NEWSPAPER

SEPTEMBER 11, 1995

Business Insurance®

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

© Entire contents copyright 1995 by Crain Communications Inc. All rights reserved

Updates

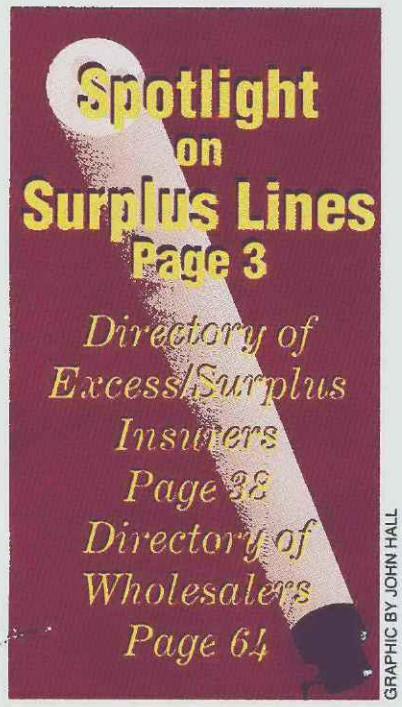
Aetna to pay up to $330 million in Owens-Corning settlement

TOLEDO, Ohio—Aetna Casualty & Surety Co. will pay Owens-Corning Fiberglas Corp. $264 million over the next four years to settle a dispute over asbestos liabilities and could pay another $66 million by 2007 if the company has more claims.

In announcing the settlement, Owens-Corning did not name the insurer. Several outside sources confirmed that it was Aetna, though neither company would comment.

Under the agreement, which followed extended alternative dispute resolution pro-

See **Updates** *on next page*



GRAPHIC BY JOHN HALL

Reinterpreting ERISA pre-emption

Recent rulings could increase employers' exposure to malpractice claims

By RODD ZOLKOS

If recent trends in ERISA law continue, some employers with self-insured medical plans eventually could find themselves exposed to claims under state medical malpractice laws.

In two recent rulings, federal appeals courts have rejected arguments that the Employee Retirement Income Security Act pre-empts claims under state malpractice law and denied attempts by health maintenance organizations to have those suits removed to federal court.

Combined with an April ruling in which the U.S. Supreme Court read ERISA's pre-emption provisions more narrowly than many courts had previously, the two appeals court rulings could pave the way for self-insured health plans to be named in malpractice suits, say ERISA and health care liability experts.

"I think it's safe to say that a lot of plaintiffs lawyers have self-insured plans in their sights," said Ralph E. De Jong, a health care attorney with Gardner, Carton & Douglas in Chicago. "And I think it's also safe to say that as more employers take on the characteristics of HMOs and other providers. more of the plaintiffs will take on their employers."

When named in state medical malpractice suits, HMOs frequently have sought—and usually been allowed—to remove the actions to federal court. Courts routinely have held that ERISA's pre-emption of state laws that "relate to" benefit plans encompasses malpractice actions. In federal court, damages are limited, no punitive damages are allowed and trials are more likely to be held before a judge than a jury.

"The problem from the patient's point of view is that under ERISA, the only remedy is for what should've been provided and was not provided for you," said health care lawyer Thomas C. Cardaro of Klores & Cardaro in Washington. He used the example of a woman suing for malpractice because her doctor's failure to prescribe a mammogram led to her suffering terminal breast cancer.

"The only remedy under ERISA under the federal system would be the 80 bucks for a mammogram that was not provided, and not damages for the fact that now she's going to die of cancer," Mr. Cardaro said.

What's more, he said, if the patient had secured the HMO coverage privately rather than receiving it as an employee benefit, she could sue in state court.

In recent months, though, both the 3rd U.S. Circuit Court of Appeals and the 10th U.S. Circuit Court of Appeals ruled that ERISA does not bar claims that allege HMOs may be liable for the negligence of their doctors.

The June 19 3rd Circuit ruling

See **ERISA** *on page 82*

Fertility cover limited by costs

By JUDY GREENWALD

Employers are split between wanting to cut costs and helping their employees build families when it comes to providing coverage of advanced infertility treatments.

Some employers are cutting back on coverage, while others that do not already provide the coverage are not rushing to do so. They point to high costs, high failure rates and the applicability to only a small portion of the workforce as factors in their decision to limit coverage.

But other employers continue to offer the coverage, citing a desire to help their employees fulfill their dream of having a child. They also contend the techniques are no more expensive than some other covered procedures.

In addition, several states require commercial health insurers to cover the procedures, or at least offer such coverage to employers.

Insurance fully covers 30% to 40% of all in vitro fertilization services and on average pays about 50% of the cost, estimates the Birmingham, Ala.-based American Society for Reproductive Medicine.

An estimated one out of six couples today suffers from infertility, or about 10% of women of reproductive age.

Fewer than 5% of infertile couples, however, choose to pursue IVF, either because they can be helped by cheaper, "low-tech" procedures, they decide to adopt or they choose to remain childless.

See **Infertility** *on page 80*

State laws on infertility insurance coverage

State	Mandate to cover	Mandate to offer
Maryland	✔	
Arkansas	✔	
Texas		✔
Hawaii	✔	
Massachusetts	✔	
Connecticut		✔
Rhode Island	✔	
California		✔
New York		✔
Illinois	✔	

Source: The American Society for Reproductive Medicine

GRAPHIC BY MIKE GARVEY

HCFA unveils stiff penalties for improper Medicare bills

By MARK A. HOFMANN

WASHINGTON—Employers will face expanded penalties for failing to act as the primary payer for certain Medicare-eligible employees and their dependents under new federal rules.

The rules, which take effect Oct. 2, are designed to clarify when employer health plans are required to serve as the primary payer for medical bills incurred by employees eligible for Medicare. The Health Care Financing Administration's final rules for the Medicare Secondary Payer program appeared in the Aug. 31 Federal Register.

Although Medicare was the primary payer for virtually all Medicare-covered services during its first 15 years, changes in the Medicare program beginning in 1980 shifted the burden of paying for certain services for eligible individuals to employer plans. HCFA has maintained, though, that it has been stuck with the tab for hundreds of millions of dollars of services that should have been covered by private plans.

The new regulations prohibit group plans from offering different benefits on the basis of whether individuals are eligible for Medicare. This includes people who are eligible on the basis of disability. The rules specifically prohibit plans from offering any incentive to encourage Medicare-eligible people to drop out of employer-provided health plans unless the same incentives are offered to everybody in the plan.

The regulations also spell out exactly who is to be considered an employee when determining whether Medicare or a health plan should have primary responsibility for paying medical bills. In addition, the rules require that bills mistakenly paid by Medicare be

See **HCFA** *on page 82*

Luis lashes Caribbean isles

Puerto Rico spared, but smaller islands sustain heavy damage

By SALLY ROBERTS

Hurricane Luis ripped through the Caribbean last week, wreaking havoc on several of the Leeward Islands and killing more than a dozen people, while Puerto Rico escaped with only minor damage.

Reports of insured losses in the Caribbean were patchy late last week as telephones and other forms of communication were out.

Sources in Puerto Rico, which forecasters had predicted would bear the brunt of the storm, said damage was limited to some fly-away roofs, downed power lines and flooding.

Instead, the Category 3 hurricane and its 600-mile-wide swath of tropical-force winds ran its course through the eastern Caribbean, hitting hardest the small islands of Antigua, Barbuda, Anguilla, St. Barthelemy and both sides of St. Martin/St. Maarten, an island under French and Dutch control.

As of Friday, a tropical storm warning was issued

See **Luis** *on page 81*

AP/WIDE WORLD

Workers boarded up the governor's mansion in Puerto Rico last week to prepare for Hurricane Luis, which instead struck other Caribbean islands.

Updates

Aetna, Owens-Corning settle

Continued from previous page

ceedings, the Hartford, Conn.-based insurer agreed to make scheduled payments of $264 million by year-end 1999. The pact also gives the Toledo, Ohio-based manufacturer the right to buy coverage from the insurer with limits equal to another $66 million over the next eight years if claims activity warrants it. But any premiums that Owens-Corning would pay would be refunded.

In its midyear financial statement, Owens-Corning said it had reserved $1.3 billion for asbestos liabilities, $600 million of which was insurance proceeds. At the time, the company predicted it would recover $310 million from Aetna.

"We are pleased with this settlement because it confirms our publicly stated position concerning the extent of our asbestos insurance," Owens-Corning said in a statement.

Rob Hammesfahr, an insurer attorney with Blatt, Hammesfahr & Eaton in Chicago, said the terms of the settlement are not as unconventional as they may appear at first glance. "It's attractive to the policyholder because they get what they have already booked. For the insurer, they are paying an amount up front, but who knows if they will ever have to pay the remaining $66 million. If they do, it will only occur if there are legitimate claims."

Study sees Superfund savings

KNOXVILLE, Tenn.—Cleanup costs at non-federal Superfund sites could be cut by about one-third without compromising health and safety standards, according to a new study.

The Joint Institute for Energy & Environment study found that shifting the focus of the Superfund program from removing contaminated risks to controlling future risks by other means would reduce projected costs up to $39 billion, said Director Milton Russell, who is an economics professor at the University of Tennessee. Controls examined included fencing and monitoring to control exposure, and steps like underground slurry walls to prevent the spread of contamination.

The Knoxville-based institute is supported by the university, Oak Ridge National Laboratory and the Tennessee Valley Authority.

U.S. P/C first-half results rally

NEW YORK—The U.S. property/casualty insurance industry's net income is up dramatically and the combined ratio shows improvement for the first half of 1995 vs. the same period a year ago, when the Northridge earthquake hampered results.

According to figures released by the Insurance Services Office Inc. and the National Assn. of Independent Insurers, net income for the industry increased 270.5% to $9.07 billion in the first half of 1995, from $2.45 billion a year earlier. The industry's combined ratio improved to 106.3% from 111.2%.

The industry's net underwriting loss narrowed to $9 billion from $14.66 billion the previous year, a 38.6% improvement. Net investment income rose 8.8% to $17.82 billion from $16.37 billion.

Net written premiums were up 3.5% to $129.14 billion from $124.77 billion, while the industry's surplus increased 17% to $209.1 billion from $178.67 billion.

Suit filed in plant explosion

SIOUX CITY, Iowa—Terra Industries Inc., whose Port Neal, Iowa, fertilizer plant was destroyed in an explosion last December, is suing a Mississippi company it says designed the part responsible for the blast.

Terra filed the suit Aug. 31 in federal court in Sioux City, Iowa, against Mississippi Chemical Corp. of Yazoo City, Miss. The complaint, which seeks unspecified damages, claims that the explosion resulted from an ammonium nitrate buildup in a tube designed by Mississippi Chemical that allegedly was defective. If Terra wins, most damages would go to Terra's insurers, which have already paid out more than $100 million for property and business interruption losses.

Investigations by Terra found that the blast (*BI*, Dec. 19, 1994) was triggered by a back-up in the tube designed by Mississippi Chemical, said a spokeswoman for Sioux City-based Terra. She said Terra's suit is being brought on the company's behalf by its insurers, which include: Industrial Risk Insurers, the lead insurer; Insurance Co. of North America, a CIGNA Corp. unit; Starr Technical Risks Agency, a unit of American International Group Inc.; Commonwealth Insurance Co.; Fireman's Fund Insurance Co.; and Zurich Insurance Co.

Any damages Terra ultimately receives will be forwarded to the insurers, minus any uninsured losses Terra incurs, the spokeswoman said. Terra recorded a $7 million charge in the fourth quarter of 1994 for uninsured losses. The plant will reopen in 1996.

The same day Terra filed its suit, Mississippi Chemical sued Terra in federal court in Mississippi for defamation. The families of four workers killed have also filed wrongful death suits against Mississippi Chemical.

Mississippi Chemical, which noted that Terra used its product for 14 years without incident, claims that unsafe operating conditions and procedures at the plant were responsible for the explosion.

See **Updates** *on page 82*

Errors & omissions

• Due to an editing error, a chart accompanying the Aug. 21 article on the Ward's 50 rankings incorrectly identified one of the top life/health insurers. The company is American Family Life Assurance Co. of Columbus, or AFLAC. Another chart that ranked the 10 largest life/health insurers in terms of assets listed the wrong insurer at No. 8. The correct insurer is Equitable Life Assurance Society of the United States.

Implant pact is eroding

Judge plans to let claimants opt out

BIRMINGHAM, Ala.—Silicone breast implant manufacturers will likely be hit by hundreds of thousands of separate liability suits now that U.S. District Judge Sam C. Pointer Jr. is dismantling the landmark global silicone breast implant settlement.

An order will be entered by the end of September establishing a date for the more than 400,000 women participating in the settlement to begin opting out and pursuing their cases individually, according to a recording on the court's breast implant hot line.

A new settlement offer may be extended later to claimants who can identify the manufacturer of their implants. And claimants with implants from Santa Barbara, Calif.-based Mentor Corp. and Minneapolis-based Bioplasty Inc. still will be eligible for benefits under the terms of earlier settlements with those companies.

Judge Pointer made the decision after a court-sponsored study found that the claims likely to be approved under the current settlement would "far exceed the amount of money committed to be paid," the recording said.

"The court believes the extreme reduction in settlement amounts would result in so many class members opting out that the settling manufacturers would, in turn, withdraw from the settlement. In light of this, as well as the complications presented by the Dow Corning bankruptcy proceedings, Judge Pointer has preliminarily concluded that there is no justification for keeping the current settlement in place," the recording said.

—By Joanne Wojcik

Accelerated death benefits

A helping hand for terminally ill

By MICHAEL SCHACHNER

In the ongoing effort to offer valuable but cost-effective employee benefits, an increasing number of employers are including an accelerated death benefit provision in their group life insurance programs.

The benefit option, also referred to as a living benefit provision, permits terminally ill employees to access a portion of their life insurance benefit, usually at some point during the last year of life. The money typically is used to pay for home health care, experimental medical treatment or anything else the employee may need.

Employers and life insurers generally consider the provision in group life policies to be simple, politically correct and cost-effective.

For terminally ill employees, the benefit can help improve the quality of life in one's final months by increasing access to care and reducing financial worries.

The benefit is similar, though not identical, to so-called viatical settlements. Viatical settlement companies essentially buy out the death benefits of terminally ill individuals, but at generally less favorable terms than the accelerated death benefit option.

The ADB option has clearly become more prominent among employers over the past several years.

Hewitt Associates L.L.C. earlier this year estimated that as many as 25% of employers have included an ADB provision in their group life insurance plans.

See **ADB option** *on page 83*

Brokers forging new networks

New systems to link with insurers, clients

Several of the world's largest insurance brokerages are working together to create a computer network that other brokerages and insurers could use to process claims and distribute non-proprietary information, confirms a spokesman for one of the participating brokerages.

A spokeswoman for another participating brokerage, Willis Corroon Group P.L.C., confirmed that negotiations have been going on for quite some time but would not give details.

Executives at several of the other largest brokerages either could not be reached for comment or would not comment for attribution on what is being called the World Insurance Network.

Discussions have included a "number of insurers and other insurance industry representatives," and considerable startup work on the dedicated network already has been done, said the spokesman for one of the brokerages.

The aim of the network is to link brokers and insurers across the globe to "help to standardize non-proprietary risk distribution and processing activities," according to the spokesman, and this eventually could lead to one centralized processing center for the industry.

No start-up date or fee information was disclosed.

Separately, several other big brokerages are jointly forming a

See **Network** *on page 81*

Canadian insurers to consolidate

TORONTO—Manufacturers Life Insurance Co. and North American Life Assurance Co. will merge, effective Jan. 1, creating Canada's largest group life and health insurer, with about 13% of the market.

Combined, the companies will be known as Manulife Financial Corp. and will have annual total gross premiums of $6.7 billion Canadian ($5.01 billion) and assets of $47 billion Canadian ($35.12 billion).

The move makes sense for both Toronto-based mutuals, said Jayan Dhru, an analyst with Standard & Poor's Corp. in New York. "Any difficulty will come from taking two companies that date back to the last century and merging those disparate cultures."

Neither company had been a major group player until Manulife bought the group operations of failed Confederation Life Insurance Co. (*BI*, Sept. 5, 1994).

This sort of consolidation is expected in Canada, said Larry Mayewski, a senior vp with A.M. Best Co. in Oldwick, N.J. 'While Manulife isn't small, it can't stand still, either. This move gives them room to improve earnings.'"

Both Best and S&P affirmed their superior ratings of Manulife, which wrote $5.4 billion Canadian ($4.04 billion) in gross premiums last year. North American Life wrote about $1.2 billion Canadian ($898 million).

—By Michael Schachner

Inside

• A recent ruling shows a court's ignorance of commercial insurance, this week's editorial says. **PAGE 8**

• Environmental liability is becoming a big concern in Australia. **PAGE 77**

• A federal judge has ruled against a Blues plan that didn't pass on discounts to policyho ders. **PAGE 79**

Departments

Advertiser Index 64
***BI* Stock Index** 83
Classifieds 78
Datebook 81
For the Record 79
Insurance Services Guide 79
International 77
Opinions 8
Reader Reply Service 64

Business Insurance (ISSN 0007-6864) Vol. 29, No. 37, is published weekly by Crain Communications Inc., 740 N. Rush St., Chicago, Ill. 60611-2590. Second-class postage is paid at Chicago and at additional mailing offices. POSTMASTER: Send address changes to *Business Insurance*, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207. $4 a copy and $80 a year in U.S. $ 00 in Canada and Mexico (includes GST). All other countries $200 a year (includes expedited air delivery). Canadian Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 0293512, GST No. 136760444. Printed in U.S.A. Copyright 1995 by Crain Communications Inc.

Spotlight report

By DAVE LENCKUS

Surplus lines market leaders brace for increased competition

Improved market strength and flexibility a boon to risk managers

The soft market serum for leading surplus lines insurers and wholesalers—concentrating on niches and scouring for new business—looks like powerful medicine, at least for the short term.

After languishing for years in a property/casualty insurance market that was not as soft as it is today, the largest U.S.-based surplus lines insurers and wholesalers in 1994 reported relatively strong results for the second consecutive year.

Their recovery—and, more importantly, how they have been rejuvenated—is a boon to risk managers with tough risks. They now can shop among a body of new products that surplus lines market leaders have developed in-house or obtained through acquisitions.

And, the surplus lines market continues to be the source of catastrophe property coverage, which remains anathema to most standard lines insurers.

At the same time, many market leaders are investing millions of dollars to upgrade their computer systems to better facilitate placements.

But, the market's next challenge already may be incubating. Several new surplus lines insurers have been formed recently. And, many standard lines insurers have not overlooked the success that surplus lines market leaders have enjoyed by concentrating on niche business.

"Every day there's a new competitor in one of our core lines," said Paul Springman, president and chief executive officer of Evanston Insurance Co. Evanston's owner, Markel Corp., is among those that have opened a new E&S insurer.

"What we have to do is to really study the new competitors, really understand the capacity and their appetite for risk, and then try to play on the fringes, or on the perimeter on the things that they're either not interested in or they don't have the time or ability to understand," Mr. Springman said.

"The way to grow in a market like this is through seizing upon opportunities that won't be there for long," said Seth D. Freudberg, president and CEO of United National Insurance Co.

"I think there are more market opportunities today than there have ever been available to any excess and surplus lines underwriter," Mr. Springman said. "All you have to do is drive to work, keep your eyes open and you've got opportunities abounding on both sides of the street."

Granted, the premium volume gains by the surplus lines industry's largest markets and wholesalers over the past two years come nowhere near their 50% to 100% or more gains during the mid-1980s'

See **Market** *on next page*

10 largest U.S.-based surplus lines insurers

Insurers Parent company	Non-admitted direct premiums 1994	1993	% change	Total gross premiums 1994	1993	% change	Statutory combined ratio 1994	1993
Lexington Insurance Co. American International Group Inc.	$1,030,672,098	$905,403,302	13.8%	$1,192,979,444	$1,008,066,671	18.3%	93.2%	92.7%
American International Specialty Lines Insurance Co. American International Group Inc.	606,128,641	453,711,424	33.6	624,214,713[1]	469,587,404[1]	32.9	94.3[1]	95.4[1]
Scottsdale Insurance Co. Nationwide Mutual Insurance Co.	579,939,358	572,393,410	1.3	1,189,633,933	1,163,627,278	2.2	108.2	107.0
United National Insurance Co. American Manufacturing Corp.	260,679,939	198,907,712	31.1	338,131,524	235,743,167	43.4	92.8	97.8
Illinois Insurance Exchange	222,524,676	186,457,949	19.3	294,652,170	254,397,577	15.8	102.7	103.4
General Star Indemnity Co. General Re Corp.	213,404,509	181,639,846	17.5	218,988,791	187,338,095	16.9	96.9	96.2
Reliance Insurance Co. of Illinois Reliance Group Holdings Inc.	179,498,441	166,604,507	7.7	218,132,508	203,451,506	7.2	108.0	111.8
Steadfast Insurance Co. Zurich Insurance Group	172,918,408	131,221,031	31.8	187,505,828[1]	145,764,887[1]	28.6	111.8[1]	115.4[1]
St. Paul Surplus Lines Insurance Co. The St. Paul Cos. Inc.	140,445,569	111,561,805	25.9	167,521,793	137,700,890	21.7	103.3	104.6
Evanston Insurance Co. Markel Corp.	127,756,419	118,627,036	7.7	140,379,205	181,544,304	-22.7	103.0	105.9

[1] Figures are reported on a pooling basis
Source: BI survey

GRAPHIC BY JOHN HALL

10 largest U.S.-based insurance wholesalers

Brokers Parent company	Premium volume 1994	1993	% change	Gross revenues 1994	1993	% change	% surplus lines[1] 1994	1993
Swett & Crawford Group[2] The St. Paul Cos. Inc.	$610,463,460	$536,155,000	13.9%	$56,606,231	$52,210,000	8.4%	51.0%	51.0%
Price Forbes North America Sedgwick Group P.L.C.	541,000,000	511,400,000	5.8	39,100,000	37,400,000	4.5	65.0	65.0
Tri-City Brokerage Inc. Privately held	458,038,852	402,888,888	13.7	30,000,000[3]	26,200,000[3]	14.5	15.0	15.0
Alexander Howden North America Inc. Alexander & Alexander Services Inc.	438,739,212	419,436,205	4.6	28,266,442	25,558,492	10.6	15.0	20.0
Stewart Smith Group Inc. Willis Corroon Group P.L.C.	322,010,000	274,756,000	17.2	24,337,000	21,907,000	11.1	60.0	60.0
Sherwood Insurance Services Aon Corp.	204,000,000	158,000,000	29.1	16,660,000	12,415,000	34.2	18.0	15.0

MGAs/Underwriting managers Parent company	Premium volume 1994	1993	% change	Gross revenues 1994	1993	% change	% surplus lines[1] 1994	1993
The Schinnerer Group Inc. Marsh & McLennan Cos. Inc.	401,000,000	407,000,000	(1.5)%	33,600,000[3]	34,100,000[3]	(1.5)%	5.0%	5.0%
General Star Management Co. General Re Corp.	278,917,175	241,925,123	15.3	NM	NM	NM	78.5	74.8
First State Management Group ITT Hartford Group Inc.	238,279,000	202,100,000	17.9	NM	NM	NM	71.0	70.0
Burns & Wilcox Ltd. H.W. Kaufman Financial Group Inc.	232,700,000	204,300,000	13.9	30,155,000	25,595,000	17.8	88.0	88.0

[1] Percent placed with non-admitted markets [2] Fiscal year ends Sept. 30 [3] *BI* estimates NM=Not meaningful
Source: *BI* survey

GRAPHIC BY JOHN HALL

Overviews

State activity.....Page 12
Regulatory trends.....Page 16

Profiles:

Insurers

Lexington .....Page 17
AI Specialty.....Page 18
Scottsdale .....Page 22
United National .....Page 23
Illinois Exchange .....Page 26
General Star .....Page 28
Reliance National.....Page 27
Steadfast.....Page 30
St. Paul.....Page 33
Evanston .....Page 34

Brokers

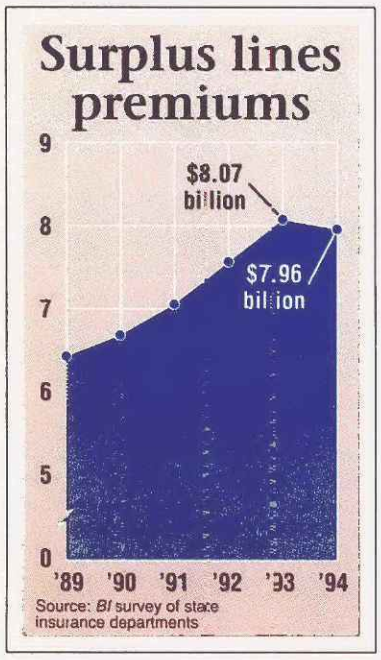
Swett & Crawford.....Page 50
Price Forbes.....Page 51
Tri-City .....Page 53
Alexander Howden.....Page 54
Stewart Smith .....Page 56
Sherwood .....Page 57

Managers

Schinnerer .....Page 59
General Star Mgmt.....Page 60
First State .....Page 61
Burns & Wilcox.....Page 62

Directories

Surplus insurers..... Page 38
Wholesalers .....Page 64



Market

Continued from previous page
hard market.

But, the Top 10 insurers as a group last year reported an even bigger gain in non-admitted direct premiums than they did in 1993, which had been their strongest year since 1986.

The largest U.S. surplus lines markets wrote $3.53 billion of direct, non-admitted premiums last year, a 16.8% increase from $3.03 billion in 1993.

The 1993 figure represented a 14.8% gain from 1992.

Among the largest markets, seven insurers in each of the past two years reported double-digit increases. Four insurers last year reported 20% gains or better, compared with five in 1993. But, last year, three insurers reported increases exceeding 30%, compared with none the year before. United National's 31% gain, though, was artificially buoyed by an odd accounting procedure that rolled a lot of business written in 1993 into the insurer's 1994 results.

For the fourth consecutive year, American International Specialty Lines Insurance Co. reported the largest gain—33.6%. That was enough for AISLIC to surpass Scottsdale Insurance Co. and become the second-largest surplus lines market.

On the strength of its 31.8% increase, the second-largest gain among the Top 10 insurers, Steadfast Insurance Co. debuted in the rankings at No. 8.

Steadfast, a Zurich Insurance Co. subsidiary, replaces The Home Insurance Co. of Illinois. Following Zurich's takeover of The Home's parent company, Home Holdings Inc., the Home of Illinois' business is being run off. None of that business is counted in Steadfast's totals.

And, Evanston and St. Paul Surplus Lines Insurance Co. continued their annual flip-flop in the rankings. St. Paul leapfrogged to No. 9 on the strength of a 25.9% increase.

For the nation's surplus lines market as a whole, though, premiums dipped 1.3% last year to $7.96 billion from $8.07 billion in 1993, according to state surplus lines regulators (see story, page 12).

The leading wholesalers' 1994 premium volume gains were not quite as strong as they were in 1993, but they still were far better than they had been from 1987 through 1992.

As in 1993, seven wholesalers last year reported double-digit increases in premium volume. But only one, Sherwood Insurance Services, reported an increase exceeding 25%, compared with three wholesalers the year before.

Again, only The Schinnerer Group Inc. reported a decrease—1.5%. That dropped the underwriting manager down one spot to No. 5 among all wholesalers, though it remains the largest company among managing general agencies and underwriting managers.

Among that same group First State Management Group moved into third place ahead of Burns & Wilcox Ltd. First State also moved up one spot to No. 8 among all wholesalers, dropping Burns & Wilcox to No. 9.

Among wholesale brokers and all wholesalers, Tri-City Brokerage Inc. moved up a notch to No. 3, displacing Alexander Howden North America Inc.

Whether specialization will help E&S market leaders continue to grow their business for the remainder of 1995, as the standard market continues to compete for casualty business, is unclear.

Many wholesalers and insurers expect premium volume increases. Most notably, Schinnerer for the first half of this year reported a 14.7% premium volume increase. If that increase holds for the year, it would be the first time since 1987 that the underwriting manager's premium volume has not declined.

Schinnerer, an underwriting manager for a few CNA Financial Corp. programs, is seeing new business because of CNA's acquisition of Continental Insurance Co.

The first-half results for many other wholesalers and insurers indicate their business continues to grow in 1995.

But a few markets may take big hits this year. For example, through the first half of 1995, United National's non-admitted premium volume dropped 57%, mainly due to withdrawn treaty reinsurance support for some of its programs.

And, on the heels of the Illinois Insurance Exchange's best year writings of the market's two largest syndicates will be significantly pared in the second half. Some questionable financial arrangements have forced the exchange's largest syndicate to reduce its writings and the second-largest syndicate to run off its business.

Through the year's first half, prior to feeling the full impact of those two developments, the IIE reported about a 7.6% increase in premiums.

Meanwhile, competition in surplus lines may heat up as standard lines insurers study the market leaders' good fortune and turn to niche business to shore up their own sagging casualty premiums.

New companies even are entering the non-admitted arena. Three new surplus lines insurers opened their doors just last month, and another standard lines insurer began writing casualty business on a non-admitted basis earlier this summer.

Arguably the most eye-catching opening was TIG Excess & Surplus Co., a Phoenix, Ariz.-based unit of the TIG Holdings Inc. of New York that began writing business last month, though it does not officially open until Oct. 1. Vickie Kartchner jumped on board as its president and chief operating officer after spending just a year in the same capacity at Scottsdale Insurance.

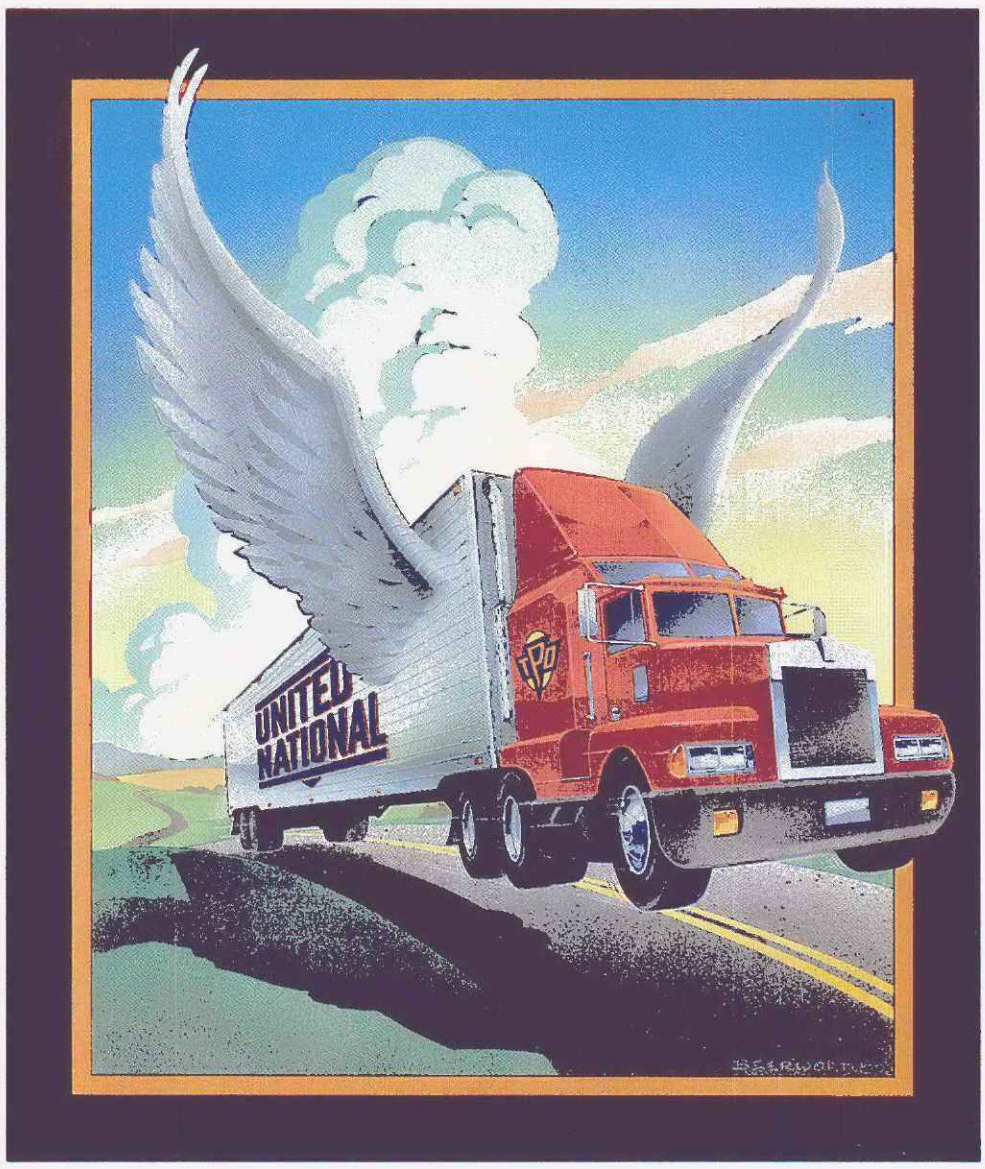
The departure of Ms. Kartchner—who brought Martha Lynch, Scottsdale's vp-underwriting, with her to TIG—forced Scottsdale founder Rolland L. Wiegers out of retirement (*BI*, June 26).

Also opening their doors last month were:

• Markel Excess & Umbrella of Atlanta, a division of Essex Insurance Co., which is a subsidiary of Markel Corp. of Glen Allen, Va.

See **Market** *on page 6*

Roger Beerworth/United National Group



Some producers struggle with their competition on Truck Physical Damage business. If you are one of those producers, it's probably because you've never discussed the subject with United National Group.

We are now offering innovative and competitive underwriting on Truck Physical Damage risks via an open-minded approach to structuring deductibles. United National seeks medium and large fleets, and we will consider virtually all commodities, including high hazard materials. This program is approved for surplus lines nationally.

At United National Group — one of the largest surplus lines insurers in America — truck physical damage is a hot topic, and our underwriters are prepared to help get your risks written without delay. Our companies are resourceful, flexible, and inventive, and when it comes to writing Truck Physical Damage, we never say never.

United National Group. Wise enough to listen, strong enough to act.

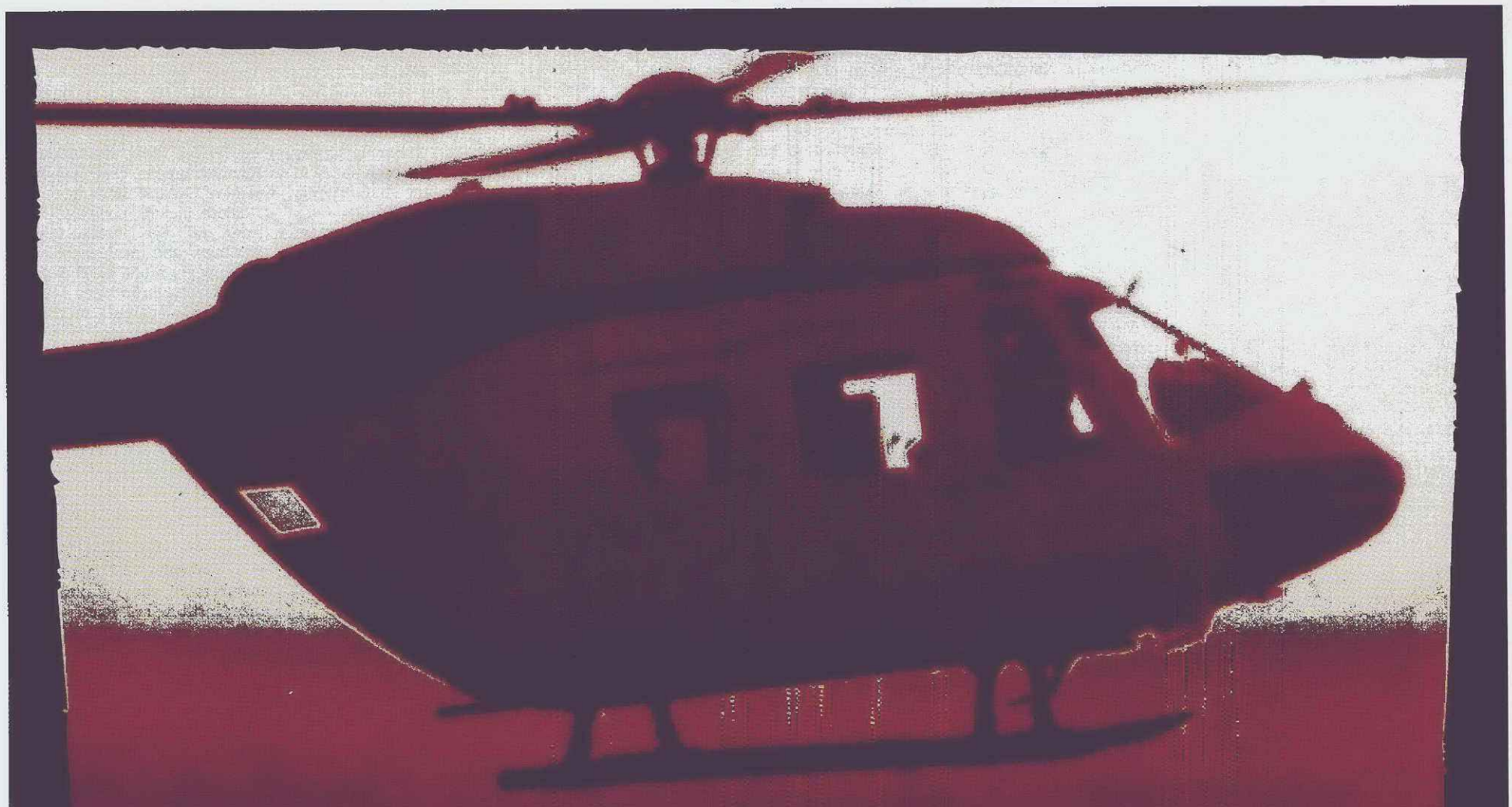
"Never say never."

united national group

The open market for unique risks and specialty programs

United National Insurance Company Diamond State Insurance Company Hallmark Insurance Company
Three Bala Plaza, East, Suite 300, Bala Cynwyd, PA 19004 (610) 664-1500

United National Group Companies rated A+, VIII by A. M. Best, eligible for surplus lines in 50 states, and admitted in 44 states.
United National Insurance Company's policyholders' surplus is $162,760,000.



How This Helicopter Ride Will Save Our Client Over $60,000.

When an accident on the job severed two fingers on a carpenter's hand, there was only one chance to make the right decision on medical treatment.

Fortunately, the TPA handling this workers' compensation claim was HCM. Our case manager was on the case fast, working with the local medical team. The decision was quickly made to airlift the employee to a hospital where a leading microsurgery unit could skillfully reattach the fingers.

The employee came out with his hand and his livelihood intact. The successful microsurgery made additional procedures unnecessary, and the employee will be back on the job soon, without the need for vocational retraining. So our client saved big in the long run.

At HCM, we manage every claim with experienced claim professionals. Additionally, we limit caseloads, so our case managers can be there to make the right decision when it really counts.

In fact, we're so sure that we have a better way to contain costs and improve service that we'll *guarantee our performance in writing* — and back it up with a portion of our fees.

If you're ready for a TPA that can really make a difference with your workers' compensation, liability, and employee benefit claims, call HCM sales and marketing at **1-800-426-7389.**

HCM

Hertz Claim Management

Claim By Claim, We Make A Difference.™

Market

Continued from previous page

• American Equity Insurance Co. of Scottsdale, Ariz. President and CEO Gene Keating formerly held those positions with Nautilus Insurance Co., a subsidiary of W.R. Berkley Corp.

USF&G Corp. of Baltimore also is expanding into the excess/surplus marketplace. It opened its excess casualty division two months ago to complement its 3-year-old excess property division and its middle-market specialty business division, which specializes in directors and officers, errors and omissions and municipality professional liability coverages.

"It's all going to be real interesting in the next three to four years. They're all going to be chasing the same business," said Roger S. Walsh, president and CEO of American Excess & Surplus, a New York-based wholesale brokerage subsidiary of Acordia Inc.

Mr. Walsh and other surplus lines executives predict, though, that U.S. socio-economic changes will continue to generate market opportunities.

"Markel is a long-term thinker. There is some optimism there is still a good business to be done," said Robert Bigham, vp of Markel Excess & Umbrella.

TIG's Ms. Kartchner was even more enthusiastic: "There are windows of opportunity that make it very appealing to get involved in surplus lines now."

Other surplus lines insurers and wholesalers, pointing to their own successes, concur.

For example, Burns & Wilcox has found its niche in the middle-market, concentrating on accounts that generate $1,500 to $2,500 in premium and working with small to mid-sized regional agencies with $5 million to $25 million in annual premium volume.

First State has found niches in health care.

Along with an established property/casualty program for nursing homes, the underwriting manager has added programs for home health care providers; human service providers, including group homes for the physically or mentally impaired; and home infusion providers, which administer intravenous medication to patients at home.

Miscellaneous professional liability and employment practice liability coverages played key roles in boosting premium volume at Reliance Insurance Co. of Illinois.

Program business drove Swett & Crawford Group's 1994 growth. Virtually all of the largest U.S. wholesaler's program business grew in 1994. That business includes energy operations, fun center and water parks, and D&O liability insurance for non-profit organizations.

In addition, the wholesale broker was able to expand its capabilities in the trucking industry to California and parts of the Southeast.

Other suprlus lines brokers and insurers also are eying program business as a way to grow.

For example, even though Price Forbes North America's premium volume grew only 5.8% last year, its largest unit's growth topped 12% on the strength of programs for financial institutions, resort hotels, parking garage owners and operators and environmental consultants.

AISLIC also has seen increased interest in its professional liability program for large law firms.

At the same time, surplus lines insurers and wholesalers are introducing new products at a brisk clip to drum up new business.

"About 50% of the business we wrote in 1994 in the primary department was in classes of business that we did not write until 1990," noted Kevin P. Brooks, chairman and president of General Star Indemnity Co.

Those include coverage for short track railroads, medical products coverage, and professional liability coverage for scuba instructors.

First State introduced a joint program with parent company ITT Hartford Group Inc. that provides coverages to credit unions. ITT Hartford writes fidelity blanket bonds while First State provides up to $5 million of D&O coverage.

United National launched a program that provides $1 million to $3 million of general liability coverage for residential health care facilities and alcohol and drug rehabilitation units.

And, St. Paul Surplus Lines Insurance Co. rolled out a program for members of the Petroleum Equipment Institute last year.

Some risk managers also will find a few markets for pollution liability.

For example, General Star has introduced pollution-only coverage for environmental contractors.

One of Steadfast's new products provides up to $10 million of limits to property sellers to cover future pollution liability arising from property they have sold, regardless of whether the contamination was known at the time of the sale.

AAI Syndicate #1 Ltd., an IIE syndicate, offers similar coverage.

Steadfast also is writing up to $10 million of limits to cover lead-based paint and asbestos liability.

Risk managers also will find many employment practices liability products in the surplus lines market.

For example, wholesaler Alexander Howden North America Inc. this year introduced an employment practices liability product that combines insurance with a risk management program and access to legal advice.

Lexington Insurance Co., the largest surplus lines insurer, last year introduced an employment practices liability policy that covers employer liability for sexual harassment and other discrimination claims.

Swett & Crawford unveiled its coverage about two months ago. It provides $1 million of limits, and the coverage can be written on either an admitted or non-admitted basis.

And Britamco Underwriters Inc., another IIE syndicate, offers small businesses a policy that covers, among other things, discrimination and wrongful termination claims.

Some other new products include:

• An errors and omissions policy for franchisers covering claims by their franchisees; E&O programs for lead testers and bail bond agents; and several new business interruption coverages, including a policy covering the losses of medical device makers if their operations are enjoined by the U.S. Food and Drug Administration, from Lexington.

• A liability and property program for Nevada casinos from United National.

• An intellectual property coverage program for high-tech firms from Tri-City.

And of course, the hard catastrophe property market continues to be a healthy source of premium volume for surplus lines insurers and wholesalers.

For example, Tri-City reported a 32.7% jump in property premium volume last year to $150 million from $113 million in 1993. And through the first six months of 1995, property volume is up 32% to about $87 million.

•

Lee Velker contributed to this story.

The Illinois Insurance Exchange is a unique American insurance/financial institution. Patterned after the Lloyd's concept, investment syndicates providing underwriting capital, the Exchange offers capacity for unusual and hard-to-place risks. The Exchange also helps retain some of the billions in premium dollars exported abroad each year. If you are interested in participating as a broker member or syndicate investor, contact Terry Ryan, Assistant Vice President, at 312/408-8000.

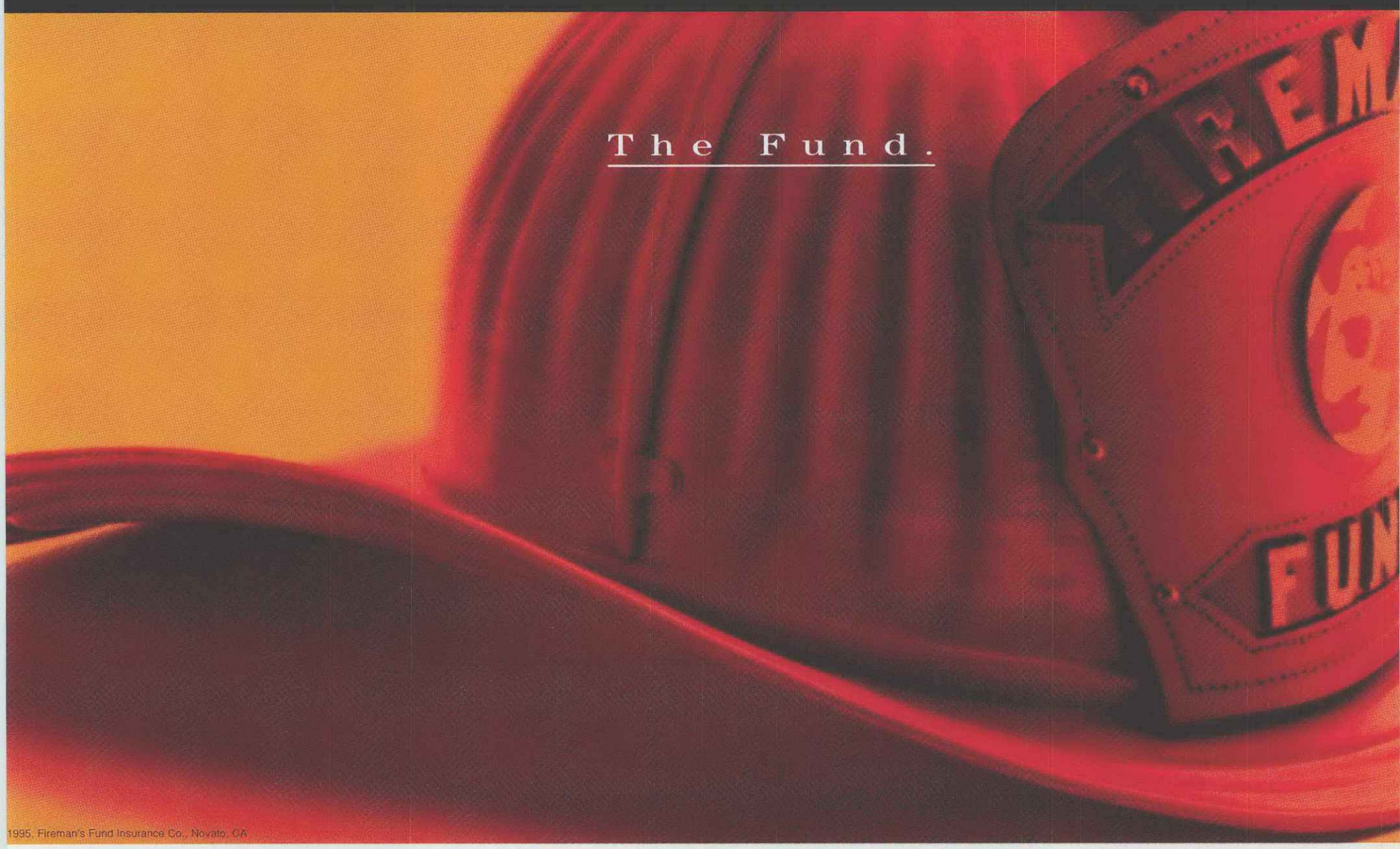
ILLINOIS INSURANCE EXCHANGE

America's 4th Largest Surplus Lines Market

311 S. Wacker Drive, Suite 400, Chicago, Illinois 60606
Toll-Free 1-800/525-8471 (In Ill. 312/408-8000) • Fax 312/408-8001

A lot of carriers talk about financial strength. But who has the resources? And the track record?

The Fund.



1995, Fireman's Fund Insurance Co., Novato, CA

Fireman's Fund

Opinions

6th Circuit still in the dark

WE HOPE that a recent captive tax ruling by the 6th U.S. Circuit Court of Appeals will be overturned, since the panel of the judges clearly doesn't understand the nature of business insurance.

The decision involves Malone & Hyde Inc., a Memphis, Tenn.-based wholesale food distributor that set up a Bermuda captive in 1977 to reinsure its own workers compensation, general liability and auto liability exposures.

The captive was capitalized at the minimum required by Bermuda law, and Malone & Hyde arranged letters of credit and hold-harmless agreements to protect the primary insurer for any amounts unpaid under the reinsurance agreement.

Malone & Hyde then deducted premiums its subsidiaries paid to the captive on its consolidated tax returns.

The Internal Revenue Service balked, claiming that the captive did not constitute insurance and denied the deductions. On appeal, the U.S. Tax Court reversed the IRS finding and allowed the deductions.

However, the 6th Circuit last month overturned that decision and reinstated the IRS determination (*BI*, Aug. 28).

The court said a deduction should not be allowed if it "is accomplished through the use of an undercapitalized foreign insurance captive that is propped up by guarantees of the parent corporation. The captive in such a case is essentially a sham corporation and the payments to such a captive that are designated as insurance premiums do not constitute bona fide business expenses."

We think the court's reasoning runs counter to common practices in the commercial insurance market, and we fear that the 6th Circuit decision may erode the value to businesses of the court's own 1989 decision *allowing* Humana Inc. to deduct captive premiums (*BI*, Aug. 7, 1989).

Among the reasons for its decision, the court noted that Malone & Hyde set up its captive not because of a scarcity of coverage in the market—as had been the case in *Humana*—but because it sought to lower its insurance costs while obtaining a deduction for premiums paid by its subsidiaries. Therefore, the court concluded, the captive must be a "sham" set up solely to evade taxes and not for any legitimate business purpose.

Since when is reducing insurance costs not a legitimate business purpose?

The 6th Circuit also took issue with the fact that the captive was domiciled in Bermuda.

In supporting its argument, the court said that Malone & Hyde's captive operated under the "extremely thin" minimum capitalization required by Bermuda law. "The record does not indicate that Bermuda exercised oversight similar to that which Colorado exercised over Humana's captive insurer," the court added.

The court seems to ignore the fact that Bermuda has long been a sophisticated and influential insurance marketplace. The domicile has capable regulators and service providers whose reputation and livelihood depend on maintaining a healthy insurance industry.

The 6th Circuit also was critical of the reinsurance arrangement Malone & Hyde had with its primary insurer. However, in the late 1970s, when captives were a relatively novel phenomenon, few if any fronting insurers would back up a captive without such letters of credit and hold-harmless agreements to protect them. In addition, Malone & Hyde said that its arrangement was "irrelevant" to the question of whether its subsidiaries were shifting risk. The company argued that the subsidiaries' risk of loss was shifted away from their assets and that the premiums should be deductible.

We hope this case will be appealed and overturned. However, it also shows that there is still a need for risk managers and captive insurance professionals to continue educating the IRS and the business community at large about captives and self-insurance.

Despite the many strides made by alternative risk financing facilities in becoming part of the mainstream, this decision makes clear that there are those who still regard captives as mere tax dodges, rather than a viable risk financing mechanism, and Bermuda and other viable offshore domiciles as mere tax havens.

Letters

Disability costs are less than article suggests

To the editor: Your Aug. 21 issue carried a Perspective article, "Reaching the Final Frontier: Managing Disability Gives Employers Newfound Opportunity to Control Costs" by two disability consultants for Watson Wyatt Worldwide.

I question their statement that "disability premiums average 7% to 9% of payroll." While I agree with the point they are making—that the real cost of disability to most corporations is much more substantial—I have never experienced direct premiums and costs in the 7% to 9% range. The actual cost of disability coverage on a group basis or self-insured basis is more in the range of 0.3% to 1.5% of payroll.

Most of the disability and workers compensation insurers indicate that their studies find the total cost of disability in the 8% of payroll range.

Congratulations on the balance of the article.

These costs are significant enough without exaggerating them. Obviously, even a minimal savings through managed disability can have a significant bottom-line impact.

James B. Tollerton
President
Professional Benefits Inc.
Sarasota, Fla.

Business Insurance welcomes letters to the editor. The section is intended to be a forum for readers' opinions and comments. We reserve the right to edit letters for clarity or space. We will not publish unsigned letters. Please send your letters to Letters to the Editor, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611; fax: 312-280-3174; e-mail: 76735.3045@compuserve.com.

Lloyd's bigger, more profitable

To the editor: Congratulations on your comprehensive and balanced survey of the Lloyd's market (*BI*, Aug. 28). This annual publication is always awaited with keen interest and is read avidly.

A minor gripe: In an otherwise sound editorial, "Betting on Lloyd's Recovery," the gremlins seems to have been at work.

The article refers to 107 syndicates operating this year; there are in fact 170. Moreover, close to 75% of these are led by underwriters who have made profits even in our darkest days.

Peter Hill
Head of Communications
Lloyd's of London
London

Business Insurance®

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

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

Editor: Paul D. Winston (Chicago)

Editor-at-Large: Jerry Geisel (Washington)
Managing Editor: Timothy Stanton (Chicago)
International Editor: Stacy Shapiro (London)
Senior Editors: Meg Fletcher, A.R.M. (Chicago); Judy Greenwald (San Jose); Dave Lenckus (Chicago); Douglas Mcleod (New York); Joanne Wojcik (Los Angeles)
Assistant Managing Editor/News: Roseanne White (Chicago)

Bureau Chief: Michael Schachner (New York)
Graphics Editor: Eric J. Williams (Chicago)
Copy Editors: Regis J. Coccia (Chicago); Kerry A. Dziubek (Chicago); Sara J. Harty (Chicago)
Associate Editors: Deborah Shalowitz Cowans (Chicago); Roberto Ceniceros (Los Angeles); Sarah Goddard (London); Mark A. Hofmann (Washington); Sara Marley (Chicago); Sally Roberts (Chicago); Gavin Souter (New York); Rodd Zolkos (Chicago)
Directory Editor: Sandra L. Budde (Chicago)
Assistant Directory Editor: Rich Trout (Chicago)
Editorial Assistant: Ovie Dent (Chicago)
Assistant to the Publisher: Karen Brown Tucker (Chicago)
Editorial Cartoonist: Roger Schillerstrom (Chicago)

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

Eastern Advertising Manager: Stephen P. Lincoln (New York)
Midwest Advertising Manager: Robert L. Niesse (Chicago)
District Managers: Cynthia Bykowski (New York); Blake Delany (New York); Earrie Harmelin (New York); Deborah D. Neale (Chicago)
Sales Assistant: Lori Lieberman (Los Angeles)
Classified Advertising Manager: Cheryl Butler (Chicago)
Production Manager: Elmer Kerstowske (Chicago)

Director of Communications: Ronnie I. Drachman (New York)
Promotion Coordinator: Barbara O'Brien (New York)

EDITORIAL: Chicago: 312-649-5398; London: 171-608-1172; Los Angeles: 213-651-3710; New York: 212-210-0100; San Jose: 408-379-1790; Washington: 202-662-7200
ADVERTISING: New York: 212-210-0228; Chicago: 312-649-5276; Los Angeles: 213-651-3710
COMMUNICATIONS: New York: 212-210-0132
SUBSCRIPTIONS: Detroit: 800-678-9595

Published by Crain Communications, Inc., Chicago

Founder: G.D. Crain Jr. (1885-1973)
Chairman: Mrs. G.D. Crain
Vice chairman: Keith Crain
President: Rance Crain
Chairman-executive committee: S.R. Bernstein (1907-1993)
Treasurer: Mary Kay Crain
Secretary: Merrilee P. Crain
Executive Vice president-operations: William A. Morrow
Vice president-production: Robert C. Adams
Circulation director: Peter J. Johnson

Published weekly at 740 Rush St., Chicago, Ill. 60611-2590, Fax 312/280-3174, E-Mail 76735.3045@Compuserve.com, Cable CRAINCOM. Offices: 220 E. 42nd St., New York, N.Y. 10017-5806, Fax 212/210-0704, CRAIN.COM NYK; Suite 814, National Press Building, Washington, D.C. 20045-1801, Fax 202/638-3155; 6500 Wilshire Blvd., Suite 2300 Los Angeles, Calif. 90048-4947, Fax 213/655-8157; 540 Latimer Circle, Campbell, Calif. 95008, Fax 408/379-3257; Cowcross Court, 2nd Floor, 75-77 Cowcross St., London EC1M 6BP, England, Fax 71/608/1173. $4 a copy. $80 a year in U.S. $100 in Canada and Mexico (includes GST). All other countries $200/yr (includes expedited air delivery). DAVE KELLEY, circulation manager. Four weeks' notice required for change of address. Send subscription correspondence to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit, Mich., 48207-3185, or phone 800-678-9595 or 313-446-0450, Fax 313/446-6777. Microfilm copies are available from University Microfilms, 300 Zeeb Road, Ann Arbor, Mich. 48013. Microfiche copies available: Bell & Howell, Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of the editorial content of this issue are available for reprint or reproduction in other media. For information and rates to reproduce in general circulation media, contact JOSEPH P. HANLEY, Crain News Service, 220 E. 42nd St., New York, N.Y. 10017-5806, 212-254-0890. For reprints or reprint permission contact: KAREN BROWN TUCKER, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590, 312-649-5319, Fax 312/280-3174.

TO SUBSCRIBE TO THE WORLD'S LEADING COMMERCIAL INSURANCE PUBLICATION, CALL
800-678-9595
313-446-0450 outside of the United States

BPA INTERNATIONAL® Member of Business Publications Audit of Circulation ABP

invite insight Writing facultative reinsurance for today's market takes more than just capacity. It requires capability. ZRC can show you innovative ways to evaluate your casualty fac risks and more effective ways to manage them. **secure strength**

With a Standard & Poor's AA- claims-paying rating, surplus exceeding $600 million and a clean balance sheet, ZRC is one of the industry's most stable reinsurers.

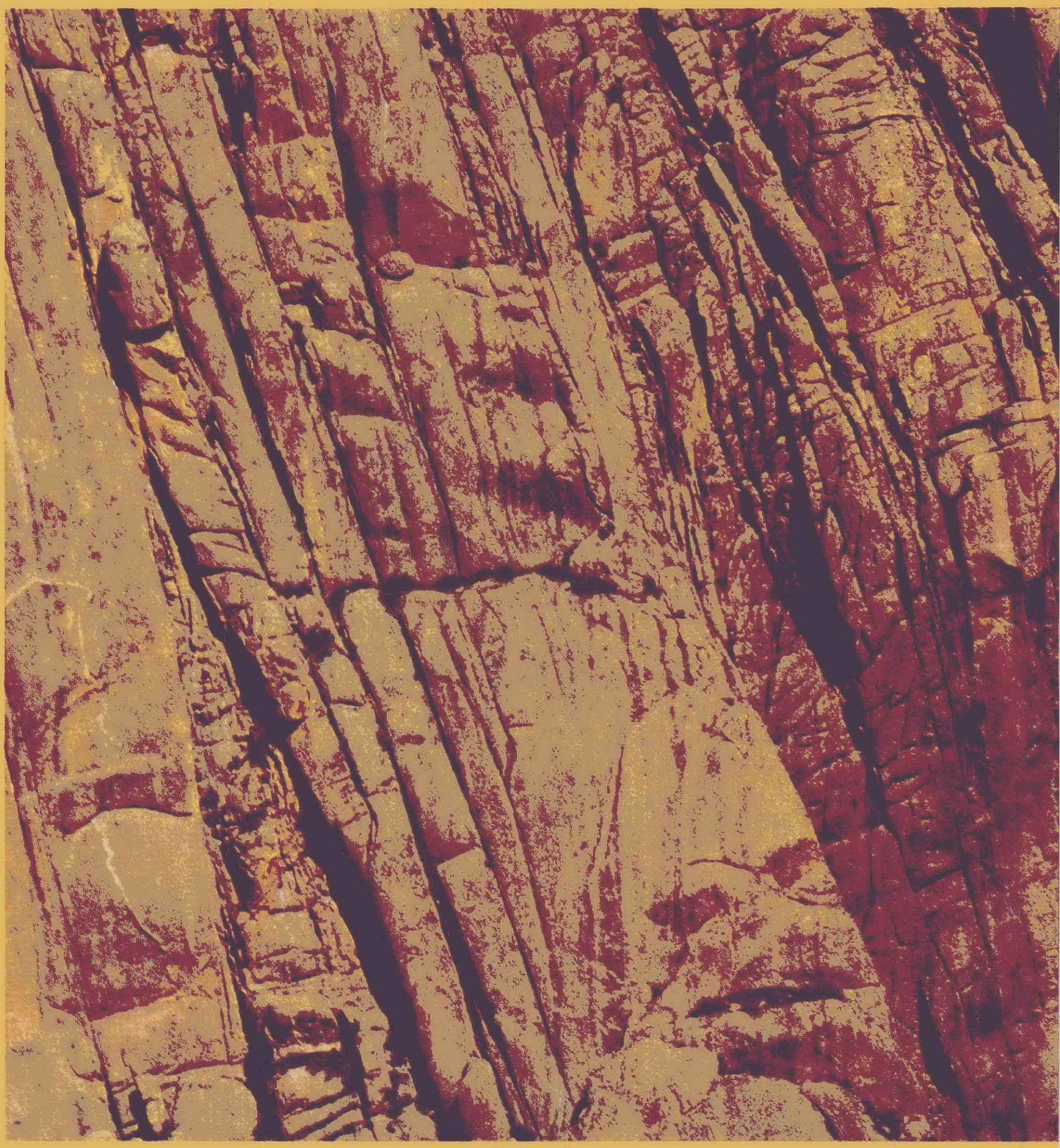
defy convention Obtain a fresh perspective on your individual casualty risk or facultative program. Contact our team of facultative experts at a ZRC location listed below or call your broker.

ZRC

RAISING THE STANDARD FOR REINSURANCE

MEMBER OF THE ZURICH INSURANCE GROUP

Atlanta	Chicago	New England	New York	San Francisco	Special Accounts
800-955-3294	800-729-3838	800-335-7826	800-915-8333	800-757-1447	203-965-8800
fax 404-668-2371	fax 312-554-3839	fax 203-965-8850	fax 212-898-5008	fax 415-837-0484	fax 203-965-8850



When you see no way around it, we can show you a way over it.

When you're in it, it's hard to see your way around it. Risk. Lexington, the largest U.S.-based Excess and Surplus Lines underwriter, is known for leading many through the uncharted territory called risk. With new coverages like Employment Practices Liability and Patent Infringement Liability. And specialized products and services created to help meet the demands of fast-paced industries such as

B O S T O N L O N D O N B E R M U D A

Surplus lines premiums dip 1.3% nationwide

By KERRY A. DZIUBEK

While the nation's largest surplus lines insurers are seeing record premium growth, competition from the admitted market is depressing premium volume growth in the overall surplus lines market.

Surplus lines premiums written nationwide in 1994 totaled $7.96 billion, a 1.3% decrease from a restated $8.07 billion in 1993, according to state regulators surveyed by *Business Insurance*. That drop in surplus lines premium contrasts with a 6.6% increase between restated 1993 and 1992 totals.

Many states restate their prior-year premiums as more accurate information becomes available. In addition, Vermont's surplus lines totals have been revised downward to reflect only surplus lines activity. In past years, Vermont inadvertently had provided total insurance tax revenue, including admitted market activity, instead of surplus lines premium volume information.

Once again, California reported the largest surplus lines premium volume of any state last year, despite reporting a 2.2% drop in premium to $1.34 billion from $1.37 billion in 1993.

Texas continued to post the second-largest surplus lines premium volume of the states last year, despite a 16.5% fall in premium volume to $1.1 billion from $1.31 billion in 1993.

The largest increase in premium volume was posted by Iowa, where surplus lines premiums rose 32.2%, to $42.9 million in 1994 from $32.5 million in 1993. Four other states reported increases of 20% or more: Missouri and Utah, both up 27.9%; Tennessee, up 21.2%; and Virginia, up 20.7%.

Seven states reported increases of between 10% and 20%: Nevada, up 19.8%; Georgia, up 18%; Hawaii, up 17.4%; Indiana, up 15.6%; North Dakota, up 13.8%; Minnesota, up 13.4%; and New Jersey, up 11.4%.

Overall, 30 states and the District of Columbia posted increases in surplus lines premium volume between 1993 and 1994.

The largest decline in surplus lines premium volume was reported by Maryland, which posted a 47.1% decrease, to $43.3 million in 1994 from $81.9 million in 1993. Maryland regulators attribute the sharp decline in surplus lines volume to admitted market insurers that are picking up accounts by competing directly with the surplus lines market.

Other states reporting double-digit declines included: Texas, down 16.5%; Delaware and Michigan, down 15.8%; Colorado, down 14.6%; and Oregon, down 10.0%.

Overall, 19 states reported declines in surplus lines volume

West Virginia reported no change, with surplus lines volume remaining at $20 million.

Surplus lines tax rates remained stable among the states, with one exception: Michigan increased the surplus lines tax rate to 2.5% beginning July 1, 1994, up from 2.0% previously.

No states reported anticipated changes to their surplus lines tax rates for 1995. BI

Surplus lines premiums & taxes by state

State	Surplus lines premiums 1994	1993	1992	93–94 % change	92–94 % change	Surplus lines taxes 1994	1993	1992	% tax rate
Alabama	$142,776,275[1,2]	$153,222,699[2]	$117,481,100[2]	-6.8%	21.5%	$5,711,051[1]	$6,128,908	$4,699,244	4.00%
Alaska	38,936,908	41,397,112	45,033,339	-5.9	-13.5	929,645	946,561	916,380	2.70
Arizona	86,515,120	85,816,711	78,046,214	0.8	10.9	2,704,858	2,762,607	2,270,601	3.00
Arkansas	52,000,000[1]	50,352,502	49,501,904	3.3	5.0	2,160,000	2,062,175	2,021,045	4.00[4]
California	1,337,526,567[2]	1,368,132,173[2]	1,622,851,298[2]	-2.2	-17.6	40,125,797	41,043,965	48,685,539	3.00
Colorado	94,440,913[2]	93,071,145[2]	87,642,759[2]	-14.6	-9.3	2,833,227	2,792,134	2,450,414	3.00[5]
Connecticut	79,512,724	74,321,665	73,582,202	7.0	8.1	3,126,308	2,880,975	2,753,923	4.00
Delaware	18,228,770	21,655,965	15,277,308	-15.8	19.3	364,576	433,121	305,476	2.00
District of Columbia	48,300,363[2]	45,649,900[2]	41,865,100[2]	5.8	15.4	966,007	952,185	837,302	2.00
Florida	640,951,417[1]	608,868,767	503,558,750	5.3	27.3	28,607,510	26,768,454	22,703,280	5.00
Georgia[6]	224,465,300[1]	190,287,477[1]	197,201,058	18.0	13.8	8,978,612	7,611,499	7,888,042	4.00
Hawaii[6]	97,530,469[1,2]	83,073,833[1,2]	49,895,948[1,2]	17.4	95.5	4,564,426[1]	3,888,446	2,334,569	4.68
Idaho[6]	18,950,000	18,673,632	15,543,285	1.5	21.9	495,278	476,827	426,705	3.00
Illinois[6]	287,028,000	275,455,026	273,529,375	4.2	4.9	8,610,840	8,300,766	8,363,180	3.00
Indiana	94,774,483	81,988,137	72,243,652	15.6	31.2	2,570,360	2,054,994	1,880,744	2.50[3]
Iowa	42,914,429	32,457,905	32,858,963	32.2	30.6	858,289	649,158	657,179	2.00
Kansas	41,021,996[1]	44,076,438	47,346,605	-6.9	-13.4	2,477,116	2,630,460	2,234,805	6.00[7]
Kentucky	40,688,954	39,812,200	32,044,122	2.2	27.0	1,220,668	1,194,366	961,324	3.00
Louisiana	518,381,242	510,281,715	387,873,556	1.6	33.6	25,919,062	25,514,086	19,393,678	5.00
Maine	17,494,801	19,270,210	24,857,428	-9.2	-29.6	524,844	578,106	745,722	3.00
Maryland[6]	43,344,050	81,947,067	77,147,870	-47.1	-43.8	1,258,414	2,420,654	2,275,418	3.00
Massachusetts	215,720,285	211,790,625	190,433,514	1.9	13.3	8,628,811	8,471,625	7,617,340	4.00
Michigan	305,272,393	362,427,608	315,736,971	-15.8	-3.3	6,830,499	7,253,388	6,315,066	2.00[8]
Minnesota	85,385,994	75,328,164	76,562,074	13.4	11.5	2,561,580	2,259,845	2,296,862	3.00
Mississippi	61,430,195	56,520,317	46,548,782	8.7	32.0	2,427,581	2,239,159	1,861,951	4.00[9]
Missouri	160,302,263	125,296,385	116,190,517	27.9	38.0	7,857,206	6,068,089	5,701,487	5.00
Montana	11,753,480	11,524,659	10,187,632	2.0	15.4	323,541	317,906	282,159	2.75
Nebraska	26,871,046	26,114,528	21,967,936	2.9	22.3	816,483	783,436	668,222	3.00
Nevada	30,393,176	25,378,815	25,288,100	19.8	20.2	1,086,605	888,483	881,655	3.50
New Hampshire	25,477,831	24,346,375	27,199,939	4.6	-6.3	509,566	496,090	543,999	2.00
New Jersey	240,049,111	215,564,686	209,653,972	11.4	14.5	7,827,524	6,819,894	6,827,484	3.00
New Mexico[6]	28,591,028[2]	26,392,907[2]	19,828,180[2]	8.3	44.2	857,731	791,787	594,845	3.00
New York	375,075,175	382,483,324	386,141,471	-1.9	-2.9	13,502,706	13,769,400	13,901,093	3.60
North Carolina	80,937,506	86,460,257	84,877,816	-6.4	-4.6	4,046,877	4,323,014	4,243,889	5.00
North Dakota[6]	7,121,898	6,259,801	5,162,313	13.8	38.0	127,167	109,410	89,013	1.75
Ohio[6]	144,712,799	146,616,612	126,307,371	-1.3	14.6	1,265,797	1,141,750	1,029,995	5.00
Oklahoma	86,317,057[1]	88,611,440	78,874,815	-2.6	9.4	5,179,023	5,316,686	4,732,489	6.00
Oregon	68,199,509	75,788,119	73,579,901	-10.0	-7.3	1,534,454	1,704,922	1,655,097	2.25
Pennsylvania	308,000,000[1]	290,000,000[2]	290,000,000[2]	-5.8	0.0	11,742,125	8,700,000	8,700,000	3.00
Rhode Island	40,264,467[1,2]	39,794,400[1,2]	42,403,200[1,2]	1.2	-5.0	1,207,934	1,193,832	1,272,096	3.00
South Carolina	72,535,976	66,270,095	66,619,268	9.5	8.9	2,901,439	2,650,771	2,664,771	4.00
South Dakota	11,532,500	10,726,320	8,600,000	7.5	34.1	288,312	268,158	215,000	2.50
Tennessee	115,073,673	94,938,084	87,815,736	21.2	31.0	3,116,266	2,583,553	2,389,194	2.50[10]
Texas	1,097,136,268[11]	1,313,999,414[11]	1,048,533,731[11]	-16.5	4.6	53,229,082[1]	63,718,527[1]	50,859,824[1]	4.85
Utah	40,853,947	31,944,465	30,919,851	27.9	32.1	1,725,692	1,350,659	1,307,273	4.25
Vermont	10,720,341	11,065,627	NA	-3.1	NA	321,610	331,969	NA	3.00
Virginia	115,132,561	95,406,135	88,272,366	20.7	30.4	2,590,482	2,146,638	1,986,128	2.25
Washington	124,515,165	134,253,882	132,389,239	-7.3	-5.9	2,490,915	2,685,078	2,648,350	2.00
West Virginia	20,000,000[1]	20,000,000[1]	20,863,251[1]	0.0	-4.1	800,000[1]	800,000[1]	834,530[1]	4.00
Wisconsin	78,247,994	81,606,670	76,866,960	-4.1	1.8	2,312,890	2,441,111	2,294,642	3.00[12]
Wyoming	9,490,457	9,353,628	9,590,888	1.5	-1.0	265,673	271,716	257,322	3.00
TOTALS/AVERAGES	**$7,962,896,876**	**$8,065,715,621**	**$7,562,797,630**	**-1.3%**	**5.3%**	**$293,382,459**	**$293,987,343**	**$269,476,345**	**3.37%**

[1] State insurance department estimate [2] Non-taxable premiums excluded [3] 2% on industrial insured [4] Tax is 4% of premiums plus 4% of underwriting expenses [5] 2% before March 1, 1992 [6] Fiscal years ending 6/30 [7] 4% before July 1, 1992 [8] 2.5% starting July 1, 1994 [9] 3% on direct placements [10] 3.25% on fire portion [11] Non-taxable premiums and purchasing group premiums excluded [12] 0.5% on ocean marine coverage NA=Not available

Source: *BI* survey

GRAPHIC BY KIM ROME

Reliance National's Employment Practices Liability

The essence of the American dream is based upon the principles of freedom, equality and justice for all. As a result, today's vast job market offers a world of opportunity for making dreams come true. Employment laws that promise everyone a fair chance for success inhabit every industry. However, in spite of those laws, job security doesn't always come without a price. Unfair treatment due to discrimination or sexual harassment continues, threatening one's financial security and often resulting in wrongful termination.

Given at times that unjust employment practices cannot be prevented from occurring, Reliance National provides comprehensive coverage to safeguard employers when they do. Our employment practices liability portfolio offers protection from the risks associated with:

- Wrongful Termination
- Sexual Harassment
- Discrimination
- Americans with Disabilities

When providing your business with employment practices liability coverage, come to the insurance carrier whose business is protecting your business...THE CHOICE, Reliance National.

THE CHOICE

Reliance National

A Reliance Group Holdings Company

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

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

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

© 1995 Reliance National Insurance Company.

THE WORD IS OUT ON TIG.

"*TIG* has worked with my clients to reduce their insurance costs."

"We chose *TIG* as our market for large programs."

Everywhere you turn, more and more people are discovering the strength and innovation of TIG Insurance Company, one of the largest insurers in the United States today. And while our name may not be a household word yet, our property and casualty insurance products and services are making believers out of producers and insureds coast-to-coast.

TIG Insurance Company has maintained A.M. Best 'A XI' (Excellent) and Standard & Poor's 'AA-' ratings since its inception. Our commercial insurance products include Risk Management Services, Excess Casualty, Workers' Compensation, Large Programs, Construction, Attorneys' Liability, Sports & Leisure and Transportation. Our newest commitment to specialized insurance is the recent formation of TIG Excess & Surplus Lines

With solid financial strength and conservative reserving, TIG is the picture of a financially dependable insurance company. Our responsive, state-of-the-art service builds long-term relationships. And our commitment to 100% client satisfaction is winning business everywhere. Don't be the last to find out. Call us, and get the word today.

TIG INSURANCE℠

Call us toll-free: 1-800-209-8118

Legal, regulatory changes get top billing

By MEG FLETCHER

The surplus lines market has been more affected by legal and regulatory changes in the past year than by legislative ones.

"Pre-answer" security bonds are the focus of one dispute. Policyholders have invoked laws in several states to require non-admitted insurers that provided insurance in out-of-state transactions to either become licensed in a state or post a bond equal to any damages claimed before it can file court papers in a lawsuit.

That action both provides policyholders an added measure of security and puts pressure on insurers to settle disputes.

"The pre-answer bond issue continues to seethe in both California and Texas," said Richard Bouhan, executive director of the National Assn. of Professional Surplus Lines Offices Ltd. in Kansas City, Mo.

Under California law, judges can require surplus lines insurers to post the bonds in certain types of litigation. Recently, the California Supreme Court declined to review a challenge to the state bond law in a case involving Raytheon Corp. of Lexington, Mass.

Raytheon had purchased general liability coverage from Lloyd's of London underwriters through a Massachusetts-licensed surplus lines broker. The policy covered a variety of locations, including a semi-conductor plant in Mountain View, Calif., where it allegedly polluted groundwater.

Raytheon sued in California courts to secure coverage related to that pollution.

Invoking a little-used provision of the state insurance code, Raytheon, with the approval of a state appeals court, forced the underwriters to post a $30 million bond (*BI*, June 19).

That outcome, said Mr. Bouhan, gives policyholders "tremendous leverage in lawsuits against non-admitted carriers with multistate surplus lines transactions that have occurred legitimately in states other than where the risk is located. As a result, the conduct of surplus lines business on a multistate basis became extremely problematic."

The validity of pre-answer bonds was also upheld by the Supreme Court of Texas on July 7 in *Mid-American Indemnity Insurance Co. vs. The Honorable Jack R. King*, according to Mike Koziol, senior insurance operations counsel with the National Assn. of Independent Insurers in Schaumburg, Ill.

Both NAPSLO and the NAII are supporting pending legislation that would substantially reduce the impact of pre-answer bonds by exempting business that is properly placed by out-of-state brokers. Several big companies and the California Trial Lawyers Assn. oppose the bill.

To avoid the possibility of having to put up an expensive bond in, for example, California, surplus lines insurers could use a California surplus lines broker in the placement, but that would increase the cost of coverage, Mr. Koziol said.

Surplus lines also has come under fire this year as a result of state regulators' actions.

During the past year, both Connecticut and Oklahoma have taken steps to review the operation of non-admitted insurers or brokers operating in their states.

"Attempts to expand audits extra-territorially on insurers or brokers is something that gives us great concern," Mr. Bouhan said.

"Any state that wants to examine surplus lines carriers creates a jurisdictional question in our minds because the company remains outside most states and not subject to those states," he explained. The only state regulation to which a U.S. surplus lines insurer should be subject is the states in which it is admitted, he said.

However, insurance departments do regulate surplus lines brokers in their respective states and should focus their regulatory efforts on them, Mr. Bouhan suggested.

On the legislative front, it has been "relatively light" for surplus lines, said the NAII's Mr. Koziol.

Probably the biggest legislative trend is states' enactment of a $15 million minimum capital and surplus requirement for domestic insurers, he said.

Also, some states without stamping offices are considering establishing these broker-operated clearinghouses for surplus lines placements. A new Nevada law establishes a stamping office while Michigan is considering a bill to do so.

And in Utah the state Legislature established an "export list," which increases buyers' access to surplus lines markets.

Under a typical proposal, "the legislature creates a blank list and the regulator fills it in after hearings" about which coverages are routinely needed in the state, Mr. Koziol said.

An export list would help eliminate the traditional requirement that three admitted companies must decline to write a coverage before it could be written in the surplus lines market.

New York's Legislature has held hearings on a similar proposal.

Also, some states are considering deregulating commercial lines by eliminating rate and form requirements in admitted markets. Minnesota, in fact, did just that, Mr. Koziol said.

While such deregulation may cost surplus lines insurers business, they generally support it, he said. The surplus insurers, though, want the same freedom from rate and form requirements, he said.

"What it can do is increase the availability of the admitted market by making it easier to do business and therefore can decrease the need for the non-admitted market," he added.

"The common question in all the regulatory and legal issues is: Is the role of the surplus lines market understood?

"The mission of surplus lines is to be the market of last resort, and it needs freedom to do business," Mr. Koziol said. BI

The Alexsis philosophy – No. 5 in a series

Vis

The ability to perceive

Lexington retains top ranking

Strong growth helping surplus lines insurer stay No. 1

Lexington Insurance Co.

200 State St., Boston, Mass. 02109;
617-330-1100; fax: 617-772-4588

	1994	1993
Gross premiums	$1,192,979,444	$1,008,066,671
Non-admitted	$1,030,672,098	$905,403,302
Net premiums	$477,358,521	$383,003,650
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$824,614,182	$489,097,786
Employees	220	202
Combined ratio	93.2%	92.7%
Rating agency	93.2%	92.7%
Net income	$105,442,359	$87,312,983
Best's rating	A++	A++
S&P rating	AAA	AAA

Lexington Insurance Co. will have a tough time this year maintaining the double-digit growth that pushed its gross premium volume over the $1 billion mark in the last two years.

Property/casualty market competition and other factors will hold Lexington's growth to between 5% and 10% this year, as the insurer continues to focus on tough property risks and specialized casualty products, said President Kevin H. Kelley.

This compares with growth rates of 18.3% in 1994 and 25.6% the previous year, propelled by spiking property catastrophe rates that followed Hurricane Andrew and the 1994 earthquake in Northridge, Calif.

While the market for earthquake risks is actually tighter this year than in 1994, windstorm rates have leveled off and the casualty market continues to soften, Mr. Kelley said.

As a result, Lexington—a unit of American International Group Inc.—is dropping business that is vulnerable to soft market pressures and replacing it with risks in tighter lines.

Slower growth isn't necessarily a bad thing, he added.

If Lexington's book expands at a rate of 10% a year, "that's not a bad business," he said.

Overall, Lexington's gross premiums rose 18.3% last year to $1.19 billion from $1.01 billion in 1993, leaving it in its perennial spot as the largest U.S.-based surplus lines insurer.

Though liability risks have long accounted for the majority of Lexington's gross premiums, property business has exploded since 1992 as a battered market tightened in reaction to unprecedented catastrophe losses.

After more than doubling in 1993, property gross premiums rose 17.4% last year to $367.1 million from $312.6 million in 1993.

Lexington's property net volume, meanwhile, surged 41% to $151.7 million from $107.6 million in 1993, and the insurer retained more of the potentially highly profitable book.

Along with taking advantage of opportunities to write windstorm and earthquake business, the insurer has continued its specialties in energy risks—including petrochemical, pipeline and refinery risks—and big-ticket items like bridges, dams, tunnels, mining and railroad risks.

Lexington can write a net and treaty line of up to $10 million on property risks, and those limits can reach $20 million with facultative reinsurance support.

Liability premiums, meanwhile, grew 18.6% last year to $823.4 million from $694.2 million in 1993, despite continuing softness in the casualty market.

Lexington's casualty book is about 65% excess and umbrella risks, 20% transportation risks written on an occurrence form and 15% primary liability business.

The insurer can provide gross limits of up to $25 million on excess casualty risks and up to $5 million on directors and officers liability risks.

"Casualty is, I think, going through a change that's being fed by tort reform to a degree," observed Mr. Kelley, explaining that tort reform measures are helping reduce loss severity and slow down loss frequency.

"As a consequence, prices are heading down in a number of arenas," he said.

Lexington has responded by focusing on tougher casualty risks and niche products that are less vulnerable to competition from admitted markets, including medical malpractice and errors and omissions coverages for architects and engineers, publishers and others.

The insurer last year introduced an employment practices liability policy to cover employer liability for sexual harassment and discrimination claims. Mr. Kelley said this product should generate $20 million to $25 million in annual premiums.

Other new casualty products include an E&O policy for franchisers covering liabilities resulting from suits filed by their franchisees; a "contingent lessors intermodal transportation" policy, providing up to $5 million in limits to lessors of transportation equipment that are underinsured for liabilities arising from, for example, hazardous cargo; and E&O programs for lead testers and bail bond agents.

Lexington also has introduced several new business interruption coverages, including a policy covering losses of medical device manufacturers if their operations are enjoined by the U.S. Food and Drug Administration; and a "physicians disciplinary extra expense" policy, covering defense costs and lost earnings of doctors hit with disciplinary proceedings by medical review boards.

How these products fare in the marketplace remains to be seen; some of Lexington's earlier offerings have not caught on so far.

For example, a patent infringement policy for high-tech firms introduced more than a year ago has not generated much interest, Mr. Kelley said.

Lexington also opened a Bermuda branch office in July 1994 to focus on Fortune 1,000 excess liability business in the $25 million excess of $25 million layer.

The coverage complements the $100 million excess of $50 million limit available from Starr Excess Liability Insurance Co. Ltd., a Bermuda-based insurer formed by AIG and other investors in 1993.

Growth in the Bermuda office has been slow in the past year partly because of the soft market

Continued on next page

ion.

The know-how to respond.

Foresight is nothing without execution.

What separates visionaries from dreamers is the ability to turn ideas into reality.

Alexsis•Vision does just that.

It is an entirely new claims administration system which builds on the latest interactive technology to meet your comprehensive information management needs. For example, you can conduct queries on-line, and create and print reports on demand.

Alexsis•Vision: Developed with a focus on the future and an eye on your bottom line.

For more information about Alexsis•Vision, please contact J. Darwin Daniel, Sr. V.P., National Sales Director, Alexsis, 17187 N. Laurel Park Drive, Livonia, MI 48152, Fax (313) 953-4515.

Alexsis®
Risk Management Services
Solutions

Continued from previous page
though Mr. Kelley expressed faith in its longer-term prospects.

"We think there's opportunity in Bermuda," he said. "We are being patient with it."

Along with its individual risk casualty and property accounts, Lexington writes business through several specialty divisions:

• A special accident division, which provides stop-loss coverage to employers that self-insure employee health care programs.

Premium volume was off 10% to 15% last year, largely because of the slowdown in medical cost inflation, Mr. Kelley said.

• An international division, which handles the U.S. and international exposures of non-North American multinational corporations.

The division's strong growth continues to come from big increases in property premiums, which Lexington has picked up partly because of Lloyd's of London's widely publicized problems.

• A program division, which writes primary and excess property and liability coverages for trade and professional organizations.

The division is struggling against fierce admitted market competition and has seen its auto warranty business shrink substantially, he said.

• A captive division, which provides fronting and excess insurance programs for captives. The division remains flat and the soft commercial market holds back expansion of captive programs, he reported.

Lexington continues to produce impressive financial results. Earned premiums jumped 40.9% last year to $450.8 million from $319.9 million in 1993. After deducting losses and loss expenses, the insurer produced an underwriting gain of $31.8 million, up 76% from $18 million in 1993. Lexington's combined ratio was 93.2% last year, a slight deterioration from 92.7% a year before.

Lexington reinsures large portions of its business with scores of reinsurers around the world. One of the most significant of these is Coral Reinsurance Co. Ltd., a Barbados company that AIG helped organize in 1987 and that has written treaties covering various AIG units for uncollectible reinsurance from other reinsurers (*BI*, Feb. 6).

After other gains and losses and taxes, Lexington finished 1994 with net income of $105.4 million, up 20.8% from $87.3 million in 1993.

Surplus soared to $824.6 million as of Dec. 31 from $489.1 million a year earlier, largely because of a $270.9 million surplus contribution from three other AIG units.

The contribution is not intended to allow Lexington to write more business, but instead to strengthen its risk-based capital and other regulatory ratios, Lexington officials say.

For the first half this year, earned premiums fell 3.8% to $213.4 million from $221.7 million in first-half 1994. Underwriting gains amounted to $15.9 million, up 43.2% from $11.1 million, mainly on the strength of a large reduction in loss expenses.

Net income totaled $65.4 million, up 36.5% from $47.9 million in the first half of 1994, and policyholder surplus rose to $898.3 million as of June 30.

In addition to Mr. Kelley, Lexington officers include Richard Bucilla and Richard E. Jodoin, executive vps; and Nicholas Anselmo and Louis J. Garafalo Jr., senior vps.

Founded in 1965, Lexington carries AIG's group rating of A++ from A.M. Best Co., and individually holds a AAA claims-paying ability rating from Standard & Poor's Corp.

—By Douglas McLeod

American International Specialty Lines Insurance Co.

P.O. Box 196999, Anchorage, Alaska
99519-6999; 907-274-4100

	1994	1993
Gross premiums	$624,214,713	$469,587,404
Non-admitted	$606,128,641	$453,711,424
Commercial risks	100%	100%
Net premiums	$79,919,110	$69,166,399
Paid-in capital	$5,002,500	$5,002,500
Capital & surplus	$149,544,522	$132,405,702
Employees	0	0
Combined ratio	94.3%	95.4%
Net income	$16,007,075	$11,346,643
Best's rating	A++	A++
S&P rating	AAA	AAA

American International Specialty Lines Insurance Co. continues to move full speed ahead.

Gross premiums at the surplus lines subsidiary of American International Group Inc. jumped 33% last year to $624.2 million in from $469.6 million the year before.

This follows 1993's 26% surge from $373.5 million in gross written premiums in 1992.

And, despite continued soft market conditions, AI Specialty's gross premiums written on a direct, non-admitted basis also leaped 33%—the largest increase among the Top 10—to $606.1 million in 1994 from $453.7 million in 1993. This is even larger than the 28% growth rate in non-admitted premiums reported last year (*BI*, Sept. 26, 1994).

As a result, AI Specialty moved into the No. 2 position in the *Business Insurance* rankings of the largest U.S.-based surplus lines insurers, passing Scottsdale Insurance Co.

No. 1-ranked Lexington Insurance Co. also is a unit of AIG.

AI Specialty's strong results are not expected to drop in the near future, despite the departure of Jeffrey W. Greenberg from AIG. Mr. Greenberg, who had been a director of AI Specialty and executive vp at AIG, resigned both of those roles for personal reasons earlier this spring (*BI*, June 12).

AIG Senior Vp Bill Smith, who has assumed Mr. Greenberg's duties, credits the company's long-term strategy of focusing on "the unique and unusual" for its consistently strong performance.

"We do some specialty things in AI Specialty that we've done for a long time. We have some real capabilities either because of our overall financial rating or specialty claims skills or whatever," Mr. Smith said.

The insurer posted a statutory combined ratio in 1994 of 94.3%, a slight improvement from 95.4% in 1993.

Illustrating the company's financial strength, AI Specialty's net income also grew 41% in 1994 to $16 million from $11.3 million in 1993.

Among AI Specialty's best-performing lines are pollution liability, medical malpractice liability and professional liability for financial institutions and investment advisers, directors and officers and lawyers.

The pollution liability area is perhaps AI Specialty's fastest-growing line of business, according to Mr. Smith.

"We have a product there that combines a typical commercial general liability policy and a pollution liability policy, and that's been growing very quickly for us," he said.

The policy, called Eagle, provides up to $10 million in limits.

AI Specialty was able to intro

Continued on page 20

Today, you don't have to be in an environmental business to need environmental insurance.

In today's business climate, environmental risk affects more than just environmental businesses. Now virtually every business -- from architects and engineers to manufacturers and commercial developers... even warehouse facilities -- face potential environmental liability. Without the specialized coverage of environmental insurance, these businesses could suffer serious consequences.

Today, affordable insurance products to address your environmental risks are available through ECS Underwriting and Reliance National. At the forefront of environmental insurance since 1979, no one provides a stronger array of environmental insurance products. That means you can properly address your environmental liability exposures and benefit from a level of experience and service, unequaled in the insurance industry... and available only through ECS Underwriting.

Whether you're a pig farmer or a paving contractor -- the business you're in has an environmental exposure, and your current insurance may not provide the coverage you need. Don't find out the hard way. Call 1-800-ECS-1414 and talk to the experts at ECS Underwriting today.

ECS Underwriting, Inc.
An ECS Company

THE CHOICE
Reliance National

Environmental insurance protection for Worldwide industry.

Protecting: Architects & Engineering Firms ♦ Banks & Financial Institutions ♦ Commercial & Residential Developers
Light Industry & Manufacturing ♦ Warehousing ♦ Wastewater Treatment Facilities ♦ And Others

520 Eagleview Boulevard, P.O. Box 636, Exton, PA 19341. Or call 1-800-ECS-1414 (In PA 610-458-0570), FAX 610-458-8667.
Programs are underwritten by Reliance National Indemnity Company, a member of the Reliance Insurance Group.

Copyright 1994 ♦ 95-11-WRH-9/11

Continued from page 18
duce the product as a result of several developments in the pollution liability area, Mr. Smith explained.

"Obviously, the level of skill in the underwriting, loss control and claims has moved a vast difference in the last 10 years," he pointed out.

"Another piece of it is the industry's absolute pollution exclusion in its commercial general liability policies has stuck and has become the way business is done, so that, in essence, has created a need to buy specialty coverage that's rated separately," Mr. Smith said.

In the past, many commercial policyholders were hesitant to buy separate pollution liability coverage because the policyholders thought that they might have coverage for their pollution exposures under their commercial general liability policies, Mr. Smith explained.

And last, but certainly not least, "the vast majority of our growth has come from the whole remediation effort, which has itself grown up during this period," he said, referring to environmental cleanup efforts.

While remediation policies are usually written to cover cleanup contractors, AI Specialty has recently begun to offer pollution-in-place or "containment" policies to protect property owners from liability if their pollution containment is deemed adequate by engineers.

Natural catastrophes that have occurred in the past several years, like Hurricane Andrew in 1992 and the Northridge earthquake that shook parts of Los Angeles last year, also helped AI Specialty to attract new specialty property business spurned by the standard market.

"We write a pretty good volume of specialty property business, and that business is growing, and in fact we're continuing to get substantial rate increases on that business," Mr. Smith said.

AI Specialty didn't have significant losses from the Northridge quake because its California property writings are relatively small.

And, so far this year, with hurricane season heating up in the Southeast "we've done pretty well," he said.

But, Mr. Smith cautioned, "Of course they haven't amounted to anything yet."

Despite the tightening California earthquake market, AI Specialty is treading slowly because "we think the exposures are quite extreme," Mr. Smith said.

"We're offering relatively low limits and charging for them," Mr. Smith noted.

The insurer uses the catastrophe computer model developed by Risk Management Solutions Inc. to help with underwriting these risks since "a lot of what we do at AI Specialty has some catastrophe exposure to it," according to Mr. Smith.

Also contributing to AI Specialty's meteoric growth is a 20% average annual growth rate in medical malpractice writings for hospitals, related physician treatment groups and specialty medical clinics such as kidney dialysis centers and outpatient treatment centers.

"The whole health care liability or medical malpractice area has been very busy for us," Mr. Smith said. "All these operations are looking for new and different ways to treat risk."

As a result, "that area of business is growing quite rapidly for us," he said.

Professional liability coverages for financial institutions and mutual fund managers have also contributed substantially to AI Specialty's premium growth.

"Obviously, financial institutions in the past year have been very worried about their errors and omissions exposures as a result of derivatives and other things, so that business has grown," he pointed out.

That business has been fairly lucrative for AI Specialty because "we have priced to exposure, and where the exposures have gone up the prices have gone up."

This is a very volatile area with the potential for very large claims, Mr. Smith acknowledged.

"A few of them have been blown out of the water by being involved in investments that caused their entire fund to disappear," he said, referring to fiascoes at British bank Barings P.L.C. and the investment funds of Orange County, Calif. (*BI*, March 6; Dec. 12, 1994).

As a result of the substantial exposures facing these professionals, AI Specialty has expanded the range of rates it charges, depending on what types of investments they oversee, according to Mr. Smith.

"In fact, in some cases, there are risks that we won't even touch anymore, even in our specialty business," he said. One notable example of business that AI Specialty will not handle is any exposure involving financial derivatives.

But, so far "we haven't walked away from any customers, only because some of them have ceased to exist," he said. "But probably a fund adviser today who has dealt with derivatives would have great trouble putting together an insurance program."

AI Specialty also has seen increased interest in its lawyers professional liability program for large law firms.

"That's something we do pretty well," he said. "And there's not a lot of competitors, so that's been a good business for us."

AI Specialty also writes directors and officers liability insurance for companies in special circumstances, such as those emerging from federal bankruptcy protection and those making initial public offerings.

However, AI Specialty continues to shun Resolution Trust Corp. errors and omissions liability coverages for financial institutions.

The insurer made no capacity changes in 1994.

AI Specialty offers limits of up to $10 million on all lines of its coverage. Occasionally, higher limits are made available through facultative reinsurance. AI Specialty deals with major direct reinsurers on most of the coverage it writes.

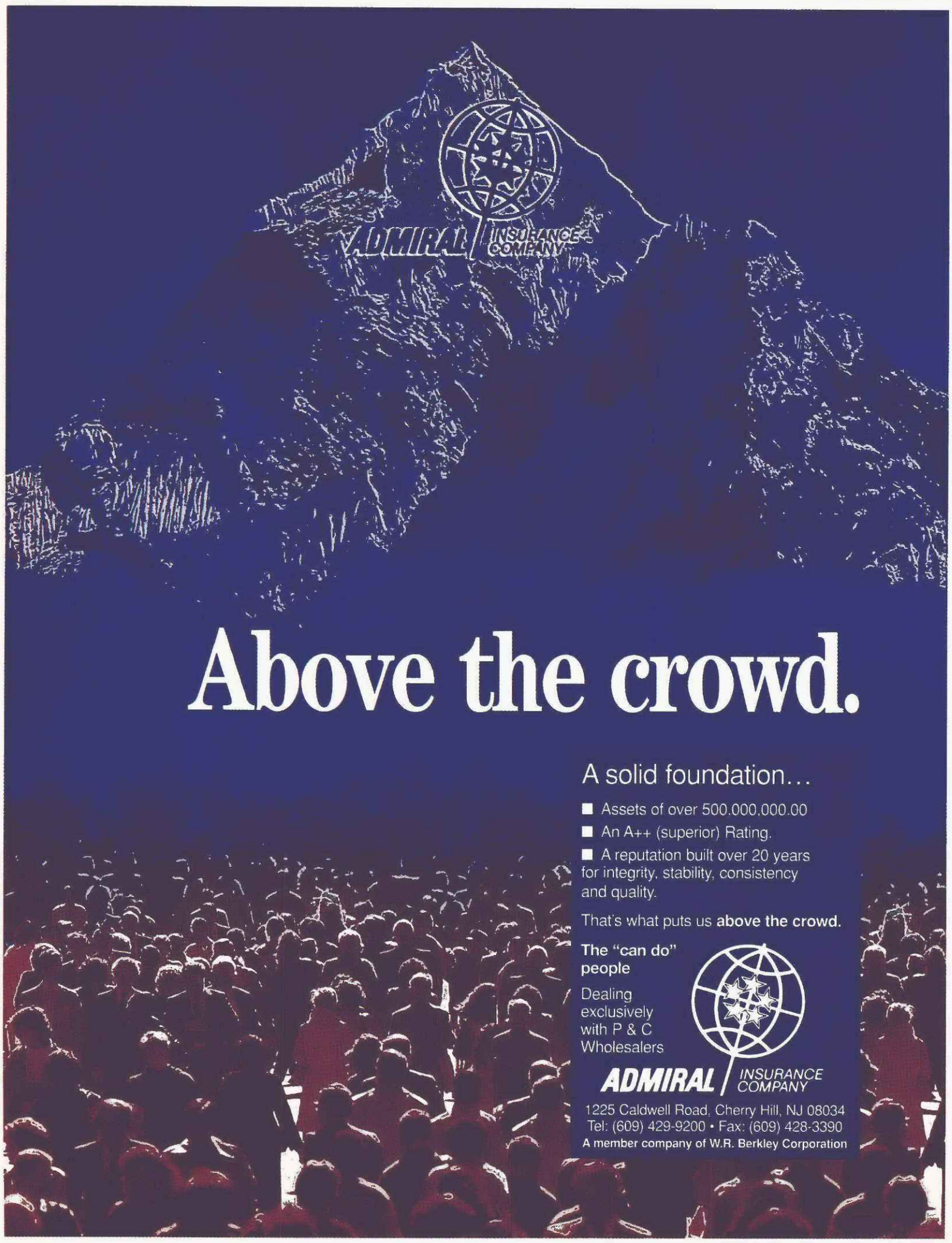
The insurer writes on a non-admitted basis in all states except Alaska and New Jersey.

AI Specialty operates as an admitted insurer in Alaska.

AI Specialty has no employees of its own. Its staff is employed by the surplus lines insurer's parent company, American International Group Inc.

In addition to Mr. Smith, principal officers are: Thomas R. Tizzio, president; Elizabeth M. Tuck, secretary; Armand G. Pepin, treasurer; Patrick J. Foley, senior vp; and James M. Kilkenny, vp.

—By Joanne Wojcik



Protect Employers from Workplace Evils.

Advertise your services in *BI's* Workers Comp issue.

Nobody likes to think about an employee getting hurt on the job. But workplace accidents and injuries can throw a monkey wrench into a company's operations . . . and its profit margins. That's why corporate executives need to stay abreast of worker safety issues as they keep their eyes open for all forms of workplace evils. And if you have the services that can help, *BI's* Workers Compensation issue, publishing October 9, is the perfect place to showcase them.

Be seen as we cover one of the hottest topics among our corporate readers—who have an average of 3,500 employees to protect. And since nearly 70% of them are involved in the purchase of workers comp products and services, these decision-makers are your hottest prospects. Furthermore, your ad is likely to reach them more than once: They'll save this issue to refer to the **Directory of Safety Consultants & Rehabilitation Services** and the **Information Resource on Workers Comp** when they're looking to contact new suppliers.

The workplace can be a jungle, with accidents just waiting to happen. Tell employers how your services or coverage can help them limit their exposure while we help you broaden yours—with bonus distribution at the annual *BI* Workers Comp Conference. Don't monkey around. Call to reserve ad space before the closing.

WORKERS COMPENSATION

Directory: Safety Consultants & Rehabilitation Services
Information Resource: Workers Comp

Publishing: October 9
Ad Closing: September 27

All statistics from *BI's* Audience Profile, 1995, Erdos & Morgan

NEW YORK: 220 E. 42 Street • NY 10017-5806 • 212-210-0133 • Fax: 212-210-0704
CHICAGO: 740 N. Rush Street • IL 60611-2590 • 312-649-5276 • Fax: 312-649-7799
LOS ANGELES: 6500 Wilshire Blvd. • CA 90048-4947 • 213-651-3710 • Fax: 213-655-8157

Business Insurance®
Coverage Guaranteed

Scottsdale Insurance Co.

8877 North Gainey Center Drive, Scottsdale, Ariz. 85258; 602-948-0505; fax: 602-483-6752

	1994	1993
Gross premiums*	$1,189,633,933	$1,163,627,278
Non-admitted	$579,939,358	$572,393,410
Commercial risks	93.1%	93.1%
Net premiums	$296,443,321	$292,324,372
Paid-in capital	$6,027,200	$6,027,200
Capital & surplus	$180,325,990	$158,108,538
Employees	998	920
Combined ratio	108.2%	107.0%
Rating agency	108.2%	107.0%
Net income	$18,221,363	$11,215,683
Best's rating	A+	A+
S&P rating	AA+	AA+

* Premiums pooled with other Nationwide units.

Scottsdale Insurance Co. hopes to continue the steady growth and renewed profitability it enjoyed in 1994, despite the recent loss of its chief executive.

Vickie Kartchner, who had taken over as president and chief operating officer in 1993, left the company in June after only a year at the helm, forcing company founder Rolland L. Wiegers to come out of retirement.

Ms. Kartchner left to help TIG Group Inc. of Dallas establish a presence in the hotly competitive surplus lines insurance market.

Mr. Wiegers said he has no plans to make the fill-in arrangement permanent.

Scottsdale's parent, Nationwide Mutual Insurance Co. of Columbus, Ohio, has named Peter Frenzer, president of Nationwide Life Insurance Co., as acting president and currently is searching for a permanent replacement for Ms. Kartchner.

Meanwhile, Mr. Wiegers denies rumors that Nationwide is seeking to sell the surplus lines unit, Mr. Wiegers said.

"There's been a lot of rumors that the company is for sale. That's not true," he said.

The loss of Scottsdale's president and COO did little to disrupt the company's growth, with gross premiums climbing just over 2% to $1.19 billion in 1994 from $1.16 billion in 1993.

Gross premiums written on a direct, non-admitted basis also grew 1.3% to $579.9 million from $572.4 million in 1993.

And, perhaps more importantly, Scottsdale's net income surged 62.4% to $18.2 million from $11.2 million in 1993.

This is a significant turnaround from last year, when Scottsdale reported a 36% drop in net income due to lower investment income and "adverse development" in its contractors book in California (*BI*, Sept. 26, 1994).

"We're pretty close to plan," observed John Zicarelli, vp and chief actuary.

But "volume fell off about 15% in the brokerage area," he said, probably because "pricing has gotten to a point where we can't make money" on some risks. As a result, this business was lost, either to the admitted market or to competitors willing to lower their premiums.

"It was our decision," Mr. Wiegers said. "We have set a walk-away price."

About 80% of Scottsdale's business comes from general agents with binding and quotation authority within certain guidelines the insurer has established.

The remainder of the insurer's business is generated by surplus lines marketers, including: Burns & Wilcox Ltd.; E&S Group Inc.; I. Arthur Yanoff & Co. Inc.; and Swett & Crawford Group.

Scottsdale offers up to $10 million in limits, retaining between $500,000 and $1 million of each risk, regardless of whether it is a property or liability risk.

Scottsdale divides its book of business into four departments:

- Contract casualty and transportation.
- Contract commercial and personal lines property.
- Brokerage lines, which include property, casualty, incidental professional liability and automobile, excess and umbrella liability coverages.
- Professional liability lines, which includes: a book of business acquired from Media/Professional Insurance Co. Inc. in 1992; a public entity program; a social services program; a small book of attorney and insurance agents errors and omissions liability; and orthodontists professional liability.

Most of Scottsdale's professional liability book of business is written on an admitted basis by sister companies National Casualty Co. and Wausau Insurance Co., with 100% ceded back to Scottsdale.

Scottsdale also has a sizable book of daily auto rental coverages. The program insures owners of rental car franchises against collision damage caused by renters.

The insurer has a small book of earthquake business—homeowners coverage for substandard housing in Southern California—estimated at $12 million in annual premiums.

While last year the insurer expected its gross losses from the 1994 Northridge earthquake that shook areas of Los Angeles to amount to only $12 million based on projections developed by a computer catastrophe model, the losses actually were double that amount: $24 million.

However, the earthquake losses amounted to a scant 0.2% of Scottsdale's total premium volume, leaving the insurer unimpaired.

Scottsdale uses a catastrophe model developed by Risk Management Software Inc. of San Francisco.

Scottsdale has restricted capacity in Southern California, where the earthquake market has tightened considerably.

Scottsdale uses Sherwood Property Underwriters to secure difference-in-conditions accounts in Southern California.

The commercial property market in coastal areas has been similarly tightening, pointed out Mr. Wiegers.

Scottsdale will not underwrite certain large risks like long-haul trucking, personal auto, difficult product liability, aircraft or ocean marine, petrochemical, medical malpractice, high-layer excess liability, workers compensation or Fortune 500 companies.

Scottsdale's reinsurance is placed by Aon Reinsurance Agency Inc. of Chicago.

Its principal reinsurers are: Chartwell Reinsurance Co.; Folksamerica Reinsurance Co.; Kemper Reinsurance Co.; St. Paul Fire & Marine Insurance Co.; Skandia America Reinsurance Corp.; Transatlantic Reinsurance Co.; Trenwick America Reinsurance Corp.; and Zurich Reinsurance Centre Inc.

Increased pressure from regulators in some states, such as California, also is forcing Scottsdale to channel more business through its admitted affiliates. As a result,

Continued on next page

Our new vision of how to do business is making Royal the company to watch.

HAVE

Continued from previous page

the insurer is seeking to license a subsidiary, Scottsdale Indemnity Co., in all 50 states.

Founded in 1993, Scottsdale Indemnity is licensed in 23 states.

However, Scottsdale plans to continue to reinsure 100% of the admitted business written by its admitted subsidiaries and affiliates.

Scottsdale is continuing to use the team underwriting approach implemented by Ms. Kartchner, the former president and COO. Much of her work was based on a foundation laid by Mr. Wiegers, Scottsdale's founder.

All of Scottsdale's underwriters work together to find coverage for the diverse risks of its general agents' and surplus lines brokers' clients. In the past, certain risks were separated and farmed out to specialty departments rather than handled as a single package.

'What we're doing is exploiting Scottsdale's market leadership in those areas by taking advantage of the data that is not available to our competitors,' says John Zicarelli.

The addition of a seven-person actuarial department in 1994 is enabling Scottsdale to venture into some new lines of business, such as "light" product liability, a coverage category that includes retail goods without moving parts, such as food products and furniture. While figures are not yet available, the actuarial team so far is meeting Scottsdale's expectations.

The team of actuaries works hand in hand with underwriters, helping to isolate areas where pricing can be more aggressive, such as program business.

"What we're doing is exploiting Scottsdale's market leadership in those areas by taking advantage of the data that is not available to our competitors," through Scottsdale's PC-based management information system, explained Mr. Zicarelli, who heads up the new team of actuaries.

Also making Scottsdale's actuaries more valuable is a new computer system completed in 1993. The entire company is now on a local area network, and all employees can access company data using their own IBM-compatible personal computers.

The company is working on connecting its general agents to a policy issuance system on the LAN, which replaced an antiquated mainframe system, according to Mr. Zicarelli.

Scottsdale is approved as a non-admitted insurer in all states except Arizona, Delaware and Ohio, where it operates on an admitted basis.

In addition to Mr. Wiegers and Mr. Zicarelli, other principal officers are: Gordon Eugene McCutchan, secretary; Mark Alan Folk, treasurer; and Arlan G. Oliva, associate vp.

—By Joanne Wojcik

OUR ATTENTION.

Royal Insurance

United National Insurance Co.

3 Bala Plaza East, Suite 300
Bala Cynwyd, Pa. 19004
610-664-1500; fax: 610-660-8882

	1994	1993
Gross premiums	$338,131,524	$235,743,167
Non-admitted	$260,679,939	$198,907,712
Commercial risks	97%	97%
Net premiums	$82,159,942	$62,811,013
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$162,760,072	$155,201,549
Employees	145	133
Combined ratio	92.8%	97.8%
Rating agency	92.8%	97.6%
Net income	$17,262,708	$22,618,047
Best's rating	A+	A+
S&P rating	BBBq	BBBq

Large-scale premium growth made 1994 a record year for United National Insurance Co., but the primary reason for the increase was an accounting procedure, not new business.

Though premiums written on a direct, non-admitted basis rose 31% to $260.7 million, the vast majority of that increase—$50 million—was backlogged business from 1993 that wasn't booked that year.

And so far this year, an ongoing soft market and the breakdown of reinsurance on existing programs are taking their toll. Through June 30, non-admitted premium volume was off 57% to $63 million, leaving United National executives resigned to the fact that they will not match 1994 levels.

"I'd like to say that our record year in 1994 was due to some tremendous marketing and advertising campaign, but it wasn't. Real premium growth was about 5%, which is not spectacular," said Seth D. Freudberg, president and chief executive officer of the suburban Philadelphia insurer. "And as far as this year, any time you write a lot of business in one year, especially if it was mostly during the first quarter, it greatly affects the next year. It's the nature of the business."

The market, he said, is as soft as it has been since 1987. "Property is the only place where it has come around, and we don't do much property. So the way to grow in a market like this is through seizing upon opportunities that won't be there for long."

United National has always tried to take advantage of fleeting opportunities in writing unusual risks at rates that produce profits, he said. To do this, the company relies on a widespread network of brokers, agents and underwriting agents.

It added at least eight new MGAs last year and started up business relationships with about 50 new brokers and agents.

If underwriting profits are the goal, 1994 was certainly a success. As its combined ratio improved to 92.8% from 97.8% in 1993, United National posted an underwriting profit of nearly $3.5 million.

Yet net earnings lagged. They fell 23.5% to $17.3 million from $22.6 million, a drop executives attributed to reduced investment income and a sharp drop in capital gains.

"All in all it was a good year for us. The decline in net earnings and the high premium volume in 1994 were not indicative of what really happened here," said Dan Kelleher, treasurer.

What happened in the *Business Insurance* surplus lines insurer rankings was that United National remained at No. 4.

Recently, the company has tried to expand its primary liability writings and property writings,

Continued on next page

Continued from previous page
mostly by insuring vacant dwellings in urban areas.

But excess casualty remains its leading line. Non-admitted umbrella and excess business accounted for about $129.9 million last year, or about 50% of United National's non-admitted book of business. About $2 million was written in-house, the rest by a large network of managing general agents.

"A heavy percentage of this business is written outside headquarters," said Robert Cohen, vp-marketing. "It gets on the books in three basic ways. Usually, an MGA writes it. Sometimes broker producers submit it to us, or reinsurers with producer relationships use our paper."

A leading United National excess line for several years has been excess casualty for hospitals, nursing homes and other health care facilities. United National offers up to $35 million in limits. Doran Excess Underwriters Inc. of Mechanicsburg, Pa., and Myron F. Steves & Co. of Houston both market and write this program on behalf of United National.

"But we do a lot of excess and umbrella outside of hospitals," stressed Mr. Freudberg. For example, International Special Risk Services & Co., a unit of Arthur J. Gallagher & Co. in Itasca, Ill., as well as Commercial Services & Protection Inc., an MGA in Atlanta, write umbrella and specific excess coverage for United National. The coverage is often auto-related liability and limits go as high as $10 million.

For excess liability written in-house, automatic capacity is $10 million, and additional limits can be provided with the help of facultative reinsurance.

After excess casualty, primary liability is United National's second-largest book of business, accounting for 35.7%, or $93.1 million, of its non-admitted premiums last year.

The insurer kicked off a $1 million to $3 million program for residential health care facilities and alcohol and drug rehabilitation units last year. National Insurance Professionals Corp. of Seattle is the producer and MGA.

A new primary liability program that United National has high hopes for is aimed at artisan contractors. The program had been the domain of Lincoln Insurance Co. of Wilmington, Del., but when that company was recently sold to Markel Corp., two Lincoln vps largely responsible for the contractors program joined United National.

"We hope that they will bring with them old Lincoln producers and that artisan/contractors book of business. We expect to do $5 million to $10 million of it this year. Agents that used Lincoln for the contractors' liability and United National for premises liability will hopefully call us for the whole thing," Mr. Freudberg explained.

Commercial multiperil packages were the insurer's third-largest area of business last year, accounting for $18.3 million, or 7% of its overall non-admitted premiums in 1994.

A liability and property program for Nevada casinos that is written through Western General Agency Inc. in Salt Lake City, Utah, was introduced last year. It provides $2 million of property and $1 million of general liability insurance.

The insurer is also gearing up to write property and liability coverages on vacant dwellings in Philadelphia after a similar program did well in Chicago. "If we can translate what worked well in Chicago to Philadelphia, than maybe we can market this in other urban areas as well," Mr. Freudberg said.

Miscellaneous business, including pure property, accounted for the remaining 7% of the company's business.

On the primary casualty side, a new program began early last year to provide errors and omissions coverage to real estate agents never got off the ground, said Mr. Freudberg. "The market is too competitive. There's not enough income here and true to our nature, we'll go into a line to explore it, and then get out if it's not right. This was the case."

In addition to having business stunted by the soft market, United National has felt the brunt of a reduced appetite by several of its leading reinsurers. Mr. Freudberg explained that certain reinsurers either backed out of programs altogether or reduced their commitments. As a result, United National has had to pass on about $60 million in business it wrote last year.

"We're conservative in our reinsurance buying. If a company isn't highly-rated with $1 billion in surplus, we won't buy from them. We had several top reinsurance companies not renew their treaties, so we have had to let some things go. Every reinsurer has its own tastes and it doesn't just pass on to the next one if a company quits on us," he said.

United National's core treaty reinsurers remained Constitution Reinsurance Corp. and Employers Reinsurance Corp.

On the facultative side, United National uses: American Re-Insurance Co.; Employers Re; Frankona America Reinsurance Co.; General Reinsurance Corp.; Munich America Reinsurance; Skandia American Reinsurance Corp.; Swiss Reinsurance America Corp.; Underwriters Reinsurance Co.; and Zurich Reinsurance Centre Inc.

Last year, United National retained about 31% of its non-admitted premiums, the same percentage as in previous years. It reported a $32,491 penalty for overdue authorized reinsurance and a $1.19 million provision for unauthorized reinsurance, which stems from the 1993 commutation of a reinsurance contract.

Its expense ratio was about 21%, while its loss ratio was about 72%. In 1993, one-time changes in accounting procedures caused the company's loss ratio to be abnormally high and the expense ratio to be extra low, so comparisons are misleading.

Policyholder surplus, meanwhile, increased 4.9% to $162.8 million from $155.2 million in 1993. United National also paid a $9.6 million dividend to its owner, American Manufacturing Corp. of Philadelphia.

United National writes on a non-admitted basis in all states except Pennsylvania, where subsidiaries Diamond State Insurance Co. and Hallmark Insurance Co. are both approved, non-admitted insurers.

Besides Messrs. Freudberg, Kelleher and Cohen, other top executives are: Chairman Raymond Freudberg; Senior Vp Kevin Tate; Ken Garcia, vp-claims; and Terri Albert, manager-brokerage department.

—By Michael Schachner

Our Business Is Helping You™ Navigate To AAA/Aaa Safety With GE Capital Structured Settlements

When financial solutions must navigate the future, let GE Capital Assignment Corporation light the way – with powerfully secure structured settlement products. Through the assignment process, our annuity and U.S. Government security funded settlements are backed by more than $130 billion in GE Capital assets and top ratings: Standard and Poor's AAA and Moody's Aaa. The result: enduring security for all parties concerned, at competitive pricing. GE Capital combines long-term stability with extensive industry experience. Secure the future, with a GE Capital structured settlement – offered by independent settlement consultants.

GE Capital
Structured Settlements
Our Business Is Helping Yours®

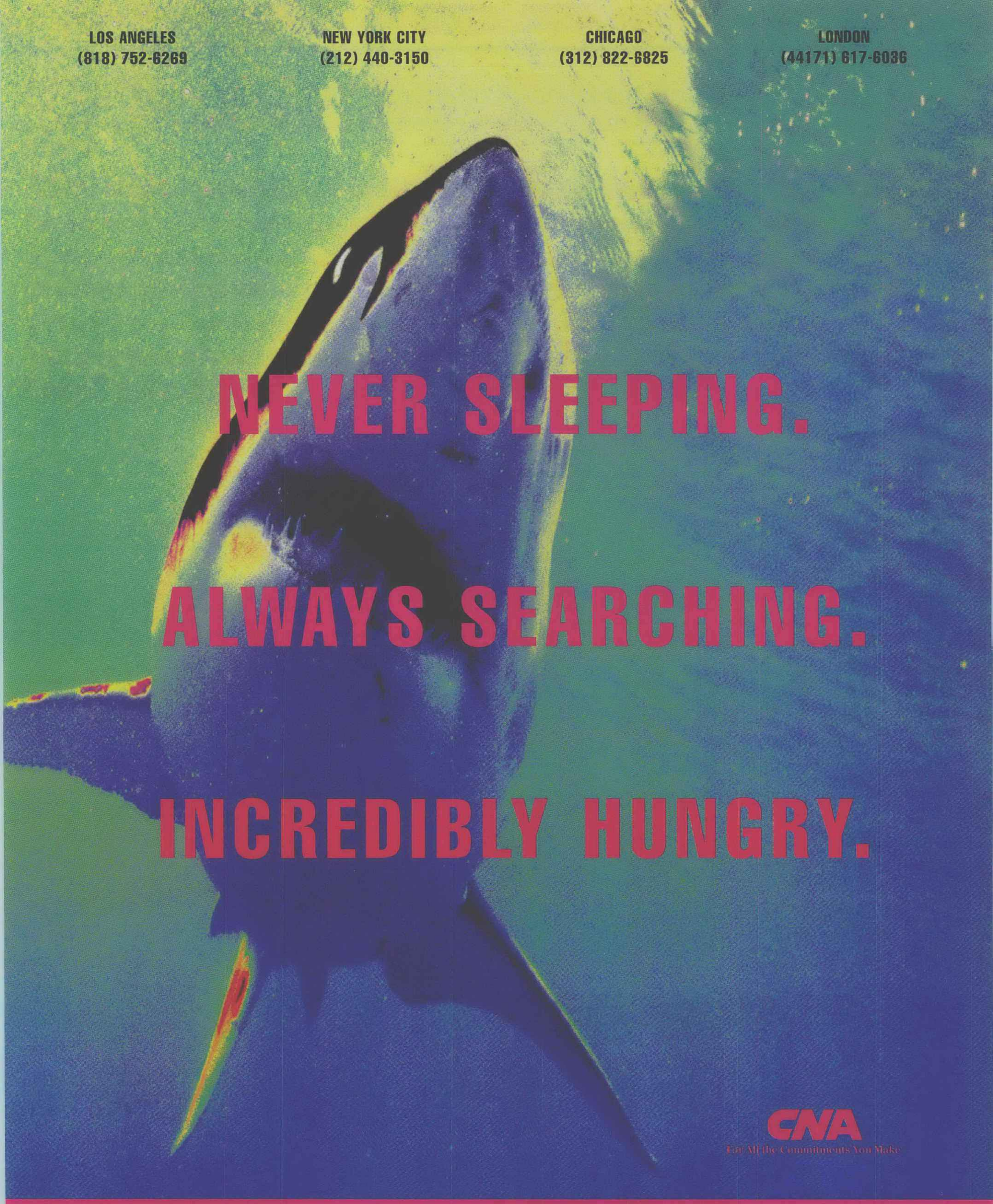
TO LEARN MORE, CONTACT YOUR STRUCTURED SETTLEMENTS BROKER OR CALL CHRIS SHUMATE AT 1-800-432-6631 FOR A BROCHURE.
THE GE CAPITAL STRUCTURED SETTLEMENT PROGRAMS ARE OFFERED BY GE CAPITAL ASSIGNMENT CORPORATION, STAMFORD, CT, USING THE GE CAPITAL STRUCTURED SETTLEMENT TRUST (U.S. GOVERNMENT SECURITIES) AND GREAT NORTHERN INSURED ANNUITY CORPORATION (ANNUITIES), SEATTLE, WA, A GE CAPITAL SERVICES COMPANY.

LOS ANGELES
(818) 752-6269

NEW YORK CITY
(212) 440-3150

CHICAGO
(312) 822-6825

LONDON
(44171) 617-6036



INTRODUCING OUR NEW APPROACH TO EXCESS AND SURPLUS CNA EXCESS & SELECT IS BIG AND HUNGRY. WE HANDLE EVERYTHING FROM THE LARGEST TO THE SMALLEST SPECIALTY LINES RISKS. AND WE COVER LOTS OF TERRITORY. INCLUDING PRIMARY AND EXCESS CASUALTY BUSINESS, EXCESS WORKERS' COMPENSATION, RAILROADS, ENTERTAINMENT, LIQUOR LIABILITY, NON-STANDARD AUTOMOBILE, ELEVATORS, SPORTS AND MORE. NEEDLESS TO SAY, OUR APPETITE IS PHENOMENAL. SO CALL YOUR NEAREST CNA EXCESS & SELECT OFFICE FOR MORE INFORMATION. WE'RE WIDE OPEN FOR BUSINESS.

CNA EXCESS & SELECT PROGRAMS ARE UNDERWRITTEN BY ONE OR MORE OF THE PROPERTY-CASUALTY COMPANIES OF THE CNA INSURANCE COMPANIES. CNA IS A REGISTERED SERVICE MARK OF THE CNA FINANCIAL CORPORATION/CNA PLAZA/CHICAGO, IL 60685.

Illinois Insurance Exchange syndicates

Ranked by gross premium volume in thousands of dollars

Active syndicates	Gross premiums written 1994	Gross premiums written 1993	Net premiums written 1994	Net premiums written 1993	Policyholder surplus 1994	Policyholder surplus 1993	Net premium to surplus ratio 1994	Net premium to surplus ratio 1993	Combined ratio 1994	Combined ratio 1993	Net income (loss) 1994	Net income (loss) 1993	Net investment income (loss) 1994	Net investment income (loss) 1993
Classic Syndicate Inc.	$63,989	$56,467	$38,855	$28,694	$26,263	$27,307	1.48:1	1.05:1	105.5%	103.5%	$231	$446	$3,530	$3,021
Geneva Assurance Syndicate Inc.	55,544	37,498	30,337	25,259	10,057	13,470	3.02:1	1.88:1	130.8	104.3	(5,494)	(2,115)	(947)	(763)
Britamco Underwriters Inc.	40,135	28,444	34,926	25,540	41,612	37,524	0.84:1	0.68.1	95.4	69.8	2,823	8,798	7,127	7,144
First Oak Brook Corp. Syndicate Inc.	28,136	29,347	18,640	20,647	7,204	5,903	2.59:1	3.50:1	101.7	112.8	22	(2,533)	479	621
Agora Syndicate Inc.	27,784	22,618	19,104	14,718	10,747	7,245	1.78:1	2.03:1	95.6	105.0	(159)	579	1,013	1,523
Transco Syndicate #1 Ltd.	24,810	19,023	21,904	14,121	22,105	21,763	0.99:1	0.65:1	87.9	111.7	3,207	(575)	1,864	1,171
First Mercury Syndicate Inc.	24,797	25,958	19,673	20,065	24,962	22,133	0.79:1	0.91:1	99.3	105.5	4,277	2,585	5,224	4,400
Resure Inc.	19,909	19,186	8,528	7,775	7,011	6,815	1.22:1	1.14:1	85.3	141.3	1,703	(2,754)	1,227	254
Comprehensive Ensurers Market Syndicate Inc.	3,234	3,585	3,174	3,525	4,922	4,827	0.65:1	0.73:0	95.9	99.3	281	453	140	431
AAI Syndicate #1 Ltd.	3,199	4,763	3,193	4,758	4,195	4,003	0.76:1	1.19:1	106.0	122.7	410	(326)	543	609
Prime Syndicate Inc.	3,116	3,545	3,116	3,545	5,516	5,604	0.57:1	0.63:1	110.3	115.7	(110)	(394)	211	169
Total IIE syndicates	**$294,652**	**$254,398**	**$201,450**	**$165,108**	**$168,447**	**$164,621**	**1.20:1**	**1.00:1**	**102.8%**	**105.2%**	**$7,499**	**$3,297**	**$20,546**	**$18,551**

Source: Illinois Insurance Exchange

GRAPHIC BY JERRY PARKS

Illinois Insurance Exchange

311 S. Wacker Drive, Suite 400;
Chicago, Ill. 60606;
312-408-8000; fax: 312-408-8001

	1994	1993
Gross premiums	$294,652,170	$254,397,577
Non-admitted	$222,524,676	$186,457,949
Commercial risks	87%	92%
Net premiums	$201,450,289	$165,108,462
Paid-in capital	$20,647,377	$20,647,377
Capital & surplus	$168,446,748	$164,620,953
Employees	31	33
Combined ratio	102.7%	103.4%
Net income	$7,498,540	$3,296,908
Best's Rating	NA	NA

The Illinois Insurance Exchange enjoyed its best year ever in 1994, though it may face an uphill battle to duplicate that performance because its two largest syndicates are scaling back their underwriting.

The IIE's 11 active syndicates last year wrote a record $294.7 million in gross premiums, 12% more than a previous record of $263 million during the hard market of 1986.

The IIE's gross premiums last year were also 15.8% higher than a restated $254.4 million written by its syndicates in 1993.

Premiums written on a direct, non-admitted basis increased 19.3% to $222.5 million from a restated $183.5 million in 1993. As a result, the IIE remains the fifth-largest U.S.-based surplus lines insurer.

The IIE's active syndicates also saw net written premiums increase 22% to nearly $201.5 million from $165.1 million in 1993.

And, net income rose a whopping 127.4% to nearly $7.5 million in 1994, from $3.3 million in 1993.

The favorable 1994 results can be attributed to "some aggressive marketing" and "greater acceptance in the marketplace of the exchange," said James M. Skelton, president and chief executive officer.

Direct insurance accounts for about 87% of the IIE's volume, with the remainder from reinsurance.

The exchange concept provides buyers with coverages written by syndicates that operate both individually and as part of the group under the umbrella of a $34 million guaranty fund that enhances security.

Policyholders may be particularly interested in IIE security this year because the two IIE syndicates with the largest premium volumes—Classic Syndicate Inc. and affiliate Geneva Assurance Syndicate Inc.—are reducing their underwriting in the face of some financial complications, though the IIE says both are solvent.

Top-ranked Classic, which wrote nearly $64 million in gross premiums in 1994, is late in filing its annual certified audit, which was due June 1 under exchange rules.

Various transactions are delaying the audit, including some that had not been reported to the IIE in a timely manner or had not met exchange requirements as "permitted practices," such as a $4 million payment to Classic from Geneva Assurance Syndicate, Mr. Skelton said.

GAS is owned by The JBW & Co. of Concord, Calif. That company is affiliated with Concord General Corp., also of Concord, which owns Classic and which acquired GAS in December 1993 (*BI*, Sept. 26, 1994).

Classic's failure to file the certified audit within 60 days of that deadline prompted the exchange to temporarily suspend it.

Classic subsequently obtained a temporary restraining order from a Cook County Circuit Court judge, though that was later dissolved.

But, the court on Aug. 14 "ordered Classic to limit its underwriting and reduce the amount of risk it retains for 60 days or until Classic complies with three conditions set by the exchange board," the IIE said.

"Under the new order, Classic must obtain prior approval from the exchange of any financial transaction. It is also to limit its underwriting of new and renewal business to no more than $2.5 million of gross written premium per month, with aggregate policy limits not to exceed $1 million," the IIE said. In addition, Classic's net retention per risk shall not exceed $100,000 as of Aug. 29.

The IIE says those restrictions will continue until Classic: submits an audited financial statement; obtains sufficient reinsurance to reduce its premium-to-surplus ratio to 3-to-1; and removes its majority shareholder from any role in the management, control or operation of Classic or Geneva Assurance Syndicate Inc.

"Classic Syndicate is solvent and the exchange expects the court's order to have no effect on Classic's ability to continue servicing claims," the IIE said.

Classic Syndicate presented a somewhat different view of events in an Aug. 28 statement.

The controversy stemmed from the IIE's refusal to issue a letter outlining "permitted practices" for Classic's auditors, though similar letters have been issued to other syndicates, Classic said.

Also, the Illinois court did not dictate certain controls on the syndicate, though Classic has agreed to temporarily limit its volume of new business pending the receipt of the audit, Classic said.

However, Classic does not need prior approval from the IIE for "normal financial transactions" and the court order does not say that the restrictions will remain in effect until its sole shareholder—Classic Fire & Marine—has surrendered control, Classic said. Classic's surplus as of June 30 is being verified by the Indiana Insurance Department and a separate auditing firm. Their report should be complete around the end of September.

Earlier last month, Classic Syndicate Vp Brian Bethke said the syndicate has curtailed volume in some lines of insurance, while strengthening its operating guidelines and management review procedures. It remains profitable and is having no difficulty servicing claims, he added.

And, Classic's liquidity and financial performance ratios "far exceed" IIE syndicate norms, the syndicate said in late August.

Second-ranked Geneva Assurance Syndicate Inc., which wrote $55.5 million in gross premium last year, is now running off its business.

Geneva Assurance voluntarily ceased underwriting new or renewal policies May 9 and began a financial analysis in response to the IIE's concern about the syndicate's capital adequacy (*BI*, May 22).

In 1994, GAS wrote about $50 million in gross premium primarily for property risks in Florida, Louisiana, Texas and elsewhere. The syndicate had slightly more than $10 million in surplus, Mr. Skelton said.

"The exchange didn't feel our assets were liquid enough to satisfy it for the writings we were doing," said Richard E. Foss, GAS president.

GAS' books show assets of $82 million, he said. GAS is expected to pay all claims incurred, Messrs. Foss and Skelton said.

The GAS financial analysis by Ernst & Young and Coopers & Lybrand resulted in a comprehensive business plan, but IIE officials decided GAS should instead run off its business, Mr. Skelton said.

The Illinois Insurance Department is monitoring the exchange's actions, said James Schacht, who was chief deputy director until late August. "The exchange is the first-line regulator of their marketplace and it is doing the sorts of things we would be doing," he said.

Continuous innovations in the types of coverages offered by syndicates helped feed the IIE's growth in subsequent years, reaching new heights last year.

IIE syndicates write more than 300 types of coverages, most of which are listed in a 40-page marketing booklet titled "What We Write."

However, syndicates have stopped writing earthquake coverage and also tend to avoid financial guarantee insurance and medical malpractice liability risks, Mr. Skelton said.

The 100 to 125 exchange brokers primarily use it for product liability, professional liability and Main Street commercial business.

IIE syndicates also are currently writing more property coverages primarily for windstorm risks in Florida, the East Coast of the United States and Puerto Rico, he said. The syndicates generally write $5 million in property limits, though they can assemble up to $20 million in limits by cooperating in a line slip.

Mr. Skelton said the latest IIE innovations include liability protection for property sellers to protect against inadequate disclosure of hazards, which is underwritten by AAI Syndicate #1 Ltd. In addition, Britamco Underwriters Inc. is also writing employment practices liability for small businesses, which protects against discrimination and wrongful termination claims, among other risks.

The IIE still expects to grow, though it may not be able to top its performance this year, he said.

"New growth will come from new syndicates," he said, citing the purchase and reactivation of the RCA Syndicate #1 Ltd., effective Jan. 1.

New business may result from passage of the Non-admitted Insurance Model Act by the National Assn. of Insurance Commissioners, which expressly recognizes the IIE as a surplus lines market.

"The IIE has achieved greater recognition and acceptance by the regulatory community as well as by the brokerage community and potential insureds," Mr. Skelton said.

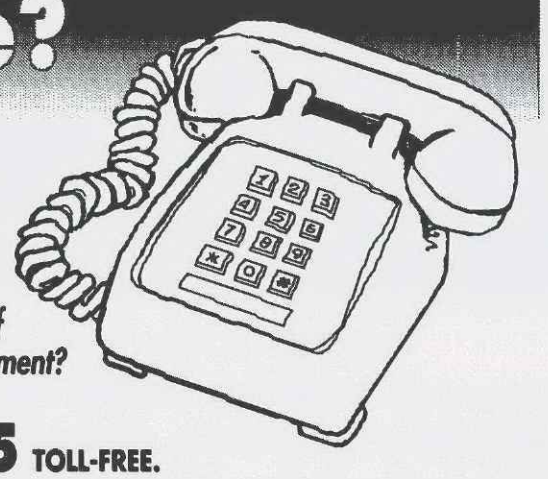
Ratings of individual syndicates by A.M. Best's also helps to boost their acceptance by insurance buyers.

Currently, six syndicates have traditional Best's letter ratings, with Classic Syndicate the leader with an A-. Britamco Underwriters Inc., Comprehensive Ensurers Market Syndicate and Transco Syndicate #1 Ltd. each have a B++ rating. First Mercury Syndicate has a B+ and Resure Inc., a B. Most of the other syndicates have only Financial Performance Index ratings from Best.

—By Meg Fletcher

Can Business Insurance® Be of Service?

- Need to change your address?
- Want to enter/renew your subscription?
- Have a question about your subscription?
- Need a back issue?
- Want our *Directory of Corporate Buyers of Insurance, Benefit Plans and Risk Management?*



Just Call 1-800-678-9595 TOLL-FREE.
Outside of the USA call 313-446-0450 — We'll be happy to help.

44RSA

Reliance Insurance Co. of Illinois

233 S. Wacker Drive, Chicago, Ill. 60606; 312-876-0886; fax: 312-554-3223

	1994	1993
Gross premiums	$218,132,508	$203,451,505
Non-admitted	$179,498,441	$166,604,507
Commercial risks	100%	100%
Net premiums	$15,256,938	$16,193,099
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$25,405,135	$21,375,775
Employees	0	0
Combined ratio	108.0%	111.8%
Rating agency	107.5%	112.3%
Net income	$1,398,229	$1,569,653
Best's rating	A-p	A-p
S&P rating	A	A

The continued assault on the traditional surplus lines market by admitted insurers looking for new revenue sources in a soft market hasn't held back Reliance Insurance Co. of Illinois.

The Illinois-domiciled insurer, a unit of Reliance Group Holdings Inc., is continuing to build on its employment practices liability policy and other core programs to maintain its standing as one of the 10 largest U.S.-based surplus lines insurers.

The insurer's premium volume written on a direct, non-admitted basis grew 7.7% last year to more than $179.5 million from $166.6 million in 1993.

Although that growth rate represented a slower pace than the 22.8% increase registered in 1993 over 1992, those results allowed Reliance of Illinois to maintain its position as the seventh-largest U.S.-based surplus lines insurer in the *Business Insurance* rankings, a position it has held for three years in a row.

Net income, however, dropped 10.9% to $1.4 million last year from $1.6 million in 1993.

"There aren't many risks that are being written exclusively" by the surplus lines market, other than some specialized professional liability programs such as employment practices, said Pennington H. Way III, executive vp of New York-based sister company, Reliance National Insurance Co. Reliance National oversees Reliance Group Holdings' surplus lines operations.

Most of the traditional surplus lines risks are "continuing to be chipped away by the standard lines market," he said.

The insurer is constantly evaluating and re-evaluating risks. "Overall, our premiums as calculated by our actuarial staff are increasing slightly. In most lines, we try to maintain a rate increase that will at least keep up with inflation," Mr. Way said.

He sees no change in market conditions any time soon, either.

In fact, "I don't expect to see the market harden during my working career," he said.

Taking a shorter-term outlook, "our 1995 goals are for modest growth in most departments. It will be similar in '96."

The employment practices liability policy, however, is experiencing a "groundswell of acceptance," he said.

The policy provides coverage for wrongful employment practices, including wrongful termination, sexual harassment, discrimination and actions brought under the Americans with Disabilities Act. The program offers limits of up to $5 million—unchanged from 1993—and is available in all states except New Hampshire and Rhode Island, which are the only two states in which Reliance of Illinois is not eligible to write as an non-admitted insurer. Reliance of Illinois operates as an admitted insurer in Illinois.

Another mainstay is the insurer's lawyers excess professional liability program, which currently offers limits of up to $10 million—an increase of $5 million from 1993—on minimum underlying layers of $1 million. The insurer also offers an architects and engineers professional liability policy with limits of up to $10 million and various forms of directors and officers liability coverage.

Reliance of Illinois continues its emphasis on professional liability with a miscellaneous professional liability policy. This policy, which offers limits of up to $10 million with a minimum premium of $10,000 and a minimum deductible of $10,000—covers such professionals as consultants other than investment advisers, entertainment business and sports managers, public officials, certain insurance professionals, broadcasters, publishers, inspection firms and others.

Mr. Way said miscellaneous professional liability and employment practice played key roles in Reliance of Illinois' premium growth. Also, there has been more interest in the insurer's surcharged property business. This includes what traditionally have been hard-to-place property risks like older buildings in urban areas.

The only risks Reliance of Illinois will not consider underwriting are personal lines, he said.

Turning to regulatory issues, Mr. Way said changes in state surplus lines regulations are not affecting the company's business.

"Regulatory changes are almost becoming academic because the admitted market is writing so much surplus lines business these days," he said.

Reliance of Illinois' business is split roughly in half between wholesalers and retail brokers.

Reliance of Illinois' gross premium volume grew 7.2%, to more than $218.1 million in 1994 from $203.5 million in 1993.

Net written premium volume fell almost 5.8% to $15.3 million from $16.2 million in 1993.

Policyholder surplus grew at a healthy 18.9% rate, to $25.4 million in 1994 from $21.4 million a year earlier.

The insurer also continued to enjoy improvement in its combined ratio. Its 1994 statutory combined ratio stood at 108.0%, compared with 111.8% in 1993.

Reliance of Illinois has a rating of A-p from A.M. Best Co., unchanged from 1993. The insurer's Standard & Poor's Corp. claims-paying ability rating also remained at A.

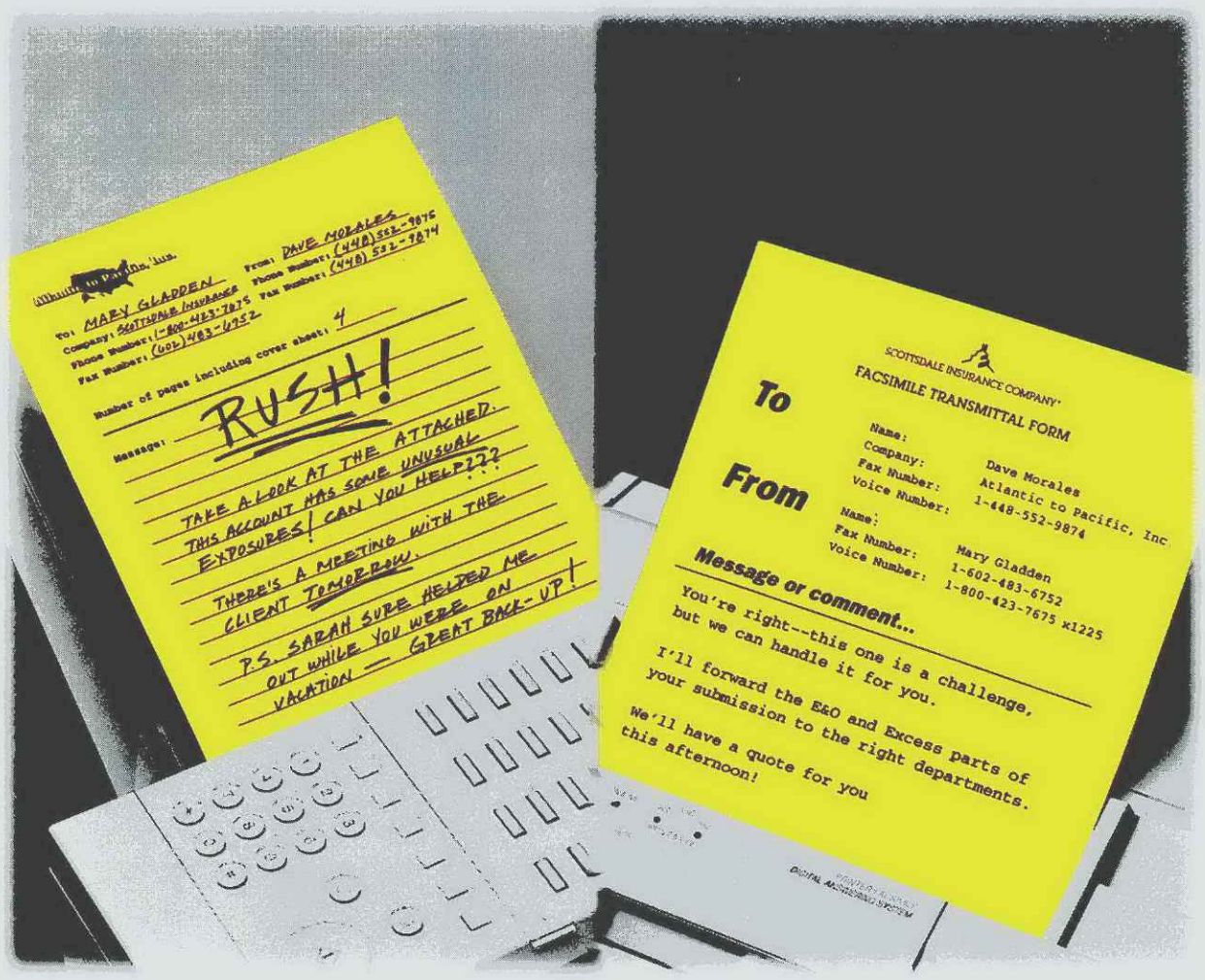
According to its annual statement, Reliance of Illinois took a 1994 charge of $425,000 for unauthorized reinsurance, compared with a $234,000 charge a year earlier. It took no charge for overdue authorized reinsurance.

The company has no employees of its own. Its staff consists mainly of Reliance National employees in Reliance National's New York headquarters. Reliance National writes specialty and standard commercial coverages for Reliance Group Holdings units, including Reliance of Illinois.

Reliance of Illinois' senior management underwent no changes in 1994.

Its principal officers are: Dean W. Case, chairman and president; Jerome H. Carr, senior vp, treasurer and chief financial officer; Kenneth R. Froehlich, senior vp and chief actuarial officer; Robert Krisowaty, senior vp and controller; and Lee H. Routledge, vp, secretary and general counsel.

—By Mark A. Hofmann



We Take Your Business Personally...

because personal relationships are what keep us growing.

We know—and understand—your business (most of our underwriters have been there), so we're always expanding coverages to accommodate insureds' needs. And we're streamlining service—so you can write more business easily and efficiently.

Together, we've had outstanding success since our start in 1982.

Together, we'll continue to lead the way in specialty insurance.

SCOTTSDALE INSURANCE COMPANY®

8877 North Gainey Center Drive
Scottsdale, Arizona 85258
(602) 948-0505 (800) 423-7675
FAX (602) 483-6752

Coverage available through our approved general agents and brokers.

A+XV rating

A Member of the Nationwide® Enterprise

AAMGA

General Star Indemnity

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

	1994	1993
Gross premiums	$218,988,791	$187,338,095
Non-admitted	$213,404,509	$181,639,846
Commercial risks	96%	96%
Net premiums	$161,019,819	$127,403,254
Paid-in-capital	$5,000,000	$5,000,000
Capital & Surplus	$277,786,971	$246,214,371
Combined ratio	96.9%	96.2%
Rating agency	96.6%	95.6%
Net income	$32,524,739	$36,240,746
Best's rating	A++	A++
S&P rating	BBBq	BBq

The last pieces in General Star Indemnity Co.'s coverage jigsaw are set to fall in place, according to Kevin P. Brooks, chairman and president.

With the addition of directors and officers liability coverage and the planned introduction of earthquake coverage, General Star Indemnity offers just about all the classes of business it needs to be a comprehensive surplus lines insurer, Mr. Brooks said.

Now, it is up to the surplus lines insurer's staff and providers to help clients access the coverage available, he said.

"We have to find additional ways to respond to clients' needs. We have to find out what does that E&S broker have on his or her desk that we are not a good market for yet," Mr. Brooks said.

But even without that new business General Star Indemnity had impressive growth in 1994.

Premiums written on a direct, non-admitted basis rose 17.5% to $213.4 million from $181.6 million in 1993. Despite those gains, General Star Indemnity slid another notch to No. 7 in the *BI* rankings, down from No. 6 last year and No. 4 in 1993.

The increase in premiums was due to new products launched in the past several years, a continued hard market for windstorm risks, an increase in the number of excess coverages written over General Star Indemnity's own primary coverage, and accounts picked up from other troubled surplus lines insurers.

Despite the growth in premium volume, net income fell 10.3% to $32.5 million in 1994 from $36.2 million in 1993. A slumping bond market in 1994 helped push investment income down 24.5% to $37.3 million in 1994 from $49.4 million.

Nevertheless, the company is pleased that it was able to increase premiums amid a continued soft liability insurance market.

Future growth will be aided by the introduction of D&O coverage for difficult risks such as technology companies and companies involved in initial public offerings, Mr. Brooks said.

The coverage will be sold through Five Star Managers a Jersey City, N.J.-based subsidiary of Tri-City Brokerage Inc.

The underwriter for the program will by Peter Quinn, a former D&O underwriter at defunct The Home Insurance Co.

Primary business led the increase in revenues, but excess business and the facilities department, which is made up of business from managing general agents, also showed strong growth, Mr. Brooks said.

The rise in primary revenues was largely due to the maturation of products launched in the past three years, he said.

"About 50% of the business we wrote in 1994 in the primary department was in classes of business that we did not write until 1990," Mr. Brooks said.

For example, General Star Indemnity has launched several environmental products over the past three years and environmental coverages accounted for $15 million in revenues in 1994 compared with less than $4 million in 1992, he said.

Other recently developed primary coverages that have shown strong growth include coverage for short-track railroads, medical products coverage, and professional liability coverage for scuba diving instructors, Mr. Brooks said.

Nearly all of the new primary business is written on a claims-made basis, he said. "We don't have a hard time selling it on a claims-made basis—selling it at all is enough."

In the past year, General Star Indemnity has introduced two environmental products: a combined general liability and professional liability policy for environmental contractors; and a pollution-only coverage for environmental contractors.

Like its other primary coverages, the two environmental products are available with $1 million limits and the company will consider going up to $2 million.

Property business also grew in 1994 despite General Star Indemnity's virtual withdrawal from property package business.

The growth was largely due to the continued lack of capacity in hurricane-prone areas of the country, Mr. Brooks said. Strong sales also continued in wind deductible buybacks, which allow condominium owners to reduce their deductibles in return for added premiums.

In the future, General Star Indemnity plans to offer coverage for commercial and residential earthquake risks, Mr. Brooks said. It will probably offer about $500,000 in capacity, he said.

Revenues also rose in 1994 for liability coverage for governmental employees, Mr. Brooks said. The business is written through a managing general agency, which has benefited from disruption in the market over the past two years, he said.

Errors and omissions coverage provided by General Star Indemnity is written through two MGAs who also saw increases in busi-

Continued on page 30

An All-American Excess Story.

Now you can get $100 million in excess insurance from a stable, dependable, admitted carrier. AEIA increases its capacity, as Fireman's Fund, St. Paul and North American Re join its member companies. Instead of piecing together layers—and risking disputes and inconsistencies—you get one claim manager, one underwriting facility and one $100 million policy. The attachment point is a minimum of $25 million. For details, ask your broker or agent, or contact AEIA: (203) 528-2155. Fax: (203) 282-9393. Underwriting member companies as of 12/94: The Aetna Casualty and Surety Company; Continental Casualty Company; Continental Insurance Company; Employers Reinsurance Corporation; Federal Insurance Company; Fireman's Fund Insurance Company; General Accident Insurance Company of America: The General Star National Insurance Company; Indemnity Insurance Company of North America; NAC Reinsurance Corporation; North American Specialty Insurance Company; St. Paul Fire and Marine Insurance Company; The Travelers Indemnity Company; Zurich Insurance Company, U.S. Branch.

American Excess
Insurance Association

Up a creek with a tough risk?

Get back on solid ground with General Star.
Call your broker and put our underwriting expertise,
capacity and security to work for you.

GENERAL STARSM

- *Market Stability*
- *Financial Strength*
- *Underwriting Quality*

Specialty underwriting through appointed surplus lines brokers. For a list of brokers in your area,
call General Star Management Company, Stamford, CT (203) 328-5700, ext. 5985, or fax your request to: (203) 328-5840.
Atlanta • Chicago • Dallas • Los Angeles • New York • Stamford

©1995 General Star Management Company

Continued from previous page
ness in 1994, Mr. Brooks said.

The bulk of the E&O coverage is for insurance agents but the miscellaneous portion of the business showed the strongest growth, he said.

Revenues from excess business grew about 5% in 1994, Mr. Brooks said. "That is at a time when business for most other umbrella and excess writers is shrinking."

Part of the growth was a result of an increase in the amount of business which General Star Indemnity is writing above its own primary coverages, Mr. Brooks said.

"There's been a push to market ourselves as a primary carrier with $20 million in excess coverage as well. That kind of capacity can clear most accounts right off a broker's desk," he said.

General Star Indemnity is not seeking to grow in all areas of business.

As well as withdrawing from the property package business, General Star Indemnity is not actively seeking new habitational liability business, Mr. Brooks said. Increases in liability claims related to rapes, muggings and other crimes have combined with low rates to make the business unattractive, he said. "It is not the kind of business we are running after right now."

Disruptions among other surplus lines insurers have helped boost business for General Star Indemnity in 1994 and 1995, Mr. Brooks said.

The takeover of Home by Zurich Insurance Group led to some former Home business leaking out to other surplus lines insurers. But Zurich has retained most of the Home surplus lines business it wanted to retain, he added.

A larger amount of business has left Lloyd's of London due to the uncertainty surrounding that troubled market, Mr. Brooks said. "Some people are very nervous about Lloyd's."

Capacity at General Star Indemnity remains unchanged from last year.

The company offers: $20 million for excess liability risks; $1 million for primary risks for most lines but can provide $2 million; and $5 million in property capacity. The facilities department offers $1 million.

General Star Indemnity retains 71% of the risk and reinsures the remainder with various reinsurers. It's largest reinsurer is General Re Corp., General Star Indemnity's owner.

The number of MGA's producing business for General Star Indemnity is unchanged at 35. The insurer has about 220 producers based throughout the country.

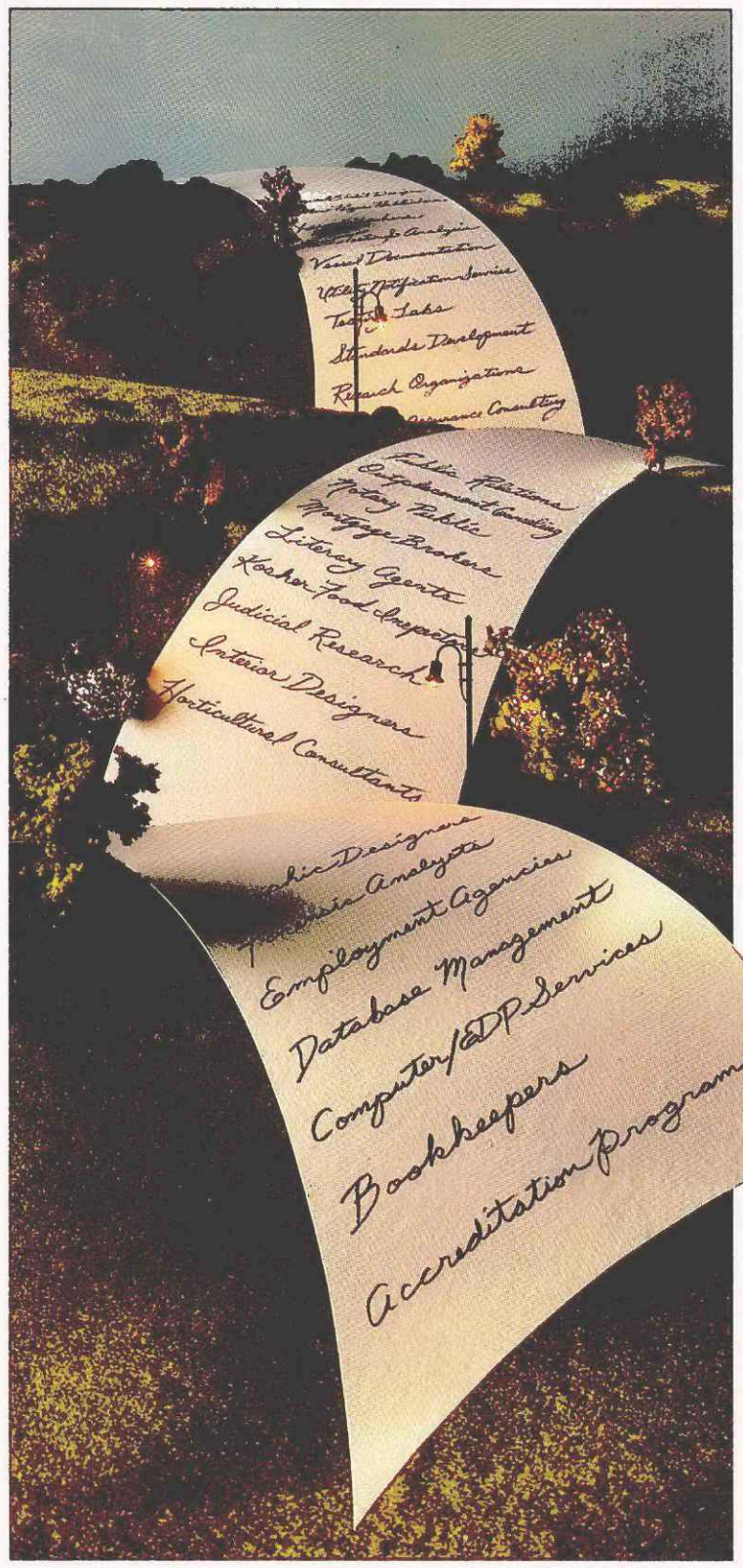
General Star Indemnity has no employees of its own. All employees work for General Star Management Co., which also underwrites on behalf of admitted affiliate General Star National Insurance Co.

General Star Management recently closed its Hartford, Conn., office which housed the MGA department and moved the staff to is Stamford, Conn., office. The company also has offices in New York, Chicago, Atlanta, Los Angeles, and Dallas.

In addition to Mr. Brooks, General Star Management's principal officers are Vps Sam Anderson, Ronald S. Austin, Patricia Roberts, and Adin Tooker.

—By Gavin Souter

This List is Incomplete.



That's because there are more service businesses than you can think of, let alone list. And nearly every one of them has an errors and omissions exposure, meaning that in their everyday line of work, these companies risk getting sued for making mistakes. They may end up having to pay at least attorney's fees, even if they didn't make a mistake!

As America's E&O Authority,® Media/Professional Insurance underwrites and handles claims for a wider variety of these E&O risks than any other firm. And backed by A.M. Best-rated A+ Gulf Insurance Group, our Specialty E&O Plan can be tailored to large, medium or small service businesses.

So call today and find out more about E&O from Media/Professional. Because in today's atmosphere, any service business can be roadblocked by an unexpected lawsuit.

For a free Specialty E&O Kit, brokers may call **(816) 471-6118 x 281**.

Coverage is not available for licensed professionals such as doctors, lawyers, architects, engineers and accountants.

Media/Professional Insurance
A division of Aon Direct Group, Inc.
Two Pershing Square, Suite 800 • 2300 Main Street
Kansas City, Missouri 64108 • 816-471-6118
Facsimile: 816-471-6119
America's E&O Authority ®

Steadfast Insurance Co.

1400 American Lane, Schaumburg, Ill. 60196-1056; 708-605-6000; fax: 708-605-6011

	1994	1993
Gross premiums	$187,505,828	$145,764,487
Non-admitted	$172,918,408	$131,221,631
Commercial risks	100%	100%
Net premiums	$20,319,559	$19,495,731
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$18,805,247	$18,057,028
Employees	0	0
Combined ratio	111.8%	115.3%
Rating agency	112.3%	115.3%
Net income	$1,001,953	($389,602)
Best's rating	A+	
S&P rating	AAA	AAA

Steadfast Insurance Co., which is already pretty big, hopes to become even bigger, thanks to The Home Insurance Co. of Illinois.

Steadfast's non-admitted premiums written on a direct basis increased 31.8%—one of the largest increases in the Top 10—to $172.9 million from $131.2 million in 1993, enough to push the Zurich Insurance Co. unit into the *Business Insurance* rankings at No. 8.

And that does not even include any of the $180.7 million in gross premiums written by The Home Insurance Co. of Illinois last year. Home of Illinois' business is being run off following the takeover of its ultimate parent, Home Holdings Inc., by Steadfast's ultimate parent, Zurich Insurance Co. And if Zurich's U.S. executives have their way, most of that business will not be travelling very far.

"Our marketing strategy is to try to write as much of the former Home's business as is reasonably possible," said Chuck Seymour, vp-medical products for the specialty division of Zurich-American Insurance Group in Schaumburg, Ill.

"It fits in very well with us," he said, referring particularly to the specialty division, which underwrites much of Schaumburg, Ill.-based Steadfast's business.

However, "I don't want to venture a guess in public" as to how much of the $180.7 million of the Home's 1994 gross premiums Steadfast will retain, Mr. Seymour said.

"I don't even have a good feel for that," he admitted, noting that a better sense of this will develop as the business comes up for renewal.

"We're in the process of looking at it as we go forward during the renewal cycle, but this is a large book of business," said Mr. Seymour. "It will take time for us to get a complete look at it, but our intention is to renew as much of that business as we possibly can."

Mr. Seymour said he is optimistic about Steadfast's prospects. "The indication I'm getting from the market is there really hasn't been a whole lot of concern. There have been some people who wanted to move their business, but in general it seems to be going rather smoothly."

"The most difficult thing is for the brokers to realize where they send things, and in most cases they deal with the same underwriters they dealt with before in the same cities they did before," he added.

There are exceptions, though. For instance, if brokers are dealing with a medical-related specialty, such as Mr. Seymour's, "that is a shift from the way they used to deal with the Home, so now all the Home business that is of that type will come to me,' he said.

Continued on next page

One Reinsurer Has Just Evolved To A Higher Level.

Swiss Re America has stepped to the forefront of America's reinsurers.

We are transforming our company into a better and stronger partner for our clients, a partner able to help ceding companies optimize their competitive position in a challenging and dynamic environment.

Additional capital has made us one of America's best capitalized and reserved reinsurers.

And, by combining our domestic capacity with the vast global resources of the Swiss Re Group, we've dramatically enhanced our ability to structure reinsurance programs that may not exist elsewhere.

The changes we are making now are all designed to help us meet the changing needs of our clients in the decades ahead.

Swiss Re America.

We have not just evolved. We've taken a quantum leap forward.

Swiss Re America

SWISS REINSURANCE AMERICA CORPORATION 237 PARK AVENUE, NEW YORK, NY 10017 (800) 223-1919
ATLANTA BOSTON CHICAGO DALLAS NEW YORK PHILADELPHIA PHOENIX SAN FRANCISCO

Continued from previous page

"Sometimes the brokers have to take a different route to get their business taken care of, but once they understand the new road map, so to speak, then it's not a problem," he said.

"The integration of The Home's (excess and surplus business) with Zurich-American's E&S lines of business is going rather smoothly, and we intend to continue business as usual without any interruption in service, and we're even increasing our service and capacity to our customers," said Tom Routson, vp-specialties marketing for the Zurich-American specialty division.

Meanwhile, many in the market are taking a wait-and-see attitude, said James W. Barnes, chairman and chief executive officer of San Francisco-based wholesaler Sherwood Insurance Services. They still do not know how Steadfast plans to position itself, what business it wants and its appetite for risk. "We don't know where they want to play and to what extent," he said. "I think it's a little early in the game, still, for us to know where they want to be."

Zurich acquired Steadfast in 1989, as part of its Maryland Casualty Co. acquisition (*BI*, Feb. 20, 1989).

The Zurich-American Insurance Group is divided into six divisions, each of which underwrites its business using one of the member insurance companies in the group, including Steadfast. Much of Steadfast's business comes in particular from one of those divisions, the specialty division, Mr. Routson said.

"The specialized lines business predominantly uses Steadfast because of the flexibility of its form," said Mr. Seymour.

The company, which focuses on middle market to large account difficult-to-place casualty business, offers from $5 million to $50 million in capacity, depending upon the lines of business, said Mr. Routson.

Primary casualty business "usually stays at $5 million," said Mr. Routson, who noted that The Home of Illinois predominantly wrote primary business.

Steadfast's umbrella and excess casualty unit "depending on the class of business and the layer in which they play, could go as high as $50 million" in capacity, said Mr. Routson.

Among the individual lines of business underwritten by Zurich-American's specialty division for Steadfast are architects and engineers professional liability, which has up to $10 million in capacity. A specialty group program, which offers coverage to affinity groups such as a group of security guards, also has $10 million in capacity.

Up to $25 million in capacity is offered for railroad liability coverage, directors and officers liability and professional liability.

Steadfast's health care business, which is predominantly medical malpractice, has $30 million in capacity.

The insurer also can offer between $5 million and $30 million in capacity in the environmental area, which it divides into eight distinct product lines, said Mr. Routson.

Among Steadfast's new environmental products is a property transfer program that offers up to $10 million in capacity. It covers future liabilities involving the transfer of property when there is a known or unknown pre-existing contamination. If the land is sold and later found to be polluted, "this insurance is there to provide coverage for the cleanup of it," said Mr. Seymour. Steadfast also has a new lead-based paint and asbestos program with up to $10 million in capacity.

Still in the planning stages is a medical provider excess liability stop-loss program with a yet to be determined capacity, pending reinsurance arrangements. Limits will probably be between $10 million and $30 million, said Mr. Routson.

The specialty division also is launching a new program in the biotechnology business in cooperation with Zurich-American's commercial lines division, said Mr. Seymour. "They will write the property, the general liability, the auto and the workers compensation, and then I will provide the products coverage," which will enable Steadfast to be "able to provide the customer with an all-lines type of approach," said Mr. Seymour.

'Most employees just switched hats one day' and went from a 'Home hat to a Zurich-American hat,' says Tom Routson, vp-specialties marketing.

"This is something we were working on heavily in '94. We just kind of launched it in '95," he said. "It's something that we're really dedicated to, and something we'll continue to push the rest of this year and on. It'll be a $5 million capacity because what it'll be providing is a primary cover."

Steadfast also is developing other new products this year, according to Mr. Routson and Mr. Seymour.

Mr. Routson described Steadfast as an "open brokerage unit with a lot of production coming from alphabet houses."

Steadfast is keeping the five Home of Illinois offices, which are in New York, Atlanta, Houston, Chicago and Glendale, Ill., said Mr. Seymour.

"Most employees just switched hats one day" and went from a "Home hat to a Zurich-American hat," said Mr. Routson.

Frank Patalano, who had been executive vp of The Home Insurance Co. and president of specialty lines there, is now president of the diversified products business unit at Zurich-American, noted Mr. Routson. "We integrated well The Home people into the Zurich organization."

Meanwhile, in its last full year of business, Home of Illinois increased its gross premiums written 2.4%, to $180.7 million from $176.5 million. Its combined ratio improved slightly to 126.2% from 127.2% and its net losses fell to $712,000 from $1.4 million.

Steadfast's officers are William H. Bolinder, CEO; Constantine Iordanou, president and chief operating officer; Loren J. Alter, vp and treasurer; David A. Bowers, vp; and H. Donald Hanson, vp and actuary.

—By Judy Greenwald

"In the global environmental arena, public to double from $200 billion to $400 billion The company leading the environmental of this industry tomorrow."

DOIN

For the past three years American Re has co-hosted seminars to facilitate relationships between top industrial corporations, government agencies and international organizations. Together we are addressing environmental issues and identifying emerging technologies that cut both the cost of cleanup and of litigation.

We are a direct writer, carefully positioned to capitalize on opportunities for growth. Always on the lookout for new markets and innovative technologies, we were the first reinsurer in the industry to open an office in Beijing, we recently structured the largest insurance program in Russia through our subsidiary Becher + Carlson Companies.

We have specialists in actuarial, claims management, data processing, and numerous other disciplines. Our multidisciplined teams can customize client solutions involving treaty, facultative, bond, finite risk and alternative market approaches.

St. Paul Surplus Lines Insurance Co.

385 Washington St., St. Paul, Minn., 55102; 612-221-7066; fax: 612-292-8315

	1994	1993
Gross premiums	$167,521,793	$137,700,890
Non-admitted	$140,445,569	$111,561,805
Commercial risks	100%	100%
Net premiums	$27,072,602	$26,034,085
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$56,393,725	$49,028,146
Employees	70	65*
Combined ratio	103.3%	104.6%
Net income	$7,581,449	$7,542,371
Best's rating	A+	A+
S&P rating	AAA	AAA

* Restated.

St. Paul Surplus Lines Insurance Co. more than doubled its premium growth in 1994.

Gross premiums increased 22% to $167.5 million and premiums written on a direct, non-admitted basis—which account for about 84% of the insurer's premium—grew 26% to $140.4 million.

The growth in direct non-admitted premiums raised St. Paul a notch to No. 9 in the *Business Insurance* rankings of surplus lines insurers.

"Under the current market conditions, these results are sustainable for a year or two," said Janet R. Nelson, president and chief operating officer. "Beyond that, it's hard to predict. We are not looking forward to the market to make our lives easier. It will be a challenge to continue to find ways to offer advantages to niches that we have not addressed in the past."

St. Paul anticipates growth coming from smaller classes of business already in the non-admitted marketplace.

"Instead of competing on business that is not very desirable, we try to look at what else is in surplus lines and how we can get at that if we haven't written it in the past," Ms. Nelson said. "We are a substantial player in surplus lines, but there are still a lot of areas we don't write."

St. Paul's focus on individual risk underwriting has meant that it concentrated on medium-sized and large accounts, but developing program business allows the insurer to reach smaller policyholders.

"To have the opportunity to grow, we have to find ways to provide facilities for smaller-sized accounts," Ms. Nelson said.

"We are writing smaller-sized accounts on average because we found a way to do it cost-effectively," she explained.

The strength and stability of parent company The St. Paul Cos. Inc. helps St. Paul Surplus Lines to compete.

"Many surplus lines companies are not as financially substantial as St. Paul," Ms. Nelson said. "We are able to offer higher Best's and S&P ratings and higher-quality paper."

For example, the insurer picked up a traveling carnivals book of business that was previously written by a smaller surplus lines insurer.

"In those instances, we have a leg up because we are St. Paul," according to Robert J. Cecconi, senior vp of the surplus lines division.

"We represent significant financial security, size and reputation that a lot of competitors maybe don't have."

St. Paul Surplus Lines is also adding to the services it offers clients.

At the end of 1994, the insurer hired a manager to coordinate claims handling for all surplus lines accounts. The claims manager spends about 40% of his time on marketing, Mr. Cecconi explained.

"When we have claims, I look at it as a marketing opportunity," Mr. Cecconi said. "We have to have St. Paul's best foot forward when those opportunities arise."

Surplus lines claims generally are more complex than others because manuscript forms are often used and claims often are more severe.

"Our claims tend to be bigger and more volatile," Mr. Cecconi said.

"That's why the business is in surplus lines. Claims tend to be significant and more challenging," he said.

"Deductibles and retentions are used in a much more aggressive manner," agreed Rick Gustafson, vp of St. Paul's Athena division.

"The insured often has a role in the settlement of claims," he added.

In addition to the new claims manager, another new staff member is working exclusively on marketing, particularly research and development to help the insurer identify new markets and new niches.

The surplus lines business was affected by reorganization within the St. Paul group.

Ms. Nelson now oversees the seven divisions that comprise the newly created St. Paul Specialty Markets, including three divisions that underwrite some of their business on St. Paul Surplus Lines Insurance Co. paper.

The largest portion comes from the Surplus Lines division. The other divisions are the Athena division, which underwrites program business produced exclusively by sister company Swett & Crawford, and the Professional Liability division, which underwrites some of its business on a non-admitted basis.

Due to the reorganization, St. Paul now has 70 full-time equivalent employees working on surplus lines.

Premium in the surplus lines division grew by almost 40% in 1994, Mr. Cecconi said.

"The growth came in both the property and casualty areas," he said.

"In property, it was primarily driven by catastrophe. There was a lot of increase in rates that brought a lot things into the marketplace," Mr. Cecconi explained.

The division underwrote about $5 million in difference-in-conditions policies for middle-market companies.

Typically those businesses, including some multi-unit residences and manufacturers, have a handful of locations within a given fault zone. For such risks, St. Paul offers $2.5 million in gross line capacity.

"We felt the rates supported the cover," Mr. Cecconi said.

"We did more wind-driven business, more earthquake-driven business on an all-risk basis, including wind and quake. That was a significant part of our growth in property, and property will go up probably in the range of 50%," he explained.

Ms. Nelson agreed. "In property we saw some windows of opportunity. It was a disorderly market because of market restriction," she said.

"I'm very proud of the accomplishments of our staff," Ms. Nelson said.

Continued on next page

and private spending is expected
by the year 2000.
forums of today will influence the course

G.I.

With an office on every populated continent, we are able to draw on a vast network of resources worldwide. It's no wonder that our U.S. treaty clients actually outperformed the competition by an average of six loss ratio points over six years.

Financial security isn't our only strength. Reinsurance is a business of relationships. At American Re, we are doing more to build partnerships that add strategic security, keeping our clients ready for whatever lies ahead.

AMERICAN RE-INSURANCE COMPANY

555 College Road East, Princeton, NJ 08543-5241 (609) 243-4200

Atlanta, Beijing, Bermuda, Bogota, Boston, Brussels, Cairo, Chicago, Columbus, Dallas, Hartford, Kansas City, London, Los Angeles, Melbourne, Mexico City, Minneapolis, Montreal, New York, Philadelphia, Princeton, San Francisco, Santiago, Singapore, Sydney, Tokyo, Toronto, Vienna

Continued from previous page

"The growth we had was through a lot of hard work identifying opportunities," she said.

Growth in casualty lines is coming from new products, particularly program business.

Several million dollars of premium came from a program for the Petroleum Equipment Institute that was rolled out in 1994.

On Jan. 1, 1995, St. Paul introduced a program for traveling carnivals, including numerous county fairs. The package, which includes primary general liability, auto and inland marine, represented about $8 million in new premium in 1995.

Product liability remains a cornerstone of the surplus lines division business, including an automotive products package, as well as machinery, medical and railroad products coverage.

St. Paul can offer limits as high as $5 million, though most accounts require only $1 million to $2 million.

"Products are our core capability and one in which we're the market leader," Ms. Nelson said.

Primary producers for St. Paul's Surplus Lines division include: Castle Insurance Associates Inc.; Cooney, Rickard & Curtin Inc.; McAlear Associates Inc.; PCM Excess Ltd.; Sherwood Insurance Services Inc.; Stewart Smith Group Inc.; Swett & Crawford; Travis-Pederson & Associates Inc.; Tri-City Insurance Brokers Inc.; and Wood & Co.

The Athena division has "been growing like gangbusters," Mr. Gustafson said. "1994 was a very good year in terms of growth and profit and 1995 is following the lead of 1994."

Athena is expanding a commercial auto program, which is written on an admitted basis. A trucking program also has been expanded from California to include parts of the Southeast.

The Athena division also underwrites coverage for family entertainment centers, such as bungee jumping venues, water parks, video arcades and go-cart tracks. Unlike the traveling carnival business underwritten by the surplus lines division, these tend to be permanent installments. The Athena division does not write any large amusement park risks, however.

"That business has grown significantly in the last 18 months and we expect it to continue to grow," Mr. Gustafson said.

Athena began writing liability for a pool formed by schools in eastern Washington in 1994 and hopes to have an additional pool for other schools for this academic year. This pool would consist of larger schools in the state.

The coverage includes professional liability, coverage for school boards and auto.

"It was a good joint effort between the people in D&O and the technical operations unit," Mr. Gustafson said.

Umbrella "is our oldest, longest-term program on the casualty side," he said. "The marketplace is very competitive on that business."

Growth in directors and officers liability written on a non-admitted basis has slowed due to market conditions. More difficult classes of business like privately held companies are still being written on a non-admitted basis, Ms. Nelson said.

St. Paul Surplus Lines is an approved, non-admitted insurer in all states except Delaware, where it is admitted.

—By Sara Marley

STABILITY

It's tough to know whom to trust these days. Wholesale brokers pop up here and there. And vanish just as quickly. Even more unsettling is that many who *are* around head for the hills at the first sign of trouble. That leaves you in peril.

When you partner with Swett & Crawford, you're safe. For nearly 80 years, we've been working with independent agents to assure stable property and casualty liability protection for risks that run from the routine to the rare.

We take our fiduciary responsibilities seriously. And we're always willing to work through the issues of long-tail liability, no matter how far back it goes.

In a risky business you need a stable ally. Swett & Crawford, the nation's largest wholesale broker network, offers you unmatched access, professionalism, and a commitment to be there when you need us, in good times or bad. For more information on how our stability takes the risk out of your business, write or call Nanci Hoffman at our Los Angeles headquarters.

Swett & Crawford Group
Swett & Crawford
Swett Insurance Managers

3699 Wilshire Boulevard
Los Angeles, CA 90010
(213) 251-1200

© 1995, Swett & Crawford

Evanston Insurance Co.

Shand Morahan Plaza, 1007 Church St., Evanston, Ill. 60201; 708-866-2800; fax: 708-866-0778

	1994	1993
Gross premiums	$140,379,205	$181,544,364
Non-admitted	$127,756,419	$118,627,056
Commercial risks	99.3%	99.3%
Net premiums	$109,747,443	$127,225,357
Paid-in capital	$8,251,229	$8,251,229
Capital & surplus	$102,330,670	$105,662,096
Employees	169	175
Combined ratio	103.0%	105.9%
Net income	$22,921,659	$11,018,170
Best's rating	A	A
S&P rating	A-	A-

A continued emphasis on hard-to-place professional liability, product liability and specialty casualty coverages helped Evanston Insurance Co. grow last year in a seemingly endless soft liability market.

The surplus lines insurer increased its premiums written on a direct, non-admitted basis 7.7% in 1994 to $127.8 million from $118.6 million in 1993.

While this growth was among the weakest performances in the Top 10, "we're happy to have any increase in today's marketplace," said Paul Springman, president and chief executive officer.

The reason growth is not as high as last year's "is our focus on underwriting profits," he explained. "We had a very, very strong year in 1994 from both a premium volume and income standpoint as well as a combined ratio standpoint," he said. "We're absolutely delighted."

Evanston's modest growth cost it a spot in the *Business Insurance* rankings, falling to No. 10 from No. 9 in 1994.

Its gross premium volume fell 22.7% to $140.4 million last year from $181.5 million in 1993 because a reinsurance pooling arrangement Evanston had had with affiliates Markel Insurance Co. and Markel American Insurance Co. was discontinued in 1994, Mr. Springman said.

Net written premiums dropped 13.7% to $109.8 million from $127.2 million in 1993.

Evanston's percentage of gross premiums written on a direct, non-admitted basis related to commercial risks remained 99.3% last year, unchanged from 1993.

The insurer's combined ratio improved to 103.0% in 1994 from 105.9% the previous year.

"The thing I'm probably most proud of in 1994 is the drop in our combined loss ratio by three points in the face of a very, very difficult market," Mr. Springman said. This is "indicative of the amount of attention and time that we pay to the pricing of our product lines."

Evanston's net income more than doubled last year to $22.9 million from $11 million in 1993.

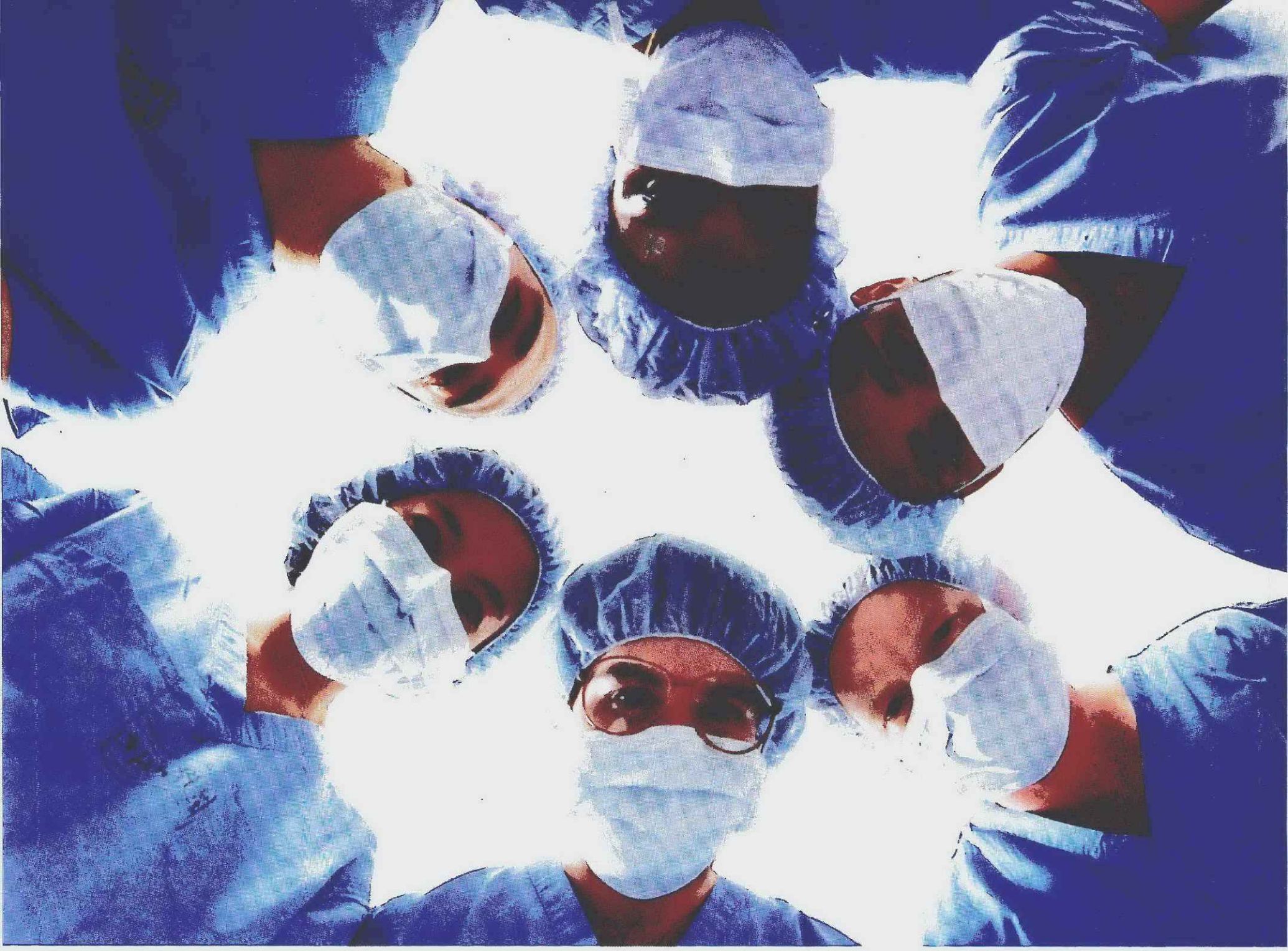
"The key is for us to keep our eye on the underwriting profit picture, and allow our investment people to maximize our surplus so that they can maximize our bottom line," Mr. Springman said.

"What this means to the buyer is that they've got a financially secure, extremely viable, long-term player that's going to be around to pay claims and address loss situations and address loss situations for long-tail professional liability many years down the road."

Policyholder surplus dropped slightly last year to $102.3 million from $105.7 million in 1993, a difference Mr. Springman calls irrelevant.

Statutory surplus as of mid-

Continued on page 36



Cutting workers' comp costs is an operation best left to specialists.

At the AIG companies, our specialists provide cutting-edge cost containment. In fact, our claims services can reduce workers' compensation loss costs by as much as 20 to 30%.

While other companies use generalist adjusters who are expected to manage all aspects of claims, we put specialists on the case. By concentrating the focus of each specialist, we deepen the expertise the adjuster can bring to each file. And in time-critical situations, you want experts to make expert decisions.

Each specialist uses proven strategies in their area of expertise: Compensability, Disability Management, Early Return to Work, Critical Claims, Investigations or Medical Management. And all closely operate together for the best results possible.

And we've recently introduced one more specialist, *IntelliRisk*,™ a Windows®-based real-time software solution that allows you to access, analyze and use claim information much more efficiently and effectively.

Find out more by calling AIG's leading provider of workers' comp, American Home Assurance Company, at 1-800-291-3400. Or just ask your agent or broker.

AIG **World leaders in insurance and financial services.**

American International Group, Inc., Dept. A, 70 Pine Street, New York, NY 10270

Carvill

Reinsurance Intermediary

INDEPENDENCE
INTEGRITY
SERVICE

CONSISTENT PHILOSOPHY & PERFORMANCE
SINCE 1977

Atlanta Bermuda Chicago London Stamford

WFT

WFT INSURANCE BROKERS LIMITED

"Thank their Agents and Assureds in the Maritime, Construction, Oil and Gas and Offshore industries, for another successful year and for their continued support for WFT and the Clarendon Programmes".

Please note our new address, effective September 8th 1995:

40 Lime Street, London EC3M 5BS
Tel: 171-929-5424 Fax: 171-929-5423

Continued from page 34

year was about $110 million, he added.

Evanston had 169 employees at the end of last year, down from 175 at year-end 1993, primarily due to attrition. However, "we're able to do a lot more because of our emphasis on technology."

Last year Evanston "really concentrated a lot on improvements and enhancements to existing technology," Mr. Springman pointed out.

"We're in the process of giving all of our underwriters and eventually everyone in the company access to a Windows-type environment where they can do multi-functions and multi-tasks at the same time and handle inquiries from outside customers on their PCs while not interrupting what they're in the process of doing," he explained. "That is a tremendous boost to our customers," who won't have to wait for employees to close one file and open another or to search for paper documents.

"When risk managers start surfing the Net to evaluate insurance proposals, we'll welcome them because we'll already be there," Mr. Springman said. Evanston set up a home page on the World Wide Web—at http://www.nbn1.com/shand—late last month.

Evanston plans to spend another $2 million this year on technology, Mr. Springman noted, for hardware, software and training for producers.

Evanston generally focuses on three kinds of excess and surplus insurance: hard-to-place professional liability, products liability and specialty casualty.

About 75% of Evanston's book of business is professional liability coverage. Limits range from $1 million per claim to $10 million per claim, depending on the line, but those are simply beginning guidelines, Mr. Springman emphasized. He stated that in the current casualty market, very high limits that would satisfy any need are available with facultative reinsurance.

The largest portion of Evanston's professional liability book—about 20% in 1994—is medical malpractice insurance.

Medical malpractice coverage is broken down into several categories, including:

- Coverage for physicians, surgeons and dentists who have had drug, alcohol, bankruptcy, legal or other problems.
- Coverage for individuals or groups of medically related professionals, such as chiropractors, anesthesiologists and acupuncturists, and assorted "body art" practitioners, such as tattoo artists, tattoo removal artists and permanent makeup applicators.
- "Specified" medical liability coverage. This category includes coverage for specialized medical facilities, such as sub-acute care facilities and adult day care facilities, and the people who work in them. This category also includes coverage for new and developing medically-related areas and professionals, such as telemedicine.

Directors and officers liability coverage is another specialty of Evanston, accounting for about 10% of its business last year.

Evanston specializes in writing D&O coverage for: high-tech companies, such as wireless communication firms; bio-tech companies, such as those producing home tests for pregnancy, cholesterol and AIDS; companies making initial public offerings; and limited liability companies.

Evanston also specializes in writing miscellaneous errors and omissions coverage for people in more than 200 different fields, startup companies and small businesses. E&O coverage last year accounted for about 10% of the company's book of business.

Other professional liability specialties Evanston writes, each of which accounted for 10% or less of total business last year, include: insurance company E&O and D&O; mutual fund E&O and D&O; insurance agent and broker E&O; and attorneys, architects and engineers liability.

Mr. Springman noted that Evanston is looking for ways to write new business in all these areas as the admitted market absorbs more mainstream risks. For example, Evanston recently wrote a combined E&O and products liability policy for an architect that designs amusement park devices like ferris wheels.

Evanston also specializes in writing product liability insurance for hard-to-place risks and startup companies. Product liability coverage accounted for approximately 10% of the company's business last year. Limits are $2 million per occurrence and $2 million aggregate, though the company can write more with facultative reinsurance if necessary.

Hard-to-place product liability risks that Evanston writes include pharmaceuticals, chemicals, aviation-related goods and high-risk sporting equipment, such as trampolines and protective helmets.

Many of the product liability risks that Evanston writes for start-up companies are high-tech or medically related products.

For example, Evanston writes product liability coverage for "just about anything you would find in a hospital," including cardiac pacemakers, diagnostic equipment, physical therapy equipment and bed pans. Strangely enough, "bed pan manufacturers have a very difficult time finding product liability insurance," Mr. Springman related. "People fall off of bed pans and get injured."

Evanston also has what it calls its "K facility," a clearinghouse for risks that do not fall into other categories. The K facility represented approximately 10% of the company's business last year. Starting limits are $2 million per claim/$2 million aggregate.

Exposures Evanston has covered in the K facility include all-risk coverage for vaccines; liability coverage for aquatic amusement parks with jet skis, boat rides and fishing trips; patent infringement coverage; and short-term events liability coverage.

Evanston retains $1 million per risk. It buys reinsurance from several different A-rated U.S. reinsurers. Evanston took no charges for unauthorized or overdue authorized reinsurance in 1994.

Evanston is owned by Richmond, Va.-based Markel Corp. It has one subsidiary: Markel American Insurance Co., based in Glen Allen, Va.

Besides Mr. Springman, Evanston's other principal officers include: Anthony F. Markel, chairman and chief executive officer; Michael A. Rozenberg, executive vp and chief administrative officer; Edgar W. Phoebus, senior vp, secretary and general counsel; and Gerard Albanese Jr., senior vp.

Evanston is an admitted insurer only in Illinois. The company is eligible to write as a non-admitted insurer in all states except New Hampshire.

—By Deborah Shalowitz Cowans

AMAZING WHAT HAPPENS WHEN YOUR STANDARDS ARE SKY HIGH.

Precision. The result of teamwork, the reward of commitment. No one exemplifies it better than the renowned flying teams of the United States Navy and Marine Corps. With breathtaking consistency, they set the standards for aerial excellence.

We're Met DisAbility. And we too understand the power of commitment. So, here and now, we're committing to set new performance standards in customer service. Standards that ensure the consistent delivery of outstanding service. Standards that aim high, and complement the way you do business.

So whatever your group disability needs, let us put our abilities to work for you. Each and every day, we pledge to earn your business. You see, we're serious about setting higher standards. And proving it, is precisely what we have in mind.

Met DisAbility

We put abilities to work℠

1-800-METLIFE

H9506HA0(exp0698)MLIC-LD ©1995 Metropolitan Life Insurance Co., One Madison Ave., NY, NY

BI's annual directory of excess/surplus insurers

A

Acceptance Insurance Co.

222 S. 15th St., Suite 600 N., Omaha, Neb. 68102; 402-344-8800; fax: 402-345-9190

	1994*	1993*
Gross premiums	$190,840,390	$125,426,092
Non-admitted	$115,408,028	$68,631,618
Commercial risks	100%	100%
Net premiums	$109,197,530	$73,139,958
Paid-in capital	$5,619,520	$5,619,520
Capital & surplus	$78,820,742	$57,044,078
Employees	275	250
Combined ratio 1	102.9%	104.5%
Combined ratio 2	102.9%	104.5%
Net income	($1,191,985)	$1,294,000
Best's rating	A-	A-
S&P's rating	BBBq	BBBq

* Figures are reported on a pooling basis.

Founded: 1979.
Parent: Acceptance Insurance Cos. Inc.
Specialties: Long-haul trucking, product liability, liquor liability.
Subsidiaries: Acceptance Indemnity Insurance Co., Omaha, Neb.; Phoenix Indemnity Insurance Co., Phoenix.

Approved non-admitted in: Alaska, California, Connecticut, District of Columbia, Florida, Hawaii, Idaho, Indiana, Kansas, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Washington, West Virginia, Wyoming.
Admitted in: Alabama, Arizona, Arkansas, Colorado, Georgia, Illinois, Iowa, Kentucky, Michigan, Nebraska, North Dakota, Ohio, Tennessee, Virginia, Wisconsin.
Officers: K.C. Coon, CEO; J.P. Nelson, COO/president; G.D. Ewald, senior vp; G.M. Mace, CFO; W.J. Gerber, vp-investor relations/investments.
Contact: William J. Gerber.

Admiral Insurance Co.

1255 Caldwell Road, Cherry Hill, N.J. 08034; 609-429-9200; fax: 609-428-3390

	1994	1993
Gross premiums	$115,189,671	$117,920,486
Non-admitted	$108,258,764	$91,220,155
Commercial risks	100%	100%
Net premiums	$46,729,861	$56,682,864
Paid-in capital	$5,600,000	$3,000,000
Capital & surplus	$163,608,986	$145,018,547
Employees	137	127
Combined ratio 1	99.8%	107.9%
Combined ratio 2	NA	94.9%
Net income	$22,330,679	$19,061,824
Best's rating	A++	A++

Founded: 1952.
Parent: W.R. Berkley Corp.
Specialties: Commercial general liability on manufacturing and contractors, professional liability.
Approved non-admitted in: All states except Delaware and New Jersey.
Admitted in: Delaware, New Jersey.
Officers: Michael J. Snead, chairman; John J. Kinsella, president; Kathleen Crawford, treasurer/senior vp; Kevin P. Hannon, senior vp/secretary; Herbert Ruffer, senior vp-underwriting services.
Contact: Herbert L. Ruffer.

Adriatic Insurance Co.

3501 N. Causeway Blvd., Suite 1000, Metairie, La. 70002; 504-838-8100; fax: 504-832-0605

	1994	1993
Gross premiums	$15,299,107	$15,755,790
Non-admitted	$15,299,107	$15,755,790
Commercial risks	100%	95.5%
Net premiums	$12,544,990	$12,902,486
Paid-in capital	$3,500,000	$1,500,000
Capital & surplus	$17,450,677	$16,070,435
Employees	18	18
Combined ratio 1	92.2%	93.2%
Combined ratio 2	92%	93.1%
Net income	$1,377,926	$1,015,135
Best's rating	A	A

Founded: 1979.
Parent: Anglesey Corp.
Specialties: Commercial auto physical damage, commercial fire, motor truck cargo.
Approved non-admitted in: Alabama, Arizona, Arkansas, California, District of Columbia, Florida, Georgia, Idaho, Illinois Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Delaware, North Dakota, Nevada, New Mexico.
Officers: Joseph E. Taylor, president; Anthony V. Ciervo, secretary; Steven M. Harris, treasurer.
Contact: Joseph E. Taylor.

Agricultural Excess & Surplus Insurance Co.

49 E. Fourth St., Dixie Terminal Building, Suite 923, Cincinnati, Ohio 45202-3803; 513-579-6300; fax: 513-579-6314

	1994	1993
Gross premiums	$85,064,288	$71,119,485
Non-admitted	$83,723,851	$69,964,353
Commercial risks	100%	100%
Net premiums	$1,340,436	$1,155,132
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$18,076,939	$15,482,146
Employees	50	36
Combined ratio 1	106.5%	104.7%
Net income	$526,813	$670,168
Best's rating	A	A

Founded: 1979.
Parent: Great American Insurance Co.
Specialties: D&O, storage tanks, asbestos abatement, college and university, professional liability, loan protection.
Approved non-admitted in: All states except Delaware.
Admitted in: Delaware.
Officers: Richard C. Koscielak, president; Gayle S. Christen, senior vp; Alan F. Jaeger, Michael J. Ryan, Thomas C. McGilly, vps.
Contact: Richard C. Koscielak.

Alliance General Insurance Co.

6 W. Hubbard St., Sixth Floor, Chicago, Ill. 60610; 312-755-0099; fax: 312-755-1056

	1994	1993
Gross premiums	$17,650,388	$19,933,472
Non-admitted	$16,913,640	$19,119,092
Commercial risks	96%	96%
Net premiums	$8,060,268	$9,337,968
Paid-in capital	$2,000,000	$2,000,000
Capital & surplus	$16,340,826	$12,086,718
Combined ratio 1	99.3%	96.4%
Combined ratio 2	99.3%	96.4%
Net income	$1,386,455	$1,039,212
Best's rating	B++	B++

Founded: 1984.
Parent: Alliance Insurance Group Inc.
Specialties: Product liability; business owners packages, including liquor liability.
Approved non-admitted in: Alabama, Arizona, Arkansas, California, Colorado District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Illinois.
Officers: Donald V. McCann, president; Eric W. Rahn, treasurer; Denise M. LeBeau, secretary; Jeffrey M. Josephs, vp.
Contact: Eric W. Rahn.

Alpine Insurance Co.

311 S. Wacker Drive, Suite 500, Chicago, Ill. 60606; 312-922-8800; fax: 312-922-2202

	1994	1993
Gross premiums	$45,752,979	$28,717,406
Non-admitted	$44,948,033	$28,221,182
Commercial risks	98%	98%
Net premiums	$30,738,254	$20,778,009
Paid-in capital	$3,600,000	$1,300,000
Capital & surplus	$19,194,566	$19,395,362
Employees	5	5
Combined ratio 1	106.5%	82.1%
Combined ratio 2	106.5%	82.2%
Net income	($2,508,428)	($1,234,035)
Best's rating	A-	A

Founded: 1986.
Parent: Exstar Financial Group.
Specialties: Commercial casualty, including product liability and contractors liability; architects and engineers professional liability; excess employers indemnity (Texas only).

Continued on page 42

WE WON'T DROP THE BALL WHEN YOU NEED US MOST.

When it comes to specialty insurance coverage, you need a dependable team. American Custom provides specialty insurance that's sure to keep all your bases covered.

Our success is built upon the strength of long-term relationships. You can count on our commitment to provide you coverage throughout the changes in the marketplace.

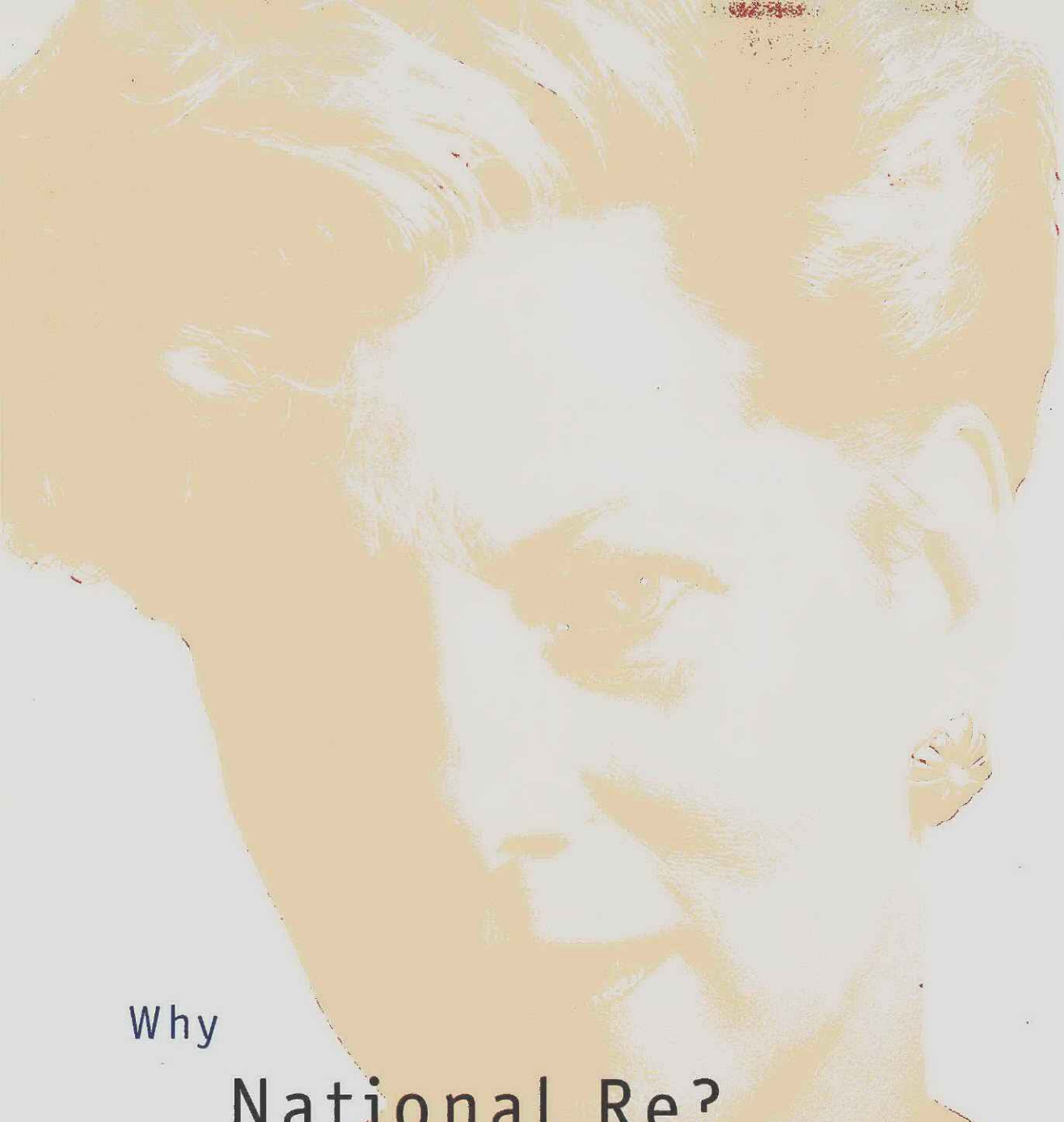
To find out how we can serve you—call American Custom today.

AMERICAN CUSTOM INSURANCE SERVICES℠, INC.
A Member of the Great American Insurance Companies ®

5750 Wilshire Blvd. Suite 360
Los Angeles, CA 90036
(213)937-8600
Fax (213)937-0174

300 S. Wacker Dr. Suite 2800
Chicago, IL 60606
(312)427-7200
Fax (312)427-1655

Specialty underwriting through select surplus line brokers.



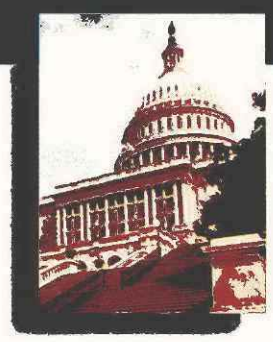
Why
National Re?

"When we needed
a customized solution,
they worked with us.
That's why."

"Our company's needs are unique. So a cookie-cutter approach to reinsurance doesn't help us. We're looking for innovative, customized solutions . . . and we find them at National Re.

"Whether we require treaty or facultative services, the people at National Re listen to us, evaluate our particular situation, and work with us to create a tailored solution. Their approach to reinsurance is as unique as our company's need for it. That's why our reinsurer is National Re."

NRe
National Reinsurance
Stamford, CT • 203-329-7700
Rated "A+" by A.M. Best and "AA+" by Standard & Poor's
Atlanta • Chicago • Columbus • Dallas • Hartford •
Los Angeles • New York



THE THIRD ANNUAL

Business Insurance®

WORKERS COMPENSATION CONFERENCE

OCTOBER 11-13, 1995

Loews Coronado Bay Hotel
San Diego, California

WHO SHOULD ATTEND

Risk managers, loss prevention and safety managers, workers compensation administrators and analysts, employee benefit executives, plus insurers, brokers, consultants, representatives from HMOs and PPOs, state and local government representatives, association members, attorneys and providers from a broad range of companies and institutions.

PRELIMINARY PROGRAM

WEDNESDAY, OCTOBER 11, 1995

- EMPLOYER'S PRIVATE ROUNDTABLE
- EARLY REGISTRATION AND WELCOME RECEPTION

THURSDAY, OCTOBER 12, 1995

- KEYNOTE: A LEADING EXPERT SHARES PROVOCATIVE COMMENTARY ON MAJOR WORKERS COMPENSATION ISSUES
- ERGONOMICS IN THE WORKPLACE
- DEALING WITH A CHANGING WORKFORCE: TEMPORARY/CONTRACT/AT HOME/ON THE ROAD
- LUNCHEON: SAFETY INCENTIVE PROGRAMS
- 24-HOUR PROGRAMS AND OTHER INSURANCE OPTIONS
- CASE STUDIES IN CONTROLLING WORKERS COMPENSATION COSTS
  - ► Ergonomic changes that have reduced repetitive stress injuries
  - ► An effective cost allocation system to control losses
  - ► A return-to-work program that works
- RECEPTION

FRIDAY, OCTOBER 13, 1995

- BUILDING YOUR TEAM TO ACHIEVE SUCCESSFUL CLAIMS MANAGEMENT
- ADMINISTRATIVE AND LEGAL REMEDIES TO COMBAT FRAUD
- LUNCHEON: STRESS AS A WORKERS COMPENSATION INJURY: FACT OR FICTION?
- POST-CONFERENCE WORKSHOP: USING MANAGED CARE TO LOWER WORKERS COMPENSATION COSTS
- POOLSIDE RECEPTION

CONFERENCE CHAIRMAN

Kathryn J. McIntyre
Vice President, Publisher and Editorial Director
Business Insurance

CONFERENCE ADVISORY BOARD

Kenneth Albrecht
Director, Risk Management
Frito-Lay, Inc.

Maddy Bowling
Vice President
Workers Comp Managed Care
Intracorp

Arnold Davenport
Vice President, Risk Management
Marriott International, Inc.

Dr. Stephen Dawkins
Occupational Health Physician
Occupational Health International

Ronald Guilfoile
Risk Manager
City of St. Paul

Allen Iampaglia
Risk Manager
Risk Management Division
City of Glendale, Arizona

John Kessock, Jr.
Chairman
Commonwealth Risk Services, Inc.

Jeff Maldonado
Vice President
AIG Claim Services, Inc.

James Nothem
Senior Vice President
Travelers Insurance

Gregory Saxum
Director, Workers Compensation Legal Division
Eastman Kodak Company

Chip Sharkey
Senior Vice President & Chief Marketing Officer
CNA Insurance Companies

Richard A. Victor, Ph.D., J.D.
Executive Director
Workers Compensation Research Institute

Susan M. Werner, ARM
Director of Risk Management
Hardee's Food Systems, Inc.

Stephen M. Wilder
Vice President, Risk Management
Walt Disney Company

Edward C. Woodward
President
California Workers Compensation Institute

CONFERENCE SPONSORS

- **AIG Claim Services, Inc.**
- **Commonwealth Risk Services, Inc.**
- **CNA Insurance Companies**
- **Intracorp**
- **Travelers Insurance**

CONFERENCE SPEAKERS

Maddy Bowling
Vice President
Workers Comp Managed Care
Intracorp

David Cochran, Ph.D.
Professor
University of Nebraska

Lee R. Coffey
Vice President, Human Resources
Day Runner, Inc.

James Conerty
Manager of Risk & Loss Management
IBM

Arnold Davenport
Vice President, Risk Management
Marriott International, Inc.

Dr. Stephen Dawkins
Occupational Health Physician
Occupational Health International

Mary Stoik Dymond
Director of Risk Management
ACX Technology, Inc.

Janis S. DiMonaco, Ph.D.
President & CEO
Health Management Center, Inc.

Ron Field
Senior Vice President
Great States, — an FHP Company

Meg Fletcher
Senior Editor
Business Insurance

David Griffin
Co-Chairman
Washington, D.C. Coalition Against Insurance Fraud

Barry Gordon Gwartz, M.D.
Internal Medicine & Psychiatry
Integrated Health Care

Sandra M. Jenson
Special Projects Manager
Near North Insurance Brokers, Inc.

Patrick Kinney
Vice President, Managed Care
Travelers Insurance

Peter Madeja
President and CEO
Genex

Jeff Maldonado
Vice President
AIG Claims Services, Inc.

John P. Massucco, Jr.
Deputy District Attorney
Chief of Insurance, Fraud Division
San Diego County

Martin F. McGavin
Manager of Safety Planning and Claims
Johnson Controls, Inc.

Kathryn J. McIntyre
Vice President, Publisher
and Editorial Director
Business Insurance

Robert Mogg
Principal Engineer
AT&T GIS

Eric Nordman
Senior Regulatory Specialist
National Association of Insurance Commissioners

Jacqueline Nowell
Assistant Director
Office of Occupational Safety and Health
United Food and Commercial Workers International Union, AFL-CIO & CLC

Jeffrey W. Pettegrew
Vice President – Risk Management
& Insurance
Western Staff Services

Brian Record
Director of Claims Management
Harrah's Entertainment, Inc.

Dwight Robertson, M.D.
President & CEO
Health and Managed Care
The Zenith Insurance Company

Gail Sater
Risk Manager
Red Wing Shoes

Jeffrey Seilbach
Assistant Treasurer
& Director of Risk Management
Del Monte Foods Company

Chip Sharkey
Senior Vice President
& Chief Marketing Officer
CNA Insurance Companies

Barbara Thompson
Manager, Occupational
Performance Center
Sharp Rees-Stealy Medical Center

Gus Vigil
Claims Manager
New Mexico Municipal League
Insurance Division

Scott Wilson, Esq.
Partner
Littler, Mendelson, Fastiff,
Tichy & Mathiason

COMMENTS FROM SOME OF LAST YEAR'S ATTENDEES:

"Once again, BI has assembled articulate and knowledgeable speakers on relevant and timely topics."
Mary Stoik Dymond
Director of Risk Management
ACX Technologies, Inc.
Golden, Colorado

"Overall, this was informative and educational."
Geoffrey Roullard
Attorney
Carson City, Nevada

"Excellent in-depth discussion of areas important to my company."
Michael Murphy
Workers Compensation Manager
State of Arizona Risk Management
Phoenix, Arizona

"This was my 2nd year at this conference and I didn't think that they could have a better program than last year. . . but they did!!"
Sharon Van Sant
Claims Administrator
Bergen Brunswig Corporation
Orange, CA

"I am walking away with several ideas I can readily implement back in the office."
Walter Steunenberg
Vice President
Greenpoint Savings Bank
Flushing, NY

ACCREDITATION

IBF • International Business Forum is registered with the California Insurance Board as a course provider. Attendees will earn 11 CEU credits.

REGISTRATION

To register or to receive more information, please call or fill out the coupon below and fax or mail to IBF • International Business Forum, 7 Penn Plaza, Suite 901, New York, NY 10001.

FAX: (212) 279-9307
TEL: (212) 279-2525

THE THIRD ANNUAL
Business Insurance
WORKERS COMPENSATION CONFERENCE

YES, PLEASE REGISTER ME.

☐ I am a service provider – $895
☐ I am a risk, benefits or safety manager – $595

IBF International Business Forum

Name _____

Title _____

Company _____

Address _____

City/State/Zip _____

Telephone No. (_____) _____

Fax No. (_____) _____

☐ **Please forward information about table-top exhibits.**
☐ **Please forward information about sponsorship opportunities.**

BIWCFPS

Mid-Continent General Agency, Inc.

SPECIALISTS IN MISC. HEALTH CARE

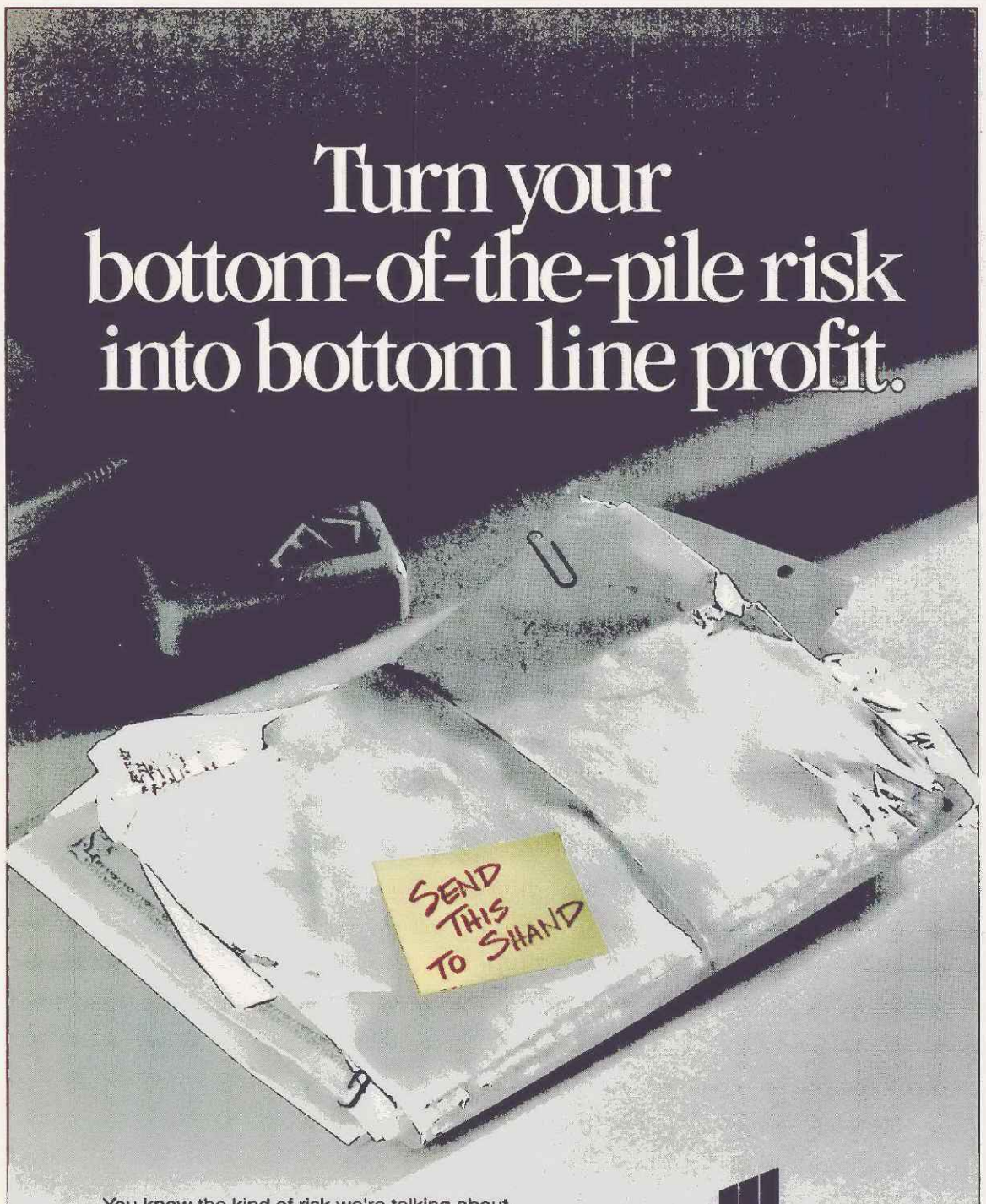
MEDICAL MALPRACTICE ~ ERRORS & OMISSIONS ~ GENERAL LIABILITY

A. M. Best A- Rated or Better Carriers | **Approved S. L. or Admitted in (43) States** | **Limits to 1000 / 3000 Umbrella 5000**

ADULT & SPECIAL CHILDREN DAY CARE
ALCOHOL / DRUG REHABILITATION
AMBULANCE & PARA-TRANSPORT
ARTIFICIAL LIMBS, PROSTHETICS
CASE MANAGEMENT, MED. CONSULTANTS
CLINICS - MEDICAL & MENTAL HEALTH
DIAGNOSTIC IMAGING - MRI, CT, X-RAY
DME - MED. EQUIP. SALES AND RENTAL
FUNERAL HOME, CEMETERY, MORTICIANS
HANDICAP / RETARDED - SERVICES / HOMES
HOME HEALTH SERVICES & PRODUCTS
INDIVIDUAL MEDICAL PROFESSIONALS
MEDICAL ARTS SCHOOLS / COLLEGES
MEDICAL LABS, DRUG TESTING
MEDICAL PERSONNEL AGENCIES
OPTOMETRIST, OPTICIAN, OCULARIST
PERSONAL CARE / RETIREMENT HOMES
PHARMACIES - RETAIL, HOME IV SUPPLY
PHYSICAL, RESPIRATORY, SPEECH THERAPY
AND MANY OTHERS, CALL/FAX TO INQUIRE

Phone 713 / 522-6533
3131 Eastside, Suite 545

Fax 713 / 639-6330
Houston, Texas 77098



You know the kind of risk we're talking about. The kind that goes to the bottom of the pile until you have a chance to figure it out.

It's not an ordinary, price-driven risk. It requires underwriters who are not intimidated by claims, complexity, hazards, or the unusual. It may need special terms.

Send it to Shand. We can help. Our areas of expertise include **hard-to-place physicians, lawyers, architects & engineers, specified medical risks, miscellaneous professional liability, insurance agents and companies, D&O insurance and all kinds of products liability.**

And we even have a one-of-a-kind special risk facility. At Shand, we can cover anything you can dig up.

MARKEL

SHAND MORAHAN & COMPANY, INC.

(708) 866-2800
Fax (708) 866-0866

Coverage available through our approved wholesale brokers.

NAPSLO

AAMGA
ASSOCIATE MEMBER AMERICAN ASSOCIATION OF MANAGING GENERAL AGENTS

Continued from page 38

Approved non-admitted in: Alabama, Alaska, Arizona, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming.

Admitted in: Illinois.

Officers: John T. Clark, president/treasurer; Richard P. Shemitis, senior vp-underwriting; Jerry Hart, senior vp-claims; Richard G. Kersten, secretary.

Contact: John T. Clark.

American Empire Surplus Lines Insurance Co.

515 Main St., Cincinnati, Ohio 45202; 513-369-3000; fax: 513-369-3034

	1994*	1993*
Gross premiums	$57,613,123	$52,525,564
Non-admitted	$46,922,488	$39,448,852
Commercial risks	100%	100%
Net premiums	$34,440,645	$35,780,635
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$118,080,552	$118,561,822
Employees	70	73
Combined ratio 1	54.9%	83.6%
Combined ratio 2	55.6%	83.5%
Net income	$35,465,981	$10,084,851
Best's rating	A+	A+

* Figures are reported on a pooling basis.

Founded: 1977.

Parent: Great American Insurance Co.

Subsidiaries: American Empire Insurance Co., Cincinnati; Fidelity Excess & Surplus Insurance Co., Princeton, N.J. (previously Fidelity Environmental Insurance Co.)

Approved non-admitted in: All states except Delaware and New Hampshire.

Admitted in: Delaware.

Officers: Joseph M. Walsh, chairman; Walter E. Snyder, president; Robert A. Nelson, senior vp-underwriting; Chester A. Nalepa, senior vp-claims.

Contact: Walter E. Snyder.

American International Specialty Lines Insurance Co.

P.O. Box 196999, Anchorage, Alaska, 99519-6999; 907-274-4100

	1994	1993
Gross premiums	$624,214,713	$469,587,404
Non-admitted	$606,128,641	$453,711,424
Commercial risks	100%	100%
Net premiums	$79,919,110	$69,166,399
Paid-in capital	$5,002,500	$5,002,500
Capital & surplus	$149,544,522	$132,405,702
Combined ratio 1	94.3%	95.4%
Combined ratio 2	NA	95.4%
Net income	$16,007,075	$11,346,643
Best's rating	A++	A++
S&P's rating	AAA	AAA

Founded: 1973.

Parent: National Union Fire Insurance Co., a unit of American International Group Inc.

Specialties: Commercial general excess and umbrella, medical malpractice, E&O, professional liability, pollution liability, D&O, pension fiduciary ERISA liability, primary and excess commercial property coverage.

Approved non-admitted in: All states except New Jersey and Alaska.

Admitted in: Alaska.

Officers: Thomas Ralph Tizzio, president; Elizabeth Margaret Tuck, secretary; Armand George Pepin, treasurer; Patrick Joseph Foley, James Martin Kilkenny, vps.

Contact: Armand G. Pepin, 201-309-1100.

Associated International Insurance Co.

21860 Burbank Blvd., Suite 380, Woodland Hills, Calif. 91367; 818-595-0600; fax: 818-595-0651

	1994	1993
Gross premiums	$103,810,082	$86,682,119
Non-admitted	$33,099,723	$28,524,445
Commercial risks	31.9%	32.9%
Net premiums	$49,750,970	$47,628,179
Paid-in capital	$2,500,000	$2,500,000
Capital & surplus	$56,039,264	$53,611,964
Employees	64	54
Combined ratio 1	103.5%	109.0%
Net income	$3,985,629	$6,127,314
Best's rating	A	A

Founded: 1972.

Parent: Gryphon Holdings Inc.

Specialties: Self-insured retentions; excess or buffer layers; umbrella; architects and engineers; E&O; special programs; California difference in conditions; course of construction; vacant building package; excess property, including utilities and railroads.

Subsidiaries: Associated International Intermediaries Inc., Woodland Hills, Calif.

Approved non-admitted in: All states except California and Maine.

Admitted in: California.

Officers: John F. Iannucci, president/CEO; Kathryn W. Suchomel, executive vp-casualty; Joseph K. Saad, executive vp-claims/administration; Matthew T. Peller, senior vp-property; Virendra Amin, vp-information systems.

Contact: Kathryn W. Suchomel.

CNA Excess & Select Group

CNA Plaza, Chicago, Ill. 60685; 312-822-1906; fax: 312-822-2093

	1994*	1993
Gross premiums	$338,200,000	NA
Non-admitted	$91,300,000	NA
Net premiums	$243,300,000	NA
Employees	144	NA
Best's rating**	A/A-	NA
S&P's rating**	A+/A-	NA

* Figures are reported on a pooling basis as a combined estimate of CNA Excess & Select and Continental Insurance Co. Excess & Select.

** Ratings are for CNA and Continental respectively.

Founded: 1992.

Parent: CNA Insurance.

Specialties: Entertainment, railroads liquor liability, excess workers compensation, elevator contractors.

Approved non-admitted in: All states.

Admitted in: All states.

Officers: Richard W. Quehl, president; Sharon J. Betterman, William P. Casey Richard N. Aldorisio, senior vps.

Contact: William P. Casey, 312-822-6625.

Continued on next page

Explanation of listings

The annual directory of excess and surplus lines insurers lists companies which responded to a *Business Insurance* questionnaire.

There is no charge to be included in the directory.

However, to be listed, more than 50% or $10 million of surplus lines insurers' gross premiums must be written on a direct non-admitted basis and relate to commercial risks; excess insurers must generate at least 50% or $50 million of their gross premiums in excess liability lines, either on an admitted or non-admitted basis.

Financial information is taken from the companies' annual statements as filed with state insurance departments, unless otherwise noted.

Gross premiums are the combination of direct business and reinsurance assumed by a company. For surplus lines insurers, the next entry reflects gross premiums written on a direct **non-admitted basis**—the definition of surplus lines. Excess insurers' listings note the percent of gross premiums related to **excess liability** lines and the percent of excess liability premiums written on an **admitted** basis.

Net premium volume is calculated by subtracting reinsurance ceded from gross premiums.

Paid-in capital is the total of the value of both common capital stock and preferred capital stock of the company; the next entry reflects surplus as regards policyholders.

The statutory **combined ratio** is calculated by adding the company's ratio of losses and loss expenses incurred to premiums earned with the ratio of underwriting expenses to net premiums written. The combined ratio as calculated by the insurer rating agencies also was requested; when provided, it is listed below the statutory combined ratio.

Statutory **net income** is derived after dividends to policyholders and federal income tax.

The **Best's rating** listed under each year is the rating given by A.M. Best Co. following the close of each year. Rating modifiers are detailed below. Best's Financial Performance Index, which is given to some companies not assigned a rating, is listed if provided.

Standard & Poor's claims paying or solvency rating was also requested.

A footnote will indicate if a company reports figures on a pooling basis, excluding premiums written on a direct, non-admitted basis.

The total number of **employees** (and for excess insurers, the number involved in excess liability underwriting) if provided, is given in full-time equivalents.

Each listing includes the company's year **founded** and its **parent** company (if any). **Specialties**, commercial risks the company specializes in insuring and names of **subsidiaries** also are noted.

States in which the company is an **approved, non-admitted** insurer, and those in which it is an **admitted** insurer follow.

Names and titles of principal **officers**, as well as the name of a person to **contact** for readers seeking more information complete the listings.

Rating modifiers used by the A.M. Best Co. are defined as follows:

(c) is a contingent rating; (e) is the rating of the parent company; (g) is a group rating; (q) is a qualified rating; (p) is a pooled rating; (r) is a reinsured rating; (s) is a consolidated rating.

Continued from previous page

Century Surety Co.

2400 Corporate Exchange Drive, Suite 290, Columbus, Ohio, 43231; 614-895-2000; fax: 614-895-2707

	1994	1993
Gross premiums	$36,538,076	$29,661,183
Non-admitted	$21,764,864	$15,186,745
Commercial risks	59.6%	51.2%
Net premiums	$24,714,601	$20,395,800
Paid-in capital	$2,000,000	$2,000,000
Capital & surplus	$20,122,740	$15,398,670
Employees	71	53
Combined ratio 1	88.4%	85.4%
Combined ratio 2	97.5%	106.6%
Net income	$1,804,052	$1,230,102
Best's rating	B++	B++

Founded: 1978.
Parent: Alliance Holding Corp.
Specialties: Amusement centers, apartment buildings, asbestos and lead abatement contractors, auto dismantling, auto service and repair center-garage program, bazaars, beauty/barber shops, bingo games, day care and preschools, environmental consultants professional liability, general contractors, health and exercise clubs, hunting clubs, oil and gas, recycling centers, roofing contractors, security guards, special events, sun tanning salons, vacant buildings, wrecking of structures.
Subsidiaries: American Inspection & Audit Services Inc., Columbus, Ohio; CSC Insurance Agency Inc., Columbus, Ohio; Continental Heritage Insurance, Salt Lake City; Continental Heritage Life Insurance Co., Arizona; Evergreen National Indemnity Insurance Co., Columbus, Ohio.
Approved non-admitted in: Alabama, Alaska, Arkansas, California, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Virginia, Washington, Wyoming.
Admitted in: Arizona, Indiana, Ohio, West Virginia, Wisconsin.
Officers: Roswell Ellis, president; Anne Meyers, secretary; Glenn Southwick, treasurer; Kurt Weiland, assistant secretary.
Contact: Jane Thompson.

Chubb Custom Insurance Co.

15 Mountain View Road, P.O. Box 1615, Warren, N.J. 07061-1615; 908-903-2000

	1994*	1993*
Gross premiums	$76,650,066	$59,535,041
Non-admitted	$70,395,243	$55,192,303
Net premiums	$6,349,808	$5,063,445
Paid-in capital	$3,750,000	$3,000,000
Capital & surplus	$18,649,549	$17,481,039
Combined ratio 1	94.4%	98.1%
Combined ratio 2	84.4%	85.3%
Net income	$2,159,640	$1,643,549
Best's rating	A++	A++

* Figures are reported on a pooling basis.

Founded: 1980.
Parent: Federal Insurance Co. (a unit of Chubb Group of Insurance Cos.).
Approved non-admitted in: All states except Maine.
Admitted in: Delaware, New Jersey.
Officers: Emelia M. Accardi, president; Philip J. Sempier, vp/treasurer; Hank B. Schram, vp; Hank G. Gulick, vp/secretary; David G. Hartman, vp.

Colony Insurance Co.

P.O. Box 85122, Richmond, Va. 23285-5122; 804-261-7000; fax: 804-266-4458

	1994	1993
Gross premiums	$37,948,725	$31,850,161
Non-admitted	$34,177,433	$31,157,048
Commercial risks	97.0%	97.8%
Net premiums	$26,218,873	$19,015,565
Paid-in capital	$2,000,000	$2,000,000
Capital & surplus	$22,741,158	$21,928,010
Employees	46.8	42.8
Combined ratio 1	112.7%	110.8%
Combined ratio 2	112.0%	110.8%
Net income	($2,757,399)	$345,625
Best's rating	B+	B+

Founded: 1981.
Parent: Front Royal Inc.
Specialties: Artisan contractors, restaurants, taverns, bars, pest control services, light to medium hazard manufacturers, roofers.
Subsidiaries: Front Royal Insurance Co., Richmond, Va.; Hamilton Insurance Co., Richmond, Va.
Approved non-admitted in: Alabama, Arizona, Arkansas, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Virginia.
Officers: John K. Latham, president/CEO; J. Adam Abram, secretary; Gregg T. Davis, treasurer; Dale H. Pilkington, senior vp-underwriting; F. Douglas Wall, vp-claims.
Contact: John K. Latham.

The directory of underwriting managers, managing general agents and surplus lines brokers is on page 64.

E

Empire Indemnity Insurance Co.

1624 Douglas St., Omaha, Neb. 68102; 402-341-0135; fax: 402-271-2510

	1994	1993
Gross premiums	$17,521,848	$15,089,251
Non-admitted	$15,081,562	$12,474,944
Commercial risks	91.3%	82.7%
Paid-in capital	$2,500,000	$2,500,000
Capital & surplus	$20,026,103	$18,816,669
Employees	248	230
Net income	$1,209,435	$1,130,917
Best's rating	A+	A+

Founded: 1957.
Parent: Empire Fire & Marine Insurance Co.
Specialties: Hazardous transports, monoline commercial auto, excess private passenger, liquefied petroleum gas, garbage trucks, ambulances, small buses.
Approved non-admitted in: All states except Connecticut, Maine, New Hampshire and Oklahoma.
Admitted in: Oklahoma.
Officers: John J. McCartney, president; Milan Clarke Dahlquist, Charles B. Ralph, John W. Paulsen, Donald L. Barrand, senior vps; Kevin H. Purcell, vp/treasurer; Amy Sue Bones, secretary; Dominic A. Weber, vp.
Contact: John W. Paulsen.

Essex Insurance Co.

4551 Cox Road, Glen Allen, Va. 23060; 804-273-1400; fax: 804-273-1600

	1994	1993
Gross premiums	$91,863,760	$70,049,158
Non-admitted	$87,223,430	$67,817,649
Commercial risks	100%	100%
Net premiums	$66,700,139	$50,805,074
Paid-in capital	$4,500,000	$4,500,000
Capital & surplus	$36,742,860	$38,717,017
Employees	122	110
Combined ratio 1	89.1%	86.1%
Combined ratio 2	89.1%	86.2%
Net income	$6,404,403	$7,642,835
Best's rating	A	A
S&P's rating	A-	A-

Founded: 1980.
Parent: Markel Corp.
Specialties: General liability, vacant properties, general property, motor truck cargo, contractors' equipment.
Approved non-admitted in: All states except Delaware.
Admitted in: Delaware.
Officers: Alan Irving Kirshner, chairman; Anthony Foster Markel, vice chairman; Britton Lee Glisson, president; Steven Andrew Markel, executive vp; Jill Grode Goldfine, associate vp.
Contact: Jill Goldfine.

Evanston Insurance Co.

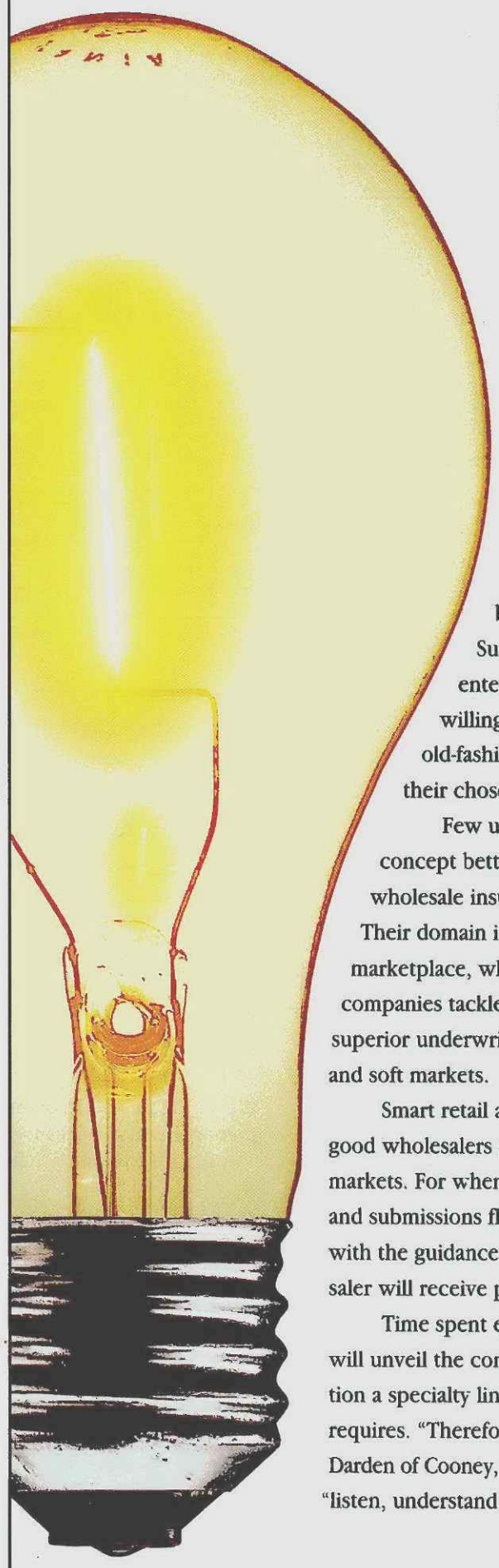
1007 Church St., Evanston Ill. 60201; 708-866-2800; fax: 708-866-0778

	1994	1993
Gross premiums	$140,379,205	$181,544,304
Non-admitted	$127,756,419	$118,627,036
Commercial risks	99.3%	99.3%
Net premiums	$109,747,443	$127,225,347
Paid-in capital	$8,251,229	$8,251,229
Capital & surplus	$102,330,670	$105,662,006
Employees	169	175
Combined ratio 1	103%	105.9%
Combined ratio 2	103%	105.9%
Net income	$22,921,659	$11,018,170
Best's rating	A	A
S&P's rating	A-	A-

Founded: 1977.

Continued on next page

GENIUS
is one percent inspiration and 99 percent perspiration



RLI Broker Salute

There's no such thing as an instant lottery in the business world. Success follows those enterprising individuals willing to invest years of old-fashioned hard work in their chosen craft.

Few understand this concept better than the finest wholesale insurance brokers. Their domain is the alternative marketplace, where specialty lines companies tackle tough risks with superior underwriting in both hard and soft markets.

Smart retail agents will befriend good wholesalers and understand these markets. For when the market hardens and submissions flood in, those crafted with the guidance of a skilled wholesaler will receive priority attention.

Time spent exploring an account will unveil the comprehensive information a specialty lines underwriter requires. "Therefore," advises Carol Darden of Cooney, Rikard & Curtin, Inc., "listen, understand, organize and communicate effectively. If it doesn't make sense to you, how can you explain it to someone else?"

Remember, retailers, you must invest a great deal more perspiration than inspiration before you can enjoy the satisfaction of a job well done.

Carol Darden
Cooney, Rikard & Curtin, Inc.
Birmingham, AL

RLI salutes Carol Darden as a wholesale broker with the expertise to create order-generating submissions. Together, we're working to solve our clients' and our industry's problems.

RLI
Fundamentally Innovative

9025 North Lindbergh Dr. • Peoria, IL 61615
Ph: (309) 692-1000 • Fax: (309) 692-1068

Continued from previous page

Parent: Markel Corp.
Specialties: Professional liability.
Subsidiaries: Markel American Insurance Co., Glen Allen, Va.
Approved non-admitted in: All states except Illinois and New Hampshire.
Admitted in: Illinois.
Officers: Anthony F. Markel, chairman/CEO; Paul W. Springman, president/COO; Michael A. Rozenberg, executive vp/chief administrative officer; Edgar W. Phoebus, senior vp/secretary/general counsel; Gerald Albanese Jr., senior vp.
Contact: Irene Hayes.

G

GAINSCO County Mutual Insurance Co.

500 Commerce St., Fort Worth, Texas 76102; 817-336-2500; fax: 817-335-1230

	1994*	1993*
Gross premiums	$33,355,925	$31,001,156
Excess liability	100%	100%
Admitted	100%	100%
Net premiums	$6,000,000	$6,000,000
Capital & surplus	$2,250,001	$2,128,748
Employees	31	31
Excess liability	3	3
Combined ratio 1	87.9%	70.7%
Combined ratio 2	87.9%	70.7%
Net income	$644,257	$50,782
Best's rating	A+	A+
S&P's rating	BBBq	BBBq

* Figures are reported on a pooling basis.

Founded: 1992.
Parent: GAINSCO Inc.
Admitted in: Texas.
Officers: Joseph D. Macchia, president/CEO/chairman; Jack L. Johnson, executive vp/secretary; Daniel J. Coots, senior vp/treasurer; Norman Alberigo, Mark D. Brissman, J. Landis Graham, Carolyn E. Ray, vps.

General Agents Insurance Co. of America Inc.

500 Commerce St., Fort Worth, Texas 76102; 817-336-2500; fax: 817-335-1230

	1994*	1993*
Gross premiums	$99,706,100	$86,361,286
Non-admitted	$51,331,330	$44,358,121
Commercial risks	100%	100%
Net premiums	$64,290,092	$51,953,725
Paid-in capital	$3,000,000	$3,000,000
Capital & surplus	$40,100,250	$33,777,209
Combined ratio 1	80.1%	88.1%
Combined ratio 2	80.1%	87.9%
Net income	$9,947,063	$10,527,504
Best's rating	A+	A+

* Figures are reported on a pooling basis.

Founded: 1978.
Parent: GAINSCO Inc.
Subsidiaries: MGA Insurance Co. Inc.
Approved non-admitted in: All except Maine and Oklahoma.
Admitted in: Oklahoma.
Officers: Joseph D. Macchia, president/CEO/chairman; Jack L. Johnson, executive vp/secretary; Daniel J. Coots, senior vp/treasurer; Norman Alberigo, Mark D. Brissman, J. Landis Graham, Carolyn E. Ray, vps.

General Star Indemnity Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904; 203-328-5700; fax: 203-328-6460

	1994	1993
Gross premiums	$218,988,791	$187,338,095
Non-admitted	$213,404,509	$181,639,846
Commercial risks	96%	96%
Net premiums	$161,019,819	$127,403,254
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$277,786,971	$246,214,371
Combined ratio 1	96.9%	96.2%
Combined ratio 2	96.6%	95.6%
Net income	$32,524,739	$36,240,746
Best's rating	A++	A++
S&P's rating	BBBq	BBq

Founded: 1967.
Parent: General Re Corp.
Specialties: Amusement parks; carnivals; auto physical damage; excess auto/buffer layers; day care; entertainment risks; spectator sports; police professional; public officials; school board E&O; miscellaneous E&O; insurance agents E&O; environmental contractors (all types); environmental consultants' professional liability and commercial general liability, including products for manufacturers of pollution control and abatement equipment; cosmetic manufacturers; clinical trials and product liability for pharmaceuticals and medical devices; scenic and shortline railroad.
Approved non-admitted in: All except Connecticut.
Admitted in: Connecticut.
Officers: Kevin P. Brooks, chairman/president.
Contact: David W. Micik.

Directory terms and methodology are explained on page 42.

General Star National Insurance Co.

695 E. Main St., P.O. Box 10360, Stamford, Conn. 06904; 203-328-5700; fax: 203-328-6460

	1994	1993
Gross premiums	$68,808,451	$61,414,157
Excess liability	88%	88%
Admitted	100%	100%
Net premiums	$29,201,949	$27,661,618
Paid-in capital	$4,000,000	$4,000,000
Capital & surplus	$89,498,502	$79,380,813
Combined ratio 1	97.4%	91.8%
Combined ratio 2	97.2%	91.4%
Net income	$9,935,892	$11,436,664
Best's rating	A++	A++
S&P's rating	BBBq	BBq

Founded: 1864.
Parent: General Re Corp.
Specialties: Day care, entertainment risks, substandard/high hazard property and excess auto buffer layers.
Admitted in: All states.
Officers: Kevin P. Brooks, chairman/president.
Contact: David W. Micik.

H

Health Providers Insurance Co.

540 Lake Cook Road, Deerfield, Ill. 60015; 708-374-2530; fax: 708-374-8612

	1994	1993
Gross premiums	$15,926,808	$17,086,281
Non-admitted	$2,032,871	$2,871,528
Commercial risks	100%	100%
Net premiums	$13,572,652	$15,188,435
Paid-in capital	$2,700,000	$2,700,000
Capital & surplus	$30,041,389	$30,172,835
Employees	21	25
Combined ratio 1	117.2%	114.6%
Combined ratio 2	115.3%	115.0%
Net income	$3,845,996	$4,413,484
Best's rating	A-	A-

Founded: 1979.
Parent: MMI Cos. Inc.
Specialties: Hospital professional liability.
Subsidiaries: Health Providers Insurance Co. of Vermont, Berlin, Vt.
Approved non-admitted in: Alabama, Arizona, California, District of Columbia, Florida, Georgia, Idaho, Indiana, Kansas, Kentucky, Maryland, Michigan, Mississippi, Montana, Nebraska, Nevada, New York, North Carolina, North Dakota, Ohio, Oregon, South Dakota, Texas, Washington, Wisconsin, Wyoming.
Admitted in: Hawaii, Illinois.
Officers: Dennis W. Olsen, president; Wayne A. Sinclair, secretary; Peter Gunder, treasurer; R. John Evans, controller; George Rossic, assistant secretary.
Contact: Dennis W. Olsen.

Houston Casualty Co.

13403 Northwest Freeway, Houston, Texas 77040; 713-462-1000; fax: 713-462-4210

	1994	1993
Gross premiums	$192,093,133	$123,650,252
Non-admitted	$77,089,074	$48,226,259
Commercial risks	100%	100%
Net premiums	$57,449,160	$37,756,214
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$107,167,442	$101,689,851
Employees	85	72
Combined ratio 1	76.3%	83.9%
Combined ratio 2	76.1%	83.3%
Net income	$14,527,143	$8,445,952
Best's rating	A	A-
S&P's rating	BBBq	EBq

Founded: 1980.
Parent: HCC Insurance Holdings Inc.
Specialties: Aviation, ocean marine, onshore and offshore energy and commercial and industrial property risks.
Subsidiaries: HCC Insurance Co., Oklahoma City; HCC Underwriters, Houston.
Approved non-admitted in: All states excluding Michigan, New Hampshire, New Jersey, South Carolina, Tennessee, Vermont.
Admitted in: Texas.
Officers: Stephen L. Way, president/CEO; Peter B. Smith, executive vp/COO; Frank J. Bramanti, executive vp/CFO; L. Edward Tuffly, senior vp/treasurer.
Contact: Peter B. Smith.

I

Illinois Insurance Exchange

311 S. Wacker Drive, Suite 400, Chicago, Ill. 60606; 312-408-8000; fax: 312-408-8001

	1994	1993
Gross premiums	$294,652,170	$254,397,577
Non-admitted	$222,524,676	$186,457,949
Commercial risks	87%	92%
Net premiums	$201,450,289	$165,108,462
Paid-in capital	$20,647,377	$20,647,377
Capital & surplus	$169,446,748	$164,620,953
Employees	31	33
Combined ratio 1	102.7%	103.4%
Net income	$7,498,540	$3,296,908

Founded: 1979*.
Specialties: Products liability, professional liability, liquor liability.
Approved non-admitted in: All states except Connecticut, Illinois, New Hampshire, New York and Rhode Island.

Continued on next page

U.S. RISK UNDERWRITERS, INC.

We are pleased to announce the following enhancements to our existing facilities:

Employment Practices and Discrimination Liability

Increased Limits of Liability:
Up to $2,000,000 per Wrongful Act
$4,000,000 Aggregate available

Broader Eligible Classes:
New guidelines allow us to consider difficult classes such as Law Firms, Hospitals, and other Professionals

Minimum Premiums begin at $1,250
Minimum Deductibles begin at $2,500

Miscellaneous Professional Liability

New, Competitive Rates:
Rating guidelines for *Insurance Agents* and *Real Estate Agents* Professional Liability have been restructured to address today's competitive marketplace

Increased Limits of Liability:
Up to $5,000,000 per Wrongful Act
$5,000,000 Aggregate available

Third Party Administrators:
Broadened form to include Contingent Medical Malpractice Liability and specific ERISA penalties

Minimum Premiums begin at $1,000
Minimum Deductibles begin at $1,000

For more information please contact one of the following underwriters: Caren Patton, Valorie Kister or Jean Keur

U.S. Risk Underwriters, Inc.
5910 N. Central Expressway • Suite 1580 • Dallas, Texas 75206
(214) 265-7090 • (800) 232-5830 • Fax (214) 739-1421

General American Investment Management Company and Conning & Company are pleased to announce the formation of a new holding company.

CONNING Asset Management Company

We are dedicated to being the premier provider of asset management services to the insurance industry. Assets under discretionary management exceed $18 billion.

We offer a full range of asset management capabilities for insurance companies. Our products and services are customized to meet the requirements of property-casualty, life-health, reinsurer and alternative risk markets.

For additional information please call: 203-520-1296

Conning Asset Management Company

▪ ST. LOUIS ▪ HARTFORD ▪ LONDON

Continued from previous page

Admitted in: Illinois.

Officers: James M. Skelton, president/CEO; Gerald F. Murray, vp/general counsel; Gary D. Hackley, vp-regulatory compliance; Jeffrey P. Leman, vp-operations; Theresa L. Ryan, assistant vp/administrative assistant.

Contact: Ms. Terry Ryan.

** Began underwriting in 1982.*

Interstate Fire & Casualty Co.

55 E. Monroe St., Suite 3300, Chicago, Ill. 60603; 312-346-6400; fax: 312-346-5748

	1994*	1993*
Gross premiums	**$274,688,321**	$175,871,206
Non-admitted	**$83,655,691**	$84,921,164
Commercial risks	**83%**	70%
Net premiums	**$139,590,667**	$112,872,557
Paid-in capital	**$4,200,000**	$4,200,000
Capital & surplus	**$152,062,907**	$143,578,771
Combined ratio 1	**106.3%**	101.4%
Combined ratio 2	**106.3%**	101.3%
Net income	**$5,673,218**	$14,248,481
Best's rating	**A**	A

* Figures are reported on a pooling basis.

Founded: 1950.

Parent: Fireman's Fund Insurance Cos.

Specialties: Professional liability, umbrella and excess, property, general casualty.

Subsidiaries: Chicago Insurance Co., Interstate Indemnity Co., Chicago.

Approved non-admitted in: All states except Illinois and Michigan.

Admitted in: Illinois, Michigan.

Officers: Patrick O'Flynn, chairman/CEO; Douglas E. Boyce, Carol R. Newman, Gerald R. Shanks, Michael P. Sullivan, senior vps.

Contact: Joseph N. Smith, executive assistant to the president.

Investors Insurance Co. of America

200 Schulz Drive, Red Bank, N.J. 07701; 908-224-0500; fax: 908-741-2266

	1994*	1993*
Gross premiums	**$38,375,957**	$44,814,612
Non-admitted	**$28,462,132**	$37,781,444
Commercial risks	**97.4%**	93.8%
Net premiums	**$25,719,933**	$31,519,928
Paid-in capital	**$4,200,000**	$2,500,000
Capital & surplus	**$42,774,885**	$40,121,032
Employees	**52**	50
Combined ratio 1	**104.4%**	118.3%
Combined ratio 2	**104.4%**	118.3%
Net income	**$2,298,206**	($1,954,548)
Best's rating	**A-**	A-

* Figures are reported on a pooling basis.

Founded: 1961.

Parent: Investors Insurance Holding Corp.

Specialties: General liability; products liability; property coverages; professional liability, including architects, engineers and lawyers.

Subsidiaries: Carlisle Insurance Co., Red Bank, N.J.

Approved non-admitted in: All states except New Jersey, New York and Vermont.

Admitted in: New Jersey, New York.

Officers: Jeremy D. Cooke, chairman/president/CEO; Rodney R. Ayer, vp-underwriting; Douglas A. Hillman, vp-claims; Edward J. Ryan Jr., vp/controller/secretary; Scott P. McGregor, vp/treasurer.

Contact: Jeremy D. Cooke.

Investors Special Risk Insurance Co.

200 Schulz Drive, Red Bank, N.J. 07747; 908-224-0500; fax: 908-741-2266

	1994*	1993*
Gross premiums	**$4,905,480**	$5,087,170
Non-admitted	**$3,415,937**	$6,593,666
Commercial risks	**100%**	100%
Net premiums	**$1,607,496**	($1,916,000)
Paid-in capital	**$4,100,000**	$4,100,000
Capital & surplus	**$7,501,159**	$7,192,691
Combined ratio 1	**147.5%**	105.5%
Combined ratio 2	**147.5%**	105.5%
Net income	**$300,654**	$64,216
Best's rating	**A-**	A-

* Figures are reported on a pooling basis.

Founded: 1990.

Parent: Carlisle Insurance Co.

Specialties: General liability; products liability; property coverages; professional liability, including architects, engineers and lawyers.

Approved non-admitted in: New Jersey.

Admitted in: Arizona.

Officers: Jeremy D. Cooke, chairman/president/CEO; Rodney R. Ayer, vp-underwriting; Douglas A. Hillman, vp-claims; Edward J. Ryan Jr., vp/controller/secretary; Scott P. McGregor, vp/treasurer.

Contact: Jeremy D. Cooke.

L

Lexington Insurance Co.

200 State St., Boston, Mass. 02109; 617-330-1100; fax: 617-772-4588

	1994	1993
Gross premiums	**$1,192,979,444**	$1,008,066,671
Non-admitted	**$1,030,672,098**	$905,403,302
Commercial risks	**86.3%**	89.8%
Net premiums	**$477,358,521**	$383,003,650
Paid-in capital	**$4,100,000**	$4,100,000
Capital & surplus	**$824,614,182**	$489,097,786
Employees	**220**	202
Combined ratio 1	**93.2%**	92.7%
Combined ratio 2	**93.2%**	92.7%
Net income	**$105,442,359**	$87,312,983
Best's rating	**A++**	A++
S&P's rating	**AAA**	AAA

Founded: 1965.

Parent: American International Group Inc.

Specialties: Property: energy, including petrochemical, pipelines and refineries; specialty lines, including bridges, dams, tunnels, railroads and mining; general property, including amusement places, severe hazard and manufacturers. Casualty: professional liability, including medical professionals, architects and engineers E&O and publishers E&O; employment practices liability; general casualty; and transportation.

Approved non-admitted in: All states except Delaware.

Admitted in: Delaware.

Officers: Kevin H. Kelley, president; Richard Bucilla, Richard E. Jodoin, executive vps; Nicholas Anselmo, Louis J. Garafolo Jr., senior vps.

Contact: Rachel Rivlin, 617-330-8436.

M

MGA Insurance Co. Inc.

500 Commerce St., Fort Worth, Texas 76102; 817-336-2500; fax: 817-335-1230

	1994*	1993*
Gross premiums**	**$46,982,401**	$42,432,014
Excess liability	**100%**	100%
Admitted	**93%**	95%
Net premiums	**$20,879,449**	$21,324,241
Paid-in capital	**$3,000,000**	$3,000,000

Continued on next page

Business Insurance®

• SERVICES •

EDITORIAL INDEX

All news reports and feature articles published from 1981 through 1993 are indexed in annual bound editions. Searching by subject, persons quoted and companies mentioned is as easy as turning the page. To order any volume, write or call:

BUSINESS INSURANCE
Editorial Index
220 E. 42nd Street
New York, NY 10017-5806
phone: 212/210-0137
fax: 212/210-0704

REPRINT SERVICES

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

BUSINESS INSURANCE
Reprint Department
740 N. Rush Street
Chicago, IL 60611-2590
phone: 312/649-5319
fax: 312/280-3174

ARTICLE FAX SERVICE

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

BUSINESS INSURANCE
Reprint Department
740 N. Rush Street
Chicago, IL 60611-2590
phone: 312/649-5398
fax: 312/280-3174

SINGLE COPY SALES

To order any current or back issue of *BI*, call the single copy sales division of *BI's* circulation department: **800/678-9595**

For more information, call one of the numbers listed below:
Advertising information: 212/210-0228
Subscription information: 800/678-9595

Directors & Officers Liability Insurance For Condominiums, Co-ops, Homeowners Associations

IHG

Ian H. Graham, Inc.
INSURANCE
Administrator

Ian H. Graham, Inc. (IHG, Inc.) is the number one writer of Directors and Officers (D&O) Liability Insurance for Community Associations nationwide.

Over 25,000 associations have placed their D&O insurance with IHG, Inc. The program is underwritten by member insurers of the Chubb Group of Insurance Companies.

CHUBB

IHG, Inc. offers: ◆ Exceptional service ◆ Competitive rates ◆ One of the broadest forms on the market ◆ Fair and expert claim handling that the Chubb Group is known for worldwide.

That's why the Community Associations Institute, the largest trade association in the U.S. representing the interests of Community Associations both nationally and locally, has given its exclusive endorsement to the Ian H. Graham, Inc. program.

Ian H. Graham, Inc. offers the same exceptional service and underwriting expertise in:
◆ Community Association Fidelity Bonds
◆ Property Managers E&O
◆ Miscellaneous Non-Profit D&O

Call Ian H. Graham, Inc. Insurance for a quote on any of these coverages. Ian H. Graham, Inc., 16130 Ventura Blvd. Suite 100, Encino, CA 91436, 1-800-621-2324, 818-905-3949, Fax: 818-905-3948.

Coverage underwritten by Federal Insurance Company.

Energize Your Full Potential
Become a Certified Employee Benefit Specialist

By becoming a Certified Employee Benefit Specialist (CEBS), you will receive a comprehensive benefits education, peer recognition and the right to use the most highly respected and widely recognized credential in the employee benefits industry. Plus, with new computer-based testing, you can design your study program around your own personal schedule.

No other program offers these benefits!

Join the over 6,000 benefit professionals who have enhanced their careers through CEBS.

For a free catalog, call 1-800-449-CEBS (2327).

CEBS®

CEBS Department
International Foundation of Employee Benefit Plans
18700 W. Bluemound Rd., P.O. Box 1270
Brookfield, WI 53008-1270
Telephone (414) 786-6700
Fax (414) 786-8650

SPECIALTY LINES SERVICE

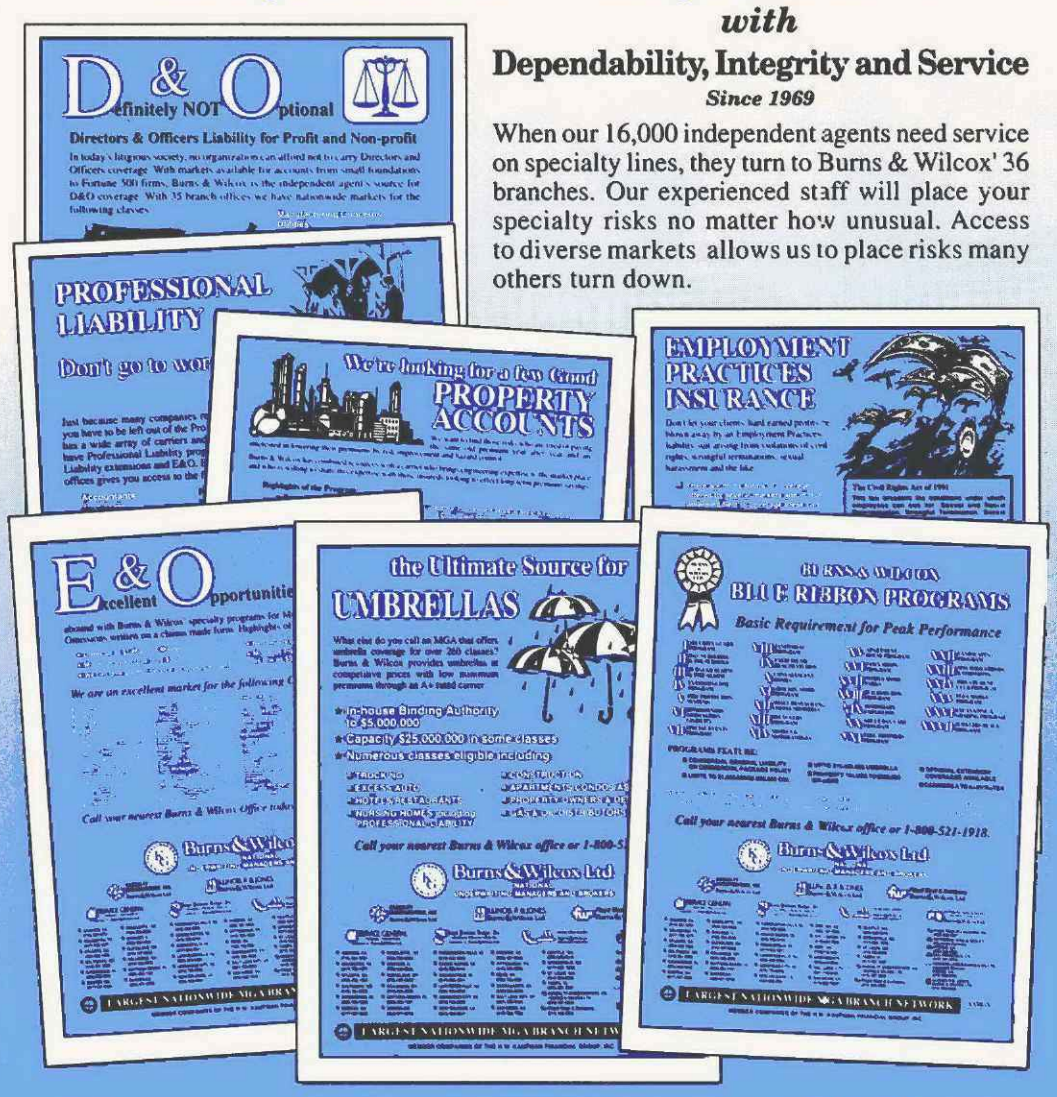
Where you need it. When you need it.

with

Dependability, Integrity and Service

Since 1969

When our 16,000 independent agents need service on specialty lines, they turn to Burns & Wilcox' 36 branches. Our experienced staff will place your specialty risks no matter how unusual. Access to diverse markets allows us to place risks many others turn down.



Call your nearest Burns & Wilcox Office today or ***1-800-521-1918.***

Burns & Wilcox Ltd.
NATIONAL
UNDERWRITING MANAGERS AND BROKERS

THE KAUFMAN GROUP SINCE 1925

CASUALTY UNDERWRITERS, INC. Burns & Wilcox Ltd.
ILLINOIS R.B. JONES Burns & Wilcox Ltd.
Floyd West & Company Burns & Wilcox Ltd.
SERVICE GENERAL PERSONAL LINES DIVISION SUBSIDIARY OF Burns & Wilcox Ltd.
Regal Premium Budget, Inc. INSURANCE PREMIUM FINANCING SUBSIDIARY OF Burns & Wilcox Ltd.
HOWARD-JAMES Burns & Wilcox INSURANCE SERVICES
RATHBONE, KING & SEELEY INSURANCE SERVICES Burns & Wilcox Ltd.

- ANAHEIM, CA (714) 961-9701
- ARLINGTON, TX (817) 795-1277
- ATLANTA, GA (404) 252-1885
- BALTIMORE, MD (410) 381-2922
- BIRMINGHAM, AL (205) 988-9650
- BOSTON, MA (617) 557-2900
- CHARLOTTE, NC (704) 553-8984
- CHICAGO, IL (708) 954-2625
- CLEVELAND, OH (216) 447-0858
- COLUMBUS, OH (614) 436-2030
- DAYTONA BEACH, FL (904) 255-1361
- DENVER, CO (303) 671-9700
- FARMINGTON HILLS, MI (810) 932-9030
- GRAND RAPIDS, MI (616) 285-0154
- INDIANAPOLIS, IN (317) 842-5911
- LAWRENCEVILLE, NJ (609) 844-0404
- MOREHEAD CITY, NC (919) 726-8992
- NEW ORLEANS, LA (504) 838-9941
- PHOENIX, AZ (602) 381-0866
- PITTSBURGH, PA (412) 344-9880
- RENO, NV (702) 786-6061
- SACRAMENTO, CA (916) 565-8930
- SALT LAKE CITY, UT (801) 359-0525
- SAN DIEGO, CA (619) 688-7920
- SEATTLE, WA (206) 649-5510
- SPRINGFIELD, MO (417) 882- 3208
- ST. LOUIS, MO (314) 993-6440
- TAMPA, FL (813) 961-3307
- CASUALTY UNDERWRITERS, INC. / BURNS & WILCOX LTD. (612) 487-2800
- Floyd West & Company (214) 450-2550
- Floyd West of Louisiana, Inc. (504) 838-9941
- RATHBONE, KING & SEELEY Insurance Services FRESNO, CA (209) 248-8085 SAN FRANCISCO, CA (415) 421-4244
- HOWARD-JAMES/BURNS & WILCOX Insurance Services ENCINO, CA (818) 990-0700
- ILLINOIS R.B. JONES/ BURNS & WILCOX LTD. (312) 993-0505

LARGEST NATIONWIDE MGA BRANCH NETWORK AAMGA

MEMBER COMPANIES OF THE H.W. KAUFMAN FINANCIAL GROUP, INC.

Continued from previous page

St. Paul Surplus Lines Insurance Co.

385 Washington St., St. Paul, Minn. 55102; 612-221-7066; fax: 612-292-8315

	1994*	1993*
Gross premiums	$167,521,793	$137,700,890
Non-admitted	$140,445,569	$111,561,805
Commercial risks	100%	100%
Net premiums	$27,072,602	$26,034,085
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$56,393,725	$49,028,146
Employees	70	65**
Combined ratio 1	103.3%	104.6%
Net income	$7,581,449	$7,542,371
Best's rating	A+	A+
S&P's rating	AAA	AAA

* Figures are reported on a pooling basis.
** Restated due to internal reorganization.

Founded: 1974.
Parent: St. Paul Fire & Marine Insurance Co.
Approved non-admitted in: All states except Delaware.
Admitted in: Delaware.
Officers: Douglas W. Leatherdale, chairman/CEO; Janet R. Nelson, president/COO; Patrick A. Thiele, executive vp/CFO; Karl P. Aaro, assistant corporate secretary; Robert J. Cecconi, senior vp.
Contact: Lezlie Taylor.

Scottsdale Insurance Co.

8877 N. Gainey Center Drive, Scottsdale, Ariz. 85258; 602-948-0505; fax: 602-483-6752

	1994*	1993*
Gross premiums	$1,189,633,933	$1,163,627,278
Non-admitted	$579,939,358	$572,393,410
Commercial risks	93.1%	93.1%
Net premiums	$296,443,321	$292,324,372
Paid-in capital	$6,027,200	$6,027,200
Capital & surplus	$180,325,990	$158,108,538
Employees	998	920
Combined ratio 1	108.2%	107.0%
Combined ratio 2	108.2%	107.0%
Net income	$18,221,363	$11,215,638
Best's rating	A+p	A+p
S&P's rating	AA+	AA+

* Figures are reported on a pooling basis.

Founded: 1982.
Parent: Nationwide Mutual Insurance Co.
Subsidiaries: Colonial General Insurance Agency Inc.
Approved non-admitted in: All states except Arizona, Delaware and Ohio.
Admitted in: Arizona, Delaware, Ohio.
Officers: Peter Frederick Frenzer, president; Gordon Eugene McCutchan, secretary; Mark Alan Folk, treasurer.
Contact: Arlan G. Oliva.

Steadfast Insurance Co.

1400 American Lane, Schaumburg, Ill. 60196-1056; 708-605-6000; fax: 708-605-6011

	1994*	1993*
Gross premiums	$187,505,828	$145,764,887
Non-admitted	$172,918,408	$131,221,031
Commercial risks	100%	100%
Net premiums	$20,319,559	$19,495,731
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$18,805,247	$18,057,028
Combined ratio 1	111.8%	115.4%
Combined ratio 2	112.3%	115.8%
Net income	$1,001,953	$(389,602)
Best's rating	A+	A+
S&P's rating	AAA	AAA

* Figures are reported on a pooling basis.

Founded: 1988.
Parent: Zurich Insurance Group.
Specialties: Environmental, health care, professional liability, railroads, primary surplus lines, excess and umbrella, general liability, architects and engineers, D&O.
Approved non-admitted in: All states except Maine and South Carolina. Also approved in Puerto Rico.
Admitted in: Delaware.
Officers: William H. Bolinder, chairman/CEO; Constantine Iordanou, president/COO; Loren J. Alter, vp/treasurer; David Alan Bowers, vp; Howard Donald Hanson, vp/actuary.
Contact: Tom Routson, 212-748-2313.

Tudor Insurance Co.

48 S. Franklin Turnpike, Ramsey, N.J. 07446; 201-825-3300; fax: 201-825-1052

	1994	1993
Gross premiums	$22,934,007	$25,181,625
Non-admitted	$17,539,017	$19,949,326
Commercial risks	99.3%	99.1%
Net premiums	$8,233,859	$8,528,289
Paid-in capital	$4,200,000	$4,100,250
Capital & surplus	$26,137,191	$22,698,374
Employees*	144	145
Combined ratio 1	115.9%	111.2%
Combined ratio 2	102.6%	102.4%
Net income	$3,384,762	$2,926,861
Best's rating	A+	A+
S&P's rating	BBBq	BBBq

* Reflects employees of Western World Insurance Group.

Founded: 1979.
Parent: Western World Insurance Co.
Specialties: D&O, architects and engineers liability, school board E&O, public officials liability, miscellaneous professional liability, electronic data processors E&O
Approved non-admitted in: All states except New Hampshire.
Admitted in: New Hampshire.
Officers: Andrew Frazier, president; Robert Livingston, executive vp-operations/treasurer; Stephen Gerstman, Thomas Mulligan, senior vps; Carl Pheffer, Terrye Rumsey, Kenneth LeBar, vps.
Contact: Nick Hudson.

USF Insurance Co.

1760 Market St., Philadelphia, Pa. 19103-0000; 215-563-3800; fax: 215-563-1145

	1994	1993
Gross premiums	$21,859,374	$16,478,251
Non-admitted	$2,250,385	$51[illegible],398
Commercial risks	100%	100%
Net premiums	$14,457,316	$13,43[illegible],970
Paid-in capital	$3,000,000	$3,000,000
Capital & surplus	$15,175,307	$9,44[illegible],439
Employees	8	8
Combined ratio 1	106.5%	103.3%
Combined ratio 2	104.8%	103.3%
Net income	$(101,762)	$(2,624)
Best's rating	A-	A-

Founded: 1978.
Parent: USF RE Insurance Co.
Specialties: Small to medium commercial multiperil.
Approved non-admitted in: Alabama, District of Columbia, Georgia, Illinois, Indiana, Kansas, Kentucky, Maryland, Massachusetts, Nebraska, Ohio, Oregon, Tennessee, Texas, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Florida, Pennsylvania.
Officers: Richard J. Guilfoyle, president; Stephen R. Rufo, treasurer; Francis M. Reilly, vp.
Contact: Richard J. Guilfoyle.

United Capitol Insurance Co.

400 Perimeter Center Terrace, Suite 345, Atlanta, Ga. 30346; 404-677-0330; fax: 404-399-0771

	1994	1993
Gross premiums	$27,530,076	$29,06[illegible],475
Non-admitted	$25,653,905	$26,69[illegible],920
Commercial risks	93.2%	9[illegible].8%
Net premiums	$17,051,056	$17,70[illegible],950
Paid-in capital	$4,100,000	$4,10[illegible],000
Capital & surplus	$61,750,444	$65,67[illegible],659
Employees	50	43
Combined ratio 1	86.0%	69.0%
Combined ratio 2	86.0%	69.1%
Net income	$9,472,728	$9,55[illegible],664
Best's rating	A	A

Founded: 1981.
Parent: Capsure Holdings Corp.
Specialties: Primary and excess general liability for asbestos abatement contractors; D&O.
Subsidiaries: United Capitol Managers, Inc., Atlanta; Fischer Underwriting Group Inc., Paramus, N.J.
Approved non-admitted in: All states except Arizona and Wisconsin.
Admitted in: Arizona and Wisconsin.
Officers: Bruce A. Esselborn, president/CEO; Mary Jane Robertson, executive vp/CFO; Steven S. Zeitman, executive vp/chief underwriting officer; Kelly L. Stonebraker, vp/general counsel; Arthur A. Greenberg, vp/treasurer.
Contact: Steven S. Zeitman, specialty lines; Gary S. Resman, primary casualty; Donald Fischer, D&O; 201-843-5678.

United National Insurance Co.

3 Bala Plaza E., Suite 300, Bala Cynwyd, Pa. 19004; 610-664-1500 fax: 610-660-8882.

	1994	1993
Gross premiums	$338,131,524	$235,74[illegible],167
Non-admitted	$260,679,939	$198,90[illegible],712
Commercial risks	97%	97%
Net premiums	$82,159,942	$62,81[illegible],013
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$162,760,072	$155,20[illegible],549
Employees	145	133
Combined ratio 1	92.8%	97.8%
Combined ratio 2	92.8%	97.8%
Net income	$17,262,708	$22,61[illegible],047
Best's rating	A+	A+

Continued on next page

Business Insurance is compiling the directory of reinsurance brokers, which will appear in the October 23 issue.

To receive a questionnaire, please contact Directory Editor Sandy Budde at 312-649-5279.

Continued from previous page

Founded: 1960.
Parent: American Manufacturing Corp.
Specialties: General liability, special multiperil, fire, jewelers block, umbrella, professional liability, specific excess liability, personal lines, liquor law liability, truck physical damage.
Subsidiaries: Diamond State Insurance Co., Bala Cynwyd, Pa.; Hallmark Insurance Co. Inc., Bala Cynwyd, Pa.
Approved non-admitted in: All states except Pennsylvania.
Admitted in: Pennsylvania.
Officers: Raymond L. Freudberg, chairman; Seth D. Freudberg, president/CEO; Kevin L. Tate, senior vp; Daniel J. Kelleher, treasurer; Robert Cohen, vp-marketing.
Contact: Daniel J. Kelleher.

Westchester Specialty Group

6 Concourse Parkway, Suite 2700, Atlanta, Ga. 30328; 770-393-9955; fax: 770-393-0888

	1994*	1993*
Gross premiums	$345,232,091	$368,897,613
Excess liability	93%	98%
Admitted	91%	92%
Net premiums	$186,737,525	$246,340,664
Paid-in capital	$8,250,000	$6,250,000
Capital & surplus	$302,670,547	$299,221,953
Employees	297	314
Excess liability	297	314
Combined ratio 1	119.7%	104.7%
Net income	$27,039,437	$17,084,974
Best's rating	A	A
S&P's rating	A	A

* Includes figures for Westchester Fire Insurance Co., Westchester Surplus Lines Insurance Co. and Industrial Underwriters Insurance Co.

Founded: 1993.
Parent: Talegen Holdings Inc.
Subsidiaries: Westchester Fire Insurance Co., Westchester Surplus Lines Insurance Co., Industrial Underwriters Insurance Co., Westchester Specialty Insurance Services.
Admitted in: All states, Puerto Rico.
Non-admitted in: Alabama, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Officers: Dennis Reding, CEO; Richard Plazak, president; John Edack, senior vp-casualty; John Intondi, senior vp-claims; Tom Tam, CFO.
Contact: Dennis Reding.

Western World Insurance Co.

48 S. Franklin Turnpike, Ramsey, N.J. 07446; 201-825-3300; fax: 201-825-1052

	1994	1993
Gross premiums	$75,183,064	$73,863,032
Non-admitted	$59,613,966	$57,348,821
Commercial risks	97.3%	96.9%
Net premiums	$51,082,811	$50,611,923
Paid-in capital	$8,200,000	$8,200,000
Capital & surplus	$113,482,257	$105,983,880
Employees	144*	145*
Combined ratio 1	100.8%	101.0%
Combined ratio 2	102.6%	102.4%
Net income	$10,834,086	$10,277,414
Best's rating	A+	A+
S&P's rating	BBBq	BBBq

* Reflects employees of Western World Insurance Group.

Founded: 1979.
Parent: Western World Insurance Group Inc.
Specialties: General liability, professional liability, miscellaneous malpractice.
Subsidiaries: Stratford Insurance Co., Keene, N.H.; Tudor Insurance Co., Keene, N.H.
Approved non-admitted in: All except New Hampshire and New York.
Admitted in: New Hampshire and New York.
Officers: Andrew Frazier, president; Robert Livingston, executive vp-operations/treasurer; Stephen Gerstman, Thomas Mulligan, senior vps; Carl Pheffer, Terrye Rumsey, Kenneth LaBar, vps.
Contact: Tom Mulligan. BI

Insurance Brokers E&O

Professional Liability Programs include:

- Insurance Agents & Brokers
- Wholesalers/E&S Brokers/MGAs
- Consultants
- Other Miscellaneous Classes

For more information, call or write:

Tennant Risk Services Inc.

Cityplace II * 185 Asylum Street
Hartford, CT 06103-4105
Tel: (203) 527-9717
Fax: (203) 527-2438

Business Insurance®

• DIRECTORIES •

DIRECTORY OF BUYERS
The 1994/95 *Business Insurance* Directory of U.S.-Based Corporate Buyers of Insurance, Benefit Plans and Risk Management Services contains alphabetical listings of nearly 2,700 U.S. corporations. You'll find names and titles of over 14,000 executives responsible for risk management, employee benefits and more — plus vital company facts and figures. To order your printed copy of this directory, call:
313/446-1623

For information, or to order your printed copy of *BI's* new 1994/95 Directory of Corporate Buyers Based Outside the U.S., call:
313/446-1623

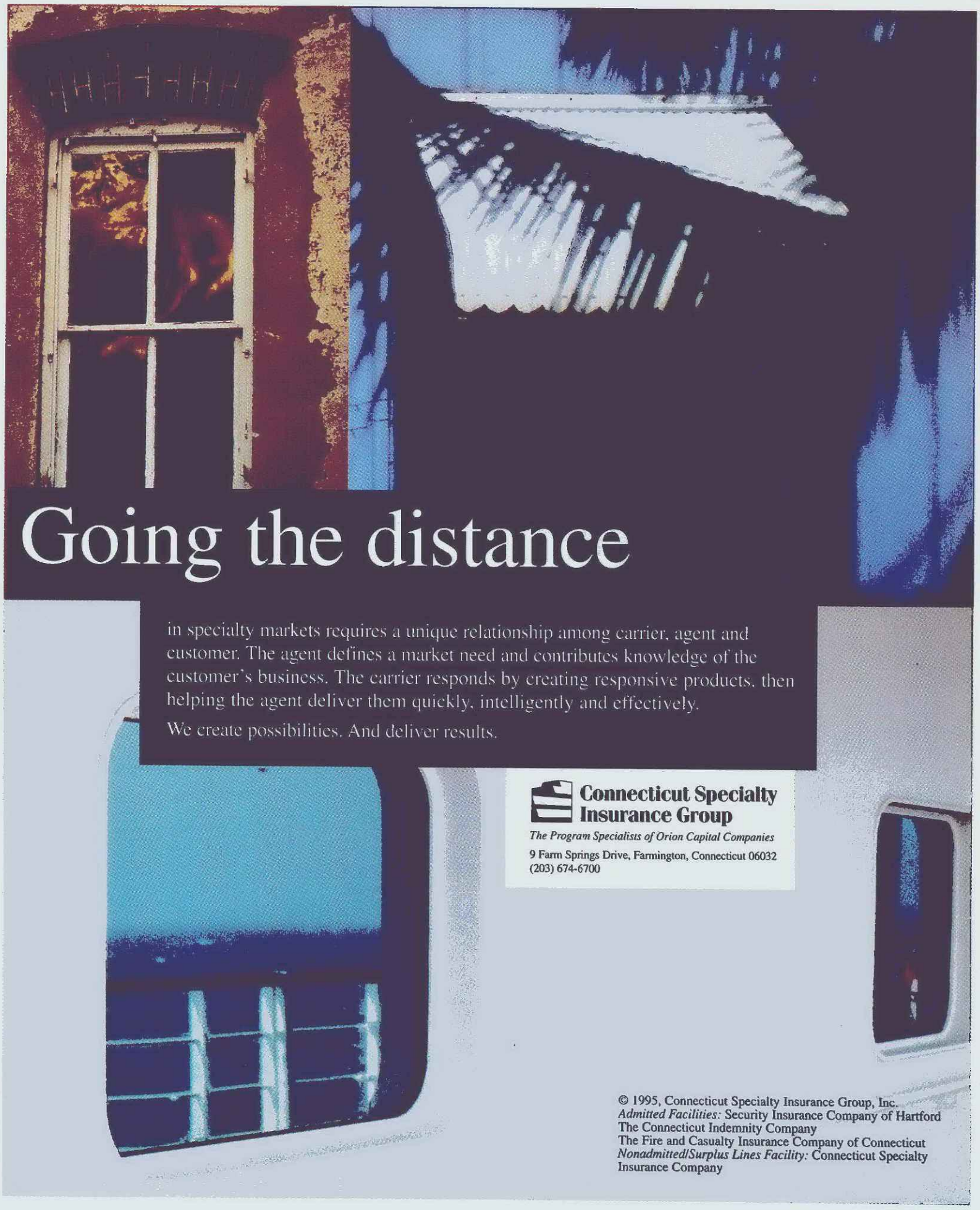
Both of these directories are also available on disk. To order, or for additional details, call:
313/446-1623

DIRECTORY OF HMOs and PPOs
The 1994-1995 *Business Insurance* Directory of HMOs and PPOs is published as part of a special Managed Care Market Report. The directory contains profiles of over 1,700 HMOs and PPOs across the country — organized alphabetically by state. To order, call:
313/446-1634

IN-PUBLICATION DIRECTORIES
Business Insurance publishes over 20 comprehensive in-publication directories during the year, making access to services and suppliers easy. Providing detailed listings of firms in specialized areas, *BI's* in-publication directories give readers a direct route to better management techniques and eliminate frustrating hours researching services and suppliers available in the marketplace. For a listing of in-publication directories, call:
312/649-5279

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

Advertising 212/210-0228
Subscriptions 800/678-9595



Swett & Crawford remains No. 1

Program business key to success for nation's largest wholesaler

Swett & Crawford Group

3699 Wilshire Blvd., Suite 1200,
Los Angeles, Calif., 90010; 213-251-1200; fax: 213-383-0241

	1994*	1993*
Premium volume	$610,463,460	$536,155,000
Gross revenues	$56,606,231	$52,210,000
Employees	535	532
Commercial lines	100%	100%
Admitted insurers	49%	49%
Non-admitted	51%	51%

* Fiscal year ends Sept. 30.

The property/casualty market didn't improve in 1994, but Swett & Crawford Group's results did.

Despite escalating competition in the marketplace, the nation's largest insurance wholesaler posted a 14% increase in premium volume to $610.5 million and an 8% rise in gross revenues to $56.6 million.

"As an organization we had an excellent year," said Warren S. Stanley, president and chief executive officer of the Los Angeles-based unit of The St. Paul Cos. Inc. "We achieved and exceeded our goals in terms of premium growth, revenue growth and profitability."

Swett & Crawford's program business drove its 1994 growth and that also is where the wholesaler is staking its future.

"We see our future being more of a facility-driven intermediary as opposed to a generalist," Mr. Stanley said.

As a result, he added, Swett & Crawford's binding authority business should continue to increase.

"Our focus is to try to develop those more and get more of those into our mix of business," said Ronald D. Wartick, executive vp of Swett & Crawford's central division in Minneapolis. "Long term, we see that as a larger percentage of our total book."

"We want to grow our brokerage capabilities too," Mr. Stanley said. "We just would anticipate the binding authority growing at a little bit faster rate than the brokerage capabilities. However, that could change dramatically with the changing market."

Virtually all of Swett & Crawford's program business experienced growth in 1994, including energy, oil and gas operations; fun center and water parks; nonprofit directors and officers liability; and general contractors.

In addition, the broker was able to expand its capabilities in the trucking industry to California and parts of the Southeast.

"We were able to capitalize on some of the market instability," Mr. Stanley said. "Market movement always creates opportunities for us."

Other brokers are also eyeing program business as a way to grow, however.

"More and more carriers seem to venture into some of these lines thinking they are going to make money in them," Mr. Wartick said. "Every time we turn around there's somebody else in the trucking industry or whatever line it might be.

"We are definitely being challenged on every renewal we've got," he continued. "And when the new business comes in, it's very, very, very competitive out there. That's the market that we're in at this point in time. It's still a very tough market."

Even non-catastrophe exposed property continues to be quite competitive.

"If you get involved in insurance that is not quake-related or first-tier wind-related, it has become a very competitive market," Mr. Stanley said. "Exclude those areas of potential peril, the property market is intensely competitive."

In regions prone to catastrophes, however, there may be no insurance capacity to be had at any price.

"In certain classes there are virtually no options," Mr. Stanley said. "Certainly the DIC quake area is one of which there is a dearth of market availability. We lost a lot of opportunities for lack of limit, for lack of available product. There were buyers that we had a year or two ago that have chosen not to acquire that coverage (because of the price). We would like to see some capacity flow back in there."

"The casualty market has become fiercely, almost absurdly competitive," Mr. Stanley said.

Only a few isolated lines, like contractor coverages in California, are exceptions to the falling rates in casualty.

"We feel that virtually all lines and classes of commercial casualty business prices are dropping in 1995 over 1994, in some cases, by significant percentages. With some minor exceptions, most casualty lines are under both rate and form attack."

Simple economic forces are at work, he said.

"It's directly related to the aggregate surplus of the marketplace. Fundamentally both the retained earnings/surplus and assets of insurance companies have increased and we have too much supply chasing too much demand. Obviously it would also indicate that a lot of insurers still perceive themselves to be making money, though we have doubts whether that will prove to be the case given enough time."

The strong performances of the bond and stock markets are also driving competition.

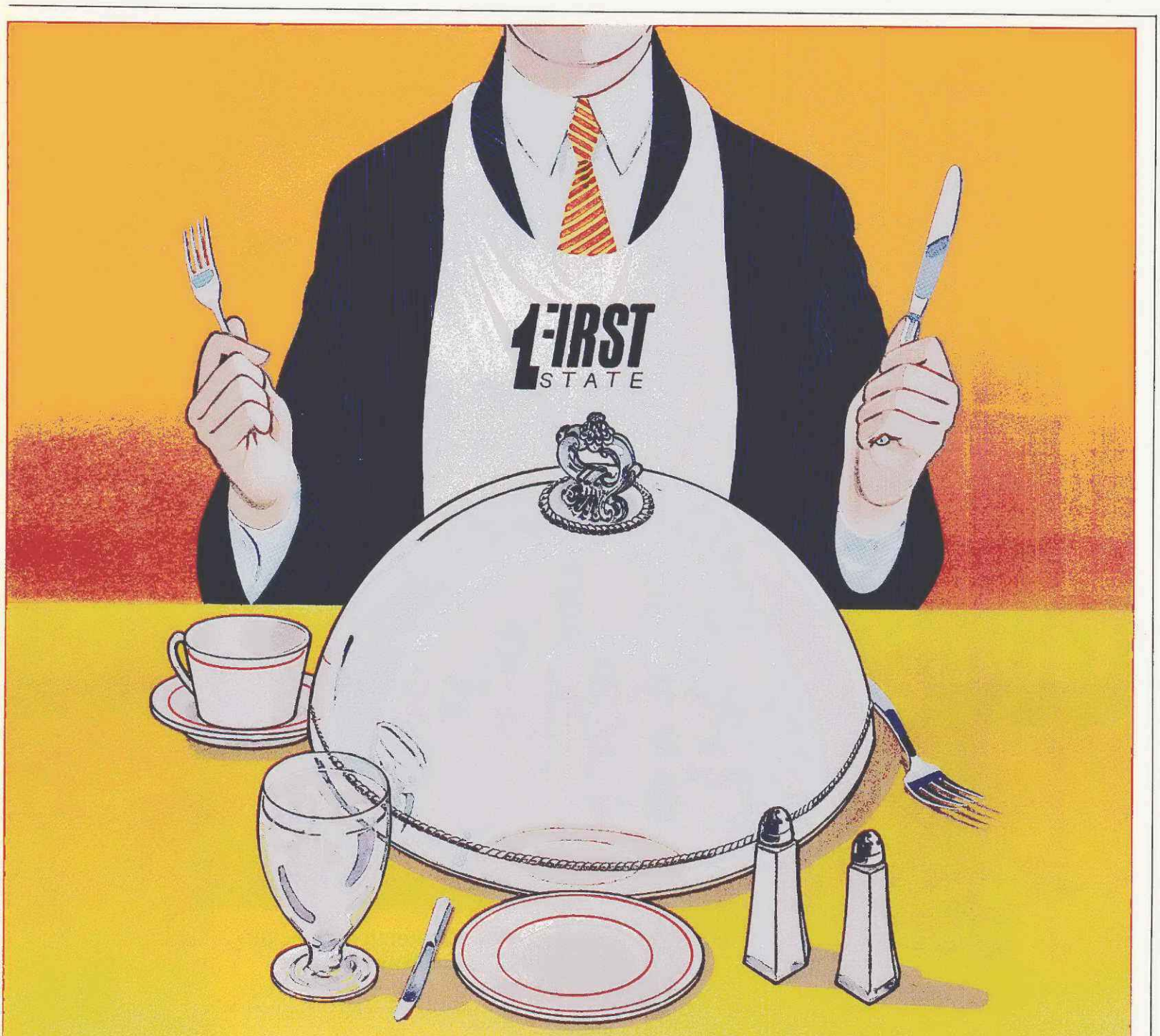
"That has improved the balance sheets of a lot of companies dramatically," Mr. Stanley said. "They are trying to put their capital at work and again that just goes back to supply and demand."

Market conditions also have caused Swett & Crawford to increase the commissions it pays to retail brokers in some cases, Mr. Stanley said.

At the same time, retail brokers are limiting the number of wholesalers they do business with.

"We are seeing a little bit of flight to quality as regards the use of wholesalers in the market," Mr. Stanley said. "A particular operation that may have been dealing with 10 or 15 intermediaries. . .has taken this opportunity to restrict their use down to three or four. We have performed very well in those selection processes."

Continued on next page



Notice anything new about our appetite?

It's not that our eyes are bigger than our stomachs. Actually, we're still quite careful about our consumption. And our meat and potatoes are still in the traditional areas of primary liability, property, casualty and special lines. But today we're the "new" First State, and more than ever, we're willing to sink our teeth into other areas. Even as unusual as stamp collectors and dealers, nursing homes, liquor law liability, lawyers' E&O and car alarm installers (to name only a few). May we buy you lunch?

FIRST STATE

First State Management Group, Inc.
Pacific Insurance Co., Ltd.
Twin City Fire Insurance Co.

Atlanta Boston Burlington, NC Chicago Los Angeles New York San Francisco

An ITT Hartford Company

Continued from previous page

Supply and demand also determines what is written on an admitted or non-admitted basis.

"A few years ago there was definitely more market pressure for admitted paper and that remains the case today," Mr. Stanley said. However, Swett & Crawford's ratio of non-admitted to admitted held steady at 51% to 49% in 1994.

"Almost all the carriers we represent have the ability to go admitted or non-admitted," Mr. Wartick said. "Then it just depends on the situation we're confronted with. Our carriers definitely felt they need to have that flexibility in the marketplace."

While many surplus lines insurers prefer to write on a non-admitted basis for the freedom of rate and form and freedom from insolvency fund assessments, the brokers buying their products often prefer the opposite.

"Most customers prefer the admitted because it's less expensive to handle and there is less regulatory hassle," Mr. Stanley said.

Those concerns don't apply to all surplus lines insurers, however.

"We haven't had anybody ever get upset about Lexington or St. Paul Surplus paper because they are pooled companies with major capital base organizations," Mr. Stanley said. "We believe it's far more important to look at just who the underwriter is as opposed to the admitted/non-admitted issue. I personally would much prefer to be with a strong non-admitted carrier than a weak admitted carrier or a marginal admitted carrier."

Swett & Crawford's favorable results have carried into 1995.

Revenue was up approximately 8% for the first ten months of fiscal 1995, which Swett & Crawford wraps up on Sept. 30.

"It's going to be a good year for us," Mr. Stanley said. "All indications are we will achieve our premium, revenue and profit objectives. We have seen some plateauing of premium and revenue growth over the past few months and we're uncertain whether that's a short-term phenomenon or whether is a predilection of things to come. In the last six months of our fiscal year it has become more competitive."

In the past two months Swett & Crawford began writing an employment practices liability coverage. In the first month alone, the wholesaler wrote about $500,000 of the coverage. Limits of $1 million are available and the product can be underwritten by Colonia Group on either an admitted or non-admitted basis.

St. Paul Surplus Lines is Swett & Crawford's largest market, accounting for about 11% of premium.

Other top markets are: Admiral Insurance Co.; American International Group Inc. units; Associated International Insurance Co.; Canal Insurance Co.; Chubb Corp. units; CNA Insurance Cos.; Colonia Group; Continental Corp. units.

Also: Coregis Group Inc.; First State Management Co.; General Star Indemnity Co.; Guaranty National Insurance Co.; The Home/Zurich-American Insurance Group; Lexington Insurance Co.; Lloyd's of London syndicates; Nautilus Insurance Co.; Northland Insurance Co.; RLI Insurance Co.; Reliance Insurance Co.; Royal Specialty Insurance Co.; Scottsdale Insurance Co.; St. Paul Surplus Lines Insurance Co.; Westco Insurance Group and Westchester Corp.

Swett & Crawford continues to strive for stability.

The brokerage went through organizational changes about six years ago, Mr. Stanley noted.

"We had a lot of assimilation issues, a lot of redundancy issues, a lot of expense issues and we dealt with those in a very aggressive fashion many years ago. Now we've been able to capture the benefits of all of that, which has led us to be able to grow and grow our profitability."

"When you look at the turmoil and the kind of marketplace we're in, and to look at our history over the last five or six years, (stability) is an extremely positive thing," Mr. Wartick said.

Swett & Crawford's employee count edged up to 535 from 532 and the number of branch offices remained steady at 25.

In addition to Mr. Stanley and Mr. Wartick, other officers of Swett & Crawford are: Robert A. Scott, executive vp and chief financial officer; Daniel V. Colacurcio, executive vp and western division manager; and Herb F. Moulton, executive vp.

The brokerage is a member of both the AAMGA and NAPSLO.

—By Sara Marley

Price Forbes North America

7557 Rambler Road, Suite 350,
Dallas, Texas 75231;
214-265-2660; fax: 214-265-2661

	1994*	1993
Premium volume	$541,000,000	$511,400,000
Gross revenue	$39,100,000	$37,400,000
Employees	332	315
Commercial lines	100%	100%
Admitted business	35%	35%
Non-admitted	65%	65%

* Restated

Executives at Price Forbes North America could do without any more surprises for a while.

Several developments over the past 12 months that were as unpleasant as they were unexpected cost the second-largest U.S. wholesale broker significant business in 1994 and are stunting growth this year.

The most jarring jolts were:

- Admitted insurers last year unexpectedly began competing even more fiercely for business, particularly umbrella liability coverage.
- Price Forbes' largest unit, Crump Insurance Services Inc., lost a major account.
- Price Forbes' second-largest unit, New Orleans-based Southern Marine & Aviation Inc., lost a major market and business source when its parent, Sedgwick Group P.L.C., decided to pull out of underwriting and run off subsidiary Americas Insurance Co. (*BI*, July 17).

As a result, even after premium volume rose 13.5% in the first-half of 1994, Price Forbes' annual volume grew only 5.8% to $541 million from $511.4 million in 1993.

Just a year earlier, in 1993, it had drummed up its largest premium volume gain since its 1989 creation as part of Sedgwick's global reorganization.

Price Forbes executives, though, point to several programs that they say continue to grow. And, a central managing general agency office now will serve Crump brokerages nationwide that previously did not have that authority.

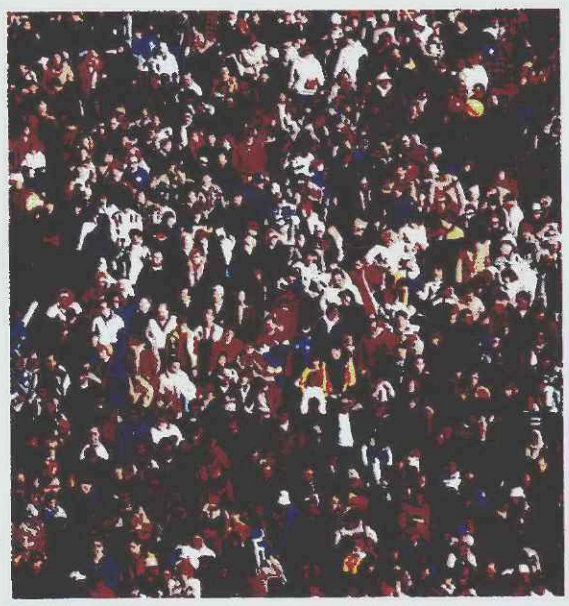
Large dropoffs in premium volume growth were typical among the nation's largest insurance wholesalers last year. Still, 1994 was one of their most successful years during the prolonged soft market, and most top wholesalers reported bigger gains than Price Forbes did.

Price Forbes, though, remains the No. 2 U.S. wholesale broker and the No. 2 wholesaler overall.

Its largest unit, Dallas-

Continued on next page

The revolution is no longer a secret.



You read and hear about it everywhere. It's a new world. And businesses – recognizing the need for change – are aggressively preparing for their future. To compete successfully, they're seeking new partners and demanding more from old ones.

Some of the world's most forward-looking companies depend on services provided by Alexander & Alexander. In recent months, dozens of leading companies in a variety of industries – airlines, entertainment, retail, automotive, energy, and information technology – have found exactly what they need in our products and services.

They signed on because we're one of the world's leading risk management and human resource consulting companies. They're also aware of our commitment to the highest level of service and innovation.

We've rebuilt, reconfigured and revolutionized our company. Now, we're better equipped than ever to help you master the changes that are transforming your industry. We invite you to join our revolution.

Alexander & Alexander

Global Vision. Local Insight.

Continued from previous page
based Crump, reported a 12.8% premium volume gain last year to $402 million from about $356.4 million in 1993. That increase was typical for the largest wholesalers.

But, premium volume for SMAI, an MGA for U.S. and London markets, dropped about 21% to $76 million from about $96 million.

At Price Forbes' third unit, Sedgwick International Marketing Services Inc., a New York-based "reverse-flow" wholesaler, premium volume rose 5% to $63 million from $60 million. SIMS exclusively places business in the North American market for international risks whose coverage needs cannot be filled by other world markets alone. About 60% of its business is energy, and 30% is international industrial risks.

For the first six months this year, Crump's and SIMS' premium volume were flat and SMAI's continued to drop at about the same pace it did last year. But, Orville D. Jones, chairman and CEO of Crump, predicts Price Forbes' premium volume will grow 6% for the year.

A major reason for the lackluster growth in 1994 and so far this year is the competitive admitted market, which is particularly hungry for umbrella risks, said Marcus Payne, Crump's president and COO.

He and Mr. Jones had expected the market to languish as it had for years, but beginning in August 1994, it began "to soften for reasons known only to it," Mr. Payne said.

Mr. Jones recounted that one agent reported that an admitted insurer offered to write all of that agent's umbrella business and pay him greater commissions.

Umbrella coverage still represented Crump's fourth-largest book of business in 1994, accounting for 11.8% of premium. That is down from 14% a year earlier, even though Crump generated $3 million more in umbrella coverage premium last year, Mr. Payne said.

This year, Mr. Payne expects that umbrella coverage will comprise 10.5% of Crump's premium volume.

Another factor holding down Crump's premium volume is the loss of an account that had generated $10 million of premium. The policyholder decided to access the London market more directly by dealing with a broker there, Mr. Jones said.

And, a new program that Crump had expected to generate business from property managers never took off. It covered the cost of damage caused by tenants, eliminating the need to collect security deposits, giving buyers a competitive advantage.

Property managers were excited about the program when Crump marketed the idea. But, after Crump introduced it, the wholesaler discovered that property managers did not want to give up the cash flow that security deposits generate.

But, other Crump programs continue to do well, Messrs. Jones and Payne said. Those include:

- A real estate-owned program for financial institutions, including those supervised by government agencies. It provides $5 million of property and liability coverage for losses arising from repossessed properties.
- A Resort Hotel Assn. program, which provides $100 million of liability limits to association members for each location.
- A Parking Alliance Risk Control purchasing group program, which provides $20 million of coverage to parking lot owners and operators.
- An employers practices liability program, which provides $5 million of coverage to almost any business.
- An environmental consultants and cleanup contractors general liability program, which provides about $20 million of coverage. Pollution liability is excluded.
- A financial institutions package program, which provides $5 million of coverage for several exposures, including D&O liability, E&O and institutional bonds.

In addition, a new operation in Crump's Dallas headquarters will give the wholesaler's various brokerage offices that do not have MGA authority that support. Two insurers have given the new Crump operation, Crump Underwriting Services, binding authority. And Crump is negotiating with a third insurer to obtain binding authority.

Crump expects to begin using this authority this month to help its brokerage offices write E&O coverage for professionals other than attorneys and architects and engineers. The office also will help Crump brokers write general liability coverage for small and medium-sized risks.

Meanwhile, SMAI, which specializes in energy, marine and aviation risks, continues its arduous task of lining up MGA and underwriting management agreements with new markets to replace its arrangements with Americas Insurance.

In July, SMAI completed an underwriting management agreement with independent Travelers Inc. subsidiary Gulf Insurance Co. of Dallas for its ocean cargo business. Gulf and various London insurers on the risk together can provide cargo owners or shipowners up to $40 million of coverage for a single loss incurred aboard a single vessel.

SMAI still is looking for MGA arrangements with U.S. insurers for primary liability coverage for energy-related or collateral risks. But the admitted market's appetite for that business "makes it that much more difficult to find a partner" that believes the arrangement would generate significant business, said SMAI President Jerry L. Shelton.

SMAI can access eight or 10 markets for that coverage, he noted, but it wants an MGA relationship in order to gain a "degree of exclusivity."

Other challenges that SMAI faces include the dwindling number of large energy risks—SMAI's core business—due to mergers and risk managers' growing use of alternative risk-financing vehicles; the soft domestic market for medium and small energy risks; and international retail brokers' concerted efforts to direct business to in-house operations.

Crump and SMAI are members of NAPSLO. Crump also is a member of AAMGA.

—By Dave Lenckus

IN THE DOG EAT DOG
WORLD OF EXCESS & SURPLUS LINES,
SERVICE
IS THE ONLY DIFFERENCE.

OUR GOAL IS SIMPLE: LEAD THE EXCESS & SURPLUS LINES INDUSTRY. IN AN ENVIRONMENT WHERE COMPETITORS SHARE MARKETS, INFORMATION, AND CAPABILITIES, THE DIFFERENCE LIES IN HOW THESE RESOURCES ARE UTILIZED. GRESHAM & ASSOCIATES HAS THE ABILITY TO SERVICE ANY AGENT'S NEEDS:

- RESPONSIVE PLACEMENT & SUPPORT NEEDS.
- A MENU OF FINANCIALLY SECURE CARRIERS.
- FACILITIES FOR SPECIAL HANDLED, NICHE, & MAINSTREET BUSINESS.
- EASY ACCESS TO BROKERS & UNDERWRITERS.
- PROFESSIONAL BROKERS, UNDERWRITERS & ASSISTANTS EDUCATED IN THE LATEST INDUSTRY STANDARDS (CPCU, CPSR, RPLU).

FIND OUT HOW GOOD IT CAN BE CALL: 1-800-241-5677 OR CONTACT A PROFESSIONAL IN ONE OF OUR OFFICES.

GRESHAM & ASSOCIATES
INSURANCE BROKERS

AAMGA

NAPSLO

STOCKBRIDGE, GA
PHONE: 404-389-1600
FAX: 404-389-1650

NASHVILLE, TN
PHONE: 615-320-0063
FAX: 615-320-5124

PALM BEACH GARDENS, FL
PHONE: 407-694-6800
FAX: 407-694-6804

BATON ROUGE, LA
PHONE: 504-295-4057
FAX: 504-295-4062

Tri-City Brokerage Inc.

50 California St., Suite 2000,
San Francisco, Calif. 94111;
415-986-5050; fax: 415-986-5004

	1994	1993
Premium volume	$458,038,852	$402,888,888
Gross revenues*	$30,000,000	$26,200,000
Employees	166	140
Commercial lines	100%	100%
Admitted business	85%	85%
Non-admitted	15%	15%

* *BI* estimate.

In its first 10 years, Tri-City Brokerage Inc. didn't waiver from its core business—finding markets for other brokers' hard-to-place property, casualty and specialty accounts.

But major changes now are underway. Tri-City is fast becoming more than a traditional wholesale broker. The nation's No. 3 surplus lines broker, and also No. 3 wholesaler overall, is venturing down some new avenues.

For example, the San Francisco-based company for the first time is acting as a managing general agent. Under a recent deal with General Star Indemnity Co., Tri-City, through a Jersey City, N.J.-based operating unit called Five Star Managers, will write up to $10 million in directors and officers liability coverage for executives of companies conducting initial public offerings, as well as start-up companies in high-tech, biotech and other sectors.

"This D&O facility is open to all wholesalers. It's not a proprietary Tri-City underwriting agency. We're making our entry into the MGA business with $10 million in capacity per risk. That's a big entry," said President John G. Hahn.

Also on the MGA front, Tri-City is putting the final touches on a contract with an undisclosed insurer that would make it an underwriter of lawyers and miscellaneous errors and omissions coverages, and is working on other deals that could make it an underwriter of excess catastrophe property coverage and energy-related accounts.

In another departure from traditional wholesaling, Tri-City in April started developing, placing and managing full insurance programs for associations, ranging from groups of industrial launderers to candy makers to ostrich farmers.

"This is all occurring without us taking on any debt. It's all internally financed. The wholesale business is changing fast and we're looking to react and go beyond our traditional core business," Mr. Hahn said.

It also has begun placing specialty coverages for financial services companies, such as collateral protection, residual value coverage and credit default insurance, with insurers that include CNA Insurance Cos. and Reliance National Insurance Co.

And, with four of its top executives now committing 100% of their time to researching and developing new ways of distributing insurance products, there may be more changes at Tri-City in the near future.

It's this type of diversification that Mr. Hahn believes will propel the company into the next century.

"We're in our 10th year, and we believe where we're going is more exciting than where we've been. It's time for us to rethink what a wholesaler does. That is where product development, underwriting and program management come in. While some people like to think outside of the box, we don't believe there is a box," said Mr. Hahn.

Premium volume increased 13.7% for the brokerage in 1994 to $458 million from $402.9 million. *Business Insurance* estimates that its gross revenues grew about 14% to $30 million.

And this year Mr. Hahn said he hopes the company is able to reach $500 million in total volume. "But that's just a nice, round figure. $500 million after 10 years sounds good, but it's only a number. It's not really a stated goal."

As in 1993, most of the growth in 1994 came in property and financial services, two sectors where the market remained hard.

"Property, which was gaining in difficulty throughout 1994, has stabilized, but it's not getting softer," Mr. Hahn said. "Property capacity is still being affected by the earthquake exposure. From the surplus lines companies, we're looking at $1 million to $5 million in capacity. Some of the larger companies can put up $10 million. But our maximum layered capacity is $125 million, and that's for a national account. A single site account in an earthquake prone area is looking at far less capacity."

Because of the difficulties retail brokers are having in locating property capacity, the wholesaler has spent much of the past 18 months searching for precious property coverage. The result: property premium volume jumped 32.7% to $150 million in 1994 from $113 million in 1993, and 32% to about $87 million in the first six months of 1995. Overall, property provides about one-third of Tri-City's premium volume.

But, Mr. Hahn noted that despite the efforts Tri-City is putting into locating hard-to-find property coverage, buyers aren't particularly happy with the results. "No one is happy with the pricing or the deductibles out there. In the past few years, deductibles have risen from 2% of value to as much as 10%. It's all related to recent catastrophes. It won't always be like this. A couple catastrophe-free years and the competition will resurface."

Tri-City also has been developing its financial services book of business, which includes placing errors and omissions and directors and officers liability coverages for various types of professionals, for high-tech and biotech firms and for private companies planning to go public.

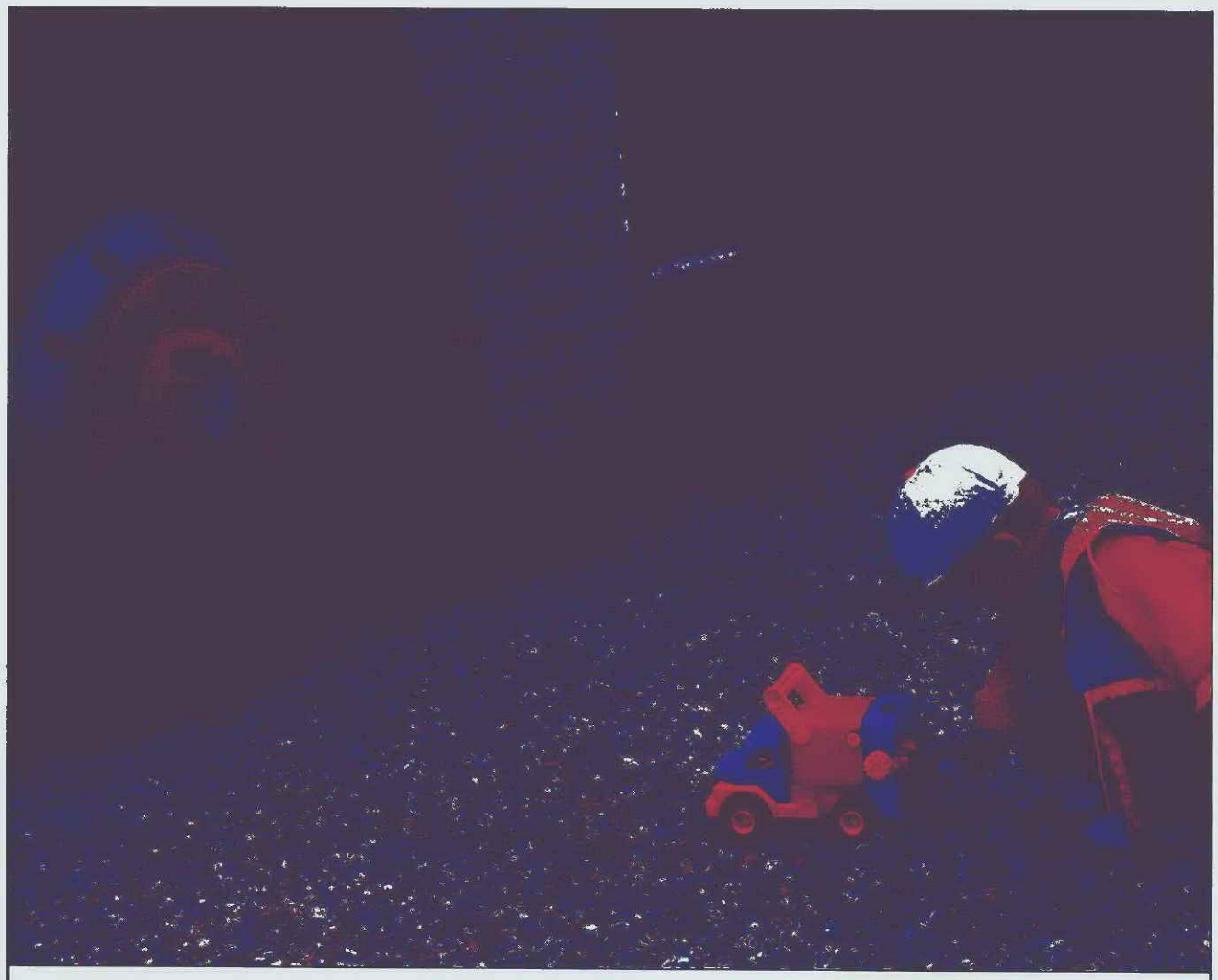
Financial services premiums increased 26.4%, to $67 million in 1994 from $53 million in 1993, and were already at $36.3 million as of June 30. Overall, financial services accounted for about 14.6% of premium volume.

"This has been very strong for us. I'm pleased with how financial services has grown," Mr. Hahn said. "D&O for IPOs is booming. The number of IPOs we did last year was up 30%. We may have placed as much as $50 million in D&O last year, and mostly that was for IPOs and technology firms. This is going straight to the surplus line market without much trouble."

And Tri-City is continuing with efforts begun in 1994 to market coverage for intellectual property. This type of coverage protects high-tech companies against losses resulting from infringement of their patents and copyrights.

Tri-City also keeps trying to locate markets for employment practices liability coverage, but so

Continued on next page



No matter how big you get, you'll never outgrow GA's surety capabilities

At General Accident Insurance, our highly experienced underwriters are skilled at meeting your unique bond needs. In addition to our team of seasoned professionals, GA offers a group treasury limit exceeding $100 million and an A+ rating from A.M. Best.

GA has the capacity to write contractors of every size — from the smallest of firms to the largest and most complex.

If you're looking for a surety company that's just the right size for all your customers' businesses, look no further. You've found exactly what you need with General Accident Insurance.

For more information on GA's Surety Program, contact your local GA Branch Office or call GA Surety at 1-800-288-2360.

GA GENERAL ACCIDENT INSURANCE

CLAIMS
OVERLOAD
SYSTEMS

SETTING THE STANDARDS FOR TEMPORARY INSURANCE PERSONNEL

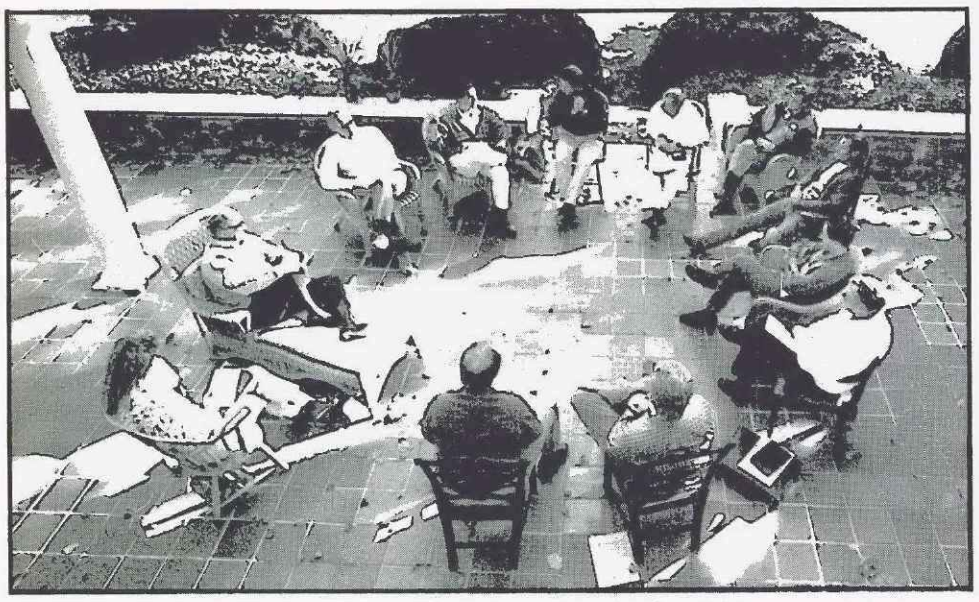
Providing Experienced
General Liability, Auto & Workers Comp. Adjusters,
Medical Claim Examiners, Underwriters/Technical Assistants,
That are . . .

Screened & Tested
■
Professional & Reliable
■
Hireable As Permanent Employees
■
Covered By Fidelity, GL, W/C and E&O Insurance

Immediate Service — Offices Nationwide
We Make It Easy!

CALL FOR THE LOCATION NEAREST YOU ■ 800-822-2422

Why Do Quality General Agents Choose Penn-America?



Agents' Advisory Council Meeting, October 1994

We're *Just Doin' Business* ® . . .
PERSONALLY.

Penn-America Insurance Company
420 S. York Road, Hatboro, PA 19040
Phone: 215-443-3652 ■ Fax: 800-882-8569

AAMGA ®

Continued from previous page

far the prices have potential buyers "choking" on the quotes.

"Employment practices liability should be routine within a couple years," he said. "It only takes one claim to take a small company from a good year to bad times."

Tri-City's dominant line, though, remains casualty. Despite rate cuts of up to 25%, casualty premiums grew slightly to $241 million, or 52.6% of the brokerage total.

Slow casualty growth does not seem to bother Mr. Hahn.

"I feel good about our casualty premiums given the rate reductions out there. I've said before that I'd like to get to a 50/50 split between casualty and the other business, and we could reach that this year," he said.

Within casualty, umbrella and excess liability account for about two-thirds of Tri-City's placements, and rates are down 10% to 25% in many cases. With rates off that far, alphabet houses are calling on Tri-City far less frequently to place such coverage.

"Five years ago we did about 80% of our business for alphabet houses," said Mr. Hahn. "That's down to 35% or 40% now. Some alphabet houses have committed to using only their wholesale arms, but there are still cases when they want to give their clients the best of the worldwide market. That's when we get involved."

Overall, Tri-City's client base is about 65% regional agents and brokers, and about 35% national brokers.

Tri-City has relationships with about 1,000 agents and brokers across the country and worldwide. None accounts for more than 10% of its business.

The company places coverage with more than 60 admitted and non-admitted insurers, and currently about 85% of Tri-City's placements are going to the admitted market.

Some of Tri-City's leading insurance company markets are: Acceptance Insurance Co.; Admiral Insurance Co.; Aetna Casualty & Surety Co.; American International Group Inc.; Chubb Custom Insurance Co., a unit of Chubb Corp.; Executive Risk Associates Inc.; General Star Indemnity Co.; Reliance National Insurance Co.; RLI Insurance Co.; Royal Specialty Underwriting, a unit of Royal Insurance Group; St. Paul Fire & Marine Insurance Co.; Travelers Insurance Co.; Underwriters Special Risk; USF&G Corp.; Westchester Specialty Group; and Zurich Insurance Co.

Similar to the past several years, Tri-City's workforce grew again in 1994, to 166 from 140. But Mr. Hahn said such growth is unlikely this year because the company has invested more than $1 million in a computerized client and market servicing system that will negate some of the need for additional support staff.

In addition to the recently opened Jersey City underwriting office, Tri-City continues to operate out of Los Angeles, San Francisco, Chicago, New York and Edison, N.J., which handles its national accounts business.

Besides Mr. Hahn, who is one of the group's 10 partners, other principal officers are: Leo O'Reilly, chief financial officer; and Executive Vps Kieran Burke, Scott Gunnison, George Hilditch, Alexander Kullman, George Pagoumian, Daniel Real, Thomas Spinner and Michael Tilton. Edward Ulshafer is the chief operating officer.

Tri-City is a member of NAPSLO and AAMGA.

—By Michael Schachner

Alexander Howden North America Inc.

200 Northcreek, Suite 800, 3715 Northside Parkway N.W., Atlanta, Ga. 30327; 404-240-5200; fax: 404-240-5393

	1994	1993
Premium volume	$438,739,212	$419,436,205
Gross revenues	$28,266,442	$25,558,492
Employees	202	205
Commercial lines	100%	100%
Admitted business	85%	80%
Non-admitted	15%	20%

Alexander Howden North America Inc. continues to focus on developing specialty business as a way to deal with a marketplace that is sure to remain competitive.

That specialization strategy began paying dividends for the wholesale broker in 1994, when premium growth was "a little bit over" projections for the year, according to Bruce E. Harrell, executive vp and chief operating officer of Atlanta-based Alexander Howden North America.

Howden North America's 4.6% growth in premium volume to $438.7 million in 1994 from $419.4 million in 1993 stemmed largely from the success of its specialty areas, Mr. Harrell said.

Based on 1994 premiums, Howden North America ranks as the fourth-largest U.S.-based surplus lines broker and fourth-largest wholesaler overall.

Alexander Howden also saw gross revenues increase 10.5% to $28.3 million in 1994 from $25.6 million the year before.

In the first six months of 1995, Howden North America posted $228 million in premium volume, a 17.5% jump from its $194 million in premium during the same period last year.

A key factor behind the wholesaler's growth was its Pasadena, Calif.-based Alexander Howden Construction Inc. specialty unit taking root last year, Mr. Harrell said, along with growth in the facultative reinsurance area that Howden North America started several years earlier.

The effort to find specialty niches began in 1993, when the subsidiary of Alexander & Alexander Services Inc. formed three specialty units: the construction unit; Alexander Howden Energy, based in Houston; and Chicago-based Alexander Howden Facilities Managers, which focuses on program business.

Howden North America last year launched a new professional liability practice.

In addition to developing new specialty niches, the company also is launching new products. Alexander Howden Facilities Managers earlier this year introduced an employment practices liability product called Trio that provides liability insurance combined with risk management steps and toll-free access to legal advice by telephone. Coverage is available on a claims-made policy form, with limits of up to $5 million, with excess limits of up to $25 million available.

"We think employment practices liability is an area that's growing in importance in people's minds," said Dan Osterhout, Howden North America's president and chief executive officer.

Mr. Osterhout, who was chairman and CEO of Alexander Underwriting Services in New York, succeeds Ross McKenzie, who is now director of Alexander Howden Group Ltd. and CEO of Alexander Howden Non-Marine, both

Continued on next page

Continued from previous page
based in London.

While other wholesalers may serve clients in the areas in which Howden North America chooses to specialize, "we do think that in the areas in which we specialize that we do have a competitive advantage," Mr. Osterhout said. "We do believe that we have a high level of expertise and that we can provide a level of expertise that not everyone can."

Howden North America is well served by staking out a position in those specialty markets now, Mr. Osterhout said. "It's our belief that all these areas will become more competitive rather than less competitive."

Although Howden North America executives aren't ready to reveal the wholesaler's next specialty direction, "we're looking to continuously expand into new areas and specialties," Mr. Harrell said.

And, though Howden North America hasn't made any acquisitions in the past year, "that doesn't mean we're not looking for someone out there who might be part of our specialization strategy," he added.

Mr. Harrell

Howden North America's pursuit of specialty business opportunities comes against the backdrop of a continued competitive market.

"From a casualty standpoint, we see the capacity remaining the same, if not increasing," which means casualty rates are "remaining competitive," Mr. Harrell said. But, surplus lines insurers aren't "leading the charge" to reduce rates to compete with admitted insurers and instead are just following the market's lead, he added.

"The casualty marketplace keeps falling off 10% to 15% a year and you have to keep making it up with new business," Mr. Harrell said.

"From a property catastrophe standpoint, we see the capacity staying the same, if not shrinking a bit," Mr. Harrell said. "Particularly for quake risks, it's getting harder and harder to fill out the limits that were in the previous policy."

The growing cost of property catastrophe coverage also was a factor in boosting the company's 1994 premium volume, Mr. Harrell said.

All of Howden North America's business is in commercial lines, and the percentage placed with admitted insurers continues to grow. Business with admitted insurers represented 85% of the wholesaler's total premiums in 1994, up from 80% in 1993.

That trend is a reflection of developments in the marketplace, Mr. Harrell said.

"Obviously, you see more of our business becoming admitted, and I think that is a reflection of companies recognizing that they needed to do more business as an admitted insurer to be competitive," he said.

Far and away, the bulk of Howden North America's premiums—77%—comes from brokerage services. The company in 1994 placed most of its business with: units of American International Group Inc.; units of Crum & Forster Inc.; The Home Insurance Co.; Lloyd's of London underwriters; The Royal Specialty Underwriting Inc.; and Scottsdale Insurance Co.

Howden North America also placed a considerable amount of business with: Zurich-American Insurance Group; Gerling America Insurance Co.; United National Insurance Co.; First State Insurance Co.; and St. Paul Surplus Lines Insurance Co.

The remaining 23% of Howden's premiums in 1994 came from serving as a managing general agent, with binding authority for The Home Insurance Co., Lloyd's underwriters and Scottsdale Insurance Co.

Approximately 50% of Howden North America's business is done with the large alphabet brokerages, of which the majority comes from parent A&A.

"That's very little change from the past three or four years," Mr. Harrell said.

While the wholesaler has made no recent acquisitions, Howden North America did sell a Chicago-based unit, managing general agency Illinois R.B. Jones, to Burns & Wilcox effective April 1. "They had several London contracts and we disposed of that," Mr. Harrell said. "It was a recognition that distributing those kinds of products really wasn't our forte."

Howden North America's staff size declined only slightly to 202 last year from 205 in 1993. "We keep getting more efficient and effective," Mr. Harrell said.

The wholesaler continues to redirect the nature of its staffing, trying to reduce the emphasis on administrative personnel while increasing the emphasis on client service.

Ongoing information technology improvements are connected to that effort, aimed at allowing Howden North America to operate more efficiently.

The information technology initiative "is going well," said Mr. Harrell, who said the system eventually will link all the Howden offices worldwide. "I'm not sure it will ever be all in place. We're making major strides in streamlining our business and bringing technology to bear in helping us more effectively serve our clients," he said.

"Our industry as a whole is becoming more and more competitive," said Mr. Osterhout. "You have underwriters looking at their role in the insurance equation and in many cases looking at moving closer to the client. Wholesale and retail brokers are looking at their roles."

All of those players in the market are "looking at adding to the value chain," said Mr. Osterhout, adding that in the long run the only successful players will be those that find ways to add real value as part of the process of covering risks.

"What we will become more and more is part of the design of the risk financing program, working with our clients, always working with the retail brokers, but when they are unable to bring the necessary expertise, we provide the expertise," Mr. Osterhout said.

And the expertise that he sees Howden North America bringing to the table in the future will involve not only finding ways to place risks in the traditional insurance markets but helping clients find non-traditional ways to cover them as well.

Besides its Atlanta headquarters, Howden North America has offices in: Newport Beach and Pasadena, Calif.; Ramsey, N.J.; Chicago; New York; Dallas and Houston.

Besides Messrs. Osterhout and Harrell, key staff include: Jerriann Pope, senior vp and chief financial officer; John Marlborough, chief operating officer of Alexander Howden Energy; and Martin Lyus, executive vp of Alexander Howden Energy.

Howden North America is a member of the AAMGA.

—By Rodd Zolkos

We're Flexible. If you don't already know about Ameritas' flexible plan designs, you'll be amazed at what we can do. Because we are a stand-alone dental carrier, we can bend and twist in ways other carriers can't. Ameritas offers traditional indemnity, managed care, prepaid, flex, even dual and triple option arrangements. We allow employers to decide on the deductibles, maximums and coinsurance options that best meet their needs. At Ameritas, we go to incredible lengths to serve our clients, big or small. Contact your producer or call Ameritas at 1-800-776-9446. And let us show you just how flexible our plans can be.

AMERITAS® LIFE INSURANCE CORP.

Ameritas Life Insurance Corp. products are available nationwide, except in New York products are provided through Ameritas Bankers Assurance Company. For more information on Ameritas products in New York, call 1-800-201-8562. © 1995 Ameritas and the bison symbol are registered service marks of Ameritas Life Insurance Corp.

HULL & MARINE LIABILITIES

◆ Supply Boats ◆ Crewboats ◆ Tugs & Tows
◆ Shipyards ◆ Ship Repairers ◆ Utility boats
◆ Dredges ◆ Barges ◆ Jack-up Barges
◆ Stevedores ◆ Wharfingers ◆ Property

CONTINENTAL UNDERWRITERS, LTD.
P.O. Box 2070, Covington, LA 70434
Covington: (504) 898-5300
New Orleans: (504) 581-7493
Fax: (504) 898-5324

The Paradigm Insurance Company
A Tri-Star Company

"The company has a strong commitment to risk management and engages very actively in the practice of quickly settling claims."
- A.M. Best

B++
As rated by the A.M. Best Company

Access exclusively through Tri-Star Insurance Services LTD.
9000 Wessex Place ✦ Suite 300 ✦ Louisville, Kentucky 40222
(800) 429-0092 ✦ (502) 429-0092
Fax (502) 429-0931

Stewart Smith Group Inc.

26 Century Blvd., Nashville, Tenn.
37214; 615-872-3641;
fax: 615-872-4408

	1994	1993
Premium volume	$322,010,000	$274,756,000
Gross revenues	$24,337,000	$21,907,000
Employees	215	216
Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

Rising rates for property insurance in catastrophe-prone areas helped fuel growth last year for Stewart Smith Group Inc.

The Nashville, Tenn.-based wholesaler's premium volume jumped 17.2%, well above average for the Top 10 wholesalers, to $322 million from $274.8 million in 1993.

The firm's growth is "basically due to the premium volume we're writing in earthquake zones and windstorm areas, coastal areas," explained Edward F. Casey, president and chief executive officer.

New business and higher rates on coverage for existing customers helped push Stewart Smith's property premium volume up 36.8% last year, Mr. Casey noted.

Stewart Smith's 1994 premium volume enabled it to retain its place as the fifth-largest surplus lines broker and the No. 6 U.S. wholesaler overall.

First-half premium volume rose 6.8% to about $171 million in 1995, and Mr. Casey said he expects premiums for catastrophe-prone property coverage to sustain Stewart Smith's growth in 1995.

Gross revenues rose 11.1% to $24.3 million last year from $21.9 million in 1993. First-half gross revenues rose 15.7% over 1994 levels to $13.6 million.

Besides property coverage, the wholesaler also increased placements of directors and officers liability, errors and omissions liability, and primary and umbrella liability coverages.

Premium volume from D&O and E&O coverage increased a total of 9% in 1994, according to Mr. Casey.

Stewart Smith specializes in placing "more complicated" D&O and E&O liability coverages, such as those for high-tech companies, troubled financial institutions, and companies making initial public and secondary offerings. By their nature, these risks require higher premiums, he added.

"We do an enormous amount of D&O for high-tech," Mr. Casey said.

Premium volume from primary and umbrella casualty insurance increased a total of 7% last year.

That increase is not a reflection of higher rates. In fact, the casualty market remains quite soft. However, Mr. Casey said, "in the last couple of years we have increased our writing of primary business compared to years past."

Overall, Stewart Smith's mix of business last year was similar to previous years.

Half of the firm's premium volume comes from casualty coverage, including primary general liability, automobile liability and umbrella liability. Another 22% comes from D&O and E&O liability coverage. Property coverage placements accounted for 21%. Aviation liability coverage accounted for 2% and medical stop-loss coverage for 1%. Other various coverages accounted for the remaining 4%.

The vast majority—90%—of Stewart Smith's business is brokerage, with the remainder generated as a managing general agent.

The wholesaler's clients range from independent agents to alphabet house brokerages. Last year, independent brokers and agents accounted for 73% of production; Stewart Smith's owner, Willis Corroon Group P.L.C., accounted for 20% of premium volume; and other alphabet brokers accounted for 7% of volume. Stewart Smith handled business from about 2,900 brokers and agents in 1994.

Stewart Smith placed 40% of its business with admitted markets and 60% with surplus lines markets in 1994, the same proportion as 1993.

Stewart Smith's major markets during the past year included: Admiral Insurance Co.; Chubb Custom Insurance Co., a unit of Chubb Corp.; units of Coregis Group Inc.; First State Management Group; General Star Management Group, a unit of General Re Corp.; Lexington Insurance Co., a unit of American International Group Inc.; Northland Insurance Co.; RLI Insurance Co.; Reliance Insurance Co.; Royal Specialty Underwriting Inc.; St. Paul Surplus Lines Insurance Co.; Special Programs Management Inc.; and Westchester Specialty Group.

Stewart Smith Group units serve as an MGA for American Empire Surplus Lines Insurance Co.; The Burlington Insurance Co.; Essex Insurance Co.; General Star Indemnity Co.; Nautilus Insurance Co.; Northfield Insurance Co.; and Western World Insurance Co.

Its retention rate improved from 67% in 1993 to 72% in 1994 and so far in 1995. "You're not seeing large, tough property placements being shopped as much" as previously, Mr. Casey explained. "There just isn't that much market in the property area."

Despite the 1994 growth, the company added only one employee last year. Of the company's 215 employees, 81 are brokers.

Many of Stewart Smith's employees stay with the wholesaler a long time, according to Mr. Casey. "We have very little turnover with our brokers," he said. "They do bring a lot of experience to companies."

"Our people make us unique," Mr. Casey said. "Our people do add value to the transaction."

For example, "our submissions are very professionally done," Mr. Casey explained. Also, brokers are adept at "negotiating with underwriters on clients' behalf."

A new computer system that the firm plans to begin using the third quarter of next year should help employees handle greater and greater premium volume, Mr. Casey said. The new computer system will enhance the wholesaler's internal efficiency and help speed up turnaround time for quotes, he added.

Currently Stewart Smith shares electronic mail with one of its major markets—General Star. "We also hope to be able to have similar means of communication with some of our clients," he said.

Stewart Smith's subsidiaries are: McAlear Associates Inc., which is based in Grand Rapids, Mich., and operates a branch office in Cleveland; Stewart Smith East Inc., which is based in New York and operates branch offices in Cedar Knolls, N.J., Farmington, Conn., and Philadelphia; Stewart Smith Mid America Inc., based in Chicago; Stewart Smith Southeast Inc., which is based in

Continued on next page

Continued from previous page

Tampa, Fla., and operates a branch office in Nashville, Tenn.; Stewart Smith Southwest Inc., based in Dallas; Stewart Smith Specialty Risks, based in Southfield, Mich.; and Stewart Smith West Inc., which is based in Glendale, Calif., and operates branch offices in Eugene, Ore., Phoenix and San Francisco.

In addition to Mr. Casey, other top officers of Stewart Smith Group Inc. include: Paul Manaffey, chairman; Sue Dudley, senior vp and chief financial officer; Fred Anderson, president of Stewart Smith West; Jim Compton, president of Stewart Smith Southeast; Bob Greenebaum, president, Stewart Smith Mid America; Ralph Leistner, chairman, McAlear Associates; Mark Smith, president, Stewart Smith East; George Clarke, executive vp, Stewart Smith Specialty Risks.

Stewart Smith Group Inc. is a member of NAPSLO.

—By Deborah Shalowitz Cowans

Sherwood Insurance Services

201 California St., Suite 1000
San Francisco, Calif. 94111;
415-956-3236; fax 415-956-1204

	1994	1993
Premium volume	$204,000,000	$158,000,000
Gross revenues	$16,660,000	$12,415,000
Employees	110	87
Commercial lines	100%	100%
Admitted business	82%	85%
Non-admitted	18%	15%

Sherwood Insurance Services continues to grow like gangbusters.

The continuing hard property catastrophe market as well as new underwriting facilities and a dedicated staff propelled Sherwood's premium volume up 29.1%—the largest increase among the Top 10 wholesalers—to $204 million in 1994 from $158 million in 1993. That follows on the heels of a 41.1% growth in 1993.

That growth has enabled the Aon Corp. wholesale subsidiary, which debuted in the *BI* rankings in 1994, to retain its No. 10 spot among wholesalers overall and its No. 6 spot among brokers.

"Everything we have touched lately has seemed to have turned to gold," said James W. Barnes, Sherwood's chairman and chief executive officer, who also confessed, "I have never worked harder in any 12-month period in my life."

Not only were Sherwood's new insurance products well-timed, but its staff has done a great job, said Mr. Barnes.

Products may be available to be sold, but without the support staff, "they will fail," Mr. Barnes said.

"We're going to keep it up. We're going to keep the pressure on," he said, estimating that gross revenues would grow 12.5% in 1995. "The harder we work the more fun it seems to get around here."

Mr. Barnes attributes more than half of Sherwood's 1994 growth to new business, including new underwriting facilities brought on line in the past year, and the rest to continued hardening of the property catastrophe market.

Sherwood has focused on large, Fortune 1,000 property accounts with an emphasis on catastrophic perils since its founding in 1978, noted Mr. Barnes.

Meanwhile on the casualty side, "we try to do the tough, primary casualty placements," said Mr. Barnes, who noted that products related to the construction industry "continue to be great sources of revenue for us."

Today property accounts for 67% to 68% of Sherwood's business—up from 60% in 1994—with the remainder casualty business.

Of the property, three-quarters is earthquake peril coverage, either on a difference-in-conditions or on an all-risk basis, including flood coverage. That percentage should continue to hold true this year and "well into next," said Mr. Barnes.

However, Mr. Barnes noted that the property market is "pretty fluid."

Another Northridge earthquake could occur 10 years, or 10 minutes, from now, he said.

But, Mr. Barnes added, "if things remain as is, the market will remain pretty much as it is for the next year to 18 months."

Meanwhile, on the casualty side

Continued on next page

Business Insurance®

• EVENTS •

RISK MANAGER OF THE YEAR AND RISK MANAGEMENT HONOR ROLL AWARDS

These awards recognize individual accomplishments in the field of risk management. For nominating forms and rules, write or call:

BUSINESS INSURANCE
Editorial Department
740 N. Rush Street
Chicago, IL 60611-2590
phone: 312/649-5319
fax: 312/280-3174

EMPLOYEE BENEFITS COMMUNICATION AWARDS

The EBC awards honor employers for excellence in communicating benefits programs to their employees. Insurance companies and consulting firms also are recognized for their participation in the preparation of award-winning communication programs. For entry forms and rules, write or call:

BUSINESS INSURANCE
Communication Services
220 E. 42nd Street
New York, NY 10017-5806
phone: 212/210-0299
fax: 212/210-0704

WORKERS COMPENSATION CONFERENCE

Presented in conjunction with IBF Conferences, this event addresses the specific concerns of corporate executives managing workers comp programs and rehabilitation services. Sessions cover this rapidly changing environment and creative and innovative strategies to curb costs.

For details on registration or exhibition for any *BI* conference, write or call:

BUSINESS INSURANCE
Communication Services
220 E. 42nd Street
New York, NY 10017-5806
phone: 212/210-0299
fax: 212/210-0704

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

Advertising Information: 212/210-0228
Subscription Information: 800/678-9595

THINKING OF US FOR JUST WORKERS COMP CAN BE A REAL DISABILITY.

FACING THE ISSUES THAT FACE OUR CUSTOMERS™

Illnesses. Accidents. They don't just happen on the job. That's why Liberty Mutual's managed disability programs protect your employees when they're not working. We'll help get your employees back on the job as soon as they're able. So talk to Liberty Mutual, the company with 80 years of experience. After all,

YOU DON'T BECOME A LEADER IN MANAGED DISABILITY BY ACCIDENT.

LIBERTY MUTUAL.

© 1995 Liberty Mutual Group

Corporate Cobra Manager and Retiree Premium Billing Software

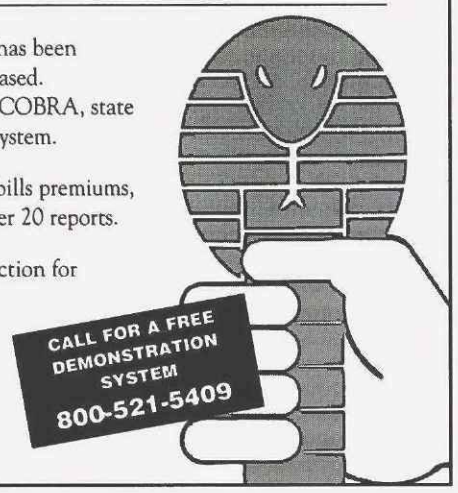
from Travis Software. Purchased by over 3000 Corporate and TPA users.

Also call if you would like information on our **Flex Administration** systems.

Travis' **CORPORATE COBRA MANAGER** system has been recently updated, and a Windows version will soon be released. Corporate users and TPA's can now fully administer their COBRA, state continuation requirements and FMLA coverage using the system.

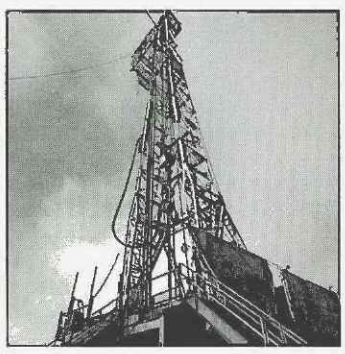
Corporate Cobra Manager produces: all COBRA notices, bills premiums, summarizes benefit continuation activity, and produces over 20 reports.

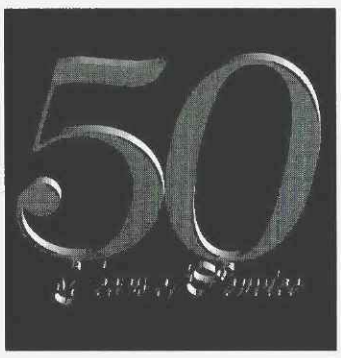
For those needing to administer premium billing and collection for retirees, Travis' **RETIREE PREMIUM BILLING** system bills premiums on different frequencies and helps manage premium payments from retirees.



Travis Software Corp.
P.O. Box 820469, Houston, TX 77282-0469

CELEBRATING OUR GOLDEN ANNIVERSARY OF SERVICE





SPECIALISTS IN:

CARGO

Limits up to $40,000,000. any one conveyance/location; underwriting manager for A.M. Best A(+)IX rated company; Ocean cargo, stock throughputs, sendings by air and via inland waterways; commodities including, but not limited to, bulk oil and other bulk liquids, break-bulk cargo, oil field equipment and supplies and general cargo.

ENERGY

Exploration & production property and liability exposures, physical damage on drilling rigs, production equipment, pipelines, platforms and builders' risks, control of well including redrill, seepage & pollution, business interruption and excess liabilities.

MARINE

Ocean tows, builder's and installation risks, pollution, charterer's, shiprepairer's, wharfingers, stevedore's, terminal operator's liabilities.

For more information contact:

SOUTHERN MARINE & AVIATION

	Houston	New York
Phone:	(713) 840-0200	(212) 480-4270
Fax:	(713) 840-1231	(212) 480-4266
	New Orleans	**Atlanta**
Phone:	(504) 524-4131	(404) 604-9339
Fax:	(504) 525-0313	(404) 604-9338

Continued from previous page

"what you see is what you get," he said, noting that no major turn in the soft market is foreseen.

Sherwood's targeted areas for casualty business include primary, self-insured retention and products liability business, and it has done some excess business this year as well.

"We are making some inroads into some of the wheel business," said Mr. Barnes, referring to taxis, ambulances and some trucking. "But all of these are very competitive," he said, adding that Sherwood is trying to find niches in an extremely soft market where it can still be efficient.

Sherwood also wrote about $9.5 million in professional liability insurance, mainly for medium-sized accounts. The company hired a second full-time broker two months ago to focus on that specialty area.

About one-third of Sherwood's D&O premium is for coverage in connection with initial public offerings, which has become a necessary coverage given an increase in litigation, according to Mr. Barnes.

About 12% of Sherwood's business is as a managing general agent, with the remainder as a surplus lines broker.

On Dec. 31, 1994, Sherwood obtained a new binding authority from CNA Insurance Cos. for Fortune 1,000 property accounts.

The business can be written on a difference-in-conditions basis including quake and flood and as an all-risk policy including or excluding quake or flood. The risk-bearing facility can write on a primary or excess basis.

"That has been doing just amazingly well this year," said Mr. Barnes. "That has been a very major part of our growth."

Sherwood has also added two new binding facilities for smaller casualty accounts that have performed well, he added.

The company is still working on developing a casualty contracting facility for large contractors. "That's an ongoing project," said Mr. Barnes.

"It is a very critical class of business in the state of California, and one we feel an opportunity exists to write," he said.

Sherwood is "always looking for new general agent types of arrangements for both property and casualty," said Mr. Barnes. He anticipates that by year end, MGA business will account for 15% of Sherwood's business, up from 1994's 12%.

Eventually, he projects this will grow to 25%. It is "just a natural progress," Mr. Barnes said.

However, he added, "we're first and foremost wholesale brokers" and underwriting "acts as a tool to help us broker." It is part of Sherwood's overall effort to be the wholesaler of choice for the retail brokers it represents, said Mr. Barnes.

It gives them a "better opportunity to have full access to the marketplace," he said.

"Our retention rate is probably close to 80%," Mr. Barnes said. Sherwood has not lost accounts in any particular area. When customers do leave, it is usually due to a change in philosophy or a movement to alternative financing. "We very rarely ever get beaten on an account" where Sherwood has access to incumbent markets, said Mr. Barnes.

This is a reflection of Sherwood's "philosophy of trying to be the No. 1, 2, or 3 producer of business for each of its lead underwriters," said Mr. Barnes. The insurer, retailer and underwriter know and trust one another, he said.

Without them, Sherwood would not have the hit ratio it does, he said.

About 82% of Sherwood's business was placed in the admitted market last year, down from 85% in 1993.

So far in 1995, that percentage has dropped to 75% or so, and it ultimately will level off at about 70%, predicted Mr. Barnes.

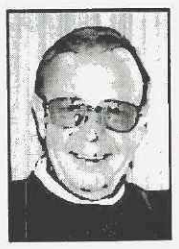
Sherwood works with about 1,200 brokers, with the alphabet house brokers accounting for about 45% of its premium volume.

For the alphabet houses, Sherwood places Fortune 1,000 large capacity and difficult national accounts and works with them developing marketing concepts.

For the smaller brokers, it helps place coverage for their one or two larger accounts.

Sherwood in effect acts as a marketing department that allows the smaller broker to compete in the marketplace with the alphabet houses, providing them with market access they would not otherwise have, Mr. Barnes said.

This past year the firm opened a new office in Newport Beach, Calif., in addition to its existing branch in Woodland Hills, Calif., and it has "done extremely well," said Mr. Barnes. No new offices are planned.



Mr. Barnes

Sherwood has been working with a newly designed computer system for a year and it functions "wonderfully," said Mr. Barnes, adding that it has helped the firm's paper flow tremendously. "We're very, very dedicated to the information/computer age," he said, noting the firm has four full-time computer people on staff for the system's design, maintenance and upgrading.

All of Sherwood's business continues to be commercial lines.

The broker's top markets are: American Custom Insurance, which underwrites on behalf of Agricultural Excess & Surplus; American International Group Inc.; Associated International Insurance Co.; Commonwealth Insurance Co.; Essex Insurance Co.; First State Insurance Co.; RLI Insurance Co.; Royal Excess & Surplus Lines Insurance Co.; The St. Paul Cos. Inc; and Westchester Specialty Group.

It has underwriting authority for: Associated International; CNA; Commercial Underwriters Insurance Co.; First State; underwriters at Lloyd's of London; Monticello Insurance Co.; and Scottsdale Insurance Co.

At year-end 1994, the company had 110 employees, up from 87 at year-end 1993.

In addition to Mr. Barnes, other principal Sherwood officers are: David R. Hartoch, president of the southern division and chief operating officer; Kevin Schrage, chief financial officer; Casey Hamlin, senior vp; and Bradley M. Busch, vp.

Sherwood is a member of NAPSLO as well as of the Professional Underwriting Liability Society, California Insurance Wholesalers Assn., Independent Insurance Agents & Brokers of California, and Professional Insurance Agents of California and Nevada.

—By Judy Greenwald

Schinnerer Group stays on top

Underwriting manager emphasizes customer, core businesses

The Schinnerer Group Inc.

2 Wisconsin Circle, Chevy Chase, Md. 20815; 301-961-9800
fax: 301-951-5444

	1994	1993
Premium volume	$401,000,000	$407,000,000
Gross revenues*	$33,600,000	$34,100,000
Employees	282	278
Commercial lines	100%	100%
Admitted business	95%	95%
Non-admitted	5%	5%

* *BI* estimate.

A sharp focus on the customer and a strengthening of core business has helped The Schinnerer Group Inc. more than hold its own in the continuing soft market.

"If you're going to differentiate yourself and you're going to stay on top, then you'd better find a way to do something better than anybody else does and that's where we get consistently high marks. They know they can come to Schinnerer and they know they can get the problem solved," said Richard J. Walk, senior vp of the Chevy Chase, Md.-based underwriting manager. Schinnerer is a unit of Seabury & Smith, which is itself a unit of Marsh & McLennan Cos. Inc.

"What do our people do? They solve problems. They have the knowledge to listen to a client, and to listen hard," said Homer M. Sandridge, the company's executive vp.

Schinnerer continued to focus on its core businesses, most notably architects and engineers professional liability, during the past year. The other core businesses include educators liability, real estate professionals liability and non-profit directors and officers liability.

On July 1, though, Schinnerer exited what had constituted its fifth core business—hospital liability.

That program—which was written by TIG Holdings Inc.—had been shrinking for sometime, Mr. Walk said. "We had an excellent partner in TIG and we set out through the end of '94 and into '95 to put on a full-court press for the excess hospital liability business and try to turn that program around. Over the past several months, we reached agreement with TIG that that just wasn't going to happen." he said, adding that Schinnerer is "exploring new possibilities" in the health-care field.

Schinnerer may be in the midst of a rebound after several years of declining premium volume. Premiums for the first six months of 1995 reached $219 million, an increase of nearly 14.7% over the $191 million in premiums generated during the same period of 1994, according to Mr. Sandridge.

Schinnerer's overall premium volume for 1994 slipped about 1.5% to $401 million from $407 million in 1993.

Business Insurance estimates that Schinnerer's gross revenues also declined about 1.5% to $33.6 million in 1994 from an estimated $34.5 million a year earlier.

Nevertheless, Schinnerer remains the top wholesaler in a market that continues to be price-driven.

Mr. Sandridge pointed out that Schinnerer currently has at least two dozen competitors for its architects and engineers business. The program, which began in 1957, has been insured by Chicago-based CNA Insurance Cos. since its inception, and has been commended by the American Institute of Architects and the National Society of Professional Engineers, he said.

The program has standard capacity of $15 million, though Schinnerer can take it to $25 million under certain circumstances, he said. During the past year, Schinnerer has made numerous changes in the program, instituting broader design/build coverage, a new environmental engineering and remediation program, and a liability program for testing laboratories related to the construction industry.

Mr. Sandridge also noted that Schinnerer has "fully implemented our small-firm three-year program" for firms with annual fees of less than $250,000. It is now approved in all states except Georgia and Vermont.

He pointed out that CNA's Commitment Plus program—in which underwriting profits on the $1 million layer are returned to policyholders with interest over a five-year period—paid out about $49 million during the past year. The program helps promote stability among its client base.

"Business is growing. We're entering our third year where design firms are increasing their fees and growing," he said, estimating that Schinnerer has increased its number of clients by about 11% to about 14,000 over the past year and foresees a similar growth rate in the next year.

Mr. Sandridge said that Schinnerer's retention rate for large design professionals—those with annual fee income of more than $5 million—is 95%, and the retention rate for all architects and engineer accounts is 91%.

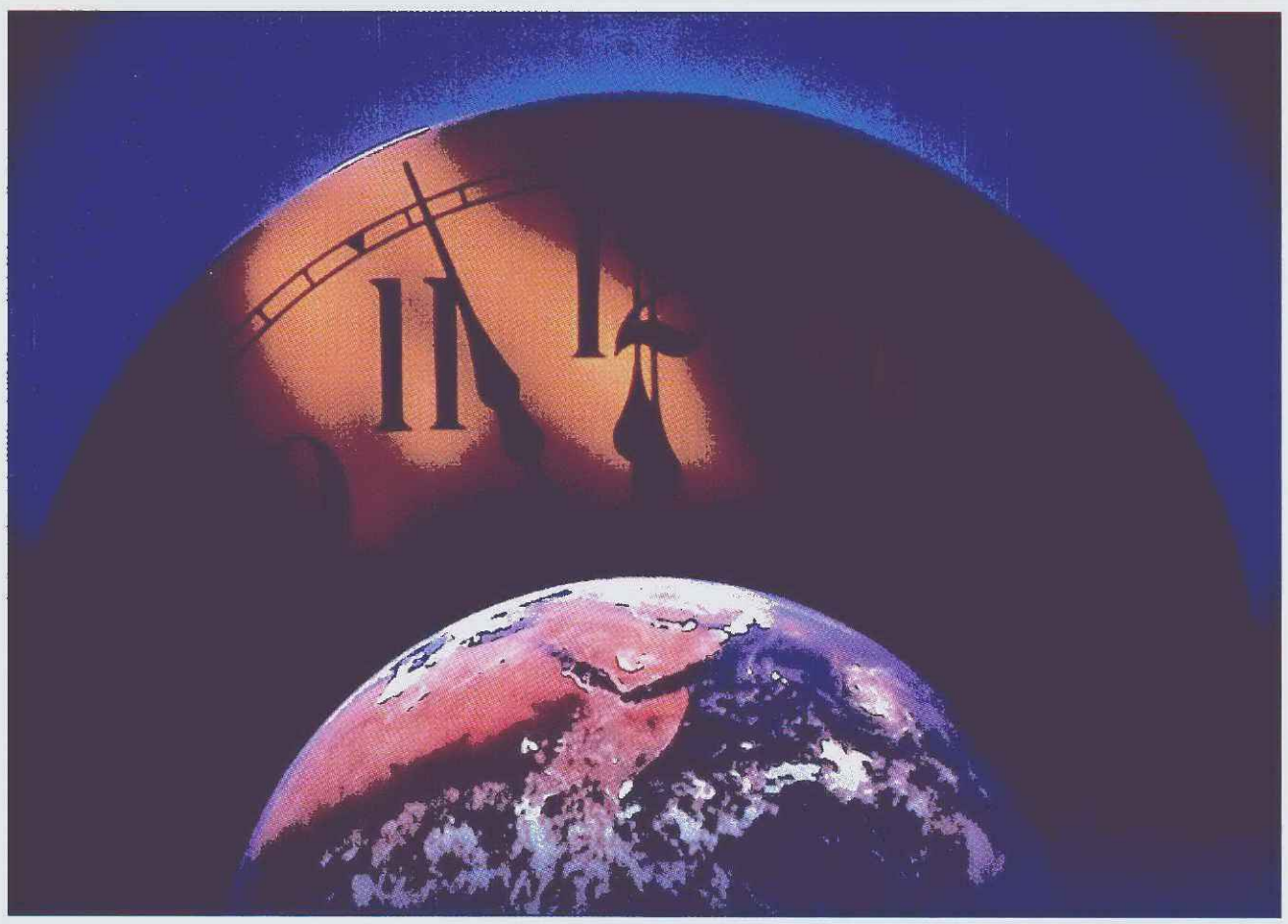
Another core program with a high retention rate despite heated competition is United Educators Risk Retention Group Inc., a Vermont-domiciled risk retention group for which Schinnerer acts as underwriting manager. Although competitors are underpricing United Educators by as much as 25%, the risk retention group still retains about 97% of its business, said Mr. Walk.

United Educators is "one of the best examples of the way a risk retention group should operate that I've seen," he said.

The program's educators legal liability and excess liability coverages both carry limits of $25 million. United Educators has begun offering a primary general liability policy "designed to fit under the excess layer," which had previously been followed by a $250,000 to $1 million buffer layer. The new primary policy "fits in where some schools have deductibles as low as $10,000 or $25,000," he said.

Another growth area for Schinnerer is likely to be real estate professional liability, particularly given the acquisition of Continental Corp. by CNA, which under-

Continued on next page



TICK. TICK. TICK.
GLOBAL SERVICE. ANY TIME. ANY PLACE.

From the earthquakes in Northridge and Kobe to the floods in Dublin, **Thomas Howell Group** provides catastrophe management services throughout the world. Our specialized adjusters, engineers, and surveyors are ready on a moment's notice.

Thomas Howell Group (Americas) Inc. has a broad range of services, including:

Claims Management
Data Information Systems
Emergency Response Teams
Adjusting and Engineering Specialists
Marine and Aviation
Oil and Energy

Experience and expertise has made Thomas Howell Group a global leader since 1785.

THOMAS HOWELL GROUP (AMERICAS) INC.

To learn more, contact Group Marketing
Six Concourse Parkway • Suite 3100 • Atlanta, GA 30328
Phone (404) 395-1000 • Fax (404) 390-1076.

Continued from previous page
writes existing programs.

Schinnerer is currently offering limits of $2 million but can go up to $5 million for its real estate agents' liability program, Mr. Walk said.

The program has nearly doubled in volume during the past year, in large part because Homeowners Marketing Services, a real estate services firm that had been arranging real estate liability coverage with units of American International Group Inc., began directing all of its business to Schinnerer and CNA last year.

"HMS went from being our biggest competitor to being our biggest producer," he said.

Even without HMS, the program has been growing "phenomenally," covering more than 16,000 firms nationally, with Schinnerer benefiting from a renewal rate of about 90%.

Schinnerer is also getting ready to roll out a "second generation" of its "Easy E&O" policy for real estate professionals. The program, which involves a short form application that can be mailed in by producers, was introduced last year. Schinnerer asked brokers how the product, which was a quick success, could be improved and the underwriting manager may make it a three-year policy as a result, Mr. Walk said.

Schinnerer is preparing to focus more on the commercial real estate market.

"We will be developing a stronger presence through the end of '95," said Mr. Walk. He noted that Continental had been a force in commercial real estate liability coverage, and Schinnerer is considering launching a commercial real estate liability policy, probably with larger limits than what is offered to residential real estate professionals.

The CNA/Continental merger also plays a role in Schinnerer's final core business, directors and officers liability for non-profit institutions. CNA became the underwriter of the program this year, replacing Chubb Corp.

"CNA had a nice book of non-profit D&O business, which they asked us to look at," and Schinnerer became the underwriting manager for about 90% of the existing book, he said. The program offers limits of $10 million, which is far more than is usually sought, Mr. Walk said.

The merger of CNA and Continental means that Schinnerer will be assuming Continental's book of non-profit D&O business as well, adding about 2,000 clients, Mr. Walk said.

Mr. Sandridge said that London-based Schinnerer & Co. Ltd. bought the Admiral Underwriting Agency, also of London, earlier this year. The acquisition will allow Schinnerer to increase its book of non-medical D&O and non-insurance agent E&O.

In addition to its London subsidiary, Schinnerer Group acts as a holding company for its other underwriting management subsidiaries Victor O. Schinnerer & Co. of Chevy Chase and ENCON Insurance Managers of Ottawa, Ontario.

Schinnerer also has offices in Chicago, Dallas, New York, San Francisco and Toronto.

In addition to Mr. Walk and Mr. Sandridge, Schinnerer's top management consists of James R. Stevens, chairman; Vincent C. Santorelli, president, and Paul L. Genecki and Lorna M. Parsons, senior vps.

—By Mark A. Hofmann

General Star Management Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

	1994	1993
Premium volume	$278,917,175	$241,925,123
Gross revenues	N/A	N/A
Employees	226	228
Commercial Lines	98%	96%
Admitted business	21.5%	25.2%
Non-admitted	78.5%	74.8%

Strong growth in admitted business and even stronger growth in non-admitted business are boosting premium volume at General Star Management Co.

Much of the company's premium growth in 1994 was due to new products—primarily liability coverages related to environmental contractors—that had been launched in the two prior years, said Chairman and President Kevin P. Brooks.

In addition, continued high rates for windstorm-exposed property risks help increase premiums, he said.

Premium volume for 1994 increased 15.3% to $278.9 million from $241.9 million in 1993.

The increase in premiums was achieved against the seemingly never ending soft market for general liability business, Mr. Brooks said.

And surplus lines underwriters should now be resigned to the soft market conditions, Mr. Brooks observed.

"The way we look at it is that we have been in this type of market for at least eight years and we are doing all of our planning on the basis that this will probably be the marketplace of the future as well," Mr. Brooks said.

General Star Management is a unit of General Re Corp. It is the underwriting manager for General Star Indemnity, which writes mainly non-admitted business (see story, page 28), as well as General Star National Insurance Co.

General Star Indemnity was the strongest growing of the two insurers, with gross premiums increasing 16.9% to $219 million in 1994 from $187.3 million in 1993.

General Star National, which is an admitted insurer in all 50 states, saw revenues grow 12% to $68.8 million in 1994 from $61.4 million in 1993.

The premium growth at General Star Management was partly due to increased business from environmental coverages that have been launched since 1992, according to Mr. Brooks.

Those coverages include professional liability coverage for environmental consultants and general liability coverage for environmental remediation contractors and manufacturers of pollution abatement and control equipment (*BI*, Sept. 26, 1994).

Property premiums were kept high in windstorm areas as capacity remained scarce, says Kevin Brooks.

"The fruit of those efforts was seen in 1994," he said.

And the insurer has extended its environmental coverages over the past year to include a combined comprehensive general liability and pollution liability policy for environmental contractors and a pollution only coverage for environmental contractors, Mr. Brooks said.

Property premiums were kept high in windstorm areas as capacity remained scarce, Mr. Brooks said.

"The capacity just isn't available on the admitted market," he said.

In addition to conventional property coverage, many smaller policyholders are buying deductible buy-back coverage to cover the large deductibles that have been imposed on hurricane business by all insurers, Mr. Brooks said.

The proportion of non-admitted business written by General Star climbed in 1994 to 78.5% of premiums in 1994 compared with 74.8% in 1993.

General Star recently closed its office in Hartford, Conn., and moved its managing general agency department to its home office in Stamford.

The company has additional offices located in New York, Chicago, Atlanta, Los Angeles and Dallas.

General Star Indemnity and General Star National have no employees of their own. The staff of General Star Management declined slightly to 226 in 1994 from 228 in 1994.

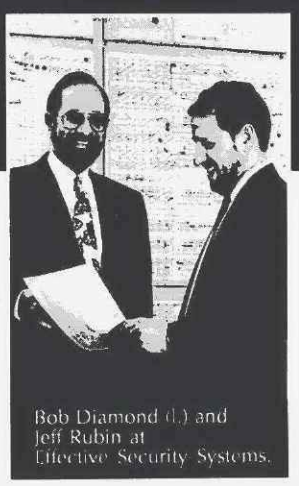
The number of staff will probably increase in 1995 as several vacancies are outstanding, including a manager for the property department, Mr. Brooks said.

In addition to Mr. Brooks, General Star Management's principal officers are: Sam Anderson, Ronald S. Austin, Patricia Roberts and Adin Tooker, all vps.

General Star Management is a member of AAMGA and NAPSLO.

—By Gavin Souter

When Bob Diamond of Effective Security Systems talked to us about comprehensive insurance, we immediately "talked to the Brownyards."



Bob Diamond (L) and Jeff Rubin at Effective Security Systems.

Jeff Rubin of Kaye Insurance knew what his client needed. E&O liability coverage to protect against intentional assault, false arrest, malicious prosecution, libel and slander, violation of privacy and more.

Effective Security Systems needed coverage for property they guarded, insurance to pay legal expenses, protection for personal injury lawsuits by employees, for punitive damages, and still more. In short, they needed *tailored* insurance that no *standard* policy would provide.

Now Available WORKERS COMP

Jeff "talked to the Brownyards" because he knew they *created* this coverage, because they provide insurance for more guard and investigator firms than anyone else, because they are backed by excellent insurers, because the rates are competitive and the claim service is unexcelled.

Whether your clients needs are complex or simple, just like Jeff, give yourself the competitive edge. Call or FAX for a quote today. "Talk To The Brownyards."

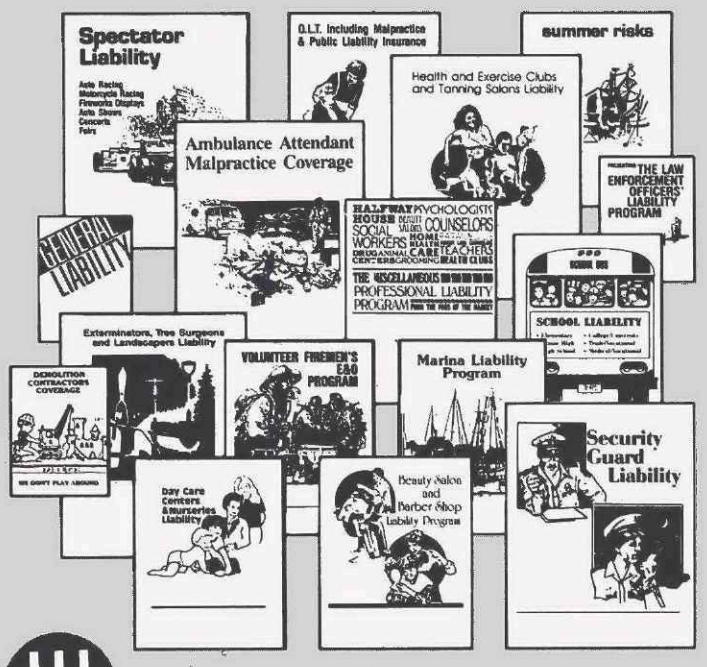
BROWNYARD GROUP, INC.

21 Maple Avenue, CN9175, Bay Shore, NY 11706-9175
(516) 666-5050 • (800) 645-5820 (Except in NY) • FAX (516) 666-5723

However you look at it... Western World, a tradition of service for over 30 years.

Serving Wholesale Surplus Lines Brokers Exclusively Since 1964.

A. M. Best Rating A+ (Superior)



WESTERN WORLD INSURANCE COMPANY

48 South Franklin Turnpike • Ramsey, NJ 07446 • (201) 825-3300
A Member Company of the Western World Insurance Group

First State Management Group

150 Federal St., Boston, Mass. 02110;
617-526-7650; fax: 617-526-7605

	1994	1993
Premium volume	$238,279,000	$202,100,000
Gross revenues	NM	NM
Employees	230	209
Commercial lines	100%	100%
Admitted business	29%	30%
Non-admitted	71%	70%

Natural disasters have been good for First State Management Group.

Premium volume for the Boston-based wholesale underwriting unit of ITT Hartford Group Inc. expanded 17.9% last year to $238.3 million from $202.1 million in 1993, thanks mainly to property rate increases that followed Hurricane Andrew, the Northridge, Calif., earthquake and other catastrophes.

"A large part of the increase comes from the property line, which is our largest-sized line at the moment," said Ralph J. Palmieri, president and chief operating officer.

Property volume alone grew nearly 42% to $102 million last year from $72 million the previous year, much of it from rate increases on renewal business, he reported.

"That is basically a carryforward of the tight market conditions we saw in 1993 for catastrophe-related business," he explained, noting that Florida windstorm and California earthquake risks are "classic supply/demand opportunities."

Absent major cat losses, that business continues to look good: While Florida windstorm rates have apparently peaked, "they are not dropping to any noticeable degree," Mr. Palmieri said. Rates for quake coverage, meanwhile, continue to rise, climbing 15% to 25% this year on top of increases in deductibles that followed the 1994 Northridge quake.

First State—underwriting for ITT subsidiaries Pacific Insurance Co. Ltd. of Hawaii on a non-admitted basis and for Twin City Fire Insurance Co. on an admitted basis—is writing less primary property business and more excess-of-loss business, Mr. Palmieri added.

The underwriting manager monitors its primary exposure and probable maximum loss from catastrophic events in various geographic areas.

When it determines it has written enough primary business in a given area, First State moves to writing excess business above its PML level.

The switch to excess risks allows First State to assume more property business than would be possible if it only wrote primary business, he said.

Writing this business mainly on a non-admitted basis, First State provides primary or excess limits of up to $5 million.

On the casualty side, First State still focuses on its growing primary liability product and on profitable niche programs, while avoiding excess general liability and other casualty lines that have attracted fierce admitted market competition. First State offers primary liability limits of $1 million per occurrence and $2 million annual aggregate.

Between 50% and 55% of its primary casualty business consists of manufacturers and contractors liability risks, while 30% to 35% is product liability and the rest is owners, landlords and tenants liability business, he said. The product liability business is written mainly for manufacturers of products used by professionals rather than mass-market consumer products, he added.

The primary program generated about $39 million in gross written premiums last year, up 51% from $25.8 million in 1993, he said.

The rapid growth occurred mainly because First State offered the coverage through six branch offices after initially writing it only through its Boston headquarters. Volume on the program will rise modestly to $40 million or so this year, which Mr. Palmieri said is reasonable given the competitive market.

First State continues to offer up to $10 million in excess general liability limits, but has been writing less of this business in recent years as competition from admitted markets has heated up. "The umbrella business is just not the key strategy for us that it was eight to 10 years ago," he said. "There is an extreme overabundance of capacity for the product."

Meanwhile, First State is pursuing specialty programs that so far have not attracted competition from admitted insurers.

Professional liability is one area targeted for growth. The company currently writes about $14 million in gross premiums in the line, consisting mainly of errors and omissions coverage for financial professionals like investment advisers and savings bank fiduciaries.

The results on this business have been "excellent," and First State's book "could easily double in size without sacrificing discipline in underwriting or pricing," he said.

First State has hired Edward Newberger, a former CIGNA Corp. underwriter, as first vp in charge of its professional liability unit. Mr. Newberger is now identifying new products for niche areas that are not "exposed to the ravages" of admitted market competition, Mr. Palmieri reported.

First State offers limits of $1 million to $5 million for small professional liability policyholders and has no plans to compete for the business of large accounting and other professional firms.

"We have no intention of playing in that sandbox," Mr. Palmieri said.

Meanwhile, the firm has also started a joint program with ITT Hartford's bond department to provide coverages to credit unions: ITT Hartford will write fidelity blanket bonds while First State provides up to $5 million in directors and officers liability coverage using its admitted insurer, Twin City, he said.

First State has also found niches in the health care field. Along with an established property/casualty program for nursing homes, the underwriting manager has added programs for home health care providers; "human service providers," including group homes for physically or mentally impaired people who are still able to live independently; and home infusion providers, which administer intravenous medication to patients at home.

The nursing home and human service provider programs offer a $1 million per occurrence primary liability limit with up to $10 million in umbrella limits. The home care and home infusion programs offer a $1 million primary limit.

First State will write about $4 million in premiums this year in the nursing home program, which is available in eight states, Mr. Palmieri said. The human service provider and home care programs, available in six states, will produce about $700,000 and $500,000, respectively, while the recently developed home infusion program may generate $500,000, he estimated.

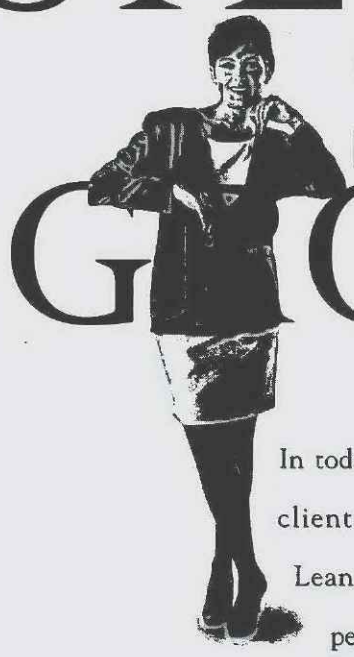
Other programs include:

• A long-haul trucking physical damage and bodily injury liability program launched in 1993 through a new branch office in Burlington, N.C. The program, which offers $1 million per claim and $2 million ag-

Continued on next page

A NAME TO LEAN ON

STEWART SMITH GROUP



In today's competitive environment, your clients are demanding more for less. Lean on the Stewart Smith Group for performance you can depend on.

Since 1936, the Stewart Smith Group has provided retail brokers the support they need to market difficult risks.

Ranked among the top wholesale brokers, the Stewart Smith Group has offices in 16 major U.S. cities, offering innovation and reliability in solving complex insurance problems.

Call Stewart Smith, and deal with a company you can lean on, year after year after year.

Stewart Smith

Stewart Smith East • Stewart Smith Southeast • Stewart Smith Southwest • Stewart Smith Mid America
Stewart Smith West • Stewart Smith Specialty Risks • McAlear Associates

How ***quickly*** can you find coverage for the

LARGEST TOUGHEST

and the most

UNUSUAL

property risk sitting on your desk?

How ***quickly*** can you dial?

DVA

Call an office near you today!

Hatboro/Maryland 800-388-0215; Pittsburgh 800-892-5938;
New Jersey/New York 800-772-2207; West Virginia/Ohio 800-982-3882;
Oregon/Washington 800-456-1509

Continued from previous page

gregate liability limits, generated $8.7 million in premiums last year and should produce about $12.5 million this year, Mr. Palmieri said.

• A legal malpractice program, targeting mainly lawyers in Massachusetts and Rhode Island. The program generated about $7 million in premiums in Massachusetts, $3.5 million to $4 million in Rhode Island and $5 million in other states, he said, adding that admitted market competition continues to hold the program back.

• A liquor liability program with limits of $1 million primary and up to $5 million umbrella that draws most of its business from Massachusetts but is available in other states.

First State's 1994 volume of $238.3 million makes it the third-largest managing general agent/underwriting manager and the No. 8 insurance wholesaler overall.

All of its business is commercial risks, and about 71%, or $169.2 million, was written on a non-admitted basis through Pacific Insurance Co., which is licensed only in Hawaii.

The remaining 29%, or $69.1 million, was written on an admitted basis through Twin City, which is licensed in all 50 states and the District of Columbia.

The non-admitted portion of First State's business has been growing, and represented 71% of premium volume in 1994 and 76% in the first half of this year. The increase stems mainly from rising property catastrophe premiums, which First State writes almost exclusively through Pacific Insurance, Mr. Palmieri said.

First State's staff increased to 230 by the end of 1994 from 209 the previous year, largely due to the trucking insurance unit start-up.

In addition to Mr. Palmieri, First State officers include Peter Coghlan, executive vp; and Raymond T. Lewis Jr., senior vp.

First State is a member of AAMGA, NAPSLO and PLUS.

—By Douglas McLeod

Burns & Wilcox Ltd.

30833 Northwestern Highway, Suite 220, Farmington Hills, Mich. 48334; 810-932-9000; fax 810-932-9050

	1994	1993
Premium volume	$232,700,000	$204,300,000
Gross revenues	$30,155,000	$25,595,000
Employees	426	368
Commercial lines	92%	93%
Admitted business	12%	12%
Non-admitted	88%	88%

Nothing stirs Herbert W. Kaufman more than to hear people complaining about the surplus lines insurance marketplace.

"We have a very fine industry," says the president and chief executive officer of Burns & Wilcox Ltd. Not only is it an important segment of the commercial insurance market, it is now permanent and very large, he adds.

Mr. Kaufman also takes pride in his wholesale brokerage company, which is the 9th largest U.S.-based wholesaler.

In 1994, the Farmington Hills, Mich.-based wholesaler posted a 13.9% increase in premium volume to $232.7 million from $204.3 million in 1993. That translated into $30.1 million in gross revenues last year, up 18.0% from $25.6 million in 1993.

About 58% of its 1994 premiums were placed as a managing general agent, with the remainder generated by surplus lines brokerage.

"I'm very proud of our company," said Mr. Kaufman, noting that 1994 results exceeded expectations. Although part of the company's growth was fueled by acquisitions, most can be attributed to new sales growth.

Burns & Wilcox is keeping to its strategy of expanding through both acquisitions and new products, while striving to provide quality service, selection and price to its retail agents.

"Our main advantage, whether a managed program or an in-house facility, is our marketing network of 36 offices working throughout the U.S.," Mr. Kaufman said. "We can generate a spread of volume for a good program in a relatively short period of time."

For instance, the Burns & Wilcox network can help a Florida agent write an account in Arizona or help put together a national program on a multi-state basis, he explained. And because Burns & Wilcox targets small to medium-sized regional agents, if an agent has a policyholder in Michigan that is expanding into Missouri and is also building plants in Florida and California, "we can help the agent very well," he said.

Burns & Wilcox has found its niche in the middle market, placing $1,500 to $2,500 premium accounts and working with small to mid-sized regional agencies with $5 million to $25 million in annual premium volume.

Working with smaller premium accounts translates to better net retention and better commissions

Continued on next page

TO ALL KWELM AND OTHER INSOLVENT INSURANCE COMPANIES' CREDITORS:

WE ARE SEEKING TO PURCHASE YOUR ESTABLISHED AND ADJUDICATED CLAIMS FOR CASH. WE THINK YOU WILL BE PLEASED WITH OUR PROPOSAL.

An Alternative Financial Recovery Tool For:

Individuals
Insurers
Reinsurers
Receivers

FOR DETAILS, PLEASE CALL:

Quantum Consulting, Inc.
Insurance Industry Consultants
150 Joralemon Street, Suite 6B
Brooklyn, New York 11201-4309
Tel: (718) 802-9423
Fax: (718) 802-9701
Attn: Joseph F. Scognamiglio, President

IT'S A SMALL WORLD!

The insurance world seems like a large place unless you know the right wholesaler! Whether your risk is across town, across country, or around the world, the brokers at Crump will make your world smaller.

The world of Crump is made up of professionals with local presence and international access . . . brokers that are a cut above the rest. Unparalleled service and technical expertise, in partnership with the highest A.M. Best rated companies, make up the Crump difference. Put the nationwide Crump organization on your team because, to make it a smaller world, you need wholesalers who know their way around.

Crump is a multi-line wholesale brokerage group with facilities that span the excess, surplus, and specialty marketplace. With Crump, you have immediate access to more than 100 leading domestic and international markets.

• Ambulances • Automobile • Directors & Officers • Employment Practices Liability •
• Environmental Liability • Financial Institutions • Hotels & Resorts •
• Kidnap & Ransom • Parking Lot/Garage & Valet Operators • Property •
• Repossessed Assets • Umbrella & Excess Liability •

International Clout with Local Service

Atlanta, GA (800) 241-8870
Bellevue, WA (800) 221-9628
Boston, MA (617) 451-6880
Glendale, CA (818) 846-3644
Casselberry, FL (407) 678-4552
Chicago, IL (312) 899-1480
Dallas, TX (800) 52CRUMP
Denver, CO (303) 296-8444

AAMGA

Crump Group

Houston, TX (800) 835-8366
Irvine, CA (714) 753-0575
Memphis, TN (800) 26CRUMP
Nashville, TN (800) 473-BANK
New York, NY (212) 312-4260
Portland, OR (503) 293-9555
San Diego, CA (619) 297-9410
San Francisco, CA (415) 391-3080

Continued from previous page
and fees, Mr. Kaufman contends.

The company's branch network also translates to better service for its clients, he said. "Our managers and underwriters in every office know the 400 to 500 agents in their area on a more personal basis, which gives them the opportunity to service them better," Mr. Kaufman said.

While Burns & Wilcox does place some unconventional risks, such as coverage for a herd of llamas and a policy protecting the red slippers Dorothy wore in "The Wizard of Oz," most of its business is derived from placing property/casualty coverage in the surplus lines market for commercial risks like jewelry stores, pawn shops, condominiums, health clubs, contractors, hotels, restaurants and antique dealers, among others.

Among its specialty property/casualty coverages, Burns & Wilcox rolled out a new umbrella package in 1994.

The wholesaler has binding authority on the umbrella program from its insurers of up to $5 million, with capacity for as much as $25 million available in some cases, said Mr. Kaufman. He added that he hopes to have binding authority for up to $10 million in the near future for the umbrella program.

The wholesaler also increased its binding authority limits from its insurers on an errors and omission liability insurance program to $1 million from $500,000, he said.

Mr. Kaufman

And in 1995, Burns & Wilcox expanded its jewelers block program to pawnbrokers and rolled out a non-profit directors and officers liability program, he said.

In addition, Mr. Kaufman said he is hoping to soon obtain binding authority for its growing employment practice liability insurance program. Currently, Burns & Wilcox represents most of the insurers writing this class of business.

Professional liability continues to be a hot spot for Burns & Wilcox as retention levels hit 86%, compared with 60% for all accounts where Burns & Wilcox acts as a broker and 70% for all accounts it serves as a managing general agency.

Outside of the property/casualty programs, Burns & Wilcox's personal lines division also is growing steadily. Currently 16 offices have a separate personal lines department called Service General. The department specializes in programs like personal umbrellas, jewels, entertainment, boats and yachts, and mobile homes, among others, Mr. Kaufman said.

In addition to expanding coverages, Burns & Wilcox continues to grow through geographic expansion, acquisitions and aggressive marketing.

In early 1994, Burns & Wilcox expanded its Encino, Calif., subsidiary and opened offices in Cleveland, Atlanta and Morehead City, N.C. (*BI*, Sept. 26, 1994). And in 1995, it purchased Illinois R.B. Jones, a managing general agency in Chicago that specializes in professional liability, liquor liability and medical administrator classes.

Illinois R.B. Jones will merge with Burns & Wilcox's existing Oakbrook, Ill.-based subsidiary and together they will move to a new Chicago location.

Burns & Wilcox is looking to expand further by acquiring companies or books of business that compliment its branch network. The company is specifically looking to expand in Tennessee and Texas, Mr. Kaufman said.

Burns & Wilcox also adheres to a philosophy of the more people the better.

In 1994, the number of employees increased 15.8% to 426 from 368 the year earlier. The company currently employs 484 people.

As other companies downsize their organizations by laying off people, "we're probably one of the few adding people," said Mr. Kaufman, adding that not only is avoiding poor morale critical to the success of the organization, but the company needs all of its people to perform better.

Mr. Kaufman said that even though the company keeps growing, "we try to keep it as a family corporation, not a distant corporation."

In addition to its acquisition and expansion strategy, Burns & Wilcox aggressively markets its new and existing programs through telemarketing efforts and an in-house marketing department.

Having the marketing department in the home offices means that any news on new or changing programs can be delivered to all the local agencies in a matter of a few days rather than weeks if the task were outsourced, Mr. Kaufman said.

Burns & Wilcox also has its own in-house premium finance operation that is licensed in 31 states. The Royal Premium Budget Inc. unit provides premium financing not only for Burns & Wilcox policies, but also on those placed through other firms.

The wholesaler has its own in-house claims department, of which Mr. Kaufman is especially pleased.

Earlier this summer, when Hurricanes Erin and Felix menaced the East Coast, Burns & Wilcox's claims team was all set up with added staff and adjusters ready to take it on, Mr. Kaufman said. "That's what I call real good service."

Burns & Wilcox is owned by H.W. Kaufman Financial Group Inc., a holding company traded on the American Stock Exchange. Mr. Kaufman is chairman and CEO of the holding company.

Burns & Wilcox placed 58% of its 1994 premium volume as a managing general agent and has binding authority for: Canal Insurance Co.; Century Surety Co.; Colony Insurance Co.; Essex Insurance Co.; First Financial Insurance Co.; General Agents Insurance Co.; Houston General Insurance Co.; syndicates at Lloyds of London; National Indemnity; Nautilus Insurance Co.; Scottsdale Insurance Co.; United National Insurance Co.; U.S. Liability Insurance Co.; and Western World Insurance Co.

The remaining 42% of its 1994 premium volume was generated as a brokerage, doing the most business with: Admiral Insurance Co.; American International Group Inc.; Chubb Corp.; Coregis Group Inc.; Evanston Insurance Co.; First State Management Group; and Interstate National Corp.

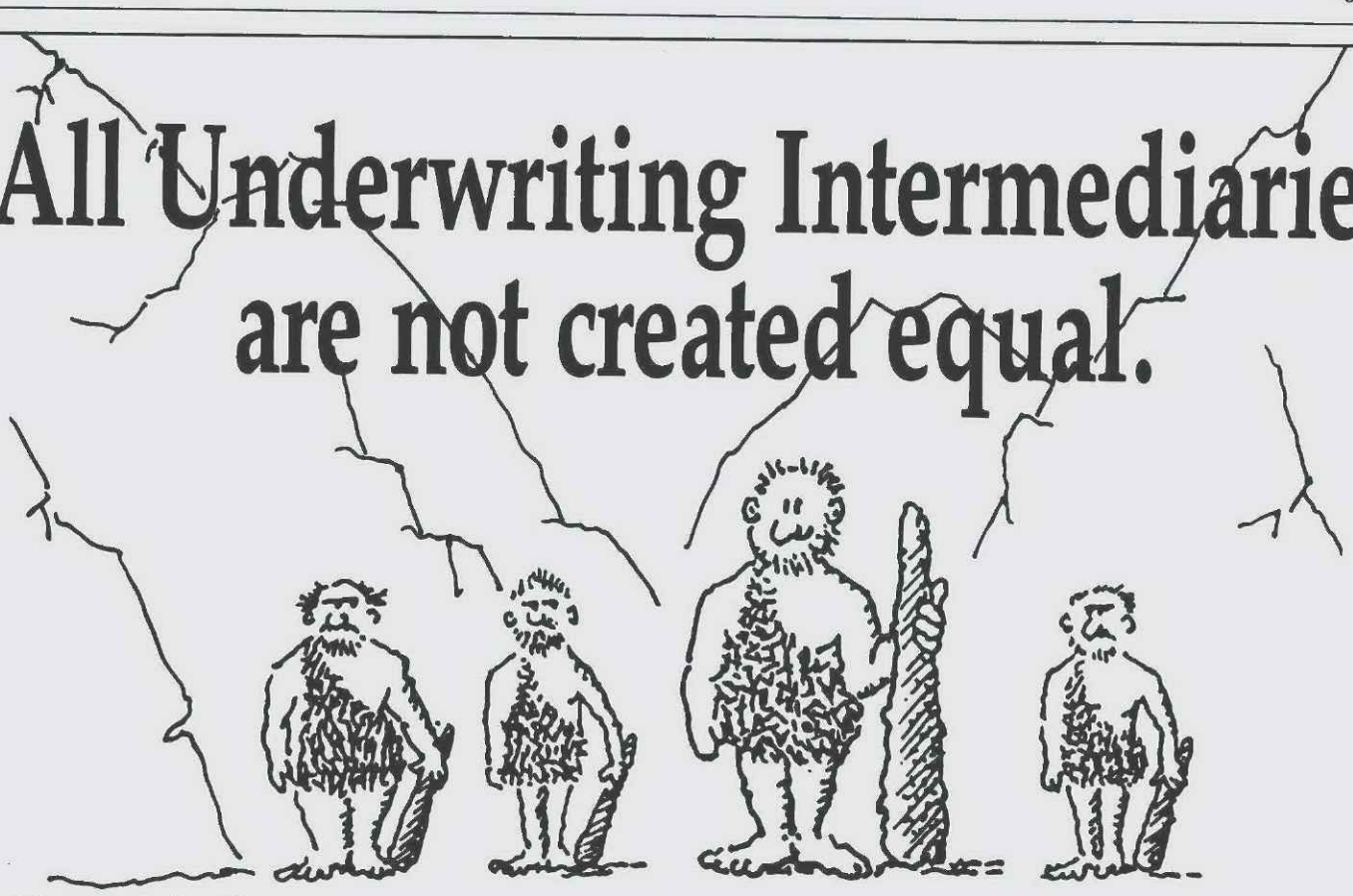
Of its 1994 premium volume, 92% was in commercial lines, and 88% was placed with non-admitted insurers.

In addition to Mr. Kaufman, key Burns & Wilcox staff include: Gerald W. Horton, executive vp; Steve Allen and David Price, senior vps; Brooke Bothe, corporate secretary; and Gerald Wesolowski, corporate controller.

Burns & Wilcox is a member of AAMGA, NAPSLO and the Independent Insurance Agents of America Inc.

—By Sally Roberts

All Underwriting Intermediaries are not created equal.



Special Program Management, Inc.

D&O Liability • Fiduciary/ERISA

We are Underwriting Managers of unique or **hard-to-place Directors and Officers** risks including:

- Firms which have experienced financial or legal problems;
- Companies undergoing change of control, including leveraged buyout (LBO) situations;
- Research and development companies; emerging high-tech firms;
- Companies undergoing Public Offering.

We also provide **Fiduciary/ERISA Liability Insurance,** including coverage for multi-employer/Union Plans.

And now, **General Partners Liability**, primary or excess.

As a Lloyd's correspondent, **Special Program Management Inc.** offers the security of 100% **Lloyd's** certificates on all these programs.

SPMI
SPECIAL PROGRAM MANAGEMENT, INC.

Please contact any one of these professional Surplus Lines organizations for further details:

ARC Excess & Surplus, Inc.
Alexander Howden North America, Inc.
Alexander, Morford & Woo, Inc.
All Risks, Ltd.
The American Agency
American E&S Insurance Brokers New York, Inc.
American X/S Underwriters
A.P.P.L.E., Inc.
Arkansas Surplus Lines
Asset Indemnity Brokerage Corp.
Avreco, Inc.
Bailey Special Risks, Inc.
Bryson Associates Incorporated
Capitol Special Risks
Carpenter Moore Insurance Services, Inc.
Castle Insurance Associates, Inc.
Cincinnati Intermediaries, Inc.
Concord Insurance Brokerage, Inc.
Crump E & S Group (select offices)
Delaware Valley Underwriting Agency, Inc.
Floyd West & Company
HEATH Insurance Brokers, Inc.
International Excess & Treaty Managers Inc.
Jarrett Specialty, Inc.
JIMCOR Agency, Inc.
E.A. Kelley Company of NH, Inc.
LoVullo Associates, Inc
MacDuff Underwriters, Inc.
Market Finders Insurance Corp.
McAlear Associates, Inc.
McFall General Agency, Inc.
Montgomery & Collins, Inc.
N.I.F. Services of New England
North Island Facilities Ltd.
Northeast Insurance, Inc.
Professional Liability Brokers & Consultants, Inc.
Professional Lines Underwriting Specialists, Inc. (PLUS, Inc.)
Quaker Special Risk
A.J. Renner & Associates, Inc.
Seaboard Underwriters, Inc.
S.H. Smith & Company, Inc.
Sobieski & Bradley
Southern Cross Underwriters, Inc.
Sovereign Group International, Inc.
Stewart Smith East, Inc.
Stewart Smith Mid America, Inc.
Stewart Smith Southeast, Inc.
Stewart Smith Southwest, Inc.
Stewart Smith West, Inc.
Swett & Crawford Group
Tri-City Insurance Brokers, Inc.
The Walnut Advisory Corp.
Alexander J. Wayne & Associates
Wood & Company, Inc.
S.H. Zimmerman & Associates, Inc.

AAMGA® ASSOCIATE MEMBER AMERICAN ASSOCIATION OF MANAGING GENERAL AGENTS

+PLUS CORPORATE SPONSOR

525 Washington Boulevard • Jersey City, NJ 07310 • Telephone: (201) 798-5100 • FAX (201) 798-9064

Business Insurance wholesaler directory

A

A.P.P.L.E. (A Preferred Professional Liability Enterprise Inc.)

132 Nassau St., 6th Floor, New York, N.Y. 10038; 212-608-4505; fax: 212-608-4540

	1994	1993
Premium volume.....	$19,500,000	$17,000,000
Employees.....	10	7
Commercial lines	100%	100%
Admitted business ..	40%	30%
Non-admitted	60%	70%

Founded: 1990.
Business: 100% broker.
Broker for: Agricultural Excess & Surplus, American International Surplus Lines Insurance Co., CNA International, Lexington Insurance Co., Lloyd's of London, Reliance Insurance Co. of Illinois, Zurich Re (U.K.) Ltd.
Specialties: Lawyers professional liability, D&O, employment practices liability, nonprofit organization liability.
Officers: Mark F. Diette, chairman/vp; Deborah Gallo DiMarco, president/treasurer.
Contact: Claudia Peneety.
Licensed in: District of Columbia, New Jersey, New York.

ARC Excess & Surplus Inc.

300 Old Country Road, Mineola, N.Y. 11501; 516-747-4100; fax: 516-747-3633

	1994	1993
Premium volume.....	$150,000,000	$140,000,000
Employees.....	35	30
Commercial lines	100%	100%
Admitted business ..	75%	70%
Non-admitted	25%	30%

Founded: 1986.
Business: 5% managing general agent, 95% broker.
MGA for: CNA Insurance Group, The Connecticut Indemnity Co., Gulf Insurance Co.
Broker for: Admiral Insurance Co., The Aetna Casualty & Surety Co., Agricultural Excess & Surplus Insurance Co., American Alliance Insurance Co., CNA Insurance Cos., The Connecticut Indemnity Co., Executive Re Indemnity Inc., Evanston Insurance Co., Federal Insurance Co., Fireman's Fund Insurance Co., Great American Insurance Co., Gulf Insurance Co., Lexington Insurance Co., Lloyd's of London, National Union Fire Insurance Co. of Pittsburgh, Pa., Old Republic Insurance Co., RLI Insurance Co., Reliance Insurance Co., Royal Insurance Co. of America, Zurich American Insurance Co.
Branches: Houston.
Subsidiaries: ARC Consulting Group Inc., ARC Special Risks Inc., Preferred Risk Facilities Inc.
Specialties: D&O, fiduciary liability, lawyers professional liability, union fiduciary liability, fidelity.
Officers: Albert L. Salvatico, Richard A. Fierstein, Christopher J. Cavallaro, John Semeraro, Robert H. Goodman, Vikki Robinson, Michael Cavallaro, Mark N. Campson, Robert B. Drew.
Licensed in: New Jersey, New York, Pennsylvania, Texas.
Membership: NAPSLO.

ARI Insurance Services

P.O. Box 8865, Calabasas, Calif. 91372-8865; 818-591-1598; fax: 818-591-0657

	1994	1993
Premium volume.....	$10,000,000	$6,000,000
Gross revenues.....	$700,000	$400,000
Employees.....	10	6
Commercial lines	100%	100%
Admitted business ..	15%	20%
Non-admitted	85%	80%

Founded: 1983.
Business: 60% managing general agent, 40% broker.
MGA for: Nautilus Insurance Co., Sphere Drake Insurance Co. P.L.C.
Broker for: Alliance General Insurance Co., Britamco Underwriters Inc., Evanston Insurance Co.
Branches: Long Beach, Martinez and San Jose, Calif.
Subsidiaries: JFW Inc.
Specialties: Liability and property coverage for contractors, restaurants, car washes, motels, bars and taverns.
Officers: Joe Weckerle Sr., Joe Weckerle Jr., Joyce Weckerle, Laura Weckerle, M. Melvin.
Contact: Joe Weckerle Sr.
Licensed in: California.
Membership: NAPSLO.

Affiliated General Insurance Agency Inc.

10200 Riverside Drive, Suite 205, North Hollywood, Calif. 91602; 818-760-6696; fax: 818-760-6878

	1994	1993
Premium volume.....	$3,000,000	$3,500,000
Gross revenues.....	$500,000	$500,000
Employees.....	8	8
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1930.
Business: 100% managing general agent.
MGA for: General Star Indemnity Co.
Specialties: Business E&O.
Officers: Vincent Nussio, president/owner.
Contact: Judy Hardy.
Licensed in: All 50 states.

Agency Marketing Services Inc.

130 Pinellas Way N., St. Petersburg, Fla. 33710; 813-384-1036; fax: 813-343-4123

	1994	1993
Premium volume.....	$18,000,000	$15,000,000
Employees.....	12	11
Commercial lines	100%	100%
Admitted business ..	50%	50%
Non-admitted	50%	50%

Founded: 1982.
Business: 50% managing general agent, 50% broker.
Specialties: Professional liability, D&O.
Officers: Kevin Schuck, president; Tim Hoelle, Bryon Chenell, Mark Saunders, vps.
Contact: Sheila Londo, marketing.
Licensed in: Florida.
Membership: NAPSLO.

Alexander Howden North America Inc.

200 Northcreek, suite 800, 3715 Northside Parkway N.W., Atlanta, Ga. 30327; 404-240-5200; fax: 404-240-5393

	1994	1993
Premium volume.....	$438,739,212	$419,436,205
Gross revenues.....	$28,266,442	$25,558,492
Employees.....	202	205
Commercial lines	100%	100%
Admitted business ..	85%	80%
Non-admitted	15%	20%

Founded: 1968.
Parent: Alexander & Alexander Services Inc.
Business: 23% managing general agent, 77% broker.
MGA for: Scottsdale Insurance Co., Zurich American Insurance Co. of Illinois.
Broker for: American International Group Inc., Crum & Forster Inc., First State Insurance Co., Gerling America Insurance Co., Lloyd's of London, Royal Specialty Underwriters Inc., Scottsdale Insurance Co., St. Paul Surplus Insurance Co., United National Insurance Co., Zurich Insurance Co.
Lloyd's of London coverholder.
Branches: Newport Beach and Pasadena, Calif.; Chicago; Ramsey, N.J.; New York; Dallas and Houston.
Officers: Dan Osterhout, president/CEO; Bruce E. Harrell, executive vp/COO; Jerriann Pope, senior vp/CFO; John Marlborough, COO-Alexander Howden Energy; Martin Luys, executive vp-Alexander Howden Energy.
Contact: Bruce Harrell, 404-240-5245.
Licensed in: California, Georgia, Illinois, Massachusetts, New Jersey, New York, Ohio, Texas, Virginia. (Working arrangements in all states for placement of non-admitted business.)
Membership: AAMGA.

All American Agency Facilities Inc.

8060 165th Ave. N.E., Redmond, Wash. 98052; 206-885-5959; fax: 206-867-5051

	1994	1993
Premium volume.....	$31,000,000	$31,500,000
Gross revenues.....	$3,000,000	$3,180,000
Employees.....	45	42
Commercial lines	98%	98%
Admitted business ..	38%	50%
Non-admitted	62%	50%

Business: 55% managing general agent, 45% broker.
MGA for: American Empire Surplus Lines, American Modern Home Insurance Co., Calvert Insurance Co., Canal Insurance Co., Capitol Indemnity Co., Carolina Casualty Co., GAINSCO County Mutual Insurance Co., Great Divide Insurance Co., Guaranty National Insurance Co., Scottsdale Insurance Co., Union American Insurance Co., Colony Insurance Co., Western World Insurance Co.
Broker for: Admiral Insurance Co., Alliance General Insurance Co., American Custom Insurance Services Inc., American International Group Inc., Crum & Forster Inc.,

Continued on next page

READER REPLY SERVICE

PRODUCTS & SERVICES LISTING

Issue of September 11

Reader Service #	Advertiser	Page #
1	Acceptance Insurance Group	18
2	Acstar Insurance	84
—	Admiral Insurance	20
3	AIG/Claim Services	35
—	AIG Corporate	67
4	Alexander & Alexander	51
5	Alexsis Incorporated	16-17
—	Allied Insurance Brokers	80
6	American Custom Insurance Co.	38
7	American Excess	28
—	American Physical Therapy	46
8	American Re-Insurance Co.	32-33
9	Ameritas Life Insurance Co.	55
10	Brownyard Group	60
11	Burnham Systems	79
12	Burns & Wilcox, Ltd.	48
—	Business Insurance	21,40-41
13	Carvill America, Inc.	36
—	Chubb Group of Insurance Co.	45
14	Claim Services Resource	79
15	Claims Overload Systems	54
—	CNA/Excess & Select	25
—	Connecticut Specialty Group	49
16	Conning & Company	44
17	Continental Underwriters	56
18	Crawford & Company	71
19	CRC	69
20	Crump E & S Group	62
21	Delaware Valley Underwriters	62
22	ECS Underwriting Inc.	19
23	Executive Risk Mgmt Assoc.	47
—	Fireman's Fund	7
—	First State Management Group	50
—	GE Capital Assignment Corp.	24
—	General Accident Ins.	53
24	General Star Management	29
25	G & M Maraine Incorporated	68
—	Gresham Associates	52
26	Hertz Claim Management	5
27	Illinois Insurance Exchange	6
28	Int'l. Found. of Empl. Ben.	48
—	Jefferson Insurance Group	72
—	Keycorp Management	42A-42D
29	Lexington Insurance	10-11
30	Liberty Mutual	57
—	Management Cybernetics Intl.	66
31	Media/Professional Ins.	30
32	Met Disability	37
—	Mid-Continent General Agency	42
—	Montgomery & Collins	70
33	National Reinsurance	39
34	Penn America Insurance	54
—	Professional Safety Consulting	79
35	Pyramid Services Inc.	79
—	Quantum Consultants	62
36	Reliance National	13
37	Rental Tools & Equipment	79
—	Right Rx, The	68
38	RLI Corp.	43
39	Royal Insurance	22-23
40	SBPA Systems, Inc.	79
—	Scottsdale Insurance Company	27
41	Shand Morahan & Co.	42
—	Southern Marine & Aviation	58
—	Special Program Mgmt Inc.	63
42	Stewart Smith Group	61
43	Swett & Crawford Group	34
44	Swiss Re America	31
45	Tennant Risk Services	49
46	Thomas Howell	59
—	TIG Insurance	14-15
47	Toplis & Harding	73
—	Towers Perrin	65
—	Travis Software	58
48	Tri-Star Insurance Services	56
49	United National Group	4
50	U.S. Risk Underwriters, Inc.	44
—	Western World Insurance	60
—	WFT Insurance Brokers Ltd.	36
51	WLT Software of FL., Inc.	79
52	ZRC	9

READER SERVICE

To obtain free information on the products and services advertised, turn to our post-paid Reader Service Reply Card bound in this issue, or complete the coupon below and mail to:

BUSINESS INSURANCE
Reader Service Center
650 So. Clark St., 6th Fl.
Chicago, IL 60605-1702

Business Insurance

FREE LITERATURE FOR READERS

Issue Date: SEPTEMBER 11, 1995
Card Expiration: NOVEMBER 6, 1995

All questions must be answered to process inquiries.

PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

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

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

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

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

5. Do you now receive a personally addressed copy of *Business Insurance*?
A ❑ Yes
B ❑ No, so please send subscription info

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the **September 11, 1995** issue. Cards with more than 20 items circled will not be processed. This card expires **November 6, 1995.**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

Please print clearly

Name _____
Title _____
Company _____
Address _____
City _____ State _____ Zip _____
Phone ( ) _____

Continued from previous page

General Star Management Co., Great American Insurance Co., Shand Morahan, Transamerica Insurance Co., United National Insurance Co., Zurich Insurance Group.

Lloyd's of London coverholder.

Branches: Denver; Jackson, Miss.

Subsidiaries: Commercial General Agency Inc., Jacksonville, Fla.; Charlotte, N.C.; Diversified X/S Underwriters, Lincoln, Neb.

Specialties: Casualty and commercial transportation.

Officers: H. Raymond Lankford Jr., president; Irvin Wolf III, Robert L. McGrew, senior vps; Kenneth R. Baker, David C. Cregger, vps.

Contact: H. Raymond Lankford Jr., 206-885-5959 or Robert L. McGrew, 303-337-4355.

Licensed in: Colorado, Florida, Mississippi, Nebraska, North Carolina, Virginia, Washington.

Membership: AAMGA, NAPSLO.

Directory explained

The annual *Business Insurance* directory of wholesale marketers lists underwriting managers, managing general agents and surplus lines brokers that responded to a *BI* questionnaire.

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

Listings begin with the company name, address, telephone and facsimile numbers.

Companies were asked for **premium volume**, **gross revenues** (defined as commissions and fees after commissions to producers, including investment income and contingent commissions), **number of employees** and percent of premiums that are **commercial lines** and percent of premium volume placed with **admitted** and **non-admitted insurers**.

Business specifies the percent of premium volume placed in the market as an underwriting manager, managing general agent and as a wholesale broker. Companies acting as underwriting managers listed companies for which they have underwriting authority. Managing general agents gave the names of companies for which they have binding authority, while brokers supplied names of companies with which they place the most business. If a company is listed as a coverholder for Lloyd's of London, the company holds the authority to either bind and/or issue insurance documentation on behalf of a Lloyd's underwriter.

BI defines an underwriting manager as a company that handles all the affairs of the insurance company, including underwriting, reinsurance and claims, with the possible exception of investments.

A managing general agent is defined as having underwriting authority for an insurer, which includes the ability to determine rates on individual risks; it can bind and issue policies on behalf of the insurer. The managing general agent may or may not have reinsurance and claims supervision authority related to the insurance it has written.

A broker places business with markets but has no underwriting authority or binding authority without approval of the insurer.

Following the financial information, the year founded and parent company (if any) are noted. Locations of **branch offices and subsidiaries**, specialties (any commercial risk that comprises 25% or more of the company's annual premium volume) and **principal officers** are also noted. A contact at the company for those wishing further information is also given.

States in which the company is licensed to do business as an excess/surplus lines broker and memberships in either of the two national surplus lines organizations—the American Assn. of Managing General Agents (AAMGA) and the National Assn. of Professional Surplus Lines Offices (NAPSLO)—as well as state surplus lines organizations are included.

In addition to this directory of wholesale marketers, a listing of excess and surplus lines insurers begins on page 38.

Although *BI* makes every effort to publish complete and accurate information, we are unable to verify all figures.

All Risks Ltd.

1020 Cromwell Bridge Road, Towson, Md. 21286; 410-828-5810; fax: 410-828-8179

	1994	1993
Premium volume.....	$37,000,000	$30,000,000
Employees.....	58	56
Commercial lines	93%	90%
Admitted business ..	65%	65%
Non-admitted	35%	35%

Founded: 1966.

Business: 80% managing general agent, 20% broker.

MGA for: Acceptance Insurance Co., Canal Insurance Co., Century Surety Co., Colony Insurance Co., Essex Insurance Co., GAINSCO County Mutual Insurance Co., Guaranty National Insurance Co., Houston General Insurance Co., Mount Vernon Fire Insurance Co., National Indemnity Co., Northland Insurance Co., Quaker City Insurance Co., Scottsdale Insurance Co.

Broker for: Admiral Insurance Co., Alliance General Insurance Co., Chubb National Insurance Co., Fireman's Fund Insurance Co., First Oak Brook Corp. Syndicate, First State Insurance Co., The Home Insurance Co., Investors Insurance Co. of America, Landmark Insurance Co., Reliance National Insurance Co., Shand Morahan, Westchester Fire Insurance Co., Zurich-American Insurance Co.

Branches: Cleveland; York, Pa.; Richmond, Va.

Subsidiaries: Skipjack Finance Co.

Specialties: Commercial auto, public transportation, trucking, security guards.

Officers: William J. Salladin, CEO; Marti Dickinson, president; Nick Cortezi, executive vp; Rex Regan, Nick Croce, vps.

Contact: Nick Cortezi.

Licensed in: District of Columbia, Maryland, North Carolina, Ohio, Pennsylvania, Virginia.

Membership: AAMGA, NAPSLO.

Alternative Risk & Insurance Concepts Agency Inc. (ARIC)

2360 Fifth Ave., Mandeville, La. 70471; 800-947-7475; fax: 504-624-3971

	1994	1993
Premium volume.....	$11,000,000	$4,000,000
Gross revenues.....	$1,000,000	$800,000
Employees.....	16	14
Commercial lines	90%	80%
Admitted business ..	70%	60%
Non-admitted	30%	40%

Founded: 1990.

Business: 40% managing general agent, 60% broker.

MGA for: Adriatic Insurance Co., American Bankers Insurance Co., U.S. Capital Insurance Co.

Broker for: Gulf Insurance Co., Illinois Insurance Exchange, Midwest Employers Casualty Co., Reliance Insurance Co., Safety National Casualty Corp.

Branches: Dallas.

Specialties: Excess workers compensation, commercial auto.

Officers: Donald E. Casse, president/CEO; Todd Richard, director.

Contact: Donald E. Casse.

Licensed in: Georgia, Louisiana, Texas.

Membership: NAPSLO.

American E&S Insurance

40 Fulton St., 15th Floor, New York, N.Y. 10038; 212-619-4220; fax: 212-766-1019

	1994	1993
Premium volume.....	$77,500,000	$66,700,000
Employees.....	55	54
Commercial lines	100%	100%
Admitted business ..	59%	58%
Non-admitted	41%	42%

Founded: 1980.

Parent: Acordia Inc.

Business: 24% managing general agent, 76% broker.

MGA for: Gulf Insurance Co.

Broker for: American Premier Insurance Co., First State Insurance Co., RLI Insurance Co., Ranger Insurance Co., Royal Specialty, Scottsdale Insurance Co., The Travelers Group.

Lloyd's of London coverholder.

Branches: San Francisco; Seminole, Fla.; Dallas; Houston.

Specialties: Property and difference in conditions, casualty, products and excess liability, public entity liability, moving and storage.

Officers: Roger S. Walsh, president; Ramona Olszewski, CFO; Richard Davis, Jane Vandervelde, senior vps.

Contact: Roger S. Walsh.

Licensed in: California, Florida, New Jersey, New York, Texas.

Membership: AAMGA, NAPSLO.

American Excess Insurance Assn.

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

	1994*	1993*
Premium volume.....	$44,018,000	$41,047,096
Employees.....	21	21
Commercial lines	100%	100%

Continued on next page

THE FIFTH

World Captive Forum

HORIZONS

October 29 — November 1, 1995

Innisbrook Resort

Tarpon Springs, Florida

This three-day conference dedicated solely to captive insurance company issues will allow current and future captive users to meet with colleagues and a broad spectrum of experts who serve captive insurance company needs — both in formal conference settings and in one-on-one meetings during the Exhibitors' Showcase.

The **World Captive Forum** offers attendees unique access to experts who can answer pressing questions and offer new insights into the use of captive insurers.

For information, fax Eileen Callahan Wroe at 914-745-4620.

Sponsored by:

Business Insurance.

Skandia International Risk Management/SIMSER

Towers Perrin

Continued from previous page

	1994	1993
Admitted business ..	100%	100%

* Fiscal years ending 12/1.

Founded: 1986.
Business: 100% managing general agent.
MGA for: The Aetna Casualty & Surety Co., Continental Casualty Co., Continental Insurance Co., Employers Reinsurance Corp., Federal Insurance Co., Fireman's Fund Insurance Co., General Accident Insurance, General Star National Insurance Co., Indemnity Insurance Co. of North America, NAC Reinsurance Corp., North American Specialty Insurance Co., St. Paul Fire and Marine Insurance, The Travelers Indemnity Co., Zurich American Insurance Co. (U.S. branch).
Lloyd's of London coverholder.
Branches: New York.
Specialties: Excess third-party liability.
Officers: J. Mangan, president; C.N. Greene, M.J. St. Peirre, C.E. Stevens, vps; N. Colgan, secretary.
Contact: William C. Hall.
Claims services provided by Aetna Casualty & Surety.

American Insurance Marketing Services Inc.

205 W. Randolph, Suite 1320, Chicago, Ill. 60606-1814; 312-201-8333; fax: 312-201-8818

	1994	1993
Premium volume.....	$10,000,000	$5,600,000
Gross revenues.....	$525,000	$315,000
Employees.....	4	4
Commercial lines	100%	100%
Admitted business ..	93%	90%
Non-admitted	7%	10%

Founded: 1987.
Business: 100% broker.
Broker for: American International Group Inc., Mt. Airy Insurance Co., SCOR Reinsurance Co.
Specialties: Public entity liability, difference-in-conditions (earthquake and flood), excess workers compensation, reinsurance of pools and groups.
Officers: John P. Middleton, president.
Contact: John P. Middleton.
Licensed in: Illinois, Mississippi, Oklahoma, Wisconsin.
Membership: NAPSLO.

Anderson & Murison Inc.

800 W. Colorado Blvd., Los Angeles, Calif. 90041-1704; 213-255-2333; fax: 213-255-0957

	1994	1993
Gross revenues.....	$3,791,624	$2,933,447
Employees.....	39	33
Commercial lines	55%	65%
Admitted business ..	45%	35%
Non-admitted	55%	65%

Founded: 1965.
Business: 85% managing general agent, 15% broker.
MGA for: Acceptance Insurance Co., American Empire Surplus Lines Insurance Co., American Reliable Insurance Co., Colonia Insurance Co., Commercial Underwriters Insurance Co., First Financial Insurance Co., Jefferson Insurance Co., Western World Insurance Co.
Broker for: First State Insurance Co., Media Professionals.
Lloyd's of London coverholder.
Officers: David F. Anderson, chairman; Horst L. Lechler, president; Sorn Harn, vp.
Contact: David F. Anderson.
Licensed in: California.
Membership: AAMGA, NAPSLO.

Arlington/Roe & Co. Inc.

8465 Keystone Crossing, Suite 100, Indianapolis, Ind. 46240; 317-257-9123; fax: 317-259-4106

	1994	1993
Premium volume.....	$16,818,312	$15,282,114
Gross revenues.....	$1,612,149	$1,700,385
Employees.....	32	30
Commercial lines	63%	58%
Admitted business ..	70%	70%
Non-admitted	30%	30%

Founded: 1964.
Business: 65% managing general agent, 35% broker.
MGA for: American Modern Home Insurance Co., Capitol Indemnity Corp., Century Surety Co., Empire Fire & Marine Insurance Co., Foremost Insurance Co., Guaranty National Insurance Co., Market American Insurance Co., Markel Insurance Co., Midwest Mutual Insurance Co., National Indemnity Co., Northfield Insurance Co., Northland Insurance Co., United States Liability Insurance Co., Universal Underwriters Insurance Co., Western Heritage Insurance Co., Western World Insurance Co., United States Liability Insurance Co.
Broker for: Aetna Casualty & Surety Co., Alliance General Insurance Co., American Eagle Insurance Co., American Empire Surplus Lines Insurance Co., American International Specialty Lines Insurance Co., Associated Aviation Underwriters, Casualty Insurance Co., Chubb Custom Insurance Co., Coregis Indemnity Co., Employers Reinsurance Corp., Evanston Insurance Co., Executive Risk Indemnity Co., Fireman's Fund Insurance Co., First State Insurance Co., General Star Indemnity Co., Great American Insurance Co., Illinois Insurance Exchange, Lexington Insurance Co., National Casualty Co., RLI Insurance Co., Reliance Insurance Co., Royal Indemnity Co., Scottsdale Insurance Co., Tudor Insurance Co., United National Insurance Co., United States Aircraft Insurance Group.
Lloyd's of London coverholder.
Branches: Arlington/Roe of Kentucky Inc., Louisville, Ky.
Specialties: Mobile home/recreational vehicles, aviation, professional liability, E&O, D&O.
Officers: James A. Roe, president; Allen J. Grau, Kurt Behrman, executive vps; Teri Reynolds, Janet Phillips, vps.
Contact: James A. Roe.
Licensed in: Indiana.
Membership: AAMGA, NAPSLO.

Atlanta Insurance Broking Services Inc.

53 Perimeter Center E., Suite 320, Atlanta, Ga. 30092; 404-671-9135; fax: 404-671-9270

	1994	1993
Premium volume.....	$12,000,000	$7,000,000
Employees.....	5	4
Commercial lines	100%	100%
Admitted business ..	20%	15%
Non-admitted	80%	85%

Founded: 1991.
Business: 100% broker.
Specialties: Marine and energy-related businesses.
Officers: Jonathan R. Smyth, president; Linda R. Doiron, Joseph P. Sanchez, vps.
Contact: Jonathan R. Smyth.
Licensed in: Georgia.
Membership: NAPSLO.

Aviation Insurance Services

333 N. Rancho Drive, Suite 400, Las Vegas, Nev. 89106; 702-647-2333; fax: 702-647-5433

	1994	1993
Premium volume.....	$12,000,000	$11,360,000
Gross revenues.....	$3,471,000	$3,075,000
Employees.....	18	23
Commercial lines	99%	98%
Admitted business ..	60%	60%
Non-admitted	40%	40%

* Fiscal years ending 6/30.

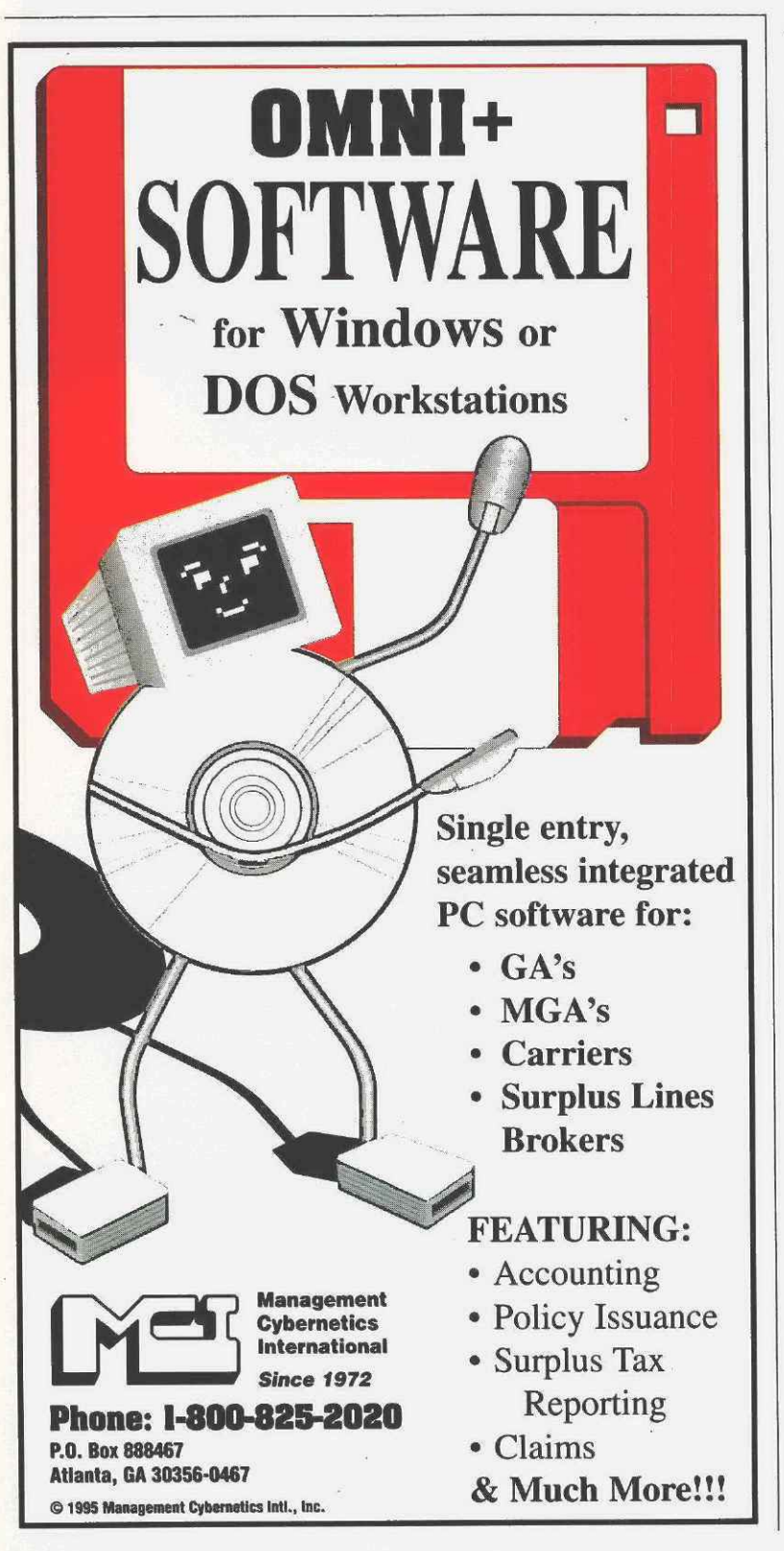
Founded: 1977.
Parent: Aviation Insurance Holdings Inc.
Business: 5% managing general agent, 95% broker.
Lloyd's of London coverholder.
Branches: Glendale, Calif.; Salt Lake City.
Specialties: Helicopters, FBOs, airlines, manufacturers' products and foreign risks.
Officers: Ronald A. Hill, chairman/CEO; Richard R. Gorsuch, vice chairman; Leslie C. DeWald, president-Utah; Michael S. German, Carl Baldey, senior vps.
Contact: Richard R. Gorsuch.
Licensed in: Alaska, California, Nevada, Utah, Washington.

AVRECO Inc.

10 S. LaSalle, Chicago, Ill. 60603; 312-340-6101; fax: 312-580-0126

	1994	1993
Premium volume.....	$83,000,000	$83,000,000
Gross revenues.....	$4,900,000	$4,700,000
Employees.....	40	40
Commercial lines	100%	100%
Admitted business ..	40%	35%
Non-admitted	60%	65%

Founded: 1962.
Parent: Cameron General.
Business: 2% underwriting manager, 3% managing general agent, 95% broker.
Underwriting manager for: Reliance National Insurance Co.
Broker for: Admiral Insurance Co., Agricultural Insurance Co., CNA Insurance Cos., Chubb Custom Insurance Co., Employers Re Group, Evanston Insurance Co., First Specialty Insurance Corp., Interstate Fire & Casualty Co., Lexington Insurance Co., National Union Fire Insurance Co., Pacific Insurance Co., Travelers Group.
Lloyd's of London coverholder.
Branches: New York.
Specialties: Hospital professional liability.
Officers: Fred Pearson, president; William Yurek, executive vp; Ben Heyman, CFO.
Contact: William Yurek.
Licensed in: Illinois, New Jersey, New York.
Membership: NAPSLO.



B

F.B. Beattie & Co. Inc.

1601 Fifth Ave., Suite 1500, Seattle, Wash. 98101-1642; 206-622-4040; fax: 206-624-5975

	1994	1993
Premium volume.....	$150,000,000	NA
Employees.....	140	173
Commercial lines	98%	98%
Admitted business ..	70%	65%
Non-admitted	30%	35%

Founded: 1976.
Parent: General America Corp., a SAFECO Insurance Group holding company.
Business: 100% managing general agent.
MGA for: Essex Insurance Co., Evanston Insurance Co., First National Insurance Co. of America, General Insurance Co. of America, Great American Insurance Co., Northland Insurance Co., SAFECO Surplus Lines Insurance Co.
Lloyd's of London coverholder.
Branches: Orange, Calif.; Atlanta; Chicago.
Officers: Cal B. Rees, president/CEO; Don Anderson, senior vp; Barbara Campbell; Meg Bratz, vps.
Contact: Terry Sumner.
Licensed in: Alaska, California (F.B. Beattie Insurance Services Inc.), District of Columbia, Georgia, Illinois, Minnesota, Montana, Utah, Virginia, Washington.
Membership: NAPSLO.
Support services, including processing, claims, actuarial and state filing services, are provided by SAFECO for business placed through SAFECO companies.

J.H. Blade & Co. Inc.

1800 Bering Drive, Suite 1000, Houston, Texas 77057; 713-780-8770; fax: 713-780-2851

	1994	1993
Premium volume.....	$85,500,000	$85,000,000
Employees.....	42	47
Commercial lines	100%	100%
Admitted business ..	2%	5%
Non-admitted	98%	95%

Founded: 1952.
Parent: Aon Corp.
Business: 90% managing general agent, 10% broker.
Lloyd's of London coverholder.
Branches: Crescent Underwriting Services, Houston.
Specialties: Energy.
Officers: Charles L. Bailey, president; Richard J. Martin, George F. Howard, senior vps; Ben Verdina, treasurer.
Contact: Charles L. Bailey.
Licensed in: Texas.
Membership: NAPSLO.

Bliss & Glennon Inc.

21307 Hawthorne Blvd., Suite 200, Torrance, Calif. 90503; 310-316-8336; fax: 310-316-6255

	1994	1993
Premium volume.....	$23,000,000	$21,000,000
Gross revenues.....	$3,210,000	$2,709,604
Employees.....	41	32
Commercial lines	90%	90%
Admitted business ..	70%	80%
Non-admitted	30%	20%

Founded: 1966.
Business: 70% managing general agent, 30% broker.
MGA for: American Equity Insurance Co., First Financial Insurance Co., Nautilus Insurance Co., Penn-America Insurance Co., Twin City Fire Insurance Co.
Broker for: Admiral Insurance Co., Commercial Underwriters Insurance Co., Investors Insurance Co., Pacific Insurance Co.
Lloyd's of London coverholder.
Branches: Morgan Hill and San Diego, Calif.
Officers: Robert P. Abramson, president; Corinne Jones, senior vp; Carol Abramson, Patrick Martin, vps.
Contact: Robert P. Abramson.
Licensed in: California.
Membership: AAMGA, NAPSLO.

Bohrer Croxdale & McAdoo Inc.

P.O. Box 2760, Springfield, Mo. 65801-2760; 417-869-2550; fax: 417-869-5102

	1994	1993
Premium volume.....	$11,500,000	$11,500,000
Employees.....	28	28
Commercial lines	100%	100%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Founded: 1977.
Business: 85% managing general agent, 15% broker.
MGA for: Calvert Insurance Co., Empire Fire & Marine Insurance Co., GAINSCO County Mutual Insurance Co., Northland Insurance Cos., National Casualty Co., Occidental Fire & Casualty Co., Scottsdale Insurance Co.
Broker for: Chubb Insurance Co., Fireman's Fund Insurance Co., First State Management Co., General Star Indemnity Co., Homestead Insurance Co., Illinois Insurance Exchange, Lloyd's Underwriters, Tudor Insurance Co.
Officers: Yvonne S. Bohrer, president; Sydney T. Croxdale, vp; Sidney M. McAdoo, secretary/treasurer.
Contact: Yvonne Bohrer or Sidney McAdoo.
Licensed in: Kansas, Missouri.
Membership: AAMGA, NAPSLO.

Russell Bond & Co.

866 Ellicott Square Building, Buffalo, N.Y. 14203-2595; 800-333-7226; fax: 716-856-0403

	1994*	1993*
Premium volume.....	$16,700,000	$12,000,000
Gross revenues.....	$1,153,409	$965,000
Employees.....	19	16
Commercial lines	100%	100%
Admitted business ..	73%	80%
Non-admitted	27%	20%

* Fiscal years ending 3/31.

Founded: 1950.
Business: 29% managing general agent, 71% broker.
MGA for: Colonia Insurance Co., Coregis Insurance Co., National Casualty Co., United States Liability Insurance Co.
Broker for: American International Group Inc., Admiral Insurance Co., Chubb Insurance Co., Evanston Insurance Co., First State Management Co., General Star Management Co., Gulf Insurance Co., Lexington Insurance Co., Reliance National Risk Specialists.
Lloyd's of London coverholder.
Subsidiaries: Environmental Liability Managers Inc., Buffalo, N.Y.
Specialties: Excess workers compensation, excess employers liability, D&O, E&O, professional liability, public entity, excess general liability, excess product liability, environmental.
Officers: Kurt C. Bingeman, president/treasurer; Gary A. Hollederer, vp/general manager; Mark M. Palisano, vp-finance/administration; Alan A. Hall, senior vp.
Contact: Kurt C. Bingeman.
Licensed in: New York.
Membership: AAMGA, NAPSLO.

Brown & Riding Insurance Services Inc.

4221 Wilshire Blvd., Los Angeles, Calif. 90010; 213-930-1321; fax: 213-930-1327

	1994*	1993*
Premium volume.....	$30,277,985	$28,314,062
Employees.....	18	17
Commercial lines	100%	100%
Admitted business ..	85%	85%
Non-admitted	15%	15%

* Fiscal years ending 3/31.

Founded: 1980.
Business: 100% broker.
Broker for: American International Group, General Security Insurance Co., RLI Insurance Co., Royal Insurance Co. of America, Westchester Specialty Group.
Branches: San Mateo, Calif.
Subsidiaries: Brown & Riding Insurance Services of Southern California Inc.
Specialties: Excess casualty.
Officers: B. Peter Brown, chairman; Chris A. Brown, president; Celia McDonnell, senior vp; Ramon C. Howing, Ravi Chopra, vps.
Contact: Chris Brown.
Licensed in: California.
Membership: NAPSLO.

Geo. F. Brown & Sons Inc.

55 E. Monroe St., Suite 3210, Chicago, Ill. 60603; 312-456-5000; fax: 312-977-0828

	1994	1993
Premium volume.....	$55,053,000	$46,282,000
Gross revenues.....	$5,690,000	$4,911,000
Employees.....	46	42
Commercial lines	65%	68%
Admitted business ..	97%	96%
Non-admitted	3%	4%

Founded: 1912.
Parent: Interstate National Corp., a subsidiary of Fireman's Fund Insurance Cos.
Business: 90% managing general agent, 10% broker.
MGA for: Chicago Insurance Co., Continental Casualty Co. (CNA), Interstate Fire & Casualty Co.
Subsidiaries: Automobile Insurance Services, Oakland, Calif.; Lenders Insurance Services, Dallas.
Specialties: Non-standard auto, realtors' E&O, liquor liability.
Officers: Patrick S. O'Flynn, president; Mark J. Strong, senior vp; David J. Miretzky, vp-operations; Douglas A. Campbell, vp-marketing.
Contact: Douglas A. Campbell.
Licensed in: California, Illinois, New York, Texas.
Membership: AAMGA, NAPSLO.
Support services, including legal, accounting and MIS services, are provided by parent company.

W. Brown & Associates Insurance Services

4675 MacArthur Court, Suite 770, Newport Beach, Calif. 92660; 714-851-2060; fax: 714-851-2155

	1994	1993
Premium volume.....	$27,508,762	$25,588,525
Employees.....	26	25
Commercial lines	100%	100%
Admitted business ..	45%	45%
Non-admitted	55%	55%

Founded: 1987.

Continued on page 68

Attention Insurance Agents

Does your insurance carrier have a limited line of products that often fail to meet the needs of your clients?

Are you and your clients concerned about the financial strength—and ratings—of your insurance carrier?

If the answer to either question is YES, you should know that AIG has organized a special regional company network that can service your clients' needs.

The AIG companies offer a wide range of insurance products and services backed by unmatched financial strength and triple-A ratings from the major ratings services.

To find out more, contact AI Express at 1-800-228-8244 or the regional AIG company nearest you.

East
New Hampshire Insurance Co.
1-212-770-6669

Midwest
Illinois National Insurance Co.
1-312-930-2190

West & Pacific
American International
Pacific Insurance Co.
1-206-344-3200

South
American International
South Insurance Co.
1-704-347-6600

Gulf States
Audubon Insurance Co.
1-800-274-9830

AIG **World leaders in insurance and financial services.**
American International Group, Inc., 70 Pine Street, Dept. A, New York, NY 10270

Continued from page 66

Business: 70% managing general agent, 30% broker.

MGA for: Empire Fire & Marine Insurance Co., GAINSCO County Mutual Insurance Co., National Casualty Co., Reliance National Indemnity Co., Scottsdale Insurance Co.

Broker for: Acceptance Insurance Co., Admiral Insurance Co., Alpine Insurance Co., Pacific Insurance Co., RLI Insurance Co.

Subsidiaries: W. Brown & Associates Property & Casualty Insurance Services.

Officers: William Brown, CEO; Scott Brown, president-aviation; John Krebs, president-property/casualty; Brian English, Vince Zimmerer, executive vps.

Contact: John Krebs.

Licensed in: California.

Membership: AAMGA, NAPSL.

Bryson Associates Inc.

100 West Ave., Beaver Hill S., Jenkintown, Pa. 19046; 215-576-1500; fax: 215-884-2896

	1994	1993
Premium volume.....	**$78,000,000**	$66,096,000
Gross revenues.....	**$6,000,000**	$4,800,000
Employees.....	**45**	39
Commercial lines	**100%**	100%
Admitted business ..	**68%**	68%
Non-admitted	**32%**	32%

Founded: 1977.

Parent: Aon Risk Services.

Business: 1% managing general agent, 99% broker.

Broker for: Admiral Insurance Co., Aetna Casualty Co., American Empire Insurance Co., Associated International Insurance, Chubb Custom Insurance Co., CIGNA Corp., CNA Insurance Cos., Eden Park Insurance Co., Employers Reinsurance Corp., Evanston Insurance Co., Fireman's Fund Insurance Co., First Specialty Insurance Corp., First State Insurance Co., GAN, General Star National Insurance Co., Interstate Fire & Casualty Co., Investors Insurance Co. of America, Landmark Insurance Co., Lexington Insurance Co., Northland Insurance Co., Reliance Insurance Co., RLI Insurance Co., Royal Insurance Co. of America, Scottsdale Insurance Co., The St. Paul Cos., Transamerica Insurance Co., Travelers Group, Tudor Insurance Co., United Capitol Insurance Co., United National Insurance Co., Westchester Fire Insurance Co., Zurich American Insurance Co.

Branches: Cincinnati, New York.

Specialties: Commercial Property & Casualty.

Officers: Daniel P. McDonnell, president; Maureen C. Caviston, managing vp-New York; Gary E. Frohn, managing vp-Cincinnati; Kevin M. McLaughlin, senior vp; William D. Trumbower, Michael J. McCarthy, vps.

Contact: Daniel P. McDonnell.

Licensed in: Ohio, New Jersey, New York, Pennsylvania.

Membership: NAPSLO.

Burns & Wilcox Ltd.

30833 Northwestern Highway, Suite 220, Farmington Hills, Mich. 48334; 810-932-9000; fax: 810-932-9050

	1994	1993
Premium volume.....	**$232,700,000**	$204,300,000
Gross revenues.....	**$30,155,000**	$25,595,000
Employees.....	**426**	368
Commercial lines	**92%**	93%
Admitted business ..	**12%**	12%
Non-admitted	**88%**	88%

Founded: 1969.

Parent: H.W. Kaufman Financial Group Inc.

Business: 58% managing general agent, 42% broker.

MGA for: Canal Insurance Co., Century Surety Co., Colony Insurance Co., Essex Insurance Co., First Financial Insurance Co., General Agents Insurance Co., Houston General Insurance Co., National Indemnity Co., Nautilus Insurance Co., Scottsdale Insurance Co., United National Group, United States Liability Insurance Co., Western World Insurance Co.

Broker for: American International Group Inc., Admiral Insurance Co., Coregis Indemnity Co., Chubb Custom Market, Commercial Underwriters Insurance Co., Evanston Insurance Co., Fireman's Fund Insurance Co., First State Management, Great American Insurance Co., Illinois Insurance Exchange, Interstate National Corp., RLI Insurance Co., Reliance Insurance Co., Transamerica Group, United Capitol Insurance Co., Westchester Specialty Group.

Lloyd's of London coverholder.

Branches: Birmingham, Ala.; Phoenix; Aurora, Colo.; Daytona Beach and Tampa, Fla.; Atlanta; Oak Brook, Ill.; Indianapolis; Metairie, La.; Columbia, Md.; Boston; Grand Rapids, Mich.; St. Louis and Springfield, Mo.; Reno, Nev.; Lawrenceville, N.J.; Charlotte and Morehead City, N.C.; Columbus and Independence, Ohio; Pittsburgh; Arlington, Texas; Salt Lake City; Bellevue, Wash.

Subsidiaries: Casualty Underwriters Inc.; Floyd West & Co.; G-A Insurance Services; Howard-James/Burns & Wilcox Insurance Serives; Illinois R.B. Jones; Rathbone, King & Seeley Insurance Services; Royal Premium Budget Inc.; Service General.

Officers: Herbert W. Kaufman, president/CEO; Gerald W. Horton, executive vp; Steve Allen, David Price, senior vps; Brooke Bothe, corporate secretary; Gerald Wesolowski, corporate controller.

Contact: Brooke Bothe.

Licensed in: All states except Hawaii.

Membership: AAMGA, NAPSLO.

MARINE INSURANCE PROBLEMS?

No Prohibited Class Of Business
All Classes Of Marine Insurance Available

- Over 40 years of experience
- A & A+ rated companies
- $25,000,000 in-house capacity for liability

600 Maritime Bldg. • New Orleans, La. 70130
Phone (504) 588-9044 • Fax (504) 588-9397

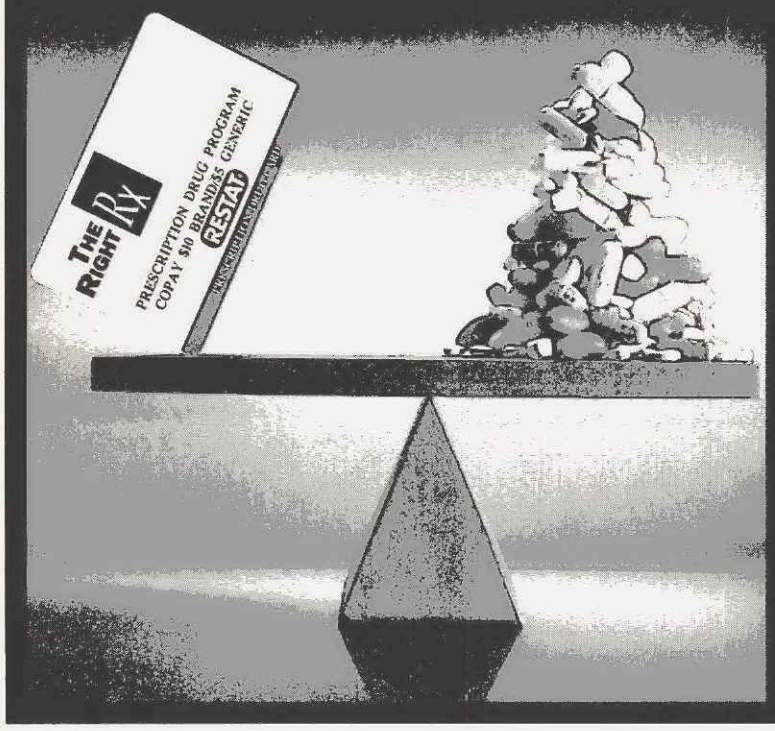
AAMGA MEMBER AMERICAN ASSOCIATION OF MANAGING GENERAL AGENTS

G&M Marine

G&M G&M G&M G&M G&M G&M

A SERVICE OFFICE FOR AGENTS AND BROKERS

an ounce of **PREVENTION** is worth a **POUND** of **CURE.**



If skyrocketing drug costs are jeopardizing your organization's bottom line, take heart: The Right Rx® prescription-management program can help you achieve the perfect balance between the cost and quality of your employees' pharmaceutical benefits.

Discover what The Right Rx® can do to manage your organization's benefits program. Call today for details.

414.226.6036
800.743.4779

THE RIGHT Rx®

CIU (Commercial Insurance Underwriters)

1200 E. Woodhurst M-400, P.O. Box 9005, Springfield, Mo. 65808-9005; 417-883-3277; fax: 417-883-3393

	1994	1993
Premium volume.....	**$14,129,724**	$9,872,409
Gross revenues.....	**$1,663,142**	$1,331,553
Employees.....	**20**	18
Commercial lines	**100%**	99%
Admitted business ..	**45%**	50%
Non-admitted	**55%**	50%

Founded: 1984.

Business: 50% managing general agent, 50% broker.

Specialties: Large umbrella, large property risks.

Officers: David W. Hinrichs, president; Eunice K. Harralson, executive vp; Cal Rogers, Cindy Closser, vps.

Contact: David W. Hinrichs, 417-883-3277 ext. 200.

Licensed in: Arkansas, Kansas, Missouri.

Membership: AAMGA, NAPSLO.

Cambridge General Agency

100 Pine St., San Francisco, Calif. 94111; 415-955-8555; fax: 415-394-6305

	1994	1993
Premium volume.....	**$40,000,000**	$36,000,000
Gross revenues.....	**$3,000,000**	$3,000,000
Employees.....	**25**	28
Commercial lines	**97%**	96%
Admitted business ..	**10%**	10%
Non-admitted	**90%**	90%

Founded: 1958.

Business: 40% managing general agent, 60% broker.

Lloyd's of London coverholder.

MGA for: Acceptance Insurance Co., Colony Insurance Co., Essex Insurance Co., Scottsdale Insurance Co.

Broker for: Colony Insurance Co., Essex Insurance Co., National Casualty Co.

Branches: Covina and Stockton, Calif.

Specialties: Property, casualty, vehicle, marine, professional liability.

Officers: A. Mason Blodgett, president; Paul E. Janofsky, Julie Sylim-Uang, Howard Mitchell, vps.

Contact: A. Mason Blodgett.

Licensed in: California.

Membership: AAMGA, NAPSLO.

Carpenter Moore Insurance Services Inc.

530 Washington St., San Francisco, Calif. 94111; 415-433-1001; fax: 415-433-5148

	1994	1993
Premium volume.....	**$26,000,000**	$17,000,000
Gross revenues.....	**$1,950,000**	$1,065,000
Employees.....	**9**	8
Commercial lines	**100%**	100%
Admitted business ..	**15%**	20%
Non-admitted	**85%**	80%

Founded: 1986.

Business: 18% managing general agent, 82% broker.

Lloyd's of London coverholder.

Branches: Boston; Farmington, Conn.

Specialties: D&O, managed care E&O, employment practices liability.

Officers: Kinsey Carpenter, president; Susan Miner, vp.

Contact: Eileen Winter.

Centrex Underwriters Inc.

P.O. Box 171176, Memphis, Tenn. 38187; 901-767-4754; fax: 901-767-0153

	1994	1993
Premium volume.....	**$3,677,000**	$2,920,000
Employees.....	**6**	7
Commercial lines	**100%**	100%
Non-admitted	**100%**	100%

Founded: 1985.

Business: 100% managing general agent.

Specialties: Primary liquor liability insurance, excess FDIC deposit insurance.

Officers: Joseph Carlson, president; Eric Sturm, vp.

Contact: Joseph Carlson.

Licensed in: Tennessee.

Membership: AAMGA.

Chris-Leef General Agency Inc.

P.O. Box 3747, Shawnee Mission, Kan. 66203; 913-631-1232; fax: 913-631-1128

	1994*	1993*
Premium volume.....	**$6,800,500**	$6,026,000
Gross revenues.....	**$740,000**	$626,000
Employees.....	**14**	14
Commercial lines	**95%**	96%
Admitted business ..	**25%**	22%
Non-admitted	**75%**	88%

* Fiscal years ending 5/31.

Founded: 1986.

Business: 70% managing general agent, 30% broker.

MGA for: Acceptance Insurance Co., American Equity Insurance Co., Colony Insurance Co., Nautilus Insurance Co., Penn-America Insurance Co., Scottsdale Insurance Co.

Broker for: Admiral Insurance Co., Alpine Insurance Co., American Equity Insurance Co., Colony Insurance Co., Illinois Insurance Exchange, Lexington Insurance Co., Paradigm Insurance Co., Scottsdale Insurance Co., United Capitol Insurance Co., United National Insurance Co.

Lloyd's of London coverholder.

Officers: Gary Peterson, president; Glenda Dowell, vp; Kelly Dale, secretary/treasurer.

Contact: Todd Conklin, field services manager.

Licensed in: Kansas, Missouri.

Membership: AAMGA, NAPSLO.

Commercial Coverage Inc.

16100 Chesterfield Parkway S., Suite 200, Chesterfield, Mo. 63017; 314-530-1170; fax: 314-530-1390

	1994	1993
Premium volume.....	**$4,100,000**	$2,700,000
Employees.....	**9**	5
Commercial lines	**100%**	100%
Admitted business ..	**25%**	20%
Non-admitted	**75%**	80%

* Fiscal years ending 6/30.

Founded: 1992.

Business: 5% managing general agent, 95% broker.

MGA for: The Burlington Insurance Co., First Financial Insurance Co.

Broker for: American International Group Inc., Evanston Insurance Co., Fireman's Fund Insurance Co., Illinois Insurance Exchange, Reliance Insurance Co., TIG Holding.

Specialties: Property and general liability coverage for construction contractors and hospitality industry (bars, restaurants taverns, hotels and motels).

Officers: Michael D. Adkins, president; Arnold J. Cheldin, secretary, J. Brad Garrett, vp.

Contact: Lisa Boorsma.

Licensed in: Illinois, Iowa, Kansas, Missouri.

Connecticut Underwriters Inc.

329 Main St., Portland, Conn. 06480; 203-342-0713; fax: 203-342-4392

	1994	1993
Premium volume.....	**$37,000,000**	$32,000,000
Gross revenues.....	**$3,700,000**	$3,200,000
Employees.....	**38**	40
Commercial lines	**70%**	70%
Admitted business ..	**20%**	20%
Non-admitted	**80%**	80%

Founded: 1964.

Business: 90% managing general agent, 10% broker.

MGA for: American Empire Surplus Lines, First Financial Insurance Co., Hermitage Insurance Co., Penn America Insurance Co., United States Liability Insurance Co., Western World Insurance Co.

Broker for: American International Group Inc., The Schinnerer Group Inc.

Lloyd's of London coverholder.

Subsidiaries: Conexco Insurance Agency Inc., Southborough, Mass.; Maine Underwriters Insurance Agency Inc., Kittery, Maine; New Hampshire Underwriters Insurance Agency Inc., Portsmouth, New Hampshire.

Officers: Henry J. Stone Jr., president/treasurer; M. Merriam March, vp/secretary; Daniel A. Peterson, vp; Lee M. Guilmartin, financial director; Susan Robinson, underwriting manager-Conn.; Jonel Leake, underwriting manager-Maine; Susan L. Holman, underwriter-N.H.

Licensed in: Connecticut, Maine, Massachusetts, New Hampshire.

Membership: AAMGA, NAPSLO.

Cooney, Rikard & Curtin Inc.

P.O. Box 59689, Birmingham, Ala. 35259; 205-870-7790; fax: 205-879-3739

	1994	1993
Premium volume.....	**$105,000,000**	$88,000,000
Gross revenues.....	**$7,900,000**	$6,700,000
Employees.....	**54**	44
Commercial lines	**100%**	100%
Admitted business ..	**60%**	60%
Non-admitted	**40%**	40%

Continued on next page

Continued from previous page

Founded: 1982.
Business: 1% managing general agent, 99% broker.
Lloyd's of London coverholder.
MGA for: American Equity Insurance Co., National Fire & Marine Insurance.
Specialties: Property, excess and primary casualty.
Officers: Tom Curtin, chairman; John P. Cooney, president; Ron Helveston, executive vp.
Contact: Tom Curtin or John P. Cooney.
Licensed in: Nationwide; Puerto Rico; Virgin Islands.
Membership: NAPSLO.

Corporate Advisors Inc.

3703 Hale Lane, Island Lake, Ill. 60042; 708-487-7054; fax: 708-487-7055

	1994	1993
Premium volume	$600,000	$530,000
Gross revenues	$60,000	$55,000
Employees	3	3
Commercial lines	99%	99%
Admitted business	43%	35%
Non-admitted	57%	65%

Founded: 1970.
Business: 100% broker.
Broker for: Admiral Insurance Co., Illinois Insurance Exchange, Virginia Surety Co.
Specialties: Fire protection engineers, investment advisers, lawyers professional liability.
Officers: Kenneth Hill, president.
Contact: Susan T. Wittich.
Licensed in: Illinois.

Cox Insurance Group Inc.

5170 Commerce Circle, Indianapolis, Ind. 46237; 317-887-0030; fax: 317-888-7145

	1994	1993
Premium volume	$22,000,000	$27,000,000
Employees	33	35
Commercial lines	100%	100%
Admitted business	9%	NA
Non-admitted	91%	100%

Founded: 1981.
Parent: Crawley Warren USA.
Business: 19% underwriting manager, 81% managing general agent.
Underwriting manager for: Boston Mutual Life Insurance Co., North American Specialty Insurance Co., Standard Security Life Insurance Co. of N.Y.
Lloyd's of London coverholder.
Branches: Birmingham, Ala.; Denver; Minneapolis.
Officers: Ray Cox, president; Steve Kern, vp-finance; Terri Moriarty, vp-operations; Derek Cox, vp-marketing.
Contact: Terri Moriarty.
Licensed in: Indiana.
Membership: NAPSLO.

Customized Worldwide Weather dba Worldwide Weather

1615 Northern Blvd., Suite 301, Manhasset, N.Y. 11030; 516-365-7373; fax: 516-365-7474

	1994	1993
Premium volume	$6,000,000	$5,000,000
Gross revenues	$900,000	$750,000
Employees	8	5
Commercial lines	100%	100%
Admitted business	98%	98%
Non-admitted	2%	2%

Founded: 1988.
Business: 95% managing general agent, 5% broker.
MGA for: Star Insurance Co.
Broker for: Sphere Drake Insurance Co. P.L.C.
Specialties: Weather insurance.
Officers: Harold P. Mollin, president.
Contact: Pat Sleicher, director-special events.
Licensed in: New York.

D

Doran Excess Underwriters Inc.

6240 Carlisle Pike, P.O. Box 1417, Mechanicsburg, Pa. 17055-1417; 800-553-6739; fax: 717-697-7506

	1994	1993
Premium volume	$12,202,000	$12,843,000
Employees	12	12
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1975.
Parent: Doranco Inc.
Business: 100% managing general agent.
MGA for: Diamond State Insurance Co., Hallmark Insurance Co., United National Insurance Co.
Specialties: E&O for insurance agents, brokers and third-party administrators, excess hospital professional liability, excess and umbrella liability (including medical and non-medical professional).
Officers: Ronald G. Hihn, president; Elizabeth D. Firestone, senior vp; Deborah L. Grivens, vp/general counsel; James A. Messec, Mark G. Murphy, vps.
Contact: James A. Messec.
Licensed in: Pennsylvania.

E

ECS Underwriting Inc.

520 Eagleview Blvd., Exton, Pa. 19341; 610-458-0570; fax: 610-458-8667

	1994*	1993*
Premium volume	$165,300,000	$151,500,000
Employees	265	235
Commercial lines	100%	100%
Admitted business	95%	95%
Non-admitted	5%	5%

** Fiscal years ending 6/30.*

Founded: 1979.
Business: 100% underwriting manager.
Underwriting manager for: Reliance National Indemnity Co.
Specialties: Environmental liability, general liability, auto liability, property and surety for various industrial and commercial risks.
Officers: William Kronenberg III, president/CEO; David M. Rosenberg, executive vp; Frank A. Piliero, senior vp/CFO; Mark Vuono, senior vp.
Contact: ECS Marketing, 800-327-1414.
Licensed in: Pennsylvania.
Membership: NAPSLO.

Eastern America Insurance Agency Inc.

P.O. Box 193900, San Juan, Puerto Rico 00919-3900; 809-273-1288; fax: 809-782-8233

	1994	1993
Premium volume	$122,795,779	$99,615,000
Gross revenues	$6,120,626	$5,862,000
Employees	75	74
Commercial lines	80%	90%
Admitted business	98%	100%
Non-admitted	2%	NA

Founded: 1981.
Parent: Eastern America Insurance Group.
Business: 60% underwriting manager, 40% managing general agent.
Underwriting manager for: Universal Insurance Co.
MGA for: American International Insurance Co. of Puerto Rico, CIGNA Insurance Co. of Puerto Rico, El Fenix de Puerto Rico, Federal Insurance Co., Reliance Insurance Co., Royal Insurance Co. of Puerto Rico, Seguros Triple S Inc., Universal Insurance Co.
Broker for: The Hartford Steam Boiler Inspection & Insurance Co., Wm. H. McGee & Co., Utica Mutual Insurance Co.
Officers: Luis Miranda Casanas, president; Jorge J. Amadeo, Rafael A. Rodriguez, executive vps; Guillermo A. Fernandez, vp.
Contact: Jorge J. Amadeo, executive vp.
Licensed in: Puerto Rico.
Membership: NAPSLO.

F

Felts, Mullens & Fuos

12655 N. Central, Suite 800, Dallas, Texas 75243; 214-661-9841; fax: 214-960-7381

	1994	1993
Premium volume	$31,000,000	$27,000,000
Gross revenues	$3,000,000	$2,500,000
Employees	36	30
Commercial lines	100%	100%
Admitted business	5%	NA
Non-admitted	95%	100%

Founded: 1986.
Business: 55% underwriting manager, 5% managing general agent, 40% broker.
Underwriting manager for: American Empire Insurance Co., Empire Fire & Marine Insurance Co., Essex Insurance Co., Monticello Insurance Co.
Broker for: General Star National Insurance Co., Republic Insurance Co., Transamerica Insurance Group.
Lloyd's of London coverholder.
Branches: Houston.
Specialties: Habitational, contractors, wreckers.
Officers: Ron Fuos, president; Bob Felts, secretary/vp; Mike Mullens, chairman/CFO.
Contact: Ron Fuos (property) or Mike Mullens (casualty).
Licensed in: Alabama, Arizona, Arkansas, Colorado, Iowa, Kansas, Michigan, Nebraska, New Jersey, New Mexico, New York, Oklahoma.
Membership: NAPSLO.

First Capital Agency Inc.

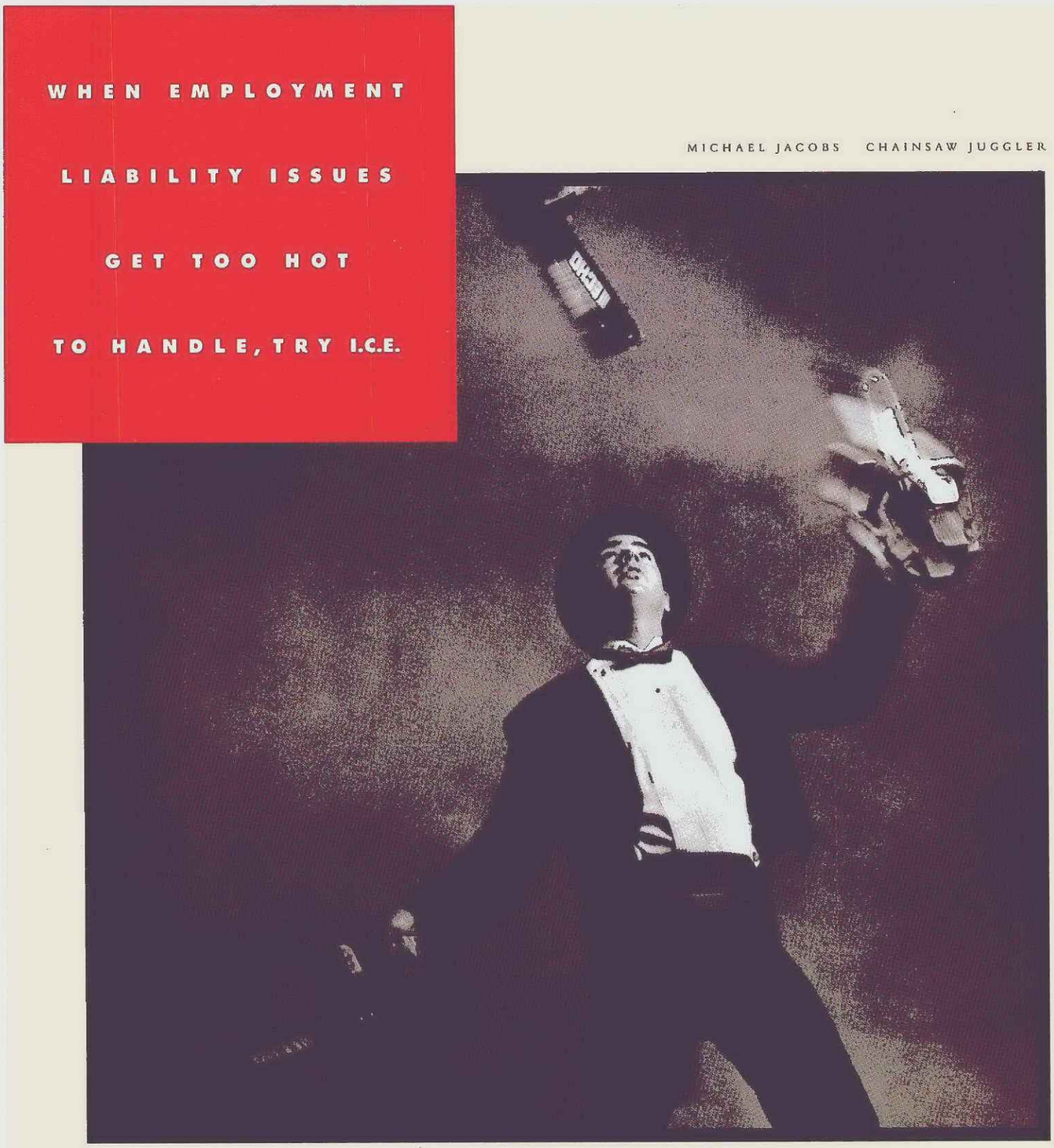
185 Great Neck Road, Great Neck, N.Y. 11021; 516-466-1313; fax: 516-482-7878

	1995	1994
Premium volume	$12,000,000*	NA
Employees	10	NA
Commercial lines	100%	NA
Admitted business	100%	NA

** Estimated 1995 premium volume.*

Founded: 1995.

Continued on next page



Continued from previous page

Business: 100% managing general agent.
MGA for: Reliance National Indemnity Co.
Specialties: Commercial property/casualty.
Officers: Alvin B. Moss, president; Robert Lynch, executive vp; Ken Cody, John Dalton, vps; Randi Moss, Mike Young, underwriters.
Contact: Alvin B. Moss, president.
Licensed in: New Jersey, New York, Pennsylvania.

First State Management Group

150 Federal St., Boston, Mass. 02110; 617-526-7650; fax: 617-526-7605

	1994	1993
Premium volume.....	$238,279,000	$202,100,000
Employees.....	230	209
Commercial lines	100%	100%
Admitted business ..	29%	30%
Non-admitted	71%	70%

Founded: 1948.
Parent: ITT Hartford Group Inc.
Business: 100% underwriting manager.
Underwriting manager for: Pacific Insurance Co. Ltd., Twin City Fire Insurance Co., ITT Hartford Group Inc. companies.
Branches: Los Angeles and San Francisco; Atlanta; Chicago; Boston; New York; Burlington, N.C.
Officers: Ralph J. Palmieri, president/COO; Peter Coghlan, executive vp; Raymond T. Lewis Jr., senior vp.
Contact: John A. MacFarland.
Licensed in: California, Georgia, Illinois, Massachusetts, New York, North Carolina.
Membership: AAMGA, NAPSLO.
Support services provided by parent company.

Fischer Underwriting Group

The Atrium, E. 80 Route 4, Paramus, N.J. 07652; 201-843-5678; fax: 201-843-2323

	1994	1993
Premium volume.....	$10,000,000	$10,000,000
Employees.....	6	6
Commercial lines	100%	100%
Admitted business ..	5%	5%
Non-admitted	95%	95%

Founded: 1981.
Parent: United Capitol Insurance Co.
Business: 100% underwriting manager.
Underwriting manager for: United Capitol Insurance Co., Western Surety Co.
Lloyd's of London coverholder.
Specialties: D&O liability, professional liability.
Officers: Donald R. Fischer, president; Steven S. Zeitman, executive vp.
Contact: Donald R. Fischer.
Membership: AAMGA, NAPSLO.
Support services provided by parent company.

Freberg Environmental Insurance

1675 Broadway, Suite 2210, Denver, Colo. 80202; 800-377-4152; fax: 303-623-8101

	1994*	1993*
Premium volume.....	$8,000,000	$3,500,000
Employees.....	8	4
Commercial lines	100%	100%
Non-admitted	100%	100%

* Fiscal years ending 3/31.

Founded: 1991.
Business: 100% managing general agent.
MGA for: Homestead Insurance Co., Prudential National Insurance Co.
Specialties: Environmental engineers, consultants, contractors.
Officers: Michael J. Hill, president; William S. Freberg, Danelle R. Nielsen, vps; Neal Gehring, secretary.
Licensed in: Colorado.
Support services provided by Freberg & Co. Inc.

G

General Star Management Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

	1994	1993
Premium volume.....	$278,917,175	$241,925,123
Employees.....	226	228
Commercial lines	98%	96%
Admitted business ..	21.5%	25.2%
Non-admitted	78.5%	74.8%

Founded: 1979.
Parent: General Re Corp.
Business: 100% underwriting manager.
Underwriting manager for: General Star Indemnity Co., General Star National Insurance Co.
Branches: Los Angeles; Atlanta; Chicago; New York; Dallas.
Officers: Kevin P. Brooks, chairman/president; Sam Anderson, Ron Austin, Patricia Roberts, Adin Tooker, vps.
Contact: David W. Micik.
Membership: AAMGA, NAPSLO.
Support services provided by parent company.

Go Pro Underwriting Managers Inc.

6604 W. Broad St., P.O. Box 6609 Richmond, Va. 23230; 800-368-3533; fax: 800-972-5345

	1994	1993
Premium volume.....	$80,000,000	NA
Employees.....	110	NA
Commercial lines	100%	NA
Admitted business ..	60%	NA
Non-admitted	40%	NA

Founded: 1993*.
Parent: Aon Specialty Group.
Business: 27% underwriting manager, 68% managing general agent, 5% broker.
Underwriting manager for: Reliance Insurance Co.
MGA for: National Casualty Co., Scottsdale Insurance Co.
Broker for: American Bankers Insurance Co., Guaranty National Insurance Co., Reliance National Insurance Co., Scottsdale Insurance Co.
Branches: San Antonio, Texas.
Specialties: Public entities, trash haulers, non-profit organizations.
Officers: Joel Hirsch, CEO; Bill Graves, executive vp.
Contact: Gail Austin, director-marketing; Ted Joyce, vp-sales.
Licensed in: All states.
** Go Pro Underwriting Managers was created by Aon's acquisition and merger of Markel's Governmental Programs Division and Marinco. The former companies were in existence since 1980.*

Global Facilities Inc.

146 Merrick Road, P.O. Box 743, Lynbrook, N.Y. 11563; 516-599-3800; fax: 516-599-3930

	1994	1993
Premium volume.....	$5,895,000	$5,475,000
Employees.....	5	5
Commercial lines	98%	98%
Admitted business ..	97%	97%
Non-admitted	3%	3%

Founded: 1977.
Business: 80% managing general agent, 20% broker.
MGA for: Colonia Insurance Co., First Central Insurance Co., Mount Vernon Fire Insurance Co., New York Merchant Bakers Mutual Fire Insurance Co., Otsego Mutual Fire Insurance Co.
Broker for: Calvert Insurance Co., John Deere Insurance Co., Gulf Insurance Co., Lloyd's of London, North Sea Insurance Co., Pawtucket Mutual Insurance Co., Re-Cor Insurance Co., Republic Insurance Co., Transtate Insurance Co., US Underwriters Insurance Co.
Specialties: Packages, transportation, buses, garages, umbrella, inland marine.
Officers: Robert Shapiro, president; Sheldon Bagatell, vp; Maria Defilippis, underwriter; George Black, producer.
Contact: Robert Shapiro.
Licensed in: Connecticut, New Jersey, New York.
Membership: NAPSLO.

Gresham & Associates Inc.

P.O. Box 927, One Gresham Landing, Stockbridge, Ga. 30281; 404-389-1600; fax: 404-389-1650

	1994	1993
Premium volume.....	$47,335,630	$37,110,182
Gross revenues.....	$4,761,492	$3,688,684
Employees.....	64	53
Commercial lines	99%	99%
Admitted business ..	50%	51%
Non-admitted	50%	49%

Founded: 1979.
Business: 45% managing general agent, 55% broker.
MGA for: Acceptance Insurance Co., American Equity Insurance Co., Burlington Insurance Co., Essex Insurance Co., GAINSCO County Mutual Insurance Co., National Casualty Co., Pacific Insurance Co., Penn-America Insurance Co., Scottsdale Insurance Co.
Broker for: American International Group Inc., Admiral Insurance Co., Colonia Insurance Co., Fireman's Fund Insurance Co., General Star Insurance Co., Pacific Insurance Co., RLI Insurance Co., Royal Indemnity Insurance Co., Transamerica Insurance Co., USF&G Specialty Group, Westchester Fire Insurance Co.
Lloyd's of London coverholder.
Branches: Palm Beach Gardens, Fla.; Baton Rouge, La.; Nashville, Tenn.
Officers: James V. Gresham, chairman; George L. Abernathy, president; Tony Gresham, Debbie Cornwell, senior vps; David Domico, Allen N. Parraga, vps; Gail Gresham, secretary/treasurer.
Contact: James V. Gresham.
Licensed in: Florida, Georgia, Louisiana, Tennessee.
Membership: AAMGA, NAPSLO.

H

H&W Underwriters Inc.

P.O. Box 1085, Shawnee Mission, Kan. 66205; 913-676-9302; fax: 913-432-1706

Continued on next page

M&C HAS A REAL ATTITUDE

IT'S AN ATTITUDE THAT SAYS

M&C CAN DO IT – NOW.

IT'S AN ATTITUDE THAT REFLECTS

OUR UNIQUE ABILITY TO HELP YOU ADDRESS THE MOST COMPLEX INSURANCE RISKS WITH A COMPLETE RANGE OF SPECIALTY COVERAGES, RESPOND QUICKLY TO YOUR CLIENTS, WIN BUSINESS AND BUILD RELATIONSHIPS.

IT'S AN ATTITUDE THAT DRIVES

THE HIGH-QUALITY, COST-EFFECTIVE, CUSTOMER-FOCUSED SOLUTIONS WE'RE PROVIDING EVERYDAY TO MORE AND MORE AGENTS.

IT'S AN ATTITUDE THAT IS SHARED

BY EVERY PROFESSIONAL IN EACH OF OUR 14 PERFORMANCE-DRIVEN MONTGOMERY & COLLINS OFFICES NATIONWIDE.

IN SHORT, IT'S A WINNING ATTITUDE.

AND WE'RE DEVELOPING IT TO HELP YOU COMPETE FOR – AND WIN – MORE BUSINESS. SO CALL YOUR NEAREST M&C OFFICE THE NEXT TIME YOU NEED AN EDGE. WE'LL MAKE SURE YOU'RE A PLAYER.

MONTGOMERY AND COLLINS

WHAT IT TAKES TO COMPETE

CALL 1-800-822-0858 FOR THE NUMBER OF THE OFFICE NEAREST YOU.

Continued from previous page

	1994	1993
Premium volume.....	$9,367,988	$8,893,163
Gross revenues.....	$1,882,936	$1,651,911
Employees.....	12	12
Commercial lines	100%	100%
Admitted business ..	50%	20%
Non-admitted	50%	80%

Founded: 1958.
Business: 40% underwriting manager, 60% managing general agent.
Underwriting manager for: Americana Excess & Reinsurance Corp., Paratransit Risk Retention Group of Maryland Inc.
MGA for: SAFECO Insurance Co. of America, Ulico Casualty Co.
Specialties: Public transportation, including bodily injury and property damage; association professional liability; labor union E&O.
Officers: Neil R. Pouppirt, chairman/CEO; Bernard R. Geis, president/COO; Michael Kosednar, senior vp.
Contact: Neil R. Pouppirt.
Licensed in: Kansas, Missouri.
Membership: AAMGA, NAPSLO.

Hanover Excess & Surplus Inc.

228 N. Front St., P.O. Box 1411, Wilmington N.C. 28402; 800-672-9006; fax: 800-426-5566

	1994	1993
Premium volume.....	$9,223,766	$10,534,140
Employees.....	19	23
Commercial lines	90%	90%
Admitted business ..	50%	50%
Non-admitted	50%	50%

Founded: 1970.
Business: 95% underwriting manager, 5% broker.
Specialties: Transportation—general liability.
Officers: Glasgow Hicks Jr., president; David L. Parker, vp; John R. Hicks, secretary/treasurer.
Contact: David L. Parker.
Licensed in: North Carolina, South Carolina, Virginia.
Membership: AAMGA, NAPSLO.

L.E. Harris Agency Inc.

1353 Holton Lane, P.O. Box 8330, Langley Park, Md. 20787-8330; 301-439-4700; fax: 301-439-5800

	1994	1993
Premium volume.....	$10,172,000	$9,763,000
Gross revenues.....	$1,248,737	$1,198,440
Employees.....	14	14
Commercial lines	99%	99%
Admitted business ..	35%	35%
Non-admitted	65%	65%

Founded: 1922.
Business: 60% managing general agent, 40% broker.
MGA for: Aetna Casualty Co., Burlington Insurance Co., First Financial Insurance Co., Jefferson Insurance Co. of New York, Lincoln General Insurance Co., Monticello Insurance Co., National Indemnity Cos., Penn-America Insurance Co., St. Paul Reinsurance Co. Ltd., United States Liability Insurance Co.
Broker for: American International Group Inc., Admiral Life Insurance Co. of America, Coregis Indemnity Co., Chubb Custom Insurance Co., Evanston Insurance Co., Employers Reinsurance Corp., Fireman's Fund Insurance Co., Illinois Insurance Exchange, Media/Professional Insurance Inc., Mt. Hawley Insurance Co., Reliance National Insurance Co., Seaboard Surety Co., United Capitol Insurance Co., United National Life of America.
Lloyd's of London coverholder.
Specialties: Public auto, professional liability, commercial liability, commercial property.
Officers: David A. Riffert, president; Nicholas Taube, executive vp; Mark J. Baldwin, vp; Cindy Milburn, assistant secretary.
Contact: David Riffert or Nicholas Taube.
Licensed in: Maryland, District of Columbia, Virginia.
Membership: AAMGA, NAPSLO.

Heath Holdings USA Inc.

4809 Cole Ave., Suite 107, Dallas, Texas 75205; 214-528-3999; fax: 214-528-9101

	1994	1993
Premium volume.....	$101,000000	$71,500,000
Gross revenues.....	$6,600,000	$4,500,000
Employees.....	72	68
Commercial lines	100%	100%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Founded: 1992.
Parent: C.E. Heath P.L.C.
Business: 5% managing general agent, 95% broker.
MGA for: American Empire Insurance, American Equity Insurance Co., Audubon Indemnity Co., Western World Insurance Co.
Broker for: Admiral Life Insurance Co. of America, Audubon Indemnity Co., Chubb Group of Insurance Cos., Evanston Insurance Co., General Star National Insurance Co., Investors Insurance Co., Lloyd's of London, Reliance National Insurance Co., Royal Specialty Underwriters, The St. Paul Insurance Cos., Westchester Specialty Group.
Lloyd's of London coverholder.
Branches: Atlanta; Chicago; Houston; San Francisco.
Subsidiaries: Heath Insurance Brokers Inc., Atlanta, Chicago, Dallas, Houston and San Francisco.
Specialties: Umbrella liability, products liability, D&O, property/marine.
Officers: Gene Eisenmann, CEO; Ron Travis, president; Marshall Kath, CFO; Curt Ross, president-Atlanta; Tom Sieks, president-Chicago; Bob Barnard, president-Houston; Jim Pettipas, president-San Francisco.
Contact: Gene Eisenmann.
Licensed in: Alabama, California, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Mississippi, Nevada, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, Virginia.
Membership: NAPSLO.

Healthcare Professional Services Inc.

600 Houze Way, C-6, Roswell, Ga. 30076; 770-518-3333; fax: 770-518-0250

	1994	1993
Premium volume.....	$5,132,000	$3,200,000
Gross revenues.....	$359,240	$256,000
Employees.....	6	5
Commercial lines	100%	100%
Admitted business ..	34%	33%
Non-admitted	66%	67%

Founded: 1990.
Business: 100% broker.
Broker for: American International Group Inc., Evanston Insurance Co., Reliance Insurance Co., Western Indemnity Insurance Co.
Branches: Aurora, Colo.; Salem, Ore.
Specialties: Professional liability, medical malpractice.
Officers: Parker Harvey, president.
Licensed in: Georgia.

Jeffrey L. Heath Inc.

P.O. Box 301, 59 S. Finley Ave., Basking Ridge, N.J. 07920; 908-766-7140; fax: 908-766-7142

	1994	1993
Premium volume.....	$7,250,000	$6,000,000
Employees.....	4	4
Commercial lines	100%	100%
Admitted business ..	70%	70%
Non-admitted	30%	30%

Founded: 1990.
Business: 100% managing general agent.
MGA for: Guaranty National Insurance Co., Landmark American Insurance Co.
Branches: Newport, R.I.
Specialties: Umbrella/excess.
Officers: Jeffrey Heath, president; Pat Silva, manager.
Contact: Jeff Heath.
Membership: NAPSLO.

I

Independent Insurance Wholesalers Inc.

722 S.W. Second, Portland, Ore. 97204; 503-224-1956; fax: 503-224-3010

	1994*	1993*
Premium volume.....	$6,600,000	$6,800,000
Gross revenues.....	$712,000	$690,000
Employees.....	6	7
Commercial lines	100%	100%
Admitted business ..	20%	20%
Non-admitted	80%	80%

* Fiscal years ending 6/30.

Founded: 1983.
Business: 10% managing general agent, 90% broker.
MGA for: American Equity Insurance Co., General Star National Insurance Co., Nautilus Insurance Co., Western World Insurance Co.
Broker for: Admiral Insurance Co., Agricultural Excess & Surplus, American National Fire Insurance, General Security Insurance Co., General Star National Insurance Co., Guaranty National Insurance Co.
Lloyd's of London coverholder.
Officers: Robert K. Stahl, president; Thomas E. Sawyer, vp; Sherrie Stahl, secretary.
Contact: Robert Stahl.
Licensed in: Oregon.
Membership: NAPSLO.

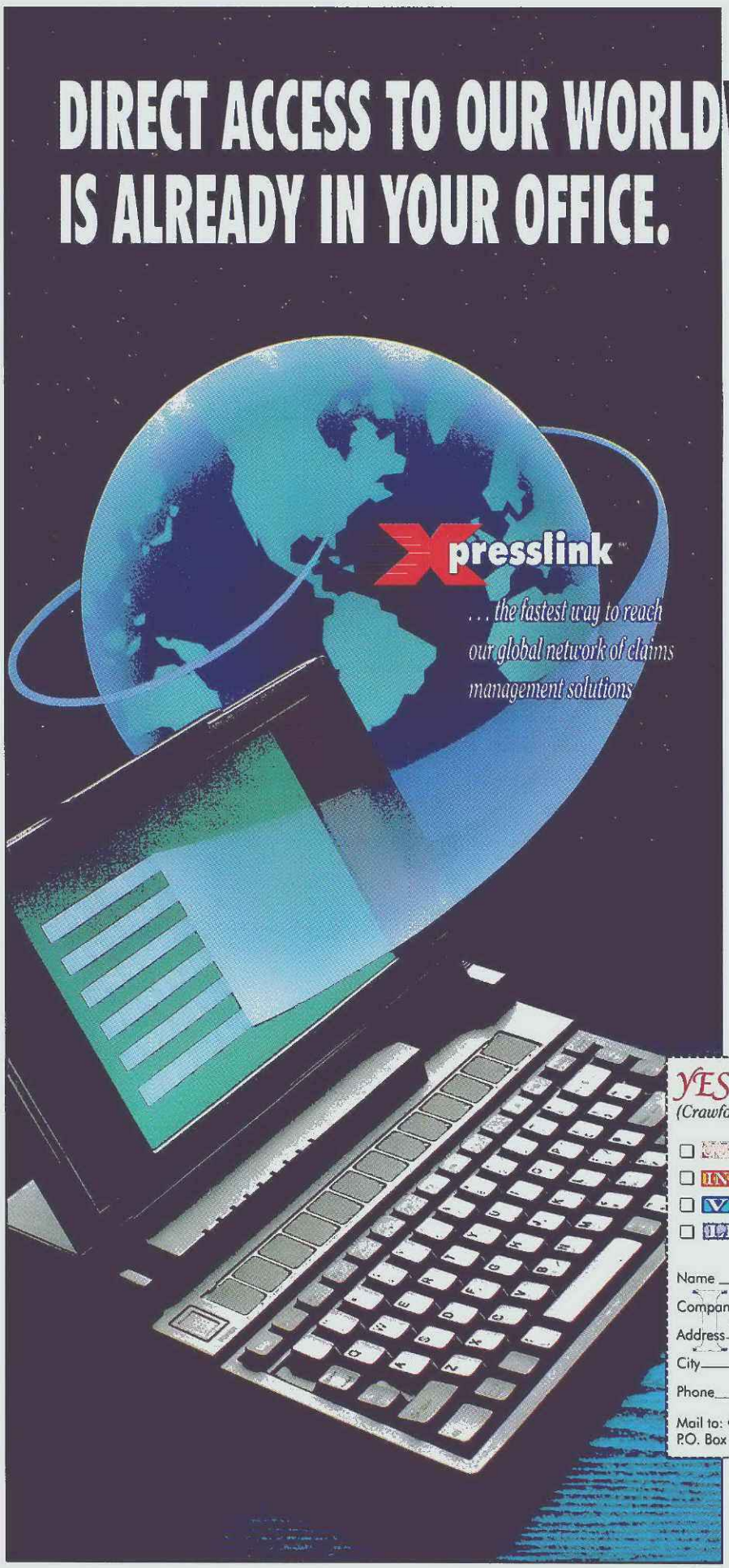
Insurance Intermediaries Inc.

6460 Busch Blvd., Columbus, Ohio 43229; 614-846-1111; fax: 614-846-2111

	1994	1993
Premium volume.....	$24,000,000	$19,000,000
Gross revenues.....	$2,500,000	$2,400,000
Employees.....	32	32
Commercial lines	55%	55%
Admitted business ..	80%	80%
Non-admitted	20%	20%

Founded: 1975.
Parent: Nationwide Insurance Enterprise.
Business: 85% managing general agent, 15% broker.
MGA for: Scottsdale Insurance Co., GAINSCO County Mutual Insurance Co., RLI Insurance Co.
Broker for: Chubb Custom Insurance Co., Evanston Insurance Co., Homestead Insurance Co., Gerling America Insurance Co., Illinois Insurance Exchange, Lexington Insurance Co., RLI Insurance Co., Tudor Insur-

Continued on next page



Reach us by phone, fax, or EDI. It's your choice. Whatever you need, wherever you are, Crawford's XPressLink Reporting Center is fully operational, 24 hours a day, 365 days a year. As soon as we receive your report, XPressLink electronically captures the assignment information and directs it to the appropriate Crawford office—any one of our 800 offices around the world.

XPressLink. It's simply the best way to match your claims management needs with our expertise, in any of our service lines:

- *Disability Management*
- *Workers Comp Claims Administration*
- *Risk Information Support and Analysis*
- *Liability Claims Management*
- *Loss Prevention Assessment and Implementation*
- *Property Claims Adjusting*
- *Vehicle Claims Appraisals*
- *Geriatric Care Management*

XPressLink can put your company en route to limitless claims management solutions. Find out how by calling:

(800) 666-9432

YES, start my free subscription(s) to INSIGHTS *(Crawford's quarterly newsletters).*

☐ MARINE ☐ PROPERTY
☐ INFORMATION ☐ WORKERS COMP
☐ VEHICLE ☐ DISABILITY MANAGEMENT
☐ LIABILITY ☐ LOSS PREVENTION

Name _____
Company _____
Address _____
City _____ State _____ Zip _____
Phone _____ Fax _____

Mail to: Crawford & Company • Market Communications
P.O. Box 5047 • Atlanta, GA 30302-5047 BI

INSIGHTS

Crawford®

Spotlight report

Continued from previous page

ance Co., United Capitol Insurance Co., United Coastal Insurance Co.

Officers: R. Lee Ayotte, president; Larry C. Bobb, vp; Robert D. Dunlap, associate vp.

Contact: Larry C. Bobb.

Licensed in: Arkansas, Connecticut, District of Columbia, Florida, Georgia, Illinois, Indiana, Kentucky, Missouri, New York, Ohio, Virginia, West Virginia, Wisconsin.

Membership: NAPSLO.

Insurance Services Inc.

1600 W. Commercial Blvd., Fort Lauderdale, Fla. 33309; 800-275-2800; fax: 305-493-7748

	1994	1993
Premium volume	$15,600,000	$15,180,000
Gross revenues	$1,170,000	$1,138,500
Employees	14	13
Commercial lines	100%	100%
Admitted business	55%	60%
Non-admitted	45%	40%

Founded: 1978.

Parent: Viceroy Underwriters Inc.

Business: 85% managing general agent, 15% broker.

MGA for: Lincoln Insurance Co., Transportation Casualty Insurance Co.

Broker for: Alliance General Insurance Co., Britamco Insurance Co.

Lloyd's of London coverholder.

Specialties: Commercial auto liability (local and long-haul).

Officers: Philip Morgaman, president; Mark Stephenson, executive vp; Dennis A. Smith, vp; Sherry Smith, assistant vp.

Contact: Dennis A. Smith.

Licensed in: Florida.

Membership: NAPSLO.

Insurance Unlimited Inc.

1483 S. Congress Ave., Delray Beach, Fla. 33445; 407-276-4557; fax: 407-276-5146

	1994	1993
Premium volume	$876,697	$785,696
Gross revenues	$134,620	$78,290
Employees	3	3
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1990.

Business: 100% broker.

Broker for: Alliance General Insurance Co., Regis Insurance Co.

Branches: Hollywood, Fla.

Officers: Brian D. Sutton, president.

Licensed in: Florida, Georgia.

Support services provided by American Bloodstock Corp.

Insurisk Excess & Surplus Lines

1500 Riverfront Drive, Little Rock, Ark. 72203; 800-482-5914; fax: 501-663-5861

	1994	1993
Premium volume	$33,000,000	$30,000,000
Employees	8	9
Commercial lines	99%	99%
Admitted business	60%	60%
Non-admitted	40%	40%

Founded: 1980.

Parent: Rebsamen Insurance Agency.

Business: 20% managing general agent, 80% broker.

MGA for: Scottsdale Insurance Co., Western World Insurance Co.

Broker for: Clarendon Insurance Co., Great American Insurance Co., Reliance Insurance Co.

Lloyd's of London coverholder.

Specialties: Property, heavy casualty, umbrella.

Officers: Al McDowell, president; Steve Hoffman, senior vp; Dianna Farish, senior underwriter.

Contact: Steve Jenkins, office/marketing manager.

Licensed in: Arkansas.

Membership: NAPSLO.

Support services provided by parent company.

The directory of surplus and excess lines insurers begins on page 38.

JEFFERSON INSURANCE GROUP

IN PURSUIT OF EXCELLENCE SINCE 1950

The Jefferson Team is committed to be a leader in providing superior insurance products and services to the Jefferson General Agent, our partner. Through dedication to excellence, we strive to achieve an underwriting profit so that Jefferson, its shareholders, staff and general agents may consistently grow and prosper.

A (EXCELLENT) CLASS VII
A.M. BEST RATING

Operating on a licensed and/or excess/surplus lines basis in all 50 states.

Represented exclusively by general agents and wholesale brokers.

JEFFERSON INSURANCE GROUP
MEMBER COMPANIES
JEFFERSON INSURANCE COMPANY OF NEW YORK
MONTICELLO INSURANCE COMPANY
JEFFCO MANAGEMENT COMPANY, INC.

Newport Tower • 525 Washington Boulevard
Jersey City, New Jersey 07310-1693
Telephone: (201) 222-8666 • Fax: (201) 222-9161

AAMGA
ASSOCIATE MEMBER
AMERICAN ASSOCIATION OF MANAGING GENERAL AGENTS

JEFFERSON...
The General Agents' Partner of Choice!

International Placement Services Inc.

7710 Carondelet, Suite 433, St. Louis, Mo. 63105; 314-725-8394; fax: 314-725-4317

	1994	1993
Premium volume	$14,350,000	$12,402,000
Employees	12	13
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

Founded: 1981.

Business: 8% managing general agent, 92% broker.

MGA for: Northland Insurance Co.

Broker for: Acstar Insurance Co., Admiral Insurance Co., Aetna Casualty Co., Affiliated FM Insurance Co., AIG Risk Management, Alliance General Insurance Co., American Empire Surplus Lines, Chubb Group of Insurance Cos., CIGNA Specialty Insurance Co., Colony Insurance Co., Coregis Indemnity Co., EBI Cos., Fidelity & Deposit Co., Fireman's Fund Insurance Co., First Specialty Insurance Corp., Frontier Insurance Group, Great American Insurance Co., The Hartford Mutual Insurance Cos., The Hartford Steam Boiler Group, Illinois Insurance Exchange, Lloyd's of London, Midwest Employers Casualty, Northland Cos., Old Republic Insurance Co., LMI Insurance Co., Reliance National Insurance Co., RLI Insurance Co./Mt. Hawley Insurance Co., Safety National Casualty Co., Sorema N.A. Group, Stonewall Underwriters, Transamerica Insurance Co., Travelers Insurance Group Inc., United Capital Insurance Co., United Coastal Insurance Co., USF&G Insurance Co., Westchester Specialty Group, Zurich Insurance Co.

Lloyd's of London coverholder.

Specialties: Self-insurance-related risks, all lines aggregate program, excess workers compensation, large property builders risk, earthquake and flood.

Officers: Richard J. Eichhorn, president; Michael J. Eichhorn, vp-casualty; Robert C. Fagan, vp-property; John N. Harmon, vp.

Contact: Richard J. Eichhorn

Licensed in: Missouri.

Membership: NAPSLO.

Interstate Excess/ Interstate Healthcare

100 W. Big Beaver, Suite 350, Troy, Mich. 48084; 810-528-9090; fax: 810-528-3121

	1994	1993
Premium volume	$8,632,458	$8,925,070
Gross revenues	$410,540	$463,922
Commercial lines	100%	100%
Admitted business	82%	76%
Non-admitted	18%	24%

Founded: 1972.

Business: 100% broker.

Broker for: American Continental Insurance Co., Frontier Insurance Co., Great American Insurance Co., Lexington Insurance Co., Star Insurance Co., United States Fire Insurance Co.

Subsidiaries: Interstate Audit & Recovery Inc., Troy, Mich.

Specialties: Medical malpractice.

Officers: Charles E. Marlin, president; Joseph A. Inwald, vp; Laura A. Marlin, secretary/treasurer.

Contact: Charles E. Marlin.

Licensed in: Michigan.

J

Jaeger & Haines Inc.

4268 Gabel Drive, P.O. Box 1623; Fayetteville, Ark. 72702; 501-521-2551; fax: 501-521-3195

	1994	1993
Premium volume	$14,000,000	$12,000,000
Commercial lines	75%	75%
Admitted business	45%	45%
Non-admitted	55%	55%

Founded: 1976.

Business: 80% managing general agent, 20% broker.

Officers: Larry Haines, chairman; Mike Johnson, president; Alan Mitchell, vp.

Contact: Mike Johnson.

Licensed in: Arkansas, Oklahoma, Tennessee.

Membership: AAMGA, NAPSLO.

Jimcor-R&R Agencies

P.O. Box 890, Westwood, N.J. 07675; 201-666-8600; fax: 201-666-5792

	1994	1993
Premium volume	$17,800,000	$10,900,000
Gross revenues	$1,750,000	$1,000,000
Employees	33	17
Commercial lines	95%	95%
Admitted business	15%	20%
Non-admitted	85%	80%

Founded: 1986.

Business: 80% managing general agent, 20% broker.

MGA for: Essex Insurance Co., Interstate Fire & Casualty Co., Nautilus Insurance Co., Penn-America Insurance Co., Scottsdale Insurance Co., National Casualty Co., United States Liability Insurance Co./Mount Vernon Insurance Co., Western World Insurance Co./Tudor Insurance Co.

Broker for: Admiral Insurance Co., Calvert Insurance Co., Chubb Group of Insurance Cos., Fireman's Fund Insurance Co., Investors Insurance Co. of America, Tudor Insurance Co., United Capitol Insurance Co., United National Insurance Co.

Branch offices: Mount Laurel, N.J.; Jimcor-Association Corp., Glen Falls, N.Y.; Jimcor Associates Inc., Bensalem, Pa.

Officers: Francis J. Mastowski, president; Raymond McDowell, first vp; Ellen Mastowski, executive vp; Marvin Levey, vp; John George, regional manager.

Contact: Francis J. Mastowski.

Licensed in: Delaware, Maryland, New Jersey, New York, Pennsylvania.

Membership: AAMGA, NAPSLO.

K

Karges & Associates Inc.

4700 Rockside Road, Suite 420, Independence, Ohio 44131; 216-573-8080; fax: 216-573-8077

	1994	1993
Premium volume	$2,800,000	NA
Gross revenues	$200,000	NA
Employees	3	NA
Commercial lines	100%	NA
Admitted business	40%	NA
Non-admitted	60%	NA

Founded: 1993.

Business: 15% managing general agent, 85% broker.

MGA for: GAINSCO County Mutual Insurance Co.

Broker for: Columbia Casualty Co., Chubb Wholesale, Evanston Insurance Co., Illinois Insurance Exchange, Interstate Casualty Insurance Co., Lloyd's of London, RLI Insurance Co., St. Paul Surplus Lines Insurance Co., United National Insurance Co.

Specialties: Products liability, E&O, D&O.

Officers: Gary Karges, president; Geoffrey Simpson, vp.

Contact: Gary Karges.

Licensed in: Ohio.

L

Le Fevre International Inc.

P.O. Box 40998, Houston, Texas 77240-0998; 713-462-6223; fax: 713-462-5447

	1994*	1993*
Premium volume	$12,087,451	$12,072,522
Gross revenues	$1,819,440	$1,950,244
Employees	17	20
Commercial lines	100%	100%
Admitted business	2%	2%
Non-admitted	98%	98%

** Fiscal years ending 5/31.*

Founded: 1882.

Business: 50% managing general agent, 50% broker.

MGA for: Lexington Insurance Co., Sphere Drake Insurance P.L.C.

Broker for: American Empire S.L. Insurance Co., Classic Syndicate Inc., Highland Insurance Co., Lexington Insurance Co., Lloyd's of London.

Lloyd's of London coverholder.

Subsidiaries: Le Fevre Insurance Services Inc., Los Angeles.

Specialties: Oil/gas property and casualty, including oil lease operators, control of well, rig physical damage and production equipment.

Officers: M. Doris Le Fevre, president; Paul J. Jones, secretary; Mary M. Wasti, assistant secretary.

Contact: M. Doris Le Fevre.

Licensed in: California.

Membership: NAPSLO.

Support services provided by parent company.

Lemac & Associates Inc.

5670 Wilshire Blvd., Suite 1200, Los Angeles, Calif. 90036; 213-857-9400; fax: 213-857-9600

	1994	1993
Premium volume	$39,635,638	$32,726,891
Employees	24.5	21.7
Commercial lines	100%	100%
Admitted business	59%	64%
Non-admitted	41%	36%

Founded: 1984.

Business: 8.5% managing general agent, 91.5% broker.

Broker for: California Compensation Insurance Co., First State Insurance Co., General Star National Insurance Co., Lexington Insurance Co., Reliance Insurance Co., Zenith Insurance Co.

Lloyd's of London coverholder.

Branches: Anaheim and Walnut Creek, Calif.

Subsidiaries: Environmental Insurance Services, Anaheim, Calif.

Specialties: Workers compensation, general liability for contractors.

Officers: William Newton, president; Pauline Kwan, Frank Squibb, Mario Gomez, Richard Tanabe, vps.

Contact: Bill Newton.

Licensed in: California.

Membership: NAPSLO.

Leverett Doi & Associates

875 Old Roswell Road, Suite G-100, Roswell, Ga. 30076; 770-993-0645; fax: 770-993-1077

	1994*	1993*
Premium volume	$10,000,000	$8,500,000
Gross revenues	$850,000	$750,000
Employees	9	8
Commercial lines	100%	100%
Admitted business	25%	25%
Non-admitted	75%	75%

** Fiscal years ending 10/1.*

Founded: 1985.

Business: 10% managing general agent, 90% broker.

MGA for: Colonia Insurance Co., Colony Insurance Co., Pacific Insurance Co.

Broker for: Allianz Insurance Co., Alliance General Insurance Co., General Star National Insurance Co., Hermitage Insurance Co., Midwest Employers Casualty Co., National Re Group, Pacific Insurance Co., RLI Insurance Co.

Specialties: Property, products, D&O, E&O, excess workers compensation.

Officers: Jerry Leverett, David Doi.

Contact: Gwen West.

Licensed in: Alabama, Georgia, Florida, North Carolina, South Carolina, Tennessee.

Membership: AAMGA, NAPSLO.

London American Risk Specialists Inc.

11000 Richmond Ave., Suite 600, Houston, Texas 77042; 713-977-4726; fax: 713-977-7606

	1994*	1993*
Premium volume	$43,945,047	$38,222,691
Gross revenues	$2,588,636	$2,416,561
Employees	31	29
Commercial lines	99%	99%
Admitted business	46%	37%
Non-admitted	54%	63%

** Fiscal years ending 1/31.*

Founded: 1984.

Business: 10% managing general agent, 90% broker.

MGA for: Burlington Insurance Co., CNA International Reinsurance Co. Ltd., Interstate Fire & Casualty Insurance Co., Marine Office of America Corp., St. Paul Reinsurance Co. Ltd., Sphere Drake Insurance P.L.C., Western World Insurance Co.

Broker for: Aetna Casualty Co., Admiral Insurance Co., Allianz Insurance Co., The Burlington Insurance Co., Chubb Custom Insurance Co., Evanston Insurance Co., Fireman's Fund Insurance Co., General Accident Insurance, General Star National Insurance Co., The Hartford Mutual Insurance Co., Industrial Insurance Co. of Hawaii, Interstate Fire & Casualty Co., Lexington Insurance Co., Northbrook National Insurance Co., Pacific Insurance Co. Ltd., SAFECO Surplus Lines Insurance Co., Sorema N.A. Group, Stonewall Insurance Co., Somerset Marine Inc., Travelers Group, Vesta Insurance Corp., Western World Insurance Co., Zurich Insurance Co.

Lloyd's of London coverholder.

Branches: Dallas.

Officers: Brian L. Brecker, president; Kenneth S. Keathley, Karl B. Emery, Michael Driscoll, vps; Peter Gordon-Wright, manager-Dallas.

Contact: Ken Keathley.

Licensed in: Texas.

Membership: NAPSLO.

London International Group

111 Second Ave. N.E., Suite 1401, St. Petersburg, Fla. 33701; 813-898-1444; fax: 813-898-1555

	1994	1993
Premium volume	$4,200,000	$3,500,000
Employees	9	8
Commercial lines	100%	100%
Admitted business	2%	2%
Non-admitted	98%	98%

Founded: 1983.

Business: 60% managing general agent, 40% broker.

MGA for: Illinois Insurance Exchange/Britamco Underwriters Inc., various British companies.

Broker for: Institute of London Underwriters, various British companies.

Lloyd's of London coverholder.

Specialties: Commercial marine, professional liability.

Officers: Ian R. Greenway, president; Ginger K. Hayes, Denise B. Linden, vps.

Contact: Denise B. Linden.

Licensed in: Florida.

LoVullo Associates Inc.

689 Main St., Buffalo, N.Y. 14203; 716-856-3065; fax: 716-856-8057

	1994	1993
Premium volume	$13,782,523	$11,597,331
Employees	25	23
Commercial lines	68%	70%
Admitted business	75%	74%
Non-admitted	25%	26%

Founded: 1949.

Business: 82% managing general agent, 18% broker.

MGA for: American Modern Insurance Co., Jefferson Insurance Co., Midwest Mutual Insurance Co., National Casualty Insur-

Continued on next page

Continued from previous page

ance Co., National Indemnity Co., Northland Group.

Broker for: Acceptance Insurance Co., Essex Insurance Co., Lloyd's of London, Scottsdale Insurance Co.

Officers: Leonard T. LoVullo, president; Paul W. LoVullo, treasurer.

Licensed in: New York.

Membership: AAMGA, NAPSLO.

M

Maclean, Oddy & Associates Inc.

1445 Ross Ave., Suite 3900, Dallas, Texas 75202; 214-855-7700; fax: 214-855-7736

	1994	1993
Premium volume.....	$97,172,000	$89,501,000
Employees.....	46	42
Commercial lines	100%	100%
Admitted business ..	20%	20%
Non-admitted	80%	80%

Founded: 1983.

Business: 100% broker.

Broker for: Acceptance Risk Managers, Allianz Insurance Group, American International Group, Royal Insurance Group, Westchester Specialty Group, Zurich Insurance Group.

Specialties: Energy, heavy manufacturing, mining, medical professional, construction.

Officers: Roy B. Oddy, chairman; Anita Chanpong, president; Jack Souza, executive vp/CFO; Miles Lowein, Stuart Dobbie, executive vps.

Contact: Ramona Christmas, 214-855-7741.

Licensed in: Texas.

Membership: NAPSLO.

Gary Markel Surplus Lines Brokerage Inc.

9700 Ninth St. N., Suite 400, St. Petersburg, Fla. 33702; 813-577-5980; fax: 813-577-5804

	1994	1993
Premium volume.....	$3,500,000	$650,000
Gross revenues.....	$285,000	$50,000
Employees.....	4	2
Commercial lines	100%	100%
Admitted business ..	5%	5%
Non-admitted	95%	95%

Founded: 1993.

Business: 25% managing general agent, 75% broker.

MGA for: Essex Insurance Co., Illinois Insurance Exchange/Britamco Underwriters Inc.

Broker for: Acceptance Insurance Co., Admiral Insurance Co., Agricultural Insurance Co., Mt. Hawley Insurance Co., Scottsdale Insurance Co., United Coastal Insurance Co.

Specialties: General contractors, real estate owners/managers, products liability, environmental, D&O, professional.

Officers: Gary Markel, president; Paula Wachholz, executive vp; Barbara Ermatinger, assistant vp.

Contact: Paula Wachholz.

Licensed in: Florida.

Market Finders Insurance Corp.

9117 Leesgate Road, Louisville, Ky. 40222; 502-423-1800; fax: 502-426-7970

	1994*	1993*
Premium volume.....	$40,000,000	$37,000,000
Gross revenues.....	$4,000,000	$3,700,000
Employees.....	60	58
Commercial lines	85%	90%
Admitted business ..	40%	45%
Non-admitted	60%	55%

* Fiscal years ending 1/31.

Founded: 1972.

Business: 5% underwriting manager, 45% managing general agent, 50% broker.

Underwriting manager for: Illinois Insurance Exchange, Sphere Drake Insurance Co. P.L.C., Union America Insurance Co.

MGA for: Acceptance Insurance Co., Aegis Security Insurance Co., American Equity Insurance Co., Century Surety Insurance Co., Empire Fire & Marine Insurance Co., Essex Insurance Co., First Financial Group, Great Divide Insurance Co., Nautilus Insurance Co., Stratford Insurance Co., Western World Insurance Co.

Broker for: Admiral Insurance Co., Essex Insurance Co., Evanston Insurance Co., First State Insurance Co., Investors Insurance Group, Scottsdale Insurance Co.

Lloyd's of London coverholder.

Branches: Dayton, Ohio; Pittsburgh; Greenville, S.C.; Nashville, Tenn.; Houston.

Specialties: Medical malpractice, transportation.

Officers: James Ryan, president; C.B. Darland, senior executive vp; Jerome Boyett, secretary/treasurer.

Contact: Jerry Ennenback, marketing director.

Licensed in: Kentucky, Indiana, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, West Virginia.

Membership: AAMGA, NAPSLO.

G.A. Mavon & Co.

10 W. Chicago Ave., Hinsdale, Ill. 60521; 708-655-2400; fax: 708-654-4447

	1994	1993
Premium volume.....	$14,000,000	$13,200,000
Employees.....	21	20
Commercial lines	50%	50%
Admitted business ..	85%	85%
Non-admitted	15%	15%

Founded: 1916.

Business: 20% managing general agent, 80% broker.

MGA for: Northland Insurance Co., Scottsdale Insurance Co.

Broker for: Chubb Group of Insurance Cos., Continental Insurance Co. (CNA), General Accident Insurance, Standard Mutual Insurance Co.

Lloyd's of London coverholder.

Officers: P.G. Mavon Jr., president; Phil Mavon, vp; James Davis, assistant vp.

Contact: Phil Mavon.

Licensed in: Illinois.

Membership: AAMGA, NAPSLO.

McClelland & Hine Inc.

P.O. Box 33009, San Antonio, Texas 78265; 210-599-3944; fax: 210-599-8119

	1994	1993
Premium volume.....	$21,000,000	$15,000,000
Commercial lines	97%	97%
Admitted business ..	42%	36%
Non-admitted	58%	64%

Founded: 1982.

Business: 80% managing general agent, 20% broker.

MGA for: American Equity Insurance Co., American Home Assurance Co., Burlington Insurance Co., General Agents Insurance Co., Gulf Insurance Co., Home State County Mutual Insurance Co., Lincoln Insurance Co., Midland Risk Insurance Co., St. Paul Reinsurance Co. Ltd., Penn-America Insurance Co., Union American Insurance Co.

Broker for: Admiral Insurance Co., Associated International Insurance Co., Audubon Indemnity Co., Clarendon America Insurance Co., Illinois Insurance Exchange, Lexington Insurance Co., Lloyd's of London, Marine Office of America Corp., Mt. Hawley Insurance Co., Northbrook National Insurance Co., Stonewall Insurance Co., United National Insurance Co.

Lloyd's of London coverholder.

Branches: Dallas and Houston.

Subsidiaries: McClelland & Hine of Houston L.L.P.

Officers: Gilbert C. Hine Jr., president; Suzanne Herndon, vp/secretary; Shelley Powell, vp/treasurer; Harold Smith, vp.

Contact: Gilbert Hine.

Licensed in: Texas.

Membership: AAMGA, NAPSLO.

Meindl Insurance Agency Inc.

3452 Grand Blvd., Brookfield, Ill. 60513; 708-354-0184; fax: 708-354-0403

	1994*	1993*
Premium volume.....	$12,000,000	$12,000,000
Gross revenues.....	$850,000	$850,000
Employees.....	21	21
Commercial lines	45%	45%
Admitted business ..	85%	86%
Non-admitted	15%	14%

* Fiscal years ending 3/31.

Founded: 1974.

Business: 98% managing general agent, 2% broker.

MGA for: Admiral Insurance Co., American Ambassador Casualty Co., Calvert Insurance Co., Century-National Insurance Co., Commercial Underwriters Insurance Co., Empire Fire & Marine Insurance Co., Fireman's Fund Insurance Co., Safeway Insurance Co., Topa Insurance Co.

Lloyd's of London coverholder.

Subsidiaries: H&M Premium Finance Co. Inc.

Specialties: Liquor liability.

Officers: Fred J. Harris, CEO; Joseph P. Harris, president; Carolyn W. Harris, director.

Contact: Joseph P. Harris or David Streckert.

Licensed in: Illinois.

Membership: NAPSLO.

Miami Valley Excess & Surplus Agency

P.O. Box 29, Miamisburg, Ohio 45342; 513-438-0491; fax: 513-438-9834

	1994	1993
Premium volume.....	$3,000,000	$2,850,000
Gross revenues.....	$465,000	$454,000
Employees.....	9	9
Commercial lines	99%	99%
Admitted business ..	85%	85%
Non-admitted	15%	15%

Founded: 1985.

Business: 95% managing general agent, 5% broker.

MGA for: Adriatic Insurance Co., American Modern Home Insurance Co., Burlington Insurance Group Inc., Century Surety Co., Colony Insurance Co., Empire Fire & Marine Insurance Co., Employers Reinsurance Corp., Lincoln Insurance, Zurich Re (U.K.).

Broker for: Classic Syndicate Inc., United Coastal Insurance Co., United National Insurance Co.

Branches: Fairmont, W.Va.

Officers: Fred C. Wootan, president; Barbara A. Wootan, Lester Long, vps; Greg Seibel, assistant vp.

Contact: Fred Wootan.

Licensed in: Kentucky, Ohio, West Virginia.

Membership: AAMGA.

Midlands Management Corp.

3503 N.W. 63rd, Suite 305, Oklahoma City, Okla. 73116; 405-840-0074; fax: 405-840-5432

	1994	1993
Premium volume.....	$11,590,120	$10,625,345
Gross revenues.....	$1,525,743	$1,100,734
Employees.....	12	10.5
Commercial lines	100%	100%
Admitted business ..	26%	23%
Non-admitted	74%	77%

Founded: 1990.

Parent: Caliban Holdings.

Business: 3% underwriting manager, 35% managing general agent, 62% broker.

Underwriting manager for: Belvedere Insurance Co.

MGA for: Associated International Insurance Co.

Broker for: Clarendon Insurance Group, Transamerica Insurance Co.

Lloyd's of London coverholder.

Subsidiaries: Midlands Claim Administrators, Oklahoma City.

Specialties: Excess workers compensation, excess employers liability, agents E&O.

Officers: Charles C. Caldwell, president; Wayne F. Keith, senior vp; Sherri L. Collins, Richard Gerrond, vps.

Contact: Sherri L. Collins.

Licensed in: Oklahoma.

Membership: AAMGA, NAPSLO.

Midwestern General Brokerage Inc. dba Westrope & Associates

920 Baltimore, Kansas City, Mo., 64105; 816-842-8222; fax: 816-842-3081

	1994*	1993*
Premium volume.....	$28,000,000	$17,500,000
Employees.....	20	12
Commercial lines	100%	100%
Admitted business ..	25%	25%
Non-admitted	75%	75%

* Fiscal years ending May 31.

Founded: 1992.

Business: 5% managing general agent, 95% broker.

MGA for: American Empire Surplus Lines, Essex Insurance Co., Pacific Insurance Co. Ltd., Western World Insurance Co.

Broker for: American International Group Inc., Mt. Hawley Insurance Co., Northfield Insurance Co., RLI Insurance Co., Royal Indemnity Co., Royal Surplus Lines Insurance Co., St. Paul Surplus Lines Insurance Co..

Lloyd's of London coverholder.

Specialties: Products liability; umbrella; E&O; D&O; property, including California earthquake.

Officers: Joseph D. Timmons, chairman; Kevin T. Westrope, president/CEO; Robert E. Masterson, vp/secretary; W. Kay Singleton, senior vp-operations; Brenda Ballard, vp.

Contact: Kevin T. Westrope.

Licensed in: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, District of Columbia, Florida, Hawaii, Illinois, Indiana, Iowa, Kansas (non-resident agency license), Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Missouri (resident agency license), Nebraska, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Dakota, Utah, Vermont, Virginia, West Virginia, Wyoming.

Membership: NAPSLO.

Mining Insurance Markets Inc.

P.O. Box 660214, Birmingham, Ala. 35266-0214; 205-823-5209; fax: 205-823-6177

	1994	1993
Premium volume.....	$18,300,000	$14,200,000
Employees.....	5	5
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1985.

Parent: CGH Insurance Group Inc.

Business: 100% broker.

Broker for: American Mining Insurance Co., Lincoln General Insurance Co., Royal Indemnity Co.

Specialties: Coal, sand and gravel, limestone, clay and other mining risks.

Officers: Chandler F. Cox Jr., president; Kenneth A. Hoyle, vp; Edward M. Glenn, secretary; Dominick Giovannelli, treasurer.

Contact: Chandler F. Cox Jr., 800-448-4523.

Licensed in: Alabama, Pennsylvania, Tennessee, West Virginia.

Support services provided by parent company.

N

NAS Ltd.

100 S. Wacker Drive, Chicago, Ill. 60606; 312-726-2186; fax: 312-726-8715

	1994*	1993*
Premium volume.....	$13,000,000	$12,000,000
Employees.....	9	9
Commercial lines	100%	100%
Admitted business ..	25%	25%
Non-admitted	75%	75%

* Fiscal years ending 10/31.

Founded: 1974.

Business: 100% broker.

Broker for: Acceptance Insurance Co., General Star Indemnity Co., First State Insurance Co.

Branches: Marlton, N.J.

Specialties: Products liability.

Officers: Joanna Gesicki, president; Al Abramikas, vp/treasurer; Richard Munce, Carol Nye, vps; Angela Mancari, assistant vp.

Contact: Joanna Gesicki.

Licensed in: Illinois, Indiana, New Jersey, Pennsylvania.

Membership: NAPSLO.

Continued on next page

CLAIMS ADJUSTING, SURVEYING, AUDITING

VERSATILITY. Toplis and Harding offers a full range of adjusting, surveying, and recovery services. We provide complete claim administration, litigation management, and claim auditing services.

STRENGTH. For over 75 years, Toplis and Harding has earned the trust and confidence of the insurance industry by providing responsive and expert claim adjusting and surveying services — throughout North America.

EXPERIENCE, CREATIVITY, DEDICATION. As the principal owners of Toplis and Harding, our employees provide a level of service unrivaled in the industry.

TOPLIS AND HARDING will give your claim management program results where it's needed most — at the bottom line.

WORKERS' COMP CARGO MARINE CASUALTY PROPERTY SPECIAL RISKS TRAVEL ACCIDENT

Call Barry Belknap or Dick Dahlgren:

1-800-472-4128

New York, Chicago, Los Angeles, Atlanta

TOPLIS AND HARDING, INC.®

NORTH AMERICA

Toplis and Harding is a member of McLarens Toplis, Inc., a worldwide joint venture of McLarens and Toplis and Harding, Inc.

Continued from previous page

Nason Associates Inc.

6901 W. 63rd St., Suite 207, Overland Park, Kan. 66202; 913-677-1550; fax: 913-384-9350

	1994	1993
Premium volume.....	$6,985,500	$6,335,300
Gross revenues.....	$465,000	$426,000
Employees.....	7	7
Commercial lines	80%	80%
Admitted business ..	95%	95%
Non-admitted	5%	5%

Founded: 1980.
Business: 100% broker.
Broker for: AIG Aviation Inc., American Eagle Insurance Co., United States Aviation Underwriters.
Lloyd's of London coverholder.
Specialties: Aviation insurance, including aircraft products liability.
Officers: C.H. Nason, president; Linda S. Joy, vp.
Contact: Linda Joy.
Licensed in: All states.

National Insurance Professionals Corp.

1040 N.E. Hostmark, Suite 200, Poulsbo, Wash. 98370; 360-697-3611; fax: 360-697-3688

	1994	1993
Premium volume.....	$16,230,000	$15,690,000
Employees.....	22	24
Commercial lines	100%	100%
Admitted business ..	38%	32%
Non-admitted	62%	68%

Founded: 1976.
Business: 88% managing general agent, 12% broker.
MGA for: Continental Casualty Co., TIG Insurance Co., United National Group.
Broker for: Colonia Insurance Co., Homestead Insurance Co., Professional Underwriters Liability Insurance Co.
Lloyd's of London coverholder.
Specialties: Professional and industry associations, new program development.
Officers: Harry L. Baker, president; Barry C. Clipsham, vp; Thomas C. Downs, executive vp/secretary; William L. Johnson, vp/treasurer; William J. Reese, senior vp.
Contact: Harry L. Baker.
Licensed in: Washington; California and New York (RPGs only).
Membership: AAMGA, NAPSLO.

North Island Group Inc.

30 Park Ave., Manhasset, N.Y. 11030; 516-365-7440; fax: 516-365-7392

	1994*	1993*
Premium volume.....	$80,000,000	$75,000,000
Employees.....	70	65
Commercial lines	95%	95%
Admitted business ..	92%	90%
Non-admitted	8%	10%

* Fiscal years ending 3/31.

Founded: 1976.
Business: 65% managing general agent, 35% broker.
MGA for: Hermitage Insurance Co., National Casualty Co., National Union Fire Insurance Co. of Pennsylvania, The Royal Insurance Group, Scottsdale Insurance Co., United States Liability Insurance Co.
Broker for: Admiral Insurance Co., Calvert Insurance Co., Chubb Wholesale, Coregis Indemnity Co., Evanston Insurance Co., Fireman's Fund Insurance Co., First Central Insurance Co., First State Insurance Co., General Star Management, Interstate Fire & Casualty Co., Investors Insurance Co. of America, Lexington Insurance Co., The Reinsurance Corp. of New York, Reliance Insurance Co, Tamerack, The Travelers Insurance Co., .
Lloyd's of London coverholder.
Branches: New Jersey, New York, Pennsylvania, Rhode Island.
Subsidiaries: Flegenheimer Facilities Ltd., Manhasset, N.Y.; Moore Facilities Ltd., Brewster, N.Y.
Specialties: Social services institutional programs, including professional liability.
Officers: Michael A. Orlando, president; John G. Orlando, executive vp/secretary; Dennis Loggie, William Battistini, vps.
Contact: Daphne Alerado.
Licensed in: Connecticut, District of Columbia, New Jersey, New York, Pennsylvania, Rhode Island, Virginia.
Membership: NAPSLO.

O

J.R. Olsen Bonds & Insurance Brokers Inc.

22900 Ventura Blvd., Suite 360, Woodland Hills, Calif. 91364; 818-224-4855; fax: 818-224-4857

	1994	1993
Premium volume.....	$4,000,000	$3,000,000
Gross revenues.....	$850,000	$750,000
Employees.....	13	14
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1984.
Business: 100% managing general agent.
MGA for: Star Insurance Co.
Specialties: Surety, bonds, fidelity bonds, E&O.
Officers: James R. Olsen.
Contact: James R. Olsen or Rosita Ciccolini.

P

PRMS Inc.

3401 Enterprise Parkway, Suite 430, Beachwood, Ohio 44122; 216-766-5416; fax: 216-591-0906

	1994	1993
Premium volume.....	$22,000,000	$8,000,000
Employees.....	13	10
Commercial lines	100%	100%
Admitted business ..	90%	100%
Non-admitted	10%	NA

Founded: 1988.
Business: 100% underwriting manager.
Underwriting manager for: Genesis Indemnity Insurance Co., Genesis Insurance Co.
Subsidiaries: PMRS Advisory Services.
Specialties: D&O for public companies, including initial public offerings.
Officers: Stephen G. Klug, president; Kevin M. LaCroix, president-PRMS Advisory Services.
Licensed in: Ohio.

PWN Insurance Underwriting Managers Inc.

4 Liberty Square, Boston, Mass. 02109-4811; 617-482-0600; fax: 617-426-6988

	1994*	1993*
Premium volume.....	$9,600,000	$8,400,000
Employees.....	12	11
Commercial lines	100%	100%
Non-admitted	100%	100%

* Fiscal years ending 9/30.

Founded: 1988.
Business: 100% managing general agent.
MGA for: First Specialty Insurance Corp., Westport Insurance Corp.
Specialties: Jewelers block; restaurant, bar and tavern business.
Officers: Christopher C. Dawson, president; William P. Twomey, executive vp; Kenneth Harvey vp; Christine Foisy, William Coughlin, assistant vps; Alan Rawding, secretary.
Contact: Donnalynn Francis.
Licensed in: All states except Missouri.
Membership: AAMGA, NAPSLO.

Paige-Ruane

983 Old Eagle School Road, Suite 616, Wayne, Pa. 19087; 610-254-9890; fax: 610-254-9893

	1994	1993
Premium volume.....	$4,274,815	$4,220,838
Gross revenues.....	$521,878	$478,712
Employees.....	6	6
Commercial lines	100%	100%
Admitted business ..	95%	95%
Non-admitted	5%	5%

Founded: 1979.
Business: 95% managing general agent, 5% broker.
MGA for: Reliance Insurance Co.
Broker for: Gulf Insurance Co.
Specialties: Long-term automobile and truck lease contingent insurance coverages.
Officers: Jon W. Yoskin, CEO; Richard C. Maida, president.
Contact: Kathleen Everhart.
Licensed in: Pennsylvania.

Phoenix Excess & Surplus Lines Inc.

812 Sylvia St., West Trenton, N.J. 08628; 609-530-0111; fax: 609-538-0661

	1994*	1993*
Premium volume.....	$8,800,000	$8,200,000
Gross revenues.....	$860,000	$923,000
Employees.....	12	9
Commercial lines	100%	100%
Admitted business ..	35%	35%
Non-admitted	65%	65%

* Fiscal years ending 9/30.

Founded: 1974.
Business: 60% managing general agent, 40% broker.
MGA for: Scottsdale Insurance Co.
Broker for: First Specialty Insurance Corp., Illinois Insurance Exchange, United National Insurance Co.
Branches: Feasterville, Pa., Ossining, N.Y.
Subsidiaries: Phoenix Insurance Group Inc., Phoenix Excess & Surplus Line Agency of New York Inc.
Officers: Edward Johnson, CEO; Dennis Pellegrino, president.
Contact: Edward Johnson.
Licensed in: New Jersey, New York, Pennsylvania.
Membership: NAPSLO.

Pomerleau Program Administrators

108 Church St., Burlington, Vt. 05401; 802-863-0544; fax: 802-863-8206

	1994	1993
Premium volume.....	$7,800,000	$6,600,000
Gross revenues.....	$1,300,000	$1,100,000
Employees.....	7	6
Commercial lines	100%	100%
Admitted business ..	60%	50%
Non-admitted	40%	50%

Founded: 1985.
Parent: Pomerleau Agency Inc.
Business: 90% managing general agent, 10% broker.
MGA for: CIGNA Insurance Cos., Columbia Casualty Co., Continental Casualty Co., Transcontinental Insurance Co.
Broker for: Agricultural Excess & Surplus Insurance Co., Agricultural Insurance Co.
Specialties: Liquor liability, lawyers professional liability.
Officers: Thomas L. Mays, president; Brian L. Courcy, senior vp/COO, Susan J. Schomody, underwriting supervisor.
Contact: Brian Courcy.
Licensed in: New Hampshire, Vermont.
Membership: NAPSLO.
Support services provided by parent company.

Price Forbes North America

7557 Rambler Road, Suite 350, Dallas, Texas 75231; 214-265-2660; fax: 214-265-2683

	1994	1993
Premium volume.....	$541,000,000	$511,400,000
Gross revenues.....	$39,100,000	$37,400,000
Employees.....	332	315
Commercial lines	100%	100%
Admitted business ..	35%	35%
Non-admitted	65%	65%

Founded: 1955.
Parent: Sedgwick Group P.L.C.
Business: 20% managing general agent, 80% broker.
MGA for: Admiral Insurance Co., American Empire Surplus Lines Insurance Co., First State Management Corp., Canal Insurance Co., Interstate Fire & Casualty, Jefferson Insurance Group, Marine Office of America Corp., National Fire & Marine Insurance, National Indemnity Co., Nautilus Insurance Co., Navigators Insurance Co., Northland Insurance Co., Scottsdale Insurance Co., United States Liability Insurance Co., Western World Insurance Co.
Broker for: Aetna Group, American Financial Insurance Group, American International Group, Berkshire Hathaway Group, Canal Insurance Co., Chubb Group of Insurance Cos., Fireman's Fund Group, General Reinsurance Group, Hartford Insurance Group, Investors Insurance Group, Jefferson Insurance Group, Markel Corp. Group, Northland Insurance Co., RLI Group, Reliance Insurance Group, Royal Insurance Group, Scottsdale Insurance Co., St. Paul Group, Talegen Holdings Inc., W.R. Berkley Group, Westco Insurance Group, Travelers Group, Zurich Insurance Group.
Branches: Crump Group Inc., Glendale, Irvine, San Diego and San Francisco, Calif.; Denver; Casselberry, Fla.; Atlanta; Chicago; Boston; New York; Portland, Ore.; Memphis and Nashville, Tenn.; Dallas; Bellevue, Wash.; Southern Marine & Aviation Underwriters Inc., Atlanta; New Orleans; New York; Houston.
Officers: Orville D. Jones, chairman/CEO-Crump Group Inc. and chairman/CEO-SMAU; Marcus Payne, president/COO-Crump Group; Patrick R. O'Brien, executive vp/CFO; Jerry L. Shelton, president/COO-SMAU; Michael G. Galiber, executive vp-SMAU; Euan Harvie-Watt, president-SIMS.
Contact: Orville D. Jones.
Licensed in: California, Colorado, Florida, Georgia, Idaho, Illinois, Louisiana, Nevada, New York, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Washington.
Membership: AAMGA, NAPSLO.

Professional Indemnity Agency Inc.

P.O. Box 130, 409 Manville Road, Pleasantville, N.Y. 10570; 914-747-1818; fax: 914-747-3737

	1994*	1993*
Premium volume.....	$60,000,000	$55,000,000
Employees.....	42	40
Commercial lines	100%	100%
Admitted business ..	50%	53%
Non-admitted	50%	47%

* Fiscal years ending 1/31.

Founded: 1978.
Parent: Marshall Rattner Inc.
Business: 100% managing general agent.
MGA for: Reliance National Insurance Co., Ulico Casualty Co., Ulico Indemnity Co.
Lloyd's of London coverholder.
Branches: Closter, N.J.
Specialties: Union fiduciary liability, corporate fiduciary liability, miscellaneous E&O, kidnap/ransom/extortion.
Officers: Mark E. Rattner, president; Gerald Axel, senior vp/treasurer; Albert Van Wagenen, Nick Xanders, senior vps; David F. Rattner, corporate secretary/business development manager.
Contact: David F. Rattner.
Licensed in: New Jersey.
Membership: AAMGA, NAPSLO.

Professional Indemnity Management Co.

4225 Naperville Road, Suite 265, Lisle, Ill. 60532; 800-447-4626; fax: 708-505-1221

	1994	1993
Premium volume.....	$6,000,000	$4,700,000
Employees.....	8	5
Commercial lines	100%	100%
Admitted business ..	85%	85%
Non-admitted	15%	15%

Founded: 1987.
Business: 95% managing general agent, 5% broker.
MGA for: SAFECO Insurance Cos.
Broker for: Evanston Insurance Co., SAFECO Insurance Cos., United National Insurance Co.
Specialties: Accountants professional liability, architects and engineers professional liability, insurance agents E&O.
Officers: James M. Romano, president; Michelle A. Duffett, executive vp.
Licensed in: Illinois.
Membership: AAMGA.

Professional Underwriters Agency Inc.

2907 Butterfield Road, Suite 320, Oak Brook, Ill. 60521; 708-575-8111; fax: 708-575-0033

	1994	1993
Premium volume.....	$6,250,000	$5,450,000
Gross revenues.....	$650,000	$575,000
Employees.....	7	6
Commercial lines	100%	100%
Admitted business ..	10%	10%
Non-admitted	90%	90%

Founded: 1990.
Business: 91% underwriting manager, 6% managing general agent, 3% broker.
Underwriting manager for: Carlisle Insurance Co., Investors Insurance Co. of America.
Broker for: Lloyd's of London, United Coastal Insurance Co.
Lloyd's of London coverholder.
Specialties: Architects, engineers and construction managers professional liability.
Officers: Ram H. Chandarana, president; Jeanine Benning, Sandip Chandarana, James E. Ruiz, vps.
Contact: Ram H. Chandarana.
Licensed in: Illinois.
Membership: AAMGA.

ProSurance Group Inc.

1101 San Antonio Road, Suite 204, Mountain View, Calif. 94043; 415-428-0818; fax: 415-428-0860

	1994	1993
Premium volume.....	$5,000,000	$1,000,000
Employees.....	10	3
Commercial lines	100%	100%
Admitted business ..	50%	80%
Non-admitted	50%	20%

Founded: 1993.
Business: 100% managing general agent.
MGA for: CIGNA Specialty Insurance Co., Illinois Union Insurance Co., Reliance National Insurance Co.
Specialties: Professional liability for brokers/dealers, registered representatives, financial planners, investment advisors, life insurance agents, individual physicians and group/clinic practices.
Officers: John V. Wagner, chairman; Donald W. Satterlee, president.
Contact: Donald W. Satterlee.
Licensed in: California.

R

RA&MCO Insurance Services

1390 Willow Pass Road, Suite 500, Concord, Calif. 94520; 510-685-1600; fax: 510-685-1750

	1994*	1993*
Premium volume**.	$28,000,000	$29,600,000
Employees**.....	35	35
Commercial lines	100%	100%
Admitted business ..	33%	32%
Non-admitted	67%	68%

* Fiscal years ending 9/30.
** Figures on U.S. operations only.

Founded: 1982.
Parent: InsPro Corp.
Business: 70% underwriting manager, 30% managing general agent.
Underwriting manager for: Associated International Insurance Co., Calvert Insurance Co.
MGA for: Insurance Co. of the West, Zurich Reinsurance (U.K.).
Lloyd's of London coverholder.
Subsidiaries: Camomile Underwriting Agencies Ltd., RISK Administrators & Management Co.
Specialties: Architect, engineers and construction related consultants, professional liability.
Officers: Grant H. Weaver, James L. Bechter, S. Lee Nelson, Andrea T. Weaver, Potter Brimlow, Alan R. Horvath.
Contact: James L. Bechter, director.
Licensed in: California.
Membership: NAPSLO.
Support services provided by parent company.

RISC Inc.

2777 Stemmons, Suite 1425, Dallas, Texas 75207; 214-640-2222; fax: 214-640-2200

	1994	1993
Premium volume.....	$35,000,000	$33,000,000
Gross revenues.....	$2,700,000	$2,500,000
Employees.....	28	28
Commercial lines	95%	99%
Admitted business ..	20%	18%
Non-admitted	80%	82%

Founded: 1966.
Parent: The RIGG Group Inc.
Business: 40% managing general agent, 60% broker.
MGA for: American Empire Insurance Co., Great Divide Insurance Co., Interstate Fire & Casualty Co.
Broker for: Commonwealth Insurance Co., First State Insurance Co., Lexington Insurance Co.
Lloyd's of London coverholder.
Specialties: Logging, energy, transportation.
Officers: David L. Geary, president; Daniel E. Whitt, Frances Griffin, senior vps.
Contact: Mary Ann Johnson.
Licensed in: Texas.
Membership: NAPSLO.

Rapport Insurance Services Inc.

15415 Katy Freeway, Suite 605, Houston, Texas 77094-1813; 713-492-1735; fax: 713-579-1258

	1994	1993
Premium volume.....	$26,600,000	$11,700,000
Gross revenues.....	$1,661,000	$774,000
Employees.....	19	12
Commercial lines	100%	100%
Admitted business ..	60%	70%
Non-admitted	40%	30%

Founded: 1988.
Business: 25% managing general agent, 75% broker.
MGA for: Empire Fire & Marine Insurance Co., The Hartford Steam Boiler Group.
Broker for: American International Group Inc., Clarendon National Insurance Co., Empire Fire & Marine Insurance Co., Interstate Fire & Casualty Co.
Lloyd's of London coverholder.
Branches: Albuquerque, N.M.
Subsidiaries: Atwell/Rapport Insurance Services Inc., Albuquerque, N.M.
Specialties: Commercial auto.
Officers: Ed Gorman, Sheri Gorman, Hugh Atwell, Richard Dauchy, Glenn Hargrove.
Contact: Susan Raimond.
Licensed in: Arizona, Florida, Mississippi, New Mexico, Oklahoma, Texas.

Repath Associates Inc.

4301 Hillsboro Road, Suite 314, Nashville, Tenn. 37215; 615-297-1739; fax: 615-297-3796

	1994	1993
Premium volume.....	$43,000,000	$37,000,000
Gross revenues.....	$3,250,000	$2,000,000
Employees.....	33	29
Commercial lines	100%	100%
Admitted business ..	22%	20%
Non-admitted	78%	80%

Founded: 1984.
Business: 8% managing general agent, 92% broker.
MGA for: American Empire Surplus Lines, Century Surety Co., Colony Insurance Co., Essex Insurance Co., Sphere Drake Insurance Co. P.L.C.
Broker for: Acceptance Insurance Co., Admiral Insurance Co., Aetna Insurance Co., Affiliated FM Insurance Co., American Empire Insurance Co., American International Group, CNA Group, Chubb Group of Insurance Cos., Evanston Insurance Co., Fireman's Fund Insurance Co., First Specialty Insurance Corp., First State Insurance Co., General Star National Insurance Co., Great American Insurance Co., Great Midwest Insurance Co., Guaranty National Insurance Co., INA County Mutual Insurance Co., Interstate Fire & Casualty Co., Investors Insurance Co. of America, Lloyd's of London, RLI Insurance Co., Reliance Insurance Co., Transamerica Insurance Co., Travelers Group, Tudor Insurance Co., United Capitol Insurance Co., United National Insurance Co., Westchester Fire Insurance Co., Zurich Insurance Co.
Lloyd's of London coverholder.
Branches: Boca Raton, Fla.; Indianapolis; Grand Rapids, Mich.; Charlotte, N.C.; Columbus, Ohio.
Specialties: Products liability, umbrella, property, difference in conditions.
Officers: Derek Repath, president; Sandra Breedlove, senior vp-N.C.; May Bell Dan Powell, senior vps-Tenn.; Elise Scura Repath, president-Fla.
Contact: Derek Repath, 407-479-1993.
Licensed in: Florida, Indiana, Michigan, North Carolina, Ohio, Tennessee.
Membership: NAPSLO.

Roehrig & MacDuff

220 S. Ridgewood Ave., P.O. Box 2427, Daytona Beach, Fla. 32115; 904-252-6454; fax: 904-257-5795

	1994	1993
Premium volume.....	$16,500,000	$12,400,000
Gross revenues.....	$1,550,000	$1,250,000
Employees.....	15	14
Commercial lines	100%	100%
Admitted business ..	25%	35%
Non-admitted	75%	65%

Founded: 1980.
Parent: Poe & Brown Inc.
Business: 60% managing general agent, 40% broker.
MGA for: American Empire Insurance Co., Britamco Underwriters Inc., Canal Insurance Co., Century Surety Co., Colony Insurance Co., Columbia Casualty Co., Copenhagen Reinsurance Co. of America, Essex Insurance Co., Frontier Insurance Co., Great Divide Insurance Co., Landmark Insurance Co. (AIG), National Indemnity Co., St.

Continued on next page

Continued from previous page
Paul Reinsurance Co. Ltd., Sphere Drake Ltd., Unionamerica Insurance Co. Ltd.

Broker for: Admiral Insurance Co., Alliance General Insurance Co., Adriatic Insurance Co., Coregis Indemnity Co., Employers Reinsurance Corp., Fireman's Fund Insurance Co., GAN North America Group, General Star National Insurance Co., Hartford Specialty Co., Investors Insurance Co., Lexington Insurance Co., Marine Office of America Corp., Regis Insurance Co., Reliance National Insurance Co., TIG Insurance Co.

Lloyd's of London coverholder.

Branches: St. Petersburg, Fla.

Specialties: General liability, commercial property, transportation.

Officers: J. Hyatt Brown, chairman; W.L. Rambo, president; Dana Roehrig, Glen Epley, senior vps; Kathy Stasko, vp.

Contact: Bill Rambo.

Licensed in: Florida.

Membership: AAMGA, NAPSLO.

S

SMIS Inc.

2 Riverchase Office Plaza, Suite 208, Birmingham, Ala. 35244; 205-985-7511; fax: 205-403-0761

	1994	1993
Premium volume.....	$4,800,000	$4,600,000
Gross revenues.....	$350,000	$345,000
Employees.....	8	9
Commercial lines	100%	100%
Admitted business ..	5%	5%
Non-admitted	95%	95%

Founded: 1980.

Business: 100% broker.

Broker for: Alliance General Insurance Co., Associated International Insurance Co., Colony Insurance Co., Commercial Underwriters Insurance Co., Equipco Insurance Co. Ltd., Evanston Insurance Co., Lincoln General Insurance Co., Steadfast Insurance Co.

Specialties: Product liability, employment practices.

Officers: James H. Godfrey Jr., chairman; Dave Barringer, president; Lamar Andrews, vp.

Contact: Lamer Andrews.

Licensed in: Alabama.

Membership: NAPSLO.

W.A. Schickedanz Agency Inc.

300 W. Main St., Belleville, Ill. 62220; 618-233-0644; fax: 618-233-0672

	1994	1993
Premium volume.....	$6,750,000	$6,500,000
Employees.....	16	16
Commercial lines	80%	80%
Admitted business ..	85%	85%
Non-admitted	15%	15%

Founded: 1931.

Business: 70% managing general agent, 30% broker.

MGA for: The Burlington Insurance Co., Empire Fire & Marine Insurance Co., First Financial Insurance Co., Guaranty National Insurance Co., Landmark American Insurance Co., Nautilus Insurance Co., Northfield Insurance Co., Northland Insurance Co.

Broker for: Bituminous Casualty Corp., Bituminous Fire & Marine Insurance, Fidelity & Deposit Co., First State Insurance Co., Guaranty National Insurance Co., The Hartford Mutual Insurance Cos., United National Insurance Co.

Lloyd's of London coverholder.

Subsidiaries: Gateway Premium Budget Inc., Belleville, Ill.; Agency Network America Inc., Belleville, Ill.

Specialties: Illinois liquor liability and related property and liability, truck liability and physical damage .

Officers: C. Jack Miller, president/CEO; Steven C. Miller, executive vp.

Licensed in: Illinois.

Membership: AAMGA, NAPSLO.

The Schinnerer Group

2 Wisconsin Circle, Chevy Chase, Md. 20815; 301-961-9800; fax: 301-951-5444

	1994	1993
Premium volume.....	$401,000,000	$407,000,000
Gross revenues*	$33,600,000	$34,100,000
Employees.....	282	278
Commercial lines	100%	100%
Admitted business ..	95%	95%
Non-admitted	5%	5%

* BI estimate.

Founded: 1937.

Parent: Seabury & Smith.

Business: 99% underwriting manager, 1% broker.

Underwriting manager for: Continental Casualty Co.; School, College & University Underwriters Ltd.; Transportation Insurance Co.; United Educators Insurance RRG Inc.

Broker for: Chicago Insurance Co.

Lloyd's of London coverholder.

Branches: San Francisco; Chicago; New York; Dallas; Ottawa and Toronto, Canada; London.

Subsidiaries: ENCON Insurance Managers, Ottawa, Canada; Schinnerer & Co. Ltd., London; Victor O. Schinnerer & Co. Inc., Chevy Chase, Md.

Specialties: Architects and engineers property loss, real estate agents E&O; schools, colleges and universities liability; non-profit D&O; hospital excess liability.

Officers: James R. Stevens, chairman; Vincent C. Santorelli, president; Paul L. Genecki, Lorna M. Parsons, Richard J. Walk, senior vps; Homer M. Sandridge, executive vp.

Contact: Richard J. Walk.

Shand Morahan & Co. Inc.

1007 Church St., Evanston, Ill. 60201; 708-866-2800; fax: 708-866-0866

	1994	1993
Premium volume.....	$139,058,000	$129,188,000
Gross revenues.....	$29,461,204	$27,585,162
Employees.....	166	175
Commercial lines	100%	100%
Admitted business ..	3%	3%
Non-admitted	97%	97%

Founded: 1970.

Parent: Markel Corp.

Business: 100% underwriting manager.

Underwriting manager for: Essex Insurance Co., Evanston Insurance Co., Markel American Insurance Co., Markel Insurance Co.

Specialties: Professional liability, products liability, casualty, D&O.

Officers: Anthony F. Markel, chairman/CEO; Paul W. Springman, president; Michael A. Rozenberg, executive vp; Gerard Albanese Jr., Richard P. Kropp, senior vps; Edgar W. Phoebus, senior vp/secretary/general counsel.

Contact: Irene Hayes.

Membership: AAMGA, NAPSLO.

Sherwood Insurance Services

201 California St., Suite 1000, San Francisco, Calif. 94111; 415-956-3236; fax: 415-956-1204

	1994	1993
Premium volume.....	$204,000,000	$158,000,000
Gross revenues.....	$16,660,000	$12,415,000
Employees.....	110	87
Commercial lines	100%	100%
Admitted business ..	82%	85%
Non-admitted	18%	15%

Founded: 1978.

Parent: Aon Risk Services.

Business: 12% managing general agent, 88% broker.

MGA for: Associated International Insurance Co., CNA Insurance Cos., Commercial Underwriters Insurance Co., First State Insurance Co., Monticello Insurance Co., Scottsdale Insurance Co.

Broker for: American Custom Insurance, American International Group, Associated International Insurance Co., Commonwealth Insurance Co., Essex Insurance Co., First State Insurance Co., RLI Insurance Co., The Royal Insurance Group, The St. Paul Cos. Inc., Westchester Group.

Lloyd's of London coverholder.

Branches: Newport Beach and Woodland Hills, Calif.

Specialties: Catastrophe property coverage, including earthquake, flood and wind.

Officers: James W. Barnes, chairman/CEO; David R. Hartoch, president-southern division/COO; Kevin Schrage, CFO; Casey Hamlin, senior vp; Bradley M. Busch, vp.

Contact: James W. Barnes.

Licensed in: All states.

Membership: NAPSLO.

Leon F. Skinner

1032 Sibley Tower Building, Rochester, N.Y. 14604; 800-836-4430; fax: 716-232-2173

	1994	1993
Premium volume.....	$9,100,000	$8,950,000
Employees.....	6	6
Commercial lines	100%	100%
Admitted business ..	90%	90%
Non-admitted	10%	10%

Founded: 1959.

Business: 100% managing general agent.

Specialties: Truck liability (for fleets from one to 100), including buses, vans, cargo, physical damage, bobtail deadhead, trailer-interchange, bonds and workers compensation coverage.

Officers: Leon F. Skinner.

Licensed in: New York.

Southern Insurance Managers Inc.

95 Whitebridge Road, Cavalier Building, Nashville, Tenn. 37205; 615-356-2900; fax: 615-356-3795

	1994	1993
Premium volume.....	$8,538,170	$8,057,057
Gross revenues.....	$1,213,983	$1,276,965
Employees.....	17	15
Commercial lines	93.1%	85.6%
Admitted business ..	57.1%	60.6%
Non-admitted	42.9%	39.4%

Founded: 1953.

Business: 97% managing general agent, 3% broker.

MGA for: Acceptance Insurance Co., American Equity Insurance Co., American Reliable Insurance Co., The Burlington Insurance Co., CNA International, Canal Insurance Co., First Financial Insurance Co., National Casualty Co., National Indemnity Cos., Nautilus Insurance Co., Scottsdale Insurance Co., Sphere Drake Insurance Co. P.L.C.

Broker for: Britamco Underwriters Inc., Employers Reinsurance Corp.

Lloyd's of London coverholder.

Specialties: Commercial trucking.

Officers: Edward J. Knish, president; Roy E. Bearden, executive vp/secretary; Faye Bain, treasurer; Gail Damesworth, Karen Garrison, assistant vps.

Contact: Edward J. Knish.

Licensed in: Tennessee.

Membership: AAMGA, NAPSLO.

Sovereign Group International Inc.

242 Main St., P.O. Box 70, Staten Island, N.Y. 10307; 718-317-7000; fax: 718-317-8809

	1994	1993
Premium volume.....	$22,000,000	$20,500,000
Gross revenues.....	$1,980,000	$1,845,000
Employees.....	35	30
Commercial lines	99%	99%
Admitted business ..	40%	35%
Non-admitted	60%	65%

Founded: 1975.

Business: 70% managing general agent, 30% broker.

MGA for: Hermitage Insurance Co., National Casualty Co., Scottsdale Insurance Co., U.S. Liability Insurance Co., U.S. Underwriters Insurance Co.

Broker for: Admiral Insurance Co., Chubb Custom Insurance Co., First Specialty Insurance Co., General Star Insurance Co., Investors Insurance Co., Reinsurance Corp. of N.Y.

Lloyd's of London coverholder.

Branches: Braintree, Mass.; Iselin, N.J.; Philadelphia.

Officers: William F. Lynch, president; Daniel J. Lynch, executive vp; Joseph Certo, vp; Medardo Yap, controller.

Contact: Dan Lynch, 908-750-2300.

Licensed in: Massachusetts, New Jersey, New York, Pennsylvania.

Membership: AAMGA, NAPSLO.

Special Program Management Inc.

525 Washington Blvd., Jersey City, N.J. 07310; 201-798-5100; fax: 201-798-9064

	1994	1993
Premium volume.....	$18,534,464	$19,781,653
Employees.....	8	9
Commercial lines	100%	100%
Admitted business ..	6%	11%
Non-admitted	94%	89%

Founded: 1987.

Parent: Willis Corroon P.L.C.

Business: 6% underwriting manager, 94% managing general agent.

Underwriting manager for: Calvert Insurance Co.

Lloyd's of London coverholder.

Specialties: D&O liability.

Officers: James R. Martocci, president; Marjorie B. Feit, vp; Paul M. Tomasi, assistant vp.

Contact: James R. Martocci.

Licensed in: New Jersey.

Membership: AAMGA.

Support services provided by parent company.

Specialty Insurance Services Inc.

6624 Merrill Road, P.O. Box 11869, Jacksonville, Fla. 32239; 904-743-4314; fax: 904-743-5657

	1994	1993
Premium volume.....	$5,670,213	$4,789,060
Gross revenues.....	$747,242	$646,846
Employees.....	15	14
Commercial lines	90%	90%
Admitted business ..	42%	41%
Non-admitted	58%	58%

Founded: 1979.

Business: 95% managing general agent, 5% broker.

MGA for: Empire Fire & Marine Insurance Co., Empire Indemnity Insurance Co., Essex Insurance Co., Lincoln Insurance Co., Penn-America Insurance Co.

Broker for: Evanston Insurance Co., RLI Insurance Co., United Capitol Insurance Co.

Lloyd's of London coverholder.

Branches: Alpharetta, Ga.

Subsidiaries: Commercial Underwriters of Florida, Jacksonville, Fla.; Specialty Insurance Services of Georgia, Alpharetta, Ga.

Specialties: Commercial general liability, commercial property, commercial auto.

Officers: Harley K. Dulaney, president; Joanne S. Dulaney, executive vp; Patricia L. Garvin, Harley K. Dulaney III, Melanie D. Hosford, vps.

Contact: Melanie D. Hosford.

Licensed in: Florida, Georgia, North Carolina, South Carolina, Tennessee.

Membership: NAPSLO.

Allen Sterger & Associates Insurance Services

P.O. Box 27949, San Diego, Calif. 92198; 619-674-7250; fax: 619-674-1321

	1994	1993
Premium volume.....	$10,000,000	$9,000,000
Employees.....	6	6
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1990.

Business: 100% underwriting manager.

Underwriting manager for: Insurance Co. of the West, Philadelphia Insurance Cos.

Specialties: Lawyers professional liability, insurance agents/brokers E&O.

Officers: Allen Sterger, president; Eileen Graves, vp.

Contact: Allen Sterger or Chris Sterger.

Licensed in: California.

Myron F. Steves & Co.

3131 Eastside, Suite 600, Houston, Texas 77098; 713-522-1100; fax: 713-639-6340

	1994	1993
Premium volume.....	$76,500,000	$87,000,000
Gross revenues.....	$9,582,760	$10,138,000
Employees.....	109	106
Commercial lines	84%	87%
Admitted business ..	15%	15%
Non-admitted	85%	85%

Founded: 1955.

Business: 40% managing general agent, 60% broker.

MGA for: Essex Insurance Co., National Indemnity Co., National Insurance Co., Scottsdale Insurance Co., United National Insurance Co.

Broker for: Admiral Insurance Co., First Specialty Insurance Co., GAINSCO County Mutual Insurance Co., Reliance Cos., United National Insurance Co.

Lloyd's of London coverholder.

Branches: San Antonio; St. Germain, Wis.

Specialties: Hospital/health care professional liability, surplus lines commercial liability, non-standard home owners.

Officers: Buddy Steves, executive director-healthcare division; Fred Steves, executive director-property/casualty division; Larry Willoughby, executive director/CEO; Dan Krutilek, managing director-financial services.

Licensed in: Texas.

Membership: AAMGA, NAPSLO.

Stewart Smith Group Inc.

26 Century Blvd., Nashville, Tenn. 37214; 615-872-3641; fax: 615-872-4408

	1994	1993
Premium volume.....	$322,010,000	$274,756,000
Gross revenues.....	$24,337,000	$21,907,000
Employees.....	216	215
Commercial lines	100%	100%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Founded: 1936.

Parent: Willis Corroon P.L.C.

Business: 10% managing general agent, 90% broker.

MGA for: American Empire Surplus Lines Insurance Co., The Burlington Insurance Co., Essex Insurance Co., General Star Indemnity Co., Nautilus Insurance Co., Northfield Insurance Co., Western World Insurance Co.

Broker for: Admiral Insurance Co., Chubb Custom Insurance Co., Coregis Indemnity Co., First State Management Group, General Star Management Co., RLI Insurance Co., Reliance Group, Royal Specialty Underwriting, St. Paul Surplus Lines Insurance Co., Westchester Specialty Group.

Lloyd's of London coverholder.

Branches: Phoenix; Glendale and San Francisco, Calif.; Farmington, Conn.; Tampa, Fla.; Chicago; Grand Rapids and Southfield, Mich., Cedar Knolls, N.J.; New York; Cleveland; Eugene, Ore.; Philadelphia; Dallas.

Officers: Paul Mahaffey, chairman; Edward F. Casey, president/CEO; Sue Dudley, CFO; Fred Anderson, president/CEO-Stewart Smith West; Mark Smith, president/CEO-Stewart Smith East; Jim Compton, president/CEO-Stewart Smith South; Bob Greenebaum, president/CEO-Stewart Smith Mid-America; Ralph Leistner, president/CEO-McAlear Associates.

Licensed in: Alaska, Arizona, California, Connecticut, Florida, Texas, Illinois, Michigan, Ohio, New York, New Jersey, Oregon, Pennsylvania, Tennessee.

Membership: NAPSLO.

Sunbelt Special Risks Inc.

9428 Brookline Ave., Baton Rouge, La. 70809; 504-928-7700; fax: 504-928-7333

	1994	1993
Premium volume.....	$5,500,000	$5,000,000
Gross revenues.....	$500,000	$450,000
Employees.....	11	11
Commercial lines	98%	98%
Admitted business ..	2%	2%
Non-admitted	98%	98%

Founded: 1983.

Business: 5% underwriting manager, 90% managing general agent, 5% broker.

Underwriting manager for: St. Paul Reinsurance Co. Ltd.

MGA for: Essex Insurance Co., National Fire & Marine Insurance Co., Scottsdale Insurance Co.

Broker for: Media Professional, Shand Morahan, V.O. Schinnerer.

Lloyd's of London coverholder.

Officers: Michael J. Ardoin, president; Russell A. Landry, vp.

Contact: Mike Ardoin.

Licensed in: Louisiana.

Membership: NAPSLO.

Swett & Crawford Group

3699 Wilshire Blvd., Suite 1200, Los Angeles, Calif. 90010; 213-251-1200; fax: 213-383-0241

	1994*	1993*
Premium volume.....	$610,463,460	$536,155,000
Gross revenues.....	$56,606,231	$52,210,000
Employees.....	535	532
Commercial lines	100%	100%
Admitted business ..	49%	49%
Non-admitted	51%	51%

* Fiscal years ending 9/30.

Founded: 1914.

Business: 35% managing general agent, 65% broker.

MGA for: Athena Assurance Co., Canal Insurance Co., Colonia Insurance Co., Guaranty National Insurance Co., Jefferson Insurance Group, National Indemnity Co., Northland Insurance Co., Nautilus Insurance Co., Scottsdale Insurance Co., Western World Insurance Co.

Broker for: Admiral Insurance Co., American International Group Inc., Associated International, Canal Insurance Co., Chubb Corp., CNA Insurance Cos., Colonia Insurance Co., Continental Corp., Coregis, First State Management Co., General Star Indemnity Co., Guaranty National Insurance Co., Lexington National Union, Lloyd's of London, Nautilus, Northland Insurance Co., RLI Insurance Co., Reliance Insurance Co., Royal Specialty Insurance Co., Scottsdale Insurance Co., St. Paul Surplus Lines Insurance Co., Westco Insurance Co., Westchester Specialty Group, Zurich Insurance Group.

Lloyd's of London coverholder.

Branches: Fresno, Irvine, Los Angeles, San Francisco and Woodland Hills, Calif.; Denver; Clearwater, Fla.; Atlanta; Boise, Idaho; Chicago; New Orleans; Portland, Maine; Boston; Detroit; Minneapolis; St. Louis; Reno, Nev.; Paramus, N.J.; New York; Greensboro, N.C.; Philadelphia; Dallas; Salt Lake City; Fairfax, Va.; Seattle; Madison, Wis.

Subsidiaries: Swett Insurance Managers; AUSCO Inc., Chicago.

Officers: Warren S. Stanley, president/CEO; Robert A. Scott, executive vp/CFO; Daniel V. Colacurcio, executive vp/Western Division Manager; Ronald D. Wartick, executive vp/Central Division Manager; Herb F. Moulton, executive vp.

Contact: Nanci Evarts, 213-251-1223.

Membership: AAMGA, NAPSLO.

Symons International Group Inc.

5900 N. Andrews Ave., Fort Lauderdale, Fla. 33309; 305-772-5061; fax: 305-772-9873

	1994	1993
Premium volume.....	$5,078,572	$3,900,000
Employees.....	11	11
Non-admitted	100%	100%

Founded: 1986.

Parent: Goran Capital Inc.

Business: 60% underwriting manager, 35% managing general agent, 5% broker.

Underwriting manager for: Pafco General Insurance Co.

MGA for: United National Insurance Co.

Broker for: First Specialty Insurance Co.

Lloyd's of London coverholder.

Specialties: Liquor liability, jewelers block, auto agents E&O, restaurants, bars, taverns.

Officers: Ronald E. Chapman, vp/general manager; Douglas H. Symons, president; James F. Young, senior vp; Elizabeth Symons, assistant general manager.

Contact: Ronald E. Chapman.

Licensed in: Florida.

Membership: NAPSLO.

Support services provided by parent company.

T

Texas General Agency Inc.

P.O. Box 40600, San Antonio, Texas 78229; 210-522-1325; fax: 210-520-7222

	1994	1993
Premium volume.....	$27,000,000	$21,000,000
Employees.....	50	45
Commercial lines	60%	50%
Admitted business ..	50%	80%
Non-admitted	50%	20%

Founded: 1981.

Business: 100% underwriting manager.

Underwriting manager for: Insured Lloyd's, Republic-Vanguard Insurance Co., Southern County Mutual Insurance Co.

Branches: Lubbock, Texas.

Subsidiaries: Gulf States Insurance Co., Oklahoma City.

Specialties: Commercial auto.

Officers: Sam Cangelosi, president; Don Meyer, vp; Don Cangelosi, secretary.

Contact: Sam Cangelosi.

Licensed in: Alabama, Colorado, Louisiana, Texas.

Membership: AAMGA.

Tower Underwriters

7501 Boulders View Drive, Suite 120, P.O. Box 35656, Richmond, Va., 23235; 804-330-0543; fax: 804-330-3430

	1994	1993
Premium volume.....	$5,480,190	$4,854,472
Gross revenues.....	$459,178	$397,801

Continued on next page

Continued from previous page

	1994	1993
Employees	6	5
Commercial lines	100%	100%
Admitted business	99%	100%
Non-admitted	1%	NA

Founded: 1981.
Business: 100% managing general agent.
MGA for: Canal Insurance Co.; Marine Office of America Corp., National Indemnity Co.
Specialties: Commercial auto; miscellaneous general liability, including truckers general liability and garage liability.
Officers: Frederick W. Black, president; ShaRone H. Beverley, secretary, Joan S. Dunkley, treasurer.
Contact: Frederick W. Black.
Licensed in: Delaware, Virginia.

TransAtlantic Insurance Underwriters Inc.

7300 Carmel Executive Park, Suite 310, Charlotte, N.C. 28226; 704-541-3669; fax: 704-541-1815

	1994	1993
Premium volume	$3,500,000	$500,000
Employees	3	3
Admitted business	90%	70%
Non-admitted	10%	30%

Founded: 1992.
Business: 90% underwriting manager, 10% managing general agent.
Underwriting manager for: Standard Security Life Insurance Co. of New York.
Lloyd's of London coverholder.
Specialties: Self-funded major medical plans.
Officers: Kevin J. Manthorpe, president.
Licensed in: North Carolina.
Support services provided by parent company.

Transportation Insurors Inc./Bradshaw Insurance Agency Inc.

111 E. Main St., P.O. Box 59, Delphi, Ind. 46923; 317-564-6600; fax: 317-564-4638

	1994	1993
Premium volume	$8,200,000	$7,800,000
Gross revenues	$1,200,000	$1,000,000
Employees	16	15
Commercial lines	75%	75%
Admitted business	30%	50%
Non-admitted	70%	50%

Founded: 1859.
Business: 90% managing general agent, 10% broker.
MGA for: Acceptance Insurance Co., Calvert Insurance Co., Sphere Drake Insurance Co. P.L.C., Union American Insurance Co.
Broker for: Marine Office of America Corp., Zurich American Insurance Co.
Lloyd's of London coverholder.
Specialties: Trucking.
Officers: William H. Bradshaw, president; Thomas C. Bradshaw, vp.
Contact: Thomas C. Bradshaw.
Membership: NAPSLO.

Tri-City Brokerage Inc.

50 California St., Suite 2000, San Francisco, Calif. 94111; 415-986-5050; fax: 415-986-5004

	1994	1993
Premium volume	$458,038,852	$402,888,888
Gross revenues*	$30,000,000	$26,200,000
Employees	166	140
Commercial lines	100%	100%
Admitted business	85%	85%
Non-admitted	15%	15%

* BI estimate.

Founded: 1985.
Business: 100% broker.
Broker for: Acceptance Insurance Co., Aetna Casualty Co., American International Group Inc., Chubb Custom Insurance Co., First State Insurance Co., General Star Indemnity Co., RLI Insurance Co., Reliance National Insurance Co., Royal Specialty Underwriting Inc., St. Paul Surplus Lines Insurance Co., The Travelers Insurance Co., Westchester Specialty Group, Zurich Insurance Co.
Branches: Universal City, Calif.; Chicago; Edison, N.J.; New York.
Officers: John G. Hahn, president; Kieran P. Burke, Scott W. Gunnison, George P. Hilditch, Alexander M. Kullman, George K. Pagoumian, Daniel S. Real, Thomas L. Spinner, Michael P. Tilton, executive vps; Edward W. Ulshafer, COO; Leo P. O'Reilly, CFO.
Contact: John G. Hahn or Leo P. O'Reilly.
Licensed in: California, Illinois, New Jersey, New York.
Membership: AAMGA, NAPSLO.

Tri-State General Insurance Agency Ltd.

208A E. Main St., Salisbury, Md. 21802; 410-546-1255; fax: 410-546-3953

	1995*	1994*
Premium volume	$12,254,553	$11,879,064
Gross revenues	$1,225,455	$1,187,906
Employees	26	30
Commercial lines	98%	98%
Admitted business	40%	35%
Non-admitted	60%	65%

* Fiscal years ending 6/30.

Founded: 1979.
Business: 75% managing general agent, 25% broker.
Branches: Cherry Hill, N.J.; Westchester, Pa.; Richmond, Va.
Contact: Ed Dickerson III.
Licensed in: Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia.
Membership: NAPSLO.

Trinity E&S Inusrance Services Inc.

79 301 Country Club Drive, Bermuda Dunes, Calif. 92201; 619-360-4100; fax: 619-360-0055

	1994	1993
Premium volume	$10,200,000	$8,785,000
Gross revenues	$1,130,513	$966,350
Employees	11	11
Commercial lines	100%	100%
Admitted business	40%	45%
Non-admitted	60%	55%

Founded: 1985.
Parent: TCO Insurance Services Inc.
Business: 40% managing general agent, 60% broker.
MGA for: First Financial Insurance Co.
Broker for: Alpine Insurance Co., Century Surety Co., Topa Insurance Co.
Branches: San Diego and San Rafael, Calif.
Officers: Thomas J. Gassen, president; Peter J. O'Shaugnessy, chairman; Craig Rice, treasurer; Richard Kersten, secretary.
Contact: Thomas J. Gassen.
Licensed in: California.
Membership: NAPSLO.
Support services provided by parent company.

Truckers Insurance Associates Inc.

7117 Hickman Road, P.O. Box 1494, Des Moines, Iowa 50306; 515-276-7704; fax: 515-276-1418

	1994	1993
Premium volume	$24,500,000	$21,500,000
Employees	21	19
Commercial lines	99%	99%
Admitted business	100%	100%

Founded: 1943.
Business: 100% managing general agent.
MGA for: Carolina Casualty Insurance Co., Northland Insurance Co.
Specialties: Trucking, public auto.
Officers: Gary Albaugh, CEO; Doug Wilson, president.
Contact: Gary Albaugh.
Licensed in: Iowa, Kansas, Missouri, Nebraska, North Dakota, South Dakota.
Membership: AAMGA.

Tyser Metro & Co.

2400 Morris Ave., P.O. Box 1422, Union, N.J. 07083-1422; 908-688-3088; fax: 908-686-6275

	1994	1993
Premium volume	$6,900,000	$3,580,000
Gross revenues	$568,010	$312,000
Employees	12	8
Commercial lines	100%	100%
Admitted business	55%	55%
Non-admitted	45%	45%

Founded: 1983.
Parent: Tyser International Management Corp.
Business: 35% managing general agent, 65% broker.
MGA for: Frontier Insurance Co., Sphere Drake Insurance Co. P.L.C.
Broker for: Chubb Custom Insurance Co., Fireman's Fund Insurance Co., Hermitage Insurance Co., Lexington Insurance Co., Princeton Insurance Co., Reliance National Indemnity Co., Seneca Insurance Co.
Lloyd's of London coverholder.
Branches: Boca Raton, Fla.
Officers: Steven R. Gross, president/CEO; Anthony Montano, executive vp; Maryanne O'Connell, vp.
Contact: Steven R. Gross.
Licensed in: Florida, New Jersey.
Membership: NAPSLO.

U

U.S. Risk Insurance Group Inc.

5910 N. Central Expressway, Suite 1580, Dallas, Texas 75206; 214-265-7090; fax: 214-739-1421

	1994	1993
Premium volume	$82,000,000	$62,000,000
Gross revenues	$8,313,000	$6,903,000
Employees	98	82
Commercial lines	100%	100%
Admitted business	3%	3%
Non-admitted	97%	97%

Founded: 1977.
Business: 52% managing general agent, 48% broker.
MGA for: Acceptance Insurance Co., American Equity Insurance Co., American Modern Home Insurance Co., Associated International Insurance Co., GAINSCO Cos., Scottsdale Insurance Co.
Broker for: Acceptance Insurance Co., Alliance General Insurance Co., American Equity Insurance Co., General Star National Insurance Co., Interstate Fire & Casualty Co., Lexington Insurance Co., Lloyd's of London, United National Insurance Co.
Lloyd's of London coverholder.
Branches: San Francisco; Boca Raton, Fla.; Albuquerque, N.M.; Nashville, Tenn.; Austin and Houston, Texas.
Subsidiaries: Jarrett Insurance Brokers, Jean Deal & Associates, U.S. Risk Underwriters Inc.
Specialties: Professional liability, public entity coverages, umbrella and excess liability.
Officers: Randall G. Goss, chairman/CEO; L.M. Wesson Jr., president/COO; Thomas S. Bloom, executive vp.
Contact: L.M. Wesson Jr.
Licensed in: California, Florida, New Mexico, Tennessee, Texas.
Membership: AAMGA, NAPSLO.

U.S. & Overseas Agencies Inc.

1693 Stuyvesant Ave., Union, N.J. 07083; 908-964-5950; fax: 908-964-9487

	1994	1993
Premium volume	$3,600,000	$3,500,000
Gross revenues	$304,000	$305,000
Employees	6.5	7
Commercial lines	72.5%	75%
Admitted business	30%	25%
Non-admitted	70%	75%

Founded: 1933.
Business: 98% managing general agent, 2% broker.
MGA for: Lincoln Insurance Co., Mount Vernon Fire Insurance Co.
Broker for: United National Insurance Co.
Lloyd's of London coverholder.
Specialties: SMP packages, automobile physical damage.
Officers: Jack Neubauer, president; Jeffrey S. Neubauer, vp; Ingrid Neubauer, secretary, Bernice Bender, treasurer.
Contact: Jeffrey S. Neubauer.
Licensed in: New Jersey.
Membership: NAPSLO.

W

Bernard Warschaw Insurance Sales

1875 Century Park E., Suite 1700, Los Angeles, Calif. 90067; 310-286-2687; fax: 310-286-2526

	1994	1993
Premium volume	$12,900,000	$13,700,000
Employees	10	10
Commercial lines	100%	100%
Admitted business	5%	5%
Non-admitted	95%	95%

Founded: 1989.
Parent: Doctors' Co.
Business: 100% underwriting manager.
Underwriting manager for: Professional Underwriters Liability Insurance Co.; The Doctors' Co., An Interinsurance Exchange.
Specialties: Substandard medical malpractice for physicians, surgeons, medical groups/clincs, oral and maxillofacial surgeons and podiatrists.
Officers: Manuel Puebla, CEO; Charles O'Brien, secretary; Jerry Reilly, treasurer.
Contact: Stephen Freedman.
Licensed in: California.
Support services provided by parent company.

Wood & Co. Inc.

5335 Triangle Parkway, Suite 300, Norcross, Ga. 30092; 770-448-7148 or 800-476-4703; fax: 770-448-7105

	1994	1993
Premium volume	$57,022,285	$52,782,157
Gross revenues	$3,649,426	$3,371,812
Employees	29	28
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

Founded: 1984.
Parent: McGriff, Seibels & Williams Inc.
Business: 100% broker.
Broker for: Aetna Casualty & Surety Co., Chubb Custom Insurance Co., Fireman's Fund Insurance Co., First State Insurance Co., General Star Management Co., Interstate Fire & Casualty Co., Northfield Insurance Co., RLI Insurance Co., Royal Indemnity Co., St. Paul Surplus Lines Insurance Co., The Travelers Insurance Co., Westchester Surplus Lines Insurance Co.
Specialties: Difficult-to-place manufacturing, processing, industrial and contracting exposures.
Officers: Bruce Wood, president/CEO; George Showalter, Don Swift, Mike Rimbey, vps.
Contact: Donna Davis, vp-marketing.
Licensed in: Alabama, Arkansas, Colorado, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Virginia, Wisconsin.
Membership: NAPSLO.

Worldwide Facilities Inc.

3530 Wilshire Blvd., Suite 1400, Los Angeles, Calif. 90010; 213-380-4670; fax: 213-384-1501

	1994	1993
Premium volume	$31,000,000	$30,000,000
Employees	30	29
Commercial lines	100%	100%
Admitted business	50%	50%
Non-admitted	50%	50%

Founded: 1970.
Business: 100% broker.
Broker for: Admiral Insurance Co., Chubb Group of Insurance Cos., General Star companies, Lloyd's of London, Pacific Insurance Co., Reliance National Insurance Co., Royal Insurance Co. of America, Westchester Specialty Group, Zurich companies.
Branches: Seattle.
Subsidiaries: Heritage General Agency.
Specialties: Construction industry.
Officers: Donald R. Davis, chairman; Stephen B. Campbell, vice chairman; Davis D. Moore, president.
Contact: Stephen B. Campbell.
Licensed in: Arizona, Alaska, California, Washington.
Membership: NAPSLO.

Wycon Corp.

210 University Drive, Suite 900, Coral Springs, Fla. 33071; 305-752-1222; fax: 305-344-7961

	1994	1993
Premium volume	$44,135,044	$31,444,361
Gross revenues	$6,500,000	$5,000,000
Employees	75	65
Commercial lines	100%	100%
Admitted business	10%	10%
Non-admitted	90%	90%

Founded: 1989.
Business: 100% underwriting manager.
Specialties: Restaurants/taverns, liquor liability, professional liability, artisan contractor liability.
Officers: Stephen Weicholz, president; Scott Weicholz, secretary; Albert S. Solomon, treasurer; Kenneth Sutter, Darren Marsh, Dennis Wills, vps.
Contact: Robert Briggs.
Membership: AAMGA, NAPSLO.

Y

Yates & Associates Insurance Services

1570 Brookhollow Drive, Suite 212, Santa Ana, Calif. 92705; 714-641-1125

	1994	1993
Premium volume	$17,466,106	$16,987,728
Gross revenues	$2,825,451	$2,500,675
Employees	34	35
Commercial lines	100%	100%
Admitted business	30%	30%
Non-admitted	70%	70%

Founded: 1987.
Business: 60% managing general agent, 40% broker.
MGA for: Century Surety Co., Essex Insurance Co., London companies, Nautilus Insurance Co., Scottsdale Insurance Co.
Broker for: Admiral Insurance Co., Alpine Insurance Co., Commercial Underwriters Insurance Co., Commonwealth, Golden Eagle Insurance Co., Pacific Insurance Co., Reliance Insurance Co., Topa Insurance Co.
Lloyd's of London coverholder.
Subsidiaries: Pacific Coast Premium Finance Co.
Officers: James M. Yates, president; James Hippard, executive vp.
Contact: James M. Yates.
Licensed in: California.
Membership: AAMGA, NAPSLO. BI

GIC payout prospects darken

Plan sponsors' early optimism on Confederation Life fades

By FRED WILLIAMS

Crain News Service

DETROIT—A year after Confederation Life Insurance Co. was seized by regulators, plan sponsors are getting some bad news.

Contrary to early reports, holders of Confederation Life guaranteed investment contracts now seem less likely to get 100% of their investments back.

Confederation Life was required to deposit and maintain in trust cash and securities an amount sufficient to satisfy its liabilities in the United States.

But, in a recent lawsuit, Michigan regulators allege Confed officials "looted" the trust of the $600 million established for U.S. policyholders and used the "misappropriated" funds to support the company's Canadian operations shortly before it collapsed.

In a breach of trust, negligence and fraud suit filed in state court June 28, the regulators claim that $600 million would allow the full reimbursement of U.S. policyholders (*BI*, July 3).

The regulators' suit names: 27 former Confederation Life officers and directors; Ernst & Young, Confed's auditors; and Harris Trust & Savings Bank in Chicago, which managed the U.S. trust accounts.

One executive involved in the Confed aftermath has become more pessimistic about whether GIC holders will get their money back.

"I don't know if contract holders will emerge whole, but I am confident there won't be any big losses," said Victor Gallo, head of the Assn. of Confederation Life Contract Holders, a group that includes money managers, banks and insurance companies.

He said the organization supports the Michigan lawsuit.

Rich Cowen, a principal at Brentwood Asset Advisors in Santa Monica, Calif., also sounded a note of caution. He said the allegations in the suit complicate an already complex problem of rehabilitating a Canadian company with a substantial amount of business in the United States, including $2.4 billion of outstanding GICs

"A few months ago, they were talking about getting 90% to 100% back on the contracts," he said. "But since early this year things have slowed down and the tone is now more pessimistic."

If Michigan regulators fail to recover assets through their suit, there will probably be a shortfall in reimbursing Confed's policyholders, said Francis de Regnaucourt, a senior analyst at Moody's Investors Service Inc in New York who has warned that Confed GIC holders are at risk of substantial losses. Confed Life was seized by Canadian regulators in 1994 (*BI*, Aug. 22, 1994).

If the Michigan suit fails, contract holders then would be subject to the insurance guaranty funds in each state. In that case, he said, guaranty associations are inclined to be more sympathetic to "widows and orphans" than to institutional investors that are GIC holders.

Confed contracts were not widely held by individual plan sponsors; most were held by GIC managers, mutual funds and bank pooled funds that managed funds for 401(k) plans.

A Coors Brewing Co. retiree has filed a lawsuit against Fidelity Management & Trust Co. of Boston, which reportedly was one of the largest holders of Confed contracts, seeking compensation for any losses caused by the Confed failure (*BI*, Jan. 16).

The suit accuses Fidelity of mismanagement by placing approximately $10 million, or about 5%, of the fund's 401(k) assets in Confederation contracts.

Sources say Confed contracts were widely held by most large diversified GIC funds and virtually all GIC managers had some exposure to Confed.

Despite the legal wrangling, Mr. Gallo said he expects the Confed rehabilitation to move forward quickly once Confed's creditor group reaches a settlement or the company moves into a liquidation phase. BI

Cleaning up Down Under

Environmental liability a growing concern in Australia

By KATE TILLEY

GOLD COAST, Australia—Australian insurers should learn from the United States' experience with environmental liability litigation to ensure they do not face similar lawsuits, environmental law experts say.

Australian insurers soon could be facing large environmental claims, sufficient to force some insurers into insolvency, unless they take action to ensure they have sufficient funds to pay claims, warned Jan McDonald, associate professor of law at Bond University, on the Gold Coast in Queensland, Australia, and Robert J. Fowler, dean of law at the University of Adelaide in South Australia.

As in the U.S. courts, Australia's courts could force insurers to pay pollution cleanup claims for which they had never intended to provide coverage, said Ms. McDonald.

And Mr. Fowler said the formation last year of an intergovernmental body, the Australia & New Zealand Environment Conservation Council, could lead to legislation similar to U.S. Superfund laws, foisting strict liability for cleanups onto landowners and their insurers.

The two spoke at the 4th Annual Hazards Seminar, sponsored by Alexander Howden Reinsurance Brokers (Aust.) Ltd., in Gold Coast, Queensland, last month.

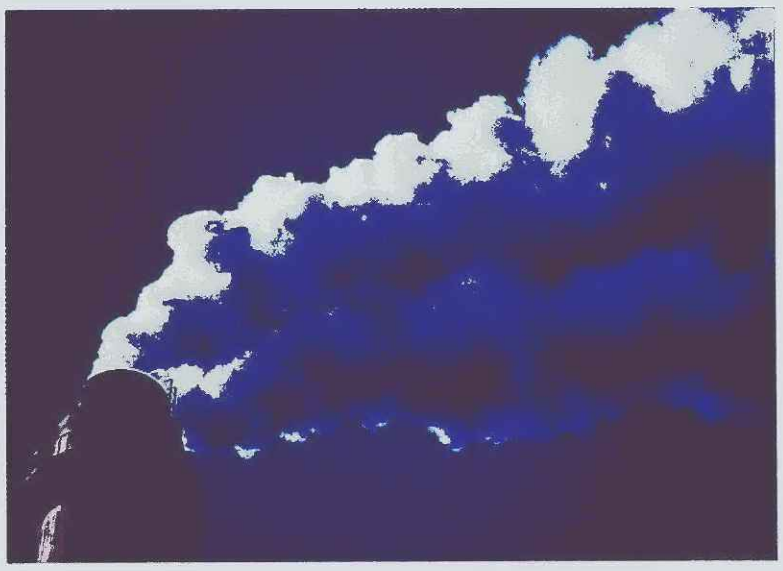
Ms. McDonald said that despite the United States experience, where cleanup liabilities have been estimated at $750 billion, Australian insurers continue to write general liability policies with no absolute pollution exclusion.

That failure to try and minimize their exposure is surprising, given its costly potential, she said. Currently, Australian general liability policies cover sudden and accidental pollution, but definitions of what that term includes vary. Eliminating the cover from general liability policies would create a market for specialized pollution insurance products, according to Ms. McDonald.

She suggested a range of potential products, including portfolio transfers that would shift environmental liabilities to an insurer in order to protect buyers in mergers and acquisitions; post-remediation cover; wrap-up cover to protect anyone working on a construction site; directors and officers for environmental liability; architects and engineers' errors and omissions coverage for environmental cleanups; and coverage for overrun of remediation costs.

"Australia is following the United States' path of strict liability for cleaning contaminated sites. That means if the 'polluter-pays' principle cannot be followed because the polluter is insolvent, for example, the focus switches to the owner-occupier of a site." Either way, a claim on an insurance policy could result, she noted.

While there already has been some environtal litigation in Australia, the High Court has not yet set any guidance for insurance coverage of environmental losses. If the High Court were to interpret a general liability policy against an insurer, that would set a precedent.



THE IMAGE BANK

"Things don't look good (for insurers), and we haven't even thought yet about the potential litigation from electromagnetic fields," said Ms. McDonald.

Mr. Fowler agreed, saying it's unfortunate that Australia's court system does not allow for the referral of issues to judges for opinion, so that policyholders and insurers could get a feel for where the courts might stand on the issue of coverage and liability for pollution losses and cleanups.

"There is a significant question

See **Cleanups** *on next page*

Coverage is now a phone call away

Marketer targets commercial insurance

By SARAH GODDARD

LONDON—Commercial insurance sales in the United Kingdom took a quantum leap this month with the launch of Gauntlet Linkline, a telemarketing service aimed at selling coverage to small businesses in the hospitality industry.

Gauntlet Linkline is a joint venture between Gauntlet—a Tunbridge Wells, Kent-based wholesale subsidiary of Bowring Marsh & McLennan Ltd.—and GAN Insurance Co. Ltd. The product is endorsed by the British Hospitality Assn., a trade organization.

Gauntlet, which was formed 18 years ago, is described by Chief Executive Adrian Hope as "the largest U.K. insurer of hotels and restaurants," with premium volume of around £8 million ($12.5 million) a year. It serves as a wholesaler to about 700 retail brokers, offering property/casualty coverage to businesses ranging from golf clubs to nursing homes, in addition to the middle- and top end of the hospitality market. GAN currently is the main insurer of its products.

The potential success of insurance telemarketing—in which the general public can buy policies directly over the telephone—has been demonstrated in the by Direct Line Group, which over the past 10 years has become one of the largest U.K. insurers of private auto business.

In the six months ended March 31, Direct Line wrote premiums of £306.3 million ($474 million) and had 2.1 million auto policies in force, accounting for almost 13% of the U.K. market. It also began writing homeowners policies, with 633,000 policies in force in the same period.

Like Direct Line, Gauntlet Linkline will target high-volume business that does not require extensive underwriting. Unlike Direct Line, though, it will focus on commercial risks.

See **Linkline** *on next page*

Insurers urged to learn from past

By KATE TILLEY

GOLD COAST, Australia—"Live and learn" is a philosophy that the Australian insurance industry would do well to adopt, suggested several speakers at a recent seminar on emerging hazards.

Property/casualty insurers around the world are not fully meeting their clients' needs, as reflected by the increase in self-insurance among corporations, argued Dennis Mahoney, the London-based deputy chairman of Alexander Howden Group.

If insurers want to satisfy increasingly sophisticated policyholders—and indeed to survive—they must develop better techniques of risk assessment and apply differentiated pricing, Mr. Mahoney said at the recent 4th Alexander Howden Reinsurance Brokers (Aust.) Ltd. Hazards Seminar.

The insurance industry traditionally has placed more emphasis on setting adequate rates rather than risk reduction, but that focus has to change, said Nick Pidgeon, a lecturer in psychology at the University College of North Wales in Perth, Wales. Mr. Pidgeon presented a paper at the meeting written by his colleague, the late Barry Turner, who was director of the Risk Management Research Centre at the Middlesex University Business School in London.

Mr. Pidgeon also warned that insurers are being challenged both by an increasing number of claims and a rise in self-insurance, which results in a smaller premium pool and the loss of better-managed risks to offset growing losses.

Mr. Pidgeon questioned the industry's ability to learn from its past.

"Because there's been no disaster for five minutes, people think one's not going to happen. A year without catastrophes means pressure for lower rates. . .misplaced optimism, and new players with no losses who are prepared to undercut." Insurers could learn from self-insurers, and improve risk assessment. The industry has information from claims, but is not using it to address loss control.

And insurers are not always heeding past lessons, he said. "Two years after Hurricane Andrew wrecked their profits, the world's reinsurers seemed to have forgotten the lessons it taught them," he noted.

Russell Blong, director of the Natural Hazards Research Centre at Macquarie University in Sydney, Australia, agreed, saying Australia's insurers have failed to capitalize on important lessons from the December 1989 Newcastle earthquake (*BI*, May 22; Jan. 8, 1990; Jan. 1, 1990).

Although Australian insurers paid out more than $1 billion Australian ($789.9 million) in claims following that earthquake, the industry is not funding adequate research into probable maximum losses from earthquakes, Mr. Blong said.

The accuracy of Australia's PML quake estimates are hampered by the fact that records have been kept for less than 200 years, while European insurers have access to data going back 1,000 years.

Mr. Blong said the Australian insurance industry is putting some funding into earthquake research. His center is more than 90% insurer-funded, and he currently is working on city-by-city analyses of potential earthquake losses (*BI* Feb. 13; Oct. 18, 1993).

However, he added, "When you consider the insurers' payout for the Newcastle earthquake, a few million dollars for earthquake risk reduction research is nothing."

London catches online fever

Internet sites proliferate among players

LONDON—For a marketplace usually not noted for quickly embracing technological advancements, the London insurance market—from Lloyd's syndicates to London-based brokers and insurers—is jumping onto the Information highway with apparent abandon.

Although the implementation of the London market's electronic placing support system, known as EPS, has been delayed another six months until mid-1996—partly due to the continued resistance of some market participants to the introduction of the technology—brokers and insurers are exploring other avenues for taking their first steps into cyberspace.

The London market's Internet involvement is the latest in a series of moves that may radically change the global insurance industry.

Among them, two groups of international brokers are developing their own proprietary insurance networks: one that will link several brokers with their major insurance company markets and another to link brokers with their clients (see story, page 2).

Meanwhile, several London companies are setting up home pages on the World Wide Web, including:

• Hiscox Underwriting Ltd., a Lloyd's managing agency, launches its home page—which can be found at: http://hiscox.co.uk/insurance/—on Sept. 15. In addition to providing information on a range of policies, Hiscox also will include an application form for its information technology professional indemnity coverage.

Individuals wishing to take out the policy can fill in their details on-screen, though a broker still will be used to place the risk.

"Hiscox is taking the initiative by setting up its own service, which is geared directly to assisting our supporting brokers," said Rob Page, marketing director for Hiscox.

• Guardian Insurance Ltd. of Ipswich, England, not only provides company and product information at its WorldWide Web site—http://www.gre.co.uk/—but also a new product called Networker, offering both individual and business customers insurance protection for their computers. Guardian's Web site is the only means of accessing Networker.

• London-based Mercantile & General Reinsurance Co. P.L.C. also has its own Web site—http://www.mgre.com—carrying company information, research and market intelligence.

• Sun Alliance Insurance U.K. Ltd., through its technology office in Horsham, England, plans to expand its Internet involvement internationally but for now is focusing on U.K. clients. The insurer's Internet address—http://www.sunalliance.co.uk/sunalliance—offers details of personal lines products, as well as more general information on its community and business activities.

• The British Insurance & Investment Brokers Assn. in London also is planning to set up home pages that will allow smaller brokers that are BIIBA members to list details of the types of insurance they offer and any special deals.

—By Sarah Goddard

INTERNATIONAL

Linkline

Continued from previous page

Initially, six telemarketers will staff the Gauntlet operation. The system is based on GAN's Touchline service, which was launched three years ago to sell personal lines.

Both are computer-based systems, in which the operator enters details of the risk into a database, which then quotes a premium. Risks that do not fulfill the system's parameters for a computer-generated quote are referred to an underwriter, who may still provide a quote.

A GAN underwriter is based permanently at Gauntlet's offices.

In addition, Linkline will also review the financial health of potential policyholders, weeding out riskier ones. The bottom end of the leisure industry was particularly hard hit by the recent recession in the United Kingdom.

"We are not anxious to take on something with a heavy claims experience or with financial difficulties," commented Mr. Hope.

Linkline is similar to package policies Gauntlet has developed for its current customer base, covering liability, property damage and business interruption. Also, it offers coverage of legal expenses and a 24-hour claims help line.

Other Linkline features include the option of paying the premium in interest free installments and a no-claims bonus program.

"By cutting out the brokerage (commission)—which is usually about 20%—the product becomes very price sensitive," said Mr. Hope. He reaffirmed Gauntlet's commitment to brokers with its other products but said the savings from Gauntlet Linkline means that other premiums can be even more competitively priced.

Stephen Hartigan, assistant general manager of commercial lines at GAN, who is responsible for setting up the underwriting side of the new operation, pointed out that Gauntlet Linkline doesn't hand over the underwriting pen to the broker.

"This is an underwriting product which GAN has given to Gauntlet to market," he said. "We believe it has taken the best features of telesales products, such as cutting out duplication of information, and streamlined the operations, making it more cost-effective for the consumers."

The rating system for Gauntlet Linkline ultimately is controlled by GAN's mainframe-based underwriting system. This means that the rates can be changed "at the touch of a button," said Mr. Hartigan.

Gauntlet's Mr. Hope estimates that there are more than 100,000 potential policyholders for Linkline in the United Kingdom. "If we had 5% of those within the first three years we would be very happy," he said, adding that the break even point of the operation is lower than that figure.

The move to telemarketed commercial insurance is causing ripples in the industry, said Mr. Hope. "We will be the first of many." BI

Cleanups

Continued from previous page

over the liability issue in this country," he said. "We need this to be resolved, but must wait until a legitimate case occurs and test it."

Ms. McDonald said Australia must ensure that it does not face the same "outrageous" legal expenses that the United States has spent on arguing whether insurer is liable.

"A long-term solution is mandatory requirements for polluters to take financial responsibility for cleanups," she said. She proposed other solutions besides tapping liability insurance, including a government-run reinsurance pool.

Such a fund is in its infancy in the state of Washington, and Australian insurers and reinsurers should monitor its progress to see if the concept could be adapted to Australia, she said.

Another potential solution for Australia, she noted, would be something similar to a proposal that went to the U.S. Congress last year but currently is shelved. The Environmental Insurance Resolution Fund would tax insurers retrospectively, with the funds going into a pool to pay cleanup costs. Policyholders accessing the pool would receive 20% to 60% of their cleanup costs but would waive the right to sue their insurers.

Ms. McDonald said that would reduce excessive litigation, but she questioned whether all insurers, many of which may not even have underwritten pollution liability policies, should face a retrospective tax.

She criticized insurers for not attempting to address the looming problem. "It concerns me, when we look at the speed with which the U.S. industry was brought to its knees by environmental litigation," she said. BI

The Professional Marketplace

RATES AND CLOSING TIME:

Rates: *Display classified is $142.00 per column inch, minimum of one inch. Straight classified is $12.50 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional $20.00 charge for all blind box ads. Only those responses which fit into a business size envelope will be forwarded. Responses are forwarded daily.*

Closing: *Published every Monday. Copy must be in typewritten form by 5:00 Tuesday, 6 days preceding publishing date. No verbal phone copy accepted. Prepayment required for all advertisements. Most major credit cards accepted. Mail ads to, Cheryl Butler, Classified Advertising, 740 N. Rush St. Chicago, Il. For more information call 312-649-5340. FAX 312-649-7799*

Expect the Unexpected.

Exceptional opportunities throughout New York City, Long Island & Westchester County, NY, New Jersey, Boston, Connecticut & Philadelphia

For over a century, Chubb has provided more than you would expect from an ordinary insurance company. Like a variety of innovative property/casualty insurance products and services, an extraordinary environment that is service-driven, and a professional staff comprised of the "best and the brightest" in our industry.

Our on-going success has created exceptional opportunities in New York City, Long Island & Westchester County, NY, New Jersey, Boston, Connecticut & Philadelphia for the following professionals with 3-5 years experience:

Underwriters

- Large Lines Property & Marine
- Property & Casualty
- Excess Liability
- Director's & Officer's Liability

Specializing in large, multi-national corporations

Property & Casualty Claims Examiners

As an industry leader, we offer excellent salaries, comprehensive benefits, and unequaled opportunities for career development. If you're interested in building a career that not only meets...but exceeds your professional expectations, please send your resume and salary requirements, indicating position and geographic area of interest to: **Human Resources, Dept. KMD/BI, Chubb & Son Inc., Eastern Zone Cluster Office, 505 Martinsville Road, P.O. Box 817, Liberty Corner, New Jersey 07938.** We are an Equal Opportunity Employer M/F/D/V.

CHUBB
Group of Insurance Companies

HELP WANTED

SENIOR RISK CONTROL CONSULTANT

Major International Insurance Broker seeking a Senior Risk Control Consultant in their Stamford, CT office. Candidate must have five to ten years experience with an HPR carrier, or broker; Chemical Engineering Degree, Professional Designation, plus five years experience in chemical or pharmaceutical risk control, excellent written and oral communication skills. Send resume and salary requirements to:

Director, Human Resources
Sedgwick James of New York, Inc.
1285 Avenue of the Americas
New York, New York 10019
Fax: 212-830-1044

HELP WANTED

MARKETING REPRESENTATIVES

A Midwest Surety Company specializing in Environmental and other specialty surety products is looking for marketing representatives in the Northeast, Midwest and Western US. The Candidate should have experience in the Surety industry and be capable of successfully obtaining surety business from both large and small brokers in their area. This is a career position that offers excellent advancement with a growing company and superior salary and benefits. Send resumes to: VAIC, 167 East Main Street, Suite 210, Lexington, KY 40507. No phone calls please.

"Where Professionals Insure Their Careers"

EXECUTIVE RECRUITERS NATIONWIDE

- ❑ Risk Management
- ❑ Safety & Loss Control
- ❑ Claims Management
- ❑ Insurance Brokerage
- ❑ Risk Management Consulting

Also Ask About Our Temporary Opportunities!

15 James Street, Main Level, Florham Park, NJ 07932
Call 201-765-9000 • Fax 201-765-9009

RMA Richard Meyers & Associates, Inc.

HELP WANTED

RISK MANAGEMENT

The New Jersey Department of the Treasury is seeking a Manager for the Risk Management function. This position oversees the administration and claims processing of self-insured funds for Workers' Comp for State employees; Tort liability, including State vehicle liability and Foster Parent liability; purchasing of insurance; loss projections for self-funded programs; safety, loss prevention and avoidance; other functions associated with protecting the State's assets. Long term projects will include developing and implementing a State-Wide risk management plan.

The ideal candidate for this position will possess a Bachelors Degree plus six years of professional experience managing a complex insurance procurement and risk management operation, including policy recommendations, budget preparation, contract and tort liability investigation and negotiation, program coordination and liaison with other agencies. Three years of this experience must have included supervisory responsibility.

The New Jersey Department of the Treasury is an equal opportunity employer and offers a liberal benefits package.

Please send a resume to: George Gross, General Services Administration, CN-039, Trenton, NJ 08626 or Fax to 609-984-8495.

WANTED

SPECIALTY AGENTS

A Rated national company seeks admitted or surplus lines programs, with track record. Send outline to:
East West Connection, Inc.
273 Pascack Rd. Suite 416
Westwood, NJ 07675

HELP WANTED

DIRECTOR OF MEMBER SERVICES

Statewide pool providing both property/casualty and employee benefits coverages to cities and counties seeks Director of Member Services. Duties include development of effective marketing, training and other programs. Salary depending on qualifications. Recruitment closes October 20, 1995. For application packet contact: CIS, P.O. Box 311, Salem, OR 97308. (503) 585-1121. Equal Opportunity Employer.

CLAIMS MANAGER

Chicago Transit Authority, a self-insured and self-administered entity seeks a well-rounded Workers Compensation Claims Manager with extensive claims experience. Extensive knowledge and experience with Illinois state law required. Must have managerial experience and excellent communication skills. Compensation commensurate with experience. Send resumes, including salary history to:

CHICAGO TRANSIT AUTHORITY
P.O. BOX 3067
CHICAGO, ILLINOIS 60654

COMMERCIAL MANAGER

Montana's leading insurance agency seeks a leader for a career opportunity with a growing and dynamic insurance organization! You must have proven technical knowledge of P&C coverages, risk alternatives and markets. Your responsibilities will include the supervision of Commercial Department employees in the handling, processing and servicing on new and renewal accounts. You will also be responsible for all planning, organizing and staffing activities of the Department.

Creativity, innovation and high energy are qualities that we seek, and computer literacy is a must. A minimum of eight years experience is required, and a college degree and professional certification (CPCU, CIC, ARM) is preferred. A competitive salary and an attractive benefits package is offered, as well as a pleasant work environment. All inquiries will be handled in a confidential manner. Qualified candidates may send their resume to CM, Box 8747, Missoula, Montana, 59807. E.O.E.

FOR SALE

INSURANCE BROKERAGE

Insurance Brokerage in Toronto, Canada, since 1951 and original owner with receipts of 400,000 split between Commercial/Personal. Mostly direct bill and new automation. Will stay for 1 year. Asking $100,000 U.S.. Write: Retiree, P.O. Box 32533, 9665 Bayview Ave, Richmond Hill, Ontario, Canada L4C0A2.

Business Insurance

Circulation Breakdown
Commercial Consumers

Administrative:

CEO's, Presidents, and Owners	1,866
Vice Presidents, General Managers and Other Administrative Personnel	5,213

Financial:

Chief Financial Officers and Vice Presidents of Finance	3,180
Secretaries, Treasurers, controllers and other Financial Personnel	3,053

Risk/Employee Benefits:

Vice Presidents, Directors, Managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations	16,931
Sub-total	**30,243**
Associations	355
Government, Unions and Educational Institutions	955

Commercial Consumers

Sub-total	**31,553**
Insurance Agents and Brokers	8,658
Insurance Companies	7,857
Accountants, Actuaries, Attorneys & Consultants	3,556
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers	1,935
Others Allied to the Field	960
Total Qualified	**54,519**
Non-qualified	9
Single Copy Sales	0
TOTAL CIRCULATION	**54,528**

★ *Source Business/Occupational breakdown of qualified circulation, May 29, 1995 Issue, as submitted to BPA for June 1995 BPA Publisher's Statement*

For the Record

Blues plan can't hide discounts: Court

CLEVELAND—For the first time, a federal judge has ruled that it is illegal for a health insurer to negotiate proprietary discounts on services with hospitals without disclosing those discounts to group and individual policyholders.

U.S. District Judge James Carr late last month ruled that Blue Cross & Blue Shield of Ohio, which maintains discounts with many Cleveland-area hospitals, misled policyholders by not disclosing the fact that it pays its 80% portion of coinsurance on a discounted rate, while policyholders must pay their 20% coinsurance on an undiscounted rate.

Health insurers' acceptance of undisclosed discounts from hospitals that do not result in lower premiums has become the focus of numerous lawsuits in state and federal courts across the country.

Twenty such suits are currently pending against health insurers. Insurers have settled a number of those suits without admitting guilt, but the Ohio case is the first time that a court has ruled against the insurer in such a case. The judge did not order BC/BS of Ohio to refund any premiums.

The Cleveland case centered on Larry Engel, who was employed by ISDN Technologies of suburban Mayfield Heights, Ohio. He successfully argued that he was required to pay 20% coinsurance on a hospital bill that was later discounted for BC/BS of Ohio. The end result, the suit said, was that Mr. Engel ultimately paid coinsurance equal to 46% of the final bill paid by his insurer.

Scott Lyon, director of group benefits with the Cleveland Council of Small Enterprises, which arranges coverage through the Ohio Blues plan for 12,300 employees of various Cleveland-area companies, said he was unaware the coinsurance was based on undiscounted hospital bills. "We assume there will be ramifications from this. But exactly how much premiums will fall remains to be seen. There could be no change if the cost of care remains the same, but only the mix of who is paying what is changed."

An Ohio Blues spokesman said the insurer "respectfully disagrees" with the ruling.

The spokesman said the possibility of an appeal is under review and that a conference before the judge is scheduled for Sept. 18 to determine the ruling's ramifications.

Workers comp scams migrate to Midwest

CHICAGO—Workers compensation scams that gave California a bad reputation among employers are thriving in Chicago, say investigators who have introduced an anti-fraud campaign in Illinois that helped stem the problem in California.

Santa Monica, Calif.-based Fremont General Corp. acquired Chicago-based Casualty Insurance Co. in February. Since then, it has boosted Casualty Insurance's fraud-fighting efforts.

Casualty Insurance has replicated the anti-workers comp fraud campaign initiated in California by affiliate Fremont Compensation Insurance.

The campaign includes the same posters and billboards used in California, depicting a pair of hands protruding from behind jail bars with the slogan "Commit workers comp fraud and you're going to jail."

Casualty Insurance is also conducting seminars for producers, employers and lawmakers.

Meanwhile, a new team of Casualty Insurance investigators has 60 cases of fraud that are ready to be turned over to Cook County, Ill., prosecutors, says Ranney P. Pageler, vp and chief of Casualty Insurance and Fremont Compensation's fraud investigation units.

One tow truck driver is already in jail awaiting prosecution for workers comp fraud, in what Mr. Pageler said is Cook County's first such case.

He also said his team of investigators has found at least one example of a medical provider's office in Chicago that may be similar to the workers comp fraud mills that thrived in California before investigators and lawmakers cracked down on workers comp abuses.

"Everything I saw in Los Angeles is alive and well in Chicago," Mr. Pageler said. "We're seeing the same smoke, and as we're looking we're seeing flames under it."

Market share liability denied in D.C. case

WASHINGTON—Oil companies cannot be held liable for benzene-related deaths on a market share basis when there is insufficient evidence to pinpoint whose products caused the deaths, an appellate court ruled.

Upholding a 1994 Superior Court ruling, Judge Rufus G. King of the District of Columbia Court of Appeals ruled that there was insufficient evidence for him to allow a market share award against more than a dozen oil companies.

The case was brought by relatives of two former District of Columbia Department of Public Works automotive mechanics.

The mechanics died of leukemia and the relatives alleged that they developed the disease due to exposure to benzene that was present in gasoline supplied to the department over several decades.

The various oil companies that could have supplied gasoline to the Department of Works should pay compensation based on their market share, the plaintiffs argued.

Under market share liability, the gasoline producer dependents would have to prove that they did not supply the gasoline.

However, the judge ruled that the plaintiffs had made insufficient attempts to identify which companies supplied the gasoline, court papers show.

Also, gasoline produced by different companies contained different levels of benzene, according to court papers.

"The task of identifying the market and apportioning damages among manufacturers would present a substantial burden. Under such circumstances, an approximation of liability according to market share, which is employed to ameliorate the injustice of burden-shifting and requiring defendants to exonerate themselves, could not be achieved," court papers say.

The ruling is significant because it stops plaintiffs from suing companies without first proving that those companies produced the harmful products that affected them, said Joe G. Hollingsworth, a partner at Spriggs & Hollingsworth in Washington who represented Marathon Petroleum Co. in the case.

"The significance is that you can't just name everybody that sent a truck or a pipeline into the District of Columbia. You have to have more information on the manufacturers who delivered the gasoline," he said.

Margaret Gray Bly and Debra D. Seals vs. Tri-Continental Industries Inc. et al., District of Columbia Court of Appeals; No. 93-CV-547.

Outboard Marine settles benefit dispute

WAUKEGAN, Ill.—Outboard Marine Corp. will provide free supplemental life insurance for the next 10 months to eligible employees as part of a settlement with the U.S. Department of Labor.

The department had alleged in a 1994 lawsuit that the Waukegan, Ill.-based manufacturer violated the Employee Retirement Income Security Act by using employee contributions that were withheld to pay for supplemental life insurance to instead pay for basic life coverage, which was supposed to be provided at no cost to employees. The suit was filed after a Labor Department investigation.

The Labor Department also alleged that Outboard Marine retained all dividends, refunds and interest from its insurer for its own use.

Outboard Marine settled the claim without admitting any wrongdoing. The manufacturer's welfare plan covers approximately 1,261 active employees and retirees and the "premium holiday" is expected to cost the company $226,000.

Information in brief

Disability insurers can now **reinsure workers compensation risks** in California under legislation signed by Gov. Pete Wilson last month. Previously, workers comp insurers that reinsured with disability insurers were allowed annual statement credit for reinsurance but were not allowed to reduce their deposit obligations. BI

Service Guide

CPCU® and IIA candidates
I guarantee you will learn more in less time with The Burnham System — or your money back
Ray Burnham, CPCU, CLU, ARM
19 Everett Street, Southbridge, MA 01550
Call 1-800-GET-CPCU Now!

WATER DAMAGE?
RENT DESICCANT DRYING TRAILER
Self Contained Units Include:
- Desiccant Dehumidifiers
- Electric Heater
- Diesel Generator
- Hydraulic Lift Gate

800-368-3824
RENTAL TOOLS & EQUIPMENT CO.
15 Depot Locations • Over 40 Years Service

SAFETY INSPECTED
FLEET SAFETY INSPECTIONS
LOSS CONTROL
Specializing In Truck Fleets - Nationwide
800-659-3025
PROFESSIONAL SAFETY CONSULTING, INC.
650 J Street, Suite 15
Lincoln, NE 68528
402-474-3323 Phone • 402-474-3318 Fax
OFFICES:
Lincoln, NE • Waco, TX • Dayton, OH
Harrisburg, PA • Southington, CT
Sacramento, CA • Lakeland, FL

SBPA SYSTEMS
- MEDICAL
- DENTAL
- VISION
- DISABILITY
- LIFE

Innovative benefit administration systems for today and beyond.
1-800-444-1189
10777 Westheimer, Suite 125
Houston, TX 77042
FAX 713-974-3544

WANT RESULTS?
ADVERTISE IN THE SERVICE GUIDE
CALL: 312-649-5340

Reduce Overhead Costs
In Medical/Dental Claims Processing
USE CSRG's *FLEXIBLE STAFFING* TO:
- Reduce staffing costs immediately
- Increase claim production instantly
- Reduce overhead permanently

CSRG CLAIM SERVICES RESOURCE GROUP
Proven Results in Over 1,500 Companies Nationwide.
800-288-3920

Pyramid services inc. *the technology leader*
PYRAMID CLAIMS & RISK MANAGEMENT SOLUTIONS

PYRAMID SYSTEMS	PYRAMID TECHNOLOGY
Risk Management	Windows
Claims Administration	DOS
Policy Adminstration & Rating	LANs
Medical Management	*Novell, Banyan, etc.*
fee schedules, bundling, clinical edits	File Server
800 Claims Reporting	*dBase, Paradox*
Data Conversions	Client Server
Paperless Office	*Oracle, DB2, Sybase*
(Imaging)	*Gupta, etc.*

Call Patricia Sojak at 203-438-3883 x260
Pyramid Services, Inc. An AON Company
Ridgefield, CT • Pittsburgh • Kansas City • San Francisco • Ann Arbor

WLT FULLY INTEGRATED SYSTEMS SOLUTIONS
- BENEFIT ADMINISTRATION/RISK MANAGEMENT SYSTEMS
- BILL EDITING SYSTEMS/REVIEW SERVICES
- PREMIUM BILLING SYSTEMS
- EDI/AUTO ADJUDICATION
- MANAGED CARE/24 HOUR COVERAGE
- NATIONAL PPO ACCESS/PPO REPRICING
- PC/NETWORK-BASED SYSTEMS
- PURCHASE/FINANCE/LEASE/ON-LINE OPTIONS

Call Today For More Information Or A Free Demonstration
813-442-9296
831 N. Hercules Ave.
Clearwater, FL 34625
A Commitment To Excellence

For advertising information in the SERVICE GUIDE Contact: Cheryl Butler, Classified Advertising
740 N. Rush Street, Chicago, Illinois 60611. Telephone (312) 649-5340

Infertility

Continued from page 1

IVF, the most widely used of the assisted reproductive technologies, involves fertilizing eggs in a laboratory, then transferring the embryos into the woman's uterus. It succeeds about one in five times and costs about $7,800 per reproductive cycle, according to the medical society. Other assisted reproductive techniques include gamete intrafallopian transfer and zygote intrafallopian transfer (see related story).

Many employers offer coverage for infertility-related services like diagnostic tests, or treatment of the underlying causes of infertility, such as endometriosis, which is an overgrowth of the uterine lining. But the majority draw the line at coverage of in vitro procedures.

Employers cut back on their coverage several years ago when medical costs started to skyrocket and have generally not re-introduced the coverage since, said Joe Glinbizzi, a principal with Kwasha Lipton L.L.C. in Fort Lee, N.J.

"Employers looked at the whole spectrum of medical programs and started limiting what they were paying for a lot of things," said Mr. Glinbizzi.

While Mr. Glinbizzi said he has not seen indications recently that employers are continuing to cut back this benefit, neither has he seen employers move to introduce the coverage.

However, Jill Malila, assistant vp for Sedgwick Noble Lowndes in Philadelphia, said employers are still continuing to cut back on coverage of assisted reproductive technology. "You're seeing a trend toward reduction or elimination of these benefits" among self-insured employers and managed care plans, she said.

Few if any employers are now adding the coverage.

"Very few companies are contemplating increasing benefits in any area," said Allison Kalban-Gernett, a principal with the Princeton, N.J.-based Apex Management Group, a health care actuarial consulting firm. "With medical costs a little more stable, I think they're pretty much trying to hold their own with existing medical plans. It's neither a time for addition nor deletion."

"We're still in a financial environment where companies still feel they're spending too much for health in general, and they're looking for ways to cut back on their budgets, not expand it," said Tobi Strevell, a consultant with Hewitt Associates L.L.C. in Lincolnshire, Ill.

"By and large, it's not emerging as a new coverage benefit" especially since there's a high failure rate, agreed John Erb, a principal with A. Foster Higgins & Co. Inc. in Miami.

Employers that do not cover in vitro fertilization often cite cost as the reason.

Brooks Beverage Management Inc., for instance, has dropped the coverage because of cost.

"We find that it's just not cost effective and if we cover it, employees try it over and over again, well beyond the time it is reasonable that it's going to work," with the idea that "maybe this time it'll work," said Helen Chappelear, benefits manager for Columbus, Ohio-based manufacturer and distributor.

Ms. Chappelear noted also that the one birth that resulted from an IVF procedure when the company did provide coverage was a premature baby with many health problems.

Springfield, Mass.-based Massachusetts Mutual Life Insurance Co. offers only up to $2,500 in coverage of infertility treatments under the self-insured health care plan it offers employees, the same amount it offers as an adoption benefit, said a spokesman. "It is a very expensive coverage for a benefit that only applies to a very few people."

At Minnesota Power & Light Co., there has been no demand for the coverage, said Roger Krantz, health plan administrator for the Duluth, Minn.-based utility. "I can't remember the last time somebody requested it."

Employers that do not offer the coverage also question its justification.

"It's not medically necessary," said Linda Luse, supervisor of health benefits for Seattle-based Alaska Airlines Inc., which does not cover the advanced infertility procedures.

"It is a costly benefit and one that to some extent an employer might see as experimental," said Ms. Malila.

"I think when you're talking about health coverage, you're talking about what you need to protect your employee from a major illness," while fertility is not seen as a "necessary benefit," she said.

The opening line of most medical plans is a procedure must be medically necessary "and it's a stretch to try to consider IVF medically necessary," said Foster Higgins ' Mr. Erb.

"Our policy under all of our plans is that we don't cover any of these procedures because we don't consider them to be treatment of the underlying cause of infertility," said Kathy Worthington, director of coverage policy for the Aetna Life & Casualty Co. in Hartford, Conn.

She added, though, that Aetna does provide the coverage where required by law, and noted that many self-insured employers choose to add it to their plans.

Six states—Maryland, Arkansas, Hawaii, Massachusetts, Rhode Island and Illinois—require health insurers to cover infertility treatment, including some form of coverage for in vitro fertilization, the American Society for Reproductive Medicine found in a 1994 survey. Laws in Texas, Connecticut, California and New York require health insurers offer coverage for infertility to employers, though only Texas requires that IVF coverage be offered.

Many employers will argue that infertility procedures are "the equivalent of cosmetic surgery," said Dr. Richard Kunnes, national practice leader-managed care for Watson Wyatt Worldwide in Boston.

"Clearly, any scratching beneath the surface would show this goes way beyond anything approaching cosmetic surgery and treating infertility is in fact more than a legitimate area. . .for insurance coverage to provide benefits," Dr. Kunnes said. "It's also related to the overall health and well being of the employee and his family."

Apex's Ms. Kalban-Gernett noted that in response to inquiries about providing coverage for in vitro fertilization, some employers are adding adoption benefits "to seem a little less anti-family, if you will."

"It makes the employer a little less of the perceived monster, and shows some caring. You understand it's a very important issue for your employee population. At the same time, it allows you to control your expenses very definitely and not everyone that goes through some of the advanced insemination techniques wants to adopt," Ms. Kalban-Gernett said.

Other employers, though, have chosen to offer IVF coverage.

"Some of the larger, more progressive employers are offering more and more services in infertility, including some of the more expensive procedures," said Watson Wyatt's Dr. Kunnes, who noted that the bills are increasingly paid through flexible spending accounts.

There is pressure emerging from the fact that the technology has vastly improved over the last 10 years. There is also a "cascade effect," said Dr. Kunnes. "The more it's done, the more popular it is."

Some employers may also feel a moral obligation to offer the coverage because women could be having difficulty in conceiving because they delayed childbirth while they focused on their careers, Dr. Kunnes said. "I think it can be an effective argument."

Xerox Corp. is among the employers that does provide IVF coverage. "We just felt that in fairness that we ought to help couples who have some difficulty with getting pregnant," said Helen Darling, manager of health care strategies and programs at the Stamford, Conn.-based company.

Ms. Darling also said the issue of these procedures' expense should be put in context. "It pales next to the cost of cancer and everything else we pay for," she said.

In vitro fertilization for five people costs $30,000—just a fourth of the cost of a single autologous bone marrow transplant for treatment of breast cancer, Ms. Darling said."We had kids on human growth hormones at $30,000 a year who had no business on them," said Ms. Darling, adding there is much being paid for in the health care system that is "far less useful" than assisted reproduction techniques.

Furthermore, she said, "Statistically, still relatively few people even in a company this size" take advantage of the coverage.

In fact, a recent study projected the cost of adding IVF services to a typical employer plan at $3.14 in premiums annually per employee.

Ms. Darling noted that Xerox employees are limited to only three cycles of an assisted reproductive procedure and must have a history of at least three years of infertility or other problems that would prevent pregnancy.

"We give everybody as fair a shot as we can give them and say 'OK, we're not willing to just fund hope,' " she said. "We try to balance reasonableness, generosity, fairness and then good science and affordability."

The philosophy of Southern California Edison Co., which provides for IVF procedures under its point-of-service and health maintenance organization plans, is that "the company's not going to decide what's medically appropriate," said Suzanne Mercure, manager of benefits administration for the Rosemead, Calif.-based utility.

"We're not in the health care business. It's a very personal choice and it's medically-accepted choice, so it's not like it's up for FDA approval or something. We would hope that people would be realistic when they make the choice," she added. BI

Fertility methods bear varying success rates

More than 40,000 babies have been born in the United States as a result of assisted reproductive technologies, though they still fail more often than not, according to the Birmingham, Ala.-based American Society for Reproductive Medicine, whose members are primarily physicians.

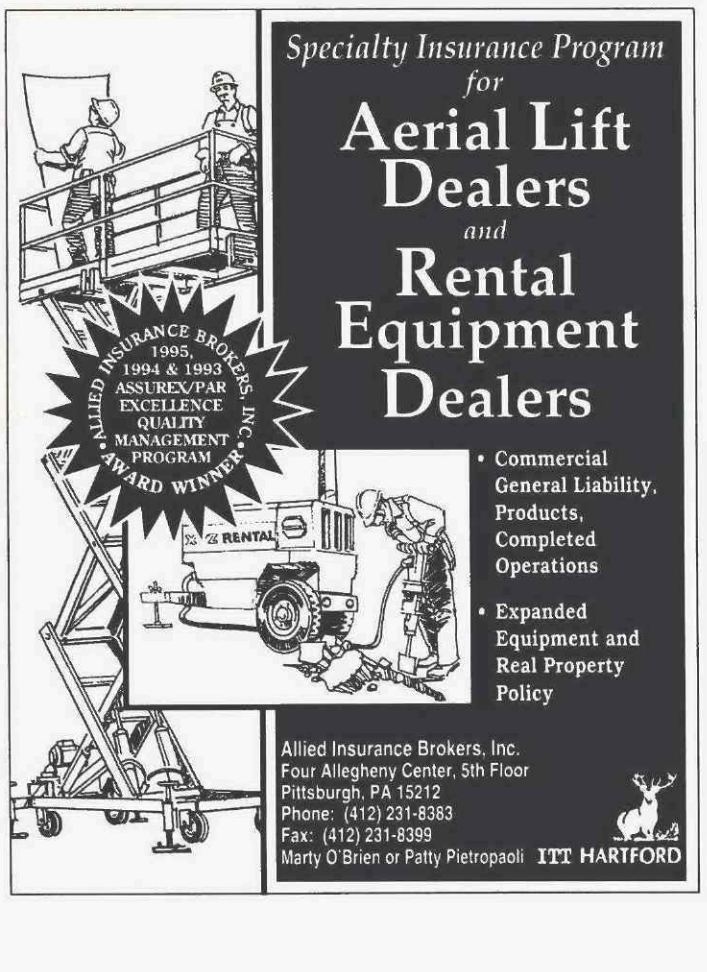
The most popular method—in vitro fertilization—alone accounts for 26,000 of these births. IVF, which has an 18.3% success rate, involves combining the man's sperm and woman's egg in a laboratory dish where fertilization occurs. The embryos are then transferred into the woman's uterus.

In gamete intrafallopian transfer, where the sperm and egg are placed separately in the woman's fallopian tube, so that the fertilization itself occurs in the body. It has a 27.7% success rate.

In zygote intrafallopian transfer a previously-fertilized embryo is placed in the woman's fallopian tube. It has a 24.4% success rate.

Other advanced techniques focus on sperm, such as intractyoplastmic sperm injection, which involves injecting a sperm into an egg in a lab.

—By Judy Greenwald



California sees shift in cause of worker deaths

SAN FRANCISCO—Transportation accidents, rather than workplace homicides, are now the leading cause of on-the-job fatalities in California, said the state's Department of Industrial Relations.

Of the 601 workplace deaths in 1994—down 8.5% from 657 a year earlier—222 deaths, or 36.9%, were related to transportation accidents, including highway accidents, pedestrians struck by vehicles or equipment, and accidents involving aircraft, boats or railways.

Assaults and violent acts were the second-leading cause of workplace fatalities, accounting for 185, or 30.8%, of the total on-the-job deaths in 1994.

Other causes of workplace fatalities include: falls, 71, or 11.8% of the total; contact with objects and equipment, 62 or 10.3%; exposure to harmful substances or environments, 44 or 7.3%; and fires and explosions, 14 or 2.3%.

The remaining three deaths, or 0.6%, have yet to be classified.

Among the private industry sector, more fatalities occurred in the services industry—103, or 17.1% of the state total.

Other industry totals were: retail trade, 96 or 16%; transportation and public utilities, 90 or 15%; agriculture, forestry and fishing, 75 or 12.5%; construction, 68 or 11.3%; manufacturing, 56 or 9.3%; wholesale trade, 20 or 3.3%; finance, insurance and real estate, 11 or 1.8%; and mining, eight or 1.3%.

The statistics were drawn from the Division of Labor Statistics and Research's annual Census of Fatal Occupational Injuries.

The census, which covers both the private and public sector and includes self-employed individuals, draws its information from several sources, including the California Division of Occupational Safety and Health, and federal OSHA reports.

•

Copies of the Census of Fatal Occupational Injuries are available by writing to the Division of Labor Statistics and Research, P.O. Box 420603, San Francisco, Calif. 94142-0603, or by calling 415-703-3451.

Luis

Continued from page 1

for Bermuda. Luis was about 500 miles southwest of Bermuda and heading northward with at about 12 mph with maximum sustained winds of 125 mph, according to the National Hurricane Center in Miami.

Heavy-surf and swells from the storm were also expected to hit the Bahamas and much of the East Coast of the United States, the center reported.

"It's much too soon to put any sensible figure to the damage" in the Caribbean, said a spokesman for Sun Alliance & London Insurance P.L.C. The London-based insurer "is expecting a mix of commercial and personal lines claims to total about £2 million to £4 million ($3.1 million to $6.2 million).

"There is some commercial damage, but it depends a lot on the quality of the buildings," the spokesman said. "We believe that most of the damage will be superficial rather than structural, but the (telephone) lines are still down."

The Property Claims Services division of the New York-based American Insurance Services Group expects to have a preliminary damage estimate this week for the U.S. Virgin Islands and Puerto Rico.

According to most accounts, the small island of Antigua, located about 30 miles north of Guadeloupe, was the hardest hit by Hurricane Luis, where winds reached 146 mph Tuesday night.

Radio accounts reported that Antigua Prime Minister Lester Bird declared the island a disaster area and estimated damages at $600 million, according to Robert Mathavious, insurance commissioner for the financial services department of the Ministry of Finance in the British Virgin Islands.

Two hotels on Antigua, the Trade Winds Hotel & Apartments and Runaway Beach Club, were destroyed by Hurricane Luis, according to the Antigua's tourism office.

Seven other hotels on the island reported water, sand and structural damage, with most of the hotels closing down until further notice, the tourism office said.

The islands of St. Martin and Anguilla also are reporting damage, but no definite figures are available, Mr. Mathavious said.

While many of the Caribbean islands sustained damage from Hurricane Luis, it just skirted Puerto Rico as it moved away from the Caribbean Wednesday afternoon.

"We are very fortunate," said Eduardo J. Chevres, president of Sedgwick James of Puerto Rico. "It was something we were all bracing for the worst. Thank God it didn't hit us." By Wednesday, he said, business was "back to normal," with "nothing much" in terms of damage.

"We've had no news of any major damage of clients anywhere," concurred Jose Carrion, president of Barros & Carrion Inc., a Puerto Rico subsidiary of Alexander & Alexander Services Inc.

There is some water damage in the office, but "it's completely inconsequential," he said.

According to an analysis conducted by Menlo Park, Calif.-based Risk Management Solutions Inc., if Hurricane Luis were to have passed east to west over the northern portion of the island, it would have generated between $1.5 billion and $2 billion of insured losses. When Hurricane Hugo grazed the northern tip of Puerto Rico in 1989, insured damages were estimated at $700 million.

'It was something we were all bracing for the worst. Thank God it didn't hit us,' says Eduardo J. Chevres, president of Sedgwick James of Puerto Rico.

For many, Luis provided a disaster-preparedness test for the people and businesses who weathered Hugo six years ago.

Due to the long Labor Day weekend, people were able to prepare within plenty of time for Hurricane Luis, Mr. Chevres said. "We learned a lot from Hugo of what to do and what not to do."

Sedgwick's one Antigua client, the Jumby Bay Island Resort hotel, had considerable damage, Mr. Chevres said.

He estimates the hotel's total loss at $2 million, which includes property and business interruption losses. However, because the airport is closed and the rough seas, Sedgwick staff are unable to reach the island to assess damage.

One of the catamarans used to ferry guests to the Jumby Bay island resort was a total loss, and another one was damaged. Sand blown by the hurricane-force winds made the resort's landscape a total loss, Mr. Chevres said. Small buildings at the resort had water damage, he said.

Sedgwick placed Jumby Bay's coverage with Sun Alliance.

According to Puerto Rican media reports, hundreds of houses are without roofs and hundreds of boats are either sunk or damaged on the island of St. Martin.

A "good number of expensive sailboats" were damaged there because their owners moved the boats to St. Martin in the belief that the storm would spare that island and strike Puerto Rico instead, Mr. Chevres said.

Barros & Carrion's major banking client, which has branch offices in the U.S. Virgin Islands and British Virgin Islands, reported no damage, Mr. Carrion said.

The British Virgin Islands have not experienced heavy damage, said Mr. Mathavious. Damages are contained to roads, sea walls, some businesses and fly-away roofs.

"We are appointing a team to go around and investigate damage," and a damage estimate should be available next week, he said. "We were not hit as hard as some of the other islands."

•

Lee Velker contributed to this report.

GRAPHIC BY KIM ROME

Datebook

SEPTEMBER

SEPT. 18-19. U.S. Non-Marine Insurance and Reinsurance in London, sponsored by the Chartered Insurance Institute College of Insurance; $729. The CII College of Insurance, London Training Centre, 19-21 Billiter St., London EC3M 2RY, England; 0171-702-9997.

SEPT. 18-19. 1995 Casualty Loss Reserve Seminar in Chicago, sponsored by the American Academy of Actuaries, the Casualty Actuarial Society and the Conference of Consulting Actuaries; $545 for members of sponsoring organizations and students, $595 for non-members. American Academy of Actuaries, 1100 Seventh St. N.W., Seventh Floor, Washington, D.C. 20036; 202-223-8196.

SEPT. 18-19. Managed Vision & Eye Care Congress in Chicago, sponsored by the Institute for International Research Inc.; $1,595. Institute for International Research Inc., 708 Third Ave., 4th Floor, New York, N.Y. 10017-4103; 800-345-8016.

SEPT. 18-19. The Alternative Market seminar in Minneapolis, sponsored by the Risk Management Section of the CPCU Society and the Minnesota CPCU Chapter; $198 for CPCU Society members, $218 for non-members. CPCU Society, 720 Providence Road, P.O. Box 3009, Malvern, Pa. 19355-0709; 610-251-2728.

SEPT. 18-20. The National Human Resources Information Technology Exposition & Conference in San Jose, Calif., sponsored by HRMS/EXPO; $925. HRMS/EXPO 95, Attn: Registration Department, 444 Castro St., Mt. View, Calif. 94041; 800-232-3976.

SEPT. 18-22. Injury Management Training Program workers compensation program in Glastonbury, Conn., sponsored by Aon Management Institute; $3,900. **Also Oct. 16-20, Nov. 13-17.** Aon Management Institute, 628 Hebron Ave., Corporate Center II, Glastonbury, Conn. 06033: 203-659-6780.

SEPT. 18-22. Industrial Ergonomics: Human Factors in Occupational Health & Safety program in Boston, sponsored by the Harvard School of Public Health; $1,145. Harvard School of Public Health, Office of Continuing Education, 677 Huntington Ave., LL-23, Boston, Mass. 02115-6023; 617-432-1171.

SEPT. 18-22. The Essential of Multiemployer Trust Fund Administration course in Brookfield, Wis., sponsored by the International Foundation of Employee Benefit Plans; $1,175 for IFEBP members, $1,325 for non-members. Registrations Department, International Foundation of Employee Benefit Plans, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6710.

SEPT. 19. Employee Benefit Educational Outreach program in Denver, sponsored by the U.S. Department of Labor and the International Foundation of Employee Benefit Plans; $95. Registrations Department, IFEBP, P.O. Box 69, Brookfield, Wis. 53008-0069; 414-786-6710, ext. 257.

SEPT. 19. Facing the Facts on Fraud seminar in Itasca, Ill., sponsored by the Workers' Compensation Claims Assn.; $25 for WCCA members, $50 for nonmembers. Richard Svendsen, WCCA, c/o Risk Management Administrators, 1920 N. Thoreau, Suite 180, Schaumburg, Ill. 60173; 708-303-1437.

SEPT. 19. PCS Catastrophe Insurance Options seminar in London, sponsored by the Chicago Board of Trade; no charge. **Also Sept. 26** in New York, **Sept. 27** in Chicago. Amy Casey, Chicago Board of Trade, 141 W. Jackson Blvd., Suite 2280, Chicago, Ill. 60604-2994; 312-435-4687.

SEPT. 19-20. Workers Compensation "Comp Camp" Course in Glastonbury, Conn., sponsored by Aon Management Institute; $900. Aon Management Institute, 628 Hebron Ave., Corporate Center II, Glastonbury, Conn. 06033; 203-659-6780.

SEPT. 20-21. Nuclear Insurance Coverages and Issues seminar in Chicago, sponsored by Johnson & Higgins; no charge. Jeff Fritts, Johnson & Higgins, 125 Broad St., New York, N.Y. 10004-2424; 212-574-7180.

SEPT. 20-21. How to Negotiate, Structure & Buy Reinsurance seminar in New York, sponsored by International Quality & Productivity Center; $1,195. International Quality & Productivity Center, 150 Clove Road, P.O. Box 401, Little Falls, N.J. 07424-0401; 800-882-8684.

SEPT. 20-24. Behavioral Healthcare Tomorrow conference in Dallas, sponsored by CentraLink and the Institute for Behavioral Healthcare; $895. Institute for Behavioral Healthcare, 4370 Alpine Road, Suite 108, Portolla Valley, Calif. 94028; 415-851-8411.

SEPT. 21-22. Negotiating Environmental Agreements executive program in Cambridge, Mass., sponsored by Massachusetts Institute of Technology; $1,175. Carol Sloane, Center for Management Research, MIT, 55 William St., Wellesley, Mass. 02181; 617-239-1111.

SEPT. 21-22. Funding Non-Qualified Executive Benefits and Corporate Benefits conference in Minneapolis, sponsored by Global Business Research Ltd.; $1,195. Global Business Research Ltd., 151 W. 19th St., 8th Floor, New York, N.Y. 10011; 212-645-4226.

SEPT. 21-22. 8th Annual ERISA Litigation Conference in San Francisco, sponsored by Aspen Law & Business; $850. Margaret Ross, Registrar, Aspen Law & Business, 270 Sylvan Ave., Room 300, Englewood Cliffs, N.J. 07632; 201-894-8260.

SEPT. 21-23. ADR for the Defense—Alternative Dispute Resolution Including Winning Negotiation Techniques program in San Francisco, sponsored by Defense Research Institute Inc.; $495 for DRI members, $545 for nonmembers. Defense Research Institute, ADR For the Defense, 750 N. Lake Shore Drive, Suite 500, Chicago, Ill. 60611; 312-944-0575.

SEPT. 21-23. 48th National Conference & Exhibition in Washington, sponsored by the Profit Sharing Council of America; $750 for members, $830 for nonmembers. The Profit Sharing Council of America, 10 S. Riverside Plaza, Suite 1460, Chicago, Ill. 60606-3802.

SEPT. 22. Insuring the Children golf tournament in Tustin, Calif., sponsored by the Southern California Chapters of the Chartered Property & Casualty Underwriters; $110 per golfer, $25 for luncheon only. Greg Nelson, Insuring the Children, P.O. Box 28882, Santa Ana, Calif. 92799-8882; 714-252-4115.

SEPT. 26-29. Analyzing Risk: Science, Assessment and Management seminar in Boston, sponsored by the Harvard School of Public Health; $995. Harvard School of Public Health, Office of Continuing Education, 677 Huntington Ave., LL-23, Boston, Mass. 02115-6023; 617-432-1171.

SEPT. 27-28. Integrating Health, Workers Compensation and Disability conference in Chicago, sponsored by Global Business Research Ltd.; $1,195. Conference Administrator, Global Business Research Ltd., 151 W. 19th St., 8th Floor, New York, N.Y. 10011; 212-645-4226.

•

The Datebook is compiled from notices sent to Business Insurance. Notices should be sent at least eight weeks in advance to Datebook, Business Insurance, 740 N. Rush St., Chicago, Ill. 60611-2590. Please include the cost, if any, to attend the meeting and information on registration for interested readers. Business Insurance reserves the right to select meetings of most interest to its readers and cannot guarantee that notices will be printed.

Network

Continued from page 2

network to offer risk management information services to clients around the world.

Called ExcelNet, the network is being set up by Acordia Inc. of Indianapolis, Dale-Parizeau Inc. of Montreal, along with Bain Hogg Group of London and several other brokerages affiliated with London-based Inchcape P.L.C.: CECAR of Paris; Inchcape Insurance Services of Hong Kong; and Boels & Begault of Brussels, Belgium.

The brokerages' 243 offices in 70 countries will be linked through a proprietary risk management information system that will enable the companies to provide clients with information about their international risk, insurance, premium, cover and claims positions at any given time.

The ExcelNet project came about through discussions of a previously announced strategic global alliance between Acordia and Bain Hogg (*BI*, Sept. 26, 1994). Discussions about a joint venture company between Acordia and Bain Hogg continue, an Acordia spokesman said.

—By Sarah Goddard and Sally Roberts

ERISA

Continued from page 1

in *Dukes vs. U.S. Healthcare Inc.* involved a plan participant's widow, who alleged that two HMO doctors should have detected the ailments that led to her husband's death.

The July 11 10th Circuit *Pacificare of Oklahoma Inc. vs. Burrage* ruling involved a woman who was being treated with a blood thinning medication and died from internal bleeding after the hospital discharged her.

"The 3rd and 10th circuits are ruling that now when the HMO is being sued only because they are the employer of the doctor, ERISA does not pre-empt that claim," Mr. Cardaro said. "And the patient can sue just as if they did not receive the insurance from their employer," placing them on equal footing with those who buy individual HMO coverage.

The rulings are especially significant in that they follow the Supreme Court's ruling—in *New York State Conference of Blue Cross & Blue Shield Plans vs. Travelers Insurance Co.*—that a state hospital bill surcharge paid by commercial insurers and HMOs did not "relate to" benefit plans and was therefore not pre-empted by ERISA (*BI*, May 1). That decision did not address self-insured plans, though a federal appeals court recently upheld the surcharge as applied to them (*BI*, Aug. 21).

"Up until the Travelers decision there was never much doubt that a lot of these cases involving taxes and everything else related to ERISA plans," said John Eggertsen, a partner with Honigman Miller Schwartz & Cohn in Detroit who represents the Self-Insurance Institute of America in ERISA pre-emption cases.

"The Travelers decision has given other courts a basis for arguing that the ERISA pre-emption provision is not sacrosanct," Mr. De Jong said. "I do believe it is the Travelers decision that gave the 3rd and 10th circuits the ammunition to lift the ERISA pre-emption in these cases."

Not everyone agrees that there is a trend toward limiting ERISA pre-emption, however.

"I think it's a little early to suggest that the courts are cutting back on ERISA pre-emption," said Mark Ugoretz, president of the ERISA Industry Committee, a Washington-based benefits lobbying organization. "I think what the courts are doing is laying out some stakes. . .in the distance and saying, 'We don't think Congress intended to cover these areas, like malpractice, for example.' "

"There is a difference between malpractice and a fiduciary obligation," Mr. Ugoretz said. "In a malpractice case, you're alleging that a doctor has failed to perform up to a necessary standard. In a fiduciary case, you're alleging that a plan has failed to provide a benefit it had agreed to provide."

And Mr. Ugoretz noted that in the case of willful violations by benefit plan fiduciaries, ERISA does provide an additional remedy: the possibility of permanently barring the fiduciary from ERISA plan business.

Prohibiting employers from invoking ERISA to avoid facing malpractice suits will not threaten benefit plans, said Helen Darling, manager-health care strategy and programs for Xerox Corp. in Stamford, Conn.

ERISA pre-emption makes it easier to offer uniform benefit plans in many states, but "we're not trying to hold on to ERISA protection for everything under the sun," said Ms. Darling. "If someone has committed malpractice then they should be held accountable," she said.

State courts have not grappled yet with whether self-insured plans that directly contract with providers can be subject to state malpractice claims, and Mr. De Jong said he doesn't expect it to happen soon.

However, he added, "Long-term, the decision will have to be made whether the ERISA pre-emption shield will be removed when the issue is quality of care."

The issue will come not in a case where it's a question of whether benefits were properly provided, but rather one in which "malpractice occurs, the patient was hurt and the employer has significant control over who was the doctor involved," Mr. De Jong said. He expects the federal appeals courts to split on the issue and the Supreme Court ultimately will decide.

Mr. Eggertsen believes there is a "rational line of thought" suggesting that if ERISA pre-emption is narrowed and malpractice is considered too distant from benefit plan administration, then employers involved in forming provider panels or taking other steps to determine medical care could be liable for malpractice.

"If there isn't ERISA pre-emption in the case, then a plaintiff's lawyer can come up with credible theory as to why companies including ERISA plans should be liable for derivative malpractice," he said, adding a judge would decide that theory's validity.

Mr. Cardaro believes most self-insured employers don't face a malpractice liability exposure, however. "There's a distinction between an employer who simply administers a plan and an HMO who is being sued as an employer of a doctor," he said.

While the issue still is being fleshed out, "I still think there would be protection there (for an employer)," Mr. Cardaro said. "At the same time, if you had a corporate giant that decides, 'We're going to hire doctors and we're simply going to have doctors on our staff,' that might be a different story." BI

HCFA

Continued from page 1

repaid by private plans that should have provided the coverage.

The rules do not affect HCFA's decision in April that Medicare should provide primary coverage for retired workers who develop end-stage renal disease after they turn 65 and are covered by Medicare. The regulations noted that if necessary, HCFA will modify this interpretation after a district court rules on a case challenging the agency's policy (*BI*, July 17).

The measure sets out stiff penalties for employers who fail to meet the new standards. It also allows HCFA to cite plans retroactively for certain violations. The retroactive dates are Jan. 1, 1987, for violations of provisions that affect the disabled; Dec. 20, 1989, for violations that affect the working elderly and those suffering from end-stage renal disease; and Aug. 10, 1993, for failure to refund mistaken Medicare primary payments.

The regulations have "finally given us a relatively clear definition of current employment status," said Kathleen Rosenow, an attorney-consultant for Watson Wyatt Worldwide in Washington.

In addition to people who are actively working, the measure includes those who aren't actively working but meet five specific criteria. These criteria are that the claimant must:

- Not be receiving Social Security payments.
- Not have had his or her employment terminated by the employer.
- Not have been receiving employer-provided disability payments for more than six months.
- Retain employment rights in the industry.
- Have employment-based group health coverage that is not continuation coverage as provided for under the Consolidated Omnibus Budget Reconciliation Act of 1985, better known as COBRA.

"It's really a lot of clarification. I don't know exactly how surprising any of this is," Ms. Rosenow added.

Another consultant added, however, that there may be a few surprises for certain unwitting employers. The regulations "define current employment status to include temporary periods when people are not at work, such as seasonal workers, teachers and union workers, when they're between jobs but still covered by the union's health plan," said Judy Bauserman, a consultant with William M. Mercer Inc. in Washington.

"This certainly broadens what has been the typical practice of a lot of employers," she said, adding that some employers may be in for an "unpleasant surprise" when they realize how much more they must cover.

Bob Eicher, a principal with A. Foster Higgins & Co. Inc. in New York, said that the regulations don't clarify everything.

For example, "What happens when cafeteria plans cover people who are over age 65? A lot of cafeteria plans offer employees cash if they opt out of the plan," he said. "Under these regulations, you're not even allowed to have the option if you're over 65. For some employers, that is a significant issue. To have a separate benefit plan for people under 65 and over 65 is difficult to do."

Mr. Eicher also took aim at the penalties. Employers would be fined $5,000 for each time they attempted to lure a Medicare-eligible person out of the health plan in which he or she is covered.

Employers that are found liable for "taking into account" a person's eligibility for Medicare when determining benefits, or that deny the same benefits to workers and spouses over age 65 that they give to all other employees, could face even stiffer fines. Any plan that violates the rules in a given year could be liable to pay a "tax equal to 25% of the expenses" the employer incurred for each large group health plan—those covering 100 or more people—in that year.

"Those penalties are pretty draconian given the infraction that might be involved," said Mr. Eicher. "Employers haven't been guilty of anything. In many respects, Medicare has been guilty of failing to properly administer its own program."

Penalties may well be enforced under the new regulations.

"Ever since 1986, there has been a penalty on the books for violation of the Medicare secondary payer rules. But there has never been any mechanism for HCFA to refer non-conforming group health plans to the Internal Revenue Service," Mercer's Ms. Bauserman said.

"These regulations create that mechanism. The penalty itself is huge—it's 25% of an employer's total group health plan expenses for a calendar year. It looks like even if employers are making a good faith attempt to comply with the law but inadvertently have a violation, they may still be hit with this penalty."

In the rules HCFA also lays out a hearing and appeals process for disputes with employers, noted Mary Lynn Eubanks, a consultant with Hewitt Associates L.L.C. in Lincolnshire, Ill. The creation of this process "makes it more likely that HCFA will begin to enforce these rules," she said.

•

Deborah Shalowitz Cowans contributed to this story.

Updates

Smoker wins cancer suit

SAN FRANCISCO—An ex-smoker with a rare form of asbestos-related cancer will collect $2 million from the cigarettes' manufacturers.

The award includes $560,000 in punitive damages against Lorillard Inc., the maker of Kent cigarettes, and $140,000 in punitive damages against Hollingsworth & Vose, which made filters for the cigarettes.

A judge will rule later this month on whether successor companies are liable for punitive damages. Punitive damages for vicarious liability are insurable in California.

Kent Micronite filters manufactured between 1952 and 1956 contained blue crocidolite asbestos, later found to be among the most carcinogenic of the commercially used forms of asbestos.

Milton Horowitz quit smoking in 1963 and developed mesothelioma, a cancer of the lining of the lung, in 1994. The cancer is usually found among insulators and others with industrial exposure to asbestos. Mr. Horowitz's only exposure was smoking Kent cigarettes beginning in 1952.

Life/health rating downgrades

OLDWICK, N.J.—Volatile interest rates, weak sales results and poor market conditions are taking a toll on the ratings of dozens of life and health insurers rated this year by A.M. Best Co.

Best has lowered the ratings of 109 of the more than 1,200 life and health insurers it rated this year.

A full year of fluctuating interest rates and "market conduct woes" were the major factors in many of the downgrades, Best said. It also said increased financial leverage at the holding company level as well as weakened strategic market positions contributed to some downgrades.

Best rated 1,213 insurers this year, of which 827 were assigned a "secure" letter rating of A++ through B+. Best also gave 139 companies a "vulnerable" rating of B through F. Others received numbered financial performance ratings instead of letter ratings.

Among the largest 100 insurers, eight companies were upgraded, 10 were downgraded, and Best placed under review the ratings of four.

Best concluded that increased competition, distribution productivity and market conduct concerns will continue to challenge life and health insurers.

MetLife liable in age bias ruling

ST. LOUIS—Metropolitan Life Insurance Co. may appeal a U.S. District Court jury's award of $3 million in damages to a former MetLife employee in an age discrimination suit.

The jury on Sept. 1 awarded James Johnston $109,000 for lost wages, $269,000 for future wages, $175,000 for mental anguish and $2.5 million in punitive damages.

"We of course do not agree with the decision. Right now we are still analyzing the case to decide whether or not we will appeal," said a spokesman for New York-based MetLife.

Mr. Johnston, who worked in MetLife's managed care division, was fired in 1990 at age 60 as part of a 10% cutback in staff, allegedly for poor job performance, which the company was unable to demonstrate, said his attorney, David Danis, a partner at the St. Louis law firm of Danis, Cooper, Cavanagh & Hartweger. The jury heard testimony and statistical information that indicated men over 60 were dismissed at disproportionately high rates, he said.

The punitive damages exceed a federal tort reform law that limits punitive damages awarded in federal courts to $300,000 and were sent to a U.S. magistrate for review last Friday.

There is no state cap on punitive damages, and Mr. Danis said he would try to have the damages approved in Missouri if the U.S. magistrate reduced the award.

Briefly noted

The California Department of Corporations has approved the merger of Blue Cross of California's **WellPoint Health Networks Inc.** with Health Systems International Inc. The merger will create the nation's largest publicly traded managed health care company with more than 4.7 million members and approximately $6 billion in annual revenues (*BI*, April 10). . . .**Blue Cross & Blue Shield of Louisiana** expects to mail $21.2 million in refund checks starting in mid-October after a state court last week approved settlements of two class-action suits alleging it improperly handled claims (*BI*, June 19). . . .Top staff employees of the **National Assn. of Insurance Commissioners** have voluntarily agreed to disclose their wages by Jan. 1, 1996, instead of a year later, thereby resolving a dispute with Texas Insurance Commissioner Elton Bomer (*BI*, Sept. 5). . . .**Willis Corroon Group P.L.C.** is expected to name a new chairman next week to replace Executive Chairman Roger Elliott, who will step down at the end of this year (*BI*, July 17). . . .Citing steps to improve profitability, new management and to reduce old liabilities, Moody's Investors Service upgraded **Alexander & Alexander Services Inc.**'s series A convertible preferred stock to Ba2 from Ba3. A&A's short-term debt rating was confirmed at Not Prime. . . .The parties in the litigation stemming from the **1992 Chicago flood** recently agreed to hire a former federal judge as a mediator. . . .The Illinois EPA late last month notified **owners and operators of underground petroleum storage tanks** that the state's trust fund no longer is approved as a means of fulfilling federal financial assurance requirements. The EPA said UST owners and operators have until Sept. 30 to secure another financial assurance mechanism. . . .Southfield, Mich.-based **Meadowbrook Insurance Group Inc.** has filed a registration statement with the Securities and Exchange Commission for an initial public offering of up to 2.3 million shares at up to $22 a share, for gross proceeds of $50.6 million. Meadowbrook specializes in developing and managing alternative market risk management programs.

ADB option

Continued from page 2

That percentage is likely to grow, given that the American Council of Life Insurers reports that 215 life insurers currently offer the option either as part of a basic policy or as a rider, and because many large companies say they are adding such options to their programs.

"I attended a recent meeting of benefits professionals at large Chicago employers, and when I mentioned that we implemented it recently, several others said the same thing," said Dennis Nirtaut, managing director of compensation and benefits with Arthur Andersen & Co. S.C. in Chicago.

Accelerated death benefits first appeared on the group life market about five years ago when a few large life insurance companies started marketing group universal or whole life insurance products with the option. First seen as a response to the growing AIDS crisis, benefit experts say the benefit extends beyond just AIDS patients to cancer sufferers, those with late-stage renal problems and, in some cases, those with long-term disorders.

As life insurers began using the option as a marketing tool, employers started offering it to workers, first on a rider basis, and then more frequently as a standard option attached to each employee's benefit.

"I think the growth began when employers started revisiting their programs. Insurers found that it was easy to offer and the employers readily accepted it," said Janet Shepherd, a consultant with Hewitt in Lincolnshire, Ill. "I think it surfaced when programs went up for bid. It was a way for insurers to get their programs to stick out."

From the start, the concept of allowing employees to get at a portion of their life insurance benefits appealed to employers, many of which had been looking for an alternative to dealing with viatical settlement companies to get money to very sick employees.

Viatical companies, like ADB provisions, sprouted up in the late 1980s. These companies pay sick individuals a negotiated portion of their policy value on the condition that the company become the sole beneficiary of the death benefit when the individual dies.

Benefit managers and consultants say that many viatical companies are reputable and provide a valuable service to sick people. Nevertheless, the viatical settlement market has been a target of critics who say that it capitalizes on the terminal status of people.

One of the largest of these companies, Waco, Texas-based Life Partners Inc., recently came under scrutiny from the Securities and Exchange Commission for buying out life insurance policies and then turning around and selling them to outside investors. The SEC argued that this particular arrangement—though not all viatical settlements—constituted the sale of securities and should be registered with the SEC. The SEC's view was upheld by the U.S. District Court in Washington. Life Partners is expected to appeal the ruling.

Accelerated death benefit provisions in life insurance policies accomplish everything that a viatical settlement does, and more, experts say. Unlike viatical settlements, which rarely provide a sick person with more than 50% of what the beneficiary would receive upon death, the ADB provision in group programs generally allows for terminally ill employees to receive up to about 50% of their total life benefit within the last year of life expectancy. At death, the specified beneficiary then receives the unused portion of the benefit.

"ADB is a much better option than a viatical settlement. Here, your spouse or beneficiary receives a balance upon death. Viatical settlements are one-time deals that aren't always favorable," said Mary Case, a consultant at Kwasha Lipton L.L.C. in Fort Lee, N.J.

"Based on the viatical companies I've seen, our program is much better," said Arthur Andersen's Mr. Nirtaut. "Our benefit is subject to an administrative fee payable to Aetna and a discount, but that's acceptable."

The one true downside of living benefits and viatical settlements is that the payout currently is treated as taxable income. There is legislation, H.R. 1215, that has been passed in the House of Representatives that would make the living benefit tax-free upon receipt (*BI*, May 22; April 10), but that legislation hasn't moved on to the Senate.

Most experts say the likelihood is strong that Congress eventually will approve this legislation. The Internal Revenue Service already has approved a proposed regulation that would give these benefit payouts tax-advantaged standing, but because the code was not finalized, it is technically ineffective.

"The uncertain tax status is the one thing that really needs to be communicated to employees. Everyone must understand that there is no definitive tax break for these benefits," noted Hewitt's Ms. Shepherd.

But beyond the tax issue, experts insist that there are no other overt negatives to making the option available to employees.

Even the cost of including the option in a company's group life policy is nominal, experts say. Whatever cost exists is built into the group life premiums employers pay, which have been flat or declining in recent years. Alternatively, the option can be paid for by discounting the payout slightly and charging the recipient an administrative fee.

"The cost to us is zero and the value to our employees is far beyond zero. For a company that has a critical illness policy, this fits in perfectly," said Alan Hait, director of benefits with Avon Products Inc. in New York.

Mr. Hait said Avon added the ADB provision to both its standard and supplemental group life programs, which are written by Aetna Life Insurance Co. and Prudential Insurance Co. of America, respectively, when it made several benefit plan design changes.

"Both insurers had the product and administrative systems set up. It cost us essentially nothing to offer it and the effect it had in terms of communicating what we're about has been good. We try to offer benefits you can use, not just choose," he said.

At Avon, employees can receive up to 50% of their benefit if they are diagnosed as having less than six months to live. "It's not a hard sell. It's perfectly congruent with our overall philosophy. I just wish the tax issue would be cleared up. Because it's so unclear, we tell our people to consult their tax adviser on how to treat the benefit," said Mr. Hait.

At Hewlett-Packard Co. in Palo Alto, Calif., employees can access 50% of their benefit when diagnosed as having less than a year to live. What's more, HP's group life coverage, underwritten by CIGNA Corp., also allows employees to access 2% of policy limits per month for 25 months. This is for people who are seriously sick, but not short-term terminal.

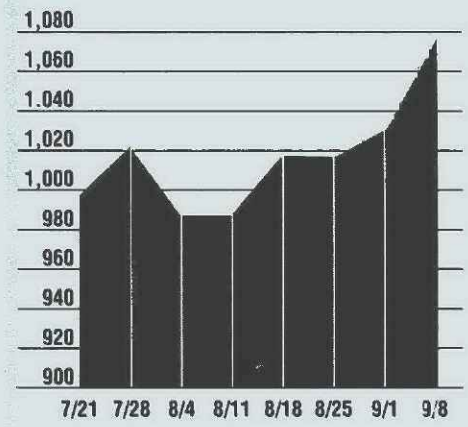
"When you're trying to offer benefits that help people, this fits the bill," said Art Young, director of benefits for HP.

Although HP's plan can border on being a long-term health care plan, Mr. Nirtaut said that is not how employers generally use it.

"I think what they're doing is interesting, but we don't feel this should replace long-term care. LTC lasts much longer than a year or two in most cases. This won't help someone in need of real long-term care," he said.

Support for ADP is solid. "Any big company that doesn't offer it yet probably just hasn't gotten around to it," Ms. Case said. BI

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc.

Catastrophe insurance option call spreads

As of Sept. 8

Call spread	Price bid/ask	Rate on line %	Call spread	Price bid/ask	Rate on line %
Eastern September 1995			Eastern September 1995		
45/65	.5/—	2.5/—	150	—/5	—/C
50/70	1.2/2	6/10	190	—/0.8	—/3
50/80	—/11.2	—/37.3	20p	5/—	
			70p	—/57	

Total volume: 172 Total open interest: 2,536

For quotes, call the CBOT trading floor at 312-341-3342. For general information, call 312-435-3674.

Source: Chicago Board of Trade

British Issues

Sept. 7 Companies	Price pence	P/E	Div. pence	Yield %	1 week high—low
Comml Union	602	12.1	33.0	5.5	611—309
Genl Accident	620	9.1	36.3	5.9	620—303
Gdn Royal Exch	223	N/M	10.3	4.6	223—21
Independent	345	9.6	11.9	3.4	345—348
Royal	343	6.5	15.0	4.4	345—332
Sun Alliance	359	12.1	19.7	5.5	359—337
Brokers					
Bradstock	54	6.2	7.1	13.1	54—54
Fenchurch	145	10.1	10.0	6.9	145— 45
CE Heath	197	12.4	20.0	10.2	199— 97
JIB Group	123	10.7	9.4	7.6	123—120
Lloyd Thmpson	166	11.5	9.8	5.9	156—160
Lowndes Lmbrt	167	9.3	10.3	6.2	157—167
Nelson Hurst	167	12.9	8.3	5.0	157—150
PWS Holdings	16	N/M	0.8	5.0	16—16
Sedgwick Grp	124	11.3	8.1	6.5	125—124
Steel Brl Jones	82	9.6	11.3	13.8	83—82
Willis Corroon	137	N/M	8.3	6.1	137—131

Source: Philip Olsen, London

BI Industry Stock Report SEPT. 4, 1995, THROUGH SEPT. 8, 1995

		Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
BROKERS												
Acordia Inc.	NYS	27.75	-0.89	-17.16	34.50	26.00	17	0.72	2.59	13	14.00	1.98
Alexander & Alexander	NYS	23.625	3.85	27.70	26.44	18.50	188	0.1	0.42	-11	19.17	1.23
E.W. Blanch Holdings Inc.	NYS	18.875	4.86	-8.48	23.00	16.50	23	0.4	2.12	15	1.40	13.48
Gallagher Arthur J. & Co.	NYS	36.25	-2.03	13.28	38.00	29.63	134	1	2.76	16	6.48	5.59
Hilb, Rogal & Hamilton	NYS	13.25	0.95	9.28	13.38	10.50	90	0.56	4.23	16	1.21	10.95
Marsh & McLennan	NYS	82	-0.91	3.47	85.00	71.50	568	2.9	3.54	16	19.95	4.11
Poe & Brown	NDQ	25.25	2.02	16.09	25.25	19.50	369	0.48	1.90	16	5.15	4.90
BROKERS	AVERAGE		1.1	6.3					2.5	12		
INSURERS/REINSURERS												
ACE Ltd.	NYS	33	6.88	41.18	33.00	20.75	573	0.00	0.00	0	22.45	1.47
Acceptance Insurance Cos.	NYS	17	1.49	13.33	18.00	12.63	181	0.00	0.00	12	10.76	1.58
AEGON N.V.	NYS	34.625	1.84	36.32	37.25	22.13	56	1.07	3.09	13	17.28	2.00
Aetna Life & Casualty	NYS	70.125	1.08	48.81	71.38	43.13	3109	2.76	3.94	52	48.85	1.44
AFLAC Inc.	NYS	38.75	-4.91	21.09	44.75	31.63	1057	0.52	1.34	12	17.58	2.20
Allied Group Inc.	NDQ	32.25	-0.77	30.30	33.00	22.00	193	0.68	2.11	7	21.81	1.48
Allmerica Prop. & Casualty	NYS	23.875	-0.52	41.48	24.25	14.63	111	0.16	0.67	10	19.87	1.20
Allstate Corp.	NYS	33.875	-2.87	42.63	35.13	22.63	4741	0.78	2.30	11	18.75	1.81
American Financial Group	NYS	31.625	0.00	50.60	31.88	22.00	458	1	3.16	351	24.94	1.27
American General	NYS	35.75	2.51	26.55	36.88	25.63	1167	1.24	3.47	13	17.03	2.10
American Heritage Life Ins.	NYS	20.625	1.85	8.55	21.50	16.25	14	0.72	3.49	11	12.51	1.65
American Indemnity/Fin'l	NDQ	9.25	-2.63	-8.64	12.75	9.00	6	0.3	3.24	6	15.92	0.58
American International	NYS	79.75	-1.24	-18.62	81.63	58.50	2566	0.34	0.43	16	34.66	2.30
American Re Corp.	NYS	39.75	-0.31	23.26	40.63	25.50	437	0.32	0.81	16	16.77	2.37
Aon Corp.	NYS	39.75	2.25	24.22	39.75	29.25	644	1.36	3.42	12	18.30	2.17
Argonaut Group	NDQ	30.5	1.67	7.96	32.50	27.50	48	1.32	4.33	11	29.91	1.02
AVEMCO Corp.	NYS	16.125	1.57	4.88	18.25	13.38	18	0.48	2.98	14	6.28	2.57
Baldwin & Lyons Inc.	NDQ	15	0.00	1.69	17.63	14.50	40	0.32	2.13	12	13.90	1.08
Berkley W.R. Corp.	NDQ	45.125	5.87	20.33	45.38	32.50	617	0.48	1.06	21	34.46	1.31
Berkshire Hathaway Inc.	NYS	29000	12.84	42.16	29000.00	18200.00	1	0.00	0.00	69	10089.11	2.87
Capital RE Corporation	NYS	28.375	-0.44	3.65	28.75	20.50	12	0.2	0.70	10	22.30	1.27
Capsure Holdings Corp.	NYS	14	1.82	-4.27	14.88	12.13	38	0.00	0.00	13	14.61	0.96
Chubb Corp.	NYS	90.25	-1.50	16.64	91.75	57.00	1066	1.96	2.17	13	48.92	1.84
CIGNA Corp.	NYS	97.5	-2.01	53.24	100.38	59.00	1964	3.04	3.12	9	80.46	1.21
CNA Financial Corp.	NYS	97.5	0.13	50.29	97.88	60.75	146	0.00	0.00	11	71.13	1.37
EMC Insurance Group Inc.	NDQ	14.375	4.55	51.32	14.50	8.75	50	0.52	3.62	9	11.13	1.29
Emphesys Financial Gr. Inc.	NYS	36.625	0.34	15.35	39.50	22.63	289	0.6	1.64	10	17.69	2.07
EXEL Ltd.	NYS	60	6.43	51.90	60.00	36.88	489	0.00	0.00	0	31.47	1.91
Fremont General Corp.	NYS	27.5	1.38	17.65	28.75	18.88	40	0.8	2.91	8	19.04	1.44
Frontier Insurance Group	NYS	29.25	0.00	33.71	33.38	16.75	30	0.48	1.64	22	14.65	2.00
Gainsco Inc.	ASE	9.625	1.32	16.67	11.00	7.75	163	0.04	0.42	13	3.98	2.42
General RE Corp.	NYS	145.375	-1.77	17.71	151.00	104.50	654	1.96	1.35	15	59.35	2.45
Guaranty National Corp.	NYS	18	2.13	-2.04	19.00	15.13	90	0.5	2.78	10	11.60	1.55
Harleysville Group	NDQ	27.5	6.80	13.40	28.00	20.50	104	0.76	2.76	10	20.72	1.33
Hartford Steam Boiler	NYS	45.875	-1.08	15.05	46.50	35.88	269	2.28	4.97	17	14.68	3.13
HCC Insurance Holdings	NYS	33.375	5.95	58.93	33.38	18.50	174	0.00	0.00	18	11.76	2.84
ITT (Hartford Group)	NYS	123.75	3.13	39.63	124.38	77.00	851	1.98	1.60	10	45.46	2.72
Lincoln National	NYS	44	1.73	25.71	46.25	34.63	591	1.72	3.91	11	28.90	1.52
Markel Corp.	NDQ	68.25	0.00	64.46	69.50	40.25	24	0.00	0.00	16	25.71	2.65
Mid Ocean Ltd.	NDQ	36.5625	7.93	34.17	37.25	22.25	640	0.00	0.00	0	22.18	1.65
Mutual Risk Mgmt. Ltd.	NYS	38.5	0.00	46.67	38.63	24.38	93	0.32	0.83	19	9.72	3.96
NAC Re Corp.	NDQ	37	0.68	10.45	37.50	24.25	86	0.2	0.54	15	18.23	2.03
National Re Corp.	NYS	32.875	3.95	25.24	34.38	22.25	118	0.16	0.49	19	17.05	1.93
Navigators Group	NDQ	13.5	-6.90	-6.90	19.75	12.75	3	0.00	0.00	96	10.21	1.32
Nobel Insurance Ltd.	NDQ	12	1.05	45.45	12.00	8.00	2	0.00	0.00	0	6.84	1.75
Ohio Casualty Corp.	NDQ	33.625	1.13	19.03	34.25	27.00	631	1.52	4.52	14	23.64	1.42
Old Republic Int'l	NYS	28.875	2.21	35.88	28.88	18.88	311	0.52	1.80	11	25.79	1.12
Orion Capital Corp.	NYS	44	1.73	24.82	44.00	28.13	37	0.8	1.82	10	26.00	1.69
Partner Re Ltd.	NDQ	27.375	-0.45	31.93	28.38	18.50	357	0.00	0.00	0	20.37	1.34
Penn-America Group Inc.	NDQ	11.25	7.14	52.54	11.25	6.50	34	0.12	1.07	11	6.40	1.76
Philadelphia Cons. Holding	NDQ	18.25	7.35	48.98	19.75	11.75	149	0.00	0.00	17	9.05	2.02
Phoenix RE Corp.	NDQ	28.75	11.65	1.77	29.25	21.00	638	0.6	2.09	5	21.27	1.35
Provident Life	NYS	26.75	0.94	22.99	29.38	20.50	125	0.72	2.69	13	22.34	1.20
Reliance Group Holdings	NYS	8	3.23	54.22	8.13	4.88	2098	0.32	4.00	12	3.42	2.34
Reliastar Financial Corp.	NYS	38.875	0.65	34.05	39.63	27.00	527	1	2.57	10	24.53	1.58
RLI Corp.	NYS	22.125	-1.67	34.91	23.63	16.00	35	0.52	2.35	11	20.51	1.08
St. Paul Companies	NYS	54	-0.46	20.67	54.50	39.38	1416	1.6	2.96	10	32.46	1.66
SAFECO Corp.	NDQ	64.875	0.58	24.76	66.50	47.13	1941	2.12	3.27	12	44.95	1.44
SCOR U.S. Corp.	NYS	11.125	2.30	32.84	12.00	7.50	9	0.2	1.80	14	13.60	0.82
Seibels Bruce Group	NDQ	0.875	-6.67	-65.00	3.50	0.75	32	0.00	0.00	0	0.04	21.88
Selective Ins. Group	NDQ	34.25	0.00	35.64	35.50	23.50	283	1.12	3.27	10	23.23	1.47
Sphere Drake Holdings	NYS	17.875	5.15	28.83	18.13	10.75	17	0.00	0.00	0	13.86	1.29
TIG Holdings	NYS	26.75	5.42	42.67	26.88	17.00	586	0.2	0.75	21	16.62	1.61
Titan Holdings, Inc.	NYS	14.75	4.42	51.28	14.75	8.25	62	0.3	2.03	11	9.04	1.63
Tokio Marine & Fire	NDQ	56.25	-3.43	-7.41	62.50	49.88	3	0.4	0.71	49	57.72	0.97
Torchmark Corp.	NYS	41.75	3.41	21.01	44.50	32.38	538	1.16	2.78	11	17.37	2.40
Transatlantic Holdings	NYS	69	-0.72	23.49	70.38	47.75	25	0.4	0.58	13	33.30	2.07
Transnational Re Corp.	NDQ	25.125	5.24	6.91	25.75	18.75	364	0.00	0.00	7	18.84	1.33
Travelers Corp.	NYS	50	3.63	54.44	50.00	30.38	2399	0.8	1.60	12	24.77	2.02
Trenwick Group Inc.	NDQ	46.75	-1.58	10.32	47.75	36.50	13	1.12	2.40	12	29.23	1.60
United Fire & Casualty	NDQ	35	0.72	26.51	37.00	26.38	4	0.8	2.29	10	28.96	1.21
Unitrin	NDQ	48.25	0.00	12.21	50.50	41.50	349	2	4.15	13	37.51	1.29
UNUM Corp.	NYS	50.375	3.87	33.44	50.38	35.13	1051	1.06	2.10	25	26.45	1.90
US Facilities Corp.	NDQ	18	0.00	80.00	18.75	9.13	268	0.2	1.11	9	11.66	1.54
USF&G Corp.	NYS	18	0.00	33.33	18.13	12.63	1365	0.2	1.11	9	10.86	1.65
USLIFE Corp.	NYS	43.875	2.33	25.81	44.25	30.88	108	1.4	3.19	10	38.45	1.14
Washington National	NYS	23.25	2.76	22.37	23.25	17.75	100	1.08	4.65	9	25.13	0.93
Zenith National Ins.	NYS	23.625	3.28	3.85	25.38	19.38	41	1	4.23	12	16.35	1.44
Zurich Reinsurance Centr.	NYS	30	1.27	3.90	30.88	25.00	66	0.00	0.00	107	21.64	1.39
INSURERS/REINSURERS	AVERAGE			1.5	25.9				2.0	20.7		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	NDQ	23.5	-1.05	-8.74	31.00	19.50	1530	0.00	0.00	81	28.15	0.83
Humana Inc.	NYS	20.25	10.96	-10.50	27.13	17.00	5307	0.00	0.00	17	6.56	3.09
Pacificare Health Sys.	NDQ	62.125	11.43	-4.61	79.50	44.50	927	0.00	0.00	18	15.02	4.14
Safeguard Health Enter.	NDQ	11.75	-3.59	27.03	12.38	8.25	12	0.00	0.00	69	6.15	1.9
Sierra Health Services	NYS	28.375	6.07	-10.28	33.63	22.13	262	0.00	0.00	16	9.22	3.08
United Healthcare Corp.	NYS	46	9.85	1.94	55.38	34.13	4763	0.03	0.07	23	16.17	2.85
U.S. Healthcare	NDQ	34.875	10.28	-15.45	49.00	26.50	4918	1	2.87	14	5.66	6.16
Wellpoint Health Networks	NYS	30.625	2.08	5.15	37.00	25.88	337	0.00	0.00	14	14.26	2.15
HMOs	AVERAGE			5.8	-1.9				0.3	28		
ALL COMPANIES	AVERAGE			2.8	10.1				2.1	24		

Top advancing issues: Berkshire Hathaway Inc.; Phoenix RE Corp.; Pacificare Health Sys. Leading decliners: Navigators Group; Seibels Bruce Group; AFLAC Inc. Most active issue: Humana Inc. The BI Index rose 4.5%; the Dow Jones 30 Industrials rose 1.1%; the S&P 500 increased 1.6% and the NYSE Composite gained 1.4%.

System design: Nordby International Inc

DIFFICULT CONTRACTOR LIABILITY

Done in a way that makes the difference.

Agents and Brokers contact the industry leaders.

ACSTAR INSURANCE COMPANY

Bonding • Treasury Listed

United Coastal Insurance Company

Liability Insurance • Treasury Listed

233 Main Street, New Britain, CT 06050-2350

(203) 223-5000

© Copyright 1994 ACSTAR Insurance Company and United Coastal Insurance Company