SEPTEMBER 10, 1990

Business Insurance®

Reporting weekly for corporate risk, employee benefit and financial executives / $2.00 a copy; $75 a year

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Update

Manville to add $500 million to asbestos injury trust fund

DENVER—Manville Corp. will pump more than $500 million into the cash-strapped Manville Personal Injury Trust under an agreement-in-principle the company reached last week with the trust and a court-appointed special adviser.

The trust, the centerpiece of Manville's reorganization, was formed to pay all asbestos personal injury claims against the company, but cash-flow shortages have forced it to delay payments to victims by 10 to 20 years (*BI*, Jan. 22).

Continued on next page

AP/Wideworld Photo

Many reservists are reporting for active duty with continued employer health benefits covering themselves and their dependents.

Many employers extend health cover to reservists

By JERRY GEISEL and CHRISTINE WOOLSEY

Employers are responding to the Middle East crisis by continuing to provide group health care benefits for reservists called to active duty and their dependents.

Of 18 employers surveyed by *Business Insurance* last week, 13 will offer coverage to reservists' dependents and, in some cases, to reservists themselves, even after they are eligible for federal health benefits.

The remaining five companies say either that no decision has been made or that they will offer COBRA coverage rather than regular coverage.

Some benefit managers say they would pay the entire premium for health care coverage, including the portion previously paid by the employee, while employees are on active military duty. Typically, though, employers are requiring workers to pay the same percentage of the total premium that they paid before starting military service.

And while some benefit managers say they will continue regular group health care coverage to reservists and dependents for as long as employees are on active duty in the military, the bulk of the companies are extending health care coverage for only a couple of months. However, dependents would then be eligible to purchase COBRA coverage.

Employers are extending health care coverage even though reservists called to active duty and their dependents will receive free coverage through the government.

Activated reservists automatically receive free health care through the Department of Defense, while their dependents are covered under a free federal health plan known as CHAMPUS. That

Continued on page 100

Court says witnesses of accident can file suit

By STACY ADLER

SAN FRANCISCO—Two witnesses to a fatal accident in California may sue the companies involved in the incident for emotional distress even though the onlookers were not physically harmed and did not know the accident victim.

The California Supreme Court recently let stand a novel ruling by an appellate court that the witnesses can seek damages for emotional distress after the court inferred they must have had a legitimate fear for their own safety during the incident.

However, the state high court said the appellate court decision could not be published, which means it cannot be cited as legal precedent.

The case is unusual because a plaintiff normally must show he or she suffered physical injury or was related to someone who suffered physical injury to sue a party to an accident for emotional distress, attorneys say.

The case stems from a June 1984 accident in which a woman was killed when components of a Palm Springs Aerial Tramway car crashed through the car's Plexi-

Continued on page 88

Property/casualty profits lag. . .

By JUDY GREENWALD

The dog days of summer are coming to an end, but there's little relief in sight for commercial property/casualty insurers' decaying results.

Observers predict it will be year-end—at the very earliest—before there is any widespread rate relief, and some believe it will not occur before well into 1991 or 1992.

In addition, they note, the impact on financial results always lags behind the actual increases.

The competitive state of the market is manifested in insurers' first-half results, observers say.

"In general, earnings were pretty weak, but I think people expected that," commented Udayan Ghose, an analyst with Shearson Lehman in New York.

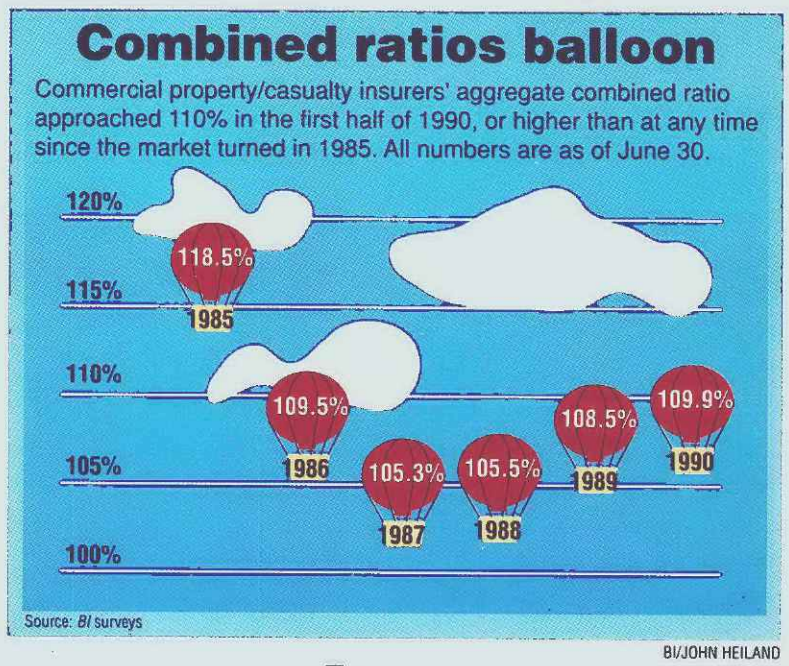
"Unfortunately, we don't see any significant change from the first quarter," said Dennis Busti, president of Reliance National Insurance Co., a Reliance Group Holdings Inc. unit in New York.

Despite firming in some specialty property/casualty classes, including moderate rate hikes in directors and officers liability coverages and in specialty property lines such as coverage for petrochemical facilities, the general market continues to be very soft, said Mr. Busti.

"Every factor" suggests the market should turn in 1991, including negative cash-flow underwriting and combined ratios that are "something less than brilliant," he said.

A turn in the market, then, would be a "rational reaction," he said. But, he added, "one can't be sure there'll be a rational reaction to what's happening."

Continued on page 93



BI/JOHN HEILAND

. . .Health insurer earnings peak

By JUDY GREENWALD

As the property/casualty insurance industry bumps along the bottom of its underwriting cycle, group health insurers are reporting glowingly healthy profits.

The health insurance industry cycle is now at its peak, and group health insurers will enjoy big profits at least through the end of the year, market observers say. They note all segments of the business are recording profits, including group indemnity plans, health maintenance organizations and preferred provider networks.

But experts point out that increasing competition is inevitable. For instance, while employers are still being stung by premium increases, the hikes are not as large as in past years (*BI*, Aug. 20).

"I do expect we will continue with this financial strength for the rest of the year," said Dennis Whimpey, senior vp-finance for CIGNA Corp.'s employee benefits division. He added, however, "I do think it will be a challenge to maintain the current earning levels we are experiencing now."

CIGNA Corp.'s employee life and health benefits segment reported first-half income up 90.2% to $116 million from $61 million last year.

"I think things aren't going to be as rosy. There's going to be a lot more competition," said Lawrence B. Leisure, national health care practice leader of TPF&C, the benefit consulting division of Towers, Perrin, Forster & Crosby Inc. in New York.

Meanwhile, Michael A. Lewis, first vp at New York-based Dean Witter Reynolds, noted

Continued on page 95

NEWSPAPER

Spotlight on workers compensation . . . Page 3

Directory of safety consultants . . . Page 40

Update

Manville Trust refinancing plan

Continued from previous page

Under the tentative agreement, the trust would convert its preferred Manville shares into common stock so it would own 80% of Manville common stock.

If there are no appeals pending against the plan, Manville would pay shareholders $125 million in both 1991 and 1992, $50 million in both 1993 and 1994, and up to an additional $300 million from 1994 to 1997.

The trust would receive $520 million under this scenario.

Some payments are contingent upon Manville arranging appropriate financing and achieving certain profit levels.

The plan also would allow the trust to convert its bonds into a more marketable variety, possibly to use to meet future funding needs.

The refinancing plan does not alter Manville's obligation to pay 20% of all profits to the trust beginning in 1992. Funds from the new refinancing plan are in addition to the trust's initial financing.

The plan is subject to further negotiations and approval by the bankruptcy court presiding over Manville's reorganization.

A final restructuring plan also could change the way claims are paid. For example, the current first-come, first-served system could be changed to pay the most seriously ill asbestos victims first.

Meanwhile, a federal judge in New York last week extended until Oct. 6 the deadline for the trust's report on how it should alter its payment and settlement procedures.

Insurers win pollution dispute

DETROIT—The trial of one of the most widely cited pollution coverage disputes has ended in victory for insurers.

A federal judge in Detroit last week ruled that the liability insurers of Ex-Cell-O Corp. do not have to indemnify the Troy, Mich., company for cleanup costs at four hazardous waste sites.

U.S. District Judge John Feikens on Aug. 30 found that the policyholder expected the pollution or could not prove an occurrence in the policy period and therefore is not covered for the damage.

Attorneys for Ex-Cell-O say they have not decided whether to appeal.

The insurers that wrote Ex-Cell-O's comprehensive general liability policies from 1969 to 1979 are Employers Insurance of Wausau, First State Insurance Co. and American Employer's Insurance Co.

Before the trial began, Judge Feikens made several ground-breaking decisions, including a much-cited ruling that insurers must defend policyholders even though they have not been formally served with a lawsuit (*BI*, June 8, 1987). This means insurers have a duty to defend policyholders against government letters naming them as a potentially responsible party for hazardous waste cleanups.

Judge Feikens also held that the word "sudden" in the pollution exclusion clause should be given a temporal meaning that would exclude all forms of gradual pollution (*BI*, Jan. 9, 1989).

A&A punitive damages reduced

BALTIMORE—A state judge has reduced to $12.5 million a $40 million punitive damage award against Alexander & Alexander Inc. in a breach-of-contract suit filed by a Baltimore brokerage.

Judge Meyer Cardin ruled Aug. 31 that the jury award was excessive. Following the May 3 verdict, A&A had asked for a new trial or to have the verdict reduced or overturned (*BI*, May 7).

However, the judge left standing a judgment against New York-based A&A for actual damages exceeding $250,000, as well as smaller punitive damage awards against A&A subsidiary Shand Morahan & Co. Inc. and an A&A Inc. executive.

The dispute involved a broker-of-record agreement that B. Dixon Evander & Associates Inc. held with Mutual Fire, Marine & Inland Insurance Co. through the insurer's managing general agent, Shand Morahan, from 1975 to 1985.

Dixon Evander alleged that A&A encouraged Shand Morahan to terminate the agreement with Dixon Evander and place coverage directly with Mutual Fire for the University of Maryland Medical Group.

A&A has until Sept. 30 to appeal, said Benjamin P. Gill, Jr. assistant general counsel for A&A's parent, A&A Services Inc. "We feel we have a number of bases for appeal, and we are hopeful that the (appeals) court will either reverse the action of the trial court or grant us a new trial," he said.

"We're gratified that the judge reconfirmed the fact that there was more than sufficient evidence to submit the case to the jury," said Dixon Evander attorney Edward J. Birrane Jr., a partner with Birrane, Harlan & Cooke in Baltimore.

Delaware bank insurance law

WASHINGTON—Independent agents are praising as a "major victory" a Federal Reserve Board order last Thursday that effectively nullifies a Delaware law allowing state-chartered banks to underwrite and sell insurance nationwide.

The Fed ruled that Delaware, which went further than any other state in letting banks into insurance, ran afoul of federal banking law by requiring banks to set up extensive operational and financial "firewalls" between banking and insurance.

Those standards required a bank to so isolate its insurance unit from

Continued on page 100

Errors and omissions

- Although Anderson C. Lucas has resigned as a director of H.S. Weavers (Underwriting) Agencies Ltd. as reported in the Sept. 3 issue, he remains senior casualty underwriter. Mr. Lucas resigned as a director in order to make it easier for him to pursue other interests.

- The largest aviation war risk claim on record is the $100 million loss of an Air India jetliner that exploded in 1985. The name of the airline was incorrectly reported in the Sept. 3 issue.

Federal programs insure U.S. planes, ships in Gulf

By ADRIENNE C. LOCKE

WASHINGTON—U.S. shipowners and airlines that cannot find affordable war risk insurance coverage for travel within the Persian Gulf region may be able to obtain less expensive cover through two little-known federal insurance programs reactivated last month by President Bush.

As a result of the Aug. 4 invasion of Kuwait by Iraqi forces and the subsequent buildup of U.S. and allied military forces, commercial war risk insurance rates for marine and air traffic in the Middle East have skyrocketed (*BI*, Aug. 13).

However, companies that opt for the coverage available from the federal government may be charged rates that are only slightly lower than those in the commercial market and must contend with several "gray areas" in the federal programs.

The standby war risk insurance programs allow the U.S. Maritime Administration and the Federal Aviation Administration to write commercial insurance coverage for travel in the areas where U.S. marine and air traffic is threatened by warlike aggression.

To qualify for coverage under both programs, insurance in the commercial marketplace either must be unavailable or the cost be considered prohibitive by the federal agencies.

The invasion of Kuwait by Iraq prompted insurance underwriters to charge additional war risk premium rates for all ships and airline flights traveling in and out of the Persian Gulf region. These additional rates are on top of the worldwide war risk premium rates for marine hull and cargo and aviation hull coverage (*BI*, Aug. 13).

For example, additional marine hull war risk rates are as high as 0.75% of the value of a vessel on a seven-day trip in the upper portion of the Persian Gulf, or an additional $750,000 in premiums for a $100 million ship, according to John Curry, vice chairman at Jardine Insurance Brokers Group in New York.

Additional marine hull war risk rates are as high as 0.2% of the value of a vessel traveling seven days in the Red Sea area, or

Continued on page 99

Bought reinsurance from now-insolvent insurer

NYIE syndicates sue

By DOUGLAS McLEOD

NEW YORK—Two syndicates on the now-closed New York Insurance Exchange and their underwriting manager are pressing a civil racketeering suit against Quantum Chemical Co., charging that Quantum defrauded them by concealing the growing insolvency of its now-defunct Delta America Re Insurance Co. unit.

The suit, seeking more than $50 million in actual and punitive damages, was filed in U.S. District Court in New York last month by Pan Atlantic Group Inc. and NYIE syndicates Pan Atlantic Investors Ltd. and GoldStreet Syndicate Corp.

The complaint alleges that Quantum and two of its officers—Robert E. Norton and Ramsey E. Joslin—knew Delta America was insolvent in 1981 but let it continue writing reinsurance business until Quantum sold the unit to Delta Holdings Inc. in 1983.

Mr. Norton was an assistant secretary of Quantum—formerly known as National Distillers & Chemical Co.—and president of Delta America, while Mr. Joslin was Quantum's chief financial officer.

Delta America, ordered liquidated by a Kentucky court in 1985, is estimated to be insolvent by $150 million to $175 million.

To support its fraud allegations against Quantum, Pan Atlantic cites a recent federal court ruling in an unrelated lawsuit against Quantum filed by Delta Holdings.

In that April ruling, U.S. District Judge John Keenan found that Quantum had defrauded Delta Holdings by concealing Delta America's financial condition before its 1983 sale. The chemical company was ordered to pay Delta Holdings $37.3 million in damages (*BI*, April 16).

Quantum is appealing that decision to the 2nd U.S. Circuit Court of Appeals.

Neither Quantum nor Messrs. Norton and Joslin have yet answered the Pan Atlantic complaint.

Mr. Joslin and a lawyer for the company declined to comment.

Mr. Norton's lawyer, Stephen Greiner with Willkie, Farr & Gallagher in New York, said, "It's our view that the allegations are with-

Continued on page 99

Environmental consultants, global insurers to be listed

Deadlines are approaching for companies to return questionnaires to be listed in three *Business Insurance* directories: the directory of environmental risk management consultants and the directories of global property/casualty insurers and multinational benefit networks.

The directory of environmental risk management consultants will appear in the Oct. 8 issue, in conjunction with a spotlight report focusing on environmental liability and other specialty risks.

The directories of global property/casualty insurers and multinational benefit networks will appear in the Oct. 22 issue, which will contain a spotlight report on trends in international risk management and employee benefits.

There is no charge to be included in the directories. However, companies that wish to be included must fill out and return a *BI* questionnaire.

If your company is an environmental risk management consultant, a global property/casualty insurer or is a member of a multinational benefit network and you have not yet received the appropriate questionnaire, please request one immediately by calling Editorial Assistant Sara Harty at 312-280-3195.

The final deadline for environmental risk management consultants is Sept. 20; global property/casualty insurers and multinational benefit networks must respond by Sept. 27.

Inside

- Congress should listen to risk managers, most of whom do not support changes to McCarran-Ferguson, says this week's editorial. **PAGE 8**
- There are a number of components that contribute to the 'right' medical provider for injured workers, says Janet L. Snow of consultant National Health Systems Inc. in Perspectives. **PAGE 58**
- In Ask a Casualty Actuary, Richard E. Sherman of Coopers & Lybrand gives examples that illustrate how sensitive the new work comp experience modifier is to claims frequency and severity. **PAGE 57**
- A state court ruling absolving CBS Records in the deaths of two men who listened to heavy metal music is likely to go unchallenged. **PAGE 87**
- Two reports detail the British government's investigation of two infamous insurance fraud schemes. **PAGE 89**
- The property/casualty insurance industry's operating environment remains poor, as evidenced by the lackluster second-quarter results, says analyst Myron M. Picoult of Oppenheimer & Co. **PAGE 101**

Departments

Advertiser index 82
Ask a casualty actuary 57
Bermuda 89
Classifieds 96
Datebook 97
Insurance services guide 97
International 89
Letters 8
London 89
Opinions 8
Perspectives 57
Ticker 101
Washington 98

Vol.24, No.37—*Business Insurance* (ISSN 0007-6864) is published weekly by Crain Communications Inc., 740 N. Rush St., Chicago, Ill. 60611-2590. Second-class postage is paid at Chicago, Ill., and at additional mailing offices. Postmaster: Send address changes to *Business Insurance*, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207; 800-992-9970 or 313-446-1611. Copyright 1990 by Crain Communications Inc.

Cumulative trauma disorders

Repetitive motion cases cost billions annually

By MEG FLETCHER

Cumulative trauma disorders already cost employers and workers billions of dollars a year, and the problem likely will become worse before it becomes better.

Ergonomic solutions, designed to better match jobs to the limitations of workers performing them, involve informing and training both employers and employees. However, that educational process is likely to increase the number of the disorders reported and accepted as workers compensation claims, experts say.

Cumulative trauma disorders are "one of the nation's most debilitating across-the-board worker safety and health issues of the 1990s," according to the Occupational Safety and Health Administration.

Cumulative trauma disorders are illnesses of the musculoskeletal and nervous system that involve damage to tendons, tendon sheaths and related bones, muscles and nerves of the hands, wrists, elbows, arms, back or legs.

"These conditions are developed from repeated exposure, not a single traumatic event," says Stephen Newell, head of the Bureau of Labor Statistics unit that compiles health and safety figures. Forceful exertions, awkward postures and vibration can also cause the disorders, experts say.

Back injuries remain a major form of cumulative trauma disorder, but businesses increasingly are now focusing on problems of the upper extremities. For example:

- On the boning line at a meatpacking plant, a woman using a poorly designed knife may suffer tingling sensations and pain in her fingers and thumb. She also may begin to drop her knife at work.

She has the symptoms of carpal tunnel syndrome, a disease of the median nerve that runs through a channel in the wrists called the carpal tunnel (see story, page 30).

- A directory assistance operator or writer who spends hours forcefully typing on an awkwardly placed computer keyboard may find his wrists and fingers swollen, painful and tender.

He has symptoms of tenosynovitis or tendinitis, in which the tendons in the wrists and hand become sore and inflamed.

- A worker who operates a power saw that subjects his fingers to sustained periods of vibration may find his hands become pale, numb and painful.

He may be suffering from Raynaud's Phenomenon or "white finger," a circulatory disorder in which skin and muscle tissues are deprived of oxygen.

"These painful and sometimes crippling illnesses now make up 48% of all recordable industrial workplace illnesses," said Labor Secretary Elizabeth Dole in an statement late last month, referring to all cumulative trauma disorders.

They are a significant problem and the most rapidly growing category of reported workplace illnesses, said Roger Stephens, an industrial engineer/ergonomist for the Occupational Safety and Health Administration. Until recently, he was OSHA's only ergonomist.

In 1988, the Bureau of Labor Statistics reported 115,400 cases of cumulative trauma disorders, up 58% from the 72,900 cases it reported the year before.

Those figures, however, include only the new—rather than existing—cases reported by 280,000 surveyed employers. In addition, the bureau's statistics exclude back-related cumulative disorders and include noise-induced hearing loss.

"Cumulative trauma disorders are a problem of the industrial era where you have fabrication and manufacturing plants with production lines," said Lucille Gallagher, vp-risk management for Monfort Inc. in Greeley, Colo.

The disorders were most prevalent in companies making motor vehicles and car bodies, followed by meatpacking, motor vehicle parts, poultry dressing and miscellaneous plastics companies.

In a 1988 report, the House Committee on Government Operations sharply criticized meatpackers and what it called OSHA's failure to regulate an industry fraught with safety abuses.

"Today, more than 80 years after Upton Sinclair wrote about conditions in meatpacking plants, an alarming number of meatpacking workers are still being injured each year," said the report.

"Meatpacking workers still stand crowded next to one another, working on slippery floors, in cold temperatures, required to make precision cuts, sometimes as many as five in 15 seconds.

"Meatpacking plants today have machines that can grind 1,000 pounds of meat per minute. But far too little has

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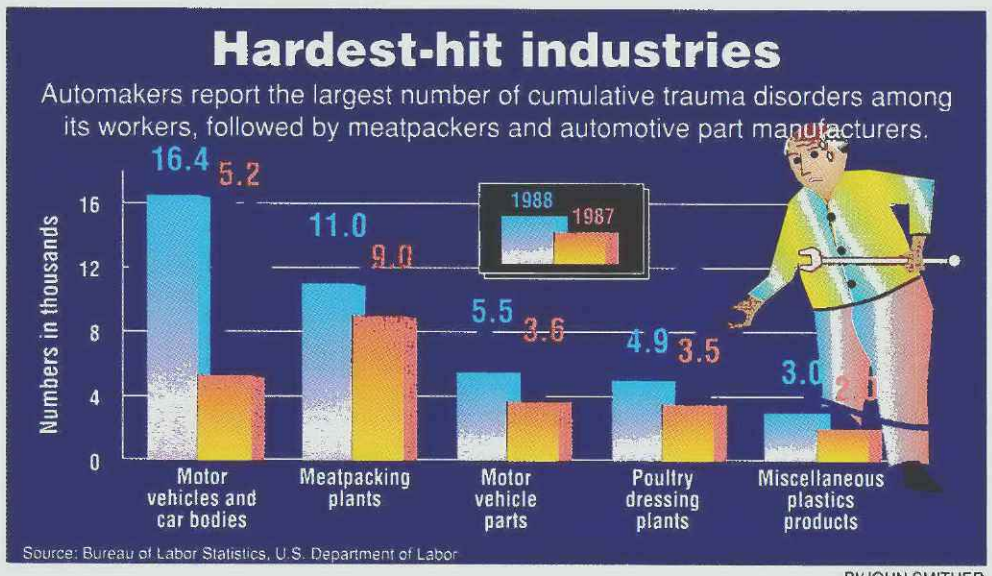

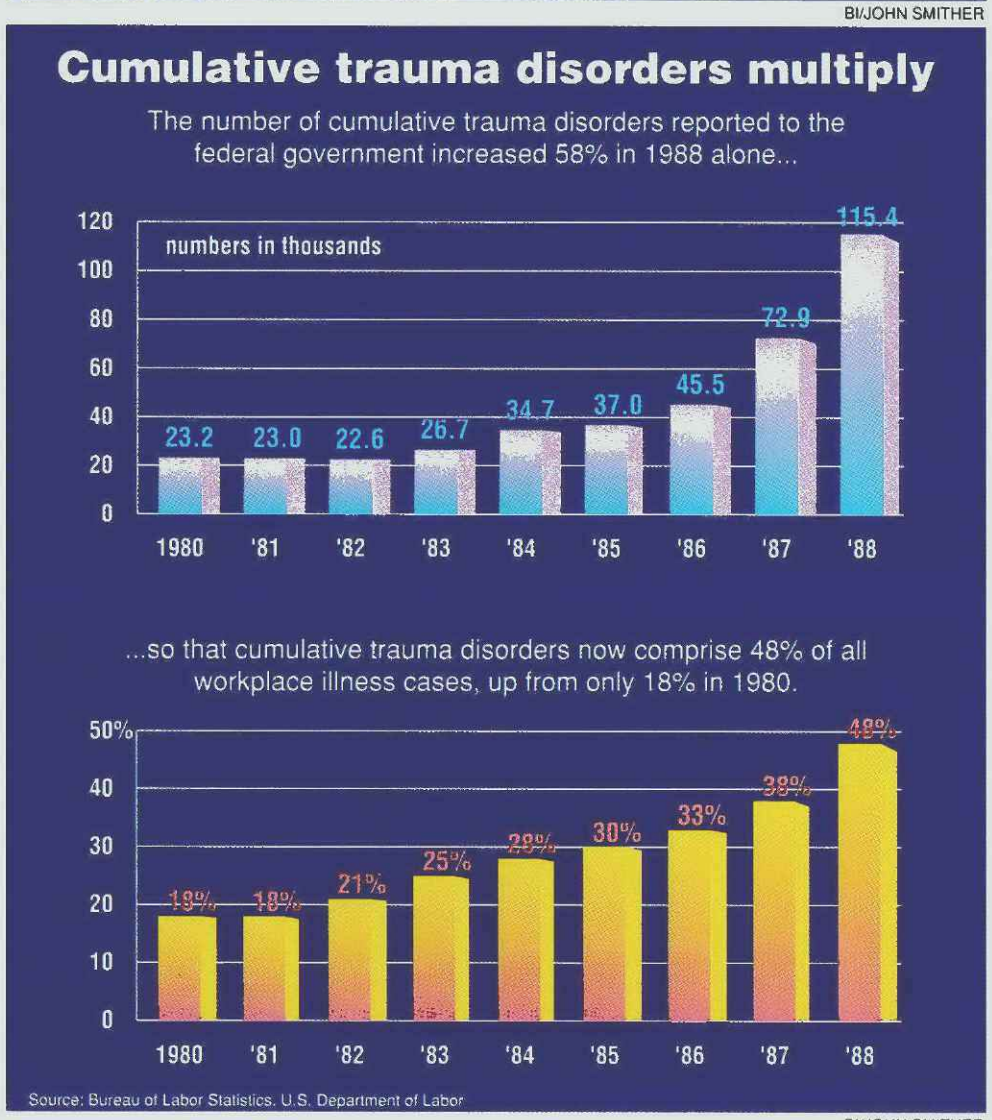

Employers can reduce risk of injury

By LINDA J. COLLINS

Cumulative trauma disorders represent a widespread and growing problem for employers. But once employers learn to recognize ergonomic exposures in the workplace that lead to these disorders, they can take steps to significantly reduce the risk of injury.

"There is not a person who calls himself a safety professional who doesn't see the importance of the ergonomics problem," said Keith D. Lessner, director of loss control for the Alliance of American Insurers in Schaumburg, Ill.

"Cumulative trauma disorders clearly merit a significant chunk of the resources spent on all types of workplace injuries," he said.

Cumulative trauma disorders are conditions that develop from repeated exposure to injury, not a single traumatic event. While an individual injury may be minor at the time, the cumulative effect of many injuries can be disabling.

Most large insurers, Mr. Lessner added, have technical experts in the field who offer workers compensation policyholders specialized advice in the area of ergonomics.

In fact, all workers compensation insurers offer some analytical ergonomic consulting to workers comp policyholders at no additional charge, although the scope of the services varies.

Some insurers also offer educational programs or materials to inform their customers of ergonomic principles and potential exposures to cumulative trauma disorders.

Outside ergonomics training for key employees is another option. Such training will prepare those workers to begin an in-house program.

"A lot of problems can be dealt with by an in-house person who has gone through" an ergonomics training program, said David J. Cochran, a professor of industrial and management systems engineering at the University of Nebraska in Lincoln.

A third option is for employers to hire outside ergonomics consultants to either identify their exposures to cumulative trauma disorders and offer ergonomic solutions, or to train in-house company representatives to recognize and reduce those exposures themselves.

At General Electric Corp.'s headquarters in Fairfield, Conn., for example, a consultant taught an ergonomics course to representatives of various GE plants.

The safety manager and medical director of its Waukesha, Wis.-based GE Medical Systems group subsequently conducted a pilot ergonomics program that trained a broad mixture of representatives from eight different plants to set up their own programs.

Officials in Waukesha had earlier hired a consultant to identify problem areas and offer solutions. But the plant's safety manager, James L. McGeough, said he prefers the in-house approach.

"If you don't do in-house training, (a consultant) can fix specific problems, but improvements stop there until the consultant comes again," Mr. McGeough explained.

"We decided that it would be better to train a broad mixture of our people in-house—engineers, union committee representatives, supervisors, safety and health representatives and production employees," he added (see story, page 18).

Employers and experts agree that effective ergonomics programs require that companies understand the actual tasks workers perform.

With this awareness, many "workforce problems come to light quickly," said Kenneth L. Way, chairman and chief executive officer of Lear Seating Corp. in Southfield, Mich.

For example, "it doesn't require a lot of analysis to determine you run the risk of back injuries when your employees are handling 400-pound drums or to determine from workers comp claims that a job should be redesigned," said Richard B. Hirsh, industrial hygienist for Rohm & Haas Co., a large chemical concern in Philadelphia.

"The first thing employers should do is listen to their employees," said Mr. Cochran of the University of Nebraska. "Are they complaining about their jobs?"

Next, employers should look at

Continued on page 12

Cumulative trauma

Continued from previous page
been done to improve safety and working conditions in this industry which continues to grind up its workers like the product it produces," the report said.

Federal regulators and industry representatives have developed voluntary ergonomic guidelines for meatpackers. Regulators, however, have backed off from a plan for general all-industry guidelines, calling instead merely for more information on whether to develop mandatory rules (see story, page 28).

Even millions of workers in cleaner and less-regimented environments face the risk prosed by cumulative trauma disorders. For instance, grocery store clerks are at risk, as are about 40 million computer users—including secretaries, telephone operators, and newspaper reporters and editors—whose poorly designed work stations place damaging stress on hands and wrists.

The "dramatic" increase in cumulative trauma disorders could be due to more cases or better reporting of cases, Mr. Newell said.

Fears of OSHA citations and heavy fines for underreporting have prompted better reporting by employers in several industries.

But there is still a "fair" amount of underreporting, says Marie Haring Sweeney, an epidemiologist with the National Institute for Occupational Safety and Health. Some underreporting stems from workers ignoring early symptoms, preferring to live with the pain, or seeking coverage for the injury through their group health insurance plan because they fear that filing a workers compensation claim would jeopardize their jobs, according to experts.

Other factors also contribute to the rise in the disorders. To speed up production lines, some workers are given incentives to increase their pace and others have been assigned more specialized, hand-intensive tasks. Some unions also contend that computerized monitoring of productivity may increase stress on workers, making them more prone to injury.

Women who begin to complain about the disease 'are often fired,' says a former poultry worker. Even after surgery, 'they're fired for reasons that they know nothing about. They are often told they cannot keep up the line speeds.'

Also, as the workforce ages, it grows more vulnerable to these problems, Mr. Stephens said.

Workers and businesses alike pay dearly for the illnesses.

A 1989 report from the Employment and Housing Subcommittee of the House Committee on Government Operations cited two estimates: The American Academy of Orthopedic Surgeons estimated in 1984 that motion injuries were costing $27 billion a year in lost earnings and medical expenses; and OSHA estimates that back injuries alone now cost $16 billion a year.

Those rising costs, however, are not immediately apparent in workers compensation claims, said Dr. Bruce Dickerson, executive director of the Center for Office Technology in New York, a trade group for large companies that use or manufacture video display terminals.

"When you look closer, there is some increase" in work comp claims costs as a result of cumulative trauma disorders, "but it is not nearly as much as you would expect," he added.

"Historically, industry has not viewed CTD as work-related," said Clifford M. Gross, president and chief executive officer of Biomechanics Corp. of America, a consulting firm in Melville, N.Y.

Experts attribute this to several factors.

Symptons of cumulative trauma disorder seldom appear immediately. A worker awakened at night with pain in his or her arms doesn't consider it job-related, Mr. Gross explained.

Companies hesitate to accept liability for ailments—like one commonly known as "tennis elbow"—that may not be work-related. Employers and insurers point out that some disorders can be caused by excessive use of chain saws, playing softball, an impact to the wrist, kidney dialysis and some cancers.

And, according to a former poultry worker who testified before the House subcommittee last year, many workers who report such claims are fired.

"Most of the time, when women began to complain about the disease, they're often fired from their jobs; or even after the surgery if they luck up and have the surgery and file a workers comp claim, they're fired for reasons that they know nothing about. They are often told they cannot keep up the line speeds so they're fired from their jobs," she said.

"Employers are typically opposed to (work comp) awards," said David LeGrande, occupational safety and health director for the Communications Workers of America in Washington, D.C. Most employers fight nearly all cumulative trauma claims, though most state work comp administrators typically allow such claims, he said.

"States are all over the map in how they diagnose problems and deal with them," said Joseph A. Kinney, executive director of the National Safe Workplace Institute, a Chicago-based workplace safety advocacy group. He favors a federal law to increase uniformity among the states in diagnosing and compensating cumulative trauma disorders.

Until about 10 years ago, state work comp laws were designed to protect workers from traumatic accidents, Ms. Gallagher said. Since then, states have modified the laws or interpreted them to include occupational illnesses.

Colorado, for example, assumes a cumulative trauma injury is work-related unless there is evidence proving otherwise, according to a spokeswoman for Denver-based US West Communications, which provides phone service in 14 Western states. A cumulative trauma injury is also compensable if work aggravates a pre-existing condition, she said.

"As a practical matter, we accept nearly all cases unless they exceed the statute of limitations," which is two years in Colorado, the spokeswoman said.

That has not always been the case.

When directory assistance operators began reporting problems in 1986, their claims were delayed by close scrutiny, she said. Since then, US West has paid more than $2.2 million in work comp claims for repetitive motion disorders among directory assistance operators in Denver and Phoenix, Ariz., she said.

OSHA cited the company in 1987

Continued on page 6

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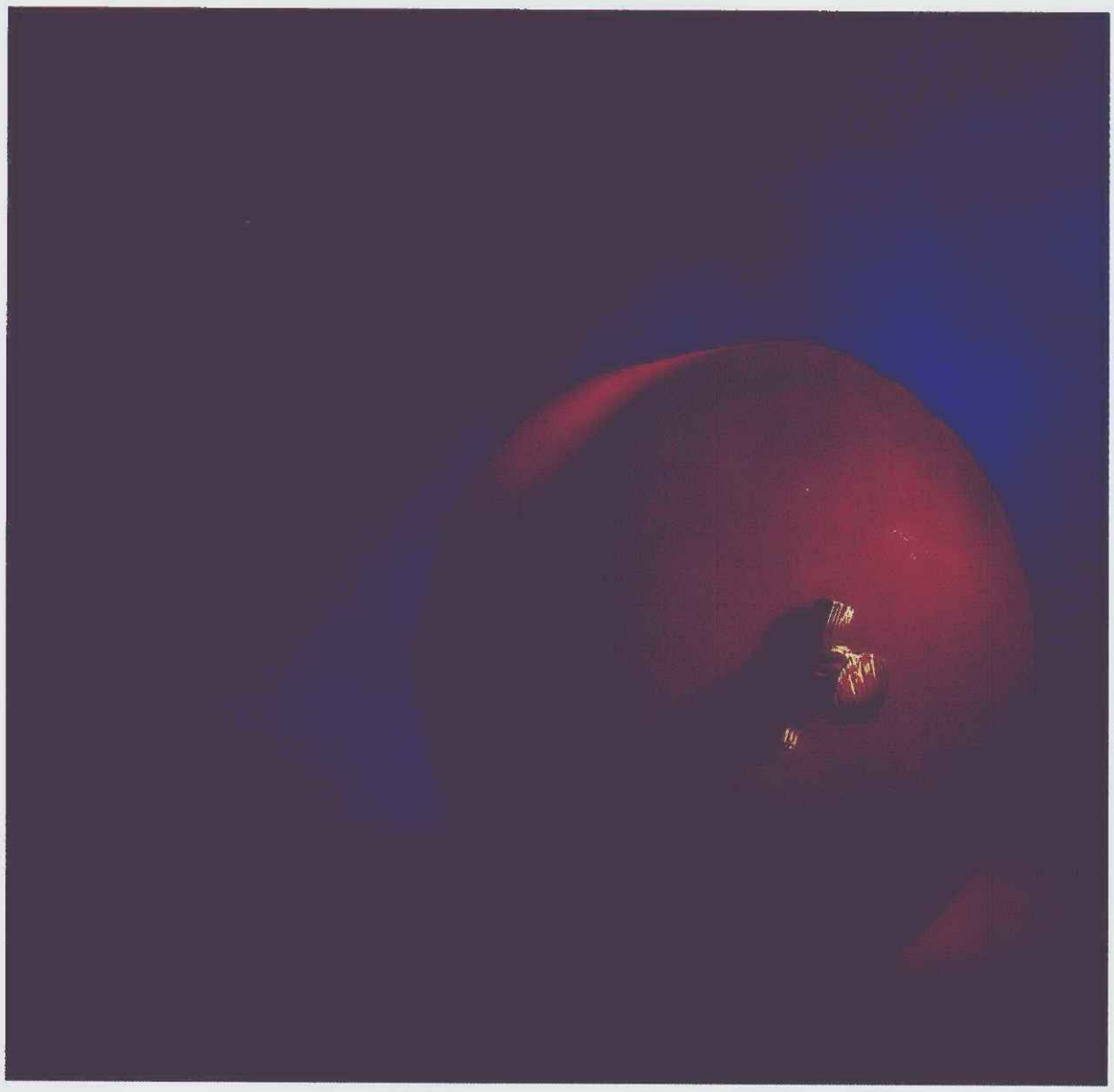

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Cumulative trauma

Continued from page 4

and, in negotiating a settlement with the agency, US West agreed to ergonomic changes including improved work stations in Denver and Phoenix. The company expects to spend $13.2 million through 1995 on upgrading offices throughout its system.

Specific cost estimates for cumulative trauma disorders vary.

NIOSH estimates that carpal tunnel syndrome strikes 23,000 workers a year, costing about $3,500 in benefits and rehabilitation per person. If surgery is needed, that figure rises to $30,000.

A spokesman for Boston-based Liberty Mutual Insurance Co. said an upper-extremity cumulative trauma disorder workers comp claim averaged $5,670 in the Mid-Atlantic states last year.

Ten years earlier, the average non-impact wrist disorder cost $1,644, including $618 for medical care and $1,026 for indemnity benefits, according to Liberty Mutual.

Workers compensation authorities in Ohio said cumulative trauma disorders accounted for more than 40% of all occupational illness claims in 1985. In the early 1980s, an average case in Ohio included $8,500 in compensation and nearly 20 lost work days, according to the National Safety Council.

The National Council on Compensation Insurance may soon be able to track more precisely the number and type of cumulative trauma disorder cases that become work comp claims. It has created new categories to track carpal tunnel and video display terminal-related claims, among others, which are reported by insurers in 13 states, said Arthur Kurpit, manager of actuarial information services for the NCCI.

What motivates insurers to help reduce the frequency and severity of cumulative trauma disorders? The losses that lead to 120% combined ratios for workers compensation insurance.

With regulators and legislators tiring of requests for rate increases, "insurers are looking at safety and health as a way to reduce work comp claims" and thus cut their claims costs, said Tom O'Day, associate vp-federal affairs of the Alliance of American Insurers in Washington, D.C.

A firm can't put 'his head in the sand and pretend there's no problem,' says Willis J. Goldsmith.

Insurers are considering working with OSHA to help reduce these injuries (see story, page 27).

Employers are frustrated because "they are eager to address the problem but they need help," said Donna Costlow, associate director-risk management for the National Assn. of Manufacturers.

Some companies say officials lack the ergonomic research to formulate rules for all industries.

"OSHA's strategy of imposing multimillion-dollar fines in conjunction with vague and untested means of abatement appear more designed to garner media attention and satisfy political pressure than to improve workers' safety in a prompt, efficient and effective manner," said Perdue Farms Inc. of Salisbury, Md., in a statement to the congressional committee.

Experts, however, point out that government studies have used videotapes and stress-monitoring devices to identify high-risk jobs in industries like meatpacking.

NIOSH has performed several studies of cumulative trauma disorders in connection with federal safety enforcement activities and is currently studying directory assistance operators with the help of US West and the Communications Workers of America, which represents phone company employees. In addition, NIOSH is to release a new manual lifting guide in September 1991.

But at least one occupational safety specialist—Gary Lovested with Deere & Co. in Moline, Ill.—claims a national clearinghouse of information on cumulative trauma disorders is needed.

And when hazards are proven, OSHA has lacked the resources, especially on a regional level, to force employers to develop a prevention program, even after settlements with the agency were reached by employers, claims a spokesman for the United Food and Commercial Workers International Union in Washington, D.C.

Only about 25 large companies now have good ergonomics programs, said Biomechanics' Mr. Gross.

Mr. Lovested said the cornerstones of a good program include management commitment, employee involvement, job analysis, employee training and medical management.

Experts say other factors that must be considered in a good ergonomics program include the duration and frequency of work, noise levels, lighting and temperature controls.

"We are emphasizing the need for employers to fit the job to the employee rather than the employee to the job," Labor Secretary Dole said. "This involves such measures as designing flexible work stations which can be adjusted to suit individuals and relying on tools developed to minimize physical stress and eliminate crippling injuries. It beings with organizing work processes with the physical needs of the workers in mind."

Even the best programs, however, are not fail-safe.

At US West, for instance, installing ergonomically approved work stations and adopting more relaxed monitoring policies for ailing employees reduced—but did not eliminate—new cases of cumulative trauma disorders.

The CWA's Mr. Legrande speculates this may be due to the stress created when workers accustomed to poorly designed workstations adapt to better equipment.

"It is no longer possible for a large employer to put his head in the sand and pretend that a problem doesn't exist," said Willis J. Goldsmith, an attorney with the Washington office of Jones, Day, Reavis & Pogue, who has represented employers in cumulative trauma actions.

"If an employer is not concerned now, when it is easy and he can start out on the ground floor with everyone else, he may be overwhelmed later when" remedying cumulative trauma problems "becomes more complex," said Mr. Lovested.

"Employers who believe they have a problem should do a reasoned and reasonable analysis of the problems and act on what that analysis dictates," Mr. Goldsmith said.

That analysis can be done with an outside consultant or in-house through a grass-roots effort, which Mr. Lovested says is best.

Unheeded advice can return to haunt employers.

One reason OSHA fined Pepperidge Farm $1.4 million in 1988, said Mr. Goldsmith, is that the company disregarded proposals made by its own ergonomist.

Employers that disagree with ergonomics findings should take care to explain and document its reasons, he said. ■

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Opinions

When risk managers talk...

IT HAS BEEN SAID that the only time legislators ever really listen to their constituents is during an election year. We hope that holds true in 1990 because we believe Congress would be wise to listen to risk managers when it considers various insurance regulatory issues this fall.

After all, insurers are regulated to protect the policyholder. And while members of Congress often believe they know what is best for all of us, a little input is a good idea.

That's why we believe the House should not approve legislation sponsored by Rep. Jack Brooks, D-Texas, that would strip insurers of their limited immunity from federal antitrust laws under the McCarran-Ferguson Act. Risk managers—insurance consumers in the truest sense of the word—do not believe that the changes are really needed.

The Risk & Insurance Management Society Inc., which represents commercial insurance buyers, has long pointed out that the proposed changes to McCarran-Ferguson will not reduce the cost or increase the availability of insurance, as Rep. Brooks and other proponents of the legislation claim.

The reluctance of insurance consumers to support changes to McCarran-Ferguson is further underscored by the latest *Business Insurance* Risk Management Board survey, in which more than half—52%—of the risk managers surveyed said they opposed Rep. Brooks' legislation. Only 27% said they were in favor of the bill, while the rest had no opinion (*BI*, Sept. 3).

As we have said before, the McCarran-Ferguson reform measure now pending before the House is bad legislation. The proposal raises more questions than it answers, especially in regard to how insurers would be able to share trended loss information. The bill, which its supporters say will ensure coverage stability by ensuring a competitive marketplace, will really introduce confusion among insurers, brokers and buyers, as the courts will be forced to interpret the bill.

While we hope that the entire House listens to risk managers' opinions if Rep. Brooks' bill comes to a vote, we especially hope that Rep. John Dingell, D-Mich., perks up his ears. Rep. Dingell, chairman of the House Oversight and Investigations Subcommittee, next week will begin hearings on possible ways to reduce the likelihood of insurer insolvency.

While these hearings are just that—hearings—what is said at these sessions, which are expected to last into next year, could form the basis of legislation that could radically change how insurers are now regulated. Considering the strong criticisms

that Rep. Dingell has leveled at state regulation of the insurance industry—both in a subcommittee report and subsequent public remarks—proposals that would expand the federal government's role in regulating insurers are not out of the question.

However, most risk managers believe that federal regulation should not be one of the options considered by Congress. While risk managers overwhelmingly say state regulation of insurer solvency currently is not effective, only 17% of the risk managers responding to the Risk Management Board survey say that federal regulation should replace the current state insurance regulatory system. And, 28% reject any type of federal role in the regulation of insurers (*BI*, Aug. 27).

However, many risk managers say there is a place for federal involvement in the insurance regulatory system. For instance, more than half of the risk managers say that the federal government should set minimum solvency standards to be enforced by the states and more than half also support federal penalties for insurance fraud.

Since insurer insolvency affects one group—policyholders—more than any other, we hope that Rep. Dingell gives risk managers adequate opportunity to spell out what they think should be done during the upcoming hearings. And, we hope that Rep. Dingell and other legislators give the same weight to the comments of risk managers as they give to comments by consumer advocates like J. Robert Hunter and Ralph Nader.

In other words, listen up, Congress.

Letters

Tort suits called the problem, not the solution

To the editor: I read with disgust Ralph Nader's comments in the Aug. 13 article, "Nader Calls for Expansion of Tort System."

Mr. Nader, whose crusades are funded by the plaintiffs' bar, thinks the solution to the nation's ills is to give plaintiffs' attorneys greater freedom "to file litigation." He seems to think that the 1 million personal injury lawsuits filed per year is "ridiculously low."

Mr. Nader neglects to mention that most cases are settled out of court, a great deal of which my personal experience has shown to be exaggerated and often frivolous.

Why is it that plaintiffs who hire attorneys generate two to three times more economic loss than those that don't?

Mr. Nader says corporate America routinely lies. "They lie out of conviction. It's a way of life," he says.

But, the plaintiffs' attorneys, who feed like greedy hogs at the money trough, tell more than their share of lies to protect their 33% contingency fees.

The United States has 5% of the world's population and 66% of the world's lawyers.

The U.S. tort litigation lottery is by far the most generous in the world. Mr. Nader estimates that the $27 billion to $34 billion spent on verdicts, settlements, etc., is only the tip of the iceberg. The tort tax every consumer pays, whether it is for soft drinks or General Motors Corp. products, directly and indirectly costs the economy an estimated $200 billion annually.

Even this figure neglects the true cost we pay to live in an overly litigious society.

It doesn't take into consideration the quality of life lost in having fewer public parks, fewer school athletic programs, new products never introduced, the less competitive nature of our products in the world market and business failures from insurance and litigation costs. All of these are casualties of our overzealous plaintiffs' bar.

The solution to the problem is to reduce the amount of litigation in our sue-happy society, not to expand it.

J.P. Newell
Chief of Risk & Insurance
Loudon County, Va.

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Prevention

Continued from page 3

their operations, facility-by-facility and job-by-job, examining job functions and injury and absentee rates of the employees performing those tasks, Mr. Cochran said.

Mr. Cochran is currently on temporary assignment with a new Occupational Safety and Health Administration division that is developing ergonomics guidelines (see story, page 28).

Many employers, insurers and ergonomics consultants say videotaping workers can be extremely helpful in analyzing the risks inherent in certain jobs.

By running tapes in slow motion or stop action, employers "can look for muscle stresses and then work to redesign the equipment, modify the worker's position or change the work flow," explained Theodore W. Braun, director-ergonomic service for Liberty Mutual Insurance Co. in Boston.

"You have to follow the work process all the way through, looking at the machinery, the methods, how often something is done—virtually the whole gamut," Mr. Braun added.

Some job analyses can be far more extensive.

Biomechanics Corp. of America, an ergonomic consultant in Melville, N.Y., measures the repetition rate of a particular task, employee wrist or body postures, forces applied, muscle tension, vibration exposures and other factors.

To determine why people are being hurt, "you have to measure the exposures," says Clifford M. Gross, president and chief executive officer of Biomechanics. If those exposures are found to be excessive, "you can work to control them and then re-measure" to determine if the problem has been resolved, he said.

Like GE Medical Systems' Mr. McGeough and many other insurers, consultants and employers, Mr. Gross strongly supports a team approach.

He advises setting up a task force including an outside expert and in-house representatives from engineering, occupational safety and health management, risk management and possibly occupational medicine.

Nearly all insurer loss control specialists, employers and consultants strongly recommend that the employees performing the tasks in question be brought into the problem-solving process.

Communication is "essential to identifying these problems and particularly in the solving of these problems," said Suzanne H. Rodgers, an independent ergonomics consultant in Rochester, N.Y.

Often, she noted, workers "adapt their workplace so it is comfortable for them. If you look at these adaptations, you might find solutions," she said.

Enlisting their help gets workers to "buy into" the ergonomics process, said Kenneth W. Thomas, human factors engineering specialist for Employers Insurance of Wausau in Wausau, Wis., a Nationwide Mutual Insurance Co. unit.

In addition, "no one knows the job better than the person who has done it. They have good ideas about how to make their job more comfortable and productive," Mr. Thomas explained.

Employees also should be kept apprised of why their tasks, workstations or equipment have been modified.

"If you introduce workplace changes without consulting the employee, no matter how good the change is, it often gets thrown out," said Liberty Mutual's Mr. Braun.

"You're trying to match the person with the job. You have to involve employees and some of the better changes can come from the employees," Mr. Braun added.

Experts advised against simply focusing on back-related disorders caused by repetitive motion. For a decade, employers and insurers have concentrated on those disorders, while the number of claims for carpal tunnel syndrome and other musculoskeletal injuries to the wrist, arms and shoulders has skyrocketed.

Thus, employers should not limit examinations to jobs requiring heavy lifting or strenuous physical exertion.

"We see about 50,000 repetitive motion disorder claims in this country annually," said Allen L. Cudworth, vp and director of Liberty Mutual's Research Center in Boston.

And, while "back pain is (Liberty Mutual's) largest single source of loss," Mr. Cudworth stressed that other types of cumulative trauma disorder claims have been on the rise over the last few years.

Mr. Cudworth estimated that Liberty Mutual paid out close to $1 billion in back-related claims in 1989. He said cumulative trauma disorders account for 20% to 30% of the average employer's workers comp claims dollar.

Newspapers are one prime source for such injuries. They "are seeing a tremendous outbreak of repetitive strain injuries. We're calling it an epidemic," said Linda Foley, executive secretary of the contracts committee of The Newspaper Guild, a union representing newspaper reporters, editors and other employees based in Silver Spring, Md.

Carpal tunnel syndrome is the most frequent type of cumulative trauma claim among newspaper employees, she noted. Ms. Foley attributes those injuries to improper equipment and wrist positioning, as well as to "people working too hard and too fast" without adequate work breaks.

The problem is pervasive, she stressed. "We're talking about careers being ruined. A lot of good people are leaving journalism because they can't work anymore."

Employers tend to focus on poor equipment design, misuse of equipment, overexertion and improper body positioning. But inadequate work breaks can also spawn cumulative trauma disorder claims, said David J. Eisen, research and information director for The Newspaper Guild.

"People engaged in high-intensity repetitive motion tasks should generally get more rest breaks than they do. Some attention should also be paid to varying the job functions, even if that means no more than going from one type of repetitive job to another," Mr. Eisen added.

Mr. Cochran also sees fatigue as a driving force behind cumulative trauma disorders.

In addition, recent publicity has focused workers' attention on this type of injury—thus contributing somewhat to the rise in workers comp claims—but he places much of the blame squarely on employers.

"American industry is competing and trying to increase productivity by asking people to work faster," said Mr. Cochran.

He likened humans to machines, which he said are usually built with specifications for both a design speed and a maximum speed. Mr. Cochran noted that the human body—like machinery—is much less likely to wear out when it is operated at its design speed, rather than its maximum speed.

Companies, he said, overuse the latter. When employers see employees standing around, "they tend to think of that as wasted time when it may be recovery time," said Mr. Cochran.

Continued on page 14

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Prevention

Continued from page 12

"Joints seem to work like muscles, and if a task creates fatigue, you're likely to damage fibers. Employers should try to take employees from heavy to light activity or reduce the time of performance of those activities," agreed consultant Ms. Rodgers.

Employers historically have "viewed repeated trauma disorders as normal wear and tear rather than as predictable and preventable," said Franklin E. Mirer, health and safety director for the United Auto Workers union.

"They have paid workers comp or disability claims or eaten other costs rather than step up to the problem and abate it," he said.

"Even now, it is difficult to get employers to face this problem as one of the workplace rather than the employees," Mr. Mirer said.

Denying that a cumulative trauma disorder problem exists "just means that it continues. In the long run, stepping up to the problem and fixing it saves employers a lot of money. It's something they can't afford not to do," he said.

Employers should not only identify and modify the jobs that generate frequent repetitive motion-related claims, according to consultants and other experts.

They need to analyze every job, identifying any work tasks that lend themselves to repetitive motion, even if no claims have yet been filed. Modifying the job, equipment or technique can then prevent injuries.

"From an ethical standpoint, you should jump in ahead of the game and look for exposures before permanent injuries occur," stressed Rohm & Haas' Mr. Hirsh.

"We're doing a lot of job redesign to make jobs easier even when there isn't an exposure to cumulative trauma disorders. Workers can risk other injuries as well," Mr. Hirsh added.

Any time employees "look like they're uncomfortable or in an awkward position, they are probably creating a strain," said Theresa M. Raniere, occupational health consultant with Zurich American Insurance Cos. in Schaumburg, Ill.

"Early recognition programs are important for employers. Resources should be available if employees begin to detect problems. Employees have to be taught to recognize signs (of cumulative trauma disorders) and have a place to go when they do," Ms. Raniere said.

Modifying employee job assignments is often simple and relatively inexpensive.

"I would guess that only about 10% of them would require engineering redesign," said Dennis Cockerham, vp-loss control for Fireman's Fund Insurance Co. in Novato, Calif.

In fact, ergonomic solutions to can be as simple as raising chairs, slanting typing surfaces or elevating a work station, he said.

And, where properly implemented, such modifications frequently not only reduce workers comp claims, absenteeism and job turnover, but also increase productivity, improve the quality of the work and boost employee morale.

Ergonomically sound workplaces also "increase the efficiency of the manufacturing process by reducing fatigue as well as stress. Even slight improvements have an easily recognizable cumulative benefit," explained Biomechanics' Mr. Gross.

He estimated that cumulative trauma disorders account for 40% to 60% of the cost of work-related injuries and noted that because these injuries frequently recur, ergonomics programs "are very cost-effective."

When employers solicit suggestions from their employees and use a team concept to address cumulative trauma disorder exposures, employees "feel good about their workplace and work environment and productivity improves," said Daniel J. Dekowski, loss control manager for Fireman's Fund Insurance Co.'s offices in Baltimore and Fairfax and Richmond, Va.

"You see much, much higher returns than you would first expect when you do these things," said Mr. Dekowski.

"Ergonomics is a win-win situation. It's a great way to change a company's culture and it can be the vehicle to open up communication" between management and employees, said Ms. Rodgers. ■

Checklist for lowering risk of injuries

Several ergonomic factors can expose workers to increased risk of developing a cumulative trauma disorder.

The following checklist can assist companies in identifying whether such exposures are present in their workplace:

Workplace layout

- ✔ Is adequate room available to perform the assigned tasks?
- ✔ Do workers have to assume awkward postures to get to material or perform assigned work?
- ✔ Is storage adequate, accessible and well-designed?
- ✔ Can the work table, chair and other surfaces be adjusted easily for all sizes of workers?
- ✔ Are adjustable back rests and foot rests available?
- ✔ Are workers required to extend their reach beyond the normal limits of about 18 inches?
- ✔ Can workers read dials and controls easily?
- ✔ Are aisles clear and paths well-defined?

Physical demands

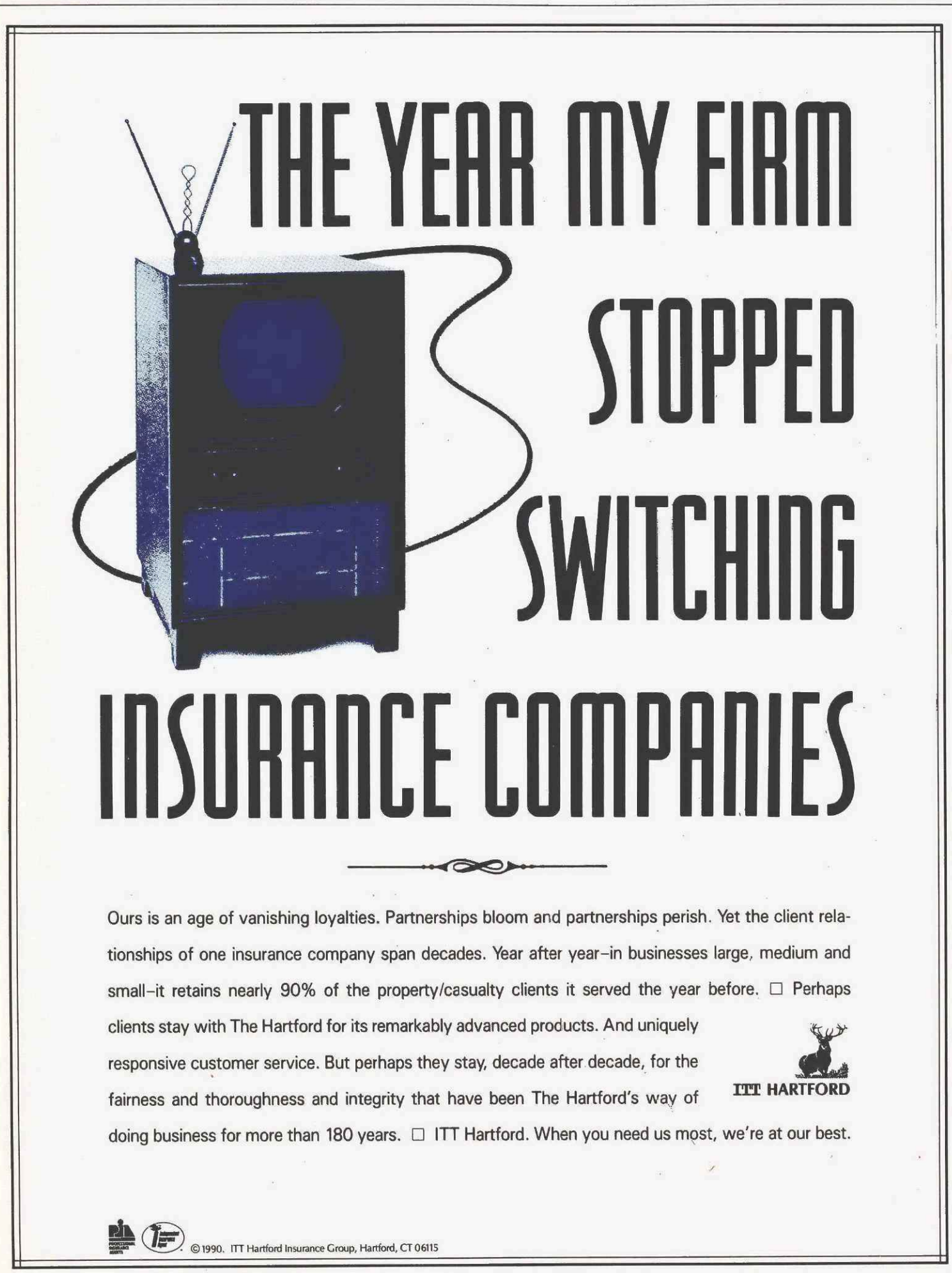
- ✔ Do employees do frequent or heavy lifting of more than 40 pounds? How often? How far are those items carried?
- ✔ Are lifts awkward? Are objects difficult to grasp?
- ✔ Are lifts over shoulder level or must they be placed at floor level?
- ✔ Must items be lifted with hands extended away from the body?
- ✔ Are sudden jerking movements required when lifting?
- ✔ Does the employee twist and bend while lifting?

Physical demands—upper extremities

- ✔ Is continuous or intermittent exposure to vibration present?
- ✔ Is repetition of the same hand movement required for long periods of time?
- ✔ Is prolonged deviation of the wrist from the neutral position required?
- ✔ Does a machine pace the work quickly?
- ✔ Do workers have an incentive pay program for "piece work?"
- ✔ Does the employee use hand tools that are awkward to grasp or require pinch grips?
- ✔ Is pressure applied to the wrist or forearm from resting an arm on a sharp-edged table?

This checklist was extracted from a list compiled by Theresa M. Raniere, occupational health consultant with Zurich American Insurance Co. in Schaumburg, Ill.

It has been reprinted by permission of The American Assn. of Occupational Health Nurses. The association published the list in the June 1989 edition of the AAOHN Journal, Volume 37. ■



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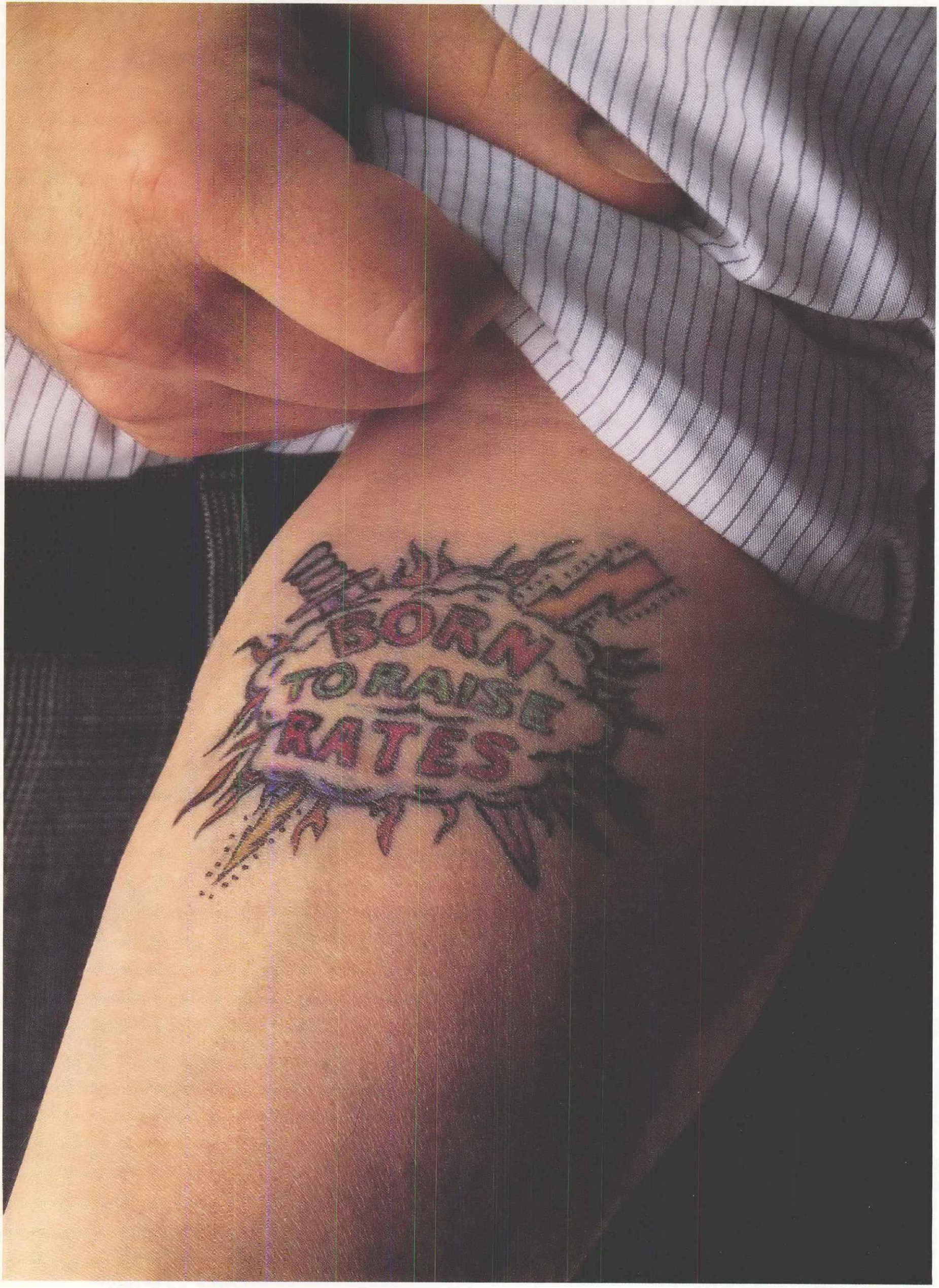
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Spotlight report

Ergonomics plans producing results

By LINDA J. COLLINS

Companies with ergonomics programs designed to control cumulative trauma disorders and other workplace injuries say results frequently surpass their expectations.

These programs not only reduce injuries they improve morale by showing employees that management is interested in their welfare.

Other benefits can include lower job turnover and increased productivity by either lessening employee fatigue or shaving time from job tasks, or both.

The following examples show how some employers have addressed ergonomics and cumulative trauma disorders in the workplace.

GE Medical Systems

After conducting an ergonomics awareness program for representatives of its various businesses, Fairfield, Conn.-based General Electric Corp. asked its Waukesha, Wis.-based GE Medical Systems group to conduct a pilot program, said James L. McGeough, safety manager of GE Medical Systems.

One of its plants had been experiencing "what appeared to be an epidemic of wrist pain," some of which was diagnosed as carpal tunnel syndrome, he said. Upon closer examination it found those problems occurring at other locations as well.

GE Medical Systems put 33 representatives from eight of its plants through a three-day in-house training program in summer 1989, Mr. McGeough said.

From that group—which included engineers, union committee representatives, supervisors, safety and health officials and production employees—team leaders and team members were selected to return to their respective plants, where they picked four to five more team members and trained them, he said.

'Following their initial training, they were charged with identifying six key projects to work on," Mr. McGeough explained. They looked for an incidence of cumulative trauma disorders, back strain injuries or high turnover, and also selected projects where workers had offered suggestions on how to improve a job function.

Mr. McGeough stressed the importance of initially selecting some problems where results appear to be easily achievable, so that the team gains the enthusiasm to tackle more difficult problems.

For example, a solution "could be as simple as designing a wooden nest to hold a part so that it doesn't have to be held by hand," he said.

For more difficult tasks, the teams—which meet twice a month on average—view videotapes of the jobs in a conference room, aided by workers who perform the tasks and other pertinent technical people, he said.

"They analyze the job using ergonomic principles—proper posture, avoidance of extensive reaches or twisting, etc.—to look for those situations that might cause repetitive motion problems or strains. Then they set about identifying solutions which might entail redesigning tools or fixtures or reorganizing the workplace," Mr. McGeough added.

An ergonomics plan has 'significantly enhanced' employee morale, Mr. McGeough says.

Most solutions have been relatively inexpensive, but in cases where the company has spent significant money on a solution, "invariably it has been cost-justified," he said.

For example, one solution involved the redesign of its process for modifying microscopes on a cathode assembly.

One improvement eliminated the need for employees to constantly raise their hands above shoulder level to make fine adjustments by creating a desk-level fine adjustment switch. Another eliminated neck, back and shoulder problems caused by looking into the microscopes by connecting a camera to the eyepiece that reproduces the image on a monitor, providing a clear and larger picture.

In addition to reducing pain, that modification also now permits more than one person to view the image, which simplifies training of new technicians, he noted.

The teams have now expanded their efforts to identify jobs that could potentially cause ergonomic-related injuries, but have not yet generated complaints.

"A lot of the benefits are quality benefits—the quality of the product is enhanced and the worker is more comfortable and better prepared to do work," Mr. McGeough stressed, adding that employee morale has also been "significantly enhanced.'

In addition, the plant that prompted its initial concern reduced its number of cases or complaints of pain related to ergonomics to one from 35 in four months, he said.

The company has now put about 160 people through formal training courses. It plans to expand its effort to an engineering level to avoid designing equipment that might pose problems to workers down the line, he added.

Rohm & Haas California Inc.

Rohm & Haas Co., a large chemical company based in Philadelphia, set up a steering committee "to develop an ergonomics awareness program and train the professional staffs at each facility to recognize ergonomic hazards," said industrial hygienist Richard B. Hirsh.

A pilot project in its Rohm & Haas California Inc. facility in Hayward—where Mr. Hirsh is based—serves as a model for the rest of the company.

The facility was not prone to cumulative trauma disorders because workers who do repetitive tasks requiring physical exertion perform a variety of tasks. However, workers have experienced back injuries, Mr. Hirsh said. He estimated that about 50% of Rohm & Haas' work-related injuries have some ergonomic component to them

Beginning in July 1989, the plant set up a "multidisciplinary team" composed of three line operators, a maintenance mechanic, engineer,

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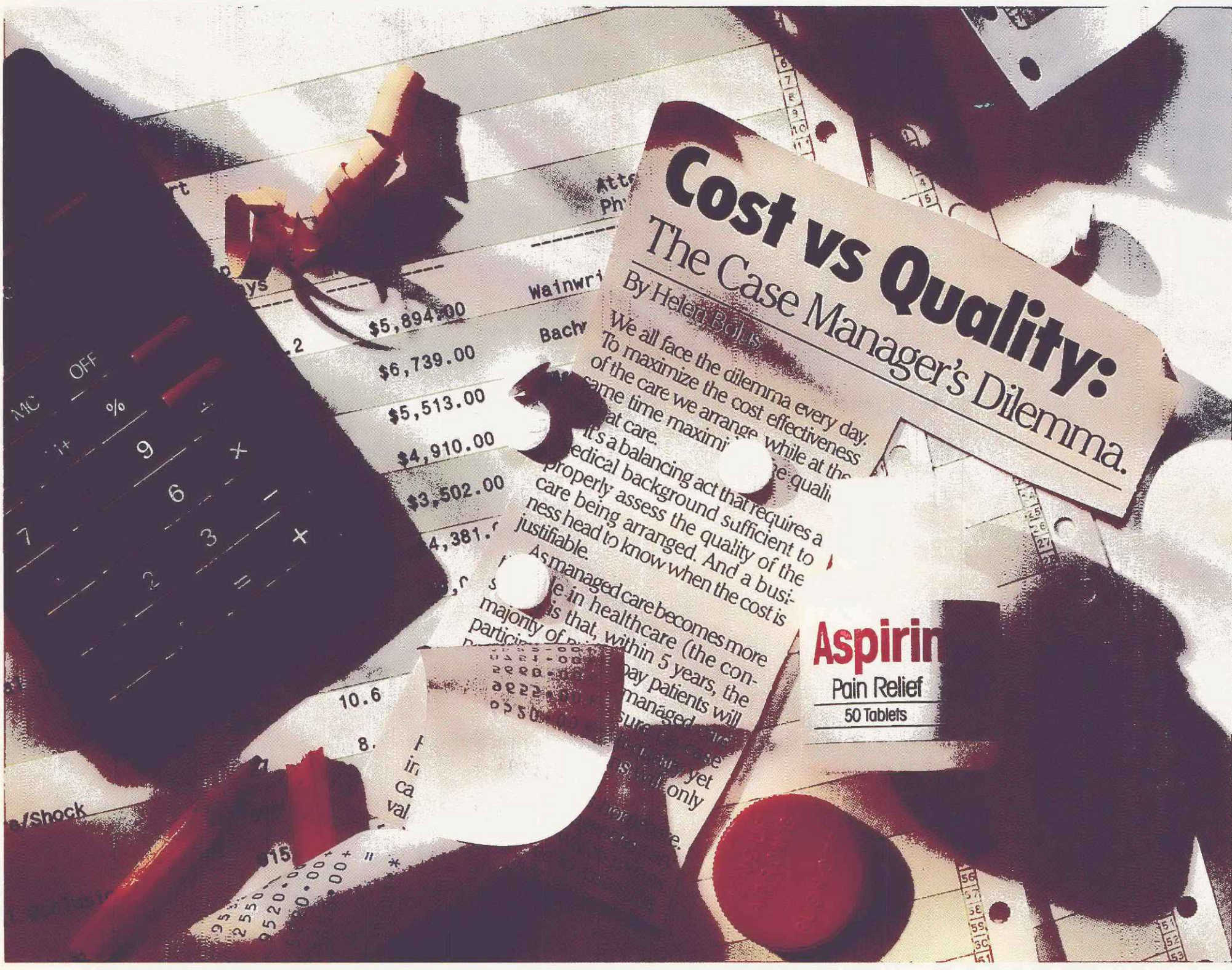

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safety manager, industrial hygienists and a training coordinator.

At a four-day training program run by a consultant, the team reviewed videotapes of various job functions that line operators had identified as problematic. It broke down the problems into "quick fixes" and more long-term and complex problems.

Since then, the team has met monthly to select problems from both categories to resolve, Mr. Hirsh explained.

"It's important to tackle some of the quick fixes initially to give the team the motivation to continue. Often they are also relatively inexpensive, while the others require some real thought before they can be implemented," he said.

The facility's low injury rate makes it "difficult to tell at this point whether there are statistically significant reductions" in injuries. However, employees have responded enthusiastically to the program and, in some instances, job performance time has been reduced by the changes, increasing productivity, Mr. Hirsh said.

Rohm & Haas has now expanded the program to other U.S. and foreign facilities.

In addition, Mr. Hirsh said he is now developing a newsletter to communicate improvements from one plant to another "so that we don't have to re-invent the wheel."

City of Coral Gables, Fla.

In 1986, the risk management analyst of the city of Coral Gables, Fla., and the city's third-party administrator studied its workers comp claims to determine what was costing it the most money.

At the time, the city was paying $500,000 to $700,000 a year in claims, but had only 700 full-time employees. "That is incredibly high for a city of our size," said its current risk management analyst, William D. Motherway.

The TPA—Gallagher Bassett Insurance Services of Rolling Meadows, Ill.—helped the city examine its entire process—from hiring new people through managing claims, Mr. Motherway said.

Several changes were implemented as a result of the study.

"We reviewed and tightened our medical standards for hiring in a few areas," particularly those for materials handlers.

"Before we make a job offer, we send them off to a local hospital for a full physical—including stress tests and X-rays for some positions," Mr. Motherway explained.

The city also conducts a workers comp background check to see if the prospective employee has filed previous claims in Florida.

New employees report to Mr. Motherway, where they receive city safety regulations and information on incentive programs and the city's health and fitness center.

Fire and police personnel and department heads have access to a city-run fitness center, which is open 24 hours a day. A certified instructor is available 12 hours a day, he said.

Other employees are offered half-price rates to use a health and fitness center at a local hospital, which offers aerobics, weight lifting, fitness evaluations and a running track, he said. But, the city is building a new office building to house a health and fitness center for those employees, he added.

Mr. Motherway also gives new employees booklets on how to prevent back injuries and proper procedures for lifting. Materials handlers are provided with a comp vest—a back safety device they are required to wear on the job. Each one costs about $40.

Before making a job offer, 'we send them off for a full physical,' says William D. Motherway.

Since this vest was introduced in 1987, the city's waste division has reported no lost days as a result of back-related injuries. Previously it reported an average of 1,700 lost hours a year due to back injuries, Mr. Motherway said.

All motor pool employees are required to wear safety glasses—which are also furnished by the city—and almost all employees, with the exception of clerical workers, are required to wear steel-toed safety shoes.

There are disincentives to being caught without these devices. The first time, the city issues a warning, and it has recently included safety performance in its annual review form. "Raises will be partially based on compliance with safety requirements," Mr. Motherway said.

The city also offers incentives to employees for their safety performance. For example, it sponsors a breakfast and provides gifts to the department with the fewest losses.

As a result of these programs, Coral Gables now spends only about $250,000 per year on workers comp claims and has "the lowest modification of all of Gallagher Bassett's self-insured cities," he said.

Lear Seating Corp.

About two years ago Lear Seating Corp. called in an outside consultant to examine its operations and look for situations that might be generating cumulative trauma disorders.

The consultant studied the tools workers used, plant machinery and specific job tasks.

"We had certain plants where problems were cropping up," which prompted the company to seek outside assistance, explained Kenneth L. Way, chairman and chief executive officer of the Southfield, Mich., company.

"Initially we held employee meetings and told employees that a group would be coming in to work with them," Mr. Way said.

He explained that in the seat assembly plant, "where most of the problems occurred, we then met with ergonomics engineers and made changes based on feedback from employees."

The engineers made written presentations to employees and used videotapes of some of their work functions to enlist their help in analyzing changes that could be made.

According to Mr. Way, "we had to have their involvement in this process because they know their jobs better than anybody else does."

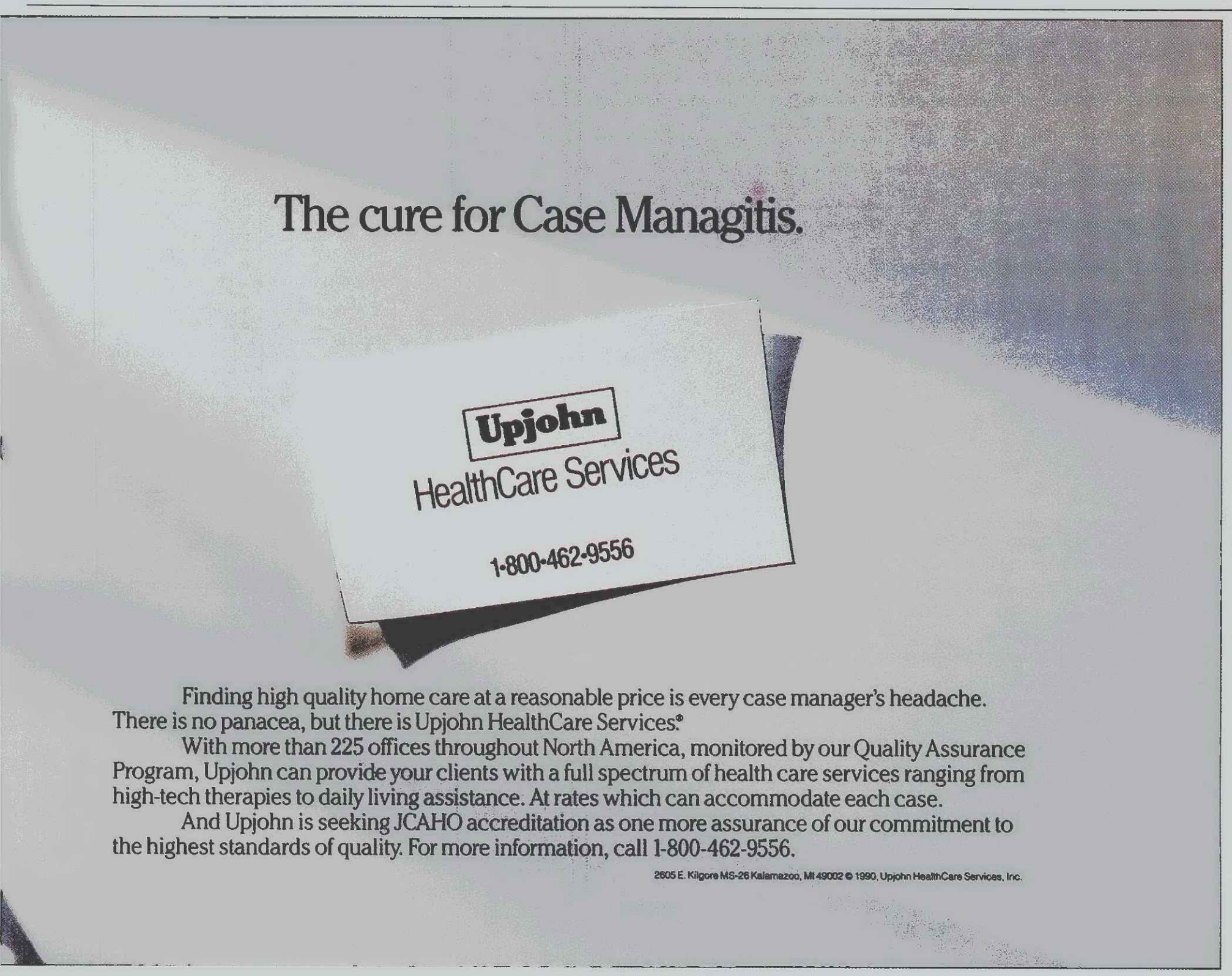
Some of the changes have involved modifying tools. In addition, some job functions are now alternated among workers so that employees do not perform the same task all day long.

Other changes involve modification of the job functions themselves, Mr. Way noted.

While Mr. Way considers this an "ongoing process" and feels there is still more work to do in this area, Lear Seating has already seen a "definite reduction" in carpal tunnel disorder injuries since this program started.

He added that new employees are instructed how to perform their duties to reduce risk of such injuries.

As an extension of this program, ergonomic principles are also now being applied to the products Lear Seating manufactures for its customers, Mr. Way noted. ■



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Top-level support grows for plans to cut injuries

By MICHAEL BRADFORD

Gaining management support for programs aimed at reducing cumulative trauma injuries is a lot easier now than it was a few years ago, agree experts whose jobs involve reducing such injuries.

A decade ago, it was especially hard to convince top management that money that went toward controlling this type of injury was well spent, they say.

Now, however, such programs are easier to push because management sees the increases in productivity and savings in workers compensation costs these prevention efforts can generate.

In addition, the threat of large fines for unsafe working conditions has propelled some companies to introduce safety programs, experts say.

"It's hard to generalize, but I would say the resistance is weakening" to support for cumulative trauma injury prevention, said Kenneth Thomas, human factors engineering specialist at Employers Insurance of Wausau in Wausau, Wis., a Nationwide Mutual Insurance Co. unit.

"There are companies that recognize there are techniques that are significant in terms of risk reduction and they are willing to spend the money and time to address the problem" of cumulative trauma injuries, Mr. Thomas explained.

"But there are others that take a bit more skeptical look at the issue," he added. "People often only look at 'What's it going to cost me? What am I going to have to spend to make improvements in the workplace?' "

Mr. Thomas said he urges such companies "to look at the whole picture. The initial cost is only one part. They need to look at what it's costing them not to make the changes."

Allen Fuqua, chief operating officer of Preventech Inc., a Dallas firm that specializes in helping employers contain workers compensation costs, agreed that reducing cumulative trauma injuries is not popular among some companies because management does not want to divert funds from other, profit-generating areas.

To convince top managers that loss control efforts pay off, risk managers and safety personnel have to think like management, advises Mr. Fuqua.

Risk managers "have to think in terms of pressures" faced by management and relate loss control to those situations, he said.

For example, it would be prudent to show management how efforts to reduce cumulative trauma disorders could cut workers comp costs, Mr. Fuqua said.

Or, he noted, management might be convinced that savings generated by loss control could help fund a dividend to shareholders.

"It's a new way of thinking about your operation," Mr. Fuqua said of the benefits derived from reducing the disorders.

Wausau's Mr. Thomas said that companies are becoming "a bit more aware that money can be saved" by lowering cumulative trauma incidents.

Publicity about cumulative trauma disorders also is keeping the issue on the minds of management, Mr. Thomas noted. Articles in trade publications and "even advertisements concerning human factors and ergonomics services" have brought the problem to the forefront, he said.

"People have become more educated that these problems are real," Mr. Thomas said. "There are things that can be done about them and they can realize significant savings through workers comp costs and increases in productivity."

Mr. Fuqua agreed that "productivity takes a hike up" when injuries are reduced. "Workers become more positive in their attitudes. Their work environment is improved."

Mr. Thomas pointed out, though, that "improvements don't happen overnight. . .but, by the same token, some companies have invested significant amounts of money. . .and within a year's time seen a reduction of injuries, lost time, absenteeism and worker complaints."

Those companies, he added, "are reporting an increase in productivity that they are attributing to the changes in the workplace."

Several companies say management support has been key to implementing injury reduction programs.

"It's a lot easier than it was 10 years ago" to convince top management that loss prevention programs are necessary to reduce cumulative trauma disorders, says George Burri, ergonomics program manager at International Business Machines Corp. in Boulder, Colo.

Mr. Burri said it's important to "talk their language" when selling risk reduction ideas to management. "In other words, the bottom line," he said.

Productivity, injury prevention and quality are the three areas that must be stressed, he said. Management is particularly interested in increased productivity and improved product quality, he added.

IBM employs a program of education and awareness to help workers understand the scope of problems at the worksite and then puts ergonomic programs in place to reduce injuries, Mr. Burri said.

"We involve top management, middle management and lower management so there is a total commitment to the ergonomic design," he said.

Charles Robinson, corporate safety director for apparel maker Russell Corp. in Alexander City, Ala., said his job is made easier by a "very, very supportive group of top management. The only thing I have to do is confront them with a

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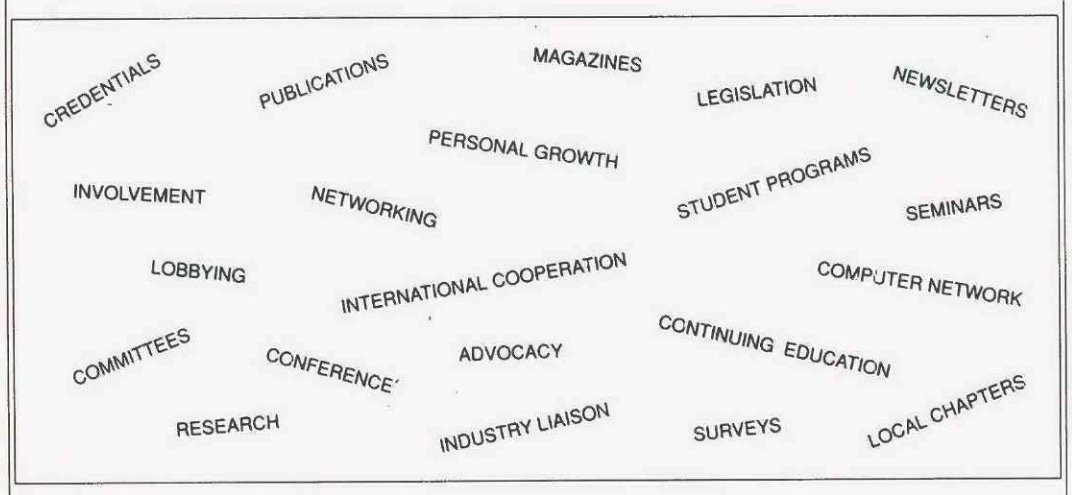

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problem and let them see what the problem consists of."

He said Russell Corp. has spent more than $10 million to ergonomically redesign worksites and "we haven't gotten to all of the facilities yet."

Mr. Robinson said management has asked in the past why repetitive motion injuries have not vanished from the workplace after so much money has been spent on preventing them. He responds by asking: "If you had not spent this much money, how many cases do you think we would have had?"

Russell Corp. began implementing ergonomic changes several years ago by first looking at injuries related to materials handling and workplace conditions for sewing machine operators. The company's plants employ 8,000 sewing machine operators.

Among other things, Russell Corp. purchased new ergonomically designed chairs. In addition, it began rotating employees among jobs to lessen stress to particular parts of the body and installed new machines to completely take over some repetitive tasks.

"That's the key: getting machines to do what the operators did," he said of machines installed to take some of the stressful work.

Automation also has reduced cumulative trauma injuries at other companies.

Glen Christie, health, safety and environmental administrator for Allied Aftermart in Nevada, Mo., said rotating employees and automation has kept down the number of cumulative trauma injuries at the fuel filter manufacturer.

"We've had very, very few (cumulative trauma) injuries," he noted. "We've only had a couple of cases over the last three or four years. We rotate people to minimize any repetitive-type work."

D.R. Kimbril, manager of safety, health and loss prevention at the plastics fabrication division of Mobil Chemical Co. in Pittsford, N.Y., said automation of repetitive tasks like packing "has been a high priority over the past five years."

The attention to the problem of cumulative trauma disorders has resulted in productivity gains after tasks were automated, according to Mr. Kimbril. "We have seen a reduction in the number of cumulative trauma illnesses and lost workdays" and a savings in workers comp costs, he added.

Mobil Chemical has conducted workshops with supervisors and employees to train them to "recognize and resolve ergonomic issues," said Mr. Kimbril. And ergonomic reviews are being undertaken with regard to new plant designs and equipment installation, he added.

Company management also has not resisted ergonomic changes aimed at reducing cumulative trauma injuries, Mr. Kimbril said.

"I find management perfectly willing to allocate resources to the problem once they understand the problem and its implications," he said.

Without any opposition from management, "the biggest obstacle that we've faced and continue to face is defining the scope and breadth of the problem to enable informed management decisions to be made," Mr. Kimbril said.

He noted that "a lot of effort is required to analyze the matter in a meaningful fashion, to draw conclusions and make recommendations that can influence the company's effort."

Risk managers have to convince management that there are benefits to be gained from implementing programs to reduce cumulative trauma injuries, Mr. Kimbril said.

"Ergonomic improvements usually result in productivity, morale and product quality improvements. These are powerful incen-

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Management support

Continued from previous page

tives if they're presented as associated benefits," he said.

Fran Schultz, manager-division of risk management at the plastics manufacturing division of General Electric Co. in Pittsfield, Mass., said back injuries are far more prevalent in his plant than other cumulative trauma disorders like carpal tunnel syndrome.

Although management has been supportive of risk reduction efforts, it has not been easy to corral costs associated with back injuries, he said.

"We've had a lot of support, even suggestions from management," Mr. Schultz remarked. "They're willing to try anything that will help the situation. Any requests for equipment or workplace arrangements have been accepted."

The G.E. plastics division has taken a number of different approaches to the back injury problem at its 12 U.S. sites. The tactics have included hiring physical therapists who conduct exercise programs for the division's 6,000 workers and consultants who advise on proper back care in the workplace.

However, "we haven't seen much benefit yet" in terms of a decline in physical problems, said Mr. Schultz, pointing out that many of the programs are only about a year old. But the mood of workers has improved because employees are glad to see the company take the initiative to solve the problems, he added.

The costs related to cumulative traumas could eventually overcome those associated with workers' back problems, predicted Russell Corp.'s Mr. Robinson.

"If we don't do all we can, we'll be overwhelmed by this," he said.

In trying to reduce some repetitive motion injuries, however, corporate safety managers are fighting forces beyond their control, Mr. Robinson said.

Carpal tunnel syndrome, for example, sometimes shows up in workers who don't perform repetitive motions at their jobs, he pointed out.

"In talking with orthopedic surgeons, they tell me that a lot of it has to do with hormonal changes in the body," said Mr. Robinson, and doctors indicate that carpal tunnel syndrome often shows up in women who have had hysterectomies, show vitamin deficiencies or are taking birth control pills.

"One surgeon told me that if a woman is over 40 years old, obese and has had a hysterectomy, not to put her on a repetitive type job," said Mr. Robinson.

Doctors also have indicated that the condition can lie dormant and increased motion can cause a flare-up, he said.

While industry generally catches the brunt of notoriety for repetitive motion injuries, it is not always to blame, said Mr Robinson.

Some workers may be engaged in repetitive tasks like needlework at home that bring on the condition, he pointed out.

Another expert says worker dissatisfaction may be to blame for some repetitive motion claims.

Pat Venditti, director of the Ergonomics Center at Logan College in St. Louis, said job dissatisfaction will often lead to a high number of workers comp claims.

For example, employees who are happy with their work and relationships with superiors often will not file claims if they experience slight discomfort as a result of repetitive motions performed on the job, he explained. Workers who are not as satisfied with their work conditions are more likely to file claims for comparable discomfort as a way to strike back at the company, according to Mr. Venditti.

"Management has to be part of the solution. They can't delegate the problem and say, 'Here, fix it.'" Mr. Venditti said.

Management should focus not solely on injury prevention, but also on establishing better relationships among workers and their superiors, he said.

In addition to causing lost productivity and increased workers comp costs, cumulative trauma disorders can also be costly if they result in fines from the Occupational Safety and Health Administration.

"There is indeed some fear" of OSHA fines, said Mr. Thomas of Employers of Wausau.

In industries like meatpacking, he pointed out, "OSHA is starting to fine companies that don't pay attention to these type problems." The agency is becoming "more and more active" in levying fines against businesses that do not pay attention to the risk of repetitive motion injuries, he said.

Some of the fines have amounted to millions of dollars, Mr. Thomas noted.

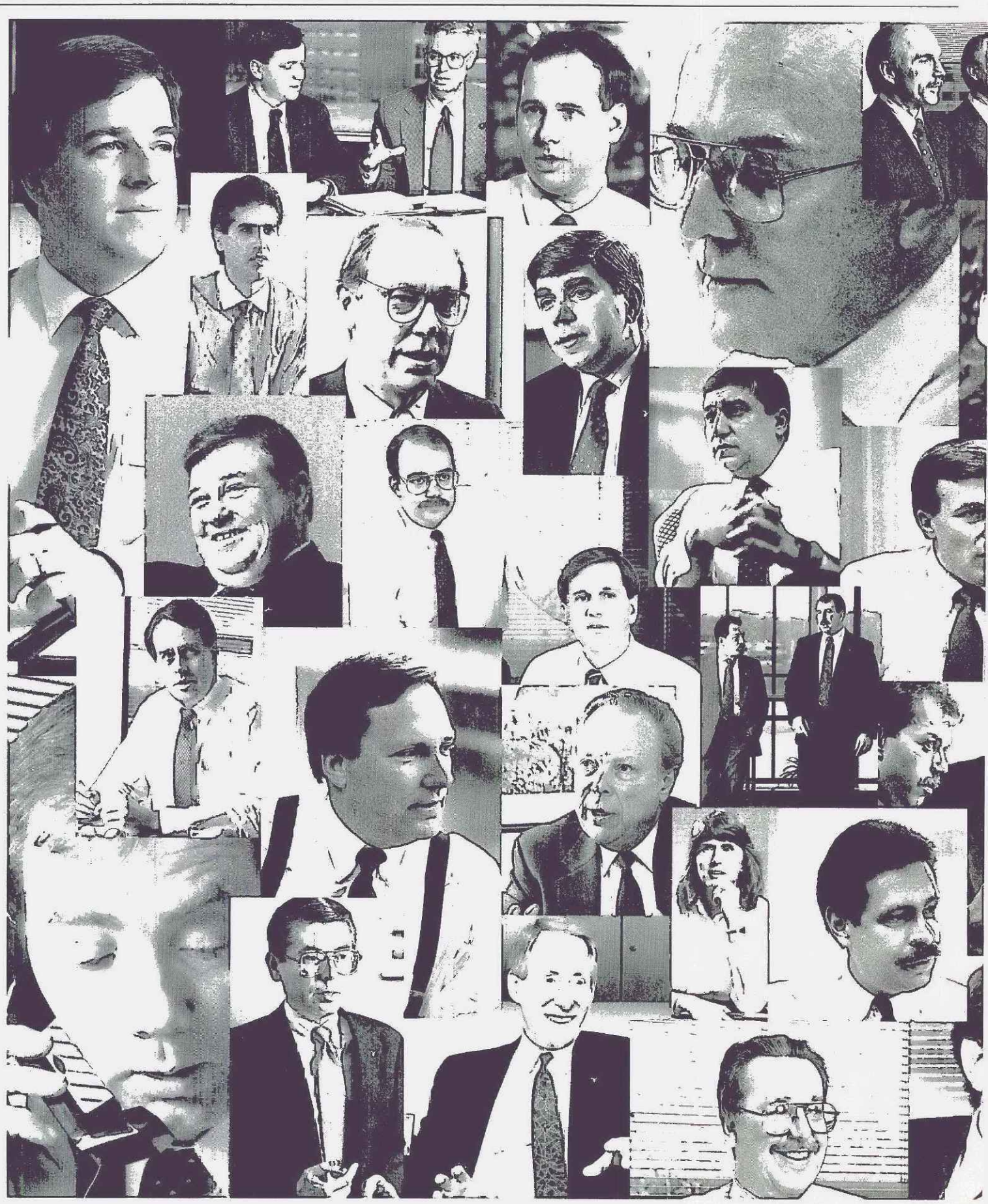
John Morrell & Co., for example, agreed to pay $1.25 million in fines and grants in a settlement over violations at its Sioux Falls, S.D., plant (*BI*, March 26).

"OSHA is trying to encourage companies to take action," Mr. Thomas said. "They want to see some type of affirmative action with regard to preventing cumulative trauma disorders, he added.

Mr. Fuqua of Preventech agreed that not addressing cumulative trauma problems can lead to a heavy expense. OSHA, he said, essentially "takes the money off the bottom line" with its fines.

And once OSHA becomes involved, there isn't much reason for calling in safety and loss control professionals, Mr. Fuqua said.

"Once OSHA is involved, it's too late," he said. "Once everybody is in trouble, it's too late because OSHA is going to dictate to you. You're not talking about prevention at that point, and OSHA may make you take care of things." ■



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Safety standout in a dangerous industry

OSHA praises meatpacking plants

By MEG FLETCHER

NORTH AURORA, Ill.—Mike Fagel protects life and limb in a place often hostile to both—a slaughterhouse.

Mr. Fagel strives continually to upgrade a nationally recognized safety program so the 270 workers at the packing and processing operation his father founded in 1939 go home healthy and safe.

Doing so makes good economic—and moral—sense for the two North Aurora, Ill., companies because it reduces workers' pain and suffering, which in turn lowers workers compensation premiums, says Mr. Fagel, the companies' corporate safety director.

In June, Aurora Packing Co. Inc. and Aurora Foodservice Inc. became the first "red meat" sites among a current 70 plants honored in the OSHA Voluntary Protection Program. Each affiliate received a merit rating—the lower of two honorary designations—from the Occupational Health and Safety Administration.

Beef, lamb or pork are processed at red meat sites.

"You have placed an emphasis on quality, not quantity, which has a positive effect on worker safety and health, particularly in the area of ergonomics," said OSHA Administrator Gerard F. Scannell in announcing the award.

Mr. Fagel

Aurora's results also are reflected in its 0.71 workers compensation premium modifier. That figure means good loss experience makes its manual premium 29% lower than those paid by a typical meatpacker of its size for workers compensation insurance.

As a result, its workers comp premium for the year ending in October is $379,634, or $155,062 less than the manual premium of $534,696, according to Aurora's broker, Mary K. Harriman, an account executive with Frank B. Hall & Co. of Wisconsin Inc.

"A 0.71 modifier is excellent for anyone and, for Mike's type of operation, its fabulous and virtually unheard of," said Steve Zajc, who manages Aurora's account with EDI Cos., a Farmington, Conn.-based insurer.

Only Mr. Fagel's "extremely high" dedication and enthusiasm for loss control makes such results possible, he added.

"It's hard for a meatpacker to be in the VPP," agreed Jay Greenberg, a safety and occupational health specialist with the program in Washington, D.C. "Meatpacking is hazardous work."

Meatpacking "has probably one of the worst records related to repetitive trauma disorders and we have made a commitment to correct the situation," said James Marsden, vp of scientific and technical affairs for the American Meat Institute, a meatpackers trade group.

Workers face numerous hazards, including cumulative trauma disorders like carpal tunnel syndrome from rapid cutting and trimming.

Moving large slabs of meat can cause back and shoulder injuries. Some workers frequently cut themselves with razor-sharp knives and hooks; others slip and fall on the "kill floors," even though they are hosed down often to keep them clean.

Aurora, the nation's 60th-largest meatpacking operation, processes about 180,000 cattle annually.

Aurora Packing primarily provides large cuts of beef to retail stores. Aurora Foodservice, which is headed by Mr. Fagel's brother Marvin, mainly provides individual portions of meat to hotels, restaurants and institutions.

At age 39, Mr. Fagel has done most of the jobs in the plant, beginning when he ground hamburger, cut steaks and loaded trucks as a teen-ager.

"Our commitment and philosophy that all accidents are preventable" reduce accidents significantly, he says.

That outlook stems from his deeply felt commitment to safety both on and off the job. A certified emergency medical technician, he teaches life-saving skills to others. With pride, he says he is emergency medical services coordinator for his local fire department and chairman of his county's emergency planning committee. He also chairs the American Meat Institute's safety committee.

"Everyone here, from the president of the company to the newest employee, is dedicated to creating and maintaining a safe and healthy workplace," he said.

Safety is stressed from the start. An employee's first day features about three hours of safety instruction, including videotapes.

Materials come in both Spanish—the primary language of about half the workforce—and English. Bilingual supervisors are available to ensure that the message is accurately conveyed.

"Rookies" wear red helmets to alert co-workers and supervisors that more oversight may be needed.

Workers must provide their own steel-tipped shoes and wear them, or face dismissal. All other protective clothing and equipment is provided by the company.

For example, boning workers typically wear metal mesh aprons, protective gloves, and clear plastic face shields or glasses. The cost: about $400 per worker.

And, workers on the killing floor wear arm guards, knife scabbards, metal mesh or fiber safety gloves, safety glasses and protective boots.

Some jobs require metal mesh gloves. But an in-house survey found that many employees preferred more flexible and better-fitting gloves made of cut-resistant fiber on their knife hands.

Rotating workers between jobs reduces cumulative trauma disorders.

Also, some employees are regularly assigned to more comprehensive jobs, such as boning a large cut of meat, as a change from making the few same quick cuts on the endless stream of meat whisked by

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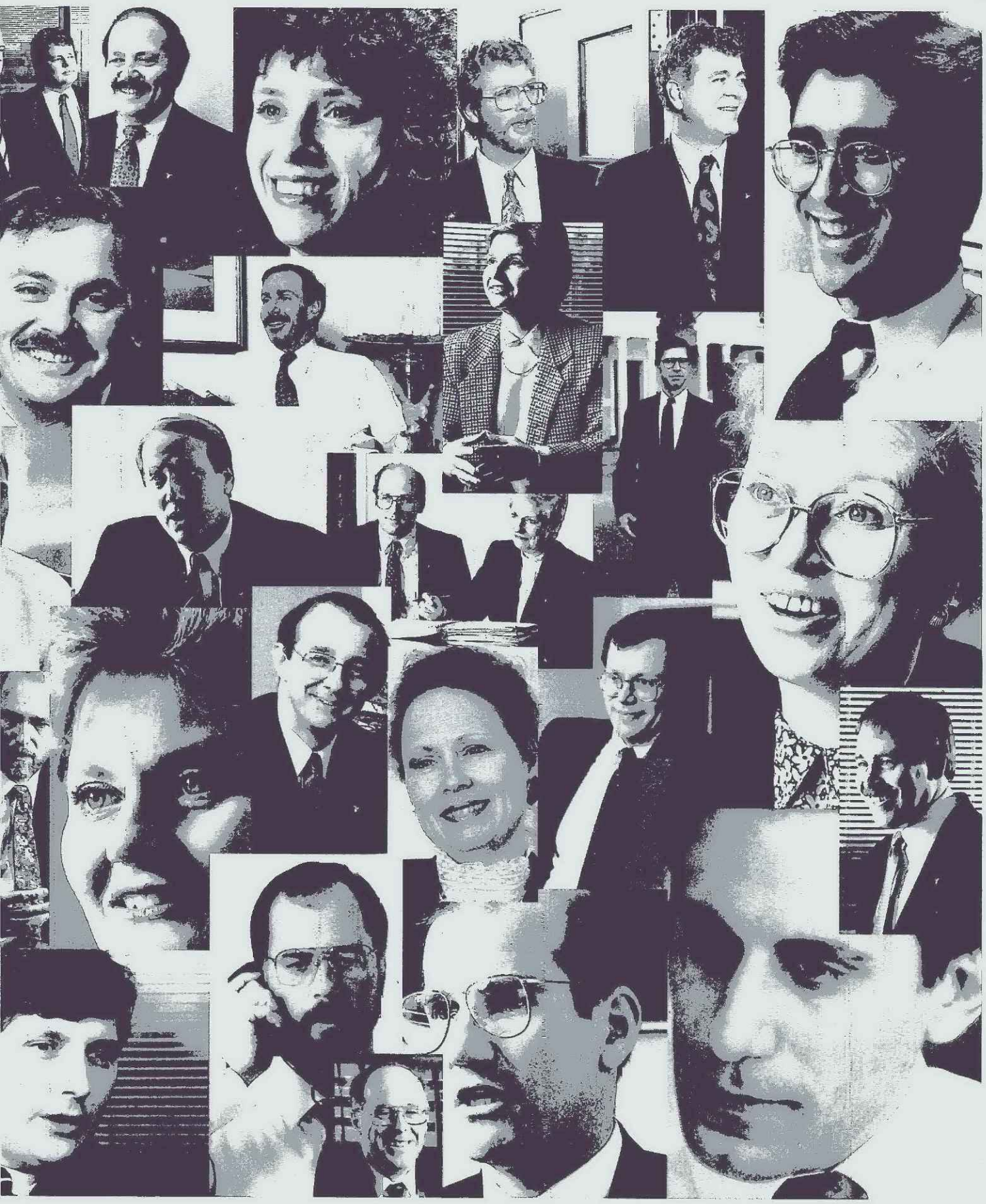


Call one...

Meatpacking

Continued from previous page
their work stations.

Investing in new equipment also can reduce strain in jobs where back and shoulder disorders have long been common.

Aurora recently installed a hydraulic platform to raise and lower the worker who washes beef carcasses suspended on a conveyor that snakes through part of the plant.

And a new hydraulic cylinder moves carcasses around a corner after washing.

Mr. Fagel also oversaw installation of equipment, including a slanted conveyor, to bring large pieces of beef to workers, rather than making workers bend to reach them.

And, the plant is equipped with other safety devices.

A red light and audio alarm system warns workers of leaks of ammonia, which is used to keep temperatures in the processing work space at about 40 degrees.

The concern with safety doesn't stop at the plant gates. Each box of Aurora meat bears safety slogans like "Lift With Your Legs, Not Your Back," which spreads the message to customers from Geneva, Ill. to Geneva, Switzerland.

All Aurora employees "seem to know what they are supposed to know," OSHA's Mr. Greenberg said.

'Safety is not magic. Safety is common sense,' says Mike Fagel of Aurora Packing.

One federal inspector, according to Mr. Greenberg, said Aurora's "slaughterhouse floor is like a dance floor in that everything flows."

An incentive program, which includes prizes for workers with a certain number of accident-free days, help maintain interest and participation in the safety program.

Experienced workers with particularly good safety records are given green helmets and a seat on a company safety committee that meets during regular working hours.

Mr. Fagel also credits suggestions and criticism from insurance loss control specialists and government inspectors with helping reduce the frequency and cost of accidents.

Since 1986, Aurora Packing has had 74 to 89 accidents a year. The average annual cost per accident has ranged from $583 to $2,034 over that period.

Aurora Foodservice has had 13 to 26 accidents a year. The average cost of its accidents ranged from $168 to $3,901 during the same period.

The company attributes both higher-end figures to its 1987 acquisition of a company with a poor loss history.

Such statistics helped Aurora become the only plant of any kind in Illinois to earn a one-year exemption from Illinois OSHA inspections. It has earned the waiver for three straight years.

It sought admission to the federal VPP program last year after it had demonstrated that it met eligibility criteria, including repeatedly having low annual rates of injuries and lost work days.

After intensive inspections and the submission of nearly 40 pounds of documents supporting its application, the company won the right to fly OSHA's VPP banner over its plants.

With the award, plants receive an individual exemption from OSHA programmed exemptions. Aurora's exemption is for five years.

Plants are, however, to be evaluated each year to ensure compliance or in response to employee complaints.

"This accomplishment is worthy of our confidence that the management and employees of Aurora will continue their efforts to make these plants safe and healthful workplaces," said Michael Connors, regional administrator of OSHA.

Meanwhile, Aurora is working to become eligible for the highest VPP rating—a "star"—and is likely to achieve that, said Gerry Catanzaro, a program analyst with the VPP.

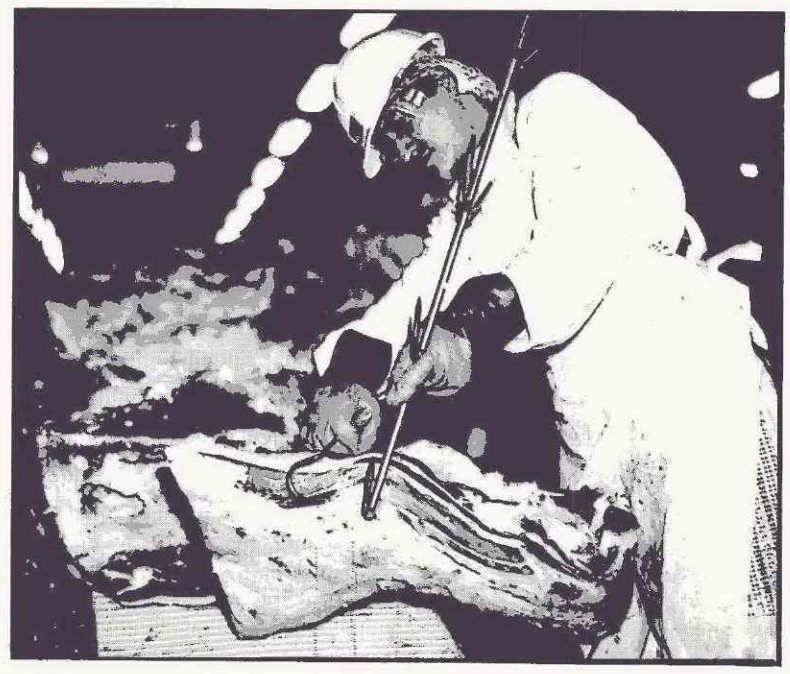
To do so, employees must increasingly participate in the identification of safety problems and the development of solutions, said Peggy Richardson, chief of OSHA's division of voluntary programs.

Aurora's prominence has brought with it many requests from other employers that want to duplicate the success.

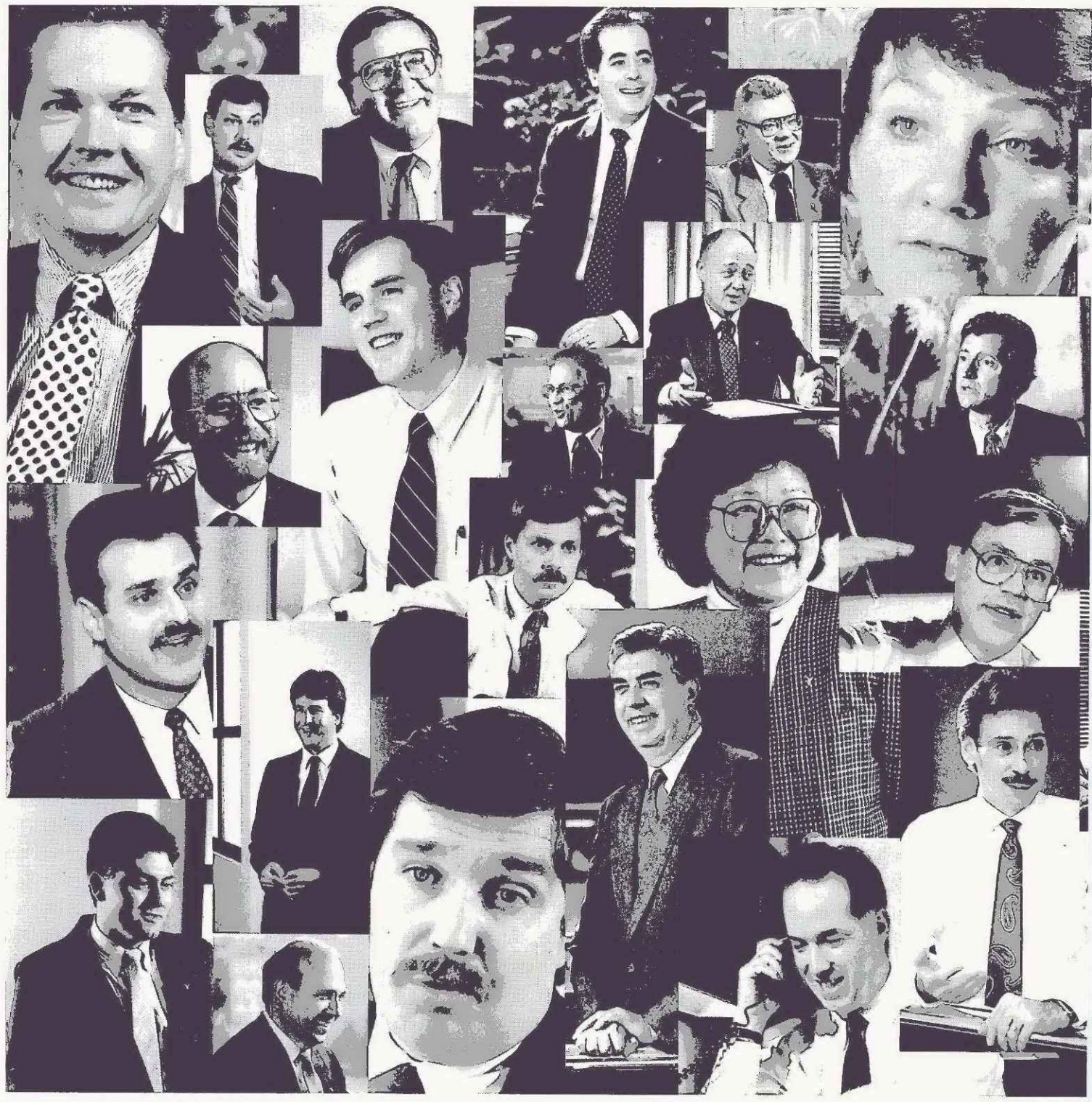
Mr. Fagel is sharing his ideas with several safety-related subgroups of the American Meat Institute and the National Safety Council.

But simply duplicating his safety manual will not produce an exemplary program, Mr. Fagel insists. Doing so takes commitment and acceptance of responsibility by management as well as all supervisory foremen and general production people.

"Safety is not magic. Safety is common sense," he said. ■



A conveyor system, ergonomically designed to reduce lifting and bending, is one way Aurora Packing and Aurora Foodservice try to limit injuries.



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Insurers, OSHA jointly tackle safety issues

By ADRIENNE LOCKE

WASHINGTON—The Occupational Safety and Health Administration and workers compensation insurers are teaming up to tackle workplace safety problems.

At a June gathering of insurance industry loss control executives and high-ranking OSHA officials, both sides discussed in depth their roles in dealing with occupational safety and health and made a commitment to address several workplace safety issues.

To accomplish this, two joint task groups are being formed: one to look at the special problems of small business, and the other to examine the possibility of insurers providing occupational injury and illness data to OSHA to assist the agency in its data collection.

In addition, a standing committee consisting solely of members of two insurer trade groups is being formed to jointly review all relevant regulatory activities at OSHA and establish a line of communication with the agency's regulatory arm earlier in the rulemaking process.

Insurance industry officials are enthusiastic about the opportunity to work with OSHA and is confident that the result will be a safer workplace.

The impetus for this new level of cooperation began in June, when more than 100 insurer loss control executives met in Washington with Assistant Secretary of Labor and OSHA Administrator Gerard F. Scannell and other OSHA representatives to discuss how the insurance industry and government can work together to improve workplace safety.

The one-day conference was sponsored by the Alliance of American Insurers and the American Insurance Assn.

Each of the two task groups approved at the conference will consist of six insurance industry representatives, three each nominated by the AIA and the Alliance, and three OSHA representatives, who Mr. Scannell will nominate.

Since the June meeting, the industry groups and OSHA have held informal meetings to discuss recommendations for task force representatives and to prepare for the first formal meeting of the two groups, said Keith Lessner, associate vp and director of loss control at the Alliance in Schaumburg, Ill.

The agenda for the first meeting is to outline the groups' goals and draft their charters, Mr. Lessner said.

The OSHA representatives have been nominated but are awaiting final approval.

Both task groups hope to have their first formal meetings within the next few weeks, and standing committee hope to begin their work by the end of the year.

One of the issues the small business task group hopes to take up is how to encourage small businesses to place more of an emphasis on workplace safety, said task group member William T. Nebraska, assistant vp of the engineering department of Aetna Life & Casualty Co. in Hartford, Conn.

A small company often is so occupied with managing its business that its does not realize it may have a workplace safety problem until workers comp insurance costs have begun to eat away at its profit margin, he said.

"What we need to concentrate on, whether it is OSHA or whether it is an insurer, is to be able to recognize when the small businesses that we are servicing are getting into trouble as far as their workers comp trends, and if they are, get them to control those cost so that they can have more affordable workers comp insurance," Mr. Nebraska said.

Employers of all sizes more readily understand factors that affect their bottom line so long as you can show them "where and how," he said.

Smaller companies are reluctant sometimes to spend precious capital on additional workplace safety measures because they do not believe they have a workplace safety problem, said Harry J. Walsh, assistant secretary and director of the loss control division at Pennsylvania Lumberman Mutual Insurance Co. in Philadelphia and a member of the small business task group.

"In the beginning, it's hard to convince some small employers that they will save money by putting in money up front by formulating safety committees and safety policy," Mr. Walsh said.

However, some small employers already are more receptive to suggestions on how to improve workplace safety, said Wayne Oastler, assistant vp and director of loss control at Utica National Insurance Group in Utica, N.Y., who also serves on the task group.

"Businesses are more aware of the need for workplace safety and health and are beginning to realize that it is important to them to protect their workers," he said.

The small business task group also hopes to improve the flow of occupational safety and health information from OSHA to small business, Pennsylvania Lumberman's Mr. Walsh said.

Usually, information from OSHA, such as proposals of new standards or announcements about public hearings on workplace safety issues, is publicized in the Federal Register.

However, many small companies do not see the Federal Register, Mr. Walsh pointed out.

"How many small businesses subscribe to the Federal Register or have the time to go through it to keep up with what's in it on a regular basis?" he asked. "By the time the information filters through to the small businesses, its already law."

Mr. Oastler of Utica National agreed. "The dissemination of information down to smaller employers by OSHA is not as good as the dissemination of information to larger employers," he said.

Improving the dissemination of information also is the concern of the data task group, which will investigate the possibility of workers comp insurers providing OSHA with occupational safety and health data.

"We want to be able to help identify with statistical information where the nation's occupational health and safety problems are and assist OSHA in its efforts to appropriately target these problems for regulation," explained task group member Robert M. Hiltz, loss control officer at the national insurance companies of Kemper Group of Long Grove, Ill.

OSHA has long expressed its desire to access what it sees as a wealth of information on workers comp-related injuries and illnesses from insurer data bases to add to its own information, he said.

Continued on next page

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Safety task groups

Continued from previous page

However, getting that data is not easy, said data task group member Charles Sparrell, assistant vp and manager of staff operations in the loss control department at Liberty Mutual Insurance Co. of Boston.

One problem is that there is no standard format for compiling this kind of information, which means that every insurer uses its own method, Mr. Sparrell said. As a result, a mutually acceptable format must be agreed upon, he said.

Mr. Sparrell provided a typical example of why some insurers' current workplace injury data would be of little value to OSHA.

In this hypothetical case, an employee sustains a wrist injury on the job, and the employer's workers comp insurer begins the claims process by filing the first report of injury, Mr. Sparrell said.

When the worker sees a doctor about a sore wrist, that is explained on the first report of injury. At a later point in the claims process, the injury is properly diagnosed as tendonitis or some other repetitive motion injury, but the first report of injury is never updated with the new information, Mr. Sparrell said.

Because the initial injury report and the ultimate cause of the worker's illness or injury can be in different and incompatible areas of an insurer's data base, pulling the information together could be difficult, Mr. Sparrell said.

"There ought to be a way to do it, but it's not as simple as people think," he said.

The insurer data bases would have to be manipulated before they could provide some of the information OSHA would need, agreed Kemper's Mr. Hiltz.

However, insurers want to provide OSHA this information without compromising their insurer/policyholder relationships.

Mr. Sparrell and other group member believe that insurers eventually will be able to provide OSHA with "blind" data—statistical information on injuries without identifying the employer.

In time, the data group would like the Bureau of Labor Statistics, the National Council on Compensation Insurance and several other organizations that keep occupational safety and health data to join the effort and contribute their data on workplace injuries.

"Everyone should be under this tent to come up with a good system of collecting data, because right now, there really isn't one," Mr. Sparrell said.

Meanwhile, the insurer standing committee wants to launch its own group effort to improve OSHA's operation, said Gary P. Lia, senior vp and general manager at Liberty Mutual Insurance Co. in Boston.

The committee hopes to bring together insurance industry policy makers to work on occupational safety and health issues and then, as a single voice, get involved in the early stages of OSHA's rulemaking process, he explained.

Right now, insurers enter into the rulemaking process only when OSHA holds public hearings. But, "we get the impression that with any input we give at that time, we are perceived in an adversarial way," Mr. Lia said.

But, he did note that outside input on occupational safety or health issues has resulted in major redraftings of proposed OSHA standards, which shows that OSHA can use such input earlier in the rulemaking process.

In general, the AIA, the Alliance and their members develop their policies on OSHA activities independently.

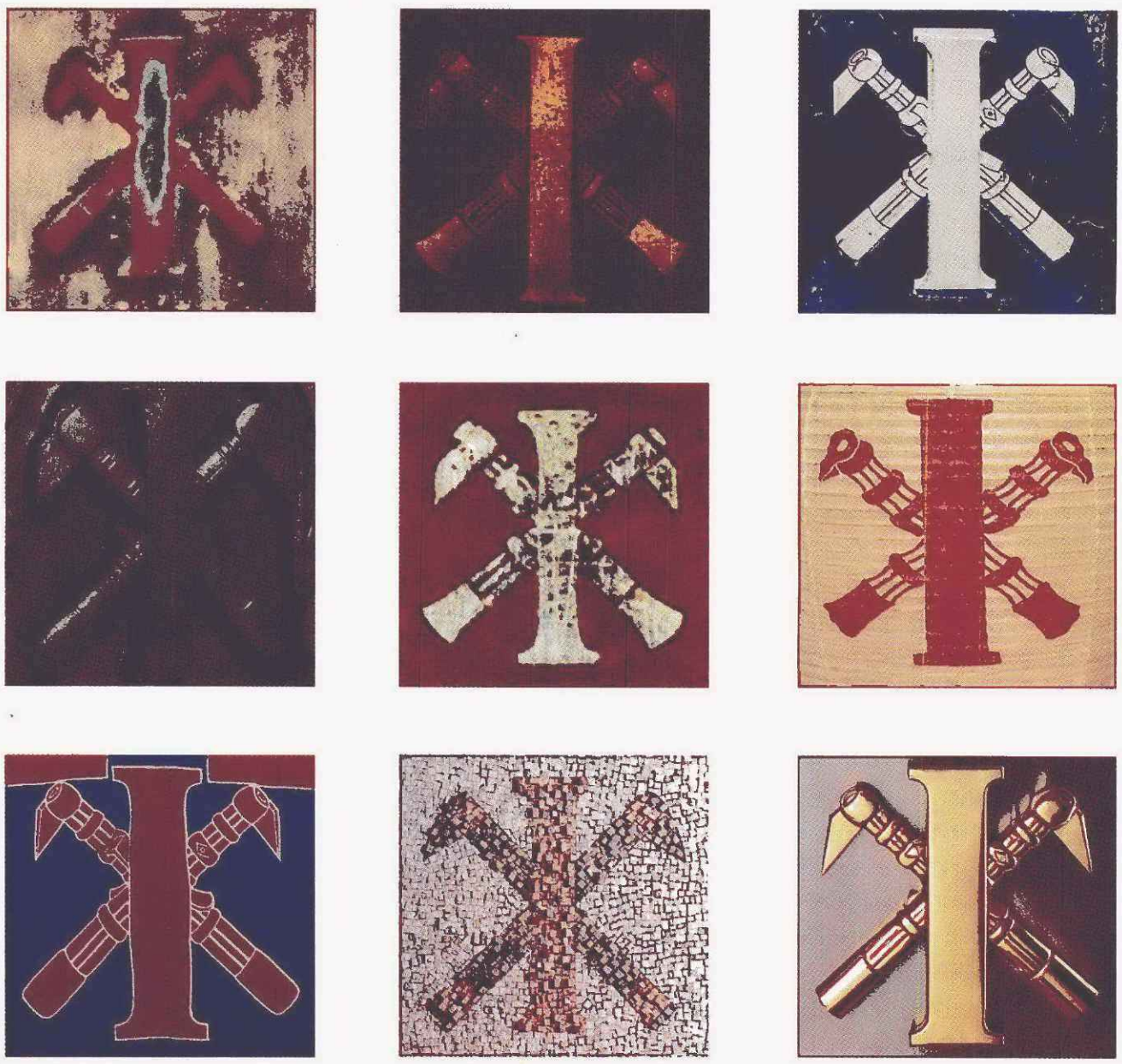
But, with this new process, "we hope to work alongside OSHA to come up with standards that achieve the set objective and are doable, so that the U.S. industry can still compete in the global market," Mr. Lia said.

And, in time, OSHA may look to the group as a source of information and turn to it for input on proposed OSHA standards, he said.

Standards that OSHA already has proposed—such as one that would require employees driving or riding in company vehicles to wear seat belts (*BI*, July 2)—have progressed well beyond the point at which the committee would want to become involved, hesaid.

Instead, the committee, once it has formed, will set its sights on issues such as ergonomics, because OSHA's rulemaking process on that issue is just beginning (see story, page 28).

These kinds of standards "will be very difficult to do properly," Mr. Lia said. "This is the kind of standard that we would want to be in on at the beginning." ■



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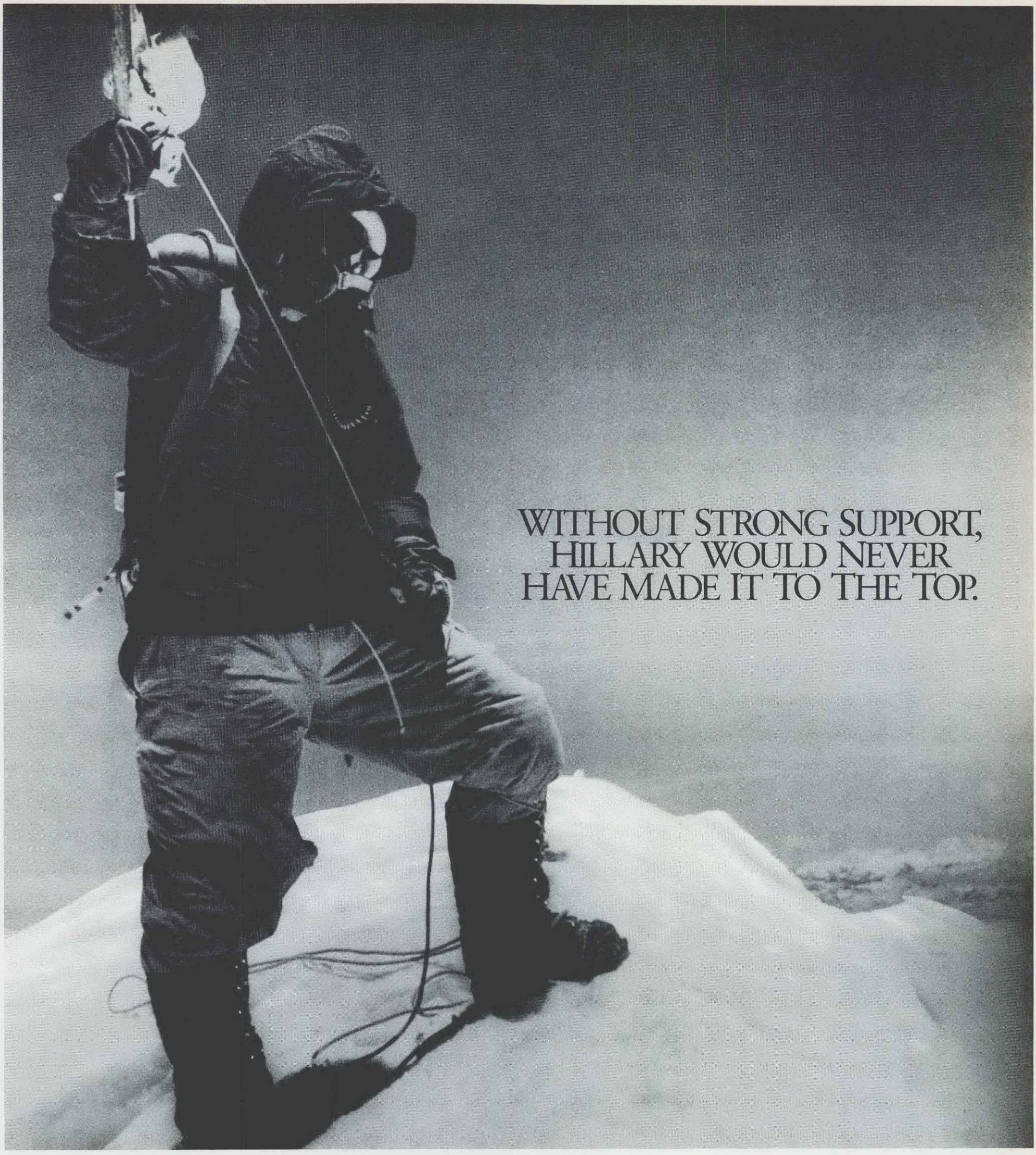

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OSHA drops plan to extend safety rules

By MEG FLETCHER

WASHINGTON—New Labor Department guidelines to reduce cumulative trauma disorders at meatpacking plants will not be extended—as originally planned—to other industries.

Federal labor officials late last month released long-awaited ergonomic guidelines for "red meat" slaughterhouses and processors and announced that the Occupational Safety and Health Administration will target those employers for special inspections beginning early next year (see story, page 29).

But Labor Department officials unexpectedly changed their plan to subsequently issue similar advisory guidelines for other industries.

Instead, Labor Secretary Elizabeth Dole said she intends "to begin the rule-making process" with a request for information from the public about ergonomic hazards in all industries so the Labor Department can determine the most effective steps to address such hazards in all industries.

This process, which could take years, "supplants the issuance of all-industry guidelines," an OSHA spokesman said. And, the Labor Department has not committed itself to issuing mandatory rules in the future for all industries, he added. Officials say they need more information before deciding whether such rules are appropriate.

"OSHA is taking a step backwards" in efforts to reduce ergonomic illnesses among workers in non-meatpacking industries, said David LeGrande, occupational safety and health director for the Communications Workers of America in Washington, D.C. About 70% of the union's 700,000 members face potential ergonomic hazards from frequent use of video display terminals.

Backing off from the earlier plan "indicates that more pressure has been put on OSHA so it would not issue general industry guidelines," he charged.

Failure to produce the advisory guidelines for all other industries "may slow employers' adoption of ergonomically safe equipment," he said.

The lack of federal guidelines, Mr. LeGrande says, will have two likely effects: manufacturers will be better able to insulate themselves from liability for workers' hand and wrist ailments; and more workers may sue computer keyboard manufacturers.

None of the few such product liability actions filed so far have gone to trial.

"It appears that OSHA has not made up its mind about which way to go with all industries," said Jim Marsden, vp of scientific and technical affairs for the American Meat Institute, a meatpackers trade group in Washington, D.C. "They are feeling their way."

Officials "may use the red meat industry as a pilot program to assess the effectiveness of advisory guidelines," he added.

Meatpackers support the new guidelines, he said. Those measures, developed with the help of trade group and labor representatives, closely resemble guidelines the AMI distributed to members in 1988.

Several observers called the dropping of the all-industry plans a reasonable step, pointing out that drafting meaningful guidelines for the hazards faced in a wide range of industries would be difficult. General guidelines would have been merely a diluted version of the meatpacking guidelines, they point out.

"It's too large an issue to be addressed in one guideline," said Donna Costlow, associate director of risk management for the National Assn. of Manufacturers in Washington, D.C.

Such guidelines would have been useful merely to "whet your appetite," said Keith Lessner, associate vp and director-loss control at the Alliance of American Insurers in Schaumburg, Ill.

By offering voluntary guidelines now, the Labor Department could have precluded any discussion of mandatory rules, the AMI's Mr. Marsden warned.

He said that by considering mandatory rules, OSHA is taking a "stronger" stand than it would have by issuing voluntary guidelines.

"There will have to be an ergonomic rule at some point because the problems are so widespread and there has to be an agency like the federal government that, with standard-setting and enforcement ability, will take the lead," said the CWA's Mr. LeGrande.

However, trying to develop such mandatory rules with insufficient medical data on ergonomic solutions "just invites political dissent," said Mr. Lessner. "I think OSHA will have such a difficult time in developing mandatory rules for all industries that I think they are not very likely."

NAM members are pretty equally split between those who want voluntary guidelines and those who prefer mandatory standards, Ms. Costlow said.

"With a voluntary guideline, no one is quite sure what to do or how OSHA will enforce it," she added.

While adherence to the meatpacking guidelines issued last month is voluntary, "compliance with them could demonstrate to an OSHA inspection team that an employer is committed to addressing ergonomic hazards," said Gerard F. Scannell, the OSHA director and assistant secretary of labor, in a statement.

Targeted meatpackers that do not make pre-inspection agreements to abate their hazards face citations or penalties.

Employers would be cited for ergonomic violations under the "general duty" clause of the Occupational Safety and Health Act, which requires employers to operate a safe worksite.

That clause requires the agency to prove that a hazard exists that is recognized by the employer or the industry at large, the hazard is likely to cause serious harm or death, and that there is a feasible measure to eliminate the hazard, said Willis J. Goldsmith, an attorney with Jones, Day, Reavis & Pogue in Washington, D.C.

To support its allegations, OSHA cites accepted standards like those developed by the Human Factors Society for video display work stations as well as the results of on-site investigations by ergonomic experts from OSHA and the National Institute for Occupational Safety and Health.

When an enforcement inspection

Continued on next page

DIFFICULT
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Continued from previous page
reveals a pattern of musculoskeletal injuries or illnesses, OSHA's citations generally call for the employers to evaluate the hazardous ergonomic conditions; to develop a detailed abatement plan that includes training for employees, supervisors and medical staff; and to devise a schedule for implementing engineering and administrative controls, said an agency statement.

A "megafine" policy, adopted in 1986 in response to widespread criticism of inaction on cumulative trauma disorders in meatpacking plants, is attracting attention to ergonomic and other workplace safety problems.

Under this policy, a separate penalty can be proposed for each instance of serious, willful or repeated violations by employers.

Proposed fines are often substantially reduced if a company agrees to adopt reforms at several of its plant sites, even though the citation originally referred to only one location.

For example, a proposed $4.3 million fine against John Morrell & Co. in 1988 for violations at its Sioux Falls, S.D., plant was reduced to $1.25 million in March after Morrell agreed to broad safety reforms (*BI*, March 26).

Hefty proposed fines raise 'the level of corporate attention to the problem,' says Raymond Donnelly.

In addition, a proposed fine of $1.96 million stemming from an OSHA inspection of a Ford Motor Co. electronics and refrigeration facility in Lansdale, Pa., was cut to $1.2 million after Ford agreed to begin a program to reduce ergonomic hazards in 96% of its plants.

When companies agree to wide-ranging safety reforms, OSHA typically assures the firm that it will not be subjected to programmed inspections for the violations cited in the settlement.

However, the agency carefully monitors employer progress in remedying those problems and the employer may still face inspections based on employee complaints or other hazards, said Raymond Donnelly, the agency's director of general industry compliance and assistance.

The large proposed fines "raises the level of corporate attention to the problem," Mr. Donnelly said.

And, that attention could escalate even further if a bill to increase OSHA fines is adopted.

The measure, which is sponsored by Sen. Frank Lautenberg, D-N.J., would triple civil fines for employers that violate workplace safety laws. A $10,000 fine for knowingly violating OSHA laws would increase to $30,000, while a lesser violation that now carries a $1,000 fine would increase to $3,000. In addition, the bill calls for fines to increase in step with the cost of living.

The measure has been passed by the Senate and by a House committee.

OSHA's enforcement efforts against employers with lax workplace safety records has been reinforced with a substantial increase in its budget, which is the first one in several years (*BI*, Jan. 15).

The number of compliance officers has increased "dramatically" by 192 since the end of last year, bringing the total to 1,267 as of mid-August, noted Bob Poogach, OSHA budget officer.

However, only approximately 2% of the 6 million worksites in the nation are inspected annually, according to an OSHA spokesman. ■

U.S. targets meatpackers for rules on ergonomics

Employers in the "red meat" industry now have advisory guidelines to help them identify and remedy ergonomic problems in their plants.

The Department of Labor targeted red meat slaughterhouses and processors for its first guidelines of this type "because (the industry's) documented incidence rates for ergonomics illnesses are many times greater than for the working population as a whole," according to Secretary of Labor Elizabeth Dole.

"Further, due to technology that requires highly repetitive tasks, performed under physically stressful conditions, the problem has been getting worse, rather than better," Ms. Dole said in introducing the guidelines Aug. 30.

The Department of Labor's "Ergonomics Program Management Guidelines for Meatpacking Plants" emphasizes the need for management commitment and employee involvement and feedback.

Both of these factors are essential to identify existing and potential ergonomic hazards and to remove such hazards, according to the department.

Steps employers should take to identify ergonomic problems include monitoring illness and injury trends and analyzing worksites to identify potential problems that can lead to cumulative trauma disorders, like lower back injuries, carpal tunnel syndrome—a nerve disorder of the hand and wrist—and various tendon disorders.

The guidelines recommend as possible ergonomic solutions:

- Engineering controls such as proper work stations, work methods and tool design.
- Work practice controls such as proper cutting techniques, new employee training and monitoring adjustments.
- Personal protective equipment such as properly fitting gloves and appropriate protection against cold.
- Administrative controls such as reducing the duration, frequency and severity of motions; slowing production rates; limiting overtime; providing adequate rest pauses; increasing the number of workers assigned to a particular task; rotating workers among jobs with different stress factors; ensuring the availability of relief workers; and maintaining equipment and tools in top condition.

Meatpackers also need to effectively to explain to employees the importance of working in ways that limit stresses and strains and need to report symptoms of cumulative trauma disorders early so that treatment can prevent permanent damage, the guidelines say.

Employers should properly train employees for their individual jobs and provide annual retraining, according to the guidelines.

In addition, an effective ergonomics program also includes medical management, with trained health care providers available to help implement the program and to treat employees.

Strict adherence to the guidelines is not mandatory, but OSHA believes that following them can produce "significant" reductions in repetitive motion illness, according to a Department of Labor statement.

OSHA intends to mail copies of the guidelines to all meatpackers.

—By Meg Fletcher

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Spotlight report

Treat symptom before it worsens: Experts

By MICHAEL SCHACHNER

Early diagnosis of a cumulative trauma disorder can mean savings of thousands of dollars in corrective surgery and rehabilitation costs, according to occupational rehabilitation experts.

The best way for employers to reduce the amount they spend on rehabilitating employees from cumulative trauma disorders like carpal tunnel syndrome and repetitive motion back strain is to refer employees to a specialist as soon as a worker complains of symptoms, therapists and rehabilitation experts note.

When cumulative trauma disorders are caught in the developmental stage, workers can be successfully treated through relatively inexpensive conservative therapy, therapists and physicians agree.

Such therapy may involve placing the impaired body part in a splint, taking anti-inflammatory drugs or starting an exercise regimen designed to strengthen the affected area.

If repetitive motion injuries are caught in their early stages, "nonaggressive treatment can work," said Ginger Clark, owner of Hand Rehabilitation Services, a rehabilitation clinic based in Bradenton, Fla.

"The earlier the detection the better," said Judy Colditz, president of the American Society of Hand Therapists in Raleigh, N.C.

"As soon as someone reports vague symptoms, that person should be checked by a doctor for systemic causes of pain" and start receiving therapy, she said. "It's so much less expensive than surgery and rehabilitation."

The only way for employers to cut costs related to cumulative trauma disorders is to catch the symptoms early, stressed Joyce Kostenbauer, an occupational therapist in the Eugene, Ore., office of Portland-based Liberty Northwest Insurance Corp.

"The employers that are most successful in cutting costs are those that refer employees quickly to a physician they know well. It is important for employers to establish a good working relationship with certain physicians in their region," she said.

"Also, the employers with the lowest claims cost are the ones that have quit fighting their employees. They can save money by reducing lost time and can beat surgery if they catch the problem early," Ms. Kostenbauer explained.

"Medication, splinting, job modification, job rotation, exercises and stretching can help prevent surgery, and the best way to mitigate costs is to try to avoid surgery," she said.

"I know this philosophy of rest and therapy can be hard to sell to managers and supervisors who are most concerned with production, but it's definitely cheaper than surgery and full post-operative rehabilitation," said Alice Seidel, an associate professor of occupational therapy at the University of New Hampshire in Durham.

Carpal tunnel syndrome is the most widespread occupational cumulative trauma disorder in the United States, according to Ms. Colditz of the ASHT and physical therapists nationwide.

Therapists report that 40% or more of their cases involve cumulative trauma, with most of those involving carpal tunnel syndrome. This ailment occurs when the nine tendons in the wrist that run through the carpal tunnel to the fingers swell from overuse and continuous flexing. When this swelling occurs, the median nerve, which provides sensation in the fingers, is compressed, causing numbness and tingling in the fingers.

The disorder commonly stems from jobs requiring repetitive hand motion and grabbing, such as assembly line work, timber mill work and typing.

One hand surgeon. Dr. Robert R Schenck of Rush-Presbyterian St Luke's Medica. Center in Chicago who has written several articles on carpal tunnel syndrome, estimates that hand surgeons throughout the country perform more than 100,000 operations annually to correct carpal tunnel disorders.

In addition, several hundreds of thousands of Americans are undergoing therapy to improve hand and wrist pain caused by carpal tunnel syndrome, experts agree.

"CTS is occurring so frequently that people outside affected industries may think it's trendy," said Susan Emerson, owner and director of Seacoast Hand Rehabilitation Center in Dover, N.H.

"Ten years ago, this was virtually unheard of. But, about four or five years ago surgery became very popular, and conservative management is quite common today. It s a very real industrial epidemic,' Ms. Emerson said.

"Employers today are more aware of carpal tunnel syndrome than ever before," explained Ms Clark of Hand Rehabilitation Services. "Eight or 10 years ago workers who tried to claim cumulative trauma from their job had a hard time proving it. Now employers allow the claim as workers compensation."

"The likelihood for fast recovery is best with a quick diagnosis of the condition," Ms. Clark said. "Employees complaining of carpal tunnel symptoms should be sent to a hand specialist immediately—not some quick care or emergency room setting. Orthopedists, plastic surgeons and neurologists are best qualified to diagnose carpal tunnel," she said.

Carpal tunnel syndrome is diagnosed through various tests, but two methods are predominant:

- The electromyogram, which pinpoints the location of injury. With an EMG, an electrical stimulus is applied to the forearm and the reaction time to the thumb muscles is measured to determine sensory function.
- The vibrometer, which sends an electronic stimulus through the arm and wrist to the fingers. Sensation in the fingers may be dull or absent when compression of the median nerve exists.

"No one method is necessarily better," Dr. Schenck said. "The vibrometer is probably more sensitive and accurate but is used less than the EMG because it's relatively new. The way inertia works, people have been slow to pick up on it."

For a proper diagnosis, these tests are vital, Dr. Schenck said. However, he warned that they are not foolproof.

"People can't fake these tests," he said. "But none of these tests are positive 100% of the time."

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If the condition is diagnosed early, it can be treated through relatively inexpensive conservative management, experts say.

That approach entails immobilizing the wrist with a splint to allow swelling within the carpal cavity to subside.

The patient also should take anti-inflammatory drugs like aspirin, ibuprofen, Naprosyn or Motrin, or they can receive injections of low-level steroids to strengthen the wrist.

After about three or four weeks of such therapy as well as rest, the employee may be able to return to work under a modified duty order to prevent aggravating the injury but still should receive therapy two to three times per week, rehabilitation specialists suggest.

However, the longer an employee continues to perform the same functions and motions that have caused the injury, the harder it will be to correct the conditions without costly surgical intervention, experts say.

And, corrective surgery—which involves relieving pressure on the median nerve by dividing the transverse carpal ligament that runs across the wrist—is far more costly than conservative therapy.

For example, the cost of carpal tunnel surgery, along with lost work time, disability payments and rehabilitation, costs about $20,000 in the Midwest, according to Dr. Schenck.

In the Pacific Northwest, where there is a high incidence of CTS among timber industry workers, the cost of surgery, 12 weeks of lost time and three weeks of post-operative hand therapy exceeds $8,500, according to Ms. Kostenbauer, the occupational therapist.

And, in a worst-case scenario on the East Coast, a carpal tunnel patient requiring surgery and a year away from the job to recover could amass medical costs ranging from $5,000 to $11,000, according to Maurice Kent, executive vp with General Rehabilitation Services Inc., a rehabilitation case management firm based in Berwyn Pa.

"The diagnostic testing portion will cost at least $500. Surgical correction costs about $3,000 and post-operative rehabilitation in a worst-case scenario could cost as much as $7,500," Mr. Kent estimated.

'Companies with a lot of lost time are starting to show care' for injured workers, says Ms. Putnam.

In addition, workers compensation indemnity benefits average about $15,000 annually in East Coast states, he said.

Lower-back injuries also fall into the category of cumulative trauma, because repetitive and forceful movements—combined with improper ergonomics—can cause severe pain for many workers.

According to the National Safety Council's latest annual workplace injury statistics, 20% of all work-related injuries from 1987 through 1989 that led to an employee receiving workers comp benefits were back-related injuries.

In 1989, there were 380,000 lower back injuries that occurred in the workplace, according to the council.

Back muscle and ligament strain is commonplace in such industries as construction and factory work, pointed out Ann Putnam, back care coordinator in the physical therapy division of Baxter Healthcare Corp. in Hinsdale, Ill.

Long-haul truckers also are susceptible to lower back injuries because they are subjected to long hours of sitting and vibration, she said.

Employees suffering from continual lower back pain also should be referred to a doctor and undergo testing to determine the cause of pain, Mr. Putnam said.

Injured employees normally undergo a magnetic resonance imaging test, a CAT scan or an EMG to determine the extent of back damage, Ms. Putnam said. The MRI costs about $900 in most hospitals and clinics, a standard CAT scan costs about $600 and an EMG costs about $300.

If no disk or nerve problems are discovered, employees should begin an exercise program to improve flexibility of the back, hips and legs, she advised.

Aerobic exercises—including walking, swimming and treadmill work—also can improve lower-back conditions, according to Ms. Putnam.

In addition, ultrasound therapy, ice compresses and massages help improve joint mobility, she said.

But, if surgery is required to correct a herniated disk and related nerve damage, for example, surgical costs alone can approach $10,000, according to Ms. Putnam.

In addition, the post-operative recovery process begins with three days to two weeks of hospitalization at $600 to $800 per day, she said.

Ms. Putnam said that back pain caused by repetitive motion usually lasts six weeks to a year, at which point it could either go away or require surgery.

Therefore, employers must get involved early in rehabilitating their employees.

"Employers have to make the necessary calls or else the employee feels that no one cares," Ms. Putnam said.

"It is important that employers manage the process so workers don't get lost between the cracks. Not even 50% of the employers today show outward care," Ms. Putnam laments.

However, as far as all workplace injuries are concerned, "some larger companies with a lot of lost time are starting to show care," Ms. Putnam said. "They are employing an occupational nurse or hiring a rehabilitation case manager, which improves the rehabilitation process."

In addition, several rehabilitation case management firms now act as liaisons between workers compensation insurers and employers, enrolling employers in rehabilitation networks and overseeing therapy for injured workers.

Mr. Kent of General Rehabilitation Services contends there is a lot of overutilization of diagnostic testing, surgery and pre- and post-operative therapy in treating cumulative trauma injuries.

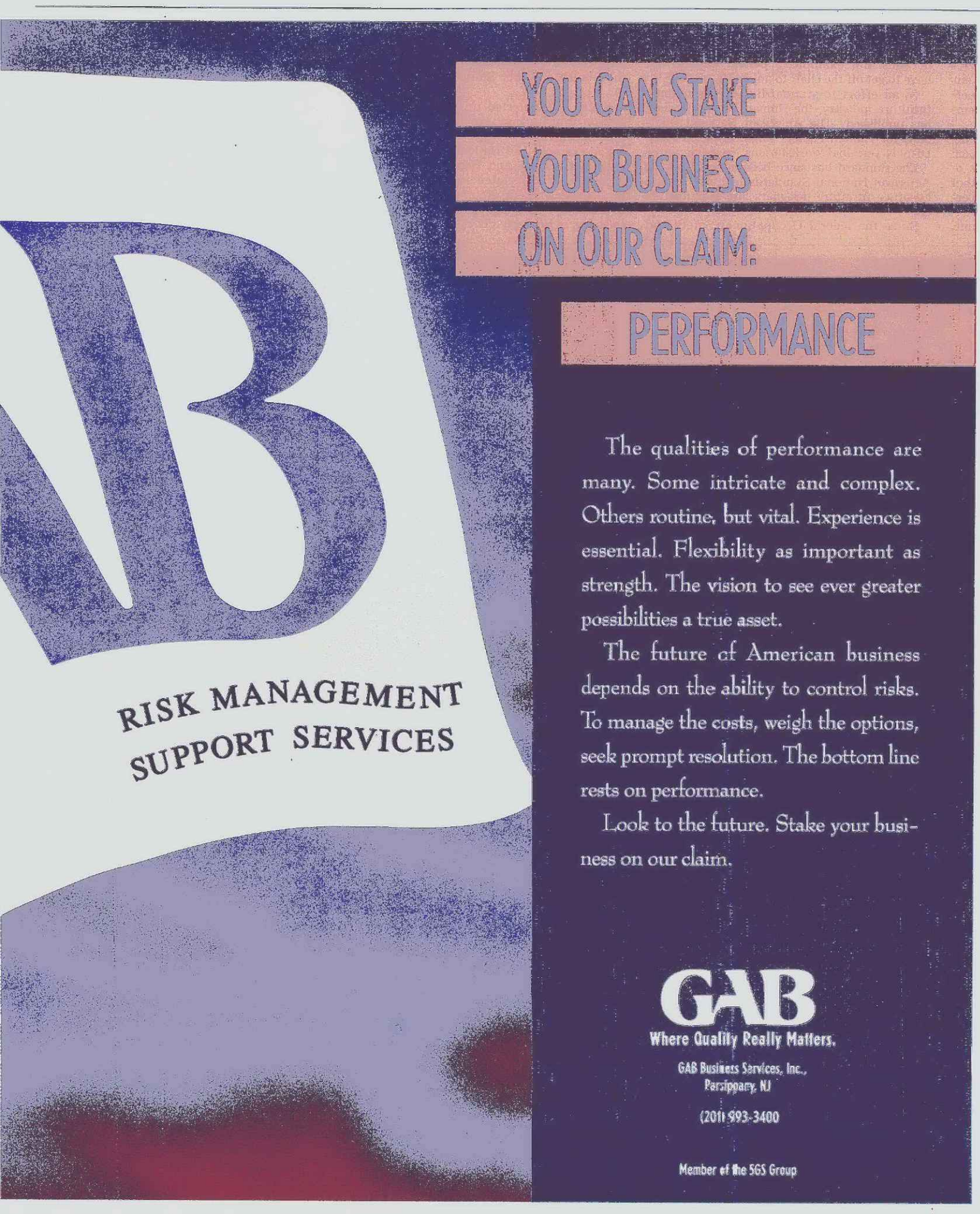
"Most cases need to be evaluated individually," he said.

"Carpal tunnel surgery, for example, is not the only answer in all cases," added Peter Medeja, a vp with General Rehabilitation. "Direct (conservative) treatment works, and as rehabilitation consultants, our role is to direct patients to the right treatment."

"There's simply too much carpal tunnel surgery going on," said Dr. Sholmo S. Mandell, medical director with Novi, Mich.-based Manage Ability, another case management firm.

"Oftentimes it's not effective, and there's an absolute likelihood of reoccurrence," he said.

In addition, he warned that "there's extensive testing that goes on and not everyone needs an MRI (magnetic resonance imaging) or an EMG (electromyogram). We can catch when it's necessary to order those evaluations and when it isn't." ■



Spotlight report

Not all ergonomic furniture equal: Experts

By JOANNE WOJCIK

Selecting ergonomic office furniture to reduce back injuries among a wide variety of workers as well as hand ailments suffered by users of video display terminals is, at best, a hit-or-miss proposition.

Many of the so-called ergonomic products are not truly user-friendly, despite manufacturers' claims, ergonomics experts warn.

This is partly because there is no definitive standard for what constitutes an ergonomic chair or work station. And, because people come in different shapes and sizes, the chair or computer work station that fits the executive goose may not be comfortable for the clerical gander.

In addition, even the genuine ergonomic article won't be effective if the employee hasn't been taught how to use it, ergonomists say.

"The fact that a manufacturer says a chair is ergonomic is absolutely meaningless," asserts Dr. Richard Hirsch, chairman of the technical standards committee of the Human Factors Society Inc. of Santa Monica, Calif.

The Human Factors Society is a group of 5,000 ergonomics professionals. Ergonomists—who are trained in biology, engineering and related disciplines—study how workplace environments relate to human activities in an effort to make workplace equipment and systems more comfortable.

When a chair has been labeled ergonomic, "all that means is that the designer has taken into account the limits and measurements of the human being," Dr. Hirsch said. In other words, "the chair has been made to fit the person."

And even when a chair is truly ergonomic, "that doesn't mean that it's good. I can think of lots of designers who claim to have given ergonomic thought to a chair that have done a lousy job," he added.

"In many cases, so-called ergonomic chairs are not ergonomic," agreed Jack Litewka, president of Applied Ergonomics, a Seattle-based ergonomics consulting firm.

"What makes a chair ergonomic? If it supports the human body without fatigue. But you have to have adjustability because the number of human body types are infinite," he added

In addition, "different height people need different height desks. And if the desks aren't adjustable, you must have adjustable seats and foot rests," Mr. Litewka said.

"If you can't make it in different sizes, you have to make it adjustable," agreed Clifford M. Gross, president and chief executive officer of Biomechanics Corp. of America in Melville, N.Y.

"Adjustability is the key" to true ergonomic design, agrees Mark Sanders, president of the Human Factors Society.

And the adjustments should be easily made, he adds. For example, a person "should not have to get off the chair to adjust its height."

In an effort to standardize the ergonomic furniture industry, the Human Factors Society has published "The American National Standard for Human Factors Engineering of Video Display Terminal Workstations" (see diagram).

The standard has since been adopted by the American National Standards Institute for use by office furniture designers and manufacturers.

Since the federal Occupational Safety and Health Administration has not yet released carpal tunnel safety guidelines for general industry, the ANSI/HFS standard is the only nationwide benchmark available for VDT users.

But ergonomists and other observers believe some national standard is necessary as more and more people work with computers.

"We need OSHA to develop something for the layman because the ANSI/HFS guidelines are too esoteric," said David LeGrande, coordinator of occupational safety and health for the Communication Workers of America in Washington, D.C.

"Technology is driving the way people work. Every single job seems to have a keyboard now," says Rani Lueder, president of Humanics, an ergonomics consulting firm in Encino, Calif., and editor of "The Ergonomics Payoff: Designing the Electronic Office."

Long-term keyboard use has triggered a nationwide epidemic of repetitive motion injuries as well as back, neck and leg pain.

Repetitive motion injuries, such as tendonitis and carpal tunnel syndrome, accounted for nearly half—48%—of the 240,900 workplace illnesses in private industry during 1988, up from only 18% of 126,100 illnesses in 1981, reports the Bureau of Labor Statistics (see story, page 3).

While first detected in factories, repetitive motion injuries now are cropping up among office workers.

For example, the National Institute for Occupational Safety and Health is investigating reports of VDT-related injuries at US West in Denver, where a group of phone operators filed suit 2½ years ago against Computer Consoles Inc. of Rochester, N.Y.

The suit, filed by 30 former and current US West employees, alleges that the keyboard design contributed to the occurrence of repetitive motion injuries. The original complaint did not seek a specific damage amount. A trial is set for November in U.S. District Court in Denver.

NIOSH also is investigating The Los Angeles Times, where 200 of 1,100 editorial workers have filed disability claims for repetitive motion injuries, including carpal tunnel syndrome, tendonitis and other disorders.

Another suit was filed last month by eight journalists seeking $270 million in damages for repetitive motion injuries from Atex Publishing Systems, a major supplier of word processing systems to newspapers (*BI,* July 16).

And, at San Francisco-based Pacific Bell, where 27,000 of the telecommunications company's 65,000 employees are regular VDT users, repetitive motion injuries have tripled since 1986, said Corporate Safety Director James H. Stout.

The cost of these injuries—including lost work time and workers compensation disability and medical benefits—now totals approximately $1 million, or about 3% of Pacific Bell's annual workers compensation costs, he said.

While that figure appears small now, "it's growing," he stressed.

In addition, many of Pacific Bell employees' VDT-related injuries are likely being treated outside of the workers compensation system, primarily through the company's health care plan, Mr. Stout added.

Pacific Bell this summer launched an $8 million program to prevent stress and strain among its employees in Southern California. The pro-

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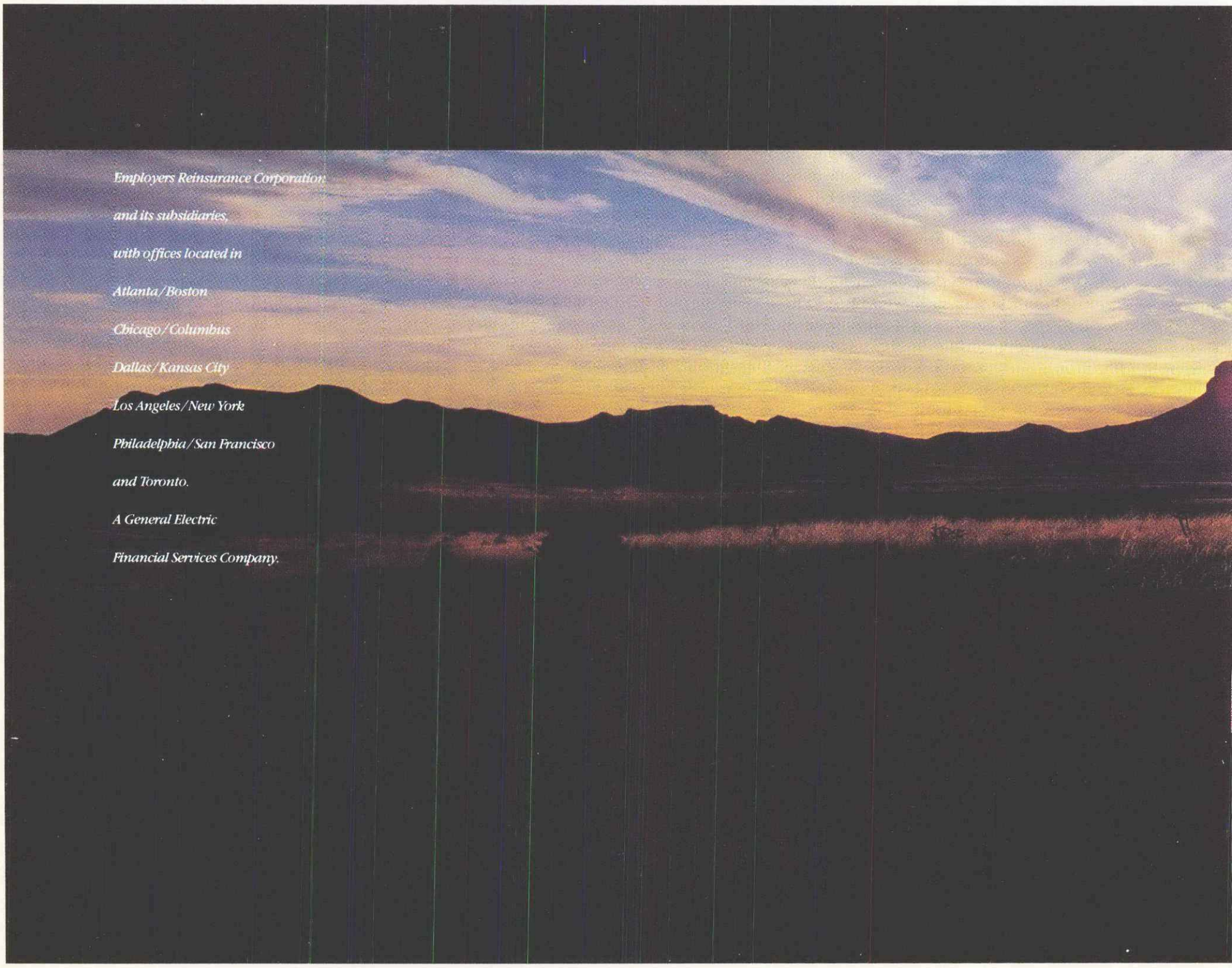

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gram includes teaching employees good posture and work habits as well as making desks, chairs and keyboards fully adjustable to meet the individual needs of each operator.

While carpal tunnel syndrome among workers using VDTs is getting a lot of attention, "it's only a small part of the problems that are going on," points out Humanics' Ms. Lueder.

"Eighty percent of us will have a major back injury at some time in our life," she said.

Back problems are the second leading cause of absenteeism following the common cold, costing employers more than $80 billion annually in lost workdays, medical tests and treatments, drugs, therapeutic products and insurance premiums, according to the Bureau of Labor Statistics.

With more than 75% of the U.S. workforce conducting business in seated positions for long periods of time and prolonged poor seating one of the chief culprits behind lower back pain, the answer may be as simple as building a better chair, according to Neal Taslitz, president of BackCare Corp., an ergonomic chair supplier and consultant in Chicago.

As if realizing this, numerous manufacturers have produced a plethora of so-called ergonomic chairs. Among them are: Grahl Industries Inc. of Coldwater, Mich.; Girsberger Industries Inc. of Smithfield, N.C.; Rudd International Corp. of Washington, D.C.; Steelcase Corp. of Grand Rapids, Mich.; Panel Concepts of Santa Ana, Calif.; Hag Inc. in Greensboro, N.C.; and American Ergonomics of Sausalito, Calif.

In addition to chairs, other ergonomic office products have been developed, including:

- The Daisy Wrist Rest, designed by the Daisy Wheel Ribbon Co. Inc. of Ontario, Calif., to reduce repetitive motion injuries by forcing keyboard users to keep their wrists elevated.
- The Maltron keyboard, marketed by Applied Ergonomics of Seattle. The keyboard is split, so that the keys that would be struck with the fingers on the right hand are separated by a gap from keys that are struck with fingers on the left hand. Function keys are placed in the gap.

This arrangement is designed to fit the natural curve of the hand and encourage use of the thumb, which is a stronger digit.

- The KB Pillow for detachable computer keyboards and the Dynamic Footrest Massager, marketed by Ergo-Nomic Inc. of Long Beach, Calif.
- And, Biomechanics Corp. has developed a patented seat system that records the contour of the spine and adjusts the seat shape to fit the individual. A record of the individual's optimal seat position is encoded on a credit card, which allows each user to automatically adjust the contour of the back rest.

But even when a chair or a work station is labeled ergonomic or meets the ANSI/HFS standard, it may not be comfortable for all users, ergonomics experts warn.

"A chair can comply with ANSI/HFS and still be a terrible chair," said Humanics' Ms. Lueder.

Too strict an adherence to the ANSI/HFS standard also can lead to problems, she warned. "Those are minimum guidelines, not ideal guidelines."

In addition, the ANSI/HFS standards don't apply to 10% of the population because the standards only pertain to those individuals falling between the fifth percentile (small in size) to the 95th percentile (large in size), she said.

Because certain chairs are better for short or tall people, the user's size should be considered when selecting a chair, Ms. Lueder said.

If a corporate purchasing department desires uniformity, Ms. Lueder suggests selecting a chair that comes in more than one size, like the

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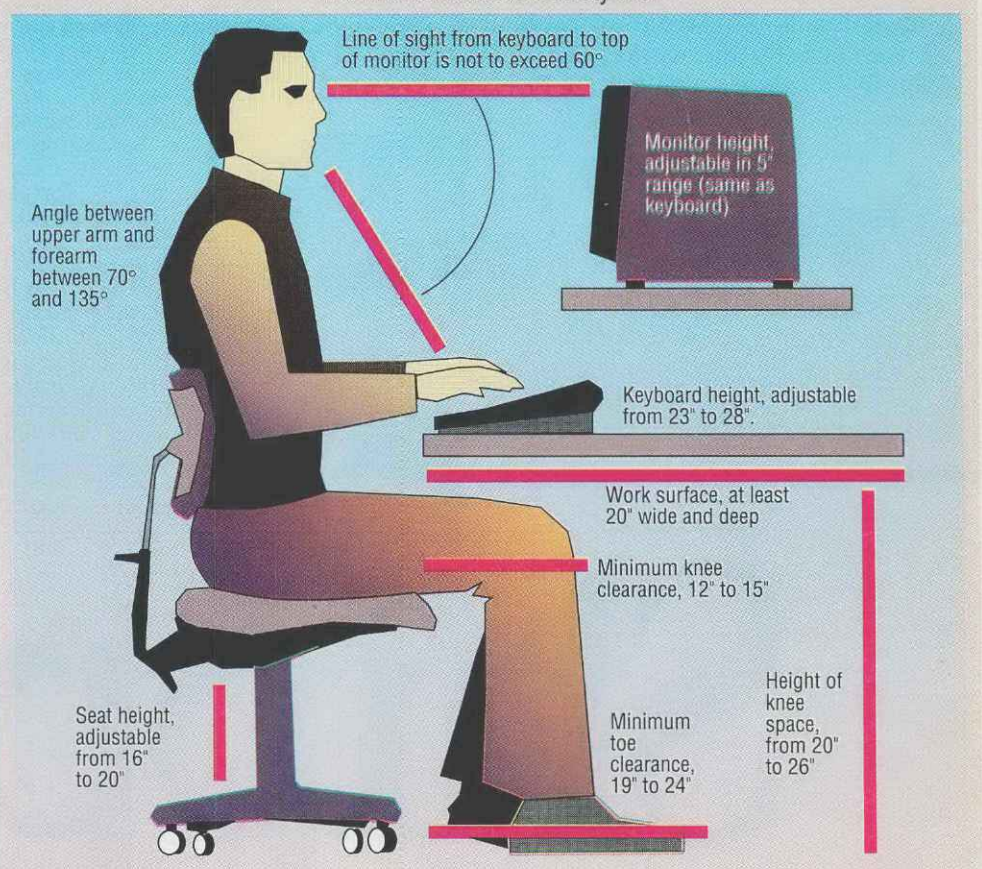
Computer workstation ergonomics

These dimensions are adapted with permission from "American National Standards for Human Factors Engineering of Video Display Terminal Workstations," published by The Human Factors Society Inc.



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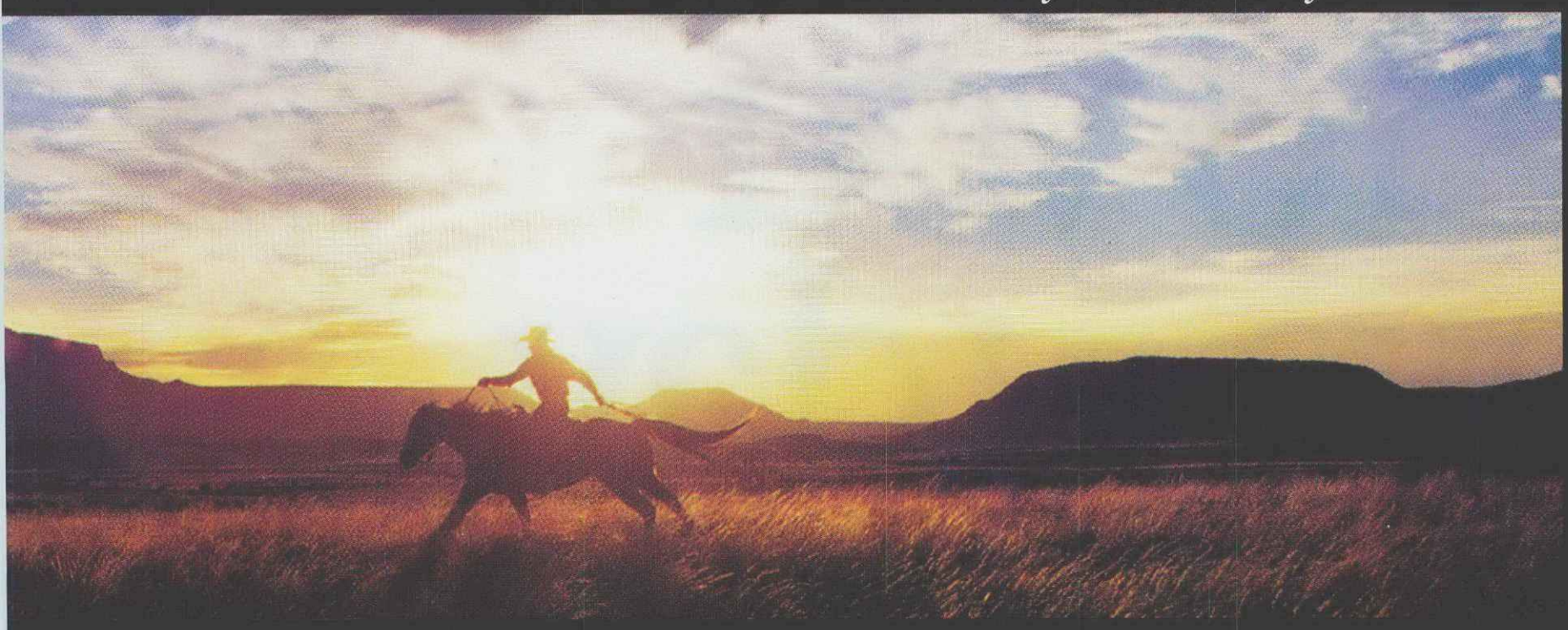

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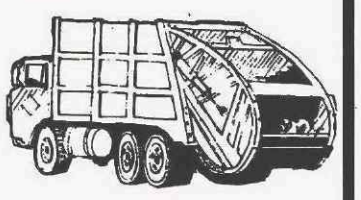

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NSWMA

Ergonomics

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Steelcase Sensor chair.

"It's the Mama Bear, Papa Bear, Baby Bear concept," a Steelcase spokesman explained.

"A company with more than 40 or 50 employees needs at least two types of chairs," agreed the Human Factors Society's Mr. Sanders.

Because people come with different-sized torsos, "back and seat rests must be independently adjustable," said Mr. Litewka of Applied Ergonomics.

Some chairs that allow users to sit backwards and rest their chins on the backrest are good for people with particular back problems or for those performing certain tasks, like drafting, that require them to lean forward for long periods, Mr. Litewka said. "But they're non-functional in most offices," he added.

Chairs with arm rests can cause problems too. The standard width between arm rests, which is designed so that large-hipped people can get in and out of the chair, is often too wide for people of average size, according to Mr. Litewka.

As a result, the user's elbows swing out uncomfortably. And because the forearms cross an armrest at an angle, it cuts off circulation and pinches muscles and tendons, he adds.

In addition, immobile armrests are often too high for people with long arms.

In response to these problems, Mr. Litewka worked with Frederich W. Grahl, president of Grahl Industries, to design the Elbow Support Chair.

The chair has elbow supports, as opposed to arm rests, that adjust both vertically and horizontally "so your arms essentially become weightless," Mr. Litewka explained.

Chairs used by people who sit for long durations should be equipped with lumbar, or lower back, supports, according to the Human Factors Society's Dr. Hirsch.

However, foot rests are only necessary if the chair user's feet cannot rest securely on the floor, he says. This usually occurs with short people who adjust their chairs upward to reach the desk, he explained.

"What you want is to be comfortable when you perform a specific task," he stressed.

It is important that office chairs not be so form-fitting that users are rendered immobile, ergonomists agree.

"The disks between your vertebrae get nutrients when you move, not when you're still," Mr. Sanders points out.

"It's better to have a chair that doesn't lock you into place," agreed Humanics' Ms. Lueder, who recommends a chair with a lot of backward inclination so that the employee can sit back occasionally.

"People sit in different postures when they perform different tasks. A chair that forces people to sit in a rigid position is not ergonomic," she said.

A good chair "provides support but doesn't lock you into the seat," observed Biomechanics' Mr. Gross.

Likewise, work stations should be designed to permit freedom of movement, ergonomists say.

But even the best chair or work station in the world won't do any good if the employee doesn't know how to adjust it or is not using proper posture, ergonomics experts say.

"Furniture companies often are unjustifiably getting flak. It's not always the furniture that's causing the problem," Ms. Lueder asserts.

"The real problem is educating the people who are doing the buying," said BackCare Corp.'s Mr. Taslitz. He suggests that corporate executives responsible for purchasing chairs and work stations do their homework.

And, once a company installs the chairs and work stations, it should teach employees their capabilities, said Human Factors' Mr. Sanders.

"The more adjustable features you have, the more you have to teach people how to use them," he said.

For example, employees should periodically change the height of their chair throughout the day to reduce the pressure on the spine, says Humanics' Ms. Lueder.

"Ideal posture is a sit-stand position," she explained. "It's the neutral body position assumed in space with legs 135 degrees from the upper torso."

Employees also need to be taught good work habits, such as taking breaks and assuming appropriate posture while performing keyboard work.

"If you sit straight, breathing is easier and your back gets better support. When you're slouched, your head hangs forward over your chest. It's like holding a ball on the end of a stick," said Pacific Bell's Mr. Stout.

Operating a keyboard for extended periods while the wrist is bent causes the carpal tunnel to swell, compressing the median nerve, Mr. Sanders explained.

To avoid this, he recommends employees take frequent, short breaks, say three to four minutes every hour or so.

Breaks are even more important for pregnant women, he added, because "anything that makes your body swell—such as water retention—can make the carpal tunnel swell."

Another bad employee habit—cradling the phone between the neck and shoulder—can cause considerable nerve and cervical disk damage, according to Mr. Sanders.

Shoulder cradles "don't help. The only solution is to use a headset," he said.

Employers that do decide to invest in ergonomic work stations should be prepared to drop a bundle. For instance, ergonomic chairs typically range in price from $400 to more than $1,000 each, depending on the number of adjustable features desired and the type of fabric selected. ■

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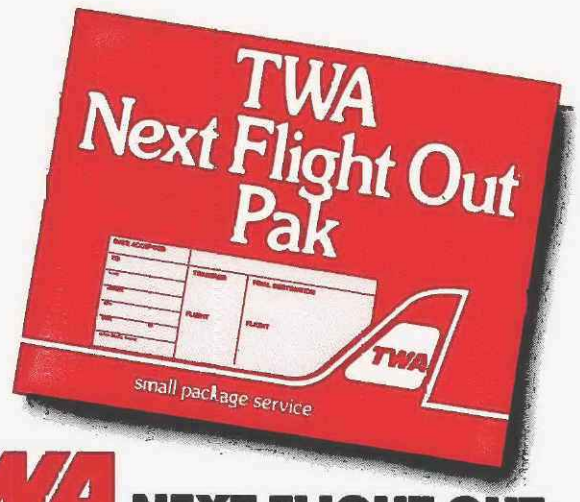

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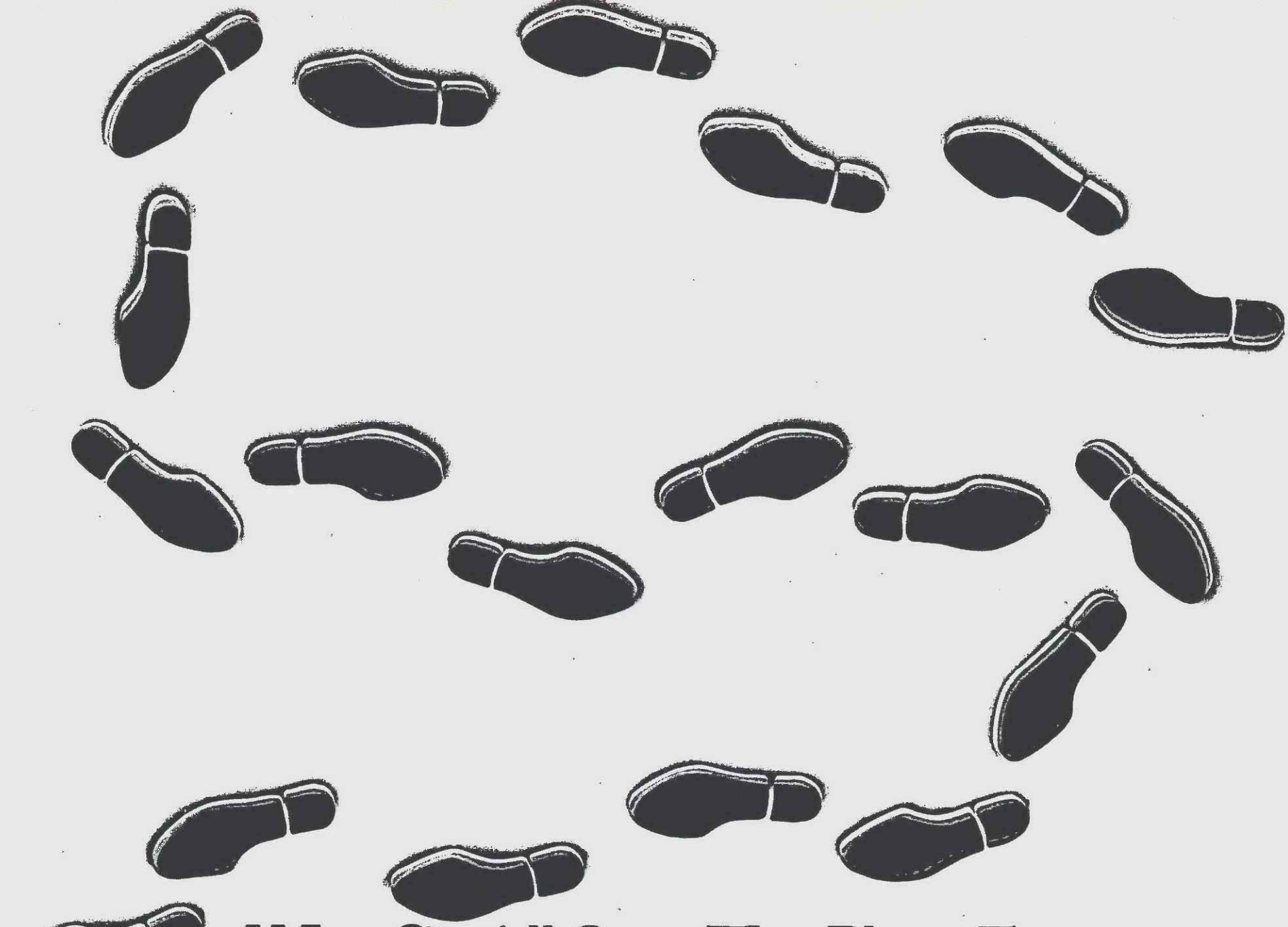

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Concern over safety shows up on companies' bottom lines

By COLLEEN JOHNSON

Safety programs are increasingly important to companies trying to avoid OSHA fines and criminal liability for workplace safety problems, consultants say.

And those employers are realizing that the programs generate long-term savings, they say.

A recent spate of hefty fines imposed by the Occupational Safety and Health Administration has "heightened people's awareness" of the need for workplace safety, said Andy Johnson, manager of technical services in the risk management consulting division of Gallagher Bassett Services Inc. in Rolling Meadows, Ill.

OSHA is assessing "up to tens of thousands, hundreds of thousands of dollars" in fines, said Richard F. Andree, executive vp at Safety & Health Management Consultants in New York. "There's economic pressures organizations are starting to see."

Without admitting guilt, two companies earlier this year agreed to pay OSHA fines exceeding $1 million. John Morrell & Co., a unit of Cincinnati-based United Brands Co., agreed to pay $1.25 million in fines and grants for research on ergonomic hazards (*BI*, March 26). And The Budd Co., a Troy, Mich., manufacturer, agreed to pay $1.5 million in fines for 843 alleged willful violations of federal workplace safety regulations at its Philadelphia plant (*BI*, April 23).

OSHA fines aside, criminal prosecutions are increasingly likely for employers whose workers are killed or seriously injured because of unsafe job conditions, according to Mr. Andree. "I tell (managers that) companies do not go to jail. People go to jail."

For example, the U.S. Supreme Court last fall let stand an Illinois Supreme Court decision that OSHA rules do not bar local prosecution of Chicago Magnet Wire Corp. officials for allowing unsafe working conditions that led to employee injuries (*BI*, Oct. 9, 1989).

Noting that a Department of Justice official has said OSHA regulations do not preclude state criminal prosecutions (*BI*, Dec. 19, 1988), Mr. Andree observed that "It sounds like the legislative theory in the United States is that the federal act does not prohibit prosecuting corporations or individuals" over workplace accidents.

"You're going to see more and more of it," he predicted.

Don Rhodes, president and chief executive officer of COMCO Safety Services in Lakewood, Calif., said that in workplace safety cases, criminal charges against employers have increased, as have state and federal penalties.

"I think it's very important that business owners and supervisory management focus on their potential for criminal prosecution for their failure to comply" with safety requirements, he said.

Some companies—particularly smaller firms with a violation to correct or whose operators have heard a "horror story" of someone sent to jail for his role in a workplace accident—come to safety consultants "thinking safety and production are mutually exclusive," Mr. Rhodes said.

But those employers learn that safety leads to less down time on production, he said.

Employers considering safety programs are concerned with costs of regulatory violations, employee accidents or product liability suits, said Tom Reilly, inspector of safety and health at Schirmer Engineering Corp. in Deerfield, Ill. "The bottom line gets attention from the bean counter."

Workplace accidents often mean attorneys' fees and higher workers compensation costs. Those facts are not lost on employers seeking to cut costs, said Robert Pater, president of FallSAFE in Portland, Ore.

In addition, the increasing average age of workers means they "may be more susceptible to certain types of injuries," and the shrinking labor pool makes it "critical to keep employees you have on the job," Mr. Pater said.

As many manufacturing jobs change, he added, employees are doing less manual work and instead are "telling computers to do things." This means workers are "not just brawn, they're brains," and are thus less easily replaced, Mr. Pater noted.

Employees less accustomed to physical work are more likely to be hurt when called upon to perform strenuous tasks, he said.

And concern over the consequences of repetitive motion injuries has helped prompt a greater interest in ergonomics, safety consultants say (see stories, beginning on page 3).

Increased reporting by doctors of the effects of cumulative trauma syndromes—such as carpal tunnel syndrome—along with stiff OSHA fines related to ergonomic viola-

Continued on page 39

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Safety services

Continued from page 36

tions, have heightened employer interest in ergonomics, said Mr. Johnson of Gallagher Bassett.

"I'd say last year was when it really hit the fan," Mr. Johnson observed.

Ergonomic consulting often involves working with employers on "designing work stations to better fit the people who work there eight hours a day," Mr. Johnson said.

Concern over ergonomics is prompting employers to spend more time on hiring workers better able to handle strenuous jobs, said Bill Bremer, a Spokane-based senior loss control specialist with Scott Wetzel Services Inc. of Bremerton, Wash.

Ergonomics was "the buzzword of the late '80s, and I think it's going to be of the '90s," he said.

Mr. Pater called ergonomic consulting "extraordinarily popular."

"We emphasize that design alone is not ergonomics," he said. Motivating employees to follow safe procedures and making the workplace "cost-effectively as safe as possible" are key factors, he said.

Also, he said, it is important to "emphasize safety off the job," because an employer also will wind up paying for injuries sustained outside work.

Employers are very concerned with several OSHA standards, according to consultants.

Several mentioned the lockout/tagout rules implemented Jan. 2. Those rules require employers to lock or identify by tags machinery being repaired or serviced so it won't be turned on accidentally (*BI*, Nov. 13, 1989; Sept. 11, 1989).

Implementation of the lockout/tagout rule "has become a great concern," particularly to manufacturers, said Mr. Johnson of Gallagher Bassett, who added that his company has developed programs educating employers on how to implement the rules.

Employers also have sought advice on complying with OSHA hazard communication standards, said George B. Gibson, regional manager/field operations for NATLSCO in Long Grove, Ill. Although the standard was introduced in 1986, "people still aren't doing it right," he said.

"Hazard communication is still a hot topic in management because of the number of citations," Mr. Gibson said. A study conducted by the Washington, D.C.-based Bureau of National Affairs Inc. showed six of the 10 most commonly cited violations were related to hazard communication, he added.

Mr. Rhodes of COMCO said employers have sought his firm's advice on programs to meet the OSHA Hazardous Waste and Emergency Response standard, which became effective in its final form in 1989 (*BI*, March 20, 1989). The standard requires employers to follow certain safety procedures and train workers who handle toxic wastes.

"All of the oil and chemical spills have focused a lot of attention on hazardous waste cleanup," Mr. Rhodes observed.

Some consultants said tougher safety regulations in some states also concern their clients.

For example, California employers expect the state Division of Occupational Safety and Health to require employers to have a written safety program, eliminate hazards and provide safety training for employees, Mr. Rhodes said.

Although the state law setting out the safety regulations was enacted last fall, they can't be enforced until Cal/OSHA incorporates them into its own standards, said Andrew Schaefer, a consultant to the State Senate's industrial research committee. Cal/OSHA is expected to do so by January, he said.

"Documentation is going to be very important" in demonstrating compliance, Mr. Rhodes said. Also, if a workplace condition or accident lands a company in court, the "intent of the employer" could become a key issue that could be shown by written records, he said.

By documenting safety training, an employer is "going to provide your attorney a much better tool in litigation to prove (the employee) has received substantive training," Mr. Rhodes said.

U.S. Environmental Protection Agency regulations also concern employers, said Tom Ascherman, director of the national loss control division of Alexander & Alexander Services Inc. in New York.

Among those concerns is EPA requirements that the public be informed of pollutants being released into the atmosphere. Companies also have been in-

Continued on next page

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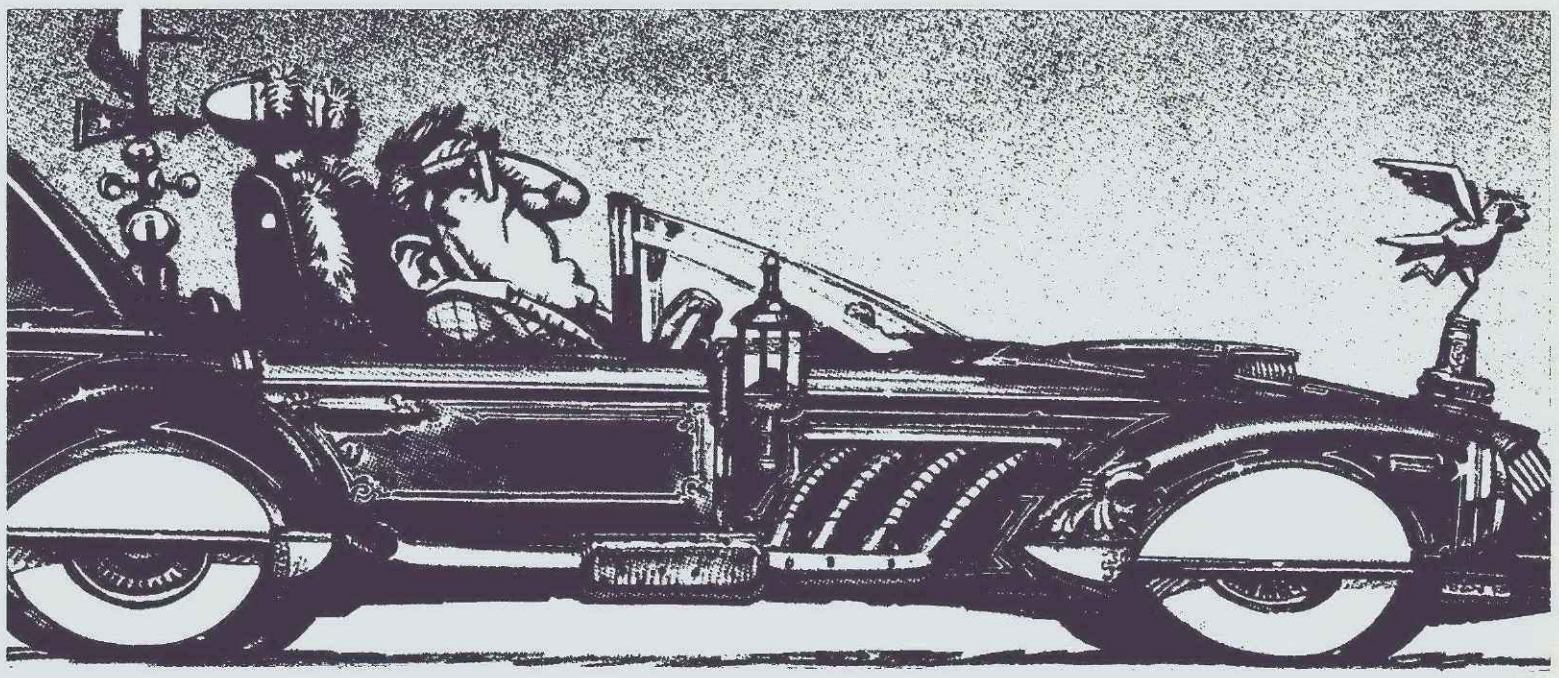

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Spotlight report

Directory of safety consultants

A

AGM Safety Services

P.O. Box 7062, Huntington Beach, Calif. 92615; 714-963-3068 or 213-813-2688

Year founded: 1972.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars, environmental compliance; occasional ergonomic program assistance, occupational health program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent OSHA compliance, noise and vibration research, fire protection engineering; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research. Industrial hygiene testing done by contract in an independent lab.

Staff: Three staff members; all assigned to safety consulting, occupational health consulting and industrial hygiene consulting, including one CSP, one NSC, one REA; one ASSE member.

Clients: One corporate and institutional safety consulting client with gross revenues less than $200 million.

Specialties: Manufacturing.

1989 gross revenues: $150,000 total, 100% from unbundled safety consulting services.

Principal officers: Allen G. Macenski, principal; Paula Macenski, vp.

Contact: Allen Macenski.

APO Consulting Services

86-47 105th St., New York, N.Y. 11418; 718-846-0734

Year founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Other services: OSHA compliance.

Staff: One professional who holds CSP, PE and NSPB designations; one ASSE member.

Clients: Five corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Manufacturing, retail and service companies.

Principal officers: A.P. Osti.

Accredited Risk Management Specialists Inc.

3530 Forest Lane, Suite 50, Dallas, Texas 75234; 214-350-5799, fax: 601-452-7202

Year founded: 1990.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance; other services include surveys, monitoring, training classes or seminars

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research, fire protection engineering, reconstruction and testing. Industrial hygiene testing done by contract with independent labs.

Staff: Five staff members; all assigned to safety consulting, including two CFEIs, one CHCM, one PE, two Ph.D.s, two NSCs, two WSCs, two CFIIs, two ASTMs, two ANSIs, two NFPAs; one ASSE member.

Clients: Five corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 15% with $1 billion-$3.5 billion, 35% with more than $3.5 billion.

Specialties: Construction, demolition, petroleum, manufacturing, fire and explosion.

Principal officers: Donna E. Ledgerwood, president; Loislyn Blanchard, secretary/treasurer; A.J. Scardino Jr., chairman/chief executive officer.

Contact: Donna E. Ledgerwood.

Adjustco Inc.

200 Pringle Ave., Suite 450, Walnut Creek, Calif. 94596; 415-295-1660; fax: 415-935-4191

Year founded: 1973.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation; occasional OSHA compliance.

Staff: Two staff members; both assigned to safety consulting; one ASSE member.

Clients: 500 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: New car auto dealers, hospitality industry.

Branch offices: Maitland, Fla.

1989 gross revenues: $200,000

Continued on next page

Safety services

Continued from previous page

terested in studies on the potential damages if a gaseous cloud were accidentally released from a plant and exploded, he said.

Top management is increasingly aware of the need for a strong safety program, according to Mr. Bremer.

"Management's making better business decisions," he said. "They're incorporating safety loss control as part of their business more and more.

"It used to be the regulators would just shoot out their mandates, and employers would have their safety directors responsible for all this stuff," Mr. Bremer said. But those directors often lacked money and authority, he said.

Mr. Ascherman said that regulatory compliance is a factor in companies' concern for safety, but not the chief one. "I don't think, honestly, that regulation is the driving force behind the desire to develop a good loss control program," he said. "I think the real motivating factor is, it's good business."

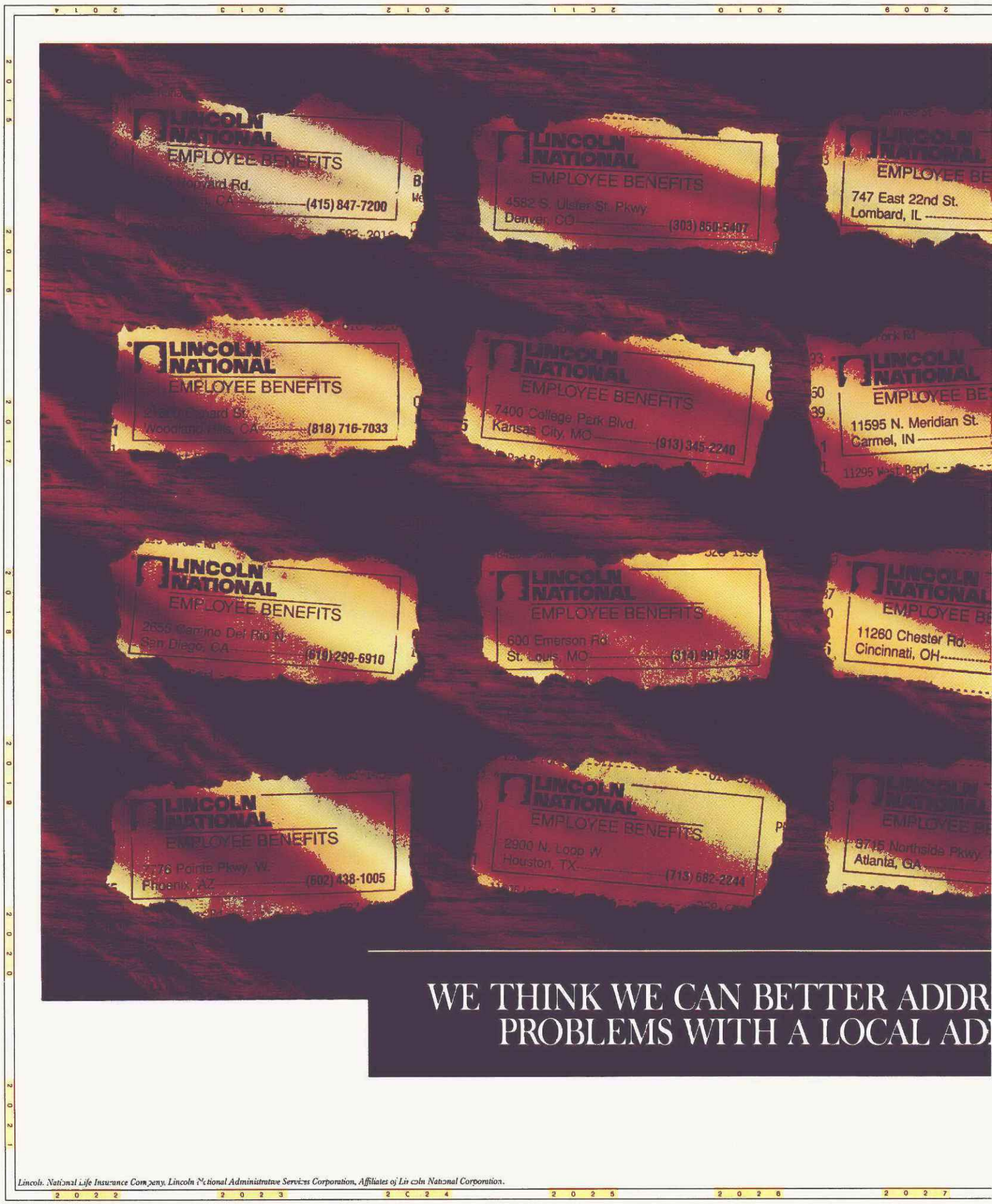
Employers realize that ignoring safety can cut into profits, Mr. Ascherman said.

Another motivation is that a "humanitarian responsibility is owed to employees," he said.

Jim Sybert, vp of risk control services for Crawford & Co. in Atlanta, said costs used to be the primary motivation behind safety programs. Now, he said, "they're looking at it from a moral and social aspect in addition to the economic aspect."

Mr. Sybert said he's found employers "accept that our employees have a right to a safe and healthy work environment."

"Maybe it's always been there and the clients just haven't verbalized it," he added. ■



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total, 90% from unbundled safety consulting services.

Principal officers: John A. Addeo, chief executive officer; Arthur M. Yoss, chief operating officer/president; Anthony G. Todd, chief financial officer; Paul Braun and F.I. Hughes, senior vps.

Contact: Kareon Jones-California office; F.I. Hughes or Barry Kelly, 2605 Maitland Center Parkway, Maitland, Fla. 32751; 407-660-2611.

Ahearn & Associates Inc.

4015 N. 44 St., Phoenix, Ariz. 85018; 602-840-9446

Year founded: 1979.

On-site services: Frequent ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional safety audits/reviews of current programs, safety program assistance; other services include asbestos project management.

Off-site services: Training classes or seminars.

Other services: Frequent OSHA compliance, industrial hygiene research, noise and vibration research; occasional development of training materials, ergonomic research. Industrial hygiene testing done by contract with independent labs.

Staff: Six staff members; six assigned to safety consulting and industrial hygiene consulting, including four AIHAs, two CIHs, one CSP; two ASSE members.

Clients: 100 corporate and institutional safety consulting clients; 45% with gross revenues less than $200 million, 35% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

1989 gross revenues: $450,000 total, 100% from unbundled safety consulting services.

Principal officers: William C. Ahearn, president; Colleen M. McCarthy, secretary; Robert L. Hutzel, director-consulting services.

Contact: Robert L. Hutzel.

J.H. Albert International Insurance Advisors Inc.

72 River Park, Needham Heights, Mass. 02194-2631; 617-449-2866; fax: 617-449-5340

Year founded: 1967.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance; cost containment programs.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, occasional OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

Staff: 36 staff members; two assigned to safety consulting, occupational health consulting and industrial hygiene consulting, including one ALCM, nine ARMs, one CSP, one attorney, two AIUs; one ASSE member.

Clients: 40 corporate and institutional safety consulting clients; 65% with gross revenues less than $200 million, 25% with $200 million-$500 million, 10% with $500 million-$1 billion.

1989 gross revenues: $4.1 million total, 2% from unbundled safety consulting services.

Principal officers: Joseph H. Albert, president; Michael A. Rodman, George W. West, Thomas L. Atkins, Martin S. Berman, Stuart T. Cowart, Alfred H. Nagelberg and James W. Evans, vps.

Contact: Philip E. Goldsmith, director-loss control services.

Alcona Associates

890 Country Club Circle, Venice, Fla. 34293; 813-497-2569; fax: 813-497-6256; or P.O. Box 606, Harrisville, Mich. 48740; 517-724-6649

Year founded: 1983.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, training classes or seminars.

Other services: Frequent OSHA compliance, product liability research; occasional publication of safety materials or videos, development of training materials.

Staff: Two staff members; one professional assigned to safety consulting who holds a PE designation; one ASSE member.

Clients: One corporate and institutional safety consulting client with gross revenues less than $200 million.

Specialties: Metal forming processes and machinery.

Principal officers: William S. Roorda, president; Pearl E. Roorda, secretary/treasurer.

Contact: William Roorda.

Alexander & Alexander Services Inc.

5851 San Felipe, Houston, Texas 77057-8099; 713-974-6161; fax: 713-972-8708

Year founded: 1899.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional publication of safety materials or videos. Industrial hygiene testing done by contract with outside labs.

Staff: 288 staff members; 256 assigned to safety consulting, 22 assigned to occupational health consulting, 10 assigned to industrial hygiene consulting, including five AIHAs, 15 ARMs, 23 ASPs, five CIHs, 196 CSPs, 30 CSEs, 90 PEs; 163 ASSE members.

Branch offices: 39 offices nationwide.

Principal officers: Tinsley H. Irvin, chairman/chief executive officer; Michael K. White, executive vp/director; James A. McCormick, president/chief operating officer-Alexander & Alexander Inc.; William M. Wilson, executive vp/director.

Contact: Tom M. Ascherman, director-national loss control division.

American Professional Risk Services Inc.

2295 Parklake Drive, Atlanta, Ga. 30345; 404-270-5496; fax: 404-270-5297

Year founded: 1989.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.

Off-site services: Frequent computerized analyses; occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, OSHA compliance, noise and vibration research, fire protection engineering; occasional development of training materials, ergonomic research, product liability research.

Staff: 10 staff members; four assigned to safety consulting, including one CPCU, two CSPs, one MBA; one ASSE member.

Clients: 10 corporate and institutional safety consulting clients; 70% with gross revenues less than $200 million, 10% with $200 million-$500 million, 20% with $500 million-$1 billion.

Specialties: Textile, foundries, food processing, government entities.

Branch offices: Buford, Ga.

1989 gross revenues: $546,000 total, 40% from unbundled safety consulting services.

Principal officers: Howard L. Davis, president; Malcolm E. Durden, vp; M.C.K. Davis, secretary/treasurer.

Applied Risk Control Corp.

100 Dutch Hill Road, Suite 214, Orangeburg, N.Y. 10962; 914-365-2444; fax: 914-365-2494

Year founded: 1985.

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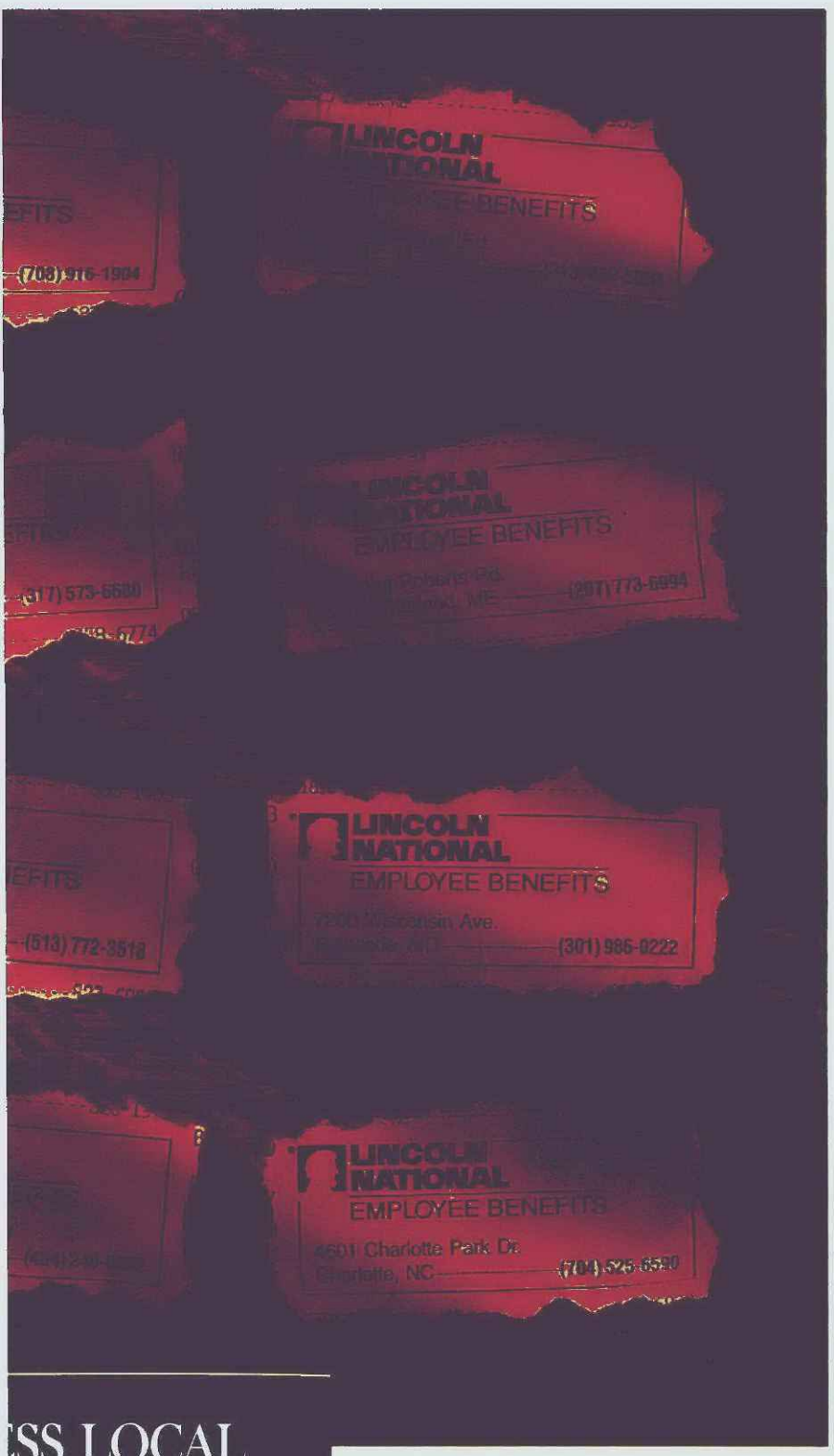

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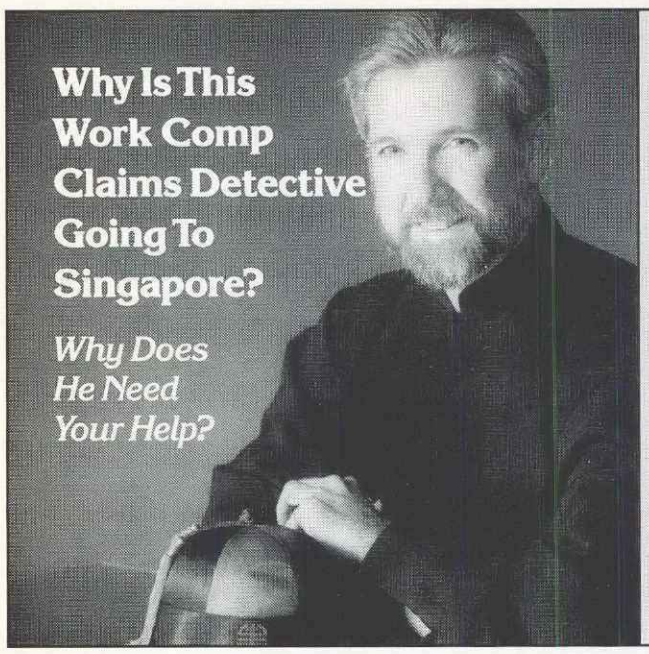

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Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, fire protection engineering; occasional industrial hygiene research, occupational health research, noise and vibration research. Industrial hygiene testing done by contract with labs.

Staff: 13 staff members; nine assigned to safety consulting, one assigned to industrial hygiene consulting, including one AIHA, one ARM, one CSE, four CSP, two NSMSs, one LLB, one MBA; six ASSE members.

Clients: 85 corporate and institutional safety consulting clients; 40% with gross revenues less than $200 million, 40% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Branch offices: Atlanta, Los Angeles.

1989 gross revenues: 95% from unbundled safety consulting services.

Principal officers: Harry P. Mirijanian, president.

Associated Claims Management Inc.

390 N. Wiget Lane, P.O. Box 9399, Walnut Creek, Calif. 94598; 415-930-6171; fax: 415-930-0674

Year founded: 1982.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: Five staff members; all assigned to safety consulting, including one CIH, one CSD, one CSE, two CSMs, one CSS, two NSMSs, one PE, three WSOs, three NSCs, two ASISs, one CSSP, one CDT, one CSSM; three ASSE members.

Clients: 148 corporate and institutional safety consulting clients; 53% with gross revenues less than $200 million, 35% with $200 million-$500 million, 8% with $500 million-$1 billion, 3% with $1 billion-$3.5 billion, 1% with more than $3.5 billion.

Specialties: Public agencies, health care, retail, manufacturing and semiconductor industries.

Branch offices: Brea, Pleasanton and Santa Clara, Calif.; Phoenix.

1989 gross revenues: $10 million total.

Principal officers: Thomas R. Leonard, chief executive officer; Fred Pool, senior vp/chief operating officer; Roberta Penarelli, senior vp; David F. Nolan, president-Santa Clara division.

Contact: Gary Graham, vp-administration, P.O. Box 31077, Walnut Creek, Calif. 94598; 415-930-9883.

Associated Risk Services Corp.

4501 Circle 75 Parkway, Suite B-2190, Atlanta, Ga. 30339; 404-980-1908; fax: 404-984-0320

Year founded: 1984.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance; occasional training classes or seminars.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, fire protection engineering; development of safety programs. Industrial hygiene testing done by contract with outside labs.

Staff: 160 staff members; two assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting, including three ARMs, two CPCUs.

Clients: 75 total clients; 80% with gross revenues less than $200 million, 19% with $200 million-$500 million, 1% with $500 million-$1 billion.

Branch offices: Burbank, Calif.

1989 gross revenues: 5% from unbundled safety consulting services.

Principal officers: Richard L. Maloney, president/chief executive officer; Don Walraven, senior vp; Jim Pullin, executive vp; Kathy Oliver, senior vp; Vic Spencer, assistant vp.

Contact: Vic Spencer, assistant vp.

Continued on page 44

"What did the boss say when you told him health care costs were going up again?"

"He didn't say anything. He just stared at me."

"That's all?"

"That was enough."

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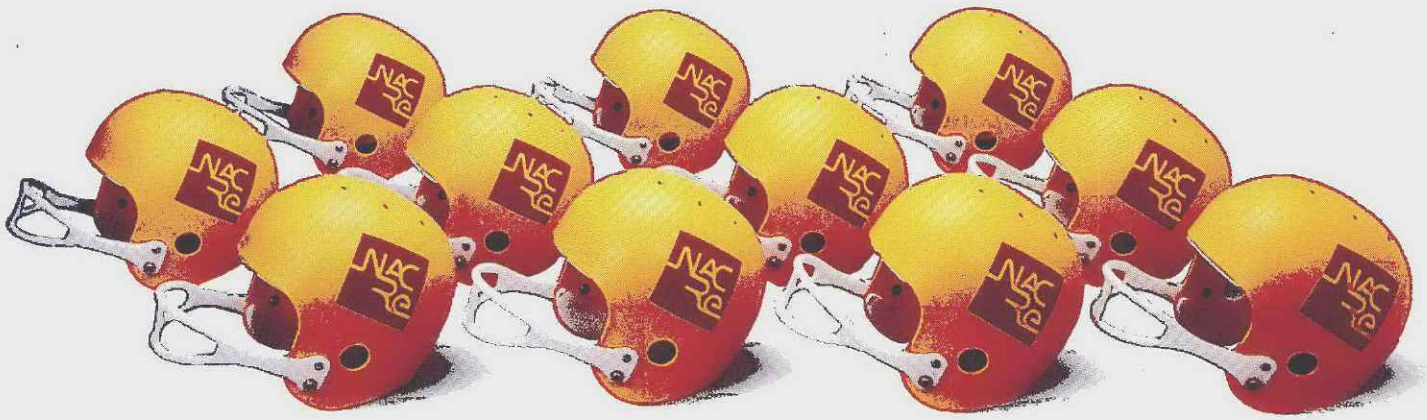

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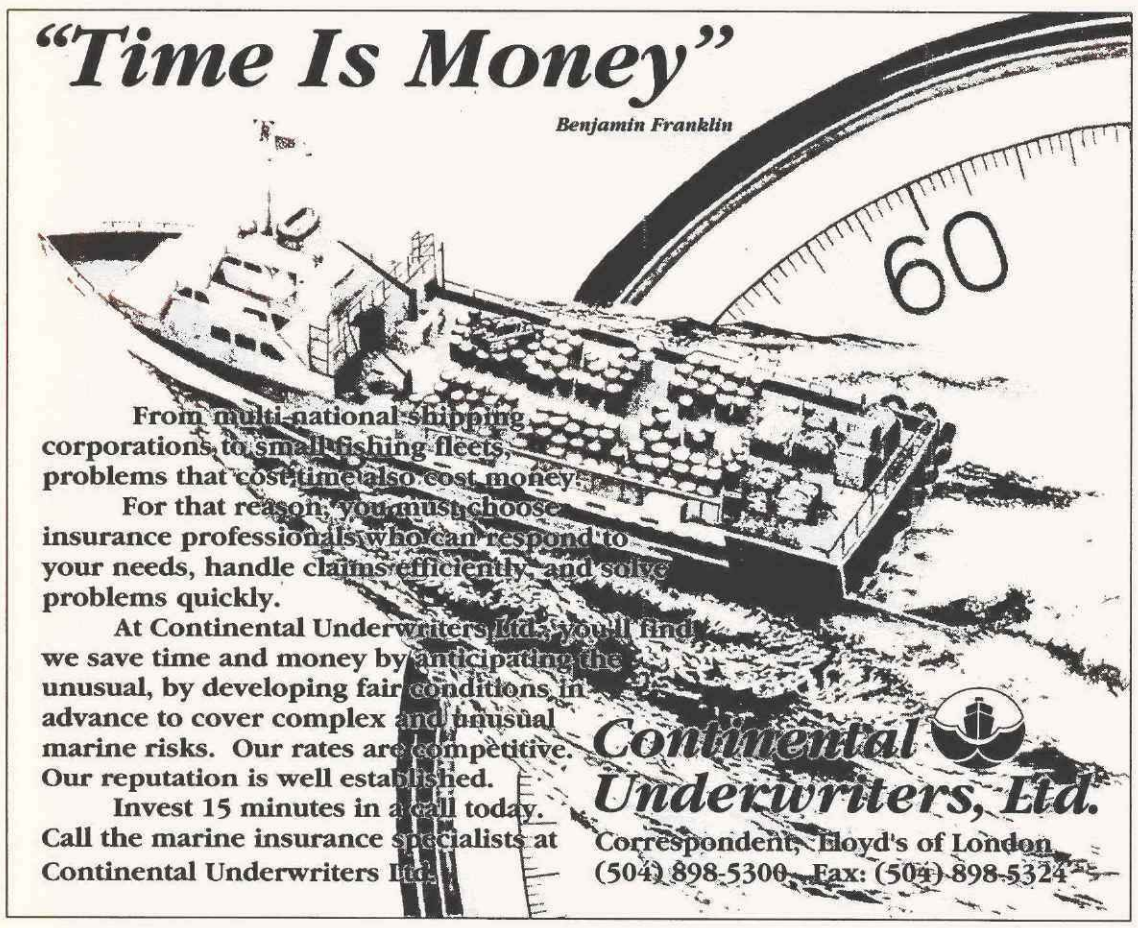

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CORROON & BLACK ADMINISTRATIVE SERVICES, INC.

For more information, contact Bob Jennings, president and CEO, at (615) 399-0177

Continued from page 42

Associated Transportation Services

1600 E. Hill St., Long Beach, Calif. 90806; 213-495-0068; fax: 213-590-0543

Year founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance.

Staff: Five staff members; two assigned to safety consulting.

Clients: 20 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Truck transportation.

Principal officers: Wayne E. Schooling.

Austin Risk Control Services

12130 Pecan, Austin, Texas 78727; 512-331-1026

Year founded: 1984.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, accident investigations; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Other services: Frequent development of training materials; occasional publication of safety materials or videos, OSHA compliance, industrial hygiene research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: Four staff members; two assigned to safety consulting, one assigned to occupational health consulting, including one ARM, one CSP, one RN; one ASSE member.

Clients: Three corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Public agencies, highway contracting, construction.

1989 gross revenues: $255,000 total, 45% from unbundled safety

Continued on next page

Guide to safety directory

The third annual directory of safety consultants lists companies that provide services like advice on employee safety, safety audits and evaluations, employee training classes, and safety research.

Information for the directory was gathered from responses to questionnaires sent to safety consultants by *Business Insurance.*

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

Listings begin with the name and address of the company, followed by the **year founded** and **parent company**, if any.

Next, safety consulting services the company provides are detailed; including **on-site services**, **off-site services** and **other services**.

Information on **staff** follows, including total staff members, professional staff members assigned to safety consulting, occupational health consulting and industrial hygiene consulting; and designations or professional memberships they may hold. Information on the number of corporate and institutional safety consulting clients in 1989 and a percentage breakdown of their revenues is listed under the **clients** heading.

If the company specializes in consulting to a particular type of business or industry, it is listed under the **specialties** heading.

Locations of **branch offices** providing safety consulting services follow.

When reported by the company, 1989 **gross revenues** are given. Names and titles of **principal officers**, followed by the name of a **contact** for those wishing further information, complete the listings.

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

Following are the full professional designations and organizations for those abbreviated under the staff heading:

AAIH is Member, American Academy of Industrial Hygienist; **ACS** is Member, American Chemical Society; **ADMA** is American Drug (Testing) Management Assn.; **AFS** is Member, American Foundrymen's Assn.; **AIA** is Member, American Institute of Architecture; **AIChE** is Member, American Institute of Chemical Engineers; **ALCM** is Associate in Loss Control Management; **AMIM** is Associate in Marine Insurance Management; **ARM** is Associate in Risk Management; **ASA** is Accredited Safety Auditor; **ASAE** is American Society of Agricultural Engineering; **ASCE** is Member, American Society of Civil Engineers; **ASME** is Member, American Society Mechanical Engineers; **ASP** is Associate Safety Professional; **ASQC** is Member, American Society of Quality Control; **ASSE** is Member, American Society of Safety Engineers; **CABI** is Certified Asbestos Building Inspector; **CAC** is Certified Alcoholism Counselor; **CEM** is Certified Energy Manager; **CESI** is Certified Electrical Safety Inspector; **CFEI** is Certified Fire & Explosion Investigator; **CFPS** is Certified Fire Protection Specialist; **CHCM** is Certified Hazard Control Manager; **CHMM** is Certified Hazardous Materials Manager; **CHMS** is Certified Hazardous Materials Manager; **CHP** is Certified Health Physicist; **CIC** is Certified Insurance Counselor; **CIH** is Certified Industrial Hygienist; **CME** is Certified Manufacturing Engineer; **COHC** is Certified Occupational Hearing Conservationist; **COHN** is Certified Occupational Nurse; **CPCU** is Chartered Property/Casualty Underwriter; **CPCM** is Certified Professional Consultant to Management; **CPSM** is Certified Product Safety Manager; **CQE** is Certified Quality Engineer; **CRE** is Certified Reliability Engineer; **CSD** is Certified Safety Director; **CSE** is Certified Safety Executive; **CSM** is Certified Safety Manager; **CSP** is Certified Safety Professional; **CSS** is Certified Safety Specialist; **CSSD** is Certified Safety & Security Director; **CSSP** is Certified Safety & Security Professional; **CST** is Certified Safety Technician; **EMT** is Emergency Medical Technician; **HFS** is Member, Human Factors Society; **IAAI** is International Assn. of Arson Investigators; **IEEE** is Member, Institute of Electrical & Electronics Engineers; **MD** is Medical Doctor; **NAC** is Member, National Asbestos Council; **NAFE** is Member, National Academy of Forensic Engineers; **NBBM—IC** is Member, National Safety Management Society; **NEC** is National Engineering Certificate; **NETA** is Member, National Environmental Training Assn.; **NFPA** is Member, National Fire Prevention Assn.; **NIFS** is Member, National Institute for Farm Safety; **NSC** is Member, National Safety Council; **NSMS** is Member, National Safety Management Society; **NSPB** is Member, National Society to Prevent Blindness; **NSPE** is Member, National Society of Professional Engineers; **OHNA** is Member, Occupational Health Nurses Assn.; **OHST** is Occupational Health & Safety Technician; **PE** is Professional Engineer; **Ph.D** is Doctor of Philosophy; **REA** is Registered Environmental Assessor; **RN** is Registered Nurse, **SFPE** is Member, Society of Fire Protection Engineers; **SSS** is Member, System Safety Society; **TFSR** is Texas Field Safety Representative; **VS** is Member, Veterans of Safety; **WSO** is Member, World Safety Organization.

Continued from previous page
consulting services.
Principal officers: William G. Shideler.

B

Back School of Atlanta
1465 Northside Drive N.W., Suite 217, Atlanta, Ga. 30318-4212; 800-783-7536 or 404-355-7756; fax: 404-355-3907

Year founded: 1979.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance; occasional occupational health research, ergonomic research.
Staff: Four staff members; all assigned to safety consulting and occupational health consulting, including four physical therapists; one ASSE member.
Clients: 20 corporate and institutional safety consulting clients; 80% with gross revenues less than $200 million, 20% with $500 million-$1 billion.
1989 gross revenues: $300,000 total, 100% from unbundled safety consulting services.
Principal officers: Ronald Porter, director.

Becher & Carlson Risk Management Inc.
21600 Oxnard St., Suite 900, Woodland Hills, Calif. 91367; 818-715-0800; fax: 818-407-5555

Year founded: 1981.
Parent company: American Re-Insurance Co.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars, analysis of risk control department effectiveness; occasional ergonomic program assistance, industrial hygiene program assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research; occasional industrial hygiene research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done in-house.
Staff: 50 staff members; one assigned to safety consulting, one assigned to occupational health consulting, including three ARMs; one ASP, four CPCUs, one CPSM, one NFPA; one ASSE member.
Specialties: Hospitality, automobile importers, restaurants, food, motion pictures, manufacturing.
Principal officers: William E. Becher Jr., chairman; David L. Carlson, president; Robert L. Glicksteen, chief executive officer; J.P. Stuart Whitfield, treasurer/corporate secretary; James J. Kofmehl Jr., senior vp.

Biehl Engineering Inc.
NGGW 12659 Ravine Drive, Menomonee Falls, Wis. 53051; 414-251-8251

Year founded: 1960.
On-site services: Frequent safety audits/reviews of current programs, accident investigations and reconstruction; occasional safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Off-site services: Frequent technical reports.
Other services: Frequent OSHA compliance, product liability research, fire protection engineering; occasional publication of safety materials or videos, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research. Industrial hygiene testing done by independent labs.
Staff: Four staff members; two assigned to safety consulting, including two PEs, one CSP, two SEs, one RS, one CFI, one CFAI, one DCI, two CBCI, one NBEE, one RA, one CEI, one IAAI; one ASSE member.
Clients: 50 total clients.
1989 gross revenues: $200,000 total.
Principal officers: Francis W. Biehl, president; Steven F. Biehl, vp; Clara Biehl, treasurer; Marna Biehl, secretary.

Blakely & Associates
P.O. Box 413, Artesia, Calif. 90702; 213-402-3333

Year founded: 1981.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance.
Staff: One staff member who holds a CPSA designation and is an ASSE member.
Clients: 40 total clients; 100% with gross revenues less than $200 million.
Specialties: Trucking companies.
1989 gross revenues: $105,000 total, 100% from unbundled safety consulting services.
Principal officers: Timothy L. Blakely, owner.

Bonatus & Associates Inc.
6292 Lambda Drive, San Diego, Calif. 92120-4606; 619-582-9429

Year founded: 1979.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance.
Other services: Frequent development of training materials, OSHA compliance; occasional publication of safety materials or videos, occupational health research, ergonomic research, noise and vibration research, fire protection engineering; expert witness testimony.
Staff: One staff member who holds ASP, CHCM, CSP, PE, CEM and CPCM designations and is an ASSE member.
Clients: Four corporate and institutional safety consulting clients.
1989 gross revenues: $75,000 total.
Principal officers: Kenneth R. Bonatus, president.

B. Gawain Bonner
Route 3, Box 458, Huntsville, Texas 77340; 409-594-3804

Year founded: 1986.
On-site services: Occasional safety audits/reviews of current programs, safety program assistance; expert witness, government regulation compliance, acquisition evaluation.
Staff: One staff member who holds CSP and PE designations and is an ASSE member.
Specialties: Manufacturing.
Principal officers: B. Gawain Bonner, principal.

Joseph F. Boxmeyer Safety Consultant
P.O. Box 143, Laurelton, Pa. 17835; 717-922-4216

Year founded: 1982.
On-site services: Frequent safety audits/reviews of current programs, training classes or seminars, static electricity control.
Staff: One professional who holds CSP, NFPA designations and is an ASSE member.
Clients: 14 corporate and institutional safety consulting clients; 29% with gross revenues less than $200 million, 7% with $200 million-$500 million, 21% with $500 million-$1 billion, 7% with $1 billion-$3.5 billion, 36% with more than $3.5 billion.
Specialties: Chemical, pharmaceutical, printing, textile and tape manufacturing.
1989 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Joseph F. Boxmeyer.

George Boyd Associates
8111 Eastern Ave., Philadelphia, Pa. 19118; 215-825-5126; fax: 215-825-5203

Year founded: 1976.
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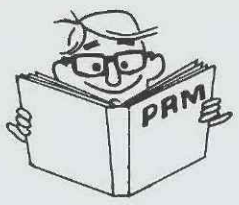

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Donaldson, Lufkin & Jenrette

July 26, 1990

Continued from previous page

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional occupational health program assistance.

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

Staff: Two staff members; both assigned to safety consulting, occupational health consulting and industrial hygiene consulting, including two AIHAs, one NSMS, one NSC; two ASSE members.

Clients: 225 total clients; 100% with gross revenues less than $200 million.

Specialties: Schools, institutions.

Principal officers: George Boyd Jr., owner.

Bragg & Morse

P.O. Box 415 28, 4811 Chippendale Drive, Suite 707, Sacramento, Calif. 95841; 916-348-6650 or 800-422-7244; 916-344-2932

Year founded: 1986.

Parent company: Gregory B. Bragg & Associates Inc.

On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Training classes or seminars.

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

Staff: 120 staff members; one assigned to safety consulting, two assigned to occupational health consulting, one assigned to industrial hygiene consulting, including one ALCM, two ARMs, one CSP, one RN; one ASSE member.

Clients: 86 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Branch offices: Chico, Fairfield, Stockton, Redding, Glendale, Orange, San Diego, San Bernardino and Santa Barbara, Calif.

1989 gross revenues: $6 million total, 2% from unbundled safety consulting services.

Principal officers: Gregory B. Bragg and David Morse, managing partners; Lee Collins and Tom Reitze, regional managers; Jamie Christensen, client relations manager.

Contact: Jack Kastorff, risk control department, 916-344-8035.

Frank J. Breitsameter & Associates

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

Year founded: 1982.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, accident investigation; occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, expert witness testimony; occasional rehabilitation, product liability research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: One staff member who holds PE, NSC, ASME, ISPE, NSPE, NSE, NAFE designations and is an ASSE member.

Clients: 20 total clients.

Specialties: Construction, railroad and rail transit.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Frank J. Breitsameter.

Morley Brickman & Associates Ltd.

5240 Galitz St., Skokie, Ill. 60077; 708-674-2664; fax: 708-674-0096

Year founded: 1986.

On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.

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

Staff: One staff member who holds CSE, PE designations and is an ASSE member.

Specialties: Construction and manufacturing.

Principal officers: Morley Brickman, president; Betty Brickman, secretary/treasurer.

British Safety Council

60 Chancellors Road, Hammersmith, London W6 9RS; 081-741-1231; fax: 081-741-0835

Year founded: 1957.

On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, Health & Safety Act compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

Staff: 120 staff members; 30 assigned to safety consulting, 10 assigned to occupational health consulting, seven assigned to industrial hygiene consulting.

Specialties: Oil rigs.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: James Tye, J. Brett, A. Matthews, G. Crockford, J. Simms, G. Trainer, C. Hedge.

Brooks, Safe & Sound Inc.

44 Codfish Lane, Weston, Conn. 06883; 203-226-6970

Year founded: 1971.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance, asbestos training.

Off-site services: Frequent training classes or seminars.

Other services: Frequent OSHA compliance; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done in company's facilities.

Staff: Eight staff members, including three CSPs, one MD, three Ph.D.s; three ASSE members.

Clients: 50 total clients.

Specialties: Manufacturing and municipalities

1989 gross revenues: Approximately $1.2 million total, 85% from unbundled safety consulting services.

Principal officers: Margaret Y. Brooks, Mark F. Granville, George Elliott, George Hale and Pramod Patel.

C

C.A.B. Consultants Inc.

4921 Butterfield Road, Hillside, Ill. 60162; 708-449-2221

Year founded: 1985.

On-site services: Frequent occupational health program assistance, training classes or seminars; occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, OSHA compliance, occupational health research, first-aid training, development of medical department.

Staff: Five staff members; three assigned to safety consulting, two assigned to occupational health consulting, including one COHN, one CSE, three CSPs, one MD, two RNs; three ASSE members.

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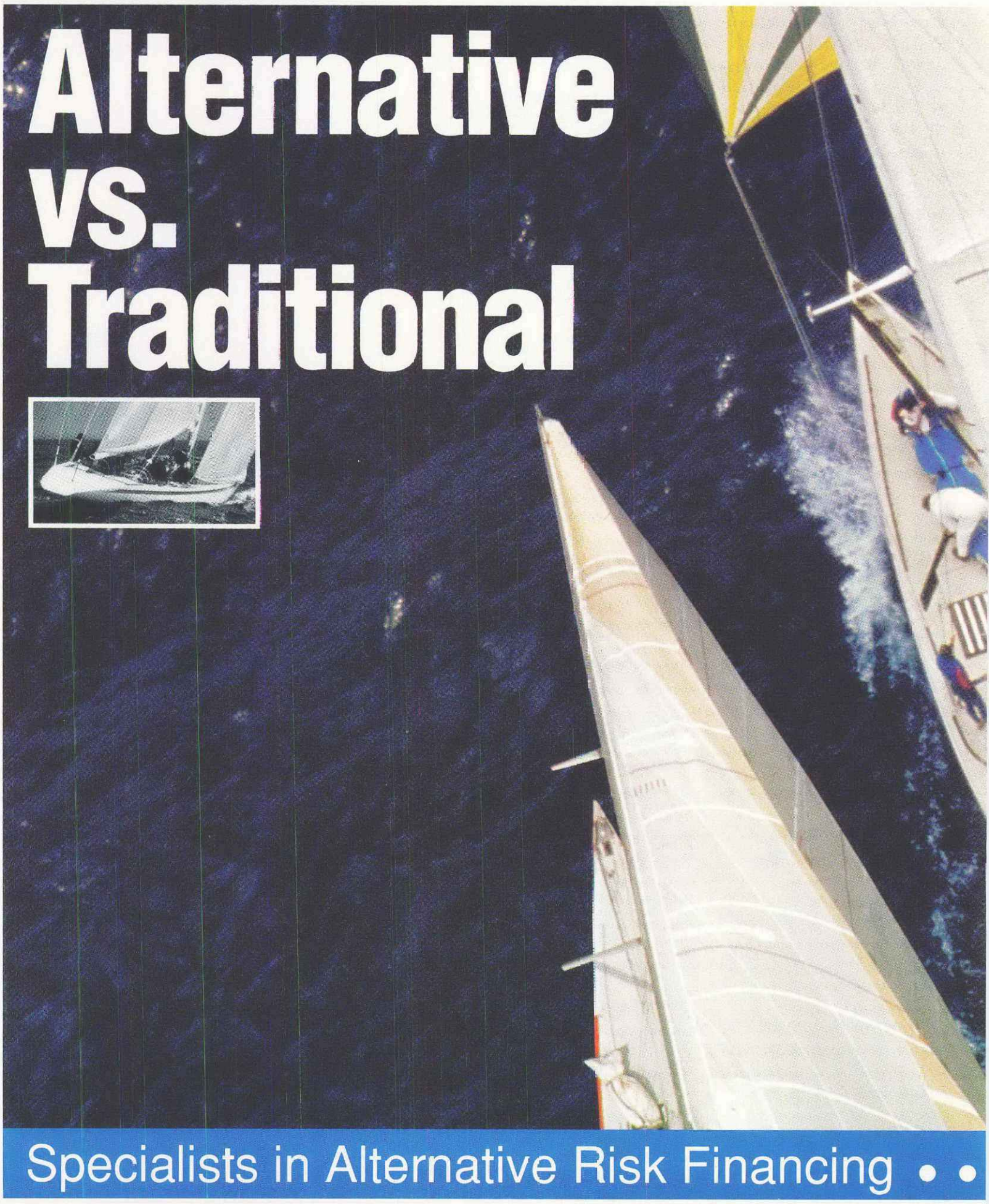

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Clients: 70 total clients

Specialties: Construction.

Principal officers: Carol A. Bacon, president; Steven K. White, vp.

Contact: Kim Lenke, administrative assistant.

COMCO Safety Services

5710 Harvey Way, Lakewood, Calif. 90713-3012; 213-420-9195; fax: 213-421-9774

Year founded: 1980.

Parent company: Communications Concepts Inc.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.

Off-site services: Frequent training classes or seminars, safety, health and environmental management.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, environmental assessment occasional industrial hygiene research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by California State University.

Staff: 24 staff members; 14 assigned to safety consulting, two assigned to occupational health consulting, two assigned to industrial hygiene consulting, including one CIH, two CSEs, two Ph.Ds, two RNs, four NSCs, one REA, one CHMS; two ASSE members.

Clients: 138 corporate and institutional safety consulting clients; 60% with gross revenues less than $200 million, 20% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Specialties: Oil refineries, bakery industry manufacturing, automotive, public utilities, amusement and theme parks.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Donald E. Rhodes, president; Joy L. Janes, chairman; Joann Blayney, sales manager.

Contact: Donald E. Rhodes or Joann Blayney.

Claymore Engineering

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

Year founded: 1982.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance.

Other services: Occasional OSHA compliance, noise and vibration research, fire protection engineering.

Staff: One professional who holds CSP, PE designations and is an ASSE member.

Clients: Five corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million

1989 gross revenues: $110,000 total, 5% from unbundled safety consulting services.

Principal officers: Denison W. York, president.

Consolidated Risk Management Services

1602 Rolling Hills Drive, Richmond, Va. 23288; 804-285-8000; fax: 804-285-3578

Year founded: 1968.

Parent company: Blue Cross & Blue Shield of Virginia.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional fire protection engineering; expert witness testimony.

Staff: 167 staff members; eight assigned to safety consulting, including one ARM, one CHCM, two CSPs; seven ASSE members.

Clients: 48 corporate and institutional safety consulting clients.

Specialties: Construction, educational institutions, municipalities.

Branch offices: Fairfax, Va.; Southfield, Saginaw and Grand Rapids, Mich.; Columbia, Md.

1989 gross revenues: 20% from unbundled safety consulting services.

Principal officers: William Monday, president; Mike Murawski and Tom England, executive vps.

Contact: Harold D. Parker, 804-285-8000.

Constitution State Service Co.

One Tower Square, Hartford, Conn. 06183; 203-277-2723; fax: 203-954-6727

Year founded: 1978.

Parent company: Travelers Insurance Co.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, fire protection engineering. Industrial hygiene testing done in house.

Staff: 105 staff members; 95 assigned to safety consulting, eight assigned to industrial hygiene consulting, including four AIHAs, 10 ALCMs, eight ARMs, 12 ASPs, five CHCMs, four CIHs, four CPCUs, 48 CSPs, four PEs; 50 ASSE members.

Clients: 100 corporate and institutional safety consulting clients; 10% with gross revenues less than $200 million, 60% with $200 million-$500 million, 20% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Branch offices: Branch offices in most states.

Principal officers: Michael Ignatowicz, president; Robert McGinnis, treasurer; Robert Greenberg, executive vp.

Consultant Services Institute Inc.

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

Year founded: 1969.

On-site services: Safety audits/reviews of current programs.

Other services: OSHA compliance, product liability research, noise and vibration research.

Staff: 68 staff members; all assigned to safety consulting, including 10 CREs, 10 CQEs, seven CSPs, two MDs, 30 PEs, 20 Ph.Ds, two RNs, two NSCs; 15 ASSE members.

Clients: Four corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Product liability.

1989 gross revenues: $800,000 total.

Principal officers: Richard M. Jacobs.

Consulting Engineer

1635 Camino de Villas, Burbank, Calif. 91501; 818-354-1844 or after hours, 818-846-1700; fax: 818-393-6743

Year founded: 1975.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance; occasional ergonomic program assistance.

Other services: Frequent OSHA compliance, occupational health research, product liability research, fire protection engineering; occasional rehabilitation, industrial hygiene research, ergonomic research, noise and vibration research.

Staff: Three staff members; two assigned to safety consulting, including one PE, one NSC, one ASSE member.

Clients: Three corporate and institutional safety consulting clients.

Principal officers: Leonard H. Kushner.

Continued on next page

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Consumer Usage Laboratories

1688 E. Gude Drive, Fockville, Md. 20850; 301-424-8200

Year founded: 1976.
On-site services: Occasional ergonomic program assistance.
Other services: Ergonomic research, product liability research; consulting on product labeling, warning and recalls.
Staff: Two staff members, including one Ph.D, one ASSE member.
Clients: Approximately 100 total clients.
Specialties: Manufacturing, legal profession.
Principal officers: Robert Cunitz, president; Anita Cunitz, vp.

Corporate Risk Management Inc.

Daylesford Plaza, Suite 300, Paoli, Pa 19301-0916; 215-647-8880; fax: 215-251-9368

Year founded: 1987.
Parent company: Balmer Enterprises.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.
Staff: One professional who holds ALCM, ARM, CPCU, CSP designations and is an ASSE member.
Contact: Drew McGillin, manager.

Corporate Service Inc./Alexsis Inc.

29500 W. Five Mile Road, Livonia, Mich. 48150; 313-525-4540; fax: 313-525-2832

Year founded: 1932.
Parent company: Alexander & Alexander.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by an independent lab.
Staff: 900 staff members; 150 assigned to safety consulting, four assigned to occupational health consulting, four assigned to industrial hygiene consulting, including seven AIHAs, 30 ACLMs, 40 ARMs, 10 ASPs, 75 CFEIs, two CPCUs, 50 CPSMs, 80 CSPs, 50 CSSs, 150 NSCs.
Branch offices: Corporate Service Inc.: Saginaw and Grand Rapids, Mich.; Alexsis: Atlanta; Chicago; Frankfort and Louisville, Ky.; Hartford, Conn.; Philadelphia; Pittsburgh; Portland, Ore.; St. Louis.
Contact: John Sweeney.

Coulter Consulting Group Inc.

35 N. Washington, Delaware, Ohio 43015; 614-363-9715; fax: 614-369-1235

Year founded: 1983.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, product liability research, noise and vibration research, fire protection engineering, accident reconstruction, expert witness testimony.
Staff: 13 staff members; seven assigned to safety consulting, one RN, four NSCs, two ASSEs.
Clients: 68 corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 25% with $200 million-$500 million, 15% with $500 million-$1 billion, 10% with $1 billion-$3.5 billion.
Specialties: Amusement industry, recreational facilities.
Branch offices: Melton Victoria, Australia.
1989 gross revenues: $1 million total, 100% from unbundled safety consulting services.
Principal officers: Richard J. Coulter, president; Jeffery W. Abendshien, vp; Fayetta K. Coulter, secretary/treasurer; Dona M. Roudabush, director.
Contact: Richard J. Coulter.

Crawford & Co.

5620 Glenridge Drive, N.E., Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4028

Year founded: 1941.

Continued on page 50

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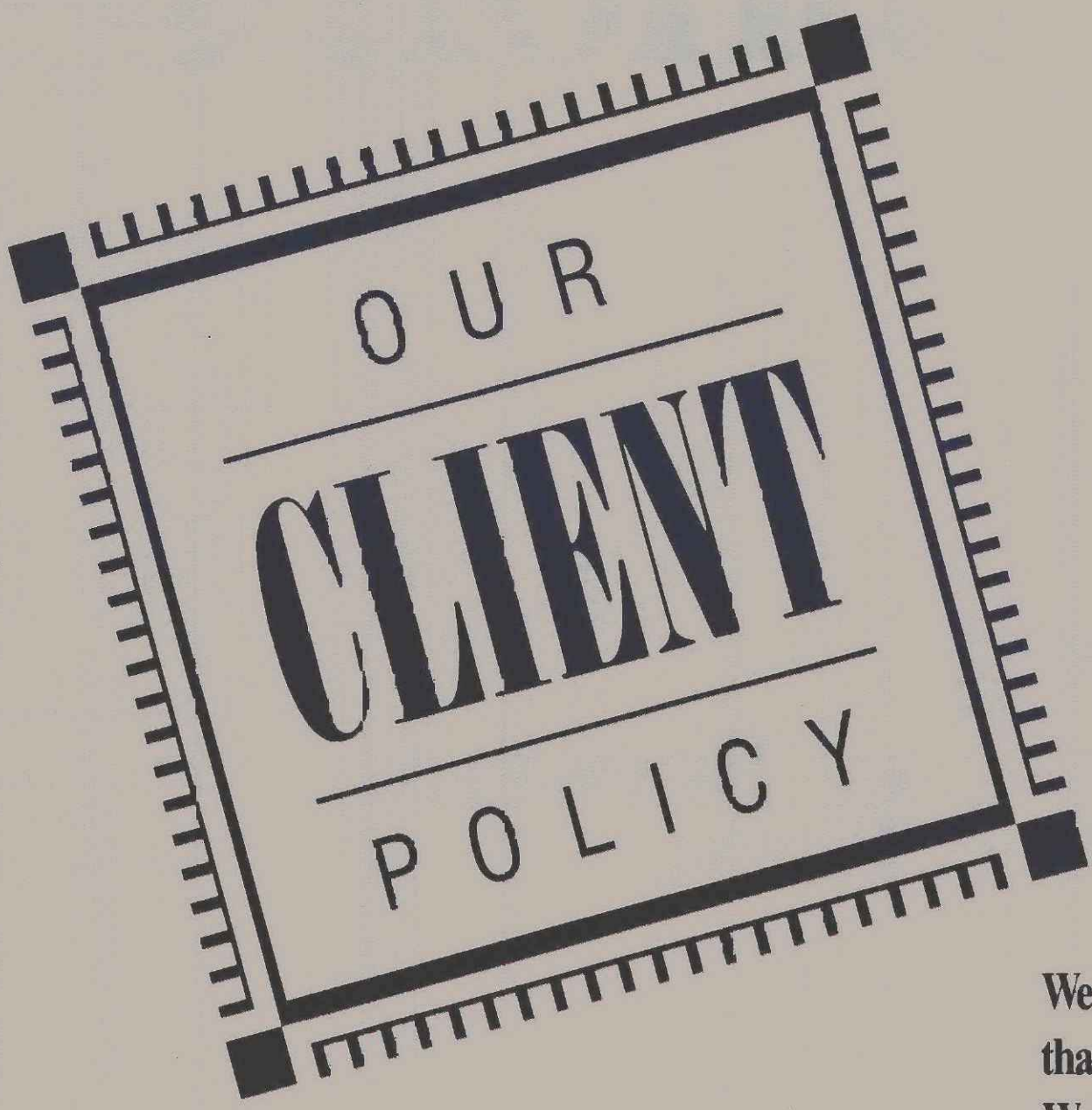

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Continued from page 48

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars, safety business plan development, product liability consultation, fleet safety consultation, business interruption analysis; occasional occupational health program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, fire protection engineering; occasional industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with independent labs.

Staff: 60 staff members; 51 assigned to safety consulting, one assigned to occupational health consulting, five assigned to industrial hygiene consulting, including two AIHAs, five ARMs, four ASPs, seven CHCMs, three CIHs, three CPCUs, two CSEs, 25 CSPs, eight PEs, one RN, eight NSCs.

Clients: 85 corporate and institutional safety consulting clients.

Specialties: Restaurant industry, construction, health care, manufacturing.

Branch offices: Orlando, Fla.; Winston-Salem, N.C.; Washington, D.C.; Philadelphia; Cleveland; Clifton, N.J.; New York; Hartford, Conn.; Boston; Detroit; Chicago; St. Paul, Minn.; St. Louis; Oklahoma City; Dallas; Houston; Los Angeles; San Francisco; Seattle.

1989 gross revenues: $374 million total, 1% from unbundled safety consulting services.

Principal officers: F. L. Minix, chairman/chief executive officer; F.J. Semancik, P.A. Bollinger, C.C. Lefler and D.R. Chapman, executive vps; Jim Sybert, vp-risk control services.

Contact: Jim Sybert.

Peter J. Crosa & Co.

4135 La Vista Road, Suite 610-316; Tucker, Ga. 30085-5003; 404-717-7644; fax: 404-270-1039

Year founded: 1987.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, training classes or seminars, loss investigation, hazardous materials management.

Other services: Occasional OSHA compliance, product liability research.

Staff: Three staff members; two assigned to safety consulting, including one AIC, one IIA.

Clients: One corporate and institutional safety consulting client with gross revenues between $1 billion-$3.5 billion.

Specialties: Long haul truckers, city carriers and solid waste.

1989 gross revenues: $120,000 total, 10% from unbundled safety consulting services.

Principal officers: Peter J. Crosa, N.D. Dunavant, C.M. Zellers.

Contact: Peter J. Crosa.

D

Thomas F. Dalton Consulting Services

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

Year founded: 1980.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, OSHA compliance, fire protection engineering, compliance audits, site and spill supervision. Industrial hygiene testing done by contract with independent labs.

Staff: Two staff members; one assigned to safety consulting who holds AIHA, CHCM, CPSM, OHST, Ph.D designations and is an ASSE member.

Clients: 25 corporate and institutional safety consulting clients; 60% with gross revenues less than $200 million, 20% with $200 million-$500 million, 10% with $500 million-$1 billion, 10% with $1 billion-$3.5 billion.

1989 gross revenues: Approximately $150,000 total, 75% from unbundled safety consulting services.

Principal officers: Thomas F. Dalton and Sally M. Dalton.

Delaney Consulting Inc.

8001 Nicklaus Drive, Suite 2, Orlando, Fla. 32825-8240; 407-273-7901; 407-277-9103

Year founded: 1981.

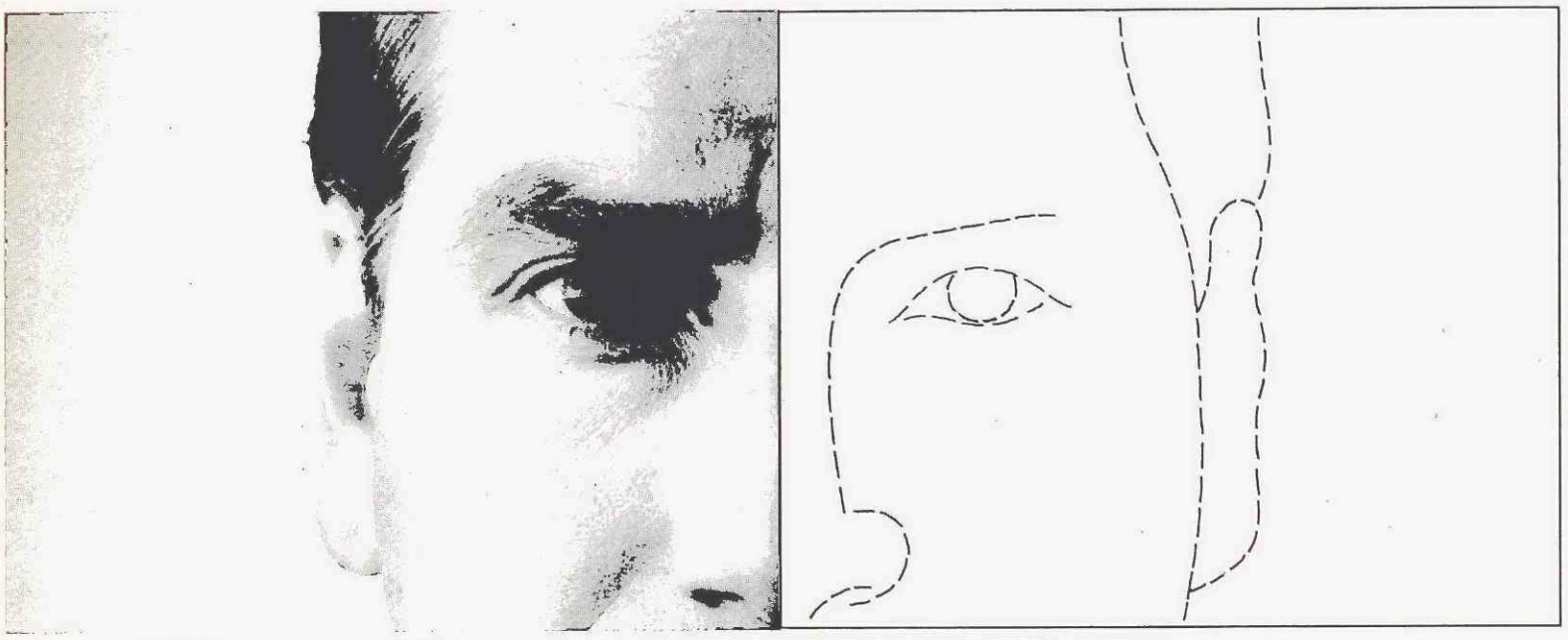
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent OSHA compliance; occasional fire protection engineering.

Staff: Two staff members; both assigned to safety consulting, including

Continued on page 55



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Continued from page 50
one CSE, two CSPs; two ASSE members.

Clients: 27 total clients.

Specialties: Industrial and construction.

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

Contact: Edward L. Delaney.

Doerfer Engineering

201 Washington St., Cedar Falls, Iowa 50613; 319-277-3110

Year founded: 1928.

Parent company: JSC Corp.

On-site services: Safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Safety and functional equipment design.

Other services: OSHA compliance, occupational health research, ergonomic research, product liability research.

Staff: 140 staff members; two assigned to safety consulting, including two NSPEs, one SAE, one EAA, one HFS, one ASAE; one ASSE member.

Clients: 90 total clients; 74% with gross revenues less than $200 million, 22% with $200 million-$500 million, 3% with $500 million-$1 billion, 1% with $1 billion-$3.5 billion.

1989 gross revenues: Approximately $10 million total, 2% from unbundled safety consulting services.

Contact: Dale Gumz.

William L. Dunlop, Consulting Engineer

3250 Fairchild Ave., Wayzata, Minn. 55391; 612-935-0235

Year founded: 1981.

On-site services: Construction safety.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, construction accident investigation.

Staff: One staff member who holds PE, NSC, NSPE, NAFE designations and is an ASSE member.

Clients: 500 total clients.

Specialties: Construction.

Principal officers: William L. Dunlop.

Dynamic Scientific Controls

3101 Market St., Wilmington, Del. 19802; 302-742-4304; fax: 302-762-4305

Year founded: 1984.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance.

Staff: One staff member who holds a CSP designation and is an ASSE member.

Clients: 50% with $1 billion-$3.5 billion, 50% with more than $3.5 billion.

Specialties: Construction and general industry.

Contact: J. Nigel Ellis, 302-742-4304 or 302-571-3757.

E

EOS Environmental Inc.

507 Mission St., South Pasadena, Calif. 91030; 818-441-7050; fax: 818-441-0166

Year founded: 1988.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, OSHA compliance, noise and vibration research; occasional development of training materials, industrial hygiene research, ergonomic research. Industrial hygiene testing done by contract with independent labs.

Staff: Nine staff members; two assigned to safety consulting, two assigned to occupational health consulting and six assigned to industrial hygiene consulting, including three AIHAs, one CIH, one CSP, one PE; one ASSE member.

Clients: 30 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

1989 gross revenues: $1.5 million.

Principal officers: Dennis K. Jacobs, president.

Contact: Colleen A. Doyle, administrative manager.

ESIS Inc.

1600 Arch St., Philadelphia, Pa. 19103; 215-523-2100; fax: 215-523-3261

Year founded: 1955.

Parent company: CIGNA Corp.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupa-

Continued on page 60

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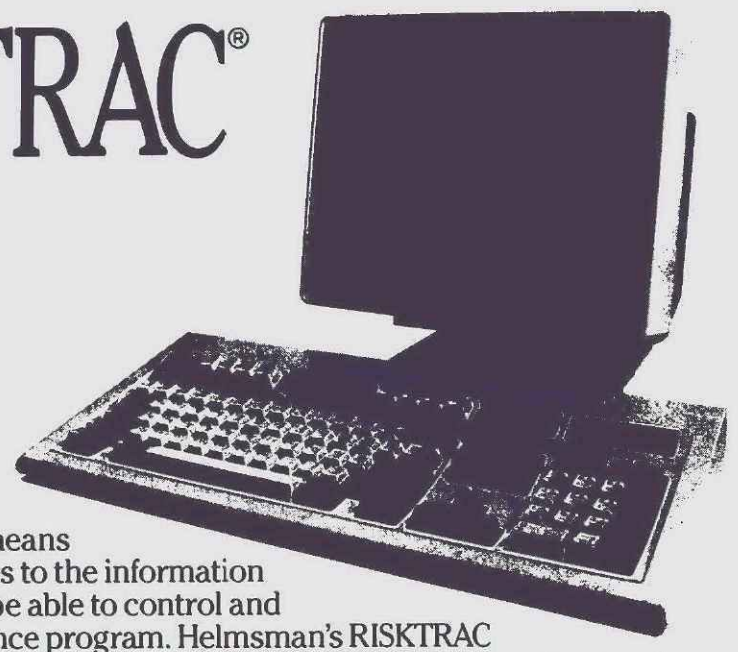

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Righting work comp wrongs

Right provider key in controlling medical costs

By Janet L. Snow

WORKERS COMPENSATION as an insurance program continues to be plagued by a variety of inadequacies. Workers compensation insurers posted losses in 1989 for the seventh consecutive year. Premium levels overall rose between 10% to 11% each year since 1986, but shortfalls have continued to exist even with the substantial rate increases. Fueled by the upward trends in medical and indemnity costs, the workers compensation system is in serious need of reform.

Medical care is an integral component of workers compensation costs and is currently responsible for approximately 41% of all claims costs. With the current rates of increase, medical costs should reach 50% of total claims costs by the end of the decade. Although it is estimated that the average workers compensation expenditure per covered employee has increased by an annual rate of 11% over the last 10 years, the outcomes for injured workers have not measurably improved.

A particularly troubling aspect of the cycle is that while average injury rates reported by the Bureau of Labor Statistics have decreased from an average of 10.4 injuries per 100 workers in 1972 to 8.6 injuries and illnesses per 100 workers in 1988, the number of lost workdays due to injuries has increased more than 12% since 1973. Some of the increase may be due to an increase in the size of the workforce. Younger, less experienced workers tend to be more accident-prone. Aging workers with longer recovery times also tend to experience more severe injuries.

Changing the upward trend of medical costs will not be easy. More than $40 billion was required to treat the more than 9 million injuries and illnesses that arose on the job in 1988. Still worse is the fact that the medical industry has been living with severe cost-cutting measures for the last decade. These measures—which include utilization review, medical bill audit and case management—have barely managed to slow the tremendous increase in medical costs.

Individuals directly responsible for the medical care of their employees can implement an effective workers comp case management program by finding the "right" medical provider to work with. This is not often an easy process and may take some investigation.

Because workers compensation is a "first-dollar" payer, many health care providers, both physicians and hospitals, have sought these cases as attractive alternatives to Medicare and state welfare programs, which often reimburse at a less than desirable rate.

There have been subtle abuses in the health care system such as overcharging for medical supplies and therapies and there have been the not-so-subtle abuses of having an injured worker return for umpteen physical therapy visits.

A good medical provider is a "partner" with the company in treating the injured worker. Hospitals, after all, are usually fairly large employers themselves and are plagued with the same management issues relative to health care costs. This is particularly true in the workers compensation area where hospital employees involved in direct care of patients are very prone to experiencing back injuries, typically brought on by poor lifting techniques.

There are a number of components that contribute to the "right" medical provider. Serious questions should be asked of any medical provider who claims to have expertise in caring for injured workers. A sophisticated employer will require that certain behavior on the part of the provider be present in a consistent manner prior to entering into a relationship with the provider.

For example, it is extremely important that the provider have a communication system in place for working with employers. This system should include both written and verbal communication on an ongoing basis such that the employer has a comfort level about where his employee is in the treatment process.

Physicians and others responsible for treatment of work-related injury cases should make a telephone call to the company prior to discharging the worker from the hospital. The purpose of this call, usually made by licensed medical personnel, is twofold:

- To report the injury and status back to the employer immediately.
- And, to assist the employer in determining appropriate "limited" duty job classifications should the employee not be able to immediately return to his or her regular job.

The call to the employer should be followed up with a written report of the injury. This report should include such things as the date of injury, date of treatment, treatment plan, potential for partial and permanent disability and whether or not a referral to a medical specialist is needed. Each visit to the provider should yield such a report.

This report should be dispensed by the provider within three days of the visit and should be typewritten and summarized to express key information. Sending a handwritten emergency room treatment record is often inappropriate because it is illegible and does not reflect an appropriate treatment plan coupled with other key information useful in helping an employer assess the condition of his employee.

The importance of "limited" duty status should not be overlooked. Frequently the injured worker will recover faster when he or she is back in the work pattern. Those who are put off work have more of a tendency to experience lags in getting back to a productive state since they perceive that they are still ill and unable to work.

Determining the specific job classification for an employee based upon the medical findings requires a physician skilled in being able to make accurate determinations. For example, telling an injured worker that he cannot lift any object over 10 pounds means that he cannot lift much more than a one-gallon container full of milk at home. Often untrained medical personnel are not familiar with weight restrictions and tend to prescribe inappropriately low or high restrictions.

A knowledgeable physician will investigate the specific job classification and be able to recommend a substitute job that does not aggravate the injury. For example, a knowledgeable physician would alert the employer that a job requiring sweeping would not be appropriate for a worker with a shoulder injury. Physicians who are knowledgeable in the treatment of work-related injuries do not have to be board certified in occupational medicine. They must, however, be good diagnosticians and impartial practitioners and understand the impact of their action on both the employee and the employer.

One of the most disturbing practices among medical personnel is the indiscriminate granting of time off work. Certainly, if the condition warrants, the employee should be placed off work; however, in most situations, it is appropriate for the injured worker to have a re-check by the physician within 72 hours of the injury. Granting two to three weeks off work for a minor back injury is not appropriate unless there is some evidence of neurological deficit. The worker should be monitored closely and provided with those therapies that are appropriate. In most cases, rest, medication and some physical therapy is all that is needed because most minor strains resolve themselves within eight to 12 days.

It is important for the employer embarking on a relationship with a medical provider to know some of the treatment patterns of the provider before a decision is made to use or recommend a specific provider. For example, knowing the average number of visits per injury episode is an important indicator of a provider's practices. A provider with between 2 and 2.5 visits per injury episode vs. 3.5 to 4.5 visits per injury episode is typically one who gets the workers back into the work pattern.

Another indicator of treatment patterns relates to the referral rate. Most emergency room physicians are oriented toward referring all cases to family physicians or specialists. A trained emergency room physician who is part of a formal occupational health program would provide continuity of care and see the patient an additional time, if warranted, rather than immediately refer the injured worker to a specialist who may charge upwards of $100 per visit for their expertise.

Having some information on the percentage of workers who are admitted to the hospital is another indicator of practice patterns. Typically a small percentage of workers are admitted with work-related injuries—often less than 1% of the total number of cases.

Providers with admission rates in excess of several percent need scrutiny. Such abuses as putting workers with minor back injuries in the hospital in traction as a frequent occurrence should alert an employer that this may be a provider to avoid.

Certainly if the worker's condition warrants hospitalization, it is clearly recommended. With the advent of new technology, however, many of the conditions that required hospitalization in the past now only require an outpatient procedure.

The medical provider who markets an expertise in workers compensation should be able to provide information back to the employer. Information relative to lost-time injuries as well as to trends in illnesses among workers should be provided on a regular basis. The provider should have the capability to provide follow-up testing and make recommendations for long-term care that may be necessary. It is desirable that the physician and nurse manager visit the company at some point so that subtle information about work conditions, job classifications, etc., are determined first hand.

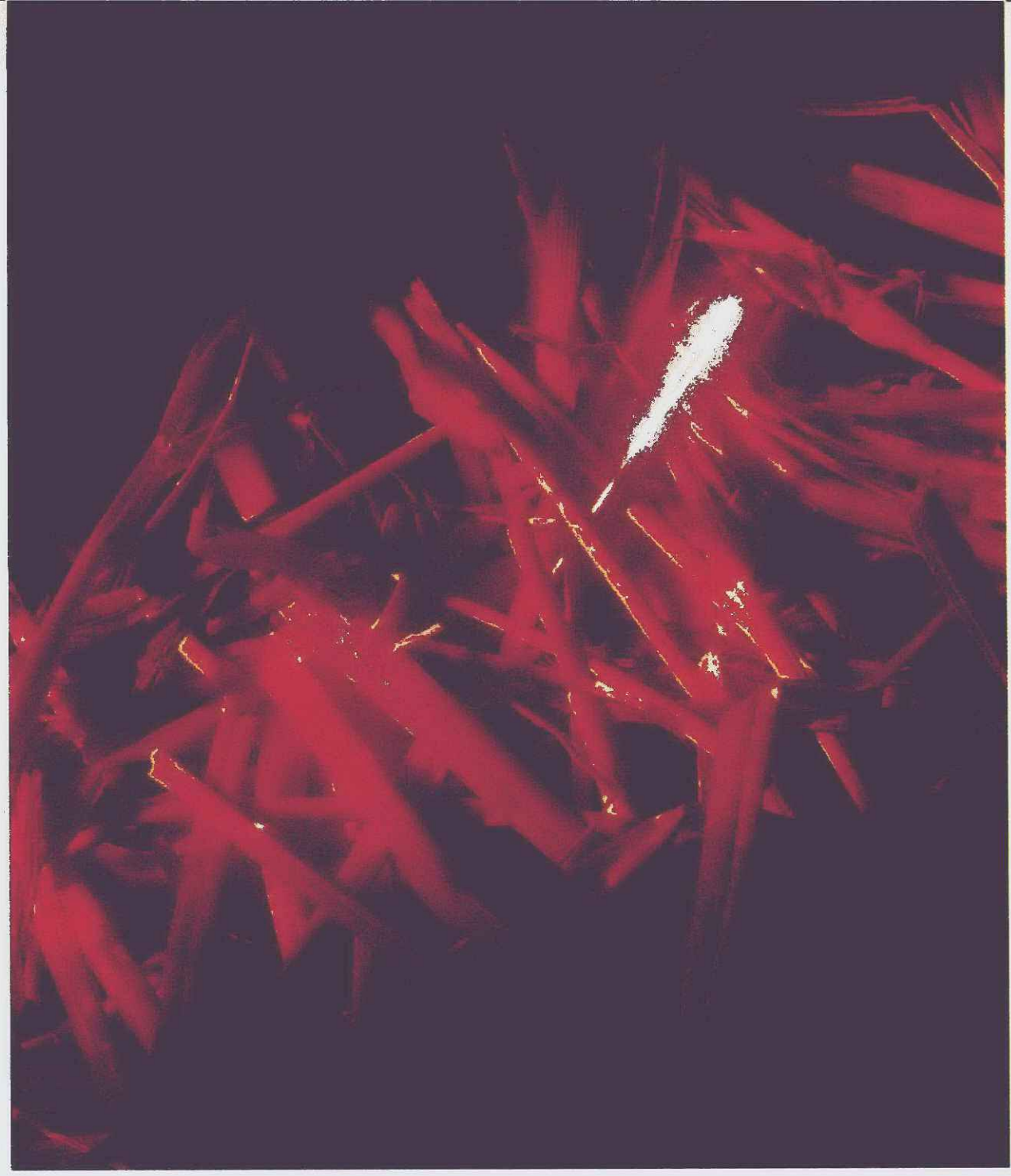
A quality medical provider is flexible and willing to accommodate company requests. For example, it may be very important that injured workers are provided with follow-up visits either before work or after the normal work day.

Such things as job-specific physical examinations and health education programs should be available. Providers who can bill for services with an inclusive-type bill reflect a flexible source. For example, it is important to many companies to be able to capture all fees on one bill rather than a separate hospital bill, a physician's bill and a bill for ancillary services all coming at different times and none indicating an association with the other.

Quality providers do not favor either the employer or the employee but rather provide quality impartial care with a clear understanding of the complexities of the workers compensation system.

Employers should be aggressive in seeking those medical providers who can supply an organized approach to treating work-related injuries and illnesses. The dollars saved in this effort can be substantial and, over time, have a significant impact on the entire system. ■

Janet L. Snow is president and chief executive officer of National Health Systems Inc., a health care consultant based in Burr Ridge, Ill. She holds a doctorate in nursing with a public policy specialty.



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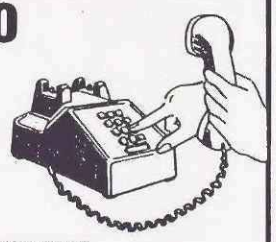

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Reliance Specialty Programs, Inc.

Continued from page 55

tional health program assistance, training classes or seminars.

Other services: Frequent rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional publication of safety materials or videos, development of training materials. Industrial hygiene testing done in company's facilities.

Staff: 595 staff members; 430 assigned to safety consulting, three assigned to occupational health consulting, 15 assigned to industrial hygiene consulting, including 12 AIHAs, 12 ARMs, 12 CIHs, 100 CSPs, 30 PEs; 355 ASSE members.

Clients: 143 corporate and institutional safety consulting clients.

Branch offices: Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, New York, San Francisco.

Principal officers: Edward P. Holleran, president; George W. Putnam, vp; Brian P. O'Hara, director-product management; Bruce Hemphill, manager-product management; Robert F. Bruce, loss control manager.

Contact: Bruce Hemphill, 215-523-3614.

Engineering Safety Consultants

4836 Research, San Antonio, Texas 78240; 512-341-3716

Year founded: 1980.

On-site services: Safety audits/reviews of current programs, training classes or seminars.

Other services: OSHA compliance.

Staff: Three staff members; all assigned to safety consulting, including one PE; two ASSE members.

Clients: 26 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Construction industry.

1989 gross revenues: $200,000 total, 100% from unbundled safety consulting services.

Principal officers: Robert J. Guinee Sr., Robert J. Guinee Jr.

Contact: Bob Guinee.

Ennis, Lumsden, Boyleston & Associates

605 Eastowne Drive, Chapel Hill, N.C. 27514; 800-334-5478; fax: 919-493-2263

Year founded: 1978.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research; occasional industrial hygiene research, occupational health research, research, fire protection engineering. Industrial hygiene testing done in house.

Staff: 16 staff members; five assigned to safety consulting, three assigned to occupational health consulting, six assigned to industrial hygiene consulting, including 12 AIHAs, two ASPs, five CIHs, one COHN, five CSP, one MD, one NSMS, two Ph.Ds, four NSC; eight ASSE members.

Clients: 200 corporate and institutional safety consulting clients; 40% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion.

Branch offices: St. Louis.

1989 gross revenues: $5,000,000 total, 15% from unbundled safety consulting services.

Principal officers: Richard C. Ennis Sr., president; John Lumsden and Raymond P. Boyleston, senior vps; Steven L. Goode and David Schau, vps.

Contact: Raymond P. Boyleston, senior vp.

Stephen A. Estrin & Co. Inc.

Rural Route-9, P.O. Box 127, Mahopac, N.Y. 10541; 914-628-3336

Year founded: 1975.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance.

Other services: Occasional publication of safety materials or videos, rehabilitation, OSHA compliance, product liability research, noise and vibration research, fire protection engineering.

Staff: Seven staff members; five assigned to safety consulting, including one PE, one Ph.D, one RN; three ASSE members.

Clients: Four corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with more than $3.5 billion.

Specialties: Construction, manufacturing, legal profession, insurance.

Branch offices: Cleveland.

1989 gross revenues: Approximately $501,000 total, 100% from unbundled safety consulting services.

Principal officers: Stephen A. Estrin, president/chief executive officer; Hyman M. Estrin, construction engineer; Dr. Alan Riga, forensic scientist; Karen Stadtler-Estrin, occupational safety cor. ultant; George V. Wolstenholme, photogrammetric engineer.

F

The FPE Group

3687 Mount Diablo Blvd., Suite 200, Lafayette, Calif. 94549; 415-283-8860; 415-283-5727

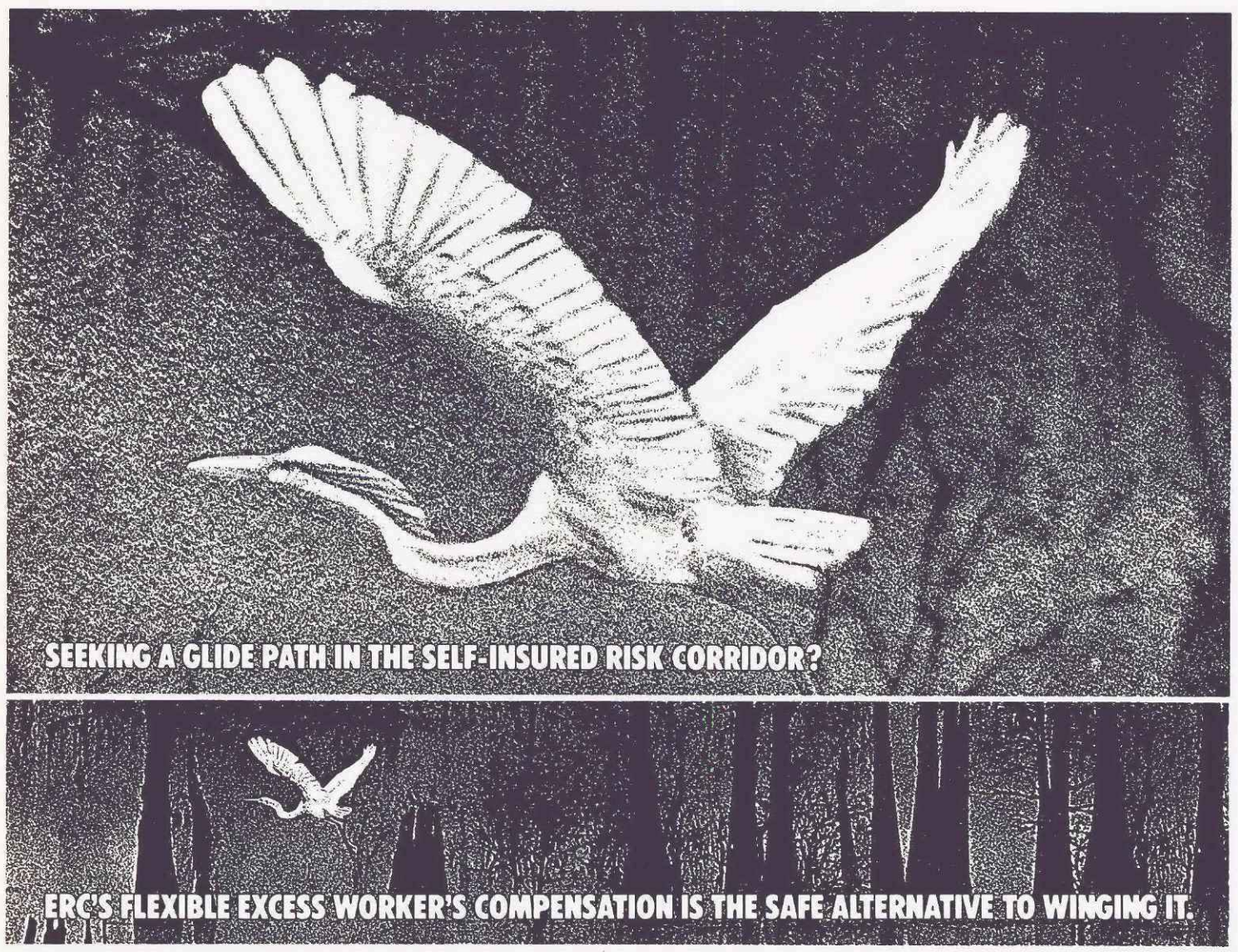
Year founded: 1974.

Parent company: Sedgwick James Inc.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Other services: Frequent publica-

Continued on page 62



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Continued from page 60
tion of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering; occasional product liability research. Industrial hygiene testing done by contract with independent labs.

Staff: 57 staff members; 10 assigned to safety consulting, two assigned to occupational health consulting, 12 assigned to industrial hygiene consulting, including 10 AIHAs, one ARM, one ASP, on CHCM, six CIHs, two COHNS, two CPCUs, five CSPs, five NSMSs, 16 PEs, two Ph.Ds, three RNs, two NSCs, one HFS, four AAIHs, three APHS; 10 ASSE members.

Clients: 70 corporate and institutional safety consulting clients.

Specialties: Health care, retail, warehouse distribution, cities, schools, hotels, transit, food processing.

Branch offices: Naperville, Ill.; Torrance, Calif.; Plainsboro, N.J.

1989 gross revenues: $5 million total, 25% from unbundled safety consulting services.

Principal officers: Kenneth E. Berg, president; Robert A. Lapidus, Daniel D. Cox, Joseph H. Talbert and Edward K. Vining, senior vps.

Contact: Robert A. Lapidus.

FallSAFE Inc.

P.O. Box 165, Portland, Ore. 97207; 503-245-4296 or 503-243-3549

Year founded: 1985.

On-site services: Frequent safety program assistance, ergonomic program assistance, training classes or seminars, training classes for instructors; occasional safety audits/reviews of current programs, occupational health program assistance.

Off-site services: Frequent strategic safety planning.

Other services: Frequent publication of safety materials or videos, development of training materials; occasional ergonomic research.

Staff: Two professionals.

Clients: 215 corporate and institutional safety consulting clients; 5% with gross revenues less than $200 million, 20% with $200 million-$500 million, 25% with $500 million-$1 billion, 25% with $1 billion-$3.5 billion, 25% with more than $3.5 billion.

Specialties: Manufacturing, petroleum, wood products, utilities, consumer products.

Principal officers: Robert Pater, president; Robert Button, vp.

Contact: Robert Pater.

John V. Fiatarone & Associates

P.O. Box 368, 12 Neal Road, Danvers, Mass. 01923; 508-777-4445

Year founded: 1984.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, ongoing prevention programs for industrial plants.

Other services: Frequent OSHA compliance, industrial hygiene research, attorney litigation services, expert witness testimony; occasional publication of safety materials or videos, rehabilitation, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with independent labs.

Staff: Four staff members; all assigned to safety consulting, one assigned to occupational health consulting one assigned to industrial hygiene consulting; including one CIH, three CSPs, three PEs, one Ph.D, one ASME, one VI, two NSPE, one NFPA, one AAIH; four ASSE members.

Clients: 25 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Construction, general industries, scrap metal, longshoring, maritime, shipbuilding and repair, trenching and excavations.

Principal officers: John V. Fiatarone, principal.

Fidelity Environmental Insurance Co.

105 Campus Drive, University Square, P.O. Box 7006, Princeton, N.J. 08543-7006; 609-520-1133; fax: 609-520-1242

Year founded: 1987.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Training classes or seminars.

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

Staff: 13 staff members; six assigned to safety consulting, two assigned to occupational health consulting, one assigned to industrial hygiene consulting; including two AIHA, one COHN, one CPCU, one RN; five ASSE members

Clients: 100 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Asbestos abatement, lead-based paint abatement.

1989 gross revenues: $1.2 million total, 100% from unbundled safety consulting services.

Principal officers: Robert F. Hoop, president; Marc P. Vink, vp-loss control.

Contact: Marc P. Vink, 800-338-1236.

Fire & Safety Specialist Inc.

P.O. Box 9713, College Station, Texas 77840; 409-693-7105; fax: 409-764-0691

Year founded: 1975.

On-site services: Frequent safety audits/reviews of current programs, training classes or seminars, fire and emergency management training for managers; occasional safety program assistance.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering; occasional product liability research.

Staff: 11 staff members; seven assigned to safety consulting, including two ASSE members.

Clients: 350 total clients.

Contact: David White.

Fireman's Fund Insurance Co., Loss Control

P.O. Box 777, Novato, Calif. 94998-9002; 415-899-2352; fax: 415-899-3600

Year founded: 1863.

Parent company: Fund American Cos. Inc.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance; occasional training classes or seminars.

Other services: Occasional publication of safety materials or videos, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: 250 staff members; all assigned to safety consulting, including 25 AIHAs, 18 ALCMs, three ARMs, 19 ASPs, five CIHs, two COHNs, seven CPCUs, 96 CEPs, Seven PEs, three RNs, one AHIM; 175 ASSE members.

Clients: 50 corporate and institutional safety consulting clients; 75% with gross revenues less than $200 million, 10% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, % with more than $3.5 billion.

Branch offices: 46 locations nationwide.

Principal officers: Dennis Cockerham, vp-loss control.

Contact: Donna Goldberg.

Continued on next page

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Forensic Engineering

3490 Whitney Ave., Hamden, Conn. 06518; 203-281-6551

Year founded: 1973.
On-site services: Training classes or seminars.
Other services: Ergonomic research, product liability research, noise and vibration research.
Staff: Five staff members; two assigned to safety consulting, including two PEs; three ASSE members.
Clients: 250 corporate and institutional safety consulting clients.
Specialties: Insurance, legal profession, manufacturing, educational institutions.
Principal officers: Michael E. Shanok, president; Gilbert E. Nicholls, senior engineer; Lisa B. Williams and Kimberly Coyle, paratechnical assistants.

Brian Francis Associates

33920 Vista Way, Fraser, Mich. 48026; 313-293-9286

Year founded: 1985.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Other services: Rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research.
Staff: Four staff members; two assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting, including two ARMs, one CPCU, one CSP; two ASSE members.
Clients: 15 total clients; 75% with gross revenues less than $200 million, 25% with $200 million-$500 million.
Specialties: Hospitality industry, hospitals, manufacturing, municipalities.
Branch offices: Stuart, Fla.
1989 gross revenues: $250,000 total, 100% from unbundled safety consulting services.
Principal officers: Brian Francis, president; Jerry LaChapelle, vp-loss control services; Haig Neville, vp-risk management services; Vern Francis, secretary/treasurer-claims management services.

Fyrsafe Engineering Inc.

240 Howard Ave., Des Plaines, Ill. 60018; 708-397-7233

Year founded: 1986.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Other services: Frequent development of training materials, product liability research, fire protection engineering; occasional publication of safety materials or videos, OSHA compliance.
Staff: Five staff members; three assigned to safety consulting, including two CSPs, two PEs, one IAAI, three SFPE, three NFPA; three ASSE members.
Clients: 30 corporate and institutional safety consulting clients.
Principal officers: John M. Mertens, president.

G

Gallagher Bassett Services Inc.

2550 W. Golf Road, Rolling Meadows, Ill. 60008; 708-640-8555; fax: 708-640-6971

Year founded: 1962.
Parent company: Arthur J. Gallagher & Co.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional occupational health program assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: 52 staff members; 42 assigned to safety consulting, including two AIHAs, on ACLM, four ARMs, two ASPs, two CHCMs, one CIH, 10 CSPs, six NSMSs, three CFPSs; 42 ASSE members.
Clients: 410 corporate and institutional safety consulting clients.
Specialties: Manufacturing, food services, printing, institutional, municipal, commercial, educational and religious clients.
Branch offices: Miami; St. Louis; Los Angeles; Spring Valley, N.Y.
1989 gross revenues: $5.2 million total, 40% from unbundled safety consulting services.
Principal officers: John G. Campbell, chairman; Peter J. Durkalski, president; Richard McKenna, Richard Rothman and Fred Potenza, executive vps.
Contact: Fred Potenza, executive vp-risk management consulting services.

James R. Glaze-Safety Consultant

6051 E. Eastland, Tucson, Ariz. 85711; 602-747-0310

Year founded: 1970.
On-site services: Frequent safety program assistance; occasional safety audits/reviews of current programs, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Other services: Frequent expert witness testimony; occasional OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research.
Staff: One professional who holds AIHA, CSP, NSMS, and NSC designations and is an ASSE member.
Clients: 30 total clients.
1989 gross revenues: $150,000 total, 20% from unbundled safety consulting services.
Principal officers: James R. Glaze, principal.

Gow Management Services Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-6148; fax: 716-856-6179

Year founded: 1982.
Parent company: S.H. Gow & Co Inc.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance, environmental and MSHA compliance assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent development of training materials, OSHA compliance; occasional publication of safety materials or videos, industrial hygiene research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: Four staff members; two assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting, including one AIHA, one ARM, one CIC; one ASSE member.
Clients: 75 corporate and institutional safety consulting clients; 80% with gross revenues less than $200 million, 15% with $200 million-$500 million, 3% with $500 million-$1 billion, 2% with more than $3.5 billion.
Specialties: Heavy industry, bridge and highway construction, municipal, high-tech and aerospace.
Branch offices: Rochester, Syracuse and Albany, N.Y.
Principal officers: Jeffrey J. Gow, president; Michael Gow, executive vp; Richard Mason, senior vp; Steven D. McCullough, assistant vp/manager.
Contact: Steven D. McCullough, 716-856-1100.

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Fred W. Graham

3628 Tall Timber Drive, Birmingham, Ala. 35242; 205-991-5889

Year founded: 1988.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.
Other services: Frequent publication of safety manuals, OSHA compliance, occupational health research; occasional development of training materials, industrial hygiene research, ergonomic research, fire protection engineering.
Staff: One professional who holds CSP and ASIS designations and is an ASSE member.
Clients: Four total clients; 75% with gross revenues less than $200 million, 25% with more than $3.5 billion.
Specialties: Construction, Japanese manufacturing companies.
1989 gross revenues: $125,000 total, 100% from unbundled safety consulting services.
Principal officers: Fred W. Graham.

Great Lakes Educational Consultants Inc.

3324 Olney St., Kalamazoo, Mich. 49007; 616-382-2314; fax: 616-382-6495

Year founded: 1976.
On-site services: Frequent safety audits/reviews of current programs, training classes or seminars, development of emergency and security plans.
Other services: Frequent development of training materials; occasional OSHA compliance.
Staff: One professional.
Clients: 10 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 10% with more than $3.5 billion.
Specialties: Educational institutions.
1989 gross revenues: $110,000 total, 100% from unbundled safety consulting services.
Principal officers: Robert F. Conaitis, president.

H

C.R. Haines & Associates

825 Wheelwright Drive, Manchester, Mo. 63011; 314-227-3959; fax: 314-227-3959

Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, accident reconstruction; occasional ergonomic program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, litigation defense; occasional rehabilitation.
Staff: Two staff members; one assigned to safety consulting, including one PE; one ASSE member.
Clients: 10 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.
Specialties: Construction, amusement, scaffolding.
1989 gross revenues: $80,000 total, 100% from unbundled safety consulting services.
Principal officers: Charles R. Haines.

Robert E. Harner, CSP, PE.

3045 W. Curly Horn Road, Sahuarita, Ariz. 85629; 602-625-7787

Year founded: 1983.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance.
Off-site services: Safety audits, program evaluation and development.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research.
Staff: One professional who holds CSP and PE designations.
Clients: 35 corporate and institutional safety consulting clients.
Specialties: Heavy construction and mining.
1989 gross revenues: $70,000 total, 100% from unbundled safety consulting services.
Principal officers: Robert E. Harner, president.

Hewitt, Coleman & Associates Inc.

P.O. Box 3665, Greenville, S.C. 29608; 803-240-5800; fax: 803-232-8824

Year founded: 1923.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars, environmental engineering and risk management consulting; occasional industrial hygiene program assistance, occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research; occasional rehabilitation, industrial hygiene research, occupational health research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: Seven staff members; five assigned to safety consulting, including one ASP, one CSM, one CSP, one CSS; seven ASSE members.
Clients: 820 corporate and institutional safety consulting clients.
Specialties: Municipalities, textiles, lumber, manufacturing, above ground mining, hospitals and construction.
Branch offices: Greenville, S.C.; Raleigh, N.C.; Atlanta; Orlando, Fla.; Birmingham, Ala.; Denver.
1989 gross revenues: 20% from unbundled safety consulting services.
Principal officers: Charles R. Warne, president; Willard L. Quinn Jr., senior vp; J. Wesley Sexton, assistant vp-loss control.
Contact: J. Wesley Sexton, 803-240-5808.

Hutton Associates Inc.

86 Maple Drive, Hudson, Ohio 44236; 216-656-2148; fax: 216-650-6781

Year founded: 1972.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance; occasional ergonomic program assistance, training classes or seminars.
Other services: Frequent OSHA compliance, noise and vibration research; occasional publication of safety materials or videos. Industrial hygiene testing done by an outside lab.
Staff: Three staff members assigned to safety consulting, occupational health consulting and industrial hygiene consulting; one ASSE member.
Clients: 30 total clients; 50% with gross revenues less than $200 million, 40% with $200 million-$500 million, 10% with $500 million-$1 billion.
Specialties: Manufacturing.
1989 gross revenues: $155,000 total, 100% from unbundled safety consulting services.
Principal officers: David T. Hutton, president; Iva-Jo Hutton, vp; Clarence Tople, safety engineer.
Contact: David T. Hutton.

I

I.P.C. Chicago Inc.

787 Beverly Place, Lake Forest, 60045; 312-718-7395

Year founded: 1978.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hy-

Continued on next page

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giene program assistance, occupational health program assistance, training classes or seminars, asbestos training.

Off-site services: Frequent training classes or seminars; industrial hygiene testing.

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

Staff: 15 staff members; nine assigned to safety consulting, including one AIHA, one ARM, one ASP, one CHCM, two CIHs, one CSE, two CSPs, one RN, one NSC; two ASSE members.

Clients: 40 corporate and institutional safety consulting clients; 32% with gross revenues less than $200 million, 50% with $200 million-$500 million, 8% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Specialties: Asbestos.

Branch offices: Chicago and Northbrook, Ill.

1989 gross revenues: $2 million total, 100% from unbundled safety consulting services.

Principal officers: Robert G. Cooley, president.

Industrial Technical Associates

3 Stanley Road, P.O. Box 332, West Orange, N.J. 07052; 201-674-2625

Year founded: 1960.

On-site services: Frequent industrial hygiene program assistance; occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.

Other services: OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering, industrial hygiene testing.

Staff: Three staff members, including including one AIHA, one CSP, two PEs, one NSC; one ASSE member.

Clients: 50 total clients.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: A. Wallach, director.

Industrial Training Systems Corp.

9 East Stow Road, Marlton, N.J. 08053; 609-983-7300; fax: 609-983-4311

Year founded: 1974.

On-site services: Frequent training classes or seminars; occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional industrial hygiene research, ergonomic research.

Staff: 55 staff members; three assigned to safety consulting, three assigned to occupational health consulting, one assigned to industrial hygiene consulting; including one AIHA, one NETA.

Clients: 14 corporate and institutional safety consulting clients; 5% with gross revenues less than $200 million, 10% with $200 million-$500 million, 20% with $500 million-$1 billion, 25% with $1 billion-$3.5 billion, 40% with more than $3.5 billion.

Specialties: Process industries, chemical and petrochemical.

1989 gross revenues: $4.2 million total, 5% from unbundled safety consulting services.

Principal officers: John M. Evans, president/chief executive officer; Jack A. Cowan Jr., vp/chairman; George E. Willis, vp-finance.

Contact: Ted Trump, Ken Lane.

Insurance Control Systems Inc.

1118 N. LaBrea Ave., Inglewood, Calif. 90302; 213-678-7115; fax: 213-673-3350

Year founded: 1988.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, actuarial claims management.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: 12 staff members; three assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting, including two AIHAs, two CSDs, two CSEs, two CSSs; two ASSE members.

Clients: 40 corporate and institutional safety consulting clients; 80% with gross revenues less than $200 million, 14% with $200 million-$500 million, 6% with $500 million-$1 billion.

Branch offices: Los Angeles.

1989 gross revenues: $1.4 million total, 80% from unbundled safety consulting services.

Principal officers: Al Kirkpatrick, president; Ken Goron and Laura Patten, vps; Valeta Paganelli, secretary/treasurer; Horatio Cruz, operations.

Contact: Laura Patten.

Insurance Management Services Inc.

32255 Northwestern Highway, Suite 290, Farmington Hills, Mich. 48334; 313-855-8814; fax: 313-855-1642

Year founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, fleet and vehicle safety, product liability; occasional noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Five staff members assigned to safety consulting, occupational health consulting and industrial hygiene consulting, including one ASP, one CSP; three ASSE members.

Clients: 500 corporate and institutional safety consulting clients; 95% with gross revenues less than $200 million, 5% with $200 million-$500 million.

Specialties: Manufacturing of metal and plastic goods, machine builders and tool makers.

1989 gross revenues: $800,000 total, 100% from unbundled safety consulting services.

Principal officers: Eugene A. Port, president; Bernadine Kolb, vp.

Contact: Eugene Port, Bruce Broger.

Insurers Technical Services Inc.

8600 N.W. 36th St., Seventh Floor, Miami, Fla. 33166; 305-599-7410; fax: 305-599-7424

Year founded: 1983.

Parent company: Skandia Group.

On-site services: Frequent safety audits/reviews of current programs, insurance underwriting surveys, loss control programs, accident analysis; occasional safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Other services: Frequent fire protection engineering; occasional OSHA compliance, industrial hygiene research, occupational health research, product liability research, fire protection engineering.

Staff: 10 staff members; seven assigned to safety consulting, one as-

Continued on next page

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Continued from previous page
signed to occupational health consulting, one assigned to industrial hygiene consulting, including one CPCU, two CSPs, one OHST, one NSC, one CST; four ASSE members.

Clients: Two corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with $500 million-$1 billion.

Specialties: Insurance companies.

Branch offices: Maitland, Fla.

1989 gross revenues: $300,000 total, 80% from unbundled safety consulting services.

Principal officers: Sven Schele, president; John Marshall, vp; Martin Lerner, manager.

Contact: Martin Lerner.

J

William L. Jacobs Enterprises Inc.

P.O. Box 7333, Fort Lauderdale, Fla. 33338; 305-766-9910

Year founded: 1987.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, ergonomic research, product liability research, prevention of slip and falls.

Staff: Four staff members; three assigned to safety consulting, including two CHCMs, one CSP, one OHST, one PE, two NSCs; two ASSE members.

Clients: 100% with gross revenues less than $200 million.

Specialties: Retailers, supermarkets, municipalities, construction.

Branch offices: Osteen, Fla.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: William L. Jacobs.

C.E. Jackson Jr., Construction Consultant

P.O. Box 1226, McComb, Miss. 39648; 601-684-1107

Year founded: 1983.

On-site services: Training classes or seminars.

Other services: OSHA compliance, safety standard research.

Staff: One professional who holds a PE designation and is an ASSE member.

Specialties: Construction safety consulting.

Principal officers: C.E. Jackson Jr., owner.

Jarry Associates

108 Commonwealth Drive, Basking Ridge, N.J. 07920-3095; 201-647-9031

Year founded: 1980.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, training classes or seminars.

Off-site services: Training classes or seminars

Other services: Frequent OSHA compliance, product liability research; occasional publication of safety materials or videos, development of training materials, ergonomic research.

Staff: Three staff members; two assigned to safety consulting, including one ARM, two CSPs, one PE; two ASSE members.

Clients: Three corporate and institutional safety consulting clients.

Specialties: Manufacturing.

Branch offices: Center Conway, N.H.

1989 gross revenues: $150,000 total, 100% from unbundled safety consulting services.

Principal officers: Harry J. Ehrmann, principal; Thomas Appert, associate.

Johnson & Higgins, Loss Control Services

6 Century Drive Parsippany, N.J. 07054 201-292-5210; fax: 201-292-5249

Year founded: 1845.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance occupational health program assistance, training classes or seminars, vehicle fleet safety consulting.

Off-site services: Occasional training classes or seminars.

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

Staff: 72 staff members; 59 assigned to safety consulting, one assigned to industrial hygiene consulting, including four AIHAs, three ALCMs, 13 ARMs, two ASPs, five CHCMs, one CIH, two CPCUs, one CPSM, 30 CSPs, six NSMSs, 12 PEs, 14 NSCs, two AICnE, six NFPAs, five VSs, one NAC, three WSOs; 57 ASSE members.

Clients: 3,000 total clients.

Specialties: Manufacturing, construction, health care.

Branch offices: Atlanta; Baltimore; Boston; Chicago; Charlotte, N.C.; Cleveland; Costa Mesa, Los Angeles, San Diego and San Francisco, Calif.; Dallas Detroit, Grand Rapids, Mich.; Hartford, Conn.; Honolulu; Houston; Minneapolis; Nashville; New Orleans; New York; Philadelphia; Phoenix; Pittsburgh, Portland, Ore.; Richmond, Va.; Seattle, Washington, D.C.

Principal officers: Richard E. Meyer, director/executive vp; Joseph T. Mullahey, national manager-casualty loss control; Ronald R. Williams, George L. Flick III, Lawrence M. Garvin, Robert F. Satterfield and Charles E. Higgins, regional managers.

Contact: Joseph T. Mullahey.

K

K&T Safety Service Inc.

9888 Bissonnet, Suite 285, Houston, Texas 77036; 713-988-9021

Year founded: 1981.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, asbestos consulting; occasional occupational health program assistance, training classes or seminars.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, environmental audits; occasional fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Four staff members; two assigned to safety consulting, two assigned to industrial hygiene consulting, including one CSP; one ASSE member.

Clients: 20 total clients; 100% with gross revenues less than $200 million.

Specialties: Construction, oil and gas, manufacturing, schools and universities.

1989 gross revenues: $500,000 total, 100% from unbundled safety consulting services.

Principal officers: Henry G. Kana, president; S.H. Kana, vp.

Contact: Henry G. Kana.

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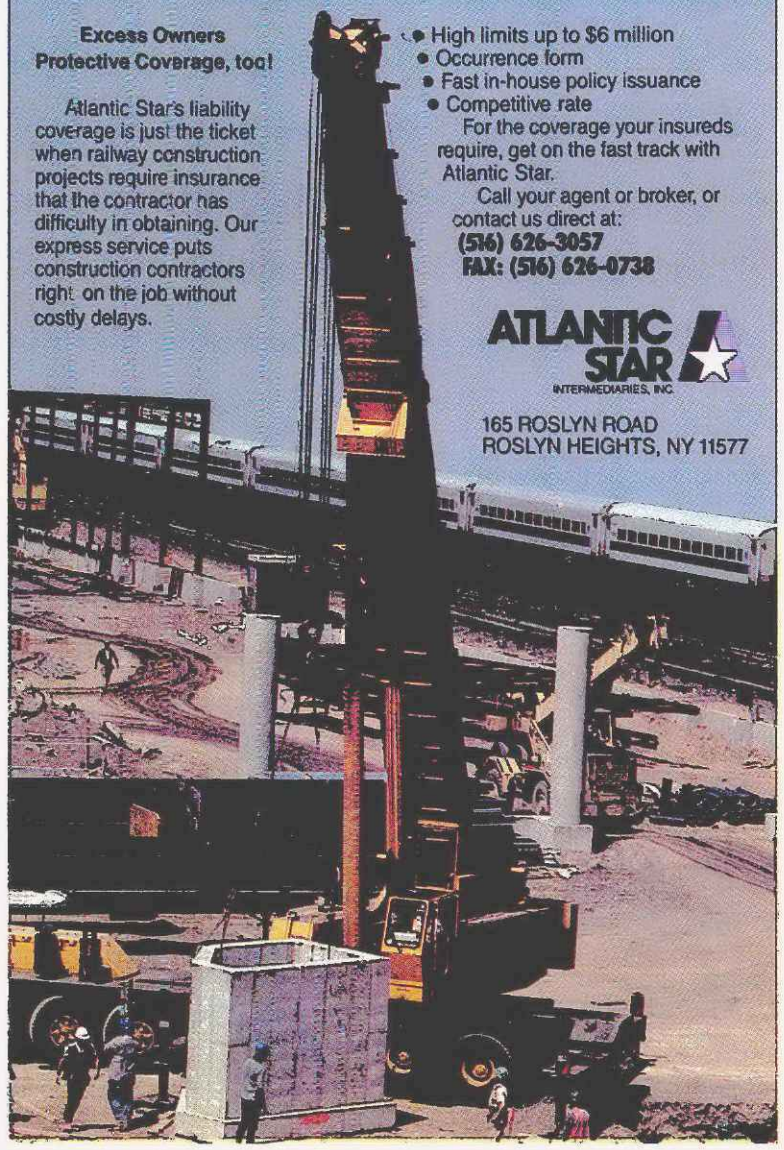

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Murvin J. Kimbrell, Safety Consultant

4024 Dunsmore St., Huntsville, Ala. 35802; 205-883-9605

Year founded: 1990.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research.
Staff: One professional who is an ASSE member.
Specialties: Manufacturing, service organizations.
Principal officers: Murvin J. Kimbrell.

Dr. Roy H. Kinslow

13647 Purple Sage Road, Dallas, Texas 75240-5733; 214-661-1941

Year founded: 1985.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, hazardous waste management.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance. Industrial hygiene testing done by contract with independent labs.
Staff: Four staff members; two assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting, including one AIHA, one CHP, one CIH, two CSPs, two PEs; two ASSE members.
Clients: 10 corporate and institutional safety consulting clients; 75% with gross revenues less than $200 million, 15% with $200 million-$500 million, 10% with $500 million-$1 billion.
Specialties: High tech manufacturing, cosmetics.
1989 gross revenues: $150,000 total, 100% from unbundled safety consulting services.
Principal officers: Roy H. Kinslow, Bill B. Turney, Jim Pullen, Jim Davis, Mark Hodges.
Contact: Roy H. Kinslow.

Kleckner Associates

P.O. Box 357, Hibernia, N.J. 07842; 201-586-2620; fax: 201-586-2620 (request facsimile)

Year founded: 1961.
Parent company: Kleckner Enterprises Inc.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.
Other services: Development of training materials, rehabilitation, OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering.
Staff: One professional who holds CSE, CSP, OHST and Ph.D. designations.
Clients: 200 corporate and institutional safety consulting clients; 75% with gross revenues less than $200 million, 10% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with more than $3.5 billion.
Specialties: Public utilities, construction, mining, petrochemicals, manufacturing, transportation.
1989 gross revenues: $300,000 total, 100% from unbundled safety consulting services.
Principal officers: Willard R. Kleckner, president.

L

LKM Safety Consultants

P.O. Box 3954, Champaign, Ill. 61826; 217-352-1673

Year founded: 1980.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, hospital safety consultant services.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, noise and vibration research, fire protection engineering.
Staff: One professional who holds RN, R-EMT and CHM and is an ASSE member.
Specialties: Hospitals, construction and manufacturing.
1989 gross revenues: 90% from unbundled safety consulting services.
Principal officers: Linda K. May, owner, president.

Loss Control Centre International

P.O. Box 7222, 4800 GE Breda, The Netherlands; 31-76-421616; Fax: 31-76-421040

Year founded: 1985.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Staff: Seven staff members; six assigned to safety consulting, one NSMS; one CHCM; one PE; one SSS, one AIChE, one SFPE for ASA; one ASSE member.
Clients: 25 total corporate and institutional safety consulting clients
Branch offices: Lembeke, Belgium; Nante, France.
1989 gross revenues: $1 million total, 100% from unbundled safety consulting services.
Principal officers: Willem N. Top, managing director; Johan Roels, managing director-Belgium/France
Contact: Willen N. Top.

Loss Prevention Consultants Inc.

P.O. Box 54012, Jackson, Miss. 39288-4012; 601-878-2138; fax: 601-878-2394

Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, accident investigation; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering, expert witness; occasional industrial hygiene research, occupational health research, ergonomic research.
Staff: Two staff members; one professional who holds NFPA, ASIS, VOS designations and is an ASSE member.
Clients: 25% with gross revenues less than $200 million, 75% with $200 million-$500 million.
Specialties: Hazardous materials transportation, manufacturing and refineries.
1989 gross revenues: 100% from unbundled safety consulting services.
Principal officers: John R. Eubanks Jr., president.

M

Management Services Inc.

2 E. Main, Towne Center, Suite 208, Danville, Ill. 61832; 800-252-5059; fax: 217-443-0927

Year founded: 1976.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Other services: Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance, industrial hygiene research, noise and vibration research, fire protection engineering.

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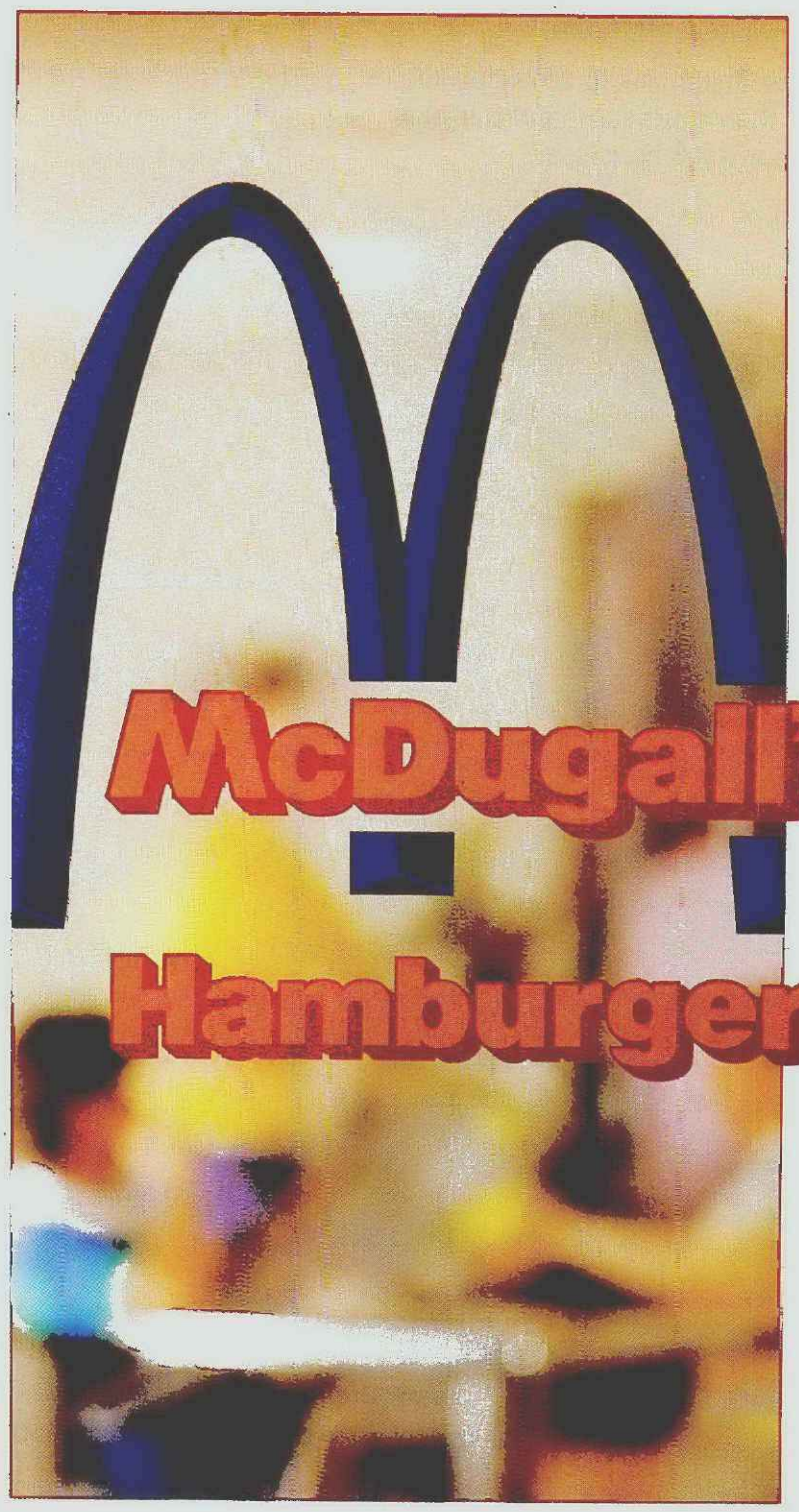
Imitation can be the sincerest form of trouble.



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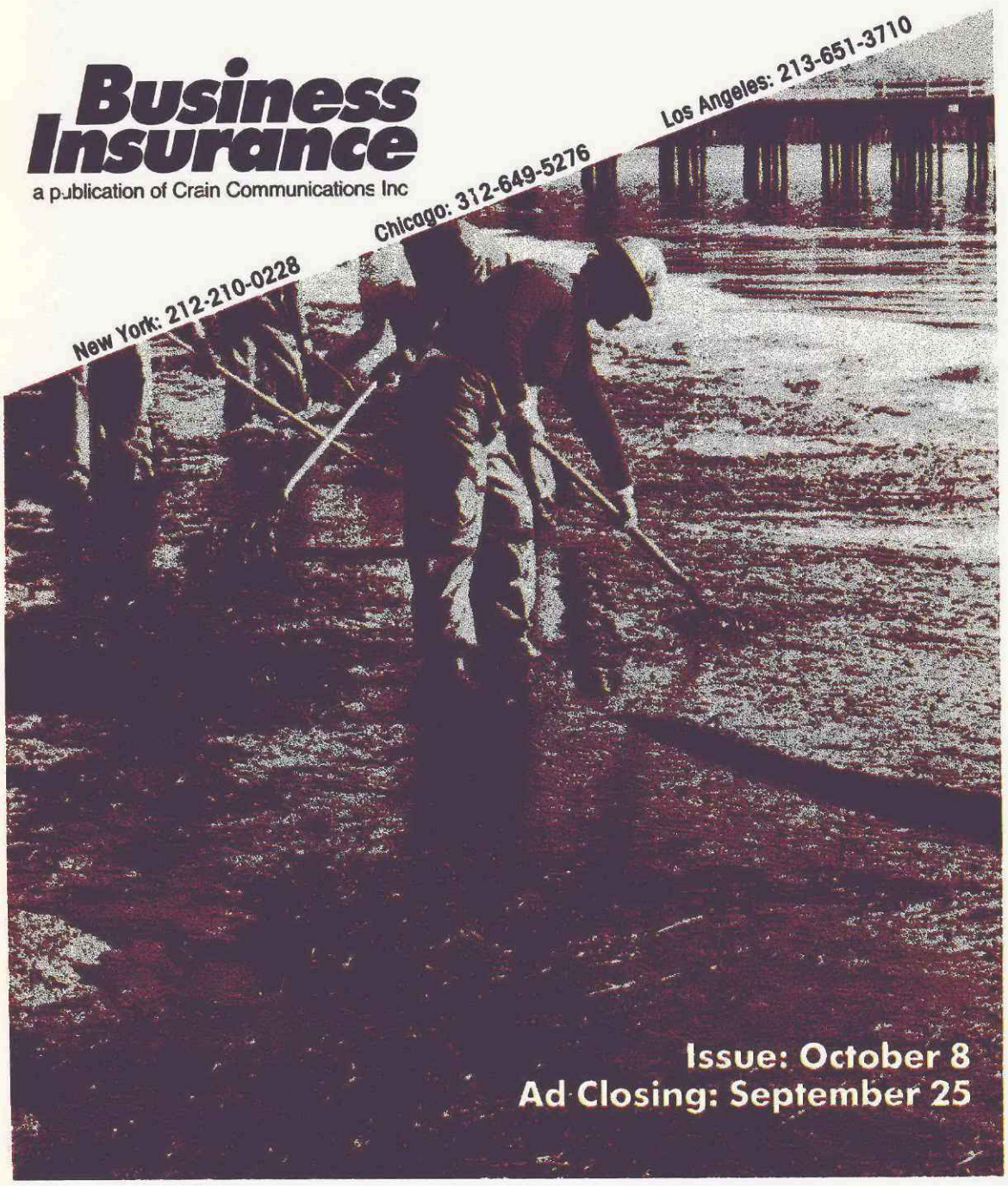

Issue: October 8
Ad Closing: September 25

Continued from previous page

Staff: 12 staff members assigned to safety consulting and industrial hygiene consulting, including four ARMs, two CHCMs, three CPCUs, four CSPs; six ASSE members.

Clients: 1,300 total clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.

Specialties: Manufacturing, construction, governmental, nursing homes.

Branch offices: Champaign and Oak Brook, Ill.; St. Louis; Indianapolis.

Principal officers: Sam P. Cannon, chief executive officer; Gary J. Schirmer, president; Robert Cowgill, senior vp; Jerry Kats, vp.

Contact: Gary J. Schirmer.

McNeary Insurance Consulting Inc.

P.O. Box 220926, Charlotte, N.C. 28222; 704-365-4150; fax: 704-365-4155

Year founded: 1956.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occasional industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Other services: Occasional publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research, fire protection engineering.

Staff: 20 staff members; two assigned to safety consulting, two assigned to occupational health consulting, two assigned to industrial hygiene consulting; including five ARMs, five CPCUs, one CSP; one ASSE member.

Clients: 140 corporate and institutional safety consulting clients; 95% with gross revenues less than $200 million, 5% with $200 million-$500 million.

Specialties: Health care.

Branch offices: Atlanta.

Principal officers: W.C. Moore, chairman; Dan McCoy, president; W.D. Yaeger, senior vp; Carl Malmberg, Lynne Skelton, Spencer Traver and Arthur Fuller, vps.

Contact: Carl Malmberg.

Donald P. Milione

7012 18th Ave., Brooklyn, N.Y. 11204; 718-232-9595

Year founded: 1990.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars, back injury prevention.

Off-site services: Training classes or seminars; pre-placement physical examinations, back injury prevention, diagnostic and treatment services.

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

Staff: Four staff members; one assigned to safety consulting, one assigned to occupational health consulting, including one DC, one CIC.

Specialties: Sedentary office workers, construction and manufacturing.

Principal officers: Donald P. Milione, director; C.G. Sammis, occupational health assistant.

Contact: Donald P. Milione.

A. Mims Associates Inc.

31 Apache Court, Appleton, Wis. 54911; 414-731-7548

Year founded: 1976.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research, fire protection engineering, accident investigation, expert witness.

Staff: Three staff members; all assigned to safety consulting, including those holding AIHA, CHCM, CSE, CSM, CSP, CSS, NSMS, PE, Ph.D and NSC designations; two ASSE members.

Clients: 11 total clients; 100% with gross revenues less than $200 million.

Branch offices: Madison, Wis.

Principal officers: Albert Mims, president; Margiel Kolbe-Mims, vp/secretary/treasurer.

Contact: Albert Mims.

N

NATLSCO

Long Grove, Ill. 60049-0075; 708-540-2400; fax: 708-540-4330

Year founded: 1968.

Parent company: Kemper Corp.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance,

Continued on next page

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Continued from previous page
training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research. Industrial hygiene testing done in company's facilities.

Staff: 94 staff members; 43 assigned to safety consulting, three assigned to occupational health consulting, 26 assigned to industrial hygiene consulting, including 41 AIHAs, four ARMs, one ASP, one CHCM, 21 CIHs, three COHNs, two CPCUs, 23 CSPs, one OHST, five PEs, three RNs, two IHTs, five COTs, one DC.

Clients: 580 corporate and institutional safety consulting clients.

Specialties: National and international consulting service.

Branch offices: Summit, N.J.; Fairfax, Va.

1989 gross revenues: $67 million total.

Principal officers: R.W. Satterfield, president; A.D. Odom, vp-safety; G. J. Krafcisin, vp-health services; F.G. Minchk, vp-risk management; D.F. Benevich, vp-management services.

Contact: Robert S. Adamski, 708-540-3204.

National Health Systems Inc.

101 Burr Ridge Parkway, Suite 204, Burr Ridge, Ill. 60521; 708-323-2266; fax: 708-323-2350

Year founded: 1984.

On-site services: Occupational health program assistance, training classes or seminars.

Off-site services: Training classes or seminars.

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

Staff: Eight staff members; seven assigned to occupational health consulting.

Clients: 40 total clients.

Principal officers: Janet Snow, president/chief executive officer; Meg Schupp, vp.

Contact: Dawn V. Gay, national marketing director.

National Safety Council

444 N. Michigan Ave., Chicago, Ill. 60611; 312-527-4800, ext. 8108; fax: 312-527-9381

Year founded: 1912.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside facilities.

Staff: 300 staff members; 15 assigned to safety consulting, one assigned to occupational health consulting, two assigned to industrial hygiene consulting, including one ARM, one ASP, two CIH, six CSPs, two Ph.Ds; 15 ASSE members.

Clients: 50 total clients. 20% with gross revenues less than $200 million, 50% with $200 million-$500 million, 10% with $500 million-$1 billion, 10% with $1 billion-$3.5 billion, 10% with more than $3.5 billion.

Specialties: Manufacturing, public entities, commercial auto fleets.

Branch offices: Foster City, Calif.; Syracuse, N.Y.; Washington, D.C.

Principal officers: Irvin Etter, senior vp; James P. Kaletta, director-loss control consulting.

Contact: James P. Kaletta.

Newman Associates

P.O. Drawer 251, Middletown, Va. 22645; 703-869-2037

Year founded: 1974.

On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.

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

Staff: Two staff members. one assigned to safety consulting, including one AIHA, one CIH, two CSPs, one PE; one ASSE member.

Clients: Two corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with $200 million-$500 million.

Specialties: Construction. product safety.

1989 gross revenues: 20% from unbundled safety consulting services.

Principal officers: Eugene L. Newman, principal.

O

Occupational & Environmental Health Consulting Services Inc.

635 Harding Road, Hinsdale, Ill. 60521-4814; 708-325-2083

Year founded: 1984.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars, infectious disease control, consulting on right-to-know laws, multilingual training; occasional occupational health program assistance.

Off-site services: Frequent computer safety training; occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, epidemiology cluster reviews; occasional occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Eight staff members; three assigned to safety consulting, including one AIHA, two CIHs, three CSPs, one PE, two Ph.Ds; three ASSE members.

Clients: 45 corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 20% with more than $3.5 billion.

Specialties: Manufacturers for the health care industry, hospitals, multilingual employers.

Principal officers: Robert C. Brandys, president; Gail Brandys, secretary/treasurer/director-training.

Occupational Safety & Health Advisors Inc.

Route 4, Box 399, Isanti, Minn. 55040; 612-444-4775

Year founded: 1989.

On-site services: Frequent safety program assistance; occasional safety audits/reviews of current programs, training classes or seminars.

Other services: Frequent OSHA compliance; occasional publication of safety materials or videos, development of training materials, product liability research, expert witness testimony.

Staff: One professional who holds a CSP designation and is an ASSE member.

Clients: Five corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

1989 gross revenues: $10,000 total, 100% from unbundled safety consulting services.

Principal officers: Ivan W. Russell, president.

Occusafe Inc.

1040 S. Milwaukee Ave., Wheeling, Ill. 60090; 708-459-4800; fax: 708-459-0471

Year founded: 1972.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

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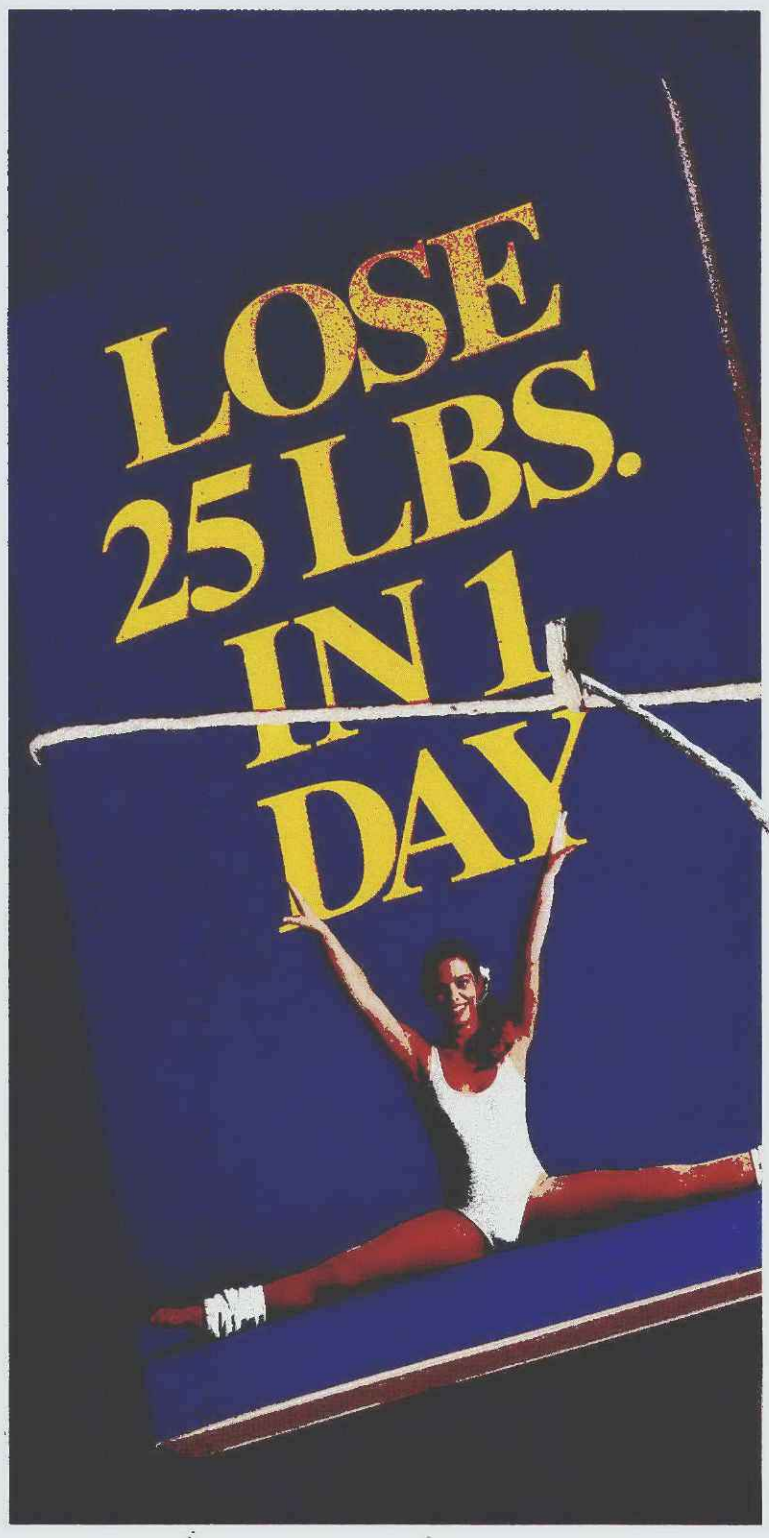
But words will never harm you.



Watch out! Your publishing client's how-to-do-it book may jump up and bite their budget. That exercise or first aid video could cause a slipped digit in the profit column. It's part of the liability epidemic, and though the claims sound wacky, they can be costly too.

And often enough, bodily injury and property damage claims arising out of the content of published, broadcast or exhibited matter may not be covered by a general liability or products policy.

Several years ago, Media/Professional pioneered specialized coverage for defective advice, imitation and incitement claims arising out of textbooks, technical publications, films, videos, and television and radio shows. We provide it as an option to our Media Special Perils Program, offered by A+ "Superior" rated SAFECO to media and entertainment companies.

Contextual E&O claims are no word game. They require special handling and a working knowledge of First Amendment Law. Let our in-house attorneys and our unique coverage help unscramble the legal jumble. Before "how-to" becomes "how-not-to."

Media/Professional Insurance, Inc.
Two Pershing Square, Suite 800 · 2300 Main Street
Kansas City, Missouri 64108 · 816-471-6118

America's E & O Authority

Continued from previous page

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with outside labs.

Staff: 74 staff members; 11 assigned to safety consulting, 10 assigned to occupational health consulting, 31 assigned to industrial hygiene consulting, including; 24 AIHAs, 11 CIHs, four CSPs, four PEs, two Ph.Ds, two AIAs, two ACS, one AFSs; five ASSE members.

Clients: 10% with gross revenues less than $200 million, 40% with $200 million-$500 million, 40% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Branch offices: Denver.

1989 gross revenues: $5 million.

Principal officers: Peter F. Koch, president; Donald R. McFee, executive vp; William L. Young, group vp.

Contact: Peter F. Koch.

Organizational Safety Services Inc.

Safety Technology Program, Marshall University, GH-3, Huntington, W.Va. 25755; 304-696-4664

Year founded: 1987.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, forensic safety services.

Off-site services: Frequent training classes or seminars.

Other services: Frequent OSHA compliance, product liability research; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, ergonomic research, fire protection engineering, expert witness testimony.

Staff: Four staff members; three assigned to safety consulting, one assigned to industrial hygiene consulting, including two CHCMs, one CPCU, two CSPs, two NSMSs, two PEs, three Ph.Ds; four ASSE members.

Clients: 18 corporate and institutional safety consulting clients with $500 million-$1 billion.

Specialties: Pulp and paper, construction, manufacturing, newspapers, electric utilities.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Keith E. Barenklau, president; L.V. Abbott, vp/treasurer; Linda C. Abott, vp; Eric E. Barenklau, secretary.

Donald E. Ostrum, Consultant

12109 Cottonwood St. N.W., Coon Rapids, Minn. 55433; 612-757-0102

Year founded: 1972.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with an outside lab.

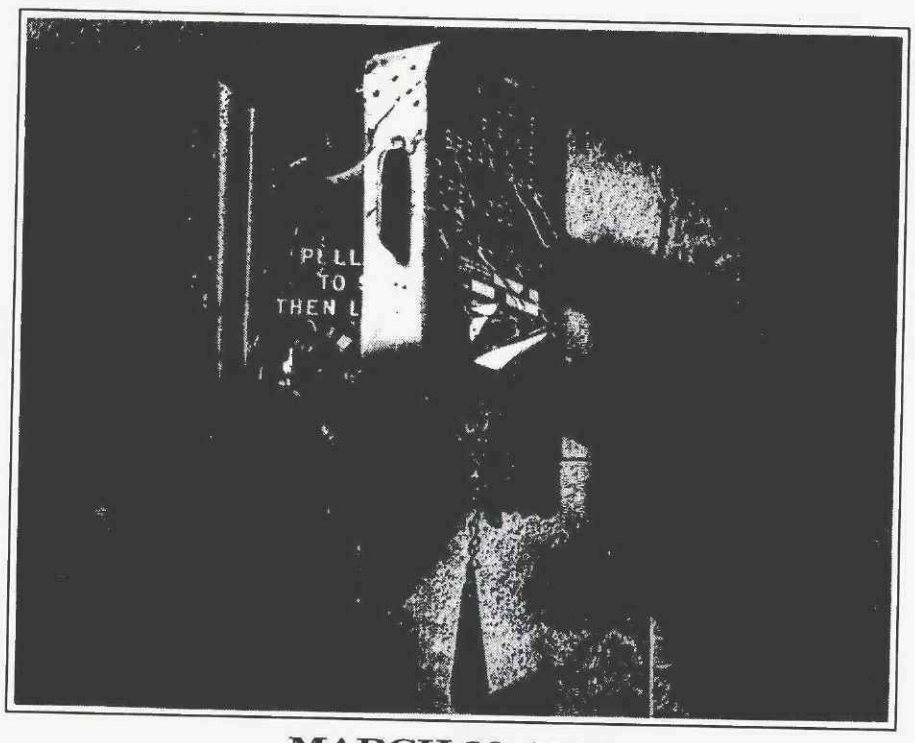
Staff: One professional who holds AIHA, CHCM, CSP, NSC, CHC and ASSE designations and is an ASSE member.

Clients: 25 corporate and institutional safety consulting clients; 65% with gross revenues less than $200 million, 10% with $200 million-$500 million, 25% with $500 million-$1 billion.

Specialties: Railroad industry.

1989 gross revenues: More than $50,000 total, 50% from unbundled safety consulting services.

Principal officers: Donald E. Ostrum.



MARCH 29, 1994

P

Isabel Perry

786 Windermere Way, Palm Beach Gardens, Fla. 33418; 407-627-5075

Year founded: 1987.

On-site services: Safety audits/reviews of current programs, safety program assistance, training classes or seminars.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance. Industrial hygiene testing done in company's facilities.

Staff: One staff member who holds a doctorate if educational psychology and is an ASSE member.

Principal officers: Isabel Perry.

Marshall Petersen & Co.

P.O. Box 108, Mount Prospect, Ill. 60056; 708-253-3963

Year founded: 1987.

Other services: Frequent fire protection engineering, forensic engineering.

Staff: One professional who holds CSP, PE and NSC designations and is an ASSE member.

Clients: 25 total clients.

1989 gross revenues: $75,000 total.

Principal officers: Marshall E. Petersen, president.

Pioneer Loss Control Systems

P.O. Box 795774, Dallas, Texas 75379; 214-235-3946

Year founded: 1984.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering, financial evaluations.

Staff: Two staff members; one assigned to safety consulting, including one CSP, one PE; one ASSE member.

Clients: 21 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

1989 gross revenues: $35,000 total, 100% from unbundled safety consulting services.

Pooler Consultants Ltd.

P.O. Box 52871, Lafayette. La. 70505; 318-984-1601

Year founded: 1989.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, environmental testing; occasional ergonomic program assistance.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with independent lab.

Staff: One staff member.

Clients: 25 corporate and institutional safety consulting clients.

Principal officers: Ben Pooler, president.

Professional Safety Associates

P.O. Box 1148, Denham Springs, La. 70727-1148; 504-924-3580; fax: 504-926-1509

Year founded: 1984.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, hazardous waste

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site basic safety and health training; occasional ergonomic program assistance, industrial hygiene program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance, industrial hygiene research, ergonomic research, product liability research, noise and vibration research.

Staff: Two staff members; two assigned to safety consulting, including one ASP, one CSP; two ASSE members.

Clients: 40 total clients; 75% with gross revenues less than $200 million, 20% with $200 million-$500 million, 5% with $500 million-$1 billion.

Specialties: Construction and petrochemical industries.

Branch offices: Baton Rouge, La.

1989 gross revenues: total, % from unbundled safety consulting services.

Principal officers: Emitt P. Cavalier.

Contact: Steven P. Pereira.

Professional Safety Consultant Service Inc.

424 S.E. 30th Ave., Ocala, Fla. 32671; 904-694-4601 or 800-329-7233; fax: 904-694-3232

Year founded: 1975.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, accident investigation and reconstruction, safety management program evaluation; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering, litigation support, expert witness; occasional rehabilitation, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, litigation support service. Industrial hygiene testing done by contract with outside labs.

Staff: One professional who holds CHCM, CPSM, CSE, CSM, CSP, CSS, NSMS, PE, NSC, CHSP, CSSP and NIFS designations and is an ASSE member.

Clients: 100 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Litigation support.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Herbert T. Bogert, president.

Professional Safety Consultants Co. Inc.

P.O. Box 891, Seabrook, Md. 20703-0891; 301-459-5734; fax: 301-459-7217

Year founded: 1976.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.

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

Staff: Five staff members; four assigned to safety consulting, including AIHA, CSP, NSMS, PE, Ph.D, RN; four ASSE members.

Clients: 10 total clients; 100% with gross revenues less than $200 million.

Specialties: Construction, chemicals.

Branch offices: Washington, D.C.

1989 gross revenues: More than $300,000 total, 100% from unbundled safety consulting services.

Principal officers: E. Jorgensen. president; H. Jorgensen, vp.

Professional Safety Consulting Service Inc.

1923 Molino, Long Beach, Calif. 90804; 213-597-1988; fax: 213-498-2085

Year founded: 1976.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Frequent forensic engineering.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, product liability research, fire protection engineering; occasional noise research.

Staff: One professional who holds AIHA, CSP and PE designations and is an ASSE member.

Clients: One corporate and institutional safety consulting client.

Specialties: Petroleum, construction.

1989 gross revenues: $150,000 total, 99% from unbundled safety consulting services.

Principal officers: Raymond N. Chace, president/director; Michelle Chace-Bass, secretary/treasurer; Raymond N. Chace Jr., vp.

Contact: Raymond N. Chace.

R

R.E.C. Inc.

12900 Silver Crest Road, Chester, Va. 23831-4328; 804-748-8003; fax: 804-748-2384

Year founded: 1976.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance.

Off-site services: Frequent training classes or seminars, industrial hygiene, human factors, quality specifications and audits.

Other services: Frequent development of training materials, OSHA compliance; occasional publication of safety materials or videos, industrial hygiene research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Five staff members assigned to safety consulting, occupational health consulting and industrial hygiene consulting, including three AIHAs, one CIH, one CSP, one PE, one RN, one ACS, two ASQCs, one OHNA, one SSS, one HFS, four SFPEs; one ASSE member.

Clients: Three corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Chemicals.

1989 gross revenues: $250,000 total, 85% from unbundled safety consulting services.

Principal officers: Henry M. Taylor Jr., president; Genevieve Wills Taylor, vp; Christopher J. Chapman, environmental assistant.

Contact: Genevieve Wills Taylor.

R.P.F. Associates

300 Motor Parkway, Hauppage, N.Y. 11788; 516-586-0778 or 516-231-1285; fax: 516-231-0361

Year founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

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

Staff: Six staff members; four assigned to safety consulting, including one ARM, two CSPs; three ASSE members.

Clients: 40 corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 20% with $200 million-$500 million, 60% with $500 million-$1 billion.

Branch offices: Dix Hills, N.Y.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Robert P. Firmbach, president.

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MARCH 29, 1994

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Continued from previous page

Frederick Rauh & Co.

3300 Central Parkway, Cincinnati, Ohio 45225-2384; 513-559-3500; fax: 513-559-7093

Year founded: 1870.
Parent company: American Business Insurance.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering
Staff: 78 staff members; three assigned to safety consulting, including one CSP, two CSSs, one NSC; two ASSE members.
Clients: 10 corporate and institutional safety consulting clients; 80% with gross revenues less than $200 million, 10% with $200 million-$500 million, 10% with $1 billion-$3.5 billion.
Specialties: Amusement parks, manufacturing, construction, broadcasting, hospitals.
1989 gross revenues: 1% from unbundled safety consulting services.
Principal officers: Steve Wolter, president; Harry Addison, senior vp; Bob Stone, Bob Lane, and Pete Dowo, vps.
Contact: Robert J. Stone, 513-559-7055.

Recreation Underwriting Management Corp.

P.O. Box 184, Norwood, Mass. 02062; 617-769-4666

Year founded: 1986.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars; occasional industrial hygiene program assistance; accident reconstruction.
Other services: Frequent publication of safety materials or videos, development of training materials, occupational health research, ergonomic research, product liability research; occasional OSHA compliance, industrial hygiene research, noise and vibration research; litigation support for management. Industrial hygiene testing done by outside labs.
Staff: Staff designations include ASTM, AREA, NAARSO, IAAPA and NEAAPA.
Principal officers: Robert J. Hanson, president.

The Reliability Group

11860 S.W. 100 St., Miami, Fla. 33186; 305-595-5848

Year founded: 1985.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials; occasional OSHA compliance.
Staff: Eight staff members; seven assigned to safety consulting, including two ARMs, one CSP, one Ph.D., one MBA; three ASSE members.
Clients: 16 corporate and institutional safety consulting clients; 5% with gross revenues less than $200 million, 20% with $500 million-$1 billion, 70% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.
Specialties: Petroleum, wood products and paper, manufacturing and utilities.
Principal officers: Hank Sarkis, president; Robert A. Cooke, vp.
Contact: Hank Sarkis.

Risk Analysis & Management Corp.

700 St. Louis Union Station, Suite 100, St. Louis, Mo. 63103; 314-436-0800; fax: 314-436-2065

Year founded: 1975.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance; occasional industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Frequent training classes or seminars.
Other services: Frequent rehabilitation, OSHA compliance; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.
Staff: 12 staff members; three assigned to safety consulting, including one ARM, one ASP, one CIH, one CPCU, one CSP, one RN, one RPT; two ASSE members.
Clients: 45 corporate and institutional safety consulting clients; 25% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion, 25% with $1 billion-$3.5 billion, 10% with more than $3.5 billion.
1989 gross revenues: $600,000 total, 25% from unbundled safety consulting services.
Principal officers: J. William Rush, president; Wes Sir and Ed Strouth, vps.
Contact: Ed Strouth.

Continued on next page

1990 Results* RLI Even Stronger

Consolidated Statutory Financial Information

RLI Insurance Company and Mt. Hawley Insurance Company

STATUTORY SURPLUS (000 Omitted)	COMBINED RATIO
1985 – $37,037	1985 – 99.7
1986 – $53,063	1986 – 84.1
1987 – $57,243	1987 – 84.2
1988 – $60,024	1988 – 97.1
1989 – $68,864	1989 – 98.0
1990 – $66,837*	1990 – 91.3*

5 YEAR COMBINED RATIO: 91.5 (1985-1989)

ASSETS (000 Omitted)	LOSS RESERVES (000 Omitted)
1985 – $105,993	1985 – $22,784
1986 – $159,568	1986 – $46,243
1987 – $168,859	1987 – $59,712
1988 – $176,876	1988 – $71,091
1989 – $216,619	1989 – $96,368
1990 – $228,899*	1990 – $96,639*

* Six months results ended June 30, 1990.

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RLI Insurance Co. — Mt. Hawley Insurance Co.
For Specialty Insurance Coverages

Continued from previous page

Risk Innovations Service & Consulting

8008 Corporate Center Drive, Charlotte, N.C. 28226; 704-543-8300; fax: 704-541-3264

Year founded: 1983.
Parent company: Royal Group Inc.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.
Other services: Occasional publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering.
Staff: 52 staff members; eight assigned to safety consulting, one assigned to industrial hygiene consulting; including one ARM, one ASP, one CIH, three CSPs, one PE; eight ASSE members.
Clients: 25 corporate and institutional safety consulting clients; 10% with gross revenues less than $200 million, 60% with $200 million-$500 million, 20% with $500 million-$1 billion, and 10% with $1 billion-$3.5 billion.
Branch offices: Chicago; New York; Pittsburgh.
Principal officers: Richard Liersaph, chief operating officer; Vickie Gron, vp-sales; Roger Burns, vp-loss control; Robert Bieber, vp-consulting.

J.D. Roberts, CSP-Professional Safety Consultant

1308 Independence Drive, Slidell, La. 70458; 504-643-7309

Year founded: 1989.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.
Off-site services: Training classes or seminars.
Other services: Development of training materials, OSHA compliance, industrial hygiene research, product liability research.
Staff: Two staff members; one assigned to safety consulting who holds a CSP designation and is an ASSE member.
Clients: 35 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.
Specialties: Marine, construction.
1989 gross revenues: $100,000 total, 40% from unbundled safety consulting services.
Principal officers: J.D. Roberts, owner.

J.C. Roumas & Associates

895 Linden Ave., Ridgefield, N.J. 07657; 201-945-7970

Year founded: 1988.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering; occasional rehabilitation.
Staff: One professional who holds AIHA, CSP and PE designations and is an ASSE member.
Specialties: Manufacturing, chemical processing, construction.
Principal officers: Jack C. Roumas.

S

Safety Associates Inc.

1351 E. Morehead St., Charlotte, N.C. 28204; 704-334-8690; fax: 704-376-5838

Year founded: 1978.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, noise and vibration research.
Staff: Eight staff members; all assigned to safety consulting. Professional designations held include ARM, CPCU, CSP, PE; four ASSE members.
Clients: 43 total clients; 100% with gross revenues less than $200 million.
Specialties: General industry, construction and municipalities.
Branch offices: Raleigh, N.C.
1989 gross revenues: More than $300,000 total, 50% from unbundled safety consulting services.
Principal officers: Jim Stephens, Ron Sullivan, Pat Cochran, Bart Banner and Andrew Small.
Contact: Jim Stephens.

Safety Consulting Inc.

P.O. Box 2789, Topeka, Kan. 66601; 913-232-3887; fax: 913-233-1746

Year founded: 1971.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering, accident investigation and expert testimony. Industrial hygiene testing done by contract with outside labs.
Staff: Five staff members; two assigned to safety consulting, including one AIHA, one CHCM, two NSMSs; two ASSE members.
Clients: 50 corporate and institutional safety consulting clients; 95% with gross revenues less than $200 million, 5% with $200 million-$500 million.
Specialties: Construction, manufacturing and petroleum.
Branch offices: Wichita, Kan.
1989 gross revenues: $250,000 total.
Principal officers: Denzell B. Ekey, president; Philip W. Blake, vp.

Safety Consulting Service

1288 Newman Ave., Seekonk, Mass. 02771; 508-761-5625

Year founded: 1966.
On-site services: Frequent forensic work; occasional safety audits/reviews of current programs, safety program assistance.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, forensic work for attorneys.
Staff: One professional who holds CHCM and CSP designations and is an ASSE member.
Clients: 10 total clients.
1989 gross revenues: $5,000 total. 100% from unbundled safety consulting services.
Principal officers: Eric W. Spencer, principal.

Safety & Hazard Associates

P.O. Box 249, Annapolis, Md. 21404; 301-267-7171; fax: 301-544-5126

Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.
Other services: Frequent OSHA compliance; occasional publication of safety materials or videos, development of training materials, industrial hygiene research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.

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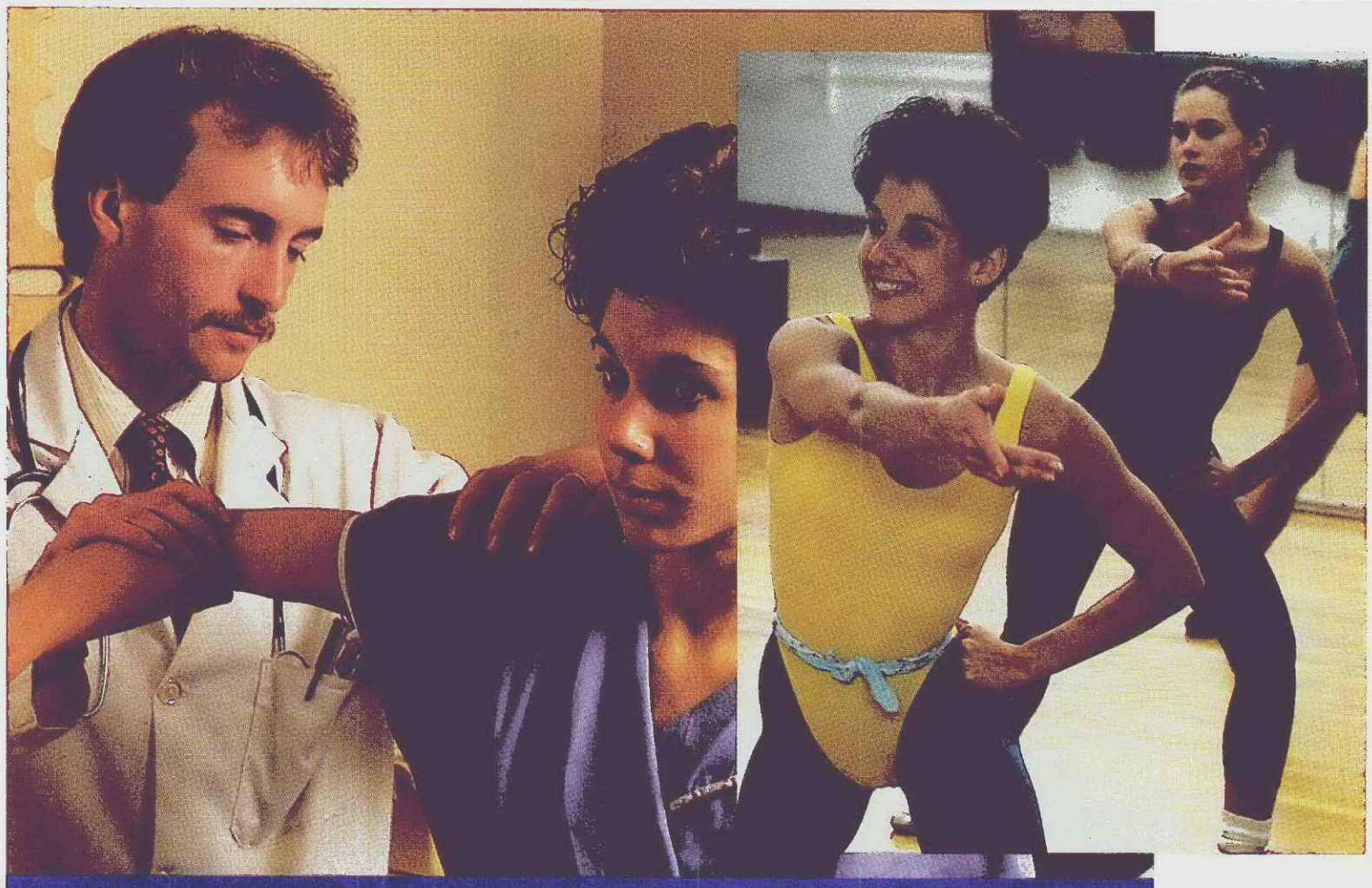

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In response to this question, a new industry was born: *the medical/vocational case management industry.* **GRS** has been a part of this industry for 12 years. Today, nobody does it any better.

WIN-WIN RECOVERY MANAGEMENT.

So before you invest in medical and/or vocational rehabilitation, make sure you have **GRS** recovery-management experts on your team. Because with speedy recoveries, everybody wins — employers, insurance companies and claimants.

GRS specializes in recovery-driven programs that reduce claims costs and put employees back to work faster. Find out how GRS' medical coordination and vocational rehabilitation services can put your injured workers on the fast track to a comeback.

Call me at (215) 251-9510 and I'll send you our information. Or fill out the coupon below. And please let me know if I may telephone to arrange an appointment to tell you more about GRS' special brand of fast-track recovery management.

☐ YES! Send me more information.
☐ YES! Call to schedule an appointment.
☐ YES! Send more information and call, too.

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COMPANY _____
MAILING ADDRESS _____
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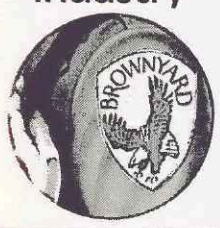
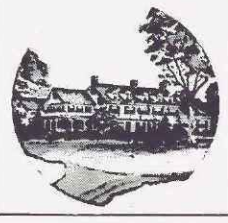
Brownyard is poised for the 90's:

Secure Markets for the Security Guard Industry



Strong Markets for Private Country Clubs



Stable Markets for the Pest Control Industry

Another hard market? Renewal problems? No new submissions? That's what experts see on the horizon. However, for three decades, in soft and hard cycles, Brownyard has offered *stability*. And we are poised to continue in the 90's. Check us out on three of the toughest risks you'll be asked to cover. We'll respond with quotes from A+ (Class XV) companies.

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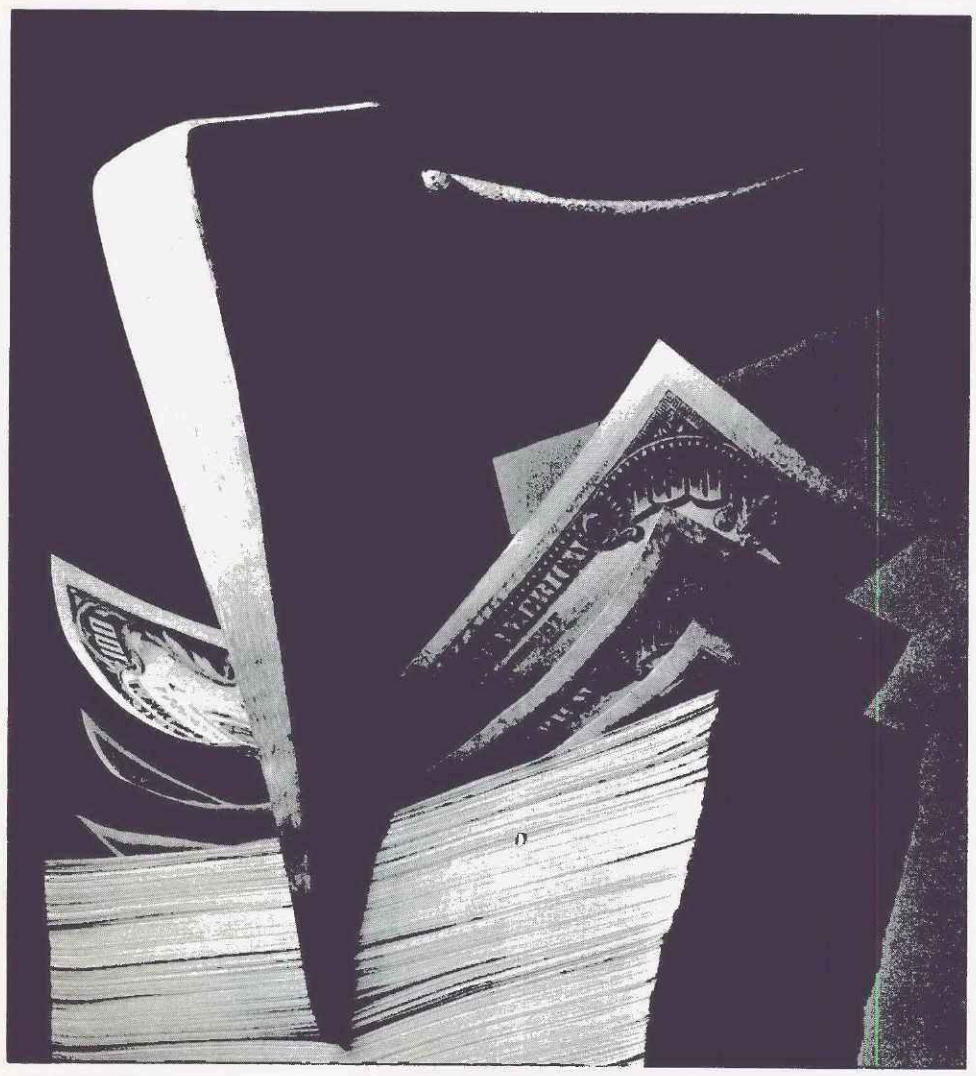

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Crawford & Company programs have a proven, reliable record of paying for themselves many times over. How many times? Give us a call, and we'll be happy to discuss specifics or set up an appointment.

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HEALTH MANAGEMENT SERVICES

Continued from previous page

Staff: Two staff members; both assigned to safety consulting. Professional designations held include CHCM, CSP, NSMS and OHST; two ASSE members.

Clients: Two corporate and institutional safety consulting clients.

Specialties: Construction and manufacturing.

1989 gross revenues: $100,000 total, 100% from unbundled safety consulting services.

Principal officers: Richard C. Knapp.

Safety & Health Management Consultants Inc.

161 William St., New York, N.Y. 10038; 212-349-1221; fax: 212-267-5188

Year founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research; occasional industrial hygiene research, occupational health research; expert witness testimony and litigation support.

Staff: Seven staff members; three assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting; including two AIHAs, one CIH, three CSPs, one NSMS, one PE, one Ph.D., one RN, one NSC, one CHCSP, one COHC; five ASSE members.

Clients: 600 corporate and institutional safety consulting clients; 60% with gross revenues less than $200 million, 20% with $200 million-$500 million, 18% with $500 million-$1 billion, 2% with $1 billion-$3.5 billion.

Specialties: Construction, health care facilities, manufacturing, public sector.

Principal officers: Steven J. Lovell, president; Richard F. Andree, executive vp; Susan Solomon, director-marketing/training; Gerard Baril, senior industrial hygienist, William Helmstodt, senior safety consultant.

Contact: Susan Solomon.

Safety & Loss Control Associates

P.O. Box 440, Prospect Heights, Ill. 60070; 708-296-5989

Year founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

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

Staff: Two staff members; one professional who holds CSE and NSC designations and is an ASSE member.

Clients: 33 corporate and institutional safety consulting clients; 95% with gross revenues less than $200 million, 5% with $200 million-$500 million.

Specialties: Construction.

Principal officers: Donald A. Neslund.

Safety Management Associates

P.O. Box 693, Springfield, Va. 22150-0693; 703-978-3000

Year founded: 1981.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent development of software and databases for accident, injury and safety data; occasional training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering, system safety analysis; occasional publication of safety materials or videos, industrial hygiene research, occupational health research. Industrial hygiene testing done by contract with outside labs.

Staff: Two staff members; one assigned to safety consulting, designations held by staff include one CHP, one CHCM, one CPSM, one CSP; two ASSE members.

Clients: 10 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.

Specialties: Defense industry, legal profession.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Neil R. Temple, president/principal consultant.

Safety Management Consultants Inc.

636 S. Washington St., Elmhurst, Ill. 60126-4347; 708-279-9499; fax: 708-941-7655

Year founded: 1982.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, product safety and liability loss control, fleet safety; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, hazard reviews of product design, labels and warnings; occasional industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: Seven staff members assigned to safety consulting, occupational health consulting and industrial hygiene consulting; including one AIHA, one ARM, two CSPs, two NSMS, one PE, one NSC, one CDS; four ASSE members.

Clients: 25 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Occupational safety and health, product and fleet safety.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: J. Terrence Grisim, president; Mary Ellen Grisim, vp.

Contact: J. Terence Grisim.

Safety Management Services Inc.

P.O. Box 51927, 126 Heymann Blvd., Lafayette. La. 70505; 318-235-6524; fax: 318-232-8641

Year founded: 1981.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Two staff members; one assigned to safety consulting, one assigned to industrial hygiene consulting, including one CSE, one CSP, one NSMS, one NSC; two ASSE members.

Clients: More than 60 total clients; 70% with gross revenues less than $200 million, 10% with $200 million-$500 million, 10% with $500 million-$1 billion, 5% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.

Specialties: Petroleum industry.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Jack Barnidge, president/owner.

Continued on next page

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Safety Management Systems

4664 Jamestown Ave., Suite 103,
Baton Rouge, La. 70808;
504-928-4661

Year founded: 1980.
On-site services: Safety audits/reviews of current programs, ergonomic program assistance, occupational health program assistance, training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, product liability research.
Staff: Four staff members; two assigned to safety consulting, two assigned to occupational health consulting, including two CSPs, two NSCs; two ASSE members.
Clients: 150 total clients.
Principal officers: Dennis R. Howard, president.
Contact: Kay Shirley.

Safety Management Systems

250 Honey Jane Drive,
Beavercreek, Ohio 45385;
5113-429-2943

Year founded: 1985.
On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering.
Staff: One professional who holds CHCM and CSP designations and is an ASSE member.
Clients: 35 corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 20% with $200 million-$500 million, 20% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion, 20% with more than $3.5 billion.
Principal officers: Jack Truitt, owner.

Safety & Risk Control Services Inc.

395 Main St., Suite 4, Metuchen,
N.J. 08840-1806; 201-906-2244;
fax: 201-906-2045

Year founded: 1989.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, loss prevention surveys, fire prevention surveys, plan reviews; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering, development of audit programs for associations, designing survey programs for underwriters; occasional publication of safety materials or videos, industrial hygiene research, occupational health research, ergonomic research. Industrial hygiene testing done by contract with independent labs.
Staff: Five staff members; three assigned to safety consulting, including one ARM, one CPCU, one CPSM, one CSD, two CSPs, three NSMSs, one PE, two NSCs, two NFPAs; five ASSE members.
Clients: Approximately 20 corporate and institutional safety consulting clients.
Specialties: Heavy manufacturing, fleets, commercial, industrial.
1989 gross revenues: 85% from unbundled safety consulting services.
Principal officers: Harvey S. Staple, president.

Safety & Security Systems Inc.

P.O. Box 247 Claymont, Del.
19703-0247; 302-798-5299; fax:
302-798-4699

Year founded: 1980.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance. Industrial hygiene testing done by contract with outside labs.
Staff: Five staff members; four assigned to safety consulting, occupational health consulting and industrial hygiene consulting, including four ASSE members.
Clients: 25 total clients; 100% with gross revenues less than $200 million.
Specialties: Construction.
1989 gross revenues: $130,000 total, 100% from unbundled safety consulting services.
Principal officers: Joseph T. Fitzgerald Jr., Jane V. Fitzgerald, Colleen F. Leonard, Joseph T. Fitzgerald III.
Contact: Joseph T. Fitzgerald Jr.

Sandler Occupational Medicine Associates Inc.

275 Broadhollow Road, Suite 302,
Melville, N.Y. 11747;
516-756-2204; fax: 516-756-2213

Year founded: 1983.
On-site services: Frequent ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, computerized loss control; occasional safety audits/reviews of current programs, safety program assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, expert witness testimony. Industrial hygiene testing done by contract with outside labs.
Staff: 30 staff members; five assigned to safety consulting, 15 assigned to occupational health consulting, five assigned to industrial hygiene consulting, including five CIHs, three COHNs, seven CSPs, five Ph.D.s.
Clients: 220 total clients; 10% with gross revenues less than $200 million, 15% with $200 million-$500 million, 15% with $500 million-$1 billion, 30% with $1 billion-$3.5 billion, 30% with more than $3.5 billion.
Branch offices: Rockville, Md.; Philadelphia; San Antonio, Texas.
1989 gross revenues: $1 million total.
Principal officers: Howard Sandler, president; Sheldon Rabinovitz, vp; Amalia Apostoleris, director-claims/litigation.
Contact: Amalia Apostoleris.

Schaible Associates

900 Center St., Mount Joy, Pa.
17552-9371; 717-684-6045; fax:
717-898-9302

Year founded: 1982.
On-site services: Frequent industrial hygiene program assistance, occupational health program assistance, risk assessment/evaluation underwriting surveys, product safety evaluations, product label guidance for chemical manufacturers; occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.
Other services: Development of training materials, OSHA compliance, noise and vibration research. Industrial hygiene testing done by outside labs.
Staff: Four staff members; all assigned to safety consulting, occupational consulting and industrial hygiene consulting; including three AIHAs, one CHCM, one CIH, one CPSM, one CSM, two CSPs, one Ph.D, one PE, one AAIH, one ACCL, one HFS, one WSO, one CIH, one ASME, one COHC; three ASSE members.
Clients: 100% with gross revenues less than $200 million.
1989 gross revenues: $37 million total, 100% from unbundled safety consulting services.
Principal officers: Ronald D. Schaible, president.

Continued on next page

There are many yardsticks by which an Excess & Surplus Lines Company is measured. A critical one is:

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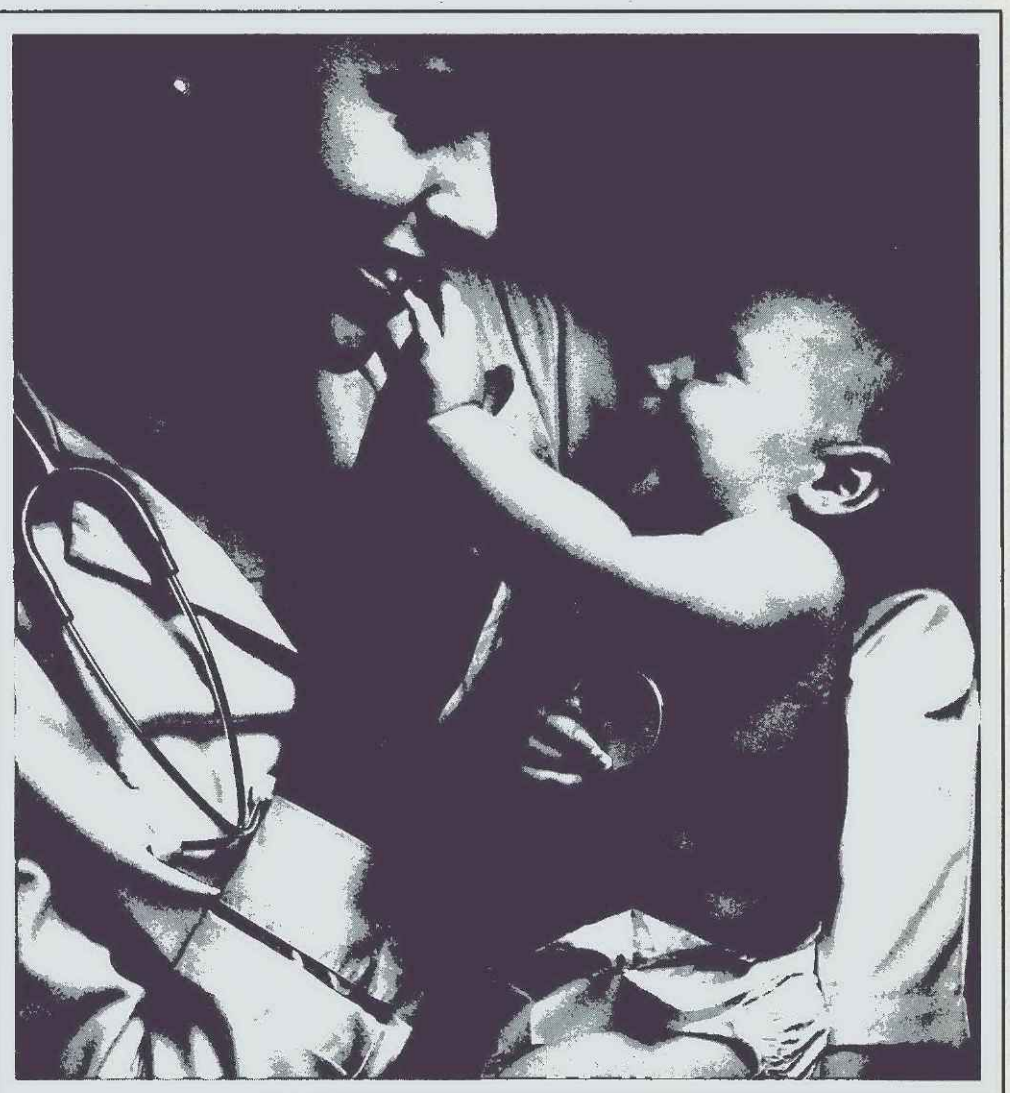

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CRAWFORD & COMPANY
HEALTH MANAGEMENT SERVICES

Continued from previous page

Schirmer Engineering Corp.

707 Lake Cook Road, Deerfield, Ill. 60015; 708-272-8340; fax: 708-272-2639

Year founded: 1939.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, training classes or seminars; occasional industrial hygiene program assistance.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering.
Staff: 120 staff members; 27 assigned to safety consulting, including two ARMs, nine CSPs, 29 PEs; 12 ASSE members.
Specialties: Commercial, industrial and institutional facilities.
Branch offices: Chicago, Dallas, Los Angeles, San Francisco, Washington, D.C.
1989 gross revenues: $8 million total, 15% from unbundled safety consulting services.
Principal officers: C.W. Schirmer, president; R.E. Osman, executive vp; C.F. Baldassarra, G.L. Jordan and R.G. Weigand, vps.
Contact: Raymond G. Weigand.

John C. Schmitt-Consultant

34-15 Fair Lawn Ave , Fair Lawn, N.J. 07410; 201-797-3050

Year founded: 1985.
On-site services: Safety audits' reviews of current programs, safety program assistance, ergonomic program assistance, product liability loss prevention.
Other services: Product liability research.
Staff: Two staff members; one assigned to safety consulting, who holds CPSM, NSMS designations and is an ASSE member.
Clients: Five total clients.
Principal officers: John C. Schmitt, owner.

John B. Schroering

P.O. Box 242, Prospect, Ky. 40059; 502-228-0331

Year founded: 1980.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance; occasional occupational health program assistance, training classes or seminars.
Other services: OSHA compliance, ergonomic research, product liability research, noise and vibration research.
Staff: One professional who holds CSP and PE designations and is an ASSE member.
Principal officers: John B. Schroering.

Scott Wetzel Services Inc.

500 Pacific Ave., Suite 700, Bremerton, Wash. 98310; 800-426-5990; fax: 206-479-8297

Year founded: 1941.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars, statistical loss analyses; occasional industrial hygiene program assistance.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, noise and vibration research, fire protection engineering; occasional industrial hygiene research, occupational health research, product liability research.
Staff: 350 staff members; nine assigned to safety consulting, one assigned to industrial hygiene consulting, including two ALCMs, four ARMs, seven CIHs, one CPCU, 16 CSPs, five PEs, one Ph.D; 25 ASSE members.
Clients: 100 corporate and institutional safety consulting clients; 86% with gross revenues less than $200 million, 5% with $200 million-$500 million, 6% with $500 million-$1 billion, 3% with $1 billion-$3.5 billion.
Specialties: Municipalities, manufacturers, construction, retail, agricultural, food processors, health care.
Branch offices: Seattle and Spokane, Wash.; Concord and Orange, Calif.; Portland, Ore.; Atlanta; Houston; Tampa, Fla.; Chicago; Dallas; Middletown, Conn.; Manchester, N.H.; Salt Lake City; Rockville, Md.
Principal officers: John Harrold, president; Terry Neal, executive vp-finance; Ed Kocott, vp-operations; Warren Zimmerman, vp-corporate services; Doug Alsop, vp-marketing.
Contact: Valerie Williams-loss control administrator.

Sedgwick James Inc.-Risk Control Services

830 Morris Turnpike, Short Hills, N.J. 07078; 201-564-7200; fax: 201-564-7282; 1285 Ave. of the Americas, New York, N.Y. 10019; 212-333-8900; fax: 212-977-9153

Year founded: 1858.
Parent company: Sedgwick Group P.L.C.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, noise and vibration research, fire protection engineering, chemical hazard control, construction safety, drive and fleet safety; occasional OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research. Industrial hygiene testing done by contract with outside labs.
Staff: 102 staff members; 49 assigned to safety consulting, six assigned to occupational health consulting, two assigned to industrial hygiene consulting; including five AIHAs, two ALCMs, 17 ARMs, one ASP, four CHCMs, four CPCUs, one CSP, one CSE, 27 CSPs, one NBBMIC, five NSMS, seven PEs, one Ph.D, two RNs, 26 NSCs, one ACS, two AICEs, one CST, two NSPEs, 22 SFPEs, two WSOs; 38 ASSE members.
Clients: 235 corporate and institutional safety consulting clients.
Specialties: Large construction projects, wrap-up insurance programs, health care facilities, public entities, retail, warehouse distribution, hotels, food processing, transit.
Branch offices: Atlanta; Boston; Chicago; Columbia, S.C.; Dallas; Darien, Conn.; Detroit; Fort Lauderdale and Orlando, Fla.; Harrisburg, Philadelphia and Pittsburgh, Pa.; Irvine, Calif.; Kansas City, Mo.; Little Rock, Ark.; Memphis and Nashville, Tenn.; Minneapolis; Portland, Maine; Portland Ore.; Rochester, N.Y.; St. Louis; Seattle.
1989 gross revenues: 35% from unbundled safety consulting services.
Principal officers: William G. Lauffer Jr., vp; Steven Galeotti, manager.
Contact: William G. Lauffer Jr.

The Seiden Group Inc.

P.O. Box 99, Livingston, N.J. 07039; 201-992-4788

Year founded: 1972.
On-site services: Training classes or seminars, product liability prevention, product safety assurance seminars.
Other services: Product liability research.
Staff: Three staff members assigned to safety consulting, including one CHCM, two CPSM, one CSE, three PEs, two CPSMs, one NEC, one CSM, one CSS, one CSE, one CSP; one ASSE member.
Clients: More than 1,000 total clients.
Specialties: Products liability prevention, management systems and educational seminar programs.
1989 gross revenues: Less than $1 million total, 100% from unbundled safety consulting services.
Principal officers: R. Matthew Seiden, president/principal; Steven M. Frankel, executive vp-investigations.

Continued on next page

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PRINCETON MINNEAPOLIS DENVER

Continued from previous page

Sigma Associates Ltd.

105 Timber Ridge Blvd., Pass Christian, Miss. 39571; 601-452-4866; fax: 601-452-7202

Year founded: 1975.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, surveys, monitoring, testing; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research, fire protection engineering, accident reconstruction.
Staff: Five staff members; all assigned to safety consulting and occupational health consulting, including those who hold CFEI, CHCM, Ph.D, NSC, NFPA, ASTM and ANSI designations; one ASSE member.
Clients: Five corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 15% with $1 billion-$3.5 billion, 35% with more than $3.5 billion.
Specialties: Construction, demolition, petroleum, manufacturing, marine, fire and explosion.
Principal officers: A.J. Scardino Jr., president; Loislyn Blanchard Scardino, secretary/treasurer.
Contact: Loislyn Blanchard Scardino.

Waddell Smith & Associates

2340 Canterbury Road, Columbus, Ohio 43221; 614-488-6291

Year founded: 1986.
On-site services: Frequent ergonomic program assistance.
Other services: Frequent ergonomic research, product liability research; occasional noise and vibration research.
Staff: Three staff members; two assigned to safety consulting, including two PEs; two ASSE members.
Clients: Six corporate and institutional safety consulting clients.
Specialties: Underground mining industry, MSHA compliance.
Principal officers: J.W. Smith, owner.

Richard Zane Spiegel

360 Annapolis Drive, Claremont, Calif. 91711; 714-621-3501

Year founded: 1982.
On-site services: Frequent safety program assistance, training classes or seminars; occasional safety audits/reviews of current programs, ergonomic program assistance, industrial hygiene program assistance.
Other services: Frequent development of training materials, OSHA compliance, expert witness; occasional publication of safety materials or videos, industrial hygiene research, noise and vibration research, fire protection engineering.
Staff: One professional who holds AIHA, CSP, PE, NSPE, CSPE designations and is an ASSE member.
Clients: Three corporate and institutional safety consulting clients.
Specialties: Construction, attorneys, educational.
1989 gross revenues: $10,500 total, 100% from unbundled safety consulting services.
Principal officers: Richard Z. Spiegel, owner, principal.

Robert Stutman & Associates Inc.

34 Lincoln St., Newton Highlands, Mass. 02161; 617-630-0300; fax: 617-630-0381

Year founded: 1990.
On-site services: Frequent drug-free workplace program design and implementation; occasional occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent development of training materials.
Staff: 10 staff members; nine assigned to safety consulting, including three Ph.Ds, one RN, eight CACs.
Specialties: Employers subject to the Drug-Free Workplace Act.
Principal officers: Robert M. Stutman, president; Michael A. Golbe, vp.
Contact: Michael Golbe.

Sullivan Associates

15 Dale St., Andover, Mass. 01810; 508-475-0448

Year founded: 1955.
On-site services: Safety audits/reviews of current programs.
Off-site services: Accident investigations.
Other services: OSHA compliance, product liability research.
Staff: Three staff members; including two PEs, two NFPAs, one ASCE, one IEEE; one ASSE member.
Clients: 12 corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with $200 million-$500 million.
Specialties: Insurance and legal profession, fire investigations.
1989 gross revenues: $200,000 total, 100% from unbundled safety consulting services.
Principal officers: James F. Sullivan, owner.

System Engineering & Lab Corp. (SEAL)

Route 7, Box 917, Tyler, Texas 75707; 214-566-1980; fax: 214-566-4505

Year founded: 1980.
On-site services: Frequent forensic engineering consulting, products testing, accident reconstruction; oc-

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RISK RETENTION IN THE 90's - A PARTNERSHIP

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Continued from previous page
casional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Occasional training classes or seminars, accident reconstruction.

Other services: Frequent OSHA compliance, product liability research, fire protection engineering; occasional publication of safety materials or videos, development of training materials, occupational health research, ergonomic research. Industrial hygiene testing done in company's facilities.

Staff: 18 staff members; three assigned to safety consulting, three assigned to occupational health consulting; including three CSPs, seven PEs; two ASSE members.

Clients: 800 total clients.

Branch offices: Houston; Kenner, La.

Principal officers: Frank Johnson, president; Dixie Johnson, executive vp.

Contact: Tracie Bolton.

F.J. Szymanski-Safety Services

5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

Year founded: 1984.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars; occasional occupational health program assistance.

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

Staff: Three staff members assigned to safety consulting, occupational health consulting and industrial hygiene consulting; including one ASSE member.

Clients: 20 corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.

Specialties: Concrete industry, insurance companies, insurance surveys.

1989 gross revenues: $75,000 total, 100% from unbundled safety consulting services.

Principal officers: Frank J. Szymanski.

V

Wesley R. Van Pelt Associates Inc.

773 Paramus Road, Paramus, N.J. 07652; 201-445-5124; fax: 201-445-6488

Year founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research; occasional occupational health research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.

Staff: One professional who holds CIH and CHP designations and is an ASSE member.

Clients: Eight corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 5% with $200 million-$500 million, 5% with $500 million-$1 billion, 30% with $1 billion-$3.5 billion, 40% with more than $3.5 billion.

Specialties: Pharmaceutical manufacturing and research and development.

1989 gross revenues: $200,000 total, 100% from unbundled safety consulting services.

Principal officers: Wesley R. Van Pelt, president.

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Ralph Vernon & Associates

P.O. Box 10101, College Station, Texas 77840; 409-696-3871; fax: 409-696-2143

Year founded: 1990.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance; quantitative risk assessments, product liability analysis.

Other services: Frequent publication of safety materials or videos, development of training materials, industrial hygiene research, product liability research; occasional OSHA compliance, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Three staff members; one assigned to safety consulting, one assigned to industrial hygiene consulting, including one AIHA, one CIH, two CSPs, two PEs, one Ph.D, two SSSs, one CME; two ASSE members.

Clients: 15 corporate and institutional safety consulting clients; 67% with gross revenues less than $200 million, 13% with $200 million-$500 million, 13% with $500 million-$1 billion, 7% with $1 billion-$3.5 billion.

Specialties: Manufacturing, chemical, petroleum, construction.

1989 gross revenues: $300,000 total, 70% from unbundled safety consulting services.

Principal officers: Ralph J. Vernon, president; Betty J. Vernon, secretary/treasurer.

Contact: Ralph J. Vernon.

W

Waite Hill Services

1063 Technology Park Drive, Glen Allen, Va. 23060; 804-261-7041

Parent company: Figgie International Inc.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance; environmental management.

Other services: Frequent development of training materials, OSHA compliance, industrial hygiene research, occupational health research, noise and vibration research; occasional publication of safety materials or videos, rehabilitation, ergonomic research, product liability research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Seven staff members, five assigned to safety consulting, occupational health consulting and industrial hygiene consulting, including two AIHAs, one CHCM, one CSP; for ASSE members.

Clients: 45 total clients; 90% with gross revenues less than $200 million, 5% with $200 million-$500 million, 2% with $500 million-$1 billion, 2% with $1 billion-$3.5 billion, 1% with more than $3.5 billion.

Specialties: Health care, manufacturing, research and development.

Branch offices: Cleveland; Richmond, Va.

1989 gross revenues: $350,000 total, 100% from unbundled safety consulting services.

Principal officers: J. David Klaitz, president; Mac Simpson, Dennis Miller, Gene Tetreault, Grace Cashman and Geoff Cahill.

Contact: Joseph S. Black Jr.

Warren, McVeigh & Griffin Inc.

1420 Bristol St. N., Suite 220, Newport Beach, Calif. 92660; 714-752-1058; fax: 714-955-1929

Year founded: 1968.

On-site services: Frequent occupational health program assistance, development of safety, claims management and reporting programs; occasional safety program assistance, ergonomic program assistance.

Other services: Occasional development of training materials, rehabilitation, OSHA compliance, ergonomic research.

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Staff: 16 staff members; two assigned to safety consulting, including four ARMs, three CPCUs.

Branch offices: San Francisco.

Principal officers: C.C. Griffin, chief executive officer; Timothy Beck, vp; Robert Wilkinson, senior vp.

William S. Watkins

Route 2, Box 966, McArthur, Ohio 45651; 614-596-4913

Year founded: 1970.

On-site services: Frequent training classes or seminars; occasional safety audits/reviews of current programs.

Other services: Development of training materials, OSHA compliance.

Staff: Two staff members; one professional who holds PE and CESI-Ohio designations; one ASSE member.

Clients: Eight corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with $500 million-$1 billion.

Specialties: Government agencies, associations, heavy industry.

1989 gross revenues: $40,000 total, 100% from unbundled safety consulting services.

Principal officers: William S. Watkins.

Webb, Murray & Associates Inc.

P.O. Box 58250, Houston, Texas 77258; 713-335-1668; fax: 713-335-1682

Year founded: 1974.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars; occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, noise and vibration research, fire protection engineering, proposed building plans review, model vapor cloud dispersions, qualitative and quantitative system safety analysis, review field operations, audit emergency systems, accident investigations; occasional rehabilitation, ergonomic research, product liability research. Industrial hygiene testing done by contract with outside facilities.

Staff: 95 staff members; 26 assigned to safety consulting, one assigned to occupational health consulting, three assigned to industrial hygiene consulting, including four CSPs, eight PEs, one MBA, four SSSs; two ASMEs, one ISA; eight ASSE members.

Clients: 150 corporate and institutional safety consulting clients; 10% with gross revenues less than $200 million, 15% with $200 million-$500 million, 15% with $500 million-$1 billion, 35% with $1 billion-$3.5 billion, 25% with more than $3.5 billion.

Specialties: Aerospace, chemical, construction, education, medical, offshore structures and marine vessels, petrochemical, public utilities and research and development.

Branch offices: Freeport, La Porte and Nassau Bay, Texas.

1989 gross revenues: $6.5 million total, 40% from unbundled safety consulting services.

Principal officers: Robert M. Webb, president/treasurer; Robert W. Murray, senior vp/secretary; Billy C. Magee, vp.

Contact: Bill Crittendon or Barry Richard.

Paul C. Witbeck

27 E. Glenwood Drive, Latham, N.Y. 12110; 518-785-8354

Year founded: 1983.

On-site services: Frequent safety program assistance, training classes or seminars; occasional safety audits/reviews of current programs, industrial hygiene program assistance, accident investigations.

Staff: One professional who holds AIHA, CIH and CSP designations and is an ASSE member.

Clients: 17 corporate and institutional safety consulting clients; 90% with gross revenues less than $200 million, 10% with $200 million-$500 million.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Paul C. Witbeck, consultant.

Wood Associates

12711 9th St., Yucaipa, Calif. 92399; 714-795-5141

Year founded: 1979.

On-site services: Frequent safety audits/reviews of current programs, aircraft accident investigations; occasional safety program assistance, training classes or seminars.

Other services: Occasional publication of safety materials or videos, development of training materials, aviation safety research.

Staff: One professional who holds CSP and PE designations.

Clients: Four corporate and institutional safety consulting clients; 50% with gross revenues less than $200 million, 50% with $200 million-$500 million.

Specialties: Aviation.

1989 gross revenues: $40,000 total, 100% from unbundled safety consulting services.

Principal officers: Richard H. Wood, president.

William S. Wood & Associates

1076 Dunvegan W., West Chester, Pa. 19382-7160; 215-692-2160

Year founded: 1973.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars; occasional ergonomic program assistance, occupational health program assistance, support contest of OSHA citations.

Other services: Frequent OSHA compliance, industrial hygiene surveys; occasional publication of safety materials or videos, development of training materials, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: One professional who holds AIHA, CIH, CSP, PE, ASC, AIChE, and NFPA designations and is an ASSE member.

Clients: Six corporate and institutional safety consulting clients; 20% with gross revenues $200 million-$500 million, 60% with $500 million-$1 billion, 20% with $1 billion-$3.5 billion.

Specialties: Chemical and petrochemical.

1989 gross revenues: 100% from unbundled safety consulting services.

Principal officers: William S. Wood, owner/consultant.

The Worksafe Group Inc.

25251 Paseo de Alicia, Suite 101, Laguna Hills, Calif. 97153-4694; 714-583-1760; fax; 714-583-7091

Year founded: 1984.

On-site services: Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research.

Staff: 10 staff members; six assigned to safety consulting, one assigned to occupational health consulting; including two ARMs, one COHN, two Ph.Ds, one RN, one ACII, one MBA, one ACII; three ASSE members.

Clients: 55 total clients; 75% with gross revenues less than $200 million, 15% with $200 million-$500 million, 10% with $500 million-$1 billion.

1989 gross revenues: $700,000 total, 90% from unbundled safety consulting services.

Principal officers: Robert S. Anderson, president; Thomas V. Jolicoeur, senior vp; Joyce E. Anderson, secretary.

Continued on next page

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Continued from previous page

The Wyatt Co.

601 13th St. N.W., Suite 1000, Washington D.C. 20005; 202-508-4760; fax: 202-508-4758

Year founded: 1946.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars; occasional industrial hygiene program assistance, occupational health program assistance.
Off-site services: Frequent training classes or seminars.
Other services: Frequent ergonomic research; occasional publication of safety materials or videos, development of training materials.
Staff: 3,600 staff members; four assigned to safety consulting, four assigned to occupational health consulting; including three CSPs, one PE; three ASSE members.
Clients: 40 corporate and institutional safety consulting clients; 20% with gross revenues less than $200 million, 40% with $200 million-$500 million, 25% with $500 million-$1 billion, 10% with $1 billion-$3.5 billion, 5% with more than $3.5 billion.
Branch offices: Chicago.
1989 gross revenues: $400 million total.
Principal officers: Michael E. Davis, chief executive officer; Leroy B. Parks Jr., chief financial officer; Willard Hartman, secretary; Paul J. Barbick, director-marketing; Michael E. Bullard, director-public relations.
Contact: Harry Getzlaff, Suite 2400, 303 W. Madison St., Chicago, Ill. 60606-3308; 312-704-0600.

X

Xordium Inc.

12435 Lewis, Suite 104, Garden Grove, Calif. 92640; 714-748-9291; fax: 714-748-9294

Year founded: 1985.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance; occasional ergonomic program assistance, industrial hygiene program assistance, training classes or seminars, data base development.
Off-site services: Training classes or seminars, data management.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.
Staff: Eight staff members; four assigned to safety consulting, two assigned to occupational health consulting, two assigned to industrial hygiene consulting; including two CSPs, one PE; three ASSE members.
Clients: 50 corporate and institutional safety consulting clients; 95% with gross revenues less than $200 million, 5% with $500 million-$1 billion.
Specialties: Manufacturing, service industry.
Branch offices: Newport Beach, Calif.
1989 gross revenues: $250,000 total, 80% from unbundled safety consulting services.
Principal officers: Karen Gillett, president; Fred Gillett, executive vp; Dale Bush, vp-consulting group.

Y

Yankus Associates

3820 Vardon Court, Woodbridge, Ill. 60517; 708-416-1898

Year founded: 1988.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, risk management computer programs.
Off-site services: Frequent training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research; occasional rehabilitation, product liability research, fire protection engineering. Industrial hygiene testing done by contract with independent labs.
Staff: Five staff members; four assigned to safety consulting, two assigned to occupational health consulting and two assigned to industrial hygiene consulting; including one CHCM, two CSPs, one PE, one NSC; two ASSE members.
Clients: 25 corporate and institutional safety consulting clients; 75% with gross revenues less than $200 million, 25% with $200 million-$500 million.
Specialties: Construction, manufacturing, associations.
Principal officers: Jerry Yankus, president.

Information on the following companies was received too late to be included in alphabetical order in the directory of safety consultants.

Applied Health Physics Inc.

2986 Industrial Blvd., Bethel Park, Pa. 15102; 412-835-9555; fax: 412-835-9559

Year founded: 1962.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, health physics, decontamination and waste disposal services, emergency response contamination control.
Off-site services: Frequent training classes or seminars, radiological analysis, radioactive and toxic material containment control, decontamination and decommissioning.
Other services: Frequent development of training materials, OSHA compliance, industrial hygiene research, occupational health research, product liability research. Industrial hygiene testing done by contract with independent labs.
Staff: 16 staff members; two assigned to safety consulting, including one AIHA, one CHP, one CHCM, one CIH, one CSP, one NSMS, one PE.
Clients: 175 corporate and institutional safety consulting clients; 70% with gross revenues less than $200 million, 20% with $200 million-$500 million, 6% with $500 million-$1 billion, 3% with $1 billion-$3.5 billion, 1% with more than $3.5 billion.
Specialties: Insurance, manufacturing, research and development, hospitals, universities.
Branch offices: Albany, N.Y.; Washington, D.C.
1989 gross revenues: Approximately $2 million total, 60% from unbundled safety consulting services.
Principal officers: Robert C. Gallagher, president; Paul O. Belisle, executive vp/treasurer.

Compliance Consulting Group Inc.

5340 S. Quebec St., Suite 220, Englewood, Colo. 80111-1911; 303-779-1152; fax: 303-741-0222.

Year founded: 1988.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.
Off-site services: Occasional training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance; occasional occupational health research. Industrial hygiene testing done by contract with outside labs.
Staff: Three staff members, two assigned to safety consulting, occupational consulting and industrial hygiene consulting; including one COHN.
Clients: 24 total clients; 100% with gross revenues less than $200 million.
Specialties: Manufacturing, services and the recreation industry.
1989 gross revenues: $33,000 total, 100% from unbundled safety consulting services.
Principal officers: Kenneth A. Roberts, president.

Continued on next page

Unique study shows high death rates

By LOUISE KERTESZ

SACRAMENTO, Calif.—Excessive death rates among workers in many occupations that are attributable to heart disease, cancer, hypertension and many other ailments cannot be linked to lifestyle, says a unique study sponsored by California's health agency.

There are excessive death rates among male architects and engineers, for example, attributable to heart diseases, cancer and cirrhosis of the liver that do not stem from their smoking and alcoholic beverage consumption habits or their socioeconomic status, the study reports.

In addition, there is an excessive death rate among outdoor workers from heart disease, and welders have a high death rate from cancer, even when factoring out those workers' lifestyles, according to the study, titled "California Occupational Mortality 1979-1981 Adjusted for Smoking, Alcohol, and Socioeconomic Status."

The study, also known as COMS II, is the first attempt any state has made to statistically link causes of death statewide with occupations and factor out of the results smoking and alcohol consumption as well as socioeconomic status as contributing causes of death.

Removing those "confounding factors" from the analysis theoretically leads to results that are more "purely" based on the workers' occupations, rather than on their lifestyles, according to the study's authors.

The study, sponsored by the California Department of Health Services, was conducted by James A. Singleton and James J. Beaumont of the Division of Occupational and Environmental Medicine at the University of California at Davis.

Occupational mortality studies over the past 40 years mostly have focused on white males and have been done on a smaller scale, said Gwendolyn Doebbert, chief of the Health Demographics section of the Health Data and Statistics branch at the state Department of Health Services.

COMS II provides excessive death rate data on 180,000 individuals: white and black males in 68 occupations and white and black females in 29 occupations.

Meanwhile, 30 other states are now performing death certificate-based occupational mortality studies. However, Ms. Doebbert is not aware of any other attempt to factor out certain lifestyle factors.

COMS II is based on data collected for "California Occupational Mortality 1979-81," or COMS I, which was published in March 1987.

COMS I analyzed the deaths by occupation of 180,000 men and women age 16 through 64 who died between 1979 and 1981. However, COMS I did not consider the workers' smoking and alcoholic beverage consumption habits and socioeconomic status.

Using expected death rates by gender and race in an occupation group and then factoring out confounding factors, or lifestyle habits, using data from various national surveys, COMS II calculated a standardized mortality ratio, or SMR, for 21 causes of death by occupation for the 180,000 persons studied.

The COMS II authors used data on smoking from National Health Interview annual surveys of 40,000 people conducted in 1978, 1979 and 1980 by the National Center for Health Statistics.

Data on alcoholic beverage consumption was derived from a National Health Interview survey of 23,000 people.

Census data was used for data on socioeconomic status.

Causes of death with SMRs higher than 100 represent excessive risks of death.

Continued on page 83

Consultants

Continued from previous page

James E. Gaffney

1381 Kildaire Farm Road, Suite 290, P.O. Box 8100, Cary, N.C. 27511; 919-542-2508; fax: 919-542-2326

Year founded: 1974.
On-site services: Frequent product safety analysis; occasional safety audits/reviews of current programs, training classes or seminars.
Off-site services: Product testing and analysis.
Other services: Product liability research.
Staff: One staff member who holds a PE designation and is an ASSE member.
Clients: 25 total clients.
Specialties: Manufacturing and processing.
Principal officers: James E. Gaffney, owner.

Occupational Safety & Health Consultants

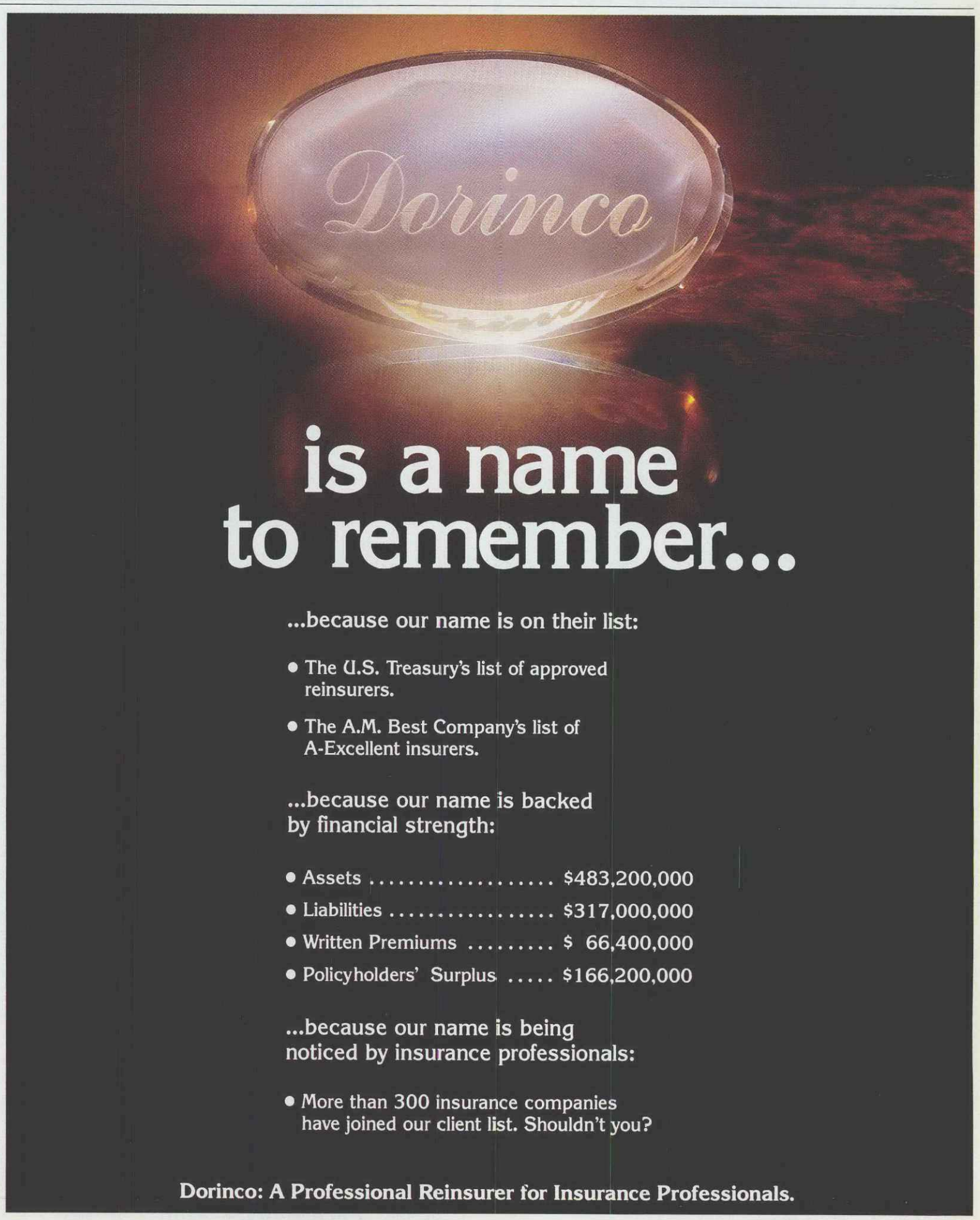
131 Isle of Cuba Road, Schriever, La. 70395; 504-446-1868

Year founded: 1984.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars; occasional ergonomic program assistance, industrial hygiene program assistance.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, product liability research, expert witness testimony.
Staff: Three staff members; two assigned to safety consulting, including one CSE, one CSM, one NSC; two ASSE members.
Clients: 12 total clients.
Specialties: Oil and gas drilling industries, maritime, heavy construction.
Principal officers: Donald G. Broussard, president, Renee Darsey.

Ships' Operational Safety Inc.

284 Main St., Port Washington Harbor, New York, N.Y. 11050; 516-944-9600; fax: 516-944-9602

Year founded: 1968.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars.
Other services: Frequent publication of safety materials or videos, development of training materials.
Staff: Five staff members; two assigned to safety consulting, including one CSP, two PEs; two ASSE members.
Clients: Three corporate and institutional safety consulting clients; 100% with gross revenues less than $200 million.
Specialties: Marine transportation.
Principal officers: Hugh M. Stephens, president; Elizabeth V. Stephens, vp.
Contact: Hugh M. Stephens. ■



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Reader Reply Service

Products & Services Listing

Issue of September 10

READER SERVICE #	ADVERTISER	PAGE #
—	ACS Group	84
1	American Reinsurance	22-23
2	American Reinsurance	24-25
—	Anthem Life	4
—	Atlantic Mutual Insurance	70
—	Atlantic Mutual Insurance	71
—	Atlantic Star Intermediaries	66
3	Blue Cross/Blue Shield	10-11
4	Brownyard Brothers	74
—	Casualty Insurance Company	44A-44B
5	Celtic Life Insurance	91
6	CIGNA	5
7	Claimnet	83
8	Claims Network	66
—	Clausen Miller	90
9	CNA Insurance Co.	12
10	Commonwealth Risk Service	46-47
—	Conservco/The Travelers	37-38
11	Conservco/The Travelers	39
—	Construction Insurance	36
—	Continental Agency, Inc.	20
—	Continental/Rehab Resource	94
12	Continental Underwriters	44
13	Corporate Systems	78
14	Corroon & Black	44
15	Council on Employee Benefits	68
16	Crawford & Company	75
17	Crawford & Company	74
18	Crawford & Company	48
19	Crum and Forster-Managers	61
—	Ctr. Corp. Health Promotion	86
20	Delta Dental Plan Assoc.	59
—	Donaldson Lufkin & Jenrette	45
—	Don R. Jensen	72
21	Dorinco	81
22	Employers Reinsurance	60
23	Employers Reinsurance	93
24	Employers Reinsurance	32-33
—	Equipment Insurance Mgrs.	84
—	FACCA-SIF	55
—	Firm Inc.	36
25	Focus Healthcare Mgmt. Assoc.	92
26	GAB Business Services	30-31
27	General Care Review	84
28	General Rehabilitation Serv.	73
—	General Reinsurance	13
—	John Hancock Mutual Life	42
29	Hartford Insurance Co.	14
—	Illinois Captive Insurance	20
30	Industrial Risk Insurers	95
31	Inphoto Inc.	42
66	Insurance Software Packages	26
32	Int'l. Found. of Empl. Ben.	82
33	Int'l. Found. of Empl. Ben.	98
34	Intracorp	56
35	Investors Insurance Group	75
—	IOA Re.	87
36	Johnson & Higgins	88
37	K & K Ins./Lincoln National	15
38	LDG Reinsurance Underwriters	28-29
—	Liberty Mutual	35
—	Lincoln Natl. Emp. Benefits	40-41
39	Mass Mutual Insurance	77
40	Media/Professional Ins.	65
41	Media/Professional Ins.	67
42	Media/Professional Ins.	69
43	Metropolitan Life Ins. Co.	6
44	Murphy, Page, & Brown Ins. Ltd.	48
45	Mutual of Omaha	102
—	NAC Reinsurance Corp.	43
—	NAS Insurance Services	82
46	National Reinsurance	49
—	National Solid Waste Mgmt.	34
—	Nat'l. Risk Retention Assoc.	77
47	Nils Publishing Company	83
48	Northwestern National Life	16-17
—	Paige-Ruane, Inc.	60
49	PMA Reinsurance Corp.	36
50	Polinsky Advantage, The	98
52	Psychnet	80
51	Practical Risk Management	45
53	Reliance National	7
54	Reliance Re	87
55	F. A. Richard & Associates	50
56	Risk and Ins. Mgmt. Society	20
—	Risk Systems, Inc.	92
—	Risk Trac	55
57	RLI Corp.	72
—	SAFECO	51-54
58	Safety Mutual Casualty Corp.	64
—	Scanticon Conference Center	76
59	Scott Wetzel Services	27
60	Softouch Software	85
61	Transamerica Ins. Group	62-63
62	Travelers Insurance Co.	9
—	TWA/Airlines	34
63	Underwriters Safety & Claims	90
64	Upjohn Healthcare Services	18-19
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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
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Death rates

Continued from page 81

SMRs also can be expressed as percentages of excess risk. For example, an SMR of 180 means there was an 80% excess death rate, and an SMR of 280 means there was a 180% excess death rate.

Meanwhile, the COMS II authors are preparing a study on the mortality rate of Hispanic workers based on the COMS data. It will not be adjusted for smoking and alcoholic beverage consumption habits, but will reflect socioeconomic status.

After adjusting for the confounding factors, the death rates of workers in several occupations were "excessive," according to COMS II.

For example, among white male architects and engineers, there was an 78% excessive rate of death from leukemia; a 49% excessive rate of death from cancer of all other types; a 61% excessive rate of death from chronic obstructive pulmonary disease; a 53% excessive rate of death from cirrhosis and other liver diseases; and a 52% excessive rate for death from accidents other than those involving falls and machinery.

In a surprising finding for physically active outdoor workers, white male foresters and loggers had 184% excessive rate of death from circulatory system diseases, including cerebrovascular disease; a 137% excessive rate of death from ischemic heart disease; and a 114% excessive rate of death from circulatory system diseases other than hypertension and ischemic heart disease.

In addition, "welders had a significant excess of mortality from lung cancer of 33% after adjusting for their heavier-than-average smoking habits," the study said.

The study also found that roofers had a 201% excess rate of death from hypertension, after excluding the confounding factors.

And, all male water transportation workers had excessive death rates of 200% and higher caused by various diseases including hypertension, other circulatory system diseases and various cancers.

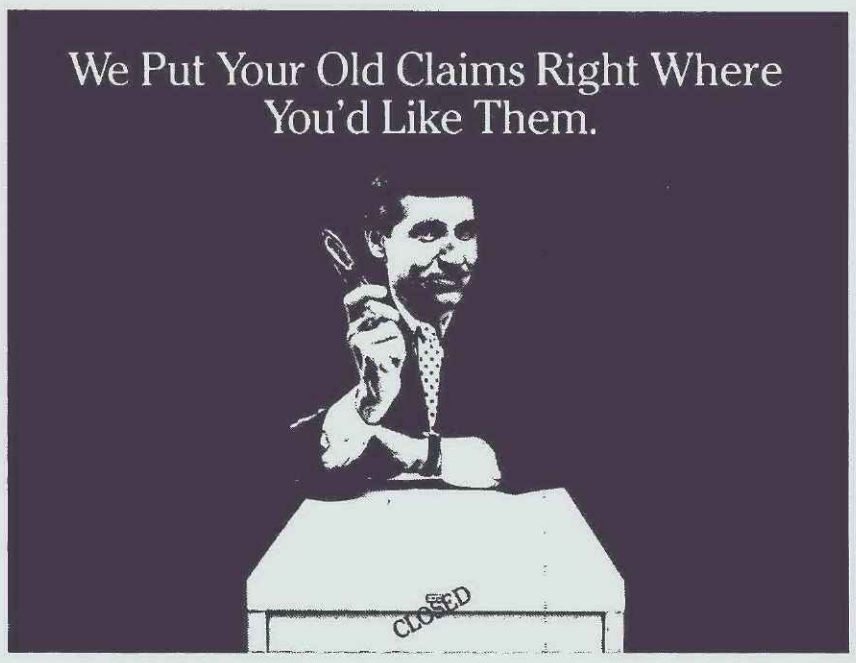
Indeed, the excessive death rate among white male water transportation workers caused from cancer of the lip, oral cavity and pharynx was 856%, according to the study.

The study found that among white male workers:

- Aircraft mechanics had a excessive rate deaths of 172% from cancer of the stomach and from other accidents of 71%.
- Auto and truck mechanics had a 40% excessive rate of death from chronic obstructive pulmonary disease.
- Bartenders had 121% excessive rates of death from cancer of the lip, oral cavity and pharynx, while they had 145% excessive rates of death from cirrhosis and other liver diseases.
- Construction supervisors had 83% excessive rates of death from cancer of the colon, and 511% excessive rates of death from falls and machinery accidents.
- Electricians had an excessive death rate of 306% from falls and machinery accidents.
- Farm workers had a 58% excessive rate of death from cirrhosis and other liver diseases.
- Firefighters had an 113% excessive death rate from esophageal and pancreatic cancers.
- Metal workers had a 104% excessive rate of death from cancer of the colon and a 103% excessive rate of death from hypertension.
- Performing artists, including athletes, had an 88% excessive rate of death from cirrhosis and other liver disease; a 231% excessive rate of death from falls and machinery accidents; a 181% excessive rate of death from cancer of the lip, oral cavity and pharynx; a 101% excessive rate of death from other accidents; a 100% excessive rate of death from cancer of all other types; an 88% excessive rate of death from cerebrovascular disease; and an 83% excessive rate of death from other circulatory system diseases.
- Proprietors and sales supervisors had a 111% excessive rate of death from cancer of the stomach; a 77% excessive rate of death from ischemic heart disease; a 59% excessive rate of death from cancer of genitals; a 53% excessive rate of death from cancer of the trachea, bronchi and lungs; and a 53% excessive rate of death from hypertension.
- Scientists had a 141% excessive rate of death from cancer of the genitals and a 93% excessive rate of death from other accidents.

Other significantly high rates for white male scientists included a 53% excessive rate of death from all causes combined.

Continued on next page



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Death rates

Continued from previous page

• Sheet metal workers had an excessive rate of death of greater than than 100% from various cancers.

• Truck drivers had an excessive rate of death from ischemic heart disease of 35%.

After the study's authors adjusted black males' SMRs to take into account the confounding factors, many significantly high SMRs were lowered, possibly because socioeconomic status figures greatly in predicting mortality.

High rates of death among black males were found for architects and engineers, who had "significantly high risks" of death from ischemic heart disease, 88%; lung cancer, 278%; chronic obstructive pulmonary disease, 546%; and all causes combined, 116%.

The survey also found that, among black males:

• The overall rate of death was doubled for artists to 108% after adjustment for the confounding factors.

• Construction workers other than roofers, plumbers, painters, plasterers and several other categories had 106% excessive risks of death from cancer of digestive organs other than the stomach; a 100% excessive rate of death from falls and machinery accidents 100%; a 67% excessive rate of death from ischemic heart disease; a 56% excessive rate of death from other circulatory system diseases; and a 57% excessive rate of death from all causes.

Meanwhile, painters and plasterers had 99% excessive risks of death from hypertension and a 63% excessive rate of death from cancer of the trachea, bronchi and lungs.

And, plumbers and duct workers had excess risk of cirrhosis and other liver diseases of 177%.

• Cooks had a 136% excessive risk of death from cancer of the digestive organs, a 75% excessive rate of death from ischemic heart disease; and a 78% excessive rate of death from other circulatory diseases.

• Auto and truck mechanics had an excessive risk of death from various accidents of 64%.

• Performing artists had a 229% excessive risk of death from suicide; a 143 excessive rate of death from ischemic heart disease; a 156% excessive rate of death from other circulatory system diseases; and a 120% excessive rate of death from other accidents.

• Proprietors and sales supervisors had an excess risk of ischemic heart disease of 132%.

• Scientists had an excess rate of death from all causes of 117%.

• Truck drivers had a 45% excessive risk of death from accidents, including motor vehicle accidents and a 36% excessive rate of death from other circulatory system diseases.

Job categories with excessive death rates among white female workers included registered nurses, who had a 48% excess rate of cirrhosis and other liver diseases and a 72% excess rate of suicide.

Other white female health professionals had an excessive rate of death from chronic obstructive pulmonary disease, 191%, and "cancer of other sites," 105%.

The study also found that among white female workers:

• Artists and photographers had a 103% excessive rate of suicide; an 82% excessive rate of death from ischemic heart disease; and a 140% excessive rate of death from other circulatory system diseases.

• Cooks had little excess risk, with the notable exception of a 46% excessive rate of death from ischemic heart disease.

• Cosmetologists had an 84% excessive risk of death from colon cancer; and 81% excessive rate of death from breast cancer; and an 84% excessive rate of death from cancer of other types.

• Textile workers other than dressmakers had a 238% excessive rats of death from hypertension; a 171% excessive rate of death from stomach cancer; and a 108% excessive rate of death from other circulatory system diseases.

• Waitresses had a 151% excessive rate of death from diseases of the urinary system.

The study adjusted the SMRs for black females only for socioeconomic status "because of inadequate numbers of respondents in individual occupations in the national surveys of smoking and drinking," the report said.

As with black males, many SMRs for black females were lowered after adjustment, possibly because of the weight of socioeconomic status in predicting mortality.

After adjustment, many SMRs for black women became insignificant, because the number of deaths in black females in the period studied were relatively small.

The study found that among black females:

• Cosmetologists had a 157% excessive rate of death from cancer of the trachea, bronchi and lung, and a 139% excessive rate of death from ischemic heart disease.

• Launderers and dry cleaners had a 285% excessive rate of death from cirrhosis and other liver diseases.

• "Miscellaneous production workers" had a 116% excessive rate of death from cancer of the genitals and a 101% excessive rate of death from ischemic heart disease.

• Those in "professional specialties" other than teachers, health aides and several other specialists had a 160% excessive rate death from cancer of the genitals and a 110% excessive rate of death from accidents.

• Skilled craftsworkers had a 100% excessive rate death from ischemic heart disease.

• Waitresses had a 58% excessive death rate from all causes. ■

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Study could encourage workers comp claims

By LOUISE KERTESZ

Some employers may find that a California health agency study on death rates of workers in several occupations will encourage workers to file more workers compensation claims, employer representatives say.

However, several large employers expressed interest in comparing the data used in the study with their own information, said Gwendolyn Doebbert, a demographer who wrote the study on which the current study is based.

The latest study is "California Occupational Mortality 1979-1981 Adjusted for Smoking, Alcohol, and Socioeconomic Status"—also known as COMS II. It is the first attempt by a state to statistically link causes of death statewide with occupations and to factor out smoking, drinking and socioeconomic status.

The study, sponsored by the California Department of Health Services, is based on Ms. Doebbert's "California Occupational Mortality 1979-81," or COMS I (see story, page 81).

COMS II reports that, even when accounting for workers' smoking and alcoholic beverage consumption habits and socioeconomic status, death rates are excessively high among workers in many occupations from causes like heart disease, cancer and hypertension.

Employers may feel that the study is "finger-pointing by some statistician" and will encourage employees to file workers compensation claims, said a spokesman for an employer association.

COMS II "makes a case for the claimant," he said. It will make employers feel they have to disprove the "links" between occupations and illness, he said.

A California Chamber of Commerce spokeswoman agreed that the new study could "work against" employers if the public accepts the statistical link between occupations and illness as a cause-and-effect link.

COMS II, for example, found an excessive risk of death among outdoor workers, including forestry workers, from heart disease.

But an occupational physician at a forest products corporation, who would not speak for attribution and who had not seen the research, said his company's own studies had not come to this conclusion.

He called it "an unusual finding for a group of people who are physically active."

"The (COMS II) study is of concern to us because we do have a number of engineers and scientists here," said Richard Dyer, risk

Continued on next page

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Study of work-related deaths faults safety steps

By LOUISE KERTESZ

CHICAGO—Government and businesses have failed to respond adequately to occupational diseases, which claim more American lives than any other preventable cause, charges the National Safe Workplace Institute.

Work-related diseases killed 47,000 to 95,000 Americans in 1987, the workplace safety advocacy group estimates in "Beyond Neglect: The Problem of Occupational Disease in the U.S.," which was published late last month.

Using National Center for Health Statistics annual estimates of deaths from various diseases, the group estimates the percentage of those deaths "related to work exposure" in 1987. The estimates were based on percentages of fatalities that medical studies say can be assigned to a certain cause.

Percentages were found to vary widely among diseases.

The group says all of the 8,670 deaths in 1987 from pneumoconiosis, which include black and brown lung diseases, are attributable to workplace exposures. But all other percentages were found to be much lower.

Other estimates of work-related deaths include:

- 5% to 10%—or 24,175 to 48,350—of the 483,497 cancer deaths.
- 1% to 3%—or 9,636 to 28,908—of the 963,611 deaths from cardiovascular disease.
- 2% to 4%—or 3,283 to 6,567—of the 164,164 deaths from pulmonary diseases other than pneumoconiosis.
- 3% to 5%—or 1,023 to 1,705—of the 34,100 deaths from neurological diseases.

A person is much more likely to die from an occupational disease than from a motor vehicle accident and is more likely to die from a job-related disease than from homicide, drowning, fires, commercial airline accidents and storms combined, the report said.

But neither the federal government nor employers adequately protect worker health, the report charges.

Dr. Stephen Hessl, a University of Illinois School of Medicine associate professor and an adviser on this report, called for employers to give doctors "access to good information" including levels of exposure to workplace hazards.

Dr. Hessl, who is head of occupational medicine at Cook County Hospital in Chicago, said that when physicians follow up on worker complaints by suggesting assessing an office building's indoor air for toxins, "we don't always get a good response."

Despite what it calls underfunding and lax federal safety enforcement, the report alleges that employers often focus "on the short-term costs of regulatory compliance rather than the long-term cost-effectiveness of preventive measures."

New dangers emerge as workplaces change, the report says. Workers are getting sick from air pollution inside new "tighter" office buildings with inadequate ventilation, constant use of video display terminals and stresses from "poorly designed" work processes and materials.

But employers and employees do not yet anticipate health problems that modernization can promote, the report says.

"What I'd like to see is workers and managers taking an active stance" on occupational health, said Dr. John Peters of the occupational medicine department at the University of Southern California School of Medicine.

He called the report "accurate, well-balanced and reasonable," but claimed that smoking accounts for more preventable deaths than occupational illness.

The report urges congressional hearings on occupational disease policy; greater focus of medical school curricula on the illnesses; and stiffer penalties for employers violating OSHA safety rules. ■

Work-related ills

Continued from previous page

manager at Lawrence Livermore National Laboratory in Livermore, Calif.

White male scientists, for example, face a high risk of death from cancer of the genitals, according to COMS II. "But at the same time, we have had experience with epidemiological studies before and in fact feel that they are not the last word," he said.

Several years ago careful surveillance by the laboratory's medical department discovered a seemingly high rate of melanoma among employees. But a follow-up study found the correlation was "without basis," Mr. Dyer said.

"We think our melanoma rate is high because we do watch people so carefully," Mr. Dyer said.

In addition, Dr. John Spickard, chief occupational physician at the laboratory, said that the COMS II categories of some workers—including those of engineers and scientists—were too broad.

Besides, "the job title area is a very poor way of matching people to exposures because of the very wide range of activity people do on the job," Dr. Spickard said.

The COMS studies use the categories used by the U.S. census.

Cheryl Fallstead, program director at the California Farm Bureau in Sacramento, said she requested a summary of the findings on farmers and agricultural workers to print in the bureau's newsletter. Of the group's 80,000 members, 50,000 are farmers.

"We'll watch for further studies based on COMS to help educate our members" on the causes of farm worker deaths, she said.

"Anytime someone tries to look at health in California from an occupational perspective, it helps," said Kenneth Satin, an epidemiologist with Chevron Corp. of San Francisco.

Mr. Satin hailed the COMS II authors for their "innovative" attempt to remove lifestyle factors from a large-scale study on workplace safety.

But, he cautioned that COMS II is a study "that presents group data, and you run the risk that what pertains to the group will not pertain to individuals."

Although many of the occupational categories covered in the COMS II study are job categories at Chevron, "it's hard to mesh them one-to-one with our employees," he said.

In addition, "many things they highlighted are well known," Mr. Satin said.

Chevron conducts its own mortality studies of its employees, Mr. Satin said. "When something strikes us as unusual, we do further studies" to determine the cause of any apparently higher-than-average risk, he said. ■

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Criminal penalties key to worker safety bill

By JOANNE WOJCIK

SACRAMENTO, Calif.—California employers that fail to warn employees of workplace dangers can face up to $1 million in fines and up to three years in jail under legislation approved late last month.

The California Corporate Criminal Liability Act of 1989 will subject to criminal prosecution company owners and managers who fail to disclose to workers and the appropriate state agency "serious concealed dangers" within 15 days of their discovery.

The measure, which is awaiting Gov. George Deukmejian's signature, is believed to be the first state statute of its kind. The governor has not indicated whether he supports the legislation.

Labor groups have consistently supported the measure, and some employer groups dropped their opposition after several amendments made in the Senate narrowed corporate liability somewhat.

Prosecutors in other states have relied on non-employment-related criminal statutes to indict employers for work-related deaths or injuries to employees.

In addition, the measure would not replace civil penalties now administered by Cal/OSHA, the state workplace safety agency. Employers that fail to warn employees of workplace dangers could also be subject to civil fines.

The Los Angeles County District Attorney's office sponsored A.B. 2249, which was introduced last year by Assemblyman Terry B. Friedman, D-Sherman Oaks.

The intent of A.B. 2249 "is to change the corporate culture away from cost-benefit thinking," such as that practiced by Ford Motor Co. in the late 1970s, said John Louvell, special counsel to District Attorney Ira Reiner.

Internal company documents presented as evidence in litigation against the automaker in the '70s revealed that Ford knowingly concealed the fact that the Pinto's gas tank had exploded on impact during safety tests. Ford used a "cost-benefit" analysis to determine that paying damage awards would cost less than correcting the defect, according to Mr. Louvell.

"If this had been the law when the Pinto was made, there wouldn't have been any exploding gas tanks," Mr. Louvell asserted.

That type of cost-benefit reasoning could harm workers, the bill's drafters contend.

The measure could also be used to criminally prosecute companies that knowingly expose third parties to hazardous conditions, Mr. Louvell said.

Because the California liability bill is the first of its kind in the nation, it is expected to be challenged in the courts.

"There are always people out there who attempt to challenge the constitutionality of a law," Mr. Louvell said. However, "we fully expect it to be upheld."

Courts in at least three states—Michigan, Illinois and Wisconsin—have said federal workplace safety laws do not pre-empt local criminal charges in workplace safety cases (*BI*, Feb. 5, 1990).

However, the Court of Appeals in Austin, Texas, has held that the federal Occupational Safety and Health Administration pre-empts state prosecutors' rights to criminally prosecute employers.

And, a Michigan appellate court found that a supervisor charged with involuntary manslaughter in the 1985 death of a worker who was asphyxiated while working in a company-owned van could not be held criminally responsible for workplace safety because he did not own the company (*BI*, July 17, 1989).

Under the California measure, managers—not just owners—can be criminally prosecuted if they fail to warn workers of workplace hazards.

The method of informing workers also will likely be subject to court interpretation since the legislation is unclear on this point, observers say.

For example, the California Chamber of Commerce believes that notifying Cal/OSHA, the state workplace safety agency, is an adequate method of informing workers.

However, the Los Angeles County District Attorney's Office, which will enforce the legislation, says only individual written notices sent to all employees will qualify.

While organized labor has consistently supported the legislation, at least two employer groups dropped their opposition after Senate amendments clarified certain points.

"We have had some trouble with safety enforcement in California, and we think that the threat of criminal prosecution will help," said Tom Rankin, legislative researcher for the AFL/CIO in Sacramento.

While the new measure may seem stringent, it is not all that onerous, according to Fred Main, vp-legislation for the California Chamber of Commerce in Sacramento.

Despite the district attorney's interpretation, the Chamber contends that "all the manager has to do is report to Cal/OSHA and he's taken care of his responsibilities under the requirements of this law," he said.

"The CMA was opposed up until last week," said a spokeswoman for the California Manufacturers Assn. in Sacramento. "We have removed our opposition and are basically neutral."

Among the Senate Appropriations Committee amendments that won some employers' acceptance of A.B. 2249 are:

- An employer will be prosecuted only if it has "actual knowledge" of a serious concealed danger. Previously, employers had 15 days to inform employees of hazards after "discovery is made."
- Only those managers with both "management authority" and "significant responsibility for any aspect of a business which includes actual authority for the safety of a product or business practice" can be prosecuted. Previously, both "direct or indirect" managers were subject to prosecution.
- A corporation can pay fines on an individual's behalf.
- The requirement for disclosure is not applicable if the hazard is abated within the time prescribed for reporting, unless the appropriate regulatory agency requires disclosure by regulation.

Penalties prescribed in the legislation include fines ranging from $10,000 to $1 million.

If convicted of a misdemeanor charge, an employer or manager also can face up to one year imprisonment in the county jail. A felony conviction would result in jail terms ranging from 16 months to three years in the state penitentiary. ■

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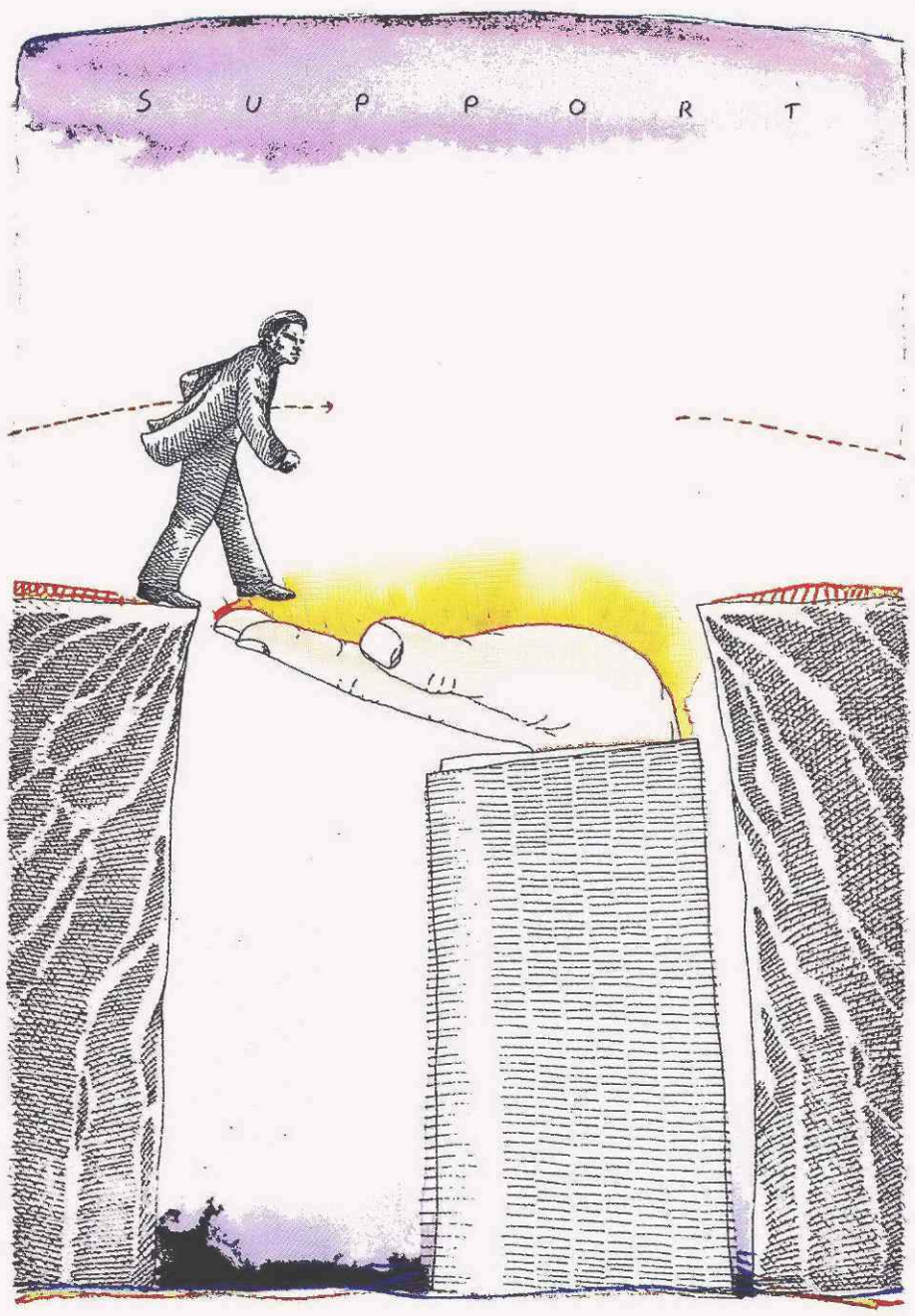

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Plaintiff not likely to appeal verdict in Judas Priest suit

By MICHAEL BRADFORD

CBS recording artists Judas Priest recorded "Stained Class."

RENO, Nev.—A state court ruling absolving CBS Records in the deaths of two men who listened to heavy metal music laced with subliminal messages will likely go unchallenged, according to a plaintiff's attorney.

Judge Jerry Whitehead ruled earlier this month that the Judas Priest album "Stained Class" contained subliminal messages, but that the messages were placed there unintentionally.

The judge said in his decision that there is no scientific evidence that such messages could influence listeners to commit suicide.

CBS Records and its parent CBS Inc. were cleared in the 1987 lawsuit on behalf of the families of 18-year-old Raymond Belknap, who committed suicide after listening to the album, and 19-year-old James Vance, who died later. Court papers indicate that both were drinking alcohol and smoking marijuana while listening to the record.

Mr. Vance attempted suicide but survived until he was taken off a respirator and allowed to die in 1988.

According to court papers, Mr. Belknap and Mr. Vance drove to a church playground in Washoe County north of Reno in late 1985, and shot themselves after listening to the Judas Priest recording.

Plaintiffs' attorney Timothy Post of Reno said the product liability suit sought $3.6 million, charging that the record was "a defective product that bombarded the psychodynamic subconscious mind."

Mr. Post said late last month that he was still studying Judge Whitehead's decision, but added that an appeal is unlikely.

The suit was brought under product liability law, he said, because "we felt CBS could be held responsible for a faulty record just like another company should be held liable for an exploding soda bottle or an exploding gas tank on a car."

In a 1989 pretrial ruling, Judge Whitehead said the First Amendment does not protect subliminal messages.

Mr. Post said that although the plaintiffs lost, "the judge greatly legitimized our case. He complimented the plaintiffs' attorneys and fined the defense attorneys."

CBS Records was fined $40,000 for not supplying the master tapes of the recording in a timely fashion. The money will go to the plaintiffs' attorneys, according to Mr. Post.

Suellen Fulstone, an attorney with Woodburn, Wedge & Jeppson of Reno, who represented CBS Records in the case, said she was unsure whether the fine was appealable and whether the sanction would be contested if an appeal can be filed.

Mr. Post pointed out that Judge Whitehead in his ruling "said there were subliminals. He said subliminals can modify behavior," but there was no scientific evidence that such commands could cause such drastic behavior as suicide.

The judge wrote that the subliminal message "do it" appeared a number of times on the album, but it was there as the result of a coincidental combination of guitar noise and a singer's voice.

Mr. Post contends that when experts enhanced the audio portion of the recording containing the message, it was clearly a spoken command.

And an expert witness claimed the message could have influenced Mr. Vance and Mr. Belknap to go through with their suicide pact.

Howard Shevrin, a professor of psychology and psychiatry at the University of Michigan, testified for the plaintiffs that subliminal information on the tape could have influenced Mr. Belknap and Mr. Vance to take action toward which they were already predisposed.

Mr. Belknap and Mr. Vance "had personality predispositions for suicide which were indicated by a propensity for violence, failures at school and employment problems," according to a recap of Mr. Shevrin's testimony that appeared in Judge Whitehead's decision.

The court papers said Mr. Shevrin testified that the predisposition was enhanced by "the use of alcohol and marijuana combined with the music."

Judge Whitehead pointed out in his decision that Mr. Shevrin testified "that the subliminal message 'do it' created a compulsion toward doing that which James and Raymond were already predisposed to do, to commit suicide."

"The meaning of 'do it' does not depend upon the lyrics of the song or upon any common usage of the phrase," according to Mr. Shevrin's testimony that was recounted in the decision. "Rather it depends on the person's predisposition at that particular moment. In other words, it could compel commendable conduct, or it could act as a compulsion toward violent or illegal activity."

A defense witness—Anthony Pratkanis, a psychology professor at the University of California at Santa Cruz—discounted the notion that subliminal stimuli can affect behavior.

Mr. Pratkanis attributed the actions of Mr. Vance and Mr. Belknap to alcohol and drug use, personality disorders and problems with work and family.

Court papers and the plaintiffs' attorney indicated that there were several subliminal messages on the recording.

While the "do it" message was discovered as the record was played normally, said Mr. Post, he pointed to others, including "try suicide," that were found when the music was played backwards.

However, the judge ruled that there is no conclusive scientific evidence that proves messages in music played in reverse influence behavior.

George Swainston, an attorney with Erickson, Thorpe & Swainston Ltd. of Reno, said he was hired by First State Insurance Co. in Boston to monitor the proceedings.

Mr. Swainston said First State provided excess liability coverage to CBS Records, but he was unaware of the amount of the coverage or the limits of underlying insurance.

Attorneys for CBS Records would not comment on the company's primary coverage or retention. ■

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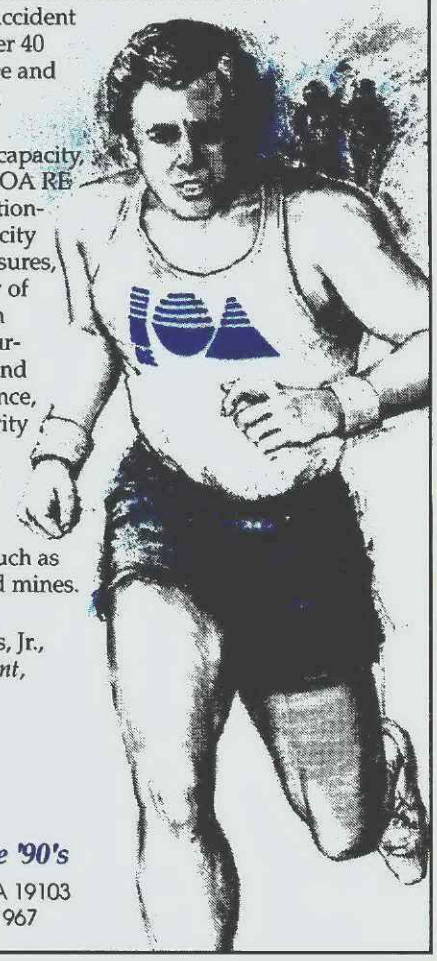

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Distress action

Continued from page 1

glas roof, killing a passenger.

The two plaintiffs, who were on the tramway, alleged in their complaint that they suffer from nightmares and flashbacks since witnessing the tragic accident.

However, the California Court of Appeal also inferred that the plaintiffs must have had a legitimate fear for their own safety at the time of the accident.

As a result, the two witnesses were in the "zone of risk" and can sue 10 defendants that participated in the manufacture of the tramway, the appellate court said.

The State Supreme Court on Aug. 20 refused to review the decision.

But, even though the high court depublished the case, legal observers say it may pave a new way to sue for emotional distress.

Even though the decision has been depublished, it is getting a lot of publicity, pointed out defense attorney Royal Oakes of Barger & Wolen in Los Angeles.

Therefore, the decision "will be encouraging to the plaintiffs' bar," Mr. Oakes predicted.

"The idea that a person needn't be injured himself or have any relationship to the victim is extremely far-ranging," he said.

"I don't know of any other decision like it," he said.

"This will open the door to juries awarding damages to people with irrational fears, simply to punish the party who caused the accident," he predicted.

"The idea that a lawsuit may be based on a person's subjective, unprovable fear when the victim of the accident was a stranger is a pretty dangerous concept," Mr. Oakes said.

"This kind of holding—expanding liability in a situation where no legitimate injury existed—leads to increased defense costs and" insurance premiums, he added.

He also observed that "when the Supreme Court depublishes an opinion, it does not mean they think the decision is faulty, only that it is not worthy of publication" and being cited as precedent.

However, tort law expert Victor Schwartz says the publicity surrounding the decision is "much ado about nothing."

An 'astounding pronouncement,' says Judge McDaniel in dissenting from part of the opinion. Allowing two victims to sue is 'the most drastic enlargement of tort liability in casualty cases since such liability evolved. . .about 170 years ago.'

The appellate court allowed the lawsuit to go forward because it inferred the two plaintiffs feared for their own safety, and lawsuits that include fear-of-safety claims are well-recognized, said Mr. Schwartz, who is with the law firm of Crowell & Moring in Washington, D.C.

However, Mr. Schwartz did concede that the decision could open the door for plaintiffs who sue for emotional distress to collect additional damages based on claims that they feared for their safety.

"This could be breaking new ground," he said.

Marvin L. Karp, chairman of the American Bar Assn.'s Tort & Insurance Practice Section, agreed: "Bit by bit you are going to see this concept introduced in other cases.

"A significant number of states already allow plaintiffs to sue for fear of their own safety," said Mr. Karp, who is with the law firm of Ulmer & Berne in Cleveland.

In allowing the two passengers to sue for fear for their safety and the accompanying emotional distress, the California Court of Appeal said on May 17: "We hold that a plaintiff who suffers emotional distress arising from fear for his own safety caused by a defendant's negligence need not establish either physical injury to himself or a close familial relationship with a third person who was physically injured by said negligence.

"It has long been recognized that one may recover for injuries resulting from fear for one's own safety created by defendant's negligent conduct," explained Judge Thomas E. Hollenhorst, writing for the 2-1 majority.

The court reasoned that because the two plaintiffs were in the "zone of danger," they had the ability to sue for emotional distress.

The court also reasoned that the defendants' duty to create a safe tramway extended not only to the victim that was killed but also to all passengers.

"It was reasonably foreseeable that even those passengers who were not physically hit by pieces of glass and were not physically injured would suffer severe emotional distress from the experience," the court said.

However, Judge F. Douglas McDaniel dissented from this portion of the opinion, saying the majority's decision was an "astounding pronouncement."

Judge McDaniel said the decision to allow the two victims to sue "represents the most drastic enlargement of tort liability in casualty cases since such liability evolved under the common law about 170 years ago."

He also criticized the majority for failing to give any public policy reasons for expanding the tort law.

"Historically, the purpose of tort law has been to compensate innocent persons for their economic losses inflicted by the carelessness of others," Judge McDaniel said.

"More recently, a further purpose of tort law has evolved to compensate innocent persons for their non-economic, emotional distress inflicted by the carelessness of others in those rare instances where the collective conscience of society compels it. This case is not such an instance."

There is no public policy justification for allowing a plaintiff who suffers no economic loss and has no familial relationship to the victim to sue for emotional distress, he concluded.

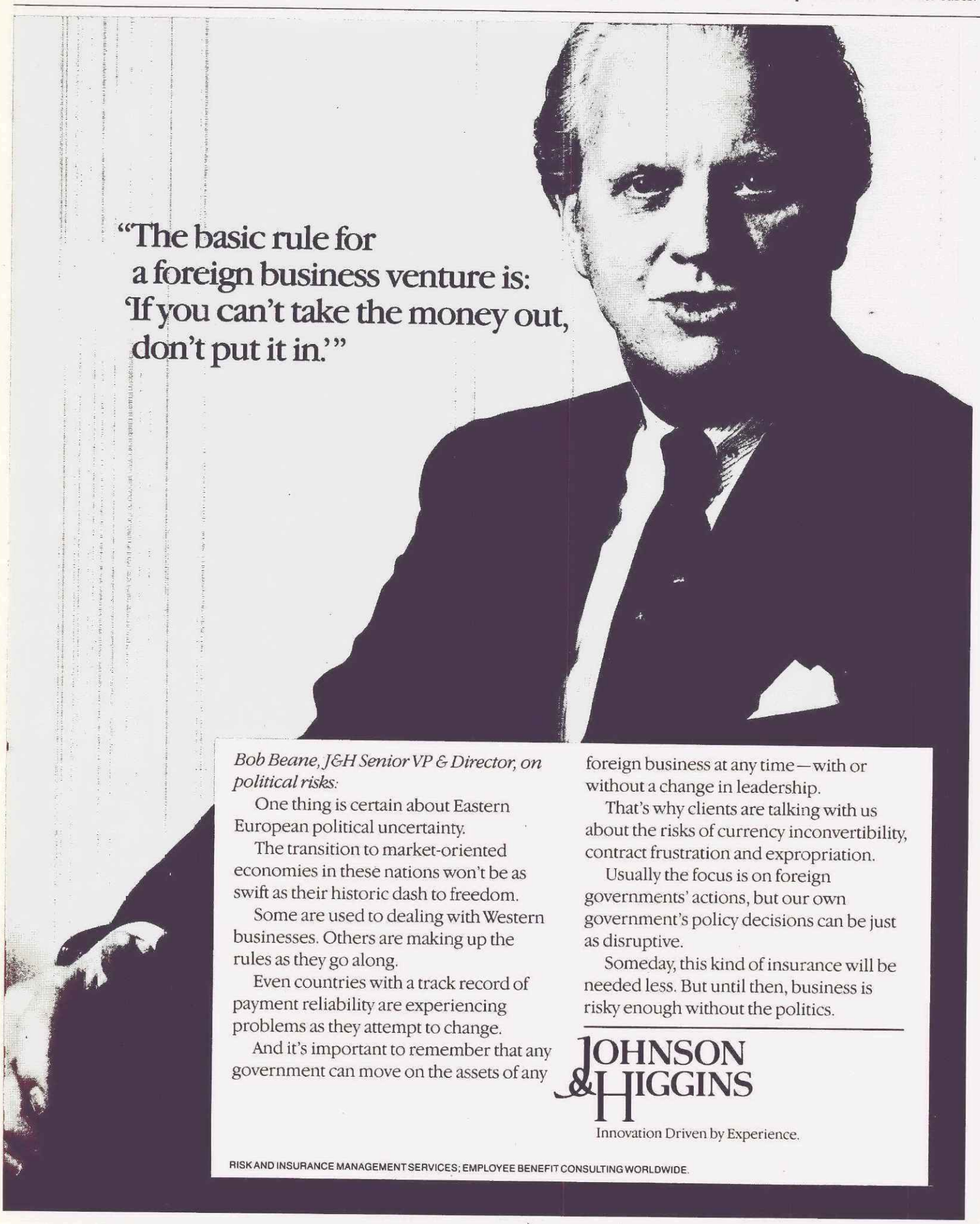
"Moreover, there are compelling policy reasons why the plaintiffs here should not be compensated," Judge McDaniel said.

The decision puts an "intolerable burden" on defendants, making them liable to great numbers of people who were neither physically injured nor closely related to those who were physically injured, he wrote.

"Nothing in the law or public policy mandates such a result," he said. "Moreover, reason and common sense dictate if not compel otherwise."

Judge McDaniel provided an example of when, based on this ruling, that individuals who were not injured in an accident and did not have a familial relationship with any accident victim could seek damages for emotional distress.

All of the people who were on the Nimitz Freeway in Oakland, Calif., when it collapsed on Oct. 17, 1989, during a devastating earthquake could seek compensation, even those who were not injured and did not know anyone who was injured could sue based on the tramway ruling, speculated Judge McDaniel. ■



Bob Beane, J&H Senior VP & Director, on political risks:

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INTERNATIONAL

Reports detail PCW, Howden fraud probes

By CAROLYN ALDRED

LONDON—The plundering of tens of millions of pounds from Lloyd's of London members by several former Lloyd's brokerage and underwriting executives is outlined in two massive British Department of Trade and Industry reports.

The reports—each more than 500 pages long—detail the government investigation into how complex reinsurance arrangements and offshore companies were used to siphon funds from Lloyd's syndicates formerly managed by PCW Underwriting Agencies Ltd., W.M.D. Underwriting Agencies Ltd. and Alexander Howden Underwriting Ltd.

Although publication comes nearly a decade after the alleged offenses took place—and after criminal investigations and court proceedings against many key players have ended—there are "undoubtedly lessons to be learned from the sorry tale," the DTI reported.

It also points out that Lloyd's regulations have improved since then.

Alan Lord, deputy chairman and chief executive of Lloyd's, underscored the improvements in self-regulation: "These reports deal in great detail with events which occurred before the creation of the Council of Lloyd's and the introduction of the modern and effective regulatory framework which has now been in place for some years."

Following publication of the reports, Trade and Industry Secretary Peter Lilley applied to the British courts to disqualify from serving company directorships

There are 'undoubtedly lessons to be learned from the sorry tale,' the DTI reports.

Peter Cameron-Webb and Peter Dixon, the former underwriting executives who founded PCW in 1966, and John Wallrock, the former chairman of Minet Holdings P.L.C., which was the parent company of PCW (*BI*, Sept. 3).

The petition, though, is largely academic since the three men no longer work at Lloyd's after disciplinary proceedings several years ago. Indeed, none of the three men are still in the United Kingdom. Messrs. Dixon and Cameron-Webb are believed to be in the United States and Mr. Wallrock lives and works in Hong Kong.

In addition, a British jury found former Lloyd's underwriter Ian Posgate and former Alexander Howden Group Ltd. Chairman Kenneth Grob, innocent of criminal charges connected with the Howden affair last year (*BI*, Aug. 21, 1989). Others allegedly involved in the Howden affair were ruled to be too ill to stand trial.

A separate case against Mr. Grob and former Lloyd's underwriter Colin Hart was halted in January when the judge ruled that neither defendant would receive a fair trial because the alleged offenses had taken place more than a decade earlier (*BI*, Jan. 22).

In the PCW affair, arrest warrants were issued in December 1988 for Messrs. Cameron-Webb and Dixon on charges of conspiracy to defraud, conspiracy to steal and theft of moneys. However, the warrants were issued too long after the alleged offenses for them to be extradited from the United States, where it is believed the two men are living.

Mr. Dixon earlier this year settled out of court after Lloyd's fined

Continued on next page

LONDON

Brokers fear Weavers E&O claims

By CAROLYN ALDRED

LONDON—Brokers already are advising their shareholders of potential liabilities the brokerages could face if insurance claims are not paid in full by Walbrook Insurance Co. Ltd., the lead insurer on the former H.S. Weavers (Underwriting) Agencies Ltd. casualty line slip.

For example, documentation sent to Willis Faber P.L.C. shareholders regarding the company's proposed merger with Corroon & Black Corp. points out that both brokers could face claims from insurance buyers whose business was placed with the insurer (see related story).

Walbrook's regulatory license to underwrite in the United Kingdom was suspended in March amid concerns about its reserves (*BI*, April 9; April 2). Walbrook is a wholly owned subsidiary of London United Investments P.L.C., which also owns H.S. Weavers (Underwriting) Agencies Ltd.

While Walbrook has continued to pay claims, six other LUI subsidiaries that formerly participated as insurers or reinsurers on the Weavers underwriting slip suspended claims payments.

Court-appointed administrators of LUI last month presented British and Bermuda courts with winding-up petitions for four of the units—not including Walbrook—before putting them under a court-approved "scheme of arrangement" (*BI*, Sept. 3).

LUI currently is under administration, a British procedure similar to Chapter 11 bankruptcy proceedings in the United States.

"As a result of these events, policyholders may be unable in due course to collect the whole or part of any claims which they may make under policies placed with the Weavers stamp," the Willis Faber merger documentation explains.

"It is possible that such unsatisfied policyholders may make claims against their insurance brokers to recover any shortfalls," it warns.

"Although Corroon & Black has been advised by certain clients that they will look to Corroon & Black if such insurance claims are not paid, no specific claims have been made against the Corroon & Black Group to date, and it is not possible to form any view as to whether material claims may be made against the Corroon & Black Group or the outcome if any such claims are made," the merger document states.

Willis Faber also "placed substantial amounts of insurance business with (the) insurance subsidiaries of LUI on behalf of clients (including other insurance brokers)," the document notes.

However, "no claims have been made against the Willis Group to date, and it is not possible to form any view as to whether claims may be made against the Willis Group or the outcome if any such claims are made," the document notes.

Continued on page 92

Willis to lose business from UNISON brokers

By CAROLYN ALDRED

LONDON—Willis Faber P.L.C.'s proposed merger with Corroon & Black Corp. will likely mean the broker will get less retail and wholesale business from UNISON network members, Willis Faber predicts in documents sent to shareholders.

However, the lost business "to some extent" should be offset by additional business introduced by Corroon & Black, says the notice, which also provides some financial details of the merger and announces a Sept. 28 shareholder vote on the merger.

Willis Wrightson, Willis Faber's retail brokerage unit, "participates in an informal group originally formed by Johnson & Higgins to handle the business of its retail U.S. multinational clients outside the United States, now known as UNISON," the merger circular explains.

Brokerage and fee income from business introduced to Willis Wrightson by UNISON members, principally Johnson & Higgins, totaled about 3 million pounds ($4.8 million) in 1989, according to the Aug. 30 circular.

Willis Wrightson reported total brokerage and fee income of about 8 million pounds ($12.9 million) from multinational clients in 1989. Willis Wrightson currently is arranging for business from the multinationals to be handled through Willis, UNISON members and "other appropriate correspondent arrangements, including particularly Corroon & Black," the circular explains.

However, the circular said: "It is expected that, as a result of the merger, Willis Wrightson's involvement in the UNISON network will change and that there will be a reduction in the retail business introduced to Willis Wrightson by UNISON members, although this should, to some extent be offset by retail business introduced by the Corroon & Black Group."

In addition, the circular says: "Wholesale and reinsurance trading relationships between the Willis Group and UNISON member companies, other than Johnson & Higgins, are not expected to change significantly as a result of the merger."

But "the flow of wholesale business between Johnson & Higgins and the Willis Group is expected to diminish over time," the document said.

Willis Faber says it received brokerage income of about 15 million pounds ($24.15 million) in wholesale and reinsurance business from Johnson & Higgins in 1989.

The circular also notes that Willis Faber and J&H participate in joint ventures in Australia and Canada, but that those relationships "may change as a result of the merger."

The Australian company contributed about 500,000 pounds ($805,000) to the Willis Faber's pre-tax profit last year, and the Canadian company contributed about 900,000 pounds ($1.4 million) to pre-tax profits, the circular says.

Willis Faber says it cannot estimate "the amount of business generated by the Willis Group's relationship with Johnson & Higgins and by Willis Wrightson's involvement in the UNISON network which will be retained" after the merger.

Premiums of about $400 million annually formerly were placed into the London market from J&H via Willis Faber, a Willis Faber spokesman estimated.

Corroon & Black places premiums of about $300 million annually into the London market through several London brokers, and part of that business is expected to be placed through Willis Faber, the circular says.

In addition, "the Willis Group receives wholesale and reinsurance business from U.S. intermediaries other than Johnson & Higgins and Corroon & Black," the document notes.

However, "as a result of the merger, some business of these other U.S. intermediaries may no longer be handled by the Willis Group," the document says.

Despite the chances of losing some UNISON business, Willis Faber shareholders will benefit considerably from the merger, the company circular contends.

In a letter to shareholders accompanying the circular, Willis Faber Chairman Roger Elliott said the merger "is the most effective way" for Willis Faber to meet its main objectives, which are:

- To achieve a significant level of U.S. retail earnings.
- To balance Willis Faber's U.K. profits with an increased percentage derived from U.S. and other overseas operations.
- To increase the contributions to profits from retail and consultancy businesses.
- To service the worldwide insurance needs of multinational companies.

The merger was announced in June (*BI*, June 11). ■

BERMUDA

Bermuda welcomes new reinsurer

By ROGER SCOTTON

HAMILTON, Bermuda—Newly formed underwriting manager Sphere Drake Underwriting Management (Bermuda) Ltd. could spur an expansion of Bermuda's overall captive insurance business, brokers and underwriters on the island say.

Sphere Drake is a joint project of Sphere Drake Insurance P.L.C. of London, which will hold a 51% stake in the company, and Jonathan Crawley, former president of Aneco Reinsurance Underwriting Ltd., who will hold 49% (*BI*, Sept. 3).

The new Bermuda company will write excess-of-loss reinsurance for captives and other alternative risk financing mechanisms.

Many brokers say that Sphere Drake's security will make the Bermuda company highly acceptable to risk managers looking for captive coverage. The new venture will be backed by capital and surplus of more than $100 million.

"That's got to be great news for Bermuda," said David McManus, who manages the Bermuda office of Arthur J. Gallagher & Co.

Other brokers welcome the Sphere Drake formation as a shot in the arm for Bermuda's ability to look after smaller captive clients. Many of these smaller captives are looking to secure coverage that attaches above only a $100,000 retention, but most Bermuda reinsurers traditionally have not provided coverage at that low a level.

Mr. Crawley, however, changed all that. Under his leadership, Aneco became Bermuda's largest single underwriter of captive reinsurance, with 1989 premiums from captive business of $11 million and about 80 captive clients on the books. More than half of those captives bought excess-of-loss reinsurance attaching at or below $500,000.

Now, the same brokers that looked to Aneco for captive cover are looking to Sphere Drake. Mr. Crawley said he intends to write "largely within the first $2 million" layer of reinsurance for captives.

Many brokers regard Mr. Crawley's underwriting management move as a clear improvement over a failed earlier plan to buy out Aneco's business and form a new reinsurer, Ascot Reinsurance, with $30 million in capital.

That buyout failed to attract capital. So instead of $30 million and a reinsurer with no track record, Mr. Crawley now holds the underwriting pen for a well-known London market insurer with $100 million in capital and surplus.

Sphere Drake "is much better than Ascot could have been," said Gallagher's Mr. McManus. "It's a highly credible company. It's linked with Sphere Drake Insurance P.L.C., which is licensed in 49 states in the U.S. as an admitted surplus lines carrier, and this is bound to open up a lot of opportunity for us."

Some of the lower levels of coverage have not always been available in Bermuda for captives and, as a result, some clients have been unable to secure the protection they need, according to Julian

Continued on page 91

Fraud reports

Continued from previous page

him 1.25 million pounds ($2.35 million at current exchange rates) for his role in the PCW affair and enforced the fine through a U.S. court judgment.

And, an appeal by Mr. Cameron-Webb in the House of Lords in December 1989 failed to overturn a 5 million pound ($9.4 million) judgment obtained by Lloyd's against him, according to Lloyd's. Mr. Cameron-Webb and his wife are estimated to owe 5 million pounds to cover their underwriting liability at Lloyd's, a Lloyd's spokesman said.

In addition, Lloyd's has "various motions outstanding in New York" against Mr. and Mrs. Cameron-Webb to recover what they owe, Lloyd's confirmed. And five Lloyd's members sued Mr. Wallrock, the former Minet chairman, last year for his role in the PCW affair (*BI*, Nov. 13, 1989; April 10, 1989).

The British government announced it would investigate Alexander Howden Group Ltd. in September 1982 after the discovery of millions of missing pounds by Alexander & Alexander Services Inc. shortly after the U.S. broker bought Howden.

As a result of that investigation, four former Howden executives and Mr. Posgate, who was underwriter for Lloyd's syndicates managed by Howden, were charged with conspiring to defraud in 1987. Much of the prosecution's evidence in that trial, in which the remaining defendants were acquitted, was based on the DTI investigation and report, sources say.

A separate investigation into Minet and PCW began in November 1982 after the investigation into Howden uncovered information regarding questionable reinsurance arrangements for Lloyd's syndicates placed by PCW and WMD.

"Our appointment as inspectors was prompted by the discovery of a series of quota-share reinsurances of certain of the syndicates managed by PCW and WMD, stretching in some cases as far back as 1970, placed with various so-called 'reinsurers' in Guernsey, the Isle of Man, Gibraltar and Switzerland," the DTI's Minet report says.

According to the report, the reinsurance contracts had several common features, namely:

- They were on terms that were unusually favorable to the reinsurers.
- They were operated in such a way that the premiums paid to the reinsurers greatly exceeded the claims submitted to the reinsurers.
- The ultimate reinsurers were under the control of certain directors of PCW and WMD.

"The result was that large sums of money were paid to the ultimate reinsurers, and much of this was used to provide secret benefits on a lavish scale to certain directors and other personnel within PCW and WMD," the report claims.

"The quota-share schemes operated through numerous off-shore trusts, companies and other entities, the structure of which changed over the years. Part of the money paid away by means of the schemes has been recovered and applied for the benefit of the names on the various syndicates involved. But a substantial part has found its way to the individuals for whose benefit the schemes were set up. . .Little of the money which has been spent. . .has to date been recovered," the report says.

"The net amount of cash (premiums less claims, etc.) paid out from the syndicates by means of these schemes was about $48 million. Some of this has been returned to the syndicates since our appointment at the end of 1982. However, the overall losses to the syndicates as a result of schemes have been about $53 million" from lost amounts of investment income, substantial personal benefits paid out and large costs incurred in operating the offshore companies, the DTI estimates.

According to the DTI, Messrs. Dixon and Cameron-Webb "were the main architects of the schemes, with (Mr. Dixon) having responsibility for the financial aspects and Mr. Cameron-Webb for the underwriting. They were also the main beneficiaries of the schemes, and received benefits on an increasing level from 1970 onwards. By the late 1970s these were on a very lavish scale."

According to the DTI, benefits accrued by Mr. Dixon totaled more than $12 million and included $1.58 million in 'boat expenses'; $3.2 million on a villa in Villefranche in France; $749,000 for a property development at Puerto Banus in Spain; $811,000 for property developments near Sarasota, Fla.; $199,000 for a house for his mother-in-law in North Carolina; and $1.3 million in cash.

The DTI says Mr. Cameron-Webb's benefits totaled more than $11.6 million and included a $3 million loan from the Bank of Bermuda; $1.9 million in boat expenses; $2 million paid to Elizabeth Funk, his third wife; $333,000 in airplane expenses; and up to $1.26 million in cash.

"Our conclusion in relation to Mr. Dixon is that his actions in setting up and operating the schemes were dishonest from start to finish. He and Mr. Cameron-Webb were the main architects of the schemes and the two main beneficiaries," the report says.

And while Mr. Cameron-Webb "was less involved than Mr. Dixon in the day to day administration of the schemes, he was aware of all the essential details, and was responsible for all important aspects of the underwriting side of the schemes," the DTI notes.

Neither man was "motivated by any wish to benefit the syndicates for whose well-being (he was) responsible, but by a desire to achieve and maintain an extravagant lifestyle and to provide lavish benefits to (his) friends and associates at other people's expense. We can find no mitigating circumstances to excuse or condone the systematic, dishonest and cynical plunder of the names' premium over such a period of time and on such a scale," the report adds.

The DTI notes Mr. Dixon claimed, "in the climate of opinion current in Lloyd's during the 1960s and 1970s, nobody would have regarded the quota-share schemes as improper."

However, "we are left in no doubt at all that in the general climate of opinion at Lloyd's during the period of the quota-share schemes, Mr. Dixon's conduct would not only not have been condoned: It would have been unhesitatingly condemned as a dishonest fraud," the DTI concludes.

Meanwhile, although Messrs. Dixon and Cameron-Webb are described by the DTI as the 'architects' of the schemes, the report says other directors and employees of PCW and Minet knew of the schemes and gained financially from them.

Notably, Mr. Wallrock as chairman of Minet, PCW's parent company, and one of the three principal directors of PCW, "was in a position of great responsibility. . .owing duties not only to the names but also to Minet, whose investment in PCW he was there to protect," the DTI report says.

"He flagrantly abused his responsibility, and despite his repeated public utterances about the importance of integrity at Lloyd's, he has lied repeatedly to us and to others about his involvement in the schemes and has produced a false copy of an important document in order to conceal his knowledge of them. He has acted with gross dishonesty," the DTI says.

Mr. Wallrock also was a "major beneficiary" of the schemes, collecting benefits totaling about $400,000, the DTI estimates.

The DTI's condemnation of the alleged participants in the Howden affair in the second report is equally damning, despite the government's unsuccessful attempts to prosecute former Howden executives.

The report describes numerous off-shore companies under the control of, among others: Mr. Grob; Jack H. Carpenter, a former deputy chairman of Howden; Ronald C. Comery, another former deputy chairman of Howden; and Allan J. Page, Howden's former finance director.

It also describes how "Howden funds, and funds from Howden-managed syndicates and others, were transferred to these entities and how part of the monies were then used for personal benefit."

In addition, it describes how "the results of Howden and its principal insurance company subsidiaries were misstated over a period of years; the deficiencies, when finally identified, were very substantial indeed."

According to the DTI report, "spurious reinsurance transactions were used to manipulate financial statements and mislead auditors and others, with the aim of improving the published Howden group results."

The principal beneficiaries of the massive fraud, were, according to the DTI the so-called Gang of Four: Messrs. Grob, Comery, Carpenter and Page. "Others who benefitted (including Mr. Posgate) did so largely at the discretion of Mr. Grob."

The report says, "The four over several years transferred about 3.5 million pounds ($6.58 million at current exchange rates) from (offshore) companies into their personal accounts. We consider that they viewed these funds as part of their personal wealth, none of which would have been repaid but for the investigations in 1982 by Alexander & Alexander.

"In addition, the four and others acquired personal interests in (a Swiss Bank called the Banque du Rhone et de la Tamise SA) using more than $7 million of Lloyd's syndicates funds," the report charged.

Meanwhile, the offshore companies were "not only used for personal benefit. A substantial part of the funds transferred into the companies was returned to the Howden group, the diversion and subsequent return forming part of complex schemes designed to overstate Howden's reported profits by rolling forward underwriting and other losses," the report explains.

"The overstatement of profits and the disguise of very large net asset deficiencies was orchestrated by Grob, aided by Comery, Page and Carpenter, helped to put the schemes into effect," the report says.

Continued on next page

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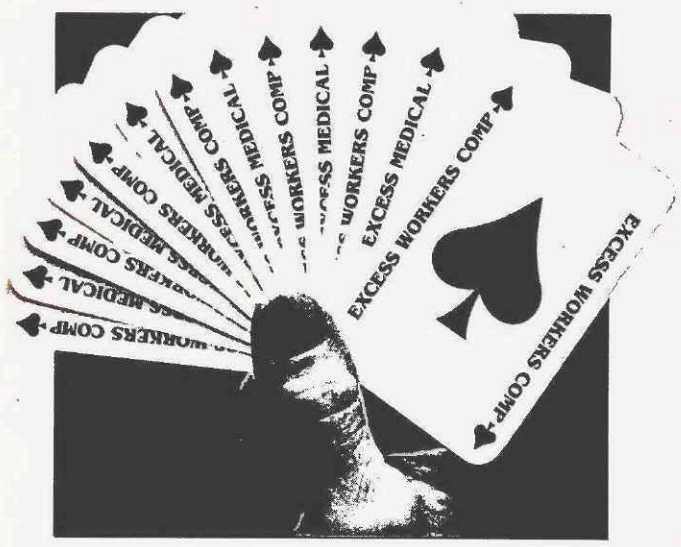

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INTERNATIONAL

Continued from previous page

"Although the motive for plunder is obvious, the motives for the overstatement of Howden group profits over such a lengthy period are more complex. Grob undoubtedly wished to maintain the name and reputation of Howden, which in turn sustained his personal standing in the insurance market. Grob and Comery, in particular, also had a substantial part of their wealth in the form of shares in Howden, and their personal lifestyle was in many ways bound up with the business of Howden," the DTI claims.

While acknowledging regulatory changes that followed the PCW and Howden scandals, the DTI concluded its Howden report by saying: "When a number of intelligent and ingenious individuals in the most senior positions, but bereft of commercial morality and intent on personal gain, set out together to rob and to deceive, it is extremely difficult to ensure that they will be deterred, or exposed before much damage is done." ■

BERMUDA

Continued from page 89

Griffiths of Griffiths & Wanklyn Reinsurance Brokers Ltd. in Bermuda.

"There has been a definite gap in underwriting for captive reinsurance business here and Sphere Drake is undoubtedly a tremendous plus for Bermuda," Mr. Griffiths said.

Roy Bray, president of broker Alydon International in Bermuda, says some clients' fears over insurers' security may stem from the mid-1980s withdrawal of big-name captives like Insco Ltd., a Gulf Oil Corp. unit that stopped writing in 1984, and Walton Insurance Ltd., a Phillips Petroleum Co. unit that stopped writing unrelated risks in 1983.

Security-conscious clients "will be looking quite favorably at Sphere Drake's balance sheet," he said.

Cathy Lord, vp of broker J&H Intermediaries, is equally optimistic. "Sphere Drake is highly capitalized and it has a good name, so I think the security is going to be a lot easier for us to sell."

Security, by contrast, was not a strong selling point at Aneco, brokers say. As president, Mr. Crawley bemoaned low capital and surplus levels that he said inhibited growth.

Norman Amondsen, director of Triangle Brokerage, said, "Captive business is good business, but one of the problems we've had in the past was selling the security of Aneco. Some companies just weren't prepared to accept it.

"This is where I think things will be a lot easier for us with Sphere Drake," Mr. Amondsen said.

Two potential competitors for captive business—Hudson Reinsurance Co. Ltd., a unit of Skandia America Group, and Belvedere Insurance Co. Ltd.—are also putting out the welcome mat for Sphere Drake.

Belvedere Chairman Colin O'Connor said he is "delighted" at the formation of Sphere Drake. "It represents new capacity and an established name."

Hudson Vp John Coppinger said, "I don't know too much about what Mr. Crawley intends to do yet, but I doubt that we'll lose any of our public entity business to him. Bermuda captives may be another matter."

According to Mr. Crawley, however, Sphere Drake will not rely solely on captive business to generate premiums. It hopes to see as much as $50 million in premium volume during 1991, only half of it coming from Bermuda captives, he said.

The rest, he predicted, will include 15% from other Caribbean domiciles, a similar percentage from U.S. risk retention and risk purchasing groups and the remainder from "the rest of the world."

"It doesn't have to be business won from Aneco," Mr. Crawley stressed. "There's plenty of room for both Aneco and Sphere Drake as well as other Bermuda companies underwriting captive programs."

Although Mr. Crawley does not relish the prospect of competing against his old company, he said he had little choice. He said he felt "honor bound" to resign from Aneco after failing to meet a June 20 buyout deadline imposed on him by Mark Hardy, majority shareholder of Aneco's parent company, Forum Re Group (Bermuda) Ltd. (*BI*, July 16).

Mr. Crawley says he has few regrets that his Ascot plan failed.

"Fewer doors will be closed to this company, either here in Bermuda or in the United States. And certainly its spectrum of opportunities will be greater than those I experienced at Aneco.' ■

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LONDON

Continued from page 89

Huge losses hit GRE

Another major British insurer has revealed huge first-half losses from windstorms that hit Europe early this year.

Guardian Royal Exchange Assurance P.L.C. reported a pretax loss of 83.8 million pounds ($146.6 million) for the first six months of 1990, compared with a profit of 100.1 million pounds ($155.5 million) for the first six months of 1989.

However, property/casualty insurance premium income increased 16.8% to 1.14 billion pounds ($2 billion) from 976 million pounds ($1.52 billion).

"So far, 1990 has been a particularly difficult year for most U.K.-based providers of insurance. As can be seen from the figures, regretfully, GRE has not been immune from the general experience," said Sid Hopkins, the company's new chief executive.

GRE's "results reflect the impact of storms which hit the British Isles and northern Europe in January and February, the increased frequency and rising claims costs in the U.K. motor accounts, an unusually high number of U.K. commercial fire claims and a strengthening of reserves in Italy. Intense competition in a number of the world's major markets has served to exacerbate the situation," Mr. Hopkins explained.

Sedgwick pessimistic

Sedgwick Group P.L.C.'s stock price dropped 8.6% last week when the broker announced results for the first half of the year and expressed pessimism about its results for the remainder of the year.

Gross revenues increased 8% to 374.5 million pounds ($655.4 million at the appropriate exchange rates) from 347.8 million pounds ($540.1 million) during the first six months of last year.

Sedgwick reported a 3% increase in its unaudited pretax profit for the first six months of 1990 to 67.7 million pounds ($118.5 million) from 65.9 million pounds ($102.3 million) at the same time last year.

The company's stock price last Wednesday dropped 17 pence to 1.81 pounds ($3.40) from 1.98 pounds ($3.72) per share after Sedgwick Chairman David Rowland warned that a continuing soft market plus "the present weakness of the dollar must have an effect on our performance for the remainder of the year."

Mr. Rowland also said that world markets have not shown any indication of a trend to increase rates. "In North America in particular, premium rates appear to be falling again," he said.

However, "it is possible, but not certain, that the lack of reinsurance capacity may affect rates in some sections of the direct market before long," he added.

Some stock analysts believe that those warnings signaled that they should lower their year-end profit forecasts for Sedgwick.

The analysts also speculate that Sedgwick will not increase its dividend at the end of the year.

Sedgwick's stock price dropped "because the company was so bearish about its prospects," said Julianne Jessup, stock analyst for Barclays DeZoete Wedd.

However, other stock analysts believe that the only reason the broker's share price dropped was because one or two major Sedgwick shareholders were trying to sell their stock. Those stock analysts also noted that Sedgwick's stock in the past few weeks had fallen as much as 40 pence from a high of 2.20 pounds ($4.14 at current exchange rates) to as low as 1.80 pounds ($3.38) per share.

And, the stock price was as high as 3 pounds per share at the end of last year following talk that rates would rise after Hurricane Hugo, noted Chris Pountain, stock analyst for investment banker Morgan Stanley International in London.

"The general trend is down" for Sedgwick share prices, he said.

"The shares were too high, and now they've come down to a sensible level," he said.

Mr. Pountain also noted that Sedgwick has never predicted that rates will soar following disasters. Rather, it has been cautious in its predictions. Mr. Rowland's statement last week "doesn't sound surprising to me," he said.

Besides, Sedgwick's share price started to rise again the next day, closing Thursday at 1.88 pounds ($3.53) per share, he noted.

Lloyd's policy defended

Lloyd's of London members are adequately warned about the problem of open years before joining the market, two leading underwriting agency executives point out in letters published in the Financial Times late last month.

David Coleridge, chairman of Sturge Holdings P.L.C., and David Harrison, chairman of Harrison Brothers, both replied to an earlier letter from Lloyd's member Tom Benyon.

Mr. Benyon said in his letter that the "new chairman (of Lloyd's) might regard it as a duty to write to all potential names (members) and point out to them that the open year problem is at present unresolved."

Many syndicates at Lloyd's have been unable to close their syndicate accounts at the scheduled time because of uncertainty surrounding past liabilities (*BI*, Sept. 3).

However, Mr. Coleridge, who likely will become Lloyd's chairman on Jan. 1, pointed out in a letter that the Lloyd's Membership Booklet given to all potential members clearly refers to open accounts.

In addition, members agents discuss areas of concern—such as open years—with their prospective members, Mr. Coleridge said.

Mr. Harrison, who heads his own members agency, also pointed out in his letter that the Lloyd's Underwriting Agents Assn. has made proposals for resolving the open year problem.

New company formed

A new company has been formed in suburban London to provide insurance and risk management advice to medium-sized corporations throughout Europe.

Richmond Insurance Services Ltd. was formed to offer advice in insurance, reinsurance, alternative risk financing and captives, and risk management techniques to companies across Europe with annual revenues of between 20 million pounds ($38.4 million) and 500 million pounds ($960 million).

The company has been formed by Keith Chapman, formerly with Bain Clarkson Ltd. in Madrid, Spain; Richard Latham, previously with European Risk Management Ltd.; and Peter Stephens, who previously worked with Chase Manhattan Bank in London, Frankfurt and Hong Kong.

Richmond shareholders include its management and K.R. Chapman Sagese, a Spanish-based insurance broker; and London-based ILC Finance Ltd.

Heath eyes acquisition

London-based broker C.E. Heath P.L.C. is negotiating to buy the retail and U.K. wholesale brokering operations of Abaco Investments P.L.C., an affiliate of troubled British & Commonwealth Holdings P.L.C.

The businesses produced brokerage revenues of about 14.8 million pounds ($27.7 million) in the year ended Dec. 31, 1989, according to C.E. Heath.

BCIB U.K. Ltd., Abaco's retail operation, has about 14 branch offices in the United Kingdom and is strongest in geographical areas where C.E. Heath is weakest, such as Wales, southwest England and the south coast of England, said Peter Presland, joint managing director of Heath.

BCIB Ltd. has a specialty in brokering U.K. wholesale insurance, according to Mr. Presland.

The takeover discussions began about a month ago after Abaco's parent company was put into receivership following the collapse of a computer subsidiary.

Mr. Presland hopes a decision regarding the acquisition will be announced shortly.

If the acquisition proceeds, it will be financed by an issue of new C.E. Heath shares.

The talks do not include Abaco's non-marine reinsurance and its marine and aviation insurance and reinsurance operations. Negotiations between Abaco and the subsidiaries' management on a management buyout of these units currently are taking place.

Members agents rated

For the first time, the Assn. of Lloyd's Members has published an analysis of member agents' performance.

The analysis, covering Lloyd's of London's 1984 to 1987 accounting years, is based on Members Agents' Information Reports published by Lloyd's.

It "enables every Lloyd's Name to compare the performance of his or her agent with the average for the market as a whole," according to the ALM.

In 1987, the net pretax return on a member's investment was 9.6%, the ALM said.

According to the report, the best performing members agents during 1987 were:

- K.G.M. Underwriting Agencies Ltd., with an average return of 17.6% for 1987.
- Hardy (Underwriting Agencies) Ltd., with a 16.4% return.
- Holman Macleod Ltd., with a 15.8% return.
- C.I. de Rougement & Co. Ltd., with a 13.3% return.
- Murray Lawrence & Partners and Morgan Fentiman & Barber, each with a 13% return.

Another report published by the ALM analyzes syndicate results for 1987, the latest year closed under Lloyd's three-year accounting system.

Both publications are available free to ALM members. Further details are available by calling the association at 071-283-4026.

Comings & goings

Lloyd's of London broker Bain Clarkson Ltd. has appointed **Gerald Kamphuisen** to head its European division. Mr. Kamphuisen formerly was co-chairman of Dutch broker Hudig-Langeveldt Group bv.

Marie-Louise Rossi is joining the London office of Tillinghast, a division of Towers, Perrin, Forster & Crosby Inc. Ms. Rossi, previously advised multinational corporations, financial institutions and government agencies on risk management issues while working for Sedgwick Group P.L.C.

Peter Abbott has become manager for major risks and home foreign business in the commercial insurance department of Guardian Royal Exchange P.L.C.'s head office in Ipswich. Mr. Abbott previously was marketing manager in the department.

Edward Bose has become GRE's new administration manager for its London office. Mr. Bose previously was GRE's administrative manager in its Ipswich office.

William J. Oram has been appointed chief financial officer of Alexander Howden Ltd., the London-based wholesale insurance brokerage subsidiary of Alexander & Alexander Services Inc.

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International Editor Stacy Shapiro in London also contributed to this report.

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Summary of major property/casualty insurers' first-half results

Ranked by change in net income. All amounts in thousands of dollars.

Rank 1990		Corporate: Consolidated revenues 1990	Corporate: Net income 1990	Corporate: Percent increase (decline) 1989-1990	Property/casualty operations: Combined[1] ratio 1990	Property/casualty operations: Combined[1] ratio 1989	Property/casualty operations: Net premiums written 1990	Property/casualty operations: Percent increase (decrease) 1989-1990	Property/casualty operations: Pretax underwriting income (loss) 1990	Property/casualty operations: Percent increase (decline) 1989-1990	Property/casualty operations: Pretax investment income 1990	Property/casualty operations: Percent increase (decrease) 1989-1990	Property/casualty operations: Policyholders surplus 1990	Property/casualty operations: Percent increase (decrease) 1989-1990
1	Fremont General Corp.	309,529	13,671	1,747.1	106.9	104.8	230,813	53.5	(15,509)	(121.4)	42,502	63.4	195,764	13.1
2	Reliance Ins. Co. & subs.	2,036,791	261,707	245.0	108.0[2]	105.9[2]	981,899	0.1	(70,158)	(27.2)	107,703	0.1	888,757	49.7
3	USF&G Corp.	2,266,900	55,600	75.4	109.7[2]	108.4[2]	1,906,000[2]	(2.2)	(177,000)	(15.7)	291,000	(8.2)	N/A	N/A
4	Berkshire Hathaway Group	290,911	121,169	43.8	118.4	108.0	122,194	(52.1)	(24,365)	(18.3)	158,448	43.8	N/A	N/A
5	Fireman's Fund Ins. Cos.	1,826,000	107,900	32.2	116.5	115.9	1,422,600	5.9	(226,300)	(6.3)	234,700	0.9	1,322,000	(6.3)
6	Hartford Insurance Group	4,348,000	137,000	21.2	108.5	107.0	3,073,000	(3.3)	(300,000)	(16.7)	465,000	9.2	2,582,000	(1.3)
7	Aetna Life & Casualty Co.	9,586,700	383,600	11.8	114.0	113.0	3,180,800	(3.0)	(440,900)	(3.0)	536,500	8.5	2,559,400	16.0
8	Old Republic Int'l	607,172	49,727	6.1	109.6	114.3	339,906	15.0	(31,316)	23.3	76,456	6.2	693,829	5.2
9	Argonaut Insurance Co.	253,908	37,917	4.8	102.8[2]	101.7[2]	204,261[2]	18.7	(8,245)[2]	(65.7)	61,079[2]	10.9	416,154	24.3
10	Chubb Corp.	2,068,300	221,900	4.7	101.7[2]	99.8[2]	1,425,000	5.8	(27,900)	(4,550.0)	230,600	11.2	1,331,800	(6.0)
11	American International Group	7,455,469	723,575	4.0	98.9[2]	99.1[2]	4,685,372	3.2	51,510	(0.7)	510,785	11.2	N/A	N/A
12	Hartford Steam Boiler	273,738	40,173	1.9	86.2	81.9	147,014	6.0	20,253	(21.9)	20,438	3.9	350,044	17.3
13	General Re Corp.	1,424,500	304,300	1.5	99.0[2]	99.0[2]	1,009,900	8.3	(7,500)	(135.2)	347,200	6.9	2,804,800	10.5
14	The St. Paul Cos. Inc.	1,926,218	190,682	(1.1)	103.9	104.1	1,473,455	7.9	(55,665)	4.5	310,104	1.4	1,522,763	7.4
15	Sentry Insurance Cos.[2]	655,082	25,529	(2.5)	105.4	106.0	567,683	8.0	(36,758)	(6.2)	73,658	0.3	635,199	9.9
16	SAFECO Corp.	1,569,848	132,300	(5.0)	106.1	103.9	835,816	5.6	(50,375)	(67.7)	139,471	10.8	1,053,784	9.6
17	Travelers Corp.	6,240,400	193,300	(8.8)	113.8	111.4	2,333,900	(5.0)	(348,100)	(28.8)	377,700	6.3	2,145,700	6.9
18	Lincoln National Corp.	3,985,400	94,200	(11.9)	108.6[2]	104.6[2]	1,224,400	3.4	(53,900)	(15.7)	69,000	(16.5)	1,198,100	(18.5)
19	CIGNA Corp.	8,702,000	200,000	(13.8)	114.6	112.1	2,772,000	(4.7)	(424,000)	(19.1)	425,000	1.0	2,045,000	(3.5)
20	Transamerica Ins. Group	1,054,065	33,563	(14.5)	110.6	111.0	887,411	10.4	(99,000)	(10.7)	125,922	17.2	1,031,115	5.5
21	Ohio Casualty Corp.	812,390	38,658	(48.3)	106.5[2]	100.8[2]	746,024[2]	6.2	(51,137)	(349.9)	90,270	(2.5)	513,442	(6.4)
22	CNA Financial Corp.	4,820,000	182,100	(54.5)	114.9[2]	112.3[2]	3,270,000[2]	13.9	(516,400)[2]	(34.1)	553,400[2]	9.5	3,170,000	7.5
23	Royal Group (U.S. subs.)[2]	N/A	(39,200)	(57.4)	124.2	118.1	1,104,400	(4.3)	(265,500)	(31.6)	170,300	11.2	765,500	(6.8)
24	Crum & Forster Inc.	2,107,600	66,300	(59.8)	113.8	112.1	1,573,300	(4.6)	(228,600)	(13.3)	299,800	0.6	1,313,500	(23.8)
25	Continental Corp.	2,772,000	34,700	(68.3)	113.8[2]	111.0[2]	2,251,100[2]	(4.8)	(308,800)	(30.2)	365,700	4.6	N/A	N/A
26	Home Insurance Cos.	1,547,000	(148,000)	(364.3)	109.4[2]	108.7[2]	1,138,000	1.7	(122,000)	(27.1)	164,000	(8.9)	770,000	(11.5)
—	Nationwide Mutual Ins. Co.[2]	N/A	N/A	N/A	106.8	105.6	2,912,605	1.8	(231,028)	(83.0)	347,241	5.2	3,015,102	5.4
—	Commercial Union Ins. (U.S.)[2]	N/A	N/A	N/A	110.2[3]	114.4[3]	687,600	9.0	(82,500)	15.7	85,500	2.2	583,100	9.2
—	Liberty Mutual Ins. Co.[2]	N/A	N/A	N/A	113.3	116.3	3,296,783	1.7	(336,010)	20.2	532,459	6.7	N/A	N/A
—	Kemper National P/C Cos.[2]	N/A	N/A	N/A	115.3	105.9	1,482,826	16.8	(237,092)	(157.0)	155,885	3.2	1,670,994	6.2
	Cumulative	68,939,921	3,462,371	(8.6)	109.9	108.5	47,286,062	1.8	(4,704,295)	(22.6)	7,367,821	5.8	34,577,847	2.7

[1] After dividends [2] Statutory [3] Before dividends N/A—Company did not provide data

P/C insurer results

Continued from page 1

Mr. Busti said his instincts tell him that many insurance company chief executives are still afraid of losing market share, and this fear could continue well into 1991.

"We're not that optimistic about any significant change," he said.

The 30 commercial property/casualty insurers surveyed by *Business Insurance* posted a 109.9% first-half combined ratio of 1990, compared with 108.5% in 1989. It was a slight improvement over the 110.2% combined ratio reported at the end of the first quarter.

Other results were equally discouraging:

- Underwriting losses increased another 22.6% to $4.7 billion in the first half of 1990 from $3.8 billion in the first half of 1989.
- Net premiums written increased a nominal 1.8% to $47.3 billion from $46.5 billion in the first half of 1989. This is a further drop from the first quarter, when net premiums written grew by 2.3%.
- With cash flows continuing to decline, investment income grew by only 5.8% to $7.4 billion from $7 billion in the first half of 1989. This is a decline from the 7.2% increase in the first quarter.
- Policyholder surplus among the 25 insurers reporting this data increased by just 2.7% to $34.6 billion from $33.7 billion in the first half of 1989. This compares with a 5.5% increase in the first quarter.
- Net income among the surveyed insurers dropped 8.6% to $3.5 billion from $3.8 billion in the first half of 1989. However, this is an improvement from the first quarter, when net income dropped by 15.3%.

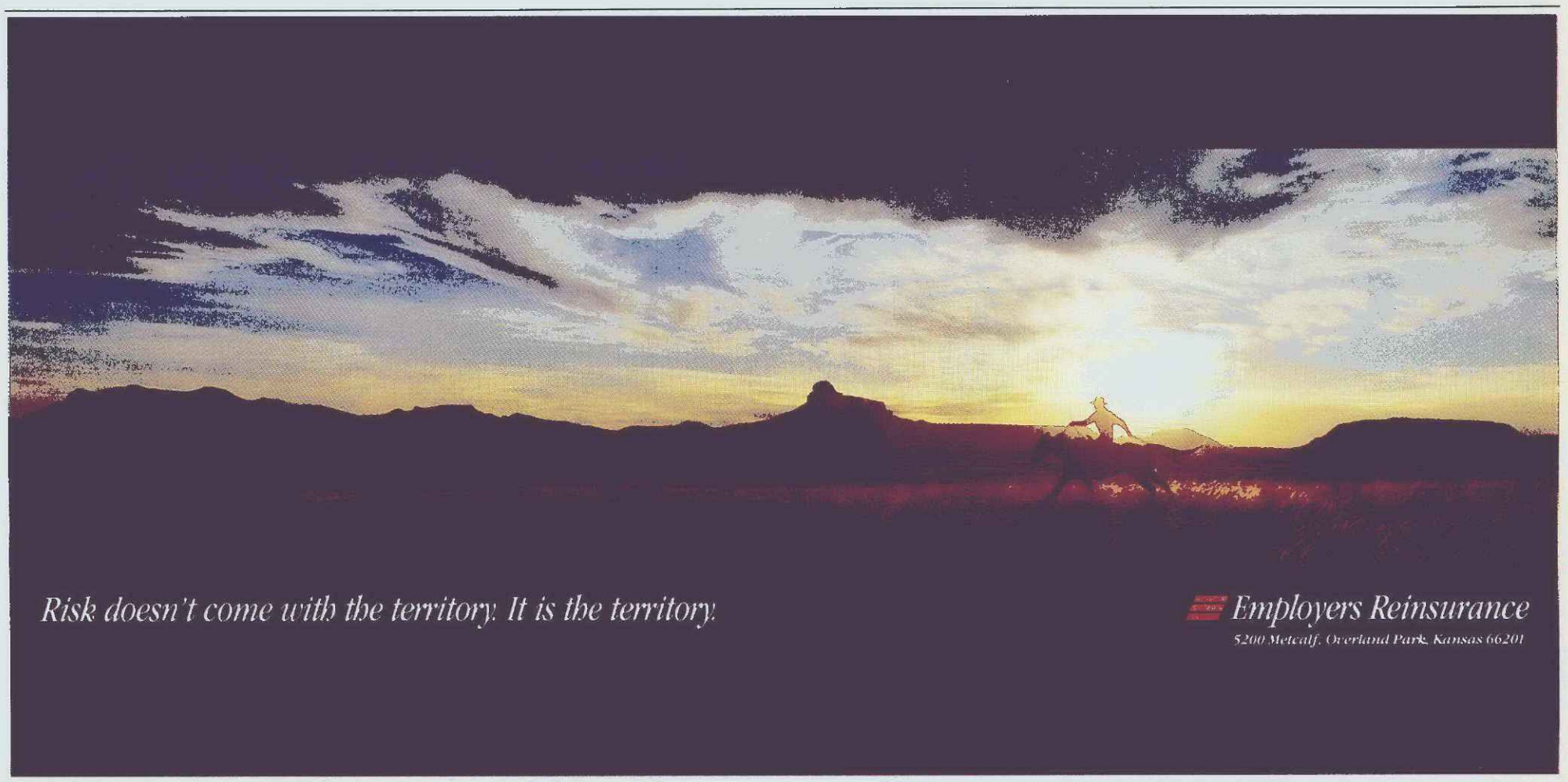
However, because insurers now report just their net—and not their operating—income, it is unclear how much of the improvement is attributable to capital gains.

In addition, multiline insurers' improved group health results helped offset deteriorating property/casualty results (see related story).

Meanwhile, 13—or half—of the 26 insurers reporting net income reported declines for the first half, with two of these companies—The Home Insurance Co. and Royal Insurance Group—posting losses.

AmBase Corp., The Home's parent, reported heavy first half losses

Continued on next page



P/C insurer results

Continued from previous page
stemming from junk bonds held by The Home (*BI*, Aug. 20).

William Watt, senior vp-field operations at the Royal Insurance Group in Charlotte, N.C., attributed Royal's $39.2 million first-half loss to a "rethinking of our strategic thrust" away from commodity-type business and toward mid-sized accounts.

Fremont General Corp. reported the largest percentage increase for the first half, posting $13.7 million in net income, compared with a $830,000 loss for the comparable period a year ago.

The improvement, however, had nothing to do with commercial property/casualty results. Fremont wrote off $15 million in loans in connection with its commercial finance subsidiary, Fremont Financial Corp., in the first half of 1989, explained a Fremont official.

Insurers and industry analysts point out that the property/casualty market has failed to harden despite numerous signals that seemed to indicate a turn.

"There isn't much going on" in terms of rate hikes, particularly in the agency market, said a CIGNA Corp. official, referring to business produced by independent agents. There has been a "little more stabilization" in the brokerage market, he added.

Overall, the situation is "clearly unacceptable, but not disastrous," he said.

CIGNA's unwillingness to cut rates has cost it renewal business as well as new business that has gone elsewhere, he said, pointing to CIGNA's 4.7% decline in net written property/casualty premiums in the first half. He noted also that CIGNA is withdrawing from the workers compensation and personal auto business.

Most observers say they expect the market to turn sometime in 1991, though they admit a more precise estimate is difficult.

"I think it's likely to turn sometime in 1991. The real question is whether we're talking early or later in the year," said Shearson's Mr. Ghose. He said he senses it will be early, "but this kind of thing is very difficult to call."

Peter Taylor, vp in New York-based Scudder, Stevens & Clark's research department, noted that observers had expected the market to turn quickly after last year's catastrophes.

"I didn't particularly think it would because there's too much money in the business and yes, (catastrophe losses) put a dent in the numbers. But coming into '90, at least the published surplus numbers were pretty strong," Mr. Taylor said.

He noted, however, that with claims costs increasing at an 8% to 10% rate, while revenues and premiums increase at only a 3% to 4% rate, "something has to give pretty soon." The increasingly heavy impact on property/casualty insurers from the 1986 tax act—and the prospect of more catastrophe losses—must be factored into the equation as well, he said.

He predicted that during upcoming year-end renewals, insurers will attempt to buy more reinsurance in an effort to reduce their exposure, in a reversal of the trend toward higher ceding company retentions during the past two to three years. The primary insurers will then start introducing rate hikes during the course of the year, Mr. Taylor said.

"We don't see it turning this year. In fact, we don't see any signs of improvement" except for specialty lines and worker compensation, said Herbert Goodfriend, an analyst with Prudential/Bache Securities in New York.

Mr. Goodfriend said he cannot reasonably expect any improvement before midyear 1991. And, he added, if interest rates continue to rise, a return to cash-flow underwriting would not be ruled out.

"I would expect we will see some firming, particularly on the smaller stuff, late in the fourth quarter or early in the first quarter," said Royal's Mr. Watt. These increases will then be followed with the introduction of rate hikes for larger business, he said.

And Ed Santos, chief financial officer for Transamerica Insurance Group in Woodland Hills, Calif., said: "Basically, we believe that competition is continuing to accelerate. . .and we don't really see any change in the marketplace until sometime probably in the third and fourth quarter of '91. So the real impact won't show up till '92, if that happens."

He noted that Transamerica's 14.5% decline in net income in the first half was attributable to only $5.4 million in aftertax capital gains during the first half, compared with $11.5 million in capital gains during the first six months of 1989. The company had actually boosted its operating income by $435,000 for the first half of 1990 compared with the same period a year ago, Mr. Santos said.

However, other observers noted that operational and underwriting results continued to sag in the first half of this year with no change in sight.

"The deterioration of underwriting results certainly was in evidence in the second quarter, and we continue to look for the down cycle both in pricing and in underwriting to continue," noted W. Dolson Smith, an analyst with Morristown, N.J.-based Firemark Consultants.

He added he does not expect prices to harden "meaningfully" until at least mid-1991, and this will not be reflected in insurers' earnings for as much as 12 months later. "Basically, we would not be looking for earnings improvement in the industry until well into 1992, and possibly 1993," he said.

While rates for many types of insurance have stabilized, they have not kept pace with rising claims costs and loss adjustment expenses, Mr. Smith added.

Rates will not increase until late next year and "maybe beyond that," agreed David Wells, an analyst with Fitch Investors Service in New York. Among the factors that could cause a quick market turn are higher interest rates, which Mr. Wells says are not likely, "pretty bad" catastrophe losses and a very weak stock market, he said.

Mr. Wells said he strongly disagrees with any who think the market will turn within the next 12 months, barring high interest rates or catastrophes. "I think they're smoking something," he said.

The market could improve later in 1991, especially if there is serious erosion in the bond and equity markets, said Michael A. Lewis, first vp at Dean Witter Reynolds Inc. in New York.

He added that "weather and inadequate rates were the major factors for the poor property/casualty showings" in the second quarter, noting there already has been a major storm loss in the third quarter. The American Insurance Services Group's Property Claims Services Division estimates that a July 11 hail storm in Denver caused $625 million in insured damages.

But, while insurer cash-flow levels continue to decline, the property/casualty insurance industry still has an abundance of capital, Mr. Lewis said. "We see no urgency facing the industry to change its pricing policies over the intermediate term," he said.

More optimistic was Charles Ronson, an analyst with Baird, Patrick & Co. in New York. "I think the cycle is going to turn by the end of this year," he said.

Mr. Ronson said the 11 commercial property/casualty insurers he studies produced in the first half only $100 million in statutory cash flow, which he defines as collected premiums less paid losses and expenses and policyholder dividends.

"That's just barely positive" and will turn negative by year-end, he said. "When that number is negative, the cycle pretty rapidly turns."

Observers generally say that while it is possible the uncertain stock market—fueled by events in the Middle East—could lead to a deterioration in insurers' surplus that would accelerate a turn in the cycle, it is fairly unlikely.

Insurers now invest less heavily in the stock market than they did in the mid-1970s, when insurers were walloped by the stock market decline that later led to a hardening of the market, said the CIGNA official. "They pretty much learned their lesson then," he said.

"The state of the stock market does not keep me up as late at night as the absence of material price increases," he added. "It's another reason why" insurers should increase rates.

Firemark's Mr. Smith said the industry has abundant capital, "even with the stock market at current levels."

Mr. Ronson said stock market activity is "totally irrelevant. They don't own much stock."

"I don't think" stock market uncertainties can turn the market on their own, but they are "one more sobering element," said Mr. Wells.

Declining stock values "will increase the dissatisfaction level somewhat," agreed Gordon Luce, assistant manager at Brown Bros. Harriman & Co. in New York.

A decline in the stock market could affect the industry's surplus this year and that, combined with a bond market that is not strong, "may accelerate the whole pricing process," said James Guenther, assistant vp for rating agency Duff & Phelps in Chicago.

But, he said, it will be a few quarters before insurer managements realize their true levels of capital, said Mr. Guenther.

He estimated that given the industry's current level of investments, a 10% decline in the stock market would probably mean a 4% to 5% decline in the insurance industry's capital and surplus.

Meanwhile, observers say insurers are following their traditional pattern of reducing their contributions to reserves during periods of weak earnings.

"It's typical in the down phase of the underwriting cycle" to slow down reserve strengthening until insurers are "almost obliged" to increase it, commented Firemark's Mr. Smith.

"The industry has certainly eased its reserve allocations, and that's not surprising in the latter stages of a down cycle," agreed Mr. Lewis, adding that insurers' reserves overall are inadequate.

The quality of reserves continues to deteriorate, with growth in reserves "well under" the growth in exposures, said Shearson's Mr. Ghose, adding that "I think that's likely to continue as long as we have a soft market."

Insurers overreserve in good years and underreserve in bad years, "and as long as it's not too far out of whack," it is not a bad way to manage, said Mr. Ghose.

However, insurers' current reserving practices are "clearly contrary to what should be done," stated Myron M. Picoult, senior vp at Oppenheimer & Co. in New York.

"I'm really shocked at the low increase in reserves, really shocked," commented Mr. Ronson.

Mr. Luce said that while he was "pretty comfortable" with insurers' reserves through 1989, the past two quarters "give me a little concern."

Reserve increases as a percent of premium are at the lowest level in seven years, Mr. Luce said. While this is partly because reserve deficiencies of past years have been taken care of, it is also attributable to tighter cash flow, he said. While the situation is "not too serious yet," any 1990 reserve shortages will have to made up in the future, said Mr. Luce.

"I think liability reserves are generally still very light—in other words not adequate," said Robert Branche of the Morrisville, Pa.-based Branche Research Group. He said if these deficiencies, along with the industry's substantial reinsurance recoverable "voids" are subtracted from its capital and surplus, "in my view the industry is not heavily capitalized, like everyone seems to say it is."

Robert A. Anker, president and chief executive officer of American States Insurance Co., a unit of Fort Wayne, Ind.-based Lincoln National Corp., said he cannot recall any period—except for the last two years—when reserves have declined after adjustments for inflation.

Mr. Anker said he finds this situation "kind of frightening. "I'm not sure what to make of it." ■

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Life/health results

Continued from page 1

that good health insurance results are helping to offset multiline insurers' weak property/casualty earnings.

Multiline insurers' first-half results were "basically driven by deteriorating commercial property/casualty earnings counterbalanced by ongoing improvement in group health results," he said (see related story, page 1).

And, insurers that focus on group health business are enjoying peak profits, at least for now, observers note.

"Group health has been surprisingly strong," said Udayan Ghose, an analyst with Shearson Lehman Brothers in New York. Price increases have held up much longer than had been expected, he said.

"I don't see any great price pressure out there, not as great as it has been in past times," said John P. Cole, executive vp and chief executive officer of Fort Wayne, Ind.-based Lincoln National Corp.'s managed health care groups, referring to competition among health insurers.

Mr. Cole also noted that trend factors—which include inflation and increases in utilization and which insurers use to project premium increases—have held steady for the past year and a half.

Lincoln National reported first-half profits of $15.3 million from its employee benefits operations, including $10.4 million in the second quarter alone, compared with an $11.6 million loss in the first half of 1989.

But observers warn the current surge in group health profits will not continue.

"The numbers look pretty good, don't they?" asked Dave Young, a Wyatt Co. consultant in Washington, D.C. "I think they're probably as good as they're going to get."

Insurers tend to compete more aggressively when profits are high, "and all of a sudden the profits disappear," he said.

"Rates are still going up, but they're not going up at the same degree they were going up a year ago," said Leonard E. Wood, senior vp for national marketing for the Blue Cross/Blue Shield Assn. in Chicago.

Non-profit Blue Cross plans nationwide posted a $788 million gain in the first half of this year, compared with a $104 million gain for the comparable period a year ago, a 657.7% increase.

"I would expect increased pressure by the middle of next year," said Lincoln National's Mr. Cole. The profit downturn, however, will not be as severe as it was years ago because there are now fewer players in the market.

"My feeling is that the health side is probably topping out," with maybe another couple of quarters on large profits. But the recovery is "largely over with," said Gordon Luce, an assistant vp with Brown Bros. Harriman & Co. in New York.

'The numbers look pretty good, don't they?' observes Wyatt's Mr. Young. 'I think they're probably as good as they're going to get,' he says, noting that insurers tend to compete more aggressively when profits are high.

"I think we're in sort of a peaking area in terms of pricing and in terms of margin, and I suspect we will continue to see some very modest declines in trend factors. Earnings probably will be topping out, I expect, some time in '91," said James Guenther, assistant vp at rating agency Duff & Phelps in Chicago.

"We're headed toward more competitive times, and that process has already begun," he said, adding that "this business has become quite cyclical."

This competition probably will not trigger losses among health insurers, but their profits probably will not grow, commented Julie Hilt, an assistant vp at Interstate/Johnson Lane Inc. in Atlanta. "You're not going to see the (profit) increases, but I don't see an immediate straining in margins," she added.

All segments of the group health insurance marketplace are basking in profitability, observers note.

For instance, CIGNA's indemnity business is "providing mature financial results in a declining market as more and more clients shift toward managed care," Mr. Whimpey said.

And at the same time, HMO business is "solidly in the black," said Mr. Whimpey. He noted that during the second quarter, CIGNA's HMO business posted $14 million in operating income, compared with a $3 million profit for the comparable period a year ago.

He noted also that CIGNA's acquisition of EQUICOR, the former group health insurance joint venture of The Equitable Life Assurance Society of the United States and Hospital Corp. of America, "continues to be a positive contribution." ■

Net income down 20% says report

NEW YORK—First-half net income for U.S. property/casualty insurers fell 20.6% to $5.2 billion from $6.6 billion a year ago, according to figures released last week by the Insurance Services Office and the National Assn. of Independent Insurers.

This compares with an 8.6% drop in net income to $3.5 billion posted by 26 commercial property/casualty insurers surveyed by *Business Insurance* (see story, page 1).

The insurers surveyed by ISO and the NAII, which account for 96% of the country's property/casualty insurance business, reported a 109.2% combined ratio for 1990's first half, compared with a 107.4% combined ratio for the first half of 1989.

The commercial insurers surveyed by *BI* reported a 109.9% combined ratio in the first half of the year, compared with 108.5% in the first half of 1989.

The overall industry reported pretax operating income of $5.1 billion in the first half of this year, down 23.9% from $6.7 billion for the first six months of 1989. Pretax underwriting losses increased by 22.6% to $10.6 billion from $8.2 billion.

Industrywide net premiums written for the first half increased 4.5% to $109.1 billion in 1990 from $104.4 billion in 1989. Net investment income, excluding realized capital gains, increased 4.3% in this year's first half to $15.8 billion from $15.2 billion in the first half of 1989. The industry's policyholder surplus increased 9.4% to $137.6 billion as of June 30, 1990, from $125.8 billion a year earlier.

—By Judy Greenwald

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Datebook

SEPTEMBER

SEPT. 19. Advanced Risk Management Financing Techniques seminar in Stamford, Conn., co-sponsored by the Society of Chartered Property & Casualty Underwriters and its Southern Connecticut chapter; $135 for Society of CPCU members; $195 for non-members. Mari Jennings, Society of CPCU, 720 Providence Road, P.O. Box 3009, Malvern, Pa. 19355-0709; 215-251-2741.

SEPT. 19-21. Southern Regional Educational Seminar in Charleston, N.C., co-sponsored by the Carolinas, Palmetto, Piedmont and Western Carolinas chapters of the Risk & Insurance Management Society Inc.; $85 for RIMS members; $100 for non-members. Golden Corral Corp., P.O. Box 29502, Raleigh, N.C. 27626; 919-881-4606.

SEPT. 19-21. Entering the '90s—Are You Ready? seminar in Cincinnati, sponsored by the Cincinnati chapter of the Risk & Insurance Management Society Inc.; $125 for RIMS members, $200 for non-members. Chuck Rizzo, Scripps Howard Inc., 110 Central Trust Tower, Cincinnati, Ohio 45202; 513-977-3848.

SEPT. 20. Advanced Cost Containment workshop in San Francisco, sponsored by the Health Research Institute; $295. **Also Oct. 11** in Columbus, Ohio; **Nov. 15** in Meadowlands, N.J.; and **Dec. 13** in Chicago. Workshop Coordinator, Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 20. 401(k) Seminar—Current Update in Denver, co-sponsored by the Employers' Council on Flexible Compensation and Western States Administrators; $185 for ECFC members; $195 for non-members. ECFC Conference Center, Dept. 5063, Washington D.C. 20061-5063; 202-659-4300.

SEPT. 20. Labor/Management Workshop in San Francisco, sponsored by the Health Research Institute; $595. **Also Oct. 9-10** in Columbus, Ohio; **Nov. 13-14** in Meadowlands, N.J.; and **Dec. 11-12** in Chicago. Workshop Coordinator, Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 20. National Health Proposals Workshop in San Francisco, sponsored by the Health Research Institute; $295. **Also Oct. 11** in Columbus, Ohio; **Nov. 15** in Meadowlands, N.J.; and **Dec. 12** in Chicago. Workshop Coordinator, Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 20-21. Health Care Cost Containment: Employers Taking Control conference in Orlando, Fla., sponsored by The Florida Assn. of Business & Health Coalitions Inc.; $100 for FABHC members; $190 for non-members; $150 each for two or more registrants from the same company. Florida Assn. of Business & Health Coalitions, 1510 E. Colonial Drive, Suite 301W, Orlando, Fla. 32803; 407-898-3665.

SEPT. 20-22. 39th Annual Illinois Assn. of Professional Insurance Agents Convention in Bloomingdale, Ill.; $210 for PIA members; $165 for spouses; $245 for non-members; $200 for non-member spouse. Illinois PIA, 955 Durkin Drive, Springfield, Ill. 62704; 217-546-7700.

SEPT. 21. Retiree/Catastrophic Workshop in San Francisco, sponsored by the Health Research Institute; $295. **Also Nov. 13** in Meadowlands, N.J.; and **Dec. 11** in Chicago. Workshop Coordinator, Health Research Institute, 1600 S. Main Plaza, Suite 170, Walnut Creek, Calif. 94596; 415-676-2320.

SEPT. 23-25. Aircraft Builders Council Inc. 1990 Fall Seminar in Naples, Fla.; no charge for ABC policyholders; $200 for guests. Julie A. Taylor, Aircraft Builders Council Inc., 205 E. 42nd St., Suite 1504, New York, N.Y. 10017; 212-682-5110.

SEPT. 23-26. National Assn. of Mutual Insurance Cos. 94th Annual Convention & Exposition in Orlando, Fla., sponsored by the National Assn. of Mutual Insurance Cos.; $350 for NAMIC members; $500 for non-members. NAMIC, P.O. Box 68700, Indianapolis, Ind. 46268-0700; 317-875-5250.

SEPT. 23-28. The Management Program seminar in Princeton, N.J., sponsored by The College of Insurance; $1,495 for College sponsors; $1,695 for non-sponsors. **Also Oct. 28-Nov. 2.** The College of Insurance, 101 Murray St., New York, N.Y. 10007; 212-964-3381.

SEPT. 24-25. The Insurance/Reinsurance Cash-Flow conference in New York City, sponsored by Executive Enterprises Inc.; $1,045. Executive Enterprises Inc., 22 W. 21st St., New York, N.Y. 10010-6904; 800-831-8333; 212-645-7880.

SEPT. 24-26. 1990 Corporate Retirement Benefits Conference in Chicago, sponsored by the International Foundation of Employee Benefit Plans; $615 for IFEBP members; $690 for non-members. International Foundation of Employee Benefit Plans, Registration Department, P.O. Box 69, Brookfield, Wis. 53008; 414-786-6700.

SEPT. 24-26. 1990 Health Care Cost Management Conference in Denver, sponsored by the International Foundation of Employee Benefit Plans; $1,000 for IFEBP members; $1,125 for non-members. International Foundation of Employee Benefit Plans, Registration Department, P.O. Box 69, Brookfield, Wis. 53008; 414-786-6700.

SEPT. 25-26. Insurance Regulation Course in New York City, sponsored by Executive Enterprises Inc.; $1,045. Executive Enterprises Inc., 22 W. 21st St., New York, N.Y. 10010-6904; 800-831-8333; 212-645-7880.

SEPT. 25-28. Planning for the 21st Century conference in New York City, sponsored by William M. Mercer Inc.; $550. Mercer International Conference, 3500 Texas Commerce Tower, 2200 Ross Ave., Dallas, Texas 75201; 214-220-3539.

SEPT. 26. Introduction to Risk Management for Non-Insurance Managers seminar in New York City, sponsored by The College of Insurance; $195 for College sponsors; $225 for others. **Also Nov. 7** in Atlanta. Jane Wechsler, The College of Insurance, 101 Murray St., New York, N.Y. 10007; 212-815-9201.

SEPT. 26. Insurance Carrier Solvency and Computer Security symposia in San Antonio, Texas, sponsored by The Society of Chartered Property & Casualty Underwriters; $115 for Society of CPCU section members; $135 for non-section members; $150 for non-members. Bonnie Kinsley, Continuing Education Coordinator, The Society of CPCU, 720 Providence Road, P.O. Box 3009, Malvern, Pa. 19355-0709; 215-251-2735.

SEPT. 26. Insurance Market Regulation conference in London, England, sponsored by Insurance & Reinsurance Research Group Ltd.; 250 pounds ($486) plus 15% VAT. Caroline Atkinson, IRRG Ltd., Bridge House, 181 Queen Victoria St., London EC4V 4DD; 071-236 2175.

SEPT. 26-27. Air Toxics Regulation conference in Washington, D.C., sponsored by Executive Enterprises Inc.; $1,045. Executive Enterprises Inc., 22 W. 21st St., New York, N.Y. 10010-6904; 800-831-8333; 212-645-7880.

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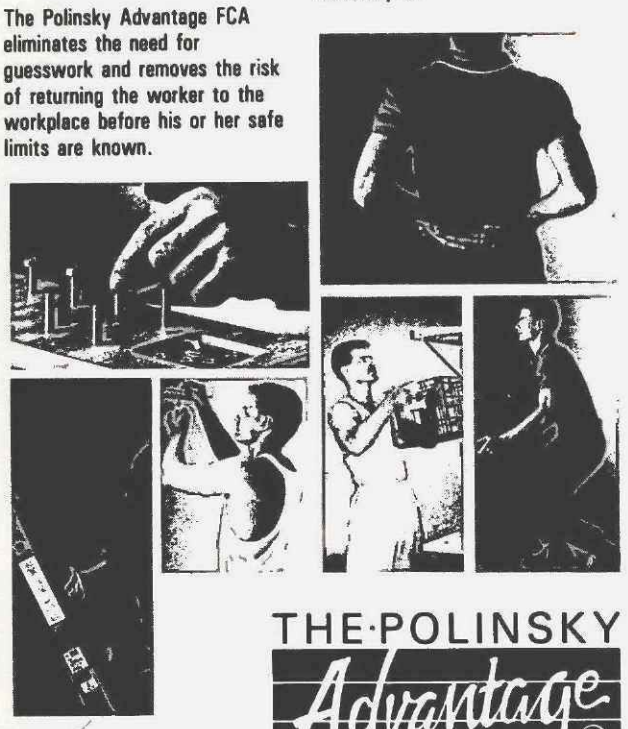

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Bill would tighten controls on transportation of waste

By ADRIENNE C. LOCKE

Washington

WASHINGTON—Legislation recently approved by committees in both the House and Senate is designed to prevent spills and other accidents associated with hazardous materials transportation.

The legislation, which would amend the Hazardous Materials Transportation Act, also would increase federal regulation of the estimated 500,000 daily shipments of hazardous waste materials by truck and rail.

A House bill, H.R. 3520, introduced by Rep. Thomas A. Luken, D-Ohio, was approved by the Surface Transportation Subcommittee Aug. 2. The bill was sent to the House Public Works and Transportation Committee.

A Senate bill, S. 2936, introduced by Sen. J. James Exon, D-Neb., was approved by the Commerce, Science and Transportation Committee July 31. The bill is now available for debate on the Senate floor.

Both bills contain similar provisions. For example, the bills call for:

- Safety permits for trucks carrying hazardous materials.
- Designating certain routes for transporting hazardous materials.
- Prohibiting tampering with any labels, markers or descriptions of contents on vehicles used to transport hazardous materials, and making it illegal to remove such markings.
- Requiring rail transportation of high-level radioactive waste and spent nuclear fuel be restricted to trains operated exclusively for that purpose.

However, the House bill would go further and require that any vehicle transporting these hazardous wastes be used solely for that purpose.

- Increasing civil penalties for violating the act to up to $25,000 per day from $10,000 and creating a minimum $250 fine.

In addition, the bills would make some violations of the act a criminal offense punishable by up to five years in prison and up to $250,000 in fines for individuals. Corporations could face criminal penalties of up to $500,000 per violation. Criminal penalties would be determined by the Department of Transportatior..

There are some differences between the two bills, however.

For example, H.R. 3520 would require hazardous waste haulers to pay a fee to obtain safety permits to help pay the cost of enforcement. S. 2936 does not include such a provision.

In addition, the two bills differ on the number of additional safety inspectors that would be hired for various departments.

The House bill calls for adding 200 more inspectors to the number allowed in fiscal 1991, while the Senate bill calls for adding 30.

In addition, the House bill would generally prohibit the transportation of food, food products or drugs in vehicles previously used to transport any hazardous materials, solid waste or any other material considered by the Transportation Department to be a threat to human health.

However, the bill in some instances would allow vehicles to be used to transport non-hazardous materials after being used to transport hazardous materials if the vehicle was decontaminated according to standards to be set by the Transportation Department.

The Senate bill does not contain such a provision.

Cleanup surety bonds

The surety bond market is tightening for some hazardous waste cleanup firms because of concerns over the potential liability arising from cleanup projects, a report says.

An unfavorable legal environment —most notably widespread litigation and large plaintiff awards stemming from hazardous waste cleanup projects—has made surety bond companies very cautious about insuring these projects, said a report on the difficulties the U.S. Army Corps of Engineers and the U.S. Environmental Protection Agency have experienced in finding firms to handle cleanup projects.

The report found that many firms say they want to secure the government contracts but are unable to get the required performance bonds.

Performance bonds are used to insure the completion of a project in accordance with contract specifications.

The surety bond industry says it is more carefully underwriting firms performing such cleanup work because of fears of long-term liability in the event of an accident where the contractor has inadequate pollution liability insurance.

The surety industry apparently now will issue bonds to only those cleanup firms that have other substantial business with the surety company, or that have huge financial assets and a history of past performance on hazardous or toxic waste projects, the study found.

As a result, some contractors that are highly experienced in these kinds of cleanup projects are unable to compete for such work in some instances, the report said.

"The surety community appears to allow its concerns for the unknown risks associated with such work to overshadow its consideration of more conventional factors reflecting the contractor's capability to perform," such as the firm's experience on other cleanup jobs, the report said.

The report also discusses clarifying ambiguities in the Superfund act regarding bond issuers' liability.

Copies of the report, "Hazardous and Toxic Waste (HTW) Contracting Problems: A Study of the Contracting Problems Related to Surety Bonding in the HTW Cleanup Program" (No. 716.0/HTW), can be obtained for $10 each from the American Consulting Engineers Council, 1015 15th St. N.W., Washington, D.C. 20005; 202-347-7474.

UPS faces OSHA fines

The United Parcel Service faces $279,000 in total proposed penalties for 131 alleged record keeping and other violations at its Watertown, Conn. facility, the Labor Department announced.

The Occupational Safety and Health Administration inspected the facility after the agency independently learned that a worker had been killed when he was struck by a vehicle, OSHA said. UPS had not notified OSHA of the incident, the agency said.

OSHA's investigation was eventually widened to include a review of all accidents and ergonomic problems at the plant.

In addition to failing to notify OSHA of the fatality, the Greenwich, Conn.-based company was cited for failing to record workplace illness and injuries, have an adequate emergency response plan, and provide adequate training to handle spills. It also was cited for an alleged ergonomic violation.

Earlier this year, OSHA proposed fining UPS a total of $624,980 for alleged record keeping and other violations at its Uniondale, N.Y. facility, the agency said.

UPS has until Tuesday to contest these new fines to the independent Occupational Safety and Health Review Commission.

Pension plan taxes

Changing the tax treatment of pension plans—which is among several revenue-raising proposals that the Bush administration and Congress are considering—could lead to lower pension plan returns and benefits as well as complicate administration of the plans, according to a new report by the Employee Benefit Research Institute.

Any proposed changes would warrant "careful analysis of the potential effects" on pension benefits, financial markets and the economy, said the Washington, D.C.-based think tank.

For example, a proposed tax on profits from short-term pension plan investments was introduced last year by Sen. Nancy Kassebaum, R-Kan., and Sen. Robert Dole, R-Kan., as the Excessive Churning and Speculation Act of 1989.

The bill, S. 1654, would levy a 10% excise tax on the capital gains produced by pension plan assets held 30 days or less and would impose a 5% tax on the capital gains produced by assets held more than 30 days but less than 180 days. Any pension plan with assets of $1 million or less would be exempt (*BI*, Oct. 2, 1989).

While the goal of the legislation is to encourage more long-term investing by pension plans, the costs of the tax would encourage employers to reduce benefits for defined benefit plan participants and beneficiaries, the report said.

Taxing short-term gains also would reduce the pension proceeds for defined contribution pension plan participants, the report says.

"By lowering the investment return credited to each plan member, such a tax most likely would decrease the amount available for retirement," EBRI said.

Plan managers would have to take into consideration the cost of the short-term capital gains tax when making investment decisions, so the tax could affect overall investment strategies of the plan, the report said.

Other ramifications of a short-term capital gains tax might not be realized for another decade, EBRI said.

Another proposal being considered by the Bush administration is a 5% transaction tax on the sale or purchase of securities, except for Treasury securities.

Some securities industry representatives believe that such a tax would increase the cost of transactions, which would depress stock prices and affect returns, the report said.

If approved, that proposal would generate an estimated $12 billion annually in additional revenues.

Supporters of the proposal argue that the tax would reduce short-term trading because it would become less profitable and allow corporate managers to focus on long-term investment, the report said.

Those who favor the transaction tax also point out that many countries, such as West Germany, Japan, Great Britain and Canada, have enacted similar transaction taxes without any adverse effects.

But, opponents of the proposed tax counter that these countries are in the process of reducing or eliminating the taxes, EBRI said.

Single copies of the August 1990 EBRI Issues Brief, "Pension Fund Taxation: Examining the Issues," No. 105, can be obtained for $25 each from the Employee Benefit Research Institute, P.O. Box 4866, Hampden Station, Baltimore, Md. 21211; 301-338-6964. ■

NYIE syndicates

Continued from page 2
out merit."

Quantum incorporated Delta America—first known as Elkhorn Insurance Co. and later as Elkhorn Re Insurance Co.—in Kentucky as a captive insurer covering Quantum's own risks.

The insurer started writing third-party business in 1972, and by 1979 this business accounted for more than 80% of its annual premiums, court papers say.

In 1983, Quantum sold its insurance unit to Delta Holdings, an insurance and reinsurance holding company formed by more than two dozen captive management clients of the former Reiss Organization, now known as International Risk Management Group Ltd.

Delta Holdings, in which Quantum itself is a shareholder, planned to use the Kentucky insurer as a fronting company for business ceded to Reiss-managed captives.

After Delta America was declared insolvent two years later, however, Delta Holdings sued Quantum for fraud and breach of contract, charging that Quantum misrepresented Delta America's value in sale negotiations and falsified the insurer's financial records.

Judge Keenan agreed in his April 10 ruling, ordering Quantum to refund Delta America's $18 million purchase price along with $13 million in interest and $6.3 million that Delta Holdings contributed to the insurer before its insolvency.

Claiming it was not aware of Quantum's fraudulent conduct until Judge Keenan's ruling, Pan Atlantic Group and the two NYIE syndicates filed their lawsuit Aug. 7 in U.S. District Court in New York.

GoldStreet was the third-largest syndicate on the now-shuttered NYIE based on 1986 gross premiums of $15.4 million.

Pan Atlantic Investors was the sixth-largest NYIE syndicate with $11.9 million of gross premiums in 1986. Pan Atlantic Group owns Pan Atlantic Investors and is a shareholder of GoldStreet.

According to the complaint, the two syndicates and Pan Atlantic Group—acting as underwriting manager for several companies—ceded business to Delta America under numerous property and casualty quota-share and excess-of-loss treaties between 1979 and 1984.

In doing so, Pan Atlantic relied on Delta America's financial statements and its rating from A.M. Best Co. to assess the reinsurer's financial stability, the complaint says.

However, Quantum, Mr. Norton and Mr. Joslin conspired to hide Delta America's deteriorating financial condition to maintain a flow of premium income for the reinsurer and dividends to its parent company, the suit charges.

Although Delta America's financial statements reported growing net income and policyholders surplus from 1981 through 1983—producing Best ratings of A+ the first two years and A in 1983—the defendants "systematically and repeatedly falsified" Delta America's loss reserves to create an artificially inflated picture of its profitability, the lawsuit charges.

Pan Atlantic cites several findings in Judge Keenan's ruling, including that Mr. Norton and Mr. Joslin concealed two reports by the Tillinghast division of Towers, Perrin, Forster & Crosby Inc. showing that Delta America was underreserved by $21 million as of year-end 1981, the complaint charges.

These deficiencies left Delta America—with reported surplus of $20.9 million at year-end 1981—"skirting the edge of insolvency," the lawsuit says.

The complaint also cites Judge Keenan's findings that Mr. Norton knew Delta America was nearly insolvent by the end of 1981 and that the reinsurer's actual insolvency in 1982 and 1983—along with the existence of the Tillinghast reports—was concealed from Delta Holdings during sale negotiations.

Despite these problems, Delta America paid "fraudulent and unlawful" dividends to Quantum amounting to about $750,000 in 1981, $1 million in 1982 and nearly $9 million just before the reinsurer was sold to Delta Holdings in 1983, the lawsuit says.

Delta America's liquidator has won a judgment of $12.3 million plus interest against Quantum as a result of these dividends, the complaint notes (*BI*, Dec. 11, 1989).

Quantum should be held liable for losses suffered by Pan Atlantic Group and the NYIE syndicates in the Delta America collapse because it dominated the operations of its former reinsurance unit and used the subsidiary "to commit blatant frauds," the lawsuit charges.

Pan Atlantic Group and the two syndicates have so far paid $2.5 million in losses that they have been unable to recover from Delta America; have received another $2.3 million in claims; and face an undetermined amount of additional incurred-but-not-reported losses, the complaint says.

Accusing the defendants of violating the federal Racketeer Influenced and Corrupt Organizations law, the complaint seeks a trebling of the $4.8 million in damages Pan Atlantic Group and the syndicates have incurred to date, or $14.4 million.

The suit also seeks $36 million in punitive damages for common law fraud and conspiracy. The lawsuit explains that this is roughly three times the amount of the allegedly fraudulent dividends Delta America paid to Quantum between 1980 and 1983. ■

Federal war risk programs

Continued from page 2
$200,000 for a $100 million vessel, he said. "It depends on where the cargo is destined and how close to the problem you get," he said.

However, commercial war risk underwriters will only offer coverage to vessels complying with the United Nations-sanctioned trade embargo on Iraq and Iraqi-occupied Kuwait.

Increases in cargo war risk rates also reflect insurance underwriters' perceptions of where the dangers lie, Mr. Curry said. "North of Dammam, Saudi Arabia, the rates are high; south of Dammam, the rates are more modest," he said.

However, all marine war risk rates for the Persian Gulf region are subject to change with 48 hours' notice, Mr. Curry said. "No one is willing to quote a rate for a week from today."

In fact, minimum cargo war risk rates in some areas of the Gulf were altered again last week by Lloyd's of London's and the Institute of London Underwriters' joint Cargo War Risks Rating Committee.

Last week, the committee reduced the minimum cargo war risk rate in the southern part of the Persian Gulf and the Red Sea to 0.0375% of insured value from 0.05%. This area includes Saudi Arabian ports on the Persian Gulf south of Dammam; Oman; and the United Arab Emirates. Rates for voyages to Iran and Jordan also were marginally reduced.

The U.S. government's marine war risk insurance program, which was part of the Merchant Marine Act of 1936, will provide hull, cargo and seaman coverage for any U.S. ships, foreign ships owned by U.S. companies, and in some instances foreign-owned ships carrying cargo bound to the United States, according to the Maritime Administration.

Travel destinations that qualify for the coverage would include the Persian Gulf and portions of the Gulf of Oman, the Gulf of Aqaba and Saudi Arabian ports on the Red Sea.

The insurance program was last invoked by President Kennedy during the Cuban missile crisis in the early 1960s.

The program will be available for a 60-day period ending Oct. 28. However, the program can be extended by the secretary of transportation with approval from the State Department and the Office of Management and Budget, the Maritime Administration said.

Shippers have already made inquiries to the Maritime Administration about the program. However, no policies have been written to date, an agency spokesman said.

Because the war risk program was reactivated just before the end of August, the agency still is in the process of outlining its criteria for eligibility and determining underwriting policies, he said.

In most cases, eligibility will be based on the cost of commercial insurance, and the amount of commercial coverage available will dictate the program's price. The Maritime Administration generally will base its price on a discount of the prevalent rate charged by commercial underwriters. However, other economic factors might play a role in whether a company can obtain the federal insurance coverage, the spokesman said.

"Something we might take into consideration would be the company's ability to afford commercial coverage, and we would look at the cost of insurance as cost of operation," he said.

For example, a shipowner might be quoted a commercial insurance price that, while affordable for one shipping company, is too expensive the company seeking the coverage.

However, the federal program still must be careful about the risks that it agrees to write, the Maritime Administration spokesman said.

"For us to write insurance and be a benefit to vessel owners, we would have to write the coverage at some kind of discount so it would be less than what's available in the commercial market. However, if we write it too low and we don't take in enough premiums to cover losses, that would create a problem," the spokesman said.

Losses are paid from the premiums collected, and while the program does have a reserve fund, it amounts only to $19 million—a small amount compared with the potential claims the program could face, the agency said.

For some airlines, the program is 'the one game in town, so you've got to play,' an observer says.

"It's not a substantial amount in the context of a $50 million or a $100 million vessel, but it's something," the spokesman said, referring to the reserve fund.

If losses were to exceed premiums and reserves, the Maritime Administration would have to borrow the money from the Treasury Department with approval from Congress, he said.

Meanwhile, commercial insurers also have drastically increased hull war risk rates for commercial airlines flying to the Middle East.

Insurers have added additional hull war risk premium rates of 0.0125% to 0.05% of the insured value of each aircraft flying in the region, in addition to the premium airlines pay to insure their fleets worldwide (*BI*, Sept. 3). These additional rates are subject to change with 48 hours' notice.

Also, other variables—such as the length of time spent on the ground in a troubled region, the number of flights into the region or how many stops the aircraft makes—could cause some of these rates to increase, said an aviation insurance observer.

Aviation war risk underwriters will not write coverages for airlines unless they maintain the embargo against Iraq and Iraqi-occupied Kuwait. Only airlines like Virgin Atlantic Airways and British Airways, which airlifted hostages last week from Baghdad, would have been quoted individual hull war risk rates for flights to Iraq since the British government approved those flights.

The federal aviation war risk insurance program, which is part of the Federal Aviation Act of 1958, will provide hull and liability war risk coverage for any U.S. aircraft or foreign aircraft owned by a U.S. company.

The program was last used during the Vietnam War to insure commercial aircraft flying to Saigon.

The program, which is managed by the Federal Aviation Administration, will be available for a 60-day period ending Oct. 14 but, like the marine insurance program, this period also could be extended by the Secretary of Transportation.

Aircraft flying to civil airports in the following nations are eligible for coverage: Saudi Arabia; Turkey; Israel, Kuwait; Jordan; Egypt; Yeman; Oman; Syria; Bahrain; United Arab Emirates; Cyprus; Qatar; and Iraq.

However the cost of coverage provided by the FAA may not be any better that available from commercial insurers.

The FAA war risk program requires the agency "to set our rate based on the risk," a spokesman said. "If we perceive the risk as being the same as the commercial markets, we'd probably come up to close to the same rates."

However, the spokesman for the Maritime Administration says the language of the law establishing the aviation insurance program, which is similar to the legislation establishing the marine program, is broad and leaves some room for lowering rates.

The FAA so far has had three inquiries about its war risk coverage. It has has written coverage for one airline, while another airline accepted a counteroffer from a commercial insurer and the third is still deciding. The agency declined to identify the airlines or give an estimate on the rate it now is offering.

Also, differences in the terms of federal and commercial aviation war risk coverage are causing some concerns.

For example, if there is a dispute among commercial aviation insurers whether a hull loss should be classified as a war risk, the war risk insurers and the "all-risk" insurers would each pay half of the claim to the policyholder and then decide which group is responsible for the loss in court or through arbitration.

However, the federal war risk insurance program has no such clause. As a result, disputes over whether a commercial all-risk insurer or the federal war risk program should be responsible for a claim could delay claims payments indefinitely, said the observer.

In addition, the FAA program currently only has $48 million in reserves, an insufficient amount to cover large hull losses. Like the Maritime Administration, the FAA also would have to ask Congress for additional funds if losses exceeded reserves.

The federal coverage "doesn't quite fill in all of the gray areas," the observer said, but for some airlines "it's the one game in town, so you've got to play." ■

Comings & goings: industry

A.C. Zucaro appointed CEO at Old Republic

A.C. Zucaro has been appointed chief executive officer of Old Republic International Corp. in Chicago.

Mr. Zucaro, 51, who will retain his position as president, will succeed William R. Stover, 67, who has been chief executive officer for 14 years. Mr. Stover will remain chairman of the company.

Mr. Zucaro joined Old Republic in 1976 and was appointed president in 1981.

Other insurer changes:

Lauren N. Patch will become president of Ohio Casualty Corp. in Hamilton, Ohio, effective Jan. 1. Mr. Patch, who joined Ohio Casualty in 1973, was named an officer 10 years later and was appointed to the board of directors in 1987. He currently is executive vp. Mr. Patch will succeed **William L. Woodall**, who will retire on Dec. 31 as president and chief operating officer. Mr. Woodall will become vice chairman on Jan. 1.

Roger L. Jean appointed president and chief operating officer of Peerless Insurance Co. and Netherlands Insurance Co., two units of Nationale Nederlanden U.S. Property Casualty Holdings Inc. in Keene, N.H. He also was appointed chief executive officer of Excelsior Insurance Co. of Syracuse, N.Y., another Nationale-Nederlanden unit. Mr. Jean also was named senior executive vp of the U.S. holding company.

Brokers

Corroon & Black Corp. of New York announced these changes: **A. Robert Poggi** promoted to chairman and **Michael J. Poggi** appointed president and chief executive officer with C&B of Western Michigan Inc. in Grand Rapids; **David L. Pfisterer** appointed to the newly created position of vp-tax compliance in New York; **Gregory Louvier** named executive vp of Corroon & Black/Arizona Inc. in Phoenix; **Donald W. Bacic**, **John A. Roberts Jr.** and **J. Jeffrey Ingman** appointed to vps in the Seattle office; and **Jeff Buckingham** and **Dave McGarry** promoted to vps in San Jose, Calif.

Thomas J. Schaffler named vp/director of benefits for Associated Agencies Inc. of Chicago.

David P. Battard appointed vp of Republic Hogg Robinson of Ohio Inc.

Michael S. German promoted to senior vp from vp for Aviation Insurance Services Inc. of Los Angeles.

Excess/surplus lines

John M. Griffin, president and chief operating officer of the London Agency Inc. in Atlanta, a specialist in property and umbrella coverages, named chairman and chief executive officer of the Crum & Forster Inc. unit. He will continue as chairman and chief executive officer of Seaboard Underwriters Inc. and Seaboard Underwriters Agency Inc., two managing general agencies, and Floyd West & Co., a wholesaler. ■

Reserve coverage

Continued from page 1

program is automatically available if a reservist's active duty commitment is at least 30 days.

CHAMPUS, though, provides limited dental benefits and generally requires beneficiaries to use military facilities for inpatient services if a facility is within 60 miles.

Employers say they are continuing coverage to reduce possible disruptions of care for families of reservists.

"We want to be as flexible as we can to help employees who may not be accustomed to receiving health care through military facilities," said Catherine Corse, assistant vp at Barnett Banks Inc. in Jacksonville, Fla.

Barnett Banks will continue health care coverage and will pay the entire premium for 120 days for employees called up for military duty and their dependents. That coverage ends when an employee is sent abroad.

"We wanted to do something to help our employees and their families. We didn't want our employees to worry about their families' health care while they are in Saudi Arabia," agreed Kathy Dupree, director of employee benefits at cable television operator MetroVision Inc. in Atlanta.

MetroVision is providing health care coverage for 60 days for reservists called up for military duty and their families. Employees will pay the same portion of the premium as they had before they were called to duty.

Most employers, regardless of size, report that few employees in the reserves have been activated during the Middle East crisis.

American Telephone & Telegraph Co. in New York says only about a dozen of its 283,000 employees have been called up. The company projects that up to 250 workers eventually could be activated.

Hilton Hotel Corp. in Beverly Hills, Calif., is not aware of any of its 35,000 employees being called up from the reserves.

However, Humana Inc., a Louisville, Ky.-based hospital chain with about about 50,000 employees, says about 50 already have been activated from the reserves.

More employees now in the reserves may be called up, though.

For example, New York-based Pan American World Airways says 767 of its employees—including 280 pilots—are reservists "on call."

Earlier this month, Defense Secretary Dick Cheney told the military services that they can activate 49,703 National Guard and reserve forces by Oct. 1 to support the U.S. deployment in the Middle East.

In the public sector, the federal government has agreed to continue health care coverage for employees called to active duty from the reserves for 12 months.

The Office of Personnel Management, which administers the federal government's health benefits program, issued a memo last month telling federal agencies to put employees who are in the reserves and have been called up for active duty in a "leave without pay status," thus guaranteeing continued health benefits coverage for the reservists and dependents for up to 12 months.

During that period, the government will continue to pick up its share of the premium, which averages about 65%, and now is considering alternatives regarding the employee share of the premium.

At least two large private-sector employers say they will extend some coverages for reservists or their dependents indefinitely.

Dependents of Gillette Co. employees who have been called to active duty will pay their ordinary portion of the premium—between 25% and 30%—for four weeks after the employee is called to duty. The company will then pay the full premium.

"The company has always recognized military service as a service to Gillette," explained Christopher J. Watson, director of compensation and benefits.

Boston-based Gillette now is reviewing whether to offer health care coverage to the employees called up from the reserves.

Reservists called to active duty and their dependents enrolled in the Healthflex plan at Southern California Edison Co. will have coverage extended indefinitely.

In addition, the company will pay the entire premium for employees who have opted for a deductible of $400 or higher under the flexible benefit program. Those who have opted for a deductible under $400 will have to pay the difference between the cost of their coverage and the cost of coverage with a $400 deductible. Under the Healthflex plan, employees can choose deductibles ranging from $100 to $1,000.

Southern California Edison will continue to pay for medical and dental benefits "from day one to day 30. On the 31st day, the employee goes on an official leave of absence and that is when our continued coverage kicks in—if they elect the $400 level," said Gil Fregoso, payroll and employee records manager for the Rosemead, Calif., utility.

Dental and vision coverage is discontinued after 30 days, but the employee has the option to continue this coverage at full cost.

Dayton-Hudson Corp.. is extending health insurance for one year for reservists and their dependents. Employees of the Minneapolis-based retailer will pay about 25% of the premium, the same portion they pay while on the job.

"Employees' lifestyles are being disrupted. We don't want to make things any worse than they now are," said Fred Hamacher, vp-compensation and benefits.

So far, Dayton-Hudson is aware of just three of its 75,000 to 80,000 full-time employees that have been called to active duty from the reserves.

Most surveyed employers, though, are providing shorter periods of coverage for employees called up from the reserves and their dependents.

Xerox Corp., for example, will continue coverage for only six months for reservists and dependents. Employees will pay the same percentage of the premium they paid while on the job.

Xerox "doesn't want anyone called up or their dependents to suffer any hardship" from the Middle East crisis, said a spokesman for the Stamford, Conn.-based conglomerate.

Humana also will continue health care coverage for six months for reservists on active duty and their dependents. Employees will continue to pay about 75% of the premium.

"To get good employees back and earn their loyalty, we want to bend over backwards to be fair," said Jon Gundersen, Humana's director of compensation and benefits.

Hilton Hotels, under a long-established policy, also will extend coverage for six months for reservists and their dependents, with the company continuing to pay about 90% of the premium for individual and 75% for family coverage.

"Due to the company's maturity, we already have policies in place (for health care continuation) pursuant to military engagements," said Lynn Hein, director of benefits.

Other employers are extending group health care programs for shorter periods for employees called up to active duty.

Coverage will be extended for 90 days for activated reservists and their dependents at Kemper Group's national insurance companies of Long Grove, Ill. Kemper will continue to pay about 80% of the premium.

"This action reflects our intention to stand behind our employees who may be called up to duty during the current Middle East crisis," said Gerald L. Mattman, Kemper National president and chief executive officer.

None of the 150 reservists among Kemper's workforce of 8,700 has been called to active duty.

AT&T is continuing health coverage for dependents of reservists for two months following the month in which an employee was called to active duty. For example, if an employee was called up on Sept. 8, dependents would receive coverage through Nov. 30. AT&T will pay the entire premium.

"This is a stressful time for employees and dependents and we want to lighten the burden whenever we can," said an AT&T spokeswoman.

Rockwell International Corp. will continue coverage for reservists and dependents for one entire month after a reservist is activated. The company will pay the same percentage of the premium as it had before the employee was called up, said Bill Allison, vp of organization and human resource planning in El Segundo, Calif.

"There is a period of time until their military benefits kick in and we feel it's only right" to extend coverage, Mr. Allison said.

However, Rockwell is continuing to examine the issues and is seeking advice from other employers. The company's current policy was set a week ago based on a review of what Rockwell had in place 20 years ago. "Now we are stepping back and asking, 'is this what we want to do for the longer term?' " Mr. Allison said.

An estimated 400 of Rockwell's 90,000 U.S. employees are reservists. At least 20 have been called to duty.

But, some companies offer only very limited extensions of health care coverage, or none at all, when employees are called for active duty.

Health insurance will not be extended for the 767 reservists employed by Pan Am and their dependents, said a company spokeswoman.

Those employees will be offered coverage as required by the Consolidated Omnibus Budget Reconciliation Act of 1985. Under COBRA, an employer can charge employees up to 102% of the group rate for coverage (see related story).

At Pan Am, company policy says "medical benefits stop after 15 days and dental and vision stop at the end of the month" in which the employee leaves, she said. For example, vision and dental benefits would end Sept. 30 for an employee called to reserve duty on Sept. 28. ■

Reservists entitled to COBRA coverage

WASHINGTON—Employers terminating group health coverage of employees called to active duty from the military reserves must offer COBRA health care continuation coverage to those employees and their dependents, the Internal Revenue Service said last week.

Normally, employers do not have to offer COBRA coverage to beneficiaries when they become covered under another group or employer health care plan. Reservists who are activated will receive coverage through the military, while their dependents will be covered under a government health program known as CHAMPUS.

However, the IRS said last week that 1988 amendments to COBRA make clear that a health care plan provided through the federal government or another government entity is not considered an employer plan.

"The military health plans, therefore, are not 'group health plans' for purposes of the COBRA cutoff rule," the IRS said in Notice 90-58.

The IRS also said that employers voluntarily maintaining full regular health care coverage for reservists and their families do not have to extend COBRA until that coverage ceases.

The IRS ruling had been expected by benefit experts (*BI*, Aug. 27). ■

Update

Delaware bank insurance law

Continued from page 2

the parent company that the unit would be nearly a separate "corporate entity," the Fed ruled.

However, the federal Bank Holding Company Act allows banks to set up only "operating subsidiaries" that conduct business that banks are allowed to conduct.

The Fed's ruling affects New York-based Citicorp, the first bank to set up a unit to take advantage of the Delaware law, and its Family Guardian Life Insurance Co. unit, which was formerly based in Phoenix (*BI*, June 4).

Citicorp was ordered to cease all insurance business activities handled by subsidiaries that it is not allowed to conduct itself.

"This has been a major decision in our favor," said Robert A. Rusbuldt, director of federal affairs for the Independent Insurance Agents of America in Alexandria, Va.

Mr. Rusbuldt said the decision could have a "chilling effect" on other state efforts to expand the insurance activities of banks.

The American Bankers Assn., which has long favored laws like Delaware's, contends that the Fed "overreached its authority" and is "hopeful Citicorp will appeal," said Philip S. Corwin, director of operations and retail banking in Washington, D.C.

Citicorp officials could not be reached for comment.

Aneco to close doors: Hardy

HAMILTON, Bermuda—Aneco Reinsurance Underwriting Ltd., the largest Bermuda underwriter of reinsurance for captive insurers, is closing its doors.

The decision to cease underwriting was announced late last week by Mark Hardy, chairman of Aneco's parent, Forum Re Group (Bermuda) Ltd.

Mr. Hardy, the majority shareholder in Forum, said he had no choice in the matter after five key staff members resigned to join Sphere Drake Underwriting Management (Bermuda) Ltd., a newly formed company set up by Jonathan Crawley, Aneco's former president (see story, page 89).

Mr. Hardy said the departure of senior executives Bruce Jones and Eric Lines were part of what amounted to a "major defection" of half of the Aneco team to Sphere Drake. Nine of the 10 remaining staff members will be laid off.

But, financial controller Ian Carswell will remain.

"We're now hoping to consolidate what's left of Aneco with our Forum operation," Mr. Hardy said, referring to Forum Re Insurance Co. Ltd.

Forum Re President David Thirkill is resigning at the end of the month but is not joining Sphere Drake, Mr. Hardy said.

Aneco in 1989 wrote about $20 million in gross premiums, with $11 million of that attributable to captive reinsurance (*BI*, Aug. 27; April 30).

Aneco announced last month that it would no longer write property and marine reinsurance in the London market after suffering heavy losses from Hurricane Hugo (*BI*, Aug. 27).

AmBase to sell unit of Home

NEW YORK—AmBase Corp. has signed a definitive agreement to sell Commonwealth Insurance Co., a unit of The Home Insurance Co. in Vancouver, Canada, to Fairfax Financial Holdings Ltd. of Toronto for $49.4 million.

The unit, which recorded net written premiums of $31 million in 1989, writes commercial property and oil and gas insurance in Canada, the United States and throughout the world, according to AmBase. It also writes commercial casualty insurance in Canada.

The transaction, which is subject to regulatory approval and other conditions, is expected to close late this year.

A spokesman said the deal—announced last week—would not affect two proposals AmBase is considering to sell The Home or a controlling interest in AmBase because The Home will retain the proceeds from the Commonwealth sale (*BI*, Aug. 27).

Insurer funds AIDS settlement

PHOENIX—A Phoenix insurer is funding a settlement to pay damages to and medical expenses for a boy who was infected in a blood transfusion shortly after his birth with the virus that causes AIDS.

The settlement was reached late last month, following a request by Dr. Abraham Kuruvilla for a new trial after a jury awarded Alex Edwards and his family $28.7 million in compensatory damages in July (*BI*, July 16). The doctor was found negligent for allowing the child to receive a transfusion of tainted plasma in 1985.

According to court papers, physician-owned Mutual Insurance Co. of Arizona, which wrote malpractice coverage for Dr. Kuruvilla, has agreed to pay $4.9 million to the parents. Annuities funded separately by the insurer will pay the boy $100,000 per year for the rest of his life and his parents $30,000 annually.

The insurer also agreed to fund a trust to pay all of the boy's health care expenses, including home health care and travel costs incurred to seek treatment. The boy has tested positive for acquired immune deficiency syndrome.

Plaintiff's attorney R. Douglas Dalton of Meyer, Hendricks, Victor, Osborn & Maledon in Phoenix said the family settled partly to avoid appeals that could have taken years to resolve.

Briefly noted

Storms caused an estimated **$165 million of insured property damage** Aug. 28-30, reports the Property Claim Services division of the American Insurance Services Group. Much of that loss, $125 million, was sustained in Illinois, where tornadoes demolished parts of Plainfield (*BI*, Sept. 3). Also, a wind and hail storm caused $15 million of insured property damage in the Rapid City, S.D., area on Aug. 28. . . .The **All-Industry Research Advisory Council** is now called the Insurance Research Council. IRC is sponsored by property/casualty insurers, insurance trade associations and statistical associations.

Property/casualty insurers' capital, profitability to wane

By MYRON M. PICOULT

Special to Business Insurance

THE TURN IN property/casualty insurance pricing is taking longer to occur than industry observers initially expected. The belief that the current underwriting downturn would prove to be less severe than the industry's last debacle, because of lessons learned from the last cycle and the impact of the Tax Reform Act of 1986, remains an open question.

Mr. Picoult

The key problem remains the disparity between real and apparent capital and the reluctance of both insurance company managements and regulators to recognize the disparity. As we have stated in the past, we do not believe that the industry is overcapitalized. Current premium-to-surplus ratios that place the leverage factor for the industry at 1.6-to-1.0 are fallacious.

As the underwriting cycle evolves over the next few years, we expect this figure to at least approach the 2.75-to-1 figure posted in 1973-74.

We still believe that the industry's statutory capital base for 1990 will be virtually unchanged from 1989's level and will most likely slip over the next few years. Implicit in this assumption is the belief that the industry will be posting operating losses in both 1991 and 1992.

Furthermore, the accretion of statutory capital will remain difficult because of tax payments and expected writedowns of various assets.

The key reasons for our earnings reductions with emphasis on the 1991 outlook follow:

• Our screens for the 1990 second-quarter operating results show that premium growth for a representative sampling of stock property/casualty insurance companies rose 2.5% during the 1990 second quarter. This was below the 2.8% average posted during the 1990 first quarter.

The figures are influenced to some extent by the fact that some insurers have been walking away from deficiently priced business. However, the fact remains that the low single-digit rate gains being implemented in the standard lines are not sufficient to offset cost pressures.

• We would place cost pressures in the 11% range. This assumes 5% to 6% for inflation, approximately 3% for exposure growth (including adjustments for policy terms and conditions) and about 1.5% each for loss reserve deficiencies and the impact of the 1986 tax law.

Hence, just by standing still, the industry's combined ratio will rise. More modest deterioration is expected from the handful of companies that have maintained the integrity of their reserves.

• Unusual levels of catastrophe losses obviously affect paid losses. Sometimes the wind blows and sometimes it doesn't. However, assuming a more normal level of catastrophe losses (1.5% to 2% of earned premiums), paid loss ratios are expected to climb. This is partially a statistical phenomenon reflecting the interaction of higher loss costs and lower growth in premiums. More importantly, we believe that the rise in retention ratios over the past few years for some underwriters, particularly on higher casualty layers, is likely to begin to exhibit adverse development.

More modest deterioration is expected from the handful of companies that have maintained the integrity of their reserves.

• Our quarterly data also indicates that more and more insurers are skimping on their additions to loss reserves. In some instances, there have been absolute declines. The standard commentary is that the reduction or small increment reflects a reduction in exposures. While exposures may have gone down in some lines, we suspect that tinkering with terms and conditions and the absolute rise in retention levels over the past few years more than offsets the relatively recent reduction in exposures.

• The latest loss reserve study done by the Insurance Services Office Inc., based on year-end 1988 reserves, estimated that the composite estimate of the deficiency for all lines ranged between 9% and 13% of total reserves. This represented $27 billion to $36 billion or 23% to 31% of the industry's year-end 1988 statutory surplus figure. It should be noted that ISO's past prognostications have been fairly accurate. Given industry pricing trends throughout 1989 and so far in 1990, we believe that the deficiency is at least as bad if not worse. Some of the shortfall is likely to be recognized over the next few years.

Overall balance sheet integrity is a critical factor in this regard.

• Some insurers are attempting to cease writing personal automobile coverages in certain states such as Massachusetts, Pennsylvania and New Jersey. The "privilege" of withdrawing is likely to be costly and some bulk dollar payments can be expected. These will depress earnings.

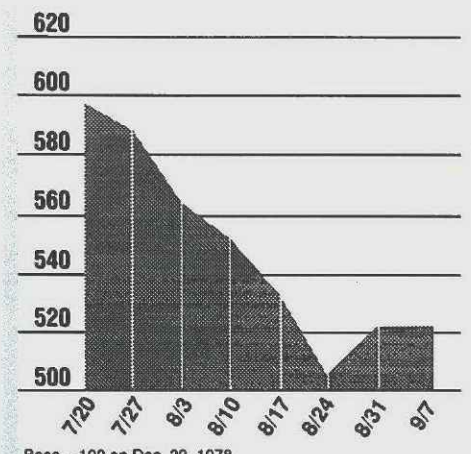
• Concerns over asset quality continue to swirl. We expect to see pressures intensifying for insurers to do a better job of addressing asset valuation deficiencies on junk bond holdings, as well as real estate and mortgage portfolios and reinsurance recoverables.

The industry's operating environment remains poor, as evidenced by the lackluster second-quarter results. The outlook for 1991 is heavily influenced by current pricing trends, which remain essentially flat. Most insurers' underwriting results will deteriorate further in 1991, assuming trends are appropriately addressed.

Hence, the industry's combined ratio for 1990 could well be 112% to 113% and the 1991 figure could be in the 116% to 117% range. Tax payments will also add 1 to 2 points to each year's ratio. The yogurt is getting deeper and thicker. ■

Myron M. Picoult is senior vp and senior insurance analyst with Oppenheimer & Co. in New York. He is the past president of the Assn. of Insurance & Financial Analysts and a member of the New York Society of Security Analysts.

BI Insurance Index



Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

Insurance industry stocks declined only slightly last week as the *Business Insurance* Index fell 0.07 points to 521.45 on Sept. 7, from 521.52 on Aug. 31. Advancing issues were led by Statesman Group Inc., up 16.7%; Chandler Insurance, up 13.0%; and American Indemnity Financial Corp., up 10.0%. Declining issues followed Alexander & Alexander, down 4.8%; Continental Corp., down 4.6%; and Poe & Associates, down 4.6%. The most active issue during the week was Continental Corp., 3.7 million shares traded. The *BI* Index lost 0.01% for the week; The Standard & Poor's 500 gained 0.3%; the Dow Jones 30 Industrials were up 0.2%; and the New York Stock Exchange Composite gained 0.3%.

British Issues

Sept. 6 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Comml Union	458	21.1	28.7	6.3	465	458
Genl Accident	437	13.2	33.4	7.6	464	437
Gdn Royal Exch	185	16.1	15.3	8.3	192	185
Royal	406	21.7	34.0	8.4	431	406
Sun Alliance	279	10.1	16.7	6.0	299	279
Brokers						
Bradstock	199	13.9	10.0	5.0	200	199
CE Heath	415	12.2	34.5	8.3	420	415
Hogg Group	140	9.3	9.7	6.9	140	139
Lloyd Thompson	285	17.7	9.7	3.4	288	285
PWS Holdings	72	11.2	3.3	4.6	73	72
Sedgwick Grp	186	14.0	16.0	8.6	198	181
Steel Brrl Jones	238	14.3	14.7	6.2	238	238
Willis Faber	227	14.2	16.0	7.0	227	223

Source: Philip Olsen, Insurance Industry Specialist London

BI Industry Stock Report

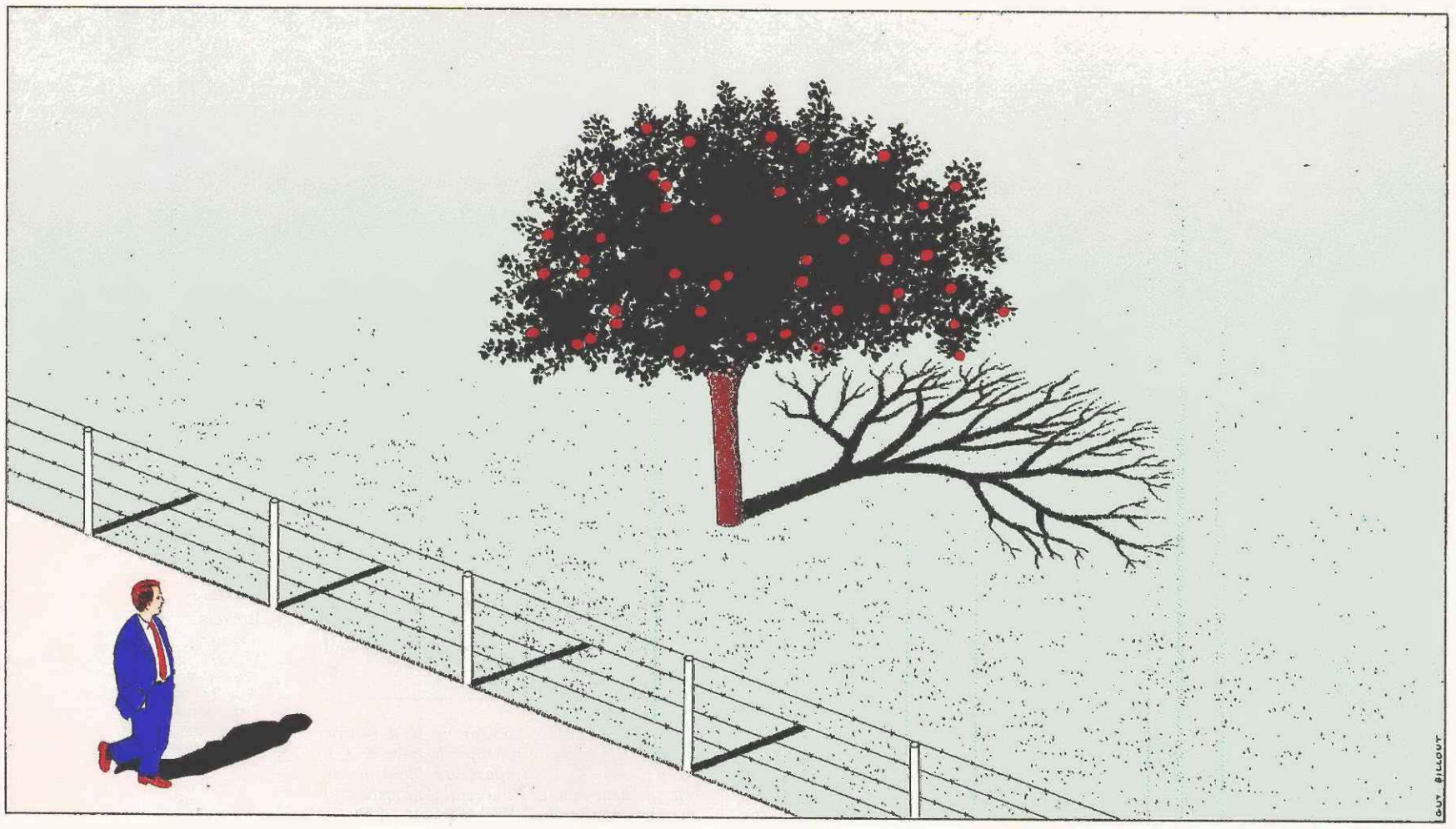
SEPTEMBER 4, 1990 THROUGH SEPTEMBER 7, 1990

		Price	Weekly % change	Year to Date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
BROKERS												
Alexander & Alexander	NYS	19.75	-4.82	-37.30	34.00	20.00	612	1.00	5.06	18	9.18	2.15
Corroon & Black	NYS	30.88	0.41	-19.28	41.00	28.50	199	1.36	4.40	15	12.73	2.43
Gallagher Arthur J. & Co.	NYS	20.75	2.47	-16.16	26.50	20.25	23	0.60	2.89	16	5.33	3.89
Frank B. Hall	NYS	3.00	4.17	0.00	4.25	2.50	112	0.00	0.00	-2	-2.80	-1.07
Hilb, Rogal & Hamilton	OTC	12.75	-1.92	-31.54	20.63	12.25	15	0.28	2.20	17	4.60	2.77
Marsh & McLennan	NYS	70.88	0.89	-9.13	89.75	66.13	304	2.60	3.67	17	10.56	6.71
Poe & Associates	OTC	10.50	-4.55	-20.75	13.00	8.25	1	0.40	3.81	13	1.93	5.44
BROKERS	AVERAGE		-0.5	-19.2					3.1	14		
CONGLOMERATES & HOLDING COMPANIES												
Berkley W.R. Corp.	OTC	34.13	1.87	-18.02	46.50	31.75	273	0.44	1.29	8	25.06	1.36
Berkshire Hathaway Inc.	NYS	6375.00	-0.55	-26.09	8900.00	5675.00	0	0.00	0.00	-21	2869.00	2.22
ITT (Hartford Group)	NYS	52.00	0.23	-13.15	63.75	50.00	785	1.60	3.08	6	56.33	0.92
Sears (Allstate)	NYS	28.75	-2.14	-25.81	45.50	27.63	1749	2.00	6.96	8	37.75	0.76
CONGLOMERATES	AVERAGE		-0.1	-20.8					2.8	0		
INSURERS/REINSURERS												
Aetna Life & Casualty	NYS	43.25	0.00	-25.43	62.50	42.88	732	2.76	6.38	7	58.11	0.74
Ambase Corp	NYS	2.13	-5.56	-83.17	16.25	1.50	192	0.00	0.00	-1	29.08	0.07
American General	NYS	43.00	2.38	31.30	50.63	28.13	1271	3.20	7.44	10	34.68	1.24
American Heritage	NYS	20.63	-1.79	-27.63	24.63	20.13	3	1.00	4.85	10	22.60	0.91
American Indemnity/Fin'l	OTC	4.13	10.00	-48.44	10.75	3.38	18	0.08	1.94	-1	17.38	0.24
American International	NYS	67.25	-0.37	-20.32	89.63	62.63	909	0.44	0.65	10	41.92	1.60
Aon Corp.	NYS	35.13	0.36	-17.11	43.25	31.50	192	1.52	4.33	10	19.62	1.79
Argonaut Group	OTC	69.00	-1.43	0.18	78.00	63.25	31	1.60	2.32	8	36.83	1.87
AVEMCO Corp.	NYS	23.25	1.62	-4.62	30.13	20.38	5	0.44	1.89	17	9.52	2.44
Baldwin & Lyons Inc.	OTC	20.50	0.00	-4.65	24.00	19.25	68	0.28	1.37	7	20.80	0.99
Belvedere Corp.	ASE	3.38	3.85	-38.64	5.63	3.25	1	0.04	1.19	-4	8.03	0.42
Chandler Insurance	OTC	6.50	13.04	-44.68	13.25	5.75	14	0.00	0.00	3	9.53	0.68
Chubb Corp.(s)	NYS	43.50	0.58	-54.63	51.38	38.63	400	1.32	3.03	9	55.49	0.78
CIGNA Corp.	NYS	42.38	0.30	-29.67	66.75	41.38	401	3.04	7.17	11	66.64	0.64
CNA Financial Corp.	NYS	65.25	-1.88	-34.75	108.75	62.75	69	0.00	0.00	10	54.87	1.19
Continental Corp.	NYS	23.13	-4.64	-26.29	37.63	22.50	3724	2.60	11.24	17	41.36	0.56
Durham Corp.	OTC	27.00	7.44	-12.20	34.75	25.00	1	0.92	3.41	13	26.32	1.03
Fund American Corp.	NYS	47.75	-0.27	35.46	51.88	29.50	321	0.68	1.42	106	32.74	1.46
Fremont General Corp.	OTC	15.25	-0.85	-24.22	22.50	12.88	69	0.80	5.25	4	19.09	0.80
Frontier Insurance Group	NYS	18.50	-1.33	0.00	33.00	14.13	9	0.00	0.00	8	7.29	2.54
General RE Corp.	NYS	75.63	2.20	-15.97	96.25	69.00	785	1.52	2.01	11	29.04	2.60
Hanover Insurance Co.	OTC	23.00	-1.08	-24.59	33.00	22.75	12	0.44	1.91	7	32.03	0.72
Harleysville Group	OTC	18.75	2.01	-31.82	27.38	16.75	8	0.60	3.20	6	18.94	0.99
Hartford Steam Boiler	NYS	48.00	0.00	-11.52	62.13	43.50	85	1.80	3.75	13	18.94	2.53
Kansas City Life Ins.	OTC	36.00	0.33	0.35	36.25	34.50	3	1.12	3.11	9	39.22	0.92
Kemper Corp.	NYS	29.25	-0.85	-38.10	51.88	29.25	214	0.92	3.15	45	29.97	0.98
Lawrence Insurance Group	ASE	6.75	-3.57	-5.26	9.13	6.50	1	0.36	5.33	12	4.40	1.53
Liberty Corp.	NYS	48.25	1.05	13.53	50.25	35.00	12	0.92	1.91	11	31.82	1.52
Lincoln National	NYS	45.13	-2.18	-26.02	62.88	43.50	123	2.60	5.76	8	49.19	0.92
NAC Re Corp.	OTC	30.00	6.19	-17.24	41.00	26.50	160	0.20	0.67	14	22.81	1.32
Navigators Group	OTC	31.50	0.00	14.55	33.75	25.25	11	0.00	0.00	12	15.22	2.07
Nobel Insurance LTD.	OTC	2.88	-4.17	43.75	3.75	1.50	3	0.00	0.00	-8	7.76	0.37
NWNL Companies	OTC	21.00	3.04	-46.84	44.13	17.88	142	1.32	6.29	4	37.50	0.56
Ohio Casualty Corp.	OTC	40.25	1.90	-15.71	52.50	34.75	67	2.32	5.76	13	33.30	1.21
Old Republic Int'l	OTC	24.88	0.51	-2.93	29.00	21.13	55	0.76	3.06	6	30.70	0.81
Orion Capital Corp.	NYS	17.75	2.90	-23.66	28.50	17.00	24	0.92	5.18	6	19.72	0.90
Phoenix RE Corp.	OTC	8.50	1.43	-34.62	15.50	8.00	25	0.20	2.35	-9	12.99	0.65
Protective Life Corp.	OTC	11.75	1.03	-17.54	15.38	10.25	119	0.76	6.47	7	14.54	0.81
Provident Life	OTC	17.50	-2.78	-32.37	30.13	17.00	216	0.80	4.57	5	23.24	0.75
Re Capital Corp.	ASE	12.63	-0.04	-12.93	15.25	11.25	0	0.00	0.00	10	14.43	0.87
RLI Insurance Corp.	NYS	11.13	-4.34	25.35	14.75	6.88	8	0.44	3.96	6	12.42	0.90
St. Paul Companies	OTC	55.63	-0.67	-7.29	63.50	52.75	401	2.40	4.31	7	43.47	1.28
SAFECO Corp.	OTC	29.13	-3.72	-26.73	42.38	29.13	605	1.36	4.67	7	24.87	1.17
SCOR U.S. Corp.	NYS	9.00	1.35	-36.84	14.50	8.50	1	0.20	2.22	13	10.61	0.85
Seibels Bruce Group	OTC	6.75	0.00	-37.93	11.75	5.75	12	0.80	11.85	-1	13.75	0.49
Selective Ins. Group	OTC	15.00	-1.64	-21.57	20.25	14.50	15	1.04	6.93	5	15.72	0.95
Statesman Group Inc.	OTC	1.75	16.67	-36.36	3.31	1.25	55	0.04	2.29	3	4.19	0.42
Tokio Marine & Fire	OTC	39.25	-2.80	-47.93	78.13	36.00	4	0.26	0.66	-	70.93	0.55
Torchmark Corp.	NYS	45.00	-1.10	-21.40	58.75	42.38	170	1.40	3.11	11	13.23	3.40
Transamerica	NYS	31.75	4.10	-28.85	48.00	29.63	298	1.92	6.05	8	34.63	0.92
Travelers Corp.	NYS	24.13	2.66	-34.58	42.88	23.00	857	2.40	9.95	6	44.85	-
Trenwick Group Inc.	OTC	18.38	0.68	-24.62	26.88	17.25	9	0.48	2.61	8	16.91	1.09
United Fire & Casualty	OTC	33.50	0.00	1.52	35.00	30.50	5	1.20	3.58	9	22.56	1.48
USF&G Corp.	NYS	23.00	-1.63	-22.36	32.13	20.00	608	2.92	12.70	16	22.87	1.01
UNUM Corp.	NYS	51.00	0.49	6.81	57.13	39.38	397	0.80	1.57	11	31.20	1.63
USLIFE Corp.	NYS	32.75	-1.50	-27.62	47.75	32.25	27	1.48	4.52	8	54.34	0.60
Washington National	NYS	18.00	-2.70	-36.28	28.75	17.88	7	1.08	6.00	20	32.90	0.55
USLICO Corp.	NYS	21.63	1.15	-8.95	25.00	19.50	15	1.00	4.62	8	27.73	0.78
Zenith National Ins.	NYS	13.63	-0.91	-27.33	20.00	13.38	23	0.88	6.46	8	13.81	0.99
INSURERS/REINSURERS	AVERAGE		0.6	-19.8					4.0	10.3		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	OTC	14.50	-3.33	-31.76	26.38	11.50	282	0.00	0.00	12	3.54	4.10
HMO America Inc.	OTC	5.63	4.55	-27.42	9.75	4.38	14	0.00	0.00	7	1.12	5.02
Pacilicare Health Sys.	OTC	16.00	0.00	-38.46	30.38	12.00	36	0.00	0.00	12	6.35	2.52
Safeguard Health Enter.	OTC	5.50	-2.31	-35.29	12.50	5.13	3	0.00	0.00	9	2.99	1.84
Sierra Health Services	ASE	6.88	5.77	-22.54	9.63	5.50	24	0.00	0.00	-19	0.62	11.09
United Healthcare Corp.	OTC	16.88	-1.49	37.76	20.13	7.88	745	0.12	0.71	17	0.34	49.63
United Medical Corp.	ASE	8.00	1.52	33.33	11.38	5.88	1	0.20	2.50	11	5.70	1.40
U.S. Healthcare	OTC	20.00	0.00	40.35	22.25	9.63	0	0.36	1.80	22	3.07	6.51
HMOs	AVERAGE		0.6	-5.5					0.6	9		
ALL COMPANIES	AVERAGE		0.5	-17.8					3.4	10		

System design: Nordby International Inc.

Knowledge Without Action Is Wasted.

Every group insurance company promises the fruits of its knowledge and resources. But we put our knowledge and resources to work on practical ideas for employers and employees. ◆ For example, we identified early one of the great



emerging issues in employee benefits -- the provision of practical, economical group long-term care coverage -- and moved to implement it. Today, those we serve have this coverage available to them -- because our experience and the resources we command made it possible early. ◆ Clients who depend on your advice want to know how well group insurance companies know the industry. Now you can tell them how we make our experience and expertise work for them. For more information, call Tom McKellar, Director of National Accounts, at 1-800-877-1052.

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