

business insurance

for buyers of employe, property and liability protection

45¢ a copy; \$10 a year

September 15, 1969



Veritable fire storm rages at Mead Packaging roll-paper facility in Atlanta where a blaze suspected to be of incendiary origin caused damage nearing \$10 million. —Wide World photo

Paper industry safeguards asked after two holocausts

HARTFORD—Officials of the Factory Insurance Assn. vowed to launch a vigorous effort to educate policyholders to the need for adequate fire protection and plant security in roll-paper storage facilities and pulp plants in the aftermath of two fires that caused losses exceeding \$10 million.

FIA insured the Atlanta plant of Mead Packaging, a division of the Mead Corp., which burned Aug. 25 causing a loss approaching \$10 million in physical damage and business interruption. It also insured the Elizabeth, La., pulp plant of Jacksonville Paper Co. that sustained a fire loss of about \$5 million on Aug. 21.

Final damage estimates at both plants will not be complete for three or four months, officials of both companies said, because debris removal was only recently completed.

THE MULTIMILLION dollar losses hit an industry that has, according to FIA, sustained an excessive number of major losses in recent years. Engineering and underwriting personnel of FIA and other paper company insurers have given special attention to finding effective protection measures and underwriting restrictions on roll-paper and pulp facilities.

Plant security requirements are now receiving special attention because in both the Mead and Jacksonville losses there is evidence that the fires were set by arsonists. Authorities are investigating the possibility that dis-

gruntled employes or others with access to the premises set the fires. FIA emphasized that both insureds are reputable companies and are unconnected with the suspected arson.

George Kahlert, manager of insurance services for the Mead Corporation, Dayton, O., said that

the majority of stock consumed in the Atlanta fire was intended for use by the company's beverage container plant, one of two operated by Mead at that location.

"Other stock was purchased," Mr. Kahlert said, "and is being used on Mead presses that sus-
Continued on page 48

So near . . . yet so far

DAYTON, O.—Officials of the Mead Corporation are still shaking their heads over a fantastic (and tragic) coincidence connected with the multimillion dollar fire in the company's Atlanta packaging complex.

When news of the fire reached Dayton late on August 25, the company had completed and was ready to mail letters of intent to contractors who had submitted quotations on the installation of a combination fire protection system for the Atlanta roll-paper facility. The letters of intent represented one of the last steps in the process that began months earlier, but they were not mailed in time to prevent the massive loss.

George Kahlert, Mead's manager of insurance services, explained: "We consulted for a long time with officials of FIA and municipal authorities about requirements for a combination system that would back up the sprinklers with foam, steel protection, overhead sprinkler reinforcements and, hopefully a metered wetting agent in the overhead sprinkler grid."

UNHAPPILY, the combination system was not installed by Aug. 25 and the fire overcame the sprinkler system that had no supplemental protection to back it up.

Mr. Kahlert said that it took several months of negotiation with FIA to get approval of the proposed system, which was unique because of the need to cover the exposure pattern at the Atlanta plant. He said that if the plant is rebuilt on its former plan, it will contain the combination fire protection system.

Late news

Getty, Atlantic damage not severe

PHILADELPHIA—Atlantic-Richfield and Getty Oil apparently suffered relatively light damage in two separate fires at their installations here. A fire and explosion at Getty destroyed a 7,500-barrel fuel tank and badly damaged a 15,000-barrel tank, but total damage is expected to be under \$500,000. A similar incident at Atlantic's refinery here killed one worker and seriously injured another when lightning touched off fire and explosions causing an estimated \$500,000 in damages. Both companies are insured through the Oil Insurance Assn., although Getty has first dollar coverage and Atlantic has \$1 million deductible.

TWA skyjack-theft or act of war?

NEW YORK—Insurance circles are debating whether a TWA jet aircraft, hijacked by two Palestinian commandoes and forced to land in Damascus, Syria, was a theft or an act of war. If considered a theft, coverage would probably be absorbed by Associated Aviation Underwriters, which handles TWA's normal hull and liability coverage. If it was an act of war, the airline's war risk insurance written by Lloyd's of London would respond. Damage to the Boeing 707 craft, caused by an explosion which went off moments after passengers deplaned, was estimated at between \$2 million and \$5 million.

Cowles insured for libel

NEW YORK—Cowles Communications carries libel insurance through Employers Reinsurance Co. of Kansas City to at least partially protect the firm against a \$12.5 million libel suit filed by San Francisco Mayor Joseph L. Alioto for an article appearing in Look magazine linking the mayor with alleged Mafia figures.

Govs back health care plan for all

COLORADO SPRINGS—The National Governors Conference, which met here earlier this month, urged the Federal government to establish a national compulsory health insurance program, first championed by Gov. Nelson A. Rockefeller of New York.

A compulsory health insurance system, it is believed, may receive favorable attention from the Nixon Administration. Staff assistants to the President are reportedly reviewing current health programs and looking for alternatives.

The proposal by the governors was opposed strongly by Gov. Stanley K. Hathaway (Wyo.) and Gov. Ronald Reagan (Calif.) Both argued for an amendment, which was submitted by Gov. Hathaway in behalf of the American Medical Assn., that would have made the proposed system voluntary.

Submitted in the form of a policy statement, and adopted with only a handful of dissenting votes,
Continued on page 48

Miss America, pageant have full risk coverage

ATLANTIC CITY, N.J.—Although it is probably the foremost gathering of pulchritude in this country, the annual Miss America Pageant is run pretty much like any other corporate entity when it comes to insurance.

"We carry all the standard coverage," an insurance source close to the pageant told *Business Insurance*, noting that insurance includes a liability policy for disappearance, dishonesty and destruction.

In addition, the pageant also has an umbrella policy that covers other unnamed liabilities, as well as use and occupancy provisions in the event the convention hall were unable to be used at the last minute. The Hartford Group writes the policies.

However, the pageant does not cover the girls themselves. "I presume they are insured by the various states that send them to us," another source said.

Nevertheless, at least one girl does end up with a policy every year. That is the winner. This

year it is Pamela Anne Eldred, a 21-year-old college senior from Detroit. When Miss Eldred was crowned, she became insured for \$100,000 by the pageant. The accidental death and dismemberment policy, written by Aetna, will cover her for the year she reigns.



Miss America, 1970

Judge rules that Suez war risk claim must be given court hearing

NEW YORK—A U. S. district court judge has ruled that a war risk insurance claim to recover the loss of a ship trapped in the Suez Canal since 1967 must go to trial "without undue delay."

In denying the plaintiff, Marine Carriers Corp., a summary judgment against Lloyd's of London, Judge D. J. McLean said that "important questions" of marine insurance law "cannot safely be decided until all the facts are definitely established."

The litigation, said Judge McLean, is "important not only because of the amount involved in it but because in a sense it is a test case which may well affect other claims."

Judge McLean recounted that

the vessel, the S. S. Observer, entered the Suez Canal on June 4, 1967, carrying grain bound for India. She was in a convoy of 21 ships.

A day later the Observer developed engine trouble and dropped out of the convoy. She was towed to Lake Timsah, in the canal, where she anchored to make repairs.

The same day, on June 5, war broke out between Israel and the United Arab Republic. Judge McLean said that Marine Carriers claimed that the canal was then closed by the government of the UAR and that it was this closing which prevented the Observer from proceeding when her repairs were completed.

"THE WAR RISK insurance policies issued by defendants on which this action is brought insured the vessel against loss resulting from 'restraints and detentions of all kings, princes and peoples.' Plaintiff claims that the Observer was 'restrained' by 'kings, princes and people,' i.e., by the government of the United Arab Republic. Defendants dispute that claim."

The Observer, Judge McLean pointed out, has not been actually lost, since she is still in Lake Timsah. But Marine Carriers claimed it suffered a loss of the "use and possession" of the vessel, constituting a "constructive" loss of the ship which justified the firm abandoning it to Lloyd's.

Lloyd's, said Judge McLean, contends that the ship has not been lost, either actually or constructively, but that she has been "delayed"—a risk expressly excluded from the policy.

TWO "SHARPLY disputed" issues that emerge, said Judge McLean, are (1) whether the Observer was restrained by the UAR; and (2) if so, whether Marine Carriers were entitled to treat the vessel as a constructive loss and abandon her to the underwriters.

Judge McLean said that "after considering the affidavits and depositions, I am satisfied that the basic facts with respect to those issues are not clear enough to justify summary judgment either in favor of plaintiff or of defendants."

Interestingly, another British insurance group, the United Kingdom War Risk Mutual Underwrit-

ing Assn., recently agreed to make hull settlements totaling \$7.7 million for two British flag ships trapped in the Suez Canal. According to the settlements, the protection and indemnity club was to pay on the basis of "constructive total loss."

Denenberg elected ARIA president

CINCINNATI—Dr. Herbert S. Denenberg, professor of insurance at the University of Pennsylvania's Wharton school of finance and commerce, has been elected president of the American Risk and Insurance Assn. here.

Dr. Denenberg succeeds Mark R. Greene, professor of insurance at the University of Oregon, for a one-year term. His election comes three years after he was a write-in candidate for the office—"back when I was anti-establishment," Dr. Denenberg said.

The new ARIA prexy plans several innovations, including a "stepping up of research activities. Everybody agrees that there is a lack of research outside the



Herbert S. Denenberg

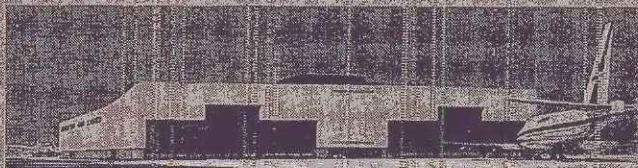
insurance industry." He cited as an area of possible investigation the profitability of underwriting, and he mentioned that a study of capacity would be worth while. Dr. Denenberg said, "The insurance industry doesn't fully use its capacity." While working on the Hughes Commission, he reviewed a number of property insurance company reports that brought him to that conclusion.

THE PROFESSOR of insurance has also mailed questionnaires to members of the ARIA, asking them what possible activities they would like to have the group undertake.

Dr. Denenberg told *Business Insurance* that first returns on the questionnaires show that most ARIA members would like to have a meeting with representatives of the insurance industry. It

Continued on page 12

Security blanket for jumbo jets.



A custom-made foam blanket. From Grinnell. Exactly the fire protector you need if you're going to have two \$20,000,000 Douglas DC-10 jets in a huge new twin-bay hangar. Like United Air Lines at O'Hare Airport in Chicago.

When tested, it took less than 2 minutes for our foam blanket to cover 61,000 sq. ft. In all, Grinnell provided 20 foam/water sprinkler systems (or 2,292 open deluge heads) to protect 172,530 sq. ft. of hangar space.

With millions of dollars at stake, we leave nothing to chance.

So if you've got a fire protection problem (jumbo or small), we've got the wet blanket for you.

 **GRINNELL**

Write: Grinnell, 260 West Exchange St., Providence, R.I. 02901

Drawing courtesy of Albert Kahn Associates, Detroit

GUIDE TO FEATURES

Washington Watch	4
Info for Buyers	8-9
Dates for Buyers	12
Editorials	20
Benefit Tax Slants	27
Following the Funds	30
Giles on the Law	33
London Line	41
Perspective	43-44

Vol. 3, No. 19—Business Insurance is published every other Monday at 740 Rush St., Chicago, Ill. 60611. Controlled circulation postage paid at Chicago, Ill. Copyright 1969 by Crain Communications Inc.

'Oh! Calcutta!' actors covered by insurance—but not very much else

By STEPHEN GILKENSON

NEW YORK—The only coverage actors have in "Oh! Calcutta!" a musical revue that has been packing audiences in off-Broadway of late, is insurance coverage.

"Oh! Calcutta!" currently playing at the Eden Theater here, is probably the most talked about show in town these days. And for good reason.

Actors in the company—ten of them, five males and five females—cavort about in the nude for at least 50% of the show. Yes, topless, bottomless, in the altogether.

Under the circumstances, one might expect that the show presented some rather unique problems of an insurance nature because all professional theatrical performances require some sort of coverage for their actors, sets, props and audiences.

HOWEVER, such is not the case.

According to Norman Kean, the show's general manager, "Oh! Calcutta!" is "no different at all" from other shows in this respect.

"We had considered in the beginning a Lloyd's of London policy to insure us against any interference from public officials," Mr. Kean told *Business Insurance*, "but we dropped that idea."

Richard Tobias of Tobias, Bregman & Schwarz Inc., insurance brokers for the show, said that

nations. Would the show be liable for such injury?

Mr. Tobias scoffed at this saying, "Where's the negligence on the part of the theater?" Such an event, incidentally, has not happened yet at the Eden Theater.

"Oh! Calcutta!" does have a form of business interruption insurance, although it might not be in effect were a district attorney to stop the show. "It's a stated amount per day," Mr. Tobias said, which would guarantee the producers something like \$5,000 daily for a period of 40 days if the show were interrupted for any other

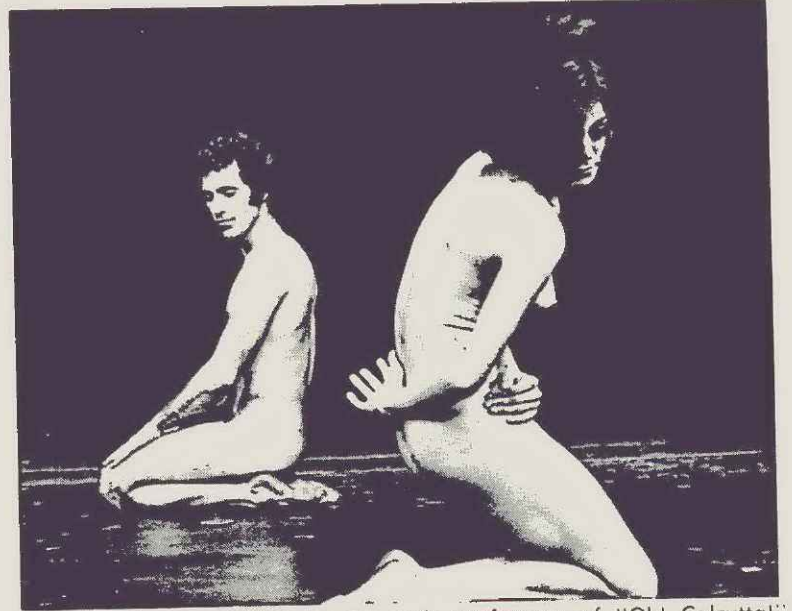
reason, such as a fire or destruction of the sets.

IN ADDITION, the show has a theatrical floater covering sets, props and other materials necessary for the performances and two Actor's Equity floaters. The latter, Mr. Tobias said, are required by the actor's union to protect from things stolen from dressing rooms or to provide coverage above workmen's compensation if an actor injures himself during a performance.

Some Broadway shows now take out nonappearance insurance on their actors, which provides for compensation if a star fails to show up for an appearance and there is a demand for refunds at the box office.

"We didn't feel this was necessary," Mr. Kean said, "since there are no big stars in the show. We're well understudied, so if an actor doesn't appear there is no

Continued on page 10



Acquiring insurance coverage for nude performers of "Oh! Calcutta!" was not difficult. But the underwriters may be less eager to renew coverage, according to the broker who handles the show's risks.

If your Employee Benefit Plan isn't also a Company Benefit Plan, something's wrong. It's not being managed as effectively and imaginatively as it could be.

Our goal in managing pension fund money is to make all of it grow. Not just the equity portion. To do this, we abandon many of the traditional forms of fund management and work within a framework of prudently balanced risks and rewards.

Example: We believe a pension fund should be balanced by straight bonds, only if they represent an attractive investment alternative. In the past several years, our policy of substituting convertible debentures and certain common stocks of companies with moderate but stable growth has benefited both our client companies and their employees.

We have a sound history of investment management coupled with a progressive, flexible, current investment policy carried out by officers who are young, aggressive and fast-acting. Why not talk more about it with our Mark Saulnier, V.P. in charge of our Employee Benefit Trust Group, at (212) 530-1351. The Bank of New York. The bank that manages benefit plans.



With all the performers completely uncovered half of the time, "Oh! Calcutta!" has usual cast insurance and other coverages.

this form of coverage was unavailable, even from Lloyd's. "No one can insure anything against the breaking of a law," Mr. Tobias said, "and if public officials had decided 'Oh! Calcutta!' was illegal this is what it would have amounted to." As it is, however, the show has run into no legal difficulties with the City of New York.

THE QUESTION has been raised as to the liability if, say, an elderly gentleman in the audience were to have a heart seizure as he viewed nude actors squirming about on stage in various combi-

The Company Benefit Plan.

The Bank Of New York. The bank that manages money.

Main Office: 48 Wall Street, New York, N. Y. 10015 Member Federal Deposit Insurance Corporation

A member of The Bank of New York Company, Inc.



washington watch

Nader's raiders ride again on the National Highway Safety Board

WASHINGTON—While some think the business community is slowly and grudgingly reacting positively to the consumer movement in the U.S., others hold that the attitude of businessmen in general is that those behind the movement are bothersome do-gooders, who will never do anything but harm to the business world.

Auto and highway safety critic Ralph Nader has been the object

of particular abuse by members of the business community, according to his backers. What appears to have been ignored by most of the business world, they say, is that unsafe highways and automobiles are not good business for anyone. This is evident to many corporate risk managers who are charged with insuring large fleets of cars, buses and trucks in this era of rapidly rising accident and insurance rates.

In light of the current approach by the Federal government toward halting this trend, Mr. Nader may just be the best friend that the risk manager with a heavy interest in fleet insurance has here in Washington.

IT IS axiomatic that Federal bureaus have a tendency to operate at increasingly higher costs and lower efficiency in each year of their existence, drifting aim-

lessly down their red-tape-ridden roads. Many times they do more harm than good by giving the public the impression that something is being done about the problem they were created to help solve when in fact nothing is.

Mr. Nader recently charged in a letter to Senate commerce committee chairman Warren Magnuson (D., Wash.) that such a situation exists at the National Highway Safety Bureau. If just part of the allegations in Mr. Nader's letter are true, not only Mr. Nader and Sen. Magnuson should be concerned, but so will anyone with a stake in safer highways.

The Department of Transportation's National Highway Safety Bureau is "in a virtual state of paralysis and may soon be confronted with a dismemberment decree by the Office of the Secretary of Transportation," Mr. Nader charged.

Among other things, he said,

the two principal officials dealing with auto safety—Francis Turner and Robert Brenner—are "not committed to safety regulation of the auto industry." Each has his own reasons, the Nader letter continued.

"MR. TURNER—a highway construction fan of great ardor—has pursued a career in government little interrupted by the potential of automotive safety to reduce road casualties. He has little understanding of a safety regulatory process under law. He openly displays his dislike of lawyers and their procedures—e.g., such as applying sanctions to violators of safety standards, avoiding *ex parte* contracts and discouraging the practice of closed door, untranscribed meetings with industry representatives. Mr. Turner leans to the contrary of those precepts thus eroding the arm's length relationship which a regulatory agency should have with the regulatees.

"Dr. Brenner, on the other hand," the Nader letter continues, "does not believe in the mandatory safety standards process. He prefers to describe his role and that of the NHTSA as a *catalytic* one. How the bureau is to be catalytic without displaying clout [Chicagoese for political muscle] is unanswered. To develop a basis for producing corporate safety initiatives, there has to be the kind of forceful leadership and action that cannot be described as catalytic.

"But, the over-riding issue is that the law requires mandatory safety standards, upgraded periodically, and therefore does not allow gross distortion of its objective whether it is characterized as catalytic, inductive or any other cloak over inactivity and timidity. The will of Congress, in a word, is being flouted by the Turner and Brenner approaches."

Mr. Nader pointed out that the crash survivability testing of vehicles was suspended in March, 1969, by Mr. Turner. Mr. Turner promised in April at Senate Commerce Committee hearings that the program would be resumed by July 1, 1969, Mr. Nader continued. But, he added, "It has not."

BESIDES, he said, "by the NHTSA's own admission, their *limited* compliance tests have resulted in a 15% to 20% failure rate for vehicles, tires and equipment. These are failures to meet the weakest Federal standards that could have been issued without making a gross mockery of the law. Yet the failure rate in this limited compliance testing was that high. With these dozens of violations, there has been virtually no enforcement action taken.

"The penchant for law and order, so often expressed by the present Administration, seems to lose momentum entirely when corporations are involved. Not even recall notices have been required. And all information about the violations have been suppressed by the department. Can this be anything less than outrageous?"

In support of his charge that the NHTSA may soon face a dismemberment decree, Mr. Nader cited a confidential report circulating within the transportation department written by William Davis, of the office of assistant secretary Alan Dean, which recommends breaking up the NHTSA, and, according to Mr. Nader, making it "ever more dependent on Mr. Turner and the FHWA's highway-state fulcrum."

Proponents of a strong NHTSA not only do not want the agency any closer to the Mr. Turner's Federal Highway Administration,

Continued on page 52

Schumacher's
matches
its quality
weaves with
insurance
designed by

Paige
O'Brien
Russell



For well over 75 years, F. Schumacher & Co. has been a leading supplier of silks and other fine fabrics for the American market. Today, *Schumacher's* showrooms feature the largest selection of decorative fabrics, floor and wall coverings to be found anywhere in the country... anywhere in the world. To match its long tradition for quality, *Schumacher's* insists on quality insurance coverage fashioned by...

**Paige
O'Brien
Russell**

BOSTON • NEW YORK • PORTLAND • LOS ANGELES • ATLANTA • HARTFORD • MANCHESTER • HOUSTON

Touchy Question #39

What happens when you have to tell 100,000 customers that their brakes may not work at 70 mph?

The PR department has a job.

They can talk about the fallibility of men. They can point out that it's a good thing this problem was aired before it was too late. And they can show their willingness to make repairs and adjustments.

In most cases, the customer remains loyal. But it's an expensive ordeal.

Products Recall Expense Insurance is a relatively new policy designed to fill this coverage gap. Our own version is hardly out of the egg as we write this.

We are not ready to offer this coverage to ship builders or to manufacturers of ethical drugs or pharmaceuticals, aircraft, or aircraft parts. And until enough experience has accumulated to provide credible guides, we are obliged to exercise a high degree of selection.

For obvious reasons, you must have your liability lines and some product lines with us. You must do at least \$5 million in annual sales. You are

expected to participate in 10% of the contract, with the minimum deductible set at \$10,000. And in some instances, we may insist that our Products Loss Control Program (see Touchy Question #34) be in effect.

We realize that our requirements are stringent. And in that sense, we have arrived at a touchy question ourselves.

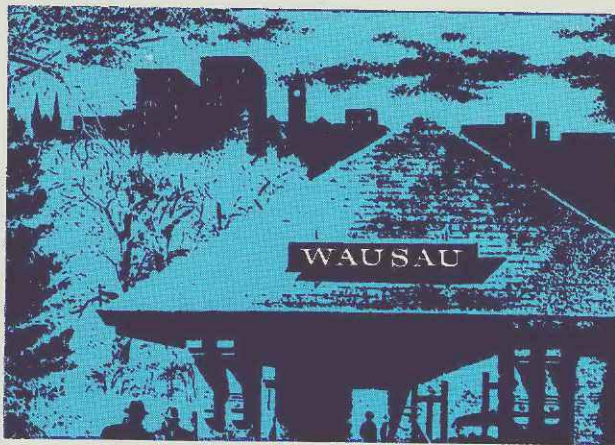
How conservative or how speculative should we be with this new insurance?

Of course we want to be flexible. But since Products Liability is not a well-seasoned insurance, we do not have the complete advantage of relying on pre-set generalizations. Instead, we must get brand new answers that fit only your company.

That means the doors must open to let us work, to examine facts, and to discover attitudes.

A little touchy, we agree. But if we do our job right, then that leaves you free to do your job right.

That's the Wausau Story.



Employers Insurance of Wausau

**We think insurance
ought to work
for a living.**



EST. 1899

DAVIS, DORLAND & CO. INSURANCE BROKERS

99 CHURCH ST., N.Y., N.Y. 10007

TEL: (212) 964-2500

Hospital cost control test starts in Conn.

HARTFORD—Connecticut will be the first state in the country to conduct a three-year hospital cost control experiment geared to slowing the spiraling of hospital costs.

The Department of Health, Education and Welfare has announced granting of approval for what is labeled the "incentive reimbursement experiment," as one of a number of major programs authorized by the Social Security Administration in the latter's campaign to help contain escalating hospital costs.

The experiment, in addition to 18 medical facilities, encompasses the Connecticut hospital research and education foundation (research arm of the state hospital

association) and Connecticut Blue Cross.

THE SCHOOL of public health at Yale University, New Haven, is being retained to offer evaluation services.

Overall project cost stands at \$677,000, the major portion (\$561,235) emanating from the Social Security Administration. Connecticut Blue Cross will contribute \$100,000, and the state hospital association some \$16,000 worth of services.

The three-year experiment is to be highlighted by creation of "budget approval boards" to review departmental budgets at each of the 18 participating general hospitals.

SIX SUCH BOARDS are envisioned, each to be responsible for three medical facilities.

A coordinating council comprised of consumers and representatives of the Social Security Administration, Connecticut Blue Cross and the 18 hospitals will have the final decision on recommendations of the six boards.

Purpose of this experiment is to test new management tools and procedures, according to Herbert A. Anderson, exec vp, Connecticut Hospital Assn.

Dishwasher gets heart attack pay

ALBANY, N. Y.—Required stretching and lifting by a dishwasher can be of such a nature as to precipitate a heart attack and thus be termed an industrial accident, the appellate division here has ruled.

Frank J. Nicolas was the dishwasher in the case, and he worked for Luchow's, famous New York City restaurant specializing in German food.

He washed silverware, china dishes, cups, coffee pots, etc. He had to stand at a table and frequently lift wire baskets which, with contents, weighed as much as 30 pounds to an overhead shelf from where the basket would slide to a machine for final washing.

State Workmen's Compensation Board heard medical testimony that it was hot and humid in his place of employment, and that the strenuous and arduous exertion required of Mr. Nicolas "was more than the ordinary wear and tear of life and precipitated an acute myocardial infarction."

Associate Justice J. Clarence Herlihy, writing the opinion for the unanimous decision affirming an award to Mr. Nicolas, who alleges total disability, cited prior decisions showing that the WCB could properly find that unusual exertion can be "more devastating" than a contact accidental injury.

Kansas storms cause \$20 million in damage

Storms centering in and around Kansas caused estimated insured losses to fixed property and contents of about \$20 million during the last three months, the Insurance Information Institute has reported. An institute survey covered the five major storms which struck portions of the state during the three-month period ending in mid-July.



Your Full Coverage? Let Protection Mutual Put it Together!

You'll benefit from these Protection Mutual advantages!



Protection for your plant and facilities is carefully engineered, and includes the most detailed inspection your plant has ever had.



Protection Mutual offers planned educational programs, to teach your own employees



the preventative measures that reduce fire losses.



Protection Mutual engineers study your plant to show you not only how to improve protection, but how to reduce premiums as well!



Providing complete coverage is the aim of Protection

Mutual's pre-engineered insurance program, made possible by a full service corporate program.



Now "Pre-Engineered Protection" offers you professional guidance to complete coverage—and an opportunity to reduce your premium costs.

The gaps in your corporate insurance coverage may not be as glaring as a "half-a-head-Protection." But anything less than complete coverage is as risky for your corporate welfare as the missing half of a hard hat. For

professional pre-engineering of protection for your plant, call on Protection Mutual. Meanwhile, write or call today for your copy of our booklet "Property Conservation." It may prove most profitable for you.



A Factory Mutual Company
If your plant and facilities are valued at over \$1,000,000, a Protection Mutual engineer will show you how to achieve dramatic savings on fire insurance.



A FULL SERVICE CORPORATE INSURANCE PROGRAM
**PROTECTION MUTUAL
Insurance Company**

EXECUTIVE PLAZA • PARK RIDGE, ILLINOIS 60068 • (312) 825-4474



Engineer...or Budget Planner?

■ This man is a Zurich-American boiler and machinery engineer. He's helping a major industrial firm establish replacement schedules and plan its budgets for several years to come.

Is that his job? We think so. It's all incidental to the non-destructive testing he's conducting, in which Z-A is a pioneer.

Using pulse-echo testing techniques, he gauges material thickness to within 1/100,000 of an inch. Working from one side of a tested piece, accurate readings are obtained even with surface temperatures as high as 500° F. This permits most testing without shutdown.

Our engineers measure pipes, tubes, and flat stock for corrosion, erosion, pitting. Corrosion rates can be determined and replacement schedules estab-

lished on an orderly basis, with minimum down time, if any.

We save money, and you make more money, if we help you keep your business running—instead of merely paying claims when there's a breakdown.

If you can use this service, write or call us, giving us the name of your Independent Agent or broker, or ask him to contact us. Zurich-American is the name.



ZURICH INSURANCE COMPANY
AMERICAN GUARANTEE AND LIABILITY INSURANCE COMPANY
 ZURICH LIFE INSURANCE COMPANY
 ZURICH AMERICAN LIFE INSURANCE COMPANY

111 West Jackson Blvd., Chicago, Illinois 60604. Phone: 922-3124

OFFICES IN: New York, Boston, New Haven, Buffalo, Latham, N.Y., E. Orange, Philadelphia, Pittsburgh, Baltimore, Greensboro, Savannah, Atlanta, Richmond, Canton, Cleveland, Cincinnati, Toledo, Detroit, Grand Rapids, Minneapolis, Milwaukee, Chicago, Jackson, New Orleans, Dallas, Houston, Des Moines, St. Louis, Kansas City, Seattle, Sacramento, San Francisco, Fresno, Los Angeles, Phoenix.

© 1969 Zurich-American Insurance Companies

adjustments

appraisals

filings

JAMES C. GREENE COMPANY

GENERAL INSURANCE ADJUSTERS

Home Office: 323 W. Morgan St., Raleigh, N. C. 27603. Hot line 919 832 6614

29 offices in North Carolina

15 offices in South Carolina

More offices

More adjusters



More supervision

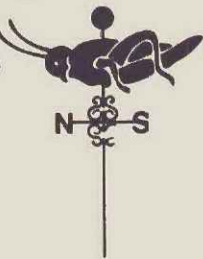
More specialized service

"IT'S 'GREENE' IN THE CAROLINAS"

write for brochure



Keeping your fingers crossed
is a poor substitute for insuring
your semiconductor operation
with Fairfield & Ellis.



State Street Bank Building, 225 Franklin Street, Boston.
New York. Montreal.

info for buyers

Info for Buyers offers material that *Business Insurance* believes will be of value to its readers. The complete name and address of each supplier of information is listed so that readers can write directly to the publisher, simply saying that they saw the item in *Business Insurance*.

Readers are invited to submit items for inclusion in this column. A sample of the literature should be sent to: Info for Buyers, *Business Insurance*, 740 Rush Street, Chicago 60611.

- Information on a line of fire alarm equipment is now available from the Standard Electric Time Corp. **Alarm-matic** is a brochure describing the basic control panel module featuring low voltage operation, automatic DC standby, low voltage trouble signals and station circuits which provide positive trouble and alarm annunciation. Modular components to make up a variety of systems for a variety of applications are illustrated and detailed. Dimensional data and description of accessories are also included. Request publication 263-A from the corporation at 89 Logan St., Springfield, Mass. 01101.

- EBS Management Consultants Inc. offers a pamphlet entitled **The Captive—an Important Technique for Management**. Nine general questions on the captive insurance company are answered and information on EBS services is provided. For a free copy write the risk management department of EBS at 100 Church St., New York, N.Y. 10007.

- A 12-page booklet from Commercial Loan Insurance Corp. discusses **Lease Guarantee Insurance** as a new concept in rental income security. A premium rate chart is used to illustrate the item and information concerning the corporation's reserves is included. For a copy write the corporation at 606 Marine Plaza, Milwaukee, Wis. 53201.

- The Variable Annuity** is a four-page item dealing with the background of a variable annuity, how it was developed, how it works, and how it can be used. It covers the operations of an annuity investment—from the regular contribution made by the investor while he is working to the computation of the monthly income he will receive when he retires. The literature is free on request from the Product Dept., Continental Assurance Co., 310 S. Michigan Ave., Chicago, Ill. 60604.

- Those responsible for safety in plant operation will be interested in an item from Lansing B. Warner Inc. The brochure covers two safety topics: **Cutting and Welding Can Be Made Safe and Operate Power Lift Trucks Safely**. A total of 17 safety precautions are detailed and an explanation of the Warner specialist and loss prevention service is also given. A free copy is available by contacting Russell K. Hedborn, Marketing Mngr., Lansing B. Warner Inc., 4210 Peterson Ave., Chicago, Ill. 60646.

- A 640-page book, the result of six years of research, examines the investment policies, administrative practices, and holdings of 1,300 profit-sharing funds. Individual fund growth and performance and certain comparative pension data are also presented in

Investment Practices, Performance, and Management of Profit-sharing Trust Funds. The book is divided into two parts: Part I is based on research done by the Profit-sharing Research Foundation (20 chapters) and Part II is based on work done by professionals in finance, retirement fund administration, insurance, mutual funds, investment counseling, stocks and mortgages. The price of the volume is \$16 from the foundation at 1718 Sherman Ave., Evanston, Ill. 60201.

- Single copies of **Rain . . . Snow . . . Floods Hamper Firemen!** are free from S. G. Johnson, Improved Risk Mutuals, 15 N. Broadway, White Plains, N. Y. 10601. The four-page brochure discusses the fact that floods and fires go hand-in-hand and tells what to do before and during a flood. Precautions for flooded buildings and tips for safety through long-term planning and maintenance are highlighted.

- Stewart, Smith has published an **S.E.C. Liability Insurance** brochure to help protect those concerned with the public offerings of securities. It explains the nature and requirements of the Federal Securities Acts of 1933 and 1934, the scope of liability insurance coverage and why it is needed. Supplies of the brochure can be obtained by insurance brokers and agents from any Stewart, Smith office in New York, Chicago, Los Angeles, Philadelphia, Boston or Miami.

- Prestressed Concrete Resists Fire!** is a 10-page brochure describing the material's inherent resistance to fire damage and the insurance cost factors involved in its use. Building problems are also covered in the literature and a table illustrates insurance costs for four typical buildings which use prestressed concrete. Write the Prestressed Concrete Institute, 205 W. Wacker Dr., Chicago, Ill. 60606.

- The Administration on Aging has released a publication entitled **Handle Yourself with Care**. The 46-page book is an instructor's guide for an accident-prevention course for older Americans and would make a useful employee handout or could be explained in classes through the company personnel or benefits department. The item is 50¢ and is for sale through the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 20402.

- Don't Be Half Insured** is offered free by Lansing B. Warner Inc., 4210 Peterson Ave., Chicago, Ill. 60646. The literature is directed toward the corporate insurance manager and discusses inflation's effects and the subject of coinsurance. Write the company in care of Russell K. Hedborn, marketing manager.

- A 40-page case study of a profit-sharing program has been published by the Center for the Study of Productivity Motivation at the University of Wisconsin. **The Utilization of a Total Systems Incentive: A Case Study of a Cash Profit-sharing Program at Merrill Manufacturing Corp.** costs \$1 and contains interviews with company executives, professional, office, supervisory and plant employees plus an analysis of results of the program. The center also publishes a quarterly **Productivity Letter**, free on written request. The address to write is Rm. 856, Van Hise Hall, Madison, Wis. 53706.

• **Holmes the Protectors and Automation on Guard** are two pamphlets explaining the background and services of Holmes Electric Protective Co. Light, sound and vibration detectors are covered briefly, as well as vault protection and use of a silent alarm. To obtain the booklets, write the company at 370 Seventh Ave., New York, N. Y. 10001.

• Four illustrated items are available from Honeywell Automation, Minneapolis, Minn. 55408. They are: **The Honeywell Vibration-detection System; The Honeywell Audio-detection System; Honeywell Secret Sentry Capacitance Detector; Honeywell W840 Five-zone Alarm Receiver.** Literature has also been released on a single-zone, console alarm receiver, the **W840E.**

• Buyers of benefit plans will be interested in two booklets published by Charles D. Spencer & Associates Inc., 222 W. Adams St., Chicago, Ill. 60606. Under the heading of **Understanding Benefits**, the two informational items cover group disability benefits and group term life insurance. For information on quantity prices, contact the publisher.

• **Information Management for Financial Industries** is a 10-panel brochure from Moll Associates that explains how information management techniques can help a firm use all its data to best advantage. All the techniques mentioned are geared toward making data relevant and useful in terms of realizing corporate goals. For a free copy contact Moll at 372 Main St., Watertown, Mass. 02172.

• When a disaster hits a plant or factory, what is done in the precious few minutes before public assistance arrives makes the difference between life or death and serious loss or preservation of property. **Emergency Organizations for Industry and Commerce** tells how to organize, staff, equip, train and maintain in constant readiness an emergency organization capable of coping with the situation. Free copies of the booklet may be obtained from the Combined Property Dept., Kemper Insurance, 4750 N. Sheridan Rd., Chicago, Ill. 60640.

• Information on the **Reid Report** is free from John E. Reid and Associates, 600 S. Michigan Ave., Chicago, Ill. 60605. The report was developed for use as a written examination in conjunction with or in place of polygraph (lie detector) tests in screening employes for jobs necessitating a high degree of honesty. The initial information explains attitudes toward honesty and application of the report and contains comments from various companies that have used it in hiring employes.

• The public information office of Underwriters' Laboratories Inc. has made available an illustrated brochure that explains how the non-profit laboratory tests for public safety. The literature explains the significance of the UL symbol on a product and how its use is carefully controlled. For a free copy, contact the public information office at 207 E. Ohio St., Chicago, Ill. 60611.

• Engineering representatives of the Glens Falls Group have embarked on a program of developing loss control and safety pamphlets. Engineering personnel across the country will write pamphlets on topics with which they have had experience. The first booklet to be printed is **Safety for Electric Utility Linemen.** For information contact the group at Glens Falls, N. Y. 12801.

Airline held liable for confirmation

CHICAGO—If you have a confirmed reservation on an airline flight, but are refused transportation because the flight has been oversold, you may sue the airline for damages. You may do this even though you have received "denied boarding compensation" in accordance with Federal Aviation Administration regulations—if a recent decision of the U.S. district Court for Northern Illinois is upheld.

Ruling in the case of *Mortimer*

v. Delta Air Lines, the court said the FAA regulation is no bar to a civil damages suit. It overruled the contention of the airlines that these regulations barred civil suit.

The ruling was, in part: "For two reasons, this court cannot agree.

"**FIRST, THE** basis of this action is not breach of contract of carriage, which is the basis of denied boarding compensation, but rather violation of the anti-

discrimination and preference section of the Federal Aviation Act.

"Denied boarding compensation is payable to a person who does not fall within the exceptions noted, regardless of whether he has been the victim of discrimination or undue preference. If, for example, a flight is inadvertently oversold the passenger with the least priority, who is barred from the flight, is entitled to denied boarding compensation, if no substitute passage can be arranged

within the limits of the regulations . . . even though no unfair or discriminatory act has been practiced against him . . .

"With respect to punitive damages, the court will only note at this time that deterring similar actions in the future is of little significance in justifying their award since administrative relief is available to insure that end. This is not to say, however, that punitive damages would never be available."



our concern is your protection

ADT, the Concern that provides another kind of business insurance: protection of your property, profits and personnel.

Business insurance comes in many forms. One of the most necessary is an underwriters-approved security system by ADT.

Automatic electric ADT protection services reduce your risks, cut your losses—and costs—by providing the fullest range of sophisticated, effective protection against fire, burglary and other hazards.

And because of the premium reductions granted by underwriters in recognition of ADT service, you can effect considerable insurance savings.

Major industrial, commercial and institutional properties throughout the country are safeguarded by ADT systems. For over 95 years, ADT has been a leader in the planning, installation and efficient servicing of automatic protection systems.

ADT professional safety and security consultants are available to you at any time. On request, a qualified ADT protection expert will plan a system specifically designed to fill your security requirements. No obligation. This is another ADT service.

For information, see Yellow Pages, or write:

ADT®
155 Sixth Ave., New York, N.Y. 10013
An International Organization

Risk managers with a sense of security specify ADT . . . the protection Concern.

An operator responding to an alarm signal in one of ADT's more than 140 central stations.

3M's safety setup brings major insurance saving

By ROBIN MENZ SUHRBIER

ST. PAUL, Minn.—A large diversified manufacturer here has a nearly foolproof formula for its safety program—solid construction, good safety design of buildings and healthy attitudes by its employees equal a reduction of accidents and a return on its workmen's compensation premium.

The 3M Co. uses this formula as a basis for developing its safety program, which is as diverse as the company itself. The firm, according to W. R. Anderson, supervisor of safety engineering, believes that it "can't eliminate one part of the formula and still achieve the same results."

Both Mr. Anderson and George B. Dyball, division safety engineer for the Electrical Products pro-



William S. Anderson

duction group, pointed to the excellent safety records of 3M plants. At one site there has not been a time-loss accident in seven years and another location is ap-

proaching six years without a time-lost accident.

THE FIRM maintains that safety is a line responsibility and that technical personnel at each plant are directly responsible for safety of their employees. Mr. Anderson explained that there's no one standard safety program for the entire company but that safety programs are in direct relation to the needs of individual divisions or plants.

With such a diversified company, there are certain hazards common only to one plant or one group of plants. It's up to the plant manager, with the aid of the safety engineering department, to identify his particular hazards and then to develop a safety and loss prevention program around



George B. Dyball

those hazards.

In its manufacturing processes, 3M employs the use of several caustic and flammable chemicals or compounds, which must be

properly used by alert and well-trained employees. The chemicals, compounds and other materials must also be used under proper working conditions.

Mr. Dyball pointed out that each material is properly identified as to storage requirements and each storage location is likewise identified as to what can be stored there.

THE COMPANY works either within or exceeds the boundaries of the National Fire Code. 3M is in the process of adopting the National Fire Protection Assn.'s hazardous material code. By reading decals placed on the sides of trucks, barrels, and drums, fire fighters can tell at a glance the potential danger of the contents and just how to react in case of emergency.

Industry is working with the NFPA adopt the practice of this method. Mr. Anderson contended that "it's industry's responsibility to develop solutions to problems that apply throughout the U.S."

An employee's particular job classification and the materials he handles determine the extent of his safety protection. In some plants there exist more rigid dress codes than in others. When a specific type of safety dress is required the company aids the employee in buying it.

Both Mr. Anderson and Mr. Dyball agreed that program effectiveness depends on the way in which "you stress to the employee the need for abiding by safety standards. We don't talk in terms of safety glasses and safety shoes but of eye protection and foot protection. And we don't preach to them; we want to give them concrete ideas from which to build attitudes."

Continued on page 56

Can your company profitably set up its own insurance company?

Even though we're best known as brokers, J&H has helped organize and has also managed captive insurance companies for over 20 years. Therefore, we're in a position to give you not one, but two answers to the question of owning your own insurance company: "Yes." And "no."

This is neither facetious nor flippant. To meet the particular needs of some clients, our answer has been "yes." We have then helped to organize and have often aided these clients in the management of their insurance companies.

In other cases, our evaluation has indicated that setting up a captive company is not in the client's own best interests. So we have devised another, and better, solution. We have no special axe to grind.

To us as brokers, a captive company is simply one more way to handle a corporate insurance program. We examine every aspect impartially. Objectively. In the light of your industry's insurance needs. And in the light of achieving maximum profitability for you.

So whether it's "yes" or "no," you can be sure of one thing: Our answer will be based solely on what is demonstrably best for you.

Our approach as insurance brokers and employee benefits consultants has one aim—protecting your profits.

Johnson & Higgins

In major cities in the United States, Canada, around the world, and at 63 Wall Street, New York.

'Oh! Calcutta'

Continued from page 3
problem filling his or her spot."

ACCORDING TO Mr. Tobias, the show is insured entirely by domestic companies.

"It (the show) is not the most desirable risk," he said. "No insurance company wants to be associated with it because of its nature. Secondly, insurance companies try to avoid musicals where there is considerable dancing because of the potential hazards." He indicated also that the insurers, when they wrote coverage for "Oh! Calcutta!," probably didn't know what the show was about nor the controversy it would cause and thus might not be so amenable to renewing coverage were their names now associated with the production.

Mr. Tobias added that costs of insurance on Broadway shows was remarkably low considering some of the risks involved. He said "Oh! Calcutta!" was insured in total for "about \$1 million" and the premiums per year are only "\$3,000 or \$4,000." He added that these were not the precise figures but fairly representative.

"I'VE WRITTEN some rather unique coverage for show business," Mr. Tobias said, "but there's nothing really special about 'Oh! Calcutta!' I handled a rain policy when Barbara Streisand had her concert in Central Park. The policy said something like it had to be nice for three days out of four. The formula was wild."

Apparently, one must conclude, the formula for writing insurance on a nude revue in New York is not as wild. Just the show is. ■



The difficulty in selling our EBP plans is finding ways to occupy your extra time.

With most individual policy pension or profit-sharing plans, an agent really has to work for his money. Before and after the sale.

But with our EBP marketing program, you can leave the details to us.

The program contains the approach, the presentation, contracts, underwriting and services specially designed to meet your client's needs. Our highly trained staff at the home office is alert to all current developments and is readily available to answer all your questions. Our staff tailors each plan and takes over

much of the detail work after the sale is closed, including employee communications and IRS reports.

In short, Mutual Benefit's expert assistance is at your disposal before, during and after the sale.

All of which should give you more time for other business. Or for pursuing your outside interests.

For more complete information, contact your nearest Mutual Benefit General Agent.

MUTUAL BENEFIT LIFE
THE MUTUAL BENEFIT LIFE INSURANCE COMPANY/NEWARK, N. J./SINCE 1845

dates for buyers

Sept. 15-17, J. H. Wiggins Co., Effects of sonic boom, O'Hare Inn, Des Plaines, Ill.
Sept. 22-26, American Management Assn., Fundamentals of employee benefit management, American Management Assn. Bldg., 135 W. 50th St., New York, N.Y.
Sept. 25-26, Management Seminars Inc., How to create and manage a captive insurance company, Biltmore Hotel, New York, N. Y.
Sept. 28-Oct. 1, National Foundation of Health, Welfare & Pension Plans, First conference for public and municipal employes, Royal Sonesta Hotel, New Orleans, La.
Oct. 17, Northern California Chapter of the Society of Chartered Property and Casualty Underwriters, All-industry day, Hilton Hotel, San Francisco, Cal.
Oct. 23-24, Management Seminars Inc., How to create and manage a captive insurance company, Rice Hotel, Houston, Tex.
Nov. 18-20, National Fire Protection Assn., 1969 fall conference, Denver Hilton Hotel, Denver, Col.
Dec. 8-10, American Management Assn., Advanced telecommunications, Barbizon-Plaza Hotel, New York, N.Y.
Dec. 17-19, American Management Assn., Corporate aircraft, American Management Assn. Inc., 135 W. 50th St., New York, N.Y.

Four men indicted for using phony key-man life policies as collateral

NEW YORK—A Federal grand jury has indicted an Oklahoma insurance company president and three directors of two New York corporations on charges of using phony key-man life insurance policies as collateral for bank loans. The scheme, allegedly netting the three executives more than \$500,000 in fraudulent loans from five banks, was worked by exchanging shares of financially troubled Tintair Inc. for more than 30 single-premium life policies, which were then used as collateral for loans. A source at the New York insurance department told *Business Insurance* that "in all my years of examining the books of New York companies, I've never heard of any

company accepting anything but cash for premium payments." He said that the law is "a little bit ambiguous" about whether it's okay to take other than cash for insurance policies. **THE 17-COUNT** indictment charged that the president of Tulsa-based Community National Life Insurance Co., Jimmy Ryan, issued the key-man policies on the lives of three officers of AIC Corp. and Intercoastal Investors Co. The policies had a face value of \$2.5 million and were represented to the banks as having a cash surrender value of \$1.5 million. But the indictment said that Mr. Ryan and the three corporate officers had a secret agreement

that the policies would actually have no cash surrender value until the policyholders paid cash for the insurance by repurchasing some 700,000 shares of Tintair stock, then selling at between \$2 and \$3 a share. Assistant U.S. Attorney Edward M. Shaw, who presented the case to the grand jury, said that the three executives obtained \$96,000 from the Chase Manhattan Bank here, \$300,000 from the Cleveland Trust Co. and \$50,000 each from the Kingston Trust Co., the First National Bank of Litchfield, Conn., and the Community State Bank & Trust Co., Linden, N.J. Mr. Shaw said that Mr. Ryan's wife, who operated the Ryan Insurance Agency in Tulsa, was given large commissions by Community National as the agency of record in the sale of the key man policies. Community National was declared insolvent by a Federal judge last July and placed in the hands of the Oklahoma state insurance commission, Mr. Shaw said, and it is attempting to rehabilitate the company. Mr. Shaw declined to say whether two other insurers—Financial Security Life of Phoenix and State Fire & Casualty Co. of Miami, which are both under scrutiny in their states for similar loan schemes—will figure in the grand jury investigation.

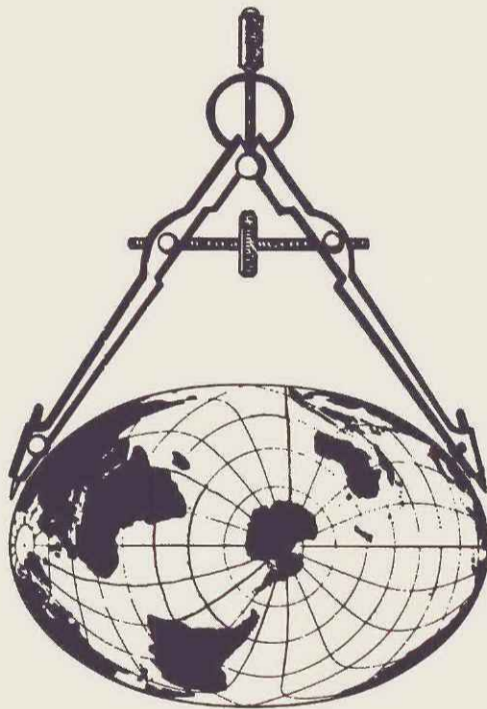
Who said all insurance markets are the same?

Tradition can mean a devotion to the past at the expense of the future. Tradition without imagination can be costly or even fatal to an enterprise.

We at Leo B. Menner & Company have a special tradition—non-conformity! We like to feel that when someone gets out the old slide rule and the old rule book and says: "Interesting idea, but we couldn't do anything like that," we ask, "Why not?" Rules are made to follow, not lead. Rules are merely what's left when originality runs out.

We pride ourselves on thinking fresh and bold and big. On every risk we provide the answer in a hurry. We search for ways to help agents and brokers serve their clients better. Day in and day out we give them the necessary tools to finish the job.

No... all insurance markets are not equal.



Menner has the imagination to master the BIG ones!

REINSURANCE EXCESS AND SURPLUS LINES

LEO B. MENNER & COMPANY, INC.

(LEO B. MENNER IN KENTUCKY, INC.) (LEO B. MENNER IN WISCONSIN, INC.)

INSURANCE AT



HARTFORD BUILDING • 100 S. WACKER DRIVE
 CHICAGO, ILLINOIS 60606 • (312) 782-1636

"America's Outstanding Insurance Market!"

Bell urges voluntary rehab plans

SAN FRANCISCO—Roy J. Bell, administrative director of the California division of industrial accidents, has urged all 200 compensation carriers under the division's jurisdiction to adopt voluntary rehabilitation programs. Of the 200 carriers, Mr. Bell said, 146 so far have made no use of the voluntary program and 10 have used it "only to a slight degree." He urged presidents of the 156 companies to review their activities "to see that you are doing everything possible in offering rehabilitation services. "The workmen's compensation study commission," he pointed out, "recommended a mandatory rehabilitation system. The legislature chose to give you the opportunity of operating under a voluntary plan."

Denenberg ...

Continued from page 2
 is felt, Dr. Denenberg said, that the insurance industry is unaware of the work of the academe. Another area of interest, according to first results of the questionnaire, is an expansion of the already popular risk-theory seminars, sponsored by the ARIA. Dr. Denenberg hopes to improve communication among members by publishing a newsletter, besides "bringing younger people into the group and bringing them in faster." He has already appointed some students to committees. Harold C. Krogh, professor of business administration at the University of Kansas was chosen president-elect while Bob A. Hedges, professor of insurance and risk, and associate dean of the School of Business Administration at Temple University, was named vp.

Trade show theft losses are 'national epidemic'

By CAROL RATISHER

CHICAGO—Trade show exhibit managers here and in major cities, across the country are charging that heavy theft losses running \$150,000 and more per show are fast becoming a national epidemic.

Managers of many of the large expositions around the country are growing increasingly vocal in complaints against costly and inefficient guard services, indifferent exhibition hall managements and highly organized and efficient trade show theft operations.

"Pilferage for us and probably every other trade show in the country is the number one problem," Dolph Zapfel, managing director of the National Housewares Manufacturers' Assn., Chicago, said emphatically. "It's a national epidemic."

MR. ZAPFEL, manager of the association's two annual shows, which are among the largest in the country, held that trade show thefts in Chicago and elsewhere are smooth professional operations and that increased guard protection is not the answer.

"We're spending \$25,000 today for so-called security for a major show against about \$5,000 a few years ago, and our losses are at least 400% higher," he said. The association, he added, has tried "all" the guard services and found that none is more effective than the others.

"You could spend from \$50,000 to \$100,000 on guards and still lose half your show," Mr. Zapfel said.

William Youngclaus, managing director of the National Remodelers Assn., New York, responsible for the group's \$85,000 annual show, added that the theft problem has been aggravated by fire regulations passed after fire destroyed the McCormick Place exhibit hall in Chicago in early 1967.

AFTER THE McCormick Place fire, he said, Chicago and most other large cities no longer permitted doors to exhibit halls to be locked from the inside after hours, a fire safety measure for workers remaining in the building into the evening.

This has resulted in a marked increase in thefts by cleaning, repairing, painting and other subcontractor groups working in the exhibit hall after hours, Mr. Youngclaus said.

Peter Nathan, a vp at Clapp and Poliak, New York, an industrial and commercial show management firm, said that "organized groups of criminals have the trade show thefts down to a pretty cool science."

The guard service bills are running an average of \$20,000 for a major trade show, Mr. Nathan said, and the firm paid just under \$50,000 for guard protection at the two-week Photo-Expo '69 at the New York Coliseum in June.

HE COMPLAINED that the shows get very little cooperation from exhibit hall management in the area of security, with doors that don't lock, a lot of master keys out and other problems. The exhibit hall managers are not held responsible for thefts, and have little incentive to seek a solution to the problem, he said.

There is also an architectural problem, Mr. Nathan said. Many large exhibit halls have not been designed with a true understanding of the needs of the shows, and one of the shortcomings is in the area of safety and security.

In addition, the security services available are poorly run, and guards have been ready to look the other way when threatened by well-organized looters carrying out merchandise, he said. The low pay makes it impossible for the services to attract better workers and also discourages the guards hired from taking unnecessary risks for the sake of the job.

In Chicago the problem is so serious that last month members of the Chicago chapter of the National Assn. of Exposition Managers met with representatives of the Chicago Convention Bureau, the police department, the FBI, the hotel and motel association and exhibit hall managements to discuss the trade show security crisis.

Leonard Abrams, exposition manager of the American Society of Tool and Machine Engineers, Chicago, stated at the meeting that property worth more than \$150,000 was stolen during the organization's 1967 show at the Chicago Amphitheater. A contractor at the show lost two lift trucks, worth about \$15,000 each, and a two-ton milling machine stolen was later found in a shop in Cleveland.

The machine engineers' 1969 show at the Chicago Amphitheater again saw a property loss of \$150,000, despite a substantial \$35,000 spent for guard service, Mr. Abrams said.

The Chicago security meeting brought a recommendation that the Chicago Convention Bureau appoint a full-time law enforcement official to work on the security problems at Chicago hotels and exhibit halls. Another recommendation directed the Chicago Convention Bureau to ask the mayor's office to bring the problem to the attention of the labor unions.

This last recommendation, according to one exposition management source, is the central issue in the security crisis. The plumbers, cleaners, carpenters, teamsters and other union subcontractors account for the major share of the theft rise, he contended. The mayor's office, he said, must convince the unions "to straighten out this mess" or many of the larger expositions will not bring their shows into Chicago, he said.

THE NEW \$90 million McCormick Place Center now under construction on Lake Michigan in Chicago and scheduled for fall, 1970, completion is one of the few exceptions trade association managers make to their gripes with indifferent hall managements and inadequate security facilities.

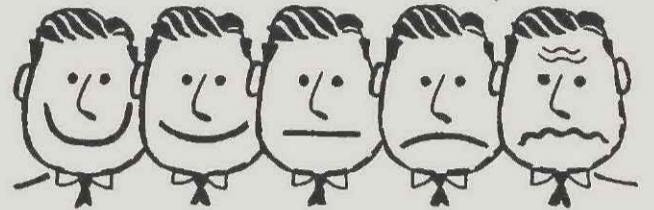
Ed Lee, general manager of McCormick Place, firmly believes that security must be a cooperative effort on the part of both the convention hall and the sponsoring association.

"Some events are now spending as much as \$50,000 for guards in exhibit centers without properly engineered facilities," Mr. Lee said, and getting poor results. "It's like putting a lock on a paper bag."

The new McCormick Place center will occupy 10 acres and contain 2,330,000 square feet of floor space, or twice as much space as the exhibit hall it replaces. The building will be equipped with a total of 2,000 censoring points and 329 closed-circuit tv cameras, invisible light beams and other mechanical security devices.

Continued on page 46

You're sure!



... But are you really sure?

Prudent Risk Management should provide a reasonable degree of certainty when it comes to filing a "statement of values".

Will you be as sure of the accuracy of your assured's "statement of values" the day after a loss as you were the day before?

If you have the slightest doubt—let us help you ease your mind.



Industrial Appraisal Company

222 Boulevard of the Allies
Pittsburgh, Pa. 15222
412-471-2566

Offices in principal cities



Entertainment often sidetracks the attention of those responsible for guarding against theft at trade shows.

Trade show insurance covers blackouts, labor strikes and riots

NEW YORK—There may have been a time when the men who put on trade shows only worried about the supply of Scotch and small plastic name tags—but today's show backers are also thinking about floods, earthquakes, riots and epidemics.

Trade Show Insurance Consultants, a subsidiary of Richard Thomas Agency and general agent for Firemen's Fund American, now offers show exhibitors property and business interruption policies covering every mishap from natural disasters to blackouts and labor strikes.

The company came on the trade show scene in the wake of Chicago's disastrous McCormick Place fire in January 1967, where more than 1,200 exhibits at a National Housewares Exhibit were destroyed, Richard Sklover, the 35 year old owner of the company explained.

not only to the housewares group, but to more than 20 other exhibits booked into the hall for the next several weeks. These exhibitors lost the year's sales they had counted on the show to produce, and many new or smaller companies who were unable to hire salesmen and sell customers individually were wiped out.

TRADE SHOWS are the life blood of some 200 to 300 industries," Mr Sklover explained. The giftware, hardware, apparel and other industries no longer depend on salesmen, and many companies in these and other fields must sell at their industry's annual show or not sell at all.

The associations sponsoring the shows also depend on them for survival, Mr. Sklover said, since dues normally do not cover expenses, and the operating budgets for the associations come from profits made at the annual show.

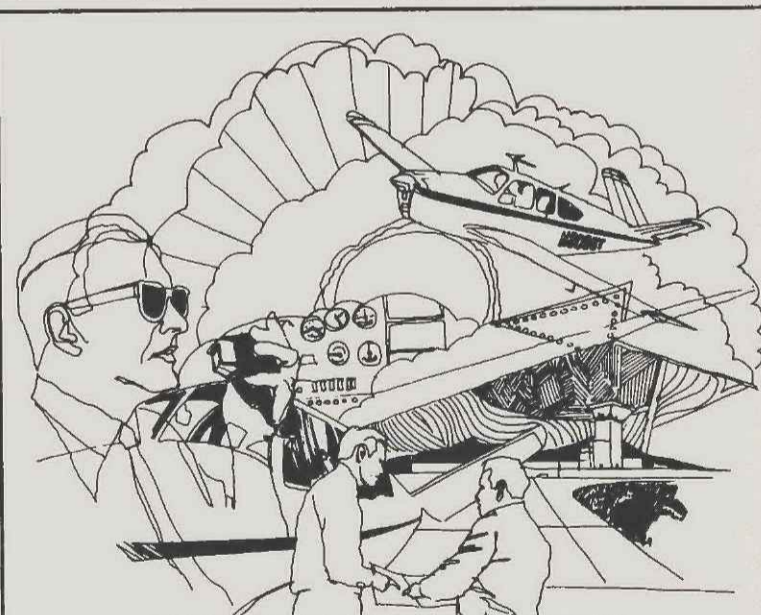
Trade Show Consultants has developed three standard forms providing varying degrees of protection to the associations and exhibitors participating in trade shows.

A regular liability policy covering the sponsoring group or association during the course of the show in the amount of \$1 million costs \$264. Additional cover can also be arranged. Most hotels and exhibition halls require liability insurance, and it is carried by virtually all trade show groups.

A hold harmless clause exempting the city from liability may be added at no additional cost if the show is held in a public hall, Mr. Sklover said.

AN ALL-RISK business interruption policy protects expected net income and unrecoverable expenses from cancellation caused by physical damages to the property

Continued on page 40



YOU ARE CONFIDENTLY INVITED TO DO AVIATION INSURANCE BUSINESS WITH AOA

We couldn't be more confident about knowing that we can give you the finest, fastest service in the aviation market today!



AVIATION OFFICE OF AMERICA INCORPORATED

depend on us for excellence in underwriting!

80 INTERSTATE 10 NORTH / BEAUMONT, TEXAS 77702 / PHONE (713) 833-8911 / CABLE: FOLMAIRINS

Risk managers watch for signs of broker-insurer war in England

LONDON—Risk managers are watching in Britain for new signs of any war that may break out over brokers' commissions between the well established brokers and the major insurance companies. If there is a dispute, there would be a shakeup of the market that would be bound to affect industrial and business corporations significantly as far as their insurance managers are concerned.

The lull in the battle, which began four months ago, is based on an uneasy truce between the parties involved, represented mainly by the British Insurance Assn. and the Assn. of Insurance Brokers.

They got involved deeply in the problem just when Commercial

Union, which has big U. S. interests, agreed to accept insurance underwriting direct from a big engineering corporation, and contemplated a similar deal with the British Leyland automobile group.

BEFORE THIS happened the BIA had already been examining the possibility of cutting out brokers' commissions so as to reduce costs in a market already badly hit by fire losses. They aimed at quoting premiums over \$2,400 net of commission.

But brokers, who feared that they might be forced to get their commissions from their clients as a result, hit back. They knew this step might rob them of business that could be placed direct if

many industrial firms chose to do so.

So this fall they will in many cases firmly ask the big British insurance companies the vital question: Are you going to continue to use brokers, or are you going to cut us out? This will happen when renewal of policies comes up, as far as the AIB is concerned.

For the powerful British Insurance Association, whose members transact over four-fifths of domestic British insurance, gave a non-committal decision when challenged by the brokers last May and June.

THE OUTCOME could be the use of the basic fee system be-

tween clients and brokers in the U.K.

The BIA stated: "The move to study net premiums in intended merely as a first step in a dialogue which might lead to some review of the basis of remunerating intermediaries. There has since been contact with representatives of the principal broking organizations, when it became clear that the basic rate concept would not be generally acceptable. The company market acknowledges the importance of the role of brokers in the insurance industry. Further discussions on this, and other connected matters, are expected to take place within the industry."

A spokesman for the Association of Insurance Brokers explained: "All this means is that BIA has withdrawn from the whole issue, and allowed any individual company, or small section of the market, to discuss the position individually with brokers."

"Some of them are broker-oriented, but others are non-committal, and we are concerned that some of the bigger companies may go it alone in cutting out brokerage if possible."

PROMINENT U.K. broker Gordon Biggs put his position this way: "Brokers act as independent intermediaries in a continuously changing and enterprising market. They have contributed much to the expansion of British insurance throughout the world, including many new forms of cover. I am convinced they play such an essential role for commerce and industry that they have little to fear."

But in the fight to cut costs, brokers know they will lose out unless they can keep up their reputation for competitive trading. This might mean working for a set fee, or adjusting their commission rates so as to meet the needs of insurance managers.

The scheme will not apply to brokers directly serving Lloyd's underwriters, who traditionally never deal directly with the public.

All insurance at Lloyd's is done in the underwriting room, and in any case it holds such a unique position in the world insurance market that brokers are felt to be an essential part of its market in finding the best rates for the wide ranges of coverage now demanded.

As one leading insurance man said: "The whole controversy is bound to open up issues that will be of vital importance to risk managers and make their role in British industry more valuable in the future in assessing how to place insurance."

A great new idea in insurance: Automatic protection against erosion of values by inflation!



Described in interview with Leslie P. Schultz, C.L.U., President, Bankers Security Life Insurance Society.

Q. Your new term policy is called Vanguard One. How does it work?

A. Its basics are simple. And that's one reason it's so outstanding. The face value of the policy increases as the Consumer-Price Index rises. But here's the big advantage to you as the policyholder: the premium remains level in spite of any increase in the benefit.

Q. Is there a limit to the face value increase?

A. Yes, but it's quite high. Your insurance coverage can increase by as much as 25% in a four-year period. *No limit on total increases.*

Q. Are the premiums ever readjusted?

A. This is a four-year renewable and convertible term policy, so we review the Consumer-Price Index every fourth year. But during the four years preceding, you do not pay an extra premium for the extra inflation-protecting coverage you get. After each four-year period, you may continue the policy at the increased level and start the premium for that level . . . or you may go back to the original face amount and pay only the appropriate renewal premium.

Q. What other features does Vanguard One have?

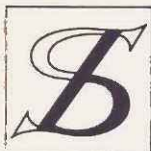
A. It's convertible to permanent insurance up to age 65 . . . and without evidence of insurability. It has a guaranteed retirement "pour in" option. That means you may set up a lifetime annuity at rates guaranteed when you first purchased your Vanguard One policy.

Q. Vanguard One is not only new, but I gather that it's a very timely idea.

A. It certainly is! We now have a policy that helps solve a problem faced by every insurance owner . . . the erosion of insurance values by inflation. On top of that, Vanguard One is so flexible that it will help meet many of your future needs. It's maximum protection at minimum cost.

To get complete details, and all of the other unusual facts about this new concept in life insurance, contact your insurance broker. Tell him to call Bankers Security for the just-released Vanguard One information kit. Bankers Security Life Insurance Society, Executive Office: 1701 Pennsylvania Avenue, N.W., Washington, D.C. 20006. Home Office: New York City.

Leaders in Insurance for Better Living.



Bankers Security

TOVALOP nearing fall completion

LONDON—Plans for TOVALOP (Tankers Owners Voluntary Agreement concerning Liability for Oil Pollution) to come into active operation by this fall are now being rapidly completed, *Business Insurance* learned in London after reviewing its progress toward its required aim for 50% membership from world tanker tonnage.

Arthur F. Tripp Jr., American oil expert who is now based in Britain as its administrative head, said, "I am hoping to make an announcement shortly."

This would signify that the first stage of its progress toward voluntary indemnification for oil pollution is well on target, with formal confirmation from the scheme's first international signatories being imminent.

MEANWHILE MR. Tripp, former top executive with Esso Standard Eastern Inc., of New York, who took over as managing director of the International Tanker Owners Pollution Federation Ltd. from J. V. C. Malcolmson on Aug. 1, is settling down in his new post with D. B. A. Ockenden, from London, as his assistant.

Basic signatories to the agreement for providing liability coverage to compensate national governments for oil spills from tankers were B. P. Tanker Co. Ltd., Esso Transport Company Inc., Gulf Oil Corp., Mobil Oil Corp., Shell International Petroleum Company Ltd., Standard Oil Company of California, and Texaco Inc.

New signatories from various major countries will bring the effective total to at least 50% of world tonnage, so that all nations will shortly be officially informed

Continued on page 39

Japanese limits too low for nuclear power plants

TOKYO—Japanese electric power companies, having embarked on a program of nuclear power plant construction, have found that domestic limits are too low and are considering self-insurance in order to acquire the coverage they will need.

Attempting to keep up with construction, and the increase in the scale of nuclear power plants, the Japan Atomic Energy Pool increased the per-site limit (liability plus property coverage) from \$9.2 million to \$10.6 million as of August 1.

Whether available coverage will keep pace with the industry's requirements remains to be seen, however. Fourteen plants are either under construction or scheduled for construction already.

THE ATOMIC Energy Commission (AEC) of the Science and Technology Agency estimates that Japan will generate 8 million kilowatts of power from nuclear plants by fiscal 1975. An industry forecast goes as high as 9.2 million kilowatts by 1976.

Long-range forecasts place Japan's energy requirements by the year 2000 at ten times current levels, and two-thirds of the supply is expected to be from nuclear sources, according to Tasaburo Yamada, a member of the AEC.

Energy consumption has been increasing rapidly; in the five-year period 1962-1967 the average annual increase was 19.1%.

For these reasons, Japan is providing strong support for research and development aimed at breaking away from reliance on American and British know-how. Planned for the future are a fast breeder reactor (output, 100,000 kilowatts; fuel, mixed uranium-plutonium oxides) and an advanced thermal reactor (output, 200,000 kilowatts, to be completed in 1973 and 1974, respectively, at a total cost of \$166 million.

THE POWER companies, however, have to struggle with high interest rates, high costs of land acquisition, local opposition (Japan's so-called "nuclear allergy"), and the need to build earthquake-proof installations. For these reasons, construction costs are pegged at 10% to 20% more than in other countries.

One plant is already in operation—at Tokai village, not far from Tokyo. The 166,000-kw plant is operated by the Japan Atomic Power Co., which supplies power to the Tokyo Electric Power Co. Construction was slowed by a series of mechanical problems, and since operation was begun in 1966 there have been four fires at the site, one of which was in the hot zone.

A fire in the cold zone, which broke out in a building owned by the Fuji Electric Co., in December, 1967, resulted in a payment of \$2.94 million under property insurance coverage arrangements. (Japan's limit ratio is 10.956%.)

Sets up new units

Cameron & Colby, Boston, has formed Universal Services of New England Inc., a wholly owned subsidiary, to mass market employe benefit programs. The new unit will offer benefit plans providing employes with permanent cash-value life insurance.

Aetna Life & Casualty, Hartford, has acquired Civic Enterprises Inc., a Milwaukee-based commercial finance concern. Aetna said the Civic acquisition will enable it to serve the financial needs of small businesses.

JAPC will complete another plant this year at Tsuruga. This has led to what the industry considers the first "large-scale" insurance contract for nuclear power plants. From April this year to September fuel stored at Tsuruga will be behind the contract, which is for \$13.9 million for liability and \$34.2 million for property insurance.

JAPC required full-amount coverage for the plant itself, for a total of \$66.6 million. Of this, JAPC secured one fifth of \$13.9 million worth of liability protection in Japan. Property coverage is for \$52.7 million, of which only \$7.8 million was procurable in Japan due to the pool's limit. ■

ASSETS in CANADA?

When in Canada do you do as the Canadians do?

Believe it or not but some companies with heavy investments in Canada allow them to be protected from afar. They have not yet realized the advantages of dealing with local firms.

It goes without saying that anyone who invests in the Canadian economy has a right to a fair return on their investment dollar. The same applies to their insurance premiums.

We suggest that E. A. Whitehead Ltd., a Canadian insurance brokerage house is better equipped to assist in the realization of a fair return on the premium dollar.

E. A. Whitehead Ltd. has been in business in Canada for over seventy-six years. It is owned and managed by a relatively young, aggressive and experienced group of Canadians with branches across the country. They also do business at the international level and have access to virtually all leading world insurance markets.

To find out how really useful they can be why not write, phone or telex:



INSURANCE
SINCE 1892

E.A. Whitehead Limited,

Vice-President Production,
Suite 950,
Place du Canada,
Montreal 101, P.Q.

Telephone: 514 878 4331
Telex: 01 26461

Branches: Toronto, Calgary, Vancouver, Whitehorse (Yukon)

Associate Offices—world-wide as members of Insurance Associates an international brokerage facility.

"FOLLOW THOSE BOXES"



Seem a little far-fetched? Well it's not. At least, not when you consider how much the Marine specialists at **CF** actually have to know about your clients' product distribution techniques and procedures in order

to evaluate and insure their exposures correctly.

What we're trying to bring out is that there's a great deal more to offering modern Inland and Ocean Marine insurance than merely writing policies.

Today, you have to deliver the full-range of specialized services for

every situation insurable under an Inland or Ocean policy.

That's exactly what **CF** offers... Risk analysis. Specific coverage planning. Competitive rating. Skilled claims handling worldwide.

Your local independent **CF** agent or the broker of your choice can tell you more about our Marine capabilities. Ask him.



UNITED STATES FIRE INSURANCE COMPANY
THE NORTH RIVER INSURANCE COMPANY
WESTCHESTER FIRE INSURANCE COMPANY
INDUSTRIAL INDEMNITY COMPANY
INTERNATIONAL INSURANCE COMPANY
AMERICAN EAGLE LIFE INSURANCE COMPANY



No business interruption claims filed after Miami power failure

MIAMI—A spectacular power failure that cast two million Floridians into darkness apparently was corrected quickly enough to head off a rash of business interruption insurance claims.

Miami-area insurance men failed to come up with a single business interruption claim as a result of the Aug. 5 outage, although confusion over the cause may have prompted some potential claimants to hold off.

Insurance investigators are still looking into the explosion of a generator at Florida Power & Light Co.'s Cutler Ridge power plant seeking to pinpoint the blame.

WHAT THEY FIND may help

determine who picks up the bill for damage to the facility, estimated at \$2 million to \$3 million.

"There are many policies involved," an FP&L source said of the Cutler Ridge blast.

"At this point, we simply cannot name the policies or the companies involved. There are too many things still up in the air."

Litigation, it was suggested, may be necessary to pinpoint responsibility for the blast and a mysterious power surge that seemed to precede it.

ONE FP&L official has said the trouble started with a failure at the Port Everglades steam generating plant in neighboring Bro-

ward county. The failure spread from that FP&L station to other company plants throughout Southeast Florida, he indicated.

FP&L's Fred Brown said the power loss first hit Port Everglades, 50 miles north of Cutler Ridge.

Cutler Ridge's four generating units, operating near full capacity, were supposed to shut off automatically when the power surge from Port Everglades was felt.

"The No. 6 generator turbine unit, however, had a malfunction and did not shut down," he said. "It took on the overload of work and blew."

SURPRISINGLY, no one was injured when the unit let go.

But the failure of that 165,000-kilowatt generator immediately overloaded other units in the area, causing a chain-reaction blackout as the generators shut down as they were supposed to do to protect themselves.

The outage blacked out homes and businesses from Lantana in Palm Beach County 150 miles south to Duck Key in the Florida Keys.

But FP&L hurriedly shifted power from unaffected plants as far north as Cape Kennedy and restarted the undamaged plants, permitting the restoration of power to virtually all areas within five hours.

"IT WAS SO short in duration that grocery stores didn't suffer meat spoilage, for instance," explained Jim Adams of Stembler, Adams and Frazier in Miami.

"If the power had been out for several days, there would have

been such losses."

Mr. Adams, whose firm writes quite a bit of business interruption insurance, said he knew of "not a single claim" resulting from the power failure.

Supporting that opinion were Bill Carr, president-elect of the Greater Miami Insurance Board, and John Hancock of the General Adjustment Agency in Miami.

"I don't think anyone knows what caused the blackout," said Mr. Hancock. "Some say it was due to lightning, some say explosion and some say a mechanical breakdown. This will have a lot to do with whether any claims are filed."

"There are two or three ways such a business interruption policy can be written," explained Mr. Carr.

"One would involve direct damage to a building itself—lightning would have to strike a building, say, and the firm would have to lose business as a result of the strike.

"PROTECTION AGAINST a general power failure would involve a considerable additional premium and normally it would not be purchased by a small business proprietor such as myself."

Mr. Adams agreed that power interruption coverage isn't sold generally in the Miami area.

"Such outages here are generally caused by a hurricane," he explained. "If an entire power plant is knocked out by a hurricane, that wouldn't be a legitimate claim anyhow. If power isn't available to anybody, you don't have a claim under on-premises power interruption coverage. Off-premises coverage would apply."

"You would be covered for on-premises interruption only if a storm knocked out the power as it came in hot by damaging your pole, as an example." ■

Ceylon drops government cover plans

TOKYO—Japanese exporters to Ceylon have been assured that the Ceylonese government has given up plans to require all goods exported to Ceylon to be insured with the Government Insurance Corp. of Ceylon. Ceylon had considered preventing remission of insurance charges from Ceylon and adopting the requirement that all shipments be FOB (free on board) or C&F (cost & freight).

Japan exported \$16.6 million worth of goods to Ceylon in fiscal 1968, which was insured for \$140,000 worth of premiums with Japanese insurance companies, but this amount alone was not the full cause for alarm. It was feared that if Ceylon went ahead, other Southeast Asian countries might follow suit, to improve their foreign currency situation.

Opposition by Japan, West Germany and other countries led to scrapping of the plans, but Ceylon did decide that tea exported to England for auction would have to be insured with the government's corporation.

According to information received here from Lloyd's agent in Ceylon, Aitken, Spence & Company Ltd., existence of a similar law in Japan was presented as one argument for implementation of the proposed plan in Ceylon.

Although Japanese companies must secure the permission of the Minister of Finance to insure domestic cargoes with foreign companies, there is no legal restriction on where a Japanese company has to buy insurance for international shipments. ■

For strength and imagination

INA

PEG

For participating Workmen's Comp know-how

What a combination

PACIFIC EMPLOYERS GROUP of Insurance Companies (A subsidiary of Insurance Company of North America) 4050 Wilshire Boulevard, Los Angeles, California 90005

Riot insurance still hard to come by for individuals, most big cities in U.S.

By ALLEN M. WIDEM

HARTFORD—Riot insurance continues to be elusive, expensive, and the pattern shows little sign of lessening.

A new survey by the Connecticut state insurance department discloses that some 150 property owners in Hartford alone have been unable to acquire, on the open market, extended coverage on fire insurance to cover for damages incurred during a riot.

These same 150 risks, in recent months, have received riot insurance from the FAIR (Fair Access to Insurance Rates) program, a pooling of all state insurance agencies, now in use in 23 other states and in the District of Columbia.

BUT 66 OF the aforementioned 150 must pay as much as 70% over the prevailing premium. The remainder need not pay extra premium.

A state insurance department spokesman remarked that 70% surcharges "are not unreasonable in light of the conditions of the property."

He attributed the added cost to "housekeeping—highly flammable trash in the backyards and torn plaster that leaves electric wiring exposed."

Significantly, high-risk properties are distributed throughout the city of Hartford; they are not necessarily concentrated in any one area.

FROM FAIR came the comment that as of last May, riot insurance cost was up 4% in Hartford, New Haven and Fairfield.

Nationally, the picture is far from resolved.

In Hartford, a municipal spokesman remarked that half a dozen insurance companies threatened to cancel the city's policies unless the administration agreed to increased rates and changes in coverage.

"We ended up paying \$30,000 a year more for about \$1 million reduction in coverage," he added.

INSURED LOSSES nationally from riots jumped from \$1 million (1966) to \$67 million (1967) and to \$79 million (1968).

Robert Anderson, city attorney for Berkeley, Cal., home base for the University of California, reported that the Berkeley riot insurance was cancelled on grounds that the campus community was "a particularly bad risk." Disruptions broke out in Berkeley as

early as December, 1964.

He added that negotiations were under way for new insurance coverage, "but with our reputation for turmoil, that's not easy." (See page 39.)

On the other side of the country, Philadelphia last paid riot insurance claims totaling \$1.2 million following 1964 disorders.

NUMEROUS claims have been made since then under the same municipal statute, but Philadelphia has not paid since conditions were classified as vandalism rather than as riots.

Newark, which witnessed a major outbreak in 1967, has never carried riot insurance.

After a riot in Milwaukee's inner-core city two years ago, bids were sought on riot insurance. One company, providing sole response, urged a \$500,000 deductible policy and a cost-plus arrangement.

Milwaukee subsequently gave up the idea of seeking coverage, holding to the sole recourse under Wisconsin law—asking for reimbursement through legal action from the persons responsible. (State law specifies that municipalities are liable for injuries to persons or property caused by mob or riot.)

RIOT INSURANCE is part of a new fire and extended coverage

policy in effect since last-April in New Orleans.

The nation's capitol has no riot insurance as such. It has fire and extended-damage coverage. Wholesale cancellations of fire insurance in affected areas followed the April, 1968, Washington riots. And rates jumped elsewhere in the central-core city.

As a direct consequence, the District of Columbia placement facility was established; the approximately 180 fire insurance companies operating in the district must be members, by law.

When a policy is now cancelled or is unobtainable because of geographic location, the property owner can approach the placement facility, and, if otherwise qualified, get coverage.

THE PLACEMENT facility assigns the policy to a participating company. Losses and profits are shared.

The setup has answered a number of questions, a Washington government spokesman comments, but there are still flaws. Burglary and theft insurance in the 1968 riot areas cannot be obtained on a vast scale.

A 1968 Michigan legislatively established insurance pool—the direct result of the Detroit riots—has insured some 15,800 properties for a total of \$378 million.

The nation's number two and three cities—Chicago and Los Angeles—are self-insured against riots.

It is expected that suits totaling \$10 million—a result, in the main, of riots that followed the 1968 assassination of Dr. Martin Luther King, Jr.—will be dismissed as a result of a recent Illinois supreme court ruling. The decision, which is retroactive, upheld the legislature's repeal of the state's mob violence law, under which suits were instituted.

Everyone has the same tools to start with.



How skillfully they're used makes the difference.

THE CREATIVE APPROACH TO BUSINESS INSURANCE



DETROIT INSURANCE AGENCY
7650 SECOND AVENUE, DETROIT, MICHIGAN 48202
CHICAGO • NEW YORK

ITU pension \$25 million

SEATTLE, Wash.—The president of the International Typographical Union told the labor organization's 111th convention here that "in less than three years we have come from zero to \$25 million in the reserves of the ITU industrial pension plan."

Calling the growth "phenomenal," John J. Pilch said that "never before in ITU history have so many members benefited in so short a time." Today, he added, 161 local unions in the U. S. and Canada have negotiated contracts requiring more than \$10 million annually in employer contributions. Mr. Pilch said that 35,570 members and employes represented by the ITU are now covered under such contracts.

The union has had its own fraternal pension program since 1908.

opinions

Some straight talk

Elsewhere in this issue *Business Insurance* reports on the first phase of a brave new experiment in straight talk between insurers and insureds. In Wisconsin, the North Woods home of Employers Insurance of Wausau, ten "thinking" members of the American Society of Insurance Management did some eye-to-eye talking with top executives of the insurance company.

Subjects under discussion were familiar ones: insurance market conditions, service needs of large insureds, mass merchandising, the auto insurance mess and insurance legislation.

But while the subjects were familiar, the approach taken at the meeting did not follow conventional patterns. Instead of having the old charade of an insurance industry representative tell his views to be answered somewhere and sometime by a risk manager, the Wausau meeting provided a forum at which there was direct confrontation without animosity.

Some of the risk managers who participated say that usually when they talk with an insurance carrier's representative they are in an adversary relationship. They usually fight over costs of insurance contracts or the settlement of claims.

At this meeting there was a spirit of talking everything out to determine how risk managers and insurers can work better together for mutual benefit. Both sides agreed after the meeting that the straight-talk session was fruitful and instructive.

We think that William S. Mortimer, president of ASIM, deserves credit for carrying out his pledge to bring about greater understanding between insurers and corporate insureds. The Wausau session represents the first step toward a better working relationship between parties who exchange half of the nation's insurance premiums and claims settlements.

There should be more meetings between insurers' executives and risk managers of companies of all sizes. Until now, the nation's insurance companies have spent far too much time talking to themselves and to their brokers and agents. The establishment of *Business Insurance* nearly two years ago was a step in the direction of bringing about an exchange of ideas between insurers and insureds. The Wausau conference is another useful step in that direction.

Thoughtful executives of insurance companies should consider inviting the American Society of Insurance Management to send a team of members to a home office conference where there can be straight talk about problems that trouble everyone.

Unexpected help

On July 7 we endorsed the establishment of a national information center on marginal insurance operations that would inform corporate buyers of insurance and individual consumers of the status and reliability of companies that solicit their business.

Now comes Florida Insurance Commissioner Broward Williams with the suggestion that Federal safeguards are needed to prevent racketeers from muscling into the insurance business. He cited specifically the manipulation of over-the-counter stocks as a device used by the Mafia to move into legitimate business. Mr. Williams also said that the National Assn. of Insurance Commissioners is compiling information on underworld operators for state insurance commissioners and for those law

business insurance

for buyers of employe, property and liability protection

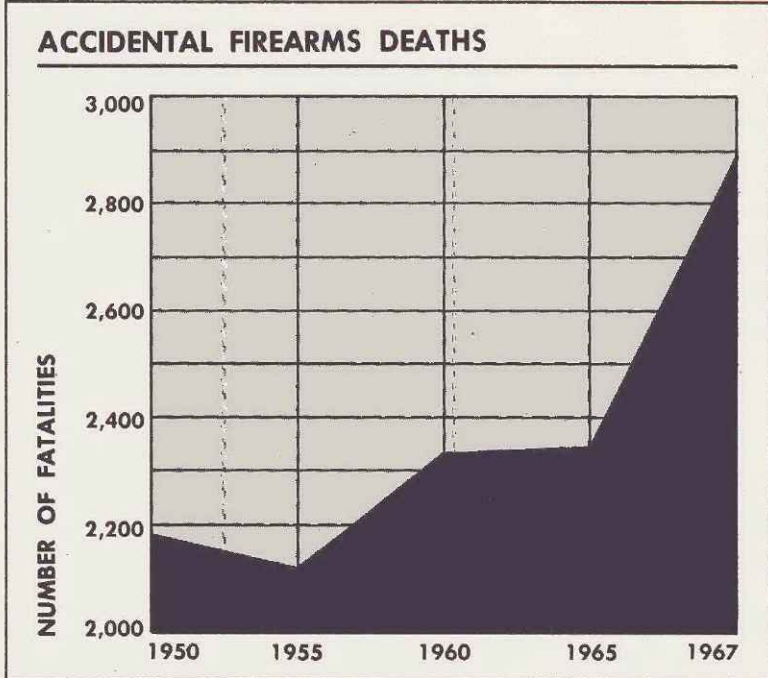
RANCE CRAIN, Editor RICHARD C. BJORKLUND, Managing Editor
STEPHEN D. GILKENSON, Eastern Editor. Associates: Chicago—TERESA NORTON, THOMAS E. LUTZ, Washington—STANLEY E. COHEN, San Francisco—KENNETH R. MACDONALD, Hartford—ALLEN M. WIDEM, Minneapolis—ROBIN MENZ SUHRBIER, Correspondents in all principal cities. BURTON ROVENS, ART director.

Contributing Editors: DONALD BERRY, vice president, C. B. Lilly Inc., East Orange, N. J. JOHN W. GILES, attorney-at-law, Washington, D.C. CHARLES LEVINSON, insurance manager, Port of New York Authority. ELLIOT BEIER, manager of pension and profit-sharing services, Nuveen Corp., New York. J. E. BENOIT, J. E. Benoit & Assoc., St. Leonard, Quebec. CARL J. VOGT, supervisor of workmen's compensation, General Tire & Rubber Co., Akron, HOWARD L. PECK, partner, Hewitt Associates, Libertyville, Ill. BION H. FRANCIS, manager of benefits planning, Colt Industries, New York. J. P. OLSEN, insurance manager, Ingersoll-Rand Co., New York. NED MILLER, partner, Romm, Miller & Lazarus, New York. JAMES J. ANDERSEN, insurance manager, Squibb Beech-Nut Inc., New York. HAROLD A. CLARK, manager-planning, employe benefits, Sperry Rand Corp., New York. JOSEPH GULLO, vice president of insurance, D. H. Overmyer Co., New York. PAUL C. JOHNSON, insurance manager, Sea-Land Service Inc., Elizabeth N. J. M. REX PEARSON, insurance manager, Signal Cos., Los Angeles. ROBERT ABRAHAMSON, insurance manager, Control Data Corp., Minneapolis. WILLIAM J. JONES, assistant treasurer, overseas chemical division, W. R. Grace & Co., New York.

MYRON A. HARTENFELD, publishing director
ALFRED MALECKI, advertising director
RONALD R. WALINDER, production manager
District managers: New York—CHARLES A. HORVATH, THOMAS J. O'MARA
Chicago—LAMAR R. LEAHY
Southern representative—WILLIAM B. CARR,
2500 N. E. 48 Lane, Fort Lauderdale, Fla. 33308
Assistants: BERNICE STELTER, DIANA SOAVE

Published by Crain Communications Inc., Chicago, publisher of Advertising Age, Industrial Marketing, Advertising & Sales Promotion, Marketing Insights, G. D. CRAIN, JR., chairman S. R. BERNSTEIN, president
M. A. HARTENFELD, executive vice-president; RANCE CRAIN, KEITH CRAIN, J. J. GRAHAM, J. V. O'GARA, S. E. COHEN, D. J. CLEARY, JR., vice-presidents.
G. R. CRAIN, secretary and treasurer. J. H. TERRY, assistant secretary and assistant treasurer.
Cable address: ADAGEAP
Published at 740 Rush St., Chicago 60611 (337-5200). Offices at 630 Third Ave., New York 10017 (YU 6-5050); National Press Bldg., Washington, D.C. 20004 (RE 7-7659); 1018 Fisher Bldg., Detroit 48202 (TR 2-7211); 6404 Wilshire Blvd., Los Angeles 90048 (OLive 1-3710); San Francisco (GR 4-8532); Fort Lauderdale (564-1850)
45 cents a copy, \$10 a year in U.S., Canada and Pan America. Elsewhere \$4 a year extra. WILLIAM STRONG, circulation director. Four weeks' notice required for change of address. Address all subscription correspondence to ELOISA D'OVIDIO, circulation services manager.

BPA Member of Business Publications Audit of Circulation.



The new 1969 edition of the Statistical Abstract of the United States contains thousands of figures fraught with meaning for corporate insurance buyers concerned about the protection of life and property. One disturbing trend is contained in the Public Health Survey's tally of accidental deaths attributed to firearms. In the two years between 1965 and 1967 such deaths increased nearly 24%. Guns are also involved in a substantial portion of 11,000 cases of murder and non-negligent manslaughter reported annually.

Source: U.S. Commerce Department's Bureau of the Census

enforcement agencies concerned about the entry of criminals into the insurance business.

We submit that what NAIC is now doing is not enough. Criminals have deeply infiltrated the insurance industry in several states under the same techniques of vigilance that NAIC now proposes to use to get rid of them. Some "Federal safeguard," as Mr. Williams suggests, or at least some national information clearinghouse is needed to protect the public now from deeper penetration of wrongdoers in a business vital to a national survival.

Ready availability of information on marginal insurance carriers is critically important to corporate insurance buyers who may inadvertently spend substantial premiums for worthless coverage. Such errors can mean not only dollar losses but in some instances could cripple business operations.

Mr. Williams, known as a strong advocate of state insurance regulation, provides unexpected help for the *Business Insurance* proposal for national safeguards for insurance consumers. His suggestion should be carefully considered by his colleagues in the National Assn. of Insurance Commissioners.

How much pilferage?

We weren't surprised to learn that risk managers for some major chain store operations don't buy estimates by a detective agency that \$500 million in goods were pilfered by employes of the nation's chain stores last year as reported in *Business Insurance*, Sept. 1. That's the size of losses that only hurricanes like Camille can cause.

But trying to find out what the annual losses resulting from pilferage by employes really are is a thankless job. No one seems to know for sure. Besides that, there are figures and there are figures—some real and others "estimated"—there isn't any authoritative central clearinghouse for pilferage loss statistics. So maybe the detective agency estimate isn't far off base.

The best lesson that can be learned from such a situation is as old as loss prevention itself. Whether it's safety, fire prevention or pilferage control, proper management of losses can only be performed if top management knows what the losses are and how they incurred.

This job, we suggest, can logically be performed by the corporate risk manager. If his job can be defined as limiting the amount of money lost to his company through insurance and loss prevention, then limiting pilferage losses is part of his job. And to do such a job requires that he first know what the size of the risk is.

Taking on such responsibility, which some risk managers have done, better integrates the insurance buying function with total corporate goals.

Thanks, Mr. Deric

Behind a facade of gruffness and an odoriferous cigar, Arthur Deric conceals a keen and creative mind, one that has contributed much to the field of corporate risk management and employe benefits administration. During the past nine years, Mr. Deric has capably served the nation's business community as insurance division manager of the American Management Assn.

Business Insurance has recognized the excellence of AMA insurance programs organized by Mr. Deric by reporting highlights of these meetings for the past two years. Many speakers and panelists selected by Mr. Deric articulated the highest objectives and the knottiest problems of corporate risk control and benefits management.

Mr. Deric's work with AMA centered about one key concept—that risk management and benefits administration must be directly allied with corporate plans and goals. Persons responsible for these functions should play key roles in corporate decisions, Mr. Deric believes, and they should integrate their operations with total corporate management.

Art Deric recently retired to academic life at a Pennsylvania junior college, but his contributions to orderly business management have taken root over the past nine years.

Letters

On paperwork

To the Editor: In Bion Francis' article entitled "Who is pushing up the cost of medical care?" were two practicable ways to improve or increase medical care.

I have wondered many times how much time is spent by doctors in filling out reports and claim forms and signing them. Do you know of any survey or study that has been made of this?

If this time consuming paperwork could be eliminated or at least reduced, this would be another way that the time which doctors could devote to their patients could be increased.

C. T. Stewart

Insurance Manager, Stephens-Adamson Division, Borg-Warner Corp., Aurora, Ill.

Editor's note: Bion Francis replies:

Paperwork that doctors must take care of is a serious problem and one which troubles them. As you probably know, some doctors have adopted the practice of making specific charges for the preparation of forms.

Certainly, if doctors spend considerable time in record keeping, doctors, for this time, are perhaps the highest paid clerks in the country! The cost is high, not merely in financial terms but in terms of reduced medical care.

There has been some progress in this matter. Doctors, working through their own organizations (The Health Insurance Council) have standardized some of the forms which must be filled out. Perhaps the most important aspect of the problem is a result of insurance requirements. There is no reason why doctors and insurance companies cannot standardize most of the myriad of required forms.

I have sometimes considered the possibility of a giant computer stored with the health records of the country and used to provide optimum medical care for all. Doctors might oppose this on the grounds that it impairs the confidential nature which is essential for the best doctor-patient relationship... and they may not be alone in this. The opposition which developed in Congress against the proposal to consolidate all national records of individuals indicates that the people of this country do not want "Big Brother" peering over their shoulders.

But doctors still make very expensive clerk!

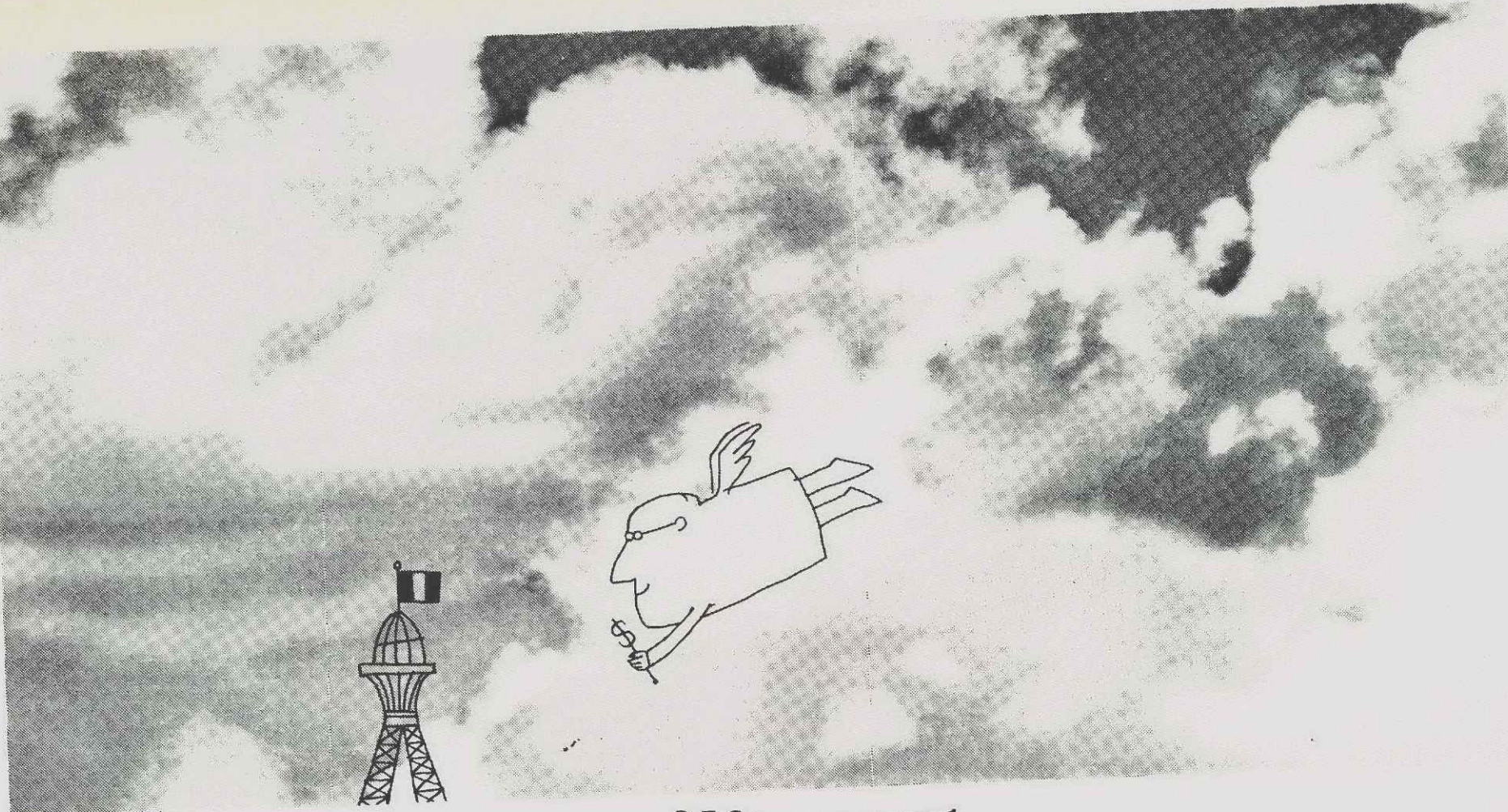
Defends Lloyd's

To the Editor: Rarely a week goes by that one does not read an article on the sad state of the London market. The blame is laid almost consistently on Lloyd's, although I would prefer to talk about the London market as a whole, including the larger British companies that are engaged in some way in the American field.

The London market, I am sure, does not need a "champion" but many of my acquaintances and I are becoming a little tired of seeing the way it is being run down, in many cases by the people who have earned their bread and butter through that market for many years.

The articles are many, but two particular articles that have come to my notice recently were in *Business Insurance* of Aug. 18 where Stephen Gilkenson wrote an article on Morton Smith, president of Morton Smith, Inc., Providence, R. I., a gentleman of ten years experience (!!) in the

Continued on page 22



**WE PROTECT
YOUR INTERESTS IN
PARIS**
PARIS, FRANCE, PARIS, VA.
THE ST. PAUL INSURANCE COMPANIES

AND SIDNEY, PRETORIA, LOST NATION,
IOWA - CRIDERSVILLE, OHIO & PHILADELPHIA
PENN. AND NEWARK AND PERTH.

ALSO
NEW YORK
NEW JERSEY
NEW ENGLAND
NEW HOPE
NEW HAVEN
NEW CALEDONIA
NEW SOUTH WALES
AND
NEW ZEALAND
NEW BRUNSWICK
And
NEW MEXICO

TOLEDO OHIO
AND OF
COURSE TOLEDO,
SPAIN - MADRID,
SPAIN AND
MADRID, IOWA

**AND
ROME**
ITALY & GEORGIA
ATHENS
GREECE OR TEXAS
**ORLEANS OR
NEW ORLEANS**
RIO DE JANEIRO, DWARF, KY.
BELFAST AND DE QUEENARK.



St. Bernard · St. Johns · St. Petersburg

OH, WE'RE VERY LOCAL. LOCAL ANYPLACE IN THE FREE WORLD, ALMOST, WHEREVER
IN THE WORLD YOU ARE, CALL ON US: TO INSURE YOUR INTERESTS, PROPERTY
OR YOURSELF. OUR AGENTS AND BROKERS ARE AS CLOSE AS THE YELLOW PAGES

WASHINGTON · LINCOLN · NAPOLEON AND TOLSTOY · S.D.

**Not to
Mention**

Cuckoo, Va. Devine Texas

NO WE DON'T HAVE AGENTS IN EACH OF THESE CITIES BUT WE'RE
PRETTY MUCH AROUND THE WORLD. LET US KNOW WHERE YOU ARE

st. Thomas · Columbus · St. Marys and st. Thomas

THE ST. PAUL
INSURANCE COMPANIES

Serving you around the world... around the clock
St. Paul, Minnesota 55102

letters

Continued from page 20

London market; the other article by Peter Alchin is in the July 17 issue of Post Magazine & Insurance Monitor, an English publication, giving the buyers' viewpoint, although the buyer for whom, it does not say.

Mr. Gilkenson states, "Lloyd's is loaded with integrity . . . The trouble is they have put faith in some wrong people in recent years." Mr. Alchin states, "Perhaps . . . the cozy and gentlemanly manner in which the London market is arranged all works for the best . . ." and further, "London still likes to think it is the center of the insurance world."

While I have no knowledge of the background and experience of

either of the gentlemen. I talk from a background of the London market for I started as a Lloyd's broker in 1937, becoming an underwriter for a British company in 1951, finally joining an American company in 1964. Thus, I have seen all sides of the question. Further, I have returned to the London market at least once a year to renew old acquaintances (which I value more than I can say), and to negotiate business for my American company.

The company that now employs me has been a Lloyd's correspondent for some 50-plus years. During that time, our experience with the London market has been as good as many and better than most, and yet we are now being penalized because of the overall poor results of American Lloyd's correspondents.

Most of the readers of this letter, at the beginning of their insurance careers, will have studied

one of the many textbooks on "principles and practice," and one of the first phrases that we learned, and the basis on which all insurance is founded, or is supposed to be founded, is *uberrima fides*, or utmost good faith.

Mr. Alchin's article pours scorn on this "gentlemanly" way of doing business and Mr. Gilkenson quite rightly points out that "they (Lloyd's) have put faith in some wrong people in recent years." It is indeed unfortunate that while in the London market a gentleman's word is his bond, this has not necessarily spread to other insurance markets, but with a history of more than 200 years of successful trading this way, it is difficult for a London underwriter to say that because the business comes from abroad and is handled by a "foreigner," then that market and that gentleman are not to be trusted.

The blame cannot entirely be

placed on the foreign correspondent. The London underwriters are the first to admit that in past years, they were too ready to take on trust, the information which they were given. But fortunately, and we hope not before it is too late, they are looking twice at every risk offered, and as we used to say in London, even reading around the edges.

I cannot take issue when Mr. Alchin writes, "Insurance is becoming increasingly international with European and American markets stepping briskly forward." This is healthy competition that we all encourage. Nevertheless, it can be said without fear of contradiction, that nowhere in the world is there collected in such a small area so much combined knowledge and experience as there is in London. For this reason alone, London will continue to be the center of the insurance world, even if, because

premium income is bumping against the limit ceiling, and because of rising values and rising rates, London cannot continue to accept the large percentage of risks that they did in the past.

One can hardly mention a class of business that did not have its birth in London. The combined knowledge of the London insurance brokers and underwriters, whether they be Lloyd's or company underwriters, has been responsible for the basic insurance clauses as we know them today and which are used all over the world.

It should also be remembered that a number of the men of the so-called nationalized insurance industries in developing countries that are now insisting by law that business should be placed with their own nationalized companies, had their education in the London market and we hope that some of the "gentlemanly manner" has rubbed off.

To conclude, I would like to quote from an address to the American Petroleum Institute Conference in San Francisco on June 9 by Peter Green, a leading Lloyd's underwriter, in which he said that Lloyd's and the London market has always been able to meet any reasonable demand. "Bloody we may be today, but unbowed we certainly are; and I am sure that, somehow our age-old ingenuity will continue to find ways to satisfy your and our other customers' needs for insurance protection."

Jack W. Cleland

Vice President, Brown and Hawley Inc., Chicago, Ill.

Coffee, Tea, or... Marsh & McLennan?



The smartest stewardess in the sky probably never heard of us, but we've been up there flying since the DC-3 was the fastest thing on the runway. Today, we're practically standard equipment to thousands of corporate airplanes and many of the major airlines.

We're Marsh & McLennan, industry's leading insurance brokers. No matter what business you're in, we help you get the best corporate insurance protection at the lowest possible cost. Property, casualty, marine and employee benefits.

Regardless of size, your business is important to us. That's why we analyze your program, ask questions, dig deep until we find, or develop, the right kind of corporate insurance for you in cost and coverage.

We do this with more risk specialists and experts for almost every industry, more analysts to review your program, and more offices to serve you here and abroad. Only Marsh & McLennan has more of these services.

If you're not getting all this from your present corporate insurance, call **Marsh & McLennan, Incorporated.** Non-stop for better protection . . . all around the world.

Better figures

To the Editor: I want to clarify some of the information that was included in the article regarding the "strict liability of truck operators" concept being proposed by the AIA.

I first mentioned to you that our own fleet claims experience had shown that we were at fault less than 10% of the time when our trucks were involved in accidents with private passenger vehicles. I then said that the American Trucking Assns. had statistics prepared by Markel covering 104,000 accidents. This study showed that the truck driver was at fault or could have avoided the accident 30% of the time for all accidents. In the case of fatal accidents, the truck was at fault or could have avoided the accidents in 20% of the accidents.

My own company's experience covers only a few accidents. I feel that the ATA study is of much more significance since it is much broader in scope.

William S. Mortimer

Director of Insurance, Norton Simon Inc., Fullerton, Cal.

Pleads guilty in fraud case

PORTLAND, Oreg. — Evans Smith, 39, president of Besco Insurance Co. here, already convicted of two criminal counts in a half million dollar insurance fraud, has pleaded guilty to 16 more charges in the same case.

Earlier this year Mr. Smith had pleaded guilty to charges of destruction of property with intent to defraud and obtaining money and property by false pretenses.

HE WAS sentenced to ten years in prison on those charges.

All of the charges, including the latest 16, involved an insurance fraud scheme which last year resulted in arrest of 14 persons on charges of defrauding four insurance companies.



“Hello, Front Desk? You’ve given me the keys to the wrong wife.”

A myopic desk clerk hands Staff Sergeant Andrews the keys to Master Sergeant Andrews’ room. The staff sergeant walks in on the master sergeant’s wife.

Enter the master sergeant. Exit everybody’s cool.

Except maybe yours, gentle reader. Because it’s not your hotel. And it’s not your wife.

It’s only your insurance company.

But if the company that insures you is the kind of company that always bails out its policyholders with money, you don’t even have an insurance company. All you’ve really got is a policy. A very expensive policy. Because somebody (meaning everybody) has to pay for all those paid-up claims.

Consolidated thinks you deserve more than placated claimants to show for all those premiums.

Consolidated thinks you deserve a genuine, loss-preventing, claims-investigating insurance company. A company that knows when and how to use its ingenuity and when and how to use its money.

As in the case of Andrews vs. Andrews, when a Consolidated claims man bargained on the theory that true love could even avert a possible invasion of privacy suit.

In the hotel when the comedy of errors occurred, he settled the fracas on the spot by scouting down Staff Sergeant Andrews’ young bride and bringing her to the elder Andrews’ room.

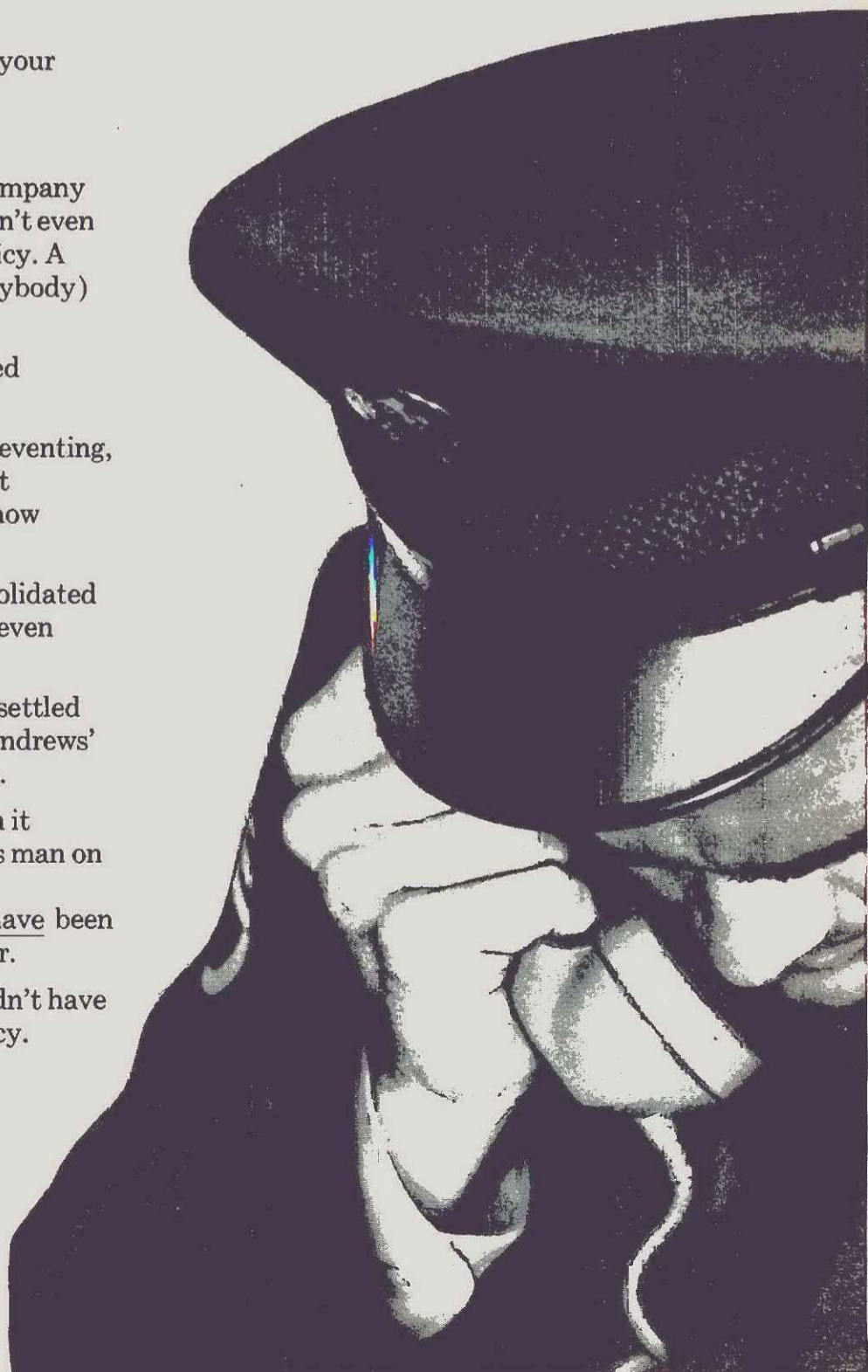
Not that all potential claimants are push-overs when it comes to honeymooners. Not that there’s always a claims man on the scene to save the day. But in the absence of either, Consolidated’s omnipresent loss prevention engineers have been known to send more than one desk clerk to the eye doctor.

Something to think about if your agent or broker didn’t have the foresight to find you a company instead of just a policy.



Consolidated Insurance Companies
345 Adams Street, Brooklyn, New York

**When you need a company.
Not just a policy.**



Jens predicts mergers to 8-10 national brokers

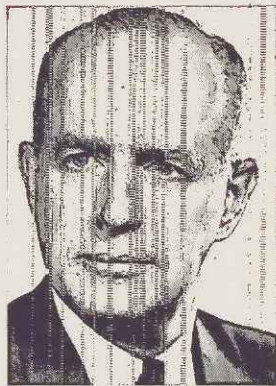
CHICAGO—Risk managers and employe benefits administrators have voiced their opinions to a statement by Arthur Jens, president of Fred S. James & Co. Mr. Jens predicted that over the period of the next 10 years, eight or ten national insurance brokerage firms will emerge.

In his statement, Mr. Jens recognized the demand for expertise by insurance buyers, saying "there should be no 'arithmetic mergers.' After all, in the last analysis a big insurance brokerage company should be nothing more than an assemblage of creative professionals who pool their needs for common services or unique skills. If they can improve the quality or scope of their service by joining a larger group, they

should do it, especially if they can stabilize and capitalize their life work.

"We expect the Fred S. James organization to be joined by many of the best independent local brokers and brokerage companies, especially those in cities of intermediate size. At our current income level of \$11 million to \$12 million annually, we are about one-tenth the size of the 'giant' of our industry.

"**THERE IS NO NEED,**" Mr. Jens continued, "for any head-over-heels rush to carry on a competitive acquisition game. There are plenty of insurance broker talents in the country who understand the forces which are at work. Gradually, we expect these to



Arthur Jens

gravitate into the orbit of the firm which has the men best suited to them and where they will derive the most personal and professional

satisfaction."

Mr. Jens said his company decided to market its stock in order to "achieve more economical operation," including "sophisticated use" of computers by actuaries, pension and benefit consultants, mass merchandising technicians and atomic specialists. Very few brokers, he said, can afford such a full range of services.

Mr. Jens described the James organization as "one more vehicle by which the best of local brokers might capitalize their professional skills and earning ability by utilizing the full range of services of a large company."

AN INSURANCE consultant who counsels corporate risk managers about brokerage services

said that he considers the trend described by Mr. Jens as "inevitable." "Some local brokers," he said, "formed a loose federation to fend off acquisition, but this has proved to be ineffective because of the lack of strong central control."

The insurance manager of a major conglomerate agreed with Mr. Jens that the number of "national" brokerage firms will increase from the present five or so to about ten in the decade ahead.

Another veteran risk manager suggested that he uses both national and local brokerage houses on various lines of insurance. "It's a question of what your problem is," he added, "and your problem may change."

He said he uses brokerage services that range from such national firms as Johnson & Higgins to a two-man shop in the Midwestern city where his company is located.

This idea is endorsed by the risk manager of a major brewery, who says, "If you don't get the service, change brokers." ■

Don't gamble with your company's insurance protection!

Your company faces enough risks just competing in the business world. Why add to your problems by worrying about business insurance, too? Kemper Insurance has the facilities to coordinate a business insurance program for qualified accounts.

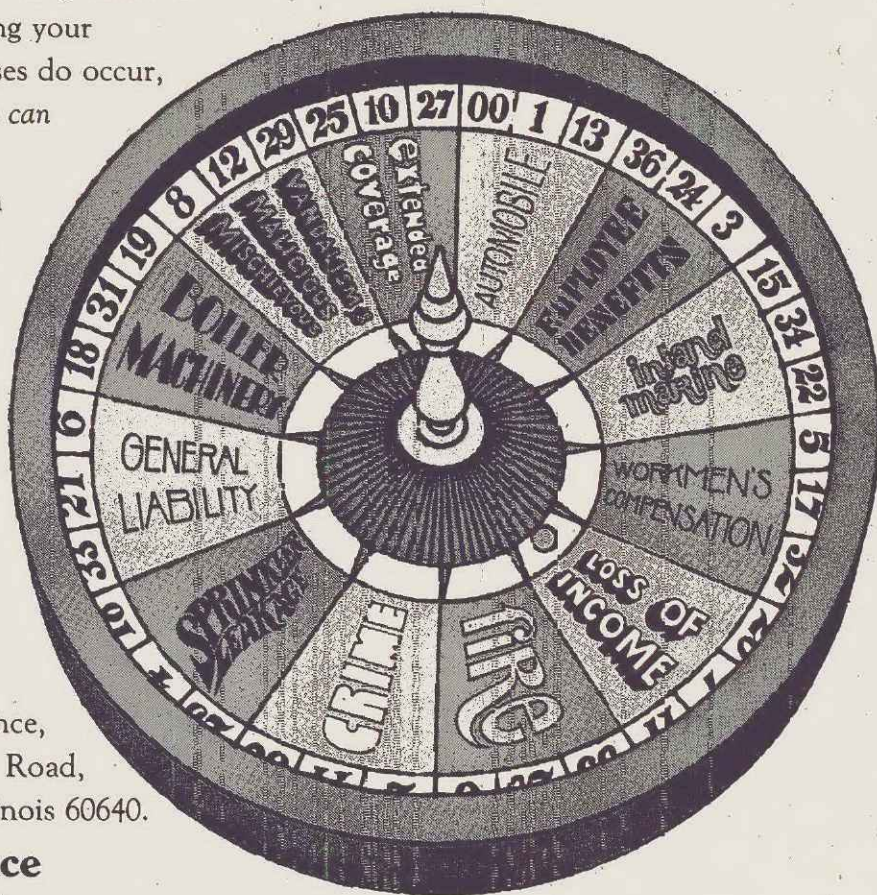
We call this comprehensive program risk responsibility. Each exposure is analyzed and a coverage designed to fit your particular requirements. *Account underwriting* frequently reduces insurance costs, too.

Cost is also based on loss control. Our engineers will direct and implement your safety program to help you keep losses at a minimum further reducing your insurance costs. When losses do occur, *risk responsibility* means you can count on Kemper care.

Instead of gambling with your company's insurance protection, enjoy the security that comes with risk responsibility from Kemper Insurance. For information, see the Yellow Pages listing of your local independent Kemper Insurance Agent. Or, write Walter White, Vice-President,

Kemper Insurance,
4750 Sheridan Road,
Chicago, Illinois 60640.

Kemper Insurance
You can count on Kemper care



Canadian shipper to pay damages

TOKYO—Wingate International Shipping Co., of Canada, has agreed with the decision of an arbitration board and will pay \$1.7 million in compensation to a Japanese steamship company for damage to a tanker when the Canadian firm's freighter, *Texada*, collided with it in 1966.

The Marine Disasters Inquiry Agency had placed blame for the accident upon the Canadian company, and both parties agreed to arbitration by the Japan Shipping Exchange. The Japanese company had sought \$24,180,000, and the Canadian company had sought \$1,120,000. Arbitration had been under way since Nov., 1967. Wingate was given ten days to pay.

Dense fog blanketed the Kii Straits, off Wakayama Prefecture, when Wingate's *Texada*, a 35,001-gross-ton freighter, hit the Sanko Steamship Company of Osaka. The Japanese vessel, a 21,500-gross-ton tanker, was loaded with crude oil, which caught fire. Flames were quickly extinguished and no lives were lost.

THE DECISION underscores the dangerous conditions in Japanese coastal waters, caused by the increase in the volume of shipping as well as on-shore industrial developments, including land fills, which have made charts obsolete.

The situation, according to the Maritime Safety Agency, is particularly problematic along the Seto Inland Sea coast. Construction of large-scale *kombinat* (the Japanese use this Russian word for large industrial complexes) including oil refineries has been part of the reason for the problem. The MSA admits that it lacks funds to update all the charts which need revision. The time lag between preliminary surveys and publishing of charts, one year, is long enough for more changes in actual conditions to take place.

Among the changes which have to be coped with are harbor dredging operations, necessary so that large ships may berth near the *kombinat*. This changes the course of currents and is believed to be the cause of the capsizing and loss of eleven crewmen of a 461-ton tanker late last year. ■

Set overseas benefits to local standards: Simone

By VINCENT J. SIMONE
Benefit Consultant,
Lybrand, Ross Bros. & Montgomery

NEW YORK—American industry's direct investment in foreign operations has more than quintupled since 1950. There is no doubt that American industry's major reason for the increased interest in international operations since the end of World War II is due to improved and bigger world markets.

These of course are a direct result of the miraculous reconstruction of Europe, the stabilizing of governments and currencies, and the formation of common markets on the continent and in Latin America.

How has the multi-national employer responded to the dynamic expansion of business abroad in respect to benefits, compensation and "people" management?

The following appeared in the Sept. 15, 1968, issue of Fortune magazine and should be of interest to multi-national employers:

"CORPORATIONS have, by and large, had more success in applying multi-national principles to finance and product planning than in applying them to people. Few companies are ready to go very far toward achieving international integration in their management, with executive responsibility throughout the corporate system assigned without regard to nationality."

The increase in size and importance of American business involvement in foreign operations has brought about a corresponding increase in compensation and benefit problems.

What are the responsibilities of the multi-national employer, and more specifically, the responsibilities of the international benefits planner?

It is fundamental to international pension planning that no benefit system, however generous, will prove acceptable to employees unless it conforms broadly to the accepted pattern of the country. How far the multi-national employer should influence or seek to influence employee benefit planning in a foreign operation will, of course, depend on whether or not the multi-national employer's function is really that of a shareholder or that of direct control.

WHILE conformity with local practice may be the ruling principle, there are fundamental areas where the multi-national employers with their outside advisors should overrule local bias. Such areas as whether benefits should be insured, book reserve, or privately funded, and the actuarial costing methods should be the concern of the multi-national employer. Naturally, in the developing countries where there are no clearly established local practices, the multi-national employers with outside advisors must assume the responsibility of planning, costing, and perhaps, administering the program. The multi-national employer should not turn over the final review and approval of the pension program to the overseas operation.

In developing international benefit programs, the multi-national employer should consider the following five fundamental guidelines:

• **Obtain Qualified Assistance:** The key to successful international pension planning lies in identifying the underlying factors that not only explain current local practices, but also suggest the



Vincent J. Simone

probable direction of future development. The outside advisor should be in a position to offer "independent" advice and assist-

ance. The advisor should be keenly aware of the general economic atmosphere in the country under review, and should also be aware of the securities market, and must possess experience with the technical means of wise investment policies. He should also possess a knowledge of the social structure of the country, and must have up-to-date data on local social security, taxes, labor regulations and pension plan regulations. The experienced advisor should work with the local actuaries, financial advisors, and represent the multi-national employer in its negotiations with local insurance carriers.

• **Local Factors:** In developing a pension plan, the multi-national

Continued on page 26

Does your group insurance help you

- ATTRACT GOOD MEN?
- IMPROVE MORALE?
- REDUCE TURNOVER?

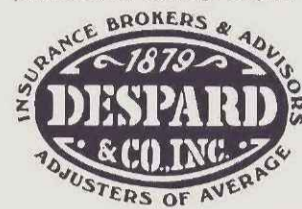
It can if your plan is right for you... and you use it as an effective management tool.

Despard, as a broker, can pick and choose to find the carriers who offer the best coverage for your par-

ticular requirements.

And Despard's team of group insurance specialists can help you use your plan to attract good men, improve morale, reduce turnover.

Send for the "Guide to Despard Services" which describes our unique approach to hand-tailoring insurance plans to each client's needs.



The "personal service" insurance broker
161 William Street, New York, N.Y. 10038
Ph: 212-964-9100

In this hat is the most remarkable new fringe benefit you can find.

Most progressive companies provide their employees with group term insurance plans. And that's fine. Now we've made group insurance even better. We've pulled a dramatic plan out of our Lincoln National hat. It's a valuable fringe benefit which your employees will be quick to recognize. With this Lincoln group ordinary plan... **GO**... you can give your employees permanent life insurance—the kind that builds cash values. And the cost to you, the employer, is fixed and tax deductible.

For full information about Lincoln's **GO** Plan, write the leaders in the group ordinary field... our Group Insurance people in Fort Wayne, Indiana. Discover the unique advantages to be found in the Lincoln National hat.

BROKERS: You too can wear the Lincoln National hat and offer your clients better and more comprehensive programs.



Lincoln National
LIFE INSURANCE COMPANY

Its name indicates its character
An affiliate of Lincoln National Corporation

LIFE • HEALTH • ACCIDENT • ANNUITIES • GROUP • PENSIONS

U.S.-backed flood insurance trickles into action

WASHINGTON—As thousands of homeowners and businessmen ruefully estimated their losses from wave wash and floods caused by Hurricane Camille, the Federal flood reinsurance program got slowly under way.

After years of talk and months of planning, three communities (Fairbanks, Alaska; Metairie, La.; Alexandria, Va.) have made application for engineering studies that lead to acceptance by the program administered by the Department of Housing and Urban Development. Communities that enter the program must develop land use and control measures conforming to Federal guidelines.

Walter Sutton, a planning specialist for the Federal flood reinsurance program, told *Business*

Insurance that the first properties to be covered by the National Flood Insurers Assn. will be dwellings of four units or less. Next to be covered will be small businesses and finally other types of risks, including large industrial and commercial properties.

"WE EXPECT to include small businesses in the program next year, but we don't know when we will be able to cover large risks," Mr. Sutton said.

Only a few policies have thus far been issued on dwellings in Fairbanks and Metairie. When the program is fully organized, flood insurance will be available through any agent in communities that have been surveyed and accepted by the plan.

Risks will be individually rated, according to HUD officials, who said that \$250 million in government reinsurance is available to the private insurers subscribing to the National Flood Insurers Assn.

"I think this program will be a success," Mr. Sutton commented, "because homeowners and businessmen particularly those in coastal areas, are acutely aware of the threat of floods and the possibility of sustaining water damage as in the case of Hurricane Camille.

"Those businessmen and homeowners who live inland along rivers may be less aware of the need for flood insurance, but as this program gets rolling we expect that many inland communities will apply for recognition and

take the necessary land use control measures."

ONE THING that has delayed the start of the program has been the need for detailed engineering studies of flood-prone regions to determine for actuaries the degree of probability of water damage to homes and businesses. Congress, though it accepted the principle of Federal flood insurance, delayed making an appropriation until HUD submitted an urban renewal bill to which a flood insurance rider was attached.

Efforts to obtain Federal flood reinsurance were initiated by state insurance commissioners in flood-subject states including Florida. Sen. Harrison Williams (D., N. J.) and Rep. Hale Boggs (D., La.)

spearheaded Congressional action on the Federal flood reinsurance measure.

The property insurance industry, smarting from criticism of its failure to provide flood coverage, formed the National Flood Insurers Assn. to provide a facility through which homeowners and businessmen could purchase flood coverage backed by the Federal agency.

Set benefits...

Continued from page 25

employer should attempt to capture the local feelings as to needs, the national or even the class point of view. At the same time, the multi-national employer must avoid unsound benefit and funding formulas as far as possible. If the local management consists of local nationals who will be members of the pension plan, the multi-national employer should have their support prior to the adoption of the pension plan. However, in obtaining local management's support, the multi-national employer should accept local management's viewpoints with caution.

- **Integration:** The rapid growth of foreign social security has produced some very serious problems. Foreign pension plans should be integrated to the greatest possible degree with all types of local benefits, including social security, old age pensions, termination indemnities, family allowances and provident funds.

- **Cost:** While foreign wage scales are lower than those in the U. S., the benefits in many cases are more liberal than those provided in the U. S. Many foreign pension plans provide generous widow's and orphans' pensions for families of employees who die before retirement. Therefore, the multi-national employer should be prepared to accept high costs, and should not think of foreign pension plans in terms of present U. S. standards.

- **Funding:** The financial problems are obviously very different from those the multi-national employer would meet in creating a pension plan in the U.S. There are countries where the general economic conditions, the stability of currency and inflation may make it extremely difficult or impossible to operate a successful funded pension program. There are, however, areas where there are no exchange restrictions, where the security markets are broad for bonds, stocks, mortgages, etc., and there are technical means for a wise investment policy to accumulate funds. The multi-national employer may find some laws in specific countries that limit the freedom of activity as to the types of investments for pension funds.

While these guidelines are meant to assist the international pension planner in developing benefits programs, a word of caution to the multi-national employer—a void expediency and take a very long term view in developing international pension plans.

Vincent J. Simone is a benefits consultant with Lybrand, Ross Bros. & Montgomery, New York, a firm he joined after serving as employe benefits manager of Coca-Cola Export Corp. A co-editor of *International Benefits Information Service*, Mr. Simone formerly served in the actuarial department of a major insurer and with the pension trust department of a New York bank.

Tailor made...

Yes, a Gulf Multi-Peril Protection Package Policy can be tailored to fit your company's specific needs!

Call your Gulf Agent today—Brief him on the characteristics of your business, review with him the extent of your current peril coverage. Then let him show you how easily a Gulf Multi-Peril Protection Package Policy can be tailored to fit your specific needs, by combining basic and optional coverages in a single multi-peril package.

SOLVE YOUR INSURANCE PROBLEM FAST...

PUT A G-MAN ON IT!



GULF INSURANCE GROUP
DALLAS, TEXAS
©1965, HEMISFAIR '68



OFFICIAL INSURER OF HEMISFAIR '68

Central Division
Indianapolis, Indiana

Eastern Division
Fort Lee, New Jersey

Pacific Division
Los Angeles, California

Southwestern Division
Dallas, Texas

benefit tax slants

Fears tax reform bill would curb many incentive payment programs

By JOSEPH S. ROBINSON

NEW YORK—Provisions of the House-passed tax-reform bill (H.R. 13270) will, if finally enacted into law, seriously affect some employe benefit tax breaks, as well as other tax areas.

For instance, straight cash compensation could become more attractive because of the proposed tax ceiling of 50% on earned income—reduced from the present 70%.

So the popular deferred compensation deal—designed to ease the heavy tax burden of high-priced executives—may lose much of its glamor. That's because deferred compensation would be excluded from the proposed 50% top rate ceiling on earnings.

WHAT'S MORE, payments of more than \$10,000 a year would be taxed as if received in the year earned—at the top regular rates—not the 50% limit on earnings. Thus, a high-bracket executive could be hit with as much as 65% (the proposed future top tax rate)

Insurance may cover sonic boom

KELOWNA, B.C.—A U.S. Navy jet fighter powered through the sound barrier for "just one instant" last month and left a jangle of shattered windows behind as it streaked over the city.

About 75% of the windows in an eight-block area of downtown Kelowna were reduced to splinters. Damage was estimated at up to \$250,000. Seven persons were cut by flying glass.

The sonic boom that rocked the tourist-packed summer resort city was triggered by an F-4 Phantom of the U.S. Navy aerobatic team as its pilot accelerated to catch up with his teammates.

Dozens of furious citizens demanded that the team's appearance at the annual Kelowna Regatta be cancelled but the Blue Angels precision flying team did its stuff any way.

The regatta's \$1 million liability insurance policy didn't go into effect until midnight Aug. 6 (the day of the accident) but legal opinion was to be sought about clauses that Cmdr. R. G. Bresso, the team's project officer, said may cover damage.

In any event, he said, the U.S. Navy will see that "nobody is left unhappy." The Navy has operated an aerobatic team, under the name Blue Angels for 23 years.

As the cleanup job started, extra men were hired for security patrols to discourage looting and vandalism.

A glass supply firm in the Okanagan City reported it had been flooded with calls and "it's getting too busy."

Sign of the times

American Home Assurance Co. has renamed its personal lines division the mass marketing department. The change reflects the growing public acceptance of the new form of marketing which has led to a diversification of mass marketed products at American Home, according to John J. Delaney, assistant vp.

if he elected a delayed pay setup instead of the 50% tax rate if he took the money when earned.

The following important exception is worthy of attention. When a deferred compensation arrangement does not call for payment of more than \$10,000 a year upon retirement, such an arrangement would still have favorable tax results, even under the proposed new rules. Reason: It would entitle the former executive to pay taxes on the deferred compensation at the lower rates of his retirement years

—not the higher rates of his earning years.

Restricted stock would be taxed under a new provision of the proposed tax rules. Any person receiving company stock (or other property) in exchange for services would be taxed when he received the stock if one of the following conditions exists:

- He is allowed to transfer his stock interest, or

- His stock (though not transferable), is not subject to substantial risks of forfeiture.

The House-passed bill would knock out the capital gains as well as the present deferment advantages of restricted stock deals.

MOVING EXPENSES to a new job location would offer more liberal deductible allowances including: Pre-move house hunting costs; temporary living expenses at new principal job location; and cost of selling an old residence, buying a new residence or terminating a lease.

Keep in mind that the tax reform bill is still not law. It must next win the approval of the Senate.

The Senate committee on finance is presently holding public hearings on the measure through Oct. 3.

If you want to testify, better hurry and contact Tom Vail, chief counsel, Senate Finance Committee, Room 2227, New Senate Office Building, Washington, D.C. ■

Teamsters get 'Moonday' holiday

BRIDGEPORT, Conn. — A teamsters union here has what is believed to be a first in contract accomplishments—an additional paid holiday, to be known as Moonday.

Members of Teamsters Local 1040, Mechanics and Salesmen, got the new holiday in a newly negotiated agreement.

Other new benefits include an election day holiday and hourly boosts with a top wage of \$4.15.

A teamsters spokesman remarked that the organization is probably the first in the country to receive a holiday marking man's landing on the moon last July 20.

The long-term association.



That's the GENERAL idea.

We at General Re prefer long-term associations. It's good business from your underwriter's point of view and ours. And nearly a half century in this demanding business has taught us that a close association benefits both parties. That's why we try to provide service beyond reinsurance indemnity.

General Re has people expert in almost every area that generates unusual problems; and offices in insurance centers throughout North America.

Treaty and facultative, and in all lines, on a long-term basis your underwriter will do much better with General Re.

GENERAL REINSURANCE CORPORATION

ALL FIRE, CASUALTY, ACCIDENT AND SICKNESS, BONDING, AVIATION AND MARINE LINES

Home Office: 400 Park Avenue
New York, New York 10022



Offices in Atlanta, Chicago, Dallas, Los Angeles
San Francisco, Toronto and Montreal

Nestle in England has 'flexible' insurance purchasing program

LONDON—Pioneer companies in the field of insurance management in Britain must place the Swiss-based Nestlé food group well at the top of the list of innovators.

The company has found the venture worth while in many of its international operations, which span 60 countries. Its present insurance manager at its British headquarters has more than 40 years' inheritance of knowledge on which to draw.

A. S. D. Cross is responsible for the company's insurance operations in the United Kingdom, and is the insurance adviser to other companies in the group in the sterling area. He holds the kind



A. S. D. Cross

of post that was inaugurated in Britain for his firm around 1928.

THE BENEFITS that Nestlé derives from insurance management

can be described in various ways. But among the most important are:

- Centralization in one department of all the insurance problems of the company (other than pensions and employee benefits generally). These include all forms of property and liability coverage as well as transport, inland and marine insurance.

- Establishment of a well defined policy, in the best interests of the company, should be insured and what risks should be borne by the company itself.

- Application of a technical know-how built up, and added to, over many years to ensure that the company effects the best type

of insurance contracts to suit its needs. Close contacts are made with many sections of the market, and only technicians working within the group can achieve this objective satisfactorily.

- Recommendation of loss prevention and loss control measures to the extent that they fit in with the production and other requirements of the business.

Such a set-up has produced support for Mr. Cross in his aim to further the cause of the insurance management team in industry.

MANY ASPECTS of corporate insurance are selectively "tailored" for individual requirements. But the general approach that Nestlé has developed in Britain is to deal in a flexible manner with the insurance market, either direct with the insurers, or through brokers according to the particular problems in-

volved in each insurance contract.

The range of its operations placed upon Mr. Cross an expanding variety of responsibilities, as the Nestlé Co. in England also embraces the other brand names of Crosse and Blackwell, James Keiller, and Maggi, all of which are engaged in producing and marketing notable food products.

He is responsible in his work to the finance and administration director.

THE INSURANCE department's work embraces:

- Seventeen factories in the U.K. turning out annually such goods as instant coffee, milk products, confectionery, soups, and a vast range of "convenience foods" to the value of many millions of pounds sterling.

- Several thousand personnel engaged in administration and production activities.

- Corporate fleet of motor vehicles used for product distribution, and by factories, employes, and salesmen.

- Raw materials shipped from many countries of origin throughout the world to the U.K. and to other manufacturing centers, and stocks of manufactured goods awaiting delivery and while in transit to customers in the U.K. and overseas.

- Liability to the public including products liability arising out of consumption by millions of shoppers.

- Overall guidance to overseas associates of the group in the sterling area as far away as Australia, New Zealand, and the Far East, and arranging other insurance in the British insurance market for other countries where the group has insurance problems.

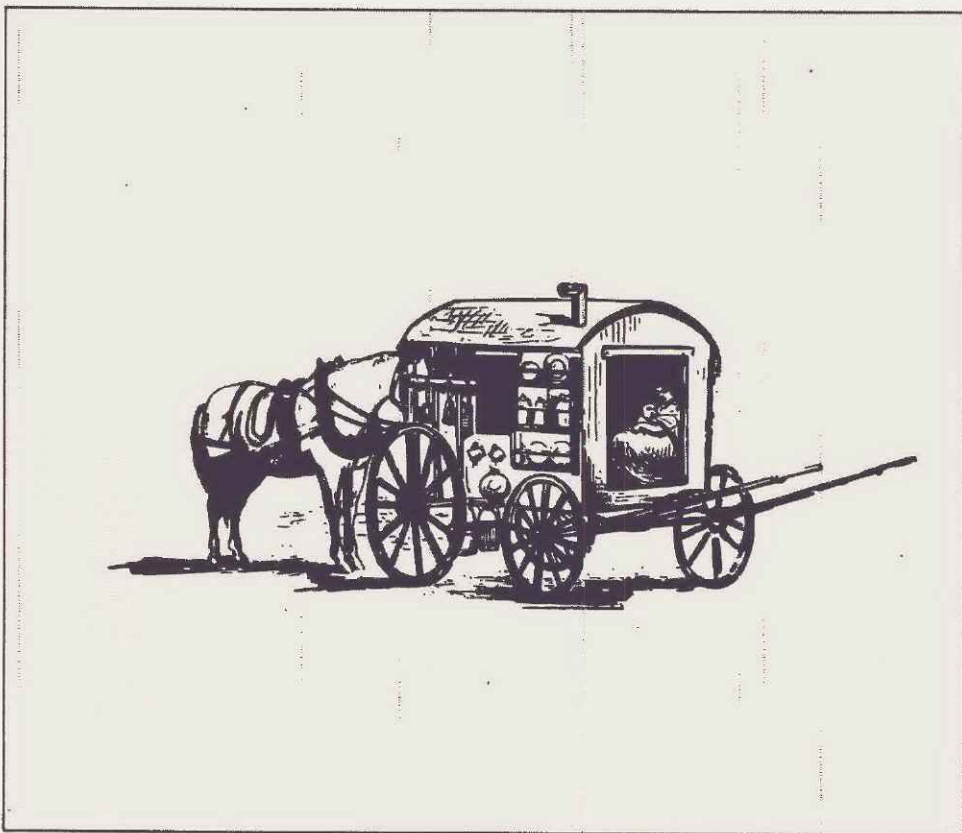
MR. CROSS sums up his job by saying: "The role of an insurance manager in Britain is not quite comparable in its scale with that of some risk managers in America, but it is growing all the time."

"Naturally we have to decide when to insure and when not to insure in the best profit interests of our company."

"But though we have to bear firmly in mind our own company's interests at all times, we get on very well with the insurance industry as a whole because we realize its problems as well."

Mr. Cross joined Nestlé in 1938; prior to that he was with a firm of Lloyd's insurance brokers, and has been in insurance since 1928. H. F. Dillon is deputy manager of the department. ■

Considering insurance before loss control is putting the cart before the horse



Put loss prevention first —
the horse properly before the cart!
No premium-cutting ever halted disaster.
Only loss prevention can do that.

FM FACTORY MUTUAL SYSTEM

Since 1835 — industry-owned to conserve property and profits

Arkwright-Boston Manufacturers Mutual Insurance Co.

M F B Mutual Insurance Co.

Philadelphia Manufacturers Mutual Insurance Co.

Protection Mutual Insurance Co.

Subsidiaries:

Affiliated F M Insurance Co.

F M Insurance Company Ltd.

F M Engineering Corporation/Association

Woman heads ASIM unit

SAN FRANCISCO—Emily M. Schmitz, insurance coordinator for the Salvation Army here, has been elected 1969-1970 president of the Northern California Chapter of the American Society of Insurance Management. She succeeds Al J. Trimble, manager of insurance, FMC Corp., San Jose.

Other new officers are Robert E. Roth, assistant treasurer, East Bay Municipal Utility District; Carmela J. Fazio, assistant to the insurance supervisor, Bank of America, secretary; John J. Pendergast, insurance manager, Hewlett Packard Co., Palo Alto, treasurer.

Outgoing president Trimble will serve as a director for a year and also was elected as chapter representative to the national ASIM.

Elected as directors for two year terms were W. A. Anderson, insurance representative, engineers division, Kaiser Industries Corp., and David E. Gregory, assistant to the insurance manager, Guy F. Atkinson Co. ■

ASIM, insurer declare meeting mutually fruitful

By RICHARD C. BJORKLUND

WAUSAU, Wis.—Ten of the most articulate members of the American Society of Insurance Management met here with management personnel of Employers Insurance of Wausau to exchange ideas freely about mutual problems and individual concerns.

The conference, hailed as fruitful by both sides, marks the beginning of a program of meetings between ASIM members and the property-liability insurance industry that provides coverage for their companies.

William S. Mortimer, director of insurance for Norton Simon Inc. and president of ASIM, told *Business Insurance*, "This was a successful trial to find out if such meetings make sense. It seems that from the response of both risk managers and insurance company representatives who met in Wausau that we can consider developing a general program along this line with insurers in other parts of the country."

"THOUGH I could ill afford to spend the time it took to attend the conference, I found it very worth while," said Waller B. Smith, director of insurance for United Air Lines. "We learned much that could advance the profession of risk management by making us more aware of carriers' problems."

Mr. Smith said the meeting was particularly valuable because Employers Insurance "brought in top management and policymaking people who spoke to the issues and not the technical details." Mr. Mortimer, who initiated the meeting, invited what Mr. Smith called "nonconventional thinkers who delved into the root problems of risk management and property-liability insurance underwriting."

IN ALL, the meeting provided what Mr. Smith called "a lively, uninhibited interchange that was not fettered by negotiating an insurance contract or settling a claim."

A similar reaction came from F. X. McCahill Jr., Bristol-Myers Co., New York, who lauded the conference for providing an open discussion of the position of insurance companies on excess and catastrophe coverages. Both Mr. Smith and Mr. McCahill reported that there was considerable discussion of the liability capacity crisis, a problem that particularly vexes large corporations of the type represented on the ASIM panel.

Employers Insurance spokesmen, according to Mr. McCahill, said that they attribute the liability capacity crisis in part to lack of underwriting talent throughout the insurance industry, to the failure of American insurers to recognize a "lead" underwriter in the Lloyd's tradition and to the tax situation in the United States that discourages to some extent the taking of major risks.

"Everybody spoke what he felt," Mr. McCahill said, "and nobody held back. It was a meeting at which there was no insurer-insured controversy, one at which we tried to understand each other's problems."

Donald L. Stehr, manager of insurance and employee benefits

for Jos. Schlitz Brewing Co., Milwaukee, praised the session as a time "when we could sit down with underwriters and see what their problems are. The meeting was attended largely by 'big' risk managers and our discussion was geared to the coverage problems of larger companies. Hopefully, future conferences will bring in risk managers of smaller firms."

Mr. Stehr said that the meeting considered theories of self-insurance and how self-assumption of risk can alleviate the capacity problem by shunting to insurers only excess coverages.

"MASS merchandising was discussed at length," Mr. Stehr said, "and it was the consensus of the risk managers present that such

programs fall into the area of industrial relations rather than risk management. Some of us felt that since unions will initiate demands for group property-liability insurance coverages, perhaps the unions ought to handle the programs."

Generally, Mr. Stehr felt, the meeting was an occasion to "get something off your chest, a time to learn how insurers do things and what you can do to work more effectively with them."

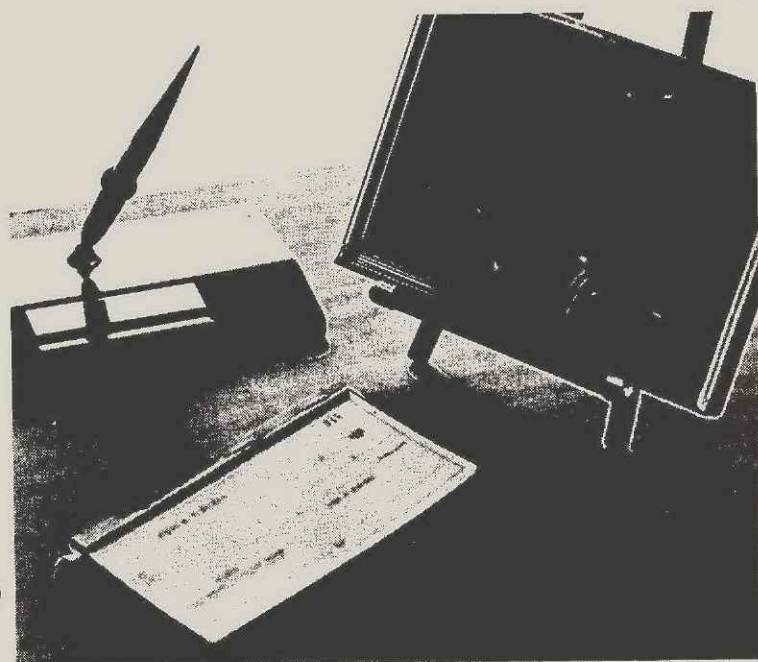
From Employers Insurance's point of view, the meeting was also worth while, according to John Bernick and Don Faro, the executives of the company who cooperated with Mr. Mortimer in arranging the session.

"We were impressed with the

professionalism of the group brought to Wausau by Mr. Mortimer," said Mr. Faro, "because they knew so much about the insurance market needs of industry. Up to now, insurance companies have told their clients what they ought to have. Now it is evident that professional risk managers are ready to tell us what their needs are."

One of several areas of agreement between the insurer's executives and the risk managers was legislative action. ASIM and Employers Insurance representatives agreed that insurers and corporate insureds ought to cooperate in sponsoring legislation that both believe to be in the interests of orderly insurance regulation.

Continued on page 38



If your life insurance needs look bigger than the means...this bargain is meant for you!

Want a lot of insurance for little cost? Level protection and a level premium? Permanent insurance with guaranteed cash values?

You can get all these in CLASSIC III, the Continental Assurance plan especially designed to provide really big protection with the lowest possible premiums. It's made-to-order for the young married man whose pocketbook is somewhat smaller than his big insurance need... or for the newly established professional who is still short of capital but must have large-scale coverage from the start.

CLASSIC III is an insurance innovation combining a permanent life plan, a 3-year term rider and a special

dividend option. It was designed so the dividend could—beginning in the fourth year—be used to purchase one-year term insurance and paid-up additions in the amount necessary to maintain level protection. And to help keep premiums level for life.

A CLASSIC III big bargain example: just \$847 annual premium buys \$100,000 of protection for a 25-year-old man... with a 20-year cash value of nearly \$18,000, value based on our current dividend scale.

If that's the kind of bargain you want, ask your Continental Assurance man or independent agent about CLASSIC III. Or write Continental Assurance Co., Product Manager, Dept. 109, Chicago, Ill. 60604.

Risk manager asks: Who's the judge?

WAUSAU, Wis.—Here is indication of the freedom of exchange in the meeting between executives of Employers Insurance of Wausau and members of the American Society of Insurance Management:

EIOW executive: "You big insureds have put us in a bad spot by insisting on ever lower premiums on major risks. You have made it unprofitable for the underwriter."

ASIM member: "Who should the underwriter be? Are we better underwriters than you are? We go with what the market will bear. Why should I blame myself for getting the best price available? That doesn't make me responsible for the capacity crisis in both liability and property insurance."



CONTINENTAL ^{Life} ASSURANCE CO.

CNA FINANCIAL CORPORATION

following the funds

Advertising-style account switches to invade pension business: Egener

By RANCE CRAIN

NEW YORK—The pension business, heretofore not known for abrupt movements from one investment counselor to another, is on the verge of plunging into advertising-style account switching, in the opinion of one mutual fund man.

"What we're about to see," according to Stanley Egener, president of Scherl, Egener & Co. here, is "healthy, bitter competition. The industry is going to become a jungle, and I think it's a good thing because most of the pension administrators have had it too easy."

Mr. Egener's firm runs the Side Fund, a mutual fund started about a year ago mostly to handle pension business. Mr. Egener said he hopes for quick Internal Revenue Service approval of a "split-funded" prototype pension plan embodying both insurance and mutual funds as the investment vehicles.

WHAT'S GOING TO stir up the activity among pension administrators, Mr. Egener told *Business Insurance*, is the entry of the stockbroker on the scene. Up to now, he said, pension business has been dominated by insurance companies and banks—which were staffed up to design, install and administer all kinds of retirement plans.

"The securities business has

Lessor held liable for equipment

LOS ANGELES—A lessor, as well as a manufacturer or retailer, is absolutely liable for defective equipment, a Calif. Appeals District Court has ruled in the case of *McClaflin v. Bayshore Equipment Rental Co.* involving death of a man using a defective leased ladder.

"It is now well established," the ruling said, "that a person is strictly liable in tort when an article he places upon the market, knowing that it is to be used without inspection for defects, proves to have a defect that causes injury to a human being," quoting the 1963 California case of *Greenman v. Yuba Power Products*.

The court also noted that *Greenman* applied the rule against a manufacturer, while in two other cases it was applied against retailers. "No California court has yet applied it against the lessor of a chattel. We do so here."

DEFENDANT had cited decisions of a lessor or bailor of personal property in California can be held liable for negligence only, and not strictly liable as in the "Greenman rule."

Rejecting this argument, the appeals court pointed out that the law "does not state this conclusion: the legislature in enacting it defined certain duties of a lessor of chattels, but did not purport to limit his liability to breaches thereof.

"But it is the element of warranty that the Greenman rule wholly abolished . . . The exclusion (of lessors) would ignore the marketplace realities upon which the Greenman rule rests. ■

had none of that," Mr. Egener said. "The securities guy is by nature so enchanted with his own product that he really doesn't understand the problems of the buyer. He's got a great stock idea but not a method of improving the plan."

At the same time, corporate trustees have greatly increased their interest in the performance of their pension plans, Mr. Egener said. "I don't know what took them so long, but they now want their money managed aggressively—not only to increase the upside

but also to minimize the downside."

THE DEMANDS put on a corporate pension plan for a "realistic" retirement fund are growing steadily, Mr. Egener pointed out. The plan has to be a hedge against inflation, but the company with a pension is "caught in a bind"—until recently about the only way to increase benefits was to put more money into the plan, but the more money going in, the lower the corporate profits and the lower the profits, the lower went the company's stock

Against this backdrop of "dissatisfaction" with pension investment performance, enter the equity salesman. For the first time, explained Mr. Egener, he can offer both a plan and the investment vehicle. "This is going to have a profound impact on the equity market," he said.

More and more equity firms—such as Donaldson, Luftkin & Jenrette—are "chasing the institutional dollar," Mr. Egener pointed out. "And the more intimate securities firms get with the institutional area the more services they will offer. They're developing pension and profit sharing departments and becoming involved in the design and installation of plans.

"AND THEY'RE ALSO becoming more familiar with insurance. The day is fast coming when they will be selling insurance.

"Somewhere down the line Donaldson, Luftkin is going to say to a corporation that it can im-

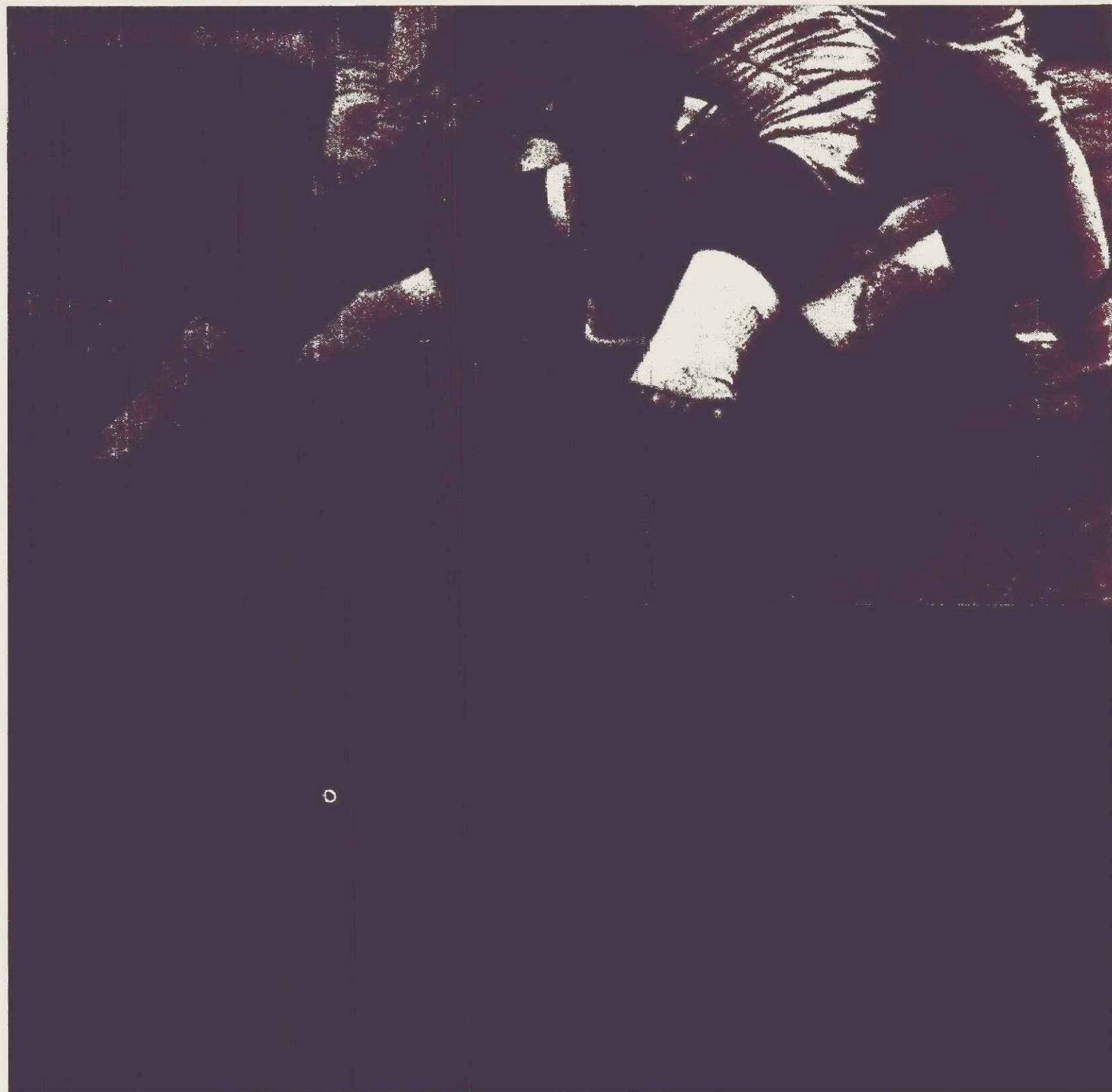
prove pension benefits by improving performance, and it can also improve benefits by restructuring the plan. They and others are setting up departments to do this."

Up to now banks have had a big advantage over securities firms, Mr. Egener said, because they were set up to administer pension plans and brokers were not. So even if a securities firm did win out in a performance competition with a bank, it wasn't able to administer the plan.

BUT NOW BROKERS are able to turn over the administration of the plans to independent firms set up to handle this function. (The Side Fund uses National Employee Program Services Inc.). So corporate trustees "can make up their minds on the basis of investment performance and not administrative capacity," Mr. Egener stated.

The financial executive sees two big areas where mutual funds can come to the aid of the corpo-

Continued on page 50



Last year, MOAC wrote ocean cargo insurance on over 7 billion dollars' worth of goods and merchandise.

Obviously, that's a big part of marine insurance. But it's not the only part. For marine risks are by no means confined to the sea. Or even the areas surrounding it. You'll often find them smack in the middle of dry land. Risks like tank farms, TV towers, motor truck cargo, contractor's equipment—even something as improbable as the ground cover inside the Houston Astrodome.

At MOAC, this kind of inland marine insurance is an-

other of our specialties. We write a lot of it. And something like 85% of what we write is judgement-rated. Which means that when there's a risk as unusual as the famous Astroturf, our experience and common sense can make all the difference. To both you and your client.

It's taken a great deal of exposure to garner our kind of experience. And many years of experience to build the facilities and comprehensive records that, together with the good minds of MOAC underwriters, make the whole thing work with smoothness and efficiency.

Arthur Deric leaves AMA for quiet college life

NEW YORK—Arthur J. Deric, insurance division manager of the American Management Assn. for almost nine years, has joined the academic world as an associate professor at a small Pennsylvania junior college. He is not, however, deserting the "3,500 or so" intimate contacts he has made in the business during the past few years.

"One of the things I've learned at AMA," he told *Business Insurance*, "is that there is a difference between management and administration. Management makes things happen; it's concerned about tomorrow. Administration is minding the store today; it's concerned with today, with getting the job done."

"Basically, I've had the title of manager here," he said, "but I've

also been wrapped up with a lot of administrative details.

"I DO SEE a financial services future; a future that would combine all the elements of risk, employe benefits, workmen's compensation, and include such things as investments, credit and lending."

"But that future is not just going to happen," he continued. "It has got to be made. In my new job I'll have eight months to work for my salary. During the other four months of the year I'll be able to write, do applied research and consult in employe benefits risks and the financial services areas. I can," he said with more than a little emphasis, "help that future happen."

Mr. Deric has made some elab-



Arthur J. Deric

orate plans for his quest. In addition to teaching business management, organization and law at Bucks County Community College in Newtown, Pa., he intends to

run a six-month meeting for 25 top employe benefit managers around the country, write a book that might replace the AMA's "The Total Approach to Employe Benefits," provide a nation-wide organization that would offer financial planning services for corporations and, eventually, set up a college of sorts of his own.

"What's the kicker?" he asked rhetorically after running through his plans chronologically.

"Well, we're not going to have a financial services future unless we have a place to train the money-planners of the future," he said. Mr. Deric hopes to provide that place.

MR. DERIC'S immediate plans, however, are limited to the seminar program and the book.

The six-month meeting (he prefers that term rather than seminar or study group), Mr. Deric explained, will be primarily a research affair with the 25 corporate employe benefit managers working on practical problems, which will be incorporated into the book. He has not yet divulged the names of those who will participate, nor the companies they represent.

"The book," he said, "will be more of a handbook in two phases. The first phase will be in narrative form and about 400 pages long." He added that he can begin writing the narrative at any time from a "stack of notes this high" (indicating waist-level) accumulated over the years. The second phase of the book will be mostly charts and graphs. Much of the latter, he said, will be the result of his 25-man meeting.

"It's my intention," he said, "to put out a 'top drawer' text—not really a textbook," he added, "but a practical, definitive work which will be the basis for employe benefit management. It's not going to tell the employe benefit manager how to solve his problem, but it will touch all bases. He'll be able to refer to it and then make his own judgement depending on his particular problem."

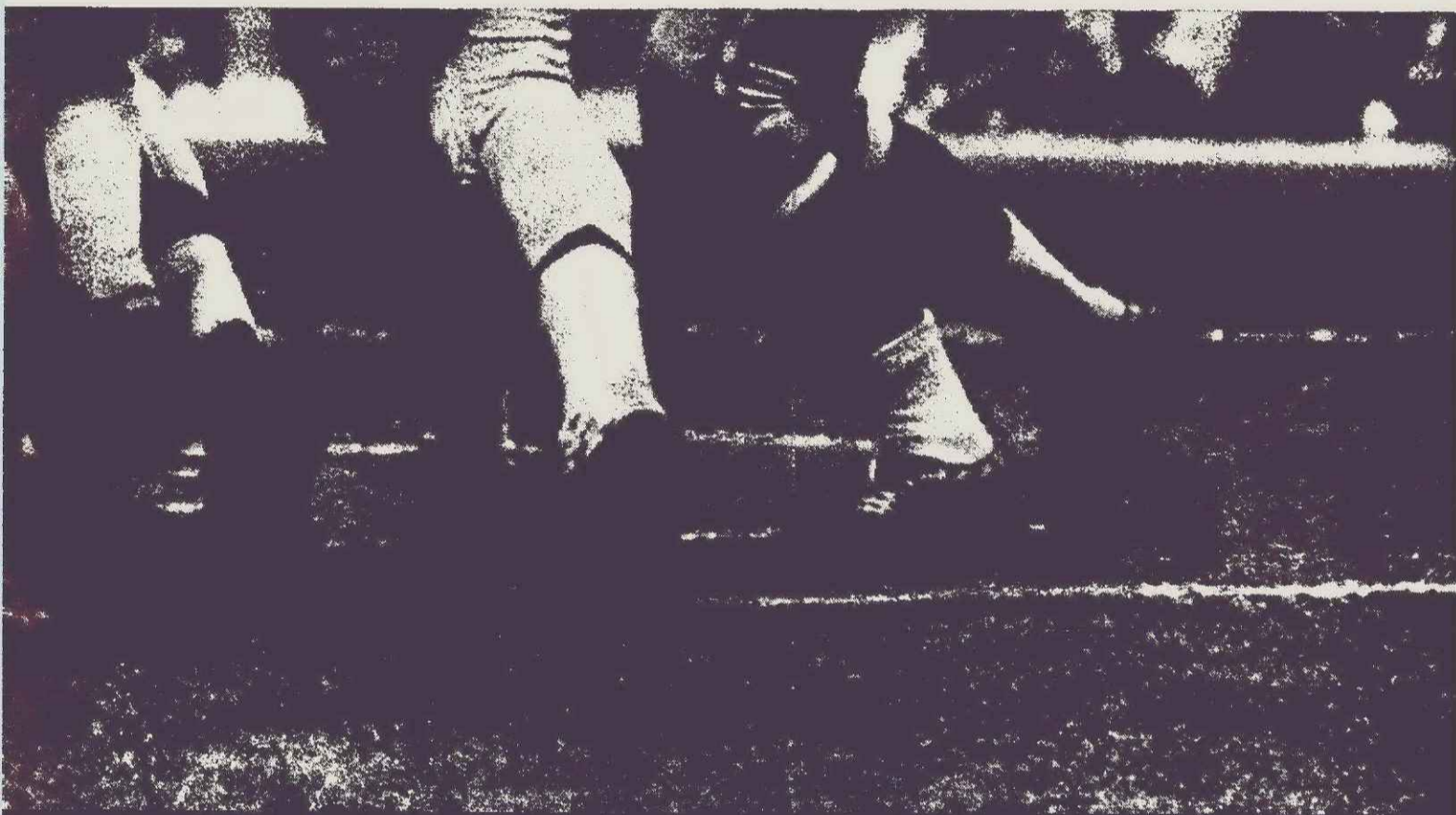
"WHEN AN employe insurance manager has a problem he will pull this book down from the shelf and say, 'Let's see what Deric has to say about it,'" he said.

Mr. Deric is the editor of the AMA's "The Total Approach to Employe Benefits," generally considered to be the most authoritative work in its field. The book, which is used in at least three colleges, is now in its third printing. "I'm rather proud of that," he said.

His planned effort, as yet untitled, is to be an "expansion of that concept," he said. It may be published privately or in association with the AMA.

When the book is finished (he estimates it will take about a year), Mr. Deric hopes to branch out somewhat and provide financial services consultation for top corporations and their executives. "I'd like to go to executives, ask them what their financial situation is in regard to insurance and investments and advise them," he said. This, he added, might take the form of a national organization that would provide a finan-

Continued on page 37



With no manual to go by, we insured the Astroturf® against some mighty big bruisers.

You may never have a football field of artificial grass to insure. But you'll probably have another risk for which there's no real precedent. In which case you'll also be interested to know that we can serve you from more than 30 departmental and branch offices in North America. Not only do we have more marine insurance men in the field, but they're empowered to bind larger risks—and bind them faster—than other marine underwriters. What's more, we'll settle your claims with speed and fairness. But with the largest

staff of marine engineers and surveyors in the industry, we make every effort to see that you never make one. At MOAC, we write all kinds of marine insurance. In fact, we write more than anyone else in the world. We'll write it by the manual when it's possible. And we'll write it on our own when it's not. For additional information, write Walter T. Wells, V.P., Marine Office • Appleton & Cox Corporation, 123 William Street, New York, N.Y. 10038. Aviation insurance through Associated Aviation Underwriters.



Marine Office • Appleton & Cox Corp.

Avoid the costs of over or under insurance. For a reliable appraisal of your business property call or write

COATS & BURCHARD COMPANY
appraisers
SINCE 1894

4413 RAVENSWOOD AVENUE
CHICAGO, ILLINOIS 60640



Money Tight?

you've got thousands right under your nose

SELF INSURANCE generates cash flow. No advance premium payment required for primary losses. This cash is used only when necessary. Robert F. Coleman, Inc. will outline a self insurance plan that will make your money work for you—for a change!

For consultation and complete service have your Insurance Broker or Insurance Manager contact

ROBERT F. COLEMAN, INC.

- Workmen's Compensation ● Public Liability
- Accident Control Specialists since 1923

Send for our informative brochure outlining this timely and vital insurance plan.
120 East 23rd St. • New York, N.Y. 10010 • Telephone: 777-4210

46 companies file suit in McCormick fire case

CHICAGO — Another suit against Fischbach & Moore Inc., New York, and its subsidiary, Fischbach & Moore Electrical Contracting Inc., Chicago, has been filed in circuit court here, asking almost \$800,000 in damages as a result of the 1967 McCormick Place fire.

The suit was filed by 46 companies that were exhibitors at the National Housewares Show in the huge exhibition center when it was destroyed. It alleges that the electrical company improperly, and in violation of fire prevention laws, installed temporary wiring for the exhibits and the fire was a result of the company's actions.

Two other suits, still pending, were brought by 12 exhibitors in one action and five insurance companies in another. The first actor asks for \$10 million and the subrogation suit requests \$9,398,532.

AS IN THE two previous suits, the latest one cites alleged violations of the National Electrical Safety Code, part of the Illinois Rules and Regulations for Fire

Prevention and Safety.

At the time of the original suit, W. P. Gutekanst, president of Fischbach & Moore, issued a statement that said in part: "We will vigorously oppose this suit since we are convinced that any charges against us cannot be supported." A spokesman for the company reiterated the stand that "we're not liable for any damages at all."

The company spokesman declined to say any more than that Fischbach & Moore is insured with "several layers" of coverage for liability.

Insurance industry sources told *Business Insurance* that, at the time when the original suit was filed by 12 exhibitors, negotiations with the electrical contractor for a settlement had broken down. ■

Keats joins McKinsey

Stephen M. Keats has joined McKinsey & Co., Chicago, as an associate. Mr. Keats was formerly with Towers, Perrin, Forster & Crosby.

List McCormick Place major insurance

CHICAGO—The Metropolitan Fair and Exposition Authority has a builders risk policy with a \$72 million aggregate limit underwritten by Factory Insurance Assn. and the Kemper Insurance Group for the new McCormick Place. The coverage has a \$10,000 deductible, but Continental Insurance Cos. has agreed to write a primary cover of \$9,000 for the same risk.

Continental also underwrites the wrap-up coverage for the huge new exhibition hall, which has a \$20,000 million aggregate limit. The same insurer paid \$6 million on the fire loss of the original McCormick Place, which involved six other primary carriers.

The wrap-up coverage includes protection against personal injury, as well as employer's liability and property damage. Other coverages include excavation, collapse and underground risks, completed operations for three years after owner's acceptance, blanket contractual liability and longshoremen's and harborworkers' risks.

The original cost estimate for the new McCormick Place was \$80 million; however, revised estimates are that the building will cost \$94.5 million.

Close to \$8 million is said to have been allocated to safety and fire prevention, which includes a \$1.5 million computer installation that will detect temperature and other environmental changes inside the building.

What's an Echidna, anyway?

Not to be mistaken for a popular Mexican dish, it's actually a spiny anteater that's very much at home in New Guinea.

Provident too is very much at home with all the technical language common to group insurance. And during the 70 years we have been writing group business we have also acquired a unique ability to provide contracts that sell — from the common or garden variety to the most complicated new coverages.

Insurance brokers who recommend Provident know this, and their clients love them for it.

Are you getting your share of the kind of help you need to move easily into big time group writing?

Provident has it.

May we please tell you about it?

Group Department

Chattanooga

Provident
LIFE AND ACCIDENT

FAIR has 50% support

WASHINGTON—Contrary to predictions that the FAIR plan program for providing property insurance to inner-city areas was on the verge of going completely under for lack of state support, 24 states, the District of Columbia and Puerto Rico now have active FAIR plans that promise to remain active—exactly half of the 52 jurisdictions eligible for the program.

Under the provisions of the riot reinsurance bill that established the FAIR plan program, FAIR plans could operate through August 1 of this year without state legislative action to set up a state layer of insurance protection. And, 31 states, D.C. and Puerto Rico did.

For a while, however, it looked as though only about 12 of these 33 jurisdictions would get the necessary state action to continue the plans, thus putting the entire program in serious jeopardy.

BUT A LAST minute push found only seven of the 33 actually failing to get state legislative support of their plans. Four of these still have a chance.

Of the 26 still very much in the program, 20 have enacted the necessary state layer, three have such legislation pending with passage anticipated and three did not have state legislative sessions this year so are exempt from the August 1 cutoff.

Jurisdictions that have adopted the state layer are: Conn., Del., Wash. D.C., Ill., Ind., Ia., Kan., Md., Mass., Mich., Minn., Mo., N.J., N.M., N.Y., N.C., Pa., Puerto Rico, R.I., and Wash. ■

Giles on the law**Lowly coffee pot causes \$6,000 liability award**By JOHN W. GILES
Attorney-at-law

WASHINGTON—The familiar coffee pot has not escaped the impact of the doctrine of products liability.

The plaintiff sought to recover damages for severe burns he sustained when a 1½ year old ceramic coffee pot broke while his wife was serving him a cup of coffee.

The jury gave him \$6,000 for the cup he did not get. On appeal the court found the verdict proper. There was sufficient evidence of a defect in the coffee pot.

The failure of the pot occurred when a small crack on the inside of the top part of the ceramic bowl spread through a substantial portion of the coffee pot. The initial crack was caused when the pot was bumped slightly against a faucet while the pot was being filled. The court said that a pot which cannot withstand this kind of bumping is defective. (*Toth v. Corning Glass Works*, Ct. of Appeals, Sixth Circuit June 5, 1969.)

* * *

AS YOU KNOW, people are suing for almost everything today.

The latest is a suit against a bank for injuries sustained by tripping over the leash of a seeing-eye dog belonging to a blind customer who was standing in line at the teller's window.

Fortunately, the appellate division in New York denied liability. Said the court, it was not reasonably foreseeable that the bank, by allowing a blind woman to enter its premises, accompanied by a seeing-eye dog, would create a dangerous situation, if the lady was not accompanied by a security guard.

Surely it was not reasonably foreseeable that a normally sighted patron of the bank would fall over the leash of a seeing-eye dog quietly standing at its owner's side. We should hope so. (*Morris v. Troy Savings Bank*, N.Y. Sup. Ct. Appt. Div., Third Dept. May 23, 1969.)

* * *

A CASE to be heard in the October term of the Supreme Court is *Thorne v. Aetna Life Insurance Co.*

In that case the seventh circuit court of appeals held that there was no interim insurance under a so-called "binding receipt" that provided effective coverage from the date of medical examination, if the insurer was satisfied that on that date the applicant was insurable.

Evidence of the applicant's insurability was not available, since he refused to undergo the medical examination upon which the insurer was to determine his insurability. The agent of the insurer had repeatedly advised the applicant and the applicant understood that he had no coverage until he took his medical examination. (Supreme Ct. Docket No. 1478.)

* * *

SURVEYORS apparently need adequate insurance protection.

The surveyor service made an inaccurate survey of a lot for a building. The purchaser depended on the survey when he purchased the land and the house which was built upon it.

representation of said survey and location."

The Illinois supreme court, in holding the surveyor liable to the purchaser of the property, said, "The surveyor might reasonably have foreseen that the plat would subsequently be relied upon by a third party in connection with the financing and purchase of the surveyed property. The potential liability of requiring the surveyor to respond in damages is not overwhelming, for the class of persons who might foreseeably use this plat is rather narrowly limited to those who deal with the surveyed property as purchasers or lenders. (Ill. Sup. Ct. *Rozny v. Marnul* 5/28/69.)

* * *

ARE YOUR valuables locked in a locked compartment in your safe? Your policy may so provide, and in the event of a loss, you

may not be paid.

In a recent case unknown persons burglarized the plaintiff's department store. They broke into a locked safe and took approximately \$40,000 in money and securities and caused \$650 damage to the premises. The insurer denied coverage, because of an alleged violation of the policy which required that while the premises were not open for business, the insurance was limited to property contained in a specifically described locked safe.

This was the box described in the policy. The court denied recovery, saying that the endorsement requirement on the policy was quite conspicuous and the terms thereof clearly stated the safe warranty. (*Jefferson Realty of South Dade, Inc. v. Fidelity & Deposit Co. of Maryland*, U.S. Ct. of Appeals, 5th Circuit, May 1, 1969.)

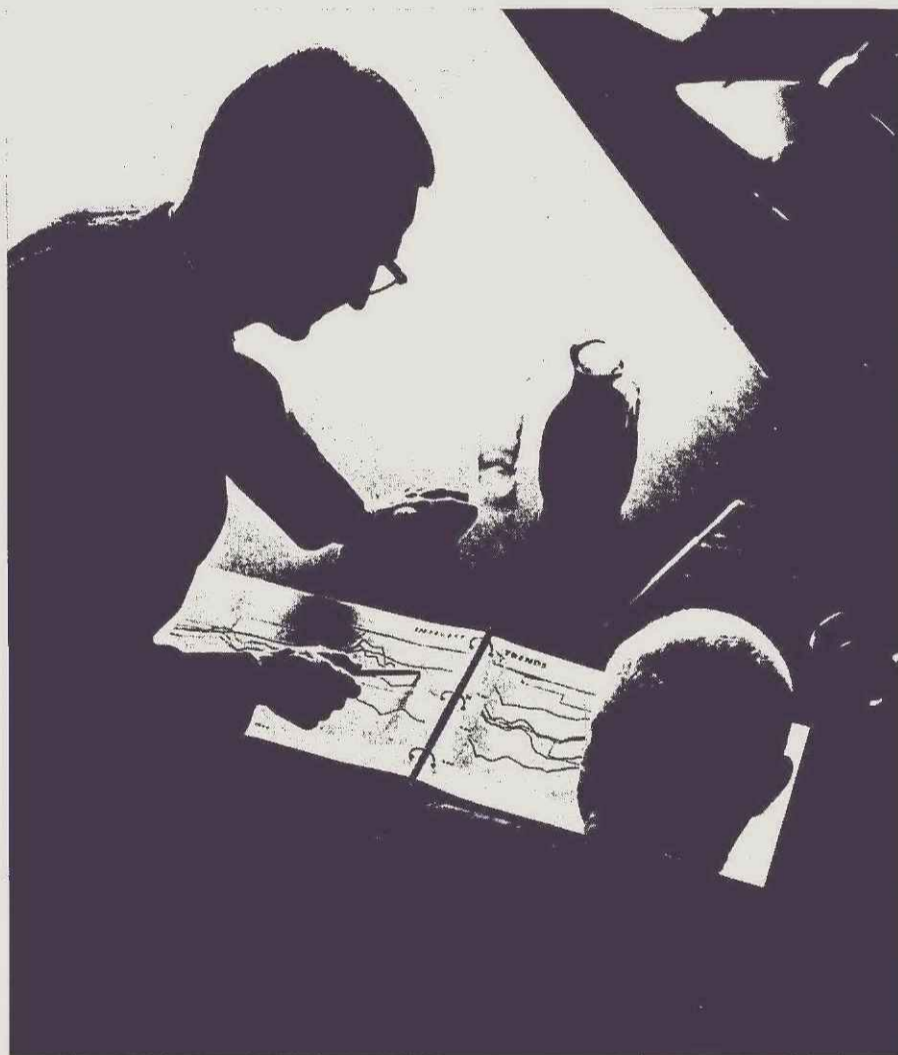
* * *

IF YOU ARE playing golf and the rains descend, your first impulse is to seek shelter under a tree. That is exactly what the plaintiff did in this case, but unfortunately, the tree was struck by lightning and he was injured. He sued the country club, which had a policy that agreed to pay the club all reasonable expenses for accidents occurring to club members on the premises of the club.

The term "accident" was not defined in the policy and injury by lightning was not excluded. The insurance company denied liability, claiming that this was not an accident. The company also claimed that the claimant for medical expenses was participating in a sport, and such activities are excluded from coverage.

But the Arkansas court allowed recovery saying that the game was over when the golfer was

Continued on page 34



**Multi-Gard is for
the firm that
wants to keep all
its working capital
working...**

You've been paying for your different forms of business insurance in advance.

But we've got a new extended-pay plan that spreads your business insurance costs over many, many months, if you so desire.

Most important, we combine all your business insurance — workmen's compensation, liability, truck fleet, whatever your business needs — in one Multi-Gard package of policies that saves you money.

With Multi-Gard there is no costly over-lapping insurance in some areas—lack of coverage in others . . . with different expiration dates that could leave you completely uncovered at a crucial time.

You're bound to have questions.

Call us.

We've got answers.

And more than half a century's experience, and solid growth, in the business lines field.



MICHIGAN MUTUAL Liability Company **INSURANCE**

Home Office: Mutual Building-Detroit, Michigan 48226

Regional Offices: Detroit, Grand Rapids, Indianapolis, New York, St. Louis, St. Petersburg

Says 'strict liability' kills safety incentive

WASHINGTON—A spokesman for the American Trucking Assns. said that a plan to impose "absolute liability" on commercial vehicle operators would destroy truckers' greatest impetus for safety.

Goley Sontheimer, an insurance and safety expert for ATA, told *Business Insurance* that the American Insurance Assn.'s proposal would destroy retrospective insurance rating plans that have made commercial vehicle operators responsible for their own accident losses.

Under the AIA "absolute liability" plan, commercial vehicle operators would be liable for all damage and injury inflicted in

collisions with private passenger cars.

Operators of commercial vehicles have generally rejected the AIA proposal, pointing out that in a vast majority of car-truck collisions the private passenger car driver is at fault. Some truckers have pointed out that the AIA plan would force fleet drivers to adopt new safety techniques keyed to "defensive driving."

MR. SONTHEIMER commented, "It's hard to see how AIA reaches the conclusion that commercial vehicles should be held absolutely liable. In fact, we find that there is dissension among AIA member companies, some of which do not

Hartford to meet

HARTFORD — Hartford Fire Insurance Co. will hold its special stockholders meeting—to consider a merger with International Telephone & Telegraph Corp.—on Oct. 14 here.

Board chairman-president Harry V. Williams, Hartford Fire, told *Business Insurance* that the meeting will be adjourned in October if the U.S. Justice Department's suit, brought in U.S. district court, New Haven, is not settled by that time.

agree with this approach."

At present, he went on, the only area in which absolute liability is imposed is in the use of nuclear energy under the Price-Anderson Act. "But this," Mr. Sontheimer pointed out, "is a calamity-type

coverage, not something dealing with ordinary and frequent road accidents."

The ATA spokesman said he did not believe that it will ultimately be possible to eliminate civil suits over auto accidents under the AIA's no-fault plan. He said general adoption of the plan is unlikely because a substantial number of state legislators throughout the country are lawyers who oppose adoption of the no-fault system.

AIA, which decided to back the no-fault plan in July of last year, reacted to criticism of its proposed system by recently suggesting to a Massachusetts auto insurance study commission that commercial vehicles be made absolutely liable for costs of accidents they have with private autos. Under this modification insurance costs would be divided more equitably between operators of commercial vehicles and private passenger car owners. ■

Giles . . .

Continued from page 34

injured and this was an accident under the policy. (*Glens Falls Group Ins. Co. v. Simpson*, Arkansas Supreme Court, April 14, 1969.)

* * *

CAN A LUMBER YARD be held to strict liability for a defective piece of two by four? This piece had so many knots in it that it broke in two under the weight of the plaintiff and he was injured.

The Illinois appellate court says that lumber is a product for the purposes of a products liability case. The strict liability of a retailer arises out of his integral role in the marketing enterprise and affords an additional incentive to safety.

It is a jury question as to whether the plaintiff's injuries were caused by a defect in the product or whether those injuries were caused by a misuse of the product. The plaintiff here had no prior carpentry experience.

Anyone with a slight knowledge of lumber knows that a heavily knotted piece may well not stand much strain. This is certainly a borderline case and we trust the jury could see the problem when it was sent back to them. (*Houseman v. Dawson & Co.* Ill. App. Court, Fourth District, Feb. 20, 1969.)

* * *

THE EARLY DEFINITION of "vandalism" was restricted by the courts to the destruction or spoiling of something venerable, artistic or beautiful.

The term "vandalism" as used in property insurance policies today ordinarily includes the destruction of property generally. Vandalism refers to such wilful, wanton and ruthless acts as are intended to damage or destroy the property insured.

A late case in the Kentucky court of appeals discusses the subject. The owner of an insured apartment building instituted an action against the insurer to recover for the theft by unknown persons of air conditioners which had been taken from the walls of the building after forcible entry of some of the apartments.

The policy contained a vandalism and malicious mischief endorsement, which restricted coverage to only wilful and malicious physical injury to or destruction of the insured property, and which exempted the insurer from liability from any loss or theft or larceny, except loss by wilful and malicious physical injury to or destruction of the insured building.

The trial court entered judgment for the insured for the amount of the loss. The court of appeals affirmed the judgment and held (1) that air conditioners were fixtures; (2) under the provisions of the policy, malice could be presumed from the unlawful act and it was not necessary to prove a particular personal animosity of the unknown predators against the building owner; (3) the purpose of the provision exempting the insurer from liability for loss by theft or larceny, except loss by wilful and malicious physical injury to or destruction of the insured building, was to recognize that injury to or destruction of the building was covered although occurring in connection with a burglary; and (4) the entire loss claimed in the case at bar was within the coverage of the vandalism malicious mischief endorsement of the policy. (*See State Automobile Mutual Insurance Co. v. E. T. Trantwein*, 414 S.W. 2nd 587.) ■



We won't leave you high and dry.

We've been firmly anchored in the insurance business for over half a century. And fully intend to stay that way.

You see, the "Mutual" part of our name has two meanings. One, as a mutual company we can't be bought, blended, federated or otherwise fiddled with. So you won't wake up some morning to find we've sailed off on the night tide.

The second meaning of "Mutual" affirms the obligation we have to you as a Utica policy holder. After all, we do chart plans together to meet your specific needs. And, backed by all our experience and facilities, these plans won't alter course one degree.

So breathe easy. When it comes to the matter of your protection, we'll never abandon ship.

INSURANCE THAT STARTS WITH YOU. **UTICA** MUTUAL

Camille mop up reveals diverse business losses

CHICAGO—Major insured losses from Hurricane Camille—uncovered in the mop up after the storm—indicate that in the stormy area commercial concerns ranging from railroads to oil companies took a beating, in one degree or another.

John J. Walsh, of Illinois Central Railroad Co., said that early reports of extensive damage to buildings along a 35-mile stretch of track from Wiggins, Miss., to Gulfport were overstated. Mr. Walsh contended that only a few roofs of the buildings were blown off during the storm.

Coverage for any loss that Illinois Central Railroad might suffer would be taken up by a wind damage policy underwritten by Lloyd's, which has a \$25,000 deductible, the Illinois Central insurance manager said.

The Louisville & Nashville Railroad's tracks between Pascagoula, Miss., and New Orleans were washed out by the storm for about a 20-mile stretch. Frank Burke, of L&N, said, "There is a question of whether the policy we have will cover the loss." A spokesman for Rollins-Burdick-Hunter Co., brokers for the L&N, would only say that "it is rare when a railroad has coverage for such a loss." Minimum estimated damages, according to the railroad, are \$2 million.

AN INSURANCE consultant contacted by *Business Insurance* observed that there is no reason why corporate insurance consumers with wind damage coverage should not be covered for hurricane losses, even if water caused a major portion of the damage. His reasoning was identical to that of insurance industry spokesmen, who contended that it is almost impossible to tell what is wind damage and what is water damage.

The Railroad Insurance Underwriters said that no losses have been reported to the RIU that were caused by Camille.

The OS-7 rig of the Reading Bates Off Shore Drilling Co. suffered damage when the derrick package tumbled into 240 feet of water. Recovery of the package is in question, according to a spokesman for the company. A Lloyd's cover, with a "sizeable deductible," is expected to pick up an estimated \$500,000 in damage, the source said.

In block 36, Kerr-McGee Corp. had one gas well in the water; in block 20, three wells were in the water, with one leaking oil. Damage was also suffered in block 47.

Kerr-McGee operates 67 oil completion wells and 29 gas wells in the area. The company spokesman said that no loss figures are available as yet.

A statement released to *Business Insurance* from Kerr-McGee said in part: "Kerr-McGee did not suffer any significant damage to its insured mobile drilling equipment, even though winds in that area [rig SO, block 92] were clocked at 172 miles an hour. The company is self-insured for damages to the oil and gas wells."

ANOTHER oil concern, Chevron Chemical Co., which is part of Standard Oil of Calif., was hit with significant loss. The company's treasurer, L. E. Grattan Jr., who flew with some 60 other technical advisors to the scene of Hurricane Camille's destruction, had not yet reported back any loss figures.

But first reports from the area were that tank batteries and processing facilities in the Pascagoula, Miss., area suffered flood damage, and major losses were also

suffered at Venice, Miss. Several other locations were struck with the hurricane's blows.

Coverage for any Chevron loss would be picked up by Lloyd's for all off-shore operations and domestic and British carriers for on-shore drilling operations.

A spokesman for Chevron said that no oil leaks were reported and that the company carries a "very high deductible"—\$5 million.

Getty Oil suffered losses on its on-shore production facilities and a marine terminal at Venice, Miss., according to Jack Peterson, who handles Getty's risks.

Mr. Peterson said that there is no estimate available as to losses. "We have a pretty good idea what the losses are," he said, "but I wouldn't want to prejudice the

negotiations with my underwriter."

The Oil Insurance Assn. is Getty's underwriter. Getty's coverage has "no appreciable deductible."

Insurance company losses from the Midwest area reported to *Business Insurance* include:

• **CNA:** Although no final loss estimates will be in for some time, CNA is heavily involved in commercial loss for the hurricane. In addition to a number of businesses, the insurer has coverage on a toll bridge in Bay St. Louis and a private school. A spokesman for the company indicated that hotel and motel losses may be very high, as the area hit by Camille is of a resort nature and CNA is deeply involved in these risks.

• **Employers Insurance of Wausau** reported that it will suffer

about \$200,000 on commercial losses and about \$50,000 on personal lines. A spokesman for the insurer said, "A major loss sustained by Employers Insurance of Wausau in Hurricane Camille involved a single insured for whom we covered 58 locations in a four-state area: Louisiana, Mississippi, Alabama and Florida. Of these locations, 24 were in Mississippi, where we incurred a loss of \$150,000."

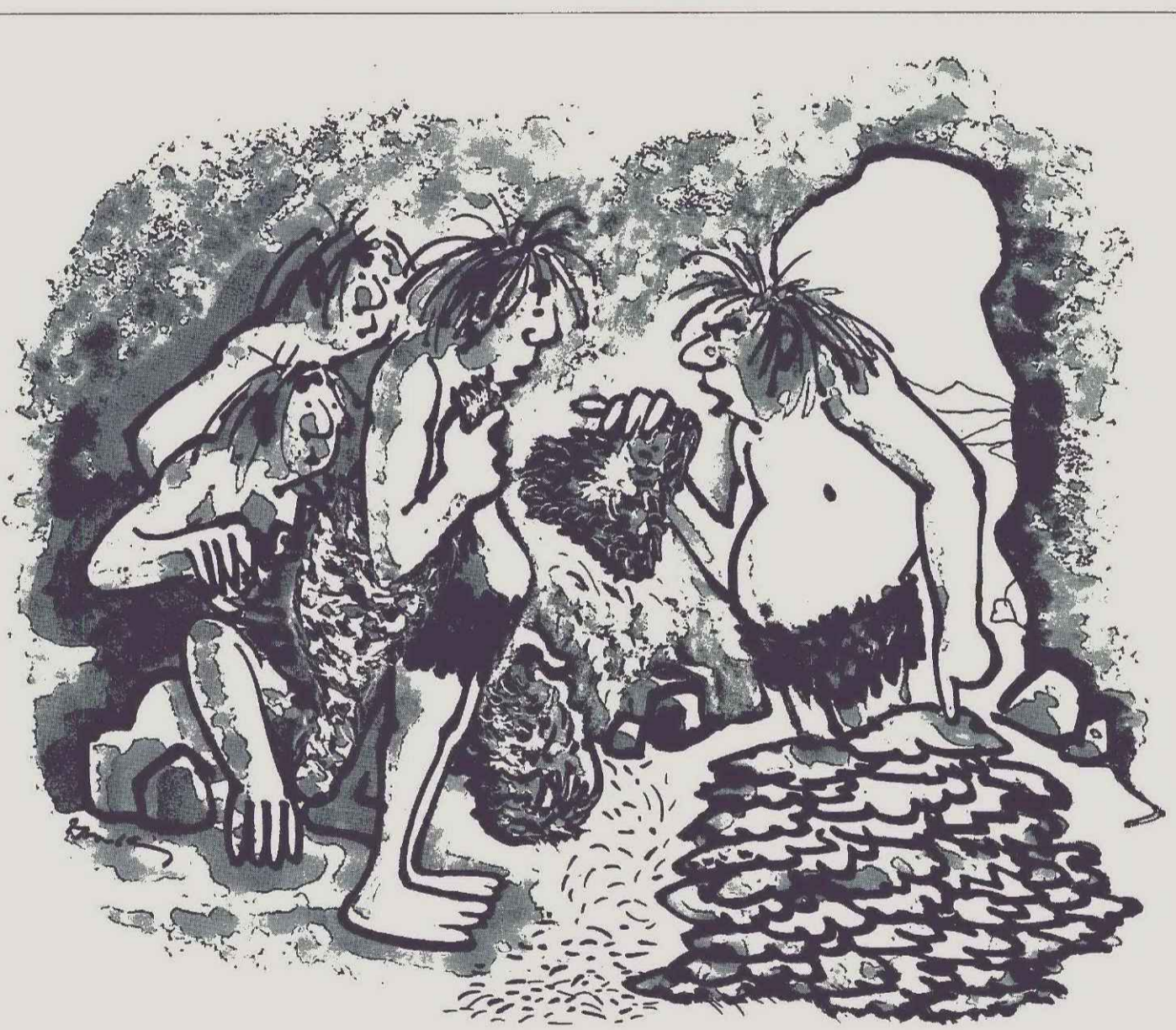
• **Kemper Insurance** spokesmen said that the company will suffer about 1,950 losses on its personal lines with a total cost of about \$2 million. This figure excludes any personal auto losses the company may incur, a spokesman said. Commercial losses for Kemper are expected to number about 50 to 100, with no total loss estimate as

yet available.

• **The St. Paul Companies** reported about \$2.3 million in losses.

Ed Nillson, supervisor of insurance and finance for Walgreen Drug Stores, reported that all was well at the drug chains Biloxi, Miss., store, which is housed in a shopping center that suffered only minor damage to its roof. The Walgreen executive said that the water in the store was quickly cleaned up by the store manager and that orders for prescriptions were being filled the day after Camille sweep through the area.

A source at Amsted Industries Inc. said that one of the company's locations in Mississippi suffered minor damage but that no exact estimate of the loss or insurance details were yet available.



"10 dozen shedding loincloths...I'm ruined. You better have Checkmate Excess Liability."

And so should you. If your company is successful, it's a target for possible business-wrecking liability judgments.

Today's affluence, the inflation in our economy, and the propensity for juries to award inordinate amounts for negligence makes American General's Checkmate Excess Liability coverage a business necessity.

Business Checkmate supplements your existing basic policies by up to one million dollars at low cost. Or you can extend this coverage beyond the million dollar mark

if you wish, at equally low rates. Business Checkmate offers local and world wide Advertising Liability protection; Employer's Liability; Comprehensive General Liability; Products Liability; and Automobile Liability (once minimum, required, basic limits are exhausted).

For eloquent proof that without a Business Checkmate policy, your business success can be easily and quickly jeopardized, pick up your daily paper. Then contact one of the "Yes Men" at American General.

American General Companies

Baltimore, Maryland • Houston, Texas
Protection and Growth through Creative Insurance.



Maryland Casualty Company • American General Insurance Company • American General Life Insurance Company • American General Life Insurance Company of Delaware • American General Life Insurance Company of Oklahoma Assurance Company of America • Hawaiian Life Insurance Company, Ltd. • Life and Casualty Insurance Company of Tennessee • Maine Bonding and Casualty Company • Maryland American General Insurance Company • National Standard Insurance Company • Northern Insurance Company of New York • Patriot Life Insurance Company



Courts place more responsibility upon users of heavy equipment

DALLAS—Courts seem "a little more ready" to place a part of the responsibility for injury on the user of heavy equipment and relieve "to a certain extent" the responsibility of the manufacturer, an American Bar Assn. meeting here was told.

But, warned Attorney William V. Gough of Rochester, N.Y., in home situations "the majority of the courts are very willing to make the sufficiency of instructions and warnings a question of fact for the jury even when on their face they appear adequate and clear—but fail however to make specific reference to the type of accident or use which occurred.

"To put it another way," said

Mr. Gough, "the courts are leaving to the jury the question of whether the product under the condition of sale is safe for use in and around the home."

PRODUCTS LIABILITY cases arising out of the home contain "as a general ingredient," Mr. Gough said, "the responsibility of the manufacturer to realize the many persons who will come into contact and use under varying conditions a given product. It may be a grandmother, a 10-year-old boy or an average adult. The need for proper instructions, warning and labeling places a heavy burden on the manufacturer."

This, he said, is contrasted with the usual product liability situa-

tion involving a car or a larger piece of equipment "where the person injured is usually better acquainted with the limitations of the equipment he is using.

"On the other hand there is a large number of products in the home where the user only has a casual knowledge of the proper method of operation and the materials used in the equipment. In many instances the person using or wearing the item has no concept of potential for harm.

He said the three areas where liability is normally claimed are inadequate warnings and instructions, improper design and negligent construction. But Mr. Gough said recent court decisions have expanded areas of liability.

One decision, involving General Motors, held that the product must not only be designed for the purpose for which it was intended but also for unintended uses if they are foreseeable.

In the GM case the court held that cars would be involved in collisions, and that the maker should design the vehicle not only for its intended use—as a means of transportation—but also to provide safe transportation.

Mr. Gough said a decision in New York abolishing intrafamily immunity will also affect home-type product liability cases. The elimination of intrafamily immunity will create the situation that when children are injured in a home there may be a claim against the manufacturer and against the parents in regard to supervision or improper instruction in the use of the equipment—and especially the claim that the equipment is too advanced for the child, he explained.

Ask unemployment pay guidelines

WASHINGTON—An AFL-CIO spokesman has called for an end to the experience rating system now used to set employer-contributions for unemployment insurance and the establishment of a Federal minimum standard for unemployment insurance benefits and eligibility as the key to good protection for workers and their families.

Bert Seidman, director of the department of Social Security for the AFL-CIO, warned "it is futile for the President to rely on the states" to improve unemployment compensation.

Mr. Seidman recalled that President Eisenhower appealed to the states in 1954 to raise jobless insurance benefits to 50% of wage level. The states "completely disregarded" that appeal, he said, adding that by the "end of the Eisenhower Administration, the percentage of wages covered by unemployment insurance was lower than it was in 1954.

"We see no reason whatsoever to think that President Nixon will have any greater success," Mr. Seidman asserted.

The real effect of the experience rating system, the AFL-CIO administrator said, is that employers push hard in state legislatures for "harsh and unreasonable disqualification provisions."

Mr. Seidman held that the lack of Federal minimum benefit standards has let the states compete for new industry with cheap, restrictive unemployment insurance programs.

a silly millisecond
FASTER

Get the most protection from fire when it's on or how fast it's on. Safety First fire extinguishing system.

Safety First's exclusive automatic system puts the fire out while other systems are ready to operate. And fire's not ready to operate.

Safety First industrial systems are the only ones FMV approved to protect larger buildings. And other dry chemical systems. Greater coverage, greater security.

Safety First restaurant systems are the only ones to provide total protection for all commercial cooking hazards. Includes all appliances, ranges, range tops, hoods, and chimneys. No one else will give you this coverage.

Safety First is seconds faster—and years ahead of any other system.

Send for your free Fire Protector Manual today.



SAFETY FIRST
PRODUCTS CORPORATION • CLEVELAND, OHIO

Cotter lifts Conn. license of Globe

HARTFORD—Connecticut insurance commissioner William R. Cotter has revoked the Connecticut license of the Globe Life Insurance Co. of Chicago, contending that the firm had been allowing itself to be used as a front for a company not licensed to do business in Connecticut.

(Connecticut state statutes prohibit licensed companies to solicit or transact business for unlicensed companies.)

Mr. Cotter said he found that Globe had entered in these kinds of agreements with the American Family Life Assurance Co. of Columbus, part of the American Family Cancer Plan Inc.—a company not licensed in Connecticut.

Specifically, the unlawful agreement was to collect premiums, adjust losses as well as to process, approve and issue checks in payment of claims and expenses and maintain all records associated with such business.

Globe, wholly owned by Swift & Co., was licensed to do business in all states except New York, prior to the Cotter revocation. It has assets in excess of \$42 million, with some \$918 million of life insurance in force throughout the U.S.

Names board members

California Insurance Commissioner Richards D. Barger has appointed members of the Governing Board of the California Insurance Guarantee Assn., which will be created by a new insolvency bill the legislature adopted and sent to Gov. Ronald Reagan for signature.

AMA considers prepaid insurance for patients under medical care

NEW YORK—A unit of the American Medical Assn. is preparing to start talks with the insurance industry about setting up a form of prepaid protection for patients injured in the course of medical treatment.

If the AMA house of delegates concurs, the board of trustees said it intends to initiate discussions

Alaska held liable in auto accident

ANCHORAGE—The supreme court of Alaska has taken exception to the common law rule that precludes recovery against one joint wrongdoer if another has been released from liability—even if the releasing document purports to expressly reserve rights against other wrongdoers.

In the case of *Young vs. Alaska*, the state's highest court has refused to release the State of Alaska and a construction company.

The company and the state were sued, along with the driver of a car by a passenger who was injured when the driver lost control. A year later the passenger released the driver in settlement of \$3,000, but did not mention the construction company or the state.

NOTING THAT the common law rule had been considered necessary because only wrongdoers who had acted in concert could be joined and there was "but one cause of action," which any release could extinguish, the Alaskan court said that "dissatisfaction with the common law rule has been the catalyst which has led many jurisdictions to adopt means of ameliorating its impact.

"We are convinced," said Justice Rabinowitz, writing for the unanimous court, "that the common law release rule should not be adopted in Alaska. . . .

"The rule which will bring most clarity to this area of ambiguous and conflicting release rules is one under which a release of one tortfeasor does not release other joint tortfeasors unless such tortfeasors are specially named in the release.

"We are of the further view that adoption of this rule will insure that the intent of the parties to the release is given effect and will greatly minimize the possibility of any party being misled as to the effect of the release." (Alaska supreme court: *Young vs. Alaska*.)

Deric . . .

Continued from page 31
cial planning service for corporations and their key employees.

The "kicker," as he called it, is what might come to be known as Deric College, "a place to train the money-planners of the future." There is no such place now. Programs Mr. Deric conducted for the American Management Assn. were perhaps the only such training ground.

Mr. Deric's duties with the AMA will be split among several persons, *Business Insurance* has learned. Richard Fahringer, manager of the finance division at AMA, will take on supervision of the insurance division. Working with him on insurance programs will be William Hyland, who will run risk management programs, and Malcolm Clough, who will deal with employe benefits.

with representatives of Blue Shield, Blue Cross, the American Hospital Assn., the insurance industry and others for this purpose.

The proposed action was part of the board of trustees' report on malpractice developments, in which it pointed out that malpractice insurance rates increased 10% to 50% in 20 states in 1968 and that some \$35 million will be paid out to satisfy malpractice claims originating last year.

THE REPORT stated: "Medical experts who have studied the problem report that the growing incidence of malpractice claims tends to reduce the quality and increase the cost of patient care.

"They believe that physicians are becoming wary of undertaking heroic, hazardous procedures which are medically justified, but which the legal climate discourages because of exposure to litigation if unsuccessful; that costly X-rays and laboratory tests are being made to confirm findings already known, simply for self-protection."

The board said facts "indisputably demonstrate" that the present system for compensating malpractice claimants is "unsatisfactory for all concerned.

"Its costs are excessively high in relation to the compensation finally received by claimants. Most important, the patient, the physician and the insurance car-

rier are forced into a time-consuming and costly legal gamble on the outcome of a trial which often has no bearing on the true merits of the patient's claim. A more efficient system for the protection of both patients and physicians is long overdue," the board contended.

THE AMA unit said there is "a broad need for the enactment of state legislation which will restore the traditional concept of requiring plaintiffs in malpractice suits to prove fault. The enactment of such legislation alone will not suffice if the courts continue to be motivated to shape the law out of sympathy for the economic needs of injured plaintiffs."

The AMA board recommended that state medical associations make efforts to gain enactment of malpractice legislation similar to measures introduced in California.

Those bills:

- Specify a one-year statute of

limitations applicable in all cases "except only upon proof of fraud or intentional concealment";

- Permit either party to demand that the issue of the running of the statute of limitations be separately tried before a trial on the merits;

- Require the filing of a \$500 cost bond in cases against physicians;

- Permit malpractice insurers and others to make advance payments to an injured person without admitting liability and with the right to offset such payments against any future award;

- Protect the proceedings and records of medical review committees of medical societies or hospital medical staffs from pretrial discovery or production in court.

The bills providing for advance payments, separate trial on the statute of limitations and providing for the confidentiality of medical review proceedings were enacted into law, the board said. ■

WE'VE UPPED OUR LIMITS

These are the new maximum benefits for Group Major Medical at New England Life:

1. \$50,000 standard limits for groups of 50 lives or more.
2. \$30,000 standard limits for groups of under 50 lives.

In selected cases even higher limits are available.

The new maximums can be made a part of any existing plan.

Now our healthy position in the group health field is even healthier.

New
England
Life

New England Mutual Life Insurance Company, 501 Boylston Street, Boston, Mass.

American Risk and Insurance Assn. hears about captives from some pros

CINCINNATI—Captive insurance companies are no longer the stepchildren of industry. They have grown up into big business and they are here to stay, the American Risk and Insurance Assn. was told by three spokesmen of major U. S. companies. All agreed that such insurance companies are workable in most industries, provided experts are in control and the risks are properly assessed.

Waller B. Smith, director of insurance for United Airlines, explained that large insurance premiums have forced his company to consider this form of self-insurance. He said the premiums are approaching 2% of income.

"In our business things don't

always happen in their logical order or mathematical sequence. We are in an industry where a \$15 million loss [plane crash] has to be the expected order of business," Mr. Smith observed.

"WITH PLANES coming up that will carry 400 passengers at a time, a crash could represent a total loss of \$100 million," Mr. Smith said.

United's plan calls for a captive insurance company owned by all the airlines but 50% of the business would go to a commercial firm that would set the rates.

Mr. Smith said the plan is still in the blueprint stage and would have to have government approval. Much, he said, depends on:

- How workable is the aca-

demie theory?

- Will the plan fill all the needs of the airlines or be too expensive?

- Can this plan be a cooperative venture?

CHARLES MARTIN, management consultant for Risk Engineering Services, said the criteria for establishing a captive company depend on the size of the parent firm.

He pointed out that minimum capital required would be \$250,000, but a more workable sum for larger companies would be between \$500,000 to \$1.5 million.

Mr. Martin said there are many reasons for such insurance including soil and water pollution risks;

special chemical problems in many plants; riots; criminal liability; and inventory shortages.

He explained that success of such a plan would depend on whether it could protect the company against a large loss as well as a number of small losses.

Bion Francis, manager of benefit planning, Colt Industries, explained how he set up a captive company for his firm and made it pay off.

"Even though we didn't intend it that way, the company ended up making a profit," he said. ■

Merger plans complete

Affiliation of Marsh & McLennan Inc. and Mann-Kline Inc., previously reported in *Business Insurance*, has been completed. L. Patton Kline will continue as president and chief executive officer of Mann-Kline, which will become a division of Marsh & McLennan.

Adjuster's conviction invalidated

PORTLAND, Ore.—The conviction last month of Albert E. Hunt Jr., 46, former fire adjuster for Farmers Insurance Group, for obtaining money by false pretenses in a \$500,000 insurance fraud, has been invalidated by circuit court judge Charles W. Redding.

Mr. Hunt had been accused of submitting a fraudulent proof of loss statement in connection with a 1968 warehouse fire.

During his trial, also before Judge Redding, the judge dismissed charges of second degree arson, conspiracy and destruction of property with intent to defraud an insurer.

IN SIGNING the order invalidating the jury conviction, Judge Redding ruled "the indictment against Hunt fails to state sufficient facts to constitute a crime and is lacking in specificity."

A deputy district attorney said Judge Redding's ruling would be appealed and that the state plans to seek re-indictment against Mr. Hunt if the Oregon supreme court upholds the invalidation.

The insurance fraud that led to Mr. Hunt's arrest originally named 14 persons in charges involving collusion of insurance company representatives and property owners, plus Evans Smith, president of Besco Construction Co., who has been convicted of a number of charges in the case. ■

Insurer settles suit

PORTLAND, Ore.—Investors Insurance Corp., a life insurance firm, has announced settlement of its lawsuit against former president Albert G. Ingalls.

The lawsuit was brought to rescind an agency contract with Mr. Ingalls, who also was a director, and to recover commissions paid under the contract amounting, with interest, to more than \$1 million. The defendant counter-claimed against the company to continue the contract and to recover commissions at a rate in excess of \$120,000 annually, it was reported.

UNDER TERMS of the settlement, the company acquired all of Mr. Ingalls's stock in the firm, about 11% of all outstanding shares, or 304,945 shares, at a price of \$1.10 per share. Payment for the shares is to be made in monthly installments over a 10-year period at 4% interest after a 30% cash down payment.

The agency contract was cancelled, and no further commissions are payable under it. The company will pay approximately \$800 per month for 10 years in full settlement of all claims. ■

ASIM . . .

Continued from page 29

In addition to Mr. Mortimer, Mr. Smith, Mr. McCahill and Mr. Stehr, ASIM representatives at the meeting included Clayton Carlson, Boise Cascade Corp.; Dan Gaitley, Chrysler Corp.; William B. Baxter, J. C. Penney Co.; Douglas L. Hail, the Pillsbury Co.; James Lang, Litton Industries, and Gary Munson, Minnesota Mining and Manufacturing Co.

Not all of the ASIM representatives buy insurance from Employers Insurance, as they were chosen by Mr. Mortimer for their ability to participate effectively in the first conference of its kind. ■

American International Underwriters
Writing Reinsurance Worldwide since 1920

AIU Offers

1. Experience in World Insurance Markets
2. Reinsurance professionalism with creative solutions to companies' reinsurance problems.
3. Dependability and durability by being established so long in so many countries.
4. Financial security.
5. Considerable reinsurance capacity.

American International Underwriters
102 Maiden Lane, New York, N. Y.
Telephone—(212) 344-9200
Cable Address: AMINTERSUR

John Gilbert, Manager Reinsurance Department

Japanese life insurer first to expand abroad

TOKYO—Kyoei Insurance, a Japanese company, will become the first Japanese life insurance company to expand overseas with the establishment, within the year, of a fully-owned subsidiary in Brazil.

Japan has long had a special relationship with Brazil, which has welcomed both immigrants and business investment. Some 600,000 Japanese-Brazilians, many in agriculture, have earned solid reputations as good, hard workers, and 880 of Japan's top companies have interests in Brazil. Kyoei will sell personal life policies to the immigrants and group policies to the Japanese companies.

Two non-life companies are already included in the Japanese business colony there. Tokyo Marine & Fire is present, through a contractual arrangement with a local company, Yorkshire. Yasuda Fire & Marine is partners in a company with Fuji Bank and local interests; Yasuda holding a 30% share, Fuji Bank 10% and local interests 60%.

AMONG THE Japanese companies are Hitachi, Toshiba, Matsushita Electric Industries, Mitsubishi Heavy Industries, Komatsu Seisakusho, Toyota Motor, two motion picture companies, and Mitsui & Co., C. Ito, Kanematsu-Gosho and Sumitomo Shoji, all general trading companies.

Kyoei is encouraged by signs of improvement in Brazil's inflation-ridden economy, and is investigating the possibility of purchasing a Brazilian company, in addition to providing its own inputs. The new company will be established in Sao Paulo, where there are 250,000 Japanese-Brazilians. Because of the Brazilian government's standing policy of favoring foreign investment, no hitches are anticipated.

Kyoei officials, just back from a study mission to Brazil, report that the government there increased the minimum capitalization of insurance companies in October 1967, with the deadline for conforming to the new requirements coming up this October.

Non-life companies are to be required to have a minimum capi-

talization of approximately \$97,000 and life companies double that. However, of Brazil's 170-odd insurance companies, many are still under-capitalized.

Because some companies are expected to find it difficult to increase their capital, this is considered an opportune time to purchase a Brazilian company. Kyoei will go in at the \$184,000 level.

Anticipated strategy calls for Kyoei, if it buys a local life insurance company, to favor concentrating on personal life policies for Japanese in the Sao Paulo region. If the company buys one of the 27 or 28 companies handling both non-life and life, it will drop the non-life business.

Berkeley pays dearly for riot cover

BERKELEY, Cal.—The city council here has finally voted, unanimously, to purchase riot insurance, in spite of its high cost and the vagueness of its definitions.

The city's former insurance policy underwritten by Zurich Insurance Co. with annual premiums of \$121,000, was cancelled Aug. 9 after the carrier had decided the city (home of University of California and the so-called 'People's Park') was "a pretty bad risk."

Robert Anderson, city attorney, told the seven-member council that the new policy, with annual premiums of \$139,000, had been obtained "only after Berkeley had been turned down by virtually every insurance carrier in the U. S."

The new policy issued by Mem-

bers Insurance Co., will pay up to \$25,000 on each claim rising from "an occurrence or incident" that results from civil disturbances.

The previous insurance policy had defined an "occurrence" as lasting one day (the People's Park difficulties continued for weeks with a considerable toll of broken windows and other property damage as well as gunshot wounds).

The new policy, Mr. Anderson explained, "will provide \$1 million insurance coverage against wrongful police actions, including shootings and unprovoked beatings. The old policy didn't cover this at all."

Mr. Anderson added that the company "still has to define for us just how long an occurrence might last to fit the policy term

but it will be our contention that the word incident be very tightly defined."

PREMIUMS, Mr. Anderson said, "may fluctuate considerably, depending on the number of claims to be filed on future troubles and on work actually performed by the insurance company."

The city attorney estimated that after three years the premium could increase by as much as 50% or drop by as much as 75%.

Berkeley also has excess coverage, with limits of \$500,000/\$1-million, that is placed with Employers Commercial Union.

Horace elected chairman

Banker Quintin V. Horace has been elected chairman of Reinsurance Corporation of Britain.

How to cushion the money crunch:

Let AFCO help you pay insurance premiums by installments.

Credit has never been so tight in the history of this country. (As if you didn't know.) But there's no tightness at AFCO.

AFCO's extra line of credit will help you free up working capital. AFCO will pay those heavyweight insurance premiums.

Then you repay AFCO in installments monthly. That's much easier to bear. So are our low interest rates.

Ask your insurance agent or broker for the simple details. You and your company will breathe more easily.



NEW YORK: 108 JOHN STREET, NEW YORK 10038
ATLANTA BALTIMORE BOSTON CHICAGO
EAST ORANGE KANSAS CITY LOS ANGELES
MIAMI NEW YORK SAN FRANCISCO SEATTLE

TOVALOP ...

Continued from page 16 of its safeguarding facilities.

Then the aim will be to get another 30% of tanker tonnage in the plan in the succeeding two years.

Plans for coordinating available technical information and recording methods of handling oil slicks as a research factor are in hand, and these will be distributed to all tanker owners who join TOVALOP.

Tanker owners who become signatories can establish their financial capability by membership of a Protection and Indemnity Club (which are popular in Britain and Scandinavia), or by membership of the new mutual insurance company ITIA Ltd. in Bermuda, or by satisfactory cover from an accepted insurance company.

Mr. Tripp, who was at Columbia Law School from 1932 to 1935, joined Standard Vacuum Oil Co. in 1944 as an attorney, and moved to its management side in 1950. Later he held executive posts in the Philippines, Japan and Britain, before becoming coordinator on Far East activities for Esso Standard in New York.

Trade cover

Continued from page 15 where the show is to be held. This would include damages caused by fire, flood, earthquakes or other causes, with the exception of nuclear warfare.

The cost of this coverage is \$3 per \$1,000 of insurance, and about half of all trade shows now carry a policy of this kind, Mr. Sklover said.

This policy can also be extended to cover cancellation for any reason—snow, riots, epidemics, strikes, blackouts—with the exception of the inability to raise the money to put on the show. The cost here is \$15 per \$1,000 of expected net income.

FINALLY, an all-risk umbrella policy, called the McCormick Filler for the Chicago disaster, insures the association and every

exhibitor for \$1 million property and \$1 million liability, with a \$250 deductible and a \$50,000 internal limit for each exhibitor. The policy also covers display merchandise while in storage and in transit to and from the convention hall.

Trade Show Consultants has handled shows exhibiting goods ranging from live poultry to Bill Blass men's fashions at exhibit centers from the New York Coliseum to Houston's Astro Hall and San Francisco's Fairmont Hotel.

There have been no show cancellations and no major losses in the first year and a half of the company's operations, Mr. Sklover reported. He noted, however, that a good record must be set against the \$1 million claim that could come at any time.

THE GREATEST number of claims have been for theft, but the company has never received a

claim for more than \$500 in this area, after the \$250 deductible. The company does not normally write policies on shows put on for the public, where the theft and pilferage level is higher, Mr. Sklover said, and most trade show exhibitors do not display items of extraordinary value.

But in at least one theft claim cash value was apparently the last thing the burglar considered. At a National Remodelers Assn. show at the N.Y. Coliseum, two plaster of paris Greek columns used as a decoration for the show disappeared from the exhibit area. The association collected \$400 on the claim.

Another trade show policy offered in the aftermath of Chicago's McCormick Place fire by Home Insurance through Canadian American Agencies to members of the Nat'l Assn. of Exhibition Managers did not fare so well.

Cabbie aids People's Park victims, gets cancellation

BERKELEY, Cal.—“Politics” or “poor mechanical condition”—one or the other—has caused cancellation of an insurance policy, putting Taxi Unlimited out of business here.

The five-car taxi company stopped running, according to its director Clive Matson, because Members Insurance Co. cancelled

the firm's insurance policy.

“The company objects to our politics,” Mr. Matson, said “and cancelled because our drivers had taken wounded People's Park victims to emergency hospitals last May 15.”

SPOKESMEN FOR the insurance company, on the other hand, contended that “a routine inspection of the vehicles showed that they were not up to our mechanical standards”.

Some 30 persons work as drivers and dispatchers for the taxi cooperative. All are now out of jobs because the seven-year old company pulled its cabs off the streets to comply with a city ordinance forbidding operation of uninsured taxicabs.

Mr. Matson said that organizers of the so-called People's Park here had wanted to hire the taxis last May 15 but were refused. Instead the company hired itself out to the Free Church as an emergency fleet to get the wounded to hospitals.

The People's Park dispute had boiled over into civil disorders that brought police enforcement officers into Berkeley in large numbers.

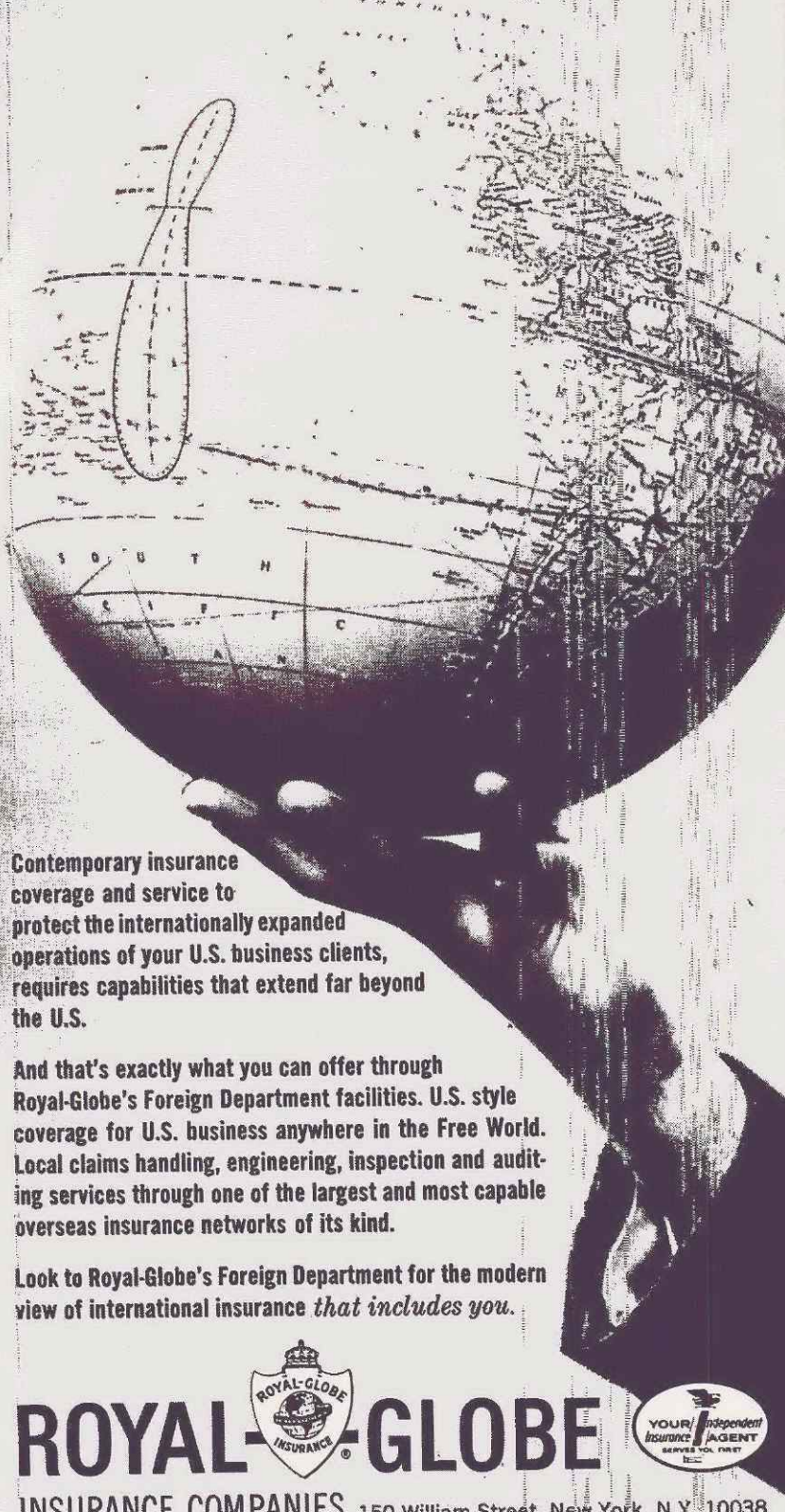
The insurance company denied the charge that politics had entered into the cancellation of the \$4,200-a-year policy.

In mid-August the same insurance company negotiated a new riot protection policy for the city of Berkeley after the prior policy underwritten by Zurich Insurance Co. had been cancelled because of “recent riot and civil disorder conditions.”

Rates hiked

Commercial vehicle rates have been increased in Alaska, as a result of a filing by the Insurance Rating Board. Other than collision, rates rose 24.8%. Collision was boosted by 3.4%; garage bodily injury by 10% and garage property damage by 5%.

PUTTING INTERNATIONAL CAPABILITIES AT YOUR FINGERTIPS



Contemporary insurance coverage and service to protect the internationally expanded operations of your U.S. business clients, requires capabilities that extend far beyond the U.S.

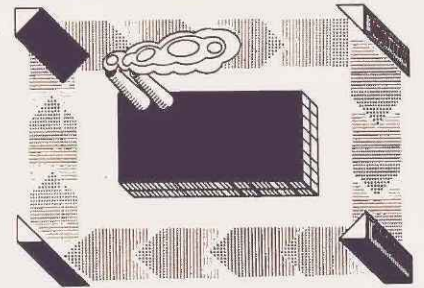
And that's exactly what you can offer through Royal-Globe's Foreign Department facilities. U.S. style coverage for U.S. business anywhere in the Free World. Local claims handling, engineering, inspection and auditing services through one of the largest and most capable overseas insurance networks of its kind.

Look to Royal-Globe's Foreign Department for the modern view of international insurance that includes you.

ROYAL-GLOBE INSURANCE COMPANIES 150 William Street, New York, N.Y. 10038



The Devenco Radar Fence:



The ultimate in perimeter security.

A development of Space Age technology, the Devenco System uses radar for the ultimate in security. Accurately beamed around an object or installation, it creates an invisible fence. Any intrusion interrupts the beam, thereby setting off an alert. The Devenco Radar Fence gives constant 24-hour protection, regardless of weather or situation.

Completely flexible, it can be installed permanently or transported for on-the-spot use.

The Radar Fence is typical of the broad range of Devenco Electronic Security Systems which can cut your costs by over 50%.

*patented

Research & Development Division
DEVENCO
INCORPORATED
150 Broadway, New York, N. Y. 10038

For further information, write today.

Name _____
Title _____
Company _____
Address _____
City _____
State _____ Zip _____



london line

BOAC crash speeds safety, fire protection at British airports

LONDON—Safety measures at some British airports are being overhauled so as to protect travelers on the new jumbo jet services when they begin world-wide operations. This step has been forced on airport controllers by concern over air safety which has developed in various sections of their work.

The most important has been a government probe into the crash of a BOAC Boeing 707 on its way to Zurich 16 months ago.

Airport fire services at London's Heathrow Airport are blamed for failing to give 100% response to the emergency call when the airliner burst into fire and crashed just after takeoff.

RESULTANT criticism has compelled the British Airports Authority to consider whether changes in the scale of fire cover at Heathrow may be necessary with the introduction of new and larger aircraft.

The government crash report officially blames the airport fire services because "their overall efficiency was seriously reduced by poor deployment of some fire appliances and by equipment failures."

They were only minor failures, but between them they led to delays which could be ill afforded at a major accident, such as a shortage of foam fire-fighting potential.

Many have already been corrected, and a special working party of experts has now been set up to review the whole problem without delay. Their proposals may apply to other British international airports, so as to ensure high standards of safety are maintained.

AT THE SAME time pilots using some of Britain's smaller airports are complaining of lack of air space because of private aircraft flying in their vicinities. Among them is Luton airport, 30 miles from London, which handles 12,000 flights every year for short-haul European vacationists. It is popular for hometown gliding experts as well, and pilots fear there may be a collision one day.

POST OFFICES in Britain may start selling over-the-counter insurance. The scheme will be confined to life policies at first, and will operate only at 23,000 small-town offices where the postmaster doubles up his job of selling stamps and other minor transactions with that of being a general storekeeper. But the project, which is entirely new in the history of Britain's postal services, could extend to other forms of insurance cover if it succeeds.

SCIENTISTS from the big chemical group Imperial Chemical Industries have discovered a new substance which may stop sea pollution through oil slicks from tankers.

They claim it is soluble in oil, but not in water, and that it forms a stable emulsion without harming marine life.

The detergent, which they call Dispersol O.S., has been re-

searched by chemists who hope it will be carried on board tankers for use if they are involved in mishaps at sea.

Laboratory tests in Britain show that it should be valuable in preventing beach pollution, including that caused by oil rigs, at many places in the world. Large-scale sea tests are now to be operated by British government scientists to assess the actual value, in both cost and efficiency, of the new compound.

INDUSTRIAL firms in Britain have spent more than \$800,000,000 in the past ten years on air pollution control. But experts appointed by the government to probe the situation estimate that this sum represents only 10% of the cost to the nation of the detrimental effects of pollution. A survey of ten major industries—electricity, cement, petroleum, gas, coke ovens, lime, ceramics, iron and steel,

non-ferrous metals, and chemicals—shows they were responsible for more than half the investment in anti-pollution equipment.

* * *

HI-JACKERS have created a new problem for Scotland Yard by their latest device in netting \$300,000 worth of banknotes from a London bank recently. The thieves wore dark-blue uniforms like those of a leading British security organization.

They held up guards provided by another reputable security firm, which was moving the cash from one bank to another when the robbery was staged.

Until police arrived, the British public watching the hi-jacking was utterly confused and thought it was a fight between two rival security teams.

* * *

INQUIRIES are being made to

find the cause of a fatal explosion in London's dockland, which led to its worst fire-brigade disaster since the wartime air-raid bombing blitzes.

The London Fire Brigade, which has a tremendous record for safety, lost five men at once in the catastrophe—more than at any one time in the past 25 years.

SAFETY EXPERTS are now trying to assess why a 20,000-ton tank of turpentine residue blew up suddenly when it was being demolished. The top had been cut away by oxy-acetylene burners to enable firemen to spray water into it after a minor fire had been extinguished.

A few minutes later it hurled the five firemen to their deaths. The explosion is thought to have occurred because fumes were ignited by another burner that was brought in to free a manhole cover.



Wiped Out?

In minutes your thriving plant could be the scene of real disaster. Are you prepared for such an occurrence? Arkwright-Boston specializes in loss prevention of industrial property. We know that accidents can be costly so we do our best to help you prevent

them. But mishaps still can occur. That's why we're here. Our business is to help you protect your profits. Put an Arkwright-Boston man on your team. Let him tell you about complete coverage. He can show you a program that's designed for your

business—protection against the unforeseen pitfalls of unexpected fire, explosion, breakdown. Call or write your Arkwright-Boston man today.

Arkwright-Boston Insurance

Executive offices: 225 Wyman St., Waltham, MA 02154
 Arkwright-Boston Manufacturers Mutual Insurance Company
 Mutual Boiler and Machinery Insurance Company
 Factory Mutual Insurance



Offices in major cities throughout the United States and Canada.



Insure your home at its proper value, then keep it that way with our new Replacement Cost Protector endorsement.* This protection automatically increases your insurance coverage every three months to keep pace with today's rising values.

For full details, consult your agent or broker.

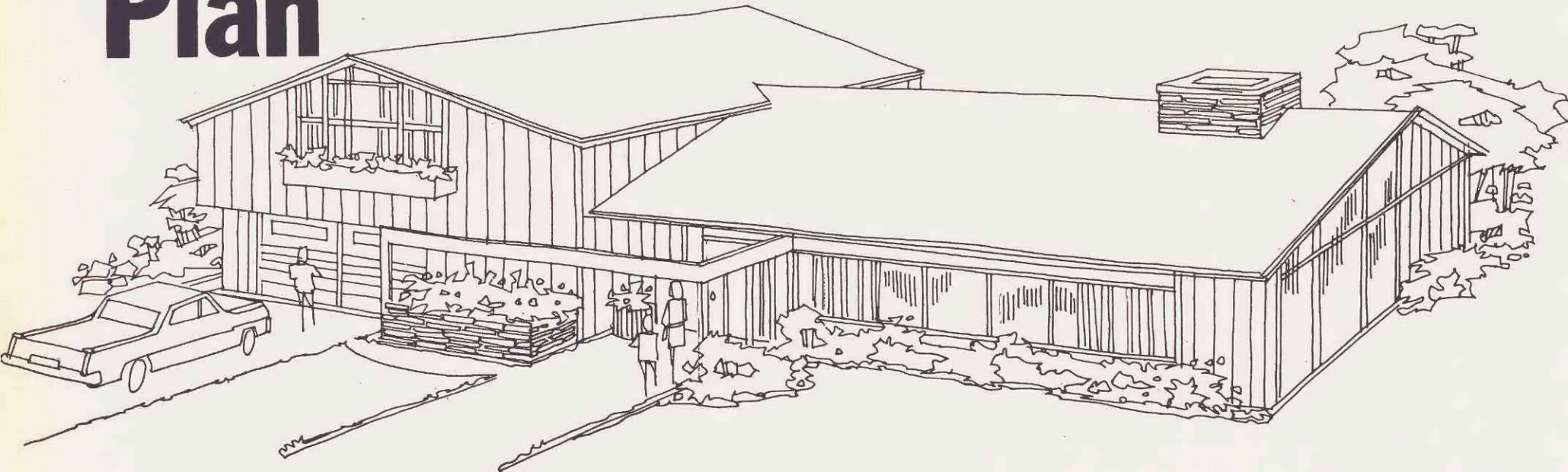
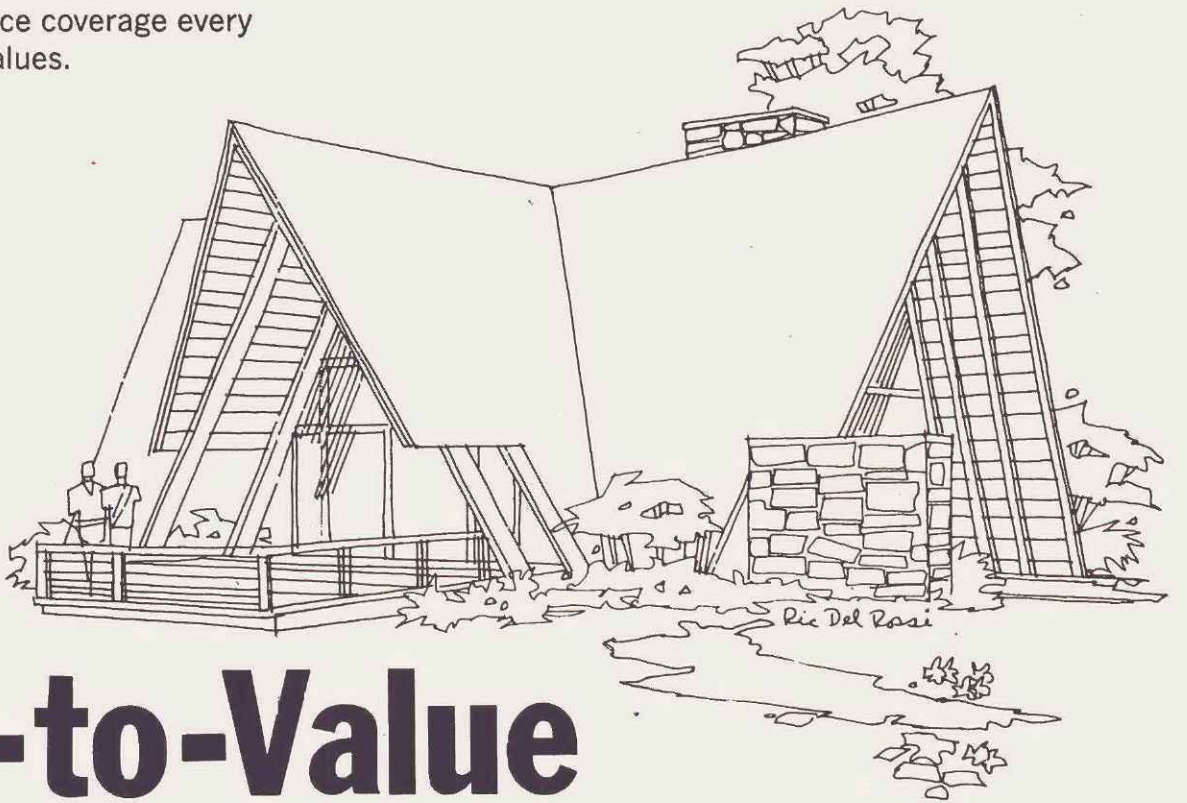
GREAT AMERICAN INSURANCE COMPANY

99 John Street, New York, N.Y. 10038

A National General Company

*Available in most states.

The Great American Insurance-to-Value Plan



business insurance/perspective

Blue Cross: The great mystery

by Charles F. Levinson,
insurance manager,
Port of New York Authority



Charles F. Levinson

Recent sharp rate increases by Blue Cross have caused all buyers of health insurance to question whether or not to continue their coverage with this organization.

The famous commercial "Does she or doesn't she? Only her hairdresser knows for sure" could be applied to the "phantom" discount off regular hospital charges that Blue Cross representatives say they are able to obtain. Theoretically then, whether on community rating or on a cost-plus basis, Blue Cross insurance costs should be less if the discount is both real and substantial.

Over the years, in certain areas, Blue Cross has been able to obtain a discount off the hospital bill amount that the patient without Blue Cross coverage would have had to pay. This was possible originally because with Blue Cross guaranteeing payment of certain necessary loading in the bill such as for credit losses and collection expenses were not needed.

IN ADDITION, depending on the area, Blue Cross refused to allow as a part of the daily charge such things as extraordinary depreciation or interest charges they

deemed excessive. Theoretically, every time a hospital wants to raise its room rate charges, Blue Cross is called in to examine the basis of the rate increase. This has been a very effective cost control tool because the most serious thing that Blue Cross can do is take a hospital off the list of approved institutions. Especially in areas such as New York and Cleveland where a major portion of the population insured has coverage with Blue Cross, use of the nonapproved hospitals would mean the patient charges ordinarily paid in full would only be partially covered by their Blue Cross insurance.

What causes the average buyer to question the validity of large discount claims is that many of the hospitals granting discounts on the original bill are able, at a later date, under Blue Cross formula, to have Blue Cross make supplemental payments to them on these same bills that may largely eliminate any discount. The advent of Medicare and Medicaid, with payments guaranteed to hospitals, has largely eliminated charity cases and credit losses that originally were, by Blue Cross standards, nonacceptable hospital costs. This, more or less, tends to equalize rates of Blue Cross and private health insurers who could never get the original discounts from the hospital.

J. DOUGLAS COLEMAN, president of

vary more than 15% above the norm.

Critics have seized on the size of that percentage of variation—and sizeable variations on per diem costs between comparable hospitals—to argue that Blue Cross subscribers are being forced to subsidize the institutions on a "cost plus" basis. That kind of framework, the argument goes, gives the hospitals no incentive whatever to sharpen their efficiency.

Blue Cross denies that is the case, but concedes that it has been careful not to impinge on management prerogatives. "Our position," George Godlett, vp for public relations, said the other day, "is that we're not in a position to direct doctors how to treat a patient."

Last year, New York Blue Cross paid out a total of \$355.8 million in hospital benefits. Blue Cross's own estimate of an average annual saving of \$4.2 million gives a discount of about 1.2%—which is not much of a saving since obviously there are expenses involved in their audit procedure.

ORIGINALLY, Blue Cross was free enterprise's answer to socialized medicine. Blue Cross was founded—and given tax exemption—on the premise that it would charge community rates and bill everyone at the same rate, regardless of whether he "is young or old, sick or healthy, where he lives, or what his job is."

'Medical costs are rising rapidly enough without adding to them a large profit factor . . .'

New York City area Blue Cross for the past ten years, claims they have saved their subscribers an annual average of \$4.2 million by penalizing member hospitals for greater than average annual expense. In general, Blue Cross checks on charges by grouping hospitals of a roughly comparable kind together and striking median costs for each group. It reimburses member hospitals on all eligible charges that do not

Legislators who feel that the trend away from community rating is out of phase with Blue Cross' public service function have argued that the organization should be stripped of its tax exemption.

Competitive pressures have caused Blue Cross to put more and more emphasis on experience rating. For one thing, it makes money on the low-risk groups that helps to offset some of the losses it has been taking

on community-rated groups. For another, experience rates are adjusted annually by negotiation, thus sparing the organization the need to go through rate hearings on coverage that now accounts for 47% of its business.

RATE INCREASE applications for Blue Cross in New York and elsewhere are applied for on an "approve this or we go broke" basis that I call the "scare" pattern Blue Cross employs to put itself in a certain position to make a sure profit. Almost always they have got at least a major portion of the requested increase. Regulatory authorities have been unable to resist the argument of the obvious fact that medical costs are rising.

If, in the past, the former rates were only barely adequate, obviously an increase is needed. However, the former rates in many cases could have been excessive at the time they were approved. An examination of the Blue Cross past experience, shows tremendous reserves for unpaid claims that it is using on the same basis as it shows the actual paid claims. Witness the reserve for unadjusted hospital charges that Blue Cross says it will have to pay.

The hot pursuit has also intensified demands for a Federally or state run universal system of health insurance. Unless hospital costs decelerate and there is a change in the velocity at which Blue Cross' rates have been rising, this insurance plan may not be able to survive in its present form.

THE BASIC IDEA of the Blue Cross plan is excellent and this organization has long been the acknowledged leader in the hospital cost control field. Yet, the same lack of intelligent handling of their problems in over-pricing their product in the area of over-65 customers that led to Federal intervention with Medicare in that field seems to be the same direction Blue Cross is leading us in regular hospital insurance.

Medical costs are rising rapidly enough without adding to them a large profit factor for its supervision.

I would like to see an abandonment of the "must guarantee a profit" attitude and a return to the "public service" organization principle. ■

Bailed property: Bailee has both a liability and an obligation to his customers

by William H. Rodda, president,
Marine Insurance Handbook, Inc.
Chicago, Illinois

Almost everyone who conducts a business has some property of others in his custody. This may be property of customers that is being serviced or repaired, or it may be property on consignment from suppliers. A bailee is someone who has the property of others in his custody. The bailee has a liability for the care of such property, and in many cases the bailee has

a business obligation that goes beyond his liability.

What is the liability of the appliance or furniture store, for example, for television sets and furniture that are in the store for service? What is the liability of the merchant for a new line of goods that has been sent to him on consignment to see whether it will sell? When does this liability become sufficiently important to justify insurance coverage? When does the obligation to the owner of the property become great enough to justify insurance for the

benefit of the property owner regardless of the bailee's liability?

A bailee is required by law to use ordinary care to prevent loss or damage to property which is in his custody. Ordinary care is something that varies with the circumstances. It has been the subject of much litigation. Ordinary care is that degree of care which a prudent man would give to his own property under like circumstances. It may be said that generally a bailee is liable to the owner of the property if the bailee is negligent.

THE ACTIONS OF a prudent man and what might be considered negligence can be illustrated by a comparison of the care which might be required for different kinds of property. It could be considered reasonable care, for example, for a checkroom to store a man's suit in a locked closet, but this would not be considered reasonable care for a suitcase which is known to contain \$100,000 worth of jewelry. The value of the property and the likelihood of its being stolen or otherwise

Continued on following page

perspective

Continued from preceding page
damaged must be taken into account in determining the degree of care.

A higher degree of care also is required of a bailee who is receiving some benefit from the bailment than of a bailee who is doing someone a favor. A gratuitous bailment such as the friendly care of a cat during a neighbor's vacation does not require the same degree of care that would be required of a kennel operator who performs this service for a fee. Good judgment is a necessary factor in determining the degree of care.

An important risk of loss that must be taken into account by a bailee is that of fire because of the large amount of loss that is possible. A bailee would be liable for a loss by fire if he were negligent in connection with the fire. He probably would be able to avoid liability if he could prove that he was not negligent in any way. The bailee's situation in case of loss is somewhat different from that of a person accused of crime. The bailee is not quite presumed to be innocent until proved guilty. There is a principle of *prima facie* evidence which almost holds the bailee guilty until he can prove his innocence.

The bailor (owner of the property) is said to make a *prima facie* case of negligence against the bailee by proving that the property was lost or damaged while it was in the custody of the bailee. This is not quite as harsh a doctrine as it might appear at first glance. Ordinarily the bailee is the only one who knows what happened to the property. He can rebut the *prima facie* case by proving that he was not negligent in connection with the loss.

IT IS IMPORTANT for a bailee to realize that he can extend his common law and statute law liability by contract or by other acts such as advertising. The television repairman may advertise, for example, that "we are responsible for all goods in our shop for repair." The simple statement in an advertisement or on a receipt that "all property is fully insured" may carry the obligation to have a very broad insurance coverage for the benefit of the customer.

Bailees such as repairmen or warehousemen sometimes try to avoid their bailee liability by putting disclaimers in their receipts or in notices on their premises. The courts in general do not look favorably upon any agreement which fully abrogates a bailee's liability for negligence. The one thing that will stand up in most cases is a restriction of liability to a declared amount. This is more likely to be considered valid if there is a different charge for coverage of the full value as compared to the charge for a lower value. This is comparable to the limitation on value which is put upon an express package unless a higher charge is paid for the higher valuation.

Processing and service businesses such as laundries, warehouses, and furriers who store their customers' garments, have large amounts of customers' goods in their custody. Several special types of insurance policies are available to fit such exposures to loss. The liability from loss of goods belonging to customers or suppliers is not so obvious to the retail merchant or to the manufacturer. A review of operations by any businessman probably will reveal some degree of exposure to loss because of his situation as a bailee. An evaluation of this loss potential is the first step toward protection.

The retail merchant who conducts any kind of a repair or service operation is a bailee and has customers' goods in his custody. The merchant should determine first what the maximum value in his custody might be. It might be that the value would be nominal, and that the loss in case of fire or other catastrophe could be absorbed as a business loss. It might not be worthwhile, for example, for a large furniture and appliance store to carry bailee insurance if the largest loss that could be anticipated would be a couple of color television sets. The question is whether the exposure in dollars is something that can be assumed as a business risk, or is the exposure large enough to justify the expense and trouble of insurance. In either case, the decision should be made deliberately after examination of loss exposure.



William H. Rodda

THE MERCHANT should not overlook his obligation to his suppliers if he has any goods on consignment, or otherwise in his custody. The values in this case may be even more substantial than the value of customers' property.

The merchant should also decide whether he wishes to assume an obligation beyond his liability. Warehousemen in many cases buy insurance only against loss from their liability for bailed property. In contrast service and processing operators such as laundries and dry cleaners generally buy insurance to cover the customers' loss as well. Insurance which also covers the interest of the customer is considerably

'The courts in general do not look favorably upon any agreement which fully abrogates a bailee's liability for negligence.'

more expensive than insurance which pays only when the insured is liable for the property.

Many contents insurance policies provide a degree of coverage for property which the insured holds as bailee. The new special multi-peril policy, for example, covers the business personal property of the insured, and also covers "similar property held by the insured and belonging in whole or in part to others for not exceeding the amount for which the insured is liable." This coverage should be examined from three viewpoints.

First, this coverage is only for the amount for which the insured is liable. It provides no protection for the owner of the property if the insured is not liable. It provides no protection, for example, if the insured's building burns down under circumstances under which the insured is not liable for the fire. But there is more than the question of bailee liability here. The insured may have assumed a liability for the property by contract or by some act which is tantamount to a contract. This policy as generally written does not exclude property for which the insured assumes a contractual liability. Therefore, the chances are that such a policy would cover the property of others for which the insured is liable as a bailee or under contract.

THIS SITUATION must be examined, secondly, to determine whether the insured should provide more than a mere liability coverage. Is there a business relationship with the owners of property which would make it good business for the insured to cover the owner's interest as well as his own liability? Should the insured provide what is known as a bailees-customers insurance which covers not only the insured's liability for loss of the property but also covers the interest of the property owner? This is the sort of coverage which is carried by laundries so that the laundries' customers will be paid by the insurance company whether the insured is liable or not.

The third question is whether this extension of coverage to property of others would make the amount of insurance inad-

equated to meet coinsurance requirements. This is best explained by an illustration. We will use for easy calculation a retail store that has a stock of merchandise worth \$100,000. The 80% coinsurance clause that is used in many mercantile insurance policies would require that insurance be maintained in the amount of \$80,000. The presence of \$20,000 worth of other people's goods on the insured's premises and for which he is liable would boost the coinsurance requirement to \$96,000. If the insurance coverage is only in the amount of \$80,000, the insured would collect only 80/96th of any loss. It is necessary to compare insurance coverage on other people's goods with the value of such goods. A coinsurance penalty is possible in the settlement of a loss if the amount of insurance is not sufficient to cover both the value of the insured's property and the value of other people's goods.

An insurance company may provide that the application of coverage to other people's property is at the option of the insured. Does this solve the problem of coinsurance? It may solve the problem but perhaps at the expense of good will if the amount of insurance under the policy is not sufficient to cover both the insured's own property and the property of others. Such an optional coverage on the property of others would allow the insured to apply coverage either to his own property or to the property of others. His choice between the two may be at the expense of good will if he does not have enough insurance to meet the coinsurance requirement when coverage is extended to the property of others. The lesson to be learned here is the necessity of getting enough insurance to cover both his own property and that of others if the insured wishes to cover the

property of others. This coverage for other people's property under regular insurance policies may be satisfactory if the property is never at the risk of the insured while away from his premises. The insured as a bailee may be responsible for the property while it is in transit, and in this case the regular insurance policy covering property on the insured's premises may not cover in transit.

THE VALUE OF other people's property in the custody of the insured, the nature of its exposure to loss, may dictate that the insured provide some special insurance protection. This is the case with merchants and service operations that handle large quantities of repair and servicing; it is the case with manufacturers that have goods of others in the course of manufacture; it is true of many processing operations. The question is whether to provide an insurance against the insured's liability only, or whether business conditions make it desirable to provide a bailees-customers type of coverage. Insurance may be secured on either a liability basis or on a bailees-customers basis. The customs in the insured's business and the practices of the insured's customers will determine what is advisable.

It has been pointed out that warehousemen generally protect themselves only against their possible loss from liability to their clients. This is reasonable because the cost would be prohibitive for a warehouseman to buy contents insurance on several millions of dollars worth of property which customers have stored in a warehouse. Customers of warehousemen must provide their own insurance if they wish to be covered. The customs of the laundry and dry cleaning business are different. It is the practice here for the operator to provide insurance for his customers. The laundry could not afford to omit this coverage because after the first loss he would lose his clientele if he did not have insurance for his customers' property. The custom of the insured's business, therefore, is a most important factor in determining whether to buy liability insurance or a bailees-customers' insurance.

Bailees-customers insurance may be

written to cover any exposure to which the businessman is subject. This does not mean that he will always find it easily available. Insurance markets tend to be tight in an area where little insurance of a kind is written. Insurance companies and agents are familiar with bailees-customers insurance for laundries and dry cleaners, but they are not as familiar with the same type of insurance for merchants and others where this field has not been explored as fully.

Bailees-customers insurance generally is written as an inland marine coverage. The perils which are covered by the policy are subject to negotiation between the company and the insured. Rates also are open and subject to negotiation. There are no filings by insurance rating bureaus for bailees-customers insurance. It is worthwhile to shop around for the best coverage and rate but it is important that the shopping be confined to insurance companies that are familiar with this type of insurance.

A company that is new to the field is likely to be in and out of it should the experience prove to be less favorable than it had hoped. The insurance company whose experience has become seasoned in this area is likely to provide coverages and to quote rates that may be expected to remain relatively stable. Perils generally covered for laundries and dry cleaners are fire, wind, explosion, riot, and the transportation hazards. Theft coverage is subject to negotiation depending upon the operations of the insured. The value of the bailees-customers policy is that coverage may be adjusted to fit the exposure of the insured to loss from his liability to customers or suppliers, and also to provide coverage for the other parties whose business consideration makes this desirable.

The important consideration is whether there is sufficient exposure to loss from the presence of other people's property in the custody of the insured to justify special insurance. When large values are present, the insurance coverage is cleaner for the insured and for others if there is special coverage for each group of property.

William H. Rodda, a CPCU and a member of Phi Beta Kappa, graduated with honors from Rutgers University. He is the president of Marine Insurance Handbook, Inc., which publishes the standard inland marine insurance rate book for agents. He is a consultant to companies in the multiple line insurance field. He is the author of several of the principal textbooks on insurance subjects.

The answer man

This feature is designed to give *Business Insurance* readers an opportunity to get answers to questions related to risk management and employee benefits administration. Ask the Answer Man about sources of information, a special problem in your company, a market for a particular line of insurance. You may wish to ask for information on an insurance carrier or on particular facets of an employee benefits program. Send your questions to the Answer Man, *Business Insurance*, 740 Rush St., Chicago, Ill. 60611.

Dear Answer Man:

Please advise me of the proper methods to employ in seeking a state license to establish a fire-auto-property insurance company.

Thank you for whatever help you may be able to give me.

Edward F. McFarlin

Chicago, Ill.

ANSWER MAN SAYS: Requirements for a state license are detailed in the State of Illinois Statute Code, Chapter 73, Articles 1-2, Section 613-647.1 with supplement requirements under Article 1, 1-35.1. The Illinois department of insurance advises that anyone interested in starting a company contact Don Weber, Fire and Casualty Department, Illinois Department of Insurance, State Capitol, Springfield, Ill.



The odds were against it.

We've heard it before. We'll hear it again. That's what they always say about freak accidents that swallow American Corporations: "The odds were against it." And they're usually right.

But being right doesn't pay for the catastrophe.

That's what CNA excess coverages are for—property and casualty protection that starts where primary coverages stop. High limit protection against the monster that can finish you.

CNA is uniquely willing to write such coverage. Because we're good at it.

We've been in this business a long time. We can recognize an unusual risk. Analyze it. And rate it. All with remarkable skill.

We've had experience writing both business umbrella policies, and huge excess manuscript policies unique to a specific corporation's needs.

a CNA insurance service

DEPT. 18WZ • 310 S. MICHIGAN AVE. • CHICAGO, ILL. 60604 • CONTINENTAL CASUALTY CO.
AMERICAN CASUALTY COMPANY • NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
TRANSCONTINENTAL INSURANCE COMPANY • TRANSPORTATION INSURANCE COMPANY
VALLEY FORGE INSURANCE COMPANY • VALLEY FORGE LIFE INSURANCE CO. • CNA
INVESTOR SERVICES, INCORPORATED • CNA FINANCIAL CORPORATION

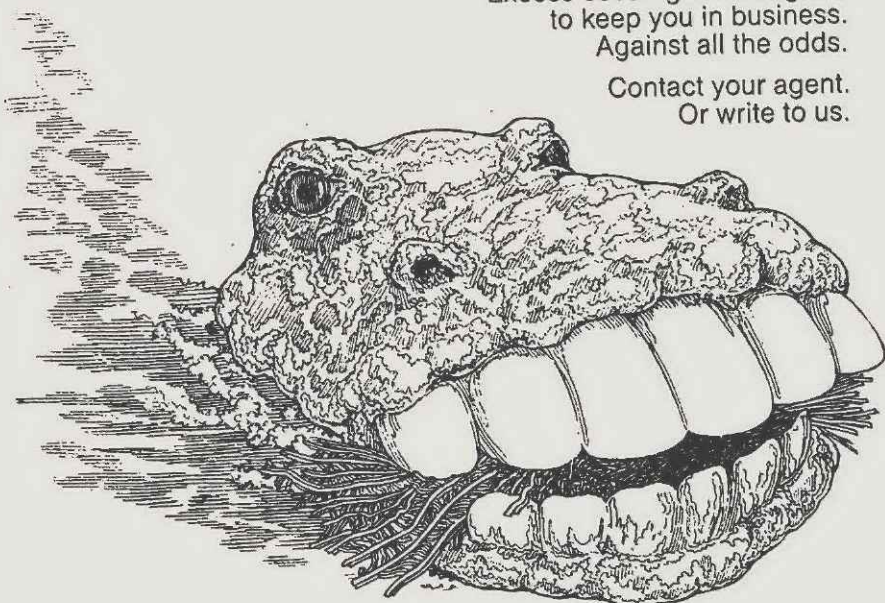
We're large enough to handle almost any need. Anytime.

But it takes more than brains and money to write excess coverage. It takes nerve. And CNA has it.

You can see it in all our insurance systems. It's just more obvious in excess coverage.

Most of our systems are designed to lower your cost of doing business. Excess coverage is designed to keep you in business. Against all the odds.

Contact your agent.
Or write to us.



Ask mandatory auto claim arbitration

CHICAGO—Mandatory arbitration of fleet and personal auto insurance claims may be all that is needed to mollify those suggesting no-fault auto accident reparations, according to the president of the International Assn. of Insurance Counsel.

"Insurance companies should stop trying to rewrite common

law to show a profit on their balance sheets and adopt something like the Philadelphia plan (arbitration of auto accident claims of less than \$3,000)," Gordon Close, IAIC president, told *Business Insurance*.

Both fleet and personal small auto accident claims should be handled by arbitration, Mr. Close

contended, because the public is satisfied with the present fault system, which makes wrongdoers pay for their improper driving. The real dissatisfaction with the present fault system, he said, comes from those highly populated areas where court congestion and delay are unreasonable.

"If this is the case," the IAIC

president concluded, "then perhaps we should not tinker with the fault concept when all that is required is to take small claims out of the courts and compel their adjudication by informal and summary arbitration proceedings. Either party can thereafter have a court trial, with a jury if requested, but the arbitrators' award would be admissible as evidence." Under the Philadelphia plan, it costs \$100 in fees to request a jury trial after arbitration.

The IAIC president observed that jurisdictions that have made the arbitration of small claims mandatory have eliminated whatever backlog of cases may have existed, and have relieved judges

for the prompt trials of serious cases. Mr. Close contended that in 18 months, Philadelphia went from a five-year wait to a 1½-year wait for auto adjudication of accident personal injury cases.

"Philadelphia has accomplished this," he said, "and I think this is the solution that should be tried on a mandatory basis in every locality, or at least where and whenever there is a delay of more than a year.

"Although lawyers in Alabama were ready to lynch me for what I said because they don't have the same problems there, this is a national problem and could be solved by arbitration," Mr. Close added.

The IAIC president also questioned whether any other approach to the reparation problem would be feasible, arguing that various interest groups could not draft a plan acceptable to all. ■

Couple must divvy up award with insurer

WILMINGTON, Del.—A couple whose house was wrecked in an explosion must pay back the insurer of their house out of funds they received from the gas firm responsible for the accident.

The home of Mr. and Mrs. John H. Phillips Jr. was destroyed and Mrs. Phillips was injured in a 1962 gas explosion. They ultimately obtained a superior court

judgment against the Delaware Power & Light Co. (now Delmarva Power & Light) for \$60,075.

Liberty Mutual Insurance Co., the utility company's insurer, sought to pay the amount, less \$18,000 paid the Phillips by its affiliate, Liberty Mutual Fire Insurance Co., under a fire policy.

The Phillips refused the offer and insisted on full payment. ■

Trade theft

Continued from page 15

Closed-circuit vehicle sensors are planned to monitor all traffic routes in and out of the building and report any trucks not properly checked in or out to a central security office, Mr. Lee said.

People sensors will be stationed in all corridors, particularly during the night time hours, Mr. Lee explained, and as workers and other people walk through the building their movements will be delineated by central security.

In addition, all doors will be equipped with electronic remote control devices that will relay a message to central control if any doors are opened without authori-

zation.

On the fire safety side, the building will be equipped with a smoke detector to report the presence of contaminated air in the vicinity of a fire to a management information system. The smoke detector would also automatically shut down the supply of fresh air to that area to choke out the fire immediately.

The building will be equipped with 20,000 sprinklers, as opposed to the 1,000 sprinklers in the old McCormick Place.

Another fire safety step involves the more efficient handling of refuse disposal. Rubbish accumulates by the pound and not by the hour, Mr. Lee noted, and the center plans extra housekeeping service during peak rubbish accumulation periods. ■



As basically British as a Buckingham Busby, Crown Life's London Group Office is *right there*—to solve the employee benefit plan problems of those companies having branches or subsidiaries in Great Britain.

Operating as *our* branch since 1961, the London office is thoroughly familiar with the complexities of the overseas operation (on the continent as well as the United Kingdom) and is fully staffed and equipped to meet your special needs in the field of group insurance and pension schemes.

With on-the-spot sales, administrative, claims and service facilities (plus direct communication with Home Office in Toronto), we offer a service unique to the group insurance industry.

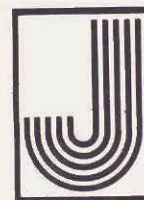
Your nearest Crown Life group office or agency will be happy to give you further information on this service—or you can contact our man in London directly: Douglas W. Johnstone, Crown Life Insurance Company, 130 Jermyn Street, London S.W. 1, telephone 01-839-5622.

CROWN LIFE

INSURANCE COMPANY/ESTABLISHED 1900/TORONTO, CANADA—SERVING INDEPENDENT AGENTS AND BROKERS IN 49 STATES, DISTRICT OF COLUMBIA, AND PUERTO RICO.

Insurance Survey, Audit,

& Advisory Services



Herbert L. Jamison & Co.

90 Park Avenue
New York, New York 10016
Area Code 212 — Oxford 7-6678

GE-Metro Life mark 50 years of group insurance

By CATHERINE GALITZINE

NEW YORK—General Electric Co. and Metropolitan Life Insurance Co. are celebrating the 50th anniversary of GE's group insurance plan.

It was in 1919 that a team of GE and Metropolitan experts worked out the details of the company's first group insurance plan. Metropolitan's group division had barely been three years in existence and it was the first time that a group plan was to cover such a large number of employees.

The plan actually went into effect Jan. 1, 1920 and provided only life insurance coverage. The plan today not only provides life and medical insurance but also accidental death and dismemberment coverage, weekly sickness and accident insurance and protection for more than 35,000 retired employees.

OVER 50 years the plan has paid active and retired employees and their families more than \$1 billion in benefits. In 1968 total benefit payments reached a record high of \$104 million, nearly \$7 million more than in any other year.

Originally, life insurance benefits were based on the number of years an employee had been with the company. Benefits ranged from \$500 for the first year up to \$1,500 for five years.

Under a concept developed in 1930 and still in use today, life insurance benefits are related to an employee's annual earnings and amount to twice his straight yearly salary. The same policy applies to every member of the company, whatever his rank or salary. In 1920 the life insurance plan provided an average of \$1,000 coverage for slightly less than 44,000 employees. The plan today provides

an average of \$16,000 for 325,000 active employees.

IN 1930 health insurance was introduced in some GE units and by 1950 the health plan had been extended to all employees. In 1955 GE was the first major U. S. employer to offer a comprehensive medical insurance plan. GE decided to let employees make their own choice between the basic plus extended medical plan and the new comprehensive approach. Two

booklets were printed, each describing one of the plans, and they were distributed throughout the company. The vote was overwhelmingly in favor of the new comprehensive medical plan.

The new plan was considered revolutionary because it adjusted automatically to the rise in the cost of living. For instance, prior to 1955 a GE employee was entitled to \$13 a day for hospital board. Because the rates for semi-private rooms today can range up to \$70

or more per day, this former room and board maximum would hardly be adequate.

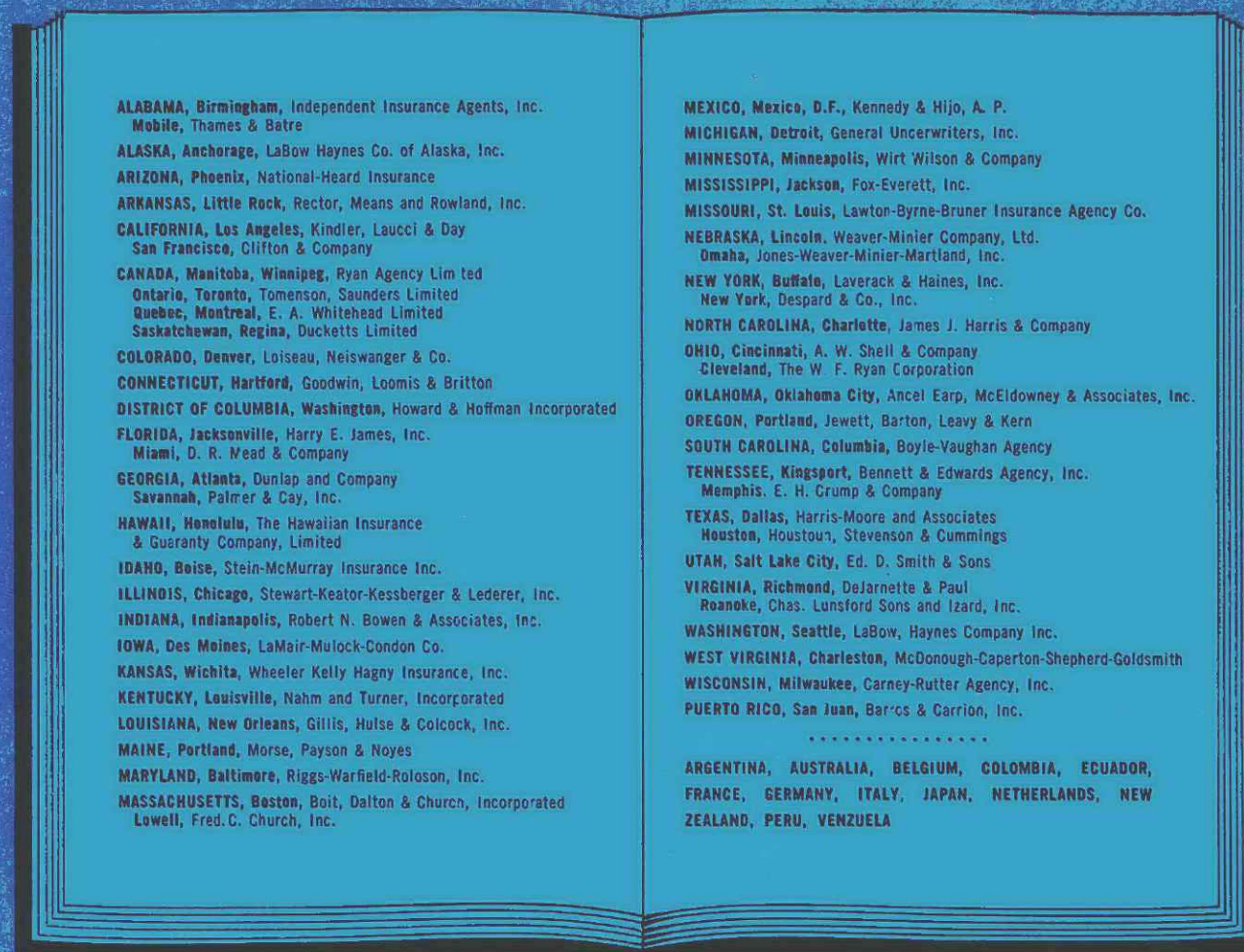
Under the comprehensive medical plan no fixed maximum is set; payment is adjusted according to the charge for a semi-private room.

GE's formerly numerous medical plans are now all grouped under the comprehensive medical expense insurance plan, which pays for substantially all necessary medical expenses, including drug prescriptions, dental surgery,

psychiatric treatment, artificial limbs and rental of therapeutic equipment such as an iron lung. Since 1966 maternity benefits are also part of the comprehensive plan.

From a maximum of \$15,000 in 1955, the comprehensive medical plan now provides up to \$100,000 for each individual covered under the plan, which thus far has proven to be more than adequate for the worst of situations, GE said.

what brokers should be listed in an insurance buyer's blue book?



brokers that can do more for you. members of the I. S. A.

If you are even mildly dissatisfied with your present insurance source consider this.

The firms listed above are the finest insurance brokers in their respective areas—bar none.

They are also members of Insurance Service Associates—the world's most knowledgeable network of independent insurance brokers.

Through this membership they can provide clients with on-the-spot insurance representation anywhere, any time. They can also aid in establishing

influential contacts, finding sources of marketing information—even help with language problems.

And they work hard! Those who insure through I.S.A. members get the attention they deserve. They also get broader protection and better rates. (I.S.A. has a combined purchasing power approaching \$250,000,000.00 in annual premiums.)

If this sounds interesting, talk to the member near you. Soon.

INSURANCE SERVICE ASSOCIATES



Hickel eases oil liability guidelines

WASHINGTON—The Interior Department has made a complete 180 degree reversal of its previous hard-line stand on the liability of off-shore drillers to third parties in a move that critics say highlights the effective political influence of the oil industry in Washington.

The move came in the form of a revision in amendments issued last February to the department's oil pollution regulations. The revision was prompted, according to Secretary Walter Hickel, to clear up "confusion as to the original intent and meaning" of the original amendments.

The revised amendments state simply that the lessee's liability to third parties, other than for cleaning up the pollutant, "shall be governed by applicable law."

THE ORIGINAL "confused" version stated that companies are responsible "without proof of fault" for the control and removal of the pollutant and for "the reparation of any damage, to whomsoever occurring."

The original amendments also stated that the control and removal of the pollutant "shall not relieve the lessee of responsibility for reparation of damages as provided herein." In the revised amendments the words "for the reparation of damages" are deleted from that sentence.

Safety inspection by comp insurer gets Minnesota high court review *Paper fires...*

ST. PAUL—The Minnesota supreme court has been asked to declare workmen's compensation insurers responsible if their negligence in safety inspections results in injury to an employe.

The case before the Minnesota court is that of Paul A. Sexton, who lost an arm in an accident at the Waldorf Paper Products Co. here in 1966. Mr. Sexton tried to sue Employers Insurance of Wausau in a district court. A judge granted a judgment, without trial, that the employe had no right to sue and Mr. Sexton had appealed the judgment.

It is the first time the question has been put before the Minnesota high court. About 20 state supreme courts have decided the

question, all but six of them ruling that workmen's compensation insurers cannot be sued in ordinary lawsuits.

IN ANOTHER workmen's comp development, the New Hampshire department of labor has decided that employes will be able to collect counsel fees and interest if an insurance company appeals a workmen's compensation decision made by the department—provided the employe prevails in the appeal to superior or supreme courts.

Robert M. Duvall, state commissioner of labor, said he thinks the new law will "be good for the workmen's compensation system," but added it is "too early" to tell

how costly it will be to insurance carriers.

Mr. Duvall said that the insurance companies have appealed many of the department decisions in the past—up to 60% some years—and that most of the cases were ultimately resolved by "a lump sum settlement." This will no longer be possible because of a prohibition on such settlements voted by the legislature.

As a result, the commissioner added, there may be "more pressure on" for appealing cases to the courts and if this happens the employe will now have the right to collect his counsel fees and the interest on his benefit payments for the time covered by the appeal. ■

Continued from page 1

tained only minor water damage. We were substantially back in production a week after the loss."

Mr. Kahlert explained that though Mead has a number of installations around the country that contain roll paper, no plant has the exposure pattern of the Atlanta site.

An FIA spokesman said that high-pile roll-paper facilities have been a continuing problem for insurers because many lack adequate fire protection installations. High expansion foam systems are sometimes recommended as supplements to conventional water sprinklers.

Insurers with information on the two fires said that they will make renewed efforts to educate policyholders not only about the importance of adequate fire protection installations and plant se-

curity but also about the importance of plant disaster planning and the responsiveness of available personnel to fire emergencies.

FIA INDICATED to *Business Insurance* that its rate structure is adequate to absorb the two losses, even if they should ultimately total nearly \$15 million. There will be no revision in the FIA rate schedule for roll-paper facilities, but underwriting requirements may become more stringent as applied to individual locations.

Louisiana state fire marshal's office investigators are looking into suspicious aspects of the fire that damaged the pulp plant of Jacksonville Paper Co. in Elizabeth, La. "We at first thought that the fire was caused by an electrical malfunction," said Collier McGehee, financial vp of the company, "but later a small fire, obviously set, caused officials to have second thoughts about the origin of the major fire that caused physical damage and business interruption losses approaching \$5 million."

Mr. McGehee said that "the fire overcame the plant's sprinkler system when firemen, who once had the blaze under control, had to shut off the electrical system. However, they did a fine job of keeping the fire away from our machine building."

Coverages on the property, all with FIA, included repair and replacement, use and occupancy, loss of profits and continuing expense, according to Mr. McGehee. Damage was done to beaters, digesters and refining equipment used in the pulp making process, but purchased pulp is already being put through the plant and engineers are developing rebuilding plans. ■

Govs back...

Continued from page 1

the statement asked the Federal government to set up a system requiring that health insurance be bought from private companies by payroll deductions contributed by employers and employees.

In effect, the plan would shift health care costs to workers, employers and the Medicaid and welfare systems, requiring no state contributions.

MEANWHILE, one of the country's most influential medical groups has begun studying the feasibility of a national health insurance program.

The American Hospital Assn., representing 7,000 of the nation's hospitals and extensive-care nursing homes, "is going to take a good, hard look" at such a national health insurance plan, the association's exec vp, Edwin L. Crosby, said.

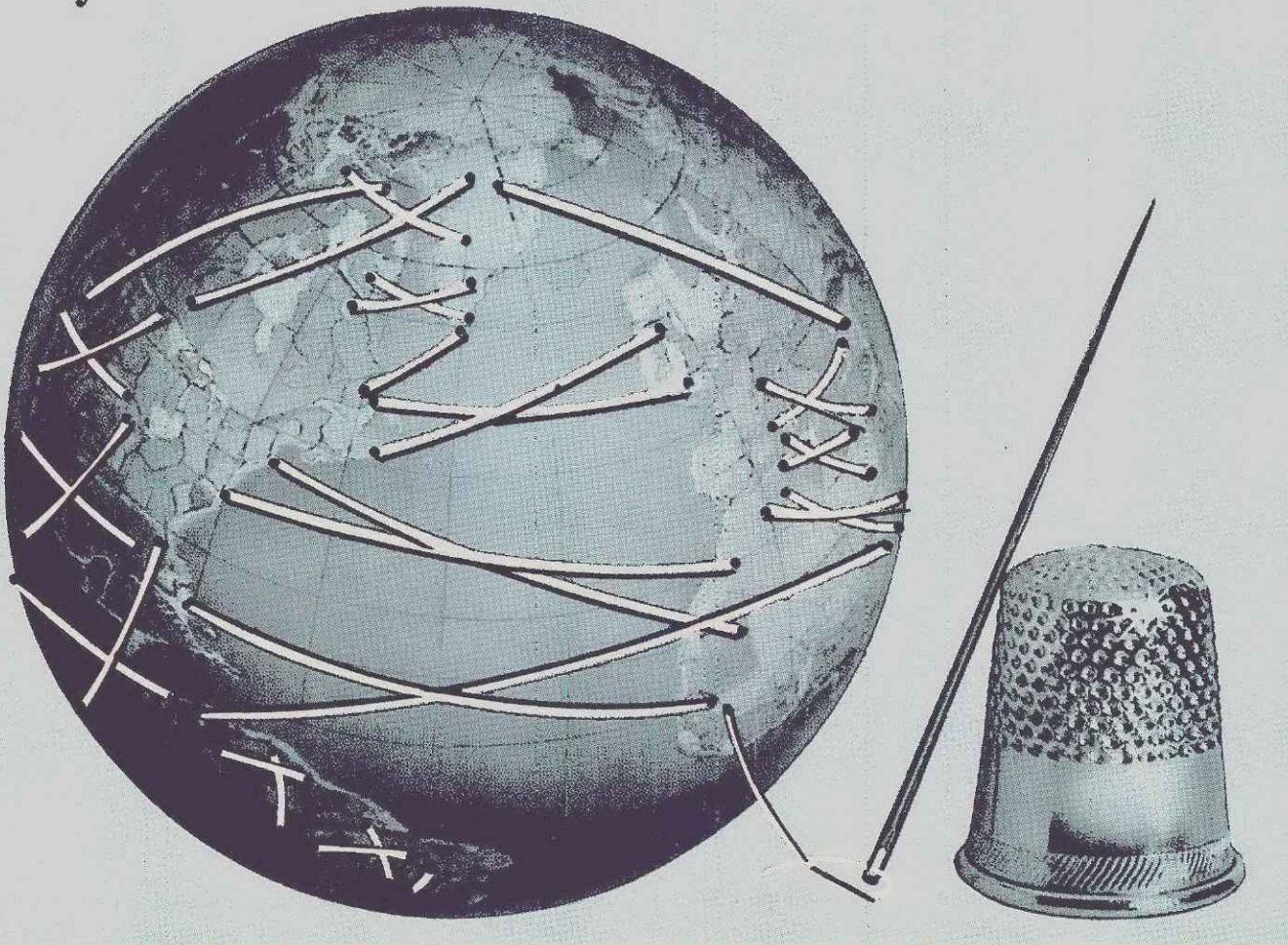
He added that the group has appointed an 18-member committee to study the organization and financing of a system and the potential value to it of a national health insurance program. Dr. Crosby said the group would report its findings in February.

"I don't know what recommendations could emerge from the study group's look at universal health insurance. It could be a Federal program (like Medicare and Medicaid), a private program (like Blue Cross and Blue Shield), or both," he said. ■

Combine elevator cover

Elevator liability insurance will be included in manufacturers and contractors liability and owners, landlords and tenants insurance policies, effective Nov. 1. The coverage is now bought separately for an additional premium. The proposed change—which the Insurance Rating Board said is aimed at simplifying rating procedures—applies to all except eight jurisdictions.

Here's how to tie together your International Risk Problems



If One Company Can Serve You Best Both Here And Abroad, Doesn't It Make Sense To Consolidate All Coverages—Domestic And Foreign—There?

If you can't answer YES to this question, you haven't investigated the international underwriting facilities at Chubb & Son Inc. which are designed to meet the new insurance demands of the multinational corporation. Think of the advantages created when global policies are combined into a centralized insurance program. Chubb's International Division is a large capacity market specializing in exactly such programs. Let us show your broker or agent the many benefits of using a single carrier for your coverage both here and abroad.



CHUBB & SON INC. UNDERWRITERS

Subsidiary of The Chubb Corporation, 90 John Street, New York, N.Y. 10038

MANAGER Federal Insurance Company • Vigilant Insurance Company • Great Northern Insurance Company • The Sea Insurance Company Limited • The London Assurance • Alliance Assurance Company Limited • Sun Insurance Office Limited • Affiliated with Pacific Indemnity Group through The Chubb Corporation • Life, Personal Health, Group Insurance, Pension and Profit Sharing Plans through The Colonial Life Insurance Company of America • Aviation Insurance through Associated Aviation Underwriters.

Lawyer warns pension trustees of performance zeal, trust charters

NEW YORK—Pension trustees imbued with a "performance" philosophy for their funds should beware of overstepping the provisions of their trust charters—lest they be held liable for claims of speculation.

This was the advice of Donald J. Christl, of the Milwaukee law firm of Reinhart, Boerner, Van Deuren & Norris, who told the National Foundation of Health, Welfare & Pension Plans' educational conference here that trustees should carefully note the investment provisions in the trust documents governing their actions.

Mr. Christl acknowledged that with apparently omnipresent inflation many trustees "feel a responsibility to participating employees to provide for potentially greater future benefits as well as a responsibility to participating employers to minimize costs."

BY INCREASING investment return 1% over 40 years, he not-

ed, trustees can reduce pension costs by 20%, increase benefits 25% or achieve a compromise between both.

Mr. Christl maintained that in probably no other area do pension trustees "so obviously and directly exercise fiduciary responsibility as in the selection of investments and, consequently, they should be particularly sensitive to the governing legal principles."

Some trust documents, explained Mr. Christl, contain specific restrictions on the investments purchased by trustees, and many documents incorporate, either explicitly or implicitly, the so-called "prudent man" rule, which has been adopted as trust law by the

courts and legislatures of most states.

Mr. Christl said that trustees must apply the "prudent man" rule differently than did trustees of a generation or two ago. "The most recent judicial decisions recognized the appropriateness of investing a significant portion of trust assets in common stock with the intention of achieving capital appreciation."

HE SAID THAT although courts have discussed such purchases in light of offsetting inflation, the investments approved in several cases he cited appreciated at a rate "far exceeding" the rate of inflation and at a rate appro-

priate to truly growth stock.

"A logical extension of the 'prudent man' rule to employ benefit trusts logically must allow the investment of a significant portion of their assets in common stock for the purpose of growth without necessarily considering current income," stated Mr. Christl.

He added that for plans operating in accordance with trust documents specifying a more restrictive investment policy, trustees may not follow the "prudent man" rule without amendment of the trust document.

MR. CHRISTL warned: "The danger exists that purchase of aggressive securities or seeking short term growth might expose trustees to claims of speculation and consequent liability for loss of value, if the governing document does not specifically authorize such investments."

Merely directing trustees to purchase investments "according to their best judgment and discretion" and to act "as the safety and interest of said trust fund may in their judgment require" is insufficient to free trustees of the "prudent man" restrictions, Mr. Christl asserted, because such language appeared in the Harvard College case—the original "prudent man" decision.

The Harvard decision, as written by Justice Samuel Putnam in 1830, stated: "all that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion."

"He is to observe how men of 'prudence,' 'discretion' and 'intelligence' manage their own affairs not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable safety of the capital invested."

This aerospace machinist is insured by Pacific Mutual Life.

And so are all the other IAM members in over 400 companies.

Planning group insurance for multi-employer negotiated trusts, unions, and associations is always a complex assignment. But one that PML welcomes.

The case in point is our plan for thousands of members of the International Association of Machinists and Aerospace Workers and their dependents.

These men and women work for over 400 different employers, all over the country.

For the trustees of the IAM National Health and Welfare Plan (representing both labor and management), we put together a package of life, accidental death, disability and medical insurance.

It provides the same level of benefits for employees wherever they work.

The package is flexible, offering seven basic plans with numerous options. PML offers to tailor a special plan for companies with more than 100 employees. Employers' contributions can be leveled for periods of one, two or three years.

Our computers enable us to cut the cost of insurance, speed claim service, and provide policyholders with quarterly management information reports identifying paid medical claims, utilization and trends.

Look into the advantages of service, cost and coverage available from PML. Whether you have ten employees or ten thousand, call your PML group insurance representative, agent or broker.

Pacific Mutual Life
The West's largest mutual life insurance company

Anesthetist held liable for injury

TORONTO, Ont.—Except on two minor points, the Ontario court of appeal rejected the appeal of a Toronto anesthetist and Toronto General Hospital, found liable November, 1967, for \$170,052 damages.

The accident left Elizabeth Aynsley, 39, a former Leaside housewife, with the mentality of a 7-year-old child when she suffered brain damage. Her heart-beat was temporarily stopped when air bubbles got in her bloodstream as she was being prepared for an operation to repair her heart.

The appeal court upheld Justice Donald Morand's finding of negligence against Dr. R. L. Matthews, an anesthetist on the hospital staff, and Dr. Robert Porteous, a British-trained anesthetist assisting the operation.

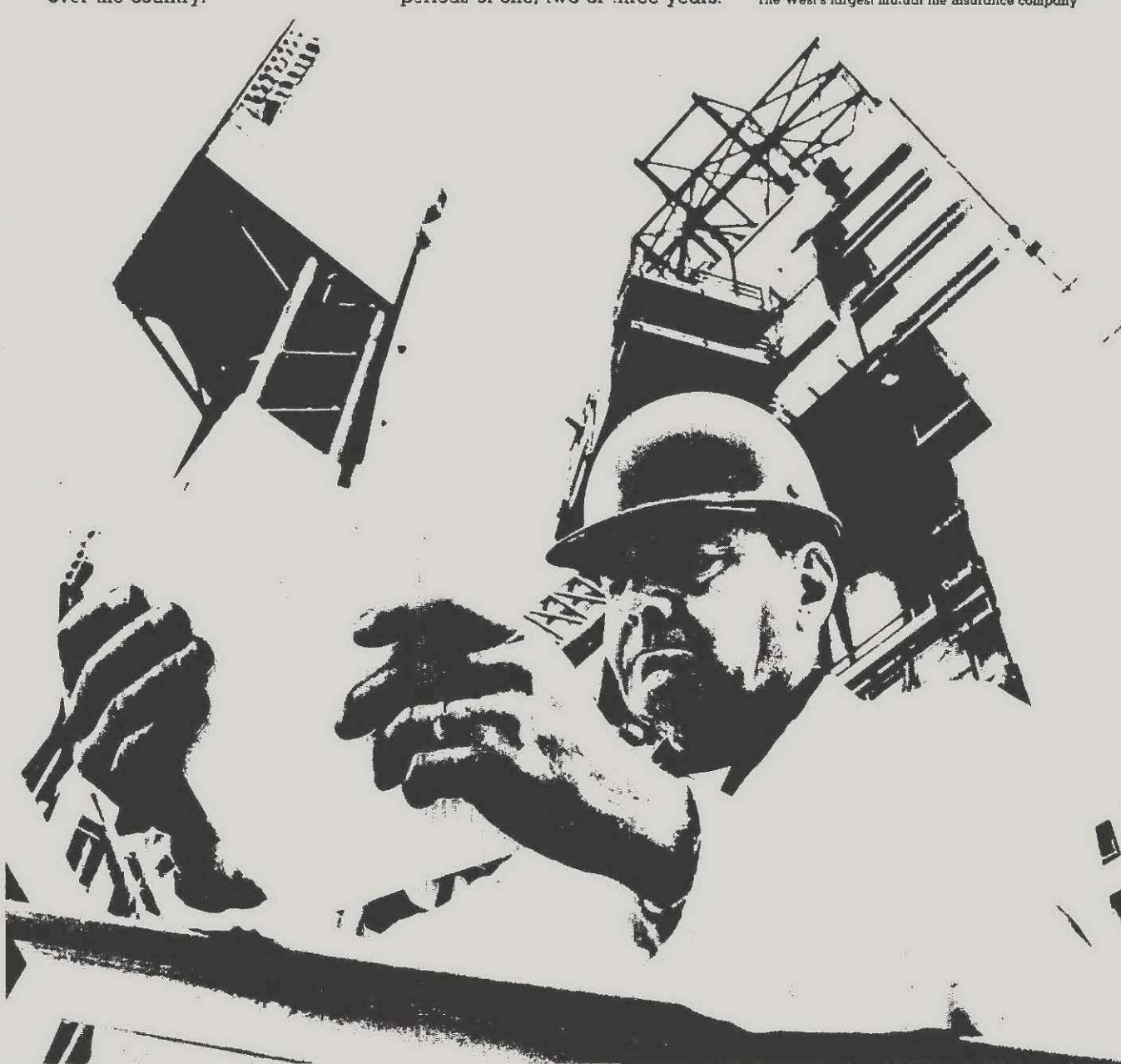
THE APPEAL court said there was no error by Justice Morand in holding the hospital responsible for Dr. Porteous' negligence, and that Dr. Matthews was 60% to blame and Dr. Porteous 40% at fault in the mishap.

However, the appeal court ruled that Justice Morand was too generous in awarding \$25,000 to Mrs. Aynsley's husband, Stuart, 40, for loss of her services and companionship. She is confined at Homewood Sanitarium at Guelph. The appeal court reduced that part of the award to \$15,000.

The court awarded Mr. Aynsley an additional \$4,059 for special damages which Justice Morand had not taken into consideration. Mr. Aynsley had been awarded \$42,352 special damages by the trial judge to cover medical expenses. The woman was awarded \$100,000 damages plus \$2,700 for loss of wages.

Conklin leads dealers

Richard Conklin, insurance manager for Felix Chevrolet Co., Downey, Cal., has been elected president of the 150-member Automobile Dealer Insurance Agents Assn. He succeeds James H. Willingham, insurance consultant for Salta Pontiac, Long Beach, who served as president during the organization of the group.



Penn Central skips fire payments, 7 Massachusetts towns contend

MIDDLEFIELD, Mass.—Officials of this and six other Western Massachusetts towns are awaiting word from the Penn Central Railroad on whether the road (which took over the New York, New Haven and Hartford Railroad) will make payment for fire damage traced to trains.

The possibility of court action—in the event of no answer from Penn Central—is considered remote by town officials, largely because of the calculated cost.

Penn Central has been scored at town officials' sessions for alleged failure to pay back claims for expenses incurred for fighting fires caused by trains and failure to prevent fires in the seven communities.

Selectmen, conservation commissioners and local and state fire officials were unanimous in their charges against the railroad.

The towns, in addition to Middlefield, are Chester, Becket, Russell, Montgomery, Huntington and West Springfield.

Forest Warden Charles E. Cook remarked that the towns have never been paid for fighting the fire that burned out of control in Becket and Middlefield last May.

HE SAID THAT the trainmaster in Springfield had to be notified to stop trains so that fire fighters and equipment could use the tracks.

Howard F. Pease Jr., of the Middlefield volunteer fire department,

said that men in the seven towns "are all sick and tired of fighting, at great personal risk."

The men have often been called off their jobs, losing pay, while they fought fires caused the railroad.

Becket fire chief Hubert Salvini commented that reports were filed after every fire and Becket had to take its claims to court to get payment.

Chester selectman Dominic Piergiovanni disclosed the town "hasn't been reimbursed by the railroad in years."

STATE CHIEF fire warden Howard D. Hurley said that the state has done more than its share

"and it'd be a great morale booster if the railroad would accept its responsibility and pay what it owes

to the towns."

He urged the railroad to patrol lines in fire hazard weather. ■

Funds . . .

Continued from page 30

rate retirement program. The IRS has recently promulgated a new regulation which allows an employee to make a voluntary contribution to his firm's pension (even if it's a noncontributory plan) of up to 10% of his pay for up to ten years as a lump sum, and Mr. Egner thinks the new ruling was made with mutual funds in mind.

"The problem with the 10% voluntary contribution is that plans must be able to account for individual contributions," Mr. Egner said. With mutual funds a company with 50,000 employees can put the 10% contributions into the fund "and buy as one and the fund will allocate individual shares. You get an equity investment with a tax shelter and no administrative burdens. The mutual fund also gives you immediate diversification of everybody's assets."

MR. EGENER predicted that another big area for mutual funds will be salary saving plans, and in anticipation of the stampede Scherl, Egner also has a prototype saving plan with the IRS. He said "a lot of people aren't aware" you can qualify a type saving plan"—meaning that

the plan is tax sheltered and that all investments can be made as one entitling participants to a discount. So if the plan is qualified, explained Mr. Egner, earnings compound free of current taxes. He said the IRS has just ruled that employees can contribute up to 16% of their pay into salary saving arrangements.

Mr. Egner said the Side Fund was up 4% in net assets from July, 1968, (when it started) to July, 1969, and down 4% from July, 1968, through the end of August of this year, which he said was better performance than most funds.

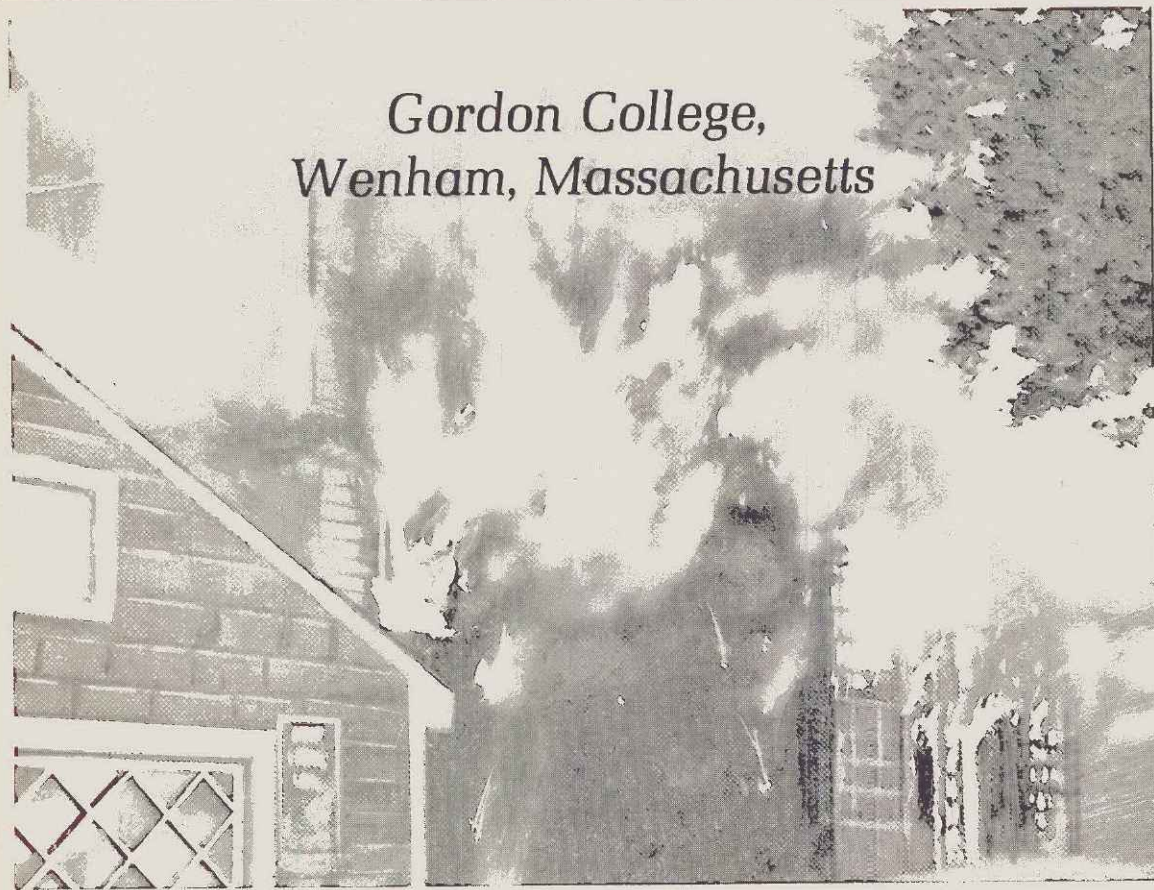
HE PREDICTED that although "I think we'll see substantially higher stock market prices by the end of the year," the market was in for another slide before it will stage an upturn.

Side Fund is currently 50% in cash in anticipation of the lower market—"probably the highest cash position in the fund business baring funds just started."

Before the market goes higher, Mr. Egner said, "We'll have to see some more bad news first—which in reality will be a bullish thing. When we get the bad news we'll also get an easing of credit, which should result in the institutions returning to the market."

He is confident that the Federal Reserve Board will ease credit and his fund will buy blue chips. ■

Gordon College, Wenham, Massachusetts



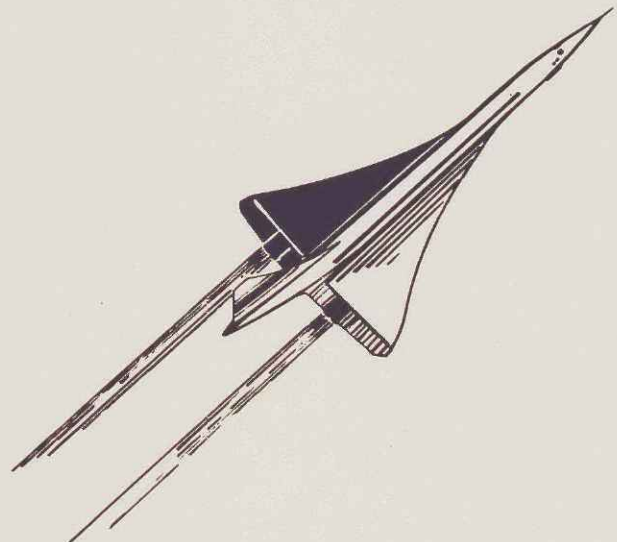
Fire struck Gordon College on a near zero, windy day leveling a classroom and office building. Damage: \$135,000

BOIT, DALTON & CHURCH

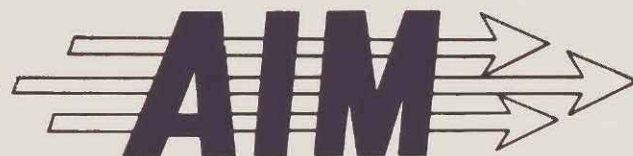
had a representative on the scene within an hour of the fire's discovery — and an adjuster there the following day (a national holiday). Two days later the college received a check from the B. D. & C. claims department covering a substantial portion of the loss — despite the fact much more time was needed to gather supporting details. The balance of course was paid upon data presentation.

That's insurance in action!

 **BOIT, DALTON & CHURCH** INCORPORATED
INSURANCE SINCE 1865
89 Broad Street, Boston
Massachusetts 02110
TELEPHONE 617-482-3100



The sky is NOT the limit for . . .



Specialists in all forms of AVIATION INSURANCE

The sky is our area . . . to provide versatile coverage that fits your client's aviation insurance requirements precisely.

Serving insurance agents and brokers only — no direct business
AVIATION INSURANCE MANAGERS, INC.

C. ANTHONY WINNER, Executive Vice President
610 POYDRAS ST., (504) 524-4131, NEW ORLEANS 70130
3200 WILSHIRE BLVD., (213) 385-8436, LOS ANGELES 90005
3311 RICHMOND AVE., (713) 526-1808, HOUSTON 77006
2630 FIRST NATIONAL BANK BLDG. (404) 525-8305, ATLANTA 30303
613 NATIONAL BANK OF TULSA BLDG., (918) 585-1157, TULSA 74103

Affiliated with SOUTHERN MARINE & AVIATION UNDERWRITERS, INC.

Wrap-ups can save 1% of contract costs: J & H

By MARGARET GORDON

NEW YORK—A proponent of "wrap-up" insurance coverage for construction projects talked about some of the time and money savings under such a scheme in an interview with *Business Insurance*.

Otis Aldrich, a vp of Johnson & Higgins, said that in J&H's New York office alone during the past three or four years "we have wrapped-up over \$2 billion in construction. In fact," he added, "we have more than 25 wrap-ups running right now."

Mr. Aldrich also said that the wrap-up arrangement, whereby general liability insurance for all contractors and subcontractors is incorporated in one giant policy, can saving builders considerable sums on big construction jobs.

"THERE IS A saving on a wrap-up equal to 1% of contract costs," Mr. Aldrich said. "In other words," he continued, "if the cost of construction is \$100 million the saving is \$1 million or 1% of the contract cost."

The wrap-up plan, according to Mr. Aldrich, proceeds on the theory that the owner rather than the various contractors has the greatest interest in the cost of insurance premiums, since premiums are charged to the job and thereby borne by the owner.

In a wrap-up the general contractor and all subcontractors must bid without provision for insurance premiums for workmen's compensation insurance, bodily injury and property damage legal liability insurance, and builders risk property insurance on materials and equipment destined for and after inclusion in the structure.

"By purchasing these insurance policies himself for his own account, the building owner can save a considerable amount of money with substantial reductions in premium cost," Mr. Aldrich explained.

WHEN YOU THINK of the main contractors and all the subcontractors who are involved in a large construction job, it makes sense to handle the insurance in one general policy rather than in many small ones. Safety is the basic factor with the lower premium cost running following. Such a plan can effect saving for the building owner on a large construction job, the J & H vp said.

"By bringing to a single underwriter all of the workmen's compensation and third-party liability premium on a particular project, the purchasing power of the owner is greatly enhanced over that which could be obtained by each of the contractors and subcontractors making separate insurance purchases with a multiplicity of underwriters," Mr. Aldrich contended.

The disadvantages of having many underwriters on the job is evident when different insurance companies' claims reps take statements from accident witnesses and make multiple reports instead of the one report that would be filed by the single underwriter in a wrap-up, he said. "Many safety investigators on the work site can actually slow down progress. A single underwriter can much more easily instigate a good safety program without cluttering up the work site with investigators," said Mr. Aldrich.

THERE ARE NORMALLY three parties involved in a wrap-up plan: The building owner, the underwriter and the owner's brokerage representative.

After consulting with the owner and looking over entire project,

the broker may decide that a wrap-up plan could save the owner a considerable amount of money. The broker will now approach an underwriter to handle the workmen's compensation and third party liability insurance for the project, checking the final decision with the owner before proceeding with a safety policy. Mr. Aldrich feels that there are three main advantages of wrap-ups: Safety, lower cost and good public image.

"Since the owner is buying for

himself and the general contractor, it is important that there be enough insurance to cover all those involved in the project," the vp said. "Therefore, separate limits are advisable."

THIS MEANS that on a construction job with five contractors there should be a limit of, let's say, \$5 million and this limit put on each contractor and not spread out over all five. "Suppose you insured all of your five contractors under the lump sum of \$5

million and one major accident involving one of these five diminished the fund to \$2 million," theorized Mr. Aldrich.

"Do you think that \$2 million is a fair and safe limit for the four remaining contractors? For this reason separate limits are advisable."

At the present time J&H is involved in a large wrap-up here involving Uris 55 Water Street Corp., which is one of the world's largest privately-owned buildings. Uris has always been a supporter

of wrap-ups and has effectively used this type of coverage on other construction jobs.

"True, a small contractor may not always want a wrap-up, but it is a fact of life that the owner's wishes go," Mr. Aldrich said. "If the owner wants a wrap-up and the contractor wants the job, then he goes with this type of insurance rather than lose the contract," he added. (Frequently a small contractor will carry his own insurance policy and be opposed to switching.)

11,000 times a day, some innocent American businessman gets caught up in foreign intrigue.



But Continental's international insurance ring can keep him out of trouble in any language.

Take a trip to anywhere you don't know the language. Or the customs. Or the exchange. Or whom to see (or whom not to see). And try to work out a simple business deal.

It's like a weird plot out of Ian Fleming.

Even if you've got the best of interpreters, with the best of intentions, those little local nuances will kill you every time. And you can become the proverbial American patsy in ten different languages. But if you want to make a deal to insure your overseas plants and offices, we won't let that happen to you.

All you have to do is call your own local Continental agent and talk to him in your own language. He'll put together a package for you (through Continental's own foreign offices and affiliates) that covers just about everything, just about anywhere in the world.

He'll arrange it so you pay one premium. If you want to pay it in U.S. dollars, and collect claims the same way, that's fine. Or you can pay and collect in a foreign currency. It's up to you.

If this message has reached you in the nick of time, communicate immediately with your Continental 007.

The Continental Insurance Companies

Continental Insurance • Firemen's of Newark
Fidelity & Casualty • Commercial
Niagara • Seaboard F. & M. • Buckeye Union
American Title • National-Ben Franklin Cos.
Boston Old Colony • Washington General
HOME OFFICES: 80 MAIDEN LANE, N.Y., N.Y. 10038;
10 PARK PLACE, NEWARK, N.J. 07101



Movie, 52-slide presentation plug new benefits

NEW YORK—American-Standard Inc., a company of diverse interests, has made some major changes in its employee benefits program and is now vigorously in the process of promoting them.

According to Herbert F. Hadley, manager of benefit planning, the changes represent "considerable improvement" at American-Standard. "In terms of the benefits produced for various periods of service, we're in the top 25% of companies this size," Mr. Hadley told *Business Insurance*. "We're

not trying to lead the pack; we're just trying to stay up there," he added.

The most sweeping changes affect the company's profit sharing and retirement plans, Mr. Hadley explained. The company also eliminated the age requirement in the vesting program, increased the business travel insurance maximum and upped the surgical benefit from a \$450 maximum to the "reasonable and customary" clause.

The changes will affect ap-

proximately 10,000 salaried employees at American-Standard and two of its subsidiaries, Westinghouse Air Brake Co. and Mosler Safe Corp., or about one-third of the total work force at American-Standard companies. There are salaried employees in 120 U.S. cities and at 22 foreign locations, Mr. Hadley said, but the program covers only American-Standard's U.S. employees assigned abroad.

The company's far-flung activities presented one major hurdle for Mr. Hadley and his department. That was the business of promoting the changes in employee benefits.

"We felt right along that the American-Standard benefits were good. The problem was that few of the employees really knew how good they were. So, when we made more improvements in the plan, we felt this was the opportune time to promote them," Mr. Hadley said.

IN THIS REGARD, American-Standard is staging a vigorous public relations campaign within its corporate walls to communicate the new plan.

The company has made a 15-minute movie featuring American-Standard's president, W. D. Eberle, in an interview situation with NBC News reporter-at-large Edwin Newman. Mr. Newman, moonlighting at considerable cost to American-Standard, asks Mr. Eberle about the company's retirement and profit sharing plans. Interspersed throughout the film are cut-aways to American-Standard employees who comment on what they expect and would like to these particular benefits.

The movie is followed by a 52-slide presentation in which three hypothetical examples are used to explain who gets what from the retirement and profit sharing plans.

In addition, an attractive loose-leaf binder has been prepared and is being distributed to all present employees and new ones when they begin work.

"I'M ESPECIALLY proud of that," Mr. Hadley, who wrote its contents, said. "They had seven booklets describing benefits at American-Standard when I came here 4½ years ago. Even I had a heck of a job when I wanted to look up an answer to a question.

"This new one is different from others in a couple of respects," he said. "It's arranged by event, not by plan. That is, it tells 'What happens if'—if the employee has a baby, if the employee has a minor illness or if the employee becomes disabled. Each of the provisions of the various plans is discussed in separate sections. There is some repetition when you do it this way, of course, but it's well worth it.

"In addition," he added, "most other books of this kind reprint the certificates and formal texts of the plans available at a company. We have instead written each of the benefit plans in layman's language so the average employee may understand it."

THE WHOLE package, exclusive of the writing of the booklet and the scripts for the slide and film presentations, were prepared for American-Standard by one of its subsidiaries, Keller-Crescent Co. of Evansville, Ind. "I think we're probably the only company that has developed a communications package of this type from within. Keller-Crescent (a graphics company) produced the film and slide presentations. Some of the filming itself was done by outsiders but that was about it,"

Mr. Hadley, who worked for a management consulting firm until joining American-Standard, said.

To implement the internal public relations campaign, American-Standard brought 53 industrial relations people to Evansville earlier this year. "We held it at a country club one evening, gave them all the pitch and then supplied each with a print of the film and a set of slides with the script," he said. The 53 have since been visiting various plants around the country holding meetings with employees. Mr. Hadley has been doing some traveling himself and in one recent swing made stops at American-Standard plants in Buffalo, Newport Beach, Calif., Mexico and Brussels.

"We have no set approach for delivery of the presentation," Mr. Hadley said, explaining that it was being left up to the individual plant manager.

A MANAGER in American-Standard's Wilmington, N.C., plant had a unique approach, the manager of employee benefit planning said. He held a meeting after work, bought hero sandwiches for the employees and told them they were going to see a movie. Then, realizing that no movie is a movie without popcorn, he ran out and bought a barrel of it before the film rolled, Mr. Hadley said.

The presentation, the benefits manager added, is followed up at each location with a "recall piece" that is mailed to the employee's home a day or so after the plant meeting. "The purpose of this is, obviously, to get the wives interested in our benefits," Mr. Hadley said.

The biggest change in benefits at American-Standard is a major revision in the company's retirement program effective for employees July 1 this year. It combines the old noncontributory and supplemental contributory retirement plans. The new program, Mr. Hadley said, will provide increased retirement income for employees earning up to \$15,600 and establish a new profit sharing plan to provide retirement income on annual earnings over \$15,600.

UNDER THE NEW plan, if

you're 65 and have been with American-Standard at least 15 years the minimum pension is 40% of average earnings in the final 10 years, including 75% of Social Security benefit, Mr. Hadley explained. Prior to the change the minimum had been 35%, including 100% of Social Security benefits.

In making the change, American-Standard revised its retirement formula. It used to be .6% of final 10 year average earnings per month up to the \$455 Social Security limit for 1969, times years of continuous service; plus 1.2% of earnings over the \$455 limit, times years of continuous service to a maximum of 35 years.

The company has changed this, replacing the .6% with .9% and the 1.2% with 1.35%. In addition, American-Standard uses the minimum base of \$570. Employees earning less than this average during the final 10 years of employment have their retirement income based on this minimum figure.

ANOTHER MAJOR change, noted Mr. Hadley, was the elimination of the age requirement for vesting. Employees now become 100% vested after 10 years continuous service.

In addition, American-Standard is now paying one-third of its total pension benefit on a variable basis; that is, the amount of an individual's pension will vary depending on changes in the value of the company's trust fund. This was formerly a feature of the contributory retirement plan but under the new changes is now applicable to the noncontributory retirement plan as well.

A brand new benefit at American-Standard is the deferred profit sharing plan for those earning \$15,600 or more, Mr. Hadley said. Although no firm figure has been set, the board of directors has adopted a resolution to contribute 10% of the excess for individuals making more than \$15,600 annually. The deferred amount, Mr. Hadley explained, is credited to an individual's retirement portfolio and is payable on retirement or death.

COMMONWEALTH SERVICES INC.

NEW YORK, N. Y.

300 PARK AVE.

(212) 588-800

JACKSON, MICHIGAN

WASHINGTON, D.C.



Management Consultants

Insurance and Pensions:

insurance audits,

management of corporate insurance programs,

evaluation and planning coverage for specific application,

analysis of pension and employee benefits programs.

Commonwealth diversification helps management solve complex problems.

Its strength is reinforced by its ability to draw upon the resources of its various companies.

special purpose

INSURANCE

For the risk without precedent

For the unusual risk

To simplify the involved risk

To supplement basic coverages



Multiple Line

CAMERON and COLBY CO.

60 Battery March Street, Boston, Mass. 02110

Telephone 617-357-5400

FAIR enough?

When your responsibilities include protection for FAIR plan area corporate exposures, FAIR plan Fire and EC is only a beginning. You need to have Business Interruption and DIC coverage, too.



W&A has the facilities to complete a broad insurance package for corporate FAIR plan exposures. DIC coverage at W&A is very broad. We also can place special U & O forms - Valued U & O, Combined Gross Earnings, Special Expense, etc.

For more information concerning W&A's complements to FAIR plan coverage, complete and mail the coupon below.

W and A works exclusively through agents and brokers



WOHLREICH & ANDERSON, LTD.

Underwriting Managers

B. J. DAENZER, President

55 JOHN ST. - NEW YORK, N.Y. 10038

Phone: 349-3020

HOWDEN SWANN GROUP

Mail to W and A BI-9-9

55 John Street, New York, N.Y. 10038

Name

Address

City

State Zip

FAIR payout less than anticipated, says Connecticut insurance chief

HARTFORD—Companies providing coverage for properties in riot-prone, high-risk areas of Connecticut for the past year—under the state FAIR (fair access to insurance requirements) plan have paid out much less than they anticipated, according to state insurance commissioner William R. Cotter.

The plan, which makes fire insurance available to those who could not obtain it previously at a "fair" price, has come up with significant findings since its start in September, 1968.

For one thing, no neighborhood or individual was denied coverage because of race or ethnic origin.

FOR ANOTHER, of some 4,664 applications for insurance coverage filed (Sept., 1968-Aug. 22, 1969), 4,401 of the inspections of properties were completed, 3,842 risks accepted, 386 risks conditionally rejected and 50 not accepted after reinspection.

\$646,581 distributed to 31 firms

PHOENIX, Ariz.—Gallagher & West Insurance Counsellors, Phoenix-based insurance agency, has distributed \$646,581 in dividend checks to 31 Arizona employers—all holders of workmen's compensation insurance policies issued to them by the Fidelity & Casualty Co. of New York in October-November, 1967.

They included \$634,000 in dividends to 23 member contractors of the Arizona chapter of the Associated General Contractors of America.

These contractors, generally believed to represent an extra hazardous class of work, have, together with the engineering service provided by Fidelity & Casualty, disproved claims of members of the Arizona Industrial Commission that "heavy equipment contractors generally cost the state \$1.10 to \$1.50 in accident benefits for each \$1 paid in premiums," according to partners John J. Gallagher and Charles J. West.

In February, 1968, the commission asked Fidelity & Casualty to order Gallagher & West to publicly retract promises of dividends on workmen's compensation policies as being in direct opposition to commission rules that prohibit such promises as a sales pitch.

The issue came to commission attention when representatives of the Arizona building contractors and local private insurance carriers protested.

Employers quit fund

PHOENIX—The Arizona Compensation Fund has reported the loss of 2,400 Arizona employers to private insurance carriers.

Employers who dropped the workmen's insurance from the state fund caused a loss in excess of \$9.1 million, almost 25% of the total 1969 premium income of \$40.6 million, it was reported.

Two major factors credited with the dropout rate included (1) a \$6 million deficit in 1967 which caused a sharp rise in premiums, and (2) a Jan. 1, 1969, change in the setup that put insurance rates on a par with private carrier policies.

Those conditionally rejected and then not accepted after reinspection were found to be unable to make repairs requested or obtained the necessary insurance at a higher rate on the surplus insurance market.

Premiums totaling \$920,000 were written.

Losses paid or about to be paid hit \$218,586.

The past year encompassed three large fires—a \$40,000 loss in Hartford and \$35,000 and \$30,000 losses in Bridgeport—plus 20 small losses averaging about \$5,000 each.

MR. COTTER said that dividing the amount of premiums collected into the losses incurred computes

to a 24% loss ratio—a ratio well below the industry's experience.

A sampling of 83 Hartford properties disclosed that 47, or 57%, were purchased at standard rates.

Some 17 had to pay additional surcharges, amounting to 1% to 50% of rates. Another 14 paid added charges amounting to 51% to 100% of rates. Two paid from 101% to 150% and three paid from 151% to 200% of the rate in surcharges.

No surcharges hit above 200% of the rates, and the average surcharge was 70% of standard rates.

Most common cause for surcharges was poor physical conditioning—housekeeping—i.e., broken

walls, ceilings, windows and stairways; trash in basements, attics, hallways, yards.

THREE KEY reasons are cited for inability to insure these risks under conventional policies.

Under the conventional insurance approach, companies put limits on the kinds of properties to be insured in a given area. In addition, limits are placed on the amount of coverage to be acquired. Finally, some companies will not insure certain kinds of properties under any conditions (i.e., restaurants).

With inauguration of FAIR, however, the 229 companies licensed in the state spread out the calculated risks, limiting a homeowner's policy to \$100,000, a commercial property to \$500,000.

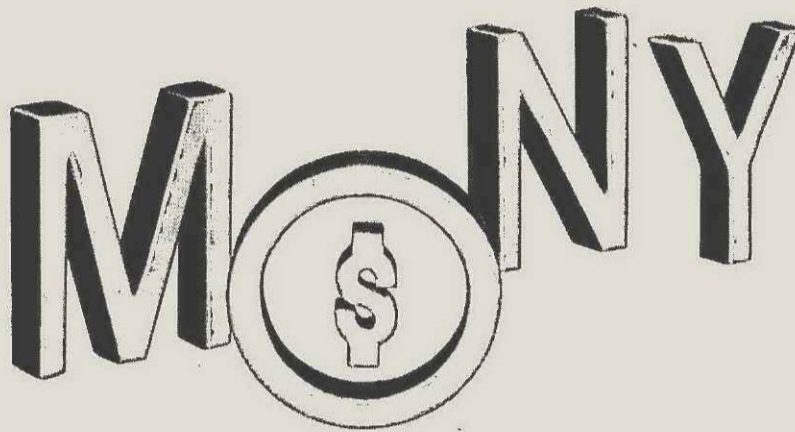
FAIR, for the guarantee that the Federal government will provide reinsurance in the event of losses exceeding premiums, pro-

vides opportunity for applicants to get coverage. Extra charges are assessed for certain, substandard conditions after extensive inspection.

AND WITH a 24% loss ratio, the companies never approached that point of no return, where the Federal reinsurance would be necessary.

Directly tied to Connecticut FAIR is a voluntary effort by Aetna Life & Casualty, Aetna Insurance, Travelers, Hartford Group and Security Group—in effect since last April—to provide the smaller retailer in urban centers with availability of basic burglary and robbery insurance.

In the interim, 120 applications have been received, with 38 still pending or already issued. Companies have been assigned a total of 174 risks. (Reason for difference in figure totals is delay in property inspection.)



That dollar sign in our name isn't there just to look pretty.

Dollars are what we make more of for you on investments...to increase the value of your Profit-Sharing Plan.

MONEY
MUTUAL OF NEW YORK
The Mutual Life Insurance Company Of New York.

Risk managers object to 5-man U.S. safety board

By THOMAS LUTZ

CHICAGO—Most safety experts and insurance managers have objections to the new Nixon Administration safety and health

proposal now before Congress, but they don't find it as repulsive as the Johnson Administration bill or the compromise measure hammered out after hearings on the first Federal safety measure.

While many insurance and safety managers contacted by *Business Insurance* feel the Nixon Administration safety and health bill is less comprehensive—and therefore easier to live with than the earlier bills—they mainly object to the Administration idea of establishing a five-man board that could set broader Federal requirements for most businesses.

As the Nixon proposal now stands, the five-member board would establish rules only if it is not satisfied with a state's efforts in health and safety. Enforcement of their standards would start after July 1, 1972, with no criminal penalties and recourse to the courts.

BOTH THE Johnson bill and a compromise bill that grew out of hearings on the original safety measure would allow the secre-

tary of labor to set rules and standards. Safety experts in industry said this would make the secretary of labor a safety czar, but they aren't much happier with the five-man board idea proposed by the Nixon Administration for the same reason.

"I don't see any difference in the two ways of setting standards," the safety manager who works under the insurance manager of an international auto parts producer said.

"This five-man board takes on both legislative and judicial powers," he said. "That won't appreciably help the safety movement."

The safety manager drew a comparison between such a standard-setting board and the National Labor Relations Board. "And you know how effective the NLRB is," he added.

HE ALSO compared the safety board proposal to the regulation of safety in England. There, he said, accident frequency and severity is ten or more times what it is in comparable plants in the U.S. for his company.

"Besides, the cost is going to be fantastic," he complained. The chairman of the board would be paid \$42,000 a year and the four other board members would get \$38,000 a year. "In addition, the board would have to have secretaries, hearing examiners and investigators," the safety manager said.

Frank Bird, director of corporate safety and security for Insurance Co. of North America and former safety expert for Lukens Steel, said: "Any time one small group of people have decision-making power that affects nearly everyone, there's a problem."

Mr. Bird was most concerned about the technical back-up committees that would advise the five-man safety board on setting standards. He complained that the insurance industry has not been well represented in the past on voluntary standard-setting committees and feared that the same situation would prevail with the Federal government.

THE TRADE associations don't look to the insurance industry to make a meaningful contribution," Mr. Bird charged. "It's imperative that we have good representation if this (the Nixon Administration) bill passes."

To acquire such representation, Mr. Bird suggested that safety experts in the insurance industry should lobby in Washington and in trade association for more power in the technical committees.

The National Safety Council and the American Society of Safety Engineers are planning to testify before a house committee on the new Nixon safety measure late this month and early in October.

Robert Currie, assistant to the general manager of the National Safety Council, said that "the council family will be meeting shortly to decide what our position will be."

THE FIRST time the safety council was to testify on the Johnson measure it cancelled after a labor-industry dispute in its ranks. Later it put together a compromise position and suggested several changes in the Johnson Administration bill—mainly a watering down of the act.

Al Blackman, president of the American Society of Safety Engineers, told *Business Insurance* that his group is also formulating a position. Last time the ASSE testified it did not support or oppose the bill, primarily because

the ASSE represents safety engineers both in and out of government, Mr. Blackman explained.

"We weren't convinced that a body of regulation was the answer last time," Mr. Blackman observed. "The accident prevention problem is a complex one." He said it is simpler to deal with the safety problems of an individual plant. And he doubted that a man or a group formulating standards for two million employers could come up with all the right answers.

However, Mr. Blackman did feel that the five-man safety board idea "has certain advantages" over the secretary of labor promulgating standards.

THE INSURANCE supervisor for Darin & Armstrong, Detroit, took a somewhat different point of view.

Mike McGinn said that his experience with safety laws indicates that "if the safety bill is fair, it is good for the industry." He explained, however, that the official position of the construction industry will be given by the Associated General Contractors, which has the power of attorney in developing a construction industry position on all safety matters.

Mr. McGinn observed that Michigan put a safety law into effect in 1965 and it has since been updated. He pointed out that a fair safety law has the tendency to cut premiums for workmen's compensation (which covers the general contractors employees), employer's liability (which covers employees of subcontractors) and property damage.

Mr. McGinn said that, besides cutting down on premiums, a fair safety measure enforces safety re-

quirements not only for the employer but the employees as well. In many cases, he said, it is the employees who fail or refuse to comply with safety rules established by a contractor. When such an employee is injured, he is likely to sue the contractor, Mr. McGinn said.

Peter Downes, insurance manager with Bunker-Ramco, Chicago, said that "basically I'm against it (the Nixon bill) in a private enterprise system."

HOWEVER, he said that safety is a question of whether or not "we are our brother's keeper." Mr. Downes would personally prefer that the company take care of an employee.

He contended that there probably would not be a significant saving in Bunker-Ramco's self-insurance workmen's compensation program with any added safety measures that might be required by Federally required standards.

J. Stewart Spencer, Union Special Machine, Chicago, insurance manager took a similar position. He didn't think any new safety standards would affect, favorably or unfavorably, his company's workmen's compensation claim.

Mr. Spencer reported that Union Special's Liberty Mutual retrospective rating arrangement is working out very well because the company already has a successful safety program.

Liberty Mutual just reviewed its workmen's compensation contract with Union Special, Mr. Spencer said. The insurer decided it was pleased with the arrangement. "And it's very rare today to find a happy underwriter," he said.



If you don't know...

ASK McGEE

SPECIALISTS IN

OCEAN

INLAND

M.O.P.

LOSS PREVENTION

Wm. H. McGee & Co., Inc.

MARINE UNDERWRITERS

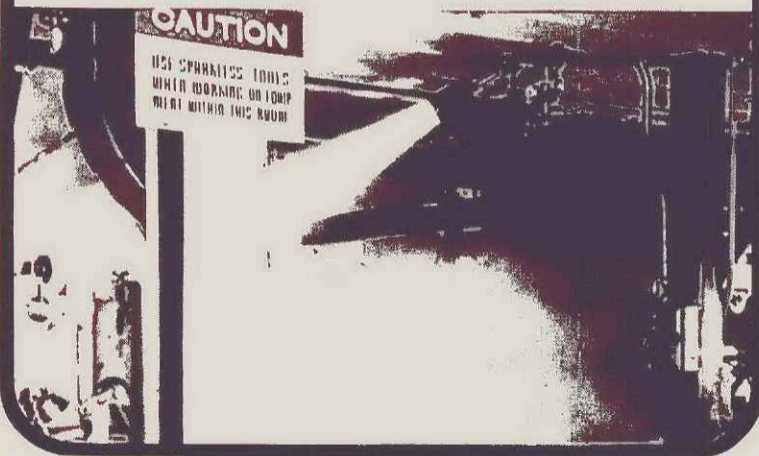
111 John St., New York, N. Y. 10038

Baltimore • Boston • Chicago • Columbus, O. • Dallas
Detroit • Houston • Los Angeles • New Orleans
Philadelphia • San Francisco • Seattle • Montreal
Toronto

Bruning Selects Cardox® System for Fire Protection in White Room



High-pressure Cardox Carbon Dioxide System protects against fire in "White" Room at Charles Bruning Company, Division of A-M Corporation, Mount Prospect, Illinois.



Extremely clean air is essential in making Bruning micro and Vue-Graph film. That's why these products are coated and dried in a sealed filtered-air area aptly named the "White" Room.

For fire protection, Bruning selected a Cardox carbon dioxide system. This high-pressure, 16-cylinder system (8 main and 8 reserve) provides constant day-in, day-out protection.

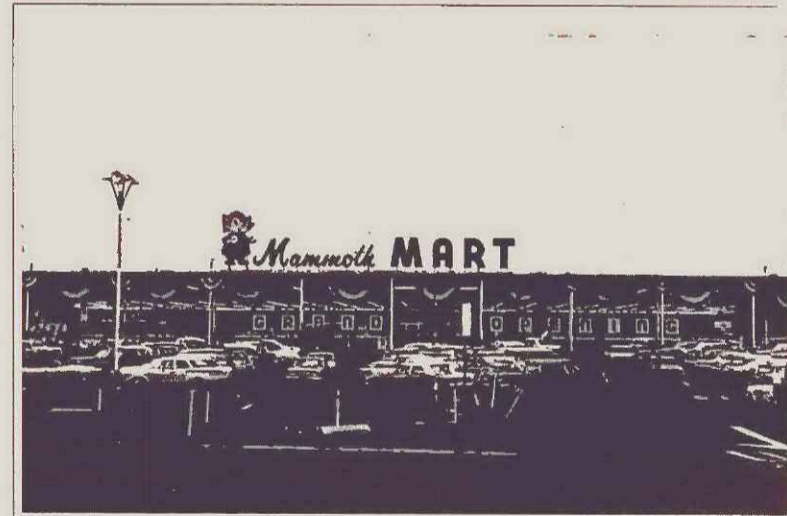
The system is designed for total flooding of the entire area by local application of the carbon dioxide to the coating machine and the drying oven directly above. Simultaneously, a pneumatically operated pressure switch automatically shuts off electrically operated fans, coater and oven.

For information on fire protection systems designed to the specific needs of your business, see us. Meanwhile, write for a copy of the new, comprehensive booklet (Folio 1-1) on Cardox Fire Extinguishing Systems and Equipment.

CARDOX

DIVISION OF CHEMETRON CORPORATION
840 North Michigan Avenue • Chicago, Illinois 60611

CHEMETRON
TRADEMARK



MAMMOTH MART, Typical outlet of department store chain, Greenfield, Mass.

IRM SERVICE KEEPS POLICYHOLDERS SOLD

Thousands of managers of large properties have found that
"It Pays to Insure with IRM."

Now, as an added service, IRM is making its unexcelled facilities available to the owners of moderate size properties . . . starting at \$150,000. Contact a Member Company for further details.

IMPROVED RISK MUTUALS

15 NORTH BROADWAY • WHITE PLAINS, N. Y. 10601

BRANCH OFFICES: ATLANTA • CHICAGO • DETROIT • LOS ANGELES • SAN FRANCISCO

Contact a Member Company

American Manufacturers Mutual Insurance Co.	The Lumbermen Mutual Insurance Company
Central Mutual Insurance Company	Michigan Millers Mutual Insurance Company
Employers Mutual Casualty Company	Michigan Mutual Liability Company
Grain Dealers Mutual Insurance Company	The Millers Mutual Fire Insurance Company
Indiana Lumbermen Mutual Insurance Company	Northwestern Mutual Insurance Company
Iowa Kemper Mutual Insurance Company	Pennsylvania Lumbermen Mutual Insurance Co.
Iowa National Mutual Insurance Company	Pennsylvania Millers Mutual Insurance Company
Lumbermen Mutual Casualty Company	Utica Mutual Insurance Company

Sterling-Winthrop uses U.S. risk control ideas

LONDON—Country-style rose hip syrup that Queen Elizabeth II serves to the royal children at Buckingham Palace is among the products in the British-based Sterling-Winthrop pharmaceutical group controls from its London headquarters.

But Peter J. Gooding, its present insurance manager, handles policies for the output of a wide range of prescriptions, drugs and family medicines as well as this special line that has earned the firm its Royal Warrant.

He was with Fisons, a British chemical products combine, for 20 years, lately as its insurance manager, before joining Sterling-Winthrop nearly two and a half years ago.

AS HIS GROUP is a subsidiary of Sterling Drug Inc., of New York, some classes of insurance that are given global cover are arranged by the parent company.

These include products liability, personal accident and fidelity insurance for this world-wide drug chain.

But within the \$40 million British subsidiary he is responsible for fire insurance, auto insurance, employers' liability and other risks.

On these he pursues a vigorous "middle-of-the-line" attitude, adapting American techniques of risk management to the special needs of the London insurance market.

"I BELIEVE in teamwork at every level, because this is the way to get best results," he stated after two and a half years' intensive study of his firm's U.K. needs.

So he integrates closely between the carriers, brokers, and his own management, aiming to be well-informed about developments on the factory floor. He believes this helps to reduce risks and get favorable premium rates, with widely written coverage that is understood by all parties, thereby putting his firm in the best position to cope with the fortuities that will occur from time to time.

He has introduced the technique, still rare in British industry, of paying his insurance brokers a fixed consultancy fee for their services, instead of working on the commission basis usual in the U.K.

On this point, he said: "This needs mutual trust between us, but in any case this is the only way to conduct insurance in my opinion."

HIS COMPANY has had a particularly tough time with fire risks. In 1964 and 1965 it saw a searing experience of two disastrous fires, each costing more than \$2.5 million, so this had left a major problem when he joined the company in early 1967.

The result was that premiums were geared to a high level, quite apart from the decision of the British insurance market to review rates as a whole. Now, for the pharmaceutical industry, there is a 300% load in force.

But extensive use of sprinkler systems, fire walls, and fire doors throughout factories is bringing the insurance cost down, Mr. Gooding at the same time regularly keeps in touch with safety experts to reduce hazards.

For auto insurance he places his



Peter J. Gooding

policies directly on the market without using a broker, and confines it to liability only to third parties, so as to meet the public requirements of British law, together with passenger liability.

He lets his own firm carry the risk of salesmen damaging their own cars, in the belief he can keep losses to a minimum, and builds up his own internal "insurance fund" for this purpose. But he recovers from negligent third parties where possible.

The system is achieved in various ways that are proving valuable. He routes all claims through a specialist London firm of motor-repair assessors, and ensures that any salesman who recklessly or stupidly harms his car is reported to the sales controller.

"The system works well and there is no doubt that my firm saves money by this 'split' approach to auto insurance," Mr. Gooding said.

His firm is a medium-size com-

pany by British standards, with 3,000 employees. It manufactures a diversity of products.

MR. GOODING, who places U.K. insurance and also advises on some European placings, said:

"In my opinion there is still great need for clearer understanding between insurance brokers, the carriers and the buyer, to avoid duplication of effort and unnecessary paper work.

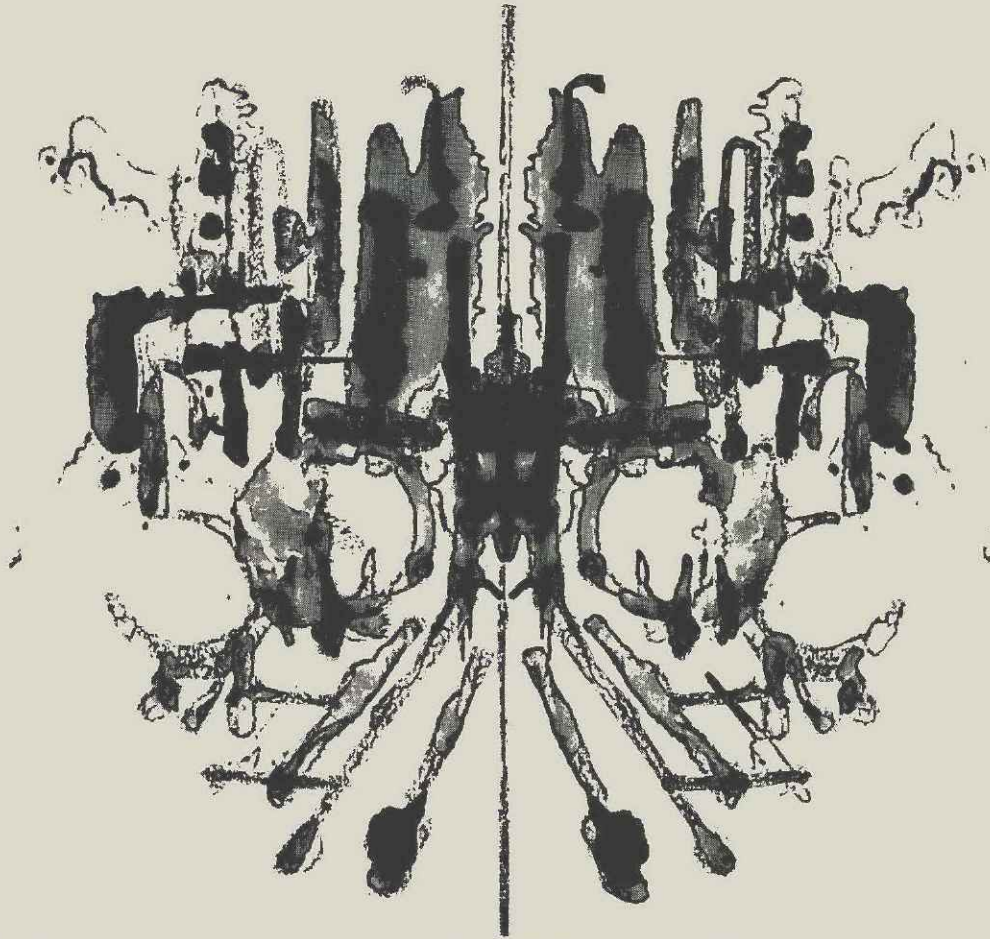
"Some brokers are still reluctant to work in closely as part of management team. But I like the system that brings in acknowledged experts, such as those in the chemical field, to reduce loss risks within a firm and that can show significant savings in premium outgoings.

"I believe that much more could be done to bring home the value of this approach to high management levels in British firms."

Mr. Gooding believes that firms with global cover should watch for the hazards that can be created by sudden currency fluctuations, exchange control restrictions, local taxes on imported money, and other related factors. If their policies are expressed wholly in one currency, such as sterling, there can be unexpected reactions in meeting loss claims from other countries. A major loss in one country, although technically insured, is in practical terms uninsured unless a settlement can be effectively achieved in that country.

Quick...

THINK OF A BUSINESS



Hall Solves Insurance Problems With Imagination

If you operate a plant—in just about any industry—you know how complicated insurance protection can be.

It takes an expert to analyse your risks and develop the many types of coverage you need.

With so many factors to be considered, your insurance program should be handled by professionals . . . by an insurance team capable of interpreting the problems . . . and helping to solve them.

Ask Hall about it. Write for the brochure which describes our services.



Frank B. Hall & Co.

NEW YORK • CHICAGO • SAN FRANCISCO • OAKLAND • LOS ANGELES • PORTLAND • SEATTLE
ANCHORAGE • HONOLULU • LONDON • OSLO • HONG KONG • MELBOURNE

Service Facilities Throughout the World

• Insurance Brokers • Average Adjusters • Employee Benefits Consultants • Estate Analysts • Actuaries

Spell named vp

Dole P. Spell, of New Orleans, has been appointed vp in charge of production—research and development of Southern Marine & Aviation Underwriters Inc.

3M safety . . .

Continued from page 10

3M DEFINES for its employees the meaning of an accident in terms of waste to both the employee and the company. "An accident," the company says, "is an unplanned event which results in damage to equipment, material

and people in delays in production and in lowering of quality.

"All accidents," 3M contends, "are a waste and to control waste is to reduce overhead and increase profits for both the company and the employee."

Mr. Anderson added that safety and loss prevention must be a daily part of the employees' attitudes. Consistent attention, rather

than crash programs, must be given to loss prevention.

"If you build a good attitude in people then you essentially will control waste," he said.

SAFETY MEETINGS, whether formal or informal, are held in most plants as a means of reinforcing the idea of a total commitment to safety on the employee's part.

Plant managers have an array of films, slides, handouts and demonstration ideas to select from in putting together an effective safety meeting. "But," Mr. Dyball emphasized, "You must not use audio-visual aid as a crutch; they should be integrated into the overall safety program."

The safety engineering department maintains a complete film library plus many shelves of brochures and safety memos dealing with "every kind of imaginable subject," added Mr. Anderson.

The composition of safety engineering department is unique in itself, he said. The personnel makeup consists of three chemical engineers, one with a masters degree; three chemists, one with a Ph.D.; and one civil engineer who holds a masters degree in public health.

THE CHEMIST with the Ph.D. is assigned to the research laboratory complex to work with incorporating safety into 3M's technological developments. The chemical engineers working constantly to recognize basic hazards of particular materials. As new processes are proposed they study each one to identify the hazards and then consult with the labs to determine the least hazardous materials that can be used.

The division safety engineers visit 3M's 45 plant locations three times a year. Each division engineer is assigned a certain group of plants which he advises as to optimum safety standards and loss prevention programs. He conducts plant inspections, reviews good housekeeping practices, helps with the safety program and reviews losses.

All losses and injuries are reported to the safety engineering department.

"We like to coincide these inspections of plants with visits from our insurance carriers," Mr. Anderson said.

THE FACTORY Insurance Assn., 3M's property carrier, visits St. Paul every two months for two-day sessions. During that time current expansion ideas and new production plans are reviewed.

3M's workmen's compensation and liability insurer, Travelers,

also comes to the company for conferences. Mr. Anderson praised the carriers "for their aid in all phases of 3M operations."

Monthly staff meetings within the safety division are held to discuss what the division engineers have found at particular plants and to iron out any problems. The division engineers spend about one quarter of their time traveling to the various plants.

According to Mr. Anderson, "a good loss prevention program is an exchange of experience."

3M'S SAFETY philosophy and loss prevention program, which is backed by an intricate emergency squad setup (to be discussed in a future article in *Business Insurance*), has brought what Mr. Anderson described as "very rewarding results." The frequency rate, the number of disabling injuries per 1,000,000 work hours, has decreased from 11.2 in 1959 to 4.3 in 1968. The severity rate has decreased from 469 time charges per 1,000,000 work hours in 1959 to 108 in 1968.

3M's workmen's compensation is on a retrospective rating plan and returns at the end of the year are made to each plant in conjunction with its safety record. An illustration of 3M's effective safety philosophy is a recent return of \$15,000 to one particular plant.

"That kind of return is an excellent incentive to have a good safety record and helps employee morale," Mr. Anderson said. "Once you see that a plant is properly designed you have a good share of the battle won," he added, "but a good design and safe building won't guarantee a good safety record; you need a proper employee attitude."

FREE MAINTENANCE PROBLEM SOLVER



IF YOU HAVE A SPECIAL AND DIFFICULT MAINTENANCE PROBLEM, WE CAN HELP YOU. THERE IS A RELIABLE RANCO PRODUCT FOR EVERY MAINTENANCE NEED. THIS NEW 40-PAGE PUBLICATION, AVAILABLE FROM RANCO, OUTLINES A WIDE RANGE OF FLOORING, ROOFING AND GENERAL MAINTENANCE PROBLEMS AND GIVES SOLUTIONS IN AN EASY TO UNDERSTAND FORMAT FOR SOLVING THEM.

FOR GREATER SAVINGS AND EFFICIENCY IN YOUR PLANT MAINTENANCE DEPARTMENT, THIS 1969 PROBLEM SOLVER IS THE ANSWER. THE CONTENTS OF THIS NEW GUIDE INCLUDES PRICES, COST ESTIMATES ALONG WITH COVERAGES, COLORS AND DRYING TIMES FOR ALL RANCO PRODUCTS. WRITE ON COMPANY LETTERHEAD FOR YOUR FREE COPY TODAY!



Ranco Industrial Products Corp.

13271 UNION AVENUE CLEVELAND, OHIO 44120

Singapore snags bike exporters

TOKYO—Singapore has become a source of headaches to Japanese exporters of bicycle parts, as buyers have been reporting damage, faulty packing and theft, and filing claims at the rate of once in every three reports.

According to one source, the buyers have been intentionally damaging the parts, which are assembled in Singapore, and spraying them with salt water to produce rusting. They then sell the bicycles at discounts, and file insurance claims.

COVERAGE averages \$5,000 per shipment, and although some have been declared total losses, most claims have turned out to be 10% to 30% of insured values. Marine rates have been pushed to the maximum; according to the buyers' requests, shipments are made CIF (cost, insurance and freight).

Inspection before shipment has been strengthened but did not decrease the frequency of claims. Japan has compulsory export inspection for bicycles, as well as many other export items, and there is also a customs inspection in the country.

Ministry of International Trade and Industry officials have been worried that the problem might spread to other export items.

In fiscal 1968 Japan exported \$1.4 million worth of parts to Singapore and \$7.7 million worth to America.

Wash watch...

Continued from page 4 but want it removed even further from it.

Sen. Abraham Ribicoff (D., Conn.), an active proponent of the 1966 legislation to establish the highway safety bureau, introduced a bill recently to remove the bureau entirely from the highway agency and place it directly under the transportation secretary.

And the Highway Safety Advisory Committee, which grew from a study initiated by Transportation Secretary John Volpe, recommended that the bureau be made an independent unit under the secretary, concluding that "it is not reasonable to expect the basic conditions to change within the Federal Highway Administration so as to create a better environment for progressive development of the broader approach to highway safety."

classified advertising

RATES AND CLOSING TIME: \$2.00 per line, minimum charge \$8.00. Cash with order. Figure all cap lines (maximum—two) 30 letters and spaces per line; upper & lower case 40 per line. Add two lines for box number. Replies are forwarded daily. Closing deadline: Copy in written form in Chicago office not later than noon, Monday 7 days preceding publication date. Published every other Monday. Display classified takes card rate of \$17.00 per column inch, and card discounts on size and frequency.

Help Wanted

INSURANCE ADMINISTRATOR

We are a major firm located in the New York City area. We seek an individual for our corporate staff who will be responsible for the property and casualty insurance program. Primary duties will be administration, planning and purchase of insurance. The person selected should have a minimum of three years experience, a knowledge of industrial risks, and a strong educational background. All replies held in strictest confidence. Our employees know of this ad.

Box 959, BUSINESS INSURANCE
740 Rush St., Chicago, Ill. 60611

GET RESULTS HERE

CORPORATE INSURANCE MANAGER

The Macke Company, a 100 million dollar a year food and service corporation listed on the N.Y.S.E., has established this new position. This position requires a person with 5-10 years' experience who can analyze and evaluate our present risk and related insurance program, propose improvements and administer our corporate insurance plan.

Submit your resume and salary requirements in confidence to:

John W. Lewis, Corporate Personnel,

THE MACKE COMPANY

One Macke Circle
Cheverly, Maryland 20781

An Equal Opportunity Employer



America's first name in security.... first in comprehensive property protection!

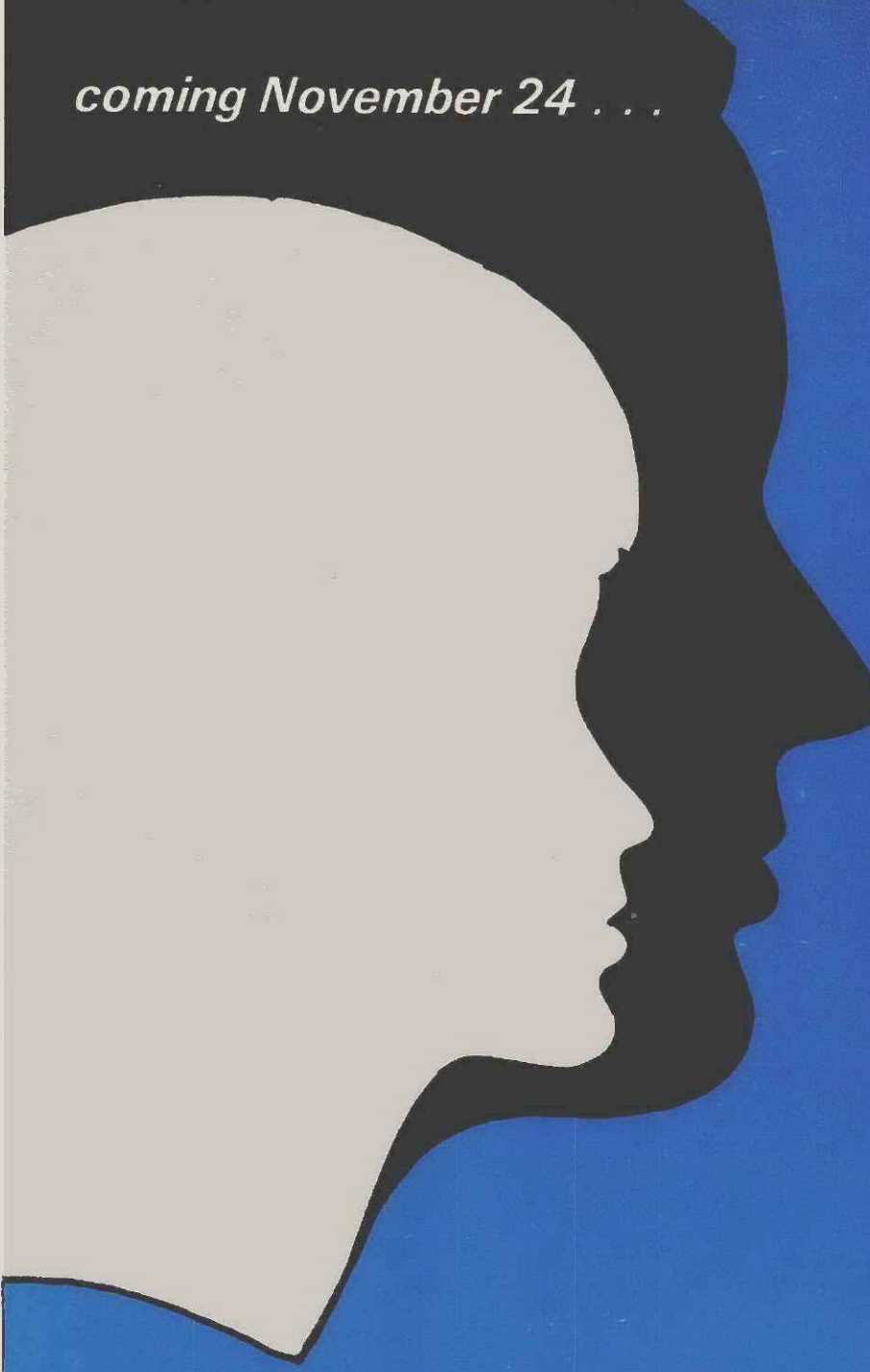
Property owners — management . . . learn how consistent, dependable Wells Fargo services can protect your factory, warehouse, store, institution, construction site, office or residential building. Contact the office in your area for a cost-free survey.

CENTRAL STATION ALARM SYSTEMS
FIRE — BURGLARY — VANDALISM — HOLDUP
EQUIPMENT MALFUNCTION — SPRINKLER
WATCHMEN — GUARDS — PATROLS — CUSTODIANS




- CHICAGO, ILLINOIS
Central Watch Service, Inc.
- FULLERTON, CALIFORNIA
Pacific Plant Protection
- LOS ANGELES, CALIFORNIA
American Fire Dispatch, Inc.
- NEWARK, NEW JERSEY
N.D.T. Security Systems, Inc.
- NEW YORK, NEW YORK
Central Station Signals, Inc.
- PHILADELPHIA & READING, PA.
Sentinel Alarm Corp.
- SAN JOSE, CALIFORNIA
Associated Alarm Service, Inc.
- WASHINGTON, D. C.
Federal Protective Services, Inc.

coming November 24 . . .



the annual issue with
special emphasis on
**EMPLOYEE LIFE, HEALTH
& ACCIDENT INSURANCE**

. . . an exceptional opportunity to reach and sell BI's multi-billion dollar market for corporate insurance, safety/security, and financial services



The special November 24th issue assures your advertising message **extra attention, extra pass-along readership, and extra long-life!**

In this issue, the editors of *BUSINESS INSURANCE* focus on the multi-billion dollar market of payroll-deducted health, life and accident insurance plans. As inflation increases and the employe expectations of greater protection become more demanding, policy revisions and totally new protection concepts are evolving rapidly to meet the challenge.

BUSINESS INSURANCE will clarify, pinpoint and translate these trends and innovations for corporate management executives responsible for their company's programs.

BI's editors will examine new methods of retrieving employe benefits information and various new techniques of communicating to employes the value of these benefits.

BI surveys of key corporate executives and union officials will show how companies evaluate their life and health programs as operating costs—and what the unions are planning for future, additional demands.

BUSINESS INSURANCE's readers (over 35,000 of the nation's most influential buyers and buying influences of corporate risk protection of all kinds) will keep pace in this special November 24th issue with specific developments in group life, health and accident insurance . . . regional reports on rising costs of medical care . . . growth

of major medical and disability programs . . . group life insurance policies including new applications and provisions for expanding employe benefits . . . new retirement plans and annuities . . . new types of key-man life insurance and its many applications . . .

If you sell corporate insurance, financial/banking services, or offer safety/security products or services—you should be communicating in *BUSINESS INSURANCE* regularly.

Every-other-Monday *BUSINESS INSURANCE's* specialized editorial content creates a unique "risk protection climate" in which your company's advertising message will be read avidly by the management executives within the leading 12,860 corporations in the United States—the executives who are responsible for and have the authority to protect their companies on all risk fronts—insurance, safety/security, and financial—including the investment of funds!

They are responsible for the protection of over 30,000,000 direct employes (almost 40% of the entire U.S. work force)! Responsible for the protection of billions of dollars of physical assets. Responsible for the investment of billions of dollars of funds!

They are your best customers and prospects. Plan now to build your 1970 ad budget around *BUSINESS INSURANCE* . . . and start your campaign in the special November 24th issue.

Sales Offices: Alfred Malecki
Advertising Director
630 Third Avenue
New York City, 10017
Phone: 212-986-5050

Myron A. Hartenfeld
Publishing Director
740 Rush Street
Chicago, 60611
Phone: 312-337-5200

Publishing: November 24, 1969
Ad Closing: November 12, 1969

business insurance

to give you access every-other-Monday to the major buyers of employe, property and liability protection

Would you listen to a fresh business insurance idea?

(or two?)
(or three?)
(or more?)



There's a danger in going along, each year, thinking of your business insurance in the same old way.

New problems require new solutions. The new needs are ripe for fresh thinking and tuned-to-today ideas.

That's where Allstate can help.

Allstate sells just about all of the kinds of insurance your company needs.

After a few short years of

staffing up, we're ready to tackle any problem you can throw at us—however big.

Our men are specialists. Handpicked. Experienced. Valuable.

Just maverick enough to bring you a fresh and helpful point of view. And probably able to save you money in the bargain.

It will pay you to talk to Allstate, next time you need a quote. Call us, won't you?

Allstate®

BUSINESS INSURANCE