

Business Insurance

Reporting Weekly For Corporate Risk, Employee Benefit and Financial Executives / \$2.50 a copy © Entire contents copyright 1993 by Crain Communications Inc. All rights reserved.

California judge accuses Dow Corning of forum shopping

LOS ANGELES—A California Superior Court judge has dismissed Dow Corning Corp.'s lawsuit against 73 of its insurers that seeks coverage for silicone breast implant claims, accusing the Midland, Mich.-based manufacturer of "forum shopping." In his bench ruling, Los Angeles Superior Court Judge William Burby suggested Dow Corning instead file its complaint in Michigan. Dow already faces a suit filed in Michigan by several of its insurers seeking a declaratory judgment that they do not have to
Continued on next page

Selling the Clinton cure-all

Benefit managers see major shift in duties

By CHRISTINE WOOLSEY

President Clinton's proposed overhaul of the American health care system would alter the terrain of the corporate benefits department forever.

Over the last 10 years, benefits departments have played an increasingly important role in controlling corporate health care costs—primarily through strategic design and management of employee medical plans.

Under the Clinton proposal, though, much of that role would be taken over by government-run and government-sponsored agencies, large purchasing alliances and the health care plans that serve them.

But that doesn't mean corporate benefits managers will be left twiddling their thumbs. After the dust settles, they will still be indispensable strategists within the corporate human resource arena.

Health care currently takes up a disproportionate amount of their time, and benefit managers and consultants predict that it will continue to do so in the short term. But many benefit managers are quick to point out that health care is only one facet of their overall benefits. They say the Clinton plan, by making most employers health care "payers" rather than "players," would free up time to devote to non-medical benefits.

"I foresee a lot less micro-management of medical care, and

that's a welcome relief," said Gerald Martens, manager of benefits planning for Southern New England Telephone Co. in New Haven, Conn. "It was only in the mid- to late 1980s that the benefits department shifted its focus to health care costs. Up until then, there were a lot of other issues to cope with."

"Ten years ago health care wasn't as important, but there were still human resource managers and employee benefit consultants," pointed out Tom Grass, a consultant with The Wyatt Co. in San Diego, Calif.

"We are entering a new era of health care planning in all corporations," said Hugh Becker, director of human resources for Robbins & Meyers Inc. in Dayton, Ohio.

Undoubtedly, benefit managers' jobs will change, but they are in no danger of being eliminated, he said. "We still have all the other benefit issues to take care of."

Among those areas are defined contribution and defined benefit pension plans, other savings plans, disability plans, work and family-related benefit issues and health promotion programs.

Benefits professionals also predict that progressive employers will emphasize the importance of
Continued on page 66

States hope plan leaves them enough flexibility

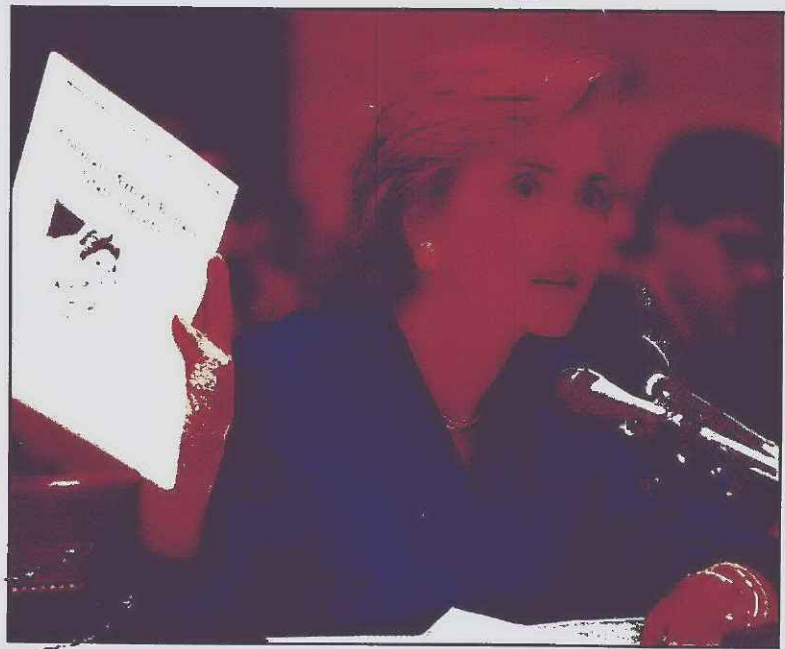
By DAVE LENCKUS

State health care reform experiments may be threatened by President Clinton's health care reform package, despite his vow that this proposal would grant states flexibility.

State officials are anxiously awaiting formal legislation that they hope provides far more detail on how much flexibility states will have. Based on provisions in a preliminary draft of the proposal, they are concerned that they may be forced to make changes that could at least partially undermine their reforms.

But, governors and health care system officials generally praise the president's efforts. They say their own reforms—or at least the philosophy that underlies them—dovetail fairly well with his proposal, which is loosely based on managed competition.

They also noted the presi-
Continued on page 69



AP/Wide World Photo
Hillary Rodham Clinton testified before five different panels last week.

'Capitol Hillary' enlists support for reforms

By MARK A. HOFMANN

WASHINGTON—Hillary Rodham Clinton is winning converts to the administration's health care reform package on Capitol Hill.

Mrs. Clinton testified before several congressional panels last week to explain the proposal and came back with promises of bipartisan support for reform in general, including a pledge from one GOP senator to serve as co-

sponsor of whatever legislation the administration submits.

In return for a reception that often verged on star-struck, Mrs. Clinton detailed the reform package to three House and two Senate panels in little more than 48 hours. At each appearance she spoke with-
Continued on page 69



Product liability's adverse effects

Threat of awards reduces medical R&D

By JOANNE WOJCIK

U.S. product liability law both strengthens and undermines the pharmaceutical and medical device industries, a new study shows.

Some very hazardous drugs or medical devices are kept off the market by the threat of liability, yet the system also discourages the development and marketing of potentially beneficial products like an AIDS vaccine, say researchers at the RAND Corp.'s Institute for Civil Justice in Santa Monica, Calif.

Unpredictable liability awards discourage firms from taking risks that society would want them to take, maintains Steven Garber, the study's author.

"While risk is ubiquitous in business decision-making, liability risks are unlike most other business risks," he explained. "Both the possibility of mass torts and the unlimited nature of punitive damages appear to play important roles in this regard."

He suggested three ways to reduce what he called perverse incentives and make business deci-
Continued on page 61

Spotlight on International Markets
Page 3

Directory of Global Property/Casualty Insurers
Page 16

Directory of International Benefit Networks
Page 47

Law firm insured for S&L settlement

By DOUGLAS McLEOD

NEW YORK—Law firm Paul, Weiss, Rifkind, Wharton & Garrison is insured for its \$45 million settlement of claims arising from the high-profile 1990 collapse of CenTrust Bank.

In the second-largest savings and loan-related legal malpractice settlement to date, the law firm and its insurers agreed last month to settle claims brought by the Resolution Trust Corp. over the \$1.5 billion CenTrust failure, one of the largest S&L failures.

Nearly \$40 million of the settlement relates to CenTrust's purchases of money-losing junk

bonds. The Miami thrift was a client of the defunct Drexel Burnham Lambert Group Inc. and its former junk bond chief, Michael R. Milken, settlement documents indicate.

The law firm's professional liability coverage was written by insurers on a legal malpractice line slip managed by Minet Group P.L.C. and led by underwriters at Lloyd's of London, documents and industry sources confirm.

National Union Fire Insurance Co. of Pittsburgh, Pa., has a "significant portion"—at least \$20 million—of the loss, said William Smith, president of the American
Continued on page 70

Update

Dow Corning coverage suit

Continued from previous page

provide coverage for the more than 6,000 injury claims pending against the company.

Dow Corning also could file the coverage action in Alabama, where a federal judge has consolidated much of the implant litigation, suggested Dean Hansell, a partner with LeBoeuf, Lamb, Leiby & MacRae in Los Angeles who represented four of the insurers.

In its June 30 suit, Dow Corning said it selected Los Angeles because the majority of the implant claims were filed there. In addition, two California juries have rendered multimillion-dollar awards in breast implant suits against Dow Corning (*BI*, July 12; Dec. 23, 1991).

While Dow Corning did not specify the amount sought in its suit against its insurers, the combined limits of coverage at issue total \$3.48 billion. Dow Corning's attorney in the California action declined to comment.

\$9 million jury verdict

CHICAGO—A jury in a wrongful death case has ordered a Chicago construction firm to pay \$9 million—\$3 million more than its general liability insurance limits—after the firm's insurer refused to settle for a fraction of that amount.

Tribco Construction Co. was sued in Cook County Circuit Court by the family of Choong Soo In, a 55-year-old Korean immigrant who was killed in a February 1990 construction project accident. A bucket of concrete that was knocked over by a Tribco-operated crane fell 30 stories and crushed the cab that Mr. In was driving. Tribco had \$1 million of primary liability insurance and a \$5 million layer excess of \$1 million, written by Liberty Mutual Insurance Co.

The plaintiffs rejected a \$1.5 million settlement offer by Liberty Mutual but said they would accept a \$3 million settlement, which the trial judge had recommended. But, Liberty Mutual, whose attorneys represented Tribco, rejected that offer.

Liberty Mutual officials would not comment on whether Tribco asked the insurer to settle. Tribco officials did not return calls.

The insurer had not decided last week whether to appeal, said John A. Lewis of Keevers & Hittle in Chicago, who defended Tribco.

Work comp cost scenarios

WASHINGTON—Coordinating workers compensation medical care with a proposed national health care plan would result in substantial savings compared with the costs of a merged plan, a new study says.

Under the coordinated approach, the existing state-based workers comp system would provide both medical care and wage-loss benefits to injured workers, "while applying many of the cost and quality assurance features of national health care reform," said the American Insurance Assn., which sponsored the study by Milliman & Robertson Inc. "The merger approach would combine occupational and non-occupational medical care, including the methods by which these systems are delivered and financed," said the AIA.

Milliman & Robertson estimates that combined medical and wage-loss benefits would be 30% to 44% lower in a well-coordinated system than in a merged system. Savings for medical costs would be about 40%, while wage-loss costs would be 24% to 44% lower, with low-risk industries saving the most.

NME settles insurer suit

SANTA MONICA, Calif.—National Medical Enterprises Inc. will pay \$125 million to six insurers to settle charges that it filed \$740 million in fraudulent psychiatric claims.

In return for the cash payment, the six insurers have agreed to strengthen their business relations with the Santa Monica, Calif.-based mental health care provider.

NME, which is the subject of a federal fraud investigation, still faces a separate suit by 13 other insurers.

Under the proposed settlement, NME will pay up to \$125 million to settle two suits filed in U.S. District Court in Texas by Connecticut General Life Insurance Co., Equitable Life Assurance Society of the United States, First Equicor Life Insurance Co., Equicor Inc., Aetna Life Insurance Co. and Metropolitan Life Insurance Co.

N.Y. domestic partner cover

NEW YORK—The New York Insurance Department has expanded its definition of what constitutes a legal domestic partnership for health insurance purposes.

In response to requests from Gov. Mario Cuomo, New York City Mayor David Dinkins and various gay and lesbian organizations, the Insurance Department last week said homosexual or unmarried heterosexual couples will be eligible for "family" health insurance if they can show they are in a long-term relationship and share property, householdings or budgets. Previously, only couples in which one member was unilaterally and completely dependent on the insured partner could receive health insurance under one policy.

Insurers did not oppose the move but said they need more details before they can write coverage for domestic partners.

Updates continued on page 70

Errors & Omissions

- An Insider Trading item in the Sept. 20 issue should have stated that Leslie L. Gonda, director of American International Group Inc., indirectly disposed of by gift 50,000 shares of common stock at an unreported price per share on June 7, 1993, and now indirectly holds 2,342,000 common shares.

Lloyd's 1994 capacity to approach \$15 billion

By SARA MARLEY

CHICAGO—The flow of corporate capital into Lloyd's of London in 1994 will more than compensate for a further decline in capacity provided by individual members, Lloyd's Chairman David Rowland said last week.

However, there will be a role for individual members with unlimited liability in Lloyd's future, he added.

The 8.88 billion pound (\$13.45 billion) capacity supplied by indi-

vidual members in 1993 could drop by 1 billion pounds (\$1.55 billion) in 1994, but corporate membership will result in an overall capacity of between 9 billion pounds (\$13.95 billion) and 10 billion pounds (\$15.5 billion) in 1994, Mr. Rowland said.

"I hope it won't be much larger than that, because managing change at the speed we have been doing it is a very difficult task," Mr. Rowland said. "It is inconceivable to believe that we have not made mistakes.

"I want the change to be a gradual one rather than a big bang of explosions so we can learn from what happened and then amend," he said.

Mr. Rowland in the past had said that Lloyd's capacity had to reach about 10 billion pounds (\$15.5 billion) next year to maintain current underwriting levels (*BI*, Sept. 20).

"It's now extremely likely that most new capital will come in the new form," he noted, referring to

Continued on page 60

Ruling defines E&O cover

Illinois court finds unfair business practices are not covered

By SARA MARLEY

CHICAGO—A real estate firm's errors and omissions insurance policy does not cover claims for unfair business actions that are unrelated to the practice of real estate, the Illinois Supreme Court has ruled.

Construing E&O policies to cover unfair business practice claims like stealing trade secrets and client lists would expand coverage beyond what the parties had contracted for, the state's highest

court concluded.

The Sept. 23 ruling in *Crum & Forster Managers Corp. vs. Resolution Trust Corp.* will affect all types of professional liability policies in Illinois and could influence courts elsewhere.

The dispute began in 1986 when one Chicago real estate brokerage, Dependable Realty Inc., sued Mid-State Realty Inc., claiming that a former employee had defected to Mid-State and took with him clients, staff members, trade secrets and sales techniques.

Mid-State sought coverage from the defendants: Crum & Forster Managers Corp., the Illinois Insurance Exchange and its LWB Syndicate Inc. The defendants initially defended the brokerage under a reservation of rights but later denied coverage, saying Dependable's claims were outside the scope of the policies.

Since the Dependable action was filed, Mid-State, a unit of a savings and loan association, was placed in receivership under the

Continued on page 71

Importance of court decision debated

Harassment defense denied

By JUDY GREENWALD

NEW ORLEANS—A federal appellate court's decision to deny coverage of defense costs in a sexual harassment case is likely to influence other courts, says an insurer attorney involved in the case.

The 5th U.S. Circuit Court of Appeals in New Orleans affirmed a lower court decision and ruled Sept. 16 that insurers Old Republic Insurance Co. and Unigard Se-

curity Insurance Co. did not have a duty to defend lawsuits brought by employees of a Texas nursing home against the operator and another employee.

The court cited exclusions in the insurers' general liability policies as the basis for its decision in *Old Republic Insurance Co. vs. Comprehensive Health Care Associates*.

Roy Lee Stacy of Calhoun & Stacy in Dallas, who represented Unigard, said he believes this case

"is going to be pretty influential."

"These kinds of lawsuits are becoming more prevalent," he added. "More and more insurance companies are being asked to defend these kinds of cases, so I think this is going to be an important decision and will be looked at by a lot of different courts from now on."

However, Mark Donheiser, of Strasburger & Price in Dallas, who represented Old Republic in

Continued on page 61

HMO/PPO directory deadline approaching

Business Insurance will publish its sixth annual Managed Care Market Report in December, listing health maintenance organizations and preferred provider organizations nationwide along with articles on the state of the alternative health care market.

The report will be published as a special issue in addition to the regular weekly editions of *BI*. All subscribers will receive this issue free of charge.

In addition to addresses and phone numbers, the directories will provide information on individual HMOs and PPOs, including: federal and state

qualification; model type; number of participating physicians, hospitals, pharmacies and diagnostic labs; service areas; services offered and rating options; and the number of employers contracting with the organizations.

The directories are published as an editorial service. There is no charge to be included, but HMOs and PPOs must complete and return a *BI* questionnaire by the extended deadline of Oct. 8.

HMOs and PPOs that have not yet received a questionnaire should contact Directory Editor Kathy Welyki at 312-649-5279.

Inside

- President Clinton's proposal to integrate workers compensation medical care with the general health care system makes sense, this week's editorial says. **PAGE 8**
- A compromise may be reached on an NAIC-proposed model law that would toughen financial requirements for non-admitted insurers. **PAGE 59**
- Questions remain over \$51 million in reinsurance commissions allegedly misappropriated from H.S. Weavers (Underwriting) Agencies Ltd. **PAGE 63**
- Lloyd's leaders may resign if members vote against corporate capital. **PAGE 63**

Departments

Advertiser Index52

Ask a Benefit Actuary	40
Books & Ideas.....	40
Classifieds	66
Directory of Global Property/Casualty Insurers.....	16
Directory of International Benefit Networks.....	48
Insurance Services guide	67
International.....	63
Letters	8
Markets.....	7
Perspectives.....	40
Reader reply service	52
Ticker.....	71

- Baltic markets growing. **Page 6**
- Global insurance programs. **Page 10**
- Setting worldwide AIDS policy. **Page 33**
- Pension privatization trend. **Page 37**
- International benefit networks. **Page 44**

International Markets

Trade pact to spice up insurance competition

Risk managers see few problems south of border

By SARA MARLEY

The passage of the North American Free Trade Agreement would result in more U.S. and Canadian companies doing business in Mexico—and more familiar brokers and insurers there to serve them.

Risk managers whose companies already operate in Mexico report few risk management difficulties. And, the opening of the Mexican insurance market to foreign players in anticipation of NAFTA will result in lower premiums and better service.

"Sophisticated companies that establish themselves in Mexico after NAFTA will likely use risk management techniques very much like what they are doing here," said John B. Reynolds III, an attorney with law firm Debovoise & Plimpton in Washington.

NAFTA will have little effect on Mattel Inc., agreed John G. Pinner, assistant treasurer for the El Segundo, Calif.-based toy manufacturer.

"We already manufacture in Mexico, so it will not be much different," he said. "The risks in Mexico and Canada will not change" if NAFTA is ratified.

Mattel operates two plants in Mexico under a "maquiladoras" arrangement, which allows companies to manufacture goods for export in border areas. Mattel also has a sales and marketing office and a warehouse in Mexico City.

The operations are insured under Mattel's international property/casualty insurance program, which includes risks located outside the United States and Canada, Mr. Pinner said.

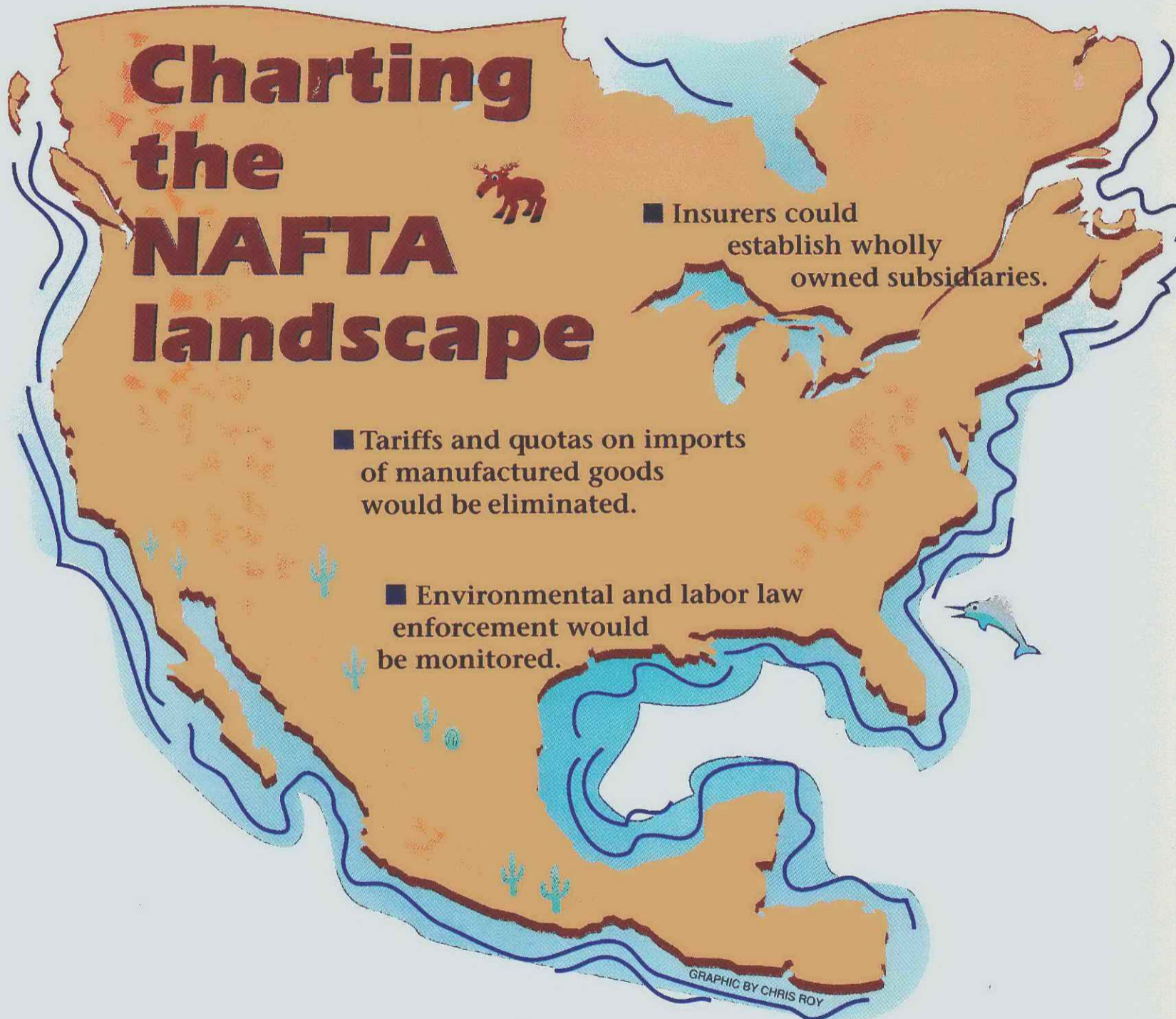
The Gillette Co. has had operations in Mexico for years with few problems, reports Director of Risk Management William L. Mather.

Most of Boston-based Gillette's Mexican operations manufacture and distribute goods for the Mexican market, although some goods are exported, Mr. Mather said.

Because Gillette produces consumer goods, the company has suffered some crime losses in Mexico, including hijacked vehicles and warehouse robberies.

"The situation in Mexico is not necessarily our worst (crime) situation globally, but it is in the top

Continued on next page



Cost-benefit analysis of move to Mexico

Complying with labor laws can swallow up savings from lower wages

By DAVE LENCKUS

Cheap labor, like sun-kissed beaches and Mayan Indian ruins, is an image commonly associated with Mexico.

But for companies that are considering opening shop there if Congress approves the North American Free Trade Agreement, another clear association should be strong labor protection laws.

Under those laws, which originated in the economic and political policies that emerged after the Mexican revolution of 1910, the federal government mandates a wide range of health care, retirement savings and other benefits for Mexican nationals.

The cost of those benefits—and any supplemental benefits that employers decide to offer—often can be equal to wages.

U.S. employers—some of which are surprised by the cost of benefits in Mexico—still can significantly lower their blue-collar labor costs there. However, training costs, lower productivity rates and turnover can further diminish

those savings, consultants say.

And, employers cannot unilaterally reduce supplemental benefits unless employees agree to the reductions.

"So, clearly, the wage is somewhat of a misnomer of the true identifiable cost of employing personnel in Mexico," said Patrick Hickey, a consultant with Foster Higgins International in Chicago, a division of A. Foster Higgins & Co. Inc.

Employers "who go down there blind and look at only the minimum wage are taken by surprise," Mr. Hickey said. "They end up saving, but they spend a lot more than they thought they would."

Mexico's minimum wage of 428 new pesos per month (66 cents per hour, based on a 48-hour work week) is a fraction of the U.S. minimum wage of \$4.25 per hour.

The gap is somewhat less when the average wage of \$1.50 to \$3 per hour for Mexican manufacturing labor is compared with the approximately \$10 hourly wage that U.S. manufacturing employees earn on average. The gap is nar-

rower still when factoring in the cost of benefits, because the cost of all U.S. benefits for manufacturers is about 40% of payroll.

"You find very strong labor laws," said Jerry E. Long, managing director in the international consulting service of Alexander & Alexanders Consulting Group Inc. in Washington.

However, government-mandated benefits in Mexico are "very understandable and attainable," said Hubert Valdemoro, a principal with William M. Mercer Inc. in Dallas and head of the firm's Southwest International practice.

And, "one doesn't have to worry about variation" in benefits from one Mexican state to another, pointed out John Reynolds, an attorney in Washington with Debovoise & Plimpton, an international law firm.

Basic medical coverage is provided free to workers through Mexico's social security agency, Instituto Nacional de Seguros Social.

Employers partially fund the program via an 8.75% tax on wages of up to 18 times the minimum wage. That maximum wage base in-

Continued on page 33

Mexican risks

Continued from previous page
five or 10," Mr. Mather said.

Overall, political risk is not a major concern in Mexico, brokers and others say. Expropriation is not a problem as it might be in a more volatile region like the Middle East, Mr. Reynolds pointed out.

Fire protection, however, is a perpetual risk management concern in Mexico.

"We have had to recognize the local (fire) protection capacity and local water supplies when designing our own protection, but that is not unique to Mexico," Mr. Mather said.

Although inflation and currency fluctuations are not as great a concern as they were in the past, property in Mexico should be insured to its value, rather than a

specific dollar amount, said Teresa L. Pahl, senior vp-business development at Rollins Hudig Hall Group Inc. in Chicago.

Despite lower wages and the lower educational level of the average Mexican worker, safety does not need to be of greater concern to risk managers.

Workers compensation is folded into Mexico's national social security system, so private workers comp insurance is not necessary and workers are less likely to sue than U.S. or Canadian employees. Employers must continue paying workers' wages while they recuperate from a work-related injury.

"The (worker safety) laws are very strict in Mexico and they are definitely enforced," said Alina Aldape, an attorney with the Americas Law Institute in San Francisco.

Negligence lawsuits against em-

ployers are permitted, but such suits are rare, Ms. Aldape said.

"The worker feels taken care of, so there is no need to be suing anyone," she said.

However, risk managers with operations in Mexico should study the supplemental agreements to NAFTA on environmental cooperation signed last month, Ms. Pahl said.

Under maquiladoras provisions, companies are required to export their hazardous waste in addition to their products. If companies establish permanent Mexican ventures under NAFTA, however, they must find space in Mexico's overcrowded landfills for their waste.

U.S. and Canadian companies will be able to set up Mexican operations away outside the border areas under NAFTA, but they may be limited by environmental con-

cerns, said Teofilo Berdeja, a partner with the Mexico City law firm Berdeja Abogados.

The Mexican government has instituted tax incentives for companies to locate outside the heavily industrialized and polluted areas around Mexico City and Puebla.

"The population centers have grown enormously and infrastructure has not been able to cope with the explosive growth," Mr. Berdeja said.

Infrastructure has been improved in some Pacific port areas near Acapulco, which has attracted Japanese and Indian steel businesses, Mr. Berdeja said.

Mexico's natural catastrophe exposures should also factor into location decisions.

Buildings along the San Andreas fault are built to withstand major earthquakes, but standards

are not as strict inland, Mr. Berdeja said.

A severe earthquake in Mexico in September 1985 was centered close to the Pacific coast, but the majority of damage was to Mexico City's high-rises, which were not built to the same specifications.

The earthquake caused \$3.5 billion in damage, but only one-fifth of that was insured (*BI*, June 1, 1987; Nov. 4, 1985).

Earthquake coverage is available, though assembling high limits of coverage may prove difficult.

Other natural perils also await businesses moving to Mexico.

In 1988, Hurricane Gilbert caused nearly \$300 million in damage to Mexico's Yucatan peninsula, home to popular resorts like Cancun.

"Mexican insurers typically have not monitored their catastrophic accumulation and, as a result, they may not know what their total exposure is," Ms. Pahl said.

Risk managers "should be careful when assessing who their partner in Mexico will be," Ms. Pahl said. She recommends that companies work with insurers that are "recognized in the international market."

Capitalization requirements for Mexican insurance companies have been increased over the past five years, although they may not yet be at U.S. levels, Mr. Berdeja said.

Under NAFTA, risk managers will have the option of purchasing insurance from wholly owned subsidiaries of U.S. and Canadian insurers.

Mexico first allowed foreign insurers to enter its market in 1935 but only as limited equity investors in Mexican companies. In 1965, foreign investment was prohibited, but companies with existing ownership could retain a 20% investment.

The law was changed again in 1990, when equity ownership of up to 49% was permitted.

Under the provisions of NAFTA, full ownership of Mexican insurers by foreign investors would be phased in for three categories of investors.

- U.S. and Canadian companies that owned portions of Mexican insurers as of July 1, 1992, could increase their ownership to 100% by Jan. 1, 1996.

- Insurers that form joint ventures with Mexican companies could increase their equity participation gradually, beginning with 30% on Jan. 1, 1994, and increasing to 100% by Jan. 1, 2000.

- As of Jan. 1, 1994, U.S. and Canadian insurers could establish wholly owned subsidiaries in Mexico, subject to an aggregate limit of 6% of market share and an individual market share cap of 1.5%. Those limits would be eliminated on Jan. 1, 2000.

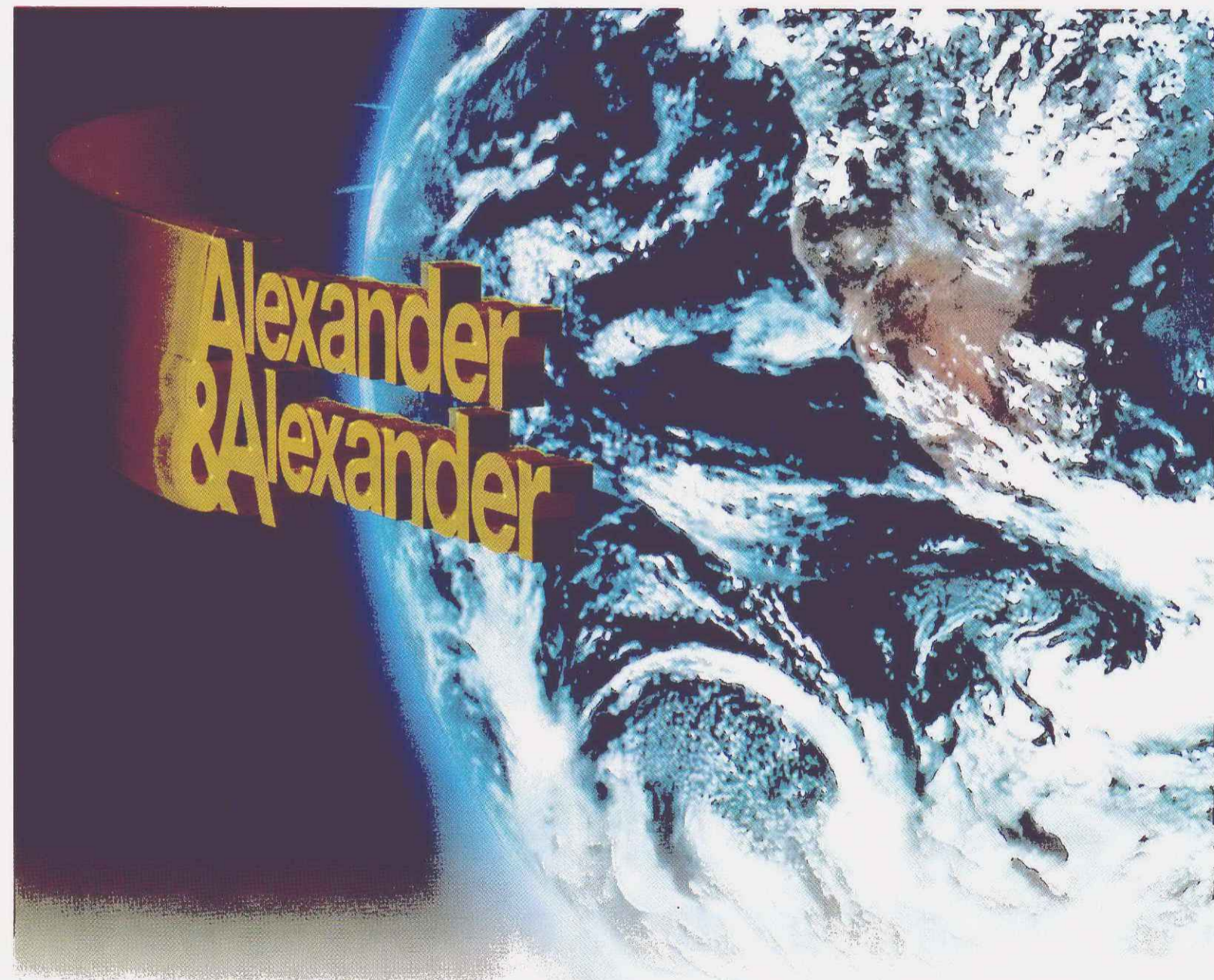
"NAFTA will stabilize some of the economic changes in Mexico," said Jack Perez, chief executive officer of the Latin American/Caribbean region for Alexander & Alexander International Inc. in New York. "The formal agreement will continue the liberalization of the (insurance) market."

The opening of the Mexican market began when NAFTA negotiations did, Ms. Pahl said.

"The market is very competitive," she noted. "All-risk coverage is available. Risk managers can easily cover their exposures."

Coverage for Mexican operations must still be placed in Mexico, but the availability of all-risk covers mean the policies will inte-

Continued on page 6



Solutions worldwide.

The world is an uncertain place. As an executive you know that.

What you may not know is that Alexander & Alexander has built one of the world's most comprehensive global networks to help you manage your risks.

Whether you're an emerging business or an established multinational, our objective is to reduce uncertainty and maximize financial control. We'll work with you to solve your risk management problems and free up capital for more productive uses.

The Global View

When it comes to international service networks, there are two kinds...owned and not. We prefer the former, because ownership control provides for quality control.

Alexander & Alexander's global network is second to none. We have offices in over 80 countries and more than 300 cities.

For global clients that translates into continuity of coverage, exceptional technical expertise, and the ability to deliver consistent service...anywhere in the world.

The Local View

In today's economy, global organizations aren't the only ones with risk management challenges.

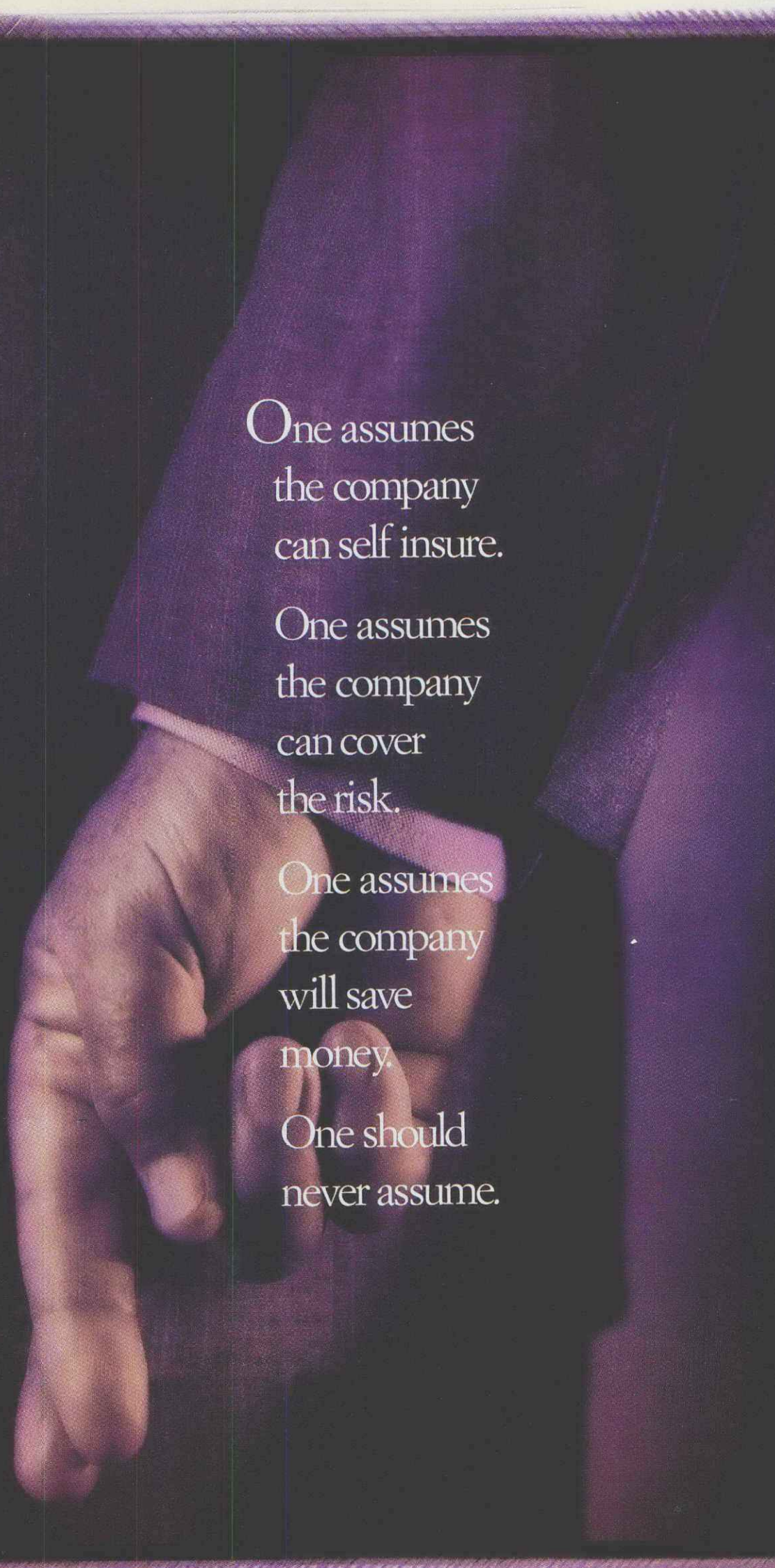
If you're like most mid-sized firms, you probably don't plan to stay that way forever. And even if rapid growth isn't in your future, the impact of the global economy cannot be ignored.

That's why companies today, whatever their size, need a full service risk management partner. With the global experience to address their changing needs.

For solutions, worldwide, one thing is certain. We can apply the latest risk management techniques wherever you operate. Plus access to insurance markets the world over.

**Alexander
& Alexander**

Solutions...Worldwide.



One assumes
the company
can self insure.

One assumes
the company
can cover
the risk.

One assumes
the company
will save
money.

One should
never assume.

Self insurance can be an answer. But, have you thought of everything? Like loss control services. Expert claim handling. Excess coverages. Programs like these from Wausau improve your self-insured program. That's a fact, not an assumption.



Wausau Insurance Companies, 2000 Westwood Dr., Wausau, WI 54401 1-800-542-5408 A+ A.M. Best Rating

NAFTA

Continued from page 41
grate easily into a global program, Ms. Pahl said.

NAFTA would bring more foreign involvement in Mexico, driving the quality of products and services up, while driving costs down.

"In the future, Mexico could be much like Canada in terms of the management and placement of insurance coverage," Ms. Pahl said.

Several U.S. insurers—including Aetna Life & Casualty Co., American International Group Inc. and CIGNA Corp.—are moving into or expanding in Mexico in anticipation of NAFTA increasing U.S. interest there.

"As risk managers continue to move into Mexico as a result of NAFTA, they will see a lot of insurance companies they are famil-

iar with have followed them there or are already there," Mr. Perez said. "Risk managers moving into Mexico should be assured their business will be handled by a sophisticated market."

"There is tremendous growth opportunity in Mexico."

Currently, per capita consumption of insurance in Mexico is just \$30 per year, compared with \$1,200 in Canada and \$1,900 in the United States, according to the business lobbying group New York for NAFTA.

Attitudes and habits about insurance purchases are changing, though, Mr. Berdeja said.

"As a result of more information about the levels of insurance carried by their competitors, companies are aware of the need to be adequately insured," Mr. Berdeja explained.

Increased competition in the

market is expected to drive prices down, which would prompt Mexican companies to purchase more insurance.

Insurers could see the current levels of modest premium income there increase fivefold in the next five to 10 years, Mr. Perez predicted.

While some insurers will compete for domestic Mexican business, many will go to serve the U.S.-based multinationals they expect to expand in Mexico after NAFTA.

Chubb Corp. is expanding into Mexico as part of its global strategy of servicing its multinational clients wherever they are located, said Gary Petrosino, a Chubb vp and zone officer of the newly established Latin American Zone.

Based in Miami, the zone will serve Brazil, Chile, Colombia and Venezuela, in addition to Mexico.

Chubb entered the Mexican market in anticipation of NAFTA about 18 months ago, acquiring a 30% share of a Mexican insurer. Chubb intends to have a wholly owned company if NAFTA is approved, Mr. Petrosino said.

"The liberalization that preceded NAFTA has brought the Mexican insurance market up to a First World basis," A&A's Mr. Perez said. That progress will continue regardless of whether NAFTA is ratified, he said.

Mr. Berdeja believes NAFTA will be ratified by Canada, Mexico and the United States despite opposition by some groups in all three countries.

"In the U.S., they are facing very vocal opposition by some interest groups," Mr. Berdeja said. "I sympathize with the concerns, but NAFTA is good for the U.S. in the long run."

Insurers in Baltics focusing on Western businesses

By GAVIN SOUTER

U.S. companies that are establishing operations in the Baltic states can insure their risks with Western insurers that are paving the way in these developing insurance markets.

Western insurers operating in Estonia, Latvia and Lithuania mainly are concentrating on providing coverage to Western companies entering the countries either independently or through joint ventures with local companies.

Scandinavian companies and insurers have been quick to restore their historic ties with the Baltic states since the dissolution of the former Soviet Union.

In addition, U.S. insurer American International Group Inc. and Germany's Alte Leipziger Group are also seeking inroads to these markets.

Despite the markets' small size, most of the Western insurers operating in the Baltics report encouraging developments: Claims experience is generally good; the authorities encourage Western investment; and insurance laws are emerging.

On the downside for insurers, auto insurance claims are rocketing with a surge in crime, and the indigenous population is still reluctant to buy coverage.

The initially positive experience for insurers bodes well for meeting the potentially growing demand for coverage from Western companies.

While the businesses entering the Baltic states currently are primarily small and medium-size service companies, some larger companies are also beginning to move there.

For example, McDonald's Corp. and Philip Morris Cos. Inc. have operations on the Baltic states, said D. Jeffrey Manners, general manager of Marsh & McLennan Cos. Inc. in Vienna, Austria. "Choice of insurers is still very limited. We work with foreign-backed carriers because the capitalization requirements (for insurers) in the Baltics is so low."

Estonia and Latvia have generated more interest from Western insurers than Lithuania. Although Lithuania has the largest population of the three states, Western companies seeking to set up there are held back by government bureaucracy, according to insurers and brokers.

Lithuania's population is 3.8 million, Latvia's is 2.5 million and Estonia's is 1.5 million people.

Estonia is home to two insurers with Western interests.

Hansa Kindlustus is 50% owned by Sweden's Trygg-Hansa Group, 42% by Finnish insurer Industrial Mutual Insurance Co. and 8% by local insurer Ruklik Aktsiasetts Eesti Kindlustus.

The other Estonian insurer backed by Western interests is Seesam, which is 35% owned by

Continued on page 10

WHEN IT COMES TO STRUCTURED SETTLEMENTS, LOOK FOR A FAMILIAR STRUCTURE.

If you want experience, stability and financial strength behind your structured settlements, look to the specialists at Transamerica Life Companies. Whether it's personal injury, medical malpractice, workmen's compensation or environmental claims, the highly experienced professionals at our Structured Settlements Division have the expertise to provide products for almost any settlement need.

Strength and security are at the core of our investment philosophy. We focus on investment grade and government bonds, not risky real estate investments or junk bonds. As a result, Transamerica remains one of the industry's most trusted and risk-free leaders. Put the strength of Transamerica behind you. See your Structured Settlements representative or call Tony Wilkey at 213-741-5960 for more information.

TRANSAMERICA
LIFE COMPANIES
Transamerica Occidental Life Insurance Company

THE POWER OF THE PYRAMID IS WORKING FOR YOU!

© 1993 Transamerica Occidental Life Insurance Company



Reliance National Covers the Bases

Coast to coast and around the world, Reliance National covers the bases with a winning strategy. Our global team of underwriters works with each and every client, offering the most comprehensive array of coverages available.

With a field network of offices from Los Angeles to London we provide the outstanding service our clients have come to expect. From our underwriters to our claims management and loss control engineers, our winning team of professionals scores high points in the Property/Casualty and Accident & Health arena.

For outstanding worldwide insurance protection, come to THE CHOICE...Reliance National.

U.S. Field Offices include:

- Atlanta
- Boston
- Chicago
- Dallas
- Los Angeles
- Minneapolis
- New York City
- Philadelphia
- San Francisco

International Field Offices include:

- Toronto
- London
- Mexico City
- Vancouver

Reliance National underwrites through Reliance National Insurance Company, Reliance Insurance Company, Planet Insurance Company, United Pacific Insurance Company, Reliance Insurance Company of Illinois, and Reliance Insurance Company of New York.

© 1993 Reliance National Insurance Company.



THE CHOICE

Reliance National

A Reliance Group Holdings Company

77 Water Street, New York, N.Y. 10005

For further information
write us or call (212) 858-6308

Opinions

Workable work comp reform

THE MERE MENTION of combining workers compensation medical care with group health care benefits under the aegis of health care reform causes nearly everyone to get worked up.

Workers comp insurers worry that they no longer will collect premiums for covering workers comp medical care, even though they complain long and hard about rising medical costs in the workers comp system.

Labor worries that injured workers may have to pay deductibles or copayments for medical care.

And, employers worry that efforts to control injuries may no longer result in any premium savings.

But, President Clinton's current proposal to integrate workers compensation medical care with the overall health care system under his reform plan should largely alleviate these worries.

Workers comp insurers still would collect premiums from employers for medical care for injured workers.

Injured workers would still be entitled to coverage at no cost.

And, employers with good safety records would continue to be rewarded through reduced premiums or, if self-insured, through reduced medical claims costs.

Under the proposal, injured workers not needing emergency care would be required to receive treatment under the health plan they choose for their regular medical care (BI, Sept. 20).

This provision would override current state laws that allow injured workers to seek care from any provider they choose. Theoretically, this would stop workers from seeking care from physicians who specialize in abusing the workers compensation system, since it is likely that no health plan seeking to do business with the regional health purchasing alliances to be set up under the Clinton reform model would hire such doctors.

To be accredited as a qualified health plan by a purchasing alliance, a plan must hire workers comp case managers and rehabilitation consultants, who would coordinate treatment and rehabilitation services with workers comp insurers and self-insured employers.

Health plans would be reimbursed for services provided for injured employees by workers comp insurers or self-insured employers. The plans would be allowed to negotiate rates with these payers.

In short, the Clinton plan retains most of the elements of today's workers comp program. However, it eliminates unlimited doctor-shopping by injured workers or their attorneys, since a worker could only



choose a doctor in an accredited health care plan.

The proposal on the whole is a good one, but we worry that some health care plans may not have access to enough doctors specializing in occupational injuries or may not have adequate workers comp case managers. Although a health alliance presumably would investigate each competing plan's occupational health capabilities, we're worried that alliances will qualify plans that skimp when it comes to workers comp, especially in promoting return to work.

While employers with fewer than 5,000 employees cannot choose their health alliance under the Clinton proposal, they will have to make sure that employer representatives on the alliance's board ensure that health plans approved by the alliance are capable of providing the best care possible for injured workers.

This is especially a worry since the proposal would also overturn state laws allowing employers to direct an injured worker to a particular doctor.

Reforming the workers compensation system is not an easy trick. The current Clinton proposal would not solve all workers comp problems, but it holds the promise of better controlling workers comp medical costs without requiring major concessions from employers, insurers or labor.

However, employers cannot rest. There still is the possibility that the administration could propose "merging," rather than "integrating" workers comp medical care with the overall health system. That would go one step too far.

Letters

Don't just filter out complaints on air quality

To the editor: What is the message of "Indoor Air Quality Causing Headaches" (BI, Sept. 13)? Is indoor air pollution a major health hazard or is it simply perceived as a "psychological problem?"

Unfortunately, the cynical-sounding comments in the article distract from the critical health issue: small particles, or respirable suspended particles, that are not filtered out by a heating, venti-

lating and air conditioning system's dust filter.

RSPs range in size from less than 10 microns to 0.001 microns, small enough to pass through low air-resistant "dust filters" that are only effective in capturing particles larger than 10 microns. RSPs are, thus, directly inhaled into the lungs where they can and do cause damage, disability and even death. RSPs include soot, bacteria, viruses, asbestos dust, radon and cigarette smoke.

The American Lung Assn. states that RSPs increase the risk of premature death by as much as 20%. The Environmental Protection Agency, in studies with the Harvard School of Public Health, state that more than 50,000 Americans die each year just from soot alone.

Indoor air pollution affects everyone. Its real costs are incalculable, amount-

ing to billions of dollars in absenteeism, medical and legal costs.

Stuart Salot, quoted in the article, does not quantify comfort issues, nor does he specify serious measures to mitigate the problem to prevent litigation. He has seen "mushrooms growing in the ducts" of HVAC systems, yet he suggests that improving ventilation and adding oxygen-generating plants can be enough to satisfy worker complaints.

I suggest that this article conveys the wrong message. Using placebos, in lieu of a substantive and documented HVAC maintenance program in which RSPs are effectively filtered from the air stream can lead to more serious problems, both physical and legal.

Albert Barsimanto
President
Air Ion Devices Inc.
Novato, Calif.

Business Insurance®

Reporting weekly for corporate risk,
employee benefit and financial executives

Vice president/
Publisher/Editorial Director: Kathryn J. McIntyre, A.R.M. (Chicago)

Editor: James M. Burcke (Chicago)

Editor-at-Large: Jerry Geisel (Washington)

Managing Editor: Paul D. Winston (Chicago)

Assistant Managing Editor/News: Timothy Stanton (Chicago)

Assistant Managing Editor/Graphics: Jeanne M. Bartels (Chicago)

International Editor: Stacy Shapiro (London)

Senior Editors: Dave Iencus (Chicago)

Douglas McLeod (New York)

Bureau Chiefs: Michael Schachner (New York)

Joanne Wojcik (Los Angeles)

Copy Editors: Regis J. Coccia (Chicago)

Sara J. Harty (Chicago)

Roseanne White (Chicago)

Associate Editors: Meg Fletcher, A.R.M. (Chicago)

Judy Greenwald (San Jose)

Mark A. Hofmann (Washington)

Nancy Johnson (Chicago)

Louise Kertes (Los Angeles)

Adrian Lodbury (London)

Sara Marley (Chicago)

Sally Roberts (Chicago)

Deborah Shalowitz (Chicago)

Gavin Souter (New York)

Christine Woolsey (Chicago)

Kathy Welyki (Chicago)

Directory Editor: Cynthia L. Bloom (Chicago)

Assistant Directory Editor: Kerry A. Dziubek (Chicago)

Editorial Assistant: Karen Brown (Chicago)

Assistant to the Publisher: Roger Schillerstrom (Chicago)

Advertising Director: Martin J. Ross III (New York)

Eastern Advertising Manager: Stephen P. Lincoln (New York)

Midwest Advertising Manager: Robert L. Niesse (Chicago)

District Managers: Cynthia Bykowski (New York)

Blake Delany (New York)

Charles A. Horvath (New York)

Deborah D. Neale (Chicago)

Kathryn Premetz (New York)

Classified Advertising Manager: Lisa Mazzetti (Chicago)

Production Manager: Elmer Kerslowski (Chicago)

Director of Communications: Ronnie I. Drachman (New York)

EDITORIAL: Chicago: 312-649-5398

Dallas: 214-363-1066

London: 71-608-1172

Los Angeles: 213-651-3710

New York: 212-210-0100

San Jose: 408-379-1790

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

CIRCULATION: Detroit: 800-678-9595

Published by Crain Communications, Inc., Chicago

Founder: G.D. Crain Jr.

Chairman: Mrs. G.D. Crain

Vice chairman: Keith Crain

President: Rance Crain

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

Treasurer: Mary Kay Crain

Secretary: Merrilee P. Crain

Executive vice president-operations: William A. Morrow

Vice president-circulation: William Strong

Vice president-production: Robert C. Adams

Published weekly at 740 Rush St., Chicago, Ill. 60611-2590, Telex 6871241, Fax 312/280-3174, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017-5806, Fax 212/210-0704, CRAIN COM NYK; 1 Northpark, East Suite 114, 8950 N. Central Expressway, Dallas, Texas, 75231-6415, 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; 540 Latimer Circle, Campbell, Calif. 95008, Fax 408/379-3257; Cowcross Court, 2nd Floor, 75-77 Cowcross St., London EC1M 6BP, England, Fax 71/608/1173. \$2.50 a copy, \$80 a year in U.S. Canada add \$38 for surface mail. First-class mail to U.S., add \$95; to Canada add \$105. All other foreign \$200 per year expedited delivery. SHEILA GORMLEY, 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 313-446-1611, Fax 313/446-1650. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48103. 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, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590, 312-649-5319, Fax 312/280-3174.



Member of Business
Publications Audit of Circulation



Business Insurance welcomes letters from its readers. Please keep your comments as brief as possible. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters. Send your comments to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill., 60611-2590.



IS YOUR REINSURANCE STRATEGY AS STRONG ON OFFENSE AS ON DEFENSE?

Reinsurance used to be a defensive play. Your deep defense against major losses. Today, however, reinsurance is basic to a sound financial game plan. That's why you need a reinsurer who knows how to structure a total reinsurance program. Only a reinsurer with global resources and decades of experience can give you this kind of support and guidance. At North American Re, strategic reinsurance is the name of the game.

NORTH AMERICAN



A TRADITION OF EXCELLENCE

Global programs

Continued from page 10

dig Hall International, said of the market.

"I've never spent so much time on renewals in my life," she said.

"It's difficult from almost every perspective but particularly in situations where the client is exposed to any sort of catastrophe," agreed Suzanne Douglass, senior vp with Alexander & Alexander of New York Inc.

While capacity exists for non-catastrophic risks, "when you get to flood, windstorm and earthquake exposures there is limited capacity," observed Norman Barham, senior vp and director with Johnson & Higgins in New York.

Despite the travails of the market, though, the popularity of global programs is growing, and many large multinationals continue to find

them an attractive alternative to traditional international property placements.

Becton Dickinson & Co., a health care products manufacturer based in Franklin Lakes, N.J., recently switched to a global program that maintains the company's limits, closes coverage gaps and is expected to produce premium savings of about 10%, said Thomas M. Regan, director of corporate risk management.

Global programs are a relatively recent innovation, gaining popularity only in the past few years.

Of the 1,000 largest multinational corporations, about 15% to 25% insure their property risks on a global basis, brokers estimate.

Of A&A's multinational clients, only 5% to 10% have truly global programs, Ms. Douglass said.

Unlike traditional programs, which cover U.S. and non-U.S. risks

separately under policies with several insurers, global programs provide blanket coverage for worldwide risks, often using only a handful of insurers.

Global programs are intended in part to simplify and improve property coverage, eliminating gaps among policies issued by U.S. and overseas insurers and preventing squabbles among insurers over which company is responsible for an event that may create losses in more than one country.

The streamlined administration of such programs also is intended to make them profitable for insurers at lower rates, producing premium savings for buyers.

"We are convinced that it's the only way to go," said Charles M. Armstrong Jr., manager-corporate risk management for Xerox Corp. in Stamford, Conn.

Xerox put together its global

property program with J&H in 1991 using Zurich Insurance Co. and Allendale Mutual Insurance Co., Mr. Armstrong said. The program offers the global reach of Zurich and the engineering expertise of the Factory Mutual System, of which Allendale is a member, he noted.

With the exception of some "little glitches" to be expected in such a large program, "this has worked quite well for us," he said.

Mr. Regan also sees clear advantages in global coverage for Becton Dickinson, where international sales account for nearly 50% of the company's \$2.5 billion in annual sales.

The popularity of global programs is expected to continue growing.

"It's much more popular (and) it's growing in popularity," agreed Evelyn Wolovnick, a managing director with Marsh & McLennan Inc. in New York.

Property market conditions aren't

making it easy for buyers, though.

"The insurance industry has a history of dropping the bomb without warning," Mr. Armstrong observed, pointing to the sudden withdrawal of terrorism coverage in the United Kingdom last year and drastic reductions in flood capacity for the Benelux countries of Belgium, the Netherlands and Luxembourg.

Devastating catastrophe losses and a capacity crunch in treaty and facultative reinsurance markets have produced dramatic tightening for the all-risk property coverage that is the foundation of global programs, brokers report.

J&H's Mr. Barham estimated a 50% reduction in capacity for coverages that include catastrophe exposures.

Where global all-risk limits of \$200 million to \$300 million were available as recently as early 1992, \$100 million would be "a stretch" today for a company with flood and California and Japanese earthquake exposures, A&A's Ms. Douglass said.

Insurers are offering large named perils limits above the all-risk layer, and companies can buy limited amounts of excess difference-in-conditions coverage to pick up catastrophe exposures. A company with widespread catastrophe exposures, however, might have to buy separate DIC covers from different insurers rather than buying the coverage on a global basis, Ms. Douglass said.

For example, a company might be able to buy up to \$100 million in excess DIC limits for Japanese earthquake coverage, but only \$50 million to \$75 million for California earthquake cover, and the coverages would likely be written by separate insurers, she explained.

Companies would likewise have a hard time finding \$100 million in DIC limits to cover Netherlands flood risks, she added.

Insurers also are imposing a variety of other restrictions, RHH's Ms. Pahl observed.

Companies that had relatively small local deductibles of \$5,000 to \$10,000 are now seeing those rise to \$100,000 to \$150,000, she said. Insurers also are reducing sublimits for risks like contingent business interruption.

At the same time, prices for the available capacity are rising anywhere from 10% to 40%, Ms. Pahl said. The largest increases are hitting companies with big, high-hazard exposures that are in the market for as much capacity as they can buy. Companies that have developed good relationships with their underwriters and are serious about risk management and loss-control programs are seeing the smallest increases, she said.

"It's a rapidly deteriorating situation that we don't really see improving," she observed.

The tightening market for global programs is due in large part to severe constriction of the treaty and facultative reinsurance markets that have supported the programs, M&M's Ms. Wolovnick suggested.

"A lot of the increased rates are coming directly from the reinsurance markets," she observed.

Most global market observers are looking hopefully to the huge amounts of capital now flowing into Bermuda catastrophe reinsurance facilities, which may ultimately ease some of the squeeze on global programs.

However, J&H's Mr. Barham noted that it will take a while for the new reinsurance capacity to filter into the direct insurance market and that it is not likely—at least initially—to bring down direct insurance prices even if it eases the capacity crunch somewhat. **BI**

Looking for Customized Solutions for Your Insurance Needs?

Acordia is a nationwide network of insurance services organizations dedicated to meeting the insurance needs of specific markets.

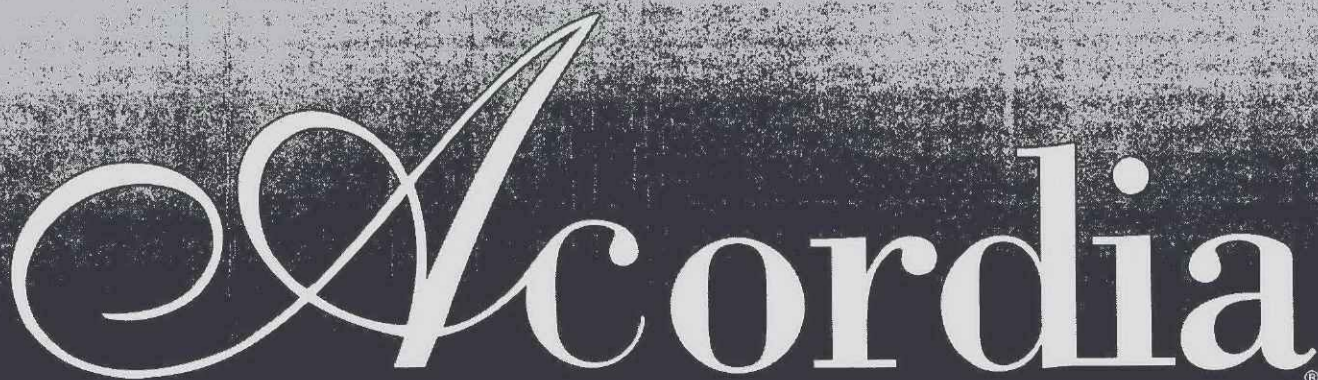
Some Acordias serve demographic groups, such as senior citizens. Some work within geographic areas. And others focus on specific industries, such as the financial community.

There's an Acordia company with the expertise to provide you with solutions customized to your insurance needs and priorities.

- Property and Casualty Insurance
- Health Insurance and Administration
- Managed Care
- Life and Disability Insurance
- Employee Benefits Consulting

To learn more about the Acordia network of companies, contact your insurance broker or call Acordia at 1-800-241-8701.

Acordia, Inc.



The logo features a large, stylized, white 'A' on a dark, textured background. To the right of the 'A', the word 'Acordia' is written in a white, serif font. A small registered trademark symbol (®) is located at the bottom right of the word.

FACING RISKS TOGETHER



MINET PARTNERS IN GLOBAL RISK MANAGEMENT

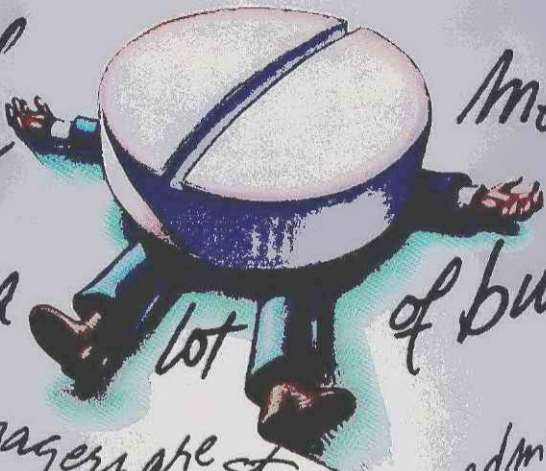
Successful partnerships are based on trust, understanding and mutual goals. ● Minet's place among the world's top insurance brokers and risk management advisers is the direct result of our partnerships with major corporations and industrial companies, the professions and the financial services, energy and construction industries. These relationships flourish because we support clients with specialized knowledge, competitive terms and conditions, and global resources that add security and value to risk management programs. ● Risk managers the world

over trust Minet to take the worry out of managing risk. Because our brokers and risk management advisers have worked as professionals in the industries we serve, we have the experience to create innovative and cost-effective solutions to business specific risk management problems. We face the same risks and share the same goal—finding a way to provide security in a complex, risky world. ● If you'd like to learn more about a partnership with the specialty broker, call Nancy Oblinger in our New York office at 212-455-8303.

Minet
THE SPECIALTYBROKER

Minet • 220 East 42nd Street • New York, NY 10017 • 212-297-9000
Atlanta • Calgary • Houston • London • Los Angeles • Montreal • New York • San Francisco • Toronto • And 125 cities worldwide

High Medical costs
are killing a lot of businesses.



Benefits managers are stuck in an administrative mess.



You ask for help but all you get are nameless bureaucrats that pass the buck (but not



always the bucks). HMOs haven't proved to be the cure-all many imagined because for some people a limited choice



is no choice

at all. You want to start planning for the future but who knows when the folks in Washington will figure it out?



It's enough to drive you right over the edge. Unfortunately, when it comes to Group Benefits these days,



That's Life.

RELAX, TAKE A DEEP BREATH, HELP IS ON THE WAY. OUR NATIONAL GROUP BENEFITS OPERATION IS NOT ONLY EFFICIENT, BUT HAS PROVED COST-EFFECTIVE, TOO. THROUGH OUR HMO SUBSIDIARIES, SANUS AND HEALTHPLUS, WE COVER OVER 700,000 PEOPLE, MAKING US THE FOURTH LARGEST COMMERCIAL CARRIER-BASED HMO COMPANY IN THE U.S.* WE OWN A CONTROLLING INTEREST IN EXPRESS SCRIPTS, INC., A NATIONAL MANAGED PRESCRIPTION



DRUG COMPANY, AND HAVE A UNIQUE ALLIANCE WITH PREFERRED HEALTH CARE, ONE OF THE NATION'S PREMIER MANAGED MENTAL HEALTH ORGANIZATIONS. WE ALSO OFFER FREEDOM OF CHOICE THROUGH OUR INDEMNITY PROGRAMS, PPOS, AND MULTI-OPTION PLANS. IF YOU'D LIKE TO SEE WHAT WE'D PRESCRIBE FOR YOUR GROUP PROGRAM, CALL US AT 1-800-NYL-1319. AND ONCE YOUR GROUP BENEFITS ARE IN GOOD SHAPE, WE ARE MORE THAN QUALIFIED

TO KEEP THEM THAT
LIKE A DICTIONARY
THE QUALITY OF



WAY. OUR 148-YEAR HISTORY READS
DEFINITION OF STABILITY ITSELF:
BEING FIRM, STEADY, OR RESOLUTE.

THAT'S NEW YORK LIFE.

New York Life Group Benefits ~ Express Scripts, Inc. ~ Sanus Corp. Health Systems ~ HealthPlus

*1993 Interstudy Competitive Edge, Vol. 2, No. 2.

Directory of international property/casualty insurers

A

Allendale Ltd.

P.O. Box 7500, Johnston, R.I.
02919; 401-275-3000 ext. 1921;
fax: 401-275-3029

	1992	1991
Int'l premiums	\$143,600,000	\$110,600,000
U.S.	35%	29.5%
Non-U.S.	65%	70.5%
Offices: Claims	4	4
Underwriting	8	NA
Employees	126	94
U.S.	2	NA
Non-U.S.	124	NA
Foreign countries ..	60	57
Owned offices	8	4
Combined ratio	126.0%	111.5%

Intl. P/C operations began: 1963.
Parent: Allendale Mutual Insurance Co.

Specialties: Industrial, commercial and institutional property.

Services: Captive programs; loss control services for industrial, commercial and institutional property; retrospectively rated programs; statistics in support of international programs.

Licensed or accepted insurer in: Canada, United States.

Affiliates/fronting arrangements: Service through Factory Mutual International, except in Mexico: Argentina, Australia, Austria, Bahamas, Barbados, Belgium, Brazil, Chile, Colombia, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Finland, France, Germany, Greece, Guatemala, Haiti, Hong Kong, Hungary, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Singapore, Slovak Republic, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand,

Trinidad, Tunisia, Turkey, United Arab Emirates, United Kingdom, Uruguay, Venezuela.

Officers: Roland J. Bonitati, managing director; Jean Louis Chapel, Stephen P. Scontras, directors-marketing.

U.S. contact: Roderick D. DeMaso, assistant vp/manager-marketing/international.

Allianz A.G. Holding

Koeniginstrasse 28, Munich, 80802, Germany 80802; 49-89-3800-0;
fax: 49-89-3800-2746

	1992	1991
Int'l premiums	\$11.46 billion	\$10.55 billion
U.S.	30.5%	31.4%
Non-U.S.	69.5%	68.6%
Employees	33,643	35,401
U.S.	9,504	10,218
Non-U.S.	24,139	25,183
Foreign countries ..	47	42
Owned offices	29	25

Intl. P/C operations began: 1893.
Services: Captive programs, loss con-

rol services, statistics in support of international programs.

Licensed or accepted insurer in: Argentina (Colon Compania de Seguros Generales S.A., Compania Aseguradora Argentina S.A. de Seguros Generales, Plus Ultra Compania Argentina de Seguros S.A.), Austria (Anglo-Elementar Versicherungs-AG, Wiener Allianz Versicherungs-AG), Belgium (Allianz Versicherungs-AG), Brazil (Companhia Adriatica de Seguros Gerais), Canada (Allianz Insurance Co. of Canada, Cornhill Insurance Co. of Canada, Trafalgar Insurance Co. of Canada), Chile (Allianz Compania de Seguros S.A.), Czech Republic (Allianz Pojistovna, a.s.), Denmark (Allianz Nordeuropa, Forsikringsaktieselskabet), France (Allianz Via Assurances, Compagnie Generale de Prevoyance, Compagnie de Reassurances de Paris, Rhin et Moselle Assurances Francaise), Germany, Greece (Allianz General Insurance Co. S.A.), Hong Kong (Allianz Cornhill Insurance (Far East)

Ltd.), Hungary (Hungaria Biztosito Rt.), Indonesia (P.T. Asuransi Allianz Utama Indonesia), Ireland (Cornhill Insurance P.L.C.), Italy (Allianz Pace Assicurazioni e Riassicurazioni, Allianz RAS Tutela Giudiziaria S.p.A., Riunione Adriatica di Sicurtà S.p.A.), Japan (Allianz Fire & Marine Insurance Japan Ltd.), Namibia (Allianz Insurance Namibia Ltd.), Netherlands (Allianz Netherland N.V. Schadeverzekeringsmaatschappij), Norway (Jac. O. Lyngaas & Co. A/S), Portugal (Portugal Previdente Companhia de Seguros), Russia (East-West Allianz Insurance Ltd.), Slovak Republic (Allianz Pojistovna a.s.), Singapore (Allianz Insurance (Singapore) Pte. Ltd.), South Africa (Allianz Insurance Ltd.), Spain (Allianz-Ercos S.A. de Seguros y Reaseguros), Russia (East-West Allianz Insurance Ltd.), Slovak Republic (Allianz Pojistovna a.s.), Singapore (Allianz Insurance (Singapore) Pte. Ltd.), South Africa (Allianz Insurance Ltd.), Spain (Allianz-Ercos S.A. de Seguros y Reaseguros), Allianz Industrial Compania de Seguros y Reaseguros S.A., Allianz RAS Seguros y Reaseguros S.A.), Sweden (Allianz Nordeuropa Forsakringsaktiebolaget), Switzerland (Allianz Continentale Allgemeine Versicherungs-AG, Allianz Versicherung (Schweiz) AG), United Arab Emirates (Allianz Versicherungs AG-Dubai Branch), United Kingdom (Allianz Cornhill International, Allianz Cornhill Legal Protection Insurance Co. Ltd., Cornhill Insurance P.L.C.), United States (Allianz Insurance Co., Fireman's Fund Insurance Co., Jefferson Insurance Co. of New York), Venezuela (Adriatica Venezolana de Seguros C.A.).

Affiliates/fronting arrangements: Australia (MMI Insurance Group), Bulgaria, China, Egypt (Arab International Insurance Co.), Malaysia (Hong Leong Assurance Sdn. Bhd.), Mexico (Asegura dora Cuauhtemoc S.A.), New Zealand (MMI General Insurance NZ Ltd.), Peru (El Sol-Compania de Seguros Generales), Philippines, Taiwan (Fubon Insurance Co.), Thailand (The Navakij Public Insurance Co. Ltd.), Tunisia, Turkey (Sark Sigorta T.A.S.).

Officers: Henning Schulte-Noelle, chairman; Uwe Haasen, Jan Boetius, Diethart Breipohl, Detlev Bremkamp, Gerhard Rupperecht, Ernst Wuderlich, board members.

U.S. contact: Wolfgang Schlink, chairman/president/CEO, Allianz Insurance Co., 213-658-5000.

American Excess Insurance Assn.

77 Hartland St., Suite 400, East Hartford, Conn. 06108; 203-528-2105;
fax: 203-282-9393

	1992	1991
Int'l premiums	\$6,500,000	\$6,000,000
U.S.	50%	50%
Non-U.S.	50%	50%

Intl. P/C operations began: 1986.

Parent: Aetna Casualty & Surety, Continental Casualty, Continental Insurance, Employers Reinsurance, Federal Insurance, General Accident, General Reinsurance, Home Insurance, INA, Maryland Casualty, NAC Reinsurance, Travelers Indemnity, Zurich Insurance-U.S. branch.

Specialties: All third party liability in excess of \$25 million.

Officers: Richard C. Barbieri, president; Clinton C. Greene, vp; Norma C. Colgan, secretary/treasurer.

U.S. contact: William C. Hall, national marketing manager, 212-466-3447.

American International Underwriters

70 Pine St., New York, N.Y. 10270;
212-770-7000; fax: 212-742-9582

	1992	1991
Int'l premiums	\$4 billion	\$3.48 billion
Offices: Claims	158	153
Underwriting	287	271
Employees	8,271	7,371
U.S.	732	699
Non-U.S.	7,539	6,672
Foreign countries ..	79	79
Owned offices	63	63
Combined ratio	95.7%	96.5%

Intl. P/C operations began: 1919.

Parent: American International Group Inc.

Services: Captive programs, loss control services for all major lines, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in: Argentina, Australia, Austria, Bahamas, Belgium, Bermuda, Brazil, Brunei, Canada, Chile, China, Colombia, Cyprus, Czech Republic, Denmark, Dominican Republic, Ecuador, Finland, France, Germany, Greece, Guam, Guatemala, Honduras, Hong Kong, Hungary, Indonesia, Ireland, Italy, Jamaica, Japan, Kenya, Latvia, Lebanon, Macau, Malay-

Continued on page 20

The EPA says:
If you're responsible for the property,

you're responsible for the cleanup.

Who's responsible? You are, if you own or manage commercial property, or have a fiduciary or financial responsibility for property on which pollution is found. Even if you were not responsible for the pollution in the first place. Cleanups can be time-consuming and costly—often running more than \$1 million. The litigation expenses can be devastating as well.

What's your best protection? Environmental Remediation Insurance underwritten by General Environmental Management Corporation (GEM)

on behalf of the CNA Insurance Companies. As an innovator in environmental insurance, GEM has the experience and expertise to help protect you from the burden of pollution cleanup and litigation costs. And CNA has a 30-year history of providing specialty lines coverages. This longstanding experience brings you knowledge and stability that you can rely on.

To find out how you can effectively protect your investments, contact your insurance broker, or call GEM directly at 1-800-231-GEMC.



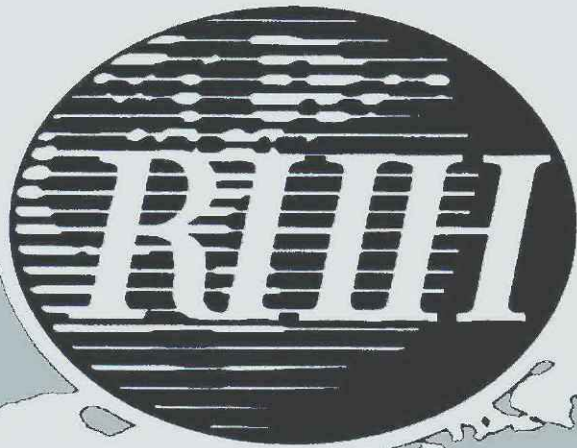
CNA is a registered service mark of the CNA Financial Corporation, the parent company of the CNA Insurance Companies. Coverage is provided by Columbia Casualty Company, one of the CNA Insurance Companies/CNA Plaza/Chicago, Illinois 60685. Coverage may not be available in some states.



For All the Commitments You Make®

THE EXPERIENCE OF THREE GREAT TRADITIONS...

UNDER ONE NEW NAME.



ROLLINS HUDIG HALL

Rollins Hudig Hall is an international leader in providing insurance and reinsurance brokerage, employee benefits consulting, and risk management services.

AN AON COMPANY

Forging a new tradition of excellence, Rollins Hudig Hall begins with three exceptional advantages — the benefit of more than 500 years of cumulative experience, the reach of over 200 offices around the globe, and the dedicated expertise of our people around the world who are determined to advance this 500-year tradition of excellence for the benefit of our clients.

**ROLLINS BURDICK
HUNTER**

Est. 1898



Est. 1680



Est. 1862

Rollins Hudig Hall-Headquarters
123 North Wacker Drive, Chicago, Illinois 60606
(312) 701-4000

A POWERFUL FORCE IN

*America's second largest provider of group LTD is a powerful force you can count on. Based on our wealth of experience in risk management, we've created a new concept in disability cost containment. The concept is called **Managed Disability**. By combining our new **Value Options** contract with a unique STD/LTD approach, we can help you tailor a program to bring your*

Fortis Financial Group
MUTUAL FUNDS / ANNUITIES

Fortis Life
LIFE INSURANCE

LONG TERM DISABILITY.

clients the kind of strong, yet flexible, approach that meets their needs in the 90's. And beyond. America's second largest provider of group disability is also the second largest provider of group life and the third largest provider of group dental.* From life insurance to health insurance, from mutual funds to annuities. Over a century of solid answers for a changing world. That's the strength of Fortis, a \$46 billion worldwide financial services organization.

fortisSM

SOLID ANSWERS FOR A CHANGING WORLD[®]

Call us for a consultation on your next case.
1-800-377-7282.

Time Insurance
HEALTH INSURANCE

Fortis Benefits
EMPLOYEE BENEFITS

Continued from page 16
 sia, Malta, Netherlands, Netherlands Antilles, New Zealand, Norway, Pakistan, Panama, Papua New Guinea, Paraguay, Philippines, Poland, Portugal, Puerto Rico, Saipan, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Trinidad & Tobago, Turkey, Uganda, United Kingdom, United States, Zimbabwe.

Affiliates/fronting arrangements: Bahrain, Bolivia, Cameroon, Egypt, Estonia, Ivory Coast, Kuwait, Mexico, Nigeria, Oman, Peru, Qatar, Romania, United Arab Emirates, Uruguay, Venezuela.

Officers: Brian Duperreault, president; Ronald Anderson, senior vp-external affairs; William Freda, senior vp-claims; Nicholas Tyler, senior vp-technical ser-

vices; Thomas Kaiser, president-energy division; Kurt Schwamberger, president-personal lines division; Joseph Smetana, president-commercial lines division; Andrew Warren, president-accident & health division.

U.S. contact: Ronald Anderson, 212-770-7135.

Arkwright Mutual Insurance Co.

225 Wyman St., Waltham, Mass.
 02254; 617-890-9300;
 fax: 617-890-0075

	1992	1991
Int'l premiums	\$94,360,000	\$89,970,000
U.S.	57%	61%
Non-U.S.	43%	39%

Offices: Claims	4	4
Underwriting	6	3
Employees	130	94
U.S.	36	61
Non-U.S.	94	33
Foreign countries	57	57
Owned offices	4	1
Combined ratio	98.6%	111.9%

Intl. P/C operations began: 1963.

Specialties: Commercial and industrial risks.

Services: Captive programs, loss control services for property risks, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in:

Canada, United States.

Affiliates/fronting arrangements: Service through Factory Mutual International: Argentina, Australia, Austria, Bahamas, Barbados, Belgium, Brazil, Chile, Colombia, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Finland, France, Germany, Greece, Guatemala, Haiti, Hong Kong, Hungary, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Singapore, Slovak Republic, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Trinidad, Tunisia, Turkey, United Arab Emirates, United Kingdom, Uruguay, Venezuela.

Officers: Frederick J. Bumpus, chairman/CEO; William J. Poutsika, president; W. Glenn Yancey, executive vp; Robert J.M. O'Hare Jr., senior vp/secretary/general counsel; Wolfgang F. Friedel, senior vp/manager-sales, marketing & international operations; Kenneth W. Davey, vp/manager-European operations; Douglas B. Fay, vp/manager-international operations.
U.S. contact: Wolfgang F. Friedel, 617-890-9300.

Continued on next page

A guide to using the directory of P/C insurers

The directory of global property/casualty insurers lists international insurers that responded to a *Business Insurance* questionnaire.

The directory is published as an editorial service; there is no charge for companies to be listed.

If provided by the insurer, financial and operational information for 1992 and 1991 is listed. Foreign gross premiums, for property and casualty risks are given in U.S. dollars* and the percent generated by foreign operations of U.S. employers vs. foreign operations of non-U.S. employers also appears.

Also provided are the number of foreign claims and underwriting offices; the number of employees involved in foreign property/casualty services, including those in U.S. and non-U.S. locations; the number of foreign countries represented; and the number of countries in which the company owns offices (51% or more ownership). The insurer's combined ratio for foreign business may also be noted.

Business Insurance defines "foreign" as business in any country other than that in which the company is domiciled.

Next is the year the insurer's international operations began, its parent company and risks the company specializes in insuring. Following that information are special services provided that relate to international business.

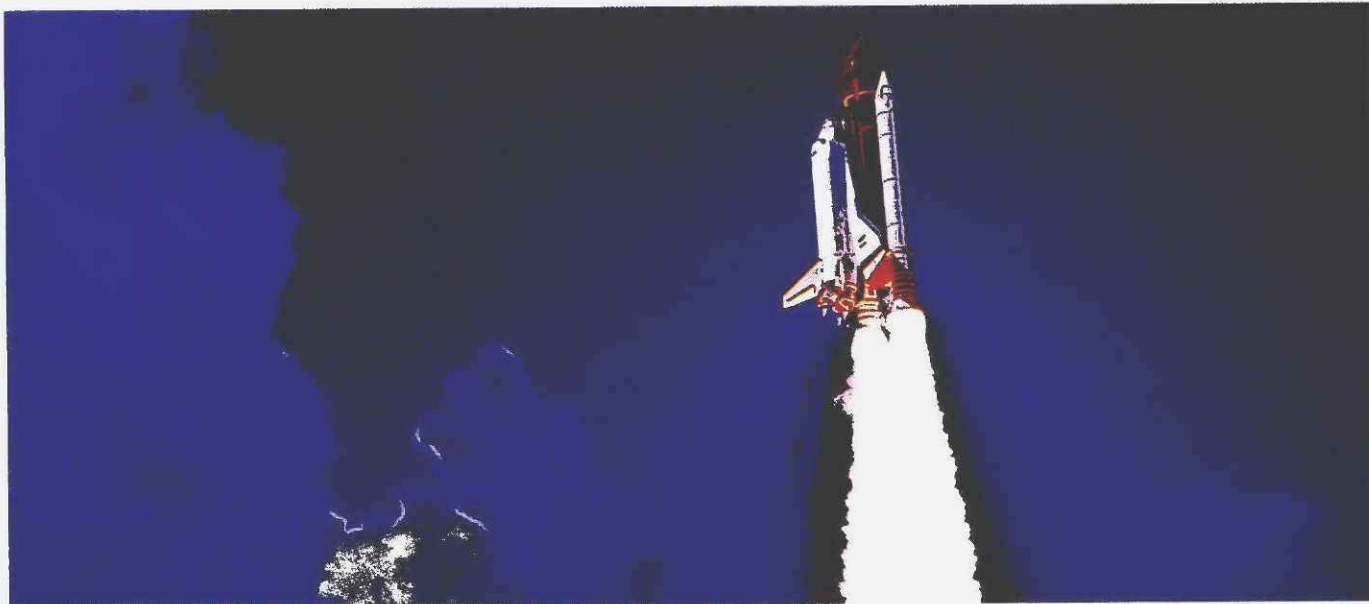
Countries in which the company operates as a licensed or accepted insurer and where they participate through fronting or affiliates is listed next. If individual company or office names for each particular country were provided by the insurer, they are included in the listing only if significantly different from the parent company name. Finally, names and titles of the principal officers and a U.S.-based contact person are supplied.

To locate companies that do business in a specific country refer to the geographic index following the directory. The index includes only the names of the property/casualty insurers listed in the directory. Information on subsidiaries and fronting arrangements are available in the directory listings.

Although every effort is made to obtain complete and accurate information, *Business Insurance* is unable to verify all information it receives.

* An average exchange rate, computed from month-end rates for the 12 months of a company's fiscal year, is used in currency conversions.

Bermuda · Hong Kong · London · New York · Guernsey · Luxembourg · Cayman Islands · Isle of Man



A move in the right direction.

When an American space shuttle leaves the launching pad, it always turns to Bermuda. The Bermuda Space Station is the first to pick up U.S. spacecraft and monitor them through the initial high risk stage of their journey.

A Major Business Centre

Like the U.S. space industry, many successful international businesses turn to Bermuda first when they venture outside their home jurisdiction. And for the same reasons. Bermuda offers a strategic location, a skilled work force, reliable technology, and the cooperative spirit and personal commitment it takes to make offshore enterprises a success.

The Insurance Industry

Of the many international businesses that have found a welcome in

Bermuda, none is more important to the Island than the captive insurance industry.

Bermuda played a key role in its development, and it continues to provide an environment that encourages its growth. It is the domicile of choice for more than 1,300 registered insurance and re-insurance companies and the captive insurance leader of the world.

The Bank of Bermuda

As Bermuda's largest bank, we are well qualified to meet the needs of captive insurance companies, whether they are incorporated here or in any other jurisdiction. We have been serving the international financial community for more than a century; and we provide all the financial services and asset man-

agement counselling our clients need to operate a successful offshore enterprise - anywhere in the world.

The Right Direction

When you're ready to leave your home base, make a move in the right direction. Turn to Bermuda first for the guidance you need to keep your venture on course.

For more information about our Corporate Banking service, call John Swain, Senior Manager, Corporate Banking, The Bank of Bermuda at (809) 299-6395.



THE BANK OF BERMUDA

Your partner in a world of opportunity.

Continued from previous page

C

**CIGNA Cos.-
International Property &
Casualty Operations**

1601 Chestnut St., TLP-53, P.O. Box
7716, Philadelphia, Pa. 19192;
215-761-1000; fax: 215-761-5468

	1992	1991
Int'l premiums.....	\$1.79 billion	\$1.96 billion
U.S.	5.9%	13.7%
Non-U.S. owned..	94.1%	86.3%
Offices: Claims.....	NA	NA
Underwriting.....	NA	NA
Employees.....	4,102	4,531
U.S.	403	517
Non-U.S.	3,699	4,014
Foreign countries....	63	67
Combined ratio.....	112.9	114.2

Intl. P/C operations began: 1792.

Parent: CIGNA Corp.

Specialties: Commercial risks, construction, energy, boiler and machinery, worldwide casualty, marine and large risks.

Services: Captive programs, loss control services, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in: Argentina, Australia, Austria, Bahamas, Belgium, Brazil, Canada, Chile, Colombia, Cyprus, Denmark, Ecuador, France, Germany, Greece, Guam, Guatemala, Hong Kong, Ireland, Israel, Italy, Japan, Macao, Malaysia, Malta, Mariana Islands, Monaco, Netherlands, New Zealand, Norway, Pakistan, Panama, Paraguay, Philippines, Portugal, Puerto Rico, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, U.S. Virgin Islands, United Kingdom, United States, Venezuela.

Affiliates/fronting arrangements: Indonesia, Mexico, Nigeria, Peru, Saudi Arabia.

Officers: H.E. Hanway, president-CIGNA Worldwide Inc.; Gary Schmalzreid, senior vp-underwriting; Alan May, senior vp-global risk management; Roger W. Davis, senior vp-marketing.

U.S. contact: Roger W. Davis, 215-761-4593.

**Chubb Group
of Insurance Cos.**

15 Mountain View Road, Warren,
N.J. 07059; 908-580-2000;
fax: 908-580-3402

	1992	1991
Int'l premiums.....	\$500,000,000	\$621,000,000
U.S.	25%	25%
Non-U.S. owned..	75%	75%
Offices: Claims.....	26	26
Underwriting.....	26	26
Employees.....	1,048	1,048
U.S.	46	46
Non-U.S.	1,002	1,002
Foreign countries...	27	27
Owned offices.....	25	25
Combined ratio.....	108	108

Intl. P/C operations began: 1960.

Parent: The Chubb Corp.

Specialties: Financial institutions, manufacturers, electronics, printers, food processors, exporters (all types), directors and officers, mining, law firms, museums and cultural institutions.

Services: Captive programs, loss control services.

Licensed or accepted insurer in: Australia (Chubb Insurance Co. of Australia), Belgium, Brazil, Canada (Chubb Insurance Co. of Canada), Chile (Chubb de Chile Compania de Seguros Generales S.A.), Colombia (Chubb de Colombia Compania de Seguros S.A.), Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Netherlands, Puerto Rico, Singapore (Chubb Pacific Underwriting Management Services (PTE) Ltd.), South Korea, Spain, Taiwan, Thailand, United Kingdom (Chubb Insurance Co. of Europe), United States, Venezuela.

Affiliates/fronting arrangements: Mexico.

Officers: Dean R. O'Hare, chairman/CEO-Chubb Corp.

U.S. contact: Don Mergen, 908-580-3351 or Dennis Orio, 908-580-3608.

Commercial Union P.L.C.

St. Helen's, 1 Undershaft, London
EC3P 3DQ, England;
44-71-283-7500;
fax: 44-71-662-8182

	1992	1991
Int'l premiums.....	\$4.26 billion	\$3.33 billion
U.S.	49%	47%
Non-U.S.	51%	53%
Employees.....	10,032	9,354
U.S.	3,569	3,890
Non-U.S.	6,463	5,464
Combined ratio.....	113%	115%

Intl. P/C operations began: 1870.

Specialties: Marine.

Licensed or accepted insurer in: Argentina, Australia, Belgium, Brazil, Canada, Colombia, Cyprus, France, Greece, Italy, Malaysia, Netherlands, Poland, Portugal, Spain, Thailand, Turkey, United Kingdom, United States, Zimbabwe.

Officers: A.L. Brend, CEO; J.G.T. Carter, A.B. Wyand, executive directors.

U.S. contact: K. Duffy, chairman/CEO-U.S., 617-725-6000.

The Continental Corp.

180 Maiden Lane, New York, N.Y.
10038; 212-440-3000;
fax: 212-440-7130

	1992	1991
Int'l premiums.....	\$874,161,000	\$901,962,000
Offices: Claims.....	39	39
Underwriting.....	37	37
Employees.....	1,494	1,455
U.S.	124	126
Non-U.S.	1,370	1,329
Foreign countries....	56	56
Owned offices.....	39	37

Intl. P/C operations began: 1964.

Specialties: Global programs, controlled master property and casualty programs, foreign package policies and exporters package policies.

Services: Loss control services for property and casualty.

Licensed or accepted insurer in: Argentina, Australia, Bahamas, Barbados (Continental Risk Services Ltd., East River Insurance Co.), Belgium, Bermuda (Continental Risk Services Ltd., East River Insurance Co.), Canada (The Continental Insurance Co. of Canada, Dominion Insurance Corp.), Cyprus, Denmark, Finland, France, Germany, Greece, Guadeloupe, Guam, Haiti, Hong Kong (Lombard General Insurance Co. Ltd.), Italy, Japan, Macao, Martinique, Netherlands, Puerto Rico (Continental Insurance Co. of Puerto Rico), Singapore, Taiwan, Trinidad, United Kingdom (Continental Insurance Europe), United States, Virgin Islands.

Affiliates/fronting arrangements: Austria, Brazil, Chile, China, Colombia, Dominican Republic, Egypt, Ecuador, Guatemala, Hungary, Indonesia, Ireland, Jamaica, Malaysia, Mexico, New Zealand, Norway, Panama, Peru, Philippines, Portugal, Saudi Arabia, South Korea, Spain, Sweden, Switzerland, Venezuela.

Officers: John P. Mascotte, chairman/CEO/president/COO; Wayne H. Fisher, executive vp-The Continental Corp./president-Special Operations Group; Michael J. Marchesani, president-Continental International; Byron Messier, president/COO-Continental Canada.

U.S. contact: Michael J. Marchesani, 609-395-2476.

E

**Engineering
Insurance Co. Ltd.**

Ibex House, Minories, London, EC3N
IDY; 44-71-265-6600;
fax: 71-488-4539

	1992	1991
Int'l premiums.....	\$21,603,134	\$12,218,161
Non-U.S.	100%	100%
Offices: Claims.....	3	NA
Underwriting.....	3	NA

Schirmer

SCHIRMER ENGINEERING CORPORATION

Full Service Fire Protection/Life Safety Engineering

- Property / Casualty / Boiler & Machinery Underwriting & Loss Control Reports
- Americans with Disabilities Act (ADA) Accessibility Code Consultation
- Building & Fire Code Consultation
- Fire Suppression System Design
- Fire & Security Alarm System Design
- Loss Investigations
- Litigation Support Services

707 LAKE COOK ROAD
DEERFIELD, IL 60015-4997
PHONE 708/272-8340

Dallas, TX - Los Angeles, CA - San Francisco, CA - Washington, DC

Employees.....	22	NA
U.S.	10	NA
Non-U.S.	12	NA
Owned offices.....	3	NA

Intl. P/C operations began: 1990.

Parent: The Hartford Steam Boiler Inspection & Insurance Co., General Reinsurance Corp.

Specialties: Machinery breakdown, loss of profits.

Services: Captive programs, loss control services for machinery breakdown.

Licensed or accepted insurer in:

Hong Kong, United Kingdom.

Affiliates/fronting arrangements: Belgium, Bolivia, Cayman Islands, China, Finland, France, Germany, Greece, Iceland, Indonesia, Ireland, Israel, Italy, Macao, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Philippines, Portugal, Sierra Leone, Singapore, South Korea, Spain, Taiwan, Thailand, Trinidad & Tobago, Turkey, Venezuela.

Officers: Michael L. Downs, managing director; Dr. William Stockdale, engineering director; Alan J. McCormick, finance director.

U.S. contact: John A. Sproha, second vp-The Hartford Steam Boiler Inspection & Insurance Co., 203-722-5679.

F

Factory Mutual International

Southside 105 Victoria St., London,
SW1E 6QT, England;
44-71-828-7799;
fax: 44-71-630-5335

	1992*	1991*
Offices: Claims.....	4	4
Underwriting.....	1	4
Employees.....	320	399
Foreign countries....	58	55
Owned offices.....	2	2

* Financial information reported in listings of parent companies (on an equity basis).

Intl. P/C operations began: 1963.

Parent: Allendale Mutual Insurance Co., Arkwright Mutual Insurance Co., Protection Mutual Insurance Co.

Specialties: Industrial and commercial property.

Services: Captive programs, loss control services for commercial property, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in: Australia, Barbados, Belgium, Denmark, France, Germany, Hong Kong, Ireland, Italy, Luxembourg, Netherlands, New Zealand, Norway, Singapore, Sweden, United Kingdom.

Affiliates/fronting arrangements: Argentina, Austria, Bahamas, Brazil, Chile, Colombia, Czech Republic, Dominican Republic, Ecuador, Egypt, Finland, Greece, Guatemala, Haiti, Hungary, Indonesia, Israel, Jamaica, Japan, Malaysia, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Slovak Republic, South Africa, South Korea, Spain, Switzerland, Taiwan, Thailand, Trinidad, Tunisia, Turkey, United Arab Emirates, Uruguay, Venezuela.

Officers: S.O. Simpson, managing director; S.S. Subramaniam, F.J. Bumpus, D.E. Johnson, directors.

U.K. contact: Jacky Sutherland, manager-public relations.

G

Gerling Insurance Group

Gereonshof, 50597 Cologne,
Germany; 49-221-1441;
fax: 49-221-144-3319

	1992	1991
Int'l premiums.....	\$442,880,000	\$367,830,000
Employees.....	9,400	9,800
Foreign countries....	25	24
Owned offices.....	24	23

Intl. P/C operations began: 1955.

Parent: Gerling-Konzern Versicherungs-Beteiligungs-Aktiengesellschaft.

Specialties: Industrial and commercial risks.

Services: Captive programs, loss control services, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in: Australia, Austria, Belgium, Brazil, Canada, Czech Republic, Denmark, France, Ger-

many (Assumo Assekuranz Service & Management Organization GmbH, Frankona Ruckversicherungs AG, Geranta Vermögensanlagen GmbH, Meganet Gesellschaft für Mehrwertdienste mbH, multiple operations under a Gerling name), Greece (representative office), Hungary, Ireland, Italy, Luxembourg, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Portugal, South Africa, Spain (Gerling-Konzern Estudios de Riesgos Industriales S.A., Servicios Generales de Correduria de Reaseguros S.A.), Sweden, Switzerland, United Kingdom, United States.

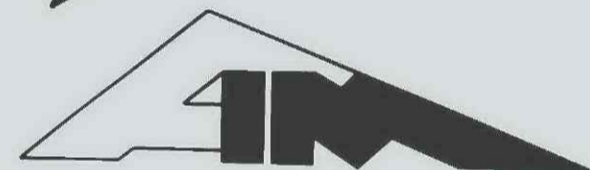
Affiliates/fronting arrangements: Austria (Gerling Pensionskasse für die Industrie AG), Germany (Deutscher Herold Rechtsschutz Versicherungs AG, Globale Krankenversicherungs AG), Luxembourg (Lux-life S.A.).

Officers: Adolf Kracht, chairman; Jürgen Zech, deputy chairman; Frank Thomas, Norbert Strohschen, Paul-Robert Wagner, Anton Weiler, board members.

U.S. contact: Wolfgang Schlaeger, president-Gerling America Insurance Co., 212-752-8900.

Continued on page 24

*First
We Listen.*



AMERICAN INSURANCE MANAGERS, INC.
MEDICAL STOP LOSS

Your needs are unique. By asking the right questions, we can realistically assess those needs and objectives.

Make the Call...

AIM's Medical Stop Loss Division has built a solid reputation through our ability to listen and respond with innovative solutions for our clients.

We'll Listen.

1-800-888-2464

FAX 1-404-980-1706

AMERICAN INSURANCE MANAGERS

P.O. Box 725247
Atlanta, Georgia 30339-9247

T E R R I T O R I A L

THE CHARACTER OF REGION AND TERRAIN.



The way a geologist looks at a topographical map is how ERC sees treaty reinsurance: there's a lot of stratification below the obvious surface, and it varies a great deal by territory. That's why we take a purely regional approach, examining not only the mass, but the minutiae that compose it. Circumstances peculiar to your business require more than a home office formula. A regional view is one more way ERC avoids becoming provincial.

E M P L O Y E R S R E I N S U R A N C E C O R P O R A T I O N



A GENERAL ELECTRIC FINANCIAL SERVICES COMPANY
5200 METCALF, OVERLAND PARK, KS 66201

Founded in 1962, the Custard Companies, with ninety-two offices servicing forty states, is very pleased to present the following Profile:

- ↳ Claims Management - WC/AL/GL/Property/Marine
- ↳ Audits - Sixty projects in the last three years
- ↳ Runoff Programs
- ↳ Training and Development
- ↳ Consulting
- ↳ Subrogation
- ↳ Self-Administration Analysis

For a copy of our Service/Audit Brochures, please contact:

Dan Huggins- President- CCMS
1(800) 237-7993

Continued from page 21

H

The Home Insurance Co.

59 Maiden Lane, New York, N.Y.
10038; 212-530-7373;
fax: 212-530-3004

	1992	1991
Int'l premiums	\$58,000,000	\$25,000,000
U.S.	100%	100%
Offices: Claims	54	50
Underwriting	54	50
Employees	28	NA
U.S.	15	NA
Non-U.S.	13	NA
Foreign countries	54	50
Owned offices	3	3
Combined ratio	96.0%	NA

Intl. P/C operations began: 1990.
Parent: Home Holdings Inc.
Specialties: Property and casualty industrial, commercial and specialty lines.
Services: Captive programs, loss control services for property and casualty, retrospectively rated programs, statistics

in support of international programs.

Licensed or accepted insurer in: United States.
Affiliates/fronting arrangements: Australia, Austria, Argentina, Bahamas, Bahrain, Belgium, Brazil, Canada, Chile, Colombia, Cyprus, Denmark, Dominican Republic, Egypt, Estonia, Finland, France, Germany, Greece, Guam, Hong Kong, Ireland, Israel, Italy, Japan, Jordan, Kuwait, Lebanon, Malaysia, Mexico, Netherlands, New Zealand, Norway, Oman, Philippines, Poland, Portugal, Russia, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Arab Emirates, United Kingdom, Vietnam, Venezuela, Yemen.

Officers: Peter O'Connor, senior vp-international; John Malloy, vp-international casualty; Bengt Lindemalm, vp-reverse flow; Patrick Gallagher, vp-western regional manager; Al Kappelman, Gerald Kraut, assistant vps-international property; Frank Amodeo, vp-Canada; John Follansbee, vp-Pacific Rim.

U.S. contact: Peter O'Connor.

K

Kemper International Corp.

1 Kemper Drive, Long Grove, Ill.
60049-0001; 708-320-3767;
fax: 708-320-4271

	1992	1991
Int'l premiums	\$66,000,000	\$55,000,000
U.S.	20%	20%
Non-U.S.	80%	80%
Offices: Claims	16	16
Underwriting	16	16
Employees	150	150
U.S.	30	30
Non-U.S.	120	120
Foreign countries	77	77
Owned offices	9	9

Intl. P/C operations began: 1969.
Parent: Lumbermens Mutual Casualty Co.

Specialties: Specialized middle market packages; industrial property, including engineered loss prevention programs.

Services: Captive programs, loss control services, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in: Australia, Belgium, Bermuda (Seven Continents Insurance Co. Ltd.), France, Germany, Japan (Lumbermens Mutual Casualty Co.), Netherlands, Singapore, United Kingdom, United States.

Affiliates/fronting arrangements: Algeria, Antigua, Argentina, Austria, Bahamas, Bahrain, Barbados, Belgium, Brazil, British Virgin Islands, Brunei, Cameroon, Canada, Cayman, Central African Republic, Chile, China, Colombia, Comoros, Cook Island, Curacao, Cyprus, Denmark, Djibouti, Dominican Republic, Dubai, Ecuador, Egypt, El Salvador, Fiji, Finland, France (UAP/Kemper HPR Co.), French Guiana, French Polynesia, Gabon, Gibraltar, Greece, Guadeloupe, Guam, Guatemala, Haiti, Honduras, Hong Kong, Indonesia, Ireland, Israel, Italy, Ivory Coast, Jamaica, Jordan, Kenya, Kuwait, Liechtenstein, Luxembourg, Malaysia, Malta, Martinique, Mexico, Monaco, Morocco, New Caledonia, New Zealand, Niger, Norway, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Portugal, Qatar, Reunion, Rwanda, Saudi Arabia, Senegal, Solomon Islands, South Korea, Spain, Sudan, Surinam, Sweden, Switzerland, Tahiti, Taiwan, Thailand, Togo, Tonga, Trinidad & Tobago, Tunisia, Turkey, U.S. Virgin Islands, United Arab Emirates, Uruguay, Vanuatu, Venezuela, Western Samoa, Yemen.

Officers: J.S. Kemper III, chairman; R.L. Smialek, CEO; T.J. Hoeh, president; A.J. Espinosa, M.R. Del Rosso, W.L. Halvorsen, W.E. Simmons, W.L. White, vps.
U.S. contact: Theodore J. Hoeh, 708-320-3767.

P

Protection Mutual Insurance Co.

300 S. Northwest Highway, Park Ridge, Ill. 60068; 708-825-4474;
fax: 708-825-1936

	1992	1991
Int'l premiums	\$44,000,000	\$36,100,000
U.S.	55%	57%
Non-U.S.	45%	43%
Offices: Claims	4	4
Underwriting	4	2

Continued on page 26

We See What Others Don't.

Risk is often hidden. There nevertheless, poised to strike.

At Thomas Howell Group, we can identify what our competitors are more likely to miss. And ultimately, our precision will reduce your cost.

Your risk management deserves a closer look from experts with a keen eye and a thorough understanding of your business.

That's why we place such a high priority on our staff. And why top international companies have learned to expect prompt, tailored service from the experienced professionals at Thomas Howell Group.

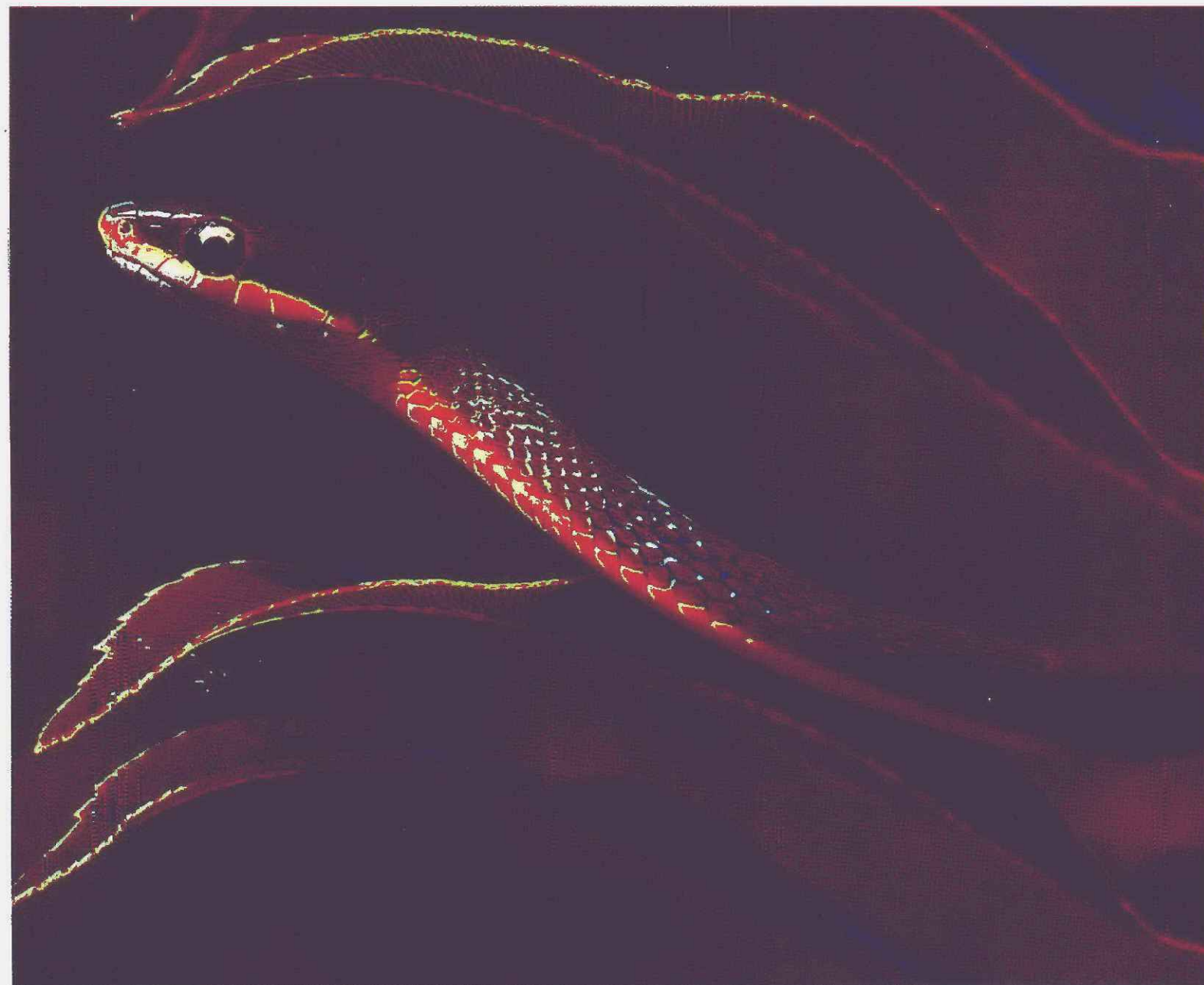
We're one of the world's largest adjustment firms, and we provide a complete range of risk-related services around the globe. To learn how we can provide you with clear

solutions, contact Thomas Howell Group (Americas) at Six Concourse Parkway, Suite 3100, Atlanta, GA 30328. Or call 1-800-554-8697, ext. 6778. You'll find that when it comes to expertise, the differences at Thomas Howell Group are easy to see.



THOMAS HOWELL GROUP
(AMERICAS) INC.

Gay & Taylor • Ward - THG • Thomas Howell Group (USA) • Gay & Taylor - THG Marine • Thomas Howell Group (Latin America) • THG/Inflite Aviation

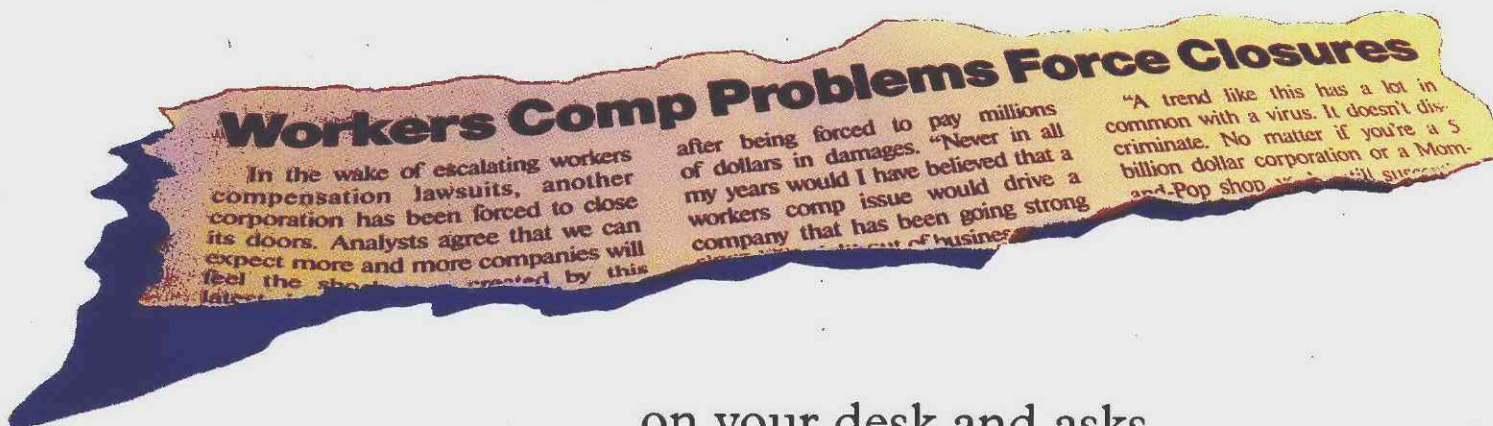


It's



a.m.,

the boss tosses



on your desk and asks



You (*quickly*):

A.
PONDER THE
POSSIBILITIES
OF EARLY
RETIREMENT.

B.
CHANGE
THE SUBJECT.

C.
TELL HIM SEDGWICK
SAW IT COMING
MONTHS AGO
AND COVERED
YOUR COMPANY
AGAINST THE RISK.

Another day. Another risk facing your company. But with Sedgwick at your side, you don't have to face the test alone.

At Sedgwick, we specialize in keeping you aware of constantly changing risks. And we do this by completely understanding your business and the world in which you operate. This allows us to respond quickly with solutions and services designed to meet your needs.

When risk puts you to the test, call the insurance broker who has the right answers at the right time. . . call Sedgwick. Contact our Chairman, Quill Healey, at (212) 830-1001.



Sedgwick

Use the Power of our People.

Insurance Broking

Risk Management

Employee Benefits

Continued from page 24

	1992	1991
Employees.....	48	34
U.S.....	9	9
Non-U.S.....	39	25
Foreign countries.....	58	57
Owned offices.....	2	2
Combined ratio.....	102.0%	104.0%

Intl. P/C operations began: 1963.
Specialties: Industrial and commercial property.

Services: Captive programs, loss control services for property, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in: Canada, United States.

Affiliates/fronting arrangements: Service through Factory Mutual International, except in Guam and Mexico: Argentina, Australia, Austria, Bahamas, Barbados, Belgium, Brazil, Chile, Colombia, Czech Republic, Denmark, Dominican Republic, Ecuador, Egypt, Finland, France, Germany, Greece, Guam, Guatemala, Haiti, Hong Kong, Hungary, Indonesia, Ireland, Israel, Italy, Jamaica, Japan, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Pakistan, Panama, Peru, Philippines, Poland, Portugal, Singapore, Slovak Republic, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Trinidad, Tunisia, Turkey, United Arab Emirates, United Kingdom, Uruguay, Venezuela.

Officers: D.E. Johnson, president/CEO; D.M. Anderson, vp-engineering; J.W. Black, vp-regional operations; J.A. Burchill, A.M. Grant, vps-planning; W.R. Linhares, vp-underwriting; J.M. Oskandy, vp-corporate affairs; A.B. Lange, vp-treasurer; R.H. Matthias Jr., secretary/general counsel.

U.S. contact: Christopher Johnson, vp-international operations.

Assicurazioni S.p.A.), Kenya, Netherlands, New Zealand, Puerto Rico, Spain (Española de Seguros y Reaseguros de Vida S.A., Royal Life Compania, Regal Insurance Club Compania Espanola de Seguros S.A.), United Kingdom (British Engine Insurance Ltd., The British & Foreign Marine Insurance Co. Ltd., The CareAssist Group Ltd., Cavendish Insurance P.L.C., The Marine Insurance Co. Ltd., Royal Insurance Ltd., Royal International Insurance Holdings, Sterling Estates Ltd.), United States (American & Foreign Insurance Co., Globe Indemnity Co., Newark Insurance Co., Royal Financial Services Inc., Royal Group Inc., Royal Indemnity Co., Royal Insurance Co. of America, Safegard Insurance Co.), Uruguay (London & Lancashire Cia Anglo-Oriental de Seguros SA).

Affiliates/fronting arrangements: Antigua, Argentina, Austria, Bahamas, Barbados, Bermuda, Bolivia, Brazil, China, Colombia, Curacao, Cyprus, Czech Republic, Denmark, Dominica, Ecuador, Egypt, Estonia, Falkland Islands, Finland, Germany (Aachen & Munchen), Gibraltar, Greece, Grenada, Guadeloupe, Hungary, Iceland, Indonesia, Italy (La Fondiaria), Ivory Coast, Jamaica, Japan (Nissan Fire & Marine, Dowa Insurance Co.), Malaysia, Malta, Martinique, Mauritius, Mexico, Montserrat, Morocco, Namibia, Nigeria, Norway, Peru, Poland, Russia, St. Lucia, St. Vincent, Saudi Arabia, Sweden, Switzerland, Thailand, Trinidad & Tobago, Turkey, Turks & Caicos, Venezuela, Virgin Islands, Zimbabwe.

Officers: T.J. Brown, managing director.
U.S. contact: A. Driscoll, vp, 212-510-1100.

V

Vinci

52, Rue de la Victoire, Cedex 09, Paris, 75455, France;
331-42-80-73-72;
fax: 331-40-23-62-70

	1992	1991
Intl' premiums.....	\$5.48 billion	\$4.74 billion
U.S.....	0.6%	0.6%
Non-U.S.....	99.4%	99.4%
Offices: Claims.....	44	44
Underwriting.....	44	NA
Employees.....	8,000	8,000
U.S.....	50	50
Non-U.S.....	7,950	7,950
Foreign countries.....	44	44
Owned offices.....	18	18

Intl. P/C operations began: 1989.
Parent: Group Victoire, Colonia, Nordstern, Nieuw Rotterdam, La Laurentienne (ultimate parent: Group Suez).

Specialties: Industrial property and casualty lines.
Services: Captive programs, loss control services for property and environmental, retrospectively rated programs, statistics in support of international programs.

Licensed or accepted insurer in: Austria (Nordstern-Colonia), Belgium (Abeille Paix Belgique), Canada (La Abeillienne), Cyprus (Yiangos S Joannou & Son Insurance Ltd.), France (Abeille Assurances), Germany (Colonia Versicherung AG, Nordstern Allgemeine Versicherungs-AG), Greece (Nordstern-Colonia-Hellas), Hungary (Colonia Biztosito RT), Ireland (Colonia Versicherung AG), Italy (Abeille, Colonia, Nordstern), Ivory Coast (Abeille Assurances), Luxembourg (Abeille Paix), Netherlands (Nieuw Rotterdam Knight Schippers Corporate Insurance), Saudi Arabia (Victoire Insurance Arabia E.C.), Spain (Abeille Previsora RD), Switzerland (Colonia Versicherung AG), Turkey (Nordstern Sigorta), United Kingdom (Colonia-Baltica Insurance Management Ltd.), United States (Abeille Assurances, Colonia Insurance Co.).

Affiliates/fronting arrangements: Argentina (La Buenos Aires), Australia (QBE Insurance Group), Bolivia (Santa Cruz), Brazil (Parana Cia De Seguros), Chile (Cruz del Sur), Colombia (Suramericana de Seguros), Czech and Slovak Republics (Ceska), Denmark (Baltica Forsikring), Dominican Republic (La Universal De Seguros), Egypt (Al Chark Insurance Co.), Hong Kong (Carlingford Insurance Co.), Indonesia (Tugu Pratama Indonesia), Japan (Dai-Tokyo Fire & Marine Insurance Co.), Latvia (Balta Insurance Co. Ltd.), Malaysia (Malaysia National), Mexico (Seguros America), New Zealand (QBE Insurance Group), Panama (ASSA), Paraguay (Fenix), Portugal (Mundial Financia), South Korea (Ankuk Fire & Marine Insurance Co.), Taiwan (Tai Ping Insurance), Thailand (Saimaggi Insurance Co.), Tunisia (C.A.R.T.E.).

Officers: Claas Kleyboldt, chairman-Colonia Konzern; Jean-Claude Demerson, executive manager-Abeille Assurances; Jan VanDeMeeberg, board member-Nieuw Rotterdam; Helmut Kuhl, board member-Nordstern Versicherung AG; Alain-Pierre Schwartz, manager-business insurance-Abeille Assurances; Dankwart von Schulzendorf, board member-Colonia Versicherung AG.

U.S. contact: Patrick Gauthier-Landau, COO-Abeille Assurances, 212-770-9402 or Claus Dannasch, COO-Colonia Insurance Co., 212-412-0750.

W

Winterthur Swiss Insurance Co.-International Division

Rudolfstrasse 1, Postfach 286, Winterthur 8401, Switzerland;
52-261-1111; fax: 52-212-1629

	1992	1991
Intl' premiums.....	\$4.22 billion	\$4.01 billion
U.S.....	26.9%	26.6%
Non-U.S.....	73.1%	73.4%
Employees.....	10,044	10,044
U.S.....	2,283	2,283
Non-U.S.....	7,761	7,761

Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
Commercial Union P.L.C.
The Continental Corp.
Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Austria

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
The Continental Corp.
Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Bahamas

American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.

	50	50
Foreign countries.....	17	17
Owned offices.....		

Intl. P/C operations began: 1970.
Specialties: Liability, property, life and health, motor, machinery, marine.

Services: Captive programs; loss control services for liability, property, life and health, motor, machinery and marine; retrospectively rated programs; statistics in support of international programs.

Licensed or accepted insurer in: Australia (CIC Insurance), Austria, Belgium, Brazil, Canada (The Citadel Assurance Cos.), Denmark, France, Germany, Hong Kong, Indonesia, Italy, Japan, Luxembourg, Netherlands, New Zealand (CIC Insurance), Portugal (Europeia Seguros), Singapore, Spain (Suvezerland), Taiwan, United Kingdom, United States (General Casualty Insurance Cos., Republic Insurance, Winterthur Insurance).

Affiliates/fronting arrangements: Bahrain (Bahrain Norwich Union Insurance Co. BSC(C)), Finland (Tapiola Insurance Group), Indonesia (Wahana Tata P.T. Asuransi), Japan (The Chiyoda Fire & Marine Insurance Co. Ltd.), Malaysia (NWI Malaysia), New Zealand (State Insurance), Norway (Uni Storebrand), Philippines (FGU Insurance Corp.), South Korea (Ankuk Fire & Marine Insurance Co. Ltd.), Sweden (Lansforsakringar Sinus Industrial & Marine, Victoria Insurance Co. Ltd.), Saudi Arabia (Norwich Union Insurance), South Africa (Aegis Insurance Co. Ltd.), Taiwan (The Taiping Insurance Co.), Thailand (Bangkok Insurance Co. Ltd.), United Kingdom (Norwich Union Insurance Group), United States (Kemper International Corp., Liberty Mutual Insurance Co.), Vietnam (Vietnam Insurance Co.).

Officers: Peter Spalti, chairman/CEO-Winterthur Group; Willi Suter, managing director-international division.
U.S. contact: George Keller, vp-international department, 212-559-1222.

Z

Zurich Insurance Group

Zurich Towers, 1400 American Lane, Schaumburg, Ill. 60196;
708-605-6372; fax: 708-605-3436

	1992	1991
Intl' premiums.....	\$11.4 billion	\$10.7 billion
Offices: Claims.....	588	600
Underwriting.....	530	530
Employees.....	36,385	36,000
U.S.....	8,805	NA
Non-U.S.....	27,580	NA
Foreign countries.....	40	40
Owned offices.....	110	107

Intl. P/C operations began: 1872.
Parent: Zurich Insurance Co.

Specialties: Specialty manufacturing teams for chemical/pharmaceutical industry, machinery and equipment manufacturing industry and computer industries.

Services: Captive programs; loss control services for property, business interruption, general liability, products, auto

The Continental Corp.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Zurich Insurance Group

Bahrain

American International Underwriters
The Home Insurance Co.
Kemper International Corp.
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Barbados

Allendale Insurance
Arkwright Mutual Insurance Co.
The Continental Corp.
Factory Mutual International
Kemper International Corp.
Protection Mutual Insurance Co.
Reliance National
Royal Insurance Group
Zurich Insurance Group

Belgium

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
Commercial Union P.L.C.
The Continental Corp.
Engineering Insurance Co. Ltd.

rated, workers comp; retrospectively rated programs; statistics in support of international programs.

Licensed or accepted insurer in: Argentina, Australia, Austria, Belgium, Bermuda, Brazil, Canada, Chile, Denmark, France, Germany, Guam, Hong Kong, Indonesia, Ireland, Italy, Ivory Coast, Japan, Lichtenstein, Luxembourg, Malaysia, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom, United States.

Affiliates/fronting arrangements: Bahamas (General Brokers & Agents Ltd.), Bahrain (Zurich Insurance Services), Barbados (Insurance Corp. of Barbados), Bolivia (La Boliviana de Seguros y), Brazil (Zurich-Anglo Seguradora S.A.), China (The People's Insurance Co. of China), Czech Republic (Zurich Pojistovna), Dominican Republic (Compania Nacional de Seguros C. Por A.), Ecuador (Amazonas C.A. de Seguros), Egypt (Arab International Insurance Co.), El Salvador (Aseguradora Suiza Salvadorena S.A.), Finland (SAMPO Insurance Co. Ltd.), Greece (Astir Insurance Co. S.A.), Guatemala (Seguros Granai & Townson S.A.), Haiti (La Generale d'Assurance S.A.), Honduras (Aseguradora Hondurena S.A.), Hungary (Zurich Biztosito), Iceland (VATRYGGINGAFELAG ISLANDS HF), Iran (Asian Insurance Co.), Iraq (National Insurance Co.), Jamaica (Insurance Co. of the West Indies Ltd.), Jordan (Arabia Seas Insurance Co. Ltd.), Kenya (African International Insurances Ltd.), Kuwait (Kuwait Insurance Co. S.A.K.), Libya (Libya Insurance Co.), Mexico (Zurich Chapultepec), Morocco (La Garantie Generale Marocaine), New Zealand (National Insurance Co. of New Zealand Ltd.), Nigeria (The United Nigeria Insurance Co. Ltd.), Oman (Oman National Insurance Co.), Pakistan (New Jubilee Insurance Co. Ltd.), Panama (Compania de Seguros "Rimac"), Philippines (Malayan Zurich Insurance Co. Inc.), Qatar (Qatar Insurance Co. S.A.Q.), Russia (Garant Eurasco), St. Lucia (West Indies General Insurance Co. Ltd.), Saudi Arabia (National Insurance Co. S.A.), Slovak Republic (Zurich Poistovna), South Korea (Hyundai Marine & Fire Insurance Co. Ltd.), Sri Lanka (Insurance Corp. of Sri Lanka), Sudan (The Blue Nile Insurance Co. Ltd.), Taiwan (Malayan Overseas Insurance Corp.), Thailand (Muang Thai Life Assurance Co. Ltd.), Trinidad & Tobago (Trinidad * Tobago Insurance Ltd.), Tunisia (Compagnie d'Assurances et de Reassurances), Turkey (Gunes Sigorta A.S.), United Arab Emirates, (Abu Dhabi National Insurance Co, Dubai Insurance Co. psc), Venezuela ("Zurich" Internacional de Venezuela).

Officers: Rolf Hueppi, president/CEO; Rolf Hanggi, deputy CEO; H.P. Karlen, G. Gose, P. Eckert, H. Wirth, D. Steiner, senior executive vps; F. Schneuwlin, executive vp.

U.S. contact: Tom Hite, president-Zurich International U.S., 708-605-6156 or John Ormerod, vp/director-marketing, 708-605-6531. **ELI**

Global property/casualty insurers by country

Algeria

Kemper International Corp.

Antigua

Kemper International Corp.
Royal Insurance Group

Argentina

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
Commercial Union P.L.C.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Reliance National
Royal Insurance Group
Vinci
Zurich Insurance Group

Aruba

American International Underwriters

Australia

Allendale Insurance

Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Bermuda

American International Underwriters
CIGNA Cos.
The Continental Corp.
Kemper International Corp.
Royal Insurance Group
Zurich Insurance Group

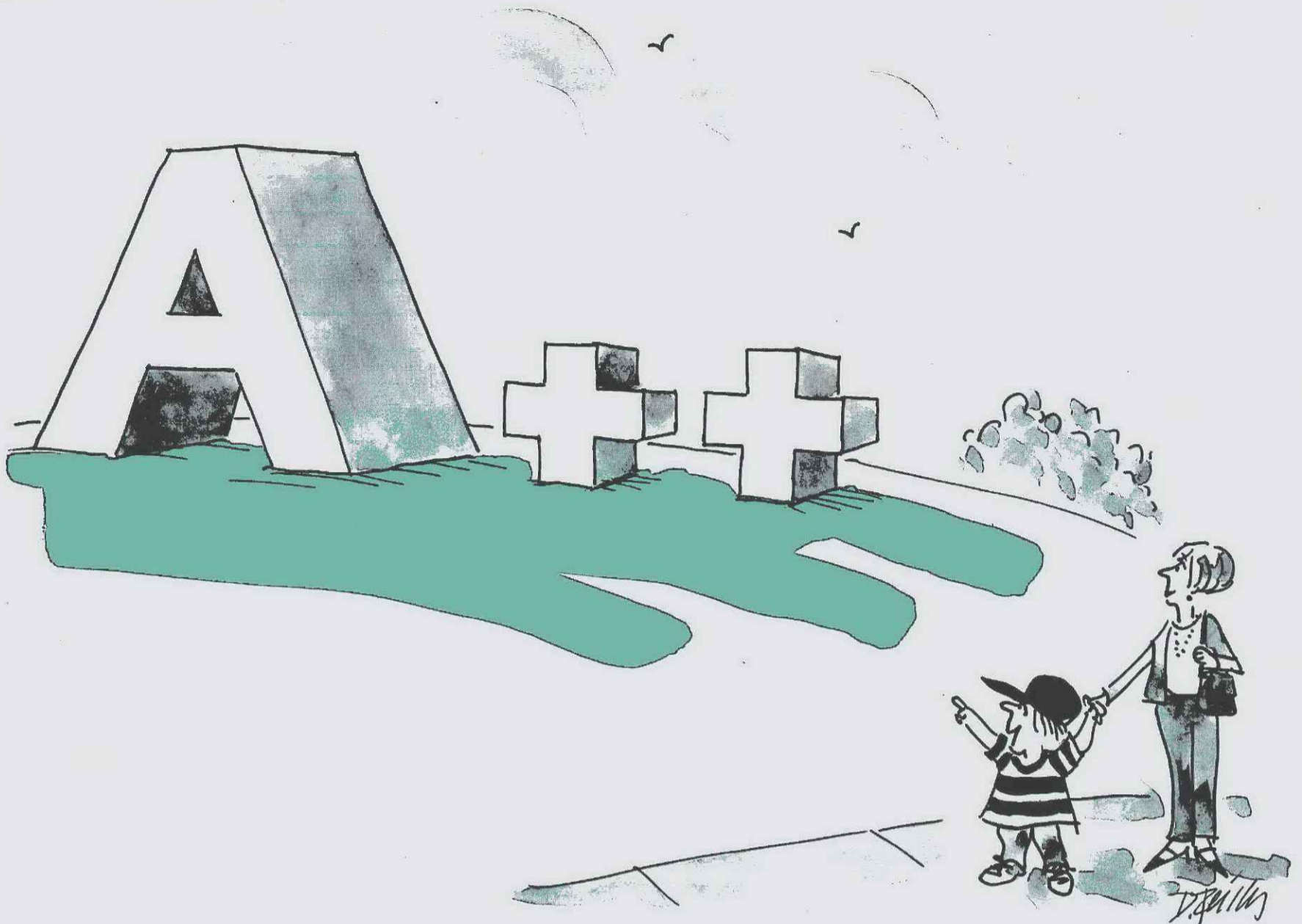
Bolivia

American International Underwriters
Engineering Insurance Co. Ltd.
Royal Insurance Group
Vinci
Zurich Insurance Group

Brazil

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
Commercial Union P.L.C.
The Continental Corp.
Factory Mutual International

Continued on page 28



Look Ma, no "e"!

No "e" means that our A++ A.M. Best rating, without the subscript "e," now reflects our financial strength independent of our parent company.

The superior rating is ours, all ours. It stands alone, and it just doesn't get any better than that. In fact, you can count on one hand the other companies in our business rated that highly.

So don't settle for less than the best. Let your wholesaler put the capacity, ingenuity and superior security of General Star to work for you.



**GENERAL
STAR**

- Market Stability
- Financial Strength
- Underwriting Quality

Specialty underwriting through appointed surplus lines brokers.
For a list of brokers in your area, call General Star Management Company, Stamford, CT (203) 328-5700, ext. 5985.
Atlanta • Chicago • Dallas • Hartford • Los Angeles • New York • Stamford

Continued from page 26
 Gerling Insurance Group
 The Home Insurance Co.
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Royal Insurance Group
 Vinci
 Winterthur Swiss Insurance Co.
 Zurich Insurance Group

British Virgin Islands

Kemper International Corp.

Brunei

American International Underwriters
 Kemper International Corp.

Bulgaria

Allianz AG Holding

Cameroon

American International Underwriters
 Kemper International Corp.

Canada

Allendale Insurance
 Allianz AG Holding
 American International Underwriters
 Arkwright Mutual Insurance Co.
 Chubb Group of Insurance Cos.
 CIGNA Cos.
 Commercial Union P.L.C.
 The Continental Corp.
 Gerling Insurance Group
 The Home Insurance Co.
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Reliance National
 Vinci
 Zurich Insurance Group
 Winterthur Swiss Insurance Co.

Cayman Islands

Engineering Insurance Co. Ltd.
 Kemper International Corp.

Central African Republic

Kemper International Corp.

Channel Islands

Royal Insurance Group

Chile

Allendale Insurance
 Allianz AG Holding
 American International Underwriters
 Arkwright Mutual Insurance Co.
 Chubb Group of Insurance Cos.
 CIGNA Cos.
 The Continental Corp.
 Factory Mutual International
 The Home Insurance Co.
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Vinci
 Zurich Insurance Group

China

Allianz AG Holding
 American International Underwriters
 The Continental Corp.
 Engineering Insurance Co. Ltd.
 Kemper International Corp.
 Royal Insurance Group
 Zurich Insurance Group

Colombia

Allendale Insurance
 American International Underwriters
 Arkwright Mutual Insurance Co.
 Chubb Group of Insurance Cos.
 CIGNA Cos.
 Commercial Union P.L.C.
 The Continental Corp.
 Engineering Insurance Co. Ltd.
 Factory Mutual International
 The Home Insurance Co.
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Royal Insurance Group
 Vinci

Comoros

Kemper International Corp.

Cook Island

Kemper International Corp.

Curacao

Kemper International Corp.
 Royal Insurance Group

Cyprus

American International Underwriters
 CIGNA Cos.
 Commercial Union P.L.C.
 The Continental Corp.
 The Home Insurance Co.
 Kemper International Corp.
 Royal Insurance Group
 Vinci

Czech Republic

Allendale Insurance
 Allianz AG Holding
 American International Underwriters
 Arkwright Mutual Insurance Co.
 Factory Mutual International
 Gerling Insurance Group
 Protection Mutual Insurance Co.
 Royal Insurance Group
 Vinci
 Zurich Insurance Group

Denmark

Allendale Insurance
 Allianz AG Holding
 American International Underwriters
 Arkwright Mutual Insurance Co.
 Chubb Group of Insurance Cos.
 CIGNA Cos.
 The Continental Corp.
 Factory Mutual International
 Gerling Insurance Group
 The Home Insurance Co.
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Royal Insurance Group
 Vinci
 Winterthur Swiss Insurance Co.
 Zurich Insurance Group

Djibouti

Kemper International Corp.

Dominica

Royal Insurance Group

Dominican Republic

Allendale Insurance
 American International Underwriters
 Arkwright Mutual Insurance Co.
 The Continental Corp.
 Factory Mutual International
 The Home Insurance Co.
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Vinci

Dubai

Kemper International Corp.

Ecuador

Allendale Insurance
 American International Underwriters
 Arkwright Mutual Insurance Co.
 CIGNA Cos.
 The Continental Corp.
 Factory Mutual International
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Royal Insurance Group
 Zurich Insurance Group

Egypt

Allianz AG Holding
 American International Underwriters
 Arkwright Mutual Insurance Co.
 The Continental Corp.
 Factory Mutual International
 The Home Insurance Co.
 Kemper International Corp.
 Protection Mutual Insurance Co.
 Royal Insurance Group
 Vinci
 Zurich Insurance Group

El Salvador

Kemper International Corp.
 Zurich Insurance Group

Estonia

American International Underwriters
 The Home Insurance Co.

Falkland Islands

Royal Insurance Group

Fiji

Kemper International Corp.

Finland

Allendale Insurance
 American International Underwriters
 Arkwright Mutual Insurance Co.
 The Continental Corp.
 Engineering Insurance Co. Ltd.
 Factory Mutual International

Agents and brokers politely told us what we could do with our new umbrella and excess policies.

Before we sat down to create our newest policies, we asked agents and brokers and their clients what they wanted, given today's legal climate.

"Give us truer follow-form coverage," they said. So we wrote an umbrella and excess policy that closely mirrors the primary policy and provides some extra protection to fill in the many coverage gaps. "Don't forget limits responsiveness," they added. In fact, we'll be there the minute primary limits are exhausted. Even if they're exhausted by losses that occurred prior to our policy's effective date.

Chubb also offers substantial capacity, which can fill out an entire excess program, as well as quick claim response and the peace of mind that comes from over 100 years of financial stability.

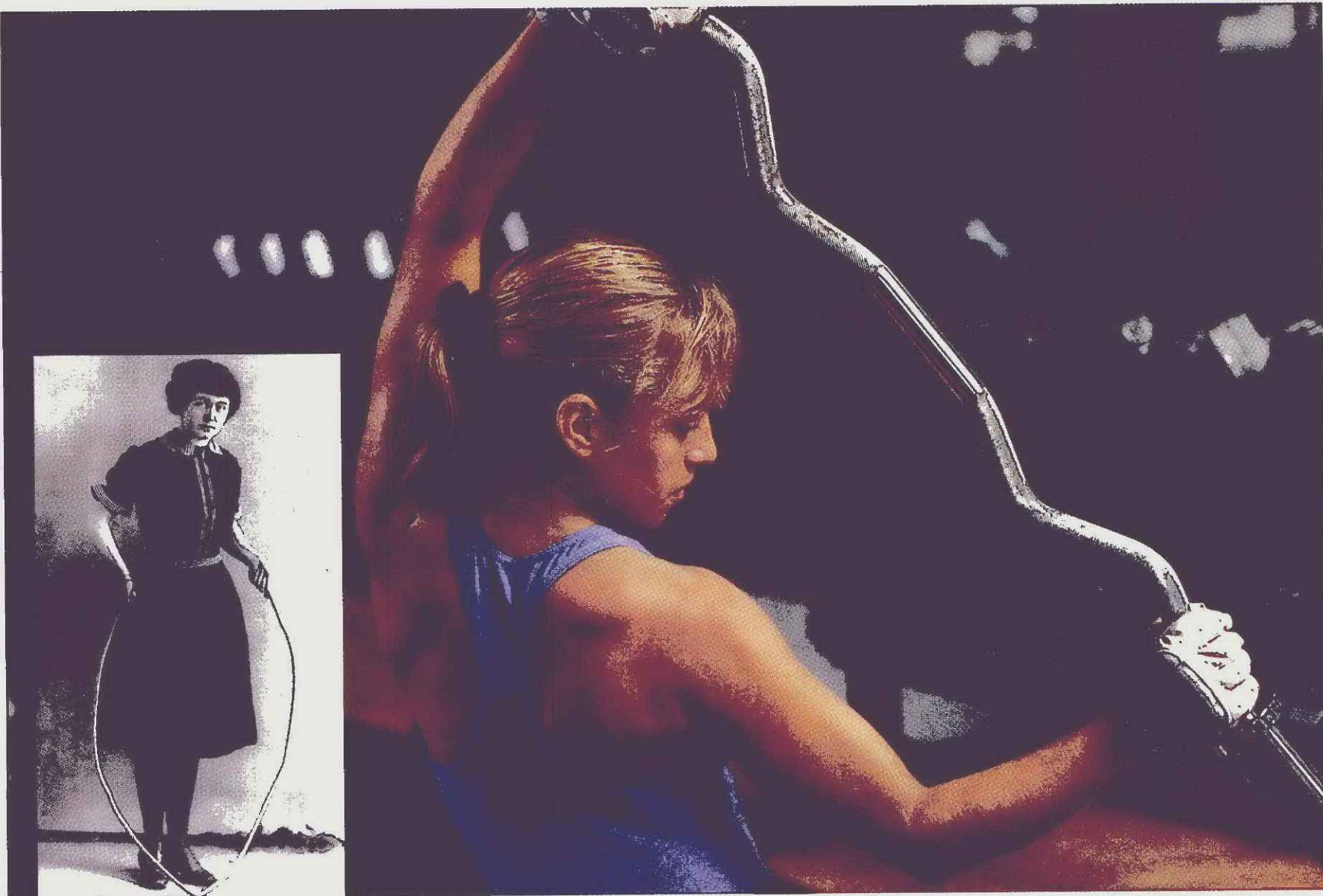
Who could ask for anything more? If you can, call Chubb at 1-800-36 CHUBB and ask for the Excess Umbrella Department.

Insure your world with Chubb



For promotional purposes, Chubb refers to member insurers of the Chubb Group of Insurance Companies who issue coverage. Chubb is proud to participate in "American Playhouse." Watch for it on PBS.

Continued on page 30



REMEMBER HOW SIMPLE LIFE USED TO BE?

The environment is under siege. Global competition is fierce. The world's political climate is in flux. The family unit is fragmented. And managing the cost of staying healthy has become a national priority.

Welcome to the world we live in. And introducing Hogg Robinson, Inc.: an international insurance brokerage and consulting organization uniquely suited to today's challenges.

Hogg Robinson is the U.S. subsidiary of British-based Hogg Group PLC. With offices in some 40 American cities and 50 foreign countries, we're one of America's largest commercial brokerage firms.

We're a lean, agile organization whose resources and management are located strategically throughout the country, accessible to clients. We're specialists who bring a partnering approach to clients in key industries including retail, hospitality, utilities, associations, international finance and credit, construction and transportation.

Out of our specialized knowledge, an unusually imaginative and versatile approach to risk management and benefits planning, and our relationships with world markets, come cost-effective solutions that are as extraordinary as the problems they meet.

Let us tell you more. Write or call Hogg Robinson at 20 Custom House Street, Boston, MA 02110. Phone: 617-330-5100.



SOLUTIONS FOR THE WORLD WE LIVE IN.

Spotlight report

Continued from previous page

Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
The Continental Corp.
Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Oman

American International Underwriters
Kemper International Corp.
The Home Insurance Co.
Zurich Insurance Group

Pakistan

Allendale Insurance
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
Factory Mutual International
Kemper International Corp.
Protection Mutual Insurance Co.
Zurich Insurance Group

Panama

Allendale Insurance
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
The Continental Corp.
Factory Mutual International
Kemper International Corp.
Protection Mutual Insurance Co.
Vinci
Zurich Insurance Group

Papua New Guinea

American International Underwriters
Kemper International Corp.

Paraguay

American International Underwriters
CIGNA Cos.
Kemper International Corp.
Vinci

Peru

Allendale Insurance
Allianz AG Holding

American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
The Continental Corp.
Factory Mutual International
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Zurich Insurance Group

Philippines

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Poland

Allendale Insurance
American International Underwriters
Arkwright Mutual Insurance Co.

Commercial Union P.L.C.
Factory Mutual International
The Home Insurance Co.
Protection Mutual Insurance Co.
Royal Insurance Group

Portugal

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
Commercial Union P.L.C.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Puerto Rico

American International Underwriters
Chubb Group of Insurance Cos.
CIGNA Cos.
The Continental Corp.

Qatar

American International Underwriters
Kemper International Corp.
Zurich Insurance Group

Reunion

Kemper International Corp.

Romania

American International Underwriters

Russia

Allianz AG Holding
The Home Insurance Co.
Zurich Insurance Group

Rwanda

Kemper International Corp.

Saipan

American International Underwriters

Samoa

Kemper International Corp.

Saudi Arabia

American International Underwriters
CIGNA Cos.
The Continental Corp.
The Home Insurance Co.
Kemper International Corp.
Royal Insurance Group
Vinci
Zurich Insurance Group
Winterthur Swiss Insurance Co.

Senegal

Kemper International Corp.
Royal Insurance Group

Singapore

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Slovak Republic

Allianz AG Holding
Allendale Insurance
Arkwright Mutual Insurance Co.
Factory Mutual International
Vinci
Zurich Insurance Group

Solomon Islands

Kemper International Corp.

South Africa

Allendale Insurance
Allianz AG Holding
Arkwright Mutual Insurance Co.
Factory Mutual International
Gerling Insurance Group
Protection Mutual Insurance Co.
Royal Insurance Group
Winterthur Swiss Insurance Co.

South Korea

Allendale Insurance
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Spain

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
Commercial Union P.L.C.
The Continental Corp.
Engineering Insurance Co. Ltd.

Continued on next page

Let Freedom Ring.



USA Healthnet, Inc., the nation's largest PPO network offers you:

Freedom From Spiraling Healthcare Costs. USA offers guaranteed savings. Unlike most managed care organizations that charge a capitated fee, USA utilizes a percentage of savings fee schedule.

There are no costs for having access to our network, you pay only if you actually use it. More importantly, if using our network doesn't save you money, *you don't pay us!*

Freedom From Managed Care Organizations That Make Promises They Can't Deliver. While many PPOs and

HMOs claim to be national in scope, USA has created the only single-source network that truly offers coast-to-coast access.

This means that no matter where you are, USA can be your hometown network.

LET FREEDOM RING. Call 1-800-USA-3860 and let us show you a PPO network that delivers what it promises: *Ease of access and guaranteed savings.*



7301 North 16th Street, Suite 201
Phoenix, Arizona 85020

1-800-USA-3860

Baltimore • Dallas • Denver • Houston • Phoenix - Corporate Headquarters

Continued from previous page

Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Sri Lanka

Zurich Insurance Group

St. Lucia

Royal Insurance Group
Zurich Insurance Group

St. Vincent

Royal Insurance Group

Sudan

Kemper International Corp.
Zurich Insurance Group

Surinam

Kemper International Corp.

Sweden

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
The Continental Corp.
Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Switzerland

Allendale Insurance
Allianz AG Holding

American International Underwriters
Arkwright Mutual Insurance Co.
CIGNA Cos.
The Continental Corp.
Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Tahiti

Kemper International Corp.

Taiwan

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Thailand

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
Commercial Union P.L.C.
Engineering Insurance Co. Ltd.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

Togo

Kemper International Corp.

Tonga

Kemper International Corp.

Trinidad & Tobago

Allendale Insurance
American International Underwriters
Arkwright Mutual Insurance Co.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Zurich Insurance Group

Tunisia

Allendale Insurance
Allianz AG Holding
Arkwright Mutual Insurance Co.
Factory Mutual International
Kemper International Corp.
Protection Mutual Insurance Co.
Vinci
Zurich Insurance Group

Turkey

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Commercial Union P.L.C.
Engineering Insurance Co. Ltd.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Vinci
Zurich Insurance Group

Turks & Caicos

Royal Insurance Group

Uganda

American International Underwriters

United Arab Emirates

Allendale Insurance
Allianz AG Holding
Arkwright Mutual Insurance Co.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Zurich Insurance Group

United Kingdom

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
Commercial Union P.L.C.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Reliance National
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

United States

Allendale Insurance
Allianz AG Holding
American Excess Insurance Assn.
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
Commercial Union P.L.C.
The Continental Corp.
Gerling Insurance Group
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Reliance National
Vinci
Winterthur Swiss Insurance Co.
Zurich Insurance Group

U.S. Virgin Islands

CIGNA Cos.
The Continental Corp.
Kemper International Corp.
Royal Insurance Group

Uruguay

Allendale Insurance
American International Underwriters
Arkwright Mutual Insurance Co.
Factory Mutual International
Kemper International Corp.
Protection Mutual Insurance Co.

Vanuatu

Kemper International Corp.

Venezuela

Allendale Insurance
Allianz AG Holding
American International Underwriters
Arkwright Mutual Insurance Co.
Chubb Group of Insurance Cos.
CIGNA Cos.
The Continental Corp.
Engineering Insurance Co. Ltd.
Factory Mutual International
The Home Insurance Co.
Kemper International Corp.
Protection Mutual Insurance Co.
Royal Insurance Group
Zurich Insurance Group

Vietnam

The Home Insurance Co.
Winterthur Swiss Insurance Co.

Yemen

The Home Insurance Co.
Kemper International Corp.

Zimbabwe

American International Underwriters
Commercial Union P.L.C.
Royal Insurance Group

Mexican labor laws**Continued from page 3**

creases next year to 25 times the minimum wage. The employee tax rate is 3.125%. The government also contributes toward the cost.

Many middle- to upper-level managers, though, are less than enamored with government-run hospitals and clinics.

Some complain about the quality of care and long waits for treatment.

But some employers and consultants, saying that the public health care system is excellent, contend that complaints about it represent a clash among social classes. They explain that white-collar workers often do not want to obtain care from the same health care providers that treat blue-collar workers.

"Latin societies are very much status-conscious," said Richard J. Helmer, job evaluation manager for Caterpillar Inc., who is responsible for foreign employee benefits for the Peoria, Ill.-based construction machinery manufacturer.

As a result, employers often offer managers improved medical benefits that allow them to obtain either some or all of their medical care from private providers.

"That's pretty prevalent," said Robert Heitzman, director of international compensation and benefits consulting with Ernst & Young in New York.

Caterpillar's subsidiary in Monterey, which employs about 1,100, provides managers supplemental medical benefits.

Employers also must pay an additional social security tax of 5.18% on wages of up to 10 times the minimum wage to cover old-age benefits, which include death, disability and retirement benefits. The rate increases to 5.67% next year and 5.81% in 1995.

The current 1.85% employee tax

rate increases to 2.075% next year and 2.125% in 1995.

The government also contributes to those benefits.

Employers typically do not offer retiree health coverage, though "there clearly are exceptions for executives," said A&A Consulting's Mr. Long. Retirees obtain such coverage through the social security system.

But, some multinational companies do provide such coverage because they "feel that all employees should be treated the same," Mr. Long said.

Mexico also began requiring employers last year to offer a defined contribution savings plan under the Sistema de Ahorro para el Retiro. SAR requires employers to contribute 2% of annual salary on wages of up to 25 times the minimum wage.

The maximum annual employer contribution currently is about 2,568 pesos (\$827) per employee.

Employees can contribute an equivalent amount annually on a tax-deferred basis.

Employers must deposit the funds with an authorized commercial institution, most likely a bank, which controls fund investments according to government guidelines.

SAR also requires employers to subsidize housing costs for workers by giving them up to another 2,568 pesos annually.

Employers are not required to provide pension benefits, but many employers do prefund a mandated termination indemnity benefit.

Employees can receive two types of benefits under this entitlement program.

The lump-sum severance benefit for employees who are terminated without cause—payable regardless of their length of service—equals three months of final salary, plus 20 days of salary for each year of service.

Under a seniority provision, employees with a minimum of 15 years of service with a company who retire voluntarily are only entitled to 12 days of final pay—with the wage base limited to double the minimum wage—for each year of service. This benefit also is paid—regardless of years of service—if the employee dies or is disabled.

"Termination indemnity is the kind of issue that can trick an employer," said Barry Blecher, a partner and the head of the international division at Kwasha Lip-

'It is, I think, crucial to try to negotiate flexible agreements from the outset,' says Teofilo Berdeja.

ton in Fort Lee, N.J.

"It doesn't look like a big deal," he said. "The problem is there's no way to force an employee to retire." If an employer terminates an older worker to reduce its workforce or open opportunities for younger workers, the older worker is entitled to the severance benefit.

But, Mexican tax laws do not allow employers to prefund this liability, which employers must recognize on their financial statements.

Many employers get around this obstacle by establishing pension plans that provide employees equal or slightly richer termination benefits if they voluntarily resign.

While a pension plan can encourage older workers to retire and provide employers with tax benefits, the chief advantage of such an arrangement is that "it's a way of evening out your cash

flow," A&A Consulting's Mr. Long pointed out.

In addition, since such an arrangement reduces profits, it reduces the mandatory profit-sharing benefit that employers also must pay workers.

Employers must distribute 10% of their pretax profits in cash annually to workers. Half of that distribution is divided equally among all workers. The other half is distributed as a percentage of pay.

Instead of establishing pension plans, some employers negotiate a retirement benefit with their older workers that often is less than the severance benefit, Kwasha's Mr. Blecher noted.

For workers at those companies who want to retire, their benefits under negotiated settlements generally far exceed their seniority benefits under the termination indemnity program.

For employers, the negotiated retirement benefit is less than the amount they typically would pay in pension benefits. However, employers then are unable to prefund those negotiated settlements.

Other mandated benefits in Mexico include daycare subsidies and Christmas bonuses.

The more highly skilled workers are, the more supplemental benefits they command.

Life insurance is the most common supplemental employee benefit. The benefit ranges from an amount equal to annual pay to two or three times pay.

Caterpillar offers a life insurance benefit that is somewhat richer: three to four times annual salary, according to Mr. Helmer.

Another common benefit is providing a transportation allowance. Caterpillar's Mexican operation runs a bus line for its workers.

Stock ownership plans are rare in Mexico because they cannot be offered on a tax-effective basis for

either laborers or employers, pointed out Mercer's Mr. Valdemoro.

But, if employers provide supplemental benefits, they could find it extremely difficult to later reduce those benefits under the nation's "doctrine of acquired rights."

"Once you institute something, you can never take it away," A&A Consulting's Mr. Long said.

For example, if an employer wanted to eliminate a transportation allowance, it would have to obtain employees' approval. "Under some circumstances, one hold-out could ruin the whole thing," Mr. Long said.

"Despite the feeling of irreversibility, there is the possibility of a two-tiered benefit structure," under which employers would not have to offer supplemental benefits to new employees, said Mr. Reynolds, the attorney.

While such an approach is legal, it probably should be avoided, advised Teofilo Berdeja, a partner with corporate law firm Berdeja Abogados S.C. in Mexico City.

Unions may try to argue in labor court that new employees should receive the same benefits as other union members, he said. Mr. Berdeja believes courts would side with management in such disputes, but that does not avoid the cost, time and effort of litigation. He instead recommends that employers hire new workers through a new, separate subsidiary that provides reduced benefits.

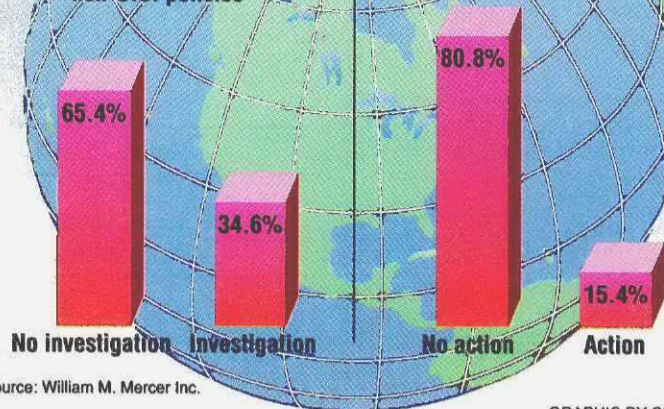
But, the problem could be solved before it ever develops by fashioning a labor agreement that ties supplemental benefits to the company meeting specific economic objectives, he said.

"It is, I think, crucial to try to negotiate flexible agreements from the outset," he said, noting that labor unions generally are receptive to such agreements. **BI**

Ignorance and inaction on AIDS coverage exclusions

Most multinationals have not even investigated whether exclusions apply to non-U.S. policies

And few have done anything about them



Source: William M. Mercer Inc.

GRAPHIC BY CHRIS ROY

Multinationals facing AIDS reality

HIV prevalence impacts companies' economic outlook

By CHRISTINE WOOLSEY

Multinational corporations that want to remain globally competitive must come to grips with the worldwide AIDS epidemic.

The number of people being diagnosed with the human immunodeficiency virus, which causes acquired immune deficiency syndrome, is skyrocketing in developing countries—where many multinationals now have or are establishing an economic presence.

Yet very few multinationals are thinking about how the AIDS epidemic will affect their global

workforces or the economies of the countries hardest hit. In addition, few multinationals realize that their overseas workers may not be covered or have only limited coverage for AIDS-related illnesses under their non-U.S. employer-sponsored benefit plans.

"Very few multinationals have educational programs or global AIDS policies in place. It's catch as catch can, even though we know intellectually that it's a growing problem," said Paul A. Ross, corporate manager of Digital Equipment Corp.'s AIDS program office in Maynard, Mass.

At a minimum, employers with operations outside the United

States should investigate whether any coverage restrictions exist for their non-U.S. workers and, if so, develop a response to those restrictions, benefit consultants and corporate AIDS program executives agree.

Multinational corporations also should work together to develop and share educational programs that increase employees' and dependents' awareness of the risks of contracting HIV.

Local insurers specifically exclude or restrict AIDS-related illnesses from certain coverages in more than two-thirds—69%—of 39 surveyed countries, according to a William M. Mercer Inc. study released earlier this year. But only 20% of 202 multinational corporations surveyed by Mercer said they were aware that some of their non-U.S. coverages contained such exclusions. And, only 13% of multinationals surveyed said they were informed of the exclusions by their international insurance networks.

Coverage restrictions may not be a problem for U.S. expatriates, who are typically covered by their employer's U.S. health, disability and life insurance plans. However, non-U.S. workers are typically covered by local insurance policies arranged by the employer's local human resource manager or the employer's multinational benefit network.

These local insurers can legally place coverage restrictions on AIDS-related illnesses, pointed out Giles Archibald, managing director for Mercer in New York.

Among the different coverage practices worldwide:

- Australia. New policyholders are not eligible for life insurance benefits if they contract HIV or AIDS within two years and are eligible only for scaled-down benefits their third year.

- Ireland. Most local insurers exclude AIDS-related claims under disability coverage, though some will maintain coverage for long-standing clients at an extra premium, the Mercer survey found.

- Panama. Insurers are permitted to impose a waiting period of two to five years before providing medical, disability or life insurance coverage for AIDS-related illnesses.

- Portugal. Insurers usually exclude all AIDS-related coverage.

- Switzerland. AIDS-related medical expenses will only be reimbursed if the onset of the disease occurs five years or later after the signing of the policy.

"Companies with international operations should identify locales where AIDS exclusions apply to company health, disability and life insurance policies," Mr. Archibald suggested. "Multinationals should then consider whether to develop a consistent policy for AIDS-related claims, either treating AIDS as any other illness or following local insurance practice."

Some multinationals may not want to negotiate exclusion waivers with local insurers, said Jerry E. Long, managing director of international consulting for Alexander & Alexander Consulting Group Inc. in Washington. "I don't know of any company who has successfully gotten a major insurance company to waive these coverage exclusions without pay-

Continued on page 36

Things to be happy about.

Window offices.

Coffee breaks.

Sharp pencils.

Three-day weekends.


Black ink.

Humana health care plans.

All 400 of them.

When we say we have health care plans to make you and your employees happy, it's not just talk.

Simply tell us what you need, and we can customize our spectrum of plans in hundreds of ways to meet your needs.

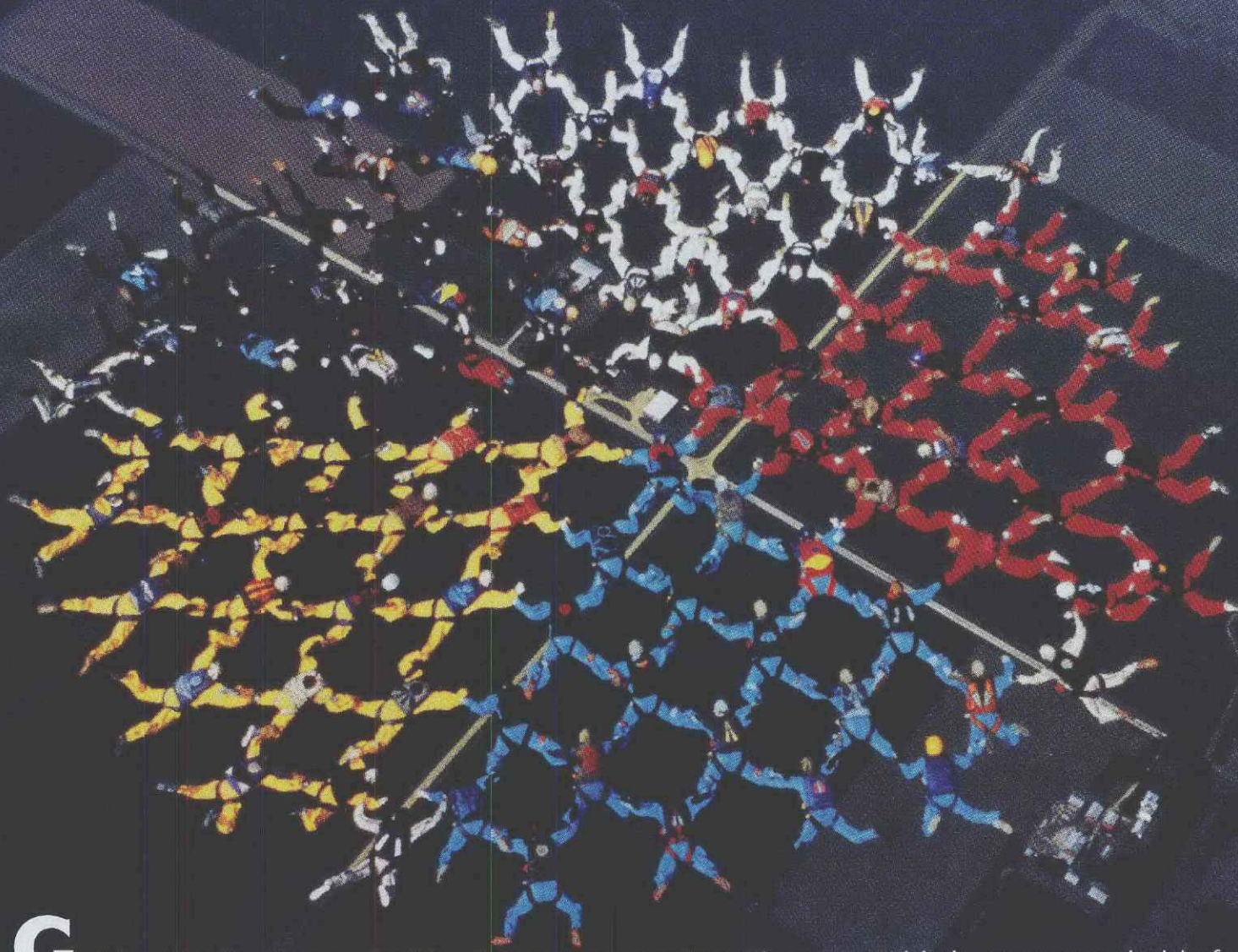
Humana offers a broad range of products for employee groups and retirees—HMO, PPO,  Point of Service, modified indemnity, and self-funding plans.

All available from a single source whose only business is health care plans.

So be happy. Be healthy. Call us at 1-800-255-3652 and find out how manageable managed care can be.

Humana® health care plans

PARTNERSHIP MEANS BEING THERE WHEN YOU'RE NEEDED.



Getting the five teams in this picture to come together smoothly in one remarkable formation wasn't easy. It took discipline. Training. Cooperation. And commitment to control risk.

A quality reinsurance partnership is like that. At NAC Re, teams of highly-trained underwriting, actuarial, and claims professionals work together with our clients to achieve common goals.

We believe that teamwork is at the core of every successful reinsurance partnership. If you're seeking a dependable, long-term reinsurance partner, we'll be there when you need us.

- Treaty Through Intermediaries
- Facultative Direct

We'll be there when you need us.

NAC Reinsurance Corporation



GREENWICH

HARTFORD

CHICAGO

SAN FRANCISCO

LONDON

© 1993 NAC Reinsurance Corporation

AIDS coverage

Continued from page 34
ing a heap of money," he said. "A lot of foreign insurers aren't prepared to touch this epidemic with a 10-foot pole."

Indeed, the known number of AIDS cases worldwide is continuing to grow.

According to a quarterly report issued in June by the Pan American Health Organization, which tracks the epidemic in the Americas, 669,592 cases had been reported worldwide. Of those, 371,086, or 55.4%, occurred in the

region of the Americas, which includes North America, the Caribbean and Latin America. As of June, the number of deaths from AIDS in those regions stood at 217,276.

The increase in AIDS diagnoses will have a devastating impact on some nations' economies. The World Health Organization estimates that for every individual diagnosed with AIDS in developing countries, up to 100 more individuals are infected with HIV.

Multinational employers must address the issue of how the AIDS epidemic will affect economies

globally, said Richard Williams, manager of the AIDS awareness program at Polaroid Corp. in Cambridge, Mass. "Hundreds of billions of dollars will be drained out of the global economy by AIDS. It will set back the economic development of most developing countries and preclude expansion of business into those economies."

In some mining communities in Africa, for example, up to one-third of the workforce and their families are already infected with HIV, Mr. Williams said. "Africa is an instructive model of what can

happen in many countries. There, the most productive labor pool is the hardest hit by the epidemic. You'll see the same impact in Thailand and the Philippines, because the epidemic is hitting urban areas where the younger, more skilled labor pool is."

"The reality is, multinational employers will be drawing from labor pools at risk," Mr. Ross agreed. "This epidemic will hit them like a ton of bricks."

Not only are the number of AIDS cases and deaths growing, but so is the amount U.S. life and health insurers are paying out to

cover AIDS-related claims.

Claims costs rose 7.1% in 1992, according to the American Council of Life Insurance and the Health Insurance Assn. of America. U.S. life and health insurers paid about \$1 billion in AIDS claims last year, bringing the estimated cumulative total of AIDS-related claims payments to nearly \$6.3 billion since 1986 (BI, Aug. 16).

Information on AIDS claims paid by insurers worldwide is more difficult to obtain because many foreign insurers exclude coverage for such claims or don't track their payments.

Coverage exclusions by insurers in countries with national health insurance aren't as worrisome because the national health plans will pay for infected individuals' treatment. Still, AIDS advocates say multinational employers should develop a global policy as to how they want to handle situations in which local insurance practices differ from U.S. benefits policy.

Developing a global AIDS policy is difficult for many large multinationals because they typically have decentralized operations.

"In our company and in our corporate culture, the overseas locations have a great deal of autonomy," Polaroid's Mr. Williams noted. The company employs about 2,000 workers in 27 countries outside the United States, most of whom are not U.S. expatriates. Those workers are insured by local insurance companies, which are governed by local laws and policies.

In the United States, Polaroid covers AIDS-related illnesses just as it would any other catastrophic illness, Mr. Williams noted.

"In dealing with AIDS overseas, we've informed all of our locations of our domestic policy and we encourage them to bring their policies in line with that. But we don't dictate to them," he explained.

When the Mercer study was released, identifying countries with coverage restrictions, "the bell went off because no one realized there were so many legal restrictions around the world," Mr. Williams said. Soon after, Polaroid surveyed its non-U.S. locations and found some locations were insured by local insurance companies that lawfully restrict coverage for AIDS.

"In Australia, local insurance law allows insurance companies to restrict life insurance benefits for persons with AIDS, but there are companies that haven't adopted the restriction. We encouraged our local operation to purchase coverage through them instead," he explained.

"Understand your liability," Mercer's Mr. Archibald said. Employers that do not realize these exclusions exist may run into trouble if employees expect to receive benefits for AIDS. "You want to make sure there is no mismatch between what benefits the employer promises vs. what employees are actually entitled to."

Multinational employers also should develop AIDS awareness education materials for use in non-U.S. locales.

"One critical factor in developing services and programs for foreign employees is understanding the culture and the local laws," Mr. Ross pointed out. Merely adapting U.S. materials for non-U.S. employees will not work.

"I can't talk about monogamy in Brazil or Italy or France because that's not the cultural reality

Continued on next page

A V I A T I O N P R O D U C T S L I A B I L I T Y

SUIT TAKES MANUFACTURER TO CLEANERS DUE MAINLY TO DEPTH OF POCKETS.



.....
MOST OF THE EVIDENCE IN AN AIRPLANE CRASH WAS DESTROYED BY FIRE, SO NO CASE COULD BE PROVED AGAINST SEVEN DIFFERENT DEFENDANTS, MAKERS OF THE AIRCRAFT, ENGINES, AND COMPONENTS. YET IT TIED UP ONE "DEEP POCKETS" DEFENDANT, A SWITCH MANUFACTURER, IN COURT FOR ALMOST FIFTEEN YEARS, COSTING HUNDREDS OF THOUSANDS TO DEFEND. IT'S AN EXPENSIVE FALLACY TO THINK THAT BY BEING CONSCIENTIOUS, OR BY HAVING LITTLE-TO-NO INVOLVEMENT WITH AVIATION, OR BY HAVING NOTHING TO DO AT ALL WITH

.....
MANUFACTURING AIRCRAFT YOU WILL HAVE NO EXPOSURE TO AVIATION PRODUCTS LIABILITY CLAIMS. AAU KNOWS THE RISKS YOU FACE AND HOW TO PROTECT YOU, BY EXPERT UNDERWRITING, LOSS PREVENTION PLANS, RESOURCEFUL LEGAL AND CLAIMS SUPPORT. IN SHORT, THE RIGHT INSURANCE WITH THE RIGHT PEOPLE. ASSOCIATED AVIATION UNDERWRITERS. YOU DON'T HAVE TO BUILD AIRPLANES TO NEED AVIATION PRODUCTS LIABILITY PROTECTION.

AAU Raising Your Expectations

A global shift toward private pension plans

By JOANNE WOJCIC

Employers must help ensure employees' future security

More and more countries are encouraging employers to establish private pension programs as aging populations threaten tax-supported social security systems.

Most of the enabling legislation passed so far requires that pension benefits be prefunded to ensure that money is available to support future retirees, and to enhance pension portability for an increasingly mobile workforce.

And some countries, like Chile, Peru and Argentina, have introduced private pension funds to create a local capital market that could stabilize currency and stem inflation.

In Hong Kong, employers are beginning to offer pension plans in response to increased government pressure to protect employees upon retirement. The government offers no social security benefits (BI, March 15).

And government officials in the United Kingdom are considering scrapping the Guaranteed Minimum Pension as part of its desire to shift responsibility for benefits to the private sector.

The interest in private pension funding has grown primarily in response to the growing realization that baby boomers worldwide are not reproducing at the rate their parents did, reducing the number of future workers available to support retirees.

For example, the Organization for Economic Cooperation and Development in the European Community expects the E.C. population to peak in the year 2000 at about 330 million, then decline by 50 million over the next 50 years.

Changing demographics also means that countries with state-

provided social security systems are likely to have less money to pay out when the aging workforce retires.

Currently, spending for retirement benefits has reached 14% of gross national product in Italy and is only slightly less in other E.C. countries (BI, March 1).

"Social security traditionally has been funded on a pay-as-you-go basis," with active workers' payroll

taxes being used to support retired workers' benefits, said Giles C. Archibald, managing director of international operations for William M. Mercer Inc. in New York. "But the projected costs (of benefits) are unlikely to be sustained by the active working population. There's a growing realization that social security can't provide the rich benefits they have in the past."

Demographic changes also are the impetus behind a global shift toward "funded" social security systems, such as those used in Singapore and Chile, he said.

In Singapore, workers and their employers contribute to a fund earmarked for them that is tapped to pay for health care costs as well as retirement benefits. And, unlike in the United States where Social Se-

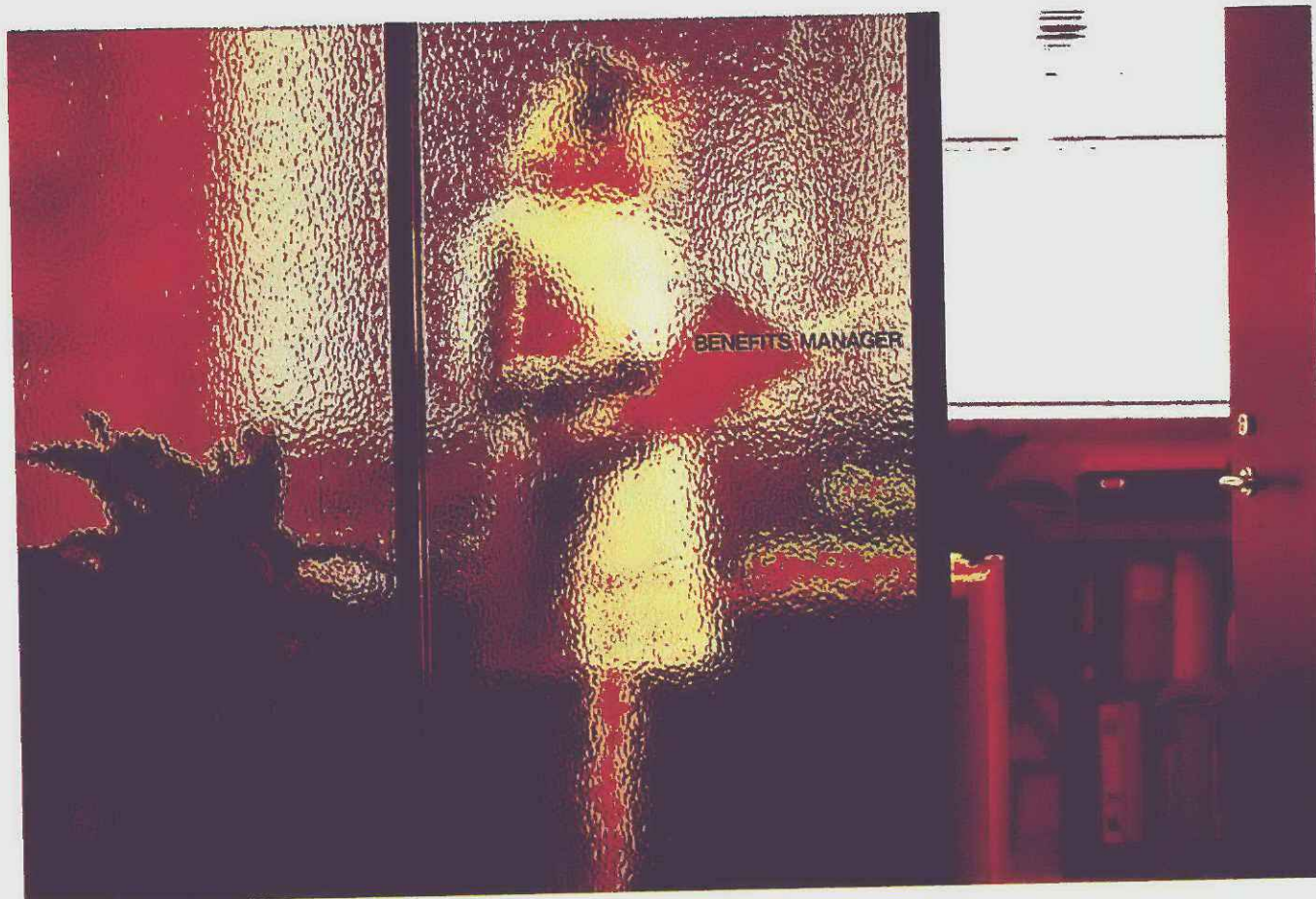
curity benefits cease when the recipient dies, in Singapore the amount in a worker's fund at the time of death becomes part of the worker's estate and is inherited by heirs (BI, Oct. 19, 1992).

In Chile, employees and employers are required to participate in privately operated defined contribution-style pension plans in which employees can choose from several investment options, similar to 401(k) plans.

Other Latin American countries including Peru and Argentina have passed enabling legislation

Continued on page 42

The latest breakthroughs in health care programs
were developed by people
who've never set foot in a laboratory.



In creating our broadest spectrum of health care plans ever, we went to the people most qualified to diagnose what employers need in a health program: Benefits Managers.

Together, we have developed a system that offers everything from indemnity to HMOs, including dental and psychiatric: The Prudential Health Care System.®

Thanks to Benefits Managers, it's just what the doctor ordered. For more information about The Prudential Health Care System, please write to: John A. Selby, Prudential Group Department, 56 Livingston Ave., Roseland, NJ 07068-1790.

The Prudential 

AIDS coverage

Continued from previous page
there," he explained.

Levi Strauss & Co., a leader in corporate AIDS education, has created an employee education program targeted toward AIDS prevention and awareness at its Japanese subsidiary. The program "delivers AIDS education with special attention to individual dignity and privacy esteemed by Japanese culture," said Yvonne Ellison-Sandler, director of health promotion for the San Francisco-based apparel manufacturer.

Multinational corporations also should encourage their foreign operations to develop relationships with existing AIDS service organizations or other non-governmental community organizations, Mr. Ross said. "I would hope the folks in India would work with the local resources there because they have a better understanding of the culture."

But, the only way to successfully develop and distribute global education materials is by combining forces, Mr. Ross noted. "Multinationals that have workplace programs can share them with companies who don't. I'd certainly welcome the opportunity to learn about other employers' programs."

"Sharing resources is the only effective way to do this," Mr. Williams agreed.

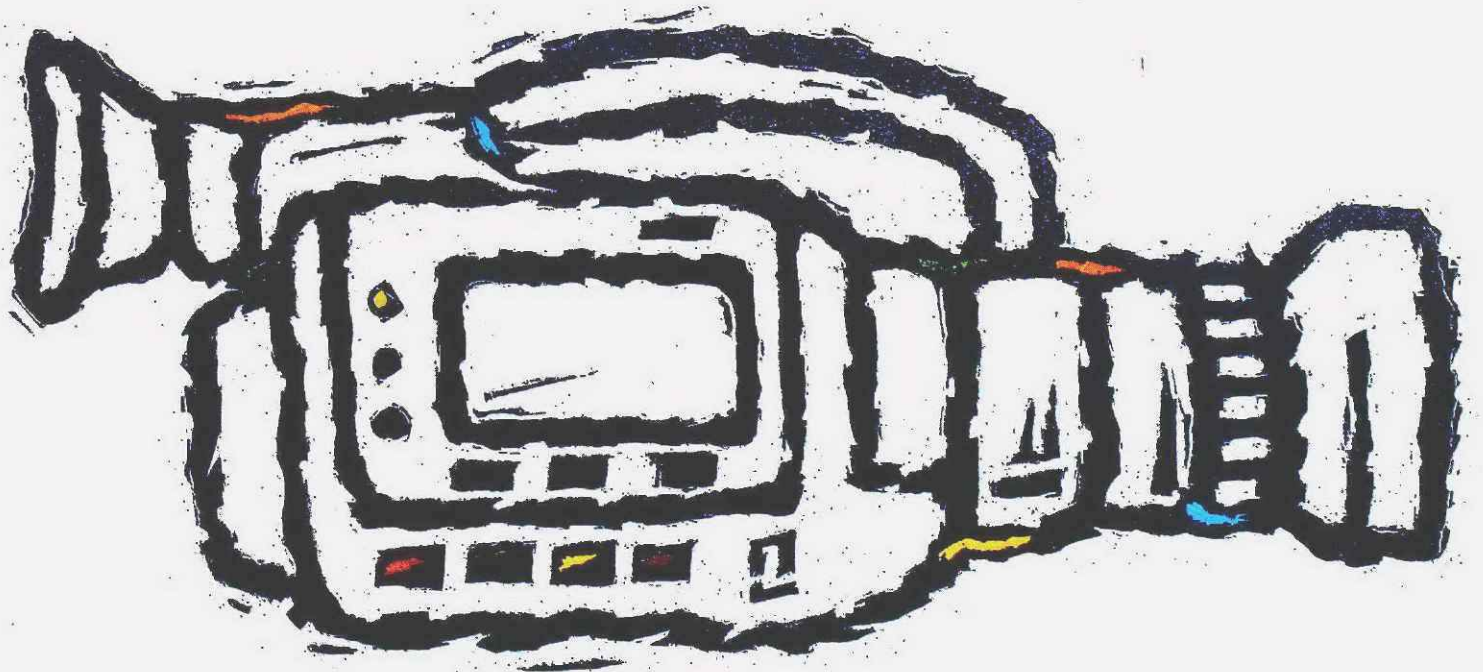
"There is a question of cost. It's a challenge for any company to do it alone, particularly in this economic climate." **B**

A video camera turned out to be a useful tool for returning injured fish processing workers

The Fish Company Wanted Its Workers Back Safe.

to their jobs. First, we made a few changes to the processing line, modifying it to make the work

We Shot Them. easier. We also provided on-site training. And then



videotaped the whole thing in action. With the tape to watch, physicians could make an

informed decision about optimum return times. The upshot was lost days cut in half. If you'd

like to cut your workers compensation costs too, talk to Liberty Mutual.

LIBERTY
MUTUAL.



FACING
THE **ISSUES** THAT
FACE OUR
CUSTOMERS™

ASK A BENEFIT ACTUARY

Lower shareholder equity determined by accounting

Q

Will we have a hit to equity from our pension plan?

A

This question comes from the chief financial officer of a Fortune 500 company that has a calendar fiscal year. The company sponsors both hourly and salaried defined benefit pension plans as well as retiree medical plans.

The chief financial officer has watched with delight as interest rates declined to below 6% per year on 30-year U.S. Treasury bonds. His company has benefited from that decline by refinancing some of its debt. Now he is becoming concerned that the decline in interest rates may result in a reduction in shareholders' equity on his company's balance sheet at the end of fiscal 1993.

Since the end of 1992, interest rates have declined significantly. For example, Moody's Seasoned AA Corporate Bond Index has declined to 7.35% in July 1993, from 8.24% in December 1992. If this decline were to be sustained for the balance of 1993, this company's discount rate used for pension and post-retirement medical accounting (under Financial Accounting Standards 87 and 106, respectively) may have to be decreased.

The discount rate is used in the calculation of net periodic cost (the charge on the income statement for pension and retiree medical benefits) and liabilities under FAS 87 and 106. In determining costs and liabilities, the discount rate is the interest rate used to discount future projected benefit payments for the time value of money. A decrease in the discount rate results in an increase in a company's net periodic cost and liabilities for pension and retiree medical benefits.

Under FAS 87 and 106, the discount rate is intended

to be the current rate of return that a third party would expect on funds it received in return for assuming the pension or retiree medical liabilities. In establishing this current rate of return, a pension plan sponsor can look to the interest rates in annuity purchase rates available from insurers, or to the Pension Benefit Guaranty Corp.'s interest rates. Alternatively, the sponsor can look at the yield rates on investment-quality, long-term debt instruments.

Both FAS 87 and 106 intend for the discount rate to be reviewed, and adjusted if appropriate, no less frequently than annually at the fiscal year end. With the chief financial officer's company, the discount rate will need to be reviewed for the Dec. 31, 1993, annual report. Any changes to the discount rate would be reflected in the disclosure of pension and retiree medical liabilities shown in the Dec. 31, 1993, annual report and the 1994 net periodic cost.

If the discount rate is reduced, a reduction in shareholders' equity may also result. FAS 87 requires a liability on a plan sponsor's balance sheet for each pension plan with the plan assets less than the plan's accumulated benefit obligation. The ABO is generally the present value of benefits earned to date under the plan's formula. The total liability for the plan on the balance sheet must equal the unfunded ABO.

The company should examine its hourly pension plan to see if the plan has an unfunded ABO. It is very common for hourly pension plans to have an unfunded ABO, especially where the benefit is a flat dollar formula. A flat dollar formula provides a fixed dollar amount, such as \$20, per month for each year of service with the employer. Since updates to the flat dollar formula—that is, increasing the \$20 to \$22—cannot be anticipated in the funding for these benefits, an unfunded ABO often results after benefit improvements.

If the hourly plan has an unfunded ABO, the company should see if the liability on the company's balance sheet for the plan equals or exceeds the unfunded ABO. If the balance sheet liability is increased by the amount of the deficiency, this increase does not come through on the company's financials as a charge against earnings. Rather, the increased liability is offset on the balance sheet by an intangible asset, a reduction in shareholders' equity or a combination of the two. In general, increases in the balance sheet liability that result from a change in the

discount rate will result in a reduction in shareholders' equity; this reduction in shareholders' equity will be reduced to the extent that the plan has other accumulated experience gains from the current and prior years that have not yet been recognized in the calculation of net periodic pension cost.

If a reduction to shareholders' equity is expected, the company should review the following options to reduce or eliminate the hit:

- The company should consider funding up to the ABO before year end. If there is no unfunded ABO, no reduction in shareholders' equity is required.
- The company should consider changing other assumptions. For example, updating termination or retirement assumptions might offset the increase in ABO due to the decrease in discount rate.
- The company might consider merging the underfunded plan with an overfunded plan.

In any case, the chief financial officer would be well-advised to assess the situation regarding his company's pension plans and begin the planning process now for year end.

BI

Would you like advice from an experienced colleague on a risk management, benefits management or actuarial problem? Four quarterly features in the Perspective section of Business Insurance can give you some answers.

Ask A Casualty Actuary, Ask A Benefit Actuary, Ask A Benefit Manager and Ask A Risk Manager answer written questions from readers on risk and benefits management issues and actuarial problems.



Mr. Miner

This month's column on actuarial issues in the benefits field is written by William J. Miner, an actuary with The Wyatt Co. in Chicago. Richard E. Sherman, president of Pacific Actuarial Resources (PAR) Excellence in Ashland, Ore., answers actuarial questions in the casualty field. Susan M. Werner, director of risk management at Hardee's Food Systems Inc. in Rocky Mount, N.C., answers risk management questions. Dennis J. Nirtaut, manager of employee benefits at Continental Bank Corp. in Chicago, answers questions on employee benefit plans.

Mr. Miner's next column will appear in February. Address your questions to ASK, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611. Please give us your name, title and employer; however, Business Insurance will consider unsigned letters.

A good book for risk managers old and new

"Essentials of Risk Management & Insurance"

By John J. Hampton

Published by American Management Assn., AMACOM, 135 W. 50th St., New York, N.Y. 10020; 212-586-8100 \$29.95

By Kevin M. Quinley

AS A PROFESSION, risk management has become increasingly sophisticated and demanding through the years.

Trade publications now speak of "the Renaissance risk manager," equally conversant in law, finance, insurance, industrial safety and persuasive communication skills.

John J. Hampton, author of "Essentials of Risk Management & Insurance," notes that "individuals and organizations have been forced to confront a wide range of new and increasingly complex exposures that threaten their financial viability."

In easy-to-follow detail, his book shows how to take on and handle all kinds of

Books & Ideas

risk—from the most basic to the highly sophisticated.

Mr. Hampton is the Arthur Goerlich Professor of Insurance and Risk Management at The College of Insurance in New York City. This soft-cover book is an introductory text that would be particularly useful for new risk managers.

Often overlooked in most risk management texts is that for many organizations, having a full-time risk manager is expensive. Many financial managers or operating officers juggle the insurance and risk management functions among myriad other duties.

To these part-timers, who may outnumber full-time risk managers, the book also will provide a useful introduction. In this book, practitioners will learn how to identify the various types and degrees of risk and techniques to protect against them.

This is a good reference text for those who wear many job hats, of which the

function of de facto risk manager is but one. It is also a good primer for those people in other suburbs of the insurance community who have heard about risk management, think it sounds exotic and inviting, and want to learn more.

Experienced risk managers can shore up their School-of-Hard-Knocks insight with this book, but most seasoned practitioners may consider this book pabulum. That is not a damning criticism, since the book aims to function as an introduction to the topic, and in that sense it is very effective.

Whether the reader is a neophyte insurance professional, a supplier to the insurance industry, or a full-time risk manager, this book will offer clear explanations of the field's complexities and enable readers to integrate risk management concepts into their personal and professional vocabularies.

Among the basics covered are: Exposure, Indemnity, Hazard, Speculative Risk, Peril, Pure Risk vs. Insurance Risk. A handy glossary in the back also helps practitioners stay precise in their nomenclature. "Essentials of Risk

Management and Insurance" also makes the subject lively by providing intriguing exercises at the end of each chapter. Such exercises give a real-world flavor to the discussion of risk, helping to avoid the pitfall of being too theoretical, a common complaint leveled at many insurance and risk management textbooks.

Affordable, smartly organized and covering lots of ground in its 270-pages, "Essentials of Risk Management and Insurance" is useful for the beginning—or part-time—risk manager.

BI

Kevin M. Quinley is vp of risk services for MEDMARC Insurance Co. Inc. and subsidiary Hamilton Resources

Corp., both of Fairfax, Va. Mr. Quinley holds the Chartered Property & Casualty Underwriter and Associate in Risk Management designations.



Was.



Is.



CIGNA

Who cares?

We do. We care about doing the best job for our customers that we possibly can, in every arena we do business in. That's why we consist of individual, highly focused divisions that branch out from one of the most stable, most firmly rooted entities in our industry. And that's why we have adopted a new corporate symbol and themeline. To more closely reflect all that we are and all that we do. And to reaffirm that each of the individual CIGNA divisions has the freedom and the motivation to do whatever it takes to satisfy our customers, as well as the ability to draw upon the parent company's enormous strength and experience. It's an arrangement that should work out wonderfully for us and, more importantly, for our customers.



CIGNA

A Business of Caring.

Benefit networks see more non-U.S. clients

By JOANNE WOJCIK

Rising costs fueling interest from around the world

European multinational companies' interest in international employee benefit networks is catching up to that of their U.S. counterparts in response to the continuing decline of government-run social security systems and the worldwide trend toward privatization.

And while increasing benefit costs drive many smaller and midsize employers to test the multinational pooling waters for the first time, some larger employers are considering managed care and cost-shifting.

This trend toward benefit consolidation and cost containment

has created a windfall for multinational benefit networks, whose foreign premium volumes are continuing to surge.

While "two years ago, international benefits were shelved, now almost weekly we are getting calls from U.S. multinationals looking into international benefit pooling," said David Bryan, director of international group benefits-U.S. region for Aetna/Generali in New York.

And, "large and small human resource departments are adding staff to address international benefits issues," he added.

At the same time, "more European multinationals are becoming

interested in pooling, which is why we developed a strategic alliance with Gerling," said John B. Hamblet, director of global benefits management for CIGNA/Gerling in London.

With its affiliation with Gerling, CIGNA's multinational benefit network now has access to 67 countries, compared with just 17 previously.

While European multinationals traditionally have operated on a decentralized basis, making benefit decisions locally, "we are seeing a desire to change," he said.

Indeed, a recent study by benefit consultant Towers Perrin found that 73% of European mul-

tinationals are moving toward centralization of employee benefit administration, while just 10% are moving away from it.

And, approximately 80% of 70 major European multinational companies surveyed plan to achieve more control over worldwide benefits, according to the May 1992 "Managing Worldwide Benefit Programmes" report.

"The most significant increase in headquarters influence on local benefit provision is expected to occur in the area of financial management," the survey stated. "For example, only 29% of survey respondents said that control of funding practices had been cen-

tralized in 1981; by 1991, this had risen to 40% and, by 2001, is expected to be 62%."

While benefit pooling has been mostly the domain of large multinational corporations, smaller and midsize companies are starting to get into the act.

"In the last four months, we set up six pools for small companies," said Aetna/Generali's Mr. Bryan.

This comes on top of the five master contracts Aetna/Generali added in 1992 when its roster grew to 122 from 117 at the end of 1991. The insurer's premium volume also grew nearly 7% to \$230 million from \$215 million the year before.

Aetna/Generali's multinational benefit network operates in 45 countries.

CIGNA's alliance with Gerling brought CIGNA's master contract total to 23 at year-end 1992 from 15 in 1991. And its foreign gross premium volume surged to \$15 million at the end of last year from just \$2 million at year-end 1991.

While smaller and midsize multinationals are taking the plunge into benefit pools, many large multinationals are considering cost containment options, such as utilization review and preferred provider networks.

"Managed care certainly is starting to take hold in the U.K.," said CIGNA/Gerling's Mr. Hamblet. "One form that we're starting to see is second surgical opinion and case management. We're also starting to see negotiated contracts between insurers and providers."

For example, legislation enacted in 1992 in the Netherlands permits doctors, for the first time, to form provider networks in conjunction with insurers.

"Prior to 1992, all doctors in the Netherlands were state employees," Mr. Hamblet explained.

And, the Belgian Health Ministry is sending a representative to the United States to discuss the formation of health maintenance organizations, Mr. Hamblet added.

General Electric Co. already has signed up with CIGNA/Gerling's managed care options for its employees in the United Kingdom, according to David Koonce, manager of international benefits and executive compensation in Fairfield, Conn.

However, he lamented that the option is not yet available in France, where GE is negotiating with labor unions to have employees contribute to their health care costs for the first time.

Prior to Aug. 1, the French social security system paid a flat 75% of employee health care costs while employers' supplemental benefit plans picked up the remainder. But, due to increasing health care costs, the government is reducing its contribution to 70%.

"While the absolute numbers are small relative to benefit costs in the United States since they are primarily supplemental, our medical costs in France are expanding rapidly. We can't afford to pick up the other 5%," Mr. Koonce said.

"A lot of American companies, which are more sensitive to medical inflation, would do this, too," he reasoned.

GE taps four benefit networks in 40 countries to cover about 60,000 employees.

Germany also is considering passing on part of the burden of providing long-term nursing care benefits to workers by cutting workers' pay for 10 national holi-

Continued on page 46

IN THE WORLD OF INSURANCE, WE'RE A HORSE OF A DIFFERENT COLOR.



INSURANCE TODAY

When it comes to inland marine, ocean cargo, hull, marine liability and commercial property coverages, there are lots of companies who'll take your business. But sometimes the "usual" solutions aren't enough. In situations like these, you need underwriters with the flexibility and with the experience to think creatively. Underwriters like McGee.

UNDERWRITERS WHO ARE A BREED APART

A lot of what makes McGee different has to do with the fact that we started out as marine underwriters more than 100 years ago. The nature of this business led us to develop a philosophy based on independent, creative thinking. Today, this philosophy extends to every line we write.

SPECIALISTS, NOT GENERALISTS

Because we're specialists, our underwriters have unique insight into the lines we write. As a result you'll be hard-pressed to find underwriters who are more knowledgeable or capable than McGee. The fact is, a pool of prominent insurers rely on us to use our underwriting experience on their behalf.

THE ABILITY TO MOVE QUICKLY

Our marine history has also taught us that the race is won by those who move quickly. So when you work with McGee, you won't be slowed down by red tape.

The next time you're looking for a fresh approach, find out what a difference a horse of a different color can make. Call Wm. H. McGee.

WM. H. MCGEE & CO., INC.

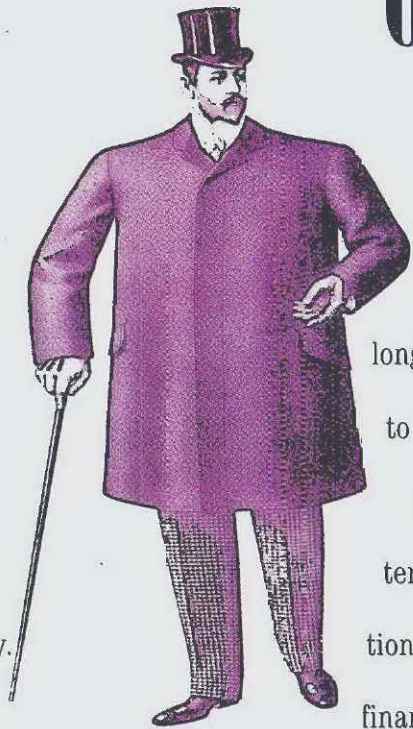
WORLD WIDE COVERAGE • UNDERWRITING MANAGERS SINCE 1887



CORPORATE HEADQUARTERS
FOUR WORLD TRADE CENTER
NEW YORK, NY 10048
1-800-235-6029

OFFICES IN THE US AND CANADA
CORRESPONDENTS THROUGHOUT THE WORLD

IF YOU'VE OUTGROWN TRADITIONAL RISK MANAGEMENT, TRY INTEGRATED INSURANCE ON FOR SIZE.



The insurance needs of large corporations and organizations have changed dramatically. Until now, their risk management options had not. Zurich-American Specialties introduces a cost-effective alternative to self insurance and the traditional market: Integrated Insurance.

CUSTOM DESIGNED FOR AN IMPECCABLE FIT

Integrated Insurance combines the benefits of finite risk insurance and traditional insurance to solve complex problems that standard loss-experience formulas don't address. These include many environmental, professional, casualty and health care liabilities.

Contracts are designed to be

long-term—three to five years—to provide stable terms and conditions for improved financial planning.

Risk management challenges come in all shapes and sizes. Unfortunately, for the most part, solutions do not.

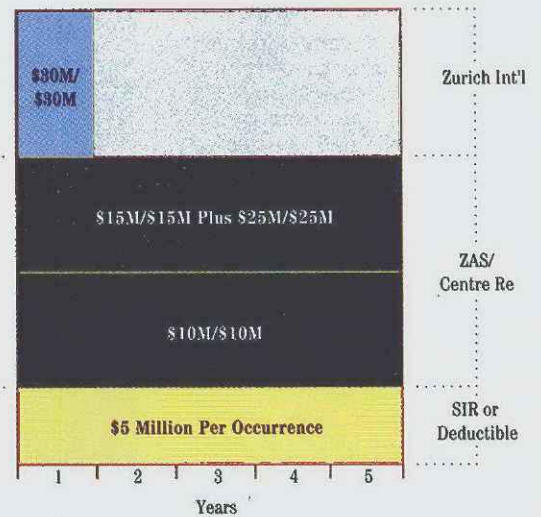
Up to \$50 million in coverage may be purchased in a single policy.

Integrated Insurance also provides profit-sharing features for favorable loss experience. That means companies can enjoy

many of the financial benefits of self-insurance without tying up large sums of capital or leaving themselves exposed to potentially debilitating losses.

SURVIVAL OF THE FITTEST

You can't be dressed for success if your insurance program isn't fiscally fit. Talk to your broker. Or complete the coupon below and mail or fax it to us for more information.



WITH INTEGRATED INSURANCE'S PROFIT-SHARING PROVISION, COMPANIES EARN CREDIT FOR EXCEPTIONAL LOSS CONTROL WITHOUT THE HIGH RISK OF SELF INSURING.

TRY US ON FOR SIZE.

Please send me your brochure, "Integrated Insurance: A Guide to Superior-Fitting Risk Management Programs."

Name _____

Company _____

Address _____

Phone # _____



A Member of the Worldwide Zurich Insurance Group

One Liberty Plaza, New York, NY 10006
212-513-0300 Fax: 212-513-7786

Understanding the world of benefit networks

A multinational benefits network is a working arrangement among different insurers through which companies with employees in more than one foreign country can obtain various employee benefits coverages.

The multinational benefits network provides coverage for one or more foreign sites through one master contract. The network pools the claims experience of all of the employees of the participating foreign subsidiaries and favorable loss experience is rewarded with an "international dividend."

Benefits covered through multinational pooling arrangements often include medical, life, accidental death and dismemberment, short- and long-term disability, travel insurance and pensions.

Networks vary in structure. Some are formed by a single insurer with units in many foreign countries. Others are formed by two large life insurance companies—usually one U.S. company and an overseas partner—that operate under a cooperative arrangement. The third most common type of network consists of several independent foreign insurers.

Most networks' master contracts include two agreements.

Benefit pools

Continued from page 44
days by 20% (BI, Sept. 27).

"Health care cost increases are not isolated to the United States," CIGNA/Gerling's Mr. Hamblet pointed out. "It just happened earlier there."

But worldwide, "the population is getting older, and, as we get older, we use health care more."

In addition, "as we get more high-tech options like CT scans and MRI, medical care gets more expensive," he added.

U.S. and other multinationals also are keeping closer tabs on their network finances to ensure they are getting the most bang for their benefit bucks, according to Aetna/Generali's Mr. Bryan.

"There are more pooling studies being done," he said, estimating a 13% increase in such activity in the first quarter of 1993 compared with the same period a year ago.

Towers Perrin's survey reported a similar experience: 87% have reviewed their multinational pooling arrangements within the last five years.

To assist employers in this endeavor, Buck Consultants Inc. has developed a software program that compares worldwide corporate benefit plan design and value with that of other companies operating in the same countries and/or industries.

"We have been showing World-Base since the first quarter (of 1993) and are rapidly getting a large following," said Alex Voitovich, an international consultant in Buck's Secaucus, N.J., office.

The software tracks such benefits as retirement, termination, death, disability, sickness, medical, dental and accident, as well as paid leave, company cars and company-provided loans and club memberships.

"We have 30 companies committed so far and hope by the first quarter of 1994 to have survey information available for all participants," he said.

These multinationals, which are primarily U.S.-based Fortune 500 companies, pay about \$1,000 per country to participate. **BI**

The first agreement is between the multinational company's local subsidiary and the local insurer that is a member of the network. Under this contract, the local insurer charges a premium plus a risk charge that covers losses that exceed the income from the master contract, catastrophe coverage and costs involved if the contract is canceled. In this case, the premium is usually paid by the local unit of the parent company.

On the local level, a dividend may be paid to the subsidiary if the local insurer's income exceeds costs. However, local insurance practices and the subsidiary's size may determine the amount of the local dividend.

The second agreement, which is between the network and the par-

ent company's headquarters, provides for pooling experience among all local contracts. The experience of all the local units is combined to see if the parent corporation will receive an international dividend.

When determining an international dividend, the benefit network first tallies all paid premiums, investment income and reserves at the start of the year compared with claims, commissions, risk and expense charges, local dividends and year-end reserves. If a dividend is warranted, the parent company then chooses whether to send the dividend to corporate headquarters or to share it locally.

Pooling is advantageous because it allows multinational employers to spread their risk. Through such arrangements, a firm's unfavorable

claims experience in one country may be offset by more favorable performance in other countries.

However, if on a worldwide basis an international pool produces a loss, the network may treat it by one of three common procedures:

- Stop-loss system.

An employer's losses are fully underwritten by the network insurers in that year with no loss carried forward. The risk charge for this type of arrangement is significantly higher than other methods.

- Loss carry-forward system.

All losses are charged to the current account and any negative balance is carried forward to the next experience year. The risk charge under this system is reduced to covering catastrophic losses and cancellation of a master contract

with a deficit.

- Loss carry-forward system with contingency fund.

All losses and negative balances are treated as they would under a standard loss carry-forward system. However, to reduce the risk charge for loss carry-forward, a contingency fund is established and maintained with an annual allocation to offset future losses.

In years of unfavorable loss experience, the contingency fund is first drawn upon to cover losses, after which any negative balance is carried forward.

The contingency fund accrues interest and, if a client cancels a contract with the network, that client's portion of the fund is refunded, less any amount that was used.

This type of fund is not being used as much as it once was, because of low investment yields generated by the funds. **BI**



Were they getting more from the alternative

In 1917, seven coal mining families desperately needed workers' compensation coverage. They pooled their capital to establish American Re-Insurance Company in Huntingdon, Pennsylvania.

Today, AM-RE MANAGERS, INC., a subsidiary of American Re-Insurance Company, is the leading professional provider for all your alternative market needs. Whether you are a risk manager, risk retention group, broker, captive manager or municipal pool, we'll combine direct access to secure capacity with up-to-the-minute technical expertise to stabilize your risk management budget. Our unique, multidisciplinary team approach draws on the talent of underwriters who are

experienced in the alternative market. Not to mention experts in technical, environmental and finite risk, regulatory issues and professional liability. Together they'll customize a program that anticipates your risk management and risk transfer needs. And lessens the impact of factors you once thought were unmanageable—like coverage gaps, escalating losses, even market volatility.

Don't get stuck with old fashioned solutions to today's risk management problems. Call (609) 275-2169 for a copy of our free brochure: "AM-RE MANAGERS, Managing the Unpredictable."

BI's directory of multinational benefit networks

A

AGRI Benefits Network

Waaistraat 6, Leuven B-3000, Belgium; 32-16-24-3300; fax: 32-16-24-3165

	1992	1991
Foreign countries.....	10	10
Offices.....	1	1

Formed: 1987.
Member companies: ABB, Belgium; Argosz, Hungary; Agrotiki Life, Greece; Groupama Assurances, France; Interpolis, Netherlands; La Luxembourgeoise Vie, Luxembourg; Lansforsakringar, Sweden; NFU Mutual, United Kingdom; R&V Versicherung, Germany; Raiffeisen-Versicherung, Austria; Tapiola, Finland.
Minimum requirements: 250 life-years, two countries.

International dividends: Stop-loss system, loss carryforward system, loss carryforward system with contingency fund.

Officers: Tom Meeus, secretary.

AIG/Winterthur

80 Pine St., 13th Floor, New York, N.Y. 10005; or 2 World Financial Center, 225 Liberty St., New York, N.Y. 10281; 212-770-2200 or 212-416-5790; fax: 212-785-0687

	1992	1991
Int'l premiums.....	\$392,000,000	\$338,000,000
U.S.....	48%	48%
Non-U.S.....	52%	52%
Pension funds.....	\$1.42 billion	\$1.32 billion
Employees.....	468	468
U.S.....	70	70
Non-U.S.....	398	398
Lives covered.....	616,450	552,500
Master contracts.....	340	332
Foreign countries.....	144	143
Offices.....	102	101

Formed: 1991.

Member companies: AAA, Australia; AI Life, American Samoa; A.I.A., Guam, Hong Kong, Malaysia, Saipan, Singapore and Thailand; AIG Life/AI Life, United States; AIU, Ecuador, Honduras and Pakistan; AIU/AI Clark, Egypt; AJIA, Indonesia; ALGICO, Trinidad and Tobago; ALICO, Antigua, Aruba, Bahamas, Bahrain, Bangladesh, Barbados, Belize, Bermuda, Cameroon, Cayman Islands, Channel Islands, Curacao, Cyprus, Dominican Republic, Dominica, El Salvador, Gibraltar, Greece, Grenada, Ivory Coast, Jamaica, Japan, Jordan, Kenya, Kuwait, Lebanon, Liberia, Malta, Montserrat, New Zealand, Oman, Panama, Portugal, Qatar, St. Kitts, St. Lucia, St. Marten, St. Vincent, Saudi Arabia, Senegal, South Korea, Suriname, Turkey, United Arab Emirates, United Kingdom and Yemen; ALICO (Nigeria) Ltd., Nigeria; ALICO/Winterthur, Italy and Spain; American Home,

Insurance Co., China; Aminport, Puerto Rico, U.S. Virgin Islands; CAH, Haiti; El Pacifico, Peru; First American Czech, Czech and Slovak Republics; First American Life, Poland; First Hungarian American, Hungary; Gjensidige, Norway; Instituto Nacional de Seguros de Costa Rica, Costa Rica; Interamericana, Brazil and Mexico; La Interamericana, Chile and Colombia; La Meridional, Argentina; La Seguridad, Guatemala; London Life, Canada; Nan Shan, Taiwan; New Ireland Life, Ireland; Norwich Life, South Africa; Peoples Insurance Co., China; Philam Life, Philippines; Pohjola, Finland; Seguros Venezuela, Venezuela; Skandia International, Sweden; Uganda/American, Uganda; Unity, Zimbabwe; Winterthur, Austria, Belgium, Denmark, France, Germany, Luxembourg, Netherlands and Switzerland.

Minimum requirements: Two countries, \$100,000 of annual premiums and 100 lives.
Business: 27% medical, 30% life, 5%

accidental death, 3% short-term disability, 7% long-term disability, 28% other.

International dividends: Stop-loss system, loss carryforward system, loss carryforward system with contingency fund.

Officers: Willi Suter, executive vp-international division-Winterthur Swiss Insurance Co.; Robert J. O'Connell, president & CEO-AIG Domestic Life Cos.; Gregory A. Arms, vp/director-AIG Group Management Division.

U.S. contact: Gregory A. Arms, 212-770-2200 or George G. Smyth, 212-416-5790.

Area Benefits Network

Avenue de Beaulieu 25, box 7, Brussels 1160, Belgium, 32-2-672-2279; fax: 32-2-660-0356

	1992	1991
Int'l premiums.....	NA	NA
U.S.....	10%	10%
Non-U.S.....	90%	90%
Employees.....	6	6
Non-U.S.....	6	6
Lives covered.....	73,000	69,000
Master contracts.....	92	80
Foreign countries.....	38	41
Offices.....	1	1

Formed: 1979.

Member companies: African Alliance, Nigeria; Al-Nisr Al-Arabi, Jordan; Alliance Insurance, Bahrain, Kuwait, Oman, Qatar and United Arab Emirates; Allianz Leben, Germany; Allianz Pace, Italy; Amev Levensverzekering, Netherlands; Aseguradora Cuauhtemoc, Mexico; Ayalda Life, Philippines; Bradesco Seguros, Brazil; Eagle Star, Hong Kong and Ireland; Eagle Star International Financial Services, Isle of Man; Eagle Star Life, United Kingdom; Fidelidade, Portugal; Gjensidige Liv, Norway; Interamerican Life, Greece; Kansa Life, Finland; La Luxembourgeoise Vie, Luxembourg; Malaysia National, Malaysia; The Meiji Mutual Life, Japan; Metropolitana, Panama; Oyak Sigorta, Turkey; Panin Life, Indonesia; Pax Versicherungen, Liechtenstein and Switzerland; Plus Ultra, Argentina; Royale Belge, Belgium; Skandia, Sweden; Societe Nationale D'Assurances, Lebanon; Tong Yang Benefit Life, South Korea; Tryg Pension, Denmark; UAP, France; UAP Iberica, Spain; Wiener Allianz Leben, Austria.

Minimum requirements: Own pooling: 100 lives and two countries; participation in multi-employer pool: 25 lives, two countries (within three years) and a minimum of \$10,000 in premiums.

Business: 2% medical, 39% life, 1% accidental death, 5% short-term disability, 5% long-term disability, 48% other.

International dividends: Stop-loss system, loss carryforward system, loss carryforward system with contingency fund.

Officers: Robert F. Hubbard, president-AREA Benefits Network/director-Eagle Star Life Assurance Co. Ltd., England; Hugo Clemeur, secretary general/managing director.

Aetna/Generali

1 Liberty Plaza, 37th Floor, New York, N.Y. 10006; 212-602-7627; fax: 212-587-9539

	1992	1991
Int'l premiums.....	\$230,000,000	\$215,000,000
U.S.....	65%	65%
Non-U.S.....	35%	35%
Pension funds.....	\$900,000,000	\$950,000,000
Employees.....	88	88
U.S.....	28	28
Non-U.S.....	60	60
Master contracts.....	122	117
Foreign countries.....	45	45
Offices.....	8	8

Formed: 1966.

Member companies: Aetna Canada, Canada; Aetna Chile Vida S.A., Chile; Aetna Health New Zealand Ltd., New Zealand; Aetna Life & Casualty, Bermuda; Aetna Life & Casualty/Aetna Health Plans, United States; Aetna Life Insurance Co. of America, Taiwan; Aetna Universal Insurance Co., Malaysia; Aseguradora General S.A., Guatemala; Assicurazioni Generali, Argentina, Guernsey, Italy, Spain; Blue Cross (Asia-Pacific) Insurance Ltd., Hong Kong; Cia. Granadina de Seguros, Colombia; Cia. Internacional de Seguros de Vida S.A., Panama; Cia. Providencia Seguro de Retiro, Argentina; Cia. de Seguros "ATLAS," Peru; Danamon Life Insurance Co., Indonesia; De Nederlanden van 1870, Netherlands; Dongbu Aetna Life Insurance Co. Ltd., Korea; East Asia Aetna Insurance Co. Ltd., Hong Kong; Generali-Allgemeine Lebensversicherung AG, Austria; Generali Belgium S.A., Belgium; Generali do Brasil, Brazil; Generali France S.A., France;

Continued on next page



market in 1917 than you're getting today?

 **AM-RE MANAGERS, INC.**
 A Subsidiary of American Re-Insurance Company.

555 College Road East, Princeton, NJ 08543-5241 (609) 275-2000

The Alternative Answer.

Atlanta, Bermuda, Bogota, Boston, Brussels, Cairo, Chicago, Columbus, Dallas, Hartford, Kansas City, London, Los Angeles, Melbourne, Mexico City, Minneapolis, Montreal, New York, Philadelphia, San Francisco, Santiago, Singapore, Sydney, Tokyo, Toronto, Vienna

AMERICAN DRUG STORES

Oscodrug **RxAmerica** **Savon drugs**

Can *SAVE* you money and
LOWER your company's prescription drug costs.

For further information call

1-800-999-1242

2100 Swift Drive, Oakbrook Illinois 60521

Continued from previous page
Generali Hungary, Hungary; Generali Krankenversicherung AG, Germany; Generali Lebensversicherung AG, Germany; Generali Life A.E., Greece; Generali Sigorta, Turkey; Geneva Life Insurance Co., Switzerland; Gjensidige Forsikring, Norway; Insular Life Assurance Co., Philippines; Insurance Corp. of Singapore, Singapore; Irish Life Assurance Co., Ireland; La Concorde, France; La Federation Continentale, France; La Nacional, Cia de Seguros, Ecuador; Le Foyer, Luxembourg; London Assicurazioni Generali, United Kingdom; Misr Insurance Co., Egypt; Mitsui Mutual Life Insurance Co., Japan; The Prudential Assurance Co. Ltd., Australia and New Zealand; Seguros America S.A., Mexico; Seguros Nuevo Mundo S.A., Venezuela; Siam Life Insurance Co. Ltd., Thailand; Skandia International Insurance Co., Sweden; Standard Generali Insurance Co., South Africa; Tapiola Insurance Group, Finland; Tranquilidade Seguros E.P., Portugal; Tryg Group, Denmark.

Minimum requirements: One coun-

try for network business; two countries and 100 lives for international pooling.

Business: 12% medical, 26% life, 2% accidental death, 10% short-term disability, 10% long-term disability, 40% other.

International dividends: Stop-loss system, loss carryforward system.

Officers: Elaine McDonald, vp; Gi-anni Ban, executive vp.

U.S. contact: Dave Bryan, director-international group benefits, U.S.

Continued on page 50

Guide to international benefit networks

The *Business Insurance* directory of international benefit networks lists networks that responded to a *BI* questionnaire.

Networks are listed as an editorial service; there is no charge for inclusion in the directory.

Listings begin with the network name, address, phone and facsimile numbers.

If supplied by the network, the following financial and operational information for 1992 and 1991 is given: Foreign gross premiums in U.S. dollars* (includes medical, life, accidental death and short- and long-term disability insurance) and the percent generated by foreign operations of U.S. employers vs. non-U.S. employers; funds under management for foreign pension plans of network clients; total network employees including those in U.S. and non-U.S. locations; and number of foreign lives covered. Also, the number of master contracts, the number of foreign countries represented and the number of actual network offices are given.

Business Insurance defines "foreign" as business in any country other than that of the parent or headquarters group. Statistics reflect only contracts which participate in pooling arrangements for which a signed application, master contract or similar formal written arrangement exists.

Provided also are the year the network was formed, names of insurers or offices participating in the network and minimum requirements for employers' participation in the network. A percentage breakdown of business the network conducts is given, as are methods in which the network handles worldwide losses in determining international dividends.

Names and titles of principal officers and the name of a U.S.-based contact person complete the listings.

Please refer to the geographic index following the directory to locate networks by country. (Networks that did not provide country listings are not included.) The index includes the network name under countries in which they have branch offices, subsidiaries or member companies participating in the network. Please refer to individual listing for the specific names of the office or company in a particular country.

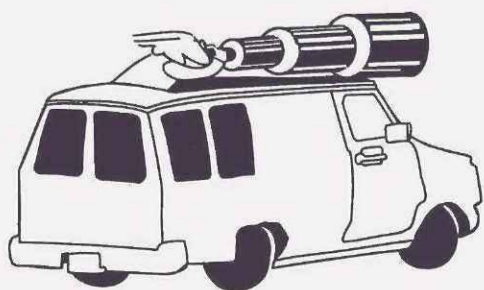
Listings are based on each network's response to the questionnaire. Although every effort is made to obtain complete and accurate information, *Business Insurance* is unable to verify all data.

* An average exchange rate, computed from month-end rates for the 12 months of a company's fiscal year, is used in currency conversions.

WHY DO CLAIMS HANDLERS CALL THIS SURVEILLANCE EXPERT?



BECAUSE INPHOTO'S PRESIDENT, BILL KIZOREK IS AN EXPERT AT UNCOVERING FRAUDULENT OR EXAGGERATED PERSONAL INJURY CLAIMS. HE HAS WRITTEN FIVE BOOKS ON THE TOPICS OF SURVEILLANCE AND TESTIFYING. INPHOTO HAS AGENTS STATIONED WITHIN A THREE-HOUR DRIVE OF 80% OF THE U.S. POPULATION. FOR ADDITIONAL INFORMATION, CALL OR FAX INPHOTO ON YOUR COMPANY LETTERHEAD.



INPHOTO SURVEILLANCE

800-822-8220

FAX 800-752-0720



Our clients tell us we have a rather unusual way of doing business. We listen.

The way we see it, it's the only way to build an effective risk management program.

More than a claim processing service, ITT Specialty Risk Services, Inc. shares in the responsibility for the total quality of your program. We're completely dedicated to tailoring our services to your specific needs.

As an SRS client, you'll be assigned to an account coordinator who'll meet with you to work on

"THE WILLINGNESS TO LISTEN. THE CAPACITY TO RESPOND." your priorities and set program direction. In fact, you'll have access to an entire team of specialists whom you can rely on for quick, accurate answers to your questions and concerns.

And we're not just talk. We'll provide you with a written Service Plan detailing our commitments to

you. And follow up with a Stewardship Report, to assess how

supportive, positive environment for your employees. Not to mention lowered costs for you.

As part of the ITT Hartford family, SRS offers financial stability as well as nearly two hundred years of expertise in risk management. Yet we always welcome input from the experts. Namely, you.

If you'd like to know more, contact Joanne Larson, Assistant Vice President, ITT Specialty Risk Services, 55 Farmington Avenue, Hartford, CT 06105, or call her at 203-520-2575.

THERE'S ONE FEATURE THAT SEPARATES SRS FROM OTHER TPAs.

well we've fulfilled those commitments, how much money you're saving and what steps we need to take in the future.

Nowhere is our teamwork more apparent than in our approach to workers compensation. We provide you with an unbroken stream of care that covers every aspect, from loss prevention to early intervention to return to work. The result? A

"WE TAILOR OUR SERVICES TO YOUR INDIVIDUAL NEEDS."

JOANNE D. LARSON, ARM
Assistant Vice President



ITT Specialty Risk Services, Inc.
55 FARMINGTON AVENUE • HARTFORD, CT 06105
(203) 520-2575

An ITT Hartford Company

Continued from page 48

C

CIGNA/Gerling

1 Beaver Valley Road, P.O. Box 15050, Wilmington, Del. 19850; 302-479-6185; fax: 302-479-6650 or Tower House, 38 Trinity Square, London EC3N 4DI, England; 44-71-488-2323; fax: 44-71-702-2125

	1992	1991
Int'l premiums	\$15,000,000	\$2,000,000
U.S. owned	20%	NA
Non-U.S. owned	80%	NA
Employees	30	30
U.S.	10	NA
Non-U.S.	20	NA
Lives covered	20,000	NA
Master contracts	23	15
Foreign countries	67	17
Offices	4	NA

Formed: 1984.
Member companies: CIGNA, Australia, Bahamas, Brazil, Canada, Chile, Colombia, Greece, Guatemala, Hong Kong, Japan, Mexico, New Zealand, South Korea, Spain, Taiwan, United Kingdom and United States; CIGNA International Property & Casualty Division ("CIGNA Worldwide") has limited employee benefit capabilities in over 60 countries. In countries where CIGNA is not directly represented additional insurers may be included in CIGNA-Gerling Pool.

Minimum requirements: Two countries, each pool inquiry is evaluated to assess potential to generate multinational dividends.

Business: 5% medical, 22% life, 26% accidental death, 20% long-term disability, 27% other.

International dividends: Stop-loss system, loss carryforward system, loss carryforward system with contingency fund.

Officers: James Grigsby, president-CIGNA International Life & Employee Benefits; John Hamblet, director-global benefits management; Virginia Hollis, vp-CIGNA International Life & Employee Benefits.

U.S. contact: Virginia Hollis, 302-479-6179.

G

GAIN

24 Avenue des Arts, Brussels 1040, Belgium; 32-2-230-3385; fax: 32-2-230-3492

	1992	1991
Int'l premiums	NA	NA
U.S.	24.5%	4.9%
Non-U.S.	75.5%	95.1%
Employees	7	7
U.S.	2	2
Non-U.S.	5	5
Foreign countries	22	22
Offices	2	2

Formed: 1976.
Member companies: AB AEGON Altalanos Biztosito, Hungary; AEGON Verzekeringen, Netherlands; AGF Garanti Sigorta, Turkey; AGF Kosmos Vie S.A., Greece; AGF Seguros, Spain; Assubel Vie S.A., Belgium and Luxembourg; Assurances Generales de France, France; Brazil Companhia de Seguros Gerais, Brazil; Colonia Lebensversicherung AG, Germany; Fidelity Life Assurance of Zimbabwe, Zimbabwe; First Life Insurance, Korea; The First Life Insurance Co., Taiwan; Irish Life Assurance P.L.C., Ireland; Legal & General Life of Australia, Australia; London & Manchester (Pensions) Ltd., United Kingdom; Mutual Life of Canada, Canada; The Principal Financial Group, United States; Sociedade Portuguesa de Seguros, Portugal; Toho Mutual Life Insurance, Japan; Tryg Forsikring A/S, Denmark; Vaudoise Assurances, Switzerland; coverage provided in additional countries through members listed above.

Minimum requirements: 25 lives and two countries, and a further per country participation minimum of the lowest common denominator specified by insuring companies (often 10 lives per country).

Business: 25% medical, 30% life, 45% long-term disability.

International dividends: Stop-loss system, loss carryforward system, loss carryforward system with contingency fund.

Officers: Marc Dierckx, chairman; Eric Janssen, managing director; Rich O'Brien, sales/marketing manager-North America; Rob Heiligers, sales/marketing manager-Europe; Cathy O'Bright, actuary.

ary.
U.S. contact: Rich O'Brien, 708-916-2916.

Gerling Pooling Instrument (COMP through GPI)

Gerling Institut Pro Betriebliche Altersversorgung und Vorsorge-Management GmbH, Cologne 50597, Germany; 49-221-144-3817; fax: 49-221-144-5818 or 49-221-144-3461

	1992	1991
Int'l premiums	\$13,952,000	\$8,500,000
U.S.	15%	15%
Non-U.S.	85%	85%
Employees	21	20
U.S.	5	5
Non-U.S.	16	15
Lives covered	16,100	15,500
Master contracts	19	17
Foreign countries	34	34

Formed: 1982.
Member companies: Over 40 insurers worldwide. Gerling pooling instrument is used to set up individual pools for multinational organizations.

Minimum requirements: 250 insureds in two countries for COMP (Company's

Own Multinational/Benefit Insurer Pool); 10 lives per country in two countries for CMP (Collective Multinational Pool).

Business: 5% medical, 22% life, 26% accidental death, 20% long-term disability, 27% other.

International dividends: Stop-loss system, loss carryforward system, loss carryforward system with contingency fund.

Officers: Dr. Joachim Lutz, managing director; Michael Ehlers, Heinrich Salmen, directors-international employee benefits division.

U.S. contact: Wolfgang Schlaeger, president, 212-752-8900.

Global Medical Management Inc.

8211 W. Broward Blvd., Penthouse II, Plantation, Fla. 33324; 305-370-6404; fax: 305-370-6301

	1992	1991
Int'l premiums	NA	NA
U.S.	40%	70%
Non-U.S.	60%	30%
Employees	16	8
U.S.	16	8

Master contracts	22	16
Foreign countries	28	3
Offices	3	1

Formed: 1992.
Business: 100% medical.
Officers: Martin B. Smith Sr., president; Robert T. Heusinkveld, chairman.
U.S. contact: Martin Smith Sr., president.

H

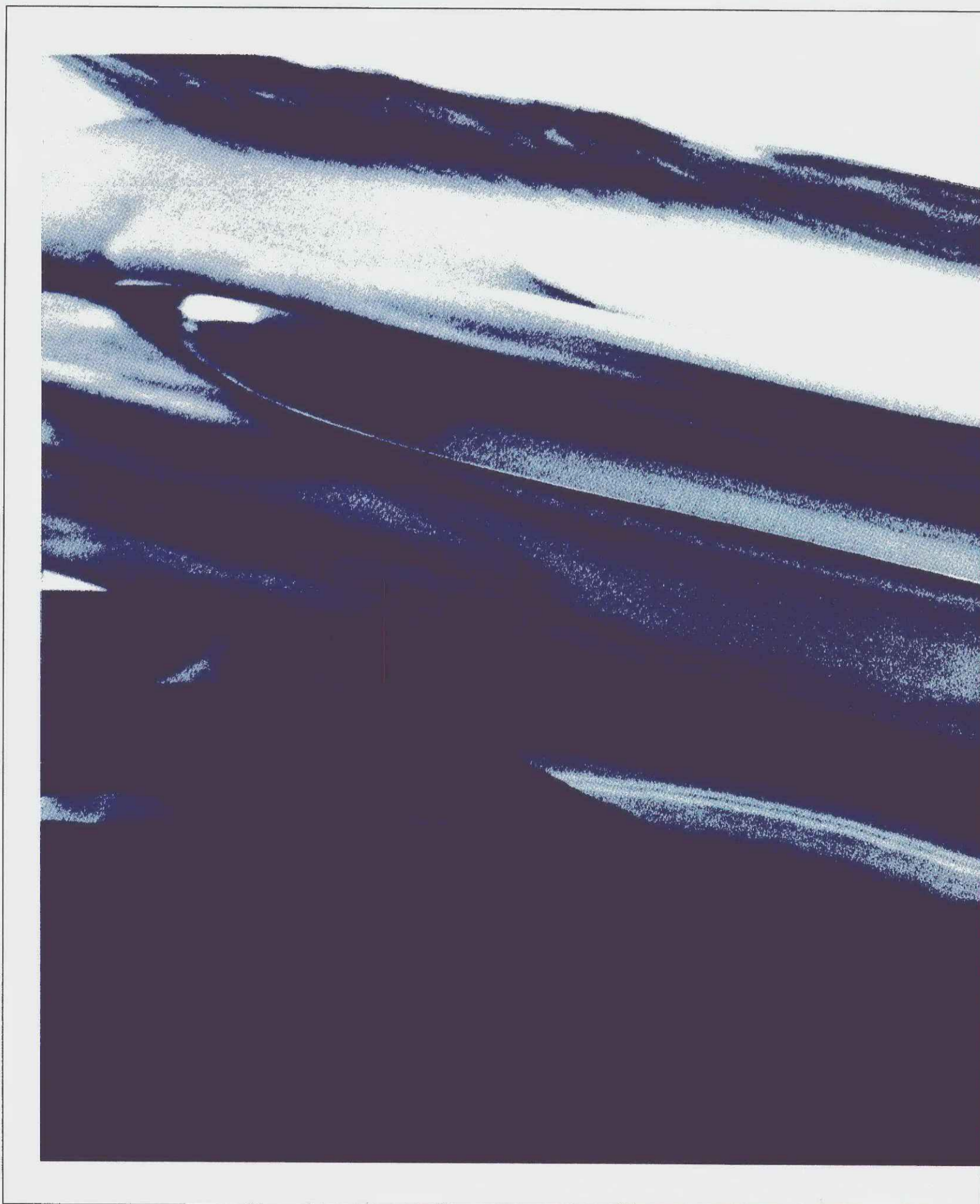
John Hancock International Group Program

P.O. Box 111, Boston, Mass. 02117; 617-572-8625; fax: 617-572-8628

Formed: 1967.
Member companies: AB-AEGON Altalanos Biztosito Rt., Hungary; AG Group, Belgium and Luxembourg; AMEV Levensverzekering N.V., Netherlands; AXA, France; Aetna Universal In-

urance Sdn. Bhd., Malaysia; Australian Mutual Provident Society, Australia and New Zealand; Ceska pojistovna, Czech Republic; Consorcio Nacional de Seguros S.A., Chile; Dai-ichi Mutual Life Insurance Co., Japan; Ethniki Hellenic General Insurance Co., Greece; Halk Yasam Sigorta A.S., Turkey; Insular Life Assurance Co. Ltd., Philippines; Insurance Corp. of Singapore Ltd., Singapore; Irish Life Assurance P.L.C., Ireland; John Hancock Mutual Life Insurance Co., United States; La Suisse, Societe d'Assurance sur la Vie, Switzerland; Maritime Life Assurance Co., Canada; Muang Thai Life Assurance Co. Ltd., Thailand; National Mutual Insurance Co. Ltd., Hong Kong; Old Mutual, Zimbabwe; PFA Pension, Denmark; P.T. Asuransi Pensiun Bumiputera John Hancock, Indonesia; Pan American de Colombia, Compania de Seguros de Vida S.A., Colombia; Pan American Life Insurance Co., Dominican Republic, Ecuador and Puerto Rico; Pictet & Cie, Switzerland; Private Patients Plan, United Kingdom; Prudential Assurance Co. Ltd., United Kingdom; Sampo Pensions

Continued on next page



Continued from previous page
 Insurance Co. Ltd., Finland; Samsung Life Insurance Co. Ltd., South Korea; Seguros La Seguridad C.A., Venezuela; Seguros Monterrey S.A., Mexico; Shin Kong Life Insurance Co. Ltd., Taiwan; Societa Assicuratrice Industriale, Italy; Sud America Compania de Seguros de Vida y Patrimoniales S.A., Argentina; Sud America Vida y Pensiones, Spain; Sul America Companhia Nacional de Seguros, Brazil; UNI Storebrand AS, Norway; Victoria Lebensversicherung AG, Germany; Victoria Seguros, Portugal; Victoria-Volksbanken Versicherungs AG, Austria.

Officers: Michael J. Allan, vp.
 Contact: Michael J. Allan.

I

Insurope

Boulevard Bischoffsheim 39, Box 18,
 B-1000, Brussels, Belgium;
 322-217-8163

	1992	1991
Int'l premiums	NA	NA
U.S.	50%	50%
Non-U.S.	50%	50%
Employees	17	17
U.S.	6	6
Non-U.S.	11	11
Foreign countries	40	39
Offices	3	3

Member companies: AG 1824, Belgium; A.G. Luxembourg, Luxembourg; Alte Leipziger, Germany; Asahi Mutual, Japan; BUPA, United Kingdom; Baloise Life, Switzerland; Basak Sigorta, Turkey; Bradesco Seguros, Brazil Bundeslander, Austria; China Life, Taiwan; Confederation Life, United Kingdom; Danica, Denmark; Delta Lloyd, Netherlands; Dong Ah, South Korea; Ecuatoriana-Suiza, Ecuador; El Pacifico-Feruvano Suiza, Peru; Equitativa del Plata, Argentina; Espana, Spain; Euralliance, France; Fordiaria, Italy; Fortis Benefits, United States; GAN, France; Great Eastern, Malaysia and Singapore; Guardian Life of the Caribbean, Trinidad; Jamaica Mutual, Jamaica; Jiwasraya, Indonesia;

Manulife, Hong Kong; National Mutual, Australia and New Zealand; Nippon Dantai, Japan; Pan American, Venezuela; Pension-Varma, Finland; Philippine Life, Philippines; Phoenix Home Life, United States; Provident Life, United States; Prudential, United States; Sanlam, South Africa; Siam Commercial Life, Thailand; Standard Life, Canada and Ireland; Tranquilidade, Portugal; Trygg Hansa/SPP, Sweden; UNI Storebrand, Norway.

Minimum requirements: Two countries for multi-company pool; 200 units or 100 fully insured lives for single-company pool; 500 lives for single-company stop loss pool.

International dividends: Stop-loss system, loss carryforward system.

Officers: Frank Smolar, network manager; Jim Wallace, network actuary; Hugh Gallagher, sales & marketing manager; Mary Mellor, customer service manager.

U.S. contact: Bob Pickrell, president; Michael Stapleton, director or Rodney Hampton, director-Western region.

M

Multinational Insurance Arrangement

The Travelers Cos.-International Operations, 1 Tower Square, Hartford, Conn. 06183-7040; 203-954-3784; fax: 203-277-6508

	1992	1991
Int'l premiums	\$36,400,000	\$31,189,000
U.S.	64%	56%
Non-U.S.	36%	44%
Pension funds	\$83,200,000	\$78,000,000
Employees	23	27
U.S.	15	19
Non-U.S.	8	8
Lives covered	174,000	146,000
Master contracts	107	110
Foreign countries	54	54
Offices	3	3

Formed: 1970.

Member companies: Adriatica Venezolana de Seguros C.A., Venezuela; Al Amane, Morocco; Allianz Life, Greece; Allianz-RAS Seguros, Spain; Anglo-Ele-

mentar Versicherungs AG, Austria; Bumi Asih Jaya, Indonesia; Caledonian Insurance Co., Ireland; Carlingford Medical Insurance, Hong Kong; Cathay Life Insurance Co. Ltd., Taiwan; Compagnie Camerounaise d'Assurances, Cameroon; Companhia Adriatica de Seguros, Brazil; Compania la Buenos Aires, Argentina; Compania Internacional de Seguros de Vida, Panama; Compania Nacional de Seguros C. por A., Dominican Republic; Crown Life Insurance Co., Canada; Dharmen Union d'Assurance et de Prevoyance, Tunisia; El Sol, Compania de Seguros Generales, Peru; Gothaer Life Insurance Co., Germany; Great Eastern Life Assurance Co., Malaysia and Singapore; Great Pacific Life Assurance Co., Philippines; Groupe Malakoff, France; Grupo Nacional Provincial, Mexico; Guardian Assurance P.L.C., Hong Kong and New Zealand; Guardian Royal Exchange Assurance, United Kingdom; L'Union des Assurances de Paris, Burkina Faso, Central African Republic, France, Gabon, Ivory Coast, Niger, Senegal and Togo; La Construccion S.A., Chile; La Star Nationale Societe Tchadienne d'Assurances, Chad; Le Foyer S.A., Luxembourg; Liberty Life Association of Africa Ltd., South Africa; Mercantile Mutual Life Insurance Co., Australia; Nationale-Nederlanden Levensverzekering Maatschappij N.V., Netherlands; Nippon Life Insurance Co., Japan and United States; NOVA Life Insurance Co., Finland; The Orion Insurance Co. P.L.C., United Kingdom; Patriotique S.A. Compagnie d'Assurances, Belgium; Portugal Previdente Companhia de Seguros, Portugal; Riunione Adriatica di Sicurtà, Italy; Royal Exchange Assurance (Nigeria) Ltd., Nigeria; Sark Hyat Sigorta A.S., Turkey; Skandia de Colombia, Colombia; The South East Insurance Co. Ltd., Thailand; The Travelers Insurance Cos., Bahamas, Puerto Rico, United States and U.S. Virgin Islands; Tryg Forsikring, Denmark; UNI Storebrand Insurance Co., Norway; VITA Life Insurance Co. Ltd., Switzerland.

Minimum requirements: 100 employees and two countries.

Business: 9% medical, 17% life, 5% long-term disability, 69% other.

International dividends: Loss carryforward system, loss carryforward system with contingency fund.

Officers: Abelardo Angulo, executive vp-Grupo Nacional Provincial; Herve Guenard, director-UAP; Tim Lloyd Williams, general manager-GRE; Bruce MacMillian, president-international operations-Travelers; Dario Schiller, vice director-RAS; Shunji Kosugi, general manager-Nissei Life; Jan Nijssen, general manager-Nationale Nederlanden.

U.S. contact: Matthew MacEwen, vp-Travelers, 203-954-3784.

S

The Swiss Life Network

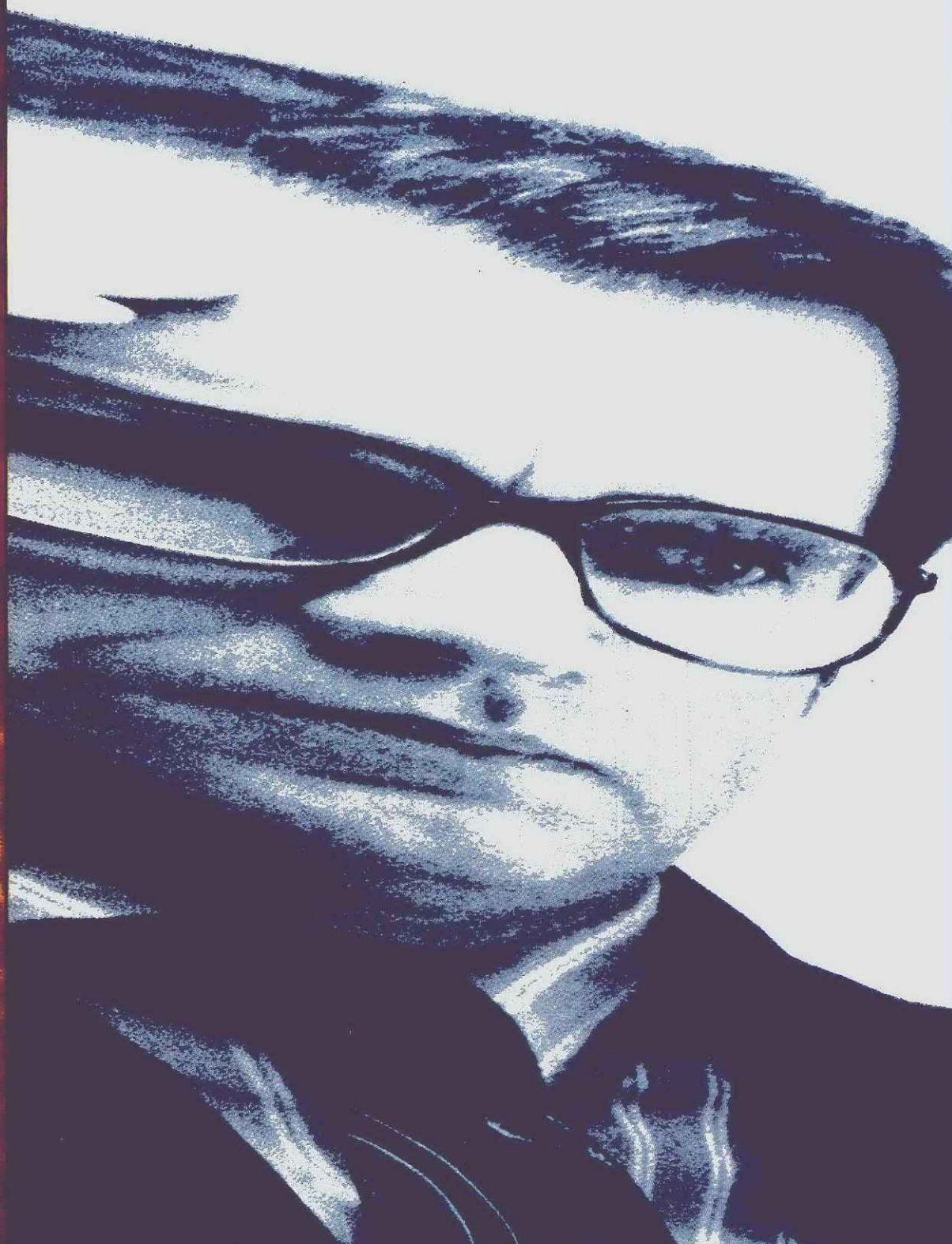
General Guisan-Quai 40, 8022 Zurich, Switzerland; 411-284-3797 or 201-670-1515 (U.S.); fax: 411-202-1980 or 201-670-0709 (U.S.)

	1992	1991
Int'l premiums	NA	NA
U.S.	50%	50%
Non-U.S.	50%	50%
Employees	100	100
U.S.	10	10
Non-U.S.	90	90
Foreign countries	42	40
Offices	49	46

Formed: 1960.

Member companies: Aseguradora Mundial de Panama, Panama; Bangkok Life, Thailand; Canada Life, Canada; Colonial mutual, Australia and New Zealand; Danica, Denmark; Gloria Biztosito, Hungary; The Guardian, United States; Ilmarinen, Finland; Imperio, Portugal; International Health Insurance, Denmark; Iochpe Seguradora S.A., Brazil; Irish Life, Ireland; Jardine Life, Hong Kong; Kooperativa, Czech Republic and Slovak Republic; Korea Life, South Korea; Kuo Hua Life, Taiwan; La Comercial, Mexico; La Nationale, Israel; La Suisse, Switzerland; Laiki Life, Greece; Lincoln Philippine Life, Philippines; Lippo Life, Indonesia; MassMutual, United States; Meiji Life, Japan; NTUC Income, Singapore; PFA Pension, Denmark; Polish National Insurance, Poland; Renta Nacional, Chile; Rosgosstrakh, Russian Republic; Schweizerische Rentenanstalt (Swiss Life), Germany; Seguros Bolivar, Colombia; Seguros Los Andes, Argentina; Seguros de Occidente, Guatemala; Societe suisse (Swiss Life), France; Southern Life,

Continued on next page



Reinsurance today
 can sometimes seem like
 one big blur.

It's tough to get your
 bearings. It's hard to
 know which way
 to turn.

At Reliance Reinsurance
 we don't claim to be
 clairvoyant. But we do
 have a pretty clear vision
 about what our clients
 will be facing in
 the months and years
 to come.

That's why, in addition
 to focusing on traditional
 lines, we're moving in
 bold new directions.

Environmental
 Reinsurance,
 for instance.

The point is, we can
 help you bring your
 reinsurance picture more
 sharply into focus.

Rethinking tomorrow.

Today.



RelianceRe

Reliance Reinsurance Corp.
 A Reliance Group Holdings Company

One Penn Center Plaza,
 Philadelphia, PA 19103

Spotlight report

Continued from previous page
 South Africa; Suomi-Salama, Finland; Swiss Life, Belgium, Italy, Luxembourg, Spain, Switzerland and United Kingdom; Swiss Life North American Services Inc., United States; Swiss Mobiliar, Switzerland; Vital Forsikring A.S., Norway; Wiener Stadtische, Austria; Yasuda Life, Japan; ZwislerLeven, Netherlands.

Minimum requirements: 100 lives and two countries.
Business: 7% medical, 16% life, 2% accidental death, 7% short-term disability, 10% long-term disability, 58% other.

International dividends: Stop-loss system, loss carry-forward system.
Officers: M. Zobl, president/CEO-executive board; E. Schneebeli, deputy co-president-executive board; K. Muehlebach, executive vp.
U.S. contact: Philipp Frei, president-Swiss Life North American Services.

Vita Life Insurance Co. Ltd.
 P.O. Box 4188, Zurich 8022, Switzerland; 411-465-6565; fax: 411-465-6772

	1992	1991
Int'l premiums	\$22,811,760	\$21,379,740
Non-U.S.	100%	100%
Employees	3	3
Non-U.S.	3	3
Lives covered	16,700	16,250
Foreign countries	22	21
Offices	1	1

Formed: 1976.
Member companies: African International Insurances Ltd., Kenya; Agrippina Lebensversicherung Aktiengesellschaft, Germany; Astorg-Vie, France; Compania General de Seguros y Reaseguros S.A. Via Augusta, Spain; Genevoise Assurances, Switzerland; La Garantie Generale Marocaine, Morocco; Minerva Vita Assicurazioni S.p.A., Italy; Union Iberoamericana Compania Anonima de Seguros y Reaseguros, Spain; Universal Underwriters Life Insurance Co., United States; VITA Compagnia di Assicurazioni sulla vita, Italy; VITA Compagnie d'Assurances sur la vie, Belgium, France and Luxembourg; VITA Companhia de Seguros de Vida, Portugal; VITA Companhia de Seguros sobre la Vida, Spain; VITA Lebensversicherungs-Gesellschaft, Germany; VITA Levensverzekering-Maatschappij, Netherlands; VITA Life Insurance Co., Hong Kong and United Arab Emirates; VITA Livsforsikring, Denmark; Zurich American Life Insurance Co., United States; Zurich-Anglo Seguradora S.A., Brazil; Zurich Australian Life Insurance Ltd., Australia; Zurich Iguazu Compania de Seguros de Retiro S.A., Argentina; Zurich International (Bermuda) Ltd., Bermuda; Zurich Kosmos Versicherungen AG, Austria; Zurich Life Assurance Co. Ltd., United Kingdom; Zurich Life & Health Insurance Co. of Canada; Zurich Life Insurance Co. of Canada; Zurich Vie, France.

Minimum requirements: Two countries and 300 lives; pooling on a two-year basis for 100 lives to 299 lives.

Business: 20% life, 5% accidental death, 15% long-term disability, 60% other.

International dividends: Stop-loss system, loss carry-forward system, loss carry-forward system with contingency fund.

Officers: R. Kellenberger, vp; R.N. Balsiger, E. Hufschmid, assistant vps; S. Balsiger-Signer, K. Klaus, senior consultants. **BI**

V
Vinci International Employee Benefits
 Blaak 16, 3011 TA Rotterdam, Netherlands; 31-10-454-5455; fax: 31-10-213-1303

	1992	1991
Employees	2	NA
Offices	1	NA

Formed: 1992.
Member companies: Abeille Vie, France and Portugal; Abeille Vita, Italy; Abeille Previsora Vida, Spain; Baltica/Danica, Denmark; The Cologne Re., Germany; Colonia, Germany; Nieuw Rotterdam Verzekeringen, Netherlands; Nordstern Colonia, Austria; Nordstern Colonia Hellas, Greece; Nordstern Versicherungen, Germany; Vic Life, Luxembourg; Victoire, Belgium.

Minimum requirements: 25 lives and two countries, minimum of 10 lives per country.

International dividends: Stop-loss system, loss carry-forward system, loss carry-forward system with contingency fund.

Officers: Hans Korsman, manager-coordinating office.

READER REPLY SERVICE

PRODUCTS & SERVICES LISTING

Issue of October 4


READER SERVICE #	ADVERTISER	PAGE #	READER SERVICE #	ADVERTISER	PAGE #
—	Ace Insurance	G7	—	Hogg Robinson, Inc.	29
1	Acordia	12	—	Home Insurance	58
—	Aetna Executive Re	G3	22	Humana	34
—	Aetna Generali	62	23	Industrial Risk Insurers	68
—	Alexander & Alexander	4	24	Inphoto Inc.	48
2	American Assoc. of Orthodonti	60	25	Int'l. Foundation of Employee	28
3	American Drug Stores	48	26	ITT Hartford	49
4	American Excess	57	—	Johnson & Higgins	11
5	American Excess	59	27	Kemper Insurance Group	30-31
6	American Excess	61	28	Liberty Mutual	38-39
7	American Insurance Mgrs. Inc.	21	30	Wm. H. McGee & Co., Inc.	44
8	Am-Re Managers	46-47	31	Minet Inc.	13
9	Aon-Rollins Hudig Hall	38	32	NAC Reinsurance Corp.	35
10	Assoc. Aviation Underwriters	36	33	North American Reinsurance	9
11	The Bank of Bermuda, Ltd	20	—	NY Life Insurance Co.	14-15
12	The Bank of Butterfield	42	34	Practical Risk Management	65
—	Bermuda Commercial Bank Ltd.	G4	—	Protection Mutual Ins. Co.	G8
—	Blue Cross/Blue Shield of TX	26	—	Prudential Insurance Co.	37
—	BRMA	55	—	Quail Street	G2
13	Capitol Special Risks	64	35	Reliance National	7
—	Chadbourne & Parke	G6	36	Reliance Re	50-51
—	Chubb Group of Insurance Co.	28	—	Risk Engineering, Inc.	59
14	Cigna Corporate	41	37	Royal Insurance	72
15	Core Source, Inc.	17	—	Schirmer Engineering	21
16	Crawford & Company	64	—	Sedgwick James	25
—	Custard Claims Management	24	38	Swett & Crawford Group	10
17	Delta Dental Plan Assoc.	43	39	Thomas Howell/Gay & Taylor	24
18	Duncanson & Holt	56	42	Transamerica Life Company	6
19	Employers Reinsurance Corp.	22-23	40	USA Health Network	32
20	ERMA	54	41	Wausau Insurance Company	5
—	Fortis Inc.	18-19	—	Wiley House	65
21	General Envrn Mgmt. Corp./CNA	16	—	X L Insurance	G5
—	General Star Management	27	—	Zurich American Specialities	45

INCREASE SUBROGATION RECOVERY

Cost-Effective Solutions for Costly Problems

Odds are your subrogation recovery is no more than one percent of your losses. Crawford's Technical Loss Analysis can help beat those odds.


Valuable technical data is often overlooked or misinterpreted. Technical Loss Analysis applies modern technology and engineering to link claims evidence with codes and standards. Technical Loss Analysis maximizes your ability to recover losses through subrogation.



Crawford
RISK CONTROL SERVICES
The FPE Group

For a free Technical Loss Analysis report, call Garry Hundley.

(800) 723-3890



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 So. Clark St., 6th Fl.
 Chicago, IL 60605-1702

Business Insurance

FREE LITERATURE FOR READERS

Issue Date: OCTOBER 4, 1993
Card Expiration: NOVEMBER 29, 1993

All questions must be answered to process inquiries. PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

1. My organization is best described as:

<input type="checkbox"/> Mfg/Svcs	<input type="checkbox"/> Ins Agent	<input type="checkbox"/> Adj/Apprs
<input type="checkbox"/> Association	<input type="checkbox"/> Ins Broker	<input type="checkbox"/> TPA
<input type="checkbox"/> Union	<input type="checkbox"/> Ins/Reins Co	<input type="checkbox"/> Healthcare Inst
<input type="checkbox"/> Government	<input type="checkbox"/> Actry/Conslt	<input type="checkbox"/> Other
<input type="checkbox"/> Educational Inst	<input type="checkbox"/> Attorney	

2. Number of employees:

<input type="checkbox"/> 150 or less	<input type="checkbox"/> 151 - 499	<input type="checkbox"/> 500 - 999
<input type="checkbox"/> 1,000 - 4,999	<input type="checkbox"/> 5,000 or more	<input type="checkbox"/> Unknown

3. My title is best defined as:

<input type="checkbox"/> Administrative Mgt	<input type="checkbox"/> Benefits Mgt
<input type="checkbox"/> Financial Mgt	<input type="checkbox"/> Loss prevention Mgt
<input type="checkbox"/> Risk Mgt	<input type="checkbox"/> Other

4. My purchasing involvement for the requested products is to:

<input type="checkbox"/> I recommend only	<input type="checkbox"/> I specify	<input type="checkbox"/> I approve
---	------------------------------------	------------------------------------

5. Do you now receive a personally addressed copy of Business Insurance?

<input type="checkbox"/> Yes	<input type="checkbox"/> No, so please send subscription info
------------------------------	---

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the **October 4, 1993** issue. Cards with more than 20 items circled will not be processed. This card expires **November 29, 1993**.

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 () _____

Agent/Broker Topics

A monthly editorial section sent exclusively to agents and brokers

By SALLY ROBERTS

SAN FRANCISCO—The insurance marketplace is going to get tougher, and if agents continue to operate in the status quo, they may not survive.

Ponder these sobering figures:

- Currently, about 80 agencies are sold or go out of business every week.

- The value of the typical independent agency has fallen 25% in the past three to six years.

"The typical agency owner has failed to retain enough money in the business that has allowed them to weather the storms in the past," said Robbie Smith, a vp at agency consulting firm Hales & Associates of Atlanta.

"One day, we will sell our agency, whether we like it or not," he told agents during a session at the 98th annual convention of Independent Insurance Agents of America Inc., which was held in San Francisco Sept. 11-15.

That's the time when agency value is most important.

According to Mr. Smith, the three factors that create agency value are profits, risk and balance sheets. "These are the three things buyers want to be able to identify and control." But because "so many agencies are so loosely capitalized," their risks go up and their values are "diminished."

Not all insurance agencies, of course, are

Prospering in tough times

Profits, risk and balance sheets will determine agency's value when the time is right to sell

in this same boat.

"Despite the difficult operating environment, there are firms doing well," said Robert Reagan, chairman and chief executive officer of Hales & Associates.

By looking at the business practices of these leading firms and by remaining committed to continual improvement, agencies "can survive, succeed and prosper," added

Joseph H. Feitelberg, president of The Feitelberg Co., a Fall River, Mass., agency, and chairman of the IIAA's Presidential Commission to Enhance Agency Value.

The IIAA, Hales & Associates and Westinghouse Productivity & Quality Center have produced a guide called "The Best Practices of the Leading Independent Insurance Agencies in the United States." Those practices are designed to help gauge and improve independent agencies' performance.



Among the guide's recommendations for firms with small commercial books—averaging \$66,254 in commissions per year from all accounts with premiums of less than \$1,000 on average and \$128,562 in commissions from all accounts with premiums under \$5,000—are:

- Seek stable insurers that offer competitive products and pricing.
- Target specific market segments.
- Provide personalized quality service tailored to accounts.
- Establish separate small commercial departments.
- Bill directly whenever possible.
- Develop a referral marketing program.
- Underwrite carefully.

- Aggressively "round," or market additional coverage to, accounts.

- Provide incentives for those who generate business.

- Use telemarketing aggressively.

Among the top 25% of small commercial lines firms that currently do those things, the retention rate is 97.4%, said Jo Conway Roberts, assistant to the executive vp of the Agency Co. Organization for Research & Development in Pearl River, N.Y. ACORD is an association that promotes agency-insurer operations and communications.

Traditionally, commercial lines agencies "don't want anything to do with personal lines," observed Shirley Lukens, assistant vp-agency management and technology for the IIAA.

But the most successful agencies "found ways to take the cost out of writing personal lines" and are dedicated to increasing this book of business, she said.

Too few agencies are rounding accounts, said Mr. Smith, adding that the average agency has 1.5 policies per account. Top-performing agencies, though, do refer business to other units within the company.

If agencies want to succeed, they must cross-sell, he said.

Of the firms surveyed for the best-practice guide, 68.1% feel that personal property and casualty business is an important part of their future growth and profitability. The average agency in this survey generated \$518,979 in personal lines commissions, which represents, on average, 33.8% of its total revenues.

Personal lines growth is even more important to the fastest-growing commercial firms. For them, personal lines revenues grew 14.3% over the past three years; the average for all agencies was only 8.2%.

Among the keys to success for personal lines growth were:

- Good account rounding.
- Stable, hungry personal lines markets.
- Top-quality services provided by knowledgeable employees.
- Selectivity in the type of accounts written.
- Using automation fully to increase efficiency and productivity.
- Knowledgeable and dedicated producers.
- Aggressive marketing plan/commitment of necessary resources.
- Incentive compensation for production by personal lines CSRs.
- Limiting the number of markets.
- Utilizing transactional filing, a timesaving way of organizing transaction information on computers.

In both personal and small commercial lines agencies, employee education was a "was a significant key practice," ACORD's Ms. Roberts said.

Not just ongoing technical or product training, either. These agencies are continuously training their employees in how to deal with customers, she said. Many em-

Continued on page 52B



SCHILLERSTROM

Agency value

Continued from previous page
 ployees have time off during the day to take classes that will make them better people, she said, including classes on assertiveness and listening.

Agency owners as well as employees are participating in these classes, because both need to communicate with customers. "This is a key practice," she stressed.

Across the board, in the most successful agencies, "everything done in the agency was done to satisfy the customer," said the IIAA's Ms. Lukens.

And these agencies "didn't just want to please the customer, they wanted to delight them," she said.

The best-practice guide reports

that successful agencies:

- Regularly call and write to customers.
- Never let a caller off the phone until all parties agree to the next step and "are on the same wavelength."
- Make all transactions—whether good or bad—easy and pleasant for customers.
- Stress service.
- Act continuously as advocates for the customer.
- Provide an extra level of service that is above the client's expectations.

In addition, top-performing agencies view their employees as "long-term stakeholders" within the company, said Mr. Smith of Hales & Associates.

These agencies "always operate with the perspective of what is

best for the agency in the long run," he said.

The No. 1 stakeholder in the agency is the employee, Mr. Smith emphasized. And, it's important to recognize that with today's increased demands, positions must be upgraded to increase agency value, he added.

Agencies have "got to hire the right people," said Mr. Smith. Agency owners need to realize that "sons and daughters may be a bad hire," he said.

In addition, customer service representatives must become customer service agents and handle all aspects of the account after the producer sells, he said. This may result in cutting producers' compensations, but it gives them more time to sell new business.

Agencies also need to provide

the resources to make the job easier and to give the customer the service they want and deserve, he added.

Among the most successful agencies, utilizing automation is key, said ACORD's Ms. Roberts.

Of the top small commercial lines agencies, the best-practice guide found that:

- 58.7% download policy details from insurers into their systems.
- 14.7% utilize transactional filing.
- 88% have terminals on most of their CSRs' desks.
- 68% have terminals on most of their producers' desks.
- 44% interface with one or more insurers.

And among the most successful personal lines agencies:

- 79.8% download policy details

from insurers.

- 35.1% utilize transactional filing.
- 95.7% have terminals on most of their CSRs' desks.
- 77.7% have terminals on most of their producers' desks.
- 77.7% interface with one or more insurers.

The most successful agencies are budgeting for automation, Ms. Roberts said. And, if they have limited resources, "they are utilizing what they've got."

According to the best-practice guide, the most critical issues that affect the success of small commercial lines agencies include: new business development, profitability, account retention rate, insurer relations, quality customer service, development of staff, effective use of automation, liquidity/cash flow and productivity.

For personal lines agencies, the most critical issues include: new business development, insurer relations, profitability, quality customer service, account retention rates; productivity, effective use of automation, effective agency management and development of staff.

For more information about the best practices guide, contact Shirley Lukens at the IIAA, 127 S. Peyton St., Alexandria, Va. 22314, or call 800-221-7917.

This List is Incomplete.



That's because there are more service businesses than you can think of, let alone list. And nearly every one of them has an errors and omissions exposure, meaning that in their everyday line of work, these companies risk getting sued for making mistakes. They may end up having to pay at least attorney's fees, even if they didn't make a mistake!

As America's E&O Authority,[®] Media/Professional Insurance underwrites and handles claims for a wider variety of these E&O risks than any other firm. And backed by A.M. Best-rated A+ Gulf Insurance Group, our Specialty E&O Plan can be tailored to large, medium or small service businesses.

So call today and find out more about E&O from Media/Professional. Because in today's atmosphere, any service business can be roadblocked by an unexpected lawsuit.

For a free Specialty E&O Kit, brokers may call **(816) 471-6118 x 281**.



Media/Professional Insurance

A division of Aon Direct Group, Inc.
 Two Pershing Square, Suite 800 • 2300 Main Street
 Kansas City, Missouri 64108 • 816-471-6118
 Facsimile: 816-471-6119

America's E&O Authority[®]

Coverage is not available for licensed professionals such as doctors, lawyers, architects, engineers and accountants.

Business Insurance[®]

• DIRECTORIES •

DIRECTORY OF BUYERS
 The *Business Insurance* Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management Services contains alphabetical listings of nearly 2,200 U.S. corporations. You'll find names and titles of over 13,000 executives responsible for risk management, employee benefits, and more — plus, vital company facts and figures. To order a printed copy or the directory on disk, call:

313/446-1623

The directory is also available on computer tape. For details, call:

313/446-1625

DIRECTORY OF HMOs and PPOs
 The 1992-1993 *Business Insurance* Directory of HMOs and PPOs is published as part of a special Managed Care Market Report. The directory contains profiles of over 1,000 HMOs and PPOs across the country — organized alphabetically by state. To order, call:

313/446-1609

IN-PUBLICATION DIRECTORIES
 In 1993, *Business Insurance* will publish 19 in-publication directories making access to services and suppliers easy. Providing comprehensive listings of firms in specialized areas, *BI's* directories give readers a direct route to better management techniques and eliminate frustrating hours researching services and suppliers available in the marketplace. For a listing of 1993 in-publication directories, call:

Directory information:
312/649-5279

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

Advertising information:
212/210-0228

Subscription information:
800/678-9595

SURETY

Done in a way to make the difference.

**Agents and Brokers contact
the industry leaders.**



Bonding • Treasury Listed



Liability Insurance • Treasury Listed

233 Main Street, New Britain, CT 06050-2350
(203) 224-2000

Helping agents stay centered on success

Sales centers work at keeping clients happy

By SALLY ROBERTS

SAN FRANCISCO—A sales center that establishes a process to prospect for and retain clients can help ensure an insurance agency's continued growth, a consultant and executive say.

One of the biggest complaints from commercial clients when they are first negotiating with a new agent is that the agent promises good service and quick response but

fails to deliver, said Mona M. Carpenter, president of Marketing Systems Ltd. in Carrollton, Texas.

Having a sales center within the agency "keeps an agent's word," she said during a session last month at the annual Independent Insurance Agents of America Inc. convention.

About half of all U.S. insurance agencies have tried to set up a sales center at some time. But only about 10% of agencies use one today and, of those, only one in 10 runs its operation well, according to Ms. Carpenter.

Most agencies use their sales centers solely as telemarketers to pros-

pect new business leads, and not also as relationship building tools and account managers, said Ms. Carpenter.

There is a real need for sales centers because most producers do not have the discipline to do prospecting, said Roger H. Sitkins, chief executive officer of Affiliated Risk Managers of Florida Inc. in Fort Myers.

Servicing an account also takes up agents' valuable time.

An average executive is only available 12% of the day to take telephone calls, said Mr. Sitkins. This means that in a 10-hour work day, only 72 minutes are available for phone calls.

Despite the established need for

sales centers, "most agencies are not ready (for them)," Mr. Sitkins observed.

Putting a sales center into an agency that isn't ready is like putting an Indy 500 car engine into a Volkswagen Beetle, Mr. Sitkins quipped.

Therefore, agencies need to determine if they are ready for a sales center, he advised.

Management needs to be strongly committed to the concept. Without the commitment, the center "is guaranteed to fail," he said.

Agencies also need to have sales people who want to sell, he added.

"Unless you got the right people

Continued on next page

Sales centers must know lines, executive says

SAN FRANCISCO—If an insurance agency has different lines of business and is ready to set up a sales center, it needs to be aware that each line has different sales processes, an agency executive advises.

Roger H. Sitkins, chief executive officer of Affiliated Risk Managers of Florida Inc. in Fort Myers, offers several sales tips for sales centers.

Agencies that follow these tips close deals 75% of the time, he contends.

Personal lines sales, for example, should begin with a direct-mail piece, followed by finding out the prospect's expiration date, telemarketing, following up on the phone call, the actual sale and then getting referrals from the new client, explained Mr. Sitkins.

The sales process for small commercial lines is similar. Agencies should start with direct mail, he said, then use the phone to find the expiration date of the prospect's coverage, set up appointments, make the sale and then get referrals.

For larger commercial line prospects, Mr. Sitkins said agencies should first approach them via direct mail, then use telemarketing to see if they qualify, set up a "diagnostic" appointment, then a "protection review," then a presentation of solutions, followed by the sale, getting referrals and setting up a service schedule.

Obtaining referrals in all lines is "non-optional behavior," he said.

Referrals certainly are not the only tool sales centers can use, though. To develop new sales leads, they should first look at the agency's current book of business. Cross-selling to existing customers is a great way of obtaining new business, he said.

Advertising in trade publications, on television and on radio is also a good way to develop leads, Mr. Sitkins said. Agencies can monitor results of any advertising by asking customers where they heard of the agency.

Direct mail is another way to find prospects, but it requires some caution. Agency letterhead needs to be progressive looking, he said, and the mailing piece should not have "52 stuffers like your Visa bill." And it should be followed up within 15 days or it is not effective.

Several criteria determine what makes a direct mail piece successful, he added. The mailing list constitutes 50% of the success, the offer 25%, the format 15% and the copy 10%.

Call-ins or walk-ins are another source of leads, and to take advantage of them receptionists need to be trained to handle both types of cases.

Another way to gain leads is through what Mr. Sitkins calls "drive-bys." Sales coordinators can easily drive by businesses and write down names, find out who owns them and then begin the sales process.

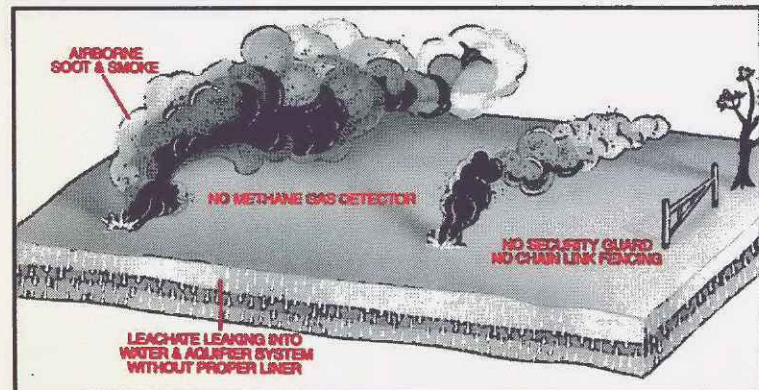
Agencies can also purchase lists of names to gain addition leads.

—By Sally Roberts

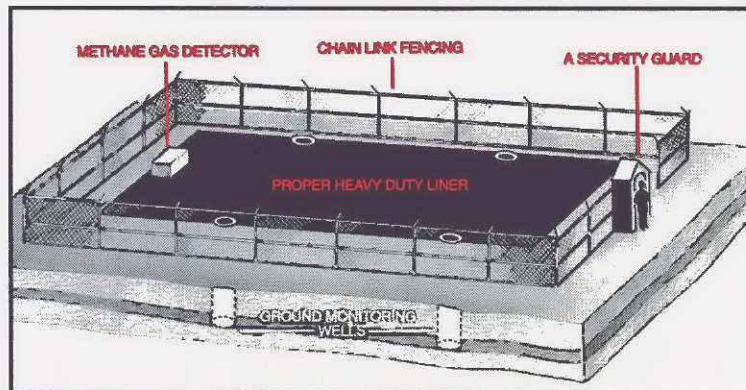


NEW ENVIRONMENTAL IMPAIRMENT LIABILITIES

If your client has the right landfill...



THE WRONG LANDFILL FROM AN ENVIRONMENTAL POLLUTION STANDPOINT



THE RIGHT LANDFILL FROM AN ENVIRONMENTAL POLLUTION STANDPOINT

The Home has the right policy!

The Home's Solid Waste Landfill Liability Policy offers highly competitive rates to operators of safe, non-hazardous landfills that qualify.

Landfill operators face a vigorous new commitment to enforcement of environmental pollution laws and regulations.

Now, thanks to an innovative program from The Home, operators of safe, non-toxic solid-waste landfills may qualify for liability insurance with highly competitive rates.

Landfills with features such as those shown above in the illustration to the right may qualify. Find out if *your* client qualifies for this innovative insurance program from The Home.

For details and an application, call

1-800-877-8201

Or mail the coupon today

EIL Program, The Home Insurance Company
2000 River Edge Parkway, Suite 920, Atlanta, GA 30328

YES! I want to find out how The Home's Solid Waste Landfill Liability Policy can give my client needed EIL protection at competitive cost and generate commissions for me. Send details and an application.

NAME _____ TITLE _____
FIRM _____
ADDRESS _____
CITY _____ STATE _____ ZIP _____



HOME INSURANCE
SPECIALTY INSURANCE GROUP

Coverage may not be available in all states.

Now hear this: Successful agents listen to clients

By SALLY ROBERTS

SAN FRANCISCO—The highest compliment an agency can give its customers is to listen to their needs, a consultant says.



And, while most insurance agents believe they listen well, few of them do, according to Rebecca L. Morgan, president of Morgan Seminar Group in San Jose, Calif. "Listening is paramount to a profitable agency."

According to researchers, most people who hear a 10-minute speech comprehend only about 50% of it immediately after hearing it. "It's human nature not to have a honed skill in listening," Ms. Morgan said. In high school, did anyone take a class or have any training in listening? she asked.

Agency managers have to trust that agents and customer service representatives are listening to customers and correctly responding to their needs, she said.

However, managers can do several things to create an environment conducive to continual customer satisfaction, Ms. Morgan explained during a session at the Independent Insurance Agents of America Inc.'s annual conference last month in San Francisco.

- Managers must be role models for CSRs.

A representative can seize on how managers treat customers by overhearing them talk negatively about customers, she warned.

- Managers can ask the staff for suggestions on how to maintain customer satisfaction.

In addition, customer satisfaction should be discussed and taught at staff meetings, she said.

- Managers should reward good customer service behavior regularly and sincerely.

"It can be as simple as a handwritten note" that says "thank you," Ms. Morgan said. The reinforcement is conducive to repeated behavior.

- Managers should also solicit customer feedback through postage-paid reply cards, surveys, phone calls and personal interaction with customers, she said.

- Managers need to know when to "fire" a customer "for the agency's morale, profitability and peace of mind," Ms. Morgan said. If a customer doesn't fit with what the agency has to offer, terminate the relationship, she said. "Why kill yourself and your staff?"

- Managers need to be willing to admit that they "blew it with a customer" and discuss with the staff what they did wrong, she said.

Focusing on satisfying customers is important for the agency's profitability because "it is expensive to have unhappy customers."

The average customer represents 1.25% of an agency's premium and most agencies lose 10% to 15% of their customers every year, according to Ms. Morgan. It costs more than 10 times as much to obtain a new client than to retain an old one, she said, citing a study that showed it costs \$118 to obtain and only \$9 to maintain clients.

Also, 68% of the customers that discontinue their business with an

agency do so because they are unhappy with service, she said. Of the rest: 1% die; 3% move away; 5% leave due to another relationship, like a personal friend or relative getting into the agency business; 9% find cheaper prices; and 14% are dissatisfied with the product.

Another study suggests that one upset customer will tell 11 other people, who will in turn tell five more, said Ms. Morgan. And of those unhappy customers, only 46% will continue with the agency if complaints are not resolved, she said. If complaints are resolved, 70% will renew and 95% will renew if complaints are resolved quickly.

Unfortunately, positive word of mouth doesn't travel as quickly, Ms. Morgan said. One satisfied customer will tell five people, who will then tell another seven people. **BI**

Sales

Continued from previous page in the right jobs, the center won't work."

Within the sales staff, there are "getters" and "keepers," Mr. Sitkins explained. Getters are those people who excel at getting business, not at retaining it, whereas keepers couldn't "sell ice cubes to an Eskimo" but can keep customers on the books.

In addition, producers need to be ready to spend 80% of their time selling, he said.

Agencies need to realize that this is an expensive investment, said Ms. Carpenter of Marketing Systems. Average annual costs to run a sales center range from \$28,000 to \$75,000. Letters, leads and appointments don't come cheap. In fact, the average cost to set an appointment runs from about \$50 to \$350, she said.

Typically, sales centers have at least one sales coordinator who not only conducts telemarketing, but controls the sales process, Ms. Carpenter said. Controlling the process entails prospecting clients, setting up appointments for producers and following up on service calls and renewals.

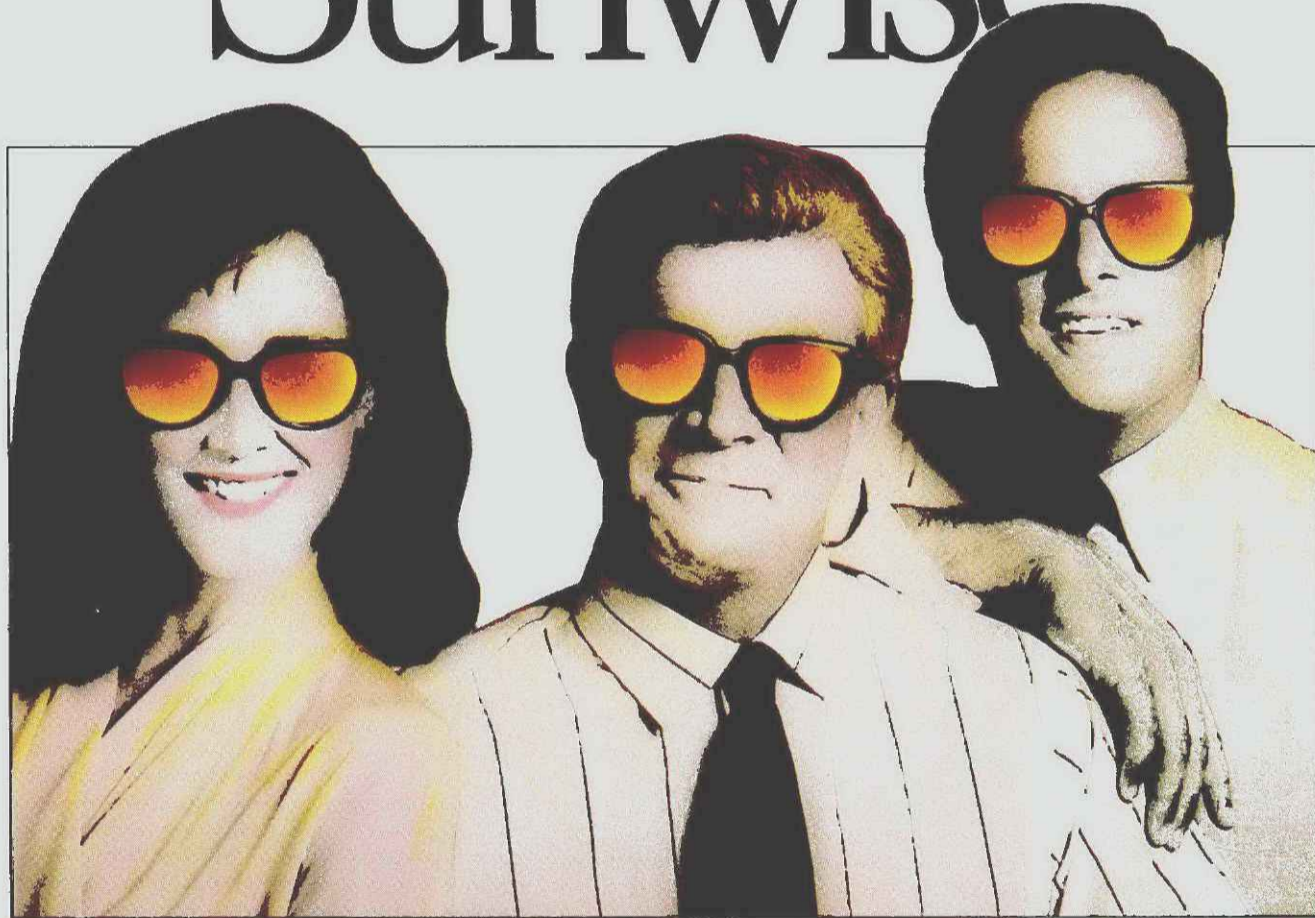
Sales coordinator is not a job for a customer service representative who is good with people; it "takes the most skilled salesperson," she said. It's the coordinator that contacts potential clients first and convinces them to set up an initial meeting with a producer.

Sales coordinators also have special needs. Agencies may think that "only the important people need offices," said Ms. Carpenter, but sales coordinators need that sort of privacy because their work requires a great deal of concentration.

Smaller agencies with two to three salespeople will most likely outsource the telemarketing position, Ms. Carpenter said. Nevertheless, the smaller agency still needs an in-house person to manage the prospects for the producers, she contends.

Likewise, sales centers that just conduct telemarketing for producers will fail because "producers, 95% of the time, will drop the ball." **BI**

Sunwise



We're out to change the way you look at group insurance.

When it comes to getting the right information at the right time, you've got to get up pretty early to beat the Sun. Which is why more and more brokers are looking to Sun Life of Canada for the best in personalized service.

Our dedicated professionals deliver exceptionally reliable and accurate information, plus the kind of rapid turnaround on claims and underwriting that brokers want and need. The group products we offer shine a little brighter, too.

The Sun Life Advantage

A new DENTAL claims management system that exceeds industry standards in turnaround time - while actually increasing flexibility and improving benefit delivery.

The most flexible STOP LOSS plan in the business - available coupled with other benefits or as a stand-alone product. Moreover, we're committed to working with TPA's and brokers on even the most difficult problems.

DISABILITY insurance that covers all your needs for LTD and STD - including an innovative rehabilitation program that uses local resources to return employees to the work force sooner.

LIFE that promotes life. Our Wellness Discount Program for employers with a non-smoking policy, fitness program and/or health screening allows premium discounts of up to 5%.

To find out more about the Sun Life advantage in Dental, Stop Loss, Disability and Life, call us at 1-800-882-4786, ext. 6839.

We'll show you why choosing Sun Life just might be the wisest move you can make.



Wellesley Hills, MA 02181

Annual IIAA gathering attracts 2,300 agents to San Francisco

Nearly 2,300 agents from all over the United States attended the 98th annual convention of the Independent Insurance Agents of America Inc., held Sept. 11-15 in the "city by the bay."



In addition to the many workshops and general sessions, which ran the gamut from understanding the alternative marketplace to the Americans with Disabilities Act to lessons learned from recent catastrophes, attendees caught a rare glimpse of the political talk show, "The McLaughlin Group."

John McLaughlin and two colleagues from the program, Eleanor Clift and Fred Barnes, teamed up with Paul A. Equale, IIAA's senior vp-government affairs, and debated such subjects as health care, the North American Free Trade Agreement and Vice President Al Gore's plan to reorganize the government.

Broadcast journalist Kathleen Sullivan joined IIAA Executive Vp and General Counsel Jeffrey M. Yates in moderating a general session and the political consulting duo of James Carville and Mary Matalin spoke during the spouses' luncheon.

Former Major League Baseball Commissioner Peter Ueberroth addressed the closing general session, and singer/actress Susan Anton performed during the final gala event.

Also during the conference, C. Courtney Wood, president of Courtney Wood & Associates in Edmond, Okla., was elected president of the IIAA, succeeding Eric G. Gustafson, chairman of Blake Insurance Agency in Portsmouth, N.H.

In addition, Harlan Miller, president of Hamman, Miller, Beauchamp, Deeble Inc. in Long Beach, Calif., was named president-elect; George Shaffer, president of the Insurance Center Inc. in Albuquerque, was named senior vp; and Ronald A. Smith, president of Smith, Sawyer & Smith Inc. in Rochester, Ind., was named vp.

A. William Bailey Jr., chairman of Bailey Insurance & Financial Services in Waco, Texas, and 1990 IIAA president, was honored with the Woodworth Memorial Award, the IIAA's highest honor.

The Independent Insurance Agents of Arkansas won the Maurice Herndon Award for excellence in government affairs by a state association.

George T. Frazier, president of George Frazier Insurance Agency in Hope, Ark., who served as the IIAA's president in 1977, was awarded the Sidney O. Smith National Award given to the individual agent who exhibits total commitment and dedication to furthering the interests of independent agents in government affairs.

The IIAA will hold its 99th annual convention Oct. 22-26, 1994, in Orlando, Fla.

—By Sally Roberts

Agents with top-notch service retain clients

By SALLY ROBERTS

SAN FRANCISCO—Client retention is the key to insurance agency profitability, one agency consultant contends.



Insurance Marketing & Management Services in Santa Monica, Calif.

Mr. Barrett, who claims to have not lost an account since 1989,

discussed client retention during a session at the Independent Insurance Agents of America's annual convention last month.

He offered several tips to help agents increase their retentions and put them "in the forefront of profitability," including:

- First of all, agents must realize that "profits start at the beginning of the sale," he said. Therefore, agents need to "bond with the buyer as close as possible."

Agents need to invest the time into learning their prospects' needs, Mr. Barrett stressed.

"If you just try to beat the rate, you will end up in the 80s club," he warned, citing a statistic that 80

Agents must 'make sure there is never a reason to have another agent get involved,' says Thomas Barrett.

independent agencies are sold or go out of business every week.

- Agents should point out the weaknesses in the prospect's current program and build on those, he said.

- Agents need to make their proposal as comprehensive as possible

and compare the proposal to the prospect's current program.

- Agents should "outline 10 criteria that tell the customer why they should be doing business with you," he said.

These services should be value-added, "ones that set you apart from the competition."

In addition, "put your strengths in the forefront," Mr. Barrett suggested.

- Agents should meet with their customers regularly and should bring "substance" to these visits.

- Agents need to "make sure there is never a reason to have another agent get involved," Mr. Barrett said. **EI**

A1+. IT'S SEPARATE A.I.C. FROM THE

Nobody can beat A.I. Credit Corp./AICCO, Inc. when it comes to rates, service, or strength—the qualities you look for in a premium finance company.

As a member company of American International Group, Inc. (AIG), our commercial paper gets consistent A1+ ratings from Standard & Poor's. So we borrow at lower rates than most of our competition. Then we pass the lower rates on to your clients. This translates to a lower overall cost for your customers and an easier sale for you.

Though we've been around for over 20 years, and our loan production was over \$1.7 billion last year alone, some brokers still don't know we exist. And many of the agents who do know us think we only finance AIG Companies' premiums. The fact is, we'll finance most insurance companies' commercial lines premium from \$1,000 on up.

BEYOND THE OBVIOUS.

We assign each of our agency partners an account team to assure the quick access and turnaround you need to

Insurer found not liable for agent's acts

By NANCY P. JOHNSON

AUSTIN, Texas—Insurance companies are not liable when an insurance agent misrepresents the limits of a policy, according to a recent decision from the Texas Supreme Court.

In *Celtic Life Insurance Co. vs. John D. Coats*, the state's high court on Sept. 10 overturned an appellate court ruling that held an insurer liable based on the agent's authority to "explain" a policy. But, three judges issued a strong dissent.

At issue in the case was whether the agent was acting within the scope of his authority when he explained the terms of a group health

insurance policy to a prospective client.

The plaintiff, John Coats, had contacted an independent insurance agent, Ken Harrell, for group health insurance covering his company, Austin-based Aloha Pools.

Mr. Coats told Mr. Harrell that he wanted an insurance policy that had psychiatric care benefits equal to or greater than the policy currently covering him and his employees because one of his sons had required psychiatric care and he wanted sufficient coverage in case either of his sons needed the same care.

Mr. Harrell later proposed a plan from Chicago-based Celtic Life In-

urance Co. called the "Horizon Plan." Mr. Harrell told Mr. Coats that the policy had lifetime hospitalization benefits of \$1 million, but he did not mention that psychiatric benefits were limited to \$10,000.

Before purchasing the policy, Mr. Coats had his business manager review it. She asked Mr. Harrell about the limitation on psychiatric benefits, and he told her that the limitation applied only to outpatient psychiatric care. If psychiatric treatment were provided in a hospital, he said, the \$1 million limit would apply. Reassured about the plan's coverage, the business manager recommended the plan to Mr. Coats, who purchased it.

The policy became effective in February 1985. Later that year, one of Mr. Coats' sons was admitted to a hospital for psychiatric care and Mr. Coats learned that the Celtic plan provided only \$10,000 in psychiatric coverage. He contacted Mr. Harrell, who again assured Mr. Coats that the policy provided \$1 million for inpatient psychiatric care.

The hospital bill for Mr. Coats' son's psychiatric care exceeded the \$10,000 policy limits by \$22,000, and Celtic refused to pay for the excess. Mr. Coats sued Celtic and Mr. Harrell, alleging violation of the Texas Deceptive Trade Practices Act and unfair insurance practices.

The jury determined that Mr. Harrell had the authority to explain, on Celtic's behalf, the benefits of the insurance policy but that he did not have the authority to make representations concerning any policy terms, benefits, provisions and conditions that were outside the scope of the written document. The jury found that Mr. Harrell had misrepresented the terms of the policy and that his misrepresentations had damaged Mr. Coats.

"Because the jury found that Harrell did not have the authority to make representations on behalf of Celtic, the judgment of the court of appeals is reversed and judgment is rendered in favor of Celtic," wrote Judge Craig Enoch.

But two judges joined Judge Rose Spector in a strongly worded dissent.

"The Texas Legislature has determined that the responsibility for insurance agents' misconduct must lie with the companies who appointed them, and until today, Texas courts have likewise held principals responsible for misconduct committed by their agents. But now this court transfers that burden wholly to the individual consumer, effectively freeing insurance companies from any obligation to stand behind the acts of their agents," she wrote.

"By relying on Celtic's question to defeat Coats' claim, the majority provides insurers with a convenient means of avoiding liability under Chapter 21" (of the Texas Insurance Code), Judge Spector wrote. "Anytime an insured alleges that an agent engaged in a prohibited practice, the insurer can now have the trial court submit a question asking whether the agent had the insurer's authority to commit that violation. Presumably, insurers seldom authorize their agents to violate the Insurance Code, so insurers will almost never be responsible for their agents' deceptive practices."

A representative for the Texas agents' association downplays the importance of the ruling.

"This may be good news for insurance companies, but it isn't necessarily bad news for agents," said David Surles, director-technical services at the Texas Assn. of Insurance Agents in Austin. The TAI was formed Sept. 1 when the Professional Insurance Agents of Texas and the Independent Insurance Agents of Texas merged.

"Agents are always responsible for errors and omissions for their own negligence, either to policyholders or to insurance companies," he explained.

But, this ruling changes the Texas common law, under which insurance companies were liable for their agents' misrepresentations. Under common law, insurance companies that were sued by policyholders in such situations would in turn sue their agents for damages, he said. "Now, the middleman has been eliminated. The agent is directly liable to the policyholder for the agent's own mistakes, and the insurer is essentially out of it."

Now, the burden is on the insurance agent, said Mr. Surles, pointing to a footnote in Judge Enoch's opinion: "Although we conclude that Celtic, as principal, is not liable for Harrell's misrepresentations, our decision does not limit the liability of the agent. An agent is liable for his own torts even if his principal is not."

Officials at Celtic were unavailable for comment.

Celtic Life Insurance Co. vs. John D. Coats Jr., Supreme Court of Texas; No. D-2775. Sept. 10, 1993.

SWHAT RATES CREDIT HEREST.

make your sale. These are teams of professional financial analysts, not order takers. They respond to financing challenges on the spot by custom designing contracts. Creating innovative financial solutions tailored to your customers' needs. It's hard finding flexibility like that anywhere else. And, of course, we handle billing and collection so you can spend your valuable time selling.

We have the experience to handle insurance premium financing for insureds of every size. Put the top rated performance of A.I. Credit premium financing to work for your clients and for you. For more information, call 1-800-221-3450, Ext. 5509.

AIG World leaders in insurance and financial services.

AIC
AICredit
AICCO

"Over 50% of our capital at risk.

And not one penny of it covered for unexpected credit losses."

You insure against every other major risk.

Accounts receivable is a critical component of your balance sheet. Yet you insure against property loss, liability and other unpredictable, high-exposure events... and take all the risk on unexpected credit write-offs.

In today's complex world of business unforeseen events increasingly make even the most reliable customer unable to pay, no matter how good the initial credit decision was.

Why continue taking 100% of the risk of unexpected credit write-offs when there is a proven, affordable solution: business credit insurance from the industry leader, ACI.

ACI can assist you in determining the right amount of risk to keep and risk to share. And the cost is generally just a fraction of one percent of covered sales.

Look into insuring one of your largest risks with a partner you can trust.

Find out why thousands of companies across the nation rely on ACI to cover nearly \$40 billion in sales. Call now for more information.

American Credit Indemnity

EB a company of The Dun & Bradstreet Corporation

Call 1-800-230-6556, ext. 9110

Agent/Broker Topics



The cast of the new TV series called "Against the Grain."

Agents can live vicariously through new TV character

Agents who sometimes wonder what it would be like to chuck their insurance careers can now live vicariously through a new prime-time television series about a man who does just that.

The new NBC series, "Against the Grain," centers on a frustrated insurance agent named Ed Clemons, played by John Terry, who quits the family agency to become coach of a small Texas town's high school football team.

However, insurance never travels far from Ed, who hands over the reins of his agency to his wife, Maggie.

Maggie, a homemaker and mother of three played by Donna Bullock, enters the business world for the first time and juggles the insurance business with her duties as a mother.

Like most TV family dramas, tension builds in the Clemons household following Ed's big decision.

For example, in one episode, Maggie takes on a major insurance company that refuses to pay an elderly couple's claim after their home burns down.

In another episode, a new client throws lots of new business Maggie's way, and Ed misconstrues the man's motives. In the end, the Clemons family learns the client actually is trying to impress Ed so that he'll steer one of his star football players into attending the client's alma mater.

"We aim to do a drama that presents real-life problems and family issues," said Bruce Sallan, executive producer of the show. The show has an "underlying optimism: Life is difficult but things will work out."

Tension to Ed and Maggie, attention also builds among their three children. For example, their 16-year-old son, Joe Willie, is the high school's promising new quarterback. With dad as the new coach, he is the object of unjust scrutiny.

Ed and Maggie's 11-year-old daughter Jenny stumbles through preadolescence without her mother's once-undivided attention and without the comforting presence of older sister Jill, a college freshman who visits home periodically.

"Against the Grain" premiered Friday Oct. 1.

—By Sally Roberts

Want the best in security guard coverages? Talk to Brendan.

Or Bryan. Or Bruce.

It's no accident that knowledgeable agents and brokers turn to the Brownyards when private security agencies and investigative firms turn to *them* for insurance protection.

The Brownyard Group created the first coverages tailored to the Security Guard Industry nearly 40 years ago, and has been the undisputed leader in those coverages ever since.



Brendan Brownyard

Private security and investigative firms across the nation enjoy "Brownyard Engineered" coverages—underwritten by insurers rated A+ (Class XV) by A.M. Best. Give your clients the same.

Talk to the Brownyards.

THE BROWNYARD GROUP

21 Maple Avenue, CN9175 Bay Shore, NY 11706-9175
(800) 645-5820 • In NY: (516) 666-5050 • FAX: (516) 666-5723

Budget law ends tax dispute

By SALLY ROBERTS

WASHINGTON—Independent insurance agents are celebrating their recent victory on the budget law that will codify the tax treatment of intangible assets.

Intangible assets, like goodwill, will be 100% deductible over 15 years under the final budget law. Earlier versions of the bill would

With Gryphon IPO, Willis Corroon aims to curb underwriting

NEW YORK—In a continuing effort to withdraw from the underwriting business and to reduce its exposure to risk, Willis Corroon Group P.L.C. plans to sell a majority stake in its New York-based unit, Gryphon Holdings Inc.

Gryphon, which is a holding company for two of the broker's U.S. insurance companies—Associated International Insurance Co. and Calvert Insurance Co.—last year contributed \$17.5 million to the broker's \$120.7 million pretax profit on continuing operations.

Woodland Hills, Calif.-based Associated International is an excess/surplus lines insurer that primarily writes specialty commercial property/casualty insurance for small and medium-size companies, including such coverages as earthquake insurance and professional liability insurance for architects and engineers.

Hoboken, N.J.-based Calvert Insurance is a specialty property/casualty insurer that writes, among other lines, coverage for casinos and liquor liability insurance.

Willis Corroon filed a registration statement for an initial public offering of approximately 56% of Gryphon common stock with the U.S. Securities and Exchange Commission late last month. The broker, which currently holds a 100% stake in Gryphon, is expecting to make the offering sometime during the fourth quarter.

"The ultimate objective is to divest entirely of ownership interest" in Gryphon, said Stephen Crane, chairman of the strategic development group of Willis Corroon in New York.

Divesting from the underwriting businesses has been a constant objective for Willis Corroon since the brokerage was created in 1990 by the merger of Corroon & Black Corp. and Willis Faber P.L.C.

Since the merger, Willis Corroon has concentrated its strategic development on its core business, including insurance and reinsurance brokering, risk management and consulting services, Mr. Crane said.

In 1992, Willis Corroon divested its stake in London-based Sovereign Marine & General Insurance Co. Ltd., which is currently in run-off. In addition, the broker last year also sold its Canadian insurer, Coronation Insurance Co., for \$6.5 million (BI, July 5).

The company's only remaining underwriting unit is Nashville-based Consumer Benefit Life Insurance Co., for which Mr. Crane said there are "no specific plans at this time" for divestiture.

However, Executive Chairman Roger Elliott has said the broker would be willing to sell all its insurers if anyone was interested in buying them (BI, July 5).

—By Sally Roberts

Agents praise treatment of intangible assets

have allowed only 75% amortization over a 15-year period.

Coupled with a U.S. Supreme Court ruling in May that permitted amortization of intangible assets—including customer lists—the new tax bill will provide brokerages and agencies with what they contend is much-needed tax relief (A/BT, May 3; April 5).

The budget law is expected to virtually eliminate IRS audits related to these deductions and to reduce the need for valuation experts in mergers and acquisitions.

Trade group lobbyists, though, say the law should have gone even

further. "It's not the perfect victory, but it is a victory," said Chris Larsen, senior Washington representative for the Independent Insurance Agents of America Inc.

A 15-year recovery period is "a little too long" because it doesn't reflect the value of assets, he said, adding that a seven- to eight-year recovery period would have been more appropriate.

Still, the actual budget bill is considerably better than the 75% proposal in the original Senate bill, he said.

The compromise drafted by House and Senate negotiators

closely resembles a bill originally introduced by House Ways and Means Committee Chairman Dan Rostenkowski, D-Ill. That bill called for a 14-year depreciation schedule for all intangible assets acquired after July 25, 1991.

Designed to raise about \$5 billion in new revenue over the next five years, the Senate bill would have reduced the value of many agencies by an estimated 10%.

Agents realized early on that any proposal that would have a chance of passage would have to include at least a 14-year recovery period, said Lynnea Olsen, director of federal affairs for the National Assn. of Professional Insurance Agents in Alexandria, Va. While most agencies' recovery periods are shorter, the Senate's version, with its 75% deductibility, "was sub-

stantially worse than the 15 years with 100% deductibility," she said.

The passage of the bill may not be the end of the road for the intangibles issue, though.

"Any legislation of the grand scale always needs clarification," contends the IIAA's Mr. Larsen.

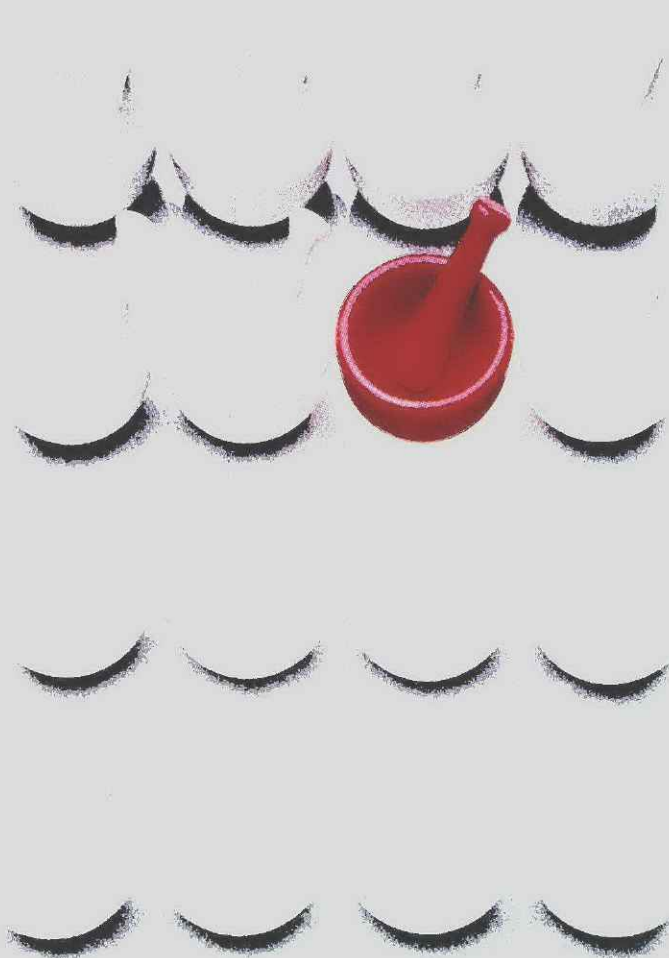
In the future, agents may seek changes to the law, such as a carve-out for transactions less than \$5 million, he said.

About 90% of insurance agencies are small, and any change in the tax law to encourage small businesses to invest and grow would be positive.

"We'd definitely look for any tax vehicle to make it easier," Ms. Olsen agreed.

The version Congress eventually passed will increase revenues by about \$2 billion, she said. **BI**

Now the best choice for your healthcare clients really stands out.



Seeing. Anticipating. Being ready.

Suddenly liability insurance isn't what it used to be, and many healthcare facilities want something far different from conventional coverage. Something tailor-made. Innovative. And backed by real security.

Need to set up a client's self-insurance program? We can help with excess.

How about large deductibles, creative retro plans or excess over self-insured workers comp? Just about anything is possible.

Next time you're not getting *exactly* what you want on a healthcare account, let our folks in Special Accounts hear the details. The phone call is on us.



The Specialist in Protection for the Healthcare Community • 1-800-382-1378

Using data bases to pinpoint prospects

By Jeff Neilson

THE DAY OF implementing data base marketing has finally arrived. Touted and promoted for years by industry pundits, the concept and the technology are now being taken seriously by insurance agencies nationwide.

What exactly is data base marketing? In a nutshell, data base marketing involves learning everything you can about your customers and prospects and their needs, storing this information in a central data base to generate informative reports, and using this knowledge to pinpoint prospects

Detailed knowledge helps agents meet client needs

A/BT Perspective

and meet their needs better than any of your competitors. It's using data-driven marketing decisions to find and sell to the greatest number of prospects at the lowest possible cost.

All of this sounds familiar, so why is data base management so hot in our industry? Two reasons: Technology has made it fairly easy to implement; and those agencies that have incorporated this into their overall marketing strategy find

that it works and puts them way ahead of the rest of the pack.

Let's take a look at the technology. Most agency management systems, when they were initially developed, incorporated some type of contract management system within their system, but it was by no means the primary focus.

Today, some agency management system vendors have further expanded and integrated this part of their system or have incorporated an outside contact management software program within their system.

For example, American Management Systems Inc. has incorporated the Automated Sales Center within its system and also makes it available as a separate package, emphasizing the importance of this sales and marketing tool in an agency. In addition, Delphi/McCracken/Redshaw has included Clientsource within its system, Insurnet integrated a package called Pro-specting in its system, and Applied Systems has an integrated contact management program as part of its overall system.

Many stand-alone software programs are now available to insurance agencies as well, making

data base marketing a reality.

With this technology at their fingertips, many agencies are putting data bases to work for them. Success story after success story is being featured in the trade magazines, on the seminar circuit and at national conventions.

How can you put data base management to work for you? First, you need to select the data base software that will work for your agency. The software should be extremely flexible because the data you want to store will continue to change as you gain experience.

The reports generated from the system should be simple—these are what will give you the answers to make informed and smart sales and marketing decisions. The data base should also be easy to use so that your sales center coordinator can easily manage the information.

In addition, the package should give you the capability to send letters to your clients and prospects on a monthly basis, covering a variety of specific topics. Some packages provide you with effective, pre-written letters as well as the ability to write your own letters. Letters should feature your services, a specific product, your market specialties, your staff's expertise, risk management capabilities, etc.

A scheduling system is also a critical part of the program so that

you can ensure that your name is getting out in front of clients and prospects every month.

Once you have the software in place, it's important to understand that developing a marketing data base is an ongoing process, a long-term ongoing process, a future of your agency. Your objective is to build a profile of your customers and prospects to ultimately tell you who and where your best prospects are. Here is the type of information you want to gather:

- Contact decision-maker.
- Company name, location and phone/fax number.
- Size (sales volume/number of employees).
- Renewal date for package policy, auto, workers compensation (if applicable), and health coverages.
- Bond provider.
- Insurers.
- Current agency.
- Premium by line.

You also need to find out if the prospects are happy with their current agents, what they would change about their current program (other than price) if they could, and if their needs are being met.

They may choose to set up an in-house telemarketing unit, or you may choose to outsource the telemarketing.

Using an outside telemarketing firm provides the advantage of contracting with people who are in the business of obtaining the information you need, saving you time and money. An outside telemarketing firm can also set up appointments for your producers, regardless of when the insurance package expires. This enables you to get in the door and helps to separate you from the incumbent agent and other competitors.

Once you have the information you need you can begin your marketing efforts. Your reporting capabilities will be able to provide:

- The type and size of the companies buying from you.
- Which of the marketing efforts is producing customers.
- The number of appointments your producers are going on.
- Which of your producers are closing sales.

In analyzing the various reports you generate, you will be able to eliminate the marketing efforts that are not working and concentrate on those that do. You will also be able to build a wealth of information for cross-selling additional insurance products and services.

Agencies using this new powerhouse technology are no doubt profiting. Delaying your marketing could give your competitors a significant marketing advantage you cannot afford. **BI**

Jeff Neilson is co-founder of National Marketing Services in Laguna Hills, Calif., which is a nationwide insurance telemarketing firm.

A business can't declare itself
the leader; Customers do.

SAFECO Commercial Surety bonds some of the most outstanding companies in America, including 133 of Fortune Magazine's top 500 industrial companies; 10 of the top 15 retailers; 10 of the top 25 diversified service firms. Plus hundreds of other firms that are doing very well and just might make the list someday. Let's talk.

SAFECO Commercial Surety:

Proud to bond the best.



What's right.

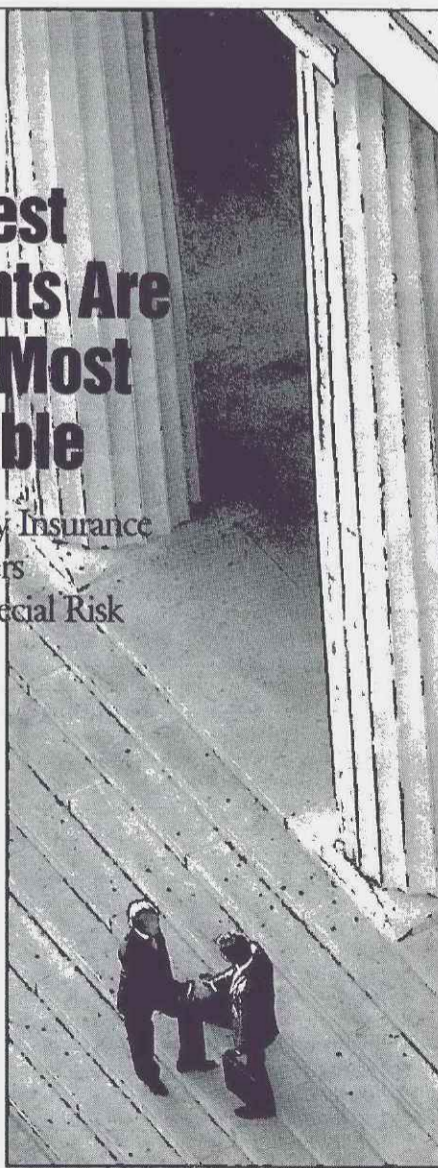
Your Best Legal Clients Are Also The Most Vulnerable

Professional Liability Insurance
For Lawyers
From Jamison Special Risk

The old saying, "the bigger they are, the harder they fall," is apt and fitting when used to describe today's best attorneys. They work in dangerous territory. And they need the best protection you can offer — Professional Liability Insurance from Jamison Special Risk, Inc.

For over fifty years, Jamison has provided comprehensive, competitive professional liability products to help attorneys weather whatever storms might appear on the horizon. Depth of coverage, financial stability and solid claims paying ability are just the beginning. As a facilities manager for an international insurance giant, JSR has the strength, expertise and coverage you need to help make your best legal clients a little more secure in the world.

For more information, call Sean Pattwell at Jamison Special Risk, Inc. (201) 731-2092.



JSR

Jamison Special Risk, Inc.

300 Executive Drive
West Orange, New Jersey 07052

PRODUCER SUPPORT SERVICE

We target market commercial lines and provide producers with custom, including: expirations, preapproach letters and appointment schedules. All work is performed by licensed insurance professionals.

For more information - please call
Brownlee Marketing and Advertising
106 Dekalb Street, Bridgeport, PA 19405
(800) 220-3533 • (215) 270-9705

Educating educators on insurance

High school teachers learn to prepare students to make insurance decisions

By MARK A. HOFMANN

INDIANAPOLIS—When the Insurance Education Foundation launched its insurance education workshops for high school teachers back in 1988, the program drew a total of 38 educators to the campus of Drake University in Des Moines, Iowa.

Five years later, 177 secondary school teachers from 36 states attended the workshops, which now take place on five college campuses across the country.

"It's a tremendous increase," said Nancy Coleman, executive director of the Insurance Education Foundation. In fact, those 177 teachers—whose specialties included social studies, business, consumer economics, home economics and drivers education—were culled from more than 570 applicants, Ms. Coleman said. She added that 574 high school teachers from 44 states have completed the program since its inception.

The Indianapolis-based program operates out of the offices of the National Assn. of Mutual Insurance Companies, but it receives financial support from insurers of all sizes regardless of affiliation with NAMIC and from some individual insurance agencies.

"We're very encouraged," Ms. Coleman said. She credited word of mouth and improved marketing

of the course by the universities at which classes are held for some of the surge in interest in the program.

In addition to Drake University, the IEF workshops were held at the University of Alabama at Tuscaloosa; California State University in Sacramento; The College of Insurance in New York; and Illinois State University at Normal.

Teachers who take part in the workshops receive tuition, room, board, textbooks and all classroom materials required to complete the two-week course, with instructors at all campuses following the same curriculum. Ms. Coleman pointed

out that the curriculum includes all types of insurance, including life and health, rather than simply commercial and personal property/casualty lines.

She said the broad-based course of study allows teachers to "understand what protections are in these policies" so they can impart that knowledge to their students. The 574 teachers who have completed the program since 1988 will reach about 86,000 high school students during the current school year.

"Teachers who are knowledgeable about insurance are able to prepare teen-agers to make wise consumer decisions about insur-

ance in the future. This is a tremendous benefit to our youth across the nation," Ms. Coleman said.

One of the most effective teaching tools the IEF provides its graduates is a 20-minute video entitled "Choice-Chance-Control," which debuted five years ago. The film explains basic insurance concepts in a humorous way that is accessible to teen-agers. The IEF's program has received an unforeseen lift in the fame of the chief actor in "Choice-Chance-Control,"—Michael Richards, said Ms. Coleman.

Mr. Richards is now best known as Kramer, Jerry Seinfeld's bizarre neighbor in the hit comedy "Seinfeld."

"That's a big boost for us," she said.

Ms. Coleman said that the IEF has no plans to expand its program this year but will concentrate instead on improving "Choice-Chance-Control."

The IEF is also working with the Malvern, Pa.-based Society of Chartered Property & Casualty Underwriters and the Tulsa, Okla.-based National Assn. of Insurance Women—two groups that have actively supported the IEF's efforts for years—to expand its grassroots outreach.

"We're trying to strategically place ourselves so the foundation is recognized" by young people, Ms. Coleman said.

For further information, contact the Insurance Education Foundation, P.O. Box 68700, Indianapolis, Ind. 46268-0700; 317-876-6046. **BI**

A/BT Briefs

Agency education program launched

MALVERN, Pa.—The American Institute for Chartered Property & Casualty Underwriters and the Insurance Institute of America have launched an educational program for insurance agency personnel.

The Agency Education System primarily consists of course work associated with four programs: Introduction to Property and Liability Insurance; the Program in General Insurance; the Accredited Adviser in Insurance professional designation program; and the Chartered Property & Casualty Underwriter professional designation program.

For more information, contact Robert M. Burger at 720 Providence Road, P.O. Box 3016, Malvern, Pa. 19355-0716; 215-644-2100, ext. 7827.

PIA convention

ALEXANDRIA, Va.—The National Assn. of Professional Insurance Agents will hold its annual convention Oct. 24-27 in Honolulu.

ABC news correspondent Pierre Salinger is the featured speaker.

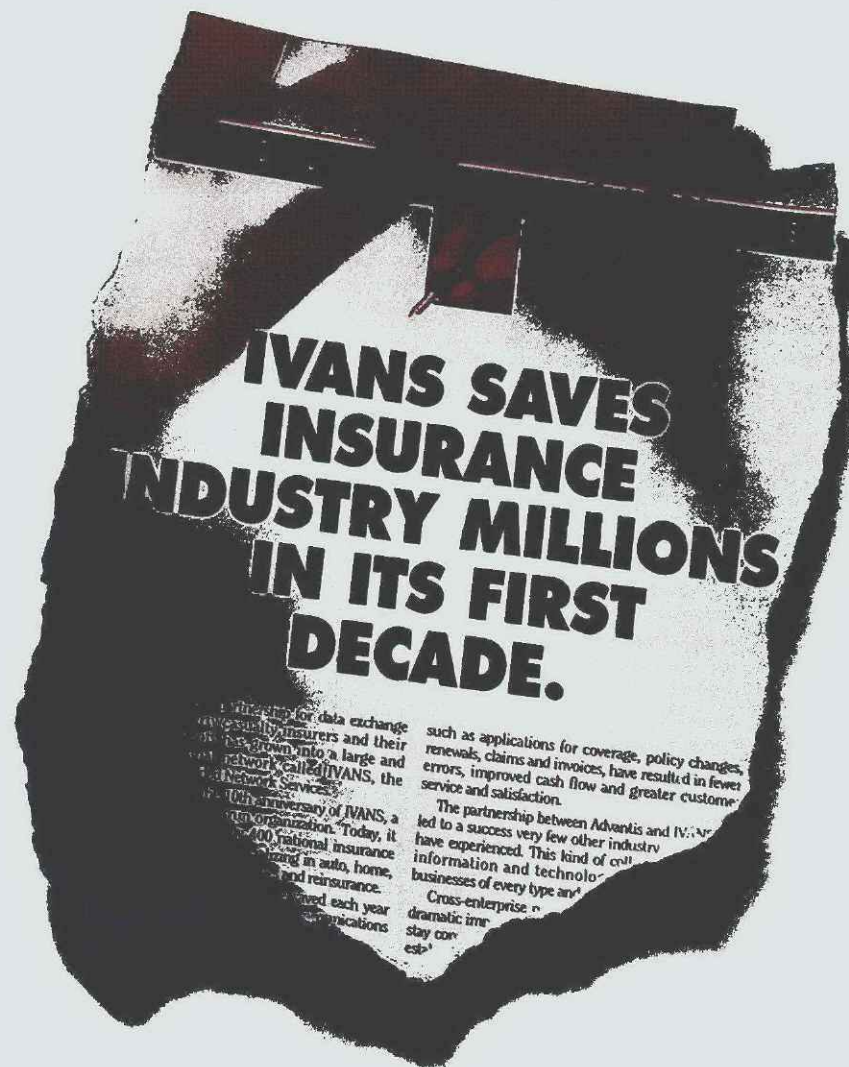
For more information about the upcoming conference, contact the PIA at 703-836-9340.

NACSA hosts meeting

WASHINGTON—The National Assn. of Casualty & Surety Agents will host a meeting of the Bureau International des Producteurs d'Assurance et de Reassurances—or BIPAR—May 15-18 in Washington.

The meeting is expected to attract more than 400 producers from the United States, Canada, Latin America, Europe and other countries.

For more information, contact NACSA at 202-547-6616. **BI**



THANKS TO ADVANTIS, THIS IS ONE INSURANCE CLAIM NO ONE CAN DISPUTE.



Within only 10 years, Insurance Value Added Network Services, more commonly known as IVANS, has become one of the largest, most cost-effective and productive data communications groups in the world. It has single-handedly closed the information gap between insurance companies, their branch offices and independent agents, as well as industry associations, information sources and service providers. In the process, it has helped save its members millions of dollars.

Almost everyone in the insurance industry knows about the advantages and successes of IVANS.

What they may not know is that this giant electronic market was made possible through the services and expertise of the IBM Information Network and the Sears Communications Company.

Now, these two networks have teamed up to become Advantis™. This new, more powerful networking technology company will continue to provide enhanced services and support to IVANS as it grows.

To find out how your company can share in the cost-saving, business-building benefits of Advantis, call IVANS at 1-800-548-2675, ext. 234, or send an electronic message to USJ277G7 at IBMMAIL.



Philanthropy and hard work pave way to success

By JUDY GREENWALD

SAN FRANCISCO—A strong sense of responsibility is a major thread that runs through the remarks of Richard N. Goldman, chairman and chief executive officer of insurance brokerage Richard N. Goldman & Co. in San Francisco.

It is a theme that emerges whether he is discussing his insurance brokerage, his part ownership of the San Francisco Giants or his many philanthropic activities.

Describing some of his clients, for instance, Mr. Goldman says that when his firm realizes it has made a "mistake," it first encourages them to change their ways and then to find someone else to serve their needs. Mistakes are "people who are claims-happy and who are always looking for some way to beat down the insurance company," said Mr. Goldman, a formal man who chooses his words deliberately.

Such selectivity has not prevented Goldman & Co. from being an annual fixture on the *Business Insurance* list of the 100 largest U.S. brokers. The one-office firm, which has about 80 clients, currently ranks No. 97, with \$8.3 million in 1992 revenues.

Mr. Goldman got into the business with a partner in 1949. After eight years, they "agreed to disagree" and Mr. Goldman went into business on his own, he recalled during an interview in his spacious corner office decorated with family photographs.

Goldman & Co. is known for its service to clients. "From the first day in business, I realized a service business means just that," he said. "We should give the same degree of service in our field as we expect from our doctor, lawyer, accountant."

"I always felt it's better to have one extra employee than one too few," though he added, "There's been no waste of time or efficiency in this place. It's a very busy office."

Primarily a commercial property/casualty brokerage, Goldman & Co. also prides itself on its claims department. "We have an excellent claims department" said Mr. Goldman, adding that claims staff are likely to appear at a fire in middle of the night. "It's something we pride ourselves on doing. We're selected to do a job, and we do the best we can."

Goldman & Co.'s client list is said to read like a "Who's Who" of society in San Francisco, where Mr. Goldman was born and has lived his whole life. His clients include the local ballet, symphony, opera, museums, many non-profit institutions, hotels, real estate developers and law firms. Clients are cultivated through personal relationships. These are "people we know, who we respect and were interested in being represented by us." Until the last 10 years, in fact, when the firm grew too large, Mr. Goldman said he knew every client personally.

The firm has always operated out of one office. More than 20 years ago, a merger with a Los Angeles firm was nearly complete when Mr. Goldman realized he would be expected to assume administrative responsibility for both offices. "I selfishly decided I did not want to spend my time commuting."

The firm has also resisted overtures from larger companies. "We've been approached many times," said Mr. Goldman. "The reason we never moved away from what we are is that we first regard our independence quite jealously. We do not want to compromise the procedures we have built, and we hope that we serve as some sort of a model for

others to follow." He added he has seen many firms merge and sell out, "and I haven't found many that are happy with the results."

Mr. Goldman's son, John, is now president of the firm. "I guess my best contribution is passing on the benefit of my experience to others," said the elder Mr. Goldman, who is 73. He said he has no plans to retire, however. "I have found that for me to be engaged in activity that I enjoy being able to do, that is a great compensation" for staying in the business. Meanwhile, his responsibilities enable him to follow his other interests as well, said Mr. Goldman.

These include his part-ownership of the San Francisco Giants. After the team's sale to St. Petersburg was announced by previous owner Bob Lurie, San Francisco Mayor Frank Jordan asked Mr. Goldman to help put together a group of investors to keep the team in the city. He helped gather a group whose investment ranged from \$1 million to \$5 million, though he refuses to reveal how much he contributed.

"So far, it looks pretty good," he said. The investors became involved "because of a community concern, more than a selfish one. The pleasures are really that of helping accomplish something rather than monetary." The investors do hope to make money, but at least for the moment, "we just hope we don't lose very much money."

Pointing to the Giants' record this year, he added, "The way it's going, we can be a little more optimistic than we were when we first made the commitment to invest."

He sees more of Candlestick Park now than in past years—having attended about a third of the Giants home games this year.

Keeping baseball teams on their old turf runs in the family. Mr. Goldman's brother-in-law, Walter Haas, purchased the Oakland Athletics under similar circumstances about a dozen years ago, Mr. Goldman points out. "What he did and what I did was the same thing. We both put up some money into keeping the baseball team in the area for the good of the community."

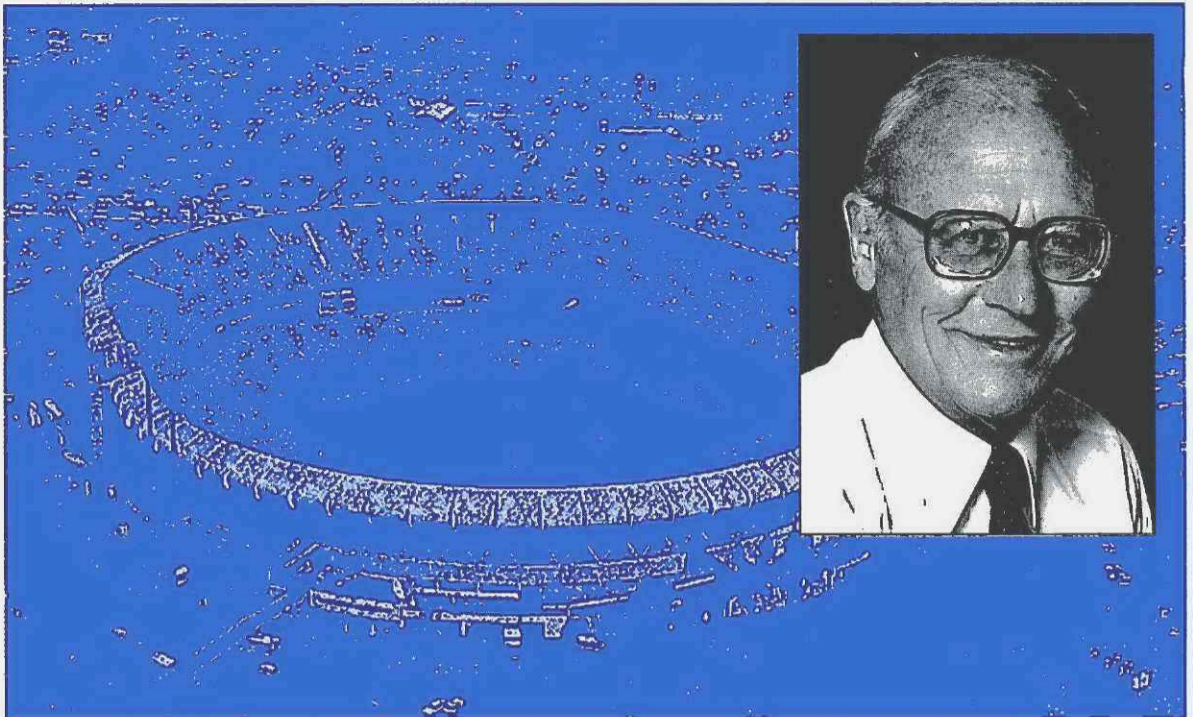
He has long been active in community and philanthropic activities. In addition, the Goldmans' three surviving children—a son died a few years ago—are all active in their community as well, he said.

Even when he first started working in insurance, he set a goal of devoting a good percentage of time to the community itself. "That has been the rule from the beginning."

His activities include acting as the city's chief of protocol for the mayor's office. This involves dealing with San Francisco's consular corps, which represents 66 countries, as well as visiting and meeting with visiting dignitaries from around the world, including a recent visit from the brother of the Emperor of Japan.

Since 1989, Mr. Goldman and his wife, Rhoda, have also offered the \$360,000 Goldman Environmental Prize, which annually honors a "grass-roots hero" on each of the six inhabited continents who dedicate themselves to protecting the environment.

Mr. Goldman said the idea for the foundation was born one morning about five years ago while he was eating breakfast and reading about the Nobel Prizes and realized there were no comparable awards that honored individuals, as opposed to an industry or organization, in the environmental area. "There was nothing dealing with people who



GRAPHIC BY JERRY PARKS

were basically unknown outside their own area of activity who had done some extraordinary things."

For more than 40 years, through their Richard and Rhoda Goldman

Fund foundation, the couple have also devoted their personal funds both locally and abroad to projects that address a wide range of issues, including AIDS and homelessness.

"We want to give back that which we have been fortunate to receive and hopefully make a slight difference and see the world a better place than we've found it." **EI**

READER REPLY SERVICE

Agent/Broker Topics

Issue of October 4

READER SERVICE #	ADVERTISER	PAGE #
100	Aestar Insurance	52C
—	Advantis	52K
101	A. I. Credit	52F-G
—	American Credit Indemnity	52H
—	Brownlee Marketing & Adv.	52J
102	Brownyard	52H
—	Home Insurance	52D
103	Jamison Special Risk Inc.	52J
104	Media/Professional Ins.	52B
105	Phico Insurance Co.	52I
—	Safeco Insurance Company	52J
—	Sun Life of Canada	52E

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 So. Clark St., 6th Floor
Chicago, IL 60605-1702**

Business Insurance

FREE LITERATURE FOR READERS

**Issue Date: OCTOBER 4, 1993
Card Expiration: NOVEMBER 29, 1993**

All questions must be answered to process inquiries.
PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

- My organization is best described as:

<input type="checkbox"/> Mfg/Svcs	<input type="checkbox"/> Ins Agent	<input type="checkbox"/> Adj/Apprs
<input type="checkbox"/> Association	<input type="checkbox"/> Ins Broker	<input type="checkbox"/> TPA
<input type="checkbox"/> Union	<input type="checkbox"/> Ins/Reins Co	<input type="checkbox"/> Healthcare Inst
<input type="checkbox"/> Government	<input type="checkbox"/> Actry/Conslt	<input type="checkbox"/> Other _____
<input type="checkbox"/> Educational Inst	<input type="checkbox"/> Attorney	
- Number of employees:

<input type="checkbox"/> 1,500 or less	<input type="checkbox"/> 1,501 - 499	<input type="checkbox"/> 500 - 999
<input type="checkbox"/> 1,000 - 4,999	<input type="checkbox"/> 5,000 or more	<input type="checkbox"/> Unknown
- My title is best defined as:

<input type="checkbox"/> Administrative Mgt	<input type="checkbox"/> Benefits Mgt
<input type="checkbox"/> Financial Mgt	<input type="checkbox"/> Loss prevention Mgt
<input type="checkbox"/> Risk Mgt	<input type="checkbox"/> Other _____
- My purchasing involvement for the requested products is to:

<input type="checkbox"/> recommend only	<input type="checkbox"/> specify	<input type="checkbox"/> approve
---	----------------------------------	----------------------------------
- Do you now receive a personally addressed copy of Business Insurance?

<input type="checkbox"/> Yes	<input type="checkbox"/> No, so please send subscription info
------------------------------	---

Please print clearly

Name _____
 Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____
 Phone () _____

Geographical listing of international benefit networks

American Samoa

AIG/Winterthur

Antigua

AIG/Winterthur

Argentina

AIG/Winterthur
Aetna/Generali
Area Benefits Network
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vita Life Insurance Co.

Aruba

AIG/Winterthur

Australia

AIG/Winterthur
Aetna/Generali
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vita Life Insurance Co.

Austria

AGRI Benefits Network
AIG/Winterthur
Aetna/Generali
Area Benefits Network
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vinci International Employee Benefits
Vita Life Insurance Co.

Bahamas

AIG/Winterthur
CIGNA/Gerling
Multinational Insurance Arrangement

Bahrain

AIG/Winterthur
Area Benefits Network

Bangladesh

AIG/Winterthur

Barbados

AIG/Winterthur

Belgium

AGRI Benefits Network
AIG/Winterthur
Aetna/Generali
Area Benefits Network
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vinci International Employee Benefits
Vita Life Insurance Co.

Belize

AIG/Winterthur

Bermuda

AIG/Winterthur
Aetna/Generali
Vita Life Insurance Co.

Brazil

AIG/Winterthur
Aetna/Generali
Area Benefits Network
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vita Life Insurance Co.

Burkina Faso

Multinational Insurance Arrangement

Cameroon

AIG/Winterthur
Multinational Insurance Arrangement

Canada

AIG/Winterthur

Aetna/Generali
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vita Life Insurance Co.

Cayman Islands

AIG/Winterthur

Central African Republic

Multinational Insurance Arrangement

Chad

Multinational Insurance Arrangement

Channel Islands

AIG/Winterthur
Aetna/Generali

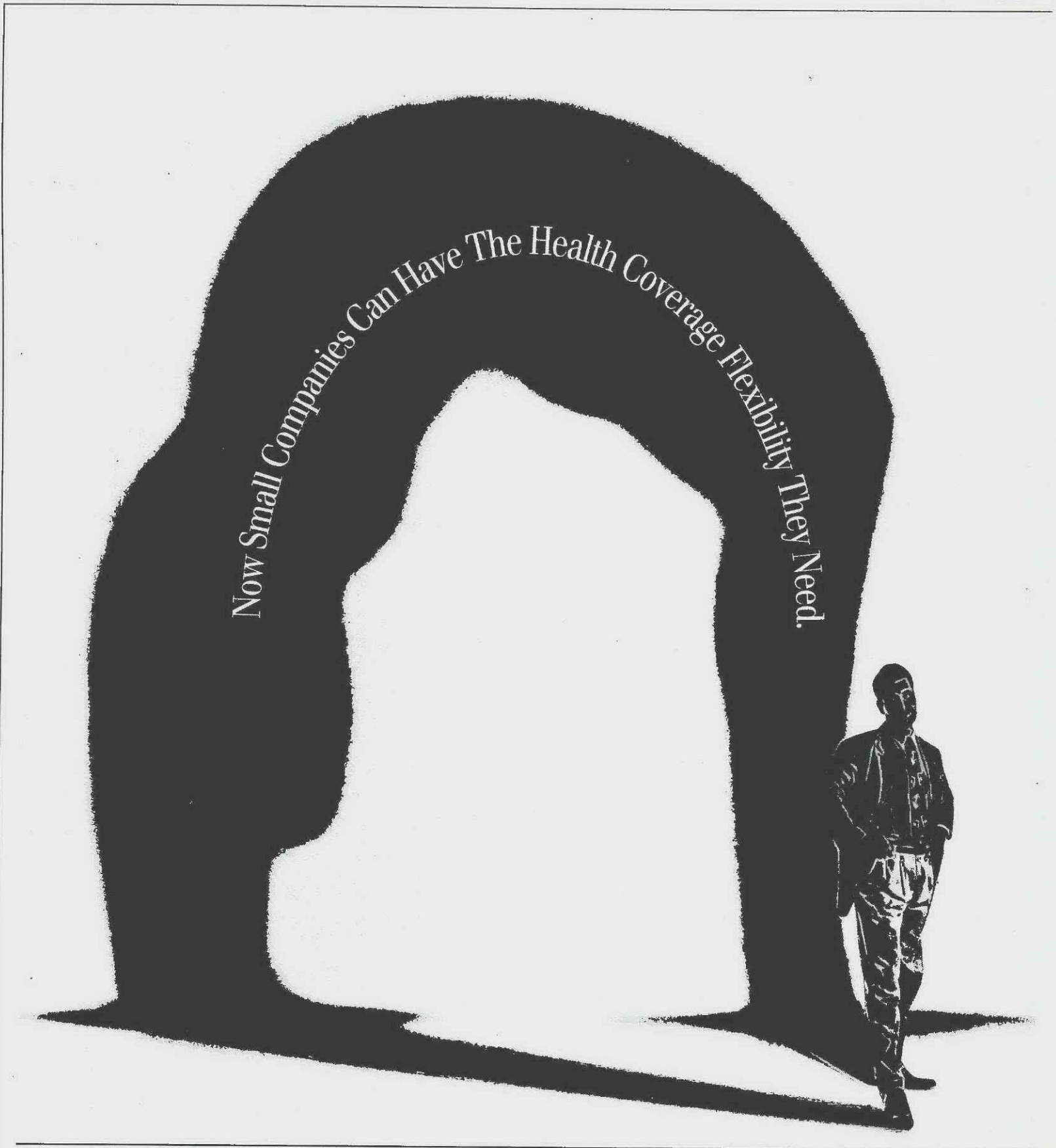
Chile

AIG/Winterthur
Aetna/Generali
CIGNA/Gerling
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

China

AIG/Winterthur

Continued on page 54



BestChoiceSM is a new health program designed for small businesses that's truly versatile. With BestChoice, you can choose either a managed care or traditional program. So now, small businesses can cash in on some of the same cost-effective benefits big corporations enjoy. With BestChoice, you have the choice of three deductible options as well. And since you're dealing with Blue Cross and Blue Shield of Texas, you'll have access to a wide range of health care professionals and facilities. Call your independent agent or 1-800-531-4457 today and ask about BestChoice. The new insurance plan for small companies with big insurance needs.

©Registered Marks of the Blue Cross and Blue Shield Association. ©1993 Blue Cross and Blue Shield of Texas, Inc.

KEEPING TEXANS IN A HEALTHY STATE.

BlueCross BlueShield of Texas

Continued from previous page

Colombia
AIG/Winterthur Aetna/Generali CIGNA/Gerling John Hancock International Group Program Multinational Insurance Arrangement The Swiss Life Network
Costa Rica
AIG/Winterthur
Curacao
AIG/Winterthur

Cyprus
AIG/Winterthur
Czech Republic
AIG/Winterthur John Hancock International Group Program The Swiss Life Network
Denmark
AIG/Winterthur Aetna/Generali Area Benefits Network GAIN Insurope

John Hancock International Group Program Multinational Insurance Arrangement The Swiss Life Network Vinci International Employee Benefits Vita Life Insurance Co.
Dominica
AIG/Winterthur
Dominican Republic
AIG/Winterthur John Hancock International Group Program Multinational Insurance Arrangement

Ecuador
AIG/Winterthur Aetna/Generali Insurope John Hancock International Group Program
Egypt
AIG/Winterthur Aetna/Generali
El Salvador
AIG/Winterthur

Finland
AGRI Benefits Network AIG/Winterthur Aetna/Generali Area Benefits Network Insurope John Hancock International Group Program Multinational Insurance Arrangement The Swiss Life Network
France
AGRI Benefits Network AIG/Winterthur Aetna/Generali Area Benefits Network GAIN Insurope John Hancock International Group Program Multinational Insurance Arrangement The Swiss Life Network Vinci International Employee Benefits Vita Life Insurance Co.

Gabon
Multinational Insurance Arrangement
Germany
AGRI Benefits Network AIG/Winterthur Aetna/Generali Area Benefits Network GAIN Insurope John Hancock International Group Program Multinational Insurance Arrangement The Swiss Life Network Vinci International Employee Benefits Vita Life Insurance Co.

Gibraltar
AIG/Winterthur
Greece
AGRI Benefits Network AIG/Winterthur Aetna/Generali Area Benefits Network CIGNA/Gerling GAIN John Hancock International Group Program Multinational Insurance Arrangement The Swiss Life Network Vinci International Employee Benefits

Grenada
AIG/Winterthur
Guam
AIG/Winterthur
Guatemala
AIG/Winterthur Aetna/Generali CIGNA/Gerling The Swiss Life Network

Haiti
AIG/Winterthur
Honduras
AIG/Winterthur

Hong Kong
AIG/Winterthur Aetna/Generali Area Benefits Network CIGNA/Gerling Insurope John Hancock International Group Program Multinational Insurance Arrangement The Swiss Life Network Vita Life Insurance Co.

Hungary
AGRI Benefits Network AIG/Winterthur Aetna/Generali GAIN John Hancock International Group Program The Swiss Life Network

Indonesia
AIG/Winterthur Aetna/Generali Area Benefits Network

Banker's D&O From The Only People Who Really Appreciate It. Other Bankers.



Ordinary directors and officers liability policies just can't protect you from the unprecedented perils facing banks today.

At Aetna/Executive Risk, we have underwriters who are experienced bankers, even former regulators, who understand and appreciate the unique pressures and perils facing your industry. So they know how to craft your coverage to fit your needs. Examples: coverage for outside directorships, automatic coverage for acquisitions, and payment of defense costs on a current basis.

Talk to a D&O provider who speaks your language. Ask your agent or broker to contact **Executive Risk Management Associates**, 82 Hopmeadow St., Simsbury, CT 06070, 203-244-8900, fax 203-651-8809.



Advocacy... Its power is historical.

Thomas Jefferson was one of the greatest advocates of freedom our nation has ever known. Without his efforts, many of the personal liberties we enjoy today might not exist.

History clearly demonstrates the valuable role advocates play. And it is the benefit of advocacy which sets the brokered channel apart in the world of reinsurance.

When you buy reinsurance through the brokered channel, the broker works for **you**. Your broker is an independent advocate whose vital concern is your best interests. An advocate who is free to act on your behalf to pursue the best options in the marketplace. An advocate with the expertise to negotiate the best terms and conditions for your particular situation.

When you use the brokered channel, you rely on someone who thinks of your interests first. Discover the difference a strong advocate can make.

**The Brokered Reinsurance Channel.
Advocacy in the strongest sense.**



**Brokers & Reinsurance
Markets Association**

BRMA is an association comprised of leading reinsurance intermediary and underwriting firms representing a channel of more than \$8 billion in reinsurance surplus.

For more information, call 1-800-BKR-MRKT

Some People Reinvent Excellence Every Day



For Barbara Spitzer and Nelli Wohn excellence isn't just a goal — it's something they reinvent daily. Ask any of their satisfied customers, and they're sure to agree. Their boundless energy, winning attitude and leadership have propelled them into the forefront.

That's why Duncanson & Holt presents the Duncanson Award for Excellence to Barbara Spitzer of our New York office, and to Nelli Wohn from the Chicago office. For Barbara and Nelli, excellence is the standard — not the exception. And at Duncanson & Holt Group, we believe that excellence is something that you can't reinvent often enough.



Duncanson & Holt Group

Atlanta, Chicago, Dallas, Hartford, London,
New York, Philadelphia, Portland (Me),
San Francisco, Seattle, Singapore, Toronto

Continued from page 54

Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Ireland

AIG/Winterthur
Aetna/Generali
Area Benefits Network
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Isle of Man

Area Benefits Network

Israel

The Swiss Life Network

Italy

AIG/Winterthur
Aetna/Generali
Area Benefits Network
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vinci International Employee Benefits
Vita Life Insurance Co.

Ivory Coast

AIG/Winterthur
Multinational Insurance Arrangement

Jamaica

AIG/Winterthur
Insurope

Japan

AIG/Winterthur
Aetna/Generali
Area Benefits Network
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
The Swiss Life Network
Multinational Insurance Arrangement

Jordan

AIG/Winterthur
Area Benefits Network

Kenya

AIG/Winterthur
Vita Life Insurance Co.

Kuwait

AIG/Winterthur
Area Benefits Network

Lebanon

AIG/Winterthur
Area Benefits Network

Liberia

AIG/Winterthur

Liechtenstein

Area Benefits Network

Luxembourg

AGRI Benefits Network
AIG/Winterthur
Aetna/Generali
Area Benefits Network
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
Vinci International Employee Benefits
Vita Life Insurance Co.
The Swiss Life Network

Malaysia

AIG/Winterthur
Aetna/Generali
Area Benefits Network
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement

Malta

AIG/Winterthur

Mexico

AIG/Winterthur
Aetna/Generali
Area Benefits Network
CIGNA/Gerling
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Montserrat

AIG/Winterthur

Morocco

Multinational Insurance Arrangement
Vita Life Insurance Co.

Netherlands

AGRI Benefits Network
AIG/Winterthur
Aetna/Generali
Area Benefits Network
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vinci International Employee Benefits
Vita Life Insurance Co.

New Zealand

AIG/Winterthur
Aetna/Generali
CIGNA/Gerling
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Niger

Multinational Insurance Arrangement

Nigeria

AIG/Winterthur
Area Benefits Network
Multinational Insurance Arrangement

Norway

AIG/Winterthur
Aetna/Generali
Area Benefits Network
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Oman

AIG/Winterthur
Area Benefits Network

Pakistan

AIG/Winterthur

Panama

AIG/Winterthur
Aetna/Generali
Area Benefits Network
Multinational Insurance Arrangement
The Swiss Life Network

Paraguay

AIG/Winterthur

Peru

AIG/Winterthur
Aetna/Generali
Insurope
Multinational Insurance Arrangement

Philippines

AIG/Winterthur
Aetna/Generali
Area Benefits Network
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Poland

AIG/Winterthur
The Swiss Life Network

Portugal

AIG/Winterthur
Aetna/Generali
Area Benefits Network
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vinci International Employee Benefits
Vita Life Insurance Co.

Puerto Rico

AIG/Winterthur
John Hancock International
Group Program
Multinational Insurance Arrangement

Qatar

AIG/Winterthur

Area Benefits Network

Russian Republic

The Swiss Life Network

Saipan

AIG/Winterthur

Saudi Arabia

AIG/Winterthur

Senegal

AIG/Winterthur
Multinational Insurance Arrangement

Singapore

AIG/Winterthur
Aetna/Generali
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Slovak Republic

AIG/Winterthur
The Swiss Life Network

South Africa

AIG/Winterthur
Aetna/Generali
Insurope
Multinational Insurance Arrangement
The Swiss Life Network

South Korea

AIG/Winterthur
Aetna/Generali
Area Benefits Network
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
The Swiss Life Network

Spain

AIG/Winterthur
Aetna/Generali
Area Benefits Network
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vinci International Employee Benefits
Vita Life Insurance Co.

St. Kitts

AIG/Winterthur

St. Lucia

AIG/Winterthur

St. Marten

AIG/Winterthur

St. Vincent

AIG/Winterthur

Suriname

AIG/Winterthur

Sweden

AGRI Benefits Network
AIG/Winterthur
Aetna/Generali
Area Benefits Network
Insurope

Switzerland

AIG/Winterthur
Aetna/Generali
Area Benefits Network
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vita Life Insurance Co.

Taiwan

AIG/Winterthur
Aetna/Generali
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Thailand

AIG/Winterthur
Aetna/Generali
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network

Togo

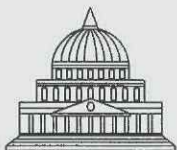
Multinational Insurance Arrangement

Continued on page 59

**PROFESSIONAL
LIABILITY**

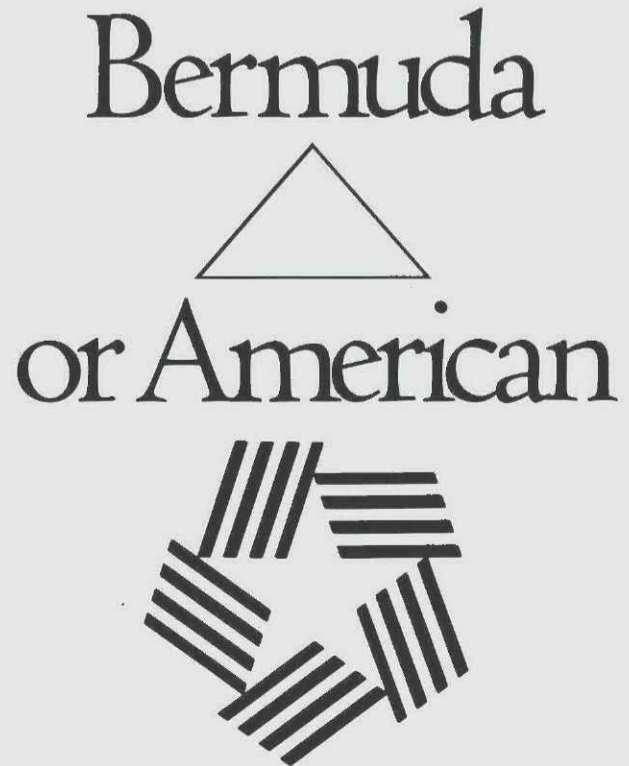
**We have the Markets to
Meet Your Needs...**

- ◆ Errors & Omissions
 - Third Party Administrators
 - Managing General Underwriters
 - Safety & Engineering Services
 - Miscellaneous
- ◆ Directors and Officers
- ◆ Employment Practices Liability



Capitol Special Risks

Tel. (404) 956-0125 ◆ Fax (404) 956-9779
1640 Powers Ferry Road, Bldg. 24, Suite 200, Marietta, GA 30067



American Excess Insurance Association
Phone: (203) 528-2155 Fax: (203) 282-9393

We're Taking Workers Compensation Costs In A Different Direction

If you're buying your workers compensation management from the lowest bidder, then your costs are probably moving increasingly upward. In today's environment, quick fixes just don't work. You need to re-evaluate and redesign your whole workers compensation program — and that may cost more up front. CoreSource clients, through investments in innovative, comprehensive programs, are breaking industry trends and report that workers compensation costs as a percentage of payroll (see chart below) are actually decreasing compared to a national increase of 12 percent annually.*

The CoreSource Approach

At CoreSource, we focus on innovative up-front strategies to help our clients reduce total costs and increase productivity without sacrificing the quality of care for their employees. We place primary importance on involving our clients' top management to design, implement and manage comprehensive, community-based healthcare and workers compensation packages. Our workers compensation programs not only pay claims but focus on prevention and cost controls in all facets of the program. The results: fewer claims per employee, reduced lost time and lower overall program costs. The CoreSource approach includes:

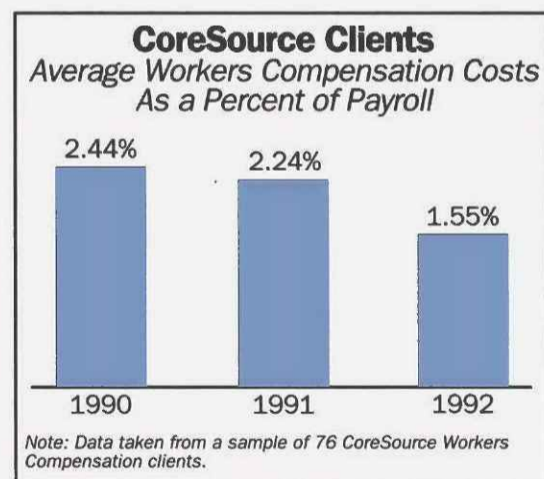
- Accident reduction through proactive prevention programs
- Expert medical management including the advantages of managed care
- Ensuring maximum productivity by returning workers to the job quickly
- Fair and accurate claims payment
- Management of disputed claims
- Management of cases in litigation
- Risk management analysis

Local Perspective, National Resources

CoreSource combines the resources of a national operation with the focus, knowledge and responsiveness of a local company. From our 25 regional offices, we manage \$1.4 billion in client healthcare and workers compensation programs covering 1.5 million lives. All programs are designed around the local delivery systems taking community norms into consideration.

Proven Results

CoreSource data indicates that our clients' workers compensation costs are spiraling downward. On average, from a sample of 76 CoreSource Workers Compensation clients across many industries, program costs as a percent of payroll have dropped more than 36 percent over a three year period.



The United States' workers compensation system is in crisis but we continue to find solutions. In these trying times, you should be working with the best in the business.

We're CoreSource. Let us build a solution for you. **For More Information Call Toll Free: 800 482 0615**

*Social Security Administration

CORESOURCE

Healthcare & Workers Compensation Solutions

IIE presses for exemption from act

By MEG FLETCHER

BOSTON—The groundwork has been laid for state insurance regulators and the Illinois Insurance Exchange to discuss a compromise to higher financial requirements regulators are seeking for non-admitted insurers in a proposed model law.

At issue is the proposed "Model Non-Admitted Insurance Act," which a working group of the National Assn. of Insurance Commissioners' Surplus Lines Task Force originally released for comment in June (BI, July 5).

The proposed model calls for dramatic increases in financial requirements for non-admitted insurers, which would include the Chicago-based IIE as well as Lloyd's of London.

The original draft of the act would require the IIE to have

\$100 million in its guaranty fund, the size of which is currently determined by the Illinois Insurance Department. The fund now totals \$33 million after 10 years of operation.

It also would require the IIE's 14 syndicates to maintain \$100 million in aggregate capital and surplus, double the \$50 million now required. The IIE syndicates, though, currently have \$160 million.

The proposal also would significantly increase the \$3 million in minimum capital and surplus now required of each exchange syndicate.

"The present model bill, as drafted, would have the effect of putting the IIE out of business," Gerald F. Murray, IIE vp and general counsel, told the working group during the recent NAIC meeting in Boston.

The proposed requirements are especially unfair on a written pre-

mium basis when the IIE is compared with Lloyd's, Mr. Murray pointed out.

"Lloyd's 1992 net written premium in the U.S. was \$5.6 billion. The IIE's 1992 net written premium in the U.S. was \$200 million. On a proportional basis, based on net written premium, the security fund requirements for exchanges is 28 times the Lloyd's trust fund requirement," he told regulators at the meeting, showing charts.

The problem, however, is not with Lloyd's but with the NAIC's proposed model, he stressed.

Mr. Murray and others proposed technical changes to the proposal, that were not discussed in detail. The working group was seeking additional comments on its proposal until Oct. 1.

After the meeting, Stewart Keir, working group chairman, said, "We cannot tailor a law to address one specific organization, but we

don't want to put them out of business, either." Mr. Keir is assistant deputy superintendent and chief examiner of the New York Insurance Department.

Mr. Murray said, "We are hopeful that (worker group) members are willing and honestly trying to find a way to resolve this."

In other action at the meeting:

- Nearly two dozen representatives of property/casualty and life/health insurers generally complained about the strict investment rules regulators are proposing in their first discussion draft of a proposed model law.

- Industry representatives specifically criticized restrictive limits for investments in affiliates, hedging and mortgage loan allocations as well as high reserve requirements.

Insurers claim the proposal will have a negative impact on their ability to compete with other financial institutions.

Regulators, though, say the proposed law is necessary to keep insurers financially strong.

"It's a tough law. We want it to be a tough law," Florida Insurance Commissioner Tom Gallagher, who chairs the Model Investment Law Working Group, said in an interview after the hearing. "At this point, nothing is non-negotiable, but few things will be changed," he said.

Interested parties have been asked to send their written comments on computer disk to the attention of John Kummer at the Florida Department by Nov. 1.

The working group's current schedule calls for release of an exposure draft at the December NAIC meeting, followed by a March 1994 public hearing. It plans to seek parent committee adoption in June of 1994 and full NAIC adoption in September 1994.

- The Property/Casualty Risk-Based Capital Working Group agreed on modifications to the formula it is hammering out, including a determination that it would be inappropriate to ask property/casualty insurers to per-

form trend testing.

The working group expects to review additional test results and issue a revised exposure draft in early October, followed by a public hearing in November. The working group then plans to adopt a final draft of the P/C risk-based capital formula and forward it to its parent committee for a vote before the NAIC's winter meeting. It expects that the full NAIC will adopt it at the December meeting.

- A panel discussed the appropriate role of statistical agents, which are data-gathering organizations that are primarily controlled by insurers but are licensed by regulators to provide information for rate-setting and market analysis.

Critics complain that the public lacks confidence in the accuracy of the statistical agents' data because it is developed by insurers and it is too oriented toward rate-making to help regulators analyze issues like alleged "redlining."

"I think it is time for statistical agents to be separate from the insurance industry," said Nebraska Insurance Director William McCarty.

But insurers emphasize that the organizations have extensive computer capabilities and offer economies of scale in calculating data. Any existing problems, they say, can be remedied by regulators imposing new standards and auditing the statistical agents' performance, which the NAIC is already doing with the National Council on Compensation Insurance.

- James W. Schacht, chief deputy director of the Illinois Insurance Department, urged the Committee on Financial Regulation Standards and Accreditation to slow down the process by which new model provisions are being made part of accreditation standards. He proposes at least a three-year wait.

- U.S. Sen. Howard Metzenbaum, D-Ohio, a longtime critic of state regulation, appeared in person to praise regulators' position paper calling for stricter regulation of misleading illustrations that some life insurance agents use.

Quality improvement effort to proceed

With overwhelming support from insurers, agents and brokers, a movement to improve the efficiency and quality of insurance products and services is under way.

In August, more than 100 insurers, agents and brokers gathered in Nashville, Tenn., at the first Quality Insurance Congress. At that meeting, they heard from dissatisfied customers and quality-management experts who said a concerted long-term change must occur if the insurance industry is to thrive. These complaints set the stage for a discussion of the need for making The Quality Insurance Congress a permanent organization to address industry problems and find solutions (BI, Sept. 6).

According to Willis Corroon Group, which hosted the initial meeting and surveyed the nearly 80 companies in attendance for their

interest in proceeding, 96% of the 54 participants that responded favor the formation of the congress.

Specifically, the survey found that 91% support greater standardization within the industry, including the streamlining of forms and data, and the development of industry-specific quality training and education programs.

In addition, 89% of the respondents offered their personal assistance, while 85% noted their company's willingness to assist the congress in a variety of capacities.

The support from the industry has prompted the organizers of the Quality Insurance Congress to move forward with its formation.

On Oct. 21, Willis Corroon will hold the first board meeting in Nashville to elect directors and review and approve the organizational elements of the congress. As pro-

posed, the congress would include all parties with an interest in the insurance industry.

Three participants from the initial meeting have agreed to serve as board members. They are: William Scherkenbach, group director for statistical and process improvement methods for General Motors Corp. in Detroit; Kosaku Yoshioka, a professor of quantitative methods at California State University-Dominguez Hills' School of Management; and Bill Marshall, treasurer of Nalco Chemical Corp. in Naperville, Ill.

Other board members will include chairmen and chief executive officers from insurance companies, and small and large agents and brokers.

For more information about the meeting, contact Jay T. Deragon, program director, at 615-872-3269.

—By Sally Roberts

Continued from page 57

Trinidad & Tobago

AIG/Winterthur
Insurope

Tunisia

Multinational Insurance Arrangement

Turkey

AIG/Winterthur
Aetna/Generali
Area Benefits Network
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement

Uganda

AIG/Winterthur

United Arab Emirates

AIG/Winterthur
Area Benefits Network
Vita Life Insurance Co.

United Kingdom

AGRI Benefits Network
AIG/Winterthur
Aetna/Generali
Area Benefits Network
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vita Life Insurance Co.

United States

AIG/Winterthur
Aetna/Generali
Area Benefits Network
CIGNA/Gerling
GAIN
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement
The Swiss Life Network
Vita Life Insurance Co.

U.S. Virgin Islands

AIG/Winterthur
Multinational Insurance Arrangement

Venezuela

AIG/Winterthur
Aetna/Generali
Insurope
John Hancock International
Group Program
Multinational Insurance Arrangement

Yemen

AIG/Winterthur

Zimbabwe

AIG/Winterthur
GAIN
John Hancock International
Group Program

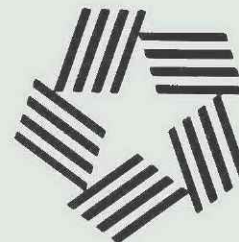
REi

RISK ENGINEERING

Fire Protection
Engineering &
Loss Prevention
Consulting

Risk Engineering, Inc.
10370 Richmond Avenue, Suite 755
Houston, Texas 77042-4137 USA
(713) 952-3334 • FAX: (713) 952-3337

Get out of the London fog.



American Excess Insurance Association
Phone: (203) 528-2155 Fax: (203) 282-9393

Union plan to retain AIDS-treatment cap

PHILADELPHIA—A self-insured union health care fund will not lift a \$10,000 lifetime cap on HIV-related medical treatment even though a government agency says the cap violates the Americans With Disabilities Act, the fund's attorney says.

A member of the Laborers' District Council Building and Construction Health and Welfare Fund in March filed a complaint against the fund, which in June 1992 sent letters to its 10,000 members informing them that it was capping payments of all benefits related to the human immunodeficiency virus, which causes acquired immune deficiency syndrome. The fund offers \$100,000 in lifetime health benefits for other illnesses.

In a Sept. 9 determination, the Philadelphia district office of the

U.S. Equal Employment Opportunity Commission cited the fund for singling out HIV claims and discriminating against individuals in the plan based on their lifestyles. The fund did not provide objective actuarial data proving the cap was justified, the EEOC found.

"It is now up to the health and welfare benefits plan to remove this illegal cap" or face further legal action, said Esther Berezofsky, one of the plaintiff's attorneys.

As part of its determination, the EEOC proposed a settlement of the discrimination claim that would require the fund to lift the cap and pay compensatory damages.

Payments to the individual, who has HIV, have not yet reached the \$10,000 cap, but "he's cutting corners," said Nan Feyler, an attorney and executive director of the AIDS

Law Project of Pennsylvania, a non-profit public law firm that represents people with HIV and AIDS.

"We are in the conciliation process and if that breaks down it will be up to the EEOC or the plaintiff" to file suit against the fund, said Harry Reagan, an attorney with Philadelphia-based Morgan, Lewis & Bockius, which represents the fund.

The fund did not cap HIV- and AIDS-related claims as a subterfuge in violation of the ADA, Mr. Reagan contends. Rather, the self-insured fund made this and other benefit plan changes to cope with rising health care costs and diminishing health and welfare fund contributions due to a downturn in the construction industry.

Other union health and welfare

funds that have capped AIDS-related claims have been cited by the EEOC as violating the ADA (BI, March 29; March 8; Feb. 15). Few courts have addressed the issue thus far.

But, a U.S. District Court in New Hampshire ruled in July that the Automotive Wholesalers Assn. of New England Inc., a self-funded medical plan for members of an automobile wholesalers union, could cap AIDS-related claims without violating the ADA.

Among other things, Judge Martin F. Loughlin said the fund, which capped AIDS-related claims at \$25,000 but other illnesses at \$1 million, was not a "covered entity" as defined by Title I of the ADA and therefore liability for the cap did not extend to the fund.

—By Christine Woolsey

Colorado comp rates decrease

DENVER—The National Council on Compensation Insurance has proposed a 5% workers compensation rate decrease in Colorado effective Jan. 1, 1994.

The decrease was made possible by savings realized from Colorado's workers comp reform overhaul bill, which went into effect July 1, 1991, said Mary Jane Cleary, the NCCT's director of government, consumer and industry affairs for Colorado.

It is the first rate change proposed since the new law went into effect, when a 36% rate increase was withdrawn.

—By Sara Marley

If it were less cost-effective for your clients or less competitive for you, it would be just another dental plan.

Concept DR®

It's a good thing Concept DR® doesn't mind standing out from the crowd.

If you haven't learned about this loner yet, here's a brief description: Concept DR is a simplified form of self-funding that reimburses employees directly for their dental expenses.

Your clients will like Concept DR because it can save them from the profit margins and perplexing claims forms often "part of" or "associated with" traditional dental insurance plans.

And instead of paying premiums for everyone, companies with Concept DR pay only for employees who use dental services—usually about 60% of their work force. Employee co-payments and maximum annual ceilings contribute to your clients' cost savings.

You'll like Concept DR because of its low overhead and high rate of success.

We'll provide you with qualified leads, promotional materials, cost estimates, claims software, sample plan

documents, marketing assistance, training and sales proposals. It's all in support of Concept DR—the simplified, self-funded dental plan that's a proven winner with hundreds of companies and organizations across the country, and a powerful source of new or collateral business for you.

To find out more about Concept DR, call 800-424-2841. Or just return the coupon below. You may find that standing apart from everyday dental plans could attract a crowd of clients.

Yes, I am interested in finding out more about Concept DR.

Name: _____

Title: _____

Company: _____

City: _____ State: _____ Zip: _____

Telephone: _____

I am a TPA Benefits Consultant

Mail to:

Concept DR

401 North Lindbergh Boulevard

St. Louis, Missouri 63141-1745

Phone: 800-424-2841 • Fax: 314-997-1745

Rowland

Continued from page 2

limited liability corporate capital. However, he stressed that Lloyd's would still welcome new individual members who would retain unlimited liability.

While many say there is little advantage to retaining individual membership, individual members will have much higher market leverage than corporate members.

Individual members will be able to write up to four times the amount they have deposited at Lloyd's, while corporate members can write only two times the amount they have deposited. Generally, members now can write three times the amount of their deposits.

Corporate members will also pay more into Lloyd's Central Fund, which will help "individual members feel that the new capital coming in is also helping them," Mr. Rowland said.

J.P. Morgan & Co. Inc. and Salomon Brothers Inc. have expressed considerable interest in investing in Lloyd's, said Mr. Rowland, who was in Chicago to address the annual meeting of the National Assn. of Mutual Insurance Companies.

Mr. Rowland and Lloyd's Chief Executive Peter Middleton are traveling extensively to explain Lloyd's business plan, including the introduction of corporate capital, to members and policyholders.

"We are going on the road because we have an absolute duty to explain to clients what's happening," Mr. Rowland said. "We want to ruthlessly expose the situation as it is. Lloyd's has not played by the same rules as everyone else. I want to move to the same corporate discipline as Marsh & McLennan or General Motors."

Rather than waiting until June to report its results under its three-year accounting system, Lloyd's will report its 1991 results in May 1994 and its 1992 results in April 1995.

While U.S. companies are among those considering injecting corporate capital into Lloyd's, that does not mean the market is becoming Americanized, Mr. Rowland said.

"We're looking not just at U.S. business methods, but any good business methods. Lloyd's has been a leader in enterprise, but has been laggard in basic things you need to do well in business," he said.

The influx of foreign capital, particularly from traditionally conservative firms, will not alter Lloyd's position as an innovator of coverages, Mr. Rowland said, noting that investment banks have encouraged their employees to be entrepreneurial and have awarded individual innovation despite their conservative reputations. **BI**

Defense costs

Continued from page 2

the litigation, said the decision "was pretty much to be expected."

"The specific types of claim involved here may be a little unusual, but the insurance analysis that the court goes through is really not out of the ordinary. This is what we thought all along. Both policies had exclusions that dealt with this sort of claim."

Durwood Crawford, an attorney with Goins, Underkoffler, Crawford & Langdon in Dallas, who represented the nursing home operator, Comprehensive Health Care, said, "I think the insurance industry will be very happy with that decision."

"I think a lot of companies, hopefully, I guess, will wake up to the fact that they don't have coverage for (defense costs) and perhaps some of the insurers will come along and start issuing policies covering that because it's a tremendous burden for a company to undertake the defense of these types of things," he said.

Mr. Crawford said no decision has been made on whether to appeal the ruling.

The case involves three lawsuits charging sexual harassment, all filed in 1989.

One involved three employees of the Henrietta Care Center, which is operated by Sarasota, Fla.-based Comprehensive Health Care. The

Product liability study

Continued from page 1

sion-making more predictable:

- Shield makers of strictly regulated products from liability as long as they comply with U.S. Food and Drug Administration regulations, but hold them liable if they don't.

- Set specific standards for the types of behavior that warrant punitive damages.

- Improve procedures for weighing scientific evidence of the causes of injury.

The RAND report is the first comprehensive examination of the economic effects of product liability in the pharmaceutical and medical device industries. Both industries are frequently cited as examples of industries hurt by U.S. product liability laws. Both also depend heavily on research and development—purportedly one of the key casualties of the U.S. civil justice system.

RAND focused on four areas: product availability; prices; safety and effectiveness; and innovation.

In the area of availability, liability has caused companies to withdraw products that had wide-

employees sued the company and administrator Steve Taras, alleging sexual harassment, sexual assault, sexual discrimination, retaliation, negligent hiring and supervision and slander.

A judgment following a jury verdict was entered in the defendants' favor, "but they incurred significant legal expenses," according to court papers. According to Mr. Donheiser, defendants claimed these expenses totaled \$105,000.

The other two suits involved another employee who filed similar charges in both state and federal court. The state case was dismissed, while the federal case resulted in an undisclosed settlement, according to Mr. Crawford.

Old Republic had issued two policies, a comprehensive general liability policy and a broad-form CGL policy, while Unigard had issued an excess umbrella policy, according to the decision.

The insurers had filed suit in federal district court in Dallas seeking a declaration of non-coverage, which the court granted in a summary judgment last year.

In upholding that decision, the three-judge panel of the 5th Circuit pointed to Old Republic's insurance coverage, which included a "specific" sexual abuse exclusion that states its policy is not applicable to "...either physical abuse, sexual abuse, or licentiousness, immoral or sexual behavior intended to lead to,

Supreme Court to hear sexual harassment case

NEW YORK—The U.S. Supreme Court likely will uphold lower court rulings that would make it more difficult for employees to succeed in sexual harassment suits, a lawyer predicts.

When it hears *Harris vs. Forklift Systems Inc.* later this month, the Supreme Court will probably uphold lower court decisions that employees bringing sexual harassment charges must prove they were psychologically injured, the lawyer said.

"I predict that the Supreme Court will add another requirement (in sexual harassment cases), and that is psychological well-being," said Michael A. Faillace, staff attorney at International Business Machines Corp. in Armonk, N.Y.

Several other courts have held that employees only have to prove that sexual harassment created an environment that a reasonable woman would find hostile, he said.

If a requirement for psychological injury is added, employees will then have to prove that any alleged sexual harassment affected them so they could not

function at their job or lead a normal life, Mr. Faillace said.

"It makes it much harder for a plaintiff to prove sexual harassment," he said at the 22nd Annual Institute on Employment Law last month in New York, sponsored by the Practising Law Institute.

The case under scrutiny involves a woman who left her job as rental manager for a construction equipment company in Nashville, Tenn., after a year, claiming she could no longer endure sexual harassment by her boss.

Teresa Harris alleged that, among other things, her employer made degrading and lewd remarks about women.

The trial court and the 6th U.S. Circuit Court of Appeals in Cincinnati dismissed her claim, ruling that the employer's conduct was crude and vulgar but did not cause Ms. Harris "serious psychological injury."

The high court is scheduled to hear the case Oct. 13.

—By Gavin Souter

or culminating in any sexual act..."

In addition, the appellate court said an employment-related claims exclusion states the insurer has no duty to defend the policyholder in any action "arising from the employment relationship between the insured and any of its employees."

The decision by the 5th Circuit panel notes the defendants had argued that because certain of Mr. Taras' alleged actions were not intended to lead to a sexual act, the

sexual abuse exclusion does not apply. "We disagree that the exclusion is so narrow," the decision said. Furthermore, conduct that was intended to lead to a sexual act "is precisely what the allegations...fairly read, assert," the decision added.

In addition, the employment-related exclusion "broadly covers virtually any claim arising out of the employment relationship" between the defendants and other employees, the 5th Circuit panel said.

The decision also notes that a personal injury definition in the Unigard policy was revised to exclude specific coverage for sexual discrimination. An employment discrimination exclusion in Unigard's policy is applicable here as well, the court said.

Old Republic Insurance Co. vs. Comprehensive Health Care Associates Inc. and Steve Taras Jr. vs. Unigard, 5th U.S. Circuit Court of Appeals; No. 92-1517.

spread support in the medical community, the study notes.

Some childhood vaccines, some intrauterine devices and Bendectin, an anti-nausea drug used by pregnant woman, all were withdrawn once firms found that liability costs outweighed potential profits, Mr. Garber found. Liability awards also hastened the withdrawal of products like the Dalkon Shield.

In the area of pricing, liability laws have little or no effect on most products, RAND found.

And even when the product liability system does force prices up, the increases serve some socially useful functions, according to some observers interviewed for the study. In addition to its research, Rand conducted formal interviews with major pharmaceutical companies, as well as informal discussions with attorneys and economists familiar with the industries.

Price increases, for example, finance compensation of injured product users and tend to discourage use of hazardous products.

No general pattern emerged in the area of safety and effective-

ness. RAND found that the liability system affects drugs, vaccines and devices differently because each product type is subject to different liability, technological and regulatory conditions.

Mr. Garber identified two reasons why liability concerns are unlikely to prompt manufacturers to alter the chemical makeup of drugs. First, the FDA already sets a high safety threshold for market approval and, second, attempts to redesign drugs to improve safety are often costly and seldom successful.

Attempts to make vaccines safer can render the vaccines less effective. Live-virus vaccines, for instance, are more effective than killed-virus vaccines, but also more susceptible to liability suits, he said. So little work is done on live-virus vaccines.

In contrast, medical devices can be made safer at low or moderate costs, according to the study. Therefore, the liability-induced design changes "may be economically desirable" for devices that are not extensively regulated by the FDA, Mr. Garber pointed out.

The product liability system may serve to limit the effectiveness of product safety warnings, the study found.

By requiring victims to prove that their doctors—not they themselves—were inadequately warned of a product's harmful potential, the product liability system discourages manufacturers from warning patients directly or giving safety information to non-experts. Instead, most companies try to protect themselves by inundating doctors with warnings.

While "the extent to which these incentives affect company behavior is unknown, such effects could be crucially important for product safety and effectiveness," the study said.

The product liability system does, however, encourage companies to comply with FDA rules because failure to comply can be very damaging to the defense of a product liability suit, according to the Rand study.

In fact, because companies can sometimes be held liable even if they conform to FDA standards, the system encourages them to exceed those standards, Mr. Garber pointed out.

In the area of innovation, the RAND study found that companies would not even consider developing or marketing certain products—like drugs tailored to pregnant women's needs—that may be legally hazardous.

Continued on next page

We've Made A Name For Ourselves.

BUSINESS INSURANCE

It's Business Insurance.

We're the weekly it takes to stay on the cutting edge of the commercial insurance marketplace.

SUBSCRIBE TODAY!

CALL TOLL-FREE on 1-800-678-9595.
Fax your order in on 1-313-446-0961. Use the card in this issue or if it's gone, use the coupon below.

Business Insurance gives you total news coverage of loss prevention, risk financing and benefit management. Every week. Annual subscription (52 issues) in U.S. dollars.

Check Here	Surface Mail		By Air	
	1 year	2 years	1 year	2 years
USA	<input type="checkbox"/> \$80	<input type="checkbox"/> \$140	<input type="checkbox"/> \$175	<input type="checkbox"/> \$330
Canada	<input type="checkbox"/> \$118	<input type="checkbox"/> \$210	<input type="checkbox"/> \$185	<input type="checkbox"/> \$350
All other countries (by expedited air)			<input type="checkbox"/> \$200 U.S.	<input type="checkbox"/> \$380 U.S.

- new subscription. renewal. payment enclosed.
 bill me. bill company.
 Please send information on your special 20%-off group rate for five or more subscriptions.

Mail to: Business Insurance, Circulation Dept., 965 E. Jefferson Ave., Detroit, MI 48207

name (please print) _____

title _____ telephone _____

company _____

nature of business _____

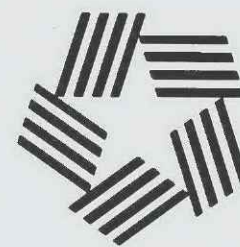
business or home address _____

city _____ state/country _____ zip/postal code _____

I prefer not to receive information or advertising by mail from companies not affiliated with Business Insurance.

4C043

Proudly made in the U.S.A.



American Excess Insurance Association

Phone: (203) 528-2155 Fax: (203) 282-9393

Product liability

Continued from previous page

For most products, however, researchers found that liability was only one of many factors in the research and development process. A lot depends on the potential for profits.

Liability concerns are not likely to deter efforts to develop products that could prove extremely profitable—like the drug Prozac, which has been successful in treating depressive disorders. But when big profits look unlikely, even socially valuable products like contraceptives and vaccines may not be developed.

"Numerical simulations suggest that liability can substantially decrease incentives to innovate in product areas for which large liability costs seem plausible or financial disaster from liability is believed to be even a slight possibil-

ity," Mr. Garber said.

Because small companies with few assets are unlikely targets for product liability suits, they are more willing to develop and market potentially risky products, Mr. Garber said.

"This can avert or eliminate availability crises for socially valuable products," said Mr. Garber. "(But) the replacement of large companies by small companies in some markets also has some disadvantages: Liability has less power to deter economically inefficient behavior by small companies, and the scope for them to provide injury compensation is quite limited."

The RAND researcher recommends several steps to make liability consequences more predictable and to increase liability for company actions whose social costs outweigh their social benefits while limiting liability for behavior that

is economically desirable:

- Make regulatory compliance central for drugs and extensively regulated medical devices.

"Such an arrangement would explicitly establish that liability for defective designs or warnings will be assessed if and only if injury results from a company's failure to comply with the relevant FDA regulations," Mr. Garber suggests.

- Specify explicit standards for behavior warranting punitive damages.

"To make liability consequences more predictable, it seems more promising to specify the kinds of actions—rather than the qualities of actions—that warrant punitive damages," Mr. Garber said.

Neither the courts nor Congress have provided such specifics.

- Improve procedures for weighing scientific evidence of injury causation.

Economic efficiency might be en-

hanced by improving the scientific basis for judgments of whether an injury was caused by use of a particular product, the study suggests, recommending more reliance on court-appointed expert witnesses, convening scientific panels or creating a federal science board.

"The liability system would promote efficiency more effectively if reforms could strengthen the beliefs of company decision-makers that injuries caused by their products will be recognized as such and, at the same time, allay concerns that companies will be held liable for injuries not caused by their products."

"Product Liability and the Economics of Pharmaceuticals and Medical Devices," No. R-4285-ICJ, is available for \$15 from RAND's Distribution Services, 1700 Main St., P.O. Box 2138, Santa Monica, Calif. 90407-2138; 310-451-7002.

'Premium' to discuss flood cover

NEW YORK—Flood insurance will be one of the topics addressed by the cable television program "The Premium Dollar Today" in October.

The flood insurance program will air on Oct. 14 and will feature panelists: Eric B. Larson, risk management officer for the city of Des Moines, Iowa; James L. Taylor, assistant administrator for the Federal Insurance Administration; and J. Eric Lundby, president of Omaha Property & Casualty Co.

The remainder of the October schedule is as follows:

- Oct. 7: "Life Insurance and Annuity Products during Recession and Low Inflation Periods," with featured guests Robert Berger of the American Society of CLU and ChFC; Richard F. Lambert, vp and associate actuary of the Prudential Insurance Co. of America; Ronald Fink, associate editor of Financial World Magazine; and Joseph G. DiGiacomo, financial consultant with A.G. Edwards & Sons.

- Oct. 21: "Municipality Insurance Challenge," with Larry O'Brien, president of O'Brien Management Co.; James I. Bliss, president of the Bliss McKnight Group; Daniel J. Cullen, risk manager for the city of Ann Arbor, Mich.; and William J. Fishlinger, partner with Congdon, Flaherty O'Callaghan, Reid, Donlon, Travis & Fishlinger.

- Oct. 28: "How to Buy Property/Casualty Insurance," with Sean F. Mooney, senior vp and economist with the Insurance Information Institute; Courtney Wood, president of the Independent Insurance Agents of America; and Jack Snyder, senior vp of A.M. Best Co.

The programs are broadcast at 6 a.m. EDT Thursdays on the USA Network.

"The Premium Dollar Today" is co-sponsored by Reliance National Insurance Co., the Society of Chartered Property & Casualty Underwriters, KPMG Peat Marwick Financial Services and A.M. Best Co.

Business Insurance and the American Council of Life Insurance provide special editorial assistance. **EI**

State court rejects cap on damages

NEW ORLEANS—A statutory cap on personal injury awards against the state violates the Louisiana Constitution, the state Supreme Court has found.

Louisiana's highest court ruled last month that a \$500,000 ceiling on general damages in personal injury lawsuits against the state violates a provision of the state constitution that waives sovereign immunity in tort cases.

The court overturned lower court rulings that the cap was constitutional and ordered a lower court to review a \$2 million damage award that was cut to \$500,000 under the law.

The award was made in a case brought by the parents of a 17-year-old who suffered severe brain damage and nearly drowned after receiving an electric shock while swimming in the foot of a state-maintained bridge on the Houma Canal.

—By Douglas McLeod



JIM NIHAN, VP
Professional Liability
(212) 530-7350

DAVID WHITING, VP
Energy
(312) 559-9501

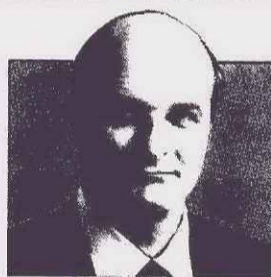
JOHN SHEERAN, VP
D&O/E&O Liability
(212) 530-6949

DAVID COHEN, VP
Excess & Umbrella
(212) 530-7120

CHARLES ABRUZZO, VP
E&S Casualty
(212) 530-7110

"These Home Professionals Make Our Group a Specialty Insurance Powerhouse."

ART PHILLIPS
Executive Vice President
Specialty Insurance Group
(212) 530-7202



ROBERT SPIRO, VP
E&S Casualty
(404) 984-6606

ROGER ABLETT, VP
Ocean Marine
(212) 530-6677

DON BROMBEREK, VP
Transportation
(404) 240-5312

FRANK D'ALESSANDRO, VP
Group Accident
(212) 530-7273

FRED FONTEIN, VP
Professional Liability
(212) 530-6324

The phrase "Professionals Serving Professionals" is not just a slogan at The Home's Specialty Insurance Group—it's a fact. The people who head up our major lines of business are leading experts in their fields, and they recruit only the brightest and best people to work under them.

We seek out tougher markets and risks — because our people have the expertise and skills it takes to handle them efficiently and effectively. And we

settle for nothing less than excellence in meeting your Specialty coverage needs, whether simple or complex.

We invite you to find out what our Specialty Insurance leadership can do for you. Call the numbers above or any Home Insurance field office.



HOME INSURANCE
SPECIALTY INSURANCE GROUP
PROFESSIONALS SERVING PROFESSIONALS

INTERNATIONAL

Questions remain over diverted Weavers funds

By STACY SHAPIRO

LONDON—Mystery continues to surround the ownership of most of the \$51 million allegedly misappropriated from H.S. Weavers (Underwriting) Agencies Ltd. by its senior executives.

In a recent report on Weavers' parent, the British Department of

Trade and Industry claims that the executives of London United Investments P.L.C. diverted the money for their own benefit to entities in Liechtenstein controlled by former

Weavers auditor Graham Smith. But the report adds there is no proof that the money was diverted for the executives' benefit.

The executives named in the report are LUI and Weavers Director Henry S. Weavers, who died in April; Charles Ronald "Ronnie" Driver, former LUI chairman and director of C.R. Driver & Co., a privately owned underwriting agency affiliated with LUI; and Peter Wilson, another former chairman and chief executive of LUI.

Most of the other Weavers executives—including former Chief Executive Roger Borley—have been exonerated from all allegations.

The DTI report was published shortly after a proposed scheme of arrangement was released for five failed LUI insurance subsidiaries—known as the KWELM companies—that had participated on the Weavers line slip (BI, Sept. 13).

KWELM liquidators said last week that the allegations would not affect the reinsurance recoveries at the center of their proposed plan (see related story). However, the allegations have prompted the

KWELM companies to sue Weavers' auditors and freeze bank accounts in Liechtenstein worth approximately \$79 million.

The investigation was hampered by the refusal of Mr. Smith and his wife, Isolde, to speak or give evidence to the department. Their silence leaves a big hole in the DTI's allegations of "possible criminal offenses," the DTI investigators said.

Nevertheless, the DTI charges Messrs. Weavers, Driver and Wilson with "gross misconduct" and "wholly unacceptable" behavior in connection with the diversion of the funds.

Mr. Wilson claims that the Smith companies in Liechtenstein were legitimate reinsurance brokers that accepted brokerage commissions to place Weavers' reinsurance treaties with companies like Munich Reinsurance Co.

According to the report, Mr. Wilson also told investigators that the Smith companies over the years were "of great importance to LUI in helping with its reinsurance program." He added that "there was

Continued on page 65

KWELM scheme moving forward

By ADRIAN LADBURY

LONDON—Any litigation against London United Investments P.L.C. in the wake of the U.K. Department of Trade and Industry's report on the company will not scuttle the scheme of arrangement created for its so-called KWELM group of companies.

"We read of the developments concerning LUI over the weekend with interest, and we are not aware of any significant impact that this could have (on the scheme) that we have not already seen. We do not see that this affects our position going forward," said Chris Hughes, a partner with provisional liquidators Coopers & Lybrand and co-creator of the scheme.

Questions about the effect of litigation on the scheme were raised last week at the first in a series of meetings at which Mr. Hughes and Ian Bond, a Coopers partner who crafted the plan with Mr.

Hughes, are presenting the scheme to some of the estimated 100,000 actual and potential creditors of the five failed insurers, known collectively as the KWELM companies.

The five insurers—Kingscroft Insurance Co. Ltd., Walbrook Insurance Co. Ltd., El Paso Insurance Co. Ltd., Lime Street Insurance Co. Ltd. and Mutual Reinsurance Co. Ltd.—were all subsidiaries of LUI when it went into administration in 1990.

Mr. Hughes and Mr. Bond have roughly seven weeks in which to persuade the creditors and policyholders that this scheme offers the quickest and cheapest means of recouping as much as possible. The scheme proposes to pay out approximately 40% of claims, which the liquidators estimate could reach \$9 billion over the next 40 years.

Creditors will vote on the scheme Nov. 17 in London. If it fails, the companies will be liquidated.

Continued on next page

Middleton threatens to quit if vote fails on corporate capital

By ADRIAN LADBURY

LONDON—Peter Middleton, chief executive of Lloyd's of London, has threatened to resign if the Lloyd's membership does not approve the introduction of corporate capital later this month.

The vote will be held at an Oct. 20 extraordinary general meeting.

Speaking at a regional meeting of the Assn. of Lloyd's Members last week, Mr. Middleton said that if some disgruntled Lloyd's members succeed in their recent efforts to sabotage the arrival of corporate capital next year, both he and Lloyd's Chairman David Rowland would resign.

Mr. Rowland was in Chicago at the time (see story, page 2) and was reportedly not aware of the resignation offer made on his behalf. But Lloyd's sources later confirmed that Mr. Rowland concurs with Mr. Middleton's statement.

A few days before Mr. Middleton upped the stakes of the corporate capital vote with his characteristically spontaneous outburst, it became known that many of the Lloyd's members action groups had asked their members—which

include about 17,000 names, or just more than half of Lloyd's total membership—to sign over their corporate capital votes to the action groups en masse and vote by proxy.

The action groups hope to use the votes to force concessions from the Council of Lloyd's, like an agreement on the voting rights of individual members vs. corporate members and a limit on the amount of new capital that will be allowed in the market.

The ALM wants a limit on corporate members' voting rights over the next several years (BI, Sept. 20).

The action group leaders also hope that the muscle behind the block of votes could force Lloyd's to speed up the settlement of money they believe is owed the members by the errors and omissions underwriters for managers of the loss-riddled syndicates.

The system designed by Lloyd's to mediate between the members and E&O underwriters, under the Right Honorable Sir Michael Kerr and Sir David Morse, was initially supposed to report its recommendations this month. But now

Continued on page 65

UAP chief may resign

Prime minister reshuffles management before privatization

By ALINE SULLIVAN

PARIS—Neither Union des Assurances de Paris nor the French prime minister's office would comment last week on reports that the chairman of the state-owned company, France's largest insurer, may be asked to step down as part of a government-inspired management reshuffling of the country's financial sector.

Three major French newspapers reported earlier last month that Prime Minister Edouard Balladur plans to make UAP Chairman Jean Peyrelefade the chairman of Credit Lyonnais, a state-owned bank that has incurred heavy losses. The reports, based on interviews with unidentified government sources, said Credit Lyonnais' current chairman, Jean Yves Haberer, would move to Credit National, a smaller state-owned bank.

The UAP spokesman said Sept. 29 that no announcements are likely to be made in the next few weeks. But earlier in the week, Credit Lyonnais' Mr. Haberer confirmed that he is considering an offer to move.

The chairmanship of UAP, the biggest institutional investor on the Paris Bourse, is the most politically important role in the country's insurance market.

Mr. Peyrelefade's designated successor at UAP, according to French press reports, is Jacques Friedman, a senior civil servant and close associate of Mr. Balladur. Mr. Friedman currently acts as an unofficial economic adviser to Mr. Balladur's government.

Mr. Peyrelefade, a former adviser to France's Socialist Party, was appointed chairman of UAP in 1988 by the Socialist government then in power.

Last year, Mr. Peyrelefade was reappointed for another three-year term.

According to French press reports, Mr. Peyrelefade has repeatedly stated that he would prefer to stay at UAP, despite recent changes in government and in the company's future.

After the March 29 election of Prime Minister Edouard Balladur, which ended five years of Socialist rule in France's Parliament, the Ministry of the Economy announced that UAP will be sold to the public. The time of the privatization remains uncertain (BI, June 7; April 17).

Mr. Peyrelefade, 53, who describes himself as a political moderate, has not voiced any objections to privatization plans for the company. He also supports changes in the country's pension legislation that will allow insurance companies to provide benefits hitherto provided by the state.

Analysts attribute Mr. Peyrelefade's difficulties to his political background and UAP's problems with its stake in Groupe Victoire, a unit of French financial services firm Compagnie de Suez. Suez announced last November that it had suspended talks with UAP over the fate of Victoire and Suez's German insurer, Colonia Versicherungs A.G., which Victoire controls (BI, Dec. 7, 1992).

The talks had aimed to give UAP control of Colonia in exchange for its 34% stake in Group Victoire. But they broke down over problems in valuing UAP's stake in Victoire, which UAP purchased in 1989 for 14 billion French francs (\$2.42 billion at the year-end 1989 exchange rate). That stake was valued at 11 billion francs (\$1.99 billion) on UAP's balance sheet at year-end 1992. Mr. Peyrelefade said at the time of the purchase that the shareholding represented a long-term investment.

Australian states consider allowing bonus legal fee

By KATE McILWAINE

GOLD COAST, Australia—Some Australian states are moving toward allowing a type of contingency fee, in which lawyers would be paid a negotiated bonus for successful cases, in addition to standard legal fees, according to an insurer attorney.

However, U.S.-style contingency fees, in which the attorney agrees to take his entire fee—usually a percentage of any award—on the contingency of a successful outcome, are outlawed

in most Australian states.

Helen M. Conway, group secretary and general counsel for New South Wales-based insurer NRMA Ltd., a unit of the National Roads & Motorists Assn., said the introduction of so-called uplift contingency fees should be accompanied by adequate safeguards for their use. Those measures should include written agreements before a case is tried and some third-party mechanism for their review in case a dispute arises, she said during the Australian Insurance Law Assn. conference last month.

Such written agreements would state in advance the uplift fee and also what would constitute a victory in a particular case.

Individual Australian states are at different points in implementing uplift contingency fees, Ms. Conway said. South Australia has been the most progressive, she noted.

The Legal Practitioners' Act, which governs attorneys fees in the state, was changed effective May 6, allowing uplift fees composed of an agreed-upon amount plus a set percentage of the attor-

ney's standard fee.

Combined, the uplift fees must equal less than the attorney's standard fee.

In New South Wales, a bill has been introduced to Parliament that would allow attorneys to charge their standard fee plus an uplift of 25% of that fee. The bill is expected to be passed before the end of 1993.

In Victoria, a 1992 bill that would have allowed U.S.-style contingency fees lapsed when an election was called and the governing party that supported the

move was defeated. Ms. Conway said there was strong opposition to the bill and the issue has "virtually died."

In Queensland, the Law Society is considering a discussion paper that recommends uplift fees, but the state government is opposed to contingency fees of any sort.

In Western Australia and other states, there is some discussion but little impetus for change.

Ms. Conway said there is pressure for contingency fees because some litigants argue that high legal costs limit access to justice. **BI**

Become a Certified Employee Benefit Specialist

The Certified Employee Benefit Specialist (CEBS) program consists of ten college level courses and exams that cover all areas of employee benefits.

CEBS is cosponsored by the International



Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania.

No one else offers this program! Send for a free catalog. Call, write or fax the CEBS Department:

International Foundation of Employee Benefit Plans

18700 W. Bluemound Rd., P.O. Box 1270
Brookfield, WI 53008-1270
Telephone (414) 786-6700
Fax (414) 786-6647

KWELM scheme

Continued from previous page dated under U.K. government rules (BI, Sept. 13).

The man who posed the question, a representative of a big Lloyd's of London underwriting agency, was worried about the impact of the investigation and any subsequent litigation on the ability of the scheme administrators to recover reinsurance, which makes up the bulk of the companies' remaining assets.

Mr. Hughes and Mr. Bond currently estimate that, apart from nearly \$500 million that is already available for distribution, "further collections of between \$2 billion and \$3 billion are anticipated over the life of the scheme, mainly from the companies' reinsurers."

"I do not believe it will affect the \$2 billion. We have an estimated

600 reinsurers, and in the course of collecting the money, (the reinsurers) would normally seek any excuse to delay. But in this case, I do not think the litigation will have an impact because this is not new knowledge, and since last year we have already collected something like \$185 million from reinsurers," added Mr. Hughes.

"Our main reinsurer (Munich Reinsurance Co.) is paying, and we believe there are no grounds for refusing to honor the (reinsurance) policies on the grounds of the DTI report," Mr. Bond said later.

If any reinsurer used the report as an excuse not to pay up, that reinsurer would be pursued, he said.

About 300 creditors and policyholders attended the Sept. 27 meeting in London. But apart from the question on the impact of the DTI report, questions from the floor were few and tame.

"We were fairly pleased, and we have still had no indication of any material voter voting against it. So far there has been no genuine opposition," Mr. Bond said afterward.

About 90% of KWELM policyholders and creditors are based in the United States. Mr. Hughes and Mr. Bond will travel to the States this week to explain why they believe the scheme will recover more money at a faster speed and at less cost than a formal liquidation.

Mr. Bond said he sees no reason why the U.S. meetings would be stormier, but he did concede there could be some lively debate with a number of U.S. lawyers who are counted as "trade" creditors of the KWELM companies rather than "insurance" creditors.

The dates and locations for the U.S. meetings are: Thursday, Oct. 7, in New York, Roosevelt Hotel; Friday, Oct. 8 in Chicago, Westin Hotel; Thursday, Oct. 12 in Los Angeles, at the Hyatt at the Los Angeles International Airport; Thursday, Oct. 14 in Atlanta, Hotel Nikko Atlanta. All meetings begin at 2 p.m. ■

Action groups

Continued from page 63

Lloyd's says no decision, or offer to the members, will be ready until the end of next month.

According to the action group leaders, who are acting together under the wing of the Lloyd's Names Assn. Working Party, Lloyd's cannot accept corporate capital without settling the E&O question first.

"What is annoying is that (Lloyd's is) going ahead with the introduction of corporate capital before any offer of settlement has been made to the names, and it seems that if they get enough corporate capital, they will simply say, 'Stuff the names, we don't need them now,'" said a spokeswoman for the Gooda Walker Action Group, the largest of the action groups. "We would like to see an offer on the table before the corporate capital is in. If they cannot manage this, then they will simply have to wait another year."

"We do really want to support Mr. Middleton and Mr. Rowland on this one, but we need various gestures of help from them," said Alan Porter, chairman of Devonshire Names Action Group, Cuthbert Heath Names Assn. and a member of the LNAWP. "We do not want to see the departure of Mr. Middleton and Mr. Rowland, but it's a tough old fight. The action groups have achieved a lot over the past few years by taking a hard stance."

Mr. Porter said he is not prepared to reveal how many blank vote forms the action groups had received, but said they are in the "thousands" and "they are coming in by the sackful every day." ■

An international benefits network big enough to think small.

Aetna/Generali is one of the largest international benefits providers in the world. With more branches and subsidiaries in more countries than most of our competitors. But just because ours is a global perspective, it doesn't follow that we can't see what's going on at the local level.

That's because most of our locations are owned by Aetna or Generali. So our customers enjoy the benefits of working with a single, global network. Plus the kind of service, attention to detail, and knowledge of local regulations and practices that can only be provided "in-country."

One of the most striking examples of our approach to international benefits is our system of "pooling," through which we merge local contracts into one international pool. To spread the risk. Manage cost. And pass the savings on to you.

So no matter what the size of your group, Aetna/Generali has ways to control costs and reduce the risk of managing a multinational company.

**To learn more about us,
contact your consultant, broker
or the Aetna/Generali Office in
New York at 212-602-7627.**



is the combined resources of Aetna Life Insurance Company, Hartford, CT and Assicurazioni Generali, Trieste.

INTERNATIONAL

LUI investigation

Continued from previous page
nothing sinister or secretive about this assistance, and that it was professionally conducted and sought by the LUI group for good commercial reasons."

Indeed, Mr. Wilson produced cover notes and letters to show that the Smith companies were treated as brokers. And Richard Foss, former underwriter for the former LUI syndicates on the Illinois Insurance Exchange, told DTI investigators that he believed Mr. Smith was Weavers' reinsurance broker.

But the DTI investigators don't buy Mr. Wilson's explanation. They believe the money was considered by reinsurers to be "ceding" or "overriding" commissions, which belonged to either the Weavers or Driver underwriting agencies or to the insurers that participated on the Weavers line slip.

The investigators add that executives of Weavers' quota-share reinsurers, particularly Munich Re, were unaware that the Smith companies existed. Had the Liechtenstein firms been legitimate reinsurance brokers, Munich Re executives should have known of their involvement, the DTI report asserts.

From April 1976 to March 1989, Weavers' premiums for quota-share reinsurance led by Munich Re were processed through the Smith companies without Munich Re's knowledge. The premium deducted by the Smith companies totaled more than \$45 million just from these contracts. Munich Re executives believed the deductions were a 5% to 6.5% "overriding commission" paid to Weavers for administrative services.

Munich Re decided at the end of 1989 that its reinsurance contracts had to be directly with the Weavers stamp companies. Only then did the premiums stop flowing through the Smith companies.

There should also have been more documentation to show that Mr. Smith administered the reinsurance program, but the evidence only showed that he was at most a financial consultant, the investigators say.

"We can see no necessity or commercial reason for the use by C.R. Driver & Co. and the LUI group of the Smith companies," the DTI report concludes. "Our view is that over the years, the sums paid to the Smith companies or deducted by them from premiums were wrongfully diverted from and ought to have been retained for the benefit of C.R. Driver & Co., the LUI group and the Weavers stamp companies."

The DTI says it has evidence to prove that Messrs. Driver, Weavers and former Driver Director Stanley Mayhew benefited from more than \$1 million diverted to Bermuda bank accounts in the 1970s. The money, which was commissions paid by line slip insurers to the Weavers and Driver agencies, was then transferred from the Bermuda bank accounts to personal accounts in England and Jersey controlled by Mr. Driver, the DTI alleges.

Mr. Driver denies all knowledge of these accounts or the Smith companies.

However, "there is no such clear evidence that any of them or (Mr.) Wilson benefited from the funds received by the Smith companies" throughout the 1980s, the investigators conclude.

The DTI speculates, however, where some of the money might have gone to benefit Messrs. Weavers, Driver and Wilson, although the evidence is incomplete.

For example, one Smith company, called Protega Agentur Anstalt, pro-

vided just over \$10,000 in capital for shares in Russell Reinsurance Services Inc. that were held by Messrs. Weavers, Wilson and Driver. Russell Re was set up in the United States in 1977 to write short-tail catastrophe excess-of-loss business. The reinsurer secretly was 50% owned by the three men through Robert Schloerb, partner at the Peterson Ross law firm; 23% owned by Transit Casualty Co., now in liquidation; and the rest by Russell executives.

At the end of 1988, owners of Russell Re tried to sell the company to LUI for its market value of about \$1.6 million, according to LUI Director Colin Forsyth. The LUI board, however, questioned the ownership of the shares held by Mr. Schloerb and eventually discovered that they were owned by Messrs. Wilson, Weavers and Driver.

The three men deny that they intended to personally own the Russell Re shares and told the DTI that they held the shares for the benefit of LUI. LUI became the official owner of Russell Re in 1989 at no cost, and a \$210,000 dividend that was paid in 1986 to Protega Agentur Anstalt plus interest was sent by Mr. Smith through Mr. Schloerb to LUI.

But the DTI believes that based on the evidence, Messrs. Wilson, Weavers and Driver were the beneficial owners of the Russell Re shares. "In our view, at a late stage in the events, they became embarrassed by the ownership of these shares and wished to ensure that they were transferred to LUI or a subsidiary as quickly and as quietly as possible," the DTI concludes.

It is also "open to question" whether funds used to provide finance to the so-called Newhaven companies owned mainly by Mr. Wilson and his family, including the Newhaven Marina, were diverted from the LUI companies, says the DTI report.

The Newhaven group's businesses include marina operations, catering services, investment services, yacht dealers, financial consultants, property management, farming, a real estate agency and an employment agency.

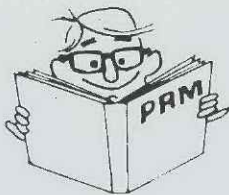
Mr. Wilson admits that Mr. Smith gave financial advice to the Newhaven companies, but nothing more.

"At the least, events (at Newhaven) reveal that the business relationship between Wilson and Smith extended beyond the Smith companies' involvement with LUI and outside the sphere of insurance and insurance broking," says the DTI. "Once again we are bound to observe that Smith's involvement is more consistent with that of an international financial consultant rather than as an expert in insurance and insurance broking."

In the meantime, two former Weavers stamp companies, Walbrook Insurance Co. Ltd. and Anglo American Insurance Co. Ltd., are suing "two individuals and two entities in Liechtenstein to recover commission payments made on quota-share reinsurance premiums," says a note in the schemes of arrangement for Walbrook and the four other defunct LUI insurers that was sent to creditors last month.

The plaintiffs have successfully frozen bank balances in Liechtenstein of 111.2 million Swiss francs (\$78.8 million), although the freeze currently is being appealed before the Supreme Court of Liechtenstein.

The KWELM companies are also suing former auditors of the Weavers stamp for negligence for failing to discover that the commissions on the quota-share reinsurance premiums were "improperly retained" by overseas entities and individuals in Liechtenstein. **BI**



Practical Risk Management

"The Professional's Handbook"

This 2-volume, continually revised, loose-leaf handbook covers all topics a risk manager encounters, from risk identification, internal management, loss prevention, claims and litigation control, through details of insurance policies and sophisticated risk transfer techniques. Used today in 32 countries.

Subscribers include most of the Fortune 1,000 many public entities, as well as agents and brokers, including all the ten largest.

Voted the most useful reference at several RIMS industry sessions.

Practical Risk Management

P.O. Box 1439
Alameda CA 94501 (510) 865-3628

Send to:
Company _____

Name _____

Address _____

City, State _____ ZIP _____

Check enclosed. First year \$335. Add \$15 postage overseas. Subsequent years \$145.

Please bill (add \$10)

Send descriptive brochure.

BI

Residential/Clinical/Educational
The most complete integrated continuum of psychiatric treatment services for children, adolescents and families in the nation. Includes 26 licensed and accredited programs.

National Hospital for Kids in Crisis
An Inpatient Hospital (Acute Psychiatric Dually Diagnosed and Intensive Care Unit)

- Acute Residential Treatment
- Extended Residential Treatment
- Specialized Campus Based Residential Treatment
- Specialized Community Residential Treatment
- Diagnostic Acute Treatment
- Diagnostic Shelter Care
- Family Based Residential Treatment
- Intensive Treatment Family Programs
- Day Treatment Programs
- Psycho-Educational Services Approved Private School (fully accredited K-12)
- Partial Hospitalization Programs
- In-Home Counseling Programs
- Pastoral Counseling Services
- National Family Training and After-Care Network
- National Affiliate Outpatient Network
- National Referral Network for Kids in Crisis
- 1-800-KID-SAVE

KidsPeace National Centers for Kids in Crisis™
For more information call 1-800-8KID-123 or write
5300 KidsPeace Drive, Orefield, PA 18069-9101

A division of KidsPeace, a non-profit organization
Accredited by the Joint Commission on Accreditation of Healthcare Organizations, Middle States Association of Colleges and Schools and the American Association of Psychiatric Services for Children

The National Center for Kids in Crisis™

Benefit managers

Continued from page 1

broader human resource issues—like flexible working schedules—and may give benefits departments responsibilities in those areas.

Despite the fact that the president's plan would take much health care planning, management and administration out of their hands, benefits managers say they are not optimistic that the plan would solve all corporate health care problems.

"All medical problems won't go away because not all medical issues are addressed under the proposal," said Warren Moser, formerly director of employee benefits for Southwestern Bell Corp. in St. Louis.

Mr. Warren, who retired in 1987 after a 36-year career, pointed out that in the short-term, benefit managers and consultants will find their hands full of health benefits-related issues.

"There will be significant activity as to how to initially position the company under health reform.

I see at least five years of adjustments for large corporate health plans," he said.

And, some employers will continue to offer additional health benefits above the basic benefit package proposed by President Clinton. "I can't believe some union shops with more generous benefits will not argue to keep them," said Jeannie Wodarczyk, a partner in Coopers & Lybrand's Human Resource Advisory Group in Chicago. Also, some corporate executives will continue to enjoy richer benefits, she noted.

Companies with more than 5,000 employees would be allowed to form their own alliances under the Clinton plan. Benefit managers in those companies would probably continue to do much of what they do now.

Not so for benefit managers at smaller firms. Those companies could no longer determine what type of health plans to offer. Instead, the health alliance in which a company is enrolled would offer three types of plans: a traditional indemnity plan, a health maintenance organization and a hybrid

plan similar to a preferred provider network.

Similarly, smaller companies could no longer set the level of employee contributions for each plan: All employers would contribute 80% of the weighted average premium of available health plans and employees would pick up the remaining 20%.

What's more, employers could no longer use deductibles or co-payments to steer workers into better or less expensive plans. Those amounts are set out in the standard benefit package under which all Americans would be covered.

Perhaps more importantly, though, plans could no longer be tailored to meet the needs of a company or its workers. Instead, all benefits and coverages would be set at standard levels.

Meanwhile, smaller employers would lose their ability to negotiate with medical care providers, health maintenance organizations and other vendors. Under the new system, the health alliances, not employers, would negotiate rates and terms with health plans.

The Clinton health reform plan "really stands the employee benefit managers' job on its head," commented Susan Brown, senior manager in the actuarial, benefits and compensation consulting practice of Deloitte & Touche in Chicago. "It's going to be a very dramatic change for people who spend the better part of the last 10 years becoming experts."

"If you step back and look at the big picture, we are converting health from a discretionary benefit to a statutory benefit," pointed out Edward Davey, a principal with A. Foster Higgins & Co. in New York. The Clinton plan "puts the human resource issue into a different context. Health care becomes an administrative function."

The Clinton plan will lift some administrative and communication burdens from benefit professionals' shoulders. They would no longer be responsible for enrolling employees and their families in health plans, a task that typically took up 80% of benefit managers' time during peak periods. That duty, as well as the duty of com-

municating health plan information to employees, falls to the regional health alliance through which the employee's health plan is offered.

But, benefit managers will face some daunting new administrative tasks, like tracking premium payments to the regional alliances in which employees and dependents are enrolled. For companies with a scattered workforce, that could mean remitting premiums to hundreds of different alliances.

"I see this being an incredible administrative burden that's going to overwhelm" benefits departments, Ms. Wodarczyk said. Benefit managers "will have to track who is enrolled in what health plans and determine what the company's and the employees' premium contributions should be. Their employees in Florida may have one set of benefits and premiums, while their employees in Chicago will have a different set."

"I didn't listen to President Clinton's speech the other night and say, 'Wow, this is going to make my job a lot easier!' I really

Continued on next page

The Professional Marketplace

RATES AND CLOSING TIME:

Rates: Display classified is \$130.00 per column inch, minimum of one inch. Straight classified is \$11.50 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional \$17.50 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 noon Tuesday, 6 days preceding publishing date. No verbal phone copy accepted. Prepayment required for all advertisements. Mail ads to, Lisa Mazzetti, Classified Advertising, 740 N. Rush St. Chicago, IL 60611. For more information call 312-649-5340. FAX 312-649-7799.

Marketing Director FLORIDA BROKER

Our client, a progressive Northeast Florida broker has immediate opening for a Director of Marketing. Position demands a competitive, innovative, and technically fluent Manager to function as Executive liaison in the insurance marketplace. Candidate must possess outstanding communication skills and have a comprehensive understanding of the Property Casualty marketplace. Must be able to identify and cultivate relationships. Strong administrative ability to handle multiple priorities in a highly organized and efficient manner.

Attractive and competitive compensation package. Send resumes to **Barbara Schneider**.

**The Jim King Companies
1301 Gulf Life Drive Suite#1901
Jacksonville, Florida 32207**

RISK MANAGER

Western Wisconsin mfg company. Requires property and benefits exp. Salary to \$50k. Call Keith Johnson at 612-334-5990.

ATTENTION FRUSTRATED PRODUCERS:

Looking for a fresh start? Let's help each other- Prospects Provided- Historical Hit Ratio 78%. Premiums \$250,000-\$4,000,000. Send resume to: P.O. Box 2822, Business Insurance, 740 N. Rush St., Chicago, IL 60611-2590.

VICE PRESIDENT INSURANCE CASUALTY SALES

John P. Pearl & Associates, a leading national broker and third party administrator, headquartered in Peoria, Illinois is searching for a Vice President of Casualty Sales to fill a newly created position in our rapidly growing organization. Candidate must have a college degree and 5-10 years of casualty sales experience, ideally, in the Realtors Errors & Omissions and Lawyers Professional Liability areas. Vast experience and knowledge in development of new Professional Liability Errors & Omissions programs is required. The right candidate will be a self-motivated, results-oriented, possess a professional image, and be an energetic person capable of taking a program from the conception stage to the finished product in an efficient fashion. Property & Casualty license required. Extensive travel is required and relocation to Peoria, Illinois is a must. The right candidate will be offered an excellent compensation package including base salary and incentive plan for this exciting position. Please send or fax your resume with cover letter, including salary history and salary requirement, and at least 3 references (including phone numbers) to:

Greggory S. Ketay
Vice President
JOHN P. PEARL & ASSOCIATES
4815 N. Prospect Road
Peoria, IL 61614
FAX: (309) 688-9099
Principals Only, No Phone Calls Please

**WANTED
SMALL P&C INSURANCE CO.
U.S. LICENSED ONLY
PRINCIPALS ONLY
CONTACT MR. WILSON
1-510-732-9895, EX. 132.**

TRUCK AGENTS

Stop Wasting Your Time
Improve Your Hit Ratio
Increase Your Market Share
We Sell Truckers X-Dates
"NATIONALLY"
800-288-XDATES (9328)
Not Available in All States

TEXAS BROKERAGE OPPORTUNITIES

- Account Executive
CPCU or ARM required
 - Casualty Marketing
Retail marketing exp.
 - Training Director
Property/casualty
 - Energy Broker
Retail or wholesale
- INSURANCE EMPLOYMENT
SPECIALISTS
8214 Westchester #500
Dallas, Tx. 75225**

GET RESULTS ADVERTISE IN THE PROFESSIONAL MARKETPLACE

CALL



312-649-5340

HELP WANTED

HEALTH PLAN ADMINISTRATOR
\$3300-4013 MO. EQ.

Rewarding opportunity to administer County's new self-funded, managed care, point-of-service, health benefit plan. Req's combination of BA/BS degree & 3 years relevant management level exp. (CEBS designation may sub. for 2 yrs educ.) Add'l directly related exp. may sub. for educ. yr-for-yr. ARM, CIC, CLU or completed coursework, a plus. Open until filled. PA #93-077. **Merced County Human Resources Dept., 2222 "M" St., Merced, CA 95340, (209) 385-7682, AA/EOE/Drug Free Employer, CA Relay (800-735-2929) for hearing impaired.**

Business Insurance

Circulation Breakdown*

Commercial Consumers

Administrative:
CEO's Presidents, and Owners 2,681
Vice-Presidents, General Managers and Other Administrative Personnel 4,140

Financial:

Chief Financial Officers and Vice-presidents of Finance 2,495
Secretaries, Treasurers, controllers and other Financial Personnel 3,702

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 15,094

Sub-total 28,112

Associations 385
Government, unions and Educational Institutions 1,075

Commercial Consumers

Sub-total 29,572

Insurance Agents and Brokers 8,714
Insurance Companies . . . 7,981
Accountants, Actuaries, Attorneys & Consultants . . . 3,532
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers 1,936
Others Allied to the Field 1,081

TOTAL 52,816

* Source Business/Occupational breakdown of qualified circulation, May 31, 1993 issue, as submitted to BPA for June 1993 BPA Publisher's Statement.

"Where Professionals Insure Their Careers"

Our clients, leading Fortune 500 organizations, are currently implementing cutting-edge Safety Loss Control programs focusing on modern safety management concepts, and organizational & motivational skills. Will assist in the development & implementation of programs aimed at reducing accidents & providing a safer work environment. These programs will serve as key elements of a totally integrated Worker's Compensation Cost Containment program, which will also encompass Claims Management, Medical Management, and Return To Work. Must have 5+ years related experience leading & motivating organizations, along with a proven track record of accomplishments. Salaries \$55-65,000. Positions available in the Southeast, Northeast, Southwest & Pacific regions. For immediate consideration, please contact Richard Meyers or Mike Tannenbaum. 15 James Street, Main Level, Florham Park, NJ 07932
Call 201-765-9000 • Fax 201-765-9009

**RMA RICHARD MEYERS
& ASSOCIATES, INC.**

Texas Municipal League Intergovernmental Risk Pool UNDERWRITER

This is a career position dedicated to workers' compensation, property and casualty underwriting in a new department with opportunity for utilizing strong underwriting skills.

Requirements: Comprehensive knowledge of the insurance industry, insurance principles and rates as applied to workers' compensation, property and casualty; ability to analyze and interpret policies and procedures; knowledge of automated rating systems and their applications. Experience underwriting municipal type entities a plus. Bachelor's degree plus three years progressive underwriting experience in workers' compensation, property and casualty. Professional designation preferred.

Position is located in Austin. We offer excellent pay and full benefits package. If you are looking for a career with a growth-oriented organization, send resume, salary requirement, and letter of interest to: Underwriter, Texas Municipal League Intergovernmental Risk Pool, 211 E. 7th St., 3rd Floor, Austin, TX 78701
Equal Opportunity Employer

RECRUIT THE INDUSTRY'S MOST QUALIFIED CANDIDATES.

The most talented men and women in the insurance industry know where to turn when they want to make their moves.

The Professional Marketplace

Call 312/649-5340 for advertising details.

Continued from previous page expect the opposite," said Nina Lansky Falci, supervisor of benefits and compensation for Engineering Research Associates in Vienna, Va.

Others say Clinton's plan is excessive. "It's like taking machine guns and grenades to tackle a problem they could have used a rifle for," said Lewis Lavosky, director of human resources for Jewish Federation of Chicago, a non-profit social welfare agency with 17,000 employees.

Many benefits executives are upset about giving up the responsibility for managing their employer's health plans to the government or to purchasing alliances.

"Right now I run the whole show and, frankly, I enjoy it. The possibility that it'll be taken out of my control bugs me. It bothers me not only because I like my job, but also because I think our em-

ployees—my constituents—will suffer as a result," said Ms. Falci.

Other employers worry their efforts to improve the health care system will be jeopardized if they are out of the loop.

Under the Clinton plan, the National Health Board is responsible for managing quality and developing performance standards for providers and health plans.

"We've worked hard to control our costs, and we've had some success," said Mr. Martens of SNET. "I'd hate to see that go away if we lose control over what we accomplished."

But, he added, some benefit managers may welcome a diminished role in controlling health care costs. "Employee benefit managers have gotten so far into this health care maze... we had to spend all our time getting our arms around it. Maybe now, there will be some time to get out of the office at a decent hour." **BI**

Health reform questions

Respond to employees in usual communication style

By NANCY P. JOHNSON

Just what can a benefit manager tell an employee about health care reform?



As questions from employees trickle—or gush—into employee benefit departments, some benefit managers are ready with answers, albeit carefully-worded ones.

Others are preparing to address employees' concerns about the possible impact of health care reforms as they conduct open enrollment for next year's health plans.

While employers should be ready to answer individual employees' most frequently-asked questions, whether or not to proceed with a formal communication effort depends on the company's style of communicating, consultants say.

A company that "has a track record of being forthcoming on such issues should continue to do so," said Charles E. Ginsberg, managing director-research and training services at Alexander & Alexander Consulting Group Inc. in Newburyport, Mass.

But, there are pros and cons to answering employees' questions now, benefit advisers say.

For example, some hidden issues—like whether tax advantages for flexible spending ac-

counts will be killed under proposed health care reforms (BI, Sept. 20)—should be brought out into the open, they say.

And, because some employers have been spending so much time and effort educating employees on health reform, it would be a shame to miss this opportunity to make a statement on it, said Marcia Inch, a principal at William M. Mercer Inc. in Stamford, Conn.

Some employers have already fielded employees' questions on how proposed health reforms will affect them.

After President Clinton's speech on health care reform last month, "employees are very interested" in health reform, said Arthur J. Young, benefit manager for *Continued on next page*

Insurance Services Guide

SBPA
SYSTEMS
BENEFIT ADMINISTRATION SYSTEMS
FOR TODAY AND BEYOND.
1-800-444-1189

InPhoto Surveillance
Experts in long range video surveillance. Agents stationed within a 3 hour drive of 80% of the U.S. population.
Toll Free 800-422-4220 FAX 800-752-0720

To advertise in the **INSURANCE SERVICES GUIDE**

Contact:
Lisa Mazzetti...
740 N. Rush St.
Chicago, IL
60611-2590

Phone:
312-649-5340

FAX:
312-649-7799

To Be Heard...
You Have To Be Seen!

THE FACT THAT YOU'RE READING THIS DEMONSTRATES THE POWER OF ADVERTISING IN BUSINESS INSURANCE.

Control Staffing Costs
In Medical/Dental Claims Processing

Use CSRG's **FLEXIBLE STAFFING** to:

- Reduce staffing costs immediately
- Increase claim production instantly
- Reduce overhead permanently

CSRG
CLAIM SERVICES RESOURCE GROUP

800-288-3920

Proven Results in Over 1,300 Companies Nationwide.

The Total Managed Care Solution for HEALTHCARE CLAIMS MANAGEMENT

CLAIMS	ADMIN	COBRA
PPO	e	FLEX
REPRICING	UR	REPORTS

- CPT/ICD-9 CLAIMS EDITS
- AUTOMATED DATA CONVERSION
- ELECTRONIC DATA IMAGING
- ELECTRONIC CLAIM SUBMISSION
- "24 HOUR" INTEGRATION
- MANAGED CARE INTERFACE

... 12 YEARS & OVER 70 INSTALLATIONS NATIONWIDE
... FOR TPAs, INSURANCE COs & SELF INSUREDs
... WIDE RANGE OF OPERATING SYSTEMS

ELDORADO COMPUTING INC.
2880 E. Northern Ave - Suite 4 - Phoenix, AZ 85028 - 602-493-0288

WLT
Software of Florida, Inc.

Insurance Software Specialists

- Sophisticated Software
- Quality Service
- Affordable Pricing

- HEALTH CLAIMS ADMINISTRATION AND BILLING
- CLAIMS EDITING SYSTEM AND BILL REVIEW SERVICES
- WORKERS' COMPENSATION CLAIMS ADMINISTRATION
- FLEXIBLE BENEFITS SOFTWARE, COMMUNICATIONS AND CONSULTING

STAND ALONE AND NETWORK BASED PC SYSTEMS
Call today for more information or a free demonstration - 813/442-9296
831 NORTH HERCULES AVENUE • CLEARWATER, FLORIDA 34625
... THE INDUSTRY'S ONLY TRUE 24 HOUR SOLUTION SOURCE.

AssuranceWARE

Common Sense Software for the Insurance Industry

- Workers' Compensation
 - Policy Administration
 - Rating
 - Claims Administration
 - Premium Billing/Accounting
- Workers' Compensation Managed Care
 - PPO Management
 - Billing & Administration
 - Utilization Review
 - Pre-Certification Management
- State Medical Fee Schedule
- Reasonable & Customary Bill Processing
- Rehabilitation Case Management

Call today for more information and for a **FREE** demonstration diskette.

PROGRESSIVEDATASOLUTIONS, INC.
1320 N. SEMORAN BLVD., SUITE 205 ■ ORLANDO, FL 32807 ■ 407-382-5920

IBM Business Partner
Industry Application Specialist

ISP Insurance Software Packages
A (PMSI)® Company

- ✓ **Micro & LAN Based Claims Systems since 1985**
Workers Comp W/ Fee Schedule & PPO
Employee Benefits
Auto, GL, Property
- ✓ Fee Schedule and PPO repricing System
- ✓ First Notice of Injury Service & Software
- ✓ Over 300 Systems Country Wide
- ✓ Powerful, Complete systems, Easy to use
- ✓ Mini & Mainframe Integration
- ✓ Certified IBM, Novell, Microsoft

ISP systems can provide information interfaces with the PMSI family of services and other 3rd party systems and services. For the best in claims and cost containment software, Call ISP.

Call us for more info at 800-237-8133

Benefit advice

Continued from previous page
Hewlett-Packard Co. in Palo Alto, Calif.

Employees are asking how health reform will affect them, how it will affect the company's costs, and if Hewlett-Packard will join a regional alliance or form its own corporate alliance, he said.

But answering those questions isn't so easy. "We are telling employees that we are studying the president's reform proposals, and that we don't have a lot of specific answers right now," said Mr. Young.

In the meantime, "we have told employees that we will be updating them on health reform through our quarterly employee publications," he added.

Health care reform also extends to state efforts, which employers may want to educate employees about. Mr. Young noted that until now, initiatives for state health reform acts didn't affect Hewlett-Packard because it has a self-insured plan, which is exempt from state benefit law.

But this may change, he said, noting that President Clinton proposed in his speech that states be allowed to set up their own sin-

'We're telling employees we don't have a lot of specific answers right now,' says Art Young.

gle-payer systems and bar employers from establishing their own health plans.

Meanwhile, at other companies, employees are not exactly storming the benefits department seeking answers.

"We haven't received any questions from employees" on health reform, said Martin S. Brown, corporate manager-employee benefits at The Clorox Co. in Oakland, Calif. "We are not yet on the bandwagon telling employees how health reform will affect them," because we feel that any legislation is years away, he said.

At Monfort Inc., questions on health reform are coming from managers, not rank-and-file employees. Managers "are asking how health reform would affect the company financially," said Lucille Gallagher, vp-risk management for the Greeley, Colo.,

meatpacking company.

Some benefit managers are waiting for something concrete to come out of Washington before addressing the issue to employees.

"When we do get requests for information on health reform, we will say it is too early to tell," said Ms. Gallagher. "We will send out a communication to employees when we know how it will affect them," but that should take at least a year, she said.

Cathy Wooster, benefits planning manager at Barnett Banks Inc. in Jacksonville, Fla., agrees. "Our efforts are to help people understand the benefits they currently have," she said.

Although Marriott Corp.'s benefits department hasn't received questions from employees about health reform, "I really anticipate we will over the next few months," said Robert Dankmyer, vp-employee benefits in Washington. "Very little of the president's proposal looks positive for us."

Whether or not to send out a newsletter or other communication about health reform depends on a company's corporate culture, consultants say.

"Some companies want to show a caring attitude, or calm fears, or show they are on top of things," said Nancy Winfield, communications consultant at Hewitt Associates in Lincolnshire, Ill.

But such communications should be carefully worded, consultants warn. "I would give them the basics, say it is far from settled and that nothing is likely to change this year or next year to affect employee health plans, and that 'when we know, we will let you know,'" said Mr. Ginsberg of Alexander & Alexander Consulting.

On the other hand, some issues should be brought to employees' attention, he said. For example, the most recent draft of the Clinton administration health care plan would eliminate tax advantages for flexible spending accounts. Benefit managers at companies with flex accounts should let employees know that "nothing has happened to flex accounts this year," so people should use them while they can, said Mr. Ginsberg.

Employers should take advantage of open enrollment to make a statement to employees about health reform, said Merger's Ms. Inch. The company should let employees know it has experts studying the proposal's implications for the company, and that any decision it will make will be in the best interests of the company and its employees, she said.

The company can use this as an opportunity to endorse the underlying concepts of health reform: universal coverage, long-term cost containment and quality of care—without endorsing any particular proposal, she said.

And, a communications program can help employees understand terms like HMO, PPO and regional alliance, she said.

If a company chooses to address health reform in its employee communications, there are some points to keep in mind, said Hewitt's Ms. Winfield:

- Employees have strong and divergent opinions about health reform.
- Remind employees that health reform will involve a long legislative process.
- Talk about the company's objectives in providing benefits in the future, but avoid making promises.
- Tell employees how they can express their own views—either to the company or to their legislators.

The IRI Difference:

IRI Fire Wall Research Leads To Improved Fire Protection

HARTFORD, CT—Industrial Risk Insurers has taken the guesswork out of building fire walls. "Industry has been using



Stanley Couvillon

fire walls for decades," explained Stanley J. Couvillon, Vice President—Loss Prevention, "but there has been no clear-cut definition of what a fire wall is and how one should be built. "IRI changed that," he said.

"We identified four types of fire walls differentiated by how they are built and how their fire resistance is rated.

"Now," he said, "managers can be more certain that they have a fire wall that will give them the level of protection they need—protection that can help keep their product streams flowing and their people employed."

To help the marketplace benefit from this information, IRI has publicized it in *IRI Information*, its technical manual; *The Sentinel*, its quarterly loss

prevention magazine; and trade journals such as *Plant Engineering* and *Chemical Engineering*.

To help its insureds benefit, IRI is going one step further: it is making its consultants available to clients when planning and building fire walls. "That advice is just one facet of the loss prevention consulting we offer to clients during renovation and new construction projects," Couvillon said. "This type of loss prevention consulting is just one more example of 'The IRI Difference.'"



Fire leveled the 40,000 square-foot building that stood in the foreground. However, the fire wall to the rear stopped the fire from spreading to an adjacent building.

For details about the construction and value of fire walls, contact your servicing IRI office or IRI Marketing (800) 243-8308 (in Connecticut, call Trish Sasso 520-7412).

IRI

can make a difference

Lobbyist sees obstacles to reform

By CHRISTINE WOOLSEY

CHICAGO The size and complexity of President Clinton's health reform proposal likely will impede any chances of its passage in 1994, a Washington lobbyist predicts.

Indeed, the President's dramatic overhaul of the current

U.S. health care system, which arguably may become the largest piece of legislation since the Social Security Act of 1965, will be endlessly debated over the next year—in Washington and in board rooms and living rooms across the nation.

Already 28 committees and subcommittees are set to hold hearings on the merits and pitfalls of the plan, noted Carol McDaid, a lobbyist with R. Duffy Wall & Associates Inc. in Washington.

But there are several important political variables that could shape the outcome of the president's proposal, Ms. McDaid said during a session at the International Foundation of Employee Benefit Plans' 5th Annual Corporate Benefits Conference,

held Sept. 20-21 in Chicago.

For example, one of President Clinton's powerful aces in the hole, Dan Rostenkowski, D-Ill., chairman of the House Ways & Means Committee, is facing political and legal problems, and he may be forced to resign.

If that happens, Ms. McDaid predicts there could be a four-way race for the chairmanship of the Ways and Means committee—and his replacement could change its political complexion.

Among potential candidates to take over the chair is Rep. Sam Gibbons, D-Fla., who is next in line for the chairmanship based on seniority, Ms. McDaid said. However, Mr. Gibbons is known to favor a single-payer health care system, rather than the managed competition-based model President Clinton is proposing.

Rep. Charles Rangel, D-N.Y., who also favors a single-payer plan, may attempt to win the chair, she said. Rep. Rangel currently chairs the Select Revenue Measures Subcommittee of the Ways and Means Committee.

Meanwhile, Rep. Barbara Kennelly, D-Conn., who is known to have "strong insurance industry ties," also may be in the running.

She currently sits on the Trade Subcommittee of the Ways and Means Committee. And, Rep. Robert Matsui, D-Calif., who also has strong insurance industry and employer community ties, may vie for the post, Ms. McDaid noted. Rep. Matsui sits on the Human Resource and Trade subcommittees.

Any change in committee leadership will slow the progress of health care reform, she added.

In addition, Rep. Fortney "Pete" Stark, D-Calif., chair of the Ways and Means Health subcommittee and a strong supporter of a single-payer "has staked out ground as an antagonist of Clinton's plan," she noted.

Meanwhile, President Clinton's allies will be working overtime to woo support from Republicans, who are introducing a bill of their own in the Senate.

"Sen. John Chaffee, R-R.I., is a relatively liberal Republican, but he's not good pals with (Senior Domestic Policy Adviser) Ira Magaziner," Ms. McDaid said. Nonetheless, Sen. Chaffee is "being courted heavily by the administration now because President Clinton needs some Republican votes."

While the Senate Republicans' health reform bill, introduced by

Sen. Chaffee last month, embraces some concepts of managed competition set forth in the Clinton proposal, it does not include an employer mandate.

"It important to note, though, that the two camps usually on opposite sides are moving toward the center," Ms. McDaid said.

In addition, the Conservative Democratic Forum, led by Rep. Jim Cooper, D-Tenn., will introduce its revised managed competition-based health reform proposal.

"It will be interesting to see if any conservative Democrats can be brought back into the Clinton fold. They see their version of managed competition giving way to more governmental regulation under the Clinton plan," Ms. McDaid commented.

Large employers can have some influence in how the battle plays out. "I don't think the whole Clinton plan will be chucked, but major revisions will occur. The key is to look at the negotiable areas. Look at differences between the Clinton and Chaffee plans and look at areas Clinton will have to give up to gain Senate Republican votes," she suggested. "My advice to large employers is: Pick your battles. And, come to Washington, D.C., to be heard."

State reactions

Continued from page 1

dent's willingness to compromise.

The heart of the Clinton proposal, which the president broadly outlined last month, would require states to set up regional health alliances that would contract with health plans and offer coverage to alliance members. Employers would have to pay for about 80% of the cost of coverage for their employees.

The alliances also would provide health plan cost information and quality assessments to consumers and establish fee schedules for providers in fee-for-service plans.

But, the proposal would allow states to establish single-payer systems or establish a single health alliance.

The proposal, though, is silent on the fate of the reforms—some of which fall between those options—already enacted in more than a half-dozen states: Hawaii, Florida, Oregon, Minnesota, Vermont, Washington and California.

By far, Hawaii's health care system is the furthest along. Hawaii for years has required most employers to provide a generous package of health benefits to employees who work at least 20 hours a week.

About 98% of Hawaii's 1.1 million residents are insured, and health care costs in the state are about 60% of those in California, pointed out Gov. John Waihee, a Democrat. In addition, Hawaii is implementing a program to cover the remaining uninsured population as well as residents covered by Medicaid and the state's general assistance program.

"We're the only state in the nation that is looking at what we would lose" if the Clinton proposal is enacted, observed the governor, who otherwise lauded the proposal.

Gov. Waihee's greatest concern is the health care alliances that President Clinton proposes. Hawaii does not have such alliances.

Alliances may give health insurance purchasers in other states buying clout with health plans, but "we want to know how a health care alliance can improve our position," Gov. Waihee said. "Since our system is already in place, creating a health care alliance where it's not needed is creating additional bureaucracy."

Despite his concerns, Gov. Waihee believes that the Clinton proposal is "the best deal states have seen."

Florida health system officials also applaud the president's proposal, but they do not like the employer mandate.

Florida's 1993 health care reform law draws on the managed competition concept but varies from it in several ways (BI, April 12). Most notably, Florida's system offers only small businesses the opportunity to voluntarily join health care purchasing alliances. The alliances cannot negotiate rates with health plans, but they will recommend plans to their members.

The Florida Health Care Administration believes that employers will want to cover their employees through alliances once all system reforms have been implemented, a spokesman said. An employer mandate could be sought later from the Legislature if all employers do not voluntarily cover their workers, he said.

"We're dealing with a governor whose philosophy is the carrot-and-stick approach," the spokesman said.

Oregon health officials worry most about the national benefit package the president proposes.

The Clinton administration earlier this year waived Medicaid regulations for Oregon so the state could implement its medical services ra-

Continued on next page

Hillary Clinton

Continued from page 1

out prepared notes and without consulting any of her entourage.

By and large, her congressional hosts did not make her answer tough questions. Instead, committee members wanted to know such things as when Mrs. Clinton's husband would have the administration's health care legislative package ready, how the plan would achieve the savings it promises and why any business would want to establish its own corporate alliance if the premiums paid by businesses in regional alliances would be capped at 7.9% of payroll.

They also asked what role third-party administrators would play under managed competition and how much it would cost for the government to assume the bulk of early retiree expenses, as well as how much flexibility states would have in overseeing health care within their borders.

Mrs. Clinton answered the questions as much as time allowed, paying no attention to the constant volley of flash bulbs that flared throughout her testimony.

Democratic lawmakers liked what they heard and lavished praise upon the First Lady for her role in shaping the program as well as the program itself. Most of the Republicans were more restrained in their adulation, although they lauded Mrs. Clinton for appearing and promised to keep health care reform a bipartisan issue.

But, Sen. James Jeffords, R-Vt., went a step farther than his GOP colleagues with his pledge of bipartisan support. Health care reform must be bipartisan, he said, and "I know of no better way to insure it than to join as a sponsor of your legislation upon its introduction."

At Mrs. Clinton's appearance before the House Ways and Means Committee, Chairman Dan Rostenkowski, D-Ill., asked if the administration still planned to submit its program on schedule, which would be sometime in mid-October. The First Lady replied in the affirmative.

The questioning grew more technical when Rep. J.J. Pickle, D-Texas, said that small businesses in his district often used third-party

claims administrators to help keep their health care costs down. Since the Clinton plan calls for all employers with fewer than 5,000 active employees to join large regional alliances, Rep. Pickle wanted to know why small employers that had positive experiences using TPAs wouldn't have that choice under the Clinton plan.

Mrs. Clinton replied that TPAs would retain a role as advisers to the health plans that contracted with the purchasing alliances. The administrators' new role would be to make sure that the health plans provided services efficiently, she said.

While not disputing Mrs. Clinton's assessment, Rep. Pickle said he couldn't find any reference to the TPAs in the plan.

Rep. Nancy Johnson, R-Conn., and one of the GOP's chief health care experts, asked Mrs. Clinton what assurances existed that the payroll tax on employers that join the regional alliances would remain at 7.9% and not increase over time as the Social Security tax has.

Mrs. Clinton did not give a concrete assurance, saying instead that health care costs already are much higher than they should be. The administration knows that it can wring savings from the system, she said; the question is how much and how fast.

Dingell to support Clinton plan

WASHINGTON—House Energy and Commerce Committee Chairman John D. Dingell, D-Mich., has long been an avid supporter of a single-payer health care system.

But the powerful congressman recently said he supports President Clinton's managed competition approach "with great enthusiasm" and is conspicuously absent from the list of 90 co-sponsors of a competing measure that would create a single-payer system along the lines that Rep. Dingell—and his congressman father before him—supports.

Fielding questions at the National Press Club in Washington last week, Rep. Dingell may have indicated why he has chosen to support President Clinton's gradualist approach.

Rep. Dingell said he still thinks a single-payer system is best for the country but called the Clinton plan "the first and best opportunity" for health care reform in years.

But, when asked whether the Clinton program is a mere way station to a single-payer system, the congressman smiled and said, "It is possible."

—By Mark A. Hofmann

When Mrs. Clinton faced the House Energy and Commerce Committee later on her first day of testimony, Rep. Alex McMillan, R-N.C., asked Mrs. Clinton why any employer would want to form its own alliance given the additional financial burdens it would assume.

Rep. McMillan, formerly president of a supermarket chain, noted that corporate alliances won't have their premiums capped at 7.9% of payroll, as would employer premiums paid to regional alliances. He also noted that corporate alliances will have to pay an additional surcharge, probably about 1% of payroll, to support certain aspects of the plan.

Mrs. Clinton replied that some employers believe that they could keep their costs below the premium cap, so "it's strictly an economic calculation," she said.

Several of Mrs. Clinton's questioners wondered whether states would be permitted to seek savings by imposing all-payer reimbursement caps.

Sen. Jeffords was particularly interested in Mrs. Clinton's answer and wanted to make sure that regional alliances and corporate alliances would be governed by all-payer rate caps if a state chose to impose them. Mrs. Clinton assured him that states would have that power.

Regarding a different type of

cap—a tax cap on employer-provided benefits—Mrs. Clinton told Sen. Jeff Bingaman, D-N.M., that immediately limiting the level of non-taxable benefits an employer could offer wasn't included in the plan because imposing it immediately would subject 35 million Americans to an "unfair" tax. The cap would instead be imposed over a decade "to give everyone enough notice," she said.

Under the administration's proposal, employees could continue to receive tax-free benefits that exceeded the standard benefit package for 10 years after the enactment of the legislation.

Rep. Fred Grandy, R-Iowa, pressed Mrs. Clinton politely on the administration's plan to have the government assume most of the health care costs of people who retire between the ages of 55 and 65. He asked if the administration had put a price tag on this provision and whether it would be willing to negotiate on coverage for early retirees.

Mrs. Clinton said the program would initially cost about \$4.5 billion. "How fast we do that, the number of retirees that are covered, the extent of the coverage, the sharing of the responsibility—all of that is something that we want to be sure works out," she said.

Only when Mrs. Clinton faced Rep. Dick Arme, R-Texas, did she grow combative. Rep. Arme had earlier criticized the plan as a "Dr. Kevorkian prescription" to kill U.S. jobs, referring to retired Michigan pathologist Jack Kevorkian, who has assisted in numerous suicides. Rep. Arme told Mrs. Clinton that "while I don't share (House Education and Labor Committee Chairman William Ford, D-Mich.'s) joy at our holding hearings on a government-run health care system, I do share his intention to make the debate as exciting as possible."

"I'm sure you will do that, you and Dr. Kevorkian," replied Mrs. Clinton.

"I have been told about your charm and wit. The reports of your charm are overstated and the reports on your wit are understated," replied the red-faced lawmaker, who then laughed and left the hearing. BI

State reactions

Continued from previous page
tioning plan (BI, March 22). By eliminating Medicaid coverage for hundreds of services that have little or no impact on health outcomes, Oregon hopes to extend coverage to 120,000 more poor people in the state.

Authors of the state's 1989 pay-or-pay health care legislation intended that the basic benefit package that employers would have to offer workers would be substantially similar to the Medicaid benefits, though the law did not spell that out. Earlier this year, legislators passed a measure that calls for appointing a health administrator to determine a basic benefits package.

"We would hope that as part of state flexibility to apply for a waiver (of the national benefit package mandate) to stick with the services we've signed up for here," said Kevin W. Concannon, director of the state's Department of Human Resources, which oversees the state's health plan as well as acts as the state's health and social services agency. "We have broad support for it here. We would hate to go backward."

Oregon legislators earlier this year also delayed the employer mandate to 1997 from 1995 and called for a study of whether to instead impose a mandate on individuals to purchase coverage.

Still, "Oregon would find it relatively easy to move from the Oregon health plan... to the main elements in the Clinton health plan," Mr. Concannon believes.

Minnesota Commissioner of Health Mary Jo O'Brien does not see anything in the Clinton draft proposal that would prevent the state from moving ahead with its health care reforms.

But, the Clinton proposal does raise some concerns.

Among the reforms Minnesota is pursuing is a plan to reduce health care cost increases by 10% annually over a five-year period by encouraging providers to participate in so-

called integrated service networks. ISNs are comparable to accountable health plans under the Clinton proposal.

Minnesota, though, is not forcing health care purchasers into health alliances.

That portion of the Clinton proposal concerns Ms. O'Brien because many employers in Minnesota have joined purchasing cooperatives that give them buying clout with providers, allowing them to better control their health care costs (BI, July 13, 1992). The Clinton proposal generally would allow only employers with 5,000 or more employees to form their own health alliances.

"We're concerned about having an effective system in place here," she said.

Officials in other states that have charged ahead in reforming the health care system say the Clinton proposal would not undercut their reform efforts.

The president's plan looks very similar to the health care system reforms that Vermont is contemplating, said Gov. Howard Dean, a Democrat.

The Vermont Health Care Authority is scheduled to recommend by November how a regulated multiple-payer system and a single-payer system could achieve universal coverage in the state. All four models it was considering earlier this year were based on managed competition (BI, March 26).

Washington state's 1993 health care reforms include many elements contained in the Clinton proposal. Among those are a mandate on employers to cover a portion of the cost of the comprehensive benefits package that individuals in health alliances would purchase from health plans; community rating with risk adjustments; and limits on health care inflation rates.

However, under the state reforms, employers could be responsible for as little as 50% of the cost of coverage. Washington also bars fee-for-service plans after July 1995.

The Clinton draft proposal and the Washington state reforms "are

so similar, I'm sure they can be accommodated," said Margaret Stanley, administrator of the Washington State Health Care Authority and the vice chair of the commission that recommended most of the reforms that were passed.

Likewise, an official with a California agency responsible for lining up insurers to participate in a voluntary health insurance purchasing pool for small firms sees no conflicts between that program and the Clinton proposal. Indeed, the agency could gear up relatively swiftly to regulate a managed competition health system envisioned by the Clinton administration, said Richard Figueroa, a deputy director with the Major Risk Medical Insurance Board in Sacramento.

Under the small-group program, which started in July (BI, April 5), 1,000 businesses with five to 50 employees are covering a total of about 15,000 employees and their dependents. The businesses buy coverage through six statewide pools that resemble health alliances. The pools offer between four and 10 managed care plans, which are subject to rate bands.

Participating health plans must guarantee coverage and renewals, and pre-existing condition exclusions are limited to a single six-month period.

Some governors and state officials also are concerned about the health care system financing assumptions included in the president's proposal. Many others also are concerned about the amount of flexibility they would have to manage the Medicaid program.

While states that already have enacted health care system reforms may have to sort out the differences between their plans and the Clinton proposal, others are in worse shape, observed a Standard & Poor's Corp. official.

"States that have to really grapple with this plan are the ones that have done nothing," said Elissa Granick, an S&P director in New York. "They're the ones that have to play catch-up." ■

Update

AMA takes aim at Clinton plan

CHICAGO—The American Medical Assn. is trying to rally support for its fight against several key parts of President Clinton's American Health Security Act.

The association, which represents 290,000 U.S. doctors, or about 43% of the total, adamantly opposes a proposed health spending budget, which would establish a target for how much the weighted average premium for a standard benefits package may increase each year. Artificial spending controls have never worked and will lead to rationing of care, the AMA contends.

The group argues that the president's plan inadequately addresses medical malpractice liability, in part because the proposed cap on attorneys' fees is similar to the share of awards attorneys now get from clients. And, the proposal does not cap non-economic damages.

The proposal also would hurt the quality of health care by discouraging fee-for-service medicine, the AMA says.

The organization does support universal coverage, a standard benefits package, and an employer mandate to provide health insurance for all full-time workers and their families.

A&A sees third-quarter loss

NEW YORK—Alexander & Alexander Services Inc. is citing its Alexander & Alexander Consulting Group unit as a primary reason for a still-undetermined loss to be reported in the third quarter.

A&A also expects to add an as-yet undetermined amount to reserves for professional liability claims, a spokesman said. Other factors cited for the poor results are weak North American insurance prices, difficult economic conditions worldwide and the impact of low interest rates on fiduciary investment income.

Results are expected to be released the week of Oct. 25.

Separately, the company said it has reached an "understanding" with the Internal Revenue Service's appeals office on the settlement of tax issues for the years 1980 through 1986. The understanding, which is subject to further governmental review, would result in a settlement that is within the company's previously established reserves, said the spokesman.

USF&G share price drops

NEW YORK—Despite an 11.5% drop in United States Fidelity & Guaranty Corp. stock last Thursday, the insurer's successful recovery program remains on track, securities analysts say.

"The whole insurance sector was down," reflecting a jittery bond market, said Gloria Vogel, first vp with Lehman Bros. in New York.

"There's no reason to believe there has been any change in direction" of USF&G's management philosophy, said Bob Hogue of Firemark Inc. in Parsippany, N.J.

USF&G shares fell to \$14.38 from \$16.25 after Kidder Peabody Co. analyst Steven A. Gavios cut his per-share earnings estimate to 50 cents from 65 cents because of declining investment income and higher catastrophe reinsurance prices.

Briefly noted

London market observers expect insured losses from last week's devastating earthquake in India to be minimal, though estimates of the damage were unavailable. The quake, which was centered in an agricultural region, reportedly killed as many as 10,000 people. Few commercial losses were reported and despite extensive damage to homes, most homeowners insurance losses are expected to be retained within India's nationalized insurance market... The government of Peru has agreed to pay \$184.7 million plus about \$51.3 million in interest to American International Group Inc. and several other insurers. The payments will settle claims relating to Peru's expropriation of Enron Corp. oil and gas wells in 1985... A.M. "Bud" D'Alessandro, chairman and chief executive officer with the Alexander & Alexander Consulting Group Inc., died Friday in Houston of injuries he sustained during an August trip to Mexico City. Mr. D'Alessandro was 63... Broker Nicholson Chamberlain Colls BankAssure Ltd. is proposing a new insurance facility that would cover shipowners for liability under the U.S. Oil Pollution Act of 1990. Johnson & Higgins is assisting in the project... Winterthur Insurance Group has agreed to acquire Bellevue, Wash.-based Unigard Insurance Group from John Hancock Mutual Life Insurance Co... New York Insurance Superintendent Salvatore Curiale ordered U.S. Healthcare Inc. to cut rates 3.9% statewide. The company, which serves 315,000 customers, had sought a 6.2% average rate increase... Capital Guaranty Corp., which began trading on the New York Stock Exchange Thursday, expects to close its initial public offering this week. The company and its shareholders are selling 6.75 million shares at \$21 a share, which excludes over-allotment options granted the underwriters... A former corporate risk manager is Massachusetts' new insurance commissioner. Linda Ruthardt was previously director of risk and insurance at the New York City-based Girl Scouts of the USA... Edward J. Davey, one of the original principals of A. Foster Higgins & Co. Inc. and a member of the benefit consultant's executive committee, resigned last week to join Buck Consultants Inc. in New York as national director of health and welfare... Heidi E. Hutter, executive vp at Atrium Corp., will leave the post to serve as project director for the establishment of NewCo., the reinsurer that Lloyd's of London proposed to assume syndicates' pre-1986 liabilities... Brian Garraway, who became the first chairman of Lloyd's regulatory board in January, has died. Lloyd's Chairman David Rowland praised Mr. Garraway's contribution to the development and implementation of the market's new approach to regulatory policy... James D. Ericson has been named CEO of Milwaukee-based Northwestern Mutual Life Insurance Co., succeeding Donald J. Schuenke who retired. Previously, Mr. Ericson was president and chief operating officer.

Paul, Weiss settlement

Continued from page 1

International Group Inc. unit.

Lloyd's underwriters and other insurers on the line slip signed off on the settlement, documents show.

Paul, Weiss officials declined to comment on the firm's insurance program other than to note that the settlement is "fully covered."

Stuart Pattison, president of Minet's lawyers professional services division in New York, also declined to comment.

Paul, Weiss is the latest of several law and accounting firms that have agreed to huge settlements with the RTC over work for defunct S&Ls.

The RTC had agreed to a total of \$148 million in settlements with law firms as of July 22, not including the Paul, Weiss agreement.

The largest of these was a \$51 million settlement in April with Cleveland-based Jones, Day, Reavis & Pogue over the firm's work for the defunct Lincoln Savings & Loan Assn. The bulk of that settlement was covered by captive Attorney Liability Assurance Society Inc. (BI, April 26).

Until last month, the second-largest was a \$41 million settlement by New York-based Kaye, Scholer, Fierman, Hays & Handler over its work for Lincoln Savings. More than \$20 million was paid by liability insurers on a Minet line slip (BI, March 16, 1992).

The RTC had also reached \$186.1 million in settlements with accounting firms as of July 22, including a \$128.2 million global settlement with Ernst & Young covering the

firm's work for several failed S&Ls. Ernst & Young separately paid \$271.8 million to the Federal Deposit Insurance Corp. (BI, Nov. 30, 1992).

The RTC never actually sued Paul, Weiss, and the Sept. 23 settlement agreement does not specify any alleged wrongdoing by the firm. But documents show that the \$45 million settlement covers "claims... that could have been asserted against Paul, Weiss" including:

- \$38.9 million related to CenTrust's purchases of money-losing corporate bonds and high-yield securities after April 1, 1984.

- \$2 million in compensation CenTrust paid to its controlling shareholder, David L. Paul, after Nov. 3, 1983. Mr. Paul is facing criminal charges that he looted CenTrust and is also being sued by federal agencies over the thrift's collapse.

- \$1.8 million in losses on artwork CenTrust bought for its Miami office tower.

- \$1.5 million in fees and expenses the thrift paid to Paul, Weiss after Nov. 3, 1983.

- \$800,000 in losses to CenTrust's 401(k) plan.

The RTC is separately pursuing claims against CenTrust's auditor, Deloitte & Touche.

The agency has agreed to reduce Paul, Weiss's \$45 million settlement if Deloitte & Touche is forced to pay damages to the RTC and then obtains a third-party judgment against the law firm.

If the RTC repays Paul, Weiss,

though, it will be free to reopen its claims against the law firm, the settlement says.

Paul, Weiss has not publicly admitted any wrongdoing.

"Much as we disliked having to settle a matter where we believe we are right, getting this situation behind us was a priority, which we have now accomplished," the firm said in a memo to its staff.

Taken with other large S&L-related legal malpractice settlements, the Paul, Weiss agreement won't do much to improve the tightening market for lawyers professional liability coverage, underwriters say.

Premiums for many law firms have been rising 20% to 25% a year for the last two years, and capacity will continue to shrink, market observers say.

Robert E. O'Malley, vice chairman and loss prevention counsel for ALAS, noted that most of the big professional malpractice cases have been reported and reserved for, and that "the worst is over."

To the extent that last month's settlement sets a monetary standard for further regulatory claims, though, "it has a tremendous impact," National Union's Mr. Smith said. He added that more such settlements are coming.

Minet's Mr. Pattison sounded somewhat more optimistic. "I don't think you have seen all the claims. A number of small to medium-size firms still are in the pipeline," he said. "You can see the light at the end of the tunnel, but you're not totally out of the tunnel yet." ■

E&O ruling

Continued from page 2
Resolution Trust Corp., which continued the legal battle.

Both sides sought declaratory judgments and the trial court granted summary judgment to the policyholder, finding that the Dependable complaint was at least potentially within the scope of the E&O coverage. The court also said it would be inappropriate to declare that the insurer had no duty to defend until the liability question was resolved.

The appeals court also ruled in favor of the policyholder, but on somewhat different grounds.

Reversing the appeals court, the Illinois Supreme Court ruled that Dependable's claims are not covered under Mid-State's E&O policies.

"To construe these errors-and-omissions policies to cover the claims made in Dependable's complaint would expand the coverage beyond what was contracted for by the parties," Justice Michael Bilandic

wrote in the court's unanimous opinion.

"Under the policies at issue, the risks undertaken by the insurers are those which are inherent in the practice of the real estate profession," Justice Bilandic wrote. "Although there may be a myriad of risks to which one performing services in a real estate professional capacity may be exposed, covered risks are only those which inherently arise out of the rendering of real estate services."

"The risk of conducting one's business in an unfair and tortious manner is certainly not one inherent in the practice of the real estate profession."

The policies cover acts, errors and omissions "arising out of the conduct of the insured's profession as a real estate agent or broker, including: consultation, appraisal, property management..."

Lawyers for the insurers say the court made a critical distinction.

"The purpose and intent of the E&O policy is to protect mistakes, not business torts," said Edward F. Ruberry, an attorney at Bollinger, Ruberry & Garvey in Chicago,

which represents Coregis Group Inc. and the Resolution Group, successors to Crum & Forster Managers.

The decision also marks a return to examination of underwriters' intent in coverage disputes, Mr. Ruberry said.

Nationally, courts increasingly are ruling in disputes over insurance coverage for employment-related claims like wrongful discharge and sexual harassment, but few clear trends have emerged.

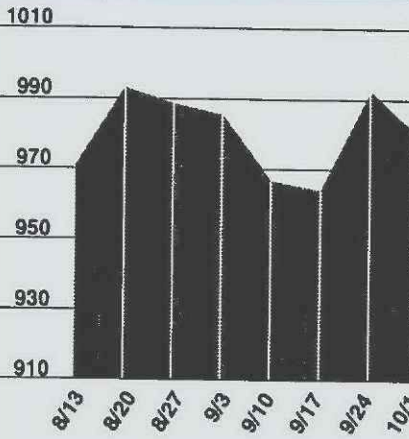
"Courts are grappling with how to relate commercial claims to general liability and professional liability policies," said Bob Franco, an attorney with Bollinger, Ruberry & Garvey.

"The courts are all over the board. There's no real precedent," he said.

The decision will not be final until Oct. 14, when the period to petition for rehearing expires.

Crum & Forster Managers Corp. et al. vs. Resolution Trust Corp., as receiver for Mid-State Savings & Loan Assn. et al., Supreme Court of Illinois; No. 74673.

BI Insurance Index



Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

Insurance industry stocks dropped last week, as the Business Insurance Index lost 9.1 points to 913.3 Oct. 1 from 990.4 on Sept. 24. Advancing issues for the week were led by: American Indemnity/Financial, up 13.2%; Fremont General Corp., up 6.5%; and Guaranty National Corp., up 5.7%. Declining issues for the week followed: USF&G Corp., down 19.0%; American Heritage Life Insurance, down 13.1%; and Seibels Bruce Group, down 12.4%. The most active issue was U.S. Healthcare, 17.0 million shares traded. The BI Index dropped 0.9%; the Dow Jones 30 Industrials gained 1.1%; the NYSE Composite rose 0.8%; and the Standard & Poor's 500 increased 0.8%.

British Issues

Sept. 30 Companies	Price pence	P/E	Div. pence	Yield %	1 week High-Low pence
Comml Union	613	N/M	32.5	5.3	613-607
Genl Accident	701	N/M	35.7	5.1	702-695
Gdn Royal Exch	212	N/M	9.3	4.4	216-212
Royal	305	N/M	6.7	2.2	308-305
Sun Alliance	385	N/M	19.0	4.9	385-377

Brokers	Price	P/E	Div.	Yield	1 week High-Low
Bradstock	125	14.7	6.8	5.4	134-125
CE Heath	390	18.9	20.5	5.3	399-390
Hogg Group	170	18.9	10.2	6.0	212-170
JIB Group	171	16.9	10.0	5.8	171-169
Lloyd Thompson	289	19.5	8.4	2.9	301-283
Lowndes Lmbrt	402	14.7	18.0	4.5	418-402
PWS Holdings	66	9.9	5.3	8.0	66-66
Sedgwick Grp	176	21.2	8.0	4.5	184-176
Steel Brl Jones	134	N/M	11.3	8.4	134-123
Willis Corroon	220	20.5	8.8	4.0	227-216

Source: Phillip Olsen, London * Estimated

Pension reforms sought on both sides of Atlantic

Efforts are underway on both sides of the Atlantic to improve the security of promised pension benefits.

Under legislation the Clinton administration will send to Congress this month, federal pension insurance premiums would nearly double, on average, for employers with severely underfunded pension plans, while pension funding rules would be stiffened.

Under current law, employers with underfunded plans pay a variable-rate premium to the Pension Benefit Guaranty Corp. of \$9 per participant per \$1,000 of underfunding with a cap of \$53 per participant. That is on top of a base premium of \$19 per participant.

The legislation, intended to shore up the PBGC's financial base, would eliminate the \$53 cap on the so-called variable-rate premium over the next three years. By removing the cap, employers with the most underfunded plans could pay premiums of as much as \$140 per participant on average, PBGC officials said last week.

The measure also would stiffen funding requirements in several ways. For example, a plan would have to maintain liquid assets equal to at least three years of benefits payments.

In addition, a rapid funding schedule that now requires employers with plans that are less than 35% funded to fund benefit increases in five years would be extended to plans that are less than 60% funded.

Other provisions would require employers to use uniform interest and mortality rate assumptions in determining the minimum contributions they must make to their plans.

Tucked into the legislation is a provision that would eliminate so-called age-weighted profit-sharing plans. Government officials say benefit structures in these plans have been so skewed that employers in some cases have been making contributions 100 times higher for older workers than for younger employees.

Federal pension officials, stressing the need for action, note that unfunded pension liabilities have jumped to \$45 billion from \$27 billion since 1987 and will continue to increase without reforms.

Meanwhile, in the United Kingdom, a committee investigating how to strengthen pension oversight in the wake of the Maxwell pension debacle is recommending new laws to protect promised pension benefits and a new regulatory body to oversee enforcement.

"The committee considers that many of its

recommendations do little more than reflect best practice and... should add few, if any, financial burdens to a well-run and properly funded scheme," said Roy Goode, an Oxford University law professor and chairman of the Pension Law Review Committee.

Among the report's 218 recommendations are: a new U.K. pension law and a new regulatory body to enforce it; minimum solvency requirements to ensure that the assets backing pension funds can meet at least 90% of liabilities at any time; restrictions on the withdrawal of surplus funds by employers; and a compensation scheme to cover pension fund deficits arising from fraud, theft or "other misappropriation."

The report also recommends that employers be allowed to close, freeze or wind up plans as long as existing pension benefits meet the minimum funding requirements.

Peter Lilley, U.K. secretary of state for social security, who commissioned the report in June 1992, described the Goode report as a "seminal work." But he said legislation would be "inconceivable" before the 1994-1995 parliamentary session.

—By Jerry Geisel and Adrian Ladbury

BI Industry Stock Report

SEPTEMBER 27, 1993, THROUGH OCTOBER 1, 1993

BROKERS	Price	Weekly % change	Year to date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt./Bk. value	Price	Weekly % change	Year to date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt./Bk. value			
				High	Low										High	Low									
ACE Inc.	NYS	25.25	-2.88	17.44	27.63	15.13	129	0.44	1.74	15	9.57	2.64	43.50	2.35	7.41	46.00	31.75	144	0.40	0.92	22	11.39	3.82		
Alexander & Alexander	NYS	20.63	-6.78	-22.17	28.88	20.63	790	1.00	4.85	22	5.02	4.11	35.88	-0.35	-11.42	44.75	32.00	186	0.16	0.45	45	17.23	2.08		
E.W. Blanch Holdings Inc.	NYS	22.75	3.41	N.A.	23.38	16.50	38	0.00	0.00	29	3.60	6.32	33.63	1.89	13.50	39.63	24.75	210	0.12	0.36	10	14.18	2.37		
Gallagher Arthur J. & Co.	NYS	31.75	2.83	12.39	37.38	24.25	71	0.72	2.27	17	6.26	5.07	37.00	4.23	13.85	37.00	28.50	16	0.00	0.00	26	16.99	2.18		
Hib, Rogal & Hamilton	NYS	13.38	0.00	-14.40	18.88	11.63	94	0.44	3.29	19	2.73	4.90	6.94	-2.62	18.09	8.25	4.25	30	0.00	0.00	3	6.84	1.01		
Marsh & McLennan	NYS	88.25	0.00	-3.42	97.63	84.50	408	2.68	3.04	20	15.03	5.87	37.25	-1.00	46.44	38.25	18.13	1178	0.80	2.15	15	21.65	1.72		
Poe & Brown	OTC	18.50	0.00	10.45	21.25	12.75	49	0.40	2.16	33	2.60	7.12	67.75	-2.69	7.33	72.00	59.25	163	2.84	4.19	12	45.85	1.48		
AVERAGE			-0.5	0.0			2.5	22																	
ACE Ltd.	NYS	33.13	1.15	N.A.	36.00	25.50	625	0.40	1.21	8	25.37	1.31	43.50	2.35	7.41	46.00	31.75	144	0.40	0.92	22	11.39	3.82		
Acceptance Insurance Cos.	NYS	14.25	1.79	48.05	15.25	6.00	105	0.00	0.00	15	9.11	1.56	35.88	-0.35	-11.42	44.75	32.00	186	0.16	0.45	45	17.23	2.08		
AEGON N.V.	NYS	49.00	4.53	17.72	50.13	40.38	56	1.22	2.49	9	32.78	1.49	14.75	4.42	-10.61	16.63	13.25	28	0.28	1.90	22	14.76	1.00		
Aetna Life & Casualty	NYS	59.63	0.63	28.23	60.50	40.25	1372	2.76	4.63	33	65.43	0.91	8.25	4.76	34.69	8.50	4.75	521	0.32	3.88	3	2.99	2.76		
Allied Group Inc.	OTC	30.50	-4.69	44.09	32.75	18.16	161	0.52	1.70	9	10.45	2.92	24.63	1.55	-0.51	28.63	20.50	41	0.56	2.27	11	18.62	1.32		
Allmerica Prop. & Casualty	NYS	60.00	0.84	18.81	62.50	45.00	37	0.44	0.73	5	46.94	1.28	61.50	-1.40	8.37	66.75	51.13	546	1.80	2.93	11	38.95	1.58		
Allstate Corp.	NYS	32.38	0.78	N.A.	33.38	27.13	2072	1.72	2.22	-57	12.26	2.64	16.75	2.29	-4.29	20.75	14.88	54	0.32	1.91	419	14.69	1.14		
American General	NYS	33.25	-2.21	16.67	36.50	23.63	2047	1.08	3.25	13	21.31	1.56	0.44	-12.40	-76.64	0.31	68	0.00	0.00	0	1.90	0.23			
American Heritage Life Ins.	NYS	19.13	-13.07	-5.17	25.34	18.91	1268	0.60	3.14	13	12.44	1.54	29.50	0.85	34.09	30.75	19.50	180	1.12	3.80	22	22.92	1.29		
American Indemnity/Fin'l	OTC	15.00	13.21	150.00	16.25	5.00	57	0.12	0.80	5	16.18	0.93	14.00	2.75	16.67	16.50	6.88	1352	0.20	1.43	6	8.65	1.62		
American International	NYS	97.88	0.64	26.56	100.25	65.84	1443	0.40	0.41	18	40.25	2.43	26.13	3.47	N.A.	26.88	22.88	2482	0.20	0.77	-9	17.14	1.52		
American RE Corp.	NYS	34.75	-0.71	-6.08	41.75	31.38	182	0.00	0.00	27	6.87	5.21	60.00	0.84	25.00	67.00	43.25	16	0.00	0.00	-	57.72	1.04		
Aon Corp.	NYS	55.50	1.37	2.78	58.50	47.13	163	1.80	3.24	18	31.79	1.75	55.63	-2.20	-1.98	64.75	49.38	269	1.12	2.01	16	15.15	3.67		
Argonaut Group	OTC	32.75	-2.24	7.38	35.50	27.00	89	1.00	3.05	10	25.52	1.28	37.75	-0.66	38.53	38.88	21.50	5196	1.60	4.24	-5	31.77	1.19		
AVEMCO Corp.	NYS	18.00	0.70	-22.99	27.00	16.75	66	0.44	2.44	20	7.75	2.32	48.50	2.76	14.11	49.75	35.25	99	0.88	1.89	17	26.00	1.79		
Baldwin & Lyons Inc.	OTC	42.13	0.30	15.41	45.00	30.00	4	0.60	1.42	10	34.75	1.21	36.00	-4.00	-13.25	43.00	34.75	0	1.00	2.78	-	28.96	1.24		
Berkley W.R. Corp.	OTC	41.75	-5.38	-2.91	50.50	36.75	165	0.40	0.96	16	26.31	1.59	44.50	2.30	4.09	46.75	36.25	475	1.40	3.15	13	37.69	1.18		
Berkshire Hathaway Inc.	NYS	16700.00	0.80	42.13	17800.00	9150.00	0	0.00	0.00	42	7742.67	2.16	53.88	-0.46	1.65	60.13	41.25	1045	0.80	1.48	14	21.25	2.54		
Chandler Insurance	OTC	4.25	-2.86	-10.53	5.25	3.50	207	0.00	0.00	16	8.87	0.48	11.75	2.17	17.50	13.00	6.50	222	0.00	0.00	14	10.48	1.12		
Chubb Corp.	NYS	83.75	-1.33	-5.77	96.38	78.38	1095	1.72	2.05	11	45.65	1.83	17.50	2.17	17.50	13.00	6.50	222	0.00	0.00	14	10.48	1.12		
CIGNA Corp.	NYS	65.13	1.36	11.09	68.00	49.75	486	3.04	4.67	11	79.82	0.82	13.88	-18.98	12.12	19.83	9.88	4025	0.20	1.44	-	9.63	1.44		
CNA Financial Corp.	NYS	85.50	-0.87	-12.76	102.88	83.75	78	0.00	0.00	-10	75.07	1.14	17.50	-2.78	-2.78	20.00	15.00	93	0.24	1.37	-5	23.61	0.74		
Continental Corp.	NYS	30.63	0.41	13.95	34.63	24.25	578	1.00	3.27	17	34.73	0.88	42.13	3.37	16.21	43.88	29.34	168	1.20	2.85	13	39.48	1.07		
EXEL Ltd.	NYS	46.63	-0.27	-1.32	52.25	40.00	563	1.20	2.57	7	29.54	1.58	24.25	4.30	5.43	28.00	20.25	160	1.08	4.45	11	28.84	0.84		
Fremont General Corp.	NYS	26.75	6.47	-22.46	28.75	16.94	122	0.72	2.69	9	19.81	1.35	31.13	0.40	N.A.	36.38	30.00	295	0.00	0.00	-	23.99	1.30		
Frontier Insurance Group	NYS	45.25	0.28	4.02	47.63	30.00	69	0.60	1.33	16	14.78	3.06	17.50	2.17	17.50	13.00	6.50	222	0.00	0.00	14	10.48	1.12		
Gainsco Inc.	ASE	12.38	4.21	-12.39	17.69	9.66	131	0.04	0.32	16	3.27	3.78	31.13	0.40											



PROTECTION FROM A DIFFERENT PERSPECTIVE.

A perspective on business insurance that comes from a combination of international roots with national presence. Strength and stability with experience and innovation.

For protection from a different perspective, get behind the shield.



Royal Insurance

YOUR SHIELD AGAINST THE UNEXPECTED.