

# business insurance

**update:**

## Tampon maker sets reserve for claims

CINCINNATI—Procter & Gamble Co. has set aside a \$75 million cash reserve, a portion of which will be used to cover product liability claims if Rely tampons are found to cause toxic shock syndrome, said a company spokesman.

The reserve "includes anticipated costs for legal action that might result,"

*Continued on next page*

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the national newsweekly of loss prevention, risk financing & benefit management/\$1 a copy; \$25 a year

## High court allows industrywide suit

By JERRY GEISEL

WASHINGTON—A legal dam holding back a flood of product liability suits collapsed last week: The Supreme Court allowed victims of the cancer-causing drug DES to sue DES manufacturers as a group when the specific manufacturer can't be identified.

But it is too soon to tell if a torrent of suits will come gushing through the breach.

The court let stand a March 20 California supreme court decision that legal experts cite as one of the most important product liability rulings of the century.

In that ruling, the California court said when a product causing

injury is made by many different manufacturers and the specific manufacturer cannot be identified, liability must be divided among them based on their share of the market for the product.

To avoid liability, a manufacturer must prove it could not have made the product (BI, March 31).

The DES manufacturers appealed to the U.S. Supreme Court, arguing that the principle of industrywide liability violates the 14th Amendment guarantee of due process and equal protection under the law (BI, June 16).

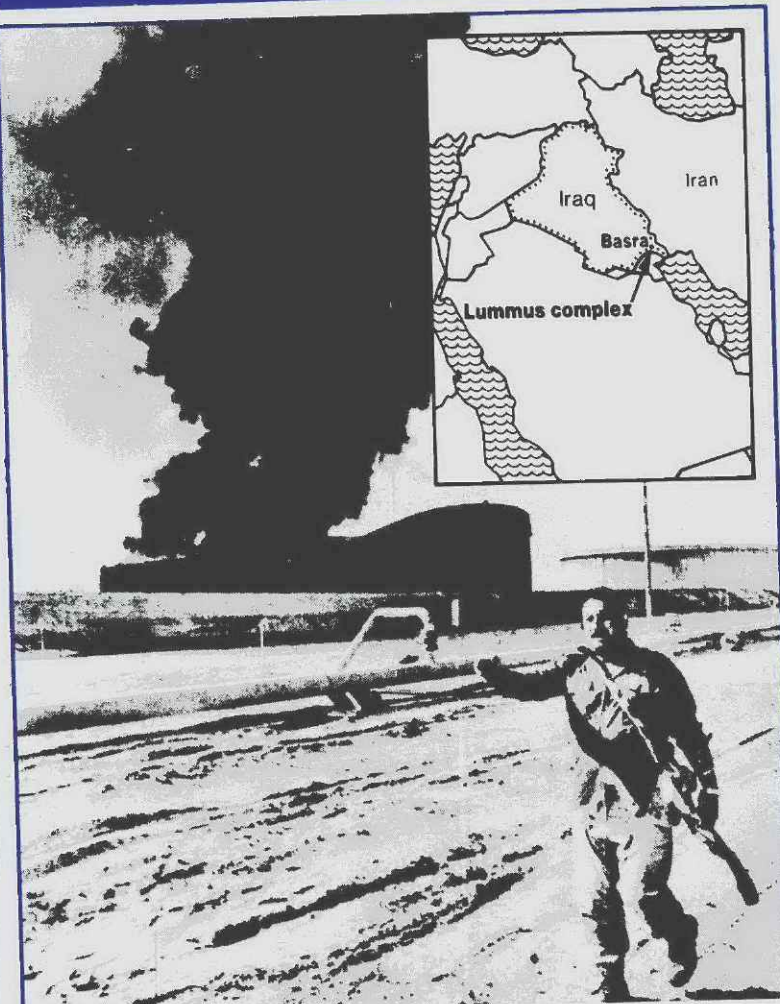
DES, short for diethylstilbestrol, is a synthetic estrogen taken by pregnant women to avoid miscar-

riages. Daughters of some women who took the drug have developed cancer and other abnormalities of the vagina and cervix. About 150 lawsuits against the five manufacturers of the drug, which the Food and Drug Administration removed from the market in 1971, are pending around the country.

The case the Supreme Court let stand, E.R. Squibb & Sons vs. Sandell, originally was tossed out at the trial court level when the two plaintiffs could not identify the manufacturers of the DES their mothers took.

But the California supreme court reversed the lower court, saying the women had a right to

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A soldier walks outside a burning oil refinery in Basra, Iraq, following an Iranian attack last month. Lummus Co. of New Jersey also had a facility near Basra bombed during the turmoil.

## Benefit execs buy more war coverage for workers abroad

By EILEEN NORRIS

BLOOMFIELD, N.J.—When insurance manager J.J. Adelman is asked what date the Iranian warplanes attacked The Lummus Co.'s giant petrochemical plant in Iraq, he answers in minutes. It was 6:15 a.m. Sept. 23.

With equal exactness, he recalls that war risk insurance policies were purchased May 1, 1977 on the four employees killed in the bombing last month near Basra, Iraq.

Like a growing number of risk and benefit managers, he has learned to deal with the special risks for employees that develop when a company does business in a politically unsettled foreign land.

Industry sources report that demand for war risk insurance policies has increased dramatically in the last five years as reports of foreign turmoil appear more frequently on the front pages of newspapers.

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## Security work booms with recession crimes

By JOHN MAES

For the security industry, the recession is a boon.

Instead of suffering staff cutbacks and business slowdowns, this industry is securely prospering:

- Security staffs at major corporations are being kept at current strength or enlarged and are devising new ways to curb crime.
- Security products like alarm systems and electronic surveillance equipment are selling at an all-time high.
- Contract guard and armored

car services are doing more business.

Because of the economic hard times, corporations are more concerned about protecting their assets and property from internal and external theft, sabotage and terrorism, say buyers and sellers of security products. The last thing a company wants is more losses and they're going to great lengths to avoid them, they say.

"It's at times like this that copper tubing and other materials start disappearing more," said William Liffko, chief of plant protection for Copperweld Steel Co. in

Struthers, Ohio.

He said his company has made some operational cutbacks as the steel industry has been pinched by the recession, but his 13-man security force has remained intact.

And his workload has increased. Because sections of the plant are closed down, Mr. Liffko follows an even stricter security routine to prevent internal thefts and break-ins, he said. "When the plant's closed, you have to keep an even closer eye on things," he explained.

At Honeywell Inc. in Minneapolis

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Armed guards and other security services are doing more business, thanks to the recession.

NEWSPAPER

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# update:

## P&G sets claims reserves

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he said. Already more than 14 lawsuits have been filed against Procter & Gamble (BI, Oct. 13).

The \$75 million reserve also will cover expenses if the tampon is taken off the market permanently. It already has been recalled by the manufacturer.

Procter & Gamble voluntarily suspended production of the superabsorbent tampon following release of Center for Disease Control figures showing that a disproportionate number of TSS victims used that brand. Nearly 300 cases have been reported, including some 30 deaths. However, the link with tampons has not been conclusively established.

Walter P. Dolle Insurance Agency in Cincinnati is the broker for Procter & Gamble's product liability coverage. Commercial Union Insurance Co. of Boston is one of several underwriters on the risk, but not the main one, the agency said.

## Utility covered for plant blast

PEKIN, Ill.—Commonwealth Edison Co. will utilize its \$200 million fire and extended insurance coverage to pay for the destroyed coal-fired generating plant that blew up here last week.

An apparent coal-dust explosion at the company's largest coal-fired plant injured seven workers and caused an estimated \$100 million damage to the 1.7 million-kilowatt facility.

The fire and extended coverage is underwritten by 15 companies with a \$2 million deductible, said Harlan Dellsey, staff counsel for Commonwealth Edison. One of the leading insurers is the Insurance Co. of North America, he said.

"We self-insure workers compensation," he added. The unknown loss resulting from business interruption is not insured, however.

The plant is not expected to open again for another six months, a spokesman said.

The eight-story coal-crushing house was destroyed when the fire spread along the conveyor belt to the adjacent main plant, causing a second blast.

Commonwealth Edison was warned of coal dust collection in March 1980 by the Occupational Safety and Health Administration, said Vincent Lasser of the Peoria OSHA office. The warning was made again in June.

In July, OSHA inspectors found the plant to be clean, but "it's a recurring thing," Mr. Lasser said. "It's basically a housekeeping problem."

## Volcano burns into profits

TACOMA, Wash.—Weyerhaeuser Co. said its third-quarter profits were reduced by \$36 million, or 29 cents per share, as a result of the volcanic eruption of Mount St. Helens last May.

The volcano ruined some 68,000 acres of uninsured company timberland, the firm said. Most of the losses included standing timber, logs, buildings, equipment and transportation systems along with costs of replacing the burned area and salvage.

Despite the losses, Weyerhaeuser registered a profitable third quarter with net income of \$131.6 million.

## U.S. probes service violations

WASHINGTON—Special joint Labor Department and Internal Revenue Service investigation teams are checking the Dallas-Houston areas for insurance agents and other employee benefit plan service providers that may be violating the pension reform law.

Two dozen service firms in Dallas and Houston that sell a wide range of insurance products—especially life insurance—to benefit plans will be investigated for compliance with a special prohibited transaction class exemption.

The exemption, known as 77-9, permits agents, brokers and insurers to provide insurance and investment-related services to employee benefit plans with which they may have a fiduciary relationship.

However, to qualify for the exemption, the providers must disclose to the federal government the commissions they received from the sale of insurance products to the benefit plans.

In addition, the federal government is exploring whether or not the service providers have been charging the plans too much in commissions for insurance purchases.

Firms that violated ERISA by failing to disclose insurance sales to benefit plans with which they had a fiduciary relationship can be penalized with an excise tax equivalent to 5% of the insurance transaction.

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# Sambo's to fight pregnancy benefits

By RHONDA L. RUNDLE

LOS ANGELES—Pregnant women who quit work before they become physically disabled should not be covered under an employer's self-insured disability

plan, Sambo's Restaurants Inc. will argue Oct. 30 in Los Angeles superior court.

Sambo's wants the state unemployed disabled fund, not the employer, to assume liability for such claims, which average about 9.8

weeks and cost almost \$1,000 each.

But the California unemployment insurance appeals board disagrees. The board recently upheld an administrative law judge's ruling that Sambo's must pay such pregnancy claims (BI, Feb. 4).

## Benefit consultants listing

*Business Insurance* will publish a detailed list of employee benefit consultants in its Dec. 15 special report on employee benefits.

Surveys have been mailed to the 22 consultants listed in last year's directory published Dec. 10, 1979. If you were not listed in 1979 but want to be listed this year, call us for a survey.

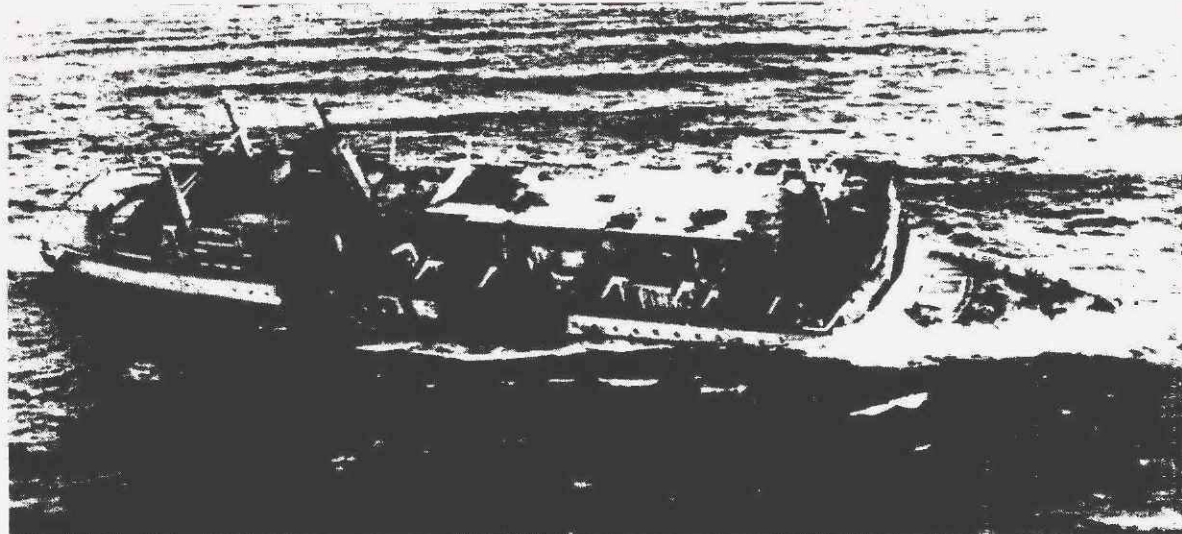
If you were part of the 1979 employee benefits consultant directory but haven't received your survey yet, we need a call from you, too.

The deadline to submit a survey for the employee benefits consultants directory is Nov. 15. We cannot guarantee late survey information will be included.

For a copy of the survey, call Len Strazewski, senior editor/features and special reports, at 312-649-5393 or write him at *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611.

The controversy does not concern benefits for women who quit work or begin a leave of absence at the same time they are certified by their doctor as disabled. The claims for which Sambo's and other employers believe they are not liable are those filed by pregnant women who leave their jobs months before they are actually disabled and later seek benefits for the period a doctor certifies them as unable to work.

"The crux of the matter is that the appeals board is forcing self-insured companies to discriminate among employees," said Ralph Hurley, a partner in Voluntary  
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Several U.S. insurers underwrote \$3.5 million of hull coverage for the M/V Prinsendam, which sank

Oct. 11 after an Oct. 4 fire. The rest of the coverage was written in the European market.

# U.S. insurers underwrite \$3.5 million for ship hull

NEW YORK—Mutual Marine Office Inc. is lead underwriter on the hull coverage for the M/V Prinsendam, the Dutch cruise ship that sank Oct. 11 while being towed to a Seattle repair yard.

Mutual Marine insured 10% of the ship's \$20 million value, president John Blackman said. Other U.S. underwriters participating on the risk were American Marine Underwriters Inc. and American National General Agencies Inc.

Total U.S. market participation was \$3.5 million, according to the American Institute of Marine Underwriters.

Most of the balance of coverage on the ship, owned by Holland America Cruises N.V., was placed in the European market. Marine sources in New York speculated that Dutch insurers had a heavy participation in the loss, but this could not be confirmed.

A spokesman for Lloyd's of London said that mar-

ket had a minor participation but would not disclose the figure.

Liability coverage for the Prinsendam was with The Standard Steamship Owners Protection & Indemnity Assn. (Bermuda) Ltd., *Business Insurance* learned.

No injuries or deaths occurred when fire broke out on the ship Oct. 4 off the coast of Alaska. However, 320 passengers and 190 crew members were forced to abandon ship.

Survivors probably will file suits alleging they suffered physical pain and mental anguish aboard the lifeboats, which some said were not properly equipped, a protection and indemnity expert told *Business Insurance*.

Holland America Cruises already has filed a petition in federal court to be exempt from liability or have its liability limited to \$350,000 (BI, Oct. 13).

Marsh & McLennan brokered the account.

# BI names 2 associate editors

The editorial staff of *Business Insurance* has two new associate editors. Eileen C. Norris, 27, has joined the Chicago office with responsibilities for reporting. Previously, Ms. Norris was a reporter for the Suburban Trib, a supplement to the Chicago Tribune. She is a 1978 graduate of Northern Illinois University where she majored in journalism.

Stacy Shapiro, 24, has been promoted to associate editor from editorial assistant, a position she has held since February. She is a 1978 graduate of the University of Illinois in Champaign/Urbana where she majored in history.

Ms. Shapiro, who has studied and lived in England, will relocate to London in January as *Business Insurance's* full-time London correspondent. She will report not only on London insurance market developments but also on news of continental European insurance markets and risk and benefit management abroad.



Norris

Shapiro

# Benefits getting too costly: Consultant

By STACY SHAPIRO

If benefit costs climb any higher, benefits may get too costly to offer employees, warns a benefit consultant.

Their value now equals more than 40% of salary in many companies and they are growing faster than salary increases as employee incentives, says Fredrick I. Schick, director of benefits consulting services for Hay Associates, a member of the Hay Group of consultants.

"Over the past decade benefits have continued to increase. We as a firm are concerned about what we tell our clients because if this continues over the next five years, benefits will become prohibitively

expensive.

"You certainly can't call it fringe benefits anymore when it costs 40 cents to every dollar," he said.

White-collar employees saw the value of benefits rise 7.3% to 18% from mid-1979 to mid-1980, according to the 1980 Hay/Huggins Noncash Compensation Comparison report. But salaries increased only 6% to 13.4%, almost 3% lower than last year's high of 16%.

Hay/Huggins of Philadelphia is also a member of the Hay Group. The report includes data from 601 companies.

An increase in the number of employers who pick up the entire tab for health insurance added significantly to the increase in em-

ployer costs for noncash benefits, according to the report.

"Seventy-one percent of the medical plans are fully employer-paid for employee coverage and 48% are fully employer-paid for dependent coverage," says the report. "Two years ago the results were 64% and 40%, respectively."

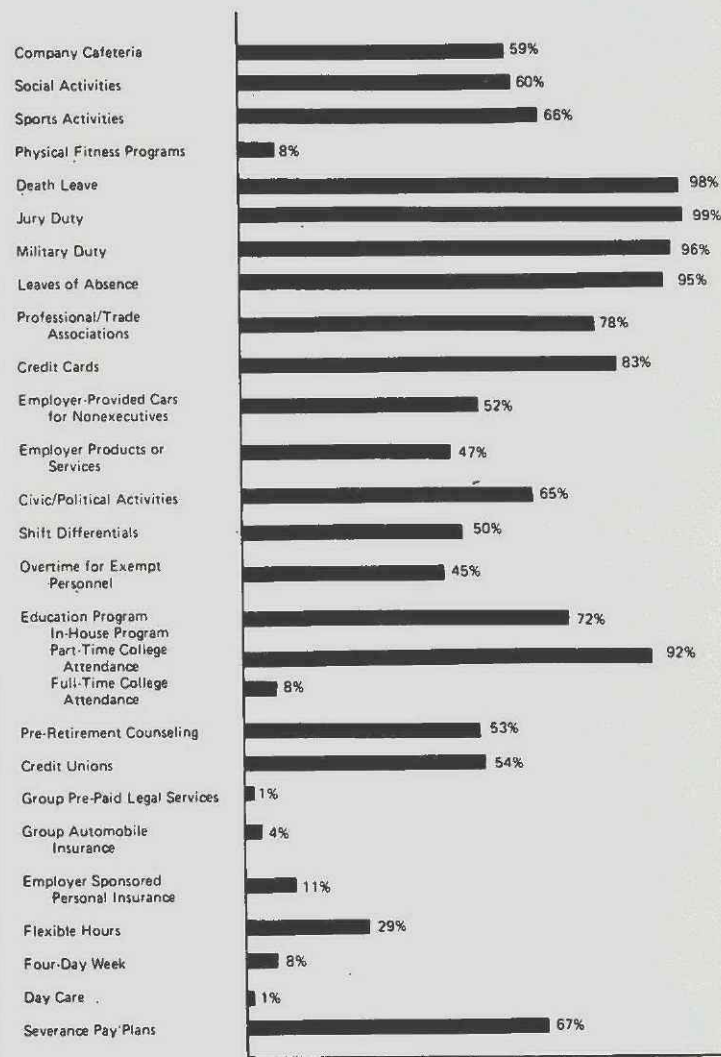
But companies counter these increasing health care costs by self-insuring some benefits.

In 1978, 71% of companies fully insured their health plans. But today only half of the companies fully insure health programs. The others either fully self-insure or partially self-insure.

Of the 50% in the report that do self-insure, 12% only self-insure,

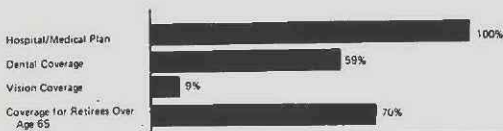
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## Prevalence of benefits



Charts: Hay/Huggins

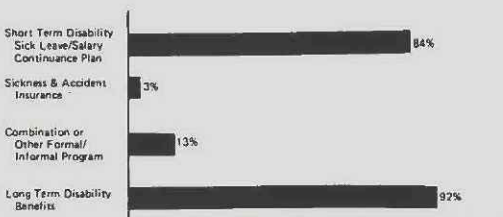
### Medical coverage



### Pension plans



### Sickness and disability



### Supplemental pension plans



It offers the opportunity to do something that I always have enjoyed

By JERRY GEISEL



Edith Lichota

Photo: Kathryn J. McIntyre

## BI contest will honor 4 top risk executives

By KATHRYN J. MCINTYRE

CHICAGO—The 1981 *Business Insurance* Risk Manager of the Year competition will raise the curtain on the behind-the-scenes work of four outstanding risk managers in four different settings.

You can bring recognition to an outstanding risk manager you know by submitting his or her name and qualifications for consideration by a panel of 10 outstanding experts in insurance and risk management.

The awards will recognize exemplary performance of risk management for a large corporation, a smaller business, a government entity and a tax-exempt or not-for-profit institution.

One risk manager from all the nominees will be selected by the judges as the 1981 *Business Insurance* Risk Manager of the Year.

Three more outstanding nominees will be named to the Risk Management Honor Roll, a new addition this year intended to focus the spotlight on outstanding risk management in a variety of settings.

The winners of the fourth annual competition will be announced in the April 6, 1981, issue of *Business Insurance*.

The winners will receive engraved plaques as a symbol of their accomplishments.

The Risk Manager of the Year competition was instituted by *Business Insurance* in 1978, on its 10th anniversary of publication. It is designed to heighten awareness

of the importance of risk management and to further development of the profession by recognizing outstanding risk management programs.

The winners have been Howard T. Webber, director of insurance at 3M Co. in St. Paul, in 1978; Edward Erickson, director of insurance at ABC Corp. in New York, in 1979, and Thomas V. Hallett, former director of insurance

for General Motors Corp. in Detroit, in 1980.

The winners are selected by 10 judges who are leaders in their fields, including representatives of the risk management community, risk management educators, insurance brokerage firms, insurance companies, risk management consultants and financial executives.

The judges for the 1981 competition

Continued on page 6

## Criteria for judging

The 10 judges will use nine criteria to select the 1981 *Business Insurance* Risk Manager of the Year and the 1981 Risk Management Honor Roll.

The judges will score each candidate on how well he or she:

- Established and implemented an effective risk management program within the organization.
- Tackled and solved one or more major problems for his or her organization.
- Innovatively applies the diverse tools of risk management and insurance.
- Creatively and effectively uses the insurance markets.
- Established a workable intelligence system inside and outside the organization, culminating in access to a flow of information about events and activities that affect the organization's risk management and insurance.
- Skillfully applies the principles of management in the overall organization and within the risk management/insurance department.
- Achieves the most effective program at the optimum cost over the long term.
- Developed technical expertise in any or all of the broad categories included within risk management (insurance, safety, law, industrial hygiene, claims control/administration, underwriting, communciations, information systems, etc.) leading to a better managerial grasp of the operational aspects of the job.
- Exhibits an attitude and performs activities fostering the advancement of the risk management profession.

NEW YORK—Another nationally known risk manager has left the ranks of risk management to join an insurance provider.

Edith Lichota, manager of insurance and risk management at Kenne-cott Corp. in Stamford, Conn., and assistant treasurer at Carborundum Co. in Niagara Falls, N.Y., will leave the firms this month to become a vp in charge of governmental affairs for Insurance Co. of North America.

Ms. Lichota will report to T. Bowring Woodbury III, senior vp and general counsel. She will work at INA's New York office.

Known for her outspoken views as vp of the Risk and Insurance Management Society, Ms. Lichota becomes the third prominent risk manager in less than two months to leave the profession.

Thomas Hallett, former risk manager of General Motors and winner of the *Business Insurance* Risk Manager of the Year competition this year, joined broker Frank B. Hall as corporate vp and director of risk management in September.

And about two weeks later Steven Steinberg, insurance director of J. Weingarten Inc., a Houston-based supermarket chain, joined broker Emmett & Chandler in Houston (*BI*, Sept. 15).

Like Mr. Steinberg, Ms. Lichota decided to leave her risk management position after a corporate consolidation of the treasury departments, which oversee risk management operations at Kenne-cott and Carborundum, threatened to give her less authority.

Kenne-cott took control of Carborundum by stock purchase. Ms. Lichota originally was assistant treasurer at Carborundum.

So Ms. Lichota asked John Cox, INA president, about working for the huge insurer in a governmental affairs capacity. They began discussions this summer.

"It offers the opportunity for me to do something that I always have enjoyed and feel is important: impacting the governmental process," Ms. Lichota said.

As a vp of RIMS and chairman of its governmental affairs committee, Ms. Lichota played a leading role in several key issues.

She served as the only risk manager member of the Committee of

Continued on page 6

# Federal workers gain dental coverage

MORE THAN 1.5 million federal employees and annuitants and their dependents who are enrolled in the government's high option Blue Cross & Blue Shield plan will be covered for dental services beginning next January.

Treatments to be covered include oral examinations, X-rays, prophylaxes, fillings, simple extractions, fluoridation and removal of impacted teeth. Dental services performed in a hospital are not covered.

The Blues will pay professional charges up to a scheduled amount, with no deductible or limit.

The plan's benefits are "rather meager," admitted George MacWhorter, chief of employee organization plans division of the Office of Personnel Management. "The main reason for this is to get a foot

## benefit beat

in the door" in providing dental coverage, he said.

To offset the cost of the new dental benefits, the deductible for high option supplemental benefits will be increased to \$150 from \$100 and coverage for psychiatric services will be reduced to 70% from the current 80%.

Federal employees will pay \$14.84 biweekly for individual coverage and \$30.52 for family coverage in 1981. The government will pay \$15.21 for an individual and \$35.64 for a family.

## Dental plan

An estimated 10,000 members of

the United Farm Workers in California are eligible for dental coverage under a plan initiated last month.

Migrant workers who have tallied 60 hours of work in July qualify for the plan provided by California Dental Service. Dependents to age 19 also are covered. The Robert F. Kennedy Farm Workers Dental Plan administers the program.

Diagnostic and preventive care is 100% covered and other basic services are 70% covered. Payments are based on the filed fees of 13,000 participating member dentists. Western Benefit Plan Consultants of San Francisco acted on be-

half of the UFW in arranging the program.

## Second opinion

The 2.4 million group subscribers to Ohio Medical Indemnity, the Blue Shield plan of Ohio, are now covered for second surgical opinions.

Subscribers can obtain the name of a participating physician in their area from a toll-free number established by the plan. Besides paying the physician's bill for the second opinion, the new program also will pay for diagnostic services that are necessary to help determine the patient's condition.

The second opinion plan is included in all basic contracts at no extra cost, although subscriber experience in using the benefit will

be figured in setting future rates, a plan spokesman said.

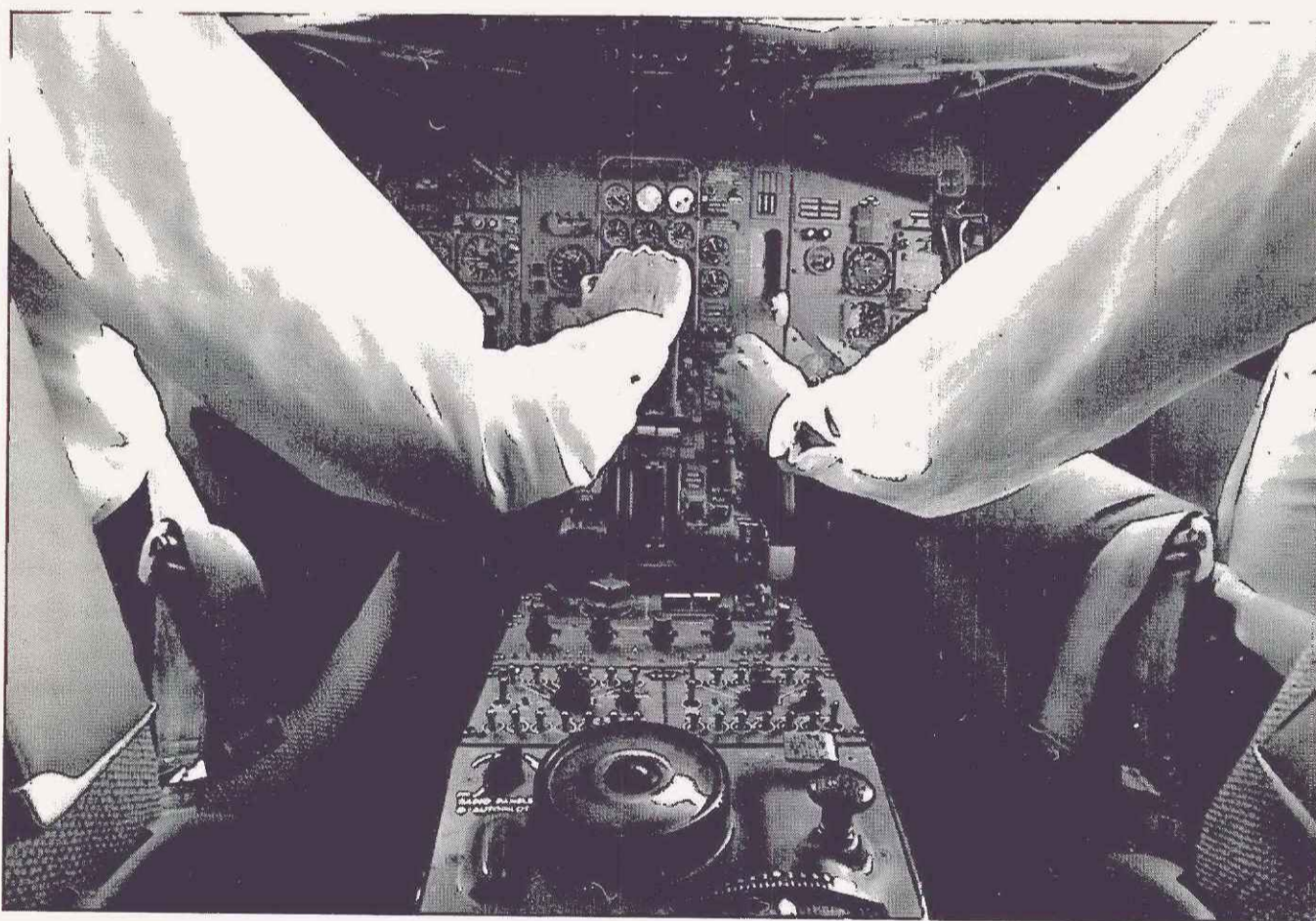
## Layoff coverage

Laid-off employees whose employers contract for health coverage with Blue Cross & Blue Shield of Syracuse, N.Y., may continue to receive coverage at group rates.

Normally an employee released from a group would have to convert to a nongroup contract and pay a higher premium, but the 225 area employers will be able to keep the laid-off workers on their experience-rated group programs, the Blues have announced.

Made any benefit changes? Write Valerie Berg, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611.

## Put Corroon & Black at the controls.



**Our risk management programs can keep business insurance costs from going sky-high.**

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management program that meets the special needs of your business.

It's this kind of approach to business insurance that's made Corroon & Black one of the largest brokers in the world — with over 90 offices worldwide.

If your insurance costs seem out of control, contact Corroon & Black for an analysis of your insurance program.

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

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## Steel firms plan review, home care

PITTSBURGH—The steel industry and the United Steelworkers union are taking a swipe at high hospital care costs.

Beginning Jan. 1, a hospital utilization review program will try to cut employee hospital stays. At the same time, coverage of home health care will be improved.

The program is part of the union's new contracts with nine steel companies representing 250,000 steelworkers. Other unions within the steel industry are expected to implement similar programs, said a spokesman for the United Steelworkers.

Under the review program, a doctor will predetermine the length of a patient's hospitalization. If an extension is required, it must be reviewed by a board that establishes hospital stay standards.

If that board says the patient should be released, a physicians panel set up by the hospital would make a decision.

If it is determined that a prolonged stay is unnecessary, the union contract specifies that convalescent care must be available outside the hospital before the employee would be forced to pay the bills for the extended stay.

The contract also provides 100% reimbursement for a second or third opinion on surgery.

The review concept originally was set up by Medicare to minimize unnecessary hospital stays. The plan provides for "someone to look over the doctor's shoulder," said a union representative.

The steelworkers program will shift the emphasis of coverage to home health care. All related costs will be paid, including those for nursing homes, expanded outpatient services and ambulatory surgical facilities.

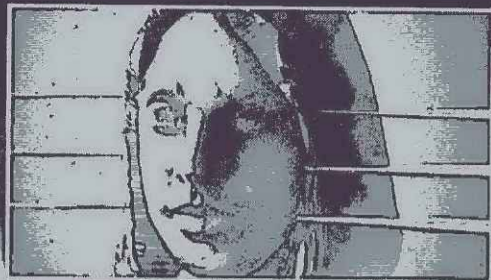
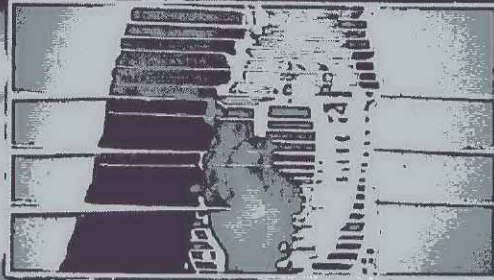
"The focus of the effort was to expand the scope of less costly services and reimburse the patient for using them," said the union spokesman.

Because insurance will cover home health care for union members, it is uncertain whether the program will save money.

"The program holds out a lot of promise for holding down health care costs nationally, but it's going to take some time to effectively measure it," said Alan K. Brown, benefits manager at Allegheny Ludlum Steel in Pittsburgh.

Blue Cross underwrote health care insurance for U.S. Steel Co. Other steel companies have individual plans with various insurers.

# WAUSAU WORKS.<sup>SM</sup>



## The shape of a successful insurance partnership.

In a studio on New York City's Madison Avenue a unique process combines sophisticated photography techniques with computer expertise to create precise portrait sculptures, automatically. But sculpturing is just the beginning of what our policyholder, Solid Photography, Inc., of Melville, New York, is all about.

"Research & Development is the most productive form of all investments," says company President Paul DiMatteo. "When our technology matures, it will be the seeing eyes for robots and have the capability to provide inspection of everything from teacups to airplanes. We believe that we are the leading company in the world in this area," Mr. DiMatteo adds.

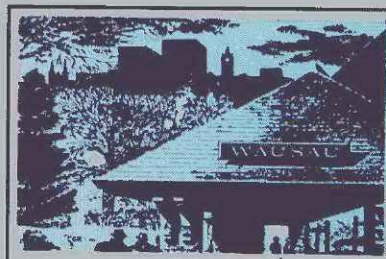
Pioneering is something Wausau Insurance understands, too. We wrote the very first constitutionally approved worker's compensation policy, back in 1911.

When Solid Photography became our policyholder a few years ago, we already had 17 years of experience with Mr. DiMatteo through another company. He says, "I've always been pleased with Wausau's attention and I think their proposals are very competitive."

Today, Wausau provides eleven lines of business insurance to Solid Photography — an energetic, willing partner at controlling losses. Mike Giordano, Insurance Manager for Solid Photography, reports, "The safety consultant for Wausau makes recommendations on a regular basis.

That one-to-one relationship is important to me."

Solid Photography, Inc. and Wausau are working together to make business insurance work for a living.



## WAUSAU INSURANCE COMPANIES

Employers Insurance of Wausau

## Nuclear plant premiums may double

NEW YORK—Nuclear facilities around the country will be hit with premium increases next year that will double costs in many cases.

In addition to previously announced 10% hikes on premiums for nuclear reactors (BI, Sept. 22), premiums will go up for a broad range of insurance coverages for non-reactor risks provided by American Nuclear Insurers.

Fuel fabricators will have minimum premium for the first \$1 million of coverage doubled to \$500 from \$250. Base premium for the next \$4 million of coverage will be increased 50%, the next \$5 million by 20%, the next \$10 million by 10%, the next \$20 million by 5% and limits above \$40 million by 2.5%.

The minimum premium per \$1 million of coverage for waste burial and storage risks also has been doubled to \$500 from \$250.

Annual premiums for nuclear laundry operations have been established at \$1,000 for the first \$1 million of coverage, \$500 a million for the next \$9 million and \$250 a million above \$10 million.

Suppliers and transporters of nuclear material, including reactor owners, will have their premiums

per million of insurance increased to \$500 from \$250 up to the first \$50 million. A minimum premium of \$250 applies to limits over the first \$30 million.

Supplier and transporter policies purchased by reactor operators will now carry annual premiums of \$750 per reactor for the first \$1 million of coverage. Premiums for the next \$9 million are set at \$275 for each million per reactor owned or operated.

Policyholders will pay \$275 for each million between \$10 million and \$20 million, \$250 for each million between \$20 million and \$30 million and \$100 for each million above \$30 million.

"We haven't raised our rates in 20-odd years and I think the ISO took a good look at the inflation rate when it was considering these increases," said John Quatrocci, senior liability underwriter.

The nuclear pools also attributed the hikes to what Mr. Quatrocci called the "changing claims and legal environment." In the first 22 years of the pool only 40 nuclear "incidents" were reported, many of them resulting in claims. In the year and a half since Three Mile Island, however, 31 incidents were reported.

## Contest to honor four outstanding risk executives

Continued from page 3  
tion will be announced Nov. 3.

The judges will score all nominees against the nine criteria established for measuring the effectiveness of a risk management program (see box, page 3). As in the past, the nominee with the highest score will be named Risk Manager of the Year.

Then all the nominees will be separated into four categories:

- Large corporations with sales of \$300 million or more and/or employing more than 1,000 people.
- Smaller corporations and bus-

inesses, with sales of less than \$300 million and/or employing fewer than 1,000 people.

- Government entities.
- Tax-exempt and not-for-profit institutions of all sizes, including hospitals, universities and foundations.

The highest scorer of all nominees could come from any of these categories. But the highest scorer in each of the three categories not represented by the Risk Manager of the Year will be named to the Risk Management Honor Roll.

Individuals who have met the challenge of different problems in different settings will be recognized for their accomplishments.

Anyone practicing the profession of risk management for an organization can be nominated, regardless of title. Nominees may be full-time or part-time insurance or risk managers or executives handling insurance and risk management as part of their overall duties.

Nominations may be submitted to *Business Insurance* by anyone in the field of risk management or commercial insurance—risk managers, brokers, insurers, consultants or corporate executives.

Forms and instructions for nominating candidates may be obtained by writing *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611; Attn.: Risk Manager of the Year; or call 312-649-5398.

All nominations are kept confidential by the judges and only the winners are announced.

Persons nominated in previous years are eligible for the 1981 competition, but the nominating statements must be updated and resubmitted.

## Edith Lichota plans switch to insurer

Continued from page 3  
13 that drafted the bylaws for the New York Insurance Exchange.

In addition, she was a leader in the product liability field and represented RIMS in negotiations with the Commerce Department when the agency was redrafting a model product liability bill.

Victor Schwartz, the former chairman of the Commerce Department product liability task force, often faced off with Ms. Lichota on product liability issues.

"She is a strong advocate, but she understands the fine art of compromise," Mr. Schwartz said. "She knows how to hang tough."

The toughest transition Ms. Lichota says she will face will be evaluating problems for a general industry instead of developing a specific program for a specific company.

But Ms. Lichota, who begins her new job Nov. 1, already has definite views on how the insurance industry can improve its lobbying.

"The biggest single failure of the industry is not adequately explaining to legislators how the insurance mechanism works," she said. "Insurers have a tendency not to explain the things they do."

Ms. Lichota will begin with INA in lobbying activities affecting New York developments. Later, however, she expects to expand her responsibilities to Northeast and federal developments affecting INA.

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## editorial opinions

# Sue now, pay later

IF YOU THINK contingency fees encourage lawsuits, wait until you hear what the New Jersey State Bar Foundation and United Jersey Banks are offering:

Easy credit to sue.

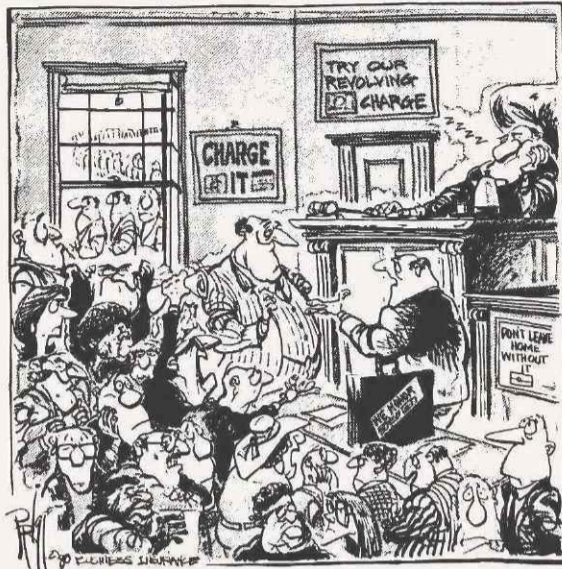
The American Lawyer, a publication for the nation's lawyers, reports the two groups are beginning a program to offer clients a fee-financing plan that lets them "sue now, pay later."

Under the program, a client gets a credit application from his attorney. The bank reviews the credit application and if it is approved, the lawyer and his client enter into a retail installment sales contract for the amount of the fee. Then the bank buys the contract from the lawyer for 95% of the face value and takes over repayment of the funds.

The other 5% goes to the bar foundations, which will use the money to fund scholarships and other nonprofit programs.

Easy credit encourages impulse buying. We have no doubt it also will encourage impulse lawsuits.

Even the disincentive to use credit for product purchases is missing from the



charge-a-lawsuit gimmick. Consumers may think twice about charging an expensive purchase because the prospect of paying for something long after it has worn out or lost its charm isn't appealing. But with the snail's speed at which our legal system operates, charge-it plaintiffs probably will have the lawsuit paid for before it is disposed of by the courts.

## Funding black lung

THIS COUNTRY needs a policy on compensating victims of occupational disease.

With the black lung system in an expensive and confusing mess as reported in last week's issue, no one is prepared to handle more occupational disease problems emerging in other industries.

Current treatment of black lung compensation shows us how *not* to handle occupational disease.

There is too much distrust of the system. Too many people are convinced there are too many undue awards granted.

Funding of black lung claims is in chaos, with insurers looking for rate increases as high as 500% to pay future benefits.

A qualified panel of experts is needed to study the issue of compensating miners for black lung and the broader issue of occupational disease.

The panel should represent industry and labor and include medical and insurance experts. It should hammer out a pol-

icy on determining eligibility for occupational disease claims and recommend a consistent system for compensating victims. An efficient and affordable system of funding for the benefits with fair assessments on industry for the cost is needed.

One would expect the Labor Department to have created such a panel by now. If the Labor Department doesn't act soon, industry could take the initiative and set up a balanced panel of experts to come up with the answers.

The insurance industry—with representatives of risk managers, insurers, brokers and consultants—could take the leading role in creating the panel. Experts from these fields know better than anyone the problems of providing today for liabilities of tomorrow.

Armed with concrete recommendations and a logical approach to the problem of occupational disease, such a panel could seek congressional action on an issue that so far is being mishandled.

## letters

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

### Leader in fitness

To the editor: The feature article on corporate fitness "Wellness epidemic sweeps companies" (BI, Sept. 1) and the follow-up editorial on "Invest in Fitness" (BI, Sept. 8) were very timely for this stressful and sedentary form of living that much of our country has become accustomed to.

The major shortcoming, however, was the failure to alert your readers to the major role that YMCAs are playing in helping corporations to promote fitness among all of their employees. With 1,800 locations, the YMCA has an outreach so that we can serve any company in any reasonably populated area.

The Y's tailor-made programs vary in terms of complexity of testing; whether sessions are in groups or individually based; whether it is done at the business or industry site, the local Y or other facility convenient to the company.

But the Y can generally provide training exercise personnel to staff the program at a fraction of what the company's cost would be to hire and train their own personnel and provide them with employee benefits.

The Y has some 3,000 trained physical fitness specialists in the nation who are continually trained on all aspects of cardiovascular health.

The Y also brings on the experience of a highly skilled volunteer and professional group of advisers and consultants to its programs.

In St. Louis we are working with a number of large and small companies in making their employees aware of the advantages of participation in a fitness program, the education of what a program can do for their entire lifestyle, providing the motivation to actively and continuously participate and providing the necessary activities to meet the fitness and wellness goals.

A program designed and run for a large St. Louis bank in which 29 men and women participated produced some startling results: In just eight weeks, a 49-year-old man decreased his blood pressure and increased his life expectancy eight years, while a 28-year-old man reduced his resting heart rate and thus saved 43,600 heartbeats per day.

Participants in our programs report that they feel better, have increased stamina, sleep better and have a feeling of being more alert on their job.

Of the 847 state employees in Albany, N.Y., who participated in a

cardiovascular risk reduction program emphasizing physical conditioning, more than 55% reduced their sick leave utilization and the mean number of hours lost to absenteeism due to sick leave was dropped from 62.8 hours per year to 36.1 hours per year. These results support the frequently expressed hypothesis relating productivity to an improvement in the health of the employee who is participating in company-sponsored fitness programs.

The need and results of these programs are well documented. The resources of the YMCA, which has been a national leader in this whole area, are open and available to all organizations.

**J. Philip Hellwege**

Vp-finance  
YMCA of Greater St. Louis  
St. Louis, Mo.

### What's in a name?

To the editor: Regarding your story that said American Medical Affiliates Inc. has received a \$253,044 premium rebate ("Company gets \$253,044 back," Sept. 29): I thought rebating was illegal.

I am surprised to see an insurance periodical using such terminology. They should know better than to call a retrospective premium adjustment a rebate. Tsk! Tsk!

**Lawrence J. Bell, CPCU, ARM**

Assistant vp-risk management  
Revco D.S. Inc.  
Twinsburg, Ohio

■ The Pennsylvania insurance department says the correct term is dividend.

### Confidential study

To the editor: "Retentions, retros fund major risks: Survey" in your Sept. 22 issue summarizes the findings of a study conducted by pollster Louis Harris & Associates Inc. I would like to have a copy of that survey.

**Bernard E. Madison**

Business sales adviser  
Nationwide Insurance  
Memphis, Tenn.

■ As stated in the article, the survey was conducted for nine insurance companies and a broker with the results kept confidential for them only. A copy of the study was given to Business Insurance, but we cannot release a copy of it to the public. We reported the information in the study, knowing it is of interest to our readers.

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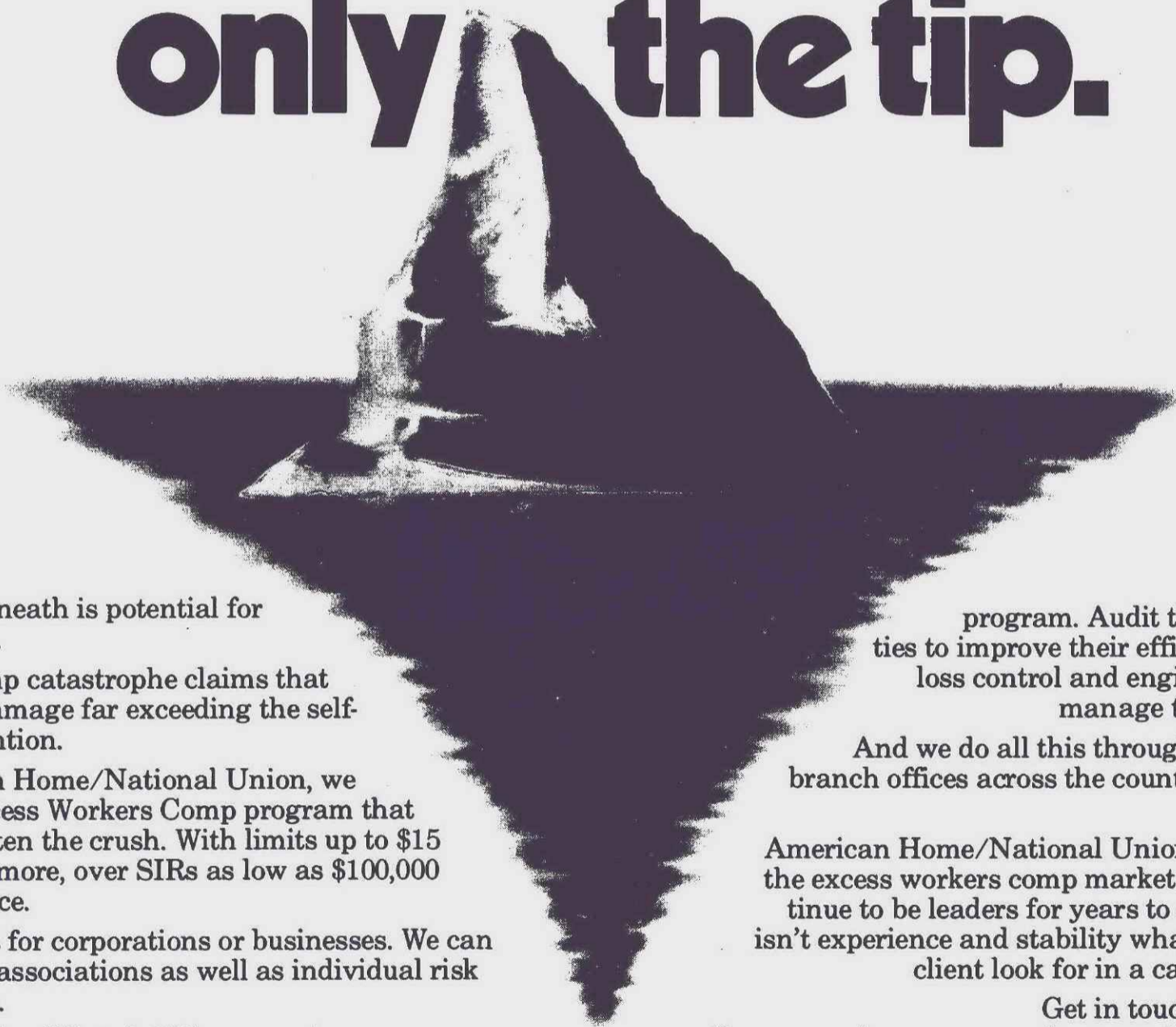
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## Arabs, Lloyd's to resume talks after war ends

LONDON—Lloyd's of London will resume negotiations with an Arab war risk insurance syndicate as soon as Iran-Iraq hostilities cease, Lloyd's sources said.

Lloyd's denied earlier reports that it had failed to reach agreement with the Arabs over the necessary reinsurance to start the venture. A Beirut newsletter reported last week that plans for the 32-company pool had come to a standstill because adequate reinsurance could not be secured.

The newsletter, the Arab report and Memo, a publication of the An

### worldwide

Nahar, a Beirut newspaper, quoted London insiders as saying the Arabs were able to obtain only a "tiny fraction" of the needed reinsurance.

However, the report was immediately denied by Wasef Jabasheh, a member of the syndicate's technical committee and general manager of the Abu Dhabi National Insurance Co.

A Lloyd's spokesman said the two sides will resume negotiations as soon as the current fighting ceases between Iran and Iraq.

The spokesman said he had no idea how much reinsurance the Arabs are seeking.

Mr. Jabasheh, also general manager of Abu Dhabi National Insurance Co., said syndicate members met with Lloyd's representatives recently and reported no problems with obtaining reinsurance.

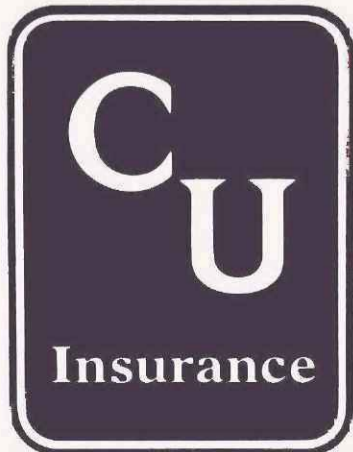
The war risk syndicate, an Arab-backed venture involving 31 insurers from the six Persian Gulf nations, announced formation of the insurance pool early this year after Lloyd's, the primary market for marine insurance, declared the area a war zone and announced steep rate hikes (BI, Feb. 18).

The group had intended to insure Arab vessels against war, riot and civil strife, beginning underwriting operations next January.

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Commercial Union is hard at work right now to become the industry's leader in fields like rehabilitation, rapid settlement, special risk management, catastrophe management, and more.

Watch this space for next month's "Case In Point" ad, the first in an on-going series from Commercial Union Claims.

Because we can't claim to be different without a case in point.

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### Capital rules

SANTIAGO—Chilean insurance regulators have ruled that all policy sums, limits and premiums must be stated in "development units" rather than local currency, according to the AFIA.

Under the rule, which took effect earlier this year, the initial capital requirements for new insurers and reinsurers doing business in Chile will be 60,000 development units. One development unit equals 865.88 pesos.

Earlier this year, the Chilean government eased restrictions on nonadmitted insurance business to allow foreign insurers to register to do business (BI, March 3).

The country is trying to encourage foreign investment, a turnaround from policy last year when the government would not allow foreign insurers.

### Ship claims

LONDON—Lloyd's marine insurers have reported a recent spate of claims on small Japanese ships used to transport logs across the Pacific Ocean. Analysts at Lloyd's say 18 such vessels have been lost at sea in 18 months. Most were lost during severe storms.

Japanese safety officials speculate load shifts during storms cause vessels to founder. They are considering using larger ships to transport logs, London sources said.

### Broker link

MADRID—Gil y Carvajal, Spain's largest insurance brokerage, has formed a new international brokering group with Lloyd's broker Hogg Robinson in London, a move observers say will place Spanish business directly in the London market.

The new partnership is expected to handle an estimated \$84 million in premiums in its first year.

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# Reagan supports biannual raises in fed pensions

By JERRY GEISEL

WASHINGTON—Republican presidential candidate Ronald Reagan supports continuing biannual cost-of-living increases to the pensions of retired federal workers and military personnel.

"The present Civil Service retirement law properly provides for a cost-of-living adjustment to protect retirees from the destruction of the value of their benefit payments," Mr. Reagan said.

"I do not favor abandoning the present semiannual indexing," Mr.

## washington

Reagan wrote to the 300,000-member National Assn. of Retired Federal Employees.

Pension benefits for retired military and federal workers are automatically boosted in March and September to match increases in the Consumer Price Index during the previous year.

Congress and the Carter administration have pressed to cut the increases to once a year, but the legislation is stalled in a conference committee.

Reducing pension increases to once a year would save an estimated \$578 million in Civil Service pension costs and \$400 million in military retirement bills.

## Divorce rights

Divorced spouses of Foreign Service officers soon will have a right to a portion of the officer's pension benefit earned while they were married.

Rep. Patricia Schroeder's (D-Colo.) amendment to the Foreign Service Act, which was approved by Congress last month, ensures a spouse will have pension benefits after divorce.

Benefits will range from one-sixth of the pension after 10 years of marriage to a half if the couple was married throughout the officer's Foreign Service career.

Foreign Service officers and spouses also do not participate in the Social Security system.

Rep. Schroeder says next year she will press for legislation that would vest spouses in the pensions of other federal and military personnel.

## Iran claims

Secretary of State Edmund Muskie has asked federal judges to delay deciding cases involving U.S. companies' claims against Iran.

Any rulings "would create a serious risk of prejudicing the continuing efforts of the U.S. government to resolve the hostage crisis," Mr. Muskie said.

Nationally, U.S. banks, businesses and insurers have filed more than 200 suits in federal courts against Iran and Iranian agencies and companies.

Among the actions pending is a joint suit filed by American International Group, Insurance Co. of North America and The Continental Corp. demanding reimbursement for equity lost when Iran seized and nationalized foreign insurance operations.

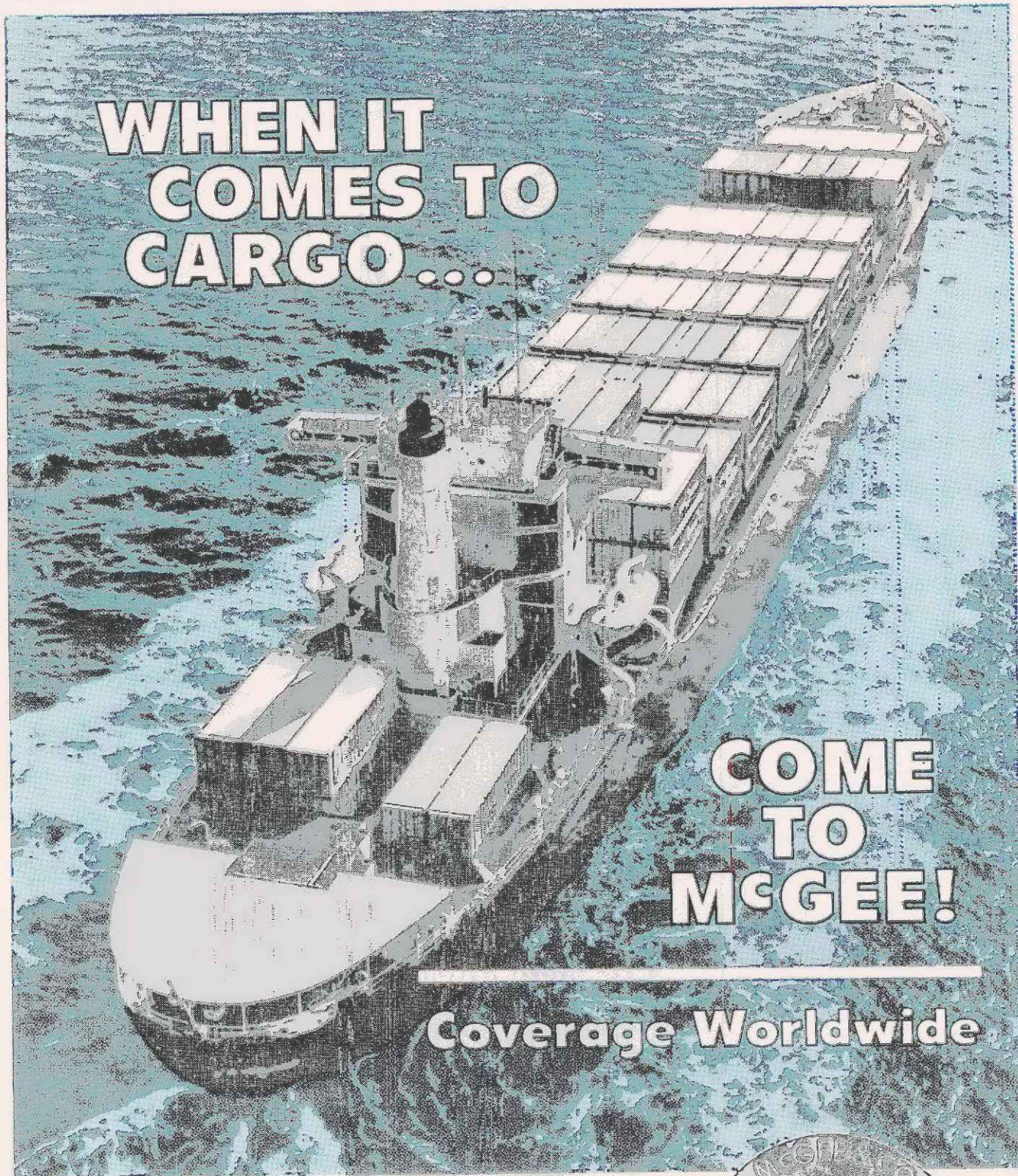
The joint suit, filed in U.S. District Court here, asks for payment of about \$35 million from assets now frozen by U.S. banks.

## Reciprocal OKd

WASHINGTON—The superintendent of insurance for the District of Columbia has given the green light for a new physician-owned malpractice insurance company to begin operations.

The National Capital Reciprocal Insurance Co. will offer up to \$5 million of malpractice protection for Washington doctors (BI, Aug. 25).

NCRIC is owned by the Medical Society of the District of Columbia, which expects most of its 1,700 members to join.



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# Doctors need more coverage

**HARRISBURG**—Doctors and other health care providers in Pennsylvania will be required to purchase increased malpractice insurance coverage under a bill passed by the state senate (H. 2204).

The basic coverage requirement would be increased to \$150,000 per occurrence and \$450,000 annual aggregate from \$100,000 and \$300,000, respectively, for any year following payments from the catastrophe loss fund that exceed \$20 million.

The liability of the fund, which pays awards that exceed basic coverage, would be limited to \$1 million per occurrence and \$3 million annual aggregate.

If fund payments exceed \$30 million a year, the basic coverage requirement would go to \$200,000 per occurrence and \$500,000 aggregate.

## City liable

**ANNAPOLIS**—The city of Annapolis can be sued by the widow of a man whose death was linked to a fluoride spill at the city water plant, a circuit court judge has ruled.

Judge Martin Wolff of Anne Arundel County (Md.) circuit court ruled the city was acting as a business by supplying customers with water and is "liable in the same manner as any corporation."

Lawyers for the city had argued it could not be held liable for the death of Lawrence E. Blake, who was being treated on a kidney dialysis machine when water containing extremely high concentrations of fluoride was flowing through the system.

They contended the city was acting "in a governmental capacity" by supplying water and therefore has sovereign immunity to a suit.

Judge Wolff held the city is immune to claims of negligence in allowing the spill to occur, but responsible for the actions of its employees, who failed to promptly report the spill, which occurred Nov. 11, 1979, when an operator allegedly turned a valve on the fluoride tank the wrong way.

The liquid spilled onto the floor of the two-story plant and into a drain where it was recycled into the water supply.

Mr. Blake died three days later. He and seven other kidney patients who became ill had undergone treatment at a dialysis center in the city two days after the spill. An autopsy showed the spill was a contributing factor in his death.

## Fund sued

**MIAMI**—Trustees and consultants of a Florida carpenters union health and welfare fund paid too much for the fund's life insurance, the Labor Department charges.

In a suit filed in U.S. District Court for the Southern District of Florida, the Labor Department says Leslie J. Harrington, a trustee of the Broward County Carpenters Health and Welfare Fund, seven former trustees and Trust Consultants Inc. of Miami paid more than \$240,000 than they should have for life insurance for plan participants.

The suit seeks the removal of Mr. Harrington as a trustee and asks the defendants to reimburse the plan for losses caused by the excessive premiums.

## Fee schedules

**ALBANY**—Workers compensation fee schedules for physicians have been increased 10% overall under new rules from the New York Insurance department.

The increases are the first since

## around the states

July 1, 1979, when a 7% increase was granted.

The new rules also regionalize the fees for physicians, dentists, psychiatrists, psychologists, therapists and optometrists and increase maximum permissible charges for nursing, supplies, and services relating to drugs, medical equipment, prosthetic and orthotic appliances, hearing aids,

eyeglasses and religious practitioner services.

## Toxic wastes

**SPRINGFIELD**—Illegal dumping of toxic chemical wastes in Illinois will be a felony under measures signed into law by Gov. Thompson.

The new laws will:

- Earmark 25% of fees paid by waste disposers for a special account to be used to clean up spills and accidents involving toxic chemical waste material.
- Allow up to \$1 million from the account to be spent on any waste accident posing a health threat.
- Allow the state environmental protection agency to deny permission to a waste disposal operator if the operator or his employees have a history of violating environmental regulations.

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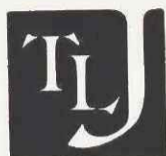
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# N.Y. corporation names Rinaldi to assistant post

AMERICAN STANDARD Inc. in New York has named **Joseph A. Rinaldi**, 32, assistant director of risk management, to replace **Patrick Cahill**, who left the company. Mr. Rinaldi, who reports to director of risk management Norman Chanzis, was casualty insurance manager at IT&T in New York. He has a bachelor's degree in economics from the City College of New York and is working toward a master's in business administration at C.W. Post.

\* \* \*

Cuyahoga County, Ohio, has

## comings & goings: buyers

named **James Stanard** director of the division of risk management and insurance. In this new position, which combines insurance and risk management duties, Mr. Stanard is preparing a self-insured liability program for the county. He has a bachelor of arts degree from College of the Holy Cross in Worcester, Mass., and graduated from Case Western Reserve University School of Law in Cleveland. Before accepting this position he practiced law with emphasis on insurance cases for 25 years. He reports to Cyril Weathers, director of the department of administrative services. **Edward Kehoe**, who recently retired, is the former director of insurance for the county.

\* \* \*

Consolidated Edison Co. of New York Inc. has named **William J. Collins**, 44, to the newly created position of director of risk management. Mr. Collins, who reports to treasurer Alfred R. Wassler, has been with the company 26 years. Most recently he was insurance manager, a position now vacant. He has a bachelor's degree in business administration from the City College of New York and has taken advanced courses at The College of Insurance.

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

## action line

### Property panel found in Boston

Some time ago, your magazine published an article on the National Committee on Property Insurance. The address given to contact for further information is no longer accurate. We wrote for the Compendium of Individual State Property Insurance Plans, and the envelope was returned stamped "moved... not forwardable."

Can you please assist us in locating a correct address?

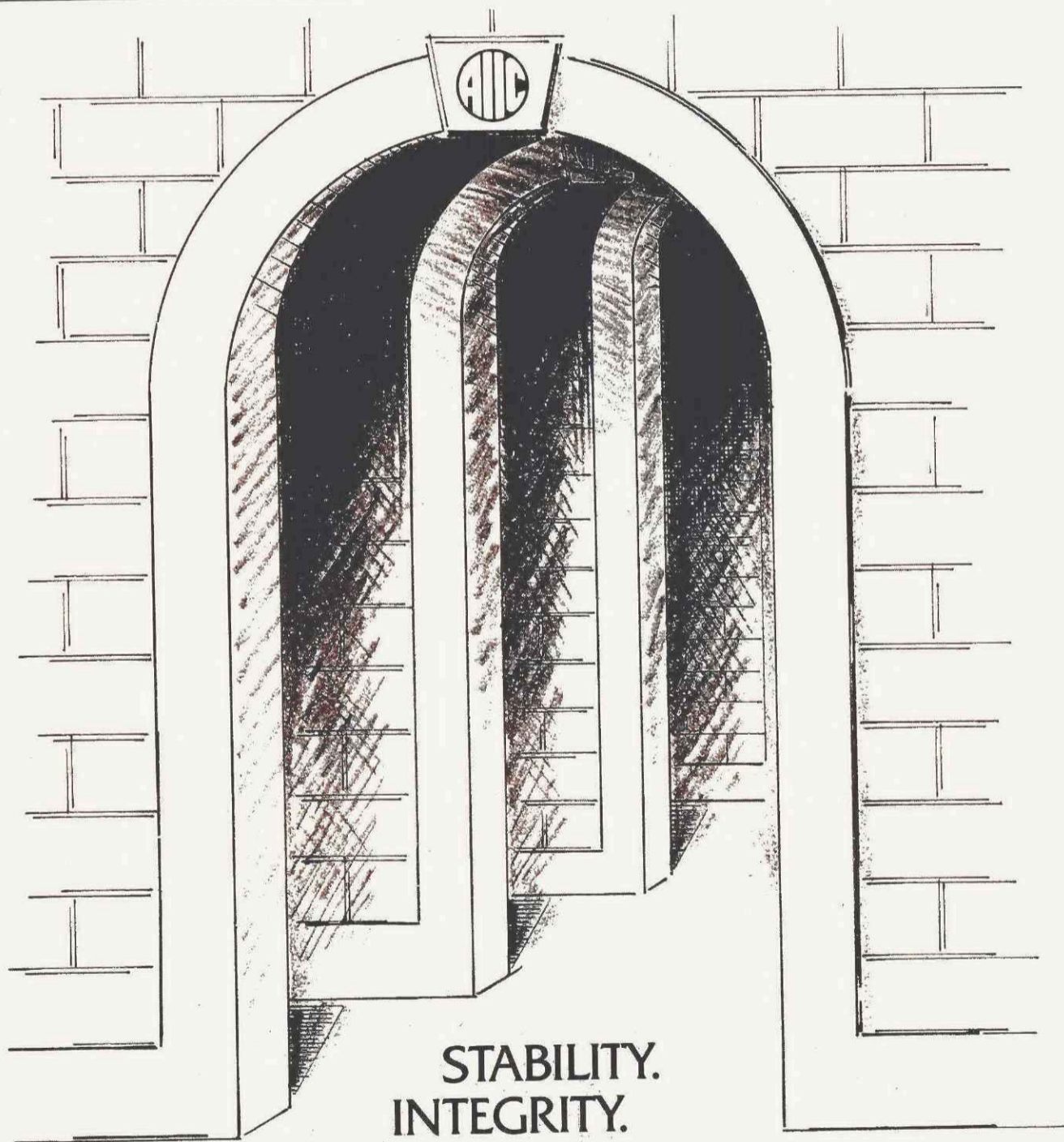
**Mary Kay Johnson**  
The Hardester Corp.  
Salisbury, Md.

The article to which you referred is not from our magazine, but we located this committee for you.

After calls to Washington, D.C., New York and King of Prussia, Pa. (where the committee used to be located), we found the committee in Boston.

They are sending you the Compendium of Individual State Property Insurance Plans.

If anyone else is looking for the committee or the report, the new address is: National Committee on Property Insurance, 55 Court St., Boston, Mass. 02108; 617-367-5912; chairman: Eugene L. LeConte. ■



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## Blues set Teamster seminars

NEW YORK—The Teamsters and Blue Cross & Blue Shield of Greater New York have joined forces to promote preventive health care.

About 25,000 Teamsters and their dependents are eligible for no-cost workshops: "Stand Up to Stress," Oct. 15; "Stop Smoking," Oct. 16; "Get Ready for Retirement Years," Oct. 20 and Oct. 27; "Slim Down, Shape Up," Oct. 21; "Avoid Botherome Backaches," Oct. 22, and "Take Care of Yourself," Oct. 23 and Oct. 30.

Sessions are provided by the Blues at its Manhattan health education center.

"It's a mutual effort to do something for a target population," said Edwin R. Werner, president of Blue Cross & Blue Shield. "This is the first time for such a joint venture."

"We are very excited and enthusiastic about this new program," added Joseph Trerotola, president of Joint Council No. 16 and vp of the International Brotherhood of Teamsters.

"It's not enough for an employer to make a monetary contribution to a health care plan. We must have and find ways to help the employees help themselves," he said.

The union will also pay for its 25,000 members to receive hypertension screening at their job sites.

Both programs are coordinated by Teamster Center Services, an advice and referral service initiated two years ago by Joint Council No. 16 and Management Hospitalization Trust Fund. ■

### datebook

**OCT. 26-29. Communicating Employee Benefits** Conference in Chicago, sponsored by Business Insurance; \$385. Crain Educational Division, 740 N. Rush St., Chicago, Ill. 60611; 312-649-5242.

**NOV. 12-13. How to Reduce Your Municipal, County, School District or University Insurance Cost Seminar** in Washington D.C., sponsored by International Risk Management Institute Inc.; \$435 for each individual or \$395 each for a three-person team. IRMI, 10300 North Central Expressway, Suite 208, Building IV, Dallas, Tex. 75231; 214-363-9656.

**NOV. 12-14. Product Liability and Warranty Seminar** in Chicago, sponsored by the American Management Assns.; \$510 for members, \$585 for nonmembers. AMA, 135 W. 50th St., New York, N.Y. 10020.

**NOV. 14-19. 26th Annual Educational Conference** in Honolulu, sponsored by the International Foundation of Employee Benefit Plans; \$360, \$300 before Nov. 13. IFEBP, P.O. Box 69, Brookfield, Wis. 53006; 414-786-6700.

**NOV. 16-21. College of Workers Compensation Course** in San Diego, sponsored by the College of Workers Compensation; \$300. M. Roscoe Lowery, Dean, College of Workers Compensation, 98 Clarendon Ave., Avondale Estates, Ga. 30002.

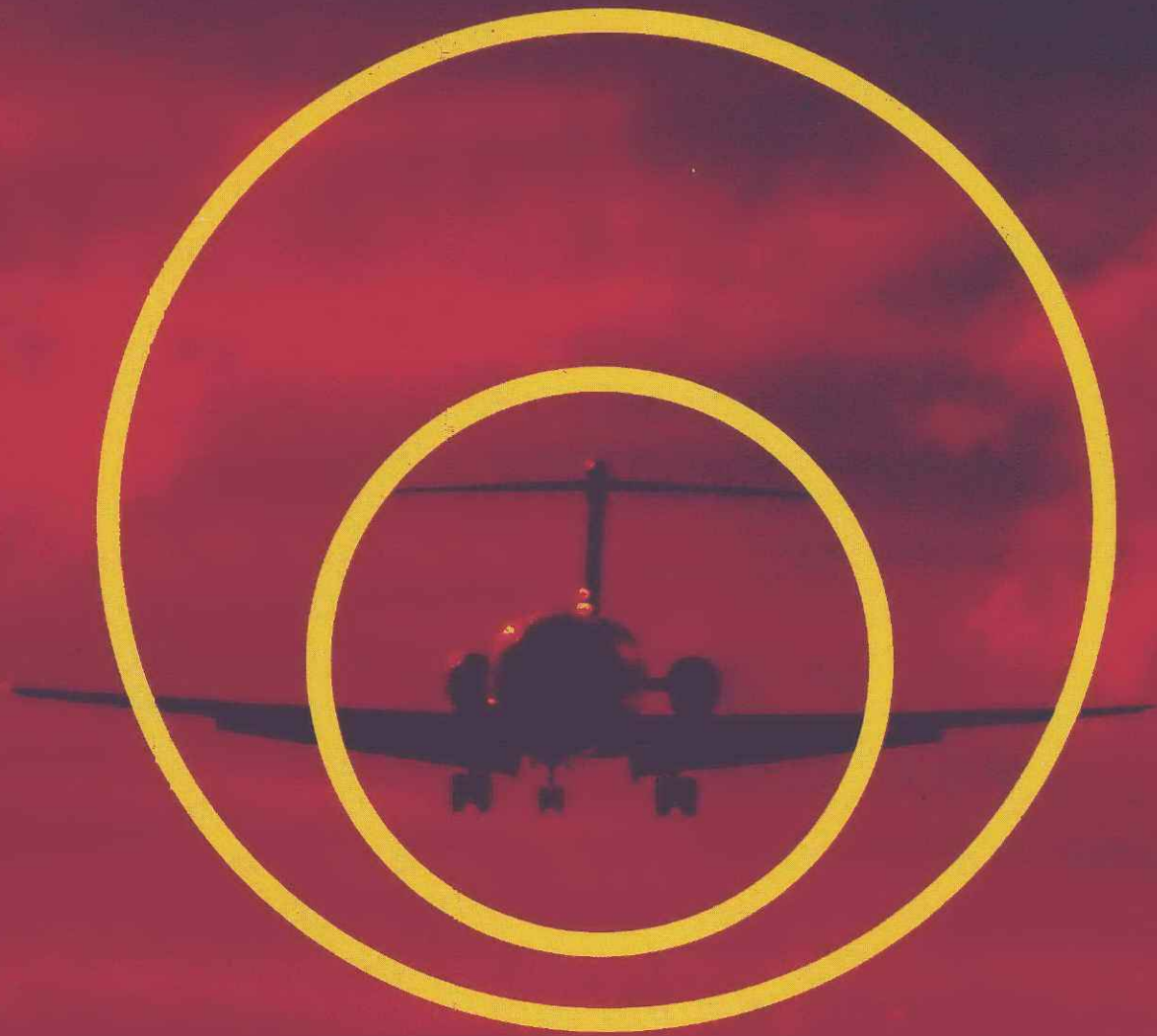
**NOV. 16-21. Reinsurance Practice Course** in London, sponsored by the Risk Research Group, Alison Rayner, Risk Research Group Ltd., Bridge House, 181 Queen Victoria St., London EC4V 4DD; 01-236-2175.

**NOV. 17. Risk Management and Safety Seminar** in Tucson, sponsored by the Arizona Center for Occupational Safety and Health and the University of Arizona; \$75. Herschella L. Horton, R.N., Coordinator for Continuing Education, Arizona Center for Occupational Safety and Health, University of Arizona Health Sciences Center, Tucson, Ariz. 85724; 602-626-6835.

**NOV. 17-19. Safety for Line Supervisors Course** in Atlanta, sponsored by the International Loss Control Institute; \$325. ILCI, Highway, 78, P.O. Box 345, Loganville, Ga. 30249.

**NOV. 19-20. Risk Management Accounting Seminar** in New York, sponsored by Corporate Systems; \$345. Connie Oak, Corporate Systems, P.O. Box 31780, Amarillo, Tex. 79120; 800-376-4223.

**NOV. 19-22. Educational Conference** in Sea Island, Ga., sponsored by the Southern Pension Conference; \$150 for members, \$225 for nonmembers. SPC, P.O. Drawer 47309, Atlanta, Ga. 30362; 404-967-3815. ■



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# Airport authority won't accept liability

By JOHN MILLER

LONDON—The refusal of the state-run British Airports Authority to accept full liability for any accidents after planes have landed may cause gaps in insurance coverage for international airlines.

The airport authority, which controls Heathrow, Gatwick and Stansted airports, is seeking to escape liability for any injury or damage to passengers, cargo or aircraft even if it results from its own negligence.

## London line

British Airways intends to fight the airport authority in court, but until the issue is settled, airlines could be deprived of compensation for any ground incidents.

### Fire prevention

U.K. fire losses are expected to reach \$1.2 billion this year, over 50% more than last year's figure.

Insurers are designating Oct. 27-Nov. 1 National Fire Safety Week to alert risk managers and other industrial experts to the dangers that can cause such massive blazes. Industrial firms will be asked to teach employees fire prevention.

### Cancer risks

Only 1% of cancer deaths may be

due to occupational hazards, reports a survey carried out for the U.K. Chemical Industries Assn.

"The scientific consensus is that exposure to occupational chemicals may account for up to 5% of such fatalities. But most of these are the result of exposure in industrial plants more than 20 years ago," said health economist Nicholas Wells.

"Safety measures in chemical plants were not such standard procedure at that time as they are today, so this figure may overstate

the problem as it now exists. Of all the cancer risks that we as a society are facing at this time, the occupational risks are likely to be no higher than 1% of the total."

He attributes 35% of cancer deaths to cigarette smoking and another 35% to diet factors. Other causes include excessive alcohol drinking and exposure to radiation and cancer-inducing viruses.

### Propellers drop

Safety checks have been ordered on 80 single-engine light aircraft after crankshaft corrosion caused propellers to drop off in two separate incidents reported to the U.K. Civil Aviation Authority.

The planes, Cessna 150s, are used extensively in training at flying clubs. They are powered by Rolls-Royce 0-240 engines. Cracks have been found in five crankshafts in the past four years.

Lubricant acids that build up inside the engine casing are believed to have caused the corrosion.

### Draft done

Lloyd's has finished its draft bill for Parliament which will implement the changes recommended in the Fisher Report. The bill would set up a new Council of Lloyd's that will have far-reaching powers (BI, Sept. 22).

The measure will be presented to Lloyd's members at a Nov. 4 meeting in Royal Albert Hall in London. Three-fourths of the members present will have to approve the bill.

### Bloodstock probe

Lloyd's Butcher & Hall livestock insurance syndicate is investigating its giant 1978 losses with the help of U.S. insurance investigator Robert Bishop.

Mr. Bishop, who investigated the recent Salem tanker ship loss for Lloyd's, is examining the claims to confirm that they comply with the syndicate's reinsurance and excess loss agreements.

Bloodstock insurance, which includes life and fertility coverage for prime breeding animals, is considered particularly volatile by underwriters, but Butcher & Hall's \$12 million in losses in 1978 significantly topped the average losses and led to a cash call of the syndicate's 365 members.

The Lloyd's syndicate also plans an additional \$12 million for 1978 losses in European countries. ■

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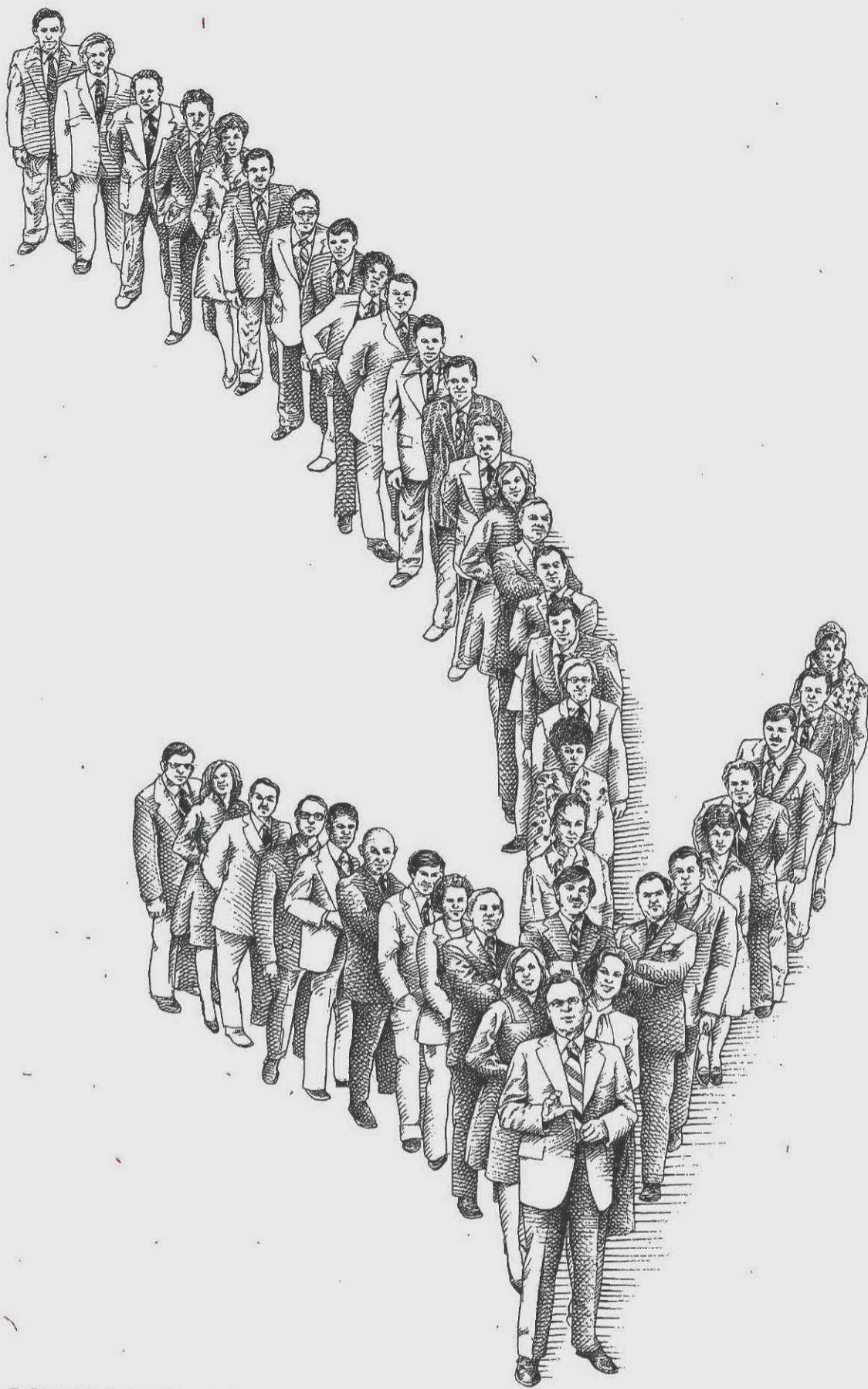
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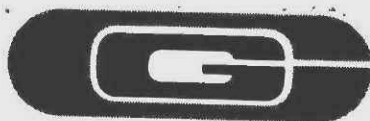


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# AFIA appoints Butler president, CEO

WAYNE, N.J.—Paul F. Butler has been named president and chief executive officer of AFIA Worldwide Insurance. He has been president of the Latin American division and regional manager for

the United Kingdom and Ireland for the overseas insurance subsidiary of American International Group.

Mr. Butler succeeds Harold Christensen, who has been appointed to the newly created position of vice chairman. Both appointments are effective Nov. 1.

**Other insurer changes:**

**Richard V. Nunes** elected executive vp of Western Employers Insurance, a California-based workers compensation and commercial liability insurer. Mr.

## comings & goings: industry

Nunes will be responsible for all underwriting, marketing and special risk programs.

**John R. Galbraith** named vp and chief financial officer of SAIF Corp. Mr. Galbraith will head financial planning for the Oregon workers compensation insurer. He was formerly chief financial officer for insurance and holding companies owned by George McKovich

in West Palm Beach, Fla.

**William H. Boornazian** and **Clinton N. Green** appointed assistant vps of underwriting in the national accounts/commercial insurance department of the casualty and surety division of Aetna Life & Casualty in Hartford, Conn.

**Luther L. Britt** joined Middletown, Ohio-based Armeo Insurance Group as assistant vp-claims

in the Bellefonte Management Corp., located in Cincinnati. Mr. Britt formerly served as president and chief executive officer of Southwestern Insurance Group in Columbia, Mo.

### Agents/brokers

**Jay E. Bodi** named vp-operations at the Evanston Ill., branch office of Burt Dickens & Co., an aviation insurance specialty agency. **Dennis Laffick** named vp in charge of operations at the Tulsa, Okla., branch office.



Bodi

**David E. Peek** II named president and chief executive officer of Insurance Management Corp. of South Florida in Fort Myers.

**Thomas A. Laffey** elected president and chief executive officer of Alexander & Alexander in New Jersey. He was formerly managing vp of the Bloomfield, N.J., office. **Norman B. Fear Jr.** replaces Mr. Laffey in that position.

**William P. Martz** elected vp of Rollins Burdick Hunter Agency in Cleveland, Ohio.

**Eric J. Brumm** named vp and production manager of Alexander & Alexander's Boston office. He was a vp with Marsh & McLennan Inc.

### Other suppliers

**Murray G. Hulse** joined Buck Consultants Inc. of New York as a benefit consultant in the firm's group department. Mr. Hulse had been division director of group benefits at Meidinger Inc. before joining Buck.



Hulse

**David J. Dybdahl Jr.** appointed a risk analyst at Risk Treatment Services Co. Inc. of Colorado.

**Michael S. Rafferty** appointed vp of American Benefit Consultants Inc. of Sacramento, Calif. Mr. Rafferty will direct the firm's national marketing services besides continuing to manage the Sacramento office.

### Workers comp litigation drops

SAN FRANCISCO—Workers compensation litigation in California declined during the second quarter of 1980, dropping to the lowest level in six years, according to a survey conducted by the California Workers Compensation Institute.

The current rate of 6.7 applications for adjudication for every 100 new claims reported is an 11% decrease from the same period last year. It is 20% better than the rate registered in 1976 before the downturn began, the institute reported.

Improvement was most dramatic in Southern California, where the litigation rate, 7.3% of new reportings, is at an eight-year low and well off the record 9.9% reached in 1976.

Despite the improvement, one out of every 15 claims is litigated.

Appeals board dispositions exceeded applications filed for the first time in the survey's nine-year history. Compromise and release settlements accounted for 63% of all dispositions, the highest settlement rate in the history of the institute's statistical series.

This handmade Rizzini competition trap gun combines the finest materials with the highest level of craftsmanship. Its hand-carved steel scroll engraving is by C. Giovanelli. The stock of French walnut by Trevallion. When shouldered it is of exceptional personal fit, extraordinary balance, and devastating accuracy. The calibre of such a gun is not only in the gauge, but in the essence of the piece.

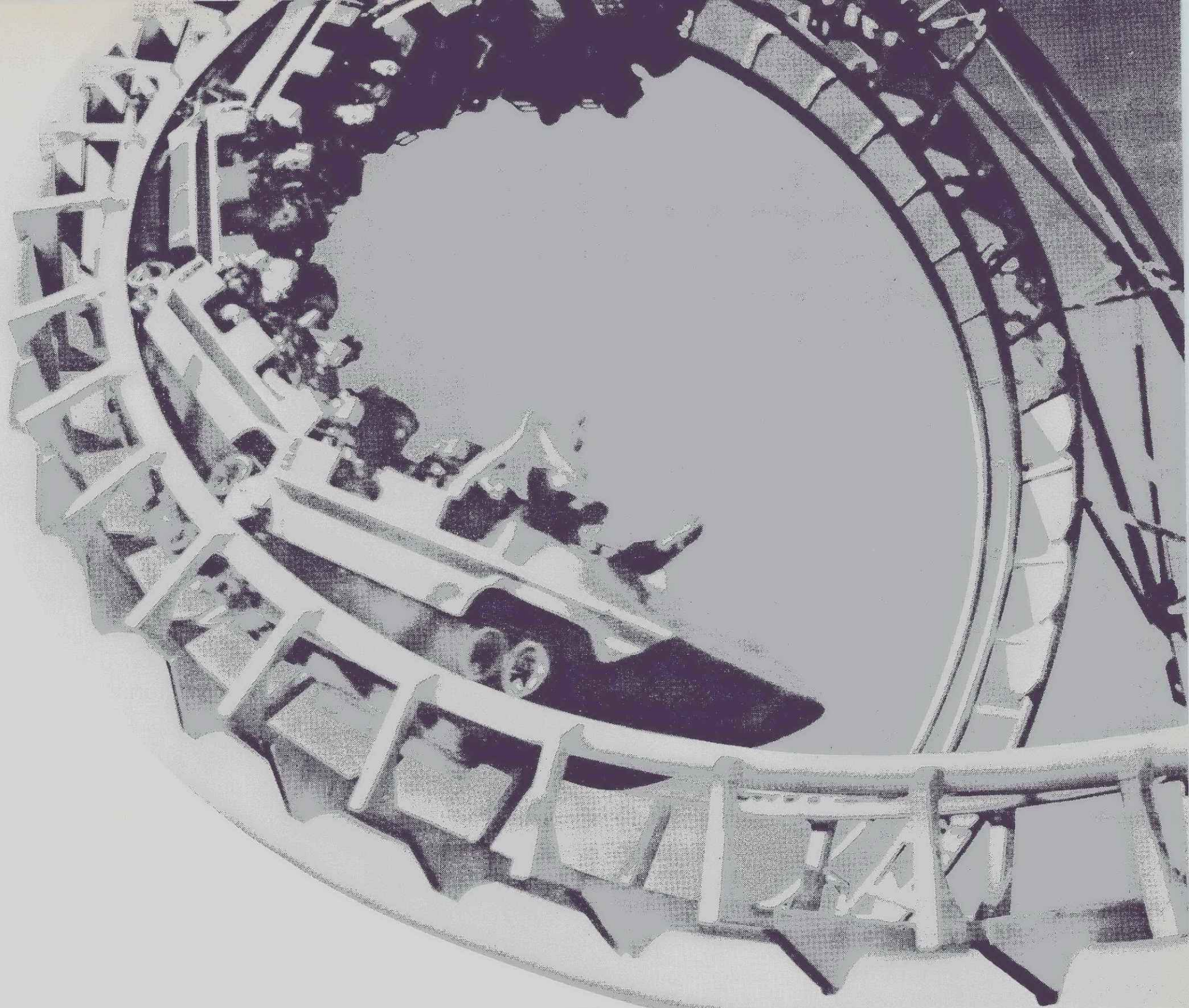
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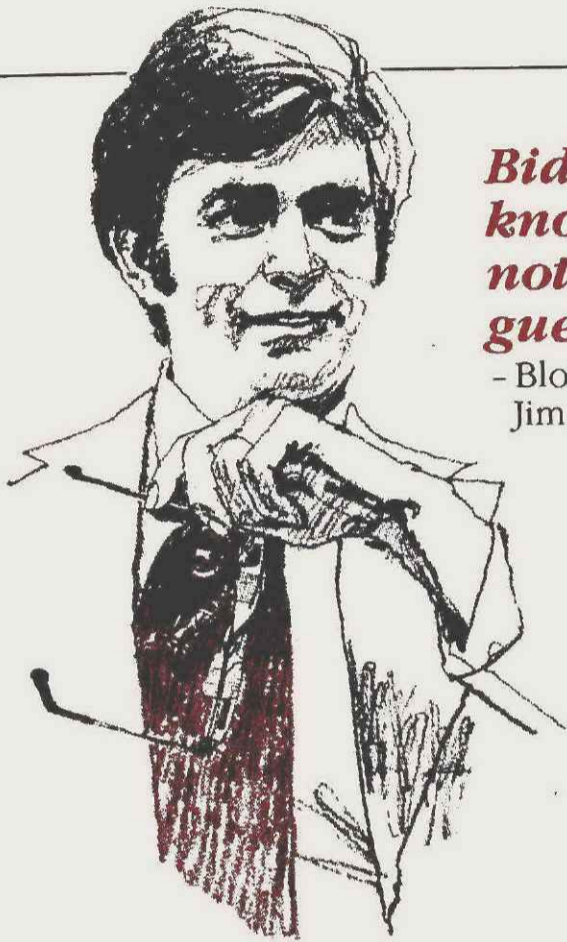


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# Financial Strategies

## In Business Insurance

*An INA Series*



### ***Bidding from knowledge, not guesswork.***

- Blount International's  
Jim McLain

For a construction firm, one of the most difficult tasks in bidding on overseas work involves factoring in correct insurance costs. Unfamiliar with local conditions, a bidder may overestimate and lose the contract. Too low an estimate can result in a successful bid with heavy downside risk. The answer: a working

partnership with an insurer whose international expertise guarantees an accurate premium quotation.

Blount International, Ltd., a leading engineering and construction firm, recognized the value of such a relationship when it first moved into the overseas market in 1975.

"The lead project was a major housing facility in Tabuk, Saudi Arabia," recalls Jim McLain, Blount's Manager of International Business Development. "Our insurance needs were highly complex—including a workers' compensation

program for employees from over a half-dozen different countries."

Blount turned to INA International. Their familiarity with local procedures and costs provided insight, according to McLain, "that couldn't have been duplicated in-house." The result was a successful bid, comprehensive from the insurance standpoint, yet competitive in price.

Award of the Tabuk contract has led to a series of other overseas projects. And INA continues to play a vital role for Blount—especially in the crucial early stages of bidding. In McLain's view, "Rapidly changing conditions in so many countries make this close cooperation essential."

Non-profit organizations are constantly seeking ways to limit unnecessary cash outlays. Failure to do so can result in cutbacks of essential humanitarian services.

The Salvation Army realized that unrecovered vehicle and property losses caused by third-parties were creating a serious financial drain. In 1976, officers of the Army's Western Territory moved to solve the problem by enlisting Recovery Services International (RSI), an INA subsidiary, to handle subrogation on all such cases.

### ***Taking losses off the books.***

- The Salvation Army's  
Jean Faulkner



"In the past, recovery was too time consuming for us to pursue internally," says Jean Faulkner, Insurance Coordinator for the territory. "With RSI, however, we've recovered 60% of our losses where others were liable—without diverting any of our officers from social service functions."

Ms. Faulkner and her staff review each case and determine which losses are potentially recoverable. These files are then turned over to RSI. Most cases are resolved without court action; if a trial becomes necessary, however, attorneys retained by RSI handle litigation.

"An important plus from our standpoint," comments Ms. Faulkner, "is that we don't owe any fees to RSI unless there's a recovery."

Recouped losses over the past four years are well into six-figures. These funds are remitted on a monthly basis, thus enhancing the Army's cash-flow position. Ms. Faulkner notes, "The money RSI has returned to us is put right back to work—helping those who depend on our services."

Businesses that face a high frequency of third-party liability claims often find first-dollar insurance coverage prohibitively expensive.

In such cases, notes Hilliard Feldman, president of Schiff Terhune International, Inc., a broker has to design highly individualized protection programs. "One approach," says Feldman, "is to 'unbundle' the conventional liability premium and determine which elements of coverage the client should retain, and which should be bought separately." Astute balancing of these elements can improve cash flow.

Schiff Terhune recently employed this technique for a company planning to open a facility in which an extremely large number of people might be exposed to risk. The broker recommended retention of a deductible to pay all predictable liability losses up to a specified per loss and aggregate amount. Coverage written by INA was then put in place to pay those claims which, in either frequency or severity, would exceed these aggregate limits. According to Feldman, "INA's premium for the excess exposures was sufficiently cost-effective to make the deductible program economically sound."

Another benefit: assuming a portion of the primary coverage layer allowed the client to make use of a "pay-as-you-go" claims handling arrangement with ESIS, an INA Corporation subsidiary. "By not having to prepay an annual fixed claim expense," observes Feldman, "our client has further enhanced its cash-flow position."

***Why pay for losses before they happen?***

- Schiff Terhune's Hilliard Feldman



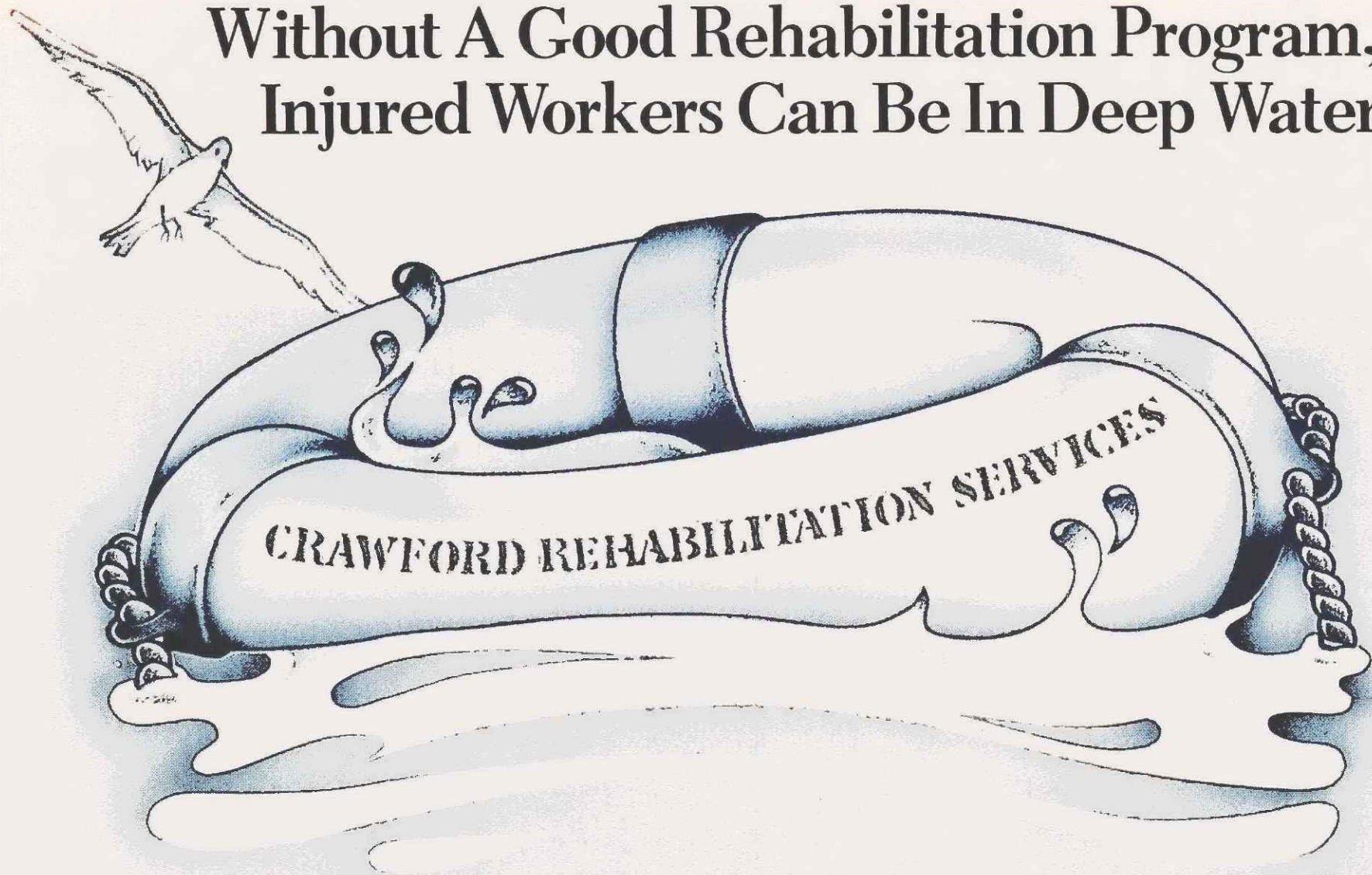
Decision-making in business insurance has never been more complex. And the financial implications have never been greater. Today, devising cost-effective insurance programs requires knowledge, experience, capacity—and a complete range of products and services. Flexibility and the willingness to innovate are also essential.

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# Without A Good Rehabilitation Program, Injured Workers Can Be In Deep Water



And if you allow them to sink and become permanently unemployed, you are faced with no alternative other than spending thousands and thousands of dollars supporting their disability. (The National Safety Council estimates each lost work day injury costs employers \$10,000 to \$14,000.)

The best way you can save dollars spent on work related injuries is to have a good safety promotion program which results in accident prevention. But if an accident does occur and a worker is injured, the best cost control measures are prompt, quality medical services, then a return to work as soon as the injured employee is capable. Our rehabilitation services are designed to put your worker back on the job as soon as possible.

Crawford Rehabilitation Services has

offices nationwide. We can save you claim dollars through our medical management and vocational rehabilitation services. Our program involves treating the whole person—mentally as well as physically. Through such a program we can determine what workers can do, despite an injury, and then try to find ways to return them to work.

Many, many valuable employees have been returned to healthy, productive lives in the job market through our services. This is not only good for the worker, it saves you money as well.

Before you let an injured worker sink without a trace into permanent unemployment, ask us about the feasibility of developing a rehabilitation plan and putting your employee back to work.

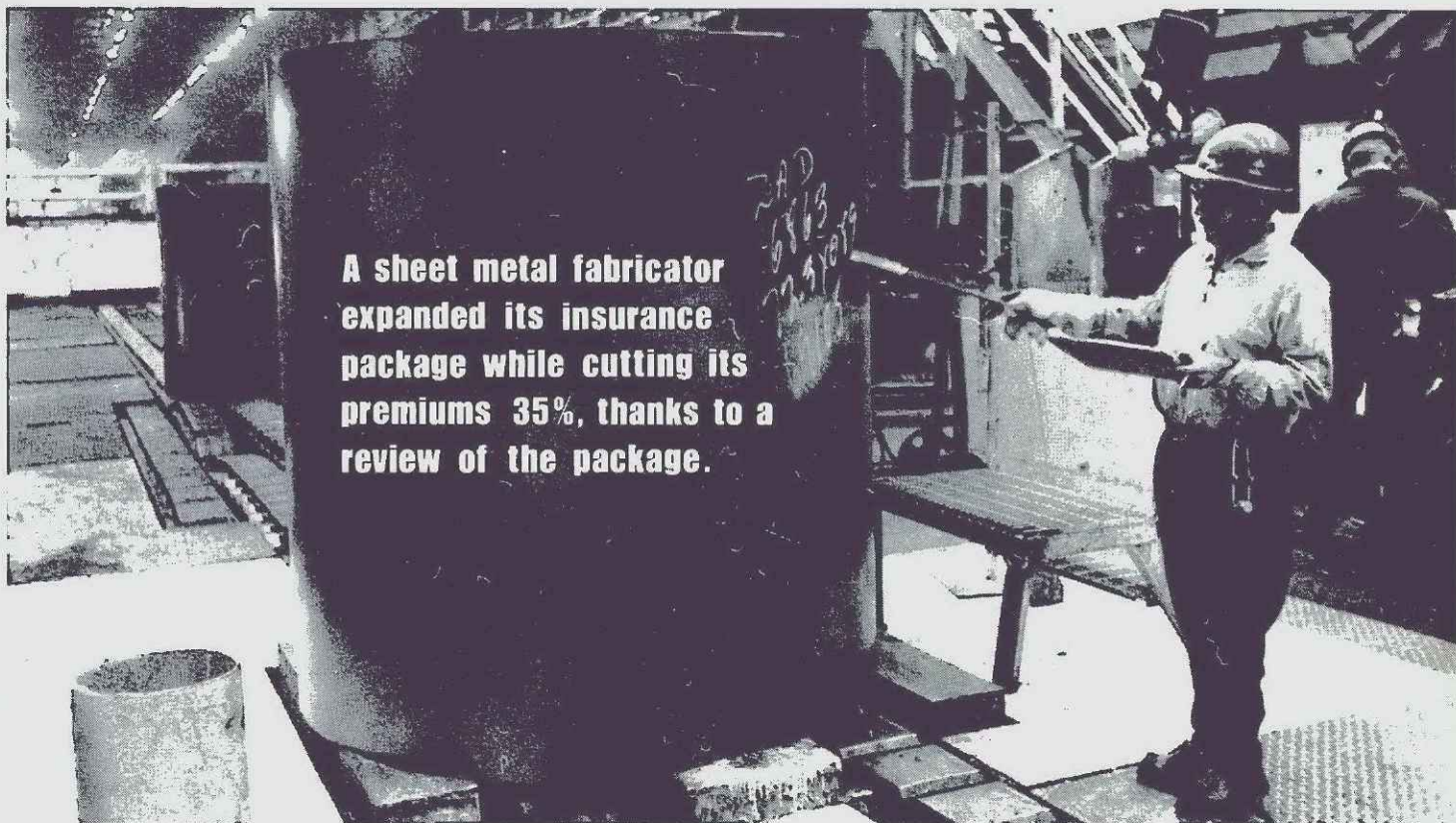
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# Reallocating premiums

## Policy audit, bargaining cuts cost

By Robert A. Wilson



**A sheet metal fabricator expanded its insurance package while cutting its premiums 35%, thanks to a review of the package.**

clude the workers compensation losses or general liability deductibles.

The broker at the time apparently did not conduct extensive negotiations. In fact, it seemed the broker simply accepted the present insurer's quotations. This was unacceptable, considering the conditions and climate of the insurance marketplace, and it became obvious that not only was coverage inadequate, but overpriced.

Existing property coverage was providing less than 50% of the insurance needed to properly protect the company's assets. Since they occupied a fire-resistive, sprinklered building, it appeared they would qualify for highly protected risk treatment. One HPR market agreed and a broader program was prepared for 60% a year less.

Even though the property and business interruption limits were increased to \$13.5 million from \$2.4 million, the premium was reduced to \$6,000 from \$18,000 a year. Broader provisions were also included in the property pol-

icy at a minor additional premium.

The company's legal responsibility to reimburse its lessor for its rental expense was now fully protected at no additional cost. In addition, the firm's property at job sites, previously uninsured, is now insured for \$200,000. This coverage had been available for a relatively minor charge, but had never been presented to the client.

Valuable papers coverage was included in the previous program for \$75,000. However, the policy provided that all papers must be stored in a certain type of receptacle during non-business hours. It was our opinion that desk tops or cardboard boxes did not qualify as suitable containers and therefore coverage did not apply.

Further, the description of the papers did not reflect the property to be insured. There was no question the client would have been faced with a major problem if a loss occurred. Fortunately, coverage was provided at no ad-

ditional expense under the HPR program.

The general liability policy had been issued with separate premises liability and completed operations rates for each payroll and sales classification. There were separate rates for contractual liability, personal injury liability and miscellaneous coverages.

This was converted to a composite rate. Not only were rates reduced, but audit computations would now be completed with a minimum of effort and expense.

The firm also discovered that two vehicles stolen two years earlier were still insured under the renewal policy, as were those disposed of in the preceding year. The end result was a 20% reduction in the fleet premium.

We were also able to point out to the self-insurance administrator that its fee was growing disproportionately in relation to workers compensation claims. A more than 40% reduction in the service fee was negotiated. ■

ALTHOUGH IT may not be practical for all firms to reduce their insurance premiums by 35%, here is how one firm was able to reallocate its premium dollars. Its actual reduction was more than \$100,000 a year.

This company was a Chicago-based sheet metal fabricator/contractor operating at a single location. Its operations consisted of fabricating the product to its customers' specifications and then installing it at job sites anywhere in the United States.

Its plant was a one-story metal, 100,000-square-foot sprinklered building with two spray booths and a good number of separate welding operations. In addition, a neighboring occupant created a very serious exposure.

In the event of a fire, the client would have had a very difficult time meeting contractual obligations and would sustain a major loss of earnings.

This client also maintained a fleet of autos, trucks and tractors as well as many trailers at construction sites.

The firm self-insured workers compensation while the property, business interruption, fleet, valuable papers, completed operations and miscellaneous coverages were all placed in one domestic market in two package policies, one umbrella and an aggregate excess workers compensation policy.

The expiring premium had been about \$300,000 a year, but indications were that the renewal would be more than \$400,000 a year. This did not in-

*Robert A. Wilson is president of Corporate Risk Management, a consulting firm based in Hinsdale, Ill.*

# Law excludes some rewards for taxes

By David Warren

Any income or reward is taxable unless specifically excluded by law. Here are some specific rulings:

Not taxable:

- **Physical injuries**—Compensation for injuries or sickness, such as payments under accident and health insurance, workers compensation, judgments for liability damages and settlements (Code Section 104, paragraph 1020.02) unless they exceed deductions allowed under Code Section 213 relating to medical expenses.

- **Personal injuries**—Payments for nonphysical injuries, such as injury to personal reputation and health (Code

*David Warren is a risk management consultant in Orinda, Calif.*

## risk management notes

Section 104, paragraph 680.120) or compensatory damages for libel (.1122). Not so for any nonpersonal injuries.

- **Punitive damages** received for personal injury and sickness—Excludable from income if based on legal action in tort (Code Section 104, paragraph 1020.02). However, punitive damages for defamation or for violation of the antitrust laws are taxable as income.

Taxable:

- Any **income** unless specifically excluded by law.
- **Punitive damages** for defamation or for violation of antitrust laws.
- **Compensatory damages** received

for patent infringement, breach of contract or fiduciary duty, or antitrust injury.

However, if recovery is for injury to business property and does not exceed the cost of unrecovered expenditures, the recovery is a return of capital and not taxable.

Example: A loss caused by wrongful cancellation of a franchise comes to \$900; this includes investment in physical assets, advertising costs, and other business expenses. Compensatory damages are \$700.

As the recovery is lower than the actual loss, the recovery is not taxable. If the recovery were \$1,000, \$200 would be taxable.

- **Business interruption** of use and occupancy insurance proceeds.

- **Income** from severance damage—A value can be impaired indirectly, for example, by eminent domain action. If a property were cut off from its access road because of such action, its value would be greatly impaired. Severance damages for the diminished value of the property would not be taxable. The award must be applied to reduce the base of the retained property. Any excess award that remains after the base has been reduced to zero is taxable income (Section 61, paragraph 4625.043).

- **Compensatory damages** for loss of goodwill—Taxpayer had based demand on loss of profits and could show nothing but zero base for goodwill (Code Section 61, paragraphs 680.1113 and 1114). ■

## perspective

## Health care's changing role

By John van Steenwyk

ALL OF US are witness to a series of rapid developments affecting the content and shape of health care. We might get a sense of the extent of these changes if we try to summarize them.

For example, we can see a continuing explosive expansion in the depth and scope of scientific knowledge, a shift away from infectious to degenerative diseases, increased ability to control cancer and heart disease, aging of the population and an upward swing in life expectancy. A steep drop in hospital usage among the young and shifts in forms of hospital treatment also can be seen.

It would, of course, be possible to go on at some length about developments in medicine and medical institutions. But there is more.

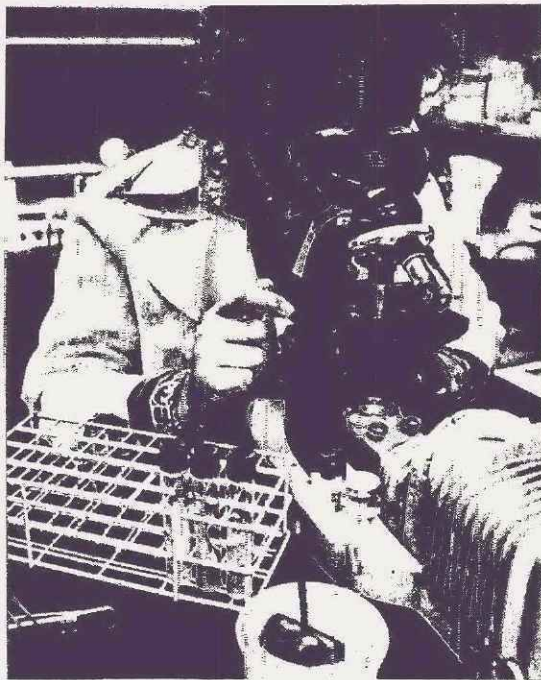
For example, we can see growing numbers of physicians, more of them younger and recently trained, with more recognition of the advantages in group practice and professional alliances, stronger emphasis on continuing education, attention to cost effectiveness and the continuing role of health systems agencies.

Our views of cost are influenced by the social and economic changes around us, such as the tightening economy and the threat of federal intervention in the health insurance field. And it's happening alongside changes in our attitudes toward personal health care, good nutrition and exercise.

Some may say that all these developments add up to an imperative for revolutionary change. I don't. But I do believe that they clearly spell opportunity—for new approaches and alliances. Buyers and providers are both receptive—and that can mean opportunity for prepayment plans.

Just as the science of medicine is changing fast, so might prepayment change, too. To get a clue, we might

*John van Steenwyk is vp with Martin E. Segal Co., a benefit consulting firm.*



look to two major contemporary movements: the development of health maintenance organizations and the expansion of in-plant, employer-financed direct health services.

History will decide whether these are prototypes to be universally followed or harbingers of further adaptive change. At any rate, they make sense; they link professional and economic interests.

HMOs have expanded from a curiosity to a significant movement, from 35 HMOs in 1970 serving some three million people to more than 230 today serving nine million. As organized systems, they take full responsibility for a comprehensive range of services for enrolled people, all within a fixed budget.

Many employers are expanding industrial medicine activities from limited first-aid functions to a full range of primary care. In each case, doctors are paid to address themselves to regular ongoing care for a specific group of people. Moreover, the job of the doctors is not only to treat disease, it is also to educate, immunize, counsel, advise

direct and coordinate, with a view toward maintaining health and functioning ability and minimizing the potential costs of care for acute illness.

I would like to advance the thesis that physicians are the integrating force in managing the system. In theory and in practice, it is the primary care practitioner who helps his patient maintain health. Education, immunization, advice and early attention are well-tested, proven tools—readily available, widely desired, universally praised, but little used.

Then illness strikes, it is likewise the primary care practitioner who is—or should be—the patient's guide to the health care system.

A lot depends on how a physician views his or her role. A good doctor-patient relationship is vital. Much cost-saving potential lies in the advice, care and expertise flowing from doctors to patients. Many diseases can be avoided, others managed. Discontinuous, fragmented, wasteful services can be avoided. The technology is there; it takes only the context, the relation-



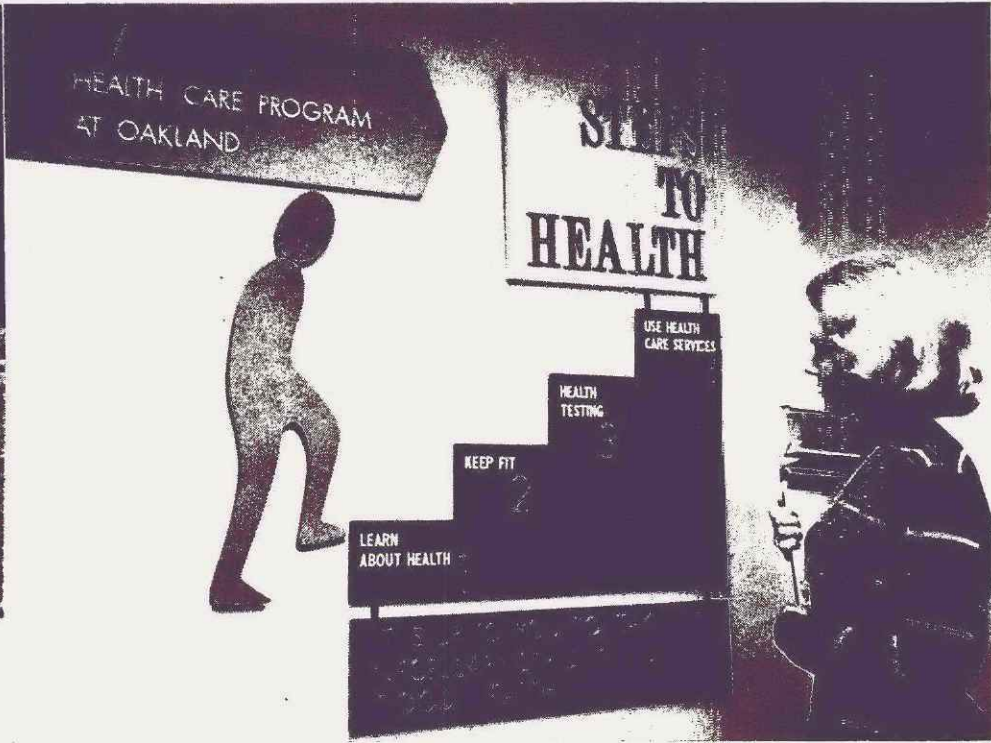
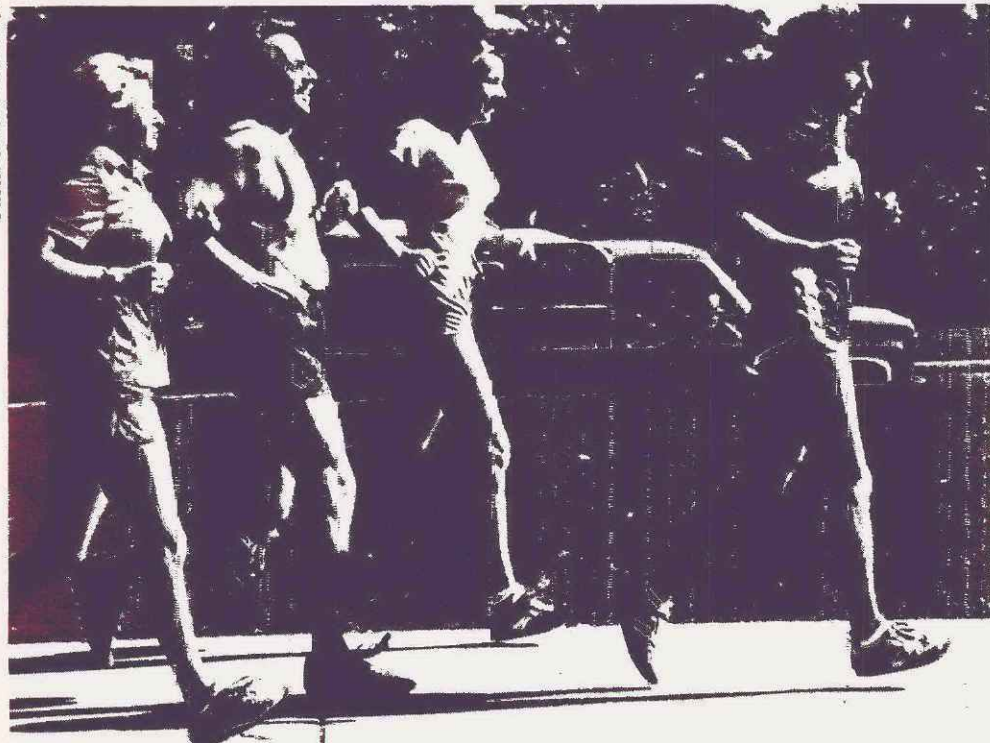
HMOs have expanded from a curiosity to a significant movement within 10 years.

ships and the financing.

Yet our system encourages a physician to think of himself or herself as a shopkeeper/businessperson selling separate isolated units of personal service: code 90015-intermediate office visit; code 90020-comprehensive office visit; code 90200-hospital visit, brief; code 73100-x-ray of wrist; code 28090-excision of cyst.

It is true that these units often get translated into consistent personal attention, good advice, good care. But we do not systematically encourage, through usual fee-for-service primary practice, the qualities of continuity, access and initiative we value so highly.

We should take a good look at what we want to pay for. We need to define what we really want from more than a billion transactions annually between doctors and patients in the United States. We have to pay serious attention to the professional and economic interests of physicians—not with the aim of restricting their rewards, but enhancing them through paying for the integrating efforts and personal health management they can provide. ■



Economic changes and increased emphasis on personal health care techniques influence views on corporate ccs.

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## RESULTS



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## perspective

# Raising the roof

## Hartford arena taps nondestructive testing



X-ray film is placed on a gusset plate at the Hartford Civic Center Coliseum, left, before radiographic testing is done, as pictured above.

**H**ERE'S HOW nondestructive testing was used in reconstructing the roof of the Hartford Civic Center Coliseum, which caved in under heavy ice and snow Jan. 18, 1978. Hartford Steam Boiler Inspection & Insurance Co. conducted the tests.

Nondestructive testing was a primary concern during the raising of the coliseum's new roof because its quality was required to meet or exceed conventional standards. The tests were conducted regularly since the major rebuilding effort began soon after the original roof gave way.

"The new roof has been scrutinized and tested like no other to assure its quality and structural integrity," said John R. Eklund of Hartford Steam Boiler. The firm contracted to test and certify specified welding and high-strength bolting for the new structure. Hartford's nondestructive test engineering division conducted inspections during installation.

Charles J. Hellier, general manager of the NDT engineering division, said the welds were tested at Karl Koch Erecting Co. in Carteret, N.J., during construction. In addition, field welds were inspected during final truss assembly at the coliseum.

"The welded-steel truss work in the new roof meets or exceeds the specifications of the structural welding code of the American Welding Society," Mr.

Hellier explained.

The weld images were exposed on film and processed in a mobile darkroom for immediate interpretation. Some radiographic tests were performed in areas not accessible by other nondestructive testing methods.

**A**ll groove welds on the new roof were tested nondestructively by radiography, ultrasonic waves and/or magnetic particle.

These procedures were critical when the long-span, high-strength steel trusses were constructed to replace the previous space frame concept. Under the direction of George A. Fuller Co., the construction manager, the new roof was assembled and readied within two years.

The revamped coliseum, designed by Ellerbe Architects/Engineers/Planners of Bloomington, Minn., uses a simple truss roof to cover an area approximately 30% larger than the original arena. It holds 14,500 spectators, 4,000 more than the original.

The new roof is supported by a 270-by-210 foot grid of trusses that is based on the original four concrete pylons that formerly supported the collapsed space trusses. However, the pylons were increased some 12 feet in height to raise the roof, accommodating the increased seating capacity as well as additional concession space. ■

# London-U.S. links could be veddy difficult

By Peter Downes

## speaking out

**I**HAVE LIVED in North America for more than 20 years, but after all this time, people who have never met me before will listen to me saying a word or two and will immediately interject, "You're English, aren't you!" It is never a question but an outright assertion.

I have long ceased to dwell on this, but after reading certain news items concerning American brokers' takeover bids on London insurance brokers, I began to wonder how they will regard each other's idiosyncrasies. Of course, they have been visiting each other for years in one country or the other but, nevertheless, in a way what they are doing reminds me of a romance.

Two kids start dating, get serious, engaged, married, enjoy their honeymoon and then wake up one morning to discover that they have never really known each other at all. After making the discovery, some couples work at the problem it presents until they reach some kind of *modus vivendi*,

*Peter Downes's satire and humor on insurance issues appear regularly in the Perspective section. Mr. Downes is manager of insurance at American Trading & Production Corp. in Baltimore.*

while others drift along until they wind up in divorce court.

My first experience of Americans was during the war years. Americans acquired a reputation among us that was less than flattering. In common with others of my day, I could repeat all the current slanders about them, such as "overfed, overweight, overpaid, oversexed and over here," and could wonder about a nation whose conversation seemed to be limited to "Hey, let's go!" Of course, we were grossly unfair, and probably as unjust as the average American soldier's judgment about us.

In the postwar years, we began to see American tourists, who paraded around in their own version of uniform and equipment. The ladies were inclined to wear big floppy hats and pants that were far too tight.

**T**he male of the species favored garish shirts and sometimes Bermuda shorts in different gaudy hues, which seemed ludicrous then and still do. Festooned around his neck was the inevitable array of cameras, and as he paraded around one would hear him conversing with his spouse in a voice that could be heard blocks away with an accent that could be cut with a knife.

Each of them would wear their badge of distinction: sunglasses. In fact, I cannot remember an American of that day and age who did not wear sunglasses at any time of the day or night.

It is a little more difficult for an English person to comment on American stereotyped views of the English. True enough, we have our mutual misunderstandings, such as the belief that the English know how to make a good cup of tea, which most of them do not, any more than most Americans know how to make a good cup of coffee.

Besides these things, one hears of keeping a stiff upper lip, whatever that may mean, and of veddy proper Englishmen. I have often wondered, how do you pronounce veddy? Usually, if you press the subject at this point, you will hear something about how badly the English dress and how lazy they are and how they are bankrupting their country with social services, as if the United States were not.

And then it will all come tumbling out: Americans detest English arrogance. They do not mind the heel-clicking punctilio of Germans or even the solipsism of Frenchmen; they are merely laughable. But they object vehemently to the innate air of self-right-

eousness displayed by the average English person, the supercilious attitude of one who feels so secure he never finds it necessary to assert his superiority but accepts it as an unassailable fact.

**H**owever, this view of the English is as absurd as my own long-ago impressions of Americans. Some Americans are being deceived by the rather unfortunate accents of some of the English they meet, that's all. So, to return to the marriage between American and English insurance brokers, how will it be after the honeymoon is over and the gilt has worn off? Will one party not like the way the other behaves and start nagging? Or will they give each other the silent treatment?

We can only speculate about things like this, but it seems abundantly clear that the acquiring brokers are arranging a difficult and perhaps even stormy marriage. One can only suppose that both parties will eventually try to settle down and make the best of things. Of course, if the marriage goes on the rocks, then perhaps the spouse can be put back on the marriage market after suitable divorce proceedings on the grounds of incompatibility.

If, on the other hand, they succeed in working things out, then like married couples everywhere they will also discover that things will never be the same again. ■

## someone you should know



**We're not interested in acquiring transient business**

By ELLIS SIMON

HARTFORD—If you're willing to move your highly protected risk property account to a new insurer for a 10% to 15% premium reduction, Wayne Crawford does not want your business.

"We're not interested in acquiring transient business," said Mr. Crawford, vp of Industrial Risk Insurers, a pool of 43 stock insurance companies writing HPR business. "It costs too much to acquire the business."

Some insurance buyers have reputations as "shoppers" who regularly seek quotes from competing markets and take the lowest bid, he explains. "When a shopper comes to us, we want to talk to the chief financial officer first to try to find out what they're doing."

Many companies require large insurance programs be put out to bid as a matter of policy, he notes. In other instances, risk managers switch accounts to save a few premium dollars and impress management.

When IRI is underbid by only 10% or 15%, Mr. Crawford does not expect to lose the account.

"It costs companies a great deal to change carriers," he noted.

Establishing new procedures, complying with new recommendations and providing manpower to assist in extra inspections create additional expense for the client.

Economic conditions have caused many companies to seek coverage as cheaply as possible, making service a secondary consideration, he notes. Through most of his 26-year career with IRI, insurance buyers considered price and service equally, Mr. Crawford says.

Widespread availability of reinsurance, particularly from the London market, fuels more intensive competition in the HPR market than existed a few years ago, says Mr. Crawford.

Reinsurers are attracted to HPR risks because the market is less subject to the cyclical changes of the rest of the property/casualty market, Mr. Crawford says. With the current reinsurance softness, "you can place just about anything," he said.

AIG's recent decision to become more aggressive in the HPR market was probably based, in part, on this abundance of reinsurance, Mr. Crawford speculates.

Layered property programs, often proposed by brokers looking to capture an account, and increased use of captives for property risks are growing challenges to IRI, says Mr. Crawford.

IRI, however, will underwrite an account using participation by the policyholder's captive on the risk.

It also underwrites a large number of property/boiler and machinery package policies that it reinsures with one of nine member companies covering boiler and machinery risks. IRI writes close to \$20 million in boiler and machinery premium, says Mr. Crawford.

The market also has reaped the competitive benefits of growing buyer discontent with the premium deposit system used by the Factory Mutual System, IRI's largest competitor, he notes.

Unlike some of its competitors, IRI rarely goes to the reinsurance market for capacity. It can retain \$500 million combined single limit coverage on property damage and business interruption for a single risk, Mr. Crawford says.

But IRI is likely to have greater need for the reinsurance market in the future as property values escalate, particularly in the electronics and energy industries.

One 200,000-square-foot plant manufacturing computer chips insured by IRI has a combined property and business interruption exposure of \$800 million, Mr. Crawford notes.

"The insurance industry will have to come up with new ways to protect these plants. A loss in the right spot could touch the business interruption of an entire company."

Alternative energy plants are also insured by IRI. Its portfolio includes pilot plants for coal gasification and synthetic fuel production.

The technologies have been tested, but economic feasibility requires billion-dollar plants, says Mr. Crawford. "To do coal gasification in sufficient volume to replace natural gas will require the combined capacity of the world's insurance markets on a single risk. Anybody with a viable insurance business will take a piece of them."

Loss prevention must be built into the design of these plants, Mr. Crawford warns. If the energy industry goes ahead without considering loss prevention, "we'd be losers."

As new technologies develop, industries will have to recognize that planning is primary and price is secondary, he says.

# Health plan may cut costs

## products & services

CONSOLIDATED claims administration may save small employers 15% to 20% of their health insurance premiums under a new policy touted by two New York health insurers.

The policy is jointly underwritten by Group Health Inc., a non-profit organization, and Companion Life Insurance Co., a subsidiary of Mutual of Omaha. It is aimed at employers with four to 99 workers in New York State, says George Tyson, president of Group Resources Corp. in Hicksville, a consulting group.

Companion Life underwrites major medical accidental death and dismemberment and group life coverage. Group Health underwrites the basic surgical/medical plan and processes all claims.

"It will save the buyer money, costing on the average 15% to 20% less than any other insurers because one claims form and one billing procedure are used."

About 20 employer groups have purchased the medical coverage, including Andrew Parts Manufacturing Co. in Long Island City.

"We are happy with the policy and think we will renew it when the time comes," said owner Jerry Kleinman.

But despite his enthusiasm, Mr.

Kleinman warned claims processing often takes about 30 days and some employees have complained that the one claim system cuts down the amount of expenses they can recoup.

## Foreign detention

Government detention insurance has been introduced by National Union Fire Insurance Co. of

Pittsburgh in response to the needs of organizations with staff overseas.

Kidnap and ransom insurance, carried by many U.S. and foreign corporations, is no longer sufficient, said a spokesman for the company, which is a member company of American International Group.

The detention cover will indemnify U.S. and foreign employers for salary losses and costs incurred in negotiating the release of individuals detained by a foreign government.

For more information, contact AIG, 70 Pine St., New York, N.Y. 10005.

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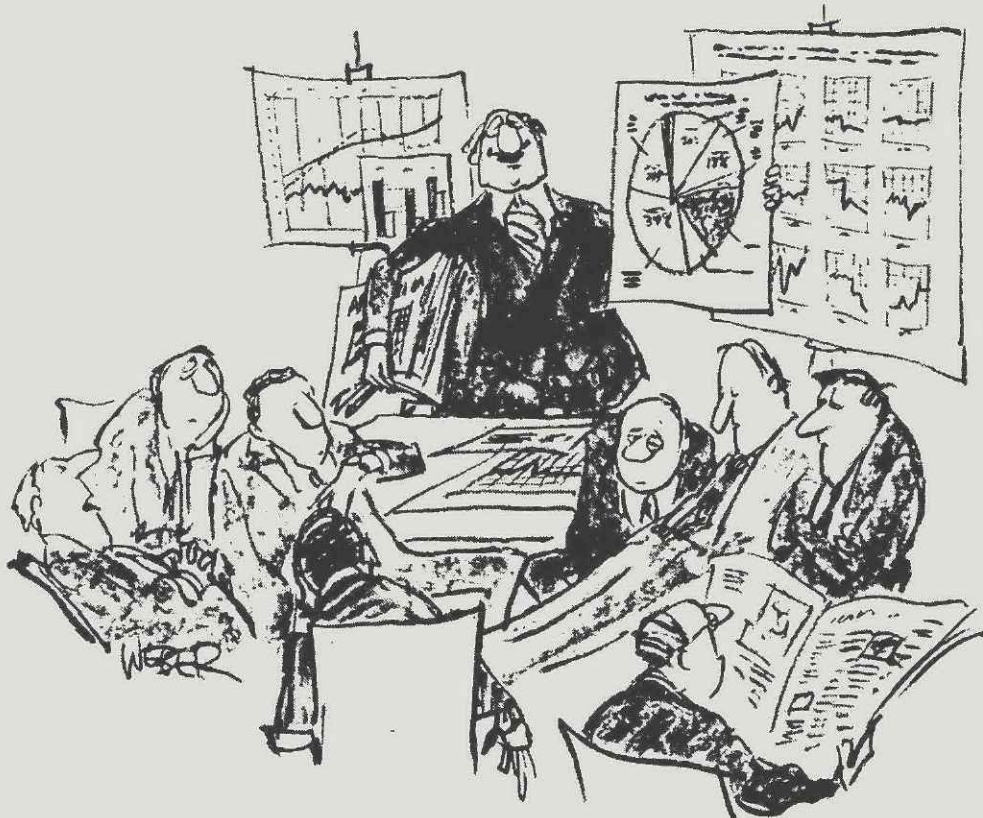
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## Company must admit union hygienist

WINONA, Minn.—A company here must allow union industrial hygienists to inspect a workplace where there is a dispute over possible health hazards, a National Labor Relations Board law judge has ruled.

The decision stems from a com-

plaint filed by the International Chemical Workers Union against Winona Industries Inc. after the company refused to allow the union's industrial hygienist to enter its plant. The company had banned workers from wearing tank tops because of an "industrial

dermatitis" problem.

NLRB Law Judge Almira A. Stevenson held that Winona was guilty of illegal refusal to bargain in good faith over the union's request for an inspection of health and safety hazards by its hygienists.

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## markets

# C&B will consolidate its subsidiaries Jan. 1

NEW YORK—Corroon & Black Corp., struggling with slower revenue growth than other large brokers, will consolidate its subsidiaries into four groups beginning Jan. 1.

The reorganization, tapping four current C&B executives as group officers, echoes the organization plan of Marsh & McLennan Cos. Inc., but solidifies lines of authority that C&B had already established, according to industry sources. Changes include:

- J. Bransford Wallace, senior vp and chairman of the advanced risk management services, will become group president of the insurance brokerage services, the largest and most important division.

- Donald R. King, president of Corroon & Black benefits and senior vp of the corporation, becomes group president of the group life and health insurance sales division.

- Robert G. Hodson, chairman of the C&B reinsurance subsidiary G.L. Hodson & Son Inc., will become group president of the reinsurance division.

- William P. Baccala, chairman of Baccala & Shoop, will head the new underwriting management group.

The reorganization plans, however, should not affect service to buyers, say financial analysts.

"It is possible to say that the reason for the reorganization was slow growth," said Leonard Wilson, analyst with First Manhattan Corp. "But basically all the plan does is put into a framework what has already existed."

The appointment of Mr. Wallace to an insurance sales position, however, may be a move to strengthen the brokerage division sales, which had been sagging, he added.

"It was clear that something had to be done," noted Harvey H. Bundy III, analyst and partner with the William Blair & Co. securities firm. "But I was surprised that they chose the M&M style of organization. C&B just doesn't have the big chain of offices that Marsh & McLennan does."

### Alaska insurer

Alaska National Insurance Co.

has been chartered by the state of Alaska as a commercial casualty underwriter.

"The objective of Alaska National Insurance Co. will be to provide Alaskan commercial risks with imaginative, flexible, reasonably priced workers compensation, general and automobile liability insurance," said Richard L. Block, president of the new company.

Mr. Block was a risk management consultant in Juneau and the former director of the state insurance division. Other executives of Alaska National are: Carl Anderson, vp-underwriting; Greg Brown, vp-claims, and Jim Pfeifer, vp-finance and administration.

The company is at 717 K St., Anchorage, Alaska 99510; 907-272-4535.

### Acquisitions

**Fireman's Fund Insurance Co.** of San Francisco has completed its acquisition of **Southern Guaranty Insurance Co.** of Montgomery, Ala., for \$19 million in cash.

**Insurance Management Corp.** has completed the acquisition of **The Jackson Agency Inc.** in Jackson, Mich. The Jackson Agency is a multiline agency specializing in commercial lines with a major book of aircraft coverage.

### New offices

**Continental Special Risk Underwriters** has opened an office at 401 W. Peachtree St. N.E., Atlanta, Ga.; 404-581-7660.

### Life products

**Loyalty Life Insurance Co.**, a subsidiary of The Continental Corp., is beginning its operations after receiving a license in 45 states.

All U.S. business of the National Life Insurance Co. of Canada, another Continental subsidiary, has been transferred to Loyalty Life, giving the new insurer \$2.4 billion of individual and group life insurance in force.

Loyalty Life plans to phase in a series of life products for independent agents to market to their property/casualty clients, says president Philip Dooner.

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# DES ruling stands

Continued from page 1

trial. If damages were awarded, the amount should be divided among the defendants according to the market share of each company at the time the mothers took the drug, the court said.

"In our contemporary complex industrial society, advances in science and technology create ... goods which may harm consumers and which cannot be traced to any specific producer," the California court said last spring.

"The response of the courts can be either to adhere rigidly to prior doctrine, denying recovery to those injured or to fashion remedies to meet changing needs."

That decision represents a radical departure from traditional legal practice, which holds a company can be held liable only if the firm made or handled the product.

Industrywide liability was found once before in a case in U.S. District Court in New York in 1972 involving dynamite blasting caps.

If other state courts follow California's lead, manufacturers of other substances, in cases where the manufacturer's identity is impossible to determine, could face a wave of new lawsuits.

Conceivably, industrywide liability could be sought in the wave of litigation involving tampons and toxic shock syndrome if women can't remember the maker of a tampon used.

Asbestos manufacturers, too, are particularly vulnerable.

The Sindell decision does not carry legal authority in other states because the Supreme Court did not rule on the issue of industrywide liability; it merely is allowing the Sindell case to go to trial.

Legal experts warn that even the Supreme Court's silence on industrywide liability could induce other states to follow the theory.

"The Supreme Court may have sent a signal to other state courts which may have hesitated to go the Sindell route—for fear of being overturned—that they now can go this route," said Victor Schwartz, former chairman of the federal government's product liability task force.

If other state courts adopt Sindell, the legal system itself may be threatened, insurers worry.

"It extends the boundaries beyond which the tort litigation system can operate," said Dennis Connolly, counsel for the American Insurance Assn. "It could lead to the collapse of the tort litigation system."

Insurers also might restrict coverage when the identity of a manufacturer is not certain. "I'm apprehensive of the implications in product lines other than pharmaceuticals," said Les Cheek, vp-federal affairs at Crum & Forster.

But, the Pharmaceutical Manufacturers Assn. said: "The drug industry is not alarmed" because the Supreme Court merely let a case go to trial without addressing industrywide liability.

Paul Rheingold, a New York attorney, noted the Sindell case is far from decided.

The case now goes back to California for trial where a jury, he said, must consider these issues:

- Were the plaintiffs injured by DES?
- Did the manufacturers produce a defective product?
- Did the companies sell the product in California?
- What was the market share of each company?

The suit was originally brought by two California women, Judith Sindell, and Maureen Rogers.

The five defendants are among the biggest drug manufacturers in the country: E.R. Squibb, the Up-

john Co., Rexall Drug Co., Eli Lilly & Co. and Abbott Laboratories.

The plaintiffs seek \$11 million in damages and a network of clinics set up by the drug companies to treat women who may be suffering side effects from DES.

The drug makers, in their requests for the Supreme Court to review the case, said the California court's market share approach would make product liability suits burdensome and costly to defend.

The American Insurance Assn. said in its brief to the court the decision could make it "virtually impossible for insurers to issue general commercial liability policies to drug companies."

Insurers are already reluctant to insure manufacturers of high-risk drugs, driving most drug makers to high retentions and the London market for excess insurance.

## The Employee Benefit Communications Handbook **New!**

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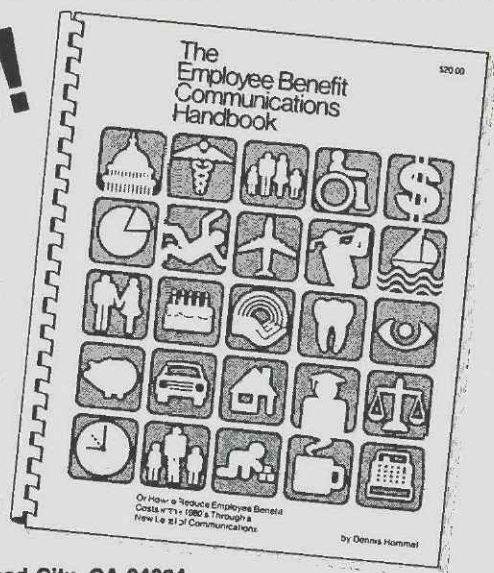
Successful step-by-step techniques are revealed to increase employee interest, understanding, appreciation and prudent use of benefits.

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# Benefits grow costly, consultant says

Continued from page 3

22% use insurance companies only to administer claims, 11% use a minimum premium and 5% have some combination of the above.

But the cost of life insurance dropped for employers. Basic group life insurance rates for 66% of the companies are now 50 cents per \$1,000 of coverage or less. Forty-eight percent pay 40 cents or less. In 1978, 62% paid 50 cents or less.

The report also showed:

- Ninety-two percent of the companies offer long-term disability benefits, compared with 88% in 1976. The benefit is usually just two-thirds of salary, reported 74% of the participants. Sixty-eight percent gave that amount in 1976. "This is to provide an incentive to go back to work," Mr. Schick said.

- Supplemental accidental death and voluntary accidental death benefits have increased in the last five years with 15% and 34% offering them, respectively.

- More than 45% of companies offer health maintenance organizations, though only 10% of their employees use the prepaid health services.

"Generally, HMOs have not had the support of the business community," said Mr. Schick. The number of companies offering HMOs as a health care alternative is up from 30% in 1978 and 16% in 1976.

- Dental coverage is offered by 59% of participants, up from 44% in 1978 and 34% in 1976.

- Cost-of-living adjustments for pension plans are now voluntarily

given by 57% of the firms that offer pension plans, compared with 51% in 1978 and 31% in 1976. Ninety-nine percent have pension plans. Fewer than a dozen offer an automatic cost-of-living adjustment, Mr. Schick noted.

- Thrift or savings plans are replacing profit-sharing plans as supplemental pension plans, says Mr. Schick. While 40% of firms now offer thrift plans compared with 36% in 1978 and 29% in 1976, profit-sharing stock bonus plans have declined from 25% in 1976 and 23% in 1978 to 21% today.

"With the increased instability of the stock market and equally increased employee concern for a predictable level of retirement income, fewer employers are using profit-sharing plans alone for retirement benefits," says the report.

## Report can be purchased

The 1980 Hay/Huggins Noncash Compensation Comparison report can be purchased with two conditions, says Frederick I. Schick of Hay Associates.

A company must submit its benefits plans for the comparison report for next year and it must pay a \$675 first-year participant charge. Cost is \$575 the following years.

Along with the report, a company receives two individual benefit analyses.

To purchase the survey, contact Mr. Schick at Hay Associates, 1 E. Wacker Dr., Chicago, Ill. 60601 or call 312-644-5700.

- Employee stock ownership plans and tax reductions act stock ownership plans are also increasing but "but they haven't taken off," notes Mr. Schick.

If the funding for them were a percentage of payroll and, there-

fore, tax deductible, their popularity might grow, says Mr. Schick. Now they are only offered by 23% of the Hay/Huggins survey participants, up from 16% in 1978.

- Tuition reimbursement for part-time college courses is now offered in 92% of companies, compared with 87% in 1978.

- Group legal services are still only offered by 1% of Hay/Huggins participants, the same as in 1976 and 1978.

- Vision services are only offered by 9% compared with 3% in 1976 and 6% in 1978.

A new and very popular benefit is sports activities.

Offering sports recreation for employees was almost unheard of three years ago, says Mr. Schick. But today 66% of the companies offer some sporting activity and 8% have physical fitness programs.

Another part of the increase in benefits comes from the very popular executive compensation packages. Many companies are using perks along with salary bonuses to attract executives to join their firms.

"There is an increasing utilization of front end bonuses (given at the time of transfer) and travel packages," Mr. Schick said. But use of traditional perks is decreasing.

Only 56% of the companies offer stock option plans to executives compared with 62% in 1978 because they're not really an effective way to reward management, says Mr. Schick. "The stock exchange hasn't moved much."

As many as one-third of respondents offered a mortgage differential in some form, compared with only 11% in 1979. This is to cushion the blow for transferees buying new mortgages at today's high interest rates.

Directors and officers liability insurance is provided by 63% of the companies compared with 67% in 1978. Special executive parking privileges also are down: 79% of executives had the perk in 1978 but only 69% have it today.

But there are more executive cars to park, with 67% of companies providing executive autos today compared with 65% in 1978 and 61% in 1976.

Excess personal liability coverage for executives is offered in fewer companies than in 1976. Although 19% of the firms gave this as a perk four years ago, today only 11% grant it.

The value of an employee's benefits is greater in relationship to salary the less an employee makes. It also is greater in the financial sector compared to one in a service or industrial job.

For example, the value of benefits received by a \$20,000-salaried employee in the financial sector is equal to 42% of salary. For an industrial employee, the value is 41% and for the services employee 40.5%.

But if the financial employee earns \$100,000, the value of benefits equals only 33.3% of salary. For an industrial worker at that salary level it would be 31% and for a service employee 30.3%.

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50.	EMPLOYEE BENEFITS	DEC 15	Dec 2
51.		DEC 22	Dec 10
52.		DEC 29	Dec 17
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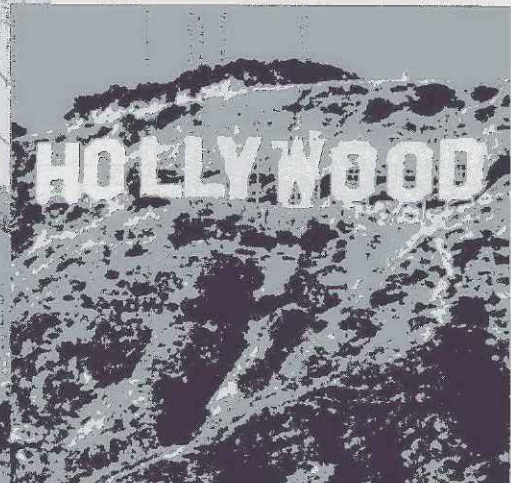
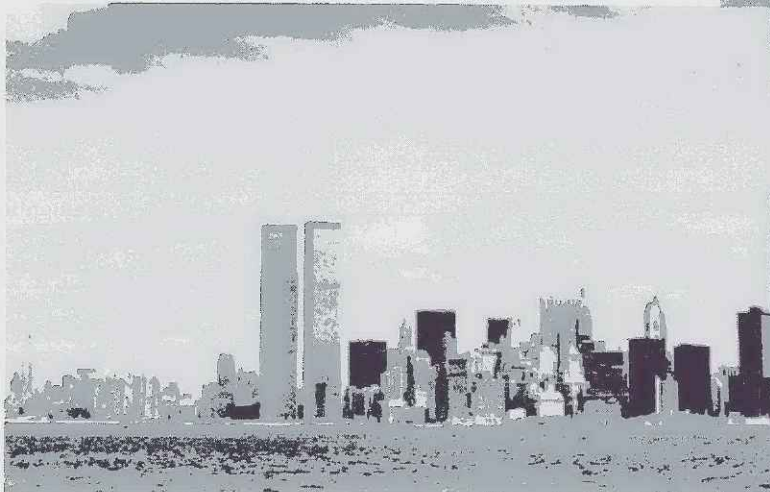
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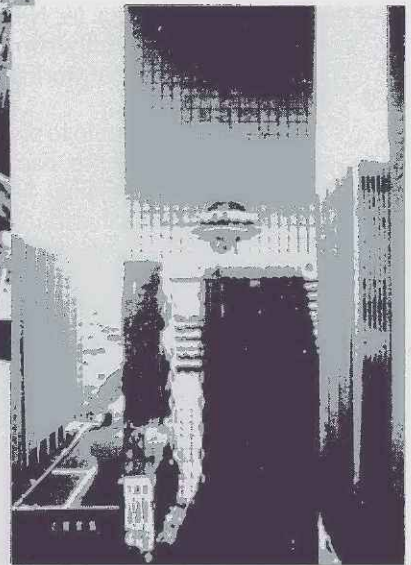
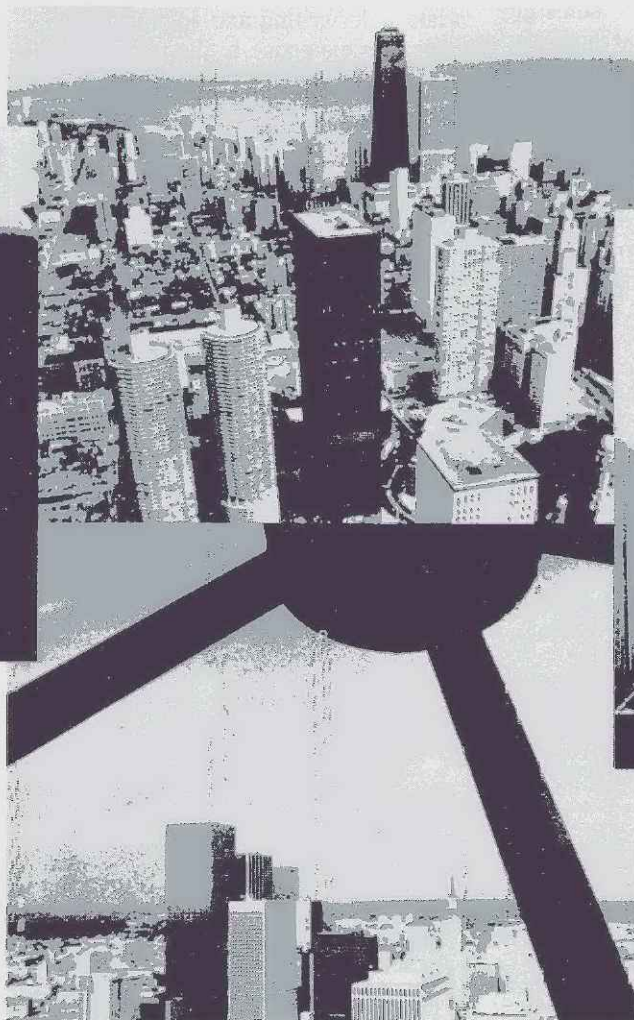
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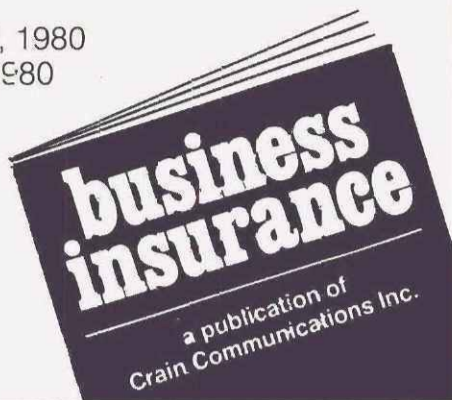
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• **The Occupational Safety and Health Act and Uvex Plastic Sheet** is available free from Eastman Chemical Products Inc. The 24-page booklet reviews the Part 1910 amendment of OSHA particularly sections on machine guarding and noise exposure. Write Bill Seaman, Eastman Chemicals Products Inc., Plastics Division, Kingsport, Tenn. 37662.

• A new booklet by Benefacts Inc., a subsidiary of Alexander & Alexander Inc., describes **language simplification services** in

communicating employee benefits. For a free copy, write ClearWrite Operations, Benefacts Inc., 300 E. Joppa Road, Baltimore, Md. 21204.

• **The Honeywell Access Control System: A Solution to the Problems of Lock and Key Security** booklet is available from Honeywell Protection Services. The brochure describes sample applications of proximity access control systems in a drug room, a multi-tenant office building and a manufacturing plant. For a free copy, write Honeywell, Inquiries Supervisor, MN12-2118 HPS, Honeywell Plaza, Minneapolis, Minn. 55408.

• A booklet on the **Basics of a Fleet Safety Program** has been prepared by Bayly, Martin & Fay of Los Angeles. The report details key areas to be considered in developing and implementing an effective fleet safety program. For a free copy, write Samuel Alcorn, Senior vp, Bayly, Martin & Fay International Inc., 3200 Wilshire Blvd., Los Angeles, Calif. 90010.

• **Gone with the Windfall** stresses the importance of profits not only to the success of a company, but to its survival, says the Profit-Sharing Council of America. The filmstrip is suitable for viewing in a small conference room or in an auditorium and is available free to members. Contact the Profit-Sharing Council of America, 20 N. Wacker Drive, Chicago, Ill. 60606; 312-372-3411.

• A facilities brochure describing the **range of services provided to the maritime, energy and construction industries** has been published by Hull & Cargo Surveyors Inc., a subsidiary of Marine Office of America Corp. For a free copy of the brochure, send letterhead requests to William Borrmann, Corporate Communications Department, 80 Maiden Lane, New York, N.Y. 10038.

• **Trends of Self-Insurance In the '80s** is a new brochure from the National Loss Control Service Corp. that examines the factors that will most affect the continued growth of self-insurance. For a free copy, write NATLSCO, Long Grove, Ill. 60049.

• A newsletter entitled **Pensions and Inflation** is available from Kwasha Lipton, consulting actuaries and employee benefit services. For a free copy, write Department M, Kwasha Lipton, 429 Sylvan Ave., Englewood Cliffs, N.J. 07632.

• **Hospital Liability Revisited** is the latest title in a book series published by Inquiry, the quarterly journal of health care organization, provision and financing published by Blue Cross Assn. Copies are available for \$6 each from Inquiry Books, Department N, P.O. Box 527, Glenview, Ill. 60025.

• **The Handling LNG Trucking Emergencies Training Kit** is available from NEGA. It includes slides, two audio cassettes, 21 student manuals and an instructor's guide. The kit can be purchased for \$31.50 from David Sampson, President, NEGA, 1427 Statler Office Bldg., Boston, Mass. 02116.

• **An Insurance Buyer's Checklist for Professionals** lists various kinds of insurance applicable to professionals so exposures and coverage can be reviewed. It is available for \$10 from International Risk Management Institute, 10300 North Central Expressway, Suite 350, Dallas, Tex. 75231. ■

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*Mike Allan is John Hancock's International Group Program Director of Sales and Service for North American multinationals.*

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# Canadians have different rules

By STACY SHAPIRO

WINNIPEG—Canadian and U.S. risk managers both tackle insurance problems to achieve cost-saving goals.

But Canadian risk managers use different running patterns.

U.S. risk managers weave their risks through federal legislation and litigation, but their Canadian counterparts score with socialized insurance, open rates and fewer regulations.

These differences may make the game easier for a Canadian risk manager, but Canada's insurance strategies have pros and cons.

One of the advantages is that rate control hardly exists in Canada, says Don Stuart, coordinator of the Canadian Risk & Insurance Man-

agement Society.

"This helps a risk manager because you can pretty much dictate what you want (to buy) in this virus market," he told *Business Insurance*.

Canadian risk managers also don't have to worry about workers compensation claims. Workers compensation is funded under provincial government insurance programs. The company pays its provincial government a certain rate for every \$100 of payroll. Sometimes this is cheaper than the U.S. workers compensation plans.

"We pay more than \$20 per \$100 payroll in New York State and Pennsylvania but in Ontario it costs \$6.83 per \$100," said Henry Maitland, risk manager for Con-

The lack of federal safety rules frustrates a risk manager when his company tries to cut corners by not installing loss-control devices.

sumers' Gas in Toronto.

Those rates are for high-risk drillers. For other workers, Consumers' Gas pays the Ontario Workers Compensation Board only 85 cents per \$100 of payroll, Mr. Maitland says.

The government board then handles all workers compensation claims, including the administration of the company's plan.

"And all it (the government) has to do is break even," Mr. Stuart said. "They can pay more premium dollars than an insurance company can."

But Mr. Stuart warns that there may be some disadvantages to the socialized workers compensation plan. For example, it cuts down on employee productivity because it is so easy to receive workers compensation payments, he said.

"We know of one case where a guy said, 'I'm taking my vacation on the worker compensation board,'" Mr. Stuart said.

Workers compensation payments—which are 75% of an employee's salary—are also tax-exempt. Collecting tax-exempt salaries instead of working can sometimes be more profitable than working and paying 20% of a paycheck in taxes.

Canadian companies also must pay the same government rate for office workers as they do for factory workers, Mr. Stuart said. It probably would save money to self-insure the workers compensation for the office workers because their accident rate is low, he said.

"Office people and packing people are assessed the same, but only once did I see someone trip over a filing cabinet in the office" and collect workers compensation payments, said Mr. Stuart, who recently retired as risk manager for Canada Packers Ltd.

Last year, his company paid more than \$4 million in workers compensation payments for employees across Canada. If payments were not mandatory, part of that expense could have been self-insured, he said.

Workers compensation isn't the only socialized insurance program in the 10 Canadian provinces, though it is the only universal one. The provinces of Manitoba, British Columbia and Saskatchewan have mandatory auto insurance for statutory liability for any vehicle licensed in that province, including corporate fleets.

"Each province has a provincially funded hospital plan where you are protected anywhere in the world, but it pays only the set Ontario hospital rate," Mr. Maitland said. "My company gives me protection for expenses over and above this plan."

The hospital plan is voluntary for corporations, but participation in the workers compensation and auto insurance plans is mandatory.

Some provinces, like Manitoba, offer such other optional insurance as property/casualty policies through their public insurance corporations.

But while Canada strives to unify some insurance policies, it lacks other regulations familiar to U.S. employers.

For example, there's no Occupational Safety and Health Act.

Canadian companies don't have an incentive to fight for uniform safety rules because they don't have to pay workers compensation, Mr. Stuart said.

"A company in the United States that does a good safety job I'm sure can save money," he said. "In Canada there's some incentive to improve safety, but not a monetary one."

The lack of federal safety rules frustrates a risk manager when his company tries to cut corners by not installing loss-control devices. One risk manager fought to get water sprinklers installed in a new building after his company deleted the sprinkler system from blueprints to save money. The company finally gave in when an insurer refused coverage without the safety system.

Canadians believe directors and officers liability insurance is an invention to protect American executives from "nuisance suits," and few Canadian risk managers buy it.

Tony Tolliday, risk manager for RCA Ltd. in Ontario, doesn't insure the Canadian officers of the American company. "But if a U.S. officer comes up here, he gets the coverage through New York," he said.

Business interruption policies also are different in Canada than in the United States. A Canadian risk manager has a choice between the U.S. general earnings form or the U.K. profits form of business interruption. A U.S. risk manager would only have one choice for this type of policy.

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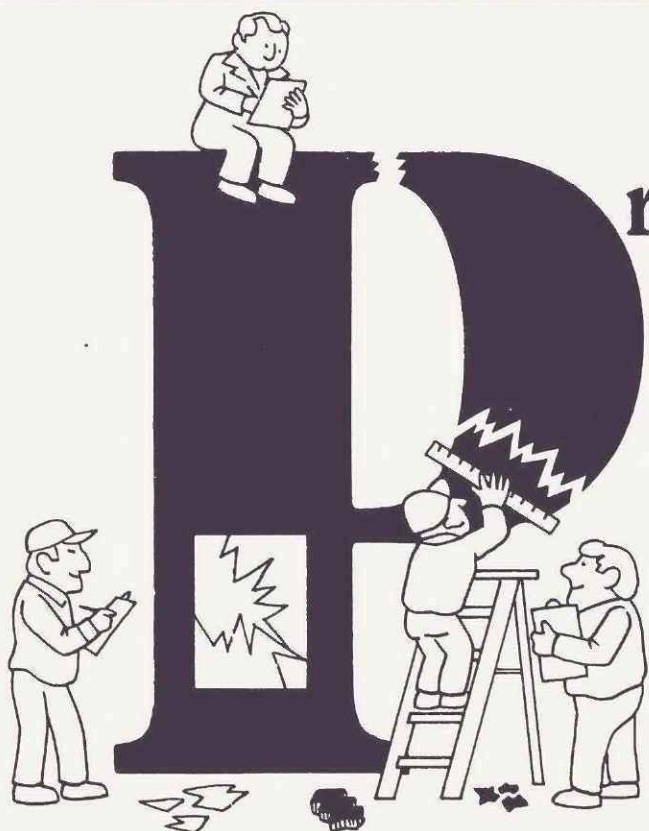
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# Security firms boom

*Continued from page 1*  
olis, security personnel keep a very close eye on office machines and equipment that are prime items to be stolen and resold for quick cash, said Jack Pruett, corporate director of security. He has the "total support" of corporate management, and reports no layoffs or cutbacks in staff.

"In the past when bad times hit, the guard force was the first thing to go," he said. "Now management realizes that in bad times, security must be strengthened and tightened."

Daniel E. Hunter, vp and director of security at the Citizens & Southern National Bank in Atlanta, also is busier than usual. Auditors there are told to keep a strict watch over cash flow to discourage employee thefts. Mr. Hunter also spends a good deal more time fighting increased check forgery, another recession-induced crime. He has hired an Atlanta police officer to work 20 hours a week investigating bad check cases.

**John P. O'Neill**, security manager at C.S. Draper Labs in Cambridge, Mass., said his biggest security problems are theft of office supplies and equipment, which more than doubled in the last year, and a recent rash of assaults on employees on company grounds.

"I've got a 32-person security staff and I'm hiring," he said.

He says most of U.S. industry is seeing more crime. Workers tend to be more frustrated by the decreased buying power of their wages, he said. This leads to lower morale and more job dissatisfaction.

"There's no solace in the job and the answer seems to be to take what you can for as long as you can," he said. "No matter what management seems to come up with or how much benefits improve, it still doesn't identify in the employee's mind."

To cope with the problem, Mr. O'Neill has requested that employees report all thefts of equipment, even small items. Patrols inside and outside the building have been increased.

The purse-snatchings and robberies on company grounds were a one-time problem that was solved by an intensive investigation involving Draper and other area firms whose employees also were attacked. Two youths were arrested, Mr. O'Neill said.

At General Motors Corp. in Detroit, some layoffs were made in the 8,000-employee security and safety section when a 10% staff reduction was ordered for all departments of the ailing automaker.

The security layoff did not result in an increase in crime and some of the laid-off employees already have been called back to work, said Gordon Kettler, assistant director of security.

"We had to re-evaluate our whole situation for theft losses, fire losses and fire protection, which is our biggest problem," he said. "It has forced us to be much better managers, and we welcome the opportunity to take a close look at our operation. That's where the challenge is."

Smaller companies that don't have elaborate security staffs are shopping around more for security products and services to help them do their jobs.

Contract guard services is one of the hottest-selling items.

Wackenhut, Pinkerton's, Guardsmark and Wells Fargo all report healthy sales and bright prospects for the future.

Wackenhut's sales are 22% ahead of last year's pace. The 1980 third-quarter totals are expected to

exceed the first two, said John T. Taylor, director of marketing for the Miami firm.

Pinkerton's Inc. of Atlanta reports sales are up 40% to 45%, mostly for contract guard services for building and plant security, said Clifford J. Howell, assistant director of marketing and business development.

Most companies are complaining about vandalism, internal theft and drug abuse problems, which sometimes require undercover investigation, he said.

Security hardware is selling at a brisk pace. Dave Hilton, sales manager for the western division of Diebold Inc., says the company's entire line of products—surveillance systems, recorders, burglar-proof doors and windows, safes and vaults—are all selling well.

# Market sees surge in security risks

More security firms are buying insurance to cover their special liability risks, but insurers still complain about the low rates they must charge to compete.

Mark E. Watson, president of Bayly, Martin & Fay/San Antonio, which brokers and underwrites liability coverage for thousands of companies and municipalities, reports commissions earned from security risks—about 5% of the firm's total \$80 million revenues—have tripled over last year. BM&F underwrites security insurance packages for three insurers.

Growing liability and security firm awareness is speeding growth, he says. "They're becoming more sophisticated and businesslike. They realize they can't operate out of a shoe box anymore."

Alarm company and police professional liability insurance are its fastest-growing products. The police professional coverage is purchased mostly by cities to insure liability for its law enforcement officers. Limits commonly reach \$500,000, but "we can go to \$100 million," Mr. Watson said.

The demand for police professional coverage

has skyrocketed since cities have found themselves defending an increasing number of lawsuits charging police with civil rights violations.

The \$10,000 package has been sold to thousands of cities, most with populations of about 100,000.

The two other primary markets for security industry insurance, W.H. Brownyard Corp. and Cover X Corp., also report increased sales, although the competitive market has driven premium volume down.

Bruce W. Brownyard, vp of the Brownyard firm, says rates have been declining because nonadmitted insurers are undercutting and winning a chunk of the security market.

But they are not hurting for work. The Brownyard Corp. is underwriting manager and managing agent for 20% of the general liability and errors and omissions insurance covering contract guard services. Premium volume exceeds \$10 million per year.

Cover X, another underwriting manager, reports a 25% increase in business over the last year.

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# Sambo's to fight pregnancy benefits

Continued from page 2  
Plan Administrators, a firm that provides disability claims services to Sambo's.

Mr. Hurley explains that for every other type of disability except pregnancy, coverage ends the day following termination of employment. If the worker takes a

leave of absence—as many women do to have a baby—disability coverage ends on the 15th day of the leave.

But the state maintains that pregnancy is a special category, says Lyle Riavo, general counsel for the appeals board. A woman is covered by the employer's plan if

she conceives while still on the job, the board says. This interpretation is based on a series of precedent-setting board decisions dating back 30 years.

The law has changed since those precedents were established, notes Richard Tanzer, a Los Angeles attorney representing Sambo's. Mr. Tanzer is confident of winning the case because he believes present administrative policy violates federal and state law.

"I don't think there can be much doubt about the outcome," he said. Besides federal law embodied in the Equal Employment Opportunity Act, California state law was amended in April 1979 to require that pregnancy be treated like any other disability. At the employment development department, of which the unemployment insurance appeals board is an independent division, there is no dispute that pregnancy is to be treated like other disabilities.

No one knows what these pregnancy claims are costing employers, state and private administrators agree.

Sambo's currently has 15 to 20 such claims. Mr. Hurley has many other clients with pregnancy claims, and he is counseling them to deny them. About 380 California companies self-insure disability benefits through voluntary plans that cover about 475,000 employees.

The pending Sambo's case concerns a former employee named Nora L. Olivas. After about a year on the job, Ms. Olivas terminated her employment with Sambo's on March 30, 1979, in her third month of pregnancy.

Ms. Olivas's physician certified that his patient was disabled and incapable of performing her regular work beginning Sept. 3. He estimated that she would be able to return to work 10 weeks later. She filed a claim for that period.

On the claim form filed by Ms. Olivas, she was asked, "Did you stop work because of sickness or injury? If no, please give reason." She answered "No" and gave as a reason, "Having a baby."

Sambo's denied the claim on the basis that she quit work before she became disabled. According to her doctor, Ms. Olivas was not disabled until Sept. 3, when she was no longer covered under Sambo's self-insured disability plan.

Sambo's sent the claim to the state's unemployed disabled fund, which also denied coverage, say-

ing the claim was Sambo's responsibility. Sambo's subsequently paid and appealed the \$627 claim.

Workers not covered by an employer plan contribute 1% of gross earnings on the first \$11,400 of annual salary into a state disability fund: Both the state fund and voluntary plans pay into the unemployed disabled account. This is the account that would be liable

for claims denied by self-insurers.

After the Sambo's suit was filed Sept. 9 in Los Angeles, the appeals board asked the restaurant company for a postponement so the board could reconsider its previous precedents based on existing law. Although the court granted a continuance, the board now plans to prepare to defend its previous decision.

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# War risk plan demand rises with strife

Continued from page 1

"In the last year, there's been a marked increase in interest in war risk (coverage)," said Neil G. Cooper, accident and health manager for the North American region of AFIA Worldwide Insurance in Wayne, N.J.

"When it's on the front page daily and you have an exposure, you have to deal with it."

The policies are purchased in addition to traditional life insurance policies that exclude coverage for death due to war or civil strife. The rates for the special risk coverage are tied directly to the degree of political unrest in a particular country, fluctuating day to day. The policies in general cover death, dismemberment or permanent disability.

For Mr. Adelman of The Lummus Co., the need for war risk insurance was brought home dramatically Sept. 23. Iranians dumped bombs on his company's new plant complex that included motel and maintenance facilities.

Ten persons were killed, including one British and three American employees of Lummus of Bloomfield, N.J., a subsidiary of Combustion Engineering of Connecticut. The men had been based in Iraq since 1977 constructing the new facility.

Lummus's property loss from the bombing was not covered by insurance because its policy had a war exclusion. Mr. Adelman would not say who the property insurer is or give a damage estimate.

Three American representatives of the company, who stayed in the war zone to guard the plant, also are covered by war risk policies, Mr. Adelman said. He refers to the men as "three captains who don't want to leave the ship."

Granite State Insurance Co. of Manchester, N.H., underwrites the special risk policy for Lummus, but neither the insurer nor Mr. Adelman would discuss cost or coverage details. Granite is a subsidiary of New Hampshire Insurance, a subsidiary of American International Group.

But Mr. Adelman admits he sleeps a lot easier knowing his company went for the war risk policy when the situation in the Persian Gulf was not volatile and rates were cheaper.

The cost of the special risk insurance varies.

John Skingsley, executive vp of International Accident Facilities in Boston, says the rate can be as high as twice the cost of traditional life insurance. The typical cost of life insurance for persons in the 30 to 40 age range is 35 cents per \$1,000 of coverage per month, sources say.

The war risk premium rate can fluctuate daily, depending on the stability or volatility of the country, he added.

He said the demand for war risk coverage has increased in proportion to the growth of American companies doing international business.

It doesn't matter if the location is Iran, Turkey, Bolivia or Korea, says Mr. Cooper of AFIA. "The truth is, if you don't have it (war risk insurance), the mer. will quit and come home."

"What is moderately risky today can become terrifically risky tomorrow," he said. He noted that Iran was never thought of as a hotbed until the Americans were taken hostage at the U.S. Embassy there.

"War risk wasn't thought of 10 or 15 years ago as it is today," Mr. Cooper said. "But more and more companies are buying it now. Let me just say we have many clients."

"Some companies choose to ignore the risk (in politically unsettled countries) and have the attitude that 'it won't happen to me,'" Mr. Cooper said. "Sometimes it's the correct decision, other times it's not."

Planning ahead is definitely the name of the game for war risk insurance, says Hank Jackson, coordinator of the international department of broker Rollins Burdick Hunter in Chicago.

"When nothing is going on (politically), the rates are reasonable," Mr. Jackson said.

The rates go up and down as the reports of violence filter in from a particular area, he said. For instance, the rate for war risk coverage in Iran Oct. 9 was \$3.50 per \$100 of company payroll while it was \$6 in Iraq. The difference was because of heavier bombing in

Iraq that day.

Mr. Jackson said a minimum premium to send an employee to a troubled area for a week might be a flat fee of \$500 while the maximum could be as high as 5% of payroll.

While the special coverage costs more, the benefits to survivors are no better than if the insured person slipped and died in the bathtub at home.

"Life is only worth so much," said Mr. Skingsley of International Accident Facilities. "You can place no different value on life. It's all the same. The justification for the person going overseas is in the salary, not in the benefits."

"If a corporation provides \$200,000 (life insurance) per person, the war risk benefit would be \$200,000 as well," Mr. Cooper said.

"Look, employees who go overseas are in it for the bucks," said another source. "They don't want

to go into a war area. There's no reason (for going) other than the money."

One industry source said insurers are shy about advertising their war risk policy for fear they will look like war profiteers.

But insurers surveyed by *Business Insurance* that accept war risks do not see themselves in that light. Most said they were providing a valuable service to those who needed special protection in troubled areas of the world.

"We certainly don't hope for war," said William Abruscato, director of international benefits at Insurance Co. of North America.

"It's (war risk) a minor part of our business at INA, but we do actively look for businesses that want it written," Mr. Abruscato said. "We like to think we're providing a special service." ■

## Fewer plan sponsors file wrong ID numbers

WASHINGTON—The Labor Department reminds employee benefit plan sponsors to supply correct identification numbers when filing their annual report with the federal government. And employers are taking the hint.

A massive 1979 Labor Department survey (*BI*, Aug. 20) found 24% of surveyed plan sponsors filed an incorrect EIN or PN in 1975 or 1976.

Today, the error rate is significantly lower, says Ian Lanoff, administrator of the Office of Pension and Welfare Benefit Programs.

Employer identification numbers and plan numbers distinguish among the reports. A nine-digit EIN is assigned to each plan sponsor by the Internal Revenue Ser-

vice, while sponsors assign a three-digit plan number to each plan they sponsor.

The employer identification number and plan number must be shown on the annual report, known as Form 5500 and filed with the IRS, and on the summary plan description each plan is required to file with the Labor Department.

The Labor Department offers a free booklet to help plan sponsors who still don't know how to report identification numbers on their annual plan reports.

Copies of "Identification Numbers Under ERISA" are available from the Office of Communications and Public Services, Pension and Welfare Benefit Programs, Department of Labor, Room N-4659, Washington, D.C. 20216. ■

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# Dental premium growth brightens CG's outlook

By ELLIS SIMON

HARTFORD—Group dental premiums increased fourfold in the first half of 1980 at Connecticut General Life Insurance Co., but competition leaves few other bright spots for the company.

In the first half of 1980, Connecticut General wrote \$102 million in new group dental premium. A \$60 million account from General Electric Co. and three major oil company accounts were responsible for most of the gains.

"This was a year of unusual opportunities for us," says James Grigsby, the company's chief actuary. "We're enjoying tremendous growth in group dental."

CG expects to write \$400 million in group dental premium this year, Mr. Grigsby says. He does not project what next year's growth will bring, but is bullish on the outlook for the rest of the decade.

"Dental will be almost as prevalent as medical coverage by the end of the decade," he predicts. By then, however, market growth will have run its course and CG will be looking to the next large group product, which Mr. Grigsby predicts will be group auto and group homeowners insurance.

These products should start coming on strong by the mid-1980s, he says. CG hasn't begun pilot programs in these areas, but is researching them.

CG was a pioneer in group dental and that helped make it the nation's second largest writer. Delta Dental is the first.

"We recognized the market fairly early and built up the administrative abilities and experience on which to base rates," says Mr. Grigsby. The company controls claims costs through pre-utilization review by a board of local dentists who work with CG claims staffs.

Group dental has been the star in CG's lineup. Performance of its other products have paled in comparison. Overall, the company reported a 3% growth in revenues for the first half of 1980 to \$2.47 billion from \$2.40 billion for the same period in 1979. Net income dropped by 4% to \$122.5 million from \$127.5 million.

## BI ticker

In group life and health, earned premiums rose by 4% to \$918 million in the first half of 1980, but real growth is clouded by the growing use of minimum premium plans, which are loss-sensitive insurance programs similar to retrospectively rated casualty programs. If those accounts were written on a fully insured basis, CG's premium growth in this area would have been 16%, Mr. Grigsby says.

CG prefers writing minimum premium plans over the administrative services only plans marketed by many competitors. Minimum premium plans are more profitable than ASO plans and just as profitable as fully insured plans, he points out.

Minimum premium promotes better relations with clients, adds Augustus Demeo, CG's director of investor relations. "When one thinks of ASO, the next logical step is removing the insurance company altogether."

Retention of business is a measure CG's Mr. Grigsby believes attests to the company's success. "In a typical year, less than 5% of our accounts leave us. There aren't good industry statistics on this, but we believe that's better than the industry average."

The desire to retain accounts has influenced CG's decision not to offer guaranteed insurance contracts in the pension market.

"Our servicing emphasis is on long-term client relationships," says Mr. Demeo. "Guaranteed insurance contracts are not conducive to that. They're more of a financial commodity."

Over the past three to five years, CG's growth of assets has not been as great as that of its competitors offering guaranteed insurance contracts, Mr. Grigsby admits. The company has considered offering guaranteed insurance contracts, but it wants adequate profits and protection against open-ended losses before it enters

the market, he says. CG's main attraction in the pension market is the excellence of its investment performance, says Mr. Grigsby. It is the only money manager to consistently rank in the top 25% for one-year, three-year, five-year and 10-year average returns on both equity and fixed income funds in the Pensions & Investments Performance Evaluation Report, he notes.

CG's "smarts" in investing have enabled its property/casualty subsidiary, Aetna Insurance Co., to remain profitable despite having the highest combined ratio in the industry. The firm's property/casualty operating income rose by 11% during the first half of 1980 to \$27.1 million, although the combined ratio rose to 109.4% from 108%.

The high combined ratio reflects reserving for long-tail liability claims, says Mr. Grigsby. Stronger reserves are needed in anticipation of financial and social inflation, he adds.

Some of Aetna Insurance Co.'s existing business was not priced right, he admits. In addition, catastrophe losses account for three points of the firm's combined ratio and the losses include \$4 million in added reserves for the black lung reinsurance pools.

The underwriting experience should improve, Mr. Grigsby says. But he admits Aetna Insurance Co., like other property/casualty companies, is under tremendous competitive pressure.

"We're trying to steer down a middle road. We're fighting to maintain our underwriting standards while pricing our business as low as we can."

As a result, Aetna Insurance Co. isn't writing as much business as it might have hoped. Combined with reduced rates, first-half premiums are down 4% to \$441.4 million from \$458.4 million. The company is being particularly hurt on commercial multiperil business, Mr. Grigsby says.

Yet, CG wants to expand the size and penetration of its property/casualty operations. It made a pass at Kansas City-based ERC Corp. earlier this year but its interest in the reinsurer was not reciprocal and CG was eventually outbid by Getty Oil Co.

"There's a full-time staff looking at acquisitions," Mr. Grigsby says.

Rumors this summer speculated on a marriage between CG and New York-based Continental Insurance Co. that would have produced an industry super giant. Both firms denied the rumor. Mr. Grigsby says corporate policy prohibits him from commenting on proposed acquisitions.

## Financial briefs

### Marsh & McLennan Cos.

C.T. Bowring Co. Ltd., the British insurance subsidiary of Marsh & McLennan Cos. Inc., has sold its interest in the Singer & Friedland Group of merchant banks to a European Ferries Ltd. subsidiary.

M&M had previously said it planned to divest noninsurance holdings of Bowring. This is the first step in those financial plans.

### PennCorp

PennCorp Financial sold its 6.6% interest in United Guaranty Corp. for \$9.6 million after commission, selling off the shares it started buying in 1978 for investment. American International Group recently increased its holding in United Guaranty to 13.53% and has said it might raise its interest to 25%.

### The Travelers

The Travelers Corp. has declared a dividend of 62 cents per share on the company's common stock and 50 cents per share on the preferred stock.

## BI Insurance Index



For the second time in three weeks insurance industry stocks dropped, this time 1.3 points to 169 from 170.4. The base of 100 was at year-end 1978. Leading declining stocks were: American Financial Corp. of Ohio, 17.3%; Crum & Forster, 12.2%; Frank B. Hall & Co. Inc., 5.7%; Chubb Corp., 5.3%; and INA Corp., 4.9%. Biggest gains were registered by: Integrated Resources Inc., 19.7%; Hanover Insurance Co., 8.5%; American Bankers Insurance Co. of Fla., 5%; First Colony Life Insurance Co., 4.2%; and NN Corp., 2.5%. A total of 36 stocks declined, 19 rose and 18 did not change. The index decline of 0.8% fell behind the three major stock market indicators, all of which rose slightly.

## British Issues

10/14	Price	P/E	Div.	Yield	High	Low
Companies	pence	pence	%	pence	pence	pence
Comml Union	162	8.1	14.63	9.0	171-160	
Eagle Star	249	8.3	14.28	5.7	251-242	
Genl Accident	346	8.6	18.24	5.3	360-342	
Gdn Royal Exch	346	9.1	20.71	6.0	360-340	
Phoenix	292	8.1	20.00	6.8	306-288	
Royal	448	9.4	32.17	7.2	470-448	
Sun Alliance	776	9.9	42.14	5.4	800-774	

Source: Philip Olsen/Alan Clifton, Insurance Industry Specialists Kitcat & Aitken Stockbrokers, London

## BI Industry Stock Report

	OCT. 14, 1980					10/8/80 THRU 10/14/80					OCT. 14, 1980					10/8/80 THRU 10/14/80				
	Price	% Chg	P.E.	\$ Div.	% Yld.	High	Low	Vol (000)	Price	% Chg	P.E.	\$ Div.	% Yld.	High	Low	Vol (000)				
<b>Insurance Cos.</b>																				
Aetna Life & Cas Co	NYSE	38.00	-3.5	5.4	2.12	5.6	39.50	38.00	310.8	Sri Corp	OTC	25.00	0.0	4.9	1.00	4.0	25.00	25.00	23.2	
American Bankers Ins Co Fla	OTC	7.75	5.1	5.2	0.44	5.7	7.75	7.63	54.3	Seibels Bruce Group Inc	OTC	23.88	-2.1	9.7	0.80	3.4	24.38	23.88	41.9	
American Finl Corp Ohio	OTC	21.50	-17.3	5.8	0.50	2.3	22.00	21.50	25.9	Stateman Group Inc	OTC	6.37	2.0	5.0	0.15	2.4	6.38	6.25	6.7	
American Gen Ins Co	NYSE	39.50	-1.3	6.2	1.00	2.5	40.50*	39.50	341.4	Tokio Marine & Fire Ins Co	OTC	158.50	-0.2	17.5	1.03	0.6	158.50	156.50	1.6	
American Indty Finl Corp	NYSE	17.75	-2.1	5.4	1.12	6.3	18.13	17.75	6.7	Travelers Corp	NYSE	43.50	-0.6	4.8	2.48	5.7	43.88	43.38	331.2	
American Intl Group Inc	OTC	75.50	-3.5	11.2	0.50	0.7	78.25	75.50	135.6	United Fire & Cas Co	OTC	27.25	0.0	7.4	0.90	3.3	27.25	27.25	0.2	
American Natl Ins Co	OTC	14.50	-0.9	5.8	0.62	4.3	14.63	14.50	71.1	United States Fid & Gty Co	NYSE	41.75	-3.5	4.9	2.80	6.7	43.00	41.75	118.7	
American Sts Life Ins Co	OTC	19.50	2.6	8.1	0.64	3.3	19.50	19.50	0.5	United Svcs Life Ins Co	OTC	16.88	0.0	5.9	0.96	5.7	16.88	16.88	11.4	
Aneco Reins Ltd	OTC	5.75	2.2	0.0	0.00	0.0	5.75	5.63	43.3	Uelife Corp	NYSE	21.75	0.0	5.5	0.70	3.2	21.88	21.63	217.3	
Appalachian Natl Corp	OTC	2.12	0.0	6.1	0.05	2.4	2.13	2.13	1.5	Washington Natl Corp	NYSE	35.00	-2.4	7.1	1.50	4.3	36.00	35.00	38.5	
Avenoo Corp	AMEX	9.50	-2.6	6.8	0.50	5.3	9.88	9.50	20.6	Zenith Natl Ins Corp	OTC	16.75	0.0	9.5	0.50	3.0	16.75	16.75	13.9	
Banks Iowa Inc	OTC	26.50	0.0	4.2	1.32	5.0	26.50	26.50	1.0	<b>INSURANCE COMPANIES</b>	<b>AVERAGE</b>									
Bitco Corp	OTC	39.50	0.0	6.0	1.68	4.3	39.50	39.50	9.8											
Carolina Cas Ins Co	OTC	8.62	0.0	3.1	0.32	3.7	8.63	8.63	3.0	<b>Agents/Brokers</b>										
Central Natl Finl Corp	OTC	11.25	0.0	4.4	0.50	4.4	11.25	11.25	0.5	Alexander & Alexander Svcs	OTC	34.75	-3.5	11.4	1.64	4.7	36.00	34.75	133.0	
Chubb Corp	OTC	41.88	-5.4	5.5	2.40	5.7	43.75	41.88	107.5	Baldwin & Lyons Inc	OTC	29.50	-4.8	5.4	0.80	2.7	30.25	29.50	16.4	
Combined Intl Corp	NYSE	19.75	1.9	5.7	1.60	8.1	19.75	19.13	186.7	Corroon & Black Corp	NYSE	26.25	-3.2	10.6	1.72	6.6	26.75	26.25	11.6	
Connecticut Gen Ins Corp	NYSE	48.00	-0.5	7.2	1.52	3.2	48.00	47.25	152.0	Crump & H Cos Inc	OTC	14.50	-1.7	12.9	0.36	2.5	14.88*	14.50	13.2	
Continental Corp	NYSE	27.75	0.0	5.4	2.20	7.9	27.75	27.63	163.1	Hall Frank B & Co Inc	NYSE	26.88	-5.7	8.8	1.54	5.7	28.38	26.88	54.1	
Crawford & Co	OTC	18.50	-1.3	15.6	0.54	2.9	18.75	18.50	8.1	Integrated Res Inc	AMEX	22.00	19.7	12.1	0.00	0.0	22.00*	18.88	232.9	
Crown Life Ins Co	OTC	88.00	2.3	63.8	2.40	2.7	90.00*	86.00	11.9	James Fred S & Co Inc	NYSE	28.00	1.4	10.2	1.60	5.7	28.00	27.75	14.7	
Crun & Forster	NYSE	29.63	-12.2	5.2	1.44	4.9	32.50	29.63	84.6	Marsh & McLennan Cos Inc	NYSE	68.12	-1.6	10.8	3.60	5.3	70.75*	68.00	75.9	
Employers Cas Co	OTC	40.00	1.3	6.5	1.20	3.0	40.00*	39.50	0.9	PennCorp Finl Inc	NYSE	8.62	0.0	5.6	0.16	1.9	9.00	8.50	154.0	
Eric Corp	OTC	93.50	0.0	10.5	1.40	1.5	0.00	0.00	0.0	Reed Stenhouse Cos Ltd	OTC	10.75	-3.4	9.0	0.56	5.2	11.38	10.75	158.1	
Equifax Inc	NYSE	23.00	0.0	7.9	2.40	10.4	23.00	22.75	1.8	Rollins Burdick Hunter Co	OTC	27.75	0.9	12.2	1.24	4.5	28.00	27.75	63.5	
Farmers Group Inc	OTC	30.75	-4.3	9.8	1.00	3.3	31.88	30.75	153.3	<b>AGENTS/BROKERS</b>	<b>AVERAGE</b>									
First Colony Life Ins Co	OTC	36.50	4.3	12.5	0.80	2.2	36.50*	36.00	6.0											
Foremost Corp Amer	OTC	20.50	0.6	7.8	0.60	2.9	20.50	20.38	4.8	<b>Conglomerates/Holding Cos.</b>										
General Reins Corp Del	OTC	55.50	-3.9	8.4	1.40	2.5	57.25	55.50	91.0	American Express (Fireman's Pd)	NYSE	36.88	-2.3	7.4	2.00	5.4	38.13	36.88	455.2	
Great West Life Assurn Co	OTC	175.00	0.0	8.7	8.00	4.6	175.00	175.00	0.8	American Clayton (Ranger/PanAm)	NYSE	24.75	-1.0	6.2	1.20	4.8	24.75	24.38	32.1	
Hanover Ins Co	OTC	51.00	8.5	4.8	0.72	1.4	51.50*	47.25	63.1	City Investing Co. (Home Ins.)	NYSE	26.00	-5.5	5.3	1.50	5.8	27.00	25.38	543.9	
Hartford Steam Boiler Inspnt	OTC	34.00	-1.4	7.2	2.40	1.9	34.50	34.00	7.1	ONA Finl Corp (ONA)	NYSE	19.50	2.0	4.8	0.00	0.0	19.50*	18.38	72.6	
Integon Corp	NYSE	25.75	-2.4	9.3	0.48	1.9	26.38	25.75	65.9	Control Data (Comm. Credit)	NYSE	76.87	3.4	9.9	0.60	0.8	77.38*	75.50	558.8	
Jefferson Natl Life Ins Co	OTC	68.50	0.0	20.4	0.64	0.9	68.50	68.50	11.3	DNA Corp (Ins. Co. of NA)	NYSE	41.00	-4.9	6.0	2.20	5.4	43.38	41.00	706.0	
Kemper Corp	OTC	35.13	-2.4	4.9	1.40	4.0	36.50*	35.13	142.2	ITT (Hartford Group)	NYSE	31.62	0.4	10.9	2.40	7.6	31.63	31.00	406.2	
Lincoln Natl Corp Ind	NYSE	41.38	-2.4	5.7	3.00	7.3	42.00	41.00	43.3	Reliance Group Inc	NYSE	73.25	-1.7	3.0	3.00	4.1	73.25	71.75	60.4	
Mgic Invst Corp	NYSE	29.50	-2.1	8.5	1.12	3.8	30.00	29.38	195.1	Sears Roebuck & Co. (Allstate)	NYSE	16.25	-3.7	7.8	1.36	8.4	16.88	16.25	1,602.7	
Mission Ins Group Inc	NYSE	36.75	-2.6	7.9	0.80	2.2	38.50	36.75	91.7	S & B Co. (Bayly Martin & Fay)	NYSE	17.25	1.5	7.2	1.00	5.8	17.50	17.00	4.2	
Nationwide Corp Ohio	OTC	20.75	1.2	5.5	0.66	3.2	20.75*	20.50	2.1	Teledyne Inc (Argonaut)	NYSE	193.25	5.9	8.6	0.00	0.0	193.25	180.00	297.2	
Nh Corp	OTC	49.75	2.6	11.3	2															

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