

OCTOBER 16, 2000

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Reporting Weekly on Corporate Risk, Employee Benefit and Managed Health Care News / \$4

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Labor Department approves funding benefits through captive

WASHINGTON—The Labor Department last week gave its final approval of Columbia Energy Group's application to reinsure its long-term disability benefits program through its captive.

Under Columbia's plan—to which the Labor Department gave its preliminary approval in August (*BI*, Aug. 21)—the big Herndon, Va.-based natural gas company will use the Vermont branch of its Bermuda-domiciled insurance subsidiary, *See Updates on next page*

California court upholds at-will firing

By JUDY GREENWALD

SAN FRANCISCO—California employers scored a victory in a state Supreme Court decision that gives them greater freedom to fire even long-term at-will employees

without fear of being successfully sued, say many attorneys.

In its 6-1 decision Oct. 5 in *John Guz vs. Bechtel National Inc.*, the court ruled that even at-will employees with many years of service do not have an "implied contract" and can be terminated.

Bechtel also did not breach an implied covenant of good faith and fair dealing under the circumstances, the court said.

Citing the recent U.S. Supreme Court decision in *Reeves vs. Sanderson*, the state high court also ruled that plaintiffs must show more than just prima facie evidence to support claims of age discrimination (*BI*, June 19). The California decision overturns a 1997 appellate court decision (*BI*, July 21, 1997).

Employer attorneys hail the decision as a victory for employers. "The employer community in California looks upon this as a significant win," said Bechtel attorney Curtis A. Cole, a partner with

Thelen, Reid & Priest in Los Angeles.

But Stephen M. Murphy, the San Francisco-based solo practitioner who represented Mr. Guz, said the decision is not clearly written and was based on the particular circumstances surrounding this case. "I think the result is it will create more litigation as we try to clarify what they meant," he said.

The case involves John Guz, who had worked at Bechtel for 22 years. In 1993, Bechtel fired Mr. Guz, who was then 49, after his work unit was eliminated in a reorganization.

Mr. Guz subsequently sued the company, charging breach of an

implied contract to be terminated only for good cause, breach of the implied covenant of good faith and fair dealing, and age discrimination.

A trial court granted Bechtel's motion for summary judgment and dismissed the action, but an appellate court subsequently reversed it in Mr. Guz's favor.

In its decision, the Supreme Court said neither Bechtel's policies "nor other evidence suggest any contractual restriction on Bechtel's right to eliminate a work unit as it saw fit."

According to the court, "mere passage of time in the employer's service, even where marked with tangible" indications that the em-

ployer approves the employee's work, "cannot alone form an implied-in-fact contract that the employee is no longer at will."

The court, however, returned the case to the lower court to determine whether Bechtel breached its implied contract by failing to provide Mr. Guz with the fair lay-off protections set forth in its written personnel documents.

On the age discrimination issue, the California Supreme Court said the plaintiff's argument was "too weak to raise a rational inference that discrimination occurred." The court, citing the *Reeves* decision, held that summary judgment for the employer may be appropriate. *See Terminate page 69*

XL Capital trims staff

First-ever cuts made in U.S., London units

By GAVIN SOUTER

HAMILTON, Bermuda—XL Capital Ltd. will lay off 120 people and take a \$100 million to \$125 million fourth-quarter charge as it pulls out of several loss-making business lines.

The dropped business currently accounts for more than \$200 million in gross written premiums, compared with \$2.4 billion written companywide in 1999.

Hamilton, Bermuda-based XL also announced that it is renaming several units to incorporate the XL name.

The cuts and the new names mark the second phase of a realignment that began at the insurer in July, when XL reorganized

its units into three core areas—insurance, reinsurance and financial products and services, a company statement said.



"The realignment of our operations around our core businesses was the first step towards improving organizational efficiency. The action announced today will continue this process, particularly our exit from those lines of business that are unprofitable or do not fit strategically," Brian M. O'Hara, president and chief executive officer of XL, said in a statement.

Mr. O'Hara said the changes have been made following a prolonged soft market.

"As a specialist insurance, reinsurance and financial services organization, it is critical that we concentrate on those things that we do well and continuously look for ways to improve our productivity and reduce our operating expenses," Mr. O'Hara said.

The charge being taken is unlikely to push XL's fourth-quarter results into the red, an XL spokesman said.

The business lines that will be exited are: transportation and marine cargo, which is written in Schaumburg, Ill., by the former Intercargo company, which XL *See XL on page 72*

Survey finds similar claims denied

Schools win bad faith suit

By ROBERTO CENICEROS

SACRAMENTO, Calif.—A California school district's unusual effort to build a bad faith case against its former liability insurer has paid off with a multimillion-dollar punitive damages award.

The Fresno Unified School District earlier this month was awarded \$13 million in punitive damages in a case stemming from allegations of bad faith against Coregis Insurance Co. after the district waged a mail campaign to identify other policyholders that had faced coverage denials by Coregis for similar claims.

The Sacramento, Calif., state court jury also awarded Fresno Unified \$972,000 in compensatory damages stemming from the dis-

trict's suit against Coregis and its California Insurance Co. unit. The district charged in its suit that "Coregis adopted a uniform practice of denying coverage for discrimination claims" in spite of a policy endorsement it sold to California schools to address those types of complaints, according to a trial brief provided by a plaintiff's attorney.

A spokesman for Chicago-based Coregis said the insurer disagrees with the decision and "will appeal the awarded punitive damages." Noting that Coregis does not discuss pending litigation, the spokesman declined to identify the grounds for its appeal. But he did say that the insurer absolutely denies the plaintiff's assertion

that it adopted a practice of denying claims.

The specialty liability insurer has paid out \$130 million in total claims in 2000 alone, the Coregis spokesman pointed out.

In *Fresno Unified School District vs. Coregis Insurance Co.*, the Fresno, Calif.-based school district had sought defense and indemnity from Coregis, its liability insurer at the time, for three discrimination claims filed by employees (*BI*, Oct. 25, 1999).

When the insurer denied coverage, the school district sued, seeking to establish that the claims denials were part of a pattern and practice on the part of the insurer. Doing so is one way a policyholder can *See Bad faith on page 69*

RU-486 cover to depend on employers

By LEE FLETCHER

For many employers, the decision to offer coverage of the new abortion pill in their benefit plans is likely to mirror the way they currently handle surgical abortions.

Most health insurers already have said they will cover the pill, known as RU-486, which the Food and Drug Administration recently approved. Benefit experts expect that employers will base their decisions to cover RU-486 on whether their plans currently cover surgical abortions, since both procedures cost about the same.

"Some clients have decided to cover elective (surgical) abortion, and it would follow that we would recommend to them that they cover RU-486. It's a less invasive way to basically get the same end and it (RU-486), too, is elective abortion," according to Douglas Ley, vp/director National Actuarial Practice with Willis North America Inc. in Milwaukee.

"If companies have been covering surgical abortions, I don't see any basis not to cover medical abortions," said John C. Garner, president of Garner Consulting, a Pasadena, Calif.-based managed care and employee benefits consulting firm.

Emile-Etienne Beaulieu of France invented RU-486, which won FDA approval last month.

"I recommend that they be consistent. Whatever their policy has been with regard to surgical abortion should be the policy for medical abortions. If the document isn't explicit, then it should be made explicit," Mr. Garner said.

The language used in many employers' plan documents often refers only to abortion, because at the time they were drafted, the *See RU-486 on page 68*



PHOTO: AP/WIDEWORLD

Captive OK'd to fund benefits

Continued from previous page

Columbia Insurance Corp. Ltd., to reinsure LTD policies written by Liberty Mutual Insurance Co. unit Employers Insurance Co. of Wausau.

In winning the government's approval, Columbia Energy agreed to sweeten benefits provided to LTD plan participants, to have the LTD plan buy coverage from top-rated insurers, and see that premiums charged by the insurer are reasonable and comparable to what the insurer and competitors charge for the same coverage under other comparable employer programs. Columbia Energy also agreed to use an independent fiduciary—Milliman & Robertson—to assure that these and other conditions are met.

The Labor Department's approval of Columbia Energy's application is likely to give other employers interested in funding benefits through their domestic captives a road map in how to win regulatory approval. Such arrangements normally are considered prohibited transactions under the Employee Retirement Income Security Act.

More employers are likely to follow Columbia Energy's lead in funding benefits through their captives as a way to broaden their captives' premium bases with more predictable risks and to spread fixed costs over a larger premium base, risk management experts say. In addition, the approach could increase the likelihood that companies can take tax deductions for the property/casualty premiums paid to their captives.

Ford to appeal recall order

DEARBORN, Mich.—Ford Motor Co. will appeal a California judge's ruling ordering the company to recall up to 1.7 million vehicles. The ruling, which applies only in California, stems from a class action that claims a design flaw in the vehicles makes them susceptible to sudden stalling.

The ruling last Wednesday marked the first time a U.S. judge has ordered a vehicle recall. Among the vehicles included in the recall are various model years of the Taurus, Tempo, Escort, Mustang, F-Series truck and Lincoln Continental and Town Car.

A spokesman for Dearborn, Mich.-based Ford said the company would appeal the ruling of Alameda County Superior Court Judge Michael Balachey on both legal and factual grounds. The judge's ruling, the spokesman said, usurps authority over vehicle safety that Congress had bestowed on the National Highway Traffic Safety Administration.

"It's illegal, probably. The issue is one of federal pre-emption. Congress created NHTSA to enforce motor vehicle safety standards," the spokesman said. "It would be absolute chaos if state court judges were able to freelance automotive safety issues."

Ford also will argue before the California Court of Appeals that it was denied a statute-of-limitations defense. "We are talking about some very old cars and trucks. The oldest, in some cases, are 18 years old," the spokesman said. Also, Ford contends the class in the case should never have been certified, as the vehicles involved in the recall had different thick-film ignition modules, the component at issue in the case.

"Even beyond the legal question, there's the safety question," the Ford spokesman said. "These are safe vehicles."

Asked whether Ford might have any applicable coverage, the spokesman noted Ford is self-insured, but would provide no more details.

Victor Schwartz, senior partner with the Crowell & Moring L.L.P. law firm in Washington and general counsel to the American Tort Reform Assn., called the ruling "unprecedented." There is "a high probability that this verdict could ultimately be reversed," he said. "Common law courts in the past have not ordered recalls, but left that to Washington."

Acordia, PBM form alliance

CHICAGO—Insurance broker Acordia Inc. has formed a strategic alliance with Merck-Medco Managed Care L.L.C., one of the nation's largest prescription benefit management firms, to provide a customized discount prescription drug program to its clients.

Under the alliance, Acordia and Franklin Lakes, N.J.-based Merck-Medco have created scriptSMART, a private-label prescription benefit program that will be marketed and administered by Acordia. Clients will be offered discounts on brand-name and generic drugs through Merck-Medco's national network of more than 55,000 pharmacies, as well as through its mail service pharmacies and via the Internet.

Five brokers have developed such arrangements. USI Insurance Services Corp. owns USIRX, a Connecticut-based PBM.

Acordia said it formed the alliance in response to growing concerns over rising drug costs. "The fastest-growing area of health care costs is prescription drugs," Charles Ruoff, senior vp and chief marketing officer of Chicago-based Acordia, said in a statement. "Right now, they represent about 12% of health care expenditures nationally, up from 5%, where they've been traditionally. We've seen projections as high as 30% for the years ahead. Now, Acordia is in a position to help both employers and their employees with significant savings on prescription drugs," he said.

The scriptSMART program, which can be customized, also includes discounted vision care coverage and a drug utilization review component.

Insurer genetic testing approved

LONDON—U.K. insurers welcomed a government decision Friday to allow them to continue using genetic tests to identify potential sufferers of Huntington's disease, a hereditary and fatal nervous system disorder.

The Genetics and Insurance Committee, an advisory body reporting to the U.K. Department of Health, concluded that the reliability and relevance of the genetic test for Huntington's disease is sufficient for insurers to use the result when assessing life insurance applications.

The Assn. of British Insurers, which operates a code of practice allowing the use of genetic tests in certain circumstances, welcomed the decision and promised insurers "will use genetic results responsibly."

Mary Francis, ABI director general, said: "Insurers do not, and will not, ask someone to take a genetic test as a condition of obtaining insurance. Where someone has a family history of a particular condition, they can be

See Updates on page 70

Barclays report puts focus on reputation

By CAROLYN ALDRED

LONDON—Awareness of the need to manage reputational risks is growing, as one of the United Kingdom's largest banks has discovered.

After a recent series of public relations blunders and badly timed announcements left Barclays Bank P.L.C. with a serious image problem, the bank conducted a report on how to bolster and protect its reputation.

But the initiative almost backfired last week when a leaked draft of the confidential report was published on the Web site of

the Sunday Times, one of the country's most widely read newspapers.

The report, dubbed "Project Phoenix," had been ordered by

BARCLAYS

Chief Executive Matthew Barret and detailed how Barclays can better manage the media, prevent leaks and improve the company's image. Barclays conducted the report internally.

Barclays now is looking at adding reputational risk to the list

of exposures managed by the bank's group risk officer, Tim Shephard-Walwyn, said a Barclays spokeswoman.

Mr. Shephard-Walwyn, who was appointed in February and is on the bank's executive committee, manages not just financial risk but also operational risks. He "very much sees the issue of reputational risk as a priority," said the spokeswoman.

Although the bank's corporate communications department is responsible for public relations and the company's image, Barclays is "examining how it can better in-

See Barclays on page 68

Justices to review damages

Standards for appellate review of punitive awards at issue

BY MARK A. HOFMANN

WASHINGTON—The U.S. Supreme Court will review the standards that lower courts use to decide whether punitive damages awarded by trial courts are constitutional.

Attorneys agree that although the high court's decision will have some practical impact, it is unlikely to be as significant as the court's landmark ruling in *BMW of North America Inc.*

vs. Gore, which addressed the constitutionality of punitive dam-

age awards.

The case that the justices agreed on Oct. 10 to review, *Cooper Industries Inc. vs. Leatherman Tool Group Inc.*, involves a dispute between two tool manufacturers.

Portland, Ore.-based Leatherman claimed in its lawsuit that Houston-based Cooper used pictures of a modified version of one of Leatherman's pocket tools in advertisements promoting its own pocket tool. Leatherman sued in U.S.

District Court in Oregon, claiming, among other things, that

Cooper had engaged in false advertising and unfair competition.

The U.S. District Court jury in Oregon awarded Leatherman \$50,000 in damages for the false advertising, unfair competition and other charges and then added \$4.5 million in punitive damages to the award, though Cooper argued that Leatherman had suffered no real harm.

Cooper appealed to the 9th U.S. Circuit Court of Appeals. Last December, the federal appeals court let the award stand after subjecting it to an "abuse of discretion" standard of review.

Under the abuse of discretion standard, an appeals court asks whether the trial court's deci-

See Damages on page 70



Rising importance of flood risk

Businesses advised to take steps to avoid getting soaked

By MARK A. HOFMANN

NORWOOD, Mass.—Flood risk doesn't get the respect it deserves.

Even though floods are the world's costliest natural disaster, with China alone sometimes losing as much as 30% of its gross national product to floods annually, floods just don't excite risk management professionals the way that some other disasters do, said Bill Kennedy, corporate peril coordinator and senior engineering specialist in FM Global's St. Louis office.

Businesses look at the probability of a major flood occurring and "say it's not going to happen—but it is," said Mr. Kennedy during the FM Global Property Loss Prevention Conference in Norwood, Mass., earlier this month. FM Global is the name under which Johnston, R.I.-based Factory Mutual Insurance Co. does business.

Even in the United States, floods and floodlike situations, such as the aftermath of a hurricane, can have an impact on as much as 5% of the gross national product in some years, said

Mr. Kennedy. He said that FM Global incurs about \$100 million in flood losses annually.

He noted that risk managers and loss control professionals hear two terms regarding water damage, often interchangeably—surface water and flood. The two differ, though, Mr. Kennedy pointed out.

Surface water results from rainwater or melting snow that exceeds the infiltration and storage capacity of soil and involves a "failure of or lack of natural or man-made drainage systems that would otherwise dispose of the

See Floods on page 57

INSIDE

• The Supreme Court should require appeals courts to provide more meaningful reviews of the damages handed down by trial courts, this week's editorial says. **PAGE 8**

• U.K. risk managers and corporate treasurers can no longer afford to ignore reputational risks that their organizations face, as regulatory and legislative changes create new liabilities. **PAGE 65**

• Norway's Storebrand A.S.A. has lost two senior executives, following an investigation of allegations that one of the men illegally obtained stock options. **PAGE 65**

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Winning programs

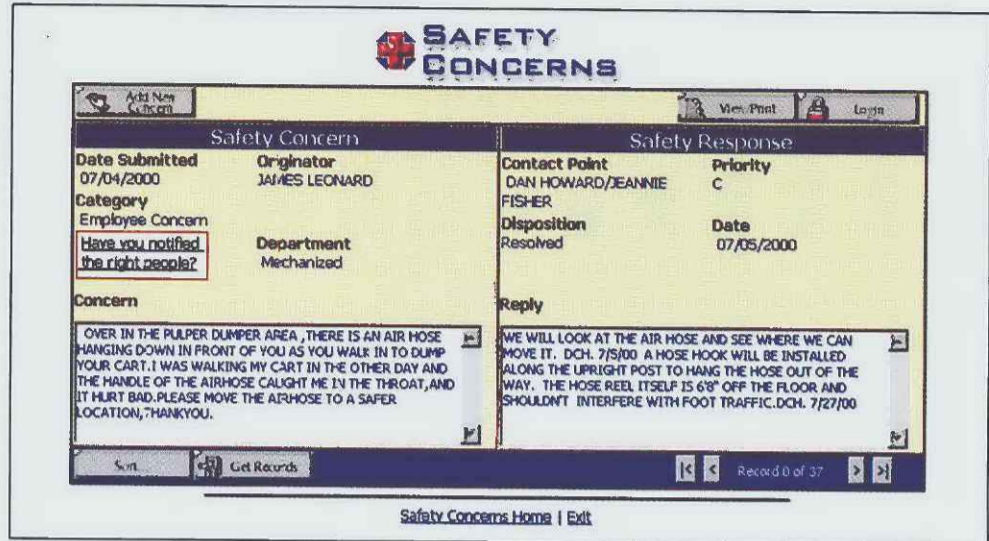
Potlatch puts employees online in drive for safety

By MEG FLETCHER

James Leonard was pushing a cart filled with refuse from Potlatch Corp.'s pulp paper processing operation to an indoor dump site earlier this summer, when he collided with an air hose that was dangling in his path. The handle of the air hose "caught me in the throat, and it hurt bad," he said in describing the incident. When he was feeling better, he typed up a summary of his experience using one of several computers on the plant floor. Mr.

Leonard, a wrapper inspector, also suggested that the air hose be moved to a safer location. His message triggered the first part of the forest products company's innovative "Safety Concerns Log Software Program" that allows plant employees to electronically report hazards and concerns. These online reports are then displayed on the left half of a horizontal box that stretches across the computer screen for employees, safety managers and supervisors to see. The right half of the box is designed for the response of company safety and super-

See Log on page 12



Potlatch Corp.'s online safety log won the company recognition from other employers.

Prudential takes ache from ergonomic training

By MARK A. HOFMANN

By the end of this year, employees of Prudential Insurance Co. of America will be able to take the next step in the company's decade-long journey toward reducing ergonomic injuries. The Newark, N.J.-based financial services company is providing employees with an interactive tutorial that will help them better protect themselves from repetitive motion ailments. The tutorial is the latest in a series of actions that Prudential has taken to deal with the problem of work-related ergonomic injuries, an effort that won it the Center for Office Technology's annual Outstanding Office Ergonomics Award earlier this year.

The effort began 10 years ago, when Prudential managers found themselves confronting a rash of ergonomic-related ailments. The company experienced a rising number of "soft-tissue injuries in our comp claims," as well as an increase in the number of employees visiting the onsite employee health services facilities available to about 10,000 of Prudential's 60,000 workers worldwide, said Pamela Faccone, associate manager-human resources/employee health services in Prudential's Newark headquarters. As a result, Prudential formed a task force to deal with the problem. The task force included representatives of its risk management department; its workers compensation insurer, Travelers Insurance; its disability management unit; corporate real

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Ergonomics program to go out of the office

By MARK A. HOFMANN

An innovative program aimed at reducing ergonomics-related injuries may soon go on the road. That program recently won Seattle City Light, a public utility based in Seattle, the Center for Office Technology's Outstanding Office Ergonomics Award. The utility's program is aimed primarily at office workers—secretaries, service desk people, technical people, engineers and the like, said Robert Henderson, Seattle City Light's ergonomic program coordinator. But Mr. Henderson

envisioned that program extending beyond the walls of the electric utility's office buildings to workers in the field. The program uses "a combination of various strategies," said Dolores Nizich, safety and health manager. Among those cited by the Center for Office Technology were an offsite work conditioning program for injured employees; an on-site employee stretching program during working hours; onsite exercise facilities; and an "aggressive" return to work program. The company has eschewed the "one-size-fits-all" approach to ergonomics and tried to fit solutions to individuals, the COT said in announcing the award.

See Program on page 22

Rising rates have employers looking for ways to cut costs

By ROBERTO CENICEROS

Safety programs and loss-sensitive rating plans are back in vogue as employers find they need to make reining in workers compensation costs a priority again. As low-priced, guaranteed-cost programs disappear, employers are realizing that they must shoulder more of their risk. Those that had let their loss-control efforts languish when prices plummeted over the past few years will now pay more for coverage as workers comp insurers tighten their offerings and raise prices—dramatically, in some cases. The tightening market also means that loss control concepts that were established years ago, then languished when rates plunged, are getting dusted off. And talk of self-insurance, including placing workers comp risks in captives, also is in the air. But pricing and availability have

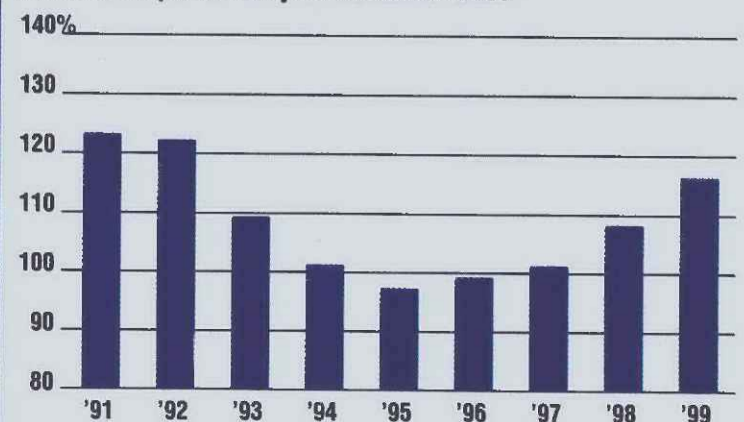
yet to push the measure beyond inquiries, according to insurers, brokers and captive regulators. Other factors, besides rates, also

have come into play. For example, demand is growing for services integrating work-

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Combined ratios worsen

Workers comp calendar year combined ratios*



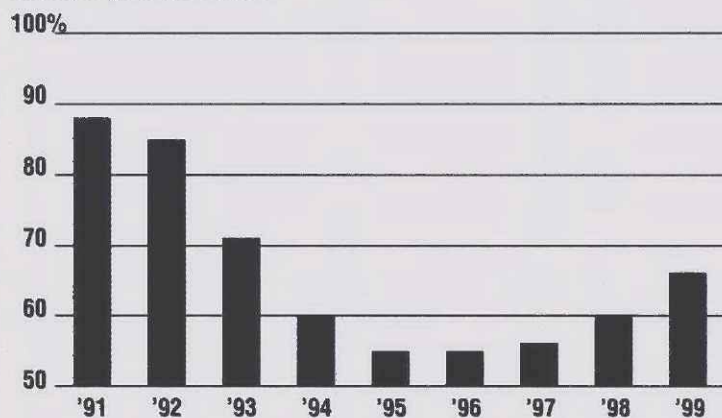
* Net for private workers comp insurers nationwide. Source: ©2000 National Council on Compensation Insurance, Inc. All rights reserved. Reprinted with permission.

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Workers comp losses grow

Calendar year loss ratio*



* Net for private workers comp insurers nationwide.

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GRAPHIC BY JOHN HALL

Rates

Continued from previous page
ers comp and other disability programs, noted Susan Sauer, managing director for Marsh Risk Consulting in Chicago. Rising workers comp costs and a tight labor market drive the demand. Employers having difficulties finding new employees want to keep their existing workers productive, she said.

Escalating workers comp medical costs have buyers worried.

Rising medical costs and a suspicion that managed care programs may not be alleviating those costs are his chief concerns, said David Webber, manager for workers compensation in Greenville, S.C., for Fluor Signature Services, a unit of Aliso Viejo, Calif.-based construction, engineering and diversified business services

company Fluor Corp.

"You feel kind of helpless in the area of medical inflation," he said. "Managed care is fine, but that doesn't seem to be slowing the inflationary concern I have." Other risk managers also are wondering about the promise of managed care to control costs, according to Mr. Webber and Ms. Sauer.

Fluor is undertaking a study to determine whether the medical costs saved by managed care practices are erased by the fees paid to managed care vendors, Mr. Webber said.

Rising insurance prices also are worrisome.

A risk manager for a large, national employer, who asked not to be named because he is in the middle of renewing his account, said he has had a tough time finding insurers to submit competitive bids.

"Three years ago, everybody was beating my door down," the risk

manager said. "Now the quotes are so ridiculously high, or they are not even interested. It's frightening."

He knows of several risk managers with existing guaranteed-cost programs with claims experience that "has gone through the roof," he said. Consequently they are bracing for huge rate increases or they are expecting to find their only option now lies in retrospectively rated plans.

Just a year ago, retrospective plans were not a part of the landscape, said Stephen B. Paulin, senior vp for Sullivan Curtis Monroe, an Irvine, Calif.-based middle-market broker. But that has changed.

"We are offering retros on just about every renewal and new piece of business we are looking at," he said. "I would say about 25% of the people are buying them."

The mechanics of retrospective rating plans varies depending on the policy language. In general, the final price paid depends on the policyholders' losses during the policy term, subject to a minimum and maximum premium. The final price is set about two years after the policy term.

Unlike guaranteed-cost programs, where the insurer holds more of the risk, policyholders assume more of the risk in retro plans.

Since pricing turned around a year ago, retro plan sales continue to rise, agreed Joe Gilles, executive vp of commercial claims administration for Liberty Mutual Insurance Co. in Boston. Additionally, the spread is increasing between the minimum and maximum premium that policyholders are on the hook for within those plans. That also means customers are shouldering more of their risk.

When prices fall, the spread between the minimum and maximum premium in retro contracts typically narrows, Mr. Gilles said.

But not in this environment. One-third of workers comp insurers are expected to raise rates by 20% for 2001, according to a recent survey conducted by Hartford, Conn.-based Conning & Co. (BI, Sept. 4)

This year through September, Liberty Mutual's prices nationally, on average, are up 17%, Mr. Gilles said. "Every quarter has been getting a little stronger since about the second quarter of last year," he said.

While pressure to raise workers comp rates is occurring in virtually every state, California is in a league of its own.

Rates in California are still climbing from the steep discounts—often below costs—that insurers began offering just before 1995 when the state repealed a workers comp minimum rate law and insurers made a grab for market share, several sources said.

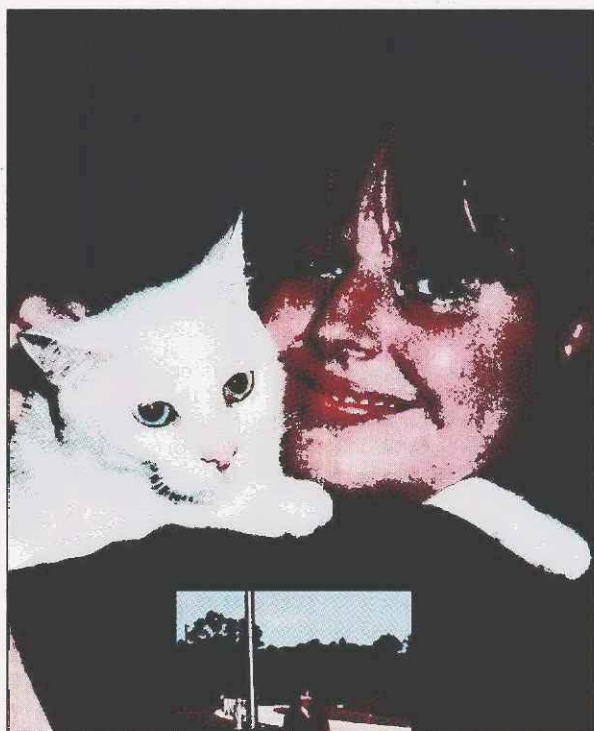
"Everybody said at that time that 'It won't be long before the insurance companies realize they have to turn things around,'" said Ralph Korn, a consultant for Northshore Group Holdings Inc. Mr. Korn's firm currently is helping the Los Angeles County Metropolitan Transportation Authority to improve its workers comp system. "It's taken 4½ years and things have turned around."

Earlier this month, the San Francisco-based Workers Compensation Insurance Rating Bureau of California announced that workers comp insurers faced a 153% combined ratio for the 1999 accident year. For 15 years prior to deregulation, insurers' combined ratio in the state averaged 109% per year.

Still, on average, for the first six months of 2000, rates have been 7% below state-recommended pure premium rates. That fact, however, likely hasn't helped employers sleep any easier.

Some California accounts have seen increases of 50% to 100%, Mr. Paulin said. The steeper the discount

See Rates on page 6



"usually, it's not dangerous"
that's what you read when you look up

CAT SCRATCH F E V E R

April's case is an exception...
within 48 hours, she was **nearly blind**
from an incident at her job at an animal shelter



At age 27, just married,
her life took a turn
Simple tasks were daunting...
she still loves cats
but April had to change her
career goals — she returned
to school and made
the **dean's list** in a
college computer program



In the face of dramatic
challenges, April pulled it
together with the help of
disability management
vocational rehabilitation
support



Helping April is one of many
reasons why **protegrity**
has a **disability management**
unit and field-based
nurse case managers
with **dedication, expertise**
and heart



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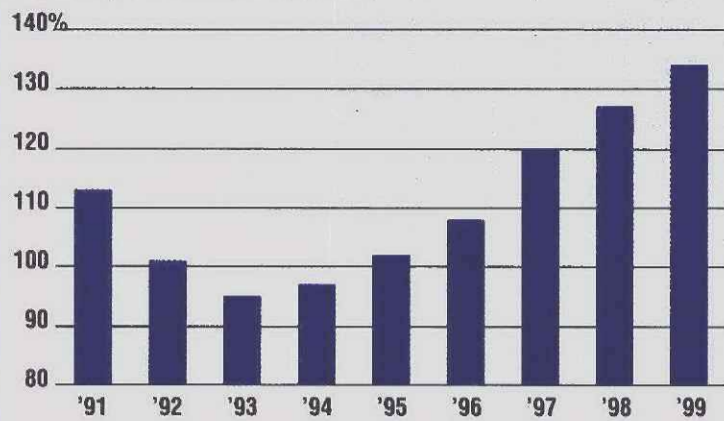
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What can we do to help you?

Workers comp costs increase

Accident year combined ratio*



* Net for private workers comp insurers nationwide.

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GRAPHIC BY JOHN HALL

Rates

Continued from page 4

companies received during the past few years, the greater the price increase they are likely to see, he explained.

While Liberty Mutual's rates were rising 17% nationwide, in California they rose about 30% during the same period, Mr. Gilles said.

Today, more insurers are willing to pass on California business, particularly if the clients are not applying safety measures, several brokers and insurers said. At the same time, buyers are shopping their accounts more.

Liberty Mutual's workers comp client retention rate in California is just under 50%, Mr. Gilles said. Nationally, however, Liberty Mutual retains around 90% of its national accounts and more than 80% of middle-

market customers.

There are, however, exceptions to the trend. In July, 550 California schools collectively obtained a three-year rate guarantee contract without a premium increase, said Dick B. Stewart, executive vp for Keenan & Associates, the Torrance, Calif., broker that negotiated the deal. One of the secrets to the policyholders' success lay in contributing an amount equal to 2% of their premium to loss control efforts.

But nationwide, it is harder to find multiple bids that are competitive, brokers report. Unlike in the past, underwriters more often must get the approval of senior managers before they can approve a contract, said Jim C. Halbleib, area senior vp in Gallagher Heffernan Insurance Brokers' risk management division in San Francisco. The broker is a unit of Arthur J. Gallagher & Co

"You may have 10 carriers and get seven that are interested, and when the dust clears, you may get just a few firm quotes," Mr. Halbleib said.

The market conditions have grabbed buyers' attention, and more are considering self-insurance.

Applications are up from policyholders seeking permission from the California Department of Industrial Relations to self-insure workers comp risks, said Mark Ashcraft, the Department's manager of self-insurance plans. So far, the increase in applications amounts to a trickle, Mr. Ashcraft explained. But the trend signifies a reversal of employers that left self-insurance when rates plummeted. Several employers also have notified him that they plan to submit applications when their policies expire. Therefore, he expects the trend to increase.

But so far insurers say they have not lost business from buyers placing their risks in captive insurers. For one thing, availability is not enough of a problem, they said. For another, insurers' rising rates are just now coming into line with loss costs, explained Liberty Mutual's Mr. Gilles. Buyers would have to pay their loss costs were they to self-insure, meaning that so far there is not a significant price advantage to leaving insurance, he said.

Mr. Paulin, however, expects more middle-market accounts will evaluate captive formation as prices continue to firm and purchasing options dwindle.

Meanwhile, buyers are changing behavior. Many who previously found that downward-spiraling premiums meant they could let their safety programs deteriorate are now looking to revive those programs.

"We see many clients putting more emphasis on loss control and safety," said Marty Oosterbaan, senior vp for CNA Risk Management in Chicago. "Clearly, it's back with a heavier emphasis."

At a minimum, he said, customers are double checking to assure that they are receiving value for the loss control dollars spent on their insurance program, he said.

They also have increased demand for loss control and claims management services, as well as for employee safety training such as driver education, Mr. Oosterbaan said. The increased demand began around the third quarter of last year, coinciding with rising rates.

"Loss control is having a good year," he said.

Demand for other consulting services also is benefiting.

"Just within the last six weeks we have had our hands full, with clients saying, 'We are looking at rising costs. We haven't really given as much attention to controlling comp costs over the past year or two and maybe we should re-energize that,'" said George Strauch, a principal for Aon Risk Consultants in New York.

So far, self-insured employers have shown the strongest interest in returning employees to work and managing medical cost increases that are running between 8% and 25% nationwide, said Fred Scardellette, vp of disability management products and marketing for Intracorp, a Philadelphia-based disability and health care management company. Those employers have looked to manage inconsistencies in the cost and amount of medical care provided to employees with similar injuries but residing in different locations.

But with workers comp insurance rates rising, Mr. Scardellette said he expects more insured employers will also want to address those issues. They will increase their demand for medical cost-containment services, including provider networks and utilization review, he said. **BI**

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OPINIONS

Punitive reviews needed

WE WELCOME THE U.S. Supreme Court's decision to review the standard that appeals courts should use when reviewing the constitutionality of punitive damages awarded by trial courts.

Although this decision is unlikely to provide the sort of limits on excessive punitive awards long sought by businesses, we are hopeful the justices will require appeals courts to provide more meaningful reviews of the damages handed down by trial courts. Currently, federal appeals courts are divided in whether they use a strict review or a cursory review of punitive awards.

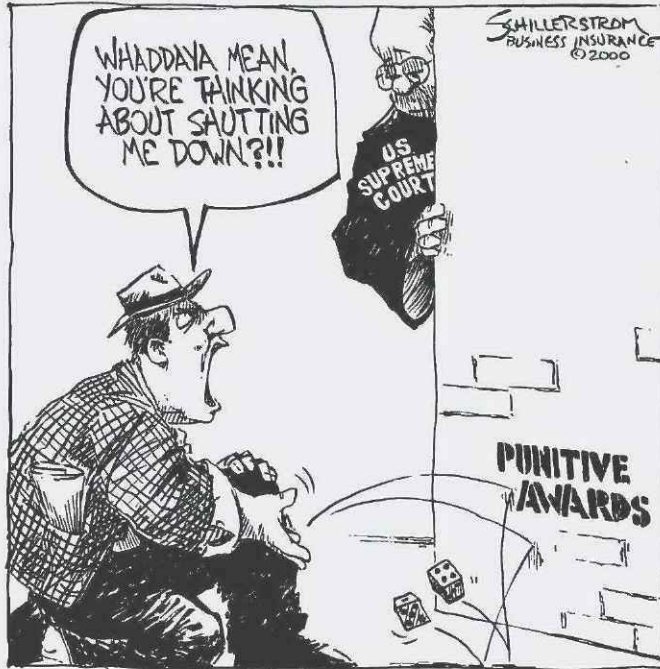
The case before the court comes from the 9th U.S. Circuit Court of Appeals, which uses the less stringent standard. The details of that case, *Cooper Industries Inc. vs. Leatherman Tool Group*, will not be nearly as compelling to most businesses as the case's potential for clarifying and unifying how punitive damages are examined by appeals courts.

Some courts, like the 9th Circuit, are satisfied to use an "abuse of discretion" standard, in which the appeals court simply makes sure that the trial court didn't abuse its discretion in allowing a punitive award. In cases where punitive awards are in dispute, however, such a limited review of whether punitive damages are warranted is required.

Other federal appeals courts subject punitive damage awards to the stricter "de novo" standard of review to determine whether the damages are constitutional. Under this standard, appellate judges make their own examination of the facts, rather than deferring to the trial court. The Supreme Court could inject a much-needed measure of reason and restraint in courts' granting of punitive awards if it would require this standard to be uniformly reviewed.

Short of a more in-depth review of the constitutionality of excessive punitive damage awards and better guidance for lower courts, this may be the best businesses can hope for at this time.

The high court already held in its landmark 1996 decision, *BMW of North America vs. Gore*, that under some circumstances punitive damage awards can be so disproportionate to actual damages as to vio-



late the constitutional rights of defendants. In that case, the initial punitive damage award amounted to 1,000 times the underlying actual damages. But the high court declined to draw a bright line marking where a punitive damage award would cross into the grounds of unconstitutionality.

Clearly, the case now on the court's docket does not offer an opportunity to remedy that shortcoming. Instead, this case offers the court a chance to decide how appeals courts should review such awards. Technical as this question may appear, it demands an answer.

The lack of uniformity in the federal courts for reviewing whether punitive awards violate defendants' constitutional rights undercuts the idea that defendants should be treated equally and with due process.

The high court's decision to take up the issue also adds some heft to a docket that is noticeably light on issues of concern to businesses. It also affords an opportunity to add more order and predictability to what, unfortunately, is the disorderly and unpredictable world of punitive damages.

LETTERS

Words of thanks from honoree

To the editor: I am very honored to have been chosen as one of the Leading 100 Women in the insurance industry over the past two decades. I firmly believe that women today are making inroads because of their beneficial contri-

butions and not because there are just more of us in the workforce.

The luncheon on Oct. 10 in Chicago drew more than 500 attendees, and it was humbling to see the amount of talent among those present.

Thank you, Kathryn McIntyre and *Business Insurance*, for your insight in making this happen. It was indeed a privilege I shall long remember.

Cheri Hawkins
Auburn, Wash.

Compliments on Top 100 feature

To the editor: I compliment you on the inspirational 100 industry women selected by *Business Insurance* as note-

worthy achievers (*BI*, Oct. 2).

Those on your honoree list whom I have had the privilege of working with are a true testimony to such overused work attributes as dedication, perspicacity, and professionalism. They make things happen.

I'm sure the proverbial glass ceiling will indeed give way as more women—as well as minorities—are able to irrefutably demonstrate their leadership skills to the inexorable old guard.

There's a saying: "When your superior receives you as an equal, you are already his superior."

Jeffrey W. Pettegrew
Vp, Insurance & Risk Management
Westaff
Walnut Creek, Calif.

To the editor: Job well done on the "100 Leading Women" feature in the Oct. 2 issue. The concept is of high importance, and the content was on par.

Business Insurance noted that, as with every list, some deserving parties will be overlooked. I believe two women overlooked on your list, who are at the

See Letters on page 72

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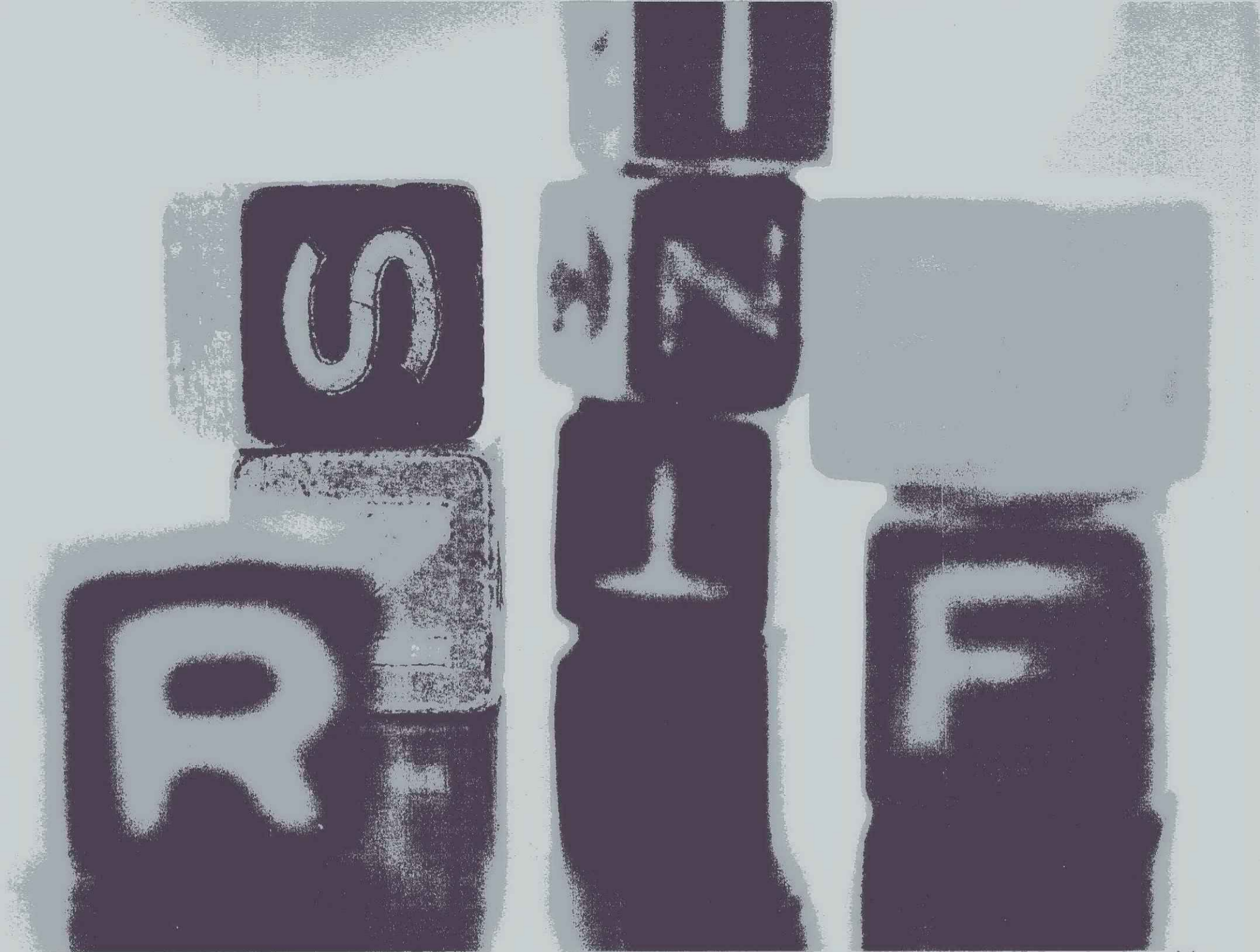
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Dave Schroeder
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Log

Continued from page 12
company spokesmen. In addition, the company's use of the intranet has been expanded to include a variety of other reports, company spokesmen said.

Shortly after implementing the software, the Lewiston facility achieved VPP "Star" status and company safety officials spearheaded the networking of this program with six other Potlatch sites, which have since become VPP sites, according to the organization. Companies with "Star" status enjoy the privilege of not being subject to routine CSEA inspections, except in unusual circumstances.

"Taking safety concerns on paper is not new, but to develop in-

house an intranet database that provides instant concern entry, tracking, follow up to resolution and accountability is a major innovation worthy of award acknowledgment," Mr. Meadows said,



Developing 'in-house an intranet database that provides instant concern entry, tracking...and accountability is a major innovation.'

— Clegg Meadows

Since the program was implemented, the company's Consumer Products Division has had about

100 safety and other work-related concerns reported each month, according to Vince Reese, now a maintenance supervisor.

He previously helped implement the technical aspects of the safety log system, while working as an

electrician at the plant. The safety log program expanded on the concept of a work order log, Mr. Reese added.

Potlatch itself has benefited in several ways from incorporating the safety log into its on-

going broad safety program, though it is hard to isolate its precise impact, company spokesmen say.

However, "since CPD's involvement in VPP, we have seen a 60% decrease in injuries, an 80% decrease in worker's compensation costs, and a 17% increase in production," said Mr. Copenspire. Specifically, workers comp claims costs have dropped to \$130,000 from \$736,000 in 1995.

The biggest thing that the computerized safety log has done is "it has given us a communications link that is very effective," said Michael Shuey, safety manager.

A key feature of the program that employees praise is the increase in accountability on the part of plant representatives, including supervisors and safety coordinators, who are workers that focus on improving safety as part of a two-year rotation program.

"You basically have your laundry out there for everyone to see, so it means that problems get taken care of quicker," Mr. Reese said.

The company, however, faced some challenges in getting all employees comfortable with using the computerized safety log, spokesmen said. For example, some employees who were not computer literate needed special training and were helped by having oversized buttons for special keyboard tasks like submitting a safety log item. In addition, workers who were poor spellers were more willing to report their concerns because a spell check feature allows them to correct their entries. "They didn't want their misspelled comments out there for everyone to see," Mr. Reese said.

Potlatch's local unions are "big boosters" of the VPP programs, though their international affiliates do not formally support such programs, said Mr. Lang, who is a local union safety representative of the Paper and Allied Industrial, Chemical and Energy Workers International Union. Sometimes there is a fear that such programs "compromise" OSHA's ability to do onsite investigations and impose monetary fines on companies, he said.

"OSHA's Voluntary Protection Program is the model of how government can work with business to effect constructive change," said L. Pendleton Siegel, Potlatch's chairman and chief executive officer. "The positive results we've experienced reflect the fact that management and labor have partnered with the agency in an effort to create a safer workplace."

Currently, Potlatch is extending the program to more sites, and Mr. Lang is helping to educate other companies about the software's possibilities through VPPPA programs and contacts.

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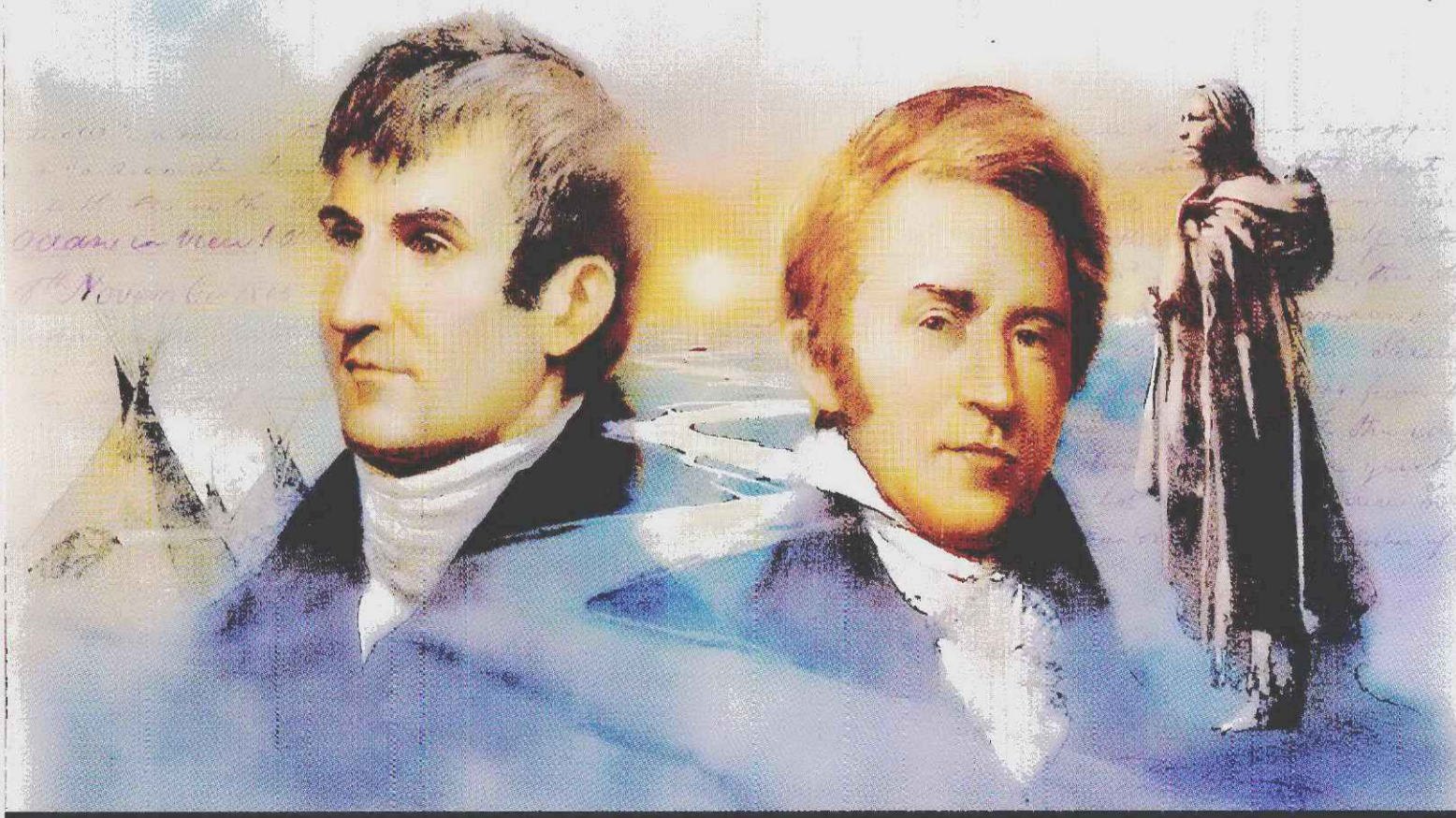
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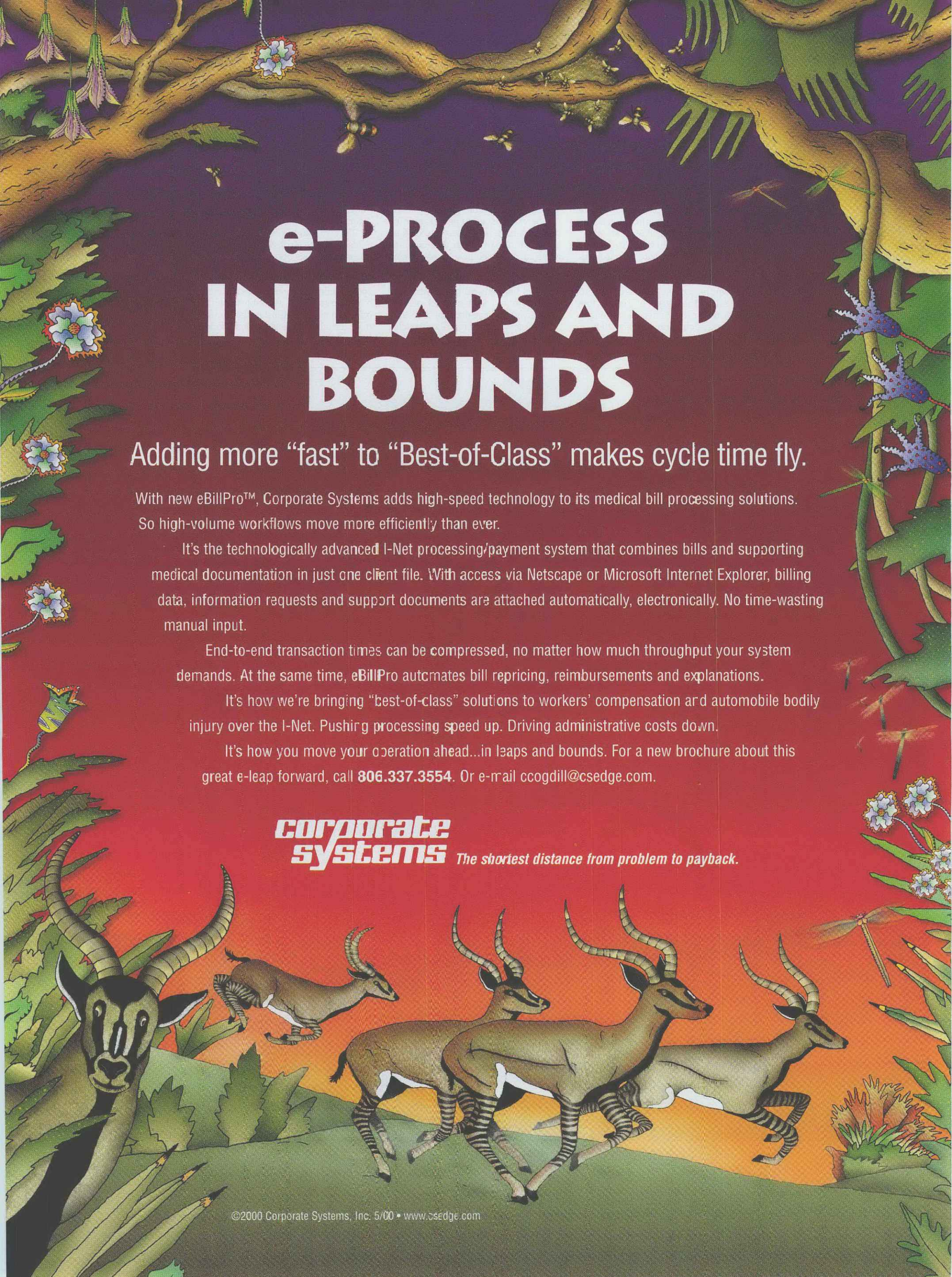


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Prudential

Continued from page 3

estate managers responsible for obtaining office furniture; and Prudential's human resources and facilities departments. Travelers has also provided a certified ergonomist to train the people running the program.

Making sure furniture and equipment is ergonomically sound is critical for Prudential: 98% of its jobs are computer desk jobs, said Ms. Faccione.

Noting that "our program works on education," Ms. Faccione said that Prudential follows a number of different training methods, in addition to the tutorial. For example, participants attend small group meetings in a department to discuss ergonomics. Prudential also launched a "train the trainer" program, in which certain people within a department are design-

nated as ergonomics coordinators and receive a trainer manual that allows them to train other employees on ergonomically sound practices.

The financial services company also holds open enrollment classes in ergonomics, maintains an intranet site and conducts individual assessment for people in pain. Ms. Faccione said that when departments move, employees receive training on their first day in the new workstations. "That's where we work with corporate real estate, because they let us know when they make the moves," said Ms. Faccione.

Ms. Faccione said that Prudential's approach involves more than lectures. The company holds "active seminars" in which, for example, employees are shown the proper workstation setup, she said. "The biggest problem is they move their desks" after the training.

The sessions typically last 20 to 25 minutes, she said. "It may not be per-

fect training, but at least they're aware that Prudential is concerned" about ergonomics and know whom to contact with additional questions.

Jen Kaplan has first-hand experience with the program, as both a participant and a trainer. Ms. Kaplan has multiple sclerosis and uses a motorized scooter. She was provided with a keyboard tray with an ergonomic mouse and chair. "That improved my typing ability and ability to work at a keyboard," she said.

She volunteered to be a trainer for the program, and introduced four groups to the program. She also has gone cubicle to cubicle to talk to employees to see whether they needed anything. "For example one woman was left handed and her cubicle was set up for a right-handed person, which you don't realize but there is a difference when you reach for the telephone. Everything was backward."

"We rearranged her workstation, and it made a huge improvement for her," she said.

Ms. Faccione said that the biggest problem the program encountered was not employee resistance but collecting enough data to prove how well it was working. "It's voluntary, so the majority of people will listen."

The numbers show that it has paid off, she said. "We've reached at least 9,000 employees," 98% of whom have "not turned into a workers comp claim," she said.

"That was our big success."

Ms. Faccione stressed that Prudential's success has been a group effort. "What I'm proudest of is we did this without having one person solely responsible for ergonomics. It's a bunch of people's role. We were able to pull it off and not let it get lost in the shuffle of all the other projects we were working on," she said. **BI**

OSHA aims to improve voluntary program

By MEG FLETCHER

Federal regulators say they are revising an established safety and health recognition program to strengthen it.

The U.S. Department of Labor's Occupational Safety and Health Administration published numerous changes to the federal Voluntary Protection Program requirements in the Federal Register on July 24. Nearly all of the program revisions will go into effect on Jan. 1, 2001.

The changes will affect all worksites that participate in the Voluntary Protection Program and will address such issues as requirements for structuring programs, reporting injury/illness rates, conducting onsite reviews, applying for reapproval, terminations and post-approval withdrawals.

In addition, the changes include extending eligibility for participating to federal agencies and certain contractors, as well as requiring participants to report illness rates and numbers in addition to injury data.

The Voluntary Protection Programs Participants' Assn. "is very glad OSHA has moved forward in making these changes to the VPP," according to a statement by Lee Anne Jillings, executive director of the VPPPA in Falls Church, Va. "These amendments will further strengthen and expand participation in these premier partnership programs," Ms. Jillings said.

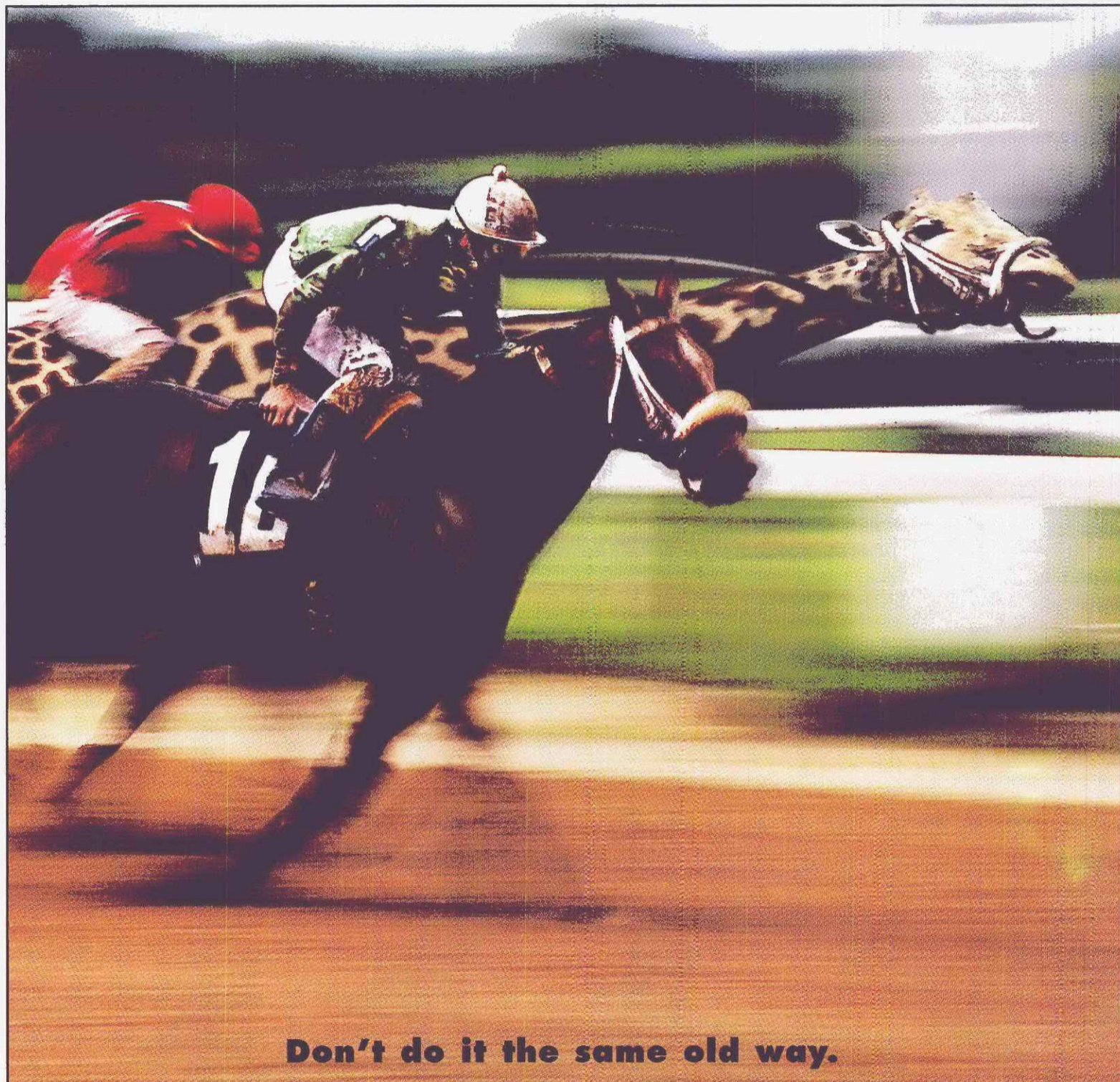
The Voluntary Protection Programs are a cooperative effort among labor, management and government to assure improved safety with less government oversight. Companies in the OSHA voluntary program are exempt from the agency's routine inspections.

Those companies must undergo an extensive evaluation by OSHA and have written health and safety programs and widespread employee involvement. Acceptance into the program requires company participants to have safety and health programs that exceed federal agency safety and health standards. Worksites that participate in the voluntary program have overall lost-workday rates that are 50% below their industry averages.

More than 600 worksites in the United States are Voluntary Protection Program participants, representing more than 750,000 workers.

For additional information about the revised program, contact Bjorn Reed, government affairs manager, at 703-761-1146 or brvpppa@erols.com.

Additional information about the VPPPA program also is available at the organizations Web site, www.vpppa.org. **BI**



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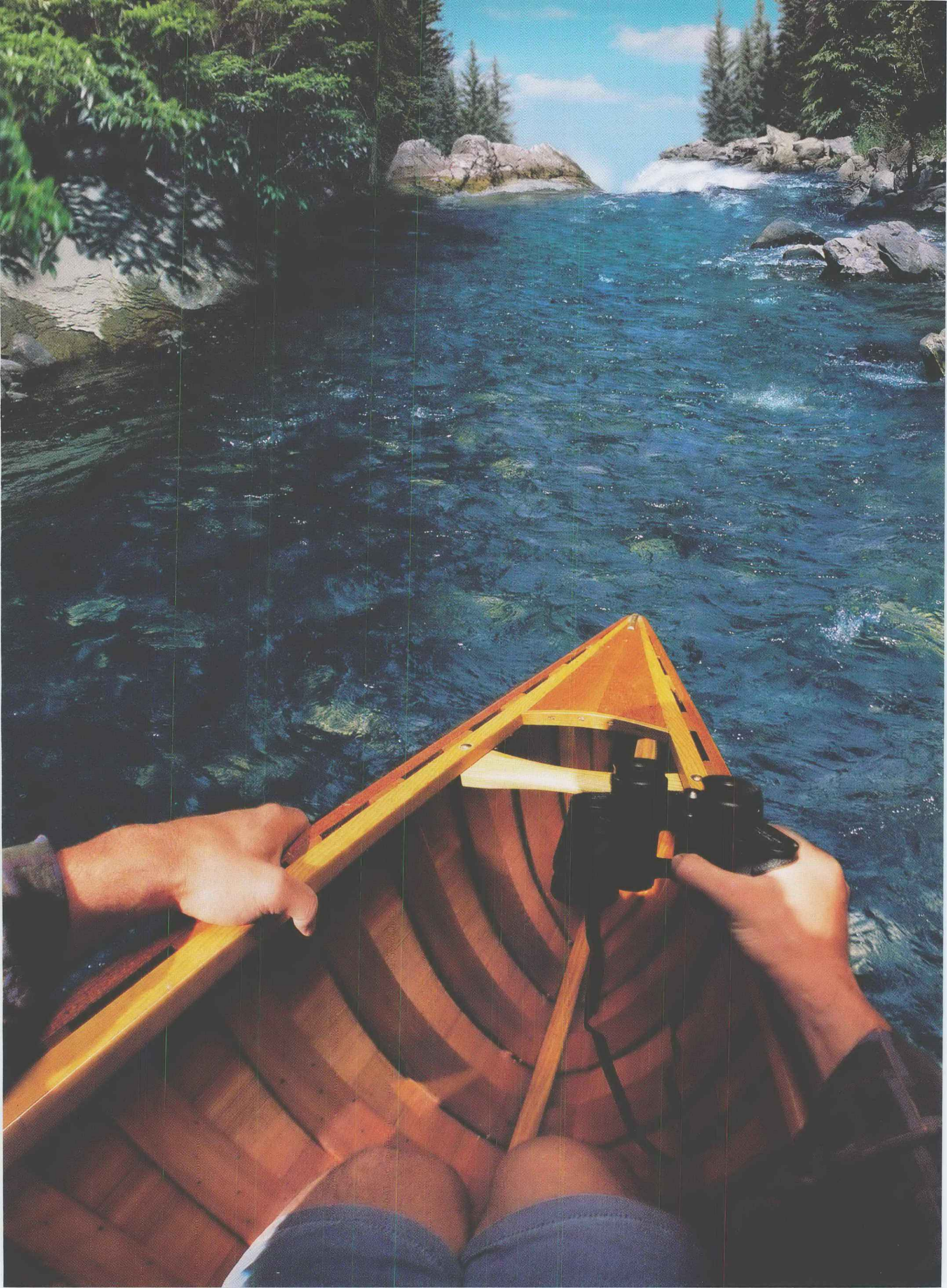
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Program

Continued from page 3

In doing so, Seattle City Light has managed to save itself hundreds of thousands of dollars in workers compensation costs.

Ms. Nizich said the program began when a wellness coordinator started compiling statistics about repetitive motion injuries in 1992 or 1993. The coordinator also heard "a lot of concerns" when she talked to office workers in the field, and the company began devising ways to deal with the problem.

Since then, the program, which dates back to the early 1990s, has involved an ergonomics assessment of more than 1,250 employees, said Diane Lee, a safety and health consultant for the utility. The work has been done mostly in-house

without the use of outside consultants.

Ms. Nizich said that the program got a big boost in 1996 and 1997 when all of the utility's 950 headquarters employees moved to a new facility in downtown Seattle. Safety and health personnel participated in a "move committee" that also included representatives of the information technology, space planning and facilities management units. "We were responsible for initiating ergonomically correct workstation design," she said.

Furniture needed to be adjustable for height and chairs had to meet ergonomics standards, all of which was spelled out in a contract. As other furniture that did not meet ergonomic criteria outlasted its usefulness, it too was replaced with items that did further

the ergonomics program.

But the effort was not limited to changes in furniture and workstation design. "There's definitely one-on-one training when you do the ergonomics assessment," said Ms. Lee. Employees also receive an ergonomics handbook, said Ms. Nizich.

'There's definitely one-on-one training when you do the ergonomics assessment,' says Diane Lee.

Mr. Henderson said that the program has been subjected to "a lot of cost-benefit analysis" in efforts

to quantify its impact. That's not always easy, he said. "How do you count the costs that didn't occur?" he asked.

The cost savings that did occur, however, certainly add up. Between 1996 and 1997, Seattle City Light saved about \$279,000—mostly in workers compensation costs—and realized a decrease in cumulative work-related musculoskeletal disorders for the first time since 1990, he said. The savings have continued as well: The cost saving in 1999 was \$179,000, itself a 36% reduction from 1998. The frequency and severity rates of repetitive motion injuries have both dropped significantly since 1995, he pointed out.

Ms. Nizich noted that the savings have come despite the lack of a formal ergonomics budget within the safety and health unit. "It's a col-

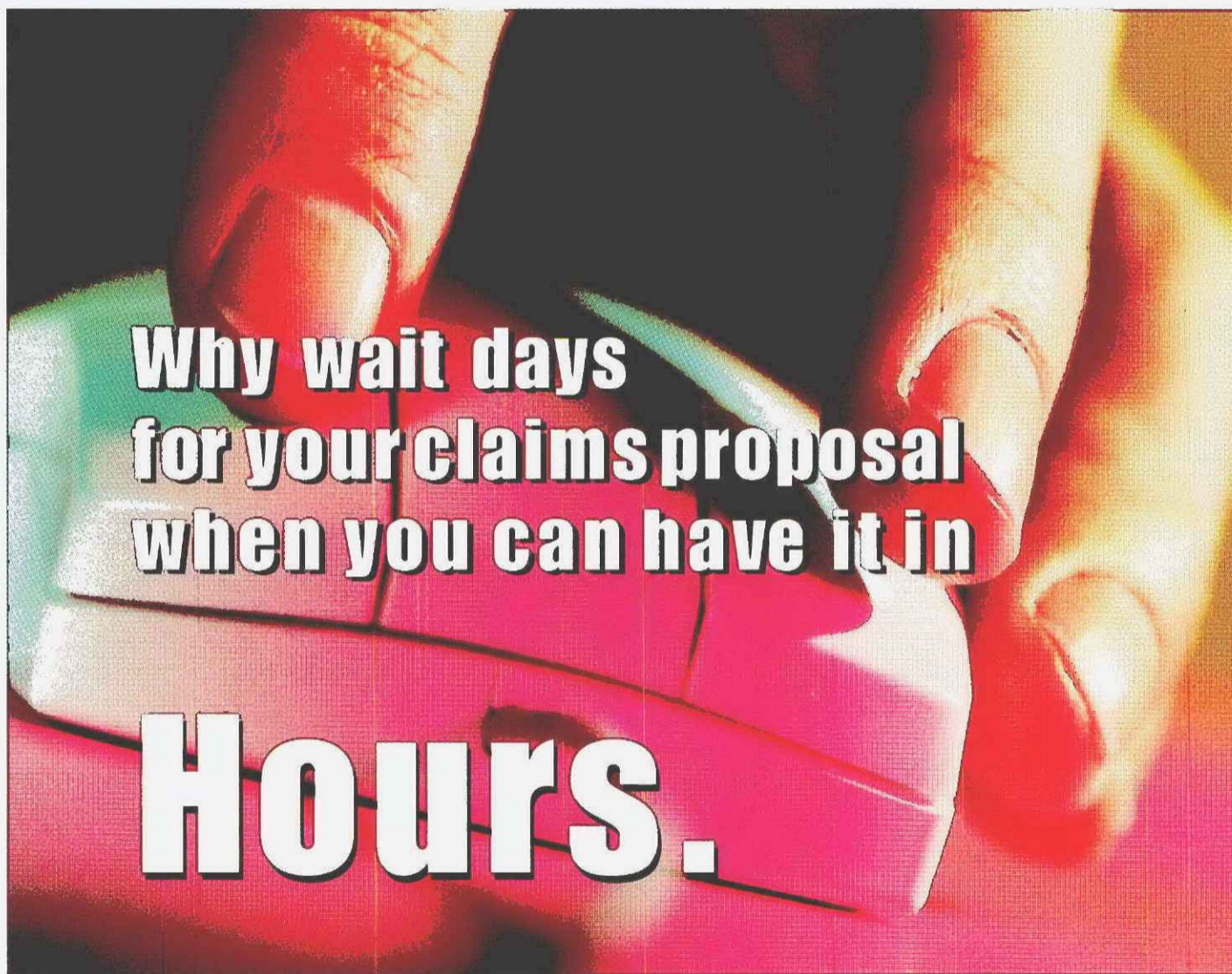
laboration with facilities management and IT," she said. For example, the information technology department supplies the funding for keyboards, while facilities management funds the furniture, she said.

"When things need to get done, it just gets done," she said.

Although the focus of the Seattle City Light program has been on office workers, Mr. Henderson said that he'd like to take the program farther afield, literally.

"I would like to do field work," taking ergonomics training to linemen, underground utility workers and other employees who don't work at workstations, Mr. Henderson said.

Ms. Nizich said that the utility has received a lot of calls about its program "and that's good. I think it's been very good press." **BI**



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COT aims to boost safety

The Center for Office Technology wants to improve the office working environment to make it safer for employees.

Since it was founded in 1985, the Alexandria, Va.-based trade association of employers and manufacturers has sought to promote informed approaches to health and safety issues associated with the use of computers and office technology. To this end, the association has developed an office ergonomics management program that employers can use to improve computer workstations. It also operates an information clearinghouse for scientific research on video display terminal—or computer monitor—safety and health topics.

Not surprisingly, the group has become active in public policy issues, notably the Occupational Safety and Health Administration's proposed ergonomics standard. A spokeswoman for the COT said, "Our concern about very detailed standards like these is that they don't allow companies to do what works for them." The group's executive director, P.J. Edington, has submitted testimony on Capitol Hill explaining the association's concerns, including objections to a proposed provision that would subject a workplace with a single report of an ergonomic injury to the standard's full requirements.

In its effort to promote safer workplaces, the organization began presenting its annual "Outstanding Office Ergonomics Award" in 1998, which recognizes employers with successful strategies for reducing ergonomics-related injuries. This year's winners were Prudential Insurance Co. of America and Seattle City Light (see related stories).

"Our award shows the importance of having an ergonomics program and allows companies to share information and successes," said a spokeswoman for the organization. "Each company has to address its particular business needs and employee needs."

Previous award winners are Intel Corp.; the city of Portland, Ore.; Bankers Trust Corp.; USAA; and the city of San Jose, Calif.

Further information on the COT and the award-winning ergonomics programs can be found at the COT's web site: www.cot.org.

—By Mark A. Hofmann



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Taylor helps drive down highway safety losses

By MICHAEL BRADFORD

After decades spent studying and teaching ways to make transportation safer, James I. Taylor is seeing some progress on U.S. highways.

"Most of the numbers are going in the right direction," Mr. Taylor points out. "There are fewer fatalities per 100 million vehicle miles of travel almost every year. It's down almost so low that it's hard to make any progress."

But that doesn't mean researchers, engineers, academicians and others should sit on



Mr. Taylor

their hands. There still are transportation safety problems to solve, he says.

Mr. Taylor's own accomplishments have earned him the U.S. National Safety Council's Distinguished Service to Safety Award for 2000. But Mr. Taylor isn't resting on his laurels. In his position as a professor of civil engineering and geological sciences at the University of Notre Dame, he will continue to teach the safety techniques and standards that his students will use to make roadways safer.

His own road to the NSC's safety award is built on a bedrock of professional experience as a teacher and consultant in trans-

portation safety. A detailed resume of his experience, awards, research and other activities related to his work covers 20 pages. Mr. Taylor was presented with the NSC award during the Oct. 16 opening session of the NSC's annual meeting in Orlando, Fla.

"It was not exactly a plan," Mr. Taylor said of his career. After earning a master's degree in civil engineering with an emphasis in water resources from Case Institute of Technology in Cleveland in 1962, Mr. Taylor worked for the state of Ohio for a couple of years and realized "the big water projects were out west. I didn't want to move out west."

Instead, he studied surveying at

Ohio State University, earning a Ph.D. in civil engineering with the intention of starting a surveying business. In 1968, he took a position as director of the Bureau of Highway Traffic at Pennsylvania State University. While there, Mr. Taylor became involved in a \$500,000 highway project, an amount that, at the time, "was huge," he recalled. His work on the project fueled a desire to work in transportation safety. And he's been there ever since, joining the faculty of the University of Notre Dame in 1976.

"My real interest is in how highways are designed," he said. "Lane width, shoulder width, sharpness of curves—how that all affects accident rates."

Mr. Taylor stressed that, ultimately, the effectiveness of changes in highway design is measured by accident experience. And, therefore, road designers must determine whether using certain signs, markings or engineering techniques will be justified by the number of accidents they are expected to prevent.

The numbers that really count to those who work in transportation safety are heading in the right direction, he said, even though the number of highway fatalities has remained the same—around 40,000 per year—in recent years.

The effectiveness of changes in highway design is measured by accident experience, says James I. Taylor.

That number of fatalities is mostly unchanged because the number of vehicles and passengers increases every year, Mr. Taylor explained. "But if you measure it in other ways—say, per 100,000 vehicles or per 100,000 population—it's trending down."

Even though the trend is encouraging, those who work on highway safety still face plenty of other challenges, Mr. Taylor said. "As the numbers come down, people start studying to see which kinds of accidents" are not decreasing fast enough, he pointed out. Drunken driving is one such category.

"It used to be, not long ago, that about half of all fatal accidents involved a driver that was legally drunk," said Mr. Taylor. "This year, it's under 40%, so we are making some progress on that." Even so, he added, "this alcohol problem is still here."

Convincing drivers to wear seat belts is another challenge in bringing down the number of fatalities, Mr. Taylor said. Unfortunately, he said, drivers who are irresponsible about buckling up generally also are unconcerned about other safety matters and are "probably more likely to get into accidents because they are less careful" than other drivers.

Mr. Taylor said his "pet complaint" is to get local highway safety professionals to develop a keener eye and sharper sense of responsibility in regard to safety on the roads, particularly when they are off the job. Often, those in positions to make changes develop a blind eye on their own time to problems such as signs

See Taylor on page 28

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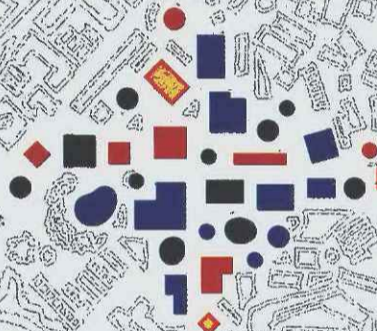


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Taylor

Continued from page 24
that are inaccurate, crooked or knocked down, highway lines that are worn out, or other hazards, he said.

"I've taught courses on how to look for these kinds of problems. People drive by six of those things on the way home, come back tomorrow and listen again. But nothing happens, even though they may be the county foreman," Mr. Taylor said.

"We do so many bad things in driving and highway maintenance that we get to thinking that it's not very important," Mr. Taylor said.

"So what we really need is a way to get inside people's minds and modify their behavior. We

need to let people who are taking care of the highway system know that they are responsible. It's the same with our own driving. Sometimes things can go wrong."

"I think when we teach courses, we need to teach the technical content of how to drive well, but we also need to teach more human factors," Mr. Taylor said. "We need to get people's attitudes to change. For most people who get into an accident, it's not because they didn't understand a sign or because a reflector was not bright enough."

Another teaching challenge, Mr. Taylor said, is getting students of highway safety to understand that they will encounter political and ethical dilemmas in real-world situations. "Most of the real-life trade-offs don't exist in the classroom."

While a teacher can present a textbook challenge, such as how to design a highway exit ramp, it is difficult to teach students how to determine what to do if they realize that a flatter curve on the ramp would be safer but would take property from a hospital or city park, for example.

"I'm having trouble with this part," Mr. Taylor said. "It's hard to do unless you can get the student to really feel the tension in the trade-off." Without being able to duplicate the consequences of such trade-offs, the classroom scenario usually boils down to students asking, "OK, what answer are you looking for?" he explained.

"We do some ethical dilemmas," Mr. Taylor noted, "but all we've been able to do is make people aware of these things. It's too easy

in the classroom to wiggle out."

Discussion groups, like one Mr. Taylor held with students to discuss ethical issues such as "Who knew when and what have they done?" in regard to recent tire recalls, can at least "force the student to look at as much of the other side as they can," Mr. Taylor said.

He said he believes highway safety comes with "doing everything else well. Safety people don't like to hear that. They say, 'We build safety into everything.' But if you ask them where the money went into safety, they can't say," Mr. Taylor said.

"If we have roads that are maintained well and a good highway department, we will have fewer accidents. You can get safety as a byproduct if you are doing everything else well." **B**

British safety advocate honored

By CAROLYN ALDRED

British health and safety professional Allan St. John Holt is being honored for his career-long efforts to promote international cooperation and communication in the field of occupational health and safety.

Mr. St. John Holt received a Distinguished Service to Safety Award—the National Safety Council's highest honor bestowed on an individual—in recognition of outstanding service to the field of safety during his 30-year career. The award was presented at the NSC's 88th Annual Congress & Expo in Orlando, Fla., on Oct. 16.

"I have always been interested



Mr. St. John Holt

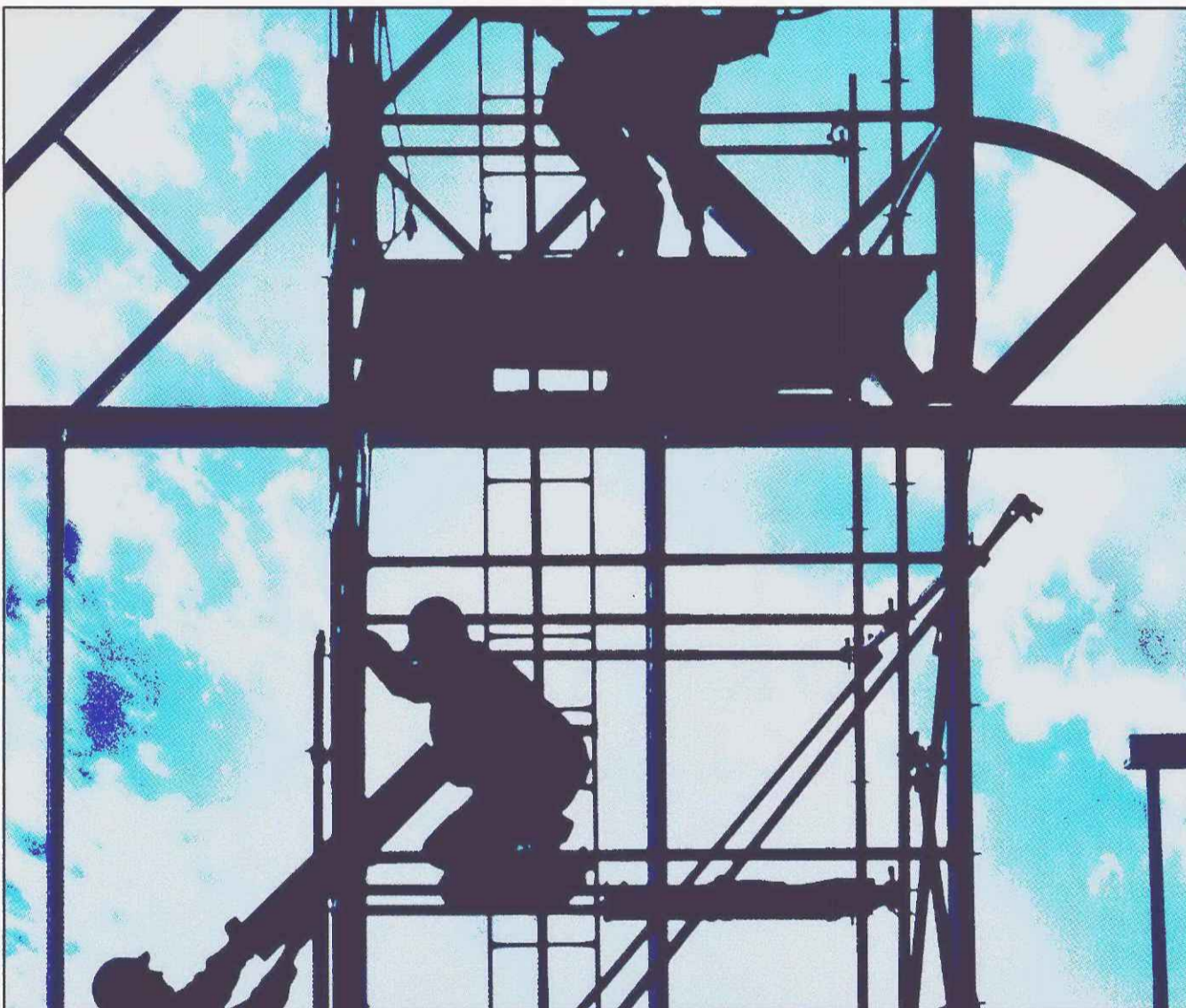
in international cooperation and fostering communication. There is a huge amount of reinventing the wheel" in health and safety, he said, adding that "unfortunately, people die all over the world in the same distressing circumstances."

Mr. St. John Holt's contribution to injury prevention also was recognized by the NSC in 1987, when he was inducted into its Safety and Health Hall of Fame International for services to international safety management. He also is the only individual to have been elected twice to the presidency of the United Kingdom's professional body, the Institution of Occupational Safety & Health. In addition, he is the only non-American to have been elected chairman of the NSC's Construction Section.

Appointed in June to the new post of Environment, Health and Safety Director for Australian-owned construction and project management company Bovis Lend Lease Holdings Ltd. in London, Mr. St. John Holt coordinates all aspects of the company's global environment, health and safety policy.

The company, owned by Sydney, Australia-based Lend Lease Corp., is one of the world's largest construction management specialists, with more than 6,600 employees, managing billions of dollars worth of projects. Among recent projects managed by the company are the construction of

See Holt on next page



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Holt

Continued from previous page
Sydney's Olympic Village, the new U.S. Grand Prix circuit in Indianapolis and the Scottish Parliament building in Edinburgh.

Working closely with local safety directors, Mr. St. John Holt's role involves ensuring consistently high standards are maintained in all the 38 countries where Bovis Lend Lease operates, and ensuring that contractors and suppliers working with the company adhere to those policies, according to a statement from the company.

Mr. St. John Holt joined the Bovis Group in 1997, based in Shanghai, China, where he devised and implemented a Safety and Environmental Management system for the group's fast-growing Asia Pacific Region. Prior to that, Mr. St. John Holt headed up Hanscom Network Ltd., a Southampton, England-based international safety consulting firm he founded more than 30 years ago. His clients included British Rail, the British Ministry of Defense, and many of Europe's largest construction companies.

An internationally known lecturer and writer on safety management, Mr. St. John Holt's 1991 book, "Principles of Health & Safety at Work," has sold 125,000 copies worldwide.

"Employees die all over the world in distressingly similar ways and part of my personal mission has been to correct that by spreading

best practice" on a global basis, Mr. St. John Holt told *Business Insurance*.

Although "there are a lot of cultural differences (worldwide), safety solutions are essentially the same," he noted, noting that "more than half the deaths in the construction industry are the result of people falling from things; gravity is the same the world over."

Often it is the cost that determines the type of solution adopted.

'Employees die all over the world in distressingly similar ways,' says Allan St. John Holt.

For example, "safety harnesses are almost unknown in the East because everybody uses safety belts. These are far less desirable but are a quarter of the cost of a harness and better than certain death," noted Mr. St. John Holt.

Increasingly global businesses are recognizing the importance of health and safety and environmental considerations and the true cost of getting it wrong, he said.

In the past, there has been a tendency to rely on insurance and established rules to determine health and safety policies, he said.

Reliance on a particular rule-book, though, can result in "a loss

of ability to size up the situation (and) the rules may not be adequate," he said, adding that safety professionals should look more at best practice.

In the United Kingdom, there is a growing emphasis on best practice and the best solution, rather than simply following a rulebook. There also is a greater chance of criminal prosecution of management for safety violations that result in fatalities, he noted.

Construction (Design and Management) Regulations introduced in the United Kingdom in 1994 have made safety considerations a vital component in the design and planning stage of any construction project. Meanwhile, risk management in the United Kingdom and Australia increasingly is moving up the corporate agenda with an emphasis on health, safety and the environment, he said.

"The universal truth is that good safety is good business. The cost of getting things wrong" can be huge and "it is the below the lines costs, such as management time and retraining, that are uninsurable," he said. A failure in safety, health or environmental management can have big repercussions, it can affect a company's reputation and share price and "big businesses are waking up to that," said Mr. St. John Holt.

"Major global employers also are asking very searching questions of their contractors and suppliers" on safety, health and environmental issues, he said. **BI**

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McMaster University,
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1999 revenues

Total	\$5,200,000
Rehabilitation services	\$1,900,000
Staff	
Total	45
Professionals	36
including: 30 RNs, 6 vocational counselors.	
Clients	
Total	125

Corporate/institutional	5
Claims administrators/TPAs	15
Insurance companies	105
Cases	
Closed in 1999	1,310
Expert opinion cases	5

Rehab services since: 1974
Parent: ASU Group.
Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.
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1999 revenues

Total	\$1,200,000
Rehabilitation services	\$800,000
Staff	
Total	14
Professionals	9
including: 2 RNs, 5 vocational counselors, 3 degreed professionals.	
Clients	

Total	100
Corporate/institutional	20
Claims administrators/TPAs	30
Insurance companies	20
Other	30
Cases	
Closed in 1999	200
IME cases	40
Expert opinion cases	175

Rehab services since: 1987
Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, long-term disability, short-term-disability.

Service area: western states except California.

Compensation: per employee, per case, per hour, \$85 to \$150, based on services requested and volume administered.

Officers: William Goodrich, president; Katherine Kleinkopf, Kent Kleinkopf, vps

Contact: Kent Kleinkopf

C

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1999 revenues

Total	\$1,000,000*
Rehabilitation services	\$200,000*
Staff	
Total	18
including: 15 RNs, 2 vocational counselors.	
Clients	
Total	100
Corporate/institutional	20
Claims administrators/TPAs	20
Insurance companies	60

Cases
Closed in 1999 900
Expert opinion cases 75

Rehab services since: 1990
Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement, testimony and expert opinion.

Coverage: workers compensation, auto liability, general liability, long-term disability.

Service area: Alabama, Arkansas, Kentucky, Mississippi, Tennessee.

Compensation: per case, \$150 to \$300, per hour, \$68 to \$125.

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1999 revenues

Total	\$20,798,054
Rehabilitation services	\$2,500,000

Continued on next page

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Staff	
Total	280
Professionals	223
including: 20 RNs, 203 vocational counselors.	
Clients	
Total	465
Corporate/institutional	200
Claims administrators/TPAs	30
Insurance companies	235
Cases	
Closed in 1999	12,407
Expert opinion cases	409
Rehab services since: 1978	
Parent: Liberty Mutual Insurance Co.	
Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.	
Coverage: workers compensation, auto liability, auto no-fault, long-term disability, short-term disability.	
Service area: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Montana, Nevada, New Hampshire, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia, Wisconsin and the District of Columbia.	
Officers: David B. Griffiths, acting president	
Contact: Judy Olivier, staff development manager, judy.olivier@cascaededisability.com	
Concentra Managed Care Inc.	
130 Second Ave., Waltham, Mass. 02451; 781-290-5350; fax: 781-890-1535 www.concentramc.com	
1999 revenues	
Total	\$654,104,000
Rehabilitation services	\$59,000,000
Staff	
Total	1,755
Professionals	1,755
including: 935 RNs, 342 vocational counselors, 98 degreed professionals, 380 physicians.	
Clients	
Total	1,450

Corporate/institutional	200
Claims administrators/TPAs	320
Insurance companies	930

Cases	
Closed in 1999	62,400
IME cases	84,610
Expert opinion cases	946

Rehab services since: 1978

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term disability.

Service area: nationwide, Canada.

Compensation: per hour

Officers: Daniel J. Thomas, CEO; Thomas Kiraly, CEO; Richard Parr, executive vp/general counsel

Corvel Corp.

2010 Main St., Suite 1020,
Irvine, Calif. 92614;
949-851-1473; fax: 949-851-1469
www.corvel.com

1999 revenues	
Total	\$186,000,000
Rehabilitation services	\$7,000,000

Staff	
Total	2,800
Professionals	1,150
including: 942 RNs, 208 vocational counselors.	

Clients	
Total	650

Cases	
Closed in 1999	23,083
IME cases	12,500
Expert opinion cases	500

Rehab services since: 1987

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing,

vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term disability.

Service area: nationwide.

Compensation: per case, per hour.

Officers: Gordon Clemons, CEO; Richard Schweppe, CFO

Contact: Pat Kimbrough; 804-273-1999

Crawford & Co.

5620 Glenridge Drive N.E.,
Atlanta, Ga. 30342;
404-256-0830; fax: 404-256-0830
www.crawfordandcompany.com

1999 revenues	
Total	\$702,000,000
Rehabilitation services	\$99,000,000

Staff	
Total	801
Professionals	545
including: 295 RNs, 154 vocational counselors, 65 degreed professionals, 1 physician.	

Clients	
Total	675

Cases	
Closed in 1999	57,015
IME cases	9,105
Expert opinion cases	5,206

Rehab services since: 1972

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term disability.

Service area: nationwide, worldwide.

Compensation: pricing by service rendered.

Officers: Archie Myers Jr., chairman/CEO; Grover Davis, president/COO; Victoria Holland, executive vp-health care management

Contact: Wanda Gross, project manager

FARA Healthcare Management

2360 Fifth St.,
Mandeville, La. 70471;
504-624-8383; fax: 504-624-8489
www.fara.com

1999 revenues	
Total	\$19,000,000
Rehabilitation services	\$4,600,000

Staff	
Total	37
Professionals	30
including: 23 RNs, 6 vocational counselors, 1 degreed professional.	

Clients	
Total	245
Corporate/institutional	185
Claims administrators/TPAs	5
Insurance companies	55

Cases	
Closed in 1999	5,161
IME cases	79
Expert opinion cases	23

Rehab services since: 1992

Parent: F.A. Richard & Associates Inc.

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking

Continued on next page

Directory terms explained

The 10th annual *Business Insurance* directory of rehabilitation management service providers lists companies that provide services included in the medical management or vocational rehabilitation of injured or ill individuals. These services must be available to employers on a direct, unbundled basis; companies that offer these services only in conjunction with other products and services are not included.

Listings begin with the company's address, phone and fax numbers and World Wide Web address, if provided. Information on **1999 revenues** also is provided. To be listed, companies must report information on gross revenues and derive at least \$200,000 in revenues from rehabilitation services.

The **staff** section includes the total number of individuals and the number of professionals employed by the company in 1999 on a full-time-equivalent basis. Social workers, physical therapists and occupational therapists are included in the category of degreed professionals. Staff figures do not include individuals hired on a consulting or per case basis.

The **client** section lists the total

number of rehabilitation customers in 1999 as well as a breakout of the number of corporate and institutional employers, claims administrators/TPAs, insurance companies and other clients.

The number of rehabilitation **cases** closed, the number of independent medical examination cases and the number of expert opinion cases are listed under cases for 1999.

The year **rehabilitation services began** and the name of the **parent** company also are provided.

Listed in the services section are all rehabilitation services offered. **Other services** include, but are not limited to, cost containment and utilization review. **Coverage** lists the insurance lines for which rehabilitation services are provided.

Service area lists the states or regions served, and charges and methods of billing are detailed under **compensation**. Names and titles of principal **officers** and a **contact** complete the listings.

The directory is published as an editorial service; there is no charge for companies to be listed. Although every effort is made to publish complete and accurate listings, *BI* is unable to verify all information provided by the companies.

Ooh



www.caremc.com

Continued from previous page

skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, long-term disability short-term-disability.

Service area: Alabama, Arkansas, California, Florida, Georgia, Louisiana, Mississippi, South Carolina, Texas, Virginia.

Compensation: per employee, per hour, \$78 to \$80.

Officers: Todd Richard, president/CEO; Reed A. Bell, executive vp; Dan Clark, senior vp

Contact: Kay Martin; 204 Winchester Drive, Lafayette, La. 70506; 318-988-4008; kay.martin@fara.com



Gates McDonald

3455 Mill Run Drive,
Hilliard, Ohio 43025;
800-336-4733; fax: 614-777-3265
www.gatesmcdonald.com

1999 revenues
Total\$111,100,000
Rehabilitation services\$28,000,000

Staff
Total200
including: 196 RNs, 3 vocational counselors, 1 physician.

Clients
Total325
Corporate/institutional313
Insurance companies12

Cases
Closed in 199940,000

Parent: Nationwide

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management,

medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: nationwide.
Compensation: per employee, \$1.50 to \$2.45, per case, \$95 to \$650, per hour, \$76 to \$85.

Officers: Danny Fullerton, president/COO; Diane Reed, vp-finance and pricing; Jim Bryant, vp-sales

Contact: Scot Van Marter; 614-777-3522; vanmars@gatesmcdonald.com

Genex Services Inc.

440 E. Swedesford Road, Suite 3050,
Wayne, Pa. 19087;
610-964-5100; fax: 610-964-1919
www.genexservices.com

1999 revenues
Total\$116,000,000
Rehabilitation services\$43,000,000

Staff
Total1,775
Professionals980
including: 610 RNs, 340 vocational counselors, 30 physicians.

Clients
Total1,280
Corporate/institutional474
Claims administrators/TPAs512
Insurance companies294

Cases
Closed in 199958,000

Rehab services since: 1978

Parent: UnumProvident Corp.

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job anal-

ysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: nationwide, Puerto Rico, Canada.

Compensation: per employee, per case, per hour, .

Officers: Peter C. Madeja, president/CEO; Richard A. Baron, vp/CFO; Paul M. Bode, senior vp-sales and marketing

Contact: Carolyn Hildenbrand, director-marketing



Integrated Care Management

5 Dunwoody Park, Suite 118,
Atlanta, Ga. 30338;
770-730-8400; fax: 770-730-9055
www.integratedcare.com

1999 revenues
Total\$6,000,000
Rehabilitation services\$6,000,000

Staff
Total60
Professionals45
including: 27 RNs, 16 vocational counselors, 2 degreed professionals.

Clients
Total63
Corporate/institutional12
Claims administrators/TPAs15
Insurance companies35
Other1

Cases
Closed in 1999635
IME cases103
Expert opinion cases30

Rehab services since: 1991

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: nationwide.
Compensation: per employee, \$3 to \$6, per case, \$175 to \$600, per hour, \$60 to \$68.

Officers: Dan Barta, president; Carolyn Barta, secretary; Mark Pergolini, director

Contact: Mark Pergolini; mark.pergolini@integratedcare.com

Intracorp

1601 Chestnut St., Two Liberty Place,
Philadelphia, Pa. 19192;
215-761-7100; fax: 215-761-5538
www.intracorp.com

1999 revenues
Total\$345,000,000
Rehabilitation services\$19,000,000

Staff
Total1,154
Professionals1,136
including: 876 RNs, 213 vocational counselors, 47 physicians.

Clients
Total1,211
Corporate/institutional315

Continued on page

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Continued from previous page

Claims administrators/TPAs	298
Insurance companies	511
Other	87

Cases

Closed in 1999	186,735
IME cases	8,218
Expert opinion cases	503

Rehab services since: 1970
Parent: CIGNA Corp.

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: nationwide.

Compensation: per case, per hour.

Officers: Kirk E. Rothrock, president; Kenneth Ross, senior vp-disability management; Fred Scardellette, vp-disability management product and marketing

Contact: Colleen Bergin, manager-public relations; 215-761-7152; cbergin@mail-in-tracorp.com

J

Jordan Services Inc.

900 Merchants Concourse, Suite 112, Westbury, N.Y. 11590; 516-683-0100; fax: 516-683-0259
 www.jordanservices.com

1999 revenues

Total	\$6,250,000
Rehabilitation services	\$5,200,000

Staff

Total	82
Professionals	58

including: 43 RNs, 15 vocational counselors.

Clients

Total	715
Corporate/institutional	60
Claims administrators/TPAs	185
Insurance companies	470

Cases

Closed in 1999	1,785
IME cases	19,000
Expert opinion cases	3,200

Rehab services since: 1974

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: nationwide for IMEs and audits, Connecticut, Delaware, New Jersey, New York and Pennsylvania.

Compensation: per employee, \$1.25 to \$4, per hour, \$84 to \$150.

Officers: Morris Ehrenreich, president; Sandra Horowitz, CFO; Phyllis Snow, director-marketing

Contact: Phyllis Snow

L

Liaison Inc.

17000 N. Dallas Parkway, Suite 103, Dallas, Texas 75248; 972-380-6944; fax: 972-380-8629
 www.liaisoninc.com

1999 revenues

Total	\$1,700,000
Rehabilitation services	\$1,200,000

Staff

Total	25
Professionals	21

including: 18 RNs, 1 vocational counselor, 2 de-greed professionals.

Clients

Total	50
Corporate/institutional	32
Claims administrators/TPAs	8
Insurance companies	10

Cases

Closed in 1999	284
IME cases	250
Expert opinion cases	60

Rehab services since: 1984

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, length of stay determination, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: Colorado, Louisiana, New Mexico, Oklahoma, Texas.

Compensation: per employee, per hour, \$69 to \$75.

Officers: Catherine Marrs, president/CEO; Helen Briedan, manager-operations

Contact: Catherine Marrs; cmarrs@liaisoninc.com

M

MedInsights Inc.

4360 Chamblee-Dunwoody Road, Suite 315, Atlanta, Ga. 30341; 770-457-2400; fax: 770-457-1500
 www.medinsights.com

1999 revenues

Rehabilitation services	\$20,000,000
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Staff

Total	185
Professionals	124

including: 112 RNs, 12 vocational counselors.

Clients

Total	401
Corporate/institutional	375
Claims administrators/TPAs	6
Insurance companies	20

Cases

Closed in 1999	6,099
IME cases	250
Expert opinion cases	45

Rehab services since: 1985

Parent: BRERA Capital Partners L.L.C.

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: nationwide.

Compensation: per employee, per case,

per hour.

Officers: Joe Zubretsky, CEO; Joe Caporaso, CFO; Margaret Aslakson, eastern region director-case management

Contact: Margaret Aslakson; 770-457-2400, ext. 225; aslaksom@gabrobins.com

P

Professional Case Management Consultants Inc.

P.O. Box 940338, Maitland, Fla. 32794-0338; 800-647-6347; fax: 407-647-1395
 www.pcmcinc.com

1999 revenues

Total	\$800,000
Rehabilitation services	\$200,000

Staff

Total	16
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Terms used in the directory of rehabilitation service providers are explained on page 31.

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Professionals	11
including: 11 RNs, 11 degreed professionals, 1 physician.	
Clients	
Total	50
Corporate/institutional	7
Claims administrators/TPAs	15
Insurance companies	28
Cases	
Closed in 1999	421
Expert opinion cases	2
Rehab services since: 1992	
Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, testimony and expert opinion.	
Other services: retrospective review.	
Coverage: workers compensation, auto liability, general liability, long-term disability, short-term-disability.	
Service area: Florida.	
Compensation: per hour, \$65 to \$150.	
Officers: Belinda Brice, president; Frieda Simmons, director-customer relations	

Contact: Frieda Simmons; pmc@iag.net



QRS Managed Care Services Inc.

2435 Blvd. of the Generals,
Norristown, Pa. 19403;
610-631-7000; fax: 610-631-1483
www.qrsmcs.com

1999 revenues	
Total	\$17,000,000
Rehabilitation services	\$8,000,000
Staff	
Total	250
Professionals	170
including: 100 RNs, 50 vocational counselors, 15 degreed professionals, 5 physicians.	
Clients	
Total	110
Corporate/institutional	50
Claims administrators/TPAs	15
Insurance companies	25

Other	20
Cases	
Closed in 1999	7,000
IME cases	1,200
Expert opinion cases	500

Rehab services since: 1989
Parent: Automatic Data Processing Inc. (ADP).

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto no-fault, long-term disability, short-term-

disability.

Service area: nationwide.
Compensation: per case, \$3000, per hour, \$65.

Officers: Joseph R. Fox, vp/general manager; Michael Fox, vp-sales and marketing; Tina Downey, director-services
Contact: Michael Fox



Rainier Case Management Inc.

101 E. Eighth St., Suite 210,
Vancouver, Wash. 98660;
360-695-8383; fax: 360-695-8343
www.rainiercasemgt.com

1999 revenues	
Total	\$5,000,000
Rehabilitation services	\$4,000,000
Staff	
Total	60
Professionals	60

including: 1 RN, 50 vocational counselors, 9 degreed professionals.

Clients	
Total	46
Corporate/institutional	11
Claims administrators/TPAs	10
Insurance companies	20
Other	5

Rehab services since: 1981
Services: prescreen cases for rehabilitation intervention, onsite medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Coverage: workers compensation, long-term disability.

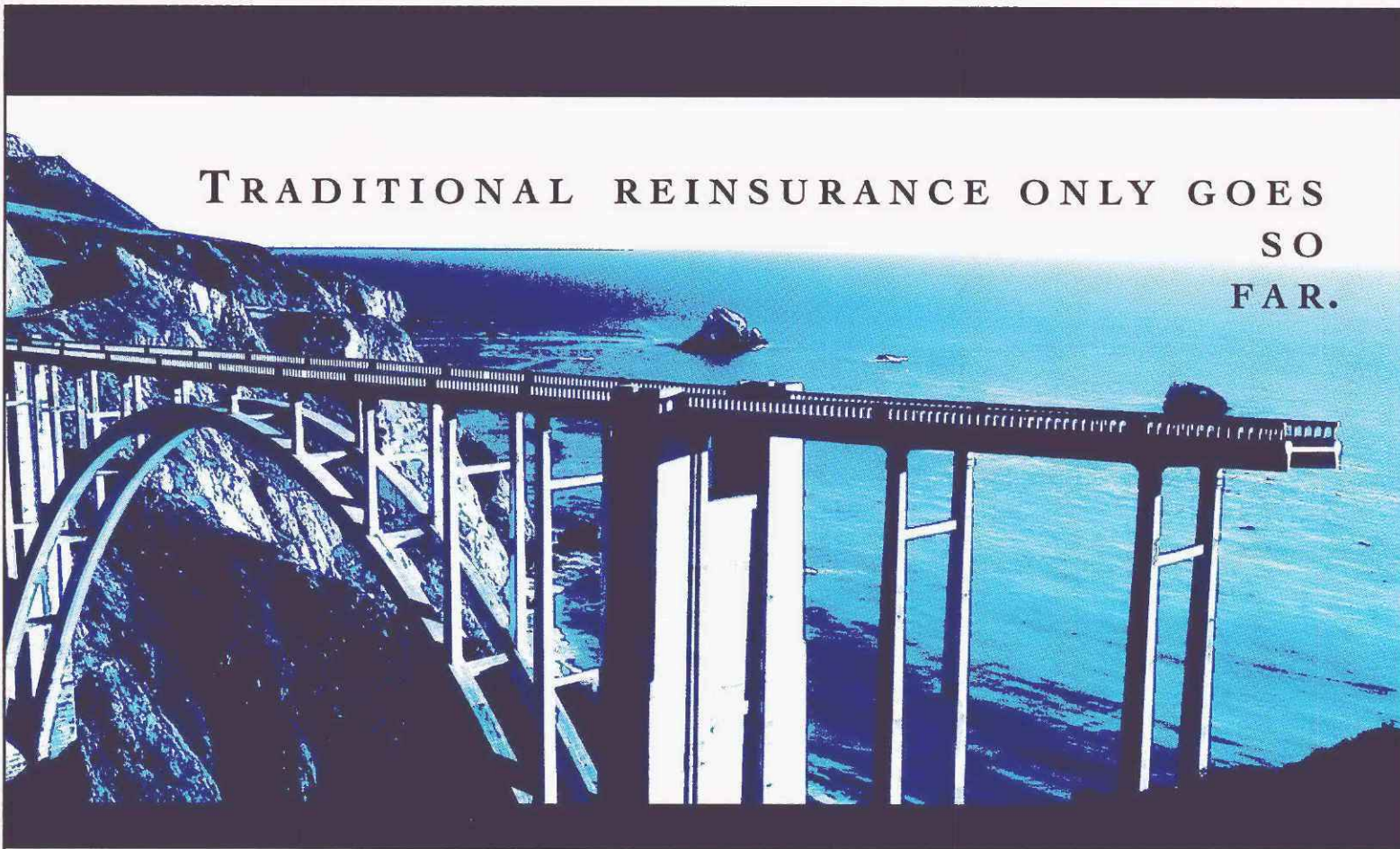
Service area: Washington.
Compensation: per hour, \$65 to \$71.
Officers: Tom Garbarino, president; Brad Reckord, vp.
Contact: crmanagement4@uswest.net

Regain

515 Cabrillo Park Drive,
Santa Ana, Calif. 92701;
714-558-0802; fax: 714-558-0482
www.regain.net

1999 revenues	
Total	\$2,443,662
Rehabilitation services	\$213,500
Staff	
Total	33
Professionals	23
including: 20 vocational counselors, 3 degreed professionals.	
Clients	
Total	151
Cases	
Expert opinion cases	106
Rehab services since: 1977	
Parent: Aon Corp.	
Services: prescreen cases for rehabilitation	

Continued on next page



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intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Coverage: workers compensation, auto liability, long-term disability, short-term-disability.

Service area: California, Michigan.

Compensation: per case, per hour.

Officers: John Shea, COO; Allison Kalban-Garnett, senior vp; David Laine, director

Contact: David Laine; dave.laine@presidium.com

Resource Opportunities Inc.

4122 Innslake Drive,
Glen Allen, Va. 23060;
804-527-1100; fax: 804-527-1509
www.roiusa.com

1999 revenues
Total\$19,200,000
Rehabilitation services\$5,800,000
Staff
Total309
Professionals277
including: 171 RNs, 99 vocational counselors, 5 degreed professionals, 2 physicians.

Clients
Total595
Corporate/institutional95
Claims administrators/TPAs185
Insurance companies315

Cases
Closed in 199913,565
IME cases651
Expert opinion cases121

Rehab services since: 1977

Parent: HCA-The Healthcare Co.

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: Alabama, Arizona, Arkansas, California, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Michigan, Mississippi, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, West Virginia, Puerto Rico.

Compensation: per hour, \$56 to \$125.

Officers: Michael Leep, president

Contact: Jeff Odell, national account manager

Rising Medical Solutions Inc.

125 N. Halsted, Suite 201,
Chicago, Ill. 60661;
312-559-8445; fax: 312-559-8450
www.risingms.com

1999 revenues
Total\$2,000,000
Rehabilitation services\$500,000
Staff
Total22
Professionals20
including: 14 RNs, 3 vocational counselors, 2 degreed professionals, 1 physician.

Clients
Total53
Corporate/institutional26
Claims administrators/TPAs9
Insurance companies15
Other3

Rehab services since: 1999

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, auto no-fault, long-term disability, short-term-disability.

Service area: nationwide.

Officers: Jason F. Beans, president/CEO
Contact: Kimberly R. Moreland, director-sales and marketing; kmoreland@risingms.com



Total Care Management

850 S. Pleasantburg Drive,
Greenville, S.C. 29607;
800-638-6829; fax: 864-233-5337

1999 revenues
Total\$5,800,000
Rehabilitation services\$378,000
Staff
Total11
Professionals7
including: 7 RNs.

Clients
Corporate/institutional200
Insurance companies6

Cases
Closed in 1999348
IME cases40
Expert opinion cases30

Rehab services since: 1996

Parent: Hewitt Coleman & Associates Inc.

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audit, provider bill audit, PPO access.

Coverage: workers compensation, auto liability, general liability, long-term disability, short-term-disability.

Service area: nationwide.

Compensation: per hour, \$72 to \$85.
Officers: Charles R. Warne, president; Ronald J. Graves, senior vp-operations; Clay Walters, vp-finance and administration

Contact: Dianne Matthews, diannem@hewittcoleman.com



Vocare Services Inc.

4670 Richmond Road, Suite 150,
Cleveland, Ohio 44128;
216-514-1221; fax: 216-514-0706
www.advocare-inc.com

1999 revenues
Total\$3,200,000
Rehabilitation services\$1,100,000
Staff
Total12
Professionals12
including: 2 RNs, 10 vocational counselors.

Clients
Total18
Corporate/institutional11
Claims administrators/TPAs4
Other3

Cases
Closed in 1999480
Expert opinion cases150

Rehab services since: 1996

Parent: Advocare Inc.

Services: prescreen cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Coverage: workers compensation.

Service area: Indiana, Kentucky, Michigan, Mississippi, New York, North Carolina, Ohio, Pennsylvania.

Officers: Joseph Cannelongo, president; Karen Agnich, vp; George Cyphers, secretary/treasurer

Contact: Joseph Cannelongo; josephc@advocare-inc.com



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WHEN IT COMES TO WORKERS COMP

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Insurer Topics

A special editorial section
sent exclusively
to insurers and reinsurers



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brings new risks**
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Industry wary of federal role in disaster reinsurance

By RODD ZOLKOS

One effect of a hardening reinsurance market may be a greater push for federal legislation aimed at helping insurers remain financially sound in the wake of an enormous catastrophe.

But some measures currently being debated in Congress—such as H.R. 21, the Homeowner's Insurance Availability Act—have split the industry, with some supporting the measure and others very much opposed.

H.R. 21 would authorize the U.S. secretary of the treasury to offer annual federal reinsurance contracts to eligible state insurance or reinsurance programs that would cover homes for damage from hurricanes and earthquakes, as well as related perils such as fires and tsunamis.

The measure also would establish a program under which the U.S. Treasury Department would auction off excess-of-loss contracts in several separate regions of the

country to private insurers, reinsurers, state pools and others that would pay out in the event of a \$2 billion or one-in-100 year loss event.

The hardening reinsurance market 'may lead to an increased emphasis' on natural catastrophe legislation next year in Congress.

— Don Griffin

The likelihood of passage of the bill in the final months of this year seems slim. But, the hardening reinsurance market "may lead to an increased emphasis on bills like these in next year's session," said Don Griffin, director of business and personal lines at the National Assn. of Independent Insurers in Des Plaines, Ill.

The NAII is among those supporting H.R. 21. In addition, the organization supports H.R. 2749, the Policyholder Disaster Protec-

tion Act, which would allow insurers to establish tax-deferred reserves for future catastrophes. Such measures "will help the industry prepare for the next major catastrophe" and will increase the financial options available to insurers to preserve solvency and provide affordable coverage, the NAII said in a statement.

The NAII also is pushing for legislative and regulatory action in the states to help strengthen building codes and address other coastal insurance issues.

On the other side of the H.R. 21 issue are organizations such as the National Assn. of Mutual Insurance Cos. and that Alliance of American Insurers, both of which oppose the measure.

"That legislation will not be passed in the 106th Congress, and the legislation itself is one that has split the industry into several camps," said David Farmer, senior vp of federal affairs in the Alliance's Washington office. "It's not one that everybody favors."

"We're one of the organizations that oppose 21 because it isn't go-

ing to alleviate the overall problem of concentration of property along the coast, and it wouldn't do anything to decrease the cost of reinsurance," Mr. Farmer said.

Instead, the Alliance maintains there should be an emphasis on addressing the prevalence of development in coastal areas or in earthquake zones. "You ought not allow development along a fault line simply because you have a reinsurance backup from the federal government," Mr. Farmer said.

"There are so many tools available to deal with catastrophe reinsurance exposure today—securitization tools, segregated-cell tools, plus much more sophisticated mapping tools available to allow an insurer to manage a catastrophe risk—that there isn't a role for government in competing with the private sector," Mr. Farmer said.

Instead, he said, government should focus its efforts on less control, the development and use of better building materials and improved land-use planning.



NAMIC has noted that while H.R. 21 would provide assistance to some property/casualty companies, the measure would provide only minimal assistance to most of its members. Particularly troublesome to the organization, however, is a provision added to the bill that would apply the Fair Housing Act to insurers.

"Recognizing that H.R. 21, without the fair housing language, could benefit some in the property/casualty industry, NAMIC would not stand in the way of its consideration without the fair housing provisions," the organization has said. **BI**

Florida agent facing insurance fraud charges

By SHIRLEY HENRY

Florida investigators have charged a Key Largo insurance agent with fraud and the theft of more than \$1 million from clients and premium financing companies.

Charles Cafiero, formerly the head of Cafiero Insurance Agency, is being held on \$300,000 bond for charges of violating the federal Racketeer Influenced and Corrupt Organizations law, conspiracy to commit RICO violations and four additional counts of organized schemes, according to the Florida Department of Insurance, which brought the charges after a lengthy investigation.

The Insurance Department alleges that Mr. Cafiero diverted more than \$1 million in proceeds from policyholders and premium financing institutions in an insurance fraud scandal that left several Florida Keys businesses uninsured before and during the 1998 hurricane season. His Sept. 14 arrest by the Tennessee Bureau of Investigation ended a two-year investigation led by Lt. William Kuhn of the Florida Insurance Department's Division of Insurance Fraud.

"This is the biggest single agent case I have ever seen," said Lt. Kuhn. "The case was very complicated due to the number of financial drafts that

had to be analyzed. ...I conducted over 100 interviews."

According to Lt. Kuhn, the first alleged incident occurred in early 1997, after Lloyd Good, the owner of Sugarloaf Lodge and Tavern in Sugarloaf Keys, arranged for property/casualty insurance and paid \$20,000 in premiums to Mr. Cafiero. Subsequently, though, Mr. Good could obtain no proof of insurance from the agent, Lt. Kuhn said.

In January of 1998, Mr. Good received a cancellation letter from an insurance company; he learned both that his insurance policy had not been initiated until November of 1997 and that Mr. Cafiero was not making monthly payments to the insurer. Mr. Good also received notice of a second premium finance agreement to which he had not consented, according to the Florida Department of Insurance.

Lt. Kuhn said that, immediately after this situation was brought to the attention of the Department of Insurance, he began receiving numerous reports of the same type involving Mr. Cafiero. More than 15 Keys business owners alleged that Mr. Cafiero was mishandling their premiums, according to Lt. Kuhn.

Many also recalled receiving two or more financial drafts made without their consent, having agreed to apply for only

one. Lt. Kuhn also said that some business owners had paid their premiums in full and others had sought financing; in both cases, Mr. Cafiero had failed to forward the premiums and down payments to the insurance companies.

The Florida Insurance Department alleges that the agent diverted more than \$1 million in proceeds from policyholders and premium financing institutions.

The Insurance Department alleges that Mr. Cafiero began what Lt. Kuhn described as a Ponzi scheme, a pyramid scam in which he used the proceeds of premium finance arrangements to keep his operation going, as well as to invest \$50,000 in a controlling interest in the Quay, a Key Largo restaurant.

In addition to trying to maintain monthly payments of \$800 to \$6,000, at an 18% interest rate, to several financiers, Mr. Cafiero invested another \$30,000 to maintain control of the restaurant, Lt. Kuhn said.

Eventually, Mr. Cafiero could no longer afford the monthly payments; he then began falsifying premium finance applications, using the names of both current and former clients, the

investigator said.

Finally, in 1998, after these tactics failed to support his scheme, Mr. Cafiero abandoned his insurance agency and fled to Tennessee, the investigator explained.

According to Lt. Kuhn, the Keys establishments involved—including the Marina Del Mar, the Green Turtle Restaurant, the Amoray Dive Resort, the Marathon Yacht Club and the Lor-e-lei Restaurant—were spared the wrath of 1998's hurricanes Georges and Irene and suffered no property losses.

Although the policyholders did not sustain insured losses, two premium finance companies are out hundreds of thousands of dollars they paid to Mr. Cafiero. Agency Services Inc. of Baltimore lost \$800,000, and Surety Premium Finance of Hurst, Texas, lost \$200,000 at the hands of Mr. Cafiero, according to Lt. Kuhn.

Florida is one of the few states to have an Insurance Department with a sworn law enforcement division; this status allows investigators from the department's Division of Insurance Fraud to make arrests without the assistance of outside law enforcement agencies.

While the division will conduct an investigation only after a crime has been committed, Lt. Kuhn said he believes that the fraud division must "be as aggressive as can be, investigate

and make as many arrests as possible."

Ron Poindexter, director of the Division of Insurance Fraud, boasted that the division "is responsible for all convictions.... We lead the country in the number of fraud convictions." According to a press release by the department, Florida has recovered \$52 million in insurance fraud cases.

A study conducted by the Coalition Against Insurance Fraud found that, during Florida's fiscal year that ended June 30, 1998, of the 471 criminal cases presented for prosecution to which the department's fraud division had contributed, 362 led to criminal convictions. Fifty-one of these cases, or 11%, were related to insurance agent or company fraud.

During the fiscal year that ended June 30, 2000, the department contributed to 688 cases presented for prosecution; of these, 386 resulted in criminal convictions. Forty-seven of those cases, or 12%, were related to insurance agent or company fraud.

According to Mr. Poindexter's statement, Mr. Cafiero has waived his right to an extradition hearing and now is awaiting trial back in Monroe County, Fla.

Mr. Cafiero "has committed a first-degree felony and could face a maximum of 30 years in prison," Mr. Poindexter said.

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with somebody you can depend on.*

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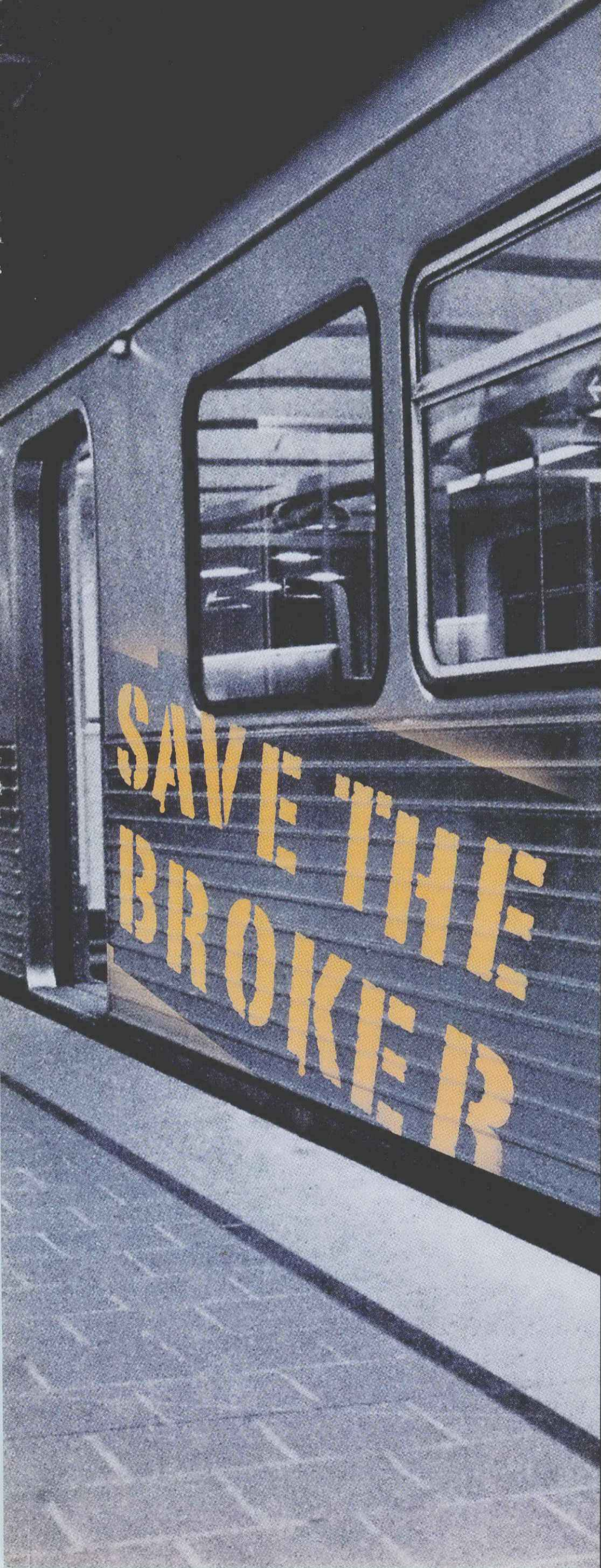


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Fraud

Continued from page 36H
three claims adjusters were convicted in court proceedings ending in April for billing insurance companies for medical procedures that never took place. Investigators said the three adjusters—employees of an insurance claims management company—would identify closed files where the policyholder was no longer being treated at a medical facility, bill for additional claims, then direct the payments to the clinic. The clinic owner would then pay the three adjusters a cash kickback for every file from which they were able to milk new claims.

In all, there were 57 payments totaling more than \$179,000. The three adjusters were charged with insurance fraud and organized fraud, with the clinic owner also charged with grand theft. Sentences included community control, fines and restitution of more than \$205,000 to defrauded insurance companies, community service and the permanent revocation of the three adjusters' licenses.

• In June, Florida insurance fraud investigators busted a Tampa fraud ring that investigators allege crashed cars at a private site, scooped up the debris than moved the wreckage to a public roadway. The members then called police so they could file fraudulent personal injury claims, according to investigators, who say the group staged as many as 30 low-speed crashes, and suspect the amount of the total fraud of being at least \$200,000. Charges have been filed against 22 suspects from Tampa and Miami. **BI**

Encompass focusing on independent agents

By **RODD ZOLKOS**

The former CNA Personal Insurance is relaunching with a new brand name and a new market strategy based on focusing exclusively on the independent agent market.

Operating as an independent brand within Allstate Corp., which acquired the unit from CNA Financial Corp. last year, the newly named Encompass Insurance will look to become a dominant player in the market served by independent agents. As a key element of that effort, the Chicago-based insurer has pledged to sell its products exclusively through independent agents.

Ernest A. Lausier, president of Encompass, noted that the insurance

is sold through independent agents represents \$45 billion in annual premium, "And right now there is no dominant player."

The company announced its new brand at a late September event that used a satellite linkup to unite CNA Personal employees in 11 offices across the country.

Work on developing the new brand strategy for the former CNA Personal Insurance had been underway almost since Allstate Corp.'s announcement of its intention to acquire CNA PI, formerly a strategic business unit of CNA Financial Corp., in June 1999.

"We wanted to have a better understanding of what independent agents wanted in the partnership," Mr. Lausier said. "We confirmed that independent agents feel they're in a

marriage of convenience with many of their carriers. Independent agents feel threatened and vulnerable; they see their future livelihood at risk."

Given that sense among agents, his company saw "a real opportunity...for a carrier that wants to join hand in hand with their independent agents," Mr. Lausier said.

Bruce Rogers, president of the TLA Agency in Darien, Conn., and a member of the executive panel of PACER, Encompass' agency advisory panel, welcomed the insurer's commitment to the independent agent system.

He noted that independent agents see the insurer's move as particularly significant in a business climate fraught with talk of agent disintermediation as carriers look to new distribution systems and to reduce costs.

"We think with what we're starting, it should really distinguish us in the relationship in terms of a carrier really willing to commit to the independent agency channel," Mr. Lausier said.

Encompass' research also showed that a large percentage of consumers value the notion of purchasing insurance from an independent agent.

As much work as went into developing the company's new sales strategy, "One of the hardest things, really, was coming up with the name," Mr. Lausier said. "We looked at thousands of names."

In Encompass, he said, the company feels it has found a name that can appeal across demographic lines, and also fits well with the fact that the company's key product is a package product. **BI**

Companies must adapt to e-economy

By **Philip J. Edmundson**

New Economy companies, those based on Internet-related business, are turning many of the rules of commerce on their head.

Based on their stock performance alone, these firms have been up to the roof and they have been down and almost out in the last few years. While many of the newly minted wonders of the last couple of years will not survive for another 10, the New Economy phenomenon will

IT PERSPECTIVE

impact most every company that will survive and prosper in the next decade and beyond.

We all know the fleet-footed successes of the Internet age, such as Yahoo! Inc., Amazon.com Inc., Akamai Technologies Inc., eBay Inc. Also consider, though, all of the other companies that have been turned on their heads by these changes.

Look at the world's most successful manufacturing and service company, General Electric Co. Its CEO,

Jack Welch, was reported in Fortune to have abandoned his disdain for a personal computer and to have turned his company on its head in order to make it competitive for the Internet Age—and all within the past two years. Every element of GE's strategic and tactical plans have changed to be a part of the New Economy. Five-year plans, anyone?

What does all this mean for service providers in the insurance sector—for insurers, brokers, risk managers, consultants and others who manage and finance risk?

Consider first some of the most

important characteristics of companies in the New Economy:

- Extremely fast rates of growth.
- The outsourcing of many non-core functions.
- A need for urgently delivered proactive advice that anticipates the growth stages ahead.
- The use of the Internet for communication and information and the expectation that partners will do the same.
- Their greatest assets are not just bricks and mortar, but also intellectual property and brand name.

See **Changes** on page 36K

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Preliminary Schedule Summary

MONDAY, NOVEMBER 13

Golf Tournament and Golfers' Luncheon on Masters Lawn
Captives 101: The Benchmark Course or Basics of E-Commerce and E-Business
Registration and Welcome Reception with Exhibitors

Business Insurance

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TUESDAY, NOVEMBER 14

Continental Breakfast
Keynote Address: "Into the 21st Century"
Beverage Break
Group Captives or Capital Markets and Risk Management
Buffet Luncheon
New Ways to Use Your Captive/Decontrolling Captives or New Risks: A Healthcare Perspective
Beverage Break
Rent-a-Captives or Employee Benefits/Pensions and Captives
Cocktail Reception
Dinner and Entertainment

WEDNESDAY, NOVEMBER 15

Continental Breakfast
Captive Case Studies
Beverage Break
Reinsurance or Enterprise Risk
Buffet Luncheon
New Tax Developments
Conference Roundup

For further information, including exhibit and sponsorship opportunities, contact:

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\$150	GUEST REGISTRATION (NON-INDUSTRY GUESTS ONLY)
\$200	GOLF TOURNAMENT FEE (INCLUDES BREAKFAST AND LUNCH)

Changes

Continued from previous page

- Global growth expectations.

Insurers, brokers and risk managers need to consider that prior responses to risk management issues were mostly made for static customers and companies. Business models simply did not change very quickly. Products and services have been aimed at market segments: small accounts, middle-market and "risk management" accounts. The focus has been on protecting fixed assets as seen on the balance sheet. And price of services has been king rather than scope of coverage and delivery of service.

Given the immense wealth creation that is taking place in the New Economy, risk management professionals must adapt.

First and foremost, coverage breadth must be king. Coverage needs to respond to the threat of loss of intellectual property and other intangible assets like patents, trademarks and brand name.

Only a few insurers, brokers and risk managers have faced up to the issues surrounding the protection of brand and intellectual property. The power of a brand—whether a global consumer brand such as PepsiCo Inc. or Gillette Co., or within a niche like eBay or Akamai—can be ruined at real-time speed by issues outside the control of the company.

Computer hackers from California to the Philippines threaten our information assets and the ability to deliver them effectively. Patents and trademarks are more valuable than ever, and not just to software and biotechnology companies.

Coverage needs to be broad and global because the Internet knows no bounds. It must include coverage for denial of service, network disruption by virus, and other e-commerce risk issues. Service providers, both insurers and brokers/consultants, must deliver service in an urgent fashion and in anticipation of fast growth.

The Internet can be used for more than just e-mail. The Internet should provide a means to share information with customers on a 24-7 basis. Services must include claims reporting and management, certificates of insurance online, summary plan design benefit statements, and peer group and milestone information. Service from brokers, insurers and consultants for companies that will succeed in the New Economy must be delivered to these companies in the manner that they will demand: over the Internet and in anticipation of rocket-like growth.

Lastly, financial security of the risk-bearing entities is more important than ever in the New Economy as the need to bring deals to actualization must be assured the utmost security. The leaders in the insurance industry that respond to these challenges will ride the wave of the New Economy. **B**

Philip J. Edmundson is president and chief executive officer of William Gallagher Associates Insurance Brokers Inc. in Boston. He also is a director of the Council of Insurance Agents & Brokers.

IT BRIEFS

KPMG appointment

NEW YORK—Professional services firm KPMG L.L.P. has named Christopher J. Swift national industry director of the firm's insurance practice, a unit of KPMG's financial services business. Mr. Swift's industry focus will include life/health, property/casualty and reinsurance.

Mr. Swift has been with New York-based KPMG for 16 years, most recently returning to the firm after serving two years as an executive vp at investment and

research services firm Conning & Co.

At Conning, Mr. Swift's responsibilities included overseeing the firm's sales, marketing technology and finance functions.

Prior to joining Conning, Mr. Swift spent 14 years with KPMG's insurance and investment services practices.

Streamlining alliance

ATLANTA—The NetCommerce Co., an information infrastructure management company focused on the property/casualty industry, has announced an alliance with insur-

ance industry marketing and management information provider Insurance Marketing & Management Services.

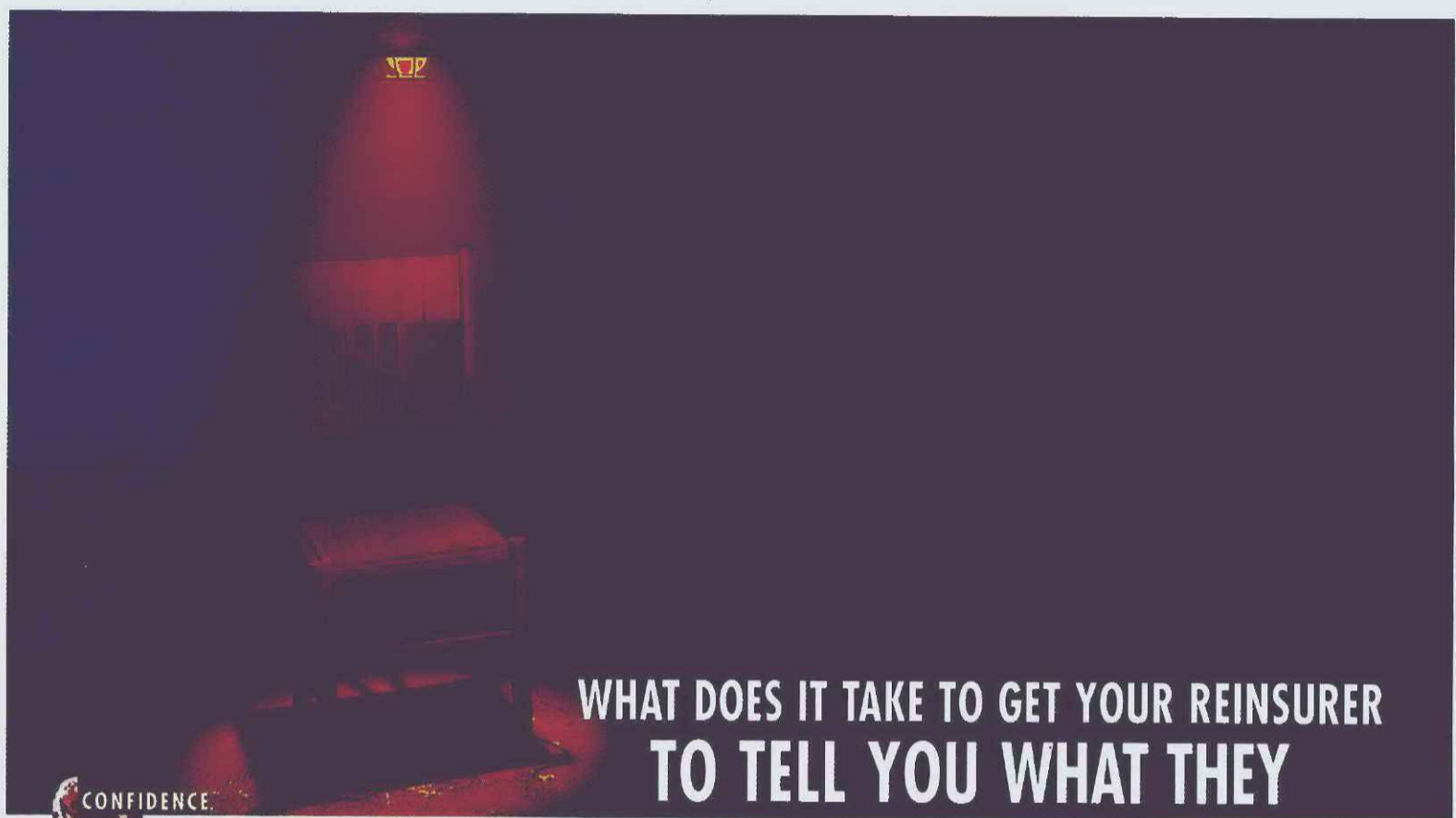
Under the terms of the agreement, NetCommerce will offer IMMS members—as well as IMMS' Group 500 members—several tools aimed at streamlining back-office systems, including online capabilities, advanced partner communications functions, hosting services and a broad range of client self-service tools, all delivered over high-speed, dedicated Internet connections.

Los Angeles-based IMMS provides insurance marketing and management products and ser-

vices to independent agents and brokers across the United States and Canada.

Group 500, an IMMS subsidiary, is a consortium of mid-sized property/casualty agents and brokers that work together as a marketing unit. More than 4,000 agents and brokers are members of IMMS.

Atlanta-based NetCommerce focuses on providing a common online platform to the property/casualty insurance industry. The company's services are designed to eliminate redundant systems and data entry, as well as costly paper transactions between insurance agents and brokers, insurers and policyholders. **B**



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Our innovative Mortality Research Center and ROSE® catastrophic case management consulting program are examples of how we put information access to work for you. And as an ING company, we have a vast array of global resources available to help make your business better. You won't find a better, single source for customized and comprehensive risk management products and services – and we have the knowledge to prove it.

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Shedding light on the carpal tunnel problem

By Daniel R. Miller

A controversy is raging in Washington over the best approach for preventing musculoskeletal disorders—or MSDs—in the workplace. The Occupational Safety and Health Administration's proposed ergonomic standard has polarized employers and organized labor. One of the drivers of this controversy has been what OSHA refers to as an "epidemic" of reported cases of carpal tunnel syndrome in the workplace.

Carpal tunnel syndrome is the most well-known example of what are commonly referred to as repetitive stress injuries—or RSIs—and/or cumulative trauma disorders, also known as CTDs. RSI and CTD, which are different names for the same phenomenon, describe a variety of musculoskeletal disorders related to tendons, ligaments and joints. It is estimated that carpal tunnel syndrome accounts for approximately 40% of RSI/CTD cases in the United States.

"Carpal" is Latin for the bones in the wrist. The eight bones in the wrist that allow movement in many directions are shaped like a tunnel, which is roughly the size of the little finger. Inside the carpal tunnel are structures—such as tendons, blood vessels and nerves—that connect the forearm to the hand. Carpal tunnel syndrome cases are the result of pressure in the median nerve that passes through the carpal tunnel. Signs and symptoms of carpal tunnel syndrome include: nocturnal wrist pain that awakens the person, numbness, tingling, weakness, inflammation, lack of hand/wrist coordination and loss of grip strength.

The good news is that carpal tunnel syndrome can be diagnosed accurately. In many cases, it can be treated successfully with conservative treatment in a matter of weeks, and it is easily prevented.

The bad news is that primary care physicians more often than not misdiagnose carpal tunnel syndrome. This results in incorrect treatment, which can lead to chronic conditions—and no relief for the patient. These chronic conditions, in turn, lead to rising medical, disability, workers compensation, and legal costs, along with the costs associated with lost productivity. In addition, there are many causes of carpal tunnel syndrome—and carpal tunnel syndrome-like symptoms—that are not related to the workplace.

Some cases of carpal tunnel syndrome originate in the workplace. Carpal tunnel syndrome can be the result of three major work-related conditions:

- Frequency of repetitive tasks in a specific time period.
- Force, or the amount of pressure required to perform a task.
- Posture, or the position of the body while performing a task.

Work-related carpal tunnel syndrome is classified as RSI/CTD because it is very rarely the result of a single incident, but rather the cumulative effect of stress or strain over a period of time.

What complicates the diagnosis and treatment of carpal tunnel syndrome is that there can be multiple causes, including: diabetes, pregnancy, use of birth control pills, menopause, various vitamin deficiencies, insufficient water consumption, exposure to cold temperatures, incorrect sleeping positions, smoking, knitting, playing musical instruments, recreational sporting activities and other hobbies.

Although carpal tunnel syndrome can be the result of work-related trauma over a period of time of weeks or years, some medical researchers maintain that slightly more than 50% of all carpal tunnel syndrome cases are not work-related.

What complicates the diagnosis and treatment of carpal tunnel syndrome even further is that there are literally dozens of other diseases and conditions that mimic the syndrome's symptoms. Some of these conditions include: tendinitis, bursitis, sprains, fractures, dislocations, gout, rheumatoid arthritis, osteoarthritis, thoracic outlet syndrome, myofascial trigger points, as well as an array of neck, shoulder, back and cervical spine

conditions.

A common error in the diagnosis and treatment of carpal tunnel syndrome is the tendency of doctors to treat a case as if there were a single site causing all the problems. In fact, it would be extremely rare for only one nerve location to be involved. The peripheral nerves involved are composed of single cells that extend all the way to the spinal cord. Pressure in any area makes the entire nerve system susceptible to even smaller pressures along the entire course of the nerve. This means that pain in the wrist may be the result of nerve entrapment in the neck or shoulder. This is referred to as the "whole-nerve syndrome."

Errors in diagnosis and treatment contribute to chronic conditions and poor patient outcomes. Medical treatments often reduce muscle tension but fail to address underlying conditions. Physicians must know the action, origin, path and destination of the nerves involved in order to find and correct the problem. That is why surgical interventions are often not successful: The underlying problem is rarely the result of a single nerve site. The odds of correcting the problem by performing surgery on a single site are very low.

One of the many reasons for misdiagnosis and treatment of carpal tunnel syndrome is an overemphasis of the role that the carpal tunnel plays in peripheral

Over 50% of reported carpal tunnel syndrome cases are, in fact, not carpal tunnel syndrome, some researchers say. In addition, many of the legitimate cases are not work-related.

nerve entrapment. Some researchers say that it is very difficult, in fact, to increase pressure over the median nerve.

Another common problem is that primary care physicians often prescribe wrist splints that can provide short-term relief but in the long term—more than one week—may worsen the condition, because the muscles are "fighting" the brace, while attempting to perform the work task.

Peter Tsairis, a nationally recognized expert in the diagnosis and treatment of musculoskeletal conditions, including carpal tunnel syndrome, has seen an increase in reported cases of carpal tunnel syndrome allegedly related to the workplace. Dr. Tsairis is a board-certified neurologist affiliated with the Hospital for Special Surgery in New York.

What has alarmed Dr. Tsairis, however, is that he has seen patients already scheduled for carpal tunnel syndrome surgery whose primary care physician did not perform a thorough physical or any electrical diagnostic testing in order to confirm the diagnosis of carpal tunnel syndrome.

Physicians must perform a good patient history check and physical. In addition, they must conduct appropriate diagnostic testing, such as x-rays and blood work, to rule out other underlying medical conditions. In addition, conservative treatment—used prior to considering surgery—that focuses on the whole-nerve syndrome eliminates many patients' symptoms in a few weeks. Too often, though, surgeons are willing to operate in a heartbeat simply because the operation is a simple one.

Dr. Tsairis' biggest concern is the misdiagnosis of carpal tunnel syndrome and the automatic assumption that the problem is work-related. "It is a significant problem, since many of these patients do not have carpal tunnel syndrome."

Ron Safko, a board-certified chiropractic orthopedist based in New York who works with Dr. Tsairis, also has seen cases of misdiagnosis by primary care physicians.

"It boggles my mind how physicians do not even consider other underlying conditions and do not even examine other areas, such as the neck, back, shoulder or cervical spine," he said.

Dr. Safko feels the key to the treatment of carpal

tunnel syndrome is patient and provider education. The problem is that primary care physicians are often overwhelmed with treating other conditions and are not trained in the diagnosis and treatment of carpal tunnel syndrome. Well-intentioned providers may be doing more harm than good and may inadvertently be helping to create a chronic condition by missing the root cause of carpal tunnel syndrome-like symptoms.

Just because carpal tunnel syndrome has become the "affliction of the day" does not free a treating physician from performing a thorough patient history and physical examination. In addition, it is necessary to perform the appropriate diagnostic testing in order to arrive at the correct diagnosis and a treatment plan that is based on widely accepted medical protocols and the needs of the individual patient.

What is an employer supposed to do?

- First of all, do not accept at face value reported workers comp claims based on a diagnosis of carpal tunnel syndrome. Based on what these and other medical experts and researchers say, over 50% of reported carpal tunnel syndrome cases are, in fact, not carpal tunnel syndrome. In addition, many of the legitimate cases of carpal tunnel syndrome are not work-related.

Another problem with accepting carpal tunnel syndrome diagnoses at face value is that, very often, this is a self-reported diagnosis made by the injured worker or, even worse, the worker's attorney.

- In geographical areas with multiple reported cases of carpal tunnel syndrome, develop a provider panel with medical expertise and experience in diagnosing and treating carpal tunnel syndrome, along with documented successful patient outcomes, including return-to-work.

- Make sure your insurer or third-party administrator is monitoring claims and treatment plans against accepted medical protocols for the diagnosis and treatment of carpal tunnel syndrome. Make sure the medical case manager is asking the doctor: "How did you arrive at the diagnosis? Did you rule out other underlying medical conditions and non-work-related factors? How?"

- Develop detailed job descriptions, including the actual tasks required of an injured worker, and share this information with treating providers. Remember, 80% of all treating physicians determine return-to-work dates based on what the employee says about his or her job.

According to many medical experts, the answer to the prevention of carpal tunnel syndrome is not in Washington. In many cases, it is simple: Eliminate awkward postures, educate employees on how to perform their work tasks in a biomechanically correct way in their existing workspace, and provide employees with properly adjusted chairs.

The real keys to dealing with carpal tunnel syndrome are prevention and education. More often than not, costly ergonomics programs are not needed. Employers often miss the basic ergonomic solutions. Employers need to make sure that computer screens are at eye level, for example. The most basic ergonomic consideration often overlooked is the correct chair. Chairs without arms make no sense. Chairs need to be adjusted to take the pressure off the back and the neck. In addition, if different people use the same chair on different days or shifts, make sure the seat pan is adjusted for each individual. Remember, women have a different center of gravity than men, and such differences must be taken into account.

As an illustration of this point, Dr. Safko said: "I worked with a major employer who thought the company had a major ergonomic problem. Eight senior executives were involved in a project that cost thousands of dollars in airfare alone. What was the solution? A new chair!"

BI

Daniel R. Miller is director-workers compensation and disability management for Actuarial Sciences Associates Inc., a benefit consulting company based in Somerset, N.J.

Empathy key to sexual harassment education

"The First Line of Defense: A Guide to Protecting Yourself Against Sexual Harassment"

By Wanda Dobrich and Steven Dranoff

Published by John Wiley & Sons Inc.

605 Third Ave., New York, N.Y. 10158

212-850-6011

\$18.95

By Shirley Henry

Sexual harassment is an issue that risk managers and human resource professionals must be able to discern and prevent in the workplace—quite a heavy burden, particularly given the volatility of the subject.

Although there are laws that are designed to protect employees from sexual harassment, the unfortunate reality is that the problem persists. Wanda Dobrich and Steven Dranoff, psychologists specializing in sexual harassment issues and authors of "The First Line of Defense: A Guide to Protecting Yourself Against Sexual Harassment," suggest that individuals need to become more active in stopping sexual harassment before it starts.

Their 238-page book suggests that corporate policies on sexual harassment have done little to reduce the problem and that punishments have done even less. Offering an alternative to traditional approaches companies use in educating employees on sexual harassment, the authors propose using empathy to bring about "human communication and mutual understanding."

The authors advocate an approach that seeks to develop in employees three attributes: sensitivity, perception and projection. Sensitivity allows an individual to sense when a situation is potentially threatening; perception is the ability to judge the motives and intentions of others; and projection is the ability to emotionally understand another person. By cultivating

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these elements, the authors contend, employees should be able to foresee and avoid potentially harmful situations.

Using a fictitious narrative, the authors outline two types of sexual harassment—quid pro quo and hostile environment. Quid pro quo—or "this for that"—harassment involves an authority using his or her influence over a subordinate to gain sexual favors. In return, the authority figure makes the individual feel special by providing advantages and special favors in the workplace. In quid pro quo situations, the intentions of the harasser in many cases never are actually stated. In addition, in some situations, the individuals making up what the authors term the "harassment couple" may have different perceptions of the situation. In such cases, the harasser may believe the victim welcomes the advances, while, in fact, the victim thinks that he or she has clearly rejected them.

According to the authors, the number of reported quid pro quo sexual harassment cases has decreased considerably over the last decade, but the frequency of reported cases for its counterpart, hostile-environment sexual harassment, has continued to rise.

In hostile-environment sexual harassment scenarios, the harasser's behavior, which usually is overt, harsh and persistent, generally is apparent to coworkers. By utilizing the components of empathy, the authors posit, a risk manager or human resource professional should be able to step back, view a harassment situation, and point out what went wrong from each party's perspective.

Each of the book's 10 chapters is divided into three parts. They are: the scene, a short scenario that depicts the characters' actions; the diagnosis, which provides a

psychological analysis of the situation; and the prescription, which presents the options available to resolve the matter from individual, corporate and legal points of view. A field manual in the appendix allows the readers to answer questions about possible harassment situations based on the standards set forth by the authors. This section reinforces the process of identifying, reporting and monitoring sexual harassment. The informal tone of the guide makes it an easy read.

Gerald L. Maatman Jr., an attorney with Baker & McKenzie in Chicago, discusses the importance of such a guide in his foreword. Mr. Maatman points out that "the stigma of the problem can ruin a career, lead to a divorce, and inflict years of financial problems on management personnel and their companies." Therefore, the guide is useful for educating employees on how to handle potential harassment situations before they escalate and end up in court—an outcome that can prove costly for an employer.

"Sexual harassment goes unchecked in many corporations until it is too late to stop what could have been a correctable problem. This is because critical players who drive its outcome—the harasser, the harassed, and their colleagues—miss their moment and do not act in time," the authors assert. **BI**



Shirley Henry is an editorial assistant for Business Insurance in Chicago.

Understanding the risks of e-commerce

"E-commerce Insurance and Risk Management"

By George S. Sutcliffe

Published by Standard Publishing Corp.

155 Federal St.

Boston, Mass. 02110

617-457-0600

\$79.50

By Roberto Cenicerros

About the only things accelerating faster than the use of the Internet are the new risks, mitigation efforts and insurance policies springing from the medium's commercial applications.

Understanding how Internet liabilities differ from traditional perils presents a new challenge for risk managers, especially because of an explosion of new, specialty Internet insurance policies that lack standardized underwriting requirements, exclusions and coverage areas. There are also variations in protections that already may be available under existing insurance policies, depending on several factors.

Fortunately, a new reference manual titled "E-commerce Insurance and Risk Management" can help make sense of the ramifications and solutions. Already, risk managers familiar with the book say they have used it as a primer for understanding what is at stake, what they need to do and what services various vendors will seek to provide for them.

The book's author, George S. Sutcliffe, is an editor at Standard Publishing Corp. In addition, he has a law degree and has advised insurers on coverage issues. That expertise clearly shows through in his discussion of the Internet-related issues with which the legal system is grappling. For example, the book notes, one issue that remains unsettled is which court will have jurisdiction when a defendant

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company is located in one state, yet a plaintiff who viewed that company's Web site resides in another. One consideration courts are weighing in deciding that issue is the degree to which a defendant's Web site is interactive. Does it allow potential customers to order goods and services, or does it merely provide information? The author provides information on several recent court cases that have examined that issue.

The book begins with a basic introduction to e-commerce, including a discussion of its growth potential and various applicable business models. There also is a chapter on Web basics, which discusses topics such as the history of the Internet, Web-site development and promotion, and approaches used to measure site activity.

Such concerns may be a bit too basic for Web-savvy readers, or they may be outside the purview of the risk manager who has little involvement with developing a company Web site. Nevertheless, the overview provides good background for anyone who is new to the subject or who needs to communicate with personnel responsible for developing and maintaining a Web site. The book's glossary of e-commerce terms also may help such readers.

Some of the book's real meat is contained in chapters exploring first-party and third-party risks and how traditional policies and new e-commerce policies respond to such exposures.

"E-commerce risks are more complex than traditional risks," Mr. Sutcliffe writes. "For example, they are more international in scope and can cause multiple consequences, leading to both first-party and third-party liability."

In the section on first-party risks, the book looks at security concerns and the damage that can be caused by an individual breaking into a company's system. Damage is often in the form of property destruction, business interruption and extra expense.

Although many Internet-related third-party risks may be the same as those companies always face, the Web can add new twists or create entirely new forms. In the section on such risks, the book provides examples of what has happened when companies react to breaches of their intellectual property rights. There also are discussions about privacy, advertising and professional risks.

Even if an employer is not involved in e-commerce, some elements of the book may be useful. For example, there is a discussion on developing policies for employee use of the Internet and e-mail.

Although the actual discussion is only 60 pages long, the book also contains a handy, four-page chart comparing coverages available under standard policies to those in new, e-commerce specialty policies. It is also thick with appendixes on e-commerce insurance programs available from several insurers, as well as sample policy forms from those insurers. **BI**



Roberto Cenicerros is the Los Angeles bureau chief for Business Insurance.



Imagine if the world was patterned after most health care plans. It's a hassle having everything broken are pretty intimate with that frustration. The problem is, most plans are a patchwork of systems, making hassles that does things in a completely different way. One built for national employers, with centralized data, a single end, this integrated system eliminates health care frustrations. Unfortunately, problems with cross-town traffic are another



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Business Insurance's annual directory of safety consultants



AIG Consultants Inc.

70 Pine St., 10th Floor,
New York, N.Y. 10270;
888-285-7780; fax: 212-742-1564
www.aigconsultants.com

Staff	
Total	105
Safety consultants	85
Occupational health consultants	14
Industrial hygiene consultants	6
ASSE members	50
Clients	
Total	1,200
Corporate/institutional clients	550
1999 revenues	
Safety consulting	\$21,000,000
Founded:	1975.
Parent:	American International Group.
Services:	safety audits/reviews, evaluations or inspections; safety program assistance; ergonomomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; OSHA & DOT audits.

gonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research.

Offices: Los Angeles; San Francisco; Atlanta; Chicago; Boston; Philadelphia; Dallas; Toronto.

Service area: nationwide.
Officers: John Carey, president; Michael Castelli, vp-field operations; Jan Andrew Young, vp-technical services.

Contact: Valerie Accardi; 212-770-7984.

J.H. Albert International Insurance Advisors Inc.

72 River Park,
Needham Heights, Mass. 02494-2631;
781-449-2866; fax: 781-449-5340
www.jhalbert.com

Staff	
Total	4
Safety consultants	4
Occupational health consultants	4
Industrial hygiene consultants	1
ASSE members	1
Clients	
Total	175
Corporate/institutional clients	175

1999 revenues
Safety consulting\$260,000

Founded: 1967.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene re-

search; occupational health research; ergonomic research; product liability research; noise and vibration research.

Service area: nationwide.

Officers: Joseph H. Albert, chairman; Alfred R. Nagelberg, Stuart T. Cowart, pres. dents.

Contact: Alfred H. Nagelberg; anagelberg@jhalbert.com.

Aon Risk Consultants Inc.

123 N. Wacker Drive, Third Floor,
Chicago, Ill. 60606-1700;
312-701-3000; fax: 312-701-2195
www.aon.com

Staff	
Total	100
Safety consultants	92
Occupational health consultants	4
Industrial hygiene consultants	4
ASSE members	90
Clients	
Total	1,500*
Corporate/institutional clients	1,500*

1999 revenues	
Safety consulting	\$25,000,000*
Parent:	Aon Corp.
Services:	safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits.
Other services:	production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; ergonomic research; noise and vibration research; fire protection engineering.
Offices:	37 offices nationwide.
Service area:	nationwide.
Contact:	Thomas J. Rodell, managing director.

*Estimated.

Applegate Associates Inc.

465 Chestnut St.,
Union, N.J. 07083;
908-964-4949; fax: 908-964-9060

Staff	
Total	10
Safety consultants	7
Industrial hygiene consultants	1
ASSE members	3
Clients	
Total	70
Corporate/institutional clients	50
1999 revenues	
Safety consulting	\$764,726

Founded: 1992.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research.

Offices: Wall, N.J.

Service area: nationwide.

Officers: Grace C. Applegate, president; Steve Horne, director-field operations.

Contact: Stacy Wolchesky, 732-282-0775.

Applied Risk Control Corp.

15 N. Mill St.,
Nyack, N.Y. 10960;
845-365-2444; fax: 845-365-2478

Staff	
Total	12
Safety consultants	9
Occupational health consultants	2
Industrial hygiene consultants	1
Clients	
Total	127
Corporate/institutional clients	120
1999 revenues	
Safety consulting	\$850,000

Founded: 1985.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars.

Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering; industrial hygiene laboratory.

Offices: San Francisco; Washington; Atlanta; Chicago.

Service area: nationwide.

Contact: Harry P. Mirjanian, president.

Arlington Associates

770 Arlington Circle,
Navato, Calif. 94947;
415-883-0884; fax: 415-883-0847

Staff	
Total	1
Safety consultants	1
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	1
Clients	
Total	60
Corporate/institutional clients	8
1999 revenues	
Safety consulting	\$250,000

Founded: 1996.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars.

Continued on page 44

Our client changed partners four times in five years and we never lost a step. No wonder they're dancing on air.

With 5000 employees and an annual payroll over \$100 million dollars, controlling workers compensation costs isn't a cakewalk for Rhode Island-based Pembroke Management Services Inc., a professional employer organization (PEO). In 1994 they hired us to help them control workers compensation costs and claims. Since that time, in their on-going effort to better manage the workers comp program and enhance the support they were receiving, the company has switched workers comp carriers several times.

Knowing that reducing insurance costs and enhancing reporting capabilities were essential to the mission and success of this client, we customized our data collection and carrier reporting to reflect the on-going growth of the company from a local PEO to a national organization, while responding to the information requirements of each new carrier. Systems issues never hindered transition from one insurer to another or impeded the claims management process. And the continuity Cambridge has provided through these transitions — in adjuster staff and account management — has also helped Pembroke fine tune their programs even as they've expanded.

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Continued from page 42

seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research.

Service area: nationwide.
Contact: Richard Lawler, president; richlawler@marincounty.net.

AsteRisk Inc.

P.O. Box 476,
Blackstone, Mass. 01504;
800-432-5038; fax: 508-883-3558

Staff
Total1
Safety consultants1
Clients
Total25
Corporate/institutional clients25
1999 revenues
Safety consulting\$225,000
Founded: 1983.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; OSHA compliance.

Service area: nationwide, Canada, Jamaica, Middle East.

Officers: T.L. Badstubner, president.

B

Back School of Atlanta

1465 Northside Drive, Suite 217,
Atlanta, Ga. 30318;
800-783-7536; fax: 404-355-3907

Staff
Total3
Occupational health consultants3
ASSE members1
Clients
Total220
Corporate/institutional clients20
1999 revenues
Safety consulting\$315,000
Founded: 1979.

Parent: Southeastern Clinics Inc.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars.

Other services: production of safety materials or videos; development of training materials; OSHA compliance.

Service area: nationwide.

Officers: Ronald Porter, director; Greg Williams, manager; Larry Yack, field associate
Contact: Ronald Porter.

Backus & Associates

P.O. Box 4746,
Chatsworth, Calif. 91313-4746;
818-773-1753; fax: 818-772-2703

Staff
Total5
Safety consultants3
Clients
Total86
Corporate/institutional clients9
1999 revenues
Safety consulting\$243,179
Founded: 1992.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; occupational health research; ergonomic research.

Service area: Arizona, California, Colorado,

Idaho, Montana, Nevada, New Mexico Oregon, Utah, Washington.

Officers: Karen Backus, president; Jim Backus, VP; Jason Backus, consultant
Contact: Jim Backus.

Biehl Engineering Inc.

N66W12659 Ravine Drive.,
Menomonee, Wis. 53051-5260;
262-251-8251; fax: 262-437-1178

Staff
Total2
Safety consultants2
ASSE members1
Clients
Total100*
Corporate/institutional clients25*

1999 revenues
Safety consulting\$200,000*
Founded: 1960.

Services: safety audits/reviews, evaluations or inspections; expert witness; OSHA & DOT audits.

Other services: OSHA compliance; product liability research; fire protection engineering.

Service area: nationwide.
Officers: Steven F. Biehl, president; Francis W. Biehl, vp; Sharon Biehl, secretary.
*Estimated.

C

Cambridge Integrated Services Group Inc.

8 Centre Drive,
Jamesburg, N.J. 08831;
609-655-8383; fax: 609-655-0503
www.cambridgeintegrated.com

Staff
Total21
Safety consultants21
ASSE members5
Clients
Total50
Corporate/institutional clients3
1999 revenues
Safety consulting\$3,500,000*

Founded: 1998.
Parent: Aon Corp.
Service: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or

Continued on next page

Directory terms explained

The 13th annual directory of safety consultants lists companies that provide services such as advice on employee safety, assistance in developing safety programs, safety audits and evaluations, employee training classes and safety research.

Information for the directory was gathered from responses to a *Business Insurance* questionnaire. The directory is published as an editorial service, and there is no charge to be included.

To be listed, consultants must offer services directly to employers on an unbundled basis; companies that offer safety consulting only in conjunction with other products and services are not included. In addition, companies are required to provide information on gross revenues; and only firms that generate \$200,000 or more in revenues from safety consulting are listed.

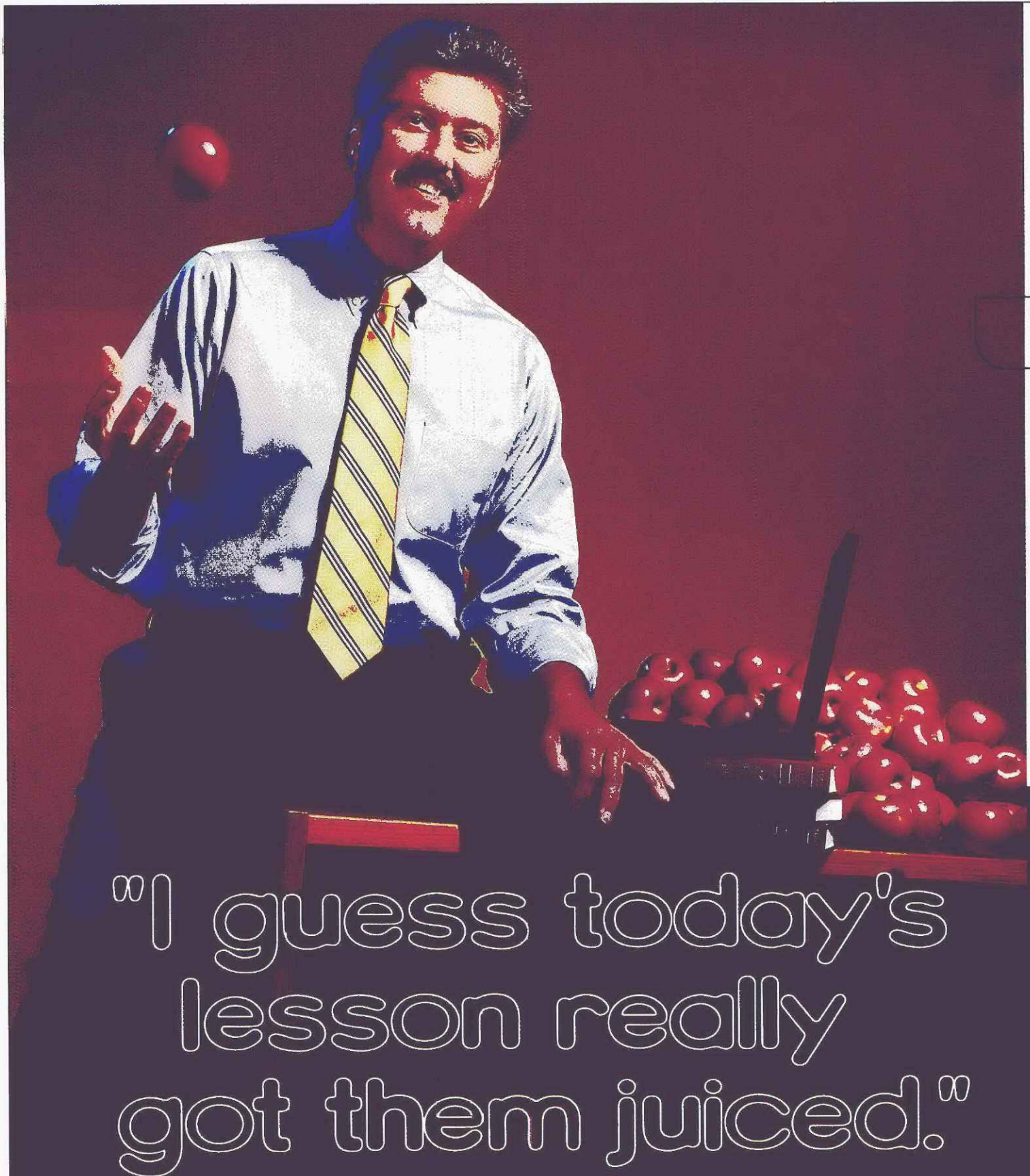
Listings begin with the company's address, phone and fax numbers and World Wide Web site address if applicable. 1999 staff information is then listed, including the number of professionals assigned to each of the following: safety, occupational health and industrial hygiene consulting. The number of staff members who belong to the American Society of Safety Engineers (ASSE) also is included. All staff figures are reported in full-time equivalents.

The clients section includes the total number of safety clients in 1999, and, of those, the number of corporate and institutional safety consulting clients. Listed next are the company's 1999 revenues from safety consulting services directly to corporate or institutional employers, excluding third-party vendors.

The next section of each listing contains the year founded and parent company. In addition, the company's safety consulting services and other services related to safety are detailed.

Locations of branch offices providing safety consulting services are listed next, and the service area details the states or regions served. Officers and a contact name conclude each listing.

Although every effort is made to publish complete and accurate listings, BI is unable to verify all information provided by the companies.



"I guess today's lesson really got them juiced."

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Continued from previous page

seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; noise and vibration research.

Offices: Chicago.
Service area: East Coast, South, Midwest.
Officers: Steve Eisenmann, president; John Rittenhouse, president-Midwestern division; George Young, senior vp.

Contact: George Young, Cambridge Integrated Services Group Inc., 230 W. Monroe St., Suite 600, Chicago, Ill., 60606; gyoung@cisgi.com.
*Estimated

Cannon Cochran Management Services Inc.

Town Centre Building,
2 E. Main St., Suite 208,
Danville, Ill. 61832;
217-446-1089; fax: 217-443-0927
www.ccmcsi.com

Staff	
Total	16
Safety consultants	16
ASSE members	6
Clients	
Total	4,100
Corporate/institutional clients	4,100
1999 revenues	
Safety consulting	\$780,000

Founded: 1979.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; ergonomic research; noise and vibration research; fire protection engineering.

Offices: Oak Brook, Ill.; Des Moines, Iowa; Overland Park, Kan., and St. Louis, Mo.

Service area: Illinois, Iowa, Kansas and Missouri.

Officers: George Peterson, Ken Pardeck, Kevin Tribbia, loss control consultants.

Contact: George Peterson; 217-444-1385;

gpeterson@ccmsi.com.

Cecil P. Chastain & Associates

499 Old Antioch Road,
Carrollton, Ga. 30117;
770-258-2508; fax: 770-258-9305

Staff	
Total	2
Safety consultants	2
Occupational health consultants	2
ASSE members	2

Clients

Total	62
Corporate/institutional clients	44

1999 revenues
Safety consulting \$659,000

Founded: 1981.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; occupational health program assistance; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance.

Service area: nationwide.

Officers: Cecil P. Chastain, president; Karen K. Chastain, secretary/treasurer.
Contact: Cecil P. Chastain.

Chubb Services Corp.

15 Mountain View Road,
Warren, N.J. 07059;
908-903-7172; fax: 908-903-7187

Staff	
Total	12
Safety consultants	12
ASSE members	12

Clients

Total	20
-------	----

1999 revenues
Safety consulting \$1,000,000

Founded: 1991.

Parent: Chubb Corp.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits.

Other services: development of training materials; OSHA compliance; product liability re-

search; fire protection engineering.

Offices: Los Angeles; Tampa, Fla.; Atlanta; Chicago; Boston; Harrisburg, Pa.

Service area: nationwide.

Officers: Sam K. Lee, vp; Steven Chirico, senior vp; Bob Santoro, executive vp.

Contact: Sam K. Lee; slee@chubb.com.

Claims Administrative Services Inc.

501 Shelley Drive, Second Floor,
Tyler, Texas 75701;
903-509-8484; fax: 903-509-1888

Staff	
Total	6
Safety consultants	6
Occupational health consultants	1

Clients

Total	433
Corporate/institutional clients	30

1999 revenues
Safety consulting \$2,200,000

Founded: 1990.

Parent: Hibbs-Hallmark & Co.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering.

Service area: Arkansas, Louisiana, New Mexico, Oklahoma, Pennsylvania and Texas.

Officers: Barry L. Jones, president; Wesley Slade, senior vp; Sheila Darland, assistant vp.

Contact: Barry L. Jones, Wesley Slade, Phil Sage, Joyce Woodson.

Clayton Group Services Inc.

22345 Roethel Drive,
Novi, Mich. 48375;
248-344-1770; fax: 248-344-2642
www.claytongrp.com

Staff	
Total	125
Safety consultants	30
Industrial hygiene consultants	95
ASSE members	30

Clients

Total	37
Corporate/institutional clients	37

1999 revenues
Safety consulting \$2,400,000

Founded: 1954.

Parent: Kid Kamm Ltd. Partnership

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; ergonomic research; industrial hygiene laboratory.

Offices: Santa Ana and Pleasanton, Calif.; Naperville, Ill.; Wichita, Kan.; Lincoln, Mass.; Edison, N.J.; Portland, Ore.; Downingtown, Pa.; Dallas; Seattle.

Service area: nationwide, Canada.

Officers: Thomas Kowalski, president/CEO; Mark Schumacher, vp/CFO; Lisa Simkins, vp/COO.

Contact: Thomas J. Martin; 248-344-4320; tmartin@claytongrp.com.

COMCO Safety Consulting Inc.

2365 E. Sepulveda Blvd.,
Long Beach, Calif. 90810-1944;
562-981-5335; fax: 562-981-5330
www.comcosafety.com

Staff	
Total	4
Safety consultants	3
Occupational health consultants	1
ASSE members	1

Clients

Total	42
Corporate/institutional clients	165

1999 revenues
Safety consulting \$250,000

Founded: 1980.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materi-

PMA Senior Risk Control Consultant
JOE ARMSTRONG

Client: **KNOUSE FOODS COOPERATIVE, INC.**
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PMA's Joe Armstrong doesn't just talk risk control to his clients at Knouse Foods. He teaches it. With a passion. Every year, Joe runs a series of training sessions at all seven Knouse Foods processing plants. With prevention being his number one priority, Joe educates the management team on the subtle causes of job related accidents, how best to prevent them and how PMA can help get injured employees back to work safer—and sooner. By championing Knouse's cause, Joe has helped to improve their corporate safety record. And their bottom line. Is he looking for extra credit? Not a bit.

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Continued from previous page

als; OSHA compliance; occupational health research.

Service area: nationwide, Philippines, Guam.

Officers: Don Rhodes, president; Joy Janes, owner; Joann Blayhey, vp.

Commerce National Risk Control Services

17000 Horizon Way,
Mount Laurel, N.J. 08054;
856-470-5167; fax: 856-470-5174

Staff

Total	12
Safety consultants	7
Occupational health consultants	1
Industrial hygiene consultants	4
ASSE members	3

Clients

Corporate/institutional clients	368
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1999 revenues

Safety consulting	\$1,875,000
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Founded: 1988.
Parent: Commerce National Insurance Services.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research.

Service area: Delaware, New Jersey, New York, Pennsylvania.

Officers: George E. Norcross III, chairman; Edward Kiessling, president; Daniel McCutchen, senior vp.
Contact: Paul Osuch, vp.

Compensation Management Associates Inc.

200 Galleria Parkway, Suite 1290,
Atlanta, Ga. 30339;
770-951-7576; fax: 770-951-7186
www.compmanagement.com

Staff

Total	10
Safety consultants	5
ASSE members	1

Clients

Total	32
Corporate/institutional clients	32

1999 revenues

Safety consulting	\$3,558,958
-------------------	-------------

Founded: 1981.
Parent: HRH Insurance Co.

Services: safety program assistance.
Service area: nationwide.

Officers: Melissa Teske, president; Ryan Hall, general manager; Keith Cotter, sales executive.

Contact: Melissa Teske; mqteske@aol.com; Ryan Hall, ryan.hall@hrh.com.

Corporate Safety & Health Consultants Inc.

125 Maiden Lane,
New York, N.Y. 10038;
212-482-1185; fax: 212-482-1377
www.cshc.net

Staff

Total	6
Safety consultants	5
Industrial hygiene consultants	1

Clients

Total	200
Corporate/institutional clients	75

1999 revenues

Safety consulting	\$650,000
-------------------	-----------

Founded: 1979.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene re-

search; occupational health research; ergonomic research; noise and vibration research; fire protection engineering.

Service area: nationwide.

Officers: William Helmstadt, president; Theodore Mellard, executive vp; Susan Geier, vp.

Contact: William Helmstadt, Thomas Leonard.



ECS Risk Control Inc.

520 Eagleview Blvd., P.O. Box 636,
Exton, Pa. 19341-0636;
800-327-1414; fax: 610-458-7285
www.ecsinc.com

Staff

Total	95
Safety consultants	60
Industrial hygiene consultants	45
ASSE members	13

Clients

Total	2,700
Corporate/institutional clients	2,700

1999 revenues

Safety consulting	\$12,550,000
-------------------	--------------

Founded: 1985.
Parent: XL Capital Ltd.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; ergonomic research; noise and vibration research; fire protection engineering.

Officers: 22 offices nationwide.
Service area: nationwide.

Officers: William Kronenberg III, president/CEO; James Splain, senior vp; Marc Halpern, vp.

Contact: James Splain.

EOS Environmental Inc.

507 Mission St.,
South Pasadena, Calif. 91030;
626-441-7050; fax: 626-441-0016
www.eosenvironmental.com

Staff

Total	6
Safety consultants	1
Industrial hygiene consultants	5

Clients

Total	123
Corporate/institutional clients	86

1999 revenues

Safety consulting	\$232,016
-------------------	-----------

Founded: 1976.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene laboratory.

Service area: Central and Southern California.

Officers: Thomas Blanton, president; Todd Wilson, exec. vp.

Contact: Todd Wilson.



FARA Risk Control Services

204 Winchester Drive,
Lafayette, La. 70506;
337-988-4003; fax: 337-988-4121
www.fara.com

Staff

Total	17
Safety consultants	17

Clients

Total	61
Corporate/institutional clients	47

1999 revenues

Safety consulting	\$1,200,000
-------------------	-------------

Founded: 1988.
Parent: F.A. Richard & Associates Inc.

(FARA)

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; onsite training classes or seminars; benchmarking; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research.

Officers: Atlanta; Dallas.

Service area: nationwide.

Officers: Todd Richard, president-F.A. Richard & Associates Inc.; Reed Bell, executive vp-F.A. Richard & Associates Inc.; Dan Clark, senior vp-F.A. Richard & Associates Inc.

Contact: David Sturgis, president-FARA Risk Control Services; david.sturgis@fara.com.

Fire & Safety Specialists Inc.

P.O. Box 9713,
College Station, Texas 77842;
979-690-7559; fax: 979-690-7562

Staff

Total	8
Safety consultants	8
ASSE members	1

Clients

Total	110
Corporate/institutional clients	110

1999 revenues

Safety consulting	\$450,000
-------------------	-----------

Founded: 1981.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; product liability research; fire protection engineering.

Service area: nationwide.

Officers: David White, president; Gene Allen, vp; Lynn White, secretary/treasurer.

Contact: David White.

Continued on page 50

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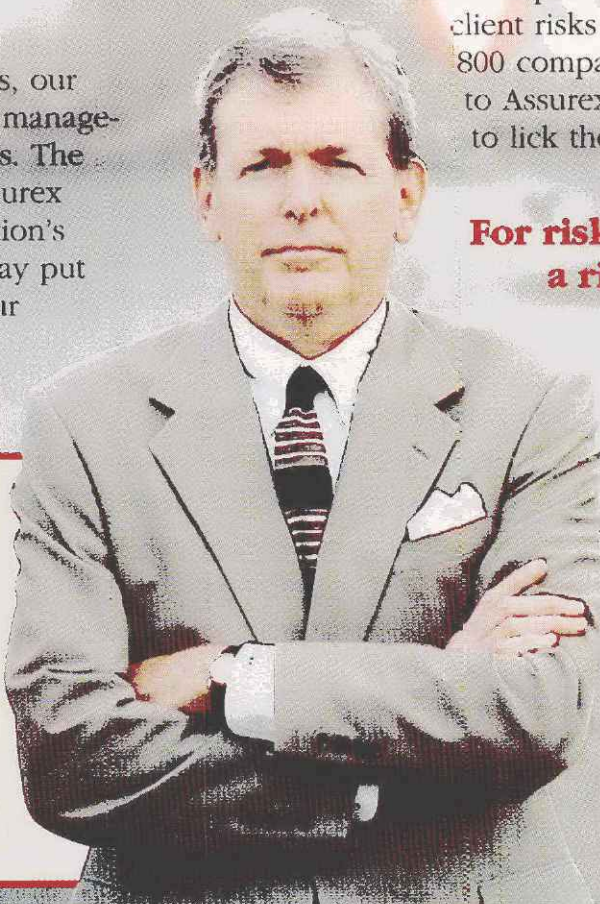
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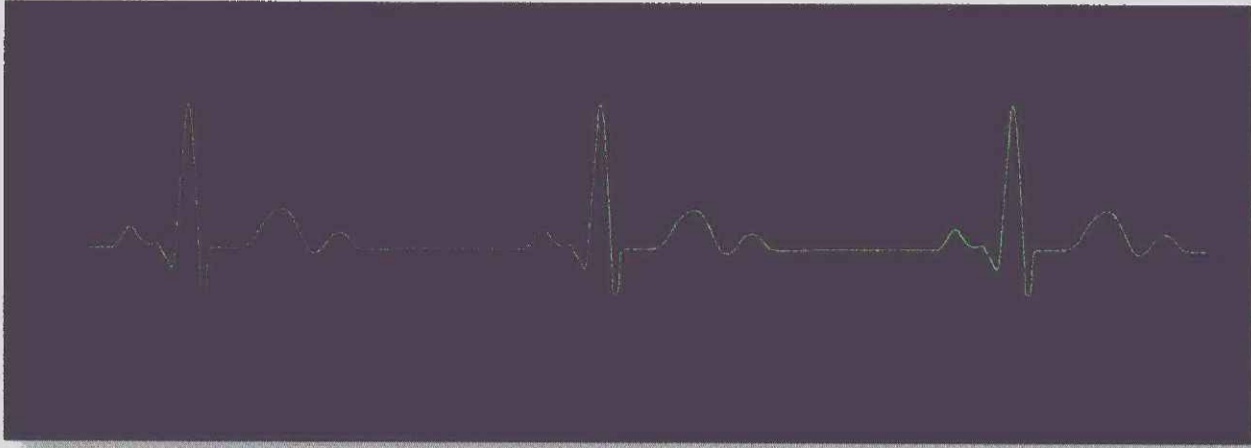
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Continued from page 46

Flex Design Engineering

P.O. Box 14,
Wheaton, Ill. 60187;
630-690-4200; fax: 630-690-3966
www.flexfire.com

Staff	
Total	5
Safety consultants	1
Clients	
Total	24
Corporate/institutional clients	24
1999 revenues	
Safety consulting	\$200,000
Founded:	1986.
Services:	expert witness.
Other services:	fire protection engineering.
Service area:	nationwide.
Officers:	Mark Bromann, president; Phil O'Bromowicz, Jeannine Nilo, vps.
Contact:	Mark Bromann; markbro@owc.net.

The terms used in *BI's* 19th annual directory of safety consultants are explained on page 44.



Gage-Babcock & Associates Inc.

3975 Fair Ridge Drive, Suite 310 N.,
Fairfax, Va. 22033;
703-934-6440; fax: 703-934-4421
www.gage-babcock.com

Staff	
Total	50
Safety consultants	50
ASSE members	5
Clients	
Total	200
Corporate/institutional clients	50
1999 revenues	
Safety consulting	\$7,000,000
Founded:	1952.
Services:	safety audits/reviews, evaluations or inspections; safety program assistance; onsite training classes or seminars; expert witness.
Other services:	production of safety materials or videos; development of training materials; fire protection engineering.
Offices:	Los Angeles and San Francisco; Atlanta; Chicago; New York; Vancouver; British

Columbia; Seoul, South Korea.

Service area: nationwide, worldwide.
Officers: Thomas W. Jaeger, president; Alfred J. Longhitano, vp; Mario Antonetti, secretary.
Contact: Douglas J. Rollman, vp-business development; gbarmtg@aol.com.

Gallagher Bassett Services Inc.

The Gallagher Centre, 2 Pierce Place,
Itasca, Ill. 60143-3141;
630-773-3800; fax: 630-285-4000
www.gallagherbassett.com

Staff	
Total	53
Safety consultants	40
Occupational health consultants	1
Industrial hygiene consultants	5
Clients	
Total	517
Corporate/institutional clients	274
1999 revenues	
Safety consulting	\$6,150,000
Founded:	1962.
Parent:	Arthur J. Gallagher & Co.
Services:	safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program

assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering; industrial hygiene laboratory.

Offices: Los Angeles; Atlanta; Fort Worth, Texas.

Service area: nationwide, Asia, Canada, Europe.

Officers: Rich McKenna, president; Walter Gawaluch, Joe Slifka, executive vps; Robert Mason, CFO.

Contact: Joe Slifka; joe_slifka@gbtpa.com.



Inservco Insurance Services Inc.

2 North Second St.,
Harrisburg, Pa. 17105-3899;
717-230-8300; fax: 717-221-6060

Staff	
Total	7
Safety consultants	7
ASSE members	5
Clients	
Total	83
Corporate/institutional clients	56
1999 revenues	
Safety consulting	\$296,500
Founded:	1980.
Parent:	Penn National Insurance Cos.
Services:	safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; school violence programs; workplace violence programs.
Other services:	production of safety materials or videos; development of training materials; OSHA compliance; ergonomic research; fire protection engineering.
Offices:	Hunt Valley, Md.; Lawrenceville, N.J.; Greensboro, N.C.; Pittsburgh.
Service area:	Delaware, Maryland, New Jersey, North Carolina, Pennsylvania, Virginia.
Officers:	James Butler, president; Mike Scheib, vp-operations; Joseph M. Boslet, vp-safety management services.
Contact:	Joseph M. Boslet.

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Intracorp

1601 Chestnut St.,
Philadelphia, Pa. 19192;
215-761-7152; fax: 215-761-5538
www.intracorp.com

Staff	
Total	22
Safety consultants	22
ASSE members	1
Clients	
Total	41
Corporate/institutional clients	12
1999 revenues	
Safety consulting	\$300,000
Founded:	1970.
Parent:	CIGNA Corp.
Services:	safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; onsite training classes or seminars.
Other services:	development of training materials; rehabilitation.
Offices:	Anaheim and Pleasanton, Calif.; Hartford, Conn.; Lake Mary, Fla.; Norcross, Ga.; Honolulu; Itasca, Ill.; Kansas City, Kan.; Danvers, Mass.; Baltimore; Minnetonka, Minn.; Raleigh-Durham, N.C.; Buffalo, N.Y.; Portland, Ore.; Dallas.
Service area:	nationwide.
Officers:	Kirk E. Rothrock, president; Ken Ross, senior vp-disability management; Fred Scardellete, vp-disability management product and marketing.
Contact:	Colleen Bergin; cbergin@mail.intra-corp.com.



K&T Safety Service Inc.

P.O. Box 210,
Barker, Texas 77413-0210;
713-974-4394; fax: 713-974-4396

Staff	
Total	3
Safety consultants	1
Industrial hygiene consultants	1
ASSE members	1
Clients	
Total	50
Corporate/institutional clients	20
1999 revenues	
Safety consulting	\$254,000
Founded:	1981.
Services:	safety audits/reviews, evaluations or inspections; safety program assistance; industrial hygiene program assistance; expert witness; OSHA & DOT audits.
Other services:	production of safety materials or videos; OSHA compliance; noise and vibration research; industrial hygiene laboratory.
Service area:	Louisiana, New Mexico, Texas.
Officers:	Henry G. Kana, president; Suellen H. Kana, vp.
Contact:	Henry G. Kana; ktsafetyhkana@email.msn.com.



Loss Control Associates Inc.

172 Middletown Blvd., Suite B-204,
Langhorne, Pa. 19047;
215-750-6841; fax: 215-750-6845
www.erols.com/lcainc

Staff	
Total	6

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Continued from page 50

Safety consultants	6
ASSE members	2
Clients	
Total	24
Corporate/institutional clients	24
1999 revenues	
Safety consulting	\$750,000
Founded:	1986.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; onsite training classes or seminars; expert witness; OSHA & DOT audits.

Other services: OSHA compliance; fire protection engineering.

Service area: nationwide.

Officers: Orville M. Slye Jr., president; Anthony M. Ordile, consulting engineer; Anita M. Slye, administrative assistant.

Contact: Anthony M. Ordile, lcainc@ercls.com.

M

MEMIC Safety Services

261 Commercial St., P.O. Box 11409, Portland, Maine 04104; 207-791-3568; fax: 207-791-3333 www.memicsafetyservices.com

Staff	
Total	18
Safety consultants	14
Occupational health consultants	4
Clients	
Total	36
Corporate/institutional clients	36
1999 revenues	
Safety consulting	\$400,000
Founded:	1996.

Parent: Maine Employers' Mutual Insurance Co.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research.

Service area: California, New York, New England.

Officers: Daniel S. Cote, president; Elizabeth Stowell, vp-sales and marketing.

Marsh Risk Consulting

1166 Ave. of the Americas, New York, N.Y. 10036; 212-345-0450; fax: 212-345-0713 www.marsh.com

Staff	
Total	800
Safety consultants	700
Occupational health consultants	200
Industrial hygiene consultants	20
Clients	
Total	6,500
Corporate/institutional clients	6,000
1999 revenues	
Safety consulting	\$180,000,000
Founded:	1850.

Parent: Marsh & McLennan Cos. Inc.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering.

Offices: more than 100 offices worldwide.

Service area: nationwide, worldwide.

Officers: James Connolly, Harry Taback, managing directors; William Grimes, senior vp.

The directory begins on page 42.

N

NATLSCO

1 Kemper Drive, Long Grove, Ill. 60049; 847-320-2111; fax: 847-320-5460 www.natlsco.com

Staff	
Total	105
Safety consultants	88
Occupational health consultants	2
Industrial hygiene consultants	15
Clients	
Total	250*
1999 revenues	
Safety consulting	\$33,000,000*
Founded:	1967.

Parent: Kemper Insurance Cos.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; benchmarking; expert witness; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering; industrial hygiene laboratory.

Offices: Los Angeles and San Francisco; Denver; Atlanta; Chicago; Boston; Cleveland; Philadelphia; Dallas; Seattle; Toronto.

Service area: nationwide.

Officers: Patricia Drago, senior vp-client services group; Robert Hiltz, Robert Donze, vps.

Contact: Scott Babcock, director-sales and marketing; sbabcock@kemperinsurance.com. *Estimated.

Network Safety Consultants Inc.

14400 John Humphrey Drive, Orland Park, Ill. 60462; 708-226-9125; fax: www.thehortongroup.com

Staff	
Total	4
Safety consultants	3
Clients	
Total	375
Corporate/institutional clients	16
1999 revenues	
Safety consulting	\$650,000
Founded:	1992.

Parent: Horton Insurance Agency

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; ergonomic research; fire protection engineering.

Offices: Milwaukee.

Service area: Midwest.

Officers: Gary Glader, president; Glenn Horton, vp.

Contact: Gary Glader; garyg@hortoins.com.

North American Risk Inc.

P.O. Box 49228, Sarasota, Fla. 34209; 941-780-4586; fax: 941-907-2217 www.nar-inc.com

Staff	
Total	53
Safety consultants	49
Occupational health consultants	8
Industrial hygiene consultants	7
ASSE members	43
Clients	
Total	21
Corporate/institutional clients	36
1999 revenues	
Safety consulting	\$2,130,000
Founded:	1992.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; school vi-

olence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering; industrial hygiene laboratory.

Offices: New York; Dallas.

Service area: nationwide, Canada, Europe.

Officers: H.R. Schade, senior vp-U.S. operations; Jeffery F. Corder, assistant vp.

P

PGM Safety Services L.L.C.

175 E. Reno, Suite C-9, Las Vegas, Nev. 89119-1102; 800-480-1846; fax: 702-739-1487

Staff	
Total	3
Safety consultants	2
ASSE members	2
Clients	
Total	430
Corporate/institutional clients	430
Founded:	2000.

Parent: Pro/Group Management Inc.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; occupational health research; ergonomic research; noise and vibration research; fire protection engineering.

Offices: Carson City, Nev.

Service area: Nevada.

Officers: Robert Vogel, vp-operations; Bob Arnold, safety specialist.

Contact: Bob Arnold.

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Accountants

Continued from previous page

Professional Risk Management

2101 Webster St., Suite 900,
Oakland, Calif. 94612;
510-452-9300; fax: 510-452-1479

Staff	
Total	5
Ergonomists	5
Clients	
Total	30
Corporate/institutional clients	30
1999 revenues	
Safety consulting	\$750,000

Founded: 1980.
Parent: The St. Paul Cos. Inc.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking.
Other services: production of safety materials or videos; development of training materials; OSHA compliance; ergonomic research.
Service area: nationwide.
Officers: Stephen Brown, president; Jay Ayala, COO; Dar Nicholson, executive vp.
Contact: Jeannie Baulis, executive vp-sales; 510-874-5251; jbaulis@mminet.com.



RHS Solutions

6377 Emerald Parkway,
Dublin, Ohio 43017;
614-210-2699; fax: 614-766-0702
www.rhsolutions.com

Staff	
Total	4
Safety consultants	3
Occupational health consultants	1
ASSE members	3
Clients	
Total	1,200
Corporate/institutional clients	1,200
Founded: 1999.	
Parent: Comp Management Inc.	

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits.
Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research.
Offices: Seattle.
Service area: nationwide.
Officers: Jonathan Wagner, president; Frank Pagnatta, vp.
Contact: Frank Pagnatta; pagnetta@rhssolutions.com.

RPF Associates

20 Leroy St.,
Dix Hills, N.Y. 11746-6644;
631-586-0778; fax: 631-586-5164

Staff	
Total	3
Safety consultants	3
ASSE members	2
Clients	
Total	41
Corporate/institutional clients	40
1999 revenues	
Safety consulting	\$225,000

Founded: 1984.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits; workplace violence programs.
Other services: production of safety materials or videos; development of training materials; OSHA compliance; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering.
Service area: nationwide, Canada, Caribbean, Mexico.
Officers: Robert P. Firmbach, president; Carol A. Firmbach, vp.
Contact: Robert P. Firmbach.

Regional Reporting Inc.

111 John St.,
New York, N.Y. 10038;
212-964-5973; fax: 212-608-5074
www.regionalreporting.com

Staff	
Total	88
Safety consultants	59
Occupational health consultants	21
Industrial hygiene consultants	8
ASSE members	49
Clients	
Total	300
Corporate/institutional clients	80
1999 revenues	
Safety consulting	\$14,000,000

Founded: 1963.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; industrial hygiene program assistance; occupational health program assistance; workplace violence programs; onsite training classes or seminars; offsite training classes or seminars.
Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; product liability research; noise and vibration research; fire protection engineering.
Offices: Eldorado Hill, Calif.; Hartford, Conn.; Marietta, Ga.; Naperville, Ill.; Mount Laurel, N.J.; Twinsburg, Ohio; Dallas.
Service area: nationwide.
Officers: Martin Myers, chairman/CEO; Louis Siegel, president; Josephine Johns, executive vp.
Contact: Martin Myers; marty@regionalreporting.com.

Reliability Group

2421 N.E. 33rd St.,
Lighthouse Point, Fla. 33064;
954-782-5588; fax: 954-788-9284
www.se.mediaone.net/~relgroup

Staff	
Total	11
Safety consultants	6
Clients	
Total	33
Corporate/institutional clients	20
1999 revenues	
Safety consulting	\$200,000*

Founded: 1985.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking.
Other services: production of safety materials or videos; development of training materials; industrial hygiene research; occupational health research.
Service area: nationwide.
Officers: Hank Sarkis, president; R. Cooke, executive vp.
Contact: Hank Sarkis.
*Estimated.

Risk Analysts Inc.

P.O. Box 983,
Houston, Texas 77001;
713-507-4792; fax: 713-507-9433
www.wisenberg.com

Staff	
Total	3
Safety consultants	3
ASSE members	3
Clients	
Total	105
Corporate/institutional clients	40
1999 revenues	
Safety consulting	\$260,000

Founded: 1982.
Parent: Wisenberg Insurance & Risk Management
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits; school violence programs; workplace violence programs.
Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering.
Service area: nationwide.
Officers: Joe Williams, chairman; Jeff Pozmantier, president; Nicholas P. Dalby, vp.

Contact: Nicholas P. Dalby; ndalby@wisenberg.com.

Risk Logic Inc.

93 Apple Ridge,
Woodcliff Lake, N.J. 07677;
201-930-0700; fax: 201-930-8795
www.risklogic.com

Staff	
Total	6
Safety consultants	5
Clients	
Total	17
1999 revenues	
Safety consulting	\$700,000

Founded: 1997.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness.
Other services: production of safety materials or videos; development of training materials; fire protection engineering.
Offices: San Diego; Middletown, N.J.
Service area: nationwide.
Officers: John Durante, president; Rich Cardile, vp-engineering services; Sandra Longo, vp-operations.
Contact: risk_logic@msn.com.

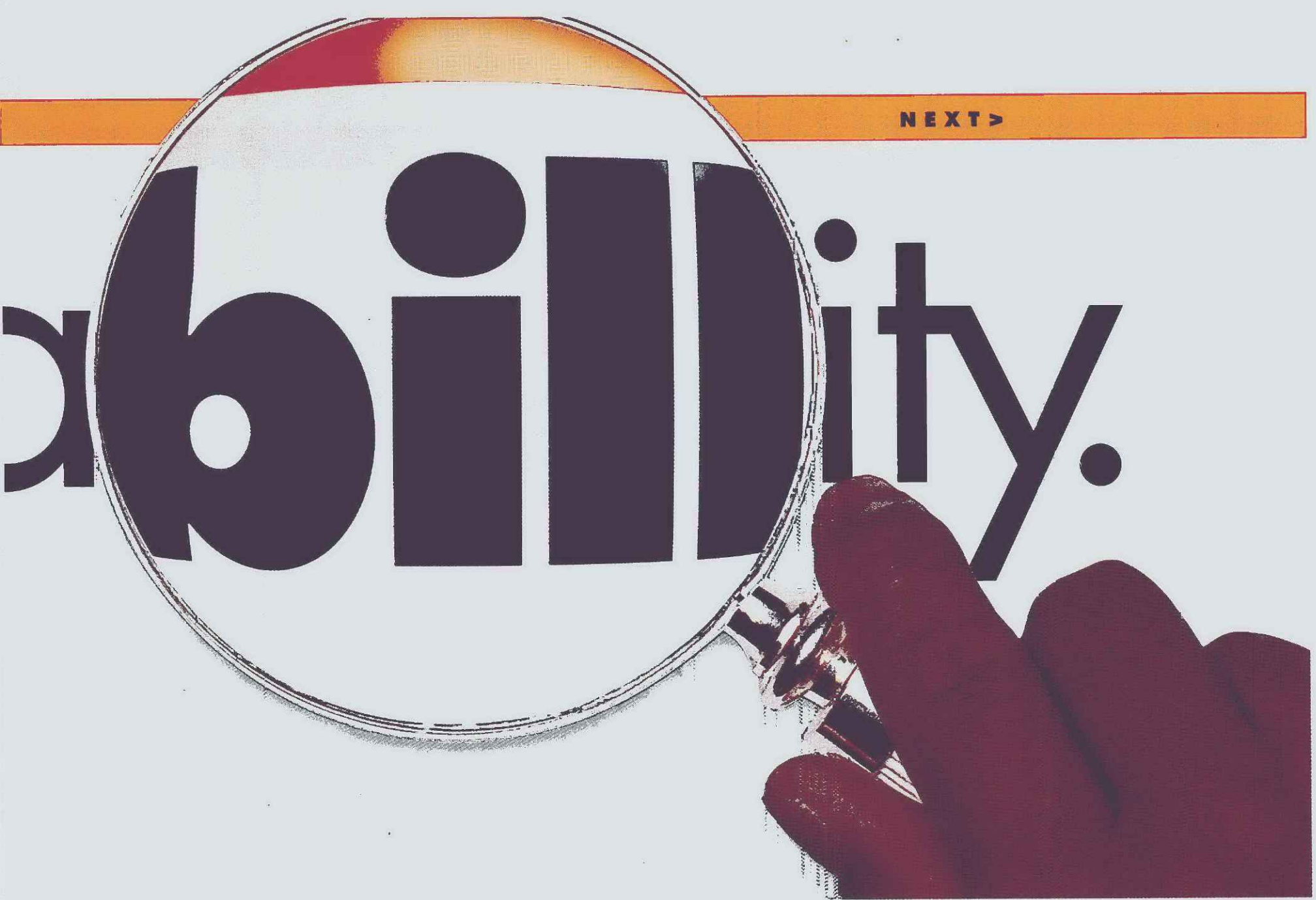
Risk Technologies

14 Commerce Drive,
Cranford, N.J. 07016;
908-272-8100; fax: 908-272-9059
www.summitbank.com

Staff	
Total	10
Safety consultants	8
Clients	
Total	200
1999 revenues	
Safety consulting	\$400,000

Founded: 1980.
Parent: Summit Insurance Advisors L.L.C.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars;

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benchmarking; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering.

Service area: nationwide.
Officers: Brian Leddy, senior executive vp; Gloria Jean Ricca, assistant vp-public entities division.

Contact: Charles Morgan, vp-risk management; Paul Morrongiello, assistant vp-risk technician.

RSKCo Consulting Services Inc.

333 S. Wabash Ave., Floor 28 S., Chicago, Ill. 60604; 800-519-2835; fax: 312-817-3350 www.rskco.com

Staff
Total115
Clients
Total575
Corporate/institutional clients575
1999 revenues
Safety consulting\$20,000,000
Founded: 1995.

Parent: CNA Financial Corp.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering; industrial hygiene laboratory.

Offices: Los Angeles; San Francisco; Atlanta; New York; Dallas.

Service area: nationwide.
Officers: Richard Ryther, senior vp/COO; George Chelovich, senior vp-client services; David Pijan, vp-business management.
Contact: George Chelovich; 312-822-4364.



Safety & Risk Control Services Inc.

395 Main St., Suite 4, Metuchen, N.J. 08840; 800-466-4025; fax: 732-906-2045 www.safetyrisk.com

Staff
Total15
Safety consultants14
Industrial hygiene consultants1
ASSE members12
Clients
Total33
Corporate/institutional clients29
1999 revenues
Safety consulting\$500,000*

Founded: 1989.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; offsite training classes or seminars; benchmarking; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; product liability research; fire protection engineering; industrial hygiene laboratory.

Service area: nationwide.
Contact: Harvey S. Staple, president; staple@safetyrisk.com.
*Estimated.

Safety Associates Inc.
1351 E. Morehead St., Charlotte, N.C. 28204; 704-334-8690; fax: 704-376-5838

Staff
Total6

Safety consultants5
Industrial hygiene consultants1
ASSE members4

Clients
Total75
Corporate/institutional clients75
1999 revenues
Safety consulting\$750,000
Founded: 1978.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits.

Other services: production of safety materials or videos; development of training materials; OSHA compliance.

Service area: nationwide.
Officers: Jim Stephens, president; Ron Sullivan, vp.
Contact: Jim Stephens.

Safety Consulting Inc.

150 S.W. 33rd St., Suite A, Topeka, Kan. 66611; 785-266-1006; fax: 785-266-1007

Staff
Total3
Safety consultants3
Clients
Total50
Corporate/institutional clients50
1999 revenues
Safety consulting\$300,000
Founded: 1971.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; noise and vibration research.

Service area: nationwide.
Officers: Craig Stromgren, president; John Parkin, vp; Dan Pabst, consultant.
Contact: Craig Stromgren.

Sigma Associates Ltd.

105 Timber Ridge Blvd., Pass Christian, Miss. 39571; 228-452-4866; fax: 228-452-7202 www.sigmaassocltd.com

Staff
Total5
Safety consultants3
Clients
Total13
Corporate/institutional clients8
1999 revenues
Safety consulting\$580,000
Founded: 1978.

Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; fire protection engineering.

Service area: nationwide.
Officers: A.J. Scardino Jr., president/CEO; L.B. Scardino, secretary/treasurer; Al Lagerdo, senior associate.
Contact: A.J. Scardino Jr.

Specialty Risk Services Inc.
Gocwin Building, 225 Asylum St. 16th Floor, Hartford, Conn. 06103; 86C-520-2599; fax: 860-520-2503 www.specialtyrskservices.com

Staff
Total200
Safety consultants174
Industrial hygiene consultants10
ASSE members140
Clients
Total140
1999 revenues
Safety consulting\$4,600,000
Founded: 1990.

Parent: The Hartford
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; noise and vibration research.

tance; ergonomic program assistance; industrial hygiene program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; ergonomic research; product liability research; noise and vibration research; fire protection engineering; industrial hygiene laboratory.

Offices: Sacramento, Calif.; Tampa, Fla.; Atlanta; Chicago; Boston; Grand Rapids, Mich.; St. Louis; New York; Dallas; Richmond, Va.

Service area: nationwide.
Officers: Dennis Reploske, president; Jim Leonard, Annette Sanchez senior vps.
Contact: Timothy J. Howe, assistant vp; tim.howe@thhartford.com.

Strategic Safety Associates

P.O. Box 80161, Portland, Ore. 97280; 503-977-2094; fax: 503-977-3175 www.movesmart.com

Staff
Total9
Safety consultants9
Occupational health consultants1
ASSE members9
Clients
Total200
Corporate/institutional clients200
1999 revenues
Safety consulting\$2,500,000
Founded: 1983.

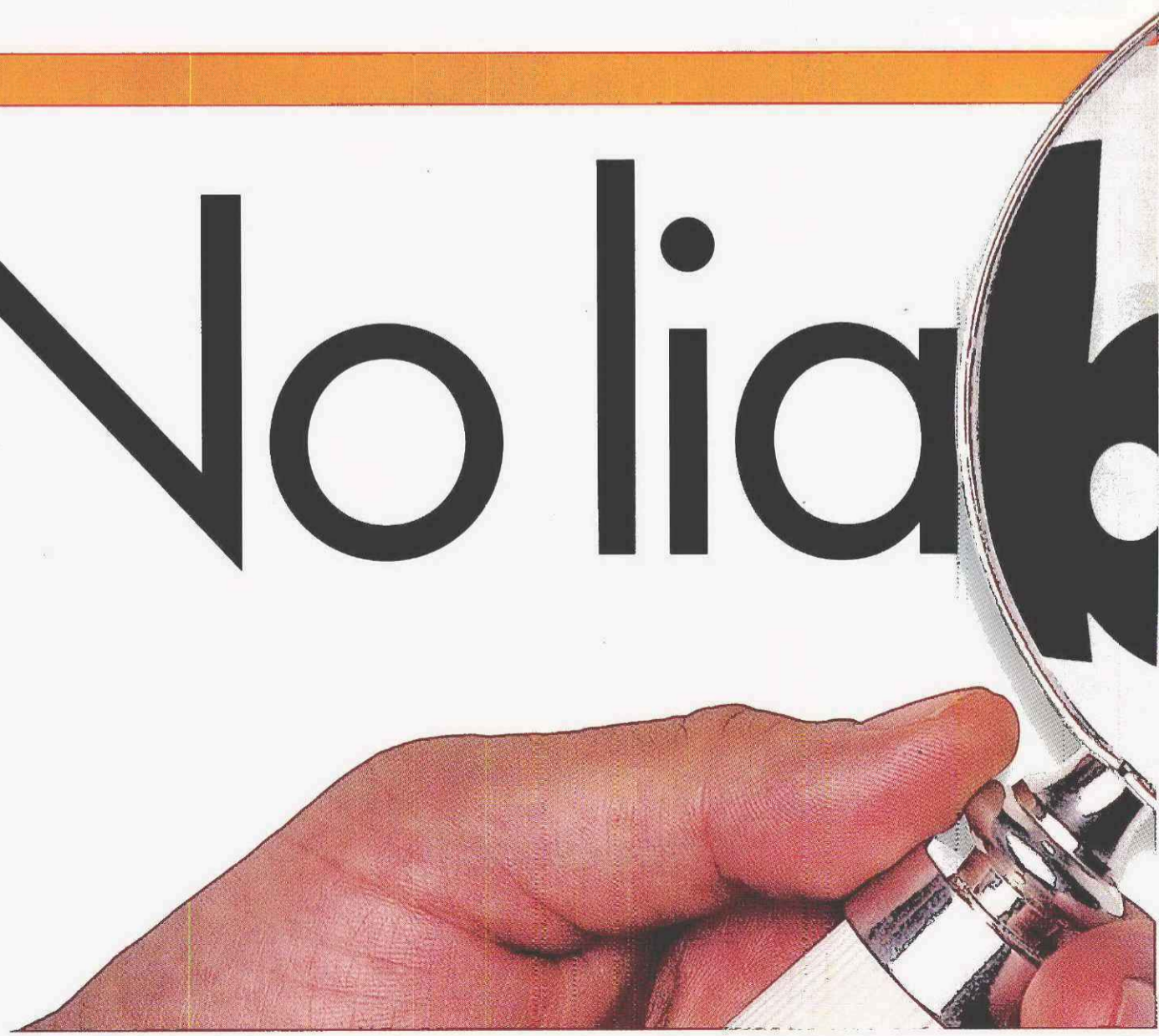
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; onsite training classes or seminars; offsite training classes or seminars.

Other services: production of safety materials or videos; development of training materials.

Service area: nationwide, worldwide.
Contact: Robert Pater, managing director; rfo@movesmart.com.

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No liability



Continued from previous page

T

TOPF Organization
 3000 Valley Forge Circle, Suite G15,
 King of Prussia, Pa. 19406;
 610-783-1776; fax: 610-783-1775
 www.topforg.com

Staff
 Total20
 Safety consultants10
 ASSE members5
Clients
 Total50
 Corporate/institutional clients45
1999 revenues
 Safety consulting\$4,000,000
Founded: 1983.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking.
Other services: production of safety materials or videos; development of training materials.
Service area: nationwide, Canada, Belgium, Holland, Puerto Rico, South America.
Officers: Michael D. Topf, president; Donald H. Theune, vp.
Contact: Donald H. Theune.

U

U.S. HealthWorks-Preventive Services Division
 1600 Genessee, Suite 700,
 Kansas City, Mo. 64102;
 800-946-7228; fax: 816-471-1929
 www.ushealthworks.com

Staff
 Total35
 Safety consultants5
 Occupational health consultants3
 Industrial hygiene consultants15
 ASSE members5

Clients
 Total2,500
 Corporate/institutional clients375
1999 revenues
 Safety consulting\$4,500,000
Founded: 1996.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; expert witness; OSHA & DOT audits; workplace violence programs.
Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene laboratory.
Offices: Atlanta; Indianapolis; Chapel Hill, Charlotte and Greensboro, N.C.
Service area: nationwide.
Officers: Richard Kampa, CEO; Randy Platt, COO; Ron Clark, CFO.

W

Willis Risk Solutions
 7 Hanover Square,
 New York, N.Y. 10004;
 212-344-8888; fax: 212-344-8511
 www.willis.com

Staff
 Total112
 Safety consultants112
 ASSE members30
Clients
 Total240
 Corporate/institutional clients240
1999 revenues
 Safety consulting\$12,000,000
Founded: 1990.
Parent: Willis Group Ltd.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; occupational health research; ergonomic research; product liability research; noise and vibration research; fire protection engineering.
Offices: 27 offices worldwide.
Service area: nationwide, worldwide.
Officers: Gary Mathieson, CEO-Willis Risk Solutions; Brad Hart, senior vp/regional director-integrated management services; Gordon Hill managing consultant.
Contact: Brad Hart; Gordon Hill, Richard Oliver International; The Anchorage, 34 Bridge St., Reading, Berkshire, England RG1 2LU.

Z

Zeigle Consulting Associates Inc.
 843 Apache Trail,
 Lake Villa, Ill. 60046;
 847-265-1170; fax: 847-265-6465

Staff
 Total6
 Safety consultants4
 Occupational health consultants1
 Industrial hygiene consultants1
 ASSE members6
Clients
 Total20
 Corporate/institutional clients20
1999 revenues
 Safety consulting\$830,000
Founded: 1993.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; onsite training classes or seminars; offsite training classes or seminars; expert witness; OSHA & DOT audits.
Other services: production of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene research; ergonomic research; product liability research; fire protection engineering.
Offices: Salt Lake City; Burlington, Vt.

Service area: nationwide.
Officers: Stephen J. Zeigle, president; Griselda Zeigle, secretary/treasurer.

Zurich Services Corp.
 1400 American Lane,
 Schaumburg, Ill. 60196;
 800-982-5964; fax: 847-605-7736
 www.risk-engineering.com

Staff
 Total258
 Safety consultants178
 Occupational health consultants2
 Industrial hygiene consultants10
 ASSE members150
Clients
 Total8,500
 Corporate/institutional clients8,500
1999 revenues
 Safety consulting\$37,000,000
Founded: 1912.
Parent: Zurich Financial Services Inc.
Services: safety audits/reviews, evaluations or inspections; safety program assistance; ergonomic program assistance; industrial hygiene program assistance; occupational health program assistance; onsite training classes or seminars; offsite training classes or seminars; benchmarking; OSHA & DOT audits; school violence programs; workplace violence programs.

Other services: production of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; industrial hygiene research; ergonomic research; product liability research; fire protection engineering; industrial hygiene laboratory.
Offices: Phoenix; Fresno, Glendale, Sacramento and San Francisco, Calif.; Atlanta; Chicago; Kansas City, Kan.; Baltimore; Minneapolis; New York and Syracuse, N.Y.; Harrisburg and Philadelphia, Pa.; Dallas.
Service area: nationwide, worldwide.
Officers: Dinos Iordanou, CEO-Zurich U.S.; Frank Patalano, CEO-Zurich U.S. Services; Dave Czartoryski, senior vp-risk engineering.
Contact: Armand Fernandez, director. **BI**

Business Insurance directories upcoming

Business Insurance will publish its policyholder-owned facilities and rent-a-captive manager directories, along with its annual international property and casualty insurers directory, in the Nov. 13 issue.

The issue will feature a Spotlight report on the Bermuda market. To be listed in the policyholder-owned facilities and rent-a-captive manager directories, companies must provide coverage directly to captive insurers or self-insured policyholders or corporations other than insurance companies. Participants must also provide us with 1999 written premium, assets and capital and surplus volumes. To

be listed in the international property and casualty insurers directory, a company must provide property/casualty insurance in countries other than the country in which it is headquartered.

The directories are published as an editorial service; there is no charge for companies to be included. If your company meets the requirement for inclusion in any of these directories and has not yet received the questionnaire, please contact assistant directory editor Michel Schwartz at 312-649-5313 and request a questionnaire. The extended deadline for inclusion in these directories is Oct. 25. **BI**

NEXT >

Directivity.

Free workers compensation informational material

The Workers Compensation Information Resource section is an editorial compilation of current informational and educational materials or topics of interest to corporate employee benefit executives.

The listings are published as an editorial service by *Business Insurance*; there is no charge to list materials in the section. All of the materials may be obtained free of charge to *BI* readers. To receive any of the free materials listed in this special section, please write the key numbers of

those items on the reader service coupons that are printed within the section.

Fill out the remainder of the coupon and mail it to:

**Business Insurance
Reader Service Center
519 E. Briarcliff Road,
Bolingbrook, Ill. 60440**

All requests must be received before **Dec. 11, 2000**, to be processed.

"The California Workers Compensation Story," a pamphlet by the California Workers Compensation Institute, comprises charts, tables and text describing the benefits, cost drivers and facts about California workers compensation. **Request item 1701**

California Workers Compensation Institute's pamphlet **"Help in Returning to Work"** explains vocational rehabilitation benefits and the rehabilitation process in Cali-

fornia. **Request item 1702**

HJH Group offers **"Trends in Workers Compensation,"** an expert's view and analysis of emerging patterns and issues in the workers compensation arena covering managed care, insurance and related topics. **Request item 1703**

Injured Workers' Insurance Fund of Maryland's brochure, **"Employers Guide to Accident Management Packet,"** provides Maryland injured workers a list of their rights and responsibilities. **Request item 1704**

InPhoto Surveillance offers **"Tips for the Trade: Using Video Surveillance in the Risk Mitigation Process,"** a pamphlet about conducting video surveillance legally and using the videotapes as evidence. **Request item 1705**

International Risk Management Institute Inc.'s Risk Report features an article, **"Workers Compensation in the Millennium,"** which covers some of the changes and challenges facing employers and others in the insurance industry at the turn of the millennium. **Request item 1706**

New York State Insurance Fund offers **"A Claims Guide For the Employer,"** a comprehensive employer guide to forms and procedures for filing workers compensation and disability benefits claims. **Request item 1707**

"Know the Risk of Self-Insurance," a Q&A pamphlet by the New York State Insurance Fund, informs employers of implications and consequences of self-insuring workers comp. **Request item 1708**

In "A Roadmap for Life," a short article reprint, Professional Case Management Consultants Inc. explains the responsibilities of a **certified life care planner** and what one looks for in a life care plan when determining which benefits would be awarded and under what circumstances they would be awarded. **Request item 1709**

"Medical Mismanagement: Should OSHA Dictate how to Practice Occupational Health," an article provided by Sandler Occupational Medicine Associates Inc., covers an employer's point of view of the strains **OSHA standards** put on business owners. **Request item 1710** **BI**

Business Insurance®

Information Resource

NOTE: THIS COUPON WILL NOT BE PROCESSED AFTER Dec. 11, 2000.

All questions must be answered in order to have your inquiry processed.

Please check one item for each category:

1. My organization is best described as:

- | | | |
|---|---|---|
| A <input type="checkbox"/> Mfg/Svcs | F <input type="checkbox"/> Ins Agent | K <input type="checkbox"/> Adj/Apprs |
| B <input type="checkbox"/> Association | G <input type="checkbox"/> Ins Broker | L <input type="checkbox"/> TPA |
| C <input type="checkbox"/> Union | H <input type="checkbox"/> Ins/Reins Co | M <input type="checkbox"/> Health Care Inst |
| D <input type="checkbox"/> Government | I <input type="checkbox"/> Consultant | N <input type="checkbox"/> Other |
| E <input type="checkbox"/> Educational Inst | J <input type="checkbox"/> Actry/Attorney | |

2. Number of employees:

- | | | |
|---|--|--|
| 1 <input type="checkbox"/> 150 or fewer | 3 <input type="checkbox"/> 500-999 | 5 <input type="checkbox"/> 5,000 or more |
| 2 <input type="checkbox"/> 151-499 | 4 <input type="checkbox"/> 1,000-4,999 | 6 <input type="checkbox"/> Unknown |

3. My title is best defined as:

- | | |
|---|--|
| A <input type="checkbox"/> Administrative Mgt | D <input type="checkbox"/> Benefits Mgt |
| B <input type="checkbox"/> Financial Mgt | E <input type="checkbox"/> Loss Prevention Mgt |
| C <input type="checkbox"/> Risk Mgt | F <input type="checkbox"/> Other |

4. My purchasing involvement for the requested products is to:

- | | | |
|---|------------------------------------|------------------------------------|
| 1 <input type="checkbox"/> recommend only | 2 <input type="checkbox"/> specify | 3 <input type="checkbox"/> approve |
|---|------------------------------------|------------------------------------|

5. Do you now receive a personally addressed copy of *Business Insurance*?

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Floods

Continued from page 2
runoff safely," he said. Structures exposed to surface water include office buildings, hospitals, universities and the like.

Flood is "the overflow, breaking or breaching of natural or man-made stream channels, bodies of water, or places where water is expected to be, including water from waves, tides or tsunamis," he said. Structures exposed to the flood peril would include steel mills, sewage treatment plants and paper mills, he said.

As risk managers and others attempt to assess their exposure to flooding, they often consult historical data. They ask if the worst flood on record may be the worst case scenario, said Mr. Kennedy. This isn't always the right question, he cautioned, because "Changing conditions may make historical floods irrelevant," he said, adding that "conditions always change along watersheds."

For example, a flood that occurred along the Ohio River in 1937 may not provide a meaningful yardstick for assessing possible damage today because of changes such as the construction of levees and reservoirs in response to that flood, he said. Risk managers and loss control professionals must also ask, "What's taking place upstream?" That means finding out what type of development, channel changes and other changes have occurred or are occurring, he said.

While the flood of record may be a good indication of exposure,

"use with caution," he warned. "Temper that with what's happening in your watershed."

Mr. Kennedy noted that risk managers must be concerned with more than one form of flood exposure. In addition to the riverine—from rivers—or flash flood exposures, properties can face hurricane/typhoon/cyclone exposure, tsunami exposure or lesser-known exposures, such as sheet flow, lacustrine and seiche exposures. Sheet flow occurs when water moves rapidly downslope, said Mr. Kennedy. The water may not be deep, but it can be fast-moving and destructive. Lacustrine refers to lake flooding, and seiche exposures occur when high winds accompany lake flooding.

Basic steps for identifying flood exposure include locating the facility on a flood map, determining likely flood characteristics, determining finished floor elevations and, of course, determining whether a location is indeed subject to flood, said Mr. Kennedy. Risk managers and others can rely on a variety of tools in doing so. These range from actual site inspections to a variety of flood and geological maps, he said.

Once again he offered words of caution. "When someone throws a flood map at you, it's a starting point, not an ending point," he said. No one should assume that a flood map will show all susceptible areas, he said. No flood analysis is ever complete without a field evaluation of actual conditions, he added.

For example, fully 60% of the more than 100,000 flood maps prepared for the Federal Emer-

gency Management Agency are at least 10 years old, he pointed out. Quality and detail vary, in part because study and map preparation are contracted out through a bidding process. In addition, these maps are "not intended to be engineering documents" but are often used as such, he said.

Mr. Kennedy added that politics are guaranteed to come into play when flood maps are drawn up. FEMA is under "intense political pressure" to limit the areas shown as being flood-prone, he said. As a result of the maps' limitations, Mr. Kennedy cautioned his audience to:

- Be careful.
- Use your own visual observation.
- Use good judgment.
- Apply maps and profiles, but consider variations and local conditions.
- Examine historical flood scenarios.
- Consider the impact of recent

and future changes.

• Verify elevations.
When analyzing the likely impact of floods, risk managers or others charged with property protection need to determine which areas of facility are likely to be affected—the entire facility, yard areas, ingress/egress, utilities and services, he said. Another key concern is how long flooding will last. Flood waters can last for weeks or months, as the Midwest floods of the 1990s and the flooding from Hurricane Floyd in 1999 showed, he said.

The nature of potential damage needs to be analyzed closely, too, he said. "You're going to have fine silt all over the place," said Mr. Kennedy. The silt settles over everything and can destroy machinery, he said.

A flooded loading dock, for example, might not sustain major damage but could still make it impossible for a company to ship its goods to customers, he said.

"Even a foot of water, under the right conditions, can make a road impassable," he pointed out.

Mr. Kennedy stressed that to mitigate flood exposure, risk managers and others need to have protection systems and processes and disaster response planning in place. This includes permanent protection, such as levees and floodwalls, contingent protection, such as flood doors and moveable fixed barriers, and emergency protection, including sandbags and emergency pumps.

Four key elements need to be in place: a flood emergency response plan to fight the flooding; an operational continuity plan to keep a facility running; a business resumption plan to return a facility to normal operations; and a contingency plan to allow a company to operate at another location.

"Flood exposures rarely go away by themselves," he said. "Are you exposed and are you prepared?" **BI**

Risks in getting through customs

Cultural differences pose challenges for international loss control

By MARK A. HOFMANN

NORWOOD, Mass.—Culture, language and other human elements can be just as critical as technical concerns when risk managers confront international loss control questions.

Even the matter of appropriate dress can make a differ-

ence in establishing a good working relationship with counterparts from outside North America, said one expert during a discussion at the FM Global Property Loss Prevention Conference 2000, held earlier this month in Norwood, Mass.

FM Global is the name under which Johnston, R.I.-based Factory Mutual Insur-

ance Co. does business.

For example, risk managers and loss control professionals need to find out whether business-casual attire is acceptable, because in some countries, it is not, cautioned Frieda De Ley, assistant vp-global services and engineering services in FM Insurance Co. Ltd., in Windsor, England.

And cultural concerns extend be-
See Culture on next page



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Culture

Continued from previous page
yond clothing. For example, when something goes awry, "do you have to approach problems over a long lunch" or do you do you get right to point? The answer, she said, depends on the culture.

In addition, Ms. De Ley pointed out that language could present some perils, even when both speakers seem to be speaking in the same tongue. While the use of English continues to expand as the international business language, a risk manager with international responsibilities cannot assume that the people he or she deals with will be proficient in English. The biggest danger, she noted, is "when you think you have a common language," but both parties to a discussion leave it with different impressions of what really was said. It

pays to make sure that everything has been sufficiently clarified, she said.

In fact, the very concept of risk and risk management varies from country to country, said Ms. De Ley. North Americans have generally have a fairly sophisticated understanding and attitude regarding risk management, she said. But that attitude is far from universal, she pointed out.

Ms. De Ley illustrated her point with an account of problems a company encountered while attempting to install a sprinkler system in a Chinese facility. For example, the work had to be done by general contractors rather than contractors that specialize in sprinklers, because such contractors simply don't exist in China, she said. There were few detailed drawings of the facility, making it difficult to determine where various pipes and electrical lines had been installed. In addi-

tion, the all-too-frequent problem of whether materials were being adequately translated arose. Finally, the site was rife with unsafe working conditions, she said. "We bring our own safety equipment—we know we won't be given any," she said.

'Sometimes, the anecdotes that come back from our engineers worry us,' says Frieda De Ley.

Such problems can be compounded by additional differences in culture, she said. For example, in some Asian countries, "there is a tendency to be extremely polite—they will not say 'no' to you; they

will say 'yes' to you," even when 'no' is the right answer, said Ms. De Ley. Getting around this obstacle presents additional difficulties, because if the North American risk manager puts an Asian contact in a position where he or she loses face long-term damage to the business relationship can result.

Oversight of contractors can raise problems, too. Ms. De Ley told of a location in the Netherlands where an outside contractor had been called in to deal with boiler. The contractor decided that a temporary fix would suffice and went off to do other things, including eating lunch. No one checked the work which bypassed all of the boiler's controls. As a result, the boiler exploded, severing a gas line and blowing a hole through the roof.

"Sometimes, the anecdotes that come back from our engineers worry us—and I'm sure they'd worry you," she said. **BI**

Good loss control requires planning

By MARK A. HOFMANN

NORWOOD, Mass.—There's definitely more than meets the eye where effective loss prevention is concerned.

For example, "two identical hazards in two identical businesses" could have radically different impacts on the companies, said Dennis M. Anderson, vp-operations engineering for FM Global in Johnston, R.I. Effective loss control requires looking below the surface, Mr. Anderson said at the

FM Global Property Loss Prevention Conference 2000 in Norwood, Mass., earlier this month.



Mr. Anderson offered his audience 10 qualities of a well-protected facility, including management interest, good housekeeping, regular inspections and protection against special hazards, but warned "there's a lot more complexity" involved than 10 bullet points could indicate. He stressed the need for partnership between FM Global and its customers as a means to achieving effective loss prevention but offered examples that would apply to property loss prevention regardless of which—or indeed if any—insurer might be involved.

'Change management is an easy one to lose on the radar screen,' says Dennis M. Anderson.

For example, he pointed out that lots of factors can "take your neatly arranged JIT and turn it into AIT." In this case, JIT means "just in time" and AIT means "almost in time." JIT refers to the inventory-reducing practice of having goods delivered just in time to meet a facility's needs. That leaves little room for delay, and AIT can mean lost business. Avoiding such problems requires both incidence avoidance through education, proper housekeeping and the like, and minimized downtime through spare parts, redundancy and contingency planning, he said.

Mr. Anderson also stressed what he called "change management," or keeping on top of changes at a facility. "Change management is an easy one to lose on the radar screen," he said. "The real sleeper is people," added Mr. Anderson.

He cited as an example of change management a situation in which a problem arises at a plant and the risk manager or loss control professional discovers that the people who actually understood how a particular process worked all retired years earlier without passing on that knowledge.

Warning against complacency regarding some flood perils, Mr.

See Control on page 60

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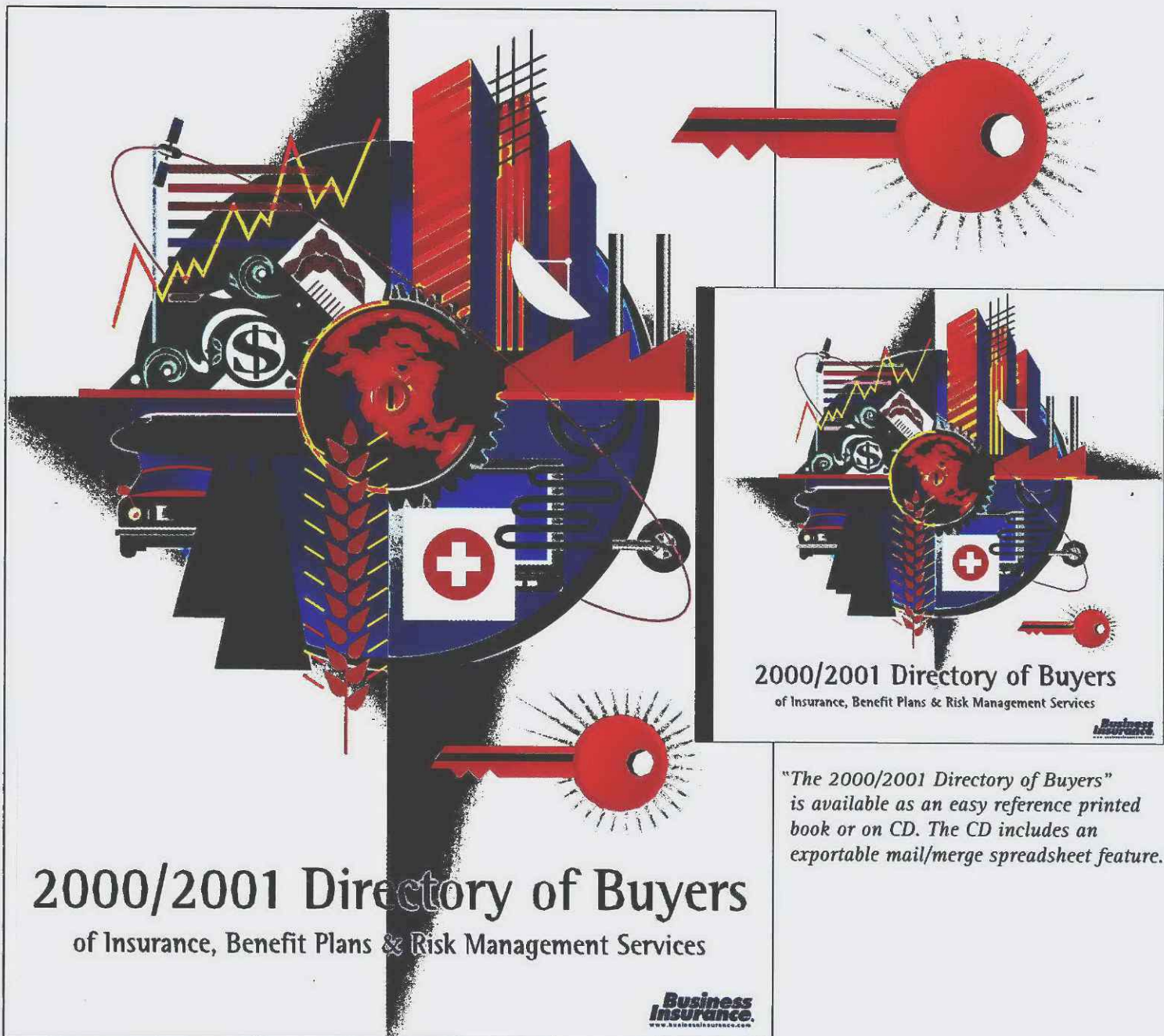
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Control

Continued from page 58

Anderson discussed what he called "the myth of the return period," where a person charged with loss control responsibilities thinks that because a recent flood is called a "100-year flood" or "500-year flood" there's little reason to fear a recurrence. "You can get complacent and say we've had ours—it won't happen again," and be proved wrong.

In addition, looking below the surface means looking carefully at others involved in the loss control process, such as outside contractors, he said. "I think we blindly trust people who absolutely don't deserve to be trusted with our eyes wide open," said Mr.

Anderson.

He offered what he called "stuff to think about" when trying to get below the surface. Among the questions he posed:


- Does management have appreciation for their risk?
- Does management understand how to mitigate their risk?
- Is management aware of risk changes?
- Any false sense of security?
- How are risk issues communicated throughout the organization?
- Does everyone know?
- What happens if something occurs at midnight?
- What happens if it occurs Sunday morning?
- What follows a near miss?
- Are clues recognized?

BI

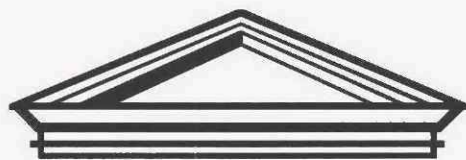
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Do-it-yourself benefits

Employers moving toward self-serve administration

By JOANNE WOJCIK

LONG BEACH, Calif.—Although employers think that moving to online benefits enrollment means discarding their old interactive voice response systems, that's not always the case.

In fact, Compaq Computer Corp. implemented a self-serve benefits enrollment and administration system that is fully integrated into both its existing voice response and payroll systems and that tapped into its human resources database—all of which had been developed by different companies. And the whole project took less than a year from start to finish.

But Compaq did have to look beyond its traditional human resource technology vendors to find the solution that would best fit its needs, according to Caroline Atherton, vp, rewards and HR information services at Compaq's home office in Houston.

After looking at several well-known, traditional human resources service vendors, Compaq selected a Boston-based boutique technology firm to create its employee self-serve system on InLine, Compaq's corporate intranet.

"Even though PeopleSoft 8 is moving to a complete Web-based Internet strategy with all the self-service you could ask for, it'll be three to four years before it's implemented," she said.

And "I cannot wait until 2005 to implement self-service," Ms. Atherton told human resource professionals attending a seminar at the HR Technology Conference, held last month in Long Beach, Calif.

Ms. Atherton also turned to Interlynx Technology because that company's InterAction integrated self-service delivery platform has the ability to combine Web, voice response and other applications. And besides benefits enrollment, the system also allows employees to change their basic business data. All transactions are confirmed via e-mail.

Interlynx developed the system out of the belief that "anytime you have replicated information,

you've failed," explained Michael George, president and chief executive officer.

But even with Interlynx's claim that it could do what Compaq wanted, Ms. Atherton was still somewhat skeptical.

"At the end of the day, they all have their warts," she said of human resources management systems.

To ensure that software does work, Ms. Atherton recommends that employers get "proof of concept, especially when you're making this kind of investment."

'It's easy, it's quick, the employees love it and it met our business objectives,' says Caroline Atherton.

"The key for any software is to see if it's going to work in your environment, because your environment is different than mine," she said.

"My experience has been that whenever you implement an (electronic data processing) system, it will cost three times the money, take three times the amount of time and use three times the resources that they say it will," she said.

But Interlynx far exceeded her expectations, Ms. Atherton said.

Due diligence took between six and nine months; establishing that the system was feasible took about eight weeks; and installation time was about three months.

"That's pretty fast, at least in my lifetime," she said.

Ms. Atherton was just as surprised by the employee response to the new system.

"I was completely overwhelmed by the response when the system went live," she said.

InterAction processed 30,000 transactions in the first week, and peak usage exceeded 5,000 hits per day, she said.

Now, 99% of Compaq's employ-

ee benefits transactions are conducted by employees themselves on the company's intranet, with just 1% of employees still using the voice response application.

This was surprising, given that 50% of the employee population at Compaq does not have desktop computers, Ms. Atherton pointed out. "They're in the factories, so we thought IVR would be a good solution for them."

But partly as a result of a generous company discount program, combined with a \$25 per-month stipend Compaq gave to employees to pay for Internet access, virtually every employee now has a Compaq computer in his or her home, she said.

And now, unlike the usual e-mails fielded by the human resources department—such as "Why is my paycheck wrong?" or "Why is my husband not enrolled in the health plan?"—the department is receiving favorable e-mails, which are forwarded to the company's CEO.

"It's easy, it's quick, the employees love it and it met our business objectives," Ms. Atherton said.

While the system currently operates only in the United States, Compaq units in other countries are clamoring for it, Ms. Atherton said.

"Nobody likes to do this job unless you're in the paper business," she explained.

Compaq eventually plans to translate the program into other languages for employees in other countries. "Even though all Compaq employees are expected to speak and understand English, people in Portugal speak Portuguese, and they like to read things in their language, just like I like to read in English," Ms. Atherton said.

Meanwhile, Compaq is monitoring usage of the system to determine where and when employees are connecting to the system and whether its accessibility is saving the company any money.

So far, the system has produced a 12% return on investment, based on people-hours saved, according to Ms. Atherton. BI

Voluntary plans go online

Employee contributions pay for customized benefits

By JOANNE WOJCIK

LONG BEACH, Calif.—When AT&T Corp. last year modified its voluntary benefits program to require employee contributions, it wanted to provide Internet-based enrollment and additional choices to ease the change for its employees.

And because the plans would not be governed by the Employee Retirement Income Security Act, AT&T wanted to keep them separate from its other employee benefits plans, explained David M. Carver, district manager, benefits planning and analysis at AT&T. Mr. Carver made his remarks at the Third Annual HR Technology Conference and Exposition, held last month Long Beach, Calif.

AT&T did not require employee contributions to its voluntary benefit plans prior to the addition of the new plans, he explained. But these new plans, which also provided new offerings, would be entirely employee-paid, with no contribution from the company.

When Mr. Carver began looking for a technology vendor to create a self-service program for the voluntary benefit plan, he found there were few on the market with established track records.

The program is customized to allow AT&T to offer different benefits to employees in different business units.

And although a considerable number of insurance industry vendors responded to AT&T's request for proposals, "I needed to have flexibility. I couldn't use a platform from (Metropolitan Life Insurance Co.) and put a Prudential product on it," Mr. Carver explained.

Furthermore, "AT&T wanted to go with someone who was embracing the newest technology

and was ready to go," he said.

AT&T finally decided upon an somewhat unlikely candidate—Baltimore-based RewardsPlus, a small company with just 100 employees. Selecting a vendor of that size was something the telecommunications giant hadn't done before, Mr. Carver said.

"Our entire corporate office was the size of one of AT&T's break rooms," quipped Jamie Spriggs, chief information officer of RewardsPlus.

Fortunately, the implementation proved to be a success, taking just 35 days to assemble. Open enrollment was held last fall, and 20 percent of employees participated in the new voluntary benefits programs in its first year, according to Mr. Spriggs.

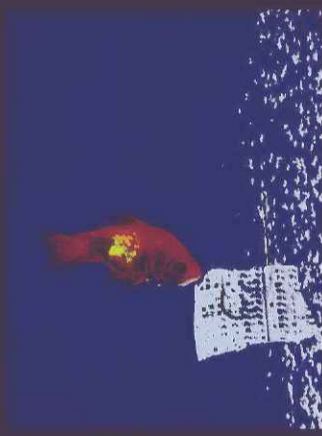
The program is customized to allow AT&T to offer different benefits to employees in different business units; it also provides executives access to a separate benefit program.

The system is simple to use, al-

See **Benefits** on page 62

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Benefits

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allowing employees to access the system using a personalized sign-on. It also is available in both Spanish and English.

The program even has a memory, so if an employee's application process is interrupted for any reason, the program remembers what was entered. The next time that employee logs in to the system, it asks whether he or she wants to finish the application.

In the administration function, the system can communicate with virtually any other computer system used by vendors in the benefits plan, according to Mr. Spriggs.

The system, however, isn't connected to AT&T's internal payroll system, said Mr. Carver, who is trying to persuade the payroll department manager to do payroll deductions for the voluntary ben-

efits program. "So far, they are resistant to change," he said.

AT&T found that it also had to work to persuade some benefits providers to adapt to the system and had to end relationships with others that were not as technologically advanced as RewardsPlus.

For example, the company wanted to offer employees new voluntary auto insurance coverage from MetLife, but the insurer wasn't one of RewardsPlus' contracted vendors. As a result, RewardsPlus worked with MetLife to put a quote engine online.

Mr. Carver said the legal plan was more problematic.

"My team said our legal plan provider had no desire to work with RewardsPlus, or they 'just didn't get it,'" Mr. Carver said. As a result, AT&T ended its relationship with that vendor.

"We changed vendors with just 10 days to go" before the system was scheduled to go live for open enrollment, he said.

Fortunately, "there were other vendors waiting in the wings," Mr. Spriggs said. Still, some custom programming had to be done to meet AT&T's plan specifications, he said.

"The vision plan was probably the easiest one we had," Mr. Carver said "but it still presented some

challenges."

MetLife was AT&T's vision plan vendor, but the insurer had recently sold the plan to Cole Vision. As a result, "MetLife didn't want to write an employee pay-all vision plan (for AT&T) because they were getting out of the business," he said. At the same time,

Cole wasn't yet prepared to such a plan, because it wasn't planning to launch its own plan for another year.

Fortunately, the problems were ironed out in time for the system's introduction at open enrollment time by bringing Cole Vision online. **BI**

Benefit managers offered new tools to move online

By JOANNE WOJCIK

Vendors of benefits administration software are offering employers tools that handle a host of tasks, from enrolling employees to helping benefit managers find the lowest-cost health plans.

Among the products exhibited at the 3rd Annual HR Technology conference Sept. 25-27 in Long Beach, Calif., virtually all are using the Internet to streamline benefits administration. Following is a sample of the more than 120 vendors featured at the conference:

- **AtWork Technologies Inc.** Unlike many mainframe applications that are being modified for Internet use, AtWork's product is designed expressly for the Web, points out company founder Don Taylor, who is a former mainframe applications programmer from Lincoln National Insurance Co.

The Norcross, Ga.-based company, which was founded in 1998, now has 30 corporate clients and services a total of 40,000 employees. Its target market is employers with between 500 and 5,000 employees.

AtWork's system can be set up within four to six weeks of the transfer of data, including payroll information, employee and beneficiary demographic information such as birthdates, eligibility information and prior benefit elections.

The software can administer multiple benefit plans including medical, dental and 401(k). The software is rules-based, so employers can decide what "rules" they would like it to follow with regard to which employees are eligible and for what benefits, for example.

There is also context-based security so that, for example, individual employees can view their compensation, but they can't find out how much their fellow employees are paid.

AtWork issues four major upgrades each year, and these are loaded instantly; there is no additional charge for these enhancements.

- **ibenefits.** El Segundo, Calif.-based ibenefits began in 1993 as an "exchange" site on the Internet where employers could seek bids from competing health providers, said John Gran, executive vp and co-founder.

But since its merger in June with UltraLink, ibenefits now also provides benefits enrollment and administration, including onsite assistance to help employees understand both the technology and the options available.

The ibenefits bidding process usually takes between three to four months, said Michael Rivera, vp of UltraLink. The reason it takes that much time is

that it often is hard to obtain claims data from the employer's previous insurers and/or third-party administrators.

This information is usually delivered to the employer in paper format, "and that's not easily translated electronically," he explained.

But it takes much less time than the usual health plan selection process in which the employer's consultant or broker usually reviews proposals and picks the top three bidders to present to the employer, he said. If the employer doesn't like the finalists for whatever reason, then the consultant has to begin the screening and selection process again, Mr. Rivera said. The traditional process can take up to eight months.

The employer pays ibenefits to put its business on the site. ibenefits then lists on its site all employee information, including ages, sexes, and number of dependents, what level of coverage the employer is seeking, and the maximum premium it wants to pay. Then ibenefits invites more than 450 HMOs and insurers to bid on the employer's business.

Even though it seems like ibenefits is acting in the capacity of a broker, it is not and is not licensed as such, according to Mr. Rivera. In fact, ibenefits has relationships with several insurance brokers, including Marsh Inc., Willis North America Inc. and USI Insurance Services Corp.

While ibenefits currently is limited to health plan enrollment and administration, the company is looking to partner with another technology firm that is providing 401(k) enrollment and administration so that it can offer this service as well, said Mr. Gran.

ibenefits' target market is employers with 250 or more employees. The cost of enrollment and administration runs between \$1.50 and \$2.75 per employee per year, and the program can operate either on a company intranet or on the Internet.

- **Performance Software Inc.** The East Hanover, N.J.-based vendor's Dynasuite is "100% Java," so it "can connect to anything on the Internet," says Karen Rusinak, vp-product marketing. The only thing not created in the Internet programming language is the employee self-service function, which is in HTML, the language of most Web sites.

Among the functions the Dynasuite software is capable of performing are: verifying 401(k) plan eligibility, helping employees to calculate deductions on a fixed-dollar or percentage basis, ensuring that matching contributions from the employer are made, and calculating and

making payroll deductions for health and life insurance premiums.

When using the self-service functions, employees can edit their personal information, including address options, and even can request that certain material be sent to different addresses, such as one address for W-2 information and another for paychecks. Employees also can choose their form of communication: e-mail, phone or regular mail.

Dynasuite also can set up direct deposits to an unlimited number of bank accounts. "All we need are the routing numbers," Ms. Rusinak said.

Employers also can use the system to track vacation and sick leave, publish employee handbooks, provide links to preferred provider organization directories and discount prescription benefit managers.

"One employer even has links to Pizza Hut for employees to order food while working," Ms. Rusinak said. "Everything is being done today to keep the worker focused. Today they can do everything from their desktop" computer.

Employers pay a one-time \$200 per employee license fee and a 75 cents per check fee for payroll. Additional fees are charged for consulting and to make changes to the system. Dynasuite's target market is employers with 500 or more employees.

- **LifeMap Communications Inc.** Robert Peruccina, a former benefits communication specialist, launched LifeMap Communications Inc. in Walnut Creek, Calif., two years ago to teach employees about their benefits so they can make better decisions.

The program, which has been on the market for about a year, prompts employees to make benefits decisions based on 20 different "life events," such as getting married, having a baby or planning a child's college education. LifeMap also includes computerized "calculators" that employees can use to make projections of 401(k) investment performance or the tax implications of using a flexible spending account to pay for child care, among other things.

The program also incorporates existing corporate benefits information, such as an employee handbook and plan documents, so that employees have easy access to this information. To further educate employees, LifeMap includes staff-written articles and provides links to helpful Internet sites.

While the software doesn't perform any transactions itself, it can link to other Internet sites that do. But each time the employee "leaves" the LifeMap *See Online on page 64*

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Online

Continued from page 62

site to enter a transaction site, a disclaimer will appear on the screen stating that the educational program has ended. Otherwise, it would appear that the transaction site is providing investment advice, which is barred by law, Mr. Perussina explained.

Before starting LifeMap, Mr. Perussina conducted workshops around the country for employers that wanted to educate their employees about their benefits. He said LifeMap will produce significant savings for employers that want to provide such an educational service to their employees.

For example, while Mr. Perussina's seminars cost employers approximately \$350 per employee, using LifeMap online will cost as little as \$10 to \$30 per employee,

depending on the number of employees using it and whether it is accessed directly or through an administrative service provider, such as a payroll firm.

Some new benefit administration software is able to anticipate questions from plan participants.

LifeMap's target market is employers with 500 or more employees, but it will service smaller employers via administrative service providers, according to Mr. Perussina.

• Authoria Inc. More than 20,000 rules and 10,000 variables are programmed into Waltham,

Mass.-based Authoria's self-serve benefits enrollment software so that employees can access their own personalized information.

These rules help to make navigating the site easier as it allows employees to ask complete questions rather than using keywords to search, as with most Internet search engines.

For example, the program anticipates commonly asked questions, such as "does the HMO require a copayment for doctors' office visits," or "how do I accrue vacation?" It uses embedded logic to answer questions not among its programmed list. Authoria's program also includes a health plan comparison tool so employees can compare and contrast coverage levels, cost and even choice of participating providers.

Like many other self-serve enrollment systems being developed for the employer market, Autho-

ria's program is divided into 50 "life events." By using life-event scenarios, the system can be used not only at open enrollment, but any other time during the year that an employee needs to make a change in his or her benefit plan choices.

Authoria 3.0, the latest version of the Authoria software, is compatible with PeopleSoft 7.0, 7.5 and 8.0. The company is looking to acquire a payroll firm, however, so that it can integrate that service into its program.

"We want to be the vendor that allows employees to totally outsource benefit procurement and administration," said Tod Loofbourrow, president and chief executive officer.

• Employeas Inc. Atlanta-based Employeas, one of the more established online benefits administration software vendors, used this year's HR Technology

conference to announce its plans to launch a user community that will enable benefit managers to compare notes via the Internet.

While Fortune 1000 corporations have hundreds of HR professionals on staff with specialties in benefits, compensation, recruiting, etc., most small and midsize employers lack this internal peer group. But Employeas's alliance with HR.com will serve as a continuous online conference that employee benefit and HR managers at companies of every size can attend any hour of the day, any day of the week, said Michael S. Seckler, co-founder and vp, strategic marketing.

HR.com also provides a free help desk through AskHR.com.

Employeas's Internet-based benefits administration and enrollment product has been on the market since 1996 (BI, Oct. 28, 1996). **BI**

Net use aids workers: Study

LONG BEACH, Calif.—Employees who use the Internet at work claim they are more productive, do better work, and feel happier and less stressed, according to a study published by Bellevue, Wash.-based Xylo Inc., a provider of Internet-based work/life programs based in Bellevue, Wash.

Separately, a study by Baltimore, Md.-based Hunter Group, found that employers increasingly are using the Internet to put traditional human resources duties in the hands of the employees themselves.

The study found that 90% of employers that have adopted self-service HR initiatives found them to be successful. More than 30% of the 342 companies surveyed used Internet sites that offered employee communications, 401(k) services and open enrollment and benefit inquiries.

Meanwhile, of those employees responding to the Xylo study who use the Internet at work, an overwhelming 86% said that using the Web at work has no negative im-

pact on their jobs and nearly half, 46%, assert that the Internet helps them to be more productive, the study found.

The Xylo study also found a correlation between the amount of Web usage and productivity. Of the employees who use the Web every day, 74% are more likely to report increases in productivity.

The Xylo study—which was released at the 3rd Annual HR Technology Conference & Exposition, held in Long Beach, Calif., from Sept. 25-27—was derived from a telephone survey of more than 1,000 adults between Aug. 4 and Aug. 7. Wirthlin Worldwide, a national public opinion firm based in Orem, Utah, conducted the survey.

Coincidentally, 98% of HR managers attending the conference said their companies give their employees access to the Internet at work.

Participants were asked about Internet usage during opening remarks by program co-chair William M. Kutik, technology

columnist for Human Resource Executive. Participants gave their answers using hand-held keypads stationed on tables before each chair. The instant Reply Audience Response System, provided by Worldwide Interactive of Benton Harbor, Mich., was used for the first time at this year's conference.

Approximately 1,100 people attended the event, which featured two dozen case study presentations by senior executives from companies such as ALCOA Inc., AT&T Corp., Cisco Systems Corp., Compaq Computer Corp., Motorola Inc., Wells Fargo & Co., U.S. West Inc. and others. More than 120 technology vendors were exhibitors.

The conference was sponsored by LRP Publications and Human Resource Executive magazine. Next year's HR Technology Conference & Exposition will be held Sept. 10-12 in Baltimore.

For more information, contact LRP's Conference Division at 800-727-1227 or 703-684-0510. **BI**

Hawaii plan exiting managed care

By LAURA B. BENKO
Crain News Service

HONOLULU—Struggling to right itself after a heavy blow to its bottom line, Hawaii's largest health care provider is quitting the cutthroat managed care business.

Queen's Health Systems of Honolulu plans to sell two of its health plans by year end and close the other two by March 31, 2001, affecting a combined 162,500 members and leaving 65 employees without jobs.

The 556-bed, two-hospital system launched its first HMO in 1980 and then added three other health plans during the next 17 years, eventually building a statewide contracting network of 22 hospitals and 1,500 physicians.

But by late 1998, Queen's was bending under the strain of heavy competition and Hawaii's ailing economy. When it posted a \$29.5 million loss in the fiscal year ended June 30, 1999, following a profit of \$19.8 million in fiscal 1998, the company decided to pull the plug on its money-losing managed care unit.

"In fiscal 1999, our health plans lost \$10.5 million, and the losses had been increasing over the past few years," said Pauline Osborne, Queen's chief financial officer.

Total fiscal 1999 revenue for the system was \$534 million. The health plans brought in \$110 million of that.

Queen's agreed earlier this month to sell its Queen's Health Care Plan, a PPO serving primarily members of the military and

their dependents, and Queen's Hawaii Care, its Medicaid HMO, to Lifemark Corp. for an undisclosed sum. Lifemark is a Phoenix-based company that provides care-management services to high-risk and chronically ill patients.

Queen's also has sent letters to the 30,800 enrollees of its two other plans, Queen's Preferred Plan, a commercial PPO, and Queen's Island Care, a commercial HMO, informing them that they will lose their coverage within the next six months.

For industry observers, Queen's decision to exit the managed care market is simply a sign of the times.

While Hawaii still has one of the nation's highest managed-care penetration rates—45% of its insured residents are enrolled in HMOs—competition is fierce. The Hawaii Medical Service Assn., the state's Blue Cross & Blue Shield plan, holds 50% of the market, while Kaiser Permanente has 17%. The remaining 33% is divided up among 10 other insurers.

"Hawaii is a small market with a relatively large number of players and a few particularly dominant ones," said John Kawamoto, director of legislation and research at the Healthcare Assn. of Hawaii. "That combination has made it difficult for smaller players to survive."

Laura B. Benko is a reporter for Modern Healthcare, a sister publication of Business Insurance.

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Feds to study pensions

WASHINGTON—The Department of Labor's pension office wants to study trends in employer-sponsored retirement coverage, the designs of retirement plans and how they are managed, and the implications of these trends.

The agency is inviting researchers to submit proposals to study these topics and to examine the impact of proposed pension legislation and ways to improve the quality of employer-sponsored retirement plans.

Separately, the Department's Pension and Welfare Benefits Ad-

ministration is considering nominees to fill five vacancies on the ERISA Advisory Council.

The vacancies are for those representing employer and employee organizations, the general public, the investment and actuarial counseling industries, and retired workers.

The deadline for nominations was Oct. 1.

The new members will join the 15-member council for three-year terms to study pension and health-care benefits issues that fall under the Labor Department's purview.

—Crain News Service

GLOBAL BRIEFS

Britain is making progress in creating a professional standard for risk managers. The Institute of Risk Management, the Assn. of Insurance & Risk Managers, and the Assn. of Local Authority Risk Managers are jointly working on a project to establish a British standard and will shortly move to a consultation phase. Terry Simister, IRM chairman and chairman of the joint standard initiative, said the proposed standard has the full support of the British Standards Institute. Mr. Simister said the BSI has dropped its own plan to commission a standard on corporate governance after concluding that the joint standard initiative had the necessary objectives and scope for developing a British risk management standard....**Marsh & McLennan Cos. Inc.** is launching new products in the United Kingdom aimed at small and medium-sized enterprises. Joe Grogan, executive director, commercial client division, said the main aim of the Marsh Advantage products is "to simplify and streamline insurance buying and claims processes." He said Marsh research has shown that companies in the small and middle markets are frequently confused by the complexity of obtaining appropriate insurance. The product range extends from advisory services to specially designed risk management programs....**St. Paul Reinsurance Co. Ltd.** of London has appointed two new casualty underwriters. Paul Western, who was previously with Unionamerica Insurance Co. Ltd., will underwrite North American treaty business, while Stuart Robins, who is being promoted internally, will underwrite international casualty treaty business....**QBE International Insurance Ltd.** has appointed Paul Moss to head the claims function in its treaty division. Mr. Moss was formerly chief claims officer with AXA Corporate Solutions (Holdings)**Groupama Commercial Insurances**, a U.K. unit of Paris-based insurer Groupama, has created a dedicated employer liability claims unit. It said the unit, which it believes to be the first of its kind in the United Kingdom, reflects the increasing claims employers face as a result of stricter legislation and an increasing culture of compensation. The unit's aim is to offer employers focused and expert handling of their claims....**PartnerRe Ltd.** of Bermuda has named Patrick Thiele to replace the retiring Herbert Haag as president and chief executive officer. Mr. Thiele, who will assume the new post on Dec. 1, was previously group director for development at CGNU P.L.C.Three credit rating agencies have affirmed their ratings on Belgian-Dutch financial services group Fortis following its agreement last week to acquire the Dutch insurer ASR Verzekeringgroep N.V. Standard & Poor's Corp., Moody's Investors Service Inc. and Fitch IBCA/Duff & Phelps all said they believe the acquisition has strategic merit. The rating agencies said the move will strengthen Fortis' position in the Dutch insurance market, though S&P also noted that it will be "slightly negative to the capital adequacy of the Fortis group."....Management of Lloyd's of London syndicate 529, which in July had its license to underwrite new or renewal business revoked by Lloyd's, will be transferred from Sterling Underwriting Agencies Ltd. to Omega Underwriting Agents Ltd. The transfer is subject to Lloyd's regulatory consent, but when received, Omega expects 529 to resume underwriting for the 2000 year of account. Capital for the syndicate for 2001 will be provided by a newly established dedicated corporate vehicle owned by the Shelter Mutual Group of Cos. of Missouri, which has acquired Sterling.

Broader view of risks taken

By SARAH VEYSEY

LONDON—U.K. risk managers and corporate treasurers can no longer afford to ignore reputational risks their organizations face, as regulatory and legislative changes create new liabilities.

Investors today are much more interested in companies' risk management strategies, said Craig MacKenzie, director of ethics and governance at Friends Ivory & Sime, a London-based investment management company. And reputational risk management in particular is coming under greater scrutiny, he told delegates at the Assn. of Insurance & Risk Managers/Assn. of Corporate Treasurers joint seminar on integrated risk management.

The two key factors influencing this investor scrutiny, he said, are the London Stock Exchange's so-called Turnbull Report, which called for publicly traded companies

to provide greater disclosure to shareholders about potential risks, and recent changes in U.K. pension fund legislation.

The Turnbull Report, which was issued in 1999, requires companies traded on the London Stock Exchange to outline their risk management strategy in their annual reports, highlighting specifically areas of "environmental, health and safety, reputation, and business probity," Mr. MacKenzie said.

"Reputation has never been more valuable for companies," he said. "The bulk of a company's assets are intangible, and a big slice of that is brand," he said. "A hit to reputation is a hit to long-term shareholder value," he added.

Changes to U.K. pension fund law, announced in July 2000, mean that pension fund managers are now required to state their policy on ethically or socially responsible investment. The rules do not require fund

managers to invest ethically; however, they do require companies to make a statement of investment principle—a SIP. Although there has been no governmental push to make socially responsible investment a requirement, and the primary responsibility of the pension fund trustee is to make money for members of the pension fund, investors are becoming increasingly aware of the culture of socially responsible investments, pension experts say.

Companies that do not have a socially responsible investment program may suffer a hit to their reputation and find themselves shunned by investors, they warn.

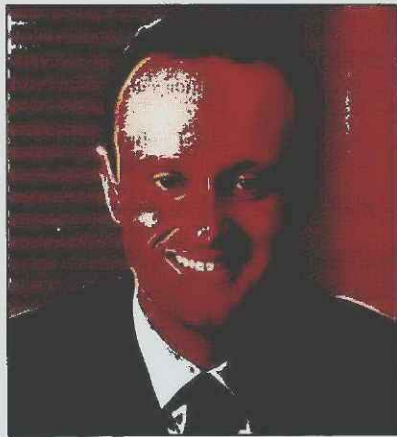
"I think it will have a natural momentum," said a spokesman for the Brighton, England-based Occupational Pensions Regulatory Authority. "People will start taking notice."

There is also an argument that socially responsible investment adds up to a sound long-term investment policy because of the

See Risks on page 67

Lloyd's proceeding with Web site plans, says Prettejohn

LONDON—Lloyd's of London has decided to proceed with proposals to turn its Web site, *lloyds.com*, into an online marketplace for insurance transactions.



Mr. Prettejohn

Lloyd's has developed a draft business plan to develop the Web site into a portal that would give insurance intermediaries access to the Lloyd's market (BI, Oct. 2).

Lloyd's Chief Executive Officer Nick

Prettejohn confirmed the plans at a recent conference on e-commerce.

"We are currently involved in developing a full prototype of the site, which will be completed by the end of this year, with a view to further development by the end of the first quarter of next year," Mr. Prettejohn said.

Mr. Prettejohn also confirmed that the portal would be run "as a fully commercial venture" by a separate company, which Lloyd's is now forming.

He said the planned site will provide three key functions. It will give intermediaries detailed information on Lloyd's products and insurers. In addition, it will provide intermediaries with a range of quotations and the ability to purchase insurance online or access online products. The site also will contain a large library of information on risk areas, policy wordings and other general information on the insurance industry.

Lloyd's portal will offer "tremendous benefits" for intermediaries, Mr. Prettejohn said, including speed of access; global reach; detailed information about the Lloyd's market; and a reduction in costs due to the elimination of layers of administration.

—By Edwin Unsworth

ECGD considering rights issues

By CAROLYN ALDRED

LONDON—Britain's state export credit insurer is proposing to make environmental, social and human rights issues a fundamental part of its underwriting process.

The Export Credit Guarantee Department, which insures companies against non-payment by overseas customers, published a consultation document last week outlining a proposed new code of business conduct that addresses issues such as debt sustainability, human rights, sustainable development, good governance and business integrity.

Exporters and other interested organizations have until Nov. 6 to comment on the guidelines.

Richard Caborn, the Minister for Trade, at the same time announced the appointment of David Allwood, an environmental specialist, to advise ECGD on the implementation of the business principles and a range of environmental matters. Mr. All-

wood, a chemical engineer, previously worked for CDC Capital Partners, formerly known as the Commonwealth Development Corp., where he helped develop policies and training in health, safety, environmental and social issues.

According to the document, the ECGD in the future will:

- Look beyond the payment risks to the underlying quality of the project, including its environmental, social and human rights impact.

- Use international forums to spread best practices on export credit related sustainable development and human rights issues to other export credit agencies and financing institutions.

- Increase its awareness and understanding of the effects of projects, including human rights issues.

- Press for the establishment of a multi-lateral framework of common guidelines for assessing environmental and social issues related to project implementation.

Storebrand loses two senior execs

OSLO, Norway—Multiline insurer Storebrand A.S.A. has lost two senior executives this month, following an investigation of allegations that one of the men illegally obtained stock options in the company.

Aage Korsvold, the managing director of Oslo-based Storebrand, stepped down earlier this month, a company spokesman confirmed. The day before Mr. Korsvold's resignation, the Nor-



wegian Banking, Insurance and Securities Commission found that he had acted illegally in buying stock options in Storebrand in 1998 and 2000. The options were sold to him at a sharply discounted price by companies controlled by friends, the commission found. Storebrand's board issued a statement saying that it had unanimously accepted Mr. Korsvold's resignation.

The company's chief financial officer, Idar Kreutzer, has been appointed acting managing director until a successor to Mr. Korsvold is named.

In the week following Mr. Korsvold's departure, Storebrand Chairman Jon R. Gundersen

See Storebrand on page 68

- Screen applications to identify any adverse environmental, social or human rights aspects of proposed projects.

- Seek to root out corrupt practices.

Meanwhile, the agency already is reviewing and revising its screening process to ensure that it encompasses social and human rights as well as environmental issues in its underwriting. It also is introducing training on sustainable development and human rights issues for its staff.

At the same time, the agency, which is a separate government department reporting to the Secretary of State for Trade and Industry, plans to look at ways of broadening its customer base and making its facilities available to the widest range of customers while "complementing, rather than competing with, the private sector," the consultation document states. In addition, the agency "will encourage development of the private sector credit insurance market."

Details of the report can be found on the ECGD Web site at www.ecgd.gov.uk. BI

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TA Ricdell, Joint Liquidator

6 October 2000

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Risks

Continued from page 65
inherent effect on share price caused by a hit to reputation, he pointed out.

"The emerging consensus in the investment community is to try to manage this through Turnbull, through risk management," said Mr. MacKenzie. "Until now, investors haven't looked very closely at corporate governance and risk management, but the two drivers of Turnbull and the pension fund rules will make them look more closely."

Good management of reputational risks is commercially sensible, said Mr. MacKenzie. A good example of a company that understands the threat posed to its bottom line by reputational risks is Royal Dutch/Shell, he said.

Shell suffered hits to its reputation as a result of high-profile campaigns against it by environmental and political pressure groups. The decommissioning of

the Shell-owned Brent Spar oil rig in 1998, and Shell's plans to dispose of waste from the rig, were slammed by environmental groups. The execution of Nigerian poet Ken Sara Wira and other political activists in Nigeria in 1995 also harmed Shell, which had a large involvement in Nigeria. Despite efforts by Shell to distance itself from the Nigerian government, the company's public image was hit.

In addition to damage to the public's perception of the company, it also dented the company's image in the eyes of its shareholders, employees, and potential employees, Ms. MacKenzie said.

As a consequence, Shell undertook extensive research to understand its reputational risks and developed a risk management model.

"Shell has spent a lot of money trying to understand what its customers, shareholders, regulators, etc., think of it," noted Mr. MacKenzie.

Shell developed a model based on best practices that includes: identification of stakeholders and

their risks and opportunities; prioritization of risks and opportunities and the setting of objectives; definition of strategy, targets and plans; mobilization of resources; monitoring and measurement; and reporting and communicating.

He pointed out that Shell did not set out to build a risk management system; rather, it was forced to manage these reputational risks because of public opinion.

Several consulting firms have set up departments to devise reputational risk models, he added.

Mr. MacKenzie said that in his role of head of ethics at Friends, Ivory & Sime, he had written to 11 U.K.-based clothing manufacturers to ask them how they were managing risks to their reputation.

Reputational risk management is particularly pertinent to clothing manufacturers because of the perceived widespread use of sweatshop labor in producing clothes. One of the 11 companies, for example, requires its suppliers to sign a code of practice. Those suppliers are then subject to an audit, said

Mr. MacKenzie. However, he added, not all of the companies were so forward-thinking. "Frankly, one-third of the companies had not even got off the ground in the management of this risk," he said.

Mr. MacKenzie said that investors were likely to scrutinize closely the reputational risk management tools employed by companies. "I think this practice of looking at the best-practice model is going to become very widespread in the investment community," he said.

Mr. MacKenzie said that he believes that the investment community will begin to take a more proactive stance towards investigating corporate governance, but he said there is a need for dialogue between the investment community and risk management professionals.

Whereas companies used to manage their risks and "issues" separately, the impact of the Turnbull Report is forcing them to do this within one functional unit, said Mr. MacKenzie. **BI**

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New rules spur new risk approach

By SARAH VEYSEY

LONDON—New corporate governance requirements for public companies in the United Kingdom provided one risk manager with a catalyst to create an integrated risk management program.



In the wake of the 1999 Turnbull Report—which called for companies traded on the London Stock Exchange to disclose more information about risks and risk controls—the risk manager saw an opportunity to enlist senior management's support for a more integrated approach to managing all the risks his company faced.

Neil Warren, risk manager of Filton, England-based Airbus U.K. Ltd., said he realized that the aircraft manufacturer needed to devise a strategy to better manage both its insurable and non-insurable risks. Mr. Warren described the process during a session at a recent joint seminar in London co-sponsored by the Assn. of Insurance & Risk Managers and the Assn. of Corporate Treasurers.

Before Turnbull, said Mr. Warren, Airbus' risk management strategy "certainly wasn't integrated" into the company's operations. "It was like forcing risk management into the business—there

wasn't a pull from senior management," he said.

So Mr. Warren embarked on a plan to integrate the company's risk management program. "Step one was to sell the requirement to Airbus' management committee," he said. "I tried to play down the compliance angle and, instead, tried to play up the fact that this is good business practice," he explained.

Once senior management had been convinced of that, Mr. Warren then had to determine how to assess non-traditional risks.

In developing a risk management framework, Mr. Warren said he had four main objectives. These were, he said:

- "To ensure risks are being considered at all levels in the organization, to get everyone talking about risk and get it to be part of the business language."
- "To provide a common risk

assessment and reporting process to focus management attention on major risks to the business."

- "To enable consideration of all significant risk exposures through the application of a bottom-up and top-down risk identification process."

- "And to establish best practices" prior to implementing the companywide program.

Under Airbus' integrated risk management program, the risk identification process is divided into risk reporting—the bottom-up approach—and risk mapping, which is the top-down element.

Under the risk reporting process, each business "team" in the company has to review its risks. "It is now a standard part of their business practice," said Mr. Warren.

Every month, the teams have to report their top five risks to the board. Mr. Warren said that although these top five risks tend not to vary greatly from month-to-month, the process is useful in terms of implanting risk management and risk assessment into the business culture of the company.

"There are inherent risks, and lots of them are generic, such as staffing levels," he explained.

"But people haven't previously thought of risks in an organized fashion. This process brings a greater height of attention," he added.

The risk mapping process assesses the risks that could have an impact upon the entire company, Mr. Warren said. "We asked, 'What are the things that could really damage this business?'" he said. This assessment was done through interviews with team leaders, he explained, though he noted it could also have been achieved through workshops.

The risk management program is changing the culture of the company, according to Mr. Warren. "Risk mapping is very static. It's a one-off, and if you just stop at that, then people are not living and breathing risk," he said. "But risk reporting means that now they are talking the language of risk."

A successful integrated risk management program is dependent on the reporting mechanism being viewed positively, said Mr. Warren. "My dream is that people will come to me with the 'pull' for risk management advice," he added.

Better communication needed: Fleming

By SARAH VEYSEY

LONDON—Risk managers and corporate treasurers need to start singing from the same hymn sheet, one risk manager says.

"There is a tendency for us to work in silos. We do speak a different language to the treasury side, although we have



many similar objectives," said Alan Fleming, chairman of the Assn. of Insurance & Risk Managers and risk manager for Rail-track P.L.C.

Mr. Fleming was addressing attendees of the first-ever joint seminar of AIRMIC and the London-based Assn. of Corporate Treasurers. The seminar, entitled "Integrated Risk Management to Benefit the Bottom Line," was held in London on Oct. 5 and attracted more than 60 people, including fi-

nance directors, risk managers treasury managers, technical managers, risk consultants and internal auditors.

Treasurers need to better understand risk management and risk managers need to better understand what treasurers, said one attendee. "Treasurers tend to think that risk management is just about buying insurance," he added.

"Insurance is only one part of the risk puzzle," said Adrian Sweeney, manager of Alternative Risk Financing at London-based Zurich International (U.K.). Companies face three main types of risk, he said: speculative or financial risk, which is typically handled in treasury departments; operational risk, which he described as "a bit touchy-feely at the mo-

ment"; and pure risk, or insurance risk. "You can't manage these risks individually any more," he said. The Turnbull report "says you can't. But silos still exist," he said, referring to proposals adopted by the London Stock Exchange that require public companies to disclose more information about risks and risk controls.

Mr. Sweeney said that risk management is becoming a strategic necessity, thanks to the Turnbull report. "It is down to the board now—they are exposed to a very large set of liability suits."

Alternative risk financing is one way in which companies can address the whole bundle of their risks effectively, said Mr. Sweeney.

Risk retention is one way that companies can focus more closely on the risks they face, said Keith Clark, group risk manager at Hays P.L.C. in London. "Insurance re-

newal is spread over a short period and people don't think about risk from one year to the next, or one renewal to another," he said. "But now that we retain some we think about it all the time."

One area of risk that cannot be neglected by treasurers or risk managers is credit and political risk, said Ian Crean, director of consulting firm ITC Trade Finance. "If you sell anything then you are involved in trade finance; we all do it," he said. Risks such as company insolvency, protected default, political volatility, sovereign immunity, economic conditions and government actions all need to be considered, he said. "One of the greatest risks our companies face is expansion risk," said one delegate. "And this is where the challenges lie for people who want to integrate risk management into business." **BI**

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Barclays

Continued from page 2

tegrate it into the risk management function," she said.

But the bank isn't alone. Other companies' risk managers increasingly recognize that reputational risk falls within their responsibilities and no longer is solely a job for the public relations department (see story, page 65).

The insurance industry is beginning to offer coverage for corporate reputation losses, but it remains a difficult risk. "Several insurers and brokers are looking at reputation risk as an area to insure. However, it is an incredibly complex area to underwrite," said Nicola Maclennan, vp of marketing for AIG Europe (UK) Ltd.

Reputational risk "is very much an issue that's coming to the forefront of risk management," the Barclays spokeswoman said, noting that the communications department already works closely with the risk management department.

For example, Barclays is one of a handful of multinational companies with a unit dedicated to researching the views of environmental and ethical organizations such as Friends of the Earth, Greenpeace and Amnesty International. The team, part of the corporate communications department, sends reports to the risk management department to help the bank make socially responsible credit decisions, explained the spokeswoman.

"As a major bank lending vast amounts of money, we have a socially responsible role," she said.

Other aspects of reputational risk, however, such as adverse media coverage, "are not at the moment formally integrated into the risk function, but we are looking to do that," she said.

Barclays' image suffered after media coverage of the bank's decision to close many small regional branches and introduce cash machine fees, announcements that were released at the same time Barclays disclosed the pay of its senior executives and launched an advertising campaign celebrating

its size. All of those factors quickly tainted Barclays' reputation as greedy and uncaring, according to the recent report.

"The recent PR difficulties have had a significant impact on the Barclays' brands, the report states. The report did not quantify losses Barclays may have suffered as a result of the image problems.

Reputational risk 'is an incredibly complex area to underwrite,' says AIG's Nicola Maclennan.

Recommendations in the report promote closer cooperation between the public relations functions and other business areas, including in particular the executive committee, of which Mr. Shephard-Walwyn is a member.

Among the report's recommendations were:

- Closer cooperation between all group functions and the communications team.
- Referral to the chief executive and executive committee of any announcement on whose timing the communications team and the individual businesses disagree.
- Notification of the executive committee as early as possible on all potential public relation problems.
- Full understanding of the financial implications of all business decisions before making a key announcement.
- Maintenance of a corporate calendar of key events, including financial reporting dates, release of the annual report and government reports. This should include a coordinated program of key announcements and events and "should become the key tool for the Executive Committee to proactively manage the image of the group."

- To restore Barclays' image, the company should make at least one positive public relations announcement each month.
- A limited and controlled list of people authorized to speak with

the press. According to the report, Barclays has at least 475 people who deal with the media.

• Careful management of the chief executive's media exposure, to maximize his influence.

• Immediate media training for executive committee members and business unit leaders.

• Regular training for anyone authorized to deal with the media.

• Central management of the content, timing and distribution of all press releases and interaction with the media. Both the company's governance manual and investment manual should note the new management arrangements and include specific reference to the mandatory consideration of public relations implications of all investment proposals.

• An audit trail for the receipt, review and release of all external and internal communications.

• Following the closure of regional offices, coordinators for each region should be appointed to work with local communities, including business associations, churches, and local politicians. About 10 coordinators should be appointed "with strong communication skills and the ability to engage local media, members of Parliament, consumer groups, etc."

• The profile of the group's community and social affairs program should be raised.

Ironically, in light of its leaking on the Internet, the report also recommends the creation of a corporate policy for handling sensitive information. "As a result of the size and complexity of the group, combined with repeated leaking of sensitive information, there is a need

to put in place a corporate policy for handling sensitive information. Following the leaks that occurred in 1997 and 1998 relating to the group's merger and acquisitions activity, Corporate Planning prepared a "Guide to best practice in corporate confidentiality for transactions." This document has proved very successful in stemming the leak of highly confidential information and as a modus operandi for all transactions," the report states, adding that "the corporate policy for handling sensitive information will be based on the Corporate Planning document, procedures adopted by Barclays Capital and guidelines prepared by Investor Relations."

Risk managers wishing to purchase coverage for reputational risks do have some options.

AIG Europe, for example, has developed two products that cover the costs of consulting services, public relations services and legal fees incurred following a crisis that could impact the company's reputation, Ms. Maclennan said.

AIG's Crisis Containment program pays up to £1 million (\$1.5 million) in crisis consultants fees, with a 20% coinsurance, incurred during a 30-day period after an insured event. The events insured include: hostile takeover; product recall; product or service boycott; property damage; sudden death, impairment or departure of a senior executive; kidnap; loss of patent, trademark or copyright or major customer or contract; re-statement of financial statements or sales announcements; workplace violence; manmade disasters; sudden and accidental injury to groups

of 10 people or more; strikes; fraud investigation; computer hacking; and property damage extortion.

Meanwhile, the insurer provides crisis fund coverage of between £5,000 and £30,000 (\$7,312 to \$43,870), depending on the policyholder's revenues, free to all its policyholders with management liability coverage, which includes directors and officers liability. This crisis coverage is triggered by 15% net fall in the policyholder's share price in 24 hours as a result of certain insured events, including those for the crisis containment policy plus negative results, suspension of dividend payments and employee redundancies.

AIG Europe also offers its D&O policyholders crisis management services for one day if a crisis event results in a 20% or more drop in annual revenues.

The products have been developed in Europe because "reputation is much more of an issue to businesses in Europe, particularly in Scandinavia and the U.K.," said Ms. Maclennan.

"The area of reputational risk is still quite a gray area, although more insurers are looking to devise products that cover it," said a spokeswoman for The Miller Insurance Group Ltd.

The London-based broker has a unit that focuses on developing special products, including coverage for intangible risks such as reputational risk, she said.

"There are more and more products covering intangible assets which sometimes can be adapted to cover certain aspects of reputational risk, particularly risks associated with brand," she said. **BI**

Storebrand

Continued from page 65

resigned. A statement from the Oslo, Norway-based insurer said Mr. Gundersen tendered his resignation to help restore confidence in the group.

Norwegian media reports, however, said that Mr. Gundersen stepped down after being criticized in the press for the severance deal he secured for Mr. Korsvold. Mr. Ko-

rsvold left Storebrand with 30 months' salary, a pension beginning at age 62, and the right to acquire some valuable property owned by Storebrand in Oslo, according to a Storebrand press release. Storebrand officials could not be reached for comment.

Leiv L. Nergaard, Storebrand's vice chairman and an executive vp of industrial group Norsk Hydro, will succeed Mr. Gundersen as chairman, the insurer announced.

Mr. Korsvold, 54, had been man-

aging director of Storebrand since 1994. Storebrand, whose businesses include life, non-life and banking operations, had 1999 gross revenues of 35.85 billion Norwegian kroner (\$4.47 billion).

Storebrand announced that Mr. Korsvold has also stepped down as chairman of pan-Nordic insurance company If Property & Casualty Insurance Ltd., a joint venture involving Storebrand and Sweden's Skandia Insurance Co Ltd.

—By Edwin Unsworth

RU-486

Continued from page 1

only option was surgical abortion, explained Mr. Garner. "Now that there's a medical abortion alternative, the existing language probably already applies" to RU-486, he said.

'Since we do cover abortion under our medical program, (RU-486) would be something I think we would cover as well,' says Barbara Zavodny.

Mr. Ley said that about half of Willis' clients have inquired about the abortion pill. "It's been a fairly new thing and I don't think that it's sunk in to a lot of people yet that they need to make the decision," he said.

Barbara Zavodny, benefit manager for McCormick & Co. Inc. in Sparks, Md., said she hasn't received many requests or questions from employees regarding RU-486 thus far.

Mr. Garner agreed that the abortion pill has not surfaced as a big issue yet.

"I think it's the time of year. Most benefit managers are focused on open enrollment, so even if they wanted to put this in their materials, they've probably already gone to the printer," he said.

Ms. Zavodny said she expects McCormick will include RU-486 in its health care benefit plan.

"Since we do cover abortion un-

der our medical program, it (RU-486) would be something that I think we would cover as well. It does seem like the costs will be about the same," Ms. Zavodny said.

According to Mr. Garner, whether or not the same type of co-payment that is currently applied to a medical abortion be applied to the abortion pill may be in question. However, he said that it makes sense that a similar co-pay indeed applies.

"When all is said and done, the costs are probably going to be fairly close. I haven't seen a price tag

on it, but it's not going to be a huge difference," Mr. Garner said.

Mr. Garner said he is unaware of any insurers that do not cover abortions.

An Aetna U.S. Healthcare spokeswoman said that the abortion pill is expected to be included in plan offerings like surgical abortion. However, she said it will be up to the employer to opt not to include RU-486 in the company's plan.

Mr. Ley said that Willis does work with some organizations that have a stance against abortion.

"We do work with several institutions that are affiliated with religious groups that feel very strongly to the contrary and obviously in that case, the simple answer is "of course you wouldn't cover that," he said.

Mr. Garner said that most of his clients do choose to cover abortions.

For self-funded plans, it's up to the employer to decide, he said. "For a small plan that's buying an off-the-shelf insurance package, it's up to the insurance company and many of those have to follow state laws," Mr. Garner said.

If state laws say insurers must treat abortion in the same way as any other illness or that they have to cover it, "then there's the answer," he said. **BI**

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A marketing idea for clothes-minded

Market research is such an important tool for any business that wants to know its customers and better match its products to meet changing needs and preferences.

Insurance is no different, with some insurance companies and intermediaries analyzing purchasing trends, surveying buyers on their exposures, concerns and coverage needs. And then there is Progressive Insurance Co.

Progressive is a personal lines insurer, but its market research offers startling insights into the mind of the insurance consumer that may prove just as valuable for commercial lines as auto insurance. Armed with this research, Progressive is sure to find new ways to market to consumers, attract new customers and outpace its competition. What's more, this research is unlike anything that other insurers are doing, which means Progressive may have a significant advantage when it comes to finding what makes customers tick, until others follow its unorthodox lead.

Let me provide a brief review of what Progressive has found. Progressive recently conducted an online survey to explore the extent to which people will go to save a few bucks. As an insurer that purports to offer lower-priced coverage than many competitors, Progressive wanted to find out whether the lure of lower premiums could offset the general lack of joy most consumers associate with buying car insurance.

The insurer found, for example, that 55% of people would open their windows rather than turn on an air conditioner to save money. Also, 79% said they use the phone book rather than dialing directory assistance.

But here's the finding that is most likely to shake up the industry: Although 46% of respondents said they never spend a moment shopping around for a lower price on their auto insurance, nearly the same amount—40%—said that they would spend up to two hours shopping to save 50% on underwear.

Last time I checked—and maybe I shouldn't admit this—underwear cost only a few bucks, whereas my car insurance cost me several hundred dollars. Also, underwear tends to last a bit longer than the 12-month policy period. Could my priorities be out of whack with other consumers? Should I be spending hundreds of dollars on underwear, and more time bargain hunting for lower premiums?

I think that Progressive has stumbled upon an amazing insight into consumer priorities—one that will enable it to explore new marketing initiatives. Consider, for example, how many of those underwear shoppers it could attract if it simply gave away a free pair of underwear with every new insurance policy. For shoppers who would spend one-12th of their day seeking lower-priced underthings, this would represent not only an incredible bargain, but also an enormous time savings. Sure, they'd have to spend a few minutes filling out an insurance application, but for free undershorts I think these people would do almost anything.

Progressive also could incorporate sales of everything from long johns to lingerie into its Web site, where it currently offers online insurance sales. Even with the attraction of being able to buy insurance online, the site lacks pizzazz. Think how much more excited insurance consumers would be if Progressive teamed up in a joint online marketing venture with an undergarment merchant like, say, Victoria's Secret. I know I'd spend more time at the Progressive site perusing my options for collision insurance deductibles. Not only would it spice up the insurer's site, but it also would drastically cut down on the time 40% of people apparently now spend shopping for bargains in undergarments.

I mentioned above that Progressive's research has implications for commercial insurance, as well. This should be obvious—risk managers buy underwear, too (I am taking this on faith, as I have never actually asked anyone about this). In the cutthroat world of commercial insurance, free underwear might give a company a competitive edge in luring policyholders away from insurers. Multiyear underwear deals are certainly a possibility. And what about retrospective underwear deals—if, at the end of the year, there is a surplus, no new underwear would be forthcoming; but if there is a deficit, the insurer would pony up new pairs as needed.

No doubt some hotshot in Bermuda will perform an actuarial analysis of the lifetime cost of underwear and decide that it would be cost-effective to throw in a lifetime supply of underwear to win tens of millions of dollars in excess liability premiums. It may sound ludicrous, but the Progressive survey shows this is an issue that really matters to 40% of the people out there.

Progressive has hit on a novel way to lift the sagging fortunes of the U.S. property/casualty industry. But there are bound to be other hot-button issues for consumers. All you have to do is ask.

Editor Paul D. Winston's commentary appears fortnightly. He can be reached at pwinston@crain.com.



Paul D. Winston

Terminate

Continued from page 1

ate even if "countervailing circumstantial evidence of discriminatory motive...may technically constitute a prima facie case."

Employer attorneys say the closely watched decision helps clarify the law in employers' favor.

"I think its biggest impact is it should make it easier to get rid of employee lawsuits on summary judgment," said Jeffrey Wohl, an employer attorney with Orrick, Herrington & Sutcliffe in San Francisco.

"That's because the court seems to have tightened up, to some extent, the rule for when you have an implied contract and also made it tougher for an employee plaintiff to survive summary judgment in a discrimination case," said Mr. Wohl.

"Basically, it's going to be, I think, much harder for employees to prove any kind of an implied contract exists just from the mere fact that they've been around for a long time. Mere longevity in the workplace is not enough," said Angela Bradstreet, an employer attorney at Carroll, Burdick & McDonough in San Francisco.

William Crosby, an attorney with Barnes, Crosby, Fitzgerald & Zeman in Irvine, Calif., who represents primarily employees, said the decision establishes that "it requires stronger evidence than was previously the case to overcome the at-will presumption" in the state's labor code. Particularly for long-term employees, the decision made it clear that longevity alone was not sufficient for there to be an implied contract. "There has to be more assurances," he said.

David Lowe, a plaintiff attorney with Rudy, Exelrod & Zieff in San Francisco, said he was disappointed

with the decision.

The court held "that an employee's decades of loyal services to a company and recognition of a job well done over a period of 20 years essentially meant nothing because the employer had written somewhere in its policies that it retained the right to fire the employee at will," he said.

"Although employees recognize the presumption of at-will employment, I think they have the right to expect that after so many years of hard work and loyal service that they will not be terminated for arbitrary and capricious reasons, and unfortunately the Supreme Court was not prepared to recognize that expectation," Mr. Lowe said.

The ruling 'should make it easier to get rid of employee lawsuits on summary judgment,' says Jeffrey Wohl.

Attorneys say the court's decision to return the case to a lower court because of Bechtel's written personnel policies is a lesson that other employers should heed as well. "It's a classic case of an employer not being as careful as it should have been in its employee writings if it wanted to stay at will," said Mr. Wohl.

Mr. Cole agreed. "The Supreme Court recognized there's a tension there between employers and employees regarding written procedure manuals. I read the decision to be a statement that the court approves of employers having such manuals, that the court would like to see them clearly state what procedures will be available to the employees, but the

court doesn't want employees to argue that such manuals have replaced at-will status.

"On the other hand, the court doesn't want employers misleading employees with promises that are inconsistent with at-will status and then disclaiming those promises," said Mr. Cole.

On the discrimination issue, Mr. Wohl said the court made clear that "technical disputes of fact are not good enough." Employees must present "concrete or substantial evidence" that the employer is not really masking discrimination. This is very important, he added, because making a prima facie case for discrimination is not difficult.

Raymond Wheeler, an employer attorney with Morrison & Foerster in Palo Alto, Calif., said the decision "is a strong endorsement, I think, of the use of summary judgment" in discrimination cases "and basically reminds us that plaintiffs, in order to defeat summary judgment, have to point to evidence sufficient to create a triable cause of fact as to discrimination, and that evidence has to be more than just minimal."

"You can't just, for example, where an employer says, 'Here's my reason,' argue it's a bad reason. There's got to be a reason that shows discrimination," added Mr. Wheeler.

Thomas W. Osborne, an attorney with the Washington-based AARP Legal Foundation, who filed an amicus brief in the case on Mr. Guz's behalf, said though, "You have to look at this case and say here in this single instance the court applied the *Reeves* decision and found the evidence wanting. I don't know you can go much further than that."

John Guz vs. Bechtel National Inc. et al., California Supreme Court; No. S062201.

Bad faith

Continued from page 1

establish bad faith and win punitive damages, according to insurance attorneys. But establishing such a pattern often can be difficult, because plaintiffs usually must depend on insurers to produce records of similar claims denials.

The school district, in an attempt to build its case against Coregis, obtained a mailing list of public entity risk managers from the San Jose, Calif.-based Public Agency Risk Management Assn.

The district hoped to use the list to identify other policyholders that were insured under policies similar to that covering Fresno Unified and that had been denied coverage for similar claims. The Fresno school district in April 1999 mailed 430 questionnaires and letters to risk managers throughout California.

Policyholder attorneys and insurance defense attorneys say it is not a unique practice for policyholders attempting to establish a pattern and practice to reach out to other policyholders. But mailing letters to other risk managers—especially by using a risk management organization's mailing list—to find those with similar experiences is an unusual strategy, attorneys say. Such a strategy often is fruitless, they add, as such solicitations often are simply thrown away.

Fresno Unified's attorneys were already aware of two San Diego-area school districts that had sued Coregis, alleging that they had been improperly denied coverage for discrimination claims while insured under policy endorsements—similar to the one Fresno Unified purchased, said Stephen D. Lucas, a partner in the San Diego firm of Lucas, Mullany, Boyer & Halverkamp.

The plaintiffs in those two cases eventually won their court battles,

said Mr. Lucas, whose firm represented Fresno Unified School District.

In addition, the school district's letter-writing campaign produced 20 responses from risk managers. But nearly all the responses involved cases that were not similar enough to Fresno Unified's, Mr. Lucas said.

The mailing strategy did, however, uncover a third case the attorneys found was similar to Fresno Unified's situation. In that case, the San Ysidro School District had threatened a bad-faith lawsuit against Coregis for declining to provide coverage for a discrimination claim, Mr. Lucas said. That district's claim, however, was settled before going to trial.

Mailing letters to other risk managers to find those with similar claims experiences is unusual, attorneys say.

All three school districts—the San Ysidro district, as well as the two other San Diego-area school districts that had sued the insurer and won their cases—all were covered under the same Coregis policy, said Rick Rinear, a risk management specialist for the San Diego County Risk Management Joint Powers Authority. The JPA obtains coverage for several school districts, including the three here.

Mr. Rinear said he did not realize the San Ysidro district's case might have been applicable to Fresno Unified's case until after he examined the questionnaire and letter mailed out by the plaintiffs.

The Fresno school district at trial presented information about that dispute, along with information on the two cases that went to trial, to the jurors, who found in favor of Fresno

Unified, Mr. Lucas said. Mr. Rinear also testified as a witness for the plaintiffs.

"It definitely was a pattern," Mr. Rinear said.

There are no court records showing that the jury believed a pattern and practice existed, as juries do not explain their reasoning when handing down verdicts, Mr. Lucas said. But the plaintiffs point out that the issue was a part of their argument and that jury members told them after delivering the verdict that they believed that such a pattern existed.

The insurer had argued that it did not owe a duty to defend or indemnify the plaintiffs because discrimination claims involve intentional misconduct, Mr. Lucas said. But under California law, school districts—unlike private entities—can insure against intentional misconduct claims in discrimination cases. The school district, according to Mr. Lucas, paid \$7,000 for a policy endorsement from Coregis, Endorsement CIIA-81, that promised to provide defense and indemnity against discrimination claims.

Before the Fresno case even reached the trial stage, however, Coregis filed a cross-complaint against the school district and against L. Brian Frohmuth, director of benefits and risk management for Fresno Unified.

The insurer's complaint alleged defamation and intentional interference with the insurer's potential economic gain. Coregis sought injunctive relief, damages and a retraction, but the cross-complaint was dismissed during pretrial motions.

Fresno Unified now is insured for liability losses by Genesis Insurance Co. Chubb Corp. provides property coverage, with the district maintaining a \$150,000 self-insured retention for both coverages.

Fresno Unified School District vs. Coregis Insurance Co., Sacramento County Superior Court; 99AS00773.

Damages

Continued from page 2
sion is within a range of reasonable decisions.

In relying on this standard, the 9th Circuit "is sort of deferring to the trial court," said Robin Conrad, senior vp of the National Chamber Litigation Center Inc., which handles litigation for the U.S. Chamber of Commerce. "It's a far less stringent standard" than the "de novo" standard used by some appeals courts in determining the appropriateness of punitive damages.

Under the de novo standard, the appeals court judges make their own determination of whether trial court punitive damage awards are unconstitutional.

The Supreme Court ruled in 1996 in *BMW vs. Gore* that punitive damages could in some cases be so disproportionate to actual damages as to be unconstitutional (BI, May 27, 1996). The high court did not, however, draw a bright line between constitutional and unconstitutional damages.

Ms. Conrad noted that businesses prefer the de novo standard to the abuse of discretion standard.

"The important point for a lay person in a de novo review is the

court makes the decision all over again for itself, without giving special weight to the trial court," said Andrew Frey, a senior partner in the New York office of Chicago law firm Mayer, Brown & Platt.

Not surprisingly, Cooper argued in favor of applying the de novo standard in its appeal to the high court, in which the manufacturer has asked the justices to determine

'Anytime the Supreme Court takes up a punitive damage case, it is a big deal,' says Robin Conrad.

the proper standard for reviewing a trial court's punitive damage award. Cooper's appeal noted that federal appeals courts have split over which standard should be used.

No matter how the court rules, its decision is unlikely to have the impact of *BMW vs. Gore*, according to Mr. Frey, who represented BMW in the landmark case.

"It's obviously not going to be of the magnitude of *BMW*, because they declined to hear the actual is-

sue of excessiveness," he said.

"The issue they agreed to review is how an appellate court reviews a trial court ruling on the excessiveness question. My guess is that a lot depends on what path of analysis the court takes to determine how significant this is. I don't think it's likely to be a blockbuster case, but it could have some practical significance," Mr. Frey said.

Victor E. Schwartz, general counsel for the Washington-based American Tort Reform Assn., said the case could have a practical impact on how trial judges initially handle punitive damage awards.

"If they believe their judgments simply are going to be reviewed under an abuse of discretion standard, plaintiff-oriented judges will sustain high awards. If the review is de novo, they're going to be more careful about affirming excessive judgments," said Mr. Schwartz, who is senior partner in the Washington law firm Crowell & Moring L.L.P.

But the mere fact the high court has agreed to take another punitive damages case is itself significant, said Ms. Conrad of the Chamber Litigation Center.

"Anytime the Supreme Court takes up a punitive damage case, it's a big deal," she said. **BI**

UPDATES

Insurer genetic testing approved

Continued from page 2

offered insurance at standard rates if they have had a genetic test and the result is negative," she said.

The Department of Health, however, when announcing the GAIC's conclusion, said "there are broader questions about the use of all genetic tests by insurers and employers." It said the government has serious concerns about the potential for unfair discrimination and has asked another advisory body, the Human Genetics Commission, to review the overall ethical and social issues around the use of genetic data.

The GAIC was set up to look at the evidence for individual genetic tests already in use by some insurers. The ABI has agreed not to use the results where the committee decides that the evidence for their reliability and relevance is inadequate.

Ms. Francis said the ABI looks forward to continuing to work with the GAIC on applications relating to genetic testing.

N.Y. alters assessment basis

ALBANY, N.Y.—New York Gov. George Pataki has signed legislation that changes how insurers are assessed for six special workers compensation funds.

Under the new law, assessments will be based on premiums written. Insurers will collect the funds from policyholders through a surcharge.

Formerly, assessments were based on the insurers' paid losses in the preceding calendar year, and insurers then assessed policyholders for the funds. The money is put into six special funds that cover workers who are not otherwise part of the workers compensation system.

The new law brings New York into compliance with standards issued by the Financial Accounting Standards Board. Under a 1998 accounting standard, the paid-loss collection method would have reduced insurers' surplus. But under the new method, no such reduction is required.

No change in the total amount collected is expected under the new law.

Floods highlight climate risk

LONDON—Insurers are not expecting claims from flooding in southeastern England late last week to be near record levels, but the event has led to warnings about the increased risk of flooding from climate change.

A spokesman for the Assn. of British Insurers said insured damage from the flooding, which affected mainly the counties of Kent, Sussex and Hampshire and the Isle of Wight, is expected to total £20 million to £30 million (\$29.4 million to \$44.1 million). He said this makes the event relatively small compared with 1987 floods, which caused insured damage of £1.5 billion (\$2.21 billion), or the 1990 windstorms, which cost insurers nearly £2 billion (\$2.94 billion). Most of the known damage from the latest floods occurred to homes, public property and small businesses.

Loss adjuster Crawford & Co. said it had put teams of adjusters on standby "as claims begin to come in after the worst floods in the region for years." Crawford declined to estimate overall losses but said it saw some "substantial" business claims in Uckfield, Sussex.

The Environment Agency warned Friday that more flooding could occur in the area.

David Gamble, executive director of the Assn. of Insurance & Risk Managers, warned that the floods highlight the need for carrying out "rigorous risk assessments when planning any commercial or public development in or near known flood plains. This is even more important given the accepted view that global warming is changing weather patterns in the U.K."

A recent ABI report warned that inland flood losses could be significantly greater than previously estimated, due to factors such as climate change and increased building development within or near flood plains.

Gallagher revenues, profits up

ITASCA, Ill.—Arthur J. Gallagher & Co.'s total revenues have risen 11.7% for the first nine months of this year, to more than \$526.9 million.

Net earnings for the first three quarters of 2000 were nearly \$62.4 million, up 21.7% over last year's first nine months.

For the third quarter of 2000, Gallagher's total revenues increased nearly 14.2%, to more than \$195.3 million from the same period of 1999. Net earnings increased 30.2% from last year, to nearly \$30.9 million.

In a commentary accompanying the earnings announcement, Michael J. Cloherty, executive vp and chief financial officer of Itasca, Ill.-based Gallagher, noted the company is seeing its commissions across all lines of business benefiting this year from higher insurance premiums.

Briefly noted

Aon Corp. and State Farm Mutual Automobile Insurance Co. have negotiated a deal in which State Farm will market and insure specialty commercial insurance products developed and serviced by Aon. Initial offerings will be sold in the Chicago area in early 2001 and will include coverage for professional liability, employment practices liability, directors and officers of small businesses and non-profit organizations, and errors and omissions liability for technology service providers. . . Insurers are urging President Clinton to sign a disaster mitigation measure that won final passage in the House last week. The bill would build upon the Federal Emergency Management Agency's Project Impact, which encourages community involvement in mitigation efforts. In addition, if the bill becomes law, the president would be required to create an interagency task force, to be chaired by the FEMA director, that would coordinate federal pre-disaster mitigation programs. . . Mark A. DeLillo, former president of the Risk & Insurance Management Society Inc., has joined broker Aon Risk Services Inc. of Florida in Tampa as senior vp-risk management practice. Mr. DeLillo had been vp-risk management for building products manufacturer Celotex Corp. of Tampa, which initiated a plan a year ago to sell all of its assets. He will continue to handle risk management for Celotex on an outsourced basis. . . Aon Corp.'s acquisition of benefit consultant Actuarial Sciences Associates Inc. closed Oct. 1. ASA will now be known as ASA, an Aon consulting company, and will be based in Somerset, N.J.

Buyer sues for dividend

LANCASTER, Pa.—In a lawsuit seeking class-action status against CIGNA Corp. and ACE Ltd., a Pennsylvania-based manufacturer is attempting to recover tens of millions of dollars in workers compensation insurance premium dividends and bad-faith damages.

The plaintiff, Highland Tank & Manufacturing Co. of Mannheim, Pa., alleges that CIGNA and ACE have breached their insurance contract with Highland by refusing to pay dividends to it and a group of policyholders that purchased workers comp retention dividend policies from a CIGNA unit that ACE subsequently acquired.

The group of policyholders, all middle-market accounts, purchased the coverage from CIGNA's and later ACE's Commercial Insurance Services division through early October 1999. ACE obtained the CIS division in its July 1999 acquisition of CIGNA's property/casualty business.

A retention dividend policy is an initially higher-cost workers comp policy that policyholders find attractive because of the

policy's partial premium refund feature, Highland explains in its lawsuit, filed in Lancaster County Court in Lancaster, Pa. The policy ultimately can be a lower-cost policy for policyholders that hold down their losses, the lawsuit explains.

The policies included schedules that showed how dividends would be calculated and that outlined specific dividends for specific loss ratios. Policy language stated that a policyholder's loss ratio would be the only qualification on which a dividend payment would be based, the lawsuit says.

An ACE spokeswoman could not be reached for comment. But Highland says in its lawsuit that ACE justified its October 1999 decision to refuse to pay the dividends and to refuse to renew the CIS policyholders on grounds that the CIS division was unprofitable and was not a "strategic fit" for ACE. ACE sold the right of first refusal on the renewals to Employers Insurance of Wausau.

But the lawsuit says the dividends were not predicated on the profitability of the CIS division. It also noted that because

the dividends would not be calculated until 27 months after the inception dates of policies, ACE had no way to tell whether the policies purchased in 1998 and 1999 would be profitable.

The lawsuit also charges that CIGNA misled policyholders by not disclosing that it was negotiating to sell its property/casualty business to ACE. CIGNA believed that information would have deterred the plaintiff and the class from purchasing the coverage, the lawsuit charges.

And after ACE's acquisition of CIGNA's property/casualty business, the insurers promised that ACE would continue CIGNA's policies "with no disruption to service or coverage," the lawsuit charges.

ACE's decision would cost Highland \$206,000, according to the lawsuit.

The decision could cost the potentially hundreds of other claimants in the class around \$27 million, said Highland attorney Joseph F. Roda of Roda & Nast P.C. in Lancaster.

The lawsuit also seeks unspecified bad-faith damages.

—By Dave Lenckus

Directory of buyers available

The latest edition of *Business Insurance's* annual directory of buyers of risk management and employee benefit services is now available.

The 2000/2001 edition of the "Business Insurance Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services" includes information on more than 14,100 executives from more than 2,750 U.S. companies.

The directory is available in a 704-page printed volume and also on CD-ROM for computers using Windows. The searchable CD-ROM version offers an exportable mail/merge spreadsheet feature.

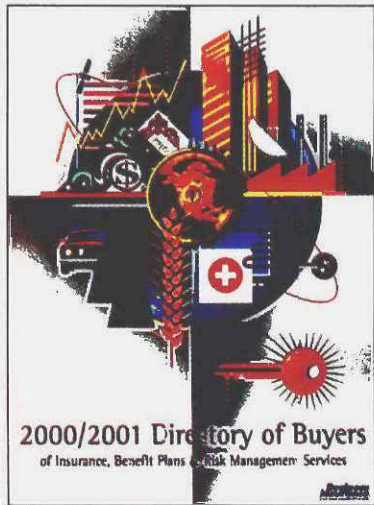
The guide's listings consist of corporate data, including addresses,

phone and fax numbers, Web site addresses, the names and titles of executives responsible for finance, risk management, employee benefits, human resources, pension/retirement planning, insurance, legal counsel and private medical/health plans.

Revenue or asset information and the number of employees for each company also are provided. The directory contains rankings of companies based on number of employees and revenue.

The printed directory costs \$95. The CD-ROM is available for \$595.

To order copies, please call *Business Insurance's* single copy sales department at 888-446-1422 or e-mail us at bidirectory@crain.com. **BI**



► WIRING SAFETY A government/industry group's inspection of wiring in dozens of older commercial aircraft shows that airlines must improve wiring design, inspection, maintenance and data reporting, according to preliminary study results the group released last week. The problems, however, do not pose any immediate fleetwide safety concerns, according to the Aging Transport Systems Rulemaking Advisory Committee. ATSRAC, a group of industry, government agency and safety authority representatives, was formed in response to Vice President Al Gore's 1997 White House commission report on aviation safety. The group earlier this year evaluated the condition of wiring in 81 in-service aircraft that were at least 20 years old. Breaches in wiring can be a safety hazard if they facilitate arcing of electrical currents. Arcing—when an electric current flows between two pieces of separated metal—can ignite nearby material and cause smoke and fire in an aircraft. Federal aviation safety authorities suspect that an arcing electric current between wires triggered the explosion that blew apart TWA Flight 800 shortly after takeoff from New York in July 1996. Among the seven models of aircraft that ATSRAC tested, DC 10s had the fewest wiring breaches per 1,000 ft.—0.44. Test results showed that L1011s had the greatest number of breaches—4.17. Those findings, however, include "potentially inconsequential breaches" and wiring splices that are not protected by design, according to ATSRAC. In addition, the results "cannot be extrapolated to represent the wiring throughout the entire aircraft," the group said.

► ONLINE CLAIMS SERVICES CLAIMPlace, a new company based in Wilmington, Mass., is offering a broad range of online insurance claims management services to property/casualty companies, including insurers, bro-

kers and large corporate policyholders. Services eventually will include: claims reporting; claims management, including litigation management services, medical bill audits and premium audits; regulatory reporting; claims recovery, including subrogation services, salvage and second-injury fund recoveries; and special services, including claimant satisfaction surveys and various claims consulting services. The company's founders say the service will cut the expense and time involved with paper files and will enable insurers and others to upgrade their systems at a fraction of the cost of purchasing their own new automation systems. CLAIMPlace will also help clients converting existing claims data into a standard Web-based format that will be used by the site. CLAIMPlace was founded by Ellen S. Wilcox, president and chief executive officer. Ms. Wilcox formerly was president of Trumbull Services, an insurance services unit of the Hartford Financial Services Group Inc.

► BROWN & BROWN GAINS Rate increases helped insurance broker Brown & Brown Inc. raise its commissions and fee revenue by 9.5%, to \$147.0 million for the first nine months of 2000. Adding in investment and other income, total revenues at the Daytona Beach, Fla.-based broker rose 9.7% to \$150.3 million from the same period a year earlier. Net income increased 21.0% to \$23.9 million. 1999 results have been restated to reflect a pooling of interests from acquisitions, the broker reported. In a statement, Chairman, President and Chief Executive Officer J. Hyatt Brown said: "We are finally seeing that rate increases on renewals seems to be holding in earnest. This trend, if continued, could produce more positive results in future quarters," he said. Total revenues for the third quarter increased 10.8% to \$50.1 million.

► GE ONLINE OFFERINGS GE Small Business Solutions is expanding its online insurance product offerings. The coverage available on the GE Small Business Solutions Web site now includes health, dental, short-term and

long-term disability, life and stop-loss insurance for self-insured employers. GE broadened its Internet offerings in response to demand among small-business owners to offer their employees benefits in a cost-effective and convenient manner, according to a statement from Stamford, Conn.-based GE. GESBS also will provide in-person consulting services to employers at no additional charge. GE Small Business Solutions was launched by GE Capital in February 2000 and offers equipment financing, corporate credit cards, employee benefit programs and fleet financing and management to small businesses that have up to \$20 million in revenues.

► UNUMPROVIDENT INVESTMENT UNUMProvident Corp. is investing \$6 million in HealthExtras Inc., an Internet and direct-mail distributor of health and disability insurance products. As part of the arrangement, UNUMProvident will become the exclusive underwriter for several disability products distributed by Rockville, Md.-based HealthExtras. The investment will give UNUMProvident access

to the middle-income personal disability market, said a spokesman for the insurer in Chattanooga, Tenn. UNUMProvident eventually plans to cover small-business and group disability products offered by HealthExtras, he said.

► MRM CAPTIVES UNIT Mutual Risk Management Ltd. has formed a new unit to house all of its captive operations, MRM Global Captive Group. David Ezekiel, president of MRM's International Advisory Services Ltd., is chairman and chief executive officer of the new unit, which will be based in Hamilton, Bermuda. The new MRM unit will have an aggregate premium volume of approximately \$1.9 billion, Mr. Ezekiel said.

► AON/STATE FARM ALLIANCE Aon Corp. and State Farm Mutual Automobile Insurance Co. have negotiated a deal in which State Farm will market and insure commercial insurance specialty products developed and serviced by Aon. Initial offerings will be marketed in the Chicago metropolitan area in early 2001 and will include coverage for professional liability, employment practices liability, directors and officers liability for small businesses and not-for-profit organizations, and errors and omissions liability for technology service providers. Additional products will be offered later, according to a joint statement from Chicago-based Aon and Bloomington, Ill.-based State Farm.

► BRIEFLY NOTED Watson Wyatt & Co.'s stock closed its first day of trading last Wednesday at \$16.38, up 31% from its initial price of \$12.50. The Bethesda, Md.-based benefit consultant raised over \$80 million through the sale of 6,440,000 shares, which will be traded on the New York Stock Exchange under the symbol WW....Paris-based insurer Assurances Generales de France has announced that Jean-Philippe Thierry, chairman and chief executive officer of Generali France, will succeed Antoine Jeancourt-Galignani as AGF chairman and CEO in 2002, when Mr. Jeancourt-Galignani is due to retire. At AGF's board meeting in June 2001, AGF's parent, Munich, Germany-based Allianz A.G. Holding, will recommend that Mr. Thierry be elected a member of the board. **[E]**

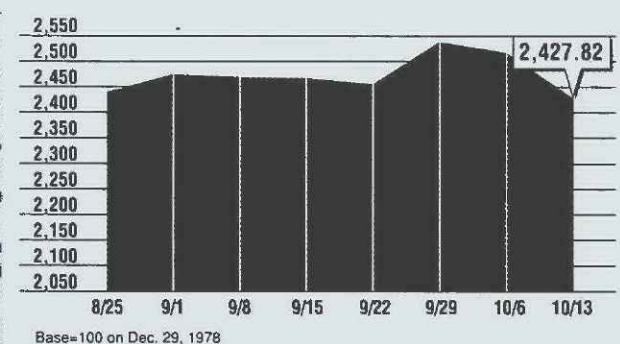
► To get breaking news as it occurs, visit Business Insurance's free online Updates at www.businessinsurance.com. All of the material in the For The Record column, as well as other content in this week's issue, is generated from daily news postings that appeared on the Web site in the previous week.

Find daily coverage on Corporate Risk, Employee Benefit and Managed Health Care News at www.businessinsurance.com

BI Industry Stock Report OCT. 9, 2000, THROUGH OCT. 13, 2000

BROKERS				INSURERS/REINSURERS				HEALTH MAINTENANCE ORGANIZATIONS				ALL COMPANIES											
Company	Price	Weekly % change	Year to date % change	High	Low	Vol.(000)	Company	Price	Weekly % change	Year to date % change	High	Low	Vol.(000)	Company	Price	Weekly % change	Year to date % change	High	Low	Vol.(000)			
Aon Corp.	NYS	36.94	-4.21	-7.66	42.75	20.69	2991	Gainsco Inc.	NYS	3.75	-7.69	-30.23	6.50	3.50	1530	Vesta Insurance Co.	NYS	4.69	-11.76	20.97	7.88	3.44	184
Brown & Brown	NYS	33.50	2.49	74.88	34.81	15.38	160	Harleysville Group	NDO	19.88	-0.31	39.47	20.50	11.63	769	XL Capital Ltd.	NYS	70.63	-8.58	36.14	80.00	39.00	061
Clark Bardes Holdings	NDO	10.50	0.60	-26.96	20.63	8.50	56	HSB Group Inc.	NYS	39.81	-0.78	17.74	40.63	21.50	565	Zentix National Ins.	NYS	20.94	-2.90	1.52	24.94	18.75	50
E.W. Blanch Holdings Inc.	NYS	19.00	-9.25	-68.98	65.00	16.56	901	HCC Insurance Holdings	NYS	18.44	-4.84	39.81	22.94	8.00	463	INSURERS/REINSURERS	AVERAGE		-2.01	5.87			
Gallagher Arthur J. & Co.	NYS	52.81	-3.76	63.13	60.50	23.06	522	ING Group N.V.	NYS	62.69	-6.35	2.77	69.94	46.81	742	FOUNDATION HEALTH MAINTENANCE ORGANIZATIONS							
Hilb, Rogal & Hamilton	NYS	38.75	-0.16	37.17	42.13	24.25	177	IPC Holdings Ltd.	NDO	18.94	-0.98	27.31	20.38	9.75	84	Foundation Health Systems Inc.	NYS	16.25	-8.13	63.52	18.56	6.25	2906
Keya Group Inc.	NDO	6.38	9.68	-23.88	11.88	5.00	12	Hartford Financial Services	NYS	69.63	-3.00	46.97	77.81	29.36	5104	Humana Inc.	NYS	10.83	-6.59	29.77	12.38	4.75	6038
Marsh & McLennan	NYS	119.25	-7.33	24.62	135.69	64.38	7477	John Hancock Financial Services	NYS	26.50	-3.20	55.88	29.06	13.44	4305	Oxford Health Plans	NDO	27.19	-13.35	114.29	34.25	9.75	13613
BROKERS	AVERAGE		-1.39	17.82				LaSalle Re Holdings Ltd.	NYS	18.88	0.00	14.39	19.38	10.88	0	Pacificare Health Sys.	NDO	11.19	-68.49	-78.89	72.31	10.56	14878
								Lincoln National	NYS	45.19	-3.08	12.97	56.36	22.63	4051	Sierra Health Services	NYS	4.94	-3.66	-26.17	10.00	2.44	633
								MAIC Holdings Inc.	NYS	12.50	-0.50	-41.00	23.80	10.00	48	United Health Group	NYS	103.68	0.91	95.53	107.94	39.38	5925
								Market Corp.	NYS	143.13	-0.69	-7.66	182.06	111.50	73	Wellpoint Health Networks	NYS	96.00	-0.13	45.59	100.31	48.25	3337
								MBIA Insurance Group	NYS	66.94	0.66	26.75	73.44	36.31	2204	HMOs	AVERAGE		-14.20	34.81			
								Meadowbrook Insur. Group	NYS	4.13	-1.49	-37.14	12.06	3.94	14	ALL COMPANIES	AVERAGE		-5.87	19.50			
								MeLife	NYS	25.00	-4.53	75.44	27.62	14.25	6570								
								Mutual Risk Mgmt. Ltd.	NYS	23.56	12.87	40.15	23.75	9.81	330								
								Navigators Group	NDO	11.89	2.75	19.87	14.13	8.63	7								
								NYMagis Inc.	NYS	15.69	3.72	18.96	15.75	12.25	26								
								Ohio Casualty Corp.	NDO	7.31	8.33	-54.47	17.88	6.13	1391								
								Old Republic Int'l	NYS	22.81	-2.67	67.43	27.06	10.63	1753								
								Partner Re Ltd.	NYS	50.25	-1.71	54.91	53.44	28.38	1232								
								Penn-America Group Inc.	NYS	8.13	9.24	4.84	9.75	6.63	7								
								PMA Capital Corporation	NDO	16.50	-3.30	-16.98	20.50	15.50	35								
								Philadelphia Cons. Holding	NDO	20.19	-4.44	39.22	22.63	13.13	165								
								PXRE Corp.	NYS	13.00	-14.75	0.00	17.56	9.94	95								
								Reliance Group Holdings	NYS	0.16	3.00	-97.64	7.75	0.13	1838								
								RefaStar Financial Corp.	NYS	53.94	3.00	37.64	53.94	23.75	2065								
								Renaissance Re Holdings Ltd.	NYS	59.44	-5.86	45.41	66.00	33.19	464								
								RII Corp.	NYS	37.63	-0.66	10.66	39.63	26.25	39								
								St. Paul Cos.	NYS	46.00	-1.74	36.55	51.31	21.31	4707								
								SCOR	NYS	44.50	0.28	0.56	53.63	38.38	28								
								SAFECO Corp.	NDO	24.63	-4.37	-1.01	30.69	18.00	4453								
								SCOPE Holdings Inc.	NYS	19.56	-4.28	-39.11	36.94	19.88	NA								
								Seibels Bruce Group	NDO	0.75	-7.69	-57.14	3.88	0.53	19								
								Selective Ins. Group	NDO	17.25	-2.13	0.36	20.38	14.63	169								
								Tokio Marine & Fire	NDO	54.00	4.35	-8.67	67.00	45.00	112								
								Torchmark Corp.	NYS	28.13	-1.53	-3.23	36.00	18.75	1489								
								Transatlantic Holdings	NYS	91.63	-5.93	17.37	95.63	68.75	55								
								Trenwick Group Inc.	NYS	17.38	1.09	2.58	21.25	12.00	323								
								Unico American Corp.	NDO	6.75	-3.57	-3.57	8.63	4.50	1								
								United Fire & Casualty	NDO	17.00	0.37	-24.86	23.38	15.50	7								
								Uninir	NDO	31.00	-2.36	-17.61	38.75	27.19	424								
								UNUM Corp.	NYS	27.00	-4.64	-15.79	36.19	11.94	9154								

BI Insurance Index



Top advancing issues: Frontier Insurance Group, Mutual Risk Mgmt. Ltd., Keya Group Inc. Leading decliners: Pacificare Health Sys., PXRE Corp., Oxford Health Plans. Most active issue: Citigroup. The BI Index dropped 3.3%; The Dow Jones 30 Industrials decreased 3.8%; the S&P 500 went down 2.5%, and the NYSE Composite dropped 2.6%. Average P/E: Brokers, 21.5; Insurers/reinsurers, 23.8; and HMOs, 13.9.

Seeking nominees for top risk manager

Nomination forms for the 2001 *Business Insurance* Risk Manager of the Year and Risk Management Honor Roll, to be named in April, are available.

The forms and instructions are available from *Business Insurance's* Chicago office. The deadline for the nominations is Nov. 17.

The 2001 honoree will be the 24th person to receive this honor. *Business Insurance* created the Risk Manager of the Year competition in 1977, on its 10th anniversary of publication, to recognize outstanding risk management practices. The first award was presented in 1978.

Business Insurance created the Risk Management Honor Roll in 1981 to recognize outstanding achievements in risk management in different types of employment categories.

Ten independent judges from all sectors of the risk management profession and the insurance industry will select the 2001 *Business Insurance* Risk Manager of the Year and the Risk Management Honor Roll (*BI*, Sept. 25).

The honorees are selected based on the judges' assessments of the risk managers' programs as detailed in their nominations. The judges score each of the candidates on 10 criteria. The candidate with the highest score after the judging is completed is named Risk Manager of the Year. Then, the remaining nominees are separated by employment category:

- Corporations with sales exceeding \$300 million.
- Corporations with sales of less than \$300 million.
- Government entities.
- Tax-exempt or non-profit institutions.

The highest-scoring candidate

in each of the categories not represented by the Risk Manager of the Year is named to the Risk Management Honor Roll, subject to the judges' discretion.

The 2001 honorees will be announced in the April 30, 2001, issue of *Business Insurance*, which will coincide with the annual Risk & Insurance Management Society Inc. conference in Atlanta.

To be nominated, a candidate need not handle risk management functions full time, but he or she must be a full-time employee of the organization for which he or she directs the risk management program.

A candidate can be nominated by anyone familiar with the candidate's work. For example, any employee or group of employees may nominate the organization's risk manager. A broker, insurer, consultant or other service supplier can nominate a client. And, a risk manager can nominate a colleague.

In addition to the completed nominating forms outlining the candidate's accomplishments, each nomination must include a letter from the sponsor nominating the candidate and a letter of endorsement by an executive of the candidate's organization, who may be the candidate's superior or any higher officer. The letter must certify the accuracy of the information submitted in the nomination.

All nominations will be kept in the strictest confidence, with only the honored candidates' names announced.

To request a nomination form, contact Karen Tucker, assistant to the publisher, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590; 312-649-5319.

Minnesota alleges Blues misconduct

ST. PAUL, Minn.—Minnesota Attorney General Mike Hatch is suing Blue Cross & Blue Shield of Minnesota, accusing the health insurer of "a pattern and practice of misconduct" in denying coverage for children and young adults in need of treatment for mental health, drug addiction and eating disorders.

The suit, filed in state court on Oct. 3, alleges that the health insurer violated state insurance and consumer protection laws when it wrongfully denied coverage for some children and young adults that was recommended by physicians. In addition, the state's complaint alleges that when denying the treatment, the insurer suggested that parents should have their children arrested and then treated by government agencies.

For example, the complaint describes how one 14-year old boy was diagnosed with major depression and bipolar disorder. Blue Cross denied coverage for the patient's inpatient treatment at a mental health facility. In a letter, the insurer wrote that the boy's mother should seek help from "community-based resources, in-

cluding juvenile justice," the complaint states. "This phrase is commonly known in the mental health profession to mean that the parent(s) should have the child arrested and then treated by government agencies in connection with the juvenile justice system," the complaint explains.

In a written statement, Blue Cross denies the allegations in the complaint.

"Blue Cross pays for virtually all—more than 94%—of requested treatment, whether it's reviewed or not. And Blue Cross uses independent board certified mental health professionals to review these mental health and chemical dependency cases," the statement said.

The suit also alleges that in its advertising Blue Cross states it covers medically necessary treatment when, in fact, the insurer has denied such treatment.

In the suit, the attorney general seeks an injunction stopping the insurer from continuing with its practices, providing financial restitution to the people affected and imposing an unspecified civil penalty on the health insurer.

—By Michael Prince

XL

Continued from page 1

acquired for \$88 million in 1988; onshore energy written at Lloyd's of London; and pooled aviation and medical stop-loss written by NAC Re Corp. in Stamford, Conn. The former Intercargo unit will continue to write surety business.

Meanwhile, a few high-level executives are resigning. Elizabeth B. Eiss, executive vp of XL America Insurance Inc. and head of the transportation and marine cargo unit, left the company last week.

Another high profile figure at XL, P. Richard Hackenburg, president of XL Market Services in Stamford, Conn., will leave XL's full-time staff at the end of the year. He will become a part time consultant to XL and work on client relations, government relations and other activities, Mr. Hackenburg said.

The XL spokesman would not comment on any others who would be leaving.

The associated 120 job cuts, the first major layoffs at the insurer, represent about 7% of XL's staff.

LETTERS

top of the industry, are Carol Harrington of Sun Microsystems and Andrea Pearson of General Electric.

Carol has brought an unsurpassed degree of innovation to the risk management profession, and Andrea being the Insurance/Risk Management head at arguably the largest corporation in this country speaks for itself.

When speaking specifically to the risk management side of the broader insurance profession, I admire women who have raised the visibility and importance of risk management within their organi-

XL estimates it will save about \$35 million a year as a result of the cuts.

As part of the renaming effort, all of XL's main reinsurance companies will now be called XL Re; Brockbank Group P.L.C. will be called XL Brockbank; and Brock-

The 120 job cuts represent about 7% of XL's staff. XL estimates it will save about \$35 million a year as a result.

bank Insurance Services in California will be XL Aerospace.

XL's insurance units are currently being realigned along the group's major product lines, such as risk management, environmental and professional liability. Previously, the units were organized under various companies within the group.

The announcement last week follows XL's July announcement that Mark Brockbank, 48, a high-

profile figure at Lloyd's, was retiring as chief executive officer of Brockbank Group P.L.C. (*BI*, July 31). He was replaced by Nicholas J. Metcalf, active underwriter for syndicate 588.

Mark Reith, managing director of Brockbank Syndicate Management, left "to pursue other interests" a few weeks later (*BI*, Oct. 2).

Also in July, XL announced several other changes, including: Henry C.V. Keeling was named CEO for reinsurance operations; Nicholas M. Brown was named CEO for insurance operations; and Robert R. Lusardi was named CEO of financial products.

XL was established in 1986 as a policyholder-owned insurer in response to the liability crisis in the mid-1980s, when large corporations found it difficult to obtain sufficient excess liability and directors and officers liability insurance.

In the 1990s, XL began to broaden its product offerings, then embarked on a series of acquisitions, which included Mid Ocean Reinsurance Co. Ltd., GCR Holding Ltd., ECS, Brockbank, Intercargo and NAC Re. **BI**

zations by the value of their long term contributions, vs. those who have climbed the ladder by changing employers every few years.

Matthew H. Davis
Managing Director
Marsh USA Risk &
Insurance Services
San Francisco

To the editor: Congratulations on your inspiring Oct. 2 feature saluting the top 100 women in risk management, commercial insurance, and employee benefits fields.

We at the American Academy of Actuaries are proud that 10 of the

women honored are members of the actuarial profession.

Women today are flourishing in the actuarial profession. In fact, our profession is consistently rated among the top 10 professions for women by Working Women magazine. For this progress, we owe a debt of gratitude to the talent and perseverance of many individuals, including the magnificent professionals on the *Business Insurance* roll of honor.

Stephen R. Kern
President
American Academy of Actuaries
Washington

DATEBOOK

OCTOBER

OCT. 19-20. Online Liability Conference in Chicago, sponsored by American Conference Institute; \$1,499. ACI, 47 W. 25th St., New York, N.Y. 10010; 888-224-2480.

OCT. 22-24. 11th Annual Employee Benefits Conference for Practitioners and Plan Sponsors in Dallas, sponsored by Southwest Benefits Assn. and Internal Revenue Service; \$250 to \$350 for members and \$400 for non-members. Marianne Fazen or Marc Chappell, 1902 Country Club Drive, Suite 120, Carrollton, Texas 75006; 972-478-8138; www.swba.org.

OCT. 22-25. National Assn. of Independent Insurers Annual Meeting in Lake Buena Vista, Fla.; \$400 for members and \$500 for non-members. NAII, 847-297-7800; fax: 847-297-5064; www.naii.org.

OCT. 23-24. Insurance M&A Seminar in New York sponsored by Practising Law Institute; \$1,195. PLI, 810 Seventh Ave. New York, N.Y. 10019 800-260-4754; fax: 800-321-0093.

OCT. 23-25. Medicare Compliance Conference in McClean, Va., sponsored by Institute for International Research; \$1,395. IIR, Shari Rosen, 708 Third Ave., New York, N.Y. 10017; 212-661-3500; fax: 212-599-2192.

OCT. 25-26. Third Annual Data Mining Conference in Ponte Verda Beach, Fla., sponsored by Shelter Island Risk Services; \$950. Richard F. Denning, 631-749-1535.

OCT. 29-NOV. 2. Insurance Conference and Exhibition in Las Vegas, sponsored by The Health Insurance Assn. of America; \$595 for members and

\$795 for non-members. HIAA, 555 13th St. N.W., Suite 600 E., Washington, D.C. 20004-1109; fax: 202-824-1720.

OCT. 30-NOV. 2. Isotech Technology Conference in Las Vegas, sponsored by Insurance Services Offices Inc.; \$650. ISO, 800-856-7730; fax: 212-898-6606; www.iso.com.

NOVEMBER

NOV. 1-3. Life, Health and Special Risk Reinsurance Conference in Coral Gables, Fla., sponsored by Reinsurance Association of America; \$695 for members and \$795 for non-members. RAA, 1301 Pennsylvania Ave. N.W., Suite 900, Washington D.C., 20004-1701; 202-638-3690; fax: 202-638-0936; www.reinsurance.org/lifeconference.html.

NOV. 2-3. Pricing and Rate Making in Plain English Seminar in Chicago, sponsored by Dorman Consulting Associates; \$895. Richard W. Dorman, 1 Haverhill Court, Beachwood, Ohio 44122; 216-464-5678; fax: 216-464-2727.

NOV. 2-5. American Society for Healthcare Risk Management 20th Annual Conference and Exhibition in New Orleans, La.; \$575 for members and \$730 for non-members. ASHRM/AHA Personal Memberships Groups, P.O. Box 75315, Chicago, Ill. 60675-5315; www.ashrm.org.

NOV. 3. Property Underwriting Course in Wethersfield, Conn., sponsored by Independent Insurance Agents of Connecticut; \$250 for members and \$350 for non-members. IIAAC, 30 Jordan Lane, Wethersfield, Conn. 06109; 860-593-1950; fax: 860-563-6730.

NOV. 12-15. Society of Insurance Research 30th Annual Conference in San Antonio, Texas. S.I.R., 691 Crossfire Ridge, Marietta, Ga., 30064; 770-426-9270; 770-426-9298; stanhopp@mind-spring.com; www.simet.org.

NOV. 13-15. World Captive and Alternative Risk Financing Forum in Palm Beach Gardens, Fla., sponsored by *Business Insurance*, Sandia/SINSER and Tillingham-Towers Perrin; \$975 for members and \$1,250 for non-members. World Captive Forum; 952-928-4653; fax: 952-929-1318; www.captive.com/captiveforum.

NOV. 13-16. Annual Construction Insurance Conference in Atlanta, sponsored by the International Risk Management Institute Inc. IRMI, 12222 Merit drive, Suite 1450, Dallas, Texas 75251-2276; 800-827-4242; www.irmi.com.

NOV. 19-22. Assn. of Risk & Insurance Managers of Australasia Conference in Sydney, Australia. Intermedia Convention & Event Management, P.O. Box 1280, Milton QLD, 4064 Australia; 61-7-3369-0477; www.arima.com.au.

NOV. 14-16. Cambridge 4th Annual Reinsurance and Runoff Symposium in Philadelphia, sponsored by Cambridge Integrated Services Group; \$250. Kelley Coleman, 8 Centre Dr., Jamesburg, N.J. 08831; 609-655-8383; fax: 609-655-0503.

The Datebook is compiled from notices sent to *Business Insurance*. Notices for meetings should be sent at least eight weeks in advance to Datebook, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590. Please include the cost, if any, to attend the meeting and information on registration for interested readers. *Business Insurance* reserves the right to select those meetings of greatest interest to its readers and cannot guarantee that notices will be printed. Datebook listings also are available on the World Wide Web at www.businessinsurance.com.



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