NEWSPAPER

OCTOBER 17, 1994

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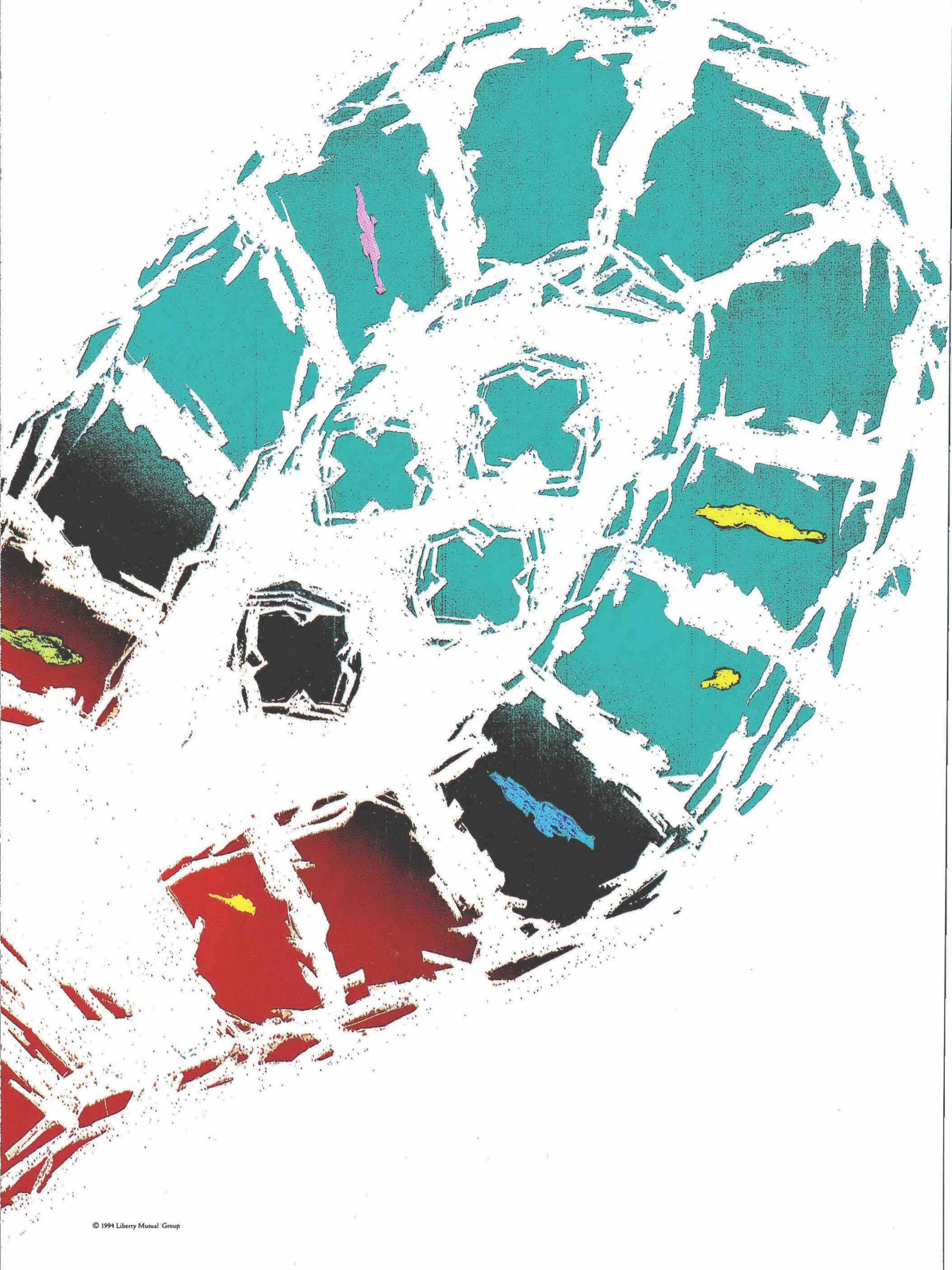
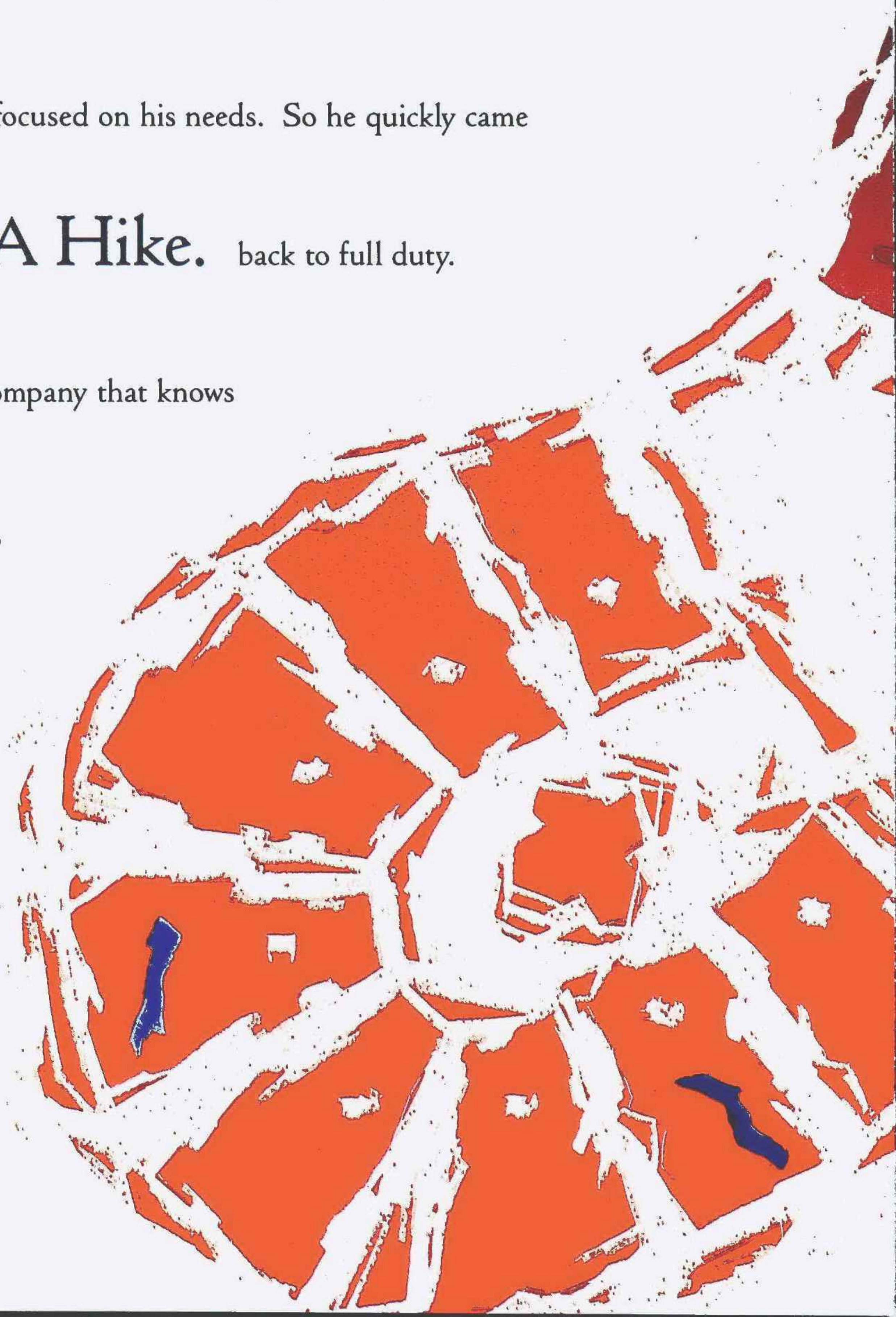
Reporting Weekly For Corporate Risk, Employee Benefit and Financial Executives / $4





We Propose An Insurance Hike That May Actually Lower Your Workers Compensation Costs.

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Updates

State seeks receivership order for first risk retention group

RICHMOND, Va.—The Virginia Insurance Bureau asked a state judge Friday for a receivership order against HOW Insurance Co., the nation's first risk retention group, which regulators charge is insolvent by $45 million.

A Richmond Circuit Court judge issued a temporary injunction Oct. 7 against HOW, Home Owners Warranty Corp., and their parent company, Home Warranty Corp. The injunction barred HOW from writing or soliciting new home warranty policies and

Continued on next page

Insurers losing billions in bond market

By RODD ZOLKOS

Slumping bond markets may be doing even more damage to insurance companies' pocketbooks than losses from Hurricane Andrew.

Fixed-income investors worldwide are suffering and, by some estimates, the bond portfolios of property/casualty insurance companies have lost more than $20 billion in value in recent months. Life insurers' portfolios may have lost as much as $50 billion.

At least in the short term, such epic losses are expected to hinder many insurance company efforts to raise capital from investors.

Seldom over the past two decades have interest rates risen as much as they did during the 12 months ending Sept. 30. Over that period, the value of lower-yielding bonds has plummeted, forcing investors to choose between holding the bonds or selling at a loss.

The dramatic impact of the upturn in rates stems both from the increase itself and the fact that when rates began to rise, yields were at their lowest levels in decades, explained Bob Ostrowski, vp-portfolio manager at Federated Investors, a Pittsburgh money management firm with insurance company clients.

With yields so low, "there wasn't much income to cushion the blow" when values declined, he said.

When interest rates jumped dra-

Continued on page 80

Richard M. Haverland

Continental attracts new CEO and capital

American Premier's Haverland to succeed Mascotte

By JUDY GREENWALD

NEW YORK—The new head of Continental Corp. is a highly regarded insurance executive who could well provide the insurer with a much-needed breath of fresh air, though he still faces a major challenge in turning the company around.

Richard M. Haverland, formerly executive vp-insurance operations for Cincinnati-based American Premier Underwriters Inc., will become chairman and chief executive officer of Continental following a $200 million capital infusion from an investment group, which is expected to be completed by year end.

Current Chairman and CEO John P. Mascotte will resign, as expected.

Continental also announced it is boosting its reserves by $400 million and is selling its workers compensation unit, Casualty Insurance Co. of Chicago, to Fremont General Corp. for $250 million.

On news of the deal, Continental shares rose 5.5% to $14.38 per share on Friday from $13.63 per share on Thursday.

Continental's expected capital infusion will come from the sale of $200 million in preferred stock that is convertible into about 19.9% of its currently outstanding common stock to Insurance Partners Ltd., which also has the option to buy another $125 million in non-convertible preferred stock.

Principal members of the $540 million investment partnership, which was formed in February,

Continued on page 84

McCarran reform still a possibility

Settlement of antitrust case won't halt efforts

By MARK A. HOFMANN

WASHINGTON—The settlement of a six-year-old antitrust suit against the property/casualty insurance industry might temporarily slow efforts to reform the McCarran-Ferguson Act, but will ultimately have little impact on the legislation.

Many stress that the composition of the 104th Congress will be far more important than the antitrust case's settlement in determining how—or whether—the McCarran-Ferguson Act is amended any time soon.

The settlement between 20 state attorneys general and 32 industry defendants has its greatest impact on the Insurance Services Office Inc. (*BI*, Oct. 10). The settlement cuts the number of ISO directors and the number of insurer-affiliated directors on the ISO board. Under the accord, four out of 11 directors will be insurers. Currently, insurers fill 18 of ISO's 21 director seats. ISO will also bring in risk managers, brokers and other non-insurer representatives to advise ISO on matters like policy language.

In addition, the defendants agreed to pay $36 million, $21 million of which will fund a new Public Entity Risk Institute to provide education, training and technical services to enhance pub-

Continued on page 82

Attorneys forming document manager to slash expenses in pollution litigation

By JOANNE WOJCIK

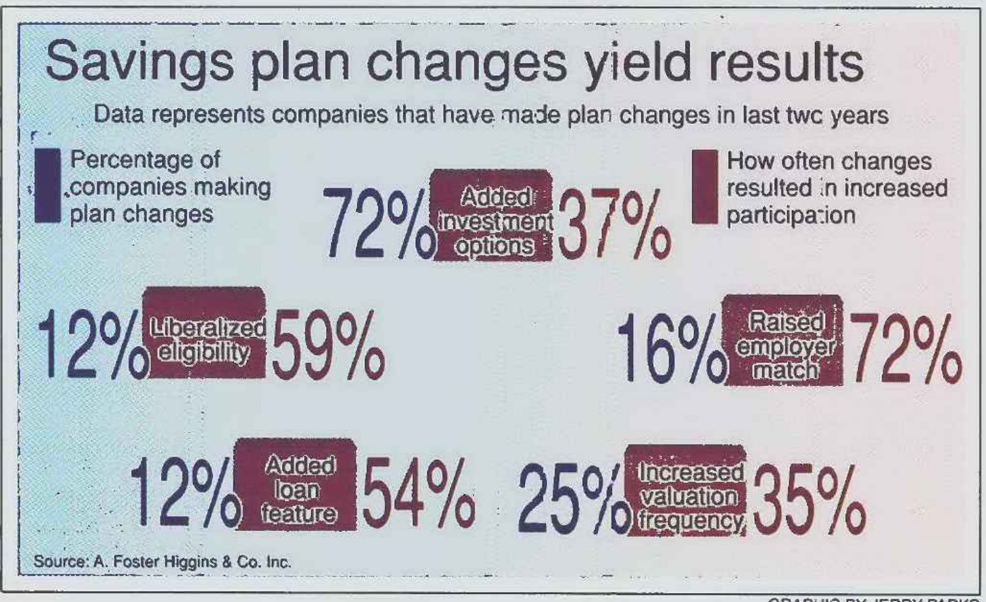
LOS ANGELES—Tired of being blamed for the problem of escalating Superfund transaction costs, a group of lawyers is determined to be part of the solution.

Attorneys representing insurers in two of the nation's biggest pollution coverage cases are trying to slash legal expenses for their clients by creating a centralized, state-of-the-art document repository.

Their effort is gaining attention in the wake of the recent failure of attempts in Congress to reform the Superfund law specifically to reduce legal costs associated with pollution cleanups.

Joint Defense Data Inc. was incorporated in 1992 in Gardena, Calif., to manage millions of documents stemming from the massive *Four Star Oil & Gas Co. vs. Allianz Underwriters Insurance Co.*—commonly referred to as the "Texaco case"—and *Atlantic Richfield Co. vs. Aetna Casualty & Surety Co.*

Continued on page 81



GRAPHIC BY JERRY PARKS

Money talks in attracting savings plan participants

By JERRY GEISEL

When it comes to getting more workers into retirement savings plans, nothing works quite as well as money.

Seventy-two percent of employers that have raised matching contributions to savings plans reported increased participation, with just over a third saying participation went up by 10% or more, according to a survey to be released today by A. Foster Higgins & Co. Inc.

Only slightly less effective than money, the survey found, is improving plan communications.

Among employers that improved communications, 70% reported increased participation, including 26% that reported gains of at least 10%.

More than 50% of employers said that employee participation rose after they liberalized eligibility requirements, accelerated vesting schedules or added a loan feature.

The survey covered 881 employers, which reported having 2.5 million participants and $152 billion in assets in their retirement savings plans.

Companies may try to boost retirement plan participation for several reasons.

If, for example, higher-paid workers'

Continued on page 80

Updates

Receivership order for HOW

Continued from previous page

paying claims, and appointed Virginia Insurance Commissioner Steven T. Foster special receiver of the three companies.

Regulators sought a permanent injunction and receivership order at a hearing Friday.

The Insurance Bureau has not decided whether to seek a rehabilitation order, but has found HOW has a surplus deficit of $45 million, according to a spokesman.

HOW—which has about 10,000 builder policyholders—was seeking new capital through a debt offering after being forced to add $15 million to its unearned premium reserves in July. HOW officials maintained that after the reserve additions the insurer's surplus was still barely above the $4 million statutory minimum (*BI*, Oct. 3).

HOW officials and the insurer's lawyer could not be reached.

Willis Corroon takeover rumors

LONDON—Rumors are flying in the London market that a bid for the world's fifth-largest broker may be in the works as Willis Corroon Group P.L.C. stock jumped 5.8% to 164 pence ($2.59) on Friday from 155 pence ($2.45) at the beginning of last week.

Attention is focused on The Hongkong & Shanghai Banking Corp. Ltd., which owns Lloyd's of London broker Gibbs Hartley Cooper Ltd. Earlier this year, the banking giant was outbid for Hogg Group P.L.C. by Inchcape P.L.C. (*BI*, April 25).

"It's certainly not impossible to imagine Hongkong Shanghai Bank telling Gibbs Hartley to go find another broker with a cheap stock price and take a look at it," said Chris Hitchings, a stock analyst with UBS Ltd., the London arm of the Union Bank of Switzerland.

Another name being mentioned is Aon Corp., which observers say might join forces Hongkong Shanghai Bank to buy Willis Corroon and then split it up.

Neither Willis Corroon, Gibbs Hartley nor Aon would comment.

L.A. immunity limit stands

WASHINGTON—Los Angeles City Council members can be sued personally for routinely approving city payment of punitive damages assessed against in police brutality cases, after the U.S. Supreme Court last week let stand a 9th U.S. Circuit Court of Appeals ruling.

The justices rejected the plea for review filed by City Attorney James K. Hahn, who contended that council members are immune from such suits because they are acting in their official capacity when they approve paying punitive damages on city employees' behalf.

The case stemmed from the 1990 slaying of Juan Bahena and two other men by police officers waiting to apprehend the men as they burglarized a McDonald's restaurant in Los Angeles.

Mr. Bahena's daughter, Johanna Trevino, sued the council in 1992 after members voted to pay a $44,000 punitive award against then-Police Chief Daryl Gates and eight officers (*BI*, June 6). A trial is set for Oct. 25.

Tobacco liability suit reinstated

BEAUMONT, Texas—A Texas appeals court has reinstated a tobacco liability lawsuit against American Tobacco Co., a unit of Old Greenwich, Conn.-based American Brands Inc., finding that federal cigarette labeling laws do not bar claims made against the company under state law.

In separate 1987, 1989 and 1993 orders, a lower court had dismissed all claims against American Tobacco brought by Jeannie Grinnell, whose husband, Wiley Grinnell Jr., died of lung cancer in 1986.

The tobacco company had argued that Ms. Grinnell's state law damage claims were all pre-empted by the federal Cigarette Labeling and Advertising Act of 1965.

In a Sept. 29 ruling, though, a three-judge panel of the state's 9th District Court of Appeals reversed most of the lower court's findings. The appeals panel cited the U.S. Supreme Court's 1992 decision in *Cipollone vs. Liggett Group Inc.*, which held that the 1965 Act does not pre-empt any state law claims and that a subsequent 1969 federal law only pre-empts certain failure-to-warn claims (*BI*, June 29, 1992).

Federal laws do not pre-empt a variety of other state law claims, the panel wrote, including strict liability claims for defective design and manufacture, misrepresentation, conspiracy and fraud.

1995 insurer upturn seen

NEW YORK—Property/casualty insurers' net written premiums will increase by 6.6% in 1995 from 4.9% this year, and their post-dividend combined ratios will improve slightly to 108.8% from 110.3% this year, a group of Wall Street analysts predicts.

But, those averages, compiled in the annual "Early Bird Forecast" from the New York-based Insurance Information Institute, are by no means a consensus. Analyst estimates for the 1995 net premium increase ranged from 4% to 11%, and the combined ratio projections ranged from 106.1% to 113.5%.

Continued on page 82

Errors & omissions

• An Oct. 10 article on fiduciary liability misstated the average deductible in a fiduciary liability policy; it is $25,000. Also, the name of Mark W. Larsen, a consultant with The Wyatt Co., was misspelled.

• An Oct. 3 article on Siemens A.G.'s new property insurance program incorrectly stated that Marsh & McLennan Inc.'s German unit brokered the entire insurance program led by Arkwright Mutual Insurance Co. The M&M unit only brokered those portions of the program not written by Arkwright, which is a direct writer.

Insurers ordered to pay in WPPSS settlement

By DOUGLAS McLEOD

OLYMPIA, Wash.—Two excess liability insurers for a group of Washington utilities must pay nearly $20 million to cover their part of a settlement stemming from the massive 1983 municipal bond default by the Washington Public Power Supply System.

More than a decade after the default, the Washington Supreme Court this month ordered International Insurance Co. and Industrial Underwriters Insurance Co.—both units of the former Crum & Forster Inc.—to pay $13 million in policy limits and $6.5 million in interest under a settlement agreement with WPPSS bondholders.

The two insurance companies were the only insurers not to settle before trial with utilities involved in the bond default.

The Oct. 6 ruling is the latest step in massive litigation that followed WPPSS' default on $2.25 billion in municipal bonds issued to fund the construction of five nuclear power plants. Two of the projects were canceled in 1982 because of cost overruns, management problems and numerous delays, causing WPPSS to default on payments to bondholders on the two plants.

In 29 separate lawsuits, which were later consolidated, bondholders alleged securities law violations by 10 state public utility districts involved in the project, a

Continued on page 79

Ameritech offer succeeds

Far more workers opt for early retirement than anticipated

By DEBORAH SHALOWITZ COWANS

CHICAGO—Ameritech Corp.'s early retirement offer apparently was too good to pass up.

By crediting non-management employees with three extra years of age and service in calculating their retirement benefits and eligibility, the telecommunications company had hoped to induce 6,000 workers to opt for early retirement (*BI*, April 11).

Instead, 10,000 workers—about 15% of the Chicago-based company's workforce—opted to leave and Ameritech is now taking a one-time charge of $168 million against its third-quarter earnings to cover the extra benefits.

Ameritech took a one-time aftertax charge of $332.8 million in the first quarter to fund added benefits for the expected 6,000 early retirees.

Benefit consultants offered several reasons for the big response.

"Very often, there are undercurrents and people may have reason to believe that the writing is on the wall," said Dennis Coleman, a partner at benefit consultant Kwasha Lipton in Fort Lee, N.J. Scared that their jobs may later be in jeopardy, employees take the offer rather than wait to be laid off, he explained.

As Ameritech converts from a utility company into an information services company, "people

Continued on page 80

Omissions in employee handbooks can prove costly

Minimizing employer liability

By DAVE LENCKUS

NEW ORLEANS—It's what an employer doesn't say in its employee handbook that could expose the company to costly employment practices liability court awards or settlements, a defense attorney warns.

But, a handbook as small as 20 pages can sufficiently cover an employer's policies on inappropriate workplace behavior, terminations and many other issues and still minimize a company's potential liabilities, said Paul J. Siegel, an employment law partner with Jackson, Lewis, Schnitzler & Krupman in Woodbury, N.Y.

And, an employer should not have to spend any longer than a week putting together the handbook, Mr. Siegel noted at the 20th annual convention of the National Assn. of Professional Surplus Lines Offices Ltd., which was held in New Orleans Sept. 28.-Oct. 1.

Referring to the $6.9 million punitive damages award that a Cali-

Continued on page 73

Lilly-PCS delay continues

Possible FTC concern may be reason

By RODD ZOLKOS

INDIANAPOLIS—Eli Lilly & Co. officials are characterizing the delay in the company's acquisition of pharmacy benefits manager PCS Health Systems as an "extension" of conversations with federal regulators over possible antitrust concerns.

"As of this time we've extended the waiting period until Oct. 27," said a spokesman for the Indianapolis-based company. "So we haven't exactly postponed, we've extended the waiting period."

At the end of the waiting period, possible outcomes include "approval, disapproval and a number of things in between," the spokesman said.

PCS officials wouldn't comment on the status of the transaction, and a spokesman for PCS's parent company, McKesson Corp., could not be reached for comment.

The delay comes amid reports that Federal Trade Commission regulators were preparing to challenge the Lilly-PCS deal or impose harsh conditions in exchange for approval, such as requiring PCS to maintain an open formulary that would place few restrictions on the list of drugs doctors could prescribe.

Some consultants have suggested that employers could see drug formularies change as prescription drug plan managers

Continued on page 84

Inside

• Settlement of the massive insurance industry antitrust litigation is good news and long overdue, this week's editorial says. **PAGE 8**

• Reducing consumer demand for health care is the next step in health care cost control, experts say. **PAGE 71**

• The U.K. government is considering measures to encourage companies to form onshore captives. **PAGE 75**

• The price of financial institution bonds is dropping, a survey of the nation's banks says. **PAGE 78**

Departments

Advertiser Index....64
Classifieds....78
Datebook....74
Directory of Safety Consultants....32
Directory of Rehabilitation Service Providers....60
Insurance Services Guide....79
International....75
Letters....8
Opinions....8
Perspectives....45
Ticker....83

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WORKERS COMPENSATION

New ties with providers help control costs of return-to-work plans. Page 24

Physician protocols help companies get workers back on the job. Page 26.

Burlington Northern's workplace safety philosophy is on track. Page 27

Safety is front page news at The Boston Globe. Page 30

Return-to-work plan's allure: works better and costs less

Idea spreads to small firms, non-occupational injuries

By JOANNE WOJCIK

There may be some truth in the idea that the best way to overcome fear of failure is to get right back on the saddle again.

Indeed, employers that encourage injured workers to return to work as quickly as possible after an occupational injury are reaping the rewards in reduced disability costs and increased productivity and morale.

Some employers are even applying return-to-work strategies to non-occupational disability cases.

Passage of the Americans with Disabilities Act, which requires employers to accommodate disabled workers, also has given impetus to the development of return-to-work programs.

"The Americans with Disabilities Act gave me the fourth ace in my hand," says Dr. Robert Conte, medical director for Houston Light & Power, the city of Houston and Houston-based building contractor Brown & Root.

"The ADA has increased the availability of modified-duty programs, because employers need to be able to place people with disabilities in a job in the first place," agreed Michael Tetto, assistant vp of loss control at ITT Hartford Group Inc. in Hartford, Conn.

Unfortunately, the continuing corporate downsizing trend is limiting the supply of modified-duty jobs available for return-to-work programs in some industries.

And union restrictions on employee pay have made it difficult for some employers to place injured workers in lower-paying modified-duty jobs, even for a short time.

While large, sophisticated employers have been using return-to-work programs since the early 1980s, midsize and small employers are far behind, according to Mr. Tetto.

Some employers that have a large number of union workers are hesitant because collective bargaining agreements place restrictions on pay levels and job duties, making it difficult to place a highly compensated employee into a lower-paying modified-duty job even for a short time, Mr. Tetto explained.

But most experts agree return-to-work pro-

Continued on next page

Broader disability programs bring multitude of benefits

By MEG FLETCHER

Several innovative companies are starting to expand their disability management programs beyond workers compensation to include workers whose injuries or illnesses do not have occupational causes.

Total direct disability costs run about 6% to 12% of payroll for an average company, and workers compensation may account for only about one-third of that total.

That means non-occupational disabilities account for about two-thirds of those total direct costs, a percentage that is catching some companies' attention.

Employers want an opportunity to reap the savings from rehabilitating employees, no matter how they are injured. Companies can save at least $35 for every dollar they spend rehabilitating workers—and triple that amount if they can accommodate a disabled employee in his or her old job, according to a Northwestern National Life Insurance Co. survey.

"Historically, any disability management programs were put in place for occupationally related injuries, but the more innovative companies are using the same techniques for non-occupational injuries," said Michael J. Leeper, director of rehabilitation support services at Portland, Maine-based UNUM Life Insurance Co.

One reason for this new awareness in the potential savings produced by such programs is changes in accounting rules. Until recently, self-insured companies were free to account for benefits paid to workers for occupational or non-occupational injuries and illnesses on a pay-as-you-go basis or to set aside only minimal reserves.

But Financial Accounting Standard 112, which took effect in December, requires employers to use accrual accounting, which means the company's books must reflect the total liability for disability payments as a charge against earnings (*BI*, Dec. 7, 1992).

Not that saving money should be the only goal of a disability management program. "The goal should be to manage the impact of disability on the organization and employees to reduce the cost of disability and support the human resource obligation of attracting and retaining valuable employees and meeting legislative responsibilities, like the Americans with Disabilities Act," said Mr. Leeper.

Practically, that means having the same type of policies whether the employee was injured on the job or off, suggested Kenneth Mitchell, president of National Rehabilitation Planners in Worthington, Ohio, a unit of brokerage McElroy Minister Co.

That will eliminate confusion for employees

Continued on page 10

Safety awareness alone not enough to sow the seeds for fewer injuries

Behavior modification may be missing element

By DAVE LENCKUS

What do supervisors mean when they complain workers have "poor safety attitudes?" asks Roger Corley, manager-safety and loss prevention for PPG Industries Inc.'s chemicals group.

Like the phrase "worker carelessness," it defies a definition, he believes.

"That's another comfortable generality that doesn't have any meaning, because you can't do anything with it" to improve workplace safety, Mr. Corley said.

Yet, those observations often are cited as the root of workplace accidents at companies with traditional workplace safety programs.

At the same time, traditional safety programs largely address physical loss control concerns even though employee behavior accounts for 85% to 95% of accidents, safety experts say.

That is why Mr. Corley and a growing number of corporate safety directors are challenging conventional thinking on workplace safety and turning to a much more hands-on approach to safety for line workers and supervisors than mere safety awareness programs.

Those experts are embracing behavioral modification or behavioral analysis, a concept based on positive reinforcement and employee empowerment that has re-emerged in recent years on the coattails of the total quality management movement.

This approach, which varies widely among the consultants and insurers that are helping employers implement it, typically begins with a joint labor/management committee that identifies critical behavior in performing a job safely, as well what measures a company can take to immediately reduce work site hazards.

The committee then enlists line employees to review their co-workers' performance and identify for their colleagues both safe and risky observable behavior they exhibit in performing their jobs.

While the risky behavior is noted, the key to the process is consistently recognizing and encouraging safe behavior to sow the seeds of continuous improvement—a TQM tool—in safety.

In contrast, in workplaces with traditional

Continued on page 15

Work return

Continued from previous page

grams are a "win-win" proposition for everyone involved.

Modified-duty return-to-work programs are the most effective and least expensive method for reducing workers compensation disability costs, according to the California Workers Compensation Institute. In contrast, vocational rehabilitation is the most expensive and least effective.

Annual disability-related costs amounted to an estimated $140 billion nationwide in 1993. In addition, indirect disability costs including replacement workers, lost business, overtime costs and retraining can amount to as much as five times the costs of the injured employee's wage replacement benefits, the Washington Business Group on Health says.

"The company wins by decreasing wage replacement and health care costs while at the same time increasing productivity and morale," said Dr. Bart Margoshes, associate medical director for Bell Atlantic Corp. in Arlington, Va., adding that some indirect savings, such as replacement workers, are difficult to quantify.

And the employee doesn't feel abandoned, which may prevent malingering and/or fraud, said ITT Hartford's Mr. Tetto.

Indeed, "the longer you are disabled, the more negatively it impacts on your self-esteem, your finances—depending on the short-term disability plan," agreed Dr. Margoshes.

In contrast, return-to-work programs enhance recovery, he said. "When someone is pushed a little, it's basically physical therapy on the job."

In addition to providing some physical rehabilitation, return-to-work programs can help ease the psychological trauma of a debilitating injury.

"The point of modified return to work is to get the employee back in the workplace," stressed Carol Merit, director of disability management and workers compensation at Newport Beach, Calif.-based CostCare Inc.

"People who stay home get depressed over their disabilities," she said.

Furthermore, "every week they're off work, they're listening to the 800-number adds for attorneys," points out Ralph Hurley, president and founder of Westlake Village, Calif.-based Coverage 24, an integrated disability management joint venture with Torrance-based Keenan & Associates.

While no statistics are available to prove the connection between disability duration and eventual return to work, most workers comp experts concur that the longer an injured worker is on disability, the greater the chance he or she will permanently drop out of the workforce.

"For every week an injured employee is off work, you retard return to work by as much as three or four weeks," Mr. Hurley estimated.

It's much like the psychological condition known as "learned helplessness" in which an individual is taught through negative reinforcement that he or she cannot overcome a particular handicap.

To discourage this tendency, most return-to-work programs include early intervention and enhanced communication among the employee, physician and the employer.

"We intervene early with direct contact with the employee to set expectations for return to work early on in the case, immediately in some cases," said Bell Atlantic's Dr. Margoshes.

At Houston Light & Power, "we start talking between the doctor and field supervisor to see if a light-duty job is available immediately, especially if it's likely to be a long-term disability," said Dr. Conte.

"From the moment an employee is injured, ill or out for surgery, his disability is managed by the Coors Medical Center," said Dr. Stephen Axelrod, medical director for the Golden, Colo.-based brewery.

Coors Brewing Co.'s program includes: approving the duration of absence; providing up to three stages of physical and rehabilitative therapy; transitioning levels of restricted duty; and following the worker to his regular worksite to ensure his job can be done productively and safely.

Realizing that it costs less to rehabilitate an injured worker than to pay disability benefits and find a replacement worker, "management works creatively with the Medical Center to find restrictive duties for workers," Dr. Axelrod said.

"Coors' approach is based on concern for employee welfare and a conviction that healthy, productive workers are better assets than disabled workers," he said.

Placing employees in modified jobs for their expedited return to work was one of four factors that have reduced the number and severity of workplace injury claims nationwide, according to a recent study by ITT Hartford Group.

The insurer's review of 144,709 workplace injury reports from 1993 and 165,220 worker injury claims submitted in 1992 found the severity of workplace injuries reported to the company decreased 17.6%, while the number of injuries dropped 12.7%.

These reductions were better than industry figures compiled by the National Council on Compensation Insurance, which showed no change in severity or frequency of workplace injuries nationwide.

ITT Hartford attributed the improvement to four factors:

- Employees' increasing use of workplace safety recommendations.
- Increasing use of managed care, which includes disability management and return-to-work programs.
- Significant workers comp reform in many states.
- Economic conditions, including lower medical inflation.

Experts say that successful return-to-work programs usually contain four key components:

- Senior management is committed to the program and willing to take back workers who are not at 100% capacity.

"You can't do it without a senior management commitment to bringing disabled employees back to work and to keeping them from getting hurt in the first place," says Dr. Conte.

- Employers have identified full-time, productive jobs that temporarily disabled workers can perform.
- Employers have outlined the physical requirements of various jobs, especially those with high injury rates.
- Employers have formed a team with providers, senior management and the injured worker to facilitate communication and

Continued on page 6

Work return

Continued from page 4

work together toward a singular objective: speedy recovery.

"Employers should inform employees up front that this is a program that applies to everyone and that the ultimate aim is to return to the prior job," said Mr. Tetto.

At Bell Atlantic, the return-to-work program is called "Health and Productivity Management" to illustrate the value employees bring to the organization, Dr. Margoshes explained. "When an employee is on disability, he's not producing output, which negatively affects our competitive advantage," he said. "And the longer someone is in disability mode, the more health care dollars are consumed."

To reinforce Bell Atlantic's shift from an "entitlement mentality" toward a focus on employee ability and wellness, the company uses the term "medically related absence" instead of "disability" since the term "disabled" may overstate an employee's physical limitations.

Some companies, like Freedom Communications Inc., a Irvine, Calif.-based newspaper chain, find that modifying an employee's job is preferable to reassigning him or her to lighter duty.

"Return to work is handled on an individual basis," explained Diana Rich, workers compensation manager. "We try to accommodate them based on their physical limitations."

For example, some workers may not do any lifting while others may only work part-time until they have recovered from their injuries.

Other employers, like Houston Light & Power, have found that return-to-work programs can have as great of an impact on reducing non-occupational disability costs as they do on workers comp costs.

Because 60% of the utility's disability cases are non-work-related, "we have a seamless program like 24-hour," said Dr. Conte.

Realizing that return-to-work programs can yield savings in the non-workers comp setting, California firms Keenan & Associates and Coverage 24 have joined forces to offer an integrated administrative program that encourages the use of such programs for both group health and workers comp claimants.

Only 20% to 30% of workers lose time from work for occupational illness or injuries, compared with 70% to 80% who do so for non-work-related problems, according to Mr. Hurley. "That's why we need to integrate" the two types of disability programs, he said.

Return-to-work programs that are included in a total disability management program can help guide physicians who give ambiguous instructions to injured workers regarding their capabilities, experts say.

For example, "to say 'no typing' or 'light duty' is not descriptive enough" for reassigning a worker suffering from carpal tunnel syndrome, Dr. Margoshes said. "The physician should delineate the physical limitations the employee has, such as 'the employee cannot lift more than 20 pounds' or 'the employee should not use right arm.' "

For some occupations, the ability to telecommute can mean the difference between a disability check and a paycheck, noted Mr. Tetto.

To make it easier for physicians to identify worker limitations, Houston Light & Power provides them with a manual that includes detailed job descriptions, while Brown & Root has gone a step further by developing ergonomic job descriptions for positions with the most frequent and/or severe injury rates, Dr. Conte said.

While return-to-work programs are generally viewed as successful, employers still must be careful that the modified-duty jobs used to transition injured workers back into the workforce aren't viewed as permanent positions for the temporarily disabled worker, experts warn.

In fact, many employers already refer to these temporary assignments as just that.

No matter what type of transitional work is available, it should not be a make-work job, Dr. Conte warns. "The fastest way to make a back-to-work program fail is to bring the employee back to a non-productive job," he said.

For example, at Houston Power & Light, "the meter tester job is a 100% productive job for a lineman to do before he goes back up the pole," Dr. Conte described.

While some employers offer to make up the difference between statutory workers compensation disability benefits and an injured employee's former salary if he or she accepts a modified duty assignment, such payment schemes can act as a disincentive for return to regular duty, according to Mr. Tetto.

To counter this, some employers increase compensation with the employee's increased productivity, he said.

Instead of using a medical model to approve benefits for lost wages according to diagnosis, Bell Atlantic uses a functional model that approves benefits only if workers are functionally unable to return to modified duty. Once an employee can safety attend work for "light" duty, disability benefits stop.

At Houston Light & Power, able workers who refuse to do modified-duty jobs lose their disability benefits, Dr. Conte said. BI

Medical disability guide helps doctors, employers assess employee progress

By JOANNE WOJCIK

While a "cookbook" for practicing medicine does not yet exist, someone has written the book on disability management.

"The Medical Disability Advisor: Workplace Guidelines for Disability Duration" can be used as a managed care tool to help control steep disability costs, which amounted to an estimated $140 billion in 1993—about 8% of employer payroll nationwide.

This reference provides employers, insurers, health care providers and case managers with descriptions, minimum and maximum disability durations and common treatment methods for nearly 1,000 common illnesses, injuries and medical procedures.

The book, available through the Denver-based Reed Group Ltd., also can help health care providers determine the extent of physi-

Continued on next page

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cal impairment to help employers make workplace accommodations required under the Americans with Disabilities Act.

It was Dr. Presley Reed's fascination with individual pain thresholds while he served as a psychiatric consultant to a pain control center in 1981 that led to the publication of the first edition of "The Medical Disability Advisor" in 1991. An updated and revised edition was released last year.

"During the course of this work, I became fascinated with individuals who were away from work on extended leaves of disability when, in my opinion, subject to only minor illness or injury with little or no positive findings of organic pathology," Dr. Reed recounted.

But even though Dr. Reed has published what many perceive as the definitive work on disability duration, it comes with a disclaimer because "one of early concerns was that people would misuse it," he explained.

"Employers shouldn't use it to mandate that people return to work. We state over and over that there's no substitute for the private physician's best judgment" because the practice of medicine "is still as much art as it is science," he asserted.

That's why "The Medical Disability Advisor" includes ranges for disability duration and contains a complications section listing variables that can create exceptions.

For example, under the heading "Biceps Tendinitis," the expected length of disability "depends on severity of symptoms and whether dominant or non-dominant extremity is involved."

'Employers shouldn't use (my book) to mandate that people return to work,' says Dr. Presley Reed.

The anticipated disability duration ranges from a minimum of zero days for someone who does sedentary work to a maximum of six weeks for someone who does very heavy work.

"The range for a given diagnosis or condition can be enormous when data from one population is compared with another," Dr. Reed explained.

As a psychiatrist, he also believes that "degree of disability can be greatly influenced by the individual's state of mind. These guidelines cannot measure one of the most important 'state of mind' variables in the determination of disability: the individual's motivation."

Echoing its author's warning, most users of the book agree that it should not be used as a "one-size-fits-all" approach to disability management.

"The book is the best there is, but it's far from perfect," says Dr. Robert Conte, who is medical director for Houston Light & Power, the City of Houston and Houston-based building contractor Brown & Root.

"We use the Reed book, but we also look at every case individually" and make modifications according to occupation, Dr. Conte said.

An employee's age and pre-existing medical condition also must be factored into any projected disability duration, said Dr. Bart Margoshes, associate medical director for Bell Atlantic Corp. in Arlington, Va.

"We use the Reed book as a tool, not as a cookbook," he said. "We are educating physicians through feedback on each individual case that their projected duration may not be acceptable."

Indeed, "most physicians lack the skills needed to define disability for specific tasks and therefore should not define disability," agreed Dr. Christopher R. Brigham, vp of medical affairs for Occupational Health Resources Inc. in Falmouth, Maine, who wrote the foreword to the Reed book.

"Doctors find it's quite helpful to know up front what the expectations are," said Dr. Reed. In fact, some occupational therapists use "The Medical Disability Advisor" to educate their patients, he added.

Sometimes the book helps to ensure that employees are receiving appropriate medical treatment for their injuries, said Carol Cunningham Base, supervisor of nursing at PECO Energy Co. in Philadelphia.

"When an employee's physician recommends a disability duration that differs greatly from 'Medical Disability Advisor' guidelines, a nurse further discusses the case with the treating physician," she explained.

"This system helps ensure that our employees are receiving proper care, at times resulting in revised treatment plans," she added.

Readers of Dr. Reed's book also must be aware that some guidelines can become outdated as technological advances and increased application of managed care techniques speed recovery times for some injuries, some disability management experts say.

"I can remember when heart attack patients stayed in the hospital for one month. Now it's seven days," Dr. Margoshes said.

Claims administrators find the guidelines helpful for isolating possible fraud or malingering, according to Ralph Hurley, president and founder of Westlake Village, Calif.-based Coverage 24, an integrated disability management joint venture with Torrance-based Keenan & Associates.

To ensure that the individuals receiving benefits are entitled to them, "we look at the length of disability and compare it to the disability guidelines in the Reed book," he said.

"If the disability exceeds the norms, we go to the physician and ask what's wrong," he noted.

If the provider cannot give a reasonable explanation for the excessive disability duration, the claims administrator—acting on the employer's behalf—can pull the plug on benefits and insist that the employee return to work, usually in a light-duty job.

Ultimately, "it is the role of the employer to provide reasonable accommodation for an individual with a disability to perform the essential functions of a job," Dr. Brigham said.

•

Copies of "The Medical Disability Advisor: Workplace Guidelines for Disability Duration" are available from Reed Publications Ltd. at 1-800-347-7443, or via fax at 303-871-0599. Books cost $275 plus shipping. Also available on IBM compatible computer disk in both Windows and DOS versions for $695 plus shipping.

Opinions

Antitrust settlement overdue

SIX YEARS and tens of millions of dollars of legal wrangling later, the parties involved in the massive insurance industry antitrust action have settled.

At last.

The states' pursuit of the industry defendants has continued long after many of the issues that gave rise to the suit lost what little relevance they once had:

- The concept of players in the commercial insurance market acting in concert to restrict the availability of insurance seems even more laughable today, given the competitiveness of the market and the wide array of alternatives to traditional insurance available to buyers.

Anyone who views the property/casualty industry as a single-minded monolith need only look at the bitter internal debate that accompanied failed attempts to reauthorize Superfund to see that is not the case.

- Alleged efforts to eliminate occurrence-based coverage and include defense costs within coverage limits were ultimately rejected by the marketplace, not through the actions of the state attorneys general.
- Most industry ratemaking organizations several years ago saw the writing on the wall and began restructuring their financial base to become less reliant on direct insurer support.
- The insurance industry has paid a stiff price for its failure to serve the customer in the hard market of the mid-1980s. When premiums became too high and coverage too restrictive, customers poured billions of dollars into alternative risk financing programs.

That is perhaps the best argument of all for the litigation to end, though we have cited many others over the years: little merit to the plaintiffs' original allegations; an enormous waste of taxpayers' money; and the chilling effect that fear of being branded a "conspirator" has had on free discussions of issues affecting the industry.

Although some decisions in this dispute seemed

stacked against the industry in recent years, the Supreme Court ruling in this case certainly narrowed the chances of victory for the states. It no doubt became increasingly difficult for the state attorneys general to justify the enormous costs of challenging appeals and the prospect of even greater costs at trial.

The settlement offered the states a chance to end the debacle, save taxpayers millions of dollars and save face in the process. And, the defendants certainly have avoided additional expenses and the risk that courts might make bad law.

We applaud the settlement's creation of a new facility to centrally gather loss information on public entities. That means this ill-conceived suit will ultimately benefit the public—and risk management—not just the lawyers.

Letters

Size of employer is irrelevant in self-funding

To the editor: After reading several recent letters arguing about what size employer can or should be allowed to self-fund (*BI*, Oct. 10; Sept. 26; Sept. 5), I can't believe that readers of *Business Insurance*—who should know better—have fallen into these straw man arguments.

Size of employer is irrelevant!

Consider these points:

- Does anyone believe that the huge corporations losing millions of dollars a day and dangling on the edge of bankruptcy is a better or safer risk than a small company with a strong positive cash flow? Remember, ERISA was born because a huge firm (Studebaker) ran out of money.
- About half of all people in self-funded plans are in multiemployer plans. The risk pool size argument evaporates. What's the difference between a single employer of 1,000 lives and a multiemployer plan composed of 100 employers with 10 employees apiece? In fact, the multiemployer plan is probably more stable since it is not dependent on the finances of just one company.
- The similar issue of employer bankruptcy is also irrelevant in the debate of insured vs. self-insured plan. If an employer can't pay the insurance premium, the coverage stops. If an employer can't pay into the self-funded plan, the coverage stops. If an employer can't pay into the capitated plan, the coverage stops.
- Since Congress virtually prohibited reserves for funded welfare benefit plans (in DEFRA '84), almost all self-funded health plans use stop-loss coverage at pre-set levels. . .and most insurance companies use reinsurance at preset levels. Thus, neither can claim to be better than the other in that aspect.

Let's not let the politicians set our agenda and set us to squabbling. The private employee benefits system has lots of wonderful vehicles for providing coverage. Sometimes self-funding is great for an employer (regardless of size), and sometimes fully-insured is the best fit.

Let's maximize all of them and solve the health care access and cost problems ourselves instead of finger pointing and letting politicians and wonks set our agenda.

Frederick D. Hunt Jr.
President
Society of Professional Benefit Administrators
Chevy Chase, Md.

* * *

To the editor: In contrast to your Sept. 26 letter to the editor from Alice Ward, I maintain that self-funding can work if properly designed.

The renewal Ms. Ward described seemed to have several signs of improper design:

- The stop-loss sounds like it was set too high if two large claims ruined the experiment.
- The company should have been advised and expected stop-loss rates to increase significantly in the second year due to the "short" first year and the leveraging concept that applies to the impact of medical inflation on specific stop-loss premiums.
- Poor advice appears to have led to selection of a stop-loss insurer that excludes known conditions from a subsequent year's coverage.

Ms. Ward's assertion that small firms that self-insure "are playing the insurance version of Russian roulette" sounds like typical media-hype. Proper specific and aggregate stop-loss levels would spread the catastrophic portion of the risk, and smart plan design will normally generate seven or eight good years out of every 10.

I recognize, however, that self-funding is not for every company, such as those with poor cash flow, a history of high claims and/or unfavorable demographics.

Dale C. Snellbaker
Consultant
Triangle Employee Benefits
Raleigh, N.C.

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Disabilities

Continued from page 3

and the health care providers who treat them.

"Most employers have a pretty good handle on occupational claim costs," said George Model, a Towers Perrin principal in Boston.

Employers have made significant gains in adopting cost-control programs that stretch along the employment continuum from job offer through return-to-work after a work-related injury.

Initially, elements of such disability management programs can entail legal testing of employees after an offer of employment is made, including checking for any drug or substance abuse.

Once hired, programs can include telling employees about workers comp benefits and wellness as well as training them in safety.

After the workers compensation injury or illness occurs, programs can include channeling injured workers to preferred providers, case management, utilization review and precertification of treatment.

Employers also can coordinate an employee's workers comp benefits with group health benefits as well as short- and long-term disability programs.

When the employee's condition improves enough, the employer can make use of work-hardening programs, return-to-work programs and vocational rehabilitation.

Related programs employers use to coordinate worker care with providers include provider profiling, negotiating provider discounts, fee schedule compliance checks and medical bill audits.

But although more than half the companies in the Towers Perrin survey reported adopting disability management programs primarily for non-occupational injuries and illnesses, only a quarter said their cost-control efforts were having a significant impact. And only three of the 120 companies surveyed rated their efforts as fully effective.

Employers that want to expand their disability management programs should use many of these techniques and focus on the results, said Tom Ramey, senior vp and manager of managed care for Liberty Mutual Insurance Co.

Many employers use prompt return-to-work as an indicator of a successful outcome and are glad to find programs that work.

The City of Chesapeake, Va., for example, is using a local YMCA for physical therapy and work-hardening programs, which condition recuperating employees for return to work.

That program is part of an effective "team approach" to worker rehabilitation with Richmond, Va.-based Resource Opportunities Inc., said Patricia Mellon, a liability claims specialist for the Tidewater town of 170,000.

"If you put an injured person in a well environment surrounded by positive people, they will be motivated to try harder and recuperate much quicker with better results at a fraction of the cost of a physical therapy center for 'sick' patients," Mrs. Mellon said.

In addition, ROI's prompt medical coordination has averted unnecessary surgery and its sharing of medical case management skills has taught city claims handlers to close many claims without bringing in rehabilitation specialists, she added.

"The average case cost for ROI's rehabilitation services is $1,700," which she considers a very good value because the company's return-to-work ratio is 98%, Mrs. Mellon said. For every $1 spent, the city has saved $30, she calculated.

Employers could also learn from the example of lumber products company H.M. Stauffer & Sons Inc.

A disability management program for occupational and non-occupational injuries helped cut lost time workdays to 16 in 1993 from an annual average of 140, said Nancy Frush, human resource manager for the Leola, Pa.-based firm, which has annual gross sales of over $16 million.

The program also helped cut annual incurred losses to $14,000 last year from $40,000 in 1992-1993 and $133,000 in 1991-92.

Its experience modification factor also declined markedly: to 0.653 this policy year, down from 1.19 in 1988-89, she said.

One key component of that improvement was encouragement from a Liberty Mutual rehabilitation nurse in 1992, which helped the company establish physician-approved rehabilitation and work-hardening programs at the job site.

In addition, the company expanded Ms. Frush's human resource manager role to also make her manager of "facility support services," which includes oversight of all maintenance, housekeeping and clerical support services. That makes her aware of various openings that recuperating employees can fill, often with only minor training.

"The mentality is that training will take too long, but the reality is if you have an average IQ, you can pick things up quickly," she said.

With that attitude, she was able to successfully train a panel assembler, who had driven nails through two fingers, as a fill-in receptionist/switchboard operator. In addition, she successfully placed a material handler, who had an injured elbow, as a special clerical assistant who computerized the company's card-based preventive maintenance system for equipment.

"If a company like us can do it, then anyone can do it," she said.

Disability management is a new interest of some of the companies that belong to Workers Compensation Quality Council, a group of clients of Johnson & Higgins.

They have already studied each others' return-to-work programs by providing individual company data for a five-year period, allowing the broker to analyze it and identifying which company has the "best prac-

Continued on page 12

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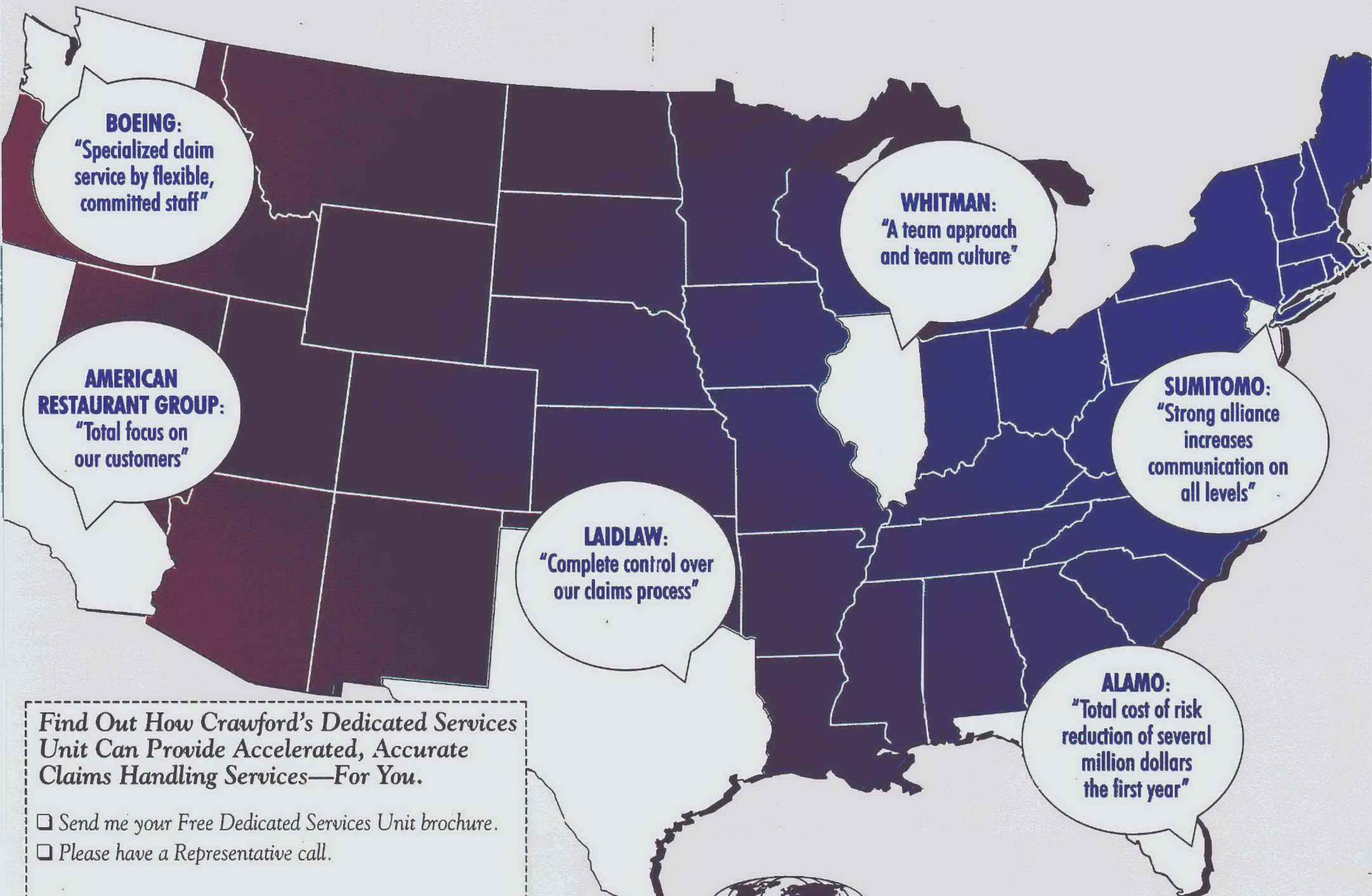

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Disabilities

Continued from page 10

tices" so it can share key elements of its approach with other group members, said Susan M. Sauer, vp and national workers compensation leader for J&H in Chicago.

Despite projects like these, few companies have made many gains in managing non-occupational injuries or illnesses.

The primary reason: Because there are "a lot more handoffs" to other programs—such as sick pay and short- and long-term disability benefits—oversight is often fragmented, said Tom Klett, a Towers Perrin consultant in Boston.

"Typically, for example, employers don't even begin tracking non-occupational disabilities until long-term disability benefits commence," the Towers Perrin survey said.

Several barriers, one of which is upper management thinking, may prevent companies from including non-occupational injury and illness claims in a disability management program. Senior managers have tended to view workers compensation and employee benefits as distinct and separate areas of expertise.

Managers should realize "that disability management pays and that it is valuable," UNUM's Mr. Leeper said.

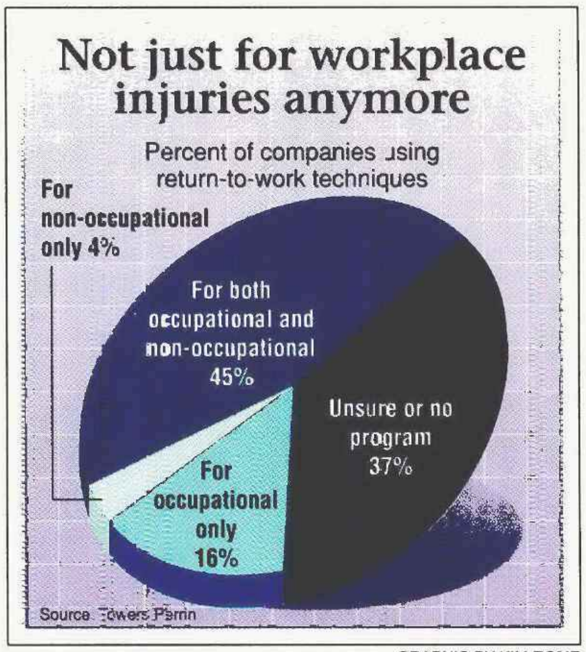
Employers need to realize that "the biggest cost of injury is not the benefits paid to the employee but the loss of productivity, retraining, hiring a replacement and that applies whether it is a workers compensation injury or any type of injury," said Edward Welch, a workers compensation expert in Lansing, Mich.

While companies vary in the degree to which management of both types of claims is integrated, "the key is to have a centralized disability manager for both, which cuts across those fiefdoms," Mr. Leeper said.

Institutional policies can also be barriers to return-to-work programs.

For example, one nursing home had to change its policy so employees on modified duty could return to the same unit rather than having to "float," National Rehab's Mr. Mitchell said.

In addition, a steel mill had to change its policy so a person on modified duty could retain his seniority for overtime once he was fully healed and capable of performing it rather than dropping to the bottom of the list. BI



GRAPHIC BY KIM FOME

Network helps employers help workers

Helping injured employees return to work makes good sense and saves dollars, too.

That's the message of the Job Accommodation Network, a federal program that offers employers simple, practical advice about ways to accommodate workers whose abilities are limited for any reason.

JAN's toll-free telephone line fielded 50,000 calls in the last nine months, many of them from confused employers, said D.J. Hendricks, assistant project manager for JAN, which is a service of the President's Committee on Employment of People with Disabilities.

"Most of the time, employers start out by not knowing where to go," she said. They usually call JAN as a second-stage inquiry after they have been "bombarded" by technicians with very specific medical or engineering questions that employers often can't answer because they lack knowledge of the terminology or the details of the employee's situation, she added.

JAN's approach is "to ask simple, straightforward questions," Ms. Hendricks said.

Getting appropriate answers, though, often requires the employer to seek additional details from both the physician and the employee.

For example, a physician may say an employee cannot lift 25 pounds "repeatedly," without precisely defining what that term means.

An employer in that situation may have to ask the physician for clarification.

In most cases, though, "the employer really needs to talk to the employee," Ms. Hendricks said.

Often employees have good ideas about what they can and cannot do.

In the case of lifting restrictions, accommodations could include seeking help occasionally from another employee, structuring the lifting process so as to reduce the load or using a special cart or special table, she said.

Other popular accommodations include allowing an employee who performs independent work to work from home temporarily, rather than from the office.

"We try to find a solution that works for the employer and the employee, because if it doesn't, one or the other of them will find a way to not make it work," she said.

JAN's most recent survey of those it has helped found that the median cost of an accommodation is $200, though the average cost is $999. A few accommodations costing about $20,000 drive up the average, she said.

But, those same respondents said that benefits from the accommodations far outstripped the costs, pegging median benefits at $7,250 and average benefits at $17,477.

For more information, call the Job Accommodation Network at 800-526-7234.

—By Meg Fletcher

Spotlight report

Keys to encouraging early return to work

Creating a positive environment, message is paramount

By MEG FLETCHER

Employers have many decisions to make if they want to successfully help recuperating employees return to work.

The first decision is what to call the program.

Should it be known as "light," "modified" or "transitional" duty? The significance goes beyond semantics.

An informal survey of employers, consultants and brokers found that most prefer the term "transitional" duty, though they also consider "modified" duty acceptable.

"I like 'transitional duty' because it indicates that it serves as a bridge between disability and the individual's usual occupation," said Bob Brody, project manager with Lynch, Ryan & Associates in Westborough, Mass., a wholly owned subsidiary of The Travelers Insurance Co.

"It also connotes that it is a short-term process," he added.

Employers, consultants and brokers generally frown on the phrase "light duty."

"We stay away from the phrase 'light duty.' It implies that it's not real work," said Nancy Frush, human resource manager for H.M. Stauffer & Sons Inc., a Leola, Pa. lumber products manufacturer.

"The 'light duty' term is passe. It doesn't focus on the employee's abilities and it sends the wrong message," agreed Susan M. Sauer, vp and national workers compensation leader for broker Johnson & Higgins in Chicago.

"To me, 'light duty' has a negative connotation. It implies that a worker is providing less to a company than others," said George Model, a principal in the Boston office of consultant Towers Perrin.

While a recuperating employee's output may, in fact, be reduced during the recovery period, an employer should emphasize what the worker can contribute rather than not contribute, several sources said.

Whatever the program is called, employers need to decide to carefully create a positive climate that supports the recuperating employee's return to work and engages support from supervisors up and down the line.

As part of creating that climate, other workers should be informed that the company's policy of helping employees return to work as soon as feasible will extend to them also, if and when they need it.

That may make other employees more amenable to assuming some of the recuperating employee's extra job duties, such as increased filing responsibilities, at least for a short time.

It's essential to establish "a partnership" between the employer and the employee, said Tom Ramey, senior vp and manager of managed care for Boston-based Liberty Mutual Insurance Co. Employers are already aware of the strong financial incentive they have to encourage an early return to work for employees who sustain job-related injuries, because the alternative is paying wage-loss benefits as required by most states' workers comp laws.

Recently, more employers are beginning to realize that it is also in their financial interest to promptly bring back workers recuperating from non-occupational illnesses or injuries (see story, page 3).

It is also in the employer's best legal interest, because the Americans with Disabilities Act exposes them to new liabilities (*BI*, July 13, 1992).

But employers need to be careful in deciding what kind of work a recuperating employee is given, so they don't create a "horror story."

For example, the plant manager at a manufacturer had his "light duty" employees paint the same white metal fence in front of the plant over and over again, said Linda Masengarb, director of the Disability Management & Planning Group in Chicago.

"It had been painted so much that there was little or no space between the slats," she said.

That paint-covered fence was a symbol of what not to do, she said. Other employers have created similar tales by bringing recuperating employees back to stare at a wall or merely sit in front a punch press or a sewing machine—without operating it.

Perhaps a better effort, but still not the best approach, would be to assign a recuperating machine tool operator to a fully staffed mail room without giving him or her a special task to do, said Liberty Mutual's Mr. Ramey.

"The key is that the person remain productive," Mr. Brody said.

Employers first must determine what kind of work a recuperating employee can do.

The best guide for that determination is a written statement about an employee's limitations from an informed treating physician who is knowledgeable about an employer's operations and the functional demands of each job.

To reach that point with a physician, though, most employers have found that it is first necessary to educate physicians about their worksites and job demands. That can be done with the help of plant tours, written job descriptions that list the essential functions of jobs, or through the use of videotapes of workers performing specific tasks.

If employees can perform enough of their regular tasks, they may be able to return to them with minor modifications, like providing heavy lifting help until they are strong enough to do it themselves.

For help with specific problems, tens of thousands of employers have been consulting the federal Job Accommodation Network (see story, page 12).

Otherwise, the employee may have to be assigned to alternative work.

For example, the city of Chesapeake, Va., created a form of alternative work by designing a special task to help a park department employee with a serious leg injury return to work, said Patri-

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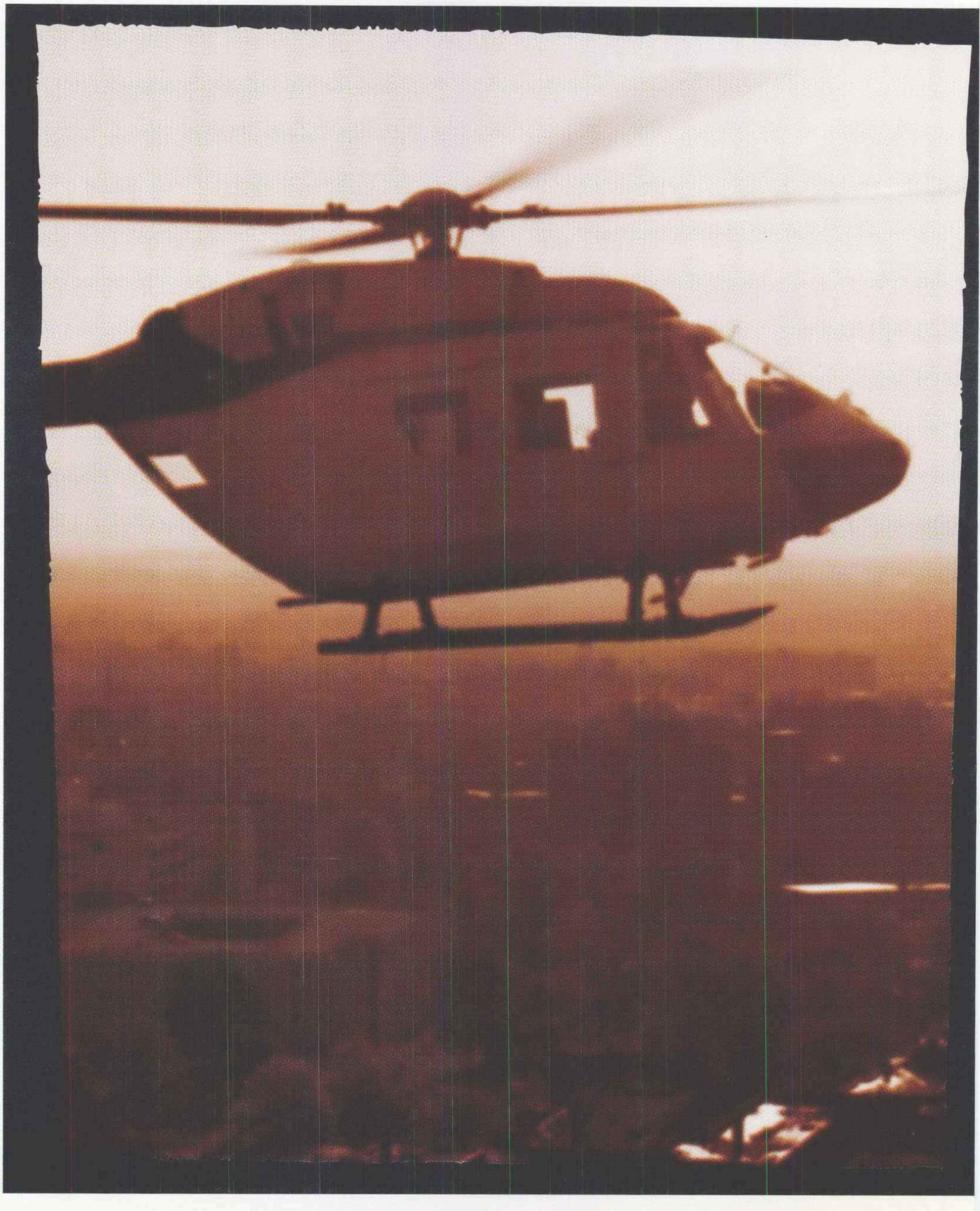

Early return

Continued from previous page

cia Mellon, a liability claims specialist. The worker, who had limited education, was successfully placed in the city's Finance Department, preparing documents for microfilming.

"Within transitional work, it is important to make a distinction between alternative work and modified work," Lynch, Ryan's Mr. Brody said. For example, a seamstress suffering from carpal tunnel problems could be given the alternative job of handing out thread to seamstresses or performing quality control checks, neither of which requires the repetitive motions that caused the original injury, he said.

However, "the more divorced someone is from their usual job, the harder it is to get them to go back to it," he said.

For example, a seamstress may become deconditioned to sitting for long periods of time or come to prefer the new role, which offers more social contact with fellow workers.

That problem can be avoided by providing modified—rather than alternative duty—such as having the employee continue to work as a seamstress only for a two-hour period during the day. Otherwise, the worker could be assigned to a regular but less strenuous task, like folding fabrics.

An employer must also decide what to pay a worker performing transitional duty.

Most consultants recommend that employers pay full wages to an employee who is at work full time, even if the worker is performing a modified job.

"Generally, the idea is to create no disincentive for him to come back to work," Mr. Brody said.

If an employee is back only on a part-time basis, he or she likely will be getting some wage-loss compensation from the employer's workers compensation insurance program, in addition to pay from the employer.

In those cases, employers should make sure that the worker's tax-free workers comp benefits and part-time pay do not exceed his or her usual salary, said J&H's Ms. Sauer. That's a particular problem in some rust belt industries, she added.

Employers must also decide how long a transitional duty assignment can last.

"It should be short-term and dynamic," said Mr. Brody.

Most modified-duty assignments should last a matter of weeks at most, though sources agree the length of time depends on the nature of the worker's injury.

To keep current, employers should require that the employee's condition be regularly monitored by medical personnel. As the worker's condition improves, the rigors of the transitional job should be increased, consultants suggest. BI

Behavior

Continued from page 3

safety programs, "safety directors walk the floor looking for problems," said Timothy J. Howe, a second vp in the loss prevention and engineering division of The Travelers Insurance Co. of Hartford, Conn.

If implemented correctly, the behavioral modification process can help employers—with widespread worker support—not only reduce unsafe worker behavior that otherwise could lead to injuries, but also promote a more safety-conscious workforce.

Over the long term, that all translates into sharply lower injury rates.

"The idea is to reinforce the whole mindset that things can happen to you and will happen to you or someone you know" if work is not performed safely, said John F. Roskopf, a senior vp and risk management consultant with broker Rollins Hudig Hall of Illinois Inc., a unit of Rollins Hudig Hall Group Inc. of Chicago. RHH has formed a joint venture, Cost Reduction 2000, with St. Louis-based behavioral modification firm Maritz Performance Improvement Co.

If employers need any more incentive to investigate this approach, they should consider that Congress next year will likely reintroduce legislation that would require employers to form labor/management safety committees with teeth, said Paul H. Ritter, a loss management consultant with J.H. Albert International Insurance Advisors Inc. of Needham Heights, Mass.

In addition, the Occupational Safety and Health Administration is expected to soon develop an ergonomics standard that would require employers to involve workers in all phases of ensuring that workplaces are designed ergonomically, he said.

Some states already require labor/management safety committees or provide for lower workers compensation insurance rates for employers that have them.

Risk managers exploring this approach for modifying workers' behavior, though, will have to choose from a variety of ideas on how the process should be designed.

For example, Behavioral Science Technology Inc. of Ojai, Calif., which is not affiliated with any broker or safety consultant, concentrates on helping a company and its workers identify and correct unsafe worker behavior that could lead to injuries.

Maritz's program involves more worker training by supervisors based on its analysis of the company's loss history.

In addition, while Maritz's program includes worker safety incentives, BST believes they could hurt a program's chances for success.

Liberty Mutual Insurance Co. offers a program that is similar to BST's, but it will incorporate incentives at the employer's discretion.

Employers, though, can design potent behavior modification programs of their own, as some divisions of Georgia-Pacific Corp. have done. The Atlanta-based company has cut its incident rate in half since 1990, when its divisions began using a variety of home-grown and canned programs, said Mike Skinner, corporate director of safety, health and workers compensation.

Behavioral modification proponents are critical of traditional safety programs for several reasons.

RHH's Mr. Roskopf complains that traditional programs do not attack the pressures on employees to work unsafely that emanate from "macho" co-workers and production managers trying to meet tight production schedules.

Thomas R. Krause, president and chief executive officer of BST, believes that even the foundation of those programs—injury rates—may be deceptively weak if the work group is small and its safety history is relatively short.

Injury data may be skewed by

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Behavior

Continued from previous page

random accidents and may not adequately reflect consistent unsafe behavior that, because of luck, has not yet resulted in injuries, he said.

Conversely, the behavioral modification approach is designed to rid the workplace of reinforcements for unsafe behavior and encourage safe, observable working habits.

There are several approaches to behavioral modification, a concept based on TQM ideas like employee empowerment and continuous improvement.

For example, in the BST program, consultants first interview and survey a cross-section of personnel ranging from top management to line employees to determine the company's safety culture.

BST scores that data against nine measures it has developed for various industries. The measures include, among other things, production pressure that compromises safety and the amount of recognition management offers workers for doing a good job.

With those scores in hand, one or more steering committees of employees, depending on the size of the plant, are formed and trained in what constitute safe and risky acts so they can identify the critical elements of performing work safely in their areas.

Those elements do not include carelessness or poor attitude.

"Anything you put down as behavior you have to be able to capture on film," said Mr. Corley, the safety manager for the chemicals group of Pittsburgh-based PPG, which has implemented the BST program.

For example, observations that a worker was in a hurry or was careless would not be informative; that the person was running or was not wearing eye protection would be.

From this data, a checklist of 10 to 20 general observable acts is developed that employees chosen and trained by the steering committees will use in reviewing their co-workers on the job.

An observer openly reviews a co-worker for 20 minutes or so and then gives positive feedback about his or her safe actions.

If the process involved only criticism or identification of risky behavior, employees would be more reluctant to participate, and the program's impact would not be as great, Mr. Krause explained.

But, the reviewer also points out actions that put the worker at risk and asks for an explanation.

The observer then inputs that information into the employer's computer, and a software program will help the employer eventually begin to see behavior patterns.

The steering committee analyzes the data and develops a response plan.

For example, when data at PPG Industries showed that workers often failed to use hearing protection, the steering committee determined that hearing protection areas were not well marked.

It also determined that outside of those areas, workers often did not think to use hearing protection before using a noisy tool. The committee decided to paint the connectors to all such tools green, which became a symbol throughout the plant, Mr. Corley said.

The chemical groups's OSHA recordable injury rate was 30% lower through September compared with the same period a year ago, Mr. Corley said.

Another part of the BST program is the hazard rate that is developed for a workplace or for various groups of employees. The hazard rate can be expressed as a ratio of the number of observed safe work habits at a worksite or for a group compared to man-hours, the number of employees or the total number of observed employee actions.

If the process succeeds, the safe behavior ratio will increase, which eventually should be reflected in reduced claims.

Maritz takes a different approach.

Under its program, the employer's loss information is analyzed first by broker RHH. Like BST, Maritz also analyzes the employer's safety culture, including its training program and communication efforts, through various means, including interviews with top and middle management and line employees.

Maritz, though, then trains supervisors on how to conduct employee meetings and, based on its previous analyses, how to train employees to work safely.

Next, safety goals are set for teams of employees that are natural work groups in the workplace.

The team approach facilitates information sharing among team members. By involving supervisors, the process also encourages employees to inform management about what steps they should take to improve safety, said Jim Burton, national director of the Cost Reduction 2000 program for Maritz in Chicago.

The employer then recognizes teams monthly and quarterly for their safer work habits, which are measured by reductions in lost time or medical-only accidents.

Throughout the process, Maritz provides employee program communication materials.

Maritz claims that employers that have incorporated its process on average reduce their safety incident

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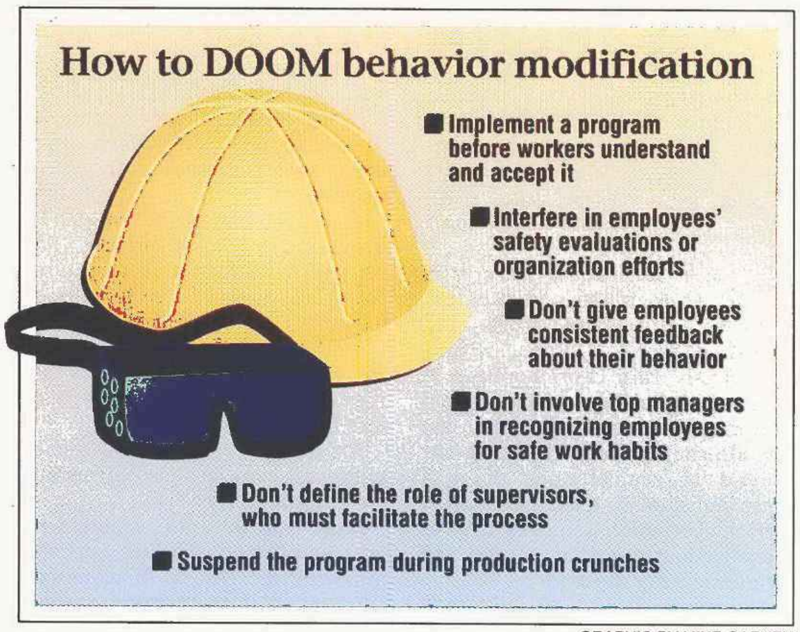

GRAPHIC BY MIKE GARVEY

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rates 34% in the first year.

Experts say the behavior modification process can improve workplace safety without forcing employers to re-engineer entire safety and workers comp efforts.

But some safety managers point out that while the programs they use are crucial elements in molding safety-conscious cultures, they are still one of many new measures they are incorporating as they overhaul their safety and workers compensation programs.

Consultants say the savings that result from reduced workplace accidents pay for their services several times over.

BST, for example, typically charges no more than about 1.5% of an employer's annual payroll, and less for large employee groups, to set up its system.

Maritz's fee is based on the employer's savings on workers comp costs. Typically, it charges 50% of the employer's loss reductions.

And, the process drains little from production, some consultants say.

"Employees are not so pressed for time that they can't do something extra," said Mr. Krause of BST.

But, Mr. Corley believes PPG's production was slowed, though he did not measure it.

The different approaches to encouraging safe behavior trigger debate over the value of using safety-related incentives for employees.

"Incentives can undermine the whole system," Mr. Krause asserted.

After employees begin feeling successful, introducing incentives implies they are "not smart enough to figure out safety is in their best interests and costs money," he said. "It sends a weird message."

Another danger is that workers will begin considering the incentives entitlements, noted Jim Sybert, vp-risk control services for safety consultant Crawford & Co. of Atlanta.

Labor realizes that high workers comp costs reduce a firm's productivity and competitiveness, which costs jobs, said Thomas Clark, senior primary casualty marketing officer for Marsh & McLennan Cos. Inc. "That's the incentive."

But, Maritz's Mr. Burton disagrees.

"You can change behavior by asking people to change it," he acknowledged. "But, if you don't recognize them when they do it, it tends to go away."

Management also has to consider what it is recognizing. If it is the right behavior, "then you're recognizing what you want," said Mike Mineo, property/casualty services manager in loss control engineering for Kemper National Insurance Cos. of Long Grove, Ill., which offers a behavioral modification program for employers with large vehicle fleets.

Liberty Mutual's program incorporates incentives, but they are tied to reducing risky behavior rather than claims, because claims often can be curbed for a while without eliminating the behavior, explained Albert A. Mangone, director of services industries and general liability.

J.H. Albert's Mr. Ritter suggested allowing employees to decide whether the incentive approach is necessary.

The question of whether to offer incentives, though, could be the least of employers' problems when implementing a behavioral modification program.

"A problem I encounter with any canned program is if it's not a good match with the culture of a plant, it could be at cross-purposes," said Larry Anderson, senior loss control consultant with Gallagher Bassett Services Inc. in Castle Rock, Colo.

Georgia-Pacific's Mr. Skinner agreed. "If your operation doesn't have the culture where you can go up and criticize them, it's not going to fly," he said.

Management also must not overlook the important role that first-line supervisors play in the process, BST's Mr. Krause said. Among other things, the supervisors have to give employees time to run the process and provide the resources employees seek to improve safety.

Mr. Corley noted that employees may fumble for a while before they get the hang of the process. But he warned that they will quickly lose interest if management tries to jump in and move them along.

Yet, top management has to be a visible part of introducing the process, recognizing employees and exhibiting safe behavior themselves.

Otherwise, "people don't think it's important to the organization, and they don't pay as much attention to it," Mr. Burton said.

And, J.H. Albert's Mr. Ritter warns that employers should not look to some magical point down the road when the process will be complete. "It's not a project with an endpoint." BI

Employers cut costs, speed return with early intervention

Sooner is better in comp claims

By SALLY ROBERTS

The early bird always gets the worm.

That adage is especially true in workers compensation, where early intervention means potentially significant savings for employers.

The earlier employers get involved in the workers comp claim process, the sooner injured workers will be able to return to work.

As one means of speeding up employer involvement, many companies no longer manually fill out first report of injury forms and simply mail them to insurers or claims administrators. This process can can take more than a week and often leaves the injured worker feeling abandoned until the claim is received and acted upon.

Instead, many employers now are reporting incidents to their insurers or claims administrators within minutes via computers or toll-free phone numbers.

However, reporting claims more promptly is only one element of a successful early intervention program.

Experts stress that as soon as the claim is reported, it should be transferred to a case manager for review and, if necessary, that manager should begin working with the medical provider to get the injured worker back to work full time or in a modified duty capacity as soon as possible.

Companies generally aim to get "the best quality of care for the least amount of cost with the

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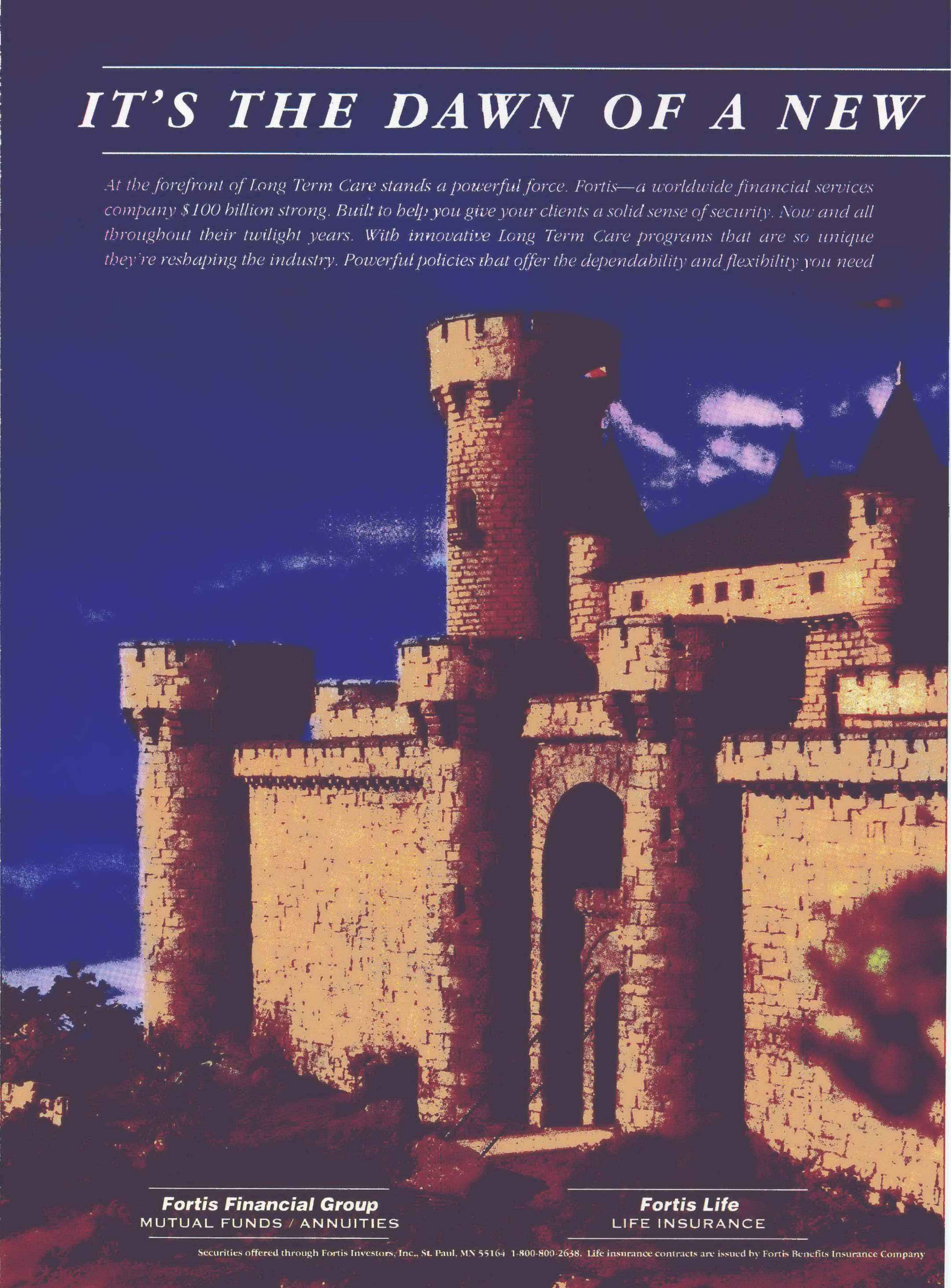

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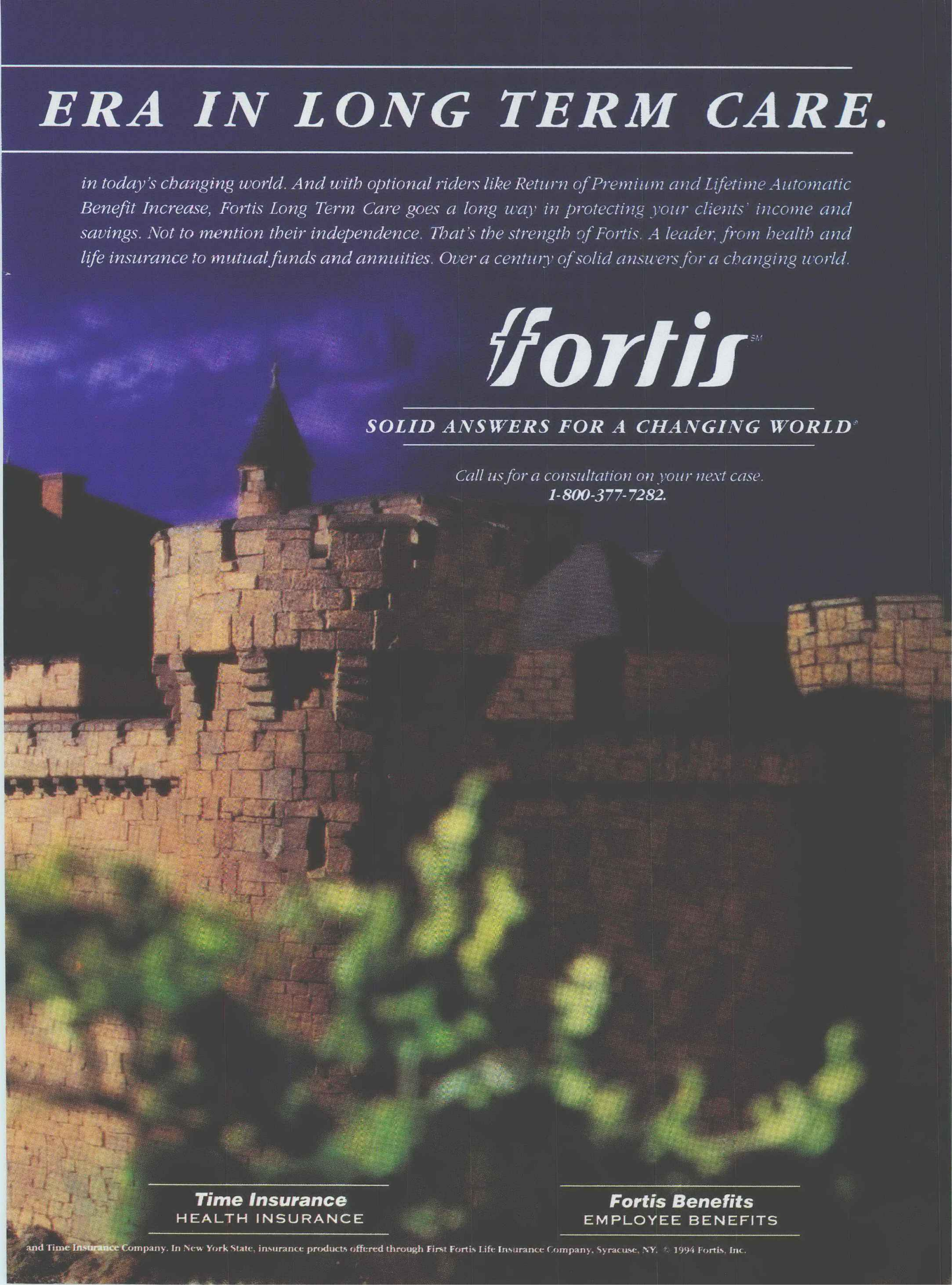
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Intervention

Continued from page 17

quickest return to work with no litigation," summed up Maddy Bowling, vp-workers compensation managed care for Intracorp, a Berwyn, Pa.-based health care cost management company.

To do this, they need to quickly report the injury and get the case referred to a medical professional who will manage both the treatment and return to work from Day One, Ms. Bowling said.

Early intervention can cut a company's overall workers comp costs by at least 10%, said Stan Long, president of Claims Services Inc., an American International Group Inc. unit in New York. "Anyone willing to ignore this obviously has lots of money to burn," he added.

Campbell Soup Co. was one company that saw the potential benefits and cost savings of an early intervention program.

Workers comp costs caught the attention of Campbell Soup's management in 1990.

"We found that 95% of our costs came from lost time claims," said Leonard Schafer, corporate workers compensation administrator for the Camden N.J.-based food manufacturer.

When lost time claims came in, a first report of injury form was filled out and mailed to the insurer. "It took a week to 10 days before anything happened," he said. "We wanted to shorten that time," Mr. Schafer said.

So the company began faxing its first report of injury forms for all lost time claims to its workers comp claims administrator, The Travelers Cos., within 24 hours.

And within the next 24 hours, Campbell Soup contacted injured workers as well as case managers to immediately start managing claims and focusing on getting the injured worker back on the job, Mr. Schafer said.

About 18 months ago, Campbell Soup began reporting its claims through a toll-free number offered by Travelers, he added.

In addition to faster claims reporting and early communication with workers, the company has also implemented aggressive safety programs and set up alternative work opportunities for its injured workers to get them back to work sooner.

Since 1992, employee orientation sessions have included an explanation of what to do in case of an accident and how workers comp claims administrators and case managers work, he said.

Until 1990, Campbell Soup took a much more passive approach, Mr. Schafer said. "We viewed (workers comp) as a cost of doing business and turned it over to the insurer."

Early intervention efforts are credited with helping reduce workers comp costs for its 28,000 domestic employees each year since 1991. Costs fell 0.3% from 1991 to 1992, 15.1% from 1992 to 1993, and 1.9% from 1993 to 1994.

At Duke University in Durham, N.C., an early intervention program started in 1992 is credited with significantly decreasing the number of lost work days.

Critical to the success of the program is a 90-day time limit for each department—which combined employ 22,000 people—to determine whether workers can return to work and in what capacity. Department supervisors must determine within this time frame whether an injured worker can return to work on a part-time modified-duty basis or full time, explained Rebecca Johnson, a disability management specialist at Duke.

Previously, most departments within the university felt they could not take back an injured worker until he or she was 100% recovered, Ms. Johnson said. Now, a rehabilitation nurse gets involved in high-risk cases and helps supervisors accommodate injured workers if they are physically able to return to some form of modified duty.

In addition, self-insured Duke is working to educate employees about how the rehabilitation program works and what they need to do if an injury occurs, said John Stanley, director of workers compensation.

Duke has also speeded up the filing of first report of injury notices, Mr. Stanley said. All claims are still reported via overnight mail courier service, which means most are now being reported within 24 hours.

Officials used to have trouble getting the university departments to fill out the forms. Duke is now looking at online claims reporting or a hot line to phone in injury claims.

More and more employers are following in the footsteps of employers like Campbell Soup and Duke University by implementing early intervention programs.

According to one study conducted by Kemper National Insurance Cos., 61.2% of the nearly 78,000 lost-time workers comp claims closed in 1993 were reported to Kemper within 10 days of the initial accident. Two years ago, only 49.4% of the claims were reported within 10 days.

Delays in reporting injuries can be costly. Kemper found that accidents reported between 11 and 20 days cost $15,582 on average; injuries reported between 21 and 30 days cost $16,802 on average; and injuries reported after more than 30 days cost $17,920 on average.

Not only can employers reduce their indemnity costs, they can reduce the rate of litigation if a successful early intervention program is implemented.

The longer employers wait to file claims, the longer injured workers are waiting before they start receiving benefits. And when they start feeling like their benefits are being delayed or denied, they turn to attorneys.

An early return to work program has a "Your employer cares" attitude, which can help curb both litigation and indemnity costs, said Intracorp's Ms. Bowling.

Indeed, only 22% of cases reported within 10 days end up in litigation, Kemper's study found. That percentage rose to 47% when reporting was delayed more than 30 days.

Early educational efforts can also help. George Dion, a workers comp claims official at Kemper National in Long Grove, Ill., recommends that every new hire go through an educational process that explains their employer's workers comp coverage.

"Most people don't understand workers comp," Mr. Dion said, which can lead to potential litigation because "people who don't understand go to attorneys."

According to Michael R. Costigan, vp-workers compensation claims at Travelers, "first and foremost," employers need to educate their employees so they know what to do and where to go when a workplace accident takes place.

And while some employers think their employees will abuse the system if they are educated about it, the reality is, "they will use it anyway," he said. BI

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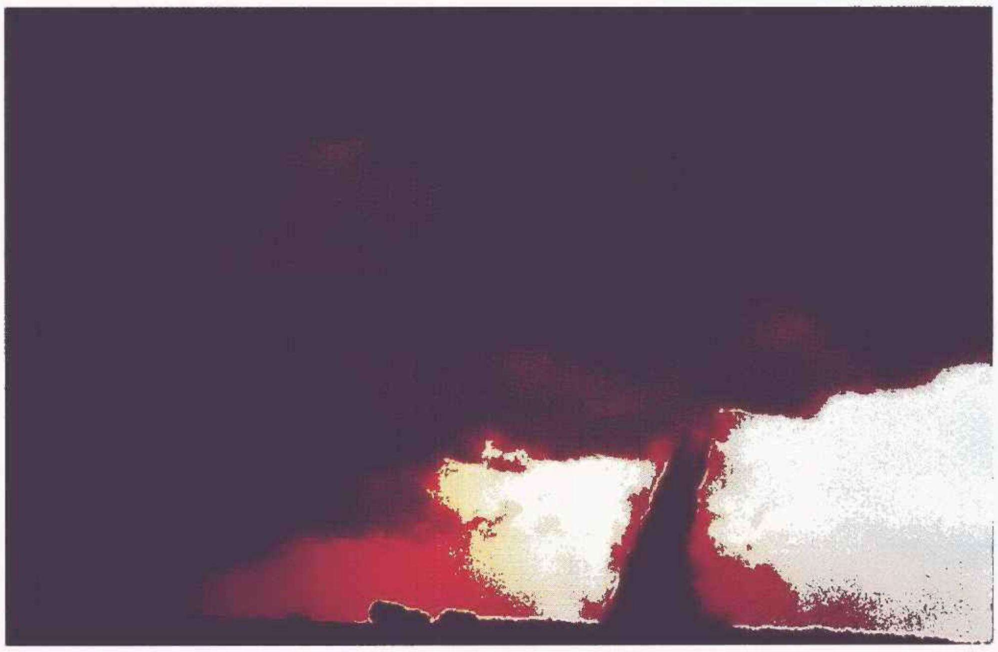

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Insurers prep for return-to-work operation

New ties to medical providers designed to aid process

By MICHAEL SCHACHNER

Some workers compensation insurers are trying to gain more control over the return-to-work process by forging innovative business ties with established managed care networks and medical practices.

Few workers comp insurers actually own clinics, but some experts predict that such arrangements will become more widespread as insurers seek new ways to get injured workers back on the job more effectively.

Owning physician practices and rehabilitation clinics lets insurers be intimately involved with doctors in evaluating whether, when and how an injured worker can get back to work.

"With workers compensation, the medical side drives indemnity, so there is a clear need for insurers to better understand what is going through the heads of the medical providers. What better way is there to get within the watch than by creating true partnerships between insurers and the medical community," said Richard W. Palczynski, senior vp-commercial lines with Travelers Insurance Cos. in Hartford, Conn.

Travelers, for example, has formed a strategic alliance with occupational injury specialists. In June, the insurer bought an 18% stake in Dallas-based OccuSystems Inc., a network of physicians and other health care professionals that provides primary medical care and physical therapy services for common work-related injures.

The alliance lets Travelers avoid some of the adversity that often exists between managed care-oriented insurers and doctors. "Part and parcel to the definition of managed care is a lack of (payers') trust of physicians, even on simple cases," said Mr. Palczynski.

Another product of workers comp insurers becoming owners or partners of providers, especially in the case of primary care networks, is that some physicians begin to learn much more about occupational medicine.

"We're at the point where we have to expand the consciousness of many physicians, especially those without large industrial injury practices. It underscores the need for us to develop specialized networks, if possible," said David Noone, president and chief executive officer of Value Health Insurance Services Group. Its parent, Avon, Conn.-based Value Health Inc., in May acquired Community Care Network Inc. in San Diego, a major provider of managed workers comp health care services.

Creating special workers comp networks and then educating the non-occupational injury specialists in the network about work-related injuries and the importance of returning employees to work is where the challenge starts, Mr. Noone said.

"For many physicians, occupational injuries account for only 5% to 10% of their entire practice. So, if we can put an industrial injury-oriented network together, most physicians will spend about 40% of their time on occupational injuries, while the pure industrial injury clinics that are in the network would get up to 90% of their business from occupational injuries," he explained.

Having such a network in place also gives the insurer or managed care firm wider access to the doctors, so that they can conduct what Mr. Noone called "provider forums."

"If you explain the importance of return to work, doctors understand it better. If you present them with the opportunity to meet members of the employer community and to hear their concerns, it helps. When doctors realize that at least 50% of workers comp costs stem from wage replacement benefits," they may become more sensitive to employer concerns about return to work, he suggested.

Two other insurers are attempting to prompt physicians to get employees back on the job as soon as possible by offering financial incentives to doctors who return patients to work early with no recurrence of injury.

One is Blue Cross of California of Long Beach, which recently began paying bonuses to occupational injury specialists in its CaliforniaCare health maintenance organization for returning injured workers to the job quickly.

Karen Thomas, a vp with Source One, the insurer's integrated workers compensation and health benefits unit, explained that within the CalCare network are some 30 occupational medicine practices that have branched out to nearly 100 sites. These providers are now working on a rate of payment based on case volume and length of treatment.

When doctors in these practices determine that an employee will lose more than three days of work, Blue Cross of California pays the doctors a fixed amount in installments that correspond to the worker's injury and length of treatment.

The doctors can get a bonus if patients are returned to work within a certain number of days, depending on their injuries. Bonuses, which are not paid until the injured employee has completed 90 days of sustained work, are generally 20% to 30% of whatever full payment is, Ms. Thomas said.

"We think this is pretty innovative. None of our competition has taken on this type of system," she said. "It only works, though, if the providers share some risk in treatment. That's why we pay a fixed amount based on injury," as opposed to allowing the provider to bill for each visit.

Liberty Mutual Insurance Co. has owned its own workers comp injury treatment centers for nearly two decades.

Acquiring or building these centers is just one way an insurer can influence providers to help keep workers comp costs down, said Richard Eskow, assistant vp and director of medical management in Liberty Mutual's managed care division in Boston.

The company's flagship rehabil-

Continued on page 26


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Spotlight report

Protocols aid physicians in workers comp diagnoses

By MICHAEL SCHACHNER

Companies can reduce their workers compensation lost-time costs by giving treating physicians definitive job descriptions to help them make an objective decision to return an employee to work.

Employers can also help both themselves and doctors decide when it's appropriate for a worker to return to the job by conducting sophisticated agility and strength tests on healthy employees. Later, if a worker is injured, the employer can compare the employee's post-injury strength and agility to these baseline tests.

The concept of providing physicians—as well as case managers, corporate medical directors and claims adjusters—with protocols designed to remove opinion and subjectivity from the return-to-work equation is a key to reducing lost-time costs. And, it's rooted in the fact that the causes of many workplace injuries that result in employers paying wage-replacement benefits are vague.

Doctors, workers comp service providers and risk and safety managers readily acknowledge that work-related injuries to the back, knees, shoulders or wrists are diverse, difficult to diagnose and do not heal similarly among all people.

In addition, pain from such injuries affects people differently.

Thus, any protocols and guidelines that allow physicians to use more than physical pain as a measuring device to determine when an injured employee can return to work are valuable, experts say.

One company helping employers with return to work is Protocol Work Systems Inc., a 3-year-old firm based in New Bedford, Mass. The company specializes in preparing definitive job descriptions and videos that employers can show to treating doctors to help them decide when to release an injured worker for full-time work or modified duty.

By knowing what a job entails, physicians are better equipped to assess a worker's capability, Protocol's officials believe.

The company also uses isometric equipment to establish baseline strength and agility data on all workers. This information, which is gathered when a worker is healthy, can later be compared to similar isometric test results performed after an injury.

The comparison ultimately allows a physician to see exactly where the injured person stands in relation to his or her pre-injury abilities and can be very helpful to employers in determining if the worker can go back to his or her original job or must be reassigned to something less demanding.

"It's important to study a job and have specific work descriptions. Most employers don't have quantitative standards for their jobs. A doctor can be aided if he knows an employee must be able to push 20 pounds, lift 50 pounds and have good vision," said Robert J. Benvenuto, vp of Protocol's Midwest division in Chicago.

One of Protocol's main services, Mr. Benvenuto said, is studying a job to see exactly what it entails and then working with supervisors to create a complete job description as well as a video of the job being performed. "Once this is together, an employer has some criteria of what is required. This can be given to a doctor, if necessary," he said.

Protocol also provides job-specific agility testing both before

Continued on next page

Providers

Continued from page 24

itation center was built in Boston in the 1970s, and Liberty Mutual uses it primarily to rehabilitate severely injured individuals—those with spinal or neurological damage, burns and amputations.

"We'll fly people in (from areas along the East Coast) and lodge them here if we feel that it's within reason and helpful," Mr. Eskow said.

Having experienced success with its Boston rehabilitation center, Liberty Mutual is now expanding into new regions. Newly acquired or constructed centers will provide a range of rehabilitation services, he said.

He also said insurers should consider expanding the function of occupational nurses beyond simple pre-loss safety planning. "Occupational nurses must go into the occupational medical centers and talk about return to work and referrals to specialists," he said. In the case of Liberty Mutual, the company's occupational nurses, when visiting a physician practice, inform the doctors about Liberty Mutual's growing number of company-owned rehab centers.

Finally, like Blue Cross of California, Liberty Mutual contracts directly with physicians who have occupational injury practices, "to ensure that they're part of the organization. We must educate physicians about the return-to-work process and explain the implications that may exist for their practice if they cannot comply with our goals," he said.

In order to keep providers on track, Liberty Mutual has been paying some HMOs a capitated rate for the use of their physician network, and then having the HMOs share that payment with the designated group of providers made available to workers.

Such agreements generally include built-in incentives for providers not to overtreat or undertreat workers comp patients. "One thing we can do is require the doctors and HMO to pay for someone's care if the person felt it had to seek an out-of-network physician because care was poor or slow," said Mr. Eskow.

Liberty Mutual also makes a pool of money available to practices that treat workers comp cases in a timely manner. "Provider groups that produce early returns to work can collect from the pool, but the money is forfeited if any person sent back to work has a recurrence and must then go back out on workers comp." BI

Continued from previous page

and after an accident. The first step of agility testing is to see what each employee's strength and range of motion is. "We go right to the job site and test. We do pinching tests, grasping, lifting and bending," Mr. Benvenuto said.

"What happens with people in lost-time situations is we can potentially demonstrate that the person is capable of doing something even if it's not his or her original job. We send that information to the physician and the doctor then has some objective information to go on. With a painful back or shoulder injury, this can be invaluable," he said.

"None of this is as technical or invasive as it may sound," said Dave Pipitone, executive manager of product development at Gallagher Bassett Services Inc., a third-party administrator based in Itasca, Ill. "With vague injuries to the back and shoulders, the rehabilitation process is not always clear-cut. (Protocol's) assessments reveal in scientific terms what a person's strength level is. It's so much better than doctors basing return-to-work decisions on asking a patient, 'How does it feel?' "

Jean Sutherland, director of health, safety and benefits at Titleist & Footjoy Worldwide Inc. in Fairhaven, Mass., has been using Protocol's isometric assessments for several years. She said the golf equipment manufacturer has found the data provided by Protocol to be very useful in assessing workers upon their return from injury and seeing if reassignment is appropriate.

Ms. Sutherland said her company does not use the data to influence physicians to issue return-to-work orders, however. "This information is only a tool; it's not a guide. We use it as part of a whole process of evaluating employees, but the strength tests are mostly for pre-employment screening and safe placement if jobs are switched."

Another firm that seeks to provide companies with definitive baseline job requirements and protocols for all types of industrial jobs is Key Method Corp. in Minneapolis, which for 10 years has been helping employers establish protocols.

While Key Method doesn't do isometric physical ability assessments like Protocol Work Systems, the company does assess the physical capabilities of employees and also charts the physical demands of a job.

Key Method's intention is to enable employers to compare the data and better match the skills and strengths of an employee to the job.

"We can break a job down into the number of steps a person must take, the number of grasps made by a toll-taker in an hour and we can conclude what is functional performance," said Tom Spencer, national accounts manager with Key Method. "We also have a data base that allows us and our clients to see what is an average job performance."

"Key's tests are dynamic, not isometric," noted Mr. Pipitone of Gallagher Bassett Services. "They try to get a statistical model of what average strength and motion is. Then they say this is where your employee ranks."

Tim Williams, safety engineer with D.L. Lee & Sons, a pork processing firm based in Alma, Ga., said that since the company hired Key Method to perform physical assessments and document physical demands of each job, injury frequency has plummeted.

"We were getting eaten alive with back injuries and cumulative trauma, but now we're doing much better matching people to a job they can do. The whole goal is to prevent injuries in the first place. We're no longer putting people in a job that will cause them physical stress," said Mr. Williams.

For basic onsite job descriptions and videos, Protocol Work Systems charges about $500, while its fee for an isometric test on an employee is about $75.

Key Method charges $95 to do a basic pre-employment physical assessment, $350 for a job requirement analysis and $650 for a full-body, post-injury physical assessment. BI

Railroad puts safety awareness back on right track

New philosophy reduces injuries for Burlington

By MARK A. HOFMANN

Sometime during the late 1980s, safety awareness went off the track for Burlington Northern Railroad Co.

The Fort Worth, Texas-based company had one of the worst safety records of the nation's eight major rail lines. Its injury rate—14 per 200,000 man-hours worked in 1991—was twice as bad as the next worst railroad and nearly six times worse than the industry's safety leader, Norfolk Southern Railway Co.

"The costs associated with that, both direct and indirect, were unacceptable," said Roger Nelson, vp-field safety. People were getting hurt, productivity was down and customer service lagged, he recalled. "We had lost focus on the importance of that aspect of the business—(the injuries) had become acceptable."

Chairman Gerald Grinstein pronounced the situation unacceptable in late 1991 and directed the company to get the injury rate down—and quickly.

What followed was less a safety program than a safety philosophy.

"To call what we're doing a safety program—I don't think captures the essence of what we're doing," said Mr. Nelson. "I would refer to it as a way of doing business. It's the manner in which you choose to run your corporation, to set some basic policies as to how you're going to operate.

"We have seen 4,000 reportable injuries come down to a level that will probably be 1,100 this year," said Mr. Nelson. The company has also cut the number of lost mandays by more than half.

Within two years, Burlington

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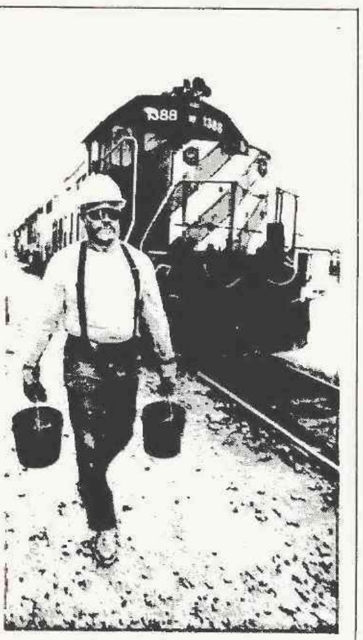

Photo courtesy of Burlington Northern

A Burlington Northern employee carries track spikes in smaller, lighter, plastic buckets.

Burlington

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Northern cut its injury rate to four per 200,000 man-hours, making it No. 4 among major railroads.

Obviously, the new way of doing business has paid off handsomely, although Mr. Nelson declines to put a dollar figure on the railroad's savings. "I think that's a side benefit to eliminating the injuries," he said.

"I avoid ever making a cost-benefit analysis because you get into so many areas that might be viewed as soft benefit and soft costs," he said. In addition, there's a temptation to get comfortable with a level of loss.

Burlington Northern's new attitude has its own costs, as well as savings: more than $50 million a year spent during the past two years for personal safety equipment and changes to procedures.

However, Peter Antos, vp-investment for Hartford, Conn.-based Connecticut Mutual Life Insurance Co. and manager of more than $1 billion in equities, wrote in Louis Rukeyser's Wall Street newsletter this spring that by 1996, Burlington Northern could save as much as $100 million annually through a variety of cost-cutting measures. "Most of this will come from safety improvements," he wrote.

Lower workers compensation costs did not necessarily figure into the equation, since railway injuries are governed by a different benefit system. Railroad workers are covered by the Federal Employers Liability Act. That statute generally provides higher benefits than workers compensation laws but requires workers to prove comparative negligence in a tort suit to recover any benefits. Employers are not allowed to use the defenses of contributory negligence or co-worker liability.

Burlington Northern's effort to bolster safety began with a core of basic tenets:

- No injury is acceptable.
- Working safely is a condition of employment.
- Employees are responsible for their safety and the safety of their co-workers.
- Managers at all levels are responsible for the safety of the employees working for them.

"Those were the basic policy statements as to how we were going to operate this company," said Mr. Nelson.

Burlington Northern would provide tools and training and equipment for working safely. The company also stressed that "safe performance of the job is more important than the job itself," he said.

"We told them they were empowered and required to discontinue any unsafe act—anything that would bring injury to themselves or others."

As a result, "we had to rethink how we did some things. It's meant to be a drive to zero injuries," said Mr. Nelson.

The railroad brought in 27 certified safety professionals, many hired from outside the industry. Those professionals set up headquarters in Burlington Northern's regional divisions. The railroad also brought on DuPont Safety Consulting Group in 1992. Employee involvement also received a new emphasis.

Employees learn a job task so they do it without injury, and then there is constant reinforcement so that they do it correctly, said Mr. Nelson.

"What we expect is job completion the way it is being taught technically as well as the way it's being taught as standard practice," he said. For example, if an employee is cutting metal, Burlington Northern requires that the employee not only wear side-shield glasses but also goggles or a face shield, he said.

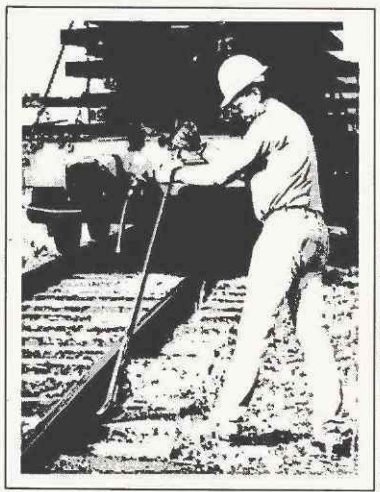

Photo courtesy of Burlington Northern

Track crew people suggested thinner jaws and a straightened bar to make clawbars easier to use and result in less strain on workers.

"It takes an additional task on the part of the person to go get a pair goggles. You can't say 'Gee, they're in my truck and I have to go get them,' " as an excuse, he said.

Back protection is another priority. By the end of last year, all employees had completed a back injury prevention program. The half-day program included learning how to lift objects properly. The company also issued more than 10,000 nylon back belts to its employees. In addition, Burlington Northern reconfigured some of its railway switches so they are easier to use and thus less likely to cause back problems.

The railroad looked at high-risk activities as well as high-risk employees. To prevent workers from getting hurt as they jumped off moving equipment, the company issued this rule: "Getting on or off moving engines or cars is prohibited except where otherwise specified by general instructions or in cases of emergency."

The company looked at the weights of objects that people lifted and came to the conclusion that it made more sense to carry railroad spikes in 35-pound buckets instead of having two workers wrestle with a 200-pound barrel of spikes.

Workers were trained on walking in ice and snow and some facilities were closed down in bad weather.

The result was "constant vigilance for unsafe conditions as well as unsafe behaviors," said Mr. Nelson. Burlington Northern wanted to

Continued on page 30

Spotlight report

Extra! Extra! Safety plan a big success!

By ROBERTO CENICEROS

Boston Globe's comprehensive plan cuts time lost

When The Boston Globe set out three years ago to solve its workers compensation woes, the company hired Anthony Schiavi, who speaks of a "multipronged attack" and linking "parts of a puzzle."

What the director of safety and environmental affairs means is that the daily newspaper implemented a comprehensive loss prevention plan that has several components.

Among the components of The Globe's program are wall-to-wall "OSHA-type" safety inspections and the teaming up of the newspaper's supervisors, medical department, managed care providers and claims administrators to track and evaluate each claim.

The tactics have produced some impressive results.

The Boston Globe

Especially so considering there are 2,300 employees working three shifts at three different sites represented by 11 unions. Yet from January through August of this year, lost-time accidents dropped 10%—despite longer work hours and a harsh winter that could have had a negative effect.

This year's lost-time accident decline follows a 34% drop from 1990 through 1993.

Three years ago, workers compensation claims were costing the company about $6 million a year. Now, workers comp claims are down to about $3 million.

"Our numbers are still going down," Mr. Schiavi said. "The Globe is, no question in my mind, committed to safety. I think when a company sees their bottom line hit hard, at some point they have to look up."

The newspaper hired Mr. Schiavi when The Wyatt Co. recommended that The Globe reduce its losses before it self-insured its

Continued on next page

Burlington

Continued from previous page

create an environment where workers will tell other workers to practice safe work habits.

Part of the reinforcement was to recognize people and teams that have done well. Burlington Northern established the "2.5 Club," named after the best-in-the-nation injury rate of 2.5 per 200,000 man-hours at Norfolk Southern. Membership in the club is limited to those work groups—ranging from specific regional divisions to track gangs to locomotive shops—that achieve an injury rate of 2.5 or less per 200,000 man-hours over a year's time. Groups that achieve the goal receive a plaque, and individuals within the group receive distinctive arm patches and stickers for their hardhats.

The emphasis on safety doesn't end when workers punch out at the end of the workday, either. "Our training has encompassed not only technical reinforcement job type activities, but activities that cover off the job safety and healthy lifestyle," said Mr. Nelson.

Workers are encouraged to use their safety equipment off the job as well. "If you're going to mow your lawn, we don't have any problem with you wearing your steel-toed boots," he said.

The company has begun promoting healthy lifestyles by, among other things, reimbursing employees' health club costs of up to $300 a year—provided the employee visits the club at least 10 times a month.

The railroad encourages employees to attend smoke cessation classes and provides first aid and CPR training.

At the bargaining table, the railroad's unions have used the management's new emphasis on safety as a bargaining chip and the program has run into individual resistance as well.

This comes in the form of a worker who refuses to wear safety glasses because he's never had anything in his eye in 23 years and he doesn't see why he should start doing so now.

The company's position is simple: "If you don't use proper gear, you won't be allowed to work," said Mr. Nelson.

Repeated infractions can lead to disciplinary action, such as censures that could ultimately lead up to dismissal.

Burlington Northern's performance ultimately earned it something it had never won before: the Harriman Certificate of Commendation.

The award, presented by the E.H. Harriman Memorial Awards Institute, is bestowed only when a railroad makes a significant improvement in safety performance. Burlington Northern received the award May 26. BI

Continued from previous page
workers compensation exposure, said Dan Miller, national workers compensation managed care consultant for The Wyatt Co. in Boston.

Back then, the newspaper did little to control its insured workers comp costs.

Just which piece of The Globe's action plan now puts the biggest damper on lost-time accidents is hard to gauge, Mr. Schiavi said. But, he suspects the newspaper's new approach to claims administration has made the greatest impact on the accident rate.

Because everyone—from supervisors to the claims administrator—immediately reviews every claim, frivolous ones can be screened and an employee's recovery can easily be tracked to prevent the employee from malingering, Mr. Schiavi said.

A data base records individual claim records and can summon attention if a particular worker has filed several accident claims in the past.

"It gives us a flavor of how to address the claim," Mr. Schiavi said. "Do we do a quick (independent medical examination) or an activity check?"

The team approach also helps track and evaluate an injured worker's cooperation.

"If they are not taking telephone calls or are not home, that can provide us with clues," Mr. Schiavi said.

The close monitoring of employees sounds as though it might irritate workers, but The Globe also has created several incentives for employee and union cooperation, according to Messrs. Schiavi and Miller.

'It's a lot of work, but (developing biomechanical functional job descriptions is) something that should be done over time. When you go out on a visit, you're only seeing a snapshot of that person's job,' says Anthony Schiavi.

"It's not as easy when you are dealing with a heavily unionized shop," Mr. Miller said.

"I have a lot of clients who say, 'I have a unionized shop. I can't do anything.' You have to get (union) support. Too often I've seen cases where the union is left out," Mr. Miller noted.

At The Globe, union representatives participate in every safety meeting. Worker and union respect was first won by removing existing hazards and implementing safeguards recommended by employees.

"You can have a safety program, but if you have inherent hazards you're not addressing, then your safety meeting has no meat," Mr. Schiavi said.

The removal of obvious hazards allowed the shortening of safety meetings from their old, cumbersome format where too many issues were discussed during each session.

As further incentive, every 30 to 45 days a computer randomly selects several employees whose work unit has reported zero lost-time accidents. Each of those employees receives a $100 gift certificate and a letter of appreciation from the paper.

Safety ideas that reduce risks are rewarded with $200 certificates. Most of the incentives are directed at the departments that historically generated most of the accidents.

The incentive awards used to go to a union chapel fund, but the paper has scored better success by giving more of the money directly to employees.

The wall-to-wall inspections during all shifts are another loss-prevention program bedrock in The Globe's program.

Besides helping make initial safety recommendations, the inspections helped in the development of "biomechanical functional descriptions" for several employee tasks.

"It's a lot of work, but it's something that should be done over time," Mr. Schiavi said. "When you go out on a visit, you're only seeing a snapshot of that person's job."

The biomechanical functional descriptions detail exactly how much each worker lifts during a normal shift, which body parts they use, how often they go through a motion and several other details.

With that information, a treating physician is more likely to form a correct impression of a worker's duties, Mr. Schiavi said. That sometimes can help reduce the possibility that physicians will recommend staying away from the job.

Mr. Schiavi said it took three to six months for The Globe to develop the biomechanical functional descriptions, including observing the work process, documenting the activity and asking supervisors to review the final job description.

The descriptions can also be used to further modify tasks that present potential workers comp problems.

Employee education programs have also helped, said Mr. Schiavi, who estimates The Globe spends between $50,000 and $75,000 annually for its employee education programs.

"Unless you make a commitment to put your hands around (the total problem), it's going to get out of control," Mr. Schiavi said. ■

BI's seventh annual directory of safety consultants

A

APO Consulting Services

86-47 105th St., Richmond Hill, N.Y. 11418-1529; 718-846-0734

Staff	
Total	2
Safety consultants	2
ASSE members	1
Clients	
Total	3
Corporate/institutional clients	2
1993 revenues	
Safety consulting services	100%

Founded: 1985.

Services: Safety audits/reviews-evaluations or inspections; forensic work relating to mechanical failures, including retainer clamps.

Other services: Development of training materials, OSHA compliance, product liability, emergency medical team oxygen transfers from cylinder source to lecture bottles.

Specialties: Manufacturing, associations, lawyers.

Officers: Aldo P. Osti, Henry C. Osti.

Acordia/Rauh

1014 Vine St., Suite 1100, Cincinnati, Ohio 45202-1195; 513-333-0909; fax: 513-333-2018

Staff	
Total	3
Safety/occ. health/ind. hygiene consultants	3
ASSE members	2
Clients	
Corporate/institutional clients	30
1993 revenues	
Safety consulting services	1%
Other	99%

Including: Insurance sales, including commercial and personal, property/casualty, group and individual life/health/accident and benefits; continuous consulting; risk management services; surety bonding; appraisals

Founded: 1878.

Parent: Acordia Inc.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site training classes or seminars; amusement ride safety inspections; ADA and job safety analysis; fire protection/prevention design.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics and product liability; fire protection engineering; building code/life safety code consulting; security system needs assessments/review of existing programs.

Specialties: Large amusement parks, manufacturing, construction, broadcasting, hospitals, large habitational, selected chemical risks.

Officers: David Eslick, president; Tom Schaefer, Harry Addison, senior vps; Mark Erion, CFO; Bob Stone, vp.

Contact: Robert J. (Bob) Stone, 513-333-2055.

Advanced Ergonomics Inc.

5550 LBJ, LB40, Suite 350, Dallas, Texas 75240; 800-682-0169; fax: 214-239-3757

Staff	
Total	18
Safety consultants	7
Clients	
Total	500

Founded: 1984.

Services: Ergonomic program assistance, on-site and off-site training classes or seminars, employment testing services, OSHA citations.

Other services: Publication of safety materials or videos, including ergonomics manual; development of training materials; OSHA compliance; research involving ergonomics.

Specialties: Distribution, manufacturing.

Officers: Terry Broxson, chairman; Charles Anderson, president; Kirby Dalton, executive vp; Joe Selan, senior vp; Terry Morris, vp.

Contact: Terry Broxson.

Advanced Safety Consulting Services

2034 N. Highway 360, Grand Prairie, Texas 75050; 800-990-1002; fax: 214-623-0037

Staff	
Total	2
Safety/industrial hygiene consultants	2
ASSE members	2
Clients	
Total	66
Corporate/institutional clients	66
1993 revenues	
Total	$75,000
Safety consulting services	100%

Founded: 1992.

Parent: Advanced Occupational Health Care.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics, product liability and noise and vibration.

Specialties: Manufacturing.

Officers: Roy Kreusel.

Contact: Joe Shepherd.

J.H. Albert International Insurance Advisors Inc.

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

Staff	
Total	3
Safety consultants	3
ASSE members	2
Clients	
Total	200
1993 revenues	
Safety consulting services	12%

Founded: 1967.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving ergonomics and product liability.

Specialties: Workers compensation, fleet safety and general safety.

Offices: Joseph H. Albert, president; Michael A. Rodman, executive vp; George W. West, Thomas L. Atkins, Martin S. Berman, vps.

Contact: Joseph H. Albert.

Alcona Associates

890 Country Club Circle, Venice, Fla. 34293; 813-497-2569

Staff	
Total	1
Safety consultants	1
ASSE members	1

Founded: 1983.

Services: Safety audits/reviews-evaluations or inspections.

Other services: Publication of safety materials or videos, OSHA compliance.

Specialties: Metal forming industries.

Officers: William S. Roorda, Pearl E. Roorda, owners.

Contact: William S. Roorda.

Continued on page 34

The directory of vocational rehabilitation management providers begins on page 60, following the directory of safety consultants.

IF YOU'RE TRYING TO BUILD A BETTER WAY TO MANAGE CLAIM COSTS, FOLLOW US TO THE FUTURE.

Building a Risk Management program that will last well into the future is no small task. It's difficult to uncover the opportunities that lie ahead, and even more difficult to know when to strike quickly in order to maximize return.

Perhaps the best advice for a Risk Manager is to seek support from those who anticipate change and build for the future. That's why so many self-insured and insured companies have turned to Scott Wetzel Services, particularly when seeking Claim Management services.

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We build programs with unmatched technical superiority through every phase leading to claim resolution. Every effort is made to contain costs, including prudent medical management, in-house medical bill adjustment, expense control measures and stringent requirements for allocated expenses.

Such a proactive approach can be sustained only by a Risk Management provider with the depth of experience and the vision to lead.

If you're building for the future, please contact our closest branch office. Or call our corporate headquarters at 1-800-426-5990. Ask for our president, John Harrold. He'll show you what steps to take to find the future.

THE VISION TO LEAD. SCOTT WETZEL SERVICES, INC.

Risk Management Planning and Support

Continued from page 32

Alexander & Alexander Inc.— National Risk Control Division

100 S. Ashley Drive, Suite 1260, Tampa, Fla. 33602; 813-273-5538; fax: 813-273-5539

Staff	
Total	125
Safety consultants	121
Occupational health consultants	2
Industrial hygiene consultants	2
Clients	
Total	2,000
Corporate/institutional clients	1,000

Founded: 1899.
Parent: Alexander & Alexander Services Inc.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; off-site training classes or seminars.
Other services: Development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering.
Offices: 40 offices nationwide, including Hawaii.
Officers: Tommy M. Ascherman, director-national risk control division; John Piligno, eastern regional manager; William Zersen, western regional manager.
Contact: Tommy M. Ascherman.

American Risk Protection Consultants

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

Staff	
Total	16
Safety consultants	4
ASSE members	4
Clients	
Total	92
Corporate/institutional clients	92
1993 revenues	
Total	$8,100,000
Safety consulting services	10%
Other	90%

Including: Bundled safety consulting, fire protection, boiler & machinery, business continuation planning, infrared thermography, natural hazards exposure analysis

Founded: 1958.
Parent: American Risk Group Inc.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; workers compensation injury management; chemical process safety consulting.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene testing*; workers compensation benchmarking.

* *Industrial hygiene testing by independent labs.*

Specialties: Diverse manufacturing, chemical/petrochemical, grain, pulp and paper, construction, semiconductor/electronics, health care.
Offices: 20 locations, including San Francisco; Chicago; Cleveland; Somerville, N.J.
Officers: William F. Ramonas, president; Richard Bolmen, vp-safety services; William McClymont, Joseph Talbert, regional managers; J.S. Armstrong, senior vp.
Contact: Richard Bolmen, 415-788-3332.

Anti Fire, P.E. Phillips & Associates

1963 Sycamore Trail, Las Vegas, Nev. 89108-1947; 702-648-6757; fax: 702-648-6757.

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	3
1993 revenues	
Total	$10,000
Safety consulting services	100%

Founded: 1974.
Services: Fire protection audits/reviews-evaluations or inspections, fire protection program assistance, on-site and off-site training classes or seminars, review of plans/legal service for fire protection codes and standards.
Other services: Development of fire protection training materials, fire protection engineering.
Specialties: Fire protection engineering with emphasis on detection and suppression systems.
Officers: Patrick E. Phillips, owner/principal consultant.

Applied Risk Control Corp.

The Mill at Nyack, 15 N. Mill St., Nyack, N.Y. 10960; 914-365-2444; fax: 914-365-2478

Staff	
Total	15
Safety consultants	9
Occupational health consultants	1
Industrial hygiene consultants	1
Clients	
Total	80
1993 revenues	
Safety consulting services	95%

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site training classes or seminars; organizational profiles; claims management accident investigations.
Other services: Publication of safety

Continued on next page

Guide to BI safety consultants directory

The seventh 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; there is no charge to be included. However, to be listed consultants must offer their services directly to employers on an unbundled basis; companies that offer safety consulting only in conjunction with other products and services are not included.

Listings begin with the name, phone and fax numbers of the company. Following is 1993 **staff** information, including total staff; professionals assigned to safety, occupational health and industrial hygiene consulting; and number members of the American Society of Safety Engineers (ASSE). All staff figures are all reported in full-time eqivalents.

Under the **clients** heading are the total number of safety clients along with the number of corporate and institutional safety consulting clients in 1993. When provided, the company's 1993 gross **revenues** are listed next along with the percent from safety consulting services and the percent from other services. A brief list of the "other" services is included.

The text section of the listing contains the **year founded** and **parent** company, if any. Also detailed are the safety consulting **services** and **other services** related to safety, such as research, that the company provides.

If the company specializes in consulting to a particular type of business or industry, it is listed under the **specialties** heading. Locations of branch **offices** providing safety consulting services follow. **Officers** and a **contact** name conclude the listing.

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

Continued from previous page
materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; risk management.
Offices: Los Angeles; Atlanta; Chicago.
Officers: Harry P. Mirijanian, president.

Asset Management Inc.
434 Old Courthouse Road, Vienna, Va. 22180; 703-255-3046; fax: 703-255-2825

Staff	
Total	7
Safety consultants	4
Industrial hygiene consultants	1
ASSE members	2

Clients	
Total	40
Corporate/institutional clients	30

Founded: 1984.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; substance abuse programs; claims control; cost containment.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration.
Officers: Thomas E. Bailey, president; Frank D. Parrish, vp.
Contact: Thomas E. Bailey.

Axia Services Inc.
151 Farmington Ave., Suite W101, Hartford, Conn. 06156; 203-683-3624; fax: 203-683-3746

Staff	
Total	400
Safety consultants	370
Occupational health consultants	12
Industrial hygiene consultants	18
ASSE members	250

Clients	
Total	130
Corporate/institutional clients	55

1993 revenues	
Total	$3,200,000
Safety consulting services	5%

Founded: 1972.
Parent: Aetna Life & Casualty Co.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars, highly protected risk services.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; AIHA accredited industrial hygiene laboratory; laboratory analytical services.
Offices: 48 field offices nationwide.
Officers: Stephen M. Mulready, president; Ramon X. Padron, vp; Joseph Labetti, sales.
Contact: Joseph Labetti or Anthony Maleski.

B

Back School of Atlanta
1465 Northside Drive N.W., Suite 217, Atlanta, Ga. 30318-4225; 800-783-7536 or 404-355-7756; fax: 404-355-3907

Staff	
Total	2
Safety consultants	1
Occupational health consultants	1
ASSE members	1

Clients	
Total	100
Corporate/institutional clients	50

1993 revenues	
Total	$100,000
Safety consulting services	100%

Founded: 1979.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Officers: Ronald W. Porter, director.

BackCare Corp.
200 S. DesPlaines Ave., Chicago, Ill. 60661; 312-258-0888; fax: 213-258-0090

Staff	
Total	4
Safety consultants	4

Clients	
Total	200
Corporate/institutional clients	100

Founded: 1989.
Services: Ergonomic program assistance, on-site and off-site training classes or seminars, computer ergonomic assessments for offices.
Other services: Publication of safety materials or videos, OSHA compliance, research involving ergonomics, testing of office ergonomic products.
Specialties: Video terminal office ergonomics.
Officers: Neal J. Taslitz, president/CEO.
Contact: Francie Morris, corporate medical liaison.

Backus & Associates
P.O. Box 4746, Chatsworth, Calif. 91313-4746; 818-773-1753; fax: 818-772-2708

Staff	
Total	2
Safety consultants	2

Clients	
Total	37
Corporate/institutional clients	3

Founded: 1992.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site training classes or seminars.
Other services: Publication of safety materials or videos, OSHA compliance, compliance with state and federal regulations.
Specialties: Truck and bus transportation.
Officers: Jim Backus, safety specialist.

Donald Baetge, Consultant
1904 Tanglelane, Richmond, Texas 77469-5031; 713-342-8183

Staff	
Total	1
Safety consultants	1
ASSE members	1

Clients	
Total	1
Corporate/institutional clients	1

1993 revenues	
Safety consulting services	100%

Founded: 1970.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving product liability and noise and vibration.
Specialties: Construction, petroleum, steel fabrication, heavy manufacturing.
Officers: Donald Baetge, owner.

Baldwin & Lyons Inc.— Transportation Services Division
1099 N. Meridian St., Suite 700; Indianapolis, Ind. 46204; 317-636-9800; fax: 317-632-9444

Staff	
Total	7
Safety consultants	7
ASSE members	4

Clients	
Total	93
Corporate/institutional clients	60

1993 revenues	
Total	$500,000
Safety consulting services	100%

Founded: 1930.
Services: Safety audits/reviews-evaluations or inspections, safety and industrial hygiene program assistance, on-site and off-site training classes or seminars, safety and claims management software.
Other services: Publication of safety

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materials or videos, development of training materials, OSHA compliance.

Specialties: Trucking industry.

Offices: Fullerton, Calif.

Officers: John C. Aldin, chairman/CEO; Gary W. Miller, president; Joseph J. DeVito, vp-administration; Gregory A. Bonnell, vp-underwriting; G. Patrick Corydon, vp-finance/treasurer.

Contact: Jeff Davis or Dennis Shinault.

Becher & Carlson Risk Management Inc.

21700 Oxnard St., Suite 1800,
Woodland Hills, Calif. 91367;
818-715-0800; fax: 818-407-5555

Staff	
Total	1
Safety consultants	1
ASSE members	1

Founded: 1981.

Parent: American Re-Insurance Co.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and occupational health program assistance; on-site and off-site training classes or seminars; behavior-based risk control; evaluating risk control and safety department performance.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving occupational health, ergonomics and product liability; fire protection engineering.

Specialties: Hospitality, restaurant, automobile importing, motion picture, wholesale/retail food distribution companies, health care.

Offices: Atlanta.

Officers: David L. Carlson, president/CEO; Robert L. Glicksteen, senior vp/CFO; Robert W. Hessel, senior vp/Atlanta branch manager; James J. Kofmehl, senior vp/Los Angeles branch manager.

Contact: Scott V. Oxman, vp-risk control.

Biehl Engineering Inc.

N66 W12659 Ravine Drive,
Menomonee Falls, Wis. 53051-5260;
414-251-8251; fax: 414-251-8251

Staff	
Total	2
Safety consultants	2
ASSE members	1
Clients	
Total	50
Corporate/institutional clients	30

Founded: 1960.

Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, forensic and litigation investigation, insurance casualty/injury investigations and reports, failure analysis.

Other services: OSHA compliance; product liability; fire protection engineering; building construction, including slip/fall, machine guardian, structural failure, fires, electrical hazards and vehicle accident reconstruction.

Officers: Steven F. Biehl, president; Francis W. Biehl, vp.

Blakely & Associates

P.O. Box 413, Artesia, Calif.
90702; 310-402-333

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	40
Corporate/institutional clients	40
1993 revenues	
Total	$105,000
Safety consulting services	100%

Founded: 1981.

Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site training classes or seminars, vehicle safety inspections, litigation assistance/expert witness, forklift safety training.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.

Specialties: Trucking and warehousing companies.

Officers: Timothy L. Blakely, owner.

David W. Bogart Associates

5 Beech St., Nanuet, N.Y. 10954;
914-627-2731; fax: 914-623-8311

Staff	
Total	3
Safety consultants	3
ASSE members	3
Clients	
Total	11
Corporate/institutional clients	11
1993 revenues	
Total	$300,000
Safety consulting services	95%
Other	5%

Founded: 1989.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics and noise and vibration; fire protection engineering.

Officers: David E. Bogart, president.

George Boyd Associates

8111 Eastern Ave., Philadelphia,
Pa. 19038; 215-825-5126;
fax: 215-825-2097

Staff	
Total	2
Safety consultants	1
Industrial hygiene consultants	1
ASSE members	1
Clients	
Total	175
Corporate/institutional clients	175

Founded: 1979.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; environmental compliance.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics and noise and vibration; fire protection engineering; industrial hygiene testing*; review of insurance company loss control personnel.

* *Industrial hygiene testing by independent labs.*

Specialties: Trade associations, metal working, public entities, small employers.

Offices: Harrisburg and Pittsburgh, Pa.

Officers: George Boyd Jr., president, Mark B. Klempner, vp.

Contact: George Boyd Jr.

Gregory B. Bragg & Associates Inc.

1 Sierra Gate Plaza, Suite 250,
Roseville, Calif. 95678; 916-783-0100;
fax: 916-783-0338

Staff	
Total	2
Safety consultants	2
ASSE members	2
Clients	
Total	120
Corporate/institutional clients	52
1993 revenues	
Total	$3,000,000
Safety consulting services	5%

Founded: 1986.

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Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving ergonomics, product liability and noise and vibration; fire protection engineering; expert witness.

Specialties: Public agencies, construction.

Offices: Chico, Fairfield, Redding, Sacramento, Stockton and Walnut Creek, Calif.

Officers: Greg Bragg, president; Lee Collins, vp/secretary; Jeff Kimball, CFO/treasurer.

Contact: Jack Kastorff.

Frank J. Breitsameter

1005 E. Cardinal Lane, Mount Prospect, Ill. 60056; 708-259-8304

Staff	
Total	1
Safety consultants	1
ASSE members	1

Founded: 1982.

Services: Safety program assistance, off-site training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, expert witness.

Specialties: Safety consulting for deep tunnel project and railroad employee accident cases.

Officers: Frank J. Breitsameter, professional safety consultant/engineer.

Brentwood Services Inc.

5121 Maryland Way, Suite 300, Brentwood, Tenn. 37024-1125, 615-371-9211; fax: 615-371-1412

Staff	
Total	2
Safety consultants	2
ASSE members	2
Clients	
Total	70

Founded: 1990.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site training classes or seminars.

Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration.

Offices: Atlanta.

Officers: Richard D. Hommer, president.

Contact: Keith Fawcett, senior vp.

Morley Brickman & Associates Ltd.

9221 Drake Ave., Suite 410, Evanston, Ill. 60203-1626; 708-674-2664; fax: 708-674-0096

Staff	
Total	1
Safety consultants	1
ASSE members	1
1993 revenues	
Total	$200,000
Other	100%
Including: Forensics	

Founded: 1986.

Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site training classes or seminars.

Other services: OSHA compliance.

Specialties: Construction, manufacturing.

Officers: Morley Brickman, president.

Brooks Laboratories

9 Isaac St., Norwalk, Conn. 06850; 203-853-9792; fax: 203-853-0273

Staff	
Total	5
Safety consultants	2
Occupational health consultants	1
Industrial hygiene consultants	2
ASSE members	2
Clients	
Total	25
Corporate/institutional clients	25
1993 revenues	
Total	$400,000
Safety consulting services	10%

Founded: 1971.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; water analysis; lead testing; asbestos management.

Other services: Development of training materials, OSHA compliance, research involving occupational health, industrial hygiene laboratory.

Specialties: Manufacturing and municipalities.

Officers: Margaret Y. Brooks, president; Keith Brooks, secretary; Mark Granville, vp.

Contact: Keith Brooks.

C-A-B Consultants Inc.

4921 Butterfield Road, Hillside, Ill. 60162-1413; 708-449-2221; fax: 708-449-2223

Staff	
Safety consultants	3
Occupational health consultants	2
ASSE members	3
Clients	
Total	89

Founded: 1985.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and occupational health program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, research involving occupational health.

Specialties: Manufacturing, surface mining, foundry.

Officers: Carol A. Bacon, president; Steven K. White, medical director.

Contact: Marybeth James.

Chubb Services Corp.

25 Independence Blvd., Warren, N.J. 07059; 800-543-4580; fax: 908-903-7187

Staff	
Total	50
Including: Safety and industrial hygiene consultants	

Founded: 1991.

Parent: Chubb & Son.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics, fire protection engineering.

Specialties: Manufacturing, health care services, electronic and biotech industries, financial institutions, food processors.

Offices: San Jose and Los Angeles, Calif.; Atlanta; Chicago; Louisville, Ky.; Boston; New Providence, N.J.; New York; Harrisburg, Pa.

Officers: Bob Felch, president; Sam Lee, vp-risk management services; Art Billington, vp-loss control services.

Contact: Sam Lee or Art Billington.

Claims Administrative Services Inc.

P.O. Box 7500, Tyler, Texas 75711; 903-561-8484; fax: 903-509-1888

Staff	
Total	6
Safety consultants	6
Clients	
Total	30
1993 revenues	
Total	$4,000,000
Safety consulting services	25%

Founded: 1991.

Parent: Hibbs-Hallmark & Co.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; written/video safety training library.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.

Specialties: Manufacturing; public entities, including school districts, community colleges, cities and counties.

Offices: Longview, Texas.

Officers: Billy Hibbs Sr., president-Hibbs-Hallmark; Barry Jones, president-claims administrative services;

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Mary Smith, financial officer; Gary Howell, vp-sales; Wesley Slade, assistant vp-loss control/safety.
Contact: Wesley Slade.

Claymore Engineering
1308 Valle Vista Drive, Fullerton, Calif. 92631; 714-870-4521; fax: 714-870-7051

Staff	
Total	1
Safety consultants	1
ASSE members	1

Clients	
Total	10
Corporate/institutional clients	10

1993 revenues	
Total	$100,000

Founded: 1982.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, ventilation.
Other services: OSHA compliance.
Officers: Denison W. York, vp/chief engineer.

Clayton Environmental Consultants
22345 Roethel Road, Novi, Mich. 48375; 810-344-1770; fax: 810-344-2654

Staff	
Safety consultants	10
Industrial hygiene consultants	51
ASSE members	8

Clients	
Total	610

Founded: 1954.
Parent: Kidd-Kamm Equity Partnership.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars; defense litigation support.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics and noise and vibration; industrial hygiene laboratory; environmental management; air quality/air toxics.
Offices: Los Angeles; San Francisco; Atlanta; Detroit; Minneapolis; Edison, N.J.; Cleveland.
Officers: Thomas P. Kowalski, president; Nick Pyett, CFO; Jaswant Singh, Lisa Simpkins, senior vps; Kirit Vora, vp-marketing/sales.
Contact: William Phillips, director-national safety services.

COMCO Inc.
17120 Clark Ave., Bellflower, Calif. 90706; 310-804-0305; fax: 310-925-4248

Staff	
Total	15
Safety consultants	13
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	5

1993 revenues	
Total	$350,000
Safety consulting services	90%

Founded: 1983.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health and ergonomics.
Specialties: Oil refineries, bakeries, industry, manufacturing, public utilities, amusement/theme parks, pharmaceutical companies, oil terminals.
Officers: Donald E. Rhodes, president; Joann Blayney, sales manager/vp.

Compliance Consulting Group Inc.
5995 Greenwood Plaza Blvd., Suite 220, Greenwood Village, Colo. 80111; 303-779-1152; fax: 303-741-0222

Staff	
Total	4
Safety consultants	2
Occupational health consultants	1
Industrial hygiene consultants	1

Clients	
Total	30

1993 revenues	
Total	$175,000
Safety consulting services	100%

Founded: 1988.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving occupational health, ergonomics and product liability.
Offices: Baltimore.
Officers: Kenneth A. Roberts, president; Helen J. Young, vp-operations; Betty Lou Roberts, treasurer.
Contact: Kenneth Roberts.

Comprehensive Risk Management Inc.
P.O. Box 3878, Peabody, Mass. 01961-3878; 508-535-9779; fax: 508-535-3636

Staff	
Total	2
Safety consultants	2
ASSE members	2

Clients	
Total	20
Corporate/institutional clients	15

1993 revenues	
Safety consulting services	80%
Other	20%
Including: Risk management services	

Founded: 1991.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Specialties: Manufacturing, municipalities, associations.
Officers: Philip E. Goldsmith, president.

CompScope Inc.
19 Perlman Drive, Spring Valley, N.Y. 10977; 914-425-9371; fax: 914-425-5326

Staff	
Total	18
Safety consultants	15
Occupational health consultants	2
Industrial hygiene consultants	1
ASSE members	15

Founded: 1991.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; focused retreats; behavior-based safety body mechanics education; cost containment cost/benefit analyses.
Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, research involving ergonomics, fire protection engineering, industrial hygiene laboratory*, benchmarking analyses.
* *Industrial hygiene testing by independent labs.*
Specialties: Manufacturing, transportation, utilities, food and beverage industry, state and local governments.
Officers: Ilene Wachs, president; Stan Alpert, vp/treasurer.
Contact: Ilene Wachs.

CONFIRM Inc.
30 Watervliet Ave., Albany, N.Y. 12206, 518-459-0296; fax: 518-438-4042

Staff	
Total	1
Safety consultants	1

Clients	
Total	3
Corporate/institutional clients	3

1993 revenues	
Safety consulting services	60%

Founded: 1989.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering.
Specialties: Health related facilities, trucking, construction.

Continued on page 40

Continued from page 38

Officers: James P. Faughnan Jr., president; Lawrence E. O'Brien, principal consultant; Paul J. Czesak, director, engineering services; Florence S. Smith, consultant.
Contact: James P. Faughnan Jr.

Consolidated Risk Management Services

7130 Glen Forest Drive, Suite 102, Richmond, Va. 23226; 804-673-5824; fax: 804-673-5916

Staff	
Total	5
Safety consultants	4

Clients	
Total	1,000

Founded: 1969.
Parent: Trigon Blue Cross Blue Shield.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance.
Specialties: Construction, wood products manufacturing, municipalities, educational.
Offices: Columbia and Rockville, Md.; Raleigh, N.C.; Fairfax, Va.
Officers: William D. Monday Jr., president; Stephen R. Hall, CFO; Monty McFadden, vp-marketing; Robert Cone, vp-operations.
Contact: Harold D. Parker, manager-loss control.

Constitution State Service Co.

1 Tower Square, Hartford, Conn. 06183-4072; 203-277-2709; fax: 203-277-0142

Staff	
Total	257
Safety consultants	221
Occupational health consultants	12
Industrial hygiene consultants	24

Clients	
Total	300
Corporate/institutional clients	25

1993 revenues	
Total	$2,100,000
Safety consulting services	100%

Founded: 1980.
Parent: Travelers Inc.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars; safety management system consulting.
Other services: Development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; AIHA accredited industrial hygiene laboratory.
Specialties: Cut and sew industry, general manufacturing, construction, financial services, food processing, retail, publishing.
Offices: 62 locations.
Officers: Jim Nothem, senior vp; Dennis Replogle, second vp; Andrew J. Meyer Jr., vp; Steven U. Boccia, assistant director.
Contact: Steven U. Boccia.

Consultant Services Institute Inc.

651 W. Mount Pleasant Ave., Livingston, N.J. 07039; 201-992-3811

Staff	
Total	60
Safety consultants	60
ASSE members	10

Clients	
Total	350
Corporate/institutional clients	350

1993 revenues	
Safety consulting services	100%

Founded: 1969.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars.
Other services: OSHA compliance; research involving ergonomics, product liability and noise and vibration; fire protection engineering; defense of product litigation; contract disputes; intellectual property disputes.
Officers: Richard M. Jacobs, president; James Korczak, engineering director.

Consulting Engineer

1635 Camino De Villas, Burbank, Calif. 91501; 818-846-1700; fax: 818-557-8481

Staff	
Total	3
Safety consultants	1
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	1

Clients	
Total	15
Corporate/institutional clients	10

1993 revenues	
Total	$50,000
Safety consulting services	100%

Founded: 1984.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and product liability; fire protection engineering.
Specialties: Electrical and construction safety.
Officers: Len Kushner, professional engineer.

Consumer Usage Laboratories Inc.

1688 E. Gude Drive, Suite 202, Rockville, Md. 20850; 301-424-8200; fax: 301-424-0182

Staff	
Total	2
Safety consultants	2
ASSE members	1

Founded: 1976.
Services: Warnings, labels, manuals.
Other services: Publication of safety materials or videos; research involving ergonomics; preparation and testing of warnings, labels and manuals.
Officers: Robert J. Cunitz, president; Anita R. Cunitz.
Contact: Robert J. Cunitz.

Corporate Risk Management Inc.

1436 Lancaster Ave., Suite 300, Berwyn, Pa. 19312; 610-647-8880; fax: 610-251-9368

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

Clients	
Total	25

1993 revenues	
Safety consulting services	100%

Founded: 1962.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and occupational health program assistance; on-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics and noise and vibration.
Specialties: Construction, manufacturing, health care.
Officers: Barry G. Balmer, president.
Contact: Allen D. Dunlap, manager-risk services.

Corporate Safety & Health Consultants Inc.

161 William St., New York, N.Y. 10038; 212-964-1335; fax: 212-732-2639

Staff	
Total	7
Safety consultants	5
Industrial hygiene consultants	1
ASSE members	6

Clients	
Total	40

1993 revenues	
Total	$560,000
Safety consulting services	100%

Founded: 1980.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration; fire protection engineering.
Specialties: Utilities, hospitals, manufacturing, construction.
Officers: Susan R. Geier, president; Theodore Mellard; Richard Andree, vps.
Contact: Susan R. Geier.

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Coulter Consulting Group Inc.

P.O. Box 557, 35 N. Washington St., Delaware, Ohio 43015; 614-363-9715; fax: 614-369-1235

Staff	
Total	10
Safety consultants	10
ASSE members	4
Clients	
Total	32
1993 revenues	
Safety consulting services	100%

Founded: 1980.

Services: Safety audits/reviews-evaluations or inspections, safety and industrial hygiene program assistance, on-site training classes or seminars, ADA audits, accident investigations.

Other services: Publication of safety materials or videos, development of training materials.

Specialties: Amusement, recreational and entertainment industries.

Officers: Richard J. Coulter; Jeffery W. Abendshien; Fayetta Coulter; Dona M. Roudabush; Lee D. Geiling.

Contact: Dona M. Roudabush.

Crawford & Co./ The FPE Group

5620 Glenridge Drive N.E., Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4127

Staff	
Total	62
Safety consultants	46
Occupational health consultants	2
Industrial hygiene consultants	14
Clients	
Total	275
Corporate/institutional clients	230

Founded: 1941.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; safety business planning; product liability consultation; technical claims investigation; fleet safety services.

Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering, consulting and systems design; industrial hygiene laboratory*; boiler and machinery.

* *Industrial hygiene testing performed by outside lab.*

Specialties: Manufacturing, food processing, health care, construction, marine, restaurant chains.

Offices: Long Beach and San Francisco, Calif.; Hartford, Conn.; Orlando, Fla.; Chicago; Detroit; St. Paul, Minn.; St Louis; Clifton, N.J.; Winston-Salem, N.C.; Cleveland; Philadelphia; Dallas; Houston; Fairfax, Va.; Seattle.

Officers: F.L. Minix, chairman/CEO; P.A. Bollinger, president-risk management services; Jim Sybert, vp-risk control services.

Contact: Jim Sybert.

D

Thomas F. Dalton, Ph.D., Consultant

12 Jerrys Drive, Burlington, N.J. 08016; 609-386-3788; fax: 609-386-5639

Staff	
Total	1
Clients	
Total	62
Corporate/institutional clients	40
1993 revenues	
Total	$150,000
Safety consulting services	50%
Other	50%
Including: Training	

Founded: 1981.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.

Specialties: Petrochemical cleanup contractors.

Officers: Thomas F. Dalton.

Delaney Consulting Inc.

8001 Nicklaus Drive, Suite 2, Orlando, Fla. 32825-8240; 407-273-7901

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	26
Corporate/institutional clients	26
1993 revenues	
Safety consulting services	100%

Founded: 1981.

Services: Safety audits/reviews-evaluations or inspections, on-site and off-site training classes or seminars.

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

Officers: Edward L. Delaney, president; Marie L. Delaney, secretary/treasurer.

Contact: Ed Delaney.

Drucker Health & Safety Management Inc.

505 N. Sepulveda Blvd., Suite 16, P.O. Box 3515, Manhattan Beach, Calif. 90266; 310-372-8686; fax: 310-318-1450

Staff	
Total	5
Safety consultants	2
Industrial hygiene consultants	3
Clients	
Total	50
Corporate/institutional clients	50

Founded: 1984.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene laboratory*.

* *Industrial hygiene testing by independent labs.*

Officers: Marjorie A. Drucker, president.

E

ELB & Associates Inc.

605 Eastowne Drive, Chapel Hill, N.C. 27514, 919-967-2228; fax: 919-493-2263

Staff	
Safety consultants	5
Occupational health consultants	3
Industrial hygiene consultants	3
ASSE members	6
Clients	
Total	600
Corporate/institutional clients	500
1993 revenues	
Total	$4,500,000
Safety consulting services	30%

Founded: 1978.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos, including customized manuals; development of training materials; OSHA compliance; industrial hygiene laboratory.

Offices: Gaffney, S.C.; Lanett, Ala.

Officers: Roy W. Davenport, president/CEO; David Coble, vp-safety; Ronnie Kreidt, vp-finance; George Elderbaum, vp-information services; Steve Goode, vp-technical services.

Contact: Ken Kaufner, national sales manager.

EOS Environmental Inc.

507 Mission St., South Pasadena, Calif. 91030; 818-441-7050; fax: 818-441-0016

Staff	
Safety consultants	1
Occupational health consultants	4
Industrial hygiene consultants	4
ASSE members	1
Clients	
Total	200
Corporate/institutional clients	200
1993 revenues	
Total	$1,000,000
Safety consulting services	80%

Founded: 1982.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.

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

Continued on next page

Continued from previous page
industrial hygiene, occupational health, ergonomics and noise and vibration research; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Officers: Eugene A. Port, Anthony Kolk.
Contact: Todd Wilson.

ESIS Inc.
1601 Chestnut St., Philadelphia, Pa. 19192-2325; 215-761-6779; fax: 215-761-5476

Staff	
Total	449
Safety consultants	348
Occupational health consultants	30
Industrial hygiene consultants	13

Clients	
Total	265
Corporate/institutional clients	265

Founded: 1953.
Parent: CIGNA Corp.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health* program assistance; on-site and off-site training classes or seminars.
* *Occupational health program assistance available in Texas.*
Other services: Publication of safety materials or videos; development of training materials; research involving industrial hygiene; fire protection engineering; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Utilities, petroleum, chemical, construction, transportation, marine, health care.
Offices: Los Angeles; San Francisco; Atlanta; Chicago; Boston; New York; Dallas; Houston.
Officers: Raymond E. Hafner, president; Brian P. O'Hara, vp/CFO; Sharon E. Simpson, vp-sales.
Contact: Mark Cafaro, director-sales, 215-761-1195.

Econ Inc.
P.O. Box 242, Prospect, Ky. 40059; 502-228-0331; fax: 502-228-0331

Staff	
Total	6
Safety consultants	6
ASSE members	2

Clients	
Total	12

Founded: 1980.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving ergonomics, product liability and noise and vibration.
Specialties: Waste handling, recycling, hazardous materials.
Officers: John B. Schroering, president.

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

Staff	
Total	4
Safety consultants	4

Clients	
Total	12

1993 revenues	
Total	$558,000
Safety consulting services	25%

Founded: 1991.
Services: Safety audits/reviews-evaluations or inspections, safety and occupational program assistance, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, Dept. of Transportation compliance check, Professional Driver Certification training, hazardous materials 181 training, management transportation safety.
Specialties: Transportation, trucking, railroad and auto fleets.
Officers: D.W. Speer, president.

Employers Service Corp.
426 Broad St., P.O. Box 3389, Charleston, W.Va. 25333; 304-346-0486; fax: 304-342-4036

Staff	
Total	1
Safety consultants	1
ASSE members	1

Clients	
Total	11
Corporate/institutional clients	11

Founded: 1946.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving occupational health and ergonomics.
Offices: Lexington, Ky.; Washington, Pa.; Abingdon, Va.
Officers: Herk Sims Jr., president; Michael Keener, Gary Waskey, Ron Casto, Bob Ramsburg, vps.
Contact: George L. Flick III, director-loss control services.

Essential Services & Programs
159 Great Neck Road, P.O. Box 910, Great Neck, N.Y. 11022; 516-487-0432; fax: 516-487-0498

Staff	
Total	24
Safety consultants	22
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	20

Clients	
Total	75

Founded: 1986.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics, fire protection engineering, industrial hygiene laboratory.
Officers: Gary Ricker, president; Michael J. Bednar, vp.
Contact: Michael Bednar.

F

FA/UNIS Inc.
180 N. Riverview Drive, Suite 260, Anaheim, Calif. 92808; 714-283-8025; fax: 714-283-8029

Staff	
Total	10
Safety consultants	7
Occupational health consultants	1
Industrial hygiene consultants	2
ASSE members	10

1993 revenues	
Safety consulting services	100%

Founded: 1981.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; indoor air quality assessments.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration.
Offices: Sacramento, Calif.
Officers: John Farinacci, president; Jay Dulik, vp; Marie Farinacci, secretary.
Contact: John Farinacci.

Continued on page 46

Insurer Topics

A special editorial section sent exclusively to insurers and reinsurers

Keeping an eye out for fraudulent claims

How one firm's cameras help insurers expose fraud

By SARA MARLEY

InPhoto Surveillance is a company with nothing to hide.

It would be easy to spy on the detective business in its "office without walls," and anyone who did might learn a lot about innovative insurance fraud investigation.

The company, based in Naperville, Ill., about 35 miles west of Chicago, has a high profile and 40% annual growth, largely due to the efforts of founder and President Bill Kizorek, a familiar face smiling from conference podiums, book jackets and television news shows. In fact, Mr. Kizorek has spent more time in front of cameras than behind them in recent years.

InPhoto's 70 investigators handle that work, conducting about 7,000 surveillances per year from Hawaii to Maine with occasional forays into Europe and the Far East. The company currently has a 246-case backlog.

Sixty-two investigators were on the job on a Thursday in late September, for example. They produce about 67 hours of videotape every week, up from an average of 25 hours per week a few years ago. More insurers are requesting videotaped surveillance than simple investigations, Mr. Kizorek explained.

Also, in the past, surveillance was reserved for big-ticket claims with exposures of $70,000 to $100,000. Now, insurers are asking for InPhoto's services on claims worth as little as $20,000.

Mr. Kizorek oversees the high-tech enterprise from a corner of the company's office, partitioned only by low bookshelves, fish tanks and souvenirs of his world travels. He calls out questions and instructions to employees throughout the office.

Barely within earshot are six employees at computerized video editing stations, part of InPhoto's $3 million investment in computer and photographic equipment.

They make tapes for insurers and employers of what InPhoto's fraud investigators have discovered, often claimants who say they are seriously injured performing tasks they said they could not do.

After copies of the original tape are made both for InPhoto and for the client, the editors produce a tape of "highlights" for insurance claims departments. The tapes must include a clear shot to identify the subject and activities that center on the suspect injury.

By running the videotape through the computer, the editors can also print still photos from it and write letters with the video literally in front of them.

In another corner of the office, a wall map of the United States is dotted with discs showing active cases and color-coded vans that represent the investigators who are on the job.

InPhoto has grown to 170 employees overall since Mr. Kizorek formed it in 1980, after working for 17 years for Interfax, another insurance fraud investigation firm.

"With just about every other detective agency, when they got up to three people, they split and broke off," he said. "We have kept our people."

The secrets to his success are simple, he said. His employees know the rules and deliver a quality product. That can be as basic as shooting video that isn't shaky, driving a low-profile vehicle and not parking it right in front of a claimant's house. InPhoto's cameras can tape from as far as a half-mile away.

"We're on a case because it is a suspicious claim," Mr. Kizorek said. "We are not the goon squad of the insurance industry."

If InPhoto tapes show that the subject is legitimately injured, the claimant may be compensated more quickly than if no surveillance were performed, he pointed out.

"It's hard to disprove an injury," Mr. Kizorek noted.

Video surveillance can be hard to conduct. About 10% of subjects never leave their homes during the surveillance period, which stretches from before dawn until after dusk. Perhaps one-quarter of the claimants that InPhoto investigators observe are visibly disabled.

Potential difficulties multiply when claimants leave their houses and the investigators must tail them.

That's where investigators may lose the claimants, be discovered or film the wrong person. But it's also where InPhoto gets some of its most telling footage: claimants lifting groceries, helping friends move furniture or even working other jobs while collecting disability. Investigators sometimes tape claimants walking normally when getting in their cars at home but limping or using a cane when they arrive at the doctor's office.

Sometimes obtaining that evidence can take days or even weeks.

Fighting Fraud

InPhoto once spied for 55 days in the course of investigating a costly brain damage claim. The claimant was not extremely active, but over the course of the surveillance performed nearly every task he said he no longer could since his work-related accident.

Most surveillances last only one or two days, however.

Multiple days of surveillance can be useful when subjects claim the investigator simply caught them "on a good day."

In rural areas, Mr. Kizorek urges clients to hire teams of two or more investigators.

Unfamiliar vehicles are often noticed easily in such areas and investigators must find another way to mask their presence—sometimes by wearing camouflage and hiding in bushes or grass. But even that can be dangerous; one InPhoto investigator conducting an outdoor surveillance was struck by lightning. She wasn't seriously injured.

In about 30% of cases, investigators get footage "so good and so dramatic there is an immediate end to the claim," Mr. Kizorek said.

"The vast majority of our clients just want to get out of a case," he explained.

About 90% of claims settle immediately after the insurer discloses that surveillance has been performed and only about 5% ultimately reach court.

> **In about 30% of cases, investigators get footage 'so good and so dramatic there is an immediate end to the claim,' says Bill Kizorek, InPhoto Surveillance's president and founder.**

But there is increasing pressure to prosecute claims fraud.

"Insurance buyers are putting pressure on our clients," Mr. Kizorek said. "They don't want to pay for people making fraudulent claims."

In addition, more insurers are forming internal special investigative units, or SIUs, Mr. Kizorek said. He and Scott Finger, InPhoto's SIU director and national account manager, recently wrote a book on the subject (see story, page 42H).

SIUs have changed the approach to insurance fraud, Mr. Kizorek said.

"There is a lot of emphasis on prosecution of claimants," he said. However, InPhoto, which can provide videotaped evidence to the SIUs, views its role "as an evaluator of overall compensability, not to put people in jail."

While few fraudulent claimants find themselves behind bars, "in the past year, there have been many more convictions than in the previous five years," he said.

For a case to get to criminal court, insurers must often prepare and present the entire case to prosecutors. Some even go so far as to draft the criminal complaint.

Mr. Kizorek also advises clients on the use of the videotapes. If a case is progressing to court and the claimant wants to see the tapes, he recommends that the insurance company first re-depose the claimant.

Often, the claimant will admit to activities beyond those recorded on the tape, he said.

While InPhoto investigators frequently appear in court, Mr. Kizorek's goal is to limit those appearances to testifying for InPhoto clients, rather than defending charges that investigators broke the law.

Activities visible to passers-by are fair game for investigators, including indoor activities that are visible through windows.

Other investigators have run afoul of the law by clipping hedges or climbing trees to gain access to subjects who are protected by a privacy fence.

"We get sued about once out of every 9,000 surveillances," Mr. Kizorek said, which works out to about once every 15 months. "We haven't lost a case since 1988."

The company has also lost very few clients and gets a large volume of repeat business from some of the largest insurance companies in the nation.

Mr. Kizorek readily admits InPhoto's services cost more than its competitors' but insists that his clients are paying for results. He estimates that insurers can save $20 for each $1 they spend on surveillance.

And, InPhoto is sometimes asked to rework cases botched by other investigators, he said. BI

Insurer Topics

Coalition aims to alter attitudes on fraud

Industry-supported group pushing for state anti-fraud laws

By SALLY ROBERTS

Just as campaign efforts helped change attitudes toward drinking and driving and wearing seat belts, the Coalition Against Insurance Fraud is hoping to change attitudes about defrauding insurers.

Many people see nothing wrong with padding insurance claims to make up for previously paid premiums or a policy's deductible, which helps explain why insurance companies pay out $17 billion yearly in fraudulent claims.

And those sentiments may be that much harder to change because, unlike drinking and driving and wearing seat belts, insurance fraud does not involve life and death, said Dennis Jay, executive director of the coalition.

Formed in June 1993, the Washington-based coalition represents 20 consumer groups, government agencies and insurance organizations, including: the National Assn. of Insurance Commissioners, the American

Insurance Assn., Aetna Life & Casualty Co., Continental Corp., Farmers Insurance Group, Fireman's Fund Insurance Co., ITT Hartford Group Inc., Nationwide Mutual Insurance Co., State Farm Group and The Travelers Inc.

All those organizations have a role to play, Mr. Jay said, but insurers, which know better than anyone else the effects of fraud, have to take the lead.

For the past 18 months, the coalition has been researching public attitudes on fraud, compiling data and beginning work on model laws for state legislatures.

"We've got to hit (fraud) while it's hot, and it's really warm right now," Mr. Jay said. Insurance fraud will really gain attention and a good deal of legislation will be passed in 1995, he predicts.

So far, the group's primary target has been auto insurance fraud. It has developed an auto insurance fraud model law that would require insurers to inspect and photograph automobiles prior to issuing coverage as a means of preventing "phantom" cars or previously damaged cars from being fraudulently insured, Mr. Jay explained.

The coalition also believes that states should create, where necessary, auto insurance fraud bureaus that have subpoena power, authority to impose fines and at least one state prosecutor assigned to fraud cases full time.

In addition to auto insurance fraud, the coalition has been working for nearly a year on a comprehensive insurance fraud model that encompasses fraud by policyholders, fraud by agents and fraud by insurers, Mr. Jay said.

The legislation, which is "the most ambitious effort put forth," will give law enforcement, insurers and consumers new tools to "right the wrong," he said.

While the model has yet to be approved by the board of directors, the coalition has agreed to support certain initiatives. One would make insurance fraud a specific state crime and a felony, resulting in penalties, Mr. Jay said.

The federal Insurance Fraud Prevention Act, which Congress was expected to approve this session, would make it a federal crime to: misappropriate funds, premiums or money from an insurance company; file false financial data and deceive insurance regulators about the solvency of an insurer; and obstruct or impede insurance regulation.

Current state law requires prosecutors to prove intent to defraud. That can be difficult when, for example, what he calls "ethically challenged" medical providers and attorneys shield themselves behind office administrators and paralegals and claim ignorance when faced with allegations of fraud.

The coalition is also advocating immunity for the insurance industry when it collects, analyzes and shares with law enforcement authorities confidential claim information, Mr. Jay said.

The proposed model act would also require insurers to create and implement individual anti-fraud plans, to hire or contract out for qualified fraud investigators, and to adequately train all adjusters, front-line supervisors and underwriters in fraud detection, Mr. Jay said. It would also require fraud warnings to be printed on all claims and application forms, he added.

But, while passing legislation is important, public awareness is the foundation that supports all other efforts, Mr. Jay said.

The coalition continues to work with the general media to get the message out that "insurance fraud is a serious issue and you're going to get caught," he said.

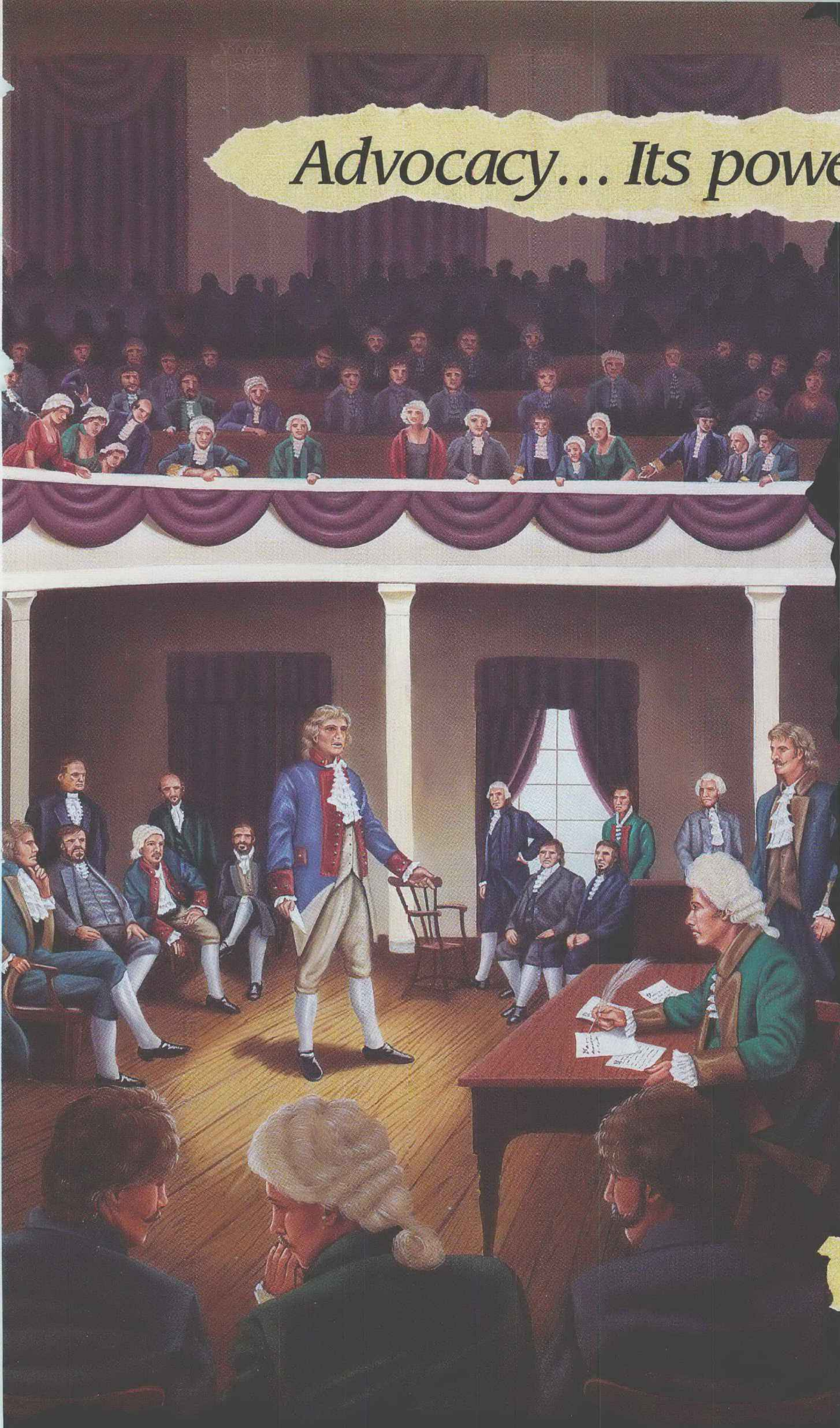
"Changing public opinion in this country is one of the hardest things to do," he said. But the coalition is taking its message to the streets.

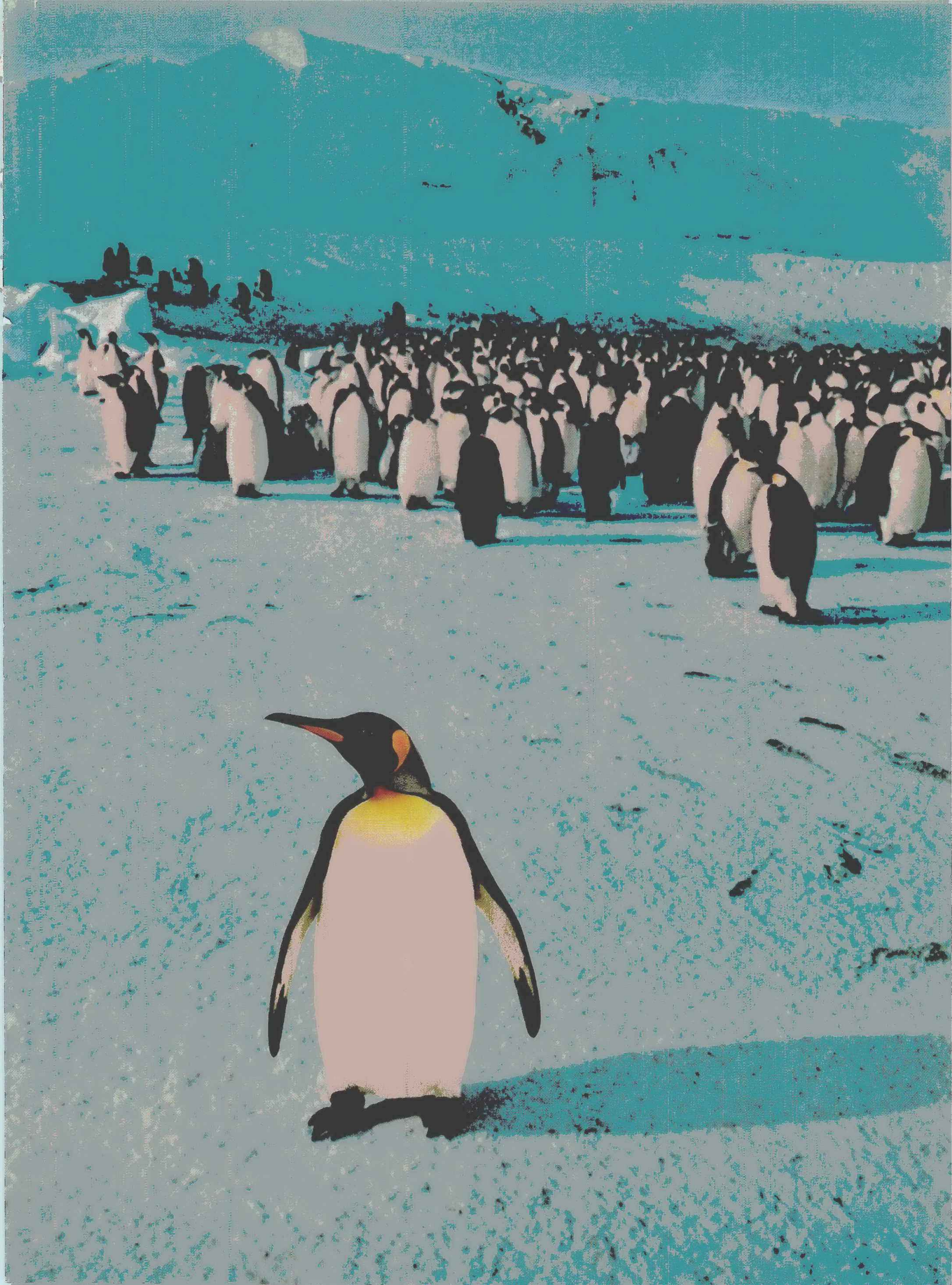
In addition to publicizing its efforts through the media, the coalition, beginning in 1995, will begin educating consumers on how to avoid becoming victims of insurance fraud.

The educational focus will center on tips that consumers should consider before buying a policy from a potentially bogus insurer or insurance agent, Mr. Jay said.

Some of the tips include making sure the insurer is licensed in the state, contacting the state insurance department to see if an unusual number of complaints have been filed against the insurer and finding out if the insurer is covered by the state's guaranty fund.

Also in 1995, the coalition hopes to bring its anti-fraud workers compensation efforts back to the forefront with health care reform, Mr. Jay said. It is also looking to start researching fraud in the life insurance industry. BI





Insurer Topics

Few insurer CEOs expect improved profit margins any time soon

By MARK A. HOFMANN

Property/casualty insurer executives remain pessimistic about the profit margin outlook for both commercial and personal lines coverage for the next few years, a new Towers Perrin/Tillinghast survey says.

Not surprisingly, most of the respondents to the "1994 Property/Casualty Insurance Industry CEO Survey" are also less than ecstatic about their own company's current profit margins. Fewer than one in five of either the personal lines—17.4%—or commercial lines—13%—company executives reported being "very satisfied" with their current profitability, about 40% of the executives in both lines reported being satisfied and the rest only "somewhat satisfied."

As Towers Perrin puts it, "these results suggest there is significant need for improvement."

But the survey indicates that few executives see any significant changes anytime soon. In fact, more than half of the respondents—51.9%—to the survey predicted that profit margins for personal lines would "decline moderately" during the next three years, and another 5.6% expect profit margins to "decline significantly." Only 14.8% of the personal lines company executives expect profit margins to improve moderately and the rest of the sample—27.8%—foresee no change. None of the personal lines company leaders expect profit margins to improve significantly.

Their commercial lines counterparts were somewhat more optimistic, with 3.3% foreseeing significant improvement in profit margins and more than a quarter—28.3%—expecting at least moderate improvement. But an even greater proportion—31.7%—foresee no change; 26.7% see a moderate decline and the remaining 10% foresee significant declines.

"If (the CEOs) are correct, making substantial profit margin improvements will require tough and creative independent action since things will not get better with a rising tide of industry performance," the report said.

A majority of respondents—67.9%—said they would try to improve margins by reducing expenses and boosting productivity. Slightly more than one-third—33.9%—said they would improve underwriting. Two strategies—raising prices and increasing marketing efforts—each drew the support of 21.4% of the sample.

The executives also predict significant changes in the competitive structure of the property/casualty industry in the foreseeable future. The most common prediction, cited by 76.6% of the respondents, is continued mergers and acquisitions. Nearly three out of five—or 59.6%—think that companies will become more specialized and write fewer lines of business. Greater reliance on strategic alliances was foreseen as a major trend by 55.3% of the sample.

The survey also:

- Uncovered a significant difference in opinion on the best distribution systems.

Thirty-nine percent of the respondents said the independent agency system was the best way to distribute commercial lines products; only 18% called independent agents the best distribution system for personal lines products. Exclusive agents were cited as the best way to distribute personal lines products by 20% of respondents, while only 9% thought exclusive agents were the best way to distribute commercial lines products.

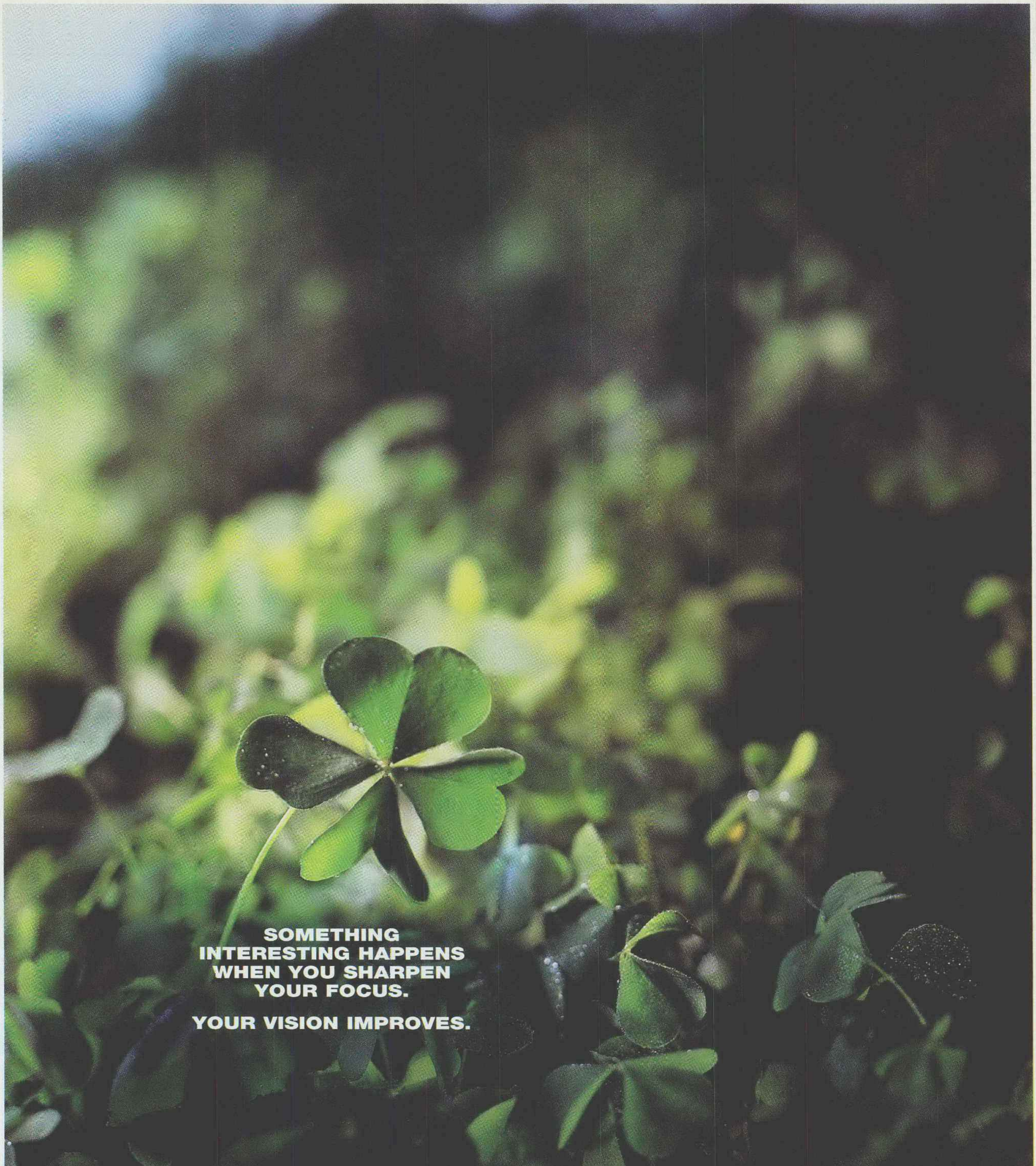
But the most dramatic difference was in the perceived relative effectiveness of direct response marketing for personal and commercial lines products. Nearly half—46%—of the respondents called direct response the most effective way to distribute personal lines products; only 5% felt the same about direct response for commercial lines products.

- The most serious overall strategic issue facing insurers in the next five years will be the regulatory, legislative and judicial environment, 67.8% of the respondents said. Management of expenses and claims was cited by 56.5% and increased competition by 46.8%. Respondents ranked their top three strategic issues, so percentages do not total 100%.

The survey was conducted by Towers Perrin and Tillinghast in April and May. Sixty-two insurance companies—61% of which sell primarily commercial insurance—responded to the survey.

•

Free single copies of "1994 Property/Casualty Insurance Industry CEO Survey" are available from Dionne Horrabin, Towers Perrin, 100 Summit Lake Drive, Valhalla, N.Y. 10595; 800-525-6741.



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By Bill Kizorek and Scott Finger
$45 (plus $1.50 shipping)
Published by PSI Publications, 1163 E. Ogden Ave., Suite 705-360, Naperville, Ill. 60563; 708-955-0940.

Books & Ideas

By REGIS COCCIA

Combating the growing problem of fraud can be a tough task for insurance companies, but a new book by surveillance experts Bill Kizorek and Scott Finger is sure to help.

"SIU 101" is a clear, easy-to-read treatise on investigating suspected insurance fraud. At only 176 pages, the book contains a wealth of information on subjects ranging from how to handle intimidating attorneys while testifying to indicators of potential fraud. Color illustrations and anecdotes emphasize the authors' points and add a bit of humor to what Messrs. Kizorek and Finger stress is a very serious subject.

The authors' intended readers are employees of insurance company special investigative units and claims adjusters, but some chapters could be useful to anyone who is interested in learning more about how to spot fraudulent claims.

Experience in the subject matter is evident in both the authors' writing and resumes. Mr. Kizorek is the founder and president of InPhoto Surveillance, a well-known claims fraud investigation firm based in the Chicago suburb of Naperville, Ill. (see story, page 42A). He has written six books on surveillance and investigations. Mr. Finger, a veteran investigator, is SIU director and national account manager for InPhoto.

Contrary to what the title may suggest, "SIU 101" is probably not for insurance executives setting up special investigative units. Such basic information isn't included. Rather, "SIU 101" offers guidelines and wisdom on how to handle investigations and the pitfalls that every investigator will eventually meet. Perhaps a better title would be "What to Do (and Not to Do) Now That You've Got an SIU."

Because investigations require contact with many different parties—such as claimants, attorneys, law enforcement, managers and claims adjusters—it's no surprise that many insurance companies hire people who have investigation backgrounds. Many ex-law enforcement officials wind up in SIUs. "SIU 101" covers some topics that individuals with law enforcement training likely already know, e.g., how to take statements from and interview witnesses, surveillance techniques and elements needed for criminal prosecution. Anyone not versed in such subjects, though, will find simple and easy-to-grasp explanations.

A point repeated throughout "SIU 101" is the need for fairness and professionalism. According to Messrs. Kizorek and Finger, the investigators' role is to get results without also putting their employer in hot water.

Overzealousness may lead to charges of harassment and even liability for the claims department, the authors note. To prevent such a situation, "SIU 101" provides guidelines on various ways to efficiently expose fraudulent claims or reduce indemnity payouts while maintaining strict ethical standards.

In addition, the book includes question formats for various investigations, lists of fraud indicators and a directory of organizations and hot lines for reporting insurance fraud.

Insurers wishing to train SIU and/or claims personnel will find some valuable information in "SIU 101." BI

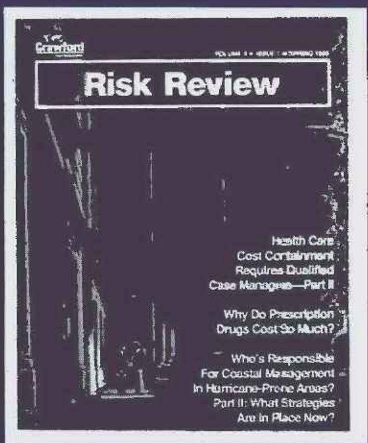
Insurer Topics

ADVERTISER INDEX

Issue of October 17

ADVERTISER	PAGE #
BRMA	42C
Business Insurance	42F
Group Underwriters Assoc.	42F
Lincoln National/Reinsurance	42B
North American Reinsurance	42D-E
Phoenix Re Corp.	42H
Prudential Reinsurance	42G
Ragsdale, Liggett & Foley	42B

A free pass to Crawford's Workers Compensation Library

1. 

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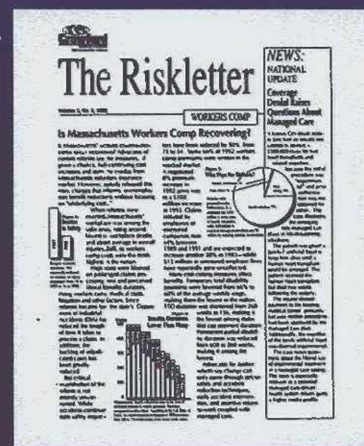
3. 

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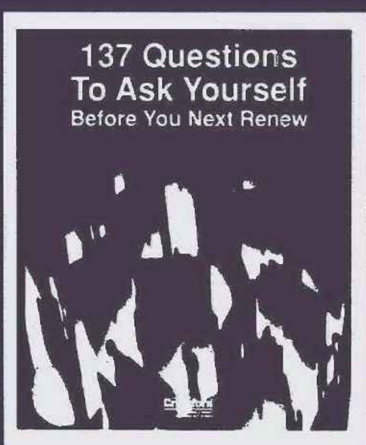
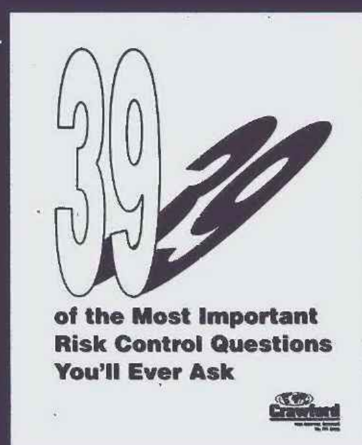
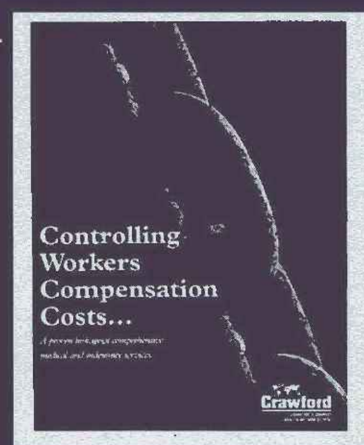
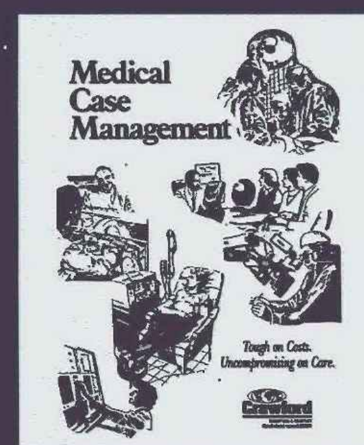
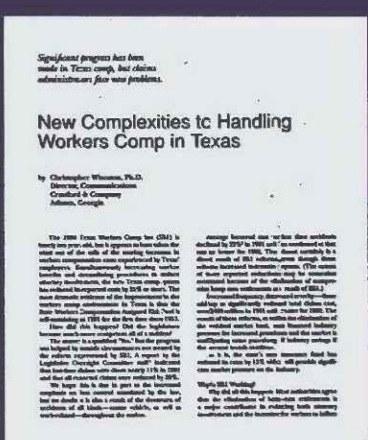
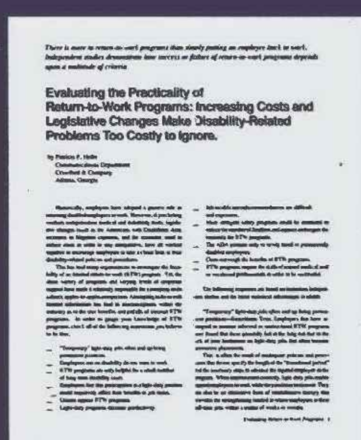
5. 

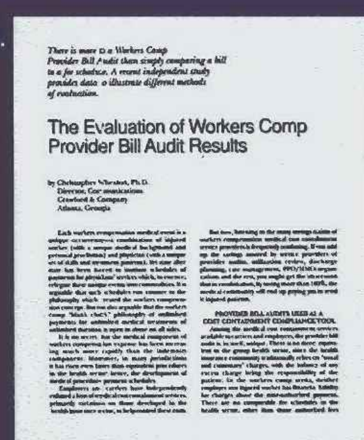
6. 

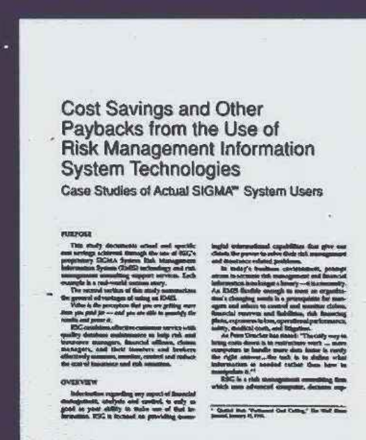
7. 

8. 

9. 

10. 

11. 

12. 

☑ Yes! I would like you to send me the following publication(s) (at no charge).

1. ❑ Risk Review Magazine – 28 pages on field of risk management
2. ❑ Healthcost Monitor – medical cost-containment newsletter
3. ❑ The Riskletter – cutting edge risk management news and issues analysis
4. ❑ Practical Solutions – cost effective risk control methods
5. ❑ 137 Questions to Ask Yourself Before You Next Renew
6. ❑ 39 of the Most Important Risk Control Questions You'll Ever Ask
7. ❑ Controlling Workers Compensation Costs
8. ❑ Medical Case Management – Tough on Costs. Uncompromising on Care.
9. ❑ New Complexities to Handling Workers Comp in Texas
10. ❑ Evaluating the Practicality of Return-to-Work Programs
11. ❑ The Evaluation of Workers Comp Provider Bill Audit Results
12. ❑ Cost Savings and Other Paybacks from the Use of Risk Management Information System Technologies

Name______________________________ Title______________________________

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P.O. Box 5047
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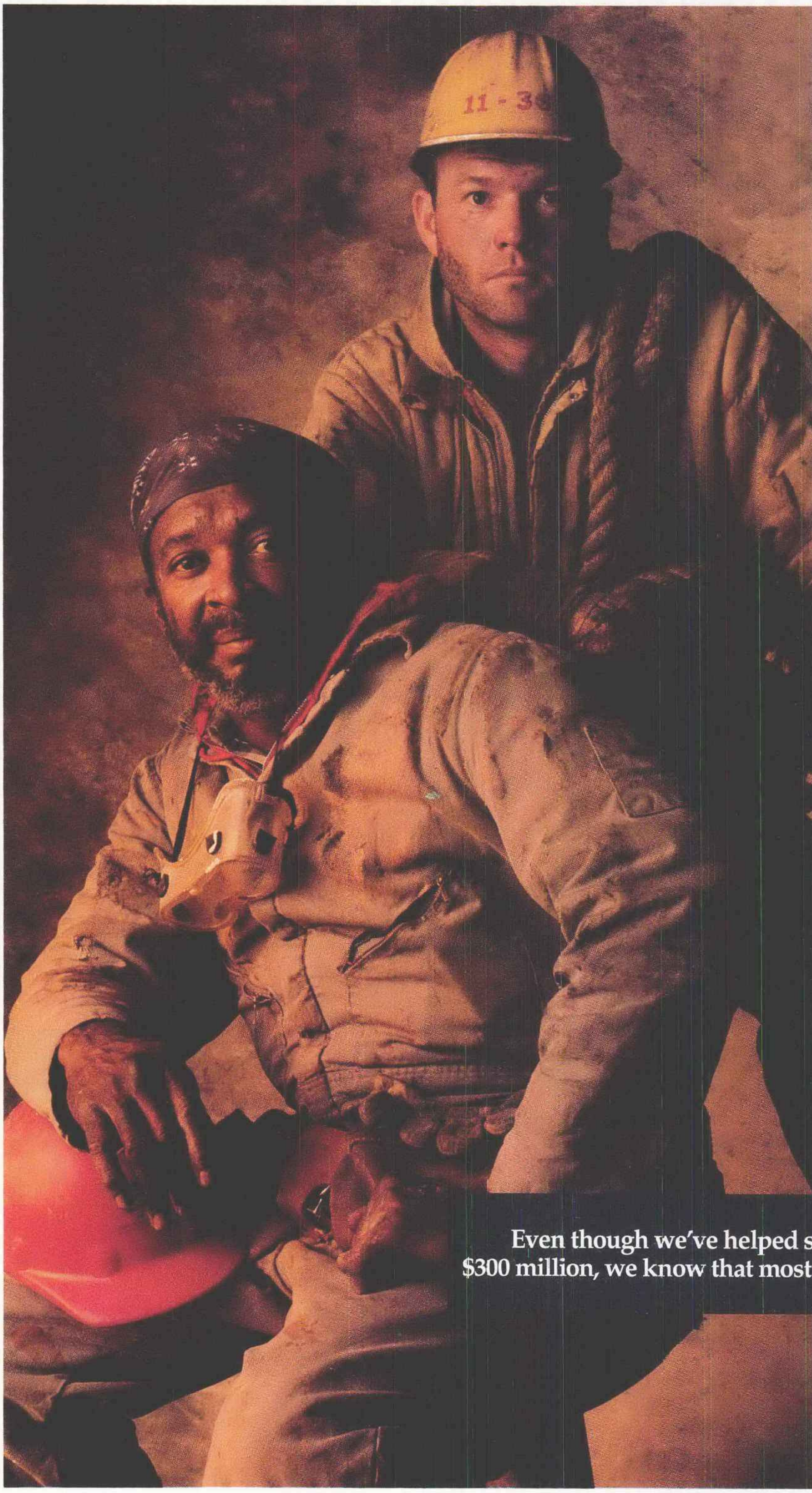


Wrapping up project costs

OCIP options let site owners build coverage and cut costs

By Frank J. Ciccone and Spencer J. Traver

OWNER-CONTROLLED insurance programs, also known as wrap-ups, have been around for decades. Over the past couple of years, however, the number and variety of these programs have increased dramatically.

Wrap-ups allow the owners of large construction projects to purchase workers compensation and general liability insurance for all contractors and subcontractors on the project. Currently, there are at least four major types of programs being considered by owners:

- Single project programs. As the original form of OCIPs, these are most commonly thought of when the concept of wrap-ups is discussed. These programs are designed for large single-site projects.
- "Rolling" programs. This was perhaps the first successful variation of the concept. Owners found that they were able to combine several similar medium-sized projects to achieve the same economy of scale offered by the traditional wrap-ups even though each project on its own could not qualify for a single-project program. Examples include warehouse expansions by large retailers and manufacturers, as well as multiple construction projects by developers.
- "Gate Keeper" programs. The concept of utilizing a limited number of sites, coupled with stringent loss control, to provide savings has been expanded to include those owners who use contractors on a constant basis to maintain and expand their existing facilities. These plans require all contractors coming on the job site to adhere to a specific loss control program; in return, the owner provides coverage on the employees of the contractor.
- Capital improvement budget programs. The CIB programs, which are perhaps the most recent addition to the OCIP possibilities, cover all projects included in a capital improvement budget. City governments and state university systems are using this approach successfully. Usually very small jobs are excluded since it is often difficult to secure adequate bid reductions on these projects.

While the variety of programs has changed, the underlying concepts have not. Under any type of program, the OCIP supersedes coverage normally purchased by the contractors and subcontractors. Since the regular insurance programs for the contractors will not come into play, their insurers will not charge for work performed under the OCIP. Thus, OCIPs allow the contractor to reduce their bids by the anticipated cost of insurance. The owner uses these cost reductions to finance the OCIP program. The owner receives some immediate cash flow savings, and the markups for contractor overhead and profit are eliminated.

More importantly, the program enables the owner to bring additional site-specific safety resources to the job. This safety emphasis produces fewer losses, yielding substantial savings that accrue to the owner's benefit.

An effective OCIP offers an owner three basic benefits: improved protection; reduced cost and increased small contractor participation. Most owners enter into an OCIP because of potential cost savings. Owners almost always continue with these programs due to improved protection and lower cost. The programs eliminate the concern about uninsured contractor losses finding their way back to the owner. An OCIP provides limits of liability that the owner deems adequate and those limits are dedicated to the project.

Under an OCIP, every contractor on every covered project will be required to adhere to a standardized loss control program. This requirement can only help to reduce losses that could otherwise delay project completion. With a single program in place, there is less litigation between contractors after a loss, and the potential negative press arising from a major loss is minimized.

Fundamentally, an OCIP should cost less than the combined insurance charges from all of the individual contractors. Factors helping to reduce costs include the elimination of contractor overhead and profit charges, volume purchasing (especially as compared to the subcontractors, who can generate 75% or more of the labor charges) and the ability to take advantage of cash flow programs to spread OCIP costs over the term of the project.

Most of the savings, however, are a result of a safe workplace. Owners who opt for owner-controlled insurance programs do so believing the combination of heightened loss control and proper selection of covered projects will generate savings of 30% or more compared to standard premiums. Under standard programs, any savings go to the contractors; under an OCIP, these savings flow to the owner.

One often overlooked benefit of an OCIP is its ability to allow smaller contractors to bid competitively. Many small contractors are unable to secure or afford adequate limits of liability.

Without an OCIP, the owner either has to be satisfied with lower-than-desired limits or eliminate this class of contractor. The OCIP helps by providing uniformly high limits to every contractor on the job site. Since smaller contractors have a relatively higher cost of insurance due to their lack of bargaining strength, their bids can be expected to be higher. By removing this item from the bidding, smaller contractors are offered the same opportunities as large contractors and should become more competitive. In addition, specialized bonding programs can be made available as a part of the OCIP coverage arrangements.

How much money can be really saved?

The amount an OCIP will lower the cost of construction, if any, will actually depend on loss history, type and size of project and geographic area. While this means every program will be different, most projects that produce losses equal to 40% or less of estimated standard premium should show a cost reduction between 1.5% and 4% of hard dollar construction costs.

In other words, savings on a $100 million program should be expected to be between $1.5 million and $4 million.

Owners who evaluate OCIPs will have to address several potential areas of concern: contractor resistance, potentially higher costs, the possibility of increasing their liability exposures, possible conflict with existing coverage and additional administrative burdens.

Many larger contractors are opposed to owner-controlled programs. For some contractors, insurance is considered a profit center. The contractor passes along the cost of standard premium while retaining the return premiums from retro adjustments or other loss-sensitive programs. This arrangement can generate significant income for the contractor. Contractors are also concerned that the addition of representatives from the owner's broker and insurer at the job sites will delay their projects. These objections are usually voiced by general contractors and not from the lower-tier subcontractors, which usually support OCIPs, and typically provide the majority of the labor costs.

Some owners fear that an OCIP will either increase their potential liability resulting from construction operations or place a large administrative burden on their staff. In reality, the OCIP uncovers the exposures an owner already faces, which might not have been recognized, and provides substantial limits as protection. As respects administration, there is no question that effective administration of a program requires a lot of time. It is imperative that an owner clearly understand the scope of services needed and which duties will be performed by the owner, the broker, the insurer and the general contractor.

Often owners, especially those who are qualified self-insurers for workers compensation, are concerned that an OCIP will conflict with their current program. Since the OCIP operates independently of an existing program, there should not be any impact on the owner's current placement, with the possible exception of a builders risk program. However, every owner and contractor will want to have their present coverage endorsed to exclude all losses covered under the OCIP. This action will ensure proper credits and avoid potential duplication of coverage.

Some owners have been told that insurance costs cannot be completely eliminated from the contractors' bids, so owners will wind up paying twice. The size of bid, size of contractor and type of work all have an impact in this area. In addition, the broker's expertise and staffing commitments can make a big difference. If the program administrator has the experience and the proper information and management systems, there is no reason why adequate cost reductions cannot be secured.

Of course, the prospect of an OCIP actually costing more than a traditional construction program is every owner's concern. Many programs are now being negotiated that cap the maximum potential cost at or below the estimated cost of bid reductions. In addition, the level of losses needed to merely break even are usually well above the most conservative loss projections.

OCIPs, once reserved only for the largest corporations or governmental bodies and only for mega construction projects, now can make sense for virtually all owners with significant construction budgets.

Until recently, a single project of at least $100 million was considered to be the minimum size needed to consider an OCIP. As insurers and brokers have formed dedicated OCIP teams, this threshold is being reduced drastically.

Now, due to the variety of programs available, an insurer will generally use a rule of thumb of $1 million of premium plus losses to determine if an OCIP program will make economic sense. While a great number of factors enter into deciding if a program has the size to warrant OCIP consideration, we have seen successful programs at the following sizes:

- Single projects: $50 million and over.
- Rolling programs: $75 million over three years.
- Capital improvements: $70 million over three years.
- Gate Keeper: $35 million over three years.

Greater numbers of owners in both the private and public sectors can now benefit from this risk financing tool.

Anyone with either large, single-site projects or ongoing construction budgets can now take advantage of the increased protection and lower costs of owner-controlled insurance programs. BI

Frank J. Ciccone is account executive with Hobbs Group Inc. in Atlanta. Hobbs Group arranges and manages all types of OCIPs.


Mr. Ciccone


Mr. Traver

Spencer J. Traver is vp and senior consultant with McNeary Insurance Consulting Inc. of Charlotte, N.C. He regularly consults with owners on OCIPs.

Continued from page 42

Fastring & Associates

P.O. Box 870668, New Orleans, La. 70187-0668; 504-241-2491; fax: 504-885-2129

Staff	
Total	2
Safety consultants	2
ASSE members	1
Clients	
Total	50
Corporate/institutional clients	20
1993 revenues	
Total	$140,000
Safety consulting services	100%

Founded: 1977.
Services: Safety inspections, accident evaluations, reports and forensic-related functions.
Other services: OSHA compliance, fire protection engineering.
Specialties: Insurance companies, law firms, refining companies, construction sites.
Officers: Holt H. Fastring, Elaine L. Fastring.

John V. Fiatarone & Associates

The Fulton Building, 74 Holten St., Dabvers, Mass. 01923-1927; 508-777-4445; fax: 508-777-6380

Staff	
Total	5
ASSE members	5
Clients	
Total	100
Corporate/institutional clients	10
1993 revenues	
Total	$100,000
Safety consulting services	100%

Founded: 1984.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; training and written programs for required OSHA standards.
Other services: Publication of safety materials or videos; development of training materials; rehabilitation in conjunction with insurance carriers; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering, industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Longshoring, shipbuilding/repair, construction, most types of manufacturing.
Officers: John V. Fiatarone, principal.

Fire Protection Associates Inc.

1101 Kermit Drive, Suite 304, Nashville, Tenn. 37217; 615-361-4700; fax: 615-361-4790

Staff	
Total	2
Safety consultants	2
ASSE members	1
Clients	
Total	10
Corporate/institutional clients	7
1993 revenues	
Total	$100,000
Safety consulting services	100%

Founded: 1981.
Services: Fire protection and fire code consulting.
Specialties: Commercial, health care, educational, office, retail, assembly.
Officers: Tom D. Copeland, president; William M. Steffenhagen, secretary/treasurer.
Contact: William M. Steffenhagen.

Fire & Safety Specialists Inc.

P.O. Box 9713, College Station, Texas 77842; 409-693-7105; fax: 409-764-0691

Staff	
Total	5
Safety consultants	5
ASSE members	5
Clients	
Total	150
Corporate/institutional clients	75

Founded: 1981.
Parent: DWI Inc.
Services: Safety audits/reviews-evaluations or inspections, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving product liability, fire protection engineering.
Specialties: Refining/petrochemical.

FIRECON

P.O. Box 231, East Earl, Pa. 17519; 717-354-2411; fax: 717-354-7233

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	100
Corporate/institutional clients	100
1993 revenues	
Safety consulting services	100%

Founded: 1980.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars, emergency planning, investigations.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Officers: R. Craig Schroll, president.

Fireman's Fund Insurance Co.

P.O. Box 777, Novato, Calif. 94998; 415-899-2287; fax: 415-899-2405

Staff	
Total	234
Safety consultants	222
Industrial hygiene consultants	12
ASSE members	150

Founded: 1862.
Parent: Allianz Insurance Co.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; research involving industrial hygiene, ergonomics, product liability and noise and vibration; fire protection engineering.
Offices: San Francisco and Tustin, Calif.; Atlanta; Chicago; Boston; St. Louis; Philadelphia; New York; Seattle.
Officers: Herbert Hansmeyer, chairman; Joe Stinnette, president; John Meyer, CFO; Tom Rowe, president-commercial insurance; Tim Koo, president-specialty insurance.
Contact: Rich Lawler, 415-899-2312.

Flex Fire Protection Design

201 S. Naperville Road, Wheaton, Ill. 60187; 708-668-8998; fax: 708-653-5260

Staff	
Total	4
Safety consultants	1
Clients	
Corporate/institutional safety clients	10
1993 revenues	
Safety consulting services	100%

Founded: 1986.
Services: Exit analysis studies, hazard identification, computer fire modeling.
Other services: Research involving noise and vibration, fire protection engineering.
Specialties: Municipalities, architects, mid-size corporations, engineering firms, ambulatory/surgical treatment centers.
Contact: Mark Bromann, president.

Continued on page 48

Continued from page 46

Forensic Engineering

3490 Whitney Ave., Hamden, Conn. 06518-1920; 203-281-6551; fax: 203-287-9227

Staff	
Total	5
Safety consultants	2
ASSE members	3
Clients	
Total	500
Corporate/institutional clients	500
1993 revenues	
Safety consulting services	100%

Founded: 1973.
Services: Safety audits/reviews-evaluations or inspections, on-site and off-site training classes or seminars, accident investigation.
Other services: OSHA compliance, research involving product liability and noise and vibration.
Specialties: Providing OSHA certified 10- and 30-hour training courses to construction and general industry; accident investigation to insurers and attorneys.
Officers: Michael E. Shanok, president; Gilbert E. Nicholls.
Contact: Michael E. Shanok.

Fyrsafe Engineering Inc.

1225 Carnegie St., Suite 108; Rolling Meadows, Ill. 60008; 708-397-7233; fax: 708-392-1175

Staff	
Total	5
Safety consultants	3
ASSE members	2
Clients	
Total	100
1993 revenues	
Safety consulting services	100%

Founded: 1986.
Services: Safety audits/reviews-evaluations or inspections, training classes or seminars.
Other services: OSHA compliance, research involving product liability, fire protection engineering, forensic investigations, expert witness, codes and standards consulting.
Officers: John M. Mertens, president.

G

Gallagher Bassett Services Inc.

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

Staff	
Total	64
Safety consultants	53
Occupational health consultants	3
Industrial hygiene consultants	3
ASSE members	42
Clients	
Total	370
Corporate/institutional clients	370
1993 revenues	
Total	$106,300,000,000
Safety consulting services	9%
Other	91%
Including: Claims management, information services, appraisal services	

Founded: 1962.
Parent: Arthur J. Gallagher & Co.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory.
Specialties: Manufacturing, food services, printing, municipalities, institutional, commercial, educational, religious clients and hotels.
Offices: Los Angeles; Miami; Atlanta; Schaumburg, Ill.; St. Louis; Middleburg, Va.
Officers: John G. Campbell, chairman; Peter J. Durkalski, president; Richard McKenna, Richard Rothman, Fred Potenza, executive vps.
Contact: Tracy Mock, area vp-marketing, 708-285-3593.

General Consulting Services Inc.

113 N. Kickapoo, Lincoln, Ill. 62656; 217-732-1830; fax: 217-732-2146

Founded: 1987.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials.
Specialties: Hospitals and nursing homes.
Offices: Chicago.
Officers: Barbara O'Donohue, president; Betty J. Hayes, vp.
Contact: Matthew R. Stephenson.

General Health & Safety Services Corp.

742 Market St., Oregon, Wis. 53575-0290; 608-835-9109; fax: 608-835-8863

Staff	
Total	11
Safety consultants	3
Occupational health consultants	2
Industrial hygiene consultants	4
ASSE members	4
Clients	
Total	152
Corporate/institutional clients	152
1993 revenues	
Safety consulting services	100%

Founded: 1978.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; indoor air quality audits; part-time safety director program.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; industrial hygiene laboratory; expert witness; litigation research; risk assessment; accident investigation.
Specialties: Manufacturing, property owners.
Officers: Daniel J. Hartwig, president; Diane E. Hartwig, owner/chairperson; Daniel Holcomb, technical services manager; Richard Riffe, asbestos services manager.
Contact: Daniel L. Holcomb, 800-236-0063.

Dr. James R. Glaze & Associates

2470 S. Walking H. Place, Tucson, Ariz. 85713; 602-883-8916

Staff	
Total	3
Safety consultants	3
ASSE members	3
Clients	
Total	8
Corporate/institutional clients	8

Founded: 1972.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance.
Other services: OSHA compliance, expert witness for safety liability cases.
Specialties: Law firms.
Officers: James R. Glaze, president.

Gow Management Services Inc.

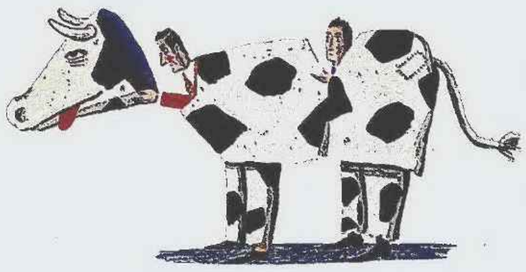
344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-6148; fax: 716-856-6179

Staff	
Total	23
Safety consultants	3
Occupational health consultants	3
Industrial hygiene consultants	1
ASSE members	2
Clients	
Total	110
1993 revenues	
Total	$1,050,000
Safety consulting services	40%
Other	60%
Including: TPA services, claims investigations	

Founded: 1982.
Parent: S.H. Gow & Co. Inc.
Services: Safety audits/reviews-evaluations or inspections; safety, industrial hygiene and occupational health program assistance; training classes or seminars.

Continued on page 50

For every dollar we spend fighting insurance fraud we save nine. A good thing considering it's a $17 billion problem.



Illus. A: spotting fraud.
It's not this easy.

If you can't spot fraud, you can't stop it. And at Continental Risk Management Services, taking the lead in exposing and eliminating fraud means fighting it on every front with a three-pronged approach.

First is prevention. We teach employees how the workers' compensation system can benefit them, so they're more inclined to work with the system instead of against it. We've even been a significant force in the creation of the Coalition Against Insurance Fraud.

Second is detection. Our claims handlers are armed with an Automated Fraud Indicator System (the only one in the industry for workers' compensation) that flags circumstances consistent with suspect claims. Other systems scrutinize claims for patterns and trends. We work along with the National Insurance Crime Bureau to expose people who file similar claims with other carriers. And we also have ten Special Activities Units to investigate suspicious claims.

The third prong is deterrence, accomplished through sting operations, and prosecution when necessary. It's all part of our focus on you, uniting every discipline of our business to help reduce your insurance and loss costs.

Write E. Randall Clouser, President, at 180 Maiden Lane, NY, NY 10038. Or call at 212-440-7230. And see how our fight against fraud can pay off for you.

Continental Risk Management®

Continued from previous page

ASSE members	1

1993 revenues	
Safety consulting services	100%

Founded: 1990.
Services: Ergonomic program assistance, task evaluation, ergonomics training, work station design, OSHA citation abatement, ergonomics surveys and evaluations.
Other services: OSHA ergonomics compliance; ergonomics research; practical and applied engineering controls to reduce the risk of workplace injuries.
Officers: Philip Jacobs, president.

William L. Jacobs Enterprises Inc.

1231 Tall Pines Drive, Osteen, Fla. 32764; 407-324-9245; fax: 407-324-9245

Staff	
Total	2
Safety consultants	1
ASSE members	1

Clients	
Total	65

Founded: 1985.
Services: Litigation support.
Offices: Fort Lauderdale, Fla.
Officers: William L. Jacobs, president.

Jarry Associates

13 Riggs Court, Basking Ridge, N.J. 07920; 908-953-0567; fax: 908-766-5261

Staff	
Total	3
Safety consultants	2
Occupational health consultants	1
ASSE members	3

Clients	
Total	12
Corporate/institutional clients	4

1993 revenues	
Total	$235,000
Safety consulting services	100%

Founded: 1980.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars.
Other services: Development of training materials, OSHA compliance, research involving product liability.
Specialties: Manufacturing.
Offices: Birmingham, Ala.; Conway, N.H.
Officers: Harry J. Eiermann, principal consultant.

Johnson & Higgins

125 Broad St., New York, N.Y. 10004-2424; 212-574-8760; fax: 212-574-7373

Staff	
Total	65
Safety consultants	60
Occupational health consultants	2
Industrial hygiene consultants	3

Founded: 1845.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars; product liability consulting; environmental management consulting; vehicle fleet safety consulting; construction survey.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; disaster recovery planning.
Specialties: Construction, health care, government sector, financial institutions, educational institutions.
Offices: Birmingham, Ala.; Phoenix; Costa Mesa, Los Angeles, Riverside, San Diego and San Francisco, Calif.; Denver; Hartford and Stamford, Conn.; Washington; Wilmington, Del.; Miami; Atlanta; Honolulu; Chicago; Louisville, Ky.; Baltimore; Boston; Detroit and Grand Rapids, Mich.; Minneapolis; St. Louis; Parsippany, N.J.; Rochester, N.Y.; Charlotte, N.C.; Cincinnati; Cleveland; Tulsa, Okla.; Portland, Ore.; Philadelphia; Pittsburgh; Nashville, Tenn.; Dallas; Houston; Salt Lake City; Richmond and Roanoke, Va.; Seattle.
Officers: John V. Deitchman, director/senior vp; David A. North, principal/senior vp; Joseph T. Mullahey, senior vp; Ronald R. Williams, James R. Johnson, Dan R. Kett, Robert F. Satterfield, vps.
Contact: Joseph T. Mullahey.

K

K&T Safety Service Inc.

800 Wilcrest, Suite 205, Houston, Texas 77042; 713-974-4394; fax: 713-974-4396

Staff	
Total	4
Safety consultants	2
Industrial hygiene consultants	2

Clients	
Total	10
Corporate/institutional clients	10

1993 revenues	
Total	$250,000
Safety consulting services	100%

Founded: 1981.
Services: Safety audits/reviews-evaluations or inspections, safety and industrial hygiene program assistance, training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving industrial hygiene, industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Manufacturing, construction.
Officers: Henry Kana, president; Suellyn Kana, vp.

L

Larks Engineering/Consulting

4762 Kingfisher Drive, Houston, Texas 77035-4920; 713-721-6644; fax: 713-721-6679

Staff	
Total	1
Safety consultants	1

Founded: 1953.
Services: Safety audits/reviews-evaluations or inspections, ergonomic program assistance.
Other services: OSHA compliance, research involving ergonomics and product liability.
Specialties: Legal services.
Officers: Jack Larks, consulting engineer.
Contact: Norma Larks.

Liberty International-Liberty Risk Services

175 Berkeley St., Boston, Mass. 02117; 617-357-9500; fax: 617-574-6635

Staff	
Total	25
Safety consultants	25

Clients	
Total	100

1993 revenues	
Total	$3,000,000
Safety consulting services	50%

Founded: 1993.
Parent: Liberty Mutual Insurance Group.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; research involving occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory.
Specialties: Construction, transportation, food and beverage, mining.
Offices: Toronto, London, Mexico City.
Officers: Ronald C. Pruett Jr., managing director; Karl Jacobson, assistant vp.
Contact: Ronald C. Pruett Jr.

Loss Control Associates Inc.

172 Middletown Blvd., Suite B-204, Langhorne, Pa. 19047; 215-750-6841; fax: 215-750-6845

Staff	
Total	6
Safety consultants	6

Clients	
Total	50

1993 revenues	
Total	$925,000
Safety consulting services	100%

Continued on next page

Continued from previous page

Founded: 1986.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars, process safety management.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, audits of process safety management.
Specialties: Petrochemical industry, refining.
Officers: Orville M. Slye Jr., president/principal engineer; D.W. Owen, A.M. Ordile, R.L. Meuer, S.W. Haines, consultants.
Contact: O.M. Slye Jr.

Loss Prevention Inc.

7510 Sunshine Skyway Lane, Suite T-16, St. Petersburg, Fla. 33711; 813-866-7101; fax: 813-866-7101

Staff	
Total	1
ASSE members	1
Clients	
Total	3
Corporate/institutional clients	3

Founded: 1990.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars; fire safety; life safety code.
Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, fire protection engineering, industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Health care, safety and emergency planning, retail security.
Offices: Tampa, Fla.
Officers: Louis D. Gasbarro, president.

Loss Prevention Consultants Inc.

P.O. Box 54012, Jackson, Miss. 39288-4012; 601-878-2138; fax: 601-878-2394

Staff	
Total	3
Safety consultants	3
ASSE members	1
Clients	
Total	25
Corporate/institutional clients	25
1993 revenues	
Safety consulting services	100%

Founded: 1984.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, and industrial hygiene program assistance; on-site and off-site training classes or seminars; expert witness; accident investigation.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, product liability and noise and vibration; fire protection engineering; DOT and EPA compliance.
Officers: John R. Eubanks Jr., president.

M

Machnowski & Associates Inc.

6598 Carriage Hills Drive, Canton, Mich. 48187-3042; 313-981-9922; fax: 313-981-4080

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	3
Corporate/institutional clients	3

Founded: 1993.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; safety policies and procedures development; supervisor/manager training.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Officers: Chester W. Machnowski Sr., president.

Management Services Inc.

2 E. Main, Danville, Ill. 61832; 217-446-1099; fax: 217-443-0927

Staff	
Total	25
Safety consultants	25
ASSE members	14

Founded: 1978.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, and industrial hygiene program assistance; training classes or seminars; accredited laboratories.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics and noise and vibration; fire protection engineering.
Offices: Oak Brook, Ill.; Indianapolis; Des Moines, Iowa; Kansas City and St. Louis, Mo.
Officers: Samuel P. Cannon, CEO; Robert Cowgill, president; Jacqueline Cannon, vp; Gary J. Schirmer, director.
Contact: Mike Reed, ext. 182; Bonnie Gotham, ext. 118; Mary Norenberg, ext. 108.

McNeary Insurance Consulting Inc.

P.O. Box 220926, Charlotte, N.C. 28222; 704-365-4150; fax: 704-365-4155

Staff	
Total	4
Safety consultants	3
Occupational health/Ind. hygiene consultants	1
ASSE members	2

Founded: 1956.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; evaluation of fire protection and control programs assistance; development of plant emergency response organization and disaster plans design.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research.
Specialties: Health care.
Offices: Atlanta.
Officers: William C. Moore, chairman; Glen E. Pehl, president; William D. Yaeger, executive vp; Carl W. Malmberg, vp.
Contact: Carl W. Malmberg.

McWillie & Associates

6402 Meadowtrace Drive, Spring, Texas 77389; 713-370-0969

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	4
1993 revenues	
Total	$100,000
Safety consulting services	100%

Founded: 1987.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars, safety procedure development.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, legal services.
Specialties: Chemical, construction, petroleum.
Officers: Thomas A. McWillie.

Meehan & Associates Inc.

2847 84th St. S.E., Grand Rapids, Mich. 49316-9121; 616-698-3119; fax: 616-698-3119

Staff	
Safety consultants	1
ASSE members	1
Clients	
Total	15

Founded: 1992.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, including employee safety handbooks; development of training materials; OSHA compliance; research involving product liability; technical writing services, including job descriptions/specifications; workers

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compensation case management kit; packaged self-help materials; safety culture census; safe behavior reinforcement package.
Specialties: Manufacturing, contractors.
Officers: Terrance Patrick Meehan.

Michigan Hospital Assn. Service Corp.

6215 W. St. Joseph Highway, Lansing, Mich. 48917; 517-323-3443; fax: 517-323-0913

Staff	
Total	6
Safety consultants	2
Occupational health consultants	1
Industrial hygiene consultants	3
ASSE members	1
Clients	
Total	160
1993 revenues	
Total	$600,000
Safety consulting services	50%

Founded: 1982.
Parent: Michigan Hospital Assn.
Services: Safety audits/reviews-evaluations or inspections; ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Health care.
Offices: Southfield, Mich.
Officers: Fritz Kellerman, executive vp/COO; Kathleen Dickenson, executive vp; Pier-George Zanoni, director-occupational health and environmental safety.
Contact: Pier-George Zanoni.

Dr. Donald P. Milione

7012 18th Ave., Brooklyn, N.Y. 11204; 718-232-9595; fax: 718-232-6800

Staff	
Total	2
Safety consultants	1
Occupational health consultants	1
Clients	
Total	5
Corporate/institutional clients	5

Founded: 1989.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, and occupational health program assistance; on-site and off-site training classes or seminars; pre-placement physical exams; back schools; cost effective conservative therapy.
Other services: Development of training materials, rehabilitation, cost containment strategies in the protection of repetitive cumulative trauma on-the-job injuries.
Specialties: Construction, sedentary office workers.
Officers: Donald Milione, CEO; C.E. Sammis, CFO.
Contact: Donald Milione.

Miller Engineering

2392 Fuller Road, Ann Arbor, Mich. 48105; 313-662-6822; fax: 313-747-9712

Staff	
Total	8
Safety consultants	8
ASSE members	4
Clients	
Total	40
1993 revenues	
Total	$1,000,000
Safety consulting services	50%
Other	50%
Including: Forensic engineering, expert testimony.	

Founded: 1980.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars, product safety consultation.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics and product liability, fire protection engineering.
Specialties: Accident reconstruction.
Officers: J.M. Miller.
Contact: J. Paul Frantz.

A. Mims Associates Inc.

31 Apache Court, Appleton, Wis. 54910-1012; 414-731-7548; fax: 414-472-5716

Staff	
Total	4
Including: Safety and industrial hygiene consultants	
ASSE members	4
Clients	
Total	7
Corporate/institutional clients	7
1993 revenues	
Total	$35,000
Safety consulting services	100%

Founded: 1972.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, and industrial hygiene program assistance; on-site training classes or seminars.
Other services: Development of training materials, OSHA compliance, product liability research, fire protection engineering.
Offices: Naples, Fla.; Madison, Wis.
Officers: Margie L. Kolbe-Mims, president/secretary/treasurer; Albert Mims, chairperson/CEO.

N

NATLSCO, A Kemper Risk Management Services Co.

1 Kemper Drive, Long Grove, Ill. 60049-0075; 708-320-4901; fax: 708-320-4330

Staff	
Total	84
Safety consultants	57
Occupational health consultants	1
Industrial hygiene consultants	19
ASSE members	52
1993 revenues	
Safety consulting services	50%
Other	50%

Founded: 1968.
Parent: Kemper National Insurance Co.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; behavioral programs.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; industrial hygiene laboratory; environmental services; EPA compliance; perception surveys.
Specialties: National and international corporations.
Offices: Los Angeles; Summit, Nev.
Officers: C.D. Sullivan, chairman/CEO; F.G. Minchk, president; A.D. Odom, vp-technical services; G.J. Krafcisin, vp-industrial hygiene laboratory.
Contact: Jack Kester, manager-technical sales/marketing, 708-320-2620.

National Safety Council

1121 Spring Lake Drive, Itasca, Ill. 60187; 708-775-2338; fax: 708-775-2185

Staff	
Total	22
Safety consultants	21
Industrial hygiene consultants	1
Clients	
Total	30

Founded: 1913.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics and product liability.
Offices: Redwood City, Calif.; Washington; Atlanta; Syracuse, N.Y.; Richmond, Va.; Kent, United Kingdom.
Officers: T.C. Gilchrist, president; Irv Etter, senior vp; Michael Meersman, Robert Krawisz, Fred Rine, assistant vps.
Contact: Robert C. Bucci.

Network Safety Consultants Inc.

14400 John Humphrey Drive, Suite A, Orland Park, Ill. 60462; 708-873-3312; fax: 708-873-0120

Staff	
Total	2
Safety consultants	1
Industrial hygiene consultants	1
ASSE members	2
Clients	
Total	35
1993 revenues	
Safety consulting services	100%

Founded: 1993.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Specialties: Construction, manufacturing, service industries, lead compliance and inspections.
Officers: Glenn Horton, president; Gary Glader, vp.
Contact: Anne Jelinek.

Northeast Consulting Engineers Inc.

74 Holten St., Danvers, Mass. 01923; 508-777-8339; fax: 508-777-6380

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	150
Corporate/institutional clients	150
1993 revenues	
Total	$120,000
Safety consulting services	100%

Founded: 1989.
Services: Safety audits/reviews-evaluations or inspections; safety and ergonomic program assistance; on-site and off-site training classes or seminars; automation/preparation of plans and specifications; heating, ventilating and air conditioning.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving ergonomics, product liability and noise and vibration; fire protection engineering.
Officers: John W. Mroszczyk, president.

Northland Risk Management Services Inc.

1295 Northland Drive, Eagan, Minn. 55120; 612-688-4354; fax: 612-888-4280

Staff	
Total	9
Safety consultants	9
ASSE members	9
Clients	
Total	600
1993 revenues	
Total	$100,000
Safety consulting services	5%

Founded: 1992.
Parent: Jupiter Holdings Inc.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering, DOT audits.
Specialties: Trucking, construction, manufacturing, product liability.
Officers: James P. LeRoy, vp.

O

Occupational Safety & Health Advisors Inc.

16167 Elmwood Station, Minneapolis, Minn. 55416; 612-444-4775; fax: 612-444-4775

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	10
1993 revenues	
Total	$75,000
Safety consulting services	50%

Founded: 1989.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Officers: Ivan Russell, president.

Organizational Safety Services Inc.

63 Sequoia Drive, Huntington, W.V. 25705; 304-736-4920

Staff	
Total	4
Safety consultants	4
ASSE members	2

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Clients

Total	23
Corporate/institutional clients	17

1993 revenues

Safety consulting services	100%

Founded: 1987.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars, limited forensic services.
Other services: Development of training materials, OSHA compliance, research involving ergonomics and product liability.
Specialties: Pulp and paper, petroleum refining, chemical complexes.
Officers: Keith E. Barenklau, president; LeRoy Abbott, treasurer; Linda Abbott, vp; Eric E. Barenklau, secretary.
Contact: Keith E. Barenklau.

Donald E. Ostrum, Consultant

12226 Unity St. N.W., Coon Rapids, Minn. 55448; 612-757-0102; fax: 612-767-0689

Staff

Total	1
Safety/industrial hygiene consultants	1
ASSE members	1

Clients

Total	50
Corporate/institutional clients	10

1993 revenues

Total	$65,000
Safety consulting services	50%
Other	50%
Including: Expert witness services	

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, and industrial hygiene program assistance; training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research.
Officers: Donald E. Ostrum, owner.

P

PMA Management Corp.

PMA Building, 380 Sentry Parkway, P.O. Box 3031, Blue Bell, Pa. 19422-0754; 610-397-5200; fax: 610-397-5030

Staff

Total	52
Safety consultants	41
Occupational health consultants	1
Industrial hygiene consultants	2
ASSE members	51

1993 revenues

Safety consulting services	30%
Other	70%
Including: Strategic recovery systems consulting	

Founded: 1992.
Parent: PMA Group.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; culture-based management services.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Manufacturing, utilities, wholesale/retail, construction.
Offices: Hunt Valley, Md.; Mount Laurel and Parsippany, N.J.; Charlotte and Raleigh, N.C.; Allentown, Erie, Harrisburg, Pittsburgh, Ridgway, Valley Forge and Williamsport, Pa.; Richmond and Roanoke, Va.
Officers: James J. Fleming, senior vp; John Santulli, vp; Michael J. McMahon, vp-risk control services.
Contact: Michael J. McMahon, 800-222-2749 ext. 5200.

Pooler Consultants Ltd.

321 Upland Drive, Lafayette, La. 70506; 318-984-1601; fax: 318-988-1762

Staff

Total	1
Safety/occupational health consultants	1
ASSE members	1

Clients

Total	100
Corporate/institutional clients	85

Founded: 1988.
Services: Safety audits/reviews-evaluations or inspections; safety, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, research involving occupational health and noise and vibration, fire protection engineering.
Officers: Ben Pooler, president.

Prevention Plus Inc.

5775 Wayzata Blvd., Suite 700, Minneapolis, Minn. 55416; 612-525-2255; fax: 612-546-4829

Staff

Total	2
Safety consultants	1
Occupational health consultants	1
ASSE members	1

Clients

Total	95
Corporate/institutional clients	30

1993 revenues

Total	$125,000
Safety consulting services	100%

Founded: 1990.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; back injury prevention; cumulative trauma prevention; stretching/warm-up programs.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Officers: Michael S. Melnik, owner/president.
Contact: Dan Mickelberg.

Professional Safety Consultant Service Inc.

424 S.E. 30th Ave., Ocala, Fla. 34471; 904-694-4601 or 800-329-7233

Staff

Total	1
Safety/occ. health/ind. hygiene consultants	1
ASSE members	1

Clients

Total	50
Corporate/institutional clients	12

1993 revenues

Safety consulting services	100%

Founded: 1975.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; accident investigation.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; ADA compliance; litigation support services/expert witness.
Officers: Herbert T. Bogert, president; Nancy A. Bogert, secretary/treasurer.

Professional Safety Consulting Services Inc.

1923 Molino Ave., Suite 205, Long Beach, Calif. 90804; 310-597-1988; fax: 310-498-2085

Staff

Total	1
Safety/occ. health/ind. hygiene consultants	1
ASSE members	1

Clients

Total	250
Corporate/institutional clients	4

1993 revenues

Total	$120,000
Safety consulting services	100%

Founded: 1976.
Services: Safety audits/reviews-evaluations or inspections; safety, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene,

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occupational health, product liability and noise and vibration; fire protection engineering.
Specialties: Forensic engineering services, including accident reconstruction; expert witness.
Officers: Raymond N. Chace Sr., president; Michelle Chace-Bass, secretary.
Contact: Raymond N. Chace.

R

R.E.C. Inc
12900 Silver Crest Road, Chester, Va. 23831-4328; 804-748-8003; fax: 804-748-2384

Staff	
Total	3
Safety consultants	1
Occupational health consultants	1
Industrial hygiene consultants	1

Clients	
Total	30

1993 revenues	
Total	$95,865
Safety consulting services	100%

Founded: 1976.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Painting, construction, manufacturing, counties and cities, pharmaceutical.
Contact: Henry M. Taylor, president, 804-748-5151.

RMS Associates
109 Shasta Road, Plymouth Meeting, Pa. 19462; 610-275-0820; fax: 610-272-1586

Staff	
Total	2
Safety consultants	2
ASSE members	1

Clients	
Total	29
Corporate/institutional clients	6

Founded: 1971.
Services: Research involving product liability, risk-management forensic services/expert witness.
Specialties: Legal industry, insurance companies.
Officers: Robert B. Benowitz, president.

RPF Associates
20 LeRoy St., Dix Hills, N.Y. 11746-6644; 516-586-0778; fax: 516-586-5164

Staff	
Total	4
Safety consultants	4
ASSE members	3

Clients	
Total	70
Corporate/institutional clients	5

1993 revenues	
Total	$345,000
Safety consulting services	80%

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and occupational health program assistance; training classes or seminars; accident reconstruction.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; DOT audits; insured/broker/carrier conflict resolution; expert testimony; NFPA code research; building code research; automatic sprinkler design review.
Specialties: Printing, food and liquor, retail and paper box manufacturing industries; hospitals; nursing homes; schools; municipalities; bulk oil storage/delivery; hazardous material transportation; life safety; slip and falls; auto accident investigations.
Officers: Robert P. Firmbach, president; Carol A. Firmbach, vp.
Contact: Robert P. Firmbach.

The directory of vocational rehabilitation management providers begins on page 60.

The Reliability Group
870 N.E. 97th St., Miami, Fla. 33138; 305-754-0075; fax: 305-754-0075

Staff	
Total	10
Safety consultants	7
ASSE members	3

Clients	
Total	28
Corporate/institutional clients	24

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, research involving industrial hygiene and occupational health.
Specialties: Petroleum, pharmaceuticals, manufacturing.
Officers: Hank Sarkis, president; Robert Cooke, executive vp.
Contact: Hank Sarkis.

F.A. Richard & Associates Inc.
2360 5th Ave., Suite 100, Mandeville, La. 70448; 504-624-8383; fax: 504-624-8489

Staff	
Total	6
Safety consultants	5
Industrial hygiene consultants	1
ASSE members	6

Clients	
Total	85
Corporate/institutional clients	60

1993 revenues	
Total	$700,000
Safety consulting services	90%

Founded: 1978.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics, product liability and noise and vibration; fire protection engineering.
Specialties: Public entities, educational facilities, construction, manufacturing and health care facilities.
Offices: Atlanta; Lafayette, La.; Dallas.
Officers: Francis Richard, president; Marc Todd Richard, executive vp; Reed A. Bell, Daniel J. Clark, senior vps.
Contact: David Sturgis, vp, 318-988-4008.

Risk Analysts Inc.
4828 Loop Central Drive, 9th Floor, Houston, Texas 77081; 713-669-4792; fax: 713-669-4724

Staff	
Total	4
Safety consultants	3
ASSE members	3

Clients	
Total	110
Corporate/institutional clients	110

1993 revenues	
Safety consulting services	90%
Other	10%

Including: Engineering services for workers compensation, non-subscriber, general liability, commercial fleet, property protection and customized training programs

Founded: 1984.
Parent: Wisenberg Insurance & Risk Management.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars; emergency and disaster planning; job safety analysis; blood-borne pathogen program; lockout/tagout; fleet safety; employee practices/safety incentive programs; confined space entry; hazard communication.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*; ADA compliance; videotape analysis; life safety.
* *Industrial hygiene testing by independent labs.*
Specialties: Hospitals, health care, wholesale, warehousing, retail, hotel/motel, real estate, industrial/manufacturing, entertainment, auto racing, restaurants.
Officers: Irving Pozmantier, chairman; Joe L. Williams, president; Thomas C. Francis, executive vp; Nicholas P. Dalby, vp.
Contact: Nicholas P. Dalby.

J.D. Roberts, CSP-Professional Safety Consultant
P.O. Box 704, Mandeville, La. 70470-0704; 800-845-7360; fax: 800-845-7360

Staff	
Total	1
ASSE members	1

Clients	
Total	50
Corporate/institutional clients	25

1993 revenues	
Total	$150,000
Safety consulting services	100%

Founded: 1989.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Specialties: Maritime, construction.
Officers: J.D. Roberts, owner.

S

Safety Associates Inc.
1351 E. Morehead St., Charlotte, N.C. 28204; 704-334-8690; fax: 704-376-5838

Staff	
Total	6
Safety consultants	6

Clients	
Total	15
Corporate/institutional clients	15

1993 revenues	
Total	$550,000
Safety consulting services	70%

Founded: 1978.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics and noise and vibration, fire protection engineering, expert witness testimony.
Offices: Fresno, Calif.
Officers: Jim Stephens, president; Ron Sullivan.
Contact: Jim Stephens.

Safety & Claims Consultants
130 El Cerrito, Bakersfield, Calif. 93305; 805-322-5394

Staff	
Total	4
Safety consultants	4
ASSE members	1

Clients	
Total	250

1993 revenues	
Safety consulting services	50%
Other	50%

Including: Workers comp claims, security, violence in the workplace and risk management consulting

Founded: 1986.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Offices: Taft, Calif.
Officers: M.B. Doolittle; J.L. Mahoney.

Safety Consulting Inc.
P.O. Box 2789, Topeka, Kan. 66601-2789; 913-232-3887; fax: 913-233-1746

Staff	
Total	5
Safety consultants	5
ASSE members	4

Clients	
Total	88
Corporate/institutional clients	26

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1993 revenues	
Safety consulting services	100%

Founded: 1971.

Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars, accident investigation.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics and product liability, expert witness.

Specialties: Construction; manufacturing; petroleum; city, county and federal government agencies.

Officers: Denzell B. Ekey, president; Craig S. Stromgren, Bryan E. Christensen, senior vps.

Contact: Craig S. Stromgren.

Safety Consulting Service

1288 Newman Ave., Seekonk, Mass. 02771; 508-761-5625; fax: 508-761-8415

Staff	
Total	1
Safety consultants	1

Clients	
Total	20
Corporate/institutional clients	1

1993 revenues	
Total	$3,500
Safety consulting services	100%

Founded: 1966.

Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving product liability.

Officers: Eric W. Spencer, owner.

Safety & Hazard Associates

P.O. Box 249, Annapolis, Md. 21404; 410-267-7171; fax: 410-263-8503

Staff	
Total	1
Safety consultants	1
ASSE members	1

Clients	
Total	6
Corporate/institutional clients	6

1993 revenues	
Total	$80,000
Safety consulting services	100%

Founded: 1984.

Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving noise and vibration, fire protection engineering.

Specialties: Construction, manufacturing.

Officers: Richard C. Knapp, owner/sole proprietor.

Safety & Health Council, Western Missouri & Kansas

901 Charlotte St., Kansas City, Mo. 64106; 816-842-5223; fax: 816-842-6226

Staff	
Total	12
Safety consultants	8
Occupational health consultants	2
Industrial hygiene consultants	2
ASSE members	10

Clients	
Total	250
Corporate/institutional clients	110

1993 revenues	
Total	$750,000

Founded: 1916.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.

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

Officers: Paul Glinn, chairman; Thomas P. Cox Jr., vice chairman; Kathy Zents, president/CEO; Victor C. Panus, vp/general counsel; James Hughes, vp-public relations.

Contact: Thomas P. Cox Jr.

Safety & Loss Control Associates

P.O. Box 1851, Palatine, Ill. 60078-1851; 708-358-7523; fax: 708-358-7524

Staff	
Total	2
Safety consultants	2
ASSE members	1

Clients	
Total	37

Founded: 1984.

Services: Safety audits/reviews-evaluations or inspections; safety, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; personal protective equipment and hazard assessments.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving noise and vibration, expert witness.

Specialties: Construction and heavy industry, landfill and recycling centers.

Officers: Donald A. Neslund, principal consultant.

Safety Management Associates

11300 Lilting Lane, Fairfax Station, Va. 22039-1718; 703-978-3000; fax: 703-978-3000

Staff	
Total	3
Safety consultants	1
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	1

Clients	
Total	10

1993 revenues	
Safety consulting services	100%

Founded: 1981.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars; environmental site-assessment; forensic safety investigation.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving noise and vibration, fire protection engineering, industrial hygiene laboratory*.

* Industrial hygiene testing by independent labs.

Officers: Neil R. Temple, president/CEO.

Safety Management Consultants Inc.

636 S. Washington St., Elmhurst, Ill. 60126-4347; 708-279-9499 or 800-726-1718; fax: 708-279-9498

Staff	
Total	5
Safety/occ. health/ind. hygiene consultants	3
ASSE members	3

Clients	
Total	50
Corporate/institutional clients	50

Founded: 1982.

Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars; product safety and fleet safety consulting services.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*; warning label development; product hazard review; risk management and litigation consulting services.

* Industrial hygiene testing by independent labs.

Specialties: Companies with difficult product liability exposures.

Officers: J. Terrence Grisim, president.

Safety Management Services Inc.

P.O. Box 51927, 200 Travis St., Suite 104, Lafayette, La. 70505; 318-235-6524; fax: 318-233-9772

Staff	
Total	9
Including Safety, occupational health and industrial hygiene consultants	
ASSE members	6

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Founded: 1981.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*; research of effective components of safety programs; evaluating potential policyholders.
* *Industrial hygiene testing by independent labs.*
Specialties: Insurance.
Officers: Jack Barnidge, president.

Safety Management Services of Texas
13647 Purple Sage Road, Dallas, Texas 75240; 214-661-1941

Staff	
Total	6
Including: Safety, occupational health and industrial hygiene consultants	
ASSE members	4
Clients	
Total	40
Corporate/institutional clients	20
1993 revenues	
Total	$325,000
Safety consulting services	100%

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections, safety and industrial hygiene program assistance, on-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Hi-tech manufacturing; cosmetic manufacturing; vegetable oil food processing.
Officers: Roy H. Kinslow, president; Dennis Donegan; Bill Turney; Tom Jacob; Jean Totten.
Contact: Roy H. Kinslow.

Safety & Risk Control Services Inc.
395 Main St., Suite 4, Metuchen, N.J. 08840-1806; 908-906-2244; fax: 908-906-2045

Staff	
Total	15
Safety consultants	15
ASSE members	15
Clients	
Total	19
Corporate/institutional clients	16
1993 revenues	
Safety consulting services	75%
Other	25%
Including: Property loss control services, management and development of association loss prevention and underwriting survey programs	

Founded: 1989.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; off-site training classes or seminars; management safety training programs.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and product liability; fire protection engineering; industrial hygiene laboratory*; supervision and technical review of publications, videos, and film programs.
* *Industrial hygiene testing by independent labs.*
Specialties: Heavy manufacturing, transportation, food processing.
Contact: Harvey S. Staple, president, 800-466-4025.

Sage Environmental Management Inc.
20 W. Ridgewood Ave., Ridgewood, N.J. 07450; 201-612-5504; fax: 201-652-2782

Staff	
Total	1

Founded: 1994.
Services: Safety audits/reviews-evaluations or inspections; safety, industrial hygiene and occupational health program assistance; on-site training classes or seminars; environmental audits.
Other services: Development of training materials, OSHA compliance.
Specialties: Environmental health and safety program development for smaller businesses.
Officers: Nancy P. Orr, president.

Sandler Occupational Medicine Associates Inc.
275 Broadhollow Road, Suite 302, Melville, N.Y. 11747; 516-756-2204; fax: 516-756-2213

Staff	
Total	35
Safety consultants	2
Occupational health consultants	28
Industrial hygiene consultants	5
Clients	
Total	200
Corporate/institutional clients	75

Founded: 1983.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; industrial hygiene laboratory*; ADA compliance; medical case management.
* *Industrial hygiene testing by independent labs.*
Offices: Rockville, Md.; Philadelphia.
Officers: Howard M. Sandler, president; Sheldon H. Rabinovitz, Richard S. Blume, vps; Amalia C. Apostoleris, director.
Contact: Lisa Fallon, marketing manager.

Schaible Associates
900 Center St., Mount Joy, Pa. 17552; 717-684-6045; fax: 717-684-6045

Staff	
Total	5
Safety consultants	4
Industrial hygiene consultants	1
ASSE members	1
Clients	
Total	250
1993 revenues	
Safety consulting services	100%

Founded: 1982.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: All industries, excluding motor fleets, construction and asbestos.
Officers: Ronald D. Schaible, president.

Schirmer Engineering Corp.
707 Lake Cook Road, Deerfield. Ill. 60015-4997; 708-272-8340; fax: 708-272-2639

Staff	
Total	60
Safety consultants	56
Occupational health consultants	3
Industrial hygiene consultants	1
ASSE members	6
Clients	
Total	250

Founded: 1939.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering.
Specialties: Manufacturing, including chemical, steel, electronics and food processing; retail.
Offices: San Francisco; Washington; Dallas.
Officers: Chester Schirmer, chairman; Carl F. Baldassarra, president; Craig Zaleski, treasurer.
Contact: David P. Nugent, loss control services manager.

John Schmitt Consulting
206 Treeline Drive, Pen Argyl, Pa. 18072-9620; 610-588-7226

Staff	
Total	1
ASSE members	1
Clients	
Total	3
1993 revenues	
Total	$21,800
Safety consulting services	100%

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections, safety and industrial hygiene program assistance, on-site training classes or seminars.
Other services: Product liability research, assistance to legal counsel/expert testimony.
Specialties: Coatings and adhesives, building materials, asbestos products.
Officers: John C. Schmitt, owner.

Sedgwick James Inc.
2000 Center Point Drive, Suite 2350, Columbia, S.C. 29210; 803-772-1111; fax: 803-772-6361

Staff	
Total	127
Safety consultants	105
Occupational health consultants	14
Industrial hygiene consultants	8
1993 revenues	
Safety consulting services	30%

Founded: 1858.
Parent: Sedgwick Group P.L.C.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars; computerized contingency planning services; environmental consulting services.
Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Self-insured associations/pools, real estate, manufacturing, public entities, health care, retail, warehouse/distribution, energy, construction, financial institutions, hotels, food processing, environmental.
Offices: Phoenix; Little Rock, Ark.; Irvine, Los Angeles and San Francisco, Calif.; Stamford, Conn.; Fort Lauderdale, Maitland, Naples and West Palm Beach, Fla.; Atlanta; Chicago; Portland, Maine; Boston; Detroit; Minneapolis; Jackson, Miss.; Kansas City and St. Louis, Mo.; Omaha, Neb.; Roseland, N.J.; New York and Rochester, N.Y.; Portland, Ore.; Harrisburg, Philadelphia and Pittsburgh, Pa.; Knoxville and Memphis, Tenn.; Dallas; Arlington, Va.; Seattle.
Officers: R. Jane Hill, senior vp-risk services, Nashville; J. Steven Hunt, national director-casualty risk control services, Columbia, S.C.; Richard E. Botts, national director-property risk control services, Harrisburg, Pa.
Contact: J. Steven Hunt.

Sigma/ARMS-Accredited Risk Management Specialists Inc.
P.O. Box 870971, Dallas, Texas 75287; 800-348-4866; fax: 601-452-7202

Staff	
Safety consultants	5
Occupational health consultants	2
Industrial hygiene consultants	2
Clients	
Total	75
Corporate/institutional clients	40
1993 revenues	
Safety consulting services	75%

Founded: 1990.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; short-term on-site safety, health and environmental personnel.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering.
Specialties: Construction, petroleum, health care.
Officers: A.J. Scardino Jr., CEO; Donna E. Ledgerwood, president; Don J. Godlewski.
Contact: A.J. Scardino Jr.

SIRIS-Sarasota International Risk & Insurance Services
P.O. Box 2440, 1390 Main St., Sarasota, Fla. 34230; 800-226-8878

Staff	
Total	14
Safety/occupational health consultants	14
ASSE members	14

Founded: 1988.
Parent: RISCORP.
Services: Safety audits/reviews-evaluations or inspections, ergonomic program assistance, on-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Specialties: Municipalities, construction, manufacturing.
Offices: Orlando, Fla.
Officers: Bill Griffin, chairman/CEO; Tony Malone, president/COO; Ed Hammel, senior vp/CFO; Teresa Long, vp-SIRIS.
Contact: Teresa Long.

Richard Zane Spiegel, P.E./Safety Engineer
360 Annapolis Drive, Claremont, Calif. 91711-5329; 909-621-3501; fax: 909-625-5824

Staff	
Total	1
Safety/industrial hygiene consultants	1
ASSE members	1
Clients	
Total	12
Corporate/institutional clients	2
1993 revenues	
Total	$10,500
Safety consulting services	100%

Founded: 1982.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; on-site and off-site training classes or seminars; forensic safety engineering.
Other services: Publication of safety materials or videos, development of training materials, OSHA/California OSHA compliance, construction safety training, auditing, construction emergency preparedness, expert testimony.
Specialties: Primarily construction.
Officers: Richard Zane Spiegel, owner/principal.

State of Alaska-Labor Standards & Safety Division
3301 Eagle St., Suite 305, Anchorage, Alaska 99510-7022; 907-269-4940 or 800-770-4940; fax: 907-269-4950

Staff	
Total	23
Clients	
Total	225
Corporate/institutional clients	25

Founded: 1984.
Parent: State of Alaska.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Offices: Fairbanks, Juneau and Ketchikan, Alaska.
Officers: Don Study, director; Stan Godsoe, chief of consultation & training; Dennis Smythe, chief of enforcement.
Contact: Don Study, director.

Strategic Safety Associates
P.O. Box 80161, Portland, Ore. 97280-1161; 503-245-4296; fax: 503-291-1178

Staff	
Total	12
Safety consultants	7
ASSE members	1
Clients	
Total	27
Corporate/institutional clients	27
1993 revenues	
Safety consulting services	100%

Founded: 1983.
Services: Safety audits/reviews-evaluations or inspections, safety and ergonomic program assistance, on-site and off-site training classes or seminars,

Continued on next page

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management safety training, training trainers.
Other services: Publication of safety materials and videos, development of training materials, ergonomic research.
Officers: Robert Pater, Robert Button, directors.
Contact: Robert Pater.

Sullivan Engineering Associates
15 Dale St., Andover, Mass. 01810; 508-475-0448; fax: 508-475-3811

Staff	
Total	3
Safety consultants	3
ASSE members	3
Clients	
Total	100
Corporate/institutional clients	20
1993 revenues	
Total	$200,000
Safety consulting services	100%

Founded: 1955.
Services: Product evaluation, accident investigations.
Other services: OSHA compliance, product liability research, fire protection engineering.
Specialties: Insurance companies and lawyers involved in third-party recovery.
Officers: James F. Sullivan, president.

System Engineering & Laboratories (SEAL)
12785 Highway 64 E., Tyler, Texas 75707-8705; 903-566-1980; fax: 903-566-4504

Staff	
Total	21
Safety consultants	3
ASSE members	4

Founded: 1981.
Services: Safety audits/reviews-evaluations or inspections; safety and ergonomic program assistance; system safety; hazard, safety and failure analysis.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving ergonomics, product liability and noise and vibration; fire protection engineering; accident investigation; accident reconstruction; forensic engineering; product testing.
Specialties: Construction, manufacturing, petroleum, transportation.
Offices: New Orleans; Amarillo and Dallas, Texas.
Officers: Frank Johnson, president/CEO; Dixie Johnson, vp.
Contact: Tracie Bolton, 800-624-0905.

F.J. Szymanski Safety Services
5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

Staff	
Total	2.5
Safety consultants	2
ASSE members	2
Clients	
Total	30
1993 revenues	
Total	$70,000
Safety consulting services	100%

Founded: 1984.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics and noise and vibration, speeches, written programs, manuals, insurance surveys.
Specialties: Manufacturing.
Officers: Frank J. Szymanski, principal.

T

T-JENS & T-JENS Inc.
4614 Hickorygate Drive, Spring, Texas 77373-8521; 713-353-3680; fax: 713-353-3680

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	12
Corporate/institutional clients	12
1993 revenues	
Safety consulting services	100%

Founded: 1992.
Services: Safety audits/reviews-evaluations or inspections, safety and industrial hygiene program assistance, on-site and off-site training classes or seminars, professional speaking, management meetings, keynotes company functions.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Specialties: Oil and gas, manufacturing, real estate, transportation, food and beverage.
Officers: Joel N. Tietjens, president; Jacqueline A. Tietjens, vp.

Topf Organization
1062 Lancaster Ave., Rosemont Plaza, Suite 1, Rosemont, Pa. 19010; 610-525-8370; fax: 610-527-2152

Staff	
Total	12
Safety consultants	8
Clients	
Total	65
Corporate/institutional clients	50
1993 revenues	
Safety consulting services	100%

Founded: 1980
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars, total employee involvement safety and environmental awareness, attitude/behavioral management process for accident prevention, injuries and environmental incidents.
Other services: Development of training materials, safety and environmental attitude - behavioral cultural assessment of employee population.
Specialties: Manufacturing, research, pharmaceutical, chemical, petrochemical.
Offices: Antwerpen, Belgium.
Officers: Michael Topf, president; Ron Preston, vp; Don Theune, vp-sales.
Contact: Don Theune.

V

Wesley R. VanPelt Associates Inc.
773 Paramus Road, Paramus, N.J. 07652-1710; 201-445-5124; fax: 201-445-6488

Staff	
Total	1
Industrial hygiene consultants	1
Clients	
Total	18
Corporate/institutional clients	16
1993 revenues	
Total	$150,000
Safety consulting services	100%

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections, radiation safety surveys, audits and management consulting.
Other services: OSHA compliance, Nuclear Regulatory Commission compliance.
Specialties: Pharmaceutical, high tech, research and development.
Officers: Wesley R. Van Pelt, president.

W

Webb, Murray & Associates Inc.
1730 NASA Road 1, Suite 202, Houston, Texas 77058; 713-335-1668; fax: 713-335-1682

Staff	
Total	147
Safety consultants	38
Occupational health consultants	1
Industrial hygiene consultants	3
ASSE members	11
1993 revenues	
Total	$10,800,000
Safety consulting services	40%

Founded: 1974.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; process safety management; process hazard analysis; model vapor cloud dispersions; develop/review procedures and contingency plans; audit emergency services, alarm and P.A. systems; conduct investigations.
Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Petrochemical, medical, educational, public utilities, construction, research and development operations, chemical, industrial.
Offices: Baton Rouge, La.; Corpus Christi, Deer Park, Freeport and Nassau Bay, Texas.
Officers: Robert M. Webb, president/treasurer; Robert W. Murray, senior vp/secretary; Billy C. Magee, vp.
Contact: Bill Crittenden or Bob Brennecke.

Weiner & Associates Ltd.
305 W. Chesapeake Ave., Towson, Md. 21204; 410-821-7450; fax: 410-821-1042

Staff	
Total	4
Safety consultants	4
ASSE members	2
Clients	
Total	300

Founded: 1968.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance.
Other services: Publication of safety materials or videos, OSHA compliance, research involving product liability, product safety testing and design services, accident reconstruction.
Specialties: Transportation, aquatics, recreation, medical.
Officers: R.I. Weiner, president; B.J. Janus.
Contact: Robert Weiner.
Continued on next page

The methodology for the safety consultant directory is contained on page 34.

Continued from previous page

Weinstein Associates
371 Fore St., Portland, Maine 04101; 207-772-1142; fax: 207-772-7615

Staff	
Total	4
Safety consultants	4
ASSE members	2
Clients	
Total	15
Corporate/institutional clients	15
1993 revenues	
Total	$200,000
Safety consulting services	50%
Other	50%
Including: Testimony on safety-related issues	

Founded: 1986.
Services: Safety audits/reviews-evaluations or inspections, safety and occupational health program assistance, on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving occupational health and product liability, reduction of product liability from design to packaging.
Specialties: Manufacturing.
Officers: Alvin S. Weinstein.
Contact: Barbara Friedman.

Scott Wetzel Services Inc.
101 E. Kennedy Blvd., Suite 2980, Tampa, Fla. 33602; 800-426-5990

Staff	
Total	8
ASSE members	8
Clients	
Total	31
Corporate/institutional clients	31

Founded: 1941.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health and ergonomics.
Specialties: Municipalities, food processors, retail stores, manufacturers, hospitals, banks, Indian nations, wood products.
Offices: Concord and Orange, Calif.; Atlanta; Chicago; Manchester, N.H.; Portland, Ore.; Dallas; Seattle.
Officers: John Harrold, president/CEO; Terry Neal, executive vp-finance; Ed Kocott, vp-operations; Peter Greenland, vp-marketing.
Contact: Valerie Williams, corporate loss control manager, 206-661-0272.

Richard H. Wood
9128 52nd St. S.E., Snohomish, Wash. 98290; 206-335-1327; fax: 206-335-0693

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	5
1993 revenues	
Total	$40,000
Safety consulting services	100%

Founded: 1982.
Services: Safety audits/reviews-evaluations or inspections, safety program assistance, on-site and off-site training classes or seminars, aircraft accident investigation/reconstruction.
Specialties: Aviation.
Officers: Richard H. Wood, president.

Worksafe Services Group
25251 Paseo de Alicia, Suite 101, Laguna Hills, Calif. 92653-4694; 714-583-1760; fax: 714-583-7091

Staff	
Total	12
Safety consultants	8
ASSE members	5
Clients	
Total	80
Corporate/institutional clients	30
1993 revenues	
Total	$800,000
Safety consulting services	100%

Founded: 1984.
Parent: Mutual Risk Management Ltd.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars; auto fleet and general liability loss prevention programs.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Specialties: Construction, manufacturing, commerce, health care.
Offices: Boston, Philadelphia.
Officers: R.S. Anderson, president; Mike Sibley, principal consultant-west; Tom Badstubner, principal consultant-east.
Contact: R.S. Anderson, 800-967-5723.

X

Xordium Inc.
12465 Lewis St., Suite 104, Garden Grove, Calif. 92640; 714-748-9291; fax: 714-748-9294

Staff	
Total	3
Safety consultants	1
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	3
Clients	
Total	150
Corporate/institutional clients	50
1993 revenues	
Safety consulting services	100%

Founded: 1985.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site and off-site training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and product liability.
Officers: Karen J. Gillett, president; Fred C. Gillett, executive vp.
Contact: Karen J. Gillett.

Y

Yankus Safety Consultants
3820 Vardon Court, Woodridge, Ill. 60517; 708-416-1898

Staff	
Total	5
Safety consultants	3
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	3
Clients	
Total	42
Corporate/institutional clients	42

Founded: 1938.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; off-site training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving occupational health and ergonomics, industrial hygiene laboratory*.
* *Industrial hygiene testing by independent labs.*
Specialties: Construction, manufacturing, associations, insurance, service groups.
Officers: Jerry Yankus, president.

Z

Zeigle Consulting & Associates
24044 W. Saxony Drive, Lake Villa, Ill. 60046; 708-265-1170; fax: 708-265-1170

Staff	
Total	3
Safety consultants	2
Industrial hygiene consultants	1
ASSE members	1
Clients	
Total	150
Corporate/institutional clients	5
1993 revenues	
Total	$200,000
Safety consulting services	100%

Founded: 1993.
Services: Safety audits/reviews-evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; on-site training classes or seminars.
Other services: Publication of safety materials; development of training materials; OSHA compliance; fire protection engineering; industrial hygiene laboratory*; DOT compliance audits; OSHA voluntary protection program (VPP) application and audit reviews; lead, chemical exposure and asbestos assessments.
* *Industrial hygiene testing by independent labs.*
Specialties: Pulp and paper, trucking, transportation, oil and gas.
Offices: Chicago; Burlington, Vt.
Officers: Stephen J. Zeigle, president; John R. Zeigle, vp; Griselda Zeigle, secretary/treasurer. BI

Annual directory lists companies that provide rehabilitation services

A

Action Healthcare Management Services
301 E. Bethany Home Road, Suite C-278, Phoenix, Ariz. 85012; 602-265-0681; fax: 602-265-0202

Business: Rehabilitation	
Services for employers	20%
Insurance companies/TPAs	40%
Other	40%
Including: UR, bill review	
Staff	
Total	25
Professionals	20
Including: 18 RNs, 2 physicians	
Designations: 4 CIRSs, 8 CRRNs	

Rehab services since: 1987.
Parent: Cavco Industries.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, return-to-work modification and coordination.
Occasional services include job analysis, vocational assessment and testing, vocational counseling and plan development, 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 audits, provider bill audits, PPO access.
Coverage: Workers compensation.
Service area: Nationwide.
Compensation: Per employee; per case; per hour, $85 to $125.
Officers: Al Ghelfi, chairman; Elizabeth Rainwater, president/CEO; Robert Ward, treasurer; Ruth Smith, secretary.
Contact: Dawn Battick, Kathy Estabrook, Kris Marrs.

Alpha Health Network
Foster Plaza Building One, 415 Holiday Drive, Pittsburgh, Pa. 15220; 412-937-1396; fax: 412-937-9655

Staff	
Total	8
Professionals	7
Including: 6 RNs, 1 physician	
Designations: 1 CRC, 1 CIRS, 2 CRRNs	

Rehab services since: 1985.
Parent: Hospital Physician Joint Venture.
Services: Frequent services include telephone case management, medical assessment, return-to-work modification and coordination.
Occasional services include prescreening of cases for rehabilitation intervention, IMEs.
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 audits, provider bill audits, PPO access, provider panel development at employment sites, network development/credentialing, trended utilization and savings reporting.
Service area: Pennsylvania (excluding Philadelphia).
Compensation: Flexible pricing dependent on requirements. Will consider putting percent of fees at risk to meet goals.
Officers: Kipton Kaplan, president/CEO; Regina Hoover, director-workers compensation; Richard Chiocchi, director-marketing.
Contact: Regina Hoover.

American International Health & Rehabilitation Services Inc.
400 Interpace Parkway, Building A, Parsippany, N.J. 07054; 201-402-3625; fax: 201-402-3105

Business: Rehabilitation	
Services for employers	11%
Insurance companies/TPAs	57%
Other	32%
Including: Managed care	
1993 revenues	
Total	$29,000,000
Rehabilitation services	$20,000,000
Staff	
Total	425
Professionals	271
Including: 170 RNs, 101 vocational counselors	
Designations: 26 CRCs, 46 CIRSs, 10 CRRNs	
Customers	
Total	374
Corporate/institutional clients	54
Insurance companies	121
Claims administrators/TPAs	56
Cases	
Closed in 1993	12,201
IME cases	57
Expert opinion cases	132

Rehab services since: 1987.
Parent: American International Group Inc.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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, early return-to-work program.
Occasional services include testimony and expert opinion, life care plan/cost projections.
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 audits, provider bill audits, PPO access, early intervention, peer review.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, group health-FECA, FELA, USL&H.
Service area: Nationwide.
Compensation: Per hour, $70 to $85; utilization management, flat fee per service; early intervention, flat fee per claim.
Officers: Ralph L. Rousseau, president/CEO; Elaine C. Halberstadt, vp; Mary Pick, Dave Griffiths, Ginny VanderWaal, Ken Roy, Pat Murphy, assistant vps.
Contact: Mary Pick, 201-402-3628.

Aspire
8125 Parkview Drive, Des Moines, Iowa 50322-1512; 515-276-7344; fax: 515-276-8637

Business: Rehabilitation	
Services for employers	35%
Insurance companies/TPAs	55%
Other	10%
Including: ADA consulting, job analysis, workers comp consulting	
Staff	
Total	2
Professionals	2
Including: 1 RN, 1 vocational counselor	
Designations: 1 CIRS, 1 CRRN	
Customers	
Total	28
Corporate/institutional clients	8
Claims administrators/TPAs	20
Cases	
Closed in 1993	68

Rehab services since: 1991.
Services: Frequent services include on-site 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.
Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment.
Other services: Concurrent hospital treatment review, discharge planning

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outpatient utilization review, patient advocacy programs, second surgical opinion, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability.

Service area: Iowa, Illinois, Minnesota, Montana, Nebraska, Wisconsin, Wyoming.

Compensation: Per hour, $65; depositions, $130 per hour; live testimony, $195 per hour.

Officers: Clark H. Williams, president.

B

Board Certified Rehabilitation Consultants Inc.

1900 Brooks, Suite 105, Missoula, Mont. 59801; 406-721-9320; fax: 406-549-5305

Business: Rehabilitation	
Services for employers	20%
Insurance companies/TPAs	50%
Other	30%
Including: ADA compliance, expert witness testimony, medical case management	
1993 revenues	
Total	$600,000
Rehabilitation services	$580,000
Staff	
Total	8
Professionals	7
Including: 2 RNs, 4 vocational counselors, 1 degreed professional	
Designations: 4 CRCs, 1 CIRS, 2 CRRNs	
Customers	
Total	120
Corporate/institutional clients	40
Insurance companies	30
Claims administrators/TPAs	30
Cases	
Closed in 1993	200
IME cases	30
Expert opinion cases	80

Rehab services since: 1987.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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, litigation consultation, life care planning, ADA compliance and training.

Other services: Concurrent hospital treatment review, length of stay determination, outpatient utilization review, life care planning.

Coverage: Workers compensation, auto liability, general liability, wrongful discharge, injuries received from product liability, medical malpractice.

Service area: Idaho, Montana, North Dakota, Wyoming.

Compensation: Per hour, $70; cases negotiable based on services requested.

Officers: William Goodrich, president; Kathy Kleinkopf, Kent Kleinkopf, vps.

Contact: Kent Kleinkopf.

Briskie & Associates

P.O. Box 965, South Pasadena, Calif. 91031-0965; 818-285-8127

Business: Rehabilitation	
Insurance companies/TPAs	100%
Staff	
Total	1
Professionals	1
Including: 1 vocational counselor	
Designations: 1 CIRS	
Customers	
Total	5
Corporate/institutional clients	1
Insurance companies	3
Claims administrators/TPAs	1
Cases	
Closed in 1993	31

Rehab services since: 1986.

Services: Frequent services include job analysis, return-to-work modification and coordination.

Occasional services include telephone case management, on-site medical case management, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Coverage: Workers compensation.

Service area: Nationwide.

Compensation: Per hour, $65.

Officers: Mark Briskie, owner.

C

Care Management Consultants Inc.

P.O. Box 3101, Brentwood, Tenn. 37024; 615-373-2273; fax: 615-377-3916

Business: Rehabilitation	
Services for employers	20%
Insurance companies/TPAs	75%
Other	5%
Staff	
Total	32
Professionals	32
Including: 31 RNs, 1 vocational counselor	
Designations: 1 CRC, 15 CIRSs, 10 CRRNs	
Customers	
Total	85

Rehab services since: 1990.

Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, testimony and expert opinion, life care plans, catastrophic case management.

Occasional services include telephone case management, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, malpractice.

Service area: Tennessee.

Compensation: Per hour.

Officers: Kathy Ingleson, president; Cathlin Vinett, vp/treasurer.

Contact: Kathy Ingleson.

Centennial Rehabilitation Associates Inc.

950 S. Cherry St., Suite 1008, Denver, Colo. 80222; 303-757-5271; fax: 303-757-5735

Business: Rehabilitation	
Services for employers	50%
Insurance companies/TPAs	50%
Staff	
Total	19
Professionals	19
Including: 5 RNs, 14 vocational counselors	
Designations: 4 CRCs, 3 CIRSs, 2 CRRNs	
Customers	
Total	71
Corporate/institutional clients	8
Insurance companies	44
Claims administrators/TPAs	7
Cases	
Closed in 1993	592

Rehab services since: 1979.

Services: Frequent services include on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, labor market survey, testimony and expert opinion.

Occasional services include prescreening of cases for rehabilitation intervention, vocational counseling and plan development, job-seeking skill training, job placement.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, bodily injury, FELA.

Service area: Colorado, western Kansas, Nebraska, northern New Mexico, southern South Dakota, eastern Utah, southern Wyoming.

Compensation: Per hour, $72.

Officers: Barbara Laskowski, clinical director; Dennis Boyd, executive director.

Contact: Mary Block, account representative.

CompRehab Inc.

7500 Flying Cloud Drive, Suite 825, Eden Prairie, Minn. 55344; 612-942-9560; fax: 612-942-6546

Business: Rehabilitation	
Insurance companies/TPAs	90%
Other	10%
Including: ADA and related consulting services	
1993 revenues	
Total	$1,500,000
Rehabilitation services	$1,350,000
Staff	
Total	17
Professionals	14
Including: 6 RNs, 6 vocational counselors, 1 degreed professional	
Designations: 6 CRCs, 4 CIRSs, 2 CRRNs	
Customers	
Total	23
Corporate/institutional clients	7
Insurance companies	11
Claims administrators/TPAs	5

Rehab services since: 1990.

Parent: State Fund Mutual Insurance Co.

Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site 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-seeking skill training, job placement, testimony and expert opinion, ergonomic assessment, workplace modification and training, ADA consulting.

Occasional services include telephone case management.

Other services: Discharge planning, outpatient utilization review, patient advocacy programs.

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

Service area: Iowa, Minnesota, North Dakota, South Dakota, Wisconsin.

Compensation: Per hour, $52 to $115.

Officers: Pat Johnson, CEO; Jeanne Cregan Sanstead, president/COO; Andrea Linner, secretary; Terry Miller, treasurer.

Comprehensive Rehabilitation Associates

312 Union Wharf, Boston, Mass. 02109; 617-367-2163; fax: 617-367-8519

Business: Rehabilitation	
Services for employers	23%
Insurance companies/TPAs	74%
Other	3%
Including: Department of Health & Human Services, attorneys	
1993 revenues	
Total	$101,800,000
Staff	
Total	1,987

Rehab services since: 1978.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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 audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, social security, long- and short-term disability, accident and health.

Service area: Nationwide and Canada.

Compensation: Per hour, $65 to $85.

Officers: Lois E. Silverman, CEO; Donald J. Larson, president.

CONSERVCO Inc.

3903 Northdale Blvd., Suite 200, Tampa, Fla. 33624-1825; 813-969-0701 or 800-525-5590; fax: 813-265-6430

Business: Rehabilitation	
Services for employers	2%
Insurance companies/TPAs	38%
Other	60%
1993 revenues	
Total	$116,000,000
Rehabilitation services	$44,000,000
Staff	
Total	996
Professionals	785
Including: 633 RNs, 85 vocational counselors, 60 degreed professionals, 5 physicians	
Customers	
Total	403
Corporate/institutional clients	191
Insurance companies	132
Claims administrators/TPAs	74
Cases	
Closed in 1993	26,500

Rehab services since: 1981.

Parent: The Travelers Insurance Co.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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-seeking skill training, job placement.

Occasional services include IMEs, testimony and expert opinion, ADA employer consulting.

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 audits, provider bill audits, PPO access, chiropractic review, physical therapy review.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, long- and short-term disability, group health.

Service area: Nationwide.

Compensation: Per employee; per case; per hour; pricing varies by product and customer variables.

Officers: Larry Dorman, president; Patrick Kinney, vp-sales/marketing; Kam Shah, CFO; Pat Soranno, vp-human resources; Terry Oetting, vp-operations.

Contact: Tom Wille, director-marketing, 813-960-6267.

Continental Rehabilitation Resources

1 Continental Drive, Cranbury, N.J. 08570; 609-395-2020; fax: 609-395-5639

Business: Rehabilitation	
Services for employers	20%
Insurance companies/TPAs	48%
Other	32%

Continued on next page

Guide to rehab services directory

The fourth annual *Business Insurance* directory of rehabilitation management service providers lists companies that offer rehabilitation services directly to employers on an unbundled basis; companies that offer rehabilitation management services only in conjunction with other products and services are not included. *BI* defines rehabilitation as providing services included in the medical management or vocational rehabilitation of an injured or ill individual.

The listings begin with the name, address, phone and fax numbers of the company. Following is a percent breakdown of gross revenue by type of **business**, including rehabilitation services for employers; rehabilitation services for insurance companies and TPAs under workers compensation or other liability lines of insurance; and other services. If given, a brief list of the other services is included.

1993 revenues includes total gross revenues and revenues generated solely by rehabilitation services, if provided.

The **staff** section includes the total number of individuals and the number of professionals employed by the company in 1993 on a full-time equivalent basis. Also listed are some specific degrees and designations held by the professionals: social workers, physical therapists and occupational therapists are included in the general category degreed professionals. Designations listed are CRC (Certified Rehabilitation Counselor), CIRS (Certified Insurance Rehabilitation Specialist) and CRRN (Certified Rehabilitation Nurse). Staff figures do not include individuals hired on a consulting or per case basis.

The **customers** section contains total rehabilitation customers in 1993 and a breakout of the number of corporate and institutional employers, insurance companies and claims administrators/third-party administrators.

Information on the number of rehabilitation cases closed in 1993, the number of independent medical examination cases in 1993 and the number of expert opinion cases in 1993 are given under **cases**.

Following is the year **rehab services** began and the **parent** company, if applicable.

The **services** section lists all rehabilitation services offered. **Other services** includes, but is not limited to, cost containment and utilization review services. **Coverage** lists the insurance lines for which rehabilitations services are provided.

Service area gives the states or regions serviced. Charges and methods of billing are given under **compensation.**

Names and titles of principal **officers** complete the listings, as well as a **contact** person for those seeking more information.

The directory is published as an editorial service; there is no charge for companies to be listed. However, companies were asked to complete a *BI* questionnaire to be included in the directory. Each company's listing is based on its responses to that questionnaire. Although every effort is made to publish complete and accurate listings, *Business Insurance* is unable to verify all information provided.

Continued from previous page

1993 revenues	
Total	$33,000,000
Rehabilitation services	$33,000,000

Staff	
Total	489
Professionals	403
Including: 130 RNs, 250 vocational counselors, 23 degreed professionals	
Designations: 44 CRCs, 49 CIRSs	

Customers	
Total	500
Corporate/institutional clients	300
Insurance companies	36
Claims administrators/TPAs	102

Cases	
Closed in 1993	13,122
Expert opinion cases	211

Rehab services since: 1988.
Parent: Continental Insurance Co.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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-seeking skill training, job placement.
Occasional services include testimony and expert opinion, ADA consultation and accommodations, disability management for medium to large employers, medical claim analysis.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, outpatient utilization review, retrospective review, hospital bill audits, provider bill audits, PPO access, telephonic case management.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability.
Service area: Nationwide.
Compensation: Per hour, $49 to $83; mandatory fee schedules by state; travel and wait time is usually 50% of professional time.
Officers: Michael Riney, president; M. Britton Barbre, senior vp; Dana Leckie, Eleanor Mooney, Betty Benton, Barbara Williams, assistant vps.
Contact: M. Britton Barbre.

CorVel Corp.

1920 Main St., Suite 1090, Irvine, Calif. 92714; 714-851-1473; fax: 714-851-1469

Business: Rehabilitation	
Services for employers	5%
Insurance companies/TPAs	42%
Other	53%
Including: Prospective utilization management, PPO, early intervention, medical bill review	

1993 revenues	
Total	$80,600,000
Rehabilitation services	$33,850,000

Staff	
Total	1,000
Professionals	1,000
Including: 450 RNs, 445 vocational counselors, 105 degreed professionals	
Designations: 295 CRCs, 250 CIRSs, 135 CRRNs	

Cases	
Closed in 1993	11,800
IME cases	825

Rehab services since: 1975.
Parent: Public Corp.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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.
Occasional services include testimony and expert opinion, IME clinics, early intervention, case management intervention, first report of loss preparation, catastrophic case management.
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 audits, provider bill audits, PPO access, chiropratic and physical therapy utilization review, fee schedule/usual and customary review, managed care.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, group health.
Service area: Nationwide.
Compensation: Per hour, $70 to $73; hourly rates may be higher in Alaska, California and New York.
Officers: Gordon Clemons, president; Daniel H. Davis, vp-marketing; Bennie Hamlin, Lou Silverman, vps-operations.
Contact: Daniel H. Davis, 215-953-5060.

Crawford & Co.

5620 Glenridge Drive N.E., Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4028

Business: Rehabilitation	
Services for employers	9%
Insurance companies/TPAs	12%
Other	79%
Including: Claims administration, bill auditing, utilization management, information services, risk control	

1993 revenues	
Total	$576,000,000
Rehabilitation services	$121,000,000

Staff	
Total	1,253
Professionals	950
Including: 542 RNs, 319 vocational counselors, 89 degreed professionals	
Designations: 315 CRCs, 235 CIRSs, 185 CRRNs	

Customers	
Total	2,400
Corporate/institutional clients	960
Insurance companies	1,350
Claims administrators/TPAs	40

Cases	
Closed in 1993	72,108

Rehab services since: 1974.
Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site 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.
Occasional services include telephone case management.
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 audits, provider bill audits, PPO access, chiropractic review, physical therapy review.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, long- and short-term disability, long-term care.
Service area: Nationwide.
Compensation: Per hour, $68 to $95.
Officers: F.L. Minix, chairman; R.P. Albright, president-HealthCare Management Services; Don Chapman, executive vp-finance; J.H. Potter, vp-HealthCare Management Services; Jean A. Bisio, assistant vp-operations support.

Creative Rehabilitation Management Inc.

4755 Kingsway Drive, Suite 325, Indianapolis, Ind. 46205; 317-257-7725; fax: 317-255-1259

Business: Rehabilitation	
Services for employers	10%
Insurance companies/TPAs	10%
Other	80%
Including: Veterans administration case management, forensic vocational rehabilitation	

1993 revenues	
Total	$263,000
Rehabilitation services	$263,000

Staff	
Total	4
Professionals	3
Including: 3 vocational counselors	
Designations: 3 CRCs, 1 CIRS	

Customers	
Total	400

Cases	
Closed in 1993	115
IME cases	105
Expert opinion cases	590

Rehab services since: 1986.
Services: Frequent services include medical assessment, job analysis, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.
Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, return-to-work modification and coordination.
Other services: Patient advocacy programs, second surgical opinion.
Coverage: Workers compensation, auto liability, general liability, auto no-fault.
Service area: Nationwide.
Compensation: Per hour, $100 to $200.
Officers: Stephanie R. Archer, president/treasurer; Michael L. Blankenship, vp/secretary.
Contact: Shirley A. DeLap, office manager.

D

Desert Vocational Services

68860 Perez Road, Suite F1, Cathedral City, Calif. 92234; 619-328-9753; fax: 619-324-9902

Business: Rehabilitation	
Services for employers	5%
Insurance companies/TPAs	90%
Other	5%

1993 revenues	
Total	$1,500,000
Rehabilitation services	$1,500,000

Staff	
Designations: 1 CRC, 1 CIRS	

Customers	
Total	52
Corporate/institutional clients	6
Insurance companies	30
Claims administrators/TPAs	8

Cases	
Closed in 1993	182
Expert opinion cases	8

Rehab services since: 1986.
Services: Frequent services include prescreening of cases for rehabilitation intervention, 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.
Occasional services include testimony and expert opinion.
Coverage: Workers compensation, long-term disability.
Service area: Arizona, California, Nevada.
Compensation: Per hour, $65 to $150.
Officers: Charlotte R. Rios, owner.

Disability Management Associates

100 Diplomat Drive, Ambassador I Building, Lester, Pa. 19113; 610-521-9373; fax: 610-521-6893

1993 revenues	
Total	$3,000,000
Rehabilitation services	$1,500,000

Staff	
Total	6
Professionals	6
Including: 2 RNs, 4 degreed professionals	

Customers	
Corporate/institutional clients	20
Insurance companies	50
Claims administrators/TPAs	12

Cases	
Closed in 1993	600
IME cases	100
Expert opinion cases	2,000

Rehab services since: 1982.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, testimony and expert opinion, utilization management including pre-certification of physical therapy and chiropractic cases.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, provider bill audits, PPO access, physical therapy/rehabilitation.
Coverage: Workers compensation, auto liability, general liability.
Service area: Nationwide.
Compensation: Per employee; per case; per hour, $70 to $300.
Officers: David W. Clifton Jr., president/CEO; Leslie B. Clifton, controller; Jayne McLaughlin, executive director.
Contact: Jayne McLaughlin.

E

Ellis & Associates Inc.

300 W. Grand Ave., Suite 500, Chicago, Ill. 60610; 312-645-1214; fax: 312-645-0752

Business: Rehabilitation	
Services for employers	20%
Insurance companies/TPAs	70%
Other	10%

1993 revenues	
Total	$4,300,000
Rehabilitation services	$4,300,000

Staff	
Total	47
Professionals	47
Including: 25 RNs, 22 vocational counselors	
Designations: 15 CRCs, 4 CIRSs, 4 CRRNs	

Customers	
Total	300
Corporate/institutional clients	30
Insurance companies	140
Claims administrators/TPAs	30

Cases	
Closed in 1993	1,638

Rehab services since: 1979.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, 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, ADA technical assistance.
Other services: Retrospective review.
Coverage: Workers compensation, auto liability, general liability, long-term disability.
Service area: Illinois, Indiana, Iowa, Missouri, Wisconsin.
Compensation: Per hour, $68 to $145.
Officers: Cindy R. Ellis, president.

Employee Development Services of Wisconsin

534 Water St., Eau Claire, Wis. 54703; 715-834-8326; fax: 715-834-8398

Business: Rehabilitation	
Services for employers	10%
Insurance companies/TPAs	60%
Other	30%
Including: Vocational expert evaluation and testimony, disability management	

Staff	
Total	5
Professionals	5
Including: 2 RNs, 3 vocational counselors	
Designations: 2 CRCs	

Customers	
Total	60
Corporate/institutional clients	10
Claims administrators/TPAs	40

Cases	
Closed in 1993	65
Expert opinion cases	200

Rehab services since: 1983.
Services: Frequent services include on-site 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.
Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, disability management policy development.
Other services: Discharge planning.
Coverage: Workers compensation, auto liability, general liability, long-term disability, group health.
Service area: Wisconsin.
Compensation: Per hour, $67; vocational expert, by services.
Officers: Jeanne Krizan, president.

ESIS Inc.

1601 Chestnut St., Philadelphia, Pa. 19192-2325; 215-761-6779; fax: 215-761-5476

Staff	
Total	395
Including: 225 RNs, 51 vocational counselors, 17 degreed professionals, 28 physicians	

Customers	
Total	390
Insurance companies	7

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Cases	
Closed in 1993	18,999

Rehab services since: 1953.
Parent: CIGNA Corp.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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 audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault.
Service area: Nationwide.
Compensation: Per hour.
Officers: Raymond E. Hafner, president; Brian P. O'Hara, vp/CFO; Sharon E. Simpson, vp-sales.
Contact: Mark Cafaro, director-sales, 215-761-1195.

ETHIX Southeast Inc.

P.O. Box 222097, Charlotte, N.C. 28222-2097; 704-364-8215; fax: 704-364-9718

Business: Rehabilitation	
Insurance companies/TPAs	20%
Other	80%
1993 revenues	
Total	$3,700,000
Rehabilitation services	$740,000
Staff	
Total	6
Including: 5 RNs	
Customers	
Corporate/institutional clients	10
Insurance companies	8
Claims administrators/TPAs	6
Cases	
Closed in 1993	273

Rehab services since: 1990.
Parent: ETHIX Corp.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, return-to-work modification and coordination.
Occasional services include on-site medical case management, job analysis, IMEs, 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 audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, group health, long- and short-term disability.
Service area: Nationwide.
Compensation: Per hour, $94 to $110.
Officers: Brenda Miller, president; Alan Capps, CFO; Gayle Burleson, director-utilization management; Deborah Bolen, director-specialty services.

F

First Physical Therapy

1027 N. 27th St., Billings, Mont. 89101; 406-245-6513; fax: 406-245-4193

Business: Rehabilitation	
Services for employers	10%
Other	90%
Including: Occupational health services, physical rehabilitation treatment	
1993 revenues	
Total	$1,000,000
Rehabilitation services	$100,000
Staff	
Total	12
Professionals	6
Including: 6 degreed professionals	
Customers	
Corporate/institutional clients	5
Insurance companies	12
Claims administrators/TPAs	4
Cases	
IME cases	95
Expert opinion cases	12

Rehab services since: 1985.
Services: Frequent services include functional capacity evaluation.
Occasional services include prescreening of cases for rehabilitation intervention, job analysis, return-to-work modification and coordination, IMEs, testimony and expert opinion, employer consultation, ergonomics analysis, injury prevention seminars.
Other services: ADA consulting.
Coverage: Workers compensation, auto liability, general liability, group health.
Service area: Montana, North Dakota, Wyoming.
Compensation: Per hour, $80 to $125; functional capacity evaluation, $700.
Officers: Jerome B. Connolly, president; Lorin R. Wright, vp/treasurer.
Contact: Jerome B. Connolly.

G

GAB Business Services Inc.

Linden Plaza, 9 Campus Drive, Parsippany, N.J. 07054; 201-993-3400; fax: 201-993-9579

Business: Rehabilitation	
Services for employers	48%
Insurance companies/TPAs	45%
Other	7%
Including: Early medical intervention, crisis management	
1993 revenues	
Rehabilitation services	$12,000,000
Staff	
Total	100
Professionals	100
Including: 64 RNs, 34 vocational counselors	
Designations: 17 CRCs, 36 CIRSs, 9 CRRNs	
Customers	
Total	200
Corporate/institutional clients	140
Insurance companies	58
Claims administrators/TPAs	2
Cases	
Closed in 1993	5,884
IME cases	25
Expert opinion cases	45

Rehab services since: 1987.
Parent: Societe Generale de Surveillance Holding S.A.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational counseling and plan development, job placement.
Occasional services include IMEs, vocational assessment and testing, labor market survey, job-seeking skill training, testimony and expert opinion, crisis response program, early medical intervention.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability.
Service area: Nationwide excluding Idaho, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, South Dakota, Utah, West Virginia, Wyoming.
Compensation: Per hour, $60 to $90.
Officers: Warren Coupland, chairman/CEO; William F. Bergs, president/COO; Joseph L. Rizzo, executive vp-operations; Raymond A. Auckerman, senior vp; John F. Darden, senior vp/CFO.

Gates McDonald Healthcare Management Services Plus

3455 Mill Run Drive, Hilliard, Ohio 43026; 614-777-3000; fax: 614-777-3493

Business: Rehabilitation	
Services for employers	5%
Insurance companies/TPAs	1%
Other	94%
Including: Claims administration and medical cost containment	
1993 revenues	
Total	$45,000,000
Rehabilitation services	$2,500,000
Staff	
Total	27
Professionals	22
Including: 19 RNs, 2 vocational counselors, 1 physician	
Designations: 2 CRCs, 1 CIRS, 16 CRRNs	

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Customers

Total	327
Corporate/institutional clients	324
Insurance companies	3

Cases

Closed in 1993	350
IME cases	400

Rehab services since: 1986.
Parent: Nationwide Insurance.
Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs.
Occasional services include telephone case management, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, catastrophic.
Service area: California, Illinois, Indiana, Kentucky, Michigan, Ohio, Pennsylvania, Virginia, West Virginia.
Compensation: Per hour, $62 to $85.
Officers: David Hollingsworth, president; David Brown, vp-RMS services; Ellen Ramlet, vp-finance; Peter Barr, director-HMS Plus; Janice Rook, manager-rehabilitation services.
Contact: Janice Rook.

General Consulting Services

113 N. Kickapoo, Lincoln, Ill. 62656; 217-732-1830; fax: 217-732-2146

Business: Rehabilitation

Other	100%
Including: Educational support services	

Staff

Total	30

Rehab services since: 1987.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, labor market survey.
Occasional services include vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, job placement.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, back, stress, coping.
Coverage: Workers compensation, general liability, group health.
Service area: Illinois.
Compensation: Per employee; per case; per hour; range varies per client.
Officers: Barbara O'Donohue, president; Betty Hayes, vp.
Contact: Matthew Stephenson, marketing administrator.

H

Hand Therapy Services-O'Hare

8735 W. Higgins Road, Chicago, Ill. 60631; 312-693-4261; fax: 312-693-4275

Business: Rehabilitation

Services for employers	20%
Insurance companies/TPAs	20%
Other	60%

Staff

Total	9
Professionals	9
Including: 9 degreed professionals	

Rehab services since: 1985.
Services: Frequent services include medical assessment, job analysis.
Occasional services include prescreening of cases for rehabilitation intervention, return-to-work modification and coordination, occupational therapy, hand therapy, work hardening.
Service area: Illinois (Chicago metropolitan area).
Contact: Shirley Cohen, director-clinical services/professional development.

Health Care Review Inc.

18587 Sigma Road, Suite 200, San Antonio, Texas 78258; 210-490-9008; fax: 210-490-4948

Business: Rehabilitation

Services for employers	0.5%
Insurance companies/TPAs	2.5%
Other	97%
Including: Fee guideline review, retrospective peer review, hospital audit, utilization review, independent medical exams	

1993 revenues

Total	$2,331,467
Rehabilitation services	$51,000

Staff

Total	7
Professionals	5
Including: 3 RNs, 1 degreed professional, 1 physician	
Designations: 1 CRRN	

Customers

Total	13
Corporate/institutional clients	2
Insurance companies	5
Claims administrators/TPAs	6

Cases

Closed in 1993	125
IME cases	133
Expert opinion cases	1,304

Rehab services since: 1987.
Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, testimony and expert opinion.
Occasional services include telephone case management.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, cost projection.
Coverage: Workers compensation, auto liability, auto no-fault, group medical.
Service area: Arizona, Arkansas, Louisiana, New Mexico, Ohio, Oklahoma, Tennessee, Texas.
Compensation: Per hour, $75; utilization review, 60 cents to $3 per employee per month or $35 to $125 per case; retrospective review, $65 per hour plus consultant fee.
Officers: Robert D. Brown, chairman/CEO; Delores Morton, president; Maureen Brown, CFO; Carmault B. Jackson Jr., medical director.
Contact: Maureen Brown.

Health Service Review Inc.

6730 Roosevelt, Franklin, Ohio 45005; 513-422-0063; fax: 513-422-1281

Business: Rehabilitation

Insurance companies/TPAs	5%
Other	95%
Including: Preadmission and continued stay reviews, PPO development, health care cost management consulting	

Staff

Total	4
Professionals	4
Including: 4 RNs	

Customers

Total	30
Corporate/institutional clients	30

Cases

Closed in 1993	81

Rehab services since: 1984.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment.
Occasional services include on-site medical case management, return-to-work modification and coordination.
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 audits, provider bill audits, PPO access, PPO development, DRG validation.
Coverage: Workers compensation, medical health care plans.
Service area: Nationwide.
Compensation: Per case, $150 to $250; per hour, $95.
Officers: Thomas L. Wiley, president; Karen L. Mehl, Donald J. Barker, vps.
Contact: Donald J. Barker, 800-334-6468.

Heartland Rehabilitation Associates Inc.

11225 Davenport St., Suite 112, Omaha, Neb. 68154-5604; 402-330-3066; fax: 402-330-3767

Business: Rehabilitation

Services for employers	10%
Insurance companies/TPAs	50%
Other	40%
Including: Loss of earning power evaluations, employability assessment	

Rehab services since: 1987.
Services: Frequent services include on-site medical case management, 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, loss of earning power evaluations, Social Security vocational expert.
Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, job analysis.
Other services: Concurrent hospital treatment review, length of stay determination.
Coverage: Workers compensation, auto liability, general liability, Social Security disability.
Service area: Iowa, Nebraska.
Compensation: Per hour, $65.
Officers: Lynne Easterday, president; Jerry Easterday, vp.
Contact: Lynne Easterday.

Hewitt, Coleman & Associates Inc.

2717 Poinsett Highway, Greenville, S.C. 29609; 803-240-5800; fax: 803-232-8824

Business: Rehabilitation

Services for employers	1%
Other	99%
Including: Claims management, loss control, excess insurance brokerage	

1993 revenues

Total	$4,000,000
Rehabilitation services	$40,000

Staff

Total	1
Professionals	1
Including: 1 RN	

Customers

Total	15
Corporate/institutional clients	15

Cases

Closed in 1993	25
IME cases	20
Expert opinion cases	10

Rehab services since: 1993.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, job analysis, return-to-work modification and coordination, IMEs.
Occasional services include on-site medical case management, medical assessment, 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 audits, provider bill audits, PPO access.
Coverage: Workers compensation, group health, occupational accident, workers compensation act rejection.
Service area: Alabama, Arkansas, Florida, Georgia, Michigan, Mississippi, North Carolina, South Carolina.
Compensation: Per employee, negotiable; per case, negotiable; per hour, $52.50 to $65.
Officers: Charles Warne, president; Jay Franks, senior vp-claims; Ron Graves, senior vp-loss control; Randy Chapman, senior vp-marketing; Bobbie Buchan, RM medical management coordinator.

I

Industrial Medicine Associates Inc.

280 Dobbs Ferry Road, White Plains, N.Y. 10607; 914-761-4555; fax: 914-761-1367

Business: Rehabilitation

Services for employers	10%
Insurance companies	80%
Other	10%
Including: Pre-employment, fitness for duty, baseline	

Staff

Total	12

Customers

Total	150

Rehab services since: 1990.
Services: Frequent services include telephone case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, job-seeking skill training, job placement, testimony and expert opinion.
Coverage: Workers compensation, auto liability, general liability, auto no-fault.
Service area: New York.
Compensation: Per case.
Officers: David C. Pulver; Aryeh L. Klahr.

Inservco Insurance Services Rehabilitation Division

P.O. Box 3060, 311 W. Chocolate Ave., Hershey, Pa. 17033; 717-533-5173; fax: 717-534-2560

Business: Rehabilitation

Services for employers	40%
Insurance companies/TPAs	60%

1993 revenues

Total	$1,125,802
Rehabilitation services	$1,125,802

Staff

Total	21
Professionals	15
Including: 5 RNs, 9 vocational counselors, 1 degreed professional	
Designations: 4 CRCs, 2 CIRSs	

Customers

Total	28
Corporate/institutional clients	10
Insurance companies	11
Claims administrators/TPAs	4

Cases

Closed in 1993	468

Rehab services since: 1985.
Parent: Inservco Insurance Services Inc.
Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site 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, medical case management, cost containment, medical bill audit, workers comp panel coordination, IME coordination, educational seminars.
Occasional services include telephone case management, job-seeking skill training, testimony and expert opinion.

Continued on next page

ADVERTISER INDEX

Issue of October 17

Advertiser	Page #	Advertiser	Page #
AI Recovery	52	ITT Hartford	32
Alexsis Incorporated	16-17	ITT Hartford/SRS	53
American Excess	66-67	Kemper National Insurance	6-7
Assurex International	46	LaSalle Re Limited	9
Becher Carlson	38	Liberty Mutual	Cover 2,2A/2B
Brownyard Programs Ltd.	72	Lindsey Morden	20
Business Insurance	21,37	Medical Consultants NW	60,61
Chubb Group of Insurance Co.	51	Mellon Trust	47
Cigna Corporate	25	Multiplan Inc.	48
Claim Services Resource	79	Nils Publishing Company	26-27
Claims Overload Systems	63	Paradigm Info Systems	79
Commonwealth Risk Service	34-35	Physician Advisors to Disability Mgmt.	13
Conning & Company	58	PMA Reinsurance Corp.	10
Continental Risk Management	49	Progressive Data Solutions	79
Cover X	65	Rehability Corp.	70
CRA	63	Reliance National	Cover 4
Crawford & Company	11,43,57,68	Safeco Insurance Company	55
Dorn Technology Group Inc.	79	Safety Natl. Casualty Corp.	62
Employers Reinsurance Corp.	22-23	SBPA Systems, Inc.	79
Ergo Risk Services	36A/B	Schirmer Engineering	56
Executive Risk Mgmt. Assoc.	42	Self Funding Enterprises	73
Express Scripts	71	Siex, Inc.	79
Fireman's Fund	12	Summit	73
Fortis Inc.	18-19	Swiss Life	24
Frontier Insurance Co.	4	Tiller Consulting Group	79
Genex	54	Toplis & Harding	50
Global Medical Review	28	Trans General Life & Casualty	39
Hertz Claim Management	14-15	Travelers Insurance Co.	44
Home Insurance	40-41	Underwriters Safety & Claims	69
Humana	59	U.S. Health Care Worker Comp.	30-31
Industrial Risk Insurers	29	Wausau Insurance Company	5
Inphoto Inc.	36	Scott Wetzel Services	33
Insurance Rehab Study Group	56	WLT Software of FL, Inc.	79
Intracorp	Cover 3		

Continued from previous page

Other services: Concurrent hospital treatment review, discharge planning, outpatient utilization review, hospital bill audits, provider bill audits, PPO access, coordination of workers comp provider panels, early intervention programs, preliminary UR review and coordination, arranging second opinions.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, health and accident.

Service area: Maryland, New Jersey, Pennsylvania.

Compensation: Per hour, $59; some services have flat fees and volume discounts are negotiable.

Officers: James I. Taylor, president; Robert L. Conrad, executive vp; S. Geoffrey McDowell, vp; Barry L. Kline, treasurer; Kenneth R. Shutts, secretary.

Contact: Janet Zewe, 412-824-3933 or Eileen K. Wunsch, 717-533-5173.

Interpose Group Inc.

326 Center Ave., Verona, Pa. 15147; 412-826-1220; fax: 412-826-4415

Business: Rehabilitation	
Services for employers	50%
Insurance companies/TPAs	40%
Other	10%
Staff	
Total	56
Professionals	33
Including: 19 RNs, 14 vocational counselors	
Designations: 4 CRCs, 4 CIRSs, 12 CCMs	
Customers	
Total	65
Corporate/institutional clients	12
Insurance companies	41
Claims administrators/TPAs	12
Cases	
Closed in 1993	596
IME cases	827
Expert opinion cases	50

Rehab services since: 1982.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational counseling and plan development, job placement, organize physician panels and PPOs.

Occasional services include labor market survey, job-seeking skill training, testimony and expert opinion, job coaching, training seminars.

Other services: Concurrent hospital treatment review, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, group medical.

Service area: Ohio, Pennsylvania, West Virginia.

Compensation: Per employee, $4 to $12; per case, $62 to $95.

Officers: Mark L. Heckman, Sharon L. Mains, principals.

Contact: Mark L. Heckman or Samuel C. Wood.

Intracorp

1205 Westlake Drive, Suite 300, Berwyn, Pa. 19312; 215-889-2600; fax: 215-889-2621

Business: Rehabilitation	
Services for employers	1%
Insurance companies	38%
Other	61%
1993 revenues	
Total	$268,861,000
Rehabilitation services	$105,195,000
Staff	
Total	1,310
Professionals	1,250
Including: 100 physicians	
Customers	
Total	1,246
Corporate/institutional clients	350
Insurance companies	474
Claims administrators/TPAs	109
Cases	
Closed in 1993	43,201
IME cases	6,527
Expert opinion cases	98

Rehab services since: 1970.

Parent: CIGNA Corp.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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, early assesment/intervention services.

Occasional services include 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 audits, provider bill audits, PPO access.

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

Service area: Nationwide.

Compensation: Per case; per hour; rates vary on a state-by-state basis.

Officers: Patricia L. Rowland, president; Donald M. Duford, senior vp-marketing; Kenneth R. Ross, senior vp-operations; Michael Bell, CFO.

J

Jordan Rehabilitation Services, Division of Jordan Services

900 Ellison Ave., Westbury, N.Y. 11590; 516-683-0100 or 800-767-1616; fax: 516-683-0259

Business: Rehabilitation	
Services for employers	50%
Insurance companies	25%
Other	25%
Including: Medical bill audits	
1993 revenues	
Total	$2,400,000
Staff	
Total	64
Professionals	41
Including: 27 RNs, 8 vocational counselors, 6 degreed professionals	
Designations: 11 CRCs, 14 CIRSs, 3 CRRNs	
Customers	
Total	560
Corporate/institutional clients	35
Insurance companies	154
Claims administrators/TPAs	30
Cases	
Closed in 1993	955
Expert opinion cases	58

Rehab services since: 1974.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, job placement, utilization review.

Occasional services include labor market survey, job-seeking skill training, 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 audits, provider bill audits, PPO access, medical peer review.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, health, long-term disability.

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

Compensation: Per hour, $75.

Officers: Morris Ehrenreich, CEO; Sandra Horowitz, CFO; Joan Jennings, COO; Maureen Armstrong, director-Auditchek; Roberta Friedman, director-marketing.

Contact: Morris Ehrenreich or Roberta Friedman.

L

Lafon Management & Consulting

P.O. Box 1767, Lake Arrowhead, Calif. 92352; 909-337-0745; fax: 909-337-1624

Business: Rehabilitation	
Services for employers	10%
Insurance companies/TPAs	10%
Other	80%
Including: Vocational expert services	
Staff	
Total	2
Professionals	1
Including: 1 vocational counselor	
Designations: 1 CRC, 1 CIRS	
Customers	
Corporate/institutional clients	5
Insurance companies	8
Claims administrators/TPAs	2
Cases	
Closed in 1993	15
IME cases	10
Expert opinion cases	450

Rehab services since: 1982.

Services: Prescreening of cases for rehabilitation intervention, 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: Provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, social security.

Service area: Southern California.

Compensation: Per case, per hour.

Officers: Richard H. Lafon.

Liaison Inc.

17000 Dallas Parkway, Suite 103, Dallas, Texas 75248; 214-380-6944; fax: 214-380-8629

Business: Rehabilitation	
Services for employers	45%
Insurance companies	40%
Other	15%
Including: Cost containment services, fee schedule, bill audits	
Staff	
Total	67
Professionals	63
Including: 52 RNs, 7 vocational counselors, 3 degreed professionals, 1 physician	
Designations: 6 CRCs, 4 CIRSs, 7 CRRNs	
Customers	
Corporate/institutional clients	52
Insurance companies	35
Claims administrators/TPAs	22
Cases	
Closed in 1993	2,500

Rehab services since: 1984.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs.

Occasional services include 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, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, group health, long- and short-term disability.

Service area: Alabama, Arkansas, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Missouri, Mississippi, New Mexico, North Carolina, Nebraska, Oklahoma, South Carolina, Tennessee, Texas, Wisconsin.

Compensation: Per case, $1,600 to $2,100; per hour, $60 to $75.

Officers: Madeline Schneider, president; Catherine Marrs, executive vp; Gary Brust, vp/general manager.

Contact: Gary Brust.

M

The Managed Care Alliance

5 Country View, Suite 210, Malvern, Pa. 19355; 610-993-8466; fax: 610-993-8499

Business: Rehabilitation	
Services for employers	90%
Insurance companies	10%
1993 revenues	
Total	$991,000
Rehabilitation services	$991,000
Staff	
Total	24
Professionals	7
Including: 7 RNs	
Designations: 4 CIRSs, 4 CRRNs	
Customers	
Total	12
Corporate/institutional clients	9
Insurance companies	3
Cases	
Closed in 1993	1,891
IME cases	127

Rehab services since: 1990.

Services: Frequent services include

Continued on next page

Continued from previous page
prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, return-to-work modification and coordination.
Occasional services include job analysis, IMEs.
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 audits, provider bill audits, PPO access, custom built networks.
Coverage: Workers compensation.
Service area: Delaware, Georgia, Louisiana, Michigan, Mississippi, New Jersey, New York, Pennsylvania.
Compensation: Per employee; per case, $350 to $625; percent of savings.
Officers: Peter B. Nesbitt, president.

Med-One Case Management Services Inc.

Mount Pleasant Corporate Center, 115 Stevens Ave., Valhalla, N.Y. 10595; 800-743-9181; fax: 914-747-9161

Business: Rehabilitation	
Services for employers	15%
Insurance companies/TPAs	45%
Other	40%
Including: Independent medical examinations, bill auditing, vocational services	
Staff	
Total	28
Professionals	17
Including: 14 RNs, 2 vocational counselors, 1 physician	
Designations: 8 CIRSs	

Rehab services since: 1989.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development.
Occasional services include job analysis, 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, retrospective review, second surgical opinion, hospital bill audits, provider bill audits.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, medical benefits.
Service area: Connecticut, New Jersey, New York.
Compensation: Per hour.
Officers: Carole Bronfman, president.

Medical Bill Audits (M.B.A.)

2 International Drive, Suite 208, Nashville, Tenn. 37217; 615-399-8658; fax: 615-399-8671

Business: Rehabilitation	
Services for employers	40%
Insurance companies/TPAs	30%
Other	30%
Staff	
Total	6
Including: 1 RN, 1 physician	
Customers	
Corporate/institutional clients	12
Insurance companies	2
Claims administrators/TPAs	2

Rehab services since: 1993.
Services: Frequent services include prescreening of cases for rehabilitation intervention.
Other services: Hospital bill audits, provider bill audits.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, select group benefit clients.
Service area: Nationwide.
Compensation: Percent of savings.
Officers: Richard R. Stubblefield, president; Mike Stubblefield, vp; Debbie Geddes, account manager.
Contact: Debbie Geddes.

N

National Rehabilitation Consultants Inc.

1700 W. Highway 36, Suite 400, St. Paul, Minn. 55113; 612-636-9699

Business: Rehabilitation	
Services for employers	5%
Insurance companies	90%
Other	5%
1993 revenues	
Total	$2,500,000
Rehabilitation services	$2,300,000
Staff	
Total	70
Professionals	48
Including: 6 RNs, 42 vocational counselors	
Designations: 29 CRCs, 9 CIRSs, 1 CRRN	
Customers	
Total	170
Corporate/institutional clients	16
Insurance companies	72
Claims administrators/TPAs	31
Cases	
Closed in 1993	1,353
Expert opinion cases	185

Rehab services since: 1970.
Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site 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-seeking skill training, job placement, testimony and expert opinion, ADA consulting, Social Security Disability Insurance advocacy.
Occasional services include telephone case management, work injury management consulting to employers.
Other services: Hospital bill audits, provider bill audits.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, Social Security disability, veterans affairs, long-term disability.
Service area: Colorado, northern Iowa, Minnesota, New Mexico, western Texas, eastern Utah, western Wisconsin, southern Wyoming.
Compensation: Per hour, $55 to $85; flat fee.
Officers: Richard W. Nelson, president; Mark L. Anderle, vp; Harold Vermeer, director-Colorado; Connie John Swanson, director-Minnesota; Kevin Vaudt, director-New Mexico.
Contact: Mark Anderle.

Nowak & Associates Inc.

P.O. Box 818, 9400 Bormet Drive, Suite 7, Mokena, Ill. 60448; 708-479-8977; fax: 708-479-8987

Business: Rehabilitation	
Services for employers	10%
Insurance companies	80%
Other	10%
Staff	
Total	10
Professionals	9
Including: 2 RNs, 7 vocational counselors	
Designations: 2 CRCs	
Customers	
Total	40
Cases	
Closed in 1993	140
Expert opinion cases	20

Rehab services since: 1983.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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-seeking skill training, job placement, ADA compliance consultation.
Occasional services include testimony and expert opinion.
Other services: Discharge planning.
Service area: California, Colorado, Florida, Illinois, Indiana, Wisconsin.
Compensation: Per hour, $68.50; expert testimony, $150 per hour.
Officers: P. Bridget Nowak, president.

O

OccuSystems Inc.

P.O. Box 31737, Richmond, Va. 23294-1737; 804-965-0550; fax: 804-965-6958

Business: Rehabilitation	
Services for employers	15%
Insurance companies	84%
Other	1%
Including: Attorneys, trust funds	
1993 revenues	
Total	$2,300,000
Rehabilitation services	$2,300,000
Staff	
Total	24
Including: 11 RNs, 13 vocational counselors	
Designations: 8 CRCs, 5 CIRSs, 3 CRRNs	
Customers	
Total	60
Corporate/institutional clients	12
Insurance companies	30
Claims administrators/TPAs	11
Cases	
Closed in 1993	485
Expert opinion cases	3

Rehab services since: 1984.
Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site 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.
Occasional services include telephone case management, testimony and expert opinion.
Other services: Concurrent hospital treatment review, length of stay determination, discharge planning, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, group health.
Service area: Delaware, District of Columbia, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia, West Virginia.
Compensation: Per case, $325 to $375; per hour, $62 to $68.
Officers: George D. Moore, president; Denise Moore, secretary.
Contact: George D. Moore.

Options

700 River Ave., Suite 400, Pittsburgh, Pa. 15212; 412-323-8500 or 800-333-8508; fax: 412-323-8502

Business: Rehabilitation	
Services for employers	25%
Insurance companies/TPAs	55%
Other	20%
Including: Repricing, utilization/peer review	
Staff	
Total	60
Professionals	55
Including: 20 RNs, 30 vocational counselors, 5 degreed professionals	
Designations: 15 CRCs, 15 CIRSs, 10 CRRNs	
Customers	
Total	300
Corporate/institutional clients	75
Insurance companies	100
Claims administrators/TPAs	75
Cases	
Closed in 1993	1,000
IME cases	300
Expert opinion cases	300

Rehab services since: 1981.
Parent: McCabe & Scarlata Inc.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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 placement, testimony and expert opinion, utilization/peer review, early intervention/managed care.
Occasional services include job-seeking skill training.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, panel provider coordination.
Coverage: Workers compensation, auto liability, general liability, auto no-fault.
Service area: Pennsylvania; contiguous areas of Delaware, Maryland, New Jersey, Ohio and West Virginia.
Compensation: Per hour, $59 to $125.
Officers: Joseph M. McCabe, president/CEO; Antonia Scarlata, secretary/treasurer.

P

PHR Associates Inc.

P.O. Box 271364, Tampa, Fla. 33688; 813-931-0101; fax: 813-933-2475

Business: Rehabilitation	
Services for employers	15%
Insurance companies	70%
Other	15%
Staff	
Designations: 4 CRCs, 10 CIRSs, 5 CRRNs	

Rehab services since: 1979.
Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, vocational assessment and testing, job placement.
Occasional services include telephone case management, job analysis, return-to-work modification and coordination, IMEs, vocational counseling and plan development, labor market survey, job-seeking skill training, 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, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault.
Service area: Florida.
Compensation: Per hour.
Officers: Thomas Aderhold, president.

Physician Advisors to Disability Managers

333 W. Wacker Drive, Suite 470, Chicago, Ill. 60606; 312-857-1300; fax: 312-857-1308

Business: Rehabilitation	
Services for employers	50%
Insurance companies	50%

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1993 revenues	
Total	$1,000,000
Rehabilitation services	$1,000,000

Staff	
Total	15
Professionals	3
Including: 3 physicians	

Customers	
Corporate/institutional clients	20
Insurance companies	10
Claims administrators/TPAs	10

Cases	
Closed in 1993	600
IME cases	250
Expert opinion cases	75

Rehab services since: 1990.

Services: Telephone case management, medical assessment, return-to-work modification and coordination, IMEs, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, outpatient utilization review, retrospective review, second surgical opinion.

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

Service area: Nationwide.

Compensation: Per employee, $5 to $15; per case, $500 to $1,500; per hour, $75 to $150.

Officers: Arthur Broder, medical director; Michael Cherny, executive vp.

Contact: Michael Cherny.

ProHEALTH of New Jersey Inc.

2040 Sixth Ave., Suite B, Neptune, N.J. 07753; 908-776-6767; fax: 908-776-5168

Business: Rehabilitation	
Services for employers	15%
Insurance companies/TPAs	10%
Other	75%
Including: Managed care	

Staff	
Total	3
Professionals	3
Including: 1 RN, 1 vocational counselor, 1 physician	
Designations: 1 CRRN	

Customers	
Corporate/institutional clients	150
Insurance companies	5
Claims administrators/TPAs	5

Cases	
Closed in 1993	20
IME cases	650
Expert opinion cases	60

Rehab services since: 1991.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, testimony and expert opinion.

Occasional services include on-site medical case management, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training.

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 audits, provider bill audits, PPO access.

Coverage: Workers compensation.

Service area: New Jersey, New York, Pennsylvania.

Compensation: Per case, $275 to $650; per hour, $75 to $150.

Officers: Robert Dennis, president/CEO; James R. Montenegro, COO; Sally Hennessey, director-professional services; Steven Crawford, medical director.

Pro-West, A Professional Review Organization

10700 Meridian Ave. N., Suite 100, Seattle, Wash. 98133-9075; 206-364-9700; fax: 206-368-2419

Business: Rehabilitation	
Services for employers	2%
Insurance companies/TPAs	2%
Other	96%
Including: Utilization management, quality assurance	

1993 revenues	
Total	$8,153,000

Staff	
Total	4
Professionals	4
Including: 4 RNs	

Customers	
Total	7
Corporate/institutional clients	2
Claims administrators/TPAs	2

Rehab services since: 1983.

Services: Frequent services include telephone case management, on-site medical case management.

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 audits, provider bill audits, PPO access, therapeutic modality review, medical consultation, case management, DRG validation, prenatal coordination, experimental/investigational review, disability claim review.

Coverage: Workers compensation, auto liability, general liability, auto no-fault.

Service area: Alaska, Arizona, California, Colorado, Idaho, Montana, North Dakota, Nebraska, New Mexico, Nevada, Oregon, South Dakota, Utah, Washington, Wyoming.

Compensation: Per hour: $95 to $103 nurse time; $225 to $275 physician time; $113 physical therapist time.

Officers: Herbert M. Hilgers, chairman; John W. Daise, CEO; Georgene Grauman, CFO; J.C. Peterson, medical director; Michael Garrett, director-strategic planning.

Contact: Michael Garrett.

Q

Quality Managed Care Inc.

8717 W. 110th St., Suite 270, Overland Park, Kan. 66210; 913-345-1784; fax: 913-345-1804

Business: Rehabilitation	
Services for employers	70%
Insurance companies/TPAs	25%
Other	5%

Staff	
Total	25
Including: 19 RNs, 2 vocational counselors, 2 physicians	
Designations: 1 CRC, 4 CIRSs, 12 CRRNs	

Customers	
Corporate/institutional clients	14
Insurance companies	16
Claims administrators/TPAs	27

Cases	
IME cases	100
Expert opinion cases	6

Parent: The Olsten Corp.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, IMEs.

Occasional services include on-site medical case management, vocational assessment and testing, vocational counseling and plan development, 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 audits.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, group health.

Service area: Nationwide.

Compensation: Per employee; per case; per hour; flexible billing to suit client.

Officers: Bob Fusco, president-Olsten Corp.; Keith Lieberman, vp-Olsten Corp.; Noreen E. Whalen, vp/general manager-Quality Managed Care; John Nord, CEO-ASB Meditest; Fran Bailey, vp-ASB Meditest.

Contact: Noreen Whalen.

Quality Rehabilitation Services

11640 Arbor St., Suite 100, Omaha, Neb. 68144; 402-333-2543; fax: 402-333-9024

Business: Rehabilitation	
Services for employers	30%
Insurance companies/TPAs	70%

Staff	
Total	16
Professionals	10
Including: 5 RNs, 5 vocational counselors	
Designations: 2 CRCs, 2 CIRSs	

Customers	
Total	37
Corporate/institutional clients	4
Insurance companies	13
Claims administrators/TPAs	5

Cases	
Closed in 1993	273
IME cases	10
Expert opinion cases	24

Rehab services since: 1977.

Services: Frequent services include on-site 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.

Occasional services include prescreening of cases for rehabilitation intervention.

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

Coverage: Workers compensation, auto liability, general liability.

Service area: Western Iowa, Nebraska, southern South Dakota.

Compensation: Per hour, $66.

Officers: Kathleen Hesselink, president; Beverly Eckhoff, vp; Margaret Fox, secretary.

Quality Rehabilitation Services Inc.

17 W. Airy St., P.O. Box 789, Norristown, Pa. 19404; 610-275-9484; fax: 610-275-9494

Business: Rehabilitation	
Services for employers	50%
Insurance companies/TPAs	50%

Staff	
Total	55
Professionals	40
Including: 25 RNs, 15 vocational counselors	
Designations: 6 CRCs, 10 CIRSs, 4 CRRNs	

Rehab services since: 1989.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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 audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, group health, long- and short-term disability.

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

Compensation: Per case, $100 to $5,000; per hour, $60 to $70.

Officers: Joseph R. Fox, president; Susan Fox, vp; Tina Downey, director-case management; Michael K. Fox, director-marketing; Kathleen Fitzpatrick, director-vocational rehabilitation.

R

Rainier Case Management Inc.

4601 N.E. 77th Ave., Suite 250, Vancouver, Wash. 98662; 206-892-8855; fax: 206-253-3721

Business: Rehabilitation	
Services for employers	20%
Insurance companies/TPAs	70%
Other	10%

Staff	
Total	40
Professionals	40
Including: 40 vocational counselors	
Designations: 6 CRCs, 4 CIRSs	

Customers	
Total	40
Corporate/institutional clients	20
Claims administrators/TPAs	20

Cases	
Closed in 1993	1,300
Expert opinion cases	50

Rehab services since: 1978.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone 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.

Occasional services include on-site medical case management, medical assessment, testimony and expert opinion.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Service area: Idaho, Oregon, Washington.

Compensation: Per hour, $55 to $72.

Officers: Brad Reckord, vp.

Readicare Inc.

446 Oakmead Parkway, Sunnyvale, Calif. 94086; 408-245-7708; fax: 408-737-8834

Business: Rehabilitation	
Services for employers	25%
Insurance companies/TPAs	75%

1993 revenues	
Total	$40,000,000

Staff	
Total	150
Including: 50 degreed professionals, 100 physicians	

Customers	
Corporate/institutional clients	25,000
Insurance companies	200

Rehab services since: 1983.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination.

Occasional services include IMEs, vocational assessment and testing, voca-

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tional counseling and plan development, 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 audits, provider bill audits, PPO access.

Coverage: Workers compensation, general liability.

Service area: California, Washington.

Compensation: Per hour, $100 to $200; per state authorized fee schedule.

Officers: Dennis G. Danko, CEO; Steve E. Busby, senior vp-finance; Thomas Carey, senior vp-operations.

Contact: Dennis Danko.

Recovery Unlimited Inc.

2173 Commons Parkway, Okemos, Mich. 48864; 517-349-9092; fax: 517-349-1332

Business: Rehabilitation	
Services for employers	2%
Insurance companies/TPAs	98%
Staff	
Total	53
Professionals	35
Including: 23 RNs, 10 vocational counselors, 2 degreed professionals	
Designations: 4 CRCs, 3 CIRSs, 1 CRRN	
Customers	
Corporate/institutional clients	4
Insurance companies	150
Claims administrators/TPAs	20

Rehab services since: 1974.

Services: Frequent services include on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, job placement.

Occasional services include prescreening of cases for rehabilitation intervention, labor market survey, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no-fault.

Service area: Kentucky, Michigan, Minnesota, Ohio.

Compensation: Per hour, $64 to $66.

Officers: James Matthews, president; Tara Larose, vp-operations; Richard Brown, assistant vp-marketing; Marilyn Deussen, Nancy Hilliard, assistant vps-rehabilitation.

Contact: Richard Brown.

Rehabilitation Advisors Inc.

445 Wymore Road, Suite 220, Winter Park, Fla. 32779; 407-629-1110; fax: 407-629-4221

Business: Rehabilitation	
Services for employers	10%
Insurance companies/TPAs	90%
Staff	
Total	16
Professionals	13
Including: 7 RNs, 5 vocational counselors, 1 degreed professional	
Designations: 3 CRCs, 9 CIRSs, 7 CRRNs	
Customers	
Total	50
Corporate/institutional clients	5
Insurance companies	30
Claims administrators/TPAs	15
Cases	
Closed in 1993	241

Rehab services since: 1981.

Services: Frequent services include on-site 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-seeking skill training, job placement.

Occasional services include prescreening of cases for rehabilitation intervention, IMEs, testimony and expert opinion.

Other services: Discharge planning.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, long-term disability, health.

Service area: Florida.

Compensation: Per hour, $60 to $75.

Officers: Betty Reid, president.

Rehabilitation Consultants for Industry Inc./RCI

1420 Kensington Road, Suite 334, Oak Brook, Ill. 60521; 708-571-6650; fax: 708-571-6675

Business: Rehabilitation	
Services for employers	26%
Insurance companies/TPAs	69%
Other	5%
1993 revenues	
Total	$6,200,000
Rehabilitation services	$6,150,000
Staff	
Total	94
Professionals	94
Including: 61 RNs, 25 vocational counselors, 8 degreed professionals	
Designations: 5 CRCs, 12 CIRSs	
Customers	
Total	121
Corporate/institutional clients	92
Claims administrators/TPAs	21
Cases	
Closed in 1993	3,432
IME cases	55
Expert opinion cases	21

Rehab services since: 1981.

Services: Frequent services include telephone case management, on-site 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, therapy program review.

Occasional services include prescreening of cases for rehabilitation intervention, testimony and expert opinion, job coaching.

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 audits, provider bill audits, PPO access, ancillary service network.

Coverage: Workers compensation, auto liability, auto no-fault, long-term disability.

Service area: Illinois, Indiana, Iowa, Minnesota, Missouri, South Dakota, Texas, Wisconsin.

Compensation: Per hour, $70.

Officers: John T. Allen, chairman/CEO; Mark E. Johnston, president/COO.

Rehabilitation Management Inc.

6323 N. Avondale, Chicago, Ill. 60631; 312-763-5600; fax: 312-763-2339

Business: Rehabilitation	
Services for employers	15%
Insurance companies/TPAs	80%
Other	5%
1993 revenues	
Total	$4,500,000
Rehabilitation services	$4,200,000
Staff	
Total	60
Including: 28 RNs, 11 vocational counselors, 5 degreed professionals	
Designations: 11 CRCs, 5 CIRSs, 1 CRRN	
Customers	
Total	40
Corporate/institutional clients	5
Insurance companies	30
Claims administrators/TPAs	5
Cases	
Closed in 1993	1,100
Expert opinion cases	100

Rehab services since: 1980.

Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site 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, human resource and risk management consulting, early return-to-work program development.

Occasional services include telephone case management.

Other services: Discharge planning, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, medical malpractice.

Service area: Illinois, northwestern Indiana, southern Wisconsin.

Compensation: Per hour, $71 to $150.

Officers: Judith Sher, president; Myles Levin, secretary.

Contact: Myles Levin.

Rehabilitation Professionals Inc.

P.O. Box 436089, Louisville, Ky. 40253-6089; 800-467-7331; fax: 502-245-3721

Staff	
Total	32
Professionals	24
Designations: 1 CRC, 4 CIRSs	
Customers	
Total	60
Corporate/institutional clients	6
Insurance companies	51
Claims administrators/TPAs	3
Cases	
Closed in 1993	800

Rehab services since: 1988.

Services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site 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.

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

Coverage: Workers compensation, auto liability, general liability, auto no-fault, group health.

Service area: Illinois, Indiana, Kentucky, Ohio, Tennessee.

Compensation: Per hour, $50 to $60.

Officers: Walter Schumm, president; Jean Schumm.

Rehabilitative Services & Vocational Placement Inc. (R.S.V.P.)

2809 Emerywood Parkway, Suite 125, Richmond, Va. 23294; 804-672-7787; fax: 804-672-6236

Business: Rehabilitation	
Services for employers	10%
Insurance companies/TPAs	85%
Other	5%
Including: Liability file reviews, expert services	
Staff	
Total	18
Professionals	18
Including: 7 RNs, 11 vocational counselors	
Designations: 5 CRCs, 3 CIRSs, 1 CRRN	

Rehab services since: 1981.

Services: Frequent services include prescreening of cases for rehabilitation intervention, on-site 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.

Occasional services include telephone case management, medical assessment, testimony and expert opinion.

Other services: Concurrent hospital treatment review, discharge planning, retrospective review, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability.

Service area: District of Columbia, North Carolina, Tennessee, Virginia.

Compensation: Per hour, $64 to $75.

Officers: Edward M. Rice, president; Sharon D. Bunger, general manager.

Contact: Ed Rice.

Resource Consultants Inc.

P.O. Box 4356, Tampa, Fla. 33677-4356; 813-877-9592; fax: 813-876-8773

Business: Rehabilitation	
Services for employers	30%
Insurance companies/TPAs	60%
Other	10%
Including: Attorneys, State of Florida, Social Security Administration	
Staff	
Total	15
Professionals	15
Including: 4 RNs, 10 vocational counselors, 1 degreed professional	
Designations: 7 CRCs, 9 CIRSs, 2 CRRNs	
Customers	
Corporate/institutional clients	4
Insurance companies	16
Claims administrators/TPAs	14
Cases	
Closed in 1993	104
Expert opinion cases	26

Rehab services since: 1992.

Services: Frequent services include on-site 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-seeking skill training, job placement.

Occasional services include telephone case management, testimony and expert opinion.

Other services: Discharge planning.

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

Service area: Southern Alabama, Florida, southern Georgia.

Compensation: Per case, $275 to $495; per hour, $68.

Officers: Patricia Streuber, vp; David Patten, president; Joan Driscoll, treasurer; Richard Cooperwasser, secretary.

Contact: Patricia Streuber or M. Freida Chewning.

Resource Opportunities Inc.

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

Business: Rehabilitation	
Services for employers	5%
Insurance companies/TPAs	95%
1993 revenues	
Total	$13,000,000
Rehabilitation services	$13,000,000
Staff	
Total	225
Including: 80 RNs, 70 vocational counselors	
Designations: 60 CRCs, 50 CIRSs, 50 CRRNs	
Customers	
Total	995
Corporate/institutional clients	150
Insurance companies	785
Claims administrators/TPAs	60
Cases	
Closed in 1993	2,000
IME cases	70
Expert opinion cases	80

Rehab services since: 1977.

Parent: Pharmacy Management Services Inc.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site 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 audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, FELA, FECA, group health, long-term disability.

Service area: Alabama, California, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Michigan, Mississippi, New Jersey, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin.

Compensation: Per hour, $55 to $95.

Officers: Alice Hall, president; Michael Leep, senior vp/COO; Jeff Odell, vp-sales/marketing.

Contact: Michael Leep.

F.A. Richard & Associates

2360 Fifth Ave., Suite 100, Mandeville, La. 70471; 504-624-8383; fax: 504-624-8489

Business: Rehabilitation	
Services for employers	4.0%
Insurance companies/TPAs	3.6%
Other	92.4%
Including: Third party administration, independent insurance adjusting and loss control	
1993 revenues	
Total	$13,000,000
Rehabilitation services	$1,000,000
Staff	
Total	15
Professionals	12
Including: 8 RNs, 4 vocational counselors	
Designations: 3 CRCs, 1 CIRS	
Customers	
Total	258
Corporate/institutional clients	249
Insurance companies	1
Claims administrators/TPAs	3
Cases	
Closed in 1993	740
IME cases	580
Expert opinion cases	50

Rehab services since: 1992.

Services: Frequent services include prescreening of cases for rehabilitation intervention, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, labor market survey, 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 audits, provider bill audits, PPO access, pre-certification of diagnostic testing, peer-review of medical necessity of recommended treatment, review of medical provider billing to determine correct payment as indicated by state workers compensation fee schedules, medical/legal review for medical record summary with assistance in deposition questioning and arranging proper field of expert witness.

Coverage: Workers compensation, auto liability, general liability, auto no-fault.

Continued on next page

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Service area: Louisiana, Mississippi, Texas.
Compensation: Per case, $98 to $2,800; per hour, $69 to $74.
Officers: Francis A. Richard, president/CEO; M. Todd Richard, executive vp; Reed A. Bell, Dan Clark, senior vps.

S

SRL/21st Century Health Care Management Inc.

P.O. Box 5265, Woodridge, Ill. 60517; 708-655-0800; fax: 708-655-0881

Business: Rehabilitation	
Insurance companies/TPAs	100%
Staff	
Total	10
Cases	
Closed in 1993	1,000

Rehab services since: 1990.
Services: Frequent services include telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, .
Occasional services include prescreening of cases for rehabilitation intervention, 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 audits, provider bill audits, PPO access, fraud review, performance guarantees, consulting, auditing, ergonomic/design team, medical management tracking system, ethics and standards of practice committee.
Coverage: Workers compensation, auto liability, general liability, long-term disability.
Service area: Illinois, Indiana, Michigan, Wisconsin.
Compensation: Per case; per hour, $75 to $150.
Officers: Liz Spreck, president/CEO.
Contact: Jay Spreck.

Sandler Occupational Medicine Associates Inc.

275 Broadhollow Road, Melville, N.Y. 11747; 516-756-2204; fax: 516-756-2213

Business: Rehabilitation	
Services for employers	7.5%
Insurance companies/TPAs	7.5%
Other	85.0%
Staff	
Total	30
Professionals	18
Including: 6 RNs, 12 physicians	
Customers	
Total	100
Corporate/institutional clients	50
Claims administrators/TPAs	48
Cases	
IME cases	100
Expert opinion cases	100

Rehab services since: 1983.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, testimony and expert opinion, occupational physician and medical specialist case file triage, analysis and evaluation.
Other services: Develop and manage occupational health care delivery systems, medical case management information systems.
Coverage: Workers compensation.
Service area: Nationwide.
Compensation: Per hour, $95 to $200.
Officers: Howard M. Sandler, president; Richard Blume, vp; Ramona Salotti, associate; Amy Apostoleris, director; Catherine Matier, manager.
Contact: Kelly Clark.

Select Rehabilitation Associates

26777 Lorain Road, North Olmsted, Ohio 44070; 216-777-4644; fax: 216-777-3854

Business: Rehabilitation	
Services for employers	55%
Insurance companies/TPAs	25%
Other	20%
Staff	
Total	9
Professionals	9
Including: 2 RNs, 6 vocational counselors, 1 degreed professional	
Designations: 5 CRCs, 1 CIRS, 2 CRRNs	
Customers	
Total	110
Corporate/institutional clients	50
Insurance companies	5
Claims administrators/TPAs	6
Cases	
Closed in 1993	312
IME cases	12
Expert opinion cases	90

Rehab services since: 1990.
Parent: Lakeland Healthcare Corp.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, job placement, testimony and expert opinion, therapy leasing, life care plan.
Occasional services include labor market survey, assistance with ADA compliance.
Other services: Preadmissions certification, discharge planning, outpatient utilization review, second surgical opinion, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault.
Service area: Ohio.
Compensation: Per case, $600 (employee analysis); per hour, $68 to $200.
Officers: Joseph M. Cannelongo, director; George W. Cyphers, manager.

Southern Rehab Resources Inc.

P.O. Box 1872, Madison, Miss. 39130-1872; 601-853-4690

Business: Rehabilitation	
Services for employers	5%
Insurance companies/TPAs	88%
Other	7%
Including: Services provided directly to attorneys on workers compensation cases and social security disability cases	
Staff	
Total	1
Including: 1 vocational counselor	
Designations: 1 CRC, 1 CIRS	

Rehab services since: 1992.
Services: Frequent services include on-site medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey.
Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, job-seeking skill training, job placement, testimony and expert opinion.
Other services: Discharge planning.
Coverage: Workers compensation, auto liability, general liability.
Service area: Central Mississippi.
Compensation: Per hour, $55.
Officers: Latricia J. Graves, president.

Sundance Rehabilitation Corp.

5600 Wyoming Road N.E., Albuquerque, N.M. 87109; 800-779-6600; fax: 505-821-9440

Business: Rehabilitation	
Insurance companies/TPAs	15%
Other	85%
Including: Residents and patients of long-term care and subacute facilities	
1993 revenues	
Rehabilitation services	$50,000,000
Staff	
Total	1,600
Including: 1,600 degreed professionals	
Customers	
Total	246

Rehab services since: 1991.
Parent: Sun Healthcare Group.
Services: Frequent services include occupational/physical/speech therapy services provided on a contract basis to long-term care facilities with managed care contracts and subacute units.
Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, return-to-work modification and coordination.
Other services: Length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review.
Coverage: Workers compensation, managed care contracts-provide rehab management and therapy services to patients in subacute units.
Service area: Alabama, Arizona, Arkansas, California, Connecticut, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maine, Missouri, New Mexico, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Washington, Wyoming.
Compensation: Per hour, $35 to $100.
Officers: Robert Levin, president/COO; David Kniess, Thomas Mack, senior vps; Cindy Rohrer, controller; Bruce Broussard, CFO; Andrew Turner, chairman.
Contact: Robert Levin.

Systemedic Corp.

10809 Executive Center Drive, Suite 105, Little Rock, Ark. 72211; 501-227-5553; fax: 501-227-8362

Business: Rehabilitation	
Services for employers	10%
Insurance companies/TPAs	70%
Other	20%
Including: Utilization review, auditing, life care planning	
1993 revenues	
Total	$1,700,000
Rehabilitation services	$1,200,000
Staff	
Total	30
Including: 22 RNs, 6 vocational counselors, 2 degreed professionals	
Designations: 5 CRCs, 3 CIRSs, 3 CRRNs	
Customers	
Total	45

Rehab services since: 1981.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational counseling and plan development, labor market survey, job placement, ADA consulting.
Occasional services include IMEs, vocational assessment and testing, job-seeking skill training, 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 audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, health, long-term disability.
Service area: Arkansas, western Tennessee.
Compensation: Per hour, $68 to $80.
Officers: Tom Strickland, president.

V

VanWagner & Associates Inc.

4600 W. 77th St., Suite 230, Minneapolis, Minn. 55435; 612-835-5538; fax: 612-835-2923

Business: Rehabilitation	
Services for employers	7.5%
Insurance companies/TPAs	72.5%
Other	20.0%
Including: Litigation support services, ergonomics consulting	
1993 revenues	
Total	$823,000
Rehabilitation services	$659,734
Staff	
Total	10
Professionals	10
Including: 1 RN, 7 vocational counselors, 2 degreed professionals	
Designations: 4 CRCs, 3 CIRSs	
Customers	
Total	72
Corporate/institutional clients	16
Insurance companies	40
Claims administrators/TPAs	14
Cases	
Closed in 1993	344
Expert opinion cases	149

Continued on next page

Annual *BI* list includes workers compensation information resources

WORKERS COMPENSATION

■ Gallagher Bassett Services Inc. supplies a newsletter offering **trends and new cost containment programs** in workers compensation. Request item 3401.

■ The impact of the **1990 Texas workers compensation law** is explored in a paper from Crawford & Co. Request item 3402.

■ Arjo Inc. offers a guide on a **back injury prevention program** designed to reduce injuries among employees of health care facilities. Request item 3403.

■ Rehability Corp. details its **return-to-work system** for workers suffering musculoskeletal injuries, using time-based, outcome-driven protocols and rehabilitation guidelines. Request item 3404.

■ A map illustrating the type and location of entrances and the **accessibility of businesses** in the Des Moines, Iowa, Skywalk System is provided by Younker Rehabilitation Center. Request item 3405.

■ GAB Business Services Inc. supplies information on **stress in the workplace** and discusses stress cases on a state-by-state basis to provide insight into the current approach in each jurisdiction. Request item 3406.

■ A booklet from Continental Managed Pharmacy Services describes the advantages, cost savings and utilization controls provided by AutoComp, a **workers compensation managed pharmacy system**. Request item 3407.

■ A Crawford & Co. brochure explains eight ways to **reduce workers comp medical and indemnity costs** while assuring employees quality health care. Request item 3408.

■ A survey by Towers Perrin examines the **use and effectiveness of various workers compensation cost control initiatives**. Request item 3409.

■ GAB Business Services Inc. supplies an overview of statutes and cases pertaining to **workers compensation no fault and exclusive remedy issues**. Request item 3410.

■ A three-point **medical case management model** is explained in a brochure from Crawford & Co. Request item 3411.

■ GAB Business Services Inc. overviews the guidelines of their **litigation management process** in a manual for customers and defense counsel. Request item 3412.

■ An outline of services available to risk managers for **managing claims and controlling losses** is provided in a booklet from Gallagher Bassett Services Inc. Request item 3413.

■ Crawford & Co. offers a paper detailing the **differences between workers compensation service providers**. Request item 3414.

■ A newsletter from Kemper National Insurance Cos. examines the trend of **states enacting meaningful workers compensation reform**. Request item 3415.

■ A pamphlet from Gallagher Bassett Services Inc. describes **ergonomic problems**, where they can arise and possible solutions. Request item 3416.

■ A Crawford & Co. brochure describes how to **control workers compensation medical and indemnity costs**. Request item 3417.

■ A series of pamphlets from Continental Risk Management highlights loss control, **litigation management, rehabilitation, medical consultants,** claim management, medical cost containment and psychological injury claims services. Request item 3418.

■ A Towers Perrin survey of major organizations examines disability issues and provides new insights on **managing disability benefit costs**. Request item 3419.

■ A Crawford & Co. paper discusses **benchmarking strategies** and effects that comparative analysis can have on workers compensation. Request item 3420.

■ Liberty Mutual Insurance Group describes how to deter and eliminate **workers compensation fraud**. Request item 3421.

■ A booklet from Gallagher Bassett Services Inc. describes available services that can help **insurance brokers better provide risk management services** to clients. Request item 3422.

■ **Solutions to cost containment problems** affecting casualty, workers compensation and group health are reviewed in a newsletter from Crawford & Co. Request item 3423.

■ A Towers Perrin booklet discusses the concept of integrating **group health benefits and workers compensation** plans. Request item 3424.

■ A flier from Crawford & Co. provides charts depicting a 10-year perspective on **workers compensation benefits costs** per employee. Request item 3425.

■ A booklet from GAB Business Services Inc. provides the **definitions of workers compensation injury under the laws of the 50 states**. Request item 3426.

■ Kemper National Insurance Cos. supplies a fact sheet on how **workplace safety impacts workers compensation premiums** and how rates are tailored to specific in-

Continued on next page

The Workers Compensation Information Resource section is an editorial compilation of current informational and educational materials on topics of interest to employee benefit executives.

The listings are published as an editorial service by *Business Insurance*; there is no charge to list material in the section.

All items are offered free of charge to *Business Insurance* readers. To receive any of the material listed in this special section, please write the key numbers of the items you wish on the reader service coupons printed in this section. Fill out the remainder of the coupon and mail it to: *Business Insurance* Reader Service Center, 650 S. Clark St., Sixth Floor, Chicago, Ill. 60605-1702.

All requests for free material must be received before **Dec. 12** to be processed.

Continued from previous page

Rehab services since: 1982.

Services: Frequent services include telephone case management, on-site 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.

Occasional services include prescreening of cases for rehabilitation intervention, replacement services assessment, chiropractic assessments, ADA consulting, ergonomic worksite analysis.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, medical malpractice, product liability, FELA, longshore, Social Security.

Service area: Illinois, Iowa, Minnesota, North Dakota, Wisconsin.

Compensation: Per hour, $52 to $67.60.

Officers: Richard VanWagner, president; Mary Becker, administrative manager.

Contact: Richard VanWagner or Rita Kach.

Vocational & Medical Consultants Inc.

11655 Midlothian Turnpike, Suite B, Midlothian, Va. 23113; 804-378-5230; fax: 804-378-5233

Business: Rehabilitation	
Services for employers	5%
Insurance companies/TPAs	95%
1993 revenues	
Total	$800,000
Rehabilitation services	$800,000
Staff	
Total	17
Including: 1 RN, 9 vocational counselors, 1 degreed professional	
Designations: 1 CRC, 1 CRRN	
Customers	
Total	12
Corporate/institutional clients	2
Insurance companies	5
Claims administrators/TPAs	5
Cases	
Closed in 1993	162
Expert opinion cases	10

Rehab services since: 1990.

Services: Frequent services include on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, job placement.

Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, vocational counseling and plan development, labor market survey, testimony and expert opinion.

Coverage: Workers compensation, auto liability, general liability.

Service area: Maryland, North Carolina, Virginia, West Virginia.

Compensation: Per hour, $40 to $62.

Officers: Gregory B. Henderson, president; Bonny B. Henderson, vp.

Contact: H. Daniel Snead, operations manager.

The directory of safety consultants begins on page 32. The directory of rehabilitation service providers begins on page 60; terms and methodology are explained on page 61.

S. Yangouyian & Associates Inc.

26400 Lahser, Suite 100, Southfield, Mich. 48034-2672; 810-357-1670; fax: 810-357-3321

Business: Rehabilitation	
Services for employers	45%
Insurance companies/TPAs	50%
Other	5%
Staff	
Professionals	18
Including: 8 RNs, 10 vocational counselors	
Designations: 4 CRCs, 6 CIRSs	
Customers	
Total	35

Rehab services since: 1985.

Services: Frequent services include on-site medical case management, 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.

Occasional services include prescreening of cases for rehabilitation intervention, job-seeking skill training.

Other services: Hospital bill audits.

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

Service area: Michigan.

Compensation: Per hour, $69 to $100; discount rates available for on-site outsource agreements.

Officers: Sandra Yangouyian, president/CEO. BI

Continued from previous page
dustries and employers. Request item 3427.

■ Crawford & Co. explains the advantages of the Atlanta-based rehabiliation services company's toll-free, 24-hour **claims reporting service**. Request item 3428.

■ The purpose of workers compensation experience rating and an outline on how companies can compute **workers compensation modification factors** are offered by Specific Software Solutions Corp. Request item 3429.

■ Kemper National Insurance Cos. of Long Grove, Ill., offers a bulletin on recent National Labor Relations Board rulings on employers' responsibilities in establishing and maintaining **workplace safety committees**. Request item 3430.

■ GAB Business Services Inc. examines recent federal and state legislation in a bulletin about **wrongful discharge**. Request item 3431.

■ Liberty Mutual Insurance Group of Boston provides a brochure describing the common warning signs that can help claims professionals and customers detect **fraudulent workers compensation claims**. Request item 3432.

■ The Hill Wallack law firm offers an information package on **managed legal services in workers compensation** to assist employers in containing costs. Request item 3433.

■ An eight-page paper available from Crawford & Co. of Atlanta discusses the factors that contribute to **cumulative trauma disorders** and how ergonomics can help employers reduce these problems in the workplace. Request item 3434.

■ A monthly publication produced by Physician Advisors To Disability Managers analyzes the role and the implications of **medicine in the workers compensation system**. Request item 3435.

■ A fact sheet produced by Kemper National Insurance Cos. summarizes a study that documents **workplace homicide** in the 1980s and includes information on curbing workplace violence. Request item 3436.

■ The Aegis Group Inc. offers an informational brochure describing its **workers compensation fraud hot line** program. Request item 3437.

■ An article provided by Sunderbruch/ENCOMPASS analyzes **workers compensation costs and how to reduce them**. Request item 3438.

■ Crawford & Co. has produced a booklet that explains how its nurses provide **direct medical case management** to ensure appropriate, effective care for injuries. Request item 3439.

■ Towers Perrin provides a pamphlet with **workers compensation solutions for public entities** in order to lower costs, reduce incidents and improve care. Request item 3440.

■ A pamphlet available from International Risk Management Institute Inc. describes a reference book that helps companies **save on workers compensation costs for large construction projects**. Request item 3441.

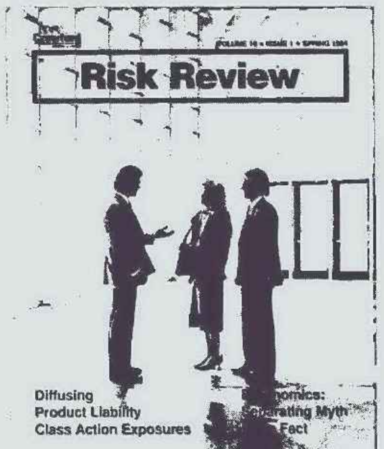
■ Kemper National Insurance Cos. supplies fact sheets in English, Spanish and Chinese with information on how companies can **prevent slips and falls and reduce back injuries**. Request item 3442.

■ A list of **factors that drive up workers compensation medical costs** and the steps that employers can take to curtail them are given in a report from the Mid-America Coalition on Health Care. Request item 3443.

■ GAB Business Services Inc. offers a procedural guide to its toll-free **telephone workers compensation claims reporting** system. Request item 3444.

■ A booklet from Isotechnologies Inc. provides details about the medical requirements and appropriate **responses to the Americans with Disabilities Act of 1990**. Request item 3445.

■ A variety of **risk management issues**, including topics relating to workers compensation, are covered in a quarterly publication that is available from Atlanta-based Crawford & Co. Request item 3446.



■ A bulletin available from GAB Business Services presents a guideline for employers on **extra-territorial applications of state workers compensation laws** and multi-jurisdictional problems and exposures that may arise. Request item 3447.

■ Tips on how to **combat workers compensation fraud** are listed in a brochure provided by The Aegis Group. Request item 3448.

■ A booklet of **sample worker compensation reports** published by Crawford & Co. demonstrates how savings and return on investments are itemized. Request item 3449.

■ GAB Business Services Inc. provides a general overview on how each state's statutes and administrative bodies currently affect **drug- and alcohol-related workers compensation claims,** drug testing and drug-free workplace programs. Request item 3450.

■ A booklet from Gallagher Bassett Services Inc. of Itasca, Ill., describes a **comprehensive risk evaluation process,** including risks, possible losses and available solutions. Request item 3451.

■ A booklet offered by Crawford & Co. analyzes the multitude of **criteria that determine success or failure of programs designed to return employees to work**. Request item 3452. BI

Empowering patients

Helping people make informed decisions next savings frontier

By MICHAEL SCHACHNER

NEW YORK—Managed care may be helping to hold down the supply of medical care, but now it's time to change the demand for medical services, according to several health policy experts.

About five years ago, when managed care grabbed corporate America by storm, the goal of benefit managers across the country was to reduce the quantity of medical services that were being billed to corporate-sponsored health plans.

To a great extent, managed care, with its gatekeepers and networks of approved providers, has addressed that goal with positive results. Enrollment in traditional and hybrid managed care plans is now at an all-time high, while participation in unmanaged indemnity programs continues to decline.

But, while managed care has taken a bite out of the supply side of the health care equation, it has done little to check employee demand for health care.

Americans still demand to receive medical care when they want it, and they continue to want it often.

Thus, when corporate employee benefit managers belonging to the Council on Employee Benefits held their annual meeting earlier this month in New York, one of the main topics of discussion was how to create "effective" consumer demand for health care.

The popular answer appears to involve abandoning one of managed care's prime rules of thumb—specifically that the smoothest road to reducing overall health care costs is one of placing limits on consumers' access to care.

What several physicians in the academic field now suggest is that employers and insurers focus less on restricting access to providers and instead take immediate steps to include patients in the decision-making process as it relates to their own course of treatment.

The logic behind this shift in paradigms is that intelligent consumers who possess some knowledge of how to treat themselves when mildly sick or injured will seek fewer health care services than an ignorant consumer.

"Plan members are managed care's greatest resource and they're untapped," said David Feffer, an assistant vp in charge of health enhancement at Aetna Life & Casualty Co. in Hartford, Conn.

"We are taught from the age of 6 not to make decisions about our health care or ask questions. We all learn to behave as powerless patients," he said.

What has evolved from this traditional school of thought is a "conveyor belt" of medicine that accepts patients without question and then pushes them through the system without hitches, said Mr. Feffer.

Such a system must change if America is to achieve a balance between costs and efficiency, added Dr. James Freis, a professor of medicine at Stanford University and co-author of the employee handbook, "Taking Care of Yourself," which employers can obtain and distribute to employees to help them make important decisions about their own health status.

"While need for health care cannot be changed, demand can. Unnecessary demand results from doctors and patients requesting services that are not in the patient's best interest," Dr. Freis said.

His book, the widespread dissemination of which is at the core of an employee empowerment program being promoted by many large corporations based in Minneapolis and St. Paul, Minn., offers employees advice on what type of medical attention is appropriate for certain conditions.

For example, the book suggests options like treating sharp stomach pain in ways other than going to the emergency room, like sipping warm water and resting.

Yet the book doesn't discourage medical care. So, the portion pertaining to stomach aches also counsels that if the pain is consistent with that of an inflamed appendix, immediate attention by a physician is required.

The majority of Twin Cities corporations belonging to the Minnesota Business Health Care Action Group, which includes Honeywell Inc., Minnesota Mining & Manufacturing Co., Pillsbury Co. and General Mills Inc., are providing the book to employees.

"Over the past couple years, evidence on the success of demand reduction efforts has come in and it's compelling" in favor of employee education, according to Dr. Freis.

The missing piece in the health care cost/quality equation has always been the consumer, said Aetna's Mr. Feffer. "We would very much like to see demand controlling supply and pricing. It's where we'd like to move to. It's going beyond managed care to managed health."

But while the concept of influencing employee demand for health care may sound great to employers, it is not easily attainable, he lamented. "It requires structured systems that assist consumers in making informed decisions concerning their own health and health care," said Mr. Feffer.

If what Mr. Feffer and Dr. Freis spoke about sounds similar to the goals of wellness and health promotion programs, it is not. Wellness programs focus on reducing need, while employee education and empowerment influences demand, said Dr. Freis.

Echoing what Mr. Feffer said about the passive role patients usually play in their relationship with doctors, Dr. John Wennberg, director of the Foundation for Informed Medical Decision Making at Dartmouth University in Hanover, N.H., said the entire health care delivery system would improve if patients knew more about their health before seeing a doctor and were able to maintain an active role in determining a course of treatment.

He outlined three ways the traditional patient/doctor relationship and health care in general should be modified in an effort to remove people from the health care conveyor belt.

- All that is known to the physician community about medical options should be openly communicated to the patient. "It sounds like a simple, sensible theory, but it's still uncommon," said Dr. Wennberg.
- Once options and potential results are discussed, the choice among working interventions should rest with the patient.
- There must be a constant reassessment of conventional medical methods. All treatment methodologies must constantly be reevaluated to determine whether they are still appropriate or should be replaced by more successful approaches.

"If our goals, in order, are reduced costs, improved outcomes and increased patient satisfaction, the first won't occur without the last, and can't occur without the second," he said. BI

Well-drafted plans protect against litigation

By SARA MARLEY

CHICAGO—Plan documents for self-insured health plans can be tools to reduce employers liability rather than conduits to litigation if they are drafted carefully and updated regularly.

SIIA

"It is a living document," said Patricia J. Ibbs, senior health plan consultant with Corbel & Co. in Jacksonville, Fla. "Things change daily."

While the health care plans she handles are updated routinely twice a year, "every addition impacts in another place," Ms. Ibbs cautioned those attending the annual Self-Insurance Institute of America Inc. conference earlier this month.

Ms. Ibbs uses the frequency and nature of litigation to evaluate the plan documents she writes.

She views the two times that health care plan language she drafted wound up in court as "failures of the plan," even though the employer prevailed in both cases.

"A tight plan is not going into court," Ms. Ibbs said. "I want a plan so tightly written that no attorney will take (a case against it) on contingency."

"Litigation is at best unpleasant and at worst, it can threaten profitability and financial strength," said Deborah J. Vargo, vp and assistant general counsel for the Lafayette Life Insurance Co. in Lafayette, Ind.

"Even if you win, you lose in attorneys fees," she explained.

For that reason, "the more people who scrutinize (the documents), especially attorneys, the better it gets," Ms. Ibbs commented.

"If I cannot defend what I have written, I don't put it in or I write it so I can defend it," she added.

Ms. Ibbs speaks of the plan document and the summary plan description in the singular, because she said one booklet should meet the legal requirements of both.

"It's almost impossible to translate one document to the other," Ms. Ibbs said. "The document you pay claims from is the document that is important, and it's my contention that TPAs pay claims from the SPD, not the plan."

In some cases, TPAs may even rely on a third, non-binding document, such as an administrative manual.

"A simple solution is one document," agreed Ms. Vargo. "There can be no conflict. When you summarize, you leave out words."

The Employee Retirement Income Security Act and many other laws that could affect self-insured health plans tend to be liberally construed by courts in favor of employees, Ms. Vargo noted.

"Cases are more favorable to plan participants," she said. And courts typically believe employees relied on the SPD for information, she added.

It should not be difficult for the plan document to be readable and understandable to employees as is required of SPDs.

"There is no law that a plan document must be incomprehensible," Ms. Ibbs said. "Write clearly, in small sentences. Don't give and take away in the same sentence."

Document drafters should consult with the claims adjusters who will be using the contracts to determine claims.

"I write booklets, I don't pay claims," Ms. Ibbs said. "I need to hear from them."

She also writes for the plan participants.

"My definitions are not on page one. No one wants to know the definition of a hospital," Ms. Ibbs said. "They want to know, 'Can I join the plan and what will it cost me?'

"I try to be up front with employees," she continued, noting that she puts all dollar figures together. "If I am taking a benefit away, I mention it twice and put it in bold face. I don't hide or sneak in exclusions or rules."

And when making plan changes, make sure all references to an item have been changed. The SPD should be organized in the same logical steps an employee would take when enrolling in the plan or filing a claim.

Choice of language in plan documents is critical.

Language used in plan documents and SPDs should comply with specific laws and "follow the statute as closely as possible," Ms. Vargo said. "Use the words the statute uses."

In retiree health plans, employers should avoid use of the phrase "lifetime benefits," or should clearly qualify it to mean "while you are covered by the plan," Ms. Vargo said.

"Words like that can come back to haunt you," she noted.

Some common industry buzzwords can be found to be ambiguous in court. "Preferred provider organization" leaves open the question of whose preference. Ms. Ibbs uses participating provider or panel provider, which still preserves the acronym "PPO."

Employers also must protect their own rights within the plan documents, Ms. Ibbs said.

For example, she said, "put the right to get information from an employee in the plan or SPD."

Ms. Vargo also recommends that employers avoid having employees sign subrogation documents that require them to turn over money they recover from third parties to the plan. That can imply that employers do not have the right if employees don't sign. Rather, employers should assert their subrogation rights in their documents, she advised.

Employers must also be careful not to jeopardize a self-insured status within the documents.

"Keep stop-loss references out of the plan document and the summary plan description," Ms. Vargo said. "Keep it from looking like an insured plan." BI

SIIA meets on health care reform

The Self-Insurance Institute of America's 14th annual national conference attracted 1,600 to Chicago earlier this month.

The representatives of third-party administrators, managed care companies and other businesses that support the self-insurance industry attended sessions on "Standing Firm in the Health Care Debate" by former Vice President Dan Quayle and "Life After Health Care Reform" by SIIA leaders.

In that session, James A. Kinder, SIIA executive vp, and George Pantos, a partner with Washington law firm Vedder, Price, Kaufman, Kammhold & Day, vowed to fight any government-imposed minimum on the number of employees required before a company could self-insure its employee benefits.

The next SIIA conference will be held Oct. 25-28, 1995, at the Walt Disney World Dolphin hotel in Lake Buena Vista, Fla.

For more information, contact the SIIA at P.O. Box 15466, Santa Ana, Calif., 92705; 800-851-7789; fax: 714-261-2594.

Finding a claims program that fits

Identification of system needs is first step

By SARA MARLEY

CHICAGO—Too many self-insured employers work backward when choosing workers compensation claims processing systems, a consultant says.

SIIA

"All too often, people find some neat software, but they haven't figured out their needs, or they find hardware, but they don't know what output they need," said Michael R. Levin, head of Towers Perrin's property/casualty consulting practice in Chicago. "Begin with your needs, focus on what you want the system to do."

To determine needs, companies shopping for claims systems must keep in mind two types of users: those who input the data and those who receive the system's output.

From a prioritized list of needs, buyers should look at what output they want from their system: state filings, status reports, letters to claimants or checks.

In addition to paper output, shoppers should consider what they want out of a system internally, such as loss runs or claims measurements by state, frequency or severity.

"Output leads to what kind of input you need to generate it, the input, the data," Mr. Levin said at the annual Self-Insurance Institute of America convention in Chicago earlier this month.

Buyers can then evaluate software that meets their needs, gives them the desired output and is feasible given the data that will be entered and degree of computing knowledge of the staff.

Companies in the market for the perfect computerized claims system must keep in mind that there are certain trade-offs.

The systems that are the simplest are not the most flexible; the most powerful systems are also the most expensive. The systems easiest to use have the fewest capabilities and the systems easiest to expand are more difficult to use.

One of the biggest decisions facing companies automating their workers comp claims is whether to buy software off the shelf or to build a system from scratch.

"In some circumstances, there is nothing out there," to meet a specific need, he said. However, "everything is negotiable these days. You can buy a piece of commercial software and build a part or tailor a part."

In today's competitive software business, finding firms to customize systems to meet a company's exact needs should not be difficult.

'Begin with your needs, focus on what you want the system to do,' says Towers Perrin's Michael Levin.

"If you build, be prepared to take more time, but be prepared to like it more," Mr. Levin said. "You can build in user-friendliness."

If a company decides to buy software, there are two types to consider: a claims system, which will track and handle claims and other data that the user inputs; and a claims interface, which allows the user access to a previously established data base.

Because workers comp claims tend to have long tails, companies will want to make sure that open claims that may exist in another computer format can be loaded into the new system.

"It's important in workers comp to consolidate data from several sources," Mr. Levin said. "You may have gone from an insurance company to a TPA to self-administration" and have open claims in all three categories.

Some companies choose to maintain the open claims on the old system, but he does not recommend that.

"Some companies set up parallel systems, but they don't work real well," he noted. "If you're serious about it, load all open claims" onto the new computer.

When buying hardware, "PCs are where it's at," Mr. Levin said. "There are PCs and everything else. A few years ago the jury was still out."

Changing technology has increased the power and speed of personal computers and made them easier to network.

"They are easy to adapt, program and modify and they tend to be cheap relative to other hardware options," he said.

Mini-computers can be used for workers comp claim systems and are preferred by many companies that have already invested in that hardware.

Mainframe computers, while much faster and more powerful than PCs, are becoming obsolete because they are less flexible and more expensive.

"For workers comp, if you are handling fewer than 100,000 claims per year, mainframes are getting obsolete as the PC evolves," Mr. Levin said.

Service from a vendor is as important as software and hardware, he noted.

That includes not only system tailoring, installation and staff training but also continuing support, after the system is in place, to assist users and work out bugs.

Before buying a system, shoppers should meet the account manager. If there isn't one, buyers should ask the vendor to designate one.

Companies should talk to and visit other clients that use the system. Mr. Levin said he sometimes recommends checking the references of a single employee who will be programming the software or handling post-installation support.

Because buyers need years of support, they should make sure the software company is financially stable and will survive in the competitive business.

"Too often, (buyers) just look at the software, sometimes at the service, but rarely at the company," Mr. Levin said. BI

Stamping offices earn their keep: Panel

NEW ORLEANS—The surplus lines stamping offices operating in 11 states save insurance regulators in those states time and money, protect insurance buyers and aid wholesale brokers, wholesale broker and stamping office executives say.

"What are the disadvantages (of stamping offices)? In my opinion, none," asserted Donald D. Mauger, executive director of the Surplus Lines Assn. of Illinois, which operates a stamping office. Mr. Mauger moderated a panel discussion on the organizations during the 20th annual convention of the National Assn. of Surplus Lines Offices Ltd. in New Orleans Sept. 28-Oct. 1.

NAPSLO and the American Assn. of Managing General Agents released a joint position paper at the convention that endorses the concept of establishing stamping offices in all states (*BI*, Oct. 3). The offices, which are operated by surplus lines organizations, are designed to, among other things:

- Review and stamp surplus lines policies to ensure markets meet the state's eligibility requirements.
- Educate wholesalers about the state regulations and encourage them to comply.
- Accumulate surplus lines premium data, as a whole and by broker, to facilitate payment of premium taxes.

But, a stamping office must be designed to meet its state's particular needs, NAPSLO and the AAMGA officials say.

During the panel discussion, the executives outlined several key services provided by their stamping offices.

The Excess Line Assn. of New York has "very effectively kept unregulated alien insurers out of the marketplace" through its policy stamping procedures and by providing brokers with a list of eligible non-admitted markets, said Richard L. Smith, executive director.

The New York organization's financial evaluation of non-admitted markets, the statistical information it also provides regulators and the educational programs it offers its members "frees up the insurance department to do more meaningful things," he said.

The Surplus Lines Stamping Office of Texas has two major functions, said Charles L. Tea Jr., general manager. One is evaluating markets and recommending to regulators which should be eligible surplus lines insurers in the state.

The other is compiling market availability data for regulators.

In Colorado, the stamping office issues monthly surplus lines tax assessments for wholesale brokers and submits an end-of-year report to the insurance department to ensure that all taxes are paid, said Dick Rock, executive director of the Surplus Line Assn. of Colorado Inc.

Arthur D. Freeman Jr., manager of the Surplus Line Assn. of California, also participated in the discussion. The California surplus lines industry established the nation's first stamping office in the late 1930s.

Other states with stamping offices are Arizona, Idaho, Montana, Oregon, Utah and Washington.

—By Dave Lenckus

Handbook

Continued from page 2

fornia jury recently socked Chicago-based law firm Baker & McKenzie with in a sexual harassment case involving a prominent attorney (*BI*, Sept. 5), Mr. Siegel quipped, "You all have one of those people working for you. With any luck, it's not you."

The jury in that case believed that the firm was aware of the attorney's actions but tolerated them because he generated considerable income for the firm, Mr. Siegel explained.

Even if one disagrees with the size of the award, "you can't keep saying, 'That's not fair,'" Mr. Siegel said. "The object is not to get to that spot."

An important measure for preventing such liabilities is spelling out in a handbook what is considered appropriate workplace behavior, as well as the rights the company reserves to handle those and numerous other circumstances, he said.

"What you don't put in the policies will kill you," he warned.

But, "It's simple stuff that gets you out of trouble," he said.

That does not include outlining the company's benefits plans, other than to say the company provides such benefits. The specifics of those plans should be detailed in separate booklets, Mr. Siegel said.

Instead, the handbook should "tell them about stuff that matters to you."

Topping the list of company policies should be a basic code of conduct. The code should spell out unacceptable conduct that could result in disciplinary actions like a warning, probation or termination.

The list puts employees on notice and protects the company when it metes out discipline. "If people know why they got fired, they can't go to a lawyer," Mr. Siegel said.

The company's policy on sexual harassment allegations should be spelled out separately in a section that defines what it considers harassment and how the company will resolve such claims.

The handbook also should make clear that employment is at the will of the company, which should protect the employer if it decides to terminate an employee without first taking other disciplinary actions.

Mr. Siegel noted that a Massachusetts court recently ruled against a company that fired a maintenance worker with a consistently poor work record over a six-year period because it had orally promised that employees would be subject to a series of disciplinary actions before they would be terminated. "No one said you have to do that," he said.

Company policy on inspecting work areas—including monitoring workers' computer modem and telephone use as well as searching their desks—also should be spelled out.

Mr. Siegel noted that a court recently ruled that a company could not fire a worker it had monitored using his workstation computer to link up with an adult bulletin board for 45 minutes during working hours. The court ruled that the company had illegally tapped the employee's phone since neither he nor the bulletin board had agreed to be monitored.

A written inspection policy establishes an implied consent by employees to be monitored because they continue to work for the company, Mr. Siegel said.

A policy also should protect the company in disputes with former employees who were paid on commission. A company stands on shaky legal ground if it does not have a written policy and refuses to pay a commission to a former employee on a stream of his contracts that come to fruition after his departure.

Courts will not likely believe a company's argument that its former salesman was well aware of its unwritten policy, according to Mr. Siegel. "If he didn't quit before, how will you prove he knew about your policy?" he asked.

The handbook also should explain how the company will handle leaves of absence. "You can't deal with it catch-as-catch can," Mr. Siegel said. Employees will feel cheated if they believe the company is treating their leaves differently than other employees' leaves.

Employers have to make sure they comply with the Family and Medical Leave Act, which gives many workers the right to take a 12-week unpaid leave of absence to care for their children, spouse or parents. Unless the company plans to be more generous than the act, the handbook should note it will follow the act's restrictions on who is eligible for a leave and under which circumstances an employee may take a leave.

During this period, the employer must continue contributing the same amount toward the employee's health care coverage as it did before the employee took his or her leave.

Mr. Siegel noted that the act allows employers to try to recoup those expenditures when employees do not return after their leave periods expire. But that effort often is pointless, because the former employees often are unemployed. "It's like saying you have a right to jump out of the window and flap your wings."

The lack of a written policy on how fringe benefits, like vacation pay, are earned and can be used also can lead to legal headaches when employees leave the company, Mr. Siegel said.

The risk of not having a written policy is that a court, in addition to awarding a former employee the vacation pay he or she is seeking, also may award vacation pay to former employees who left the company long ago. BI

NAPSLO, NAIC education venture

NEW ORLEANS—Insurance regulators next fall could be much better versed on what the surplus lines market is all about—at least based on how the non-admitted market defines its role.

Regulators and the National Assn. of Professional Surplus Lines Offices Ltd. are hammering out the details of an educational program that NAPSLO wants to begin offering at the National Assn. of Insurance Commissioners' training center in Kansas City, Mo., in October 1995.

At a February meeting, NAIC officials told NAPSLO executives that 95% of regulators supported the idea of such an educational program, said outgoing NAPSLO President David R. Hartoch at the organization's 20th annual convention in New Orleans Sept. 28-Oct. 1.

And, 75% of regulators said they would send senior staff to the program, which would run up to two days, said Mr. Hartoch, president and chief operating officer of Sherwood Insurance Services of San Francisco.

Also at the convention, Eugene J. Eisenmann, chief executive officer of Heath Holdings USA Inc. of Dallas, was elected NAPSLO president.

The convention drew about 1,750 delegates. Only one other NAPSLO convention, held at the peak of the hard property/casualty insurance marketplace during the mid-1980s, may have drawn more. NAPSLO did not keep accurate attendance records then.

The 1995 NAPSLO convention is scheduled in San Diego Sept. 13-17.

Expertise, added value key to broker success

By DAVE LENCKUS

NEW ORLEANS—Independent surplus lines brokers can continue to flourish during an extended soft property/casualty insurance market if they specialize and invest in technology and staff, market executives say.

But, they could get squeezed out of the market if they do not add value and quality to the services they offer, according to executives who examined the future of the surplus lines distribution system during a panel discussion at the National Assn. of Professional Surplus Lines Offices Ltd.'s 20th annual convention in New Orleans Sept. 28-Oct. 1.

The seeds of that scenario already have been planted, said Kevin P. Brooks, chairman and president of General Star Indemnity Co. of Stamford, Conn., the sixth-largest U.S. surplus lines insurer.

He noted that some surplus lines insurers have said they would accept business directly from select retail brokers that hold surplus lines broker licenses but have not established units devoted to surplus lines business.

But, "as long as the wholesaler is providing something to us that makes it worth giving up that extra commission, then it's worth it," said Bill Henry, president of independent insurance agent McQueary & Henry Inc. of Dallas.

That "something" often is an expertise in finding a particular coverage, like directors and offi-

Continued on next page

Brokers

Continued from previous page

cers liability insurance, he said. Mr. Henry also said he wants a wholesaler to deliver the coverage quickly.

Even retail brokers that own wholesalers need unaffiliated surplus lines brokers to help find coverage for their clients, said Edward F. Casey, president and chief executive officer of Stewart Smith Group Inc. The fifth-largest U.S. wholesale broker is a unit of Willis Corroon Group P.L.C.

"No one can serve everyone's needs," Mr. Casey said.

Wholesale brokers also must be willing to make a financial commitment to update their technology and build high-quality staffs of producers, Mr. Brooks said.

"Or else they're selling the same product in the same way," he said. "If you stay stable, you'll fall behind."

Stewart Smith, for example, is considering an electronic mail system that would allow the wholesaler to tap into its markets' systems, which could speed up coverage placement.

Mr. Brooks noted that General Star is seeking wholesale brokers with which it can set up a direct communications link. Because of the cost of such a system, the wholesaler would have to be able to generate significant business for General Star, he said.

And, Mr. Brooks and Kieran P. Burke, executive vp of San Francisco-based Tri-City Brokerage Inc., the fourth-largest U.S. wholesaler, predicted that fax machines would become as obsolete as telex machines within a few years with the advent of imaging technology for personal computer systems.

Mr. Brooks predicted that technological advancements will allow brokers to produce policies in their own offices within the next few years.

Wholesale brokers also will survive because the admitted market always will refuse to underwrite some risks, according to Mr. Burke. "I've got every confidence that the admitted market will perpetually find ways to avoid risk that doesn't fit into their underwriting pattern."

The session was moderated by Marcus Payne, president and chief operating officer of Crump Insurance Services Inc., a wholesale operating unit of Dallas-based Price Forbes North America. Price Forbes, the second-largest U.S. wholesale broker, is a unit of Sedgwick Group P.L.C. BI

Datebook

OCTOBER

OCT. 24-25. Emerging Markets conference in New York, sponsored by the Financial Advisory Council; $1,195. Financial Advisory Council, 1-800-882-8624.

OCT. 24-25. Securities Litigation conference in San Francisco, sponsored by the Practising Law Institute; $695. Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 212-765-5710.

OCT. 24-25. Advanced Healthcare Capitation & Risk Sharing conference in San Francisco, sponsored by the Institute for International Research; $1,295. Conference Administrator, Institute for International Research, 708 Third Ave., Fourth Floor, New York, N.Y. 10017; 1-800-345-8016 or 212-661-8740.

OCT. 24-26. National Human Resources Information Technology Exposition & Conference in San Jose, sponsored by Blenheim NDN Inc.; $825. HMRS/EXPO 94, Registration Department, 444 Castro St., Suite 1101, Mount View, Calif. 94041; 1-800-232-3976 or 415-966-8440.

OCT. 25. Earthquake Marketing & Loss Analysis and NAFTA seminar in Atlanta, sponsored by the Inland Marine Underwriters Assn.; $55 for IMUA members, $65 for non-members. To register, fax Louis D. Talmadge at 404-231-3628.

OCT. 26-27. Seventh Annual Consultants Congress in New York, sponsored by the Investment Management Institute; $1,195. Conference Administrator, Investment Management Institute, 342 Madison Ave., Suite 1602, New York, N.Y. 10173; 212-370-1518.

OCT. 26-28. Techniques of Risk Control course in Scottsdale, Ariz., sponsored by the Risk & Insurance Management Society; $650 for RIMS members, $750 for non-members. RIMS Education Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

OCT. 26-29. Seventh Annual National Forum on Health Care Quality in Chicago, sponsored by the Joint Commission on Accreditation of Healthcare Organizations; $625. Joint Commission on Accreditation of Healthcare Organizations, P.O. Box 92295, Chicago, Ill. 60675-2295; 708-916-5070.

OCT. 30-NOV. 2. National Assn. of Independent Insurers 49th Annual Meeting in Honolulu; $350 for NAII members, $450 for non-members. NAII, c/o Premier Group, P.O. Box 5007, 2550 West Golf Road, Suite 900, Rolling Meadows, Ill. 60008; 708-427-7260.

OCT. 30-NOV. 3. First Latin American Conference of Risk and Insurance Management in Cancun, Mexico, sponsored by the Latin American Assn. of Risk & Insurance Managers; $750 for ALARYS members, $850 for non-members. Instituto Mexicano de Administradores de Riesgos, Queretaro 238 Desp. 201, Col. Roma, C.P. 06700, Mexico, D.F.; 525-264-74-59.

OCT. 31. General Liability Coverage for Construction Exposures seminar in Washington, sponsored by the International Risk Management Institute; $275. International Risk Management Institute Inc., 12222 Merit Drive, Suite 1660, Dallas, Texas 75251-2217; 800-827-4242.

OCT. 31. Construction Insurance 101 seminar in Washington, sponsored by the International Risk Management Institute; $275. International Risk Management Institute Inc., 12222 Merit Drive, Suite 1660, Dallas, Texas 75251-2217; 800-827-4242.

OCT. 31. Contractual Risk Transfer seminar in Washington, sponsored by the International Risk Management Institute; $275. International Risk Management Institute Inc., 12222 Merit Drive, Suite 1660, Dallas, Texas 75251-2217; 800-827-4242.

OCT. 31. Making Money with the Surety Team seminar in Washington, sponsored by the International Risk Management Institute; $275. International Risk Management Institute Inc., 12222 Merit Drive, Suite 1660, Dallas, Texas 75251-2217; 800-827-4242.

NOVEMBER

NOV. 1. Preventing and Controlling Fire Losses seminar in Pittsburgh, sponsored by Factory Mutual Engineering & Research; $295. **Also Nov. 9** in Baltimore and **Nov. 16** in Norwood, Mass. Factory Mutual Engineering & Research, Training Resource Center, Training Department Enrollments, P.O. Box 9102, Norwood, Mass. 02062; 617-255-4606.

NOV. 1. Outsourcing Employee Benefits seminar in Chicago, sponsored by The Conference Board; $525 for Conference Board associates, $650 for non-associates. **Also Nov. 4** in New York and **Nov. 8** in San Diego. The Conference Board Inc., P.O. Box 4026, Church Street Station, New York, N.Y. 10261-4026; 212-339-0345.

NOV. 1-3. The 14th Annual Construction Insurance Conference in Washington, sponsored by the International Risk Management Institute; $650. International Risk Management Institute Inc., 12222 Merit Drive, Suite 1660, Dallas, Texas 75251-2217; 800-827-4242.

NOV. 1-3. The Third Annual National Workers Compensation & Disability Conference in Chicago, sponsored by ; $545. National Workers Compensation & Disability Conference, LRP Publications, 1555 King St., Suite 200, Alexandria, Va. 22314; 1-800-727-1227 or 703-684-0510.

NOV. 2-4. Second Annual Mental Health Summit in Atlanta, sponsored by Conference Development Inc.; $1,395. Registrar, Conference Development Inc., 1000 Winter St., Suite 4000, Waltham, Mass. 02154; 1-800-872-0094.

NOV. 3. Contracts and Leases: Beyond the Words seminar in Chicago, sponsored by the Insurance School of Chicago; $140. **Also Nov. 8** in Schaumburg, Ill., and **Nov. 9** in Orland Park, Ill. Insurance School of Chicago, 175 W. Jackson Blvd., Suite 2200, Chicago, Ill. 60604; 312-427-2520.

NOV. 3-4. Seminar for Non-Insurance Professionals in New York, sponsored by The College of Insurance; $525. The College of Insurance, 101 Murray St., New York, N.Y. 10007-2165; 212-815-9201.

NOV. 4. Economic Issues in Workers Compensation seminar in Philadelphia, sponsored by the National Council on Compensation Insurance; $200 for NCCI members, $275 for non-members. Donna Klamm, National Council on Compensation Insurance Inc., 750 Park of Commerce Drive, Boca Raton, Fla. 33487-3621; 407-997-4739.

NOV. 5-7. Managing Commercial Lines Placements workshop in Dallas, sponsored by the Council of Insurance Agents & Brokers; $650. Council of Insurance Agents & Brokers, 316 Pennsylvania Ave. S.E., Suite 400, Washington, D.C. 20003-1146; 202-547-6616.

NOV. 7-8. Multimedia 1994: Positioning for Profit in an Interactive World conference in San Francisco, sponsored by International Business Forum; $1,095. IBF/International Business Forum, 7 Penn Plaza, Suite 901, New York, N.Y. 10001; 212-279-2525.

NOV. 7-9. Environmental Risk Management seminar in Chicago, sponsored by the Risk & Insurance Management Society; $700 for RIMS members, $800 for non-members. RIMS Education Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

NOV. 9-10. Property & Casualty Loss Reserves seminar in Chicago, sponsored by Deloitte & Touche L.L.P.; $675. **Also Dec. 1-2** in New York. Deloitte & Touche L.L.P., Marybeth Popczak, Seminar Coordinator, City Place I, 31st Floor, 185 Asylum St., Hartford, Conn. 06103-3402; 203-543-7368.

NOV. 10-11. The Law in the Wake of the 1994 Reform Debate colloquium in San Francisco, sponsored by the Group Health Assn. of America; $565 for GHAA members, $715 for non-members. GHAA, Department No. 0612, Washington, D.C. 20073-0612; 202-778-3233.

NOV. 11. Best Practices for Business Transformation in the Insurance Industry seminar in Boston, sponsored by Amherst Consulting Group; no charge. Amherst Consulting Group, 84 State St., Boston, Mass. 02109; 617-723-9545.

NOV. 12-16. National Council of Insurance Legislators Super Summit in New York; $425 for NCOIL Advisory Committee members, $650 for non-members. NCOIL, 122 S. Swan St., Albany, N.Y. 12210; 518-449-3210.

NOV. 13-16. Bermuda Market Briefing: From Captives to Cats in Hamilton, Bermuda, sponsored by the CPCU Society and the Bermuda Insurance Institute; $525 for CPCU or BII members, $575 for non-members. New York City Chapter, CPCU Society, P.O. Box 9001, Mount Vernon, N.Y. 10552; 914-699-2020; or Bermuda Insurance Institute, Suite 461, 48 Par-La-Ville Road, Hamilton EM 11 Bermuda; 809-295-1596.

NOV. 14-15. Re-Engineering Property & Casualty Claims seminar in New York, sponsored by the Institute for International Research; $1,195. Institute for International Research, 708 Third Ave., Fourth Floor, New York, N.Y. 10017-4103; 1-800-345-8016 or 212-661-8740.

NOV. 14-15. Integrating Health, Managed Care & Disability Programs conference in Orlando, Fla., sponsored by International Business Communications; $1,195. IBC USA Conferences Inc., 225 Turnpike Road, Southborough, Mass. 01772-1749; 508-481-6400.

NOV. 14-15. Health Promotion & Preventive Medicine Strategies in Managed Care conference in Philadelphia, sponsored by the Institute for International Research; $1,195. **Also Dec. 12-13** in San Francisco. Conference Administrator, Institute for International Research, 708 Third Ave., Fourth Floor, New York, N.Y. 10017-4103; 800-345-8016 or 212-661-8740.

NOV. 14-16. Fundamentals of Risk Financing course in Scottsdale, Ariz., sponsored by the Risk & Insurance Management Society; $650 for RIMS members, $750 for non-members. RIMS Education Department, 205 E. 42nd St., New York, N.Y. 10017; 212-286-9292.

NOV. 14-16. Fourth Annual Midwest Managed Health Care Congress in Chicago; $1,095. Midwest Managed Health Care Congress, 1000 Winter St., Suite 4000, Waltham, Mass. 02154; 617-487-6700.

NOV. 15. International Insurance Sales and Trade Agreements seminar in Chicago, sponsored by Katie Insurance School, Illinois State University; $125. Illinois State University, Katie Insurance School, Attn: Cathy Kelly, Campus Box 5490, Normal, Ill. 61790-5490; 309-438-3021.

NOV. 15. International Insurance Symposium in New York, sponsored by the International Insurance Council and the National Assn. of Insurance Brokers; $145 for Council or NAIB members, $185 for non-members. International Insurance Council, 1212 New York Ave. N.W., Suite 250, Washington, D.C. 20005; 202-682-2345.

NOV. 17. Insurance Coverage Litigation 1994 satellite broadcast, sponsored by the Practising Law Institute; $249. Practising Law Institute, 810 Seventh Ave., New York, N.Y. 10019; 1-800-260-4754.

NOV. 17-18. Employee Benefits Forum in Washington, sponsored by the American Compensation Assn.; $425 for ACA members, $475 for non-members. American Compensation Assn., Customer Services, 14040 N. Northsight Blvd., Scottsdale, Ariz. 85260; 602-922-2020.

NOV. 21-22. Sixth Annual Insurance Industry Conference in Washington, sponsored by KPMG Peat Marwick; $895. **Also Nov. 29-30** in Dallas. Contact KPMG Peat Marwick at 201-334-4111.

NOV. 29. Directors & Officers Liability Insurance Conference in London, sponsored by DYP Group and CIGNA International; 346.63 pounds (about $545). DYP Group Ltd., 181 Queen Victoria St., London EC4V 4DD; 071-236-2175.

NOV. 29-30. Increasing Human Resources Effectiveness seminar in Cambridge, Mass., sponsored by the Program on Negotiation at Harvard Law School; $1,950. **Also April 20-21, 1995** in Cambridge, Mass. Amy Philips, Center for Management Research, 55 William St., Wellesley, Mass. 02181; 617-239-1111.

NOV. 29-DEC. 1. Current Issues in Workers Compensation conference in Arlington, Va., sponsored by UBA Inc.; $325 for members of sponsoring employer associations, $375 for non-members. UBA Inc., 1331 Pennsylvania Ave. N.W., Suite 1500 North Tower, Washington, D.C. 20004-1703; 202-682-1515.

NOV. 30-DEC. 1. Workers Compensation Research Institute Annual Issues & Research Conference in Cambridge, Mass.; $345 for WCRI members, $495 for non-members. Kathleen A. Muedder, Associate Executive Director, WCRI, 101 Main St., Cambridge, Mass. 02142; 617-494-1240.

NOV. 30-DEC. 2. Effective Management and Direction of Malpractice Insurers & Trusts seminar in Atlanta, sponsored by Tillinghast; $750. Mary Tschopp, Tillinghast Seminars, 1 Atlanta Plaza, 950 East Paces Ferry Road, Suite 1100, Atlanta, Ga. 30326-1119; 404-365-1600.

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The Datebook is compiled from notices sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. Please include the cost, if any, to attend the meeting and information on registration for interested readers. Business Insurance reserves the right to select meetings of most interest to its readers and cannot guarantee that notices will be printed.

INTERNATIONAL

Ruling may expand software firms' liability

By ADRIAN LADBURY

LONDON—U.K. computer software companies fear a recent High Court judgment overruling a commonly used contract clause limiting their liability has set a dangerous precedent and could cost them dearly in damages and increased insurance costs.

The case stems from a ruling in which a local government authority was awarded more than 1.3 million pounds ($2.1 million) for the failure of a software system to do the job it was installed to carry out. The judge found that the software company had used its financial muscle to force the local council to accept the terms against its wishes, and therefore voided a clause that limited the company's liability for software errors to 100,000 pounds ($157,900).

Equipped with this precedent, other local governments that have experienced similar problems with the tax collection system are considering taking similar legal action against the software company, International Computers Ltd.

Other software companies now fear that clauses limiting their liability to consumers for software errors could be threatened.

Some observers speculate the ruling also could be cited in any disputes over performance between large suppliers and small buyers.

And one leading broker specializing in professional liability insurance for software companies said the High Court ruling will likely spur the many under- or uninsured software companies to review their liability exposure.

High Court Justice Scott-Baker set the cat amongst the pigeons in his Oct. 3 ruling on *St. Albans City and District Council vs. International Computers Ltd.*

St. Albans Council bought the software program from ICL in 1989 to help it administer a new community charge, or poll tax. The system was installed to work out the population figures needed to calculate the cost of the new tax.

The new system calculated the council's population to be 97,385—2,966 lower than the actual figure, according to St. Albans' complaint. As a result, when the bills for the tax were sent out, the authority was underpaid by 1.17 million pounds ($1.8 million). With interest added, the authority's loss totaled 1.3 million pounds ($2.1 million)—which is the amount the judge awarded—plus legal costs.

The judge said that ICL's clause limiting its liability for software problems or errors to 100,000 pounds was contrary to the 1977 Unfair Contract Terms Act because it failed to satisfy the requirement of "reasonableness."

He said that the computer company had a much stronger bargaining position than the much smaller local authority and that it used the tight deadline that the authority was working against to force it to accept its terms, among

Continued on next page

Freedom for captives?

U.K. may ease rules to encourage onshore formations

By ADRIAN LADBURY

LONDON—The U.K. Department of Trade and Industry says it is making good progress in its ongoing effort to help U.K. businesses compete internationally.

At a forum organized by the London Insurance & Reinsurance Market Assn. last week, the DTI reported that it has asked U.K. risk managers to indicate which rules and regulations should be amended or introduced to help establish a viable onshore captive industry in the United Kingdom.

A DTI spokesman also told insurers and reinsurers he is hopeful that the November 1995 budget could allow U.K. insurers to set up tax-free catastrophe reserves, known as equalization reserves, to help cope with extraordinary losses beginning in 1996.

These two initiatives form part of a wider analysis that the DTI's insurance department started in May.

All DTI units are analyzing how it and other government departments can change and develop rules to help U.K. companies compete globally.

Michael Painter, on temporary "loan" to the insurance division of the DTI from broker Bowring Marsh & McLennan Ltd., said the DTI has asked the Assn. of Insurance & Risk Managers in Industry & Commerce for proposals on measures that could persuade U.K. corporations to set up their captive insurers in the United Kingdom rather than overseas domiciles.

The DTI hopes that if new rules can be introduced to make onshore captives attractive to British corporations, the flow of premiums to offshore captive centers like Dublin and the Channel Islands could be stemmed.

Alan Fleming, chief executive of AIRMIC, said he believes that many U.K. corporations would welcome the chance to stay onshore or bring their captives back to the United Kingdom if the conditions were right.

He said AIRMIC has no concrete proposals ready for the DTI yet, but it has identified three key initiatives that could help keep U.K. captives onshore:

- Less complex licensing requirements. Under current rules, an onshore captive would have to go through the same administrative process to set up as any other U.K. insurance company, even if it did not intend to write third-party business.
- Less onerous solvency rules. Onshore captives currently are subject to the same solvency requirements as other insurers. AIRMIC says that with parent company backing, solvency requirements should be more flexible.
- A less burdensome taxation system. The DTI says that captives should not be set up in the most tax-friendly system available, but AIRMIC recognizes that it would be helpful if the Treasury Department could allow them a more "friendly" fiscal system.

During the same meeting, Richard Hobbs, head of sponsorship and general policy in the DTI's insurance division, said he hopes regulations may be passed during the next session of Parliament, which would pave the way for equalization reserves in next year's November budget announcement.

Equalization reserves are tax-free reserves that insurers and reinsurers can use to smooth out results over time or to dampen peaks when catastrophes occur. Most major markets, including Germany, France and Japan, al-

Continued on next page

Russian actuary society is latest sign of revival for insurance markets

By ELENA KUDIMOVA

MOSCOW—Russian actuaries are joining a newly formed society to exchange experiences and information.

About 130 actuarial specialists last month formed the Actuary Society, which will, among other things, establish contact with foreign colleagues. The Actuary Society elected a board of directors, and a renowned mathematician—Albert Shiryayev from the Mathematics Institute in Moscow—was elected president of the society.

The 21-member board will focus on three key areas:

- Professional standards and rules.
- University courses on the actuarial sciences.
- Collection and distribution of professional information.

The Actuary Society plans to meet in Moscow once a month.

This is the first actuarial society since the Bolshevik Revolution in 1917. Before the Revolution, actuaries had established a society in Russia that was active since 1906.

The new Actuary Society is just one of the organizations developed in the past few years that reflects the growing insurance market in Russia.

"Russia is on the eve of an insurance boom," said Gennady Duvanov, president of the All-Russian Insurers' Union, a trade association.

Insurance is the second-most dynamic financial sector in the Russian economy today after the banking industry, said Anatoly Danilitzky, chief representative of Black Sea & Baltic General Insurance Co. Ltd. in London, a subsidiary of international insurer Ingosstrakh.

There are now about 3,000 insurance companies registered with the Russian Federal Insurance Supervisory Service, according to the insurance regulatory organization. The Insurance Supervisory

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AP/Wide World photo

Tourists wait at the Rembrandthius museum, site of two recent thefts.

Stolen Rembrandt is uninsured

AMSTERDAM, Netherlands—No insurance claim is expected following the theft of a Rembrandt from a national museum in the artist's house.

The stolen painting, "Bearded Man," which dates from 1647, is state property and not insured. The museum has not released the work's value.

Thieves entered the museum through a broken window sometime during the night of Oct. 8 or morning of Oct. 9. Police were at the scene within several minutes but the thieves had already fled, the museum said in a statement.

It was the second theft in the last several months at the artist's house, known as Rembrandthuis. On July 29, thieves took two paintings by a Rembrandt pupil, Pieter Lastman. Neither painting has been recovered.

The Rembrandt theft is the latest in a series of high-profile fine art thefts from Western European galleries and museums.

In July, two paintings by 19th century English landscape artist Joseph Turner, worth a total of $30 million, were stolen from a German museum.

Several months earlier, Norwegian painter Edvard Munch's famous work "The Scream" was stolen from an Oslo museum (*BI*, Feb. 21).

And, last November, several Picassos were among works worth a total of $60 million taken from a museum in Stockholm, Sweden (*BI*, Nov. 15, 1993).

Despite these thefts, though, fine art thefts generally have decreased as security measures have improved, said a Lloyd's of London fine art underwriter.

—By Maria Kielmas

Information sharing aims to boost trade in former East Bloc

By MARIA KIELMAS

The European Bank for Reconstruction and Development has signed a number of agreements with state export credit and political risk insurers to help promote investment in the former East Bloc countries.

The agreements aim to foster the exchange of information which may be helpful in either side's assessment of political and commercial risks.

The EBRD has signed agreements with the French state agency, Coface; the Swedish state agency, EKN; the Swiss and the Austrian governments and the Mexican foreign trade bank, Bancomex. Negotiations are under way with the credit insurers' international organization, the Berne Union, says John Hall, external finance adviser for the EBRD in London.

"We cooperate with the export credit agencies anyway, and this agreement sets a framework for cooperation," said Mr. Hall.

Aside from the the European and North American agreements, Mr. Hall says that the potential also exists for agreements with countries such as South Africa and Malaysia.

The agreement calls for consultation between the EBRD and the agencies at the preliminary stages of projects that the bank finances and the agencies guarantee and insure, such as commercial and political risk on medium and long-term credits, pre-credit risk, and political risks linked to investments. While respecting obligations of confidentiality, each party will give the other any information which might modify the risk assessment. BI

Software

Continued from previous page

other things.

"The plaintiffs were over a barrel," said the judge, noting that all five companies which tendered for the contract offered the same limits.

Justice Scott-Baker also said that the computer company failed to justify the 100,000 pound limit, which was "small both in relation to the potential risk and the actual loss."

The judge added that it was unreasonable for ICL to set a limit of 100,000 pounds because it has "ample resources to meet any liability" and, moreover, "at the time of the contract it had product liability coverage in an aggregate sum of 50 million pounds ($78.9 million) worldwide."

"On whom is it better that a loss of this size should fall—a local authority or an international computer company? The latter is well able to insure—and in this case was insured—and pass on the premium cost to the customers. If the loss is to fall the other way it will ultimately be borne by the local population by increased taxation or reduced services. I do not think it unreasonable that he who stands to make the profit (ICL) should carry the risk," the judge concluded.

Steve Rowe, managing director of ICL's local government and health division, said that the software company is considering an appeal. He said that ICL was one of five companies that bid for the contract and argued that each bid was based on a contract with limited liability clauses.

ICL refused to give further details of insurance coverage and whether it believed it would be covered under its product liability coverage or whether it had bought specific professional liability coverage.

"The judge's ruling and application of the Unfair Contract Terms Act must, therefore, have broad implications for the computer industry supplying local government," said Mr. Rowe. "As the terms and conditions limiting the liability will not bite unless they are deemed 'reasonable,' it appears from the judgment that when there is a case of a local authority in a contract with a large company, then limited liability will never be deemed reasonable," he said.

Mr. Rowe noted that since 1989 ICL has amended its standard terms and conditions so that its liability limit covers the value of the contract or 250,000 pounds ($394,750), whichever is lower. An ICL spokesman refused to say whether the limit would be dropped altogether as a result of the decision.

In a statement, ICL reported that it has more than 250 local authority clients for its tax collection software.

At least two other local government councils that are or were ICL customers confirmed they are considering legal action once the implications of this case are analyzed.

"No writs have been issued yet. We had problems and that's where it stands. We cannot say anything until we have had a chance to review the (St. Albans) case and the issues involved," said a spokesman for Reigate & Banstead District Council.

Some believe that the impact of the St. Albans decision may not be limited to software disputes with government clients.

"The question has not been tested in our industry yet and this decision is not what I would have expected. It could be a disaster for the computer industry," said Tony Tarquini, marketing manager of Mini Computers Commercial Systems Ltd., which provides computer systems for brokers.

Mr. Tarquini, whose company has a standard clause limiting its contractual liability to 1 million pounds ($1.6 million), says that the limit is essential for an industry that is so young and sells products and services that are so difficult to define.

"The limit is very important to the computer industry because we are still at an immature stage. . .This is the sort of decision that makes the blood run cold," he said.

Mr. Tarquini predicted that if the liability limits were repeatedly overruled, software companies could find the cost of liability insurance coverage increase and its availability diminished.

Michael Lovelady, the legal representative for St. Albans Council, said the case could have ramifications beyond software companies.

"This case certainly gives an indication of the way courts are viewing exclusion clauses. This ruling could also be relevant to any major equipment supplier where the supplier tries to limit its liability," said Mr. Lovelady.

One leading broker who specializes in arranging coverage for the computer software industry said that the judge's decision on the liability limits has understandably shaken software companies, but also said that the limitation clauses are something of a red herring.

Nicola Kohn, a director with Bain Hogg Professional Risk, arranges a professional indemnity insurance program for software companies in the London market. The program, led by Lloyd's of London syndicate 386/683 managed by Janson Green Ltd., is marketed through the Computer Services Assn., an association of software and related services companies.

Ms. Kohn estimates that of the CSA's 400 members, only about 30% buy professional indemnity coverage to protect themselves against liability from the failure of their software or consulting advice. Across the industry, she reckons only about 50% of software companies have such coverage.

Ms. Kohn said that for too long, too many software companies have failed to adequately cover their exposure to negligence claims because they believed the limitation clauses were watertight, that insurance coverage was too expensive or that they are covered by product liability coverage.

"Product liability coverage is no good at all. It only covers injury, not financial loss, so any company relying on their product liability coverage would have a large gap in their program," said Ms. Kohn.

"We constantly tell our clients that the limitation is the first line of defense but can easily be overlooked in a court of law, and it seems that this decision has verified that. I envisage that, following the decision, clients will increase coverage and I hope it will jog the memories of people who have not got the coverage because it's too expensive. If they have got any sense, they will buy it now. This is exactly what (professional indemnity) coverage is for," said Ms. Kohn. BI

Reserves

Continued from previous page

low their insurers to establish such reserves, but the U.K. government has traditionally been opposed to the use of equalization reserves.

The U.K. insurance and reinsurance industries and now risk managers have long argued that they need such reserves to compete, in the European market at least.

The government seems to have finally come around to their way of thinking.

Chancellor Kenneth Clarke announced the government's interest in developing rules for the reserves in last November's budget.

It is widely thought that the government would not be able to introduce the new measures without primary legislation because reinsurers are not covered by E.U. law, under which the rules could be introduced.

This normally would cause a long delay as Parliament currently has a legislative backlog of "four to five years," Mr. Hobbs said.

But the DTI spokesman said that "sleeves had been tugged" and that it is likely the necessary rules could be included within another, separate set of regulations scheduled for the next parliamentary session, which would enable the issue to effectively "jump the queue."

Robert McKibbin, a LIRMA council member and member of a joint working party set up to investigate the equalization reserves, said that if the DTI sticks to its latest—and most optimistic—timetable, insurers could start setting up the reserves on Jan. 1, 1996. The working party includes representatives of the DTI, Inland Revenue, Government Actuary Department, LIRMA and the ABI.

Robert McKibbin predicts insurers would only be allowed to set aside special reserves for certain 'jolt-prone' classes, such as property, proportional and non-proportional reinsurance, marine, aviation and mortgage indemnity and nuclear energy business.

Mr. McKibbin said that on the basis of latest proposals, the reserves would be: free of tax until they are actually called upon to smooth results, thus acting as a form of deferred taxation; treated as assets under E.U. solvency rules and therefore boost the solvency levels of U.K. insurers; and watched very closely by the U.K. Inland Revenue to ensure that insurers do not use them as an excuse to build up "war chests" for future acquisitions of other insurers.

Mr. McKibbin added that insurers would also only be allowed to set aside the special reserves for certain "jolt-prone" classes of business, such as property, proportional and non-proportional reinsurance, marine, aviation and mortgage indemnity and nuclear energy business.

AIRMIC's Mr. Fleming welcomed the news that the reserves may be on the law books by 1996.

However, he noted that risk managers are still concerned that casualty classes, especially more catastrophe-prone ones such as employers liability, will probably be excluded.

"I suspect it will just include traditional catastrophe business, so we will have to keep the pressure up," he said. BI

Russia

Continued from previous page

Service reports that it received 630 applications for insurance registration alone between April and June of 1994.

Gross premium volume in Russia reached $1.1 billion as of July 1, and the fastest-growing sector is short-term life insurance, according to the Insurance Supervisory Service. No commercial insurance data is available yet, according to the service, because Russian statistics for property insurance include both commercial and individual property.

As a result of the insurance boom, professional organizations are mushrooming. Among them are the Insurance Union of Russia, the Russian Assn. of Medical Insurance Cos. and the Moscow Assn. of Medical Insurance Cos. All are registered with the Insurance Supervisory Service.

However, Russia has a shortage of insurance professionals, stressed Mr. Danilitzky. That is why the European Commission has decided to finance a long-term program to train insurance experts in Russia. Between 1994 and 1998, special courses in insurance will be taught at several Russian universities, said Boris Novikov, first deputy head of the service.

Meanwhile, an insurance law currently being drafted may dramatically change the insurance business in Russia, said Valery Khaikin, president of Giva, a Russian-American insurance company. The proposed capital requirements are so high that only half of the 3,000 insurers will be able to continue underwriting.

It is expected that the new law will treat insurance premiums as a valid business expense, said Antonia Bullard, general manager of Giva. "That has been the main hindrance in the development of commercial property insurance in Russia," she said.

Russia's current law, the Insurance Law, prohibits businesses from accounting for insurance premiums as a business expense. The Insurance Law, though short and imperfect, is the only basic document administering the Russian insurance market.

There are indications that this is changing, however. In July, legislation was passed that allows the Russian gas industry to include commercial property insurance and employee life insurance premiums as a business expense in its 1994-1995 annual accounts.

Other businesses hope that the Russian government will allow them to treat premiums as an expenditure in the near future. BI

German dentists boycott patients to get paid

By DON LEWIS KIRK

Employees in Germany shouldn't hold their breath for a dental appointment.

With government funding for dentists expected to run out in November, some dentists are following German Dental Assn. President Horst Schirbort's call to refuse to treat non-emergency patients for the rest of the year.

A patient boycott, which has drawn massive protests from both the public and the German health insurance funds, would cover the nearly 90% of employees who are insured under the German health care system.

Dentists are angry about a 1992 health reform law that set overall budgets for dental services beginning last year. German dentists earn an average of 200,000 deutsche marks ($129,400) a year; salaries are expected to increase about 5% to 6% this year, better than the 2.9% increase last year but well below annual increases before the overall budgets were set.

Most dentists' salaries are paid by state-controlled insurance funds, which are financed by employee and employer contributions.

By the end of next month, the global budget for dentists' fees will be exhausted, said a spokesman for the German Sickness Fund Dental Assn.

"Budgeting is a foreign, planned economy method that does not belong in this country," he argued.

Growing numbers of dentists and new requirements for more preventive treatment have depleted the 1994 budget.

The German Sickness Fund Dental Assn. is demanding that the government remove its cap on spending. "In reality, the government is broke and is forcing labor from dentists," said the spokesman, who said 90% of dentists support the boycott.

Their actions do not sit well with the German government.

Saying dentist have overstepped their authority, Health Minister Horst Seehofer said dentists who observe the boycott run the risk of being fined and having their licenses revoked.

"We will protect the patients, if necessary with even stricter laws," Mr. Seehofer said.

"Dentists are only interested in more money and reducing health care for sickness fund patients to a minimum," said Mr. Seehofer. "I won't allow either."

Most dentists in Germany—49,000 out of a total of 72,000—are paid by the sickness funds. The government has set the 1994 budget for dentists at 16 billion deutsche marks ($10.35 billion), about half of the 30 billion deutsche marks ($19.41 billion) set for German doctors.

Mr. Seehofer has accused German dentists of intentionally using up their budget too quickly. Last May, a regional dental association called for dentists to support this strategy, he said.

Germany's dental costs are currently double the European average, Mr. Seehofer said. Overall, dentists earned 5% more this year than last, while overall wages and salaries grew by 3%. BI

INTERNATIONAL

Australia considers setting liability caps

Wave of lawsuits against professionals seen

By KATE TILLEY

CANBERRA, Australia—Australia's federal and state attorneys general will meet in November to consider their responses to two new reports on methods of limiting the liability exposures of auditors, accountants and other professionals.

Both are follow-ups to earlier studies into two proposed approaches: a statutory cap on liability and switching to proportionate, rather than joint and several, liability.

The attorneys general had requested more information about both proposals, explained Ian Govey, chairman of the federal government task force that prepared a report on liability caps.

Fueling a push to change the liability laws in Australia are a spate of negligence lawsuits against accounting firms and other professionals, including:

- A $3.1 billion Australian ($2.3 billion) claim filed in July against KPMG Peat Marwick by the state government of South Australia stemming from the collapse of the State Bank of South Australia.

KPMG Chairman John Harkness said the claim is "a cynical abuse of the legal system. Our professional indemnity policy is clearly regarded as a possible source of funds, when clearly we have no responsibility."

The case currently is before the Supreme Court in Adelaide, South Australia.

- A lawsuit filed by the South Australian government against Price Waterhouse, seeking for $1.1 billion Australian ($815 million) for allegedly negligent audit work conducted for Beneficial Finance Corp., a finance company operated by the State Bank of South Australia.

- A suit filed last month by the Melbourne-based Fosters Brewing Group, formerly Elders IXL Ltd., in the Supreme Court of Victoria against the partners of Price Waterhouse: Fosters Brewing alleges negligent auditing of its accounts and is seeking unspecified damages from the accounting firm.

Other professional targets of recent litigation in Australia include law firms and underwriters.

Actions in these latest suits could prompt additional increases in professional indemnity rates. Australian underwriters raised rates earlier this year after court decisions widened auditors' liability and KPMG Peat Marwick paid $136 million Australian ($100.8 million) to settle a State of Victoria suit over a failed bank (*BI*, Feb. 21; Jan. 4, 1993).

A High Court ruling this year also allowed liquidators to obtain information on auditors' and accountants' insurance policies, which underwriters say is increasing legal costs, and in turn, premiums (*BI*, April 4).

Accounting firms would prefer proportionate liability but would also support statutory caps, said Bill Small, chairman of both Price Waterhouse and a national accounting group, the National Joint Limitation of Liability Task Force.

He said there is little point to the current system that grants claimants the right to unlimited damages if professional indemnity insurance or assets are not available to meet them.

"Unlimited rights actually drive commercial insurers—who are the most certain source of funds to meet claims—out of the marketplace, severely limiting funds available for claimants not only in the mega-claim category but for the more modest ones as well," Mr. Small said.

A statutory cap on liability should be accompanied by a requirement to insure to the level of the cap, he said.

"Such a cap, set at a substantial level, would lead to insurers being able to assess risks more finitely than in the existing, open-ended circumstances, and it would attract them back to the professional indemnity market at more affordable price," Mr. Small predicted.

Already, Pacific Underwriting Agency Pty. Ltd. and other insurers have stopped writing professional indemnity coverage for the accounting firms that audit large public companies, though not for accounting firms with smaller clients.

'If we are serious about making the law fairer and cheaper for Australians, we must deal with the potential for arbitrary and unfair findings against professionals, such as auditors, under the current joint liability rules,' says Michael Lavarch.

Concern among accounting firms over large malpractice awards and rising insurance costs is what prompted Michael Lavarch, the federal attorney general, to ask for the second series of reports.

He agreed that the current laws should be changed but said he is awaiting the further reports before committing to any particular change.

"If we are serious about making the law fairer and cheaper for Australians, we must deal with the potential for arbitrary and unfair findings against professionals, such as auditors, under the current joint liability rules," Mr. Lavarch said.

Currently, a plaintiff can recover all damages from any party that contributed to its losses.

A major alternative is proportionate liability, in which defendants are liable only for the portion of loss for which they are responsible.

Mr. Lavarch has asked that the next stage of the report on proportionate liability include firm recommendations for possible law reform.

Professor Jim Davis, of the Australian National University in Canberra, heads a team that worked on the initial report on joint and several liability and is preparing the second report. He called for public submissions to be presented by Sept. 30. The submissions are to be included in the final report.

In his first report, Mr. Davis said that liability insurance is "not necessarily the most efficient way of dealing with financial losses" and is becoming increasingly expensive.

Judges have noted that joint and several liability may encourage litigation, he said. "A well-advised plaintiff will take proceedings against the person who has liability insurance adequate to meet the claim." BI

Credit Suisse moves to cover risk of liability to Maxwell pensioners

By ADRIAN LADBURY

LONDON—Defrauded pensioners of the publishing group formerly run by the late Robert Maxwell are taking further legal action to recover their losses, this time against Swiss bank Credit Suisse for 78 million pounds ($123.4 million).

Mirror Group Newspapers Pension Trustees Ltd. alleges that Credit Suisse should not have made a loan backed by pension fund assets.

But the Zurich-based bank hopes to avoid paying, even if the High Court judge finds it liable for the losses. Credit Suisse denies liability for a 50 million pound ($79.1 million) loan facility it granted to Mr. Maxwell in 1990 on the strength of Maxwell group pension assets.

In case Justice Lindsay decides otherwise, the bank has started contribution proceedings against San Francisco-based Bank of America. In a contribution action, one defendant asks the judge to order another defendant to pay part of an award.

Bank of America acted as custodian for the shares transferred to Credit Suisse. In January, Bank of America settled out of court with Mirror Group Newspapers Pension Trustees Ltd. for 25 million pounds ($39.6 million), without admitting liability for its role in the share transfer (*BI*, Jan. 10).

Rhobson Rhodes, the liquidators of Bishopsgate Investment Management Ltd., the managers of the Maxwell companies' pooled investment fund, claims damages of about 26 million pounds ($41.1 million). Mirror Group Newspapers Pension Trustees claim 58 million pounds ($91.8 million) in damages in a suit they began against Credit Suisse in June 1992, regarding the same loan.

The Mirror Group pensioners have been the most successful group of Maxwell pensioners in recovering their share of an estimated 450 million pounds ($711 million) in plan assets lost to Mr. Maxwell's illegal deals. They have recovered more than 150 million pounds ($237 million) to date (*BI*, May 9). BI

French looking abroad

French insurers are expanding their overseas holdings

By ALINE SULLIVAN

French insurers are expanding in Europe and the United States through new acquisitions and by increasing their shareholdings in other companies.

L'Union des Assurances de Paris, for example, which is France's largest insurer, has agreed to buy Britain's Provincial Insurance P.L.C. for an undisclosed sum.

Separately, UAP has increased its stake in German insurer Colonia Versicherung A.G., while rival French insurer Paris-based Groupe Axa is boosting its stake in The Equitable Life Cos. Inc., a U.S. life insurance company. Both moves were part of earlier purchase agreements.

But stock market analysts warn that French insurers' capital has been severely weakened by their exposure to troubled real estate and banking sectors. Further acquisitions could place too much of a strain on the companies' resources, analysts say.

"The war chests are now empty," said Michael Wheelhouse, insurance analyst at Nomura Research in London.

"The French companies have spent almost all their free capital on acquisitions. If they are planning to make any more, they will need to look at the financing very carefully," according to Mr. Wheelhouse.

UAP's purchase of Provincial Insurance, Britain's 15th-largest general insurance company, cost about 260 million pounds ($411.1 million), analysts estimate. The deal will be finalized in November.

Provincial, which is based in Kendal, England, reported a pretax profit of 31.8 million pounds ($50.3 million) in 1993.

UAP General Controller Jacques-Henri Gougenheim said the acquisition was part of a plan to develop the company's European network.

A spokesman for the company declined to comment on any further expansion plans.

Provincial owns Prospero, a direct sales insurance company that sells home and auto insurance by telephone. UAP said it will make no changes to Provincial's name or its staff.

UAP had been widely expected to bid for British composite insurer Guardian Royal Exchange Assurance P.L.C. earlier this year. Analysts said a bid by the French company for Guardian Royal or any other British insurer is unlikely following the acquisition of Provincial.

"UAP has been courting Provincial for years," said Michael Huttner, insurance analyst at Barclays de Zoete Wedd in London. "It knows that direct line business is the way to go. But it requires a lot of capital to run a direct line operation."

'The French have spent almost all their free capital on acquisitions,' says Michael Wheelhouse.

Also last month, UAP increased its stake in German insurer Colonia by 11.7% to 61% by buying shares from German investment bank Sal Oppenheim. The 1.2 billion deutsche marks ($775.9 million) share purchase was part of a plan agreed earlier this year between UAP and French financial group Cie. de Suez (*BI*, Oct. 11, 1993).

These deals should be the last by French insurance companies for some time, according to analysts. UAP and rival French insurers Assurances Generales de France and Groupe des Assurances Nationales have, in addition to their core insurance businesses, substantial interests in the troubled French real estate and banking sectors. Moreover, UAP reported first-half profits for 1994 fell 22% to 853 million French francs ($156.8 million).

GAN in particular is burdened by real estate losses at its 80%-owned retail banking subsidiary, Credit Industriel & Commercial. Complexities in the structure of GAN and CIC must be reformed by new legislation before the insurer can raise new funds by sales of its shares to the public (*BI*, June 7, 1993; April 19, 1993).

"The situation in these markets is very unhappy," said Mr. Huttner. "The French insurers simply don't have the money to expand any further."

Axa may be the exception. The company announced on Sept. 28 plans to raise its stake in U.S. life insurer, The Equitable Cos. Inc., to 60.1% by the end of this year from the current 49%, giving it a controlling stake.

The announcement followed the expiration on Sept. 19 of an earlier deal between the two companies that limited Axa's stake to 49% of Equitable. Axa paid $600 million for that stake in 1992 when Equitable faced collapse due to the poor performance of U.S. real estate and junk bond investments.

Axa's current 49% stake is worth about $1.4 billion, analysts said, thanks to substantial capital injections by Axa and to Equitable's strong growth in the U.S. variable life and annuities market.

Axa could raise up to $1 billion if it sold Equitable's New York investment bank subsidiary Donaldson, Lufkin & Jenrette Inc., said Mr. Wheelhouse.

"I am sure that Axa could find use for this money in Europe or possibly the Far East," said Mr. Wheelhouse. "It could certainly expand its presence in Italy. Axa has been in talks with (Italian insurer) Fondiaria Group."

Axa currently has a 1.5% share of the Italian insurance market, he said.

Axa in August signed a letter of intent to acquire Montreal-based insurer Boreal Assurances Inc. for $161 million Canadian ($119.6 million), from Cie. de Suez and UAP, according to A.M. Best Co. The property/casualty insurer will be merged with Axa's existing Canadian subsidiary. BI

Banks see premiums fall on most common policies

By SARA MARLEY

The price of financial institution bonds dropped for many banks in 1993 and was expected to be even lower in 1994, according to a new survey of the nation's banks.

The Bank Insurance Survey Report, released this month by the American Bankers Assn., reports the percentage of banks reporting decreases in 1993 premiums for the bonds ranged from 44.4% of the smallest banks—community banks with less than $100 million in assets—to 92.3% of the largest banks—bank holding companies with assets of more than $20 billion.

Financial institution bonds—also commonly known as bankers blanket bonds—insure banks against losses from employee dishonesty, burglary, robbery, larceny, misplacement, forgery and other perils.

One-fifth of the smallest institutions also anticipated a decrease in 1994, while 11.1% of large banks—those with assets of $5 billion to $20 billion—expected further declines in premiums, the ABA survey found.

Although a majority of the largest banks saw lower financial institution bond premiums, as a group they had the smallest decreases, with 7.6% being the median decline in 1993 premiums.

Among all sizes of banks, the median 1993 decreases in premiums ranged from 17% at the smallest banks to 20% at banks with $5 billion to $20 billion in assets, the survey reported.

Lower premiums generally were not as widespread for bank's directors and officers liability insurance coverage in 1993, the ABA survey found. The exception was the largest banks, where two-thirds of institutions reported lower D&O premiums last year, with a median decrease of 11%.

The frequency of decreased D&O premiums ranged from 33.3% at banks with $5 billion to $20 billion in assets, to 47.2% at banks with $100 million to $250 million in assets. Median D&O premium reductions ranged from 10% to 15%.

Premium decreases outstripped increases in general liability insurance for banks of all sizes, the survey found.

Financial institution bonds and directors and officers liability coverage are the two insurance policies most banks are likely to purchase, regardless of size, the survey found.

At banks with less than $100 million in assets, 97% purchased bonds and 82.2% purchased D&O, while all of the banks with $20 billion and more in assets purchased these coverages.

Not surprisingly, with more sophisticated risks, the likelihood of purchasing insurance coverage increased with a bank's size.

For example, half of all large banks bought all-risk policies to cover the transit of securities in 1993, while only 1% of the smallest banks did.

Bankers professional liability insurance coverage was purchased by 28.6% of the largest banks, though only 5.7% of the smallest banks bought it.

Even the smallest banks, though, are purchasing some types of electronic and computer crime coverage as riders to their financial institution bonds, the survey found.

More than 40% of banks with less than $100 million in assets purchased coverage for electronic fund transfers, while 25% bought bank proprietary systems and software programmers and consultants coverage. More than 17% purchased coverage for their automatic teller machines.

The survey includes the responses of 323 institutions.

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The ABA Bank Insurance Survey Report is available for $75 to members and $115 for non-members from the ABA Customer Service Center at 800-338-0626 between 8:45 a.m. and 5 p.m. EST.

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Business Insurance Circulation Breakdown

Commercial Consumers

Administrative:	
CEO's, Presidents, and Owners,	2,528
Vice Presidents, General Managers and Other Administrative Personnel	4,118
Financial	
Chief Financial Officers and Vice Presidents of Finance	2,171
Secretaries, Treasurers, controllers and other Financial Personnel	3,335
Risk/Employee Benefits:	
Vice Presidents, Directors, Managers, and other realted department personnel of: insurance, risk employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations	16,157
Sub-total	**28,309**
Associations	369
Government, Unions and Educational Institutions	974
Commercial Consumers Sub-total	**29,652**
Insurance Agents and Brokers	8,408
Insurance Companies	8,181
Accountants, Actuaries, Attorneys & Consultants	3,611
Managers & Health Care Providers	1,903
Others Allied to the Field	849
TOTAL	**52,604**

★ Source Business/Occupational breakdown of qualified circulation, May 30, 1994 Issue, as submitted to BPA for June 1994 BPA Publisher's Statement.

WPPSS

Continued from page 2

state utility association, several utility employees who served as directors of WPPSS and a related committee.

As part of a larger settlement of the bondholder litigation, the utility directors assigned percentages of their liability insurance to the bondholders and the utilities. The utilities then negotiated a separate settlement under which they would pay the bondholders more than $90 million in exchange for the bondholders' part of the insurance assignments.

Thus, the bondholders were relieved of the burden of collecting from numerous excess insurers.

The insurance, arranged by the utility association, included primary policies issued by Transcontinental Insurance Co., a unit of CNA Insurance Cos., with limits of $500,000 excess of a $500,000 self-insured retention in the 1981-82 policy year, and $19.5 million excess of the retention in the 1982-83 year, according to court papers.

Transcontinental provided comprehensive general liability coverage with an endorsement adding coverage for errors and omissions of the utility association's directors, officers and employees.

The association also arranged following form excess coverage with several insurers, including International, which wrote a $3 million layer in 1981, and Industrial Underwriters, which wrote a $10 million layer in 1982.

The utility districts sued several excess insurers in Washington state court in 1989 for coverage of the directors' settlements. All except International and Industrial Underwriters settled before trial, and a trial court in 1992 and 1993 entered judgments following a jury verdict against the two insurers.

In its Oct. 6 ruling, the state Supreme Court unanimously affirmed most of the lower court rulings, finding the two insurers liable for $13 million in policy limits and $6.5 million in pre-judgment interest.

The high court rejected a number of the insurers' arguments, including:

- The International policy did not include the errors and omissions endorsement. The state high court noted that the policy was intended to follow the form of the underlying Transcontinental policy, and that International could have expressly excluded the E&O coverage.
- The assignments of proceeds breached a "no assignment" provision in the policies. The Washington Supreme Court noted that the assignments occurred long after the events giving rise to liability and after the case had been litigated in federal court.

"In such a situation, the identity of the party holding the insurance rights cannot increase the insurers' risk and to this extent is irrelevant," the court found.

- The settlement with the WPPSS bondholders is not enforceable against the insurers because it was reached without their consent.

While this admittedly violated terms of the policies, the Washington Supreme Court concurred that the two insurers "were not prejudiced by the settlement without their consent, given the enormity of the overall liability. . .the relatively small portion covered by the defendants' policies, and the fact that the court-supervised settlement was found to be fair and reasonable."

- The utilities knew they faced potential liabilities from the termination of the nuclear reactor projects when they bought the Industrial Underwriters policy, and thus should be barred from recovering under the policy.

Industrial Underwriters argued that the trial judge gave the jury too narrow a definition of the "known risk" defense when he instructed that it applies only if the utilities knew of a substantial probability that they would be sued.

The jury should have been told that the defense applied if the utilities knew of any possible lawsuits or losses related to the termination, Industrial Underwriters maintained.

But the state high court said, "The knowledge that some loss may occur in the future is the driving force behind the purchase of insurance."

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Public Utility District No. 1 of Klickitat County et al. vs. International Insurance Co., Supreme Court of Washington; Nos. 59944-1, 60237-9, Oct. 6, 1994.

Bonds

Continued from page 1

matically in the early 1980s, by contrast, the increases were coming on top of rates that were already historically high. And with their bonds still producing relatively high yields, the impact on insurers was not as great then as it is today.

Some observers downplay the impact of the slumping bond market on insurance companies.

"I haven't noticed that it's made a huge difference," said Brian Rothwell, marketing director for reinsurance broker E.W. Payne Ltd. in London. "Here in the U.K., the big news at the moment is that the industry results are improving and the share prices are improving as well."

"None of our clients has commented to me that it's a significant issue," Mr. Rothwell said.

Other experts say that the impact is only an accounting matter, limited to insurer statements based on generally accepted accounting principles.

"On a statutory basis, any movements in their bond portfolios don't affect their capital base," said Alan Levin, managing director at Standard & Poor's Corp. in New York.

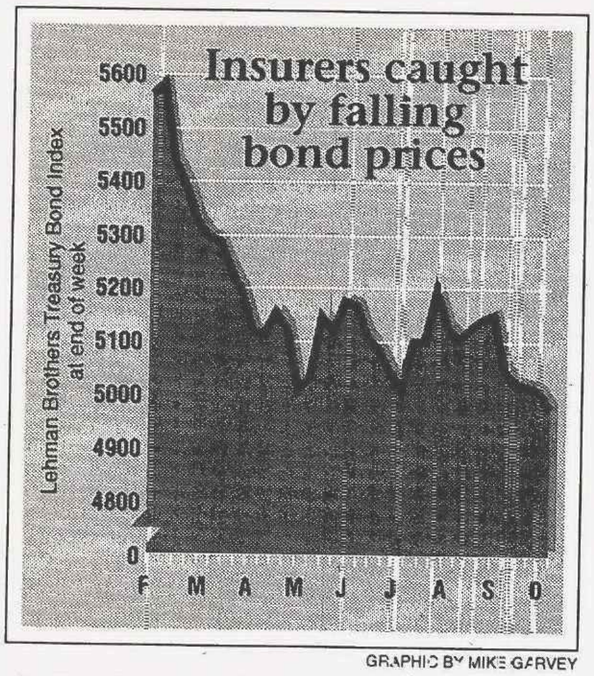
"Most of the property and casualty industry, especially the reinsurers, have pretty strong capital bases these days," he said.

Bonds have proved a more attractive security to insurers than investments like real estate. But bonds carry their own risks. "There's no such thing as a perfect asset," Mr. Levin said. "Fixed-income securities have interest rate risk."

At least one very important group has weighed in with its opinion on those risks: investors.

"The stock market has penalized insurance stocks heavily for the downturn in the bond market," said Michael A. Smith, senior vp at Lehman Brothers in New York.

About 80 insurance and reinsurance stocks tracked by *Business Insurance* are off 1.6% so far this year, compared with a 3.2% average increase for the Dow Jones Industrial Average.



GRAPHIC BY MIKE GARVEY

Despite steady earnings across the board for the third quarter, the bond market downturn will hurt insurance companies' book values, and consequently their appeal to Wall Street.

"Insurance stocks tend to trade on a value-to-book basis, so even if their earnings are good, guess what—their stocks go down," said Mr. Smith.

"While the accounting adjustment does not strictly affect statutory capital, the weakness in the bond market is going to have a definite impact on insurance companies' ability to raise capital in this environment," Mr. Smith said. "In the near term, on Sept. 30, it has no impact. But in the long run, next year it will be hard for them to raise new capital."

Paul Malvasio, chief financial officer of NAC Reinsurance Corp., Greenwich, Conn., agreed that capital markets will not be very receptive to insurers, at least for some time.

"The stock market's sort of a funny beast," Mr. Malvasio said. "There never seems to be a balance. The pendulum seems to swing one way or another. You'll see the money come back into the sector and you'll see stock prices start to improve if people start to anticipate that there's going to be a cycle change."

Today insurer responses to the bond market downturn are more restricted than they were in years past.

Financial Accounting Standard 115 now requires insurers to list at market value any securities that might be sold before maturity, so some may place more bonds in the "held to maturity" category, where they can report the securities' value at cost.

"The downside of that is when they do that they eliminate themselves from all management of those securities," said Lehman Brothers' Mr. Smith. "And God help the man who sells something that's been designated 'held to maturity.'"

Doing so would subject the insurer to Securities and Exchange Commission penalties, Mr. Smith said. To date, much of the motivation for insurance companies to designate most of their bonds as "available for sale" has been to keep SEC auditors out of their offices, he added.

Noting that there's more volatility associated with bonds with longer maturities, S&P's Mr. Levin suggested that some companies, particularly reinsurers, have tried to adjust their portfolios to include more short-term bonds to reduce that risk.

"Reinsurance companies are pretty savvy individuals and they've shortened up their maturities considerably," he said.

But Federated's Mr. Ostrowski doesn't believe insurance companies should be doing too much adjusting.

"We would say really you've come through the worst of the pain on this so really this is not the time that companies should be shortening the duration of their portfolios unless that matches up for them on the liability side," he said.

"I think you have to kind of take the long-term view," Mr. Ostrowski said. "Rates had come down for so long that a lot of people probably made a decent amount of money on their investment portfolios."

Now he believes most of the bigger insurance companies are basically taking their lumps and moving on.

Smaller and midsize companies, meanwhile, "are kind of re-evaluating some controls in their portfolio process," he said, limiting their exposure to derivatives and classes of fixed-income securities that are more sensitive to changing interest rates. BI

Saving

Continued from page 1

contributions significantly exceed those of lower-paid workers, a 401(k) plan could run afoul of Internal Revenue Service non-discrimination tests.

Indeed, 29% of employers said they had to make some type of adjustment—typically limiting highly compensated employees' salary deferrals—to enable their 401(k) plan to pass the tests.

Another reason is that if employees do not participate or make only small contributions to savings plans, they may lack adequate financial resources when they retire, especially if they are not covered by a defined benefit plan.

The most common step toward making savings plans more attractive to employees—taken by 72% of employers over the last two years—is adding a new investment option.

On average, employers now offer 5.2 investment options, up from 4.8 options a year ago. Among these options are guaranteed investment contracts, equity funds, bond funds, money market funds and company stock.

In addition, 25% of employers during the last two years began valuing account balances more frequently; 16% sweetened their matching contribution; 12% added an employee loan feature; and 12% eased eligibility requirements.

Employees appreciate the efforts to make retirement saving more appealing, says Brian Ternoey, a Foster Higgins principal in Princeton, N.J.

"Savings plans are highly visible and popular," explained Mr. Ternoey.

Technological advances are allowing employers to improve their retirement savings plans in other ways.

For example, 33% of employers now allow employees to transfer

'Savings plans are highly visible and popular,' says Brian Ternoey, a Foster Higgins principal.

funds daily from one investment option to another. That's up from 28% allowing such frequent transfers a year ago and just 13% in 1992.

A key reason for this is the growing affordability of interactive voice technology, which makes fund transfers as easy as pressing buttons on the phone.

Interactive voice systems, which run anywhere from $5,000 to more than $100,000, cost about one-quarter of what they did five years ago, Mr. Ternoey said.

Thirty-five percent of surveyed employers now use interactive voice technology systems, up from 27% in 1993. Another 19% plan to install such a system within the next two years.

Almost all employers with interactive voice systems say they are used for answering general inquiries about the savings plan, while 78% allow the systems to be used for investment transfers. Most systems—75%—give employees the option to exit and speak with a live operator.

Other survey findings include:

- Seventy-five percent of eligible non-highly compensated employees participated in their savings plan, compared with 89% of eligible highly compensated employees.
- On average, non-highly compensated employees deferred 5.3% of salary to 401(k) plans, compared with 6.3% for highly compensated employees.
- Eighty-three percent of employers match employee contributions.

The highest percent of employers—42%—match 50% of employees' contributions, while 18% match employee contributions dollar for dollar and 9% match between 50% and 99% of employee contributions.

- Of savings plan assets, 30% are invested in equity funds, while 27% are invested in GICs and 12% are invested in balanced funds. Ten percent of plan assets are invested in company stock, 9% in money market funds and 6% each in bond or other funds.
- The average rate of return on GIC funds in 1993 was 6.8%, down from 7.5% in 1992.
- More employers expect to add non-qualified supplemental employer pension plans, principally in response to a 1993 law that cut to $150,000 from $238,450 the amount of employee compensation employers can consider in calculating pension benefits and making contributions to savings plan.

While 44% of employers said they maintain a SERP, 6% say they will soon add a SERP, while 20% are considering offering one.

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Copies of the "Survey on Employee Savings Plans" are available from Lisa Gilleeny, A. Foster Higgins & Co. Inc., 125 Broad St., New York, N.Y. 10004; 212-574-9025. The cost is $150.

Ameritech

Continued from page 2

may not feel comfortable" and may feel that if there's a decent opportunity to get out they should take it, speculated Fred Schick, a managing consultant at benefit consultant Sedgwick Noble Lowndes in Chicago.

Although many more workers are retiring early than was anticipated, "we're not expecting to wholesale replace large groups of people," stated Tim Meginnes, manager of benefit finance for Ameritech.

Instead, a spokesman said, Ameritech plans to hire workers as needed for growth in its cellular and video network business. The 10,000 workers who accepted Ameritech's offer will leave the company in either June 1995 or August 1995, depending on their union contract.

In addition to the pension enhancements, Ameritech offered some workers an extension of company-paid benefits for several months after leaving, a cash payment based on years of service or tuition aid.

Also, union members receive retiree medical coverage; now all those accepting Ameritech's early retirement offer will be eligible for the retiree medical coverage, he said.

Having 10,000 workers leave rather than 6,000 is a "good news story," he said. "We're happy that employees found the offer to be fair." BI

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B. Paid and/or requested Circulation		
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C. Total Paid and/or Requested Circulation (sum of 15B(1) and 15B(2)	34,079	33,512
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17. I certify that the statements made by me above are correct and complete.

K.E. Crain
Vice-Chairman

Documents

Continued from page 1

Not only could the arrangement reduce insurers' litigation costs, but ultimately some observers think it also could give them a decided advantage in their long-standing fight with policyholders over coverage for cleaning up the nation's toxic waste sites.

The lawyers representing insurers named in both suits came up with the idea for Joint Defense Data after realizing how daunting a task they were facing.

The suits, both of which were filed in Los Angeles Superior Court earlier this decade, name insurers that allegedly issued policies dating back as far as the 1920s on various production, storage and distribution sites throughout the United States and, in some cases, offshore.

Usually in complex coverage cases with multiple defense attorneys, the most technologically advanced law firm assumes the responsibility of establishing a central data bank. That involves:

- Imaging, which is a process of scanning a document for automatic entry into data bases.
- Coding the documents for retrieval.
- Distributing documents to the appropriate attorneys.
- Storing documents.

That law firm passes on to clients the costs unrelated to overhead and bills the other firms for their share of the expenses.

But none of the law firms involved in the Texaco and ARCO cases wanted its insurance company clients to bear more than their share of this daunting task, according to James D. Otto, a partner with Cummins & White in Los Angeles.

And none of the firms wanted to be left out in the cold if the single firm running the data bank settled before a trial, said Mark Wood, a partner with O'Melveny & Meyers in Los Angeles.

For that reason, "we wanted a separate company, not one that was part of a law firm," he said.

A steering committee was appointed to develop the repository, which is managed and owned by the shareholders of Rager Bell Doskocil & Meyer, an accounting firm in Gardena, Calif., that was already handling trust funds for several of the defendants.

Joint Defense Data is designed not to make a profit but to save money for the insurer defendants.

"And the sole purpose of JDDI is to support the defense of these cases, and accordingly, their services are not available to third parties or the public or anyone who requests them," said Mr. Wood. "It's not a public library."

Of course, most massive tort cases require large data bases. What's new in this case is creating a data management firm as a separate entity managed by a third party. The firm hires its own staff at a cost lower than paralegals in law firms, leases office space and owns its own equipment.

JDDI bills each of the law firms monthly for its management services, apportioning expenses according to a formula agreed to by the insurers early in the litigation. Firms also pay wholesale rates for copying and other ancillary services provided by JDDI.

It's still too early in the litigation to calculate the exact savings JDDI is generating for its users, its founders say. But a comparison of some litigation-related costs show what kind of economies of scale a centralized system can produce.

For example, a single copy of a deposition obtained from a court reporter would cost about $2 per page; through the JDDI, it's 4.5 cents per page.

And JDDI transcripts are printed in smaller type using both sides of the paper and are available on computer disk. This reduces the time and expense associated with document retrieval.

"I can carry several transcripts without taking several suitcases, along with not killing 20 trees," quipped Cummins & White's Mr. Otto.

There were three driving reasons behind the formation of JDDI:

- None of the law firms wanted to try "to fairly allocate among the parties the burden of administering the various functions and costs which otherwise generally fell on the lead firm or its clients," according to Mr. Otto.
- None of the law firms wanted to assume liabilities associated with creating and managing the data bank.

"This presented no problem for us," said Philip L. Meyer, vp of Rager Bell. "We were willing to accept these responsibilities, because we managed them on a daily basis in other areas."

- Creating separate data bases at each of the firms involved in the coverage disputes would have been too expensive.

While about 65% of all Superfund transaction costs are for legal work, insurers pay even more for legal services involving coverage for sites on the National Priority List.

Transaction costs amounted to $880 million, or 88% of the $1 billion spent by insurers between 1986 and 1989 defending Superfund coverage suits, according to a RAND Corp. study (*BI*, Nov. 8, 1993).

Excessive litigation costs were the primary target of President Clinton's Superfund reauthorization legislation, which never reached a vote in Congress this year. Congress is expected to take up the bill again next year.

The same cost-sharing and centralized litigation support could be used for other complex litigation, such as massive product liability actions like the breast implant litigation.

"Instead of reinventing the wheel, it pays to have litigation support capacity experienced in this kind of work," said O'Melveny & Meyer's Mr. Wood.

"It clearly avoids the scenario of starting from scratch," agreed William F. Greaney, a partner at Covington & Burling in Washington. In many complex cases, "it takes six months to decide on what kind of data base they're going to use."

While JDDI was developed primarily for use by the insurer defendants, it could be advantageous for policyholders as well, Mr. Greaney said.

"From a policyholder perspective, we want the case to get down to trial as quickly as possible to get the coverage we paid our premiums for," he said.

However, Mr. Greaney warned that the insurers should be careful how they use the information culled by JDDI or it could backfire, leading to more—rather than less—legal fees.

Insurers using JDDI could be exposing themselves to bad faith allegations if it appears they "conspired to establish a generic data base around the purpose of pursuing theories of non-recovery that have the potential of increasing policyholder liability in the underlying litigation," he said.

"If it facilitates the presentation that the policyholders are criminals, it will give us a whole new array of potential extra-contractual theories to pursue in the next round of litigation," Mr. Greaney said. BI

For the Record

Navistar taking charge to cover cleanup costs

CHICAGO—Navistar International Corp. will take a $20 million aftertax charge to discontinued operations for the fourth quarter for cleanup liabilities at a former Wisconsin Steel site in Chicago and a site in San Diego.

Navistar said it could not yet reveal whether its insurance coverage would apply to cleanup of the Wisconsin Steel land, which is now controlled by the federal government.

Navistar said the payment will enable it to avoid being sued.

Wisconsin Steel was a unit of International Harvester, Navistar's predecessor company, and was sold to Envirodyne Industries Inc. in 1977.

The government assumed primary ownership of the 176-acre industrial site in 1980 when the Envirodyne subsidiary declared bankruptcy, and the property has been unused since.

Under the deal, Navistar will acquire the property from the government, investigate the site and do any cleanup that may be needed.

It also will reimburse the government $11 million for cleanup work and site investigations that already have been done, and for costs associated with the government's ownership of the property.

The agreement is subject to federal Department of Justice approval.

The site located in San Diego is still used by Solar Turbines Inc., which International Harvester ran until its 1981 sale to Caterpillar.

New harassment law includes professionals

SACRAMENTO, Calif.—A California law that takes effect Jan. 1 allows sexual harassment victims to sue if the violation occurs as part of a client-professional relationship, such as dealings with insurance agents, doctors and attorneys, among other professionals.

A spokesman for State Sen. Tom Hayden, D-Santa Monica, who authored S.B. 612, said it is the first California sexual harassment law addressing violations occurring in everyday professional relationships, rather than just employment.

Yet representatives for several professional associations said the law, which Gov. Pete Wilson signed this month, will have little impact because workplace sexual harassment suits have already raised society's level of concern and awareness.

"We have done a lot of education on sexual harassment and the law," said a spokesman for the California Medical Assn. in Sacramento. "That's why we took a neutral position on the bill. We felt it was not a major issue for where we are."

Steve Young, staff counsel for the Independent Insurance Agents & Brokers of California in San Francisco, said the statute does not change the liability insurance agents already face.

"But I do think the exposure is considerable," he said. "I think most agents are not fully aware of, or prepared for, that liability."

Under the law, a professional who makes sexual advances, solicitations or demands can be sued and ordered to pay up to $25,000 in civil penalties.

But the bill contains specific criteria in attempts to eliminate frivolous lawsuits, said Duane Peterson, Sen. Hayden's chief of staff. The victim must be involved in a financial relationship with the defendant and advancements must be unwelcome and persistent. Getting out of the financial relationship must result in financial harm or physical danger.

Garamendi approves workers comp regs

SACRAMENTO, Calif.—California Insurance Commissioner John Garamendi has approved regulations for workers compensation insurers to operate under once the state's minimum rate law is repealed in January.

Insurers will be required to file proposed new rates with the Department of Insurance 30 days before they are put to use. The department can reject those rates if it considers the company's solvency questionable, if the company engages in rate discrimination or if the rates appear to be artificially low, allowing the insurer to form a monopoly in more than 20% of the market.

Three new captives formed in Hawaii

HONOLULU—Hawaii's popularity as a captive domicile is growing.

Three new captives began operations there this summer, and others are seeking state authorization and/or negotiating formation with management firms, according to captive managers and the Hawaii Department of Insurance.

There are now 39 captives in the state, up from 34 at the end of 1993 and 28 at year-end 1992 (*BI*, April 18).

Peer Insurance Risk Retention Corp. received its authorization July 1 and began writing policies on the same date, said Sherman Hee, president of Hawaii Captive Insurance Management Inc. in Honolulu, which provides management services for the risk retention group. The risk retention group is owned by more than 60 Southern California oral surgeons operating under the name California Peer Assn.

The risk retention group provides professional liability coverage with limits of $1 million for each member, Mr. Hee said. Reinsurance is provided by underwriters at Lloyd's of London and Sphere Drake Underwriting Management (Bermuda) Ltd.

Initial capital for the risk retention group was $3 million, Insurance Department records say.

Sea Eagle Insurance Co. Inc. is a pure captive that obtained its certificate of authority on June 29, said Gordon Nishiki, an insurance program specialist and member of a captive task force for the Department of Insurance.

Sea Eagle's parent company is Ultramar Corp., a petroleum refining and marketing company in Greenwich, Conn. Sea Eagle provides workers compensation coverage and a wide range of liability insurance including general, auto, excess, marine, cargo and property, Mr. Nishiki said.

Management for Sea Eagle is provided by M&M Insurance Management Service Inc., a unit of Marsh & McLennan Cos. Inc.

Health Providers Mutual Insurance Co. Inc. received its authorization on June 28 and began issuing policies July 1, Mr. Nishiki said.

The risk retention group provides excess liability coverage for 24 district and county hospitals in California. Health Providers' initial capital was $4 million. Management services are provided by M&M Insurance Management Services in Honolulu. Reinsurance is from Employers Reinsurance Corp. of Overland Park, Kan.

Health Providers was organized under the direction of Program Beta, a Northern California joint powers authority.

Information in brief

Hurricane Andrew helped push property/casualty **guaranty fund assessments** to $478 million in 1993 from $361 million a year earlier, according to the Alliance of American Insurers. Guaranty funds actually spent $805 million in 1993 but prior years' assessments added to the 1993 charges met guaranty fund obligations, the Alliance found. . . . **Life insurers** should be required to keep records of customer complaints and report them to state regulators as part of an effort to combat misleading sales practices, Pennsylvania's insurance commissioner told a House panel late last month. Cynthia M. Maleski also told the House Subcommittee on Commerce, Consumer Protection and Competitiveness that legislation pending in Pennsylvania would increase civil penalties against insurers that misrepresent their products. . . . The **Pension Benefit Guaranty Corp.** is taking over the pension plan that covers 530 former employees—including 150 retirees—of United Press International. The plan, with assets of $8.8 million and liabilities of $17.8 billion, covers UPI staff other than reporters, who are covered under the United Press International Guild Employees' Retirement Plan. That plan is also underfunded, with assets of $17 million and liabilities of $19.7 million. UPI filed for bankruptcy in 1991 and a year later, all of the syndicate's assets were sold. PBGC has established the date of the sale—June 27, 1992—as the date of the plan termination. . . . **Amoco Corp.** would not say whether it had insurance for the $85 million a federal judge in Wilmington, Del., recently ordered it to pay Mobil Corp. for interest and royalties in a patent infringement suit related to the use of a proprietary Mobil catalyst in the refining process. . . . **Unione Italiana Reinsurance International Ltd.**, a new Guernsey-based unit of Unione Italiana di Riassicurazioni S.p.A., has initial authorized share capital of $50 million and issued share capital of $30 million. . . . **American Re-Insurance Co.** is opening a new representative office in Beijing, making the Princeton, N.J.-based company the first professional reinsurer to do so. . . . A U.K. jury found that Michael Heseltine, secretary of state for trade and industry, did not fail to protect 2,000 London schoolchildren who sued, alleging that **electromagnetic fields from power lines** the minister had allowed to be laid near their homes and schools would harm their health (*BI*, Sept. 12). . . . **Work-related deaths** in Alaska declined by 38% in 1993, according to the Alaska Department of Labor. Occupational fatalities in the state fell to 66 last year from 91 in 1992. The largest decline occurred in the commercial fishing industry, where deaths fell to 23 in 1993 from 35 the year before. BI

Antitrust

Continued from previous page

lic and private risk management, and $5.2 million of which will be used to create a public entity insurance data bank. The rest will go for plaintiffs' legal costs.

Risk managers, though, were generally disinterested in the settlement.

"With respect to all that's going on in the regulatory front that more directly affects what we do day to day, the antitrust case was a low priority issue for the average risk manager," said Chris Mandel, director-worldwide risk management for KFC Corp. in Louisville, Ky., and chairman of the government affairs committee of the Risk & Insurance Management Society Inc.

One of the initial plaintiffs, former West Virginia Attorney General Charles Brown, said the settlement will "crystallize the debate on McCarran-Ferguson" by spurring Congress to decide the law's fate on its merits. "I'm hopeful Congress will look at it and say, 'Let's bring the insurance industry closer into the ballpark of rules that other industries have,' " said Mr. Brown, who now practices law in Alexandria, Va., and is a member of the board of directors of the Washington-based National Insurance Consumer Organization, which supports McCarran repeal.

But David Pratt, senior vp-federal affairs for the American Insurance Assn., dismissed the settlement's significance. The AIA has broken with much of the rest of the property/casualty insurance industry to support amending McCarran-Ferguson. Some AIA member companies numbered among the defendants in the antitrust case.

"I'm not sure it's much of anything," particularly regarding what happens next with H.R. 9, he said.

H.R. 9, sponsored by House Judiciary Chairman Jack Brooks, D-Texas, would greatly reduce the industry's antitrust exemption. Although H.R. 9 passed the House Judiciary Committee this summer and was ultimately inserted in the Clinton administration's health care reform bill, it died with that legislation (*BI*, July 25).

"The bill is still relevant. The reason is H.R. 9 deals with the entirety of the antitrust regime, whereas the settlement dealt with only a small portion of it," said Mr. Pratt.

To Franklin W. Nutter, president of the Reinsurance Assn. of America in Washington, the fact that the settlement dealt with a specific part of the antitrust question may mean that there won't be as hard a push to amend McCarran-Ferguson now as there was earlier this year.

"The settlement as it might relate to McCarran is the portion of the settlement that is the restructuring of ISO. ISO was on the path of moving to be more independent of the industry, and the settlement merely completes that circle," said Mr. Nutter. The RAA was a defendant in the antitrust suit.

"Frankly, I always thought it was a red herring that the rating bureaus were lightning rods for criticism as the embodiment of the problems with McCarran-Ferguson. It may well be that this change will take some pressure off of changing McCarran because the target of the animosity toward McCarran really has changed. (ISO) really no longer can be characterized as a collusive activity. If anything, my take would be that the rug has been pulled out from under the predicate for McCarran-Ferguson reform," he added.

Jack Ramirez, executive vp and chief operating officer in the Des Plaines, Ill.-based National Assn. of Independent Insurers' Washington office, agreed—but only to a point. He recognized the settlement may ease some reform efforts temporarily.

"But it only resolves one issue—the question of insurer control of ISO—of the critics. It's such a small part of what industry critics seem to be concerned about that I don't think it will make an appreciable impact" on the efforts of reform proponents to amend or abolish McCarran-Ferguson's limited antitrust exemptions for insurers, Mr. Ramirez said. "H.R. 9 is still out there."

NICO President Kathleen O'Reilly called the settlement "a very promising development."

Ms. O'Reilly said that it was too early to determine whether the settlement went far enough to promote consumer interests. "We are assuming that the monitoring process will include participation by consumer groups such as NICO."

Ms. O'Reilly said she does think the settlement will spur congressional action on further McCarran-Ferguson reform. She said that many large insurers, notably AIA members, already support proposals for significant changes to the act. She said the settlement should persuade insurers still opposed to changes "that to pursue opposition is a waste of time and money and will undermine their credibility."

"I do not believe this court decision will in anyway deter Chairman Brooks from his belief that McCarran needs to be reformed," agreed Robert Rusbuldt, vp-federal affairs for the Independent Insurance Agents in Washington.

"I think that the major factor in McCarran-Ferguson reform are the elections on Nov. 8, and that is going to be the one factor that will have the most impact on where McCarran reform goes next year, if anywhere.

Mr. Rusbuldt noted that Republicans are projected to make significant gains in both the House and the Senate. McCarran reform is not high on the list of GOP legislative goals, and the most outspoken opponents of H.R. 9 have been Republicans. More Republicans in Congress means the task of reforming McCarran-Ferguson will be "not impossible, but more difficult." He said even with Republicans on the ascent in Congress, the White House remains occupied by a president "who will sign a Brooks bill into law" and a Justice Department that supports H.R. 9's goals.

David Farmer, senior vp-federal affairs in the Schaumburg, Ill.-based Alliance of American Insurers' Washington office, considers the settlement nearly devoid of importance for the McCarran-Ferguson debate.

"I think that we're going to have to wait to see what the makeup is of the 104th Congress. The issue of McCarran-Ferguson repeal or modification is not a significant issue with members of Congress. I think that the antitrust settlement will have extremely little impact on the congressional agenda," he said.

"Over the past several years, the increase in regulatory activity at the state level has been enormous, and the best thing for Congress to do is to allow the insurance industry to rebuild its surplus after the devastating cats of the past several years. Frankly, it's time to give the industry a breather to adjust to all the changes that have been made at the state level."

Mr. Farmer said that there haven't been any changes in the insurance marketplace that would focus attention on McCarran-Ferguson. "There are things that tend to fuel fever on McCarran-Ferguson and the settlement isn't one of them," he said.

He also noted that Rep. Brooks' antitrust fervor shifted during the final weeks of the 103rd Congress from insurance to Major League Baseball, which of course enjoys a far more sweeping and far more controversial exemption from antitrust laws than insurers ever dreamed of.

Given Rep. Brooks' new interest, "I think baseball will prove to be more interesting than insurance," said Mr. Farmer with a chuckle.

Meanwhile, two opponents in the massive antitrust suit agree on at least one thing: Using the bulk of the monetary award to create a new risk management institute for public entities is a good idea.

The risk management center "is extremely promising—it's going to empower the risk managers with the knowledge they need to make sound decisions," said Mr. Brown, who represented West Virginia in the suit.

On this particular point, the president of one of the defendants shares the opinion of his erstwhile adversary. The RAA's Mr. Nutter said he's pleased with the planned risk management center. "This idea of a risk management center for municipalities seems to be a constructive approach for using the funds, better that than having the money go to legal fees and plaintiffs that really were never injured." BI

Coordinating medical benefits makes sense: Study

There are advantages to coordinating workers compensation and group health benefits, a new survey says.

Risk managers for companies that coordinate their workers comp and group benefit programs report fewer serious problems with excessive treatments and costs, litigation and fraudulent claims than their counterparts in companies that do little or no coordination of benefits, according to a survey by Louis Harris & Associates Inc.

Sixty-two percent of companies with coordinated programs reported such problems, compared with 71% of companies with little or no coordination.

In all, 42% of risk managers surveyed reported that their workers comp programs are "highly or somewhat coordinated" with group health benefits. Among companies with little or no coordination, more than half—55%—say that some degree of integration is "very or somewhat likely" in the next five years.

The Harris survey's findings were based on a telephone survey in August of 401 risk managers at Fortune 1,000 service and industrial companies with 10,000 or more employees.

The survey results confirm that managed care techniques are making significant gains in risk managers' workers comp programs.

Essentially all risk managers polled report they are using one or more managed care techniques. Indeed, nearly two-thirds of the respondents anticipate that all workers comp medical care will be provided through managed care delivery mechanisms within the next five years.

In addition, 82% of the risk managers polled said that the workers comp system needs "fundamental" change or must be completely rebuilt. However, they were nearly equally split on the question of whether the system is "in crisis."

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Louis Harris & Associates Inc. surveys adhere to the code of standard of the Council of American Survey Research Organizations and the code of the National Council of Public Polls. Free copies of the survey, which was summarized in an American International Group Inc. newsletter, are available from Kathleen Pope at AIG, 70 Pine St., New York, N.Y. 10270; 212-770-7393.

Updates

State lacks jurisdiction

TRENTON—The mere existence of a "territory of coverage" clause in an insurance policy does not give state courts jurisdiction over a non-resident insurer with no other contacts to the state, the New Jersey Supreme Court ruled last week.

Overturning a lower court decision, the high court ruled Oct. 12 that the lower court had no jurisdiction over five insurers that were not licensed in New Jersey and did no business there. The ruling came in a suit against more than 150 environmental liability insurers by Waste Management Inc. and 54 of its subsidiaries throughout the United States. The insurers argued that requiring defendants to appear in court in a state where they had no contacts would violate their due process rights under the U.S. Constitution.

"Territory of coverage" clauses define the geographic areas in which accidents that occur will be covered.

Waste Management is suing for coverage following environmental claims made by various customers and government agencies. The insurers are: Canadian General Insurance Co., Commercial Union Assurance Co. of Canada, Royal Insurance Co. of Canada, Wellington Insurance Co., and Auto-Owners Insurance Co. of Lansing, Mich.

Reinsurers' E&O exposure low

LONDON—Swiss Reinsurance Co. and Munich Reinsurance Co. each say they are not nearly as highly exposed to errors and omissions claims from Lloyd's of London agents as many in the market think.

Members of Lloyd's syndicates that are fighting litigation brought by disgruntled names hope that as much of the agencies' E&O coverage is placed outside of the Lloyd's market as possible because many of the litigating members are also members of the E&O syndicates that will pay any damages awarded by the courts.

A spokesman for Munich Re said last week, however, that the company expects losses of only between 10 million and 20 million deutsche marks ($6.5 million to $13 million) from the recent 500 million pound ($791 million) judgment in favor of members of the Gooda Walker Action Group. "The Gooda Walker claim is not of significant importance, and as to the other cases, we estimate our involvement will be minor."

Swiss Re estimates that it will have to pay out no more than 10 million Swiss francs ($7.8 million) for its Lloyd's agents.

96 hurt at Pink Floyd show

LONDON—Another brick in the wall may have been needed last week when a tier of temporary seating collapsed at a Pink Floyd concert, injuring 96 people.

Immediately after the canceled concert, it was not clear who was responsible for ensuring the safety of concertgoers at the Earl's Court arena in West London.

The U.K. Health and Safety Executive said it is not responsible for safety at "places of entertainment."

A spokeswoman for the London Borough of Kensington and Chelsea said, "We have some responsibility, but we're trying to find out what that responsibility is." She couldn't say whether the borough had issued a safety certificate to Earl's Court for the concert.

"No one knows what caused the collapse," said a spokesman for London & Edinburgh Insurance Group Ltd. of Worthing, Sussex, which leads Earl's Court liability insurance coverage and writes the first 1 million pound ($1.6 million) layer.

Pink Floyd's world tour has non-appearance/cancellation insurance in excess of $10 million. Underwriters say no cancellation claim is likely because last week's concert has been rescheduled. The coverage is placed by Robertson Taylor Insurance Brokers in London.

Briefly noted

Joseph V. Taranto, who had been president and chief executive officer of Transatlantic Holdings Inc., is the new CEO of Prudential Reinsurance Co. effective today. Transatlantic subsequently named Robert F. Orlich president and CEO. He was previously executive vp-casualty underwriting. Meanwhile, James E. Dwane, Pru Re's president since 1986, is retiring early. . . .Standard & Poor's Insurance Rating Service recently downgraded **Provident Life & Accident Insurance Co. of America's** claims-paying rating to AA- from A+, citing weak profitability and a poor outlook for its individual disability business. . . .Lars H. Thunell, president and chief executive officer of Trygg-Hansa A.B., has been named chairman of **Home Holdings Inc.** and **Home Insurance Co.** He replaces Bjorn Sprangare, who resigned as chairman of Home and president and CEO of Trygg-Hansa. . . .House Energy and Commerce Committee Chairman **John D. Dingell**, D-Mich., is expected to release "Failed Promises II" before the November elections. The study, prepared by the committee's Subcommittee on Oversight and Investigations, deals with regulatory failures that played a role in insurer and reinsurer insolvencies. Its 1990 report "Failed Promises: Insurance Company Insolvencies" criticized state regulators (*BI*, Feb. 26, 1990). . . .The **U.S. Supreme Court** has heard two insurance-related cases since its fall term began on Oct. 3. In *U.S. Bancorp Mortgage vs. Bonner Mall*, the court is considering whether trial court decisions can be vacated, and thus deprived of any legal authority, after parties settle their dispute during an appeal, a practice insurers have used to avoid rulings that favor policyholders. And in *Grubert vs. Great Lakes Dredge; Chicago vs. Great Lakes Dredge* the court is considering whether suits over the 1992 Chicago flood are maritime disputes, which would reduce the liability of the excavator blamed for the damages. . . .The suit brought by members of the **Feltrim Names Assn.** against Lloyd's of London agents goes to trial tomorrow in London's High Court. . . .Florida Insurance Commissioner Tom Gallagher has raised rates 24% for the state's **residential joint underwriting association**. The JUA was also ordered to submit its Sept. 30 rate filing, which will be added to the 24% increase if justified.

Brokers' motto: Bigger is better

By LEONARD M. WILSON

Special to *Business Insurance*

A RECENT Wall Street Journal headline: "Acordia and Bain Hogg of London Plan Pact Involving Foreign Insurance Work." This headline caught our eye a few weeks ago in our daily ritual of perusing the pages of the financial press. Acordia, a relative Johnny-come-lately to the world of publicly owned insurance brokerage, and Bain Hogg, a venerable name on the London insurance brokerage scene, intend to join hands in what they term a strategic alliance by the end of the year.

"Commercial lines capacity still abundant. Preliminary results show continued commercial lines deterioration." This caption also caught our eye, but this time on the front page of a report by an insurance analyst for a leading investment firm. It appears that with the approach of 1995, insurance brokers indicate that there are a few signs of a turn in most segments of commercial lines and that rates on many renewals continue to be shaved.

But let's back up a bit and make an observation that has no immediate connection to insurance brokerage. Again, read about it in the financial news. U.S. industry is on a merger kick. Scarcely a day passes without an announcement of a notable merger. Consolidation as a driving force in the structure of a business organization is gathering momentum. Not that consolidation is new to the U.S. economy.

In the 1960s and early 1970s, acquisitions and mergers were the work of conglomerates, propelled by the premise that highly disparate businesses could fit together under one corporate roof and create shareholder value. In the 1980s, spurred by the innovation of junk bond financing, consolidation was driven by the financial motives of entrepreneurs. Companies in large numbers were taken private at premiums to their public market trading values. Through junk bond financing, financial entrepreneurs were able to create private market values significantly greater than the valuations accorded to target companies in the public market.

Today, the acquisition wave is instigated by corporations seeking strategic advantage. Acquiring companies usually are motivated by the potential for larger market shares in particular sectors or by the possibility of meaningful cost reduction from economies of scale. Indeed, the leitmotif of American business, whether industrial, consumer or financial, is that larger critical mass accretes higher levels of profitability. Simply put, bigger is better.

So what does all this have to do with insurance brokers, whose capital values are small compared to the titans of American industry now on the front lines of the acquisition movement? For starters, paralleling general trends, the brokerage industry has undergone varying phases of consolidation for more than two decades. Mergers and acquisitions are not new here.

The proposed Acordia and Bain Hogg link, though not a merger, reaffirms that long-term success for an insurance broker serving the mainstream of corporate insurance buyers, greater scale and greater geographic spread are sine qua nons.

The chronic soft market, which now threatens to persist at least for another year, has shifted the economics of insurance brokerage. Profit margins are not what they were, and therefore brokers must themselves seek the economic of scale. The alternative market and self-funding of risk have also contributed to the reduction in profitability of insurance brokerage. We have called attention to these trends in earlier columns.

By now, though, an observer might appropriately ask: after two decades of consolidation from "in stages of development" to regional to national to international, hasn't the insurance brokerage industry remade itself to cope with the changes in the marketplace and the economies of the business?

Our answer is yes and no. Clearly, much of the past decade's consolidation has reflected the realization that brokers must be bigger, and global amalgamations in the United States and between U.S. brokers and U.K. brokers are the consequences of that.

We are not so sure, though, that the industry restructuring has adequately met the challenges of diminished profitability. We believe that most insurance brokerage managements must still struggle with the issue of subpar profitability and subpar returns to shareholders. We wonder, too, about the pricing of insurance brokerage services in the context of a soft market. Are they sufficient to provide the appropriate returns to the enterprise and, in the case of public companies, to shareholders?

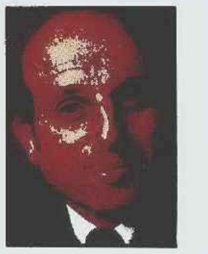
We also wonder whether there may be too many large, internationally oriented brokers, given the pressures on profitability and the generally more intense competition amongst insurance brokers. Industries that do not grow or that encounter difficulty in sustaining profit margins are often rationalized through consolidation.

Does this generality apply to insurance brokerage? If pricing on commercial lines hardens within the next twelve months, then the impetus for consolidation may wane, at least until the next soft market. If the soft market persists for another several years, then the odds may well be in the direction of further consolidation in the industry.

If internal processes can be engineered to provide requisite client services more economically, perhaps additional mergers may be forestalled. The program to reduce costs at Alexander & Alexander Services Inc. over the next several years could be a barometer of a broker's ability to streamline the cost structure.

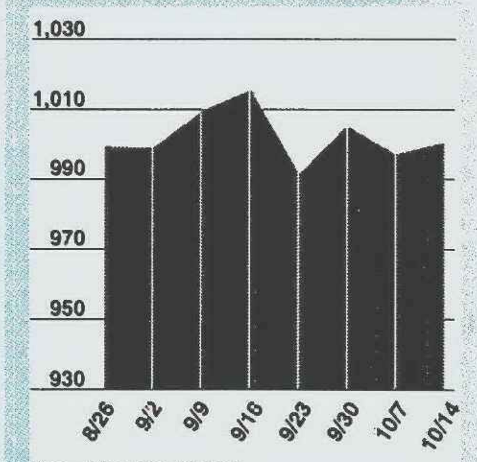
One of the longstanding arguments against mergers of mega-brokers is the issue of melding large numbers of local offices. In effect, the marriage is not between two parties but between dozens of parties.

Nonetheless, the economics of insurance brokerage will ultimately dictate the structure of the industry. Today, the soft market and intense competition for new business are realities. The need for geographical spread on a global scale and the benefits of economies of scale are inescapable. It will be interesting to witness the next chapter in the industry's consolidation saga. BI



Leonard M. Wilson is a senior vp with Lazard Asset Management Inc. He is a member of the New York Society of Security Analysts.

BI Insurance Index



Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

Insurance stocks rose last week, as the *Business Insurance* Index gained 3.5 points to 1,000.5 Oct. 14 from 997.0 on Oct. 7. Advancing issues were led by: Continental Corp., up 6.5%; Nobel Insurance Ltd., up 6.2% and Berkshire Hathaway, up 4.9%. Declining issues followed: AVEMCO Corp., down 7.9%; Partner Re, down 5.9%; and HCC Insurance Holdings, down 5.8%. The most active issue was U.S. Healthcare, 5.5 million shares traded. The *BI* Index rose 0.4%; the Dow Jones 30 Industrials gained 3.0%; the NYSE Composite rose 2.7%; and the Standard & Poor's 500 rose 3.1%.

British Issues

Oct. 13 Companies	Price pence	P/E*	Div.* pence	Yield %	1 week high—low
Comml Union	556	17.7	31.0	5.6	556—530
Genl Accident	592	11.8	34.4	5.8	592—563
Gdn Royal Exch	201	13.0	9.5	4.7	201—135
Independent	250	8.2	10.4	4.2	250—250
Royal	299	13.0	9.4	3.1	299—239
Sun Alliance	342	15.3	18.4	5.4	342—324
Brokers					
Bradstock	94	10.6	6.9	7.3	94—85
Fenchurch	143	11.2	9.0	6.3	143—143
CE Heath	256	9.1	20.0	7.8	256—244
JIB Group	134	11.7	9.4	7.0	134—131
Lloyd Thmpson	184	12.8	9.8	5.3	184—157
Lowndes Lmbrt	170	10.8	9.4	5.5	171—170
Nelson Hurst	174	17.1	7.0	4.0	174—174
PWS Holdings	36	N/M	2.5	6.9	36—35
Sedgwick Grp	157	17.4	7.5	4.8	157—148
Steel Bri Jones	114	N/M	11.3	9.9	114—112
Willis Corroon	164	15.0	8.3	5.1	164—155

Source: Philip Olsen, London * Latest actual year

BI Industry Stock Report OCT. 10, 1994, THROUGH OCT. 14, 1994

		Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
BROKERS												
Acordia Inc.	NYS	27.50	0.46	11.68	28.75	21.00	4	0.60	2.18	14	13.24	2.08
Alexander & Alexander	NYS	20.00	2.56	0.63	22.75	14.00	250	0.10	0.50	-154	6.08	3.29
E.W. Blanch Holdings Inc.	NYS	22.00	0.57	26.62	23.50	15.75	2	0.32	1.45	23	4.55	4.84
Gallagher Arthur J. & Co.	NYS	31.75	0.00	-11.19	37.13	28.13	22	0.88	2.77	17	6.48	4.90
Hilb, Rogal & Hamilton	NYS	12.00	-4.00	-8.57	13.63	11.13	63	0.48	4.00	16	4.72	2.54
Marsh & McLennan	NYS	74.00	-1.50	-9.06	88.75	74.00	661	2.90	3.92	15	19.40	3.81
Poe & Brown	NDQ	20.50	2.50	13.89	22.75	16.68	5	0.40	1.95	14	4.49	4.57
BROKERS	AVERAGE		0.1	3.4					2.4	-8		
INSURERS/REINSURERS												
ACE Ltd.	NYS	23.88	-4.50	-21.72	35.00	22.38	210	0.44	1.84	-32	22.46	1.06
Acceptance Insurance Cos.	NYS	15.88	0.00	36.56	16.00	11.13	59	0.00	0.00	15	9.83	1.61
AEGON N.V.	NYS	60.50	2.54	10.50	60.50	49.00	83	2.94	4.85	11	43.84	1.38
Aetna Life & Casualty	NYS	46.50	-1.06	-22.82	66.25	44.63	939	2.76	5.94	-7	57.21	0.81
Allied Group Inc.	NDQ	30.00	1.27	20.00	31.00	22.75	96	0.60	2.00	7	23.43	1.28
Allmerica Prop. & Casualty	NYS	15.75	-4.55	-26.89	22.16	14.25	404	0.16	1.02	10	19.45	0.81
Allstate Corp.	NYS	23.75	0.53	-20.17	33.88	22.63	763	0.72	3.03	15	19.60	1.21
American General	NYS	27.00	0.93	-5.26	33.38	24.88	1720	1.16	4.30	21	20.39	1.32
American Heritage Life Ins.	NYS	17.75	1.43	-4.70	20.25	16.50	21	0.66	3.72	11	12.42	1.43
American Indemnity/Fin'l	NDQ	10.75	1.18	-17.31	15.00	10.00	23	0.24	2.23	4	15.92	0.68
American International	NYS	89.75	0.84	1.84	96.88	81.75	1748	0.46	0.51	14	49.75	1.80
American Re Corp.	NYS	29.75	-0.83	5.31	35.75	23.50	74	0.00	0.00	15	16.85	1.77
Aon Corp.	NYS	33.38	3.09	3.76	36.34	30.00	327	1.28	3.84	11	21.96	1.52
Argonaut Group	NDQ	28.25	-2.16	-7.38	33.75	26.25	166	1.16	4.11	8	29.80	0.95
AVEMCO Corp.	NYS	16.00	-7.91	-14.67	21.25	13.75	53	0.44	2.75	12	6.30	2.54
Baldwin & Lyons Inc.	NDQ	14.75	-2.48	-0.84	16.25	13.75	11	0.24	1.63	9	13.56	1.09
Berkley W.R. Corp.	NDQ	35.63	1.42	8.78	42.00	32.00	166	0.44	1.24	16	36.47	0.98
Berkshire Hathaway Inc.	NYS	19200.00	4.92	17.61	19750.00	15150.00	0	0.00	0.00	27	9157.79	2.10
Capital RE Corporation	NYS	22.63	0.00	-12.14	27.50	18.50	27	0.20	0.88	9	21.48	1.05
Capsure Holdings Corp.	NYS	12.75	-1.92	-5.56	16.50	12.[illegible]3	400	0.00	0.00	12	13.72	0.93
Chubb Corp.	NYS	70.88	0.00	-9.86	83.38	68.63	554	1.84	2.60	25	48.40	1.46
CIGNA Corp.	NYS	62.75	4.37	-0.79	74.00	57.00	882	3.04	4.84	13	80.98	0.77
CNA Financial Corp.	NYS	61.50	-0.61	-21.90	85.00	60.00	133	0.00	0.00	-16	73.83	0.83
Continental Corp.	NYS	14.38	6.48	-47.96	33.00	12.00	3012	0.00	0.00	-63	29.69	0.48
EMC Insurance Group Inc.	NDQ	9.41	4.51	-0.99	10.25	8.50	28	0.52	5.53	10	10.77	N.A.
Emphesys Financial Gr. Inc.	NYS	35.00	1.08	NA	36.13	21.25	298	0.60	1.71	9	N.A.	N.A.
EXEL Ltd.	NYS	38.13	-1.93	-15.28	47.63	36.00	784	1.32	3.46	9	31.62	1.21
Fremont General Corp.	NYS	24.13	0.52	0.00	28.25	21.50	220	0.76	3.15	7	22.90	1.05
Frontier Insurance Group	NYS	28.88	-2.12	-34.19	30.88	25.41	178	0.48	1.66	14	14.94	1.93
Gainsco Inc.	ASE	8.63	-4.17	-4.17	11.09	7.47	66	0.04	0.46	13	3.79	2.28
General RE Corp.	NYS	109.00	0.46	2.59	125.50	101.75	798	1.92	1.76	15	57.17	1.91
Guaranty National Corp.	NYS	17.50	-2.78	0.00	24.50	13.75	12	0.50	2.86	11	11.84	1.48
Harleysville Group	NDQ	23.75	0.00	-16.67	30.25	19.75	22	0.68	2.86	16	20.18	1.18
Hartford Steam Boiler	NYS	43.50	1.75	-2.25	53.38	42.38	100	2.20	5.06	55	14.62	2.98
HCC Insurance Holdings	NDQ	19.50	-5.81	-3.31	23.84	15.00	22	0.00	0.00	15	10.75	1.81
Home Holdings Inc.	NYS	7.50	-1.64	-56.52	18.50	7.00	53	0.00	0.00	-0	22.36	0.34
ITT (Hartford Group)	NYS	84.88	3.66	-7.49	95.97	78.63	2066	1.98	2.33	11	49.95	1.70
Kemper Corp.	NYS	57.75	-0.65	60.98	65.00	33.[illegible]3	1922	0.92	1.59	138	28.68	2.01
Lincoln National	NYS	36.25	2.84	-15.70	48.25	35.[illegible]3	665	1.64	4.52	9	31.99	1.13
Markel Corp.	NDQ	41.13	-0.30	6.82	44.50	37.50	25	0.00	0.00	10	25.15	1.64
Mid Ocean Ltd.	NDQ	24.50	-1.01	-13.27	33.50	24.[illegible]3	137	0.00	0.00	13	20.24	1.21
Mutual Risk Mgmt. Ltd.	NYS	26.13	0.48	-12.92	32.75	21.[illegible]3	41	0.32	1.22	15	9.11	2.87
NAC Re Corp.	NDQ	24.50	0.51	-15.88	34.50	24.00	166	0.16	0.65	13	19.74	1.24
National Re Corp.	NYS	24.75	3.13	-19.18	33.75	23.50	47	0.16	0.65	10	17.3	1.43
Navigators Group	NDQ	14.75	1.72	-57.86	39.00	14.25	65	0.00	0.00	-6	10.2	1.44
Nobel Insurance Ltd.	NDQ	8.63	6.15	13.11	8.63	6.75	48	0.20	2.32	5	6.84	1.26
NWNL Companies	NYS	29.13	-0.43	-10.38	37.00	27.00	396	0.90	3.09	10	24.8	1.17
Ohio Casualty Corp.	NDQ	30.13	1.26	-5.49	34.38	26.50	139	1.46	4.85	13	24.64	1.22
Old Republic Int'l	NYS	21.38	-1.72	-5.00	25.50	20.75	604	0.48	2.25	8	24.60	0.87
Orion Capital Corp.	NYS	28.50	-1.30	-7.69	36.19	28.25	315	0.80	2.81	8	25.86	1.10
Partner Re Holdings Ltd.	NDQ	20.13	-5.85	-7.47	23.50	18.50	321	0.40	1.99	17	N.A.	N.A.
Penn-America Group, Inc.	NDQ	7.25	0.00	-5.69	9.50	6.50	5	0.00	0.00	8	6.2	1.17
Phoenix RE Corp.	NDQ	25.75	-1.90	-6.36	37.75	18.50	235	0.30	1.17	7	22.84	1.13
Provident Life	NYS	26.00	0.48	-17.79	31.88	24.38	74	1.04	4.00	-10	27.04	0.96
Re Capital Corp.	NDQ	12.50	-5.66	-8.26	15.50	12.25	2	0.32	2.56	12	17.63	0.71
Reliance Group Holdings	NYS	6.25	2.04	-19.35	9.88	4.88	200	0.32	5.12	11	3.44	1.80
RLI Corp.	NYS	21.38	1.18	-20.09	27.75	20.63	13	0.60	2.81	-42	20.5	1.04
St. Paul Companies	NYS	43.25	2.98	-3.62	49.00	37.69	776	1.50	3.47	9	31.84	1.36
SAFECO Corp.	NDQ	51.38	2.49	-5.95	63.38	48.50	2031	1.96	3.82	10	46.94	1.09
SCOR U.S. Corp.	NYS	11.13	0.00	-11.88	15.88	10.13	51	0.36	3.24	7	13.60	0.82
Seibels Bruce Group	NDQ	3.00	4.35	71.43	3.50	0.63	126	0.00	0.00	-7	1.05	2.86
Selective Ins. Group	NDQ	25.75	0.98	-14.88	31.00	23.00	36	1.12	4.35	10	23.39	1.10
Sphere Drake Holdings	NYS	13.75	-5.17	-16.67	21.50	13.75	15	0.12	0.87	6	13.15	1.05
TIG Holdings	NYS	19.50	-0.64	-13.81	26.13	17.25	289	0.20	1.03	17	17.25	1.13
Titan Holdings, Inc.	NYS	8.63	-2.82	-20.69	12.25	7.75	29	0.28	3.25	8	9.3	0.93
Tokio Marine & Fire	NDQ	57.75	1.09	6.94	66.00	49.25	43	0.41	0.70	-	57.73	1.00
Torchmark Corp.	NYS	42.88	0.29	-4.19	55.50	36.75	271	1.12	2.61	11	17.43	2.45
Transatlantic Holdings	NYS	50.88	-0.25	-4.68	56.38	45.38	38	0.36	0.71	13	32.43	1.57
Transnational Re Corp.	NDQ	19.75	-4.82	-26.85	27.00	0.13	170	0.00	0.00	16	N.A.	N.A.
Travelers Corp.	NYS	32.88	4.37	-15.43	47.50	31.00	2165	0.60	1.83	8	24.25	1.36
Trenwick Group Inc.	NDQ	38.00	2.36	-1.94	44.50	33.25	7	1.00	2.63	13	29.20	1.30
United Fire & Casualty	NDQ	40.75	-0.61	13.19	44.00	36.00	2	1.08	2.65	9	28.95	1.41
Unitrin	NDQ	46.75	0.00	10.00	51.50	38.50	186	1.60	3.42	22	38.64	1.21
UNUM Corp.	NYS	45.50	-0.55	-13.33	58.00	43.00	1117	0.96	2.11	11	27.73	1.64
US Facilities Corp.	NDQ	11.13	-4.30	-6.32	14.63	8.25	85	0.00	0.00	15	11.07	1.00
USF&G Corp.	NYS	13.63	2.83	-9.92	16.13	11.69	1480	0.20	1.47	9	10.04	1.36
USLICO Corp.	NYS	20.38	0.00	23.48	24.00	15.75	59	0.24	1.18	8	24.44	0.83
USLIFE Corp.	NYS	32.13	1.58	-17.10	45.75	31.00	65	1.24	3.86	7	40.82	0.79
Washington National	NYS	21.88	0.00	-9.79	26.13	20.63	40	1.08	4.94	8	23.6	0.93
Zenith National Ins.	NYS	22.75	-3.70	2.82	28.50	20.63	55	1.00	4.40	10	17.54	1.30
Zurich Reinsurance Centr.	NYS	26.38	-1.40	-6.64	32.00	24.25	16	0.00	0.00	-55	22.25	1.18
INSURERS/REINSURERS	AVERAGE		0.0	-6.5					2.4	10.3		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	NDQ	28.75	3.60	10.58	31.00	19.25	701	0.00	0.00	17	12.22	2.35
Humana Inc.	NYS	24.13	2.66	31.29	24.25	13.38	3623	0.00	0.00	28	6.04	3.99
Pacificare Health Sys.	NDQ	74.75	-0.66	98.01	79.50	30.75	244	0.00	0.00	26	14.2	5.26
Safeguard Health Enter.	NDQ	9.88	-0.63	-21.00	15.50	9.50	19	0.00	0.00	13	6.15	1.60
Sierra Health Services	NYS	30.00	1.69	34.83	30.75	15.50	287	0.00	0.00	19	6.04	4.97
United Healthcare Corp.	NYS	53.38	0.23	42.81	55.38	33.31	2723	0.03	0.06	39	6.57	8.12
U.S. Healthcare	NDQ	46.88	-2.22	22.28	49.00	28.00	5461	0.84	1.79	22	5.04	9.30
Wellpoint Health Networks	NYS	27.75	3.26	-10.12	37.00	24.25	121	0.00	0.00	13	12.73	2.18
HMOs	AVERAGE		1.0	26.1					0.2	20		
ALL COMPANIES	AVERAGE		0.4	7.7					2.5	11		

System design: Nordby International Inc.

Continental

Continued from page 1

are Chase Manhattan Corp., Centre Reinsurance Holdings Ltd. and Keystone Inc., which is controlled by financier Robert M. Bass.

The investment group will have four members on Continental's board and will represent the insurer's single largest group of investors, said Daniel Doctoroff, managing partner of Insurance Partners Advisors, which advises the investment group.

As part of the deal with the investors, Continental agreed to not pay dividends on its common stock for three years from the time the preferred stock is sold.

Continental eliminated its dividend in August. The company also plans to raise $100 million through the sale of non-convertible preferred stock or debt next year.

Continental said also it will strengthen its reserves by $400 million on a pretax basis by establishing for the first time loss reserves for incurred-but-not-reported asbestos, pollution and other toxic tort claims. Additions to non-environmental reserves may be made at year-end, the company said.

In addition, the company said it would take an additional pretax charge of $164 million for reinsurance recoverables and other assets, which will be reflected in its third quarter results.

Separately, Insurance Partners, Keystone and a New York investment advisory group called Oak Hill Partners have agreed to buy the operations of Continental Asset Management, the company's investment management subsidiary, for about $35 million.

With the deal for new capital in place, A.M. Best Co. affirmed Continental's A- rating and removed it from "under review" status. The rating agency said the changes announced at Continental should provide Mr. Haverland with a fresh start in his efforts to re-establish Continental's competitive position in its core markets.

Fear of a ratings downgrade may have played a major role in the recent changes. Market observers say that a drop to B+ could have cost Continental a significant part of its business.

Mr. Haverland will be a Continental vice chairman and director until he assumes his new position. His former employer, American Premiere Underwriters Inc., is 40% owned by American Financial Corp., the holding company owned by financier Carl H. Lindner and family members.

From 1984 to 1991, Mr. Haverland was executive vp of Great American Insurance Co., another American Financial unit. Between 1970 and 1983 he was with specialty non-standard auto insurer Progressive Corp., serving as president and chief operating officer beginning in 1979.

Insurance Advisors had spent several months asking around about the best executives in property/casualty insurance. "Dick Haverland's name came up on virtually everyone's list," said Mr. Doctoroff. "He was the one and only person that we talked to."

With his record of "almost unparalleled success" at Great American, Insurance Partners felt he was "the perfect man for this job," he said.

In fact, Mr. Haverland was considered for the job 12 years ago, though Continental instead hired Mr. Mascotte, according to Joanne Morrissey, a principal with Firemark Consultants Inc. in Parsippany, N.J. Continental still had life insurance operations at that time, and the feeling was Mr. Mascotte could lend his experience in that area.

"If there's anyone who can turn Continental around it's Dick Haverland. It's the first frankly in years that I have hope for the company," Ms. Morrissey said. "I mean, this is a major, major coup. I don't see how other than big bucks they lured him away from Lindner."

Many others also have high praise for Mr. Haverland.

"He came out of a slightly different culture, and in my view that's a very good thing," said Douglas Moat, chairman of New York consulting firm The Manhattan Group. "Progressive was a company run to make money and if he brings that mentality with him, he's going to shake up an awful lot of people at Continental." Mr. Haverland is going to demand results, not good reasons for mediocrity, added Mr. Moat.

Companies like Continental have "always accepted average performance as being acceptable. The mentality has always been 'We dominate the market and our results are the same as the other guys and we can't change because that's the marketplace,' " said Mr. Moat.

"I think he'll be excellent for Continental," said John L. Ward, chief executive officer of the Ward Financial Group in Cincinnati. "He's got a reputation for being a good businessman and one that focuses a lot on cost control and I would be surprised if one of his first areas to look at is not some deep restructuring and cost cutting," he said.

"He's also an entrepreneurial guy. I would not be surprised to see some acquisition pursuits in the not-too-distant future after they've done some streamlining and restructuring," Mr. Ward added.

"It's early days to say what Dick is going to do with the company. . .but there's no question that he comes to the Continental with impressive credentials," said Ron Frank, an analyst with Smith Barney Inc. in New York. "He's widely regarded as one of the superior thinkers and executives in the business and for good reasons. He has a very good track record of achievement."

Referring to his tenure at Great America, Mr. Frank added, "I'd say the only reservation has been the length of time that it's been since Dick has been in a broad-based commercial lines operation, but that's not to say that he's not completely up to the task."

Unlike his predecessor at Continental, whose background was in life insurance, Mr. Haverland does come from a property/casualty background and is respected both as a person and for his technical insurance knowledge, said Mr. Moat.

Continental, said independent analyst Gloria Vogel, needs someone with proven managerial talent and "he certainly is a man who has managed very profitable companies very well."

It remains to be seen, however, how successful he will be at Continental. "It's kind of a tough one because there's a lot to turn around," she said.

Charles Ronson, an analyst at Balestra Capital in New York took a similarly cautious view.

"He is a decent name in the industry," said Mr. Ronson. "Can he turn it around? I don't know. I just don't know."

Along with other recent changes, things have already turned for the better.

Adrian M. Tocklin, president of Continental, said the company should be able to bring its premium-to-surplus ratio—which was briefly close to 3-to-1 at the beginning of the year—below 2-to-1 next year.

> **'Dick Haverland's name came up on virtually everyone's list,' says IPA's Daniel Doctoroff.**

This will be a result of a combination of: the additional capital; increased earnings, which "won't be huge, but better than this year"; the sale of its Canadian and workers compensation units; and downsizing of its package business, Ms. Tocklin said.

It will also enjoy a full year's benefit from its quota share reinsurance contract with General Reinsurance Co., under which it ceded about half of its $800 million personal lines book (*BI*, Oct. 10).

Furthermore, she said, "We think we will be able to keep pace with the expense ratio with the premium decline."

"We know we have as of this date taken off more in expense than we have in revenues so we are already ahead of the expense curve." If Continental does decide to buy out the leases on some locations it has already vacated next year, though, this could add to expenses next year.

Ms. Tocklin said she also feels very positive about Mr. Haverland coming to the company.

"I think it's important for Continental at this point in its history to have a CEO who has a clear and unquestionable track record of making an underwriting profit and making money for their shareholders consistently," she said.

Mr. Doctoroff insisted that the new investors would not dominate Continental. They will control only four out of 15 to 17 board seats—the precise number has not yet been determined—"so in no way are we going to control the company," he said.

Two of those four will be Mr. Doctoroff and Steven B. Gruber, another managing partner of Insurance Partners Advisors. The other two have not been named.

Mr. Gruber added that the Insurance Partner directors will be "both active and thoughtful directors and provide value-added" as well as being supportive of management.

"They won't sit back," said Michael Morrissey, another principal with Firemark Consultants. "If they're going to put their money in they want to be right in with the action."

"I think they're going to be very actively involved with this," agreed Firemark's Joanne Morrissey.

If it were a smooth-running company, the investors could afford to let someone run it and sit back. But they can't with a company like Continental, whose results have lagged behind the industry's in recent years (*BI*, Sept. 19).

Meanwhile, Fremont's acquisition of Continental's Casualty Insurance Co. will make its Fremont Compensation Insurance Co. the nation's largest private monoline underwriter of workers compensation insurance with combined premiums of about $800 million, according to Fremont.

Last year, Fremont Comp wrote $431 million in workers compensation premium in California and Arizona, while Casualty Insurance wrote $362 million of workers compensation business in Illinois, Wisconsin, Indiana, Michigan and California.

The acquisition will be financed through $175 million in cash and a $75 million loan, said Warren Bailey, Fremont senior vp and chief financial officer.

"It gives the company a whole new dimension on a nationwide basis and we couldn't be more pleased," said Louis J. Rampino, Fremont General executive vp and chief operating officer.

He said the move is part of an ongoing strategy, started six years ago, that has also involved consolidating the company's three California workers compensation companies under Fremont Compensation's management. BI

Battle over California ballot

Most employers oppose single-payer plan

By ROBERTO CENICEROS

LOS ANGELES—The president of Bell Industries Inc. is backing a single-payer ballot initiative in California because the measure would save the Los Angeles-based company nearly $1 million annually on health care costs.

"It's a moral and financial decision," said Ted Williams, president of the electronic components distribution firm.

Bell Industries, with 1,500 workers, appears to be the largest employer among 500 backing the measure, which is set for a Nov. 8 vote.

But most California employers oppose Proposition 186 because they believe it will cost them money in the long run.

Officials at Hewlett-Packard Co. have been holding "coffee talks" to explain to employees why the company opposes the initiative, said Mary Dee Beall, government affairs manager at the Palo Alto, Calif.-based electronics manufacturer, which has about 97,000 workers.

Hewlett-Packard stands to pay $46 million more for health care while its employees could pay $14 million, Ms. Beall said. The company also fears losing the ability to control costs and provide uniform benefits for workers throughout the United States.

Also opposing the initiative are other big businesses and groups such as the California Chamber of Commerce in Sacramento, and the Washington-based National Federation of Independent Business, which counts some 48,000 small employers throughout California among its members.

But members of those organizations are not yet putting their money where their mouth is. More than 70% of the money spent opposing the measure is coming from health insurance companies, campaign disclosure forms show. And that is helping to rally support for a plan that would remove insurers from the health care system.

"With all the money insurance companies are spending (to oppose the measure), I say what do I have in common with them?" asked Mr. Williams.

Most of the money is spent on influencing employees, said Richard Wiebe, communications director for Taxpayers against the Government Takeover, whose slogan is "No on Proposition 186." He formerly worked for the American Insurance Assn., an insurance industry trade group.

The group has mailed out 1 million pieces of campaign material that employers can give to employees, Mr. Wiebe said.

The insurance industry's influence is something that even opponents of the measure dislike, admits Shirley Knight, state director in Sacramento for the NFIB.

"There are people in our camp who feel insurance companies have been getting a free ride, but they know getting the government to take it over is like jumping from the frying pan into the fire," she said.

Instead, small employers should fear being put out of business by the costly payroll tax that will fund the single-payer system, she suggested.

Proponents estimate a 4.4% to 8.9% payroll tax will pay for the measure because insurance companies will be eliminated from the system (*BI*, May 2). This is less than most small employers currently pay for health care benefits, if they can afford them at all. Health care costs typically run more than 10% of payroll.

But opponents say there is nothing in the measure to hold expenses to 8.9%, and surely the costs will rise.

"The employers who are supporting it are looking at the short-term gain," Ms. Knight said. "It sounds wonderful, but the money just isn't there."

Labor groups and professional and elderly associations are backing the initiative.

The initiative's opponents' biggest fear is Bill Zimmerman. He was the campaign manager for Proposition 103, the bill that won rebates for auto insurance consumers. Now Mr. Zimmerman is chief political strategist for Proposition 186. BI

Lilly

Continued from page 2

owned by drug makers begin to give their parent company's drugs preferred spots on those lists (*BI*, July 18).

The delay in Lilly's purchase of PCS also raised speculation that the FTC might review already approved deals between drug companies and pharmacy managers, such as: Merck & Co.'s $6.6 billion acquisition last year of Medco Containment Services Inc. (*BI*, Aug. 9, 1993); and SmithKline Beecham Corp.'s purchase of Diversified Pharmaceutical Services Inc. from United HealthCare Corp. for $2.3 billion in May.

But an antitrust lawyer said he couldn't imagine how the FTC could rescind approval for deals that have already taken place, nor could he see how the federal agency could impose new rules on those companies.

"The cow's out of the barn," said Michael T. Scott, a partner with Reed Smith Shaw & McClay in Philadelphia. BI