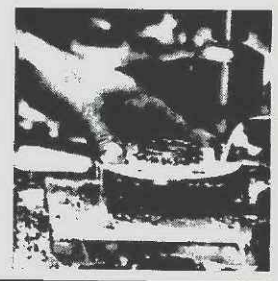
Decentralization for Marmon Group

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Study shows pollution takes its health toll
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Problems beset Borden as mysterious illness strikes
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EEOC unleashing barrage of sex discrimination suits
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Week of October 22, 1973

business insurance®

the national newsmagazine for buyers of employe, property and liability protection and financial services



Insurance costs are climbing as the Mideast conflict intensifies. For stories on how shippers and oil companies are affected, see page 2.

S.4 tabled, House to write own pension bill

WASHINGTON—Under intense pressure from, as one staff counsel put it, "everyone but the Girl Scouts of America," the House ways and means committee has decided to draft its own pension reform legislation rather than rely on the Senate-passed bill as a basis for its pension reform deliberations.

The Senate bill—S.4—went to the powerful House committee as an attachment to HR 4200, a military retirement bill previously passed by the House. The Senate bill's backers had originally hoped the ways and means committee would approve it with only minor technical changes and compromises, but organized opposition to some elements of the bill as well as general opposition from House members who wanted to pass their own pension bill killed those hopes.

TWO PROVISIONS of the Senate bill—pension termination insurance and a ceiling on the amount of benefits that can be collected through a pension or profit-sharing plan—are the most controversial, ways and means sources say.

Big business is opposed to the termination insurance provision, arguing that sound plans will be forced to pay for the losses sustained by plans where less-than-adequate management results in termination. Participants of major profit-sharing plans—most notably employes of Sears Roebuck and Co.—are opposed to the 75% of highest three years pay annual ceiling on benefits.

MICHAEL GORDON, the minority counsel for the Senate general subcommittee on labor's study group on pension plans and a behind-the-scenes architect of the Senate bill, told *Business Insurance* the ways and means decision to write its own version doesn't mean the provisions of the new draft will vary widely from S.4.

"I think this is simply a situation where the ways and means people didn't want to appear to be a rubber stamp," Mr. Gordon said "I think that there was a very well bankrolled lobbying effort launched to simply confuse the committee members about what is contained in the bill. The comments that were received questioned a lot of little, technical areas, and, when they were put all together it appeared to the committee that the whole bill needed an overhaul.

"One of the objectives of this effort may be simply to cause enough confusion to put any action off until next year when more members are up for reelection and, therefore, the lobbyists feel they'll be in a position to bring

Continued on page 12

Directors & officers covers gain popularity: Wyatt study

By STEPHEN GILKENSON

CHICAGO—What is believed to be the first comprehensive survey on corporate attitudes toward, and experience with, directors and officers liability insurance has revealed that 46.8% of responding companies now have the coverage, that most of these buy liability limits of $5 million and that 7% have filed claims under their policies during the past six years.

Moreover, the survey reveals, premiums paid for the coverage versus losses incurred indicate that underwriters are experiencing an astoundingly low loss ratio of 22%.

WHILE THE survey base on which this figure was determined is admittedly narrow, say the survey's sponsors, D&O underwriters confronted with the figures by *Business Insurance* did not take strong exception to its credibility. It was pointed out, however, that underwriters at Lloyd's of London, the most formidable market for the coverage in recent years, have been telling insureds and prospects that its loss ratio is running about 35% and moving up.

Conducted by the Wyatt Co., an actuarial and consulting firm with offices here, the survey's results are based on information supplied by 633 U.S. corporations, or slightly more than 10% of those queried on the subject earlier this year.

Some major conclusions:

• Of the 46.8% of the companies indicating they have bought the coverage, the greatest prevalence is among utilities, with 62% saying they have the coverage. The lowest is transportation, with only 20% carrying D&O. Says Warren G. Brockmeier, director of risk management services for Wyatt who conducted the survey: "I suspect that the reason for the lower prevalence of the insurance among transportation companies relates more to the lack of availability of the insurance to those companies than any lack of desire on their part in obtaining the coverage."

• About 70% of the companies listed on the New York Stock Exchange carry D&O liability; similarly, about 67% of the companies listed in the Fortune 500 survey do so.

• Approximately 40% of the responding companies carrying D&O are insured in the amount of $5 million. About 29% insure for amounts of less than $5 million, 31% insure for amounts in excess of $5 million, and 9% insure in the amount of $15 million or more.

• About 14% of the companies with directors and officers liability carry a deductible of $100,000 or more on the corporate reimbursement section of the policy, with the largest such deductible being $1 million (a deductible amount carried by two of the participants in the survey).

• During the six-year period covered by the survey, about 7% of all participants experienced a D&O claim. About 58% of those claims are still open, 7% were dropped by the claimant, and 35% were closed by other litigation or settlement. Two claims of those surveyed involved settlements in excess of $1 million.

"BASED ON the loss experience which we gathered, as contrasted with the premiums indicated if all participating companies were carrying the coverage, we found that underwriters would be experiencing approximately a 22% loss ratio," Mr. Brockmeier told *Business Insurance*. "While we may not have sufficient data to make this at all a credible amount, it is the first data of any sort which has been gathered, and it is our hope that by repeating this survey annually, and building upon the existing base, we can perform a significant service for the corporate insurance public in giving them some statistical information with which to evaluate this coverage," he added.

The 22% loss ratio revealed by the survey, said Mr. Brockmeier, is "a little lower than we expected." However, he noted that in computing the figure Wyatt assumed that all other claims outstanding (58% still unsettled) would be settled in like fashion and settled in relation to what was being demanded by claimants.

THE FIGURE, he added, is also based on current premium levels of policies written, paid for and under which a claim now exists. "New policies, I understand, are being written at lower premium levels, and this indicates that the loss ratio is likely to move up in years to come," he said, adding:

"I will say this, though. We've got some big losers in (the survey) in regard to their annual financial statements during recent years; the survey was not based on simon pure risks."

The loss ratio figure Wyatt came up with, Mr. Brockmeier said, also includes defense costs. Underwriters have consistently pointed out that while D&O settlements have not been many, the costs of defending actions brought have been astronomical, thus contributing to skyrocketing premiums during the past ten years.

Continued on page 2

Ford favors reforms?

WASHINGTON—Congressman Gerald R. Ford, President Nixon's choice to fill the vice-presidential vacancy left by the resignation of Spiro T. Agnew, has had very little to say about either pension reform legislation or the national health insurance issue.

In a recent radio program, broadcast locally to his Grand Rapids, Mi., area constituency, Mr. Ford said pension reform legislation "will be one of my major legislative efforts in the 93rd Congress."

In that speech, Mr. Ford also said he considers federal action in the areas of vesting, portability and reinsurance "all vitally important."

In the past, the Nixon administration has criticized proposed federal termination insurance programs as being too expensive, but that stance, sources say, was largely a result of the policies of H.R. Haldeman and John D. Ehrlichman and may change now that the two powerful former presidential assistants have been purged.

Mr. Ford refused specific comment on pension legislation now pending before the House ways and means committee. His spokesman said any comment on a bill under discussion would be "speculative at best."

Mr. Ford has said next to nothing about national health insurance, but is considered to be a backer of the administration's go-slow, spend-as-little-as-possible position on the subject.

Oil firms uninsured for Mideast war effects

NEW YORK—International underwriters indicate American oil companies with interests in the Middle East generally do not have insurance coverage for the added exposures of the Yom Kippur conflict between Israel and the Arab countries.

A spokesman for the Overseas Private Investment Corp., a quasi-governmental agency, said there is very little insurance available in that area.

"In the petrochemical industry, our insurance would cover 'only tangible and removable assets'," he said, noting these assets would include, say, the construction materials to build a pipeline but not the pipeline itself.

"We have been pressured from time to time to extend our coverage, particularly to smaller oil interests, but so far we haven't done it," he said.

"Our coverage on oil is far more limited than on other industries," he said. "We do offer limited coverage during exploration but the permanent facilities are never covered.

"Of course, we never write a policy unless we have the approval of the foreign government through a bilateral agreement with the United States," the spokesman said. It seems that if a bilateral treaty were in existence, the need for heavy insurance would decrease.

THE EXPORT-IMPORT Bank, another quasi-governmental agency, also limits its export insurance underwriters from covering the pipelines, refineries and other permanent assets of oil companies in the Middle East.

A spokesman for American International Group, noting that AIG is one of the largest underwriters of international risks, said the company's C. V. Starr division is concerned almost exclusively with "insuring the contractors who build in the oil fields, those who drill and others who investigate for the petrochemical industry."

A spokesman for Arabian-American Oil Company (ARAMCO), monopoly owner of the Middle East oil industry which includes Exxon, Texaco, Mobil, Standard Oil of California and the Saudi Arabian government, said he "wouldn't want to comment on the insurance question because it might compromise us. We have a sensitive situation right now." ■

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Mideast war forces hull–cargo rate hikes

NEW YORK—As the Yom Kippur war in the Middle East intensifies, insurance rates on ship hulls and cargo have started rising but, according to one marine broker, "Commerce seems to be going on almost as usual."

American ship owners are already paying markedly higher war risk rates, *Business Insurance* learned. The rates, which change daily, had risen from as low as two and one-half cents per $100 of the ship's value to 50 cents per $100 at the beginning of last week. War risk rates on cargo doubled.

The war risk exclusions on Arab and Israeli ports have remained in effect since the last flareup of hostilities in 1967. "Nominal additional premiums had been charged on those ports since the Six Day War," commented a marine hull insurance broker. "Up until now, the underwriters had been charging more for tankers than for dry cargo vessels but now they aren't differentiating."

Marine protection and indemnity insurance has not been effected, marine sources said.

"War risk coverage includes P & I to some extent," another broker noted. "But P & I won't be involved unless the U.S. government officially rules that a war zone exists there. In that case, the crews of American ships could claim the right for higher pay for working in a hazardous area. And when crew costs go up, so do P & I costs.

"Technically," said a spokesman for an American protection and indemnity assn., "an insurer would have to pay if the vessel deviated from its course and off-loaded somewhere other than where it was supposed to. But if the vessel had to deviate because of a situation like this (war), most insurers would excuse it because it was through no fault of the vessel operator."

BRITISH FLAGSHIPS, however, have been ordered by some of the London associations not to enter Middle Eastern waters or to get out if they are already there, it was reported. If the vessels are damaged in those waters, their insurance will not cover them.

Uuited States airlines, which have curtailed their flights into the Middle East, will pay out-of-pocket for any loss of revenue resulting from halting their service.

"There isn't any coverage like business interruption available for something like this," a spokesman for Pan American World Airways pointed out. "Theoretically, if you don't operate an airplane, you don't have any expense.

"Most air carriers pay their liability premium based on revenue-passenger miles," he continued, "so if you don't have the rpm's, you don't pay the premium." ■

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D&O study . . .

Continued from page 1

Almost to a man, D&O underwriters and corporate risk men confronted with the conclusions of the Wyatt survey did not find them startling, although there were some minor surprises.

"I'm a little surprised at the loss ratio figure," said Thomas F. Sheehan, president of Excess Underwriters Inc. Excess Underwriters is a major independent D&O market in this country.

"Our loss ratio is substantially lower than that," he said, claiming however, that his firm writes a far cleaner book of business from the risk standpoint than do most.

MR. SHEEHAN did say, though, he thinks it's "inevitable" D&O loss ratios will move up to 40% or 50% in the future. Competition from new U.S. D&O markets is lowering premiums on new policies and those now being renewed, he said, adding that this will surely drive the ratio up in the next few years. (By contrast, loss ratios in the automobile liability area are 60% to 70%.)

While perhaps not typical of most corporate buyers' attitudes on the subject, the comments of one Chicago-based risk man summed up the feelings of many of the more sophisticated risk managers who have had to face up to directors and officers liability in recent years. Said he:

"No, the 22% loss ratio figure does not surprise me at all. It's been even lower than that. D&O underwriters have made scads of money on the coverage while incurring very few losses. It's about time that figure started moving.

"I'm not surprised either that so many companies have it, especially NYSE companies. My company has it, but I still don't believe it's worth the money we pay. But what can I do? They're over my head—to the board of directors and the legal guys upstairs. I'm just told to go out and get it." ■

B.I. names managing ed

CHICAGO—Susan J. Alt was named managing editor of *Business Insurance*, succeeding David P. Grimm, who left the company.

Ms. Alt will direct editorial coverage and supervise production of the newsmagazine, working closely with Stephen D. Gilkensen, editor.

She was formerly midwest editor of Home Furnishings Daily, a Fairchild business publication. As a business reporter, Ms. Alt has covered a wide range of industries, specializing in the retail and home goods fields. She also spent a year on Wall St. covering financial markets and general economic news.

Ms. Alt graduated with a degree in business administration from Western Michigan University, Kalamazoo.

Business Insurance is published by Crain Communications, Inc., publishers of *Pensions & Investments, Advertising Age, Advertising & Sales Promotion, Industrial Marketing* and, through a subsidiary, *Automotive News.* ■

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Vol. 7 No. 22—Business Insurance is published every other Monday at 740 Rush St., Chicago, Il. 60611. Controlled circulation postage paid at Chicago, Il. Copyright 1973 by Crain Communications Inc.

Marmon goal: Consolidate, but let divisions tailor own plant programs

By SUSAN ALT

CHICAGO—Frederick J. Manning wrestles with a dilemma: how to reconcile the cost benefits of consolidating insurance programs for his company's 28 manufacturing subsidiaries with the corporate philosophy of decentralized, autonomous management at each division.

As assistant treasurer of the Marmon Group, a $240 million firm with a wide-ranging group of industrial divisions, Mr. Manning is making changes in insurance programs, but slowly.

Marmon's annual company-wide expenditures for insurance currently are in the "lower to middle" seven-figure range, or between one and five million dollars a year.

Marmon, a privately-held firm owned by the quiet but powerful Pritzker family, is involved in manufacturing agricultural, iron and steel, mining, automotive, and building products, among other things. It has total assets of over $100 million.

Marmon divisions operate some 50 plants in the U.S. and Europe.

Robert A. Pritzker, the friendly, energetic engineer-president of Marmon, has always believed in autonomous local management.

WHAT THIS HAS led to in Mr. Manning's area is as many as 75 people involved in buying insurance. He won't change anything about the number of division people making buying decisions, but he will gradually make changes in the number of carriers involved.

Mr. Manning, just turned 26 years old, already has several years under his belt managing and changing insurance programs for the Marmon Group.

His basic philosphy is to reduce the number of carriers Marmon deals with to, say, three or four, having these carriers work with the individual divisions to hammer out customized programs.

Just last month, Marmon shifted about 95% of its property and casualty coverage to Fireman's Fund American, leaving the previous three or four carriers with only a tiny bit of the business. Marmon worked out three layers of coverage with limits varying for each division, to a maximum of $25 million.

"THE COST saving was our primary reason for changing the coverage. We are paying less for this new cover despite the higher limits. We had to increase the limits because we've gotten so much larger," Mr. Manning reasoned.

In the property and liability areas, Marmon works chiefly through Marsh & McLennan. About one-third of the company's total premium dollar business is done through brokers, the rest direct.

Coverages relating to low-risk, low-loss and low cost matters, and such sundry things as fidelity and surety bonds, are generally handled by brokers, Mr. Manning said.

Foreign exposures continue to be insured and handled by division managers. Marmon does a limited amount of business with three foreign insurers. For example, Mormon's Pikrose winch and hoist producing division in England, buys its own coverage in England.

Marmon's workmen's compensation programs are basically retrospective. "We discourage small claims, as a matter of company policy," Mr. Manning noted.

Employe benefit coverage is spread among four or five carriers, the major ones being Blue Cross and Aetna, both of whom work directly with Marmon.

"Every operating unit has its own employe coverage. We have a large number of group insurance plans in effect (nearly 35), and there is not much change in what we are paying for those plans," the young executive stated.

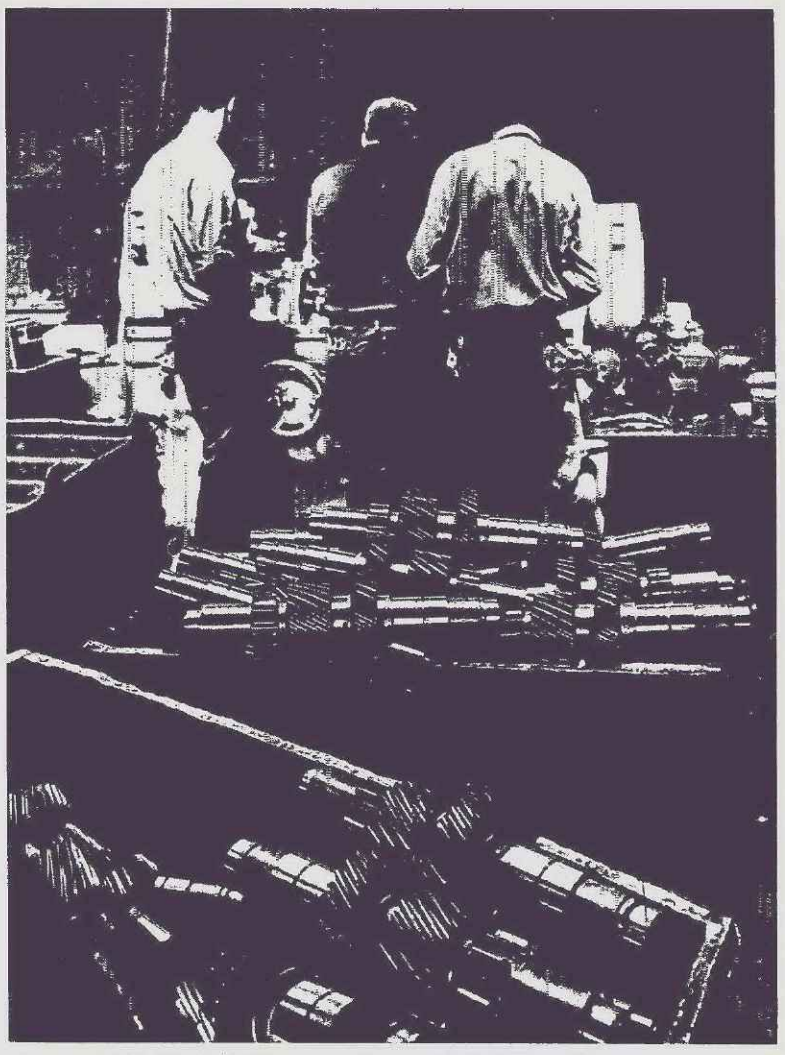
Not only does each operating unit have its own employe benefit coverage . . . some divisions have two programs. "Yes, there are a lot of changes coming in this area, mostly administrative. Each company is really in a separate business, and, we feel, should decide its own insurance costs. We want it as decentralized as possible," he explained.

"Using the same employe benefit program across the company would require a change in our operating philosophy, and I don't think that will happen.

"WE'RE LOOKING to deal with a limited number of carriers in the employe benefit area, but providing many different programs tailored to our companies' needs.

"Within the next five years, we'll move toward this customizing approach, and each operating unit will work out its own employe benefit program, property and casualty programs with our carriers," Mr. Manning detailed.

This will mean, he continued, "more centralizing buying and centralized cost analysis, but decentralization in working out programs to fit each operation. We may end up being virtually a broker for all our divisions," Mr. Manning predicted.



Marmon industrial divisions require specially-tailored insurance.

One major issue now under consideration is consolidation of business interruption coverage. "The area of extra cost versus business interruption is the big issue. We haven't been customized in this area. The plants were individually rated, and most plants have had business interruption coverage. But in some situations, you can have four plants operating; if one goes, the others can take up the slack. In that situation we would want extra cost plans. On the other hand, if you have four plants that all have to shut down if one of them goes out, you need a more comprehensive type of business interruption coverage. Several of our operations are like this, with numerous plants relying on one main supplier-plant,"

Continued on page 12

Colleges insure, won't punt on game income

By STEPHEN GOOD

CHICAGO—At a time when colleges are reaping vast fortunes from football ticket sales for hot competition games, another behind-the-scenes competition is taking place in collegiate sport insurance with loss of revenue policies.

Illinois R. B. Jones Inc. has announced new coverage under its football indemnification loss of income insurance, underwritten by Lloyd's of London. Coverage has included reimbursement of conference members for loss of income arising from cancellation of football, basketball or hockey games as a result of aircraft or common carrier accidents, team member illness, and aircraft hijacking or bomb threats involving either the insured team or its opponent. The newly added attraction of the plan is a provision for personal accident travel coverage of $100,000 for the school in the event that five or more team members traveling to a game meet with a fatal accident.

DICK OLDANI, exec vp for Illinois R. B. Jones, said the insurance program had been endorsed by the National Assn. of Athletic Directors. The program has been sold to about 30 schools, including the Big Ten.

"Each year we keep picking up another dozen or so schools," he said.

In addition to the Big Ten, Illinois R. B. Jones now holds loss of revenue football policies for the universities of Missouri, Oregon, Georgia, and UCLA. UCLA also has a basketbal policy, and Wisconsin has insured its hockey team, a big money-maker for that school.

Competition for Illinois R. B. Jones is coming from the National College Athletic Assn. (NCAA), which endorses another loss of revenue policy carried by Aetna Life and Casualty Co. Their policy, although not including special mention of aircraft hijacking or bomb threat, is written to cover any accidental cause of game cancellation.

"If enough of the team members can't show up to play, there's full coverage," said Aetna's assistant general agent Ted Brannin.

Aetna Life and Casualty Co. offers members of the NCAA three sports insurance programs. In addition to the loss of revenue plan there is a travel accident plan for team members, and an athletic accident plan covering medical and hospital expenses caused by injuries sustained in practice or games.

ARTHUR BERGSTROM, NCAA comptroller, said the insurance plans offered by Aetna were very agreeable. Aetna has been the NCAA's carrier for three years, he said, with about 28 football teams taking the loss of revenue policy in 1972.

"We thought they made as good an offer as anybody," Mr. Bergstrom said. "It includes both football and basketball." The rates were quite similar to those offered by Illinois R. B. Jones, he added. Football premiums were $7.50 per $10,000 and basketball coverage cost about $15 per $10,000.

Aetna's Mr. Brannin said that the demand for loss of revenue insurance for sports other than football were minimal, but Aetna has written tailor-made programs for track, baseball, basketball and even tennis teams. He added that there was a rush by schools to buy protection after the 1970 disasters of the Witchita State football team, where 18 players were killed in an airplane crash (*Business Insurance* October 26, 1970), and a similar accident the next month involving the Marshall University football team in West Virginia. Both schools had a travel accident plan at the time with Aetna, which has paid "well in excess of $1 million," Brannin said.

John Dewey, assistant to the commissioner for the Big Ten, explained that his football conference declined to take the NCAA loss of revenue insurance plan because the Illinois R. B. Jones plan was simply "cheaper." Premiums for a game are about $51 per $100,000 coverage, he said. Most of the games are covered for about $150,000, but a televised game may be insured up to $450,000, as it is for the Michigan-Ohio State game. For the Rose Bowl, the Big Ten insures itself for about $1.5 million, paid in a special flat rate. ■



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Soviet Union expands its insurance coverage

MOSCOW, U.S.S.R.—While national health insurance is still a twinkle in Congress' eye, the Soviet Union has been building its own social insurance program up to the $40 billion mark in yearly expenditures.

Mamed Kaziev, head of the Central Council of Trade Unions' department for state social insurance, outlined the Soviet Union's 1973 budget for social insurance. It exceeds the amount of last year's program by $2.2 billion, he said. This is mainly due to higher pensions and expenses for the improvement of "women's insurance." As of this year, women will receive four months of maternity leave at full pay under all forms of employment.

In comparison to the United States, the Soviet Union is still far behind in volume of payments. Costs for American health care alone in 1972 were over $69.2 billion. This included $21.8 billion provided by government programs, $27.6 billion paid by consumers directly, and $19.8 billion provided by insurance companies, Blue Cross and other agencies.

IN THE NEW Soviet social insurance budget, Mr. Kaziev said, pensions would consume $22 billion. All male workers over 60 years of age, or who have worked 25 years, are entitled to a pension. Women can receive them at an earlier age, 55, or after 20 years of work.

Miners and oilmen, along with chemical, steel and textile industry workers are entitled to pensions up to 10 years earlier than the average retirement age.

Pensions depend on the worker's earnings. They range from 50% to 75% of wages, with the higher-paid employes receiving a lower percentage rate. All pensions are tax free.

After eight years of "continuous production service," Mr. Kaziev added, workers are entitled to total wages in case of temporary disability. In the 1973 social insurance budget more than $5.8 billion will go into disability payments.

Also included in social insurance are allocations for sanatoriums, rest homes, resorts and health camps. Costs in this area amount to about $1.5 billion. Nine million people will use the facilities this year at little or no charge to them, and almost as many workers' children will be sent to Young Pioneer camps.

A special item in the Russian budget is the financing of labor protection research institutes. Six trade union institutes, 23 specialized departments, 150 laboratories, and special facilities in 220 schools deal with working condition problems. These institutions employ more than 120,000 research workers.

AND FOR SIBERIA? About $17.5 billion has been allocated for the construction of health and cultural institutions in harsh-climate working zones. This, Mr. Kaziev said, is a traditional budgetary expense.

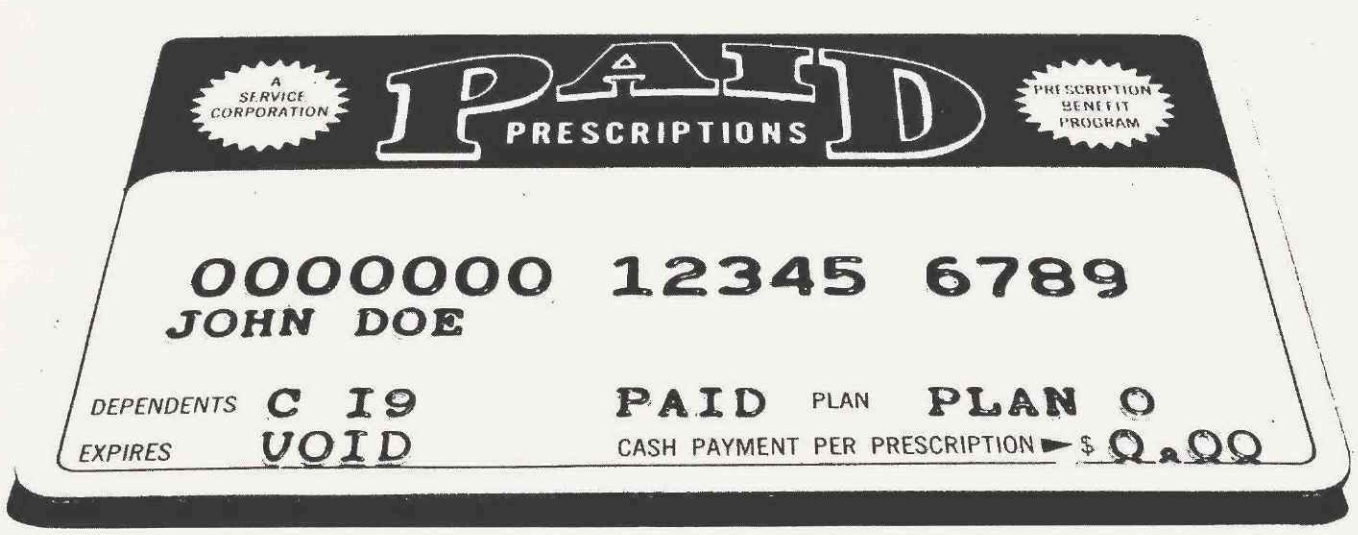
Management of the social insurance budget in the Soviet Union is done by the nation's trade unions, whose total membership has reached almost 100 million. About 1.2 million people work on insurance commissions. They are divided into groups that study specific areas like sanitation, illness rates, and child care.

Budget proposals are approved at the general trade union meetings. Each worker, Mr. Kaziev noted, can make suggestions at these meetings. Every trade union group also elects an insurance delegate who makes sure the programs are properly administered. These insurance delegates work with labor protection public inspectors in the enforcement of working condition standards.

None of this social insurance costs the Russian citizen one kopeck, Mr. Kaziev explained. Revenues are gathered from "contributions" made by enterprises, institutions and organizations. Funds are also provided by the Soviet Union's overall budget. ■

*(Editor's note—*Business Insurance *wishes to thank the Novosti Press Agency for permission to print Mr. Kaziev's remarks.)*

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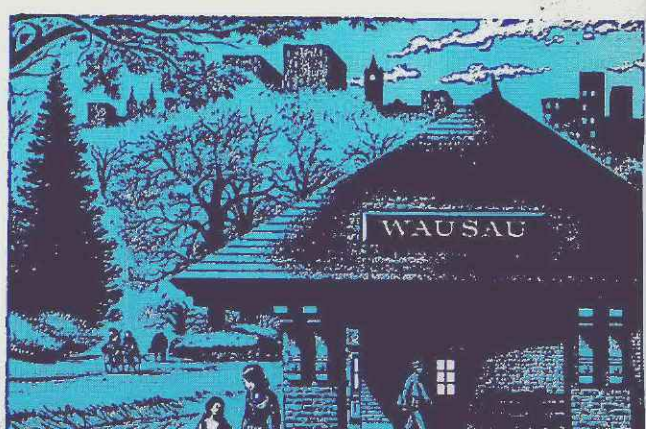
But some people lean toward the idea that the government should be the sole supplier of certain kinds of insurance. We believe that would *weaken* insurance service. Who would set the competitive pace?

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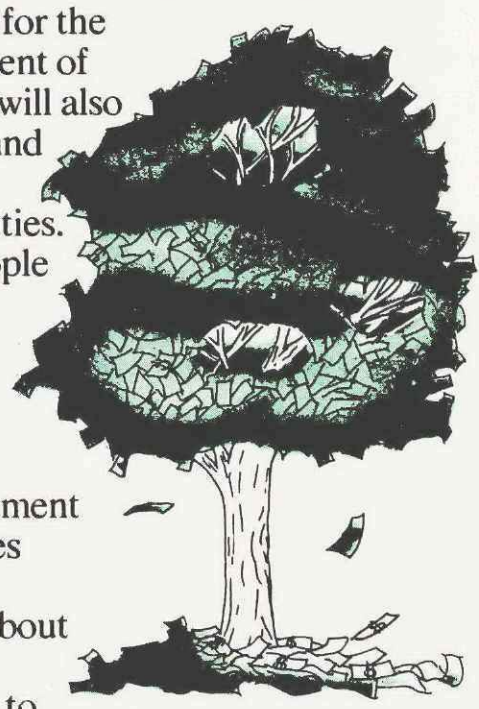
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Women's pension cuts attacked by speaker

TORONTO—The cutoff of women's pensions by governmental agencies for a variety of allegedly unjustified reasons was assailed here by Sylva Gelber, director of the federal Women's Bureau at Ottawa. She was here to address the National Action Committee on the Status of Women.

She attacked the law that makes it possible for a single woman to lose her welfare check if a man spends the night at her apartment.

She also assailed the workmen's compensation ruling interpreted in some provinces to mean the widow of a man killed at work can have her pension cut off if she is seen to have a man at her house overnight.

"When I brought this to the attention of my colleagues they were quite taken aback," said Ms. Gelber. "They said you're reading something into the law. I have a letter from an old gentleman in British Columbia telling about his widowed daughter's situation—this had been that kind of case."

MS. GELBER appeared especially upset over the Workmen's Compensation Board law. She pointed out a pension is not welfare and it does not come out of the public purse. And it's nobody's business what a woman does with her insurance money, she contended.

The speaker asked her audience, representing various Canadian provinces, to examine the welfare law in each of their provinces. Pointing out the welfare law in Ontario is conditional on a woman living as a single person, Ms. Gelber said it goes back to the time when it was decided if a woman is receiving financial support from someone other than her husband, she shouldn't receive welfare.

COMMENTED Ms. Gelber: "I don't object to the principle. However, the law assumes that if a woman has any kind of relationship with a man other than her husband, then, quite naturally, she is a prostitute and is being supported by him, and consequently she shouldn't be receiving welfare."

She also urged the National Action Committee to meet with the provinces and take any action available to them to change these laws. ■

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• **Excess Casualty Insurance,** a new pamphlet from American Home/National Union, describes the excess casualty lines being offered by these companies. For a copy write Dept. 12, American Home/National Union, 102 Maiden Lane, New York, N.Y. 10005.

• The Property Loss Research Bureau has released a booklet dealing with the various loss adjustment problems involving condominiums. The booklet sells for $1.00 and is available by writing the bureau, 20 N. Wacker Dr., Chicago, Il. 60606.

• The **1973-1974 List of ASTM Publications,** issued by the American Society for Testing and Materials, lists more than 600 ASTM publications dealing with standardization test methods and specifications for materials, the knowledge of materials and materials evaluation. For a free copy write ASTM, 1916 Race St., Philadelphia, Pa. 19103.

• The National Safety Council has published a 1973 **Accident Facts** book, an annual statistical tool to determine causes of accidents and their prevention. The book is available for $2.80 from the National Safety Council, 425 N. Michigan Ave., Chicago, Il. 60611. Orders should include Stock number 021.53.

• Hartford Steam Boiler offers informative safety and operational efficiency material, log programs for boilers and for air-conditioning and refrigeration systems. They offer technical bulletins on boiler maintenance, an analysis of boiler accidents and a quarterly magazine, **The Locomotive,** which describes power equipment operation and maintenance. For free copies write J. R. Eklund, Dept. B, Hartford Steam Boiler Inspection and Insurance Co., Hartford, Ct. 06102.

• **Motion Pictures "That Tell It Like It Is,"** a brochure available from the Highway Safety Foundation, gives brief resumes of 16 mm sound color motion pictures on the subjects of highway safety and driver education, security in plants and retail stores. For a free copy write Earle J. Deems, Highway Safety Foundation, 890 Hollywood Lane, P.O. Box 1563-B, Mansfield, Oh. 44907.

• National Union Fire Insurance Co. is offering a brochure on special events insurance called **Happy Buzzard Day.** The brochure, the title refers to Hinckley, Ohio's annual Buzzard Day, tells what special events have in common and how coverage can be obtained. For a free copy write the company, Dept. 12, 102 Maiden Lane, New York, N.Y. 10038.

• The National Assoc. of Insurance Commissioners has prepared an **Economic Stabilization Bulletin** to be used as a guide by state insurance departments in carrying out certification procedures under Phase IV of the economic stabilization program. The bulletin has been distributed to state insurance departments and persons interested in obtaining a copy can write the NAIC, Executive Secretary's Office, 633 W. Wisconsin Ave., Suite 1015, Milwaukee, Wi. 53203.

• The Hartford Insurance Group has published a **Glossary of Insurance Terms.** It explains the specialized meanings many words and phrases have taken on in the insurance and bonding fields. For a copy of the glossary contact William A. Sanderson, The Hartford Insurance Group, Hartford Plaza, Hartford, Ct. 06115.

• **Bank Security Is More Than a Hold-up Button** is a booklet available from Honeywell's commercial division discussing an integrated electronic approach to bank security. It describes technological advancements in the light of bank requirements, as well as branch security, high rise fire management and environmental control. It is free by writing R. D. Poey, Manager, Honeywell Commercial Division, 2701 Fourth Ave. South, Minneapolis, Mn. 55408.

• **Specialists in Excess Lines Coverage,** published by Shand, Morahan & Co., is a brochure outlining the company's services. The brochure gives a background of the company and its staff, distinguishes between the standard and surplus lines markets and touches briefly on the company's role in the field of reinsurance placement. For a free copy write the company, 6363 Church St., Evanston, Il. 60201.

• The Advanced Devices Laboratory has made a booklet on infrared intrusion detection available. **How It Works and How to Use It** describes how the system responds to the intruder's own body heat, and how it can be applied where environmental hazards have precluded the use of other types of equipment. The booklet is available by writing M. J. Fealy, National Marketing Manager, Advanced Devices Laboratory, Inc., 316 Mathew St., Santa Clara, Ca. 95050.

• Advisor Security has a brochure explaining the ultrasonic principle and its function as a type of security system. It is free by contacting E. J. McLeod, Advisor Security, 130 Lincoln St., Boston (Brighton), Ma. 02135.

• **Uni-Group . . . A Computerized Property Accounting System** is a brochure explaining American Appraisal's method for control and management for all levels of corporate management. It is available without charge to *Business Insurance* readers by writing Public Relations Dept., American Appraisal So., 525 E. Michigan St., Milwaukee, Wi. 53201.

• Firms with less than 10 employes might be interested in three brochures published by American Businessmen's Group Insurance Trust. The pamphlets outline group life plans up to $50,000 of term coverage, plus accidental death and dismemberment benefits, group comprehen-

sive major medical, $60,000 maximum life-time benefits, group long-term disability income up to 1,000 per month and group hospital income plans with in-hospital indemnity benefits. Write Ron Seaborg, American Businessmen's, Suite 500, 400 S. Country Rd. 18, Minneapolis, Mn. 55426.

• The commercial casualty department at American Home Assurance Co. has updated its directory of casualty coverages. The booklet, **Specialied Casualty Protection,** describes the companys' non-standard casualty coverages and the markets for each. For a copy write the company, Dept. 12, 102 Maiden Lane, New York, N.Y. 10038.

• **Toward Effective and Equitable Pollution Control Regulation,** a research report published by the American Management Association, reveals that pollution control measures are causing U.S. industrial firms serious image and cost problems. The report is based on information furnished the AMA by 262 industrial firms. In addition to discussing the difficulties and problems industry is experiencing the report also lists specific pollution control techniques currently employed. Copies are $5.00 for AMA members and $7.50 for non-members. Address orders to the association, 135 W. 50th St., New York, N.Y. 10020.

• National Foam Systems has printed an **Engineering Manual** which describes methods and equipment used to fight fires with foam. For a free copy, write National Foam Systems Inc., Union and Adams Sts., West Chester, Pa., 19380.

• **Cast Body Padlock** is a Sargent & Greenleaf brochure describing details of the padlock design, the reason for its strength and ordering information. For a free copy, write Barnett G. Benard, Advertising, Sargent & Greenleaf Inc., 24 Seneca Ave., Rochester, N.Y. 14621.

• **Keep It Clean For Safety's Sake** and **Safety Attitudes,** two films produced using the "anti-motion" filming technique, have been made available by the National Safety Council. The first stresses the need for careful housekeeping in the plant, office and home; the second illustrates how attitudes affect traffic and industrial accidents. For more information write the council at 425 N. Michigan Ave., Chicago, Il. 60611.

• **Positive Security With Advance** describes how Advance Industrial Security Inc. tailors systems to the specific security needs of individual clients and is available free by writing E. Stanley Reynolds, Director of Public Relations, Advance Industrial Security Inc., P.O. Box 1709, Atlanta, Ga. 30301.

• **Babaco: The First Name In Motor Cargo Protection,** is a full description of burglar alarm and anti-hijacking warning systems available from Babaco Alarm Systems Inc. For free copies write W. E. Blatz, Babaco, 1775 Broadway, New York, N.Y. 10019.

• Underwriters Salvage Co. has released **Salvor Operation Principles,** a booklet setting forth the purposes, the areas of service and the standards practiced by the professional salvor. The booklet includes a section on the salvor and the adjuster. For a free copy write Burr Williamson, Underwriters Salvage Co., 125 Entin Rd., Clifton, N.J. 07014.

• **Is Your Building Earthquake Safe?,** a booklet from Bob New Inc., gives the basic facts about earthquake risk analysis (ERA). ERA is a precise scientific technique that accurately predicts what will happen to every member and joint of a building during any probable earthquake. For a free copy write Bob New, Bob New Inc., 736 N. Glendale Ave., Glendale, Ca. 91206.

• A new series of occupational fire safety posters has been issued by the National Fire Protection Assn. The posters focus attention on high-frequency and critical hazard areas such as electrical care, fire extinguisher usage, smoking restrictions, flammable liquid precautions, emergency evacuation, and general fire prevention awareness. For a brochure and price information write the NFPA Publications Service Dept., 60 Batterymarch St., Boston, Ma. 02110.

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Doctor's study uncovers toll takers' ailments

By MARY ANN CALLAHAN

NEW YORK—An unprecendented medical study linking chronic lung problems in Triborough Bridge and Tunnel Authority union workers with long term exposure to high concentrations of automobile emissions is the basis for a New York state senator's heart and lung pension bill.

The pension measure, sponsored by A. Frederick Meyerson, Dem., of Brooklyn, is expected to draw a state civil service and pension committee hearing, perhaps even before the next legislative session begins Jan. 9. Although a similar pension bill died in committee last year, the newly-published medical report should strengthen its chances in the new session, Senator Meyerson said.

The study of bridge and tunnel workers was made by Dr. Stephen M. Ayres, chief of cardiopulmonary medicine at St. Vincent's Hospital in Worcester, Mass. who was until several months ago chief of cardiology at St. Vincent's Hospital in Manhattan.

MOST IMPORTANTLY, the medical study found almost three-fourths of the men had some evidence of a lung problem directly traceable to air pollution.

According to the report, published in the *Archives of Environmental Health* in September, the concentration of air pollutants is roughly five times greater than the federal Environmental Protection Agency recommends and somewhat more than twice the amount of pollution permitted by the Occupational Safety and Health Act when carbon monoxide is used as an index.

This is the first study that shows an air pollution factor to be more important than a tobacco factor, the report said. "Obviously, more needs to be done to evaluate the health problems, but the view of the union president that a health hazard exists is confirmed," Dr. Ayres wrote.

The report notes it is hard to distinguish between bronchitis and emphysema, since both involve a lung and airway closing which can lead to heart problems. "Men at the Triborough Bridge were dying of heart attacks at average age 40 and they were saying it wasn't normal," a source said.

The Triborough Bridge and Tunnel Authority makes about $240 million each year operating two tunnels under the East River and seven toll bridges across waterways in the city of New York.

The union, officially called the Bridge and Tunnel Officers Benevolent Assn., comprises about 600 men who patrol the facilities and alternate in the 330 toll booths. The union is headed by Anthony M. Mauro, president for 12 years.

Mr. Mauro said he suspected a connection between lung problems and air pollution back in the mid-1960s, and after researching air pollution problems of New York City in general, he approached Dr. Ayres. He asked Dr. Ayres to examine 22 volunteers in a pilot project aimed at convincing the TBTA to conduct a longer study.

Dr. Ayres agreed to work without fee for the union, Mr. Mauro said, "but before he started, he leveled with me: 'If I find nothing, I'll report nothing,' he said."

WE ARRANGED for the men to be examined at a social club near the Brooklyn Battery Tunnel, and sure enough, he found the lung problems," Mr. Mauro said, "so then I approached management and said I wanted Dr. Ayres to examine all the men."

"At first, management tried to insist that general practitioners from the Health Insurance Plan of Greater New York, one of the employe health programs, conduct the examinations, but then HIP withdrew saying it didn't have the staff to do it," Mr. Mauro said.

"So, after a couple of misstarts, a number of confrontations and finally a strike, we were able to get Dr. Ayres' study written into the new contract at the end of 1970," he said. From then on, examinations were partially funded by TBTA. In addition, the men were allowed an extra 20-30 minute rest period each day as a result of the pilot project findings.

George Schoepfer, a TBTA spokesman, stressed that "the report which came to public attention this month is based on information that was reported in 1971.

"SINCE THE time that information was collected, however, we have put in ventilation equipment and are generally maintaining acceptable levels in the air," he noted. "We now have an average of 35 parts of carbon monoxide per million of air when the equipment is working properly," compared with an average of 63 parts per million listed in the report, he said.

In 1971, the union and TBTA agreed through collective bargaining that the air pollution in the tunnels and toll booths would be reduced to satisfy the New York City Department of Air Resources standards and that some temperature control devices would be installed, because according to Mr. Mauro, "in the summer, it's 110 degrees, it's freezing in the winter, and the winds blow with tremendous force."

"TBTA installed the additional ventilation equipment, but it does not meet the standards I have set," Commissioner Fred C. Hart, of the Air Resources Department, said this month. "The pollution level is higher than it should be, and there are not comfortable working conditions—and mind you, I don't mean it has to be as comfortable as a living room or anything like that," he added.

"The booths are so uncomfortable that they have to open the doors—and rightfully so—and the pollution blows right back inside," he said. To correct the system, they would have to change the ceilings and install an additional boiler to get adequate heat in winter, he added.

HE NOTED there is a legal question about whether a city agency has the right to oversee a state authority like TBTA. "They say no, we say yes, but it limits our role at this point to that of a mediator on this one contractual aspect," he said.

"The TBTA contends it has corrected the problem by putting in what it calls ventilation equipment but what I call 'Rube Gold-

Continued on page 37

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Union's surprise move; opposes S.4 reforms

WASHINGTON—The push for pension reform legislation has historically been spearheaded by organized labor.

It was through union effort that pension plans became firmly rooted as a basic compensatory institution in this country. It was the unions' collections of horror stories ("Louie Krekolic worked 40 years at the same punch press only to be told at retirement that he would get no benefits because he left his job for four months when his wife was so sick . . . ") that finally prompted Congress to realize federal action was necessary to protect retirement income.

So now, as Congress is struggling with itself to agree on some form of protection for workers who spend a lifetime serving the industrial machine, the AFL-CIO's building and construction trades department passed a resolution opposing the Senate-passed pension reform bill.

THE UNION charges the vesting and funding provisions of the Senate bill would increase the costs of the multi-employer plan now used by 10% to as much as 70%, a price of roughly $600 million annually.

The Senate bill would require multi-employer, union-administered plans to fund all liabilities —past, present and future— over a period of 40 years. In addition, Senate-passed reforms contain termination insurance and auditing provisions that cost each fund $2 per participant now, and maybe more later.

The building trades rely on "open ended" funding mechanisms which assume that the building and construction industry will last indefinitely. Liabilities are not presently funded and present annuitants simply collect benefits paid by present workers. The retiree of the future, under this scheme, can only hope there will be other active workers to pay his retirement benefits.

"There is no proven need for termination insurance in the construction industry, and there is less need for vesting and funding in construction pension funds than single employer funds," the union claims.

The resolution states the giant union's building trades sector will oppose any bill that does not allow it to continue operation of its pension fund under present techniques. ■

Agnew loses pension, may request refund

WASHINGTON—Spiro T. Agnew resigned his vice-presidential office 102 days short of the five years of service needed to qualify for a civil service pension.

The former vice-president, as president of the Senate, was contributing 8% of his annual $62,500 salary to a Congressional pension fund rather than to the executive fund, which covers almost every other employe of the executive branch.

Had Mr. Agnew retained his office through Jan. 20, 1974, he could have added his five years of White House service to the five years of military pension credits he earned serving with an armored division in World War II in Europe and later duty during the Korean war. Under civil service commission requirements, military credits cannot be counted for a civil service pension until five years of government service as a civilian are completed.

White House sources estimate that with 10 years of credited service, Mr. Agnew would have collected an annuity of approximately $15,000 at age 62.

Mr. Agnew's conviction of tax evasion—a felony—would not have wiped out his federal annuity had he been eligible. Only convictions involving treason, espionage or offenses related to national security make government pension plan participants ineligible for federal annuities.

Upon request, Mr. Agnew will be refunded the estimated $22,000 he had contributed toward his pension until his resignation. ■



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and it is not just with eggs that appearances are deceptive. As many companies have learned through disastrous losses, it is often the most innocent-looking employee that turns out to be the biggest thief. New and improved controls can lessen the risk, but the fact is that corporate stealing is increasing at an alarming rate. Only adequate insurance guarantees a company against critical financial loss. Our dishonesty bonds are exceptionally broad in coverage. The form, which provides money and forgery coverage, not just dishonesty coverage, is brief and clear. To provide this much needed protection we offer expert fidelity underwriters to analyze your needs, and a staff of commercial fidelity claimsmen whose sole area of responsibility is crime claims from commercial assureds. Before you are faced with a catastrophe, call a Chubb agent or broker and find out what you can do now to avoid it.

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Pensions . . .

Continued from page 1

more political pressure to bear to kill the whole bill," he said.

"I think, too," he said, "that the absense of Wilbur Mills (the ways and means chairman who is now recuperating from back surgery) made a difference. But, I don't think the changes that may be made will be much more than cosmetic."

MR. GORDON also said opposition to S.4 came from Congressmen wanting to take credit for what he termed, "a very politically sexy issue."

"The House hasn't passed a piece of significant legislation all year—hell, not for the last three years," he said. "It's simply been the tail on our dog, and now the House won't consider our pension bill because it wants one of its own."

Mr. Anderson said the members of the House general labor subcommittee—the body which largely authored the House bill—generally feel the difference between their bill and the Senate bill are "irreconcilable to the point where I don't think we could go to conference unless the Senate decides to pass a new bill."

Mr. Gordon feels no new Senate bill will be necessary, and he expects the ways and means committee to retain jurisdiction and see that a pension reform bill is passed before the end of this year. ■

Marmon . . .

Continued on page 3

Mr. Manning stated. He said that a "material change" in the company's business interruption coverage is being considered.

Marmon has a push on loss prevention, with Protection Mutual Insurance Co. making frequent property inspections, and Fireman's Fund advising in the casualty area.

Marmon effectively self-insures its pension fund, but will be looking at group health and life, and workmen's compensation programs in the next year with an eye to self-insuring them or shifting to retrospective plans, or devising a combination of the two, Mr. Manning said.

The change will occur in workmen's compensation programs soon, as a result of successfully implementing programs company-wide to cut accident losses, the manager said. ■

State employes' health cover lagging: consultant

NEW YORK—The nation's 2.5 million state employes, while generally receiving higher retirement benefits than employes of private industries, do not receive health insurance benefits of the same caliber as do private workers, according to a survey by an employe benefits consulting company.

The study, conducted by the Martin E. Segal Co. among 96 health plans offered by the 50 states and the District of Columbia, disclosed that not only do state employes usually get inferior coverage, compared to private health plans, they must pay more for them.

For example, the study showed that in 65% of private plans (based on 149 plans), the employer paid the entire cost of the coverage for the employe and his family. At the same time, 4% of the state plans provide similar employer contributions. Pennsylvania and New Jersey are the only two states to pick up the whole health insurance tab for employes.

Three states—Montana, Nebraska and Texas—offer no statewide insurance system at all for their employes. However, the survey noted, individual state government units may have plans of their own for employes.

TWENTY-NINE states pay less than half the cost of health insurance coverage for employes and their families while another 13 states pay between one-half and three-quarters of these costs. Another four states pay between three-quarters and the entire cost.

"As is to be expected," the study said, "the six states paying at least three-quarters of the cost of health insurance for employes and their dependents are among the wealthier states. Five are heavily industrialized, metropolitan states—Massachusetts, Michigan, New Jersey, New York, Pennsylvania; one is more rural—Wisconsin. States which pay less than half the cost of their employes' family health insurance also include some highly developed states—e.g., California and Illinois."

The survey indicated a majority of the states offered optional health insurance for employes which, if chosen, would bring the benefits up to a level roughly even with those in private industry. But, it noted, employes must pay for the optional coverages themselves.

Dollar outlays by the states in the health insurance area, the study said, were not really comparable because the costs for medical services varied widely from state to state.

Hospital benefits of the Blue Cross type are generally provided by the states, as well as private industry, according to the study. Of the 96 state plans, 61 offered full service hospital benefits, 11 provide major medical type hospital coverage and 24 provide indemnity benefits.

"Not all 11 plans which cover hospital expenses under some type of major medical plan do so under the usual type of overall major medical policy," the study said. "Included in this category are plans which, for example, pay 100% of the first $1,000 of hospital charges and 80% thereafter (Arizona).

"Hospital expense coverage of the indemnity type ranges from $12 a day reimbursement to $65 a day for room and board, plus some amount for other charges; more than half the indemnity plans pay between $40 and $65 a day," it continued. "Ten of the indemnity hospital plans pay benefits for up to 50 days, 14 pay benefits for more than 50 days. Reimbursement of less than $50 a day will not meet the average cost of a day of hospitalization."

ALMOST two-thirds of the state health insurance plans in the survey provide surgical benefits which cover virtually all of the physicians' fees. Thirty-one state plans offer full service coverage for surgeons' fees (19 of these require the use of a plan or participating surgeon). Another 17 plans cover surgery under major medical and 48 have reimbursement schedules.

A majority of the 96 state plans—53—provide health insurance only for in-hospital medical services. One state plan covers only surgery. Of the remaining plans, 21 provide full service medical benefits, 16 cover medical benefits under major medical and five others use an indemnity method for paying medical non-hospital benefits.

Maternity benefits vary widely in the state plans, just as they do in private industry, the Segal Co. study noted. There are about 10 different types of maternity benefits offered by the state plans. Thirty plans, the largest group, offer a single cash payment covering hospital and doctor's charges if the delivery is normal and a higher payment if there are complications. The second most popular maternity plan is full service, provided by 22 plans.

"Major medical insurance, generally $50 to $100 deductible, with various options, is offered by 45 states," according to the consulting firm. "Three states provide single no-option major medical health insurance. The District of Columbia and the state of Washington offer an encompassing major medical plan as an option. A total of 76 of the 96 state health plans include major medical provisions."

One area of health care where private plans have completely outstripped the state plans, was dental coverage.

ONE AREA of health care where holds that 12 million Americans are covered by dental benefits," the study said. "None of these 12 million is a state employe receiving benefits under a state plan. No state health plan provides benefits covering dental care for its employes and their spouses. And only one state—Hawaii—provides benefits covering dental care for children of employes."

Conversely, state plans have outdistanced private plans in at least one area, the survey said—the optional use of prepaid group practice plans.

"In almost every state in which a group practice plan of the Kaisser Plan (N.Y.), or Group Health Assn. (Wash., D.C.) type operates," Segal said, "the state offers the plan to its employes as an optional form of coverage. These states are: Arizona, California, Colorado, District of Columbia, Hawaii, Minnesota, New York, Oregon, Rhode Island, and Washington."

The survey included plans from the first quarter of 1973. ■

Loss symposium

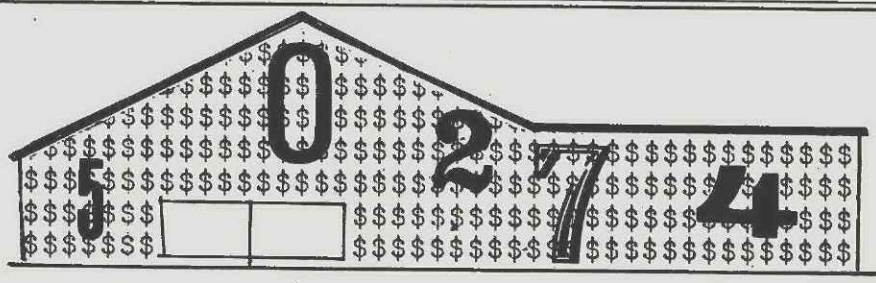
The Illinois Institute of Technology Research Institute (IITRI) is sponsoring a three-day Symposium studying the use of technology to minimize property and casualty loss. The Nov. 6-8 sessions, held at the IITRI building, will include a talk on insurance considerations in building design. Further details are available from the office of special affairs, IITRI P.O. Box 4963, Chicago 60680.

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Correspondents In All Other States

washington watch

National fire program revised; Senate floor vote expected soon

WASHINGTON—The Senate commerce committee has significantly rewritten its national fire protection program to conform with some of the wishes of the Nixon administration and will present its new bill for a Senate floor vote soon.

The committee's rewrite of S. 1769 does not contain two provisions of the original bill which administrative mouthpieces characterized in hearings as "expensive."

As oringally intended by its sponsor, Sen. Warren G. Magnuson (D-Wa.), the proposed federal program would have made available low-cost, federally-insured loans to businessmen and homeowners seeking to buy and install fire protection equipment. The original bill also contained provisions for outright federal grants tc cities and towns lacking adequate fire-fighting devices and training.

The new version of the bill would amend the National Housing Act to allow the federal government to insure loans of not more than $50,000 to nursing homes wanting to install both fire-detection and fire-prevention equipment.

The new bill also conforms to Nixon administration wishes that any federal fire agency be incorporated as part of the Commerce department. The original bill called for the establishment of a U.S. Fire Administration within the Department of Housing and Urban Development—a proposal first suggested by the President's commission on fire prevention.

The new bill calls for the appointment of a new assistant secretary of Commerce by the President (with Congressional approval) to head an office of (FIREPAC).

ALTHOUGH outright grants for fire-fighting equipment are not authorized by the bill, a fire services assistance program is included that would have limited authority to assist in conducting or supplementing local and regional training programs.

The newly rewritten bill also establishes a FIREPAC Academy to develop model fire-fighting curricula and training programs for fire fighters. The academy would make educational materials available to fire-fighting organizations without charge.

The bill also would establish a research and development program to study the physics and chemistry of fires and the unique aspects of fires involving industrial gases, fluids and materials. The program would also study the effects of building design on fire safety.

A National Data Center would be established to collect, analyze and publish information pertaining to fire prevention, occurence and control as well as statistical data on injuries and deaths caused by fires. The center would study the occupational hazards of fire-fighting and collect technical information related to building construction and the fire properties of certain building materials.

The proposed Commerce committee bill also would provide the Health, Education and Welfare department $27.5 million over the next three years to sponsor and encourage the establishment of 25 burn treatment centers in hospitals throughout the country and 25 burn treatment units.

The bill would appropriate $25 million for funding all the programs it envisions through the fiscal year ending June 30, 1974, $30 million over the next fiscal year and an additional $35 million for the fiscal year ending on June 30, 1976.

THE BILL proposed by the Nixon administration and drafted by the Commerce department does not contain provisions for burn treatment centers and does not authorize either grants or insured loans to anyone.

During testimony before the Senate commerce committee on the first version of its bill, Dr. Betsey Ancker-Johnson of the Commerce department characterized such grants as "expensive, red-tape bound failures" and charged their establishment would "divert the proposed federal fire program from a hard-hitting initiative designed to come to grips with and solve this nation's fire problem to just another program of federal grantsmanship."

The agency envisioned by the administration bill would be called the National Bureau of Fire Safety and would provide largely the same kinds of training assistance, research and data-gathering systems contained in the Magnuson bill.

The administration's bill also asks that the National Science Foundation's fire research program be incorporated into the bureau, as well as the fire research capabilities of the National Bureau of Standards.

The Nixon bill does not contain any definite cost figure, simply language allowing the appropriation of any funds necessary to carry out the provisions it contains.

The Commerce committee legislation notes that the United States has the highest per capita rate of death and property loss from fire of all the major industrialized nations with a figure of 57.1 deaths per million.

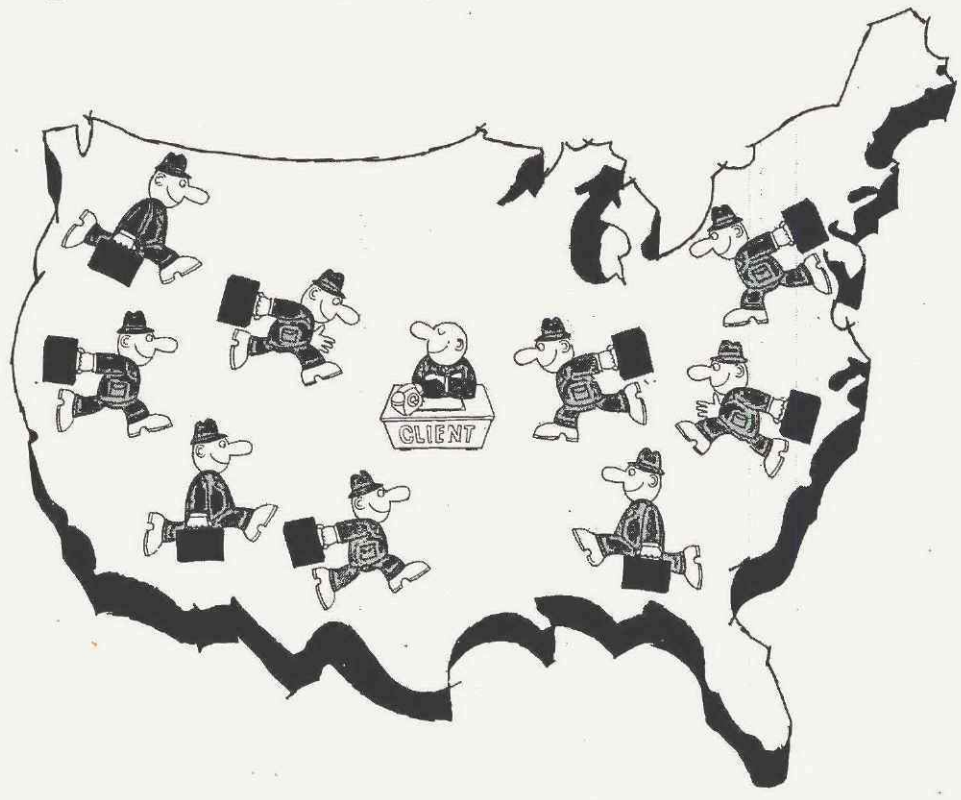
The committee estimates the total annual economic cost of fires in the U.S. at $11.4 billion. ■

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Health care reform may come piecemeal

SAN FRANCISCO—The vp and Washington counsel for the Health Insurance Assn. of America has told the International Claims Assn. the push for national health insurance has already crested and is now being overshadowed by an accelerating drive for piecemeal reforms of the health care delivery system.

Paul M. Hawkins told the association's annual meeting here reluctance to increase federal expenditures and/or taxes, the unwillingness of Congress to pass new and massive social programs and the American people's concern with day-to-day cost-of-living problems preclude any Congressional action in the health insurance field.

"This does not mean that the health insurance business has no more immediate problems of major importance with the Congress or the federal government," he said. "The Congress, instead of concentrating on a major national health insurance program, will content itself to reorganize, improve and otherwise alter the health care delivery and, in a sense, the financing system on a piecemeal basis."

THE PROVISION passed by Congress last year allowing disabled persons to collect Medicare benefits, 1972 legislation establishing a monitoring system to check on the quality of health care received by Medicare and Medicaid patients, HMO bills that have cleared both houses of Congress this year and other Congressional efforts, he claims, are indicators that government interest is shifting away from the federal insurance area.

"Each of these pieces of legislation is important to our industry," he said. "Our product and service is affected by all of them. As an industry we must take advantage of any time we have now to continue to aggressively sell the philosophy of the Burleson-McIntyre proposal (a health care proposal supported by the health insurance industry). Even if the piecemeal approach becomes the accepted Congressional procedure, the concepts of that proposal will apply to the bits and pieces as they come up. Thus, what has been a big job for us will become even bigger."

MR. HAWKINS also characterized federal intervention in the insurance industry as a "growing problem" and told his audience it "must be faced head-on in the not-too-distant future."

"Most Americans," he said, "support the President's holding firm on federal spending. However, surveys show that they also want greater progress on social issues, including a better health care system. Yet Nixon is seen as hesitant in the social arena. It is a truism that people love Nixon in their pocketbooks, but not in their hearts." ■

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Zenith TV fire warning false alarm

CHICAGO—A Zenith Radio Corp. warning that 12,000 of its 19-inch color television sets may constitute a fire hazard has proven to be a false alarm, except for one fire in Milwaukee that is being investigated.

Al Samuelson, corporate insurance manager for Zenith, said Employers Insurance of Wausau, which is the carrier of Zenith's product liability coverage, is investigating the Milwaukee fire.

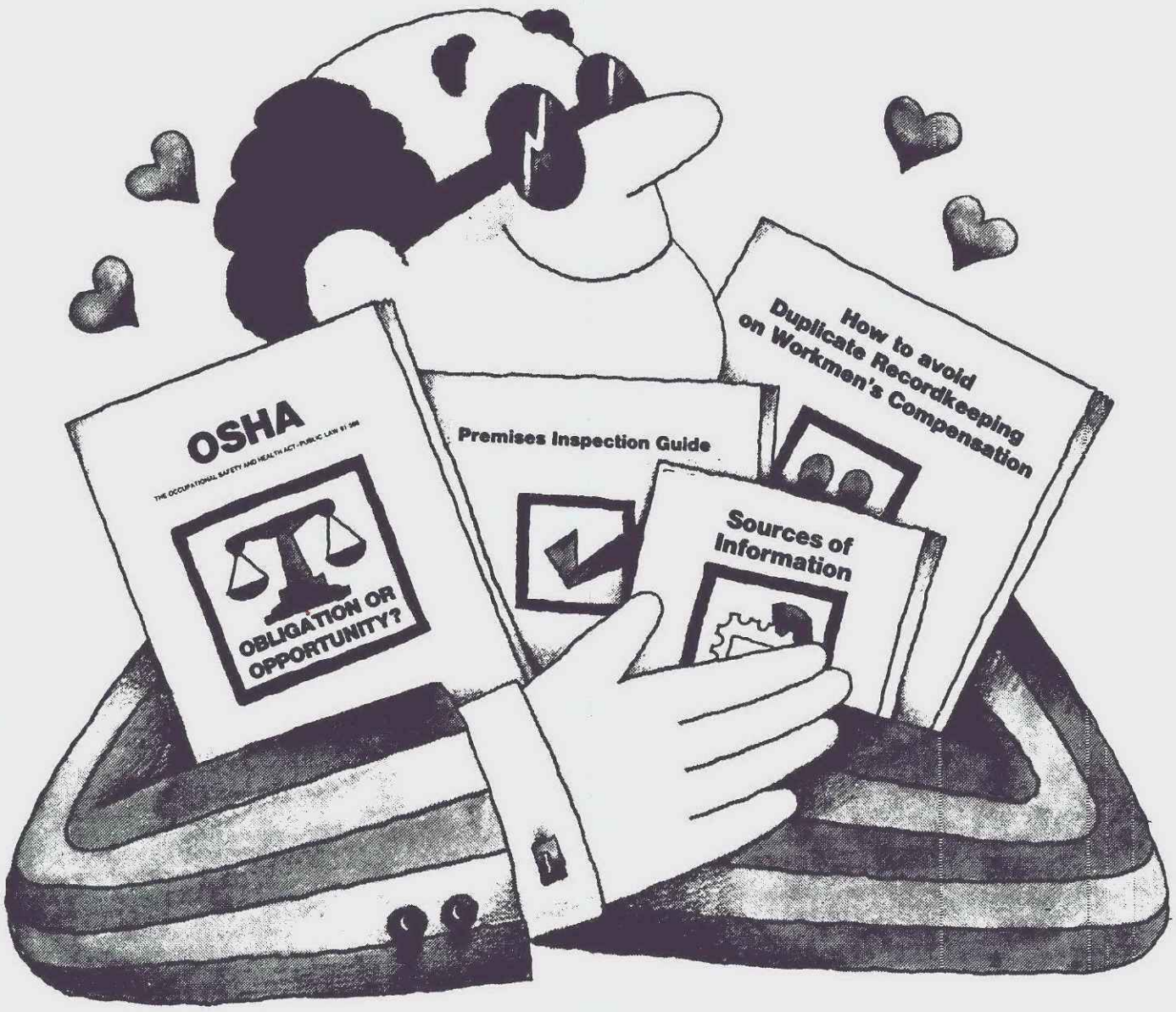
"There's been no claim settled yet," Mr. Samuelson said.

"We're doing in-field inspections," he added. "Preliminary reports are indicating that in 100% of the cases we aren't finding any problems."

The suspected safety defect was a high-voltage capacitor. Zenith directed its dealers and distributors to notify television set owners of the possible hazard and arrange to have the sets inspected and repaired in the home at the company's expense ■

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editorial opinions

Air disasters

OUR WASHINGTON editor, Tom Walsh, stumbled onto something at the National Transportation Safety Board (NTSB) the other day that, if true, is sinful. In any event, there seems to be enough smoke surrounding it to warrant an all-out investigation by the Federal Aviation Administration, airline safety and risk men and, yes, even by the major aviation insurance underwriters.

Our source at the NTSB told us (*Business Insurance*, Oct. 8) that "willful footdragging" on a safety recommendation first made by the board in 1966 may have contributed to an assortment of air disasters since then that have taken hundreds of lives and cost countless hundreds of millions of aviation insurance dollars. Some recent air disasters that may have been avoided our source told us, include the Delta DC-9 crash in Boston in July and an Eastern L-1011 crash in Everglades, Fl., last December.

In short, the alleged "footdragging" centers around the FAA's refusal to require that jet-powered aircraft be equipped with "ground proximity warning systems" that would alert pilots at the point they came dangerously close to the ground before they were supposed to. Apparently, some flight safety experts are not yet convinced that the devices were effective or trustworthy.

While it's all very technical and complex, the device the NTSB source is talking about would warn the aircraft pilot when he was too close to the ground before his landing gear is over the airstrip. The device might also prevent inadvertent descent into rising terrain such as hills and mountains.

The FAA's latest official position on such a device reads something like this: ". . . present instrumentation and procedures provide for safe and adequate terrain clearance, as long as proper flight crew discipline is maintained and appropriate flight operation procedures followed."

To that our safety board source responded: "That's ridiculous . . . you cannot legislate attentiveness and alertness."

How true.

The fact of the matter is that many air crashes in the past have been caused by inattentiveness, pilot fatigue or just plain pilot error. A year ago in Chicago, for example, United B-737 came down short of the runway, killing 60 persons. Investigators later said the crash was "triggered" by the captain's failure to exercise positive flight management." That's another way of saying the pilot took his eyes off the road.

Pilots are likely to fight the development of any device that takes the plane out of their control, and perhaps this is a reason for the footdragging. We hope not.

In the meantime, the aviation insurance industry in this country, which underwrites enormous chunks of coverage on U.S. air carriers, seems complacent about the whole thing. "Those agencies (FAA, NTSB) are staffed with a high degree of mediocrity and people who have little or no knowledge of the technical nature of the aviation industry," said one aviation insurance official.

We think it's high time the aviation industry, its insurers and the proper federal agencies pulled together to clear the smoke hanging over this issue. We're not aviation gadgetry experts, but we are aware of the day and age we live in. When we can send men to the moon and return them safely, certainly we can pull out all stops and develop a failsafe, or near failsafe, device that would eliminate air catastrophes of the sort a terrain device might prevent.

Fair shake

OVERHEARD during lunch in Chicago's Playboy Club the other afternoon was a conversation that indicates to us there is a lot of room for creativity in marketing insurance coverages. The gist of the conversation, however, also reinforced in us the belief that the small- to medium-sized businessman does not always get a fair shake when he goes out to buy a business insurance policy.

Three young men—they couldn't have been more than in their mid-20s—were discussing the marketing of liability insurance for funeral directors. Grim subject, yes, but our ears perked up when they spoke of "huge commission" potential and "safe underwriting." After all, every undertaker does need liability insurance. But at the same time you rarely hear of anyone "taking a fall" in a funeral parlor, and it's even rarer to hear of a case when a coffin is dropped, leading to an embarrassing and potentially expensive liability claim.

Anyway, the young men—later determined to be an underwriter from a New York insurance company and an agent and a broker from Chicago—were discussing the possibility of marketing some sort of packge policy nationwide.

We wish them well if the deal is made, but at the same time it was a little disheartening to observe that at no time during our eavesdropping did we hear any of them say that they wanted to develop a better product at a better price for funeral directors. True, the high cost of dying may be a ripoff and enough has been written about that, but we don't find that a valid reason for insurers and agents/brokers to get into the act.

"Info" issue

ON JANUARY 7 *Business Insurance* will publish its annual Info for Buyers special issue.

"Info," as it's called around our office, is a regular feature of the magazine and one of its best read. It consistently draws responses from our readers, and this expanded annual edition is no exception. Last year's, for example, listed 235 items and drew responses from almost 3,300 readers who ordered 36,000 pieces of literature.

In the January issue *Business Insurance* will again list, describe and catalog published literature concerning systems, policies, programs, products or services.

Forms and details are now available for those who wish to submit items for consideration. They may be obtained by writing or calling our New York (708 Third Ave., New York, N.Y. 10017; 212-986-5050) or Chicago (740 Rush St., Chicago, Il. 60611; 312-337-5200) offices. All material must reach us by December 1.

letters

This column is a reader's forum. Letters are welcome. Address Letters to the Editor, Business Insurance, *708 Third Ave., New York, N.Y. 10017.*

Prices and premiums?

To the Editor: Your "editorial opinions" column, "Harvesting profits", in the August 27 issue reached hard to equate high feed and food prices and high insurance premiums but it didn't come off.

In the first place, the column admitted that "feed grains and health insurance are about as diverse as you can get in this nation's economy". It should have been left at that.

Second, the column presented a distorted view of the 1972 profit picture for the commercial health insurance business by guessing that a total profit of about "$280 million" was realized, based on a projection of the purported profits of a few large companies. The fact is that a combined profit of only $116.5 million (1.5% of premiums) was made in 1972 by the 20 largest companies responsible for 75% of the total group health insurance business written in that year. By contrast, profits, as a percent of sales, were 9.1% for the pharmaceutical industry in 1972; 5.2% for beverages and 2.4% for foods.

Further, the group health insurance business sustained moderate to serious losses in the years 1969, 1970 and 1971 before getting into the black in 1972. Losses for the same 20 largest companies totaled $14.2 million in 1969, $110 million in 1970 and $25 million in 1971; while the 20 companies made a total profit of experience from 1969 through 1972 showed a net loss of $32.8 million.

Your column relied on information supplied by the Committee for National Health Insurance in trying to make a case for large profits in the group health insurance business. I assume you are aware that the Committee for National Health Insurance is the primary supporter of legislation introduced by Senator Kennedy, that would nationalize the entire healthcare system.

Before using information from the Committee for National Health Insurance, it would be well to remember that the CNHI, in its zealous promotion of Senator Kennedy's legislation, constantly acts on this basic motivation; to discredit the private sector, including insurance companies, so that its all-government insurance program may receive final public acceptance.

Continued on page 34

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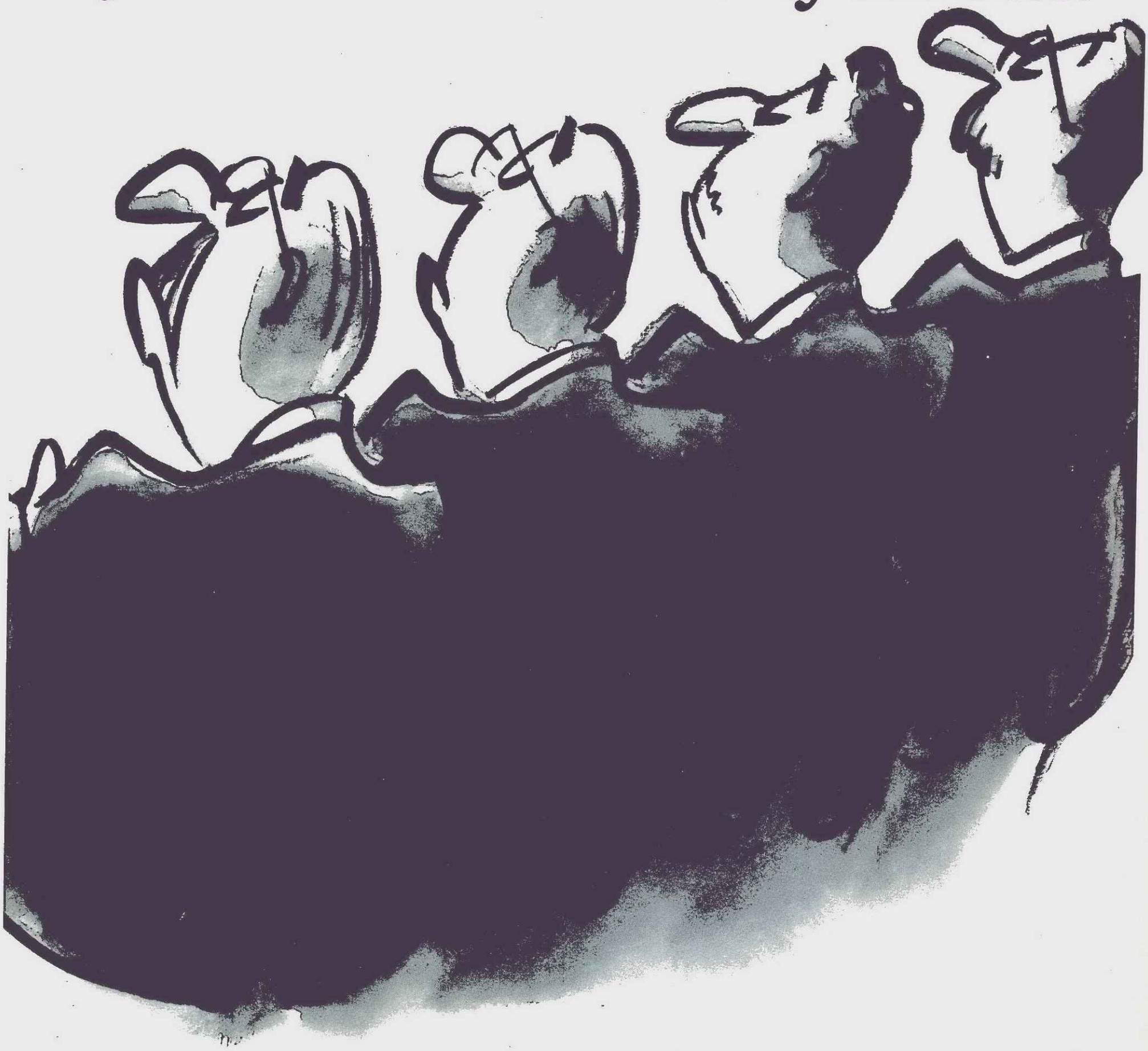
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Published by Crain Communications Inc., Chicago, publisher of Advertising Age, Pensions & Investments, Advertising & Sales Promotion, Industrial Marketing.
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Published biweekly at 740 Rush St., Chicago, Il. 60611 (312-337-5200). Offices at 708 Third Ave., New York, N.Y. 10017 (212-986-5050); Suite 1253 National Press Building, Washington, D.C. 20004 (202-638-5300); 6404 Wilshire Blvd., Los Angeles, Ca. 90048 (213-651-3710). 45 cents a copy. $10 a year in U.S., Canada and Pan America. Elsewhere $4 a year extra. WILLIAM STRONG, circulation director. ROGER DEGREGORIO, subscription manager. Four weeks' notice required for change of address. Address all subscription correspondence to subscription manager, Business Insurance, 740 Rush St., Chicago, Il. 60611.

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Worker ailments at Borden plant spur union outcry, OSHA probe

COLUMBUS—A mysterious disease affecting the motor nerves of workers in a Borden Inc. coated-fabrics plant has touched off a desperate search by state health agencies for the ailment's cause, as well as union demand for safer working conditions.

Liability may ultimately be shared by both Borden and Eastman Chemical Products Inc., a subsidiary of the Eastman Kodak Co. It is generally suspected that the disease was caused by ingesting a harmful printing ink solvent named MBK, which is manufactured and marketed by Eastman Chemical Products.

Since March, about 100 workers at the Borden plant have complained of weak limbs and a lack of physical coordination, diagnosed as "peripheral neuropathy." A company investigation in July concluded that the ailment was not industrially related. But alarm grew in September as more and more workers were stricken. About half of the plant's workers have now chosen to stay home.

Russell Drake, risk manager for Borden, said the disease incident has caused a "delicate situation all the way around."

"CLAIMS ARE currently being processed," Drake said. "We don't anticipate any major problems. Our insurance program is more than adequate." He added that Borden is self-insured.

Borden has volunteered full cooperation with the Ohio department of health, and the Occupational Health and Safety Administration (OSHA), Drake said. The plant's union, textile workers Local 487, is also active in the search for a solution to the plant's health problem.

A spokesman for Eastman Chemical Products said that "We have had a person up there cooperating with Ohio state officials." He would not say what kind of product liability insurance Kodak carries. But a spokesman for Lumberman's Mutual Casualty Co. said that they carrry a standard product liability policy for Eastman Kodak.

"It's tough. It's a pretty hard thing to nail down," said Leo Learned, senior engineering technician at Ohio's department of occupational health, a division of the state health department. "We know that poor ventilation has something to do with it. We're taking breathing and air-type test samples throughout the plant."

PINPOINTING the disease's origin has baffled investigators so far, Learned said, but MBK is the prime suspect. It is the only major change in plant operations to be introduced since January. Working conditions are believed to have aggravated the health problem.

"The doctors were more or less grabbing at a straw when they came across this nerve damage," Learned added. "It could be something else. They're running through blood and urine tests too to see if there's some corrrelation there as well."

Peter Schmitt, area director of the Columbus OSHA office, said there is "just an awful lot of activity going on."

"We're interested in when the injuries occurred," he said. "Perhaps a bad batch of chemicals came in last January. There are many, many variables."

Schmitt said that OSHA inspected the Borden plant in April and June, uncovering more than 30 health and safety violations. But the agency concluded that the working condition violations were non-serious.

"We issued citations for some air contaminants in the plant," Schmitt said.

OSHA HAS NOT yet taken any court action in an effort to stop operations at the plant. But the possibility of a shutdown has not been ruled out.

"We aren't interested in putting people out of work, and the union isn't either," Schmitt said. "All we can do is explain our situation to the judge and call it an imminent danger from an unknown cause. Everyone wants this problem solved. Closing the plant is one route to go, but it wouldn't answer the question."

The union Local 487 has come out in favor of a plant shutdown until the cause of the disease is found and eradicated.

"Our doctor suggested that the plant be closed down," said John Close, union finance secretary. "That is the position of the local, too."

Close commented that Borden is "very upset" that the union is in favor of stopping operations. "They're bucking the recommendations at this time," he said.

"This is not a labor problem, this is a health issue," Close added. ■

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States urge work comp cooperation

POINT CLEAR, AL.—A resolution urging interstate cooperation in the improvement of workmen's compensation systems was adopted unanimously by the Southern Governors Conference late last month.

The resolution is a move to keep the policy-making of workmen's compensation laws strong on the state level instead of relegating authority to the federal level.

"There is danger that failure of the states to take individual and cooperative action will result in assumption by the federal government of authority in this field which is capable of more efficient and equitable exercise at the state level of government," the resolution stated.

BEFORE ADOPTION of the resolution, J. T. Noblin, head of Mississippi's workmen's compensation commission, spoke to the conference about a Senate bill sponsored by Sen. Jacob Javits (R-N.Y.). Javits' bill would require the workmen's compensation laws of each state to meet at least 21 minimum requirements by January 1, 1975.

Noblin noted that the National Commission on State Workmen's Compensation, created in 1971 under Sen. Javits' amendment to the Occupational Safety and Health Act (OSHA), has already planned to evaluate state compliance with the commission's essential recommendations on July 1, 1975. Of the 21 planned standards in the new Javits bill, 19 are now recommendations of the OSHA National Commission. ■



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Credit insurance carriers see popularity rise

By STEPHEN GOOD

CHICAGO—Commercial credit insurers are warning businessmen that the current economy's dangers of inflation and overexpansion may cause excessive credit losses.

"It's time to be careful," said Allen Dilworth, senior vp of the American Credit Indemnity Co. "It's the kind of economy that calls for caution in evaluating credit risks."

This unsteady situation has created a minor renaissance for commercial credit insurers, who find their clients are more anxious these days over possible credit losses than they were a few years ago.

Credit insurance covers the accounts of businesses that sell their products to other businesses, working with large ongoing credit accounts. Manufacturers, industrial service suppliers, wholesalers and advertising agencies are most vulnerable to large losses on uncollectible accounts.These are the firms that have traditionally considered buying credit insurance coverage.

But many have not in the past. When the economy is steady, and credit customers are unlikely to fail in their payments, credit insurance appears to be unnecessary as well as too costly. Then when the economy hits rocky times, a recession or a boom of overexpansion, the credit insurance coverage occasionally becomes one of the only ways that a small- or medium-sized business can stay alive.

AMERICAN CREDIT indemnity has gained about 100 policy holders in the last 10 years. The company is becoming better-known, Dilworth said, and more businesses feel they need credit insurance in today's economy. Although his company was founded back in 1893, the number of policy holders didn't peak until about 1960. Then in 1961 losses became excessive for American Credit Indemnity and the company added underwriting restrictions to its policies.

"We'd become too liberalized, so then we had to tighten up," Dilworth said. By 1963 the company had lost about one-fourth of its policy holders, and then slowly began to rebound.

Steven Taylor, manager of credit insurance for the London Guarantee and Accident Co. claims that the popularity of commercial credit insurance is ever-increasing.

"Interest is obviously up. There's no doubt about that," he said. "We look at it as a continually expanding line."

Competition between the two credit insurance carriers is healthy, according to both company's spokesmen. "We're good competitors," Taylor said. "There used to be a number of other companies in the business. They mostly went out with the crash."

Few insurance companies offer commercial credit coverage. American Credit Indemnity handles about 75% of the nation's credit insurance policies, Dilworth said, with most of the rest carried by London Guarantee and Accident Co. Both companies do more than protect credit insurance policyholders from loss. They actively participate in the assessment of their clients' credit accounts, counseling when and when not to extend credit. If a creditor's client appears to be a bad risk, the credit insurer may refuse to extend coverage over a certain amount. In many other cases there is automatic coverage to a certain limit, after which the carrier must grant permission for the credit to be increased while still being covered.

"ONE OF OUR features is to keep our policyholders away from accounts that don't look too healthy to us," Dilworth said. "And there are a lot of other features in this line. Many businesses use it for credit guidance, safe sales expansion, and collection assistance. But collection is incidental to the overall business of protection.

"This insurance is unique. It is the only type in which you can legally create a claim with a past due account."

A business covered by credit insurance can usually claim a loss 12 months from the date of the shipment, or three months from the account due date, Dilworth noted.

Businesses attracted to this kind of coverage tend to range in size from $500,000 to $1 billion in annual sales. Larger companies usually have the resources to overcome a sizeable credit loss. But many smaller businesses have few clients, or depend on limited but significantly important production orders.

Both of the major credit insurance carriers have variable rates, depending on the coverage and the risk factors involved. Taylor estimated the average cost of London Guarantee and Accident Co.s' policy to be about one-fifth of one percent of the client's total sales. Dilworth said his company's costs range between one-fifth and one-third of one per cent of a business' annual sales volume, but for larger clients the percentage goes down to about one-tenth of one per cent.

American Credit Indemnity has seen its income from premiums increase 41.5% over the last five years, Dilworth estimated. He said the climb was due both to the size of premiums and the number of policies.

"AND WE'VE GOT a tremendous last quarter coming up this year," he added. "We should be able to grow at a rate of 10% a year in the future."

Although the credit insurance business outlook appears to be rosy for the carriers, some policy holders see the insurance companies' increased income from premiums reflected in their policy costs. As inflation increases and coverage rates stay the same, the cost of coverage rises for the policy holder as the cost of his transactions rise, even though the business itself may not be growing.

Philip Grace, treasurer for the Milton Bradley Co., a large manufacturer of toys and games, has reservations about the protection of credit insurance as well as its cost. Milton Bradley is insured by American Credit Indemnity.

"We feel we're getting less and paying more," Grace said. "When we started out (in 1969) the premium was 25% of what it is now, and our sales have about doubled."

"But in relation to total sales it's still not much," he added. "It's less than one tenth of one per cent of total sales, I'd say."

Continued on page 25

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Canada regulators attack alleged unemployment insurance abuses

OTTAWA—The federal government is preparing to crack down on corporations for alleged abuses in the unemployment insurance field.

Canada's Unemployment Insurance Commission early in 1974 will begin viewing with a jaundiced eye corporate delays in the claims process as well as company "sweetheart" deals with departing employes.

The unemployment insurance regulatory group has prepared new forms designed to remove abuses from the system. It is anticipated employers will be familiar with the new forms by the start of the new year.

UIC this year has prosecuted around a dozen corporations for false information or for delays in providing the form needed to claim unemployment insurance benefits. For either of these charges, there is a maximum penalty of $5,000 or a six-month jail sentence.

IN ONE so-called "sweetheart" deal in which a company inflates an employe's earnings record in exchange for the worker leaving, a fine of $100 has been assessed against the employer for giving false data.

In order to allow companies to adjust to the new forms, issued earlier this year, the commission has been lenient in the matter of prosecuting firms which have been breaking the law.

Under the law, companies are allowed five days to present employes their separation certificates so claims can be filed. In practice, however, some companies are taking up to 10 weeks to present the certificates.

A new form will be ready for distribution in November which will replace the separation certificate. It will be known as a record of employment and is expected to provide the government with a more effective tool in eliminating fraud and delays.

After companies become accustomed to this new form, the Unemployment Insurance Commission plans to enforce the rules more rigidly, starting early next year.

It was pointed out computerized payroll operations are situated at company head offices, frequently far from the layoff site. Hence, employers are not able to produce the form quickly. Officials of the UIC are mindful of this problem and admit it will take some time to correct it. The commission hopes to reduce the time lag by encouraging companies to expedite communications between their head office and regional offices.

AN OFFICIAL of UIC pointed out that in some cases employers pay on a biweeekly or semi-monthly system. Should an employe be laid off on the second day of the pay period, the company can't provide the form in five days, the official noted.

It is not the intention of UIC to demand companies change their computerized systems. Hence, under a biweekly system, the employer may still have two weeks to get records to the worker. But for weekly processed payrolls, the commission hopes information will be produced by employers within that time interval.

A commission executive said: "Our ultimate goal is to reduce the time to one week, but that will take one to two years. For the mass of employers that objective should not be too difficult because they are small operations with less than 10 workers." ■

Carriers . . .

Continued from page 24

One advantage of a credit insurance policy, the carriers claim, is that more credit can be extended to business customers because the risk of loss has been largely eliminated. But Mr. Grace said that Milton Bradley is constrained by a number of factors. Sometimes the carrier refuses to extend coverage over "risky" customers when the business demands that a chance be taken. And coverage only comes into play after a sizeable deductible.

WE'VE STAYED cautious, Mr. Grace said. "Basically because in the end we have such a large deductible. You have to go pretty far to hit that."

"We can't get insurance we want on the volume we want at times," he added. "We have to take more risk than we can get coverage for to stay in business."

Gus Keen, vp director of credit operations at the Fedders Corp., a cooling systems manufacturer, said his company has held a credit insurance policy for about 18 years. He called the rates "fair" and the deductible "reasonable." Restrictions on the company's extensions of credit, he added, were rare.

"They're fairly liberal," Mr. Keen said. "Our customers are pretty safe."

But Fedders, like Milton Bradley, sometimes finds that the carrier is unwilling to extend coverage to the full amount of credit they want to give a client.

"We don't restrict ourselves to the coverage itself," he said.

"But I see no reason to drop it." ■

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German marine business looks good—but is it?

HAMBURG—Marine insurance business in the West German Republic is running about 10% or about 1 billion deutschmarks ahead of a year ago, according to sources here.

Executives of German insurers here still are not elated by the results. Basically, as in other areas throughout the world, the actual figures are based almost totally on inflation as well as a premium hike which came about a short two years ago.

"The overall earnings picture for the insurers continues to be highly unsatisfactory," according to Dr. Karsten Groth, executive secretary of the German Transport Insurers Assn. here. "The majority of the group's 200 members are paying out in claims almost as much as they are in premiums."

Conservative calculations indicate the payout rate which would allow the insurers to build up sound reserves and earn a reasonable profit should be no more than 60% of the premiums after the deduction of agent's commissions.

Only the lack of a major disaster during the past four years has saved the industry from having to absorb potentially heavy losses.

HOPES AMONG the insurers the current situation will change for the better are not high. The potential solution of higher premium or insurance values is a slow or, at best, very gradual process in view of a keen competition in this highly internationalized business. Another possibility would be general premium rates anticipating the cost of repairs in the future.

As Dr. Groth points out, however, a system such as this would conflict with antitrust rules as well as the basic nature of the business.

"Our premiums," he indicated, "cover manifold risks, all kinds of cargo, many types of ships and destination points, and as such, must remain highly selective. They are negotiated individually and on the basis of past experience."

Insurance premiums for a shipper of sensitive cargo destined for the tropics, therefore, where port facilities are poor and the shipment might be exposed to the elements for a long time must necessarily be higher than if the same cargo were to be landed in Hamburg.

Inflation as a worldwide force is another difficulty causing a mountain of problems for German marine underwriters, whose seaborne insurance accounts for about 50% of their overall business. Ship coverage, in turn, accounts for about 40% of the total seaborne picture.

THE POLICIES, as a rule, are short term, Dr. Groth said, but the settling of claims can be a lengthy and drawn-out process. The cost of repairs, as a result, is considerably higher than it was at the time the policy was written.

The "risk environment," according to Dr. Groth is also complicating an already fast-changing insurance picture. Rapid expansion of traffic and its growing density, as well as accelerated cargo handling are creating a parallel increase in damage claims. Repairs to the more modern, bigger ships, due to their more sophisticated electronic navigation and communication equipment are almost infinitely more expensive than in the past.

The same situation applies to German export cargo, expensive high technology plant equipment, Dr. Groth said.

Frequently, repair of damages incurred in transport cannot be performed at the destination. It usually requires either the dispatch of a team of experts with new components or, in a lot of cases, a return shipment to the producer.

German shipowners are resisting higher rates on the basis that the modern ships with their sophisticated equipment enhance the operational safety factor. The reduced risk and the potent hike in the amount of coverage taken more than outweighs the higher claims when mishaps do occur, they contend.

Dr. Groth labels this attitude "theorizing" but admits the German marine insurers are aware there are economic and competitive limits to insurance costs.

THE TRANSPORT insurer group currently is supporting a special research institute for the proper packaging of overseas cargo. The institute periodically dispatches test shipments to different destinations and the results are given to forwarders and shippers.

The insurer group gives clients the services of a counsellor on packaging of export goods and dispatches inspectors and surveyors to different ports at home and abroad. These inspectors spot the carelessness in cargo handling and equipment misuse, he said.

These practices, allegedly, "save money for all concerned," according to Dr. Groth. The efforts have been fruitful in cutting damages in shipments of containerized cargo. Originally many shippers, assuming inspection was a sufficient check on damage, dispensed with all other forms of precaution and the damaged cargo claims again zoomed.

"However, the situation has changed drastically," Dr. Groth related, "and with the proper stuffing of cargo in the container the incident of damage—but above theft claims—is lower than for the conventional cargo."

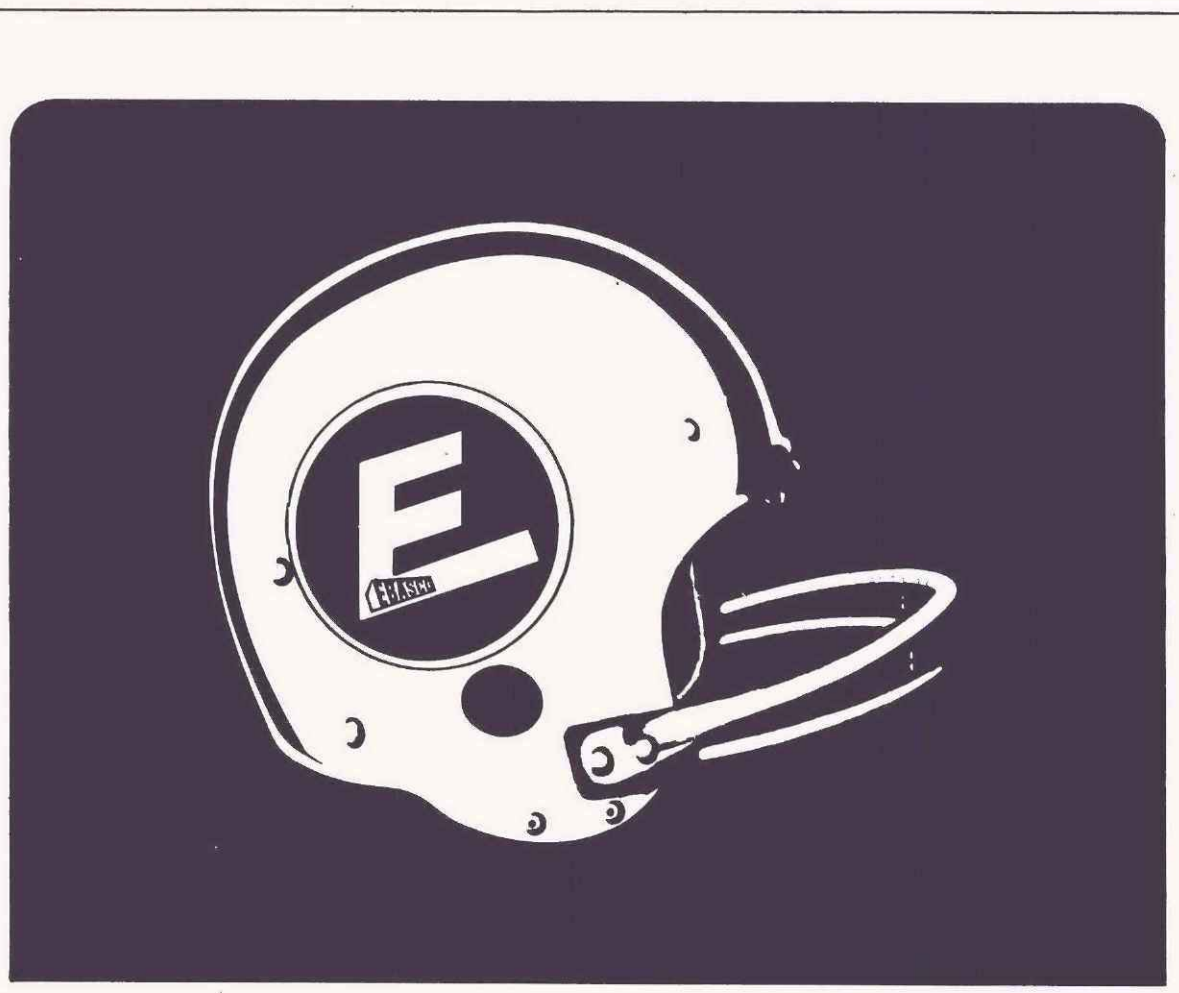
NOT ALL the problems of containerized cargo have been licked, he cautioned, since the deck-carried containers, particularly, continue to be a headache. Claims caused by seepage of sea water, metal sweating, and washing of heavy containers overboard during storms are still relatively high.

In feeder traffic, where small conventional ships are used, damages to containers carried on deck remains relatively high, according to Dr. Groth. On a recent run, he said, between Bremen and Rotterdam, 20 containers were washed overboard from such a ship.

For this reason, insurers feel there should be more premium charged on deck-carried cargo. Spokesmen for the container lines, of course, reject this statement out of hand, claiming damages to deck-carried containers are negligible and condemn the penalty surcharges.

Dr. Groth feels growing use of roll-on, roll off ships in container

Continued on page 42



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Japanese vessel hull premiums may be hiked

TOKYO—Several developments in Japanese shipping circles have led to the Japanese Hull Insurer's Union taking a long, hard look at the gross hull premiums being charged its clients.

According to Riichi Umetani, executive director of the JHIU, the tendency of Japanese lines to charter ships from foreign owners or from foreign-based subsidiaries and operate them under flags of convenience with non-Japanese crews is at the heart of the concern.

Such developments are principally based on the mounting costs of booking Japanese crews, labor problems by Japanese crews, and the more recent problem of currency revaluations adding to operating costs.

"Owners, even though they would like to man their ships with Japanese crews, with the resulting Japanese regulations, are beginning to find it economically impossible to do so," Mr. Umetani said last month. From the standpoint of the risks concerned, he felt, this tendency isn't favorable.

ALL-JAPANESE crews and regulations would be the ideal situation, Mr. Umetani said, but the JHIU officials are convinced they must take another look at the economic realities of the situation.

When the management (of an insured carrier) and the technical quality of the navigation isn't the same as with Japanese crews, and ratemaking is in progress, Mr. Umetani said "some consideration must be paid to these facts."

Even now, the JHIU doesn't necessarily always treat Japanese vessels with Japanese crews under a foreign flag equally with foreign crews. "These differences, too, are being considered very carefully and, naturally, will affect the various conditions of the insurance," the JHIU spokesman explained.

The accident rate incurred by the foreign vessels under charter and the vessels under flags of convenience will be closely watched by the JHIU over the next few years.

As a matter of record, the hull union has a perceivable history of reducing rates when losses are lower than anticipated and hiking them when this experience is reversed. For example, any tanker equipped with an inert gas system entitles its owner to a 5% discount on premiums.

THIS ARRANGEMENT was reached after negotiations between the JHIU and the Japanese Shipowners Assn. in May and will be in effect until the end of March, 1974.

The system was a world first, according to Mr. Umetani, and "there has not been a single case of a gas explosion anywhere in the world during the past few years aboard any tanker equipped with the inert gas system."

In addition, during negotiations between the JHIU and the shipowner group this year, it was agreed hull insurance gross premiums would be cut by $3.9 million for fiscal 1973 (year ending Mar. 31, 1974). Premiums paid in the previous fiscal year totalled $177 million.

The shipowners have been putting the heat on the JHIU, according to Mr. Umetani, not to raise rates on the basis they are experiencing larger disbursements in repair costs. Very large capacity carriers, they argue, also are meritorious of rate cuts.

Hull premium rates have been going down each year since 1963, as have all sectors of Japanese nonlife insurance. But four years ago, rates were increased for the first time in history. This was brought about by an upsurge in the operation of huge vessels on which the repair bills escalated and the risks skyrocketed.

THE PREMIUM rates were lowered this year for the first time in many years after it was determined there was a good chance the loss ratio might show improvement.

This won't happen again, according to Mr. Umetani, "but regarding loss prevention, Japanese insurance companies are probably the most cooperative in the world."

In fact, so liberal has been the JHIU in recent years that, despite the owners continuous scrap-and-build efforts, the hull insurance business profit picture has been deteriorating for half a decade.

Obviously, rate revisions in an upward direction have been headed off only because of a monetary equalizer—the upward revaluation of the yen and the rising costs of the shipping industry. Nonetheless, marine insurers in the Japanese market have been warning the owners major concessions cannot be expected much longer, no matter what the condition or financial difficulties of the overall marine industry picture.

A top official of a Tokyo marine insurer has said insurance results for the six-year-old and older vessels have been becoming a strain. The owners have been told to take steps as soon as possible to alleviate the situation.

LOOKING TOWARD the rising sun, Mr. Umetani feels the JHIU must consider the matter of rate-cutting more carefully. "It seems to me it is not yet time to do so at the present," he said.

"The growth shown by the hull industry in the past four to five years was about 15-20% annually. Based on this, I believe it will show a normal, steady growth, although there might be a slight depression."

The major companies will become stronger with the rise in the retention ratio for hull insurance, most executives feel. Currently, these firms share their risks through the London market, with each company deciding the amount of reinsurance according to the size of the vessel. Capital involved is another condition.

However, if the vessel to be insured is over 200,000 tons deadweight, about 60% of the necessary coverage will be reinsured by others.

THE JAPANESE insurers say they are waiting only for the conditions in both markets to become favorable to direct writing of business.

To this extent, both American insurers and Japanese insurers are heading toward the same end, according to Mr. Umetani. "Japanese insurance companies," he revealed, "have become members of the U.S. syndicate to participate in its business directly." ■

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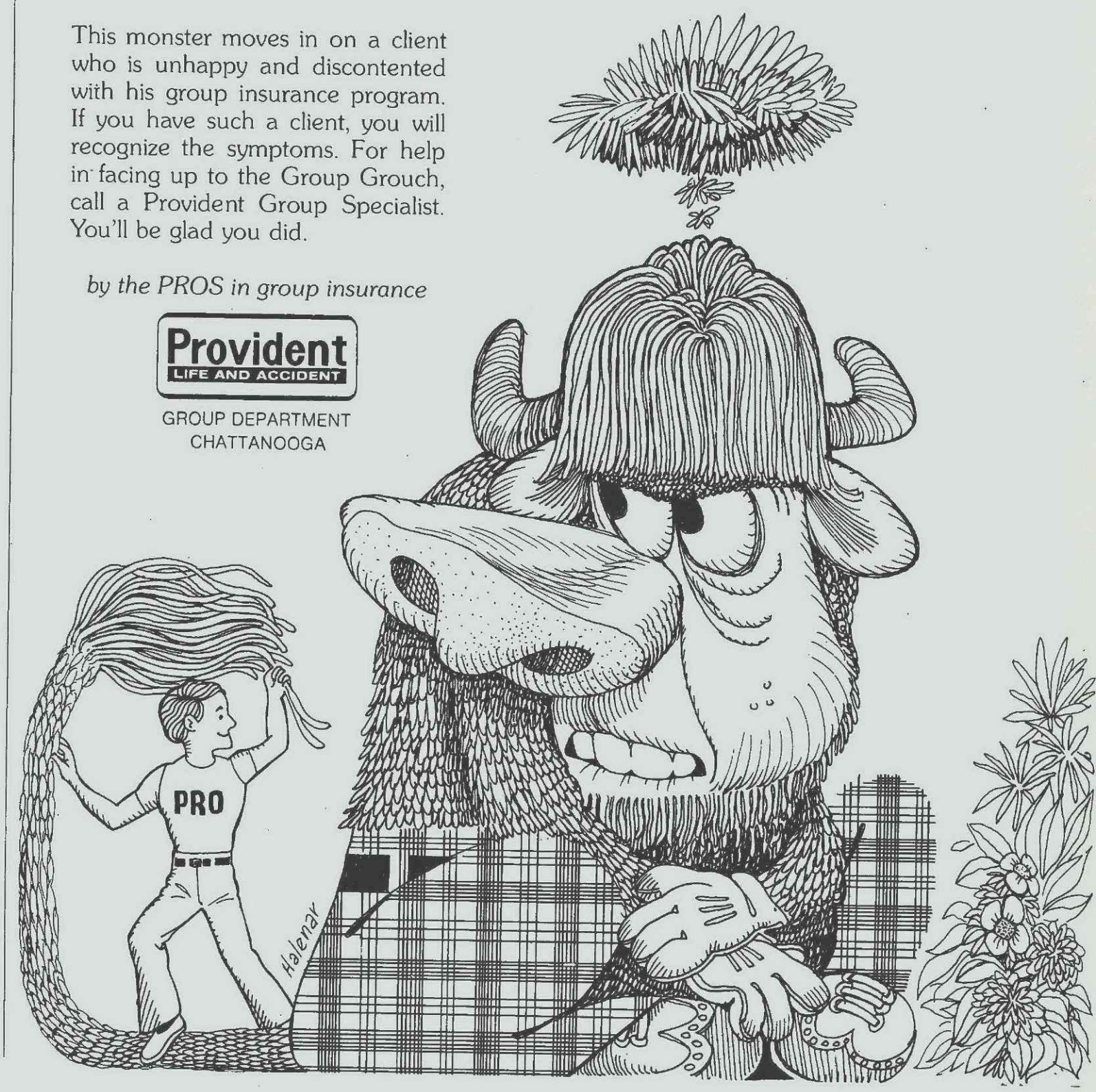
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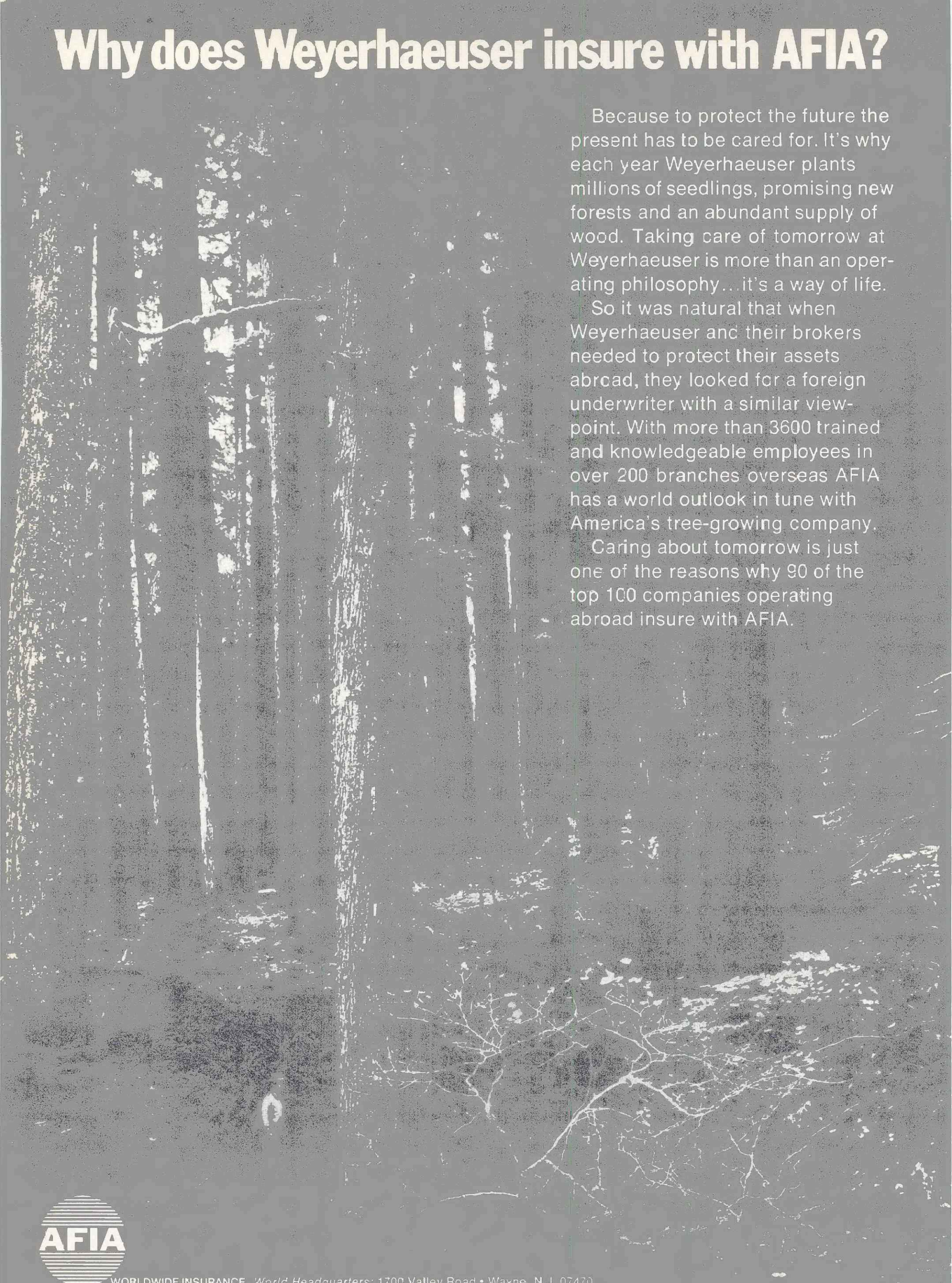
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business insurance

PERSPECTIVE

Good risk management simply sound financial management

"By now it should be clear that the corporate risk manager spends his day doing precisely what every other good manager does–planning, communicating, making a few decisions, and monitoring their results."

BY E. W. ALTSTAETTER
Director, insurance and risk management, Rockwell International Corp. Pittsburgh, Pa.

THE ROLE OF THE risk manager is *not* to make the insurance company happy. If anything, it is rather to drive, coerce, cajole or otherwise encourage the coming of true risk takers upon the American insurance scene.

In the modern American corporate board room, it has been said that "cash flow is the name of the game." If that be so, then the risk manager has added incentive to cause consternation in the ranks of reluctant underwriters who, for years, have been playing the cash flow game and by now must be past-masters themselves. If this causes fear among underwriters, then so be it.

On the other hand, the truly imaginative and innovative insurer has nothing to fear in dealing with a client who has a competent and professional risk manager on his team of financial managers. In fact, an insurance company will be far better off dealing with a qualified risk manager than an insurance buyer whose only interest is the lowest price. We would be ill-serving the corporations we work for, should we indulge in the practice of driving insurers under, a "crime" of which we are sometimes accused.

The practice of risk management, a current buzz word, is still a highly misunderstood function of financial management. But it is not really that hard to grasp once the smoke is blown away.

THE RISK MANAGER is most often found on the finance staff branch and is responsible for advising the line operating managers. The line staff people are the only ones who can be effective in discovering and analyzing the hazards present in their operations. They also determine their risk handling requirements, including such matters as the kinds and amounts of insurance needed to comply with corporate guidelines which are set by top management, albeit with the advice and counsel of the risk manager, and, hopefully, under his direction.

Any risk manager worth his salt has cooked up his own definition of what he thinks he should do, and this definition is no different. Offered here is one man's opinion—risk management is a refinement in financial control concerned with conservation of assets, property and manpower and the earning ability of the corporation.

Through effective applications of management techniques, the risks of accidental loss may be administered to achieve an acceptable balance of prevention and control. Use of these techniques will conserve a company's assets and earning power, and will further corporate objectives and goals.

Risks of accidental loss are those which lend themselves to control through the application of techniques generally associated with the insurance mechanism. Note carefully, there is no intent here to limit the range of vision to classical forms of insurance. Today, the true risk manager is heavily involved in all sorts of strange adventures—energy supplies, pollution, war, expropriation, warranty, capital budgets, and so on.

TO COPE WITH this seemingly never-ending series of complex circumstances, modern corporate managers are turning away from outsiders and are increasingly building and relying on in-house capabilities for technical advice. Nowhere is this more evident than in the areas of insurance and risk management, where the growing demand for truly competent risk managers is rapidly outstripping the available supply.

A company usually employs its own risk manager because of its needs for immediately available advice and in-depth understanding of corporate needs. The advice he can give is substantially more comprehensive than can ever be achieved by independent consultants, or other outside specialists, no matter how capable, and the corporate staffer also has the advantage of being completely free of even the slightest hint of a conflict of interest.



"The truly imaginative and innovative insurer has nothing to fear in dealing with a client who has a competent and professional risk manager on his team of financial managers. In fact, an insurance company will be far better off dealing with a qualified risk manager. . . ."

E. W. Altstaetter

Upon its creation, the insurance and risk manager's office rapidly takes on a multiplicity of roles, a mixture of the classical line and staff responsibilities. Clearly, its first duty is to recommend corporate policies and develop programs for the corporation in connection with the risks of accidental loss to which the firm is exposed. The in-house risk management staff provides the technical expertise in these matters to the various corporate staffs and profit centers. Also, they administer the various property-casualty and risk retention or self-insurance programs and administer, either directly or in concert with other departments, the management of programs relating to employe benefits, safety and industrial health, property conservation and protection, and product and environmental quality.

An examination of the job descriptions of major corporations' risk managers would show that while the titles vary in keeping with the different corporate styles, the duties and responsibilities remain quite similar.

If the company representative, agent or broker were to inquire, "Just what do you do for your company?" before he says, "What can I do for you today?", he might find out that a whale of a lot goes on that's not directly concerned with insurance. Suddenly, a whole new world of opportunity for products and services may open up—if only the blinders of tradition will come off.

THE RISK MANAGER spends a great deal of time just keeping informed on general business conditions where he is involved in developing and issuing policy statements, positions, and directives for the guidance of managers of offices and profit centers of a corporation with far-flung worldwide operations. The imaginative insurer with its worldwide network of offices and affiliates could offer very meaningful services in collecting and disseminating information, far beyond anything we have today.

Another part of the risk manager's role includes being called on frequently to advise and assist financial administrators at various profit center levels (corporate, group, division, plant, subsidiary and affiliate) concerning specific applications of risk and insurance management plans. In the normal course of events, he puts considerable effort into reviewing profit center operating procedures and activities to be assured of the total effectiveness of the corporate control programs. Here, there is a crying need for valid claims and loss experience data. Valid, timely data is a must. And here most major insurers fall flat on their EDP. Witness the independent service companies and do-it-yourself systems of many corporations.

If insurers want to build a better mousetrap, there is a market. All they have to do is produce a compatible data storage and retrieval system oriented to the risk manager's needs, not the insurers.

Another field of major interest and activity involving the risk manager is the acquisition and merger work of the corporation. Here the direct insurance applications are even more prominent.

The acquiring company must pay particular attention to the kinds and quality of insurance protection and the claims and loss history of the planned acquisition. Failures in this area have a habit of sometimes proving very embarrassing in the future. Although insurers could do much to facilitate this work by providing timely loss and coverage data, most perform as though they were General Custer and the Indians had just shown up.

TURNING TO MORE traditional insurance-related roles, the risk manager's responsibilities there involve analyzing insurance contracts for effectiveness of coverage. He also strives to contain insurable losses and the resulting costs.

However, coordinating the activities of the corporate offices and profit centers with the multitudinous professional consultants. brokers, agents, and insurers consumes the largest part of the risk manager's work day. Any effort to simplify the excessively complicated insurance mechanism would be greatly appreciated.

By now it should be clear that the corporate risk manager spends his day doing precisely what every other good manager does—planning, communicating, making a few decisions, and monitoring their results. So, there is really nothing terribly mysterious or formidable about risk management, except for the work of getting one's eyes up from the straight-jacket rate table and rule book, and the clause which says, "It can't be done, because no one else has done it before."

ONCE INSURERS accept the fact that the modern risk manager isn't out to do them in, they need only remember that they *do* know their business best, what it is all about, and how best to fit their unique talents to what the client really needs, or thinks he needs.

There is a lot of talk about being responsive to the client these days. How much more than talk it is remains to be seen, especially when risk managers see more retrenching in policy terms and conditions, and restrictive endorsements which seem to flow at a never-ending rate from the policywriting departments.

In summary then, risk management is simply good financial management. It is financial management in which insurance plays a very important role. However, insurance, in the traditional sense, no longer plays an exclusive role. Today, it must compete with an already wide and expanding variety of financial devices.

To do this, the effective insurer will use its many built-in advantages in experience, facilities, and people, to spin off profitable new products and services to its clients. And at the same time, enlightened insurers will devise numerous ways to help risk managers and their corporations commit assets to the profitable taking of risk. ■

Mr. Alstaetter has been associated with Rockwell International Corp. and its predecessor companies for 15 years. He is a graduate of Ohio State University, and has long been active in the American Society of Insurance Management for which he is currently First vp. This article originally appeared in Dialogue3, a field publication of the Insurance Co. of North America, and is reprinted here with permission.

Risk Management Reports

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Risk management problems to be explored in depth by report series

NEW YORK—" 'Risk Management Reports'," said the editor of the bimonthly series soon to be made available to readers of *Business Insurance*, "will be the research and intelligence arm for the risk manager."

Discussing the series of reports, risk management consultant and editor H. Felix Kloman indicated specific risk management ideas or problems would be targeted and covered in each report.

For example, the first scheduled report (there are at least 15 others on the drawing board) will examine "Risk Management in Europe." That will be available in January. Topics for the rest of the year include Product Liability Control and Funding; How to Deal With Those Who Provide Risk Management Services (such as) Agents/Brokers, Claims Organizations and Engineering Facilities; Risk Management Cost Allocation; Managing Risks at Data Processing Facilities; and The Risk Management Function in Management.

Kloman said, however, "Risk Management Reports" would be able to stay flexible so it could react to current, vital topics as they arise.

AN EDITORIAL advisory board, comprised of corporate risk and insurance managers, safety specialists and consultants, agents, brokers and insurance company representatives will be headed by Kloman, president of Risk Planning Group, Darien, Ct.

The board includes: Edgar S. Clark, vp, Risk Planning Group, San Francisco; Jean-Paul deCottignies, partner, Risk Factoring Sarl, Paris; Peter Downes, insurance manager, American Production & Trading Corp., Baltimore; S. Peter Law, vp, insurance, U.S. Industries, New York; Stanley R. Tarr, director of risk management services, Rutgers University, New Brunswick, N.J.; and Stefan J. Valovic, director of fire protection and insurance, Kaiser Aluminum & Chemical Corp., Oakland, Ca. Three other board members, including a broker and an insurance company representative, have not been named as yet.

"Risk Management Reports" will be published six times a year in 8½ x 11 inch size. A cumulative index and a looseleaf binder will be included. The reports, each averaging between 30 and 40 typewritten pages, will be available for $60 a year. However, those ordering before Nov. 30 will receive a charter rate of $45 a year. The coupon accompanying this article may be used for ordering.

Other topics being developed for reports include:

• Self-Insurance and Workmen's Compensation: The pros and cons of self-insuring workmen's compensation—with emphasis on the pros. Report will also identify those firms capable of assisting in the administration of self-funded plans and summarize state laws regarding self-insurance of workmen's compensation.

• Natural Hazards—Earthquakes, Floods and Windstorms: How are you fixed geographically and, if there's an exposure, how should you cover it. Report will also delve into the various government disaster insurance programs available or on the drawing board.

• Corporate Risk Insurance Manual: Every company should have a corporate policy on risk management and insurance that has the approval of the board of directors. A risk management manual is a valuable tool. Should it be one or 100 pages? Examples will be included in the report.

• Risk Control and Risk Management Administration—A Conflict Between Line and Staff: The risk man often walks a delicate line between line and staff management. How can he without falling in either direction?

• Risk Retention Levels: How large should your deductible be —$100 or $100 million? There are objective and subjective methods for determining this level.

• A Guide to Emergency Planning: An analysis of what several corporations have done to plan for that which no one wants to see happen but that which could happen to your firm.

• Directors & Officers Liability Insurance: The question still persists—Is Directors and Officers Liability necessary? Millions are spent on it annually, but are benefits being returned?

• Captive Insurance Companies: Updated analysis of the pros and cons of captive insurance companies along with a list of current captives.

The editing and development of material used in "Risk Management Reports" will be done in complete independence of *Business Insurance* though RMR is being published under the aegis of the magazine. ■

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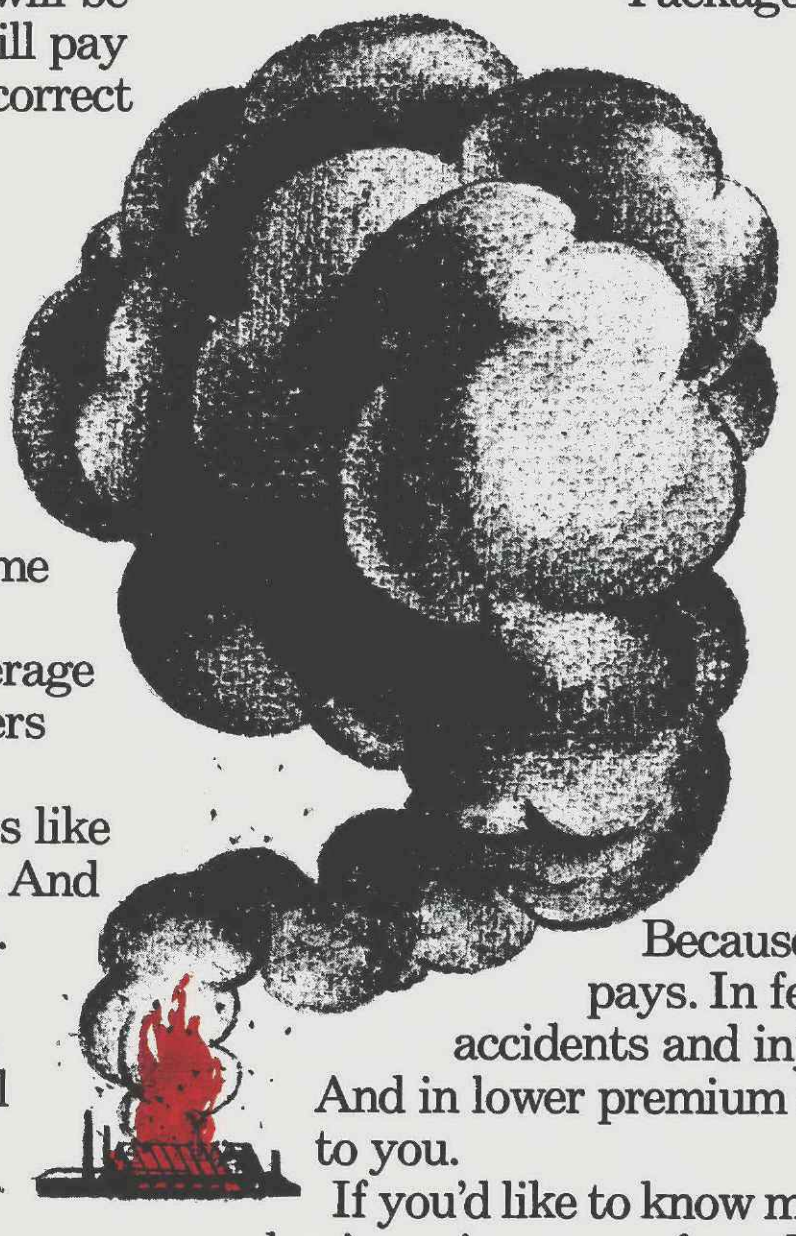
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- Risk Finance
- Risk Management Administration

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The editor of Risk Management Reports will be H. Felix Kloman, president of his own consulting firm, Risk Planning Group, assisted by his staff and an editorial advisory board including the following experts:

Stanley R. Tarr, Director of Risk Management, Rutgers University, New Jersey
Jean-Paul de Cottignies, Partner, Risk Factoring, S.a.r.l., Paris, France
Edgar S. Clark, Vice President, Risk Planning Group, San Francisco
Peter Downes, Insurance Manager, American Trading & Production Corporation, Baltimore
Peter Law, Vice President, Insurance, U.S. Industries, New York
Stefan J. Valovic, Director of Fire Protection & Insurance, Kaiser Aluminum & Chemical Corporation, Oakland, Ca

Additional experts will be named from insurance companies, brokers, safety consultants, etc.

Among the many different subjects to be treated individually by Risk Management Reports are the following:

- **Risk Management in Europe and the United Kingdom (January 1974):** A practical guide to risk management exposures in Europe. How they differ from those in the United States and how the U.S.-based risk man should deal with them.
- **Product Liability Control and Funding:** Identifying product liability control areas, with emphasis on the Consumer Product Safety Act. Report will also detail how one major U.S. corporation has dealt with the problem.
- **How to deal with those who provide Risk Management Services, Agents/Brokers, Claims Organizations and Engineering Facilities:** The care and feeding of those you depend on for services and how to get the most out of them.
- **Risk Management Cost Allocation:** An effective risk management program should be understood and implemented at the operating unit level. How do you create cost incentives at that level to make your risk management program more effective.
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- **The Risk Management Function in Management:** Given the evolution of the risk management function—from clerk to buyer to manager—where should today's risk man belong in the organization of his company.
- **Self-Insurance and Workmen's Compensation:** The pros and cons of self-insuring workmen's compensation—with the emphasis on the pros. Report will also identify those firms capable of assisting in the administration of self-funded plans and summarize state laws regarding the self-insurance of workmen's compensation.
- **Natural Hazards—Earthquakes, Floods and Windstorms:** How are you fixed geographically and, if there's an exposure, how should you cover it. Report will also delve into the various government disaster insurance programs available or on the drawing boards.
- **Corporate Risk Insurance Management Manual:** Every company should have a corporate policy on risk management and insurance that has the approval of the board of directors. A risk management manual is also a valuable tool. Should it be one of 100 pages? Examples will be included in the report.
- **The Risk Manager and Corporate Social Responsibility:** Should the risk manager, in the best interest of his company, take an active role as an ombudsman of sorts?
- **Risk Control and Risk Management Administration—A conflict between Line and Staff:** The risk man often must walk a delicate line between line and staff management. How can he without falling in either direction?
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NAME / TITLE

COMPANY

STREET

CITY, STATE, ZIP

Health premium hiked for federal employes

WASHINGTON—The majority of the 40 health insurers providing coverage to almost 3 million federal employes have hiked premiums.

Blue Cross-Blue Shield, the largest insurer in the pool with some 1.7 million federal workers and about 2.3 million dependants, increased its high-option premium by 19.3%. To federal workers, who now pay 60% of the premium, the Blues hike translates to a 26.7% hike for workers insuring only themselves, and 27.9% for those insuring families as well. Low-option premiums were not hiked.

AETNA second largest with roughly 450,000 workers, upped premiums by more than 13% for both high and low-option plans. The new premium means increases of 18.3% for high-option family coverage, 16.5% for individuals with the high-option coverage, 24.4% for low-option family insurance and 17.3% for low-option individual coverage.

Two members of the government health benefits pool—Health Assn. of D.C. and the AFL-CIO American Postal Workers Union plan—did not increase the cost of their coverages. In fact, these persons may be paying less.

The hikes by the Blues and Aetna were accompanied by a number of benefit improvements.

The Blues' high-option in-hospital room and board schedules jump from 100% of the first $1,000 to 100% of the first $2,000. The low-option room and board celings were increased from 100% of $500 to 100% of $1,000. Low-option policyholders, however, had their deductibles increased from $50 to $75.

Aetna high-option policyholders have had their supplemental benefits limit raised from $50,000 to $250,000, and low-option benefits were increased from $25,000 to $150,000. Low-option maternity benefits were also improved from $150 hospital expenses/$125 physician care to $250/$175. ■

Letters to the editor . . .

Continued from page 20

Your column was correct in indicating that the cost of health insurance follows the general economic trend. However, it would be well to emphasize that health insurance premiums do not have a movement of their own. Their nature is to reflect the trend of cost experience of all items covered in the medical care package. There is no way health insurance costs could lead a trend, up or down.

Last, your column seems to accept the idea that healthcare costs will stay high and may go higher. There was no recognition of the forces at work to try to control these costs. Insurance companies are one such force seeking changes in the system. Briefly, private companies are doing these things:

(1) Promoting comprehensive national health insurance legislation (the Burleson-McIntyre Bill—H.R. 5200, S. 1100) that will increase the availability and productivity of health manpower, encourage development of other less costly systems, like ambulatory care centers and HMO's,

(2) Participating in various stages of development of dozens of health maintenance organizations throughout the country,

(3) Actively supporting the growth of authority for local healthplanning agencies so that costly medical facilities will not be duplicated in any area,

(4) Sponsoring and promoting health planning agencies so that state certificate of need legislation and the creation of commissions for review of hospital charges and utilization of medical facilities.

Your column has called attention to the reality of high healthcare costs. The story does not end there. I suggest it would be in good order to tell the rest—what is being done to try to control these costs.

Leslie P. Hemry
President, Health Insurance Assn. of America, Washington, D.C.

Insurance consultants

To the Editor: It is with a great deal of dismay that I read in a recent issue of *Business Insurance* that the Insurance Counsultants' Society currently named the Society of Insurance and Risk Management Consultants is "defunct."

As the president of the society, which is currently composed of 17 member firms encompassing approximately 30 practitioners, I take exception to the statement that the society has been disbanded. The Vice President is William McIntyre, CPCU of RIMCO Inc. of Dallas; Secretary, Jerry A. Caron, CPCU of First Insurance Management Co. of Philadelphia and Treasurer, Mary Ann Carey of Worcester, Massachusetts. . . .

Since September, 1964 when the original 12 founding practitioners met at the Drake Hotel in Chicago, the society has quietly and consistently worked in the direction of the words in the articles of incorporation: "To promote, develop and maintain a professional organization dedicated to the public's interest in obtaining fair, objective, independent, thorough and professional information and advice about insurance." . . .

It would be greatly appreciated if you would correct past statements by assuring your readers that the Society of Insurance and Risk Management Consultants is a viable and healthy organization espousing the practices of risk and insurance management consulting.

David A. Langner
Crain, Langner & Co., Cleveland, Oh.

Editor's note: We're happy to set the record straight.

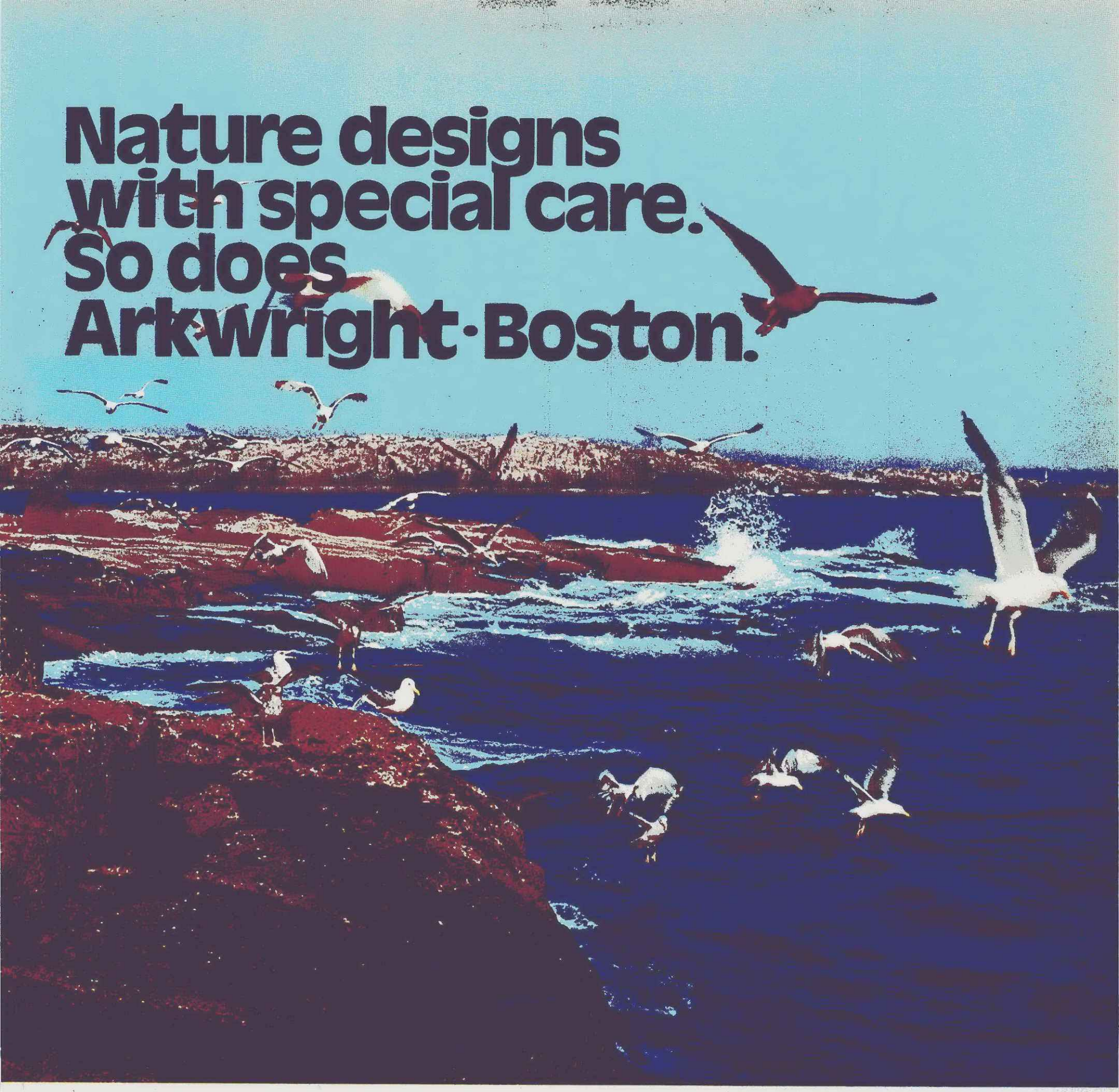
West vs. McDonald

To the Editor: I would very much appreciate your advising me of the name and citation of the New Jersey supreme court legal case mentioned in the attached editorial.

Charles W. Pachner
Frenkel & Co. Inc., New York, N.Y.

*Editor's note: The editorial Mr. Pachner is referring to (*Business Insurance, *July 2, 1973), dealt with clarity in policy language. The citation is: West vs. McDonald, Oct. 7— Nov. 4, 1968, 103 N.J. Supreme Court, 201 affirmed in 52 New Jersey 536.*

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COMPLETE COVERAGE

Risk managers must be willing to take more risks

HOUSTON, TX.—The risk manager, in an effort to attain his own as well as his company's goals, must be willing to take more responsibility and more risks, a group or risk men was told here last month.

"A totally coordinated risk management program is what we are attempting to achieve," A. J. Greene, risk manager of the Signal Oil & Gas Co., told the Houston Society of Insurance Management. "A program responsive to changes in the economy, environment and times in which we live.

"To accomplish this," he continued, "total responsibility for program design and control rests, as it must, on the risk manager. No one else—broker, carrier or consultant—is responsible for the results. It is our opinion that to be a manager in the true sense of the word we must assume full responsibility. If the program is successful, credit is given to those who helped in its formulation, but if it fails, only the risk manager is responsible.

"While the dangers to the risk manager's position are increased under this philosophy, so are the rewards—both in satisfaction and financially," he added.

MR. GREENE POINTED out no single feature of a risk management program is more important than any other and all phases, from loss prevention to self-insurance, should be pursued with the same amount of enthusiasm. And when everything works, the risk manager can be justifiably proud of what he has put together.

Looking at one portion of a risk management program, Mr. Greene noted, "While I do not advocate self-insurance as a goal or risk management, I do have some distinct feelings about insurance and its proper role. My chief objection to low level insurance is that it lulls us into a complacency with the management of risks of loss and propagates a lack of in-depth understanding of our total function.

"Insurance is a necessary and important tool and has its rightful place for the risk manager," he said, "but it should not be used to relieve the risk manager of his responsibilities."

He felt that allowing brokers and carriers to do work the risk manager himself should do is, in essence, trading away "our professionalism and our management position" and simply becoming an insurance purchasing agent.

TURNING HIS attention to the risk management program at his own company, Mr. Greene said the education of management is of prime importance because management could hardly be expected to support something it does not understand. Cost comparisons and periodic reports on exposures and how they are handled were the educational tools he mentioned.

"A significant amount of time is spent in keeping abreast of Signal's diverse operations and assessing risks," he explained. "Many are insignificant and can be ignored but others cannot. This phase requires much travel, for even the smallest locations can have changes in exposure from year to year. And we manage to maintain rapport with the local operating personnel by frequent contact."

He said the proper selection of risk management tools came about when risks are understood fully.

According to Mr. Greene "One reason for our rather extensive use of risk retention is the control of the various steps which we retain, i.e., claims, loss prevention, subrogation and coverage decisions."

"ADDITIONALLY, we feel that this control is the long term key to a successful program," Mr. Greene continued. "Consequently we are very discriminating in procurring claims adjusting, loss prevention assistance and the other services necessary in such a program."

He said he insists on meeting with underwriters when a placement will be of a substantial cost and develops a "feel" for what a risk is worth before he approaches a market, including the broker. In this manner, the market is faced with someone saying, "Here is the risk and here is what we think it is worth," rather than someone asking for a price.

At that point, brokers and underwriters would be given the chance to explain why they thought the price should be higher and a final premium would be negotiated.

"Our choice of brokers is not locked to one but is flexible," Mr. Greene went on to say. "Our door is open to listen to any broker who feels he has a new idea. We seriously question the use of two or more brokers on exclusive London placements and we keep in frequent contact with the London market and generally deal directly with the Lloyd's broker.

"WE BELIEVE strongly in a fee system rather than commissions for the broker because we feel he should be compensated fairly for all his work even when it doesn't result in the purchase of insurance," he added.

Earlier, Mr. Greene had said the main concern at Signal was the financial impact of loss or risk of loss on the company and the best way to lessen this impact was to discover the risks inherent in the company's varied activities, evaluate them and treat them.

The best way to do this, he indicated in his summation, was to subject everything to constant examination and recognize that time can change a company's needs.

"We are also not afraid to admit that there might be a better way to do something than what we have been doing," he said. "We believe in open interchange of ideas with anyone who is searching for the best method of managing risks, even though they may disagree with our approach. It is the proper mix of all the risk management tools available that we believe will yield the best program."

His final question he felt was highly argumentative: "How many risks do you personally take on your job—not risks of bodily injury—but risks that can cost you your job? Are these planned or unplanned risks?

"We all want to see the professional stature achieved by our function within the corporate entity," he said. "Yet this can only be had through personal sacrifice and total committment to the risk management philosophy. It means braving new frontiers, not letting 'George do it' and continuing our education in all the methods available to us." ■

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Methods of collecting profit data questioned

CHICAGO—Official support of by-line, by-state profitability reporting could hurt open rate competition, the president of the National Assn. of Independent Insurers (NAII) charged.

Vestal Lemmon, president of the NAII, said that the National Assn. of Insurance Commissioners (NAIC) recently outlined several methods of collecting profitability data in a special task force report.

"An official position by the NAIC in support of by-line, by-state profitability data may very well serve to undermine the considerable progress made in recent years in support of the policy of fair and open competition as being the best regulator of rates in the public interest," Mr. Lemmon contended.

A spokesman for one of the state regulatory agencies said that the argument against profitability data reporting presented by the NAII is "really untennable."

"Profitability data isn't going to undermine the program," he said. "It's going to show what progress is being made."

"They (the insurers) just hope that this thing will go away," he added.

OPEN COMPETITION laws are now operating in 16 states, representing about 50% of the volume in property and liability insurance, the spokesman explained. These laws have a provision that the state insurance commissioner can seize control of the insurance rates if competition ceases to be effective. But the success of open competition cannot be determined without knowledge of profits made by the insurance companies, the spokesman stated.

The personal lines market, with profitability data on small policies held by individuals, is the main area being disputed. Profit data on most commercial lines of insurance is usually known by the carriers' clients, the spokesman said. ■

Doctor's study . . .

Continued from page 10

berg' devices," Mr. Mauro said, adding, "I asked OSHA to come in and while they said they would love to, state agencies are exempt from Federal law. They told me to take it up with the state, but of course, if I had been able to do that I wouldn't have called on them."

"I also have a letter from the Federal Health, Education and Welfare Administration saying their legal counsel advises that TBTA does not come under their jurisdiction as an employer and is not subject to their laws," Mr. Mauro said. "They told me that political subdivisions of the state are subject, instead, to a state plan, but they added that New York's is in developmental stages. That means the plan is not ready yet," he stressed.

"So, New York does not have a plan and the TBTA has done nothing but put up a piece of junk," he said. "It's what I call 'visual relief'—if it looks weird enough, people will actually believe it works," he added.

"IF THINGS are so great, how come they can't get certification from the city?" he asked. "They should have had it in May 1972," he noted.

The industrial hygiene division of the New York State Department of Labor does have jurisdiction over the pollution problems in working conditions. Dr. Jacqueline Messite, a DOL spokesman, noted that the authority only came under that jurisdiction in mid-1971, after the first ventilation equipment was installed. Prior to that time, the TBTA was exempt from state labor laws.

Since the DOL has been in on the case, it has helped develop and test equipment and has found the weighted daily average of carbon monoxide to be "well within the threshold limit of 50 parts per million of air."

She stressed that the Air Resources Commission standards apply to ambiant air, not industrial ventilation. "Needless to say, however, we will continue our monitoring of the equipment and we will wait for more research to reveal what proportion of carbon monxide in air is dangerous under different conditions," she said.

WHILE AN eight-hour weighted average is considered a standard occupational exposure for the bridge and tunnel workers, a two-hour daily traffic period is generally considered a community problem, for example, as Dr. Ayres' study indicated.

"As we discuss the situation today, it has boiled down to a matter of comfort," Mr. Schoepfer of TBTA said, "and it is difficult to distinguish sometimes between scientific and technical side and labor-management relations."

"It's true we don't pass inspection if one of the boilers breaks down, but it is hard to predict mechanical failures," he said.

"The City refuses to give us approval, but they have never said what we should do to correct the conditions," he complained. "I wish the City would tell us about the ceilings and extra boilers because we would be willing to make any changes they suggest."

"If we could get the right kind of cooperation from the Department of Air Resources, things would be better," he said. "Anyway, the State DOL protect TBTA employes—they even have their own section in the state law," he added.

SENATOR MEYERSON said that "the first order of business for the proposed heart and lung pension bill will be to hold the hearings."

"The hearings will alert the other members of the committee and elicit information from doctors who specialize in lung diseases," he said.

"We also want to bring this issue to the public and to other legislators so they will look favorably on it when it goes to the floor," he noted.

"I'd like to have hearings throughout the state and then apply the pension bill to all workers who suffer a pollution risk similar to the Triborough Bridge and Tunnel workers," he added.

Mr. Mauro added: "We want known, bona fide experts to be called in whenever a ventilation problem arises, and of course we could use more disability coverage."

Because of his union office, Mr. Mauro is presently on leave from his job as a toll collector. "That's what keeps me on my toes. I don't want to go back to that air," he said. ■

Parke Davis settles suit for $150,000

PITTSBURGH—A Western Pennsylvania housewife who claimed a birth control pill rendered her partially paralyzed, made an out-of-court settlement with Parke Davis & Co. for $150,000.

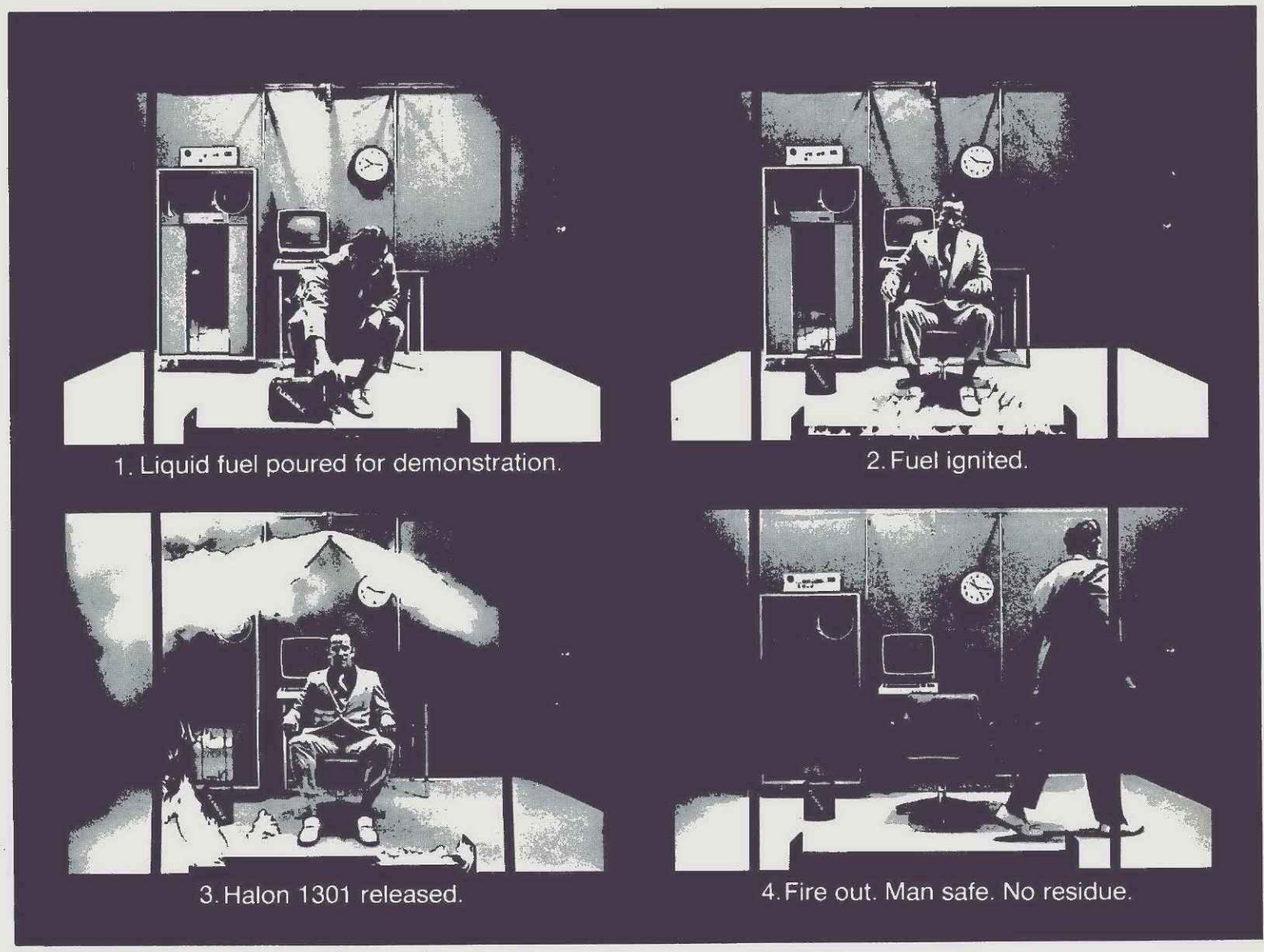
Product liability coverage for the drug company is underwritten by Lloyd's of London.

Mrs. Bettie Wright agreed to settle with Parke Davis after nine days of jury trial.

In her suit Mrs. Wright charged that she became paralyzed after she took the pill, Norlestrin, beginning in August, 1967.

She claimed she experienced seizures in 1968 and 1969. Then in 1971, she was admitted to a Pittsburgh hospital suffering cerebral damage and paralysis to the left side of her body.

Mrs. Wright's attorney charged Parke Davis was "negligent" in manufacturing and selling the pill without giving proper instructions and warnings about the drug's possibly harmful side effects. ■



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Sex discrimination suits are pushed by EEOC

By STEPHEN GOOD

CHICAGO—Nine corporations are currently being sued by the Equal Employment Opportunity Commission (EEOC) in federal district courts. The charge: sex discrimination in employe benefits.

Since March, 1972, when the EEOC was given the legal clout to investigate alleged discrimination and file charges, a total of 144 suits have been pressed under the Civil Rights Act of 1964, Title VII. And the legal campaign shows no sign of slowing down.

There is a gung-ho attitude at EEOC headquarters in Washington, D.C. these days. Despite the slow process of litigation and reform, EEOC officials are determined to continue their legal crusade.

"The businesses are sitting out there," one spokesman said. "You have to sue them all. Most are waiting for an avalanche of judicial legislation. They don't want to spend the dollars, even if it is fair.

"THE PRINCIPAL of non-discrimination is exceedingly important from an ethical and moral viewpoint," the spokesman added. "The businesss world is really digging in its heels on this one."

Employe benefits are only a small part of Title VII, but they are giving some businesses a big headache. Sex discrimination in hospitalization benefits, pensions and life insurance plans are all covered, and the EEOC's "Guidelines on Discrimination Because of Sex" have carefully defined what is discriminatory and what is not.

Hospitalization benefits in maternity cases are commonly cited as examples of unequal employment practices. Companies that force women to quit work after the fifth month of pregnancy, or that provide a flat rate of $700 for childbirth hospitalization, are breaking the law. The EEOC is arguing in court that hospitalization benefits must be applicable to both sexes. Maternity care should be treated as a "temporary disability" with no special cost or time limits on health care.

Sec. 1604.9 (b) of the EEOC's guidelines reads, "It shall be unlawful employment practice for an employer to discriminate between men and women with regard to fringe benefits."

Other benefits like pensions and life insurance are less controversial now, a source at the EEOC said. But the practice of differentiating between "principal wage-earners" and "non-principal wage-earners" is also considered discriminatory. These definitions are often used by employers to clarify pension and insurance needs. Because women are not usually considered the principal wage-earner in a family, they tend to receive unequal benefits.

One suit against National Can Corp. in San Leandro, Ca. has already been settled. The EEOC charged the company with discrimination "against women by requiring one year qualification for maternity leave, without requiring a similar delay for sick leave used by men." The company also allegedly forced women to leave after their third month of pregnancy.

Ironically, National Can Corp. was charged with discrimination against men as well. Bigger pensions were allegedly given to women than to men in cases of early retirement.

The suit was settled in May, 1973, with a consent decree by National Can Corp. The company agreed to eliminate discriminatory policies. No penalties were levied by the court.

OTHER SUITS still in process include:

- E.I. DuPont de Nemours & Co. in Wilmington, De. Suit was filed Nov. 13, 1972. The EEOC has charged the company with discrimination against women by treating pregnancy as different than other non-occupational disabilities.
- Union Electric Co. in St. Louis, Mo. Suit was filed April 26, 1973. They have been accused of discrimination against women in maternity and sick leave policies, and in disability benefits.
- Litton Industries Inc., Business Machines & Systems Co. in Athens, Oh. Suit was filed April 16, 1973. They were charged with sex discrimination against women by imposing unlawful maternity leave policies.
- MacMillan Bloedel Containers Inc. in Cleveland, Oh. Suit was filed July 5, 1973. They have been charged with discrimination against women in retirement as well as maternity leave policies.
- Western Electric Co. in Watertown, Ma. Suit was filed May 4, 1973. The company has been charged with discrimination in maternity leave practices.
- International Paper Co. in Kalamazoo, Mi. Suit was filed May 18, 1973. The EEOC charged discrimination in pregnancy leave practices.
- Collins Radio Co. in Richardson, Tx. Suit was filed May 22, 1973. They were charged with discrimination in maternity leave policies.
- Seattle Post Intelligencer, Seattle, Wa. Suit was filed July 17, 1973. The EEOC has charged them with discrimination in pregnancy leave policies.
- International Salt Co. in Cleveland, Oh. Suit was filed June 22, 1973. They have been charged with discrimination in maternity-related disabilities.

An EEOC spokesman said that if these suits are won, the company will usually sign a consent order as did National Can Corp. This is a formal agreement to stop any discriminatory practices "in compensation, or other terms, conditions or privileges of employment." Although penalties may be meted out by the court, the practice is not common. But payments might be a part of a settlement made with any plaintiff denied benefits up to two years before the suit was filed.

ONE INSURANCE analyst interviewed by *Business Insurance* said that if the EEOC continues to win suits concerning maternity benefits there will be "major cost implications" for corporate employe benefits programs. Women could extend their periods of post-natal recuperation by feigning complications, he said. Maternity coverage placed under a regular temporary disability coverage program could result in women receiving health payments for up to a year.

"That's a bunch of bull," said an EEOC official. "Those claims can be checked just like any other claims. It's just completely irrational."

He added that one unoffical survey showed maternity benefits costs rose about one-tenth of 1% when they were added to employe temporary disability coverage.

While the battle continues between the EEOC and employers, a numer of private suits have also been filed around the country. General Electric Co. in Richmond, Va. is reportedly being sued because of alleged disability benefits discrimination in maternity cases.

At this time the EEOC has no record of the exact number of private suits being considered that deal with sex discrimination in employe benefits, but such information is being sought for purposes of legal coordination.

What lies ahead? The U.S. Supreme Court may soon consider two opposing decisions handed down by federal circuit courts on the constitutionality of termination policies for pregnant school teachers. But these cases are being considered under the 14th Amendment, and one EEOC official said that the decision would not affect the Title VII stipulations of the Civil Rights Act.

One other issue just beginning to boil is the right to paternity leaves. After all, if a woman is temporarily disabled by childbirth, isn't a father disabled as well? ■

AMA holds conference

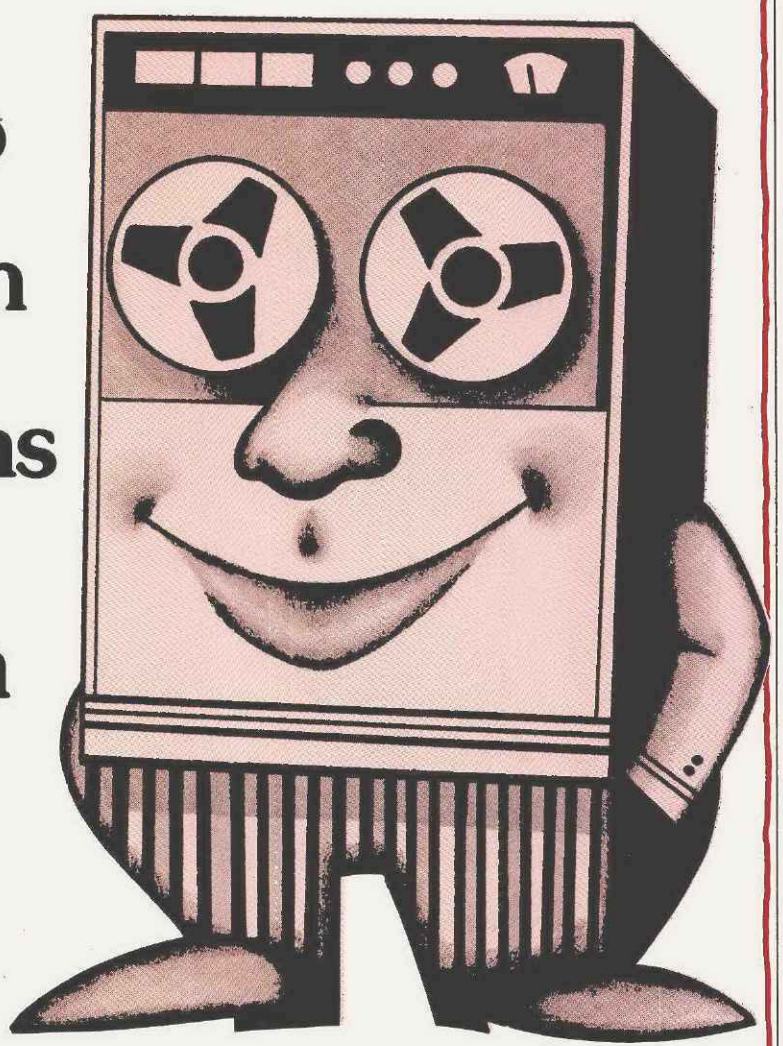
NEW YORK—The American Management Assn. will sponsor its Annual Insurance and Employe Benefits Conference in New York City, Nov. 12-14.

This is the first time in 36 years that the conference has been scheduled outside of Chicago. It will be staged at New York's Statler Hilton Hotel.

The conference is being divided into two parts. Subjects of importance to employe benefits and personnel managers will be covered in one-half of the conference. Presentation topics will include negotiating fringe benefits, preventive medicine, managing the corporate pension fund and funding employe benefits.

The other half of the conference will focus on life insurance. Areas covered will include; computer fraud, cash management and job enrichment. A total of 64 speakers will give presentations.■

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labor beat

Labor officials have strong criticism for catastrophic health care proposal

WASHINGTON—The latest Congressional offering to proponents of national health insurance has been termed by the labor-controlled Committee for National Health Insurance "not a step on the road to solution" and a measure that "may well lead us into a blind alley."

Sens. Russell Long (D-La.) and Abraham Ribicoff (D-Ct). recently proposed the "Catastrophic Health Insurance and Medical Assistance Reform Act of 1973" as a less-expensive alternative to the labor-backed plan sponsored by Sen. Edward Kennedy (*Business Insurance*, Oct. 8).

The Long-Ribicoff measure sets limits of $2,000 and the costs of the first 60 days of hospitalization on medical expenditures for private citizens. The federal government would pick up any additional costs and would provide completely free care to low-income persons. The bill also contains provisions that would make available a "certified private insurance policy at a reasonable cost" to cover medical costs up to the point where federal payment begins.

THE CATASTROPHIC program, its sponsors claim, would cost $3.6 billion each year and would be paid for through Social Security taxes. The Kennedy bill would provide all health care without co-payments, deductibles or exclusions and would cost an estimated $80 billion annually financed by general revenues and increases in income taxes.

"The catastrophic illness proposal which is at the center of (the) plan is not a health insurance plan," said Leonard Woodcock, United Auto Workers union president and chairman of the committee. "It is a costly new way of taxing everyone so that fewer than 1 million people would receive benefits in any one year.

"By imposing a new tax on every worker's paycheck, low-income people would, in effect, be contributing to the payment of benefits for middle- and upper-income groups," he said. "The high deductibles would wipe out the resources of many workers even before any benefits would become available to them. A $2,000 deductible on physicians' fees plus a 60-day deductible on hospital costs clearly makes this a proposal to benefit a few at the expense of many."

UNDER THE free-care-for-the-poor provisions of the proposed legislation, no-cost coverage would only be available to individuals earning no more than $2,400 annually and to families with incomes no higher than $3,600 for two persons, $4,200 for three persons, $4,800 for four persons and an additional $400 for each additional family member.

Mr. Woodcock also strongly criticized the bill's lack of cost and quality controls, charging that, unless such controls are incorporated, current inflation in the health care sector would be allowed to accelerate.

"It would create incentives for longer hospitalization and further encourage the flight of health manpower from rural and small town areas to urban centers where catastrophic illness insurance funds would be made available for middle- and upper-income groups to pay for specialists and other expensive care," Mr. Woodcock said.

"The Senate finance committee (which Sen. Long chairs) itself reported on physicians who have earned more than $250,000 in a single year from Medicaid," he said. "The Long-Ribicoff proposal would substantially increase these earnings."

MR. WOODCOCK made it clear his committee and the unions which it represents will not settle for anything less than "full protection for every family against all health care costs."

"True health security cannot be realized without basic reforms in the health care system including cost controls, quality controls, more family doctors and a restructuring of the delivery system," he said. "Senators Long and Ribicoff, knowledgeable as they are about America's health care problems, recognize that good health can be achieved and maintained by readily available preventative services, early diagnosis, treatment and rehabilitation. Their bill makes possible none of these essentials."

While reasserting the committee's support for Sen. Kennedy's Health Security Bill, Mr. Woodcock suggested that hearings be held to review the provisions of all the national health care proposals now before Congress.

"Only a thorough going-over and careful review of the bills, measured against the problems they were designed to cure, can result in real progress in giving the American people the kind of health care protection they urgently need," he said. ■

Bidding eyed for county's insurance

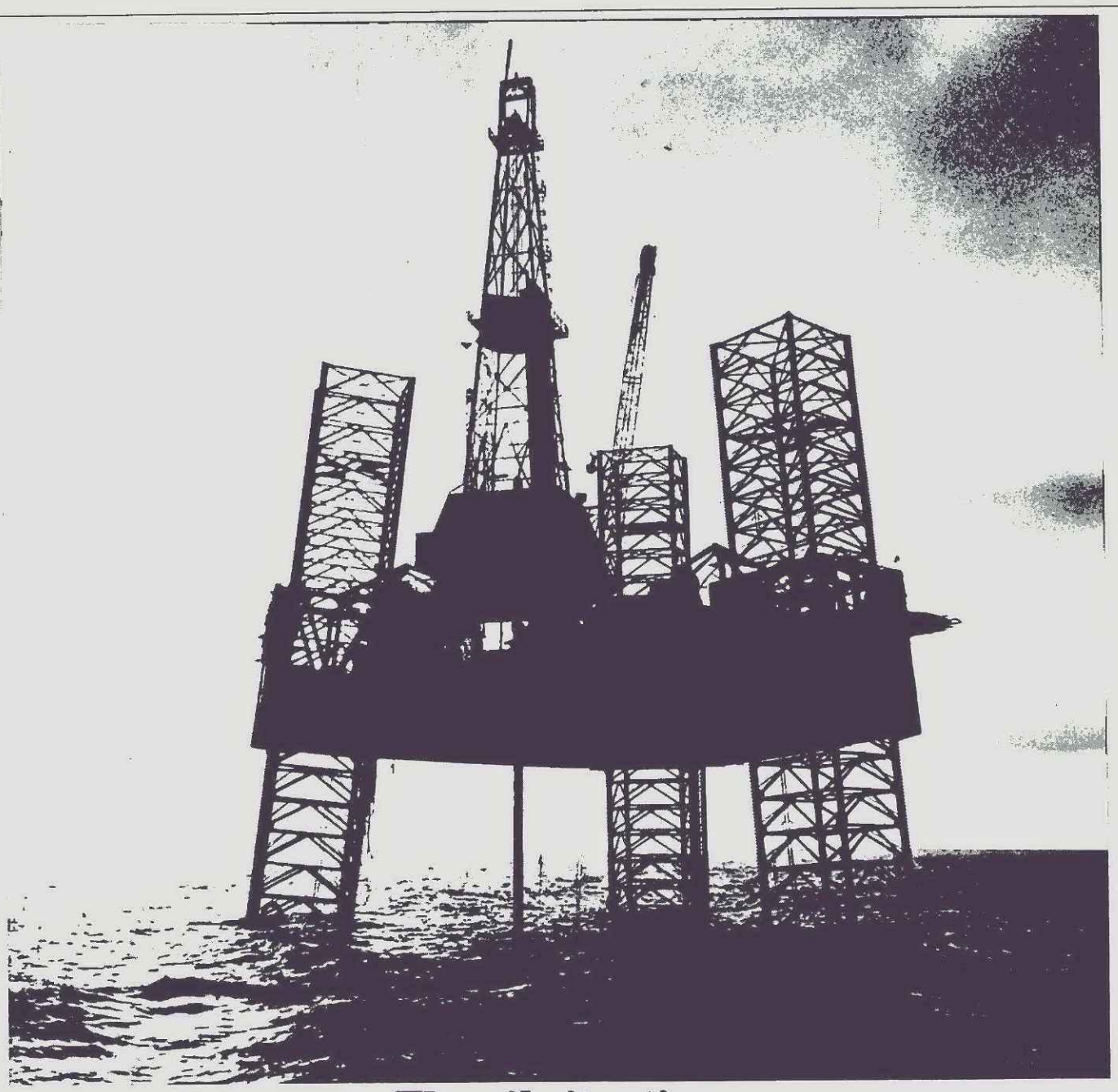
BUFFALO—A strong move is underway here to permit Erie County to receive competitive bids for its insurance contracts.

The move is being spearheaded by Erie county, whose government affairs and consumer protection committee voted 5-1 in favor of a local law which would allow the county to take competitive bids.

The proposal now goes before the full county government.

Richard D. Miller of Orchard Park, who sponsored the measure, maintains the law could save Erie county about $50,000 a year in insurance premiums.

The proposed insurance law would require only the addition of the word "insurance" in a local law already established which enables the country department of purchase to buy services by competitive bidding. ■



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NEW YORK—Entry blanks are now available for the second *Business Insurance* Employe Benefits Communications Awards Competition. This year's competition will culminate with the presentation of awards at the American Society of Insurance Management's Employe Benefits Conference luncheon Tuesday, April 30, 1974, in Toronto.

Open to employers and others involved in the communications process, such as employe benefits consultants, the competition has four categories and entries may be submitted in either or all categories:

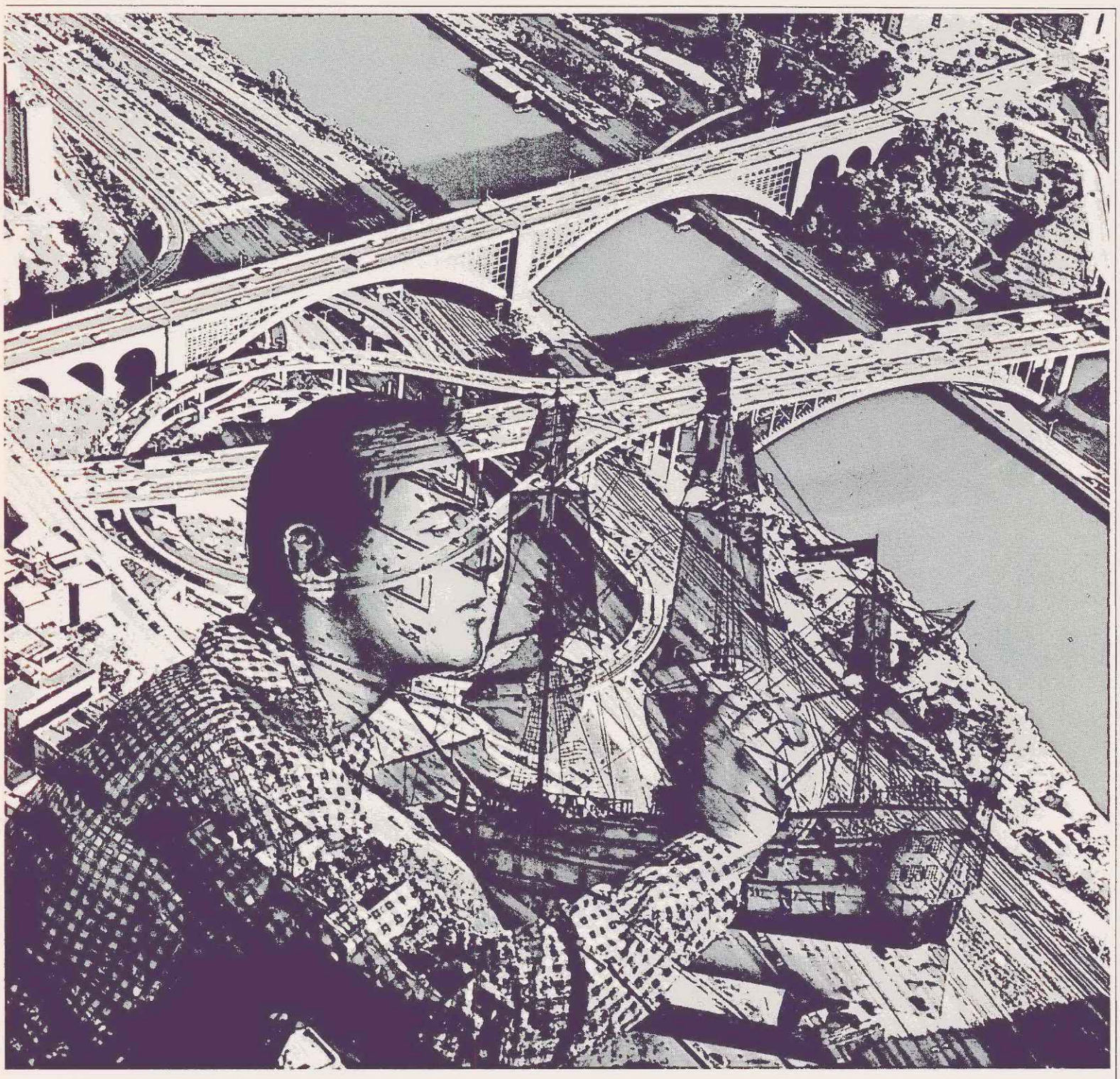
- Booklets.
- Personal communications, such as letters and computerized benefits statements.
- Audio-visual.
- Total communications program, a new category comprising a combination of any or all of the above, plus any other element in the program.

ALL MATERIAL submitted will be judged by a panel of experts in the communications field, though not specifically involved in the communication of employe benefits. Judges will be chosen by the editors of *Business Insurance* at a later date.

Winners will be picked on the basis of graphic appeal, effectiveness of copy, the amount of information provided, how often published and novel techniques used in communicating benefits.

Entries will be accepted beginning Dec. 3 and continuing until March 15. However, interested companies and consultants (who may submit entries on behalf of clients, and who will also be recognized for their work should one of these entries win) should request entry blanks, rules and other information as soon as possible by filling out the coupon on this page.

Winners in last year's competition included Delta Air Lines, Security Pacific National Bank, Dun & Bradstreet, Northwest Bancorporation and Nationwide Insurance Cos. They were chosen from more than 120 entries. ■



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Gov't trustee to divest ITT fire division

WASHINGTON—The Justice department asked a federal court to appoint a trustee to divest the Fire Protection Division of the Grinnell Corp. from its parent company, International Telephone and Telegraph Corp. (ITT).

Assistant attorney general Thomas E. Kauper of the department's anti-trust division said the proposed order was one of the steps contemplated in the consent judgement entered over two years ago that settled an anti-trust suit brought by the government, challenging ITT's acquisition of the Grinnel Corp.

The consent judgement provided that if ITT failed to divest itself of the Fire Protection Division by Sept. 24, 1973, ITT would place all of its undivested interest under the control of a trustee at its own expense.

As of the deadline date, the giant international conglomerate had not rid itself at the Grinnell Corp. division.

The Justice department said ITT agreed to allow James H. Goss, former president of the Automatic Sprinkler Corp., to act as trustee.

The Justice department reserved the right to secure adjudication of any issues regarding compliance by ITT with the requirements of the final action, a spokesman said. ■

Senators to address NAII convention

LOS ANGELES—U.S. Senators Barry M. Goldwater of Arizona and Herman E. Talmadge of Georgia will be the featured speakers at the 28th annual meeting of the National Assn. of Independent Insurers (NAII) to be held here Nov. 12-15.

The theme of the meeting will be "A New Environment for Insurance." About 1,500 insurance executives, government officials, state insurance regulators and others are expected to attend.

Two state insurance commissioners, Gleeson L. Payne of California and Fletcher Bell of Kansas, are also scheduled to speak at the convention. Bell is president of the National Assn. of Insurance Commissioners. ■

Initial product liability claim rise is foreseen

WASHINGTON—Product liability insurance experts surveyed by *Business Insurance* feel that the activities of the new Consumer Product Safety Comission (CPSC) could initially prompt a rash of product liability lawsuits. However, they anticipate a decrease in claims once the recommendations of the commission are implemented by industry.

The commission was created a year ago by Congress to develop and enforce safety standards for some 10,000 products and to inform the public of any significant risks of injury associated with those products.

"I THINK it's obvious that the commission may make the general public much more product-conscious," Andrew Kalmykow, counsel for the American Insurance Assn., said. "But, I don't think that necessarily means we can expect more claims. This thing could work the other way; if the commission does come out and make products somewhat safer, presumably, with increased safety, there will be less claims."

Mr. Kalmykow cited the federal government's action on vaporizers as an example of how risk reduction can lead to fewer injuries, and, consequently, fewer lawsuits.

"Most of these vaporizers use boiling water and there was a problem with infants knocking them over and getting burned," he said. "What the government did was to suggest to the manufacturers that he amount of water being boiled within the vaporizer be very limited at any one time and the product be designed so that the boiling water is replenished from a non-boiling supply. This way, even if the vaporizer is knocked over, there is very little boiling water present to cause injuries.

"In this area, the federal government's action was a very helpful development," he said. "What effect similar action will have on other product areas, at this time, remains to be seen."

Mr. Kalmykow said the CPSC ratings of product-related injuries "doesn't necessarily mean there is anything wrong with the products involved."

"It may be an indication of defect, but then again, it may not," he said. "It merely indicates an alleged connection. People fall down stairs and injure themselves all the time, but that doesn't necessarily mean stairs are unsafe."

By and large, he said, product liability insurers do not use the injury incidence figures in determining rates.

"WE CERTAINLY look at the figures to see what products have a high incidence of injuries attributed to them, but rate-making is still a matter of company's individual experience."

Donald Addis, commercial lines administrator with the American Mutual Insurance Alliance, told *Business Insurance* he expects an immediate increase in product liability claims as a result of the CPSC's operations, but, like Mr. Kalmykow, he says in the long run the commission's requirements will reduce product-caused injuries.

"I think one thing should be remembered," he said. "The data that is being gathered by the CPSC is largely limited to products that have a home and recreational use. This is only one segment of the product field and, consequently, not of too much real value to us."

Although admitting the commission's injury statistics are "of interest to us," Mr. Addis said most insurers will most likely depend on their own resources and such co-operative organizations as the Insurance Services Offices. ■

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Crime up, premiums up

SAN FRANCISCO—Property liability premiums for equipment of the Municipal Railway may rise because of a "substantial jump" in crime by youngsters.

"If the damage increase rate continues," explained a spokesman for the railway, "we will either run into difficulty with our insurance program or we certainly will suffer a great drain on our self-insurance funds."

A police Department study reported that assaults and batteries in the rolling equipment of the Municipal Railway have risen 17% this year and that "miscellaneous altercations" have increased 16%. In 1972, "malicious mischief" cost the railway more than $120,000.

"The peak period of crime on the Municipal Railway system is from two to six p.m., when most San Francisco junior and senior high school students ride public transportation from the schools to their homes." ■

How To Buy Insurance For A Corporation

How To Buy Insurance For A Corporation

by Bion H. Francis

As the insurance manager's function becomes more complex, and responsibilities increase, the need for informed decisions becomes extremely important. In response to this, BUSINESS INSURANCE has published a series of articles by Bion H. Francis which will help you deal effectively and confidently with a variety of insurance problems.

Bion Francis brings to the subject of insurance buying and risk management a wide range of practical experience in the field. He is presently an insurance consultant in Milford, Connecticut and a frequent contributor to BUSINESS INSURANCE.

In this booklet, a reprint of a recent series in BUSINESS INSURANCE, Mr. Francis discusses such topics as competitive bidders as opposed to negotiations, methods of selecting bidders, the self-insurance alternative, the role of management, tips for the risk man when handling catastrophe situations, and others. This booklet should be part of the background of anyone who buys insurance or manages risks for a corporation.

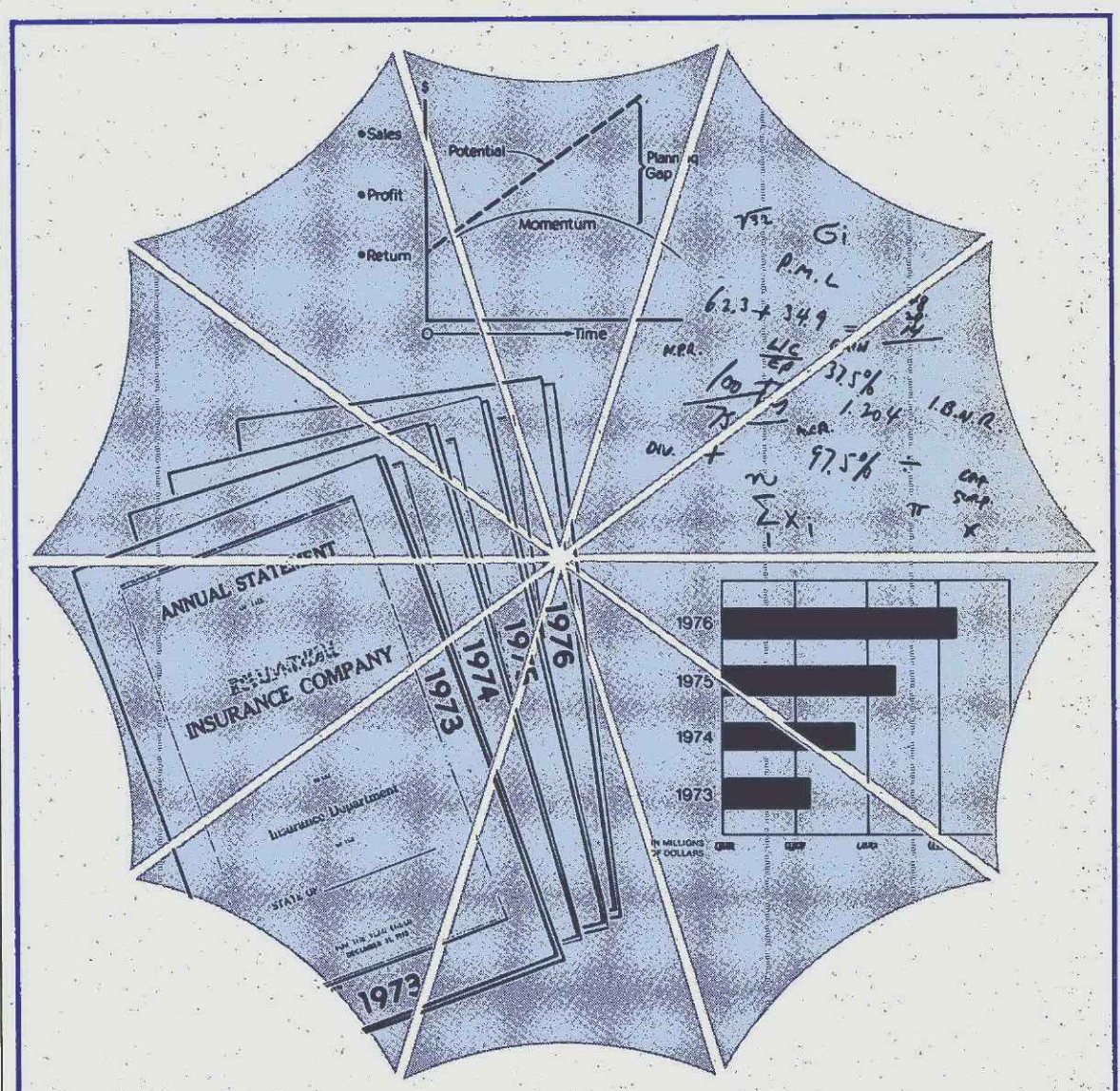
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German marine . . .

Continued from page 26

feeder services will reduce this special type of risk He also believes LASH lighter are being designed stronger and with better fastening devices. The lack of ventilation, however, is still a problem and damages to cargo from sweating is still expensive.

The most annoying problem in container traffic is the obsolete system of legal regulations which limits carriers liability to 1,200 deutschmarks per unit of cargo. Group statistics indicate in 134 damage claims exceeding 5,000 deutschmarks, the value of the cargo had averaged 44.269 per container.

"This proves," Dr. Groth contends, "that shipowners, whose liability covers only a fraction of the actual value of the contents, share a disproportionately small share of the overall risk."

Corrective measures may be a long time coming, although the German insurers have been pleading for them for a long time. The international agreement reached recently provides for shipowner liability for up to $2 per kilogram of cargo. It is difficult to tell when the new regulation will go in force, since their ratification by a number of national bodies is still pending.

MEANWHILE, the German Transport Insurance Assn. is watching closely the often-contradictory decisions of the United States courts and is repeatedly warning its members to make sure the accompanying documents specify clearly the number of packages in each container.

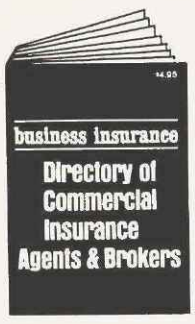
As of the present, Dr. Groth said, there is no precedent ruling in any German court on the issue and the American decisions are used mainly as a yardstick.

Discriminatory practices currently pose a much tougher legal problem, Dr. Groth continued, as it is currently introduced and practiced in several of the lesser-developed nations where imports into the nation must be insured with one of the nation's domestic underwriters.

Only governmental intervention, at present, can offer redress from this situation, Dr. Groth said, and it has become "a disease which could seriously affect the business of German insurers."

The problem of damage claims for shore and water pollution is not currently insurmountable, Dr. Groth revealed, and is really out of the realm of marine insurers, who are currently completely out of this business.

The German market, he said, is dominated by British and Norwegian protection and indemnity clubs, and although the anti-pollution measures will certainly add to the cost of marine insurance, "our members will not be directly affected." ■



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September 1973 edition

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Study urges change in N.J. work comp system

TRENTON—When the New Jersey legislature reconvenes here November 12, Governor William T. Cahill, armed with a 257-page study, will press for a complete overhaul of the state's workmen's compensation program.

The lengthy proposal, based on the findings of the year-old workmen's compensation study commission, cites 14 major deficiences in the present system and calls for their swift correction.

The deficiencies include inadequate awards in many death or permanent disability cases, excessive litigation, widely divergent medical testimony and the preponderance of cases involving minor injuries, the commission noted.

While recommending that the weekly benefits in death and permanent disability cases rise to a fixed level based on the average weekly wage and the cost of living, the commission also recommended that payments be made faster. The average weekly wage in New Jersey is presently $167.

TO ELIMINATE much of the present litiation, the commission proposed limiting the role of lawyers and compensation court judges. If most compensation awards could be made automatically, claims would be processed much more quickly. The commission suggested that awards be based on the impairment list of physical injuries prepared by the American Medical Assn.

To cut down on false medical reporting, the commission agreed with a recent State Commission of Investigation proposal that a law be passed making it a misdemeanor for a doctor to file a false medical report.

Dickinson R. Debevoise, Newark attorney and chairman of the Workmen's Compensation Study Commission, conceded that the recommendations, if adopted, would mean higher premium rates for employers supporting the compensation fund through Workmen's Compensation Insurance, but he suggested that additional cost could be passed along in the price of goods produced, sources indicated.

MR. DEBEVOISE noted there would be a savings in the administrative expenses, because reduced litigation would mean fewer legal fees.

Stressing the interrelation of the commission's proposals, he urged that piece-meal implementation be avoided. "It is a banquet to be eaten totally," he told reporters.

Mr. Cahill said it might be possible to enact legislation within the state this year because of the nonpolitical nature of the recommendation. ■

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Auto line broadened

The Safeco Insurance Companies have announced a broadening of their commercial auto insurance that will extend the coverage to meet the financial responsibility limits and no-fault laws of any state or Canadian province. The new commercial coverage, similar to the one added to personal auto policies earlier this year, will apply to policy-holders whose bodily injury and property coverage satisfies their own state's financial responsibility requirements.

Hospital malpractice premiums escalating

LOS ANGELES—Hospitals are paying higher malpractice insurance premiums with courts increasingly holding the institutions liable for the conduct of physicians who practice in them.

This was one of several hard facts about hospital insurance discussed at a lively seminar on malpractice insurance for doctors and hospitals sponsored by the Western Assn. of Insurance Brokers/Insurance Brokers Assn. of California. The all-day meeting also focused on errors and omissions insurance for architects and engineers.

James E. Ludlum, a partner of Musick, Peeler & Garrett, Los Angeles, counsel for over 150 hospitals, presented the hospital defense viewpoint in a spirited exchange with David M. Harney, a partner of Harney, Charbonneau & Bambic, Los Angeles, counsel for the plaintiff.

CITING A recent court decision which went heavily against Mount Zion Hospital, San Francisco, Mr. Ludlum noted the "$4 million judgment which the doctor settled on the policy limits of $100,000. This left the hospital's carrier with $3.9 million to settle."

(The Mount Zion case involved a child who was injured in a playground accident and suffered permanent brain damage. The court earlier this year also held the school district liable for an additional $25,000 in damages.)

"What we're seeing here is the institutionalization of liability in the malpractice field. When a patient's case goes sour, it isn't necessarily the doctor who fails. It's the system that fails and creates a liability situation where it's sometimes difficult to identify the responsible party," Mr. Ludlum stated.

For a period of ten years, from 1953 through 1963, the number of claims against hospitals was actually reduced, Mr. Ludlum said. "We were dealing with pure hospital liability and not doctor liability, but now that hospitals are picking up the doctor liability our premium costs are going up.

"In 1963 our malpractice premium insurance was 20¢ a patient day. Now it's about $1.35 a patient day in California and in many parts of the country it's up to $2 a day and higher," he said.

PLAINTIFF ATTORNEY David Harney added, "Certain groups are now advocating that if the physician in any hospital is guilty of an error then the hospital should be made liable for his conduct. The theory here is that the hospital will then do more to police the ranks of the physicians."

The same line of reasoning would apply to injuries which occur outside the hospital atmosphere, said Mr. Harney. "Again, the theory is that if the entire medical profession is made legally and monetarily liable, there will be more policing within the profession," he said.

"However," noted Mr. Harney, "to my knowledge, since 1950 in the state of California, not one physician has had his license revoked for neglect, incompetency or malpractice. In the entire U.S., consisting of 51 jurisdictions, some eight or nine physicians per annum have their licenses revoked out of the total of 300,000 physicians.

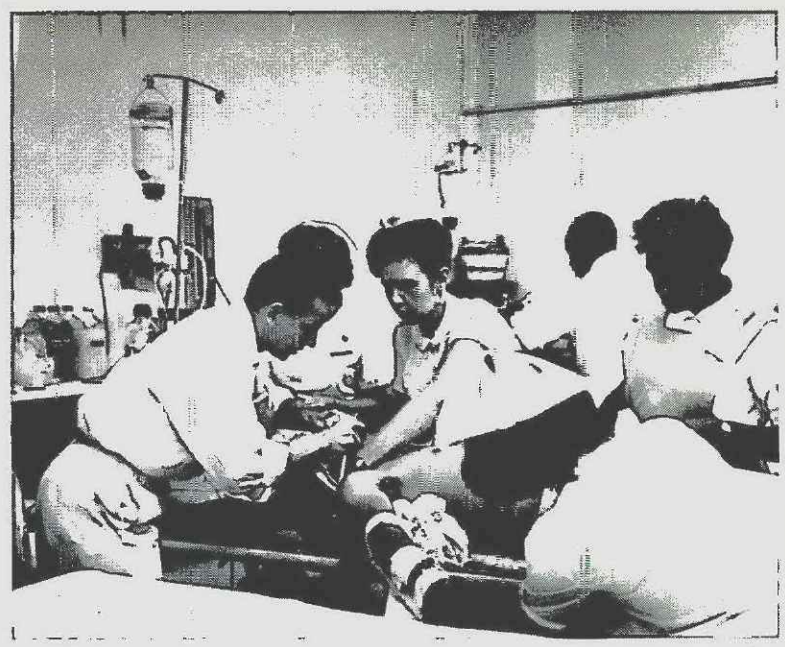
"Out of the eight or nine revocations per year," he added, "none are for malpractice or neglect. So one of the real problems that we're faced with as members of society is that malpractice does go on."

"Ironically," said hospital counsel Mr. Ludlum, "by improving the quality of practice we are increasing the potential for litigation in the case of failure, which is a potential in any human endeavor. Our reading of the future is that the better job we do the more money it's going to cost doctors and hospitals from a malpractice point of view."

Hospital counsel Ludlum also pointed up one of the problems that arise when a hospital medical staff initiates disciplinary action and moves to close up a malpractitioner. Said Mr. Ludlum, "The guy then goes to the best malpractice attorney he knows to sue the medical staff for deprivation of privileges, libel and slander."

Another aspect of the increase in malpractice cases was provided by Mr. Harney who attributed part of the rise to greater public awareness of the existence of malpractice. "Although it seems contradictory, the greater incidence of malpractice cases today stems from better medical treatment and increased contact between physician and patient."

Both attorneys cited a trend in the courts toward awarding damages in the form of monthly payments, instead of a fixed sum, to span the expected lifetime of the plaintiff. A case in point was the recent malpractice suit against Glendora Community Hospital in California which was settled with the purchase of an annuity which could pay an injured child as much as $21 million if he lives to age 68. ■



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Life insurers battle group plan cutoff law

SASKATOON, Saskatchewan —The Canadian Life Insurance Assn., an organization of 126 life insurance companies, is demanding changes in a new law proposed by the 10 provincial superintendents which would protect disabled beneficiaries of group life insurance plans against interruption of their monthly payments.

The superintendents are seeking to protect disabled employes who often lose their monthly indemnities when a group contract ends or is transferred from one company to another. Many claimants have been left financially stranded when the insurance company losing the contract refuses to continue payments.

J. A. Tuck, managing director of the Canadian Life Insurance Assn., addressed the superintendents' annual conference last month, however, and complained the proposed law is unclear about the insurance company's position in dealing with employes who are injured just before a group policy ends or is replaced by a contract with another company.

MR. TUCK noted the new law does not deal with a change of carrier during the waiting period before disability payments start or where premiums are waived during disability or where a change of carrier occurs before an accidental death benefit becomes payable.

The superintendents' recommendation suggest the company which loses the contract continue paying as though the contract remained in force, except where the contract is replaced within 90 days by another policy with equal or greater benefits.

Mr. Tuck criticized the 90-day provision, and proposed a 31-day replacement deadline. He was also critical of a provision guaranteeing that each member of the group insured under the old contract who is still eligible for coverage should be able to become a member of the group.

He suggested a rewording to emphasize the group member's eligibility to move from the old contract to the new policy, providing the new premium is paid.

John Woolsey, an actuary with William M. Mercer Ltd., a Toronto pension consultant, agreed the 31-day replacement period is reasonable, but suggested the period for reporting injuries be extended to 12 months. ■

OPIC authority goes to 1975 on House vote

WASHINGTON—The House foreign affairs committee voted unaminously to extend the authority of the Overseas Private Investment Corp. (OPIC) to June 30, 1975.

The 25-0 vote followed a long series of hearings and Congressional investigation into the federal insurance corporation's performance during its first two and one half years of operation.

New York Senator Jacob Javits, a Republican and the author of the 1969 legislation which created the organization, had the highest praise for OPIC, terming it a "success story" and telling the committee continued operation of OPIC-type programs "is essential to the future economic growth and stability of the United States."

"Private foreign investment produces not only capital but also a great resource transfer in training and technology for the host country," he said. "Hence, OPIC represents a high policy decision for the United States.

"IT MEANS THAT in the necessary mix of public and private aid, increasing importance is given to the private side for good reasons of national policy," he said. "It is my judgment that U.S. private investment flows to the developing world have been greatly assisted by the guaranty programs of OPIC, and this private investment, in turn, is vital to the ongoing process of economic development."

A comprehensive study of the organization's activities was presented to the House committee by the Congressional research service of the Library of Congress. It contained some criticism, including charges that OPIC volume and geographical scope have declined and that the majority of its political risk coverage is offered to large multinational corporations.

Former OPIC president Bradford Mills said the decrease in volume has resulted from the organization's decision to insure fewer mining projects and from the repercussions of the economic recession of 1970.

Marshall T. Mays, newly-confirmed president of OPIC, said some of the decreased volume can be attributed to risk management procedures being used by the federal agency.

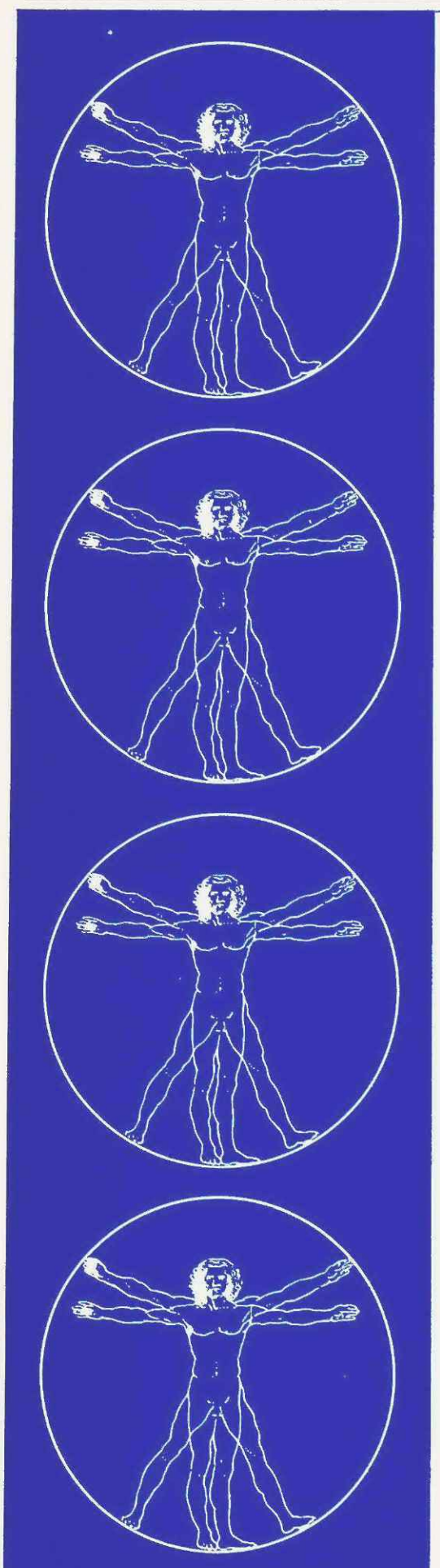
IN ANSWER to the study's charges that, since 1971, about 79% of all OPIC insurance by dollar volume went to institutions in Fortune magazine's top 500 corporations and 50 commercial banks, Mr. Mays cited the ability of the giant corporations to generate the capital and manpower that are needed to invest overseas.

"By their very nature, large corporations are far better equipped than small businesses to commit the capital and manpower needed to establish an overseas operation in search of new markets," he said. "Despite this, OPIC has made a concerted effort to inform smaller companies about investment and trade opportunities in the lesser-developed countries."

Mr. Mills said 80% of all OPIC-insured projects represents investments of $2 million or less.

Rep. John C. Culver (D-Ia.), chairman of the House committee closed the hearings by commending OPIC for its "outstanding record."

"It has made considerable progress in making improvements and innovations to make its inherited programs more effective," he said. ■



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Elect SIB president

Edward A. Stabb, vp of Marsh & McLennan, Inc. of San Francisco, was elected president of the Society of Insurance Brokers at its 38th annual meeting Oct. 2. Stabb had served earlier as vp of the society, which is an association of northern California brokerages. He was also recently appointed to the statewide committee on insurance and employe benefits for the California Chamber of Commerce.

New financial burden for ship owners

Oil spills occupy marine insurers on 2 continents

NEW YORK—Oil spills, other forms of maritime pollution and their aftermaths were the topics for thoughtful discussion on two continents late last month.

At a meeting here covering the "energy dilemma," an attorney with a great deal of interest in oil pollution laws discussed the background of some of the legislation in maritime liability. Later, a meeting of the International Union of Marine Insurance in Venice heard an American make a plea for improved loss-prevention in the maritime field.

Gordon Paulsen, partner in the firm of Haight, Gardner, Poor & Havens, told the energy meeting, which was co-sponsored by the American Management Assn. and the American Society of Insurance Management, that placing financial liability burdens on ship owners was not the way to stop oil spills.

"SOME SAY these laws are to prevent incidents like the Torrey Canyon," Mr. Paulsen said of the oil pollution liability legislation, "but laws like this won't stop it. No one wants to run his ship aground. No one wants to risk lives like that. No one wants to discharge a cargo of oil in the water.

"Instead," he continued, "of placing financial liability on ship owners, the laws should be aimed at areas where greater care would prevent a spill. And even at that, these operational spills are already covered by some very old laws which just haven't been enforced."

After tracing some of the background leading to the passage of the Water Quality Improvement Act of 1970, Mr. Paulsen noted that the federal law provided a limitation of liability, defenses for the ship owner, exclusions and the insistence on foreign-owned ships showing financial responsibility.

HE THEN turned his attention to the stringent oil spill law enacted in the state of Florida. The law, which was upheld by the Supreme Court earlier this year, lays absolute liability at the feet of ship and dock owners. The law grants no exclusions, such as acts of God, and provides for unlimited financial liability. Ships entering Florida waters must show they are financially responsible or insured for any liability they may incur. Neither the London protection and indemnity associations or the Water Quality Insurance Syndicate here will cover the act's provisions.

The Supreme Court's decision to uphold the anti-pollution law was "very confusing and contrary to precedent, in my view," noted Mr. Paulsen, who represented the losers in the Supreme Court case.

ONCE THE LAW went into effect, Mr. Paulsen said, "foreign ship owners found themselves in the position of having to deal with the Federal government and the 50 states, rather than just one entity."

"Vessel owners can't get insurance to protect them against the Florida law," he commented, "and foreign owners can't qualify as self-insurers so many of them simply can't trade in the state of Florida."

Indicating that practicalities were beginning to catch up with the proponents of the tough Florida pollution law, Mr. Paulsen said the city of Jacksonville was having problems with different types of fuels because no ship owner would allow his ship in because of the law. "The state attorney general is apparently beginning to change his mind," he said.

Mr. Paulsen said any legislation concerning pollution from vessels would do well to consider four things:

- "Incidents like the Torrey Canyon are dramatic but will not be prevented by placing unlimited, uninsurable liability on ship owners;"
- Operational spills (caused by human error) have been the greatest problem but they are covered by old laws, which are beginning to be enforced but need appropriations to make the enforcement more effective;
- The cost of transportation is increased by legislation such as the Florida law and the Water Quality Improvement Act. "The financial responsibility aspect of the Act could be dangerous because it gives carte blanche to ship owners with money to carry chemicals and other hazardous substances when they might not be equipped to carry them.";
- International conventions should actually be the vehicles for handling the marine pollution problem because most spills would occur outside U.S. territorial waters and would probably involve more than one nation.

Mr. Paulsen said he really did not think any of the present laws would be repealed but the possibility existed that some, such as the Florida law, could be modified.

"Legislation has its proper role in setting up technological standards," he noted, "not in establishing civil liabilities. The liability provisions of the 1970 Act have done nothing to protect the environment. These provisions have improved no water."

At the IUMI meeting in Venice, G.V.S. Pepperel warned that anti-pollution penalties "will become increasingly stringent unless precautionary and preventive measures prove to be reasonably effective."

Mr. Pepperel, president of Talbot, Bird & Co., New York, and a member of the board of the American Institute of Marine Underwriters, also urged the gathered marine underwriters to focus their attention on the fact that pollution was a new and necessary loss prevention area.

IN HIS report, Mr. Pepperel listed the anti-pollution legislation now on the books or pending both internationally and in individual maritime nations. There were four major conventions in force or in the ratification process on his list: the International Convention for the Prevention of Pollution of the Sea by Oil (1954), as amended in 1962, 1969 and 1971; the International Convention Relating to Intervention on the High Seas in Cases of Oil Pollution Casualties (1969); the International Convention on Civil Liability for Oil Pollution Damage (1969); and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage (1971). ■

UIMI fears heavy 1973 claims, possible loss situation next year

LONDON—The biggest thorn in the side of British insurers, the United States, was ignored by the International Union of Marine Insurers at its annual meeting in Venice, Italy.

The United States delegation, because of the nation's anti-trust laws, cannot take any official part in any of the discussions of the rate structure, nor can they help take any action in setting them at the international insurance level.

Hull accounts, in general, have lately been the bane of most underwriting books and while it is hoped this year's results will at least break even, next year will produce heavy losses.

The announcement of Lloyd's global results last year helped set this situation. T.B. Duncan, representing Lloyd's, told the marine insurers in the stead of absent Lloyd's chief Peter Green, "owners are beimg given premium reductions which cannot possibly be justified."

JOHN OLIVER, another marine underwriter at Lloyd's, who is a member of the IUMI executive committee, said, "At the beginning of 1973, I felt that we would scrape through, but we have had a lot of heavy claims this year, which could work out to be higher than average."

"And I think we could be into a loss situation next year," he concluded.

Of special frustration to London underwriters is the competition from their Aermican counterparts, and with excess capacity lining both sides of the Atlantic, the competition is stiff.

Rates being charged in the U.S. market, the British feel, will eventually become a millstone around the necks of insurers that will drag all hull account business into the red.

THIS YEAR, they point out, although the number of casualties hasn't been spectacular, the number of claims and their size have been. An example is the Italian-owned combination bulk carrier Igara, which sank after hitting an uncharted rock off Singapore last March and resulted in the biggest claims ever disbursed by London hull insurers, six million pounds sterling (about $15 million) out of a total of 10 million pounds sterling ($25 million).

Repair costs are also blasting underwriters right out of the water, since, in some global areas they've escalated 15% in the first six months of this year. Ships aren't getting any cheaper either, and a recently covered 285,000-ton VLCC got $80 million in hull insurance where the normal range is $40-50 million.

Some early supertankers, it was pointed out, were insured for as much as $125 million.

The old currency bugaboo is also plaguing England, although some underwriters around the world aren't especially troubled in this department. But, current woes aren't leading to the British insurers losing their traditional stiff upper lip.

Mr. Oliver pointed out the meeting, as an exchange of viewpoints on a face-to-face basis with overseas counterparts and competitors, is "extremely valuable, indeed."

"The IUMI conference is a place to form opinions," he said, "and the sort of feeling one gets by talking with other underwriters helps."

The opinion formed, he continued, could have a later bearing when an underwriter is trying to set a rate on a reinsurance deal later on.

"Furthermore," Mr. Oliver said, "There is a vast amount of very useful information to be had at the conference if one bothers to look for it."

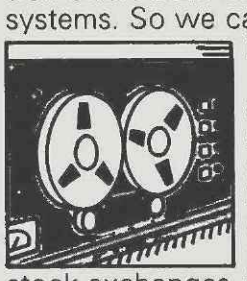
THE IGARA example was cited as one of the casualty types on which the IUMI committees have continued to issue warnings to underwriters. The cost of salvaging such heavy cargoes was prohibitive, according to Mr. Oliver, simply because of the need to lighten the ship before it could be raised.

The case of the container vessel U.S.S. Sea Witch was also recalled by Mr. Oliver. The ship, which was gutted by fire following a collision with a tanker in New York harbor, exemplified a container committee warning that cargo losses on a container ship could often be exceptionally severe and that underwriters should adjust their premiums accordingly. ■

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Federal work comp is said to be destructive

CONCORD, N.H.—Charging that far-reaching federal workmen's compensation legislation is not necessary, a campaigner for state control of workmen's compensation told a seminar here early this month the Williams-Javits bill will signal the end of the state systems.

Clarence G. Johnson, executive director of the National Program to Improve State Workmen's Compensation, said state systems will die following the establishment of federal authority in three areas:

- Standards setting for compensable claims under a wide spectrum of relevance to work-related injuries or diseases;
- Determining what states are complying with the standards and which should be free from federal intervention;
- Substituting the Longshoremen's and Harbor Workers Act in place of a non-complying state system.

Mr. Johnson felt certain of what would happen in the claims payments area.

"For example," he said, "section 13 of S. 2008 directs the Secretary of HEW to establish, within three months after passage and every year thereafter, a schedule of diseases related to employment, with standards to determine compensability which may include reasonable presumptions.

"IT REQUIRES no great imagination," he continued "based upon what has occurred under the Coal Mine Health and Safety Act, and that all social legislation liberally expands with time to conclude that the test of causal relationship between injury and employment will, for all practical purposes, be annulled by this proposed legislation. In other words, there will be no distinction between occupational and non-occupational disease."

Looking at the subject realistically, Mr. Johnson admitted the state compensation systems contained certain weaknesses and many states had fallen behind the social needs of their workers.

But, he added, "During the past two years, considerable progress has taken place. As of June 30, 1973, over 200 amendments have been made to our state workmen's compensation laws during 1973."

MR. JOHNSON said these improvements, when added to other advances, showed "good reason to believe" that the states would go even further forward over the next two years.

"Should we be wrong," he commented, "and overall reasonable goals not be achieved by the states, we should be fully prepared to accept a few basic guiding federal standards at an appropriate future date.

"To now impose all-encompassing federal standards, as is proposed, is to both ignore the substantial improvement now occurring at an accelerated pace, and to reject the recommendations of the national commission which congress itself created."

He stressed that such federal legislation was not necessary and what was needed instead was a sense of mutual respect and cooperation between the states and Congress.

"There is no logical reason, in view of the substantial progress now being made, that broad, sweeping Congressional action, swinging the pendulum far beyond what is required, would be beneficial to any interests, including the injured worker."

Warning his audience that "we are at the fork of the road," Mr. Johnson said the state system could be preserved by the devotion of time and effort to ensure that each state provides its injured workers with adequate and equitable benefits. ■

California plans ruling on elevators

SACRAMENTO—Fire warnings which automatically shut down elevator service are a top priority item with the California division of industrial safety.

Following several public hearings on the matter, according to a division spokesman, the department will probably adopt new rules on the matter "in several weeks."

The elevator stops would be activated either by a fire sensing device on each floor or a key switch in a central location such as the building's lobby. The switch could be activated by firemen or building staffers authorized to do so.

WITH THE new rules, the safety division is trying to keep elevators from responding to calls on floors where there is fire or smoke. "People have tried to use elevators as means of escape and have been trapped and died in them," according to William Calderwood, chief elevator safety engineer.

"In many cases, they would have been saved if they had remained where they were."

Elevators designed to withstand earthquakes are another regulatory must. This kind of need, according to Mr. Calderwood, was first seen when the agency learned over 9,000 elevators were rendered unusable following a quake in the San Fernando area several years ago. ■

dates for buyers

October 28-31, American Society of Pension Actuaries, 5th annual conference, Washington Hilton, Washington D.C. For more information write the Society, 1107 Sinclair Bldg., Fort Worth, Tx. 76102.

October 28-31, Health Insurance Assn. of America, 1973 Individual insurance forum, Hyatt Regency Hotel, Atlanta, Ga. For more information write the Association, 750 Third Ave., New York, N.Y. 10017.

October 28-November 2, College of Insurance, 2nd annual Risk Management Seminar, General Electric Co. Management Development Institute, Crotonville, N.Y. For more information write the College, 123 William St., New York, N.Y. 10038.

November 5-7, American Management Assn., Advanced EDP auditing, controls and security briefing, American Hotel, New York, N.Y. For more information write John Devitt, Program Director, 135 West 50th St., New York, N.Y. 10020.

November 8-9, Independent Mutual Agents of New England, 31st annual convention, Sherton-Boston Hotel, Boston, Ma. For more information write IMANE, number one Ash St., Hopkinton, Ma. 10748.

November 11-15, Chamber of Commerce of the United States, 14th hemispheric insurance conference, Buenos Aires, Argentina. For more information write the International Insurance Advisory Council, Executive Secretary Ronald Shelp, 1615 H St., N.W., Washington, D.C. 20006.

November 12-14, American Management Assn., a course in principles and practices of insurance buying, AMA Management Center-Chicago. For more information write AMA, 135 West 50th St., New York, N.Y. 10020.

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