothing. We don't mind false alarms," he noted. ■



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Recognition will be made of the best entries in five categories:

- Booklets.
- Employee publications.
- Computerized benefits statements.
- Letters and other special printed materials.
- Visual and audio-visual presentations.

Awards and special citations will be given to corporate executives and benefits administrators in October. Recognition in the competition will also be given to benefits consultants, insurance brokers, insurance companies and advertising or public relations agencies that provide communications counsel to clients and policyholders who submit winning entries.

Business Insurance Publisher Alfred Malecki said: "We believe that the benefits communication awards program is something that will be welcomed by business executives whose companies give benefits to employees that cost an

average of 25% of payroll.

"**MANY COMPANIES** that spend thousands or even millions of dollars for benefits do very little to tell their employees the value of their benefits or even the true nature of what the employee gets beyond his take-home pay. This awards competition will not only give recognition to those companies that are already doing an excellent job; it will also provide an opportunity for corporate executive to learn how best to tell the benefits story."

Entries in the competition will be judged by a panel of professional experts including benefits specialists and recognized authorities on graphic design and effective written communication. Graphic and copy experts will be chosen for the judges' panel by editorial executives of marketing publications of Crain Communications Inc., publishers of *Business Insurance*.

Readers who want additional information on the employee benefits communication awards competition should complete the coupon on this page and return it promptly to *Business Insurance*. ■

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Employer accountable for bad veins

LITTLE ROCK—When pre-existing varicosities are aggravated by prolonged standing and walking, an employer and his workmen's compensation carrier may be held responsible for disability incurred by an employee, according to the Arkansas supreme court.

In the case of Mrs. Leora Cox of Jonesboro, Ark., the court recently ruled that she should receive total disability payments from her employer, Service Pharmacy, and the insurer, United States Fidelity and Guaranty Co.

Mrs. Cox, a waitress at the pharmacy's lunch counter, has suffered from varicosities in both her legs since 1963. She underwent surgery for the condition that year. She went to work at the pharmacy in 1966 and began having leg trouble again in 1968.

SHE WORKED six days a week and put in a 9.5 hour day on the job, on a concrete and tile floor. In October, 1969, Mrs. Cox was forced to quit her job because her legs were swollen and painful. She later underwent additional vein surgery.

The defense cited several court decisions defining "accidental injury" as requiring the elements of "unexpectedness of cause or result and a definite injury."

The court's answer was: "Ever since our own 1956 opinion in *Bryant Stave and Heading Co. v. White* (227 Ark. 147, 296 S. W. 2d 436), we have been committed to the proposition that 'an injury is accidental where either the cause or the result is unexpected or accidental, although the work being done is usual or ordinary.'"

Two doctors testified in behalf of Mrs. Cox, as did two fellow waitresses.

The case was appealed to the high court from Craighead County circuit court, which had affirmed Mrs. Cox's contention that her employment disabled her. ■

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Domestic carriers are hogtied, says Redmond

SAN FRANCISCO—The California insurance department, at a hearing on surplus line problems, was told by Garrett Redmond, Fireman's Fund American Insurance Co., that "the whole surplus line market exists largely not because underwriters have more imagination in London, but because domestic carriers are so hogtied by regulations that they can't compete."

The hearing had been called to implement 1971 legislation permitting exemption of hard-to-place insurance business from the requirements of California law relating to cancellation and non-renewal.

Proponents of the legislation argued, "The surplus line business, by definition, constitutes hard-to-place risks and imposition of regulation restrictions on cancellation and non-renewal would serve to make coverage unavailable."

MR. REDMOND described the proposal as "special interest regulations" and urged that if exemptions are granted hard-to-place risks that "the exemptions should be arranged in such a way as to apply whether they were placed with domestic carriers or in the surplus line market."

Unknown carrier aids anti-war rally

SAN FRANCISCO—An unnamed insurance company rode to the rescue of the Downtown Peace Coalition, enabling that organization to hold a recent anti-war mass demonstration at Kezar Stadium here. Kezar was protected, after considerable controversy, by its required insurance policy, but the carrier refused to be identified publicly.

Kezar, the city's one-time baseball stadium with a capacity of 60,000, is operated by the San Francisco recreation and park department. It is available, for rent and under special circumstances free, to private use. In either instance, however, the department requires insurance from the user, \$1 million bodily injury and \$300,000 property damage coverage.

For a sporting event or a commercial gathering such a policy is apparently not too difficult to obtain. Insurance companies, however, seemed to be a bit reluctant to put themselves in the position of underwriting any bodily injury or property damage that might result from an anti-war demonstration.

BOB SCHEER, former editor of Ramparts and member of the Anti-Imperialist Coalition, working with the Downtown Peace Coalition, was a bit irate over insurance industry reluctance prior to the insurance donation. "A million bucks!" Mr. Scheer stormed at DPC headquarters here; "Nixon's gone crazy blowing up Vietnam, but we can't protest unless we've got a million-dollar insurance policy and the approval of an insurance company to protest a war they helped create."

Jerry Applebaum, finance secretary, said the coalition is more than \$1,000 in debt for printing costs and did not have the \$500 insurance premium.

"The proposed regulations," Mr. Redmond added, "would impose serious problems in the reinsuring of risks and in many situations would make reinsurance impossible because the reinsurer would be permitted to cancel or fail to renew while the primary carrier could not."

"What is more," he added, "where a carrier chose to accept an entire risk and then lay off perhaps 80% of it, it would mean that the 80% not retained would not be subject to the restrictions against cancellation and non-renewal but the 20% retained would be subject."

The hearing ended with a decision to "hold the record open for 30 days."



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The London insurance scene as seen by ASIM

This is a letter from London written by Thomas H. Lueck, manager of the administrative department of Northern Trust Bank, Chicago. Mr. Lueck was one of about 100 participants in a tour of London conducted for members of the American Society of Insurance Management following the society's risk management conference in Montreal.

By THOMAS H. LUECK

LONDON—As the plane touched down Saturday noon in rainy London town, the spirits of almost 100 ASIM members and wives making the post-conference tour of England were certainly not dampened.

Buses provided by C. T. Bowring & Co., whisked us quickly to the Russell Hotel where everyone

unwound over the six-hour time difference between Montreal and London.

But rest was not easy as our group was to meet in the lobby at 6 p.m. for a ride to the Gore Hall where our host, C. T. Bowring & Co., treated us to an Elizabethan feast.

FOR THOSE NOT familiar with the ritual: You're seated in an old high walled hall according to your status in the kingdom. The wenches (cute and witty) serve you soup, which you drink out of wooden bowls. As the wine flows, course after course of foods are served and the masters are served first by the women sitting at your table (no women's lib in this era). The entertainment is old English ballads sung with a touch of blue lyrics. As

the drink and food continues, you almost feel the ghosts of Gore Hall joining in the merriment.

The mood was set by this party and it carried through the festive week that followed.

Sunday afternoon a four-hour tour was provided for us by the Bowring firm. What every tourist should see in London, they made sure we saw. In the evening, Keith Shipton and Kinninmonth Ltd., hosted a cocktail party aboard the Queen Elizabeth II. This enabled us to make many new friends with our English counterparts as we cruised down the Thames.

MONDAY EVENING after a free day to see London, another reception was held for us by the British Insurance Assoc., at the Aldermay House. Here, atop one

of the newer skyscrapers of London, we got a beautiful panoramic view of the city.

Tuesday evening, under the auspices of Wills Faber & Dumas Ltd. in conjunction with Johnson & Higgins, our group was entertained at a majestic dinner held in the Abraham Lincoln room at the Savoy Hotel.

Wednesday morning all ASIM members attended the opening of England's sixth Assoc. of Insurance Managers in Industry and Commerce 1972 Educational conference. Their delegates meet just as ASIM does to exchange ideas among those engaged in the insurance industry. It was interesting to hear their comments on employe benefits, how they cope with insurance catastrophe risks and their problems on health insurance.

In the evening, Price, Forbes & Co., provided cocktails and dinner on board a yacht on the Thames river. This trip up the river afforded us a great view of London with all its historical sites pointed out to us. Thursday afternoon our group made an official visit to Lloyd's where we were greeted and received by Sir Henry Mance, chairman of Lloyd's. After the group visited the underwriting room the men had an informal question and answer seminar with Sir Henry and some of the directors and underwriters of Lloyd's in the library. This was followed by cocktails and a reception hosted by Lloyd's.

Later in the evening a farewell dinner was held at which all AIMIC and ASIM members had a City of London Feast at Painter-Stainers' Hall. It will be a long time before we forget this memorable evening in which our hosts toasted the Queen and we in turn toasted our President. The dinner consisted of the same menu presented to President Eisenhower on his last visit to London.

We bid farewell to our new made friends with the knowledge that both our organizations strive to continually advance the professional status of the risk manager.

Friday was our final day to relax and see England. Several of us were fortunate in having a Rolls Royce and chauffeur made available to us for sightseeing and we took off for the beautiful countryside. ■



"Today's the day I sell old sourpuss our new survivor income group benefit."

Our hero's determination is admirable. But Mutual Benefit's new Survivor Income Benefit is not that tough a sale, as he'll find out.

Most employers recognize it as a valuable option, since it provides widows and children of deceased employees with a continuous income that lets them do more than survive.

Benefits can be as much as 20%, 30% or 40% of an employee's salary, up to \$4,000 a month.* And they're payable every month until the spouse remarries, dies or reaches age 62 or 65, depending on the plan. To qualify, only twenty married employees must be insured.

The nicest part is that our Survivor Income Benefit can be added to most of our Group Life insurance policies. An important point when selling a new policy. And a good opportunity for you to go back to old policyholders with something new.

Look into this new approach to family security planning. Get all the details from your nearest Mutual Benefit General Agency or Group Office. See what it can do for your sales.

*Subject to applicable state insurance laws.

MUTUAL BENEFIT LIFE
THE MUTUAL BENEFIT LIFE INSURANCE COMPANY/NEWARK, N.J./SINCE 1845

City seeks seat on N.Y. exchange

NEW YORK—The City of New York which operates a pension fund in excess of \$6 billion has asked the state for permission to buy a seat on the New York Stock Exchange. Hoping to recapture brokerage commissions which last year totaled \$563,948, the city must obtain approval from both the state and the exchange for such a move.

Presently, membership on the 1,366-seat exchange is limited to firms conducting a public brokerage business and is barred to pension funds, mutual funds and insurance companies. The Securities and Exchange Commission has endorsed a limited form of institutional membership. Under their proposal, however, a company's brokerage subsidiary would be required to do a "predominant portion" of its business with non-affiliated firms.

EVEN IF the SEC's proposal were adopted, the restriction on the amount of public trading would create more expenses than it would return savings to the city, explained a spokesman at the city comptroller's office.

"We are waiting to see what happens regarding the city council's proposal," he said. "We made the pitch ourselves to the exchange to amend their rules and allow us to join, but they turned us down. Of course, we would be spending a lot of money to set up our own system anyway. A reduction in commission rates might accomplish the same goal. At any rate, a seat on the exchange would move us in the right direction—toward saving money," the spokesman noted. ■

New prescription drug subsidy will affect 400,000 British Columbians

VICTORIA, B.C.—Ralph Loffmark, health minister here, has announced a new prescription drug subsidy program that will affect an estimated 400,000 people in British Columbia, about 25% of the population.

He said the subsidy will apply to people on limited incomes, those who earn about \$1,500 a year or who qualify for the 90% premium subsidy under the B.C. Medical Services Plan.

Mr. Loffmark, who described the drug program as the first of its kind in North America, said that an eligible person will pay \$2 plus 50% of the balance of the cost of the prescription. This means that for a prescription worth \$12 the patient would pay \$7 and the government \$5.

UNDER questioning, Mr. Loffmark admitted that the government had received estimates of how much the subsidy plan would cost the taxpayer "but we are not going to make those fig-

Explains tax, pension juggling

VANCOUVER, B.C.—Opposition leader Robert Stanfield has scuttled pensioners' hopes that a Progressive Conservative government would implement a \$150 old age pension. Such a pension, he told members of the Pensioners for Action Now group, would mean a total annual expenditure of \$1.5 billion, twice the amount currently spent.

"I'm anxious to go as far as possible," the Progressive Conservative leader said, "but I have to keep in mind that this (expenditure) would result in a very substantial increase in taxes." The increased taxes would add considerably to already widespread unemployment, he added.

As an alternative, Mr. Stanfield promised that a Tory government would provide a "substantial increase" in pensions, and would ensure that pensions keep pace with changes in the cost of living. He would not elaborate on what a "substantial increase" might be.

MR. STANFIELD, on a three-day trip through Western Canada, was invited by the pensioners' group to acquaint its members with Conservative policy toward old age pensions. The recently-formed group, which claims potential support of 13% of Canadian voters, has demanded that the basic pension be increased to \$150 monthly from the current \$80.

The opposition leader told the pensioners he believes that any civilized country "must adopt a humane policy, a civilized policy, toward its older citizens." He said he would like to see Canada as a country where people could grow old without fear, and that a substantial investment was needed to enable a pension program to reflect annual cost-of-living fluctuations.

The time to recognize the necessity of such a pension is long overdue, according to Mr. Stanfield. It is necessary for Canadians, he stated, to accept heavier taxation and to make the necessary investment so that "henceforth pensioners would not be allowed to fall behind." ■

ures public at this time." When pressed, he added that the government did not want to make public the cost estimates until it was sure that its estimates were accurate.

"The cost will run into the millions," Mr. Loffmark said. He would not elaborate.

He did point out that the average cost in British Columbia for a prescription drug is \$4.

The program, which will become effective on "June 1 or July 1," after details have been worked out by the government in association with the drug advisory committee, will not apply to people on welfare. Welfare recipients already receive equivalent benefits as part of the welfare assistance program.

Mr. Loffmark said old-age pensioners will be one of the

main groups to benefit by the plan, which will be administered by the department of rehabilitation and social improvement as a separate health service.

HE ALSO described the plan as a first step in a series planned to help keep down the cost of prescription drugs and promised that further announcements would be made in the next month or two.

"The government of British Columbia regrets that the government of Canada has not, as yet, indicated a willingness to share in the cost of introducing this program," Mr. Loffmark said. "It is hoped that the initia-

tive shown by the British Columbia government . . . will be an inducement to the Canadian government to participate and make this a cost-shared program."

Mr. Loffmark said that "after the government receives an assessment of the success of the subsidy plan, we will seek ways and means to increase the number of people who are eligible."

He said the government is also studying the possibility of setting up pharmaceutical outlets other than drugstores for certain kinds of patients, such as those on long-term therapy.

However, he indicated this study is currently in a very indefinite state. ■



If your uncle makes it tough all over, we can make it easier. All over.

Undoubtedly, your insurance problems have become more complicated lately because of the tough, complex OSHA requirements. Really, things don't have to be so bad. There are several ways to unravel the mystery. 13 to be exact. Because R. B. Jones is in that many cities. We're all over the map, which makes it very easy for us to help solve your problems.

Uncle Sam's regulations may be a new law, but it's an old story to us.

Because our specialists are experts in loss control. Always have been. After all, if we didn't have risk management know-how, we wouldn't be the nation's No. 7 broker.

No matter what your Uncle says, no matter where you are, we can make things a whole lot easier for you.

R.B. JONES
INSURANCE



N.Y. to L.A.
and strong in
the middle, too.

Giles on the law

Has your insurer acted in good faith? Ask yourself a few decisive questions

By JOHN W. GILES
Attorney at law

WASHINGTON—Are you having trouble with your insurance company with respect to the settlement or defense of an action where you are insured? As you know, the weight of authority supports the view that an insurer must act with good faith towards its insured in the defense and settlement of claims which it has the exclusive right to defend and settle, and the insurer is liable in damages to the insured for failure to do so.

What are questions you should ask to determine whether the insurer acted in good faith?

How severe was the injury and what is the strength of the claimant's case on the issues of liability and damage and the likelihood of a verdict in excess of the policy limits?

Did the insurer make a proper investigation?

Did the insurer advise you, the insured, of your right concerning the obtaining of an attorney to look after your interests?

Did the insurer advise you, the insured, of your potential liability for any judgment in excess of the policy limits?

Did the insurer advise you, the insured, of any possible conflict of interest between the insurer and you?

Did the insurer deal fairly with you?

Did the insurer inform you of any compromise offers?

Did the insurer demand that the case be settled for the policy limits?

Did the insurer ask you to contribute to any settlement offer?

Did the insurer absolutely refuse to discuss and consider any settlement offer before trial and/or after judgment was rendered in excess of the policy limits?

Did the insurer insist that the case be tried?

Did the insurer insist that the case be appealed after a jury

verdict in excess of liability?

Did you, the insured, insist that the case be tried?

Did you, the insured, insist that the case be appealed after the jury rendered a verdict in excess of the policy limits?

Was the insured negligent in its handling of the entire transaction?

These are the kinds of questions a jury must answer when the question is presented as to whether the insurer acted in good faith in its conduct of a case for the insured. There is no precise formula to be prescribed for determining the sufficiency of

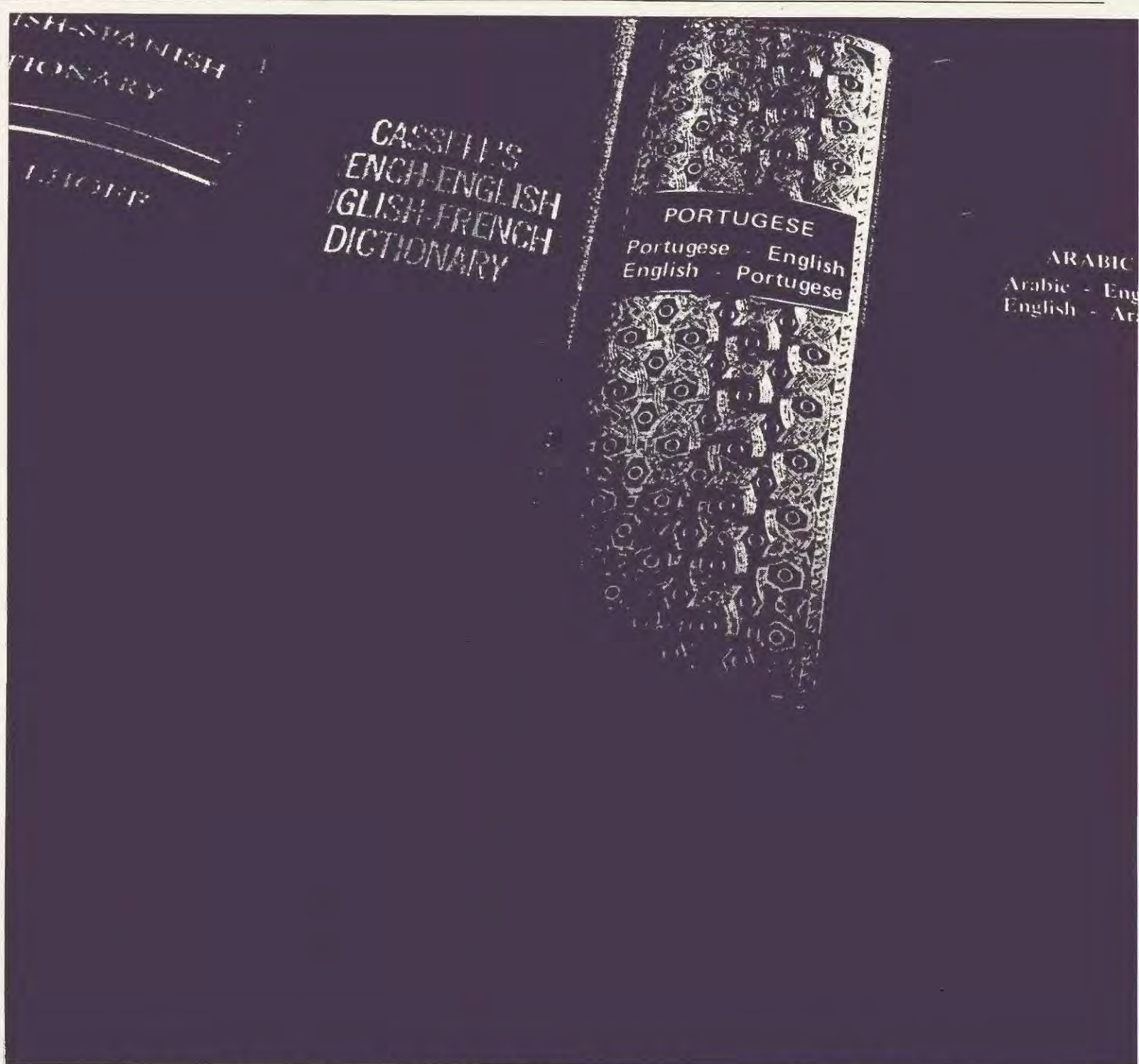
the evidence when the good faith of the insurance company is at issue. In this litigation, the suit was against the insurer for damages incurred because of the manner in which the insurer conducted the handling of the defense in a personal injury action. (*Wasserman v. Buckeye Union Casualty Co. Ct. of Appeals, Ohio. 277 N.E. 2nd 569. Jan. 13, 1972.*)

* * *

IS THE MANUFACTURER (in this case General Motors Corp.) of a bus under a duty to equip it with seat belts to protect passengers from possible injury in the event of a collision? The Ohio Court says, "No." The action was by a husband and wife against General Motors and the bus company for injury sustained by the wife when the bus collided with an automobile. In declining to hold General Motors liable, the court said that the standard of care of a common carrier is decid-

edly different from that of the manufacturer of a bus. A common carrier must exercise the highest degree of care for its passengers, while a manufacturer must exercise only ordinary care. Without deciding whether not providing safety belts is a violation of the highest degree of care required of a common carrier, we find that there is no duty upon a manufacturer of a bus to provide seat belts to meet its requirements of ordinary care, or a requirement that the bus be fit for the ordinary purposes for which it is to be used.

For the court to impose the requirement of providing seat belts upon bus manufacturers would be an invasion by the courts of the province of the legislative bodies upon which the burden of such decision-making responsibility properly lies. For a similar case see *Greyhound Lines v. Superior Court. 3 Cal. App. 3rd. 356. (Gleich v. Gen. Motors Corp. 277 N.E. 2nd 566. Aug. 31, 1971.)* ■



Safety plan underway at GPU Corp.

PARSIPPANY, N.J.—General Public Utilities Corp., through its subsidiary GPU Service Corp., is undertaking a program designed to coordinate the activities of the four GPU System electric utility companies in a variety of areas including insurance coverage and fire prevention measures.

"The service company was formed in May, 1971, in order to standardize company procedures," said Harry F. Gerety, manager of insurance and claims. "We had the same insurance coverage before, but each company reported its own losses and handles its own claims. Coordinating our efforts gives us a better chance to take an overall view—to find out where change is needed.

"Our coverage is placed with several insurance companies through Brown Crosby & Co. Inc.," Mr. Gerety said.

JOHN E. BURKEY SR., has been appointed to the new position of fire prevention coordinator to head up a fire inspection program and to coordinate the subsidiaries' activities regarding the Occupational Safety and Health Act.

"Right now, I'm in the process of drawing up a safety policy for the GPU system. Then, my next objective is to make it known and to standardize systems regarding OSHA requirements," Mr. Burkey explained. "Most of the work is in a formative stage. We want to standardize the training programs to see that all the men are properly informed and certified."

Prior to joining GPU, Mr. Burkey was chief of the City of Johnstown fire department. ■

And there are plenty of them. Not the least of which is the babble of tongues one is apt to hear on the other end of a long-distance phone line.

Somehow red tape seems more complex in Greek. Unintelligible regulations more so in German. Bad news much worse in Portuguese. Yet even with a shelf of dictionaries, a lot can get lost in the translation.

The big gamble. The language barrier is bad enough. But it's only one of the many things you may never know. Unless you have the *right* insurance company underwriting the risk. And helping you and your

client fully understand the whole situation.

For example, is your client's shipment insured from warehouse to warehouse? If not, where does his insurance attach and terminate? Also, is your client being guaranteed the proper marine and war risk insurance on his shipment?

The right insurance company. That's MOAC. For we've been writing marine insurance for over 100 years.

And our present leadership position in the marine insurance marketplace is based on our ability to write all types of ocean and commercial inland marine insur-

Risk management plan induces further study

SEATTLE—The King County council, which April 21 was on the verge of discarding plans for a risk management office to centralize insurance and safety functions, has decided instead to study the matter further.

Detail's of the county's multimillion-dollar insurance program have not been made public, for which the county and the Independent Insurance Agents & Brokers of King County, an association acting as the county's broker, have been criticized, said the Seattle Times.

Association representatives told the council committee that they oppose creation of a risk management office. They said the county

already has such an office by virtue of the appointment of an insurance officer, who is a county employe.

Joseph McGavick, county administrator, said he did not understand the association's opposition since the county intends to continue its liaison with the group. He said the association apparently fears that the county might self-insure more extensively, which would reduce insurance commissions paid to the association. That is not the intent of the proposed legislation, Mr. McGavick asserted.

E. R. Young, president, and Irwin Mesher, executive secretary of the association, said the

organization has proved itself through long and efficient service to the county.

A committee of insurance executives, which has been advising the county on handling insurance, recommended that a risk management office be created and that more attention be given to insurance matters to reduce duplication of coverage and to cut costs.

The concept, as envisioned by county executive John D. Spellman, would try to exert greater control over the county's insurance program, criticized in recent months as being too costly, and to start a general safety program.

Council members expressed doubts about the merits of the proposal at a meeting of the council finance committee. As a result, a public hearing set for April 17 on whether to create the section in the office of property and purchasing was continued for a later meeting. ■

\$4.5 million settlement for Penn Central IOUs

NEW YORK—An out-of-court settlement of about \$4.5 million paid to holders of unsecured Penn Central short-term IOUs bought from the brokerage firm of Goldman, Sachs & Co. here was insured, according to a spokesman at Goldman, Sachs.

The brokerage firm, which originally purchased over \$150 million of the commercial paper, sold it to third parties prior to the railroad's bankruptcy. At the time of reorganization, Penn Central failed to pay \$87 million worth of the IOUs.

The settlement by Goldman, Sachs with holders of close to \$20 million of the paper was reportedly for 20% of the face value of the IOUs in addition to a portion

of any funds received by the firm from the railroad's organization.

Settlements have not been reached with companies holding about \$50 million worth of the paper, many of whom have suits pending against Goldman, Sachs for failure to reveal information concerning the condition of the paper prior to sale.

THE BROKERAGE firm, in turn, has filed suit against the railroad for \$82.5 million.

Goldman, Sachs referred to the settlement with the holders, which include Walt Disney Productions and the American Express Co., as an expedient business arrangement. They did not acknowledge any guilt in the matter when negotiating the claims.

"Insurance took care of the majority of the costs," noted a spokesman. "It's paying the freight on this thing."

Although the firm refused to release specific insurance details, one official did confirm a report that much of the coverage was placed with Lloyd's of London. ■

Barger rules on mail ad tactics

SAN FRANCISCO—Following fast on the heels of a similar action in the state of Washington, California's insurance commissioner, Richard D. Barger, has ordered National Home Life Assurance Co., Valley Forge, Pa., to stop using advertising featuring Art Linkletter. Mr. Barger moved to crack down on advertising and sales promotion tactics of mail order hospitalization and disability insurance firms.

His order against National Home was rendered because "the format and text of the advertising and sales literature are designed in a manner which makes the ads obscure and ambiguous." Mr. Barger added that he "has reason to believe the company is engaged in unfair and deceptive acts that violate the California state insurance code."

Robert E. Slater, National Home's president, was told by the commissioner that the "cease and desist" order has been set for hearing in San Francisco May 23. Mr. Slater was also told he must furnish information "within five days" on whether Mr. Linkletter is a director and/or a stockholder of the company and whether he was paid and if so how much. Mr. Barger also told Mr. Slater he wants a discussion of rates for coverage provided.

The commissioner emphasized that he thinks "Linkletter is a fine individual, but when people see his endorsement they should know his interest." He added that he understands Mr. Linkletter receives \$50,000 a year to "provide service" to the insurance company. ■

Group sales up 36%

Substantial increases in life insurance sales in 1971 in Ontario are attributable to a huge jump in group life insurance sales, according to figures released here. The department of insurance figures show that individual sales were up 5% last year while group sales rose 36%.

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ance with both skill and efficiency.

It's also based on the fact that MOAC has accumulated the necessary experience, background data and research facilities to handle just about any kind of marine risk. From supertankers to giant television towers. From overseas cargoes to all types of contractor's equipment. And over ninety percent of our business is judgement-rated.

A unique capability. Efficient MOAC teams—including production, underwriting, marine engineering and claims—working from 37

offices throughout the United States and Canada keep expenses down, too. This makes it possible to return to our policyholders the highest possible percentage of their premium dollar. This also makes possible more business for you.

For more information, see your local MOAC representative. Or write to Marine Office • Appleton & Cox Corporation, 123 William Street, New York, New York 10038.

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SAFETY/SECURITY REPORT

Ingenuity, communication combine to make a 'model' loss prevention plan

NORTH WALES, PA.—Indicating that there are loss prevention programs and there are Loss Prevention Programs, the insurance company engineer paused thoughtfully and said, "I seriously can't remember the last time they had a fire that did more than \$1,000 damage. It's been that long."

The man doing the recollecting was Charles Jones of Philadelphia Manufacturers Mutual Insurance Co. The "they" he was referring to was Leeds & Northrup Co., a maker of electronic instruments and process control systems.

Echoing his sentiments was William M. Feeley, director of plant and manufacturing services at Leeds & Northrup. "Our loss prevention program here is a joint effort," he pointed out. "Both we and PMMI have always been willing to listen to each other and come up with solutions that are mutually satis-

factory. And the efforts have been very worthwhile. We haven't had a serious fire since we started construction of the North Wales complex some 15 years ago."

The company's fire protection system, referred to as a "model" by its insurers, encompasses the normal aspects of sound fire protection—extensive sprinkler systems, fire walls, independent water supply, water flow supervision, well trained fire brigades, fire extinguishing equipment wherever it might be needed—and goes somewhat beyond.

To the normal ingredients, Leeds & Northrup has added communication and ingenuity. The communication between the manufacturer and its insurer has resulted in a number of fire safety improvements at the plant. The ingenuity displayed by L&N's employees, under the guidance of Benjamin Stringer, manager of safety and security, has led to some rather offbeat ideas.

Granted, most companies communicate in some way or another with their insurers but, as Charles Jones put it, "You try to see that each insured gets the same service and Leeds & Northrup doesn't cause us any problems. We don't have to go out there very often and when we do, many times they have already done what we would have asked them to do. It's a good relationship. We are in touch."

One example of good communications was in connection with the company's plans to change some of its paint spray booths from a hot lacquer spray operation to electrostatic painting.

Leeds & Northrup planned to purchase one manual electrostatic spray system and put it in operation on a trial basis before adding any others. Before purchasing the system, however, the company told PMMI, a member of the Factory Mutual System, what it intended to do and asked



Members of Leeds & Northrup's fire brigade attend a local fire school once a year. Brigade members are drawn from all shifts and all departments.

for advice on how to set up the system safely.

ROUGH SKETCHES were submitted with brochures describing the equipment and there were numerous telephone discussions before the system was actually bought. As a result, it was agreed that the power supply for the system would be located outside the spray room, all metal objects in the vicinity would be adequately grounded and all other connections for the equip-

ment would be either explosion proof or vapor tight.

Whenever the company does have a fire, the size of which does not matter, it is immediately reported to the insurance company. PMMI then analyzes the specific instance and comes back to the company with an explanation of what caused the fire and how similar fires can be prevented.

The Leeds & Northrup loss prevention program is designed to protect about 800,000 square

Continued on page 45

Cargo security tightened at air and sea ports

By LYNN LATHAM

NEW YORK—A New Jersey housewife, incensed because a trucking firm had deposited a container on her front lawn, called to complain and asked that the obstruction be removed at once. According to company records, the container, carrying a load of tobacco, was on a ship destined for a foreign port.

By jockeying container identification numbers, thieves had managed to smuggle the container out of the New York waterfront area with no one being the wiser until they dumped the empty hull on someone's flower garden.

With various private and governmental agencies vying to control security measures at airport and seaport cargo areas, security precautions have tightened up somewhat. However, incidents

continue to occur where, due to carelessness or collusion among workers, a trucker can drive into a loading area with forged documents and leave with a container of high-value goods earmarked to be sold through a seemingly legitimate storefront operation.

Several agencies working in the waterfront areas of New York and New Jersey, where more than 56,585,000 long tons of cargo with a dollar value of \$15.44 billion were handled in 1971, advocate stricter controls over shipping personnel to reduce theft—but disagree as to who should administer such programs.

THE WATERFRONT Commission of New York Harbor, a regulatory and law enforcement agency formed in 1953 by a bi-state compact between New York and New Jersey, currently has

authority to license port security personnel, stevedore companies, workers who load and unload cargo and various firms operating at the docks.

A bill now before Congress would expand the commission's powers, enabling the commission's their own guards on the piers, license truck drivers and mandate further security regulations.

"Security has improved this last year," noted a spokesman for the commission. "We feel the increased protection resulted from the commission's 1970 public hearing concerning port security (*Business Insurance*, 1970).

"At that time we reported broken fences, unlocked gates and sleeping guards at various pier areas. Since then, many of these conditions have been rectified. A number of the terminal operators also tightened security by installing regiscope to photograph

truckers and their documents."

THE COMMISSION, however, asserts that additional enforcement powers are necessary to achieve a substantial loss reduction.

"Usually you need collusion between the pier workers and truck drivers to pull off a major theft. Currently, we have no authority whatsoever over the trucker and we only license the guards. Whereas we can revoke a dock worker's license because of illegal activities, a truck driver moves about unhampered. He may be arrested for theft one

day, return to work at the pier the next, and we can't do a thing," said the spokesman.

The commission is financed by an assessment on the payrolls of waterfront employers who oppose any expansion of its powers. "The Waterfront Commission is a public organization—but the cost is saddled on industry," explained Jerry Sullivan, executive vp of Security Bureau Inc., a private industry-sponsored organization working to reduce theft and pilferage of cargo in transit.

"Any expansion will constitute

Continued on page 48

Fire causes Petrobras to change storage tanks

RIO DE JANEIRO—Petrobras will probably change its system of storing liquified gas. Technicians, who investigated the recent fire at the Duque de Caxias refinery here in which 38 workers died, stated in a report on the causes of the fire that the present safety system used in Brazilian storage tanks did not offer a minimum of security and suggested solutions.

According to the report of the investigating commission, the fire began because of a malfunction of a safety valve in the tank which exploded. The outflow capacity of the valve was not sufficient to allow enough gas to escape to reduce pressure to a normal level.

The investigating commission also pointed out that the malfunction was a mistake in the constructor of the tank and not a mechanical failure since the valve was not built to handle the necessary gas outflow to prevent an explosion. The commission said the tank did not meet international safety norms. It pointed

out that there was not a backup system that could have been triggered to handle a sudden increase of gas pressure.

THE TECHNICIANS also reported that the water drain in the bottom of the tank did not allow gas to escape and that, at any rate, it would be dangerous for gas to escape below, since sparks could ignite it.

Based on the report, which used international safety standards, Petrobras decided to change the storage tank safety rules at all of its refineries.

The report included the design of a suggested safety valve to be used in storage tanks. The new valve on the top of the tank allows for a maximum outflow. There is also a spray apparatus to cover the tank with water and thus keep it cool. Below, there is a special apparatus which injects water under high pressure to block any gas outflow and which would also force open the drain valve. There will be two new safety valves on all tanks. ■



The Waterfront commission pilferage squad recovered these items while searching piers in New York Harbor. —Waterfront Commission photo

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A Top Security policy† can put all commercial hazards under the Z-A armor. Not only the basics, such as fire and lightning, wind, explosion, sprinkler leakage, riot, vandalism . . . and sonic boom. But optional coverages, too, such as glass, building collapse, burglary and robbery, fidelity bond, business interruption, product liability, elevator collision.

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Today armor belongs in museums. Z-A's Top Security policy belongs in your protection program.

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*T.M.

†(Not available in all states)



OSHA, and its impact, under keen observation

WASHINGTON—Has the Occupational Safety and Health Administration gotten off to a good start, or is it far behind schedule if it is to make a real impact in the foreseeable future?

The year-old federal agency, created to administer the Williams-Steiger Occupational Safety and Health Act of 1970, has obviously made some headway toward increased safety awareness in industry. OSHA's 400 inspectors (to be increased to 700 by July) have conducted close to 23,000 inspections of plants employing more than 4 million workers in the past nine months. Just over 63,500 violations of established standards have been alleged in 16,370 citations to employers, and fines totaling \$1,444,686 have been imposed.

The agency has no way of knowing yet exactly how many of the 4 million-plus plants and businesses in the U.S. have complied with copies of the standards sent to them, and OSHA officials say there will be no way to determine the law's effectiveness in terms of accident reduction until 1973 (after the agency compiles a

SAFETY/SECURITY REPORT

from-scratch set of statistics for 1972 as a base year).

But some 4,850 establishments inspected—or 23% of the total places checked so far—were found to be in full compliance with the standards. The implications of this are "most heartening" to

George C. Guenther, assistant labor secretary for occupational safety and health. Mr. Guenther and other OSHA officials feel the percentage would have been much lower without the Williams-Steiger law and OSHA's efforts to make it take hold. They also feel that while some of the criticisms and suggestions they've received so far are worthy of consideration, the bombardment is a bit unfair because of the relatively short time OSHA has been in existence.

In addition, said one OSHA man, "there's a tendency among consumer groups, in this case taking the side of everyone who works, to blame us for the sins of the fathers."

He was referring specifically to

the "Ralph Nader Task Force Report on Job Health and Safety," an inch-thick blast at government, business and labor failures it sees as permitting industry to plow ahead at the expense of "workers' bodies."

While acknowledging that OSHA is "a new legal mechanism

which aggressive officials . . . can utilize in a sustained assault on the hazards of the industrial environment," the report contends that "what has actually been done over the past 12 months indicates that the opportunities created by OSHA (the law) have scarcely

Continued on page 43

Nader report is not too hard on work comp

WASHINGTON—A Ralph Nader "Task Force Report on Job Health and Safety" takes a critical but not heated approach to workmen's compensation insurance in an otherwise blistering

attack on alleged government, business and labor failures to make jobs safe for workers.

"Weakness" and "uncertainty" were the main complaints in a five-page discussion of workmen's compensation as the principal cost incurred by companies as a result of job hazards.

Noting that a company with more than \$500 in total premiums receives an experience rating from the National Council of Compensation Insurers, the report said companies receiving a premium credit for better-than-average experience (about 15% of all employers, paying 85% of all workmen's comp premiums) should result in "a real safety incentive, but there is uncertainty about its actual impact."

It said that according to insurance industry spokesmen, there has never been an analysis of the effect of the system on a given industry, though insurance people "feel it has had a definite effect."

THE REPORT WENT on to say that for the 85% of employers not covered by workmen's comp experience ratings, "the existing manual rating system has the effect of hiding the accident records of small firms in the class total and keeping their insurance premiums down until the class rate as a whole rises."

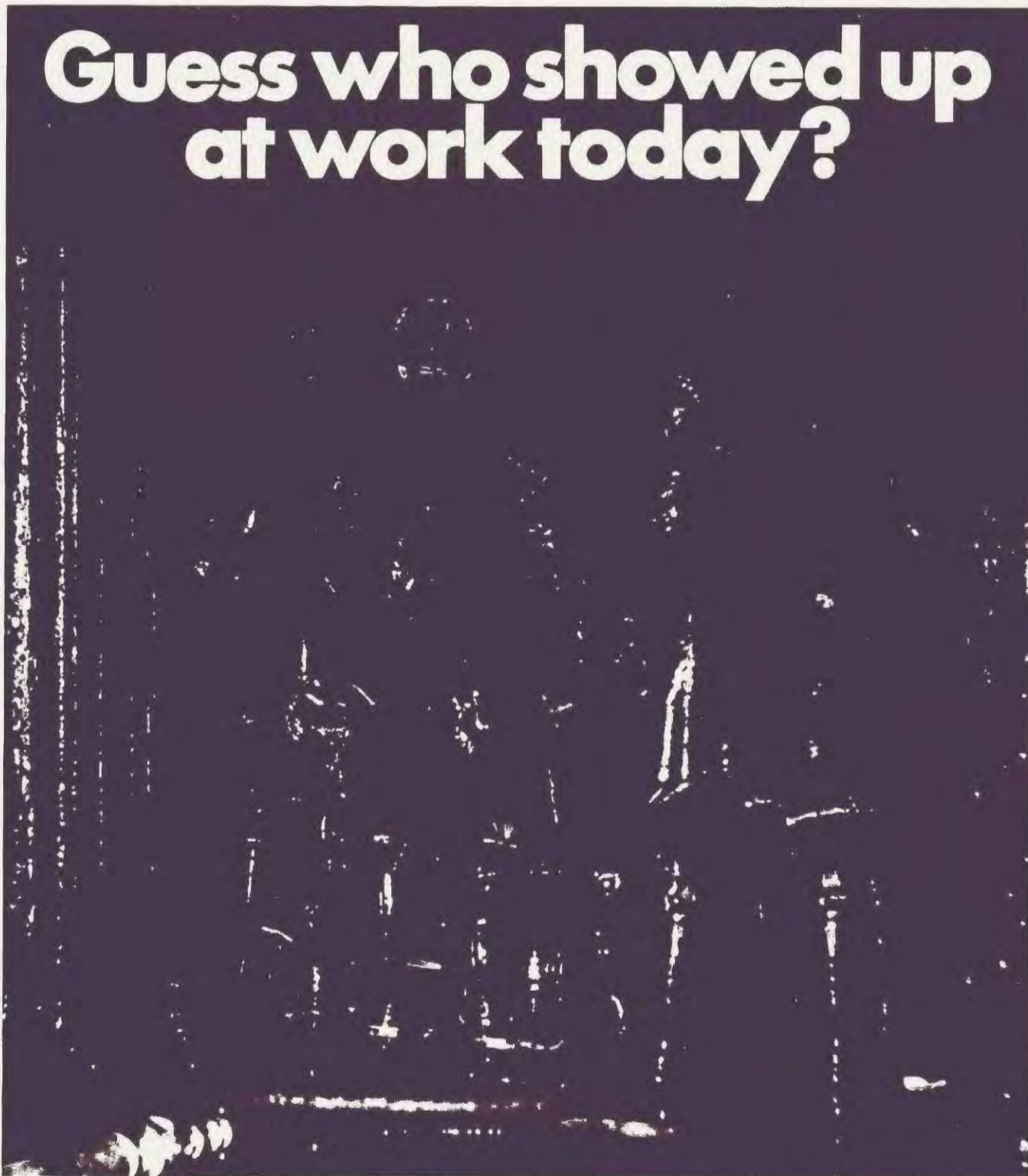
It said industry sources explained that it "is not practical to make experience rating applicable to very small risks. Such employers would be unduly penalized by even one moderately severe accident. This would be contrary to the insurance principle of spreading the risk."

The report concluded that "smaller firms, therefore, profit from the good experience of larger firms without any immediate consequences for their own poor records." But it also contended that "on the other hand there are weaknesses in the safety incentives offered by the experience rating system, because it links the costs of compensation insurance to the amount of benefits paid out after an accident has occurred, rather than to the level of safety and health protection in a plant."

As a result, said the report, "it is impossible to relate plant expenditures on safety and health to the cost of compensation premiums." The adverse effects of the system were brought out in a quote from the Presidential Task Force on Income Maintenance and Compensation: "Experience rating is based on benefits paid to injured workers, not on the employer's safety record. Given the type of administration in some jurisdiction, the employer may find it rational to reduce losses by fighting claims rather than by taking safety measures."

OCCUPATIONAL diseases were found by the Nader group to "constitute the most serious hazard to the American worker today." However, said the report,

Continued on page 49



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GRINNELL

Ablative water may be a future key to solving warehouse fire ills

PROVIDENCE, RI.—Fire, like today's bevy of talented criminals, keeps finding ways of doing harm even in the face of a technology that seems determined to force it into extinction. However, a new fire fighting system, being developed jointly by the Factory Mutual System and Rockwell Manufacturing Co., may be the key to stopping massive fire damage in certain high hazard occupancies.

The system, called ablative water, works very much like a regular sprinkler system in that it employs a water supply, a distribution network near the ceiling and automatic nozzles. There, however, the similarity ends.

What comes through the nozzles is more than just water, it is water that has been thickened by a very small percent of a "modified microgel," according to C. J. Kentler of Rockwell.

SAFETY/SECURITY REPORT

The gelling material is stored and fed into the water supply by an injector assembly. The gel is added only when needed but when it is used, it sticks to the surface it falls upon, absorbs heat and acts as a fire barrier.

APPLIED initially at high flow rates, the ablative water coats the surface of objects while its own surface evaporates—which is why it is called ablative water—and keeps the fuel surface cool. "In this way," Mr. Kentler pointed out, "the ablative water acts as insulation and a radiation barrier and reduces, if not prevents, the hazard of aisle jumps."

The system uses few nozzles and a comparatively small amount of water but the coverage is intense. When the system first opens, it discharges about 200 gallons per minute, compared to the 40 gpm first discharged by standard systems. The ablative water spray pattern is directed downward with a maximum discharge angle of about 130°.

Tests at the Factory Mutual testing center revealed some rather striking results:

In a test of a plain water system on a fire ignited in a palletized, 20-foot-high rack storage of polyethylene-wrapped cartons containing sheet metal liners, the fire ball reached the ceiling in 45 seconds and triggered the sprinkling system in two minutes. The first sprinklers had little effect and in ten minutes, the smoke was too thick to view the fire.

CONTROL ROOM instruments showed that 87 sprinklers were operating almost 15 minutes after the fire started and 102 sprinklers at the 18 minute mark. The sprinklers were shut off after 61 minutes.

In contrast, the ablative system triggered at exactly three minutes and, at six minutes, the third and final nozzle was operating. Smoke became thick at 22 minutes but the fire was by then under control. The ablative water system was shut off at 44 minutes but small hose lines had been brought in to mop up 12 minutes earlier.

The instruments that had monitored both tests indicated that the water demand for the sprinkler system had been 3,100 gpm but only 500 gpm for the ablative system. Temperatures in the rack steel had reached 1,900° F four feet from the point of ignition

under the sprinklers but only 400° F under the ablative water.

The temperature of the air at ceiling level was over 1,000° F for more than 10 minutes during the sprinkler test. That temperature was reached for only 48 seconds in the ablative water test. Most importantly, 75% of the cartons were destroyed during the sprinkler test and only 15% during the ablative test.

Mr. Kentler said, while empha-

sizing the fact that the product was not yet ready for the marketplace, that the system would be particularly useful for fighting fires of high-hazard materials, such as plastics, but that it would also work on lower hazard items.

"We are developing it for a rather specialized market," he told *Business Insurance*. "Right now, we are looking to protect high-rack warehouse storage but I suspect that other applications

will come along later. We're striving for installation in 30-foot-high buildings with the nozzles in the ceiling and no intermediates." The system is also being touted as a boon to buildings with water supply problems.

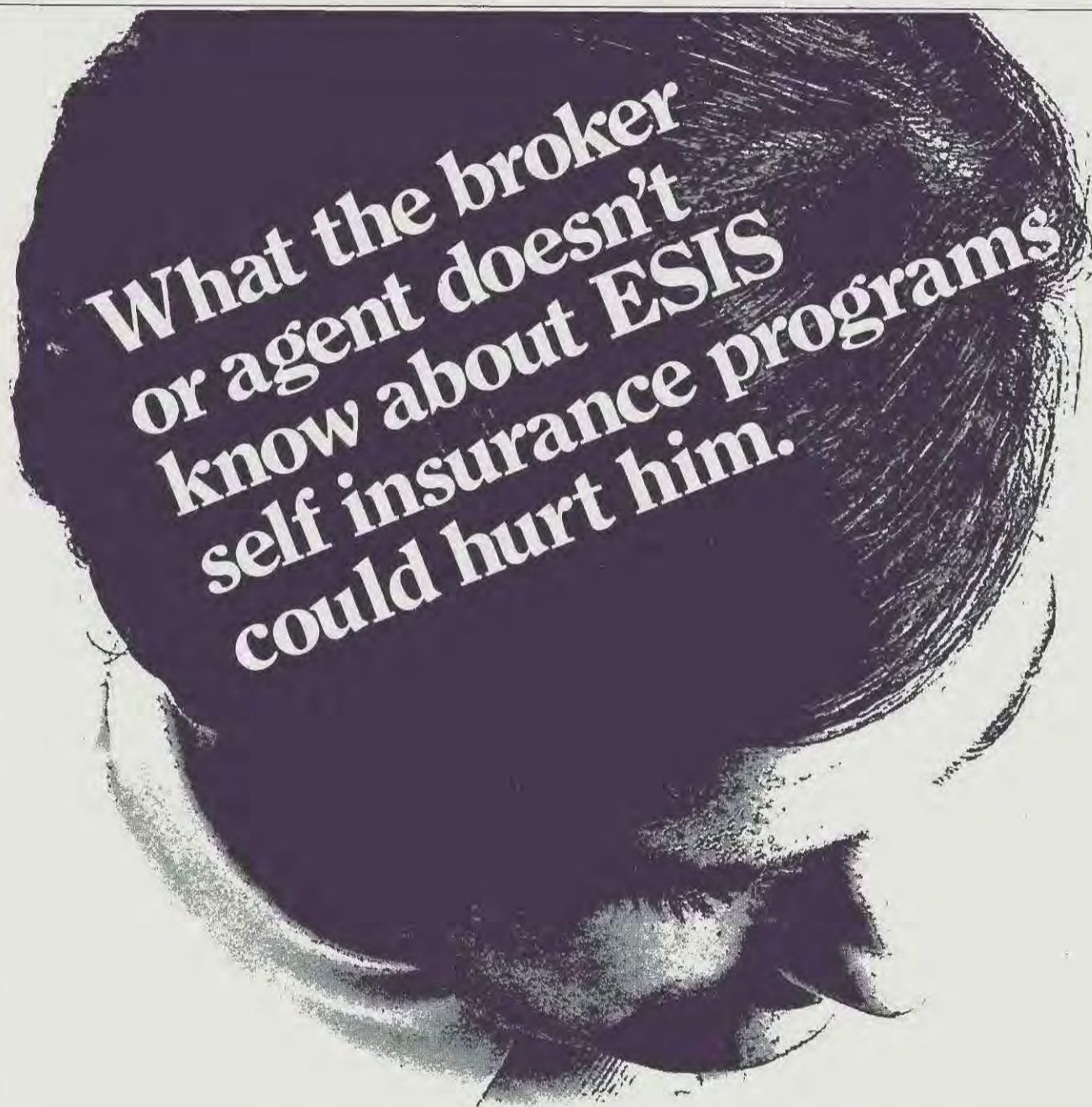
He reported that his company had been involved in the project for about two years and that Factory Mutual had been working on it for two or three years prior to that. He hoped that it would be ready next year.

Total installed costs for the system, he felt, would depend "on the size of the building and the material being stored. If rack storage is used, the costs will be favorable and any building with

75,000 square feet or more will save substantially on their water supply."

Mr. Kentler said that, to his knowledge, "there are no additives of this type on the market at the present time. There has been some work done in Sweden but it wasn't as effective as this." He said that the additive, the microgel, was similar to a substance now being used to fight forest fires in California.

"I don't want to convey the feeling that we can install ablative water next week because we can't," he stressed. "We will be running more tests in late June or early July and the system has to be approved. But it's coming." ■



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Halon: The fire extinguishing agent in a hurry

CHICAGO—In the competitive and contentious world of fire protection, it isn't very often that a new extinguishing agent or a novel protection system emerges quickly with generally high marks from the critical family of fire protection experts.

But such seems to be the case, at least so far, for the Halon 1301 fire extinguishing system which employs a Freon-type gas (halogenated hydrocarbon—halon) as a "clean agent" for a total flooding system.

Since it was introduced about two years ago, the Halon 1301 system has gained increasing acceptance as a system that will protect delicate electronic data processing (EDP) centers and other sensitive locations without introducing a hazard to life, the chief objection to CO₂ systems.

LAST WEEK, at the annual meeting of the National Fire Protection Assn. in Philadelphia, a report was presented by James Ahern of General Motors Corp. for the NFPA committee on standards for protection of EDP facilities which called for approval of Halon 1301 systems. Disposition of the report was not im-

mediately available.

But the very fact of the recommendation was cheering news to the Freon products division of E. I. du Pont de Nemours & Co. Inc., which manufactures Halon 1301, and to the Ansul Co., the Cardox division of Chemetron Corp. and Fenwal Inc., which are among the companies that developed systems to deliver the agent in fire-sensitive occupancies.

George Grabowski, a protection systems executive for Fenwal, expressed the feeling of the Halon industry, saying, "In general, we believe the progress of Halon systems has been excellent, considering the retarding forces within this industry and the difficulties of introducing new products in fire protection."

He said that use of Halon systems doubled between 1970 and 1971, despite some "isolated cases" of opposition from local fire chiefs to certifying the new systems as meeting required standards of protection.

"**WE THINK** this requires some education of those in the fire service," said Mr. Grabowski, "but we are gratified that the

fire officials of New York City have taken time to study Halon systems and now approve their installation."

Insurance companies, to date, have done little to advance or retard the progress of Halon installations. "They always want to see some experience before they grant rate reductions," one Halon promoter complained.

SAFETY/SECURITY REPORT

Nevertheless, some insurance companies are already at work developing their own specifications and standards for Halon installations because they view it as a fire protection method that is certain to be a part of the future. Factory Insurance Assn., among other insurers, now accepts Halon 1301 for certain types of occupancies.

One user of a Halon 1301 installation says that any premium reduction ultimately offered by insurers will be a "moot point." He is Lyle Hughes, administrator

of special services for Greenfield Village, the educational and historical complex developed by the late Henry Ford at Dearborn, Mich.

"**THE HALON** product is more expensive," said Mr. Hughes, "and therefore the costs of operating the system would offset any insurance rate reductions." He went on to explain that the Halon system was installed in the archives because a water system could do extensive damage to irreplaceable items and because carbon dioxide is dangerous to occupants.

An aesthetic factor cited by Mr. Hughes: The detection heads and nozzles for the Halon systems are much less visible than similar equipment on other systems.

Despite its claimed advantages, Halon finds its prime use in EDP facilities, which account for about 60% of such installations. Most EDP Halon installations are under-floor systems because, in the opinion of many fire protection engineers, there is no need for above-floor systems. Insurers are now asking for under-floor protection in tape storage vaults, opening another field for Halon systems.

In addition to electronic data processing rooms, telecommunications centers are getting a share of Halon protection. The American Broadcasting Co.'s color center in Hollywood, for example, employs a Halon extinguishing system made by Fenwal.

And the insurance industry itself shows evidence of turning to Halon. Marsh & McLennan insurance brokers have an Ansul Co. installation in their new headquarters on Riverside Dr. in Chicago.

MANUFACTURERS of Halon and the systems that deliver it say that the Atomic Energy

Commission has tested the new system for some of its sensitive installations. And the U.S. Coast Guard has tested Halon for the marine market.

For all of the Halon installations and what's claimed for them, there has been little actual experience with the extinguishing capacities of the product under actual conditions. "The reason for this," explained one Halon system producer, "is that the types of occupancy this gas protects do not typically have many fires."

ONE ACTUAL case in New York City tends to prove that the agent is most effective. In this instance Halon protected a gas turbine generator in a room that had had a previous fire with disastrous consequences. Under Halon protection, the fire was put out and there was raw, un-consumed fuel on the floor.

Tests conducted by du Pont and the makers of Halon extinguishing systems resulted in a report in January of this year that concluded:

"Halon 131 extinguishment atmospheres did not affect either recorded magnetic tape or printed circuit boards. Metals used as electrical contacts in EDP equipment have shown no significant corrosion from typical extinguishment atmospheres.

"Gold and silver, commonly used to plate contacts in computers, have been found to withstand even artificially created high levels of acid gases without significant effects." The report said the tests did not substitute for long-term evaluation, but asserted that they "offer strong evidence" that Halon is effective in EDP installations. ■

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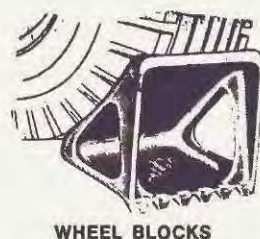
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Observation

Continued from page 38

been tapped." To the Nader group, headed by Joseph A. Page, an associate law professor at Georgetown University, "it is painfully clear that OSHA has not ushered in a golden era of job safety and health."

It charges that the Labor department "refuses to mount a sorely needed offensive, but rather sees the act in terms of loopholes supporting a policy of fashioning maximum relief for employers."

OSHA administrators had received complaints from labor (also criticized by the Nader group) that hinted at favoritism for employers but, as one put it, "this was one (in the Nader report) that hurt." He said the agency's corps of inspectors are highly qualified and "tough-minded" and are virtually free of limitations in deciding what constitutes a safety or health violation in accordance with the OSHA law. Employers can contest inspectors' allegations, however, in which case the matter goes to OSHA's review commission. About 5% of those allegedly in violation have done so.

Exactly how the OSHA inspectors carry out their duties is a somewhat cloudy area. The agency refuses press access to inspectors and they are warned not to discuss their work. Moreover, not everyone is sure who the inspectors are.

ABOUT AS FAR as OSHA goes in discussing how inspectors operate is contained in a pamphlet titled "Inspection!" Written by a Labor department public information officer in Chicago, it describes an inspection tour of a Chicago sheet metal plant of Briskin Manufacturing by "William Jones" ("not his real name").

"While the compliance officer's manner was unfaillingly genial and instructive, the tour was no casual walk-through," says the pamphlet. His "suggestions" and "admonishing talk" covered potential dangers ranging from die presses without shields around them to chains without safety latches. But in the end the company was given 60 days to correct minor problems and there were "no serious violations."

The Nader group, despite contending that inspectors are being nudged toward viewing problems from the management perspective rather than that of employees, sees a shortage of inspectors as a major problem. It says that "at the current rate, an estimated 70,000 inspections a year, it will take 58 years to reach the 4.1 million establishments covered by OSHA."

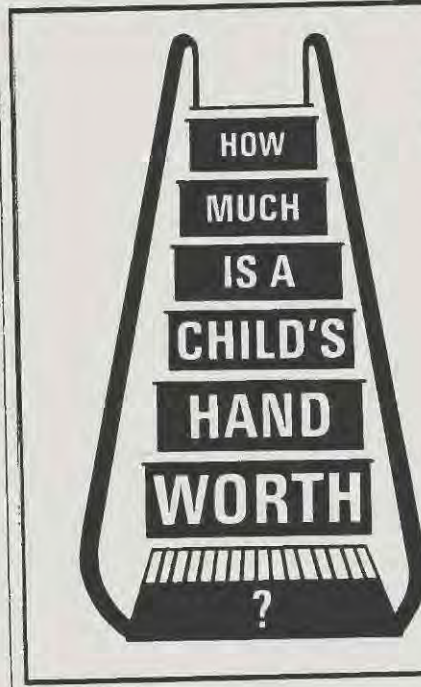
This is one criticism that OSHA people recognize and want to solve soon. The agency doesn't appear interested in modifying prerequisites such as a requirement that inspectors meet civil service qualifications, and self-inspection of some plants by employers (a suggestion that struck some observers as strange coming from the Nader people) doesn't appear to have much backing in the agency. But more state involvement is being pressed for by OSHA officials.

As Mr. Guenther put it, the agency is becoming increasingly involved in "the critical transition from state planning to state operations." States are permitted to handle enforcement of the Williams-Steiger law provided they develop programs "that are at least as effective" as the federal government's, and more than 20 state plans are expected to be

in operation by mid-1973, with financial aid from the Occupational Safety and Health Administration. In transferring jurisdiction to states that want to set up their own programs, a lot depends on how the OSHA people interpret that wording—"at least as effective."

SAFETY/SECURITY REPORT

There are those in OSHA who doubt that many states will be willing to take it upon themselves to follow the letter of the Williams-Steiger law and mete out its harsh penalties (\$1,000 a day for failing to comply) to companies that have local or regional clout. They note that for this reason the federal government retains "concurrent enforcement jurisdiction" with states for three years after initial approval of state plans.



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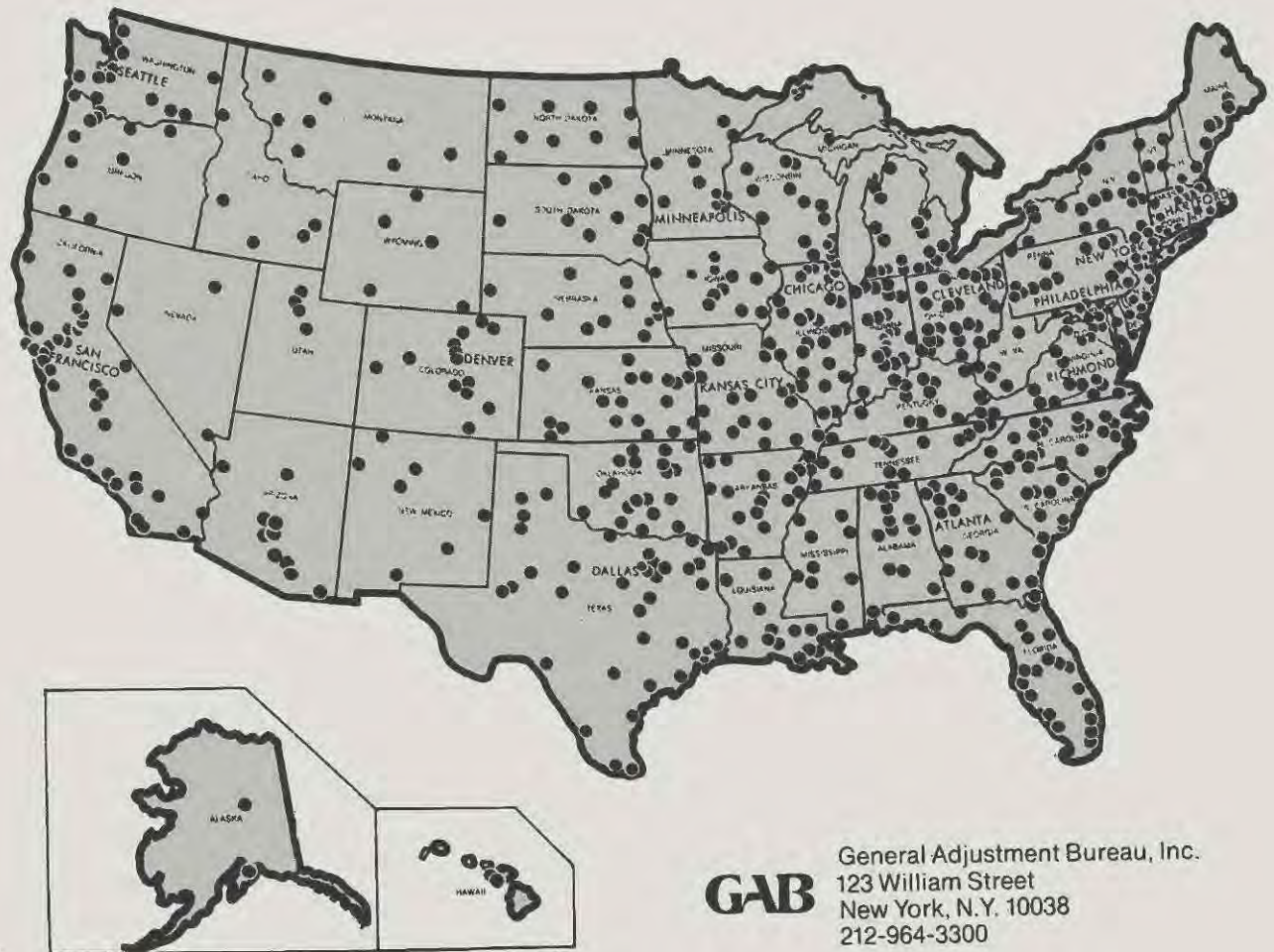
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Michael Reese safety orientation is for incumbent personnel, too

See related story on page 70.

CHICAGO—About 10 years ago the food services department at Michael Reese Hospital and Medical Center had the delightful practice of sending patients cards and cupcakes with a candle on them for their birthdays. They still send cards and cupcakes but, in deference to the hazards of oxygen use in hospitals, not the candles.

A small part of a safety program but, nonetheless, an important one.

G. William Peffers, director of food services at the hospital, told *Business Insurance* that safety is being heavily emphasized in the new Michael Reese employee orientation program, which will be in full swing in June. Each department has its own program, he said, and these will be used not only for new employees but for reorientation of incumbent personnel. This is important in a department such as his, he added, where there is a low turnover and some employees are there as long as 25 years.

"Our past orientation programs," he added "were very skimpy."

The new program will be pre-

sented every three months and will include slides depicting correct and incorrect safety procedures. On-job training by supervisors of new, promoted and transferred personnel is likewise part of the program. Temporary employees hired to fill in during vacation periods are also receiving safety training.

SAFETY/SECURITY REPORT

Mr. Peffers attributes much of his department's good safety record to the low full-time employee turnover. "You expect a high turnover among temporary help," he said, but with 280 people on his staff putting in a total of 67,900 man days per year in five kitchens he doesn't consider his 1971 accident total of 122 very high, particularly because a food service department is considered a high-risk area.

Accident follow-up procedure at Michael Reese begins whenever an employee is taken to an emergency room for treatment. "A security guard is called to make

a report of the accident and its cause," said Mr. Peffers, and a report goes to the 15-member hospital safety committee, the administration and the head of the department of the employee involved. Each major department within the hospital is represented on the safety committee, which meets monthly, and makes a summary of the month's accident reports.

Department heads compile an accident chart, he explained, which is made available to supervisors to identify accident categories and employees who may be accident-prone or whose accidents show a pattern, such as carelessness with equipment.

ENFORCEMENT of the safety code is carried out at four levels, he continued. First warning to an employee is given verbally by his supervisor, who makes note of it on an oral warning form. The second warning takes place if the employee has an accident similar to his first and is a written reprimand. This includes a record of comments by the supervisor and the employee and the employee is asked to read and sign it.

The third warning is the same as the second, except that it calls for a lay-off of one to three days. The fourth notice involves immediate suspension pending investigation and sometimes termination of the employee.

When asked if there were any union problems in carrying out the disciplinary measures Mr. Peffers said, "The union is cooperative and helpful to us because they believe we are fair and thorough in our concern for the worker's safety."



An integral part of the food service department's safety program at Michael Reese Hospital is the realization that no one can remember everything. G. William Peffers, director of food services, backstops the formal program by reviewing safety precautions involved in using a steamer with Alice Harris, a cafeteria cook.

Returning to the safety program itself, Mr. Peffers said that one way to achieve good safety results has been to stress the monetary value of the equipment and supplies employees handle and to appeal to their respect. "We call it to their attention not to tamper with equipment used by other departments," he said, adding that one primary source of temptation is the small, electric carts used by the security and laundry departments.

Kitchen employees need special training to handle the 650-pound, mobile carts that are used in transporting patient trays. These are heated and refrigerated, he explained, but not heavy to move. The danger is in the fact that they must be manipulated in tunnels, close quarters and crowds. "The trucker has to learn when to push them and when to pull them, and

they must be pulled from the side to avoid having one crash into his ankle with 650 pounds of force," he said, so illustrative training is provided.

Not surprisingly, the single highest injury category in Mr. Peffers' department last year was cuts from equipment such as china, glassware and knives. These hazards will all receive special emphasis in the new safety program, he said, part of which is to stress the use of the dustpan rather than the fingers in cleaning up glass and putting the broken pieces in separate garbage containers from those used for food.

Accidents involving dishwashing equipment in the hospital kitchens are few, according to Mr. Peffers, because the detergent supply company checks them every week and the kitchen engineer provides routine preventive maintenance service.

Handling of refuse is not only a problem of safety but also of sanitation, he said, and the department tries to point out to employees that because their kitchens create a large amount of refuse it is their responsibility to package it correctly. Wet materials, overloading and trash on the floor, it is pointed out, only create hazards for the housekeeping department.

TWO EMERGENCIES that have always received stress in the safety program, said the department head, are cardiac arrests and fires. Under the receiver of every phone in the department is the number for the cardiac unit, which is on duty at all times.

"The kitchen, of course," he continued, "is always vulnerable to fires with its stoves, broilers, deep friers and gas equipment. We emphasize using the fire alarm box regardless of whether or not the employee judges the fire to be serious."

After notifying the fire department, employees are instructed to call the hospital's main operator and then try to confine the fire by closing doors and windows, turning off equipment and using the

Continued on page 70

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Ingenuity . . .

Continued from page 36

feet at the North Wales plant, which, according to a PMMI spokesman, is about 80% of the firm's total exposure. That plant is worth between \$80 million and \$90 million.

"WE ARE NOT a high-hazard operation," Mr. Stringer told *Business Insurance*, "though we do have our share of potential trouble spots, such as paint rooms. We have a little bit of everything here but not a great mass of anything."

To aid in preventing anything from breaking out, or unwanted individuals from breaking in, the company has installed a camera monitoring system by which the entire outside perimeter of the plant can be observed. The system enables plant security personnel to maintain 24-hour surveillance of the grounds and the outside sprinkler valves.

SAFETY/SECURITY REPORT

L&N has also installed a supervisory system that monitors all control valves and other parts of the plant's sprinkler system. For example, if there is water flow in any part of the system, the supervisory apparatus will point out precisely where the flow is, enabling the company to keep close watch on every individual section of the sprinkler system.

Mr. Stringer noted that special protective devices had been installed in the firm's data processing room. A smoke detection system, which monitors unusual levels of heat and humidity as well as smoke and is hooked into the plant's main guard station, is just one of the protective devices in the computer area.

THE PROCESSING room also contains a CO₂ flooding system in the area where the tapes are stored and a magnetically controlled latch for the door to the tape storage room. If the flooding system is activated, the latch to the door is released and the door shuts to seal in the CO₂ discharge.

Another protective device that came about after the company and PMMI got together and discussed alternatives was the special drop ceiling over the laboratory instrument area.

L&N had wondered what kind of ceiling could be installed without putting sprinklers on the people side of the ceiling. PMMI recommended the drop ceiling which, with any significant heat rise, would fall out allowing the sprinklers above the ceiling to do their job. The ceiling, which is attractive as well as functional, is made of small styrofoam-type sections which keep dust from the area beneath and are harmless if they drop.

Leeds & Northrup first formed a company fire brigade in 1957. Today there are more than 50 men comprising the brigades, which protect the plant and administration buildings and outlying facilities. There are brigade members on every shift and "they come from all walks of the organization from managerial to janitorial," according to Mr. Stringer.

Once a year, members of the company's brigade attend the Bucks County Fire School to review the latest techniques of using self-contained breathing apparatus and handling fire hoses and other fire-fighting equip-

ment. They also create simulated fire conditions so that brigade members can get the feel of working under emergency conditions.

"THE BEAUTY of the fire brigade," said Mr. Stringer, "is that there are some 50 fire safety ambassadors working in different areas of the plant. They know the importance of fire safety and they try to make everyone else realize it."

The company also has a rescue brigade whose members have received a great deal of first aid training. These men go into action when someone falls off a ladder or similar accidents take place.

"We also have an Econoline which is equipped something like an ambulance," Mr. Stringer pointed out. "If someone is ever hurt badly we can get him to the hospital quickly and administer

Continued on page 48



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Cargo . . .

Continued from page 36

an added expense. Naturally shippers regard this as a bad business move. They feel their own guards are doing the job, and commission guards would only duplicate work and costs," he added.

THE BUREAU does agree that stricter security measures are necessary to cut losses and has also recommended installation of regiscope at cargo areas.

"The shipping industry is adopting security controls voluntarily. But there has been a boom in containerization over the last three years, and it has taken a while to adapt protective measures. When containerization first became popular certain physical matters had not been considered.

"There were too many gates for entrances and exits and certain areas were unguarded. Now proper fencing has been installed in many areas, and containers are segregated as to whether they are full or empty and whether they are for import or export," Mr. Sullivan explained.

Both the bureau and the commission contend that losses are difficult to determine in many instances. In 1970, the Port Security Council, which consists of stevedore terminal operators and representatives of the three private agencies that guard the piers,

reported 25 container thefts with a value of about \$1 million.

THE COMMISSION, however, reported only 22 container thefts but placed the year's cargo losses at a dollar value of \$2.06 million.

"Presently, we have no way of calculating true cargo losses because so many go unreported," noted one source at the commission. "One of the provisions in the legislation before Congress would require shippers to report all losses to us. Now we learn about many robberies only after an apprehension has been made by the Federal Bureau of Investigation or the police."

According to the bureau and the commission, many thefts are unreported because tracing the shipment through various ports would be too time consuming and expensive. Other losses are quietly assumed by shippers who fear an increase in their insurance rates.

Even reported losses can result in statistical confusion. Shipments reported as non-delivered have been found in adjacent cargo areas weeks later. Consignees have refused to accept goods because cartons did not bear their mark. After claims were filed, investigations have shown that the cargo went to other consignees who were not aware of the mixup.

One container theft constitutes a major loss to the consignee and the insurance carrier. "What we made on apples, we lost on oranges," sighed one underwriter.

"Containerization just hasn't meant as much as some people in transportation thought it would."

ONE THING it has meant, unfortunately, is a greater influx of organized crime into port areas. The insurance companies, the shipping industry and the government all attribute the bulk of cargo theft to the syndicate, crime "families" or simply the Mafia.

SAFETY/SECURITY REPORT

Sen. Alan Bible, chairman of the Senate small business committee, which has conducted extensive hearings on cargo theft, said the attractiveness of the cargo field results from the high value of the commodities.

"The freight industry is a favorite target because thieves would rather grab a single truck with its average \$35,000 per load than rob a bank with its average \$4,500 per load," he commented.

The security bureau reported that the careful planning exhibited in these thefts not only points to organized crime but to collusion with dock workers.

INFORMATION as to the lading, unloading and storage of high-value cargo seems to be readily accessible to criminal organizations, and if payoffs do not open a gate, force is used.

As a direct result of containerized thefts, insurers have backed off from writing coverage on certain shipments.

"The crime at the airports and docks has prompted the underwriter to make the shipper declare full value with the carrier," explained John R. Moran, vp of inland marine at Marine Office Appleton & Cox Corp. (MOAC).

"Under current regulations, the airlines are liable for 50¢ per pound for cargo on domestic flights and \$7.25 for international flights unless they agree to accept more," he noted. "It's a very difficult situation; carriers are reluctant to accept full value and the underwriter refuses to cover the shipment if they don't. When the carrier does accept full value, the shipping rates go up."

GOVERNMENTAL pressure as well as insurance company requirements may soon force the airlines to reimburse all losses for full cash value. One measure under consideration by Congress, sponsored by Sen. Bible, would make such compensation mandatory.

Airlines would be hard hit by such a bill. Cargo thefts at Kennedy International were considerably reduced last year, according to the Airport Security Council, amounting to \$515,118 or .006% of nearly \$10.4 billion

worth of shipments hauled in 1971. However, under the compensation per pound ruling, the airlines' liability fell far below the value of the lost goods.

The security council was formed during the peak theft period in 1968 by 27 airlines at the three metropolitan airports, and now boasts membership of 43 airlines and several affiliated firms.

Since 1969, the council has reported a 69% decline in airport theft.

"Thefts were really bad in '68 and '69," said Robert Jackson, an independent cargo surveyor. "My business has fallen off considerably since then. I attribute some of the improved loss experience to the council, but they are only effective to a point because they rely on the airlines for their information and do not obtain loss reports from the shippers themselves."

"INSURANCE companies deserve a lot of credit. They cracked down hard on bad shipping practices. Besides making the airlines accept full value for high-risk cargo, they demanded that shippers remove labels on target items such as designer dresses and electrical equipment. When cartons came in stamped Givenchy on all sides, they never

Continued on page 50

Ingenuity . . .

Continued from page 45

first aid at the same time."

Along those lines, it should be noted that the employees have built their own little fire house, complete with "fire truck." The truck is a battery powered pallet truck which has been equipped with extinguishers, hoses, ropes, boots, a water thief, applicators and breathing apparatus. "Though it may not be the world's fastest fire truck," Mr. Stringer said, "it's a great thing for us to have. And it's of a size that can be driven both inside and outside the plant."

ANOTHER of Mr. Stringer's innovations was convincing management that the use of pocket receivers by members of the fire and rescue brigades would eliminate much of the lost time caused by the announcement of emer-

gency conditions over the plant loudspeaker system.

"After hearing that the rescue squad members were needed in a certain area," he recalled, "the news would break in on production routine. With the pocket receivers, just the squad members know about the emergency, which results in more efficiency and little lost production time."

Do these and other aspects of the L&N loss prevention program, such as specially ventilated working areas, weekly inspections of fire fighting equipment and plant corridors named after Philadelphia streets for quick identification of a trouble spot, get the company a break from the insurance company?

"Well," said a spokesman at Philadelphia Manufacturers Mutual, "they are an old-line placement and they're a highly protected risk. Let's just say they have no special deductible and a minimum rate."

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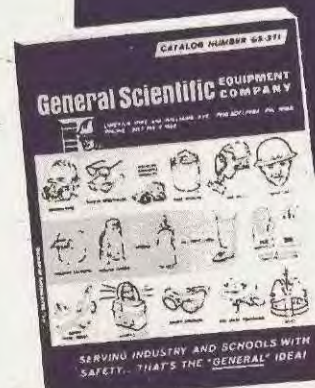
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Nader . . .

Continued from page 38

"many of these illnesses are not covered by state workmen's compensation acts. In addition, workers may not realize they are suffering from one of these diseases or that the disease is work-related. Therefore the experience rating system will scarcely, if at all, reflect the actual incidence or severity of occupational diseases at a particular plant." Moreover, the insurance industry "no longer bothers to keep separate records of work illnesses" the report stated.

It noted that in the first half of this century insurers used a scheduled rating system that adjusted premiums to reflect the

SAFETY/SECURITY REPORT

installation of safety equipment and "brought about effective safety inspections by insurers."

Insurance industry representatives were quoted as testifying that this turned insurers into "policemen in the plants" and reduced cooperation from companies in safety activity. "Yet," said the report, "these same representatives were unable to present any hard data to show that experience rating had brought about an improvement."

ANOTHER "AREA of uncertainty" cited in the report was "the actual amount of the premium dollar spent by workmen's compensation insurers on job safety and health." It said that according to NCCI's general manager, Robert Heitzman, there is "no way to get the figures on what they (insurers) actually spend because they are not required to report."

The report made no recommendations regarding workmen's compensation, however. A Nader associate, Dr. Sidney Wolfe, who worked with Georgetown University associate law professor Joseph Page and law student Mary-Win O'Brien on the report, said the "reason for that is the National Commission on Workmen's Compensation. We feel they're coming up with some fairly creative ideas on strengthening the degree of compensation and increasing the number of compensable diseases."

There were numerous recommendations for government agencies, unions, and Congress. Stating that the Occupational Safety and Health Act of 1970 provides "a new legal mechanism which aggressive officials . . . can utilize in a sustained assault on the hazards of the industrial environment," the report called for: a new "cultivation of worker involvement" and "worker citizenship" in maintaining safe and healthful places of work; more personnel and funds for the National Institute of Occupational Safety and Health and "rapid development of criteria for standards" by NIOSH; more inspectors for the Labor department's Occupational Safety and Health Administration; a "restrictive view" by the Labor department of "requests for lenience and variances by employers;" addition by unions of full-time safety and health officers to keep watch over the Labor department. Unions should also "seek the right to strike over safety and health without fear of discharge and with back pay if conditions turn out to be truly hazardous."

The report said Congress should consider amendments giving Labor department compliance officers authority "to shut down a machine or terminate a process immediately if they find an im-

minent danger of death or serious physical harm;" requiring that Labor department citations of violations be posted in plants immediately; and requiring the Department of Health, Education and Welfare to start monitoring potentially toxic substances in plants "within a definite period of time." ■

New fraternal society

Two Lutheran organizations in the U.S. have merged their operations in Canada by creating a fraternal insurance society. The Lutheran Life Insurance Society of Canada, with headquarters in Waterloo, will start with \$150 million of insurance in force, about \$25 million in assets and 30,000 members in 12 local branches in five provinces. Sponsors of the society are the Aid Association for Lutherans of Appleton, Wis., and the Lutheran Brotherhood of Minneapolis.

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Cargo...

Continued from page 48

remained in the terminal long enough for the consignee to pick them up," Mr. Jackson commented.

Cargo storage facilities have been upgraded in many of the air terminals. American Courier Corp., which specializes in the shipment of small, high-value parcels, has built a 4,000 square foot, maximum-security cargo terminal at Kennedy complete with steel interlocking doors, television monitors, burglar alarms and steel vaults.

American Airlines, which ships about 20% of the air cargo at Kennedy, boasts a new \$14 million cargo terminal with a mechanized and computerized freight handling system. Cargo movement at the terminal is controlled by a manager situated in a glass booth above the warehouse area. Again, a television system has been installed as an extra precautionary measure.

"Prior to operation of the new facilities, American allocated 2% of revenues toward claims. Now we allocate 1%," reported Mr. J. L. Schmidt, vp of audits and security at American.

ALTHOUGH the physical apparatus has been installed, a heightened awareness of responsibility is needed for proper effectiveness, according to Mr. Jackson.

"Certainly, I don't want security to improve too much or I won't have any more cargo to track down," he remarked. "But with all the added surveillance equipment, the airlines seem to feel the deterrent effect is strong enough that they don't have to maintain full watch. I have found many television monitors to be unattended, so if someone is pilfering goods on camera, it goes undetected."

As on the waterfronts, most experts agree that some form of collusion is necessary to pull off the major thefts. "We don't have problems with crooks on the outside—it comes from within," commented Jack Nix, manager of claims for American.

"A good example of an employee's access to cargo transport information is the master bill of lading, called, appropriately enough, the tip sheet," said Mr. Jackson. "About two hours before a plane lands, the tip sheet containing information on all cargo aboard is sent over the computer to the cargo terminal. Although it is coded by number, an employee can look in the files which contain all pertinent information on each number. So, by the time the plane lands, accomplices are ready to pick up high-value target goods such as pharmaceutical products, footwear and designer apparel."

OTHER MAJOR theft problems occur when goods have to be transported from one terminal to another or transferred from international flights to domestic carriers. The goods are particularly vulnerable in this intermediate phase and losses are difficult to pinpoint.

The security council reported that losses were kept to a minimum in sealed containers whereas pilferage continued to plague shippers who utilized unsealed containers or transported loose cargo.

Containerization has increased in popularity enormously in air cargo transport over the past three years. The security council recorded that in 1971 50% of all items were containerized by industry and 35% by the airlines, leaving only 15% of all goods in

loose shipments.

Both the marine insurance industry and the shippers seem relatively unconcerned with recent hijacking and extortion attempts that have caused government crackdowns on passenger security measures.

THE PERCENTAGE of flights detained has been so minimal that cargo shippers have not felt much effect and, as yet, cargo flights have been unhampered.

As a result of the extortion attempts, the Federal Aviation Administration has published a notice requiring all airlines to restrict access to non-passenger airport facilities such as cargo areas by June.

Airlines and dock areas may have farther cargo restrictions placed on them if any of several measures before Congress are enacted. One bill, sponsored by Sen. Bible, would authorize the Department of Transportation to

establish federal security standards at commerce-associated areas.

The Department of the Treasury is also seeking increased regulatory power. Legislation sponsored by the Administration calls for establishment by the Treasury of security standards, both

SAFETY/SECURITY REPORT

physical and procedural, at entry ports.

In preparation for enactment of the measure, the Bureau of Customs has issued a voluntary guide for cargo security detailing rules for storage areas for high-value items, lighting, fencing and procedural matters. The guidelines are designed to become mandatory if the legislation is passed.

ANOTHER bi-state compact now before Congress would extend the Waterfront Commission's authority to include airports and would enable them to license trucking concerns and employes involved in the air-freight industry. Opposed by the air industry, which like the waterfront industry, prefers to maintain its own security, the commission would be financed by an assessment on air shipping firms' payrolls and would become the Waterfront and Airport Commission of New York and New Jersey.

"Everyone in the transport area seems to be showing great concern over the theft problem," noted Mr. Moran at MOAC. "Now our greatest interest is communication between groups. The insurance companies, government and transportation must come together to ventilate problems."

Carl McDowell, executive

director of the American Institute of Marine Underwriters feels that the most significant contribution marine insurers make is in the area of loss prevention. "Insurance companies continue to develop inspection and loss engineering procedures which they make available not only to their insureds but to the public in general," he commented.

"Also, AIMU is encouraging its members to use a loss-coding system to report claims," noted Mr. Moran. "The more information we have regarding thefts, the sooner we can develop appropriate security measures."

The marine insurance industry has reported a good loss experience for the year and rates have remained relatively stable, he said. "But the possibility of forecasting in this business is practically impossible. I think we are finding answers to many of the theft problems." ■



Sellers . . .

Continued from page 2

IN ACCUSING the Nixon Administration of deliberately sabotaging the law, Mr. Sellers declared that OSHA compliance officers, on orders from Washington, "are allocating their very limited resources to the least important areas.

"The problem," he said, "is not with the law but with the administration of the law." The Department of Labor has been "extremely selective" in its inspections, he said, intimating that the toughest compliance procedures are being used in the most politically advantageous areas.

"The obvious effect," he said, "is to get Congressmen and Senators, who don't have the time to look beyond the information they are being fed, disenchanted with the law."

Calling attention to a heated de-

bate on OSHA aired in the House chambers March 29, Mr. Sellers pointed to a floor speech by Congressman Teno Roncalio. Said the Wyoming Democrat:

"I HAPPEN to know from Akron, Ohio, and other industrial places, of the absence of (compliance officers) from premises notorious for high industrial injuries. Yet, at Rock Springs, Wyo., a city of virtually no industry and less than 15,000 souls, four officials got there on one day from the Department of Labor.

"And three of them," Congressman Roncalio said, "walked into one small barbershop at the same time.

"I submit to you there is someone downtown (at the Department of Labor) wasting manpower needed in the heavily industrialized areas, that need the effects of this law, and concentrating in the little Western towns, bringing officials in there,

and working on the little barber-shops and the small businesses."

Rep. Roncalio later asserted that there are "dozens and dozens of labor inspectors running over the premises of little farmers and ranchers, some barely able to make a living now. They find," he said, "that they are required to put a hard hat on when

they work around cows and (make) a coat hanger for coats in out-houses."

BEYOND WHAT he alleges to be the politics being played with the law, Mr. Sellers is concerned that the Department of Labor's bending of the law as well as the compliance manual's dissection of the act may cost U.S. corporations unnecessary capital expenditures in years to come—

presumably when and if a new administration takes a tougher approach to the job safety and health act.

"The compliance manual does not present a true picture of the actual intent of the law," Mr. Sellers told *Business Insurance*. "It is heavily sanitized to minimize the shock value of even being a compliance manual."

As a result of the Department of Labor interpretations of the law, said Mr. Sellers, "many corporations are making major decisions in terms of capital expenditures that they can't afford to be wrong on."

Citing noise level requirements as an example, the young Congressional aide noted that the act specifies that the maximum allowable decibel level should be such that an employe is able to work in a room eight hours a day, five days a week, for 47 years without suffering any hearing impairment. Medically it

is not precisely known what this level is but some medical men estimate it to be about 75 decibels.

THE LABOR department's Occupational Safety and Health Administration, however, is allowing a decibel level of 95 in present compliance inspections.

"Suppose an inspected company has a decibel level of 105. They get a citation, pay their fine and start re-engineering the factory to get it down to the 95 level. They may have to spend thousands of dollars to do this.

"What happens," Mr. Sellers asked, "if three years from now the maximum allowable level is brought down to 75 decibels, as it is expected to be? The company is going to have to spend more money re-re-engineering; that's what will happen."

Mr. Sellers said he also finds it disturbing that the Labor department has relaxed the "walk around" provision in the act. The Labor department decision is currently the subject of a complaint filed by the Oil, Chemical, and Atomic Workers Union, AFL-CIO, on behalf of employes of the Mobil Oil Corp.'s New Jersey refinery. The Labor department ruled that Mobil did not engage in discrimination when it refused to compensate employes who accompanied compliance officers during an inspection of the refinery.

"ONE OF THE keys of this whole legislation," Mr. Sellers declared, "was that workers have the right to know of violations in the places where they work."

Mr. Sellers also said he thinks it is "unconscionable that the Labor department has interpreted a 'serious injury' as something not including the breaking of an arm or a leg."

Speaking of a problem some inspected companies have faced during OSHA's first year, that of the employe who does not use safety equipment provided by the company, Mr. Sellers had this to say:

"There have been penalties imposed on employers in cases where an employe was not wearing safety goggles or steel-toed shoes, for example. And there will be more. I would suggest," the aide to Rep. Burton said, "that the company finding this a problem hire a good labor lawyer and pass some of this responsibility off to the unions in future contract negotiations."

MR. SELLERS pointed out that something akin to this had been done in United Auto Worker contracts for years. The so-called "hunting season clauses" address the problem of "employes throwing a rock in the ventilating system, causing a safety hazard so they could walk off the job just as the hunting season began."

In calling on companies to use qualified and objective outside consultants to evaluate safety and health conditions, Mr. Sellers said the problems that moved the Congress to enact OSHA were essentially caused by "corporate balance sheet ethics." Moreover, he added, these ethics have been practiced by lower management as well as top management and in many cases it is the former that has insulated the latter from the real problems.

"The hallmark of all the testimony heard in Congress as far back as 1968 was that the industrial hygenist would come before Congress and say there wasn't any problem when, in fact, the real problem was the industrial hygenist himself.

"The real problem was, and still is, that corporate staff peo-

Continued on page 71



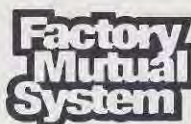
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NEW YORK—Many insurance companies today, in an effort to hamper skyrocketing burglary and robbery rates, are offering substantial discounts to firms that have installed certain Underwriters Laboratories certified protective or alarm systems and the practice is generally expected to increase in the next few years.

The credits extended range from 5% to 70% for UL-certified installations and, in some instances, insurance coverage has been withheld from prospective policyholders unless evidence of some form of protection is provided.

"The crime situation has gotten out of hand in many areas of the United States," explained Donald Pillsbury, assistant manager in charge of the crime and glass divisions of the Insurance Services Office here. "Recent figures have shown that burglaries have increased 8%, robberies are up 10% and larceny of \$50 or more is up 5% over last year's figures."

Mr. Pillsbury explained that the nature and amount of the discounts varied according to the type of business and the form of protection. Generally speaking, however, there were two approaches:

THE FIRST was designed to recognize protective devices by allowing discounts on the basis of

performance. This approach was typical in, say, banks, where the effectiveness of the security system often cannot be fully measured until it has been in use for some time. Therefore, insurance credits have been allowed based on the loss record.

"In other words," Mr. Pillsbury pointed out, "the bank installs protective and surveillance equipment. Once it's in, the insurance company looks back and sees what their loss experience has been. If it's good, an appropriate credit is given."

The second approach, the one used for mercantile establishments, has been to offer discounts at the time a UL-certified system was installed, assuming that all other insurance policy requirements were met at the same time. "The more area protected by the system, the higher the credits," Mr. Pillsbury noted.

For example, an above-grade store with a UL-certified central station system could earn a discount of up to 70% on premium if all its floors, ceilings and walls were protected as required. This protection would be designed to put up both physical and psychological barriers to a forced entry, or at least make a burglary impossible without notifying the police.

MR. PILLSBURY said that a

simple alarm system, which covered only doors and windows, would be worth from 5% to 25% credit, depending on the firm's location and other aspects.

However, there are some security systems that, while earning the plaudits of police and satisfied businessmen, still do not qualify for insurance discounts. Video surveillance finds itself in such a position.

"The concept of video surveillance as a true loss-saving approach is just not recognized by the insurance establishment," Howard Winch, sales manager

SAFETY/SECURITY REPORT

for Holmes Video Surveillance Corp., told *Business Insurance*. "When it comes to handing out certificates, video surveillance doesn't hold any water with Underwriters Laboratories."

Certainly the major thrust of security systems in the past has been to prevent forced entry and today efforts are on the upswing to install equipment that will assist in the identification and apprehension of criminals. Many security experts, including police officials, feel that the knowledge that a business is protected by some form of visual surveillance system can act as a deterrent to many would-be criminals.

THE DETERRENT factor is one reason the Bank Protective Act of 1968 requires some form photographic or monitoring equipment to be installed in all banking institutions. The federal agencies responsible for banking regulation have jointly stated:

"Surveillance systems should be equipped with one or more photographic, recordings, monitoring, or like devices capable of reproducing images of persons in the office with sufficient clarity to facilitate (through photographs capable of being enlarged to produce a one-inch vertical head size of persons whose images have been reproduced) the identification and apprehension of robbers or other suspicious persons."

But Mr. Winch pointed out that the advanced video surveillance systems of today are capable of doing much more than that.

As an example, he pointed to a large discount department store, located near a high school on Long Island. "They have 255,000 square feet to protect and they wanted shoplifting and employee dishonesty curtailed. Shoplifting obviously, is easier to stop than some forms of employee-crookedness. For example, it was tough to stop a situation where a clerk's girlfriend comes to the cash register with a \$25 item and is charged \$3.98 by the clerk."

THE SYSTEM his firm, a subsidiary of Holmes Protection Inc., designed has cameras watching all the high-risk area cash registers. The cameras, and their placement, enable the guards at the receiving equipment to watch not only the area, but the people involved, the item being purchased and even the amount rung up on the register.

On top of the surveillance aspect of that system, any act of shoplifting or employee dishonesty can be videotaped at the time, which has removed the onus of arrest liability from the store. "I mean, if you catch a couple of

kids stealing something," Mr. Winch noted, "and their parents come to the store to get them with the attitude that 'My son wouldn't do such a thing,' all the store personnel have to do is ask the parents to view the videotape. It makes a strong impression."

He also pointed out that other systems, installed in warehouses and factories, and the capabilities of, among other things, zooming in on trucks being unloaded at docks. Theft of cargo would be curtailed by having the guard at the monitor zoom in on the truck and actually count the cartons as they leave the truck and enter the warehouse.

"The people with those systems are satisfied," he said. "They have substantially reduced their losses, enough in one case to have paid for the cost of the system in a very short time."

IF LOSSES can be prevented, why, then, does the insurance industry still refuse to recognize video surveillance as a valuable tool and give discounts to those with such systems in operation?

"That's really hard to say," Mr. Winch said, "but I think their reservations are based on the video industry itself. There have been many fly-by-night operations and too few people have done a truly thorough job with video surveillance. You know, a \$179 camera system won't really help much."

He also noted that a highly effective system would be out of the price range of many small businesses. "Only the big boys can afford this, at least for now. The small storekeeper will have to be content with watching a mirror for awhile longer," he noted.

Another reason for the lack of insurer backup, he felt, was the fact that video surveillance was still rather new. "Regarding video surveillance, the UL has been asked to decide on something ill defined," Mr. Winch, whose firm has been into the action for only 18 months, said. "They need experience to work with, a track record."

HE ADMITTED that the lack of insurance credits had hindered the installation; of some video surveillance systems. "It gets



This surveillance device not only offers video access to many areas simultaneously but can also zoom in for close-up viewing of an area in question.

kind of difficult for a company security man when he proposes a \$35,000 video surveillance system to the company president and the first thing the president wants to know is what will happen to his insurance rates if he okays the project. The only answer is, 'Nothing. The insurance industry doesn't recognize video surveillance.' But this, I think, will change.

"I feel that changes will be evident in 12 to 24 months," he continued. "Video surveillance is no longer a novelty. Everything is ready. Costs and maintenance factors are down. It has been proven time and again that it works and there are many companies which have saved vast amounts of money because of the systems. Video surveillance has its place and it's been ignored too long."

Mr. Pillsbury of the ISO, while taking a somewhat different view, told *Business Insurance* that credits for video surveillance systems were "not on the horizon."

He did, however, point out that "the original philosophy of offering credits is to prevent entry and loss."

"All methods have a psychological aspect and certainly the prospect of being photographed while in the act of committing a crime should have a deterrent effect on a criminal," he concluded. "As far as the insurance industry is concerned, any device or technique that helps to reduce the soaring crime rate has credit."

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Safety program cuts accidents, INA reports

PHILADELPHIA—A safety program initiated by Insurance Co. of North America in 1968 which resulted in a 51% decline in company auto accidents and a 64% decline in disabling injuries is attributable to management involvement and coordination, according to Dale E. Hann, director of corporate safety and security.

"We do not base our accident prevention programs on technical

SAFETY/SECURITY REPORT

safety but prefer to motivate through management," he said. "Every manager at every level is responsible for safety in his area. The president sets the direction. Then, the responsibility lies with each individual supervisor to see that his employe works in a safe manner."

Described as a "total loss control program for on and off the job safety" by Mr. Hann, the plan has shown the most spectacular results in reducing auto accidents. "In 1967, the company recorded a total of 649 preventable automobile accidents. By 1971, this was reduced to 283 preventable accidents with an average cost per accident of \$740," he noted.

Although the safety program is extremely flexible, the main office does require all employes to attend one general safety program every two months and all fleet personnel to attend one auto safety meeting each month.

TOPICS VARY according to feedback obtained from the employes. "If the company has received reports of a particular accident that has reoccurred, then the cause of the accident may be stressed at a group session," Mr. Hann commented. "Also, we discuss seasonal subjects such as fire prevention measures for Christmas trees or holiday driving tips."

Safety coordinators are employed throughout the country to keep a close watch on problems. "We direct the annual program from the home office, but if a particular branch is having specific problems, they use their own initiative in planning remedial programs," he explained.

To create awareness of safety hazards, all accidents are reported and investigated by the immediate supervisor in the area. A report is then submitted to a management review board at the specific office. "Since our emphasis is on safety awareness, we must constantly re-evaluate our situation," Mr. Hann noted.

Families are encouraged to participate in safety programs at home. "Safety is a 24 hour concern. If an employe is injured while off the job, he is still unable to work. People must be cautious at all times," the safety director said.

SAFETY information and newsletters are given to the employe to share with his family, and a monthly contest is held to encourage participation.

"Names of families are selected in a drawing each month. If they know particular safety information contained in the newsletter, then they can win a grand prize such as a TV or a stereo. We give three or four smaller prizes each month, too, such as electric hair curlers or watches.

"Our purpose is not really to pay people to be safe. We are

trying to advertise the word safety, so it will become second nature to them," Mr. Hann noted.

A good safety record is beneficial to a manager's company prestige. Quarterly reports containing safety records of each manager and office in the United States and Canada are published and distributed to INA branches.

"If an executive is embarrassed because his office performed poorly, he will take action to improve management," said Mr. Hann. "Conversely, if a manager has conducted safety procedures over and above those required, he is commended for his action." ■

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Ulster: security, insurance, a stiff upper lip

BELFAST—Insurers in Northern Ireland are hoping that fresh moves this year will succeed in ending the civil disturbances in this part of the United Kingdom after nearly three years of violent troubles.

But even if these hopes are fulfilled they will still face substantial problems in clearing up insurance claims, and if they fail there will be even greater difficulties ahead.

Bombs have caused millions of dollars worth of damage to industrial property, topped by the impact of consequential loss, since the bitter violence broke out in Ulster in 1969.

Business is still going on normally in most centers because of the tremendous capacity for recovery that citizens show in face

of danger, combined with the efforts of the local insurance market to settle compensation as quickly as possible.

THE SYSTEM is that government-backed funds are available to compensate firms that suffer damage through the activities of terrorists. Such funds are made available almost immediately to claimants who have no effective insurance. For example, if a fire policy has not been extended to cover explosion risk, and a terrorist attack results in explosion damage only without fire, the coverage is available.

But in the great majority of cases, fire insurance, suitably extended to cover explosions, does exist. Here it is left to the insurance offices to make the required

payments.

Frederick M. Fraser, a leading insurance executive and spokesman for the British Insurance Assn. in Northern Ireland, told *Business Insurance*, "Frequently, substantial interim payments,

SAFETY/SECURITY REPORT

amounting to many thousands of dollars, are made within weeks of a loss to enable the insured to get back into business as quickly as possible. Eventually some, if not all, of the insurance monies are recovered from the government.

"We are concerned at the long delays in recovering our payments from the government," he continued. "These can take 12

months or more, and can result in substantial loss of interest as far as the insurance companies are concerned."

ONE DIFFICULT problem, according to Mr. Fraser, arises in larger damage claims when insurance cover on buildings and machinery is on a reinstatement basis. There are often substantial differences between the amounts paid out by the companies under such conditions, and the amounts recovered from the government on a pure indemnity basis.

Premium levels arrived at before terrorist activities began in 1969 were clearly never calculated to take such factors into account.

Incidents which have caused heavy damage include a \$2.5 million fire at a newspaper printing works owned by the London Daily Mirror, and a similar large blaze in a block of shops, offices, and other plants in a busy part of Belfast.

For many years risks in Northern Ireland have been placed with the local offices of major British insurance corporates, but Lloyd's is a coinsurer to the extent of about 15% in many policies, even when the companies lead them.

RIOT AND CIVIL commotion has always been excluded from policies in both Eire and Northern Ireland, though cover was available at heavy premiums in certain cases until the big troubles started three years ago.

The great majority of the more important fire and explosion in-

surances in Ulster exclude riot and civil commotion and, because many of the losses to date have fallen under this heading without the policy being extended, recovery has been made direct from government funds.

Interestingly, one or two companies have invoked the civil commotion exclusion, saying they feel a state of civil commotion exists in many areas in Northern Ireland, and so have refused on this basis to deal with any of the terrorist losses.

"But little support for this action has been forthcoming in the Northern Ireland insurance market generally," Mr. Fraser said.

INSURANCE firms must rely on government agencies to provide security against bomb attacks, especially as the IRA raids are so secretly planned that no one can predict where they will strike. Usually British army bomb-disposal squads move into the affected area if there is time to defuse a suspected bomb. Many of their soldiers have been killed in this way.

The main step by the civil authorities has been to ban autos being parked in city roads unless they have passengers sitting in them, as terrorists have been stealing autos, planting bombs in them, and then leaving them to blow up.

This intense security battle is confined to the six counties of Ulster. In the rest of Britain, where the IRA has caused only one or two incidents, there have been only intermittent surges in

Continued on page 58

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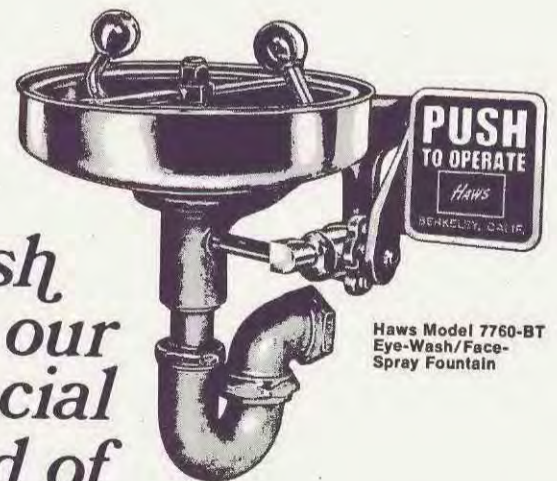
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Hall exec offers model organization for OSHA

By D. B. WILDEROTER

Manager, Loss Control Dept.
Frank B. Hall & Co. of N.Y. Inc.

NEW YORK—The Williams-Steiger Occupational Safety and Health Act of 1970 has forced us to reappraise the traditional safety organization. OSHA standards are voluminous and detailed to such a degree that it is almost

SAFETY/SECURITY REPORT

impossible for one man to administer them. The requirements of OSHA are going to force many changes in manufacturing techniques and, in some cases, product design. To properly evaluate various approaches versus their cost and side benefits, a team approach is needed.

At the corporate level this means that the executive safety committee should have as members the corporate officers responsible for operations, finance, industrial relations, insurance and the corporate safety director. This team can evaluate all of the costs and benefits of a change in operations including insurance costs, which are frequently forgotten.

At the plant level the team approach is even more important. The long prevailing concept that the personnel director should be the safety director and therefore run the safety program is, in our opinion, no longer valid. No one man can be everywhere, and be absolutely up to date and conversant with every paragraph of every standard. We feel that the standards should be broken down into areas of responsibility, utilizing the expertise of foremen, manufacturing superintendents and others. Each team would have a specific section or sections of the standards as their responsibility. The team director would answer directly to the plant manager.

THE TEAMS would be responsible for correcting violations of standards, unsafe work practices and the investigation of accidents involving their specific areas. The assignment of areas of responsibility will vary from plant to plant according to the manufacturing processes involved. A suggested breakdown of assignments for a medium sized metal goods plant could be as follows:

- Team 1—Safety education, promotion, personal protection equipment and record keeping. The leader of the team is the personnel director and the team includes the plant chemist and the nurse. This team is responsible for Sub-Part I of the act, "Personal Protective Equipment," Sections 44 and 45 of Sub-Part J, "General Environmental Controls," Sub-Part K, "Medical and First Aid" plus all record keeping.

- Team 2—Power presses and press brakes. Director of the team is the superintendent of primary operations. Members are the press room general foreman, chief die setter, die designer from industrial engineering and the supervisor of the tool and die shop. The team is responsible for Sub-Part O Section 217, "Mechanical Power Presses," and the general provisions of Sub-Part O as they relate to press brakes.

- Team 3—Mechanical handling equipment and related devices. The team director is the superintendent of shipping and

receiving. As members he has riggers, warehouse foremen and the supervisor of mechanical maintenance. The team is responsible for the provisions of Sub-Part N, "Materials Handling and Storage."

- Team 4—Electrical fire prevention, housekeeping and environment. Leading the team is the plant superintendent with the plant electrician, fire marshall and spray room foreman as members. The team is responsible for Sub-Part E, "Means of Egress," Sub-Part G, "Occupational Health & Environmental Control," Sub-Part H, "Hazardous Materials," Sub-Part J, "General Environmental Controls," except sections 44 and 45,

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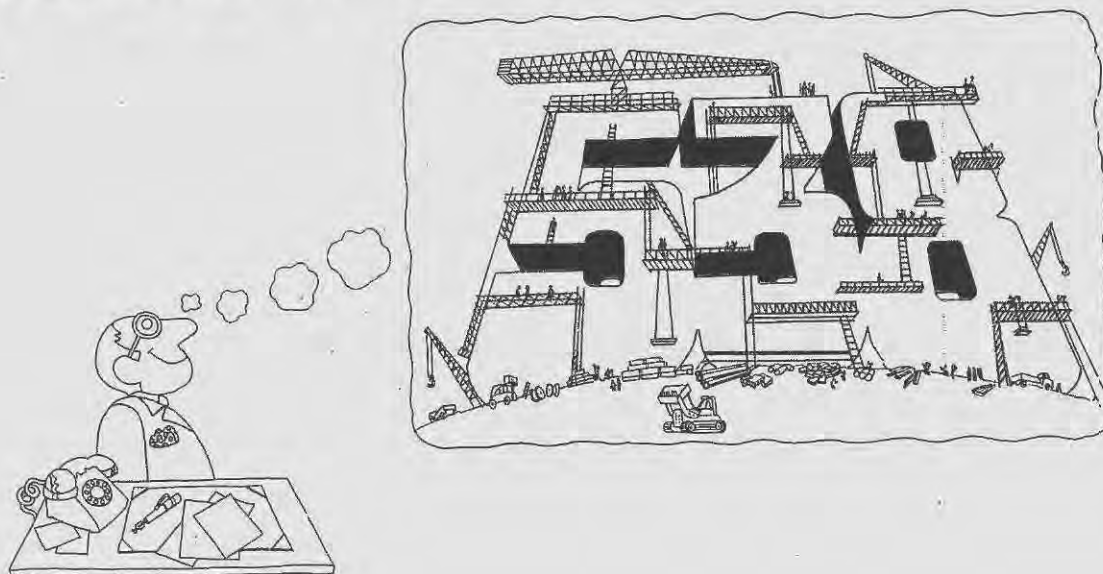
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Insurer's labs will help solve OSHA problems

By ROBIN SUHRBIER

ST. PAUL—Do your employees breathe in air filled with hazardous contaminants? What noises are they exposed to over an eight-hour period?

Answers to these and other questions are vital to employers if they are to comply with the new Occupational Safety and Health Act. In light of this, St. Paul Fire & Marine Insurance Co. has set up an analytical laboratory and trained its personnel

to help employers resolve such problems.

OSHA is an all-encompassing act controlling the environment in which an employee works. The act covers every conceivable occupation and regulates, among other things, the maximum allowable levels for contaminants in the air and sound in the working environment. It specifies limits for radiation and sets standards for safe working places. The act touches every conceivable aspect of the work environment.

THE AIM of OSHA is to cut down on work-related accidents by creating the optimum working environment. A by-product of this aim could be lower work-

"now allows our people to deal with the occupational health aspects of OSHA and with environmental laws in air and water pollution," Mr. Nelson said.

The highly sensitive equipment in the lab, according to K. Wesley Anderson, industrial hygienist for the engineering department, "permits us to run extensive tests and chart the results so our clients know exactly where they are in violation of the laws."

He mentioned that right now "our first concern is the working environment and helping our clients meet the standards of OSHA. From here we'll go to the external environment and work

with industries to meet standards, as they are set, for air, water and noise pollution."

Mr. Anderson explained, "Once we make our clients aware of problems, they are responsible for correcting them. We can make recommendations for solutions and provide follow-up tests to see that the problems have been eliminated."

FOR INSTANCE, a noise problem—either a noise that is damaging to hearing or an unwanted sound that could distract the employee—must eventually be engineered out. But, in the meantime, while an employer works to eliminate the sound, he must provide some type of ear protection for his employees.

"We can provide the employer with alternatives for solving his problems: He must implement the solutions," Mr. Anderson added.

He explained that St. Paul Fire & Marine field offices are equipped with test equipment to make preliminary tests. The home office is currently running intensive training seminars for field safety engineers. The course reviews the requirements under OSHA and demonstrates for the engineers the use of the test kits and how to take samples to send to the home office analytical lab. A brief refresher is given in how to chart and interpret results.

"We communicate changes in the law and new legislation through a monthly mailing to our safety engineers. Through this same mailing we can also communicate new or updated test procedures," Mr. Anderson said.

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men's compensation rates.

According to Ronald A. Nelson, secretary, engineering audit department, St. Paul Fire & Marine, "In the beginning, we'll possibly see more workmen's comp claims reported as employees are made aware of their exposures especially in the occupational health area. But in the long run I expect rates to reflect the improvement in accident prevention."

OSHA, in conjunction with proposed legislation regulating external pollution to the air and water and noise control, could have ramifications on premium rates of product and general liability coverages. At least, Mr. Nelson contends, "the trend should show a decrease in accidents and a corresponding reflection in the rates."

However, as with most new legislation, there will be test cases brought to court. The decision will "tell us what our exposures are and then we'll decide how to write the coverage. But there could be some favorable effects on insurance rates across the board," he said.

ST. PAUL Fire & Marine's analytical lab is an extension of its safety engineering service and



K. Wesley Anderson, St. Paul Fire & Marine industrial hygienist, uses an atomic absorption spectrophotometer to test for lead in a water sample taken from an insured's manufacturing plant.

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Continued from page 55
Sub-Part L "Fire Protection" and Sub-Part S, "Electrical."

• Team 5—Plant production equipment. The team leader is the superintendent of manufacturing. Members are the shear line foreman, welding foreman, chief maintenance mechanic and an industrial engineer. The team's areas of responsibility are Sub-Part D, "Walking and Working Surfaces," Sub-Part F, "Powered Platforms, Manlifts and Vehicle Mounted Work Platforms," Sub-Part M, "Compressed Gas and Compressed Air Equipment," Sub-Part O, "Machinery and Machine Guarding" except Section 217, Sub-Part P, "Hand and Portable Powered Tools" and Sub-Part Q, "Welding, Cutting and Braising."

WITH THIS organization the areas of responsibility have been narrowed down so the members of each team can be fully familiar with the standards. They therefore have a much greater likelihood of finding solutions that will be economically feasible and, in many cases, increase production.

This organization will fit virtually any operation with minor adjustments. The division of areas of responsibility was for a specific plant but the lines of responsibility could be shifted according to the needs of any other individual facility. For example, a plant where chemical problems loom large may need an entire team dealing with those problems alone and the mechanical problems would shrink proportionately.

The breakdown has been found workable for general metal goods manufacturing plants but the teams can be tailor-made according to almost any needs. ■

Check-Mate system 'anticipates retailers' needs'

LIONVILLE, PA.—“We try to anticipate the retailers' needs.” That seems to be the slogan of Check-Mate Systems. The phrase was used several times by Jack Sperling, vp of the company, as he explained the Check-Mate anti-shoplifting system and its development to *Business Insurance*.

The security system is designed for the protection of soft goods and consists of three basic compact pieces—a control check (the tag that is placed on clothing), a release wand and a sensor. The control check is reusable indefinitely and is the only part of the system seen by the customer. Only one second is required to attach it to the item and this can be done either in the marking room or as the goods enter the floor. Because the tag weighs less than one ounce it is unlikely to damage the merchandise.

Allan L. Williams, president of Check-Mate and co-inventor of the system with Lyle Heck, pointed out that the device “can be installed as conspicuously or inconspicuously as the retailer desires.”

AS A CUSTOMER pays for the merchandise at the checkout counter, store personnel insert the control check into the electronic release wand. In two seconds the tag is removed from the merchandise without marking it in any way.

If a shoplifter attempts to remove an item of merchandise from the store with the tag still attached, unobtrusive electronic sensors at entrances and exits receive a signal from the control check and store security personnel are alerted.

Mr. Sperling, citing an example of anticipating retailers' needs, told of two recent additions to the system that are designed to prevent embarrassment to store management.

The first is aimed at catching clerical errors. “It is possible,” said Mr. Sperling, “that a clerk could forget to take off the control check when wrapping an item.” So Check-Mate developed a detector mat that is placed on the counter top where merchandise is packaged. The mat emits a soft beep if a control tag remains on the item.

THE SECOND device anticipates the problem of two or more customers leaving the store at the same time and passing a sensor point and activating it. This leaves security personnel in the sticky position of having to search everyone. The solution to this problem, said Mr. Sperling, is a hand sensor, about the size of a transistor radio, carried by security personnel. The hand sensor beeps when it is within 18 inches of the person carrying stolen goods.

Check-Mate is presently working on a system that is adaptable to hard goods, Mr. Sperling added, which will use a different configuration for the attachment part of the tag. He estimated that it would be one to one and a half years before the product is ready to be marketed. Development of the original system, aimed mainly at department stores and specialty shops, took three years.

Another part of the Check-Mate System for retailers is a merchandising aids package. This includes copy for envelope mailings, newspaper ads and radio and television commercials and is used to help the retailer retain his store's friendly, hospitable

image and offset any negative effects the installation of an anti-shoplifting system might have on good customers, Mr. Sperling explained.

Check-Mate is now in production, he said, and a few installations are already in operation.

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THE FIRM will work with security directors, controllers and merchandise managers to set up the program and help train employees. By the end of June there will be representatives in New York, Philadelphia, Atlanta, Boston, Dallas, San Francisco, Los Angeles, Detroit, Chicago and

Washington, D.C.

Dick Grimes will be in charge of servicing the Check-Mate installations, Mr. Sperling told *Business Insurance*, and will have eight service representatives initially, with more to be hired later. The retailer who needs system repairs between the regularly scheduled visits from service representatives merely has to contact his district salesman, he said, and the repairman closest to his location will be dispatched.

“The system is modular,” he explained, “so the only likely maintenance problem would be the sensor unit.” And repairmen, he added, will carry sensor replacements with them so that no Check-Mate installation need ever be completely shut down. ■



The hand sensor portion of the Check-Mate security system is used by store security personnel to detect the presence of a tagged article of merchandise inside a box, bag or on the person himself.



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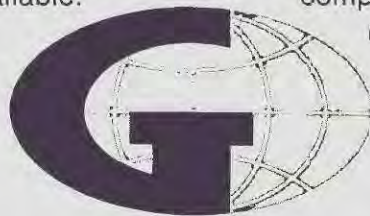
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Ulster . . .

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industrial plant security. Mainly this has occurred after local civil commotion movements, such as the so-called "Angry Brigade" of students and other protesters, have threatened strife through bombing the homes of government ministers without causing any casualties.

Some estimates put the damage in Northern Ireland at more than \$50 million, but the British Insurance Assn. will not comment

officially on this.

War risk rates have not come into operation in any way, except for the basic rate of 3.75¢ that marine insurers offer on goods in transit anywhere throughout the world. Excess rates, such as those in the Vietnam or Israeli area,

SAFETY/SECURITY REPORT

have not been applied to Northern Ireland for war risk.

FOR STRIKE, riot and civil commotion cover the marine market rate on goods shipped to Northern Ireland ports is only 12.5¢ per \$100, as government legislation provides for compensation in the event of substantial claims, if necessary payable through the insurers involved. ■

Safety bill may bring state to OSHA levels

SACRAMENTO—A bill, called the Industrial Safety Act of 1972, is now being considered by the California legislature. The law, if passed, and it is expected to, will bring the state into compliance with federal safety standards set down by the Occupational Safety and Health Act.

California could then sign an agreement with OSHA enabling the state to enforce its own safety standards. The agreement would also make the state eligible for close to \$2 million in federal monies.

If passed, the bill will generally revamp California's industrial safety regulations and will put more bite into penalties against employers who violate

them. Employer groups have protested the bill with their main objection being a provision which would give the industrial safety board power to set safety inspection fees. The employers felt that only the legislature should control the fees.

ONE OF THE sponsors of the bill said that the fee provision could be changed as one of many possible alterations before the law is actually passed.

Some of the high points of the proposal include:

- A civil penalty system which would give the state division of industrial safety the power to fine businesses which have violated the laws.

- The establishment of a separate bureau which will investigate accidents and prepare cases for prosecution, if necessary.

- A new reporting system which would give the industrial safety division immediate notice of any accidents which result in serious injury or death to workers.

- Improving information systems within the division so inspectors will know an industry's safety record before any penalties are considered.

- The misdemeanor and felony penalty system will be toughened for use against flagrant law violators and those whose unsafe work practices have caused serious injury or death.

The bill's backers thought it should be through the legislature and on Gov. Ronald Reagan's desk by late next month, although they do expect to see some changes by the time it reaches that point. ■

Insurer's . . .

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RIGHT NOW, he added, clients must request these tests performed but eventually the safety engineers, as a matter of routine, will have their test kits with them when they visit businesses. Included in the kit is equipment to measure noise levels and to detect toxic contaminants in the air.

The home office has a gas chromatograph that analyzes organic airborne contaminants coming from a host of chemical processes. An atomic absorption spectrophotometer analyzes metal dusts and fumes arising from welding, casting, grinding and machining operations. The phase contract microscope determines dust and fiber counts of materials, such as asbestos and silica, and identifies organic or bacterial content of various sample materials such as water.

This equipment, along with others in the lab and field, according to Mr. Nelson, "allows us to sample, measure and analyze atmospheric dusts, fumes, mists, gases and vapors; minerals; waters; noise; vibration; radiation and illumination to determine whether or not the levels meet required standards."

Standard solutions are used to calibrate equipment. "Every time we make an analysis, we run a standard test to be sure our equipment is functioning properly," Mr. Anderson added.

Now that OSHA is a reality, federal legislation is proposed to control general air, water and noise pollution. By 1976, Mr. Nelson said, the whole business of air pollution will have crystallized. A manufacturing plant will have to meet standards externally under the Water Quality and Clean Air Acts and internally under OSHA.

MR. ANDERSON mentioned that some plants are already putting in air-monitoring equipment to record, on a 24-hour basis, their discharges into the atmosphere. This equipment will be mandatory under the clean air bill.

Upon a client's request, "we can run analytical tests of his external air environment. Our field staff would collect a cubic foot of air in a 'grab air bag' and send this to the home office for analysis," Mr. Anderson said.

Proposed standards for water pollution, Mr. Nelson noted, could set the maximum discharge level of pollutants into the water at zero by 1985. These will also be legislation developed to control external noises.

However, he contends, there is still a lot of disagreement among scientists as to "harmful levels." But like the standards set in OSHA and those that will be set in future legislation for the external environment, "these levels allow us to be on the safe side rather than take a chance," Mr. Nelson said. ■



Private security men: Often ill trained, corrupt

NEW YORK—In an Orlando, Fla., high school one night not long ago, a private security guard on his rounds peered into a darkened classroom and saw what he thought to be a threatening figure crouched against a wall. He called for it to come out and when it didn't respond he pulled out his .38-caliber revolver and blasted away. The casualty: one life-size paper doll from an art display shot through the heart.

In New York City a private security guard conveniently found himself indisposed while thieves entered a construction site and made off with \$100,000 worth of heavy equipment.

The stories, both of them true, have far different implications. But the conclusion that can be drawn from them is cause for some deep soul-searching in the

private security guard industry, a business that takes in almost \$3 billion annually and supports an employment force that outnumbers the 500,000-member U.S. law enforcement pool by almost two to one.

A 16-month-long study done by the Rand Corp., a private research organization, for the Justice department has just concluded that private guards and detectives are often ill trained, sometimes corrupt and in many states are virtually unregulated.

THE VERY critical study also questions the economics of the private police business by stating there is now no way of measuring whether the expense of hiring a private guard is more or less than the cost of the goods that might have been stolen had

he not been hired. At the same time, however, the study concluded that there is a clear public need for private security forces.

SAFETY/SECURITY REPORT

Nonetheless, the horror stories continue to be told and they are causing the insurance industry to re-examine its position. Corporations that employ private guards are likewise questioning the quality of the guard they are entrusting with their policing activities.

In Cleveland a supermarket guard watching for shoplifters confronted a suspect and asked to see the contents of her purse. When the woman refused to co-

operate an altercation resulted. The guard shot her in the head and police later determined she was innocent of the crime.

Also in Cleveland, in a hamburger franchise parking lot, a private guard objected to the way a customer had parked his car. An argument resulted, the guard drew his revolver, a bullet discharged and the driver was killed.

THE LIABILITY implications for the companies that employed those guards, as well as for the firms that retained their services, are obvious.

The Rand Corp.'s study for the Justice department's Institute of Law Enforcement and Criminal Justice pointed to several key findings:

- Training in the use of fire-

arms by private security forces is "woefully inadequate." A survey of 275 security men, for example, revealed that while 50% of those who answered carried guns, "only 19% had received any fire-arms training on their present job."

- Legal training in the critical area of the private police man's right to use force to make an arrest is practically non-existent. "In response to test questions," the study noted, "over 97% of the security personnel made serious errors that could lead to civil suits or criminal charges."

- "Substantial dishonesty and poor business practices exist," the report also said, noting that this conclusion is based on complaints filed with official agencies and private conversations with security executives. Among those things cited by the study were burglary, robbery, theft and extortion committed by both security employes and their employers, and the failure to perform those services paid for a misrepresentation of the price or service offered the customer.

- "Controls (on the private security industry) are very rarely exercised" by state and local authorities, although 31 states, three counties and 46 cities have public agencies theoretically responsible for the regulation of private security firms.

AT THE SAME time, however, the Rand study pointed out that the private security business provides a "clear social benefit" to its customers.

"There seems no doubt that crime rates would be higher if there were no guards protecting property, if there were no security men escorting the movements of large quantities of money, if there were no alarm systems or if no one investigated the background of job and credit applicants."

But, the study added, there are some serious deficiencies in the business. And one of these is the caliber of the guard it attracts.

"The typical private guard is

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Guards may be regulated in Canada

OTTAWA—Canada is moving to more effectively control the operation of private security guard companies.

The National Police Agency has drafted a bill that stipulates that the acts of private security men should be restricted to "watching, patrolling and escorting" and should not be such as to "conduct violent defensive actions" or to "threaten others with their guard equipments, or conduct unified guard actions of any kind."

The bill also stipulates that private guards must not wear uniforms, badges, rank insignia or equipment that resemble those of policemen or other governmental law enforcement officers.

At present there are estimated to be 320 private security guard companies throughout Canada. About 30,000 men are employed as guards.

In 1971 the number of crimes committed by these private guards hit about 130. Offenses ranged from rapes to robberies. In 1968 only 51 offenses were recorded. ■

Van Namee tells ASIM how to handle OSHA

By TERESA NORTON

MONTREAL—Members of the American Society of Insurance Management who attended the annual conference here heard some pragmatic suggestions on how to live with the Occupation-

al Safety and Health Act straight from one who should know—James Van Namee, commissioner on the occupational safety and health review committee.

One of the primary facts he pointed out was that those who object to the fact that the em-

ployee's only obligation is to obey all the standards, rules and regulations that apply to his job, with no financial penalties to be assessed for failure, may be taking the wrong viewpoint. "Many people say this is unfair," he told ASIMers, but it may be unwise for management to let government enforce its responsibility in employe relations. History has shown, Mr. Van Namee reminded the audience, that once the door is opened the private sector may lose control. The weight of the law is now behind employers in employe relations situations, he said, if they can prove the law was fairly applied.

Concerning complete compliance with the general duty clause regarding OSHA standards that require the occupational environment to be free of recognized hazards, Mr. Van Namee said, "Many of us have come to the conclusion that it can only be applied to serious cases." He added that "serious" is later defined in the act as meaning likely to cause death. So any employer who is cited for a "serious violation," he emphasized, may well have cause to appeal.

The OSHA expert presented examples of instances that might qualify employers for temporary permanent variance or provisions:

- Temporary: lack of personnel qualified to perform mandated changes. Employers, however, are required to inform employees of this temporary variance so that they can exercise their rights to apply for immediate changes.
- Permanent: a situation in

which the employer thinks he can provide equal or better safety through a method different from that recommended by OSHA. A change in color coding on pipes, he pointed out, even though it is done to comply with OSHA standards, may cause trouble.

• He warned risk men not to forget to apply for these variance provisions, however, because an inspection could lead to a citation without them.

Mr. Van Namee detailed the usual procedure once an inspec-

tion has been triggered by an employe complaint: The OSHA compliance officer must furnish the employer with a written copy of the complaint, he said, although the employe has the right to remain anonymous. These complaints result not only in an inspection of the area concerned, he added, but, at least in the early stages of OSHA, in an inspection of the entire plant.

(At this point Mr. Van Namee warned the audience to carefully check the compliance officer's credentials, as there has already been a case of industrial espionage involving impersonating an OSHA inspector.) He advised risk men to make their companies' highest management men available at the conference preceding the inspection and also at the closing conference to discuss requirements and deadlines. "Within a short time you will receive a citation, if you have had violations," said Mr. Van Namee, and this must be posted at or near the site of the alleged violation. He suggested that this was a good idea because employees may feel that the time of abatement for corrections of the violation is unreasonable and they have the right of appeal in such a case.

When a notice of proposed penalty is received, he continued, the company has 15 working days within which to file a notice of contest. If no notice is filed, the citation and penalty cannot be appealed to any court in the U.S. (Working days are defined by the government as Monday through Friday, excluding legal holidays.)

The question that has been on many a safety man's mind since OSHA went into effect is, "Who goes to jail for violations?" Mr. Van Namee answered it by saying, "I can tell you very emphatically, it is not the safety man."

Jail sentences could start with the first line supervisor if he had authority to correct the situation and did not, he explained, or if he didn't have authority to correct it but failed to pass it on to the next higher authority. "It could go all the way to the chairman of the board," he noted. Mr. Van Namee explained that his commission has adjudicatory functions and is part of the executive branch of the U.S. government, answerable only to the White House. The committee is appointed by the President and substitutes for the U.S. district courts.

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British efforts to curb industrial pollution intensify as plant closes

LONDON—Perils from poisonous substances are now being attacked over a vast range of industrial processes to preserve the health of plant operatives.

Vigorous new moves to end these "danger zones" have been ordered by the British government, which has become alarmed at the public disquiet over some plants, though most seem to be quite safely operated.

The full impact will take many months to achieve success. But now that the hazards of industrial pollution are becoming better known, a definite campaign to compel corporate management to restrict such dangers has been launched.

Heading the campaign is Bryan Harvey, the government's new chief inspector of factories.

Alarm was raised over mishaps in recent months in the lead, zinc, and asbestos industries, while international concern over pollution has also played its part in alerting the public. Loss prevention in some industries is still in its initial stages, but under Mr. Harvey there will be a new center in London for environmental control advice.

"Special investigators will look at the more sophisticated problems of safety and health which industry is now creating because, for example, of the computerization of process," he explained. "They will anticipate dangers before they arise, and will study such problems as the use of probability theory in predicting plant failure. They will also be concerned with the very serious implications for safety of the present scale of operations in certain industries such as chemicals and petroleum.

"PREVENTING a new plant process from blasting off, or poisoning its creator," he continued, "may be much less exciting than launching it. But industrial safety in this decade is both exciting and rewarding and risk prevention must be regarded as the companion of invention."

Safety experts are now giving priority to the lead and asbestos industries.

In the lead industry, there has been widespread concern over the move by the Imperial Smelting Corp. to close its \$36 million lead and zinc plant at Avonmouth for two months because it has been poisoning workers and home-dwellers in the vicinity. Cost of the shutdown is still unknown, but is sure to be heavy.

The London Sunday Times declared, "The plant was opened in 1968 as a showpiece of the technological revolution. It was supposed to be foolproof and the safest of its kind. But more than 100 employees have lead levels in their blood well above the maximum safety limit."

THE LONDON Daily Mirror, under a banner headline, "Poison Probe Into Shocking Factory," protested, "There has been extraordinary lack of action by bosses over lead poisoning in this, the world's biggest smelting plant."

Plant workers called on Dr. Robert Murray, medical adviser to the prestigious Trades Union Congress in the U.K., to probe the health risk. He reported, "Statutory rules over lead smelting which Britain imposed sixty years ago are now totally out of date."

Consequently, Robert Carr, the government's secretary of state

for employment, set up a four-man team to find what went wrong. Included in the team, which is now busy looking into the facts, is George H. Beeby, president of the British Society of Chemical Industry, and Sir Brian Windeyer, a London University professor, who will be in charge. They will report directly to the government later this year.

IN THE ASBESTOS industry, Britain has opened a register of workers so that government-appointed health experts can study any harmful effects of their exposure to asbestos dust and build up a list of preventive measures. Different types of dust and degrees of exposure will be studied,

and clinical and radiological effects will be carefully recorded.

Ten thousand plant workers, half of Britain's labor force in the asbestos industry, will be covered by the survey in the next two years. Factory levels of the amount of asbestos in the air will also be measured so as to protect plant environment.

The move follows a lawsuit by seven asbestos workers, claiming their lives may have been shortened through exposure to lethal dust, who received more than \$200,000 damages against their employers for breach of safety rules. Insurance companies met the damages claim, but the firm escaped with a tiny \$200 fine on a criminal prosecution for break-

ing factory safety laws.

The outcry against government failure to enforce its own regulations has now led to industry looking into health problems more closely.

SPECIAL regulations enforced in 1969 cover all asbestos plant workers, including those in insulation processes, with definite controls.

SAFETY/SECURITY REPORT

They have led medical experts to believe that "blue asbestos," or crocidolite, which is in worldwide use from the Northwest Cape Province of South Africa, may cause the rare cancer disease, mesothelioma. It has a such a fine fibre in its texture that dust can go deep into human lungs, deeper than "white asbestos",

chrysotile, or "amber asbestos", amosite are thought to be capable of.

Other aspects of occupational health safety in Britain include:

- Mercury compounds can be highly toxic, so the employment ministry has produced research data on its industrial use, made freely available to management and plant officials.

- Details of operatives poisoned while working on mercury, phosphorus, arsenic or cadmium have to be forwarded to government agencies.

- Pottery workers are being surveyed to find the extent of respiratory disabilities.

Occupational health in Britain comes under the Factory Acts, which have been in existence in many forms for almost 100 years, but later this year the government will receive a special report on the need for new legislation, which will cover every aspect of industry, both new and old. ■

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PERSPECTIVE



BY GEORGE C. GUENTHER

Assistant secretary of labor for occupational safety and health, U.S. Department of Labor, Washington, D.C.

THE OCCUPATIONAL Safety and Health Administration (OSHA) sailed into its second year of operation on April 28, shipshape and steering straight and true the course set for it by Congress.

This has been no small accomplishment, for OSHA was created in controversy and has had to operate in a goldfish bowl subject to public scrutiny. Response has ranged from praise to criticism.

The Williams-Steiger Occupational Safety and Health Act of 1970 and OSHA, which it created, have been criticized by business, farmers, labor, consumer advocates and members of Congress. Perhaps this is a testimonial to how effective a job OSHA has been doing.

The business insurance industry knows quite well that the fight against job-related accidents and illnesses is never ending. For years your industry has been a leader in the battle for occupational safety. The industry pioneered some of the first work place standards more than a half century ago. Today, you are engaged in finding better ways to educate, to re-educate and to motivate people to improve on-the-job safety and health programs because you know this is the way to reduce accidents and insurance costs.

PASSAGE OF the Williams-Steiger Act already has brought your industry new challenges and opportunities. If the Labor department's experience with other safety legislation is repeated, such as the maritime safety legislation in the 1960s, you should see as a byproduct millions of dollars in savings in accident costs and insurance premiums as the accident rate declines.

Your industry is being called upon more frequently for top-level, professional consulting services to assist your policyholders in establishing and strengthening their loss control. You are performing a most useful function in explaining this new legislation and standards. This supplements OSHA's own educational programs but goes a step further by providing more in-plant consultation, which OSHA can only do off an employer's premises.

For some years, your industry has been reciting the record of 2.2 million disabling injuries and 14,000 occupational deaths each year, and more than \$9 billion in annual losses.

You also know that these factors contributed to passage of the 1970 legislation, after three years of discussion in Congress and differing public opinions as to how

OSHA: It's 'shipshape and steering straight, true' course

"If the Labor department's experience with other safety legislation is repeated . . . you should see as a byproduct millions of dollars in savings in accident costs and insurance premiums as the accident rate declines."

the act should be structured to improve the safety and health of the nation's workers.

What emerged was a compromise bill that did not reflect the 100% viewpoint of the AFL-CIO, the U.S. Chamber of Commerce and the National Assn. of Manufacturers, the Administration or even all members of Congress.

I FURNISH this background because it is important for a fuller understanding of the act and its implementation. For what we have is a law adopted because of the compelling necessity to cut down the rate of job-related deaths, injuries and illnesses, which had jumped nearly 30% in less than a decade.

Some persons want OSHA to steer a different course from the one that Congress has decreed. Others want to amend

the law to provide for exceptions, exemptions and mitigations, while still others want more strenuous enforcement.

The way we meet these diverse requests is based on the act and a close attention to the legislative history behind it, because that shows us explicitly how Congress interpreted the various provisions it enacted. This is the only honest way to respond to those who feel either that progress is too slow or too fast.

Within that framework, OSHA has made considerable progress in implementing the law firmly and fairly during its first year of operation.

OUR CHARTER is to set and enforce occupational safety and health standards and to seek compliance through education, promotional, reporting and other techniques. In our brief life span, OSHA has:

- Issued a large number of standards and is developing others.

- Recruited and trained compliance officers and industrial hygienists and placed them in a highly decentralized field structure.

- Permitted most states to continue their own job safety programs while providing fund grants to help them develop their own programs.

- Developed and trained employer and employee representatives, so that they in turn can continue education of many more persons through the multiplier principle.

- Undertaken enforcement activities, including targeting the worst industries and health hazards for priority inspections, even while stressing voluntary compliance.

Let's now explore a few of the criticisms:

"You have too few compliance people."

It is always difficult to estimate how many persons it will take to do a job, especially in a new program. We have requested what we consider a sufficient number. The total of planned federal inspectors may be misleading, since there

Continued on following page

OSHA's function is 'a matter of semantic interpretation



BY RAY DAVIDSON

Publicity director, Oil, Chemical and Atomic Workers International Union, Denver, Col.

HAS THE FEDERAL Occupational Safety and Health Act, after 12 months of application, made oil and chemical plants safer?

The answer is so uncertain as to be almost a matter of semantic interpreta-

"The conclusion must be reached—with regret—that managers respond only to economic pressures. Thus it seems inevitable that more dollar punitive actions must be applied to bring industry into compliance."

tion. If protagonists in a debate on the subject should agree on a summary statement, they likely would disagree on definitions of the words used.

Assistant Secretary of Labor George C. Guenther, charged with enforcement of the law, announced in the beginning that he intended to take an educational rather than a punitive approach. No one should quarrel with the words he used, but what is educational and what is punitive?

MR. GUENTHER'S well-taken philosophy would seem to mean that, for a while at least, his agency would emphasize issuance of information to employers and warnings of violations and de-emphasize the assessment of penalties. But the sincerity of this attitude must be questioned when Mr. Guenther's inspectors frequently recommend penalties of as low as \$6 for violations they find. Fines of such size certainly cannot be called punitive and it is questionable that they can be called educational.

No intelligent person expected the law to cause immediate and revolutionary

changes in the health and safety conditions inside industrial plants. All recognized that enforcement of a new and sweeping law presents massive problems of interpretation, administration and enforcement. A federal government which in the past had done very little work in the field of occupational health and safety suddenly was mandated by Congress to apply a rather complex law to 3 million work places.

It was hoped, however, that the very existence of the law would cause most employers to inaugurate new health and safety programs of their own in anticipation of potential problems with the enforcers of the law. After all, there are never as many traffic policemen as there are drivers, but in awareness of traffic regulations most drivers obey the law to avoid confrontations with the men in blue.

THIS DOES NOT seem to be the reaction of employers to the new Occupational Safety and Health Act. Our members report that few changes in past safety practices in oil and chemical plants have been

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business insurance

PERSPECTIVE

Guenther . . .

Continued from preceding page

eventually will be a large number of state inspectors as the states develop and implement their own plans. Because of that, it would be imprudent for us to hire thousands of compliance officers, only to lay them off as the state role increased.

"OSHA is inadequately funded."

Funding is a challenge considering the pressing resource requirements for social programs, the national defense and protection of our natural environment—to name just a few. The Congress has been asked to increase our allocations from \$37.5 million in the current fiscal year to \$67.5 million for fiscal 1973. Of that \$31 million requested increase, the majority—\$22.1 million—is proposed for the continued development and operation of state programs.

"You are pro-business/anti-business—particularly small business."

We are none of those—we are pro-occupational safety and health and the protection of 60 million persons on both sides of the paycheck. We encourage comments

from all sides on development of standards, and such comments receive full consideration. Employers, employees and the public all are represented on OSHA's National Advisory Committee on Occupational Safety and Health.

We have been criticized as favoring industry by proposing small penalties. The penalties are stipulated in the act, which also provides several mitigating factors in arriving at proposed assessment figures. We have yet to hear of a small business that has gone bankrupt because of the cost of coming into compliance. In addition, the act specifically permits loans to small business that need such capital, through the Small Business Administration.

Record keeping and reporting are said by some to be difficult and time-consuming. Actually, most employers are required only to keep a log of occupational injuries and illnesses, a supplementary record of each injury or illness, and post an annual summary. A small sampling is being asked to provide additional information so we can develop the first complete and accurate national profile of job-related accidents as a guide to improved protection.

Davidson . . .

Continued from preceding page

initiated by management. On numerous occasions when federal inspectors have appeared in plants, managers have declared that they were ignorant of the requirements of the law. Several months after the law took effect, industry delegates to the National Safety Council annual convention were scurrying around listening to every government spokesman to learn about the law.

Why has management been so slow? Passage of the act has been widely publicized in trade journals and business publications such as this one. Specialized business reporting services such as the Bureau of National Affairs and Commerce Clearing House have issued reams of materials, handbooks, interpretational manuals and regular newsletter services. And, for that matter, were not the Washington representatives of various trade associations and larger companies keeping an eye on the legislation while it moved through Congress?

Congressman Teno Roncalio (D.-Wyo.) was quoted in a news article as complaining that employers have not been given sufficient advance counseling by the Labor department about the law, but rather that they are caught by surprise by inspectors who levy penalties for violations they did not know they were committing.

WHETHER THIS employer complaint is valid, I am in no position to know. But it must be admitted that the education of the managers of three million work places is quite a burden to place on the Labor department. It is an old principle in the legal field that ignorance of the law is no defense. If the individual citizen driving an automobile is required to know traffic rules or risk paying a fine, can any less be expected of managers who assume the responsibility of ordering a large number of people to work in a plant or shop? And is this not especially true when business reporting services make available to employers detailed information on the law?

From the standpoint of organized labor, it is not important whether improvement of job health and safety conditions is brought about by education or by punitive action. We just want it done. Developments of the past year have increased the cynicism of labor people on this point. Nothing has happened to alter labor's

view that voluntarism just won't work.

Labor always has tried to discuss worker problems in human terms rather than economic terms. Whatever the subject under discussion, management consistently replies in economic terms, pointing to "economic incentives", costs and so on. Every commercial and industrial discussion seems to revolve around economics.

FOR THIS REASON, the conclusion must be reached—with regret—that managers respond only to economic pressures. Thus it seems inevitable that more dollar punitive actions must be applied to bring industry into compliance with health and safety standards. There is no consolation in this for labor; a fine paid by an employer does nothing to ease the pain of the hurt or sickened worker or his widow. If Oil, Chemical and Atomic Workers International Union leaders who have had experience with enforcement of the law were polled as to the effectiveness of enforcement thus far, the responses would range from "lousy" to "as good as can be expected this early in the game."

A rough consensus is that when inspections have been requested, they have been made fairly promptly. There appears to be some tendency on the part of inspectors to cite employers for only part of the hazards found, perhaps on the theory that a slap on one wrist will move the employer to correct the behavior of the other hand as well. Follow-through inspections have been inadequate, although it must be conceded that the inspectors are overloaded. Penalties, averaging less than \$20 per violation, have been so low as to be frivolous.

The impact of the Occupational Safety and Health Act has yet to be felt. Over a period of time, presuming that unions and others interested in the subject keep applying pressure—keep heckling both government and employers, to put it plainly—a gradual improvement of the enforcement procedures can be expected and a certain amount of "education" will penetrate management skulls. ■

Ray Davidson has been publicity director of Oil, Chemical and Atomic Workers International Union and editor of the union's monthly publication, Union News, for the past 24 years. He is author of the book, "Peril on the Job," which describes health and safety conditions in the oil and chemical industries. Prior to joining OCAW, Mr. Davidson was employed by various daily newspapers in Texas.

"Your worker training programs are superficial."

Training is one of the most critical aspects of a good safety and health program. We have been concentrating our efforts on training OSHA compliance officers or state inspectors first so that we can have an effective enforcement program. We also are training employe and employer representatives. I emphasize "representatives" because we can never directly train all covered employers and employees.

Thus, we are taking advantage of the multiplier principle by training instructors in the private sector and providing them with materials so they can pass on work site. We did this last year in the their knowledge to others back at the construction industry and are working to expand these types of training to other job areas.

"Handing enforcement back to the states will be a mistake; state plans are different from federal standards."

Again, the Congress specifically decreed such action. Gaps in state activity were a basic factor in passage of the act. Some states have large and active programs, others are less effective. Congress acted to provide the means—particularly through grant money—to encourage states to develop their own programs. In doing this, Congress allowed state programs to differ from the federal—but only if the result is "at least as effective" as OSHA's. Each state's proposed plan also must be approved by OSHA, and we must observe it in action for three years before we give final approval. Even then, we will main-

tain constant watch to make certain that state plans are kept up to date as new federal standards are developed, and that state enforcement continues at the approved level.

"OSHA is too slow/fast in issuing standards."

The development and issuance of standards that will truly help protect the employe and not unnecessarily burden the employer and the economy is a long and difficult process. We find particularly in the health area that much research is necessary in identifying, measuring and proposing means to eliminate hazards. Our initial package consisted of standards that had been in effect in existing legislation or as national consensus standards. We also permitted 90 days for familiarization before enforcement began.

What of the future? OSHA will continue to implement its assigned responsibilities in the fairest manner possible. Health and safety improvements may cost money, but employers realize that it is good business to have healthy workers and that preventive dollars are cheaper in the long run than dollars spent after an injury or illness has occurred. ■

George C. Guenther became assistant secretary of labor for occupational safety and health on April 28, 1971, and now heads the department's Occupational Safety and Health Administration. He also serves as chairman of the Federal Safety Advisory Council, is a member of the board of directors of the National Safety Council and a member of the American Society of Safety Engineers.

Small employer will look to big concern for OSHA trends



BY T. C. ALLEN
vice president-industrial relations,
National Assn. of Manufacturers,
New York City

THOSE RESPONSIBLE for employe health and safety have shared in making a major change in American business and industry. While total compliance of the Occupational Safety and Health Act of 1970 has not yet been achieved, there is ample evidence to state that there is a markedly improved management attitude toward work place health and safety practices across the country.

Since April 28, 1971, when OSHA or Public Law 91-596 went into effect, consultants, management development groups, trade associations and state agencies, in addition to the U.S. Department of Labor, have conducted conferences, seminars and closed-circuit television programs, to acquaint all levels of management and labor of the new health and safety regulations and implementation

procedures.

The regulations issued by OSHA, as expeditiously as possible, have not yet produced all the changes necessary to eliminate unhealthy and unsafe work place conditions. On the other hand, laws and regulations by themselves are not effective until applied by all concerned. The task the Department of Labor had to assume, vis-a-vis the employment, training and field assignment of a new staff, was a massive undertaking and subject to considerable apprehension.

Manufacturers, and other business groups across the country, gave an immediate supportive response to the new OSHA staff and the manner in which it conducted initial investigations, filed reports and generally attempted to help industry meet its obligations. From some locations, however, complaints indicated a lack of competency on the part of investigators, an inconsistency in their reporting procedures, as well as questions concerning the quantity of citations and volume of fines levied. In most cases the problems seemed to relate to growing pains which hopefully would be overcome with experience.

In discussions with Labor department officials, lack of implementation and an apparent lack of knowledge of the details of the law raised questions of how to improve the situation for the best interest of all concerned.

Each week, during the latter half of OSHA's first year, produced an evaluation of compliance which concentrated on safety standards. However, during this period reports from OSHA indicated the greatest number of citations involved health hazards.

The small but growing OSHA staff conducted thousands of inspections, issued approximately 15,000 citations alleging

Continued on page 68



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DuPont selling safety services based on own impressive record

WILMINGTON, DE.—In what is believed to be the first development of its kind, E. I. du Pont de Nemours & Co. has begun selling its extremely successful internal safety program to other U.S. companies. The program will be formally unveiled in New York next week.

According to J. Blake Partain, sales manager of DuPont's educational and applied technology division, the unit set up by the company's executive committee a year ago "to market those solutions to internal problems" that have worked well for DuPont, the safety services unit is already working on problems for a large oil company and a floor covering concern.

The move by DuPont comes at a most opportune time in view of the safety bind many U.S. companies are finding themselves in as the result of the Occupational Safety and Health Act. It is believed, moreover, that the company may find itself with a runaway best seller, for its own impressive safety record over the years is bound to attract those who are reassured by success stories.

DuPont, with more than 100,000 employes in almost 100 industrial locations throughout the U.S. had 0.29 lost man hours due to accidents per million hours of man hours worked in 1971. The figure is the lowest in the nation and DuPont has consistently held

the lead. In 1970, the last year for which nationwide figures are available from the Bureau of Labor Statistics, the national average was 15.2 lost time accidents per million man hours.

ACCORDING TO Mr. Partain, DuPont had 54 industrial accidents last year in which employes lost time from the job. These ranged in severity from back sprains to fatalities.

DuPont has estimated from past statistics that it costs the company about \$10,000 for each accident in which time is lost from the job. Figured in this expense are insurance costs as well as death benefit payments in those cases in which fatalities oc-

cur.

"If we had had the industry average of 15.2 accidents per million man hours worked we would have had 2,700 lost-time accidents and it would have cost DuPont \$27 million," Mr. Partain told *Business Insurance*. Because of the company's safety record, however, the DuPont man calculates that it cost the huge chemi-

SAFETY/SECURITY REPORT

cal manufacturer only \$540,000 for lost-time accidents last year.

Three men based here in Wilmington will be the backbone of the safety division, according to the DuPont sales manager.

"WE DON'T intend to get too big. What we will do is draw from the safety personnel we already have on the job at 93 industrial and distribution centers

located throughout the country." If DuPont, for instance, gets a safety consultation job from a company in the Midwest it will likely assign a safety man from one of the company's Midwest locations to the job.

Asked if such an approach might possibly result in diminishing DuPont's safety effectiveness in its own industrial facilities, Mr. Partain responded, "No, I don't think so. In fact, I think it will strengthen it because it will give our staff people the opportunity for more responsibility. Of course, we will likely have to hire more safety management people as time goes on." Mr. Partain noted that DuPont has three formally designated safety men at every plant location in the U.S.

"We would be terribly upset if we couldn't pull every plant manager and at least two other people at every location," he said of the DuPont safety people he can call on to provide outside consultation services under contract.

The safety unit is presently working for a major oil company (a firm larger than DuPont in terms of sales, Mr. Partain noted) in the Gulf Coast area.

"ALTHOUGH they had a strong existing safety program, they did have this one refinery location where their lost-time average was poor in relation to their average at other locations," Mr. Partain said, noting that last year's average at this location was five lost-time accidents. "Since we came in in December," he added, "they haven't had one lost-time accident. Of course, they obviously will have some in the future but we're very pleased with the results so far."

Another firm the DuPont safety unit is working for is a floor covering manufacturer.

"They did not have a formal safety program, so we're training their men and setting up a program from scratch.

"One little interesting side-light," Mr. Partain continued, "involved a particular problem in a plant area where huge rolls of linoleum are picked up and swung around. The company was having numerous accidents in this area—back sprains, that sort of thing. In addition, it was also costing considerable amounts of money in linoleum damage as a result of these accidents. Well, since we've been there the company has saved in linoleum damage an amount equivalent to what our entire fee is. And, that's not to mention what they have saved in accidents."

The safety services fee arrangement varies, according to the DuPont man. It is based on the complexity of the job and takes several factors into consideration.

But, Mr. Partain added, DuPont is not looking for any long-term marriages with luscious continuing fees.

"Our hope is that we work ourselves out of a job in a year, maybe less, but never longer than two years. We don't intend to move into a company and live there."

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Destruction by fire of Eureka, Ca., television station KQTV may cost Fireman's Fund American as much as \$200,000 or more. The San Francisco company insures the contents and equipment of the station under a policy written for the California Northwest Broadcasting Co. Inc. An overheated coffee maker in the station lobby is being blamed for the fire which practically demolished the station.

Current job-injury printouts cut Canteen's losses

By RICHARD BJORKLUND

CHICAGO—Managing a safety program for a company with 10,000 employees at 550 locations with 3,000 vehicles can be a challenging assignment.

But A. J. Saret, risk manager and director of safety for Canteen Corp. here, has found that bigness can be a blessing if it's used to translate accident experience into terms that are meaningful to foremen and managers on all levels.

"What we've done at Canteen," Mr. Saret explained to *Business Insurance*, "is to set up a safety reporting program based on our own company's experience, not upon hypothetical national averages or upon businesses that might be something like ours."

This means that within Canteen, a major food service company, arbitrary work classifications are set up and tabulations are made of the types of accidents incurred by each worker and the number of costs of accidents within each location. Printouts of these Canteen accident facts are now available within six weeks of the end of each quarter, keeping management information current.

"WITH THESE statistics, which are carried on an easy-to-read computer printout, we can tell a supervisor what the on-job accident experience of each of his workers has been," Mr. Saret explained. "This way, he knows what to look out for and how to train his new employees to correct their safety mistakes."

For the manager, the computer printouts mean that he can see a "bottom line that is understandable."

Mr. Saret's safety loss analysis form gives the accident date, job classification, national severity index of the accident, national severity of the job classification, type of accident, a two-line description of the accident (including in vehicle cases whether the Canteen employe was at fault and whether the mishap was avoidable), insurance classification, the amount of the paid loss, the pending loss and the total claim.

"Local and area supervisors can readily understand the bottom line figure, and it is possible for management to hold supervisors at any level responsible for the claims involved in work accidents within our company," the risk manager pointed out.

THE TWO-LINE accident description replaces a 14-line description formerly carried on Canteen forms, and thus substantially cuts paper work.

"When I see what some companies use for accident reports," Mr. Saret says sadly, "I just wish I had stock in a paper company." Canteen's printouts not only cut paper work, but they can be made to conform with the requirements of the Occupational Safety and Health Act, despite the use of Canteen-tailored accident classifications in the form.

"In food service," Mr. Saret said, "we find that our accidents include a high percentage of slips and falls because of spills on floor surfaces and other hazards common to the locations served by Canteen. By studying these accidents with prompt computer printouts, we can really do something to protect our employes, like making available to them good work shoes to prevent slips and falls.

"Don't forget that no business

is exactly like any other business or group of businesses, so that National Safety Council averages, while useful in overall studies, do not necessarily apply to the employes you are trying to protect within your own company."

HERE'S WHERE bigness becomes an asset for Mr. Saret and for Canteen. He is able, with the help of his pinpoint printout, to avoid what he calls the "shotgun safety technique."

Unless the risk manager or safety director develops very

specific information, he argues, management tends to adopt the "shotgun technique," which he defines as paying lip service to safety by making generalized sermons about the need to be careful.

"What our printouts do is to communicate simply, in hard financial terms, what accidents are costing at each location, or within each department or division," he said. "They make it impossible for the conscientious manager to ignore how accidents add to the cost of delivering products

and services, thereby reducing corporate profits."

MR. SARET maintains that by carefully reporting controllable accidents, there results an effort by management to seek to end human suffering as it seeks to improve "bottom line" results.

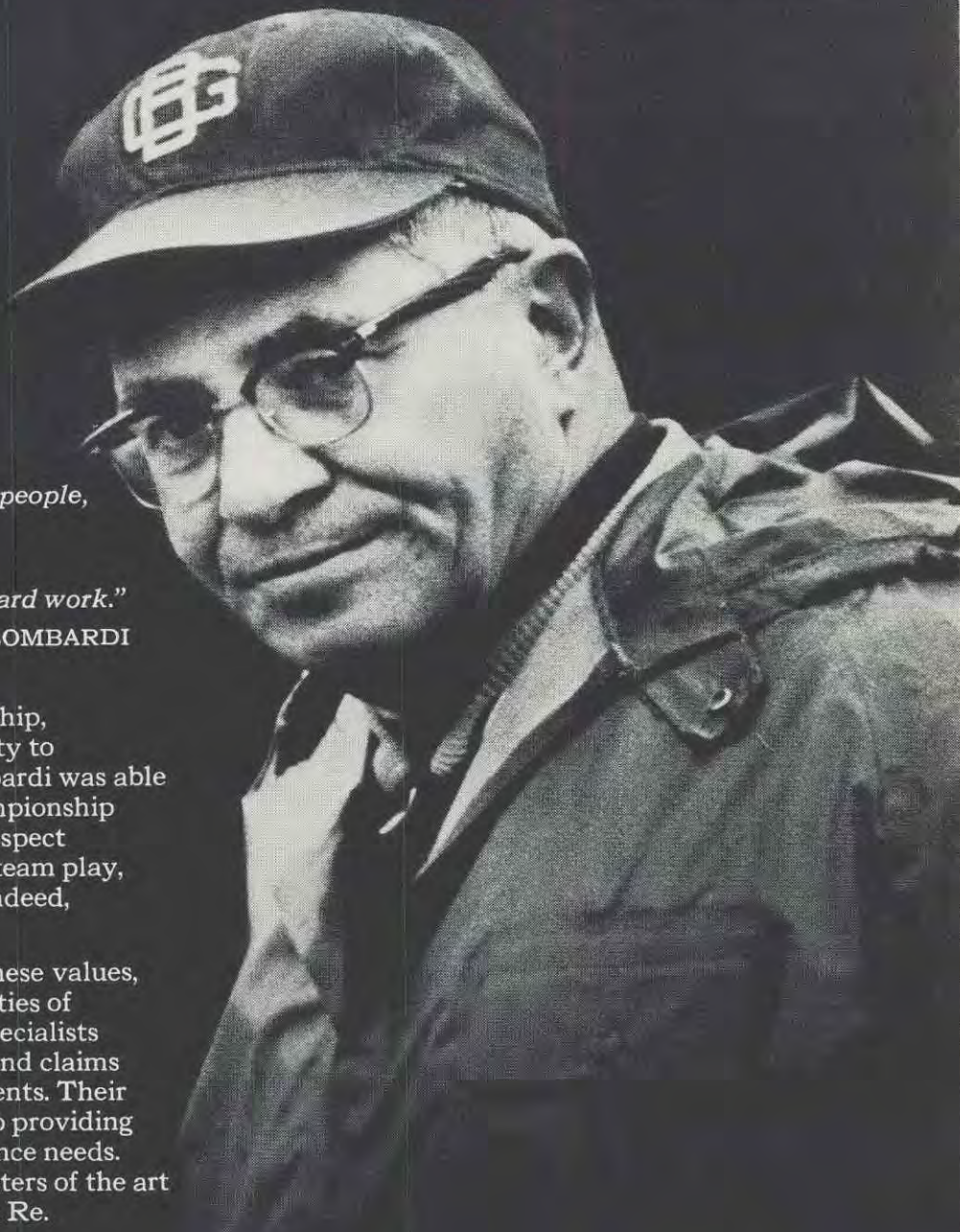
Efforts to reduce financial losses and human suffering from accidents are simplified at Canteen by a computer printout of a national accident summary which reports the number of accidents, what they cost, average cost, to-

tal days lost from accidents, accident causes and unsafe conditions, types of injuries and what parts of the body were injured.

"This summary makes job accidents understandable for management from the top down and from the bottom up," Mr. Saret asserted.

"It's the reason that our communications program, in operation about one year, has already started a downward trend in work accidents, their costs and the human suffering they inflict on Canteen employes."

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NEARLY 400 AGENTS and brokers capable of handling large commercial accounts have submitted information on their operations for the *Business Insurance Agent/Broker Profiles* issue to be published July 31. Corporate buyers of insurance will use the issue to locate agents and brokers that have the personnel, locations and special capacities to serve their needs. Agents and brokers with an annual premium volume of more than \$1 million have been asked to submit profile data on a special questionnaire. If your agency or brokerage fits this definition, you may obtain a questionnaire from Agent/Broker Profiles, *Business Insurance*, 740 Rush St., Chicago, Ill. 60611. All questionnaires must be returned by June 16.

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Long locks constitute safety hazard

CHICAGO—In recent years, men with copious manes have posed serious problems for individuals whose jobs are to worry about occupational safety and health.

Although controlling long hair among women is an old issue, convincing men that hair regulations are for their own safety is not always easy, notes the National Safety Council.

Alarming calamities can result when industrial accidents involve long hair, sideburns, and/or beards. When hair gets caught in spinning machinery, for example, the scars caused are usually permanent. Hair can create an imperfect seal when respiratory equipment is being used; sideburns or a beard can result in as much as a 50% loss in effectiveness in a mask-to-face seal. Also, long hair can be hazardous in a health sense when left unrestrained in ultraclean areas.

According to the National Safety Council, there is no single answer to the long hair hazard. However, it does suggest that the selection of the type of hair protection should be left up to the individual—as long as it doesn't present a hazard in itself. ■

Thefts bloom in the spring

LONDON—Security analysts claim that customer thefts from department stores are worse in March, April and May than at any other time of the shopping year.

Previously it had been thought that Christmas was the severest period for this regular type of pilfering which is on the increase in Britain.

One investigator reported that out of every 130 people who enter a department store, it could be proved that one shopper intended to steal from the building if possible.

Supermarket thefts are rising so much that the government is thinking of compelling markets to place warning notices at all check-out points reminding customers that all articles have to be paid for.

Women are thought to make the most effective store security officers, as they blend into the general background of family customers. ■

Allen...

Continued from page 64

53,000 violations and levied in excess of \$1 million in fines. This at least proved OSHA was moving, but did not prove that the effort was reducing the injury rate used to help enact the law. The National Assn. of Manufacturers, having successfully presented a major closed circuit teleconference about OSHA, its organization and functions, to over 10,000 business executives in June, 1971, began to seek some answers or a way it could further assist not only its members, but the total industrial community.

To get at the root cause of health and safety problems, the employers assumedly held the answers. Thus a survey study was designed and mailed to employers randomly selected by computer. The purpose was, of course, multifold. First, we wanted to determine the extent of top management's real awareness of the Occupational Safety and Health Act and second, to ascertain the extent to which specialists—namely, safety engineers and/or industrial hygienists are utilized. In addition, implementation plans and cost data were included. The just-completed study is still in the process of cross-analysis, and a full report will be published in June. However, some conclusions are available at this time.

For example, of the over 1100 companies responding, 85% of top executives indicated personal familiarity with OSHA provisions. However, only 53% of all respondents acknowledged having a written health and safety policy for their company, and 46% have none. This can be interpreted several ways, but with published policy there is a definite base from which to build programs and company practices.

One rather consistent and discernible pattern indicates that employer compliance and practices improved with increased company size. Size was measured by number of employees as follows: under 100, 101 to 500, 501 to 1000, 1001 to 2000, 2001 to 5000, and over 5000. In view of the greater number of small employers across the country, the survey sampling was commensurate with this distribution.

ONE MAJOR indicator as to why some safety and health practices are inadequate appears to be the relatively small number of specialists employed. Of the total respondents, only 4% employ an industrial hygienist and 16% employ a safety engineer. However, 42% of the respondents do employ outside consultants in these special areas. The lack of specialists also reflects a situation often found in smaller companies—the number of staff experts is usually insufficient to handle all special areas, and a generalist, therefore, usually covers the needs on a part time basis. While it is recognized that specialists cannot be hired for all positions, the larger companies or those with specialists can offer their employees a better work environment.

A significant response to the inquiry "Have you initiated any new safety and health programs or activities to implement the provisions of the Occupational Safety and Health Act?" should be encouraging to the Department of Labor and to the many contributors to safety and health education. 84% of all employers responded favorably. While this is assumed to be strenuous action, the results of reduced industrial injuries in the future will be the true test of success.

Despite increased activity during 1971, when the law became effective, year-end results were disappointingly unchanged from 1969 and 1970. Industrial accidents continued to escalate.

Another response directly related to program activity indicated that approximately 45% of all employers conduct an audit of their safety and health practices or procedures. Here again the larger companies have a greater involvement in self-policing or self-improving. Only 33% of employers with under 500 workers audit themselves while 83% of those with over 2000 employees do. It is hoped that the current self-audit project now being developed by the National Safety Council, under contract with the Department of Labor, will produce the appropriate tools to help all employers effectively judge their own strengths and weaknesses in the health and safety area.

THE SURVEY data concerning inspections to date is interesting in two ways: First, slightly less than 20% of the over 1100 respondents have had an OSHA inspection. However, of those companies inspected, 12% have less than 100 employees, and 13% have less than 500 employees. The latter case is typical of governmental agency inspection practices—concentrate on large employers to expose patterns and practices that will hopefully be emulated by smaller firms. This spillover effect works in many cases, but it's far from reliable.

Also surprising was the relatively large number of inspections of employers of 100 or less employees. This reflects a commendable all-encompassing drive by OSHA in its attempt to inspect a majority of all employers.

There are many other items that reflect on effective implementation or lack of same, but the above indicate the general situation throughout industry and lead to one major conclusion: The larger employers have a greater understanding of the Occupational Safety and Health Act, have initiated a greater number of changes since last April, and seem to be the major target for inspections.

While an encouraging start has been made, industry in general has much more to learn and do before fully providing its employees with healthy and safe workplaces. Compliance will be expensive, probably costing millions of dollars over the next few years, and not easily implemented. ■

T. C. Allen is currently vp-industrial relations for the National Assn. of Manufacturers, a member of the National Safety Council's board of directors and the National Labor/Management Mobilization Planning Committee, U.S. Department Of Labor. Before coming to his present post, Mr. Allen was assistant to the vp-industrial relations, International Telephone and Telegraph Corp. On leave of absence from ITT in 1968, he served as director of administration for "Plans for Progress," a voluntary Equal Employment Opportunity Program jointly sponsored by business and the federal government. Prior to joining ITT in 1952, he was employed as assistant to the placement director, Pennsylvania State University, following receipt of his B.S. degree in 1950.

Study vehicle thefts

Truck, trailer and cargo thefts will be the subject of a day-long May 25 seminar to be held in San Francisco by the National Automobile Theft Bureau.



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Inspection . . .

Continued from page 1

take a concentrated look at their plant annually from a health and safety standpoint. And, of course, they feel it would therefore speed it toward the eventual goal of reducing death and injuries in the nation's workplaces.

The problems foreseen by OSHA officials include:

- Developing self-certification standards and documents that can be used by industry.
- Fifth amendment protection against self-incrimination;
- Union and some congressional opposition if self-inspection even appeared to replace on-site visits by labor.
- Difficulty in getting worker involvement, particularly in non-union areas.

While any decision on a final draft for a program is some time in the future, OSHA officials indicate such a system would probably involve yearly reports with penalties for failing to file, or for reporting falsely.

The matter of union and worker involvement is still not clear. Currently, workers are provided with an opportunity to participate in on-site inspections and can even "walk around" with the OSHA officials.

OSHA HAS not decided how (or whether) it will involve workers in the self-inspection system. One way might be to have workers certify that the report made by the employer is complete, accurate, and reflects conditions in the workplace.

However, such a requirement would raise opposition from unions which contend that worker involvement should be more direct and less after the fact. Problems would exist in the nonunion sector where pressure from management could be used to urge workers to sign or lose their jobs.

Even in the unionized sector, the self-inspection system could be used as a collective bargaining weapon with unions refusing to certify the inspection until certain concessions are made.

If the labor representatives are involved, and they differ from management's view on the safety and health conditions in a plant, provisions must be made for submitting the dissenting views.

OSHA THEN HAS the problem of deciding whether or not the complaints are substantive enough to trigger an on-site inspection.

OSHA must also decide how the self-inspection system will be used to decide which plants warrant immediate on-site inspections.

At this time, OSHA officials probably will ask employers to identify areas that are out of compliance and report what action and how long it will take to get the plant into compliance.

If the time proposed for correction is reasonable, OSHA will probably accept the recommendation. If, however, the violation appears serious or there is imminent danger of employees being hurt, the plant could be singled out for inspection.

OSHA officials emphasized that the self-inspection system would be used as a basis for issuing citations. It gives OSHA compliance directors an indication of the workplace health and safety programs and problems in each area.

PLANT MANAGERS who report they are out of compliance and propose unreasonable abatement plans or timetables will be

running a higher risk of on-site inspection.

If the self-inspection process is adopted regular OSHA inspections, including on-site visits, will continue to be scheduled, administration sources indicated.

Since the OSHA program provides for state-run programs, the role of the states in industry-self inspection programs is unclear at this point. Probably, OSHA will test the system and if it works, states could model any self-inspection programs after the federal pilot project.

A central issue in the self-inspection program is the size of the federal-state inspection force. Currently there are 700 federal OSHA inspectors and an additional 1,500 state health and safety inspectors.

UNION LEADERS have asked Congress for OSHA funds to train and hire 25,000 inspectors—a figure that the Nixon admin-

istration feels is far too high.

Although the administration hasn't made its figures public, OSHA officials indicate they are planning for 6000-8000 inspectors including federal and state. If the self-inspection system proves workable, OSHA may be able to cut this figure substantially.

Currently, OSHA is conducting 70,000 inspections annually. By the end of 1973 OSHA plans to conduct 110,000 inspections yearly.

Direct on-site inspection is the most expensive way to gain compliance. To inspect on site 10% of the workplaces annually would cost an estimated \$200 million.

The self-inspection system, on the other hand, could probably be implemented for less than \$10 million. The costs would largely be for developing inspection guidelines, mailing, and data processing.

A DECISION ON whether or

not to go ahead with the self-inspection system will probably be made before the end of the year.

In other occupational health and safety developments: Assistant Secretary for Occupational Health and Safety George Guenther told a tv talk show audience recently his agency was hoping to set a goal for 1977 of reducing injuries and illnesses by 10%.

Based on current figures, this would be a reduction of 220,000 disabling injuries and 40,000 illnesses.

The national commission on state workmen's compensation laws plans to issue its final report to the President and Congress in July 1972. No word yet on the final recommendations, but the commission is reportedly leaning in the direction of recommending a federal model legislation which states must pass or be preempted.

THE LAW, MORE than likely, would expand workmen's compensation coverage and benefit levels. If this happens, businessmen can expect to pay more than the current \$5 billion cost in workmen's compensation premiums and self-insurance payments.

Although it is probably too early to tell conclusively, the states are taking a long careful look at the OSHA program before they come in. Only one state, South Carolina, has submitted a plan to participate. OSHA officials had hoped by having as many as 10 state plans approved by the end of the fiscal year in June. If states do not submit plans in time for approval by December 28, their current OSHA laws will be preempted by the federal law. States, however are permitted to submit plans and take over these activities later than December.

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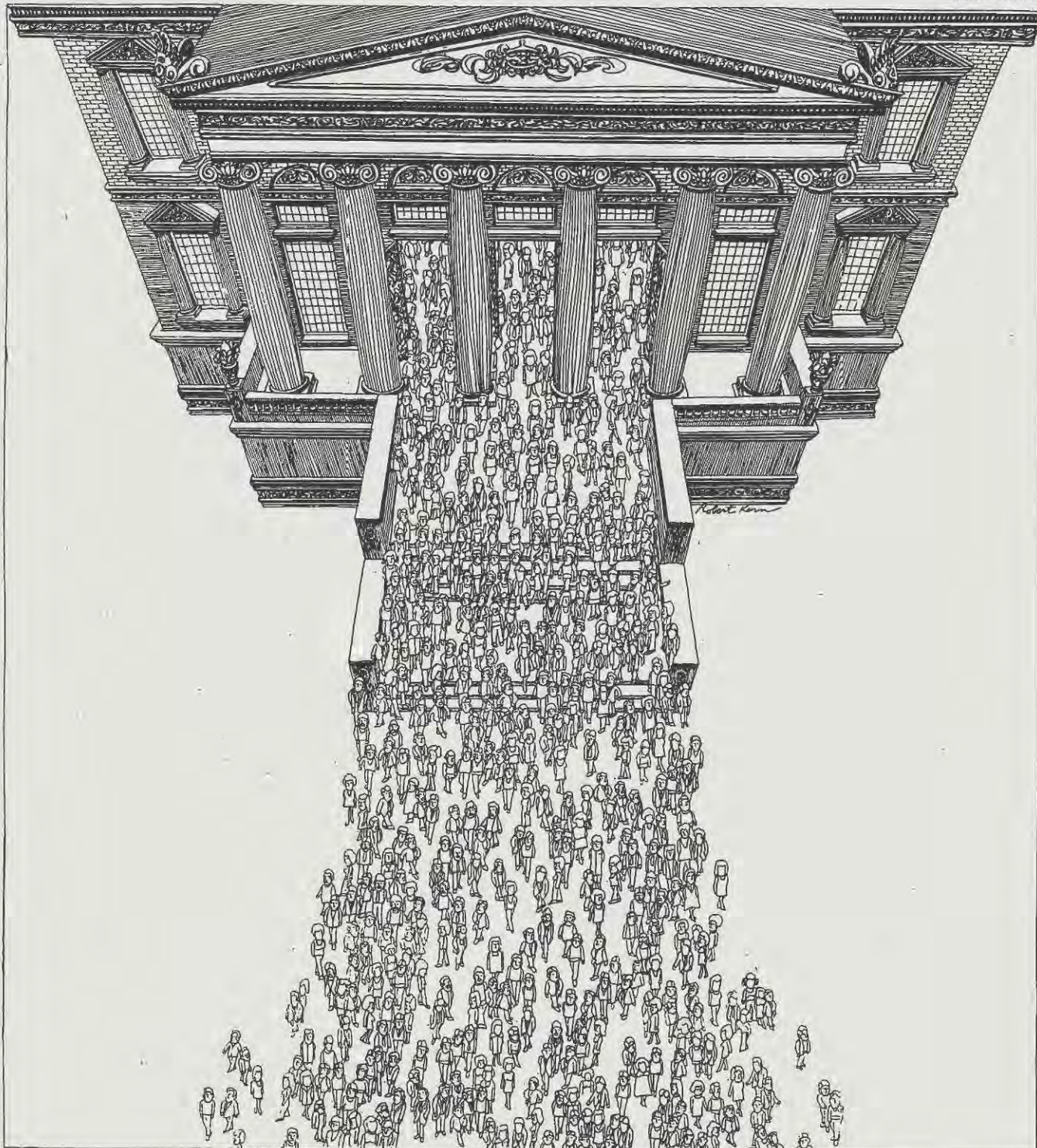
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Hospital has obligation to control environment

See related story on page 44.

CHICAGO—New scientific experimentation and patient treatment "create and multiply" the problems involved in establishing a safe environment for a hospital's patient's staff and community, according to Richard J. Stull, exec vp of the American College of Hospital Administrators.

Introduction, maintenance and surveillance of a comprehensive program to safeguard environmental health and safety in an

institution is unquestionably one of the chief administrative officer's primary concerns, he told *Business Insurance*. "All the good works of a hospital—it's innovative patient care and its enlightened personnel program—can be washed out overnight, particularly in the general public's mind, by a preventable accident or avoidable infection resulting from carelessness, poor judgment, lack of corrective measures or negligence," he said.

"There's only one way to pre-

vent such things from happening and that's by constant vigilance," he continued. "The experienced administrator knows the areas where trouble can occur, he develops a sixth sense about them. As a result, he's always on the alert and expects the worst."

SAFETY/SECURITY REPORT

A HOSPITAL exists in a social milieu, maintains Mr. Stull, and its obligation to establish an infection control program is not only to itself but also to society. He does not hesitate to point out that such a program is expensive; the only money it will save is in possible lawsuits, but, he adds, "the true dividend is in safe, accessible, quality care."

Mr. Stull's experience in hospital environmental control stems from the fact that he designed the entire medical building and health safety program for the University of California, where he served in several capacities: director of hospitals and infirmaries; director of the course in hospital administration and clinical professor in hospital administration; and vp of medical and health sciences. From this work came his idea that a successful

environmental control program by management needs a strong philosophy behind it.

In an address to the U.S. Public Health Service Region 9, in Denver he presented the basic guidelines for administrative actions and their costs in infection control.

One of the primary problems, Mr. Stull told the health service, is that administrators tend to "trouble-shoot" in response to pressures from serious statistics, medical practice, accreditation, lawsuits, governmental regulations and unfavorable public press. Trouble-shooting is necessary, he said, but what is really needed is a combined program of clinical, supportive and administrative efforts.

"ONE OF THE first administrative actions, therefore," he continued, "becomes the education and motivation of the board of directors of the enterprise for the acceptance of a goal of 'environmental control.'" Assistance from the hospital medical staff is necessary in the educational process, he added.

The next administrative action in Mr. Stull's plan is formulation of a program and the rules for its conduct, which are consistent with the environmental profile of the particular institutional setting and practical for accomplishment. "A special organizational structure, geared for accomplishment, should be established and used throughout the planning phases of the program development," he said. "It must provide the opportunity for the application of the best available skills and talents to the tasks assigned, regardless of personal status."

A program must be tailored for a particular institution, he said, and it must also include these basic characteristics, which he deemed "essential for effective administrative implementation:"

- Recognize the ultimate responsibility of the governing board.
- Establish administrative leadership, authority and responsibility.
- Provide the chief executive officer with overall direction and coordination authority.
- Assign one full-time employee, who reports to the chief executive officer, as the program's administrative officer. This person interprets and implements program policies and serves as the liaison with professional or regulating agencies having a role to play in matters pertinent to the program.
- Define objectives, policies, programs, procedures and standards of the plan for each operating unit of the institution, the infection committee and any other special committees, and the personnel health and safety programs.
- Permit communication and review procedures for prompt reporting and the maintenance of constant monitoring and surveillance over performance.
- Provide opportunity for best use of the skills of all individuals and groups employed.
- Make staff or outside technical or professional assistance available as required to expedite the work.
- Assemble pertinent literature, including legal interpretations or requirements and the regulations of other agencies, for use by those involved in the plan.
- Establish a continuous in-service indoctrination program.
- Formulate the estimated budgetary and funding programs for the capital and operational

expenditures required.

• Include all guidelines in a written program, to be updated as necessary, that becomes part of the operational policies and standard orders for the institution.

IN ORDER TO implement a program such as the one he outlined, Mr. Stull emphasized that it is necessary to influence employee behavior. This can best be done by supervisors and chiefs of the clinical departments and it is to these people, he said, that the administrator must sell his program.

"There must be a continuous selling of the program—or more precisely—persuading and educating of supervisors so they will feel responsible for the hospital's health and safety," he said. If these individuals feel a continued sense of commitment, he continued, there is hope that the people who work directly under or with them will feel the same commitment.

"It is vital that the administrator make it be known to supervisory personnel that they are . . . expected to be responsible. They must know that their performance will be judged in large part on the basis of how well the environment is kept healthy and safe," said Mr. Stull.

Concerning costs, he concluded, "Almost all one can say is that in an adequate infections or environmental control program, there is the possibility of incurring capital and operating expense for every operating unit of the hospital. The main thing is that such costs are properly recognized and supported to the extent they are planned and included in the budgeting and financing programs of the institutions, as essential items for the conduct of the on-going activities of a modern medical care institution." ■

Reese . . .

Continued from page 44

CO₂ extinguishers. The main dietary office is also to be notified. Mr. Peffers said that the safety program points out that all these steps can be performed at once by a group of employees.

Fire drills are held periodically and orientation has always included practice in using the CO₂ extinguishers. The engineering department checks all extinguishers every week, he added.

EMPLOYEE participation in the safety plan is evident from innovations they have produced. One employee realized that passing hot food from hand to hand in the cafeteria line was a good opportunity for a burn and from this resulted a sign that reads: "Please pick up hot food from shelf only. Passing hand to hand = danger." Another sign outside of the walk-in refrigerators and freezers reads: "Before locking, inspect to be sure no one is inside."

There is an incentive for this employee participation, said Mr. Peffers, in that the safety committee offers small monetary rewards for suggestions used.

Meeting the requirements of the Occupational Safety and Health Act isn't posing much of a problem for the dietary department. One of Mr. Peffers' staff members was given the compliance inspection of kitchen areas as a special project and a detailed chart coordinating hazard potentials and their locations was drawn up. ■

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Sellers . . .

Continued from page 51

ple, like the industrial hygienist, have not been passing information up to the top. To some degree, of course, they have been afraid it might ruin their own chance for advancement. After all, you don't get very far on the corporate ladder by constantly being the bearer of bad news.

"IS IT REALLY right for you," he said of corporate executives, "to go to an industrial hygienist and ask him what the problem is when he is actually part of the problem? It is the employees themselves that should be polled. Ask them what the problem is." Despite what he calls "drags"

Private . . .

Continued from page 59

an aging white male, poorly educated, usually untrained and very poorly paid. Depending on where in the country he works, the type of employer he works for (contract guard agency, in-house firm or government), he averages between 40 and 55 years of age, has had little education beyond the ninth grade and has a few years of experience in private security."

MOST SECURITY guards working in the U.S., Rand pointed out, received less than two days of training before going on the job.

"The training a private guard currently receives before work is typically no more than eight to 12 hours, and many guards, including some who are armed, receive less than two hours of training," it added.

Despite the concern that such facts evoke, the private security guard business is booming. Most major firms have doubled their revenues in the past five years, and such lucrative demand has of course led to even more astounding success stories.

In New York City, for instance, a newspaper reporter left his typewriter in 1968 and with two partners and three guards set up a security firm. The company now has 1,200 men and revenues are estimated at \$7 million annually.

WHERE ALL THIS might lead is, of course, anyone's guess. Those sophisticated in the security business believe that more stringent regulation of the industry is inevitable and, in fact, welcome such an eventuality.

"We contract our guard work out to one of the major and more reputable firms," said the security director of a large New York-based corporation, "and as yet have had no major problems.

"Of course," he added, "my company is aware of the deficiencies in the system. There is, for example, a huge turnover in contract security personnel and I'm never quite sure if a new face I see in uniform is working for me or against me.

"But," he continued, "it's a matter of economics really. We've costed the whole thing out and we're not yet at the point where it would pay us to train and maintain our own guard force.

"We'll be there soon though," he said, referring to the security consciousness that pervades in companies such as his own in large urban areas, "and when we are and when I have more control over the people we hire and where they come from I suppose I'll sleep a little better."

on the effectiveness of OSHA, the Nixon Administration being the biggest of these, Mr. Sellers feels the law will eventually do what it set out to because "outside pressures will make the law work.

"There will be a change in the quality and the quantity of people outside government and business to put added pressures on for strict compliance," he noted, adding that Mr. Nader had two people working full time on the law two years ago. Today he has eight. Mr. Sellers himself gives the consumer advocate eight to 10 hours of volunteer time a week.

Mr. Sellers also feels there will be more "oversight pressures" in the future as well. These might even be in the form of Congressional hearings from time to time, he said.

IN THE meantime, however, the young Congressional aide is

extremely frustrated by what he calls the "Nixon Administration enforcement policies." He grants that big and small business have been shaken up by the law, but intimates that much of the OSHA paranoia heard from large U.S. corporations is little more than lip service. "We all know," he said, "that General Motors is not getting the same treatment as the small farmer in Iowa."

He does not use the word conspiracy when referring to this Administration's enforcement policies, but neither does he flinch when it is used by others. Rather, he cites a first-person example.

In New Orleans for a week, Mr. Sellers trotted down to the Federal Building one noontime to visit the Department of Labor's area OSHA compliance office.

Without identifying himself, he asked a clerk for data on how the law was being applied here and for a box score of citations over the past few months. The act

provides that such information should be available to the public on an area basis. Instead, however, he was told by the clerk that he would have to go to Washington for it.

FINALLY, after some polite insistence by Mr. Sellers that this was not true, the area compliance chief joined the debate. He told Mr. Sellers essentially the same thing and even added that he was on "orders from Washington" not to disclose such information."

At this point Mr. Sellers took out his Congressional identification card. "I don't have to tell you how cooperative he became," he said.

A footnote discovery by Mr. Sellers during his visit also indicated that there is a lag in the citation process.

After looking at some public records, he discovered that a citation resulting from a February

industrial fatality here had still not been mailed out. "The compliance officer told me he thought he had six months to get the thing out. That's simply not true. It should be out within 72 hours," he declared.

MR. SELLERS is admittedly a purist when it comes to occupational safety and health. He is disappointed, dissatisfied and impatient with the implementation of the Occupational Safety and Health Act. But at the same time he is aware, in a historical sense, of the moment of what has been done so far.

"You know," he said almost apologetically, "I sit here talking about all of the problems. But the net result 100 years from now is that it will be said of OSHA that a great piece of social legislation was passed. There were some problems, some abuses and some screw-ups. But, hell, something was done."



Pro

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• **Occupational Safety and Health Reporter**, published by the Bureau of National Affairs, is a weekly notification and reference service covering standards, legislation, regulations, enforcement and research. For more information write the Bureau of National Affairs Inc., Washington, D.C. 20037.

• An **OSHA Compliance Operations Manual**, outlining government safety rules for stores and plants, has been made available by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. The manual costs \$2.

• **Recommended Safety Requirements for Shoring Concrete Formwork**, prepared by the Scaffolding & Shoring Institute, includes definitions and general safety requirements for shoring. Copies of the booklet may be obtained from the institute, 2130 Keith Bldg., Cleveland, Oh. 44115.

• The American Insurance Assn. has published a booklet describing how to store, distribute and use liquified petroleum gas. Prepared by the AIA's engineering and safety service, copies are available for \$1 by writing the

AIA, publications dept., 85 John St., New York, N.Y. 10038.

• Marotta Scientific Controls Inc. has released information on its new design series of Flo-Fuses, which guard against such potential hazards as environmental contamination, injuries to personnel, destruction to equipment and property and lost production time. Write to Edward Farley, Marotta Scientific Controls Inc., Boonton, N.J. 07005.

• **How Workman's Compensation Insured Can Avoid Duplicate Recordkeeping** under OSHA is a folder prepared by the Travelers Insurance Cos. The booklet contains a chart listing the workmen's comp form most frequently used in each state and the specific information required by OSHA not contained on the state form. By using the chart, employers can supplement their state workmen's compensation form with the necessary OSHA information, eliminating the need to keep a duplicate record on OSHA form no. 101. Copies are available by writing the company, Commercial Lines PMB, One Tower Square, Hartford, Ct. 06115.

• **How to Create a System for Accident Cost Control out of OSHA Recordkeeping** is a bulletin put out by Computer Claims Control. It features sections on OSHA recordkeeping requirements, samples of forms to be used, available recordkeeping al-

ternatives, and the Computer Claims Control System '70 recordkeeping system designed to manage all reports and records in the OSHA regulations. Copies of the booklet are available free of charge from Computer Claims Control, Amarillo Building, P.O. Box 2827, Amarillo, Tx. 79105.

• The National Safety Council has published a complete and comprehensive report on an occupational safety and health act briefing session, held in cooperation with the U.S. Bureau of Labor Statistics, covering the record keeping requirements of the new law. The book covers OSHA regulations in detail, with additional emphasis on a comparison of the old Z16.1 standard to new OSHA standards. A special question-and-answer section, alphabetically indexed, is of particular value. Copies of the publication can be ordered from the council, 425 N. Michigan Ave., Chicago, Il. 60611, by referring to stock number 099.40. The price is \$3 per copy, and payment should accompany any order of \$5 or less. Lower prices are available to council members and federal government agencies.

• **About That Tough New Fed-**

and descriptive brochure are available by writing ASEF.

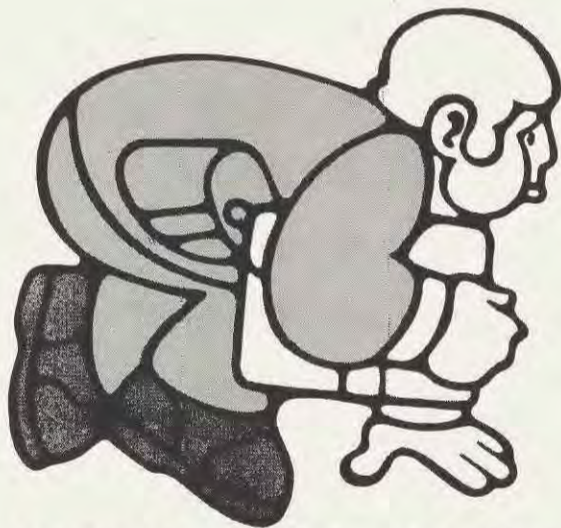
• The Grinnell Corp. has released **Fire Protection is Good Business**, a brochure describing the advantages of protecting a facility against fire by an automatic sprinkler system. For a copy write Paul F. Carr, adv. mgr., Grinnell Corp., 260 W. Exchange St., Providence, R.I. 02886

SAFETY/SECURITY REPORT

• **Sprinkler System Guide**, a complete introduction to sprinkler system design, fire protection costs, insurance requirements, building codes, water supplies, hydraulic calculations and hazard evaluation has been made available by the Viking Corp., Hastings, Mi. 49058. For your free copy write the company.

• **Mechanics for the Safety Man**, bulletin 239 in the Labor department's Safety in Industry series, gives background information on basic mechanical laws and relates this information to accident prevention and solving safety problems. Copies are avail-

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eral Safety Law is a booklet outlining the new OSHA regulations which affect every employer and employee engaged in interstate commerce. The booklet is provided by the Great American Insurance Cos. and available by writing E. K. Ingalls, Great American Insurance Cos., P.O. Box 30172, Los Angeles, Ca. 90030.

• **As of April 28, 1971 Unsafty is a Federal Offense!** is a booklet prepared by the loss prevention and environmental control department of CNA insurance. The pamphlet outlines the impact of new occupational safety legislation in terms of investigation, enforcement and penalization. For your free copy write Donald O. Asten, mgr., loss prevention dept., CNA Financial Corp., 310 S. Michigan Ave., Chicago, Il. 60604.

• **The Internal Security Handbook**, an authoritative and comprehensive guide for securities firms on formalizing and improving internal security programs is available from the Association of Stock Exchange Firms, 120 Broadway, New York, N.Y. 10005. Arising from a study conducted by the College of Insurance for ASEF, the 200-page manual was prepared with the help of insurance advisors, law enforcement officials, internal security officers of leading stockbrokerage firms, representatives of bonding companies and the staff of the New York Stock Exchange. Among the topics covered are: identifying the scope and objectives of an internal security program, planning and organizing internal security, achieving security control over new personnel and devising security measures for all employees. Two special features are checklists for determining the effectiveness of present security operations and a pinpoint questionnaire on internal audit and security measures. Price information

able for 25 cents from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

• **Fall Guy Follies**, an employee hand-out pamphlet prepared by the National Safety Council, clearly illustrates the major causes of disabling or fatal falls in industrial situations and tells how to overcome potential falls through caution, common sense and the alleviation of hazardous conditions. The illustrated leaflet may be used in conjunction with a National Safety Council film on falls entitled **Down and Out**. For quantity price information write the council, 425 N. Michigan Ave., Chicago, Il. 60611, referring to stock number 193.22.

• **Burns International Security Services Inc.** has released literature of insurance investigations, a specialized Burns service for the investigation of arson, inland marine, ocean marine, fraud, aviation and subrogation. For a free copy write A. W. Burner, William J. Burns International Detective Agency, 320 Old Briarcliff Rd., Briarcliff Manor, N.Y. 10510.

• The State Farm Insurance Co., 112 E. Washington St., Bloomington, Ill. 61701, has made available a brochure dealing with the problems of burglary. **How's Business . . . After Hours?** discusses exterior doors, locks, windows, illumination, maintenance, alarms, safes and cash registers and personnel. It also provides a checklist for a rapid way of reviewing the security of your building. For a copy write the firm.

• **Detex Alarm System**, a series of leaflets on self-contained, low cost exit and entry alarms for doors and windows has been released by Detex Corp. For a copy write Dan B. Sedgwick, Detex Corp., 4147 Ravenswood, Chicago, Il. 60613.

• Fenwal Inc. has released **Explosion Protection Systems**, a descriptive brochure explaining the nature of explosions and how repetitive explosions can be stopped after one occurs. To receive your free copy contact George Crosby Jr., Fenwal Inc., 400 Main St., Ashland, Ma. 01721.

• **The Elasticone Bulletin**, available from the Central Safety Equipment Co., discusses the company's Elasticone machine coverings. For a copy write Richard M. Gordon, Central Safety Equipment Co., 6601 Marsden St., Philadelphia, Pa. 19135.

• Information about Halon 1301 fire protection systems for industrial and commercial total flooding applications is available from Safety First Products Corp., 175 Saw Mill River Rd., Elmsford, N.Y. SF1301 automotive systems are manufactured by Safety First and are the first Halon clean gas fire extinguishing systems to be listed by Underwriters Laboratories in their categories.

• The safety engineering department of Hewitt, Coleman & Associates Inc., P.O. Box 3665, Greenville, S.C. 29608, has prepared an illustrated booklet on **Logging Safety**. The pamphlet offers numerous specific hints on avoiding logging accidents and would make an excellent employee hand-out for those in the logging industry. For copies and more information write the company.

• The Reynolds Televator Corp. has released a bulletin describing the company's telescopic, electrically operated aluminum work platform. Required OSHA features are discussed. For a free copy write Robert J. Rocheleau, president, Reynolds Televator Corp., 1005 W. Laketon Ave., Milwaukee, Wi. 53201.

• **Self-Sticking Standardized Identification Systems** describes markers and tapes available through the W. H. Brady Co. and required by OSHA. For a free copy write R. A. Kuhr, W. H. Brady Co., 724 W. Glendale Ave., Milwaukee, Wis. 53201.

• **The Ansul Clean Agent System**, a presentation of the new Halon "Clean Agent" fire protection system available through the Ansul Co., may be ordered by contacting Phil Alman, The Ansul Co., One Stanton St., Milwaukee, Wi. 54143.

• The Ansul Co. has released **Fire Protection for the Petroleum Industry**, a booklet discussing hazards and proposed fire protection for the petroleum industry, including off-shore platforms, petroleum loading racks, refinery complexes and the training of fire safety personnel. For a copy contact Phil Alman, The Ansul Co., One Stanton St., Marinette, Wi.

• **Explosion/Fire Protection Technology** is a detailed description of fire and explosion testing services and facilities available for materials and processes hazards investigation from Fenwal Inc. The brochure also contains information on the explosion characteristics of dusts, vapors and gases. For a free copy write George Crosby Jr., Fenwal Inc., 400 Main St., Ashland, Ma. 01721.

• Aerospace Research Inc. has made available **Advisor V**, a brochure describing the company's ultrasonic intrusion detector featuring an advanced type of signal processing which enables the unit to distinguish between phenomena which frequently cause "false

alarms" and a real intruder. For your free copy of the booklet write Aerospace Research Inc., 130 Lincoln St., Boston, Ma. 02135.

• **Videoguard—Personnel Identification and Entrance Control System**, released by Mardix Security Systems, describes the Videoguard system that combines a television and interlocked multiple door booth enclosures. For your copy write Eugene Gottesman, vp, marketing, Mardix Security Systems, 900 Stierlin Rd., Mt. View, Ca. 94040.

• **On Guard for You 24 Hours per Day** is a brochure produced by the Phelps Time Recording Lock Corp. describing the company's mechanical sequential locking system which assures all doors are locked at night. This is verified by a weekly written report. For a copy write Martin M. Prendergast, Phelps Time Recording Lock Corp., 53 Park Place, New York, N. Y. 10007.

• Kelmore Inc. has made available a booklet, **Questions and Answers on Explosion Proof Refrigerators**, discussing such points as Class 1 hazardous locations and the quantity of gas or liquid necessary to produce a hazardous atmospheric condition. For copies write J. P. Langan, Kelmore Inc., 599 Springfield Ave., Newark, N.J. 07103.

• The Maryland Casualty Cos. have released a booklet, **Dishonesty**, offering a businessman's checklist of employee dishonesty controls. Areas covered include cash sales, receipts and disbursement, credits and allowances, accounting, receiving and shipping, purchasing, payrolls and securities. For your free copy write Larry G. Collins, dir. of adv., Maryland Casualty Cos., P.O. Box 1228, Baltimore, Md. 21203

• Honeywell Inc. has released **Comprehensive Asset Protection**, a brochure describing how a master protection system, Alpha 3000, combines fire alarm, security, patrol tour, audio, command, television, equipment monitoring and environmental automation into one single system. For a copy write Inquiries G2118, Inc., 2701 4th Ave. S., Minneapolis, Mn. 55408.

• **Hawkeye Central Station Alarm Unit** describes a system whereby transmission of alarm emergency information is performed by radio frequency instead of telephone lines. Released by A.T.A. Control Systems Inc., the booklet is available by writing C. N. Williams, vp, ATA Control Systems, 340 W. 78th Rd., Hialeah, Fl. 33014.

• **The Haws Safety Equipment Catalog** illustrates and explains the company's emergency wash fountains, drench showers and decontamination showers and stalls. Released by the Haws Drinking Faucet Co., copies are available by writing R. D. Jonathan, at the company, 1443 4th St., Berkeley, Ca. 94710.

• **Environmental Surveillance Products**, released by the Mine Safety Appliances Co., is for use in evaluating potentially hazardous atmospheres and describes the company's portable combustible gas/oxygen instruments. For a free copy write F. C. Ferguson, adv. mgr., Mine Safety Appliances Co., 201 N. Braddock Ave., Pittsburgh, Pa., 15208.

• Karl Heitz Inc. has issued **Robot Security**, a leaflet describing Robot 35mm security cameras which meet the requirements of

1968 Bank Protection Act. For your free copy write Yvonne Brandes, vp, Karl Heitz Inc., 979 Third Ave., New York, N.Y. 10022.

• The Ansul Co. has released a brochure, **Sentry Fire Extinguishers**, describing the company's new chemical fire extinguishers, their UL ratings and the comparative fire killing power of the new units contrasted with water, soda, acid and carbon dioxide extinguishers. For a free copy write Phil Alman, The Ansul Co., One Stanton St., Marinette, Wi. 54143.

SAFETY/SECURITY REPORT

• **Truck Theft Losses . . . 1970** offers a sampling of truck theft losses for 1970 listed by date, place, amount of loss and commodity carried. Made available by Babaco Alarm Systems Inc., the pamphlet may be obtained free by writing William E. Blatz, vp, Babaco Alarm Systems Inc., 1775 Broadway, New York, N.Y. 10019

• **Loss Prevention in Print**, released by the Factory Mutual System, describes the company's publications, films, booklets, posters and other material to help in safeguarding plants against fire, explosion, windstorm, boiler and machinery accidents and other hazards. For your copy write Fac-

tory Mutual Engineering Corp., public information div., 1151 Boston-Providence Tnpke., Norwood, Ma. 26020.

• Advance Industrial Security Inc. has released **Positive Security with Advance**, a comprehensive brochure detailing the company's organization, services and methods. For a copy write E. Stanley Reynolds, Advance Industrial Security Inc., P.O. Box 1709, Atlanta, Ga. 30301.

• The National Safety Council has released **Cold Facts and Fiction about Safe Winter Driving**, a booklet using a true-or-false technique to dispel many of the

myths surrounding winter driving. It clarifies some misconceptions about winter auto maintenance and provides drivers with a factual winterizing checklist. For price and quantity information write the membership department of the council, 425 N. Michigan Ave., Chicago, Il. 60611. 60611.

• Honeywell Inc. has made available **Proprietary Fire Alarm System**, a brochure describing the company's decimal code system, UL approved Class A package. For a copy write Inquiries G2118, Honeywell Inc., 2701J 4th Ave., S., Minneapolis, Mn. 55408.

Continued on page 74



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• The Harrington Co. has released a brochure describing all aspects of the Harrington safety latch for use on hoist equipment. For a free copy write Al Miller, Harrington Co., Plymouth Meeting, Pa. 19462.

• **Protection** is a brochure from the Mosler Safe Co. describing the various degrees of protection that may be obtained from purchasing a money safe. Also discussed are a variety of functional features that should be considered. To obtain a copy write W. R. Needham, dir. of adv. and p.r., Mosler Safe Co., 1561 Grand Blvd., Hamilton, Oh. 45012.

• The Mine Safety Appliances Co. has made available **Environmental Surveillance Products and Protective Equipment** for evaluating and protecting against potentially harmful noises. The booklet describes a variety of noise measuring instruments and

noise protection equipment. To get your copy without charge, contact F. C. Ferguson, adv. mgr., Mine Safety Appliances Co., 201 N. Braddock Ave., Pittsburgh, Pa. 15208.

• Kawecki Berylco Industries Inc. has released **Federal Controls on Occupational Exposures to Beryllium: A Rapid-Reference Compliance Guide**. The article deals with OSHA regulations and other federal rulings regarding the limits of concentration of beryllium in workplaces. For a free copy write Kawecki Berylco Industries, occupational health, P.O. Box 1462, Reading, Pa. 19603.

• The Wackenhut Corp. has issued **Preventive Security Programs** describing the company's preventative security approach designed to stop losses before they occur. The program stresses joint effort between management

and its security specialists. For your copy write Ernest Gorrill, vp, The Wackenhut Corp., 3280 Ponce de Leon Blvd., Coral Gables, Fl. 33134.

• **Standards for Determining Accidents Preventability for the Professional Driver** is a guide for accident review boards in determining professional drivers' responsibilities under various traffic situations. Released by Frank B. Hall & Co. Inc., the brochure is available by contacting Don Wilderoter, mgr., loss control dept., Frank B. Hall & Co. Inc., 67 Wall St., New York, N.Y. 10005.

• A new brochure prepared by John C. Paige & Co. examines the potential benefits of self-insurance for companies paying sizeable workmen's compensation premiums. **Up With Retained Capital . . . and Profit** may be obtained by writing the company

at One Boston Place, Boston, Ma. 02101.

• **Dear Grandma** is a booklet released by Libbey-Owens-Ford describing the company's super Shock Absorber windshield designed to significantly reduce the severity of bodily injuries from windshield-oriented accidents. For a free copy contact D. W. Leeds, p.r. dept., Libbey-Owens-Ford Co., 811 Madison Ave., Toledo, Oh. 43624.

SAFETY/SECURITY REPORT

• Security Services Inc. has made available a brochure describing its complete line of security services. This includes uniformed guards, security classifications, technical and electronic security devices, investigation and detec-

tion and communications centers. For a copy contact Security Services Inc., P.O. Box 123, Southfield, Mi. 48175.

• **Paper Shredding Machines** has been issued by the Shredmaster Corp. The brochure contains all information on various models of shredding machines for the destruction of secret and confidential documents together with a sheet explaining the functions of shredders. For your free copy write A. P. Degray, Shredmaster Corp., 891 S. Ocean Ave., Freeport, N. Y. 11520.

• The Ansul Co. has released **Fire Protection Capabilities**, a graphic and written presentation of the fire protection capabilities of the company, including a description of manufacturing, research, development, fire test station, international fire school and government activities. For a free copy contact Phil Alman, The Ansul Co., One Stanton St., Marinette, Wi. 54143.

• **Your Compensation Insurance Retro Primer**, a non-technical primer of the pricing of workmen's compensation insurance, is available by writing Walter R. White, senior vp, Kemper Insurance, Long Grove, Il. 60049. The booklet is free to ASIM members, \$1 to all others.

• Frank B. Hall & Co. Inc. has released the **Longshoremen's Safety Checklist**, a list to be considered before starting loading or discharging cargo by stevedoring superintendents, hatch bosses and others. For your free copy write Don Wilderoter, Frank B. Hall & Co. Inc., 67 Wall St., New York, N. Y. 10005.

• A brochure describing **Sta-Put Wheel Chocks** has been released by Sta-Put Enterprises Inc. The booklet describes how ramp construction uses the weight of the vehicle as a locking brake. For a free copy contact M. L. Vigilante, Sta-Put Enterprises, 201 Willow St., Massapequa Pk., N.Y. 11762.

• The Aldon Co. has released a catalog and explanatory brochure of railway and industrial safety products, many of which are required by OSHA. For your free copy write William Liedholm, The Aldon Co., 3338 Ravenswood Ave., Chicago, Il. 60657.

• **Basic Elements of Respiratory Protection** is a brochure intended for anyone concerned with establishing a respiratory protection program. The booklet presents certain basic information for guidance purposes. Released by Mine Safety Appliances Co., the brochure is available by writing F. C. Ferguson, adv. mgr., Mine Safety Appliances Co., 201 N. Braddock Ave., Pittsburgh, Pa. 15208.

• The Ellwood Safety Appliance Co. has released a brochure describing equipment for protecting toes, feet, insteps, shins, knees and legs against occupational hazards. The equipment is worn as separate protection, not as part of the worker's apparel. For a copy contact F. G. Gray, Ellwood Safety Appliance Co., 225 Sixth St., Ellwood City, Pa. 16117.

• Fenwal Inc. has made available a brochure describing typical installations for Halon 1301 automatic fire protection systems. **Engineered High-Speed Fire Protection Systems** outlines the advantages of Halon 1301 as a fire extinguishing agent. For a free copy write George Crosby Jr., Fenwal Inc., 400 Main St., Ashland, Ma. 01721.



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'Mirror image' program reflects safety concern

By ANDREA SUCHERMAN

CHICAGO—At International Harvester Co., the answer to the Occupational Safety and Health Act of 1970 is their "mirror-image" program, according to Richard F. Moscato, International Harvester's industrial safety manager.

Mr. Moscato said he refers to the program as a "mirror-image" because its departmental structure reflects the organization of the federal occupational safety and health administration. Like the government, International Harvester's corporate setup is composed of two separate functions that constitute the corporation's employe environmental health and safety department, headed by R. J. Black, manager.

The industrial safety division, directed by Mr. Moscato, conducts safety surveys, investigates union grievances in safety areas, interprets federal standards and company policy and standards, develops and institutes a company safety program, calculates company safety statistics and counsels operations on safety problems for the company's 71,000 U.S.-based employes.

The industrial hygiene division, managed by Edward L. Alpaugh, executes air quality and noise surveys, handles union grievances in the hygiene area, administers hygiene policy, interprets federal standards and company policy and standards and counsels operations on hygiene problems and hazardous materials. In addition, industrial hygiene laboratory technicians conduct tests on air, liquid and biological samples related to the work environment.

MR. MOSCATO revealed that one week before OSHA was enacted, all those responsible for safety at each of the International Harvester plants, plus the division staff, were beckoned to corporate headquarters in Chicago to have OSHA and their responsibilities to the act explained to them. Each man left the session with a package program to train the rest of the management staff at his plant. Since then, the corporate office has continually sent out releases informing plant management of additions, deletions or other changes in OSHA regulations.

On the other hand, Mr. Moscato emphasized that OSHA "is only one part of our safety program. It does not touch on unsafe acts by employes, safe practices and motivation." He continued, "Most accidents are due to unsafe acts and not unsafe conditions, and since OSHA only concentrates on unsafe conditions, other safety programs must focus on unsafe acts."

In the very near future, a new company-wide safety and health program will be initiated at International Harvester. According to Mr. Moscato it includes two basic plans: a high visibility program to stimulate all employes to think safety and an educational program encompassing an award system to instruct shop employes, foremen and safety supervisors in safety and health. The department is also planning OSHA talk sessions.

Although the corporate staff provides guidance and prescribed interpretations of health and safety standards for all International Harvester sites, each plant manager is responsible for OSHA compliance at his particular factory. Furthermore, Mr. Moscato pointed out, in many

cases International Harvester guidelines exceed OSHA standards. "On belt guards, for example," he said, "we require that all vertical or inclined belts within six feet of the floor must be guarded; yet OSHA only requires those within seven feet to be guarded."

International Harvester standards also exceed OSHA in personnel protective equipment, which comes under the jurisdiction of the industrial hygiene department. While OSHA normally requires certain protective devices, such as prescription safety glasses, International Harvester

which, when built, met the old requirements for "sufficient" aisle space. Mr. Moscato said rather than ripping up the interior of each factory, International Harvester's solution is traffic control in the aisles. This means keeping material out of the aisles and relying heavily on driver training to eliminate possible congestion.

Any time an accident occurs in any area, an investigation is immediately conducted by the foreman at the plant. To see if there are any accident trends, the supervisor periodically reviews the OSHA log, which is kept in the medical department. When an accident is fatal or leads to amputation, the safety supervisor personally investigates the occurrence. If extremely serious, a member of the corporate staff is called in to examine the situation, whereupon he writes a safety bulletin for the edification of all plant supervisors which includes methods for preventing recurrence of the accident. Mr. Moscato explained, "The objective in all cases is fact finding and not fault finding."

Beside the standard OSHA records, International Harvester also keeps American National Standards Institute (ANSI) records at each plant. Mr. Moscato said the reason for maintaining these particular records is "to judge ourselves against our past experiences" and the national statistics published by the Na-

tional Safety Council, which still uses ANSI forms. In addition, Mr. Moscato said, the corporation has started using an electronic record keeping system to keep accident analysis statistics.

SAFETY/SECURITY REPORT

goes one step further by actually supplying them, Mr. Moscato pointed out. The company also furnishes ear and respiratory protection—ear plugs and earmuffs must be capable of giving an average of 25 decibels attenuation in speech frequencies, according to International Harvester guidelines.

Mr. Moscato said his office is quite concerned with occupational noise exposure. Outside research has shown that 90 decibels or less in the human hearing range is safe for an eight-hour period. As noise level increases, however, safe exposure time decreases and hearing loss can result if precautions are not taken. A company-wide hearing conservation policy, explained Mr. Moscato, incorporates sound pressure level surveys taken annually at each factory, a standard hearing conservation training program and a standard hearing testing program. The testing program includes pre-employment and pre-placement hearing tests, annual tests for people working in areas where the noise threshold limit is exceeded, an audiometer exchange and calibration program, formal training in audiometry for all nurses and technicians administering hearing tests, evaluation of the tests by plant physicians and hearing test booths in each plant.

ACCORDING TO Mr. Moscato, the hearing program was initiated long before OSHA came along. The Melrose Park, Ill., plant has been giving hearing tests since 1956. International Harvester also has an active engineering noise control program which is a result of the combined efforts of the employe environmental health and safety department and manufacturing services.

Radiation exposure has not posed many problems for the safety manager's department. Primarily only the medical staff faces danger from ionizing radiation; however, to combat this, the entire medical staff is monitored by film badges.

Other airborne contaminants have been routinely sampled and analyzed for many years, the safety manager said, and eight years ago a biological sampling program was created to annually screen employes who may have been exposed to harmful gases, vapors, fumes, dusts and mists.

THE ONLY real conflict the International Harvester safety department has had with OSHA regulations is plant aisle standards, Mr. Moscato noted. He said OSHA standards call for sufficient aisles which would accommodate two fork lifts side by side plus one man. This would mean revamping entire plants

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White collar

Continued from page 10

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Mercantile concerns utilize a variety of security tactics depending on their merchandise and environment.

A production plant employing about 10,000 workers reported a very low crime incidence with only relatively light security precautions. However, the plant was located in a small town and most residents relied on that particular company for their livelihood. "We have an awfully steady work force and a very small turnover so we just haven't experienced many problems," explained the insurance manager. (The firm also saw no need for a chief of security.)

The willingness of firms to discuss their loss experience and security control seems to decline in direct relation to their theft losses.

THE SECURITY manager of a department store chain that has suffered frequent losses commented only that it was using an outside security service to handle the situation.

"When losses do occur, many companies just sweep them under the rug," explained one underwriter. "They feel it is a reflection on their judgment."

The only industrywide push underway to halt white collar crime is being waged by the insurance industry through the Insurance Crime Prevention Institute.

Organized in 1969 with the cooperation of the American Insurance Assn., the American Mutual Insurance Alliance and the National Assn. of Independent Insurers to investigate fraud in casualty and liability claims, the institute now boasts the support of more than 160 insurance companies.

UNDER THE direction of James F. Ahern, the organization has been instrumental in breaking well organized white collar crime rings specializing in auto insurance fraud.

Participants in this type of fraud are members of honored professions, he noted, lawyers, doctors, even judges. By means of falsified reports and padded bills, they manage to bilk the industry of millions each year.

"Yet, for various reasons, this is an area of crime relatively untouched by official law enforcement agencies," Mr. Ahern stated. "Through our investigations in this area, we are trying to perform a public service on behalf of the insurance industry."

The institute currently has about 800 cases under investigation, according to William C. Sullivan, assistant director for operations.

"We are also actively involved with devising ways and means of preventing this type of fraud," Mr. Sullivan explained. "The rising tide of white collar crime can be stemmed through education of all parties concerned. Companies must be made to realize the magnitude of white collar theft. Each successful apprehension and

prosecution of such a criminal serves as a deterrent to others. In this manner, the institute hopes to reduce white collar theft, through tighter security and improved communication." ■

Van Namee

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When a company contests a citation to an area director, he stressed, it is important that it specify what it is contesting and that it certify that a copy has been served to the Secretary of Labor and to employees. It is also important, he added, that a company cross-examine the Secretary's witnesses well to determine if they have sufficiently proved their complaint.

Once a commission decision is passed, Mr. Van Namee said, the employer has 60 days to file an appeal with the U.S. circuit court; he can also apply for a review by the Supreme Court.

Following his explanation of how to live with an OSHA violation, the commissioner made suggestions on how to avoid one:

- Create a program to take forward-looking action on standards compliance. Ad hoc committees can study sub-parts of the law to determine what applies to the particular operations. Facilities can be inspected by the company for noncompliance. Easily corrected problems should be taken care of immediately. Those that will require a little more time and money should be budgeted accordingly. A docket and file should be established for corrections that will require a long time and considerable capital investment; such action is useful in the final conference with the OSHA inspector in establishment of a realistic abatement date for a citation.

- Safety consulting on equipment and layouts should be obtained. (Care should be exercised to avoid the many unqualified consultants that Mr. Van Namee believes may start crawling out of the woodwork.)

- Establish a guarding program to assure that all equipment is guarded and that there is an on-going, daily plan to assure that guards are kept in place. ■

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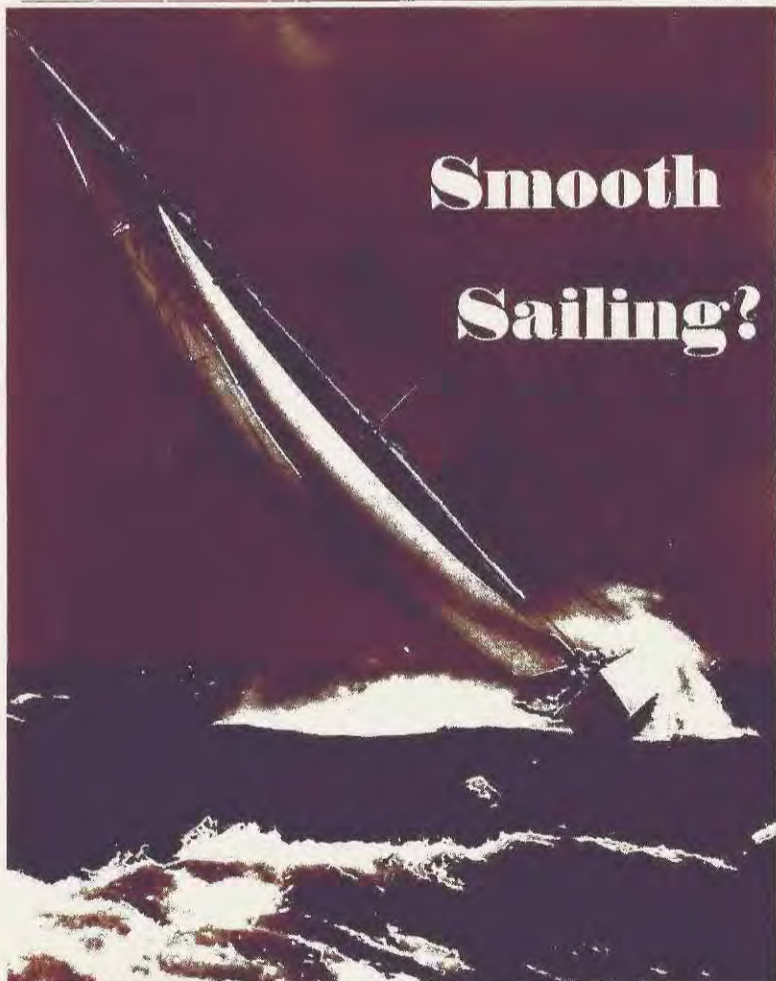
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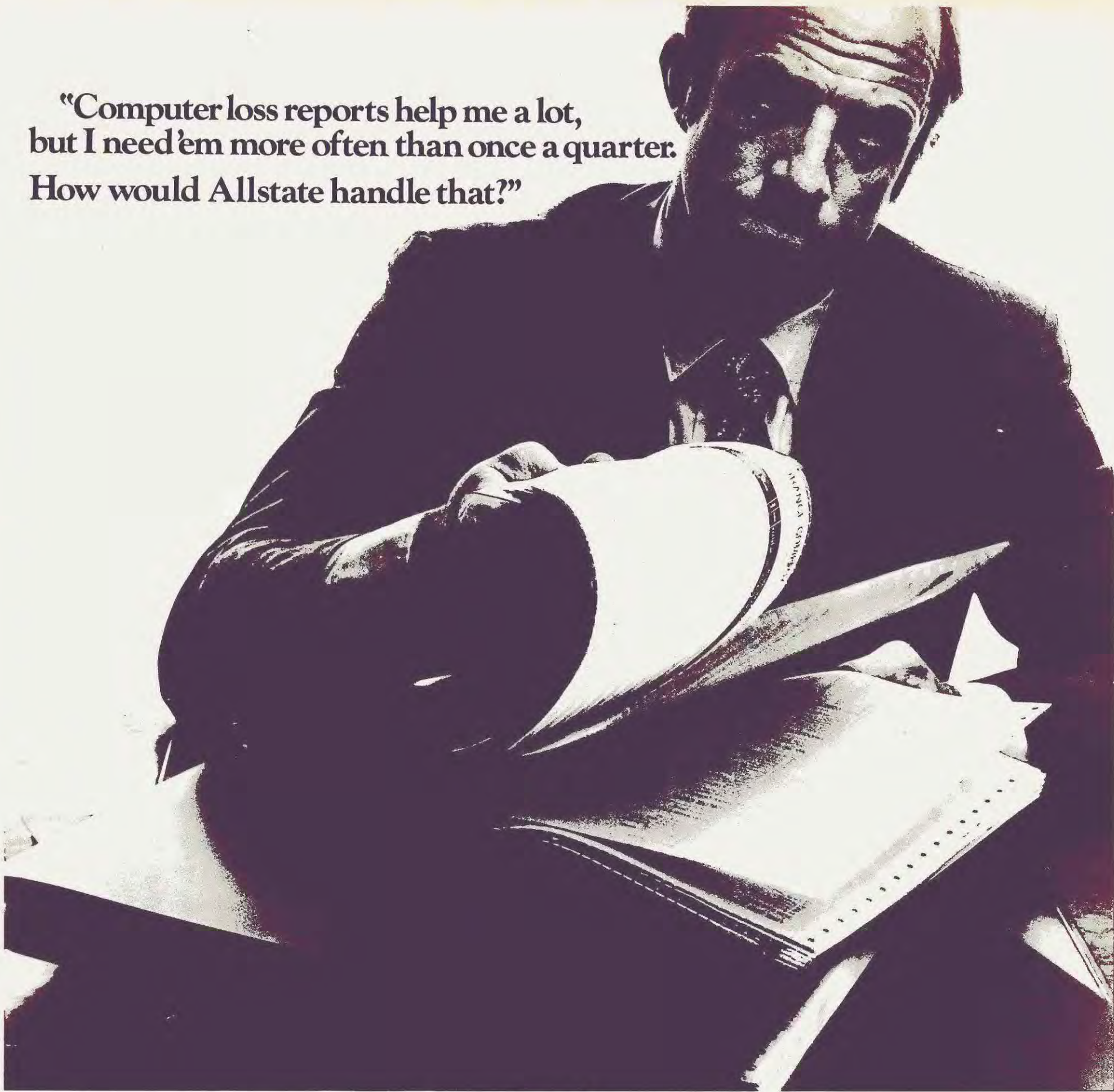
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