

business insurance

update:

IRS investigating BM&F and captives

LOS ANGELES—The Internal Revenue Service is investigating broker Bayly, Martin & Fay and its relations with offshore captive insurers, *Business Insurance* has learned.

But the probe, which has been underway for more than a year, is downright confusing, says BM&F general counsel
Continued on next page

the national newsweekly of loss prevention, risk financing & benefit management/\$1 a copy; \$25 a year © Entire contents copyright 1980 by Crain Communications Inc. All rights reserved.

Employers balk at HMO debts

By MARY ANN MATLOCK

NEW YORK—Employers whose workers belong to health maintenance organizations may have committed themselves to thousands of dollars in medical bills without knowing it.

Because of a lack of federal or state statutes to protect HMO users, employers and employees are being forced to clean up the rubble of outstanding bills for medical services when an HMO collapses financially.

However, employers are fighting back by going to court over who will pay the bills that should have been covered by the prepaid HMO subscriber fee.

And an employers group and a trade association are proposing legislation to solve the problem, which they say could adversely affect the growth of HMOs as a health care alternative.

The uncertain liability could scare employees away from using HMOs and employers away from seeking alternatives for their employees, these groups say. Among the solutions they propose are the establishment of reserve funds to cover the debts.

'There have to be some changes made because employers and employees have paid for a service. In these cases, they are really paying double.'

The importance of the issue is growing. Two HMOs—the Texas Prepaid Health Plan and Health Plus in Toledo, Ohio—closed last month, and as many as 23 others are in financial trouble.

To date, nine of 125 federally qualified HMOs have folded and 23 more are designated as in non-compliance by federal officials. This step is a warning to HMOs to

get their operations in order or be forced to close.

Of HMOs not federally qualified, 60 of 170 had folded at the end of last year.

An HMO provides health care for a prepaid fee instead of through the fee-for-services basis used by traditional health care providers.

In California, Hewlett Packard Co. in Palo Alto is taking the question of HMO financial responsibility to the courts. It has filed a suit on behalf of its employees who were left holding \$250,000 in unpaid medical bills when the ChoiceCare health maintenance organization in Fort Collins, Colo., went bankrupt in December 1979.

"There are a number of unpaid services from hospitals and doctors that were from the period before the plan went bankrupt," said benefit manager Art Young.

"We filed a suit to establish that the employees are not liable. We don't want them to be stuck with big bills and we don't feel the HMO should have recourse if the premium is paid."

Mr. Young admits his legal department does not expect an early resolution of the suit.

Continued on page 48



Third-quarter earnings

Winners		Losers	
Progressive	+56%	Avemco	-84%
NN Corp.	+50%	Continental	-37%
Conn. Gen.	+44%	Am. Indemnity	-37%
USF&G	+29%	Aetna L&C	-23%
Foremost	+25%	SAFECO	-22%

The percentage represents the change in operating income between the third quarter of 1979 and the third quarter of 1980.

Insurer profits prove elusive

By STUART EMMRICH

NEW YORK—If Diogenes were an insurance company executive, he would be carrying his lamp not to find an honest man, but to find an underwriting profit.

The latter search would have proved just as fruitless in this year's third quarter. Underwriting profits were practically nonexistent and earnings were down. Investment income was the only bright spot.

A *Business Insurance* survey of 26 of the country's largest insurers showed the year's tough economic times worsened in the third quarter. The average increase in operating earnings for the companies surveyed was only 3.2%. Sixteen companies showed earning gains and 10 suffered losses.

The results cut across a wide spectrum of companies, with major insurers hit just as hard—if not harder—than some of their smaller competitors.

The results also should add further fuel to insurers' arguments that rate hikes are needed to offset the continuing drop in underwriting incomes. Some insurance company officials predict rate relief will come in early 1981.

"The size of the average insured loss is increasing at the rate of almost
Continued on page 49

M.B.A. gains importance

By STACY SHAPIRO

"The top and best paid risk managers of the future will be M.B.A. (graduates) in business/finance and lawyers."

That assessment by one risk manager is echoed by many others on the *Business Insurance* Risk Management Board.

More companies are requiring risk managers to have college degrees in finance, business administration, accounting or law, according to a recent Risk Management Board survey.

"My personal experiences in seeking employment in risk management with large corporations indicate high emphasis given to college degrees, particularly the M.B.A. (master of business administration)."
Continued on page 37



Insurance education



ARM-20 ALCM-1 BS-12
 CPCU-11 CIC-1 BA-5
 LAW-2 LLB IIA-2 INSURANCE
 9 JD CPA-2
 MASTERS-22 CIA-1
 2-INSURANCE
 17-MBA
 1-MS
 2-OTHER

In upcoming issues, BI will look at the leading schools for insurance degrees and profile other insurance education programs.

More sign up for courses

By LORRIE GAWLA

PHILADELPHIA—Companies looking for employees to staff risk management and benefit departments can choose from a larger field of candidates formally educated in insurance.

Insurance professionals who want to continue their education in their field also have a wider selection of institutions and courses.

A substantially larger number of colleges and universities are offering courses and degrees in the insurance field and more students are enrolling.

Interest in evening classes in insurance also has grown significantly, implying a growing interest in continuing education among persons already in the work force.

Continued on page 39

Illustration: Milt Priggee

NEWSPAPER

INSIDE:

Genetic engineering spawns new risks
Page 2

Sen. Hatch calls for OSHA changes
Page 3

Taking a chance to cut health costs
Page 41

update:

IRS probes BM&F, captives

Continued from previous page
Lawrence Becker.

"We finally had to file a brief with the IRS, asking what they were looking for," he said. "It just seems that every few months they'd come in, look at the books and take depositions."

The IRS probe has been specifically limited to BM&F's work with captive reinsurance. The broker places reinsurance for and with about five offshore captives, but the insurers and parents have not been involved in the investigation.

"We've got a lot of questions we are trying to get answered by the IRS," Mr. Becker explained. "For example, this is being handled by the criminal division, and we'd like to know in what way our business is criminal."

"The use of captives is debated continually in tax law, but our captive work is tiny compared to the other large brokers. Why us? If tax evasion is the issue, why don't they go to the taxpayers?"

Industry observers have speculated that BM&F is the right size for an IRS test case to challenge the tax status of captive insurers.

Work comp to be on ballot

COLUMBUS, Ohio—It now looks certain voters here will decide next November whether private insurers should be allowed to underwrite workers compensation insurance in the state.

More than 500,000 signatures were collected Nov. 4 by petitioners who want to break the state's monopoly on workers compensation insurance.

The Ohio Committee for Free Enterprise Competition, the Independent Insurance Agents Assn. of Ohio and the American Insurance Assn. joined forces to get more than the 285,000 signatures required by law to get the referendum on the ballot next year.

Regulators re-examine order

CHICAGO—The Illinois insurance department is re-examining its earlier order to insurers to save 5% of their premiums for possible employer refunds under the state's new workers compensation bill.

The change of tone came after the department received calls from insurers questioning the legality of the mandate. But Philip R. O'Connor, insurance department director, said it "remains to be seen" if the order will be withdrawn.

Dr. Spencer L. Kimball, independent hearing officer for the department, said he would rule on the matter before the next hearing, scheduled for Dec. 16.

Exchange to seek director

TAMPA, Fla.—The Insurance Exchange of the Americas has appointed a committee to search for its executive director and has named Dana Roehrig, a St. Petersburg surplus lines agent, chairman of the board of directors.

The board will meet Nov. 25 in Tampa to hear bids by representatives from Miami, Tampa/St. Petersburg and Jacksonville, the cities considered for the exchange site.

James to weaken Lloyd's link

CHICAGO—Fred S. James & Co. Inc. soon will announce plans to divest itself of 75% of the Lloyd's of London brokerage division of Wigham Poland Holdings Ltd. in compliance with Lloyd's regulations.

James will closely watch Marsh & McLennan, which is in a similar situation with its C.T. Bowring subsidiary. Lloyd's forbids more than 20% foreign ownership of its brokers, but has extended the limitation to 25% in special agreements with the U.S. firms.

James completed its purchase of controlling interest in Wigham Poland late last week.

Quake losses hit \$750,000

EUREKA, Calif.—A powerful earthquake that measured 7.0 on the Richter scale rocked Northern California Nov. 8, causing about \$750,000 in total damages, according to local estimates.

Six people were injured when a U.S. highway overpass collapsed, dropping two cars onto the road below. Damage to the bridge is estimated to be about \$500,000, reports the Humboldt County department of emergency services.

Louisiana-Pacific Corp., a wood pulp processing company, sustained about \$75,000 in damage to a pulp mill and lost about 18 hours in production time, says a company spokesman who expects a damage and business interruption claim to be filed with insurers.

index

Action line	10
Around the states	17
Benefit beat	4
BI ticker	49
Books & ideas	31
Classifieds	46
Comings & goings: buyers	22
Comings & goings: industry	19
Datebook	20
Editorial opinions	10
Growing pains	33
Info	18
Letters	10
London line	36
Markets	24
Perspectives	31

Products & services	28
Risk management board	37
Washington	9
Worldwide	41
Vol. 14, No. 46—Business Insurance (ISSN 0007-6864) is published weekly at 740 Rush St., Chicago, Ill. 60611. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to Business Insurance, circulation department 740 Rush St., Chicago, Ill. 60611. Copyright 1980 by Crain Communications Inc.	

Genetic engineering spawns a new risk

By RHONDA L. RUNDLE

LOS ANGELES—Pioneer biotechnology companies on the verge of moving synthetic life forms out of the laboratory and into the marketplace face complex risk management decisions ahead.

Manufacture of genetically engineered microbes for clinical testing in humans and eventual commercial use is creating a new product liability exposure on the frontiers of risk and insurance management.

Insurers are relatively comfortable with the risks of gene-splicing in a controlled laboratory environment. But mass production and sale of organisms produced by experimenting with DNA molecules, however, is another matter.

A handful of brokers and agents representing biotechnology clients such as Genentech Inc., Genex Corp. and Cetus Corp. are just starting to probe the markets for product liability and medical malpractice insurance. Prospects are not encouraging, they report.

"The fear of the unknown is the greatest fear of all," said Robert R. Parks, president of the Alton Insurance Agency in Arlington, Va., which has been investigating markets for Maryland-based Genex Corp.

"Underwriters don't understand the risks well enough to reject them," he observed. "They just won't talk to us."

Mr. Parks says his agency has approached more than 100 companies seeking medical malpractice coverage for a hospital Genex wants to build. Presumably, synthetic microbes with medical applications

would be tested there.

Finding a market for comprehensive general liability was also tough going, Mr. Parks says. Admiral Insurance Co., an excess/surplus lines insurer, currently underwrites the risk at a cost Genex controller Richard Hassett terms "very high."

Genex, like other genetics engineering firms, is at a turning point. Up to now, the company has been conducting research and development. At some point soon, however, it will probably start producing a substance for sale, and that will radically alter the company's liability exposures.

Genentech, the San Francisco-based company making headlines with a recent stock offer, is another gene-splicing firm at a crossroads. The company does not currently have product liability insurance, but it is nearly ready to conduct clinical tests of human growth hormones. Direct sales may not be far down the road.

Insurers contacted by Business Insurance were puzzled by the questions about coverage for genetic engineering companies. Spokesmen at Aetna Insurance Co. and The Travelers Insurance Co. said their companies had never encountered these types of risks. Nor has surplus lines broker Montgomery & Collins, said president Bob Keul in Los Angeles.

"To the best of my knowledge, we've never been approached with such a risk," said Jack Morrison, president of INA Special Risks. The product liability exposure on a manmade bug would give an underwriter pause, he acknowledged.

Continued on page 47



DNA strand

Supreme Court to rule on pension plan offset

By ELLIS SIMON

WASHINGTON—The U.S. Supreme Court will ultimately decide whether pension plan sponsors can deduct workers compensation payments from pension benefits.

The nation's highest court recently granted appeal of a federal appeals court decision made last February that favored offset of pension benefits.

If the high court overturns that decision, it would cost employers hundreds of millions of dollars in future pension plan contributions.

The 3rd U.S. Circuit Court of Appeals in Philadelphia had ruled that offsetting pension benefits by workers compensation payments was not illegal forfeiture of benefits under the Employee Retirement Income Security Act (ERISA, Feb. 25). The appeals court reversed lower court rulings in Buczynski vs. General Motors Corp. and Alessi vs. Raybestos-Manhattan Inc.

The Supreme Court, however, could reverse the decision again, affecting suits pending in other courts around the country.

The Supreme Court has given attorneys for the plaintiffs in the two cases until Dec. 18 to file briefs. Attorneys for GM and Raybestos

would have 30 days after that to file responses.

The case will probably be listed for oral arguments during the high court's February session, said Laurence Reich, an attorney with Carpenter, Bennett & Morrissey of

Continued on page 47

Black lung losses spur investigation

By ELLIS SIMON

FRANKFORT, Ky.—State insurance departments are checking the reinsurance contracts of Old Republic Insurance Co. to make sure the insurer can pay its massive black lung claims.

Old Republic, the nation's only private black lung liability insurer and Kentucky's largest property/casualty underwriter, ceded more than \$200 million in underwriting losses to reinsurers in 1979, says Kentucky insurance department chief Jim Dickinson.

The insurer also has unpaid losses recoverable from reinsurers totaling \$609.7 million, covering several past years, Mr. Dickinson says.

The Kentucky and Pennsylvania insurance departments are participating in a regular audit of Old Republic.

"There's no way Old Republic could post those losses on the direct side and remain solvent without getting relief from reinsurers. But reinsurers won't accept a 200% loss ratio unless they can recover those losses," Mr. Dickinson explained.

Most of those losses are in workers compensation. Old Republic's insurance expense exhibit for 1979 shows the company wrote \$202.9 million in gross direct premium on workers compensation and had losses of about \$371.6 million, Mr. Dickinson says. That results in a loss ratio of 183.1% before expenses were accounted for.

However, the company's net direct earned premiums were \$121.6 million against losses of \$103.8 million, for a direct loss ratio of 85.4%.

In 1979, Old Republic ceded \$170.8 million in workers compensation premium to reinsurers, on which losses of \$354.1 million were posted. The reinsurer's loss ratio on Old Republic business tops 207%.

Old Republic's losses are primarily reinsured by black lung assigned risk pools and Inscos Ltd., a Bermuda captive insurer owned by Gulf Oil Co. Though all but \$2 million of losses ceded to reinsurers are payable over several years, Mr. Dickinson says Inscos may not be able to retain its losses and remain solvent.

Inscos' 1979 financial statement shows company assets of less than \$200 million and earned premium of less than \$76 million.

Neither Inscos president Leslie Dew nor Old Republic president Aldo Zucaro could be reached for comment.

errors & omissions

- The excise tax on reinsurance premiums paid to foreign reinsurers is 1%. Due to a typographical error, the percent was misstated at one point in the Oct. 27 article "Excise tax issue complicates captive finance."

- An Oct. 6 story in Business Insurance wrongly reported that the bylaws of the Insurance Exchange of the Americas in Florida require that six syndicates, capitalized at \$9 million each, must be formed before operations can begin. The law states that six syndicates capitalized at a total of \$9 million are required.



Commonwealth Edison already has tested its internal response to an emergency and coordinated an evacuation plan at its Dresden, Ill. plant, southwest of Chicago.

Photos: Steve Sumner

Nuke plants prepare crisis plans

By **STUART EMMRICH**

NEW YORK—The nation's nuclear plants are running through mock emergency drills, setting up crisis management headquarters and devising ways to quickly notify area residents if they need to be evacuated.

Each plant must have an emergency plan approved by the Nuclear Regulatory Commission by April 1. None expects the plans to reduce escalating liability or property insurance rates, but nuclear

plants that don't meet the NRC's standards could lose their operating licenses. All must foot the costs of implementing the NRC orders.

The directive from the NRC is an outgrowth of the chaos at Three Mile Island in Pennsylvania during the nation's worst nuclear accident in March 1979. NRC officials decided the emergency plans of most plants could not handle the mammoth task of coordinating the safety of persons in the area.

Most plans now being fine-tuned involve two stages. One affects the

internal procedures that must be followed when an accident occurs. The other is notifying area residents and officials—within 15 minutes—if evacuation is necessary.

These operations are being organized by special emergency teams established by the utility companies that own the power plants.

Although risk managers and safety personnel are often consulted about the procedures, the decision on what plans must be

devised is left to specialists who work full-time on the plans.

"When you look at the concept of risk management in its entirety, I suppose we probably should be involved," said Douglas House, risk manager of Duke Power in Charlotte, N.C. "But I doubt that there are that many total risk management departments around the country that could handle something like this."

"We aren't set up to handle this sort of thing," agreed Georgia Power risk manager Ben Cochran.

"This is a pretty big job. A whole new organization has been put in just to handle this."

At Duke Power, a crisis management team of about 100 people has been working the past year on a plan to handle a catastrophe, said emergency planning coordinator Mike Glover.

"We are looking at what emergency conditions might exist, what our response would be and who would be responsible for what actions," Mr. Glover said.

Continued on page 43

New labor panel chair wants OSHA changes

By **KATHRYN J. MCINTYRE**

NEW ORLEANS—Moderation will prevail in the activities of the Senate Labor and Human Resources Committee under the new chairmanship of Sen. Orrin G. Hatch (R-Utah), the senator promises.

However, he is determined the Occupational Safety and Health Administration Act will be amended to take pressure off safe businesses.

Responsible for legislation affecting OSHA, workers compensation, health care programs and pension plans, the committee is one of the most important, with jurisdiction over legislation affecting corporate insurance programs.

Sen. Hatch takes over the chairmanship of the committee in January from a more liberal senator, Harrison Williams (D-N.J.).

In an exclusive interview with *Business Insurance* before addressing the National Assn. of Independent Insurers meeting here Nov. 12, Sen. Hatch stressed that his door is open to business and labor, but all legislation to come out of his committee will have to



"There will be no more free ride for anyone," says Sen. Orrin Hatch, new chairman of Senate Labor Committee.

be justified, he said.

"There will be no more free ride for anyone," he said.

Not ready to be specific about legislative changes, Sen. Hatch said his approach will be to "go

slowly and moderately in overseeing existing and proposed legislation."

He does, however, have definite ideas on OSHA.

OSHA must be amended to concentrate the federal safety agency's limited resources in correcting unsafe workplaces and to remove its "indiscriminate pressure on safe businesses," Sen. Hatch said.

"If OSHA is going to continue to exist, and it probably should, its efforts should not be concentrated against businesses with good safety records," he said. "Its efforts should be concentrated against businesses with continually bad safety records. OSHA has got to quit being bureaucratic and be a help," he said.

Under Eula Bingham, OSHA has operated as a "police state organization," he charged. She has been too bureaucratic and has not improved administration of the law, he said. "OSHA should be investigation- and solution-oriented," he said.

An effective OSHA that pinpoints solutions for correcting

Continued on page 45

Reagan won't pull the plug on waste rules, experts say

By **EILEEN NORRIS**

CHICAGO—Don't count on President-elect Ronald Reagan to pull the plug on the Environmental Protection Agency's forthcoming regulations on the disposal of hazardous wastes.

That bit of advice to brokers currently examining environmental liability for their clients who produce hazardous wastes came

from an underwriter of this special risk and an officer in the waste management branch of the EPA.

About 100 brokers attended the Nov. 5 meeting sponsored by Shand, Morahan & Co. Inc. of Evanston, Ill., one of two firms writing nonsudden pollution liability insurance. The other liability policy is offered through Cranford Insurance Co., a subsidiary of Howden Swann Group of Cran-

ford, N.J. (*BI*, Aug. 25).

EPA spokesman Kenneth Skahn said the hazardous wastes regulations should be in the mail beginning this week to the 10,000 companies that requested the information.

He said, however, that it's possible some companies and insurers won't receive the regulations, which are being mailed fourth

Continued on page 45



Photo: Inmont Corp.

Inmont employees take the safety initiative by reminding each other to wear protective clothing in hazardous situations.

Philosophical approach fosters safety at Inmont

By **JOHN MAES**

ST. LOUIS—At Inmont Corp. here, a traffic light hangs from a wall inside the plant. When the red light is on, there has been an accident that has caused work time to be lost.

That light has not shone since January 1978, the last time an Inmont employee was injured in a serious workplace accident.

The St. Louis plant, which makes adhesives, sealants and rubber products for Inmont's automotive group, is approaching 1.5 million work hours without a serious mishap. The company credits a tough, two-year-old program that nurtures a safety philosophy in all employees and rewards successes.

Not only has the effort prevented major accidents for nearly two years, it has reduced Inmont's overall accident rate to two per 200,000 per work hours from between 15 and 20.

Especially gratifying is that it's happening at a chemical company, one of the industries hardest hit by accidents, says John Hemwall, vp

Continued on page 44

L.A. caps pensions for police, firemen

NEW POLICE and firefighter recruits in Los Angeles will earn pension benefits under a modified system that limits cost-of-living increases to 3% annually.

The new system, strongly opposed by police and fire unions in Los Angeles, was approved by city voters in the recent election. The old system grants unlimited cost-of-living increases tied to the local consumer price index. Last year the CPI rose 17.7% (BI, Aug. 11).

The modifications will go into effect for new hires in about two weeks. Police and fire department personnel who are already employed will continue to earn benefits under the old system.

Proponents said the measure was necessary to avoid a New York City-style fiscal crisis. The unions countered that the pension fund

benefit beat

would be sound if city officials did a better job administering it.

Thrift plan

Dunham Lehr Inc., a farm equipment manufacturer in Richmond, Ind., not only has set up a new thrift plan for its non-unionized employees, but is helping longer-service employees get their accounts off to a rapid start.

The thrift plan, established through Bankers Life Co., is open to all employees with at least one year of service. The company is paying participants a "past service bonus" on a weekly payroll basis for periods of a few weeks to five

years, depending on an employee's length of service.

The bonus dollars become the employee's thrift plan contribution, giving longer-service employees a fast build-up of savings with little impact on take-home pay, says D.M. Tye, industrial relations manager.

The company matches 50% of the employee's contributions of up to 6% of pay, with company contributions vesting at 10% per year of service. About 90% of the eligible employees participate in the thrift plan, Mr. Tye says. The company has about 80 non-unionized employees.

In addition, the company has es-

tablished a new profit-sharing plan, also through Bankers Life, which provides contributions to non-unionized employees with at least one year of service, even if they do not elect to participate in the thrift plan.

The cost of the new plans is "considerable," Mr. Tye said.

Not on weekends

The Cincinnati-based Blue Cross plan no longer reimburses hospitals for room and board when a subscriber is admitted to a hospital on a Friday or Saturday, except in emergency cases or when a physician provides documentation.

The plan took the action Nov. 1 to comply with state law that requires it to make a "good faith effort" to control hospital costs, said

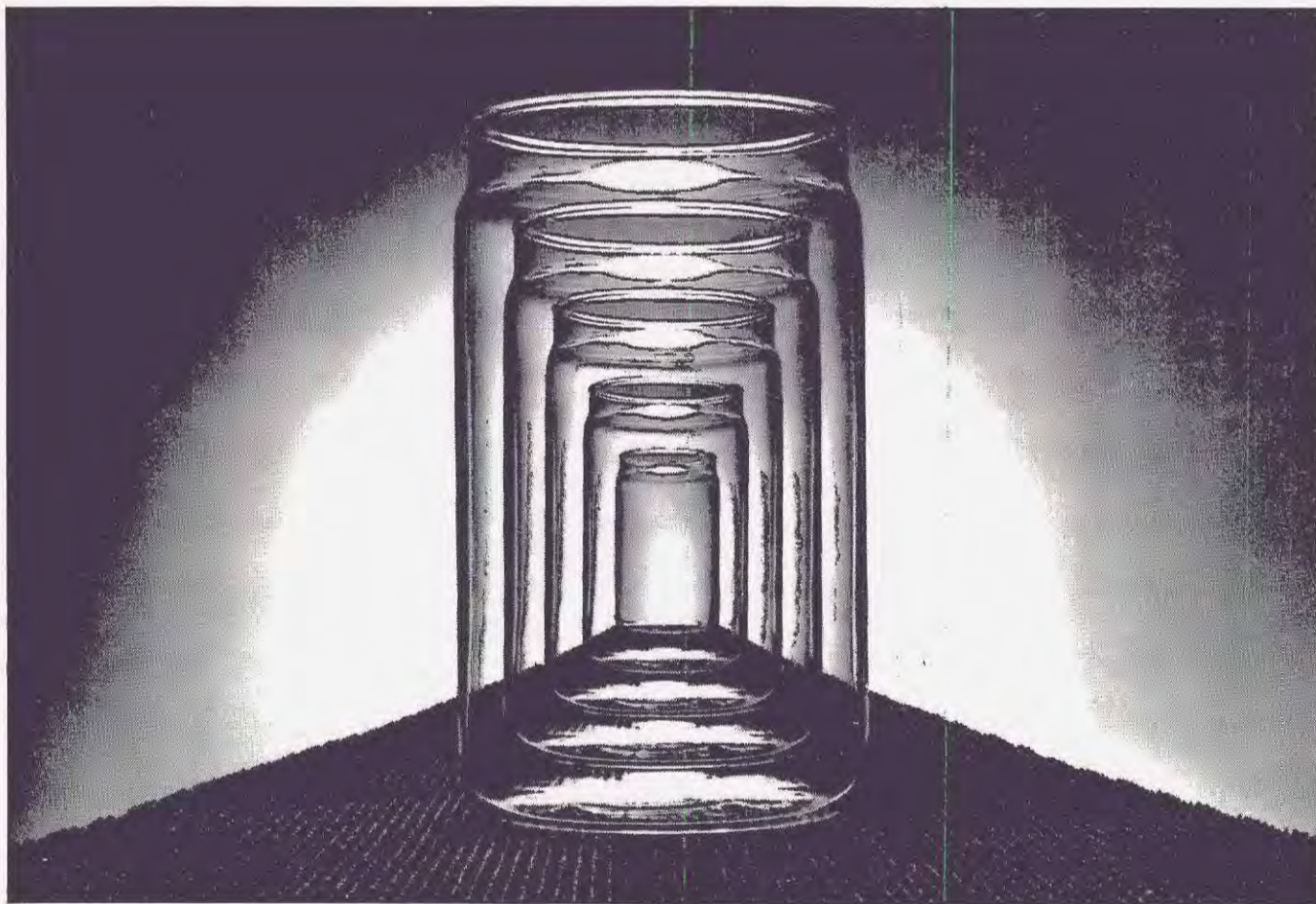
Larry Weier, corporate vp of communications. Blue Cross hopes to discourage hospitals from admitting patients on a weekend for tests done on Monday, he said.

Ohio law requires Blue Cross to pay a hospital directly. If the plan refuses to pay a bill, the hospital is prevented by law from billing the patient for the unpaid amount and instead must absorb the cost itself.

The plan also will no longer cover room and board charges for most subscribers receiving dental care in a hospital, and also will refuse to pay charges if a hospital refuses to provide a subscriber with an itemized bill.

Made any benefit changes? Write Valerie Berg, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611 or call 312-649-5430.

Put Corroon & Black on your line.



We can help you prevent product liability losses — and lawsuits.

Whether you manufacture bottles or bicycles, product liability claims can really hurt. They hurt your business's reputation. And your profits. That's where Corroon & Black can make a difference.

Our specialists will work with you to evaluate your product liability and claims defense programs. They'll develop an analysis of past loss experience, identifying the causes of problems and what they're costing you.

They'll review documented controls and procedures. And they'll recommend comprehensive guide-

lines to increase product safety, reduce claims, and improve profits. For new or established products.

It's this personalized approach to product liability that has helped make Corroon & Black one of the largest business insurance brokers in the world, with more than 90 offices worldwide.

So if you want to keep your best seller from becoming a liability, contact Corroon & Black for an analysis of your current product liability program.

Call Richard M. Miller, President, toll-free, at 800-221-7024. (In New York, call collect 212-363-4100.)

Corroon & Black

Wall Street Plaza, New York, NY 10005 • Offices nationwide and worldwide

Iran claims may be lost

NEW YORK—American companies with millions of dollars in claims against the Iranian government may be shortchanged if the United States frees Iran's assets in exchange for the American hostages.

About the only hope these companies have to recover their money is if the U.S. government provides some compensation for the lost assets. More than 200 companies have lodged suits against Iran.

Political risk insurance is only expected to cover a small fraction of the losses, and few people expect the Iranian courts to look with favor on the pending suits.

The Overseas Private Investment Corp. carries an exposure of about \$150 million for 18 companies that were doing business in Iran before relations were severed between the two countries, says insurance vp Carol Bernstein.

The Federal Credit Insurance Assn. carries another \$50 million of insurance on its books and already has paid out \$12 million in claims, says a spokesman.

American International Group, the largest private writer of political risk insurance, said only a small number of its clients bought coverage for their Iranian operations, mainly because of the high premiums and the great degree of risk involved.

Although it is difficult to determine the total losses American firms could face if the \$8 billion in frozen assets are returned to the Iranians, suits filed against Iran total well over \$500 million.

Among the actions pending is a joint \$35 million suit filed by AIG and The Continental Corp. demanding reimbursement for equity lost when Iran seized and nationalized foreign insurance operations.

The First National Bank of Chicago reportedly has suits asking for \$88 million, as have Chicago-based CBI Industries, \$25 million; International Harvester Inc., \$6 million, and American Hospital Corp., \$500,000.

The FCIA spokesman said the Export-Import Bank, which loans money to companies doing business overseas, may try to work with Iran's minister of finance to arrange for payments if the suits are never settled in this country.

The Carter administration already has prepared a bill for the post-election Congress that would nationalize American claims against Iran and prevent American companies from directly suing the Iranian government for past claims.

WAUSAU WORKS.SM



Trust. A Berghoff tradition that works in business insurance, too.

"My grandfather opened his business in 1898. Skeptics said it would never last. "This year, we'll serve about a quarter million sandwiches and well over a million full meals," states Herman Berghoff, president of the famous Berghoff Restaurant in Chicago. The Berghoff Restaurant teamed up with Wausau Insurance for dramshop coverage 47 years ago. "Wausau was one of the first insurance companies to write that coverage at the time," adds Mr. Berghoff. Although there was a period of time in the restaurant industry when



WAUSAU INSURANCE COMPANIES
Employers Insurance of Wausau

The Berghoff Restaurant works hard in the partnership mix. So do we. The result is business insurance that earns its keep. That's the Wausau story and another reason Wausau works.

fires broke out frequently and insurers were leaving the category, Wausau knew The Berghoff better. We looked beyond the "book" and dealt with the policyholder on an individual basis. "We've always been a believer in insurance and in loss control," says Mr. Berghoff. "At the urging of Wausau we put in a sprinkler system. As time passed, total packages developed. Now Wausau, with seven coverages, has virtually all our insurance." About service? "We've always had a very good relationship with Wausau's claims department, and the on-going service is impressive," reports Mr. Berghoff. "We're an old-fashioned company and *trust* means a lot to us. We never forget that Wausau has always been fair with us at renewal time—and has *earned* our trust."

WHEN YOU BUY BUSINESS INSURANCE FROM THE TRAVELERS, YOU GET EVERYTHING THE TRAVELERS IS FAMOUS FOR.



All in one package.

The Travelers is famous for many different business insurance programs and services. Our commercial business insurance programs are some of the most sophisticated and comprehensive in the industry. Combined with the best insurance people, The Travelers provides an unbeatable source for your business insurance.

But, when you contract for your business insurance with The Travelers, you get much more than simple risk capacity. Our business insurance services are the best in the industry. Our loss prevention experts literally wrote the book on engineering safety. Our claims processing operations are unmatched for speed and efficiency. And our other services, such as loss information systems, cash flow programs, retro-rating, and more, combine to provide a *complete* insurance package. And when you insure with The Travelers, you do business with one person. He or she has the responsibility and the authority to coordinate all facets of our insurance and business services so they work to your best advantage.

So remember, the insurance that helped make us famous is only a part of a complete insurance package that can be designed to meet your specific needs. Buy The Travelers expertise. Not simply our insurance.

For more information about The Travelers approach to developing complete individual commercial insurance programs, call your independent agent or broker.

The Travelers Indemnity Company and Affiliated Companies, Hartford, Connecticut



NOW YOU CAN BUY A FAMOUS TRAVELERS PRODUCT WITHOUT BUYING EVERYTHING THE TRAVELERS IS FAMOUS FOR.

For nearly a century, The Travelers has been a leader in packaging comprehensive commercial insurance programs. It's something for which we've become famous.

Along the way, The Travelers also developed some very sophisticated business insurance services, too. Claims handling. Loss Prevention Services. Loss Information Systems.

These services have played their part in keeping us at the forefront of the Commercial Risk market. But until recently, we only sold these services in a complete insurance package.

Not anymore. Now, The Travelers, through its subsidiary, Constitution State Service Company, is making available, separately, the varied business services we offer.

If you or your client only need the sophistication of our country-wide claims service or our special engineering expertise, that's exactly what you can buy. Simple. Fast. Direct.

If you are self-insured or considering it, remember The Travelers.

Buy a piece of our expertise. For more information about The Travelers business insurance services, contact Lyndsay de Manbey at (203) 277-4452.



THE TRAVELERS

Pension plans boost payouts: Survey

By JERRY GEISEL

NEW YORK—The nation's biggest corporations are doing more to reduce the bite inflation takes out of their retired employees' pension checks, a new survey reveals.

Some 72% of pension plans for salaried workers boosted benefits to retired workers between 1975 and 1980, according to a major survey by Bankers Trust Co. Between 1970 and 1975, only 64% of salaried plans raised benefits to retirees.

The Bankers Trust pension study, the 11th the New York bank has published since 1943, shows how major corporate plans are being overhauled to cope with inflation.

Of the 240 surveyed plans that cover eight million employees, 216 plans are sponsored by Fortune 500 companies.

Some 62% of plans increased pensions at least once since 1974, while 28% of plans hiked benefits twice and 3% increased pensions to retired workers three times in

the last six years.

About 76% of salaried plans base benefits on final pay, usually the last five years of service. This is up from 54% in 1975.

Final-pay plans provide better protection against inflation than career average plans because employees' salaries usually are highest during their last years of work.

More final-pay plans also are becoming more liberal by reducing the five-year base in determining benefits. Sixteen percent of final-

pay plans—compared with 2% in 1975—calculate the benefit by averaging annual earnings over less than a five-year period before retirement.

In major corporate plans, employee pension contributions are growing more infrequent. Only 8% of plans covering salaried workers and no union plans require employee contributions. Fourteen percent of plans in 1975 required employee contributions.

In 1970, before enactment of the Employee Retirement Income Se-

curity Act, 20% of surveyed plans provided full vesting after 10 years of service. Most plans then allowed vesting after an employee gave a certain number of years of service and reached a certain age.

Some 90% of plans now require 10 years of service for full vesting without any age requirement. Another 8% require 15 years of service.

Nearly all plans require an employee to be 25 years old and complete one year of service before participating in a pension plan. Nine employers offered more liberal eligibility requirements.

Other findings include:

- About 75% of plans offer disability retirement benefits, usually after 10 or 15 years of service.

- Most plans continue to liberalize early retirement provisions. About 50% of plans allow an employee to collect an early retirement benefit at age 55 after 10 years of service.

- Although not required by federal law, 19 plans allow employees to accrue pension credits after age 65. Of those 19 plans, 12 permit indefinite accruals, five limit accrual to age 68 and two specify that only increased compensation, not service, has to be counted after the worker reaches 65.

- The combination of Social Security and pension benefits is usually less than an employee's final pay. For example, the average employee who worked 30 years and retired with final pay of \$25,000 would receive Social Security and pension benefits equal to 62% of final pay.

Copies of the new report "Corporate Pension Plan Study—A Guide for the 1980s" are available for \$150 each from Bankers Trust Co., Employee Benefit Division, 280 Park Avenue, New York, N.Y. 212-692-5510.

Out of the need for waterfowl, early fowlers handcrafted their own decoys. From primitive but functional semblances of ducks, decoys evolved into an elaborate, incredibly beautiful, decorative artform. This Goldeneye was carved and finished by the Ward Brothers, renowned 20th century master *wildfowl counterfeiter*. With its extraordinary detailing, subtle colors and alert expression, it stands out as an exquisite example of the carver's craft.

Among the many kinds of insurance companies, Grain Dealers Mutual is a rare breed. Where others have flocked to broad based coverages in an attempt to be all protections to all insureds, Grain Dealers Mutual has held its own course in property casualty insurance. Sticking to what it knows best, it has demonstrated 78 years of consistent growth. This has meant prosperity for the company. Success for the independent agents through which it works. And maximum security and lower premiums for its insureds.

If you are interested in the finest business, home or car insurance, remember Grain Dealers Mutual is a rare breed.

Rare Breed.

GD GRAIN DEALERS MUTUAL
insurance company

Indianapolis 46202 • Omaha 68102 • Greensboro, N.C. 27405
San Francisco 94104 / Member: Improved Risk Mutuals

Union fraud suspected

NEW YORK—A state investigation commission suspects fraudulent actions led to a \$2.6 million overpayment of insurance premiums by a Teamster local.

The overpayments were made between 1972 and 1978 to Trans World Life Insurance Co. of New York and its agents by Teamster Local 237, says New York insurance superintendent Albert B. Lewis. Mr. Lewis testified at the state commission of investigation hearing Nov. 6.

The insurance department discovered the overpayments during a routine examination of Trans World's books. Subsequently, Trans World and its agents agreed to refund half the overpayments to the Local 237 fund and 11 other funds (BI, April, 14, May 12), Mr. Lewis said.

Agency commissions are at the heart of the probe. The N.Y. insurance department charges that commissions on the Teamster account average 23% when 10% was standard payment.

William Wallach, a cousin by marriage to Local 237 president Barry Feinstein, received more than \$1 million in excess payments, according to commission testimony. He received the money through an associate, Calvin Winick, who placed the fund's insurance with Trans World, say investigators.

Mr. Feinstein testified Nov. 10 that he had no knowledge of overpayments made by the fund and said he received no financial gain from Mr. Wallach.

Carter will return home with pension of \$69,630

By JERRY GEISEL

WASHINGTON—When President Carter returns to Plains, Ga., in January, he'll take back more than memories of his four years as the nation's chief executive.

Mr. Carter will return home with a \$69,630 annual federal pension, the same as that of a Cabinet officer. The pension will increase as Cabinet salaries rise.

The average pension benefit received by other federal retirees is \$10,896.

Outgoing officials

Despite the change in administration, Ian Lanoff, administrator of the Labor Department's Office of Pension and Welfare Benefit Programs, wants to keep his post. But that may not be possible.

"We've cut the paperwork burden, speeded up processing of exemptions and are administering ERISA smoothly," Mr. Lanoff said. The Reagan administration should approve of the way the pension reform law is being administered, he added.

As a member of the senior executive service, Mr. Lanoff cannot be removed from the Civil Service for political reasons. But he could be demoted from his position if the new administration reorganizes the department, which is likely.

Although Mr. Lanoff may fight to retain his position, most observers doubt he'll be successful.

Other insurance/benefit officials who will be replaced by President-

washington

elect Reagan include:

- Robert Nagle, executive director of the Pension Benefit Guaranty Corp., which protects workers' pension benefits through an insurance program.

- Eula Bingham, head of the Occupational Safety and Health Administration, which inspects worksites for health and safety violations.

- Donald Elisburg, assistant secretary of labor. Mr. Elisburg is responsible for administering the federal Longshoremen's and Harbor Workers' Compensation Act, which provides benefits to injured maritime workers.

- Gloria M. Jimenez, administrator of the Federal Insurance Administration, which oversees flood and crime insurance programs.

Local authority

Directors of local OSHA offices now have authority to withdraw violations and modify penalties.

"If employers can present valid reasons for making adjustments in penalties or abatement dates, we will consider their appeal before the case goes to administrative hearings," said OSHA chief Eula Bingham.

Under the new policy, OSHA will notify employers when safety violation citations are issued that they can appeal citations and proposed penalties at a conference.

The new policy will reduce unnecessary litigation and give small businesses an opportunity to resolve differences without engaging in costly lawsuits, OSHA says.

Preyer upset

Rep. Richardson Preyer (D-N.C.) won't be coming back to Congress in January. In a stunning upset, Mr. Preyer was narrowly defeated by Eugene Johnston in the battle for North Carolina's 6th Congressional District. A Nov. 10 *Business Insurance* story written before the final vote tally incorrectly said Mr. Preyer was re-elected.

Rep. Preyer was the prime mover in the House behind the Risk Retention Act, the legislation that would make it easier for business to set up insurance cooperatives here and offshore to insure their product liability risks.

With Rep. Preyer's departure from the House, Rep. James Scheuer (D-N.Y.), the current chairman of the Consumer Protection and Finance subcommittee, may take the leading role on the Risk Retention Act.

Another key House member who lost his bid for re-election was Rep. Bob Eckhardt (D-Tex.), an advocate of legislation to clean up hazardous wastes. He will be replaced by Republican Jack Fields in representing Texas's 8th Congressional District.

FICA running dry: Report

WASHINGTON—The nation's Social Security system may not have enough money next year to pay promised benefits.

Social Security reserves "will be inadequate to maintain the cash flow of the program by late 1981 or early 1982," the congressional Joint Economic Committee reports.

The committee report said Social Security funding is being battered by high inflation rates, unemployment and an increase in the number of retirees collecting benefits.

With fewer workers supporting an ever-growing pool of retirees, Social Security is a "potential time bomb" that could explode unless it is quickly defused, the report said.

The report suggested several cures, including raising the retirement age, reducing benefits and requiring federal workers to participate in the system.

Federal workers have consistently fought being placed under the Social Security umbrella. In addition, the powerful AFL-CIO has spoken out against raising the age at which a worker is first entitled to full benefits.

The committee report puts added pressure on the incoming Reagan administration to do something about the ailing system.

As a candidate, President-elect Reagan said his administration would revamp tax laws to encourage economic growth, leading to an increase in employment and more money flowing into the Social Security trust funds.

Does your workers' compensation program have the same problem?

Business funds lost through the holes in a workers' compensation program are significant. Gates, McDonald has been administering cost efficient* state fund and self-insured workers' compensation programs since 1929. Our services provide comprehensive



administration, supervision of all claims, responsive and accurate claim payment, employee safety education, and informative management reporting. So don't wait, contact Gates, McDonald or your insurance broker for more information.

*Ohio, West Virginia, Washington, Nevada only.



CORPORATE OFFICE

GATES, McDONALD

ONE NATIONWIDE PLAZA
P.O. BOX 1944
COLUMBUS, OHIO 43216
614/227-7211

We're Making Our Mark In Excess Workers' Compensation

An Aggressive, Admitted Market in All States* for:

- Specific Excess Coverage
- Aggregate Excess Coverage
- Surety Bonds for Self Insurers

For More Information & Prompt Quotations, Contact Dick Staats or Greg Bonnell At 317-925-3501

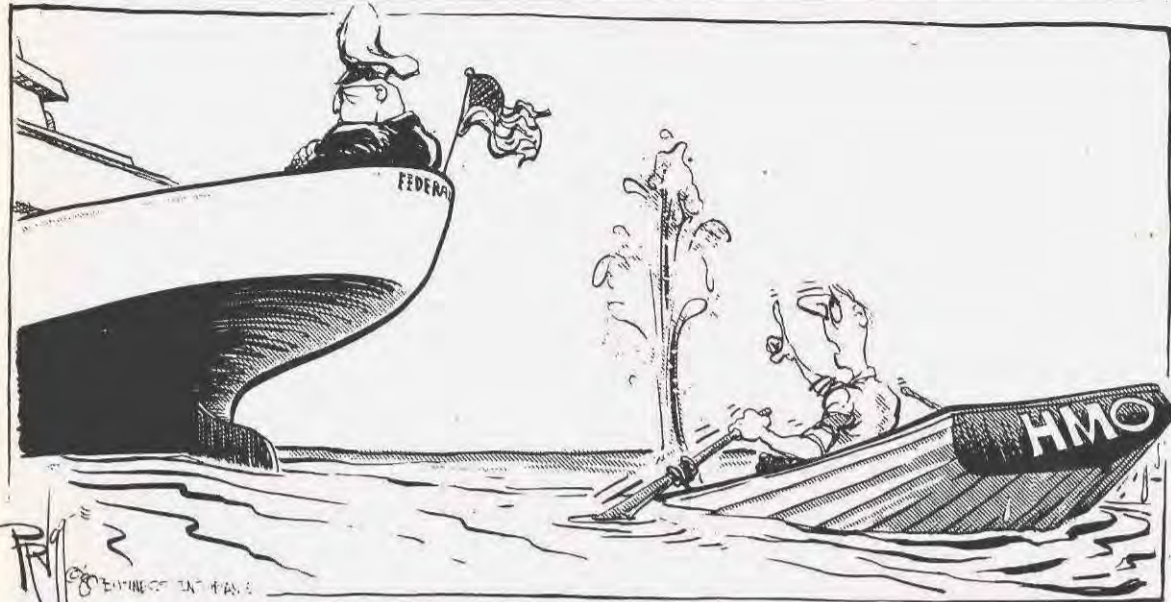


Protective Insurance Company

3100 North Meridian Street
Indianapolis, IN 46208

*Coverage availability and form subject to applicable local regulation. Not admitted in Hawaii.

editorial opinions



"Help!"

Forgiving our debts

EMployees AND their employers who use health maintenance organizations must be protected from liability for bills left unpaid by a bankrupt health maintenance organization.

Threatening employees and employers with the obligation to pick up the tab when an HMO goes broke will put the brakes on the growth of HMOs.

The concern about who will pay the outstanding debts of an HMO that goes belly-up is not unwarranted. As an article in this issue reports, employees who were members of HMOs that have failed are now being billed for services they received but the HMO didn't pay. These are services the employees were told were prepaid under their HMO premiums.

In one case those unpaid bills now passed on to employees amount to \$250,000. In another case, the tab is \$22,000.

We are rather miffed that the federal office of HMOs has decided that the authority for insulating employees and employers from responsibility for the bad debts of HMOs rests with the states.

To compound the problem, many states do not have laws protecting HMO users either so the employees and employers who belonged to the bankrupt HMOs have no recourse.

The federal government took it upon itself to force HMOs on employers through the provisions of the HMO Act. The employer is helpless to shield his employees

from joining federally qualified HMOs that demand an opportunity to serve employees.

Employers can, however, point out this potential liability for bad debts to employees considering HMOs. Watch enrollment plummet when employees hear this.

If the federal government wants to continue to see HMOs grow as a potentially more economical way to deliver health care services, the federal government must deal with this pressing issue. Since it has been so concerned about promoting HMO growth, it also should take responsibility for establishing a fair method of dealing with the financial affairs of HMOs that fail.

Good ideas for covering the outstanding debts of broke HMOs are being proposed by the National Assn. of Employers on Health Care Alternatives and the Group Health Assn., the HMO trade group.

Both groups have made several proposals that include setting up reserve funds to cover outstanding debts.

The federal office of HMOs should be studying these proposals now and interviewing employers and HMOs for their thoughts on them. The federal office should choose the best method and get to work implementing the solution.

It was shortsighted of the federal government to promote HMOs and not be ready with a way to protect the consumers when an HMO fails.

letters

Business Insurance welcomes letters from its readers. Please keep your comments as brief as possible and we reserve the right to edit or shorten letters for clarity or space. Please send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

Something AMISS?



Ignizio



Madden



Smith

To the editor: Although I am in no position to critique the procedures used to select the winners in The Hartford Insurance Group/National Safety Council loss-prevention awards competition, I feel obligated to comment on the winning studies (*BI*, Oct. 27).

I congratulate James Madden and Mary Smith for their practical operating solutions to safety hazards.

I compliment Professor James Ignizio on his writing ability in presenting his "concept" under the name AMISS. The concept was really many years ago at Roper Corp.

The corporate safety council made extensive use of the em-

ployee suggestion and employee award system promoted through the management-labor membership of all plant safety committees, and implemented changes with the constructive aid of the people directly involved in "on-the-floor" safety and the financial aid of the corporation.

The objective obtained by this program was neatly assisted by a long-time active member of the National Safety Council, George MacDonald. Mr. MacDonald spent many hours in the development and continual review of that program.

Lane E. Kohan
Crystal Lake, Ill.

action line

Coverage not for sale

Do you have knowledge of coverage called job bias (or discrimination) liability insurance? Please advise any information you have on this insurance including a market.

W.L. McDonald Jr.
President
John Bailey Co.
Knoxville, Tenn.

Unintentional discrimination insurance covering Equal Employment Opportunity Commission

finances, damages and defense costs is not available, according to our research.

Many insurers have written clauses excluding discrimination-related damages and defense costs in new liability contracts because of the onslaught of discrimination claims made in recent years (*BI*, Sept. 22).

The only insurance policies still covering unintentional discrimination are old liability forms that haven't excluded this clause.

Where to find a copy

I am interested in securing a copy of the Risk Retention Act. Where could I write to get one?

Barron S. Wall
Insurance Consulting Associates
Teaneck, N.J.

A copy of the Risk Retention Act (H.R. 6152) now before the lame duck Congress can be obtained by contacting the U.S. Senate Commerce Committee, Dirksen Senate

Office Building, Room 5202, Washington, D.C. 20510; 202-224-9345. There is no charge.

Action line will answer readers' requests for information. Have a question regarding insurance or your profession? Write Action line, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

business insurance

the national newsweekly of loss prevention, risk financing and benefit management

MRS. G. D. CRAIN JR.
chairman of the board
KEITH E. CRAIN
secretary-treasurer

G. D. CRAIN JR. founder (1885-1973)
S. R. BERNSTEIN
chairman, executive committee
DAVID J. CLEARY JR.
executive vp-general manager

RANCE CRAIN
president and editorial director
ALFRED MALECKI
vp-publisher (New York)

KATHRYN J. McINTYRE, editor (312-649-5286)

LORRIE GAWLA, managing editor (312-649-5278) LEN STRAZEWSKI, senior editor/features & special reports.
JERRY GEISEL, Washington editor. RHONDA RUNDLE, West Coast editor. STUART EMMRICH, New York Bureau Chief. VALERIE J. BERG, copy editor. JOHN MAES, assistant features editor. Associates: New York—ELLIS SIMON, MARY ANN MATLOCK (staff reporter). Chicago—DAVE GALANTI; EILEEN NORRIS; STACY L. SHAPIRO; JOANNE WOJCIK O'HARE (asst.); Washington—MAISIE LEE (reporter/researcher). MERRILL S. SALTZMAN, graphics editor/production manager. JOE FARACI, Corporate art director. MILT PRIGGEE, editorial cartoonist. MARY CAIRNS, photographer. Correspondents: Dallas—SHARON WATSON. (214-234-6496). London—JOHN MILLER (01) 946-4215. San Francisco—CAROL G. BLITZER (415-326-5429). Seattle—WILLIAM CUSHING (206-624-7755). Southeast—MARGARET LEROUX (919-933-9106). Editorial production assistant: WILLIAM BIKE. Proofreader: DOROTHY PARR SNOWDEN. Editorial Typist: CLAUDETTE EISENZIMMER.

DONALD A. WALSH,
Advertising Director—New York
(212-986-5050, Ext. 15)

ROBERT L. NIESSE,
Midwest Sales Manager—Chicago
(312-649-5276)

Advertising district managers: New York—CHARLES A. HORVATH, JACK FORREST. Chicago—DON MAHLMEISTER. Assistant to Advertising Director: Los Angeles—LORI WEINSTEIN. New York—CONNIE MELE. Production manager: Chicago—FRAN PRYBYLO. Promotion manager: New York—RONNIE I. DRACHMAN. Assistant to the publisher: Chicago—CELIA MALOUHOS; New York—JOYCE BAIDA. Classified sales—BARBARA TOSHEFF.

Published by Crain Communications Inc., Chicago, HERBERT ZELTNER, group vp; ALFRED MALECKI, J. J. GRAHAM, S. E. COHEN, LOUIS F. DE MARCO, WILLIAM STRONG, ROBERT W. KRAFT, STEPHEN D. GILKENSON, ARTHUR E. MERTZ, vice presidents; JAMES M. FRANKLIN, vp-finance and administration; MERRILEE P. CRAIN, assistant secretary.

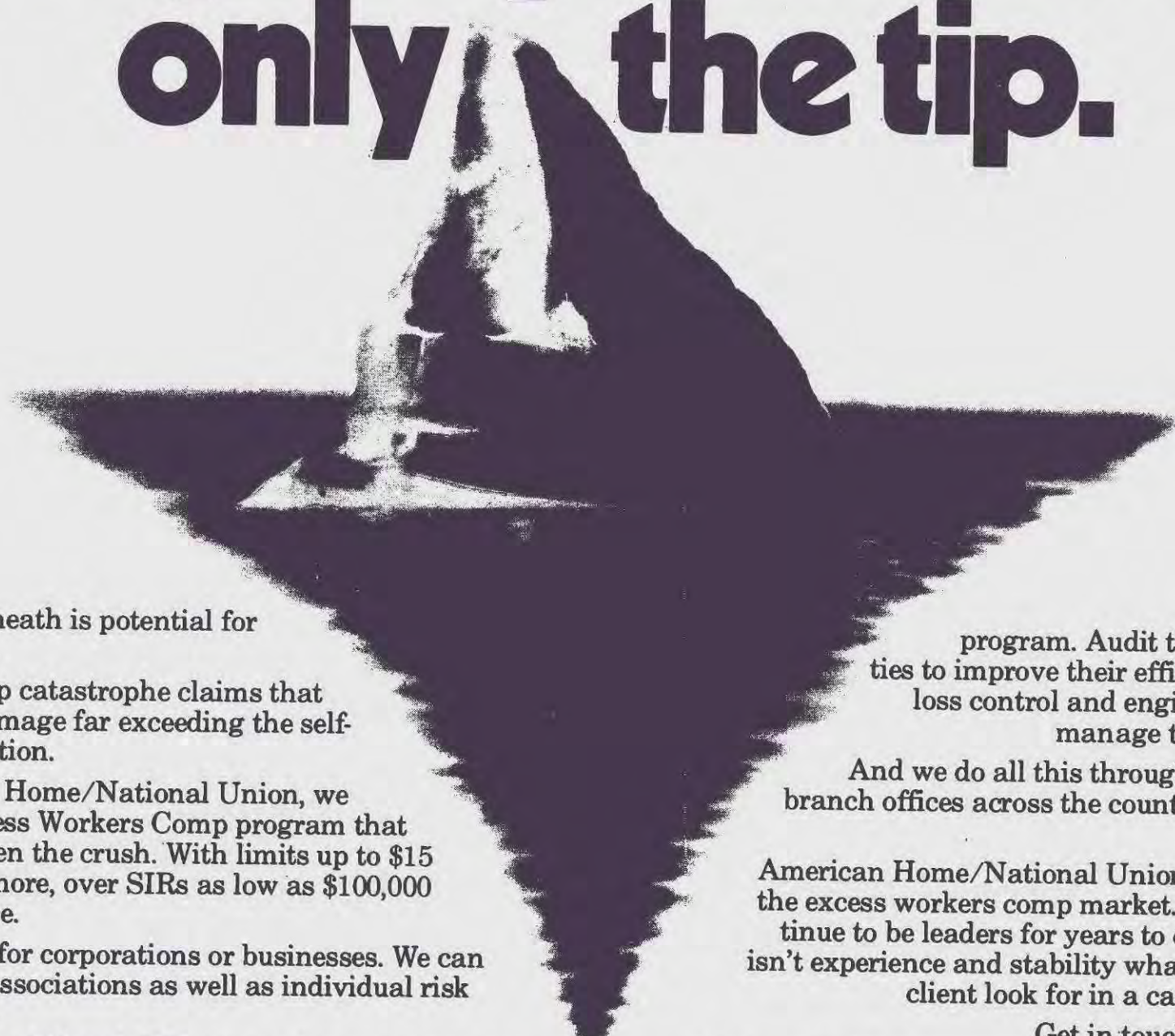
Published weekly at 740 Rush St., Chicago, Ill. 60611 (312-649-5200). Offices: 708 Third Ave., New York, N.Y. 10017 (212-986-5050); Suite 1253 National Press Building, Washington, D.C. 20004 (202-638-5300); 6404 Wilshire Blvd., Los Angeles, Ca. 90048 (213-651-3710). \$1 a copy. \$25 a year in U.S. Canada and all other foreign add \$10 for surface mail. Europe and Middle East only add \$32 for air delivery. First-class mail to Canada only, add \$36. WILLIAM STRONG, vp-circulation. PAMELA JANOUSEK, circulation manager; ROGER DiGREGORIO, fulfillment director. Circulation Dept.—Chicago (312-649-5227). Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 740 Rush St., Chicago, Ill. 60611 or phone 312-649-5221. Telex 25-4248; Cable CRAINCOM. Microfilm copies are available from University Microfilms, 300 Zeeb Rd., Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Rd., Wooster, Ohio 44691.

BPA

Member of Business Publications Audit of Circulation

ABP

If your client is self-insuring workers comp, they may be seeing only the tip.



What lies beneath is potential for real disaster.

Workers comp catastrophe claims that can cause damage far exceeding the self-insured retention.

At American Home/National Union, we have an Excess Workers Comp program that can help soften the crush. With limits up to \$15 million and more, over SIRs as low as \$100,000 per occurrence.

And not just for corporations or businesses. We can also handle associations as well as individual risk submissions.

Plus, through affiliated AIG companies, we can arrange to help your client control their entire self-insurance

program. Audit their SIR activities to improve their efficiency. Provide loss control and engineering to help manage their exposures.

And we do all this through underwriting branch offices across the country. There's one near you.

American Home/National Union are leaders in the excess workers comp market. And we'll continue to be leaders for years to come. After all, isn't experience and stability what you and your client look for in a casualty insurer?

Get in touch with us soon. So you can ice a program for your client before they get hit with something Titanic.

The AIG Companies.

Let us take the risks.

Member Companies of American International Group.

For more information about
Excess Workers Compensation, write:
The AIG Companies, Dept. A,
70 Pine Street, New York, N.Y. 10270.

Name _____

Title _____

Company _____

Address _____

City _____ State _____

Zip _____ Tel _____

Court extends time for malpractice suit

BOSTON—Medical malpractice claims in Massachusetts now can be filed up to three years from the date of discovery of the alleged injury rather than three years from the date of alleged injury, the former statute of limitations, the state supreme court has ruled.

The ruling involved two separate cases. In one suit against Massachusetts General Hospital and Dr. Thomas W. Albort, Peter Franklin contended that a chest malignancy discovered in January 1978 had been missed by X-rays taken in

around the states

January 1974. In the other action, filed by Arthur Teller in June 1979 against Dr. Charles L. Schapens, Mr. Teller contended he was not fully informed of the risks of eye surgery before an operation in April 1976.

Spouse's benefits

CHARLESTON, W. Va.—A sur-

viving spouse of a disabled person is only entitled to the workers compensation benefit received by her husband when he was alive, the West Virginia supreme court has ruled.

The 4-1 decision upheld a workers compensation appeals board decision reducing an award for Lessie C. Jordan to \$42 a week from \$180. Her injured husband,

Theodore Franklin Jordan, received \$42 a week while he was living.

Ms. Jordan argued that the date fixed benefits were changed to an increased schedule—July 1, 1971—denies her due process and discriminates against persons injured before that date. The court held that the date of the amendment was designed to allow only persons injured later to get increased benefits scheduled by the legislature.

"From a purely rational stand-

point, it also seems obvious that the legislature did not want to establish this same right for everyone who had been injured prior to July 1, 1971, because it would have placed a severe financial drain on the workers compensation fund to pay enhanced benefits on prior claims where the employer's premiums had already been paid based on the lower benefit rates," the majority opinion stated.

But justice Darrell V. McGraw dissented. "If one of the purposes of workers compensation is to prevent the injured and maimed working people and their loved ones from becoming destitute and wards of the state . . . today's decision contradicts that purpose," he wrote.

"While the flames of inflation rampantly consume the sustenance of those on governmentally proscribed incomes, the gubernatorial fireman peers helplessly from his Gulliverian repose, restrained by the reports of vested interest," he said in a dissent.

Trust takeover

AUSTIN—Texas insurance authorities have recommended that a receiver be appointed to take over a medical insurance trust that covered employees of the Rev. Jerry Falwell's and other churches.

The Texas board froze the assets of the Ministers Benefit Trust Oct. 6 and took the firm under its supervision. A court-appointed receiver would have complete control of the trust, said Jorge Guitierrez of the Texas insurance board.

Legal papers requesting that a receiver be appointed would have to be filed by the Texas attorney general's office, but it hasn't decided whether to do so.

Mr. Falwell and DeWitt Braud, chief executive officer of the Old-Time Gospel Hour Inc., say their employees have had no problems with MBT. But several ministers around the country have complained that hospitals didn't accept the plan and that the plan failed to pay thousands of dollars in covered medical costs.

Bob Browning, MBT administrator, said Mr. Falwell's organization was covered by a separate trust account that was financially sound.

Mr. Guitierrez of the Texas insurance board added that it is impossible to determine yet whether money can be found to cover unpaid medical claims and that no plan exists that would make the trust solvent.

At one point, MBT covered about 1,600 employees and their families across the nation. Mr. Browning said about 700 dropped out and 300 were converted to Blue Cross & Blue Shield.

Public hearings

HARRISBURG—The Pennsylvania insurance department will hold three public hearings on Blue Cross rate increase requests.

They are:

- A 33.2% increase in 65-Special rates for Blue Cross of Western Pennsylvania; hearing to be at 9 a.m. Nov. 19 in the state office building in Pittsburgh.

- A 31% increase for group subscribers in the 65-Special program of Blue Cross of Greater Philadelphia; hearing to be at 10 a.m. Nov. 21 at the Sheraton Hotel in Philadelphia.

- A 17.8% increase for 65-Special and a 21.1% increase for 65-Extended programs of Blue Cross of Northeastern Pennsylvania; hearing to be at 10 a.m. Nov. 24 in the Luzerne County courthouse in Wilkes-Barre.

**OUR
FACULTATIVE
UNDER-
WRITERS
HAVE THE
FACILITY
TO HANDLE
ANYTHING
FROM SUB-
SOIL GUSHERS TO
DOWNHILL RAGERS.**

And Prudential Re's personal approach is one more reason the Rock is the place to place your facultative risk.

PruRe underwriters offer a rare combination of technical expertise and practical experience. They know the people and the business in their territories, and are usually familiar with most ceding companies' books of business. Each office has the authority to decide on risks up to \$15 million, so you'll get a quick response—and one that carries weight.

In addition to a large book of standard class risks, we handle difficult and unusual risks—everything from excess coverage for oil wells to third-

party liability for a ski pole manufacturer. That's why so many brokers and ceding companies turn to PruRe.

Of course, the Rock's financial capacity and stability are advantages, too. But our underwriters are the ones who put those advantages to work for you.

We're fast, personal, experienced, and successful. (Our assets now total more than \$1 billion.) For answers to any reinsurance questions, come to the Rock in Reinsurance.

Home and Newark Regional Office:
213 Washington Street, Newark, NJ
07101. (201) 877-8000

Boston Office:
Prudential Center
Boston, MA 02199 (opens Nov. 1, 1980)

Other Regional Offices:
3700 Wilshire Blvd., Los Angeles, CA
90010. (213) 385-6261

30 N. LaSalle Street, Chicago,
IL 60602. (312) 782-4793

127 John Street, New York,
NY 10038. (212) 422-4350

4600 Post Oak Place, Houston,
TX 77027. (713) 877-8814

Prudential Reinsurance Company
of America, P.O. Box 116,
Toronto Dominion Centre,
Toronto, Ontario, Canada
M5K 1G8. (416) 862-1228

Prudential Reinsurance Company

Subsidiary of The Prudential Insurance Company of America



Prudential Re

Discover Northbrook

**NORTH
BROOK**

**Northbrook Property and Casualty
Insurance Company**

3810 Golf Road
Rolling Meadows, Illinois 60008

Goodwin Clark
Vice President
National Accounts
(312) 364-2727

It isn't often possible to get in on the ground floor of a whole new, large-risk admitted market. Northbrook National Accounts is just such a market.

We bring you the advanced technology, modern facilities, financial capacity and the trained people to do the job right -- for you and your clients.

We are dedicated to quality and success. Quality coverage and service for your clients, and success for you.

We are accessible. Just call or write me for help, information, a quote -- whatever you need. Risk Managers are invited to contact their agents or brokers for more information.

Northbrook National Accounts wants to be a vital part of your large-risk commercial marketing plans.

We invite you to grow along with us.

Sincerely,

Goodwin Clark

Goodwin Clark
Vice President

**NORTH
BROOK**

Northbrook National Accounts

A division of Northbrook Property & Casualty Insurance Co.
Northbrook, Illinois 60062

**IIAA's
126,000 members
thank these companies
for participating in
the 1980 Joint
Agency/Company
JAM television project.**

**It is important for
the Independent Agent to support
these companies who are supporting
the Joint Agency/Company
Marketing Program.**



**Independent Insurance Agents of America, Inc.
85 John Street, New York, N.Y. 10038**

**Over 126,000 member agents representing 34,000 agencies. More than
250,000 dedicated employees serving America's insurance needs.**

800-221-7916

Call this 24 hour, toll-free number today • In Alaska, Hawaii, and New York State call 212-285-4283 collect.



Commercial Union
Insurance Companies



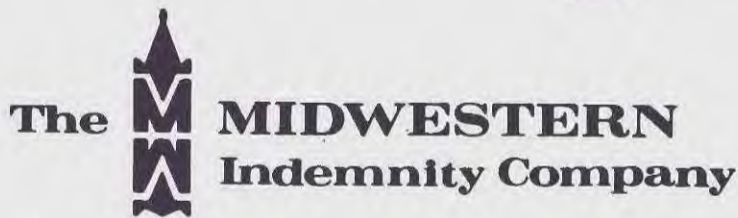
THE
USF&G
COMPANIES
United States Fidelity
and Guaranty Company



The Travelers



The Maryland
MARYLAND CASUALTY COMPANY
AND ITS SUBSIDIARIES • BALTIMORE
AN AMERICAN GENERAL COMPANY



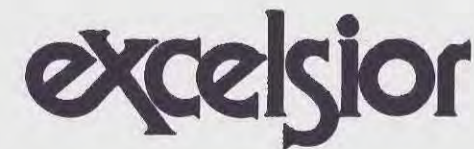
HARTFORD
STEAM BOILER
INSPECTION &
INSURANCE



THE MONARCH INSURANCE
COMPANY OF OHIO



Indiana
Berners
Mutual Insurance
Company



National General
Insurance Company

**VALUABLE
PROFESSIONAL CLAIMS SERVICES
FOR RISK MANAGERS NATIONWIDE**

STEPHEN R. PALANGE & ASSOCIATES, INC.

EXPERIENCED IN SELF-INSURED W.C. AND G.L. PROGRAMS
CLAIMS AUDIT, EVALUATION, INVESTIGATION, MANAGEMENT

QUALIFIED • OBJECTIVE • RESPONSIBLE

10 POST OFFICE SQUARE • BOSTON, MA. 02109 • (617) 542-5700

County saves with self-funding, policy package

By MARY ANN MATLOCK

CLEARWATER, Fla.—Self-funding and a consolidated excess insurance package are giving Pinellas County the one-two punch necessary to knock down insurance costs. This approach saved \$1.3 million in the first year.

The program, started Oct. 1, 1979, ended a scattershot approach to purchasing insurance that would have cost the county \$2.4 million of its \$228 million budget.

"When I joined the county 2½ years ago, we had 24 different poli-

cies, 19 different renewal dates and 11 different agents," said Robert Ellis, the first risk manager for this county of 750,000. "The county board had me develop an alternative program."

He began looking for one agent or broker to place coverage for property, crime, errors and omissions, general liability, boiler and machinery, workers compensation, tax collectors bonding and specialized areas such as barges, helicopter and airplanes.

The 574 local agents and national brokers serving that area were asked for suggestions for a qualifying questionnaire to be filled out by interested agents or brokers.

Using the completed questionnaires as a guide, the county risk manager, attorney and purchasing agent selected the three top contenders.

Agent Rodgers & Cummings Inc. in Clearwater and brokers Gallagher & Co. and Johnson & Higgins in Miami were the finalists. They were selected on past experience and ability to handle the job, Mr. Ellis said.

Insurance specifications were outlined and the three were asked to choose underwriters for each cover.

A system was devised so only one agent/broker would approach an underwriter for each type of coverage.

"It sweetened the pot for underwriters," Mr. Ellis said. "These agents were the only ones coming to the underwriters and the program was for three years with a three-year renewal."

"We were able to get good, strong, competitive quotes from underwriters."

The package finally selected was placed by Rodgers & Cummings at an annual premium of about \$650,000.

"All agreed they came in with the best package based on service and dollar amount," he said. "They also presented a variety of alternatives where the self-insurance and premium varied."

The excess coverage, now with 11 underwriters, is in three layers up to a maximum of \$25 million. Deductibles range from \$100,000 on property to \$250,000 on workers compensation.

Other costs of the 1979-80 program include \$300,000 for claims; \$80,000 for service and administration by Underwriters Adjusting Co. in Tampa, and \$10,000 for data processing by Corporate Systems in Amarillo, Tex.

Another \$500,000 was budgeted for a reserve fund for each of the first two years. This fund is expected to reach \$8 million to \$10 million in seven years. Through interest earned, it then will pay for the entire program.

"This reserve fund was set up by ordinance so it is insulated from politics," he added. "The idea of a separate fund is not a new concept to the county."

Mr. Ellis says getting the agents and brokers involved helped the program succeed.

"Things worked for me because we anticipated a lot of problems from local agents and got them involved through the questionnaires," he said.

"For self-preservation, I also made a point of emphasizing this is not a one-shot function. We have to maintain a risk management program."

We thrive on companies that pay too much for insurance.

Our biggest satisfaction comes from helping companies that pay too much for insurance. When they turn to us, it's often a tribute to our specialty: Reducing premiums by reducing risks.

Risk reduction has become such a science with us that few brokers can compare. We have a staff of top engineers that will give your company the most thorough going-over. We work with an alacrity seldom seen in any business.

But don't let our youthful enthusiasm fool you. We're 129 years old. We've been finding more feasible ways to insure companies since 1851.

And our people have a history of staying with us. So those who serve you now will be there

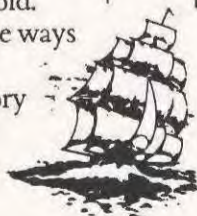
to serve you again. You get consistently superior service.

But although we offer you the wisdom of our years, we also offer you our foresight. We look beyond reducing risks to how your company will be affected if some mishap actually occurs.

The Dale team will suggest better ways to protect your holdings. We don't want an accident in one part of your operation to cause downtime and reduced profitability in another.

So if you've got a feeling you could be paying less for insurance, we've got offices right across Canada you can call.

We're Dale & Company. The largest broker owned by Canadians.



Dale & Company Limited Insurance Brokers

Offices at: St. John's-Corner Brook-Grand Falls-Halifax-Montreal-Ottawa-Toronto
Hamilton-London-Windsor-Winnipeg-Calgary-Edmonton-Vancouver
Head Office: Box 18, Toronto-Dominion Centre, Toronto, Ontario M5K 1B2.
Telephone: (416) 366-4645



When creative protection is essential
Frank B. Hall & Co.

Frank B. Hall, the essential corporate protector is Resourceful. Our insurance services can accommodate any kind of risk. For any kind of company. Anywhere. Contact one of our 5300 talented pros today. It's essential.

Resourcefulness





One Call Gets Results!

For all your Excess & Surplus needs, call the "can do" people from DVUA

Philadelphia (215) 572-3800
 Pittsburgh (412) 281-3920
 New Jersey (201) 731-3033
 Ohio (216) 449-0351
 New York (212) 227-8606
 West Virginia (800) 245-4744



DELAWARE VALLEY UNDERWRITING AGENCY, INC.

Philadelphia (Wyncote) Corp. Hdqtrs.
 125 Greenwood Ave., Wyncote, Pa. 19095

info

• A new booklet by Benefacts Inc., a subsidiary of Alexander & Alexander Inc., describes **language simplification services** to teach employees in insurance and other fields to write in simple English. For a free copy, write ClearWrite Operations, Benefacts Inc., 300 E. Joppa Road, Baltimore, Md. 21204.

• The 1981 Risk Management Calendar and Risk Control Program Checklist are now available free from Darrell Heppner & Associates, 1120 E. 14th St., Suite F, San Leandro, Calif. 94577; 415-895-9650.

• A new brochure from Equifax Risk Management Systems shows how to lower costs, improve accuracy, gain a more even work flow and face fewer backlogs in risk

management and insurance management programs. For a free copy, write Equifax, 180 Century Blvd., Suite 500A, Atlanta, Ga. 30345.

• The new generation of ADAS monitoring/alarm systems manufactured by Butler National Corp. is described in a six-page color brochure. **From the World of Butler National: A 24-Hour Safeguard for Your Peace of Mind** is available free to industrial manufacturers, government regulatory agencies, utility plants and others whose operations create a demand for efficient, cost-effective automatic monitoring and surveillance. For more information, contact John Mehlin, vice director of marketing, Butler National Corp., 8246 Nieman Road, Lenexa, Kan. 66214; 913-888-8585.

• Exporting companies can protect their credit sales overseas against loss from either commercial or political events with export credit insurance offered by Foreign Credit Insurance Assn. FCIA's free booklet, **The Competitive Edge**, describes the available programs and policies. For a copy, write Public Affairs Office, FCIA, 1 World Trade Center, Ninth Floor, New York, N.Y. 10048.

• A **medical diary** recommended for patient use by the College of Family Physicians of Canada is being offered exclusively to Canadian employers by William M. Mercer Ltd. Copies are available in large quantities at 75 cents each. For further information, contact William M. Mercer Ltd., Merchandising Division, 1 First Canadian Place, P.O. Box 59, Toronto, Ontario M5X 1G3.

• **Pension Fund Operations and Expenses—The Technical Report** has just been published by the International Foundation of Employee Benefit Plans. The 149-page book is designed to help determine the cost of operating private pension plans in the United States. Copies are available for \$15 each from the International Foundation of Employee Benefit Plans, P.O. Box 69, Brookfield, Wis. 53005; 414-786-6700.

• Three types of rack storage of materials and how various approaches to fire protection affect loss expectations are examined in **Designing Fire Protection to Limit Monetary Loss.** The Society of Fire Protection Engineers' booklet 80-2 is available for \$3.25. Write the Society of Fire Protection Engineers, 60 Battery March Street, Boston, Mass. 02110.

• International Risk Management Institute has published an **Insurance Buyer's Checklist for Savings and Loan Associations.** The booklet lists various types of insurance applicable to savings and loan associations. For a copy, send \$10 to IRMI, 1030 North Central Expressway, Suite 350, Dallas, Tex. 75231.

• **The Electronic Data Processing Insurance Buyer's Checklist** can be used in examining corporate insurance portfolios. The booklet lists various kinds of insurance applicable to electronic data processing. Copies are available for \$10 from International Risk Management Institute, 1030 North Central Expressway, Suite 350, Dallas, Tex. 75231.

What property underwriter already insures production facilities for coal gasification, gasohol, coal liquefaction, synthetic gas, LNG, shale oil, and solar energy?

IRI does.

There's no substitute for experience. It's what makes Industrial Risk Insurers the major property insurance market for all energy-related risks. From pilot plant to full scale. From conventional utilities to the synthetic fuel plants of the 80's.

Come to IRI for the best in loss prevention advice and sound, knowledgeable underwriting. Come to IRI for experience.

Industrial Risk Insurers B11013

I'd like to read about IRI's experience.
 Please send me the new brochure,
 "Property Insurance for Energy-Producing Organizations."

Name _____
 Title _____
 Company _____
 Street _____
 City _____ State _____ Zip _____
 Mail to: Communications Department, Industrial Risk Insurers,
 85 Woodland Street, Hartford, CT 06102.

CU reorganizes senior management

comings & goings: industry

BOSTON—In a major reorganization of its senior management effective Jan. 1, 1981, Commercial Union Corp. elected Lawson L. Swearingen deputy chairman of Commercial Union Insurance Cos.' U.S. holding company. Mr. Swearingen also has been elected chairman of each CU insurance company. He will continue as chief executive officer of CU.

Howard J. Ward has been named president and chief operating officer of both CU and CUC. Jack Emms, chief general manager and vice chairman of Commercial Union Assurance Co. Ltd. of London, CUC's parent company, will continue as chairman of CUC.

Harry Martens will become executive vp of CUC responsible for insurance services including actuarial, agency relations, claims, industry relations, marketing, planning, research and development and CU's life subsidiary, CU Life Insurance Co. of America.

Robert C. Pickett was elected executive vp and chief financial officer of CUC; Ralph W. Murray elected senior vp for commercial lines field operations.

Robert C. Roffey Jr. has been elected first senior vp of CUC with responsibility for human resources and administration. George P. Reedy and Raymond M. Defosse will continue in positions as treasurer, and secretary and general counsel, respectively, of CUC.

Other insurer changes:

Lionel W. Novick appointed vp and claims manager of American Risk Assurance Co. in Miami.

Richard Karas named group sales manager and **Lee Foreman** named pension sales manager in the business accounts operation of Nationwide Insurance Organization, headquartered in Columbus, Ohio.

Oren Manning named vp of Falick, Manning & Associates, in Miami. Mr. Manning will take charge of all internal business operations in addition to employee benefit programs. Before teaming with Falick & Associates, Mr. Manning spent 10 years in Atlanta as Southeast regional manager for Home Life Insurance Co. of New York.

Fred M. Schriever elected senior vp of Reliance Group Inc., headquartered in New York. Mr. Schriever will continue to serve as chairman and managing director of Inbucon Ltd. in London, as well as chairman and chief executive of Werner Associates Inc. of New York—both subsidiaries of Reliance Group.

F. David Rolwing appointed executive vp of Montgomery Mutual Insurance Co. He was formerly vp-association affairs and field operations for the Alliance of American Insurers.

Arthur R. Nielsen appointed

vp in charge of underwriting at the Hartford, Conn., home office of Aetna Insurance Co.

Excess/surplus

James W. Barnes appointed assistant vp of Sherwood Insurance Services, a San Francisco-based wholesale brokerage firm.

Edward J. McKinnon appointed vp and **Roger J. Drobinski** and **Deborah J. Hunter** named assistant vps of Harbor Insurance Co. in Los Angeles. Mr. McKinnon, general claims manager, will continue to direct the claims administrative functions for Harbor in addition to monitoring all reinsurance recov-

eries. Mr. Drobinski, property claims manager, and Ms. Hunter, casualty claims manager, also will continue serving in those capacities. The company is part of Swett & Crawford Group.

Reinsurers

John McCoy appointed manager of facultative reinsurance at Pine Top Insurance in Phoenix. He will be responsible for developing a property/casualty facultative reinsurance facility.

M. Mitchell Gwinn III promoted to assistant manager of facultative casualty underwriting at the Atlanta branch of the North Ameri-

can Reinsurance Corp., headquartered in New York.

James P. Hamilton promoted to vp of General Re Services Ltd. in Bermuda, a wholly owned subsidiary of General Reinsurance Corp.

Other suppliers

Kathleen Sheehan appointed a consultant with RIMCO Risk Management Inc. in Dallas.

Charles E. Loudon appointed manager of Unigard Insurance Group's newly formed risk management services unit. **Richard A. Shagrin** will fill Mr. Loudon's vacated position as supervising underwriter for commercial casualty lines.

Laurie H. Goldsmith named benefit consultant at Reed Stenhouse Balanced Pensions Inc.

in New York. Ms. Goldsmith was formerly a senior account executive with Rollins Burdick Hunter of New York Inc.

Eugene T. Merrigan elected president of Equifax Services Inc. and Physical Measurements Inc. Both companies are based in Atlanta, Ga.

James E. Crowell promoted to district vp in Dallas for Atwell, Vogel & Sterling Inc., an Atlanta-based affiliate of Equifax Inc.

William E. (Gene) Howard named executive of the Mills Co., a Texas-based international insurance, bonding and risk management firm. Mr. Howard will manage and direct the company's expanding commercial insurance activities. He was formerly vp-sales and marketing for Corroon & Black Corp. in Los Angeles. ■

“Equifax Risk Management Systems offers you the most complete line of services available from one source.” *Richard L. Maloney, ARM Executive Vice-President*



You get in-depth claims administration support—a wide range of investigative tools and adjusting services are available—from Equifax RMS.

In all, we can give you help in six critical areas.

One of these is claims support.

Only Equifax RMS offers total responsiveness.

With over 1,000 service facilities throughout the U.S. and Canada, we're where you need us. When you need us.

You can choose from a wide range of claims services. Our skilled specialists — they average 10 years of experience — have know-how in workers' comp, general liability (product and malpractice), property, life, and group/individual health investigations plus background checks, audits of medical services, and rehabilitation management.

In addition, on-the-scene adjusting help is available in most locations.

And Equifax RMS can handle the detail work of regulatory filings.

But claims support is only one part of the story.

You also can get help in these areas: (1) loss control consulting/inspections and training (2) CLASS: computerized loss administration statistical system (3) health screening (4) employment checks.

How can we help you? Our professional risk management team will be glad to review your program, make specific recommendations, and implement the plan of action you approve.

For complete information about Equifax RMS, call Rich Maloney at (404) 329-9029. Or just fill out this coupon and drop it in the mail today. We'll respond right away.

Professional services from the service professionals

EQUIFAX
Risk Management Systems

1800 Century Blvd.
Suite 500A
Atlanta, Georgia 30345

Yes, I want to find out more on how Equifax RMS can help me:

- Please give me a call as soon as possible
 Send me your complete, in-depth brochure(s) on:
 Claims Administration Loss Control
 Computerized Loss Administration & Statistical System
 Occupational Health Screening Employee Screening
 Rehabilitation Management

Name/Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____
 Business Phone (____) _____

15% of doctors serve HMOs

VERONA, N.J.—More than 15% of the nation's practicing physicians are involved with one or more health maintenance organizations, reports the Employers HMO Service Newsletter.

The survey, conducted by Interstudy, indicates 47,775 physicians are associated with the 202 HMOs that responded. ■

Insurers won't cover quakes in county

By RHONDA L. RUNDLE

LOS ANGELES—Insurers won't write earthquake coverage for risks in Imperial County, Calif., a preliminary state insurance department report reveals.

Imperial County experienced a powerful earthquake last year that registered 6.4 on the Richter scale and caused more than \$20 million in damage. Since then, the Southern California county on the Mexican border has been the site of frequent, minor tremor activity.

The 1979 earthquake underwriting experience of 37 California commercial insurers will be published in an insurance department study due next month. The report is expected to answer many industry questions about insurance availability, cost and geo-

graphic spread of risk among markets.

All but two of the 37 companies that have responded to the department's questionnaire write some form of earthquake coverage, reported Robert Holton of Farmers Insurance Co. at the earthquake seminar held Oct. 31 at the All Industry Day, sponsored by the Los Angeles chapter of Chartered Property & Casualty Underwriters.

Most companies say they have no dollar underwriting limits, Mr. Holton said. One-quarter, however, said they have a policy limit of \$1 million or less.

Tapping excess/surplus lines markets, commercial earthquake insurance is readily available on exposures of less than \$50 million

and, with greater effort, can be purchased on risks valued at \$100 million and more, a California reinsurer told the same seminar participants.

The hitch is that the standard markets rarely write straight earthquake insurance in California, points out James D. Thomann, vp and branch manager of American Re-Insurance Co. in Los Angeles. They offer coverage through an earthquake damage assumption endorsement to a package policy.

This is the mechanism used to underwrite the vast majority of insured commercial risks against earthquake peril in California, Mr. Thomann explained.

Underwriters are reluctant to write earthquake insurance as a separate policy because of potential claims adjusting problems, Mr.

Thomann said. For example, if an earthquake causes a fire that is the direct cause of loss, disputed liability lawsuits would be likely among the various insurers.

The standard markets can provide coverage with limits up to about \$2 million, with a deductible ranging from 5% to 10% of value. Buyers turn to the surplus lines market for additional coverage, Mr. Thomann explained.

Deductibles are considered essential by earthquake underwriters to minimize the incidence of small, nuisance claims that can turn earthquake damage into an adjuster's nightmare. Such damage is often discovered by policyholders after any earth movement, although small cracks and chipped paint may have existed before the

earthquake.

Typically, excess/surplus insurers use an all-risk form with a premium that may credit or debit Insurance Services Office rates, depending on the underwriters' judgment. The standard markets adhere to ISO rates.

The largest risks may be written under difference-in-condition coverage, also available through excess/surplus insurers. Often such contracts are written for less than 80% of property value to make the premium affordable, Mr. Thomann noted.

The tendency to wrap earthquake coverage in package or DIO policies makes it hard for insurers to gauge the extent of their earthquake exposure, noted Richard M. Zitmann, manager of the Los Angeles office of MOAC.

datebook

DEC. 3-4. Multiemployer Pension Plan Amendments Act of 1980: Opportunities and Hazards Seminar in Chicago, sponsored by Legal Times of Washington and Law & Business Inc./Harcourt Brace Jovanovich, publishers; \$300. Also **Dec. 15-16** in New York and **Jan. 21-22** in San Francisco. Legal Times of Washington, 757 Third Ave. New York, N.Y. 10017; 800-223-0231 or 212-888-2652.

DEC. 4-5. The Self-Insurers Assn. Annual Meeting in New York; \$125 for members, \$150 for nonmembers. Maryanne De Santo, The Self-Insurers Assn., 420 Lexington Ave., New York, N.Y. 10017; 212-867-9200.

DEC. 8. Medical Insurance Cost Saving Seminar in Chicago, sponsored by Hennessy & York Inc.; \$825. Also **Dec. 10** in Princeton, N.J., and **Dec. 12** in Los Angeles. Hennessy & York Inc., 353 Nassau St., Princeton, N.J. 08540; 609-921-0050.

DEC. 10-11. Minimizing Risk and Exposure in Managing Hazardous Wastes Seminar in Philadelphia, sponsored by the Institute for Science and Public Affairs; \$550. ISPA, 1370 Ave. of the Americas, New York, N.Y. 10019.

DEC. 11. New York Free Trade Zone and Insurance Exchange Seminar in New York, sponsored by the Society of Chartered Property & Casualty Underwriters; \$10. Michael A. Colin, EBASCO Risk Management Consultants, 2 World Trade Center, New York, N.Y. 10048. Make checks out to the New York chapter of the Society of CPCU.

JAN. 15-16. Consumer Credit 1981 Seminar in New York, sponsored by the Practising Law Institute; \$275. Also **Feb. 5-6** in New Orleans and **Feb. 26-27** in San Francisco. Nancy B. Hinman, Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5700.

FEB. 23-25. Trustees and Administrators Institute in Orlando, Fla., sponsored by the International Foundation of Employee Benefit Plans; cost to be announced. Also **March 19-21** in Freeport, Grand Bahama Island, **April 27-29** in San Juan, Puerto Rico, and **July 20-22** in Monterey, Calif. IFEBP, P.O. Box 69, Brookfield, Wis. 53005; 414-786-8700.

Why Texas workers' comp coverage should be written in Texas.

Only a large Texas carrier—such as Texas Employers'—with prompt local service can keep your workers' compensation coverage costs as low as possible. In 1979 alone, local service helped to provide Texas Employers' policyholders over \$79.2 million in dividends, premium discounts, and retrospective savings. That's why many national companies such as yours have their Texas workers' compensation coverage written in Texas. By us. Get the complete story by calling our National Accounts Division at 214/653-8100.

TEXAS EMPLOYERS' INSURANCE ASSOCIATION
P. O. Box 2759
Dallas, Texas 75221

Employers Insurance of Texas:
Texas Employers' Insurance Assn.
Employers National Insurance Co.
Employers Casualty Co.
Employers National Life Insurance Co.

cor-po-rat
'kor-p(ə)rət
1: plans offering prote
rate assets against po
results of exposure to
2: a service of insu
nies generally offer

Quake damage can be estimated

LOS ANGELES—It's impossible to predict when the next earthquake will strike, but you can estimate the total cost of damage a quake could level on an area, says a leading scientific expert.

"Despite what you read in the papers, it is not possible to predict earthquakes with respect to time, frequency or severity," said Karl Steinbrugge, retired manager of the earthquake department in San Francisco's Insurance Services Office.

Using historical data, however, it is possible to predict the maximum probable loss to a class of structures assuming a quake of specific Richter scale intensity, Mr. Steinbrugge said. These estimates can be used to statistically draw a picture of aggregate losses over a geographic area.

This information enables insurers to achieve a rational spread of risks, Mr. Steinbrugge noted. It also may aid large corporations with many sites in predicting aggregate potential damage to their facilities from a severe earthquake.

Catastrophic loss scenarios in California are calculated on the basis of a temblor of 8.3 to 8.5 on the Richter scale, Mr. Steinbrugge said. In other parts of the world, maximum probable loss estimates would be based on a different strength earthquake.

Tremendous misunderstanding exists over how earthquake risks are evaluated for insurance underwriting purposes, said Mr. Steinbrugge. Insurers primarily consider type of structure, soil conditions and geographic location, he said.

Prepare for some losses when going self-insured

LOS ANGELES—Top management must be primed for the possibility of some bad loss years as well as higher administrative costs before the risk manager proposes self-insurance.

A good feasibility study also should determine how much the organization can afford to lose without jeopardizing its financial stability, Stanton Parker, risk manager at Loma Linda University told a CPCU All Industry Day seminar here.

To monitor the continuing performance of a self-insurance program, Mr. Parker urged frequent audits. He obtains an annual outside review of workers compensation claims valued at more than

\$10,000, he said.

Last year he invited Bob Beth, risk manager at Stanford University, and Alex Ratka, risk manager of the University of Southern California, to audit his self-insured, self-administered workers compensation program.

The self-administration costs at Loma Linda University run about \$100,000, approximately 10% of losses. Mr. Parker estimates the expense loading on an insurance policy paying \$1 million in annual losses would be nearly \$500,000—50% of losses.

When considering the premium savings from self-insurance, organizations must calculate the additional costs of insurance ser-

vices, such as loss analysis and claims administration, included in the tab for conventional insurance.

On the credit side of the balance sheet, organizations sometimes fail to reckon the additional income they may earn on investments in a self-funded program. This earning power is particularly significant in today's economy.

Although self-insurance may offer substantial cost benefits to some organizations, it is clearly not for everyone, Mr. Parker said. He suggested that a good self-insurance feasibility study ask these questions:

- Is the maximum probable loss low?
- What is the chance of a catastrophic loss?
- Is the risk highly predictable?
- What reserves will be needed?
- How much cash is available to fund losses?
- Where will outside services for claims administration, loss prevention and other risk management functions be obtained and what will they cost?
- Is excess insurance available at reasonable cost that will mesh with the program's planned retention level? Some insurers may not write low enough limits.
- How will reserves be handled for tax purposes? Premiums are tax deductible, but self-insured reserves may not be.
- What is management's attitude toward risk? Is it willing to accept some bad years and additional administrative costs? ■

Ill. exchange to be discussed

CHICAGO—The Society of CPCU will discuss the Illinois Insurance Exchange at its 1980 seminar and conference luncheon here Nov. 20. The program is open to all.

Speakers will include Harold E. Bliss, senior vp of Wausau Insurance Cos., and a panel moderated by James M. Skelton, interim executive director of the exchange.

Panel members will be Louis W. Biegler, president of L.W. Biegler Inc. and member of the interim board of the exchange; Richard E. Friedman, partner at Epton, Mullen, Segal & Druth Ltd.; Don W. Montgomery, president of Celina Financial Group and chairman of the interim board, and Rufus J. Williams III, vp/casualty manager at Johnson & Higgins.

The seminar runs from 8:30 to 11:30 a.m. with luncheon and degree conferment at 12:15 p.m. The cost is \$20. Contact Andrew Harding at Marsh & McLennan in Chicago. ■

If this is your definition of corporate risk plans,
we've got a lot more to show you

the risk/
risk/n
on of corpo-
ntial adverse
azardous risk
nce compa-
to broker

We're the Insurance Division of the Armco Insurance Group.

We know that an effective corporate risk program has to offer more than just an ability to protect assets. It takes a commitment to provide a stable market not only this year, but the next year, too . . . and the year after.

It takes corporate risk professionals capable of providing sensitive, sensible handling of primary insurance programs involving Worker's Comp. General Liability and Automotive Liability.

Our corporate risk department is located in Dallas, home office for the Insurance Division of the Armco Insurance Group.

We offer you a stable market, where corporate risk plans are defined by your special needs. For a copy of our capabilities brochure, write or call: Armco Insurance Group, Insurance Division, Marketing Dept. BF-110, 1221 River Bend Drive, Dallas, Texas 75247. 214/689-8114.



ARMCO
INSURANCE
GROUP

28%
SAVINGS\$
IN
HOSPITAL
BED DAYS

Health Insurance with lower rates and higher benefits through prior authorization. Groups of 25 or more.

HEALTH MAINTENANCE LIFE INSURANCE
COMPANY **HAL**

(714) 963-3305 • (213) 592-4427
(801) 364-3499 • (714) 265-7117
(408) 996-9184

comings & goings: buyers

Tyrrell leaves El Paso to chart Cayman service

HOWARD TYRRELL, 45, is the new vp of risk management at Charter Oil Co. in Houston. He had been director of risk management at El Paso Co. in Houston for the past three years before joining Charter in mid-September. He is responsible for insurance and risk management concerns at Charter, including the captive management operation Cayman Underwriters Service in the Cayman Islands. Mr.

Service in the Cayman Islands. Mr. Tyrrell is a graduate of the New York State Maritime Academy. He has 12 years of underwriting experience including positions with American International Group's marine operations and Allstate Insurance Co.'s commercial underwriting business. He has held positions in the risk management departments of Gulf Oil and Signal Oil & Gas Co. (now Amninoil). He also has been director of risk management for Koch Industries and Belcher Oil Cos. El Paso Co. has not yet named a new director of risk management to replace Mr. Tyrrell.

* * *

Hazeltine Corp. in Greenlawn, N.Y., has named **Isaac Proser** to the newly created position of risk manager. Mr. Proser, who reports to treasurer Edward Reynolds, previously was insurance manager for Faberge Inc. in New York for five years. **Joseph Talazzolo** had replaced him there, as reported. Mr. Proser has a bachelor of science degree in math from Long Island University and is a licensed broker.

* * *

Dayton Hudson Corp. in Minneapolis has named **David J. Hennes**, 27, assistant manager of insurance to replace **William H. Frawley**, who joined Anderson Trucking Service Inc. in St. Cloud as risk manager. Mr. Hennes, who reports to William G. Cain, director of insurance and risk management, previously was a claims administrator for 3M Co. in St. Paul. He has a bachelor of arts degree from the University of Minnesota and a master's in business administration from the College of St. Thomas in St. Paul. In his newly created position, Mr. Frawley will report to company president Harold Anderson. Mr. Frawley has a bachelor of science degree from the University of Wisconsin at Eau Claire.

* * *

Robert Blanda, 31, has been named manager of corporate insurance at ITT Continental Banking Co. in Rye, N.Y., to replace **Fred Oakley**, who retired. Mr. Blanda previously was supervisor of casualty claims at International Paper Co. in New York, where a replacement has not been named. He has a bachelor's degree from Queens College. Mr. Blanda reports to James Houston, vp of industrial relations and comptroller Stanley Wojteczko.

* * *

Raybestos-Manhattan Inc. has named **Donald E. Brodasky** to the newly created position of director of risk management. Mr. Brodasky, who reports to vp and chief financial officer Frederick F. Schauder, previously was corporate risk manager for Publicker Industries Inc. in Greenwich, Conn. He has a bachelor of science degree from the University of Connecticut and is working toward an ARM designation.

•

We'd like to report on staff changes in your risk management or employee benefits department. Just drop a note to Mary Ann Matlock, Business Insurance, 708 Third Ave., N.Y., N.Y. 10017 or call 212-986-5050. We'd also like to receive pictures of the people.

INSURANCE *ACHIEVEMENT*

CPCU HOME STUDY COURSES!

Study at your own pace with our special CPCU study outline, reinforcement flash cards, daily review schedule, review cassette *plus* sample exams you take and return to us for grading.

CPCU Home Study ... Efficient! Time saving!!

CALL TOLL FREE 800-535-3042

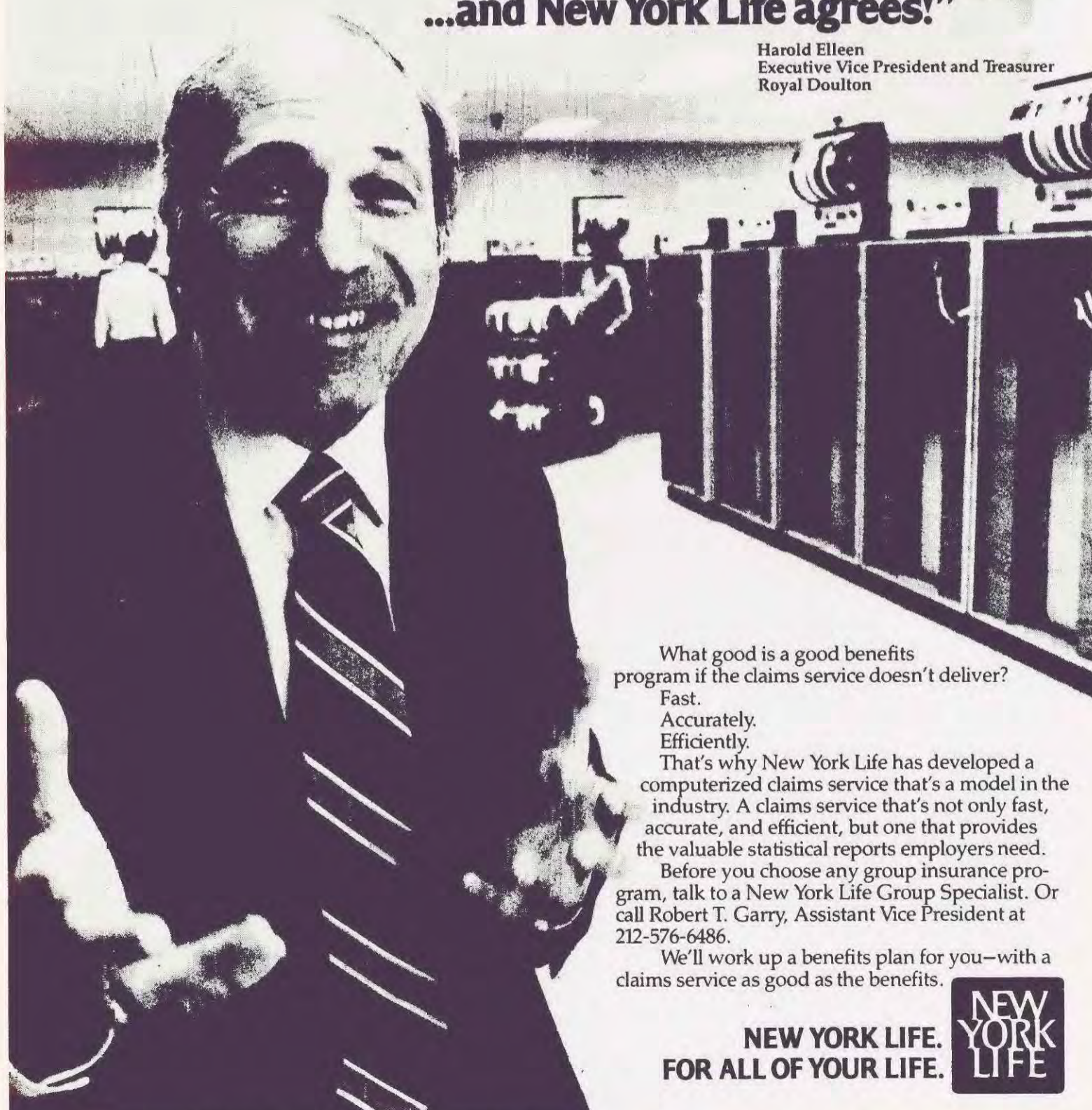
- CPCU Seminars CPCU Home Study Courses
 CLU Seminars CLU Home Study Courses Free CPCU Starter Kit
- Name _____
 Mailing Address _____
 City _____ State _____ Zip _____
 Telephone: Home _____ Office _____
 Insurance Company _____

Mail To:

348 LEWARD DRIVE, BATON ROUGE, LOUISIANA 70808

"We have this funny idea that claims service ought to be as good as the benefits plan itself...and New York Life agrees!"

Harold Elleen
 Executive Vice President and Treasurer
 Royal Doulton



What good is a good benefits program if the claims service doesn't deliver?

Fast.
 Accurately.
 Efficiently.

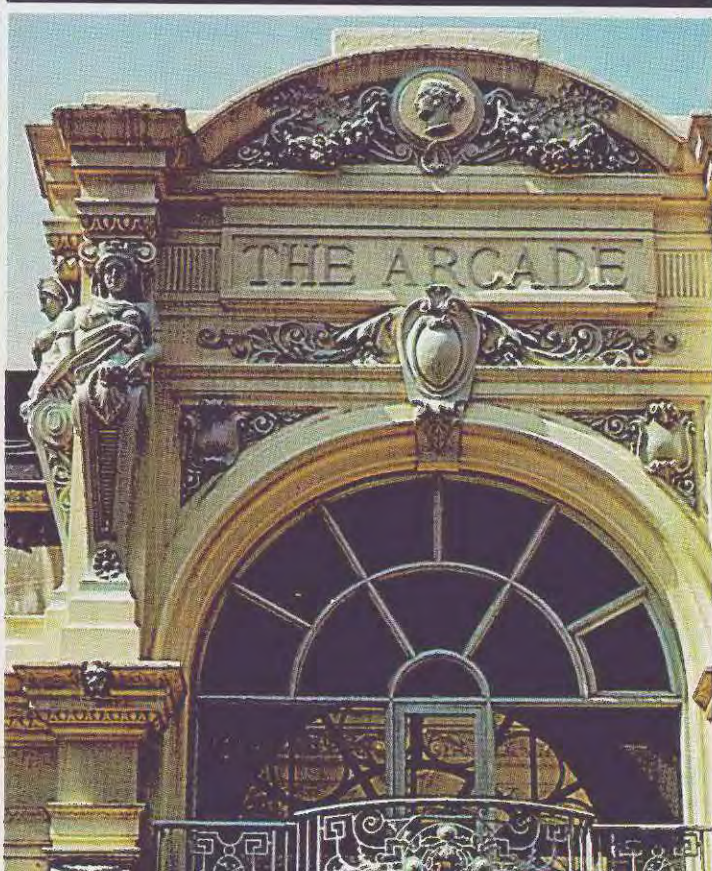
That's why New York Life has developed a computerized claims service that's a model in the industry. A claims service that's not only fast, accurate, and efficient, but one that provides the valuable statistical reports employers need.

Before you choose any group insurance program, talk to a New York Life Group Specialist. Or call Robert T. Garry, Assistant Vice President at 212-576-6486.

We'll work up a benefits plan for you—with a claims service as good as the benefits.

**NEW YORK LIFE.
 FOR ALL OF YOUR LIFE.**





What J&H doesn't know about London, Willis Faber does.

J&H serves more leading multinationals than any other insurance broker. One of the key reasons is our unparalleled record of international cooperation with Willis Faber & Dumas.

While other American brokers still seek a stable relationship in the vital London market, we are entering our 88th year of exclusive association with this esteemed British broker.

The strength of Willis Faber is just one example of the resources J&H can call upon to uncomplicate the

most complex international risk management problems.

In addition to having more of our own people overseas than any other broker, J&H can add the global strength of our 71-office network of exclusive broker correspondents.

Now you know why 30 of the top 100 companies have J&H as their principal international broker. And another 15 have us on the team. And why J&H serves nearly 30 percent of the rest of the Fortune 500.

The way J&H works makes a world of difference.

Johnson & Higgins

The private insurance broker. We answer only to you.

RISK AND INSURANCE MANAGEMENT SERVICES. EMPLOYEE BENEFIT AND ACTUARIAL CONSULTING THROUGHOUT THE WORLD

The Employee Benefit Communications Handbook **New!**

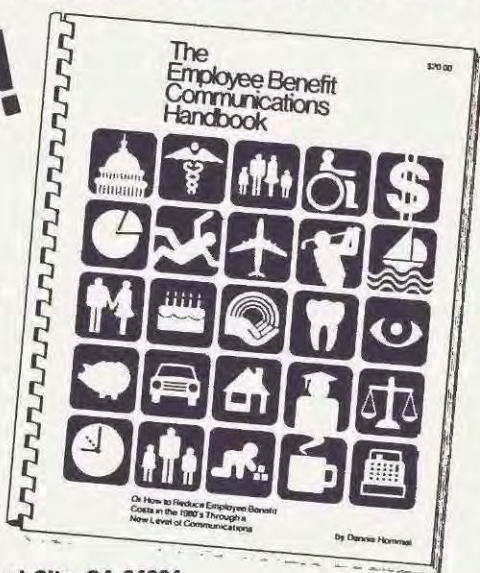
At last, here is an informative handbook for making benefit communications more effective! Successful step-by-step techniques are revealed to increase employee interest, understanding, appreciation and prudent use of benefits.

Written by award-winning creative director Dennis Hommel, this concise manual tells how to evaluate available media, select a communications consultant, plan an effective creative strategy, determine true costs and execute messages dynamically!

It also gives tips on how to gain management approval for an ongoing communications budget, and much more.

Truly a valuable guide for any Benefit Manager. \$20.00, P&H and sales tax included. 30 day money back guarantee. D&B rated firms may send P.O., others must include payment. No CODs.

UPG Publications Division, Dept. B12, Box 700, Redwood City, CA 94064.



markets

General liability insurer enters N.Y. marketplace

A NEW GENERAL liability underwriter has entered the New York insurance market.

North Sea Insurance Co. is writing general liability; owners, landlords and tenants, and manufacturers and contractors policies for standard small to medium-sized risks, using Insurance Services Office advisory rates.

The company is licensed only in New York and is a fully owned

subsidiary of North Sea Holdings Inc., a Delaware corporation.

North Sea, a stock company, will write business directly for New York State licensed brokers and will not use general agents at this time, said vp Thomas M. Mannion Jr. Accounts may be opened without any requirements of minimum volume or supporting business.

North Sea is at 33 W. Hawthorne Ave., Valley Stream, N.Y. 11580.

Life products

LifeAmerica in Parsippany, N.J., has formed a new subsidiary, Chubb/Colonial Life Insurance Co. of America.

The company, which will include group life among its products, is a Delaware corporation and is admitted in Delaware and Colorado. It plans to be active in 49 states, the District of Columbia and Puerto Rico by 1984.

AFIA in Malaysia

AFIA Worldwide Insurance has formed a new affiliate in partnership with extensive Malaysian business interests. The American Malaysian Insurance SDN BHD is operating at AFIA offices in Kuala Lumpur and offers all non-life lines of insurance.

Through the new company, AFIA expects to increase its penetration of Malaysian markets and its acceptance by the Indo-Asian business community.

The Fleet Group, a Malaysian corporation, holds 51% of the stock of American Malaysian, with the remaining 49% held by AFIA.

AFIA has had Malaysian operations since the 1920s and opened a full branch office under the registration of the American Insurance Co. in 1961. It now has nine additional branch offices.

Purchase canceled

HOUSTON—The Wetzel Co. here has canceled its plans to purchase Cayman Underwriters Services, a captive management firm owned by Charter Oil Co.

The Cayman Islands management firm is in corporate limbo because of a management change at Charter, says Wetzel president Frank Wetzel. Charter's own captive insurer, managed by Cayman Underwriters, also may be affected.

"Charter is either going to reorganize or wind things up completely offshore," Mr. Wetzel said. "Since Charter was going to alter its original terms, we agreed to break it off."

Charter Oil, however, "doesn't seem to want to be in the third-party underwriting business," Mr. Wetzel said, "but the firm has a lot going on right now, so this issue just doesn't get much attention."

Howard Tyrrell, Charter's new vp of risk management, had no comment on Cayman Underwriters or the Charter Oil captive.

New offices

Creative Risk Management Corp. has moved to 34820 Harper, Mount Clemens, Mich.; 313-792-6355.

J.D. Tuley & Associates Inc. has relocated to 955 Dairy Ashford, Suite 226, P.O. Box 79781, Houston, Tex. 77079; 713-870-1070.

WIN FAME & FORTUNE IN THE CMI MARKET TURN AROUND CONTEST!

(A brighter look at our industry's obsession)

CMI, of course, knows the precise date this market is going to turn around. As specialty risk brokers and underwriters, it's our business to know and flow with the cycles. And we have the substance, structure and stability to continue to operate efficiently and effectively under all market conditions.

But rather than revealing the date now, we'd like to see how creatively prophetic you are. Tell us when you think the market will turn around. More importantly, tell us what will be the standard by which everyone else will know it has turned around. (This can be anything from the prime rate hitting 4% to a plague of locusts hitting London.)

Entries will be judged on the basis of creativity, imagination and a touch of whim.

So check the rules and prizes. Then enter and win Fame and Fortune!

GRAND PRIZE

FAME: You will receive a handsome engraved plaque officially naming the Market Turn Around Indicator after you. Because we expect it to take its place alongside other famous business and economic barometers (like freight car loadings and housing starts), the plaque will include an actual working barometer.

AND FORTUNE: You will also receive a two-year subscription to Fortune!

100 CONSOLATION PRIZES

We will send you a permanent unit which displays the actual, precise date upon which the market will turn around along with a great many others...including the dates of future cyclical changes.

OFFICIAL RULES

- Everyone is eligible to enter except employees of CMI and their immediate families.
- Entries will be judged on the basis of creativity, imagination and relevance to the insurance industry.
- Decisions of the judges will be final.
- All entries will become the property of CMI.
- You may enter as often as you like, but all entries must be received in our offices by January 31, 1981.
- Mail entries on your company letterhead to: CMI Market Turn Around Contest, 160 Water Street, New York, N.Y. 10038.

Note: Items pictured above are not prizes in this contest. They were included to get your attention. And they did.



CAPACITY MANAGERS INTERNATIONAL, INC.
160 Water Street, New York, N.Y. 10038 (212) 344-5300
New York • Chicago • Los Angeles



Meet some of Connecticut General's heroes —group insurance claims managers and their spouses. These managers are highly skilled professionals who work hard to make sure claims are paid promptly, fairly and courteously.

The way they excel in coming through for you and your clients is one reason for Connecticut General's substantial growth in group insurance. They're also an important reason for the long-term relationships we enjoy with customers from coast to coast.



CONNECTICUT GENERAL INSURANCE CORPORATION, HARTFORD

COMING THROUGH FOR YOU. THAT'S WHAT CG PEOPLE DO.

Countering Political



To meet a growing need for protection against losses due to unexpected acts of foreign governments, multinational companies headquartered both in the United States and abroad are turning increasingly to political risk insurance.

A brief review by INA of an insurance topic of interest to business executives.

In recent years, assets of multinational companies have been effectively seized by at least 25 countries—either through nationalization, expropriation or some form of contract repudiation. Most of these countries are in the areas having the greatest potential for foreign investment. The temptation to resort to such seizures may well grow where nationalism and national rivalries intensify and as less-developed countries pile up a heavy burden of foreign debt.

Moreover, changes in governments through violent upheavals have become a feature of the mod-

ern world. One result is that multinational companies have become increasingly sensitive to the political dangers in foreign investment and trade (U.S. overseas investments alone are now estimated at more than \$200 billion).

Political risk has been defined as the uncertainty stemming from unexpected acts of a government or government entities—acts sometimes arbitrary and discriminatory in nature—which could result in substantial financial loss to a foreign-owned business with assets in the country.

Whether the government is

recognized (*de jure*) or has seized power (*de facto*), there is usually no meaningful recourse against such acts through international law or otherwise. But steps can be taken to reduce the probability of loss.

Sharing the risks

One such precaution is sharing ownership in a foreign investment with local interests, since those interests would also be adversely affected by a government takeover. Or a firm may diversify so as not to be totally dependent on production in a given nation—for example, by maintaining facilities in other countries capable of substituting for a threatened plant. But many have turned to political risk insurance as the surest protection.

The most drastic form of political risk is outright expropriation, whereby a host country deprives a foreign company of its assets and rights of ownership. These assets can be both fixed, such as a factory, and mobile, such as earth-moving equipment intended for re-export after completion of a project. They

Risk Worldwide

can also be financial, such as funds in a foreign bank account.

Although expropriation may be accomplished overnight, what is known as "creeping expropriation" is becoming more prevalent. This involves a series of measures, such as escalating taxation, aimed at making ownership progressively more unrewarding until the owner has been divested of all benefits and is ready to abandon the property. A similar technique is sometimes applied to contracts for services provided by a foreign company, in which the terms and conditions are unilaterally changed to the detriment of the company.

Missing imports

Political maneuvers can also result in non-shipment of imports and exports previously contracted for. A U.S. manufacturer, for example, may be unable to fulfill prior domestic commitments when a country of export revokes the export license for a shipment of raw materials, or when such a shipment is confiscated by a government agency. As a result, the manufac-

turer incurs both pre-shipment and post-shipment losses.

Inconvertibility of currency is another risk. The host country may prevent the transfer of funds from the local currency into the company's national currency. And companies required to post an on-demand bond or letter of credit as a condition for doing business in a foreign country may find that the host government has decided to call the full amount, without recourse, for political reasons.

An ear to the ground

Clearly, the risk of such measures being put into effect varies greatly, not only from country to country, but from one time period to another, so that accurate current assessments of conditions in the world's nations can be important to businesses with interests abroad. Where risk levels appear either unacceptably high or undeterminable, some form of political risk insurance may be the answer.

Self-insurance, either self-funded or channelled through a captive, may be feasible, especially

where risks are low. Insurance provided by home governments of multinationals, such as that available through OPIC (the Overseas Private Investment Corporation, a U.S. agency) is frequently used by multinational investors.

Private insurers include INA, which will consider submissions for a wide variety of political risk exposures for any company in the world which does business in another nation. The services provided by INA are supported by its presence worldwide.

Recognizing and meeting complex needs, such as those of business for political risk insurance, typifies INA's comprehensive approach to increasingly sophisticated insurance and risk management problems.

Comprehensive services

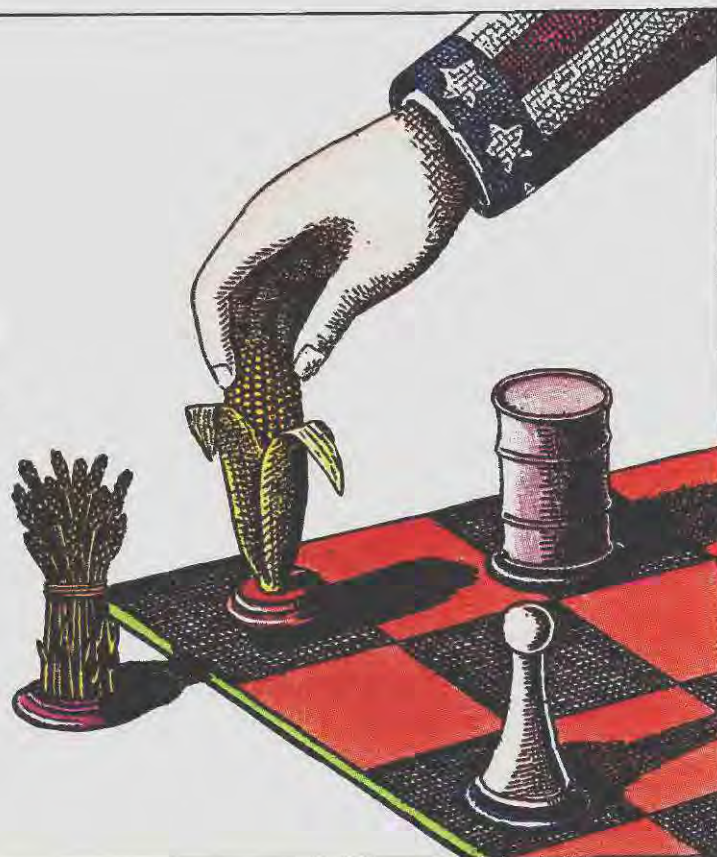
The Insurance Company of North America was founded in 1792 in Independence Hall, Philadelphia. Today it is the largest component of INA Corporation's international network of insurance, financial, and health care interests. In property and casualty insurance and risk management services, life and group insurance, health care management and financial services, INA and its affiliated companies offer a unique combination of products and services to business and industry around the world.

For an informative booklet on current trends in political risk insurance, write INA, 1608 Arch Street, Philadelphia, PA 19101.

Political risk from Uncle Sam?

Not all political risk originates overseas. Occasionally an act of a company's own government, such as an embargo of grain shipments abroad, can result in losses to a business.

INA, which offers political risk insurance, recognizes this kind of event as a legitimate political risk exposure for which coverage may be provided under the right circumstances.



INA
The Professionals

Municipal Liability Insurance.

- Public Officials Errors & Omissions
- Police Professional Liability
- Comprehensive Liability Coverage
- Admitted Insuror
- Limits to \$100,000,000
- Federal Law 1983 Coverage

Please have your broker call today:



Bayly, Martin & Fay/San Antonio
 P.O. Box 17800, San Antonio, Texas 78217
 1-800-531-7205 • 1-800-531-7224 • 1-800-292-5721 (Texas only)

Brokerage turns bullish on ride

ONE ARIZONA surplus lines broker and managing general agency has decided to ride out the risk of insuring America's latest entertainment fad: the mechanical bull. Managing General Agency SKANKO International Ltd. says it has designed a liability program that protects an operator's assets.

SKANKO can provide a policy for any coverage amount, but is aiming for limits of \$100,000 to \$5 million.

Coverage will be offered at a flat rate, starting at \$2,500 per bull. It will depend on the device's condition, location, etc. Phoenix-based Paxton National and Admiral Insurance Co. are underwriters.

SKANKO was founded to pro-

products & services

vide protection for unusual risks, explained Curtis Anderson, senior vp. Coverage on the mechanical bull fits this description, he said.

For more information, contact Curtis Anderson, SKANKO International Ltd., 8075 Morgan Trail, Suite 4, Scottsdale, Ariz. 85258; 602-998-2000.

Installment plan

The Maryland Casualty Co.'s commercial installment plan offers commercial accounts the opportunity to divide their premium into five or six payments.

The program calls for an initial minimum payment of 25%, which is submitted with the policy application, followed by a graduated payment schedule. The program includes one-year, three-year pre-paid and three-year annual installment policies. There is a maximum 8% billing charge.

The plan was introduced in July and August to Maryland's agents in Pennsylvania and Georgia. More than 3,000 policies have qualified for the program, which is now operating nationwide.

For more information, contact Kathy Thomas, Maryland Casualty Co., Baltimore, Md. 21203; 301-366-1000, ext. 2127.

Special wrench

Sparks generated by accidentally dropping a wrench or tool have caused fires and explosions, especially in receiving areas or drum rooms where flammable liquids are handled.

To help alleviate the problem, the Protectoseal Co. of Bensenville, Ill., has introduced non-sparking wrenches.

The wrenches were made for use with Protectoseal No. 545A Vicous Drum Valve. They permit workers to safely and easily remove the bung fittings used in shipping drums of flammable solvents and to replace them with the appropriate safety self-closing faucets or drum vents.

For further information, contact the Protectoseal Co., 225 W. Foster Ave., Bensenville, Ill. 60106; 312-595-0800.

Health magazine

"Good health information should not be limited to the executive suite," said publisher Bernard Berkin, whose new monthly magazine Current Health and Fitness began publishing last month. The periodical, which is targeted to employees and their families, will be available exclusively through the workplace on a subscription-only basis.

Yearly subscription prices range from \$3.50 to \$7.95 per employee, depending on the number of copies ordered.

Every issue will include a major health cover story and monthly columns on sports and recreation, nutrition, psychology, health concerns, exercise and fitness, disease, safety and reader questions and answers.

A free 12-page prospectus on the magazine is available, as well as a limited number of multiple copies for employee review. Contact Gary W. Ford, Curriculum Innovations marketing director, 3500 Western Avenue, Highland Park, Ill. 60035; 800-323-5471.



MARKEL: THE INSURANCE MARKET FOR TRUCKING SINCE COFFEE WAS A NICKEL AND A RIG COST \$1,000.

Back in 1930, the trucking industry was starting to move. Ribbons of interstate highways were beginning to make new transportation patterns for Americans. And Markel was a new business—a specialty insurer for an adolescent industry. It was the beginning of Markelability.*

In the fifty years since Markel wrote its first trucking risk, technology has completely overhauled the American trucking industry. And Markel has been a vital part of that development, innovating to meet the ever changing specialty insurance needs of the American motor carrier.

Like the trucking industry, Markel has changed and grown dramatically in half a century. Yet, with all the changes, Markel has been the only stable, consistent market responsive to the needs of the trucking industry for all those years.

Because we've been in trucking over the long haul, we provide unmatched expertise for handling transportation risks and finding insurance that gives maximum coverage for each dollar spent, whether it's self insurance, guaranteed cost or retrospective rating.

For trucking coverage—liability, physical damage and cargo—for all specialty insurance risks—profit from 50 years of Markelability*.

*Markelability: The unusually fast, creative, competitive service Markel provides in Excess & Surplus, Marine, Aviation, Trucking and all Specialty Insurance lines.

PROFIT FROM 50 YEARS OF MARKELABILITY.
MARKEL SERVICE, INC. 1930 1980

Markel Service, Inc., 5310 Markel Road, Richmond, Virginia 23230. Telephone (804) 282-5423. Telex: 82-7455
 WATS line to Richmond: 800-446-6671. Offices in Atlanta, Boston, Calgary, Chicago, Dallas, Montreal, San Francisco, Tampa, Toronto.

GLOBAL PROTEC- TION.

There's a new brand of international conquest spreading out there. It isn't called war. It's called investment. Dollars, francs, yen, and rial are changing hands to the tune of hundreds of billions a year. And more and more, American businesspeople are finding it's a whole new ball game.

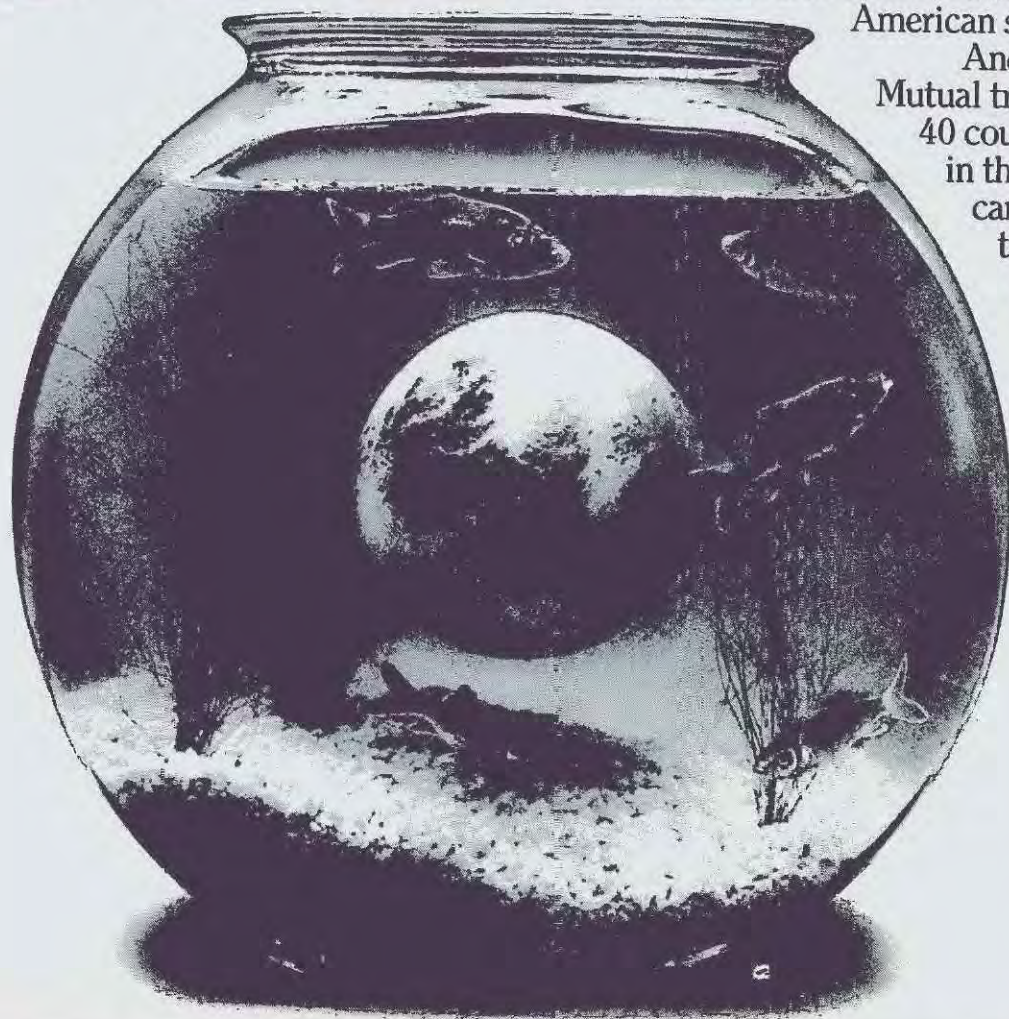
It's not just language or legal differences that are problematic. It's the differences in insurance standards between operations at home and abroad.

As one of America's largest loss prevention insurers, Arkwright-Boston combats this problem with a combination of native intelligence and Yankee ingenuity.

Our overseas accounts are handled by nationals. Insurance professionals who know the ins and outs of coverage in their countries. But who are trained by us to write policies to American standards.

And that's not all. Our Factory Mutual trained engineers operate in over 40 countries worldwide. So facilities in the most out-of-the-way places can have the most up-to-date protection. At Arkwright-Boston, we not only think you can have the best of both worlds, we think you should.

Arkwright-Boston. We do it better, because we do it right.



**ARKWRIGHT-
BOSTON
INSURANCE**



**A MOST UNUSUAL
INSURANCE
COMPANY**



© 1980 Lumbermens Mutual Casualty Company

Don't take risks without us.

Our experience in facilitating self-insurance can make life easier for the Corporate Risk Manager. You're self-insuring to save money. Now let Kemper help you put your program in place. We can save you time and mistakes as well as money. Our experience in supporting captive programs can make it a viable alternative for your company. You'll have the advantage

of our extensive knowledge in such areas as Worker's Compensation and property and liability insurance. Through our engineering facilities, we'll help you develop a comprehensive safety program. We're flexible enough to tailor a claim service that will fit your specific needs. Even more important we'll show you how to avoid costly trading of loss and expense dollars. When you deal with Kemper, you can be assured of getting the same high level of service that all our

accounts receive. For the help your company needs to protect itself, you can count on the Cavalry. To learn more about what we can do for you, contact your nearby Kemper agent or broker.



If it's worth insuring, it's worth Kemper.

perspective

Safety field in transition

More clout necessary for action

By Donald J. Eckenfelder

THE ISSUES a safety director in 1980 should be concerned about are not that different from those faced by people in such related specialties as insurance management, industrial hygiene, fire protection, occupational medicine or environmental affairs.

Their functions in these changing times are a concern to all practitioners. A good example of that concern was seen in the cover story of *BI*'s Sept. 15 issue that reported that risk executives report little clout. The survey revealed that more than 50% of those responding indicated no major influence in top management policymaking. I suspect a similar survey conducted among safety engineers would reveal similar if not more disquieting results.

Ironically, a number of major issues seem to contrast with the influence these specialties usually have:

- Workers compensation as well as product and general liability costs are escalating faster than our cost of living.

- The face of OSHA is changing, with an increasing focus on health and performance standards. On the surface, the shift in OSHA emphasis appears good, but it has blurred priorities in areas that, although complex and provocative, have fewer adverse effects than such maladies as traumatic injury or physical stress.

- There is a clear trend, particularly among larger organizations, toward assuming more risk, higher deductibles, captive insurers and self-insurance.

- Throughout our society there is an emphasis on professionalism, and professional liability is becoming a concern to almost everyone.

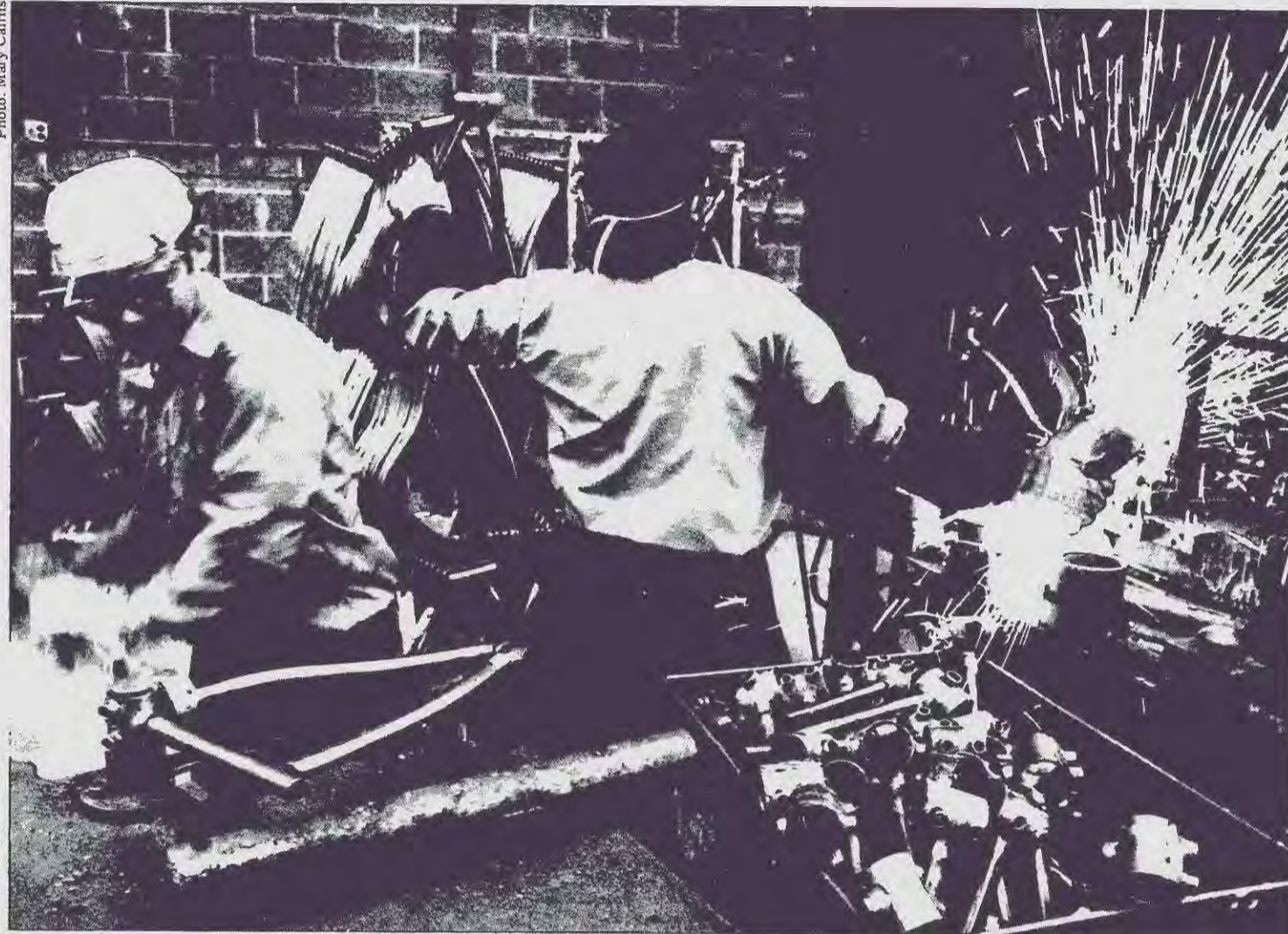
Insurance trends, liability, OSHA, costs and misplaced trust are all facts of which those in the field are well aware. Some may not have them in proper perspective or are not visionary enough to have sorted out the implications. Let's focus on what is probably a more important factor in preventing losses.

A look at the organizations that concern themselves with reducing losses or conserving resources finds more top jobs being created at an increasing

Continued on next page



Donald J. Eckenfelder is manager of loss prevention for Chesebrough-Ponds Inc. in Greenwich, Conn.



Managers should develop a systematic approach to quantify hazards in a workplace.

Workplace safety record rests on managers' own vigilance

By Z'ev Kronish

Industrial Accident Prevention: A Safety Management Approach

By H.W. Heinrich, Dan Petersen and Nestor Roos

McGraw-Hill, 1221 Ave. of the Americas, New York, N.Y. 10020
468 pp., \$23.95

DAN PETERSEN is no stranger to *Business Insurance* readers ("Safety by objectives," *BI*, April 30, 1979, and "Techniques of safety management," *BI*, Dec. 10, 1979). This volume is still another effort to promote safety as a humane act and sound management practice.

The authors strive to penetrate the vicious spiral of industrial accidents. Since safety doesn't exist in a vacuum, they have tried to relate the basic safety issues to the realm of law, insurance and risk.

In spite of this effort, "Industrial Accident Prevention" is further proof of the gap between single-issue advocacy and corporate reality.

Safety achievement as presented is

books & ideas

an exercise in vigilance and control. The underlying assumption is always that, like motherhood, safety is hardly a matter of controversy.

What price prevention? This issue is disregarded. And yet it is a fundamental question for all engaged in the study of the impact of risk.

Corporate management often acts on the belief that a zero-risk goal in accident prevention is a dubious undertaking, despite its lofty idealism.

Balancing cost and exposure is a major challenge for management on any level. Unless this lesson sinks in, those who espouse loss control will find themselves increasingly isolated from the mainstream of business planning.

As "Industrial Accident Prevention" sees it, the risk manager's specialty is in funding for loss, the safety manager's function in reducing and controlling losses.

Looking at the makeup of the two professionals, the authors carefully qualify their common ground and distinctions. After a fair amount of hedging, they conclude the risk department

should encompass the safety function. It wouldn't be logical for it to be the other way around.

An injury is seldom an isolated occurrence. Similar accidents involving the same person have preceded it, usually without injury.

Unfortunately, accidents that don't imperil go unheeded. The authors suggest it would be highly useful to look at accidents even when they don't disable because ultimately the bell will toll for someone.

Is frequency a clue to severity? The link might be exaggerated. "Perhaps circumstances which produce the severe accident are different from those that produce the minor accident," the authors write.

They cite the major hidden costs of accidents such as lost time for curious onlookers, reports and hearings, production delays and idle machinery.

Since safety is in the employee's self-interest, you wouldn't think it necessary to coddle the worker. Yet, safety psychology holds a prominent place in the overall strategy. The authors lean on the behaviorists who contribute their insights into loyalty and rivalry. ■

perspective

Disability upswing

Effective management helps prevent abuse

By Richard A. Lewis and Steven N. Schrenzel

AS THE ECONOMY continues to soften and unemployment grows, many concerned employee benefit managers are beginning to notice an increased utilization of disability plans.

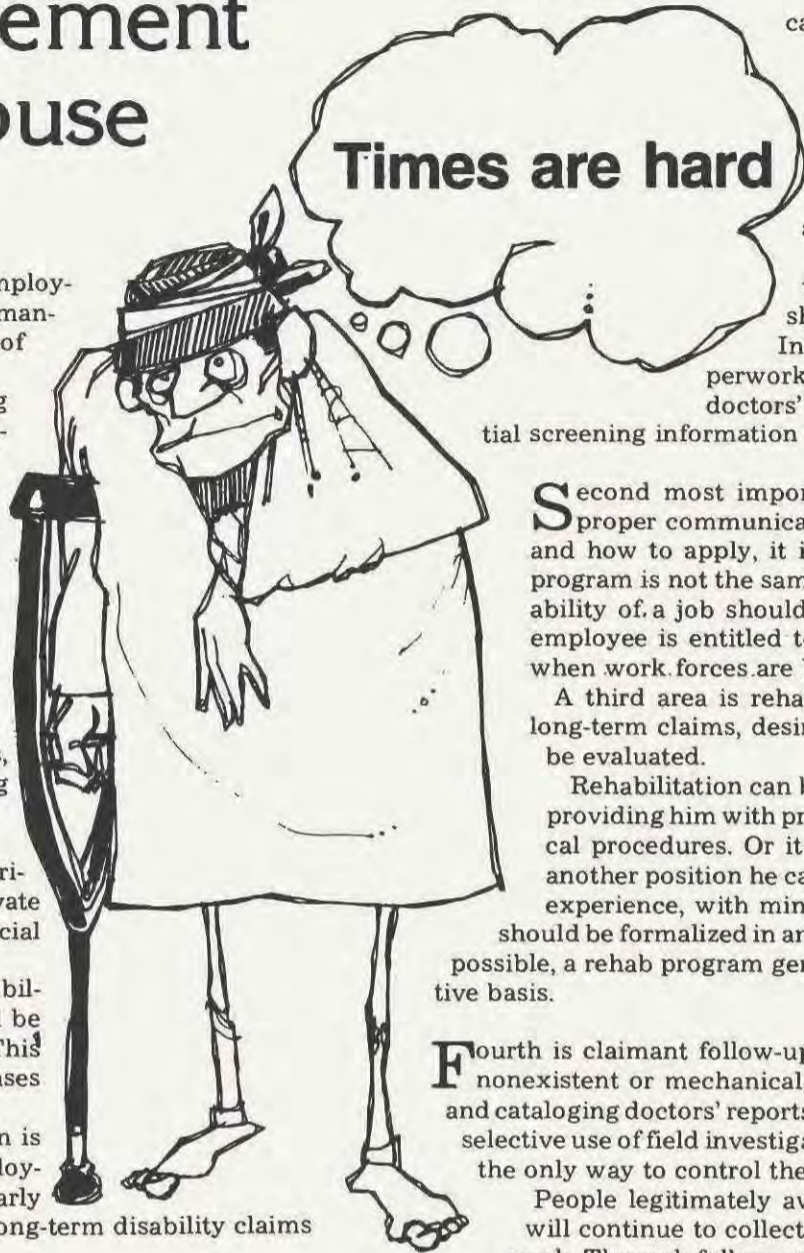
This manifests itself in two ways: First, an increasing incidence of disability claims with more employees applying for benefits, and second, longer durations of existing claims, with employees more reluctant to return to work. Experience in other economic downturns has indicated we should be extremely watchful for these trends to appear in the current down business cycle.

Combined with the present economic climate, Social Security Administration studies indicate four to six times the number of persons receiving benefits are actively employed with impairments sufficient to entitle them to benefits should they apply. In other words, there are also a substantial number of workers "waiting to become disabled."

With more liberal definitions generally used in private industry, it is obvious the problem for private employers and insurers is at least as great as for Social Security.

The fact is that among those currently collecting disability benefits, there are a substantial number who will be reluctant to return to work for fear of job security. This makes the potential for explosive disability cost increases a clearly present danger.

The first element of effective claims administration is early information and the time to develop it. Most employers have a short-term disability benefit program. An early warning system that will provide a look at possible long-term disability claims



can be implemented in conjunction with such plans. This allows for evaluation of alternative employment.

The time thresholds used to trigger early warning will vary from employer to employer and may vary based on different occupational classes within a group. In addition to providing an early look at potential long-term claims, a sophisticated system also can provide a method of identifying short-term plan abuse.

In order to avoid tremendous amounts of paperwork, existing forms and documents, such as doctors' reports or hospital records, can provide initial screening information on disability claims.

Second most important in disability benefit management is proper communication. In addition to describing the benefits and how to apply, it is important employees realize a disability program is not the same as an unemployment program. The availability of a job should have little to do with whether or not the employee is entitled to collect benefits. This is particularly true when work forces are being reduced.

A third area is rehabilitation. With early warning of potential long-term claims, desirability and feasibility of rehabilitation can be evaluated.

Rehabilitation can be as extensive as retraining an employee or providing him with prosthesis, special equipment or special medical procedures. Or it can be as simple as finding an employee another position he can perform based on education, training and experience, with minimal retraining. Although policy provision should be formalized in an effort to make rehabilitation as attractive as possible, a rehab program generally can be introduced on an administrative basis.

Fourth is claimant follow-up. In many LTD plans, follow-up is either nonexistent or mechanical, simply a repetitious process of receiving and cataloging doctors' reports. A more aggressive follow-up involving the selective use of field investigation and independent medical evaluation is the only way to control the duration of disability.

People legitimately awarded disability benefits in certain cases will continue to collect past the points when they could return to work. Through follow-up and investigation of suspect claims, many such cases can be eliminated. This also will have a positive effect on other disability plan participants.

Follow-up should only be on an adversary basis when absolutely necessary. If used positively to reinforce concern for the disabled employee's welfare, a follow-up can be an excellent employee relations tool.

By applying effective management techniques to disability benefits, a plan administrator can reduce both the incidence and duration of disability claims, resulting in substantial cost savings. Disability is truly a controllable cost. ■



Richard A. Lewis (right) is vp and Steven N. Schrenzel (left) is principal associate of Thomas L. Jacobs & Associates, an assessment, disability and computer management firm in Chicago.



Lack of clout compounds safety woes

Continued from previous page

rate. But those jobs are being taken by people outside not only the specialty fields, but outside physical and human asset conservation, too.

The new head person often will have a financial, production or general management background. That is not necessarily bad, but it can create morale problems.

Loss-prevention efforts are further fragmented by an increase in educational specialization. We are now educating industrial hygienists and safety, fire protection and environmental engineers, to name but a few.

When it comes to individual specialties it could be argued that we are improving, but considering the broad perspective required to manage risks and prevent losses, this increased specialization is in fact breeding down the

function.

Even though they have the common purpose of preventing losses, these functions tend to report into different sectors of a company and often merge only at the office of the chairman.

The U.S. Chamber of Commerce has issued statements and analyses relating to the Occupational Safety and Health Act of 1970, results that are questionable at best. Incident frequency from 1972 to 1977 is down 14.7%, but lost workday cases, the more serious incidents, are up 15.2%. Even more alarmingly, the severity of those cases or the actual workdays lost is up a disproportionate 29.1%.

Most seasoned safety people have seen records improved when pressure to improve records was exercised. This is most often the case with frequency figures, which are relatively easy to manipulate. The tip-off that "paper

benefits" are appearing in the statistics comes when days lost per incident are going up at the same time incident rates are going down.

In many cases, loss-prevention people have failed to provide top management with a perspective on the costs of their losses. Few organizations have done a comprehensive job of assessing costs of efficiencies in environmental, security and property protection programs.

I see three solutions: First, senior management must be shown what is at stake. It can be demonstrated that the difference between a professional, coordinated and cohesive loss-prevention effort and no effort at all can result in increases of bottom-line profitability from 5% to 10%.

Second, risk management, loss-prevention and safety professionals

should stop arguing over who should do what and who should report to whom. They should emphasize the need to work together closely.

Last, a systematic approach to quantify both the frequency and severity of hazards should be developed with language understood throughout the organization.

Resources should be deployed strictly according to priority and state-of-the-art technology should be used to cope with exposures. This seems almost self-evident, but often it's a good deal harder than it appears and few organizations are doing it.

The technology must be tailored to the organization, the type of business and type of management. It must be properly communicated and put in place through good organization, strategic planning and an ongoing monitoring system. ■

growing pains



Until the individual is ready to do it, we have to be patient

By ELLIS SIMON

BINGHAMTON, N.Y.—Richard DoBell will take a chance on almost anything to reduce his company's health care costs and absenteeism. The vp of administration has the 500 employees at Stow Manufacturing Co. trying their luck, too.

Each time an employee participates in a company-sponsored health awareness program, he or she receives a raffle ticket for a trip to Bermuda.

At the company's Christmas party, the winner's name will be drawn from a crate outside Mr. DoBell's office. The trip will be Stow's way of thanking the lucky worker for taking better care of himself or herself.

Since June, Stow has introduced health awareness programs almost monthly. They include hypertension screening, company-sponsored exercise classes at the local YMCA and a health awareness series on local public television.

Last May, the company also redesigned medical benefits to emphasize outpatient treatment and cut in half the average hospital stay of Stow employees.

Stow even asked its vending machine supplier to provide more nutritious food in the company canteen.

It all shows what a medium-sized firm can do to control health care costs. For Stow, with annual sales of around \$20 million, those costs are about \$500,000 a year.

The high cost of health care hit home at Stow after a year of self-insuring medical benefits in a 501(c)(9) trust, Mr. DoBell recalls. The trust, named for a section of the Internal Revenue Service statutes, is required because employee contributions for dependent coverage are combined with employer contributions.

Mr. DoBell analyzed claims experience with three local hospitals and hit upon an idea new to the Binghamton area.

He sought to negotiate rates directly with the hospitals. He pointed out to the hospitals that he could return to Blue Cross for coverage for a 9% savings because of discounts given Blue Cross by the hospitals. This would cost the hospitals 27% in undiscounted revenues from Stow.

The strategy failed because Stow is not a large enough employer, Mr. DoBell says. However, Wilson Memorial Hospital told Mr. DoBell how Stow could reduce its costs.

A utilization study concluded Stow's medical plan encouraged use of hospitals, Mr. DoBell said.

Design changes to correct this were implemented last May. They include paying for preadmission testing on an outpatient basis, use of ambulatory surgery facilities and concurrent utilization review.

Stow started paying for procedures performed in the doctor's office that previously were covered only in the hospital, Mr. DoBell says. It emphasizes preventive care and diagnostic procedures and discourages emergency room use.

The company also established a \$50 deductible for each hospital stay, unless an employee returned to the hospital within 30 days for treatment of the same condition.

The average hospital stay of Stow employees during the first three months of the redesigned program dropped to 3.6 days from 6.5 days. The average hospital stay among all Binghamton area employees was 5.2 days, according to local Professional Standards Review Organization figures.

"We can't say yet if we have the solution, but it's an encouraging trend," Mr. DoBell said.

Concurrent utilization review also has helped Stow achieve savings. Stow is the only area business using this method to audit treatment procedure except for federal Medicare.

Stow pays the hospitals \$9 extra for this service. "If I can save a day (in the hospital) for \$9, I'll do it," Mr. DoBell said.

Continued on next page

Average injury judgment increases 46% in Illinois

CHICAGO—The average personal injury award in the 1979-80 Illinois court term was 46% more than in the previous term.

The average award was \$79,813, up from \$54,643, the Illinois Insurance Information Service said in its Illinois Jury Verdict Reports.

The increase resulted from more "blockbuster" personal injury awards, particularly in Cook County, which covers the Chicago metropolitan area.

"The list (of high awards) is staggering and all these record verdicts inflate the statewide average of the Illinois jury verdicts," the report said.

Jury awards, though, are substantially higher than settlements—the amount a plaintiff actually receives after the appeals process has been exhausted.

In 1977, the Insurance Services Office, the insurance industry's statistical and ratemaking organization, found in a national survey that the average product liability settlement was less than \$5,000 (BI, Oct. 31, 1977).

The Illinois Insurance Information Service, an association of property/casualty insurers in the state, periodically compiles jury verdicts for its members based on information provided by insurers and attorneys in Downstate Illinois and from statistics compiled by Cook County Jury Verdict Reporter.

In Downstate counties, the defense won 52% of the cases that reached final verdict. This is the same percentage as during the 1978-79 court term. The average award in the 234 cases tried was \$41,814, up from an average \$37,208 in 1978-79.

In Cook County, juries awarded in favor of plaintiffs in 49.1% of the 853 cases that reached a final verdict. In 1978-79, plaintiffs won 51.5% of the 757 personal injury cases tried.

The average Cook County award was a record \$90,008, up from \$64,423 in 1978-79, a 39.7% increase. Total awards to plaintiffs topped the \$36 million mark, substantially higher than total awards of \$26 million last year.

The average Downstate award in wrongful death verdicts, \$112,318, was more than double 1978-79's average award of \$51,817. Plaintiffs won 73% of wrongful death cases

tried, up from 55% in 1978-79.

Other findings in Cook County include:

- A total of 1,241 malpractice suits were filed during the most recent court term, up from 957 the year before.

- The average medical malpractice award climbed to \$473,711, up from \$313,000.

- The number of product liability suits filed dropped 6% to 839 cases from 892.

- Fourteen product liability suits resulted in guilty verdicts in 1979-80 with an average award of \$410,855. In 1978-79, the average product liability award in Cook County was \$257,238 in 14 guilty verdicts.

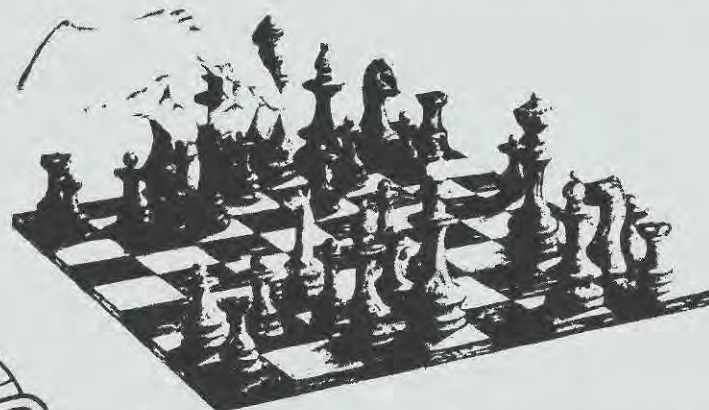
Value

let us define it

When value is worth knowing, it's worth knowing IAC.

Industrial Appraisal Company
222 Boulevard of the Allies
Pittsburgh, PA 15222
(412)-471-2566
Offices nationwide in major cities

YOUR BEST STRATEGIC MOVE...



Bayly, Martin & Fay International, Inc.

International Insurance Brokers & Risk Management Consultants

Corporate Headquarters • 3200 Wilshire Boulevard • Los Angeles, California 90010 • (213) 736-9600
© Copyright 1980

TAKE THAT EXTRA MEASURE OF PROTECTION

Subscribe to: Business Insurance

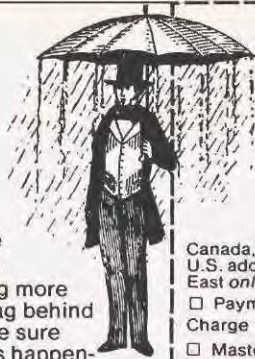
With loss prevention, risk financing and employe benefit management becoming more complex than ever, you can't afford to lag behind the "news". And the easiest way to make sure you're fully, factually informed on what's happening in the insurance marketplace is to

Read Business Insurance Every Week

It's the industry's communications leader. It goes that extra mile to make sure you understand both the issues and the answers, have vital information needed to make risk-reducing decisions, control costs, package employe benefit programs, and keep underwriting practices sound.

Use the handy coupon or the card in this issue. For faster service, call 312-649-5221. Just \$25 for 52 weekly issues.

Business Insurance
740 Rush St., Chicago, IL 60611



Fill in and mail to:
BUSINESS INSURANCE
740 Rush St., Chicago, IL 60611

Please:
 enter, renew,
 extend my subscription to Business
Insurance for:
 1 year \$25. 2 years \$48. 3 years \$70.

Canada, Pan American and all other subscribers outside the U.S. add \$10 per year for surface postage. Europe and Middle East only add \$32 year for air delivery.

Payment enclosed. Bill me. Bill company.

Charge to: Visa.

MasterCard (Interbank # _____).

Acct. # _____ Exp. Date _____

Signature _____

Name _____ (please print)

Title _____

Company _____

Nature of Business _____

Home or Business Address _____

City _____ State _____ Zip _____

I prefer not to receive information or advertising by mail from companies not affiliated with Cra'n Communications Inc.

'We must be patient'

Continued from previous page

"We felt there were many things we could do to encourage good health here, but it would require a lot of work to convince employees to do something since most ideas require lifestyle changes."

In June, Stow initiated "Stow Away for Good Health," a series of health awareness programs intended to get employees to change their lifestyles. The Bermuda trip was the incentive to participate.

The first program, a hypertension screening, attracted 75% of the work force. Hospital personnel conducted the tests and followed up by contacting individuals.

Next, Stow concentrated on employee nutrition by asking its vending machine concessionaire, ARA Services Inc., to develop a program promoting good nutrition.

ARA assigned a dietitian and tested a menu for six weeks. Changes included use of water-packed tuna fish instead of tuna in oil and pita bread for sandwiches. Fresh fruits, vegetables and juices were added. Foods with high nutritional values were identified in vending machine windows.

The hour-long exercise classes at the local YMCA are conducted three times a week after work and during lunch. Stow provides bus transportation for the lunch program.

During the first 10-week session, 17 persons participated on their lunch break and eight attended after work. Participation was less than Mr. DoBell expected, but the numbers doubled for the second session even though a \$4-per-week charge was added.

To get the health message to employees' families and others in the community, Stow paid for the local public television station to run a 15-week health series. The response encouraged Stow to underwrite the series for an additional 26 weeks.

However, not all of Stow's health awareness promotions have been successful. An open house at the local hospitals "was the most unsuccessful thing we did" and only one person participated in a smoking cessation clinic sponsored by the Lung Assn.

"All we can do is keep trying to provide resources and encourage participation," Mr. DoBell said. "Until the individual is ready to do it, we just have to be patient."

Mr. DoBell and Stow are planning a risk profile analysis of the company's work force to identify problem areas.

Although employee privacy rules will prevent him from studying the records of individuals, Mr. DoBell says he is interested in the health profile of the entire group.

The agency that administers the risk analysis will follow up with the individuals, he adds. Only if an employee's health affects his job performance can you "stick your nose in," Mr. DoBell pointed out.

Mr. DoBell plans to monitor the success of these programs by analyzing absentee records. He is developing figures for this year as a base and hopes to have initial results by next spring.

"So far, there are indications of an improvement, but it can't be quantified," he said. Results are clouded by a crackdown by departmental supervisors on absenteeism.

A follow-up risk profile analysis two years after the first one also will show if the work force's health improves.

The price tag for the first year of Stow's cost-control drive was around \$10,000. This included \$1,000 for the Bermuda trip and \$150 a week for the bus and instructor at the YMCA. Mr. DoBell says. The weekly 30-minute public television programs cost \$100 each.

Mr. DoBell's involvement with cost containment is expanding beyond Stow. He was named chairman of a local cost-containment study committee that is exploring formation of a health maintenance organization or other health care alternative.

Employer involvement is a must, he says. Unless they get involved, "things aren't going to change."

You elected to self insure to control costs Now you want a system to manage escalating claims

The solution: HCMS A new Health Claims Management System from ISA

Specialists in solving insurance administration problems, ISA's software professionals have developed a solution to health claims processing, so now self insured companies and third party administrators can manage claims processing and stabilize spiraling administrative costs.

Simple, everyday language makes HCMS easy to learn, easy to implement. Lengthy, complex insurance paperwork is uncomplicated by HCMS. Just three video screens process most medical and dental claims.

No duplicate payments or other common errors are another major advantage of HCMS. Automatically adjudicating claims, HCMS provides document tracking from entry to automatic check and letter writing.

On-line claims data base lets you check immediately for eligibility, policy provisions, pending claims, etc., and it permits immediate response to claim status questions.

Staff training and service are the foundation of ISA's reputation and HCMS

demonstrates why. We regularly offer small, personalized classes in the use and maintenance of the system for users and data processing staff. ISA User Group Seminars discuss developments in health care and insurance claims and determine the direction of future system enhancements.

A phone call answers questions, solving immediate problems. Just ask one of our data processing analysts or application professionals. On-site visits can be arranged if desired.

Documentation, state of the art news keep you informed. In addition to HCMS documentation, a user news letter tells you about system enhancements and trends in health claims processing.

Tested and proven by leaders in health insurance, HCMS is more than a system. It is service — backed by more technicians and professionals in education, sys-

tem design and support than any in the industry. When you buy HCMS, you acquire a team.



ISA INSURANCE SYSTEMS
OF AMERICA, INC.

Specialists in solving insurance administration problems.

6855 Jimmy Carter Blvd., P. O. Box 47975, Atlanta, Ga. 30362, 404/449-3950

Traditional cycle will die out: Insurer

By **STUART EMMRICH**

NEW YORK—Derek Hughes, the outspoken president of Western World Insurance Co., thinks the traditional pattern of underwriting cycles is headed toward extinction.

Forget the days when buyers could count on a few years of low prices and easy availability followed by another few years of a tight market and higher premiums, Mr. Hughes told a recent gathering of the New York chapter of Chartered Property & Casualty Underwriters.

"Get ready for a whole new ballgame," he advised.

The present cycle of easy coverage probably will end by the end of 1981, giving the "standard companies the chance to retrench and readjust," Mr. Hughes said. But he disagrees with predictions that this cycle will be followed by another tight period similar to the one in the mid-1970s.

"Some say we are heading for

the biggest debacle of the insurance business. They say it will make 1974-75 look like a minor problem," Mr. Hughes said. "I don't think that will be the case.

"It will be a brief pause so that companies can catch their breath, moving back shortly into a competitive era."

The enormous growth of capacity since the mid-1970s is the biggest reason buyers probably won't be hit with another long period of unavailable coverage, he says.

"There is more than enough capacity right now and when the market adjusts after 1981, I don't see a major exodus out of the marketplace," he said.

Mr. Hughes said insurers also are better equipped now to deal with changes in the marketplace than they were a few years ago.

"There is far more sophistication among the companies," he said. "They have learned from their past mistakes.

"The financial people are taking

over from the underwriting people, who for years saw the combined ratio as the sign of success or failure. The financial people feel that if the bottom line is black, they have done their job. They don't care if that profit comes from underwriting or investment income."

The predicted change in the insurance business, making it much less susceptible to the ups and downs of the cycles, also will force dramatic changes in the specialty market, Mr. Hughes said.

"There will have to be aggressive new marketing approaches," he said. "We have to change from a

passive role of waiting for the standard markets to tighten so business will fall to us."

Specialty companies will have to ask buyers more about the coverages they cannot find in the standard market at affordable prices and offer them alternatives, he says.

Deregulation foreseen

NEW YORK—Deregulation of the commercial insurance business will be widespread across the country by the end of the 1980s, predicts lawyer Don Green.

"The mood is there to deregulate the insurance industry and commercial business will come off rate and form by the end of the '80s," Mr. Green told a gathering of the New York chapter of Chartered Property & Casualty Underwriters. He is an attorney with LeBoeuf, Lamb, Leiby & Macrae, U.S. counsel of Lloyd's of London.

Mr. Green, who has been working with a committee of the National Assn. of Insurance Commissioners studying the issue of regulation, said several states already are relaxing statutes that control

insurers. They include Ohio, Minnesota, Michigan and Texas.

The insurance exchanges proposed for Illinois and Florida and the one already in New York are also part of the movement toward greater deregulation, Mr. Green says. They will make underwriting more flexible, he says.

"When the buyer can say that he is able to negotiate and deal, he can do a better job protecting himself than the state can," Mr. Green said.

When states relax control of the insurance industry, the federal government isn't likely to take up the slack, Mr. Green says.

The election of Ronald Reagan probably further diminishes the chance of this happening, he added.

**sawmills,
woodworking
operations
a problem?**

**on woodworking operations
including automated sawmills**

We're insurance specialists in the forest products industry, and can provide you with property coverages at possible savings up to 50% over your present costs. We can also provide you with contractor's equipment coverage and general liability (including products) insurance.



forest products agency company, inc.

P.O. BOX 426 • NORWICH, CONNECTICUT 06360

PHONE 203-642-7559



FINANCIAL GUARDIAN

**...A NAME TO KNOW
AND REMEMBER**

**Insurance Brokerage
(US and Worldwide)**

Risk Consulting

Captive Management

Self-Insurance Administration

Reinsurance Intermediary

"At Financial Guardian, we find ways to serve."

OFFICES IN PRINCIPAL CITIES.



CORPORATE HEADQUARTERS:

FINANCIAL GUARDIAN INSURANCE AGENCY, INC.

3100 BROADWAY, KANSAS CITY, Mo. 64111
PHONE 816/561-8630 • TELEX 424148

U.K. sets rules for broker registration

By JOHN H. MILLER

LONDON—U.K. agents will be required to register with a government-approved body if they wish to call themselves insurance bro-

kers next year, under new government rules.

The agents will have to comply with stringent solvency regulations and consumer requirements, and will in effect be granted a broker's license.

Lloyd's brokers already have been approved, but many other brokers have registered with the Insurance Brokers Regulation Council and can handle any business they wish outside the Lloyd's market.

Independent agents will be allowed to stay in business, but cannot be termed insurance brokers unless they meet requirements.

Buying in

Commodity dealer Gill & Duffus, a U.K.-based international

london line

trading group worth \$260 million, has purchased H. Clarkson (Insurance Holdings) Ltd. for \$19 million, as predicted (BI, Oct. 27).

The big move into the Lloyd's broking market will allow Gill & Duffus to attract insurance business in the United States, where it already has big commercial and financial interests.

Gill & Duffus and food group Brooke Bond Liebig own Gillbrooke (Insurance Holdings) Ltd., which merged with H. Clarkson.

"We don't plan any formal partnership with any U.S. broker, as it's often best to remain independent," said Michael Martin, chair-

man of the new corporation.

"It's dangerous to get too closely tied to one broker, as it can put other brokers off. But we intend to use the business contacts we already have in the U.S. to attract insurance business our way and so expand the group's North American activities."

Sasse Syndicate losses that affected 30 Clarkson underwriting names have been settled, and the new group expects to place among the top 20 Lloyd's brokers.

No new business

Lloyd's broker Christopher Moran & Co. Ltd. cannot accept

new business or renew old business until the Committee of Lloyd's is satisfied the company has an approved board of directors.

The action follows the arrest of Christopher Moran, principal of the broker, on charges of trying to cheat Lloyd's syndicates (BI, Aug. 11). Mr. Moran is out on bail and will be brought to trial next month in the central criminal court.

Mr. Moran denies he tried to defraud anyone and says his firm is not in any financial difficulties.

European market

Restrictions on insurance coverage across national lines should be ended as soon as possible in Europe, says Lloyd's chairman Peter Green.

"Every country must try as quickly as possible to create a large and financially sound international market in which all European Economic Community insurers can operate," Mr. Green told diplomats from major European governments at a London meeting.

"The opportunity to make Europe a world center for insurance will not recur, and the time for doing this cannot wait much longer.

"Multinational trading corporates expect their insurance coverage to be handled across frontiers with the minimum amount of interference. To do this you need a large international market, and there are very few centers which can now meet those needs. Europe can be one of them."

EEC proposal

A new U.K. consumer group is calling for the European Economic Community to pass its uniform product liability law soon.

Consumers in the European Community Group, which represents more than 20 consumer groups in Britain, believe manufacturers are unnecessarily worried about the proposal, which would make manufacturers liable for "developmental risks," even if they could prove "in the light of scientific developments that the defect was unforeseeable and unavoidable" (BI, Oct. 15, 1979).

The proposal also would bar product liability suits 10 years after a product was first sold.

The EEC Council of Ministers is considering the proposal.

Industrial corporations throughout Europe fear the proposal will increase insurance costs. Many large pharmaceutical corporations have protested that they could be hard hit for drug defects.

"Some producers are worried that strict liability will be costly to introduce," the consumer group says in a pamphlet it is circulating.

"They argue that they will either be unable to get adequate cover or will have to pay too much for it. But this is not the case, for representatives of the insurance industry have said that even if premiums are doubled, this will only raise product costs from 0.01% of manufacturing turnover to 0.02%.

"So the higher charges for insurance can easily be absorbed in the selling price of goods, especially as they are continually getting costlier through inflation. Insurers have given many indications they can cope perfectly well with new strict liability rules."

Compensation for product liability victims is unlikely to reach the huge amounts awarded in the United States because such cases are not heard by a jury in the United Kingdom, the group says. In Britain, damages are assessed by trained judges on the basis of actual personal losses incurred. ■

CLAIM MANAGEMENT SERVICES
 RISK MANAGERS/CAPTIVES/REINSURORS
 casualty reserves • major case • audit/review • program analysis • contract adjusting analysis • self-insured • aggregate covers • experienced in Fortune 500 claim programs

John J. O'Connor
 B.A., L.L.B., I.I.A.
 Consultant
 11 Patrick Lane
 Wilton, Connecticut 06897
 Phone: (203) 762-9564

HANSTAR: SEEING IS BELIEVING.



HANSTAR is John Hancock's computerized group accident and health claim payment system. A proven system that's so advanced, you need to see it in action to understand all it can do for you.

First, you'll see how HANSTAR saves your company time. With our national on-line system, we can answer policy and claim questions immediately, even if your company has regional divisions. Second, HANSTAR is accurate. It has built-in controls that reject invalid information and claims duplication. And it automatically calculates benefits, including reasonable and customary charges, and assures uniformity of contract application with maximum claim cost containment effectiveness.

Popularity with employees is another key HANSTAR feature. Employees appreciate the fast response and the complete Explanation of Benefits, or HANSTAR-generated letter, clearly detailing the disposition of the claim.

Reports on claim frequency, utilization and plan adequacy are available to assist you in considering appropriate plan revisions.

HANSTAR's flexibility in claim administration extends to the full spectrum of fully insured, MPA and ASO plans.

See what HANSTAR can do for you. Call Paul H. Gregg, Vice President, at (617) 421-6205 and ask for a HANSTAR demonstration. Seeing is believing.

John Hancock

Mutual
 Life Insurance
 Company
 Boston, Mass.

M.B.A. gains importance

Continued from page 1
ness administration," said an insurance coordinator for a Fortune 500 corporation.

Companies place less emphasis on insurance courses, however.

"General management and financial courses are much better investments for future growth than specialized insurance courses and degrees," said an assistant treasurer and director of insurance for a chemical manufacturer with \$1 billion in annual sales.

"Insurance courses mark one as a specialist with limited mobility, and insurance designations make little impression outside the insurance industry," he continued.

The low importance of insurance education is reflected in the board members' education profiles. Only six of 74 risk managers said they earned bachelor's degrees in insurance, and only two of those six attained their master's degrees in the same field.

Sixty-two of the risk managers surveyed, however, hold undergraduate degrees in other fields and 17 have master's degrees in business-related fields. Eleven board members also became attorneys.

Supplemental insurance courses beyond these diplomas, however, increase risk managers' awareness of the industry, board members agree.

The Associate in Risk Management designation issued by the Insurance Institute of America is the most popular designation attained by risk managers, according to the survey. Twenty have the designation and others are studying for it.

Eleven risk managers also have the Chartered Property & Casualty Underwriter designation.

Out of the 12 risk managers who received promotions after finishing classes, two earned an ARM designation, one a CPCU and one the Certified Insurance Counselor designation.

Some risk managers have acquired monetary rewards from taking these insurance courses.

Their salaries increased 100% to 400% and their titles changed from manager to executive vp and from analyst and administrator to insurance manager, risk management director and treasury manager.

Many employers, however, aren't encouraging their employees to pursue higher education. They want educated employees, but are not willing to pay increasing tuition costs, the survey shows.

Only 43% of employers of the surveyed risk managers offer education benefits, paying more than 90% of tuition and fees for job-related courses. Fifty-seven percent contribute nothing to tuition.

The level of formal education is looked at carefully by companies considering promotions and conducting professionalism reviews, say board members. The CPCU and ARM insurance designations are useful in risk management, but they still can't replace a master's in finance for salary increases and better jobs, the survey showed.

"Insurance courses are of marginal value. Finance courses are where it's at," said an assistant vp and director of risk management of a transportation company.

"If you understand finance and numbers, you can figure out insurance implications, coverages, details, etc.," he continued.

Another member agrees. "I strongly believe that at major companies when the current risk manager is replaced, the education of the replacement will be very important. ARM and CPCU (designations) are helpful, but not as important as advanced formal college degrees—M.B.A., L.L.D. (doctor of

risk management board

laws)," said an insurance manager of a \$2 billion publishing company.

Survey board members unanimously agree continued education is vitally important in keeping pace with today's risk management field. Few believe a risk manager can learn everything from the school of "hard knocks."

"Learning from experience only is a bad risk," said one risk manager. "Going to school while working is tough—but an added learning experience that the more traditional approach does not have."

Some, however, still believe that talking to other professionals in the field is most useful.

"My continuing education has been mainly RIMS conferences and discussing new approaches to risk management with my peers," said an attorney and vp of risk management at a \$1.1 billion motor transport firm.

A mixture of on-the-job training, a few hard knocks and formal education, however, makes the perfect risk manager, says a director of risk management for a leasing firm.

"No one ever knows when he or she will need or use the knowledge they obtain through education," said the 33-year-old manager. "Wisdom comes with age, but my experience is that education speeds the process."

Workshops will cover arbitration

LANSING—The Michigan department of commerce/insurance and the Michigan Hospital Assn. will present workshops on "The Hospital and Michigan's Medical Arbitration Law."

The workshops will be held:
• Nov. 20 at the Chalet-Best Western in Gaylord.
• Dec. 4 at the Sheraton

Southfield in Southfield. All workshops run from 9 a.m. to 3 p.m. and cost \$15, which includes lunch and materials.

Further information is available from the education services department of the Michigan Hospital Assn. at 517-484-7441 or from the Michigan insurance bureau at 517-373-0435.

AUTO FIRE MARINE

SUBROGATION BENNETT & BENNETT

Attorneys

Serving over 150 insurance companies. We offer quick, efficient computerized processing and adjustment of your subrogation Claims. Current status reports—Reasonable contingent fees.

Send for FREE Brochure
Home Office: 769 Northfield Avenue

West Orange, New Jersey 07052

New Jersey
(201) 325-0033

New York
(212) 926-2824

Florida
(305) 371-8234

Pennsylvania
(215) 563-2168

52 great issues coming up!

ISSUE NUMBER

ISSUE DATE

AD CLOSING

50. EMPLOYEE BENEFITS

DEC 15

DEC 2

more to come :

ISSUE NUMBER	ISSUE DATE	AD CLOSING
44.	NOV 3	Oct 22
45. Spotlight Report: Reinsurance	NOV 10	Oct 29
46.	NOV 17	Nov 5
47.	NOV 24	Nov 12
48.	DEC 1	Nov 19
49.	DEC 8	Nov 25
50. EMPLOYEE BENEFITS	DEC 15	Dec 2
51.	DEC 22	Dec 10
52.	DEC 29	Dec 17
1. SELF-INSURANCE	JAN 5, '81	Dec 19
2.	JAN 12	Dec 29
3.	JAN 19	Jan 7, '81
4.	JAN 26	Jan 14

You can now reach the decision makers in the insurance marketplace 52 times a year in the industry's communications leader ... *Business Insurance*. Listed above are upcoming issues, advertising closing dates and special editorial information for the next few months. Be where the action is this week and every week. For a full schedule of 1980 issues write or call us.

business insurance

a publication of Crain Communications Inc.

New York: 708 Third Avenue, NY 10017 (212) 986-5050 Chicago: 740 Rush Street, IL 60611 (312) 649-5275 Los Angeles: 6404 Wilshire Blvd., CA 90048 (213) 651-3710

Improve your cash position and reduce your interest costs through Self-Insured Worker's Compensation Surety Bonds for the State of Illinois.

Underwritten by Interstate Fire and Casualty Co. Market management through Brokers' Risk Placement Service, Inc. (Retroactive dates available)

Brokers' Risk Placement Service, Inc.

John Hancock Center
Suite 3760 875 North Michigan Avenue
Chicago, Illinois 60611
312-787-1200

Broker Inquiries Invited

214 drop insurance offerings

PHILADELPHIA—Interest in insurance education is not growing everywhere.

The 1979 S.S. Huebner Foundation survey of Risk and Insurance Instruction in American Colleges and Universities shows 214 schools dropped all insurance offerings from their curricula between 1969-70 and 1975-76.

One-third of these schools were universities. However, three-fourths of the schools offered only one or two courses in 1969-70.

A survey of some of those schools by Huebner showed six basic reasons for canceling classes:

- Lack of student demand.
- Increasing curricular emphasis on general business and/or liberal arts.
- Lack of competent insurance teachers.
- Lack of financial resources (need to cut costs).
- Inclusion of insurance in other business courses.
- Reluctance to use local insurance men as instructors because of pressure from accrediting agencies.

Six schools reported they were considering the reintroduction of insurance courses because of rising student interest. ■

Schools offering degrees in insurance

ALABAMA	
Auburn University	BA
Jefferson State Junior College*	
ALASKA	
University of Alaska (Anchorage)	
ARIZONA	
Arizona State University	BS
University of Arizona	BSBA
ARKANSAS	
Arkansas State University	
CALIFORNIA	
California State University (Fresno)	BS
California State University (LA)	BS, MBA
City College of San Francisco	
Golden Gate University	BS
Merced College	
Pasadena City College	
San Diego State University	BS
San Jose State University	BS
CONNECTICUT	
University of Connecticut (Storrs)	BS
University of Hartford	BS
FLORIDA	
Broward Community College	
Florida International University	BBA
Florida Junior College (Jacksonville)	
Florida State University	BS
University of Miami	BBA
University of North Florida	BBA
GEORGIA	
Clark College (Atlanta)	BA
Georgia State University	BBA, MBA, MAS, MI, PhD
University of Georgia	BBA, MBA
ILLINOIS	
Chicago City College (Kennedy King)	
Illinois Wesleyan University	BS, BA
Oakton Community College	
University of Illinois (Champaign-Urbana)	BS, BA, MBA, MS, PhD
INDIANA	
Ball State University	BS, BA
Indiana University (Bloomington)	BS, MBA, DBA
IOWA	
Des Moines Community College	
Drake University	BSBA
Kirkwood Community College	
LOUISIANA	
Louisiana State University (Baton Rouge)	BS, MS, PhD
Louisiana Technical University	BS
Northeast Louisiana University	BBA
MAINE	
Husson College	BSBA
MARYLAND	
University of Baltimore	BS
MICHIGAN	
Eastern Michigan University	BBA
Ferris State College	BS
Michigan State University (East Lansing)	BA
University of Michigan (Ann Arbor)	MBA, MAS
MINNESOTA	
St. Cloud State University	BS
University of Minnesota (Minneapolis)	MBA, PhD
MISSISSIPPI	
Mississippi State University	BS
University of Southern Mississippi	BS
MISSOURI	
Maryville College	BS, BA
University of Missouri (Columbia)	BS, BA, MBA, PhD
NEBRASKA	
University of Nebraska	BA, BS, BSBA, BGS
NEVADA	
University of Nevada (Reno)	BBA

Continued on facing page

BA: Bachelor of Arts	MAS: Master of Actuarial Science
BS: Bachelor of Science	MI: Master of Insurance
BSBA: Bachelor of Science in Business Administration	MS: Master of Science
BBA: Bachelor of Business Administration	PhD: Doctor of Philosophy
BGS: Bachelor of General Studies	DBA: Doctor of Business Administration
MA: Master of Arts	
MBA: Master of Business Administration	

*Community and junior colleges offer two-year associate degrees.

Where is Greenwood, Indiana?

The leading Benefit Consultants and Administrators know!

- Stop Loss for Partially Self Funded Groups Down to 10 Lives
- Stop Loss for Self Insured Benefit Plans
 - Aggregate
 - Specific
 - Catastrophic Coverages
- Management Services for Self Funded Benefit Plans
- Stop Loss for Self Funded LTD
- E & O Coverages for
 - Claims Administrators
 - Data Processors
 - Attorneys
 - Actuaries & Pension Consultants
- Ransom and Kidnap Coverage
- Professional Athletes' Coverage
- Blanket Bonds for Banks and Other Financial Institutions
- Group Life & AD&D
- Lump Sum Disability

BROUGHER AGENCY, INC.

Lloyd's, London Correspondents



10 Downing Street
P.O. Box 485
Greenwood, Indiana 46142
(317) 888-3531 / TWX 8102602230

NORTH OF THE BORDER

Morris & Mackenzie is among the largest privately owned Canadian firms providing insurance brokerage, risk management, engineering and benefit consulting services on a national basis.

For a copy of our brochure "A Unique Concept in Canadian Insurance Brokerage" contact any of our regional offices.

Vancouver:
1199 West Hastings,
(604) 685-0191

Calgary:
Suite 306,
602-11th Ave. S.W.,
(403) 265-4270

Toronto:
1901 Yonge Street,
(416) 482-7400

Montreal: 4141 Sherbrooke St. W., (514) 937-5755



MORRIS & MACKENZIE LIMITED

Insurance
VANCOUVER • CALGARY • TORONTO • MONTREAL

Insurance education increases

Continued from page 1

These trends are reported in the survey of Risk and Insurance Instruction in American Colleges and Universities by the S.S. Huebner Foundation for Insurance Education at the University of Pennsylvania at Philadelphia.

The survey, compiled in 1979, covers the 1975-76 academic year and is the most up-to-date information on insurance education.

This is the sixth survey of collegiate instruction in risk and insurance undertaken by the Huebner Foundation at six-year intervals. A questionnaire was sent to 2,040 colleges and universities in May 1976, with 81% responding.

"The overall results show a substantial growth in insurance education since the last survey (1969-70) and provide a basis for continued optimism as to the future of educational programs in risk and insurance," said Dan M. McGill, executive director of the Huebner Foundation, in a cover letter prefacing the survey results.

Backing Mr. McGill's statement, the survey of the 1975-76 academic year showed:

- A total of 677 U.S. colleges and universities offered courses in insurance and related areas. This represents an increase of about 17% over the number of schools offering such courses in 1969-70 and about 23% over the number in 1962-63. Ninety-eight more institutions offered insurance-type courses in 1975-76 compared with 1969-70.

- The number of students enrolled in insurance-related courses increased to 94,958 in 1975-76 from 74,577 in 1969-70 and 60,837 in 1962-63.

- Eighty-six schools allowed students to major or concentrate in insurance on the undergraduate level for bachelor's degrees or two-year associate degrees, up from 71 in 1969-70. However, only 22 offered master's degrees in insurance, down from 25 in 1969-70, and only 12 offered doctorates in insurance, down from 19 in 1969-70.

- Although only four more schools permitted students to major in insurance at the undergraduate level in 1975-76 than in 1962-63, the number of students majoring in insurance increased more than 53%, to 3,446 from 2,249.

Fewer schools

On the master's level, four fewer schools permitted students to major in insurance in 1975-76 compared with 1962-63, but the number of insurance majors increased more than 50%, to 313 from 208. At the doctoral level, there was a net increase of 12 majors over the 13-year period, with a total of 41 majors in 1975-76.

- The number of evening insurance courses offered more than doubled to 712, up from 292 in 1969-70. The number of students in the night classes more than tripled, with 21,035 enrolled in 1975-76 compared with 6,651 in 1969-70.

CLU, CPCU and IIA courses given under college or university auspices are included in the report. Independent study courses for these designations are excluded.

The type of university courses offered sheds some light on the major emphasis in insurance education.

More colleges and universities in 1975-76 offered instruction in principles of insurance than in any other insurance area. A total of 488

Continued on next page

Schools . . .

Continued from facing page

NEW JERSEY

Rider College BS

NEW MEXICO

Eastern New Mexico University BBA

NEW YORK

City University of New York, Bernard Baruch College BBA

College of Insurance BS, BBA, MBA

Mohawk Valley Community College

Queensborough Community College

State University of New York, Agril. & Tech. College (Canton)

Syracuse University BS, MBA

OHIO

Bowling Green State University BS

Lake Erie College BS

Ohio State University BSBA, MBA, MA, PhD

University of Cincinnati BBA

PENNSYLVANIA

Community College of Philadelphia BS, MBA, MS, PhD

Pennsylvania State University (University Park) BBA, MBA, MS, PhD

Temple University (Philadelphia) BS, BA

Thiel College BS, MBA, MA, PhD

University of Pennsylvania

RHODE ISLAND

Johnson and Wales College

SOUTH CAROLINA

University of South Carolina (Columbia) BSBA

SOUTH DAKOTA

Dakota State College

TENNESSEE

East Tennessee State University BS

Memphis State University BBA, MBA

University of Tennessee (Knoxville) BS

TEXAS

Baylor University BBA

North Texas State University BBA, MBA

Southern Methodist University BBA, MBA

St. Mary's University BBA

University of Texas (Austin) BS, MBA, PhD

VIRGINIA

Radford College BS, BA

Virginia Commonwealth University BSBA, MBA, MS

Virginia Polytechnic Institute & State University BS

WASHINGTON

North Seattle Community College

Washington State University BA

WEST VIRGINIA

West Virginia Northern Community College

WISCONSIN

Madison Area Technical College

North Central Technical Institute (Wausau)

University of Wisconsin (Madison) BA, BBA, MBA, MS, PhD

At James, we call it PRODUCTIVITY INSURANCE

A no-nonsense system of measuring performance to control losses

Nothing insures an increase in productivity as effectively as a decrease in losses.

James now makes it possible for

you to reduce losses quickly and efficiently with a revolutionary system of safety measurement that has already had several years of proven success.

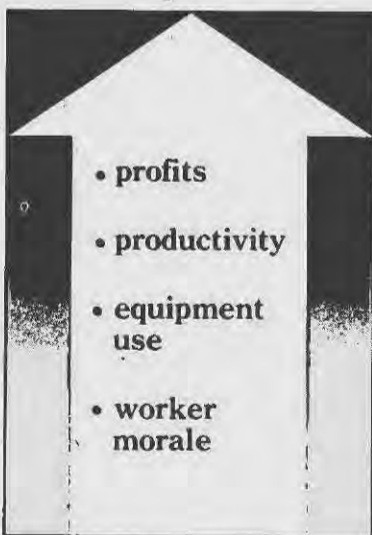
For the first time, you can assess your loss-

control efforts with the same accuracy as you audit your financial and inventory operations.

This innovative early warning technique is called the Five Star Safety Evaluation System. Developed by Frank E. Bird, Jr., president of the International Loss Control Institute, it's a measurement method that doesn't just react to

consequences. It measures your present strengths and weaknesses, indicates directions for change, and gives you a new perspective on your management

system. And it's available only through James offices. **Rate your own company:** We'll be happy to send you a copy of the Basic Program Evaluation, so that you can rate the basic performance of your management system



using this loss-control measurement technique. Just contact your nearest James office or write Leo Kiebal, Vice President, Technical Services, Fred. S. James & Co., Inc., 230 West Monroe Street, Chicago, IL 60606.

James

FRED. S. JAMES & CO., INC.
Insurance Brokers Since 1858

Insurance and Risk Management Services
Through More Than 100 Offices Around The World

Insurance courses draw more takers

Continued from page 39

schools had classes of this nature. Courses in life insurance, which include instruction in group insurance and pensions, were the second most popular, offered at 252 schools.

Courses in property/liability insurance came in third at 223, up 10% from 1969-70.

But when the number of courses offered is analyzed, the most plentiful were in life insurance, with principles of insurance courses

second and property/liability courses in third place again.

This is a reversal from 1969-70, when more courses were offered in property/liability insurance than in any other area.

In 1975-76, 613 courses were offered in property/liability insurance, down 2% from the 626 offered six years earlier. In the principles of insurance area, 648 courses were offered.

A change in the format of The American College's CLU diploma program gave life insurance courses the edge. A total of 764 life insurance courses were offered in 1975-76, a 41% increase from 1969-70. This occurred after the CLU program was changed from five 30-week courses to 10 15-week courses.

The study also ranked the popu-

larity of actuarial science and insurance law courses. Insurance law was the fourth most popular, with courses offered at 104 universities, and actuarial science fifth with courses at 32 schools.

Principles of insurance courses are not necessarily taken by insurance majors, the Huebner study points out. They are usually designed for all business school students, providing an overview of the subject.

Risk principles

An interesting trend in recent years, however, has been for schools to move from the principles of insurance course, with its emphasis on the traditional insurance methods of covering risks, to a broader course on principles of

risk and insurance.

The latter course usually considers the various non-insurance methods of handling non-speculative financial risks as well as the customary insurance methods.

From 1969-70 to 1975-76, the number of principles of risk and insurance courses increased almost 24%; the number of principles of insurance courses increased about 20%.

An analysis of the Huebner report can produce a Big 10 list of insurance schools, based on the total number of undergraduate and graduate insurance majors.

The ranking, based on the 1975-76 survey, would be:

- The College of Insurance in New York, 662 majors.
- Georgia State University, 227.
- University of Illinois at Cham-

paign-Urbana, 136.

- North Texas State University, 130.

- City University of New York, Bernard Baruch College, 125.

- Pennsylvania State University, University Park, 122.

- Drake University in Iowa, 103.

- Virginia Polytechnic Institute & State University, 100.

- University of Georgia, 99.

- Florida State University, 87.

The top six, excluding City University of New York, offer undergraduate and graduate degrees. Ninth-ranked University of Georgia also offers bachelor's and master's degrees.

Of the 88 schools that offered insurance majors in 1975-76, only 11 offered doctorates as well as bachelor's and master's degrees.

Forty-six offered only bachelor's degrees; nine offered bachelor's and master's degrees; one offered master's and doctorates only, and 21 offered other degrees, including associate degrees (see chart).

An insurance major earning a bachelor's degree most likely received a bachelor of science. Other commonly offered degrees included bachelor of business administration, bachelor of arts and bachelor of science in business administration.

On the master's level, most insurance majors received a master of business administration. Other degrees in order of popularity in 1975-76 were master of science, master of arts and master of actuarial science (tied) and master of insurance.

Most of the schools offering insurance majors are in the South, 31 of the 88; 26 are in the North Central region, 16 in the Northeast and 15 in the West.

Two-fifths of the schools conferring bachelor's degrees were in the South, but one-half of the schools conferring doctorates in insurance majors were in the North Central region.

Court faults rail carrier

CINCINNATI—A freight carrier is liable for damaged cargo unless he can prove beyond a doubt he was not negligent, the 6th Circuit Court of Appeals here has reaffirmed.

The burden of proof of liability is placed on the carrier by the Carmack Amendment, the court stated in *Plough Inc. vs. Mason & Dixon Lines*.

The decision overruled a lower court ruling that placed the proof of liability on the shipper.

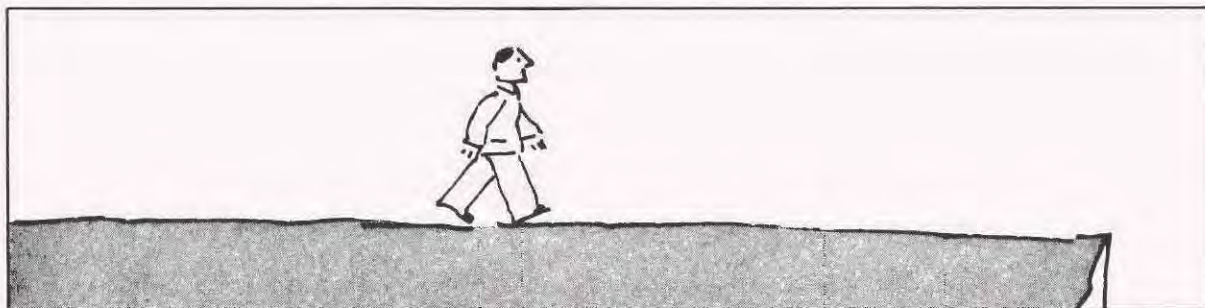
Two trailer loads of a first-aid spray, Solarcaine, were shipped on the Mason & Dixon railway, but when they were delivered, the plastic caps on the cans in one of the trailers had discolored. Plough quality-control inspectors "found dirt inside the trailer, on its floor, sides and roof, which was similar to that found on the top two layers of the Solarcaine cartons," the court said.

The railroad, however, contended the discolored plastic caps were prone to static electricity and tried to transfer liability to the shipper.

"(This) did not relieve Mason & Dixon of its twofold burden of proving that the inherent quality of the caps was the sole cause of their discoloration and that the carrier did not create or permit an atmosphere within the trailer in which the static electricity led or contributed to this coloration," the court stated.

Plough was awarded \$3,500 in cleaning costs.

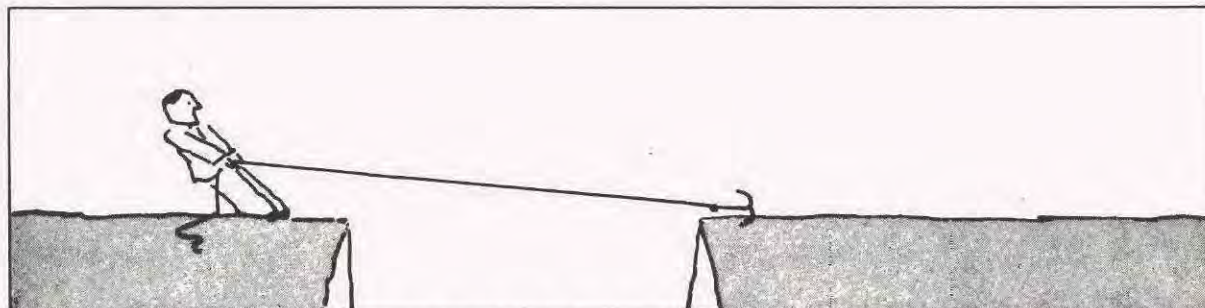
ATWOOD & CO.
Consulting Actuaries
Review of Reserves for
Captives & Self Insurance
5000 Ambrose Ave.
Los Angeles, CA 90027
(213) 661-9260



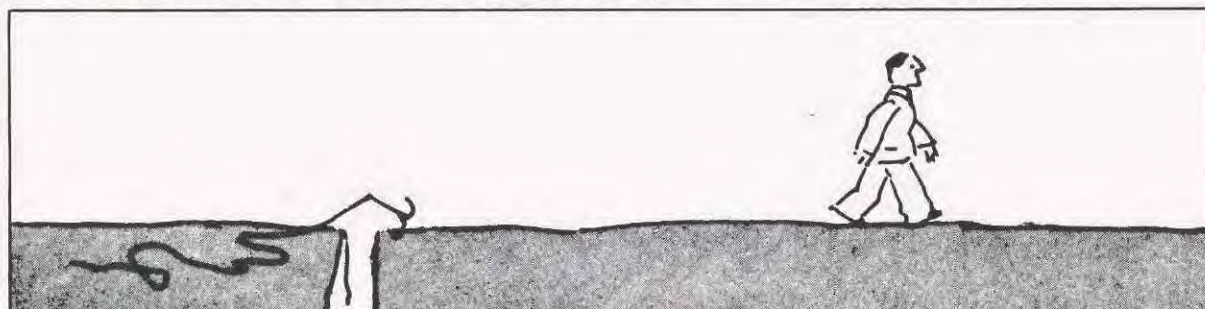
With a self-funded medical program, employers are in control, yet far from the hassles. They don't pay the cost of insurance company reserves. Claim costs may be reduced. Premium taxes may be eliminated.



But watch your step! There's an obstacle to self-funding: the risk of having to pay some extraordinarily large claims.



Still, resourceful employers can overcome this obstacle, with excess risk coverage from IDS Life. It protects them against catastrophes. And although IDS Life is backed by over \$1 billion in assets, we're flexible enough to tailor a program to your specific needs. So don't take a tumble. Let IDS Life help you overcome the obstacles to self-funding.



OVERCOMING THE OBSTACLES.



For full details on self-funding, ask your insurance representative, consultant, or broker for our free brochure. Or call (612) 372-3799. **IDS Life Insurance Company**, Group Marketing Division, 3500 IDS Tower, Minneapolis, MN 55402.

Canadian pension system needs study, experts say

RICHMOND, British Columbia—An international actuary and economist has called upon the Canadian government to appoint a commission to study ways to keep the Canadian pension system solvent through the end of the century.

Geoffrey Calvert told a conference of military annuity recipients here the system will be bankrupt by the year 2000 unless steps are taken to bolster it.

Plans such as the Canadian Pension Plan and the Canadian Forces Superannuation Account have no real invested assets and are nothing more than IOUs written on future taxes. Pension administrators should invest more plan contributions in Canadian private enterprise, he said.

worldwide

few of the big salvage firms are turning profits.

Local insurers

KUALA LUMPUR—All property, ships and aircraft used in Malaysia will have to be insured by local companies, the government has announced.

The rule is intended to spur the growth of the local insurance industry, reports say. The government finance ministry has expressed concern about the \$235 million in premiums being taken

out of the country this year.

Reinsurance pool

TOKYO—A new reinsurance pool, based in Bermuda, is providing coverage of up to \$60 million for Japanese contractors working in the Mideast.

The pool, known as the Middle East Decennial Pool, covers construction clauses demanding a 10-year guarantee, which are becoming more frequent for projects in Saudi Arabia, Egypt, Abu Dhabi, Algeria and Morocco.

Voters pass comp restriction

TUCSON—Arizona workers who sue coworkers for causing their workplace injuries will no longer be able to collect workers compensation benefits at the same time as a result of a legislative amendment passed in last week's general election.

The provision, Proposition 105,

passed by a 50,000-vote margin, said the industrial commission.

Injured workers previously were allowed to collect workers compensation benefits while suing coworkers for negligence, but the new measure restricts that option.

Employers are still exempt from workplace injury suits.



**EXECUTIVE & EMPLOYEE
BENEFIT PLANS, INC.**

Self-Funded Employee Benefit Specialists Since 1959

• ON LINE CLAIMS ADMINISTRATION • EXCESS REINSURANCE

• COMPLETE ADMINISTRATIVE SERVICES • LIFE, L.T.D, DENTAL, MEDICAL

Contact: C. Jeffrey Wintersteller

Vice President - Sales

2025 Riverside Drive, Columbus, Ohio 43221

(614) 481-8393

ATLANTA • BOSTON • CHARLOTTE • CINCINNATI • CLEVELAND • COLUMBUS • HOUSTON • MIAMI • ORLANDO

Salvage woes

ATHENS—Salvage firms may become less available if marine accident fees continue at current low levels, says the International Salvage Union in its annual report.

"The idea of keeping an expensive tug on salvage station is becoming increasingly onerous and the cost of fuel is becoming overwhelming," the report states. Conferencees at a recent meeting here said

Self-insurers pay out 15% of comp cost

WASHINGTON—Fifteen percent of the \$17 billion employers spent on workers compensation programs in 1978 was paid out of self-funded plans.

Commercial insurers paid 54% of all benefits and state and federal funds paid 31%.

The \$17 billion workers compensation tab for 1978 is a 20.3% increase from 1977 costs, the Social Security Administration reports in its latest analysis of costs for workers compensation across the country.

The increase in costs is mostly attributable to a greater number of workers covered and higher wages. About 75.2 million workers were covered by workers compensation programs in 1978, an increase of 3.5 million over the previous year.

Workers compensation now costs employers an average of \$1.85 per \$100 of payroll and is rapidly climbing toward 2% of payroll. In 1940, the first year such figures were tabulated by the government, workers compensation expenses amounted to less than 1% of payroll.

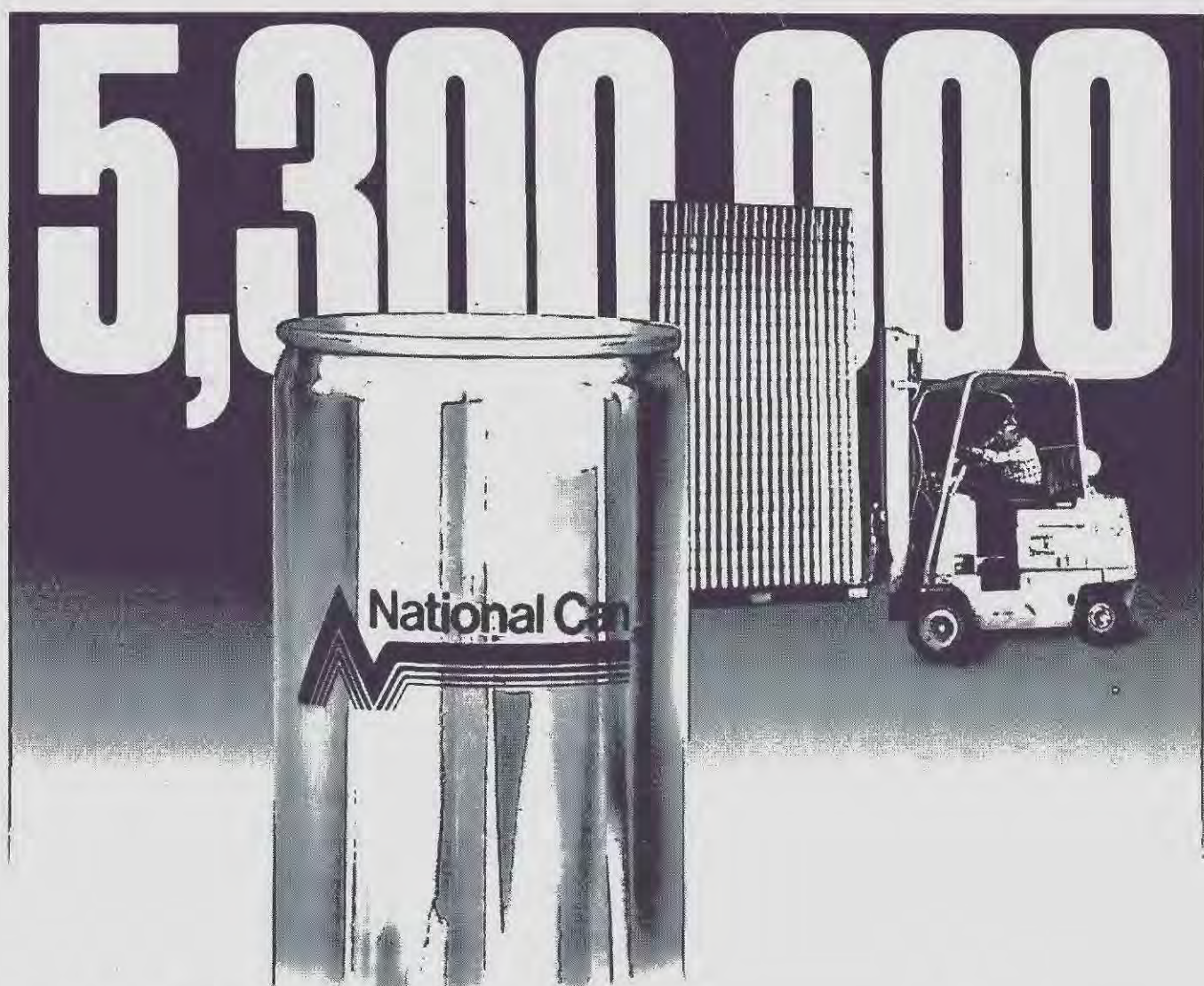
Of the \$17 billion employers spent on workers compensation, \$12.2 billion was paid to insurers. Another \$5.3 billion was collected by state workers compensation funds.

Employers who self-insured paid out \$1.5 billion in benefits and administrative costs.

Injured workers collected more than \$9.7 billion in benefits in 1978, about 12.7% more than the \$8.6 billion paid in 1977.

About \$6.8 billion—69% of all workers compensation payments in 1978—represented cash payments to workers or survivors, the Social Security Administration says. The remaining \$3 billion covered medical and hospital care expenses.

In 1966, \$2 billion was paid in benefits, and four years later benefits hit \$3 billion.



**Thanks to Gallagher's Self Insurance Program,
National Can has returned
\$5,300,000 to working capital.**

And that's only the beginning!

In seven years, the sales of National Can Corporation more than doubled. Yet the Corporation's incidence of worker injury actually decreased 54%. The result: National Can was able to return over \$5.3 million from a self insurance accrual to operating capital, through cash flow savings.

That's significant, of course. But any well-designed self insurance program should help cash flow. The extra payout for National Can is the Corporation's ability to control loss-producing situations, often before they occur.

Working as a team, National Can and Arthur J. Gallagher & Co. designed, implemented and serviced a self insurance program with emphasis on safety.

Gallagher's Certified Safety Professionals recommended accountability for all Company divisions. And the savings here far exceed those of a typical cash flow plan. One example: under the Gallagher plan, workdays lost due to injury were cut in half—a boon to productivity.

Extraordinary results for major companies such as National Can explain why Arthur J. Gallagher & Co. is the fastest growing top ten broker in the country—over 32% compounded annually for the last ten years.

Gallagher knows that self insurance is one way any company—your company—can still control insurance costs. We did it for National Can. We'll do it for you.



**ARTHUR J.
GALLAGHER
& CO.**

Gould Center, Golf Road
Rolling Meadows, Illinois 60008
312/640-8500

**International Brokers Providing
Insurance Services for Commercial,
Industrial, Institutional and Self
Insured Clients**

Coming Up!

Employe Benefits

Issue Date: December 15, 1980
Ad Closing: December 2, 1980

New York:
708 Third Avenue, N.Y. 10017 (212) 986-5050
Chicago:
740 Rush Street, IL 60611 (312) 649-5275
Los Angeles:
6404 Wilshire Blvd., CA 90048 (213) 651-3710

Business Insurance, the national newsweekly of loss prevention, risk financing and employe benefit management.



Confab to cover benefit issues

WASHINGTON—The people behind federal laws governing employee benefit plans will debate the issues and answer questions during a health and pension benefits conference here Jan. 11-13.

Cosponsored by the Risk & Insurance Management Society and U.S. Administrators Inc., the conference is designed to give risk and employee benefit managers a chance to ask questions and make comments to the people who write laws governing benefit plans, said Reg Beane, director of governmental affairs for RIMS.

Officials representing the incoming Reagan administration will be asked to address the conference. Some speakers and pro-

grams already are set:

- Herman E. Talmadge, the Georgia Democrat who just lost his bid for re-election, will be the keynote speaker. He is a former member of the Senate Finance Committee, which has jurisdiction over pension issues.

- A panel will discuss proposed federal restrictions on employee benefit plans and tax deductibility, including the health care competition bills. Jack R. Anderson, chairman of INA Health Care Group, will moderate. On the panel will be Jay Constantine, chief health staffer for the Senate Finance Committee; Max Fine, former executive director of the labor-sponsored Committee for National Health Insurance and now president of Medical Cost Systems Inc.; Walter McClure, a doctor and vp and director of Health Policy Studies for Interstudy in Milwaukee, a health policy think tank, and Merlin Scoroggins, vp for administration services for Deluxe Check Printers Inc.

Another panel will discuss resource allocation to finance public and private programs. Edith Lichota, vp of governmental affairs for the Insurance Co. of North America, will moderate. Panel participants include A. Haeworth Robertson, vp of William Mercer Inc. and former chief actuary of the Social Security Administration; Glenn Markus, technical adviser to the House Ways and Means Committee and the Senate Finance Committee, and Geoffrey Calvert, expert in pension financing and founder of Alexander & Alexander's actuarial consulting division.

- A third panel will focus on retirement policy addressing voluntary vs. government solutions. Theresa Stuchiner, partner with benefit consultant Kwasha Lipton, will moderate. Panel participants include William C. Greenough, a member of the President's Commission on Pension Policy; Lawrence W. Smedley of the department of Social Security for the AFL-CIO, and Harrison Givens Jr., senior vp of The Equitable Life Assurance Society.

The cost to attend the meeting at the Hyatt Regency in Washington is \$250. For more information, contact Reg Beane at RIMS, 205 E. 42nd St., New York, N.Y. 10017; 212-557-3221.

Two named to RIMS panel

NEW YORK—William L. Mather and Thomas A. Duffield have been elected to the 10-member executive committee of the Risk & Insurance Management Society. Both were elected following the resignations of Steven B. Steinberg, who joined Emett & Chandler, and Edith Lichota, who joined INA.

Mr. Mather, new vp-research, is administrator of risk management for the Gillette Co. in Boston. He is past president of the Massachusetts chapter and served as its representative on the RIMS board.

Mr. Duffield took over as vp-finance and treasurer, a post formerly held by Donald T. Browne of First Atlanta Corp. Mr. Browne has become vp-governmental affairs.

Mr. Duffield is vp-insurance and risk manager at Archer Daniels Midland Co. in Decatur, Ill. He has served as chairman of RIMS's governmental affairs committee and represented the Western Illinois chapter.

How can St. Paul Risk Services have more than 125 years experience if we've only been in business two years?



Easy. We've borrowed those years of experience from our parent company, St. Paul Fire and Marine Insurance Company.

And here's what we can do for you.

If you're considering self-insuring, we can do a feasibility study to help determine whether or not it's a good idea.

If you're already self-insured, we can provide actuarial services, provide and evaluate loss prevention and control, administer claims, audit claims services, and

assist in insurance placement through licensed Independent Insurance Agents.

When you need this kind of expertise backed by more than 125 years of experience, call your Independent Agent or St. Paul Risk Services marketing department at (612) 221-7990. Or write St. Paul Risk Services, Inc., Hamm Building, 408 St. Peter St., St. Paul, Minnesota 55102.

St. Paul
RiskPlanTM
St. Paul Risk Services, Inc.

An affiliate of St. Paul Fire and Marine Insurance Company

Nuclear plants prepare disaster plans

Continued from page 3

The crisis team consists of people in the home office and at the three nuclear power sites owned by the utility, he explained.

The utility has had several dry runs of its emergency response programs the last two months and will have a full-fledged drill with the state and the NRC in December.

The dry runs have allowed the utility to send the NRC a suggested emergency plan so modifications can be made well ahead of the final deadline.

"The plans have all been sent to the NRC, but we haven't heard anything back from them yet on how well we did or what changes they might want made," Mr. Glover said.

The drills have pinpointed a few problem procedures that Duke Power is altering now.

"There were some problems in the crisis management organization, basically in the control between the home office and the separate units," Mr. Glover said.

"We have various groups designed to handle different aspects of the emergency plan, such as communication with the state, monitoring off-site radiation, checking equipment and so on," he explained.

"Each of those groups has a leader. But we found in our last drill that the communication between those leaders and the main person in charge of the overall plan was not as good as it should have been because everyone was scattered around.

"We decided that we needed some direct line of communication between the main leader and the technical groups, especially in the early stages of the emergency. We decided they would all be grouped in the same physical location. If you have all the group leaders split up, it is a lot harder to accomplish what you want in a short period of time," he said.

Other utility companies around the country also are fine-tuning their emergency plans.

Commonwealth Edison in Illinois already has tested its internal response to an emergency and last month cooperated with the state civil defense agency to coordinate a program to evacuate residents in an emergency.

In the drill, Commonwealth Edison had to follow the procedures it would use to notify local officials and the news media of an emergency. The state for the first time fully tested its own response plan.

"We were supposed to do everything short of physically moving people," said Chuck Jones, head of the state's emergency services and disaster agency. "The closest we came to evacuating people was to move three busloads of kids to a proposed relocation center to see how smoothly we could get things working."

The utility company also set up a temporary shelter outside its Dresden plant southwest of Chicago for an emergency communications

and operations headquarters.

After the Three Mile Island accident, the NRC was critical of the lack of a command post away from the central plant location where emergency personnel could meet to coordinate their efforts.

The commission said that imposing an emergency staff on top of the normal operating staff in one location added to the confusion that hampered a quick assessment of conditions at Three Mile Island.

All plants around the country are now required to establish these separate control centers. At Duke Power, for instance, the training headquarters of one nuclear plant and the visitors center at another are now designated as emergency control headquarters.

One of the more crucial burdens

placed on the nuclear plants by the NRC in the wake of Three Mile Island is to notify within 15 minutes everyone within a 10-mile radius who may have to be evacuated.

The NRC estimates the necessary communications systems could cost individual plants up to \$2.5 million; critics say the task could be impossible at any price.

Consolidated Edison in New York is looking at a system that would make more than 90,000 phones ring simultaneously in a manner different from a normal ring. A recording would tell people to tune to their radio for an announcement.

Commonwealth Edison has put together a three-stage plan that ranges from a phone call to a local sheriff if the accident is minor to sirens that would warn residents

that radiation might escape from the nearby plant.

Duke Power is investigating emergency communication alternatives ranging from a siren system to a system that would emit a tone alert from residents' radios.

"Whatever system we decide on has to be installed by July 1, according to the NRC, and they all have a lead time of about five to six months, so we have to decide pretty soon," Mr. Abrams said. He estimated the cost at \$500,000.

Although the emergency plans required by the NRC are designed to make the utility companies better prepared to handle emergencies, risk managers say the improved safety-control programs won't necessarily mean lower insurance premiums.

The nuclear pools, which provide liability and property insurance for the plants, recently raised premiums 10% (BI, Sept. 22).

"The pools are kind of in the driver's seat," said Mr. Cochran of Georgia Power Co. "If I knew how to put any leverage on them, I would, but I really don't think this thing will do it."

Duke Power's Mr. House has also accepted that premiums will not go down even if the utilities might be better prepared to handle emergencies.

"A good emergency plan is a point in your favor, but I don't think it will change the underwriting that much," he said.

"Once you are talking about evacuating people, you have a real problem, no matter how good that evacuation plan might be." ■

Engineered Risk Analysis

SITE PLAN

russe" associates
hartford, connecticut

rollins burdick hunter
hartford, connecticut

construction/grading
berry road
bloomfield, ct

ROLLINS BURDICK HUNTER

Multinational Insurance Brokers World Headquarters: 10 South Riverside Plaza, Chicago, Illinois 60606

Exxon sued in man's suicide

NEW YORK—The Exxon Corp. has been sued for \$6 million by a Queens woman who claimed her husband killed himself because he was overworked.

The lawsuit, filed with the state supreme court, alleges that William Seymour, Exxon's director of cargo freight, committed suicide last year because of his job.

An Exxon spokesman said an in-house investigation found the company innocent. ■

Philosophical approach fosters safety

Continued from page 3
and group general manager. Mr. Hemwall and John G. Tippett, plant director of manufacturing, are the primary architects of the Inmont safety program.

The safety record also has shaved the plant's insurance costs. In 1978, the firm paid nearly \$74,000 in net premiums for workers compensation coverage under a companywide retrospectively rated insurance plan. Last year, however, it paid only \$62,000 and has paid slightly more than \$45,000 through October of this year.

When Mr. Hemwall arrived at the St. Louis facility four years ago, Inmont was an average performer in safety. "Although there was nothing severe, accidents now and then were kind of accepted

'We had an attitude problem,' Mr. Hemwall said. 'Some of our people were in a hurry trying to be productive.'

and we were an average performer if you look at the chemical industry as a whole," he said.

But during January 1978, six accidents caused workers to lose a day or more of work and one cost an employee his fingers on one hand. At that point, Mr. Hemwall decided an average performance wasn't good enough.

"We had an attitude problem," Mr. Hemwall said. "But it wasn't a negative attitude. Some of our people were in a hurry and a bit care-

less trying to be productive."

The company took the basic mechanical steps to beef up its safety program. It appointed a full-time safety coordinator and tightened rules requiring hard hats and safety glasses in the plant.

But Mr. Hemwall and Mr. Tippett took the remedy one step further by making the 235 Inmont employees adopt a safety philosophy. They let employees know as often as possible "that we care about accidents no matter how small they

are," Mr. Tippett said.

Both administrators make it a point to attend each monthly safety meeting held by the company's two safety committees. Topics discussed include plant conditions, accidents, no matter how small, that require first aid and recommendations for improvements.

All plant employees also attend mandatory safety sessions conducted by line supervisors who talk about safe operations of plant equipment.

Safety recommendations and directives are followed up diligently. "That's the most important thing," said safety coordinator Val Beach.

"You can get people to stop quitting early and stop stretching their

lunch breaks, but that's only good for a couple months unless you go back and follow it up. Well, it's the same thing with safety. You've got to go back and follow up to see the recommendations are being carried out."

One of Mr. Beach's favorite techniques to improve workplace safety is a process called job safety analysis.

For example, it was noticed that in 1978 there were 153 first-aid accidents, most of them cuts from handling paper and cardboard in the rubber fabricating section. Mr. Beach took pictures of individual job stations, analyzed the photos and noticed workers weren't wearing gloves. Later they were given to the workers.

Management uses the carrot-and-stick approach to prevent lapses in safety thinking among workers, Mr. Hemwall said.

The carrot has been given at various points along the way to 1.5 million hours without a lost-time accident. When the company reached 500,000 hours, management sent all employees, including office workers, a \$20 gift. When one million hours were clocked, workers were rewarded with road kits containing automobile accessories. Books with discount coupons for St. Louis area stores were also distributed early this year.

But the stick is administered when accidents occur. Supervisors are responsible for accidents involving workers under them and get called on the executive carpet when a mishap takes place.

"We've interviewed supervisors about three or four times after accidents," Mr. Hemwall said. "We really grill them and ask, 'Why didn't you do this and why hadn't you thought of that?' The result is they're very conscious of safety."

Line employees also feel the stick when they are involved in an accident. Discipline ranges from a letter of reprimand in their files to time off without pay.

"And when an accident occurs, no matter how small, we go down into the plant and ask the worker how he is," Mr. Tippett said. "That way they know we're concerned."

Inmont officials also have found the good safety record stimulates a competitive spirit among workers to keep the red accident light from turning on.

"Now, nobody wants to be the first one to have a lost-time accident, and we all have a real incentive to keep this thing going," Mr. Tippett said.

Charts are posted on the plant bulletin board with accident statistics and grades for the cleanliness of individual work stations, also a factor in accidents.

Examples abound of employees taking the initiative to avoid accidents.

One supervisor dipped into his own pocket to buy pens emblazoned with the slogan "Safety first, last, always—always avoid injury, work safely." The pens were distributed to the workers in his department.

Another time, a management staffer who wanted to examine a toxic salt bath without wearing a protective mask was rebuffed by an employee. He handed the executive a mask and would not allow him to look inside without it.

With Inmont's safety record growing steadily, employees have come to look at the accomplishment as more of a human, rather than a statistical achievement, Mr. Tippett said.

"It's not so much the record anymore, but it's the fact that nobody's been hurt around here in more than two years."

PROBLEM:

You need an automated system to administer workers' compensation, but you can't ask your EDP department for help. They're already buried in high priority projects.



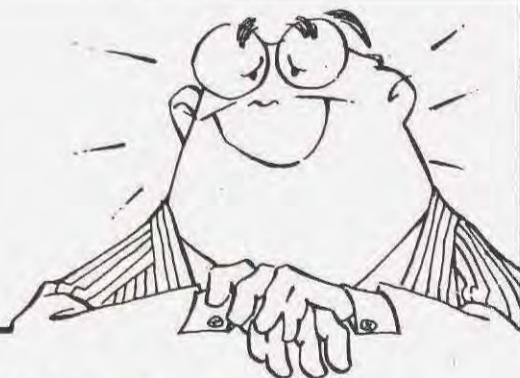
QUESTIONS:

- How can you maintain adequate claim files on the computer?
- How can you issue compensation checks from a central distribution point to ensure their accurate and timely payment?
- How can you handle vendor payables efficiently without duplicating payments?



ANSWER:

corporate systems



Corporate Systems' Claims Administration System gives you instant on-line access to your complete claim file and totally automated check-writing capabilities. At the touch of a finger, you can issue compensation payments or call up an individual claim or selected groups of claims for screen display or hard-copy printout. And your files are always current and correct, because with each bit of data entered, they are updated and validated for accuracy.

Most important, Corporate Systems' Claims Administration System enables you to control claim costs, by helping you . . .

- Improve reserving accuracy
- Reduce time-consuming paper work
- Monitor exceptional claims
- Enhance employee and vendor relations through prompt and accurate payment of compensation and medical expense checks

- Avoid duplication of payments
- Assist loss prevention specialists with information to reduce the cost and number of accidents
- Strengthen communication with financial management through more efficient accounting procedures
- Improve cash flow by batching vendor payments

Corporate Systems' Claims Administration System can do all that and much more, and it's just one of the many information systems we provide to corporations for claims management and loss prevention. If you have a risk management information problem or question, ask us. We've been providing problem-solving tools to risk management for more than a decade, and our growing client list of more than 1,100 corporations and governmental entities is proof we've been doing a good job at it.

We can supply the answers you're looking for.

corporate systems

Labor panel chairman wants OSHA changes

Continued from page 3
workplace dangers can solve grave problems of toxic wastes and occupational disease, he maintains. If OSHA does its job correctly, there will be no need for federal programs to compensate for occupational disease.

The committee, however, will consider the compensation problems of current victims of occupational disease, he said, stopping short of endorsing or opposing new federal compensation programs for these workers.

The committee, which in 1980 approved legislation costing \$500 billion, will practice regulatory restraints in the upcoming session, Sen. Hatch said. Among the programs sure to be dead under his chairmanship are national health insurance and federal standards for workers compensation, he said, confirming observers' predictions (BI, Nov. 10).

"National health insurance has always been dead," he said. "It has never stood a chance" because it's too expensive, he added.

Sen. Hatch instead supports a program to provide protection against catastrophic health care bills. This could take the form of a mandate on business to provide a minimum health care plan to all employees.

"We will look at that," he said. The drive to promote federal standards for state workers compensation programs won't get off

Asbestos suit settled

ANNAPOLIS, Md.—A Baltimore woman who says she was exposed to asbestos while working as a secretary and subsequently got cancer has received close to \$500,000 in an out-of-court settlement.

Johns-Manville Corp. settled a claim brought by Frances B. Harig shortly before her \$3 million suit was to come to trial in federal court here. Johns-Manville is insured by The Travelers Insurance Co. and has excess liability coverage with The Home Insurance Co. and 27 other insurers.

Ms. Harig says she came in contact with asbestos while working for a Baltimore firm from 1940 to 1955 where fiberboard manufactured by Johns-Manville was used.

Cleanup costs now \$1 billion

HARRISBURG, Pa.—The cost of cleaning up Three Mile Island nuclear power plant has been hiked to \$1 billion and will take five more years. This further raises the possibility that the crippled plant might never operate again.

The latest cost estimate from General Public Utilities, owner of the plant, is almost double that released just a few months ago. It also adds two years to the time needed for cleanup.

The \$1 billion figure does not include an additional \$260 million that is the minimum needed by GPU to restore the reactor once it is cleaned.

GPU says it does not know where the money will come from; insurance will only cover \$300 million of the total.

The company said the increased estimate was adjusted for inflation and was partly a result of continuing uncertainties over when federal regulators would approve various phases of the cleanup.

the ground. "Workers compensation must be handled at the state level," he said. "The federal government doesn't have the funds and it shouldn't be shoving its fists into state programs."

The existing federal Longshoremen's and Harbor Workers' Compensation Act "has not very much impressed me," he said. He would not say whether he will support amending the law to cap the automatic increase in benefits that occurs as the national average wage rises. The increases have been running 8% annually.

"I don't believe in caps," he said. "But I don't think there should be automatic increases either. We have too many automatic escalation programs feeding inflation."

Reagan won't pull plug on EPA rules

Continued from page 3

class from Cincinnati, until early December.

The regulations will set down strict standards for companies that treat, store or dispose of toxic wastes. The EPA estimates 90% of the nation's toxic waste is disposed of improperly.

Mr. Skahn said he doesn't expect Mr. Reagan's election to slow down the regulation process, which gives chemical companies and other manufacturers of toxic wastes six months to a year to comply with the new mandate.

President-elect Reagan, who won't take office until Jan. 20, has in the past been highly critical of several regulatory agencies. Brokers at the meeting asked Mr. Skahn and Robert Liston, assistant vp of underwriting at Shand, Morahan, if the election of Mr. Reagan will influence the regulations on hazardous wastes.

"The EPA is not going to slow down on this one," Mr. Liston said. "The country can't afford it."

"The pressure from the public will continue to be there," Mr. Skahn said. "But it's very difficult to say now what effect a new president will have on the regulations."

The nonsudden pollution policy offered by Shand, Morahan covers all legal liability for environmental impairment resulting from the disposal of hazardous wastes, including cleanup costs, Mr. Liston says.

"The liability is still there," said Don Brayer, assistant vp in Shand, Morahan's production department. "There's a potential for corporate bankruptcy."

Copies of the final EPA regulations will be published in the Federal Register. They also can be obtained by writing to Ed Cox, Solid Waste Publications, EPA, 26 W. Clair St., Cincinnati, Ohio, 45268.

Watch the crack troop scramble when you need fast action in excess.



"We need to increase our Excess Property limits within 48 hours."

"We're looking for Excess Casualty that is explicitly written and reasonably priced."

"We want Workers' Comp coverage beyond self-insurance-retention."

The minute Baccala & Shoop receives an urgent inquiry from a broker, the crack troop of underwriting managers revs up its collective talents. We assemble the pertinent facts. We analyze variables. We call on our long experience in serving the excess needs of a cross section of American business.

Still, it takes more than gung-ho people. It also takes vital support forces, especially an extensive in-house capacity for all classifications of excess and surplus lines. Our facilities are enhanced by two things: the financial stability of the companies for which we hold policy-issuing authority and an intelligent use of the reinsurance market.

Baccala & Shoop is one of the very few underwriters that devote 100% of their time and efforts to excess/special risks.

Talk to the specialists at Baccala & Shoop. You'll learn they not only have to be good to be a member of the crack troop, they have to be quick.

Baccala & Shoop

The crack troop
in underwriting management.

Atlanta (404) 231-9272	Chicago (312) 853-2777	Columbus, OH (614) 846-6666	Dallas (214) 233-0201	Denver (303) 399-4023	Houston (713) 777-4530	Los Angeles (213) 385-6266
Minneapolis (612) 545-4300	New York (212) 943-2070	Philadelphia (215) 567-2700	Phoenix (602) 957-4580	San Francisco (415) 777-4300	Seattle (206) 624-8711	

classified advertising

RATES AND CLOSING TIME:

Published every Monday. Copy in written form in Chicago office not later than noon Monday, 7 days preceding publication date. Display classified: takes card rate of \$49.00 per column inch with card discounts on size and frequency. Straight classified: \$4.50 per line, minimum charge \$22.50. Cash with order. Figure all cap

lines (maximum of two) 26 letters and spaces per line; upper and lower case, 34 per line. Add two lines for box number. Replies are forwarded daily. Mail ads to Barbara Tosheff, Business Insurance, Classified Advertising Dept., 740 N. Rush St., Chicago, Illinois 60611. Call (312) 649-5340 for more information. No verbal phone copy accepted.

INSURMATIC'S
COMPLETE AGENCY AUTOMATION

ADC 415-522-2400
INSURANCE PROCESSING CONSULTANTS

800-227-2090
512 WESTLINE DR., ALAMEDA, CA 94501

GROUP AUTO

Large California Broker-Consultant desires Insurance Carrier to underwrite "True" Group (Employer Contribution) for its 50-2500 employee clients.

Box 395, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

NYC INSURANCE BROKER WANTED

European Insurance Broker wishes to acquire N.Y.C. P & C Broker with premium volume over \$5 million and key personnel willing to remain. Cash or equivalent available for stock purchase. For details, please contact Mr. William Trautman, 999 Mt Kimble Avenue, Morristown, New Jersey 07960. (201) 221-9090.

INSURANCE COORDINATOR PROPERTY-CASUALTY

For newly established U.S. Subsidiary of major German insurer in New York City. About 5 years experience commercial lines with company and/or brokerage firm. Please send resume and salary to: Box 392, BUSINESS INSURANCE 740 Rush St., Chicago, Ill. 60611

RISK & INSURANCE MANAGER

Sunnyvale, CA
(45 mi. from San Francisco)

Control Point is \$32,464
Usual hiring from \$26,652-29,412
Top of range is \$35,710

Management position to plan, organize, direct, and evaluate activities, of comprehensive risk and insurance management program. BA or BS in Business Administration, Risk Management, Insurance, or related field required. Direct experience in worker's compensation administration highly desirable.

Applications must be received in Personnel Office by December 1, 1980. Apply:

City of Sunnyvale
P.O. Box 60607
Sunnyvale, CA 94088
(408) 738-5431

Most qualified candidates will be invited for final selection process.

Equal Opportunity Employer

HELP WANTED

PRODUCER WANTED: We are looking for a professional insurance producer for our North New Jersey Agency. The ideal candidate will have a proven track record. Excellent markets available (Chubb, Crum & Forster, Employers of Wausau, Hartford, INA, Kemper, Firemans Fund, Zurich, etc.). Top professional staff. Send written reply to Box 396, BUSINESS INSURANCE 740 Rush St., Chicago, Ill. 60611

"O'Keefe International Adjustment Companies, Inc. P.O. Box 16168, Phoenix, AZ 85011, (602) 264-3439, cable address "LOKADCO" "We Will Handle Your Claim Anyplace in the Free World"

ADMINISTRATIVE OFFICER

Connecticut Conference of Municipalities seeks a highly responsible individual to administer the Connecticut Interlocal Risk Management Agency (CIRMA), a risk management and insurance pool service provided to Connecticut cities, towns and local public agencies. The individual will have primary responsibility for the administration of CIRMA. Candidates should have five years progressively responsible administrative experience. Excellent benefits. Please apply to Administrative Officer, CCM, 956 Chapel Street, New Haven, Connecticut 06510. CCM is an Equal Employment Opportunity Employer.

PROF. POS. AVAIL

INT'L Benefits mgr.40M
ASST RM, fire & cas responsibilities excel oppy30M
INS Analyst NYC/CT/NJ, several positions, fire/cas20-24M

JOHN HUTNER
(212) 732-3110
david j. hollinger assoc, inc.
150 Broadway, New York, NY 10038

Consulting/Executive Search To the Insurance Industry


PAUL E. RUNKLE ASSOCIATES, INC.

One Chase Road
Scarsdale, New York 10583
(914) 725-0773

SURETY BOND SPECIALIST

Large Agency Broker located in Mid-East seeks Surety Bond Specialist. Candidate should possess college degree with experience. Knowledge of coal industry bond requirements desired but not required. An opportunity for experienced bond person to work with insureds, surety companies and management duties. Near term advancement to a manager's position is possible for the successful candidate. Compensation commensurate with qualifications.

Box 387, BUSINESS INSURANCE
740 Rush St. Chicago, Ill. 60611

Call
(312) 649-5340
for more
Classified Information

RISK MANAGEMENT PERSONNEL CONSULTANTS

Representing Select Corporations & Candidates Nationally

• **INSURANCE** • **SAFETY** • **EMPLOYEE BENEFITS**

Managers & Assistants

CORPORATE CAREER ENTRY CAPTIVE TECHNICIANS

Call Collect: (212) 599-2662

Marty Hodes, ARM Meg Sloman

METRIC 11 East 44th Street
New York, N.Y. 10017

INSURANCE BROKERAGE

Executive position with small, well established firm undertaking expansion of operations and enhancement of capabilities.

College degree and 10± years experience in positions of increasing responsibility required. Candidate must demonstrate ability to service and solicit large basic industry accounts.

Desirable qualifications would include familiarity with the application of data processing systems to risk management, a CPCU or MBA, and experience with mining industry risks.

Compensation includes a base salary in the \$50,000 range, incentive profit participation, and a comprehensive benefit program.

Box 399, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

INSURANCE RECRUITERS, INC.

- DALLAS 3707 Rawlins, #416, zip 75219 (214) 528-0090
- ATLANTA 1800 Century Blvd. N.E., #1230, zip 30345 (404) 633-1973
- CHICAGO 200 W. Monroe, #1607, zip 60606 (312) 348-0268
- DENVER 650 S. Cherry, #510, zip 80222 (303) 320-5347

LOSS CONTROL REP./Texas
Large utility company requires 3-5 years exp. in property/HPR type activity and a science related degree. Fine opportunity with this N. Texas client. Salary to mid \$20s. Contact Howard Halner in Dallas for details.

RISK MANAGER/Ohio
Mfg. oriented client with sales approaching one billion. Duties will include all aspects of the RM function except employee benefits. Conservative image important. Salary to mid \$30s. Contact Howard Halner in Dallas.

MARKETING ACCOUNT EXECUTIVE
Sunbelt agency is seeking talented commercial casualty technician. Existing National Account backgrounds desirable as is any experience in the areas of layered and excess coverages; compensating balances, paid/deferred loss ratios etc. Requires strong underwriting/marketing background, hopefully, within an agency environment. Salary to \$40,000. Contact Evelyn Barnett in our Atlanta office.

DENVER ACCOUNT EXECUTIVE
Unique Denver opportunity within growth oriented agency for an individual who will function in the dual capacity of marketing and servicing medium-to-large commercial accounts. Energy related experience preferred. Call or write Linda Mayer in Denver today for details.

CHICAGO AGENCY MANAGER
Our client, an affiliate of a large corporation, is seeking an individual to manage its commercially oriented agency. The candidate selected will have good skills in selecting, hiring and training subordinates as well as good knowledge of the Midwest insurance marketplace. Salary plus bonus arrangement. Contact Trevor Davis in Chicago for additional information.

MISSOURI BOND MANAGER
Leading agency seeks individual to head Bond department. Requires both fidelity and surety bond experience, ideally, in a marketing/underwriting capacity. Superb vertical growth situation. Starting salary in the mid \$30K bracket. Contact Jim Gilbert in Dallas for further information.

AGENCY UNDERWRITING SUPERVISOR
Unusual opportunity for person with 3-5 years commercial underwriting experience. Will supervise department of some 15 underwriting personnel. EQUITY situation. \$25,000 +/- . Contact Jim Gilbert in Dallas.

"A RECOGNIZED LEADER IN THE RISK MANAGEMENT, AGENCY/BROKERAGE FIELD"

CALL TOLL FREE (800) 527-5428

WESTERN MICHIGAN AGENCY MANAGER

National Brokerage Firm is looking for a highly motivated, knowledgeable individual to manage Western Michigan Property/Casualty operation. Candidate should have Underwriting, Marketing, Sales and Management Experience. CPCU is desirable. Candidate should be large-account oriented. Compensation package is made up of salary and bonus. All replies will be kept in strictest confidence. Direct replies to: Box 397, BUSINESS INSURANCE 740 Rush St., Chicago, Ill. 60611

VICE PRESIDENT
Loss Control Services

Large national service organization (Southeast) is searching for experienced individual to establish and develop Loss Control Service Division, marketing to diversified clientele. Responsibilities include developing objectives formulated toward creating a profit center operation. Included in these objectives are:

- Structure in higher management talent.
- Develop Financial Plan, organize Marketing within a Loss Control Service Division.
- REQUIREMENTS INCLUDE: Business or Industrial Engineering Degree. Eight to ten years experience in Loss Control and Management Consulting relating to survey inspections; auditing and developing Client Loss Control Programs.

Excellent benefits. Please send your resume with salary history to:

Box 398, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

An Equal Opportunity Employer

HPR~ UNDERWRITER

Chicago-Based Career Opportunity

Growth leader in the property insurance field has an immediate opening for a highly motivated underwriting professional.

Involvement consists of account/prospect review and evaluation and includes other underwriting activities (rating, coverages, etc.). Candidates should have 3-7 years experience in highly protected risk engineering and/or underwriting. Excellent analytical abilities and communication skills are necessary.

Excellent compensation and advancement potential offered. For immediate consideration, forward your detailed resume in complete confidence to:

Phil Gniot

PROTECTION MUTUAL
300 S. Northwest Highway
Park Ridge, IL 60068
Equal Opportunity Employer M/F

Corporate Debt Analyst
Insurance Companies

Standard & Poor's Corporation, a leading provider of financial information and advisory services to the investment community, seeks a motivated individual with strong communications skills to join its corporate debt rating department. Substantially increased issuance of debt securities by insurance companies has led to this need to expand our staff.

Applicants should have a demonstrable knowledge of the insurance industry, obtained either as a securities analyst or through direct work experiences.

This position provides a virtually unique interface with senior business executives and offers opportunities to participate in studies and decisions that are at the leading edge of corporate finance theory and practice.

We offer excellent compensation, comprehensive benefits and significant opportunities for professional and personal development.

Forward your resume, complete with salary requirement, in confidence to:

Manager of Employment
25 Broadway, NY, NY 10004

 **Standard & Poor's Corporation**
An Equal Opportunity Employer M/F

Court to decide

Continued from page 2

Newark, which represents GM. The Supreme Court's decision could be reached by late spring.

Cases awaiting hearing by the 3rd Circuit probably will be joined to the Buczynski and Alessi appeals when they are heard by the Supreme Court, attorneys in those cases say.

However, one case involving several Pittsburgh steel companies will be heard by the 3rd Circuit in December.

A lower court ruled the steel companies could continue to offset benefits in Gargan vs. Wheeling-Pittsburgh Steel Co., which had six class-action suits attached to it.

However, plaintiff Gargan appealed to the 3rd Circuit. The plaintiff's attorney is hoping the 3rd Circuit will reverse itself and disallow the offset in the steel cases.

Attorney Martin Singer of McArdle, Caroselli, Spagnoli and Beachler of Pittsburgh says GM offsets more often than the steel industry and that might be why the court backed the offsetting in the GM case and might not in the steel case.

The Supreme Court also could decide the Buczynski and Alessi cases in a way that would not affect the steel industry, says William Powderly of Reed, Smith, Shae & McLeary, a Pittsburgh law firm representing the steel companies.

The Buczynski and Alessi cases ask whether ERISA pre-empts a New Jersey law prohibiting offset of pension benefits with workers compensation payments.

If the Supreme Court rules ERISA does not pre-empt New Jersey law, the decision would not affect the steel industry cases, which are filed in Pennsylvania, Mr. Powderly said.

If the Supreme Court disallows pension benefit offsets, all types of benefit offsets would be affected, with the exception of Social Security offsets that are permitted by statute, Mr. Powderly adds.

Lower courts in other districts will most likely delay other pension offset cases until the Supreme Court rules.

Swine flu award OK'd

WASHINGTON—A federal judge has awarded \$325,879 to a suburban Virginia woman who said she was injured by a swine flu vaccination.

Shirley K. Thompson, 45, of Stafford County, has undergone a dramatic change in "her whole lifestyle" after receiving a swine flu shot four years ago, said U.S. District Court Judge Albert V. Bryan Jr.

Ms. Thompson is unable to work or drive a car and cannot use her facial and leg muscles. These conditions are permanent and were caused by the vaccine, Judge Bryan said.

The federal government conceded Ms. Thompson suffered from Guillain-Barre, a rare crippling disease. But it denied the swine flu shot Ms. Thompson received in the federal government's 1976 mass immunization program caused her illness.

Judge Bryan, however, rejected the government's argument. Although Ms. Thompson's disabilities surfaced considerably later than did most swine flu problems, the vaccine was to blame, the judge said.

Genetic engineering spawns risk

Continued from page 2

Insurance company executives reluctantly say that sometimes an unusual risk is declined in the field before it can be scrutinized by corporate underwriters. That could have happened in this case, they admit.

"It's still too early to make a judgment on the availability question," said Rigo Cabezas, Genentech account manager at Johnson & Higgins, who is starting to canvass the product liability markets for his client. "The risks are unknown territory to insurers."

Mr. Cabezas hopes to find a receptive attitude among surplus lines brokers and insurers. "We're not ruling out Lloyd's of London," he added. He is less optimistic about placing the business with the major stock companies.

One problem, he points out, is that small companies like Genentech do not have the buying power of the giant pharmaceutical companies whose premium dollars give them enormous market clout. Nor can these fled-

gling companies afford the high risk retention levels maintained by Eli Lilly & Co., Hoffmann-LaRoche and other major drug manufacturers.

In some cases, those drugmakers also are conducting in-house genetic research. Insulin produced by Genentech two years ago is being tested by Eli Lilly & Co. in England. Hoffmann-LaRoche and Pfizer Inc. are also known to be conducting biotechnology research.

One reason private genetic engineering firms have been able to sidestep the product liability issue up to now is that their corporate clients have agreed to accept the risk through hold harmless agreements. Once they set out on their own, however, they lose that protection.

Neither general liability nor workers compensation insurance has ever been a problem for Cetus Corp., reports Barbara Lesser, ac-

countant with responsibility for risk management at the Berkeley, Calif., company. Sentry Insurance Co. has been underwriting the firm's liability risks for seven to nine years, she says.

"We don't need product liability coverage," she said. "We do pure research. We don't make a product."

Excellent engineering services and loss control have kept losses at Cetus to a bare minimum, says Sentry agent William Munn in Albany, Calif. Potential research laboratory hazards include biological and radiological pollution and a high boiler and machinery exposure.

Harvard University is considering setting up a for-profit genetic engineering company but has not yet investigated the liability implications, said a spokesman in the insurance department. Stanford University is discussing a similar step, although not in the near future, reports risk manager Bob Beth.

We solve your problems before they happen.



How AFCO can help with premium financing.

These four AFCO Regional Vice Presidents are working executives. They know insurance. They know finance. They are busy every day keeping track of business trends—and tailoring AFCO services to fit your needs on every type of business insurance.

When you come up against a new kind of problem, AFCO probably has met it before, and solved it, for one of the thousands of commercial insureds and corporate risk managers we now serve.

If AFCO's 25 years of reliable, responsive financing service is not already helping you, call your agent or broker today.

Or get in touch with Paul M. Holland, Vice President—Marketing, AFCO, 7 Hanover Square, New York, N.Y. 10005. Tel: (212) 797-1850.

AFCO
© 1980 AFCO Credit Corporation
The biggest help in premium financing.

Employers shun debts of broke HMOs

Continued from page 1

At Bechtel Power Corp. in San Francisco, the legal department is advising employees not to pay bills that were left behind by two bankrupt HMOs.

Bechtel's legal department is sorting out the question that arose when employees received bills after the Texas Prepaid Health Plan and HMO Concepts in Southern California went under.

"I don't know how long this will work," said Susan Grisso, benefit analyst at Bechtel. "I am unsure what we ultimately will do."

Outstanding bills from the Texas plan total \$22,000. Only \$500 is owed from the California HMO.

Whether an employer can be held accountable for services received by employees in these situations is a very complicated issue,

says the Kaiser-Permanente Advisory Services in California. It could depend on whether the employer was forced to offer the federally qualified plan and whether the HMO was offered through collective bargaining.

Federal law requires any employer with 25 or more employees in the service region of a federally qualified HMO to offer the health care alternative. Some say this lack of choice would make the employer less liable for HMO debts than the employer who voluntarily offered the option.

However, the employer who offered the HMO as part of a collective bargaining agreement with a labor union might be more liable for the debts than an employer who has non-union employees and

is not bound by a contract.

But in most cases, employers and employees are without any recourse to avoid the HMO debts.

"There is no federal statute to insulate the employer or employee," says Ted Weinberg, director of compliance for the federal HMO office. He says jurisdiction lies with individual states.

But in the seven states where HMOs have failed—California, Washington, Idaho, Colorado, New Jersey, Ohio and Texas—little protection exists, except in California.

Idaho, Colorado, Ohio and Texas have no protective laws, but hold harmless clauses are often signed in individual contracts between HMOs and employers.

However, often physicians will sign the contracts while hospitals and ambulance services will not.

This regulatory weakness in most states is prompting associations and employers alike to push for change.

"It's a real problem and something we are going to push for change in," said Ruth Stack, executive director of the National Assn. of Employers on Health Care Alternatives, formerly NAEHMO. "There will be federal amendments presented this year (by us) to protect the employer/employee from insolvency."

Options the group is discussing include overall umbrella insurance for all HMOs with contributions based on size; requiring HMOs to post performance bonds; building an escrow fund from premiums to cover debts, and allotting portions of federal loans to HMOs to a fund for insolvencies.

"There have to be some changes made because employers and employees have paid for a service. In these cases, they are really paying double," Ms. Stack added.

Unbundled plans cover all

WASHINGTON—Employers that unbundle their group dental, optical or prescription drug benefits through supplemental insurance plans have to offer these benefits to employees who choose to join a health maintenance organization.

However, employers that integrate dental, optical or prescription drug benefits in comprehensive health insurance plans will not be required to offer these to employees joining an HMO, the federal government says.

In final regulations published last month, the Department of Health and Human Services backed off from earlier proposed regulations.

HHS, which regulates HMOs, originally proposed that employees who join an HMO receive the same dental, optical and prescription benefits as employees covered under an employer's conventional indemnity plan even if the benefits were not unbundled.

But HHS backed down after employers integrating dental, optical and prescription drug benefits in their group health plans complained they would be hit with additional administrative costs if these benefits had to be offered separately to employees signing up with an HMO.

The final regulations also require:

- HMOs to submit their most recently audited annual financial statements to employers. The proposed regulations had required HMOs to submit their most recent financial statement.
- HMOs to reveal to employers

8 on way to recovery

WASHINGTON—Eight health maintenance organizations that were designated as in noncompliance by federal officials are on their way to redeeming their federally qualified status, according to the federal HMO office.

They are:

- Health Care of Louisville.
- Health Central in Lansing, Mich.
- Comprecare in Denver.
- American Health Plan in North Miami, Fla.
- Manhattan Health Plan in New York City.
- Health Care Plan of New Jersey in Morristown.
- Westchester County Health Plan in White Plains, N.Y.
- Community Health Care Center Plan in New Haven, Conn.

Fifteen other HMOs, whose identities federal officials would not release, are negotiating with the federal government to win back their federally qualified status.

A noncompliance designation is a warning to the HMO to get its operations in order. The label is generally applied to HMOs in financial trouble.

Similar proposals are being mulled by the Group Health Assn. of America in Washington, the trade association for group model HMOs.

Executive director James Doherty outlined suggestions being considered in conjunction with the National Assn. of Insurance Commissioners. They include:

- A solvency formula that would require HMOs to have a reserve fund to cover a designated portion of uncovered liabilities.
- A reserve funded by a percentage of premiums.
- A federal fund for insolvencies created by an HMO tax or government funding.

"All of this is now in the discussion stages, but my suggestion is maybe something should be incorporated into federal legislation and states with similar provisions could opt out," Mr. Doherty said.

This provision would rarely overlap with states' rules, he said.

"I imagine not many states have these kinds of provisions."

"We are concerned about employers' reactions to insolvencies," Mr. Doherty said. "We have to come up with a plan to assure them they will be protected."

"We know of some good solvent HMOs that have been hurt by employers' reluctance to get employees to join."

Provisions for insolvency were not established in the federal HMO Act because it was believed this would hamper the growth of HMOs, Mr. Doherty explained.

"In the early years, there was no believed purpose for high reserves because there is no backlog of claims in an HMO," he said.

The quarterly auditing process by the federal office of compliance was considered an ample way to check the plans' soundness.

But "not enough regulators know what they are looking for," Mr. Doherty said. "It was a sensible approach but it didn't work."

If selecting your company's insurance is your responsibility, our professionally qualified staff can make your job easier and more effective. We offer all, or any part, of the following services:

- Excess Insurance – Aggregate and Specific
- Claims Administration
- State Qualification and Filings
- Self-Insurers Bond
- Safety Services
- Cash Flow Analysis

You will be delighted at the low, competitive price of the "package" we can tailor to your specific needs.

We also invite brokers and agents to inquire about what we can do to keep their customers satisfied.

Call Gary Mongilutz at (502) 425-8660 for details.



Underwriters Safety & Claims, Inc.

Serving self-insurers since 1941.

Post Office Box 6769
140 Whittington Pkwy.
Louisville, Ky. 40206
Phone: 502/425-8660

Offices in: Knoxville, TN/
Marion, IL/ Norton, VA/
Paintsville, KY

The one-stop,
full-service self-insurance
"Super-market" for
workers' compensation!

One-Stop/Self-Insurance Market

MRS. DOROTHY HIRSCH, PRESIDENT,

is pleased to announce
the reassociation of

MR. ROBERT J. EWART,

as

Vice President, Underwriting
of

MID-CONTINENT UNDERWRITERS, INC.

700 Whitney Building
New Orleans, La. 70130

504/581-5597

TLX 587426

A Managing General Agency – Excess & Surplus Lines
Dealing with Agents & Brokers Only

Innovative Primary Insurance
Programs for the Large Risk.

Underwriting profits prove elusive in quarter

Continued from page 1

20% a year, due largely to the effect of inflation," said Continental Corp. chairman John Ricker. "Up to now we've had at least partial compensation in the form of lower frequency of losses, but that unfortunately looks like it is behind us. Rates will have to increase as an offset."

Continental saw its operating earnings drop 37% to \$49.7 million on a third-quarter 4% revenue gain to \$888 million. The company had an underwriting loss of \$46.8 million for the quarter and \$123.9 million for the first nine months of the year.

The Travelers chairman Morrison Beach agreed, "The continuing effect of high inflation rates on claims costs and operating expenses, coupled with very competitive market conditions, will adversely affect profits for the balance of the year and place pressure on profit margins in 1981."

But he added he sees a greater chance of increasing premium prices in the coming year.

The Travelers experienced underwriting losses of \$73 million in the third quarter of 1980, compared with a loss of \$38 million in 1979. Earnings dropped 9% to \$94.7 million for the quarter and decreased 4% to \$268.3 million for the nine-month period.

The nine-month combined ratio increased to 104.4% from 101.3%.

Other major companies to experience heavy underwriting losses were Aetna, Crum and Forster, INA and St. Paul.

Aetna Life & Casualty, which experienced a 23% decrease in its third-quarter earnings to \$113.9 million, lost \$49.4 million on underwriting results during the period. The loss for the nine months totaled \$122 million. For the third quarter of 1979, Aetna had an underwriting profit of \$25.5 million and a profit of \$75.9 million for the first nine months of that year.

Its combined ratio for the first nine months of 1980 increased to 104% from 97.8% a year ago.

"Although significant near-term improvement is not anticipated, we expect results for the year as a whole will more closely

BI ticker

reflect the nine-month rate of decline than the more severe third-quarter result," said John Filer, Aetna chairman.

INA Corp. experienced a third-quarter underwriting loss of \$30.5 million, compared with a loss of \$23.5 million in the same quarter a year ago. Earnings, however, increased 11% to \$68.5 million for the quarter and 15% to \$206.9 million for the nine months.

The company's combined ratio for the nine months went up to 104% from 102.7%.

At Crum & Forster, earnings dropped 9% in the third quarter, to \$34.7 million from \$38 million, but for the nine months increased 6% to \$116.6 million from \$109.5 million. The nine months' combined ratio climbed to 101.2% from 98%.

St. Paul Cos. recorded an underwriting loss of \$39.1 million for the first nine months and a loss of \$17.2 million for the third quarter. During the last year's nine-month period, the company gained \$2.6 million.

Earnings results weren't as gloomy for the quarter, as St. Paul showed an increase of 4% to \$36.3 million. Revenues for the same period grew 9% to \$502 million. But for the nine months, the \$108 million recorded in operating earnings was a 5% decline from 1979's \$113 million.

St. Paul's combined ratio increased to 103.4% from 99.6% for the first nine months.

The biggest loser among the companies surveyed was Avemco Corp. of Bethesda, Md. The aviation underwriter earned \$118,000 during the year's third quarter, a drop of 84% from the \$726,000 earned during the same period of 1979. For the year to date, operating earnings totaled \$1.8 million, a decrease of 28% from 1979's \$2.5 million.

The company attributed the large drop in earnings to "unusually heavy aviation losses" during the year's second quarter that continued through July and August.

Some companies managed to do quite

well over the third quarter, however.

Progressive Corp. of Mayfield, Ohio, increased its operating earnings by 56% in the quarter to \$4.9 million from \$3.2 million. It recorded an even greater increase, 109%, in its nine-month earnings, to \$15.7 million from \$7.5 million.

The company's combined ratio—one of the few below 100%—declined to 86.6% in the nine months from 99.7% a year ago.

NN Corp. of Milwaukee increased its operating earnings by 50% in the third quarter to \$8.3 million from \$5.5 million. For the first nine months, earnings rose 8%.

Chairman William Berry said third-quarter property/casualty results exceeded those of the first half of 1980. The company showed an underwriting profit of \$2.1 million during the first nine months compared to \$6.1 million in 1979.

A 61% spurt in Connecticut General's nine-month property/casualty results was a major factor in the company's overall 18% gain in operating income for the nine months. CG also chalked up a 44% increase in third-quarter operating income to \$92.1 million from \$63.7 million.

Lower catastrophe losses in the property/casualty division, plus continued growth in group health and dental programs, contributed to the increases.

"Last year's results included unusually large catastrophe losses, especially during the third quarter," said president Robert Kilpatrick. "Normal catastrophe experience this year resulted in a 2.3-point lower charge to our nine-month operating ratio."

But Mr. Kilpatrick noted, as did other company officials, that underwriting results continue to be unfavorable. The combined ratio for CG's first nine months was 109.7%, compared with 111.6% a year ago.

"Our intention to write property and casualty business only at appropriate prices has contributed to a 2% decline in net premiums written, to \$678 million during the first nine months of 1980," he added.

Foremost Corp. of Grand Rapids recorded a 25% gain in operating earnings, to \$4.5 million from \$3.6 million. It also increased earnings 25% for the year's first nine months to \$12.4 million from \$9.9 million. Revenues for the quarter dropped, however, to \$69.5 million from \$73.5 million.

Unlike other companies surveyed, Foremost officials had a great deal of optimism for the remaining three months of 1980. They predicted the company would show a 30% gain in fourth quarter operating income.

AIG president Maurice R. Greenberg said his company's 21% gain in third-quarter operating income was primarily attributed to the "satisfactory underwriting growth" of the company's specialty lines, a trend he predicted will continue.

For the third quarter, AIG recorded operating earnings of \$76.7 million, 21% more than 1979's \$58.3 million. For the nine months, income was up 22%.

The company showed an underwriting profit of \$16.5 million in the year's third quarter, a 4% decline from a year ago. For the first nine months of the year, the profit dropped 8% to \$59.1 million. The company's third-quarter combined ratio increased to 96.6% from 95.6%.

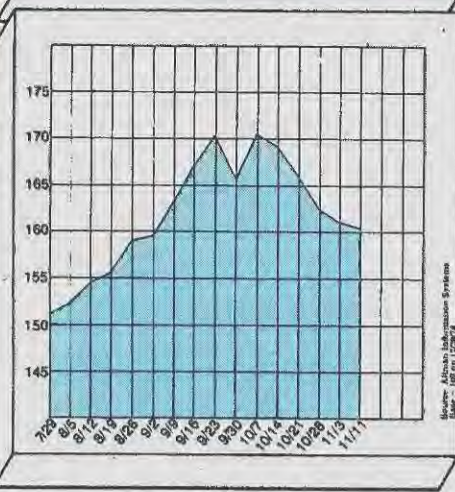
Fireman's Fund increased its third-quarter earnings to \$54 million, a jump of 12% that chairman Myron DuBain said "demonstrated the effectiveness of our policy to maintain realistic pricing."

It also demonstrated the continued importance of investment income, especially as most companies continue to operate under a combined ratio exceeding 100%.

Fireman's Fund, for instance, showed an 18% increase in investment income for the quarter, while NN Corp. increased its investment income by 16% to \$7.2 million.

And at The Travelers, where after-tax underwriting losses were \$73 million, investment income made up almost three times that total, increasing 14% to \$206 million. ■

BI Insurance Index



Insurance industry stocks declined for the fifth consecutive week, with the *Business Insurance* index dropping to 160.8 from 161.1. The base of 100 was at year-end 1978. Thirty-two stocks dropped, 26 jumped and 15 were unchanged. Posting the largest declines were: Rollins Burdick Hunter Co., 13.3%; Washington National Corp., 8.8%; Corroon & Black Corp., 6.7%; Provident Life & Accident Corp., 5.3%, and First Colony Life Insurance Co., 5.2%. The biggest gainers were: United Fire & Casualty Co., 10%; MGIC Investment Corp., 9.6%; Carolina Casualty Co., 8.8%; Connecticut General Insurance Corp., 7.4%, and Provident Life & Accident Insurance Co., 5.3%. The index again fell behind the major market indicators.

British Issues

11/11	Price	P/E	Div.	Yield	High—Low
Companies	pence	pence	%	%	pence pence
Comml Union	156	8.2	14.63	9.4	164—156
Eagle Star	267	8.9	14.28	5.4	270—265
Geni Accident	340	8.5	18.24	5.4	350—336
Gdn Royal Exch	330	8.7	20.71	6.3	350—328
Phoenix	258	7.2	20.00	7.8	278—259
Royal	431	9.2	32.17	7.4	445—430
Sun Alliance	766	9.8	42.14	5.5	794—766
CE Heath	187	9.3	13.80	7.4	196—185
Hogg Robinson	123	9.1	8.14	6.6	123—119
Alex Howden	99	8.0	10.00	10.1	99—92
JH Minst	98	11.8	6.45	6.6	98—92
Sedg Grp	127	11.6	7.14	5.8	127—120
Stenhouse Hldg	87	8.0	6.46	7.4	87—86
Staw Wrightson	217	9.0	17.14	7.9	220—215
Willis Faber	267	11.9	16.14	6.0	270—260

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

BI Industry Stock Report

NOV. 11, 1980 11/4/80 THRU 11/11/80

Insurance Cos.	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol. (000)	
Aetna Life & Cas Co	NYSE	36.12	2.8	5.4	2.12	5.9	36.13	34.88	594.1
American Bankers Ins Co Fla	OTC	7.00	-5.1	4.7	0.44	6.3	7.50	7.00	27.6
American Finl Corp Ohio	OTC	20.00	2.6	5.4	0.50	2.5	20.00	19.50	26.7
American Gen Ins Co	NYSE	36.12	-1.0	5.7	1.09	2.8	37.50	35.88	252.2
American Indty Finl Corp	OTC	15.50	-2.4	5.1	1.12	7.2	16.00	15.50	7.5
American Intl Group Inc	OTC	70.50	2.2	10.4	0.50	0.7	72.00	70.00	135.1
American Natl Ins Co	OTC	12.87	-2.8	5.4	0.68	5.3	13.50	12.88	54.5
American Sts Life Ins Co	OTC	19.50	0.0	8.1	0.64	3.3	19.50	19.50	1.7
Aneco Reins Ltd	OTC	5.25	-2.3	0.0	0.00	0.0	5.38	5.25	59.5
Appalachian Natl Corp	OTC	2.12	0.0	6.1	0.05	2.4	2.13	2.13	0.1
Avemco Corp	AMEX	9.00	-1.4	7.8	0.50	5.6	9.00	8.75	23.9
Banks Iowa Inc	OTC	26.50	-0.9	4.2	1.32	5.0	27.00	26.50	2.7
Bitoo Corp	OTC	35.00	-2.8	5.6	1.68	4.8	36.50	33.00	9.5
Carolina Cas Ins Co	OTC	9.25	8.8	3.4	0.32	3.5	9.25*	8.63	1.1
Central Natl Finl Corp	OTC	11.00	2.3	4.3	0.50	4.5	11.25	11.00	4.0
Chubb Corp	OTC	38.00	-0.3	4.8	2.40	6.3	38.50	37.25	137.3
Combined Intl Corp	NYSE	17.75	-3.4	5.2	1.60	9.0	18.50	17.38*	189.6
Connecticut Gen Ins Corp	NYSE	47.25	7.4	6.4	1.52	3.2	47.25	44.50	263.9
Continental Corp	NYSE	24.63	-1.0	5.3	2.20	8.9	24.63	24.00	135.0
Crawford & Co	OTC	18.75	0.0	14.7	0.48	2.6	18.75	18.50	1.6
Crown Life Ins Co	OTC	98.00	8.6	71.0	2.40	2.4	98.00*	93.00	21.1
Crum & Forster	NYSE	28.00	0.0	5.2	1.44	5.1	28.50	27.75	218.6
Employers Cas Co	OTC	40.00	0.0	6.6	1.20	3.0	40.00	39.50	4.4
Equifax Inc	NYSE	23.13	1.1	7.6	2.40	10.4	23.38	23.13	5.6
Farmers Group Inc	OTC	28.75	0.0	9.1	1.00	3.5	28.75	28.38	126.2
First Colony Life Ins Co	OTC	30.50	-5.2	11.2	0.80	2.6	32.18	30.50	9.6
Foremost Corp Amer	OTC	20.38	0.0	7.3	0.60	2.9	20.38	20.38	8.8
General Reins Corp Del	OTC	49.75	0.0	7.2	1.40	2.8	49.75	49.75	156.5
Great West Life Assurn Co	OTC	190.00	5.6	9.4	8.00	4.2	190.00*	180.00	0.0
Hanover Ins Co	OTC	46.50	-0.5	4.3	0.72	1.5	47.50	46.50	16.7
Hartford Steam Boiler Inspecn	OTC	32.50	4.0	6.8	2.40	7.4	32.50	32.00	13.9
Integron Corp	NYSE	28.12	4.2	19.0	0.48	1.7	28.13	26.00	104.2
Jefferson Natl Life Ins Co	OTC	64.50	-1.9	23.7	0.64	1.0	64.50	63.50	32.9
Rempco Corp	OTC	31.13	-2.0	4.5	1.40	4.5	32.00	31.00	64.1
Lincoln Natl Corp Ind	NYSE	39.88	-2.1	5.6	3.00	7.5	40.00	39.25	55.5
Mgic Trnt Corp	NYSE	30.00	9.6	8.5	1.12	3.7	30.00	26.25	443.0
Mission Ins Group Inc	NYSE	33.63	2.7	6.9	0.80	2.4	33.63	32.88	27.8
Nationwide Corp Ohio	OTC	19.88	0.6	5.0	0.66	3.3	20.00	19.88	6.2
Nn Corp	OTC	51.87	1.5	10.8	2.00	3.9	51.88*	51.50	69.3
Northwestern Natl Life Ins	OTC	28.50	-1.3	5.3	1.25	4.4	29.00	27.50	32.1
Ohio Cas Corp	OTC	35.00	1.4	5.7	1.76	5.0	35.00	33.75	51.1
Old Rep Intl Corp	OTC	17.75	0.8	3.9	0.92	5.8	16.13	15.75	118.9
Pinehurst Corp	OTC	6.00	0.0	9.0	0.00	0.0	6.13	6.00	33.4
Preferred Risk Life Ins Co	OTC	19.00	0.0	6.9	0.64	3.4	19.00	19.00	0.3
Provident Life & Acc Ins Co	OTC	39.50	-0.4	5.1	1.88	4.8	42.00	38.50	37.5
Republic Natl Life Ins Co	OTC	23.75	0.5	13.2	0.70	2.9	23.75	23.63	81.6
Ryan Ins Group Inc	OTC	27.75	6.7	8.4	0.12	0.4	28.00*	27.50	4.3
St. Paul Cos Inc	OTC	36.12	2.8	4.9	2.32	6.4	36.13	35.38	309.7
Safeco Corp	OTC	36.12	1.4	5.5	2.00	5.5	36.13	35.38	238.4
Sri Corp	OTC	25.50	0.0	4.7	1.20	4.7	25.50	25.50	18.7

NOV. 11, 1980 11/4/80 THRU 11/11/80

Insurance Companies	Price	% Chg.	P/E	\$ Div.	% Yld.	High	Low	Vol. (000)	
Seibels Bruos Group Inc	OTC	22.25	-2.7	3.9	0.80	3.6	23.00	22.25	47.0
Statesman Group Inc	OTC	6.13	0.0	4.8	0.15	2.4	6.25	6.00	18.2
Tokio Marine & Fire Ins Co	OTC	153.00	-2.1	16.9	1.00	0.7	155.25	153.00	4.8
Travelers Corp	NYSE	39.75	4.6	4.5	2.48	6.2	39.75	38.38	242.7
United Fire & Cas Co	OTC	30.00	10.1	8.3	0.90	3.0	30.00	27.25	4.0
United States Fld & City Co	NYSE	41.50	0.9	4.7	2.80	6.7	42.00	41.13	80.0
United Svcs Life Ins Co	OTC	16.50	-1.5	5.8	0.96	5.8	16.75	16.50	14.0
Ualife Corp	NYSE	19.62	-0.0	4.9	0.72	3.7	19.75	19.00*	391.5
Washington Natl Corp	NYSE	36.50	-8.8	7.5	1.50	4.1	38.63	36.50	63.2
Zenith Natl Corp	OTC	15.25	-3.2	8.1	0.50	3.3	16.00	15.25	16.6
AVERAGE			7.1						3.8
Agents/Brokers									
Alexander & Alexander Svcs	OTC	29.75	-6.3	9.7	1.64	5.5	32.25	29.50	111.2
Baldwin & Lyons Inc	OTC	30.00	0.0	5.6	0.80	2.7	30.00	30.00	4.4
Corroon & Black Corp	NYSE	22.75	-6.7	9.2	1.72	7.6	24.25	22.75	20.2
Crump & H Co Inc	OTC	14.25	-3.4	12.4	0.36	2.5	14.75	14.25	21.9
Hall Frank B & Co Inc	NYSE	25.63	-2.4	8.7	1.54	6.0	26.00	24.63	33.5
Integrated Res Inc	AMEX	18.88	-4.4	10.4	0.00	0.0	19.88	18.88	70.6
James Fred S & Co Inc	NYSE	23.25	-3.1	8.8	1.60	6.9	24.13	22.50	48.3
Marsh & McLennan Cos Inc	NYSE	62.00	-2.9	9.8	3.60	5.8	63.88	62.00	68.6
PennCorp Finl Inc	NYSE	7.62	0.0	5.6	0.16	2.1	7.63	7.13	245.4
Reed Strehlens Cos Ltd	OTC	10.75	-2.0	9.0	0.56				

The American Worker.

Head of a family, heart of a nation.

We've been insuring America's most valuable resource, her workers, for almost 100 years now. But, only in recent years has it become apparent how inflation can eat away at a family's hard-earned assets, including its life insurance. For example, if you bought a policy in 1970, each \$10,000 of its benefits is worth only \$5,500 today.

You can help keep up your level of protection with A M Life's \$250,000 minimum one-year Term policy. If you're a 30-year-old man, each \$1,000 of protection costs just \$1.97 a year . . . and take 40¢ off that if you don't smoke cigarettes. Rates for women are even lower. Call or write us today for more information on this plan for renewable and convertible life protection.



**American
Mutual**

INSURANCE COMPANIES, WAKEFIELD, MASS. 01880

Helping America make intelligent insurance decisions since 1887.