OCTOBER 27, 1997

Business Insurance®

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

Entire contents copyright 1997 by
Crain Communications Inc. All rights reserved

Workers Compensation

Targeting the central issues

NEWSPAPER

TO SUBSCRIBE CALL

1-800-678-9595

G THE CAUSES OF HOME, HIGHWAY AND WORK ACCIDENTS. IT IS GREAT BECAUSE IT DEALS N THE RELIEF OF PAIN AND SORROW AND FEAR AND LOSS. IT IS GREAT BECAUSE IT WORKS TO PRESERVE AND PROTECT THE THINGS PEOPLE EARN AND BUILD AND OWN AND CHERISH. ITS TRUE GREATNESS WILL BE MEASURED BY OUR POWER TO HELP PEOPLE LIVE SAFER, MORE SECURE LIVES.

Our loss prevention consultants will investigate a company's safety concerns and then recommend a thorough safety plan that includes ways to help prevent slips and falls. So, the real bottom line isn't just lowering workers compensation costs, it's ensuring that someone like Louisa Abbott lives a safer, more secure life.

➢ *There's more information we'd like to share. So please call John Ryan at (617) 574-5842 or visit our website at http://www.libertymutual.com*

LIBERTY MUTUAL®
The freedom of Liberty

WITH OUR POLICYHOLDERS. WE ARE ENGAGED IN A GREAT MUTUAL ENTERPRISE. IT IS GREAT BECAUSE IT SEEKS TO PREVENT CRIPPLING INJURIES AND DEATH BY REMOVING T

WITH OUR POLICYHOLDERS, WE ARE ENGAGED IN A GREAT MUTUAL ENTERPRISE. IT IS GREAT BECAUSE IT SEEKS TO PREVENT CRIPPLING INJURIES AND DEATH BY REMOVIN

While Louisa hates taking a spill, it is something she expects when surfing. Where Louisa works though, she's never taken a spill because of the safety precautions her employer learned from Liberty Mutual. Slips and falls on workplace floor surfaces account for almost 30 percent of injuries and workers compensation claims. Liberty Mutual is the only insurer with a research center that studies in detail the connection between shoes, floor surfaces and slippery hazards like water and grease.

S TRUE GREATNESS WILL BE MEASURED BY OUR POWER TO HELP PEOPLE LIVE SAFER, MORE SECURE LIVES.

IT WORKS TO PRESERVE AND PROTECT THE THINGS PEOPLE EARN AND BUILD AND OWN AND CHERISH. ITS TRU

HE CAUSES OF HOME, HIGHWAY AND WORK ACCIDENTS. IT IS GREAT BECAUSE IT DEALS IN THE RELIEF OF PAIN AND SORROW AND FEAR AND LOSS. IT IS GREAT BECAUSE IT

What is the freedom of Liberty?

OCTOBER 27, 1997

Business Insurance®

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

Entire contents copyright 1997 by Crain Communications Inc. All rights reserved

Updates

Business groups endorse product liability reform plan

WASHINGTON—Business groups say they will accept scaled-back product liability reform legislation in the hopes that a narrower measure will win congressional approval and President Clinton's signature.

Last week, the executive committee of the Product Liability Coordinating Committee, a broad-based business lobbying group, said it endorses the principles of the draft product liability bill put together by Sen. John D. Rockefeller IV, D-W.Va. That proposal, White House officials earlier said, could be

See **Updates** *on next page*

California employers decline to sue over disability ratings

Insurers seek policyholder support for challenge to rating changes

By ROBERTO CENICEROS

LOS ANGELES—California companies are resisting insurer overtures to join a proposed lawsuit that would challenge recent changes in the state's permanent disability rating schedule.

Insurer groups say the change could increase insured employers' annual workers compensation costs by $100 million and self-insured employers' costs by $25 million.

But most employers, especially those that are self-insured, are not backing the suit. They instead prefer to work with regulators while waiting for December hearings that could alter the schedule. Presented with conflicting reports on the schedule's financial repercussions, these employers are not convinced that their costs will rise dramatically.

At times, insurer attempts to gain employer support for the suit have amounted to "heavy-duty lobbying, heavy-duty pressure" said Lori Kamerer, managing director for the Sacramento-based Californians for Compensation Reform, an employer group. A CCR policy committee decided not to back a lawsuit against The Division of Workers Compensation.

The PDR schedule provides claims handlers with benchmarks for rating employee impairments and limitations. Therefore, it helps determine benefit awards and claims reserves.

The employers say insurers are seeking their support merely to give insurers more credibility, and they don't want to be unduly swayed."They say their interests are our interests, but in my experience that isn't always the case," said Willie Washington, director of workers compensation, safety and health for the California Manufacturers Assn. in Sacramento. "I don't think I need insurers to make these decisions for me. That's the way that this is coming down. They have decided this is in their best interest and mine—whether I know it or not."

The California Manufacturers Assn. is among organizations representing insured and self-insured employers that have been lobbied by the Sacramento-based Assn. of California Insurance Cos. and the California Workers Compensation Institute in San Francisco. The

See **California** *on page 76*

Auditing rule may tax employers

FASB-approved standard could raise size of reported liabilities

By MEG FLETCHER

Employers and insurers will be required to account for their share of what could be billions of dollars in new liabilities on their balance sheets under a new auditing rule.

The rule, which was drafted by the American Institute of Certified Public Accountants and accepted by the Financial Accounting Standards Board, is designed to standardize how companies account for insurance-related assessments, such as the levies that support guaranty funds and state second-injury funds.

Employers, especially those that self-insure their workers compensation risks, also may incur substantial costs to annually hire actuaries to calculate their share of a second-injury fund's liabilities.

Most states levy second-injury fund assessments based on an employer's total workers compensation losses, though some use premium or equivalent premium. Guaranty fund assessments usually are based on premium.

In 1995, the most recent year for which statistics are available, total guaranty fund net assessments were $66.6 million, according to the National Conference of Insurance Guaranty Funds.

A figure for total second-injury fund liabilities is generally unavailable, but totals in the billions when unfunded liabilities are taken into account.

Employers and insurers account for the assessments either on a cash basis, reporting the liability as it is paid out, or on an accrual basis, in which the expense is recognized as it is incurred but may be before it has been paid. In addition, accrual methods often vary.

The new rule would require insurers and employers to report on an accrual basis estimable long-term liabilities of the relevant funds and their anticipated share of those liabilities.

As a result of the rule, several experts predict that employers that purchase workers comp insurance may have to pay more for coverage in states that eliminate their second-injury funds.

Insurance companies' loss expenses used to calculate rates currently are net of second-injury fund recoveries. To the extent those funds are eliminated,

See **FASB** *on page 80*

Funds retain creditor status

Guaranty funds defeat federal effort to take top priority in insolvencies

By DAVE LENCKUS

CHICAGO—The federal government's defeat in a dispute over the priority of claims against an insolvent insurer is seen as a significant victory for insurance guaranty funds, policyholders and taxpayers.

A federal district court judge in Chicago late last month upheld a provision of the Illinois insurance liquidation statute that gives claims filed by guaranty funds equal priority to claims filed by policyholders and third parties—including the federal government—against insolvent insurers.

In what many liquidation experts said is a first-of-its-kind decision—and one that could have national implications—the federal government lost its bid to knock guaranty funds farther back in the line to recover assets from insolvent insurers and at the same time to strike down a state's liquidation law entirely.

In another significant setback for the government, the federal court judge also upheld the Illinois liquidator's right to hold the federal government to specific deadlines for filing claims against an insolvent insurer's estate.

If the government had prevailed in the case, the federal statute that gives federal claims priority over all other claims in bankruptcies would have become the controlling law in insurer insolvencies in the state.

Under that scenario, guaranty funds likely would see little or no recoveries from insolvent insurance companies' estates, liquidation experts said.

The guaranty funds then would have to boost their insurer assessments, which could lead to reduced tax revenues for several states.

As a result, either the cost of insurance would increase, or "there would be intense efforts to rewrite state laws to deprive consumers of a lot of the protection they currently get from guaranty funds," said Peter Gallanis, Illinois' special deputy receiver.

See **Ruling** *on page 76*

Employers equalizing mental health benefit levels

By JERRY GEISEL and JOANNE WOJCIK

WASHINGTON—Employers are starting to overhaul their mental health care benefits programs as the Jan. 1 deadline approaches for compliance with a federal law that requires greater parity for coverage of mental disorders.

The law bars employers from offering, as most plans now do, lower annual and lifetime benefits for mental disorders than for physical illnesses.

A group plan, for example, could not offer a $150,000 annual limit for physical illnesses and a $1,000 annual limit for outpatient mental health visits.

Responding to the new law, Hartmarx Corp. is scrapping a $2,000 annual limit on outpatient mental health care coverage and a $50,000 lifetime limit on outpatient and inpatient mental health care expenses.

Those limits conflict with the new law, because the Chicago-based clothier has a $750,000 lifetime limit on coverage for physical illnesses and no annual limit.

Hartmarx will retain a 50% copayment rate for outpatient mental health care visits and lifetime limits of two inpatient stays of no longer than 30 days each.

Similarly, Redwood Shores, Calif.-based Oracle Corp. is amending its most popular indemnity plan, which has a $3,000 annual and a $50,000 lifetime limit for mental health expenses, but no annual limit and a $1 million lifetime limit for physical disorders.

The new benefit plan at Oracle, among other things, will provide plan participants up to 150 days of inpatient mental health care per year and a lifetime limit of 300 days of inpatient care.

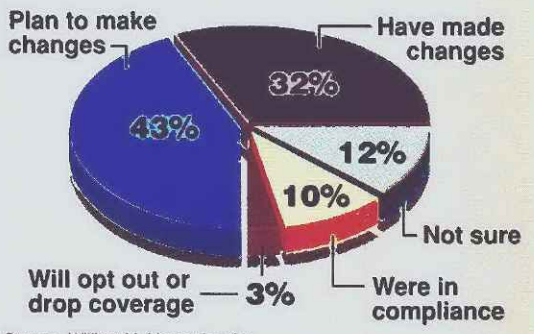
Many more employers now are going in the same direction.

"There was a slow (employer) reaction to the law initially. It is only in the last three months that activity has picked up," said Ed Kaplan, a vp with The Segal Co. in New York.

See **Mental** *on page 78*

Preparing for parity

What employers are doing to comply with the new mental health care benefits parity law



Source: William M. Mercer Inc. for National Alliance for the Mentally Ill

GRAPHIC BY JOHN HALL

Updates

PLCC backs liability principles

Continued from previous page

the basis of a bipartisan bill (*BI*, Oct. 13). The Rockefeller proposal, now being redrafted by his staff and that of Sen. Slade Gorton, R- Wash., would cap punitive damages only for small business, set an 18- year statute of repose for manufacturers of products that have been used in the workplace, protect retailers and wholesalers from product liability suits, and establish clear rules involving the misuse or alteration of a product.

Significantly, though, the new measure does not eliminate other legal reforms employers have been seeking in their long battle to win passage of federal product liability reform legislation. Those long-sought reforms include: elimination of joint and several liability; setting a statute of repose for all products, not just those used in the workplace; and imposing a dollar cap on all punitive damage awards rather than just those imposed on small employers.

But the PLCC says political reality is driving its decision to back a narrower measure.

"We know what is realistic with this president," said PLCC Executive Director Pat Rowland. Last year, President Clinton vetoed a tort reform measure at least in part because of dollar caps it imposed on awards. President Clinton, though, said he would support a "reasonable" product liability reform bill.

Comprehensive reform, in reality, can only be achieved by incremental means, National Assn. of Wholesaler-Distributors President Dirk Van Dongen wrote last week to Senate Majority Leader Trent Lott, R- Miss., in urging quick passage of reform legislation.

Business groups say a consensus bill could emerge as soon as this week.

Merger lifts risk consulting rank

NEW YORK—The planned merger of accounting giants KPMG Peat Marwick L.L.P. and Ernst & Young L.L.P. would create not only the world's largest accounting firm but also one of the largest risk management consultants and an insurance services behemoth.

The two firms combined will have $18.3 billion in fiscal 1997 revenues—of which U.S. business accounts for $7.5 billion—and worldwide staff of 163,250, including 12,800 partners.

Combined, the firms audit 34.3% of U.S. publicly traded companies reporting to the Securities and Exchange Commission, according to Public Accounting Report, an Atlanta-based publication. This would put the merged firm ahead of the merged operations of Coopers & Lybrand L.L.P. and Price Waterhouse L.L.P., which audit 24.4% of public companies (*BI*, Sept. 22).

Both KPMG and E&Y have sizable risk management consulting operations: E&Y was the sixth-largest U.S. independent risk management consultant based on $18.2 million in 1996 consulting revenues, and KPMG was the seventh-largest, with $10.9 million in revenues. Combined, the firms would be the No. 3 risk management consultant behind Coopers & Lybrand and Tillinghast-Towers Perrin (*BI*, March 17).

E&Y and KPMG also are huge providers of services to property/casualty and life/health insurers, offering audit, actuarial, tax and management consulting advice. Clients also include state insurance departments, for which they perform statutory exams and help develop rehabilitation plans.

KPMG has 900 insurance company clients in the United States and provides services to seven of the 20 largest reinsurers, the firm said. E&Y said it has 1,000 insurance clients in North America.

The merger is expected to be effective at the end of the year and is subject to regulatory approval, including an expected antitrust review by the U.S. Justice Department. The firms said they are providing information to the Justice Department.

"We've seen a lot of consolidation in the insurance industry," commented Alan M. Levin, managing director with Standard & Poor's Corp. in New York. "Having an accounting firm that has the scale to keep up with these mega-insurance companies makes sense."

Mr. Levin also discounted any anti-competitive impact on the insurance industry, noting that few insurers are so large that their choice of auditor would be limited to one of the proposed Big Four.

'Safe harbor' brings dismissal

WINSTON-SALEM, N.C.—A federal judge has dismissed a shareholder class-action suit against a North Carolina high-technology company in what lawyers say is the first time a case has been dismissed under a provision of a 1995 securities law.

The law, the Private Securities Litigation Reform Act of 1995, contains a provision that permits companies to make statements about their future performance without fear of suit, provided they contain "meaningful cautionary statements." This provision gives companies a "safe harbor" from liability.

The decision by Judge Richard Erwin is the first to dismiss a suit because the statements fall under the "safe-harbor" provision, said Michael Perino, a lecturer at Stanford Law School and co-author of a study on the securities reform law. "The safe harbor worked as Congress seemed to have intended," he said.

The suit, filed in 1996, alleged that Cree Research Inc. of Durham, N.C., overstated its projected financial results and ability to produce its main product, blue LED chips. In July 1996, the company revealed production problems and lower earnings than previously predicted, causing its stock price to drop.

But the positive statements the company made were covered by the forward-looking provision of the Litigation Reform Act, the judge stated in his seven-page Oct. 17 decision, because they contain sufficient cautions.

See **Updates** *on page 78*

Errors & omissions

• Standard & Poor's Corp.'s ranking of the top global business insurers in the Oct. 6 issue contained an incorrect claims-paying ability rating for Dai-Tokyo Fire & Marine Insurance Co. The correct rating is AA+.

Administration to seek veto of OSHA bill unless changed

By MARK A. HOFMANN

WASHINGTON—Secretary of Labor Alexis Herman will urge President Clinton to veto a workplace safety reform bill if it reaches his desk without significant changes.

Among Ms. Herman's chief concerns with the measure is a provision that would empower third-party safety auditors to review worksites in place of inspectors from the Occupational Safety and Health Administration.

The Senate Labor and Human Resources Committee gave its approval to the Safety Advancement for Employees Act, S. 1237, on a 10-8 party-line vote last week. Democratic attempts to amend the measure, unveiled less than a month before the vote, were unsuccessful. Those amendments failed to garner a single Republican vote as the measure's chief author, Sen. Mike Enzi, R-Wyo., spelled out his objections to each one. Sen. Enzi himself offered a single amendment incorporating a number of mostly technical changes that was adopted by voice vote.

After approving the SAFE Act, the committee also gave unanimous approval to the nomination of Charles Jeffress, head of North Carolina's workplace safety program, to become the new U.S. assistant secretary of labor in charge of the Occupational Safety

See **OSHA** *on page 67*

PBGC scales back audits

Agency to reduce amount of historical data required

By JERRY GEISEL

WASHINGTON—The Pension Benefit Guaranty Corp. is easing employers' burden of complying with a government audit program that determines whether employers have paid the correct pension insurance premiums.

Effective immediately, employers targeted for audits of their premium payments made to the PBGC generally only will have to produce three years of premium-related information, such as W-2 income statements and pension financial reports, for agency auditors. The agency had been requiring six years of records.

Mr. Strauss

The PBGC only would go back farther if problems appear in the first three years of information, said PBGC Executive Director David Strauss, who announced the change in audit policy last week at the annual membership meeting of the ERISA Industry Committee in Washington.

The audit program was launched in late 1995 amid agency concerns that as much as 20% of premium filings under-

See **PBGC** *on page 78*

Up to $10 billion in comp losses from a major L.A. quake: Study

By JOANNE WOJCIK

SAN FRANCISCO—New research on the effect of major California earthquakes suggests that if "the Big One" hits Los Angeles or San Francisco, workers compensation losses would total in the billions of dollars.

Expected workers compensation losses would range between $9.7 billion and $10.4 billion if a 7.5 magnitude earthquake were to hit downtown Los Angeles at 2 p.m. on a workday, according to a new actuarial estimate by reinsurance broker E.W. Blanch Reinsurance Services in San Francisco.

The figure is an updated projection from a 1990 estimate of $4.5 billion in workers comp losses that was made by the All-Industry Research & Advisory Council.

The new estimates by E.W. Blanch are trended for increases in wages and medical costs and adjusted for expected increases in workers compensation benefit levels.

Another loss projection based on computer modeling by San Francisco-based Risk Management Solutions estimates total workers comp losses at $4.4 billion if a 7.0 quake were to occur at

See **Quake** *on page 80*

Patient 'rights' proposed

Commission calls for choice of plans, access to specialists

WASHINGTON—A presidential panel preparing a "bill of rights" for health care consumers approved a draft proposal recommending that patients, whenever possible, be given a choice of health care plans as well as direct access to specialists in health plan networks.

The President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry also said a woman in the latter stages of pregnancy should be able to continue to see her current physician for up to 60 days or through completion of postpartum care, even if her employer changes health care plans and the physician is not in the new plan's provider network.

Other recommendations include permitting providers to discuss all treatment options with patients and requiring greater confidentiality of medical records.

The commission will not send its final report to the Clinton administration until early next year. That report could become the basis of an administration bill.

—By Jerry Geisel

Inside

• Buyers still have choices and should not rush to condemn a recent memo from J&H Marsh & McLennan outlining how some business is to be placed, this week's editorial says. **PAGE 8**

• The currency valuation crisis in Southeast Asia endangers some foreign investments and may prompt more companies to seek insurance protection, political risk specialists say. **PAGE 69**

Departments

Advertiser Index 65
Classifieds 74
Datebook 80
Directories of Safety Consultants and Rehabilitation Service Providers 37
For the Record 75
Global Briefs 69
Insurance Services Guide 72
International 69
Opinions 8
Ticker 79

Business Insurance (ISSN 0007-6864) Vol. 31, No. 43, is published weekly by Crain Communications Inc., 740 N. Rush St., Chicago, Ill. 60611-2590. Periodicals postage is paid at Chicago and at additional mailing offices. POSTMASTER: Send address changes to *Business Insurance*, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207. $4 a copy and $87 a year in U.S. $105 in Canada and Mexico (includes GST). All other countries $205 a year (includes expedited air delivery). Canadian Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 0293512, GST No. 136760444. Printed in U.S.A. Copyright 1997 by Crain Communications Inc.

WORKERS COMPENSATION

TARGETING THE CENTRAL ISSUES

Index:

A private issue page 18
Sufficient access to workers' medical records a concern

State of confusion page 20
A new endorsement helps clarify coverage for traveling workers

Calculated risk page 26
N.Y. construction firms seek new method of figuring premiums

Black lung benefits page 31
Miners, insurers criticize proposal to restructure federal program

Information Resource: Workers Comp page 33

Directory of Safety Consultants page 37

Directory of Rehabilitation Services page 54

Spotlight Editor: Meg Fletcher

Complex issues, divisions make comp reform difficult

By SALLY ROBERTS

When comprehensive workers compensation reforms are introduced in state legislatures, the process of enacting those initiatives often becomes an exercise in futility.

Not only are state legislators faced with understanding and deciding complicated issues, such as impairment ratings for workers with permanent partial disabilities, but they also face a barrage of interest groups, which through their size, clout and money try to influence decisions.

As a result, many workers comp reforms that are introduced to reduce loss costs and save employers and the system money end up either shelved or as little more than watered-down, hammered-out compromises among various interest groups.

This situation was felt most acutely between 1990 and 1995, when many states were attempting to pass comprehensive workers comp reform measures.

Despite the contentious battles that inevitably ensued, some states were successful at passing meaningful reform.

Workers comp reform is one of the "top five issues legislators love to hate," said John B. Lennes Jr., vp and director of workers compensation for the Schaumburg, Ill.-based Alliance of American Insurers.

"One of the problems with comp is there are so many contrasting and conflicting opinions from lobbying groups that the legislature can come away dizzy," said Mr. Lennes, former Minnesota commissioner of labor and industry. The truth is "almost no one is completely wrong."

Bruce Wood, assistant general counsel for the American Insurance Assn. in Washington, agrees.

"The process of reforming a workers compensation law is a Herculean task that legislators and governors don't look forward to because of the political division that debate inevitably produces," Mr. Wood said. "The most meaningful reforms to reduce costs came about after extensive debate and two to three separate reform enactments," Mr. Wood said.

In the case of Tennessee, one key to passing meaningful workers comp reform in 1996 after failing to do so in 1992 may have come as a result of a gift restriction law passed in 1995.

The Campaign Contribution Limits and Lobbying Reform Act contains two ethics provisions, explained state Rep. Matthew Kisber, D-Jackson, who sponsored the legislation. First, it prohibits legislators and government officials from raising, soliciting or accepting political contributions while the

See **Legislate** *on page 12*

Growth of PEOs raises workers comp queries

Do employers or the leasing firms cover workers?

By JUDY GREENWALD

The widespread growth of professional employer organizations can be a blessing to employers, but they must tread carefully around who is responsible for workers compensation coverage.

Under PEO arrangements, an employer uses the services of the PEO, also known as an employee leasing firm, to supply all or most of its workers for a fee or other form of compensation, generally based on a percentage of the company's total payroll.

In return, the PEO provides a broad range of administrative and human resource services, such as payroll, pensions, employee benefits and workers compensation coverage for everyone.

PEOs often are used by small employers, which are attracted by the economies of scale and negotiating power the organizations can offer.

Small employers "can get similar levels of service that their larger competitors can get and still be competitive in the marketplace" said Rey Becker, associate vp and regional manager at the Alliance of American Insurers in Schaumburg, Ill.

Larger corporations also might use PEOs for services in peripheral areas, such as staffing for the company cafeteria.

"We think what is happening is the movement to PEOs, or employee service organizations, really represents a fundamental structural change in the U.S. economy," said Loren Hulber, president and chief executive officer of NovaCare Employee Services, a King of Prussia, Pa.-based PEO.

In the future, he predicted, "It will be de rigueur for small and medium-sized employers to retain an employee service company to manage on an outsourced basis all of their human resources."

PEOs or leasing companies are similar to but distinct from temporary agencies, which assign their employees to clients for a limited period of time for special work situations, such as employee absences.

Because PEOs were virtually unheard of when most workers compensation statutes were written, the states are playing catch-up in regulating them.

"It's going in a variety of directions, I think," said John Lennes, vp of workers compensation and health at the Alliance. State regulators "have taken varying approaches to that issue," as to whether the

See **PEOs** *on page 10*

Ergonomics program keeps Navistar trucking

Team approach helping cut comp costs, boost productivity

By RODD ZOLKOS

A commitment to ergonomics has not only dramatically reduced workers compensation costs and lost-time injuries at Navistar International Transportation Corp.'s assembly plant in Springfield, Ohio, but also is helping workers do their jobs better.

Navistar officials say the ergonomics program led to a 60% drop in workers comp costs at the plant—Navistar's largest—to $544,000 in 1996 from $1.4 million in 1993.

At the same time, however, it has contributed to productivity, quality and employee morale gains as well.

Much of the program's success is due to its comprehensive team-oriented approach, based on a labor/management partnership and coordinating the plant's safety, medical and benefits departments in order to best identify and resolve ergonomics issues.

In some cases, the solutions have involved the installation of hoists or articulating arms to help workers lift heavy pieces or help them position them on the assembly line.

Other times it's as simple as changing the way a job is done or raising a tray of parts by stacking pallets underneath it so that the worker placing those parts on the heavy- and medium-duty trucks and school buses built at the plant doesn't have to bend repeatedly.

"We usually average about 20 engineering changes a year," said Alisha Hensley, ergonomist/safety supervisor at the Springfield Assembly Plant. She noted that only about 10% of the jobs studied in Springfield annually for ergonomics issues ultimately require spending money to effect a change.

"Alisha works really well with the depart-

See **Navistar** *on next page*

PHOTOS COURTESY OF NAVISTAR INTERNATIONAL

Truck manufacturer Navistar International Transportation Corp.'s ergonomics program is helping reduce worker injuries and increase efficiency. Above, Navistar employees formerly mounted heavy brake assemblies manually, with weights of up to 120 pounds not equally distributed. At right, a single worker uses one of the company's chain-sling hoists, which helps reduce the risk of back injury.

Navistar

Continued from previous page

ments to get them to do things that don't require money," said Tim W. McDaniel, environmental health and safety manager at the Springfield Assembly Plant.

The Springfield program reflects a corporatewide commitment, company officials say. "We find it makes our workers perform better. It fits in with doing it right the first time. It fits in with trying to increase productivity in the workplace," said Dr. William B. Bunn, medical director, health management and safety for Navistar International Corp. in Chicago.

"The way we see the program at Navistar, we like to think they're proactive and preventive programs No. 1, and second, as we look at ergonomics programs, we like to think they're things that make work easier," he said. "I think that's the emphasis of our program. It's a commitment to do things in the correct fashion, and ergonomics is part of that puzzle."

One of five ergonomics programs examined in a study released in August by the federal General Accounting Office, the ergonomics program at Navistar's Springfield Assembly Plant began in 1984 as part of the terms of a collective bargaining agreement with the United Auto Workers.

The company hired its first ergonomist at the site in 1991, with the program taking its current shape in 1994 when Ms. Hensley arrived.

Unlike Ms. Hensley, the first ergonomist worked out of the plant's engineering department. Experience showed that other engineering demands diverted that person's attention from ergonomics issues, however.

"It's just going to depend on how an engineering department runs it," Mr. McDaniel said. "But the temptation is always there in an engineering department to do other hot projects as they come up."

As a member of the safety department, Ms. Hensley said she can devote her attentions to ergonomics without other demands on her time. That's to her advantage, because the nature of the work at the Springfield plant creates a host of ergonomic challenges.

"When you have any type of manually intensive work, there's more of a need," Ms. Hensley said.

"We have a lot of the problems that any assembly operation would have," said Mr. McDaniel. "The thing is a lot of the pieces here are bigger."

Another factor that has highlighted ergonomics issues at Navistar in recent years is an increasingly diverse workforce. After the company closed its agricultural operations in the late 1970s and early 1980s, for many years Navistar was able to hire from a largely male pool of laid-off workers.

Mr. McDaniel said, "1994 was the first time we hired off the street, and 40% of them were women."

"Now we had 5-foot-3 or 5-foot-4 women on the job and a lot of the (jobs) went from physically difficult to physically impossible. And that diversity of the workforce speeded up what we were doing."

Walking the plant floor, Ms. Hensley points to various tasks along the line where hoists were installed, for example, to help women do the job.

A hoist was installed to lift steering gears into place, for example, after a woman took the job. Elsewhere on the line, a woman uses a hoist to lift a 120-pound brake assembly. In the latter case, the change had an obvious productivity benefit, turning a two-person task into a one-person job.

Such changes don't just benefit the women on the shop floor, she noted. "Just because you can lift something doesn't mean you should," she said.

"I'm really proud of this place and how far it's come," Ms. Hensley said. "This place was designed for a 6-foot, 200-pound farm boy, because they could be selective in who they hire. Now they can't."

In reshaping the workplace to accommodate that newly diverse workforce, Navistar benefits from a team approach to the task that manifests itself in several ways.

One is labor/management partnership on the issue, with the ergonomics program benefiting both from the commitment of top corporate management and the involvement of the union in identifying problems and crafting solutions.

"We've had money set aside each year for ergonomics," said Patrick J. Phillips, accounting manager at the Springfield Assembly Plant. "Each year when we go through the capital plan they determine what are the top ergonomic issues, safety issues, legislative issues, and we include that in the capital plan and the corporation as a whole provides for that."

The workers on the line, meanwhile, play their own part, Mr. Phillips noted.

"A lot of the ideas they're coming up with aren't expensive ideas," he said. "They're things that are simple in nature and you wonder why you haven't done it. So the people on the shop floor are very instrumental in coming up with things."

"And that's the only way that I can do my job," Ms. Hensley said. "I'm just one person. They come up with these incredible ideas."

According to Steve Reed, the UAW's ergonomist at the Springfield plants, the partnership has been critical to the program's success.

"That's the reason it works. That's the reason it got off to a good start and we haven't had many stumbling blocks as we move right along."

"When we first started, the people on the floor were very suspicious of us: 'What are you doing here?' 'Why are you looking at my job?' " Mr. Reed recalled. "But as a union representative, when I was out there with (the company's ergonomist) and we started talking to an employee about his job, they saw there was union representation and they would talk to me."

As the program became established, workers on the line became more receptive. "You have to show them that the change is good, and you have to educate them," Mr. Reed said.

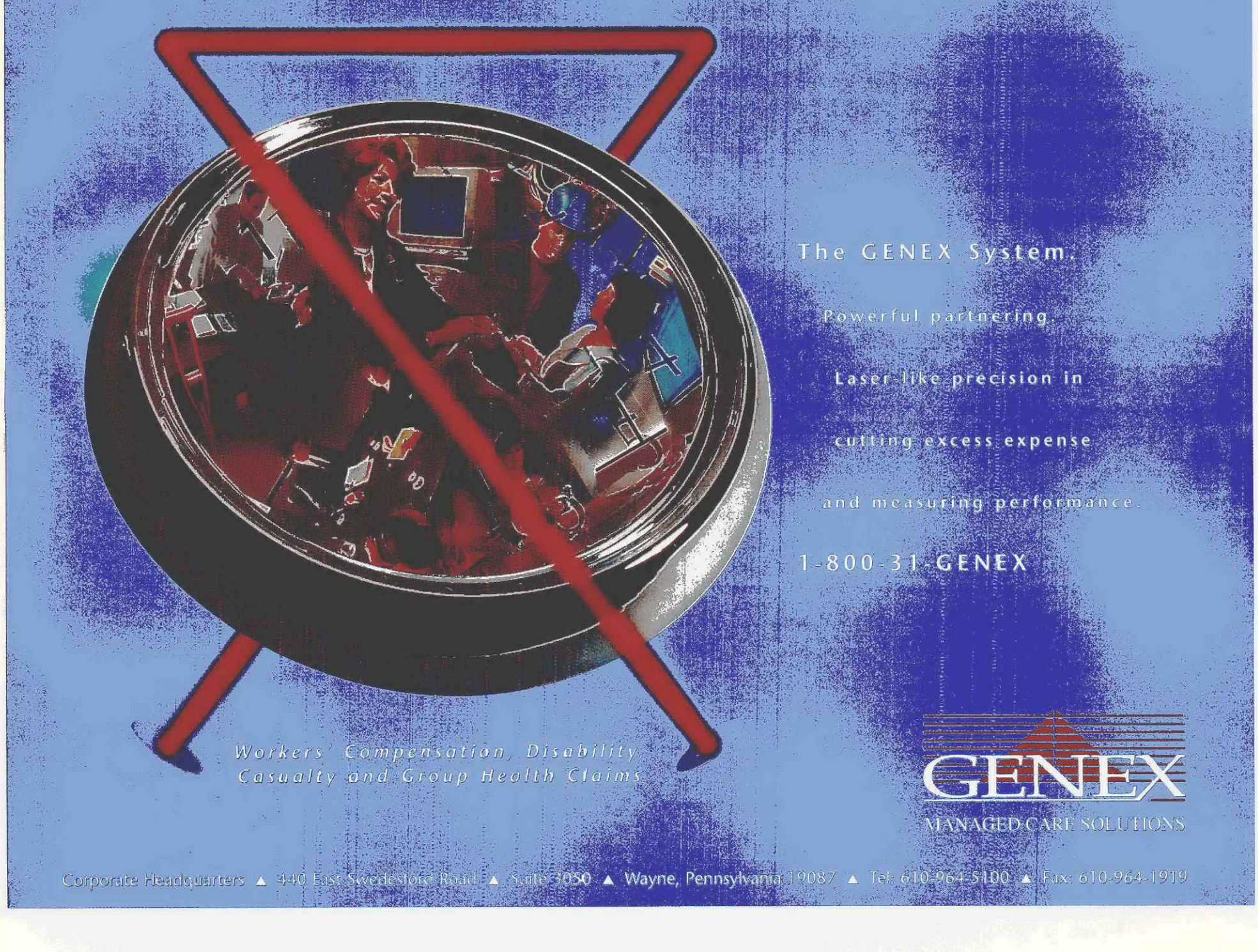
Today the workers on the floor recognize that the ideas they provide produce a "win-win situation," Mr. Phillips said, affecting both safety and the bottom line.

Whenever workers, supervisors or the plant's medical director suspect an ergonomic hazard may be present in a job, they can submit a "Request for Ergonomic Study" form identifying the concern, the various risk factors involved, the area of the body affected by the task and suggestions for correcting the problem.

Ms. Hensley or the UAW's ergonomist then forms a committee to study the job and develop appropriate controls. The result is that the affected workers realize that any decision to change the way they do their job was reached with them, rather than for them, Ms. Hensley said.

Every request is examined, although those jobs on which an injury

See **Navistar** *on page*



Back to work already?

An employee has an injury, or becomes ill.

Whether it happened at work or at home.

Whether the recovery period is short or long term. The employer relies on our early assessment of the disability, clear and immediate communications with physicians. With medical management and return-to-work planning. The result is a healthier employee, a faster return, a more profitable company. Wausau CareManaged Disability from the business insurance experts.

The business insurance experts. WAUSAU

Wausau Insurance Companies • 2000 Westwood Dr., Wausau, WI 54401 • www.wausau.com • A+ A.M. Best Rating • Nationwide Insurance Enterprise®

Navistar

Continued from page 4
has already occurred are given top priority. All study requests are logged and tracked on a database.

"When we have a problem or something that might be a problem, I just call (Ms. Hensley) and she sends somebody or she's here," said Dave Nash, safety deputy in Department 52 on the plant floor.

Not every problem has an easy solution, though, Ms. Hensley said. "Some of these stump you," she said. In those cases they might put together a team to examine the problem or bring in a consultant. And some have no practical solution.

"You can't fix everything," the ergonomist said. "Some of these are just too expensive. This is a big plant that makes big things with big tools. It took me a long-time to let go of the fact that I can't fix them all. But I do keep track of them all."

Ms. Hensley noted that jobs that are especially difficult to perform or that are the most ergonomically challenging often result in the most customer warranty claims or the most assembly line downtime.

She also makes use of a benefits department database that tracks workers comp cases to identify ergonomic hazards or justify expenditures associated with correcting them.

For example, to justify lift tables that rise automatically and reduce workers' need to bend and reach, she used the database to show that the devices can reduce shoulder and back injuries that were costing the plant more than $200,000 per year in workers comp costs.

It's one more example of the team concept, here joining safety with the benefits and medical departments.

"The system we use for claims management is also the system we use to track safety," said Tammie J. Seymour, administrator of employee benefit plans for Navistar's Springfield plants.

The data shows the ergonomics program's impact in many ways, Ms. Seymour said. Among other things, it shows that costs associated with musculoskeletal injuries have dropped an average of 10% to 14% yearly for the past three or four years, she said.

"We sit down every week with safety, medical and myself and review each alleged claim," she said.

Together they can identify problem jobs or determine areas where workers need to be trained to avoid injury.

"Education is a big piece of this," said Dr. Robin S. Baver, medical director of the Springfield plants. "And sometimes if you can explain why instead of just 'Do it,' that can kind of help."

It's also essential that training include supervisors, Ms. Hensley said. "The supervisors are kind of the unsung heroes of a manufacturing environment," she said. "A lot of times they're doing things I don't even know about. So it's really important that when you do your training, you train your supervisors."

Many of the ergonomic fixes to date at Navistar's Springfield Assembly Plant have involved lifting. An articulating arm is available to help assembly line workers lift bench seats into place in truck cabs, for example. A similar arm and hoist helps workers lift and position prop shafts so they can be attached to the transmission.

"To me, the first step when you start an ergonomics program is to go through the whole plant and get your lifting issues out of the way," Ms. Hensley said. "It takes about three years before you can stop firefighting and start being proactive."

Having been on the job at the Springfield Assembly Plant now for 3½ years, Ms. Hensley is moving the ergonomics program in that direction.

"We're at a point where we're trying to be proactive," she said. "We've been reactive for a long time."

Among other things, the company is in the process of bringing onsite physical therapy and onsite rehabilitation to the Springfield facility, hoping to gain even greater insight into the physical components of jobs and how to prevent injury.

One goal is to have the therapist use the assembly plant's onsite fitness center not only to help injured workers rehabilitate themselves but also to keep themselves in shape for the job and help new workers prepare themselves physically for the tasks they face.

"If you're injured and you're going through our industrial rehab and physical therapy, the goal is let's keep you in shape and keep you healthy," Ms. Hensley said. "We're not in shape right now to do these jobs. Neither are the people we're bringing in, and that's why they're getting injuries." BI

DID YOU HEAR ABOUT THE NEWSPAPER GROUP

THAT GOT THE SCOOP ON SAFETY?

We did. We gathered the facts at 10 newspaper operations. Then, with our customer, we developed a unique cost management program to decrease accidents and make safety "the lead." The results: incident rates dropped 26% in a year and lost workdays were reduced by 33%. The team then sponsored a national seminar to share success stories. Call your CNA broker today. And hear all about it.

WE GET THERE BY LISTENING℠

CNA RISK MANAGEMENT

CNA is a registered service mark of the CNA Financial Corporation. A 1897 1997 Century of Commitment

GAO studies ergonomics elsewhere

In addition to the ergonomics program at Navistar International Transportation Corp.'s Springfield Assembly Plant, the federal General Accounting Office's report "Worker Protection: Private Sector Ergonomics Programs Yield Positive Results," examines programs at four other workplaces.

The study looks at the success ergonomics programs have had at the 5,300-employee headquarters of American Express Financial Advisors Inc. in Minneapolis and the 300-employee AMP Inc. electronic connectors manufacturing facility in Tower City, Pa.

The 780-employee Sisters of Charity Health System St. Mary's Regional Medical Center and St. Marguerite d'Youville Pavilion in Lewiston, Maine, and Texas Instruments' 2,800-employee defense systems and electronics manufacturing facility in Lewisville, Texas, are also reviewed.

All the facilities examined experienced reductions in workers compensation costs associated with musculoskeletal disorders, and each credited the ergonomics program with contributing to those savings.

The GAO study also noted that while successful ergonomics programs all contain the same core elements—management commitment, employee involvement, identification of problem jobs, development of controls for problem jobs, training and education for employees and appropriate medical management—employers have implemented those elements in different ways.

That finding suggests the merit of companies allowing their individual units and locations the flexibility to customize their ergonomics programs to most effectively apply the core elements to address their site-specific problems, the GAO report states.

—By Rodd Zolkos

HEALTHCARE

The patterns in the desert sand are constantly transposing and changing direction, comparable to the health care industry's changing landscape. An insurance carrier with the versatility to adjust its services to accommodate your clients changing needs is a necessity.

At Reliance National we offer a select team of health care insurance professionals who are dedicated to being responsive in a changing marketplace. Our priority is to address the emerging trends in order to fulfill the unique and unusual liability requirements of this specialized industry.

Our product portfolio includes:

- Hospitals and Integrated Delivery Systems
- Home Health Care Agencies
- Physicians/ Surgeons and Miscellaneous Medical Professionals
- Managed Care Organizations
- Healthcare Technologies

With every altered step in the health care industry, Reliance National offers flexible coverages to meet your clients varied needs. When it comes to diverse insurance coverage, there is no comparison to The Choice... Reliance National.

THE CHOICE

Reliance National

A Reliance Group Holdings Company

77 Water Street, New York, NY 10005

http:/Reliance National.com

For further information write us or call (212) 858-6602

Reliance National's products and programs underwritten by Reliance Insurance Company, Reliance National Indemnity Company, Reliance National Insurance Company, Reliance National Insurance Company of New York, Reliance Insurance Company of Illinois, Reliance Insurance Company of California, United Pacific Insurance Company, Firemark Insurance Company and/or Reliance Surety Company.

©1997 Reliance National Insurance Company

Opinions

Making an informed choice

RISK MANAGERS may have seen the future, and some don't like it.

We reported earlier this month on a J&H Marsh & McLennan Inc. internal memo directing that more property/casualty insurance business be placed with Chubb Corp. via six regional Global Broking Centers, rather than with local Chubb offices. The business placed through the Global Broking Centers is subject to a "placement service agreement" under which the broker receives a predetermined commission from the insurer for placing large volumes of business through the centers. Ostensibly, by placing more business through the centers, its compensation is likely to be higher than if the business still were placed through the local offices.

News of the memo sparked an immediate outcry among some buyers—and skepticism from other brokers and insurers—in some cases akin to Chicken Little's claims that the sky is falling. To them, the arrangement is seen as evidence of oft-expressed fears that the world's largest insurance brokers would throw their considerable weight around to their gain and the detriment of both insurers and clients.

However, we think the market needs to keep an open mind when thinking about this strategy. The memo raises several issues for buyers, brokers and insurers to consider.

To the buyer, such a strategy may be perfectly acceptable, as long as it is disclosed in advance that the broker is presenting the risk to the market in this way—and that it is receiving additional compensation.

As long as the client is aware of this arrangement up front, the client has an opportunity to accept or reject it. If the client rejects it, it can negotiate an alternative arrangement with the broker, or it can take its account elsewhere.

For commodity-type risks that do not require local underwriting attention, the arrangement makes sense—especially if the buyer shares in the savings this strategy purportedly offers. It also may be acceptable to the buyer in terms of the additional leverage with insurers to be gained by having risks placed with a limited number of more senior underwriters.

To the buyer who sees value in relationships with local underwriters—be it theirs or their broker's—this arrangement may not be attractive.

Odds are, though, the local underwriter has to turn to a higher underwriting authority to accept the risk anyway; this then may eliminate an extra middleman from the placement.

There also is nothing in the J&H Marsh & McLennan memo to suggest that the buyer will be denied an opportunity to present its risk to the underwriter that is dealing with the Global Broking Center. It is also worth noting that for risk managers in or near one of the six locations of the centers—Atlanta, Chicago, Dallas, Los Angeles, New York and San Francisco—the entire issue may be moot.

For the insurer, such an arrangement may offer greater efficiency in dealing with fewer distribution channels. It could allow the underwriters to focus their resources and expertise in fewer locations, which certainly would lower expenses. For years now, insurers have vacillated between having local vs. regional operating structures.

A question remains, however, whether any efficiency is truly gained by having such an arrangement with only one broker—albeit one of the world's largest—when the insurer must maintain a broader underwriting system and local personnel for all other brokers and agents.

In addition, the issue of whether it works for more than commodity-type business also is relevant for the insurer. If a risk presented through one of the six Global Broking Centers requires the insurer to send local

personnel to assess the risk more thoroughly, does it really gain anything in terms of reduced expenses? The buyer and broker may be getting a break on costs, but the underwriting expenses are not reduced.

The arrangement is attractive to the broker on several levels. It replaces an uncertain profit-sharing arrangement with a certain reward for volume. It reduces the number of underwriters with which it must deal. And, in J&H Marsh & McLennan's case, the arrangement allows it to maximize the technological efficiencies offered by the World Insurance Network, an electronic network linking brokers and insurers.

It also gives the broker a more reliable source of information about rating and underwriting trends, as it is now dealing with fewer and more highly placed underwriters, rather than scores of underwriters nationwide that may offer varying terms and conditions.

To the extent that better information and greater efficiency translates into better service for the customer, the Global Broking Center concept is a winner.

The broker needs to be cognizant of the issues such an arrangement poses for its clients and markets. Perhaps most importantly, it needs to keep in mind if and how such an arrangement benefits the buyer and communicate those benefits to clients.

Unfortunately, the J&H Marsh & McLennan memo—which, granted, was intended for internal distribution—did not mention what the client gains from this program.

The key to making acceptable any new approach to placing business in the marketplace—no matter how effective the strategy—remains disclosure of what it will mean to the client. The buyer should be informed by the broker how its risk is being presented to underwriters and how the broker is being compensated for placing the risk in such a manner.

In J&H Marsh & McLennan's case, former J&H clients—some of whom originally chose J&H to avoid M&M's Global Broking Centers—in particular should be given a choice of how their business is to be handled.

Ultimately, buyers do have a choice. If they don't like the system, and the broker is unwilling to alter it to suit them, the buyer can choose another broker. Even if that alternative broker—be it another large international broker or a regional broker—costs more, the client still has a choice.

J&H Marsh & McLennan is entirely within its rights to decide how it wants to place business. Many in the industry agree that the current distribution system is inefficient, and this is one attempt to fix that.

It may not be the right approach, and other brokers and insurers may find more success handling business differently. Only time will tell.

Business Insurance®

Reporting weekly on corporate risk, employee benefit and managed health care news

Vice President/ Publisher/Editorial Director:	Kathryn J. McIntyre, ARM *(Chicago)*
Associate Publisher/Advertising Director:	Martin J. Ross III *(New York)*
Editor:	Paul D. Winston *(Chicago)*
Editor-at-Large:	Jerry Geisel *(Washington)*
Managing Editor:	Roseanne White *(Washington)*
Senior Editor-International:	Stacy Shapiro *(London)*
Senior Editors:	Meg Fletcher, ARM *(Chicago)*
	Judy Greenwald *(San Jose)*
	Dave Lenckus *(Tucson)*
	Douglas McLeod *(New York)*
	Joanne Wojcik *(Los Angeles)*
Assistant Managing Editor:	Regis J. Coccia *(Chicago)*
Washington Editor:	Mark A. Hofmann *(Washington)*
Bureau Chiefs:	Sarah Goddard *(London)*
	Gavin Souter *(New York)*
Graphics Editor:	Kathy L. Barnes *(Chicago)*
Copy Editors:	Todd J. Behme *(Chicago)*
	Sara J. Harty *(Chicago)*
Assistant Copy Editor:	Richard Trout *(Chicago)*
Associate Editors:	Michael Bradford *(Dallas)*
	Deborah Shalowitz Cowans *(Chicago)*
	Roberto Ceniceros *(Los Angeles)*
	Robert Kazel *(Chicago)*
	Michael Prince *(New York)*
	Sally Roberts *(Chicago)*
	Edwin Unsworth *(London)*
	Rodd Zolkos *(Chicago)*
Directory Editor:	Sandra L. Budde *(Chicago)*
Assistant Directory Editor:	Matt Scroggins *(Chicago)*
Editorial Assistant	Amanda L. Milligan *(Chicago)*
Production Assistant	Amy R. Kepka *(Chicago)*
Assistant to the Publisher:	Karen Brown Tucker *(Chicago)*
Editorial Cartoonist:	Roger Schillerstrom *(Chicago)*
Midwest Advertising Manager:	Robert L. Niesse *(Chicago)*
District Managers:	Cynthia Quinn *(New York)*
	Blake Delany *(New York)*
	Roger Lynch *(New York)*
	Elizabeth McGahren *(New York)*
	Deborah D. Neale *(Chicago)*
Classified Advertising Manager:	Cheryl Adeszko *(Chicago)*
Sales Assistant:	Lori Lieberman *(Los Angeles)*
Production Manager:	Elmer Kerstowske *(Chicago)*
Director of Communications:	Ronnie I. Drachman *(New York)*
Promotion Coordinator:	Barbara O'Brien *(New York)*

EDITORIAL:	Chicago:	312-649-5398
	Dallas:	214-361-2295
	London:	171-457-1400
	Los Angeles:	213-651-3710
	New York:	212-210-0100
	San Jose:	408-774-1500
	Tucson:	520-579-1937
	Washington:	202-662-7200
ADVERTISING:	New York:	212-210-0228
	Chicago:	312-649-5276
	Los Angeles:	213-651-3710
COMMUNICATIONS:	New York:	212-210-0132
SUBSCRIPTIONS:	Detroit:	800-678-9595

Business Insurance is published by Crain Communications Inc.

Keith E. Crain, Chairman; Rance Crain, President; Merrilee Crain, Secretary; Mary Kay Crain, Treasurer

William A. Morrow, Executive Vice President/Operations

Robert C. Adams, Vice President/Production

Peter Johnson, Vice President/Circulation

G.D. Crain Jr., *Founder (1885-1973)*; Mrs. G.D. Crain Jr., *Chairman (1911-1996)*

S.R. Bernstein, *Chairman-executive committee (1907-1993)*

Published weekly at 740 Rush St., Chicago, Ill. 60611-2590, Fax 312-280-3174, E-mail biweb@crain.com, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017-5806, Fax 212-210-0704, CRAIN COM NYK; Suite 114, 8950 N. Central Expressway, Dallas, Texas 75231; Fax 214-696-1936; Suite 814, National Press Building, Washington, D.C. 20045-1801, Fax 202-638-3155; 6500 Wilshire Blvd., Suite 2300 Los Angeles, Calif. 90048-4947, Fax 213-655-8157; 967 Bermuda Court, Sunnyvale, Calif. 94086-6750, Fax 408-774-1155; New Garden House, 78 Hatton Garden, London EC1N 8JQ England, Fax 171-457-1440; 8157 N. Torrey Way, Tucson, Ariz. 85743, Fax 520-579-3476. $4 a copy and $87 a year in U.S. $105 in Canada and Mexico (includes GST). All other countries $205 a year (includes expedited air delivery). J.A. LEWELLEN, circulation manager. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit, Mich., 48207-3185, or phone 800-678-9595 or 313-446-0450, Fax 313-446-6777. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact: JOSEPH P. HANLEY, Crain News Service, 220 E. 42nd St., New York, N.Y. 10017-5806, 212-254-0890. For reprints or reprint permission contact: KAREN BROWN TUCKER, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590, 312-649-5319, Fax 312-280-3174.

www.businessinsurance.com

BPA INTERNATIONAL

30 YEARS OF *Business Insurance* 1967-1997

ABP

TO SUBSCRIBE CALL 800-678-9595 • 313-446-0450 outside of the United States

Everyone depends on Dad.
Who can he depend on?

Optum®

BECAUSE HEALTH IS MORE THAN MEDICINE

http://www.optumcare.com

Every day employees are faced with a variety of personal and work-related issues. The stress of child rearing, money worries or a conflict at the office may seem too small to address. But daily concerns like these can sometimes build up and affect an individual's health and well-being. So where can they turn for help?

That's where Optum comes in. We provide a broad range of services designed to help your employees address issues of physical health and emotional well-being, as well as legal, financial and other work/life concerns, before they become serious problems.

We provide information, support and resources to your employees when, where and how they need it. Our services are accessible 24 hours a day, 365 days a year through immediate telephone access to registered nurses and master's-level counselors, books and newsletters, an audio library, in-person problem-solving and seminars. Information is even available on the Internet. We provide employees with tools necessary to become more effective managers of their own health and well-being. By accessing these tools, they have the ability to become healthier and, as a result, more productive.

By constantly being there, Optum helps employees address work, family and health issues and can help you control benefit costs. To learn more, call 1-888-262-4614 or visit our Web site at www.optumcare.com. You and your employees can depend on us.

PEOs

Continued from page 3

PEO or the company client should be the responsible entity for workers compensation coverage, said Mr. Lennes.

"I think the approach that makes the most sense probably" is where responsibility rests with the workplace employer, "but they can change that responsibility if there is a good workers comp policy in place that the leasing company itself has," said Mr. Lennes.

He noted that this was the approach of the National Assn. of Insurance Commissioners in a 1991 model act.

Illinois, California, Kentucky, Maine and Missouri permit a "wraparound policy" that is "pretty much in line with the NAIC model act," he said.

"We think it should be possible for the workplace employer to discharge their obligations. The duty is still on Bob's Ball Bearing, but Bob can do it by working out a deal with Intergalactic Personnel," said Mr. Lennes.

"The good thing about that is, it does allow for the existence of the leasing company," said Mr. Lennes. "It doesn't attempt, like old policies seem to, to deny they exist."

One potential problem is the issue of employers with unsafe work sites that obtain coverage based on a PEO's lower loss experience modification rating to avoid paying the higher workers comp rates that they should be paying.

Illinois legislation that becomes effective in January addresses this. Among provisions in the Employee Leasing Company Act is one that says if an employer's experience modification factor exceeds the PEO's mod by 50% at the inception of the leasing arrangement, the employer's higher factor will be used to calculate the workers comp premium rates charged to the leasing firm for two years.

John Shea, vp-group captives for Fireman's Fund Insurance Co. in Novato, Calif., said this issue "was the phenomena that originally gave PEOs a bad name, because PEOs were seen by insurance companies and regulators as just a way for guys with a debit modification to escape that debit mod."

One approach taken by workers comp insurers has been to have the PEOs adopt stringent loss control measures, said Mr. Shea. In addition, if necessary, most PEOs will charge the employer extra "to be sure they're funding the losses properly."

"As part of our value added, we go through an underwriting process in bringing on new clients," said Mr. Hulber of NovaCare.

"We assess three years of their workers compensation history; we have safety engineers that inspect their facility; we make recommendations for improvement. We partner with our carrier, Liberty Mutual, in evaluating the risk and recommending improvements and, assuming all is in final alignment, then enter into a PEO agreement and go forward," he said.

Even if the employer has a poor record, so long as the client is willing to work with the company, it will proceed with a contract anyway, said Brian Radin, division vp of ADP TotalSource Inc. in Atlanta, a PEO unit of Roseland, N.J.-based ADP Corp.

But if a client is not willing to do so, ADP will turn the business down, he said. And if a client that fixes an unsafe environment later reverts to old habits, "we have the right to terminate" the relationship, said Mr. Radin.

A related concern is keeping track of individual employers' records so that if they stop using a leasing company or switch firms, some record of their loss experience remains intact.

Various states are wrestling with the issue, said Mr. Lennes of the Alliance.

"There's a lot of real discussion going on in the varying states on. . .how to keep that kind of information available, current and accurate for when it might be needed in the future, even if the carrier doesn't need it now," he said.

"We insist upon client lists from each PEO," which provides information on clients' individual experience, said Mr. Shea of Fireman's Fund.

Mr. Shea said that while he has no problem with most insurance regulation of PEOs, he is unhappy that some states "have what are called a coordinated policy approach, which means individual policies are issued for each and every client for the PEO."

For instance, according to the Alliance, Massachusetts requires the PEO to buy and maintain a separate policy providing standard workers comp as well as employers' liability insurance for each client company.

Ray Sprague, senior vp of Hartford Specialty Co., a unit of Hartford Financial Services Group Inc. in Hartford, Conn., said having to issue these individual policies obviously "adds a tremendous amount of administrative costs" to the process. "It's a big headache for us," Mr. Sprague said.

More regulation can be expected in the future, said Judi Newman, a consultant with Fort Myers, Fla.-based Phaze II Consulting Inc. Most states still have very few PEOs, but regulation is likely to increase as they spread, she said.

Although NovaCare endorses state legislation and state licensing activity for PEOs, "We would caution states. . .not to be too restrictive," said Mr. Hulber. "In some states, it takes a period of time to have the mod rate for workers comp for an employee population apply to us as the employer, and I think what is overlooked in some of these instances is the value we add."

Many PEOs have developed their own sophisticated safety and back-to-work programs.

"On the front end, we're proactive in that we're attempting to reduce risk and create a safe workplace," said NovaCare's Mr. Hulber.

On the "back end," he said, Novacare manages claims.

While in years past many PEOs were self-insured, most have now moved to the voluntary insurance market.

"The risk factors associated with self-insuring have been a huge issue" lately, said ADP's Mr. Radin.

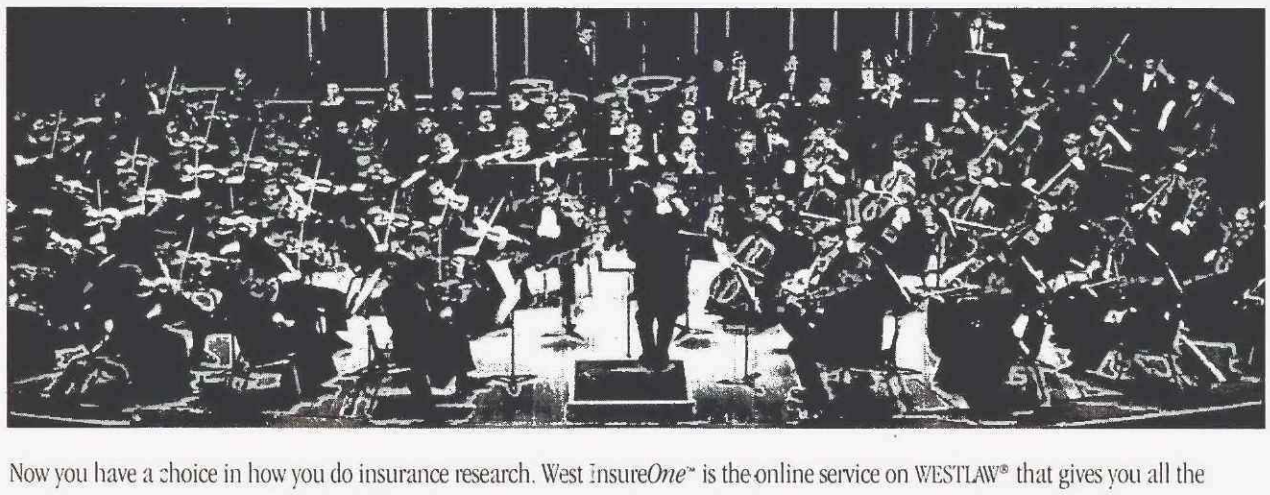
"Now the trend is to go back to fully insured, guaranteed cost plans and, because the market is

See **PEOs** *on page 12*

Now Available:
Couch on Insurance™
NAIC Model Laws and Proceedings
Andrew's Litigation Reporters

For sound insurance research, go beyond the NILS ensemble...

to the source that gives you more.



Now you have a choice in how you do insurance research. West InsureOne™ is the online service on WESTLAW® that gives you all the insurance law and advisory materials on NILS—and much more. You get nearly 300,000 state and federal insurance cases (NILS has none). The statutes are annotated to save you time. Plus, the collection of insurance regulations, bulletins, memoranda and circular letters on West InsureOne is more complete and up-to-date than any other source. You can even search 30+ top insurance periodicals such as *Best's Review, National Underwriter* and *Mealey's Litigation Reports* (NILS has none). West InsureOne keeps you more current than NILS with daily online updates vs. monthly CDs. And West lawyer-editors compile insurance law and news highlights each day for you. It's available for a competitive price, with first-rate customer support. To learn more about the new choice in insurance research, call 1-800-762-5272.

WEST INSUREONE™
The Complete Source for Insurance Information

For more information about this and other West Group products and services, visit us on the Internet at the URL:
http://www.westpub.com/WLAWInfo/insur/inshome.htm

© 1997 West Group 8-9600-4/7-97 727406
1-496-494-0

EMERGENCY PROCEDURE

A PERSON HAS FALLEN:

1) KEEP THEM STILL AND COMFORTABLE.

2) CALL A DOCTOR.

3) KNOW WHERE YOUR ADJUSTER WENT TO SCHOOL.

Thorough investigation is just the start of what every GAB Robins claims professional learns during our rigorous training program. The Professional Development Center gives our adjusters the technical expertise to handle a variety of accidents and crisis situations. After all, you expect the accidents to be random. Not how the claims are handled.

GAB Robins®

©1997 GAB Robins North America, Inc.

PEOs

Continued from page 10

so soft, leasing companies are able to negotiate pretty good rates," he said.

Meanwhile, it is still incumbent upon the employer to make sure adequate workers compensation coverage is in place that complies with its state's regulations.

"There have been a number of instances where in the past the employee leasing company failed to acquire the workers comp, and when there was an actual loss, the employer who leased the employee was found to be responsible," said Phaze II s Ms. Newman.

The transfer of responsibility to the PEO is not always watertight, warned Ward Ching, western regional practice leader for risk and insurance services at consultant Watson Wyatt Worldwide in San Francisco.

"There are instances where the behavior of the employer. . .mitigates or limits the transfer and creates a different kind of liability for the employer," Mr. Ching said.

For instance, an employer that knowingly puts a worker in jeopardy, such as assigning him or her to an unsafe work environment, can be sued for negligence even if a PEO covers its workers.

In the past, there also have occasionally been problems where an employer belatedly learned the PEO had not put together a solid insurance program, perhaps in an effort to reduce costs, said Mr. Ching.

William C. Bruce, an attorney with Mayo, Gilligan & Zito in Hartford, Conn., said "In my experience, really, where most employers who are considering this as a vehicle go wrong is they need to spend more time looking at their agreement with the leasing company. . .making sure it covers all the contingencies where they might become liable and verifying that the leasing company they're dealing with is able to back up its contractual promises, because you can have a very good contract, but if the leasing company doesn't have the financial stability to live up to its terms, it doesn't mean much."

"The employer does need to be vigilant," said Mr. Ching. "When going through the contract evaluation process, they should dig a little deeper and ask the harder questions, and they should get proof." BI

Legislate

Continued from page 3

General Assembly is in session; second, it restricts the ability of lobbyists to give and legislators to receive gifts.

Those provisions had a "significant impact" in passing workers comp and other reforms in the state because it "separates policymaking from politicking," Rep. Kisber said.

He points out, however, that the biggest reason behind successfully enacting workers comp reform in Tennessee was new efforts used to examine the issue.

In 1995, an ad-hoc legislative committee, divided evenly between state senators and representatives, was formed to examine the state's workers comp system and to come up with reform initiatives. The committee, which Rep. Kisber co-chaired, met several times over the summer and held open discussions with various interest groups.

"No person was denied the opportunity to be heard," Rep. Kisber said.

Among the reforms the committee proposed which were later enacted: Insurers were required to use loss-cost rates rather than fully developed rates, which take into account losses and other expenses; the rate-approval process was streamlined; employers with poor loss experience were required to pay higher residual

Tennessee's reform 'separates policymaking from politicking,' says Rep. Matthew Kisber.

market premiums; benefit review conferences were required in some cases; safety was enhanced; and fraud rules were tightened for all participants in the system (*BI,* May 6, 1996).

"I think a great deal of the success we had in passing workers comp reforms was due to the process we used to go about examining the issue," Rep. Kisber said. "Before, all efforts were compromises hammered out between interest groups."

At the same time, "The passage of the legislation was less difficult because of the restrictions placed on gifts and campaign contributions," he added.

The first loss-cost filings after the reforms were enacted resulted in an 8% rate decrease, and a pending filing would result in a 3% rate drop beginning in January 1998, noted Dale Sims, assistant to the state treasurer in Nashville, Tenn.

Wisconsin also enjoys some of the lowest workers comp premium rates in the nation.

Like Tennessee's ad-hoc legislative committee, Wisconsin's workers comp advisory council is behind the state's legislative reform efforts.

The advisory council, made up of five employer representatives and five employee representatives, meets monthly for two to three hours at a time to discuss Wisconsin's workers comp system, explained Bill G. Smith, state director of the National Federation of Independent Business in Madison, Wis.

Every two years, the council creates a reform package and proposes it to the state Legislature. When the bill leaves the council, it is an "unwritten rule" that once it hits the Legislature, it cannot be amended, Mr. Smith said.

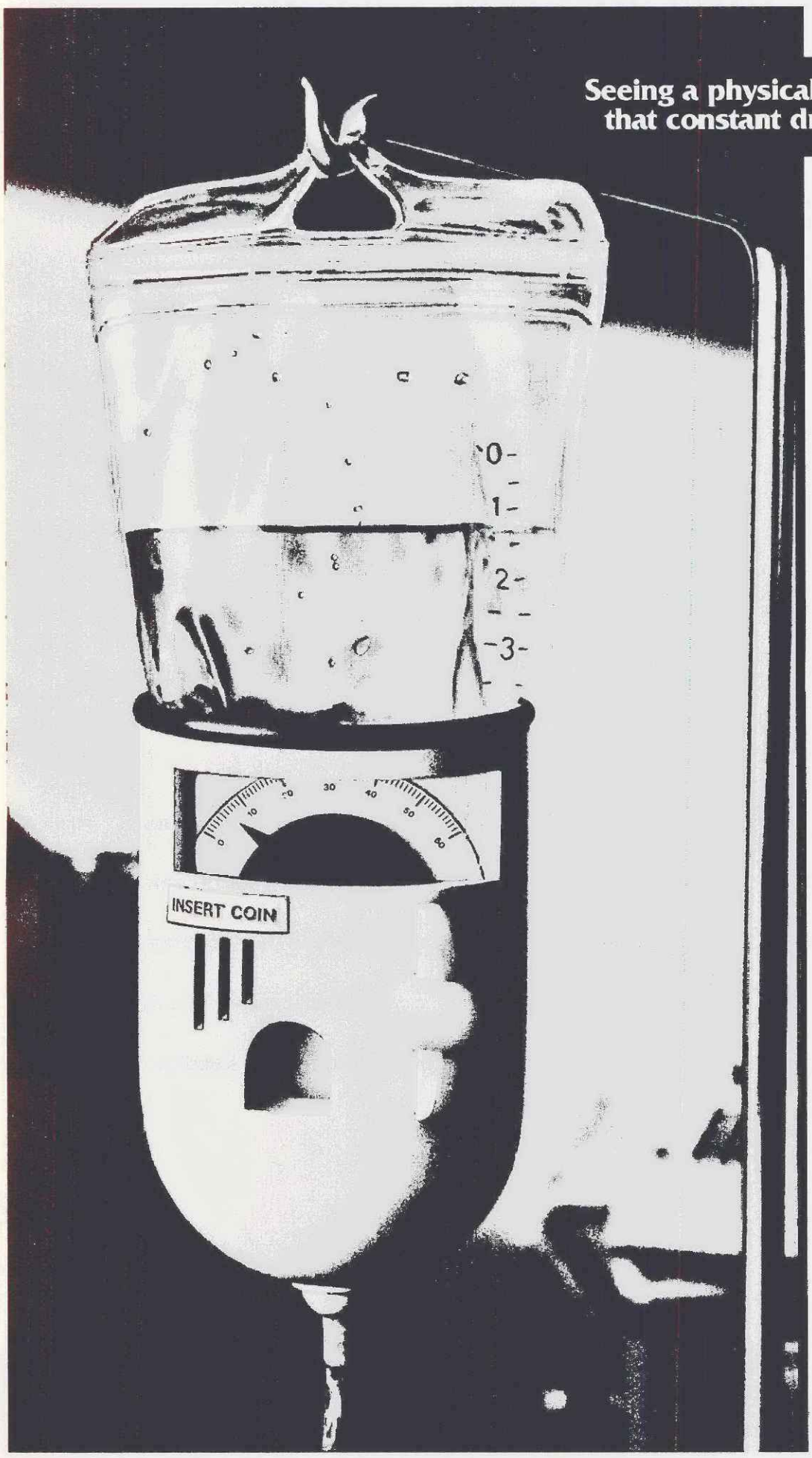
Workers comp reform in Wisconsin is "a product of negotiation," he added. "Anyone can go to the council. The meetings are open. They are very public and accessible. That's its strength."

"As long as we keep the lawyers and legislators out of the council process, we'll do well," Mr. Smith continued.

If it were the other way around and the Legislature was introducing the bills, he said it "would be a very long, drawn out, painful process."

It took the Legislature from February until early October to pass a state budget, Mr. Smith

See **Legislate** *on page 16*



Seeing a physical therapist early can stop that constant drip-drip-drip of money.

In fact, early intervention by a physical therapist makes a positive outcome eight times more likely.* What's more, by making physical therapy your first line of treatment, you can save 123% on each case – an average of $1,200 per patient.**

Physical therapists are better educated about the musculoskeletal system than any other health care professional. So they can get patients healthier more quickly and at less cost for many conditions, including arthritis, low-back pain, carpal tunnel syndrome, hypertension, stroke, and cardiovascular disease.

Early intervention by a physical therapist can reduce the need for expensive diagnostics and surgical procedures.

And physical therapists can save you even more money by helping your employees return to work sooner and by preventing recurrences.

For a guide to physical therapy – listing what care is appropriate and the expected outcomes for hundreds of diagnosed conditions – call Jim Nugent at 1-800-999-2782, ext. 8511.

Put your health in the hands of a Physical Therapist.

* According to the 1993 Linton Study
** According to a recent study from Georgetown University

CAT LIMITED

FINANCIAL STRENGTH

STABILITY

CUSTOMIZED SOLUTIONS

CREATIVITY

MULTI-YEAR RELATIONSHIPS

SECURITY

COMBINING CAPITAL AND TECHNOLOGY

CUMBERLAND HOUSE, ONE VICTORIA STREET, P.O. BOX HM 2702, HAMILTON HM KX BERMUDA, TEL 441-292-2102 FAX 441-292-2371

ZURICH RE
CLR
ABC
SND
END
C A L
L Z U
R I C
H R E

one call service.

Life is complicated enough. Let's simplify: we've combined ZRC with the reinsurance expertise of Centre Re. You now have a seamless, single source for every reinsurance need, including some that haven't even come up yet. As Zurich Reinsurance (North America) we offer truly global access and world class answers. Come talk with the one company that can do the work of many.

1-888-900-ZRNA (9762) http://www.zurichre-na.com
Atlanta Boston Chicago Dallas New York San Francisco Stamford

ZURICH RE

Legislate

Continued from page 12
noted.

In July 1995, workers comp rates for Wisconsin companies dropped 11.9%, which saved employers an estimated $135 million in insurance premiums in 1996. That is Wisconsin's biggest decrease over the past 20 years.

Unlike Tennessee and Wisconsin, where reform measures are created free of the general assembly, Illinois' workers comp reform efforts are a different story.

Illinois is one of the only states left to allow "balance billing," where medical care providers can collect payments from injured workers that are in excess of the fee reimbursed by the employer or insurer. The state also has made no major changes to its workers comp system in the past 20 years and few changes since 1989.

In 1995, an employer-sponsored bill was introduced, but the Legislature took no final action. The proposed bill included a variety of changes, including: allowing payments for repetitive-motion injuries only if work activities were the principal cause; limiting the worker's choice of physician and reimbursing medical care at "usual and customary" as opposed to "reasonable and necessary" levels; prohibiting balance billing by medical providers; and increasing and then freezing the maximum weekly permanent partial disability benefit.

Hank Kinzie, executive secretary for the Illinois Self-Insurers Assn. in Chicago, said the trend toward inertia in the Legislature is attributable to lack of meaningful data showing the need for reform, as well as powerful lobbying groups who not only contribute large amounts of money to many legislators' campaigns, but who also favor leaving the system alone.

'Even if we...restrict gifts and contributions, we'd still find...that the medical society would oppose many changes suggested by business interests, says Hank Kinzie.

"You find lots of legislators very, very hesitant to enact sweeping, significant workers comp reforms," Mr. Kinzie said. "Even if we do something like Tennessee and restrict gifts and contributions, we'd still find in the long run that the medical society would oppose many changes suggested by business interests."

The state's medical society over the past five to six years has been the largest campaign contributor to the Senate, House and governor, followed closely by other powerful labor and business groups, said Mr. Kinzie, an attorney with the law firm of Nyhan, Pfister, Bambrick & Kinzie in Chicago.

With no clear data and frank disagreement from various campaign contributors, the Illinois Legislature has decided workers comp reform "was too hot" to take on, he said.

But there are groups, including employer groups, that are becoming more focused, he said. Rather than putting out a large wish list, they are focusing on a few elements that need attention and are gathering data.

Indeed, special interest groups can have a significant influence on reform efforts and can be "a big stopping block" in getting reforms enacted, noted Barry I. Llewellyn, senior vp and actuary for the National Council on Compensation Insurance in Hoboken, N.J.

During a speech at a workers comp conference last March in Chicago, Mr. Llewellyn contrasted what he considers key reform issues that clearly drive costs out of the system, but tend to be avoided due to their complexity and political contentiousness, with those issues that achieve consensus but may not drive costs out. The conference was sponsored by UBA Inc., now known as UWC Strategic Services on Unemployment and Workers Compensation.

He said such reforms as medical cost containment, including fee schedules, utilization management and managed care, and a variety of litigation controls, are initiatives that will save the workers comp system money but are quick to raise hairs with various interest groups. Similar issues include changing benefit levels, duration limits and objective evaluation of disabilities.

Conversely, such initiatives as anti-fraud programs, drug-free workplace credits and safety program mandates are easier to get enacted, Mr. Llewellyn said. While these are legitimate reforms, the programs may not be the most effective from an employer cost-savings standpoint.

If a governor is trying to respond to business groups that are saying workers comp costs are too high, he or she can easily pass a mandate giving premium credit for unproven programs, Mr. Llewellyn said in a follow-up interview.

"Who's going to argue against safety? It's a very easy political call."

"Workers comp reform is an issue that is in a lull period," Mr. Llewellyn added. "We are starting to see some evidence of organized labor gearing up to go back and make changes in the next couple of years," he said. "The question is, what form will it take?" BI

QUALITY: INSURING OUR FUTURE

RIMS AND QIC ANNOUNCE THE ARTHUR QUERN QUALITY AWARD

Quern

Quality

RIMS and the QIC have made quality a key objective. The goal: to raise the standard for our industry by recognizing quality in risk management and insurance products and services

An award honoring the memory of Arthur Quern, former chairman and chief executive of Aon Risk Services, whose professionalism, vision, ethics and determination set a standard for our industry

Qualifications

Nominations will be accepted by RIMS until December 19, 1997. Essay responses will highlight individuals, products or companies with a demonstrated commitment to quality

Nominations

Nominations are now being accepted for the first annual Arthur Quern Quality Award. Nominations may include insurance companies and products, brokers, agents, third party administrators, risk managers or risk management departments, and others in the risk management and insurance community whose commitment to quality can be demonstrated.

Nominations will be accepted from anyone familiar with the product or the candidate's work. The application, which requires essay responses, will be kept in the strictest confidence. The nomination application is available through the RIMS New York office (tel. 212-286-9364 x248) or through the RIMS home page at www.rims.org.

Deadline

The deadline for the first Arthur Quern Quality Award, which will be bestowed at the RIMS Annual Conference & Exhibition in 1998, is December 19, 1997.

Qualifications

Individuals, companies or products nominated will be evaluated by the following criteria:

- established and implemented an effective customer-oriented quality program
- identified, addressed and solved one or more specific quality programs
- initiated innovative techniques or policies resulting in the superior quality of a risk management product or service
- contributed to the enhancement of ongoing quality programs
- embraced training and continuous improvement

Deadline: December 19, 1997

Managed care provider directory

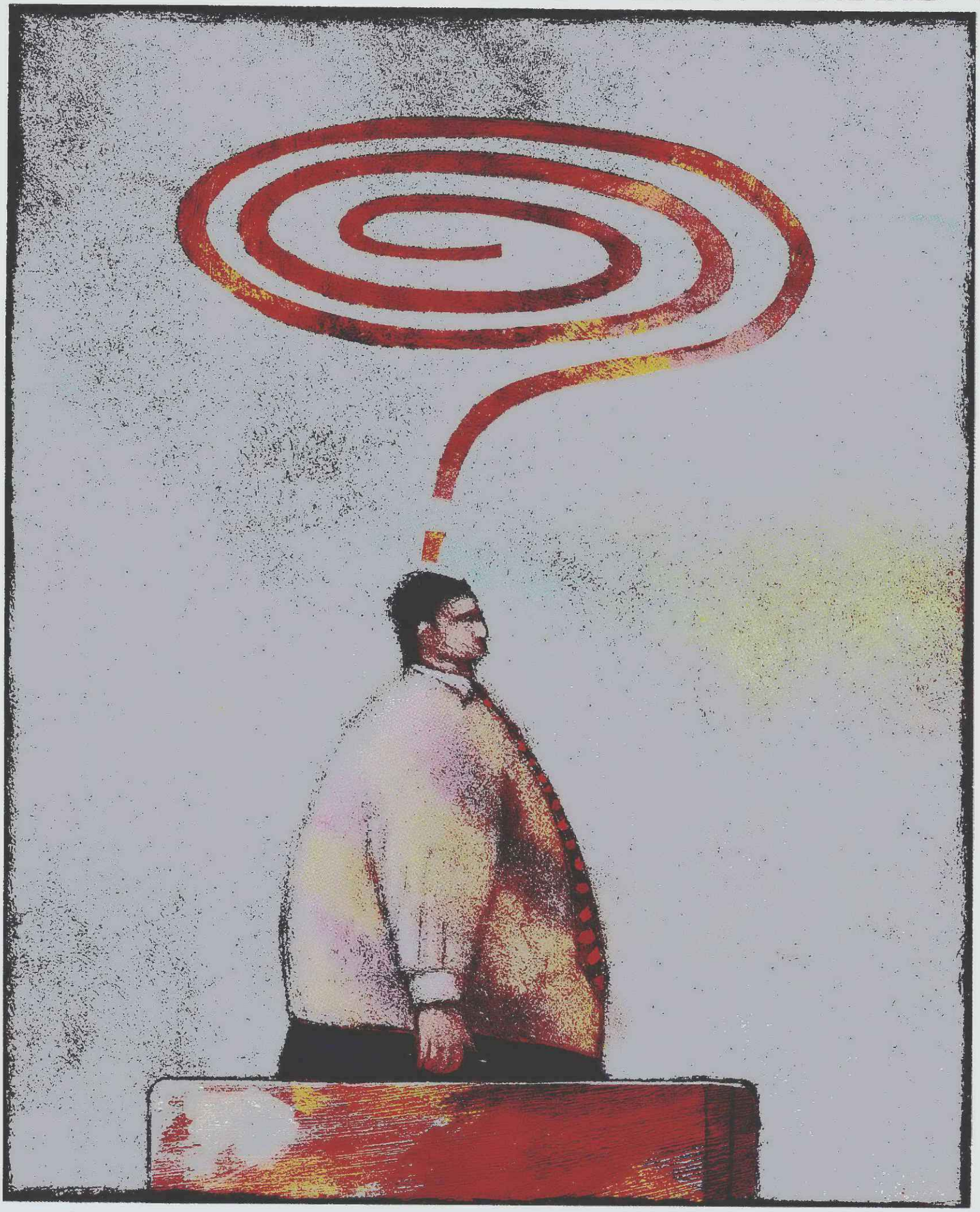
Business Insurance will publish the 1998-1999 Directory of Managed Care Providers on Dec. 29.

The directory is published as an editorial service; there is no charge to be included. However, managed care providers must complete and return a *BI* questionnaire by the extended deadline of Oct. 31 to be included.

If your company provides an HMO, PPO or POS product and you have not yet received a questionnaire, please request one immediately by calling Assistant Directory Editor Matt Scroggins at 312-649-5483.

EBC AWARDS

EFFECTIVE BENEFIT COMMUNICATION



A Spotlight Report on

BENEFITS: EFFECTIVE BENEFIT COMMUNICATION AND EBC AWARDS

including BI's Directory of

BENEFIT COMMUNICATION SYSTEMS

Publishing — November 24, 1997

Ad Closing — November 12, 1997

Business Insurance®

www.businessinsurance.com

New York: 212-210-0133 ■ Fax: 212-210-0704
Chicago: 312-649-5276 ■ Fax: 312-649-7799
Los Angeles: 213-651-3710 ■ Fax: 213-655-8157

Spotlight report

Workers comp records privacy off table for now

Employers want to make sure they have the medical claims information they need

By MEG FLETCHER

Employers that fear workers compensation claims-handling problems from a proposed federal standard on medical records privacy may have won a reprieve.

Federal authorities appear to have given the issue a pass, at least in the first round of congressional deliberations. The Clinton administration's recent proposals for assuring the confidentiality of individuals' medical records did not include any mention of workers compensation insurers (*BI*, Sept. 22).

However, the U.S. Department of Health and Human Services is continuing to review whether there is a need for federal medical privacy standards in workers comp, HHS Secretary Donna Shalala said in testimony before the Senate Labor and Human Resources Committee last month. Ms. Shalala will make recommendations to Congress at an unspecified time in the future.

Ms. Shalala said last month that while workers comp insurers receive health care information in much the same manner as health plans, they have a legitimate need to coordinate indemnity benefits—including lost wages and disability payments—and return-to-work determinations with any group health care benefits.

However, Ms. Shalala acknowledged that "raises potential questions" about the appropriateness of certain disclosures of medical information, according to Bruce Wood, assistant general counsel of the American Insurance Assn. in Washington.

Her presentation stemmed from a requirement of the Health Insurance Portability and Accounting Act, signed in August 1996. The act gives Congress until August 1999 to enact legislation governing the privacy of medical records. If it fails to act, then the HHS secretary will promulgate regulations.

Insurer and employer representatives generally support the Clinton administration's initial position of leaving workers comp alone.

"The Clinton Administration acted wisely when it decided not to make any recommendation with respect to covering workers compensation under medical privacy proposals," said Eric Oxfeld, president of the UWC Strategic Services on Unemployment and Workers Compensation, a Washington-based consulting firm.

In addition, "we are pleased that the administration privacy plan expressly recognizes the need to allow reports required under state workers compensation laws," he said in a statement.

However, "employers are still concerned because the HHS report leaves the door open to later imposing privacy restrictions on comp and because privacy restrictions on doctors and research may still delay the exchange of information needed to process claims and evaluate public policy," Mr. Oxfeld said.

"Employers agree that workers injured on the job have legitimate privacy expectations, but privacy standards must allow employers to keep their commitment to prompt and accurate delivery of workers compensation cash payments and medical treatment," Mr. Oxfeld said.

"We urge HHS and the Congress to leave comp out of any new privacy regulatory scheme and ensure that any legislation does not create exceptions to the workers compensation exclusive remedy doctrine by establishing a right to sue over paperwork infractions," he said.

Gains made by state legislatures enacting major cost-containment reforms "could be jeopardized if federal or state privacy legislation goes too far," Mr. Oxfeld warned.

As the AIA. sees it, "the HHS recommendations suggest that the federal legislation will not directly regulate liability insurers, at least to the extent the insurer obtained its health information pursuant to the claimants' authorization."

The HHS recommendations provide that the legislation should "apply primarily to health care providers and payers."

However, the definition of "health care payers" in the report states that "the definition does not encompass liability insurers who receive health information, as needed, pursuant to claimants' authorization," said AIA's Mr. Wood.

However, a labor spokesman disagrees and supports also applying any federal privacy rule to workers compensation.

"Medical (records) privacy should apply to all areas," including workers comp, said James Ellenberger, the AFL-CIO's assistant director for occupational safety and health in Washington.

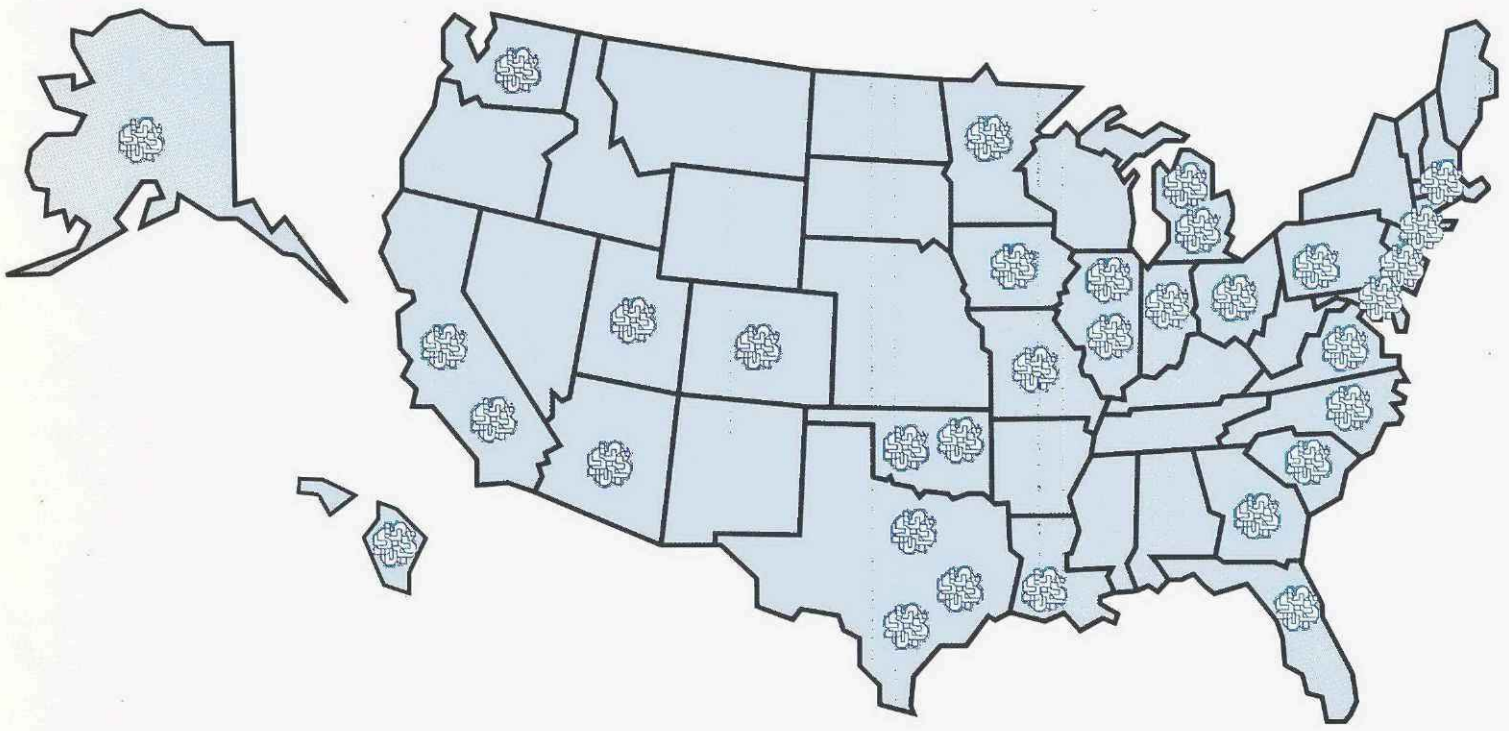
However, his interpretation of the HHS secretary's current recommendations is that they would still allow workers comp claims to be handled as they are now. Employers and insurers have been "overstating" the problem by threatening that new rules would create new hurdles, Mr. Ellenberger said.

"What we want the law and secretary to do is prevent unauthorized access to workers compensation information," he said. Specifically, data-handling procedures that allow businesses to blacklist workers for merely

See **Privacy** *on page 20*

SFA

The national way to measure structured financial settlement services.



The merger of SSI with SFA combines talents, resources, and technologies to provide broader coverage and more professional specialists to serve you.

Measure SFA by easy access.
You can measure our service with a national yardstick. SFA provides you with 33 field offices in major metropolitan areas all across the country. No matter where a claim arises, SFA will deliver expert service where you need it.

Measure SFA by experience.
Each of your cases is unique. So you need a vast range of experience on which to depend. You can tap SFA's 55 consultants, each one averaging more than a decade of structured settlement experience.

Measure SFA by quality and value-added.
Our professional backgrounds give you critical multiple resources. The SFA expertise in claims, economics, education, financial planning, healthcare, insurance, law, and lifecare planning gives you the diversity of skills to provide settlement solutions. This helps resolve claims for their lowest ultimate cost. The collective strength of the new SFA organization has more consultants (19) holding the Certified Structured Settlement Consultant (CSSC) designation than any other company in the industry.

Measure SFA by speed.
We work quickly to produce fast claims settlements and simplify your paperwork.

Measure SFA by industry leadership.
With one SFA officer currently president of the National Structured Settlement Trade Association, and SFA's president, former president of NSSTA, our leadership keeps you abreast of industry developments vital to your interests.

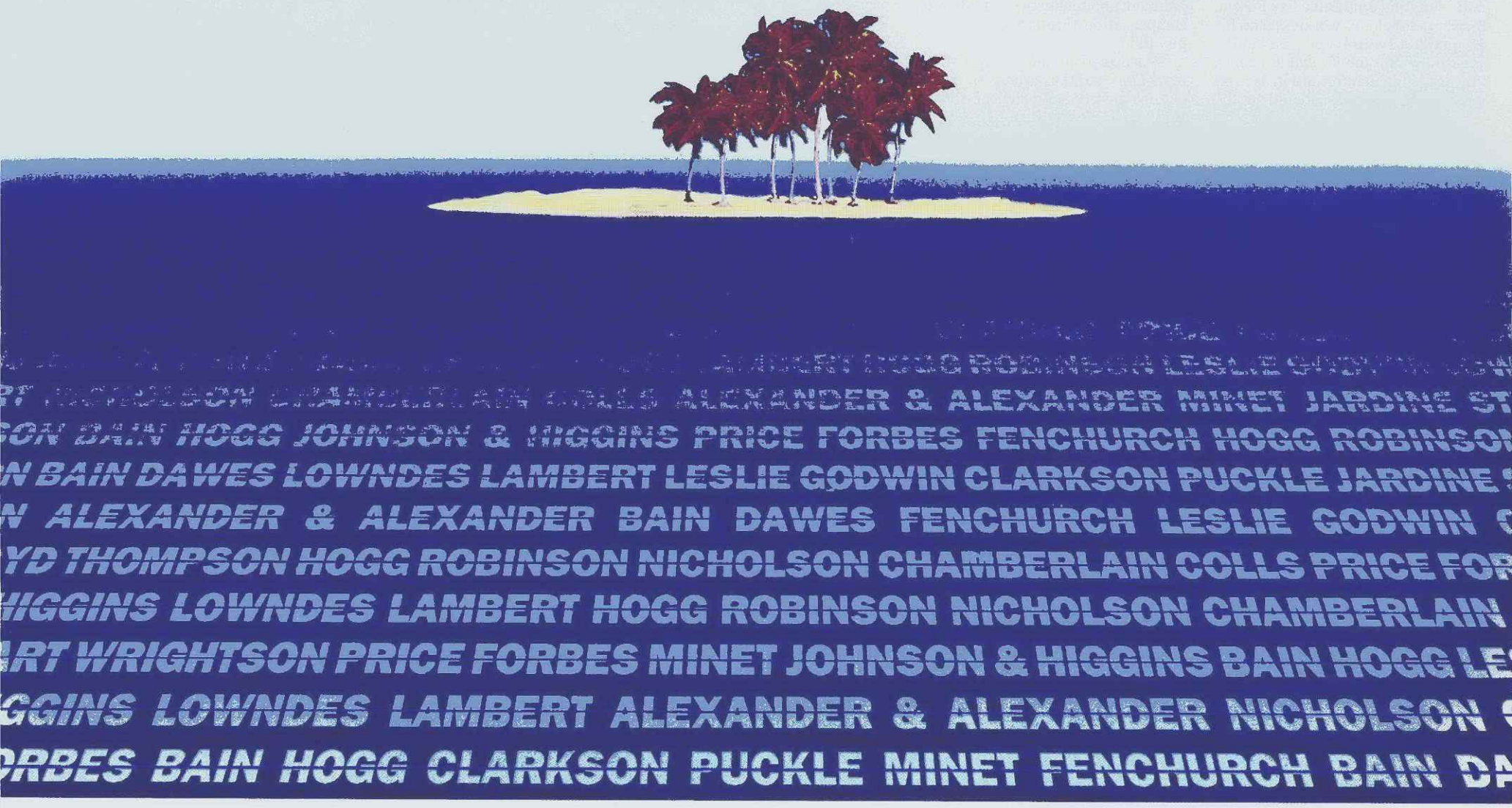
SFA gives you a national way to measure structured financial settlement services. Call us today for a consultation.

STRUCTURED FINANCIAL ASSOCIATES, INC.®

800-638-5890 • 410-547-0112

STILL INDEPENDENT...

CRAWLEY WARREN



Crawley Warren is a broker of international repute
recognised by clients and underwriters for its expertise
in the placement of specialist risks

Aerospace | Political & Financial Risks | Accident & Health | Bloodstock | Marine | Reinsurance | Property & Casualty

London, European, Asian and North American markets available

Crawley Warren Group
America House, America Square, London EC3N 2AH
and offices throughout the world

Telephone (+44) 171 488 1414. Fax (+44) 171 265 1453

An innovative broker, blending modern technology with old-fashioned integrity

Privacy

Continued from page 18

filing a workers comp claim should be "absolutely prohibited," he said.

UWC's Mr. Oxfeld replied "My organization and its members don't believe that it is appropriate to blacklist any worker because a worker has had a workers compensation claim."

While the recent HHS recommendations have brought the medical records privacy issue to a head, employers and workers comp insurers have wrestled with it for a long time.

Employers, especially those that self-administer claims, are in a "difficult" situation, said Billie Fae Fuschi, assistant director of workers comp for Memphis, Tenn.-based Methodist Health Systems Inc. To handle claims, "I want as much information as I can get, but I don't think I should get the information prior to a claim."

Running a hospital-related business presents special challenges to ensure a claimant's privacy, she said. Hospital workers should not feel compelled to go elsewhere for medical treatment to avoid the possibility that personal medical information might be wrongfully leaked to co-workers, she said.

"Protecting privacy is a wonderful thing, but you run into problems," said Douglas Stevenson, executive director of the National Council of Self-Insurers in Chicago.

Information about an injured worker's medical background is important to ensure the worker is treated appropriately and later to determine impairment and sometimes eligibility for compensation through a second-injury fund.

"When anyone submits his physical or mental condition as an issue in litigation, the privacy privilege should evaporate," Mr. Stevenson said.

The "critical" aspect is balancing the need to make that information available for improved medical care and to address safety concerns in the workplace site with protecting the individual's privacy, said Bill Gourley, senior vp and manager of commercial markets operations for Liberty Mutual Insurance Cos. in Boston. "We are partnering with customers to determine what is the best solution for getting this key information as well as controlling workers illnesses and injuries and the resulting cost," he said.

"It's not a new awareness for us; it's something we agonize over all the time: to have that balance between privacy and effective care," Mr. Gourley said. For example, any user of Liberty Mutual's risk management information system is greeted with a notice reminding them that the information is private and should be used only on a limited basis.

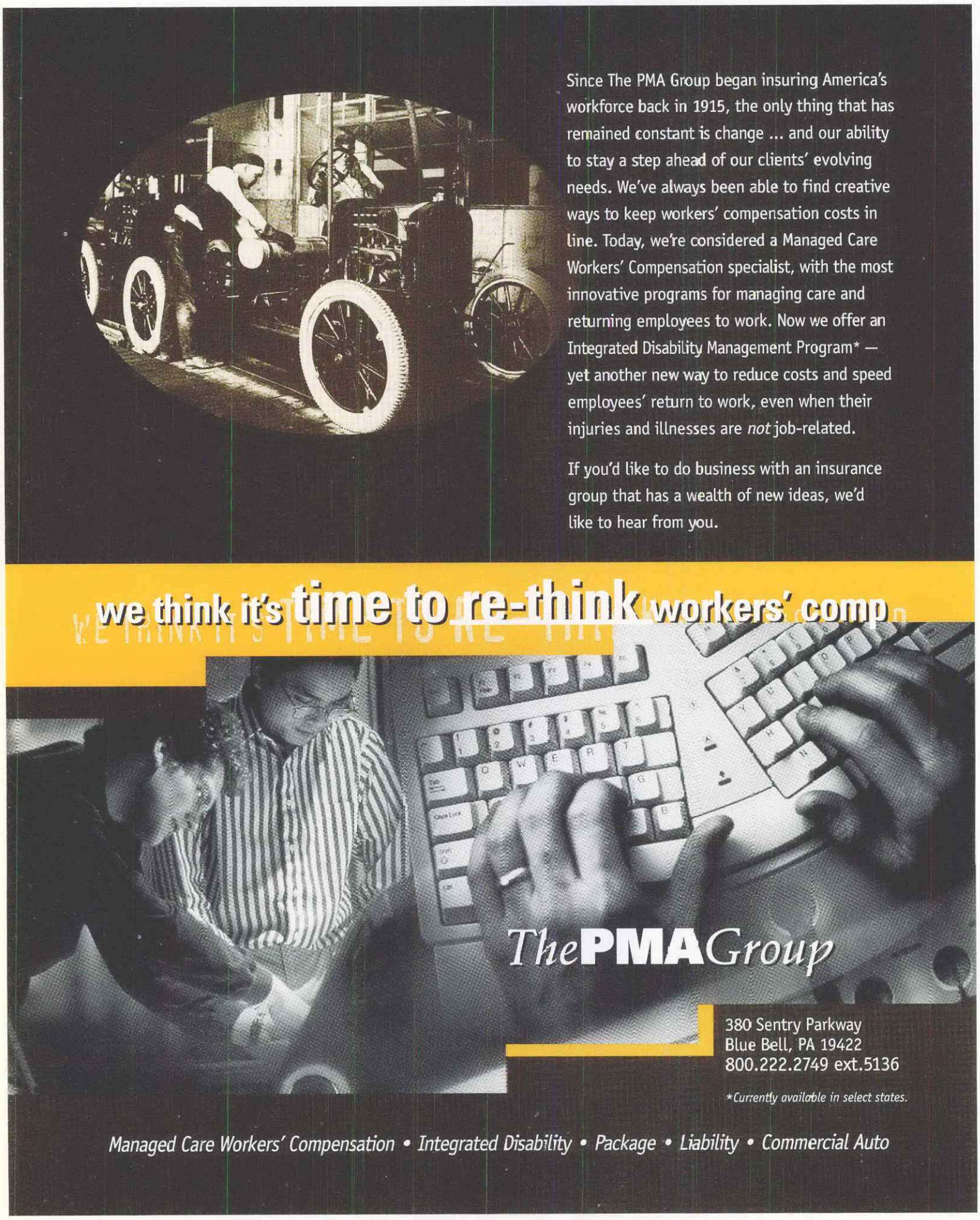
The issue is also a concern in states.

"Privacy of medical records is an emerging issue in nearly every state," said John B. Lennes Jr., vp and director of workers compensation/health for the Alliance of American Insurers in Schaumburg, Ill.

"Legislatures are recognizing that there is a greater sensitivity" on the issue of medical records privacy, although no one really thinks about the potential impact of such legislation on workers comp, said AIA's Mr. Wood.

"In almost every state, compensation carriers have authority by law to have access to a claimant's records," Mr. Lennes said. However, states vary in the "number of hoops" an insurer must jump through as well as in the definition of a medical record.

The National Assn. of Insurance Commissioners also is drafting guidelines for medical records privacy. **BI**



Policy eases coverage conflicts

By MEG FLETCHER

A new workers compensation policy endorsement is making it easier for many residual market policyholders to ensure that all employees have workers comp coverage while traveling out of state.

However, state officials are finding it more challenging to do the same for voluntary market policyholders that face the problem.

Historically, the coverage issue emerged because most state workers comp laws allow employees injured on the job outside their companies' home state to elect to receive workers comp benefits under either state's system or sometimes from the state of hire. Not surprisingly, employees usually choose the state with the highest benefits.

That freedom created headaches and "unknown, uncovered and uncoverable exposures" for employers, insurers and agents, according to a proposed position paper drafted by representatives of the National Assn. of Insurance Commissioners and the International Assn. of Industrial Accident Boards & Commissions.

For example, an employer without broad enough coverage may have to defend or try to manage a claim itself if its workers comp insurer is not licensed where the injury occurred, though some insurers will indemnify the employer for the expense involved (*BI*, July 31, 1995).

In rare situations, an employer uninsured in the state of injury may face a tort suit because the exclusive remedy protection doesn't exist.

However, that happens "very rarely," said Stephanie Thompkins Ganey, director of medical management services for AIG Claims Services Inc. in New York.

Some insurers have found it impossible to directly represent policyholders if unlicensed where claims have been made and reimburse the employer instead. Others have been threatened with fines for trying to intervene where they aren't licensed.

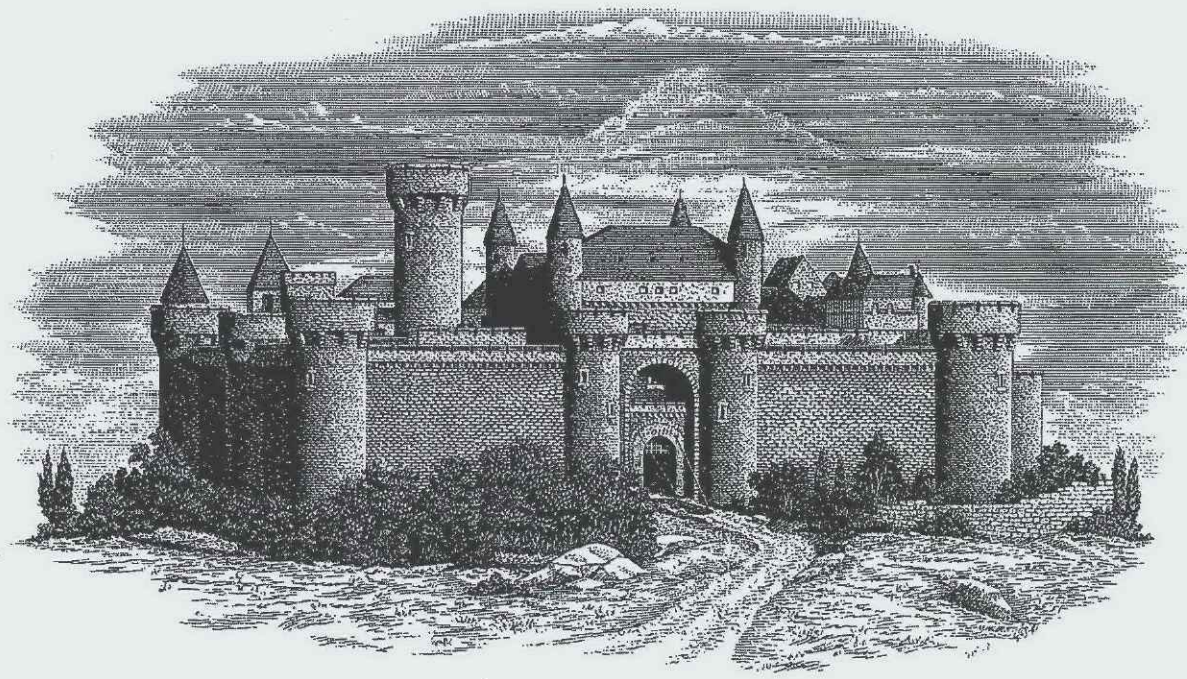
In addition, agents fear lawsuits for providing inadequate advice to employers.

The problems exist because a standard workers comp policy typically covers out-of-state travel for employees working temporarily in other states by providing what is known as "other states' coverage." The contract language in Part 3 extends coverage for an employer's liability to states other than the usual states in which the company does business, which are listed on the policy's declarations page in item 3.A.

"There would be no problem if every voluntary market insurer said all remaining states not listed in 3.A." are in the additional coverage portion, but that isn't what happens, said Eric G. Gustafson, chairman and principal of the Blake Insurance Agency Inc. in Portsmouth, N.H.

See **States** *on page 24*

INTRODUCING **WILL**RETURN℠. A UNIQUE CONCEPT IN DISABILITY CLAIMS MANAGEMENT- ONLY FROM FORTIS.



Fortis Benefits introduces **Will***Return*℠*, a new way to customize disability claims service to the needs of disabled employees. With the Return-to-Work scale and the Will-to-Work indicator,* **Will***Return*℠ *provides demographic and psychographic information that allows for uniquely efficient and effective claims management.*

Developed with **The Menninger Clinic**, *the Return-to-Work scale takes a scientific and statistical approach. Using information like demographics, cause of disability and type of disease or injury, it predicts the chances of an individual's rehabilitation success. The Will-to-Work indicator, developed with* **The Gallup Organization**, *uses profiles based on claimants' attitudes, feelings, willpower and behavior, to develop a personalized rehabilitation strategy tailored to their strengths and weaknesses.*

Take advantage of **Will***Return*℠ *and discover Fortis Benefits' commitment to innovative disability cost management. Help your employees. Help your bottom line. Visit our website at www.fortisbenefits.us.fortis.com, contact your broker or call Fortis Benefits today at* 1-800-319-4773.

Insurance contracts are issued and underwritten by Fortis Benefits Insurance Company, Kansas City, MO and Woodbury, MN; and, in New York State, First Fortis Life Insurance Company, Syracuse, NY.
©1997 Fortis, Inc. Fortis® and *fortis* ® are service marks of Fortis AMEV and Fortis AG.

fortis

SOLID ANSWERS FOR A CHANGING WORLD®

IF YOUR REINSURER
KNOWS ONLY ONE WAY TO GO,

GO ANOTHER WAY.

At American Re, we design customized solutions that meet your unique needs — solutions based on an understanding of the practical realities you face. And as a member of the Munich Re Group, we have unsurpassed financial strength and capacity. Why is working with American Re a smart move? We help you reach your goals your way.

American Re-Insurance Company, 555 College Road East, Princeton, New Jersey 08543-5241 609-243-4200 www.amre.com

AMERICAN RE
A Member of the Munich Re Group

GRAPHIC BY MIKE GARVEY

States

Continued from page 20

Mr. Gustafson is a former president and active committee member for the Independent Insurance Agents of America Inc., which has been working with the National Council on Compensation Insurance to develop a solution to the problem.

For example, most insurers exclude from the additional coverage section the six states with exclusive state workers compensation funds. Those states are Ohio, Nevada, North Dakota, Washington, West Virginia and Wyoming.

Premium fairness also is an issue. "An insurer would like to have the premium be commensurate with the benefits paid, both of which are based on the state of hire, where possible," said Michael Mayers, senior vp-risk management accounts with Wausau Insurance Cos. in Wausau, Wis.

Although covering traveling employees was not just a residual market problem, "it was exacerbated by the residual market," said Mr. Gustafson.

The residual market typically had more limitations on coverage for traveling employees than the voluntary market's policies.

The Boca Raton, Fla.-based NCCI developed the most recent solution by crafting clearer and broader coverage for employers that buy residual market coverage where the NCCI administers the residual market plan or the National Workers' Compensation Reinsurance Pool reinsures it. Residual market policyholders in 21 states plus the District of Columbia currently are eligible for the NCCI's broader coverage (see chart).

The changes, which the states ultimately approved with a general effective date of Feb. 1, 1997, replaced the Part 3 coverage that was available on the standard workers comp policy with new, limited coverage in all states, including those with exclusive state funds. In addition, the NCCI's residual market coverage was broadened to extend some coverage, without additional charge.

"The NCCI was very responsive to customer needs," said the IIAA's Mr. Gustafson.

Developing a solution to this issue for policyholders in the voluntary market, however, appears to be more of a challenge. No progress has been made in recent months on a general position paper developed by the NAIC and IAIABC.

Their proposal calls for state lawmakers to adopt reciprocal laws similar to ones enacted in Maine and New Hampshire.

Such laws essentially require injured employees to receive the benefits of the state of "regular" employment, regardless of where the injury occurred. They also grant exclusive remedy protection to an employer with valid insurance in its home state.

South Dakota Director of Insurance Darla L. Lyon, who chairs two NAIC groups on the issue, said insurance regulators have been waiting for state workers comp administrators to provide additional comments.

However, additional comment is not expected from the IAIABC, according to a recent interview with President Michael LeFever.

"It's not on our immediate agenda," said Mr. LeFever, executive director of the South Carolina Workers' Compensation Commission in Columbia. "As an organization, we are not about telling states what kind of workers compensation systems they should have."

That approach is echoed in the IAIABC's rewrite of its bylaws a few years ago.

The organization dropped its support for the 19 essential recommendations made in 1972 by the National Commission on Workers Compensation, he said.

One possible cause for the IAIABC's silence may be criticism from the AFL-CIO on how regulators are handling this issue.

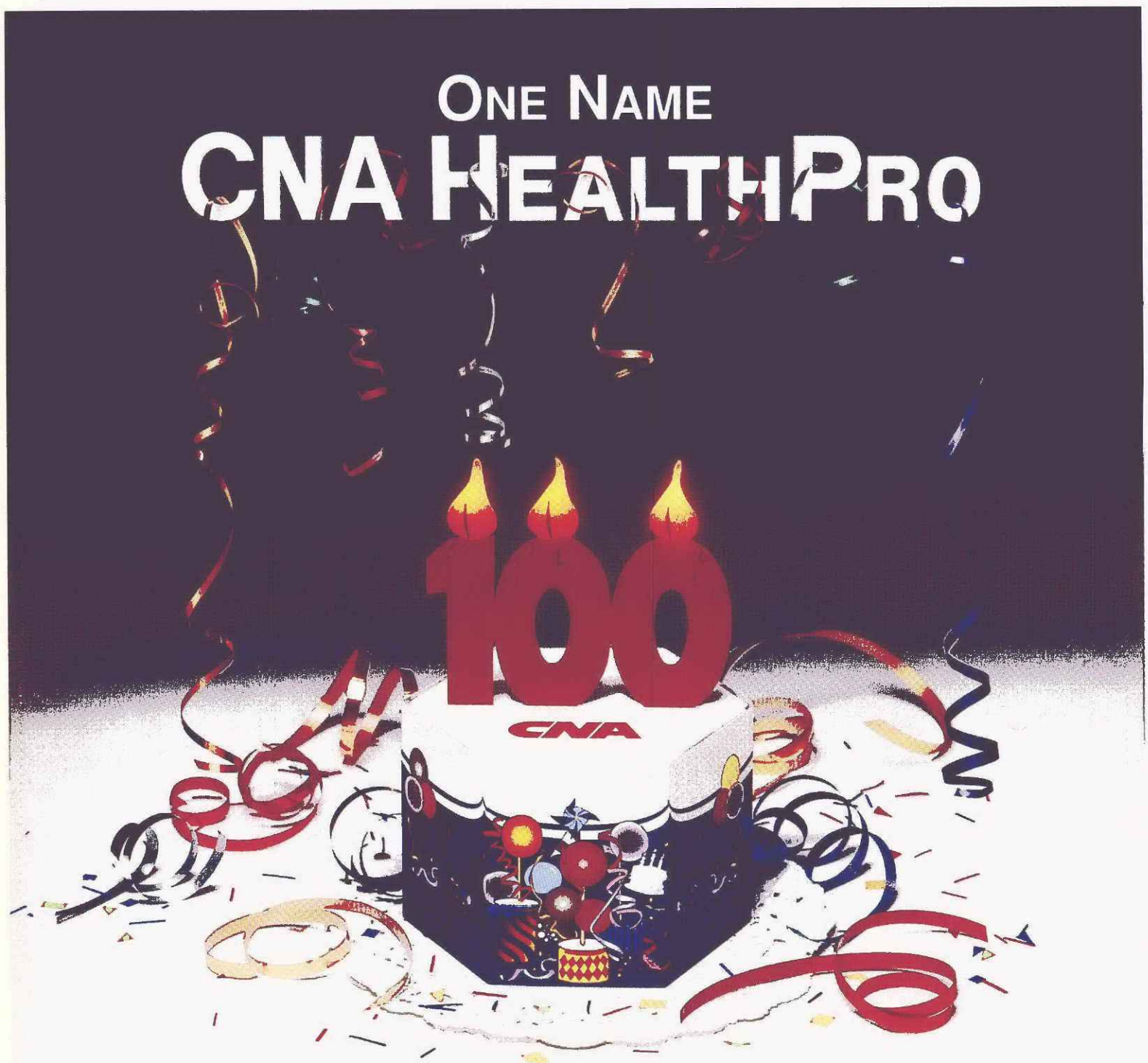
The labor union "strongly objects" to eliminating a traveling employee's freedom to choose which state's benefits to accept, said James Ellenberger, assistant director of the AFL-CIO's department of occupational safety and health in Washington. That is in "direct conflict" with standards previously adopted by the IAIABC and the national commission, he said.

To resolve the impasse, Ms. Lyon plans to ask the NAIC Commercial Lines—Property/Casualty Insurance Committee to receive the position paper at its December meeting.

It remains to be seen, though, how the NAIC recommendations will work.

The Maine-style legislation "is expected to receive serious consideration in a number of states—particularly in the Northeast—during the next legislative cycle," said David Turner, the IIAA's assistant vp-state government affairs in Washington.

However, "a statutory approach" won't work conceptually unless all states adopt the same legislation, and that won't happen, said Bruce C. Wood, assistant general counsel of the American Insurance Assn. in Washington. BI



Celebrating our commitment to the healthcare industry.

This year, as CNA celebrates 100 years of commitment to its customers, CNA HealthPro also has something to celebrate – we've acquired the Caronia Corporation, which makes us the premier provider of unbundled malpractice claims service. Now more than ever, responding to the full range of your healthcare client's changing needs is a piece of cake. To learn more, contact National Marketing at 312-822-5286.

CNA HEALTHPRO

A 1897 1997 Century of Commitment

CNA HealthPro policies are underwritten by selected CNA property-casualty companies. CNA is a registered service mark of the CNA Financial Corporation.

"General Re's actions went far beyond the contract."

Robert Caldwell, left, with John Seibert, General Re

"Everyone from General Re worked very hard to help us survive the worst catastrophe loss in our history. Their willingness to help was instant and sincere...real people who care...with enthusiasm, professionalism and a wealth of knowledge. General Re proved it is a lot more than just very secure financial support."

Robert Caldwell, President,
N.C. Grange Mutual Insurance Company

General Re

The difference is...the quality of the promise

General Reinsurance Corporation
General Re Financial Products Corporation
General Re-New England Asset Management, Inc.

General & Cologne RE

www.genre.com

Spotlight report

Battle over New York comp premiums not over

Constractors may try again in bid to base workers comp premiums on hours worked

By MICHAEL PRINCE

Unionized construction companies in New York lost a legislative battle to enact a bill that would have reduced their workers compensation premiums, but they intend to raise the issue again in the future.

Under pressure from the insurance industry, Gov. George E. Pataki vetoed a bill this summer that would have changed the method used to calculate construction companies' workers comp premiums. The governor said he supported the main concept in the bill, however, leaving the door open for similar legislation in the future.

The measure would have lowered the premiums paid by high-wage contractors and was supported by them and construction unions.

Aligned against the measure, however, were insurance companies and agents concerned that other states would follow New York's lead and enact similar laws. Insurance lobbyists said they consider the bill's defeat one of their top priorities, both this year and in the future.

The issue has become very important, said Dick Poppa, executive vp of the Independent Insurance Agents Assn. of New York in Syracuse.

Under the vetoed bill, A.B. 6543, the method of calculating workers comp premiums for New York construction companies would have changed to an "hours worked" method from the current "total payroll" basis. Every state but Washington uses the total payroll method (*BI*, Aug. 25).

If the bill were enacted, it would have been "a monumental change in the way workers comp rates are set," said Mary Griffin, assistant vp of the American Insurance Assn. in Albany, N.Y.

Under the total payroll method, premiums are calculated based on the employer's payroll, regardless of the number of hours worked, and the company's risk classification factor.

Under this method, employers with high-wage employees pay higher premiums than low-wage companies whose employees work the same number of hours. In general, high-wage employers use union workers.

Total wages are not an accurate indicator of workers comp risk, said William McSpedon, secretary/treasurer of New York State Conference of Operating Engineers in Albany, a construction union. "An hour on the job is a more accurate measure of this risk," he said.

Contractors that employ union workers also favored the legislation as a more accurate way to calculate rates.

"Whether or not someone works for $10 an hour or $30 an hour, the risk they are exposed to is the number of hours worked," said Frank McArdle, managing director of the General Contractors Assn. of New York, a trade group for the heavy construction industry.

Contractors assert that the bill would lower their workers comp rates, making them more competitive than non-union shops. They also said most union workers don't receive additional benefits if injured because they earn more than the statutory maximum for benefits. A pay increase for a union worker means the employer pays more workers comp premium without workers receiving any additional benefits, they said.

"Insurers love the payroll method because every time payroll goes up, they take in more premiums," said James Ellenberger, assistant director of occupational safety and health for the AFL-CIO in Washington.

Despite the bill's near-unanimous passage in both houses of the New York Legislature, the insurance industry's arguments persuaded Gov. Pataki to reject it.

The bill's opponents said it would have imposed record-keeping burdens on contractors to track hours worked by employees.

The hours-worked method "creates a whole new set of problems with regard to verification and recordkeeping," said the IIANY's Mr. Poppa.

Insurers said their main concern, however, is fraud.

A company's total payroll is verifiable through state and federal tax records, but hours worked can be fraudulently stated, they argued.

"It would create a new opportunity for insurance fraud," said Bob Zeman, vp-legislative affairs of the National Assn. of Independent Insurers in Des Plaines, Ill.

Basing premiums on hours worked "almost creates an incentive for people to put down fewer hours than actually worked," said the AIA's Ms. Griffin.

The bill's supporters, however, dismiss these concerns. Construction companies already maintain records of hours worked and use that information for bidding on jobs, said Mr. McArdle of the contractors' trade group. "The industry is built on estimating how many hours it takes to do tasks."

Supporters also dismiss the notion that fraud will increase, stating that the federal and state governments verify the number of hours employees work.

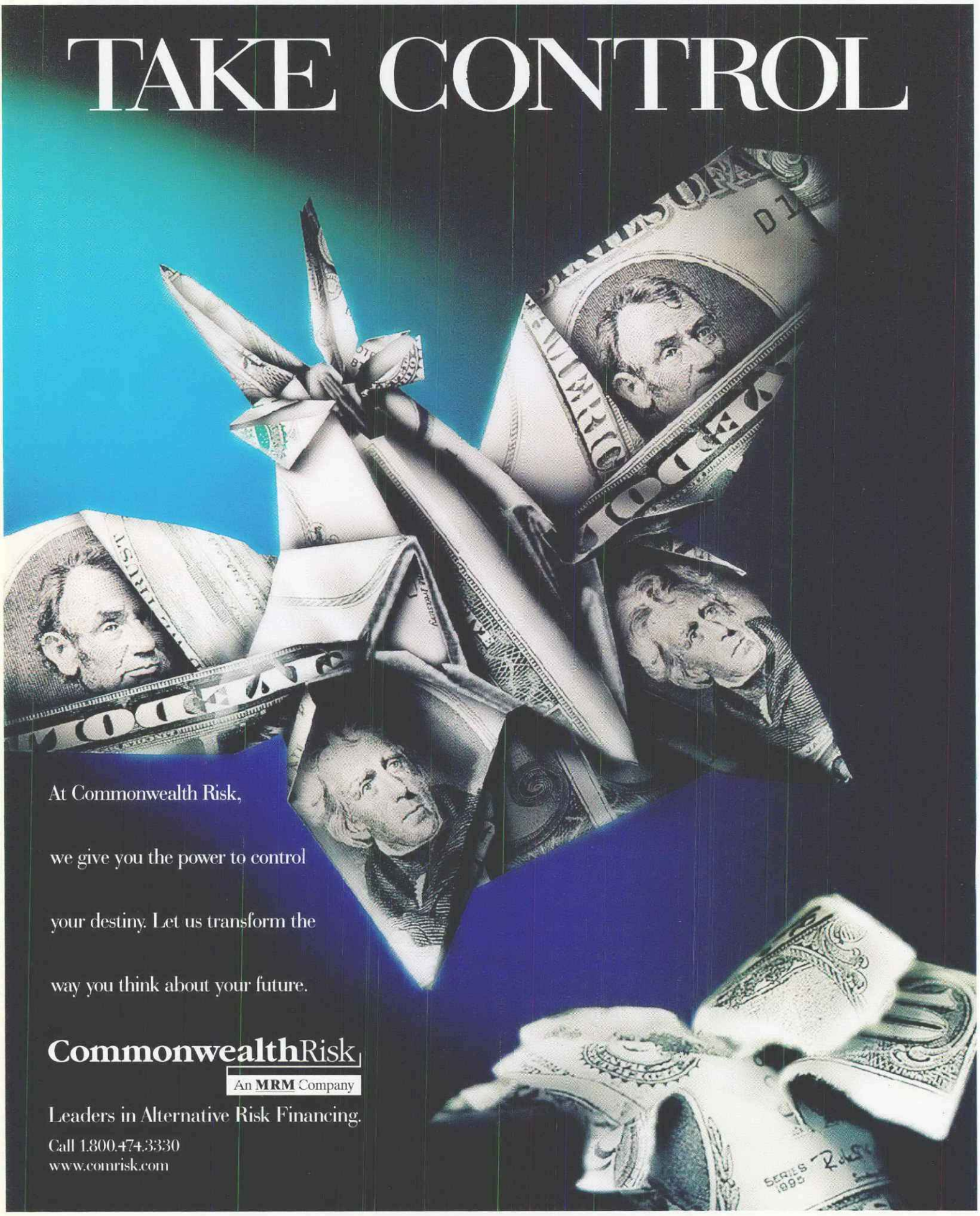
One observer said both sides have valid points.

David Mohrman, a principal with Tillinghast-Towers Perrin in Hartford, Conn., said the new method would increase the potential for fraud but noted that high-payroll contractors do pay more in workers comp premiums without receiving additional benefits.

Insurers and agents pressed Gov. Pataki from the time the bill hit his desk in early August. Their lobbying efforts included calls from heads of insurance companies and agents voicing displeasure at the bill, the lobbyists said.

The insurance industry "reached him," said Ed Donnelly, director of legislation for the New York State AFL-CIO in New York.

See **Hours** *on page 30*



9-8-64

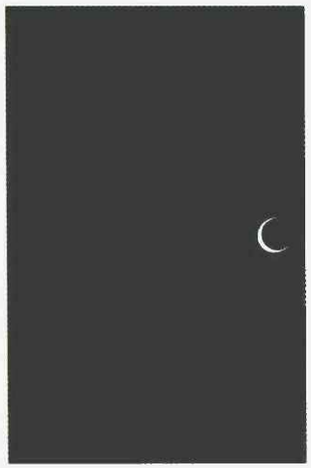
... Our one week honeymoon in Florida was the nicest present we got. Too bad that it will be over so soon.

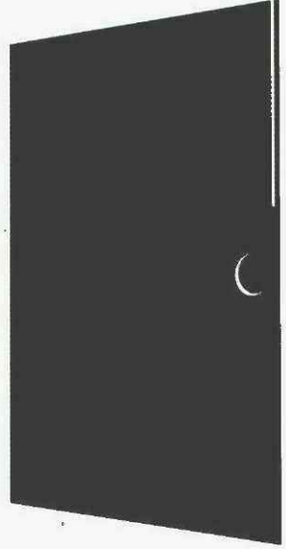
Hurricane "Dora" hit Florida on September 9, 1964.

The unexpected happens.
We´re there when you need us.

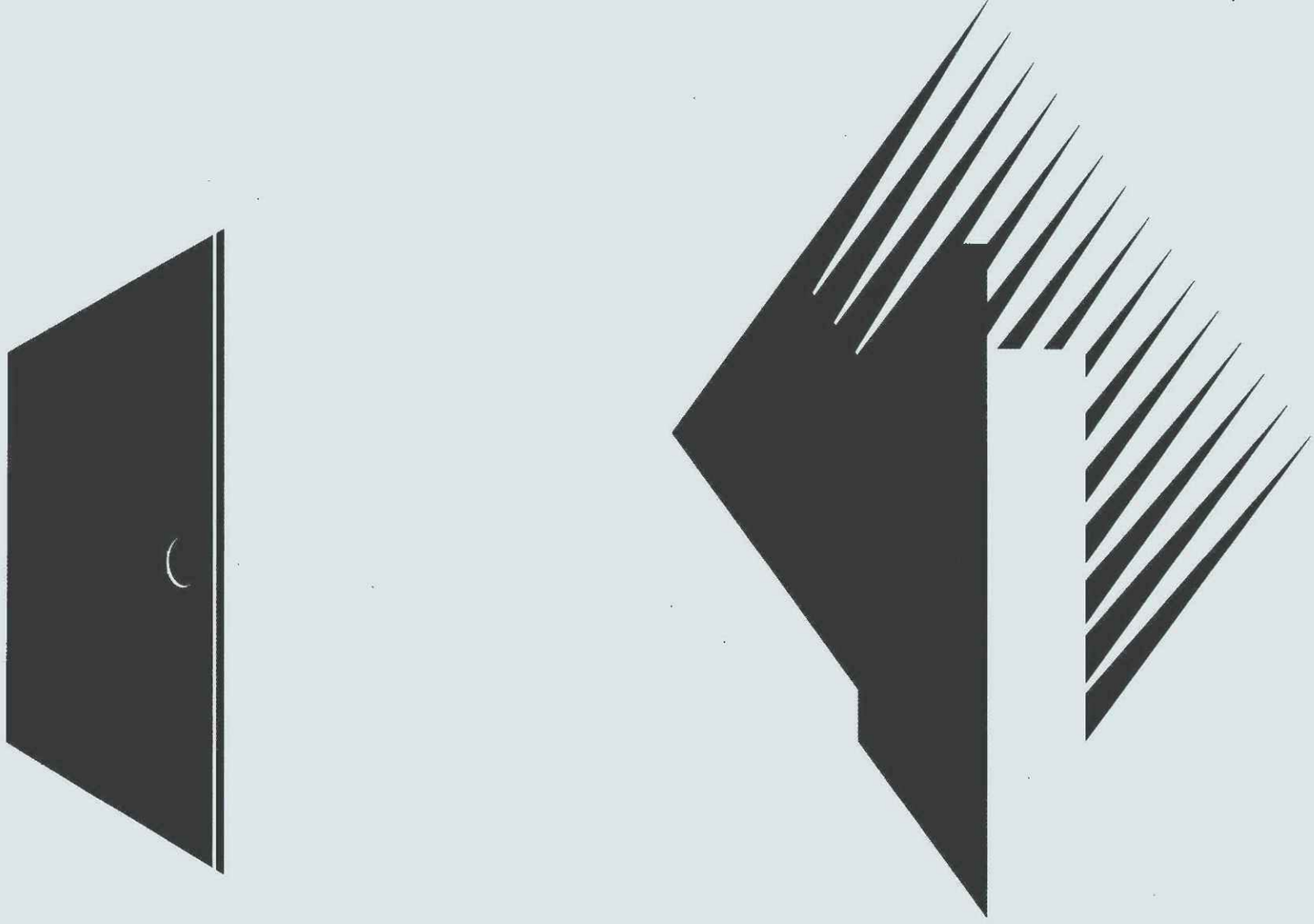
hannover re

Fax +49/511/5604-188





COMMERCIAL INSURANCE GROUP • FAMILY AND BUSINESS INSURAN



Our door is always open.

Open to ideas. Open to change. Open to non-traditional solutions. At USF&G, our underwriters are committed to providing the right protection for every client, every time. The ability to draw on resources from across USF&G's businesses fosters dynamic partnerships and creative, innovative programs. It also opens up unlimited opportunities for growth. That's why more brokers and agents are recommending USF&G to their clients every day. Our door is always open.

USF+G® INSURANCE

CE GROUP • F&G LIFE • DISCOVER RE • F&G RE • SURETY • www.usfg.com

Spotlight report

Hours

Continued from page 26

In his veto message, the governor said that even though he supported the concept of the hours-worked method, he opposed raising workers comp rates for upstate New York construction firms, which generally are lower-paying. Gov. Pataki added that the six-month implementation period was too short and the bill might jeopardize the solvency of the State Insurance Fund because higher rates would drive more employers into it.

Many insurer lobbyists were startled when the bill passed the Senate, in the early hours of the session's final day.

"We were surprised by it," said Mr. Poppa. "Our understanding was that it was not going to pass."

The bill also put Gov. Pataki in a difficult position, they said, because he didn't want to touch the issue. "He would have preferred to not deal with the issue in 1997, especially with the flaws it had," said John Cucci, vp in New York with the Alliance of American Insurers.

As an alternative to the bill, the insurance industry has pushed for expanded use of the premium adjustment program. Under the program, employers receive rebates when their payroll exceeds a certain amount, helping to level the amounts paid by high- and low-wage companies. Insurers say the program resolves the concerns of high-wage employers without the drawbacks of changing to the hours-worked method.

But the bill's opponents dismiss PAP as insufficient. "It gives them somewhat of a rebate, but it's still not fair," said Mr. McSpedon of the engineer's union.

In negotiations over the bill, its proponents refused to compromise and look for a way of expanding the under-utilized PAP program.

'It gives them somewhat of a rebate, but it's still not fair,' Mr. McSpedon says of the premium adjustment program.

"Unless it's labeled hours-worked, they were opposed to it," said Mr. Cucci.

Washington currently is the only state to utilize the hours-worked method.

Insurance lobbyists said that the state's exclusive fund is not working, but employer groups disagreed, saying their system's problems are unrelated to the hours-worked method.

Margie Weinberg, executive director of the Washington Self-Insurers Assn. in Olympia, said that fraud in reporting hours worked has not been a problem.

Clif Finch, government affairs director for human resources for the Assn. of Washington Business in Olympia, added that poor claims management and the state monopoly are bigger problems than the hours-worked method.

One drawback to the hours-worked method, he explained, is that it prevents eliminating the state's monopoly. Insurance companies don't have comparable data for Washington as for other states and are reluctant to enter that market.

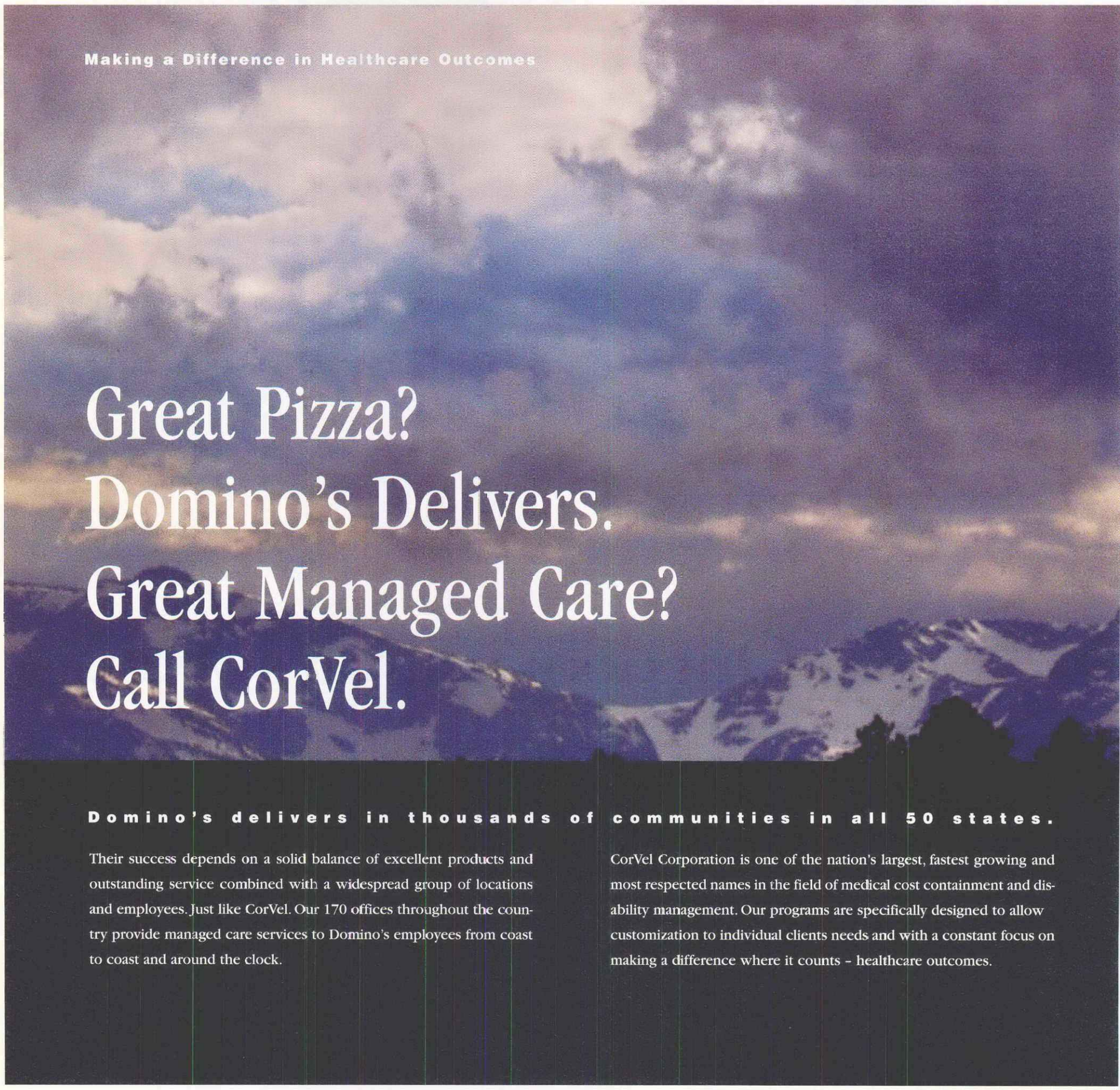
Despite the veto, the New York bill's proponents take heart in Gov. Pataki's statement of support for the hours-worked concept and they plan to take up the issue next year.

"It will be a big issue as long as workers comp is an issue," said the AFL-CIO's Mr. Donnelly.

The insurance industry also is gearing up for a struggle in New York and anywhere else the issue might arise.

'It's not going to go away entirely, but we're hoping it won't be coming back with the same force as this year," said Nancy Schroeder, director of workers compensation at the NAII.

Mr. Ellenberger of the AFL-CIO in Washington said the labor organization has raised the issue in other states and in each instance the insurance industry "is up for the battle," he said. BI



Expansion of black lung benefits challenged

By MARK A. HOFMANN

Mining companies and insurers are vowing to block a controversial and potentially costly federal proposal to expand the black lung benefits program.

They hold that the 97-page Labor Department proposal, which would restructure the black lung program for the first time since the early 1980s, is unnecessary, expensive and illegal.

The nation's biggest miners union also has some problems with the proposal—namely that it does not appear to go far enough in making the benefits program more responsive to claimants.

The federal black lung program was created by the Coal Mine Health and Safety Act of 1969 and amended significantly in 1972, 1977 and 1981. The program was introduced because lawmakers thought state workers compensation systems provided inadequate compensation for mining-related diseases and for the survivors of miners who died of such diseases. Congress allowed mining companies to purchase black lung insurance generally as an endorsement to workers compensation or to self-insure the benefit.

Beneficiaries receive the black lung benefits on top of whatever workers comp benefits they receive.

In 1977, Congress set up the Black Lung Disability Trust Fund, supported by levies on coal mining companies, to compensate miners who had retired before Jan. 1, 1970, or for whom no responsible employer could be found.

The Labor Department aims to increase the rate of black lung claims approved for benefits and speed up the claims approval process.

A spokeswoman for the Labor Department in Washington said that, under the proposal, the claims approval rate would rise to between 8.5% to 9% from the current rate of about 7.9%.

She said there are about 30,000 current beneficiaries, though that number rises to about 160,000 by adding miners' widows and those who receive benefits from Social Security rather than the black lung program. The program has paid out about $30 billion since its inception nearly 30 years ago, she said.

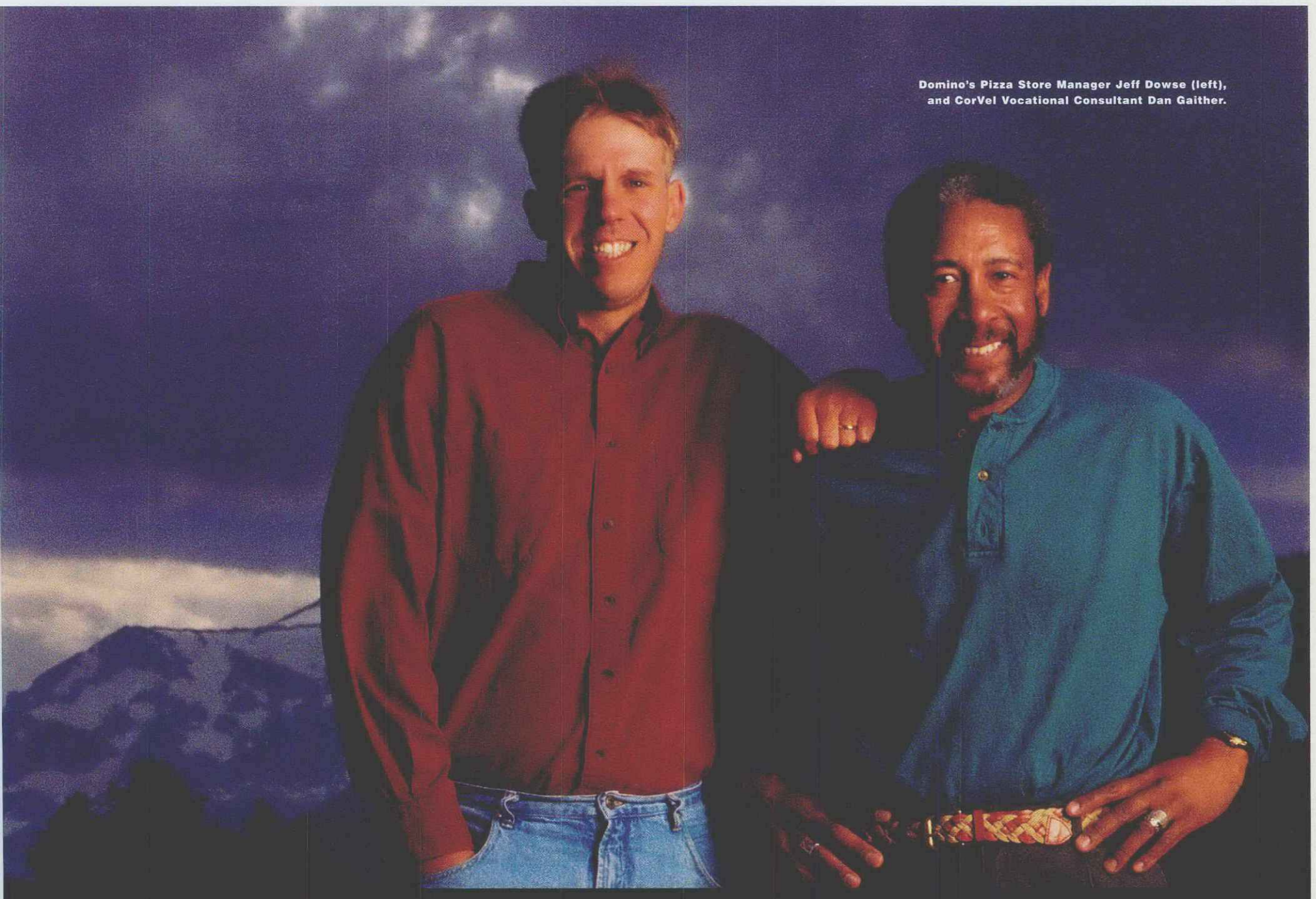
Among other things, the Labor Department proposal would:

- Broaden the definition of "pneumoconiosis"—or black lung disease—to encompass any chronic obstructive lung diseases, such as those caused by smoking.
- Limit the number of medical examinations a miner would have to complete before becoming eligible for black lung benefits.
- Excuse miners from repaying benefit overpayments they receive from mine operators under certain circumstances.
- Give more weight to a miner's personal physician than any other physician in determining eligibility for benefits.
- Permit claims to be refiled more than a year after denial of the same claim filed earlier.

"The Labor Department hoped to shorten to a year or less a process that now can take years to resolve. It also wants to make the process more equitable for miners by restricting the number of medical examinations to two each for the miner and the mining operator, for a total of four. Under the current system, there are no limits, and miners often are forced to pay for a number of exams," said the spokeswoman for the department.

"We're doing it now because the

See **Black lung** *on page 32*



Domino's Pizza Store Manager Jeff Dowse (left), and CorVel Vocational Consultant Dan Gaither.

To learn more about CorVel's managed care services, please contact:

CorVel Corporation
2010 Main Street
Suite 1020
Irvine, California 92614

Telephone: 888 7 CORVEL
http://www.corvel.com
E-mail: marketing@corvel.com

CorVel

Black lung

Continued from previous page

process has not been changed since the early 1980s. These proposed changes reflect legal rulings that have been issued during the past 14 years," according to the spokeswoman.

But Bruce Wood, assistant general counsel of the American Insurance Assn., said the department has put forth an "outrageous and illegal regulatory proposal that will bring a swift response from the regulated community if not from Congress."

"The black lung program has a long and checkered history that goes back to 1969. It's been revised a number of times since then; most of the time it has been revised to expand eligibility. More recent amendments, which took effect in 1982, rebalanced the black lung program," he said.

Those changes more than a decade ago reduced inappropriate approvals significantly and incorporated principles that made the program work more like a traditional workers comp program, said the AIA's Mr. Wood.

A spokesman for the country's largest organization of mining companies made clear its members don't view the proposal as necessary.

"It's unnecessary based on what the Department of Labor perceives to be needed changes," said Bobby J. Jackson, vp-human resources for the Washington-based National Mining Assn.

"If you look at the approval rate, which Department of Labor now claims is about 7.9% of those that apply, the Department of Labor and other people feel that rate should be higher; we question the validity of that," said Mr. Jackson.

The largest miners' union in the country contends the Labor Department should aim to make the approval rate much higher.

"It is the UMW's position that this kind of incremental change is not sufficient to restore fairness to the program," said the United Mine Workers of America in Washington in an analysis of the proposal. According to the miners' union, 43% of the claims made before 1980 were approved.

"There is no categorical public benefit program, federal or state, in which the allowance rate for benefits claims is remotely as low as it is in the black lung program. The program was intended as a meaningful compensation program for those afflicted with pneumoconiosis. It has turned into an almost nightmarish scheme in which miners must litigate for years and can prevail against well-financed coal operators and their insurance carriers only if the miner is able to secure experienced counsel and expend substantial amounts of money on expert witnesses," according to the UMW.

In general, the proposed changes are "a very mixed bag from our point of view. We support some of the changes, and we're strongly opposed to some others," said Grant Crandall, general counsel for the UMW. Giving the miner's personal physician's testimony more weight in determining eligibility and limiting the number of exams needed to establish eligibility are two of the more favorable changes in the view of the UMW, he said.

The Labor Department estimates the changes overall would cost about 3,000 coal operators an additional $28 million to $40 million annually, said the spokeswoman.

Mining companies and insurers dispute the financial impact, arguing it would be much higher.

"The National Council on Compensation Insurance estimates that it would cost $200 million to $400 million to the insurance industry. The bulk of that would be from the retroactivity of the proposal. You're opening the door to claims that have previously been denied," said Tamera R. Velasquez, public affairs counsel in the Washington office of the Alliance of American Insurers.

In addition, the measure broadens the scope of disease eligible for compensation, she said.

"One of the major things they do here is expand the definition of black lung to encompass smoking-related ailments," which means "resurrecting survivor benefits to cases where death was unrelated to coal mining," said Ms. Velasquez.

The NMA's Mr. Jackson noted that an August study conducted by actuarial consultant Milliman & Robertson found that $34 billion has been spent on federal black lung claims during the past 27 years.

Milliman & Robertson estimated that if the program remained unchanged, an additional $7.5 billion would be paid in the future, $5 billion from the black lung trust fund and $2.5 billion by operators and their insurers.

But according to Milliman & Robertson, the Labor Department's proposed changes would ultimately mean additional liabilities of up to $7.5 billion, up to $5.8 billion of which operators and insurers would pay. The study also estimated the additional annual costs for the first year could reach $76.3 million, nearly double the Labor Department's high estimate.

Mr. Jackson said the additional costs would threaten some companies. "Anything that increases the costs of mining operations—whether it be black lung (benefits) or any other financial burden—puts operations in jeopardy. The indications are there would be dramatic increased costs based on the proposed rule," he said.

"What the proposal does is to impose on insurers significant new retroactive costs for which premium was never collected—and which cannot be collected—and also significant prospective costs that will inflate the ultimate cost of the black lung program significantly," said the AIA's Mr. Wood.

Mr. Jackson of the NMA said: "This rule making is fundamentally flawed in many other ways. For example, it violates the statutory authority of the agency, it usurps congressional powers, it attempts to adopt invalid science, (the Department of Labor has) violated the Regulatory Flexibility Act, the agency has failed to conduct an effective economic analysis and they violate fundamental due process and litigants' rights."

Opponents of the change have received support from the Small Business Administration, which questions the Labor Department's economic assumptions, and from the American Bar Assn., which criticizes the proposal on 13 grounds, including the limitation of medical examinations. Both organizations sent their concerns to the department.

"We received voluminous comments. They are still under review," said the Labor Department spokeswoman.

The next move is Labor Secretary Alexis Herman's.

"The secretary can issue a complete final rule, a partial final rule, to repropose portions of the standards based on the responses, withdrawing the rule—which we would endorse—or doing absolutely nothing, which we would equally endorse," said NMA's Mr. Jackson.

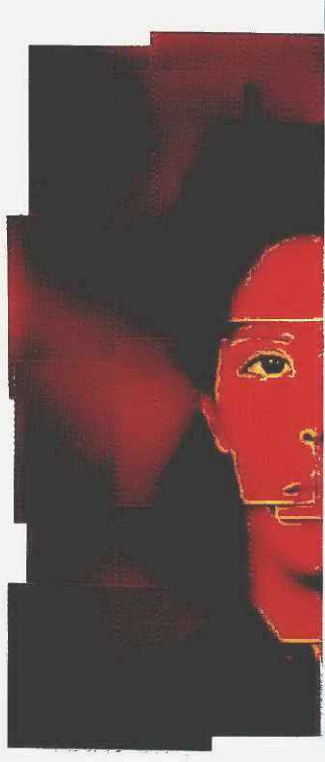
If the rule is promulgated without significant revision, a legal battle appears certain. "They can promulgate these, but they will not go into effect," vowed AIA's Mr. Wood. BI

A company that manages every medical aspect of catastrophic injury from any point in the life of the claim, anywhere in the country. That actually manages cost by ensuring high-quality treatment and uncompromising medical management,

Now there is a co

your responsibil

of catastrophic



Business Insurance — **Information Resource**

NOTE: THIS COUPON WILL NOT BE PROCESSED AFTER SEPT. 29, 1997

All questions must be answered in order to have your inquiry processed.

Please check one item for each category:

1. My organization is best described as:
   - A ☐ Mfg/Svcs
   - B ☐ Association
   - C ☐ Union
   - D ☐ Government
   - E ☐ Educational Inst
   - F ☐ Ins Agent
   - G ☐ Ins Broker
   - H ☐ Ins/Reins Co
   - I ☐ Actry/Conslt
   - J ☐ Attorney
   - K ☐ Adj/Apprs
   - L ☐ TPA
   - M ☐ Health Care Inst
   - N ☐ Other
2. Number of employees:
   - 1 ☐ 150 or fewer
   - 2 ☐ 151-499
   - 3 ☐ 500-999
   - 4 ☐ 1,000-4,999
   - 5 ☐ 5,000 or more
   - 6 ☐ Unknown
3. My title is best defined as:
   - A ☐ Administrative Mgt
   - B ☐ Financial Mgt
   - C ☐ Risk Mgt
   - D ☐ Benefits Mgt
   - E ☐ Loss Prevention Mgt
   - F ☐ Other
4. My purchasing involvement for the requested products is to:
   - 1 ☐ recommend only
   - 2 ☐ specify
   - 3 ☐ approve
5. Do you now receive a personally addressed copy of Business Insurance?
   - A ☐ Yes
   - B ☐ No, please send Business Insurance subscription information

To obtain copies of literature and information about products and services listed in the Oct. 27 info section, simply indicate the key numbers for the items you want and mail the coupon to:

Business Insurance Reader Service Center
650 S. Clark St., 6th Floor
Chicago, IL 60605-1702

Please print clearly

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone ( ) _____

Reader information available on issues in workers comp

The Workers Compensation Information Resource section is an editorial compilation of current informational and educational materials on topics of interest to workers comp executives.

The listings are published as an editorial service by *Business Insurance*; there is no charge to list materials in the section. All items appearing in this section are offered free of charge to *BI* readers.

To receive any of the informational materials in this special section, please write the item numbers of those materials on the reader service coupon at the end of the section. Fill out the remainder of the coupon and mail it to:

Business Insurance
Reader Service Center
650 S. Clark St., Sixth Floor,
Chicago, Ill. 60605-1702

All requests must be received before **Dec. 22, 1997,** to be processed.

working to bring injured workers to higher levels of recovery. That actually defines outcomes and guarantees medical cost. A company, and a way, that puts the lives of everyone touched by catastrophic injury back together.

mpany that *shares ity* in every phase injury recovery.

DEFINED OUTCOMES
GUARANTEED MEDICAL COSTS
WORKERS' COMPENSATION CASES

PARADIGM

for catastrophic injury.
for life.

1.800.676.6777

COPYRIGHT © 1997 PARADIGM HEALTH CORPORATION

WORKERS COMP

■ A paper providing an explanation of the pitfalls of **retrospectively rated insurance programs** for workers compensation is available from Corporate Risk Management Inc. Request item **3701**.

■ A brochure from Berkley Administrators describes the advantages of a **group self-insurance workers compensation program** and how it can benefit employers and associations. Request item **3702**.

■ The Reliability Group supplies an article that details **how to reduce workers comp costs** with emphasis on six predictive variables of employee injury. Request item **3703**.

■ Berkley Administrators provides a brochure that describes the advantages of a **self-insured workers comp program for a sovereign nation** and the opportunities it offers tribal governments. Request item **3704**.

■ The Mid-America Coalition on Health Care submits a model uniform workability reporting form for use by physicians, employers and insurers in **reporting initial examination results following an employee injury**. Request item **3705**.

■ A workers compensation white paper provided by Avert Inc. guides employers through the steps to establishing a proactive screening program for **hiring in compliance with the ADA**. Request item **3706**.

■ A flyer provided by the Insurance Institute of America outlines the **Introduction to Claims certificate program** for individuals who wish to have a basic understanding of property/liability claims-handling practices. Request item **3707**.

■ The advantages of an **individual self-insured workers comp program** are summarized in a brochure presented by Berkley Administrators. Request item **3708**.

■ A commentary from the International Foundation of Employee Benefit Plans explores the dynamic changes occurring in the American workforce, focusing on the **contingent worker and alternative work arrangements**. Request item **3709**.

Continued on page 36

On being there.

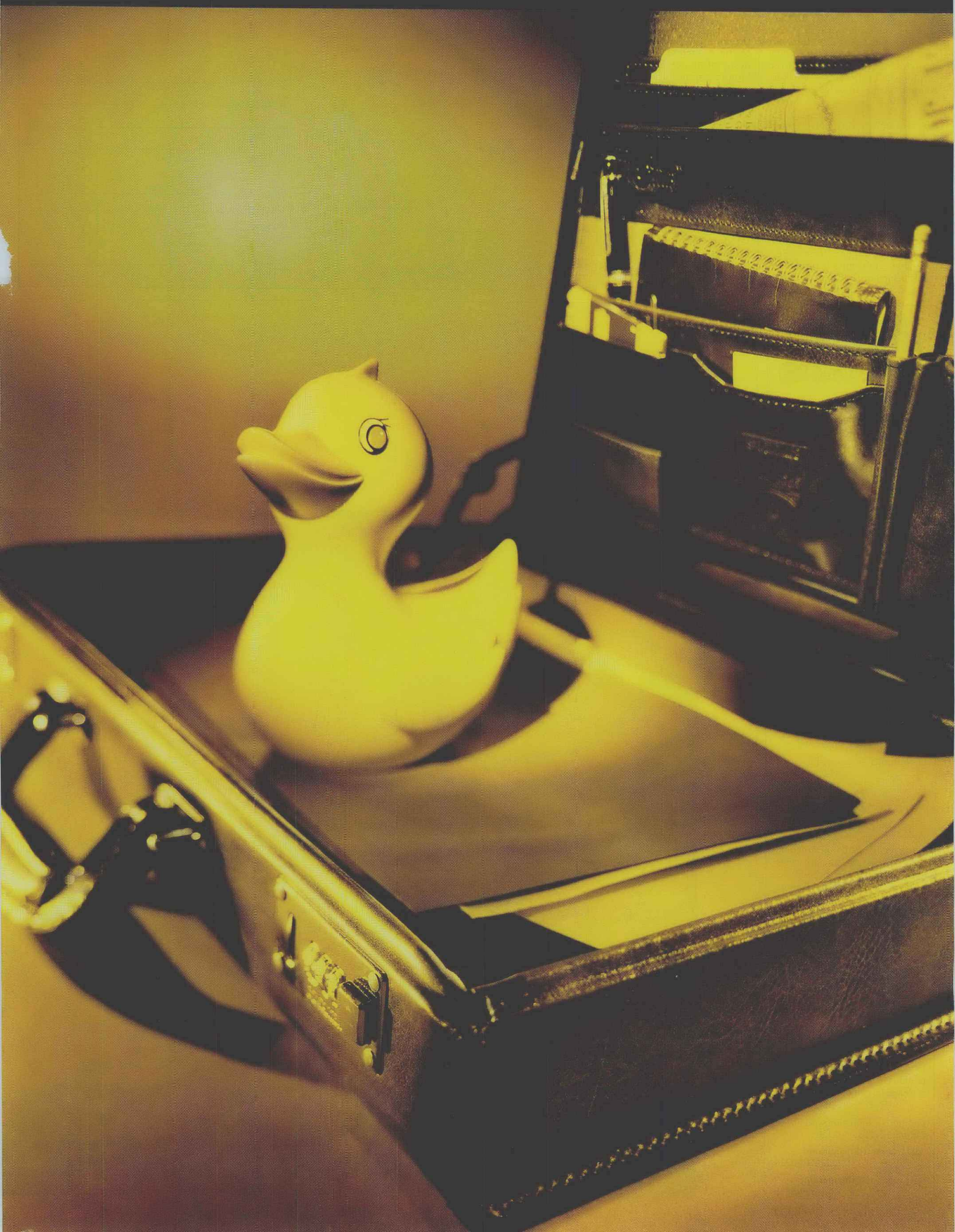
Reinsurance can be a powerful, positive force, if your reinsurer is truly there for you.

It can offer the solid protection you need as you take on new business.

At St. Paul Re, we deliver all that, and more. Our global network enables us to be there for you all over the world. No matter where you do business, you are connected to all our resources and expertise. Whenever, wherever opportunities may surface, you'll get the solutions you need, when you need them. In addition, St. Paul Re is backed by a surplus of $3 billion and a AAA rating from Standard & Poor's, so you'll have the financial security of a world class organization.

If you seek a reinsurance relationship that is secure enough to help you seize new opportunities, choose St. Paul Re. Because when you're covering new ground, you need a partner that is right there with you every step of the way.

St Paul Re



Continued from page 33

■ A booklet provided by the Mid-America Coalition on Health Care outlines **medical practice and physical therapy guidelines** for use by employers to track progress of treatment of injured employees following workers compensation injuries. Request item **3710**.

■ A workers compensation management bulletin provided by Richard B. Frank & Associates assists company managers and supervisors in understanding the workers compensation insurance system and **how to control and manage workers comp costs.** Request item **3711**.

■ A quarterly newsletter published by Gallagher Bassett Services Inc. highlights a **return-to-work program** that begins before an injury to an employee occurs. Request item **3712**.

■ A flyer provided by the Insurance Institute of America outlines the four-course program leading to the **Associate in Claims (AIC) designation** for individuals who handle claims for workers compensation, property and liability risks. Request item **3713**.

■ A model workers compensation case management information form for use by employers and case managers to **assess workability status following injury** is presented by The Mid-America Coalition on Health Care. Request item **3714**.

■ Key human factors that are related to **workplace accidents and injuries** are summarized in a research paper provided by The Reliability Group. Request item **3715**. BI

Business Insurance **Information Resource**

NOTE: THIS COUPON WILL NOT BE PROCESSED AFTER SEPTEMBER 29, 1997

All questions must be answered in order to have your inquiry processed.

Please check one item for each category:

1. My organization is best described as:
A ☐ Mfg/Svcs F ☐ Ins Agent K ☐ Acf'Apprs
B ☐ Association G ☐ Ins Broker L ☐ TPA
C ☐ Union H ☐ Ins/Reins Co M ☐ Health Care Ins:
D ☐ Government I ☐ Actry/Consit
E ☐ Educational Inst J ☐ Attorney N ☐ Other

2. Number of employees:
1 ☐ 150 or fewer 3 ☐ 500-999 5 ☐ 5,000 or more
2 ☐ 151-499 4 ☐ 1,000-4,999 6 ☐ Unknown

3. My title is best defined as:
A ☐ Administrative Mgt D ☐ Benefits Mgt
B ☐ Financial Mgt E ☐ Loss Prevention Mgt
C ☐ Risk Mgt F ☐ Other

4. My purchasing involvement for the requested products is to:
1 ☐ recommend only 2 ☐ specify 3 ☐ approve

5. Do you now receive a personally addressed copy of Business Insurance?
A ☐ Yes B ☐ No, please send Business Insurance subscription information

To obtain copies of literature and information about products and services listed in the Oct. 27 info section, simply indicate the key numbers for the items you want and mail the coupon to:

Business Insurance Reader Service Center
650 S. Clark St., 6th Floor
Chicago, IL 60605-1702

Please print clearly

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Phone ( ) _____

Business Insurance®

• SERVICES •

ONLINE SERVICES

Now you can find *Business Insurance* on the World Wide Web. *BI's* home page includes many important departments, including...UPDATES for late-breaking news posted each Friday... INTERNET ARTICLES from past issues... a DATEBOOK of searchable industry-wide meetings and events... WEB LINKS listing sites on the web of interest to risk and benefit managers... ONLINE FORUMS for users to exchange information... and much more:

http://www.businessinsurance.com

REPRINT SERVICES

BI's Reprint Department can provide reprints, in quantities of 100 or more, of any article appearing in the weekly newsmagazine. Legal permission, complying with U.S. copyright laws, also can be provided to companies wishing to reprint on their own, material appearing in the newsmagazine.

For information, call or fax:
312/ 649-5319
Fax: 312/ 280-3174

ARTICLE FAX SERVICE

For article photocopies sent by fax on the same day, call us with your credit card information, specify *BI* issue date and article headline. The charge is $7.50 per copy/per article. In-publication directories are not available by fax. For article photocopies, call:
312/649-5398

SINGLE-COPY SALES

To order any current or back issue of *Business Insurance*, call the single copy sales division of *BI's* Circulation Department:
313/446-1609

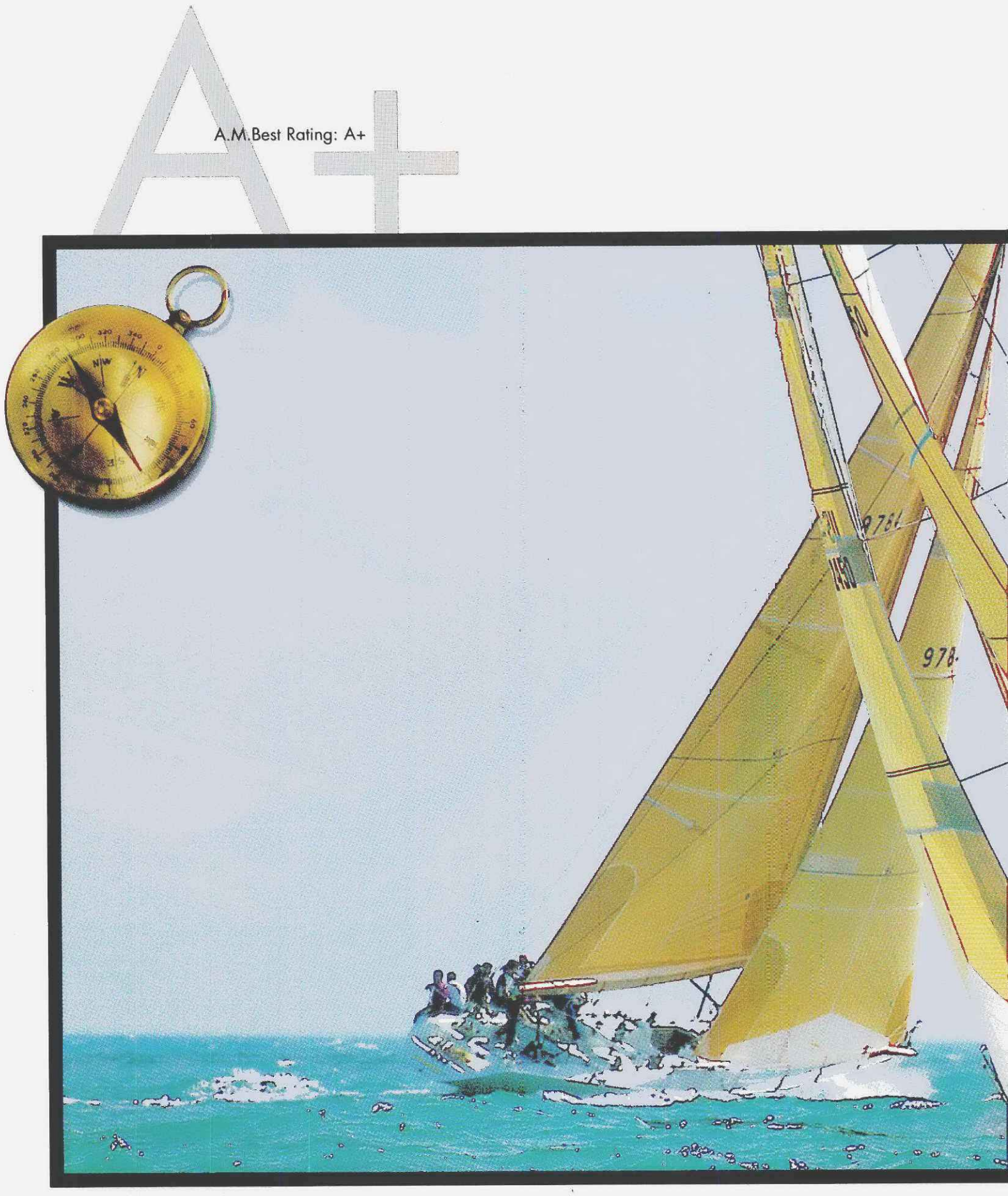
LIST RENTAL

Portions of *Business Insurance's* subscriber database are available to qualified companies for list rental. For available titles and a price quote, call our list broker:
800/678-9595

For more information, call one of the numbers listed below:

Advertising Information:
212/210-0228

Subscription Information:
800/678-9595



Business Insurance annual directory of safety consultants

A

AIG Consultants Inc.
70 Pine St., New York, N.Y. 10270;
212-770-7000

Staff

Total	200
Safety consultants	125
Occupational health consultants	10
Industrial hygiene consultants	15
ASSE members	180

Clients

Total	200
Corporate/institutional clients	30

1996 revenues

Safety consulting	$30,000,000

Founded: 1969.
Parent: American International Group Inc.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; CD-ROM interactive training.
Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; fire protection engineering; industrial hygiene laboratory*.
Specialties: Transportation, telecommunications, construction, energy environmental services, public entities.
Offices: Los Angeles; San Francisco; Atlanta; Chicago; Boston; Charlotte, N.C.; New York; Philadelphia; Dallas; Houston.
Service area: Nationwide.
Officers: Tony Galioto, president/CEO; George Toth, senior vp/COO; Ronald R. Bellows, vp-business practice leaders; Leon Busiello, vp-quality assurance; Harry J. Chororos, vp-marketing.
Contact: Harry J. Chororos, 201-402-3205.
** Industrial hygiene testing by independent labs.*

Advanced Safety Consulting Services
6100 Southwest Blvd., Suite 102,
Fort Worth, Texas 76109;
800-990-1002; fax: 817-737-7899

Staff

Total	2
Safety consultants	2
Industrial hygiene consultants	2
ASSE members	2

Clients

Total	270
Corporate/institutional clients	25

1996 revenues

Safety consulting	$200,000

Founded: 1992.
Parent: Gallagher Bassett Services Inc.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; onsite and offsite training classes or seminars; accident investigation.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics, product liability and noise and vibration; industrial hygiene laboratory*.
Specialties: Manufacturing, construction.
Service area: Nationwide.
Contact: Joe Shepherd, risk control coordinator/safety engineering consultant.
** Industrial hygiene testing by independent labs.*

J.H. Albert International Insurance Advisors Inc.
72 River Park, Needham Heights,
Mass. 02194-2631; 781-449-2866;
fax: 781-449-5340

Staff

Total	2
Safety consultants	2
ASSE members	2

Clients

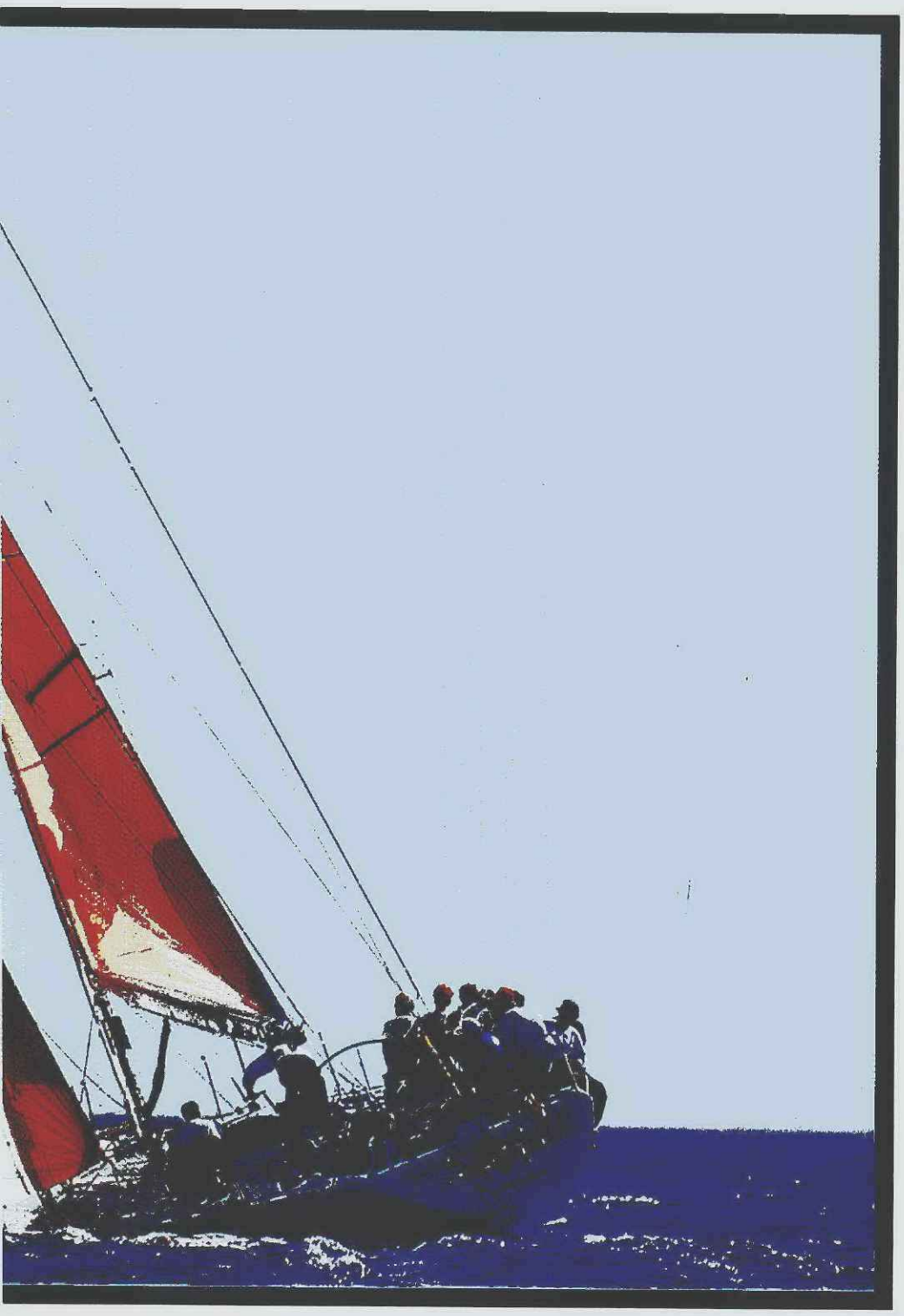
Total	150
Corporate/institutional clients	150

1996 revenues

Safety consulting	$275,000

Founded: 1967.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance.
Specialties: Construction, manufacturing, distribution.
Service area: Nationwide.
Officers: Joseph H. Albert, president; Michael A. Rodman, executive vp; George W. West, Thomas L. Atkins, Martin S. Berman, vps.
Contact: Joseph H. Albert.

Sense of direction.



Constitution Re's sense of direction comes from experience. Never off course. Always making sense of uncharted waters. And doing so with some clients for over 20 years... longer than most reinsurance companies have been in business.

How does Constitution build relationships that last? By offering the unique perspective of 57 year's experience, a coveted A+ (Superior) rating from A.M. Best, and the most advanced technology in the industry.

To begin a long and prosperous voyage, call **212-225-1000**. Together, we'll set a steady course in the direction that makes the most sense.

It takes Constitution.

Constitution Re

www.constitution.com

Applied Risk Control Corp.
15 N. Mill St., Nyack, N.Y. 10960;
914-365-2444; fax: 914-365-2478

Staff

Total	12
Safety consultants	9
Occupational health consultants	2
Industrial hygiene consultants	1
ASSE members	10

Clients

Total	123
Corporate/institutional clients	123

1996 revenues

Safety consulting	$735,000

Founded: 1985.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars.
Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*; risk management consulting.
Specialties: Warehouses, auto dealerships, manufacturers, supermarkets, retailers, nursing homes, non-profit organizations, employee leasing companies, training development.
Offices: Los Angeles, San Francisco, Atlanta, Chicago.
Service area: Nationwide.
Contact: Harry P. Mirijanian, president.
** Industrial hygiene testing by independent labs.*

Applied Risk Management
2101 Webster St., Suite 900,
Oakland, Calif. 94612;
510-452-1479; fax: 510-452-1479

Staff

Total	4

Clients

Total	14

1996 revenues

Safety consulting	$600,000

Founded: 1980.
Services: Ergonomic program assistance, onsite and offsite training classes or seminars, work site evaluations.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics, data and injury trend analyses.
Specialties: Manufacturing and office ergonomics.
Offices: Oakland, Calif.
Service area: Nationwide.
Officers: Irvin D. Nicholas, president/CEO; Dan Nicholson, Larry Dean, Jay Ayala, Bill Handley, senior vps.
Contact: Peggy Eller.

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

Staff

Total	1

Continued on next page

Continued from previous page

Safety consultants 1
ASSE members 1

Clients

Total 10
Corporate/institutional clients 10

1996 revenues

Safety consulting $200,000

Founded: 1996.

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

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

Specialties: Construction, maritime, transportation, petrochemical.

Service area: Nationwide.

Contact: Richard Lawler, president.

AsteRisk Inc.

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

Staff

Total 3
Safety consultants 3
ASSE members 1

Clients

Total 20

Corporate/institutional clients 20

1996 revenues

Safety consulting $200,000

Founded: 1993.

Services: Safety audits/reviews, evaluations or inspections; safety program assistance; onsite and offsite training classes or seminars.

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

Specialties: Software for safety and compliance solutions.

Service area: Nationwide.

Officers: Thomas Badstubner, president.

Atlantic Risk Services Inc.

3 Giralda Farms, Madison, N.J. 07940-1004; 973-408-6105; fax: 973-408-6132

Staff

Total 9
Safety consultants 8
Industrial hygiene consultants 1
ASSE members 6

Clients

Corporate/institutional clients 100

1996 revenues

Safety consulting $1,000,000*

Parent: Atlantic Mutual Insurance Cos.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; onsite and offsite training classes or seminars; workplace violence protection.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, industrial hygiene laboratory**, quantitative ergonomic evaluations.

Specialties: Electronics, financial institutions, food processing, manufacturing, metalworkers, printers, telecommunications, wholesalers.

Offices: San Francisco, Chicago, Atlanta, New York.

Service area: Nationwide.

Officers: Dennis Sellers, senior vp; Steven Skubish, Brian Drum, Barbara Monaco, Donald Shipley, vps.

Contact: Steven Skubish.

** Estimate.*
*** Industrial hygiene testing by independent labs.*

B

Back School of Atlanta

1465 Northside Drive N.W.,
Suite 217, Atlanta, Ga. 39310-4225;
800-783-7536 or 404-355-7756;
fax: 404-355-3907

Staff

Total 3
Occupational health consultants 3
ASSE members 1

Clients

Total 100
Corporate/institutional clients 50

1996 revenues

Safety consulting $200,000

Founded: 1979.

Parent: Southeastern Clinics Inc.

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

Other services: Publication of safety materials or videos; development of training materials; research involving ergonomics.

Service area: Nationwide.

Contact: Ronald W. Porter, director.

Barron Risk Management Services Inc.

5815 Callaghan Road, San Antonio,
Texas 78250; 210-681-6055;
fax: 210-681-8617

Staff

Total 3
Safety consultants 3

Clients

Total 64
Corporate/institutional clients 64

1996 revenues

Safety consulting $242,000

Founded: 1969.

Parent: United Insurance Cos. Inc.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and occupational health program assistance;

Continued on next page

Explanation of terms used in this directory

The10th annual directory of safety consultants lists companies that provide services such as advice on employee safety, assistance in developing safety programs, safety audits and evaluations, employee training classes and safety research.

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

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

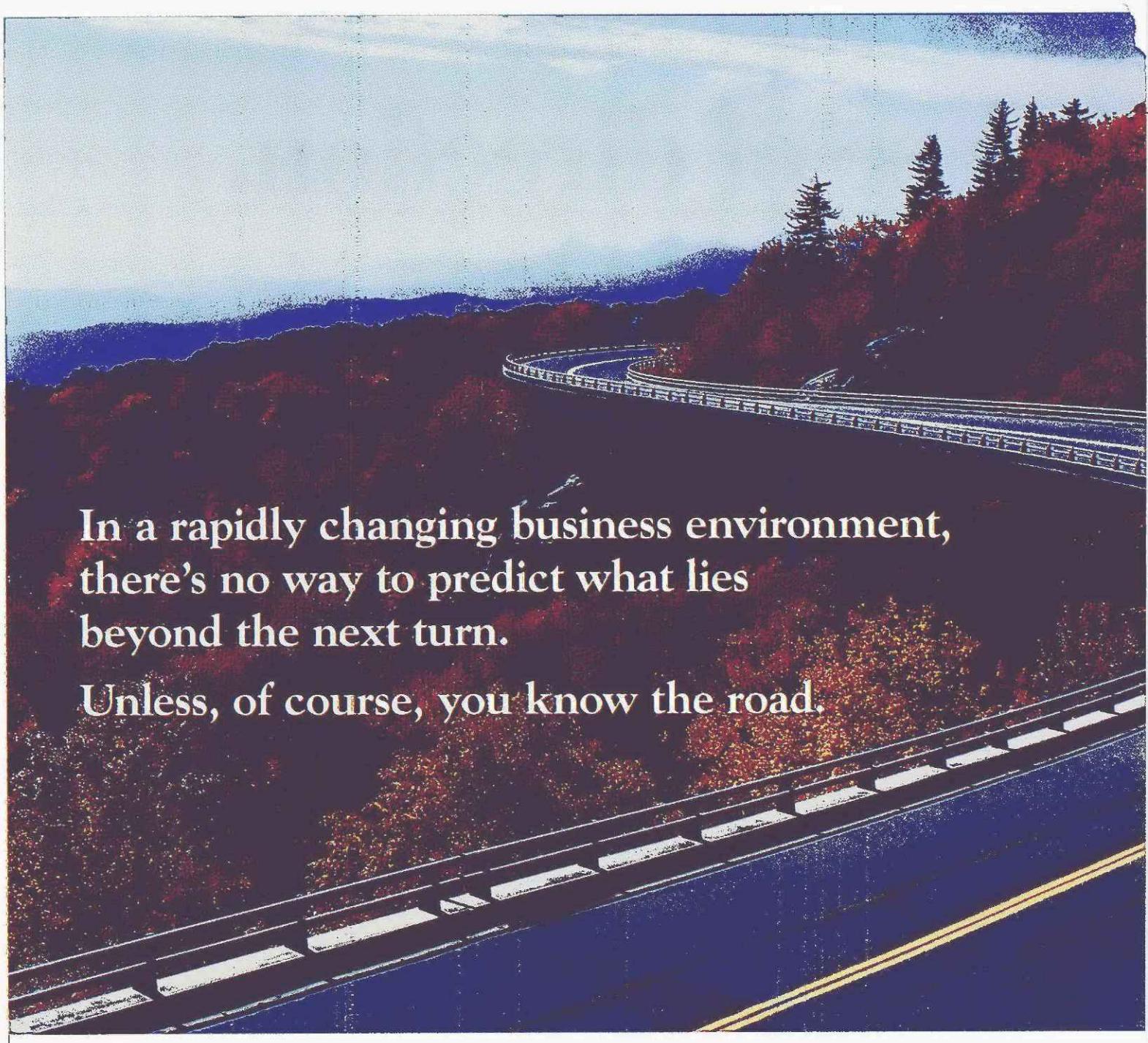
Listings begin with the name, phone and fax numbers of the company. Next is 1996 **staff** information, including professionals assigned to safety, occupational health and industrial hygiene consulting. The number of staff members who belong to the American Society of Safety Engineers (ASSE) also is included. All staff figures are reported in full-time equivalents.

The **clients** section includes the total number of safety clients along with the number of corporate and institutional safety consulting clients in 1996. Listed next are the company's 1996 **gross revenues** from safety consulting services directly to corporate or institutional employers, excluding third-party vendors.

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

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

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



ATLANTA BOSTON CHICAGO COLUMBUS DALLAS

Continued from previous page

onsite and offsite training classes or seminars.

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

Specialties: Public entities, school districts, hospitals, municipalities, non-profit organizations.

Offices: Austin, Harlingen and San Antonio, Texas.

Service area: Texas.

Officers: Marsh Gentry, vp/general manager.

Contact: Michael McGee, director-loss control services.

Biehl Engineering Inc.

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

Staff

Total	2
Safety consultants	2
ASSE members	1

Clients

Total	100
Corporate/institutional clients	50

1996 revenues

Safety consulting	$200,000

Founded: 1960.

Services: Safety audits/reviews, evaluations or inspections; safety and ergonomic program assistance.

Other services: OSHA compliance; research involving product liability; fire protection engineering; slip-and-fall, machine guarding, forensic, structural, architectural, fire cause, vehicle, electrical and human factor investigations.

Specialties: Insurance, attorneys.

Service area: Nationwide.

Contact: Steven F. Biehl, president; Francis W. Biehl, vp; Clara A. Biehl, secretary.

The directory of rehabilitation service providers begins on page 54. An explanation of terms for that directory is on page 55.

Gregory B. Bragg & Associates Inc.

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

Staff

Total	3
Safety consultants	3
ASSE members	3

Clients

Total	95
Corporate/institutional clients	79

1996 revenues

Safety consulting	$4,500,000

Founded: 1986.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; onsite and offsite training classes or seminars; supervisory and sexual harassment awareness seminars.

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

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

Service area: Western states.

Officers: Greg Bragg, president; Lee W. Collins, senior vp; Jeff Kimball, vp/CFO.

Contact: Jack Kastorff.

Cannon Cochran Management Services Inc.

2 E. Main St., Danville, Ill. 61832; 217-446-1089; fax: 217-443-0927

Staff

Total	32
Safety consultants	29
Occupational health consultants	2
Industrial hygiene consultants	1

Clients

Total	2,500
Corporate/institutional clients	50

1996 revenues

Safety consulting	$8,000,000

Founded: 1978.

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

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

Specialties: Nursing homes, governmental entities, construction, manufacturing, transportation, restaurants, hotels/motels, temporary staffing services.

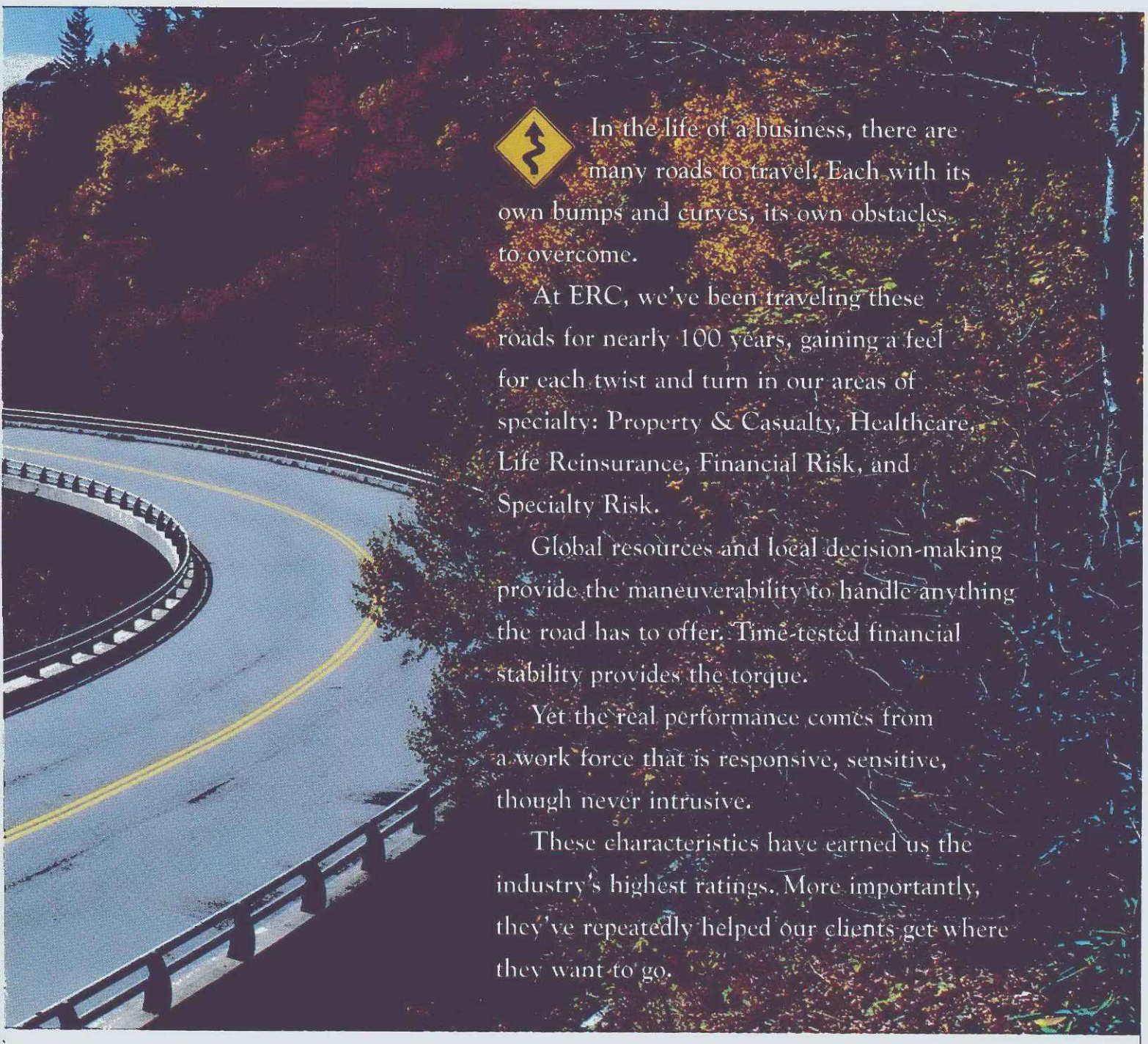
Offices: Little Rock, Ark.; Margate, Fla.; Atlanta; Oak Brook, Ill.; Des Moines, Iowa; Metairie, La.; Brighton, Mich.; Kansas City and St. Louis, Mo.; Las Vegas, Nev.; Camp Hill, Pa.

Service area: Arkansas, California, Florida, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Mississippi, Missouri, Nevada.

Officers: Robert L. Cowgill, chairman/CEO; Gary J. Schirmer, vice chairman; Stephen W. Ferguson, president/COO; G. Bryan Thomas, executive vp/chief management officer; Steven F. Luebbert, executive vp.

Contact: Annie Mariage, 800-252-5059 ext. 200.

** Industrial hygiene testing by independent labs.*



Our business is helping yours.

EMPLOYERS REINSURANCE CORPORATION
A GE Capital Services Company

5200 METCALF, OVERLAND PARK, KS 66202 USA
800-255-6931

KANSAS CITY LOS ANGELES NEW YORK PHILADELPHIA SAN FRANCISCO

Cecil P. Chastain & Associates

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

Staff

Total	3
Safety consultants	3
ASSE members	2

Clients

Total	14
Corporate/institutional clients	6

1996 revenues

Safety consulting	$518,000

Founded: 1982.

Parent: CE-KA Inc.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite training classes or seminars; DOT fleet audits; DOT driver qualification file reviews; DOT vehicle inspection procedures; preventative maintenance programs; safety manuals for fleets; DOT log program; machine guarding; hazardous materials training and personal protective clothing; accident investigation and interview procedures; safety award programs.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and product liability; design and implementation of hazard identification safety training programs; physical plant safety inspections; Long Shore and Harbor Workers Compensation Act safety services; risk assessment surveys.

Specialties: Transportation, manufacturing, industrial risks.

Service area: Southeast, Midwest, Southwest, Northeast.

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

Contact: Cecil P. Chastain.

Chubb Services Corp.

25 Independence Blvd., Warren, N.J. 07059; 908-903-7181;fax: 908-903-7187

Staff

Total	8
Safety consultants	8
ASSE members	6

1996 revenues

Safety consulting	$1,600,000

Founded: 1991.

Parent: Chubb & Son Inc.

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

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

Specialties: Electronics, biotechnology, nursing homes, country clubs, hospitals, manufacturing.

Offices: Los Angeles; Atlanta; Louisville, Ky.;

Continued on page 43

Wexford

The Wexford Group

SAN FRANCISCO
415.397.2962
License No. 0734699

NEW YORK CITY
212.962.3030

CHICAGO
312.456.8686

PHILADELPHIA
610.251.9204

NORTH PALM BEACH
561.844.4243

SEATTLE
206.621.8808

D M P E N S A T I O N

TAKE A FRESH LOOK AT THE WEXFORD PICTURE.

For more than a decade, Wexford has been a leader in providing worker's compensation solutions. Today, worker's compensation is an important part of a much larger picture.

Wexford now offers captive management services, USL&H coverage, actuarial and consulting services, aggregate excess insurance, ratemaking services, employer reimbursement occupational accident coverage, and property and casualty package products for residential care, assisted living facilities and nursing homes.

Wexford also remains the exclusive representative of all member companies of the CNA Insurance Companies for excess worker's compensation for the self-insured. We believe our relationship with CNA, one of the most respected companies in the business, demonstrates our commitment to excellence. Together, Wexford and CNA offer you an unparalleled combination of expertise and financial stability.

EXCESS WORKER'S COMPENSATION • CAPTIVE FORMATION AND RISK MANAGEMENT SERVICES • AGGREGATE AND USL&H EXCESS COVERAGE • EMPLOYER REIMBURSEMENT OCCUPATIONAL ACCIDENT COVERAGE • LOSS PORTFOLIO TRANSFERS • ACTUARIAL ANALYSIS • SELF-INSURED BONDS • LONG-TERM HEALTH CARE FACILITIES PACKAGES

Where others see only risk, we see opportunity

LaSalle Re is showing the way forward in the search for creative new answers to specialty reinsurance needs. But we don't believe in taking chances when it comes to assuring our brokers and clients of the security they need. So we combine innovation with experience, underwriting flair with sound financial strength.

We believe in harnessing true pioneering spirit to astute business planning, disciplined underwriting, and the latest in information technology. So you can rely on LaSalle Re for sound reinsurance solutions and the highest standards of service.

LaSalle Re Limited

Pioneering Spirit

Continental Building, 25 Church Street,
P.O. Box HM 1502, Hamilton HM FX, Bermuda
Tel: (441) 292 3339 Fax: (441) 292 2655

London Underwriting Centre, Lower Ground Floor, Suite 2,
3 Minster Court, Mincing Lane, London EC3R 7DD
Tel: (44) 171 617 6079 Fax: (44) 171 617 6074

Continued from page 39

Westborough, Mass.; Warren, N.J.; Harrisburg, Pa.

Service area: Nationwide.

Officers: Patrick A. Pisano, executive vp; Sam K. Lee, Robert F. Santoro, Arthur Billington, vps; Joel Tietz, assistant vp.

Contact: Arthur Billington, 908-903-7176.

Claims Administrative Services Inc.

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

Staff	
Total	7
Safety consultants	5
ASSE members	3
Clients	
Total	375
Corporate/institutional clients	375
1996 revenues	
Safety consulting	$1,200,000

Founded: 1990.

Parent: Hibbs-Hallmark & Co.

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

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

Specialties: Public entities, including schools and colleges.

Offices: New Orleans; Pittsburgh; Amarillo, Dallas and Houston, Texas.

Service area: Nationwide.

Officers: Billy Hibbs Sr., CEO; Barry Jones, president; Wesley Slade, vp.

Contact: Wesley Slade.

Clayton Environmental Consultants Inc.

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

Staff	
Total	70
Safety consultants	20
Occupational health consultants	50
Industrial hygiene consultants	50
ASSE members	20
Clients	
Total	100
Corporate/institutional clients	100
1996 revenues	
Safety consulting	$4,000,000

Founded: 1954.

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

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

Offices: Los Angeles; San Francisco; Boca Raton, Florida; Atlanta; Chicago; Witchita, Kan.; Boston; Detroit; Minneapolis; New York; Cleveland; Portland, Ore.; Philadelphia; Seattle.

Service area: Nationwide.

Officers: Thomas Kowalski, president/CEO; Lisa Simkins, national director/COO; Mark Schumacher, vp/CFO; Alice Farrar, senior vp/national director-EHS; Bob Liechfield, senior vp/national director-lab services.

Contact: Thomas J. Martin.

COMCO Consulting Group Inc.

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

Staff	
Total	8
Safety consultants	5
Occupational health consultants	2
Industrial hygiene consultants	1
1996 revenues	
Safety consulting	$575,000

Founded: 1981.

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

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

Specialties: Chemical, petrochemical, water treatment.

Service area: United States, nationwide; Ukraine; Trinidad and Tobago.

Officers: Don Rhodes, president; Joann Blayney, vp; Joy L. James, owner.

Contact: Joann Blayney or Chet Rogers.

Compaudit Services

P.O. Box 1143, The Hideout,
Lake Ariel, Pa. 18436;
800-665-5628; fax: 800-665-5638

Staff	
Total	2
Safety consultants	2
ASSE members	1
Clients	
Total	12
Corporate/institutional clients	12
1996 revenues	
Safety consulting	$225,000

Founded: 1986.

Parent: Arthur I. Moll Inc.

Services: Safety audits/reviews, evaluations or inspections; safety program tance.

Other services: Publication of safety materials or videos, workers compensation consulting.

Offices: Wes[illegible]Beach, Fla.; Yonkers, New York.

Service area: Nationwide.

Officers: Arthur I. Moll, presid[illegible]

Compliance Consulting Group Inc.

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

Staff	
Total	4
Safety consultants	2
Occupational health consultants	1
Industrial hygiene consultants	1
Clients	
Total	31
Corporate/institutional clients	31
1996 revenues	
Safety consulting	$227,000

Founded: 1988.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; offsite training classes or seminars; product stewardship programs; material safety data sheet authoring and management.

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

Specialties: Manufacturing, construction, mining, supermarkets, country clubs.

Service area: Nationwide.

Officers: Kenneth A. Roberts, president; Scott W. Roberts, vp.

Contact: Kenneth A. Roberts.

CONFIRM Inc.

30 Watervliet Ave., Albany,
N.Y. 12206-1935; 518-459-0296;
fax: 518-438-4042

Staff	
Total	1
Safety consultants	1
ASSE members	1
Clients	
Total	9
1996 revenues	
Safety consulting	$250,000

Founded: 1989.

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

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

Specialties: Health care, construction, manufacturing, trucking.

Service area: New York, Northeastern states.

Officers: James P. Faughnan Jr., president; Lawrence E. O'Brien, senior consultant; Florence "Lee" Smith, consultant; Paul J. Czesak, director-engineering services.

Consulting Engineer

1635 Camino De Villas,
Burbank, Calif. 91501-1107;
818-846-1700; fax: 818-557-8481

Staff	
Total	4
Safety consultants	4
ASSE members	2
Clients	
Total	48
Corporate/institutional clients	28
1996 revenues	
Safety consulting	$250,000

Founded: 1980.

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

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

Specialties: Legal, retail, media, manufacturing, construction, power generation and distribution.

Offices: Burbank, Los Angeles and Pasadena, Calif.

Service area: [illegible] Southwestern states.

Officers: [illegible] Kushner, Ezra Abrahamy.

Co[illegible] Kushner.

Consultor Alleyne

P.O. Box 39, Zone 9-A, Panama City,
Panama; 507-224-5421;
fax: 507-287-4567

Staff	
Total	4
Safety consultants	2
Occupational health consultants	1
Industrial hygiene consultants	1
Clients	
Total	16
Corporate/institutional clients	9
1996 revenues	
Safety consulting	$232,000

Founded: 1979.

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

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

Specialties: Labor union/collective bargaining safety issues.

Service area: Republic of Panama, Central America.

Officers: Roberto Alleyne, owner/manager; Billy Abadia, safety consultant; Rosa Avila, industrial hygiene; Domingo Watson.

** Industrial hygiene testing by independent labs.*

Corporate Safety & Health Consultants Inc.

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

Staff	
Total	8
Safety consultants	7
Industrial hygiene consultants	1
ASSE members	7
Clients	
Total	100
Corporate/institutional clients	50
1996 revenues	
Safety consulting	$900,000

Founded: 1983.

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

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving occupational health and ergonomics; industrial hygiene laboratory*.

Specialties: Construction, health care, manufacturing, municipalities.

Service area: Nationwide.

Officers: Susan G. Geier, president; Ted Mellard vp.

** Industrial hygiene testing by independent labs.*

Coulter Consulting Group

8425 Pulsar Place, Suite 140,
Columbus, Ohio 43240;
614-846-6430; fax: 614-846-6561

Staff	
Total	5
Safety consultants	5
ASSE members	2
Clients	
Total	125
1996 revenues	
Safety consulting	$700,000

Services: Safety audits/reviews, evaluations or inspections; safety program assistance; onsite and offsite training classes or seminars.

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

Specialties: Leisure and entertainment.

Service area: Worldwide.

Officers: Richard Coulter, president; Lee Geiling, vp.

Contact: Richard Coulter.

Ctek Loss Control Services

CNA Plaza, 333 S. Wabash St.,
Suite 28-S, Chicago, Ill. 60685;
312-822-6836; fax: 312-817-3350

Staff	
Total	90
Safety consultants	73
Occupational health consultants	13
Industrial hygiene consultants	4
ASSE members	85
Clients	
Total	500
Corporate/institutional clients	500
1996 revenues	
Safety consulting	$18,200,000

Founded: 1980.

Parent: CNA Insurance Cos.

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

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

Specialties: Manufacturing, construction.

Offices: Phoenix; Brea and Woodland Hills, Calif.; Farmington, Conn.; Orlando and Tampa, Fla.; Atlanta; Chicago; Indianapolis; New Orleans; Silver Spring, Md.; Boston; Grand Rapids and Southfield, Mich.; Minneapolis; St. Louis; Parsippany, N.J.; Albuquerque, N.M.; Buffalo and Melville, N.Y.; Cleveland and Columbus, Ohio; Pittsburgh; Nashville, Tenn.; Dallas; Richmond, Va.; Milwaukee.

Service area: Nationwide.

Officers: Randall Hollenbeck, senior vp-Ctek; Brad Wedel, senior vp-sales/account management; Richard Ryther, senior vp-field services; Shirley Becconsall, senior vp-ergonomic services; David Pijan, senior vp-industrial hygiene services.

Contact: Randall Hollenbeck.

ECS Risk Control Inc.

600 Eagleview Blvd., P.O. Box 640,
Exton, Pa. 19341-0640;
800-858-0853; fax: 610-458-7285

Staff	
Total	20
Safety consultants	16
Industrial hygiene consultants	4
Clients	
Total	140
Corporate/institutional clients	40
1996 revenues	
Safety consulting	$350,000

Founded: 1985.

Parent: ECS Inc.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; process safety management; fleet safety; workers compensation.

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

Specialties: Chemical, manufacturing, construction, water/waste water, insurance companies, consultants/contractors, transportation, environmental facilities.

Offices: Los Angeles; San Francisco; Hartford, Conn.; Orlando, Fla.; Atlanta; Detroit; Houston; Dallas; Seattle.

Service area: Nationwide.

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

Contact: James F. Splain.

** Industrial hygiene testing by independent labs.*

ESIS Inc.

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

Staff	
Total	250
Safety consultants	188
Occupational health consultants	48
Industrial hygiene consultants	10
ASSE members	195
Clients	
Total	325
Corporate/institutional clients	295
1996 revenues	
Safety consulting	$5,700,000*

Founded: 1953.

Parent: INA Financial Services Corp.

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

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

Specialties: Construction, manufacturing, service industries, utilities, petrochemical, marine, health care, transportation, chemical.

Offices: Los Angeles; San Francisco; Denver; Atlanta; Chicago; Boston; New York; Portland, Ore.; Philadelphia; Dallas; Houston.

Service area: Nationwide.

Officers: Raymond Hafner, president; Brian P. O'Hara, Sharon E. Simpson, James Young, Lawrence Keough, vps.

Contact: Sharon E. Simpson, 215-761-6788.

** Estimate. ** Industrial hygiene testing by independent labs.*

Eagle Risk Management Group Inc.

P.O. Box 292428, Lewisville,
Texas 75029; 972-355-0296;
fax: 972-355-0396

Staff	
Total	9
Safety consultants	7
Industrial hygiene consultants	2
ASSE members	9
Clients	
Total	33
Corporate/institutional clients	33
1996 revenues	
Safety consulting	$271,000

Founded: 1993.

Parent: The Eagle Group.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; training classes or seminars; insurance underwriting inspections, surveys and reports.

Other services: Publication of safety materials or videos; OSHA compliance; research involving industrial hygiene, ergonomics and noise and vibration; fire protection engineering; industrial hygiene laboratory*; workers compensation compliance (Arkansas and Texas); safety equipment.

Specialties: Insurance industry, manufacturing, health care, restaurants, hotels, warehouse/distribution.

Offices: Dallas.

Service area: Nationwide.

Contact: O.J. Johnson, president.

** Industrial hygiene testing by independent labs.*

Employers Risk Services

1240 Fair Way St., Bowling Green,
Ky. 42102; 502-782-7678;
fax: 502-782-7654

Staff	
Total	4
Safety consultants	4
ASSE members	4
Clients	
Total	250
Corporate/institutional clients	5
1996 revenues	
Safety consulting	$300,000

Founded: 1994.

Continued on next page

Continued from previous page

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial, occupational health program assistance; onsite and offsite training classes or seminars; safety manuals; incentive programs.

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

Specialties: Forestry industry.

Service area: Nationwide.

Officers: Tim Renfroe, president; Don Turner, vp; John Morgan, CFO; Ronnie Hall, Kelly Park, supervisors.

Contact: Don Turner.

F

Floor Safety Institute

2220 Airport Freeway, Suite 400,
Bedford, Texas 76022; 817-685-7184;
fax: 817-635-0057

Staff

Total .....
Safety consultants .....

Clients

Total 500
Corporate/institutional clients 250

1996 revenues

Safety consulting $200,000

Founded: 1990.

Parent: Traction Flus Inc.

Services: Onsite and offsite training classes or seminars.

Other services: OSHA compliance.

Specialties: Food service, retail, hospitality, health care, manufacturing, insurance.

Service area: Nationwide.

Officers: R.J. Kendzior, president/CEO; E.M. Kendzior, vp-marketing; J.M. Kendzior, CFO.

Contact: Laura Cooper.

The directory of safety consultants begins on page 37. An explanation of methodology and terms used in the listings is on page 38.

G

Gage-Babcock & Associates Inc.

3975 Fair Ridge Drive, Suite 310 N.,
Fairfax, Va. 22033-2924
703-934-6440; fax 703-934-4421

Staff

Total 60
Safety consultants 60

Clients

Total 150
Corporate/institutional clients 75

1996 revenues

Safety consulting $3,000,000

Founded: 1952.

Services: Safety audits/reviews, evaluations or inspections; safety program assistance; onsite training classes or seminars.

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

Offices: Los Angeles; San Francisco; Washington; Atlanta; Chicago; Armonk, N.Y.

Service area: Nationwide.

Officers: Thomas W. Jaeger, president; Alfred J. Longhitano, treasurer; Mario A. Antonetti, secretary; Charles E. Hahl, Frederick C. Bradley, directors.

Contact: Douglas J. Rollman.

Gallagher Bassett Services Inc.

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

Staff

Total 63
Safety consultants 47
Occupational health consultants 2
Industrial hygiene consultants 10
ASSE members 42

Clients

Total 600
Corporate/institutional clients 285

1996 revenues

Safety consulting $6,620,000

Founded: 1962.

Parent: Arthur J. Gallagher & Co.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; onsite and offsite training classes or seminars; OSHA software program; behavior-based safety programs.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory; emergency preparedness/disaster recovery planning; loss benchmarking and analysis.

Specialties: Manufacturing, food service, printing, municipalities, retail, educational, religious, hotels, industrial, health care, construction.

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

Service area: Worldwide, including Asia, Australia, Canada, Europe, Latin America and South America.

Officers: John G. Campbell, chairman; Peter J. Durkalski, president; Richard McKenna, Richard Rothman, Michael Billings, executive vps.

Contact: Tracy D. Mock, area vp-marketing services.

H

Health & Hygiene/ELB

420 Gallimore Dairy Road,
Greensboro, N.C. 27409;
910-665-1818; fax: 910-665-0847

Staff

Total 46
Safety consultants 9
Occupational health consultants 14
Industrial hygiene consultants 23
ASSE members 8

Clients

Total 2,000
Corporate/institutional clients 300

1996 revenues

Safety consulting $10,000,000

Founded: 1978.

Parent: U.S. Health Works.

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

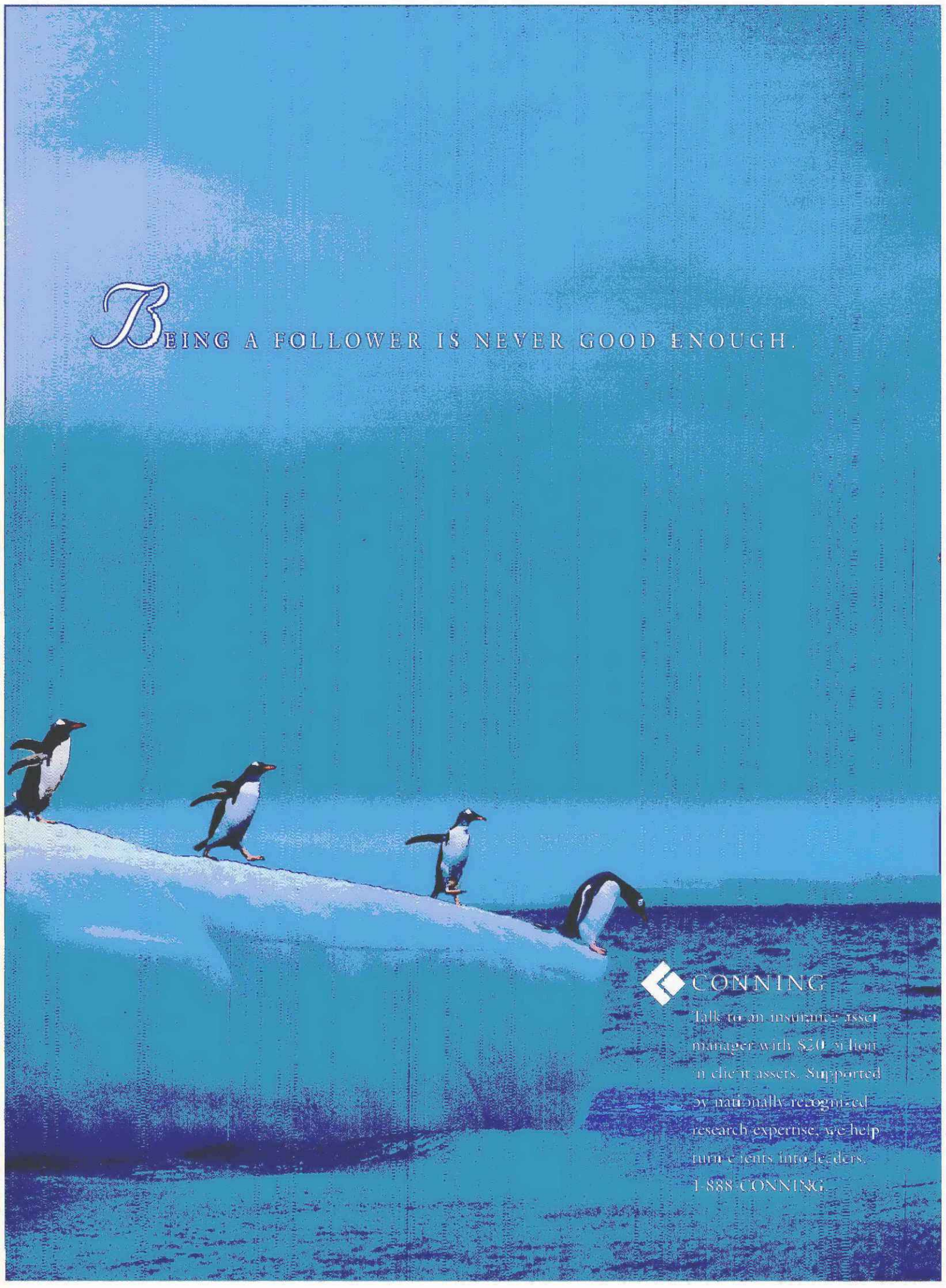
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health and ergonomics; industrial hygiene laboratory.

Offices: Los Angeles; Atlanta; Indianapolis; Chapel Hill and Charlotte, N.C.

Service area: Nationwide.

Officers: Wiilam L. Dyson, president; Roy W. Davenport, vp-sales/marketing; David F. Coble, vp-safety; Melvin R. Witcher Jr., vp-industrial hygeine; George Cook Jr., director-hearing conservation; Emily Wallace, direc-

Continued on page 46



Aon Re Worldwide

Unlock the power of Aon's global reinsurance brokerage and alternative risk services.

Aon Re Worldwide is one of the world's largest reinsurance intermediaries and provides a full array of reinsurance services, including: alternative risk and captive management; actuarial, financial and regulatory consulting; portfolio analysis; and catastrophe modeling. Aon Re Worldwide's professionals offer creative solutions in all major lines of business, through a worldwide network of offices.

As part of Aon Group, we're your key to unlocking the power of Aon's full range of expertise, talented professionals, local market knowledge and worldwide resources.

Now there's only one name you need to know for innovative reinsurance brokerage and alternative risk solutions anywhere in the world...Aon.

AON

Aon Re Worldwide

Continued from page 44

tor-occupational health services.
Contact: Cecilia Sprecher, 919-967-2228.

Hewitt, Coleman & Associates Inc.

850 S. Pleasantburg Drive,
Greenville, S.C. 29607;
864-240-5800; fax: 864-232-8824

Staff

Total	4
Safety consultants	4
ASSE members	4

Clients

Total	78

1996 revenues

Safety consulting	$600,000

Founded: 1923.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars.
Other services: Development of training materials, OSHA compliance, research involving ergonomics and noise and vibration.
Specialties: Construction, manufacturing, public entities, personnel services.
Offices: Atlanta.
Service area: Nationwide.
Officers: Charles R. Warne, president/CEO; Thomas Storm, executive vp; Ronald J. Graves, senior vp-loss control; Randy Chapman, senior vp-marketing.
Contact: Ronald J. Graves.

Holdsworth & Associates Inc.

1224 Mill St., East Berlin,
Conn. 06023; 800-437-8347;
fax: 860-828-2002

Staff

Total	8
Safety consultants	8
Occupational health consultants	2
Industrial hygiene consultants	2
ASSE members	2

Clients

Total	1,800
Corporate/institutional clients	1,100

1996 revenues

Safety consulting	$300,000

Founded: 1988.
Services: Safety audits/reviews, evaluations or inspections; safety, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; train the trainer programs; OSHA 501 courses.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering.
Specialties: Emergency services, municipalities.
Service area: Nationwide.
Officers: Robert C. Holdsworth, CEO; Chip Darius, COO.
Contact: Chip Darius.

I

IVE Inc.

2974 S. Oakwood Drive, Bountiful,
Utah 84010; 801-298-8996;
fax: 801-298-9098

Staff

Total	2
Industrial hygiene consultants	2
ASSE members	1

Clients

Total	37
Corporate/institutional clients	7

1996 revenues

Safety consulting	$200,000

Founded: 1982.
Services: Onsite and offsite training classes or seminars.
Other services: Industrial ventilation.
Service area: Nationwide.
Contact: D. Jeff Burton.

Inservco Insurance Services Inc.

2 N. Second St., P.O. Box 3899,
Harrisburg, Pa. 17105-3899;
717-230-8300; fax: 717-221-6060

Staff

Total	4
Safety consultants	4
ASSE members	2

Clients

Total	87
Corporate/institutional clients	53

1996 revenues

Safety consulting	$305,000

Founded: 1980.
Parent: Penn National Insurance Cos.
Services: Safety audits/reviews, evaluations or inspections; safety and ergonomic program assistance; onsite and offsite training classes or seminars; property valuations; workers compensation claims analysis and evaluations; employee safety awareness and incentive programs.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering.
Specialties: Governmental entities, food processing, commercial agri-business.
Offices: Greensboro, N.C.; Trenton, N.J.; Harrisburg and Pittsburgh, Pa.
Service area: Delaware, District of Columbia, Maryland, North Carolina, New Jersey, Pennsylvania, Virginia.
Officers: Jim Taylor, president; Bob Conrad, executive vp; Barry Kline, vp-financial; Mike Scheib, vp-operations; Joseph M. Boslet, vp-safety.
Contact: Joseph M. Boslet.

Insurance & Risk Management

3811 Illinois Road, P.O. Box 1705,
Fort Wayne, Ind. 46801; 219-436-1616;
fax: 219-432-4083

Staff

Total	5
Safety consultants	5
ASSE members	3

Clients

Total	200

1996 revenues

Safety consulting	$275,000

Founded: 1963.
Services: Safety audits/reviews, evaluations or inspections; safety and ergonomic program assistance; onsite and offsite training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving ergonomics.
Specialties: Manufacturing, construction, school systems.
Offices: Indianapolis and Muncie, Ind.; Defiance and Toledo, Ohio.
Service area: Nationwide.
Officers: Harold Everett, Ron Harruff, John Hettwer, James E. Krouse, Dewey Tagtmeyer, Jim Van Dyck, managing partners.
Contact: James E. Krouse.

J

J&H Marsh & McLennan Inc.

1166 Ave. of the Americas,
New York, N.Y. 10036;
212-345-6020; fax: 212-345-5785

Staff

Safety consultants	130
Occupational health consultants	15
Industrial hygiene consultants	10
ASSE members	140

Clients

Total	2,000
Corporate/institutional clients	2,000

1996 revenues

Safety consulting	$100,000,000

Founded: 1845.
Parent: Marsh & McLennan Cos. Inc.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, research involving occupational health and product liability, fire protection engineering, computer based training.
Offices: 57 offices throughout the United States; several non-U.S. locations.

Continued on next page

THEIR CONSULTANTS.

As any archaeologist can tell you, it's not until you really start to dig that you find the real treasures. It's the same with consulting. The more you dig, the more you learn, the more you have the ability to provide truly innovative, relevant solutions to the challenges a company faces now and in the future. At Watson Wyatt, we dig deep. Our first step is getting to know you, the client. How? By rolling up our sleeves and learning about your company, your industry, and your goals. Our *ClientFirst*™ process means we not only dig deeper,

Continued from previous page

Service area: Worldwide.
Officers: Harry Taback, J.B. Farley, managing directors; Glenn Buser, Donald Reilly, senior vps; Don Kett, vp.
Contact: Harry Taback.

Jacobs Consulting Ltd.
P.O. Box 11779, St. Paul, Minn. 55111; 612-699-7938

Staff	
Total	1
Safety consultants	1
ASSE members	1
1996 revenues	
Safety consulting	$200,000

Founded: 1990.
Services: Safety audits/reviews, evaluations or inspections; ergonomic program assistance; onsite and offsite training classes or seminars; worksite/workstation evaluation and design.
Other services: Research involving ergonomics.
Service area: Nationwide.
Contact: Philip Jacobs, president.

K

K&T Safety Service Inc.
800 Wilcrest, Suite 205, Houston, Texas 77042-1360; 713-974-4394; fax: 713-974-4396

Staff	
Total	3
Safety consultants	1
Industrial hygiene consultants	1
ASSE members	1
Clients	
Total	50
Corporate/institutional clients	10
1996 revenues	
Safety consulting	$210,000

Founded: 1981.
Services: Safety audits/reviews, evaluations or inspections; industrial hygiene program assistance; asbestos consulting; indoor air quality review.
Specialties: Chemicals, construction, manufacturing, schools/universities.
Offices: Houston.
Service area: Colorado, Louisiana, New Mexico, Texas.
Officers: Henry G. Kana, president.

Kemper/NATLSCO
1 Kemper Drive, K4, Long Grove, Ill. 60049; 847-320-2026; fax: 847-320-5460

Staff	
Total	53
Safety consultants	3
Industrial hygiene consultants	15
Clients	
Total	140
1996 revenues	
Safety consulting	$200,000

Founded: 1968.
Parent: Kemper Insurance Cos.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; behavior modification; environmental affairs; air sample analyses.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, ergonomics and noise and vibration; industrial hygiene laboratory; environmental research; machine guarding; analytical methods development.
Specialties: Manufacturing, pharmaceutical, electronics, construction, retail, health care.
Offices: Los Angeles; Chicago; Summit, N.J.; Dallas.
Service area: Worldwide.
Contact: John N. Garis.

L

LPA Consultants
87 Plunkett St., Brentwood, N.Y. 11717; 516-434-9130

Staff	
Total	1
Safety consultants	1
1996 revenues	
Safety consulting	$200,000

Founded: 1968.
Services: Safety audits/reviews, evaluations or inspections; safety and ergonomic program assistance; ventilation analyses.
Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving ergonomics and noise and vibration.
Specialties: Manufacturing.
Service area: Nationwide.
Officers: R. Scotto-Lavino; J. Scotto-Lavino, partners.
Contact: R. Scotto-Lavino.

Liberty Mutual Group
175 Berkeley St., Boston, Mass. 02117; 617-357-9500; fax: 617-357-5349

Staff	
Total	170
Safety consultants	118
Occupational health consultants	22
Industrial hygiene consultants	30
ASSE members	110
Clients	
Total	30,000
Corporate/institutional clients	30,000
1996 revenues	
Safety consulting	$100,000,000

Founded: 1912.
Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; lab services; behavioral safety consulting; contracting.
Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory*.
Specialties: Construction, food processors, retail, transportation, health care, printing, metal fabrication.
Offices: 100 offices throughout the United States; offices in Argentina, Australia, Brazil, Canada, Malaysia, Mexico, United Kingdom, Venezuela.
Service area: Worldwide.
Officers: Gary Countryman, chairman/CEO; Edmund Kelly, president/COO; Tom Ramey, executive vp/manager-risk services; Karl Jacobson, senior vp-loss prevention department; Jim Johnson, vp/assistant general manager.
Contact: Scott Patterson.
** Industrial hygiene testing by independent labs.*

Loss Control Associates Inc.
172 Middletown Blvd., Suite B-204, Langhorne, Pa. 19047; 215-750-6841; fax: 215-750-6845

Staff	
Total	6
Safety consultants	4
Clients	
Total	50
Corporate/institutional clients	50
1996 revenues	
Safety consulting	$780,000

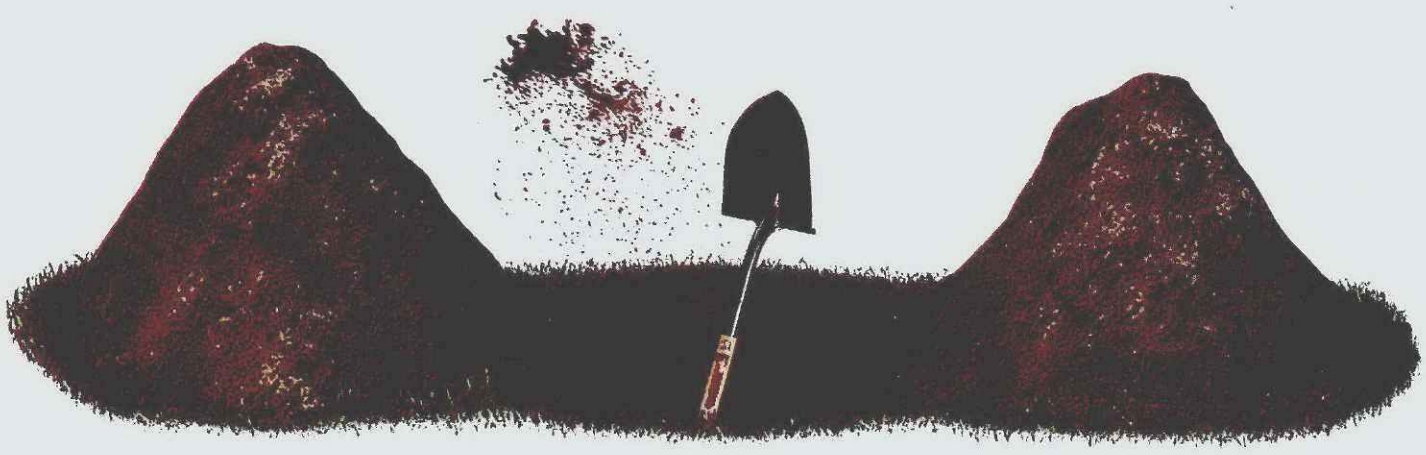
Founded: 1986.
Services: Process safety and loss prevention; explosion prevention engineering.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, chemical process safety management, EPA Clean Air Act compliance, emergency preparedness training.
Specialties: Refining, petrochemical, hazardous materials handling.
Service area: Worldwide.
Officers: Orville M. Slye Jr., president; Anthony M. Ordile, consulting engineer.
Contact: Orville M. Slye Jr.

Loss Prevention Consultants Inc.
P.O. Box 54012, Jackson, Miss. 39288-4012; 601-878-2138; fax: 601-878-2394

Staff	
Total	3
Safety consultants	3
ASSE members	1
Clients	
Total	50
Corporate/institutional clients	50
1996 revenues	
Safety consulting	$225,000

Founded: 1984.

Continued on next page



OUR CONSULTANTS.

we dig in the right places. It's a proven method of finding those nuggets of information that can make a difference. So when it comes to choosing a consultant, you have a choice to make. Companies that merely scratch the surface, or one that's willing to get their hands dirty.

To learn more about *ClientFirst* and our approach to consulting, call your local Watson Wyatt office or 1-800-851-4346, or visit our web site at www.watsonwyatt.com.

Watson Wyatt Worldwide
Making Strategy Work®

Continued from previous page

Services: Safety audits/reviews, evaluations or inspections; safety, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; accident investigation/reconstruction.

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

Service area: Nationwide.

Contact: John R. Eubanks Jr, president.

** Industrial hygiene testing by independent labs.*

MEMIC Safety Services

261 Commercial St., Portland, Maine 04104; 888-887-8867; fax: 207-791-3333

Staff

Total	14
Safety consultants	11
Occupational health consultants	3
ASSE members	9

Clients

Total	80
Corporate/institutional clients	80

1996 revenues

Safety consulting	$350,000

Founded: 1996.

Parent: Maine Employers Mutual Insurance Co.

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

Other services: Development of training materials; rehabilitation; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics and noise and vibration.

Specialties: Construction, manufacturing, health care, logging, retail/wholesale, transportation.

Service area: Nationwide.

Contact: Daniel Cote, president; Beth Stowell Ken Goodwin, vps-sales/marketing.

Dr. Donald P. Milione

330 E. 79th St., Suite 1-C, New York, N.Y. 10021; 212-988-6900; fax: 212-988-8904

1996 revenues

Safety consulting	$200,000

Founded: 1994.

Parent: Future Industrial Technologies.

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

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

Offices: Santa Barbara, Calif.

Service area: United States, nationwide; Australia, Canada.

Officers: Dennis Downing.

The directory begins on page 37.

National Safety Consultants Inc.

40201 Highway 190 E., Slidell, La. 70461; 888-781-1121; fax: 800-789-5920

Staff

Safety consultants	9

Clients

Total	2,400

1996 revenues

Safety consulting	$1,250,000

Founded: 1991.

Services: Safety audits/reviews, evaluations or inspections; safety and ergonomic program assistance; onsite and offsite training classes or seminars; workers compensation surveys.

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

Service area: Louisiana and the Gulf Coast region.

Contact: J.D. Roberts.

National Safety Council

1121 Spring Lake Drive, Itasca, Ill. 60143; 630-285-1121

Staff

Total	15
Safety consultants	12
Occupational health consultants	2
Industrial hygiene consultants	1

1996 revenues

Safety consulting	$2,000,000

Founded: 1913.

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

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

Offices: Redwood City, Calif.; Atlanta.

Service area: Nationwide.

Officers: Gerard F. Scannell, president; Alan C. McMillan, vp.

Network Safety Consultants Inc.

14400 John Humphrey Drive, Orland Park, Ill. 60462; 708-873-3325; fax: 708-873-3001

Staff

Total	2
Safety consultants	2
ASSE members	2

Clients

Total	79
Corporate/institutional clients	5

1996 revenues

Safety consulting	$227,000

Founded: 1994.

Parent: Horton Insurance Agency Inc.

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

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

Specialties: Construction, manufacturing.

Service area: Nationwide.

Officers: Gary Glader, president; Glenn Horton, vp.

Contact: Gary Glader.

Occupational Safety & Health Consultants

183 Grand Ave., Lafayette, La. 70503; 318-988-3490; fax: 318-232-6678

Staff

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

Clients

Total	5
Corporate/institutional clients	5

1996 revenues

Safety consulting	$369,050

Founded: 1984.

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

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

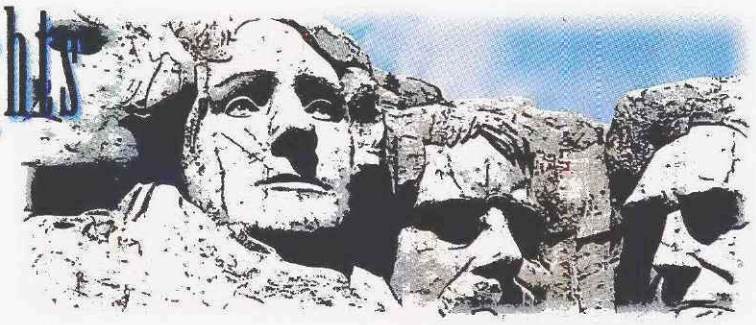
Specialties: Oil and gas drilling/service; marine construction; pipeline operations; dredging, shipbuilding and stevedoring operations.

Offices: Houma, Lafayette and New Orleans, La.; Lake Jackson, Texas.

Service area: Alabama, Florida, Louisiana,

Continued on page 50

We're setting our sights on new horizons



For twenty years, our clients have enjoyed a unique combination of high-quality insurance products and flexible risk management services. We're healthcare specialists, and our staff of physicians, nurses and insurance professionals are experts at developing solutions for our clients.

Now we're taking the PHICO success story nationwide. We're opening offices throughout the country because we prefer to work face-to-face with our customers–wherever they are. Along the way, we're adding new cutting-edge insurance products designed to meet the needs of today's healthcare industry–everything from support services for self-insured companies to comprehensive insurance programs for integrated delivery systems.

We're making all these changes without losing sight of what made us successful–listening to your needs and providing customized insurance solutions backed by the industry's most responsive risk management services.

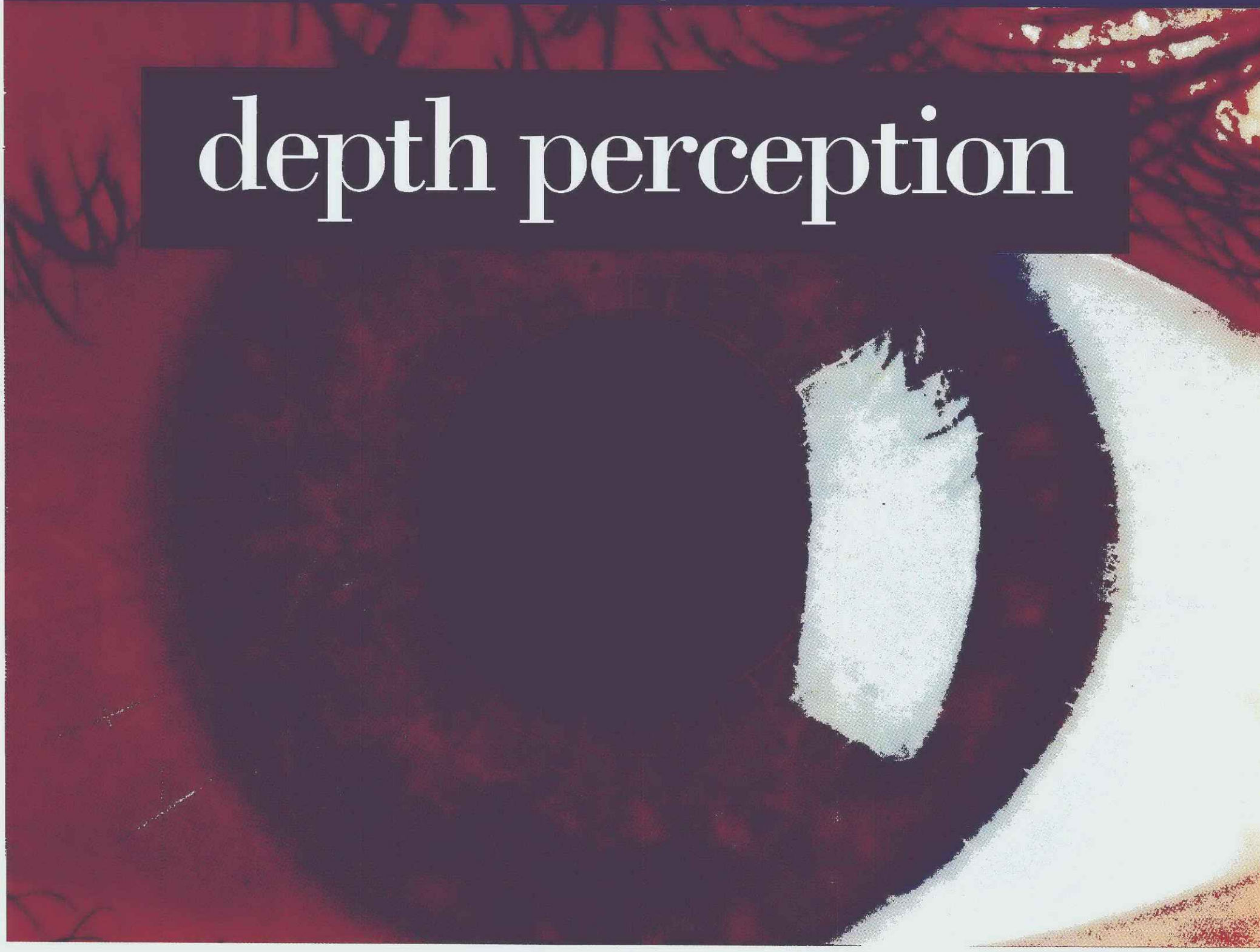
So if you're tired of a cookie-cutter approach to your risk management needs, ask your broker about PHICO, call us direct at **800.382.1378**, or visit our web site at www.phico.com

Professional Liability • Institutional Liability • Managed Care Liability • General Liability • Excess Insurance • Workers Compensation
Third Party Administration • Risk and Safety Management Services

PHICO
Healthcare Risk Management Solutions

Zurich's HPR: Building Solid Foundations

depth perception



It's Why We See Things Others Don't. And So Do Our HPR Customers.

With an average of more than 15 years experience in the field, Zurich-American's HPR engineers bring unparalleled insight to engineering highly protected risks – insights that translate to superior HPR coverage, and creative, flexible solutions that stand out from the rest.

Through multi-line facilities nationwide, Zurich-American also builds comprehensive global property solutions – combining HPR with boiler & machinery, marine and specialty property coverages to most efficiently accommodate each customer's needs. It's a cohesive approach you won't see anywhere else...and it's grounded in Zurich's A+ rating (A.M. Best), and the assurance of consistent quality that comes with Zurich's worldwide network.

Witness firsthand the benefits of our HPR engineering experience – and the Power of Partnership with Zurich-American. Contact your agent or broker, or call: 1-800-382-2150.

Zurich-American. The Power of Partnership.®

ZURICH

© 1997 Zurich Insurance Company
Coverages underwritten by Zurich Insurance Company
or another member of Zurich-American Insurance Group.

www.zurichamerican.com

Continued from page 48

Mississippi, Texas.

Officers: Donald G. Broussard Sr., owner/president; Renee Darsey Broussard, secretary/treasurer; Mike Hampy, vp-safety; Joe McKillip, vp-industrial hygiene.

Orthopaedic Health Services Inc.

P.O. Box 437, Old Lyme, Conn. 06371; 860-434-9398; fax: 860-434-0739

Staff

Total	5
Safety consultants	1
Occupational health consultants	3
Industrial hygiene consultants	1

Clients

Total	10
Corporate/institutional clients	10

1996 revenues

Safety consulting	$260,000

Founded: 1977.

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

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

Specialties: Health care; transportation, including airlines.

Offices: Chicago; Newark, N.J.; New York; Cincinnati; Barre, Rutland and Williston, Vt.

Service area: Nationwide.

Officers: John Spratt, CEO; Michael Fortunato, CFO.

Contact: John Spratt.

Presidium Inc.

2600 Horizon Drive S.E., Grand Rapids, Mich. 49546; 616-954-3307; fax: 616-942-7610

Staff

Total	11
Safety consultants	8
Industrial hygiene consultants	3
ASSE members	11

Clients

Total	40
Corporate/institutional clients	40

1996 revenues

Safety consulting	$250,000

Founded: 1975.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; onsite and offsite training classes or seminars; indoor air quality testing; microbial contamination sampling.

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

Offices: Detroit and Grand Rapids, Michigan.

Service area: Nationwide.

Officers: Paul Glover, CEO; Greg Franchesi, president-sales/marketing; Hamilton Chaffee, chief information officer; Mary Ellen Peters, senior vp; Ed Holleran, senior vp-operations.

Contact: Jeff Mather, director-loss control.

RPF Associates

20 LeRoy St., Dix Hills, N.Y. 11746-6644; 516-586-0778; fax: 516-586-5164

Staff

Total	5
Safety consultants	2
ASSE members	2

Clients

Total	60
Corporate/institutional clients	30

1996 revenues

Safety consulting	$250,000

Founded: 1984.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and occupational health program assistance; onsite and offsite training classes or seminars; OSHA and DOT compliance audits; accident reconstruction and investigation; automatic sprinkler protection inspection and testing.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; National Fire Protection Association compliance; American National Standards Institute compliance; building codes; OSHA and DOT codes.

Specialties: Printing, bakeries, food distribution, liquor distillation and distribution, retail stores, municipalities, hospitals, nursing homes, schools, paper box manufacturing, bulk oil storage and delivery, fleets, hazardous materials transportation, hi-rise buildings.

Offices: Durham, Pa.

Service area United States, nationwide; Canada; Caribbean; Mexico.

Contact: Robert P. Firmbach, president.

Reliability Group

2421 N.E. 33rd St., Lighthouse Point, Fla. 33064; 954-782-5588

Staff

Total	10
Safety consultants	7

Clients

Total	31
Corporate/institutional clients	28

1996 revenues

Safety consulting	$200,000

Founded: 1985.

Services: Safety audits/reviews, evaluations or inspections; safety program assistance; training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, research involving industrial hygiene and occupational health.

Specialties: Petrochemical, pharmaceutical, manufacturing.

Officers: Hank Sarkis, president; Robert Cocke, executive vp.

Contact: Hank Sarkis.

Risk Analysts Inc.

24 Greenway Plaza, Suite 1100, Houston, Texas 77046; 713-507-9400; fax: 713-507-9433

Staff

Total	3
Safety consultants	2

Clients

Total	150
Corporate/institutional clients	85

1996 revenues

Safety consulting	$600,000

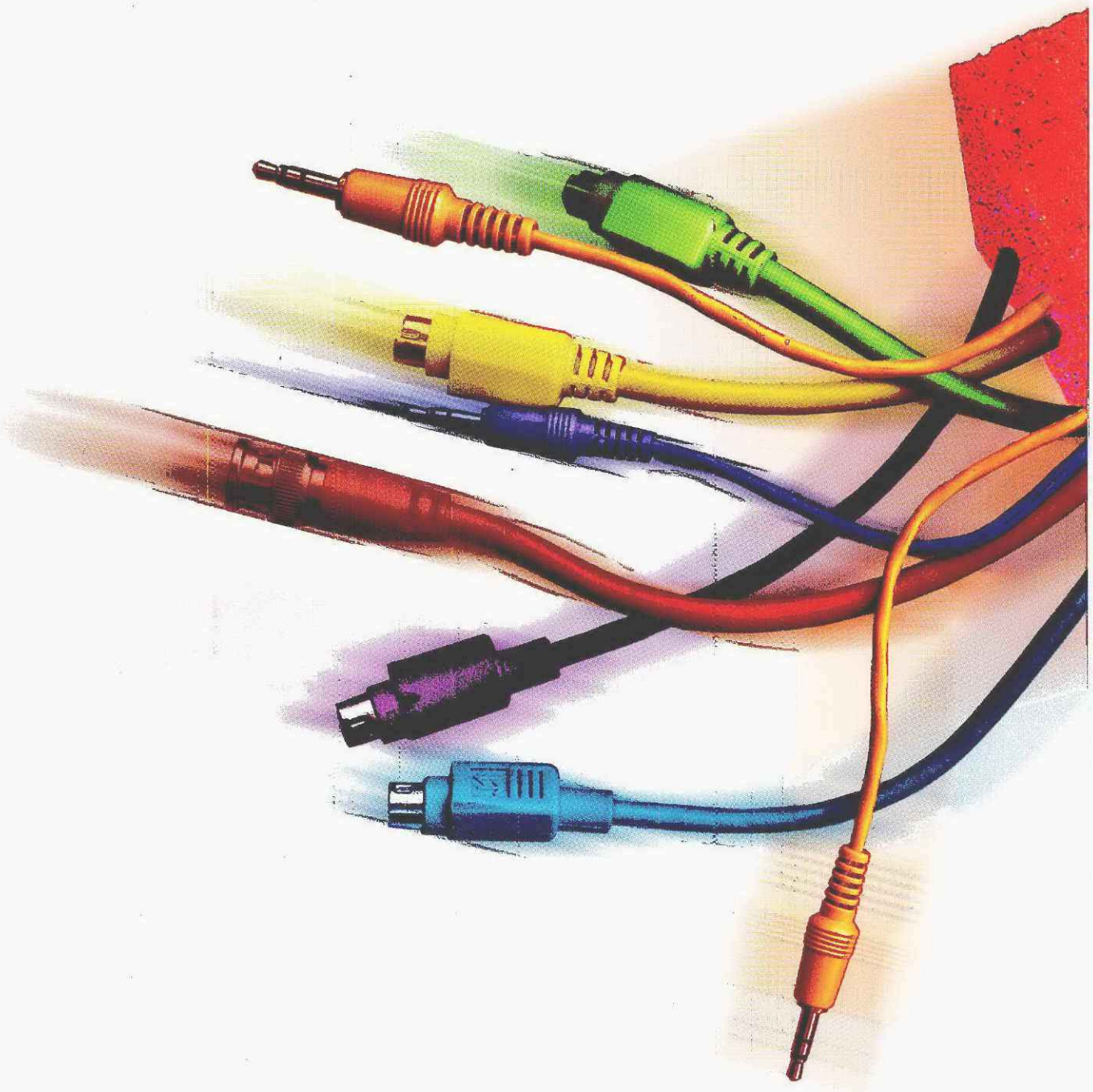
Parent: Wisenberg Insurance & Risk Management.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, in-

Continued on next page

Fiduciary Liability | Crime | Form24Plus™ Expanded Bond Coverage for Community Banks | General Partners Liability | Managed Care E&O an

Executive Risk's Insurance Products: Directors & Officers Liability for Financial Institutions, Diversified Financial Institutions and Community Banks, Healthcare Institutions, Non-profit Organizations, Commercial Risks and The Power℠ for Private Risks



Executive Risk

Phone: 1-800-432-8168 Fax: 860-408-2288 E-mail: info@execrisk.com

Management Consultants Professional Liability | Miscellaneous Professional Liability | Employment Practices Liability for Finan

Continued from previous page

dustrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; focus safety groups; workers compensation; fleet training programs; non-subscriber programs.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; customized ergonomic training; customized courses, including OSHA, hazardous materials and back injury prevention.

Specialties: Manufacturing, health care, hospitality, petrochemical, entertainment, auto dealerships, retail/wholesale, real estate, restaurants.

Service area: Nationwide.

Officers: Irving Pozmantier, chairman; Joe Williams, CEO/president; Tom Francis, Jay Williams, executive vps; Nicholas P. Dalby, vp/director-risk control.

Contact: Nicholas P. Dalby.

Safety Associates Inc.

1351 E. Morehead St., Charlotte, N.C. 28204; 704-334-8690; fax: 704-376-5838

Staff

Total	5
Safety consultants	5
ASSE members	4

Clients

Corporate/institutional clients	200

1996 revenues

Safety consulting	$500,000

Founded: 1988.

Services: Safety audits/reviews, evaluations or inspections; safety program assistance; onsite and offsite training classes or seminars; accident reconstruction.

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

Specialties: Construction, manufacturing, engineering.

Service area: Nationwide.

Contact: Jim Stephens, president.

Safety Consulting

1403 S.W. Topeka Blvd., P.O. Box 2789, Topeka, Kan. 66601-2789; 785-232-3887; fax: 785-233-1746

Staff

Total	5
Safety consultants	5
Occupational health consultants	1
Industrial hygiene consultants	1

1996 revenues

Safety consulting	$321,000

Founded: 1971.

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

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

Specialties: Construction, manufacturing, oil industries, municipalities.

Service area: Nationwide.

Officers: Craig S. Stromgren, president; John L. Parkin, senior vp.

Contact: Craig S. Stromgren.

Safety Management Services Inc.

P.O. Box 51927, Lafayette, La. 70505; 318-235-6524; fax: 318-233-9772

Staff

Total	6
Safety consultants	3
Industrial hygiene consultants	1
ASSE members	4

Clients

Total	212
Corporate/institutional clients	167

1996 revenues

Safety consulting	$200,000

Founded: 1981.

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

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

Service area: Nationwide.

Officers: Jack R. Barnidge, president; Fred P. DeJean, vp.

Contact: Jack R. Barnidge.

** Industrial hygiene testing by independent labs.*

Safety & Risk Control Services Inc.

395 Main St., Suite 4, Metuchen, N.J. 08840-1806; 800-466-4025; fax: 732-906-2045

Staff

Total	18
Safety consultants	16
ASSE members	13

Clients

Total	50
Corporate/institutional clients	40

1996 revenues

Safety consulting	$500,000*

Founded: 1989.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; offsite training classes or seminars; coordination and auditing of insurance carrier services; statistical analysis of loss history; development of loss control service specifications; development of association safety programs and management training programs.

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

Specialties: Transportation, heavy manufacturing, real estate, machine shops, wire manufacturing.

Service area: Nationwide.

Contact: Harvey S. Staple, president.

** Estimate. ** Industrial hygiene testing by independent labs.*

Sedgwick Inc.

P.O. Box 171377, Memphis, Tenn. 38187-1377; 901-761-1550; fax: 901-684-3825

Staff

Total	130
Safety consultants	130
Industrial hygiene consultants	5

1996 revenues

Safety consulting	$15,200,000

Founded: 1858.

Parent: Sedgwick Group P.L.C.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; computerized contingency planning services; environmental consulting services.

Continued on next page

d D&O | Systems Rx℠: A Medical Technology Management Program | Lawyers Professional Liability | Employed Lawyers Professional Liability | Insurance Agents & Brokers Professional Liability | Mortgage Brokers Professional Liability | Title Agents Professional Liability | Claims Adjusters Professional Liability | al Institutions and M'd- to Large-Sized Commercial Entities | Employment Practices Liability for Law Firms | Program Business

WE'RE WIRED!

http://www.execrisk.com

Flexibility. Accessibility. And a new level of ***responsiveness.***

"Plug in" to the new professional liability information resource at ***http://www.execrisk.com.***

Executive Risk is pleased to announce our new web site, ***Executive Risk On-Line.***

With product features, claim examples, industry facts, and much more — right at your fingertips.

Order more information. Talk with us via e-mail. Or check out the story behind the "loose brick."

Continued from previous page

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

Specialties: Self-insured associations/pools, real estate, manufacturing, public entities, health care, retail, warehousing/distribution, energy, construction, financial, hotels, food processing, environmental.

Offices: 34 locations nationwide.

Service area: Nationwide.

Officers: R. Jane Hill-Fleming, senior vp; Joseph Labetti Jr., managing director-risk control consulting.

Contact: Joseph Labetti Jr.

** Industrial hygiene testing by independent labs.*

Sigma Associates Ltd.

105 Timber Ridge Blvd., Pass Christian, Miss. 39571; 601-452-4866; fax: 601-452-7202

Staff	
Total	5
Safety consultants	3
Occupational health consultants	1
Industrial hygiene consultants	1
ASSE members	1

Clients	
Total	36
Corporate/institutional clients	10

1996 revenues	
Safety consulting	$585,600

Founded: 1978.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; process safety; onsite personnel for construction projects.

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

Specialties: Government, maritime, petrochemical, construction, manufacturing.

Service area: Nationwide.

Officers: A.J. Scardino Jr., president; Al LaGarda, Robert Lanham, associates.

Contact: A.J. Scardino Jr.

Strategic Safety Associates

P.O. Box 80161, Portland, Ore. 97280-1161; 503-977-2094; fax: 503-977-3[illegible]75

Staff	
Total	11
Safety consultants	8
ASSE members	8

Clients	
Total	75
Corporate/institutional clients	75

1996 revenues	
Safety consulting	$1,000,000

Founded: 1985.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic and industrial hygiene program assistance; onsite training classes or seminars; injury-prevention training.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; ergonomics; upper management and supervisory training; conference presentations; accident repetition prevention.

Service area: Worldwide.

Officers: Robert Pater, president; Paul McClellan, vp; Craig R. Lewis, vp.

Contact: Robert Pater.

Topf Organization

3000 Valley Forge Circle, Suite G-15, King of Prussia, Pa. 19406; 610-783-1776; fax: 610-783-1775

Staff	
Total	15
Safety consultants	10
ASSE members	3

Clients	
Total	43
Corporate/institutional clients	43

1996 revenues	
Safety consulting	$3,000,000

Founded: 1981.

Services: Safety audits/reviews, evaluations or inspections; safety program assistance; onsite and offsite training classes or seminars; behavioral safety training processes.

Other services: Publication of safety materials or videos; development of training materials; environmental spill and release reduction.

Service area: United States, nationwide; Canada; Europe.

Officer: Michael D. Topf, founder/president.

Contact: Donald H. Theune.

Travelers Property Casualty

1 Tower Square, Hartford, Conn. 06183; 860-277-2061; fax: 860-277-0142

Staff	
Total	500
Safety consultants	425
Industrial hygiene consultants	25

Clients	
Total	1,500
Corporate/institutional clients	250

1996 revenues	
Safety consulting	$20,000,000

Founded: 1865.

Parent: Travelers Group.

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, industrial hygiene and occupational health program assistance; onsite and offsite training classes or seminars; injury management; behavioral safety; workplace violence and security; vehicle safety; product safety.

Other services: Publication of safety materials or videos; development of training materials; research involving industrial hygiene, occupational health, ergonomics, product liability and noise and vibration; fire protection engineering; industrial hygiene laboratory.

Specialties: Manufacturing, health care, financial institutions, construction, distribution/warehousing.

Offices: 60 locations nationwide.

Service area: Nationwide.

Officers: Bob Lipp, CEO; Chuck Clarke, CEO-commercial lines; Jay Fishman, Stan Long, vice chairmen; Andy Myer, vp.

Contact: Cindy Young.

Trigon Administrators Inc.

7130 Glen Forest Drive, Suite 102, Richmond, Va. 23226; 804-673-5954; fax: 804-673-5916

Staff	
Total	5
Safety consultants	4
ASSE members	4

Clients	
Total	1,800
Corporate/institutional clients	55

1996 revenues	
Safety consulting	$425,000

Parent: Trigon Blue Cross Blue Shield.

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

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

Specialties: Construction, wood products/furniture manufacturing, mercantile, municipalities, education.

Offices: Columbia and Rockville, Md.; Raleigh, N.C.; Chantilly, Va.

Service area: Mid-Atlantic and Southeastern states.

Officers: William D. Monday Jr., president; Thomas D. England, vp.

Contact: Vincent J. McCarthy Jr., manager-loss control.

The Walden Group

1001 Hingham St., Rockland, Mass. 02370; 617-681-7000; fax: 617-681-7050

Staff	
Total	5
Safety consultants	5
ASSE members	2

Clients	
Total	27
Corporate/institutional clients	27

Continued on page 54

When your clients have unusual risks,

they'll need help overcoming the obstacles.

A customer running a unique business can encounter unusual risks. CNA E&S provides innovative underwriting solutions for the special needs of your excess and surplus clients. To find out how partnering with us can help you ease your clients over the hurdles, just call.

Innovation, Intelligence & Integrity

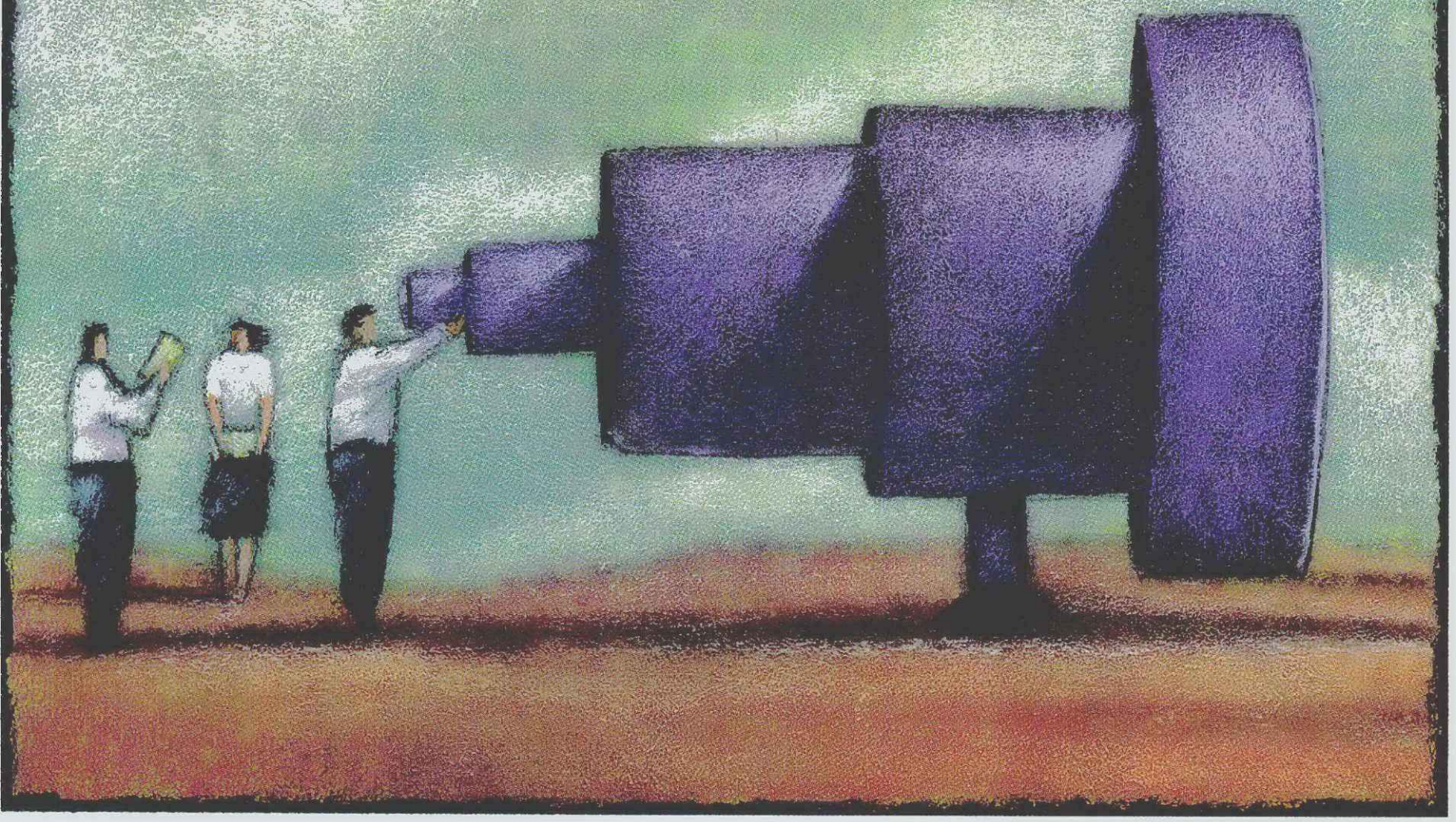
Chicago
(312) 822.6825

New York
(212) 440.3150

CNA E&S

CNA E&S PROGRAMS ARE UNDERWRITTEN BY ONE OR MORE OF THE PROPERTY-CASUALTY COMPANIES OF THE CNA INSURANCE COMPANIES. CNA IS A REGISTERED SERVICE MARK OF THE CNA FINANCIAL CORPORATION

Want to know what's ahead?



Planning is the key to any successful venture. Whether you're a corporate executive—risk manager, employee benefits or health care manager—or among the many service providers to our industry—agent, broker, consultant, TPA, insurer or reinsurer—knowing what lies ahead will influence the plans you make today.

So take a look at our line-up of issues. Our targeted editorial spotlight reports, in-publication directories and special demographic editions all compliment the authoritative, in-depth news reporting and editorial leadership our readers and advertisers have come to rely on every week for thirty years.

As a corporate executive, you can't afford to let your subscription to *BI* to run out. As a service provider, you can't afford to miss an important marketing opportunity . . . to get your message into the hands of corporate decision-makers.

Call us today.

Issue Date	Editorial Feature	Demographic Section	Ad Closing
October	*30 Years of Business Insurance* Special Commemorative Issue		Sep 15
Oct 6	International Benefits & Risk Management [RS] *Directory: International Insurers & Benefit Networks* *Distribution: CIAB/CICE; FERMA/RIMS*	ABT IIAA Report GLOBAL FOCUS	Sep 24
Oct 13			Oct 1
Oct 20		IT Loss Control/CPCU Report [SS]	Oct 8
Oct 27	Workers Compensation [RS] *Directory: Safety Consultants & Rehabilitation Services* *Information Resource: Workers Comp* *Distribution: ASHRM; BI Workers Comp Conference; Baden-Baden; MCEIRMC*		Oct 15
Nov 3	*Distribution: ARIMA*	ABT E & O/Loss Prevention GLOBAL FOCUS	Oct 22
Nov 10	Reinsurance: Trends & Issues [RS] *Directory: Reinsurance Brokers, Distribution: ISCEBS; NAII; PLUS*		Oct 29
Nov 17		IT Fighting Fraud	Nov 5
Nov 24	Benefits: Effective Benefit Communication/EBC Awards [RS] *Directory: Benefit Communication Systems*		Nov 12
Dec 1	Risk Management Systems & Online Resources [RS, SS] *Directory: Risk Management Information Systems*	ABT Niche Marketing	Nov 17
Dec 8	Benefits: Market Report [RS] *Directory: Benefit Consultants, Distribution: NAIC*		Nov 26
Dec 15		IT Mergers & Acquisitions	Dec 3
Dec 22	Year-in-Review		Dec 10
Dec 29	1997/98 Directory of Managed Care Providers		Dec 15

RS: Reader Service, SS: Starch Study

Business Insurance®
www.businessinsurance.com

New YorK: 220 E. 42nd Street, NY 10017-5806 ▪ Tel: 212-210-0133 ▪ Fax: 212-210-0704
Chicago: 740 N. Rush Street, IL 60611-2590 ▪ Tel: 312-649-5276 ▪ Fax: 312-649-7799
Los Angeles: 6500 Wilshire Blvd., CA 90048-4947 ▪ Tel: 213-651-3710 ▪ Fax: 213-655-8157
Circulation: 965 E. Jefferson Ave., Detroit, MI 48207 ▪ Tel: 800-678-9595 ▪ Fax: 313-446-6777

Continued from page 52

1996 revenues

Safety consulting $285,000

Founded: 1991.

Services: Safety audits/reviews, evaluations or inspections; safety and ergonomic program assistance; onsite and offsite training classes or seminars.

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

Specialties: Transportation, health care, service industries.

Offices: Virginia Beach, Va.

Service area: Nationwide.

Officers: Philip E. Goldsmith, managing director; Ronald M. Kaufman, president.

Contact: Philip E. Goldsmith.

Weinstein Associates

23 Union St., Brunswick, Maine 04011; 207-725-2111; fax: 207-725-1181

Staff

Total	3
Safety consultants	3

Clients

Total	9
Corporate/institutional clients	9

1996 revenues

Safety consulting $200,808

Founded: 1993.

Services: Safety audits/reviews, evaluations or inspections; safety and ergonomic program assistance; onsite and offsite training classes or seminars; product design reviews; warning labels.

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

Specialties: Design/manufacturing.

Service area: Nationwide.

Contact: Alvin S. Weinstein, principal or Martin S. Chizek, senior associate.

Y

Yankus Safety Consultants

3820 Vardon Court, Woodridge, Ill. 60517; 630-416-1898

Staff

Total	3
Safety consultants	2
Occupational health consultants	2
Industrial hygiene consultants	1
ASSE members	2

Clients

Total	30
Corporate/institutional clients	30

1996 revenues

Safety consulting $210,000

Founded: 1988.

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

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; research involving occupational health and ergonomics; industrial hygiene laboratory*.

Specialties: Construction, manufacturing, insurance, service groups.

Service area: Nationwide.

Officers: Jerry Yankus, president.

** Industrial hygiene testing by independent labs.*

Z

Zeigle Consulting Associates Inc.

843 Apache Trail, Lake Villa, Ill. 60046; 847-265-1170; fax: 847-265-6465

Staff

Total	5
Safety consultants	4
Industrial hygiene consultants	1
ASSE members	3

Clients

Total	15
Corporate/institutional clients	12

1996 revenues

Safety consulting $367,400

Founded: 1993

Services: Safety audits/reviews, evaluations or inspections; safety, ergonomic, and industrial hygiene program assistance; offsite training classes or seminars; property HPR surveys.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance fire protection engineering; DOT compliance; voluntary protection program site preparation; OSHA personal protective equipment surveys.

Specialties: Transportation, construction, pulp and paper, insurance.

Offices: Lake Villa, Ill.; Burlington, Vt.

Service area: Nationwide.

Officers: Stephen J. Zeigle, president.

Annual *BI* directory lists organizations providing rehabilitation services

A

AmeriSys Inc.

402 S. Central Ave., Oviedo, Fla. 32765; 407-365-7624; fax: 407-365-3562

1996 revenues

Total	$4,963,624
% rehab services direct to employers	6%
Rehab services direct to employers	$275,000

Staff

Total	273
Professionals	273
Including: 171 RNs, 102 vocational counselors	
Designations: 66 CRCs, 68 CDMSs, 14 CRRNs, 132 CCMs	

Customers

Total	128
Corporate/institutional clients	25
Claims administrators/TPAs	68
Insurance companies	35

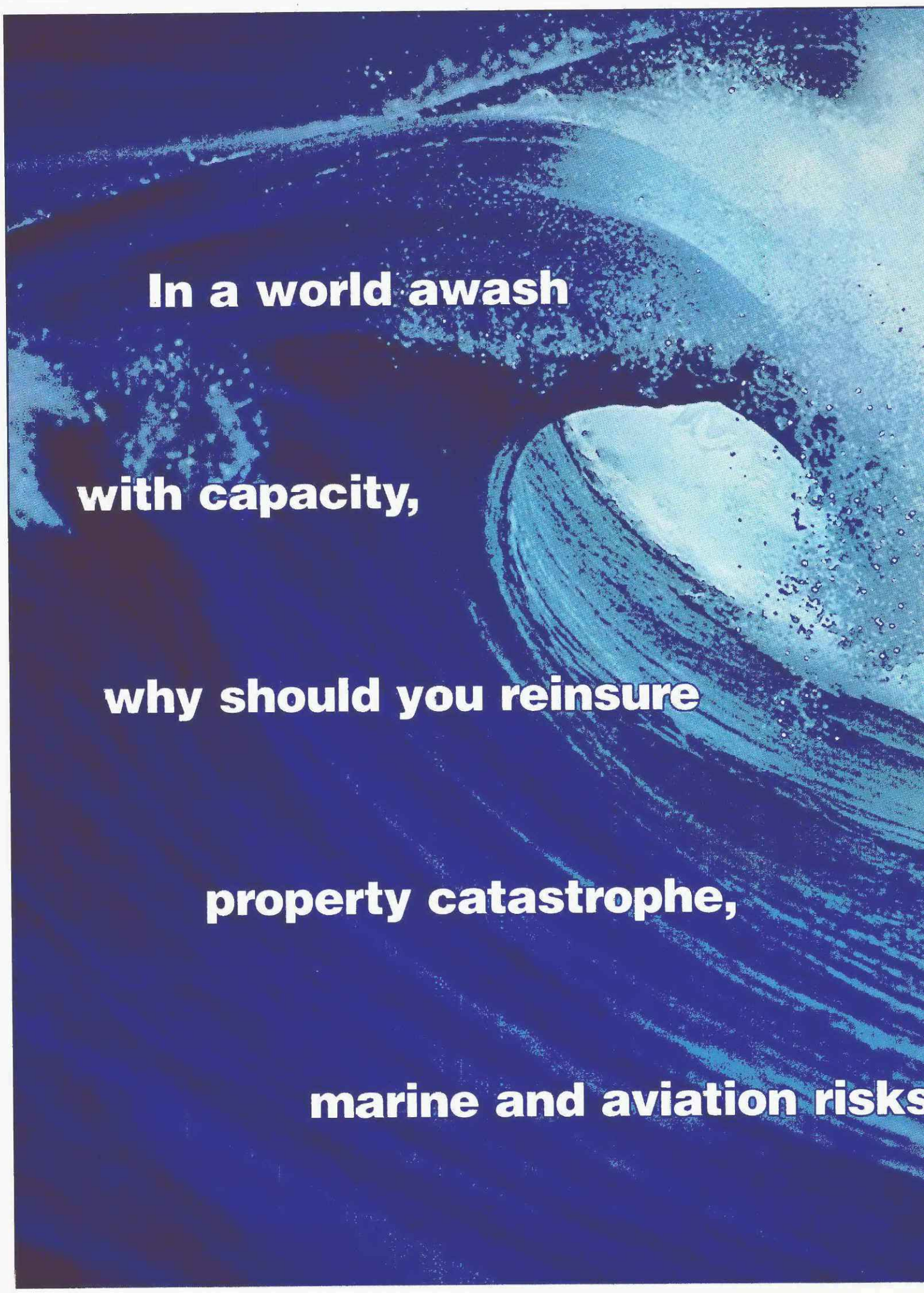
Cases

Closed in 1996	2,184
IME cases	8

Rehab services since: 1985.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational

Continued on next page



Continued from previous page

assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services include testimony and expert opinion.

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

Coverage: Workers compensation, auto liability, general liability.

Service area: Nationwide. **Compensation:** Per hour, $65 to $71; flat rate products, $150 to $325.

Officers: Ronald D. Warble, president; Geoff Greenstein, vp/COO; Wayne F. Leland, vp/CFO.

B

Board Certified Rehabilitation Consultants of Montana Inc. (BCRC)

255 W. Front St., Missoula, Mont. 59802; 406-721-9320; fax: 406-549-5305

1996 revenues

Total	$850,000
% rehab services direct to employers	30%
Rehab services direct to employers	$250,000

Staff

Total	14
Professionals	8
Including: 2 RNs, 6 vocational counselors, 3 degreed professionals	
Designations: 4 CRCs, 2 CRRNs, 7 CCMs	

Customers

Total	100
Corporate/institutional clients	20
Claims administrators/TPAs	30
Insurance companies	20

Cases

Closed in 1996	200
IME cases	30
Expert opinion cases	140

Rehab services since: 1987.

Services: Frequent services include pre-screening of cases for rehabilitation intervention, telephone case management, onsite medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, life care planning, litigation consulting, ADA compliance, ADA training, ADA claims.

Occasional services include ergonomics consultation.

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

Coverage: Workers compensation, auto liability, general liability, short-term disability, long-term disability, medical malpractice, wrongful discharge, product liability.

Service area: Idaho, Montana, North Dakota, South Dakota, Washington, Wyoming.

Compensation: Per employee, negotiated; per hour, $70 to $125; negotiated based upon services requested/volume administered.

Officers: Wm. Goodrich, president; Katherine Kleinkopf, Kent Kleinkopf, vps.

Contact: Kent Kleinkopf.

C

Care Management Consultants Inc.

P.O. Box 3101, Brentwood, Tenn. 37024; 615-373-2273; fax: 615-377-3916

1996 revenues

Total	$1,500,000
% rehab services direct to employers	30%
Rehab services direct to employers	$450,000

Staff

Total	28
Including: 24 RNs, 4 vocational counselors	
Designations: 4 CRCs, 22 CDMSs, 8 CRRNs, 22 CCMs	

Customers

Corporate/institutional clients	14
Claims administrators/TPAs	10
Insurance companies	25

Rehab services since: 1990.

Services: Frequent services include pre-

Continued on next page

Explanation of terms used in this directory

The seventh annual *Business Insurance* directory of rehabilitation management service providers lists companies that offer rehabilitation services directly to employers on an unbundled basis; companies that offer rehabilitation management services only in conjunction with other products and services are not included. Rehabilitation involves providing services included in the medical management or vocational rehabilitation of an injured or ill individual.

The listings begin with the name, address, phone and fax numbers of the company. Next is **1996 revenues** and both the percentage and dollar amount generated by rehabilitation services directly to employers. To be included, companies must report gross revenues from rehabilitation services and generate $200,000 or more in gross revenues from rehabilitation services.

The **staff** section includes the total number of individuals and number of professionals employed by the company in 1996 on a full-time equivalent basis. Also listed are some specific degrees and designations held by the professionals. Social workers, physical therapists and occupational therapists are included in the category of degreed professionals. Designations listed are CRC (Certified Rehabilitation Counselor), CDMS (Certified Disability Management Specialist), CRRN (Certified Rehabilitation Nurse) and CCM (Certified Case Manager). Staff figures do not include individuals hired on a consulting or per-case basis.

The **customers** section contains total rehabilitation customers in 1996 as well as a breakout of the number of corporate and institutional employers, claims administrators/TPAs and insurers.

Information on the number of rehabilitation cases closed in 1996, the number of independent medical examination cases in 1996 and the number of expert opinion cases in 1996 is under **cases.**

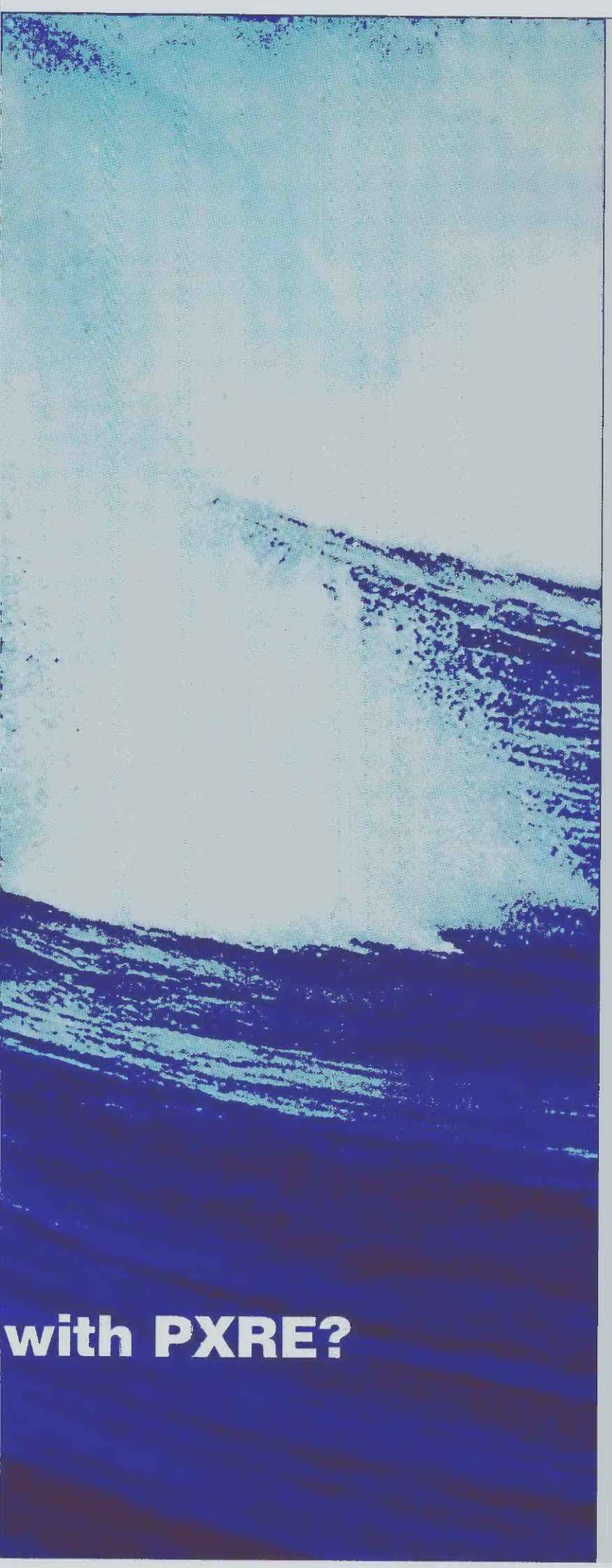
The **year rehab services began**, and the **parent** company are also provided.

The **services** section lists all rehabilitation services offered. **Other services** includes, but is not limited to, cost containment and utilization review services. **Coverage** lists the insurance lines for which rehabilitations services are provided.

Service area gives states or regions served. Charges and methods of billing are given under **compensation.**

Names and titles of principal **officers** are listed, along with a **contact** person for those who want more information.

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



Today, a reinsurance buyer can just about name its price, thanks to a glut of reinsurance capacity.

But what happens when the next Big One hits? The glut will miraculously become a shortage. Because, as everyone knows, there isn't enough reinsurance capital out there to handle world-class catastrophes. Not without sending shock waves of price volatility and default racing through the marketplace.

Today, PXRE remains as committed as ever to disciplined underwriting as a specialist in property catastrophe, marine and aviation reinsurance. While we continue to expand our capital base, and to diversify its sources, we plan to offer coverage only under conditions making it responsible for us to employ our capacity.

That's how we became one of the only specialists to have seen the entire business cycle of the 1990s and lived to tell about it. And it's how we plan on being here to serve you tomorrow.

If you want to reinsure property catastrophe, marine and aviation risks with a company that has seen both ends of the business cycle, call PXRE. In addition to offering security far beyond the reach of our $400+ million in capital, we are proud to have set the industry standard for response time to both underwriting requests and claims.

PXRE

PXRE Reinsurance Company
Specialists in Property Catastrophe, Marine and Aviation Reinsurance
NYSE: PXT
Members of BRMA (Brokers and Reinsurers Market Association)

USA: Michael Bleisnick (Domestic Treaty) or Gordon Forsyth (International Treaty) +1 (908) 906-8100 Fax: +1 (908) 906-9283

Brussels: Alain Tounquet +32 (2) 231-13-55 Fax: +32 (2) 230-77-49

Lloyd's: Peter Butler, PG Butler Syndicate 1224 (managed by PXRE Managing Agency Ltd.) +44 (0171) 327-3007/8 Fax: +44 (0171) 626-7602

Continued from previous page

screening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, testimony and expert opinion, catastrophic case management, life care plan.

Occasional services include vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Other services: Discharge planning, hospital bill audits, provider bill audits, PPO access.

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

Service area: Tennessee.

Compensation: Per hour.

Officers: Kathy Ingleson, Cathleen Vinett, Brenda Williams, Kristin Lesh.

Contact: Kathy Ingleson.

CompRehab Inc.

7500 Flying Cloud Drive, Suite 825,
Eden Prairie, Minn. 55344-3758;
612-942-9560; fax: 612-942-6546

1996 revenues

Total	$1,888,665
% rehab services direct to employers	14%
Rehab services direct to employers	$268,190

Staff

Total	14
Professionals	12
Including: 5 RNs, 2 vocational counselors, 5 degreed professionals	
Designations: 4 CRCs, 3 CDMSs, 4 CCMs	

Customers

Total	33
Corporate/institutional clients	12
Claims administrators/TPAs	5
Insurance companies	9

Cases

Closed in 1996	579
Expert opinion cases	4

Rehab services since: 1990.

Parent: State Fund Mutual Cos.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, job placement, transferable skills analysis, job coaching.

Occasional services include labor market survey, testimony and expert opinion.

Other services: Discharge planning, ergonomic/safety training, workstation evaluations, job description development, ADA services, life care planning, Social Security assistance.

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

Service area: Iowa, Minnesota, North Dakota, South Dakota, Wisconsin.

Compensation: Per hour, $52.92 to $72.92.

Officers: Patricia R. Johnson, CEO; Jeanne Cregan Sanstead, president/COO; Maureen Ziezulewicz, vp; Terrence L. Miller, treasurer; James A. Stein, secretary.

Contact: Glenda G. Kibat, corporate liaison.

CONCENTRA Managed Care Inc.

312 Union Wharf, Boston, Mass. 02129;
617-367-2163; fax: 617-367-8519

1996 revenues

Total	$179,652,000
% rehab services direct to employers	10%
Rehab services direct to employers	$18,000,000

Staff

Total	2,200
Professionals	1,126
Including: 5 physicians	

Customers

Total	1,258

Cases

Closed in 1996	41,634
IME cases	48,923
Expert opinion cases	850

Rehab services since: 1978.

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

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

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

Service area: Nationwide.

Compensation: Per employee, per case, per hour.

Officers: Donald J. Larson, CEO; John McCarthy, president; Ken Loffredo, senior vp-sales/marketing; Anne E. Kirby, vp-product development; Matthew Padden, vp-national account sales.

Contact: Anne E. Kirby.

CorVel Corp.

2010 Main St., Suite 1020,
Irvine, Calif. 92614;
714-851-1473; fax: 714-851-1469

1996 revenues

Total	$121,700,000
% rehab services direct to employers	8%
Rehab services direct to employers	$9,736,000

Staff

Total	1,200
Professionals	1,032
Including: 585 RNs, 345 vocational counselors, 102 degreed professionals	
Designations: 335 CRCs, 300 CDMSs, 168 CRRNs, 112 CCMs	

Customers

Total	1,250
Corporate/institutional clients	140
Claims administrators/TPAs	180
Insurance companies	930

Cases

Closed in 1996	37,950
IME cases	7,656

Rehab services since: 1975.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, early case management intervention, catastrophic case management.

Occasional services include testimony and expert opinion, first report of loss preparation and filing.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, chiropractic and physical therapy utilization review, fee schedule/usual and customary review; managed care organization.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability, group health, managed disability services.

Service area: Nationwide.

Compensation: Per hour, $70 to $73.

Officers: Gordon Clemons, president/CEO; Richard Schweppe, CFO; Daniel H. Davis, vp-business development; Lou Silverman, vp-operations; Don McFarlane, vp-information technology.

Contact: Daniel H. Davis, 215-953-5060.

Crawford & Co.

5620 Glenridge Drive, Atlanta, Ga. 30342;
404-256-0830; fax: 404-847-4028

1996 revenues

Total	$633,600,000
% rehab services direct to employers	17%
Rehab services direct to employers	$107,000,000

Staff

Professionals	695
Including: 432 RNs, 192 vocational counselors, 71 degreed professionals	

Customers

Corporate/institutional clients	2,000
Claims administrators/TPAs	2,350*

Cases

Closed in 1996	58,234

Rehab services since: 1972.

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

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits;

Continued on next page

America's Visionary in Risk Management Information Systems

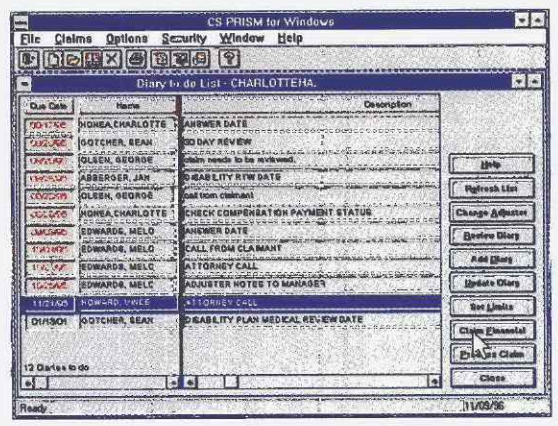
Announcing the new **CS EDGE Series** of client/server solutions from the leader in RMIS technology.

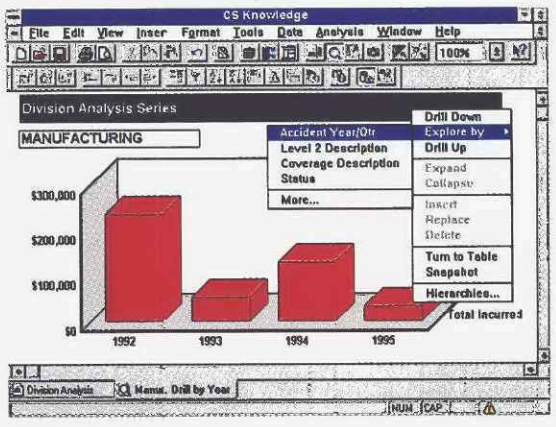
CS Teleclaim
makes customized, accurate, claim intake and EDI a reality.

CS PRISM for Windows
provides you with the latest intuitive claims workflow and managed care system.

CS Property
simplifies the management of your property and fixed assets.

CS Knowledge
produces custom reports and graphics for all levels of management with the most powerful and flexible tool on the market.





BEST NEW RISK & INSURANCE 1996 PRODUCT & SERVICES

TRANSFORMING RISK INFORMATION INTO KNOWLEDGE.

1-800-9-CS-EDGE

www.csedge.com

Microsoft SOLUTION PROVIDER

corporate systems THE RISK MANAGEMENT EDGE®

® registered by Corporate Systems or Microsoft. © CS 1997.

Continued from previous page

provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability, long term care, group health.

Service area: Nationwide.

Compensation: Per case, per hour.

Officers: Dennis A. Smith, CEO; Jim Bryant, executive vp-business development; Archie Meyers, president-claims management services; Don Chapman, executive vp-finance; Judd Osten, senior vp.

Contact: Jean Bisio, senior vp.

** Includes insurance companies.*

E

ESIS Inc.

1601 Chestnut St., TL32G, Philadelphia, Pa. 19192-2325; 215-761-6779; fax: 215-761-5476

1996 revenues

Total	$185,000,000
% rehab services direct to employers	3.1%
Rehab services direct to employers	$4,850,000

Staff

Total	315
Professionals	285

Including: 191 RNs, 94 vocational counselors, 15 degreed professionals, 23 physicians *Designations: 94 CRCs, 156 CDMSs, 191 CRRNs, 94 CCMs*

Customers

Total	383
Corporate/institutional clients	368
Insurance companies	15

Cases

Closed in 1996	14,687
IME cases	281
Expert opinion cases	9

Rehab services since: 1971.

Parent: INA Financial Services Corp.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, early assessment/intervention.

Occasional services include testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audit, provider bill audits, PPO access, network-based managed care delivery systems, demand management.

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

Service area: Nationwide.

Compensation: Per hour, $65 to $95.

Officers: Raymond Hafner, president; Brian P. O'Hara, James V. Young, Sharon E. Simpson, Lawrence Keough, vps.

Contact: Sharon E. Simpson, 215-761-6788.

Ellis & Associates Inc.

745 McClintock Drive, Suite 305, Burr Ridge, Ill. 60521; 630-887-4747; fax: 630-887-4077

1996 revenues

Total	$4,200,000
% rehab services direct to employers	12%
Rehab services direct to employers	$525,000

Staff

Total	55
Professionals	36

Including: 20 RNs, 16 vocational counselors *Designations: 14 CRCs, 3 CRRNs, 14 CCMs*

Customers

Total	250
Corporate/institutional clients	30
Claims administrators/TPAs	22
Insurance companies	110

Cases

Closed in 1996	2,356
IME cases	250
Expert opinion cases	56

Rehab services since: 1979.

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

Other services: Discharge planning, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, medical legal review, ADA technical assistance.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability, group health.

Service area: Nationwide.

Compensation: Per employee, $1 to $3/month; per hour, $70 to $145.

Officers: Cindy R. Ellis, president.

Directory begins on page 54

F

FARA Healthcare Management

2360 Fifth Ave., Mandeville, La. 70471; 504-624-8383; fax: 504-624-8489

1996 revenues

Total	$13,000,000
% rehab services direct to employers	15%
Rehab services direct to employers	$2,200,000

Staff

Total	22
Professionals	18

Including: 12 RNs, 6 vocational counselors *Designations: 3 CRCs, 1 CDMS, 12 CCMs*

Customers

Total	241
Corporate/institutional clients	186
Claims administrators/TPAs	2
Insurance companies	45

Cases

Closed in 1996	1,995
Expert opinion cases	2

Rehab services since: 1992.

Parent: F.A. Richard & Associates Inc.

Services: Frequent services include prescreening of cases for rehabilitation intervention, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, testimony and expert opinion.

Occasional services include telephone case management, job-seeking skill training, job placement.

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

Coverage: Workers compensation, auto liability, general liability, long-term disability, group health.

Service area: Florida, Georgia, Louisiana, Mississippi, South Carolina, Tennessee, Texas, Virginia.

Compensation: Per case, $70 to $105; per hour, $65 to $82.

Officers: Francis A. Richard, chairman/CEO; Todd Richard, president;

Continued on next page

The guiding star...

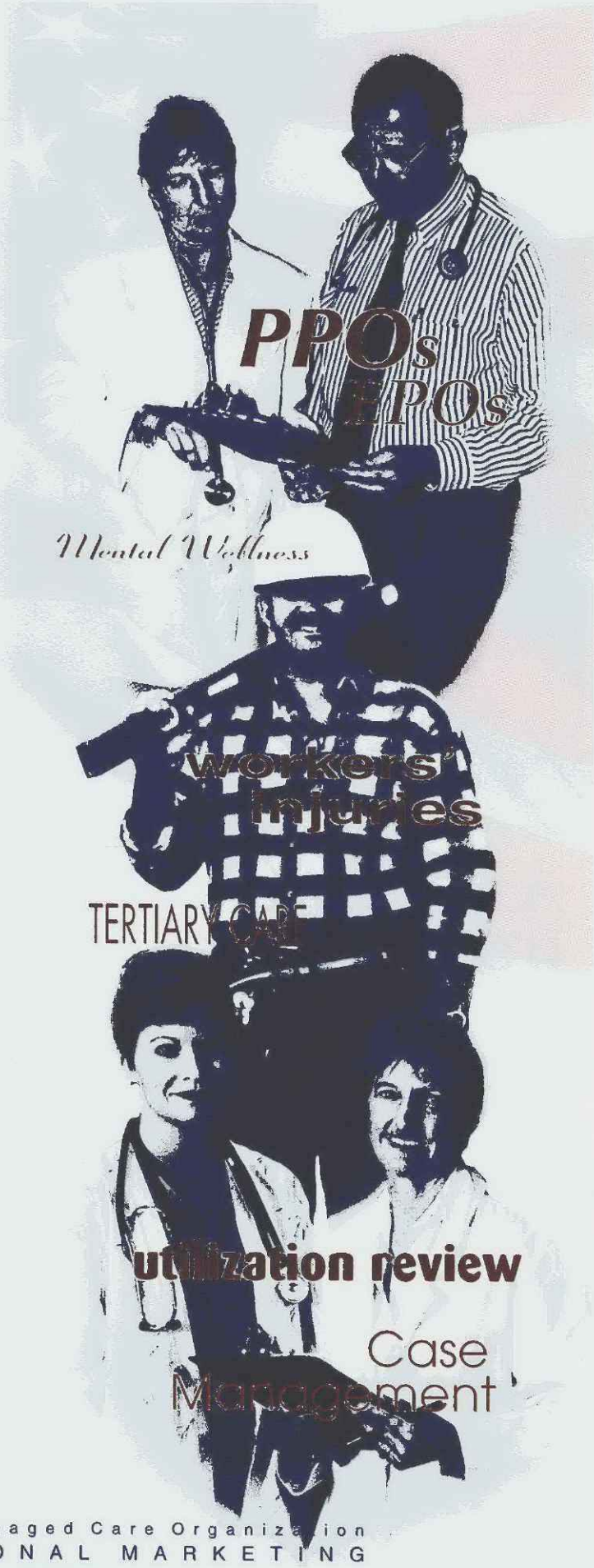
of excellence in cost management & total quality healthcare.

presenting products accredited by

Joint Commission on Accreditation of Healthcare Organizations

URAC Accredited

Winner 1997 Astra Merck-NMHCC Partnership Award



USA Managed Care Organization
NATIONAL MARKETING
800 USA 3121

Continued from previous page

Reed A. Bell, Dan Clark, senior vps; R.B. Calhoon Jr., vp.
Contact: Reed A. Bell.

GatesMcDonald Healthcare Management Services Plus

3455 Mill Run Drive, Hilliard, Ohio 43026;
800-642-7587; fax: 614-777-3493

1996 revenues

Total	$9,100,000
% rehab services direct to employers	95%
Rehab services direct to employers	$8,600,000

Staff

Total	65
Professionals	65
Designations: 5 CRCs, 8 CDMSs, 25 CRRNs, 25 CCMs	

Customers

Total	350
Corporate/institutional clients	344
Claims administrators/TPAs	2
Insurance companies	4

Cases

Closed in 1996	796

Rehab services since: 1990.
Parent: Nationwide Insurance Co.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, return-to-work modification and coordination.

Occasional services include job analysis, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability.
Service area: Nationwide.
Compensation: Per case, $95 to $135; per hour, $65 to $85.
Officers: David Hollingsworth, president/COO; Peter Barr, vp-Healthcare Management Services Plus; David Brown, vp-business development; Kelly Hamilton, vp-finance; Gerry Sheldon, vp-risk management services operations.
Contact: Joyce Doele, Eastern regional manager, 313-668-6121 or Anita Weir, Western regional manager, 510-603-5566.

GENEX Services Inc.

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

1996 revenues

Total	$90,000,000
% rehab services direct to employers	35%
Rehab services direct to employers	$31,500,000

Staff

Total	1,300
Professionals	800
Including: 480 RNs, 300 vocational counselors, 20 physicians	

Customers

Total	1,200

Cases

Closed in 1996	36,018
IME cases	8,880
Expert opinion cases	2,000

Rehab services since: 1979.
Parent: Provident Cos.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, Social Security disability insurance review.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability, accident/health.
Service area: Nationwide.
Compensation: Per employee, per case, per hour; charges vary by service/volume/location.
Officers: Peter C. Madeja, president/CEO; Edward J. McBurnie, senior vp-sales/marketing; Delphia B. Frisch, senior vp-operations; Richard A. Baron, vp/CFO; Paul Merritt, vp-national accounts.
Contact: Nancy H. Strain, marketing coordinator.

INTERPOSE Group Inc.

326 Center Ave., Verona,
Pa. 15147-1130; 412-826-1220;
fax: 412-826-9224

1996 revenues

Total	$2,400,000
% rehab services direct to employers	40%
Rehab services direct to employers	$960,000

Staff

Total	30
Professionals	15
including: 8 RNs, 7 vocational counselors	
Designations: 6 CRCs, 5 CDMSs, 2 CRRNs, 9 CCMs	

Customers

Total	78
Corporate/institutional clients	30
Claims administrators/TPAs	8
Insurance companies	25

Cases

Closed in 1996	633
IME cases	350
Expert opinion cases	10

Rehab services since: 1982.
Services: Frequent services include telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational counseling and plan development, labor market survey, job placement, testimony and expert opinion.

Occasional services include prescreening of cases for rehabilitation intervention, vocational assessment testing, job-seeking skill training.
Other services: Concurrent hospital treatment review, discharge planning, retrospective review, second surgical opinion, hospital bill audits, provider bill audits.
Coverage: Workers compensation, auto liability, short-term disability, long-term disability, general liability, long-term care.
Service area: Nationwide.
Compensation: Per employee, $150 to $800; per case, $250 to $600; per hour, $65 to $95; risk sharing.
Officers: Mark L. Heckman, Sharon L. Mains, Deborah Fauth, Ann Riemenschneider, Jeffrey Mains.
Contact: Mark L. Heckman.

Intracorp

1601 Chestnut St.,
2 Liberty Place Routing-TL11G,
Philadelphia, Pa. 19192-2116;
215-761-7100; fax: 215-761-7458

1996 revenues

Total	$308,000,000
% rehab services direct to employers	2%
Rehab services direct to employers	$5,800,000

Staff

Total	1,614
Professionals	1,537
Including: 1,085 RNs, 375 vocational counselors, 77 physicians	

Customers

Total	1,191
Corporate/institutional clients	359
Claims administrators/TPAs	141
Insurance companies	424

Cases

Closed in 1996	107,689
IME cases	9,259
Expert opinion cases	166

Rehab services since: 1970.
Parent: CIGNA Corp.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, early assessment/intervention.

Occasional services include testimony and expert opinion.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits,

Continued on next page

A Lasting Relationship. It's an American Custom.

At American Custom, relationships come first. Many of our clients have been with us for over 25 years. Why? We listen. We meet their needs. We don't give stock answers to tough questions. And we don't bail out when the market gets rough.

American Custom is part of the Great American Insurance Companies, rated A XI by A.M. Best, another valuable relationship that provides financial strength that goes the distance.

Are you looking for a lasting relationship in an age of broken promises? Try American Custom for your specialty insurance needs.

AMERICAN CUSTOM
INSURANCE SERVICES®, INC.

A Member of the
Great American Insurance Companies®

Los Angeles 213.937.8600 Fax 213.937.0174 • Chicago 312.427.7200 Fax 312.427.1655 License # 0B09730

Continued from previous page

provider bill audits, PPO access, network-based managed care delivery systems, demand management, disease management, work/life family programs.

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

Service area: Nationwide.

Compensation: Per case, per hour.

Officers: Dennis Mouras, president; Maddy Bowling, senior vp-workers compensation managed care; John Weymer, senior vp-group health managed care; Ken Ross, senior vp-dependent care; Joel Levin, corporate medical director/vp-medical management.

Contact: Betty Nelson, director-public relations/corporate communications.

J

Jordan Services

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

1996 revenues

Total	$5,800,000
% rehab services direct to employers	75%
Rehab services direct to employers	$4,350,000

Staff

Total	75
Professionals	55

Including: 40 RNs, 15 vocational counselors
Designations: 18 CRCs, 16 CDMSs, 13 CRRNs, 40 CCMs

Customers

Total	650
Corporate/institutional clients	50
Claims administrators/TPAs	170
Insurance companies	425

Cases

Closed in 1996	1,700
IME cases	19,000
Expert opinion cases	1,951

Rehab services since: 1974.

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

Occasional services include testimony and expert opinion.

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

Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability, group health.

Service area: Nationwide (IMEs and audits); Connecticut, New Jersey, New York, Pennsylvania (rehabilitation case management).

Compensation: Per employee, $1.25 to $4.00; per hour, $79 to $150.

Officers: Morris Ehrenreich, president; Sandra Horowitz, CFO; Phyllis Snow, director-marketing; Joan Jennings, director-professional services.

Contact: Phyllis Snow.

K

Kemper National Services

1601 S.W. 80th Terrace, Plantation, Fla. 33324; 954-452-4000; fax: 954-452-4059

1996 revenues

Total	$59,561,000
% rehab services direct to employers	50%
Rehab services direct to employers	$30,000,000

Staff

Total	550
Professionals	425

Designations: 45 CRCs, 125 CRRNs, 70 CCMs

Customers

Total	11,000
Corporate/institutional clients	10,000
Claims administrators/TPAs	25
Insurance companies	10

Cases

Closed in 1996	7,100
Expert opinion cases	200

Rehab services since: 1979.

Parent: Kemper Insurance Cos.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, critical stress debriefing, life care planning, catastrophic case management.

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

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

Service area: Nationwide.

Compensation: Per employee, per case per hour.

Officers: David Patterson, president/CEO Peg Haennicke, senior vp; Warren Tingley, chief medical officer; Raymond Barrett, John Miskel, vps-sales/marketing.

Contact: Raymond Barrett.

L

Liaison Inc.

17000 N. Dallas Parkway, Suite 103, Dallas, Texas 75070; 972-380-6944; fax: 972-380-8629

1996 revenues

Total	$6,500,000
% rehab services direct to employers	65%
Rehab services direct to employers	$4,000,000

Customers

Total	154
Corporate/institutional clients	105
Claims administrators/TPAs	29
Insurance companies	20

Rehab services since: 1983.

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

Occasional services include onsite medical case management.

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

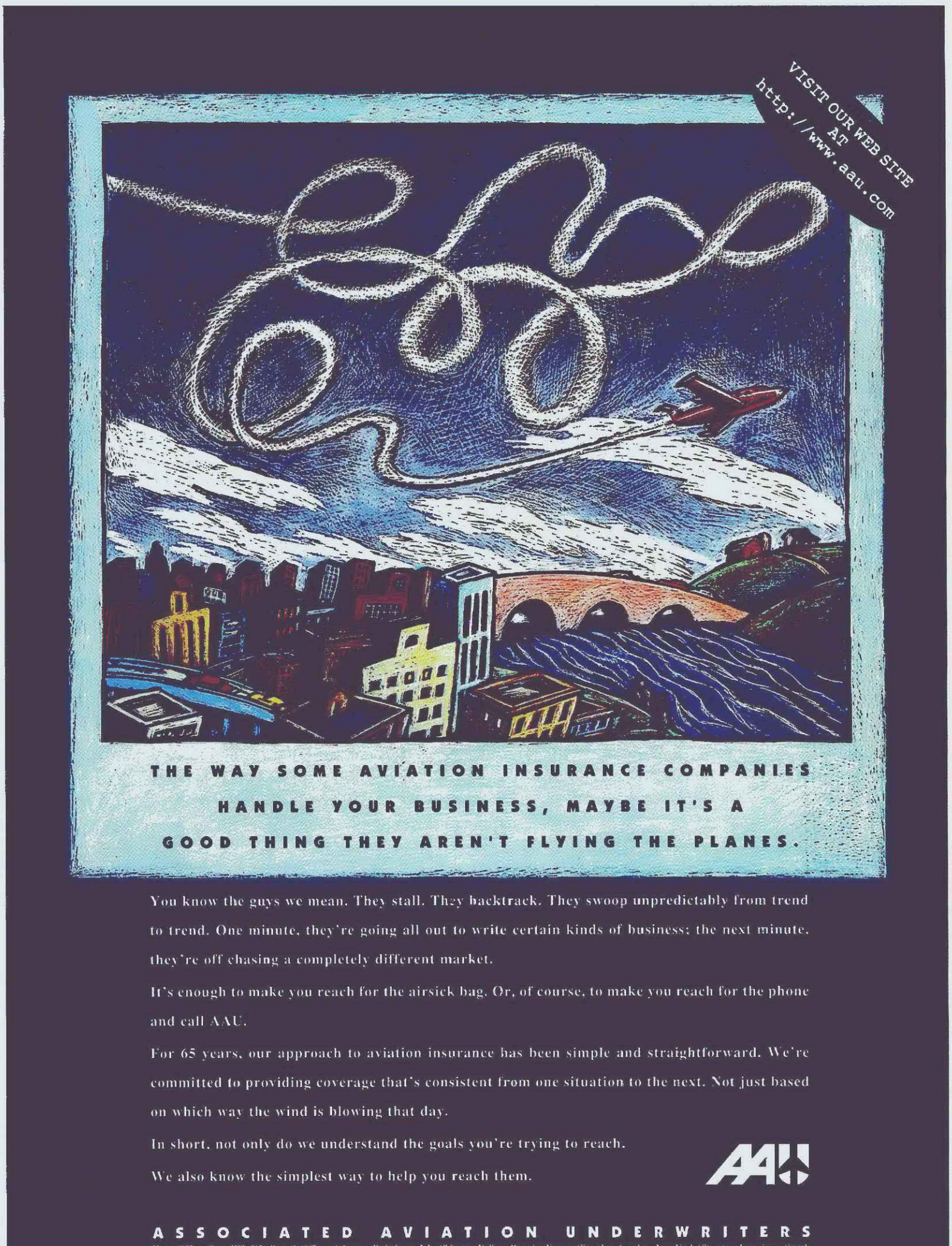
Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability.

Compensation: Per employee, $1.25 to $1.75; per case, $600 to $1,950; per hour, $60 to $95.

Officers: Catherine Marrs, president/CEO; Ken Ferrell, executive vp; Sue Lehnortt, controller.

Contact: Ken Ferrell.

Continued on next page



Continued from previous page

Physician Advisors to Disability Managers (PADM)

225 W. Wacker Drive, Suite 2260,
Chicago, Ill. 60606;
312-857-1300; fax: 312-857-1308

1996 revenues

Total	$750,000
% rehab services direct to employers	50%
Rehab services direct to employers	$375,000

Staff

Total	3
Including: 1 degreed professional, 2 physicians	

Customers

Total	65
Corporate/institutional clients	20
Claims administrators/TPAs	10
Insurance companies	15

Cases

Closed in 1996	600
IME cases	50
Expert opinion cases	200

Rehab services since: 1990.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, return-to-work modification and coordination, testimony and expert opinion.

Occasional services include IMEs.

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

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

Service area: Nationwide.

Compensation: Per case, $250 to $1,000; per hour, $100 to $250.

Officers: Arthur Broder, medical director; Michael Cherny, executive vp.

Contact: Michael Cherny.

The safety directory begins on page 37.

Professional Case Management Consultants Inc.

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

1996 revenues

Total	$730,000
% rehab services direct to employers	25%
Rehab services direct to employers	$200,000

Staff

Total	25
Professionals	25
Including: 17 RNs, 5 vocational counselors	
Designations: 4 CRCs, 8 CDMSs, 10 CRRNs, 18 CCMs	

Customers

Total	34
Corporate/institutional clients	7
Claims administrators/TPAs	6
Insurance companies	18

Cases

Closed in 1996	360
IME cases	15
Expert opinion cases	5

Rehab services since: 1993.

Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, Social Security disability insurance review.

Occasional services include IMEs, testimony and expert opinion.

Other services: Concurrent hospital treatment review discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, pharmaceutical therapy review medical cost projections, certified life care planning.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability; group health.

Service area: Florida.

Compensation: Per case, $225 to $895; per hour, $65 to $100.

Officers: Belinda Brice, president; Harry Greene, director-customer relations

Contact: Harry Greene.

QRS Managed Care Organization

2435 Blvd. of the Generals,
Norristown, Pa. 19403;
610-631-7000; fax: 610-631-7011

1996 revenues

Total	$8,000,000
% rehab services direct to employers	35%
Rehab services direct to employers	$3,000,000

Staff

Total	117
Professionals	86
Including: 46 RNs, 20 vocational counselors, 1 physician	
Designations: 6 CRCs, 9 CDMSs, 4 CRRNs, 12 CCMs	

Customers

Total	75
Corporate/institutional clients	30
Claims administrators/TPAs	15
Insurance companies	20

Cases

Closed in 1996	1,800
IME cases	400
Expert opinion cases	100

Rehab services since: 1989.

Services: Frequent services include telephone case management, onsite medical case management, medical assessment, job analysis, IMEs, vocational assessment and testing, vocational counseling and plan development.

Occasional services include prescreening of cases for rehabilitation intervention, return-to-work modification and coordination, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

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

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

Service area: Nationwide (telephone case management, bill review); Delaware, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Virginia, West Virginia.

Compensation: Per hour, $65 to $75.

Officers: Joseph R. Fox, president; Michael K. Fox, vp; Tina Downey, director-services; Wendy Warren, director-managed care.

Contact: Michael K. Fox.

Quality Solutions

11640 Arbor St., Suite 100,
Omaha, Neb. 68144;
402-333-2543; fax: 402-333-9024

1996 revenues

Total	$1,300,000
% rehab services direct to employers	40%
Rehab services direct to employers	$520,000

Staff

Total	11
Professionals	11
Including: 7 RNs, 4 vocational counselors	
Designations: 1 CRC, 1 CRRN, 5 CCMs	

Customers

Total	200
Corporate/institutional clients	95
Claims administrators/TPAs	25
Insurance companies	80

Cases

Closed in 1996	300
IME cases	220
Expert opinion cases	60

Rehab services since: 1977.

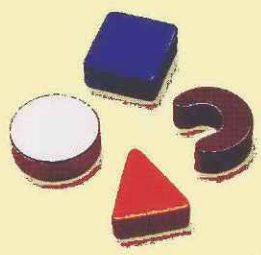
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development,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

Occasional services include IMEs.

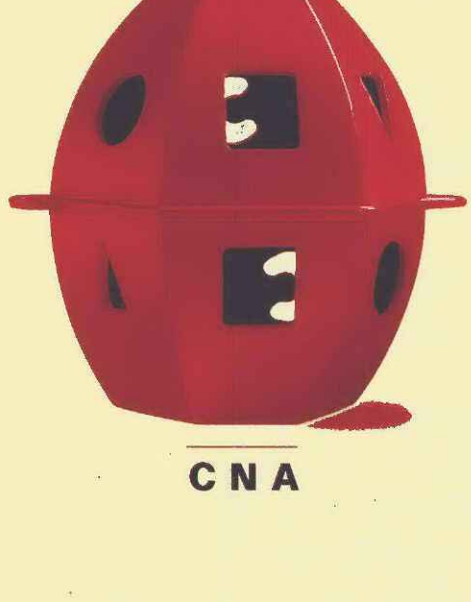
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

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

Continued on next page



ACCIDENT RISKS



CNA

Risks take many forms. Fortunately, so does coverage from CNA. Our ability to write group accident coverage is multi-faceted. We cover everything from the most basic needs to the most unusual situations—with a perfectly fitting program. And while this dexterity in group accident looks easy, it doesn't come without practice. For more than 50 years, we have been perfecting our skill at writing a colorful array of risks. All of which has made CNA an undisputed leader in group accident insurance. And makes finding proper coverage mere child's play. Call CNA at (800) 362-1852 for more information.

CNA

CNA: INNOVATION EVERY DAY℠

Coverages are underwritten by Continental Casualty Company, one of the CNA Insurance Companies. CNA is a registered service mark of the CNA Financial Corporation/CNA Plaza/Chicago, IL 60685.

Voluntary AD&D

Business Travel Accident

Occupational Accident Plans

Owner/Operator Truckers

Travel Assistance Programs

Non-Subscriber Coverages

Carve Out Plans

Continued from previous page

Service area: Iowa, Kansas, Nebraska, South Dakota.
Compensation: Per hour, $69 to $90.
Officers: Kathleen Hesselink, president; Beverly Eckhoff, vp; Margaret Fox, secretary/treasurer.

R

Recovery Unlimited Inc.

P.O. Box 1520, Okemos, Mich.48805-1520; 800-968-2417or 517-349-9092; fax: 517-349-1332

1996 revenues

Total	$3,387,000
% rehab services direct to employers	7%
Rehab services direct to employers	$264,000

Staff

Total	38
Professionals	27
Including: 20 RNs, 6 vocational counselors, 1 degreed professional	
Designations: 4 CRCs, 5 CDMSs, 5 CRRNs, 15 CCMs	

Customers

Total	135

Cases

Closed in 1996	859
Expert opinion cases	10

Rehab services since: 1974.
Parent: The ASU Group.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement, testimony and expert opinion.
Occasional services include IMEs, job-seeking skill training.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability.
Service area: Midwest.
Compensation: Time and expense.
Officers: Tara LaRose, president; Marilyn Deussen, executive vp; Nancy Hilliard, secretary; Michael Wood, treasurer; James Matthews, chairman.
Contact: Bruce Stubbs, 800-968-4668.

Rehabilitation Advisors Inc.

2715 W. Fairbanks Ave., Suite 101, Winter Park, Fla. 32789; 407-629-1110; fax: 407-629-4221

1996 revenues

Total	$1,300,000
% rehab services direct to employers	17%
Rehab services direct to employers	$220,000

Staff

Total	12
Professionals	12
Including: 6 RNs, 5 vocational counselors, 1 degreed professional	
Designations: 3 CRCs, 6 CDMSs, 8 CRRNs, 8 CCMs	

Customers

Total	37
Corporate/institutional clients	5
Claims administrators/TPAs	12
Insurance companies	20

Cases

Closed in 1996	165
Expert opinion cases	40

Rehab services since: 1981.
Services: Onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability.
Service area: Florida.
Compensation: Per hour, $75 to $85.
Officers: Betty Reid, president.
Contact: Bethan Hyde, account representative.

Resource Consultants Inc.

P.O. Box 4356, Tampa, Fla. 33677-4356; 813-877-9592; fax: 813-876-8773

1996 revenues

Total	$444,000
% rehab services direct to employers	67%
Rehab services direct to employers	$300,000

Staff

Total	13
Professionals	13
Including: 4 RNs, 9 vocational counselors	
Designations: 3 CRCs, 1 CDMS, 2 CRRNs, 9 CCMs	

Customers

Total	43
Corporate/institutional clients	19
Claims administrators/TPAs	4
Insurance companies	6

Cases

Closed in 1996	225
Expert opinion cases	40

Rehab services since: 1992.
Services: Frequent services include onsite medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, job placement.
Occasional services include prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, labor market survey, job-seeking skill training, testimony and expert opinion, ADA consulting.
Other services: Discharge planning.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability.
Service area: Florida.
Compensation: Per hour, $55 to $75.
Contact: Richard Cooperwasser, president; Patricia Streuber, vp/secretary; Juan Driscoll, vp/treasurer.

Resource Opportunities Inc.

4122 Innslake Drive, Glen Allen, Va. 23060; 804-527-1100

1996 revenues

Total	$15,200,000
% rehab services direct to employers	10%
Rehab services direct to employers	$1,500,000

Staff

Total	350
Professionals	300
Including: 190 RNs, 104 vocational counselors, 3 degreed professionals, 3 physicians	
Designations: 80 CRCs, 40 CDMSs, 90 CRRNs, 110 CCMs	

Customers

Total	558
Corporate/institutional clients	80
Claims administrators/TPAs	178
Insurance companies	300

Cases

Closed in 1996	10,499
IME cases	250
Expert opinion cases	110

Rehab services since: 1977.
Parent: Columbia/HCA Healthcare Corp.
Services: Frequent services include prescreening of cases for rehabilitation intervention, telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.
Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.
Coverage: Workers compensation, auto liability, general liability, auto no-fault, short-term disability, long-term disability, group health.
Service area: Nationwide.
Compensation: Per hour, $50 to $110.
Officers: Michael Leep, president; Mark Willis, Gregg Barnhard, regional managers.
Contact: Jeff Odell, national account manager.

S

Spreck Medical Consultants

2 Plaza Drive, Box 5265, Woodridge, Ill. 60517; 630-655-0800; fax: 630-655-0881

1996 revenues

Total	$15,000,000
% rehab services direct to employers	50%
Rehab services direct to employers	$7,500,000

Staff

Total	50
Including: 50 RNs	

Continued on next page

There are three sides to our story of success.

Customer Support Services

- Support desk with guaranteed performance
- State-of-the-art customer support tracking system
- Systems, Operations, Integration and other consulting engagements
- Training Centers
- On-site training and installation alternatives
- The Pyramid User Association
- Electronic Bulletin Board
- National and Regional User Meetings
- Account Executive Program

Customer Based Solutions

We wouldn't be at the forefront of software for the insurance industry if we didn't base our software designs on customer needs.

That's why a commitment to service is the foundation of our full line of Windows and DOS software. And why 92% of our customers rate our support calls as meeting or exceeding their expectation.

Windows Client/Server & DOS Software

Claims Administration Systems • Medical Cost Containment • Risk Management Systems • Case Management/UR • 1st Report • Paperless Office • Bill Re-Pricing

Windows • Oracle • Sybase • SqlServer NT • System Integration Consulting

Call our corporate office today and find out how Pyramid is uniquely qualified to maximize your systems technology for higher productivity, better performance and greater peace of mind.

203-743-6000, Ext. 262

Pyramid Services, Inc.

Customer-based solutions for performance-driven companies.

Pyramid Services Inc. An AON Company

Continued from previous page

Cases

Closed in 1996 4,801

Rehab services since: 1989.

Parent: 21st Century Health Care Management.

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

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

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

Service area: Nationwide

Compensation: Per employee, per case, per hour, percentage of savings, risk sharing.

Officers: Liz Spreck, CEO; Niel Vranek, CFO; Jay Spreck, Brian Steel, vps; Bill Heimskert, secretary.

Contact: Jay Spreck.

Systemedic Corp.

10809 Executive Center Drive,
Suite 105, Little Rock, Ark. 72211;
501-227-5553; fax: 501-227-8362

1996 revenues

Total $2,300,000
% rehab services direct to employers 10%
Rehab services direct to employers $230,000

Staff

Total 30
Professionals 25
Including: 20 RNs, 2 vocational counselors, 3 degreed professionals
Designations: 2 CRCs, 1 CDMS, 3 CRRNs, 19 CCMs

Customers

Total 36
Corporate/institutional clients 10
Claims administrators/TPAs 6
Insurance companies 10

Cases

Closed in 1996 407
IME cases 10
Expert opinion cases 20

Rehab services since: 1981.

Services: Frequent services include telephone case management, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey.

Occasional services include prescreening cases for rehabilitation intervention, IMEs, job-seeking skill training, job placement, testimony and expert opinion, ADA consulting.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, physician peer review, life care planning.

Coverage: Workers compensation, auto liability, general liability, short-term disability, long-term disability, group health.

Service area: Arkansas.

Compensation: Per hour, $68 to $85.

Contact: Tom Strickland, president.

Unified Care Management

3 Station Square, Suite 105,
Paoli, Pa. 19301;
610-644-2700 or 800-676-5880;
fax: 610-640-2107

1996 revenues

Total $130,000,000
% rehab services direct to employers 30%
Rehab services direct to employers $39,000,000

Staff

Total 1,800
Including: 800 RNs, 800 vocational counselors, 200 degreed professionals
Designations: 600 CRCs, 500 CDMSs, 600 CRNs, 800 CCMs

Customers

Total 1,200
Corporate/institutional clients 300
Claims administrators/TPAs 300
Insurance companies 600

Cases

IME cases 5,000

Rehab services since: 1995.

Services: Frequent services include telephone case management, onsite medical case management, medical assessment, job analysis, return to work modification and coordination, IMEs, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement, testimony and expert opinion.

Occasional services include prescreening of cases for rehabilitation intervention, job-seeking skill training.

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

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

Service area: Nationwide.

Compensation: Per hour, $65 to $120; flat rates.

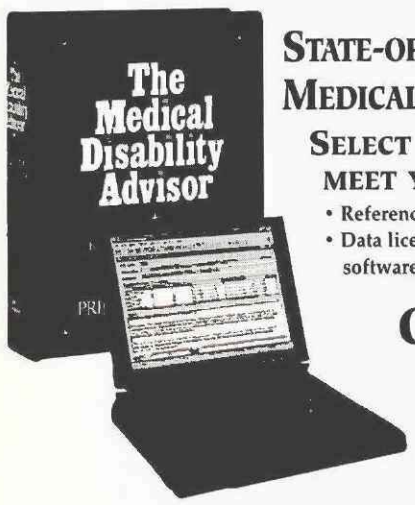
Officers: Dorothy Sager, president; H. Robert Stackhouse, vocational director; Frances Kennedy, director-medical/cost containment; Lynn Smith, director-marketing.

Contact: Lynn Smith, 800-676-5880.

Continued on next page

In keeping with our commitment to continuous improvement, Reed Group is pleased to announce its

ALL NEW THIRD EDITION



STATE-OF-THE-ART MEDICAL DISABILITY GUIDELINES

SELECT A FORMAT TO MEET YOUR NEEDS:

- Reference textbook • Reference software
- Data license or a fully integrated case management software system (MDA Case Manager software)

More than 2,500 medical conditions and procedures

Disability duration expectancy figures

Comorbid conditions

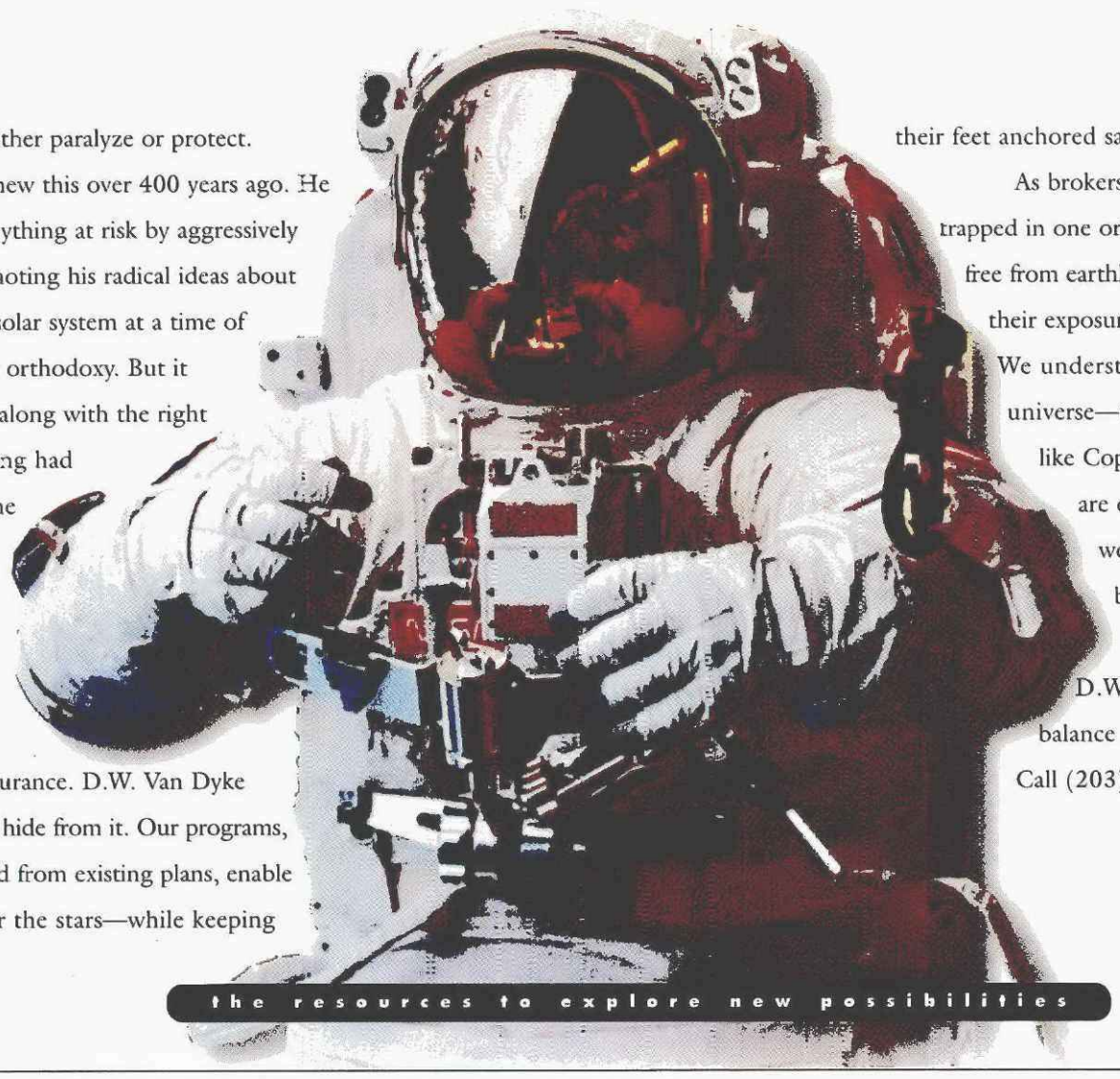
Work restrictions and accommodations

Appropriate rehabilitation

ORDER NOW and receive a prepublication discount!

REED GROUP, LTD
800-347-7443

Imagine if CAUTION INHIBITED POTENTIAL



Caution can either paralyze or protect. Nicolaus Copernicus knew this over 400 years ago. He put everything at risk by aggressively promoting his radical ideas about the solar system at a time of strict orthodoxy. But it paid off. His thinking, along with the right strategy and maneuvering had changed our view of the heavens and preserved his place in society. A truly amazing accomplishment.

We apply the same approach to reinsurance. D.W. Van Dyke plans for risk. We don't hide from it. Our programs, whether new or adapted from existing plans, enable our clients to shoot for the stars—while keeping their feet anchored safely on the ground.

As brokers we offer a variety of covers. We're not trapped in one orbit, so our clients find it easier to break free from earthly constraints—all the while, minimizing their exposure in inhospitable environments.

We understand risk is a powerful force of the universe—that caution is its natural counter. But like Copernicus, we also know that the stars are only within reach if we're not held down by the forces of fear.

Find out how D.W. Van Dyke can help you strike a balance between caution and opportunity. Call (203) 855-0499.

D.W. VAN DYKE AND COMPANY OF CONNECTICUT

the resources to explore new possibilities

Healing workers comp back to health

By MICHAEL PRINCE

LAKE LANIER ISLANDS, Ga.—Employers need to find new ways to use managed care to cut workers compensation costs, a disability manager says.

"You look at your case load and you know it can't be working that well," Michael Cherny, executive vp at Physician Advisors to Disability Managers in Chicago, said of the current programs.

Society of Risk Management Consultants

Speaking earlier this month at the Society of Risk Management Consultants' fall conference in Lake Lanier Islands, Ga., Mr. Cherny outlined problems that plague workers comp programs.

First, claims costs continue to rise faster for workers comp than for group health plans, he said. Also, in many downsized companies, each employee has greater value, so the costs of an absence increase, he said. "Companies can no longer afford employees who they've trained to be out of work," he said.

Second, how a patient is treated varies by location in the country and sometimes within a region. This has no medical justification, he said.

Also, people receiving workers comp tend to stay away from work longer than those with the same condition who are not receiving benefits, he said.

For example, he said, one study showed people with the same type of hernia stayed out of work an average of 33.6 days when receiving workers comp, compared with 12.6 days for those in a group health plan.

Another problem is that people receiving workers comp have worse outcomes than non-workers comp patients, Mr. Cherny said. He said a small number of patients in workers comp will be out very long periods and account for a majority of claims costs. Of those patients out longer than six months, only 1% to 2% ever return to the workforce.

A fifth problem is variations in utilization review practices within the same health care company, he said. "You give two reviewers the same set of facts and the chances you get the same decision is less than 50%," he said.

Any successful program to control workers comp costs must address all these issues, he said.

Certain features characterize most managed care workers comp programs, according to Mr. Cherny. These features, however, do not fully address the problems, he said.

Most plans have a system of early notification of an injury. This lowers costs for some injuries but does not address the high-cost patient, he said.

Other features include provider networks, retrospective bill reviewing, precertification of medical procedures, nurse case management and a return-to-work coordinator, adjuster teams and independent medical examinations, Mr. Cherny said.

He said there are many shortcomings with these types of plans.

First, they ignore differences among providers and claimants, he said. For example, plans generally have provider networks but they rarely require board-certified physicians for certain procedures, he said. Plans also fail to identify workers who might have underlying problems that will lead to large claims, Mr. Cherny said.

One problem with bill reviewing is that it generally is concerned with per unit pricing. A more important figure is per injury pricing, he said.

Controlling costs per visit only causes providers to schedule more visits, he said. "The more you squeeze the physicians, the more they will find ways around it."

A problem with nurse review, he has discovered, is that many don't understand why the high-cost patients don't want to get better. As a result, they become advocates for the patient to receive more treatment rather than getting the patient back to work, he said.

Mr. Cherny proposes an alternative approach. In that system, a claim would be compared immediately with a benchmark for treatment and duration. If that were acceptable to the claimant and his or her treating physician, treatment would start with a pre-negotiated price.

If the plan is not acceptable, a plan physician intervenes immediately to reach an agreement with the treating physician.

"It gets physicians involved who can uniquely communicate with the other physicians," he said.

Mr. Cherny outlined precautions people should take when looking for a managed care workers comp company.

Be careful with intuitive appeal, he advised. "Lots of things make perfect sense" but don't lower costs when applied.

Also, he said, don't assume a company that achieves savings running a small part of the program will match that success with the entire program.

Take a hard look at the savings that companies claim to generate, Mr. Cherny advised. Sometimes, the management fees eat up any savings achieved, he said.

Finally, be skeptical when companies claim low costs, as they often hit employers with hidden charges.

"The pricing of these things is a real big game," Mr. Cherny said. BI

Continued from previous page

S. Yangouyian & Associates Inc.

26400 Lasher Road, Suite 306,
Southfield, Mich. 48034-2675;
248-357-1670; fax: 248-357-3321

1996 revenues	
Total	$1,338,000
% rehab services direct to employers	75%
Rehab services direct to employers	$1,000,000
Staff	
Total	11
Professionals	7
Including: 2 RNs, 4 vocational counselors, 1 degreed professional	
Designations: 4 CRCs, 4 CDMSs, 2 CCMs	
Customers	
Total	50
Cases	
Closed in 1996	757
Expert opinion cases	31

Rehab services since: 1985.

Services: Frequent services include on-site medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement, testimony and expert opinion, disability case management, life care planning.

Occasional services include prescreening of cases for rehabilitation intervention, job-seeking skill training.

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

Service area: Nationwide.

Compensation: Per hour, $74 to $200.

Officers: Sandra Yangouyian, CEO/president. BI

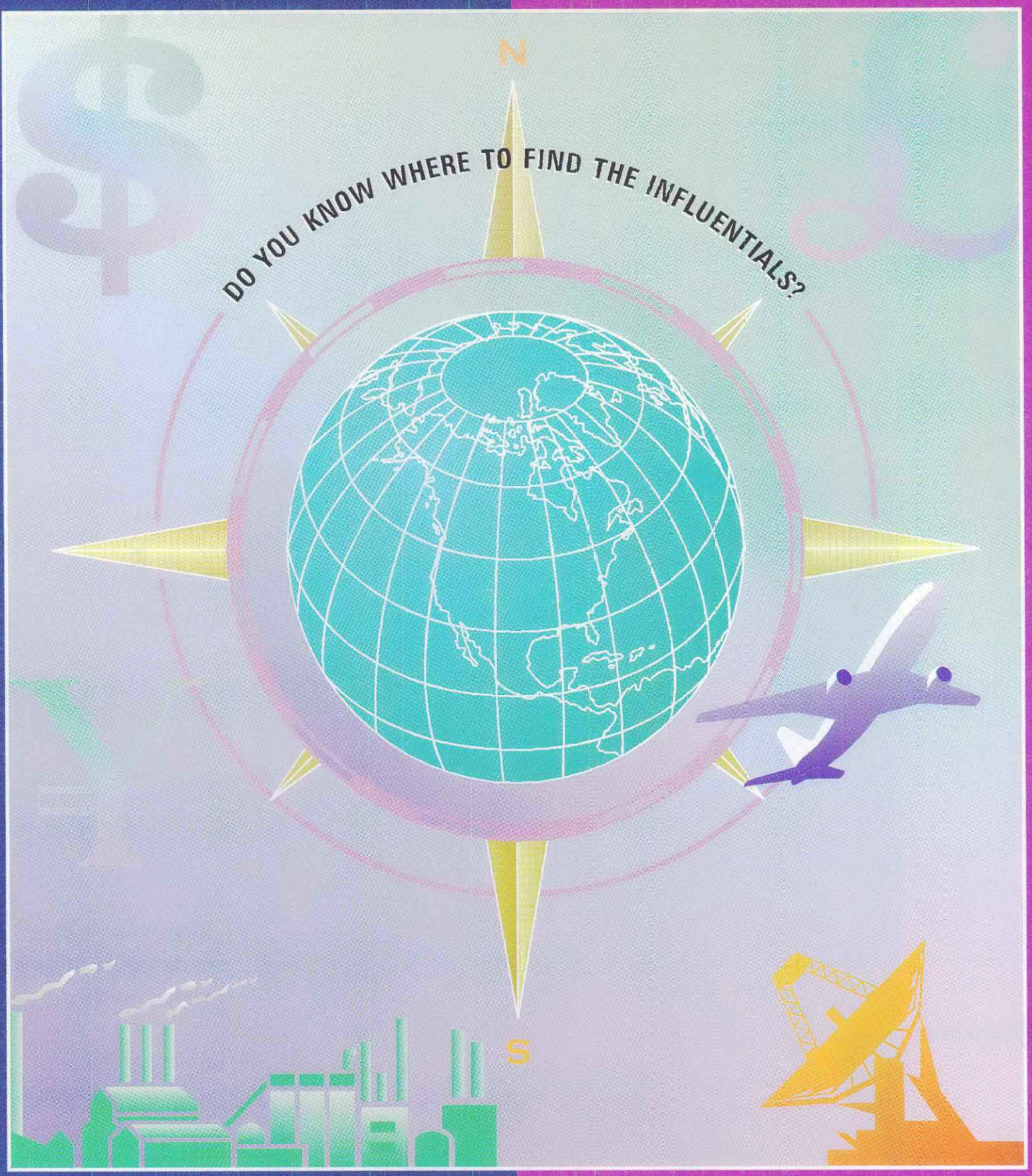
Kemper introduces the next step beyond workers compensation managed care that:

helps create a more productive, dynamic work force,

achieves a new way of preserving the vitality and performance of your company

adds to your bottom line through sales, quality, and customer satisfaction

HealthyReturn℠ workers comp. Ask about it today. Call your agent or broker. Call 1-800-CAVALRY. Or visit http://www.kemperinsurance.com



1997/98 DIRECTORY OF BUYERS 1997/98

When you want to reach corporate influentials who matter most in purchasing commercial insurance, risk management, employee benefits and related products and services, you'll want to reach for the most comprehensive reference tools from the publishers of *Business Insurance*.

In the U.S.-based edition you'll find more than 18,500 executives from nearly 3,200 companies. Listings include company address, telephone and fax numbers, plus vital statistics on:

- primary type of business
- revenue or assets
- number of employees
- name and title of chief financial officer
- names and titles of executives directly responsible for employee benefits . . . pension/retirement plans . . . personnel . . . risk & insurance management . . . property/casualty insurance . . . international employee benefits and/or risk management.

In the non-U.S. edition you'll find more than 4,500 executives in nearly 900 companies from 28 countries based outside the United States. In addition to providing address, telephone and fax numbers, listings include:

- primary type of business
- currency of the country
- revenue/sales reported in the currency of the country
- name and title of chief financial officer
- names and titles of executives directly responsible for risk management . . . security . . . benefits and health care . . . and finance.

The fifteenth edition of *BI's* Directory of U.S.-Based Corporate Buyers is only $95*. *BI's* fourth edition of the International Directory of Corporate Buyers Based Outside the U.S. is $125*. You'll get a 15% discount on orders of 5 or more copies. Both Directories are also available on disk for the PC. For information about the BID Software, or to order your printed editions, call: **313-446-1623.**

*Plus tax where applicable.

Business Insurance®
www.businessinsurance.com

Assess needs before buying RMIS: Speaker

By MICHAEL PRINCE

LAKE LANIER ISLANDS, Ga.—Choosing a risk management information system requires careful assessment of which system best matches a user's needs, a consultant says.

Risk managers also must help oversee installation, encourage users to embrace the new system and keep expectations realistic of what the technology can achieve, said George Nethertor., president of Risk Laboratories L.L.C. in Roswell, Ga.

Society of Risk Management Consultants

The ultimate goal of an RMIS is to make risk management functions faster and more efficient, he said.

RMIS fall into two general categories, Mr. Netherton said in addressing the annual fall conference of the Society of Risk Management Consultants earlier this month in Lake Lanier Islands, Ga.

One is claims administration; the other is risk management analysis, for those who "want to be able to understand what's going on," he said.

A company must first determine which of those functions it wants from a system.

An ideal system can do both, but many companies don't need the claims administration aspect—as that may be outsourced—and prefer to focus on analyzing their risks and losses, Mr. Netherton observed.

Four main factors should determine what kind of RMIS to buy, he said:

• The power required. To determine how powerful a system to buy, the number of users and sites for the system are critical, Mr. Netherton said. Also, the number of data sources must be assessed. A data source could be an insurer or third-party administrator.

• Service requirements. The purchaser must be able to operate and maintain the system. Often, problems with a system are from a lack of training of the people working it, he said.

A large part of servicing a new information system occurs in converting data to the new from the old system, he said. This is a labor-intensive and tedious process.

• Features. Some risk managers have special requirements, such as document imaging capabilities, noted Mr. Netherton. A risk manager needs to assure a system's features are adequate to meet users' needs, he said.

• Cost. An accurate measure of RMIS cost involves not just the up-front payment but also long-term costs for training and data conversion, Mr. Netherton said. Also, to stay current, upgrades may be required.

Risk management information systems have greatly evolved in the past 30 years. When first introduced, they featured simple loss information run on remote mainframe computers.

About 15 years ago, a second stage of development began, with the increased use of networked desktop computers, he said. Although these lacked the power of mainframes, they had more functions.

Today the RMIS industry is in a third stage, utilizing client-server technology. This technology combines the power of a mainframe with the user maintaining control of the data, not the mainframe owner, he said.

The next stage is coming soon. It includes 32-bit technology that allows running advanced software applications in the Windows 95 or Windows NT operating system.

Once an RMIS is chosen, however, the risk manager's job is not complete. He or she still must oversee system installation and communicate any concerns to the vendor.

The primary reason new systems don't achieve their goals is users don't accept them. "It's a gut-wrenching process" for them, he said. So they must become part of the changeover and "buy in," he said.

Risk managers sometimes think their new systems will solve all their problems, he said.

The ultimate gauge of success with a new system is whether it accomplishes its goal. For many companies, the goal is to simply make the new system work without any problems, though that's not as easy as it sounds, he said. "Just to get the basics correct is the toughest part of the thing," he said. BI

New laws. New solution.

The best reference on workers' comp is now available on CD-ROM

Call today for more information
American Insurance Association
Publications, 1130 Connecticut Avenue, NW
Suite 1000, Washington, DC 20036
1/800/242-2302 Fax: 1/202/293-1219

READER REPLY SERVICE

PRODUCTS & SERVICES LISTING

Issue of October 27

Reader Service #	Advertiser	Page #
1	American Custom Insurance Co.	58
—	American Insurance Assoc.	65
—	American Physical Therapy	12
2	American Re-Insurance Co.	22-23
3	AON Re Worldwide	45
4	Assoc. Aviation Underwriters	59
5	Burnham Systems	72
—	Business Insurance	17, 53, 64
6	Carvill America, Inc.	66
7	CAT Limited	13
8	CNA/Accident Insurance	60
9	CNA/Excess & Select	52
10	CNA/HealthPro	24
11	CNA/Risk Management	6
—	Colorado Compensation Insurance	53R
12	Commonwealth Risk Service	26
13	Conning & Company	44
14	Constitution Reinsurance Corp.	36-37
15	Corporate Systems	56
16	Corvel Corporation	30-31
17	Crawley Warren Group	19
18	Employers Reinsurance Corp.	38-39
19	Enterprise Advisors Inc.	73
20	Executive Risk Mgmt. Assoc.	50-51
21	Facts Services Inc.	72
22	Fortis Inc.	21
—	GAB Robins	11
23	General Reinsurance	25
24	GENEX	4
—	Hannover Reinsurance	27
25	Health Management Technologies	72
—	Injured Workers' Ins. Fund	53R
26	InPhoto Inc.	70
27	Insurance Overload Systems	71
28	Int'l Found. of Empl. Benefits	77
29	J & C Investigations	72
30	Kemper Insurance Companies	63

Reader Service #	Advertiser	Page #
31	LaSalle Re Limited	42
—	Legalgard	67
32	Liberty Mutual	Cov. 2, 2A/B
—	R. E. Moulton Insurance Agency	66
33	Nat'l Council on Comp. Insurance	70
—	Outdoorsman Agency	67
34	Paradigm Health Corporation	32-33
—	Partner Reinsurance	68
35	Phico Group	48
36	PMA Group Inc.	20
—	PXRE Reinsurance Company	54-55
37	Pyramid Services inc.	61
—	Qualcare	53R
—	Reed Publications	62
38	Reliance National	7
39	Risk and Ins. Mgmt. Society	16
40	Royal Insurance	B. Cov.
41	SBPA Systems, Inc.	72
—	Sherlock Company	76
—	State Comp. Insurance Fund	53R
42	St. Paul Reinsurance	34-35
—	Structured Financial Assoc.	18
43	Technical Insurance Services	72
44	TIG Insurance	I. B. Cov.
—	Travis Software	76
45	United Healthcare/Optum	9
46	USA Managed Care Organization	57
47	USF&G	28-29
48	D. W. Van Dyke & Company	62
—	Watson Wyatt Worldwide	46-47
—	Wausau Insurance Company	5
49	West Group	10
50	Wexford Underwriting Mgrs.	40-41
51	WLT Software of FL., Inc.	72
52	Zurich American/Diversified	49
53	Zurich Reinsurance (NA) Inc.	14-15

READER SERVICE

To obtain free information on the products and services advertised, turn to our post-paid Reader Service Reply Card bound in this issue, or complete the coupon below and mail to:

BUSINESS INSURANCE
Reader Service Center
650 S. Clark St., 6th Fl.
Chicago, IL 60605-1702

Business Insurance

FREE LITERATURE FOR READERS

Issue Date: OCTOBER 27, 1997
Card Expiration: DECEMBER 22, 1997

All questions must be answered to process inquiries.

PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

1. My organization is best described as:
A ❑ Mfg/Svcs B ❑ Association C ❑ Union D ❑ Government E ❑ Educational Inst F ❑ Ins Agent G ❑ Ins Broker H ❑ Ins/Reins Co I ❑ Consultant J ❑ Actry/Attorney K ❑ Adj/Apprs L ❑ TPA M ❑ Health care Inst N ❑ Other_____

2. Number of employees:
1 ❑ 150 or less 2 ❑ 151 - 499 3 ❑ 500 - 999 4 ❑ 1,000 - 4,999 5 ❑ 5,000 or more 6 ❑ Unknown

3. My title is best defined as:
A ❑ Administrative Mgt B ❑ Financial Mgt C ❑ Risk Mgt D ❑ Benefits Mgt E ❑ Loss Prevention Mgt F ❑ Other_____

4. My purchasing involvement for the requested products is to:
1 ❑ recommend only 2 ❑ specify 3 ❑ approve

5. Do you now receive a personally addressed copy of *Business Insurance*?
A ❑ Yes B ❑ No, so please send subscription info

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the **October 27, 1997** issue. Cards with more than 20 items circled will not be processed. This card expires **December 22, 1997**.

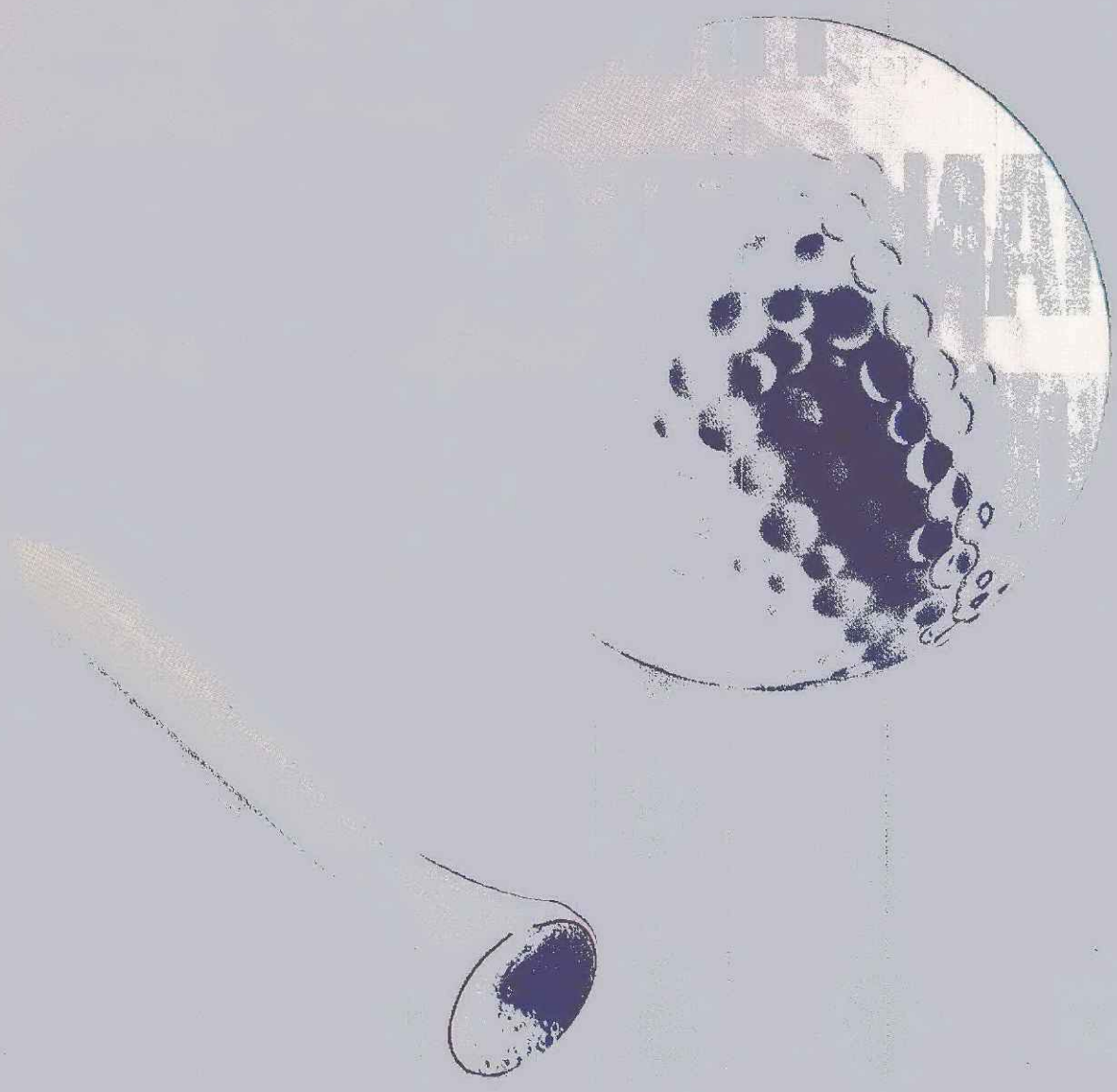
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

Please print clearly

Name_____
Title_____
Company_____
Address_____
City_____State_____Zip_____
Phone ( )_____

best together

The New Choice in Global Reinsurance



SAFR PartnerRe

INTERNATIONAL

Global Briefs

London-based FTSE International Ltd. and the Bermuda Stock Exchange have created a joint venture to launch **a new insurance market index for Bermuda**. The index will track the performance of the leading publicly traded international insurance companies based in Bermuda. FTSE International is a company set up jointly by the Financial Times Ltd. and the London Stock Exchange. William Woods, chief executive officer of the Bermuda Stock Exchange, said he anticipates the index, which initially will include 10 names, to be launched in the first quarter of 1998. Mr. Woods said the exchange intends the new index to be tradable in the form of an index options contract, which would be introduced at the same time. . . .Chartwell Re Corp. has acquired a 20% stake in **Euro-American Reinsurance Management Co.** of Milan, Italy. Euro-American Re is a management company that writes marine and non-marine reinsurance in the Italian market on behalf of a group of reinsurers. Chartwell has been involved with Euro-American Re as a reinsurer for three years. Euro-American Re is 60% owned by Aon Corp. and 20% by its principal, Carmine Maffei. . . .**Willis Corroon Group P.L.C.** is taking a loss on its completed sale of Lloyd's of London members agency Willis Faber & Dumas (Agencies) Ltd. to the management of the agency. Although the newly named WFDA Underwriting Ltd. has paid £3 million ($4.9 million) in cash, Willis Corroon will make £500,000 ($809,050) in profit as the agency's net assets were worth £2.5 million ($4.1 million). In addition, Willis Corroon will write off good will of approximately £2.4 million ($3.9 million), leaving the group with a total loss on the deal of £1.9 million ($3.07 million). . . .Canadian property/casualty insurer General Accident Holdings (Canada) Ltd., a subsidiary of Perth, Scotland-based General Accident P.L.C., has bought the entire issued share capital of **Canadian General Insurance Group Ltd.** for $600 million Canadian ($432.6 million) from CG Associates L.P., an affiliate of Kohlberg Kravis Roberts & Co. The deal is conditional on approval from Canadian regulators. General Accident plans to merge its existing operations in Canada with those of Canadian General, though General Accident's Pilot Insurance Co. will continue to operate separately. The combined companies had $1.8 billion Canadian ($1.29 billion) in net written premiums in 1996. . . .As of 1999, **Munich Reinsurance Co.** will be announcing its year-end results in the first half of the year rather than in November due to its decision to move its fiscal year end to Dec. 31 from June 30. Until now, Munich Re's underwriting results closed on Dec. 31, but the company's fiscal year end—taking into account its investment income—wasn't until June 30. This meant that the reinsurer didn't report its results until November of the following year. The new move will enhance both information and liquidity to shareholders, according to Munich Re Chairman Hans-Juergen Schinzler. . . .**National Mutual Holdings**, Lend Lease Corp. and its subsidiary, MLC Holdings, have entered into merger discussions of their funds' management and insurance businesses in Australia and New Zealand. NMH, listed on both the Australian and New Zealand stock exchanges, is 51% owned by Paris-based AXA-UAP Group. The aim of the merger would be to combine the skills and business strengths of the companies to create "a strong competitor to the major banks and financial services organizations," the companies stated. . . .London-based **Besso Holdings Ltd.** has acquired for an undisclosed sum Sterling Cooke International Insurance Brokers Ltd. from Sterling Cooke Brown Holdings (UK) Ltd. The London-based acquisition, which specializes in aviation, marine and international non-marine business, will be merged with Lloyd's broker J. Besso and called Sterling Besso Ltd.

Oil spill in Singapore underinsured

Singapore's failure to ratify convention protocols will limit its compensation

By EDWIN UNSWORTH

LONDON—Singapore is likely to get only about $13 million in compensation even though the cost to clean up its worst-ever oil spill may hit $100 million.

The pollution came from the spill of more than 25,000 tons of crude oil at sea after an Oct. 15 collision between two tankers.

All the spillage came from the smaller of the two, the Cyprus-registered Evoikos, which had punctures to three tanks when the Thai-registered tanker Orapin Global rammed it broadside. The Orapin Global was empty at the time of the accident. Singapore has arrested the captains of both tankers.

The Maritime Port Authority of Singapore has said it warned the Orapin Global about 15 minutes before the collision that it was in the wrong shipping lane.

The Evoikos is entered with the U.K. P&I Club, a protection and indemnity mutual that covers the vessel for third-party damage, including oil pollution.

Local officials in Singapore estimate cleanup costs at $100 million, but under the terms of the Civil Liability Convention of 1969, which governs terms of compensation for maritime oil spills, Singapore is unlikely to receive more than $13 million.

Singapore has ratified the CLC but not protocols added in 1992 that would have considerably increased its compensation

See **Tanker** *on page 73*

PHOTO: AFP

The collision of two tankers near Singapore resulted in the region's worst-ever oil spill.

Asian currency crisis leads to investment risk

By MARIA KIELMAS

LONDON—Foreign investors in Southeast Asia are facing potential losses as a result of the currency devaluations that have been rolling through the region since July.

The widely held perception of the Asian "tiger" economies riding on an annual 3% to 10% GDP growth rate has been replaced by worries about bankruptcies, political instability and a backlash against Westerners, who are being blamed by some in the region for their woes.

Zurich, Switzerland-based electrical engineering group Asea Brown Boveri Ltd. is among the first major foreign investors in Asia to detail its losses from the currency crisis. In an Oct. 21 statement announcing its third-quarter results, ABB said it would take a charge of $850 million in the fourth quarter to speed up expansion in Asia to combat losses.

"The present currency weakness in the region and resulting economic problems have reduced customer spending and put increased price pressure on products imported from high-cost countries in Europe and North America," the ABB statement said. "At the same time, local manufacturing and exports from ABB's local production facilities in several Asian countries with depreciated currencies are becoming more competitive," it added.

PHOTO: AFP

The Philippine peso has fallen to record lows against the dollar, keeping bank tellers busy.

An ABB spokesman in Zurich said that the company has hedged its currency exposure in Asia, though he did not give further details.

In all Asian countries, various infrastructure projects have been delayed, the most high-profile of which is the $4.6 billion Bakum hydroelectric project in Malaysia.

ABB is the operator of the project and its anticipated delay of one to two years is expected to cost $100 million, the company said.

Political risk insurers believe their business will boom in Southeast Asia as a result of the new risks.

"Some of these countries have been perceived as so good that many companies believed they did not have to insure. Now demand may well increase," said Louis Habib-Deloncle, president and chief executive officer of Paris-based Unistrat Assurances, a political risk insurer. "There is no sign that we will decrease our exposure," he adds.

"The crisis has certainly heightened awareness of the (political risk insurance) product in the region, we've never had such a response," said Kit Brownlees, chairman of Investment Insurance International, the London-based political risk division of Aon Group Inc., upon his return from a two-week visit to the region.

"Whenever we have these events, which are sudden, people want to buy insurance," said John Salinger, president of global trade and political risk at American International Group Inc.

Asia's currency crisis began to manifest itself last year in Thailand with a sharp fall in exports. Malaysia, Indonesia and the Philippines have also been badly affected by the crisis.

Most Asian currencies have been unofficially linked to the U.S. dollar. As the dollar strengthened against the Japanese yen, Asian exports became increasingly uncompetitive, explained David Husum, country risk analyst at London credit insurer Trade Indemnity P.L.C. The situation was compounded by an ongoing recession in Japan, which is the main export market for most of the Southeast Asian countries.

"These countries always had a trade surplus with Japan and an indirect surplus with the U.S. via Japan through exports of finished goods. But now demand was low," he added.

Badly regulated financial institutions, which were exposed to an overheated local real estate market, compounded the problems until the Thai baht was forced into an initial devaluation against the U.S. dollar in July. The baht has

See **Currency** *on next page*

Harder product liability market due

By EDWIN UNSWORTH

MONTE CARLO, Monaco—Europe's product liability market remains soft despite a 12-year-old directive increasing manufacturer liability, an insurer executive says.

However, he said, "significant legal and social changes" to come should make insurers realize that their exposures could increase drastically.

The European Union passed its Directive on Product Liability in July 1985, imposing a strict liability regime by making a manufacturer liable for damages caused by a defect in its product. But the move has done little to create uniformly applied legal standards in product liability cases among the 15 member states and has had little effect on the availability of product liability insurance or premium levels, according to Andre Hellebuyck, Brussels, Belgium-based vp of AIG Europe.

Speaking in Monte Carlo, Monaco, earlier this month at the Risk Management Forum, he said that despite the directive, commercial product liability rates in Europe remain "extremely soft" and that coverage keeps broadening.

Mr. Hellebuyck warned that insurers should be stepping back and becoming more selective because many of them face "incalculable exposures" that could cost them dearly if legal and social factors change.

Although all E.U. states except France have implemented the directive, he said, "It is unlikely that the case law in the different member states will ever be similar."

He said that even though the directive was passed more than 12 years ago, "so far, the experience with the directive is limited and likely to develop slowly. There is no evidence indicating that any general change in the policy of the legislation is currently called for."

See **Liability** *on page 71*

Currency

Continued from previous page

fallen 40% over the past four months, and currently it is fluctuating at the low level it reached in mid-October. The baht devaluation was followed by a 40% drop in the value of the Indonesian rupiah against the U.S. dollar and similar 20% to 30% falls in the Malaysian ringgit and Philippine peso.

The four countries have similar problems, said Bruce Gale, an analyst at Political & Economic Risk Consultants Ltd. in Singapore. "All of the countries have current account deficits, all have a huge amount of dollar-denominated corporate debt, a lot of which is unhedged," said Mr. Gale.

Unlike Latin America in the 1980s, where foreign debt problems were predominantly in the public sector, Southeast Asia's foreign debt is owed mainly by the private sector. Thai companies owe more than $60 billion, which is equivalent to 30% of GDP, says Mr. Husum.

"The primary effect of this will be on the export credit insurance area" because companies exporting to the region could face losses, he explained.

"Whenever there is a sudden or significant devaluation, some companies will fail, companies that import more than they export or companies that secure offshore loans and cannot service the debt," said Mr. Salinger. But it's far too early yet to estimate what kind of losses the insurers may expect, he said.

The longer-term effects of the crisis remain unclear, agreed Mr. Habib-Deloncle. "At the moment, it is mainly an economic rather than a political crisis. If (the countries) reduce their imports, then we as insurers may become more selective in the way we cover them."

ABB intends to counter its currency risk in the future by making its local markets in Southeast Asia as self-sufficient as possible. "We build up operations in a market so we can supply at market costs. When a country comes under financial pressure, this is the way to respond," said the ABB spokesman.

But regional political analysts advise corporations to take the opposite tack during time of currency turmoil.

"Whenever possible, keep in dollars. You need to have profits denominated in dollars at all times. And in broader terms, a company must get cast-iron guarantees from a government on how it exits and enters the country," said John Davitt, head of emerging markets research at London-based Institute for the Development of Economic Analysis Ltd., an independent consultant.

Water, gas and electric utility companies operating on long-term contracts from local governments are especially exposed to political and economic consequences of the currency crisis. Their revenues and earnings come in the form of a devalued local currency while capital investment is in dollars or other hard currency.

Two aspects of the risk, noted Mr. Brownlees, are that the utility may lose the ability to repatriate profits because of the crisis, and there could be a possibility that contracts are altered or canceled in government freeze tariffs even though some may have a tariff escalation clause. A tariff escalation clause defines the framework under which tariffs are adjusted and is usually linked to the rate of inflation.

The utilities "can be used as political footballs," noted Mr. Brownlees.

But France's export credit and political risk insurer Coface has foreseen such an eventuality in its coverage.

In a written reply to questions on the crisis, the company said that it asks operators of utilities to implement contingency plans in the case of tariff freezes by any host government. Coface then will provide insurance against such government action.

Insurers believe that eventually the currency crisis could have some beneficial effects, drawing their conclusion from the three major currency problems in the 1990s: the 1992 expulsion of Britain from the European Exchange Rate Mechanism, the 1994 Mexican devaluation crisis, and the current crisis in Asia.

"In Britain it was the best thing that could have happened to the economy," said Mr. Brownlees.

Coface noted that after the Mexican crisis, that country's economy eventually improved.

Unistraat's Mr. Habib-Deloncle said that prospects for the Southeast Asian region will improve when their currencies stabilize at a more realistic level.

Thailand, Malaysia, Indonesia and the Philippines have all introduced austerity budgets to deal with the crisis. Thailand has obtained a $17.2 billion emergency package from the International Monetary Fund, while the Indonesian government is negotiating for a similar package.

Indonesia has lifted restrictions on the shareholding of foreign companies, allowing them to hold 100% in local enterprises rather than 49% as before.

One of the fundamental questions on the currency crisis is that it was not really anticipated by anybody, said PERC's Mr. Gale.

Mr. Habib-Deloncle agreed, noting that six months ago local analysts as well as foreign investors were still bullish on the region's prospects.

Only Coface claims to have predicted the crisis and acted to avoid exposures to certain kinds of private sector importers and banks.

"The Thai crisis did not surprise

See **Currency** *on next page*

Affordable InPhoto

"This is not an oxymoron."

Bill Kizorek, president of InPhoto Surveillance, has created highly competitive, customized surveillance packages for clients coast to coast.

His nationwide staff of full-time, fully insured (including vehicles), licensed investigators has enabled InPhoto to provide locally priced service on a national basis.

For further information on customized surveillance packages contact Jeff Richardson at

InPhoto Surveillance

USA Toll-Free: 800-822-8220 • Fax: 800-752-0720
International: 630-955-0940 • Fax: 630-955-0801
E-Mail: inpho@inphoto.com
World Wide Web: http://www.inphoto.com/inphotowww

Online

POINT GREATER PROFITS

NCCI's InsNet™ online service gives you instant access to a world of vital workers compensation information.

Now you can build a more profitable enterprise, using instant and in-depth workers compensation information to better manage risks and lower costs.

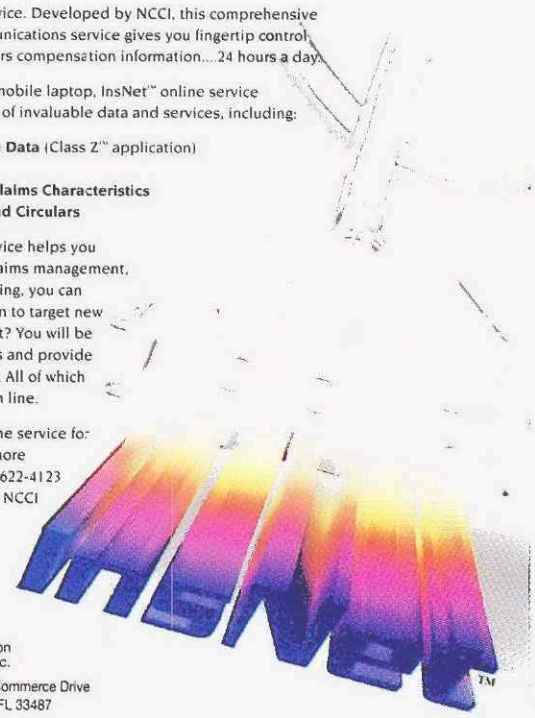
It's called InsNet™ online service. Developed by NCCI, this comprehensive online electronic data communications service gives you fingertip control of up-to-date, accurate workers compensation information....24 hours a day.

From your office desktop or mobile laptop, InsNet™ online service connects you to a wide range of invaluable data and services, including:

- **Classification Experience Data** (Class Z™ application)
- **Rate Table Data**
- **Workers Compensation Claims Characteristics**
- **Research Publications and Circulars**

While the InsNet™ online service helps you improve actuarial analysis, claims management, risk evaluation and underwriting, you can also access critical information to target new markets. The combined result? You will be able to handle more business and provide a better service to customers. All of which adds up to a healthier bottom line.

So plug into the InsNet™ online service for improved profits today. For more information, call toll-free 800-622-4123 (800-NCCI 1-2-3) or your local NCCI account executive.



NCCI National Council on Compensation Insurance, Inc.
750 Park of Commerce Drive
Boca Raton, FL 33487
www.ncci.com

Where information turns risk to profit.™

InsNet™ and Where information turns risk to profit™ are trademarks of the National Council on Compensation Insurance, Inc.
©1997 National Council on Compensation Insurance, Inc.

Currency

Continued from previous page

us. A rigorous selection permitted us to verify which banks could survive an eventual devaluation and we continue to be prudent in this region," the company noted.

Other insurers knew that political problems could begin in the region after the coup one year ago in Cambodia, said Mr. Brownlees.

Coface was better prepared for the crisis because of its access to more than 30 sources of corporate information in Southeast Asia, the company said.

But other insurers, political and financial analysts as well as potential investors have not been so lucky in a region where information is hard to come by. Even supposedly objective data from analysts in financial institutions such as investments banks is selective.

"Analysts are very reluctant to write what they think in reports," said Mr. Gale. The publication of a pessimistic analysis of Malaysia's economic prospects could be deemed a crime under Malaysia's strict anti-subversion law and fosters a climate of intimidation, he noted

Six months ago, local analysts and foreign investors were still bullish on the region's prospects, says Louis Habib-Deloncle.

This situation has affected the insurance market.

"The lack of financial information has had an effect. It makes underwriters' work more difficult. That's why the credit insurance market has been slow to take off (in Asia)," observed Mr. Brownlees.

The reactions of some governments to the crisis has not proved encouraging.

"These countries have a limited pluralism," said Mr. Davitt.

"The same people have been in power for 20 to 30 years. They are not flexible enough to adapt. Their reaction in a crisis is to clamp down on free speech and information flow," he said.

Consequently, there is a reluctance on all sides to predict the political consequences and their eventual effect on corporations and their insurers. BI

Australian firms expand into Asia

But many construction projects on hold due to currency crisis

By YVETTE HIGGINS and KATE TILLEY

SYDNEY, Australia—Southeast Asian risk managers are gaining access to a wider market as Australian underwriters and brokers expand into the region.

Brokers and insurers are attracted by the area's long-term need for infrastructure development, despite heavy insurance regulation and a downturn in regional construction projects due to the recent fall in many Southeast Asian currencies (see story, page 69).

With the Australian market soft and highly competitive, Australian underwriters are seeking opportunities offshore. Many Australian brokers and insurers believe the stall in the Southeast

See **Asia** *on next page*

Liability

Continued from page 69

Even an E.U.-commissioned report on progress with the directive presented in December 1995 showed that 10 years after it was adopted, only three court cases had been based on it: two in Germany and one in Italy. Since then, there have been only four additional cases.

The report also showed that the directive has had no significant effect on the insurance market and that there has been no general increase in claims. Availability of product liability insurance for manufacturers and their subcontractors also has remained unchanged and rates in the European commercial product liability market are currently "extremely soft."

Mr. Hellebuyck said the absence of legal cases can be attributed to altered business practices, partly as a result of the directive but partly for other reasons.

The main change to business practice has been to the legal drafting of commercial agreements allowing a producer or importer a right of recourse against his contractors.

Reasons for these changes other than the influence of the directive include the general improvement in safety standards, increased attention to quality and safety, and a changed approach toward risk management, largely as a result of increasing regulatory control under other government or E.U. measures.

Mr. Hellebuyck said a more meaningful understanding of the future development of product liability in Europe will be possible once certain "difficult" types of claims have been tested. These include cases related to pharmaceuticals, chemicals, aerospace and transport products.

In a warning to insurers, he said "significant legal and social changes are slowly coming about," and it is difficult to determine their likely impact. He said: "Today, many insurers face incalculable exposures, based on assumptions of legislative and social stability. The difficulty to evaluate the effect of a variety of legal and social factors, and to forecast the speed at which developments will take place, should prompt some insurers to become more selective and to get back to an 'exposure underwriting' mode."

Asked later by a conference delegate if he thought European product liability awards would ever reach U.S. levels, Mr. Hellebuyck said "I think we're probably getting there." He added later, "but I don't think we'll really ever see anything as bad as in the U.S." BI

You know quality personnel are vital to every aspect of your business. So does Insurance Overload Systems. IOS has set the standards of excellence in temporary insurance staffing since 1983. We've just raised our standards even HIGHER.

Insurance Overload Systems is ISO 9002 Certified for All Branch Locations Nationwide

What does this mean to you?
ISO 9002 certification means worldwide accreditation of quality standards for screening and placing personnel. ISO 9002 certification documents how IOS will meet or exceed your expectations for quality standards from staffing services. It ensures staffing solutions are directly linked to your specific needs. **Quality You Can See.**

THE QUALITY INSURANCE CONGRESS MEMBER

Insurance Overload Systems
1-800-822-2422
www.iostemps.com

ISO 9002 CERTIFIED

Services Guide

WLTD
CLAIMS PROCESSSING SOFTWARE SINCE 1979
831 NORTH HERCULES AVE., CLEARWATER, FLORIDA 34625
(813) 442-9296 FAX: (813) 443-4936
www.wltsoftware.com

Florida
Georgia
Alabama
Mississippi
Ω Omega Insurance Services
(888) 898 - 0080 toll free
• Surveillance •
• Background Investigations •
• Locate Services •
• Recorded Statements •

For Everything You Need *And Expect* In
A Managed Health Care Administration System...
GET THE FACTS
Fully automated/integrated software and hardware solutions for the processing and administration of medical, dental, vision, drug, disability and COBRA claims for indemnity, PPO, HMO, and PHO plans. Related training, support, and consulting. All FACTS® products are year 2000 compliant. **FACTS' full featured product line includes systems for:** Managed Care; Workers' Compensation with Integrated Managed Care; Flexible Benefits; Pre-Authorization and Referrals; Premium Billing, Accounting, and Commissions; Claims Editing; EDI; Optical Imaging/IOCR; Automatic Adjudication; POS; MICR Laser Check/EOB Encoding; Electronic Claim Workflow Distribution System; over 150 reports and custom report generator.
FACTS Services, Inc.
1575 San Ignacio, Suite 406, Coral Gables, FL 33146
(305) 284-7400
General Automation Value Added Reseller

CPCU® and IIA candidates
I guarantee you will learn more in less time with The Burnham System — or your money back
Ray Burnham, CPCU, CLU, ARM
19 Everett Street, Southbridge, MA 01550
Call 1-800-GET-CPCU Now!

INSPECTIONS AND AUDITS
"The Best in Service, Quality & Pricing For Over 15 Years"
TECHNICAL INSURANCE SERVICES
1-800-557-1147
VISIT OUR WEBSITE:
www.tisinspects.com

J&C INVESTIGATIONS
875 Mahler Road, Suite 252
Burlingame, CA 94010
http://www.quikpage.com/J/jcinvest/
AOE/COE • Surveillance • Trial Preparation

Designed to offer prompt, reliab e service from investigators who have the experience and efficiency to help formulate an overall positive dollar savings on your quest to control workers' compensation cost.
San Francisco
(650) 697 - 3200 • Fax (650) 697 - 3492
Los Angeles
(310) 551 - 1130
New York
(914) 328-4300 • Fax (914) 328 - 4570
Cal fornia License Number FI 14394
New York Licensed & Bonded

Is your software ready for the year 2000?
Call us.
SBPA SYSTEMS
Medical • Dental • Vision • Disability • Life • COBRA • Section 125
TPA's • Managed Care Organizations • Insurance Companies
Visit us at our web site: www.sbpa.com.
1-800-444-1189 • 10777 WESTHEIMER, SUITE 125
HOUSTON, TEXAS 77042 • FAX 713-974-3544

Publishing December 1 in
Business Insurance
Risk Management Systems & Online Resources
Plus:
Directory:
Risk Management Information Systems
Ad Closing:
November 17th
Call: (312) 649 - 5340

RETURN®
RETURN® is the premier case management/utilization monitoring software for Workers' Compensation, disability plans or other medical event management. It manages providers/networks, return-to-work, and URAC compliance. Also documents case activity, analyzes outcomes, uses Third party guidelines. Direct data entry by providers/employers. All states E-1's and Provider reporting for WC. Unlimited notes, letters, reporting, complete AR, bill repricing.
New option: Comprehensive integrated occupational health module for employers and medical providers.
HMT
Health Management Technologies, Inc.
3687 Mt. Diablo Blvd. Suite 200 Lafayette, CA 94549
(800) 647 - 7007 www.hmtreturn.com sales@hmtreturn.com

For advertising information contact: Cheryl Adeszko, Classified & Services Guide Advertising, 740 North Rush Street, Chicago, Illinois 60611. Telephone (312) 649-5340 • Fax (312) 649-7937

INTERNATIONAL

Asia

Continued from previous page

Asian construction market and the slump in currencies are temporary and that overall development opportunities are strong.

But some insurers and brokers say it will be 12 months before the construction market lifts and opportunities improve. Many major projects are being put on hold as the region's currency crisis unfolds.

Rodney Adler, chief executive officer of Sydney-based FAI Insurances Ltd., said the "currency meltdown" has forced the value of some Asian currencies down 50% and the stock market down 70%.

But he said he considers the drop in Asia's stock and currency markets "just a little blip" and said FAI would continue to "integrate its operation into Asia."

Terry Paradine, head of Sydney-based broker J&H Marsh & McLennan Pty. Ltd., Asia-Pacific division, said the demand for construction coverage is enormous and growing in Asia, despite many construction projects recently being put on hold.

'Asia is not a free market and is heavily regulated. Governments are not about to let foreign insurers get a disproportionately large slice of the cake,' says Terry Paradine.

Mr. Paradine said he expects opportunities for new construction business for insurers to improve in a year.

"When you consider the population bases in India, China and Indonesia, infrastructure needs are increasing, and the industrial base is growing," Mr. Paradine said.

The Philippines, Thailand, Taiwan and Malaysia are providing increased opportunities for insurers as their middle classes and economies develop, Mr. Paradine said.

J&H Marsh & McLennan has offices in Thailand, Malaysia, Indonesia, the Philippines, Taiwan, Hong Kong and China, and a representative in India.

Mr. Paradine said underwriters in Europe also are increasing their focus on construction coverage in Southeast Asia and establishing "operational hubs" from which to work.

But the opportunities in construction and other sectors does not mean access to Southeast Asia is unlimited, Mr. Paradine warned.

"Asia is not a free market and is heavily regulated. Governments are not about to let foreign insurers get a disproportionately large slice of the cake," Mr. Paradine said.

In Malaysia, Mr. Paradine said strong opportunities remain in most classes, but he confirmed infrastructure and other construction projects are on hold because the government has over-extended its debt, a situation the currency fall has exacerbated.

Most infrastructure and development for the 1998 Commonwealth Games, which Malaysia will host, is complete, and few new construction coverage opportunities are available in the country, he said.

FAI's Mr. Adler said he is not planning "intensive expansion," but the insurer has wholly owned subsidiaries in Hong Kong and arrangements with companies in Guam and Saipan that write business for FAI.

The company is holding discussions with companies in Indonesia, Malaysia and Thailand, where it plans to form joint ventures. FAI's primary commercial markets are professional indemnity, marine and construction.

FAI's integration into Asia is prompted by a lack of growth opportunities in Australia's mature market, where FAI holds 5% of the non-life market, Mr. Adler said.

Annual gross written premiums in Indonesia are $450 million and growing every year, he said.

Sydney-based insurer MMI Ltd. has insurance operations in Asia, including Guam and Saipan, and has signed a memorandum of understanding with India's Alpic Finance Ltd. to enter the Indian market, said Angus Mciver, general manager of international.

In May, MMI continued its push into Asia, acquiring 20% of Allianz A.G. Holding's non-life insurance operations in Indonesia, PT Asuransi Allianz Utama Indonesia.

MMI has also bought 20% in Allianz Insurance (Singapore) Pte. Ltd., in a move fundamental to expansion into the Asian insurance market, Mr. Mciver said.

Penetration into the non-life insurance market by Australian companies is still "relatively low" and, compared with corporate and government expenditure, there is still a lot of room to increase market share, said J&H Marsh & McLennan's Mr. Paradine.

The currency fall eventually will affect the insurance business, but he said he does not expect it to "flow on" for some years. Southeast Asian underwriters are protected by tariffs that would buffer them from too many ill effects, he noted.

All Southeast Asian countries except Hong Kong are artificially supported and "have interventionist regulations," he said.

John Parkinson, Lumley General Insurance Co. Ltd.'s Southeast Asian development manager, based in Perth, Western Australia, said the Southeast Asian property/casualty market already is oversupplied and that underwriters must develop points of difference to increase market share.

But J&H Marsh & McLennan's Mr. Paradine said Singapore and Hong Kong are the only oversupplied, mature markets in Southeast Asia.

Neither country is "typical of the Asian market," Mr. Paradine said.

Despite the instability in the construction cover market, Mr. Paradine said companies are relying on diverse products and customer bases to minimize risk and retain business.

Lumley General's Mr. Parkinson said Lumley is "sitting back" and taking a "wait-and-see approach" to Southeast Asia. But he agreed insurers have to develop new products and niches to secure market share.

Lumley General has cooperative partnerships in Malaysia and Indonesia. BI

Going 'brokerless' an option for some

Capability depends on factors such as staff size and corporate policies: Risk manager

BY EDWIN UNSWORTH

MONTE CARLO, Monaco—Insurance brokers, even those that bulk up via mergers and acquisitions to better serve their multinational clients, should not be lulled into believing their services are indispensable, a risk manager says.

Hugh Loader, president of the Federation of European Risk Management Assns., says it is quite feasible for multinational companies to handle their international programs without brokers.

However, he acknowledges that capability depends on the experience of the risk manager, the size and competence of his or her staff, the multinational's corporate policies, and the regulations of the countries in which it operates.

Additionally, if a risk manager is to operate without a broker, he or she must be comfortable drafting a master insurance agreement, added Mr. Loader, who also is managing director of Tetra Laval Insurance Services Ltd., part of The Tetra Laval Group of Saffron Waldon, England.

Speaking at a session on the value of broker services at the biennial Risk Management Forum sponsored jointly by FERMA and the Risk & Insurance Management Society Inc. of the United States and Canada, Mr. Loader told risk managers in attendance that "the major insurers can provide you with the service that you are probably looking for."

Furthermore, he said, "the risk manager is in the best position to sell to the insurance market the risk of his or her corporation."

Regarding claims handling, "If the risk manager knows his own business, then I believe he has most of the expertise in-house," Mr. Loader said.

He said, however, that there certainly are occasions when a broker can provide useful services.

In some countries, such as the United States and Canada, a representative may be needed to help get contracts signed, and this could be a broker, Mr. Loader said.

"If you use a broker. . .the broker must add value to the relationship," he said.

Manfred Swysen, risk manager for Georg Fischer A.G., a Schaffhausen, Switzerland-based engineering group, said his company uses brokers worldwide to handle the insurance program for its 140 subsidiaries in 40 countries, "but as much as possible on our terms."

Georg Fischer's practice over the past five years has been to "hand pick" one broker per country engaged on an individual contract basis, largely to be able to know the brokering firm and the team personally, he said.

Addressing broker globalization, Mr. Swysen said due to the system Georg Fischer has in place, it is not much affected by the megamergers of brokers.

However, he said he could see where integration problems of the merging brokers and changes in their brokerage teams could annoy customers and disrupt service.

Mr. Swysen also said he could imagine clients of the megabroker being subject to new pressure to pay higher commissions at the same time the broker is exerting pressure on insurers to accept lower premiums. However, these two pressures should balance out and result in no net cost increase to policyholders, Mr. Swysen said.

Jean-Baptiste Lizot, risk manager for Paris-based agricultural products Groupe Eridania Beghin-Say, said large multinational companies often need assistance with the risk management function, which the broker can provide.

Commenting on the pros and cons of using a broker as a consultant on a fee-for-service basis, he said this is an issue his company is studying.

Groupe Eridiana's analysis will take into account the fact that, for placing coverage, the intermediary typically is needed for only two to three months a year prior to renewal.

Even then, he added, "we want to talk directly to the people providing the capacity: the insurers."

Employing a broker's services can be important in "the right quantity, at the right time and at the right price," he said. BI

Tanker

Continued from page 69

entitlement. Nor is Singapore a member of the International Oil Pollution Compensation Fund, financed by major oil importers. Membership would have considerably increased its entitlement.

Singapore can receive compensation under only the first of the convention's two-tier system. Compensation at this level is governed by the size of the polluting vessel, which in the case of the Evoikos means Singapore is entitled to about $13 million. Details on how Singapore's compensation will be calculated were unavailable last week.

Had Singapore signed the CLC's 1992 protocols and the IOPC Fund, the ship's size would not have mattered; Singapore would have been entitled to total compensation of some $180 million.

The CLC was established by the International Maritime Organization, a London-based agency of the United Nations, to simplify third-party compensation for oil spills. Previously it had been time-consuming and complex for a country to win compensation for pollution caused by a vessel owned in one country and registered in another, neither of which might be connected to the country suffering the damage.

Last week, cleanup crews were trying to keep the oil from spreading to neighboring Malaysia and Indonesia. Both are signatories of the CLC and the IOPC Fund, entitling them to combined compensation up to around $80 million.

Neither country signed the protocols that the CLC added in 1992, which would have further increased their entitlement. BI

Enterprise represents

the new approach to

risk management. We

combine world class

insurance, reinsurance

Insurance

ENTERPRISE

Finance

investment banking

and financial products

capabilities with the

highest levels of cre-

ativity and dedication.

Enterprise Advisors Inc. 712 Fifth Avenue, New York, NY 10019 212-707-0800

'Corporate killing' idea opposed

Government should focus instead on risk management, AIRMIC says

By CAROLYN ALDRED

LONDON—British risk managers are calling for the government to consider making corporate risk management programs compulsory rather than create legislation that would increase companies' exposure to manslaughter charges.

Deputy Prime Minister John Prescott and Home Secretary Jack Straw both confirmed during the Labour Party's recent annual conference that they are considering drafting legislation that would define a new offense of "corporate killing."

That legislation would be in line with last year's recommendations by the Law Commission, Britain's government-funded legal reform body.

The Assn. of Insurance & Risk Managers, however, criticized the plans earlier this month, claiming new laws would not prevent disasters and were unnecessary.

"While we applaud the spirit behind the proposal, it is fundamentally flawed," said Ina Barker, AIRMIC's executive director.

'While we applaud the spirit behind the proposal, it is fundamentally flawed,' says Ina Barker. 'Frequently a disaster is the result of a number of factors, not just one.'

"Frequently a disaster is the result of a number of factors, not just one. Also, one or two people do not make a single decision which then leads" to the disaster, she said, adding that "circumstances would have involved a number of people at different levels in consultations leading to decisions over quite some time. Where do you draw the line?" Ms. Barker asked.

In addition, AIRMIC claims there is a danger that a corporate killing law might delay compensation claims in civil courts while the outcome of criminal charges is pending.

Instead, the government should focus on making sure companies practice good risk management and are risk-aware, said Ms. Barker.

Risk management is at the "heart of good corporate governance," according to Ms. Barker.

AIRMIC is calling on the government to consider introducing legislation to make risk management compulsory. It is writing to the Home Office to discuss its proposals.

The Law Commission claims the change in manslaughter law is needed because the current corporate manslaughter statutes, which stem from laws back to the 19th century, have resulted in only four prosecutions and one conviction despite dozens of cases involving deaths (*BI*, March 11, 1996).

According to the commission's proposals, a company as a whole could be prosecuted if death resulted from management practices or standards that fell below what would "reasonably" be expected of a company. Under existing law, a corporate manslaughter charge can only be brought against an individual identified as a "controlling mind" of the company.

In the one successful case brought in England against recreation company OLL Ltd., the business had a single owner. OLL and its managing director, Peter Kite, were found guilty of negligence contributing to the deaths of four young canoeists on a trip arranged by the company. Mr. Kite was sentenced to three years in prison and the company was fined £60,000 ($91,000) in late 1994 (*BI*, Jan. 16, 1995). In most incidents, it is very hard to pinpoint one executive as responsible.

Under the Law Commission's recommendations, companies found guilty of corporate killing would face unlimited fines, which as fines for a criminal offense would be uninsurable. BI

The Professional Marketplace

RATES AND CLOSING TIME:

Rates: *Display classified is $171.00 per column inch, minimum of one inch. Straight classified is $15.50 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional $25.00 charge for all blind box ads. Only those responses which fit into a business size envelope will be forwarded. Responses are forwarded daily.*

Closing: *Published every Monday. Copy must be in typewritten form by 5:00 Tuesday, 6 days preceding publishing date. No verbal phone copy accepted. Most major credit cards accepted. Mail ads to, Cheryl Adeszko, Classified Advertising, 740 N. Rush St., Chicago, IL 60611. For more information call 312-649-5340, FAX 312-649-7937, or e-mail cadeszko@crain.com*

HELP WANTED

INSURANCE CAREER CENTER
http://insjobs.com

The Premier Employment Service on the Internet.

Employers! over 2,000 insurance professionals search our employment ads everyday. Are your positions listed? Call 410-266-3970 for ad placement or visit our website today.

POSITION WANTED

Insurance Agency Principal loc. Metro NYC seeks change. Management position within NYC area desired. Heavy commercial experience in Hab. Real Estate. I'm the expert with the experience you need. F.O. Box 7529, Garden City, NY 11530.

HELP WANTED

DIRECTOR OF CASE MANAGEMENT

Large workers' comp insurer in southeast U.S. seeks a progressive individual to lead its integrated case management program. Will directly supervise staff of twenty and indirectly manage dozens more. Bachelors required with substantive case management experience, preferably in workers comp. Fax confidential resume to: Michelle Henderson, Witt/Kieffer, 713-266-8133.

For a 1998 Rate Card
Call 312-649-5340

HELP WANTED

DIRECTOR OF BENEFITS

The West Virginia Bureau of Employment Programs, Workers' Compensation Division, a monopolistic fund, seeks an experienced Director of Benefits. Candidate should have strong people skills and demonstrated success in claims management. A merit system position, the successful candidate must have a Bachelors Degree and medical management is also desirable. Send resume and salary requirements to:

WV Bureau of Employment Programs
Office of Personnel Services
112 California Avenue
Charleston, WV 25305
Fax (304) 558 - 1022
An EO/AA Employer

ADVERTISING OPPORTUNITY

Looking for a candidate to fill the job?

The most talented men and women in the insurance industry know to turn to Business Insurance when they want to make their moves.

Call:
Cheryl Adeszko
at 312-649-5340
for advertising details.

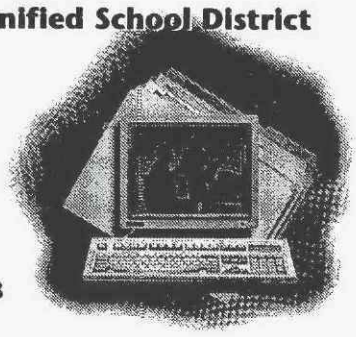
BUSINESS OPPORTUNITY

LOOKING TO ACQUIRE PENSION TPA'S

Philadelphia based consulting firm is acquiring Mid-Atlantic pension TPA's. Flexible arrangements available. Contact Kal Muchnick (215) 545 - 6000.

MANAGEMENT

Oakland Unified School District



has two positions available in the Department of Risk Management

Salary Range: $45,188-$57,673

BENEFITS SUPERVISOR

Responsible for implementing and maintaining procedures and supervising a staff relating to the district-sponsored health, life, accidental death and dismemberment, dental, long-term disability, retirement and other benefit plans.

Requires Bachelor's degree, three years of increasingly responsible experience in the administration of benefits programs, valid California Driver's License; and CEBS certification highly desirable. Open until filled. **Job #625005**

SAFETY AND LOSS CONTROL OFFICER

Responsible for developing programs which provide the district's employees with regular training on safety and loss control for the purposes of mitigating employment-related injuries, preventing and containing the effects of damage to the district's property and holding claims from the general public to a minimum.

Requires Bachelor's degree, two years of employment in industrial safety and accident prevention work including safety training, valid California Driver's License; Safety Certified Professional of other related IIA/ASSE Certification highly desired. Open until filled. **Job #730005**

Letter of interest, classified application form, resume, three letters of recommendation, verification of degree to: Human Resources Division, OAKLAND UNIFIED SCHOOL DISTRICT, 1025 Second Avenue, Room 201, Oakland, CA 94606.

Request classified application by fax (510)879-1831, by telephone (510) 879-8571 or (510) 879-8512. AA/EOE

"Where Professionals Insure Their Careers"

EXECUTIVE RECRUITERS NATIONWIDE

- ❑ Risk Management
- ❑ Safety & Loss Control
- ❑ Claims Management
- ❑ Insurance Brokerage
- ❑ Risk Management Consulting

Also Ask About Our Temporary Opportunities!

15 James Street, Main Level, Florham Park, NJ 07932
Call 201-765-9000 • Fax 201-765-9009

RMA RICHARD MEYERS & ASSOCIATES, INC.

WANT YOUR CLASSIFIED AD TO JUMP OFF THE PAGE?

Then Add Spot Color To Your Recruitment Advertisement.

Call (312) 649 - 5340 For Details.

Business Insurance

Circulation Breakdown
Commercial Consumers

Administrative:
CEO's, Presidents, and Owners, ... 2,499
Vice Presidents, General Managers and Other Administrative Personnel 4,696

Financial:
Chief Financial Officers and Vice Presidents of Finance 3,084
Secretaries, Treasurers, controllers and other Financial Personnel 3,028

Risk/Employee Benefits:
Vice Presidents, Directors, Managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 15,387

Sub-total 28,694
Associations 305
Government, Unions and Educational Institutions 1,046

Commercial Consumers Sub-total 30,045
Insurance Agents and Brokers 8,462
Insurance Companies 7,336
Accountants, Actuaries, Attorneys & Consultants 2,823
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers 1,648
Others Allied to the Field 915

Total Qualified 51,229
Non-qualified/Paid Subscription 31
Single Copy Sales 2

TOTAL CIRCULATION 51,262

★ *Source Business/Occupational breakdown of qualified circulation, May 26, 1997 Issue, as submitted to BPA for June 1997 BPA Publisher's Statement*

INTERNATIONAL

U.K. legal reform may increase suits

By CAROLYN ALDRED

LONDON—Revamping the British legal aid system to extend the use of U.S.-style contingency fee arrangements to most civil damage claims in England and Wales will give far more people access to the courts, the U.K. government says.

Lord Irvine of Lairg, the government's Lord Chancellor, took the British legal profession by surprise by announcing in a speech last week plans to limit the types of legal claims eligible for assistance from the Legal Aid Board, specifically those seeking monetary damages.

In its place, the use of "conditional fee arrangements" would be allowed in all civil proceedings other than family cases, beginning in April 1998, the Lord Chancellor said in a speech to lawyers in Cardiff, Wales, earlier this month.

Conditional fee arrangements—in which a lawyer agrees to represent a client for a preset percentage of any award but gets nothing if the suit fails—were introduced in England and Wales a few years ago and were limited to personal injury cases.

AIRMIC, the Assn. of Insurance & Risk Managers, welcomes the plan, claiming it will stop spurious claims and make it easier for a wider group of people to gain access to justice.

However, the association warned in a statement it is important that the system operate efficiently "so that administrative costs are minimized and the benefits of saving optimized."

"We are pleased that the individual's basic right to litigation will be protected," said AIRMIC's executive director, Ina Barker. AIRMIC is "pleased that our members will face fewer costly cases funded by legal aid that should never be brought."

The reforms will make lawyers "face up to the fact that they must act as professionals (and) take cases truly on their merits as opposed to just taking the case because it is legally aided," she said.

AIRMIC said conditional fee arrangements with insurance protection will enable genuine cases to proceed and will also in the long term reduce the total number of claims and cases being brought and reduce the administrative costs borne by defendants.

However, "it is imperative that the insurance industry be able to respond to the need to provide an insurance product at a reasonable premium," said Ms. Barker. As future claims are more likely to succeed, "companies must therefore ensure they have sound risk management practices in place to reduce the potential for claims to an absolute minimum."

According to the Lord Chancellor, extending the application of conditional fee arrangements would increase the ability of many middle- and upper-income people to litigate. Legal aid is only available to people with very low incomes, and the expense of litigation precludes many others from taking advantage of the legal process, he said.

But, the "no win, no fee" arrangement has risk. In the United Kingdom, unsuccessful plaintiffs in most cases must also pay the defendants' legal costs.

Although policies exist to cover this risk, including the Law Society's own insurance plan, managed by Abbey Legal Protection Ltd., lawyers say the poor who are covered by legal aid are likely unable to afford the premiums.

To answer this, the government is considering setting up a provision "to meet insurance premiums (for) those who wish to enter into conditional fee arrangements," the Lord Chancellor announced in his speech.

The latest proposals come in the midst of legal system changes in England and Wales to streamline the litigation process. The proposals are known as the Woolf Reforms, named for Lord Justice Woolf, Britain's most senior civil judge, who led the reform committee (*BI*, March 3).

David Mackintosh, a partner with law firm Davies Arnold Cooper in London, said the Lord Chancellor is being too hasty in abandoning a legal aid system that is "the envy of most other jurisdictions worldwide."

The government should wait to see the impact of the Woolf recommendations to improve the effectiveness of the British legal process before revamping legal aid, he said. In addition, Mr. Mackintosh questioned whether the government has explored the availability of insurance to replace the loss of legal aid. He said the decision to cut legal aid has been made for financial reasons rather than increasing access to justice.

According to the Lord Chancellor's own figures, Legal Aid expenditures rocketed to £1.48 billion ($2.42 billion) in the 12 months ended March 31, 1997, from £682 million ($1.12 billion at a current exchange rate) during the same period ended March 31, 1991.

"Widening conditional fee arrangements will open the door to litigation of a type not widespread at the moment," with lawyers taking the cheapest cases and demanding larger fees, Mr. Mackintosh said.

James Innes, chairman of Abbey Legal Protection, warned that unless "strict controls are put in place, (lawyers) could become greedy, speculating wildly and marking up fees unreasonably."

Although he said the insurance industry will be able to expand its capacity for covering winning defendants' legal costs under the extension of conditional fees, consultation must begin soon if the Lord Chancellor's April 1998 deadline is to be met.

It is vital for the system to be properly thought out and managed, Mr. Innes warned. "Our experience in running the Law Society's Accident Line Protect conditional fees scheme for personal injury cases shows that it works because of the rules we and the Law Society have imposed, such as allowing (lawyers) to mark up their fees by a maximum of 25% of the damages awarded to the plaintiff."

Mr. Innes also thinks insurers should be able to deny coverage for clients whose lawyers they do not think "have the relevant expertise" and that the government "should offer some tangible inducement to the insurance industry to make the new scheme work, perhaps by making premiums tax-deductible."

Mr. Innes is optimistic that the insurance industry will be able to fill the gap left by the reduced Legal Aid scheme, pointing out that Abbey last week launched a policy to cover costs incurred by the defendant should a plaintiff lose a medical negligence case, widely regarded as one of the most complex areas of litigation.

Underwritten by Lloyd's of London syndicates, the policy offers a minimum of £100,000 ($163,500) protection to cover opponents' costs and legal disbursements (such as experts and medical reports) with premiums likely between £4,000 ($6,500) and £7,500 ($12,300). Due to the relatively high cost, plaintiffs may pay initial premiums for investigation, further premiums should proceedings continue and a final set to cover any subsequent trial, said Mr. Innes. BI

"Be sure that you return it."

If you're racing through this issue of *Business Insurance* because you "borrowed" it from a colleague, you should have your own subscription. Then you'll be first on the list. You can take as much time as you like with all of *Business Insurance's* exclusive worldwide news of loss prevention, risk financing and benefit management every week.

To subscribe, use the card in this issue or Call 1 (800) 678-9595 Toll-Free.

Ask about our special 20%-off group subscription rate for five or more subscriptions. A great way to save money. And avoid pass-along problems.

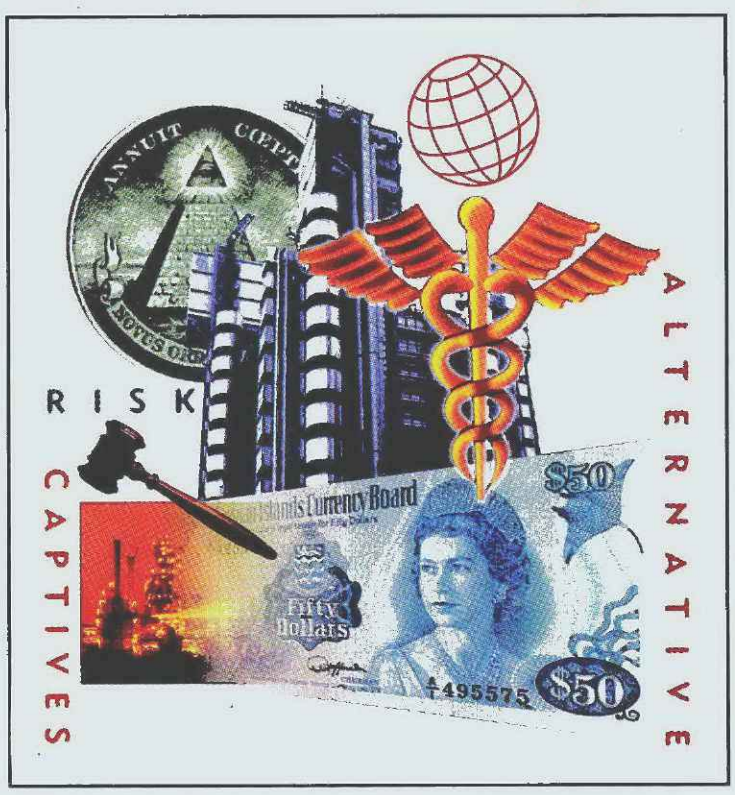
Subscription Rates in U.S. Dollars for 1 year, 52 Issues.

USA	$87
Canada/Mexico	$105*
All other countries by expedited air.	$205

* Price includes Canadian GST.

Business Insurance.
Subscription Dept.
965 E. Jefferson
Detroit, MI 48207
Outside the USA
Call (313) 446-0450

7th World Captive and Alternative Risk Financing Forum



Completing the Concept

This year's program includes general sessions, roundtable discussions and concurrent workshops on the following:

- Basics of Captives and Risk Financing
- Risk Managers Round Table
- Selecting the Right Domicile for Your Captive
- Loss Reserves: The Complete Story
- The Tax and Regulatory Issues
- Latin American Captive Developments
- Reinsurance: Accessibility, Affordability, Necessity
- Rent-a-captives: A Time to Lease; A Time to Buy
- Group Health Care Captives
- Multiyear, Multiline: The Complete Risk Financing Solution?
- Fronting and Workers Compensation
- The Future Is Not What it Was
- Wheeling, Dealing and Stealing
- Captive Case Studies
- Plus, the World Captive Forum Golf Tournament

November 16 – 19, 1997
Turnberry Isle Resort & Club
Aventura, Fla.
(Close to Miami & Fort Lauderdale Airports)

Keynote Speakers:
Heidi Hutter, Swiss Re America
Patrick G. Ryan, Aon Corp.

Sponsored by:
Business Insurance
Skandia
SINSER
Tillinghast - Towers Perrin

For a brochure, contact Judith Harrington, WCF Conference Director, 612-928-4659 or fax: 612-929-1318

California

Continued from page 1

CWCI is a research organization supported by insurers and self-insured employers, though insurers dominate the group.

The insurers want to repeal the permanent disability rating schedule that took effect April 1 under the watch of Casey Young, administrative director for California's Department of Industrial Relations, Division of Workers Compensation. The 1993 law mandated updating occupational descriptions in the rating schedule, which had not been done in more than 50 years and did not describe many of the jobs held by today's workforce.

Insurers say Mr. Young overstepped his authority by going beyond mere modifications to making changes that substantially shift benefit calculations. The insurers cite a study by the state Workers' Compensation Insurance Rating Bureau that concludes the changes will increase the cost of permanent disability awards by 7%.

Furthermore, the insurers say the law requires that changes to the PDR schedule face review, and a possible veto, by the Commission on Health, Safety and Workers' Compensation before being implemented (*BI*, May 5).

Mr. Young, who was traveling last week and could not be reached for comment, previously said commission review was not necessary because the division did not significantly alter the state's standard disability ratings.

Christine Baker, executive director for the Commission on Health, Safety and Workers Compensation, said the commission should have reviewed the schedule before it was implemented, and future changes could warrant review. The commission of eight members, appointed by the governor and state legislators, was created under the 1993 law to examine California's workers comp system and efforts to prevent occupational injuries.

Insurer representatives say they are baffled that key employer groups, which often lead the charge to reduce California's workers comp costs, are not supporting the suit.

Barry Carmody, president of the Assn. of California Insurance Cos., said the association has asked employers to join a possible suit. He said he has the backing of some employers, including those that self-insure, but declined to name them.

Employers will be affected by cost-shifting inherent in the new schedule, with disability awards rising more than 30% in certain industries, such as paper manufacturing and plastic manufacturing, according to a memorandum from the ACIC to employer groups.

"We think it has imposed undue cost on the employer community, particularly the insured-employer community," Mr. Carmody said of the PDR schedule. "We are concerned about that. Our job is to fight to keep our policyholders' costs as low as practical."

"The people who ultimately pay for this hire employees in the state of California," said Mike McClain, general counsel for the California Workers Compensation Institute.

"I think it is more their issue than our issue. At the same time, the procedural abnormality here, the failure to provide this to the commission, is basis enough all by itself to try to correct this—whether you have to correct it through litigation or by repealing the statute" he said.

While the CWCI has presented its case to employers, the organization has not asked employers to join a suit, Mr. McClain said. Other insurer groups, such as the American Insurance Assn., oppose a lawsuit and even applaud the Department of Industrial Relations for willing to cooperate.

"We feel we can deal with this in the regulatory arena, and that is always preferable to litigating," said Mark Webb, a workers compensation expert and the AIA's assistant vp for the western region in Sacramento.

As have leaders of other employer groups, Joseph Markey, president of the California Self-Insurers Assn. in Sacramento, has declined to take a position against Mr. Young.

The Division of Workers' Compensation has been open and willing to resolve the issue through compromise, Mr. Markey said. "I won't be drawn into it," he said of a suit. "I'm going to try to get the problems, if any, solved."

But with conflicting studies on the issue, and allegations that each study has its methodology faults, employers remain uncertain of how the new schedule will affect them.

The Division of Workers Compensation applied guidelines from the new schedule to 2,000 old claims, then estimated it would result in a 2% increase in benefits. Critics contend that the Division's researchers biased their findings by first looking at the ratings those claims were assigned under the old system and then comparing the old rating to the new one. In that way they may have adjusted the results from the new system downward so that they were closer to the results under the old system.

In addition, the division did not look at litigated claims, the critics charge.

The state Workers' Compensation Rating Bureau also conducted a study for rate-setting purposes and has submitted its findings to Insurance Commissioner Chuck Quackenbush, who is expected to announce new advisory rates soon.

The bureau looked at 1,000 new cases, because the 2,000 cases used by the Division of Workers' Compensation were not available. The bureau rated its 1,000 cases blindly, meaning it did not compare them to the old schedule and only evaluated them according to the new schedule. In that manner, the bureau found the cost of permanent disability benefits would increase by 7%.

Insurers then used that 7% to conclude that insured employers' costs will rise $100 million, while self-insured employers' costs will rise about $25 million. The bureau did not attach a dollar amount, but a spokesman said, "the $100 million sounds in the ball park."

In a Sept. 17 letter to the insurance commissioner, Mr. Young expressed reservations about the bureau's methodology.

Additionally, after a 1995 public hearing on permanent disability in workers compensation, the Commission on Health, Safety and Workers' Compensation contracted with the Rand Corp. to conduct a major study of the issue. A preliminary report on the Rand Corp.'s findings will be presented Nov. 21 in San Francisco during a commission summit.

Against that backdrop, employer organizations want to wait for California Department of Industrial Relations public hearings on the PDR schedule to be held Dec. 8 in San Francisco and Dec. 9 in Los Angeles. They note that the Department of Industrial Relations has stated it is willing to make modifications to the rating schedule, which could reduce its financial impact, if indeed it will be as significant as suggested by the Rating Bureau.

That could suit employers.

"Disney is participating along with the other employer members of Californians for Compensation Reform in taking a wait-and-see approach," said Tim East, manager of risk management business process at The Walt Disney Co. in Burbank. "It's not a passive wait-and-see approach, but a participatory approach by giving commentary through CCR."

However, waiting could complicate matters for claims adjusters who remain unsure which standard to use, the CWCI's Mr. McClain said. And waiting means injured employees could be given one set of benefits, just to have them reduced if the schedule is successfully challenged.

But needlessly changing the rating schedule now could also pose problems for his members, said Mr. Markey of the California Self Insurers Assn. Self-insurers have already started using the schedule to set their reserves and calculate the deposits paid to the state.

Additionally, large employers realize they will have to face some cost increases, said Ms. Kamerer of the Californians for Compensation Reform.

If the Department of Industrial Relations can justify increases by showing they are a necessary outcome of updating the schedule, then "it may make that bitter pill a lot easier to swallow," she said. BI

Ruling

Continued from page 1

In addition, policyholders' claims would have fallen behind some potentially mammoth federal liability claims, such as environmental liability claims. That could have substantially reduced the amount of assets available to pay policyholder claims.

Perhaps even more important, many liquidators would become reluctant to close out any liquidation if they thought there would be any chance that the government might file a long-tail liability claim years after the claims-filing deadline had passed or even after a liquidation had been completed. Under the federal priority law, liquidators can be held personally liable for the government's claims if no proceeds remain from a liquidation to pay those claims.

The Illinois case, after any appeals have been fully litigated, may have nationwide implications, because all states have similar liquidation laws based on a National Assn. of Insurance Commissioners model law.

"If Illinois' statute is invalid, then every state's statute would be invalid," according to Carlisle Herbert, a partner with the law firm Hopkins & Sutter in Chicago

The Illinois case may have nationwide implications because all states have similar liquidation laws.

who is representing the Illinois liquidator.

Dale Stephenson, president of the Indianapolis-based National Conference of Guaranty Funds, said, "It would be real bad precedent."

"It was an example of as high-handed arrogance as the government could pull, arguing, 'We don't have to live by anybody else's rule,'" Mr. Stephenson added.

The Illinois decision is not binding on federal courts outside the state.

But, other liquidators who later face a similar challenge from the government likely will cite the decision, because of the lack of federal court rulings on this issue, predicted liquidation attorney Dean Hansell, a partner with LeBoeuf, Lamb, Green & MacRae in Los Angelesfc.

The government has not decided whether it will appeal the Sept. 25 ruling, said Randy Harwell, a U.S. Justice Department trial attorney who represented the government. The government has until late November to file an appeal. Mr. Harwell would not comment further on the case.

At the heart of the case is how much authority states have over federal claims in insurer liquidations.

In *U.S. Treasury vs. Fabe*, the U.S. Supreme Court in 1993 narrowly ruled that because states' insurer liquidation laws are part of "the business of insurance," the McCarran-Ferguson Act partially exempts them from a 1797 federal law that gives federal claims "superpriority" in bankruptcies.

Since then, though, the federal government has tried—and in at least one case has succeeded—in narrowing the scope of the high court's ruling.

Continued on next page

HMO Premium Increases for 1998:
How much should your firm expect?

Our Third Annual HMO Premium survey is now available. The most complete poll of HMO financial officers reports HMO 1998 expectations of:

- Premium Rate Increases
- Medical Loss Ratios
- Indicated Increases in Medical Costs

Costing only $200, data is organized by nine geographic regions and includes three past years. To order, contact:

SHERLOCK COMPANY
P.O. Box 413 • Gwynedd, PA • 19346
Ph. 215-628-2289 Fax 215-542-0690
http://www.sherlockco.com/

Mastercard and Visa Accepted

Continued from previous page

Ironically, U.S. District Court Judge Ruben Castillo considered withholding judgment in the Illinois case because of the minuscule value of the federal government's liability claims in the dispute. But, he concluded that the conflict between state and federal interests should be resolved.

The case involves $580 of noncontingent liability claims the government has filed against the estate of Reserve Insurance Co. The property/casualty insurer, which went into court-ordered liquidation in 1979, has about $66.4 million of assets and $111.4 million of liabilities, according to court records.

The government argued that Illinois' insurer liquidation statute violates the *Fabe* decision because the statute gives guaranty funds' claims and the government's liability claims equal priority for payment purposes.

Mr. Herbert, the attorney for Reserve's liquidator, said the federal government argued that guaranty funds' claims reduce the assets available to pay policyholders' claims.

The government also argued that if the guaranty funds' priority standing under Illinois' liquidation law is invalid, the entire statute should be struck down. Under that scenario, the federal priority statute would control insurer bankruptcies in Illinois, and federal liability claims would be paid before all other claims.

In a summary judgment, Judge Castillo rejected those arguments.

"Policyholders who receive payments or other benefits from a guaranty association are deemed to have assigned their rights under the covered policies to the association to the extent of the benefits provided. Thereafter, the guaranty association is entitled to the same priority as the policyholder would have had. . . ." Judge Castillo wrote.

Judge Castillo also ruled that the government must comply with the claims-filing deadlines the Reserve liquidation court sets for contingent claims.

Judge Castillo refused to use a 1993 government victory in a tax claim dispute with an insolvent insurer's estate as an opportunity to give the government unlimited time to file claims against Reserve.

In that ruling, which came down after the *Fabe* decision, the 1st U.S. Circuit Court of Appeals ruled the government did not have to comply with the deadline under Puerto Rico's insurer liquidation statute for filing tax claims against an insolvent insurer. As a result, the federal priority statute pre-empted the territory's liquidation law.

Mr. Gallanis hailed Judge Castillo's ruling on the deadline compliance issue.

It was just as important as his ruling on the priority of guaranty funds' claims, said Mr. Gallanis, who sits in for Illinois Insurance Commissioner Mark Boozell as chairman of the NAIC's Insolvency Subcommittee and Model Act Working Group.

"If these liquidation proceedings are going to be handled on any kind of rational basis, there has to be a beginning, a middle and an end," he said.

The ruling is a significant victory for state insurance guaranty funds, said Mr. Hansell, a liquidation attorney not involved in the case.

If the government had prevailed, he said, guaranty funds would have faced the prospect of recovering very little from the estates of insolvent insurers. That would have forced the funds to eventually raise either their assessments against insurers or the premium surcharges that are imposed on policyholders in a handful of states.

In the 13 states where insurers can offset their tax liabilities by their guaranty fund assessments, "to the extent funds have to assess more, it has a direct impact on the state treasury," observed Jose Montemayor, associate commissioner in the financial division of the Texas Insurance Department. Insurers in Texas can take such offsets.

Texas regulatory representatives said Judge Castillo's ruling is timely as well as significant. The state's new insurer liquidation law, which became effective Sept. 1, treats policyholder, guaranty fund and federal government liability claims equally.

The previous law did not explicitly state how government liability claims would be treated, but those claims probably were given the same priority they were given under the new law, said James Kennedy, a staff attorney with the department.

'The guaranty association is entitled to the same priority as the policyholder would have had,' says Judge Ruben Castillo.

J. Robert Hunter, director of insurance for the Consumer Federation of America in Washington, described the decision as a modest loss for policyholders.

Mr. Hunter agreed with the government that guaranty funds' claims reduce the amount of insolvent insurers' assets that could be used to pay policyholders' claims.

However, he would not want the state's entire liquidation law struck down.

Mr. Stephenson of the NCIGF disputed Mr. Hunter's assertion. Mr. Stephenson said that in the Employers Casualty Co. liquidation in Texas, for example, less than 1% of the amount that guaranty funds recovered could have been used to pay policyholder claims that had not been paid already and that were recoverable under state law.

Mr. Montemayor of the Texas department agreed that the benefits of giving guaranty funds' claims as high a priority as policyholders' claims outweigh the adverse effects.

The greatest benefit of such equal claims treatment is that there are lower insurer assessments by guaranty funds and therefore smaller drains on states' tax revenues, he said.

Mr. Hunter tempered the enthusiasm over the liquidator's victory in the Reserve case.

The protection from federal preemption that state liquidation laws enjoy now could be fleeting, he said.

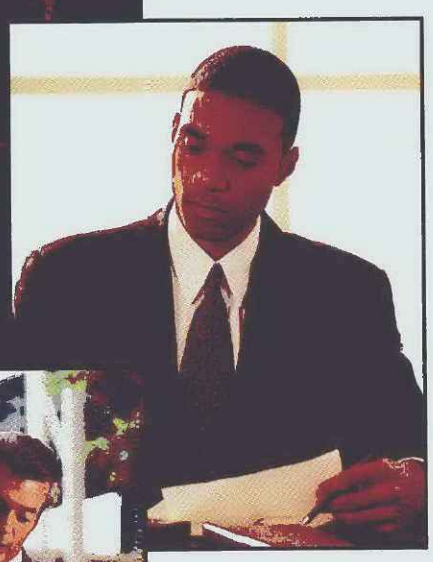
Congress could decide to amend the federal priority statute to override McCarran-Ferguson and provide federal liability claims priority over all other claims in insurer liquidations, Mr. Hunter said.

•

Mark Boozell, Illinois Director of Insurance, as liquidator of Reserve Insurance Co. vs. United States of America, U.S. District Court for the Northern District of Illinois; No. 96 C 6270.

You have goals.
We have the solution.

CEBS®



Whether you're looking for career advancement, educational achievement or peer recognition, the **Certified Employee Benefit Specialist (CEBS)** program can help you meet your goals!

For over 20 years, CEBS has been the leading and most respected designation in employee benefits. Under the academic direction of the Wharton School of the University of Pennsylvania, the ten courses in the CEBS curriculum are always relevant and up to date.

You can prepare for the exams independently or attend classes offered at locations across the country. With year-round computer-based testing and instant grade results, you can take the exams at your convenience.

In addition, CEBS courses have been approved in many states as continuing education credit for insurance agents, accountants, attorneys, financial planners and enrolled actuaries.

Don't wait for success to come to you! Join the thousands of professionals who have discovered the CEBS solution.

TAKE CHARGE OF YOUR CAREER AND ENROLL IN CEBS!

Call 1-800-449-CEBS!

Certified Employee Benefit Specialist® Program
International Foundation of Employee Benefit Plans
18700 W. Bluemound Road • P.O. Box 1270 • Brookfield, WI 53008-1270
(800) 449-CEBS (2327) • Fax: (414) 786-8650
E-mail: cebs@ifebp.org • Internet address: http://www.ifebp.org

PBGC

Continued from page 2

stated participant counts or funding levels due to calculation errors. The PBGC now collects from employers more than $1 billion a year in premiums, which are based on the number of participants in corporate pension plans and their funding levels. Employer mistakes in premium calculations, if widespread, could cost the agency a significant amount of revenue.

A pilot program conducted in the Eastern United States between September 1995 through the following September generated about $4 million in additional income for the PBGC. The program since has been expanded nationwide.

But benefit experts, who welcome the change, said the administrative burden on employers of dredging up six years of premium-related information has been difficult and expensive.

"It is a great move. It will have a huge positive impact. The further you have to go back to comply with audits, the harder it is to produce credible data," concurred Colin England, a principal at William M. Mercer Inc. in Washington.

The six-year requirement "posed a severe hardship on plan sponsors who are not accustomed to maintaining that kind of data" in a readily accessible way, said Pam Scott, a principal with The Kwasha Lipton Group in Fort Lee, N.J.

The problem of obtaining the information is compounded by the fact that so many employers have changed computer systems in the last few years and that the new systems may have difficulty reading information on tapes that was generated by the prior system, said Dick Joss, an actuary and consultant with Watson Wyatt Worldwide in Bethesda, Md.

Mr. Joss said he is aware of one situation where an employer spent about $120,000 trying to obtain the information requested by the PBGC during a premium audit.

Cutting down to three from six the number of years premium data will be required may only be a first step of the agency's goal of ensuring that it receives premiums that are due, while minimizing time and expense for employers, Mr. Strauss said.

"I have asked my team to look closely at what we are hearing from plan sponsors selected for review, to talk with our auditors around the country and to be open to sponsors' ideas on how to look for smarter ways to demonstrate the reliability of premium payments without undue burden," he said.

Currently, a PBGC team has been exploring with benefit trade groups and accounting and actuarial firms the feasibility of a voluntary premium "self-review program.

Employers enrolling in the self-review program would be assured that if they later were selected for audit by the PBGC, the audit would be limited to determining whether the correct procedures were followed.

"Only in cases where we had reason to question that would we look behind the self-review and require something more," Mr. Strauss said.

Moving to ease the burden of plan audits on employers is Mr. Strauss' second major decision since he joined the PBGC in July after nearly four years as deputy chief of staff for Vice President Gore. In September, Mr. Strauss abolished the PBGC's Top 50 list, an annual compilation of the 50 worst-funded corporate pension plans, a decision that also was applauded by employers (*BI*, Sept. 8).

But Mr. Strauss reiterated that it is too soon for the agency to consider reducing the premium that the agency charges employers with defined benefit plans.

The basic rate is $19 per plan participant for fully funded plans. Aside from the base premium, sponsors of underfunded plans pay a variable rate premium, which is $9 per plan participant per $1,000 of plan underfunding.

Last year, the PBGC posted an $869 million surplus, a dramatic turnaround from 1993, when its deficit neared $3 billion.

While the PBGC's financial situation has improved significantly, a couple of big losses could quickly turn the surplus into a deficit, Mr. Strauss warned.

"One or two large cases the size of Eastern Airlines or Pan American Airways could put us back in the red," he said. The 1991 terminations of those two failed airlines' massively underfunded pension plans were by far the PBGC's biggest losses, with total claims of $1.3 billion. BI

Mental

Continued from page 1

A William M. Mercer Inc. survey conducted for the National Alliance for the Mentally Ill, an advocacy group, found that about 75% of surveyed employers either have changed or intend to change their benefit plans to comply with the law.

Other employers "are maintaining their existing programs until regulations clarify what they can and cannot do," said Edward Susank, a Mercer principal in Washington.

"A lot of employers have not yet decided what to do," said Jack Doerr, national group benefits practice leader with Sedgwick Noble Lowndes in Chicago.

And there are no signs of an imminent release of regulations that will interpret a key provision in the law that could exempt employers from having to make any changes to their benefit plans.

That provision says employers can keep lower annual and lifetime limits for mental illness than for physical disorders if they prove that amending their plans would increase their costs by at least 1%.

The federal agencies—the Labor and Treasury departments and the Department of Health and Human Services—in charge of issuing regulations, are hung up on whether the 1% escape hatch should be interpreted retrospectively or prospectively.

Under a retrospective interpretation, an employer would have to amend its health care plans to get rid of discriminatory annual and lifetime dollar limits for mental health care. If such an upgrade, presumably after a year of experience, caused health plan costs to increase by at least 1%, the employer could reinstate its former lower-dollar limits for mental health.

Under a prospective interpretation, an employer might, for example, simply be able to provide a certification from plan actuaries that upgrading the benefits—based on their analysis of plan experience—would increase costs by 1%.

The mental health care benefits community strongly opposes the latter interpretation.

"We don't think Congress intended that employers simply could estimate their costs as a result of changing their mental health care benefits program," said Marilyn Richmond, assistant executive director for government relations at the American Psychological Assn. in Washington.

There are no imminent signs that employers could be exempt from having to change their benefit plans.

"If this law is to have meaning, the intent is for companies to actually have a year of experience and then—if their costs exceeded 1%—make a formal request for an exemption," Ms. Richmond added.

Others, though, say the law is vague on the congressional intent of how the 1% exemption should be interpreted.

"This is legitimately an issue that is wide open for interpretation," said Frank McArdle, a consultant in the Washington office of Hewitt Associates L.L.C.

Some employers aren't waiting for regulatory guidance on how the 1% escape hatch should be interpreted.

Michael Pikelny, benefits consultant and corporate actuary at Hartmarx, says it was a lot easier to get rid of the lower mental health care dollar limits than try to prove whether the change would increase costs by at least 1%.

In fact, even with the removal of the $2,000 annual cap of outpatient expenses and the $50,000 lifetime limit on inpatient and outpatient mental health care expenses, Mr. Pikelny expects little impact on the company's mental health care benefit costs or utilization.

That is because current restraints on excessive utilization—the 50% copayments on outpatient visits and the two 30-day inpatient stays—will remain in place.

Similarly, Aldy Duffield, Oracle's benefit manager, says the company's consultants have assured her that dropping the lower dollar limits on its mental health care benefits plan will not have a significant impact on costs.

In fact, some benefit experts say the 1% cost exemption shouldn't even be an issue. Rather than waiting for regulatory guidance, employers—if they want to get rid of discriminatory dollar limits without increasing costs—can make other, legally permitted plan design changes.

For example, employers can impose higher copayments for visits to mental health care therapists than for office visits for treatment of a physical problem. Or, an employer can impose a limit on the number of days it will cover for stays in a mental hospital without a comparable limit for treatment in a hospital for a physical problem.

"I never understood what the law was supposed to accomplish, because there are limits—other than lower annual and lifetime dollar limits—you can impose," said Tom Billet, a vp in the Stamford, Conn., office of The MEDSTAT Group.

"The 1% cap really shouldn't be a burning issue" for companies because there are many ways to design a plan to comply with the law without increasing costs, Mr. Billet said. BI

Updates

'Safe harbor' brings dismissal

Continued from page 2

The decision provides the first judicial guidance concerning the "safe harbor" provision and allows other companies to follow what Cree has done in making public statements, said the company's lawyer, Bruce Vanyo, a partner with the Palo Alto, Calif., firm of Wilson Sonsini Goodrich & Rosati.

But the guidance is limited because of the decision's lack of in- depth analysis of the issue, said Wayne Borgeest, a partner with Kaufman, Borgeest & Ryan in New York who represents defendants in class-action securities suits.

The plaintiffs are considering an appeal, said their attorney, L. Bruce McDaniel of McDaniel & Anderson in Raleigh, N.C.

RIMS to voice merger concerns

NEW YORK—The Risk & Insurance Management Society Inc. is launching a campaign to voice policyholder concerns over the wave of consolidation in the insurance industry in the wake of the disclosure of a J&H Marsh & McLennan Inc. memo directing brokers to channel certain business through regional centers.

The RIMS executive council and other RIMS committees will seek to meet with insurers and brokerages to ensure that policyholder interests are recognized as the industry implements measures to increase efficiency.

"It is still unknown, and will be for some time, what impact the consolidations will have on industry efficiency and the quality of services and products provided," said RIMS President Stephen M. Wilder in a statement. Mr. Wilder is vp-risk management at The Walt Disney Co.

RIMS conducted a telephone poll of members on consolidation earlier this year, he said.

"Responses were mixed with generally a favorable view of the consolidations over the long term," Mr. Wilder said in the statement.

The move by RIMS follows the disclosure of a J&H Marsh & McLennan internal memo earlier this month that directed brokers to channel property/casualty insurance placed with Chubb through six Global Broking Centers rather than with local Chubb offices (*BI*, Oct. 13).

J&H Marsh & McLennan said the memo only referred to middle-market business. However, some risk managers raised concerns that the directive could be applied to other business and jeopardize local relationships with insurers.

The RIMS executive council discussed the memo at its Oct. 18 meeting and decided to take a proactive position on consolidation in the brokerage industry.

Ambac acquires Connie Lee

WASHINGTON—Financial guarantee insurer Connie Lee Insurance Co. will be acquired by a subsidiary of another financial guarantee insurer, New York-based Ambac Assurance Corp., the companies said last week.

Specific terms of the transaction, which also includes Connie Lee's holding company, Construction Loan Insurance Corp., will be disclosed after the signing of a definitive acquisition agreement that is scheduled for later this week, said an Ambac spokesman. The agreement is subject to regulatory and shareholder approvals as well as that of both companies' boards of directors.

Connie Lee, which guarantees bonds primarily issued for college and hospital infrastructure projects, said earlier this month it was in exclusive negotiations for a possible sale to a "highly rated insurance company" (*BI*, Oct. 13). The triple-A rated Ambac, which reported gross premium volume of $247.2 million in 1996, is one of the leading financial guarantee insurers.

Caspa L. Harris Jr., chairman of Connie Lee's Board of Directors, said, "We had been approached before, but Ambac made the better offer." Mr. Harris said the insurer at this point had three options: "We either had to sell the firm or get a new president and move forward . . . .or close the place up." President and Chief Executive Officer Oliver R. Sockwell retired earlier this year.

There has been speculation that if acquired by another financial guarantee insurer, Connie Lee would be put into runoff. The Ambac spokesman refused to reveal the company's plans beyond saying the transaction would be structured so that Connie Lee would retain its AAA rating from Standard & Poor's Corp.

Briefly noted

Rep. Sherwood Boehlert, R-N.Y., last week unveiled a **Superfund reform bill** that provides little relief from retroactive liability. . . .The U.S. Supreme Court agreed last week to hear arguments in *Atlantic Mutual Insurance Co. vs. Commissioner* to determine what types of **property/casualty loss reserve increases** should be discounted for tax purposes. . . .**Patricia C. Vaughan**, former general counsel for the Risk & Insurance Management Society Inc. in New York, resigned last week to become general counsel for a pharmaceutical research and development company. . . .Gilda A. DeSmith, 44, a former consultant to Los Angeles County's Metropolitan Transportation Authority, pleaded guilty Oct. 20 to giving a **$5,000 bribe** to former MTA construction risk manager Abdoul Sesay in return for consulting work, according to the U.S. Department of Justice in Los Angeles. Mr. Sesay is serving a 10-month sentence in federal prison after admitting to receiving bribes in return for MTA contracts. . .. The California Public Employee Retirement System is joining the derivative action **lawsuit against Columbia/HCA Healthcare Corp.** by New York State Comptroller Carl McCall. CalPERS' investment in Columbia/HCA of more than 3.7 million shares of common stock has declined by $50 million since initial reports of the company's alleged wrongdoing. The suit seeks to recover lost profits, penalties, illegal gains, fines, legal fees, lost revenues and other damages.

For the record

Court to decide issue on cleanup orders

SAN FRANCISCO—The California Supreme Court will decide whether government cleanup orders are sufficient to trigger a duty to defend a policyholder in a pollution case.

The state Supreme Court's decision last week to rule on the issue comes after two panels of the same appellate court in California issued opposing rulings.

In *Foster-Gardner Inc. vs. National Union Fire Insurance Co. of Pittsburgh, Pa.*, a three-judge panel of the 2nd Appellate District of the California Court of Appeals favored policyholders by ruling that a cleanup order from an environmental regulatory body is equivalent to a lawsuit and that insurers must defend policyholders against such orders (*BI*, July 28).

But, in *Fireman's Fund Insurance Co. vs the Superior Court of Los Angeles County*, another panel of the same court ruled that Fireman's Fund need not pay the defense costs of Vickers Inc., which had received a potentially responsible party letter from the U.S. Environmental Protection Agency.

Central to both cases was the definition of the word "suit" and whether it has a narrow meaning confined to legal actions or whether it has a broader meaning and can include government directives.

The Supreme Court has agreed to consider the *Foster-Gardner* case.

Lawyers in the *Fireman's Fund* case have about 10 days left to petition the Supreme Court for a hearing.

Panel formed to help with dispute resolution

NEW YORK—A new national panel established by the American Arbitration Assn. aims to help companies resolve complex, protracted mass claims and mass torts.

Due to the growing popularity of alternative dispute resolution mechanisms and the growth of mass torts over the past few decades, the association created a panel comprising 13 attorneys, retired judges and former U.S. government officials skilled in the resolution of mass claims and complex, multiparty disputes.

The panel members are available to provide such services as: facilitation of settlement discussions between parties and insurers; design of administrative mechanisms to process and evaluate claims without litigation; serve as special masters for the management and/or assessment of mass claims litigation; coordination of pretrial discovery and prioritization of critical issues; and serve as special masters to secure a final and comprehensive settlement.

The national panel coincides with the association's Mass Tort Recommendations released last March.

The recommendations give 12 considerations in developing ADR procedures for the resolution of mass claims.

For more information, call the American Arbitration Assn. at 800-778-7879 or visit the association's site on the World Wide Web at www.adr.org.

Partner health benefits violate law: State lawyer

RICHMOND, Va.—Arlington County, Va., will not withdraw its new domestic partner health benefit, despite a state attorney general's opinion that the benefit violates state law.

Virginia Attorney General Richard Cullen last Monday wrote in an official opinion on the benefit that no state statute either "expressly or by necessary implication" allows the county to offer the benefit.

The county's definition of an eligible partner also does not satisfy state and federal income tax law definitions of eligible adult dependents, who are eligible for health coverage under state law, Mr. Cullen wrote.

Tax laws specify that an adult dependent must receive more than half of his or her support from the taxpayer.

The county specifies that an eligible partner must be financially independent.

House Delegate Robert G. Marshall, R-13th District, requested the opinion.

The county's supervisors do not agree with Mr. Cullen's opinion, said a county spokeswoman, who would not elaborate.

The spokeswoman said the county does not have to withdraw the benefit unless the county is sued and a court agrees with Mr. Cullen's opinion.

The partners coverage is available through the county's self-insured plan, which covers about 60% of county employees (*BI*, May 12).

During open enrollment earlier this year, the plan's enrollment grew by 24 employees, which has been typical in recent years, the county spokeswoman said.

Even if all of those additional enrollees obtained partners coverage, the county's additional cost is $110,000, the minimum the county originally estimated, the spokeswoman said.

But, all of the new enrollees are not obtaining that coverage, so the "cost is far less than the minimum we had anticipated, at least for the first year."

Bank settles age bias suit for 239 former workers

CHARLOTTE, N.C.—First Union Corp. has agreed to pay 239 former employees $58.5 million to settle a class-action age discrimination lawsuit.

The settlement, said to be the largest yet involving age discrimination allegations, was approved last week by a federal judge in Washington.

In a statement, the Charlotte, N.C.-based bank said the settlement agreement is not an admission of guilt but a reflection of the company's desire to end costly litigation.

The class action stems from layoffs that occurred after First Union's 1992 and 1993 acquisitions of First American Bankshares Inc. and Meritor Savings FA.

The plaintiffs alleged that the displacements disproportionately fell on older and minority employees and were discriminatory.

First Union said it is properly reserved for the settlement and that the settlement will not affect earnings. BI

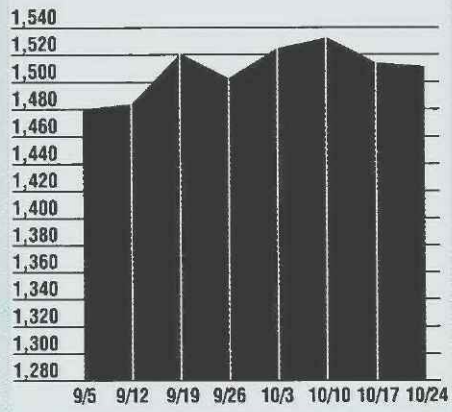
Deadline nearing for questionnaires

Business Insurance will publish its fifth annual Directory of Interactive Employee Benefit Communications Systems in the Nov. 24 issue, which also will feature a report on the winners of *BI*'s 25th annual Employee Benefit Communication Awards.

The directory is published as an editorial service; there is no charge to be included. To be included, companies must submit a completed questionnaire by the extended deadline of Oct. 31.

If your company provides interactive employee benefit communication systems directly to employers and has not received a questionnaire, please request one by calling Assistant Directory Editor Matt Scroggins at 312-649-5483.

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc.

PCS catastrophe options

Call spread	Price bid/ask	Call spread	Price bid/ask
National Annual 1997		**National Annual 1998**	
60/80	—/2.0	40/60	9.5/12.0
80/100	—/1.5	80/100	6.0/7.0
National December 1997		**Eastern September 1998**	
5/25	2.2/6.2	40/60	3.2/4.2
10/30	.4/3.0		
Eastern September 1997		**California Annual 1998**	
30/50	—/.2	40/60	1.7/2.3
40/60	—/.1		
Southeastern September 1997		**Western Annual 1998**	
30/50	—/.2	40/60	2.0/2.5
40/60	—/.1		

Total volume: 360 Total open interest: 16,053

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.
Source: Chicago Board of Trade

British Issues

Companies	Price pence	P/E	Div. pence	Yield %	52-week high—low
Comml Union	849	13.2	35.8	4.2	910—630
Genl Accident	1083	7.3	35.4	4.2	1158—686
Gdn Royal Exch	325	4.5	12.2	3.9	350—248
Legal & G	494	12.8	11.6	2.9	520—312
Royal & Sun	594	16.5	19.7	4.2	651—414
Brokers					
Lmbrt Fenchurch	137	9.2	8.4	7.7	138—101
Lloyd Thmpson	168	14.0	10.8	8.0	206—163
Sedgwick Grp	130	10.5	7.4	5.7	144—115
Willis Corroon	130	13.1	6.6	6.4	165—117

Note: Prices are Oct. 24 closings; other numbers from Oct. 23.

Source: Nordby International Inc.

BI Industry Stock Report OCT. 20, 1997, THROUGH OCT. 24, 1997

		Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)
BROKERS							
Aon Corp.	NYS	55.19	0.11	33.25	58.44	36.38	1118
E.W. Blanch Holdings Inc.	NYS	32.63	8.75	62.11	34.00	18.00	154
Gallagher Arthur J. & Co.	NYS	35.69	-3.06	15.12	38.25	29.13	174
Hilb, Rogal & Hamilton	NYS	18.31	3.17	38.21	19.63	12.13	182
Kaye Group Inc.	NDQ	7.00	-16.42	33.33	9.00	4.38	299
Marsh & McLennan	NYS	74.38	0.85	43.03	80.00	50.13	1507
Poe & Brown	NDQ	41.75	1.83	57.55	42.75	25.00	54
Sedgwick Group PLC	NYS	10.75	1.78	3.61	10.88	9.38	43
Willis Corroon Corp.	NYS	10.81	2.98	-5.98	13.50	9.38	179
BROKERS	AVERAGE		-0.02	30.87			
INSURERS/REINSURERS							
ACE Ltd.	NYS	96.75	1.71	60.91	101.06	51.50	154
Acceptance Insurance Cos.	NYS	26.75	-2.06	35.44	28.63	17.75	129
AEGON N.V.	NYS	78.00	-4.29	23.32	87.13	51.13	108
Aetna Life & Casualty	NYS	75.38	0.75	-5.78	118.13	60.13	4532
AFLAC Inc.	NYS	52.25	1.33	22.22	57.88	37.50	1587
Allied Group Inc.	NYS	47.06	3.15	44.25	53.63	27.13	54
Allstate Corp.	NYS	84.75	4.39	46.44	86.00	53.25	3832
AMBAC Indemnity Corp.	NYS	43.88	-0.28	32.20	47.56	30.38	288
American Bankers Ins.	NDQ	38.81	4.72	51.83	40.00	22.88	167
American Financial Group	NYS	38.63	-7.62	2.32	49.25	32.38	528
American General	NYS	53.75	-0.12	31.50	56.06	35.75	2317
American Heritage Life Ins.	NYS	36.44	-3.95	38.81	40.50	20.25	20
American Indemnity/Fin'l	NDQ	12.00	-15.79	17.07	15.50	9.50	25
American International	NYS	104.38	-3.13	44.63	112.56	69.13	6144
Argonaut Group	NDQ	34.50	-1.43	12.20	38.13	26.75	85
AXA-UAP Group	NYS	33.50	-0.92	6.35	35.25	28.25	105
Baldwin & Lyons Inc.	NDQ	21.00	0.00	14.29	22.63	17.38	0
Berkley W.R. Corp.	NDQ	42.06	2.12	24.32	46.38	28.88	581
Berkshire Hathaway Inc.	NYS	44800.00	0.22	31.38	48600.00	30000.00	0
Capital RE Corporation	NYS	59.56	0.85	27.75	62.63	38.25	62
Capitol Transamerica Corp.	NAS	27.00	0.93	31.71	28.13	17.25	10
CapMac Holdings Ltd.	NYS	32.31	3.19	-2.45	36.88	22.50	250
Capsure Holdings Corp.	NYS	15.00	0.00	30.43	15.38	8.38	0
Centris Group Inc.	NYS	22.81	0.00	16.24	23.56	17.13	43
Chartwell Re	NYS	34.94	0.18	30.61	36.25	24.50	55
Chubb Corp.	NYS	68.19	-1.53	26.86	76.31	45.50	1372
CIGNA Corp.	NYS	169.38	0.74	23.97	200.75	123.50	1674
CNA Financial Corp.	NYS	126.06	-1.03	17.82	132.25	95.88	254
CNA Surety	NYS	15.75	5.00	5.00	16.50	12.88	83
EMC Insurance Group Inc.	NDQ	13.63	-0.91	13.54	15.00	10.75	13
Enhance Financial Services	NYS	52.38	0.72	43.49	56.25	32.75	266
Everest Reinsurance	NYS	37.31	-6.72	29.78	43.00	24.63	515
Executive Risk Inc.	NYS	70.25	-1.06	89.86	72.75	33.88	89
EXEL Ltd.	NYS	60.88	-1.81	60.73	64.19	36.50	301
Fremont General Corp.	NYS	46.25	-3.90	49.19	49.50	26.38	309
Frontier Insurance Group	NYS	33.56	-1.29	75.49	39.25	18.13	1741
Gainsco Inc.	NYS	9.88	4.64	2.60	10.75	8.13	156
General RE Corp.	NYS	199.75	-0.41	26.62	208.88	142.75	619
Gryphon Holdings	NDQ	16.38	-5.07	15.93	17.75	12.50	45
Guaranty National Corp.	NYS	34.00	-0.91	102.99	35.25	15.38	45
Harleysville Group	NDQ	23.25	2.48	52.46	27.00	13.25	130
Hartford Steam Boiler	NYS	52.69	-0.82	13.61	56.69	42.75	119
HCC Insurance Holdings	NYS	25.50	-6.42	6.25	32.69	21.50	267
ING Groep N.V.	NYS	42.38	-2.14	20.21	53.00	42.38	1153
IPC Holdings Ltd.	NDQ	30.75	2.50	37.43	31.75	20.25	236
Hartford Financial Services	NYS	85.06	2.95	26.02	90.31	60.88	1245
LaSalle Re Ltd.	NDQ	35.00	0.54	19.66	36.13	24.50	178
Life Re Corp.	NYS	54.50	-0.34	41.10	56.13	33.75	85
Lincoln National	NYS	69.25	0.36	31.90	73.63	47.00	780
MAIC Holdings Inc.	NYS	27.00	-0.69	59.41	30.50	15.13	19
Markel Corp.	NYS	149.00	-1.97	65.56	161.13	83.00	7
MBIA Insurance Group	NYS	126.31	1.40	24.75	134.50	88.38	343
Meadowbrook Insur. Group	NYS	24.56	1.55	16.96	26.88	15.25	31
Mid Ocean Ltd.	NYS	64.00	2.40	21.90	65.25	44.13	128
MMI Cos. Inc.	NYS	25.63	0.74	-20.54	32.75	20.75	44
Mutual Risk Mgmt. Ltd.	NYS	28.31	-2.16	53.04	29.75	15.00	295
NAC Re Corp.	NYS	47.00	-2.21	38.75	52.88	32.63	453
Navigators Group	NDQ	19.50	-1.27	6.85	22.50	15.75	9
Nobel Insurance Ltd.	NDQ	14.00	-5.08	11.44	15.38	11.38	34
NYMagic Inc.	NYS	26.31	-7.68	46.18	29.81	17.13	25
Ohio Casualty Corp.	NDQ	44.75	-3.50	26.06	51.00	31.75	905
Old Republic Int'l	NYS	35.75	-5.92	33.64	40.19	24.50	954
Orion Capital Corp.	NYS	46.63	-1.97	52.56	51.00	25.13	191
Partner Re Ltd.	NYS	42.50	2.72	25.00	44.94	28.00	391
Penn-America Group Inc.	NDQ	20.75	0.00	93.02	21.75	10.38	147
Philadelphia Cons. Holding	NDQ	38.50	-8.88	65.59	46.50	21.75	128
PXRE Corp.	NYS	32.31	-0.96	30.56	33.63	23.25	32
Reliance Group Holdings	NYS	13.81	-0.90	51.37	15.13	8.13	838
Reliastar Financial Corp.	NYS	38.31	1.32	32.68	40.75	25.25	850
RenaissanceRe Holdings Ltd.	NYS	46.63	-4.36	41.29	50.00	28.50	203
Risk Capital Holdings	NDQ	23.38	0.00	20.65	23.38	15.88	14
RLI Corp.	NYS	43.63	-1.69	30.71	46.25	26.88	92
St. Paul Companies	NYS	82.88	-0.75	41.36	85.50	53.50	668
SCOR	NYS	43.88	-1.96	27.64	44.88	34.00	17
SAFECO Corp.	NDQ	48.25	-2.28	22.35	55.38	36.50	5655
Seibels Bruce Group	NDQ	7.69	-3.15	-6.82	10.00	5.88	215
Selective Ins. Group	NDQ	52.75	0.12	38.82	55.38	33.25	75
Sphere Drake Holdings	NYS	8.69	-0.71	-2.11	10.50	8.50	93
TIG Holdings	NYS	35.63	-1.04	5.17	38.00	26.38	826
Titan Holdings, Inc.	NYS	21.00	-1.47	27.27	25.00	13.50	285
Tokio Marine & Fire	NDQ	55.75	-4.29	19.57	66.00	42.00	101
Torchmark Corp.	NYS	40.69	5.17	61.14	41.63	23.75	1312
Transatlantic Holdings	NYS	71.81	-2.96	33.81	76.56	47.13	88
Travelers Property	NYS	36.81	-3.28	4.06	43.56	28.38	1330
Travelers Corp.	NYS	72.94	0.09	60.74	76.44	38.88	11917
Trenwick Group Inc.	NDQ	37.63	1.69	22.03	39.63	30.75	19
Unico American Corp.	NDQ	12.38	1.02	13.79	12.63	8.13	34
Unionamerica Holdings	NYS	20.75	0.91	16.90	22.75	14.75	25
United Fire & Casualty	NDQ	43.00	4.24	21.99	43.50	29.75	5
Unitrin	NDQ	65.06	1.86	16.70	67.38	48.50	248
UNUM Corp.	NYS	49.88	5.84	38.06	51.06	30.50	1420
USF&G Corp.	NYS	20.25	0.31	-2.99	25.50	18.13	2834
Vesta Insurance Co.	NYS	57.13	-6.26	82.07	63.13	24.50	248
Washington National	NYS	32.69	-0.19	18.86	33.13	27.13	115
Zenith National Ins.	NYS	28.13	1.12	2.74	28.75	24.63	35
INSURERS/REINSURERS	AVERAGE		-0.82	29.65			
HEALTH MAINTENANCE ORGANIZATIONS							
Humana Inc.	NYS	22.75	-3.96	19.74	25.31	17.38	2030
Oxford Health Plans	NDQ	68.75	-2.40	17.40	89.00	41.25	4560
Pacificare Health Sys.	NDQ	67.75	0.09	-16.62	86.25	55.50	165
Safeguard Health Enter.	NDQ	14.25	-1.72	-18.57	20.75	9.63	156
Sierra Health Services	NYS	38.88	-1.58	57.87	41.63	22.38	153
United Healthcare Corp.	NYS	51.63	-0.48	14.72	60.13	35.13	3239
Wellpoint Health Networks	NYS	55.88	-1.22	62.55	61.13	28.25	384
HMOs	AVERAGE		-1.61	19.58			
ALL COMPANIES	AVERAGE		-0.81	26.70			

Top advancing issues: E.W. Blanch Holdings Inc., UNUM Corp., Torchmark Corp. Leading decliners: Kaye Group Inc., American Indemnity/Fin'l, Philadelphia Cons. Holding. Most active issue: Travelers Corp. The *BI* Index dropped 0.2%; the Dow Jones 30 Industrials lost 1.7%; the S&P 500 decreased 0.3% and the NYSE Composite dropped 0.2%. Average P/E: Brokers, 26.7; Insurers/reinsurers, 38.9; HMOs, 27.0.

System design: Nordby International Inc.

FASB

Continued from page 1

insurers expenses would be higher, said George Phillips-vp and actuary for the National Council on Compensation Insurance in Hoboken, N.J.

Theoretically, the rule also could result in lower capacity for lines of insurance subject to assessments.

That is because insurers will be reporting greater liabilities, which would limit policyholder surplus and the volume of business it writes.

"A lot of people are just waking up to the implications," said Bruce C. Wood, assistant general counsel of the American Insurance Assn. in Washington.

The new accounting rule, known as a "statement of position," was proposed by the American Institute of Certified Public Accountants of New York. The rule—formally known as "Accounting by Insurance and Other Enterprises for Insurance-related Assessments"—goes into effect for fiscal years beginning Dec. 15, 1998.

The Financial Accounting Standards Board in Norwalk, Conn., essentially accepted it in August, when the board did not object to the AICPA issuing it, said Dave Ficca, a FASB practice fellow.

Employers and insurers were concerned by FASB's failure to challenge the rule.

The National Council of Self-Insurers considers the new accounting rule "ridiculous," said Douglas Stevenson, a Chicago-based attorney who serves as executive director. "The accounting rule doesn't follow state laws which relieve employers and insurers from liability for pre-existing conditions," Mr. Stevenson said.

The NCSI also has "a serious question concerning how self-insurers could arrive at the figures required by the rule," Mr. Stevenson said.

Gross liability figures are "unattainable" for most funds, much less an individual self-insurer's pro-rated share of that liability, Mr. Stevenson said.

"Many of these (second-injury) funds can barely calculate what their cash-flow status is, much less their unfunded liability on an actuarial basis," agreed Eric Oxfeld, president of UWC Strategic Services on Unemployment and Workers Compensation in Washington.

In addition, merely having to hire actuaries to calculate such liabilities for assessments by second-injury funds and other insurance funds will drive up system costs, Mr. Oxfeld said.

The potential impact of the new rule raises several other questions.

The new accounting rule was designed to 'improve disclosure and make it easier to compare the amounts disclosed for these types of assessments,' Elaine Lehnert says.

However, FASB requested that minor editing changes be made before a final draft is issued in December.

The purpose of the new accounting rule is to provide greater uniformity in the way insurers and self-insurers account for assessments they pay to support insurance-related funds, such as guaranty funds and second-injury funds, explained Elaine Lehnert, technical manager with the AICPA in New York.

Skyrocketing deficits in many second injury funds have resulted in changes to the funds in many states, as well as increased assessments for employers and insurers in some cases (*BI*, July 3, 1995).

For example, Florida's fund had a more than a $4 billion deficit when it was placed in runoff earlier this year, and employers and insurers are being assessed 4.5% of premium to pay claims incurred by the fund, said. John B. Lennes Jr., vp and director of workers compensation/health for the Alliance of American Insurers in Schaumburg, Ill.

Kentucky had an unfunded liability of $2 billion, when legislators voted to run it off over the next 20 years. As in Florida, Kentucky's unfunded liability is being paid off over time by assessments.

In all, 10 states have voted to run off their second-injury funds in recent years (*BI*, June 30).

The new accounting rule was designed to "improve disclosure and make it easier to compare the amounts disclosed for these types of assessments," said Ms. Lehnert of the AICPA.

Companies covered by the audit rule must comply with it to obtain a "clean" audit opinion, which is "very important," said Steve Broadie, vp-tax and finance for the Alliance.

The rule requires that there be a recognition of accrued losses of a second-injury fund or a related fund where the fund's assessment is based on paid losses, the AIA's Mr. Wood points out.

"If a state changes the assessment basis to a premium-based one, it eliminates the need to follow it," according to Mr. Wood's interpretation.

The rule's focus on paid losses inspired Montana to change how its second-injury fund assesses payers earlier this year, he said. Connecticut made a similar change when it began running off its second-injury fund in 1995, he added.

"I think it is fair to say there is suddenly increased interest among states" with second-injury funds with loss-based assessments to change to a premium-based assessment to avoid the effects of this accounting rule, Mr. Wood said.

However, he doesn't think that approach will help self-insurers.

"It is questionable how they could avoid the effects of the FASB rule by paying an assessment based on a contrived premium," he said.

However, the AICPA's Ms. Lehnert disagrees that the rule would not apply in states whose second-injury find assessments are based on premium.

There is guidance in the accounting rule for reporting liabilities from both premium-based and loss-based assessments, she said.

The Government Affairs Committee of the Risk & Insurance Management Society Inc. is currently reviewing the draft, said Paul Brown, director of government and legal affairs for the New York-based organization. BI

Quake

Continued from page 2

midafternoon on the Newport-Inglewood Fault under downtown Los Angeles.

An 8.3 magnitude quake on the northern segment of the San Andreas Fault would cause $1.5 billion in workers compensation losses, according to the E.W. Blanch calculations based on the RMS model.

Loss costs would be lower in the Bay Area than in Los Angeles because the epicenter in the RMS model was not directly under the city, explains the California Workers Compensation Institute, which announced the results of the quake study updates last week.

Furthermore, the RMS model estimates may be lower because it uses Workers Compensation Insurance Rating Bureau data from policy years 1989 through 1991, the institute said.

However, both studies make clear that in terms of lives and workers compensation dollars, losses from "the Big One" would be staggering—certainly into the billions, pointed out the Institute in a bulletin.

•

For further information on the studies, contact E.W. Blanch Reinsurance Services at 201 California St., Suite 500, San Francisco, Calif. 94111; 214-398-6380.

Datebook

NOVEMBER

NOV. 2-5. The Insurance Technology Conference in Orlando. Fla., sponsored by American Insurance Services Group Inc.; $485 for the full program, $240 for one-day only. Susan Black, AISG, 85 John St., New York, N.Y. 10038; 212-669-0400.

NOV. 2-7. Leadership in Evolving Health Care Systems seminar in Boston, sponsored by the Harvard School of Public Health Center for Continuing Professional Education; $2,095. Harvard School of Public Health, Center for Continuing Professional Education, 677 Huntington Ave., LL-23, Dept. B, Boston, Mass. 02115-6096; 617-432-1171.

NOV. 3-4. Online Liability: Innovative Insurance Solutions to Emerging Cyberspace Exposures conference in New York, sponsored by American Conference Institute; $1,299. ACI, 175 Fifth Ave., Suite 2182, New York, N.Y. 10010; 416-927-7936.

NOV. 3-6. The NMHCC—Fall conference in Los Angeles, sponsored by the National Managed Health Care Congress. Beth Calkins, NMHCC, 71 Second Ave., Third Floor, Waltham, Mass. 02154-1107; 617-663-6518.

NOV. 3-6. The Clean Water Compliance Institute in Arlington, Va., sponsored by Government Institutes; $1,599. Government Institutes, 4 Research Place, Suite 200, Rockville, Md. 20850; 301-921-2345.

NOV. 4. Title Insurance: Critical Issues Facing the Buyer, Seller and Lender conference in New York, sponsored by the Practising Law Institute; $595. **Also Nov. 18** in San Francisco, **Nov. 21** in Chicago. PLI, 810 Seventh Ave., New York, N.Y. 10019-5818; 800-260-4754.

NOV. 4. Litigation Strategies & Risk Management seminar in Dallas, sponsored by Litigation Risk Management Institute; $695, $985 for two-day seminars. **Also Nov. 6** in Chicago, **Nov. 18-19** in New York, **Dec. 4** in Los Angeles, **Dec. 11-12** in San Francisco. Seminar Coordinator, Litigation Risk Management Institute, 145 Forest Ave., Palo Alto, Calif. 94301; 650-327-3372.

NOV. 5. Illinois Assn. of HMOs Fall Conference 1997 in Rosemont, Ill., sponsored by IAHMO; $260 for members, $315 for non-members. IAHMO Spring Symposium, 500 N. Dearborn, Suite 1128, Chicago, Ill. 60610; 312-321-0714.

NOV. 5. Atlanta Insurance Day 1997 seminar in Atlanta, sponsored by I-Day; $75. I-Day, 4514 Chamblee Dunwoody Road, Suite 274, Atlanta, Ga. 30338-6202; 770-698-0082.

NOV. 5-7. Employment Practices Liability: Recognizing, Preventing and Insuring Your Exposure conference in Chicago, sponsored by the IBC Group P.L.C.; $1,295 for conference only, $695 for each workshop only, $1,695 for conference plus one workshop, $1,995 for conference plus both workshops. IBC USA Conferences Inc., 225 Turnpike Road, Southborough, Mass. 01772-1749; 508-481-6400.

NOV. 5-7. Technology: How It Is Changing The Insurance Industry conference in Lake Buena Vista, Fla., sponsored by the Society of Insurance Research; $495 for members, $545 for non-members. SIR, 691 Crossfire Ridge, Marietta, Ga. 30064; 770-426-9270.

NOV. 6-7. ACE: Annual Claims Exposition & Conference in Las Vegas, sponsored by Claims; $345; $395 onsite. Claims, 1001 Fourth Ave., Suite 3320, Seattle, Wash. 98154; 800-638-6190 or 206-624-6965.

NOV. 6-7. Measuring Total Outcomes to Manage Employee Lost-Time conference in Scottsdale, Ariz., sponsored by the IBC Group P.L.C.; $1,345 for conference only, $695 for workshop only, $1,745 for both. IBC USA Conferences Inc., 225 Turnpike Road, Southborough, Mass. 01772-1749; 508-481-6400.

NOV. 6-7. Property and Casualty Loss Reserves Workshop in Orlando, Fla., sponsored by Deloitte & Touche L.L.P. $675, $700 if registration is made less than two weeks before the workshop. Shelly Fowler, Workshop Coordinator, 2 Prudential Plaza, 180 N. Stetson Ave., Chicago, Ill. 60601-6710; 312-946-2958.

NOV. 6-7. Reinsurance for Property/Casualty Insurance in Philadelphia, sponsored by Fells Road Group Inc./Michael Conn Associates Inc.; $1,195. Fells Road Group Inc./Michael Conn Associates Inc., 271 Route 46 West, Suite D-207, Fairfield, N.J. 07004; 201-227-5955.

NOV. 8-12. 16th Annual ISCEBS Employee Benefits Symposium in New Orleans, sponsored by the International Society of Certified Employee Benefit Specialists; $675 for members, $775 for CEBS graduate non-members and CEBS students. ISCEBS, P.O. Box 209, Brookfield, Wis. 53008-0209; 414-786-8771.

NOV. 9-10. Provider-Sponsored Networks in Behavioral Healthcare conference in Chicago, sponsored by the Institute for Behavioral Healthcare and CentraLink, 1110 Mar West St., Suite E, Tiburon, Calif. 94920; 415-435-9821.

NOV. 9-12. National Assn. of Independent Insurers 52nd annual meeting in San Antonio, sponsored by the NAII; $400 for members, $500 for non-members. NAII, 2600 River Road, Des Plaines, Ill. 60018-3286; 847-550-9353 or 847-297-7800.

NOV. 9-12. International Society of Certified Employee Benefit Specialists 16th annual employee benefits symposium in New Orleans, sponsored by the ISCEBS; $625 for members, $725 for non-member CEBS graduates and CEBS students with five or more courses completed. Members or CEBS students only. ISCEBS, P.O. Box 209, Brookfield, Wis. 53008-0209; 414-786-6700.

NOV. 9-12. The Assn. of Risk & Insurance Managers of Australasia Ltd. 21st national conference in Sydney, Australia, sponsored by ARIMA; $790 Australian ($602) for members, $990 Australian ($754) for non-members. Intermedia Convention & Event Management, P.O. Box 1280, Milton QLD 4064, Australia; 617-3369-0477.

NOV. 10-11. Ninth Annual Insurance Industry Conference in Boston, sponsored by KPMG Peat Marwick L.L.P.; $995. **Also Dec. 3-4** in Dallas. Executive Education, P.O. Box 14093, Church St. Station, New York, NY 10249; 201-334-4111.

NOV. 10-12. The Collection Procedures Institute in Palm Springs, Calif., sponsored by the International Foundation of Employee Benefit Plans; $750 for members, $900 for non-members. IFEBP, Registrations Department, P.O. Box 69, Brookfield, Wis. 53008-0069; 888-334-3327, option 2 or 414-786-6710, ext. 8257.

NOV. 10-12. The Primary Care/Behavioral Healthcare Summit in Chicago, sponsored by the Institute for Behavioral Healthcare and CentraLink, 1110 Mar West St., Suite E, Tiburon, Calif. 94920; 415-435-9821.

NOV. 10-12. Property and Casualty Insurance Product Management Skills and Techniques seminar in Chicago, sponsored by Dorman Consulting Associates; $995 per person, $895 per person if two or more attend from one company. Richard W. Dorman, Dorman Consulting Associates, 1 Haverhill Court, Beachwood, Ohio 44122; 216-464-5678.

NOV. 12-14. Professional Liability Underwriting Society 10th Annual International Conference in Chicago, sponsored by PLUS; before Nov. 1: $640 for members, $780 for non-members; after Nov. 1: $690 for members, $840 for non-members. PLUS, 4248 Park Glen Road, Minneapolis, Minn. 55416-4758; 800-845-0778 or 612-928-4644.

NOV. 13-14. EPCRA Compliance Course: Reporting Revisions and Expansions in Arlington, Va., sponsored by Government Institutes; $999. Government Institutes, 4 Research Place, Suite 200, Rockville, Md. 20850; 301-921-2345.

NOV. 13-14. Mealey's Drug & Medical Device Litigation Conference in West Palm Beach, Fla., sponsored by Mealey Publications Inc.; $795 for the first attendee, $525 for each attendee thereafter from the same group. Sharon Boothe, Mealey Publications Inc., P.O. Box 446, Wayne, Pa. 19003; 610-688-6566.

NOV. 14-16. The Seventh Annual Renfrew Foundation Conference in Philadelphia, sponsored by The Renfrew Foundation; $335; $195 for students. Wendy Pester, The Renfrew Foundation, 475 Spring Lane, Philadelphia, Pa. 19128; 800-736-3739.

NOV. 16-19. Seventh World Captive and Alternative Risk Financing Forum in Aventura, Fla., sponsored by Business Insurance, Skandia International Risk Management/SINSER and Tillinghast-Towers Perrin; $1,200 with discounts to $975 for risk managers and second and subsequent registrations from the same company. Judith Harrington, Conference Director, World Captive Forum, 4248 Park Glen Road, Minneapolis, Minn. 55416, 612-928-4659.

•

The Datebook is compiled from notices sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. Please include the cost, if any, to attend the meeting and information on registration. Business Insurance reserves the right to select meetings of interest to its readers and cannot guarantee that notices will be printed. A full-year listing of the Datebook is available on the World Wide Web at www.businessinsurance.com.

GROWTH. JUST ONE OF THE THINGS TIG STANDS FOR.

Our production partners are mavericks. People with the inventiveness to identify and grow new markets. Facilitating this growth is our primary objective. Sharing the entrepreneurial spirit of our production partners, we will act quickly on new—and often never-been-done-before—business opportunities.

From capital to direct access to our senior executives, we will devote the resources needed to fund the ideas and futures of our production partners. We will provide you the opportunity to share in the risk and the profit of the business you develop.

So let us help you grow your business. Because we can't be successful if you aren't.

TIG®

To learn more about becoming one of our production partners or to obtain information on our business approach and specific areas of market interest, please call us at (972-831-5000). TIG Holdings Group has been rated A (Excellent) by the A.M. Best Company.