

# Business Insurance

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

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

## Jauch & Huebener takeover rumored at Rendez-Vous

HAMBURG, Germany—Jauch & Huebener KGaA last week would not comment on a rumor that J&H Marsh & McLennan Inc. has made a bid to acquire the broker but flatly denied Chicago-based Aon Group Inc. was a possible buyer.

"The company's future will be decided by shareholders on Sept. 19," said Christian Dahms, Jauch & Huebener senior partner.

Jauch & Huebener is the largest reinsurance intermediary in Germany as well as Germany's largest retail insurance broker. It had  
*See Updates on next page*

## Resolution sale furthers Xerox plan to exit insurance

By DOUGLAS McLEOD

STAMFORD, Conn.—Xerox Corp. will move one step closer to being out of the insurance business with the completion of its sale of runoff entity The Resolution Group Inc. to an investor group led by manage-

Xerox last week said it will sell Resolution Group for \$612 million, including \$150 million in cash and \$462 million in "performance-based" securities to be issued by TRG Holding Corp., a newly formed holding company.

TRG Holding's backers comprise Resolution Group chief executive Michael A. Coutu, three other senior managers and 10 outside investors. The outside investors include White Mountain Holdings Inc., a unit of Fund America Enterprises Holdings Inc.; American Re-Insurance Co., a unit of Munich Reinsurance Co.; Risk Capital Reinsurance Co., a unit of Risk

Capital Holdings Inc.; and Securitas Capital, an insurance investment vehicle funded by Swiss Reinsurance Co. and Credit Suisse Group.

The deal, subject to regulatory approvals, is expected to close by the end of the year.

The terms of the transaction are virtually identical to those hammered out with Kohlberg Kravis & Roberts Co. in early 1996 when KKR offered to buy out all of Xerox's insurance operations. That deal fell apart late last year, and Xerox has since been selling off the operations individually (BI, Jan. 22, 1996; Sept. 16, 1996).

To date, Xerox has sold five of its seven insurance units, with only Crum & Forster Holdings Inc. and Westchester Specialty Group Inc. still on the block.

Xerox is in "active discussions" with potential buyers of those two units, and expects to sell them by the end of the  
*See Xerox on page 75*

## New York transit may create captive

By RODD ZOLKOS

NEW YORK—Metropolitan Transportation Authority officials are studying the possibility of forming a New York-domiciled captive, which could be the first formed under the state's recently approved captive law.

Among other things, the New York law, which takes effect Dec. 5, allows large public authorities to form captives in the state, a provision included with the MTA in mind, according to Gregory V. Serio, first deputy superintendent and general counsel of the New York Insurance Department.

"We are considering creating a captive within the state of New York, but we're just in the beginning stages," said Lauren Gregory, director of risk and insurance management for the New York area public transportation agency.

"We have Willis Corroon helping us with our feasibility study and what we're going to do going forward," the risk manager said.

The study process is open-ended, with no strict  
*See MTA on page 72*

MTA Metropolitan Transportation Authority



AP/WIDE WORLD PHOTOS

The MTA is studying the feasibility of forming a captive, which could become the first in New York.

## HCOs hope to make comp work

But self-insured employers skeptical of plans' ability to cut costs

By ROBERTO CENICEROS

More than four years after workers compensation reforms in California created a certification process for managed care companies, the idea is finally getting off the ground.

But, certified "health care organizations" still have to overcome the skepticism of self-insured employers that HCOs will reduce workers comp costs.

The state certified its 10th HCO in August. One week earlier, Gov. Pete Wilson signed legislation streamlining the certification process by allowing medical providers to apply directly to the Division of Workers Compensation for certification rather than

having to first obtain approval from the Department of Corporations.

Additionally, insurers now are contracting to offer HCOs to their clients after initially rejecting them, according to the Division of Workers Compensation and HCOs themselves.

The workers comp division has yet to collect information on cost savings from HCO use, a division spokesman said. The division so far has focused on getting HCOs certified.

Sophisticated, self-insured employers have not flocked to HCOs. They remain skeptical that HCOs can reduce rising claims costs, despite the landmark  
*See HCOs on page 71*

## Congress not hurrying to OK tobacco settlement

By MARK A. HOFMANN

WASHINGTON—Congressional approval of the so-called "global" tobacco settlement between cigarette makers and 40 state attorneys general appears less and less likely to occur before next year, if at all.

Doubt about the settlement was expressed from both sides of the political spectrum last week as the Senate Agriculture, Nutrition

and Forestry Committee began its examination of the proposed deal, under which tobacco companies would agree to pay \$368.5 billion over 25 years to settle suits brought against them by states seeking to recoup Medicaid funds spent to treat tobacco-related illness in return for an end to class-action suits against the tobacco industry (BI, June 23).

According to proponents of the settlement, the agreement's chief

long-term aim is to reduce underage smoking and to subject tobacco companies to fines if specific targets aren't met in reducing the percentage of youths who smoke. The proposal, which also limits tobacco manufacturers' legal liability in other ways, must receive congressional approval because of its impact on the civil justice system, which traditionally has been the realm of the states.  
*See Tobacco on page 74*

**Xerox's sells another**

Resolution Group is the fifth of Xerox Corp.'s seven insurance companies to be shed since its 1993 decision to exit the financial services arena.

**SOLD**

- Resolution Group for \$612 million to TRG Holding Corp.
- Coregis for \$450 million to GE Capital Corp.
- Constitution Reinsurance Corp. for \$421 million to EXOR America Inc.
- Industrial Indemnity Holdings Inc. for \$365 million plus debt repayment to Fremont General Corp.
- Viking Insurance Co. of Wisconsin for \$103 million plus possible future payments to Guaranty National Corp.

**FOR SALE**

- Crum & Forster Holdings Inc.
- Westchester Specialty Group Inc.

GRAPHIC BY JOHN HALL

TO SUBSCRIBE CALL

1-800-678-9595

Spotlight on:

Surplus lines

page 3

## Updates

### Jauch quiet on buyout rumors

Continued from previous page  
1996 gross revenues of \$211.5 million.

Mr. Dahms squashed rumors of a last minute Aon bid, calling speculation to that effect in the German press "drivel." Aon ranks as Germany's third-largest broker and expressed an interest in growing in Germany early this year (BI, Feb. 10).

Sources at last week's Rendez-Vous de Septembre meeting in Monte Carlo, however, said Guy Carpenter & Co., J&H Marsh & McLennan's reinsurance arm, is the more likely candidate.

An agreement would provide J&H Marsh & McLennan with an unrivaled stronghold in the German broker market, uniting Jauch & Huebener with J&H/M&M unit Gradmann & Holler & Kiefhaber, Germany's second-largest broker.

Speculation in the German press over possible merger partners also included Willis Corroon Group P.L.C., Sedgwick Group P.L.C. and the German brokerage arm of Daimler Benz Interservices (Debis) GmbH, a service operation of Daimler Benz.

Jauch & Huebener is owned by 20 shareholders, who must decide the future course and international partnership of the company.

A source close to Jauch & Huebener said J&H/M&M may acquire 49% of the broker with an option to buy more shares as they become available.

Meanwhile, Guy Carpenter & Co. Inc. is in negotiations to acquire broker G.J. Sullivan Co. of Los Angeles, according to reinsurance executives at the Rendez-Vous. Brandon Sweitzer, chief executive officer of Guy Carpenter, would only say, "It would be a very good fit."

G.J. Sullivan declined to comment.

### Rules would tighten privacy

WASHINGTON—Employers that self-insure their health care plans would be barred from using claims information outside payment activity under medical information confidentiality rules the Clinton administration proposed last week.

For example, employers could not use health care information to make decisions about promotions or job assignments. The administration also recommended that employers build "impermissible barriers" between activities that use health care information and their other activities.

Benefit experts were combing through the recommendations to see how the recommendations would affect, if at all, managed care programs in which health care claims information is used in a variety of ways to try to hold down costs.

### Levi Strauss to appeal award

EL PASO, Texas—Levi Strauss & Co. will appeal an El Paso, Texas, jury's award of \$10.6 million to five current and former employees who claimed the clothing manufacturer's return-to-work program sought to get them to quit their jobs so the company could reduce its workers compensation costs.

San Francisco-based Levi Strauss also is seeking to recuse El Paso County Court Judge John L. Fashing from further proceedings for his "naked disregard for his obligations under Texas law and the open hostility he expressed during the trial toward (Levi Strauss) and its legal counsel," a company spokesman said. The spokesman added that Levi Strauss is not insured for any punitive damages that might be made in the case if the plaintiffs prevail.

The jury award consists of \$10 million in punitive damages and \$600,000 in compensatory damages.

The lawsuit stems from the company's return-to-work programs at El Paso manufacturing facilities in 1993 and 1994, the company spokesman said. Levi Strauss denies the plaintiffs' claims that they were discriminated against, threatened with dismissal and forced to return to work before recovering from injuries. The plaintiffs also contend, among other things, that they were taunted by other workers and managers, had their medical bills disclosed to fellow employees, and that one of them was asked about her sexual experiences during a rehabilitation program.

Levi Strauss still faces suits from an additional 104 plaintiffs who have alleged similar conduct.

### Disability limits draw lawsuits

NEW YORK—Chase Manhattan Bank and Staten Island Savings Bank are the two latest employers to come under fire for capping long-term disability benefits for mental illnesses but not for physical impairments.

In two separate but similar suits, the New York district office of the Equal Employment Opportunity Commission alleges Chase Manhattan and Staten Island Savings and their respective administrators, UNUM Life Insurance Co. of America and Guardian Life Insurance Co., are in violation of Title I of the Americans with Disabilities Act.

Chase Manhattan Bank caps long-term disability benefits for mental illnesses at 18 months, while Staten Island Bank caps its benefits at 24 months. Both companies, however, offer employees with physical disabilities long-term disability benefits until age 65.

The suits, filed earlier this month in the U.S. District Court in the Southern District of New York, allege the disparity between the benefits offered by the banks violates Title I of the ADA, which governs employment practices.

In a similar suit filed against Schering-Plough Corp., the 6th U.S. Circuit Court of Appeals ruled last month that employer-provided long-term disability plans are not in violation of accommodation provisions under Title III of the ADA (BI, Aug. 11).

See Updates on page 74

### Errors & omissions

• Due to an editing error, the capital and surplus of Berkshire Hathaway Group was incorrect in the Sept. 1 directory of worldwide reinsurers. The company's correct capital and surplus figures for 1996 and 1995 were \$26,079,600,000 and \$19,400,000,000, respectively.

# Claims-handling targeted

## Labor Department may propose faster payments, reviews

By JERRY GEISEL

WASHINGTON—The U.S. Department of Labor is asking employers for information on their health care claims-handling procedures in a first step to what could result in tighter deadlines for claims payments and reviews.

Last week, the Labor Department said in a notice published in the Federal Register that it is evaluating 20-year-old regulations that govern how much time employers and plan administrators have to pay or deny employees' health care claims as well as

how quickly employers must respond to employees' requests for explanation and review when their claims are denied.

To assist in that review and in deciding how, if at all, the 1997 regulations should be revamped, the department is asking for public comment.

Benefit consultants say the request for information is a sign the department is ready to develop new regulations.

"I think the department is tipping its hat and will push forward to make changes. I expect changes in the next year or so," predicts

Frederick Rumack, director of tax and legal services at Buck Consultants Inc. in New York.

"It is obvious that the department is concerned about the timeliness and fairness of the claims-handling process," adds Neil Grossman, vp of regulatory and legal affairs at the Assn. of Private Pension & Welfare Plans in Washington.

Observers say it is almost certain the department—after it has reviewed comments—will propose tightening deadlines on claims payments and reviews.

See Claims on page 74

## Bill would cut building suits

### Part of bigger effort in California

By JOANNE WOJCIK

SACRAMENTO, Calif.—A scaled-down plan to rein in construction defect litigation in California was expected late last week to pass the state Legislature before it adjourned Friday.

But the proposal, inserted Monday into A.B. 594 by Assemblyman Tom Torlakson, D-Contra Costa, is just the first step in a larger campaign to find solutions to the building defect litigation epidemic that has swept through the state, sources say.

Awards and settlements have pushed liability insurance rates through the roof for California building contractors, some of which cannot get coverage at all if they were ever involved in housing projects with common areas such as condominiums, townhouses and some single-family communities with homeowners associations (BI, Feb. 10; Nov. 11, 1996). Builders have paid premiums as high as \$650,000 for a \$1 million liability policy with a \$250,000 deductible, Michael Pattinson, president of Barratt American Inc., a Carlsbad, Calif.-based home builder, said earlier this year.

The plan, developed by a bipartisan task force appointed earlier this year by Senate President Bill Lockyer, D-Hayward, would provide for subcon-

See Builders on page 69

## New law regulates leasing

By MEG FLETCHER

SPRINGFIELD, Ill.—Beginning Jan. 1, Illinois' first employee leasing law will regulate leasing companies to help ensure client employers provide appropriate workers compensation coverage for leased employees.

H.B. 223, signed into law late last month, applies to full-service or long-term leasing arrangements where "all or a majority number of employees" are leased for more than six months or for consecutive periods that total at least a year, according to the law.

The law excludes workers hired for "temporary help service," which employers hire during "employee absences, temporary skill shortages and seasonal workloads."

The law spells out the fundamental responsibilities of employee leasing companies, including paying a \$500 annual fee to register with the Illinois Insurance Department.

See Illinois on page 75

## HMO rate increases to continue

### Better results predicted for second half and 1998

By JUDY GREENWALD

Employers should prepare themselves for a period of rate hikes from health maintenance organizations, as HMO executives and analysts say first-half 1997 results indicate that the industry is indeed at the start of a cycle that will be marked by higher rates and increased profitability.

After years of flat or decreasing rates, rate hikes introduced by HMOs are beginning to work their way to the bottom line, according to observers. Many industry analysts and HMO executives expect improving results the remainder of this year and perhaps even better results in 1998.



Arun N. Kumar, director at rating agency Standard & Poor's Corp. in New York, said that while inadequate rate increases affected results in 1996 and this year's first half, the industry can "expect margins to improve modestly through the second half, and '98 to be a much better year than '97."

"I'd say what they call the underwriting cycle has finally turned," said Richard Shaw, a financial analyst with A.M. Best Co. in Oldwick, N.J. "People aren't fighting so much for membership or market share now." After two to three years of doing so "they're going to take the membership they have and

See HMOs on page 73

## Inside

• Congress acted wisely in passing legislation allowing Medicare beneficiaries more choice in health care plans, this week's editorial says. **PAGE 8**

• Norway's largest insurer is looking in Scandinavia for merger partners. **PAGE 67**

### 1996 Top Surplus Lines Insurers

Acceptance Insurance Co. ....	36
American International Specialty Lines Insurance Co. ....	15
Columbia Casualty Co. ....	37
General Star Indemnity Co. ....	20
Lexington Insurance Co. ....	14
Pacific Insurance Co. Ltd. ....	30
Reliance Insurance Co. of Illinois ....	26
Scottsdale Insurance Co. ....	18
Steadfast Insurance Co. ....	19
United National Insurance Co. ....	32

### 1996 Top Insurance Wholesalers

Burns & Wilcox Ltd. ....	56
Crump Insurance Services Inc. ....	49
First State Management Group ....	57
General Star Management Co. ....	56
K&K Insurance Group Inc. ....	53
The Schinnerer Group Inc. ....	55
Sherwood Insurance Services ....	52
Stewart Smith Group Inc. ....	51
Swett & Crawford Group ....	48
Tri-City Brokerage Inc. ....	50

Business Insurance (ISSN 0007-6864) Vol. 31, No. 37, is published weekly by Crain Communications Inc., 740 N. Rush St., Chicago, Ill. 60611-2590. Periodicals postage is paid at Chicago and at additional mailing offices. POSTMASTER: Send address changes to Business Insurance, Circulation Department, 965 E. Jefferson Ave., Detroit, Mich. 48207. \$4 a copy and \$87 a year in U.S. \$105 in Canada and Mexico (includes GST). All other countries \$205 a year (includes expedited air delivery). Canadian Post International Publications Mail Product (Canadian Distribution) Sales Agreement No. 0293512, GST No. 136760444. Printed in U.S.A. Copyright 1997 by Crain Communications Inc.

# Surplus lines insurers see slower premium growth

But more risk managers finding coverage for difficult risks admitted market won't write

By DAVE LENCKUS

Premium volume figures don't ring out a turnaround of the century for the surplus lines property/casualty insurance industry.

After all, the industry's non-admitted premium volume rose just 4.6% last year.

While the largest surplus lines insurers beat that mark handily, they could not match their own gains from a year earlier.

And, the largest surplus lines wholesalers continued to see their premium volume gains diminish.

Still, the small gain is good news—as much for risk managers as it is for the surplus lines industry, which had watched its overall premium volume slowly fade in recent years.

The gain means more risk managers are finding coverage for tough risks, such as employment practices liability, pharmaceutical liability and others, that even the premium-hungry admitted market is not willing to write.

For many coverages, surplus lines insurers have boosted their capacity after obtaining greater protection from the softening reinsurance market.

Smaller risks are getting a greater opportunity to participate as well, as some insurers are lowering their minimum premium standards.

There is more good news ahead, surplus line executives say. The market's evolution will force insurers and wholesalers to offer risk managers "value-added services," which historically have not been hallmarks of the market.

"I think those who don't think this is an overriding topic are in trouble," asserted Ron Seymour, senior vp of public entities and alternative markets for Scottsdale, Ariz.-based Gulf Underwriters Insurance Co., an excess and surplus lines insurance company subsidiary of Travelers/Aetna Property Casualty Corp.

Last year's premium volume gain, though, does not mean the surplus lines market has turned back its last significant challenge of the decade-long soft market.

The industry's non-admitted direct premiums in 1996 increased 4.6% to nearly \$8.67 billion from nearly \$8.29 billion a year earlier (see chart, page 12). The increase marks the first gain since 1993, according to figures provided by state surplus lines stamping offices and state regulators.

The top 10 surplus lines insurers as a group were even more successful than the industry as a whole in boosting premium volume. Their non-admitted direct premiums rose nearly 6.5% last year to nearly \$4.07 billion from almost \$3.82 billion in 1995. The gain, though, fell slightly short of a similar group's 7.2% increase in 1995 over its year-earlier non-admitted premiums.

Eight of the 10 largest surplus lines insurers in 1996 reported gains, two more than in 1995. Four reported double-digit gains, but that was two fewer than in 1995.

After years of leading the largest surplus lines insurers in non-admitted premium volume gains and then racking up the third-largest increase in 1995, American Inter-

national Specialty Lines Insurance Co. last year suffered a 1.6% decrease. But, the insurer remains the second-largest surplus lines insurer.

The rankings of the six largest surplus lines insurers did not change for 1996.

Two insurers debuted in the rankings: Pacific Insurance Co. Ltd., an ITT Hartford Group Inc. subsidiary, in seventh place, and Acceptance Insurance Co., a subsidiary of Acceptance Insurance Cos. Inc., in ninth place.

Bumped out of the top 10 rankings were St. Paul Surplus Lines Insurance Co. and the shrinking but still active Illinois Insurance

Exchange (see story, page 10).

The newcomers also pushed both United National Insurance Co. and Columbia Casualty Co. down a notch to eighth place and 10th place, respectively.

The results of the nation's top wholesalers were more mixed. The largest wholesalers' premium volume grew nearly 3.3% to almost \$3.74 billion last year from nearly \$3.62 billion in 1995. That marks the third consecutive year that the nation's largest wholesalers had weaker premium volume gains.

For underwriting managers and managing general agents, though, premium volume last year grew at a snappier 5.8% pace to \$1.31 bil-

lion from \$1.24 billion in 1995.

Wholesale brokers' premium volume crept up 1.9% last year to \$2.42 billion from nearly \$2.38 billion the year before.

There was little change in the rankings of the largest wholesalers. The change that did occur centered on Aon Corp.'s acquisition earlier this year of Alexander Howden North America Inc. in the deal for the wholesale broker's parent company, Alexander & Alexander Services Inc.

After it acquired A&A, Aon folded Alexander Howden—the former fourth-largest wholesaler—into Aon Specialty Group's various wholesale operations. As a

result of Alexander Howden's departure from the rankings, Stewart Smith Group Inc. and Sherwood Insurance Services, an Aon Specialty subsidiary, advanced in the rankings.

Filling the open spot in the rankings is K&K Insurance Group Inc., another Aon Specialty subsidiary and a former top 10 wholesaler. K&K reappears in the rankings as the nation's 10th-largest wholesaler. It last ranked among the largest wholesalers in 1993 based on its results from 1992, when K&K was a Lincoln National Corp. unit.

Along with Swett & Crawford Group, the nation's largest wholesaler, Aon Specialty units hold three positions among the 10 largest wholesalers.

See Market on next page

## 10 largest U.S.-based surplus lines insurers

Insurer Parent company	Non-admitted direct premiums		% change	Total gross premiums		% change	Statutory combined ratio	
	1996	1995		1996	1995		1996	1995
<b>Lexington Insurance Co.</b> American International Group Inc.	\$1,112,070,783	\$1,026,690,236	8.3%	\$1,351,925,234	\$1,250,083,615	8.1%	99.9%	94.3%
<b>American International Specialty Lines Insurance Co.</b> American International Group Inc.	780,243,287	793,130,552	-1.6	811,765,737	812,142,074	-0.05	94.8	89.6
<b>Scottsdale Insurance Co.</b> Nationwide Mutual Insurance Co.	522,109,042	544,101,028	-4.0	1,146,643,486 <sup>1</sup>	1,160,855,368 <sup>1</sup>	-1.2	111.8 <sup>1</sup>	113.5 <sup>1</sup>
<b>Steadfast Insurance Co.</b> Zurich Insurance Group	328,396,607	327,121,585	0.4	360,091,513 <sup>1</sup>	356,144,362 <sup>1</sup>	1.1	120.8 <sup>1</sup>	112.9 <sup>1</sup>
<b>General Star Indemnity Co.</b> General Reinsurance Corp.	293,228,768	237,221,725	23.6	299,338,485	243,853,456	22.8	93.8	96.1
<b>Reliance Insurance Co. of Illinois</b> Reliance Insurance Co.	259,948,439	204,802,424	26.9	296,765,781 <sup>1</sup>	241,458,417 <sup>1</sup>	22.9	110.0 <sup>1</sup>	101.4 <sup>1</sup>
<b>Pacific Insurance Co. Ltd.</b> ITT Hartford Group Inc.	196,632,048	183,496,505	7.2	296,042,074	294,387,436	0.6	117.3	104.4
<b>United National Insurance Co.</b> American Manufacturing Corp.	195,765,451	173,873,102	12.6	270,148,508	242,336,639	11.5	98.4	94.4
<b>Acceptance Insurance Co.</b> Acceptance Insurance Cos. Inc.	195,728,421	180,050,867	8.7	281,399,887 <sup>1</sup>	279,941,325 <sup>1</sup>	0.5	110.4 <sup>1</sup>	113.7 <sup>1</sup>
<b>Columbia Casualty Co.</b> CNA Insurance Cos.	181,294,645	147,601,114	22.8	544,954,351 <sup>1</sup>	502,611,356 <sup>1</sup>	8.4	109.7 <sup>1</sup>	107.8 <sup>1</sup>

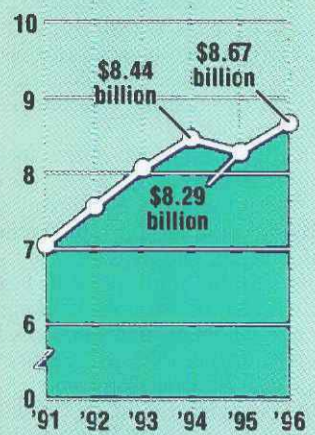
<sup>1</sup> Figures are reported on a pooling basis.  
Source: BI survey

## 10 largest U.S.-based insurance wholesalers

Broker Parent company	Premium volume		% change	Gross revenues		% change	% surplus lines <sup>1</sup>	
	1996	1995		1996	1995		1996	1995
<b>Swett &amp; Crawford Group<sup>2</sup></b> Aon Specialty Group	\$607,503,000	\$589,617,000 <sup>3</sup>	3.0%	\$59,089,000	\$57,492,000 <sup>3</sup>	2.8%	50.0%	45.0%
<b>Crump Insurance Services Inc.<sup>4</sup></b> Sedgwick Group P.L.C.	522,550,000	520,000,000	0.5	38,669,000	38,700,000	-0.1	60.0	60.0
<b>Tri-City Brokerage Inc.</b> Privately held	454,850,811	476,592,944	-4.6	31,200,000 <sup>5</sup>	31,200,000 <sup>5</sup>	0.0	20.0	20.0
<b>Stewart Smith Group Inc.</b> Willis Corroon Group P.L.C.	366,169,000	355,870,000	2.9	28,728,000	27,878,000	3.0	60.0	60.0
<b>Sherwood Insurance Services</b> Aon Specialty Group	263,000,000	238,000,000	10.5	23,800,000	21,000,000	13.3	25.0	20.0
<b>K&amp;K Insurance Group Inc.</b> Aon Specialty Group	209,028,539	197,211,358	6.0	45,777,250 <sup>5</sup>	43,269,000	5.8	2.0	0.0
MGA/Underwriting manager Parent company	Premium volume		% change	Gross revenues		% change	% surplus lines <sup>1</sup>	
	1996	1995		1996	1995		1996	1995
<b>The Schinnerer Group Inc.</b> Marsh & McLennan Cos. Inc.	\$444,000,000	\$442,000,000	0.5%	\$37,100,000 <sup>5</sup>	\$37,000,000 <sup>5</sup>	NM	5.0%	5.0%
<b>General Star Management Co.</b> General Re Corp.	354,000,781	301,479,710	17.4	NM	NM	NM	84.5	80.9
<b>Burns &amp; Wilcox Ltd.</b> H.W. Kaufman Financial Group Inc.	271,650,000	258,500,000	5.1	37,986,000	33,901,000	12.0	81.0	88.0
<b>First State Management Group</b> ITT Hartford Insurance Group	245,483,000	240,574,000	2.0	NM	NM	NM	82.0	79.0

<sup>1</sup> Percent placed with non-admitted markets. <sup>2</sup> Fiscal year ends Sept. 30. <sup>3</sup> Restated. <sup>4</sup> Formerly Price Forbes North America. <sup>5</sup> BI estimate. NM=Not meaningful.  
Source: BI survey

## Surplus lines premiums



Source: BI survey of state insurance departments

## Market

Continued from previous page

The last time a company played such a dominant role in the surplus lines rankings was in the late 1980s. From 1986 through 1989, the now broken-up Crum & Forster/Xerox Corp. fielded two top 10 wholesalers and a top 10 surplus lines insurer.

The only other change in the rankings was cosmetic. Price Forbes North America changed its name to Crump Insurance Services Inc. The wholesale broker maintains its ranking as the nation's second-largest wholesaler.

The industry's premium volume increase signals that insurers and wholesalers are offering new products and developing new programs that risk managers are demanding.

The gain certainly is not supported by any rate hardening, even for prop-

erty catastrophe risks. The mid-1990s run-up in property cat rates has passed its peak, and property premium volume is flattening as pricing drops.

For example, at Lexington Insurance Co., the nation's largest surplus lines insurer, property rates are off between 5% and 10% so far this year.

Helping to push down the rates is the growing capacity out of the admitted market and Lloyd's of London for California earthquake coverage.

Even rates for windstorm coverage in the Southeast are not rising, though they are "better than any other property business around," said Kevin P. Brooks, chairman and president of both General Star Indemnity Co., the fifth-largest surplus lines insurer, and General Star Management Co., the sixth-largest wholesaler.

The softening reinsurance market is a double-edged sword for the surplus lines market. Cheaper reinsurance has

prompted some surplus lines markets to boost limits for certain coverages, making the coverages more attractive to risk managers. But, at the same time, the softer reinsurance market is igniting additional competition.

"Insurers that previously would not have had the capacity to compete with us have it today," said Raymond L. Freudberg, chairman of United National.

"They are taking business that we would have gotten. But, in our view, they are writing it for premiums that are too low." At the same time, reinsurers are beginning to battle surplus lines insurers for business.

Some reinsurers have established departments to write the business directly and then offer a piece of the business to a surplus lines insurer, noted Gene Keating, president and chief executive officer of Scottsdale, Ariz.-based American Equity Insur-

ance Co., ultimately owned by Northland Co. of Mendota Heights, Minn.

As a result, surplus lines insurers write less of that business than they have in the past, said Mr. Keating, who also is a member of the National Assn. of Surplus Lines Offices' board.

The consolidation of the retail brokerage industry similarly may help some segments of the surplus lines industry while hurting others.

The freshly reconstituted wholesalers that emerge from the consolidation may approach the market differently and jar loose business from some surplus lines insurers, executives say.

However, the consolidation trend likely will mean more business for independent wholesalers, market executives say. Retailers likely will direct more business to the independents rather than dishing off business to wholesalers owned by one of the retailer's competitors, say executives.

"Growth is going to continually be a challenge in today's environment," said Paul Springman, NAPSLO's incoming president.

But, the more significant concern is whether surplus lines insurers and wholesalers can operate profitably, said Mr. Springman, president of both Evanston Insurance Co. and underwriting manager Shand Morahan Co., Evanston, Ill.-based subsidiaries of Markel Corp.

He and other market executives agreed surplus lines companies will continue to be able to operate profitably, given the market's history for being an incubator for new products and its management sophistication.

Surplus lines executives maintain they will not battle for business to the death of underwriting profitability.

But, "if you're doing that in this market, there's a cost to that," which is a loss of premium volume, observed Robert J. Ceconi, senior vp of St. Paul Surplus Lines. The subsidiary of St. Paul Fire & Marine Insurance Co. was ranked as the eighth-largest surplus lines insurer last year based on its 1995 results. But, it dropped from the rankings this year as its non-admitted premiums fell 18.3% to \$131.3 million in 1996.

Scottsdale Insurance Co., the only other top 10 surplus lines insurer besides AISLIC that reported a drop in non-admitted premiums in 1996, has "stepped up producer management to make sure they aren't taking on loss-producing business," said Bob Keul, vp-underwriting.

Lexington has allowed "a fair amount" of its general casualty business to leave because the insurer would not underwrite at a loss, according to Kevin H. Kelley, president.

A mainstay at The Schinnerer Group Inc.—real estate professional liability—suffered a "really tough year," said Richard Walk, senior vp. Policy count dropped by about 15% after Schinnerer raised rates by double digits throughout the country and by as much as 40% in Texas and California because of a dramatic increase in the frequency and severity of claims against real estate agents.

The surplus lines industry is replacing that business with a bevy of new products, with many markets and wholesalers featuring new program business.

Surplus lines insurers and wholesalers increasingly are turning to program business because it is easier to retain on renewal, explained Roger S. Walsh, president and CEO of American Excess & Surplus, the New York-based wholesale brokerage subsidiary of retail broker Acordia Inc. Mr. Walsh noted that while American E&S loses 25% to 35% of its non-program business each year, no more than 10% of its program business walks out the door at renewal.

The addition of 15 new books of program business last year largely

See Market on page 6

**We're setting**

**our sights**

**on new**

**horizons**

For twenty years, our clients have enjoyed a unique combination of high-quality insurance products and flexible risk management services. We're healthcare specialists, and our staff of physicians, nurses and insurance professionals are experts at developing solutions for our clients.

Now we're taking the PHICO success story nationwide. We're opening offices throughout the country because we prefer to work face-to-face with our customers—wherever they are. Along the way, we're adding new cutting-edge insurance products designed to meet the needs of today's healthcare industry—everything from support services for self-insured companies to comprehensive insurance programs for integrated delivery systems.

We're making all these changes without losing sight of what made us successful—listening to your needs and providing customized insurance solutions backed by the industry's most responsive risk management services.

So if you're tired of a cookie-cutter approach to your risk management needs, ask your broker about PHICO, call us direct at 800.382.1378, or visit our web site at [www.phico.com](http://www.phico.com)

Professional Liability • Institutional Liability • Managed Care Liability • General Liability • Excess Insurance • Workers Compensation  
Third Party Administration • Risk and Safety Management Services

**PHICO**  
Healthcare Risk Management Solutions



# Your Environmental Insurer's Motto Shouldn't Be "Run For Your Lives."

Today, you need the courage and creativity that our specialists have shown since the days when they pioneered the industry. You need an ever-evolving company willing to take the intelligent, informed risks that progressive risk management demands.

By forming an active partnership with our agents, brokers and customers, the Zurich-American

Environmental Group forges a bond of shared expertise that stretches the boundaries when it comes to creative risk management, products and solutions.

We're willing to take risks other companies won't. And we'll service our policies in a way other companies can't. Because we're backed by the financial strength, stability and The Power of

Partnership only the worldwide Zurich Group can provide. For more information, contact your agent or broker, or call 1-800-382-2150.

Zurich-American.  
The Power of Partnership.®



**ZURICH**

# Market

Continued from page 4

contributed to United National's relatively hefty 12.6% increase in non-admitted premiums.

Those programs provide, among other things, product liability, general liability, employment practices liability and inland marine coverages.

St. Paul Surplus Lines earlier this year established a special group dedicated to pursuing program business. "We see most of our business growth there," Mr. Ceconi said. He expects flat results in other areas. In July, St. Paul began offering a product liability program for tire rereaders.

Sherwood's year-old program department last year introduced an airport program that provides property, general liability and directors and officers liability coverage. The program

is "doing very well," said James W. Barnes, chairman and CEO.

Swett & Crawford's 1996 premium volume was boosted by programs such as the one covering restaurants for the loss of sales due to food-borne illness. The program has been expanded to food manufacturers.

Tri-City Brokerage Inc. last year introduced a program, underwritten at Lloyd's, that provides professional liability coverage for lawyers, architects and engineers as well as for miscellaneous classes of professionals, such as management consultants. Tri-City President John G. Hahn expects the program's premium volume to increase 50% this year to \$3 million.

Columbia Casualty owes the majority of its 1996 premium growth to increased writings in existing lines of business, but the insurer also launched new programs. The largest program provides municipal liability

coverage, including police professional liability and public officials professional liability coverage.

But, program business is not always a sure-fire premium producer.

Lexington's program division, which writes primary and excess property and liability for trade and professional groups, has been especially hard-hit by the soft market.

Sherwood discontinued its national roofers program, which illustrates the difficulty of establishing programs, Mr. Barnes said.

Mr. Walsh of American E&S agrees that building a successful program is difficult. "Unless you have something unique, you have about a 12-month opportunity before someone copies it," he said. He also thinks the term "program" often is overused. Many times it is used as a marketing tool and does not address a serious coverage demand by a target group.

Surplus lines executives agree that one of the hottest products in the market is employment practices liability.

American E&S placed as much of the coverage in the first half of 1997 as it did in all of 1996, Mr. Walsh noted.

He pointed out, though, that as much as 90% of the coverage is purchased in California.

Receiving a cooler reception than anticipated are the various pollution coverages available in the market, said James Ryan, president of the American Assn. of Managing General Agents and president of wholesaler Market Finders Insurance Corp. of Louisville, Ky. Large companies are buying it, but smaller companies largely have not, he said.

In the year ahead, the contractors liability insurance market, which remains extremely tight in California, could expand in Arizona and Nevada, Mr. Ryan said. The populations in

those states are burgeoning, and many lawyers that represented California homeowners in their product defect claims against homebuilders have relocated to the Southwest in anticipation of a new wave of defect claims, he said. "So that could be an opportunity in 1998."

D&O coverage, though, could become a problem, warned Mr. Springman of NAPSLO and Evanston. D&O rates have softened and terms have broadened over the past 18 months since the enactment of a federal law designed to discourage frivolous shareholder lawsuits (*BI*, Jan. 8, 1996). But, the law has not helped hold down the frequency or severity of D&O claims, he said. "In the E&S marketplace, it's certainly been an eye-opener for a lot of us."

In the meantime, some surplus lines markets are redoubling their efforts in their specialties.

Lexington is focusing on the specialty casualty business for which it has developed expertise and for which market conditions are somewhat better. This includes architects and engineers professional liability, specialty contractors, employment practices liability, transportation and railroad risks and health care-related risks, including provider stop-loss protection and pharmaceutical and biotechnology product liability.

Surplus lines executives say insurers and wholesalers have to distinguish themselves through their specialties. Likening the market to fine dining establishments, Mr. Springman said, "It's the specialty of the house that gets customers in there."

The executives also emphasized that the days when those companies could rely on their specialties alone have passed. At the height of the mid-1980s hard market, a company could specialize "and have all the business you could dream of writing," Mr. Ryan said. Today, "it's very difficult to be a niche player. It's almost impossible," because the business may move to the admitted market upon renewal.

The consolidation of insurers, and the subsequent difficulties some specialty wholesalers have had finding markets, also is forcing more wholesalers to expand their offerings. That is one reason for Schinnerer's strategy of broadening its product offerings, said Homer Sandridge, executive vp.

Of course, there are exceptions. Gulf Underwriters is one of them.

"It seems companies are offering a much broader array of products than ever before. That's not our game plan," said Vickie Kartchner, president. "Our particular game plan is focusing on program, or portfolio, forms of business. We're looking at doing business with agents with a high degree of expertise" in a particular area.

Offering more services is another way some surplus lines insurers and wholesalers are trying to distinguish themselves. For example, Schinnerer is beginning to offer risk managers assistance with communications skills and strategic business planning.

Gulf Underwriters is expanding its claims-handling and loss control services. Gulf's Ms. Kartchner and Mr. Seymour asserted that wholesalers in particular have to begin adding services to survive.

Wholesalers add between 5% and 15% to surplus lines insurers' expenses, Ms. Kartchner said. "That's too much in today's world. Insurers won't pay for that unless they can get something out of it."

The return is a lower combined ratio as a result of wholesalers performing various services that reduce insurers' expenses of handling claims or that help mitigate the frequency or severity of claims.

Mr. Seymour expects buyers to begin seeing this change in the months ahead. "It's going to be a more efficient market," he promised. **BI**

## A few words about what UNICARE's growth means for **U**.

### **U**ndeniable strength.

UNICARE Life & Health Insurance Company is a part of WellPoint Health Networks Inc., a Fortune 500 company with over 6.1 million members. The WellPoint organization is an industry leader in innovative healthcare solutions. And, by combining the strengths of John Hancock's\* group health and related life business and MassMutual's\* Group Life & Health division into one organization, UNICARE can provide even greater resources, product and service choices as well as flexibility to serve both regional and multi-state businesses.

### **U**nique perspective.

Today, as for the future, UNICARE's forward-thinking, non-traditional direction is being forged to help you develop and implement superior health benefit strategies. And while our vision has always been to embrace, reshape and manage change, the WellPoint family of companies' 60-year tradition of excellence and stewardship to our clients is merely the beginning.

### **U**ncompromising service.

Whether you're joining UNICARE as a previous John Hancock customer or considering a change from your current health carrier, our focus is to ensure integrity of service through dedicated, exceptionally responsive account service teams. We are deeply committed to preserving existing relationships, as well as developing new and long-lasting ones, always with an emphasis on service, product flexibility and choices.

  
**UNICARE.**  
Health plans that begin with you.™

For more information call  
**1-800-277-9300**

**When your usual liability  
markets get squeamish  
about a risk and demand  
an arm and a leg . . .**

**It's time to call  
United Coastal.**

**Get needed coverage and  
affordable pricing from an  
A.M. Best "A" rated company.**

Agents and Brokers contact:



Both companies are U.S. Treasury-Listed and A rated by A.M. Best.  
ACSTAR is licensed nationwide/United Coastal is an E&S insurer nationwide.

233 Main Street, New Britain, CT 06060-2350  
(860) 223-5000

## Opinions

## Medicare reform merits praise

WHILE WE'VE OFTEN bashed Congress for its boneheaded actions on employee benefits measures, legislators, for a change, deserve accolades for their actions overhauling the Medicare program.

As we reported last week, legislators—in a very welcome move—for the first time are opening up the Medicare program to meaningful competition from the private sector.

Simply put, under a new budget law, Medicare will set fixed payment rates based on the counties where retirees live. The identical rate will be offered to a broad array of health care plans: health maintenance organizations, preferred provider organizations, as well as to insurers offering indemnity plan coverage to Medicare beneficiaries or medical savings accounts linked to high-deductible plans.

All these plans have to do, in exchange for accepting the payment rate, is provide the same benefit package Medicare offers.

After meeting that minimum requirement, health plans have complete flexibility to design their benefit packages to attract retirees. HMOs, for example, undoubtedly will emphasize rich benefit packages and preventive services, while PPOs' likely pitch to retirees—just as it is to the under-65 population—will be the ability to move in and out of networks on a service-by-service basis.

Of course, retirees still will retain the option to remain in the traditional Medicare program.

We believe these changes are good news for retirees, employers and the government.

Retirees—just like active employees—will be able to decide which type of health care plan best meets their needs. Already, under current law, about 5 million retirees have opted out of Medicare in favor of HMOs because the managed care plans have been able to offer far more generous benefits than Medicare and often for little, if any, additional premium. And the new budget law assures the HMO option will be available to many more retirees through a payment structure that will make it more financially attractive for HMOs to offer coverage in areas of the country where Medicare's costs have been below average.

Other retirees, reluctant to give up their providers, will choose PPOs, while others may opt for indemnity plans run by insurers—dubbed private fee-for-service—perhaps because they think insurers will be more efficient in handling their claims than the government.

The point is that retirees will have a choice of



health care plans, something that makes a lot more sense than limiting retirees' choice to Medicare's fixed benefit structure of one size fits all.

The coming changes in the Medicare market also have important and positive implications for employers with retiree health care plans. As more retirees opt out of the traditional Medicare market, the need for employer-sponsored health care plans that supplement Medicare becomes vastly reduced. We think it may become unnecessary for employers to sponsor retiree health care plans—with all the cost and administrative hassle that entails—when their former workers will have so many health care options from which to choose. Ultimately, employers may find it a lot less expensive and administratively easier to encourage retirees—such as through subsidizing premiums—to join the Medicare alternative plans than maintain supplemental plans.

Finally, we think the government also will be a winner.

With about 38 million beneficiaries and annual claims payments now well above \$200 billion, Medicare has become much too big for government to administer effectively. If millions of retirees opt out of the traditional Medicare program and into private health care plans, we think the government will save a fortune on overhead—no small consideration for a vital program whose solvency still is very much in doubt.

## Letters

## Shorter maternity stays benefit women

To the editor: I was very pleased to read the interesting article on page 6 of your Aug. 25 issue. This was the article by Deborah Shalowitz Cowans about the effect of short maternity stays on women's health, shown in a study prepared by Milliman & Robertson ("Study Finds Short Maternity Stays Not Harmful"). I found your editorial very realistic about the current HMO bashing due to heavy

lobbying by vested interests of all types.

I thought I might add a bit more grist to the mill. In my position as a health care actuary, I have looked at maternity data across the United States for many years. For the past 20 years or so, the average length of stay for normal maternity in California has been 1.6 days. Over this period of time, many of these stays were in fee-for-service as well as HMOs. The HMOs did not produce this result, but the physicians produced this result by their method of practice in California and other far Western states. I am really confused that the state of California would pass a law requiring a two-day length of stay for normal maternity cases when its average was considerably lower than this.

Being an old-timer in a medical/actuarial field, I can recall maternity benefits in 1950. Standard benefits at that time were 10 times the room-and-board ben-

efit. Ten days was the average length of stay for maternity. Our legislatures did not seem to be involved in mandating benefits at that time—in fact, health care coverage was very limited, particularly for individuals and small groups.

Can't you imagine, in our day's current enthusiasm for mandates, we might have frozen the existing practice in 1950? Women staying in the hospital were highly prone to infections of all types, as were the newborns. The current system, by getting a woman back into her home environment (in some cases having babies at home), has minimized all the postpartum infections that were so common.

**Harry L. Sutton Jr.**  
Senior Actuary, Health Care Mass  
Marketing Division  
Allianz Life Insurance Co.  
of North America  
Minneapolis

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

## Business Insurance

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

Vice President/  
Publisher/Editorial Director: Kathryn J. McInyre, ARM (Chicago)

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

Editor: Paul D. Winston (Chicago)

Editor-at-Large: Jerry Geisel (Washington)

Managing Editor: Roseanne White (Washington)

Senior Editor-International: Stacy Shapiro (London)

Senior Editors: Meg Fletcher, ARM (Chicago)

Judy Greenwald (San Jose)

Dave Tenckus (Tucson)

Douglas McLeod (New York)

Joanne Wojcik (Los Angeles)

Regis J. Coccia (Chicago)

Assistant Managing Editor:

Washington Editor: Mark A. Hofmann (Washington)

Bureau Chiefs: Sarah Goddard (London)

Gavin Sauter (New York)

Graphics Editor: Kathy L. Barnes (Chicago)

Copy Editors: Todd J. Behme (Chicago)

Sara J. Harty (Chicago)

Assistant Copy Editor: Richard Trout (Chicago)

Associate Editors: Michael Bradford (Dallas)

Deborah Shalowitz Cowans (Chicago)

Roberto Cenicerros (Los Angeles)

Robert Kazel (Chicago)

Michael Prince (New York)

Sally Roberts (Chicago)

Edwin Unsworth (London)

Rodd Zalkas (Chicago)

Directory Editor: Sandra L. Budde (Chicago)

Assistant Directory Editor: Matt Scroggins (Chicago)

Editorial Assistant: Amanda L. Milligan (Chicago)

Production Assistant: Amy R. Kepka (Chicago)

Assistant to the Publisher: Karen Brown Tucker (Chicago)

Editorial Cartoonist: Roger Schillerstrom (Chicago)

Midwest Advertising Manager: Robert L. Niesse (Chicago)

District Managers: Cynthia Quinn (New York)

Blake Delany (New York)

Roger Lynch (New York)

Elizabeth McGahren (New York)

Deborah D. Neale (Chicago)

Classified Advertising Manager: Cheryl Adeszko (Chicago)

Sales Assistant: Lori Lieberman (Los Angeles)

Production Manager: Elmer Kerstowski (Chicago)

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

Promotion Coordinator: Barbara O'Brien (New York)

EDITORIAL:

Chicago: 312-649-5398

Dallas: 214-361-2295

London: 171-457-1400

Los Angeles: 213-651-3710

New York: 212-210-0100

San Jose: 408-774-1500

Tucson: 520-579-1937

Washington: 202-662-7200

ADVERTISING:

New York: 212-210-0228

Chicago: 312-649-5276

Los Angeles: 213-651-3710

COMMUNICATIONS:

Subscriptions:

New York: 212-210-0132

Detroit: 800-678-9595

Business Insurance is published by Crain Communications Inc.

Keith E. Crain

Chairman

Merrilee Crain

Secretary

Rance Crain

President

Mary Kay Crain

Treasurer

William A. Morrow

Executive Vice President/Operations

Robert C. Adams

Vice President/Production

Peter Johnson

Vice President/Circulation

G.D. Crain Jr.

Founder (1885-1973)

Mrs. G.D. Crain Jr.

Chairman (1911-1996)

S.R. Bernstein

Chairman-executive committee (1907-1993)

Published weekly at 740 Rush St., Chicago, Ill. 60611-2590, Fax 312-280-

3174, E-mail: biweb@crain.com, Cable: CRAINCOM. Offices: 220 E. 42nd St.,

New York, N.Y. 10017-5806, Fax 212-210-0704, CRAIN COM NYK; Suite

114, 8950 N. Central Expressway, Dallas, Texas 75231; Fax 214-696-

1936; Suite 814, National Press Building, Washington, D.C. 20045-1801;

Fax 202-638-3155; 6500 Wilshire Blvd., Suite 2300 Los Angeles, Calif.

90048-4947, Fax 213-655-8157; 967 Bermuda Court, Sunnyvale, Calif.

94086-6750, Fax 408-774-1155; New Garden House, 78 Halton Garden,

London EC1N 8JQ England, Fax 171-457-1440; 8157 N. Torrey Way, Tuc-

son, Ariz. 85743, Fax 520-579-3476. \$4 a copy and \$87 a year in U.S.

\$105 in Canada and Mexico (includes GST). All other countries \$205 a year

(includes expedited air delivery). J.A. LEWELLEN, circulation manager. Four

weeks' notice required for change of address. Send subscription correspondence

to Circulation Department, Business Insurance, 965 E. Jefferson Ave., Detroit,

Mich., 48207-3185, or phone 800-678-9595 or 313-446-0450, Fax 313-

446-6777. Microfilm copies are available from University Microfilms, 300 Zeeb

Road, Ann Arbor, Mich. 48103. Microfiche copies available: Bell & Howell,

Micro Photo Division, Old Mansfield Road, Wooster, Ohio 44691. Portions of

the editorial content of this issue are available for reprint or reproduction in other

media. For information and rates to reproduce in general circulation media, con-

tact: JOSEPH P. HANLEY, Crain News Service, 220 E. 42nd St., New York,

N.Y. 10017-5806, 212-254-0890. For reprints or reprint permission contact:

KAREN BROWN TUCKER, Business Insurance, 740 N. Rush St., Chicago, Ill.

60611-2590, 312-649-5319, Fax 312-280-3174.

www.businessinsurance.com

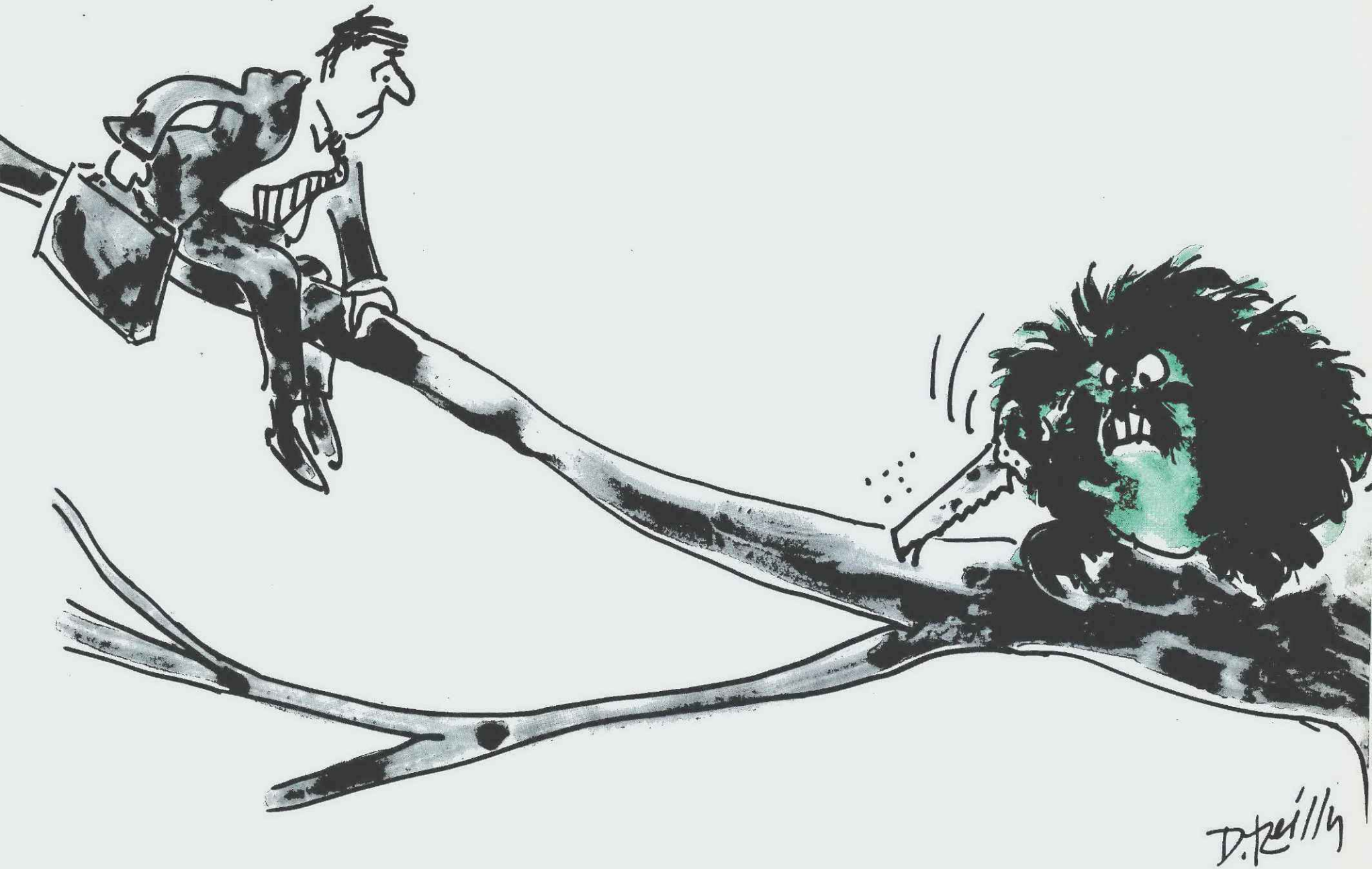


30 YEARS OF  
Business Insurance  
1967-1997



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

**Out on a limb with a tough risk?**



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



**GENERAL  
STAR**

- Market Stability
- Financial Strength
- Underwriting Quality

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

# Illinois Insurance Exchange focusing on future

By MEG FLETCHER

CHICAGO—The Illinois Insurance Exchange hopes its major problems are behind it and new opportunities are ahead.

"The general perception is that the exchange is dead—and it's not," said James E. Tait, president and chief executive officer.

He hopes a new state law will help revive the IIE's stability and credibility as a market for surplus lines insurance and the handful of syndicates writing there.

The law gives the state Insurance Department greater oversight of the exchange's solvency, imposes greater financial reporting and organizational requirements on syn-

dicates and increases public representation on the IIE's board (*BI*, June 9). The law also authorizes creation of an additional exchange.

Mr. Tait said he is discussing with potential investors the feasibility of a second exchange as "an alternative domicile" for different types of risk transfer, such as non-traditional securitization products. He declined to discuss details.

Regardless of the IIE's future possibilities, it must deal with remaining problems from its past.

In an eight-month period spanning late 1996 and early 1997, three syndicates became insolvent (*BI*, March 10). They were Geneva Assurance Syndicate Inc., First Oak Brook Corp. Syndicate Inc.

and Resure Inc. Syndicate.

The insolvencies create the first test of the IIE's prefunded \$35 million guaranty fund, which is the only guaranty fund for surplus lines insurance buyers apart from a state program in New Jersey.

IIE executives and state officials are trying to clarify the guaranty fund's response to unpaid claims, which policyholders generally were given a year to file.

Another problem was a general decline in financial results in 1996.

The IIE's syndicates wrote \$85.4 million in gross premiums in 1996, down 6.5% from a restated \$91.4 million in 1995. The premiums were restated to reflect the prior writings of active syndicates. Last

year's results were 71% below the record \$294.7 million the IIE reported in 1994.

The drop in non-admitted premium figures caused the IIE to lose its place among the rankings of the largest U.S.-based surplus lines insurers.

Also down were gross premiums written on a direct, non-admitted basis for commercial risks. They dropped 44%, to \$78.1 million last year. However, the general decline in premium volume resulted in commercial business accounting for a greater percentage of the IIE total book of business, 93% last year, up from 81%.

In addition, the IIE reported in 1996 that its net income dropped

35% to \$6.4 million and its combined ratio deteriorated to 107.8% from 104.7%.

Contributing to the IIE's poorer results was the fact that several syndicates have ceased writing new business during the past several months. For example, First Mercury Syndicate Inc. and Transco Syndicate #1 withdrew from the IIE, Comprehensive Ensurers Market Syndicate Inc. is suing the IIE over withdrawal arrangements, and Britamco Underwriters Inc. recently filed an application to withdraw.

In addition to CEM, syndicates considered active on the exchange include AAI Syndicate #1 Ltd., Agora Syndicate Inc., Prime Syndicate Inc. and RCA Syndicate #1 Ltd.

The trend of negative results continued into the first half of 1997 as gross written premiums fell to \$17.9 million, according to the IIE's June 30 results. But, the first-year net income figure of nearly \$7.6 million has already exceeded the \$6.4 million reported for all of 1996.

Meanwhile, capital and surplus during the first half dropped less than 1% to \$71.8 million.

"I think that the financial difficulties that have been problematic for us have bottomed out. We are beyond that now," the IIE's Mr. Tait said.

There is still a market for the IIE's traditional specialties, he said. The IIE historically has been a niche market for coverages such as errors and omissions and liquor liability that are written on a surplus lines basis.

Syndicates collectively write a wide range of liability coverages as well as some property coverages for dozens of types of businesses, including contractors, bars and taverns, restaurants, special events organizers, outfitters and guides, used car dealers, real estate agents and day care centers.

Depending on the risk, the IIE traditionally can provide limits of about \$5 million for property and up to \$2.5 million for liability.

"I continue to see an opportunity for niche players, but in a weak market there is less of an opportunity," Mr. Tait said.

Although the new law allows for the IIE's dissolution, "I don't anticipate there being any action to dissolve the exchange," he said.

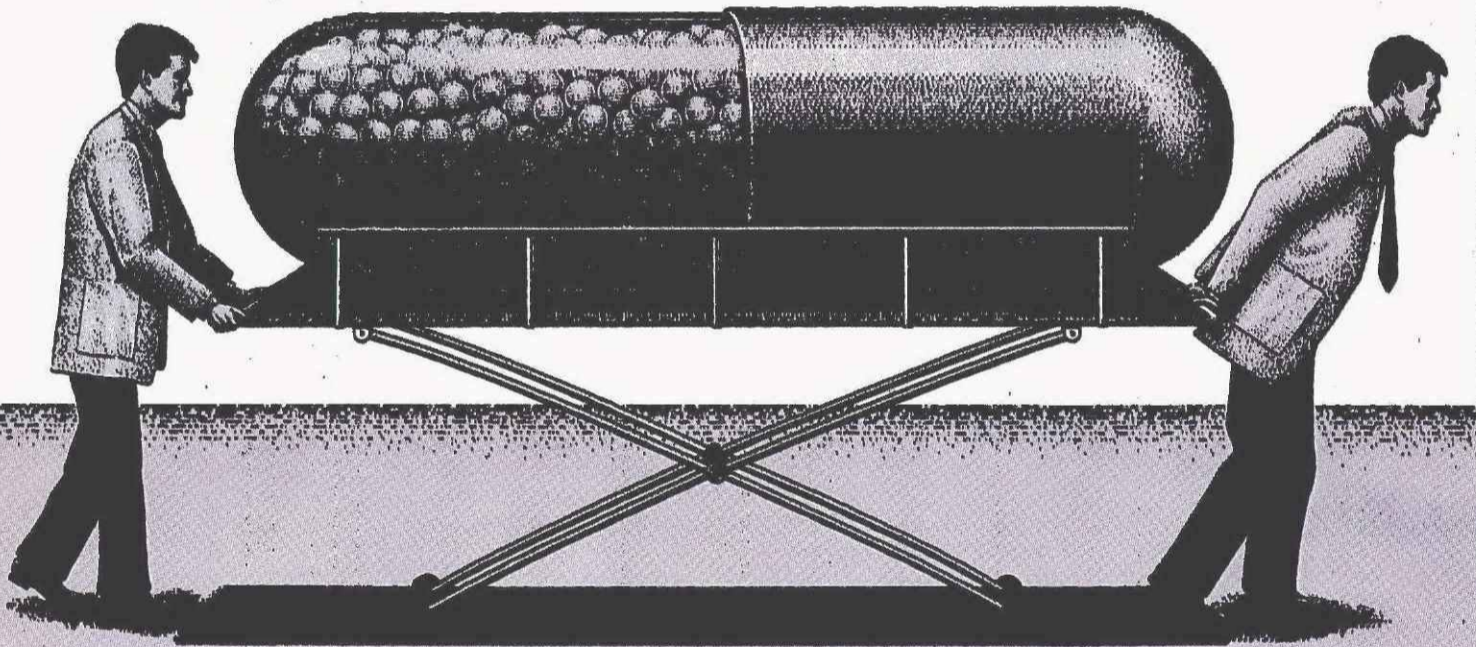
The IIE as an entity is accepted as an eligible surplus lines writer in about three dozen states. IIE syndicates are accepted on an individual basis in seven other states. Generally, the IIE cannot write business in California, Connecticut, Maine, Nevada, New Hampshire, New York, Rhode Island and Texas.

Mr. Tait hopes the new law increasing the state Insurance Department's oversight over the exchange may improve the IIE's standing in the eyes of out-of-state regulators as well as buyers.

Provisions give the Illinois Insurance Department responsibility for examining the financial records of the exchange, which it previously reviewed annually. In addition, the law imposes new financial reporting requirements on syndicates which will have to file quarterly statements, actuarial opinions and audited financial reports with the department.

The legislation also creates an executive committee that will consist of three of five public trustees on the IIE's 13-member board. That committee will oversee IIE operations, though it will be subject to a nine-member majority of the board. **BI**

**SOMETIMES GOOD THINGS CAN BE HARD TO SWALLOW.**



You've probably already heard that Swett & Crawford is now part of a

large international insurance organization.

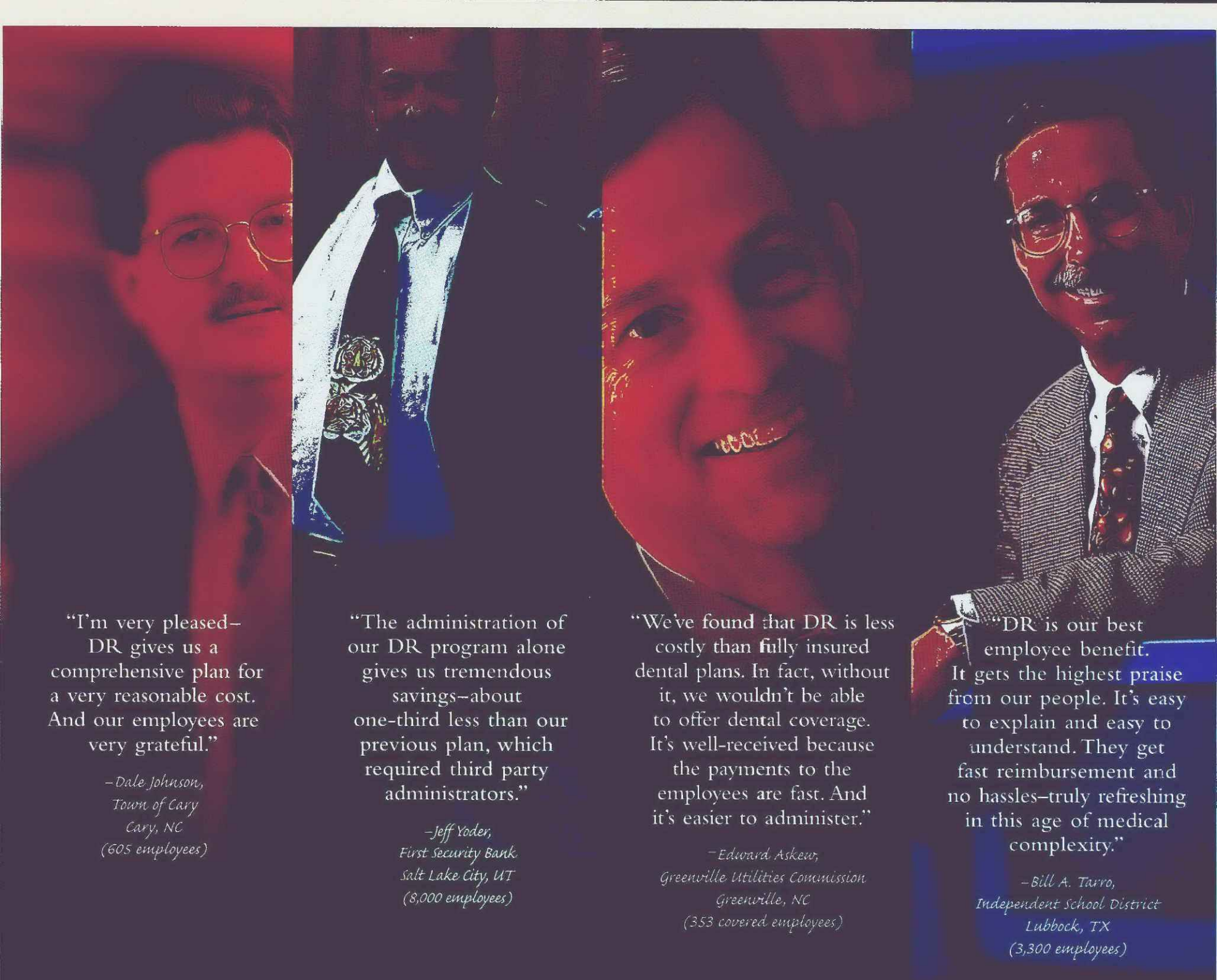
Some of you may think this will change the way we do business.

Rest easy. The fact is, that our new relationship is a very healthy step for all of us. With global buying clout and substantial resources, Swett & Crawford can provide even better market access and a greater-than-ever capacity to design, build and broker the kinds of programs and packages that protect your clients against risks around the corner or around the globe. And we continue to do this from locations across the country.

In competing for your business, Swett & Crawford is more determined than ever to deliver the aggressive underwriting and brokering, rapid turn-around, advantageous pricing and marketing savvy you need to cement your client relationships.

We'll continue to be your most reliable ally in a highly competitive marketplace just as we've been throughout our 80 years of service to independent agents and brokers. Swett & Crawford. Still the best remedy for a tough business climate.

**Swett & Crawford**



"I'm very pleased—  
DR gives us a  
comprehensive plan for  
a very reasonable cost.  
And our employees are  
very grateful."

—Dale Johnson,  
Town of Cary  
Cary, NC  
(605 employees)

"The administration of  
our DR program alone  
gives us tremendous  
savings—about  
one-third less than our  
previous plan, which  
required third party  
administrators."

—Jeff Yoder,  
First Security Bank  
Salt Lake City, UT  
(8,000 employees)

"We've found that DR is less  
costly than fully insured  
dental plans. In fact, without  
it, we wouldn't be able  
to offer dental coverage.  
It's well-received because  
the payments to the  
employees are fast. And  
it's easier to administer."

—Edward Askeur,  
Greenville Utilities Commission  
Greenville, NC  
(353 covered employees)

"DR is our best  
employee benefit.  
It gets the highest praise  
from our people. It's easy  
to explain and easy to  
understand. They get  
fast reimbursement and  
no hassles—truly refreshing  
in this age of medical  
complexity."

—Bill A. Tarro,  
Independent School District  
Lubbock, TX  
(3,300 employees)

**FOUR BENEFITS MANAGERS. 12,258 EMPLOYEES. 343,224 TEETH.**

**ONE SMART IDEA.**

**DIRECT  
REIMBURSEMENT**

*The  
Dental  
Benefits Plan  
for  
Smart Companies*

Decision-makers from different industries across the country have been discovering that Direct Reimbursement offers comprehensive yet cost-effective dental coverage for their employees. It's a program that recognizes

the need to eliminate the costly administrative processes and red tape typical of other types of coverage. The need to manage program funds as you wish. And the need to give your employees freedom of choice and quick reimbursement.

*We'll provide you with a free cost estimate for a Direct Reimbursement plan designed to meet the company needs that you specify.*

*Just call 1-800-232-7698 and find out for yourself why DR is a smart idea in dental coverage.*

**ADA**<sup>®</sup>

American Dental Association

<http://www.ada.org>

# New Hampshire leads nation in surplus lines premium growth

By RICHARD TROUT

New Hampshire posted the largest percentage increase in surplus lines premiums last year: Surplus lines premium volume for the Granite State was \$46.4 million in 1996, 95.8% higher than the year before.

New Hampshire's surplus lines market now is expected to remain stable at about \$46 million following this increase, according to a state examiner. He declined to elaborate on reasons for the increase.

With the exception of Iowa, which saw a 27.8% increase, all

double-digit premium volume increases occurred east of the Mississippi.

In Maryland, surplus lines premiums hit \$88.6 million in 1996, a 53% increase.

Florida posted a 32.9% gain, while five other states registered double-digit increases: Indiana, up 21.9%; Tennessee, up 18%; West Virginia, up 17.3%; New Jersey, up 12.8%; and North Carolina, up 11.2%.

Overall, 23 states and the District of Columbia posted increases in surplus lines premium volume between 1995 and 1996.

Surplus lines premiums written

nationwide totaled \$8.67 billion in 1996, a 4.6% increase from a restated \$8.29 billion in 1995, according to state regulators and stamping offices surveyed by *Business Insurance*.

After the 4.9% decrease reported in 1995, it appeared as if the market was aiming for an about-face during 1996.

It was the first increase since 1993, when surplus lines premium volume went up 5.8% amid a hardened property catastrophe market.

Many states restate their prior-year premiums as more accurate information becomes available. In

several states, surplus lines figures were provided by the stamping office or surplus lines association rather than the state insurance department.

California reported the largest surplus lines premium volume of any state—\$1.44 billion, a 9.1% increase from its restated 1995 volume.

Texas posted the second-largest surplus lines premium volume, at \$1.24 billion, but saw a 1.5% decrease from its restated 1995 premiums.

Maine had the largest decline in surplus lines premium volume last year, at \$7.2 million, a 41.2% de-

crease from 1995.

Other states reporting significant declines included South Dakota, down 39.4%; North Dakota, 36.7%; Wyoming, 19.9%; Delaware, 19.4%; Oregon, 18.7% and Connecticut, 17.2%.

Overall, 27 states reported declines in surplus lines volume.

Proposals to change surplus lines laws are pending in New Jersey, New York, Pennsylvania and Texas. Eleven states reported changes to their surplus lines laws last year.

Surplus lines tax rates did not change in any state. **BI**

## Surplus lines premiums and taxes by state

State	Surplus lines premiums			'95 - '96 % change	'94 - '96 % change	Surplus lines taxes			percent tax rate
	1996	1995	1994			1996	1995	1994	
Alabama	\$123,153,883	\$125,024,733	\$142,776,275	-1.5 %	-13.7 %	\$7,389,233 <sup>1</sup>	\$7,501,784	\$5,711,051	6.00% <sup>2</sup>
Alaska	33,238,380	33,574,575	38,936,908	-1.0	-14.6	770,732	776,045	929,645	2.70%
Arizona	93,028,903	92,639,482	89,746,768	0.4	3.7	2,714,211	2,775,249	2,688,433	3.00% <sup>5</sup>
Arkansas	50,485,607	52,664,378	48,479,524	-4.1	4.1	2,078,103	2,166,320	1,990,771	4.00%
California*	1,440,710,322 <sup>4</sup>	1,320,335,608 <sup>4</sup>	1,443,383,453 <sup>4</sup>	9.1	-0.2	43,221,310	39,610,068	43,301,504	3.00%
Colorado	111,308,945	110,497,368	94,440,913	0.7	17.9	3,339,268	3,375,268	2,880,526	3.00% <sup>5</sup>
Connecticut	73,174,208	88,328,696	80,822,692	-17.2	-9.5	2,852,495	3,483,000	3,126,308	4.00%
Delaware	16,799,818	20,841,566	18,228,769	-19.4	-7.8	336,045	417,201	364,575	2.00%
District of Columbia	60,569,337	59,279,461	48,300,363	2.2	25.4	1,120,121	1,171,675	966,007	2.00%
Florida	951,210,923 <sup>1</sup>	715,928,653	654,441,776	32.9	45.3	43,328,531	32,269,768	28,573,447	5.00%
Georgia <sup>6</sup>	210,614,775	220,931,690	224,465,300	-4.7	-6.2	8,424,591	8,837,268	8,978,612	4.00%
Hawaii <sup>6</sup>	89,661,591	96,557,865	97,530,469	-7.1	-8.1	4,204,665	4,516,082	4,564,426	4.68%
Idaho*	16,709,489	19,727,124	18,949,968	-15.3	-11.8	436,602	526,466	495,278	2.75% <sup>7</sup>
Illinois* <sup>6</sup>	270,364,258	265,532,109	287,274,098	1.8	-5.9	8,110,928	8,078,583	8,610,840	3.00%
Indiana	106,486,052	87,378,429	94,774,483	21.9	12.4	2,029,695	3,788,152	2,570,360	2.50%
Iowa <sup>8</sup>	52,422,569	41,024,520	42,914,429	27.8	22.2	1,048,451	820,490	858,289	2.00%
Kansas	36,987,987 <sup>1</sup>	34,844,175 <sup>1</sup>	41,060,266	6.2	-9.9	2,219,279	2,090,651	2,484,522	6.00%
Kentucky	39,571,196	40,519,377	40,688,954	-2.3	-2.7	1,187,159	1,215,381	1,220,668	3.00%
Louisiana	361,223,664	373,023,847	513,361,352	-3.2	-29.6	18,061,183	18,651,192	25,668,068	5.00%
Maine <sup>8</sup>	7,153,156	12,160,207	17,494,801	-41.2	-59.1	214,595	364,806 <sup>8</sup>	524,844	3.00%
Maryland <sup>6</sup>	88,565,463	57,872,131	69,536,225	53.0	27.4	2,611,956	1,686,663	2,037,485	3.00%
Massachusetts <sup>6</sup>	211,003,875	220,000,000	195,000,000	-4.1	8.2	8,440,155	8,800,000	7,800,000	4.00%
Michigan	325,745,254	358,055,641	314,623,379	-9.0	3.5	8,053,584	8,612,934	6,926,249	2.50% <sup>9</sup>
Minnesota	92,078,389	85,105,776	85,385,994	8.2	7.8	2,762,352	2,553,173	2,561,580	3.00%
Mississippi	65,341,286	63,313,808	61,430,195	3.2	6.4	2,613,651	2,493,892	2,427,581	4.00% <sup>10</sup>
Missouri	143,362,738	164,855,299	160,302,262	-13.0	-10.6	6,993,993	8,073,451	7,857,206	5.00%
Montana	9,800,256	11,446,656	11,753,480	-14.4	-16.6	270,555	315,382	323,541	2.75%
Nebraska	29,617,999	31,732,434	26,871,046	-6.7	10.2	901,433	951,973	816,483	3.00%
Nevada	29,179,680	30,986,039	32,030,840	-5.8	-8.9	1,162,029	1,140,901	1,110,271	3.50%
New Hampshire	46,411,571	23,705,902	25,477,831	95.8	82.2	928,305	474,113	509,556	2.00%
New Jersey	301,173,834	266,911,706	240,049,111	12.8	25.5	8,891,327	8,465,107	7,827,524	3.00%
New Mexico	26,234,648	25,819,574	28,591,028	1.6	-8.2	787,039	774,587	857,731	3.00%
New York*	571,434,713	536,357,884	566,222,222	6.5	0.9	15,107,976	14,199,641	13,502,706	3.60%
North Carolina	93,018,721	83,649,691	80,937,506	11.2	14.9	4,650,938	4,182,483	4,046,877	5.00%
North Dakota <sup>6</sup>	4,393,435	6,943,777	7,121,898	-36.7	-38.3	76,887	121,497	127,167	1.75%
Ohio	155,516,400	157,304,231	144,712,799	-1.1	7.5	1,380,115	1,365,530	1,262,665	5.00%
Oklahoma <sup>6</sup>	71,935,170	66,281,910	86,317,057	8.5	-16.7	4,136,110	3,976,915	5,179,023	6.00%
Oregon*	58,275,437	71,655,421	68,190,463	-18.7	-14.5	1,410,446	1,744,673	1,654,435	2.25%
Pennsylvania	308,000,000	303,000,000	308,000,000	1.7	0.0	8,820,086	10,900,340	11,742,125	3.00%
Rhode Island	27,665,948 <sup>4</sup>	26,375,463 <sup>4</sup>	39,583,647 <sup>4</sup>	4.9	-30.1	829,978	791,264	1,187,509	3.00%
South Carolina	88,087,590	85,036,930	72,535,976	3.6	21.4	3,523,504	3,401,477	2,901,439	4.00%
South Dakota	5,932,398	9,792,500	11,532,500	-39.4	-48.6	148,310	244,813	288,312	2.50%
Tennessee	138,614,590	117,490,748	115,073,673	18.0	20.5	3,686,919	3,196,815	3,116,266	2.50% <sup>11</sup>
Texas*	1,240,115,777	1,259,634,116	1,255,094,468	-1.5	-1.2	60,144,424	61,070,380	60,823,577	4.85%
Utah	42,528,843	42,264,629	40,604,536	0.6	4.7	1,807,476	1,796,246	1,725,692	4.25%
Vermont	8,714,474	9,859,848	10,720,341	-11.6	-18.7	261,434	295,795 <sup>8</sup>	321,610 <sup>8</sup>	3.00%
Virginia	124,602,542	127,801,956	115,132,561	-2.5	8.2	2,803,557	2,875,544	2,590,482	2.25%
Washington*	117,282,716	124,847,580	124,663,638	-6.1	-5.9	2,345,654	2,496,952	2,493,273	2.00%
West Virginia	25,381,365	21,635,822	20,000,000 <sup>1</sup>	17.3	26.9	825,701	796,610	800,000 <sup>1</sup>	4.00%
Wisconsin	65,015,504	76,852,251	78,247,994	-15.4	-16.9	1,940,419	2,296,699	2,312,890	3.00% <sup>12</sup>
Wyoming	7,020,187	8,762,821	9,490,457	-19.9	-26.0	216,926	249,105	265,673	3.00%
<b>TOTALS/AVERAGES</b>	<b>\$8,666,925,866</b>	<b>\$8,286,166,407</b>	<b>\$8,443,304,688</b>	<b>4.6%</b>	<b>2.6%</b>	<b>311,620,436</b>	<b>302,780,404</b>	<b>303,905,102</b>	<b>3.42%</b>

<sup>1</sup> State insurance department estimate <sup>2</sup> 4% in 1994 <sup>3</sup> Tax is 4% of premiums plus 4% of underwriting expenses <sup>4</sup> Non-taxable premiums excluded <sup>5</sup> 2.25% for ocean marine and railroad/airline interstate coverages <sup>6</sup> Fiscal years ending 6/30 <sup>7</sup> 3% in 1994 <sup>8</sup> BI estimate <sup>9</sup> 2% before July 1, 1994 <sup>10</sup> 3% on direct placements <sup>11</sup> 3.25% on fire portion <sup>12</sup> 0.5% on ocean marine coverage \* Information provided by stamping office or surplus lines association  
Source: BI survey

THE INSURANCE INDUSTRY OFFERS  
SECURITY TO ITS CUSTOMERS.

WE DO THE SAME FOR  
THE INSURANCE INDUSTRY.

ARM FINANCIAL  
GROUP

has sold the  
STATE BOND MUTUAL  
FUNDS

to  
FEDERATED  
INVESTORS

*Financial Advisors to ARM*

FIRST UNION  
CAPITAL MARKETS CORP.

\$200,000,000

URC HOLDINGS

144-A Senior Notes

*Co-Manager*

FIRST UNION  
CAPITAL MARKETS CORP.

\$56,200,000

HIGH RIDGE  
CAPITAL PARTNERS

Property Casualty Insurance  
Acquisition Partnership

*24.9% Limited Partner*

FIRST UNION INVESTORS, INC.

\$200,000,000

VESTA INSURANCE  
GROUP, INC.

Revolving Credit  
Facilities

*Administrative Agent*

FIRST UNION NATIONAL BANK

\$150,000,000

MARKEL  
CORPORATION

Senior Credit Facility

*Administrative Agent*

FIRST UNION NATIONAL BANK

\$65,000,000  
£12,850,000

CHARTWELL RE  
HOLDINGS  
CORPORATION

Multi-Currency Revolving  
Credit and Term Loan  
Facilities for Acquisitions

*Administrative Agent*

FIRST UNION NATIONAL BANK

As the insurance industry continues to undergo consolidation and technological refinement, there is a critical need for a source of capital solutions. That source is First Union's Financial Institutions Group. Our experts serve the life, property, and casualty insurance segments within the industry, providing clients with proven expertise in capital formation, risk management and financial advisory services. All of which enable our clients to enjoy a secure future. To put our expertise to work for you, call Cathy Dolan, Managing Director, at (704) 374-4859.

**FIRST  
UNION**<sup>®</sup>

**Capital Markets Group**

**Spotlight report**

*Continued from previous page*  
party property damage and third-party cleanup costs.

While the general liability portion is available on a claims-made and occurrence basis, the pollution liability is available only on a claims-made basis.

Seal, which stands for Supplemental Environmental Automobile Liability program, is intended to fill gaps in business automobile and trucking policies. The policy, which first became available in March 1996, provides coverage against claims of bodily in-

jury, property damage or cleanup costs caused by pollution releases from cargo carried by a covered vehicle. It carries limits of up to \$10 million.

Mr. Kelley pointed out that most of the business AI Specialty writes can "be essentially broken down into five main categories: Health care excess, financial products, environmental, primary casualty, and unusual coverages that really combine finite and risk transfer accounts."

As an example of the last category, the "unusual coverages,"

Mr. Kelley said a multiproduct policy could be manuscripted for

nificant amount of risk, but there would be limits to that risk. And

**Capacity for most casualty lines is now \$50 million with facultative reinsurance, a doubling of the previous \$25 million limits, says Kevin Kelley.**

a client.

"The client might assume a sig-

we would in some cases provide a direct excess over and above

that," he said.

Such a product could be written on a multiyear basis, he said. Mr. Kelley added, however, that clients' appetite for multiyear policies is not as great as it was a year ago, though he did not know why that is the case.

Mr. Kelley said AI Specialty is not limited to the five broad categories of coverage.

"I think we'd look at anything provided we thought we could make an underwriting profit on it," he said.

AI Specialty also writes various forms of professional liability coverage, errors and omissions, directors and officers liability, pension fiduciary ERISA liability as well as other fiduciary liability, and primary and excess commercial property coverages.

Capacity for most casualty lines is now \$50 million with facultative reinsurance, said Mr. Kelley, a doubling of the previous \$25 million limits.

He said the increase came as a result of market conditions and customer demand.

Mr. Kelley pointed out, however, that "there's very little property written in American Specialty now."

American Specialty launched several new products during the past year, he said. These included Corporate I, which he described as a tailored policy that can combine several lines of coverage, including several different forms of E&O coverages, for clients in targeted industry groups.

"What we're trying to do is design products that meet specific industry needs," he said.

AISLIC also introduced Secured Creditor Impaired Property Policy and Professional Package, or Pro Pac, during the past year. A Secured Creditor Impaired Property Policy protects financial institutions against loss arising from a default by a borrower on a commercial real estate loan by providing recovery for the lesser of the outstanding loan balance or the cleanup costs. The policy also can provide coverage for third-party bodily injury, property damage and cleanup costs resulting from on- and off-site pollution at insured properties.

Pro Pac is a package policy that includes general liability, environmental and professional liability for environmental consultants, contractors and engineers. In addition to standard general liability coverages, the policy includes coverage for claims that result from a pollution release arising from the client's contracting operations and professional services.

Looking ahead, Mr. Kelley said "I think there will be growth, probably in the health care business, growth in the environmental business, growth in the middle market business and growth in selected financial lines."

AI Specialty writes as a non-admitted insurer in all states except Alaska and New Jersey.

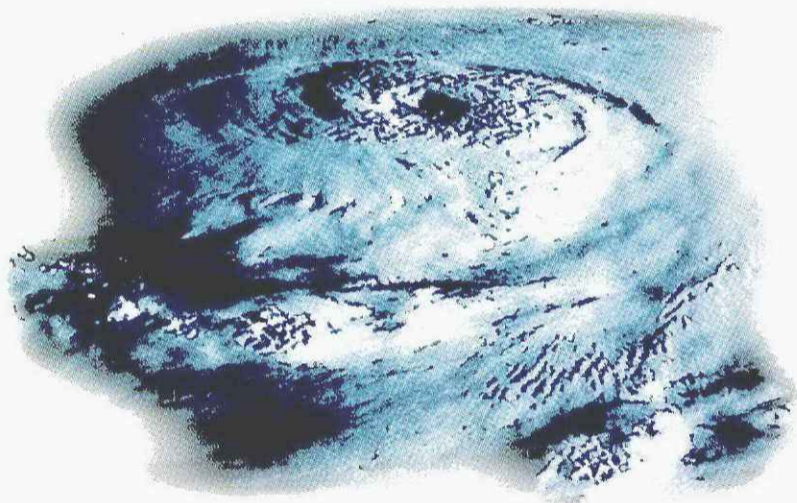
It has operated as an admitted insurer in Alaska since its incorporation under that state's laws in 1973.

The company has no employees of its own. Its staff is employed by its parent, AIG.

In addition to Mr. Kelley, American Specialty's principal officers include: Elizabeth M. Tuck, secretary; Armand Pepin, treasurer; David J. Walsh, senior vp; and James M. Kilkenney, vp. Thomas Tizzio, whom Mr. Kelley succeeded as American Specialty's president, is the insurer's chairman.

—By Mark A. Hofmann

# We help our clients manage the winds of change... even when they hit at 115 mph.



When our clients face catastrophic losses, they need instant, on-site response—regardless of location or conditions. That's why when Fran was still pummeling the

Carolina coast, Crawford adjusters were already there, well before anyone else. With no lights,

no power, and with winds still reaching gale force, Crawford's temporary

Claims Center was up and running. It was all made possible by our

centralized assignment system, which electronically dispatches

all of the details of each loss in a matter of minutes.



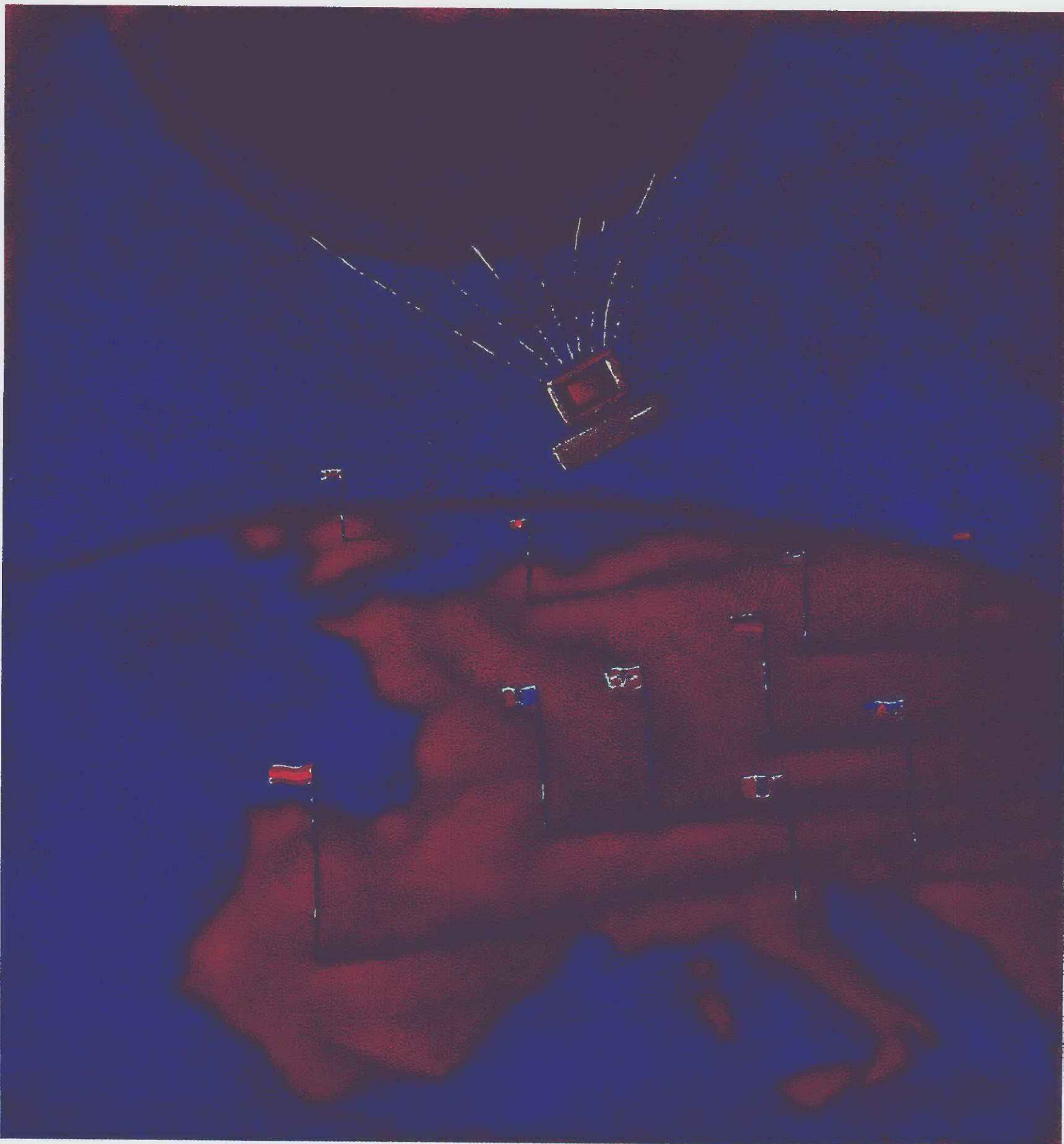
**Crawford**® The power to manage your changing environment.

<http://www.crawco.com>

# EMPLOYEE BENEFITS & R

I  
S  
K

M  
A  
N  
A  
G  
E  
M  
E  
N  
T



# INTERNATIONAL

A Spotlight Report on  
INTERNATIONAL BENEFITS & RISK MANAGEMENT  
*including BI's Directory of*  
INTERNATIONAL INSURERS & BENEFIT NETWORKS  
*and bonus distribution at CIAB/CICE*

Publishing — October 6, 1997  
Ad Closing — September 24, 1997

**Business  
Insurance**<sup>®</sup>  
[www.businessinsurance.com](http://www.businessinsurance.com)

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

**Spotlight report**

**Scottsdale Insurance Co.**

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

	1996	1995
Gross premiums	\$1.15 billion	\$1.16 billion
Non-admitted	522,109,042	544,101,028
Commercial risks	88.9%	91.6%
Net premiums	323,980,100	305,706,248
Paid-in capital	6,027,200	6,027,200
Capital & surplus	192,819,964	182,829,817
Employees	1,066	1,059
Combined ratio	111.8%	113.5%
Rating agency	112.3%	113.5%
Net income	8,517,936	5,024,180
Best's rating	A+P	A+P
S&P rating	AA	AA

Figures reported on a pooling basis.

Recognizing the need for innovation to ensure continued growth, Scottsdale Insurance Co.'s management has developed a new customer-oriented strategy that it hopes will enable the company to generate 25% of its revenue from new products and markets by the year 2002.

That's a pretty ambitious goal, as new products and services now contribute just 5% to the new business Scottsdale generates each year.

"Scottsdale is trying new things," stressed Bob Keul, vp-underwriting, pointing to a framed copy of the company's new mission statement hanging on his office wall, entitled "Business as UNusual."

This approach already has resulted in the creation of a marketing department, product redesigns and product introductions.

Mr. Keul estimated that because the surplus lines market is so soft, Scottsdale loses nearly 35% of its premium volume each year to non-renewals.

With that kind of turnover, the company is hustling to maintain its place as the third-largest U.S.-based surplus lines insurer.

Scottsdale's gross premiums written on a direct, non-admitted basis dropped about 4% in 1996 to \$522.1 million.

"Until now we've been primarily reactive," he observed. "The industry is that way. We looked at everything that came in and considered it."

"But now, we want to be more focused so that we can go out and identify profitable opportunities. The difficulty is, we still have a lot of newly emerging competitors or else the standard market from where we all emerged is competing with us," Mr. Keul said, referring to the fact that many licensed insurers are competing for what was traditionally surplus lines business.

As a result of the competition from the standard market, Scottsdale is writing more business on admitted paper than ever before: Admitted business now represents 33% of the insurer's total \$1.15 billion in 1996 gross premium volume.

"That's a reflection of the fact that 82% of Scottsdale's transportation business and 75% of the insurer's professional liability business is being written on an admitted basis," Mr. Keul explained.

Despite the growth of admitted paper, Scottsdale doesn't plan to become an admitted insurer, he said.

"We need to focus on our strengths and not pretend we're something that we're not" just to keep business that is lost to competitors because of price, he said.

But the composition of Scottsdale's business is changing in other ways as well, Mr. Keul observed.

The insurer, which started out as primarily a casualty underwriter, now writes more property than liability business.

For example, in 1997 contract property business is expected to represent about 29% of Scottsdale's entire book of business, while contract casualty constitutes just 24%.

Contract property and casualty business is written by general agents to whom the insurer has given binding authority. It includes both commercial and personal lines.

Contract property represented 27% of Scottsdale's total premium volume in 1996, up from 24% in 1995.

While contract casualty made up 28% of Scottsdale's total premiums in 1995, it dropped to 26% in 1996.

"Some of that was self-im-

posed," Mr. Keul said, explaining that Scottsdale has set a "walk-away" price below which it will not write certain risks.

For example, losses in the Northeast prompted Scottsdale to abandon one liability line, which Mr. Keul did not wish to identify publicly, in that region. This amounted to a \$4 million loss in premiums for 1996.

And the insurer stopped writing coastal property business nearly three years ago.

"We won't write at a loss," he said, even if that means reducing the number of general agents to which it has given binding authority.

"We've stepped up producer management to make sure they aren't taking on loss-producing business," Mr. Keul said.

Now Scottsdale's management receives monthly loss runs chart-

ing the experience of the business each of its general agents brings in.

About 80% of Scottsdale's business comes from general agents with binding authority within certain guidelines the insurer has established. Among Scottsdale's top producers are: Burns & Wilcox Ltd.; E&S Group Inc.; Media/Professional Insurance Co. Inc.; Go Pro Underwriting Managers; Crump Insurance Services; J.J. Negley & Associates; and Hull & Co.

Scottsdale also is cracking down on claims handling by enforcing deductibles, by taking advantage of subrogation opportunities and by adding seven claims staff members, bringing the employee total to 1,066, according to Mr. Keul.

That effort and an improved return on investment has increased

Scottsdale's net income to \$8.5 million in 1996 from \$5.0 million in 1995.

The insurer's combined ratio also improved to 111.8% last year from 113.5% in 1995.

Scottsdale's new vision statement rededicates the insurer's commitment to providing quality products and service while improving efficiency and profitability. The statement includes a provision for generating 25% of its revenues by 2002 through new products and markets.

To achieve these objectives, Scottsdale has made several changes in its product offerings.

For example, while the same \$10 million in capacity is available for all product liability lines, the new umbrella liability capacity was increased to \$25 million from \$10 million as of Jan. 1,

*Continued on next page*



Continued from previous page  
1997.

"In the old days, Scottsdale never wrote more than \$10 million," he explained. "But that's the old market. In the new market, risk managers are demanding more coverage. This helps us keep their business."

The soft reinsurance market allows the company to keep between \$500,000 and \$1 million of each risk.

While Scottsdale primarily buys treaty reinsurance for the extra capacity, it will find facultative reinsurance when necessary, according to Mr. Keul.

Scottsdale's reinsurance is placed by Aon Re Inc. of Chicago. Its principal reinsurers are: Chartwell Reinsurance Co., Folk-samerica Reinsurance Co., Kemper Reinsurance Co., PMA Reinsurance Corp., St. Paul Fire &

Marine Insurance Co., Skandia American Reinsurance Co., Trenwick America Reinsurance Corp. and Zurich Reinsurance Centre Inc.

In another first, Scottsdale this year created a marketing department and hired Jay Lughes, formerly with First Financial Insurance Co. of Burlington, N.C., to head it.

Mr. Lughes, who has an MBA in marketing, will build an in-house marketing team whose objective will be to help Scottsdale deliver better products and services.

Part of Mr. Lughes' job will also include tracking regulatory changes in the various markets to look for opportunities, according to Mr. Keul.

As part of its new marketing thrust, Scottsdale is looking to launch some "package" policies to provide ancillary coverages to ex-

isting clients.

One example would be to cover the personal risks of the members of law firms to which it provides professional liability coverage, Mr. Keul said.

The insurer also may begin marketing existing programs to new clients.

Among Scottsdale's other new product offerings are:

- Managed care errors and omissions coverage, with \$1 million in primary limits and excess coverage available.

- A livestock dwelling program, which provides \$1 million in limits to cover chicken coups in the Southeast and pigsties on a national basis.

- A Public Entity Package, or "PEP" policy for small to medium-sized municipalities and counties. The program currently covers entities with populations

below 5,000, but Scottsdale plans to expand the program to communities with populations of up to 25,000. The program provides up to \$1 million in primary limits with umbrella coverage available to cover such diverse risks as transportation, public official liability and boiler and machinery.

- \$1 million in easement coverage for the International Right of Way Assn.

- \$1 million in medical malpractice coverage for members of a physicians and surgeons risk purchasing group in Florida.

- \$1 million or more in consumer warranty liability coverage for manufacturers.

- \$1 million in limits for children's soccer liability and camp liability.

Scottsdale continues to write transportation coverages; professional liability coverage; general,

excess and umbrella liability coverages; and property insurance.

The insurer still is investigating the possibility of introducing an Internet risks policy similar to the media/professional program it now offers, according to Mr. Keul.

Besides Mr. Keul, Scottsdale's other principal officers are R. Max Williamson, president; Gordon Eugene McCutchan, secretary; and Michael Dean Miller, treasurer.

Scottsdale has an A.M. Best Co. rating of A+p and an AA rating from Standard & Poor's Corp. Both ratings are unchanged from 1995.

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

—By Joanne Wojcik

# WHAT DO 150 TOP

They know that PMA Re has the resources and the expertise to write almost any kind of business.

# COMPANIES KNOW

They know that once clients discover us, they stay with us. Half of our ceding company clients have been

# ABOUT REINSURANCE

with us over 10 years. Find out why they choose PMA Re again and again...and what we can do for you.

# THAT YOU DON'T?

**PMA Re**  
An A+ Company

What you don't know can't help you. 215.665.5000, fax 215.665.5009, <http://www.pmare.com>

## Steadfast Insurance Co.

1400 American Lane,  
Schaumburg, Ill. 60196-1056;  
847-605-6000; fax: 847-605-6011

	1996	1995
Gross premiums	\$360,091,513	\$356,144,362
Non-admitted	\$328,396,607	\$327,121,585
Commercial risks	100%	100%
Net premiums	\$32,537,224	\$27,659,364
Paid-in capital	\$4,100,000	\$4,100,000
Capital & surplus	\$75,680,250	\$49,466,273
Employees	0	0
Combined ratio	120.8%	112.9%
Rating agency	NA	113.2%
Net income	\$250,862	\$318,654
Best's rating	A+	A+
S&P rating	AA+	AAA

After several years of rapid growth, non-admitted premium volume increased only slightly at Steadfast Insurance Co. in 1996.

Premiums written on a direct, non-admitted basis rose just under 0.4% to \$328.4 million last year.

That's a dramatic slowdown from the 89.1% growth from 1994 to 1995, though growth in those years came largely from converting the business of The Home Insurance Co. of Illinois—placed in runoff after it was acquired by Steadfast's ultimate parent, Zurich Insurance Co.—as it came up for renewal.

Converting the business of Home Holdings Inc.'s surplus lines unit to Steadfast was a key goal for the Schaumburg, Ill.-based company in 1995, and the fact that that was successfully accomplished explains the flat premium growth from 1995 to 1996, according to Tom Routson, a vp in Zurich-American's specialty lines division in New York. Zurich-American manages Steadfast.

Although Steadfast's premium growth was flat, premium volume in 1996 was sufficient to keep Steadfast at No. 4 in the *Business Insurance* rankings of the largest surplus lines insurers.

Within the Zurich-American Insurance Group, the surplus lines insurer provides the flexibility to take a surplus lines approach to underwriting coverage when it makes sense to do so.

"Non-admitted obviously tends to be lead business on unique placements," said Bruce Spencer, a vp in Zurich-American's specialty lines division in New York. "We do some tougher business, pharmaceuticals and the like, that lend themselves to unique approaches."

Most of that business comes from Zurich-American's specialty lines division.

Among other areas in which Steadfast fits into Zurich's strategy is excess casualty. "We provide up to \$50 million capacity umbrella and excess business," said Mr. Spencer.

Continued on next page

## Spotlight report

Continued from previous page

Steadfast is eligible to write as a non-admitted insurer in every state and Puerto Rico, except Maine and South Carolina. It is admitted in Delaware.

By not forging exclusivity arrangements with any broker, Steadfast has a wide distribution network. Much of its business is generated by major retail brokers, but the company also enjoys strong relationships with some wholesale and regional brokers.

Steadfast's primary market focus is

on the hard-to-place casualty business of middle-market to large customers.

Among the commercial risks the company specializes in insuring are environmental impairment liability, health care, professional liability, railroads, primary surplus lines, excess and umbrella, general liability, architects and engineers professional liability and directors and officers.

Steadfast also introduced a new product over the past year, a combined E&O/D&O product aimed at

diversified financial institutions.

"They target banks with more than \$5 billion in assets, insurers with more than \$100 million in surplus, investment advisers with more than \$150 million in assets under management, mutual funds of all sizes, securities broker/dealers and captive agents," Mr. Routson said.

The product for diversified financial institutions has \$50 million in capacity.

Of Steadfast's \$360.1 million gross premium volume in 1996, nearly all—91.2%—was on a direct non-admitted basis, little change from 1995's 92%.

All of the company's direct, non-admitted business was related to commercial risk in 1996, no change from the prior year.

The capacity Steadfast can offer varies by line. Architects and engineers liability has up to \$25 million in limits, up from \$10 million last year.

Environmental coverages are divided into several different product lines, with capacity ranging from \$10 million to \$30 million, depending on the coverage line. Some of the environmental coverages include property transfer coverage for future liabilities from pre-existing pollution on a site, lead-based paint liability and asbestos liability.

Up to \$25 million in coverage is available for a broad package of railroad liability, which includes general liability, E&O, contractors liability, directors and officers and professional liability.

Health care coverage, which is largely malpractice, has limits up to \$50 million, also increased from last year's \$30 million.

The increased limits are made possible by a favorable reinsurance market, Mr. Routson said, and offer a way to bring in some additional premium in a competitive market.

In the general liability and product liability area, Steadfast can provide limits of up to \$5 million, said Janet Jordan-Foster, a senior vp in Zurich-

American's specialty lines division in New York.

"That's our typical capacity," she said. "That's consistent with what we've done in the past."

"We have a mix of business," Ms. Jordan-Foster said, including manufacturing, contracting, premises protection, a generic pharmaceutical program and security guard coverage. "It runs the gamut."

There is no class of business that Steadfast has stopped writing in recent years.

"I think we look at risks on an individual risk basis. If there's one that isn't practical because of rates or losses those are the accounts we have to let go," Ms. Jordan-Foster said.

Likewise, faced with an extremely competitive market that has certainly had some impact on Steadfast's pricing, "I think most companies do have a walk-away point and we've let business walk," Ms. Jordan-Foster said.

Steadfast has lost some renewal business by not taking the rate down as low as the customer wants it to go, she noted. "Beyond a certain point, you have to question whether you should be on certain risks."

There are also instances where the competition is beginning to rely a little bit less on price, Mr. Spencer said. "Where you can't cut the price anymore, you add a bunch of coverage," he said.

While Steadfast's premium volume increased slightly in 1996, its net income for the year decreased 21.3% to \$250,862. Steadfast's policyholder surplus jumped nearly 54% in 1996 to \$75.7 million.

"That was environmental reserves, a one-time thing Zurich did on their books to increase shareholder reserves for environmental exposures," Mr. Routson said.

The increase reflects "money set aside put into the surplus to pay future claims," he said.

Net written premium volume increased 17% to \$32.5 million in 1996 from 1995, while its combined ratio

increased to 120.8% last year from 112.9% in 1995.

Competition from admitted insurers is becoming increasingly fierce. "The admitted policy forms are as cheap as surplus forms now in some areas," Mr. Routson said.

But, while a soft market continues, Mr. Spencer suggested there are some indications it might be reaching bottom.

"People I think are beginning to pull back a little bit in terms of understanding that at some juncture you have to make a profit," he said.

And Ms. Jordan-Foster said that while "all signs are business as usual" regarding the soft market, she'd like to be optimistic "that all cycles have an end."

Steadfast has no employees of its own, all staff being Zurich-American employees. It has an A+ rating from A.M. Best Co., unchanged from the prior year, and an AA+ rating from Standard & Poor's Corp., down a notch from the AAA rating it enjoyed the prior year.

Steadfast's officers are: Constantine P. Iordanou, president and CEO; Loren J. Alter, vp and treasurer; Ronald A. Anderson and David A. Bowers, vps; H. Donald Hanson, vp and actuary.

—By Rodd Zolkcs

## Rosenman

Rosenman & Colin LLP

WE ARE PLEASED TO ANNOUNCE THAT

GEORGE N. TOMPKINS, JR.

ANDREW J. HARAKAS

DEBORAH A. ELSASSER

GEORGE N. TOMPKINS, III

OF TOMPKINS, HARAKAS, ELSASSER & TOMPKINS

HAVE JOINED THE FIRM AS

SPECIAL COUNSEL

IN THE AVIATION PRACTICE GROUP

575 MADISON AVENUE  
NEW YORK, NY 10022-2585  
TELEPHONE: (212) 940-8800

WASHINGTON OFFICE  
1300 19TH STREET, N.W.  
WASHINGTON, D.C. 20036  
TELEPHONE: (202) 463-4640

NEW JERSEY OFFICE  
ONE GATEWAY CENTER  
NEWARK, NJ 07102-5397  
TELEPHONE: (201) 645-0572

WEB SITE:  
<http://www.rosenman.com>

## Focused Exclusively on Serving the ART Market.

Introducing CORE, a specialty underwriter of casualty lines for the Alternative Risk market. CORE underwrites excess insurance and treaty reinsurance in support of captives, rent-a-captives, self-insurers, pools, and similar structures.

CORE, a GE Capital Services Company, offers the stability, commitment, and responsiveness of a company focused exclusively on serving the ART market. Make CORE the center of your ART business.

### CORE

Center of the ART World<sup>SM</sup>

**CORE Group**  
1010 Washington Boulevard  
Stamford, CT 06901  
203.406.1900

**CORE Group**  
Citicorp Center  
One Sansome Street, Suite 1900  
San Francisco, California 94104  
415.951.1086

CORE Insurance Company is rated A++ (XV) by A. M. Best Company.

### General Star Indemnity Co.

695 E. Main Street, P.O. Box 10354  
Stamford, Conn. 06904-2354  
203-328-5700; fax 203-328-6131  
Internet: [www.genre.com](http://www.genre.com)

	1996	1995
Gross premiums	\$299,338,485	\$243,853,456
Non-admitted	\$293,228,768	\$237,221,725
Commercial risks	98%	97%
Net premiums	\$222,386,130	\$177,842,533
Paid-in capital	\$5,000,000	\$5,000,000
Capital & surplus	\$327,790,817	\$322,693,926
Combined ratio	93.8%	96.1%
Rating agency	93.5%	95.3%
Net income	\$41,065,501	\$40,784,626
Best's rating	A++	A++
S&P rating	AAA	AA+

General Star Indemnity Co. continues to grow in a soft market by spicing up its product lineup with new or expanded coverages and by steering clear of business that could jeopardize an underwriting profit.

Premiums written on a direct, non-admitted basis grew to \$293.2 million in 1996, a 23.6% increase from 1995. This performance, which allows General Star to maintain fifth place in *Business Insurance's* ranking of the 10 largest U.S.-based surplus lines insurers, follows an 11.1% gain from 1994 to 1995.

As has been true since 1994, much of the growth was powered by an increase in property insurance volume, mainly in coverage for windstorm-related risks in the Southeast. The largest segment of this coverage is a wind-deductible buyback policy designed to cover policyholders' existing deductibles.

Admitted insurers are retreating from windstorm coverage in the Southeast, said Kevin P. Brooks, chairman and president of Stamford, Conn.-based General Star.

"If you can smell salt water, guys are getting out of it," he said.

The percent of the company's premiums from property business grew to 20% of business last year from 15% in 1995.

For the surplus lines market, rates from windstorm coverages in the Southeast are not rising, though they are "better than any other property business around," Mr. Brooks said.

Continued on page 24



## PAST liabilities CAN HAVE A FUNNY EFFECT ON big bucks.

Sometimes, what starts out looking like a fistful of dollars, can end up being small change. And let's face it, in our business, small change just doesn't cut it.

What you need is capital. Clean capital. And at Signet Star, that's just what we've got. You don't have to worry about old environmental impairment and asbestos liabilities hiding in our closet because we have none.

What we do have is the strength of over \$250 million of policyholders' surplus and the benefit of being a member of the W.R. Berkley group of companies.

This outstanding position has earned us an "A" (Excellent) rating by A.M. Best Company and an "AA-" claims-paying ability rating from Standard and Poor's.

Our business is reinsurance and we are totally committed to it.

Signet Star has five operating divisions staffed with experts in their respective fields, and we're growing.

In short, we've got the commitment and the capital to keep you covered.

And that's a promise you can bank on.

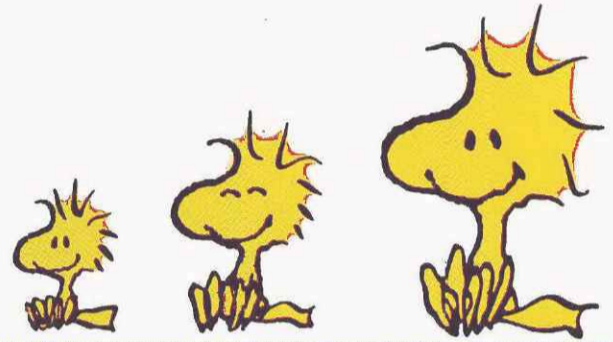
Alternative Markets Division, Florham Park, New Jersey  
Facultative ReSources, Inc.,  
Stamford, Connecticut; Atlanta, Georgia; Schaumburg, Illinois  
Fidelity & Surety Division, Schaumburg, Illinois  
Latin American & Caribbean Division, Coral Gables, Florida  
Property & Casualty Treaty Division, Florham Park, New Jersey



CAPITAL you CAN BANK ON.

# FROM EMPLOYEE INVESTMENT

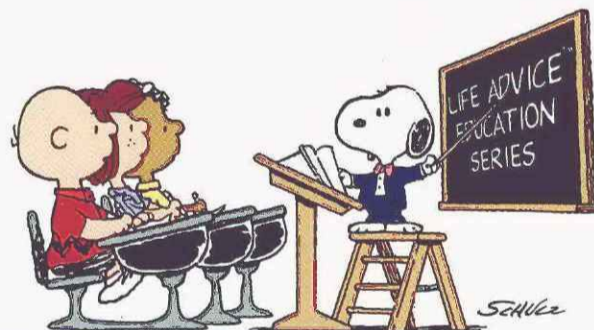
MetLife Employee Benefits And Investment Products Are Helping



Serving Businesses Of All Sizes

## Investment Capabilities\*\*\*

- Domestic Equity
  - Value
  - Growth
  - Small Cap
- Domestic Fixed Income
  - Short Term
  - Long Term
  - High Yield
- International Equity
- International Fixed Income
- Real Estate



USER-FRIENDLY EMPLOYEE COMMUNICATIONS



\*\* 401(k) • Group Dental, Disability, Life, Vision, Long-Term Care,

\* By volume in force as of 12/31/96. BestWeek, Life/Health, 6/30/97.

\*\* Group insurance products and annuities issued by Metropolitan Life Insurance Company. Auto & Homeowners Insurance underwritten by Metropolitan Property and Casualty Insurance Company and Affiliates, Warwick, RI.

# BENEFITS TO MANAGEMENT.

Millions of Americans Become Financially Secure.



**1**  
SOURCE

## Voluntary Benefits Group

- One source to meet employee needs
- Eases administrative burden

#1 in Group Life\*

A leader in managed  
*Disability* benefits



**Dental**

Quality Service,  
Better Value

**MET ON THE NET**

[www.metlife.com](http://www.metlife.com)

**GET MET. IT PAYS.®**

**1-800-MetLife®**

Contact your broker, insurance consultant or MetLife account representative, and ask about **MetLife for business.**

Auto & Homeowners Insurance • Investments & Asset Management • Voluntary Benefits

\*\*\* Investment management services provided by Metropolitan Life Insurance Company, State Street Research & Management Company, or affiliated companies.  
H9708SAC-MLIC-LD © 1997 Metropolitan Life Insurance Co. NY, NY PEANUTS © United Feature Syndicate, Inc.

## Spotlight report

Continued from page 20

Earthquake insurance in California is another property product that has been successful in achieving premium growth, he added.

General Star also has many non-property products contributing to a strong business mix:

- Professional liability coverage for biotechnology companies involved in genetic engineering or clinical trials. Based on demand, that product has been expanded to cover pharmaceutical companies' liability after the drug is sold to the public.

"If you're writing clinical trials, it's a natural movement to go into writing pharmaceuticals, because you've written it during the tough stage when you're doing the critical trials," said Senior Vp Patricia Roberts.

The limits are \$2 million for pri-

mary and \$10 million for excess.

- Sudden and accidental pollution coverage, including oil well blowouts, for suppliers to oil rig operators. General Star offers \$2 million in primary coverage and \$10 million in excess coverage.

- Ocean marine general liability for privately owned yachts used for fishing or tourism, with limits of \$1 million in primary and \$5 million in excess coverage.

- Animal mortality coverage with limits of \$1 million primary with no excess.

Some products have not been as successful for the company.

General Star began writing crop insurance last year, and the first policy written resulted in a total loss. The insurer renewed the policy, however, and has since written two more crop policies.

The company has seen a falloff in

its environmental business, mainly because of the admitted market taking some of the business back by writing pollution on an occurrence basis; General Star writes it on a claims-made basis. General Star's commercial general liability policy for contractors and consultants that clean up pollution sites has limits of \$5 million for primary and \$10 million for excess coverage. Professional liability for consultants that design cleanup plans has the same limits.

But the success of new products has overcome the downturn in the environmental business.

Weather-related event cancellation coverage was introduced recently to cover losses related to outdoor concerts or other outdoor gatherings. Limits are \$1 million in primary with no excess offered.

General Star also offers a policy

that covers physical damage to race cars. In fact, the insurer covered the first two finishers at this year's Indianapolis 500. The program literally started with a bang as the first car insured crashed at the start of the first race, resulting in a total loss.

Also recently launched is coverage for general liability, professional liability, product liability, patent and copyright, and errors and omissions for software developers and consultants. Limits are \$2 million with \$10 million in excess.

Despite the new products and the success of many existing ones, this year's direct non-admitted premium growth for the first six months is up only 1% over last year, Mr. Brooks said. He anticipates 1997's volume will exceed 1996 by 5%, less than the 12% increase the

company had earlier projected for 1997.

But meeting top line growth targets is not the primary objective of General Star, Mr. Brooks said.

"If we have a focus, it's our underwriting," Mr. Brooks said. "We are in the insurance business not to build an investment portfolio. We're in the insurance business to write difficult property and liability policies and make a profit. That's what we do."

"The first goal in every year for 20 years has been to have an underwriting profit," Mr. Brooks said. "We have never, ever had a volume goal, and we don't have one today."

Mr. Brooks said that unlike other years, there generally are no areas where rates are increasing.

"A couple of years ago there were still some property pockets where the rates were going up or at least they were stable," he said. "But I would not say that this year at all."

He added that General Star has raised rates on school board E&O to above the market rate. And long-haul trucking rates have dropped to a point where the company won't write policies at the market rate.

The only line the insurer has dropped is California contractor liability coverage. "California contractors cannot be written profitably," he said, because of legal decisions in California that have "basically turned the insurance policy into a warranty," where contractors are being held responsible for all types of problems with construction and are turning to their general liability policies for coverage, he said.

Underwriting income rose 87.3% to \$7.7 million in 1996 from 1995 while net income—held back by higher federal taxes and lower investment income—edged up slightly to \$41.1 million in 1996 from \$40.8 million in 1995. For the first six months of 1997, underwriting income is up 6.5% over the same period in 1996.

Statutory combined ratio for the company improved to 93.8% in 1996 from 96.1% in 1995. For the first 6 months of 1997, the loss ratio has climbed to 97.6%.

General Star in 1996 retained 74% of its premiums, up from 73% last year. The remainder is reinsured primarily with its parent General Reinsurance Corp., though various other reinsurers are also used.

The company's surplus increased to \$327.8 million in 1996 from \$322.7 million in 1995.

The number of MGAs producing business for the company has increased to about 45 from 40. General Star has about 225 producers located throughout the country, up from 220 from last year.

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

General Star Management's headquarters are in Stamford, Conn. It also has offices in Atlanta, Chicago, Dallas, Los Angeles and New York.

Besides Mr. Brooks, General Star Management's principal officers are senior vice presidents Patricia Roberts and Sam Anderson; and vice presidents Craig Ott, Adin Tooker and William Murray.

General Star Indemnity has an A++ rating from A.M. Best and an AAA rating from Standard & Poor's, a change from the previous year's rating of AA+.

—By Michael Prince

## When your clients have unusual risks,



they'll need help overcoming the obstacles.

A customer running a unique business can encounter unusual risks. CNA E&S provides innovative underwriting solutions for the special needs of your excess and surplus clients. To find out how partnering with us can help you ease your clients over the hurdles, just call.

**Innovation, Intelligence & Integrity**

**CNA E&S**

Chicago  
(312) 822.6825

New York  
(212) 440.3150

9-8-64

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



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

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

***hannover re***

Fax +49/511/5604-188

## Reliance Insurance Co. of Illinois

233 S. Wacker Drive, Suite 6120  
Chicago, Ill. 60606  
312-655-1850; fax: 312-876-0923;  
Internet: www.reliance-national.com

	1996	1995
Gross premiums	\$296,765,781	\$241,458,417
Non-admitted	\$259,948,439	\$204,602,424
Commercial risks	100%	100%
Net premiums	\$17,195,237	\$15,058,079
Paid-in capital	\$4,100,000	\$4,100,000
Capital & surplus	\$36,248,196	\$28,511,283
Combined ratio	110.0%	101.4%
Rating agency	110.2%	101.5%
Net income	\$1,777,675	\$3,272,204
Best's rating	A-p	A-p
S&P rating	A	A

Figures reported on a pooling basis.

Reliance Insurance Co. of Illinois believes in building on a good thing. In the insurer's case, the good thing is its success in writing employment practices liability and professional liability coverage.

Reliance's success in those areas has boosted the insurer's non-admitted premiums and kept the company the sixth-largest surplus lines insurer in this year's *Business Insurance* rankings.

Premiums written on a direct, non-admitted basis grew to \$259.9 million in 1996, a 26.9% increase over the \$204.8 million in non-admitted business the Illinois-based insurer wrote in 1995.

A large part of the increase is from a surge of interest in the EPL program that led to a nearly 50% rise in that business in 1996. EPL and professional liability now generate about half of the company's premiums.

"EPL is a stronghold area for our division, and it should grow by 20% to 25% again this year," said Elaine Trischetta, executive vp of New York-based sister company Reliance National Insurance Co. Reliance National oversees Reliance Group Holdings' surplus lines operations.

Reliance is steadily increasing the amount of EPL business it writes. The insurer's EPL premium volume totaled more than \$10 million in 1995 and grew to about \$15 million last year. This year, Reliance expects to write about \$18 million, she said.

First-time buyers have caused the increase, according to Ms. Trischetta. "People are very aware of their vulnerability with respect to employment-related claims and so there's a lot of opportunity for that market with first-time buyers," she said. In addition, many clients that had been purchasing limits of \$1 million now are requesting limits of \$5 million to \$10 million, Ms. Trischetta said.

On EPL risks, Reliance offers a maximum of \$35 million in limits, with the help of reinsurance.

Although more admitted insurers are entering the EPL field, Reliance's main competition remains other surplus lines insurers, she said.

"The form is still somewhat in its infancy, and it continues to evolve, and therefore it's easier to keep up with the evolutionary process by writing on a non-admitted basis," she said.

Pressure to reduce rates exists, but surplus lines insurers general-

ly are enhancing coverage rather than decreasing rates.

As a result of heightened interest from buyers, Reliance has increased its limits on two professional liability lines.

Limits for architects and engineers professional liability coverage have doubled to \$20 million. Also doubling, to \$20 million, were limits on miscellaneous professional liability. Reliance has about 75 classes of business within the miscellaneous area, including management consultants, public officials, investment advisers,

**'EPL is a stronghold area for our division, and it should grow by 20% to 25% again this year, says Elaine Trischetta.**

broadcasters liability, third-party administrators, and inspection firms. Business in these areas has been strong, with about a 15% growth in premiums in 1996.

The company continues to write professional liability for hospitals and nursing homes, with limits unchanged at \$25 million.

Ms. Trischetta said the company is always looking to expand into new areas. One such new area is professional liability for home health care companies. "We're expecting to see a lot of growth coming," Ms. Trischetta said. The policy covers nurses and non-medical

care providers who assist people in their homes. It is written on both occurrence and claims-made forms, with limits up to \$25 million.

Another new area is advertising injury liability for companies that create Internet advertising. Limits are \$20 million.

Reliance also has raised the limits on its umbrella liability coverage to \$25 million from \$15 million, again in response to increased interest. For the first time, the insurer is offering umbrella liability coverage for punitive damages.

Reliance remains a market for hard-to-place property risks, such as older urban buildings, with available limits of \$10 million.

Another product the company continues to offer is lawyers' excess professional liability, with limits of up to \$20 million.

Reliance Insurance Co. of Illinois' combined ratio deteriorated to 110.0% last year from 101.4% in 1995 due to a \$1.3 million pretax charge for additional asbestos and environmental reserves, she said. Without the charge, the 1996 combined ratio would have improved by eight points, she said.

For the first half of 1997, Reliance reported \$1.8 million of net income. Also, the combined ratio for the first half deteriorated to 100.5%. A comparison with the year-earlier period is not meaningful because of the pretax charge for reserves last year.

Keeping the combined ratio low is part of the company's plan, Ms. Trischetta said. "Our goal is to continue to grow at a steady pace,

always looking at trying to achieve under a 100% combined ratio," she said.

Rates have remained soft in every line, with an average drop of 5% to 10% from last year, Ms. Trischetta said. The only exception she sees is with small law firms' errors and omissions liability. "We're starting to see competitors talk about raising rates on the smaller law firms," she said.

Despite the soft market, Reliance has yet to cease underwriting any particular line of coverage. The insurer will walk away from a renewal, however, if the company cannot get the price it considers warranted. "It's a risk-by-risk decision," she said.

"You try not to lose a renewal, if possible, especially if it's been with you a number of years and it's been loss-free," she added. "But everything has a walk-away price."

One market factor she said concerns the company is competitors dropping rates while also offering broader coverages. Some of these coverage enhancements go beyond EPL and extend into third-party coverage, Ms. Trischetta said. "So there are some concerns about how broad the policies are getting on the employment practices side," she said.

Ms. Trischetta said Reliance's success is based on the strength of its people. "We've got very talented, extremely creative people, well respected by the industry. And we're an extremely service-oriented company."

*Continued on page 30*

# GREAT LAKES RE

HAS BEEN ACQUIRED BY  
AND IS NOW  
A PART OF

## FOLKSAMERICA

REINSURANCE COMPANY

ONE LIBERTY PLAZA NEW YORK, NY 10006 212 312-2500 FAX 212 385-2270

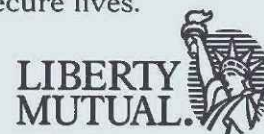
*Within seconds, benefits manager Paul Suhar can have immediate access to claims status. That gives him more time, so management and employees have immediate access to him. [Could this be too much of a good thing?]*



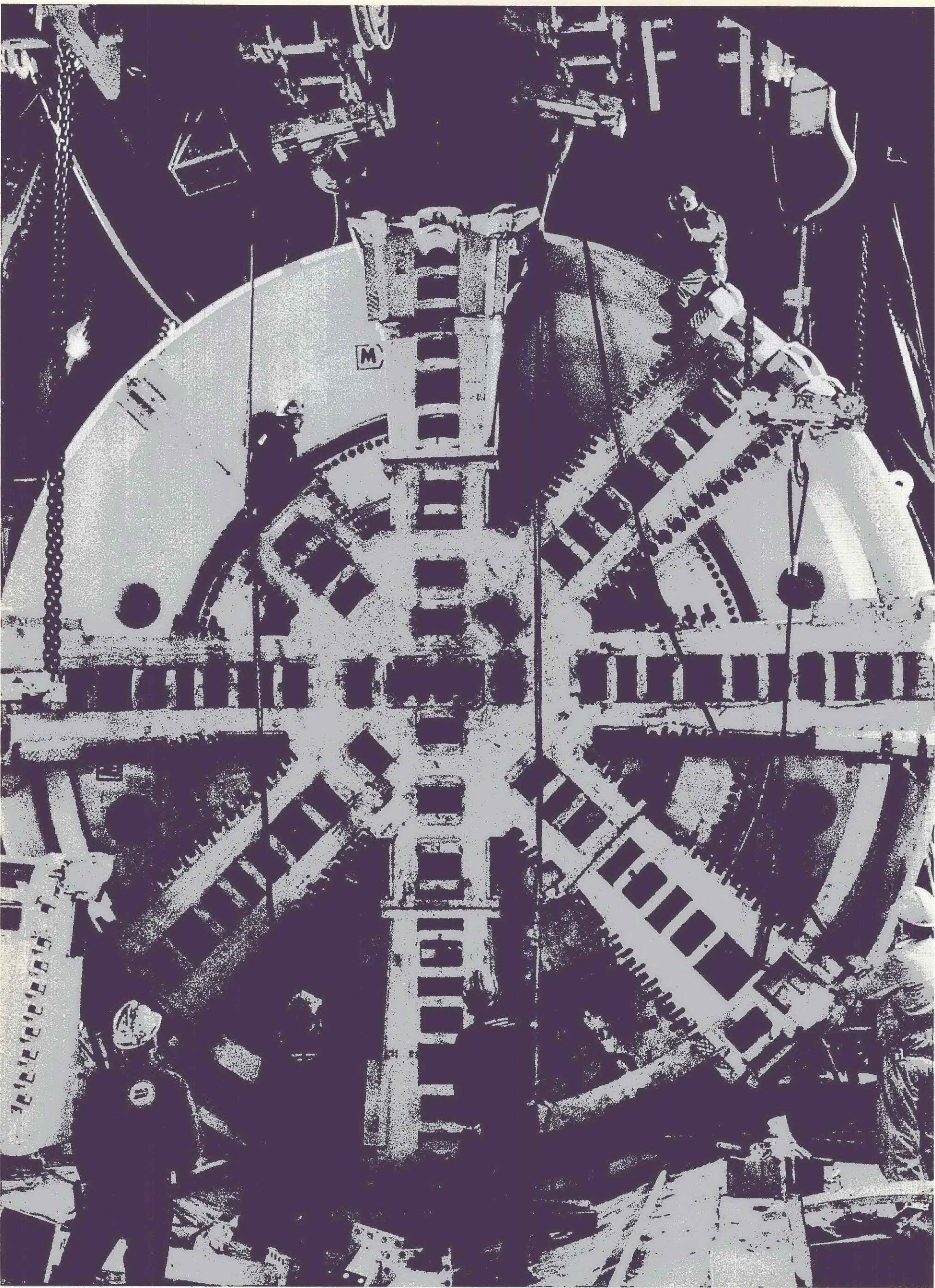
At Liberty Mutual we understand that sorting through group disability claims data can take more time than you really have. So we've come up with a remarkably efficient way to analyze, manage and report vital information on-line. Our exclusive RISKTRAC® database lets you instantly find out how a claim is progressing, monitor your company's disability trends and track program performance. It's another way Liberty Mutual helps you manage disability costs effectively. And helps Paul Suhar and his co-workers (every single one of them) live safer, more secure lives.

➤ *There's more information we'd like to share. So please call Gerard Paolino at (617) 574-5913 or visit our website at <http://www.libertymutual.com>*

Group products are offered by Liberty Life Assurance Company of Boston, a member of the Liberty Mutual Group. RISKTRAC® Links is offered by RISKTRAC Inc., a member of the Liberty Mutual Group. ©1997 Liberty Mutual Group.



*The freedom of Liberty*



**ENGLAND REJOINS EUROPE AFTER 10,000 YEARS: MAY 6, 1994  
(DESIGN/BUILD COVERAGE CREATED: MARCH 10, 1975)**

Not every project is as enormous as the Chunnel. But whatever the complexity, it's important to be insured by a company that can handle the exposures. At Lexington, we lead the industry in innovative products and services for construction liability. We also design coverage for hard-to-place, emerging risks in industries such as healthcare, transportation, chemical manufacturing, and financial institutions. Our policies can be tailored to meet the unique needs of many organizations. To find out how the largest U.S. surplus lines insurer can help you, call your surplus lines broker. Or, call Lexington at 617-330-1100 for additional information.

**LEXINGTON INSURANCE COMPANY PIONEERS IN REVOLUTIONARY COVERAGE.**

## Spotlight report

Continued from page 26

Reliance of Illinois' business is essentially evenly split between independent wholesalers and the wholesale units of retail brokers.

Reinsurance support for the surplus lines insurer's underwriting is available from Reliance National's stable of numerous treaty reinsurers. Net written volume in 1996 increased to \$17.2 million from \$15.1 the prior year.

Reliance of Illinois writes on a non-admitted basis in every state except Illinois, where the company writes as an admitted insurer, and New Hampshire, where it does not write any business. Reliance does not write any personal lines.

Policyholder surplus grew 27% to \$36.2 million last year from \$28.5 million in 1995.

Reliance of Illinois has an A.M.

Best Co. rating of A-p, indicating a pooling basis, unchanged from 1995. The insurer retained its claims-paying ability rating of A from Standard & Poor's Corp.

The insurer has no employees of its own. Staff consists primarily of Reliance National employees located in the parent company's headquarters in New York.

Senior officers did not change since last year. Robert C. Olsman remains chairman of the board and president of Reliance of Illinois. Other principal officers are: Jerome H. Carr, senior vp, treasurer and chief financial officer; Kenneth R. Frohlich, senior vp and chief actuarial officer; Robert Krisowaty, senior vp and controller; and Lee H. Routledge, senior vp, secretary and general counsel.

—By Michael Prince

### Pacific Insurance Co. Ltd.

150 Federal St., Boston, Mass. 02110;  
617-526-7600; fax: 617-526-0610

	1996	1995
Gross premiums	\$296,042,074	\$294,387,436
Non-admitted	\$196,632,048	\$183,496,505
Commercial risks	95%	95%
Net premiums	\$97,553,420	\$96,372,982
Paid-in capital	\$7,200,000	\$7,200,000
Capital & surplus	\$292,054,079	\$311,116,448
Employees	227	226
Combined ratio	117.3%	104.4%
Net income	\$10,162,425	\$18,746,317
Best's rating	A+	A+
S&P rating	AA	AA+

The thrill is gone from the property catastrophe market, and Pacific Insurance Co. Ltd. is one of many surplus lines insurers feeling the loss.

"That property catastrophe business was a longer ride than I

expected, and it was a good ride, but it appears to have peaked," lamented Ralph J. Palmieri, president of Pacific, a Hartford Accident & Indemnity Co. unit.

"Premium volume has been strong in the last several years because of the market for catastrophe business in places like California for earthquake and Florida for windstorm," he explained.

"This is the year where we've really begun to notice some slippage in the pricing that's been available since 1993."

The stiffest competition has been for large national accounts handled by the top brokers, Mr. Palmieri noted, saying he has seen requests for rate cuts of 50% on this business.

"In more of those cases, we have walked away from the business because the price decreases are

too significant to ignore," he said.

On property business Pacific has chosen to renew, prices have fallen 10% to 15%, resulting in "some negative impact on (Pacific's) top-line revenues."

"That's not to say we feel pricing is inadequate," he added. "So we aren't at the walking-away stage when you talk about that kind of decrease."

The beleaguered casualty market, meanwhile, isn't providing any relief. "There is not a great deal of optimism in the casualty markets for price strengthening any day soon," Mr. Palmieri said, reporting that Pacific has seen rates slide an average of 10% since last year.

Most of the growth in Pacific's casualty business has been in the professional liability lines on which it has chosen to focus, said Mr. Palmieri, who also is president of First State Management Inc., another Hartford unit and exclusive underwriting manager for Pacific. A profile of First State begins on page 57.

First State was among the first companies to write professional liability for mutual fund managers, he noted: "We have a very long and solid history in that business, and we feel that it's very natural for us to use that core to grow into related lines."

Overall, Pacific, which is licensed only in Connecticut and Hawaii, wrote direct non-admitted premiums of \$196.6 million last year, making it the seventh-largest U.S. surplus lines insurer, according to *Business Insurance's* rankings.

Much of that business was from California, where Pacific wrote \$82.5 million in direct premiums. Other key states were Florida, with \$21.4 million in premiums; Texas, with \$15.9 million; and Massachusetts, with \$12.5 million.

Pacific is the non-admitted counterpart to Trumbull Insurance Co., an admitted Hartford unit for which First State is exclusive underwriting manager.

Pacific's non-admitted premiums rose a steady 7.2% last year over 1995. For the first six months of this year, non-admitted volume similarly rose to \$104.8 million, 7.5% above the first half of 1996.

Property has continued to account for a slightly larger share of total volume than casualty.

Pacific can write up to \$5 million in primary or excess property limits.

Property—particularly catastrophe-exposed property—is becoming a tougher line of business for companies such as Pacific, Mr. Palmieri observed.

In California, for example, marketwide capacity for commercial earthquake coverage has jumped to just under \$310 million from less than \$150 million only a year ago, he said.

"Certainly, standard companies are back in the market in a big way, as well as Lloyd's and London companies," he said. In 1993 and 1994, by contrast, "the market was much smaller, much tighter."

While fighting to maintain a profitable property book, Pacific has focused on promising areas of the casualty market.

Among these is professional liability, where Pacific last month increased its maximum gross limit to \$10 million, bringing it in line with the insurer's capacity for excess general liability risks. Previously, Pacific had written up to \$5 million on professional liability risks and could reach \$10 million only with facultative reinsurance

Continued on next page

# TAKE CONTROL

At Commonwealth Risk,

we give you the power to control

your destiny. Let us transform the

way you think about your future.

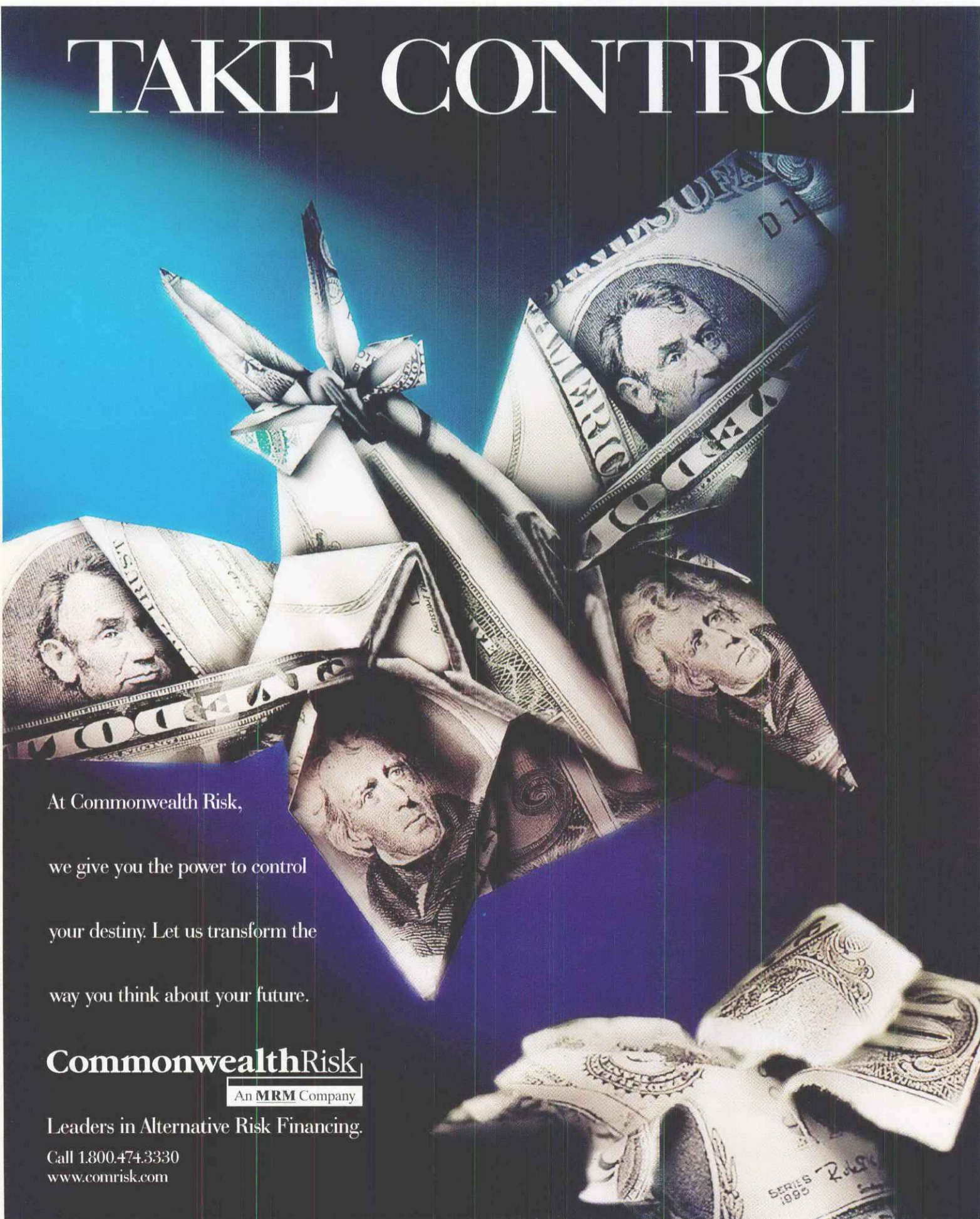
**CommonwealthRisk**

An MRM Company

Leaders in Alternative Risk Financing.

Call 1.800.474.3330

www.comrisk.com



Continued from previous page support.

The insurer's notable professional liability lines include programs for architects and engineers; an employment practices liability program begun last year; a real estate brokers errors and omissions program; and miscellaneous E&O coverage that spans 65 classes of professional risk, Mr. Palmieri said.

Last year, professional liability accounted for about 15% of Pacific's casualty book, but this year that number should increase to about 24% and will grow further in 1998 and 1999, he predicted.

The newer professional liability offerings join a long-established lawyers professional liability program that began in Massachusetts and is being expanded to other states, including Connecticut and New Hampshire, Mr. Palmieri said.

"Lawyers professional liability is another targeted growth area for us, and we've been very successful gaining market share in the New England states," he said.

Other sources of business for Pacific include:

- Primary casualty lines, where Pacific can write up to \$1 million per occurrence and \$2 million annual aggregate. The insurer's primary book is a mix of manufacturers and contractors liability, product liability, and owners, landlords and tenants liability risks.

Pacific also offers a contractors liability program combining \$1 million in primary limits with up to \$10 million in excess and umbrella coverage.

- A liquor liability program with limits up to \$1 million primary and \$5 million umbrella that draws most of its business from Massachusetts but is available in

other states.

- Several health care-related programs, including property and/or liability programs for nursing homes; home health care providers; and "human service providers," such as group homes for physically or mentally impaired people who still can live independently. These programs offer a \$1 million primary liability limit, and the nursing home and human service provider programs offer up to \$10 million in umbrella limits.

Wholesale brokers produce most of Pacific's business, and First State Management deals with about 200 wholesalers operating from about 400 office locations, Mr. Palmieri said.

Despite the generally softening market, Pacific has performed well, according to Mr. Palmieri:

"1996 was a profitable year, and our combined ratio was less than 100%," he reported.

Assessing Pacific's performance based on its financial statements is difficult, though, because they largely reflect the experience of Hartford's intercompany reinsurance pool, of which Pacific is a member.

Last year, for example, Pacific reported gross written premiums of \$296 million, including \$198.5 million of its own direct written business and \$97.6 million in reinsurance assumed from the Hartford pool. Pacific then ceded all of its direct business to the pool, leaving it with net volume consisting entirely of the pool premiums that it assumed, which include several lines of coverage Pacific itself does not write on a direct basis.

For 1996, Pacific reported virtually flat earned premiums of \$97 million, again consisting of pool business.

Rising claims pushed its underwriting loss to \$16.9 million from \$4.2 million in 1995; its statutory combined ratio on the pool business last year was 117.3%, much worse than the experience Mr. Palmieri said the company had on its direct book.

After investment gains, taxes and other gains and losses, Pacific finished the year with net income of \$10.2 million, down 45.8% from \$18.7 million in 1995.

Its policyholder surplus also declined 6.1% to \$292.1 million at year-end 1996 from \$311.1 million the previous year, mainly reflecting a \$30 million dividend to Pacific's parent company.

For the first six months of 1997,

Pacific recorded earned premiums of \$48.8 million, up marginally from the same period last year, and a narrowing underwriting loss of \$1 million, down from \$3.7 million in last year's first half.

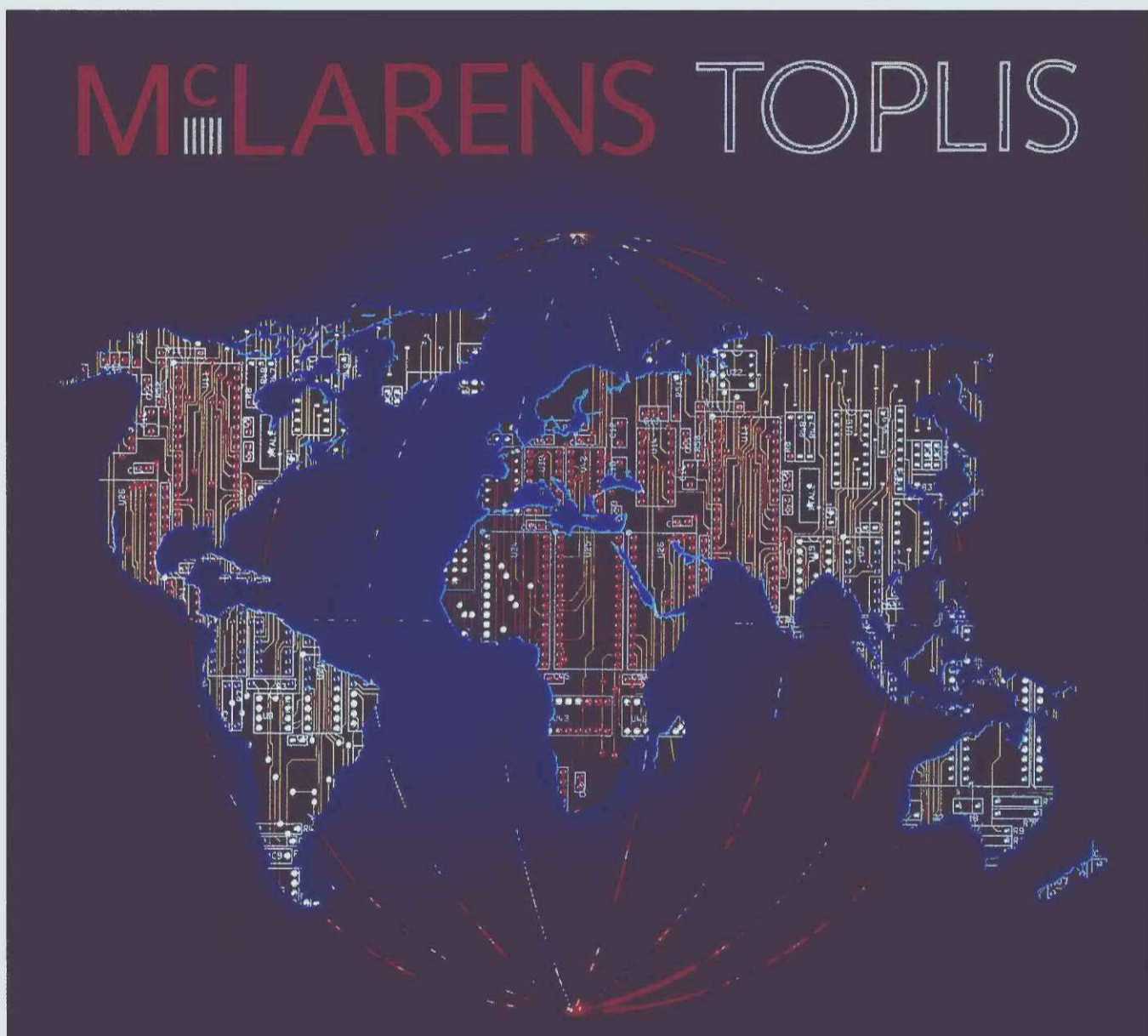
After investment income and other gains and losses, the insurer reported net income of \$11.6 million, up 37.7% from \$8.4 million in the first half of 1996.

In addition to Mr. Palmieri, Pacific officials include Ramani Ayer, chairman; Joseph Gareau, executive vp and chief investment officer; Peter Coghlan, senior vp; and Michael O'Halloran, vp and secretary.

Pacific carries Hartford's pooled rating of A+ from A.M. Best Co. and Standard & Poor's Corp.'s Hartford pooled claims-paying ability rating of AA.

—By Douglas McLeod

# McLARENS TOPLIS



## When Global Communication Is Critical

Our established global network provides dependable, timely communication so you can make educated business decisions about your risk exposure. As your claims management partner, McLaren's Toplis offers multi-disciplined solutions for your risk management needs. Our adjusters, surveyors and claim management teams deliver a level of specialized service and expertise unmatched in the industry. Working together both locally and globally, we can enhance your risk management programs for more efficient operating strategies and better results. Our resources can provide:

- global expertise from a local perspective
- established worldwide network
- multi-lingual services
- catastrophe response teams
- partnership approach to solutions
- intranet connectivity

So, before your risks take on global proportions, call us.

Richard E. Gray  
McLaren's Toplis  
1200 Ashwood Parkway, Suite 434  
Atlanta, GA 30338  
Tel: (770) 392 0058  
Toll Free: 800 880 2219  
Fax: (770) 396 8770

Alex M. Gargolinski  
McLaren's Toplis  
Ibex House, Minories  
London EC3N 1DY  
Tel: (0171) 481 3399  
Fax: (0171) 481 3554

World Wide Web:  
<http://www.mclarenstoplis.com>

McLARENS TOPLIS  
INTERNATIONAL ADJUSTERS AND SURVEYORS

### Business Insurance® • SERVICES •

#### ON-LINE SERVICES

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

<http://www.businessinsurance.com>

#### REPRINT SERVICES

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

312/ 649-5319  
Fax: 312/ 280-3174

#### ARTICLE FAX SERVICE

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

312/649-5398

## United National Insurance Co.

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

	1996	1995
Gross premiums	\$270,148,508	\$242,336,639
Non-admitted	\$195,765,451	\$173,873,192
Commercial risks	97%	97%
Net premiums	\$77,807,064	\$69,576,218
Paid-in-capital	\$5,000,000	\$5,000,000
Capital & surplus	\$196,175,542	\$179,745,093
Employees	148	152
Combined ratio	98.4	94.4
Rating agency	98.4	94.4
Net income	\$19,826,361	\$19,875,829
Best's rating	A+	A+
S&P rating	A+	AAq

An increased amount of program business helped United National Insurance Co. beat the soft insurance market in 1996 and record

double-digit growth in premium volume.

But it was a struggle, and in 1997 the company is striving just to maintain its current premium volume, said Seth D. Freudberg, president and chief executive officer.

"We are working twice as hard just to maintain our current position," he said.

The relentless soft market held back growth in most of the company's existing programs, but the addition of several diverse new books of program business made 1996 a relatively buoyant year for United National.

And, while premium growth slowed in the first half of 1997, it is expected to pick up again in the second half of the year because of good renewals, Mr. Freudberg said.

By maintaining a reputation as a producer-driven company that will consider any risk it thinks it can underwrite successfully, United National should continue to prosper, he said.

In 1996, non-admitted premiums at United National increased 12.6% to \$195.8 million from 1995, making it the eighth-largest surplus lines insurer, down a slot from last year, according to *Business Insurance's* rankings. The 1996 premium volume still does not compare to United National's high of \$260.7 million in non-admitted premiums in 1994, and though the company is maintaining its position, it is unlikely to see rapid premium growth in 1997, said Mr. Freudberg.

In the first six months of 1997, non-admitted premiums dipped 3.5% to \$81.6 million from the

year-earlier period due to continued rate softening, he said.

United National is walking away from some accounts where policyholders are demanding large rate cuts, and the insurer is finding it hard to replace that business with other profitable business, he said.

But, he added, "it's certainly not as big a loss of business as you might expect given the state of the market."

The recent successes for United National have largely been the addition of new program business, said Robert Cohen, senior vp.

"There is not one great big program that we have taken on, but we have taken on a number of smallish ones," he said.

Included in the 15 new programs are: two product liability programs; two general liability; one employment practices; one habita-

tional, for buildings such as apartments and condominiums; and an inland marine program, Mr. Cohen said.

Program business is good both for United National and its producers, who are able to use their relationship with the insurer to build a dependable book of business, he said.

"Producers are looking to develop a special relationship with one insurer," Mr. Cohen said.

United National is well-positioned to take on a wide variety of programs because it is a distribution-driven rather than product-driven company, said Mr. Freudberg.

"We don't say to producers: 'Here is what we are looking for; now please bring the accounts in,' so people try us out on a lot of things. Our view is that if it makes good underwriting sense and we have the expertise to handle it, we'll consider it," he said.

But while the insurer will consider a variety of programs, it is continuing to trim the number of brokers it deals with, said Mr. Cohen.

For the past several years, the company has tried to develop better relationships with the brokers that bring in the most business and has ended relationships with brokers that produced only a negligible amount.

United National has relationships with about 100 brokerages, Mr. Cohen said.

The insurer did add 20 new managing general agents in 1996 to take the total number of MGAs it deals with to 115. The new agents include the 15 that brought the new programs plus another five that have general property/casualty books, Mr. Cohen said.

The diverse programs can enjoy eight-figure limits backed by facultative reinsurance. The largest program United National writes is an excess casualty program for hospitals, nursing homes and other health care facilities that has limits of \$35 million. But usually the limits are more modest, Mr. Freudberg said.

Usually the automatic limits without special reinsurance arrangements are: \$10 million for umbrella and excess casualty; \$1 million per occurrence for general liability; \$5 million for property; and \$5.5 million for excess property.

The largest line of business for United National is umbrella and excess casualty, which accounted for \$127 million, or 65%, of its non-admitted premiums in 1996.

The next biggest line is primary liability, which accounts for \$48 million, or 25%; with property and other miscellaneous lines accounting for the remaining \$20 million, or 10%, of non-admitted premiums, Mr. Freudberg said.

Reinsurance supports much of United National's capacity. The principal reinsurers the company uses changed little in 1996.

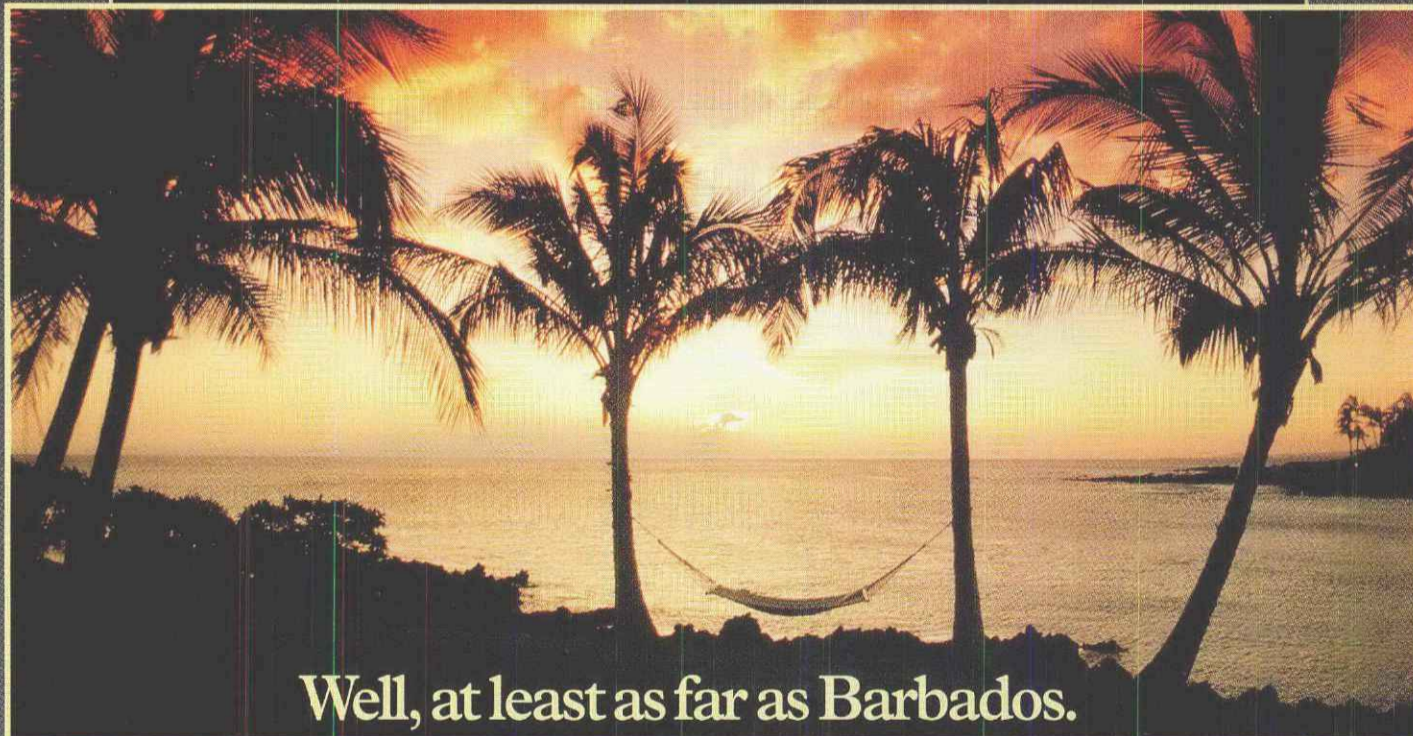
Employers Reinsurance Corp. remains the lead on the liability reinsurance treaty program, and Constitution Reinsurance Corp. leads the property reinsurance program.

To support its new programs in 1996, United National increased its activity with several reinsurers, including: Zurich Reinsurance Centre Inc.; Underwriters Reinsurance Co.; Swiss Reinsurance America Corp.; St. Paul Fire & Marine Insurance Co; and Everest Reinsurance Co.

Other reinsurers United National uses include American Re-In-

Continued on page 36

We'll go to the ends of the earth  
to work with you on **Alternative Risk.**



Well, at least as far as Barbados.

Actually, as one of the few innovative companies handling alternative risk, we'll go anywhere to find the right answer for you. And unlike most carriers in this dynamic category, we're flexible and creative enough to find a solution where others can't. PRS Enterprises has a number of companies and products to help you. Especially our affiliate Credit General Insurance Company which is rated "A-." We'll provide unparalleled service and quick response for all your casualty needs. So don't wait for renewal to consider alternative risk.

Make your move now. Call us at

(216) 831-7500. And see just

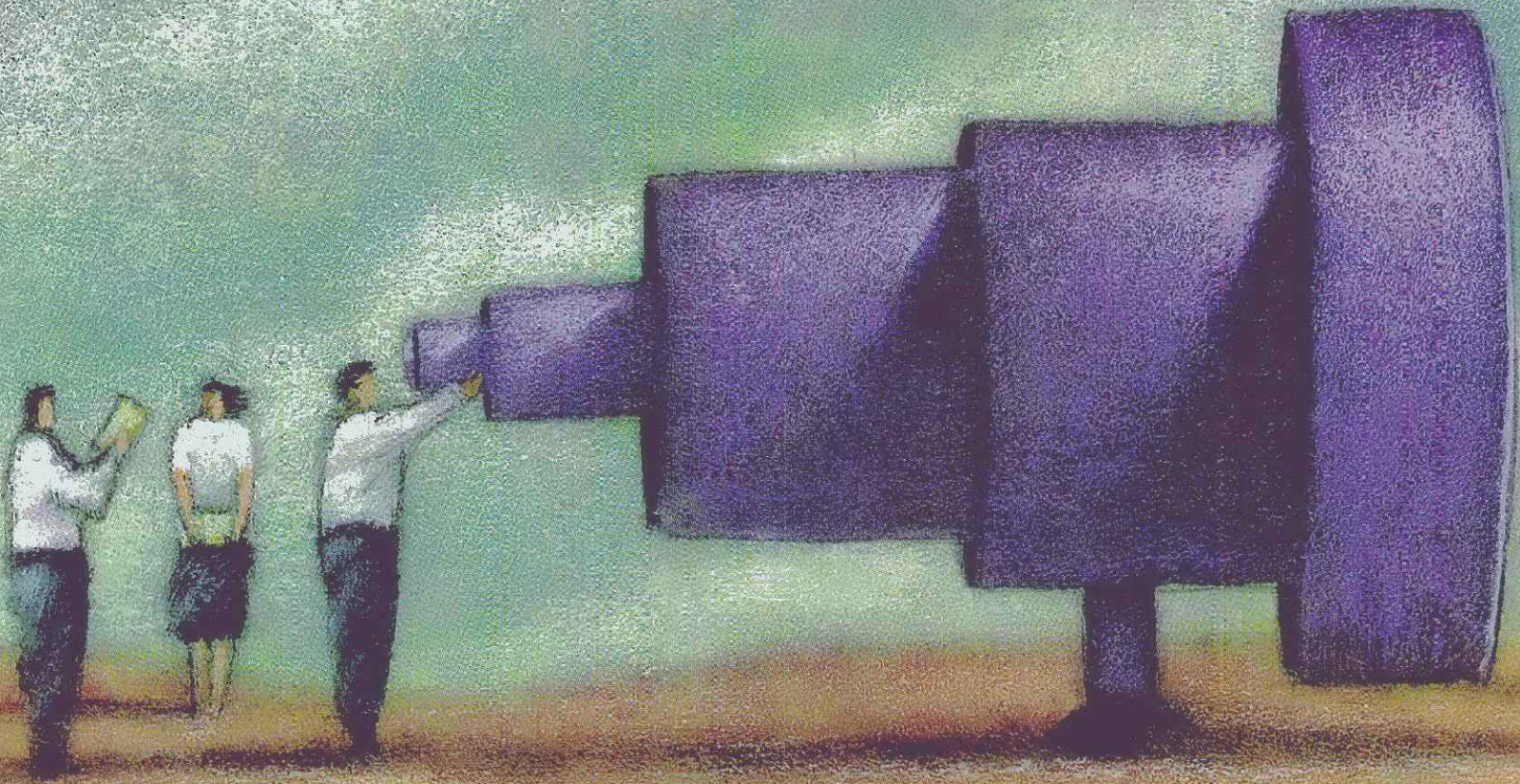
how far we'll go for you.



PRS Enterprises, Inc.

**A-**  
EXCELLENT

# Want to know what's ahead?



**P**lanning is the key to any successful venture. Whether you're a corporate executive—risk manager, employee benefits or health care manager—or among the many service providers to our industry—agent, broker, consultant, TPA, insurer or reinsurer—knowing what lies ahead will influence the plans you make today.

So take a look at our line-up of issues. Our targeted editorial spotlight reports, in-publication directories and special demographic editions all compliment the authoritative, in-depth news reporting and editorial leadership our readers and advertisers have come to rely on every week for thirty years.

As a corporate executive, you can't afford to let your subscription to *BI* to run out. As a service provider, you can't afford to miss an important marketing opportunity . . . to get your message into the hands of corporate decision-makers.

Call us today.

Issue Date	Editorial Feature	Demographic Section	Ad Closing
October	<i>30 Years of Business Insurance</i> Special Commemorative Issue		Sep 15
Oct 5	International Benefits & Risk Management <sup>RS</sup> <i>Directory: International Insurers &amp; Benefit Networks</i> <i>Distribution: CIAB/CICE; FERMA/RIMS</i>	ABT IIAA Report GLOBAL FOCUS	Sep 24
Oct 13			Oct 1
Oct 20		IT Loss Control/CPCL Report <sup>SS</sup>	Oct 8
Oct 27	Workers Compensation <sup>RS</sup> <i>Directory: Safety Consultants &amp; Rehabilitation Services</i> <i>Information Resource: Workers Comp</i> <i>Distribution: ASHRM; BI Workers Comp Conference; Baden-Baden; MCEIRMC</i>		Oct 15
Nov 3	<i>Distribution: ARIMA</i>	ABT E & O/Loss Prevention GLOBAL FOCUS	Oct 22
Nov 10	Reinsurance: Trends & Issues <sup>RS</sup> <i>Directory: Reinsurance Brokers, Distribution: ISCEBS; NAI; PLUS</i>		Oct 29
Nov 17		IT Fighting Fraud	Nov 5
Nov 24	Benefits: Effective Benefit Communication/EBC Awards <sup>RS</sup> <i>Directory: Benefit Communication Systems</i>		Nov 12
Dec 1	Risk Management Systems & Online Resources <sup>RS,SS</sup> <i>Directory: Risk Management Information Systems</i>	ABT Niche Marketing	Nov 17
Dec 8	Benefits: Market Report <sup>RS</sup> <i>Directory: Benefit Consultants, Distribution: NAIC</i>		Nov 26
Dec 15		IT Mergers & Acquisitions	Dec 3
Dec 22	Year-in-Review		Dec 10
Dec 29	1997/98 Directory of Managed Care Providers		Dec 15

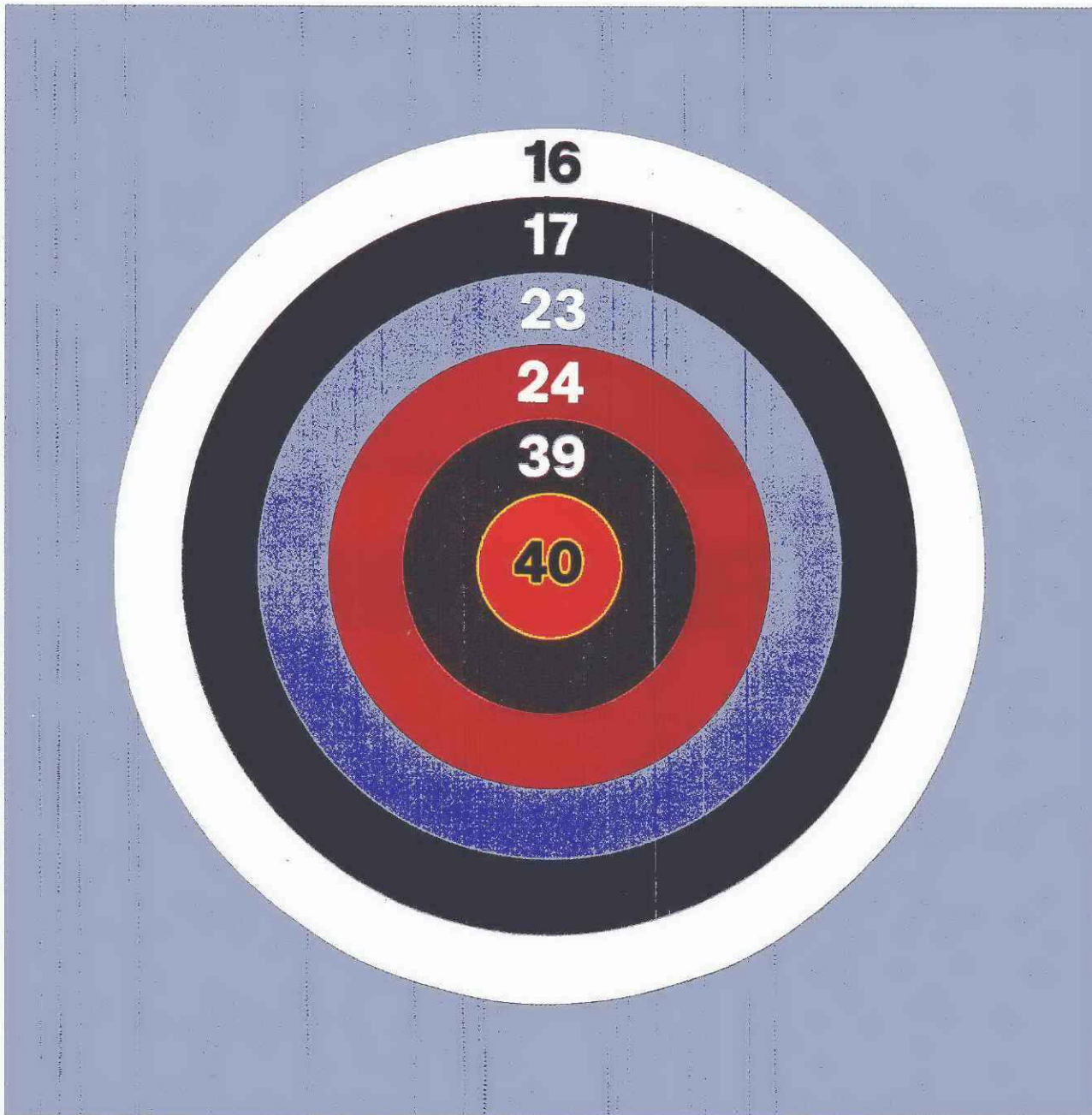
RS: Reaser Service, SS: Starch Study

**Business Insurance**<sup>®</sup>  
www.businessinsurance.com

**New York:** 220 E. 42nd Street, NY 10017-5806 ■ Tel: 212-210-0133 ■ Fax: 212-210-0704  
**Chicago:** 740 N. Rush Street, IL 60611-2590 ■ Tel: 312-649-5276 ■ Fax: 312-649-7799  
**Los Angeles:** 6500 Wilshire Blvd., CA 90048-4947 ■ Tel: 213-651-3710 ■ Fax: 213-655-8157  
**Circulation:** 965 E. Jefferson Ave., Detroit, MI 48207 ■ Tel: 800-678-9595 ■ Fax: 313-446-6777






**SOLVING BIG PROBLEMS IS VERY IMPRESSIVE.  
SOLVING SMALL PROBLEMS BEFORE THEY BECOME  
BIG PROBLEMS**

**IS EVEN MORE IMPRESSIVE.**



*How many arrows are needed to score exactly one hundred on this target?*

*Six arrows will score 100 by registering 17, 17, 17, 17, 16, 16.*

At Am-Re Managers — the alternative market arm of American Re-Insurance Company — we catch problems in time.  Through direct dialogue with each client, we identify unique concerns, formulate objectives and respond with sophisticated risk transfer, risk sharing and risk management solutions.  Our program pricing and design gives proper recognition to each client's actual loss experience and exposure control efforts.  In sum, our consultative approach to problem-solving helps our clients preserve and enhance their assets and operations.  And as a member of the Munich Re Group, there's unsurpassed financial strength and capacity behind our responsiveness.  We can help you control the cost of risk.

Am-Re Managers, Inc., 685 College Road East, Princeton, New Jersey 08543-5241 609-275-2000 [www.amre.com](http://www.amre.com)

 **AM-RE MANAGERS, INC.**  
An affiliate of American Re-Insurance Company  
A Member of the Munich Re Group

## Spotlight report

Continued from page 32

United National carefully chooses its reinsurers, said Kevin L. Tate, senior vp.

"We have a choice of a lot of reinsurers, and we very much go for financial strength, high ratings and consistent underwriting," Mr. Tate said.

Like the primary market it backs, the reinsurance market generally is experiencing falling rates, said Mr. Freudberg.

While property catastrophe reinsurance prices remain relatively high, they are softening. In most other areas, the reinsurance market is already soft, he said.

"On balance, it is favorable for us because we can buy reinsurance more economically and reinsurers

are more flexible," he said.

But the soft reinsurance market also enables United National's competitors to expand their capacity, said Raymond L. Freudberg, chairman of United National.

"Insurers that previously would not have had the capacity to compete with us have it today. They are taking business that we would have gotten. But, in our view, they are writing it for premiums that are too low," he said.

United National has not taken full advantage of the lower reinsurance rates, though, as it has increased its retentions to help maintain its own net premium growth, said Seth Freudberg.

Those increased retentions have had negative effects on United National's net income and combined ratio, said Mr. Tate. The combined ratio edged up to 98.4% in 1996

from 94.4% in 1995, and net income edged down to \$19.8 million from \$19.9 million.

In part, the slight deterioration is due to a reduction in volume of ceding commissions from reinsurers and an increase in the level of loss reserves for the higher retentions, Mr. Tate said.

"The year that the premium is brought on to the books, we reserve at a very high level," he explained.

In addition to increased competition from other surplus lines insurers, United National is experiencing increased competition from the admitted insurance market, said Seth Freudberg.

"There is a general shift out of surplus lines into the admitted market, and we are seeing increased pressure to write programs on an admitted basis," he said.

United National has two sub-

idiaries that are admitted in most states: Diamond State Insurance Co. and Hallmark Insurance Co.

The pressure to write on an admitted basis has little to do with regulatory issues, Mr. Freudberg said.

"It is more because it's a hassle for agents to go through the surplus lines insurance placement process," he said.

Also, the premium taxes are paid by the policyholder rather than the insurance company in a surplus

lines payment, he said.

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

In addition to Seth and Raymond Freudberg and Messrs. Tate and Cohen, other top executives at United National are Richard S. March, senior vp, and Daniel J. Kelleher, treasurer.

—By Gavin Souter

## Acceptance Insurance Co.

222 S. 15th, Suite 600,  
Omaha, Neb. 68102; 402-344-8800;  
fax: 402-341-0792

	1996*	1995*
Gross premiums	\$281,399,887	\$279,941,325
Non-admitted	\$195,728,421	\$180,050,867
Commercial risks	100%	100%
Net premiums	\$187,382,799	\$140,617,215
Paid-in-capital	\$5,619,520	\$5,619,520
Capital & surplus	\$115,727,610	\$121,337,168
Employees	1,200	1,200
Combined ratio	110.4%	113.7%
Rating agency	110.6%	113.9%
Net income	(\$3,168,252)	(\$5,477,589)
Best's rating	A-	A-
S&P rating	BBB	BBBq

\* All figures, except gross premiums, reported on a pooling basis for Acceptance Insurance Co. and Acceptance Indemnity Insurance Co. Combined ratios include Redland Insurance Co. and Acceptance Casualty Insurance Co.

Acquisitions of a different sort have propelled Acceptance Insurance Co. up the rankings of the largest U.S.-based surplus lines insurers.

Instead of acquiring other companies to beef up premium volume, the Omaha, Neb.-based insurer attributes its growth to the "acquisition" of key executives from one of its competitors.

"During the summer of '93, we took the steps necessary to significantly increase our commitment to our general agency business and the non-admitted business done by those companies when we hired key executives" from Scottsdale Insurance Co., explained Ken Coon, Acceptance's chief executive officer.

Specifically, Acceptance hired Thomas Stamm, a former Scottsdale senior vp who brought with him several other key executives (BI, Aug. 16, 1993).

"That group of individuals was instrumental in a large part of what Scottsdale had done on a non-admitted basis," Mr. Coon said.

During 1994, the key executives, who established a new office for Acceptance in Scottsdale, Ariz., re-forged relationships with accounts previously written by Scottsdale and moved them over to Acceptance, Mr. Coon said, adding that the company was "very careful" about the deal, and no non-competition suits resulted. That business since has matured and resulted in continued premium growth over the past several years.

Indeed, since Acceptance acquired the key executives, non-admitted premiums have grown more than 220% to \$195.7 million in 1996 from just \$60 million in 1993.

"It took us from one of many to one of the major surplus lines insurers," Mr. Coon said of the acquired business.

That figure for 1996 gross premiums written on a direct, non-admitted basis represents an 8.7% increase and places Acceptance in the No. 9 spot among the largest U.S.-based surplus lines insurers surveyed by *Business Insurance*.

Non-admitted premiums include those from Acceptance Indemnity Insurance Co., a wholly owned subsidiary of Acceptance Insur-

ance that primarily writes business on an admitted basis but did produce \$32.3 million in non-admitted premiums in 1996.

While premium volume includes only non-admitted business from Acceptance Insurance and Acceptance Indemnity, net income and other figures for the two companies are reported on a pooling basis.

In addition to Acceptance Insurance and Acceptance Indemnity, the pool includes: Redland Insurance Co. and its subsidiary, Acceptance Casualty Insurance Co. Both companies write specialty program business through independent retail agents.

Acceptance Insurance Co. also owns Phoenix Indemnity Insurance Co., a non-standard auto insurer that became part of the pool in January.

American Growers Insurance Co., which writes crop programs, also is a subsidiary of Redland Insurance but is not included in the pooling.

Except for business produced by Acceptance Insurance and Acceptance Indemnity, all other business is written in the admitted market.

On a pooled basis, Acceptance reported a \$3.2 million loss in 1996, an improvement over 1995's \$5.5 million loss. The major source of the loss is the company's commercial and personal lines auto business, "which had a very poor year in 1996," Mr. Coon said. The bulk of that business falls in the program and non-standard auto units, he said.

Non-admitted operations reported a profit in 1996, but restructuring charges and a poor year in the auto business "significantly influenced the pooled results," he said.

But, if the first half results are any indication, Acceptance is on its way to reporting a profit in 1997.

Acceptance reported a pooled \$9.2 million profit for the first six months of this year, up significantly over the \$778,678 profit it reported during the same period in 1996. However, gross premiums written on a direct, non-admitted basis during the first half are down 12% to \$91.4 million.

Acceptance's surplus lines business falls into two types of risks.

Its Scottsdale, Ariz., office specializes in small to mid-sized commercial accounts that do not fit standard insurers' underwriting requirements, Mr. Coon said. This includes underwriting such risks as older apartment buildings, day-care centers, taverns and vacant buildings. Average premiums range between \$4,000 and \$5,000. All of the business underwritten from the Scottsdale, Ariz., office comes through managing general agents who have binding authority to rate and quote the insurance policies for Acceptance.

On the other side of the spectrum, Acceptance Risk Management, a New Jersey-based managing general agency not owned by Acceptance—despite the moniker—has binding authority

Continued on next page

# Listening and Responding ... Locally

The insurance market continues to fragment into smaller pieces, each with its own marketing and coverage needs. Our general agents both in commercial lines and in personal automobile are entrepreneurs; they excel in serving **local needs** on "Main Street".

By listening to our general agents, Penn-America can quickly build the products and programs needed to turn their **local thinking** into quick, effective **local actions**.



To find an appointed general agent in your area or for more information, please call:

John M. DiBiasi, CPCU

Executive Vice President Underwriting & Marketing

Phone: (215) 443-3652 Fax: 800-882-8569

Email: [dibiiasi@penn-america.com](mailto:dibiiasi@penn-america.com)

**PENN-AMERICA GROUP, INC.**

Penn-America Insurance Company  
Penn-Star Insurance Company

420 S. York Road, Hatboro, PA 19040

Visit our website at: <http://www.penn-america.com>



Continued from previous page to underwrite "very difficult and unusual casualty business," Mr. Coon said.

This includes such risks as product liability and professional liability that may not fit the size and premium requirements of standard programs, he said.

Average premiums for casualty risks are about \$125,000, and professional liability risks are about \$15,000, he said.

Acceptance did not introduce any new programs in 1996.

"We look at easily over 100 new programs or product offerings in a year," Mr. Coon said. "Most years we find three to five that we take on. A lot of these recently, however, have been on an admitted basis."

This is one reason that surplus lines premiums are down for the year, he said.

Mr. Coon described Acceptance as "reactionary" in the sense that the insurer does not "look at the world and say we need a new line of insurance. We look for more mature books of business."

"We view business opportunities, if they meet certain financial and professional expertise requirements, as our bailiwick," he said. For this reason, the surplus lines insurer does not write directors and officers liability coverage.

"We simply haven't had the circumstance come together to put in that area," he said.

Overall, Mr. Coon said the surplus lines market is as competitive as the rest of the property/casualty marketplace.

"There is more capacity than business to write." There also continues to be "the blurring of traditional lines of what is admitted and what is surplus lines, which puts added pressure on insurers writing business in the surplus lines market to grow," Mr. Coon said.

To further its growth, Acceptance is "trying to forge stronger relationships with specific agents that do business on a surplus lines basis," he said. "That is why we are seeking and have found key executives from Scottsdale who have career relationships with key agents."

Acceptance also has developed partnership arrangements with a dozen agents where the agents share in losses as well as company profits, Mr. Coon said.

By offering enhanced profit-sharing in return for a share in the risk, agents will assume a higher standard of care for the book of business, Mr. Coon explained.

Acceptance is principally a writer of the first layer of risk or the first layer above a self-insured retention. The bulk of its policies have limits up to \$1 million, but \$3 million limits are available and, with facultative support, the insurer can write limits as high as \$5 million to \$10 million, Mr. Coon said.

About 80% of Acceptance's ceded premiums go to Swiss Re America Holding Corp., PMA Reinsurance Corp., NAC Reinsurance Corp., Constitution Reinsurance Corp. and Odyssey Reinsurance Corp.

Acceptance and its subsidiary, Acceptance Indemnity, are approved non-admitted insurers in 45 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands. Approval is pending in New Hampshire and Rhode Island. Acceptance Insurance is an admitted insurer in Nebraska and Michigan and does not write business in Vermont.

In addition to Mr. Coon, other Acceptance executives include: J.P. Nelson, chief operating officer; Thomas D. Stamm, senior vp; Bruce W. Slaughter, senior vp; and Richard C. Gibson, senior vp.

—By Sally Roberts

## Columbia Casualty Co.

CNA Plaza, Chicago, Ill. 60685;  
312-822-1906; fax: 312-817-3317

	1996	1995
Gross premiums	\$544,954,351	\$502,611,356
Non-admitted	\$181,294,645	\$147,601,114
Commercial risks	100%	99.2%
Net premiums	\$360,441,102	\$350,362,262
Paid-in capital	\$5,200,000	\$8,700,000
Capital & surplus	\$280,811,095	\$242,937,606
Employees	0	0
Combined ratio	109.7%	107.8%
Rating agency	109.4%	107.8%
Net income	\$34,272,113	\$29,020,069
Best's rating*	A/A-	A/A-
S&P rating*	A+/A-	A+/A-

\* Ratings are for CNA and Continental Insurance Co., respectively.

Columbia Casualty Co., the non-admitted CNA Insurance Cos. insurer, saw its direct, non-admitted premiums soar 22.8%

last year.

Columbia Casualty reported direct, non-admitted premiums of \$181.3 million for 1996, compared with 1995's non-admitted premiums of \$147.6 million. That performance earned the insurer the 10th spot in *Business Insurance's* ranking of the 10 largest U.S.-based surplus lines insurers.

Columbia Casualty debuted at the ninth spot in the *BI* rankings last year, based on combined retrospective financial results for Columbia Casualty and Pacific Insurance Co. Pacific was previously Continental Insurance Co.'s non-admitted insurer and is a different company from Pacific Insurance Co. Ltd., which is profiled on page 30. CNA Financial Corp. acquired Continental Corp. in May 1995.

CNA E&S, the CNA division to

which Columbia Casualty belongs, plans to continue phasing down Pacific's writings, eventually using the insurer only to write non-admitted business in Illinois, where Columbia Casualty is admitted, according to Richard W. Quehl, president of CNA E&S.

Of Columbia Casualty's total direct, non-admitted premiums, Columbia Casualty wrote \$162.5 million—89.6%—and Pacific wrote \$18.8 million—10.4%. In 1995, Columbia Casualty wrote 54.1% of total non-admitted premiums while Pacific wrote 45.9%.

Columbia Casualty owes the majority of its 1996 non-admitted premium growth to increased writings in existing lines of business, Mr. Quehl said. Columbia Casualty also launched some new programs, the largest of which is municipal liability business, in-

cluding police professional liability and public officials professional liability.

Columbia Casualty's 1996 gross premium volume was \$545 million, up 8.4% from combined volume of \$502.6 million for the two companies in 1995. The rise in gross premium volume reflects Columbia Casualty's increase in non-admitted premiums and its portion of the business that other CNA companies write, according to Mr. Quehl.

Net written premium volume last year for the combined operations of Columbia and Pacific totaled \$360.4 million, up 2.9% from the previous year.

Columbia Casualty's combined ratio rose to 109.7% from 107.8% last year.

There is "probably no single  
Continued on next page

### THE BEST SURPLUS LINES COMPANY YOU'VE NEVER HEARD OF.

Almost everyone has heard of Chubb for its property and casualty coverage.

But when you're considering how to insure an around-the-world bicycle race, or a snowboard manufacturer for product liability, or a trade association's request for cancellation of event coverage for their annual convention, few people have heard what Chubb can do.

Since 1972, Chubb Custom Insurance Company (CCIC) has been quietly providing coverage in the surplus lines market for a variety of non-traditional risks. With its financial strength and specialized knowledge of commercial underwriting, CCIC has a feel for the often unique and complex perils best covered by surplus lines insurance. Combine this expertise with superb loss control, the highest ratings from A. M. Best and Standard & Poor's, membership in NAPSLO and Chubb's international network of more than 100 offices, and you'll understand why CCIC knows how to cover the "odds" when it comes to the unusual. To hear more about our surplus lines capabilities, contact CCIC at 908-903-7075. You can also visit Chubb's web site at <http://www.chubb.com>.

INSURE  
YOUR WORLD  
WITH CHUBB



For promotional purposes, Chubb refers to member insurers of the Chubb Group of Insurance Companies underwriting coverage. The precise coverage afforded is subject to the terms, conditions and exclusions of the policies as issued. Coverage may not be available in all jurisdictions. Chubb Group of Insurance Companies, Box 1615, Warren, NJ 07061-1615.

## Spotlight report

Continued from previous page  
good answer" to why that happened, Mr. Quehl acknowledged, but the downward pressure on rates in a competitive market was a key factor.

Net income rose 18.3% to \$34.3 million last year from \$29 million the previous year. "Thank God for the investment department," he quipped.

Columbia Casualty has a policyholder surplus of \$280.8 million, up 15.6% from \$242.9 million the previous year.

Columbia Casualty has an A rating from A.M. Best Co. and an A+ rating from Standard & Poor's Corp. Pacific has an A- rating from Best and S&P.

Mr. Quehl said he expects CNA E&S's gross premiums to increase about 6% this year, and Columbia Casualty's growth will be parallel.

Columbia Casualty writes liability coverage on a non-admitted basis only. The largest limit Columbia Ca-

sualty writes is \$25 million.

Medical malpractice coverage accounts for the largest portion—about 35%—of premiums written on a direct, non-admitted basis, up from 25% of the insurer's direct non-admitted premiums in 1995. In addition to the coverage written for providers ranging from nurses to hospitals, Columbia's medical malpractice business has increased by writing more coverage for biotechnology companies that manufacture and test new medical products, Mr. Quehl said.

Medical malpractice liability coverage is written on a net basis with limits of up to \$5 million, Mr. Quehl said.

Liquor liability coverage, primarily for mom-and-pop restaurants, taverns and private social clubs, accounts for about 25% of non-admitted premiums. Columbia Casualty writes liquor liability coverage in 27 states.

The insurer writes liquor liability

with a \$1 million limit, all net, up from a \$500,000 limit in 1995.

Another 25% of non-admitted premiums are generated by a combination of smaller lines of liability business: railroad liability coverage, product liability coverage for industries such as sporting equipment and heavy machinery, and premises liability coverage.

Railroad liability coverage is written with a limit of up to \$15 million. Columbia Casualty's maximum retention is \$5 million.

Columbia writes primary product liability coverage with a limit of \$1 million on a net basis. The insurer writes excess product liability coverage with a maximum \$25 million limit on a quota-share basis, retaining a maximum of \$10 million.

Columbia Casualty writes premises liability with similar limits. Primary premises liability coverage with a lim-

it of \$1 million is written on a net basis; excess coverage is written with a limit of up to \$25 million on a quota-share basis, with the company retaining up to \$10 million.

Miscellaneous errors and omissions coverage and municipal liability coverage generate the remaining 15% of non-admitted premiums.

Miscellaneous E&O liability coverage is written on a net basis with limits of up to \$5 million, Mr. Quehl said.

Police professional liability is written with a \$1 million limit on a quota-share basis, with the company retaining \$300,000.

Columbia Casualty plans to launch a new program this year to cover weather-related extra expenses municipalities incur, Mr. Quehl said.

For example, if a heavy snowfall causes a municipality to spend more money for snow removal than it has budgeted, Columbia Casualty's insur-

ance would cover that expense. The program would not cover catastrophic events such as hurricanes and earthquakes or extra expenses related to those events, however, Mr. Quehl said. The coverage will be written on a net basis with limits of up to \$5 million.

The insurer also is "working hard to find a way to get into the gaming industry," Mr. Quehl commented. Columbia Casualty is considering writing liability coverage for riverboats and Indian reservations that offer gambling and California card parlors, where patrons bet on games like poker, he said.

Two programs Columbia Casualty introduced last year have not panned out as planned, although the insurer still is writing both coverages, Mr. Quehl said.

An automobile liability program for automobile messengers in California with a \$1 million limit "hasn't been anywhere near as successful" as the company had anticipated, Mr. Quehl said. Although Columbia Casualty still is writing the coverage, the insurer will not expand the program to other states because of keen competition for the risk, Mr. Quehl explained.

Columbia Casualty also is not expanding a construction defects program it launched last year for contractors. The coverage, which has limits of \$1 million per occurrence and \$2 million aggregate, is written on a claims-made basis. However, most other construction defects policies in the market are written on an occurrence or modified-occurrence basis, making them more desirable than Columbia's coverage, Mr. Quehl noted.

Columbia does not intend to change its policy form, though, Mr. Quehl said. "We think the market's wrong, and we're willing not to write the business" rather than writing the coverage on an occurrence basis, he said.

Columbia Casualty discontinued one program last year, accidental and malicious product tampering liability coverage, because demand was insufficient to support the program, Mr. Quehl said.

Columbia Casualty can write business on a non-admitted basis in all states except Illinois. In Illinois, Pacific writes business on a non-admitted basis.

CNA E&S's major lines of admitted business include: excess workers compensation and ancillary products such as coverage for medical carve-outs, which are medical expenses that fall within a policyholder's self-insured retention, and buffer layers, which lie between the limit of the primary policy and the beginning of the excess coverage; elevator maintenance contractors liability; California non-standard private passenger automobile liability; ski resort liability; product liability for non-volatile risks; and primary and excess casualty.

A new line of admitted business CNA E&S is writing is state-specific auto liability, such as liability for dump trucks in Kentucky, Mr. Quehl noted.

Major producers of business for Columbia Casualty include the alphabet brokers, other wholesalers and independent managing general underwriters, Mr. Quehl said.

Columbia Casualty's major reinsurers include American Re-Insurance Co., NAC Reinsurance Corp., Munich Reinsurance Co., Kemper Reinsurance Co. and General Re Corp., Mr. Quehl said.

Columbia Casualty has no employees of its own. Its staff of 122 is employed by CNA Insurance Cos., the surplus lines insurer's parent.

William P. Casey, senior vp, is a principal officer of the company, in addition to Mr. Quehl.

—By Deborah Shalowitz Cowans

When strength and longevity come together  
as one, the result is unwavering stability.

Welcome to ERC.



Financial stability. It is a term that  
is overused and underachieved in the  
insurance and reinsurance industries.

Stability does not happen overnight. Rather,  
it is built and maintained over time. At ERC,  
we've spent nearly a century developing it ...  
listening to our clients, gaining expertise in  
the field, gaining strength through experience.

We are hands-on when you need us,  
hands-off when you don't, with reinsurance  
services that span the distance ... underwriting,  
assistance in claims, financial services, risk  
management and more.

Our efforts have not gone unnoticed, as  
our high industry ratings attest: Best's A++,  
S&P's AAA, Moody's Aaa.

It is stability forged of strength, knowledge  
and experience. An immovable structure you  
can rely on when needed.

Our business is helping yours.

 EMPLOYERS REINSURANCE CORPORATION  
A GE Capital Services Company

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

ATLANTA BOSTON CHICAGO COLUMBUS DALLAS KANSAS CITY LOS ANGELES NEW YORK PHILADELPHIA SAN FRANCISCO

# **Insurer Topics**

A special editorial section  
sent exclusively  
to insurers and reinsurers

## **Employee recruiting and training**

**Variety of programs  
helps streamline  
the learning process**

# Industry execs further their education

Programs strive to meet needs of those already in insurance

By REGIS COCCIA

**F**ormal educational programs in insurance and risk management long have been available to undergraduate students, and now in-

surance executives are getting opportunities to study their industry in depth.

Recognizing the need for company personnel to increase their knowledge of insurance issues, the Insurance Institute of America and American Institute for

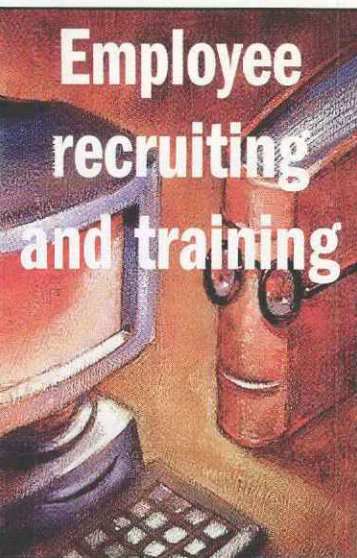
Chartered Property & Casualty Underwriters this year launched a program designed for executives and middle managers.

Insurance Executive Development, a two-week program at The Wharton School at the University of Pennsylvania, is in-

tended to train managers for leadership roles, said George White, senior vp at the IIA/AICPCU in Malvern, Pa.

The experience students acquire from the program can help them obtain executive positions within their own companies or at others, he noted.

"It's like any developmental or



**INTRODUCING SUPER G3 FAX TECHNOLOGY.**

**REDUCE YOUR FAX TRANSMISSION TIME**

**UP TO 79%.\***



**LASER CLASS**  
PLAIN PAPER FACSIMILE

**CANON CONNECTS** you to the LASER CLASS® 9000 Series with Super G3 Technology. Now you can transmit LASER CLASS faxes at the laser-like speed of approximately 3 seconds per page.\*\* That's twice as fast as ordinary G3 machines — fast enough to knock those lofty phone line charges right on their bottom line.

With Super G3, features like a faster handshake protocol and new JBIG Technology make faxing more cost effective, and your whole office more productive. Plus, special networking options will enable the LASER CLASS 9000 Series to serve your workgroup's printing, PC faxing and scanning needs.

Imagine reducing costs and improving your output quality at the same time. The LASER CLASS 9000 Series scans at 400 dpi and prints at 600 dpi, while our exclusive UHQ™ VI image processing gives you unmatched depth and clarity. All from a company that gives you unmatched support and service.

For a fast solution to your faxing costs, call **1-800-OK-CANON** anytime. Or connect with us on the Web at <http://www.usa.canon.com>.

**SUPER  
G3**  
HIGH-SPEED FACSIMILE

\*Based on a study of V.34 phone bill savings, prepared by Davidson Consulting, April 1997. \*\* Approximately 3 seconds per page fax transmission time is based on CCITT/ITU-T No. 1 Chart (MMR, Standard Mode) at 33.6 Kbps modem speed when transmitting to another ITU-T V.34 facsimile machine. The Public Switched Telephone Network (PSTN) currently supports 28.8 Kbps speeds or lower, depending on telephone line conditions. © 1997 Canon U.S.A., Inc.

**Canon**

educational program. People who take the time to develop themselves are always going to be more marketable," Mr. White said.

"Anything that somebody does today to make themselves more marketable is going to pay off," he said.

Companies recognize that everyone "is in business for themselves," Mr. White said.

Insurers are telling employees that "you have to manage your

**'People who take the time to develop themselves are always going to be more marketable,' George White says.**

career as best you can while making a contribution" to the company, according to Mr. White.

Insurance Executive Development is designed to prepare managers to take on greater responsibility.

The course, which was offered for the first time in April, stemmed from an advanced executive program the IIA/AICPCU and Wharton have run for the past six years.

Advanced Executive Education is a four-week program in which leading executives from insurers, reinsurers and brokers around the world gather to examine global insurance issues, Mr. White said.

Among the issues the program studies are strategic alliances, mergers and acquisitions, and cultural issues in various business markets.

"It's really dealing with competitive issues, how to compete in the world," according to Mr. White.

"It's an excellent program. We're getting the top people in the industry in that program," he said.

At the conclusion of the program, which meets for two weeks in the spring and two weeks in the fall, the institutes ask participants to evaluate it, Mr. White said. "Out of that discussion, the executives said, 'We have a need for a program tai-

See **Educate** on page 38D

# RESEARCH



[ US ]



[ THEM ]

## SCUDDER INSURANCE ASSET MANAGEMENT

*How Our Resources Make A Difference*

Stop for a moment and think about what you want “investment research” to mean when you hire an asset manager. Think about what Scudder can offer:

- A research infrastructure designed to capture investment opportunities across asset classes in every major U.S. and international market
- A proprietary source of investment intelligence, representing the potential to develop timely, original insights
- Access to all the information a multimillion dollar annual research budget can buy
- A large staff of career analysts, including country, industry and asset class specialists
- Leading-edge analysis quantifying the impact of regulatory developments

Now think about what our competitors offer: Expertise in one market. Scattershot information about many markets. Investment research undertaken in a void of

*insurance* investment research. Research purchased off the shelf from credit rating agencies and brokerage firms.

Scudder currently works with 104 property and casualty organizations. Our oldest relationship has been a Scudder client since 1938. These companies have benefited from our research in many ways, from increased after-tax investment income to participation in higher-yielding securities and asset classes to timely strategic moves across markets.

So why settle for a partial view when you can have the big picture? Whether you require the resources to fulfill a total investment mandate or expertise in a specific asset class, Scudder’s research can make a difference to your company. To find out how, please contact Sabra Bartlett, Principal, at (800) 225-2471, (617) 295-2276 or [sabra\\_bartlett@scudder.com](mailto:sabra_bartlett@scudder.com).

SCUDDER



## Educate

Continued from page 38B  
lored to developing insurance managers.'"

Executives suggested a curriculum, and the institutes took the concept last year to the IIA/AICPCU board of trustees, which was very supportive, Mr. White said.

Insurance Executive Development stresses leadership and conducts exercises to help students understand all facets of a company's operations.

"They get a dose of everything people do in the insurance company—claims, underwriting, everything," Mr. White said.

Like the Advanced Executive Education program, Insurance Executive Development combines Wharton faculty and insurance industry experts that the IIA/AICPCU recruits to address classes, he said.

"We tailor it on the insurance side, supplementing their faculty with insurance experts," he said.

The Insurance Executive Development program's 40 to 45 students are chosen on the basis of nominations from other executives, Mr. White said.

**'We tailor (the program) on the insurance side, supplementing their faculty with insurance experts,' says George White.**

utives, Mr. White said.

For more information or to submit a nomination, contact George White or Joanna Spaziani at the IIA/AICPCU, 610-644-2100.

Another program designed to help insurance industry executives acquire deeper knowledge of the industry is being developed at the Katie Insurance School at the University of Illinois in Normal.

A master of business administration degree program for experienced insurance and financial services executives—many holding professional designations such as Chartered Property & Casualty Underwriter—is being considered, said Andrew Nappi, director of the Katie Insurance School.

"As far as we know, there is no such program" for insurance executives, he said. MBA programs typically offer courses in general management, marketing and finance—"a wide variety of areas and fields," Mr. Nappi pointed out.

A strategic planning session at the Katie Insurance School this year led the school to consider an insurance MBA program, Mr. Nappi said.

"The idea of a program designed for managers and professionals that gave them additional education" was appealing, he said.

"It looked to us that this was a niche we could respond to," he said.

The school is conducting market research on the possibility of offering the degree program and is getting curriculum ideas from an advisory board comprising industry executives, Mr. Nappi said.

If interest and funding for the MBA program are sufficient, the Katie School hopes to have it in place next year. Tentatively, classes would be offered in the Chicago area on an alternating-weekend basis to accommodate executives' schedules, Mr. Nappi said. **BI**

## Channeling in on education

### Insurance Broadcast System airing educational programming

By REGIS COCCIA

**I**nsurance industry workers have a new option for attending education and training courses while at work: television.

The Insurance Broadcast System, which began airing news and informational programs in June, launched educational programming last week.

IBS, which comprises the Property/Casualty Television Net-

work and the Life/Health Television Network, is available to insurance industry subscribers via satellite at the companies' offices (IT, June 16).

Initial educational programming includes test review classes for the first examination in the Chartered Property & Casualty Underwriter designation course as well as test preparation courses for life insurance industry employees selling financial products. The National Assn. of Secu-

rities Dealers requires exams of those selling securities such as mutual funds and annuities, which life insurers commonly sell.

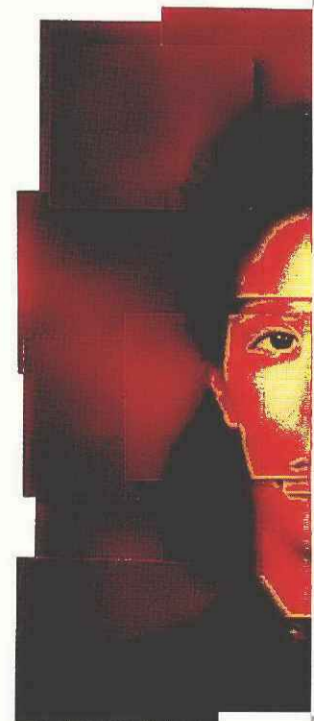
However, these programs are just the beginning. Other education and training programs are in the works, said Mark I. Epstein, president and chief operating officer of the Insurance Broadcast System in Los Angeles.

"There is a great deal of inter-

*Continued on next page*

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

Now there is a co  
your responsibility  
of catastrophic



Continued from previous page  
est in educational programming" among companies in the industry. "Employers would like people to take courses that relate to their jobs, such as property/casualty or workers compensation," Mr. Epstein said.

"We stand on three legs as a company with regard to our programming: news, information and education," he said. "Education, for us, is defined as courses, review classes for various academic and licensing organizations, and training. Those are the three areas we focus on."

Companies are cost-conscious

and realize education can be expensive, not only in terms of reimbursing employees but also in having employees away from their jobs while taking courses,

convenient basis," he said.

"We deliver it by satellite and we deliver it right to their office. People are not getting it at home, so it's incumbent on us to make it

**'We deliver it by satellite and we deliver it right to their office. People are not getting it at home, so it's incumbent on us to make it flexible,' says Mark Epstein.**

Mr. Epstein explained. IBS aims to provide educational programming on "a cost-effective and

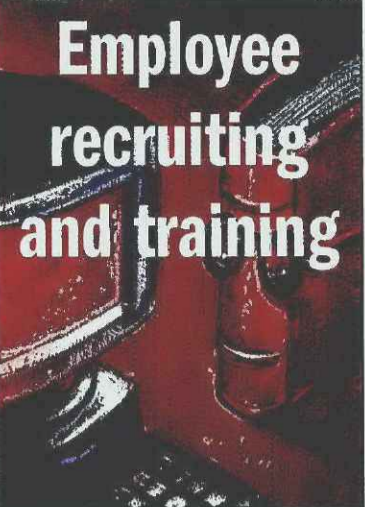
flexible," Mr. Epstein said. Programs are repeated, and if workers can't attend a session, they

may tape it to watch later, he added.

"There seems to be a great deal of interest and excitement with regard to receiving programs on education and training at the office," he said.

IBS provides study materials and practice tests but does not register students for the exams. This month's CPCU exam review, for example, consists of three two-hour classes and is intended to prepare students for the CPCU exam scheduled for Sept. 20. Similarly, the NASD course offers three one-hour class sessions broadcast on different days.

Continuing education courses,



which states require of everyone licensed to sell insurance, are another area IBS plans to address.

For example, a course on insurance fraud is expected to be offered later this year or by early 1998. Next month, IBS plans to televise an exam review course as part of the Chartered Life Underwriter designation in conjunction with The American College of Bryn Mawr, Pa. IBS also is looking at adding review courses for the Associate in Risk Management designation, Mr. Epstein said.

"Throughout this first year of programming, we're going to try a lot of things," he said.

"We'd like to have educational programming four days a week after work for the property/casualty side, from 4:30 to 6 o'clock. We want to give more end-of-the-day programming to P/C employees and more beginning-of-the-day programming to life employees," who often spend much of their time in the field, he noted.

IBS broadcasts to about 35 sites across the country, and the list of subscribers is growing by the month, Mr. Epstein said. Educational programs are available on a pay-per-view and per-student basis.

For more information on IBS, contact Andrew M. Witt, vp-marketing at 310-820-3303, ext. 204; or visit the IBS site on the World Wide Web at [www.ibstv.com](http://www.ibstv.com). **BI**

## Reinsurance Web site

A World Wide Web site was launched recently that provides information on the reinsurance industry.

In a statement, NewsRE.com founder and Executive Editor Nathalie Dufresne, formerly with Paris-based AXA Reinsurance Co., said, "The idea behind the creation of NewsRE was to develop an information and research tool that, in focusing on the specific needs of the reinsurance industry, would save time gathering critical business information."

The sponsor-supported site is at [www.newsre.com](http://www.newsre.com). For information about sponsorship opportunities, send electronic mail to [sponsor@newsre.com](mailto:sponsor@newsre.com) or contact Venice, Calif.-based eLogic at 310-581-6100. **BI**

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

# Company that *shares* liability in every phase of injury recovery.

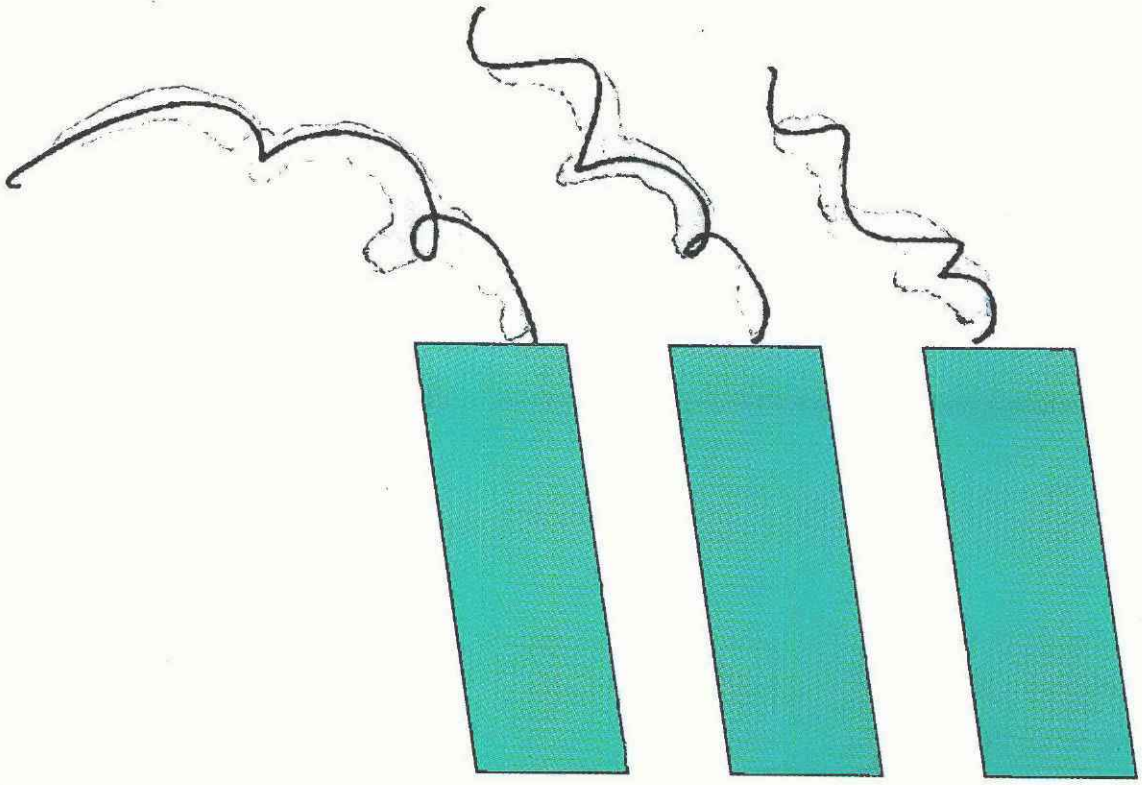
DEFINED OUTCOMES  
GUARANTEED MEDICAL COSTS  
WORKERS' COMPENSATION CASES

**PARADIGM**

*for catastrophic injury.  
for life.*

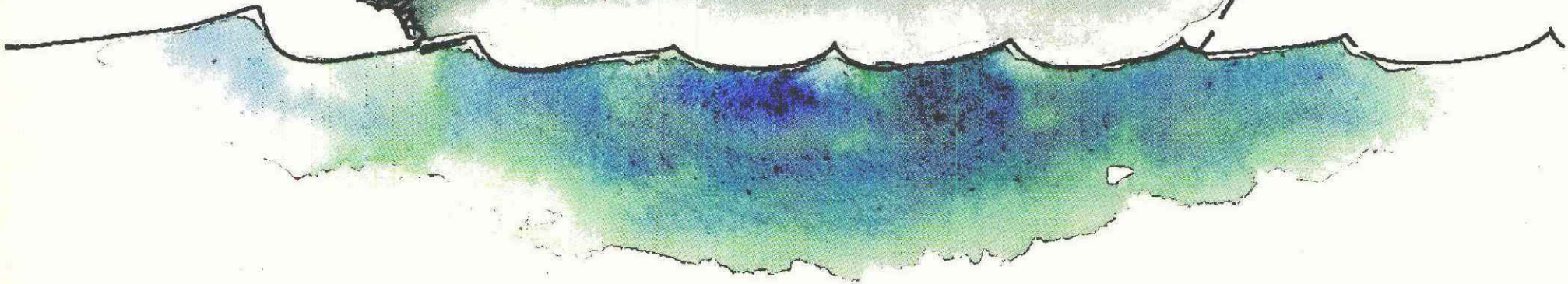
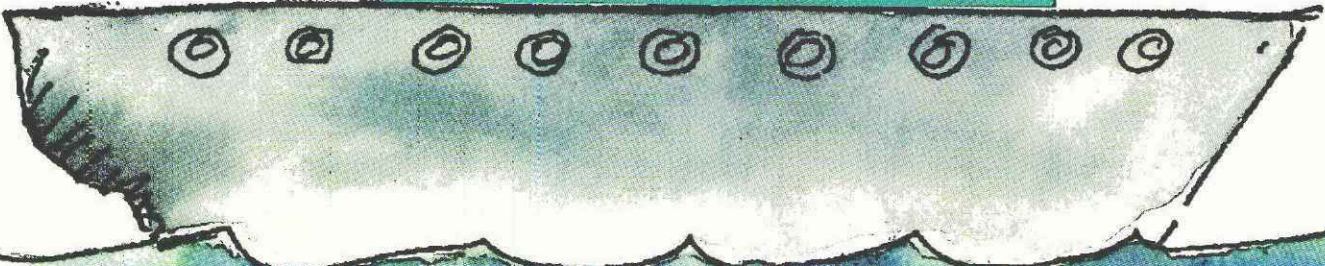
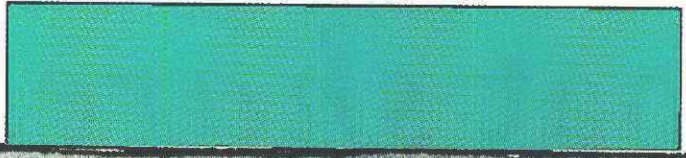
1.800.676.6777

COPYRIGHT © 1997 PARADIGM HEALTH CORPORATION



M

M



# It's Full Speed Ahead In Marine Reinsurance At Swiss Re America.

Swiss Re America is a leader in marine reinsurance.

We serve all the large marine insurers as well as cover hundreds of small and medium size accounts.

Our marine offices in San Francisco, Atlanta, New York and Dallas provide same-day response on even the most complex facultative submissions.

We provide service on either a direct or brokered basis for all marine risks, from blue water to inland marine. Our staff includes a dedicated Marine Claims Unit, and a newly hired specialist in Inland Marine. We also continue to offer actuarial and underwriting technical expertise.

As part of the global Swiss Re Group, our clients can receive valuable insights into foreign market conditions, and we will assist in obtaining locally written policies.

We are innovators in developing new ways to help our clients. For example, we offer special reinsurance programs for pleasure craft accidental fuel spill pollution.

Whether your needs are pro rata or excess, hull, liability or cargo, you can't find a better partner than Swiss Re America.

For all your marine needs call us toll-free at 888-SWISS RE to find out more.

Welcome aboard!

## Swiss Re America



Visit our Web site: [www.swissreamerica.com](http://www.swissreamerica.com)

SWISS REINSURANCE AMERICA CORPORATION 237 PARK AVENUE, NEW YORK, NY 10017 TOLL FREE (888) SWISS RE  
ATLANTA BOSTON CHICAGO DALLAS NEW YORK PHILADELPHIA PHOENIX SAN FRANCISCO

## Career site launched

Insurers and potential employees can exchange information via a new online Career Center from San Mateo, Calif.-based InsWeb Corp.

Job-seekers can visit the site to find current insurance-related jobs according to qualifications, pay and location. The Career Center also allows insurers to screen qualified prospective employees.

Potential employers may use

up to five questions for visitors to respond to and receive information right away, InsWeb said in a release. If the insurer asking the question is not yet online, answers can be taken via fax, phone or mail, InsWeb said. Prospective employees also can e-mail or fax resumes to insurers.

The site is at <http://www.insurancecareers.com>. For more information, call 415-382-1306 or send electronic mail to [klochen@insweb.com](mailto:klochen@insweb.com).

## NAMIC forming bank to aid marketing

The National Assn. of Mutual Insurance Cos. plans to launch a bank next year that will allow member insurers and their agents to offer more financial products.

Selected loan products and other services will be offered through participating insurers and their agents. New products are "one of the most potent marketing forces in the business world," NAMIC President Larry Forrester said in a statement.

Business will be conducted nationwide from the bank's headquarters

in the Indianapolis area. Personal, agricultural and small commercial loans will be offered initially.

Certificates of deposit from the bank's insurer customers will be the main source of money for the loan portfolio, NAMIC said.

Indianapolis-based NAMIC will form the bank, which will be a federally chartered thrift owned by NAMIC Bancorp, incorporated to be the bank's holding company. In turn, NAMIC, along with member insurers that buy stock in a subscription offering to begin next month, will own the holding company, the

association said in a statement.

NAMIC said the bank project timetable calls for applying to the Office of Thrift Supervision and soliciting capital from NAMIC member companies before the end of the year. "We anticipate the bank will begin with at least \$15 million in capital," Mr. Forrester said in the statement.

The NAMIC board approved the bank's formation earlier this year. A permanent chief executive officer and other senior officers will be selected after the stock offering is complete, NAMIC said. **BI**

### IT Briefs

#### Cat awareness

ALEXANDRIA, Va.—A joint effort between agent and insurer groups to publicize the importance of natural disaster planning is under way.

The Independent Insurance Agents of America is working with the Insurance Institute for Property Loss Reduction to encourage planning and reduce the injuries and property losses that accompany natural disasters.

"Getting out the message in an aggressive manner on the local level about the need for effective disaster planning will help both industry groups and consumers protect themselves against unneeded losses," Harvey G. Ryland, president and chief executive officer of the Boston-based IIPLR, said in a statement.

The agreement calls for the Alexandria, Va.-based IIAA and the IIPLR to distribute consumer education information, such as fact sheets and brochures, to independent agents for local use and perhaps further distribution to clients, the statement said.

The IIAA said it will help independent agents understand disaster preparation and mitigation for their agencies as well as their personal and commercial lines clients.

Disaster preparedness checklists and information packages will be available for distribution to small and mid-sized commercial clients, the IIAA said. Other local and national public relations programs will provide agents with IIPLR-supplied materials.

Materials should be available later this year, a spokeswoman said.

Both the IIAA and the IIPLR "plan to work on research to increase public understanding of the importance of natural disaster planning," the IIAA statement said.

#### New QIC board

NASHVILLE, Tenn.—Five new members have been elected to the board of the Nashville, Tenn.-based Quality Insurance Congress.

The new members are: Bruce Basso, president and chief executive officer, Alburger Basso de Grosz Insurance Services Inc. in Belmont, Calif.; William Kronenberg, president and CEO, Environmental Compliance Services Inc. in Exton, Pa.; Ken LeStrange, Am-Re Managers Inc. in

See **IT Briefs** on page 38J



OUR PRODUCT DEVELOPMENT TEAM IS SOMEWHAT OBSESSED WITH REMINDING THEMSELVES THAT NO ONE DESIGN FITS ALL.

No templates. No "close enoughs." We look. We listen. We learn. We'll reinvent the wheel... we'll provide one that's already rolling. We combine what you know and your specific business issues with objective product development expertise. You get what it takes to propel your business forward. From multiple product-solution

**YOUR SMART PARTNER™**

perspectives, you can expect product designed for a single application — yours. Unique ways to make more money by being more powerfully competitive. Your challenge may seem common, but the customized end-products we deliver will not. **Make sure it fits. Find out how. Call Brian Holland or Bill Wojciechowski, 1.800.203.2559.**

ING GROUP

SECURITY LIFE REINSURANCE

1 2 9 0 B r o a d w a y . D e n v e r C O 8 0 2 0 3 - 5 6 9 9 • 3 0 3 . 8 6 0 . 1 2 9 0

*You're never worlds apart  
with your customers  
when you're in*

## GLOBAL FOCUS

A demographic section distributed exclusively to BI's non-U.S. subscribers.

Articles in *Global Focus* address the specific risk management and employee benefits concerns of executives in countries other than the United States. *Global Focus* provides in-depth reporting on issues unique to these readers' countries.

If your business is targeted to meet the needs of executives around the world, these 1997 advertising opportunities in *Global Focus* will bring you to their doorsteps.

<b>Issue Date:</b> February 17	<i>Distribution:</i> Bermuda Insurance Symposium
<b>Issue Date:</b> March 24	<i>Distribution:</i> Association of Insurance and Risk Managers in Industry & Commerce
<b>Issue Date:</b> July 14	<i>Distribution:</i> International Insurance Society
<b>Issue Date:</b> September 1	<i>Distribution:</i> Monte Carlo Rendez-Vous
<b>Issue Date:</b> October 6 Ad Closing: Sep. 24	<i>Distribution:</i> Federation of European Risk Management Associations
<b>Issue Date:</b> November 3 Ad Closing: Oct. 22	<i>Distribution:</i> Association of Risk and Insurance Managers of Australasia

**Business  
Insurance**<sup>®</sup>  
<http://www.businessinsurance.com>

## IT Briefs

Continued from page 38H

Princeton, N.J.; Ken Pinkston, chairman and CEO, Willis Corroon Corp. in Nashville, Tenn.; and Thomas Valerio, senior vp, CIGNA Corp. in Philadelphia.

Re-elected to the QIC board were: Joe Feitelberg, president, The Feitelberg Co., Fall River, Mass.; Freida Jackson, president/risk manager, Park South Associates Inc. in Charlotte, N.C.; and Robert Wheeler, managing director and chief information officer, Crum & Forster Corp. in Morristown, N.J.

Also, David Mair, risk manager of

the U.S. Olympic Committee in Colorado Springs, Colo., has been appointed as a liaison between the QIC and the New York-based Risk & Insurance Management Society Inc., the QIC said in a statement announcing the elections.

## Educator honored

MALVERN, Pa.—An executive of Cincinnati-based Great American Insurance Co. has become the first course leader to win a Scroll of Appreciation and a crystal bowl for 30 years of educational leadership from the American Institute for CPCU and the Insurance Institute of America.

The honoree, John J. Twomey, is a

senior vp with Great American. He began his career in 1951 as a map clerk with Great American in New York, the institutes said in a statement announcing the honor. Mr. Twomey also has worked for the Agricultural Insurance Group.

To receive a scroll, the recipient must have taught or organized and administered courses developed by the institutes, such as the CPCU designation courses. Scrolls are awarded for those who complete 10, 15, 20 and 25 years of service, and those with 25 years also are awarded a crystal bowl. Mr. Twomey is the first to receive the 30-year award, which was presented to him earlier this year. **BI**

## Traditional value chain tested by integration

By Tom Beaty

**P**OWERFUL FORCES are at work in the commercial insurance industry and are threatening the traditional players in the value chain.

A value chain is typically defined as the series of industry participants that take a product or service from an idea or raw materials to a finished, delivered product or service, with each type of participant adding value along the way. The value chain for the largest segment of the commercial insurance industry includes insurance companies, agents and brokers, the end user or policyholder and, in some cases, third-party service providers.

Underlying the types of companies in the chain—insurer, broker or agent and end user—are the value-creating activities that typically are involved in the process. These include, in no particular order: risk financing, claims payment, underwriting, product development, client relationship management, risk management and placement of coverage or insurance market selection.

Tension in the value chain centers on ownership of various value-adding activities. Two key trends can be identified: forward integration by insurers into broker and agent activities, or potential disintermediation; and backward integration by brokers and agents into traditional insurer activities.

## Forward integration

Trade magazines are filled with news of the recent megamergers and acquisitions among the multinational brokers. However, it is less well known that at least one large commercial insurer made unsuccessful acquisition overtures toward one of the purchased brokers.

Had that insurer succeeded in buying a worldwide distributor, the insurer likely would have become a direct writer, either by choice or due to the reaction of its brokers and agents. This is an extreme example of forward integration, but there are many other examples of companies attempting to move down the chain, closer to the customer.

It is important to consider why insurers are tempted or compelled to alter their role in the process. These are just a few of the forces at work:

• **Economics.** The current soft market appears to be a norm rather than a cycle. Downward price pressure and fierce competition have resulted in a difficult market for insurers,

agents and brokers.

Consequent margin pressure has spotlighted costs, revealing an inefficient value chain with redundancies and excess, forcing insurers to re-examine all aspects of their business, including their distribution system.

Significant premium potentially has been lost permanently to alternative insurance sources, such as captives and self-funded programs. In many cases, insurers have been relegated to lesser premiums associated with supplying reinsurance for these new funding vehicles.

• **New threats and opportunities.** Broker consolidation makes many insurers vulnerable. Due to that consolidation, many insurers have an uncomfortably large percentage of their total business with just a few companies.

Any business that has 25% or even up to 40% of its revenues concentrated with one or two clients is walking a tightrope and is handicapped in negotiations. In the event of a lost relationship, a business with a direct sales force can control its own destiny and intensify efforts to obtain replacement accounts.

Insurers, however, can only provide incentives to their remaining agents and brokers and wait for the business to be brought to them. This inherent weakness associated with their situation is fueling significant re-examination of traditional distribution models.

International expansion has given insurers new opportunities to experience different distribution systems and relationships. For example, in some markets, regulations may require foreign insurers to work with local producers.

New technology lets participants reduce redundant administrative expenses and has raised the possibility of direct sales of simple products.

The value chain is arguably inefficient and is replete with duplicative effort and poor communication. Widespread electronic data exchange is hampered by a wide spectrum of different information technology systems and by fear of commoditization.

• **History.** A history of somewhat antagonistic relationships within the chain leaves some participants alert to opportunities to gain power.

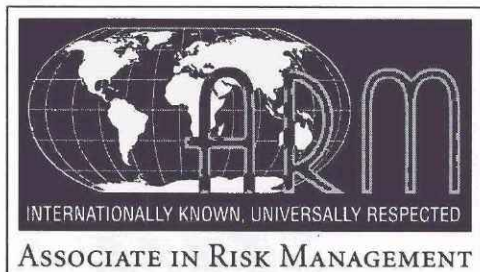
Some insurers may have no intention of replacing their distribution system but face resistance and suspicion when trying to negotiate ownership of forward activities for the sake of mutual cost savings.

Thus, the insurers' interest in  
*Continued on next page*

“There’s always  
room at the top.”

—Daniel Webster

**M**any successful risk managers have found an effective way to gain technical expertise: earning the Associate in Risk Management (ARM) designation. The ARM program, developed by the Insurance Institute of America and endorsed by the Risk and Insurance Management Society (RIMS), established the concept of risk management as it is practiced today. The flexible, cost-effective ARM program is recognized internationally as the industry's foremost risk management credential. Whether you work for local government or a multinational corporation, ARM sharpens the special skills you need to handle today's complex risk management challenges. Call the Insurance Institute of America at (800) 644-2101 today to learn more about this prestigious educational program.



AMERICAN INSTITUTE FOR CPCU • INSURANCE INSTITUTE OF AMERICA

720 Providence Road • P.O. Box 3016 • Malvern, PA 19355-0716

Phone: (800) 644-2101 • Fax: (610) 640-9576 • E-mail: [cserv@cpcuiia.org](mailto:cserv@cpcuiia.org)

Web site: <http://www.aicpcu.org>

Continued from previous page  
forward integration is likely as much a defensive reaction, grounded in self-preservation, as it is an offensive strategy. Regardless of intent, would-be direct writers face considerable challenges.

### Backward integration

Agents and brokers are subject to many of the same forces impacting insurers, such as increasing competition and the soft market. However, it is difficult to separate cause and effect as the multinational brokers are also the drivers of much of the change.

For some brokers, consolidation and backward integration are a reaction to market forces and competitors' behavior, while for others it appears to be a deliberate strategy.

New product development, for example, while not a new activity, appears to be an increasing practice. In some cases, companies partner with their insurers to underwrite original products, while in others they use alternative vehicles such as subsidiaries or owned captives.

This behavior is a result of three key forces. One is an attempt to gain greater negotiating leverage over the insurers. For example, if a broker seeks bids for a client on a relatively complex policy that it has manuscripted from scratch—such as a product blending different coverages with a single aggregate limit—the broker is in a much different position from simply seeking quotes on several standard policies covering the same risks.

This leads to the second driver of product development. The large brokers and many agents are wisely looking for ways to add value and to differentiate themselves in a highly competitive marketplace. Thirdly, brokers are seeking new revenue streams.

Other examples of backward integration, such as claims management, legal assistance, risk management, loss control engineering and so forth, can be explained by these factors. In addition, brokers may feel that they can perform these activities with greater efficiency and perhaps with greater competency than insurers.

In some states, insurers left the door open to backward integration when they abdicated the workers compensation market several years ago, allowing third-party service providers and self-insurance funds to prove their worth.

The ownership of more activities in the value chain and the adding of value through innovative products and services gives any broker several important dividends. In addition to greater power and

relevance in the value chain, intermediaries can command higher fees and commissions. They also obtain greater relevance to the customer and therefore stronger "ownership." Finally, new revenue sources allow fixed expenses, particularly technology costs, to be spread over a larger base. Backward integration gives brokers greater strength over insurers and, when combined

with the financial leverage of mass consolidation, signals a major power shift.

### Strategic choices

The future success and viability of participants in the insurance industry largely will depend on the actions individual companies take today. Carrying on with business as usual is a particularly

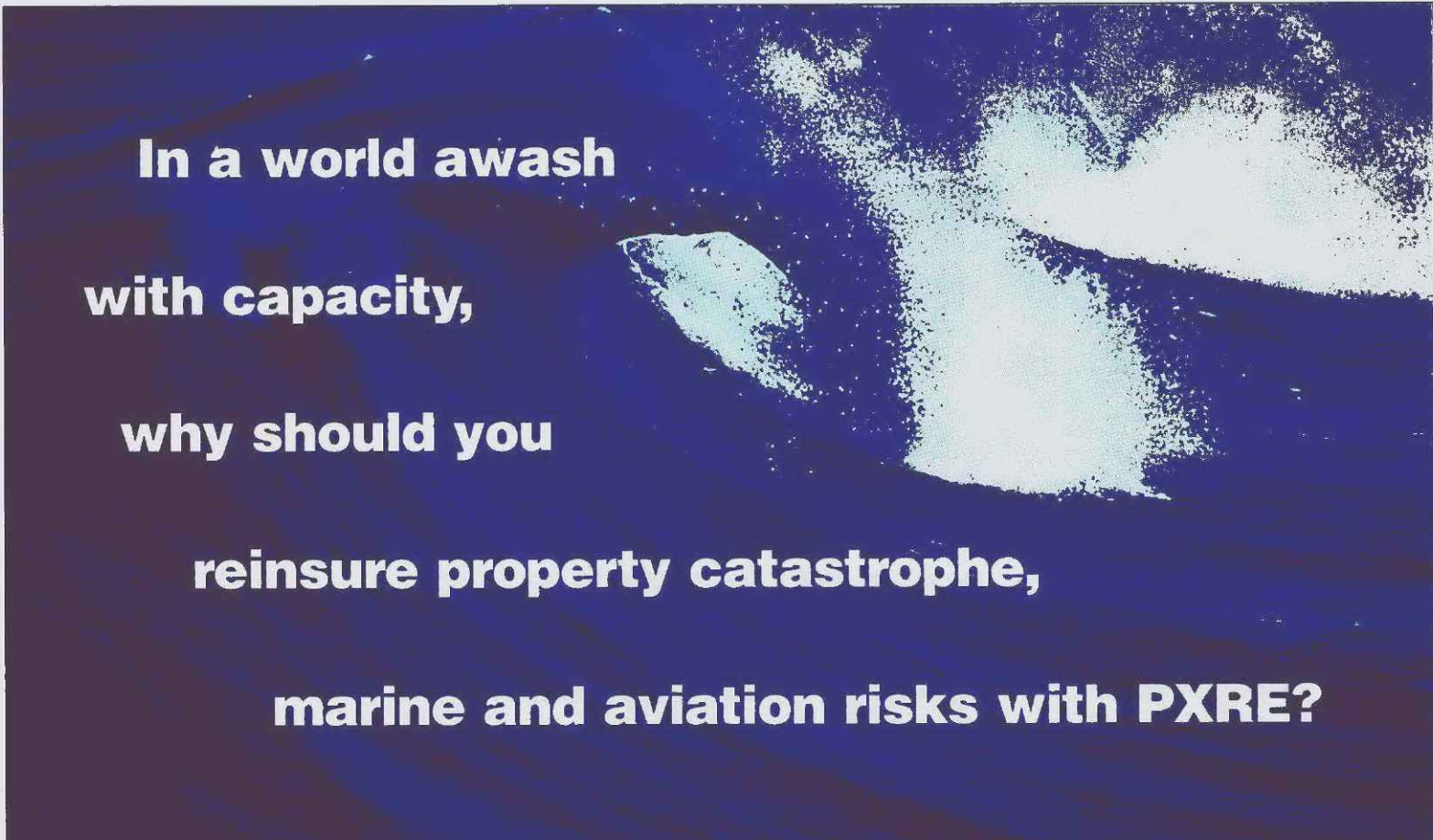
dangerous choice.

The dynamics of the insurance industry closely parallel several other industries. One suggestion for all participants is to step away from insurance specifics and examine other industries strictly from a value chain perspective. Many other industries have faced similar issues concerning manufacturers and intermediaries and are further along their respective

"cycles."

For example, the grocery business has seen a major power shift from manufacturers to retailers due to the rise of strong retailers or intermediaries, such as Wal-Mart. Wal-Mart is able to dictate terms and conditions with virtually every supplier, including powerhouses such as Procter & Gamble Co., which depend on Wal-Mart for a large

See **Value** on next page



**In a world awash  
with capacity,  
why should you  
reinsure property catastrophe,  
marine and aviation risks with PXRE?**

**T**oday, a reinsurance buyer can just about name its price, thanks to a glut of reinsurance capacity.

But what happens when the next Big One hits? The glut will miraculously become a shortage. Because, as everyone knows, there isn't enough reinsurance capital out there to handle world-class catastrophes. Not without sending shock waves of price volatility and default racing through the marketplace.

Today, PXRE remains as committed as ever to disciplined underwriting as a specialist in property catastrophe, marine and aviation reinsurance. While we continue to expand our capital base, and to diversify its sources, we plan to offer coverage only under conditions making it responsible for us to employ our capacity.

That's how we became one of the only specialists to have seen the entire business cycle of the 1990s and lived to tell about it. And it's how we plan on being here to serve you tomorrow.

**If you want to reinsure property catastrophe, marine and aviation risks with a company that has seen both ends of the business cycle, call PXRE.** In addition to offering security far beyond the reach of our \$400+ million in capital, we are proud to have set the industry standard for response time to both underwriting requests and claims.



**PXRE Reinsurance Company**  
Specialists in Property Catastrophe, Marine and Aviation Reinsurance  
NYSE: PXT  
Members of BRMA (Brokers and Reinsurers Market Association)

USA: Michael Bleisnick (Domestic Treaty) or Gordon Forsyth (International Treaty) +1 (908) 906-8100 Fax: +1 (908) 906-9283

Brussels: Alain Tounquet +32 (2) 231-13-55 Fax: +32 (2) 230-77-49

Lloyd's: Peter Butler, PG Butler Syndicate 1224 (managed by PXRE Managing Agency Ltd.) +44 (0171) 327-3007/8 Fax: +44 (0171) 626-7602

# Value

Continued from previous page  
 portion of their domestic revenue. Wal-Mart has private-label brands that serve as a revenue source, a tool for building brand equity and a source of power over the manufacturers, much like broker-developed insurance products.

Despite differences, there are lessons to be learned from other industries. Here are a few issues from the grocery industry that could hint at strategies for insurance industry participants:

- Although they use their leverage enthusiastically, Wal-Mart likely would never jettison manufacturers such as Coca-Cola and P&G from their shelves due to the tremendous brand loyalty of their consumers. Insurers should ask themselves if their brand name and unique product features are strong enough to secure their place on a broker's short list or if they can be substituted easily.

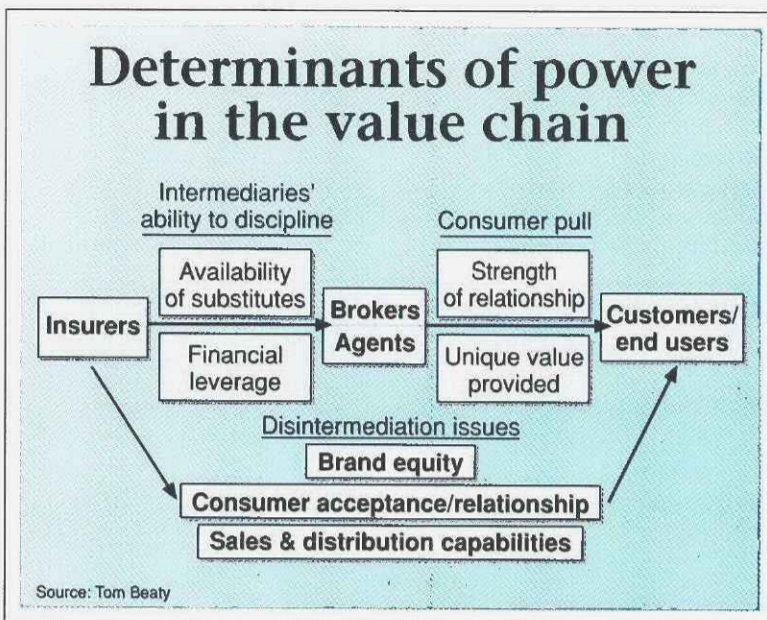
- Coke and P&G both have studied the possibility of going

direct using owned stores or the Internet. Wal-Mart recently launched an Internet site that allows consumers to buy products online, www.wal-mart.com. Some analysts and academics speculate that this was done as a flanking maneuver or as a signal to manufacturers rather than to create a new distribution channel. Wal-Mart may have been trying to head off direct competition from manufacturers by establishing itself on the Internet first, thereby signaling its suppliers that have no excuse to sell direct via the Internet when their biggest distributor is already there. Wal-Mart offers a potentially valuable lesson on the art of strategic pre-emption to thwart unfavorable behavior by an industry participant.

Another suggestion is to consider a model that highlights some of the basic sources of power and strength in the chain (see chart). Companies can use this framework to analyze their opportunities for improvement or their suppliers' or distributors' source of power over them.

Insurers face two basic strategic options. If insurers choose to maintain the current value-chain

**relationships and unique value provided:** Take a lesson from Coca-Cola and try to



GRAPHIC BY ADAM DOI

structure, they should seek to position themselves more favorably.

- **Availability of substitutes, strength of**

establish a strong brand identity that has customer pull power based on unique attributes.

Continue to innovate in terms of unique products and services. Attempt to develop offerings that are difficult to duplicate due to highly specific expertise or that tap into a company's competitive advantage, such as a strong global network or advanced information technology capabilities.

Build partnerships with agents, possibly even written agreements, to allow partial forward integration for mutual benefit.

- **Financial leverage:** Dilute the leverage of the big brokers by growing business through other sources.

Expand internationally using foreign brokers or a direct sales force to reduce the imbalance.

Partner with key agents and smaller brokers to enhance their sophistication. Support large agency groups. If these companies experience financial difficulty, the book imbalance could be exacerbated. The current premier agent groups sponsored by insurers arguably fail to target true high-value business needs, focusing instead on technical training, "feedback" meetings and social events.

Begin developing relationships with potential new distributors such as investment banks.

Innovate to discover ways to create mutual dependencies with the large brokers. Consider financial arrangements that would link the fate of the broker with the insurer. While equity exchanges may taint a broker's independence, other arrangements may be possible.

The second, more risky option is to go direct. One stumbling block is the insurer's lack of critical skills necessary to be a direct writer. Most insurers have outsourced the sales activity and therefore have very little internal capability. The skills that make a good marketing representative are not necessarily consistent with the assets needed to be a good broker. The difficulty of selling

new business in the current environment should not be underestimated.

Other critical issues are the lack of brand equity and the lack of personal relationships with end users, particularly with small and middle-market accounts. For example, one insurer performed a "lost business" survey of clients and found that many policyholders that left the insurer but remained with the same agent were not aware they had even switched. Strong brand equity and consumer loyalty take years to develop and often are based on personal relationships, implying the need to buy or hire the individuals who "own" these assets.

Clearly, these hindrances to disintermediation will take time to overcome. Unfortunately, a slow move forward in the value chain is likely to be disastrous due to the intermediaries' ability to discipline. If insurers decide to develop sales capabilities internally, they must do it in a non-threatening way. For example, international expansion offers the opportunity to gain experience in direct sales in markets without a strong U.S. broker presence. Insurers also should change their hiring models to find people with sales skills and integrate them throughout the organization. Even if an insurer eventually buys a sales force, the capability to manage a direct sales organization will be necessary.

Buying or contracting a sales force seems to make the most sense. One option is to form close relationships with a set of key agents or brokers and either enter into formal relationships or acquire them. However, brokers accustomed to accessing multiple insurers may not be as successful or as interested in selling only one. Attempts to maintain multiple coverage markets may be rejected by other insurers and the marketplace. Buying an existing direct writer would be an interesting way to avoid this issue.

Participants in the insurance industry face daunting challenges and exciting opportunities. Each company must carefully consider its situation and sources or competitive advantage and weakness. A value chain analysis is just one way to consider relative strength and strategic options. The critical issue is to understand industry dynamics and to prepare one's company to succeed.

BI



Tom Beaty is president of Bridgeworks, an Atlanta-based marketing and management consulting firm. Mr. Beaty can be reached via e-mail at tbeaty@iname.com.

## READER REPLY SERVICE

# Insurer Topics

To obtain free information on the products and services advertised, turn to our post-paid Reader Service Reply Card bound in this issue, or complete the coupon below and mail to:

**BUSINESS INSURANCE**  
 Reader Service Center  
 650 So. Clark St., 6th Floor  
 Chicago, IL 60605-1702

### Issue of September 15

Reader Service #	Advertiser	Page #
100	American Institute for CPCU.....	38J
—	Business Insurance.....	38I
101	Canon Micrographics.....	38B
102	Paradigm Health Corporation.....	38D-E
—	PXRE Reinsurance Company.....	38K
103	Scudder Ins. Asset Mgmt.....	38C
—	Security Life Reinsurance.....	38H
104	Swiss Re America.....	38F-G

## Business Insurance

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the September 15, 1997 issue. Cards with more than 20 items circled will not be processed. This card expires November 10, 1997.

- 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15  
 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30  
 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45  
 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60  
 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75  
 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90  
 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105  
 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120  
 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135  
 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150

Please print clearly

Name \_\_\_\_\_  
 Title \_\_\_\_\_  
 Company \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Phone ( ) \_\_\_\_\_

### FREE LITERATURE FOR READERS

Issue Date: September 15, 1997  
 Card Expiration: November 10, 1997

All questions must be answered to process inquiries.

PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

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

# Business Insurance annual directory of surplus lines insurers



## Acceptance Insurance Co.

222 S. 15th, Suite 600, Omaha, Neb. 68102; 402-344-8800; fax: 402-341-0792

	1996	1995
Gross premiums	\$261,399,687	\$279,941,325
Non-admitted	\$195,728,421	\$180,050,867
Commercial risks	100%	100%
Net premiums	\$167,362,799	\$140,617,215
Paid-in capital	\$5,619,520	\$5,619,520
Policyholder surplus	\$115,727,610	\$121,337,168
Employees	1,200	1,200
Combined ratio 1	110.4%	113.7%
Combined ratio 2	110.6%	113.9%
Net income	\$(3,168,252)	\$(5,477,589)
Best's rating	A-	A-
S&P's rating	BBB	BBBq

Figures reported on a pooling basis.

**Founded:** 1979.  
**Parent:** Acceptance Insurance Cos. Inc.  
**Specialties:** CMP coverages, multiperil crop insurance, fine arts, temporary help agencies, transportation.  
**Subsidiaries:** Acceptance Indemnity Insurance Co., Phoenix Indemnity Insurance Co.

**Approved non-admitted in:** Alaska, California, Connecticut, Delaware, District of Columbia, Florida, Hawaii, Idaho, Kansas, Louisiana, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, Utah, Washington, West Virginia, Wyoming, Puerto Rico, Virgin Islands.

**Admitted in:** Alabama, Arizona, Arkansas, Colorado, Georgia, Illinois, Indiana, Iowa, Kentucky, Maine, Michigan, Nebraska, North Dakota, Ohio, Tennessee, Virginia, Wisconsin.

**Officers:** K.C. Coon, CEO; J.P. Nelson, COO; Thomas D. Stamm, Bruce W. Slaughter, Richard C. Gibson, senior vps.  
**Contact:** W.J. Gerber.

## Admiral Insurance Co.

1255 Caldwell Road, Cherry Hill, N.J. 08034; 609-429-9200; fax: 609-429-6572

	1996	1995
Gross premiums	\$156,416,209	\$119,371,928
Non-admitted	\$149,807,416	\$112,701,350
Commercial risks	100%	100%
Net premiums	\$100,306,513	\$57,796,278
Paid-in capital	\$5,600,000	\$5,600,000
Policyholder surplus	\$183,003,261	\$175,622,209
Employees	145	133
Combined ratio 1	91.3%	101.8%
Combined ratio 2	91.3%	101.8%
Net income	\$20,995,919	\$23,770,193
Best's rating	A++	A++

**Founded:** 1952.  
**Parent:** W.R. Berkley Corp.  
**Specialties:** General liability coverages including product and professional liability.

**Subsidiaries:** Nautilus Insurance Co., Scottsdale, Ariz.

**Approved non-admitted in:** All states, excluding Delaware and New Jersey. Also approved in Puerto Rico and the Virgin Islands.

**Admitted in:** Delaware, New Jersey.

**Officers:** Michael J. Snead, chairman; John J. Kinsella, president/CEO; Kathleen Crawford, senior vp/treasurer; Kevin P. Hannon, senior vp/secretary.  
**Contact:** Scott R. Barraclough, controller.

## Adriatic Insurance Co.

3501 N. Causeway Blvd., Suite 1000, Metairie, La. 70002; 504-838-8100; fax: 504-832-0605

	1996	1995
Gross premiums	\$11,791,912	\$13,174,782
Non-admitted	\$11,791,912	\$13,174,782
Commercial risks	94.4%	96.5%
Net premiums	\$9,336,338	\$10,557,386
Paid-in capital	\$3,500,000	\$3,500,000
Policyholder surplus	\$20,418,076	\$18,972,393
Employees	16	18
Combined ratio 1	91.8%	94.4%
Combined ratio 2	91.7%	94.4%
Net income	\$1,444,111	\$1,520,147
Best's rating	A	A

**Founded:** 1979.  
**Specialties:** Physical damage, including trucks (local and long-haul), taxicabs and

special automobiles; garage keepers legal liability.

**Approved non-admitted in:** All states, excluding Alaska, Colorado, Connecticut, Delaware, Hawaii, Maine, Massachusetts, Nevada, New Hampshire, New Mexico, North Dakota, Rhode Island and Vermont.

**Admitted in:** North Dakota, Delaware, Nevada, New Mexico.

**Officers:** Joseph E. Taylor, president; Steven M. Harris, treasurer; Anthony V. Ciervo, secretary.  
**Contact:** Joseph E. Taylor.

## Agricultural Excess & Surplus Insurance Co.

49 E. Fourth St., Suite 300 South, Cincinnati, Ohio 45202-3803; 513-579-6300; fax: 513-579-6314

	1996	1995
Gross premiums	\$103,555,009	\$93,380,155
Non-admitted	\$102,165,566	\$91,919,032

	98.66%	98.44%
Commercial risks		
Net premiums	\$1,389,443	\$1,460,223
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$20,491,322	\$20,604,299
Employees	45	54
Combined ratio 1	110.7%	99.8%
Net income	\$893,168	\$1,253,716
Best's rating	A	A

**Founded:** 1979.  
**Parent:** Great American Insurance Co.

**Specialties:** Product liability; underground storage tanks; college, university and professional liability.

**Approved non-admitted in:** All states, excluding Delaware.

**Admitted in:** Delaware.

**Officers:** Carl Lindner III, chairman; Richard Koscielak, president; Donald Larson, vice chairman/senior vp; Gayle Christen, senior vp; Al Jaeger, vp.

**Contact:** Doris Paul, 513-579-6346.

## Alliance General Insurance Co.

6 W. Hubbard St., Sixth Floor, Chicago, Ill. 60610; 312-755-0099; fax: 312-755-1056

	1996	1995
Gross premiums	\$20,226,198	\$19,483,170
Non-admitted	\$19,368,899	\$18,901,048
Commercial risks	97%	97%
Net premiums	\$8,941,514	\$8,732,186
Paid-in capital	\$2,000,000	\$2,000,000
Policyholder surplus	\$15,345,388	\$15,776,327
Combined ratio 1	120.8%	99.5%
Net income	(\$45,673)	\$1,872,674
Best's rating	A-	A-

**Founded:** 1984.

**Parent:** Alliance Insurance Group Inc.  
**Specialties:** Product liability, business owners' packages, including liquor liability.

**Approved non-admitted in:** All states, excluding Alaska, Connecticut, Delaware, Maine, Massachusetts, Michigan, Montana, New Hampshire, New Jersey, New

Mexico, Oklahoma, Rhode Island and Vermont.

**Admitted in:** Illinois.

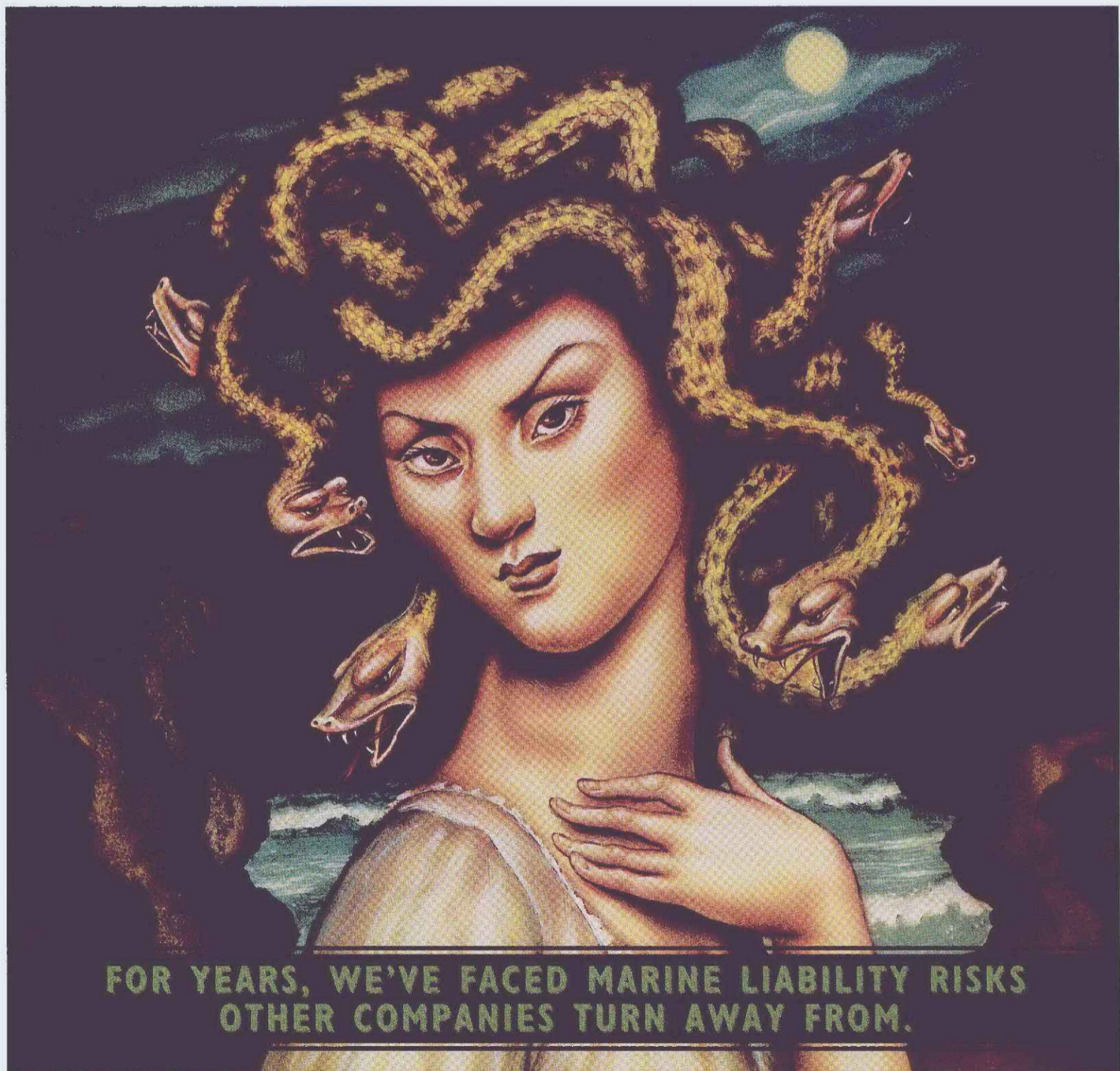
**Officers:** Donald V. McCann, president; Denise M. LeBeau, secretary; Eric W. Rahn, treasurer; Jeffrey M. Josephs, Steven S. Levenson, vps.  
**Contact:** Eric W. Rahn.

## Allianz Underwriters Insurance Co.

3400 Riverside Drive, Burbank, Calif. 91505-4669; 818-972-8000; fax: 818-972-8540

	1996	1995
Gross premiums	\$105,116,440	\$91,220,724
Non-admitted	\$59,918,889	\$49,217,182
Commercial risks	100%	100%
Net premiums	\$6,808,110	\$5,529,115
Paid-in capital	\$4,500,000	\$4,500,000

Continued on page 41



**FOR YEARS, WE'VE FACED MARINE LIABILITY RISKS OTHER COMPANIES TURN AWAY FROM.**

At Mutual Marine Office, we aren't afraid to face up to the toughest challenges. In fact, our underwriters tackle complex marine liability risks every day. That's because marine liability is one of the only coverages we write. Whether it's marine contractors, stevedores, wharfowners, or marine products manufacturers,

we've been delivering innovative, competitive solutions for more than 30 years. So when you're confronted with a difficult marine liability exposure and want the security of an A+ rated carrier, turn to Mutual Marine Office. We'll face your toughest risks without turning to stone.

**MUTUAL MARINE OFFICE**  
 Part of New York Marine Group  
 800-367-0224

330 Madison Avenue, New York, NY 10017  
 300 South Wacker Drive, Chicago, IL 60606  
 345 California St., San Francisco, CA 94104

MMO Group is comprised of New York Marine and General Insurance Company, Gotham Insurance Company and Mutual Marine Office



National Comprehensive  
Cancer Network

**State-of-the-art cancer care.  
Enhancing efficiency through  
measurement and management.  
Your best resource in the fight  
against cancer.**

For more information, please call  
215-728-4096

**Arthur G. James Cancer Hospital  
& Research Institute  
at Ohio State University**  
Columbus, Ohio

**Northwestern University/  
Lurie Cancer Center**  
Chicago, Illinois

**City of Hope  
National Medical Center**  
Duarte, California

**Roswell Park Cancer Institute**  
Buffalo, New York

**Dana-Farber/Partners  
CancerCare, Inc.**  
Boston, Massachusetts

**St. Jude Children's  
Research Hospital**  
Memphis, Tennessee

**Fox Chase Cancer Center**  
Philadelphia, Pennsylvania

**Stanford University  
Medical Center**  
Stanford, California

**Fred Hutchinson  
Cancer Research Center**  
Seattle, Washington

**University of Alabama  
at Birmingham  
Comprehensive Cancer Center**  
Birmingham, Alabama

**Johns Hopkins Oncology Center**  
Baltimore, Maryland

**University of Michigan  
Comprehensive Cancer Center**  
Ann Arbor, Michigan

**MD Anderson Cancer Center**  
Houston, Texas

**UNMC/Eppley Cancer Center  
at the University of Nebraska  
Medical Center**  
Omaha, Nebraska

**Memorial Sloan-Kettering  
Cancer Center**  
New York, New York

Continued from page 39

Policyholder surplus	\$37,473,480	\$36,487,002
Employees*	14	14
Combined ratio 1	126.8%	132.2%
Combined ratio 2	107%	99.6%
Net income	\$610,198	\$1,058,953
Best's rating	A	A

\* Underwriting only.  
 Figures reported on a pooling basis.  
**Founded:** 1978.  
**Parent:** Allianz of America.

**Specialties:** Excess and surplus property, umbrella casualty.  
**Approved non-admitted in:** All states, excluding California, Missouri and New York.

**Admitted in:** California, Missouri, New York.  
**Officers:** Wolfgang Schlink, chairman/president/CEO; Paul D. Kaduk, executive vp/secretary/treasurer; Trevor E. Care, Reinhard Franke, Brent Sorenson, senior vps.  
**Contact:** Paul D. Kaduk, 818-972-8510.

## How to use this directory

The annual directory of excess and surplus lines insurers lists companies that responded to a *Business Insurance* questionnaire.

To be listed, more than 50% or \$10 million of surplus lines insurers' gross premiums must be written on a direct, non-admitted basis and relate to commercial risks; excess insurers must generate at least 50% or \$50 million of their gross premiums in excess liability lines, either on an admitted or non-admitted basis.

Financial information is verified against the companies' annual statements as filed with state insurance departments. **Gross premiums**, which are the combination of direct business and reinsurance assumed by a company, begin each listing.

For surplus lines insurers, the next entry reflects gross premiums written on a direct **non-admitted basis**, or surplus lines. Excess insurers' listings note the percent of gross premiums related to **excess liability** lines and the percentage of excess liability premiums written on an **admitted basis**.

**Net premium** volume is calculated by subtracting reinsurance ceded from gross premiums.

**Paid-in capital** is the total of the value of both common capital stock and preferred capital stock of the company; the next entry reflects **policyholder surplus**.

The statutory **combined ratio** is calculated by adding the company's loss ratio (losses and loss expenses incurred to premiums earned) to the expense ratio (underwriting expenses to net premiums written).

The company's **combined ratio** as calculated by the insurer rating agencies is listed below the statutory combined ratio when provided.

Statutory **net income** is derived after dividends to policyholders and federal income tax are paid.

A footnote will indicate if figures are reported on a pooling basis, excluding premiums written on a direct, non-admitted basis.

The **Best's rating** listed under each year is the rating assigned by A.M. Best Co. after the close of each year. Rating modifiers are detailed below. Best's Financial Performance Index, which is given to some companies not assigned a rating, is listed if provided. **Standard & Poor's** claims paying or solvency rating also was requested.

The total number of **employees** (and for excess insurers, the number involved in excess liability underwriting) is given in full-time equivalents when provided.

Each listing includes the company's year **founded** and its **parent** company (if any). Commercial risks the company specializes in insuring are noted under **specialties**. The names of **subsidiaries** are then noted.

States in which the company is an **approved, non-admitted** insurer, and those in which it is an **admitted** insurer are also provided.

Names and titles of principal **officers**, as well as a **contact** for readers seeking more information complete the listings.

In addition to this directory of excess and surplus lines insurers, a directory of wholesale marketers begins on page 58.

*Business Insurance* publishes the directory as an editorial services; there is no charge to be included. Although every effort is made to provide complete and accurate information, *Business Insurance* is unable to verify all information received.

Rating modifiers used by the A.M. Best Co. are defined as follows:

(c) is a contingent rating; (e) is the rating of the parent company; (g) is a group rating; (q) is a qualified rating; (p) is a pooled rating; (r) is a reinsured rating; (s) is a consolidated rating.

### Alpine Insurance Co.

311 S. Wacker Drive, Suite 500, Chicago, Ill. 60606; 312-922-8800; fax: 312-922-2202

	1996	1995
Gross premiums	\$12,562,561	\$52,497,691
Non-admitted	\$11,988,072	\$51,550,949
Commercial risks	100%	100%
Net premiums	\$7,641,593	\$17,656,680
Paid-in capital	\$3,600,000	\$3,600,000
Policyholder surplus	\$12,596,353	\$12,283,882
Employees	12	5
Combined ratio 1	99%	100.3%
Combined ratio 2	NA	121.8%
Net income	\$4,898,571	\$3,665,762
Best's rating	C	A-

**Founded:** 1986.  
**Parent:** Alpine Holdings Inc.  
**Specialties:** Contractors liability.  
**Subsidiaries:** Alpine Premium Finance Co., Transco Premium Finance Co.

**Approved non-admitted in:** Alabama, Alaska, Arizona, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin, Wyoming.

**Admitted in:** Illinois.  
**Officers:** Steven C. Shinn, president; Richard G. Kersten, secretary; Mark Rosenberg, CFO; David A. Gay, vp-investments; Daniel J. O'Shaughnessy, vp.  
**Contact:** David A. Gay, 805-686-7186.

### American Empire Surplus Lines Insurance Co.

515 Main St., Cincinnati, Ohio 45202; 513-369-3000; fax: 513-369-3034

	1996	1995
Gross premiums	\$44,644,422	\$51,923,300
Non-admitted	\$38,318,282	\$44,550,972
Commercial risks	100%	100%
Net premiums	\$25,457,068	\$31,690,319
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$122,397,666	\$107,929,262
Employees	65	67
Combined ratio 1	84.4%	86.8%
Combined ratio 2	54.2%	86.5%
Net income	\$21,353,727	\$5,654,470
Best's rating	A+	A+

**Founded:** 1977.  
**Parent:** Great American Insurance Co.  
**Subsidiaries:** American Empire Insurance Co., Fidelity Excess & Surplus Insurance Co.

**Approved non-admitted in:** All states, excluding New Hampshire and Delaware.  
**Admitted in:** Delaware, New Hampshire.

**Officers:** Walter E. Snyder, president; Robert A. Nelson, senior vp-underwriting; Chester A. Nalepa, senior vp-claims; Joseph M. Walsh, chairman.  
**Contact:** Walter E. Snyder.

### American Equity Insurance Co.

8370 E. Via de Ventura, Building K, Scottsdale, Ariz. 85258; 602-991-0833; fax: 602-991-0723

	1996	1995
Gross premiums	\$114,734,435	\$40,728,548
Non-admitted	\$59,480,116	\$26,495,296
Commercial risks	98%	100%
Net premiums	\$45,280,261	\$15,514,728
Paid-in capital	\$4,121,094	\$4,121,094
Policyholder surplus	\$21,456,906	\$20,576,539
Employees	77	52
Combined ratio 1	93.8%	112.4%
Combined ratio 2	93.8%	112.4%
Net income	\$2,075,350	\$(2,496,907)
Best's rating	A+	A+

**Founded:** 1979.  
**Parent:** Jupiter Holdings Inc.  
**Approved non-admitted in:** All states, excluding Alaska, Arizona, Delaware and New Hampshire.  
**Admitted in:** Alaska, Arizona, Delaware.

**Officers:** Eugene J. Keating Jr., president/CEO; Douglas Rutherford, senior vp-underwriting; Kenneth Lewin, senior vp-marketing; Kenneth Brundage, senior vp-corporate counsel; Rodney Frantz, senior vp-finance.

### American International Specialty Lines Insurance Co.

550 W. Seventh St., Anchorage, Alaska; 907-277-6693

	1996	1995
Gross premiums	\$811,765,737	\$812,142,074
Non-admitted	\$780,243,267	\$793,130,552
Commercial risks	100%	100%

Net premiums	\$111,203,436	\$100,765,105
Paid-in capital	\$5,002,500	\$5,002,500
Policyholder surplus	\$192,349,355	\$170,437,802
Commercial risks	94.8%	89.6%
Net income	\$22,157,671	\$22,992,624
Best's rating	A++	A++
S&P rating	AAA	AAA

**Founded:** 1973.  
**Parent:** American International Group Inc.

**Approved non-admitted in:** All states, excluding Alaska and New Jersey.  
**Admitted in:** Alaska.

**Officers:** Thomas R. Tizzio, chairman; Kevin H. Kelley, president; Elizabeth M. Tuck, secretary; Armand G. Pepin, treasurer; David J. Walsh, senior vp; James M. Kilkenny, vp.  
**Contact:** Armand G. Pepin, 201-309-1100.

### Associated International Insurance Co.

21820 Burbank Blvd., Suite 330, Woodland Hills, Calif. 91367; 818-595-0600; fax: 818-316-0380

	1996	1995
Gross premiums	\$157,286,430	\$107,150,685
Non-admitted	\$35,470,520	\$36,127,391
Commercial risks	99.9%	100%
Net premiums	\$75,840,196	\$56,797,826
Paid-in capital	\$3,500,000	\$2,500,000
Policyholder surplus	\$65,854,497	\$66,998,366
Employees	87	76
Combined ratio 1	107.1%	96.1%
Net income	\$5,571,881	\$13,492,297
Best's rating	A	A

**1996 figures reported on a pooling basis.**  
**Founded:** 1972.

**Parent:** Gryphon Holdings Inc.  
**Specialties:** Self-insured retentions; architects/engineers; E&O; excess property, including utilities and railroads; commercial auto.

**Subsidiaries:** Associated International Intermediaries, Woodland Hills, Calif.  
**Approved non-admitted in:** All states, excluding California and Maine.

**Admitted in:** California.  
**Officers:** John F. Iannucci, president/CEO; Kathryn W. Suchomel, executive vp-casualty; Joseph K. Saad, executive vp-claims/administration; Matthew T. Peller, executive vp-property; Virendra Amin, vp-information systems.  
**Contact:** Kathryn W. Suchomel.

### Carlisle Insurance Co.

200 Schulz Drive, Red Bank, N.J. 07701; 732-224-0500; fax: 732-741-2266

	1996	1995
Gross premiums	\$19,879,527	\$27,296,243
Non-admitted	\$7,903,715	\$8,538,303
Commercial risks	100%	100%
Net premiums	\$4,981,285	\$6,468,764
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$15,859,547	\$15,243,572
Employees	46	50
Combined ratio 1	128.8%	158.6%
Combined ratio 2	128.8%	158.6%
Net income	\$513,483	\$(1,816,908)
Best's rating	A-	A-

**1996 figures reported on a pooling basis.**  
**Founded:** 1979.  
**Parent:** Investors Insurance Co. of America.

**Specialties:** Contractors; manufacturing/product liability; owners, landlords and tenants.

**Approved non-admitted in:** New York, New Jersey.  
**Admitted in:** California.  
**Officers:** Jeremy D. Cooke, president/CEO; Gregory B. Nevers, secretary; Rodney R. Ayer, senior vp.  
**Contact:** Raymond J. Steer Jr.

### Century Surety Co.

2400 Corporate Exchange Drive, Columbus, Ohio 43231; 614-895-2000; fax: 614-895-7036

	1996	1995
Gross premiums	\$41,086,364	\$36,979,720
Non-admitted	\$30,793,129	\$23,798,457
Commercial risks	100%	100%
Net premiums	\$24,663,945	\$19,038,980
Paid-in capital	\$2,000,000	\$2,000,000
Policyholder surplus	\$25,953,588	\$22,033,530
Employees	91	74
Combined ratio 1	101.1%	94.9%
Combined ratio 2	101.1%	94.6%
Net income	\$1,915,862	\$3,681,236

Best's rating	A-	B++
S&P's rating	BBBq	BBBq

*Figures reported on a pooling basis.*  
**Founded:** 1978.  
**Parent:** International Alliance Services Inc.

**Specialties:** Contractors, restaurants/bars/taverns, garage and commercial automobiles, environmental liability, taxi cabs/limousines.

**Subsidiaries:** Continental Heritage Insurance Co., Salt Lake City; Evergreen National Indemnity Co., Columbus, Ohio; CSC Insurance Agency Inc., Columbus, Ohio; American Inspection & Audit Services Inc., Columbus, Ohio.

**Approved non-admitted in:** Alabama, Alaska, Arkansas, California, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wyoming.  
**Admitted in:** Arizona, Indiana, Ohio, West Virginia, Wisconsin.

**Officers:** Roswell P. Ellis, president; Norman D. Amick, executive vp; Glenn D. Southwick, treasurer; Anne L. Meyers, secretary; Craig L. Stout, vp.  
**Contact:** Roger D. Myers.

### Chubb Custom Insurance Co.

15 Mountain View Road, P.O. Box 1615, Warren, N.J. 07061-1615; 908-903-2000

	1996	1995
Gross premiums	\$95,160,599	\$93,115,350
Non-admitted	\$85,761,765	\$83,920,825
Commercial risks*	80%	NA
Net premiums	\$21,449,227	\$26,526,270
Paid-in capital	\$3,750,000	\$3,750,000
Policyholder surplus	\$29,083,170	\$27,516,245
Combined ratio 1	108.7%	93.5%
Combined ratio 2	105.6%	91%
Net income	\$2,105,129	\$336,953
Best's rating	A++	A++

\* Estimate.  
*Net figures reported on a pooling basis.*  
**Founded:** 1980.

**Parent:** Federal Insurance Co., a unit of Chubb Group of Insurance Cos.

**Approved non-admitted in:** All states.  
**Admitted in:** Delaware, New Jersey.  
**Officers:** Emelia M. Accardi, president; Philip J. Sempier, vp/treasurer; Hank G. Gulick, vp/secretary; Hank B. Schram, David G. Hartman, vps.

### Colony Insurance Co.

9201 Forest Hill Ave., Suite 200, Richmond, Va. 23235; 804-327-1700; fax: 804-327-1792

	1996	1995
Gross premiums	\$47,633,925	\$41,990,027
Non-admitted	\$45,388,150	\$39,207,944
Commercial risks	100%	99.9%
Net premiums	\$21,048,339	\$32,175,533
Paid-in capital	\$2,000,000	\$2,000,000
Policyholder surplus	\$25,950,364	\$26,149,696
Employees	70	65
Combined ratio 1	100.4%	97.2%
Combined ratio 2	100.2%	97.3%
Net income	\$3,170,460	\$3,156,814
Best's rating	B++	B+

**Founded:** 1981.  
**Parent:** Front Royal Inc.  
**Specialties:** General liability, environmental, professional liability, monoline property.

**Subsidiaries:** Front Royal Insurance Co., Richmond, Va.; Hamilton Insurance Co., Richmond, Va.

**Approved non-admitted in:** All states, excluding Alaska, Connecticut, Delaware, Maine, Massachusetts, Minnesota, New Hampshire, New Jersey, New Mexico, Rhode Island and Virginia. Also approved in the Virgin Islands.

**Admitted in:** Virginia.  
**Officers:** John K. Latham, president/CEO; Edward Desch, vp/CFO; Dale Pilkington, senior vp-underwriting; Doug Wall, vp-claims; Grace Cashman, vp-administration.  
**Contact:** Julie Farley, 804-327-1726.

### Columbia Casualty Co.

CNA Plaza, Chicago, Ill. 60685; 312-822-1906; fax: 312-817-3317

	1996	1995
Gross premiums	\$544,954,351	\$502,611,356
Non-admitted	\$181,294,645	\$147,601,114
Commercial risks	100%	99.2%
Net premiums	\$360,441,102	\$350,362,262
Paid-in capital	\$5,200,000	\$8,700,000
Policyholder surplus	\$280,811,095	\$242,937,606
Combined ratio 1	109.7%	107.8%

Combined ratio 2	109.4%	107.8%
Net income	\$34,272,113	\$29,020,069
Best's rating**	A/A-	A/A-
S&P's rating**	A+/A-	A+/A-

\* Ratings are for CNA and Continental Insurance Co. respectively.  
 \*\* Figures reported on a pooling basis.

**Parent:** CNA Insurance Cos.

**Specialties:** Railroad liability, excess workers compensation, liquor liability, elevator maintenance, non-standard automobile, group personal excess, excess casualty.

**Approved non-admitted in:** All states, excluding Illinois.

**Admitted in:** All states. Also admitted in Canada.

**Officers:** Richard W. Quehl, president; William P. Casey, senior vp.  
**Contact:** Richard W. Quehl.

### Essex Insurance Co.

4551 Cox Road, Glen Allen, Va. 23060; 804-273-1400; fax: 804-273-1435

	1996	1995
Gross premiums	\$129,310,644	\$105,609,091
Non-admitted	\$119,485,293	\$100,900,717
Commercial risks	92.4%	95.5%
Net premiums	\$83,352,750	\$73,588,378
Paid-in capital	\$4,500,000	\$4,500,000
Policyholder surplus	\$60,623,414	\$48,838,594
Employees	143	143
Combined ratio 1	81.6%	86.7%
Combined ratio 2	81.7%	86.8%
Net income	\$14,146,645	\$11,695,5

Continued from previous page

	1996	1995
Policyholder surplus	\$57,011,890	\$47,380,301
Employees	175	160
Combined ratio 1	89.2%	83.8%
Combined ratio 2	89.2%	83.8%
Net income	\$12,509,842	\$10,425,054
Best's rating	A+	A+

**Founded:** 1978.**Parent:** GAINSCO Inc.

**Specialties:** Commercial auto liability, commercial truck liability, commercial physical damage, garage liability (dealer and non-dealer), commercial general liability.

**Subsidiaries:** MGA Insurance Co. Inc.

**Approved non-admitted in:** All states, excluding Maine and Oklahoma.

**Admitted in:** Oklahoma.

**Officers:** Joseph D. Macchia, chairman/president/CEO; Daniel J. Coats, senior vp/CFO; Jack L. Johnson, Carolyn E. Ray, senior vps; J. Landis Graham, vp.

**Contact:** Brian Schwarzbach.

### General Star Indemnity Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn., 06904; 203-328-5700; fax: 203-328-6131

	1996	1995
Gross premiums	\$299,338,485	\$243,353,456
Non-admitted	\$293,228,768	\$237,221,725
Commercial risks	98%	97%
Net premiums	\$222,386,130	\$177,342,543
Paid-in capital	\$5,000,000	\$5,300,000
Policyholder surplus	\$327,790,817	\$322,593,926
Combined ratio 1	93.8%	96.1%
Combined ratio 2	93.5%	95.3%
Net income	\$41,065,501	\$40,784,626
Best's rating	A++	A++
S&P's rating	AAA	AAq

**Founded:** 1967.**Parent:** General Reinsurance Corp.

**Specialties:** Biotechnology/clinical trials, D&O/E&O liability, earthquake, environmental and pollution covers, excess auto/buffer layers, intellectual property rights, oil and gas service contractors, product liability for pharmaceuticals and mechanical devices, scenic and shortline railroads, wind deductible buybacks.

**Approved non-admitted in:** All states, excluding Connecticut.

**Admitted in:** Connecticut.

**Officers:** Kevin P. Brooks, chairman/president.

**Contact:** David W. Micik, assistant vp; 203-328-5664.

### General Star National Insurance Co.

695 E. Main St., P.O. Box 10360, Stamford, Conn. 06904; 203-328-5700; fax: 203-328-6131

	1996	1995
Gross premiums	\$56,106,680	\$63,602,293
Excess liability	88%	82%
Admitted	100%	100%
Net premiums	\$33,399,753	\$31,537,725
Paid-in capital	\$4,000,000	\$4,000,000
Policyholder surplus	\$100,309,970	\$100,966,325
Combined ratio 1	97.7%	96%
Combined ratio 2	96.4%	94.7%
Net income	11,087,378	\$12,69,395
Best's rating	A++	A++
S&P's rating	AAA	Aq

**Founded:** 1864.**Parent:** General Reinsurance Corp.

**Specialties:** Day care, entertainment risks, substandard/high hazard property and excess auto buffer layers.

**Admitted in:** All states.

**Officers:** Kevin P. Brooks, chairman/president.

**Contact:** David W. Micik, assistant vp.

### Glencoe Insurance Ltd.

Renaissance House, East Broadway, Hamilton, Bermuda, HM GX; 441-296-3235; fax: 441-295-4029

	1996	1995
Gross premiums	\$1,552,000	NA
Non-admitted	\$1,552,000	NA
Commercial risks	100%	NA
Net premiums	\$1,052,000	NA
Policyholder surplus	\$50,956,000	NA
Employees	6	NA
Combined ratio 1	35%	NA
Net income	\$1,345,000	NA
Best's rating	A-	NA

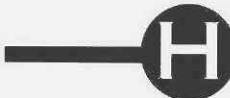
**Founded:** 1996.**Parent:** Renaissance Reinsurance Ltd.

**Specialties:** Commercial catastrophe exposed property with focus on California earthquake and wind-exposed property.

**Approved non-admitted in:** Arkansas, California, Delaware, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Missouri, Nebraska,

New Mexico, North Carolina, Ohio, Oregon, South Carolina, South Dakota, Washington, West Virginia, Wisconsin, Wyoming.

**Officers:** Keith S. Hynes, president/CEO; Glenn S. Thomas, managing underwriter.

**Contact:** Glenn S. Thomas.

### Houston Casualty Co.

13403 Northwest Freeway, Houston, Texas 77040; 713-462-1000; fax: 713-462-2401

	1996	1995
Gross premiums	\$211,467,952	\$223,149,508
Non-admitted	\$76,343,840	\$104,549,882
Commercial risks	100%	100%
Net premiums	\$82,501,411	\$82,285,870
Paid-in capital	\$5,000,000	\$5,000,000
Policyholder surplus	\$150,684,595	\$120,975,265
Employees	110	100
Combined ratio 1	71.9%	77.2%
Combined ratio 2	71.9%	77.2%
Net income	\$29,232,685	\$18,509,608
Best's rating	A+	A
S&P's rating	Aq	Aq

**Founded:** 1980.**Parent:** HCC Insurance Holdings Inc.

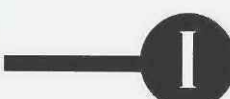
**Specialties:** General aviation risks, blue water ocean marine, cat exposed property risks, onshore and offshore energy risks.

**Subsidiaries:** HCC Underwriters, Houston; Trafalgar Insurance Co., Houston.

**Approved non-admitted in:** All states, excluding New Hampshire, New Jersey, South Carolina, Tennessee, Texas and Vermont.

**Admitted in:** Texas.

**Officers:** Stephen L. Way, chairman/CEO; Peter B. Smith, president; Frank J. Bramanti, executive vp; Edward H. Ellis Jr., senior vp/CFO; Duane R. Dyckman, senior vp-claims.

**Contact:** Peter B. Smith.

### Illinois Insurance Exchange

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

	1996	1995
Gross premiums	\$85,377,363	\$91,354,425
Non-admitted	\$78,143,719	\$140,338,831
Commercial risks	93%	81%
Net premiums	\$66,729,646	\$76,053,917
Paid-in capital	\$5,435,608	\$5,120,608
Policyholder surplus	\$72,134,698	\$75,126,541
Employees	21	31
Combined ratio 1	107.8%	104.7%
Net income	\$6,434,984	\$9,916,823

**Founded:** 1980.

**Specialties:** Contractors, liquor liability, restaurants, outfitters and guides, used car dealers, real estate agents E&O, skating rinks, day care centers.

**Approved non-admitted in:** All states, excluding California, Connecticut, Kentucky, Nevada, New Hampshire, New York, Rhode Island and Texas. Authority limited to certain syndicates in Arizona, Colorado, Florida, Louisiana, South Carolina, Virginia, Washington, U.S. Virgin Islands.

**Admitted in:** Illinois.

**Officers:** James E. Tait, president/CEO; Gerald F. Murray, vp/general counsel/secretary; Jeffrey P. Lehman, vp-operations/treasurer; Theresa L. Ryan, assistant vp/administrative assistant.

**Contact:** Theresa L. Ryan.

### Interstate Fire & Casualty Co.

55 East Monroe St., Chicago, Ill. 60603; 312-346-6400; fax: 312-342-1407

	1996	1995
Gross premiums	\$301,375,588	\$287,897,715
Non-admitted	\$61,985,798	\$64,790,227
Commercial risks	21.7%	18.7%
Net premiums	\$163,729,415	\$151,796,941
Paid-in capital	\$4,200,000	\$4,200,000
Policyholder surplus	\$176,270,532	\$162,132,746
Employees	379	374
Combined ratio 1	106%	105.2%
Net income	\$7,736,717	\$10,206,788
Best's rating	A	A

*Figures reported on a pooling basis.***Founded:** 1950.

**Parent:** Allianz Aktiengesellschaft Holding.

**Specialties:** Professional liability, medi-

cal malpractice other than doctors, open market property, housing authorities for property, umbrella liability, commercial automobile.

**Subsidiaries:** Chicago Insurance Co., Interstate Indemnity Co., Chicago.

**Approved non-admitted in:** All states, excluding Illinois.

**Admitted in:** Illinois, Michigan.

**Officers:** Douglas Eugene Boyce, president/CEO; Carol Renee Newman, senior vp/secretary; Michael Patrick Sullivan, senior vp/treasurer; Clint Edward Johnson, senior vp; Grant David Steer, senior vp.

**Contact:** Laura Cunningham.

### Investors Insurance Co. of America

200 Schulz Drive, Red Bank, N.J. 07701; 732-224-0500; fax: 732-741-2266

	1996	1995
Gross premiums	\$47,444,768	\$48,743,424
Non-admitted	\$29,148,339	\$30,243,268
Commercial risks	100%	100%
Net premiums	\$27,781,935	\$33,554,029
Paid-in capital	\$4,200,000	\$4,200,000
Policyholder surplus	\$28,713,391	\$36,249,216
Employees	46	50
Combined ratio 1	158.7%	133.7%
Combined ratio 2	158.7%	133.7%
Net income	\$(7,091,697)	\$(4,887,737)
Best's rating	A-	A-

*Figures reported on a pooling basis.***Founded:** 1961.

**Parent:** Investors Insurance Holding Corp.

**Specialties:** Contractors, manufacturing, product liability and owners, landlord and tenant risks.

**Approved non-admitted in:** All states, excluding New Jersey, New York and Vermont.

**Admitted in:** New York, New Jersey.

**Officers:** Jeremy D. Cooke, president/CEO; Gregory B. Nevers, secretary; Rodney R. Ayer, senior vp.

**Contact:** Raymond J. Steer Jr.

### Legion Indemnity Co.

190 S. LaSalle St., Chicago, Ill. 60603; 215-963-1200; fax: 215-963-1210

	1996	1995
Gross premiums	\$14,103,983	\$333,471
Non-admitted	\$2,454,317	NA
Commercial risks	100%	100%
Net premiums	\$11,649,058	\$155,262
Paid-in capital	\$1,000,000	\$1,000,000
Policyholder surplus	\$26,647,666	NA
Combined ratio 1	93.2%	1756.4%
Combined ratio 2	93.2%	NA
Net income	\$1,410,134	\$385,793
Best's rating	A	NA
S&P's rating	A+	NA

*1996 figures reported on a pooling basis.***Founded:** 1987.

**Parent:** Mutual Risk Management Ltd.

**Approved non-admitted in:** All states, excluding Connecticut, Mississippi, New Hampshire, Rhode Island, Arkansas, Delaware, Maine, Massachusetts, Utah and Puerto Rico.

**Admitted in:** Illinois.

**Officers:** John Kessock, president; Andrew S. Walsh, secretary; Gregg C. Frederick, treasurer; Glenn R. Partridge, senior vp; Richard G. Turner, senior vp.

**Contact:** Reginald F. Pierce III, vp; Commonwealth Risk, 1 Logan Square, Suite 1500, Philadelphia, Pa. 19103; 215-963-1600.

### Lexington Insurance Co.

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

	1996	1995
Gross premiums	\$1,351,925,234	\$1,250,083,615
Non-admitted	\$1,112,070,733	\$1,026,690,236
Commercial risks	98.2%	98.7%
Net premiums	\$626,671,017	\$506,270,017
Paid-in capital	\$5,000,000	\$5,000,000
Policyholder surplus	\$1,062,445,931	\$966,564,068
Employees	218	206
Combined ratio 1	99.9%	94.3%
Combined ratio 2	99.8%	94.3%
Net income	\$131,555,192	\$132,835,540
Best's rating	A++	A++
S&P's rating	AAA	AAA

**Founded:** 1965.

**Parent:** American International Group Inc.

**Specialties:** Employment practices liability, health care provider excess loss coverage, sexual misconduct liability cover-

age.

**Approved non-admitted in:** All states, excluding Delaware.

**Admitted in:** Delaware.

**Officers:** Kevin Kelley, president; Michael Castelli, treasurer; Richard Bucilla, Richard Jodoin, executive vps; Nicholas Anselmo, senior vp.

**Contact:** Rachel Rivlin, 617-330-8436.

### Monticello Insurance Co.

Newport Tower, 525 Washington Blvd., Jersey City, N.J. 07310-1693; 201-222-8666; fax: 201-222-9161

	1996	1995
Gross premiums	\$92,491,701	\$108,344,645
Non-admitted	\$73,764,153	\$88,186,116
Commercial risks	79.8%	94.3%
Net premiums	\$18,727,548	\$20,154,020
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$29,818,368	\$28,115,555
Employees	NA	141
Combined ratio 1	106.7%	107.2%
Combined ratio 2	106.9%	105.3%
Net income	\$2,336,957	\$2,004,434
Best's rating	A	A
S&P's rating	BBq	BBq

*Figures reported on a pooling basis.***Founded:** 1973.

**Parent:** Jefferson Insurance Co. of New York.

**Specialties:** Hot air balloons, parasailing, snowmobiles, wave runners.

**Approved non-admitted in:** All states, excluding Delaware, Louisiana and New York.

**Admitted in:** Delaware, New York.

**Officers:** Claus Cardinal, president/CEO; Kenneth Bolen, senior vp-underwriting; Vincent Celano, senior vp/secretary; Edwin Ghigliotti, senior vp/treasurer; Atanis Nikow, senior vp-claims.

**Contact:** Kenneth Bolen, senior vp-underwriting.

### Mt. Hawley Insurance Co.

9025 N. Lindbergh Drive, Peoria, Ill. 61615; 309-692-1000; fax: 309-689-2043

	1996	1995
Gross premiums	\$97,163,475	\$93,215,951
Non-admitted	\$96,845,702	\$93,215,951
Commercial risks	99.7%	100%
Net premiums	\$53,325,822	\$57,556,594
Paid-in capital	\$10,000,000	\$10,000,000
Policyholder surplus	\$91,175,521	\$82,619,963
Employees	260	260
Combined ratio 1	101.7%	82.1%
Combined ratio 2	NA	82.0%
Net income	\$7,224,410	\$12,725,907
Best's rating	NA	A
S&P's rating	BBBq	BBBq

**Founded:** 1979.**Parent:** RLI Corp.

**Specialties:** Surplus lines and special property; surplus lines general liability, including manufacturers excess of SIR; D&O liability; primary and excess employers indemnity for Texas employers; miscellaneous professional.

**Approved non-admitted in:** All states

Continued from previous page

	1996	1995
Combined ratio 1	85.8%	62.9%
Combined ratio 2	85.8%	62.9%
Net income	\$2,458,918	\$6,242,784
Best's rating	A-	A-
S&P's rating	NA	NA

**Founded:** 1985.  
**Parent:** Kaye Holding Corp.  
**Specialties:** Property/casualty for affinity groups.  
**Approved non-admitted in:** New Jersey, New York.  
**Admitted in:** Rhode Island.  
**Officers:** Howard Kaye, chairman; Lawrence Greenfield, vice chairman; Bruce D. Guthart, CEO/president; Michael P. Sabanos, senior vp/CFO; Marc Cohen, first vp.  
**Contact:** Maryann Mantia, 401-732-4684 ext. 119.

	1996	1995
Net premiums	\$73,469,788	\$61,285,828
Paid-in capital	\$3,000,000	\$3,000,000
Policyholder surplus	\$41,664,761	\$39,118,454
Employees	99	82
Combined ratio 1	94.3%	93%
Combined ratio 2	94.3%	93%
Net income	\$6,262,025	\$5,364,018
Best's rating	A	A

**Founded:** 1976.  
**Parent:** Penn-America Group Inc.  
**Specialties:** Roofers, day care centers, apartments, hotels/motels, restaurants/taverns.  
**Approved non-admitted in:** Arkansas, Connecticut, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, Oklahoma, Rhode Island, South Carolina, Ten-

nessee, Texas, Utah, Vermont, Virginia, West Virginia, Wyoming.  
**Admitted in:** Alabama, Alaska, Arizona, California, Colorado, Delaware, Hawaii, Idaho, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Nevada, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Washington, Wisconsin.  
**Officers:** Jon S. Saltzman, president; John M. DiBiasi, executive vp; Thomas J. Reed, senior vp-claims; Rosemary Ferrero, vp/CFO; David Taylor, senior vp-personal lines; Ransley Lennon, vp-market-ing.

The directory of underwriting managers, managing general agents and wholesale brokers begins on page 58.

**Contact:** John M. DiBiasi, 215-443-3652.

**Preferred National Insurance Co.**

210 University Drive, Suite 900, Coral Springs, Fla. 33071; 954-752-1222; fax: 954-344-7961

	1996	1995
Gross premiums	\$12,855,771	\$3,848,476
Non-admitted	\$5,540,527	NA
Commercial risks	43%	NA
Net premiums	\$10,947,300	\$2,899,150
Paid-in capital	\$3,500,000	\$2,500,000
Policyholder surplus	\$26,083,558	\$20,484,574
Combined ratio 1	81.7%	105.5%
Combined ratio 2	81.7%	105.5%
Net income	\$(333,826)	\$460,406
Best's rating	B++	B++

**Founded:** 1988.  
**Parent:** Preferred National Financial Corp.  
**Specialties:** Restaurants/taverns, special events, artisan contractors, office packages, commercial packages.  
**Approved non-admitted in:** All states, excluding Alaska, Connecticut, Delaware, Maine, Massachusetts, Michigan, New Hampshire, New Mexico, New York, Oklahoma, Rhode Island and Vermont.  
**Admitted in:** Florida.  
**Officers:** Stephen Weicholz, president; Albert S. Solomon, treasurer; Scott Weicholz, secretary; Kenneth Sutter, Darron Marsh, Dennis Wills, vps.  
**Contact:** Kenneth Sutter, vp.

Continued on next page



**Pacific Insurance Co. Ltd.**

150 Federal St., Boston, Mass. 02110; 617-526-7600; fax: 617-526-0610

	1996	1995
Gross premiums	\$296,042,074	\$294,387,436
Non-admitted	\$196,632,048	\$183,496,505
Commercial risks	95%	95%
Net premiums	\$97,553,420	\$96,372,982
Paid-in capital	\$7,200,000	\$7,200,000
Policyholder surplus	\$292,054,079	\$311,116,448
Employees	227	226
Combined ratio 1	117.3%	104.4%
Combined ratio 2	118.1%	104.8%
Net income	\$10,162,425	\$18,746,317
Best's rating	A+	A+
S&P's rating	AA	AA+

Figures reported on a pooling basis.  
**Founded:** 1928.  
**Parent:** ITT Hartford Insurance Group.  
**Specialties:** Long haul trucking; architects and engineers E&O; professional liability; difference-in-conditions, including flood and earthquake, construction projects; financial and miscellaneous E&O.  
**Approved non-admitted in:** All states, excluding Connecticut, Hawaii, New Hampshire and New Mexico.  
**Admitted in:** Connecticut, Hawaii.  
**Officers:** Ramani Ayer, chairman; Ralph Palmieri, president; Joseph Gareau, executive vp/chief investment officer; Peter Coghlan, senior vp; Michael O'Halloran, vp/secretary.  
**Contact:** Ronald E. Roy, vp; 617-526-7762.

**Paradigm Insurance Co.**

9000 Wessex Place, Suite 300, Louisville, Ky. 40222; 502-429-5585; fax: 502-423-1940

	1996	1995
Gross premiums	\$30,015,404	\$22,156,438
Non-admitted	\$29,904,795	\$22,046,500
Commercial risks	100%	100%
Net premiums	\$24,995,464	\$13,679,115
Paid-in capital	\$1,900,000	\$1,900,000
Policyholder surplus	\$15,036,032	\$16,049,688
Employees	30	25
Combined ratio 1	100.2%	92.4%
Combined ratio 2	100.2%	92.4%
Net income	\$(529,815)	\$2,107,623
Best's rating	B++	B++

**Founded:** 1987.  
**Parent:** Tri Star Investments.  
**Specialties:** Restaurants/taverns, artisan contractors, maritime, medical professional liability.  
**Subsidiaries:** Tri Star Insurance Services Ltd., Louisville, Ky.  
**Approved non-admitted in:** Alabama, Arizona, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.  
**Admitted in:** Indiana.  
**Officers:** Dave Sahni, president; Frank Arkfeld, vp-finance; Greg Bubalo, vp-claims; Michael Rava, vp-underwriting.  
**Contact:** Michael Rava, vp-underwriting.

**Penn-America Insurance Co.**

420 S. York Road, Hatboro, Pa. 19040; 215-443-3600; fax: 800-882-8569

	1996	1995
Gross premiums	\$80,496,366	\$66,953,271
Non-admitted	\$40,771,589	\$39,487,629
Commercial risks	51%	59%

# Your idea could be the one that hits the nail on the head.

Even the best product ideas can fade into the woodwork if not properly pounded into shape. RLI builds its success on a foundation of innovative ideas, and we've got the tools to make your idea work. RLI is rated "A" (Excellent) by A.M. Best Company, and we're willing to look at your book of business or simply listen to your idea. If you're the top craftsman in your field, we want to talk to you. Request our Product Guidelines today and learn how you can start building a working relationship with RLI.



RLI Insurance Company • Mt. Hawley Insurance Company  
 9025 N. Lindbergh Drive • Peoria, IL 61615 • 800-331-4929, ext. 866 • <http://www.rlicorp.com>



Continued from previous page



**Reliance Insurance Co. of Illinois**

233 S. Wacker Drive, Suite 6120, Chicago, Ill. 60606; 312-655-1850; fax: 312-876-0923

	1996	1995
Gross premiums	\$296,765,781	\$247,458,417
Non-admitted	\$259,948,439	\$204,802,424
Commercial risks	100%	100%
Net premiums	\$17,195,237	\$15,058,079
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$36,248,196	\$28,511,283
Combined ratio 1	110.0%	101.4%
Combined ratio 2	110.2%	101.5%
Net income	\$1,777,675	\$3,272,204
Best's rating	A-p	A-p
S&P's rating	A	A

Figures reported on a pooling basis.  
**Founded:** 1972.

**Parent:** Reliance Insurance Co.  
**Specialties:** Professional liability, archi-

itects and engineers.

**Approved non-admitted in:** All states, excluding Illinois.

**Admitted in:** Illinois.

**Officers:** Robert Cooper Olsman, chairman/president; Dennis A. Busti, senior vp; Jerome Harris Carr, senior vp/treasurer/CFO; Kenneth R. Frohlich, senior vp/chief actuarial officer; Linda S. Kaiser, senior vp/general counsel/secretary.



**Safety National Casualty Corp.**

2043 Woodland Parkway, St. Louis, Mo. 63146; 314-995-5300; fax: 314-995-6847

	1996	1995
Gross premiums	\$69,308,812	\$78,438,529
Excess liability	97%	97%
Admitted	99.9%	99.9%
Net premiums	\$66,309,111	\$76,014,942
Paid-in capital	\$5,000,000	\$5,000,000
Policyholder surplus	\$139,835,615	\$121,924,558
Employees	78	79

	13	14
Excess liability		
Combined ratio 1	103.5%	106.6%
Combined ratio 2	96.1%	99.4%
Net income	\$23,451,132	\$20,035,429
Best's rating	A	A
S&P's rating	A	A

**Founded:** 1942.

**Parent:** Delphi Financial Group.

**Specialties:** Municipalities, school districts, hospitals, nursing homes, light manufacturing, government entities, group self-insureds.

**Admitted in:** All states.

**Officers:** Terrence T. Schoeninger, president; C. Donald Ainsworth, executive vp; Duane A. Hercules, treasurer; Jeffrey W. Otto, secretary; Mark A. Wilhelm, senior vp-underwriting.

**Contact:** Donald L. Wilson, government relations manager.

**St. Paul Surplus Lines Insurance Co.**

385 Washington St., St. Paul, Minn. 55102; 612-310-7911; fax: 612-310-8951

	1996	1995
Gross premiums	\$166,586,172	\$192,534,814

	1996	1995
Non-admitted	\$131,349,802	\$160,835,176
Commercial risks	100%	100%
Net premiums	\$35,236,369	\$31,696,638
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$73,401,548	\$64,128,959
Combined ratio 1	101.9%	102.6%
Combined ratio 2	102.6%	103.3%
Net income	\$9,266,611	\$7,887,669
Best's rating	A+	A+
S&P's rating	AAA	AAA

Figures reported on a pooling basis.

**Founded:** 1974.

**Parent:** St. Paul Fire and Marine Insurance Co.

**Approved non-admitted in:** All states, excluding Delaware. Also approved in Puerto Rico and the Virgin Islands.

**Admitted in:** Delaware.

**Officers:** Douglas Leatherdale, chairman/CEO; Janet R. Nelson, president/COO; Patrick A. Thiele, executive vp/CFO; Edward M. Gerber, assistant corporate secretary; Donald J. Swanson, vp/treasurer.

**Contact:** Dave Baughman.

The directory begins on page 39.

**Scottsdale Insurance Co.**

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

	1996	1995
Gross premiums	\$1,146,643,486	\$1,160,855,368
Non-admitted	\$522,109,042	\$544,101,028
Commercial risks	88.9%	91.6%
Net premiums	\$323,980,100	\$305,706,248
Paid-in capital	\$6,027,200	\$6,027,200
Policyholder surplus	\$192,819,964	\$182,829,817
Employees	1,066	1,059
Combined ratio 1	111.8%	113.5%
Combined ratio 2	112.3%	113.5%
Net income	\$8,517,936	\$5,024,180
Best's rating	A-p	A-p
S&P's rating	AA	AA

Figures reported on a pooling basis.

**Founded:** 1982.

**Parent:** Nationwide Mutual Insurance Co.

**Subsidiaries:** National Premium & Benefit Administration Co., Scottsdale Surplus Lines Insurance Co.

**Approved non-admitted in:** All states, excluding Arizona, Delaware, Ohio and the District of Columbia.

**Admitted in:** Arizona, Delaware, Ohio.  
**Officers:** Roger M. Williamson, president; Gordon E. McCutchan, secretary; Michael D. Miller, treasurer.

**Contact:** Arlan G. Oliva, assistant vp/controller.

**Starr Excess Liability Insurance Co. Ltd.**

29 Richmond Road, Pembroke HM 08, Bermuda; 441-295-7827; fax: 441-292-8099

	1996	1995
Gross premiums	\$109,557,000	\$100,694,000
Non-admitted	\$109,557,000	\$100,694,000
Commercial risks	100%	100%
Net premiums	\$108,458,000	\$100,694,000
Paid-in capital	\$199,500,000	\$99,500,000
Policyholder surplus	\$263,237,000	\$135,647,000
Employees	22	22
Combined ratio 1	96.7%	96.5%
Net income	\$28,801,000	\$21,709,000

**Founded:** 1994.

**Specialties:** Excess liability, D&O, professional liability.

**Officers:** Joseph C.H. Johnson, chairman/president/CEO; Clinton N. Greene, senior vp-marketing; Michael L. Bouris, senior vp-underwriting; David A. Balmuth, vp-claims counsel; Geoffrey J. Smith, vp-underwriting.

**Contact:** Clinton N. Greene.

**Steadfast Insurance Co.**

1400 American Lane, Schaumburg, Ill. 60196-1056; 847-605-6000; fax: 847-605-6011

	1996	1995
Gross premiums	\$360,091,513	\$356,144,362
Non-admitted	\$328,396,607	\$327,121,585
Commercial risks	100%	100%
Net premiums	\$32,537,224	\$27,653,364
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$75,680,250	\$49,463,273
Combined ratio 1	120.8%	112.9%
Combined ratio 2	NA	113.2%
Net income	\$250,862	\$313,654
Best's rating	A+	A+
S&P's rating	AA+	AAA

Figures reported on a pooling basis.

**Founded:** 1988.

**Parent:** Zurich Insurance Co.

**Specialties:** Environmental, professional liability, railroads, primary surplus lines, architects and engineers.

**Approved non-admitted in:** All states, excluding Maine and South Carolina. Also approved in Puerto Rico.

**Admitted in:** Delaware.

**Officers:** Constantine P. Iordanou, president/CEO; Loren J. Alter, vp/treasurer; Ronald A. Anderson, vp; David A. Bowers, vp; H. Donald Hanson, vp/actuary.

**Contact:** Tom Routson, 212-748-2313.



**Tudor Insurance Co.**

400 Parson's Pond Drive, Franklin Lakes, N.J., 07417-2600; 201-847-8600; fax: 201-847-1010

	1996	1995
Gross premiums	\$26,340,162	\$21,086,931
Non-admitted	\$20,888,175	\$15,852,462
Commercial risks	98.4%	99%
Net premiums	\$8,594,886	\$8,085,383
Paid-in capital	\$4,200,000	\$4,200,000

Continued on next page

**Integrity.**  
**It's an American Custom.**



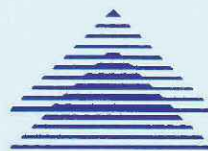
At American Custom, doing things right is a cornerstone of our company. That's why so many of our clients have been with us for over 25 years. We do what's necessary to successfully meet their specialty insurance needs. We don't give stock answers to complex questions. And we don't bail out when the going gets tough.

American Custom is part of the Great American Insurance Companies, rated A XI by A.M. Best, a solid team that provides financial strength and long term stability.

Are you looking for people you can count on? Try American Custom for your specialty insurance needs.

**AMERICAN CUSTOM**  
 INSURANCE SERVICES®, INC.

A Member of the  
**Great American Insurance Companies®**



Continued from previous page

Policyholder surplus	\$29,143,202	\$25,267,135
Employees*	181	175
Combined ratio 1	119.8%	120.7%
Combined ratio 2	103.4%	103.9%
Net income	\$3,861,392	\$4,177,578
Best's rating	A+	A+
S&P's rating	Aq	Aq

\* Western World Insurance Group. Figures reported on a pooling basis.

**Founded:** 1979.

**Parent:** Western World Insurance Co.

**Specialties:** D&O liability; architects and engineers liability; electronic data processing E&O; specialty professional liability (hard-to-place, difficult accounts).

**Approved non-admitted in:** All states, excluding New Hampshire.

**Admitted in:** New Hampshire.

**Officers:** Andrew Frazier, president; Robert Livingston, executive vp-operations; Thomas Mulligan, Stephen Gerstman, senior vps; Gary Resman, Terry Rumsey, Lynn Rupp, Kenneth Labar, vps.

**Contact:** Nick Hudson.



**United Capitol Insurance Co.**

400 Perimeter Center Terrace, Suite 345, Atlanta, Ga. 30346; 770-677-0330; fax: 770-399-0771

	1996	1995
Gross premiums	\$45,103,264	\$21,808,948
Non-admitted	\$44,048,952	\$20,539,551
Net premiums	\$25,930,813	\$10,981,532
Paid-in capital	\$4,100,000	\$4,100,000
Policyholder surplus	\$53,355,929	\$68,025,642
Employees	67	50
Combined ratio 1	65.8%	(81)%
Combined ratio 2	NA	86%
Net income	\$4,856,903	\$24,696,524
Best's rating	A-	A-
S&P's rating	A+	A-

**Founded:** 1986.

**Parent:** Frontier Insurance Co.

**Specialties:** Asbestos abatement contractors, environmental remediation contractors, environmental consultants, site pollution liability, commercial/general products liability.

**Subsidiaries:** Olympic Underwriting Managers Inc., Columbia, Md.; Fischer Underwriting Group, Paramus, N.J.

**Approved non-admitted in:** All states, excluding Arizona, Illinois, New Hampshire and Wisconsin.

**Admitted in:** Arizona, Illinois, Wisconsin.

**Officers:** Harry W. Rhulen, chairman/CEO; James W. Satterfield, president; Steven S. Zeitman, executive vp; Gerald J. Steimers, senior vp.

**Contact:** Steven S. Zeitman.

**United National Insurance Co.**

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

	1996	1995
Gross premiums	\$270,148,508	\$242,336,639
Non-admitted	\$195,765,451	\$173,873,102
Commercial risks	97%	97%
Net premiums	\$77,807,064	\$69,576,218
Paid-in capital	\$5,000,000	\$5,000,000
Policyholder surplus	\$196,175,542	\$179,745,093
Employees	148	152
Combined ratio 1	98.4%	94.4%
Combined ratio 2	98.4%	94.4%
Net income	\$19,826,361	\$19,875,829
Best's rating	A+	A+

**Founded:** 1960.

**Parent:** American Manufacturing Corp.

**Specialties:** General liability, fire, jeweler's block, specific excess liability, liquor liability.

**Subsidiaries:** Diamond State Insurance Co., Bala Cynwyd, Pa.; Hallmark Insurance Co. Inc., Bala Cynwyd, Pa.

**Approved non-admitted in:** All states, excluding Pennsylvania. Also approved in Puerto Rico and the Virgin Islands.

**Admitted in:** Pennsylvania.

**Officers:** Raymond L. Freudberg, chairman; Seth D. Freudberg, president/CEO; Kevin L. Tate, Robert Cohen, Richard S. March, senior vps.; Daniel J. Kelleher, treasurer.

**Contact:** Daniel J. Kelleher, treasurer, 610-660-6863.



**Westchester Specialty Group**

6 Concourse Parkway, Suite 2500, Atlanta, Ga. 30328; 770-393-9955; fax: 770-393-0888

	1996	1995
Gross premiums	\$257,774,181	\$289,662,658
Excess liability	90%	92%
Admitted	90%	88%
Net premiums	\$125,037,476	\$151,894,811
Paid-in capital	\$9,250,000	\$9,250,000
Policyholder surplus	\$343,240,617	\$296,901,948
Employees	221	279
Excess liability	221	279
Combined ratio 1	114.1%	210%
Combined ratio 2	114.1%	210%
Net income	\$43,404,994	\$(19,587,668)
Best's rating	A	A
S&P's rating	A-	A-

**Founded:** 1993.

**Parent:** Talegen Holdings Inc.

**Subsidiaries:** Industrial Underwriters Insurance Co., Westchester Fire Insurance Co., Westchester Specialty Insurance Ser-

vices Inc., Westchester Surplus Lines Insurance Co.

**Admitted in:** All states. Also admitted in Puerto Rico and Guam.

**Approved non-admitted in:** All states, excluding Colorado, Georgia, Massachusetts, Minnesota, New Hampshire, Rhode Island. Also approved in the Virgin Islands

**Officers:** Dennis Reding, chairman/president/CEO; John Intondi, senior vp-claims; John Edack, senior vp-casualty; Robert Gaffney, CFO/treasurer; Marshall Turner, senior vp-property.

**Contact:** Dennis Reding.

**Western World Insurance Co.**

400 Parson's Pond Drive, Franklin Lakes, N.J. 07417-2600; 201-847-8600; fax: 201-847-1010

	1996	1995
Gross premiums	\$70,229,303	\$71,414,126
Non-admitted	\$51,758,682	\$56,741,010
Commercial risks	97%	97%
Net premiums	\$52,353,528	\$48,503,472
Paid-in capital	\$8,200,000	\$8,200,000

Policyholder surplus	\$134,066,697	\$126,452,012
Employees*	181	175
Combined ratio 1	100.9%	102.1%
Combined ratio 2	103.4%	103.9%
Net income	\$11,109,052	\$11,848,950
Best's rating	A+	A+
S&P's rating	AAq	AAq

\* Western World Insurance Group. Figures reported on a pooling basis.

**Founded:** 1964.

**Parent:** Western World Insurance Group.

**Specialties:** General liability, professional liability and miscellaneous malpractice.

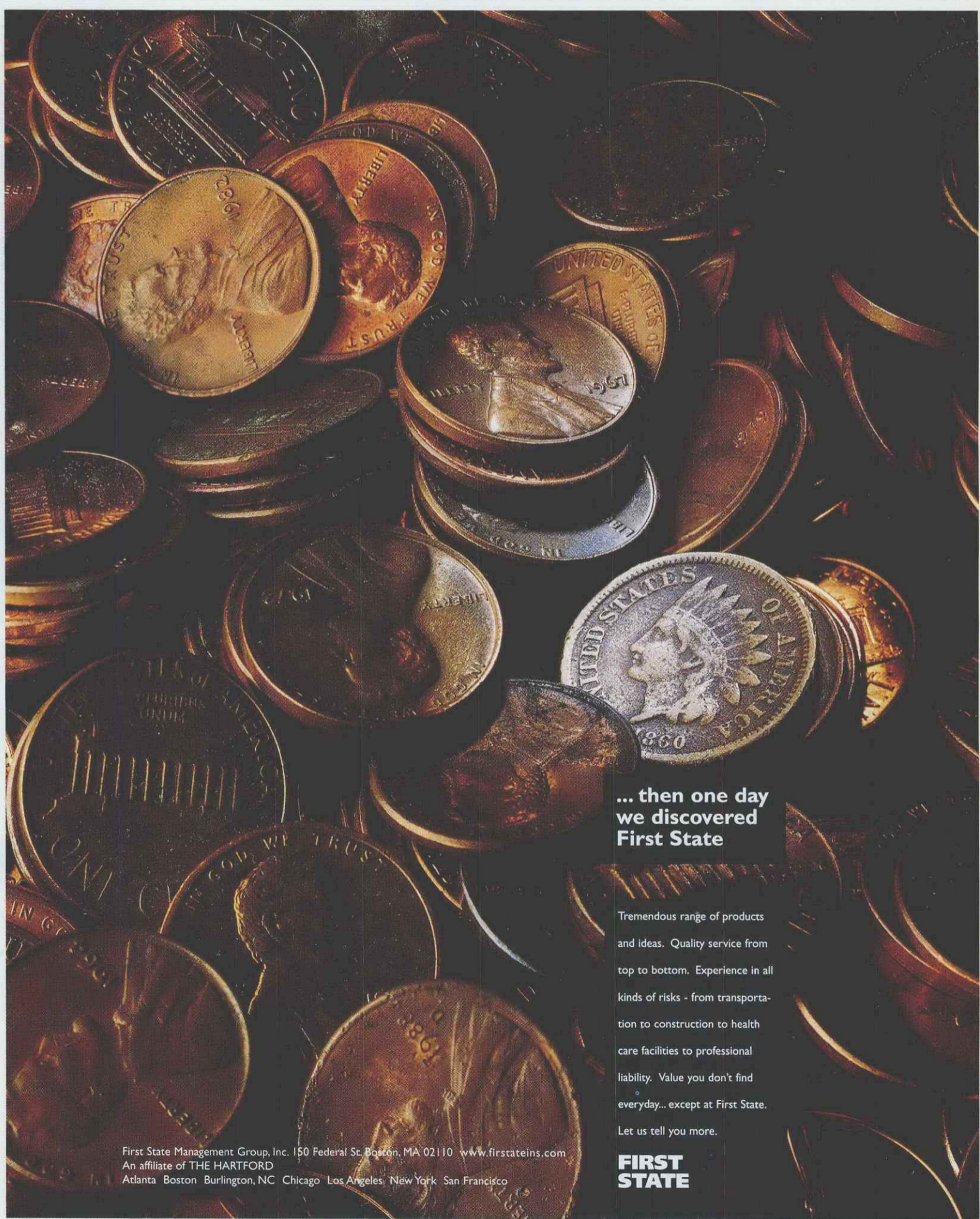
**Subsidiaries:** Stratford Insurance Co., Tudor Insurance Co.

**Approved non-admitted in:** All states, excluding New Hampshire and New York.

**Admitted in:** New Hampshire, New York.

**Officers:** Andrew Frazier, president; Robert Livingston, executive vp-operations; Thomas Mulligan, Stephen Gerstman, senior vps; Gary Resman, Terry Rumsey, Lynn Rupp, Kenneth Labar, vps.

**Contact:** Thomas Mulligan, senior vp. **BI**



... then one day we discovered First State

Tremendous range of products and ideas. Quality service from top to bottom. Experience in all kinds of risks - from transportation to construction to health care facilities to professional liability. Value you don't find everyday... except at First State.

Let us tell you more.



First State Management Group, Inc. 150 Federal St. Boston, MA 02110 www.firststateins.com  
An affiliate of THE HARTFORD  
Atlanta Boston Burlington, NC Chicago Los Angeles New York San Francisco

**Business Insurance**  
• DIRECTORIES •

**IN-PUBLICATION DIRECTORIES**

Business Insurance publishes more than 20 comprehensive in-publication directories during the year, making access to services and suppliers easy. Providing detailed listings of firms in specialized areas, BI's directories give readers a direct route to better management techniques and eliminate frustrating hours researching services and suppliers available in the marketplace. For a listing of BI's in-publication directories, call:

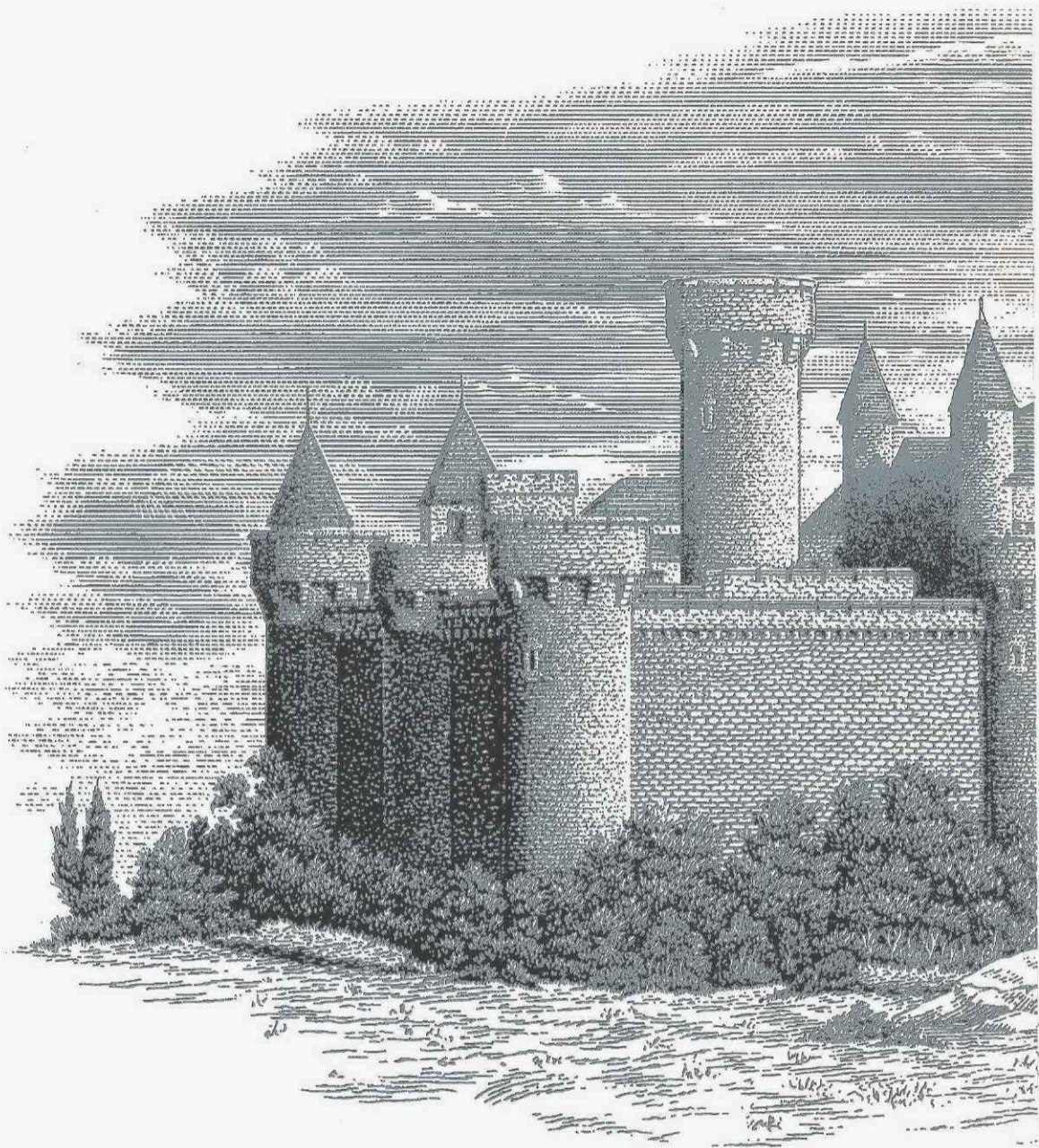
Directory Information:  
**312/649-5398**

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

Advertising Information:  
**212/210-0228**

Subscription Information:  
**800/678-9595**

# INTRODUCING A UNIQUE CONCEPT IN DISABILITY CLA

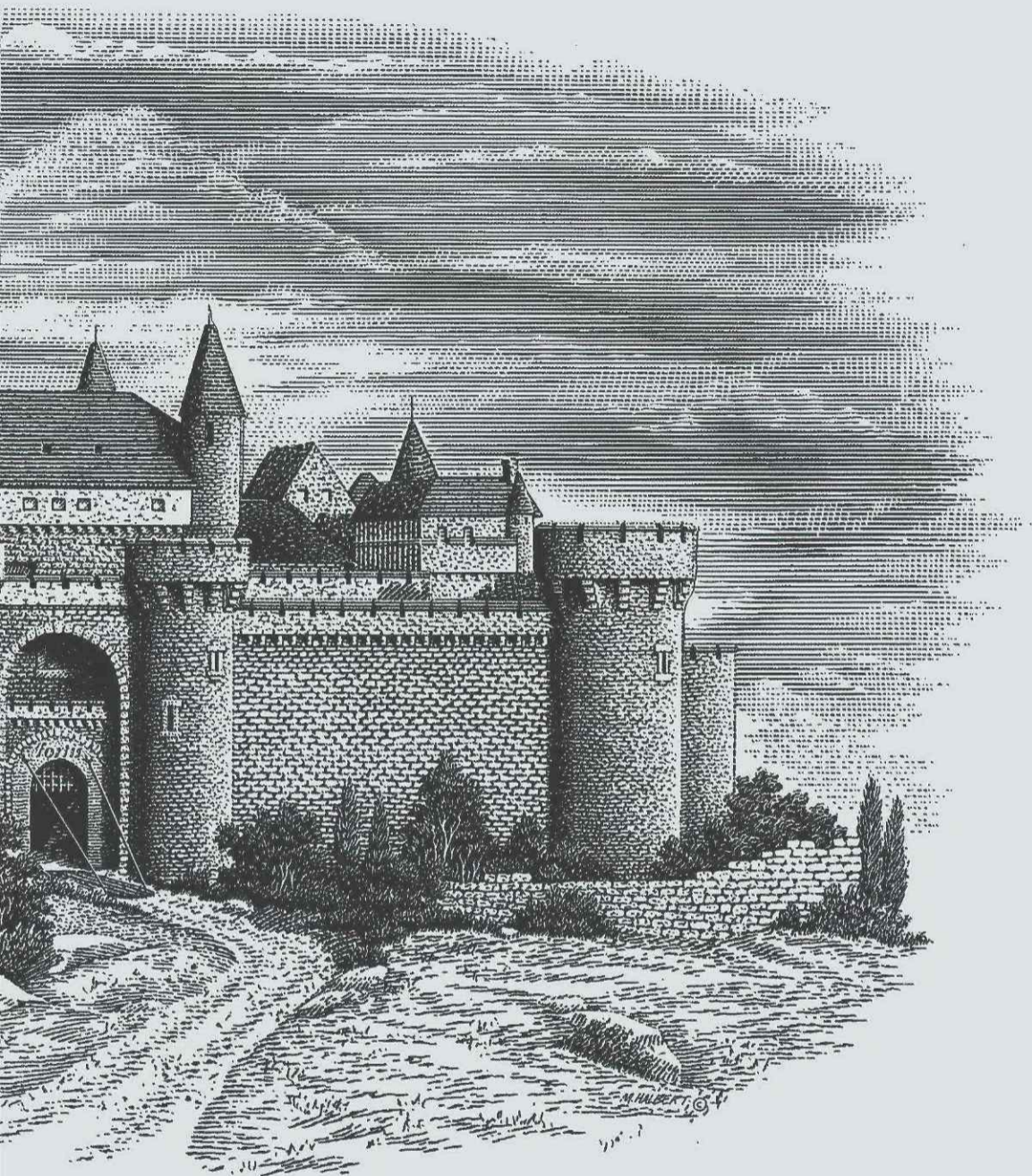


Fortis Benefits introduces the **WillReturn<sup>SM</sup>** scale, a revolutionary tool for customizing disability claims service to the needs of employees with disabilities.

Composed of the Return-to-Work scale, and the Will-to-Work indicator, **WillReturn<sup>SM</sup>** provides a unique blend of demographic and psychographic information that allows for efficient and effective disability

claims management. Developed in conjunction with **The Menninger Clinic**, the Return-to-Work scale takes a scientific and statistical approach. Using information such as demographics, cause of disability and type of disease or injury, the scale predicts the likelihood of an individual's rehabilitation success.

WILLRETURN<sup>SM</sup>.  
CLAIMS MANAGEMENT — ONLY FROM FORTIS.



The program's second component, the Will-to-Work indicator, was developed in partnership with **The Gallup Organization**. Using profiles based on claimants' attitudes, feelings, will-power and behavior, claims management can develop a personalized rehabilitation strategy for each claimant which plays to their strengths and compensates for their weaknesses.

Take advantage of the WillReturn<sup>SM</sup> program, yet another example of Fortis Benefits' commitment to innovative disability cost management. It does more for your employees with disabilities, and more for your bottom line. For more information, call your broker, or call Fortis Benefits today at **1-800-319-4773**.

**fortis**

SOLID ANSWERS FOR A CHANGING WORLD®

# Consolidation making wholesaler's perch precarious

## Swett & Crawford Group

21650 Oxnard St., Suite 1600  
Woodland Hills, Calif. 91367;  
818-227-3419; fax: 818-227-3410

	1996	1995*
Premium volume	\$607,503,000	\$589,617,000
Gross revenues	\$59,089,000	\$57,452,000
Employees	576	551
Commercial lines	100%	100%
Admitted business	50%	45%
Non-admitted	50%	55%

\* Restated.  
Fiscal year ends Sept. 30.

As part of Swett & Crawford Group's integration into Aon Group Inc., the wholesaler will pass on \$150 million to \$200 million in premium volume to other surplus lines units of its new parent company, said David R. Hartoch, Swett & Crawford's new president and chief executive officer.

The divestiture of offices to other Aon units and the accompanying loss of premium volume could cause Swett & Crawford to lose its current spot as the nation's largest insurance wholesaler, Mr. Hartoch said. But Swett & Crawford is planning to hire producers and boost the size of its remaining offices and the premium volume they generate.

Mr. Hartoch took the reins of Swett & Crawford after Aon purchased its parent, Minet Group, in

April, ending the uncertainty following The St. Paul Cos. Inc.'s earlier announcement that it intended to sell Minet (BI, April 14). Mr. Hartoch was president of Aon-owned wholesaler Sherwood Insurance Services.

The integration process is expected to be complete by year's end, when Swett & Crawford will wind up with 21 offices, seven fewer than it had before Aon bought it. As part of that integration, Swett & Crawford's California offices in Irvine, San Francisco and Woodland Hills will be folded into Sherwood Insurance Services' offices. A Swett & Crawford office in Chicago is combining with Insurance Brokers Services Inc., a Chicago-based unit of Aon. Swett & Crawford offices in Paramus, N.J., and Madison, Wis., will close.

AUSCO Inc., the seventh office, a Chicago underwriting facility for directors and officers liability and professional liability coverages, also will operate independently as a unit of Aon Specialty Group Inc.

Business fit and real estate logistics determined the merging and shifting of offices, Mr. Hartoch said.

Meanwhile, the proportion of business Swett & Crawford sees from Aon is expected to remain stable. Less than 5% of its business has come from Aon, while about 80% comes from indepen-

dent retailers.

"I think our Aon business will increase with the same proportion as the rest of our business increases," Mr. Hartoch said.

The premium volume passed on to other Aon units means Swett & Crawford could move down in *Business Insurance's* rankings next year, while Aon's Sherwood Insurance Services could move up the list, he said.

In BI's rankings this year, based on 1995 premium volume, Swett &

Development and sales of the product were helped along by recent news stories relating to food-borne illnesses, such as E. coli found last month in ground beef produced by Hudson Foods Inc. (BI, Aug. 25).

"It's just a product that has come together at the right time," said Daniel V. Colacurcio, executive vp for Swett & Crawford in Los Angeles. The coverage is underwritten at Lloyd's of London with limits of up to \$50 million.

## The divestiture of offices to other Aon units and accompanying loss of premium could bump Swett & Crawford from its current spot as the nation's largest wholesaler.

Crawford remains at the top. Total premium volume last year rose to \$607.5 million from a restated \$589.6 million in 1995. Gross revenues in 1996 grew to \$59.1 million from \$57.5 million the year before.

Swett & Crawford's premium total for 1996 received a boost from successful programs such as coverage for loss of sales due to food-borne illness, Mr. Hartoch said. The coverage was introduced in 1993 for restaurants and now is available for food manufacturers.

Late in 1996, Swett & Crawford also began placing coverage for racing teams that participate in the National Assn. for Stock Car Auto Racing. The coverage is placed with St. Paul and includes general liability and property coverage for the locations where the cars are housed and maintained. It also includes coverage for transportation of the vehicles to and from the race tracks and contingent liability for the team.

Swett & Crawford entered that market late last year when many

of the racers already had signed insurance contracts. The wholesaler expects to see increased sales of the product this year.

"We hope that with the experience gained with writing just a few of the vehicles this past year, and now with the knowledge that we are now one of two major markets that are involved with this that we will have a very successful sign-up in the coming year," Mr. Colacurcio said. "We want to be a major player in this business."

Earlier this year, Swett & Crawford also began placing coverage for race cars other than those that participate in NASCAR. The coverage is for physical damage while the cars are being raced, and coverage for the cars' value is written by Stamford, Conn.-based General Star Indemnity Co.

Still, Swett & Crawford's 1997 premium volume is expected to total about \$580 million, a decrease from 1996 attributable to St. Paul's spinoff and the integration, Mr. Hartoch said.

"Some of these divestitures have already happened," he said. "For example, Chicago and Irvine have already taken place, so we don't have the benefit of their revenue. Part of it is the problem that Swett & Crawford was on the market, so to speak, and that doesn't create great morale," he said.

Lower morale also has slowed

*Continued on next page*

In the teeth of the gale, you'll thank your stars you have a steady hand at the tiller.

And you'll find that hand at R.E. Moulton, one of America's truly great MGUs, offering our clients the vast expertise, personal service, and the punctilious attention to detail that will make sure you weather any storm.

One of the original founders of the Stop Loss Industry, we have grown because we treat every client as special, deserving a special solution.

You'll find a steady hand at R.E. Moulton.

- Product Development
- Underwriting
- Marketing
- Claims
- Reinsurance

*Pioneers  
in the Realm of  
Possibility*



**R.E. Moulton, Inc.**

50 Doaks Lane  
Marblehead, MA 01945  
www.remoultoninc.com

Continued from previous page  
the creation of new programs Swett & Crawford has relied on to keep premium volume up in a soft market. But, with the integration process nearly complete, the wholesaler is working to create programs.

For example, Swett & Crawford is negotiating with an insurer to provide quake coverage for high-value homes. Mr. Hartoch declined to identify the insurer.

Swett & Crawford also is working to make General Star Indemnity Co. an additional market for employment practices liability coverage. The additional capacity should benefit policyholders, Mr. Hartoch said.

Plans call for General Star to write the coverage while relying on Swett & Crawford's expertise for program development, marketing and underwriting services.

"I think that is one of the ways this business is changing," he said. "Insurance companies are looking to outsource expertise to firms such as Swett & Crawford to develop, market and underwrite programs on their behalf. That has been done on a smaller scale before, but it is happening quite a bit now."

Primary limits of \$1 million and excess limits of \$25 million will be available under the new General Star EPL coverage, Mr. Colacurcio said. The coverage is expected to be available in 30 to 60 days.

With the acquisition of Swett & Crawford, Aon now has a national surplus lines distribution system it plans to infuse with support, Mr. Hartoch said. For example, new computer technology will help Swett & Crawford producers marshal the company's resources and respond quicker to retail customers, which in turn will benefit policyholders, Mr. Hartoch said.

"I have been to 15 offices in the last eight weeks," Mr. Hartoch said late last month.

"I think the morale generally is very high. People are excited about Swett & Crawford and some of the changes."

The wholesaler's producers are "really crying for technology, because Swett & Crawford has been operating sort of with one hand tied behind its back. They have not had the proper technology and equipment. They are going to have it," said Mr. Hartoch.

Aon also owns regional wholesaler Bryson Associates Inc. in Jenkintown, Pa.; and J.H. Blades & Co. Inc., a Houston-based wholesaler specializing in energy business.

But the Aon wholesalers will remain separate and compete against each other, because surplus lines brokers operate most efficiently as flexible, smaller, competitive units, rather than as behemoths, Mr. Hartoch said.

Swett & Crawford's specialties remain the same as last year. They include transportation; property and difference-in-conditions insurance; construction contractors general liability; D&O, E&O and professional liability; and programs for energy-related companies, such as pipeline contractors, drillers and service contractors, and for contractors working in petroleum chemical companies.

The wholesaler's top markets, which are not expected to change, include: American International Group Inc., Chubb Corp., CNA Insurance Cos., Lloyd's of London, Reliance Group and The St. Paul Cos. Inc.

Swett & Crawford is a member of the AAMGA and the NAPSO.

—By Roberto Cenicerros

## Crump Insurance Services Inc.

7557 Rambler Road, Suite 350  
Dallas, Texas 75231;  
214-265-2660; fax: 214-265-2661  
Internet: www.crumpins.com

	1996	1995
Premium volume	\$522,550,000	\$520,000,000
Gross revenues	\$38,669,000	\$38,700,000
Employees	339	319
Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

Crump Insurance Services Inc. is seeing a payoff in its aggressive response to the challenge of generating growth in a soft market.

New products and programs were a big reason Dallas-based Crump was able to show an increase in premium volume as surplus lines marketers and underwriters continue the fierce battle for new accounts.

Growing in the soft market means finding "new ways to write business," said Marcus Payne, Crump's president and chief operating officer. "You have to find new areas, new opportunities to be in."

Crump Insurance Services was known last year as Price Forbes North America. Since then, parent Sedgwick Group P.L.C. sold rights to the Price Forbes name and as part of that deal agreed to no longer use it in the United States.

That means the units that previously made up Price Forbes North America now operate under the banner of Crump Insurance Services.

Crump's wholesale operations and the other divisions generated 1996 premiums up slightly from 1995.

Premium volume in 1996 crept up 0.5% to \$522.6 million. The increase comes after a 3.9% drop in 1995.

Gross revenues were off a fraction in 1996, dipping to slightly below \$38.7 million.

Crump's performance keeps it in the No. 2 spot among wholesalers, the same position Price Forbes North America occupied last year.

The premium increase comes despite the loss of premiums from two units: Sedgwick International Marketing Services Inc. and Southern Marine & Aviation Inc.

Sedgwick International Marketing Services, the New York-based wholesaler of "reverse-flow" business, now is part of the Sedgwick Group operation.

Southern Marine & Aviation Inc., Crump's Houston-based energy unit, continued to see premiums dip in a competitive market. SMAI recorded 1996 premiums of \$43.4 million, an 18% decline from 1995.

A strong performance by Crump's wholesale brokerage operations helped boost the 1996 numbers.

Separate from the smaller units, Crump Insurance Services itself recorded premiums of \$450 million last year, a 10.5% rise from 1995. Through June of this year, the wholesaler has posted \$250 million in premium writings.

"We're having a very good year," said Orville D. Jones, chairman and chief executive officer of Crump. The first half total compares with \$212 million written during the same period in 1995.

Crump is seeing success with new packages such as one it recently introduced for gun dealers.

Written exclusively by CNA Insurance Cos., the coverage offers commercial general liability coverage to gun dealers, gunsmiths and gun ranges. Limits up to \$5 million are available, and property insurance can be purchased as part of the program.

"We expect that it will bring in some significant accounts," said

Mr. Payne, noting that one large gun dealer already has signed on.

Crump also has stepped up efforts to bring in more professional liability accounts by establishing departments in existing offices in New York and Dallas to concentrate on that business.

New producers were hired to service those accounts, focusing particularly on errors and omissions and directors and officers liability risks.

Adding to the producer ranks helped push Crump's employee roster to 339 at the end of last year, up from 319 in 1995.

Crump continues to compete for other business that increasingly moves to admitted insurers as the soft market continues apace. Umbrella liability business is a particular favorite of competitors in the standard market.

While umbrella writings make up about 9.5% of Crump's total book of business, it has become "more of a standard-lines coverage than it used to be," according to Mr. Payne.

"Every line of coverage is very competitive," he said, and not only on the casualty side. Competition for property business has heated up as well.

Earthquakes and hurricanes boost those rates for a time, but "the further away you get from the last natural disaster, the softer the market gets," he said.

Crump placed 40% of its business in the admitted market last year, with the remainder going to non-admitted insurers. Those percentages are unchanged from 1995.

Soft market conditions aren't likely to change soon, Mr. Jones noted. Insurers are making record profits, and "there's so much capi-

tal available, everybody's going after market share, and I don't see it changing," he said.

At a time when hanging on to business is especially important, Mr. Jones said Crump consistently retains 65% to 70% of its accounts. Less than 30% of its business comes from Sedgwick's retail operations.

Part of the wholesaler's strategy for adapting to the soft market is to look outside the mainstream for business.

To that end, Crump is high on its new Alternative Risk Programs Division, a unique arrangement created last year as the exclusive marketer for a Bermuda-based rent-a-captive.

The division offers insurance for all lines. Coverage is written primarily by Star Insurance Co., a member

Continued on next page

# REACHING NEW HEIGHTS



SCOTTSDALE  
INSURANCE  
COMPANY®

Our ascension to the top came about by carefully planning our path every step of the way.

As the nation's premier Excess and Surplus Lines carrier, our plan remains intact.

Adapt to the changing environment. Overcome obstacles. Take risks. And meet the ultimate challenge.

At Scottsdale Insurance Company we continue to provide a different perspective.

Scottsdale Insurance Company.  
Solid and Dependable.



## Spotlight report

Continued from previous page of Meadowbrook Insurance Group. The coverage is reinsured by Bermuda-based Transglobal Insurance Ltd.

The arrangement allows policyholders to enjoy some of the benefits provided by captive insurers, such as low administrative costs and the ability to recoup some premiums if loss experience is favorable, without the expense and work of establishing a captive.

Three programs, called COMPASS I, II and III, are available through the facility. One is written for individual risks, and another is available to groups and associations. A third program is available to agents, brokers and managing general agencies that want to provide coverage to existing clients while realizing a greater return than is generally available from commissions.

On an annualized basis, the Alternative Risk Division is generating about \$20 million in premium volume, according to Mr. Jones.

The division has "an awful lot of potential for growth," he emphasized.

Mr. Jones believes SMAI eventually will contribute an increasing amount

of premium volume to Crump's yearly total.

Although SMAI's premium volume has decreased steadily in recent years, 1997 is looking brighter, according to Mr. Jones. "They're having a very good year this year. We're very happy with their results."

Energy market factors and the runoff of Americas Insurance Co., a Sedgwick Group unit, has hurt SMAI in recent years. SMAI held MGA and underwriting management agreements with Americas.

Mr. Payne pointed out that SMAI's operations in Houston and New York are "both doing very well" in bringing in new cargo business. The New York office "just picked up a significant national account," he added.

Cargo owners and shipowners can purchase up to \$40 million in coverage for a single loss incurred aboard a single vessel. The coverage is written through an underwriting management agreement with Dallas-based Gulf Insurance Co., which in turn shares the risk with insurers in London.

Mr. Jones pointed out that factors affecting the energy industry have

made it tough for SMAI to generate new business. Competition for energy accounts is coming from several areas.

"I don't think anything that is happening in the energy field right now is going to help anybody in the wholesale business," he remarked. Mergers and acquisitions have trimmed the number of accounts, and major brokers are bypassing wholesalers by establishing their own energy departments, which are finding coverage in the admitted market, Mr. Jones noted.

"It's unbelievable how competitive the energy rates are right now," he said. "In the U.S. and London, it's very, very competitive."

In addition, "the major energy companies are taking on more and more risk themselves and not buying near as much insurance as they were buying," Mr. Jones said. "Even though premiums are lower and lower, we still see them taking more self-insured risks, which is driving rates down even lower."

While rates are dampened, Crump's enthusiasm for growth is not.

"We're going to continue with an aggressive growth strategy," Mr. Payne said. "That's really been the secret to our success over the years. We've always felt that we could grow" no matter the state of the market, he added.

One avenue of growth could steer Crump into premium financing, Mr. Payne said. "Right now our premium financing is passed on to whoever's out there."

While growth through acquisition is possible, it isn't a priority for Crump. "We're open to acquisitions, although we're not out in the marketplace looking to buy," Mr. Payne noted. "If the right acquisition comes along, we're willing to do that."

Crump always is searching for good talent to help grow its operations, Mr. Payne pointed out. "We're going to continue to have an active recruitment program, which has been a cornerstone. We look for the best people that are available."

In addition to Messrs. Payne and Jones, Patrick R. O'Brien is executive vp and chief financial officer.

Crump is a member of NAPSLO and AAMGA.

—By Michael Bradford

## Tri-City Brokerage Inc.

50 California St., Suite 2000  
San Francisco, Calif., 94111  
415-986-5050; fax: 415-986-5004  
Internet: www.tricityins.com

	1996	1995
Premium volume	\$454,850,811	\$476,592,944
Gross revenues*	\$31,200,000	\$31,200,000
Employees	186	178
Commercial lines	100%	100%
Admitted	80%	80%
Non-admitted	20%	20%

\* BI estimate.

Officials of Tri-City Brokerage Inc. are far from worried about the impact of brokerage consolidation, President John G. Hahn says.

In fact, "we believe they've worked to our advantage," he said. "We couldn't have had the cards be dealt any better for us."

Tri-City's position as the largest and one of the only independent national wholesalers "gives us a relative advantage with our target base with the independent agents and brokers," he said.

Despite the disappearance of many retail brokers, "there's plenty for us to grow with," said Mr. Hahn, who noted Tri-City works with 2,000 agents and brokers. Less than a quarter of Tri-City's business now comes from the alphabet houses, he added.

And Tri-City's position as an independent wholesaler will not be compromised by a deal with Centre Reinsurance Co. Ltd., which is buying a "less than 10%" equity interest in the wholesaler for an undisclosed sum.

That deal will "provide us with the capital to actively develop new businesses," particularly managing general agency and program business, but will have no impact on Tri-City's relationship with its other markets, said Mr. Hahn. "We intend to continue to spread our business among carriers we did business with on a traditional basis."

In 1996, Tri-City had \$454.9 million in premium volume, down 4.6% from \$476.6 million in 1995. However, *Business Insurance* esti-

mates Tri-City's 1996 revenues remained \$31.2 million.

For the first six months of 1997, premium volume totaled \$218 million, down 9.2% from \$240 million in the year-earlier period.

Mr. Hahn had expected the decline since last year, after a team that had worked on Fortune 1,000 property accounts and had dealt primarily with alphabet houses left to form its own boutique operation. Mr. Hahn said the parting was amicable.

Tri-City expects premium volume to be flat this year largely because of the loss of this business. "We're writing a significant amount of new business to make it up," said Mr. Hahn.

The wholesaler also is contending with the soft market, however. "I see no end in sight," he said, though "I'm not sure it could go on forever."

To adjust to the soft market, "we're continuing with our diversification strategy, becoming more of a broad-based distributor" and provider of specialized expertise. These diversification efforts are offsetting "the effects the marketplace is having on our core brokerage areas," he said.

Tri-City is diversifying as well, noted Mr. Hahn. For instance, out of new office on New York's Long Island, Tri-City has launched an employee benefit operation, Tri-City Benefits L.L.C., that will develop benefit plans for small to midsize companies.

"Our strategy here is to provide outstanding expertise" to agents and brokers that do not have in-house benefit capabilities that the brokers can pass on to their clients, explained Mr. Hahn.

Some of its new efforts are in marine and energy, where Tri-City has brought over an Aon Corp. team of people "who have a national reputation in this field," he said. Tri-City hopes to expand this business nationwide.

Tri-City also is entering into joint ventures with retail brokers where the wholesaler can provide expertise. For instance, in its Integrated Risk Services joint venture with The Hobbs Group, Tri-City is providing its wholesale capabilities to the retail broker.

The company also has founded Tri-City Capital Markets with privately held Castlebridge Partners, a Chicago-based investment bank. "Our focus there is to provide consulting and market expertise within the insurance market and the financial marketplace," said Mr. Hahn.

The program will provide "blended insurance and financial market solutions for companies that have balance sheet issues," he said. Tri-City's intention is to help agents and brokers who may not have that expertise in-house.

Tri-City continues to be active in the managing general agency business, as well. This includes an arrangement with General Star Indemnity Co. under which Tri-City, through Jersey City, N.J., operating unit Five Star Managers, writes up to \$10 million in directors and officers liability coverage for executives of companies conducting initial public offerings as well as start-up companies in high technology, biotechnology and other sectors.

"It's gone great," said Mr. Hahn, adding he expects the amount of premium written under the program to more than double this year from \$7 million last year.

Another Five Star program provides \$5 million of professional liability coverage for lawyers, architects and engineers. The

Continued on next page

## General Liability Programs for Outdoor Specialty Risks

The Outdoorsman Agency is a leader in managing specialty insurance programs for outdoor-oriented businesses.

Eligible operations include:  
big game hunting outfitters,  
coastal and inland fishing guides,  
sporting lodges, canoeing and  
backpacking guides, wingshooting  
preserves and  
Sporting  
Clays.

The Outdoorsman Agency  
PO Box 6988, Columbia, SC 29260

private hunting clubs ... and many more.

Independent agents seeking stable, admitted markets for outdoor professionals are invited to call or write for information.

Contact Steve Murray or Andrew Woodham today to discuss the Outdoorsman advantage we can offer you and your clients.

800-849-9288  
Fax 803-799-6609

## In Security Guard Insurance, claim service is what counts—

Nobody handles claims as well as Brownyard!

Brownyard Claims Management (BCM) is an exclusive loss prevention and claim facility of The Brownyard Group which pioneered insurance for Security Guard firms 40 years ago.

No matter how often we improve coverage or how comprehensive the protection—and we offer the best in the business—what really matters is when there's a loss, there's a fast, fair settlement! The same day a claim is received, an investigator is assigned. The

insured is defended by attorneys specializing in the security industry protecting the interests of our insureds and their clients. When settlement is appropriate, a check is often issued within 72 hours. That makes Brownyard insureds, their clients—and their agents—very happy!

Talk to the Brownyards!

Other Brownyard Exclusives  
COUNTRY CLUBS  
PEST CONTROL OPERATORS  
3RD PARTY FIDELITY  
EMPLOYMENT PRACTICES LIABILITY

THE BROWNARD GROUP 21 Maple Avenue, CN9175  
Bay Shore, NY 11706-9175  
(800) 645-5820 • In NY (516) 666-5050  
FAX: (516) 666-5723 • <http://www.brownyard.com>

Continued from previous page  
program, underwritten by Lloyd's of London syndicates, also covers miscellaneous classes of professionals, such as management consultants. "That's going pretty well," said Mr. Hahn. He expects the program will boost its premium volume by 50% to \$3 million this year.

Another recent Five Star program with General Star is a liability program for intellectual property risks, with an emphasis on the software industry. The program has a \$5 million limit.

Tri-City also has the managing general agency program with two members of the Zurich-American Insurance Pool that is designed to protect the 401(k) assets of U.S. workers through Fiduciary Benefit Investors Corp. bonds. These bonds guarantee the deposits of plan contributions, excluding investment peaks and valleys, and protect against misappropriation of plan assets on behalf of a sponsor organization. The available bond limit is \$25 million for each plan or sponsor corporation.

The array of other Tri-City programs includes those designed to address the needs of waste haulers, long-term care facilities, auto dealers and to help consolidate agencies' workers compensation business.

Tri-City has opened two offices, including one in West Palm Beach, Fla., to capitalize on economic growth in that region.

It also opened an office in Hauppauge, N.Y., which "continues to support our strategy of developing relationships with independent agents and brokers," said Mr. Hahn, adding, "Long Island is a big territory for us."

"We don't have any plans at this point" to open any additional offices, said Mr. Hahn. However, he emphasized, Tri-City will consider new joint ventures and new opportunities.

Tri-City is interested in hiring more "entrepreneurial" people, he said. With all the M&A activity, "there are a lot of people" with talent and expertise who may be available. "We feel we can attract some of the people if they fit into our strategic direction."

Last year, casualty premiums fell 9.8% to about \$202 million. That accounted for 44% of Tri-City's total \$454.9 million in premiums.

Property risks accounted for the bulk of the rest of Tri-City's business, though financial services, program and Five Star also contributed.

About 80% of Tri-City's business is admitted, the same as a year ago.

Some of Tri-City's leading insurance company markets are: Acceptance Insurance Co., Admiral Insurance Co., American International Group Inc., Associated International; The Center Special Risk; Chubb Custom Insurance Co., a unit of Chubb Corp.; Essex Insurance Co.; Evanston Insurance Co.; the Executive Risk Group; First State Insurance Co.; General Star Indemnity Co.; Great America Cos.; Lloyd's and British companies; Reliance National Insurance Co.; RLI Corp.; Royal Specialty Underwriting, a unit of Royal Insurance Group; St. Paul Fire & Marine Insurance Co.; Travelers Insurance Co./Aetna Casualty Co.; USF&G Corp.; Westchester Specialty Group; and Zurich Insurance Co.

Besides Mr. Hahn, other principal officers are executive vps Kieran P. Burke, Scott W. Gunnison, George P. Hilditch, Alexander M. Kullman, Daniel S. Real, Michael P. Tilton and Edward W. Ulshafer. Robert E. Dillon is chief operating officer, and Leo P. O'Reilly is chief financial officer.

Tri-City is a member of NAPSLO.  
—By Judy Greenwald

## Stewart Smith Group Inc.

26 Century Blvd., Nashville,  
Tenn. 37214; 615-872-3030;  
fax: 615-872-4408

	1996	1995
Premium volume	\$366,169,000	\$355,870,000
Gross revenues	\$28,728,000	\$27,878,000
Employees	216	214
Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

Stewart Smith Group Inc.'s premium growth was only 2.9% last year, which is not surprising considering the continuing soft market, according to Chairman and Chief Executive Officer Gary H. Cooper.

Mr. Cooper said growth was limited for three reasons: "The market is still softening overall, the standard

carriers are now taking quite a bit of business, and premiums are having to go down."

Stewart Smith Group's premium volume was \$366.2 million last year, up from \$355.9 million in 1995.

Furthermore, this year premium volume is not expected to grow much, if at all, for the same reasons, he predicted. "Our business plan is for nearly flat revenues," he said.

However, Stewart Smith climbed one spot to become the fourth-largest wholesale broker in 1996, according to the *Business Insurance* rankings.

Stewart Smith's gross revenues rose 3% last year to \$28.7 million.

First-half 1997 premium volume was about \$175 million, "just a little below plan," Mr. Cooper said. Last year's first-half premium volume was \$175.5 million. Mr. Cooper noted that much of the wholesaler's

volume comes in the second half of the year because of renewal schedules.

Mr. Cooper said his goal for the next five years is "to have dramatic

## Achieving dramatic profit growth 'may or may not mean dramatic premium growth,' says Gary Cooper.

profit growth," which "may or may not mean dramatic premium growth."

Not only is Mr. Cooper new to Stewart Smith, he's also relatively new to the wholesale side of brokering. He joined Willis Corroon Group

P.L.C., Stewart Smith Group's parent, about 2½ years ago, as regional director for Texas for Willis Corroon America. He had been in the retail brokerage business since 1967, he said.


Earlier this year Mr. Cooper was given responsibility for all Willis Corroon's wholesale operations around the country.

In addition to being chairman and CEO of Stewart Smith Group, he is president and CEO of Willis Corroon's U.S. wholesale division.

"My role is to put a little different perspective on the wholesale side," he said. "Willis is trying to put its best managerial talent where it will do the most good."

About 45% of Stewart Smith's premium volume is from casualty coverage, including primary general liability, automobile liability, excess

Continued on next page



When  
people lose  
the future  
they thought  
they had,  
they need  
love and  
support.

### THEY MAY ALSO NEED FINANCIAL ASSISTANCE.

#### GROUP TERM LIFE

At Standard Insurance Company, we're helping ease the pain of a terminal illness with our group term life insurance. We improved our Accelerated Benefit to help people make the most of the time they have left.

Our enhanced Accelerated Benefit offers a 75% early payout—a distinct advantage over most group term life policies which typically offer only 50%. Interest is charged against the early payout and may completely exhaust the remaining benefit over time. So to help protect beneficiaries, Standard will pay at least 10% of the original coverage amount, even after interest charges for accelerating are deducted.

Why are we the first company to offer such a complete benefit? Because our first priority is people.

WE PROVIDE UP TO A 75% EARLY PAYMENT TO THE INSURED AND A 10% MINIMUM PAYMENT TO BENEFICIARIES.

We're Standard Insurance Company, and we pride ourselves on taking care of employees and their families. To learn how we can help you, give us a call at 1-800-633-8575.

STANDARD INSURANCE COMPANY

People. Not just policies.®

## Spotlight report

Continued from previous page  
liability and umbrella liability. Another 28% comes from directors and officers and errors and omissions liability coverages. The wholesaler had strong growth in D&O and E&O placements last year, Mr. Cooper said. In 1995, those coverages made up 22% of Stewart Smith's premium volume.

Property coverage placements accounted for 25% of premium volume last year. Other coverages, including aviation liability and medical stop-loss coverage, accounted for the remaining 2% of placements.

Stewart Smith retained about 70% of its business last year, down from its historical retention of 77% to 78%, according to Mr. Cooper. However, the wholesaler is placing more new business, he added.

Mr. Cooper pointed out that Stew-

art Smith is trying to "get more specialized and into more program areas."

Stewart Smith's brokers are "not hidebound by geographic restrictions or regional restrictions," he said. Instead, the wholesaler is forming "teams that specialize in different areas."

For example, Mr. Cooper said he expects growth in Stewart Smith's environmental impairment liability practice, which started last year as a one-person office in New York. This practice will design EIL programs for large manufacturers and municipalities, according to Mr. Cooper.

"What's got to evolve is we've got to become more specialized," he said.

Stewart Smith also plans to "cross-use people and facilities and expertise" from Willis Corroon's other wholesale operations, Mr. Cooper

said. It is a "logical transition for us to try to use what's at hand" to expand the wholesaler's business.

Stewart Smith launched a new general liability and professional liability program last year for contractors with at least \$10 million in revenues. The wholesaler provides extra services to clients under this program, such as loss control surveys prior to binding the coverage, Mr. Cooper said.

Stewart Smith Group units have binding authority for American Empire Surplus Lines Insurance Co.; CNA Insurance Co.; Essex Insurance Co.; General Star Indemnity Co.; Northfield Insurance Co.; and Western World Insurance Group.

The vast majority—95%—of Stewart Smith's business is brokerage, with 3% generated as an MGA and 2% generated as a Lloyd's of London coverholder.

Stewart Smith's clients primarily are independent agents and brokers. The company works with about 3,000 agencies and brokers around the country, according to Mr. Cooper. About 75% of Stewart Smith Group's premium volume is generated by 300 large regional or "good-sized" local brokers, he added.

Willis Corroon accounted for 23% of premium volume in 1996. Less than 2% of premium volume is generated by other alphabet house brokerages, Mr. Cooper said.

Stewart Smith placed 40% of its business with admitted markets and

60% with surplus lines markets in 1996, the same proportion as the previous three years.

Stewart Smith's major markets during the past year included: Admiral Insurance Co.; Chubb Custom Insurance Co.; First State Management Group; General Star Management Co.; units of Reliance Group Holdings Inc.; RLI Insurance Co.; Royal Specialty Underwriting Inc.; units of The St. Paul Cos. Inc.; and Westchester Specialty Group.

Stewart Smith Group in 1996 had 216 employees, close to the 215-employee range it has maintained for several years. About 60 of these employees are brokers; the rest are support staff.

Mr. Cooper said the company is "going to try to bring in some more good brokers" who have specialties that would complement Stewart Smith's business.

Although the company is not opposed to growing through acquisitions, "we'd rather grow through bringing in good, established brokers," Mr. Cooper said.

Stewart Smith's subsidiaries are: McAlear Associates Inc., which is based in Grand Rapids, Mich., and operates a branch office in Cleveland; Stewart Smith East Inc., which is based in New York and has branch offices in Philadelphia, Bernardsville, N.J., and Farmington, Conn.; Stewart Smith Southeast Inc., which is based in Tampa, Fla., and operates a branch

office in Nashville, Tenn.; Stewart Smith Environmental Specialists, based in New York; Stewart Smith Southwest Inc., based in Dallas; Stewart Smith Mid America Inc., based in Chicago; Stewart Smith Specialty Risks Inc., based in Southfield, Mich.; and Stewart Smith West Inc., which is based in Glendale, Calif., and operates branch offices in San Francisco and Phoenix.

Stewart Smith Group closed a one-person office in Eugene, Ore., in December 1996. The office had not been profitable for several years, Mr. Cooper said. That business now is being handed out of the two California offices.

In addition to Mr. Cooper, other top officers of Stewart Smith Group Inc. include: Edward F. Casey, chief administrative officer; Sue Dudley, chief financial officer; David Martin, president and CEO of McAlear Associates; Jim Compton, president and CEO of Stewart Smith Southeast; Elliott Jones, president and CEO of Stewart Smith Mid America; John McGovern, president and CEO of Stewart Smith Environmental Specialists; Fred Anderson, president and CEO of Stewart Smith West; Mark Smith, president and CEO of Stewart Smith East; and George Clarke, executive vp of Stewart Smith Specialty Risks.

Stewart Smith Group Inc. is a member of NAPSLO.

—By Deborah Shalowitz Cowans

## Our Capabilities Focus On You.

**WESTERN WORLD INSURANCE COMPANY**

MGA Products

- General Liability
- Professional Liability
- Miscellaneous Malpractice
- Program Unit

**33**

**TUDOR INSURANCE COMPANY**

Brokerage Products

- Directors and Officers Liability
- Professional Liability
- Specialty Professional Liability

**T**

**AGENTS & BROKERS**

**STRAITFORD INSURANCE COMPANY**

MGA Products


- Commercial Auto Liability
- Auto Physical Damage

**S**

**SPECIALTY BROKERAGE DIVISION**




- Products Liability
- General Liability

**W**



### WESTERN WORLD INSURANCE GROUP

400 Parson's Pond Drive  
Franklin Lakes, New Jersey 07417-2600  
Telephone (201) 847-8600 Fax (201) 847-1010  
A.M. Best Rating of A+ (Superior), Class VIII

### Sherwood Insurance Services

201 California St., Suite 1000  
San Francisco, Calif. 94111  
415-956-3236; fax: 415-956-1204

	1996	1995
Premium volume	\$263,000,000	\$238,000,000
Gross revenues	\$23,800,000	\$21,000,000
Employees	147	135
Commercial lines	100%	100%
Admitted business	75%	80%
Non-admitted	25%	20%

It's an eventful time for Sherwood Insurance Services, a unit of Aon Corp.

As a wholesale subsidiary for a company at the forefront of the industry's merger and acquisition activity, Sherwood has been right in the thick of things, helping absorb some of the acquisitions of its parent, said James W. Barnes, Sherwood's chairman and chief executive officer. These are "truly exciting times at Sherwood," he said.

For starters, Aon's purchase of Alexander & Alexander Services Inc. in January brought with it A&A's wholesale unit, Alexander

Howden North America. The business is being shared with other Aon wholesale units, noted Mr. Barnes, with Sherwood taking the Western business, Chicago-based Insurance Brokers Services Inc. the Midwestern business and Jenkintown, Pa.-based Bryson Associates Inc. the Eastern business.

Aon's acquisition also brought Sherwood an Alexander Howden MGA construction facility, said Mr. Barnes. While the facility had done a "good job," it needed to be "redirected and refined," he said.

Sherwood has taken over other Alexander Howden MGA products as well for the crane and rigging industry and the underground pipeline industry, and an A&A errors and omissions and directors and officers MGA facility for managed health care that operated out of A&A's Seattle office, said Mr. Barnes.

Concurrently, the wholesaler took over an Aon construction MGA facility for large contractors and owner-controlled wrap-ups that operates out of Pasadena, Calif., he said.

Then in May, Aon bought the Minet Group, whose operations include wholesaler Swett & Crawford. Sherwood will absorb Swett & Crawford's San Francisco, Woodland Hills, Calif., and Irvine, Calif., offices, while Swett & Crawford will continue to run in part as a stand-alone, he said.

In other new developments, Sherwood in February started running a new underwriting division called Loxley Insurance Services. Loxley provides underwriting management services and has some binding authority, explained Phillip Mazur, executive vp. After a contest among Sherwood employees that generated 150 entries, the unit was named after Robin Hood of Loxley, in keeping with the Sherwood theme, Mr. Barnes explained.

Loxley writes smaller excess and surplus business generating about \$5,000 to \$10,000 in premium per account on a direct basis with retailers, which cuts down on Sherwood employees' paperwork and allows retail brokers direct access

to a Sherwood-owned underwriting facility, said Mr. Barnes.

The firm now has three divisions in addition to its Sherwood Insurance Services brokerage business, said Mr. Barnes; Sherwood Construction Program Managers, which includes all construction business that is on an MGA basis; Loxley and Special Risk Services Inc., the banner under which the crane and rigging business operates.

"It's been a whole year of change for Sherwood," summed up Mr. Barnes. "The only thing that's constant around here is, change is constant, but it's been very, very good change," said Mr. Barnes, adding Sherwood's staff has made the integration as smooth as possible.

At year-end 1996, before all the merger and acquisition activity was accounted for, the wholesaler reported \$263 million in premium volume, up 10.5% from 1995. Gross revenues also increased 13.3% to \$23.8 million. That gain is largely attributable to Sherwood catching the tail-end of the hardest part of the property catastrophe market.

Premium volume for the first six months of 1997, when the assimilation activity began to be felt, increased to \$175 million, up about 29.6% from the comparable period a year ago. Mr. Barnes said about 10% of that increase reflects internal growth.

Sherwood, which had a 16.7% premium volume growth rate between 1994 and 1995, could not have continued at that pace without the acquisitions, said Mr. Barnes. "It's not sustainable," he said, noting the wholesaler had anticipated growing at about a 10% to 15% rate annually. "That we do believe is sustainable," he said.

In light of the acquisition activity, Mr. Barnes is reluctant to make projections for this year. "When all is said and done, I have no idea," he said. "We're just so busy" integrating the new business. "It's a major assimilation process," he added, although "we picked up some wonderfully talented people from both Alexander Howden and Swett & Crawford."

Continued on next page

Topic: "Securitization of Insurance Risks: Myths and Realities"

## Seventh Annual Insurance Executive Forum

A Breakfast Seminar for Insurance Executives and Industry Leaders

Tuesday, October 14, 1997 8 - 11:45 a.m. Ritz-Carlton Hotel, Chicago

**Program:** In recent years the insurance industry has been challenged and its capacity stressed by the catastrophe losses from hurricanes and earthquakes. There are concerns about the industry's ability to cope with similar losses in the future. A response has been the development of devices that affect the "securitization of insurance risks" through alternative risk financing that will bring additional capital to the marketplace at the time of catastrophic losses. Such devices include corporate "cat bonds," "act of God bonds," catastrophe futures and options, and "catastrophe puts." A panel of experts from the insurance financial markets, the brokerage community, and insurer corporate users of such devices will discuss the issues, interpret what is going on, and explain how the securitization of insurance risks — both catastrophic and others — will provide opportunities and challenges for you, your company, and all participants in the insurance industry.

**Moderator:** Donna Galer, Executive Vice President, Zurich-American Insurance Group.

**Sponsors:** Business Insurance, Zurich-American Insurance Group, Kemper Companies, KPMG Peat Marwick, and Katie Insurance School.

**Information/Advance registration:** Call (309) 438 - 3021 or (800) 697 - 8692 or fax (309) 438 - 7753.

KATIE

Center for Insurance

INSURANCE and Financial Services

SCHOOL

College of Business

ILLINOIS STATE UNIVERSITY

Continued from previous page

Mr. Barnes said it will probably be the first quarter of next year before he gets a "total handle on the entire book of business."

He emphasized that despite Sherwood's position as an Aon unit, "We are by no means a captive wholesaler."

Pointing, for instance, to the other Aon wholesale units, he said, "We compete with each other for business both regionally and nationwide, and we believe that's very healthy."

Furthermore, he said, Aon accounts for less than 25% of Sherwood's total business, "and we find that very healthy."

Mr. Barnes noted that until Aon acquired it in 1992, Sherwood had been a Frank B. Hall unit. Sherwood always has had a retailer as its majority partner, but these retailers never have accounted for more than 20% to 30% of its total business, Mr. Barnes said. He added Sherwood always has operated as though it were an independent wholesaler.

"We've demonstrated for 19 years that it's not a hindrance," he said. This is a business based on trust, and "people know us and trust us," he said.

Sherwood's mix of business has remained constant, with 20% to 25% from Aon, 15% to 20% from other alphabet houses and the rest from independents, said Mr. Barnes. "I think the mix now will change slightly after full integration," he said.

Mr. Barnes anticipates it will evolve to 60% independent and 40% alphabet house, with about a quarter of the alphabet house business from Aon and the rest from other firms.

Sherwood traditionally has focused on Fortune 1,000 property accounts. These are the larger, risk management type accounts with bigger, tougher risks and a heavy emphasis on earthquake exposure, said Mr. Barnes, adding this is a "function of being in California."

About 75% to 80% of its property business includes earthquake peril coverage on a difference-in-conditions or an all-risk basis, including flood coverage. "I suspect that will remain constant," said Mr. Barnes.

Historically, Sherwood's ratio of property to casualty business has been 60 to 40, said Mr. Barnes. "In the last couple, three years, our goal has been to get it to 50/50," though at this point it is about 65/35. At year-end, he anticipates, though, it will be back to 60/40.

"It's very difficult to monitor," said Mr. Barnes, noting property got softer first, but now casualty is "following it very, very quickly. The whole market is very soft right now."

Sherwood's retention rate, which had been declining, has leveled off at about 55% to 60%, said Mr. Barnes, pointing to the soft market's impact.

Sherwood began a program department in October 1996 that has been crafting programs for special markets. One development was a national airport program, for which Sherwood offers up to \$100 million in property coverage, up to \$25 million in general liability coverage, and up to \$5 million in directors and officers liability coverage. That program just had its first anniversary and is "doing very well," said Mr. Barnes.

Less successful was a national roofers program, which has been discontinued. Amid the program introductions and post-acquisition integration, Sherwood's investment in its computer system is paying off.

"Our computer system has been upgraded and enhanced a lot," Mr. Barnes said.

"It was designed by and for Sherwood three years ago, and it has certainly proven its value," said Mr. Barnes. "It has been received very, very well by all new employees," he

said. "It's proven to be invaluable" throughout this entire period. The money spent on its development and implementation has been "absolutely well spent," Mr. Barnes said.

With the acquisition, Sherwood now has California offices in Woodland Hills, Irvine and Pasadena in addition to its San Francisco headquarters. It also has branches in Seattle, New York and Chicago.

Sherwood's markets have not changed significantly, despite the Alexander Howden and Swett & Crawford acquisitions, noted Mr. Barnes. Both acquired units had virtually the same markets as Sherwood, although Sherwood has "picked up a few additional markets," said Mr. Barnes.

Sherwood's top markets are: Scottsdale Insurance Co.; RLI Insurance Co.; CNA Insurance, Associated International; First State Insurance

Co.; Royal Insurance Co.; Westchester Specialty Group; Agricultural Excess & Surplus, Commonwealth Insurance Co. and Insurance Co. of the West.

It has underwriting authority for CNA, Commercial Underwriters, Essex Insurance Co., First State, Scottsdale and Transamerica Insurance Group.

In addition to Mr. Barnes, other Sherwood officers are Mr. Mazur and Curt Biersch, executive vps; Kevin Schrage, chief financial officer and Marion Woodbury, vp.

Sherwood is a member of the NAP-SLO.

Sherwood also belongs to the Professional Liability Underwriting Society, the California Insurance Wholesalers Assn., the Independent Insurance Agents & Brokers of California, and the Professional Insurance Agents of California & Nevada.

—By Judy Greenwald

## K&K Insurance Group Inc.

1712 Magnavox Way  
Fort Wayne, Ind. 46804  
219-459-5000; fax: 219-459-5866.  
Internet: www.kandkinsurance.com

	1996	1995
Premium volume	\$209,028,539	\$197,211,358
Gross revenues	\$45,777,250*	\$43,269,000
Employees	260	240
Commercial lines	100%	100%
Admitted business	98%	100%
Non-admitted	2%	0%

\* BI estimate.

It could be said that with its focus on placing coverage for sports, leisure and entertainment events and organizations, K&K Insurance Group's business is "fun" business.

In fact, the company says so it-

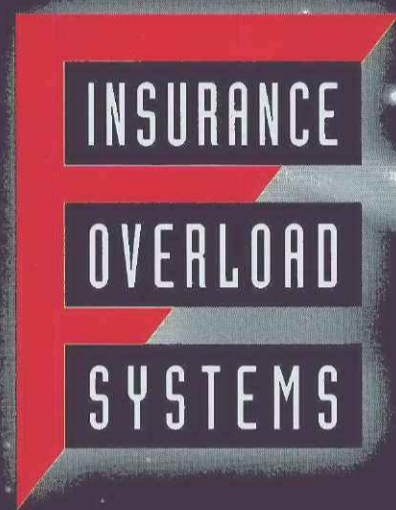
self. "Our motto is 'Insuring the world's fun,' and that pretty much sums it up," said Stephen Lunsford, president and chief executive officer of Fort Wayne, Ind.-based K&K.

At the same time, however, Mr. Lunsford said others try to come into the managing general agent's market from time to time "because it looks like fun."

Once they get into the business of sports and entertainment risks and the exposures lurking there become apparent, many of those newcomers decide it's not so much fun after all, Mr. Lunsford said. "It does require some industry expertise that we've developed over the years."

Among the expertise the company touts is its full-service, in-house claims staff specializing in

Continued on next page



# Quality That Lights Up The Skies...

# ISO 9002 CERTIFIED

**You know quality personnel** are vital to every aspect of your business. So does Insurance Overload Systems. IOS has set the standards of excellence in temporary insurance staffing since 1983. We've just raised our standards even HIGHER.

**Insurance Overload Systems is ISO 9002 Certified for All Branch Locations Nationwide**



**Insurance Overload Systems**

**1-800-822-2422**

**www.iostemps.com**

**What does this mean to you?**

**ISO 9002 certification** means worldwide accreditation of quality standards for screening and placing personnel. ISO 9002 certification documents how IOS will meet or exceed your expectations for quality standards from staffing services. It ensures staffing solutions are directly linked to your specific needs. **Quality You Can See.**



## Spotlight report

Continued from previous page

the investigation, analysis and disposition of spectator and participant liability claims.

The company also uses an incident report form it designed specifically for sports, leisure and entertainment risks.

K&K's history in its niche, which it services today through more than 80 programs, goes back to its founding in 1952, when its focus was almost exclusively on motorsports.

"Over the years it's expanded beyond motorsports into virtually all areas of sports and related entertainment and leisure," Mr. Lunsford said.

Today, K&K provides coverages for more than 250,000 events and associations annually, and the number continues to grow. And the sorts of events K&K has helped

cover are indeed diverse.

"We have provided the insurance for the last two visits of the pope," Mr. Lunsford said. "People don't really think of it that way, but it really is just another event."

K&K also provided the coverage for the 1994 Woodstock music festival, provides disability coverage for nearly all NASCAR drivers, provides the coverage for all of the Coca-Cola Co.'s special events, and most of the coverages for New Orleans' Mardi Gras celebration.

"And we've provided the insurance for the last 10 Super Bowls," Mr. Lunsford said. "We do all of that on down to local bingo halls."

K&K's nearly 6% premium growth rate to \$209 million in 1996 from 1995 lifted the managing general agent to the No. 10 position in *Business Insurance's* ranking of the largest U.S. wholesalers. It was the

sixth-largest wholesale broker in 1996.

K&K generates all of its premium volume as an MGA. It has binding authority for John Deere Insurance Co. and TIG Insurance Co., but "almost all of the business is the TIG business," Mr. Lunsford said.

Last year TIG's parent, TIG Holdings Inc., singled out the business the company does through K&K as the sort of success it was eager to replicate elsewhere in its organization.

The John Deere business is done through a subsidiary operation in Greensboro, N.C., providing a package of coverage for tow truck operators, Mr. Lunsford said.

K&K acquired that Greensboro operation in the early 1990s. The company also has a small sales office in Orlando, Fla.

K&K, whose parent company is

Aon Corp., is an affiliate of SLE Worldwide Inc., which Mr. Lunsford described as "basically a holding company that provides support staff functions."

K&K is the operating entity for SLE, operating under the K&K name in the United States and out of a Canadian office in Toronto. "K&K's got such a widely known and respected name in the States that we continue to trade under that banner here," Mr. Lunsford said.

K&K is licensed to do business as an excess/surplus lines broker in Indiana, North Carolina, Virginia and Florida.

Overseas, the company does business in London and Sydney, Australia, under the SLE Worldwide name.

In 1996, 100% of K&K's premium stemmed from commercial lines

business, the same as the prior year. Last year, 98% of its business was placed in the admitted market and 2% in the non-admitted market, which is consistent with their placements in recent years.

The company's staff grew in 1996 to 260, from 240 in 1995.

While K&K may have carved out a very specific niche in sports, leisure and entertainment, Mr. Lunsford emphasized that the company services that niche through various programs.

In the area of events and attractions, the company has crafted programs geared to such areas as amusement parks, aquariums, camps, drum and bugle corps, miniature golf, paintball, ski resorts, water parks and zoos.

Among the leisure and recreation programs it offers are coverages for billiard parlors, bowling centers, gymnastics clubs, motorcycle dealerships, sports coaches and officials organizations, weather insurance and youth and adult sports leagues.

Among its sports programs are programs geared to all major professional sports, programs for college athletics and college football bowl games, high school athletic programs, intercollegiate and interscholastic liability/medical programs and sports permanent and temporary disability and accidental death and dismemberment.

Motorsports programs cover everything from formula racing to truck and tractor pulls. There are also such programs as high-limit disability income, independent club event liability, and coverages for owners and sponsors and sanctioning bodies.

Venue and gaming programs run a similar gamut, covering venues ranging from amphitheaters, arenas and stadiums to community centers, country clubs and polo clubs.

Limits vary by program and have been consistent in recent years, Mr. Lunsford said. "Through TIG we have capacity available to meet almost all situations," he said.

The market is "very competitive," the CEO said. "We have such a wide spectrum of business even under the sports banner. The competition varies from program to program, but it's competitive in about all areas."

K&K's continued growth in a competitive market stems from its ability to develop new programs to meet customers' changing needs, he said.

"It's always changing, always moving, always growing," Mr. Lunsford said. "We try as a company to develop two or three new programs every year."

Among K&K's newest offerings are programs geared to concessionaires, themed attractions, martial arts schools, sports and fitness instructors, microbreweries and brewpubs, reservation and riverboat gaming, and tribal nation governments.

K&K does business with the major insurance brokers and regional brokers, down to even small-town agents, Mr. Lunsford said. "We do business probably in one form or another with 4,000 sub-producers."

The company introduced a World Wide Web site this year, "and I'm personally surprised by the number of inquiries we get over the Internet," Mr. Lunsford said. He cited the example of a soccer coach who contacted K&K after learning of their programs while researching coverages on the Internet.

K&K's principal officers include Mr. Lunsford, Jerry Tegan, chief marketing officer, and Todd Bixler, chief operating officer.

—By Rodd Zolkos

past  
present  
future

## The Admiral is there for you time and again

Over the years, Admiral Insurance has worked to give you the best E&S products and service in the business. And you can count on The Admiral to lead the way into the next millennium.

Our experienced underwriters are dedicated to responding with tailored coverage that fits the specific needs of your customers.

- Over \$600 million in assets
- Surplus of over \$180 million
- Best A++ Rating
- Highest commissions

Everything you need 24 hours a day. Now that's E&S support that withstands the test of time. Call (609) 429-9200.



ADMIRAL INSURANCE COMPANY  
www.admiralins.com

A member of  
W.R. Berkley Corporation



## The Schinnerer Group Inc.

2 Wisconsin Circle  
Chevy Chase, Md. 20815  
301-961-9800; fax: 301-951-5444  
Internet: www.schinnerer.com

	1996	1995
Premium volume	\$444,000,000	\$442,000,000
Gross revenues*	\$37,100,000	\$37,000,000
Employees	305	304
Commercial lines	100%	100%
Admitted business	95%	95%
Non-admitted	5%	5%

\* BI estimate

The Schinnerer Group Inc. is transforming itself from a company known for its expertise in professional liability, to one that offers a broader array of products and services that help customers achieve their growth and profitability goals, an executive says.

The company has a "vision of a stream of products that brokers can use to cross-sell to their current customers and even more products that brokers can use to break into new markets," said Lorna Parsons, senior vp. In the process, Schinnerer also is tailoring its risk management services to its policyholders' specific practices as well as offering more general business management consulting services to risk managers.

The Chevy Chase, Md.-based underwriting manager, a unit of Marsh & McLennan's Seabury & Smith unit, ranked fourth on *Business Insurance's* list of the top wholesalers and maintained its longtime position as the top underwriting manager.

Schinnerer's premium volume grew by less than 1% to \$444 million in 1996 over the previous year. Premium volume during the first six months of this year, however, grew by 2.4% to \$216 million from the same period in 1996.

"We're very pleased to be able to have premium growth in a market like this. The primary way we've done it is to have growth in our customer base. Also, we have expanded the coverages we're selling. Most started out as pure professional liability; now we're going on to such things as employment practices liability," said Homer Sandridge, executive vp.

Mr. Walk said Schinnerer's 3,000 or so broker customers have asked the underwriting manager to branch out beyond a limited number of professional liability programs. But the continuing consolidation among retail brokers has not had a major direct impact on Schinnerer, except in one instance, said Mr. Sandridge.

The merger of Schinnerer's ultimate parent, Marsh & McLennan, with Johnson & Higgins earlier this year brought Houston-based AMGRIP Inc. into The Schinnerer Group. Mr. Sandridge said AMGRIP's book of business specializing in public entities opens new opportunities for Schinnerer.

"We're excited because we have zero programs for public entities with the possible exception of public universities," he said.

AMGRIP will retain its name as part of The Schinnerer Group, he said.

Mr. Sandridge said "a bigger trend" is the "consolidation of carriers," which means that many small specialized brokers have had a difficult time finding markets. One reason behind Schinnerer's strategy of broadening its product offerings is to serve their needs, he said.

Among the new products offered by Schinnerer this year is employment practices liability

coverage for architects and engineers and real estate professionals, with Schinnerer's existing professional liability programs for both groups, said Richard Walk, senior vp. The architects and engineers program, which already has been launched, is with CNA Insurance Cos. and has capacity of \$5 million. The real estate professional program is slated for a late fall launch, he said.

Schinnerer also launched a package program—including general liability, property and non-owned auto—for its architect and engineer clients during the past year. It is also written by CNA. A similar program will be launched for real estate professionals late this fall.

In addition, Schinnerer added a new contractors' pollution liability program during the past year,

within the architects and engineers program, which is underwritten by CNA and has standard limits of \$15 million, though it can go higher.

Schinnerer has "struggled to find areas where there is expansion and growth," said Mr. Walk. Schinnerer is looking at "industries that are starting to boom where we don't feel that the insurance market is adequately serving them," he said.

Among the products formally launched in the past year is a security guard professional commercial general liability and errors and omissions policy with limits of up to \$1 million per occurrence and an aggregate of \$3 million. It is written by Zurich-American Insurance Group.

Another new errors and omissions program targets financial

service professionals. The program, written by Executive Risk, provides limits of up to \$3 million.

Schinnerer also is looking at the service industry in general, with miscellaneous errors and omissions coverage, said Mr. Sandridge.

"We're looking to provide a market for errors and omissions coverage for almost every range of non-medical" service industry, he said.

Brokers "have asked us to branch out," said Mr. Walk. That includes offering coverage for insurance agents and brokers as well. The new errors and omissions program, written by USF&G Corp., offers limits of up to \$10 million.

"One of the real keys to Schinnerer is we try to add value beyond the insurance product," said

Mr. Sandridge.

This has meant shifting from risk management to practice management, helping clients with such matters as communications skills and strategic business planning through seminars conducted by Schinnerer employees and others, he said. He noted, however, that "there is almost always a tie-back to the risk management side."

Among the additional services Schinnerer has been supplying for its clients are a quarterly newsletter for real estate professionals and a program on satellite television that real estate agents can tape and study. Ms. Parsons noted that Schinnerer also has an interactive World Wide Web site on the Internet for architects and engineers.

*Continued on next page*

## ATTENTION

### AGENTS / BROKERS / MGAs

There is only one Profit Return Program that points you in the right direction....

# COMPASS III

Our COMPASS III Programs maximize potential good experience returns on your profitable books of commercial business.

Greater returns are available than in typical contingent commission agreements, since investment income is used to offset program losses. And, Profit Returns may not be taxable until distributed.

Programs can include a single line of coverage, multiple lines or a selected group of profitable accounts -- the best fit for your book.

Call today for more information about COMPASS III Programs and learn how we can create an alternative risk program that's right for you.

## COMPASS PROGRAMS A New Direction in Alternative Risk



**Crump Group**

Crump Insurance Services, Inc.

Alternative Risk Program Division

7557 Rambler Road, Suite 375, Dallas, Texas 75231

Telephone (214) 265-2690 Toll Free (888) 307-1341 Facsimile (214) 265-2696

## Spotlight report

Continued from previous page

For Schinnerer, doing more for the client can have international aspects. Mr. Sandridge noted, for example, that most large design firms export their services. "We now have the capacity to provide local assistance in the foreign jurisdictions for U.S. design firms that encounter unusual circumstances. A prime example of what we've done in the past year is issue local paper in Malaysia, in Oman, in Greece, in Venezuela."

Schinnerer's flagship program for architects and engineers is now 40 years old. The program, underwritten by CNA since it began in 1957, has a standard capacity of \$15 million, though it can go higher under certain circumstances. Schinnerer also has the ability to participate in quota-share packages for the largest firms, said Mr. Sandridge. The program continued to grow in 1996, with the policy count up 13%, he said. Mr. Sandridge noted, however, that many of the new accounts were smaller firms.

United Educators Risk Retention Group, a Vermont-domiciled risk retention group for which Schinnerer acts as underwriting manager, had a "great year," said Mr. Walk. Both policy count and premium volume grew about 10%, he said. He also pointed out that the growth is made even more impressive by the

fact that the market is a limited one, consisting of colleges and universities.

The program's educators legal liability and excess liability coverage both carry limits of \$25 million in excess of \$1 million. Wausau Insurance Cos. reinsures United Educators on a primary layer of \$1 million. But another mainstay of the

**'We're very pleased to be able to have premium growth in a market like this,' says Homer Sandridge.**

Schinnerer book—real estate professional liability—suffered a "really tough year," said Mr. Walk. Policy count dropped by about 15% after Schinnerer raised rates by double digits throughout the country and by as much as 40% in Texas and California, he said. "Partially as a result of the constricted real estate market of the past several years, we have seen a dramatic increase in the number and severity of claims against real estate agents particularly in California and Texas," said Mr. Walk.

The program is underwritten by

CNA and offers limits of up to \$2 million but can go higher, he said.

A fourth core business, non-profit D&O, had a "flat year" with an 85% retention rate, said Mr. Walk. The program, underwritten by CNA, focuses on trade associations and offers limits of up to \$10 million, he said.

Although Schinnerer no longer is placing emphasis on hospital excess liability coverages, its ENCON Underwriting Agency Inc. unit—also based in Chevy Chase—is writing a health care professional liability program—including D&O, E&O, and fiduciary liability—program, with limits of up to \$25 million for profit and non-profit hospital and managed care organizations. Executive Risk is the insurer.

The Schinnerer Group consists of Victor O. Schinnerer & Co. and ENCON Underwriting Agency Inc., both in Chevy Chase; AMGRIP in Houston; ENCON Insurance Managers, Inc. in Ottawa, Ontario, and Schinnerer & Co. Ltd. in London.

The company also has offices in Chicago, San Francisco and Toronto.

In addition to Ms. Parsons and Messrs. Sandridge and Walk, Schinnerer's top management includes Vincent C. Santorelli, president; and Paul L. Genecki, senior vp.

—By Mark A. Hofmann

### General Star Management Co.

695 E. Main St. P.O. Box 10354  
Stamford, Conn. 06904-2354  
203-328-5700; fax: 203-328-6131  
Internet: www.genre.com

	1996	1995
Premium volume	\$354,000,781	\$301,479,710
Employees	262	247
Commercial lines	99%	98%
Admitted business	15.5%	19.1%
Non-admitted	84.5%	80.9%

General Star Management Co.'s premium volume continues to grow on the strength of General Star Indemnity Co.'s programs.

The company is the management arm of two other subsidiaries of General Reinsurance Corp.: General Star Indemnity Co., a non-admitted surplus lines insurer, and General Star National Insurance Co., an admitted insurer. All of General Star Management's premiums are written for these insurers.

A large part of the rise in premiums consists of capturing the windstorm market in the Southeast from admitted insurers that have retrenched since Hurricane Andrew struck in 1992.

"The standard carriers are looking to control accumulations near the coast, and that creates a vacuum for surplus lines companies," said Chairman and President Kevin P. Brooks.

The wind-related property coverage is predominantly wind-deductible buyback policies designed to cover policyholders for their existing deductibles.

General Star also has been successful writing earthquake insurance in California, which it began offering in 1996.

Premium volume reached \$354 million in 1996, up 17.4% over 1995's volume.

Other products that have helped lift the wholesaler's premium volume include:

- Professional liability coverage for biotechnology companies involved in genetic engineering or clinical trials of drugs. This coverage has been expanded to include pharmaceutical liability after the drug is sold to the public.
- Coverage for sudden and accidental pollution, including oil well blowouts. The coverage is designed for suppliers to oil rig operators.
- Ocean marine general liability

### Burns & Wilcox Ltd.

30833 Northwestern Highway,  
Suite 220,  
Farmington Hills, Mich. 48334;  
248-932-9000; fax: 248-932-9050

	1996	1995
Premium volume	\$271,650,000	\$258,500,000
Gross revenues	\$37,986,000	\$33,901,000
Employees	500	483
Commercial lines	92%	92%
Admitted business	19%	12%
Non-admitted	81%	88%

Independent wholesalers are feeling aftershocks of the recent megamergers in the insurance brokerage industry, and the vibrations are pretty good, according to Herbert W. Kaufman, president and chief executive officer of Burns & Wilcox Ltd.

The consolidation, in particular Aon Corp.'s acquisitions of Alexander & Alexander Services Inc. and Minet Group, ultimately will result in more business for independent wholesalers, Mr. Kaufman predicts.

"It seems to be the thinking" that large retail brokers are uneasy

for privately owned yachts used for fishing and tourism.

New products also have helped push up premium volume. Weather-related event cancellation coverage was introduced this year to cover outdoor concerts or other outdoor gatherings that risk cancellation because of bad weather.

• Also recently launched is coverage for software developers and consultants that includes general liability, professional liability, product liability, patent and copyright, and errors and omissions.

A new London-based sister company will open its doors Jan. 1, providing another premium growth opportunity for General Star Management, though it will not act as underwriting manager for the company. The new company, General Star International Indemnity Ltd., will write business for risks worldwide outside the United States, primarily in Europe.

Initially the insurer will be staffed with five people drawn from London underwriters. Mr. Brooks said the new entity is needed because of increased business abroad, especially as drug trials take place more frequently in Europe.

The new insurer also will focus on commercial property risks throughout Europe. "It puts us in a completely different underwriting environment," because it allows the company to take advantage of the higher premiums insurers in Europe can command for many property and casualty risks.

General Star National, which is admitted in all 50 states, reported a 12.1% reduction in its gross premium volume in 1996 to \$56.1 million.

The percentage of premiums General Star Management placed in the non-admitted market rose to 84.5% in 1996 from 80.9% in 1995.

General Star Indemnity and General Star National have no employees of their own. The staff of General Star Management increased to 262 in 1996 from 247 the previous year.

In addition to Mr. Brooks, the principal officers are senior vps Patricia Roberts and Sam Anderson; and vps Craig Ott, Adin Tooker and William Murray.

General Star Management is a member of AAMGA and NAPS-LO.

—By Michael Prince

about placing business with an insurance wholesaler owned by one of its broker competitors, he explained.

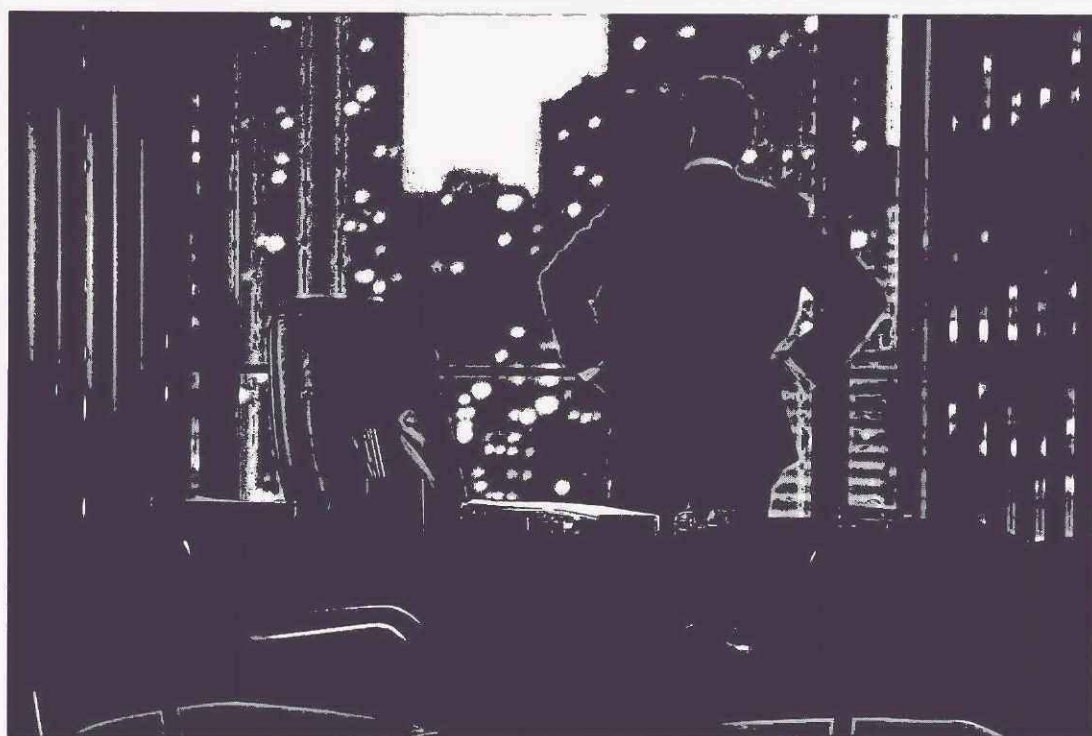
Over the past year, Swett & Crawford Group and Alexander Howden North America Inc., two major competitors of Burns & Wilcox, have become a part of Aon, the parent of three of the top 10 wholesalers. In addition, Sedgwick Group P.L.C., Willis Corroon Group P.L.C. and Marsh & McLennan Cos. Inc. each own separate wholesaler units ranked in the top 10.

As more of the largest wholesalers become aligned with retail brokers, the more other retail brokers will look to independent firms like Burns & Wilcox to help place business, Mr. Kaufman said.

"We feel the megamergers are going to help the independent wholesalers," he said. As one of the largest independent wholesalers, "we're sitting in a good position for the future."

In the meantime, the Farmington Hills, Mich.-based wholesaler continues to report premium vol-

Continued on next page



## AT LEAST HE CAN COUNT ON HIS D&O INSURANCE

**Q**UANTITY MATTERS WHEN YOUR CLIENT IS UNDER THE GUN. That's why it makes sense to look to RLI for D&O insurance. A.M. Best rates us "A" (Excellent). Our career D&O underwriters average 12 years in the field. We are flexible enough to write admitted and non-admitted policies up to \$10 million in limits and maintain rock-solid reinsurance.

Together, this all spells strength, stability, and experience. In other words, quality. If quality matters to you, call our specialists today at (619) 689-2696.

# RLI

Fundamentally Innovative

Continued from previous page  
 ume and gross revenue increases despite the continued soft pricing environment and increasing competition from admitted insurers, which increasingly are writing on an admitted basis what had been surplus lines business.

In 1996, Burns & Wilcox's premium volume rose 5.1% to \$271.7 million, which translated into a 12% increase in gross revenues to \$38.0 million. Based on its premium volume, Burns & Wilcox ranks as the third-largest managing general agency and seventh-largest U.S. wholesaler according to *Business Insurance's* rankings.

For the first six months of this year, the wholesaler had premium volume of about \$142 million, up 1.4% from \$140 million in the same period in 1996.

"It's a difficult marketplace we're in, but we are attuned to the market the way it is," Mr. Kaufman said.

To maintain its growth strategy, the wholesaler continues to acquire smaller MGAs, beef up its personal lines and large-account brokerage operations and expand its binding authority with several of its programs.

During 1996, Burns & Wilcox acquired three general insurance MGAs—Monson Agency Corp. in New Orleans; Donaldson Morford Agency Corp. in Indianapolis; and the Denver office of Crump Insurance Services Inc.—which together added about \$6.5 million to premium volume, Mr. Kaufman said.

This acquisition strategy continued into 1997 with the purchase of the Mountain View, Calif., office of Hull & Co. Inc., an MGA that specializes in transportation programs. That office since has merged into Burns & Wilcox's San Francisco office.

In addition to Hull, Burns & Wilcox also purchased several books of business from 12 insurers that had taken over accounts from an agency no longer in business, Mr. Kaufman said. The books of business were added to the wholesaler's existing St. Paul, Minn., St. Louis and Springfield, Ill., offices. As part of the transaction, Burns & Wilcox also acquired the agency's former Milwaukee office.

Mr. Kaufman declined to identify the agency and the insurers involved in the deal.

Burns & Wilcox will continue on its acquisition quest, he said. However, it will acquire wholesalers only "where we can enhance our present locations. We are not looking to add new locals," Mr. Kaufman said. "We want to enhance our present offices with business from local competitors, but if the opportunity presents itself in another city, we would definitely explore it. At the present time, we are looking in a city which is a new area to us."

With the exception of the new Milwaukee office, Burns & Wilcox neither closed nor opened another office during 1996. It has 38 branch offices across the United States.

The wholesaler did, however, expand its binding authority in 1996.

Burns & Wilcox now has nationwide binding authority for up to \$1 million for its profit and non-profit directors and officers liability business, errors and omissions, and architects and engineers professional liability program business. Previously, binding authority was limited to the Midwest, Mr. Kaufman said.

Mr. Kaufman also has plans this year to expand the wholesaler's Mexico trucking program into its Southern California office. The two-year-old program, on which Burns & Wilcox has binding authority for up to \$1 million, currently is offered

only in its Dallas office.

While most of the wholesaler's business stems from placing property/casualty coverage in the surplus lines market for commercial risks such as jewelry stores, pawn shops, condominiums, health clubs, contractors, hotels, restaurants and antique dealers, the firm continues to expand its personal lines division.

During 1995, the wholesaler expanded to 20 from 12 the number of offices with personal lines departments, called Service General.

"This is one particular area that's going nicely," Mr. Kaufman said. "We now have 21 offices and soon will have 22 offices with separate Service General departments."

Service General specializes in homeowners and boat programs with \$1 million in limits and personal umbrella programs with up to \$5 million in limits.

While Burns & Wilcox is expanding its personal lines business, it also is expanding its large brokerage account business.

The wholesaler's bread and butter lies in the middle market, placing \$1,000 to \$2,500 premium accounts for midsize regional agencies with \$5 million to \$25 million in annual premium volume.

However, to answer requests from clients, Burns & Wilcox decided in 1995 to expand into larger risks—those generating \$50,000 in premiums on up.

"The intent was to increase the size of our brokerage accounts," Mr. Kaufman said. "And that went well in (all classes of) professional liability, but we were not as successful in other lines."

It is still a goal for the wholesaler to expand its brokerage department, Mr. Kaufman said, adding that the middle market, however, will continue to be "our salvation."

Burns & Wilcox is owned by H.W. Kaufman Financial Group Inc., a private holding company.

The wholesaler placed 57% of its 1996 premium volume as a managing general agent and has binding authority with: Colony Insurance Co.; Essex Insurance Co.; General Agents Insurance Co.; Acceptance Insurance Co.; Western World Insurance Co.; Canal Insurance Co.; Century Surety Insurance Co.; First Financial Insurance Co.; National Indemnity Insurance Co.; U.S. Liability Insurance Co.; Empire Fire & Marine Insurance Co.; Landmark Insurance Co.; Guaranty National Co.; American Empire Surplus Lines Insurance Co.; Jefferson Insurance Co.; and Legion Insurance Co.

Burns & Wilcox placed 11% of its premium volume as a Lloyd's of London coverholder and has binding authority to issue documentation on behalf of Lloyd's underwriters.

The remaining 32% of its 1996 premium volume was generated as a broker placing coverage with such non-admitted markets as: Admiral Insurance Co.; units of American International Group Inc.; Commercial Underwriters Insurance Co.; Coregis Insurance Co.; Evanston Insurance Co.; Fireman's Fund Insurance Co.; and Great American Insurance Co.

Of its 1996 premium volume, 92% was in commercial lines, and 81% was placed with non-admitted insurers.

In addition to Mr. Kaufman, other top Burns & Wilcox officers include: Gerald Wesolowski, chief financial officer; Gerald W. Horton and Alan J. Kaufman, executive vps; Steve Allen and David Price, senior vps.

Burns & Wilcox is a member of AAMGA and NAPSLO.

—By Sally Roberts

## First State Management Group Inc.

150 Federal St.  
 Boston, Mass. 02110  
 617-526-7650; fax: 617-526-0605  
 Internet: www.firststateins.com

	1996	1995
Premium volume	\$245,483,000	\$240,574,000
Employees	234	234
Commercial lines	100%	100%
Admitted business	18%	21%
Non-admitted	82%	79%

First State Management Group Inc. is focusing on a core group of specialty casualty products as it copes with a softening property catastrophe market and an already competitive casualty market.

Premium volume at First State, an underwriting management unit of The Hartford, expanded only marginally to \$245.5 million last year from \$240.6 million in 1995, reflecting the increasingly competitive marketplace.

"Even if you add our admitted writings, the overall picture (in 1996) was flat," said First State President Ralph J. Palmieri. "It was not a high-growth year."

This year, he added, is not looking much different.

First State is the exclusive underwriting manager for two Hart-

ford insurance units: Pacific Insurance Co. Ltd., a non-admitted market (see profile, page 30), and Trumbull Insurance Co., an admitted insurer.

The manager also is producing admitted business for Hartford's Twin City Fire Insurance Co. unit, but only until Trumbull—which Hartford converted into an exclusive First State market in 1995—is licensed and receives rate and form approvals in all states. At that point, Trumbull will become First State's exclusive admitted market.

Trumbull is currently licensed in 43 states and the District of Columbia and is in the process of getting state regulatory approvals for its products, Mr. Palmieri said. He predicted it will take another 12 to 24 months before all filings are approved and business that has been written by Twin City can be transferred to Trumbull.

Overall, 82% of First State's business was written on a non-admitted basis last year and 18% on an admitted basis.

While earthquake- and hurricane-exposed property risks in California and Florida have proven profitable in recent years, competition has overtaken that market, pushing rates down and dampening revenue growth, Mr. Palmieri reported.

In response, First State is focusing on the less competitive segments of the property market and on specialty casualty products, including a wide variety of professional liability risks; primary liability risks, including manufacturers and contractors, product liability, and owners, landlords and tenants risks; and program business.

Among the programs is a trucking physical damage and bodily injury liability package written through First State's Burlington, N.C., office and offering liability limits of \$1 million per claim and \$2 million aggregate.

The liability part of the coverage is written on an admitted basis, while most of the physical damage coverage is on a non-admitted basis, Mr. Palmieri said.

In addition to its Boston headquarters and the Burlington office, First State has offices in Atlanta, Chicago, Los Angeles, New York and San Francisco.

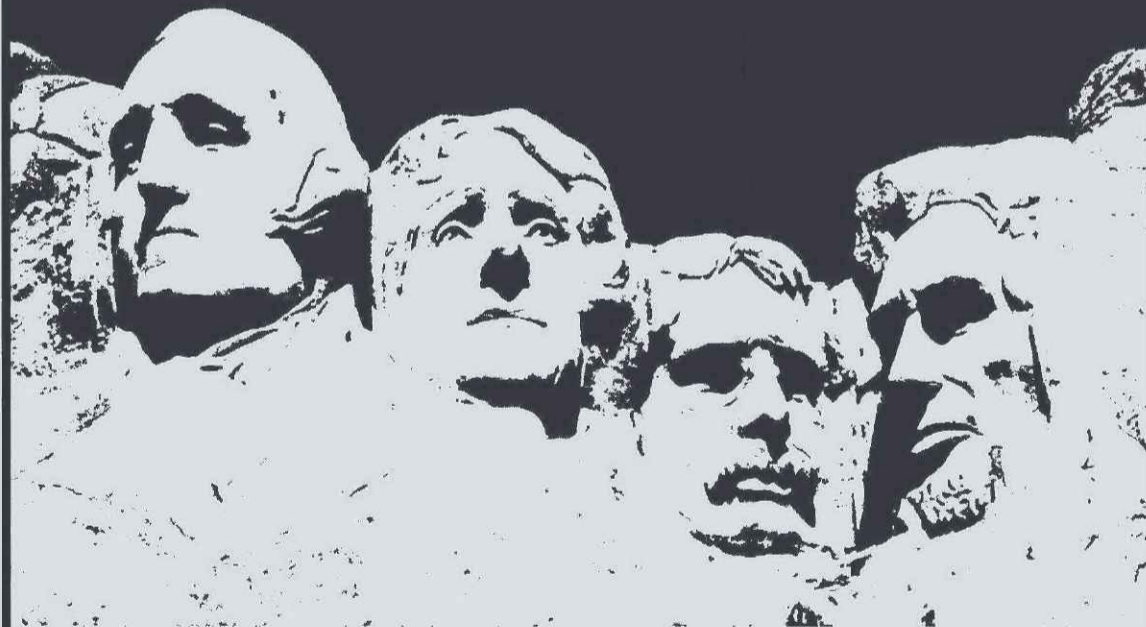
First State's staff held steady at 234 last year, unchanged from 1995.

The company's officers in addition to Mr. Palmieri include Peter P. Coghlan, executive vp; and Raymond T. Lewis, senior vp.

First State is a member of AAMGA, NAPSLO and PLUS.

—By Douglas McLeod

## DIRECTORS' & OFFICERS' LIABILITY INSURANCE



**GREAT AMERICAN INSURANCE COMPANIES®**  
**A MONUMENT OF**  
**STRENGTH WITH INTEGRITY FOR 125 YEARS**



To insure rock solid  
 Directors' & Officers' Liability Insurance  
 contact Great American's  
 Executive Liability Division  
 (847) 330-6750, or write:

Great American Insurance Companies  
 Executive Liability Division  
 1515 Woodfield Road  
 Suite 850  
 Schaumburg, Illinois 60173

Visit the ELD on the web @ [WWW.GAIC.COM](http://WWW.GAIC.COM)

# Business Insurance annual directory of wholesalers

## A

### ARC Excess & Surplus Inc.

300 Old Country Road, Mineola, N.Y.  
11501; 516-747-4100; fax: 516-747-3633

	1996	1995
Premium volume	\$170,000,000	\$160,000,000
Employees	41	34
Commercial lines	100%	100%
Admitted business	85%	80%
Non-admitted	15%	20%

**Founded:** 1986.  
**Business:** 5% managing general agent, 95% broker.

**MGA for:** CNA Insurance Group, The Connecticut Indemnity Co., John Deere Insurance Group, Everest National Insurance Group, Gulf Insurance Co.

**Broker for:** Admiral Insurance Co., Aetna Casualty & Surety, Agricultural Excess & Surplus, American Alliance Insurance Co., CNA Insurance Cos., The Connecticut Indemnity Co., John Deere Insurance Group, Evanston Insurance Co., Executive Risk, Federal Insurance Co., Fireman's Fund Cos., General Star National Insurance Co., Great American Insurance Co., Gulf Insurance Co., Lloyd's of London.

**Branches:** Houston.  
**Subsidiaries:** Preferred Risk Facilities Inc., Mineola, N.Y.

**Specialties:** D&O liability, fiduciary liability, lawyers professional liability, union fiduciary, fidelity, employment practices liability.

**Licensed in:** Connecticut, New Jersey, New York, Pennsylvania, Texas.

**Membership:** NAPSLO.  
**Officers:** Albert L. Salvatico, Richard A. Fierstein, Christopher J. Cavallaro, John Semeraro, Robert H. Goodman.

**Contact:** Albert L. Salvatico.

### Agency Marketing Services Inc.

130 Pinellas Way N., St. Petersburg, Fla.  
33710; 813-384-1036; fax: 813-343-4123

	1996	1995
Premium volume	\$18,500,000	\$15,400,000
Employees	19	15
Commercial lines	100%	100%
Admitted business	50%	50%
Non-admitted	50%	50%

**Founded:** 1982.  
**Business:** 45% managing general agent, 5% Lloyd's of London coverholder, 50% broker.

**MGA for:** Coregis Group, Hermitage Insurance Co., Mount Vernon Fire Insurance Co., Nautilus Insurance Co., TIG Insurance Co., Terra Nova Insurance Co., Zurich Insurance Group.

**Broker for:** Admiral Insurance Group, Evanston Insurance Co., Executive Risk Group, Fireman's Fund Insurance Co., Great American Insurance Co., National Union Insurance Co., RLI Insurance Co., Reliance Insurance Co., Travelers Group, Tudor Insurance Co.

**Subsidiaries:** Allsouth Professional Liability Insurance, Tampa, Fla.

**Specialties:** Lawyers professional liability, medical malpractice, E&O, D&O.

**Licensed in:** Alabama, Florida, Georgia, Mississippi, Ohio, Tennessee, Texas.

**Membership:** NAPSLO.  
**Officers:** Kevin Schuk, president; Tim Hoelle, executive vp; Byron Chenell, vp; Ken O'Neill, vp.

**Contact:** Kevin Schuk.

### All American Agency Facilities Inc.

3033 S. Parker Road, Suite 506,  
Aurora, Colo. 80014;  
303-337-4355; fax: 303-337-4534

	1996	1995
Premium volume	\$49,017,483	\$32,874,655
Gross revenues	\$4,912,511	\$3,290,785
Employees	77	45
Commercial lines	90%	95%
Admitted business	60%	50%
Non-admitted	40%	50%

**Founded:** 1981.  
**Parent:** W.R. Berkley Corp.  
**Business:** 60% managing general agent, 5% Lloyd's of London coverholder, 35% broker.

**MGA for:** Capitol Indemnity Corp., Carolina Casualty Insurance Co., Guaranty National Insurance Co., Scottsdale Insurance Co.

**Broker for:** Admiral Insurance Co., Chubb Specialty Insurance Co., General Star Management Co., Lexington Insurance Co., Reliance Insurance Group, Shand Morahan, Zurich Insurance Group.

**Branches:** Denver; Jacksonville and Orlando Fla.; Minneapolis; Great Falls, Mont.; Lincoln, Neb.; Charlotte, N.C.; Beaverton, Ore.; Seattle.

**Subsidiaries:** Rocky Mountain General Agency, Great Falls, Mont.; Diversified X/S Underwriters, Lincoln, Neb.

**Licensed in:** Alabama, California, Colorado, Delaware, Florida, Hawaii, Illinois, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, New Mexico, North Carolina, Oregon, South Carolina, Utah, Virginia, Washington, Wyoming.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Robert L. McGrew, president; Ken Baker, Irvin Wolf III, senior vps; Joe Benkelman, Don Hummel, David Cregger, Art Forenza, vps.

**Contact:** Judy Carrithers.

### All Risks Ltd.

1020 Cromwell Bridge Road,  
Towson, Md. 21286-3396;  
410-828-5810; fax: 410-828-8179

	1996	1995
Premium volume	\$52,500,000	\$44,500,000
Employees	78	74
Commercial lines	97%	97%
Admitted business	60%	60%
Non-admitted	40%	40%

**Founded:** 1964.  
**Business:** 80% managing general agent, 20% broker, Lloyd's of London coverholder.

**MGA for:** Acceptance Insurance Co., Canal Insurance Co., CIGNA Group, Copenhagen RE, Essex Insurance Co., National Indemnity Group, Northland Insurance Co., Scottsdale Insurance Co., Sphere Drake Insurance Co., Gulf Insurance Co., St. Paul Re, Union America Insurance Co., United Nations Insurance Co., U.S. Liability Group, Western Heritage Insurance Co.

**Broker for:** Admiral Insurance Co., American International Group, CNA Insurance Cos., Chubb Corp., Evanston Insurance Co., First State Insurance Co., General Star Indemnity Co., Northland Insurance Co., RLI Insurance Co., Reliance Insurance Group, United Capitol Insurance Co., Westchester Specialty Group, Zurich Insurance Group.

**Branches:** Phoenix; Charlotte, N.C.; Cleveland; York, Pa.; Richmond, Va.

**Subsidiaries:** Skipjack Premium Finance Co., Baltimore, Md.  
**Specialties:** Commercial automobiles, security guards.

**Licensed in:** Arizona, District of Columbia, Maryland, North Carolina, Pennsylvania, Virginia.

**Membership:** AAMGA, NAPSLO.  
**Officers:** William J. Salladin, CEO; Marti Dickinson, president; Nick Cortez, executive vp; Rex Regan, vp-Virginia operations; Nick Croce, vp-brokerage operations.

**Contact:** Nick Cortez.

### Alternative Risk & Insurance Concepts Agency Inc. (ARIC)

2360 Fifth Ave., Suite 201,  
Mandeville, La. 70448;  
504-624-8611; fax: 504-624-3971

	1996	1995
Premium volume	\$8,000,000	\$7,000,000
Employees	13	11
Commercial lines	100%	100%
Admitted business	30%	30%
Non-admitted	70%	70%

**Founded:** 1991.  
**Business:** 60% managing general agent, 40% broker.

**MGA for:** Royal Surplus Lines Insurance Co., TIG Insurance Co.

**Broker for:** American International Group, ERC International, Frontier Insurance Group, International Indemnity Insurance Co., Reliance Insurance Co., Safety National Insurance Co., United States Liability Insurance Co.

**Specialties:** Excess workers compensation, commercial auto.

**Licensed in:** Arkansas, Louisiana, Mississippi, Texas.

**Membership:** NAPSLO.  
**Officers:** Donald E. Casse, president/CEO; Todd Richard, secretary/treasurer.

**Contact:** Donald E. Casse.

### American E&S Insurance Brokers

40 Fulton St., 15th Floor,  
New York, N.Y. 10038;  
212-619-4220; fax: 212-766-1019

	1996	1995
Premium volume	\$96,224,000	\$95,100,000

	58	65
Employees		
Commercial lines	100%	100%
Admitted business	65%	60%
Non-admitted	35%	40%

**Founded:** 1980.  
**Parent:** Acordia Inc.  
**Business:** 30% managing general agent, 1% Lloyd's of London coverholder, 69% broker.

**Broker for:** Agriculture Excess & Surplus, First State Insurance Co., RLI Insurance Co., Ranger Insurance Co., Reliance National Insurance Co., Travelers Group, Zurich Insurance Group.

**Branches:** Irvine and San Francisco, Calif.; Seminole, Fla.

**Specialties:** Property and difference-in-conditions, casualty, D&O and lawyers liability, California contractors, motel/hotel.

**Licensed in:** California, Florida, New Jersey, New York.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Roger S. Walsh, president/CEO; Ramona Olszewski, CFO/assistant treasurer; Jane Vandeveld, Denis Brady, senior vps.

**Contact:** Roger S. Walsh.

### American Insurance Marketing Services Inc.

18550 W. Capitol Drive,  
Brookfield, Wis. 53045;  
414-660-1825; fax: 414-660-1826

	1996	1995
Premium volume	\$13,000,000	\$10,000,000
Gross revenues	\$620,000	\$500,000
Employees	3	5
Commercial lines	100%	100%
Admitted business	80%	80%
Non-admitted	20%	20%

**Founded:** 1986.  
**Parent:** Aegis Corp.

**Business:** 2% Lloyd's of London coverholder, 98% broker.

**Broker for:** Allianz Insurance Co., CNA Insurance Cos., Communal Underwriters Insurance Co., Coregis Insurance Co., National Union Insurance Co., Reliance Insurance Co., Royal Insurance Co., SCOR RE, United National Insurance Co., Westchester Specialty Group, Westport Indemnity, Zurich Insurance Group.

**Specialties:** Primary products, excess compensation, E&O and D&O liability.

**Licensed in:** Illinois, Mississippi, Wisconsin.

**Membership:** NAPSLO.  
**Officers:** Bob Wurtz, John Dirkse, John P. Middleton.

**Contact:** John P. Middleton.

*Support services provided by parent company.*

### Anderson & Murison Inc.

800 W. Colorado Blvd.,  
Los Angeles, Calif. 90041;  
213-255-2333; fax: 213-255-0957

	1996	1995
Premium volume	\$30,280,000	\$24,196,000
Gross revenues	\$5,470,000	\$4,112,000
Employees	44	41
Commercial lines	38%	48%
Admitted business	58%	52%
Non-admitted	42%	48%

**Founded:** 1965.  
**Business:** 91% managing general agent, 3.3% Lloyd's of London coverholder, 5.7% broker.

**MGA for:** Acceptance Insurance Co., American Empire Surplus Lines Insurance Co., American Equity Insurance Co., American Reliable Insurance Co., Commercial Underwriters Insurance Co., Colonia Insurance Co., First Financial Insurance Co., Jefferson Insurance Co., Monticello Insurance Co., Western World Insurance Co.

**Broker for:** National Casualty Insurance Co., Pacific Insurance Co., Reliance Insurance Co.

**Licensed in:** California.

**Membership:** AAMGA, NAPSLO.  
**Officers:** David F. Anderson, chairman; Horst L. Lechler, president; Sorn Harn, vp.

**Contact:** David F. Anderson, 213-255-2333 ext. 201.

### A.P.P.L.E.—A Preferred Professional Liability Enterprise Inc.

132 Nassau St., New York, N.Y. 10038;  
212-608-4505; fax: 212-608-454C

	1996	1995
Premium volume	\$21,960,000	\$20,475,000
Employees	10	11
Commercial lines	100%	100%
Admitted business	65%	60%
Non-admitted	35%	40%

**Founded:** 1990.

**Business:** 100% broker, Lloyd's of London coverholder.

**Broker for:** American International Group, BCS Insurance Co., Colonia Insurance Co., Lloyd's of London, Reliance National Insurance Co., Zurich Re (U.K.) Ltd.

**Specialties:** Lawyers professional liability, employment practices liability, non-profit D&O liability.

**Licensed in:** New Jersey, New York.

**Officers:** Mark F. Diette, chairman; Deborah Gallo DiMarco, president.

**Contact:** Claudia Peneety or Julie Pelligrino.

### ARIS Insurance Services

P.O. Box 8865, Calabasas,  
Calif. 91302-8865; 818-591-1598;  
fax: 818-591-1422

	1996	1995
Premium volume	\$17,400,000	\$11,600,000
Gross revenues	\$1,780,000	\$1,218,000
Employees	24	18
Commercial lines	100%	100%
Admitted business	4%	5%
Non-admitted	96%	95%

**Founded:** 1983.  
**Business:** 60% managing general agent, 40% broker.

**MGA for:** Preferred National Insurance Co., Sphere Drake Insurance Co. Ltd.

**Broker for:** Aries Insurance Co., United Capitol Insurance Co.

**Branches:** Concord, Irvine, Palm Springs and San Jose, Calif.

**Specialties:** Contractors.

**Licensed in:** California.

**Membership:** NAPSLO.

**Officers:** Joe Weckerle Sr., Joyce Weckerle, Laura Weckerle, Joe Weckerle Jr.

**Contact:** Joe Weckerle Sr.

### Arlington/Roe & Co. Inc.

8465 Keystone Crossing, Suite 100,  
Indianapolis, Ind. 46240;  
317-257-9123; fax: 317-259-4106

	1996	1995
Premium volume	\$19,098,946	\$18,035,759
Gross revenues	\$2,167,032	\$2,049,925
Employees	32.5	33.5
Commercial lines	68%	66%
Admitted business	65%	65%
Non-admitted	35%	35%

**Founded:** 1964.  
**Business:** 58% managing general agent, 1% Lloyd's of London coverholder, 41% broker.

**MGA for:** American Modern Home Insurance Co., Capitol Indemnity Corp., Century Surety Co., Empire Fire & Marine Insurance Co., Fidelity & Deposit of Maryland, Foremost Insurance Co., Guaranty National Insurance Co., Landmark American Insurance Co., Markel Insurance Co., Midwest Mutual Insurance Co., National Fire & Marine Insurance, National Indemnity Co., Northfield Insurance Co., Northland Insurance Co., Redland Insurance Co., Universal Underwriters Insurance Co.

**Broker for:** Admiral Insurance Co., AIG Aviation, American International National Union, Associated Aviation Underwriters, Chubb Custom Insurance Co., Coregis Insurance Co., Employers Reinsurance Group, Evanston Insurance Co., Executive Risk Indemnity Inc., Fireman's Fund Insurance Co., First State Insurance Co., General Star Indemnity Co., Great American Insurance Co., Lexington Insurance Co., Reliance National Insurance Co.

**Branches:** Louisville, Ky.

**Specialties:** Non-profit D&O.

**Licensed in:** Indiana, Kentucky.

**Membership:** AAMGA, NAPSLO.

**Officers:** Allen J. Grau, executive vp;

Teri Reynolds, communal lines vp; Janet Phillips, personal lines vp; Connie French, aviation vp; Kurt Behrman, executive vp.

**Contact:** James A. Roe.

### Atlantic Specialty Lines Inc.

9201 Forest Hill Ave., Suite 202,  
Richmond, Va. 23235;  
804-320-9500; fax: 804-320-7280

	1996	1995
Premium volume	\$9,500,000	NA
Employees	13	NA
Commercial lines	97%	NA
Admitted business	7%	NA
Non-admitted	93%	NA

**Founded:** 1996.  
**Business:** 65% managing general agent, 35% broker.

**Branches:** St. Petersburg, Fla.; Monticello, N.Y.; Pittsburgh.

**Specialties:** Contractors and security

guards, alarm installers and private investigators, E&O and professional liability, programs for chiropractors and personnel consultants.

**Contact:** Robert M. Bryant, president.

## B

### Bliss & Glennon Inc.

435 N. Pacific Coast Highway, Suite 200,  
Redondo Beach, Calif. 90277;  
310-372-9115; fax: 310-372-1903

	1996	1995
Premium volume	\$29,000,000	\$26,000,000
Gross revenues	\$4,653,047	\$3,541,263
Employees	42	36
Commercial lines	90%	90%
Admitted business	70%	80%
Non-admitted	30%	20%

**Founded:** 1966.  
**Business:** 70% managing general agent, 3% Lloyd's of London coverholder, 27% broker.

**MGA for:** American Equity Insurance Co., First Financial Insurance Co., Nautilus Insurance Co., Penn-America Insurance Co., Twin City Fire Insurance.

**Broker for:** Admiral Insurance Co., Commercial Underwriters Insurance Co., Pacific Insurance Co., Western World Insurance Co.

**Branches:** Morgan Hill and San Diego, Calif.

**Licensed in:** California.

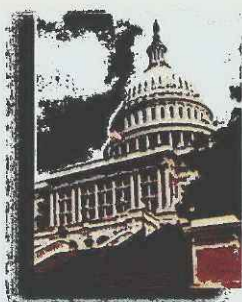
**Membership:** AAMGA, NAPSLO.

**Officers:** Robert Abramson, president; Corinne Jones, senior vp; Patrick Martin, vp; Richard Overstreet, assistant vp; Marguerite Shatzer, assistant vp.

**Contact:** Robert Abramson.

### Bohrer-Croxdale & McAdoo Inc.

601 South Ave., P.O. Box 2760,  
Springfield, Mo. 65801-2760;  
417-869-2550; fax: 417-869-5102



THE FIFTH ANNUAL  
**Business Insurance**<sup>®</sup>  
 WORKERS COMPENSATION  
 CONFERENCE



**WHO SHOULD ATTEND**

Risk managers, loss prevention and safety managers, workers compensation administrators and analysts, employee benefit executives, plus insurers, brokers, consultants, representatives from HMOs and PPOs, state and local government representatives, association members, attorneys and providers from a broad range of companies and institutions.

**CONFERENCE PROGRAM**

**MONDAY, OCTOBER 27, 1997**

- GOLF TOURNAMENT, MALIBU COUNTRY CLUB: Hosted by *Deloitte & Touche and SAC3*
- EARLY REGISTRATION AND WELCOME RECEPTION: Hosted by *Liberty Mutual*
- EMPLOYER'S PRIVATE ROUNDTABLE

**TUESDAY, OCTOBER 28, 1997**

- REGISTRATION AND CONTINENTAL BREAKFAST: Hosted by *Kemper*
- THE CASE FOR INTEGRATION: SORTING OUT THE MYTHS AND REALITIES OF DISABILITY INTEGRATION MANAGEMENT
- ERGONOMICS: EFFECTIVE WORKPLACE PRACTICES AND PROGRAMS
- REFRESHMENTS IN EXHIBIT HALL: Hosted by *Commonwealth Risk*
- COMBATING FRAUD IN THE WORKERS COMPENSATION SYSTEM
- LUNCHEON: Hosted by *INTRACORP*
- RETURNING EMPLOYEES TO WORK
- THE TRENDS OF WORKERS COMPENSATION IN CALIFORNIA TODAY: WHERE IS REFORM GOING?
- CREATIVE INCENTIVES AND PAY-FOR-PERFORMANCE METHODOLOGIES
- IDENTIFYING FACTORS THAT DRIVE WORKERS COMPENSATION COSTS
- COCKTAIL RECEPTION

**WEDNESDAY, OCTOBER 29, 1997**

- CONTINENTAL BREAKFAST: Hosted by *GENEX Services, Inc.*
- OUTCOMES MEASUREMENTS: MANAGED CARE VS. MANAGED COSTS
- REFRESHMENTS IN EXHIBIT HALL: Hosted by *Wausau Insurance Companies*
- ALTERNATIVE RISK FINANCING
- NEW MEDICAL APPROACHES TO OLD PROBLEMS
- RISK MANAGEMENT INFORMATION SYSTEMS
- LUNCHEON: Hosted by *AIG Claim Services, Inc.*
- INNOVATIVE PRINCIPLES FOR REDUCING WORKERS COMPENSATION COSTS
- SCREENING OUT YOUR PROBLEMS—HOW FAR CAN YOU GO?
- BUILDING A LABOR/MANAGEMENT TEAM TO WORK TOGETHER IN REDUCING WORKERS COMPENSATION COSTS

Presented by Business Insurance and  
 IBF • International Business Forum

**OCTOBER 27-29, 1997**

*Loews Santa Monica Beach Hotel  
 Santa Monica, California*

**CONFERENCE CHAIRMAN**

Kathryn J. McIntyre  
 Vice President, Publisher  
 and Editorial Director  
 Business Insurance

**CONFERENCE  
 ADVISORY BOARD**

Maddy E. Bowling  
 Vice President, Workers Comp  
 Managed Care  
 Intracorp

Arnold Davenport  
 Vice President, Risk Management  
 Marriott International, Inc.

Dwight E. Davis  
 President & COO  
 Wausau Insurance Companies

Mary Stoik Dymond  
 Director of Risk Management  
 ACX Technologies Inc.

Jenny Parker Emery  
 Total Health & Disability Management  
 Practice Leader  
 Towers Perrin

John Kessock, Jr.  
 Chairman  
 Commonwealth Risk

Elizabeth M. Lindner  
 Executive Vice President  
 Kemper Insurance Companies

Peter C. Madeja  
 President & CEO  
 GENEX Services, Inc.

Christopher E. Mandel  
 Senior Director, Worldwide Risk Management  
 PepsiCo Restaurant Services Group

John Pasqualetto  
 President,  
 Specialty Workers Compensation Division  
 American Home Assurance Company

Jeffrey W. Pettegrew  
 Vice President, Risk Management & Insurance  
 Western Staff Services

John F. Ryan  
 Vice President, Commercial Marketing  
 Liberty Mutual Group

Richard A. Victor, Ph.D., J.D.  
 Executive Director  
 Workers Compensation Research Institute

Edward M. Welch  
 Assistant Professor  
 School of Labor & Industrial Relations  
 Michigan State University

Stephen M. Wilder  
 Vice President, Risk Management  
 Walt Disney Company

**CONFERENCE SPONSORS**

- AIG Claim Services, Inc.
- Commonwealth Risk
- Deloitte & Touche
- GENEX Services, Inc.
- Intracorp
- Kemper Insurance Companies
- Liberty Mutual Group
- SAC3
- Wausau Insurance Companies

**ACCREDITATION**

IBF • International Business Forum has applied with the California Insurance Board as a course provider for 11 CEU credits.

**SPONSORSHIP AND EXHIBITING**

If your organization is interested in exhibiting at the conference or sponsoring an event, please contact Julie Tarsi at (212) 279-2525, ext. 14.

**REGISTRATION**

To register or to receive more information, please write or call  
 IBF • International Business Forum, 7 Penn Plaza, Suite 901, New York, NY 10001.

**FAX: (212) 279-9307**

**TEL: (212) 279-2525**

**YES, I'D LIKE TO REGISTER FOR THE FIFTH ANNUAL BUSINESS INSURANCE WORKERS COMPENSATION CONFERENCE.**

- I am a service provider - \$995
- I am a risk, benefits or safety manager - \$595



Name \_\_\_\_\_

Name for Badge \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_

Telephone No. ( \_\_\_\_\_ ) \_\_\_\_\_

Fax No. ( \_\_\_\_\_ ) \_\_\_\_\_

- Please forward information about table-top exhibits.
- Please forward information about sponsorship opportunities.

Continued from page 58

**Bristol Management Group Ltd.**

366 Veterans Memorial Highway, Commack, N.Y., 11725; 516-543-5010; fax: 516-543-5138

	1996	1995
Premium volume	\$8,200,000	NA
Employees	13	NA
Commercial lines	100%	NA
Non-admitted	100%	NA

**Founded:** 1995.  
**Business:** 95% managing general agent, 5% Lloyd's of London coverholder.  
**MGA for:** Agricultural Excess & Surplus Insurance Co., Reliance Insurance Co., Reliance Insurance Co. of Illinois, Reliance National Indemnity Co.  
**Branches:** Closter, N.J.  
**Specialties:** E&O liability, professional liability, ship repair, marine contractors.  
**Licensed in:** New Jersey, New York.  
**Membership:** NAPSLO.  
**Officers:** Arthur E. Torrington, president; Janet M. Wesche, executive vp; Martin Cholewa, senior vp; Michael Mendonez, vp; Arthur Torrington Jr., vp.  
**Contact:** Arthur E. Torrington.

**Brown & Riding Insurance Services Inc.**

777 S. Figueroa St., Suite 2550, Los Angeles, Calif. 90017; 213-452-7060; fax: 213-452-7080

	1996	1995
Premium volume	\$30,000,000	\$30,000,000
Employees	20	20
Commercial lines	100%	100%
Admitted business	60%	50%
Non-admitted	40%	50%

**Founded:** 1980.  
**Business:** 100% broker.  
**Branches:** San Mateo, Calif.; Las Vegas.  
**Subsidiaries:** Brown & Riding Insurance Services of Nevada Inc., Brown & Riding Insurance Services of Southern California Inc.  
**Specialties:** Commercial and residential contractors, umbrella.  
**Licensed in:** California, Nevada.  
**Membership:** NAPSLO.  
**Officers:** Chris Brown, president; B. Peter Brown, chairman; Ramon Howing, vp; Ravi Chopra, vp.  
**Contact:** Chris Brown.

**Bryson Associates Inc.**

100 West Ave., Beaver Hill S., P.O. Box 545, Jenkintown, Pa. 19046; 215-576-1500; fax: 215-884-2869

	1996	1995
Premium volume	\$135,000,000	\$101,000,000
Employees	55	52
Commercial lines	100%	100%
Admitted business	68%	68%
Non-admitted	32%	32%

**Founded:** 1977.  
**Parent:** Aon Specialty Group.  
**Business:** 100% broker.  
**Branches:** Atlanta; Cincinnati; New York.  
**Specialties:** Commercial property/casualty, D&O and E&O liability.  
**Licensed in:** Connecticut, District of Columbia, Georgia, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Virginia.  
**Membership:** NAPSLO.  
**Officers:** Daniel P. McDonnell, president; Maureen C. Caviston, managing vp-New York; Gary E. Frohn, managing vp-Cincinnati; J. Neal Abernathy, managing vp-Atlanta; William D. Trumbower, vp.  
**Contact:** Daniel P. McDonnell.

**Burns & Wilcox Ltd.**

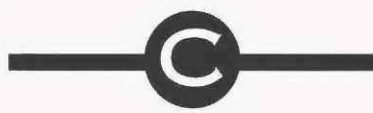
30833 Northwestern Highway, Suite 220, Farmington Hills, Mich. 48334; 248-932-9000; fax: 248-932-9050

	1996	1995
Premium volume	\$271,650,000	\$258,500,000
Gross revenues	\$37,986,000	\$33,901,000
Employees	500	483
Commercial lines	92%	92%
Admitted business	19%	12%
Non-admitted	81%	88%

**Founded:** 1969.  
**Parent:** H.W. Kaufman Financial Group Inc.  
**Business:** 57% managing general agent, 11% Lloyd's of London coverholder, 32% broker.  
**MGA for:** Acceptance Insurance Co., American Empire Surplus Lines Insurance Co., Canal Insurance Co., Century Surety Insurance Co., Colony Insurance Co., Essex Insurance Co., Empire Fire & Marine Insurance Co., First Financial Insurance Co., GAINSCO County Mutual Insurance Co., Guaranty National Co., Jefferson Insurance Co., Landmark Insurance Co., Legion Insurance Co., National Indemnity Insurance Co., Scottsdale Insurance Co., U.S. Liability Insurance Co., Western World Insurance Group.  
**Broker for:** Admiral Insurance Co., Agricultural Excess & Surplus Lines Insurance Co., Alliance General Insurance Co., American International Group, CNA Insurance Cos., Chubb Corp., Colorado West-

ern Insurance Co., Commercial Underwriters Insurance Co., Coregis Insurance Co., Evanston Insurance Co., Fireman's Fund Insurance Co., First State Management Co., Great American Insurance Co., Interstate National Group, Marine Office of America Corp.

**Branches:** 38 locations nationwide.  
**Subsidiaries:** Casualty Underwriters Inc., St. Paul, Minn.; Cravens, Dargan & Co., Houston; Floyd West & Co., Metairie, La.; G-A Insurance Services; Howard-James/Burns & Wilcox Insurance Services, Encino, Calif.; Illinois R.B. Jones Inc., Chicago; Rathbone, King & Seeley Insurance Services, Fresno and San Francisco, Calif.; Royal Premium Budget Inc.; Service General.  
**Licensed in:** All states, excluding Alaska, Hawaii and New York.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Herbert W. Kaufman, president; Gerald Wesolowski, CFO; Gerald W. Horton, Alan J. Kaufman, executive vps; Steve Allen, David Price, senior vps.  
**Contact:** Steve Allen.



**CIC**

1200 E. Woodhurst, M-400, Springfield, Mo. 65808-9005; 417-883-3277; fax: 417-883-3393

	1996	1995
Premium volume	\$14,080,180	\$13,524,185
Gross revenues	\$1,615,481	\$1,520,682
Employees	20	18
Commercial lines	100%	100%
Admitted business	46%	30%
Non-admitted	54%	70%

**Founded:** 1984.  
**Business:** 70% managing general agent, 30% broker.  
**Licensed in:** Arkansas, Kansas, Missouri.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** David W. Hinrichs, president; Cal Roger, executive vp; Marcia Hinrichs, secretary; Shelley McKeen, treasurer.  
**Contact:** David W. Hinrichs.

**Cambridge General Agency**

100 Pine St., Suite 350, San Francisco, Calif. 94111; 415-955-8555; fax: 415-394-6305

	1996	1995
Premium volume	\$19,000,000	\$17,000,000
Gross revenues	\$2,700,000	\$2,600,000
Employees	44	46

Commercial lines	75%	80%
Admitted business	16%	18%
Non-admitted	84%	82%

**Founded:** 1962.  
**Parent:** Cambridge General Agency.  
**Business:** 71% managing general agent, 3% Lloyd's of London coverholder, 26% broker.  
**MGA for:** Acceptance Insurance Co., Colony Insurance Co., Essex Insurance Co., Scottsdale Indemnity Co., Scottsdale Insurance Co.  
**Broker for:** American International Group, Alliance General Insurance Co., CIGNA Group, Commercial Union Insurance Co., General Security Insurance Co., Interstate Fire & Casualty Co., Investors Insurance Co., Pacific Insurance Co. Ltd., Reliance Insurance Co., RLI Insurance Co., Sutter Insurance Co., TOPA Insurance Co., United Capitol Insurance Co., United Coastal Insurance Co.  
**Branches:** Rancho Cordova, Stockton and West Covina, Calif.  
**Licensed in:** California.  
**Membership:** AAMGA, NAPSLO.

**Officers:** A. Mason Blodgett, president; Paul Janofsky, vp/general manager; Julie Sylim-Uang, vp/underwriting manager; Howard Mitchell, vp/branch manager; Tom Rucki, claims manager.  
**Contact:** Paul Janofsky or Julie Sylim-Uang.

**Carpenter Moore Insurance Services Inc.**

530 Washington St., San Francisco, Calif. 94111; 415-433-1001; fax: 415-433-5148

	1996	1995
Premium volume	\$40,200,000	\$24,500,000
Gross revenues	\$3,950,000	\$2,090,000
Employees	18	13
Commercial lines	100%	100%
Admitted business	35%	35%
Non-admitted	65%	65%

**Founded:** 1986.  
**Business:** 5% Lloyd's of London coverholder, 95% broker.  
**Broker for:** Admiral Insurance Group, American International Group, Executive Risk Group, Great American Insurance Co., Genesis Insurance Co., Lloyd's of London, Reliance Insurance Co., Zurich Insurance Group.  
**Branches:** Avon, Conn.; Cambridge, Mass.  
**Specialties:** D&O and professional liability.  
**Licensed in:** California, Massachusetts, Utah.  
**Officers:** Kinsey L. Carpenter, president; Brian P. Marsh, chairman; Susan M. Miner, CFO; Eileen Winter, secretary.  
**Contact:** Eileen Winter.

**Centrex Underwriters Inc.**

P.O. Box 171176, Memphis, Tenn. 38187; 901-767-4754; fax: 901-767-0153

	1996	1995
Premium volume	\$4,581,000	\$4,700,000
Employees	8	9
Commercial lines	100%	100%
Admitted business	17.1%	2.1%
Non-admitted	82.9%	37.9%

**Founded:** 1985.  
**Business:** 100% managing general agent.  
**MGA for:** First Specialty Insurance Corp., General Star Indemnity Co., United National Insurance Co., Westport Insurance Corp.  
**Specialties:** Liquor liability insurance, excess FDIC bank deposit insurance.  
**Licensed in:** Tennessee.  
**Membership:** AAMGA  
**Officers:** Joseph Carlson, president; Eric Sturm, vp.  
**Contact:** Joseph Carlson.

**Chicago Underwriting Group Inc.**

211 W. Wacker Drive, Suite 300, Chicago, 60606; 312-750-8800; fax: 312-750-8965

	1996	1995
Employees	18	18
Commercial lines	100%	100%
Admitted business	95%	95%
Non-admitted	5%	5%

**Founded:** 1983.  
**Parent:** Old Republic International Corp.  
**Business:** 100% underwriting manager.  
**Underwriting manager for:** Old Republic Insurance Co. and affiliates.  
**Subsidiaries:** CHUG Insurance Brokers Inc., Chicago; CHUG Services Inc., Chicago; CHUG Services (Bermuda) Ltd., Bermuda; Upper Peninsula Insurance Co., Jackson, Miss.  
**Specialties:** D&O liability, non-medical professional liability insurance.  
**Officers:** Martin J. Perry, president; William J. Schwass, Bart Westcott, senior vps; Diane Vasti, James Crockett, assistant vps.  
**Contact:** Martin J. Perry.

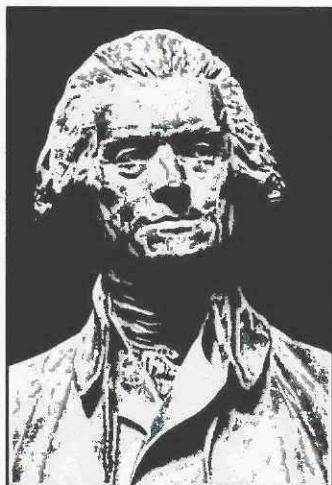
**Commercial Coverage Inc.**

16252 West Woods Business Park, St. Louis, 63021; 800-434-3430; fax: 800-434-3435

	1996*	1995*
Premium volume	\$12,000,000	\$6,300,000
Employees	27	15
Commercial lines	100%	100%

Continued on next page

**JEFFERSON INSURANCE GROUP**



Newport Tower  
 525 Washington Boulevard  
 Jersey City, New Jersey 07310

Tel: (800) 207-9847  
 (201) 222-8666  
 Fax: (201) 222-9161

Website: www.jeffgroup.com

**MEMBER COMPANIES**

JEFFERSON INSURANCE COMPANY OF NEW YORK  
 MONTICELLO INSURANCE COMPANY  
 JEFFCO MANAGEMENT COMPANY, INC.



A (Excellent) Class VII A.M. Best Rating



**Guide to using wholesaler directory**

The annual *Business Insurance* directory of wholesale marketers lists underwriting managers, managing general agents and surplus lines brokers that responded to a *Business Insurance* questionnaire.

Listings begin with the company name, address, telephone and fax numbers.

Companies were asked for **premium volume**, **gross revenues** (defined as commissions and fees after commissions to producers, including investment income and contingent commissions), **number of employees**, the percentage of premiums related to **commercial lines** and the percentage of premium volume placed with **admitted** and **non-admitted insurers**.

**Business** specifies the percentage of premium volume placed in the market as an underwriting manager, managing general agent and wholesale broker. In addition, the percentage of business conducted as a Lloyd's of London coverholder is provided. Companies acting as underwriting managers listed companies for which they have underwriting authority. Managing general agents gave the names of companies for which they have binding authority, while brokers supplied names of companies with which they place the most business. If a company is listed as a coverholder for Lloyd's of London, the company holds the authority to bind and/or issue insurance documentation on behalf of a Lloyd's underwriter.

*Business Insurance* defines an underwriting manager as a company that handles all the affairs of an insurance company, including underwriting,

reinsurance and claims, with the possible exception of investments.

A managing general agent is defined as an entity that has underwriting authority for an insurer, which includes the ability to determine rates on individual risks; it can bind and issue policies on behalf of the insurer. The managing general agent may or may not have reinsurance and claims supervision authority related to the insurance it has written.

A broker places business with markets but has no underwriting authority or binding authority without approval of the insurer.

Following the financial information, the year founded and parent company (if applicable) are noted. Locations of branch offices, subsidiaries and specialties are also listed.

Included next are states in which the company is licensed to do business as an excess/surplus lines broker and memberships in either of the two national surplus lines organizations—the American Assn. of Managing General Agents (AAMGA) and the National Assn. of Professional Surplus Lines Offices (NAPSLO).

Principal officers and a contact name are also given.

In addition to this directory of wholesale marketers, a listing of excess and surplus lines insurers begins on page 39.

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

Although *Business Insurance* makes every effort to publish complete and accurate information, we are unable to verify all the information provided.

# READER REPLY SERVICE

## PRODUCTS & SERVICES LISTING

Issue of September 15

Reader Service #	Advertiser	Page #	Reader Service #	Advertiser	Page #
1	Acstar United Coastal	7	21	Insurance Overload Systems	53
—	Admiral Insurance	54	—	Jefferson Insurance Group	60
2	American Custom Insurance Co.	44	22	Lexington Insurance	28-29
3	American Dental Assoc.	11	23	Liberty Mutual	27
4	Am-Re Managers	34-35	24	McLarens-Toplis	31
5	Brownard Group	50	25	Metropolitan Life Ins. Co.	22-23
6	Burnham Systems	68	—	R E Moulton Insurance Agency	48
7	Burns & Wilcox, Ltd.	69	26	Mutual Marine Office	39
—	Business Insurance	17,33,59	—	Nat'l Comprehensive Cancer Network	40
8	Carvill America, inc.	63	—	New Madrid Quake Conference	72
9	Chubb Group of Insurance Co's	37	—	Outdoorsman Agency	50
10	CNA/Excess & Select	24	27	Penn America Insurance	36
—	Colorado Compensation Insurance	33R	28	Phico Group	4
11	Commonwealth Risk Service	30	29	Phoenix Insurance Group	32
12	Constitution Reinsurance Co.	14-15	30	PMA Reinsurance Corp.	18-19
13	Core Insurance Holdings	20	31	Pyramid Services Inc.	68
14	Crawford & Company	16	32	Reliance National	76
15	Crump Alternative Risk Prgm.	55	33	RLI Corp.	43
16	Employers Reinsurance Corp.	38	34	RLI Insurance Co./D&O	56
—	First State Management Group	45	35	Rosenman & Colin	20
17	First Union National	13	36	SBPA Systems, inc.	68
—	Folksamerica	26	—	Scottsdale Insurance Company	49
18	Fortis Inc.	46-47	—	Signet Star Reinsurance	21
19	General Star Management	9	—	Standard Insurance Co.	51
20	Great American Insurance Co.	57	37	Swett & Crawford Group	10
—	Hannover Reinsurance	25	38	Technical Insurance Services	68
—	HIP/HMO of Greater NY	33R	39	Unicare	6
—	Illinois State University	52	—	Western World Insurance	52
—	Injured Workers' Ins. Fund	33R	40	Zurich-American Ins./Environmental	5

Continued from previous page

	1996*	1995*
Admitted business	10%	10%
Non-admitted	90%	90%

\* Fiscal years ending 6/30/96 and 6/30/95.

Founded: 1992.

**Business:** 75% underwriting manager, 10% managing general agent, 15% broker, Lloyd's of London coverholder.

**Underwriting manager for:** Credit General Insurance Co., Great American Insurance Co., Hartford Insurance Co., Paradigm Insurance Co., Reliance National Insurance Co., Western Specialty Insurance Co.

**MGA for:** Burlington Insurance Co., First Financial Insurance Co.

**Broker for:** Alliance General Insurance Co., Claredon Insurance Co., Evanston Insurance Co., Hartford Insurance Co., Homestead Insurance Co., Landmark Insurance Co.

**Branches:** Phoenix; San Diego; Fort Lauderdale, Fla.; Boise, Idaho; South Beloit, Illinois; St. Louis; Dallas.

**Specialties:** Contractors, hospitality, property.

**Licensed in:** Arizona, California, Florida, Idaho, Illinois, Kansas, Missouri, Texas.

**Membership:** NAPSLO.

**Officers:** Michael D. Adkins, president; Lisa Schmenauer, senior vp; Rhonda Henze, underwriting vp; Brad Garrett, Tom Taylor, vps.

**Contact:** Brad Garrett.

### Cooney, Rikard & Curtin Inc.

P.O. Box 59689, Birmingham, Ala. 35259-9689; 205-870-7790; fax: 205-879-3739

	1996	1995
Premium volume	\$157,700,000	\$135,000,000
Gross revenues	\$12,300,000	\$9,000,000
Employees	86	74
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

Founded: 1982.

**Business:** 5% managing general agent, 95% broker, Lloyd's of London coverholder.

**MGA for:** American Equity Insurance Co., Burlington Insurance Co., Colony Insurance Co., Empire Fire & Marine Insurance Co., Essex Insurance Co., First Financial Insurance Co., General Star National Insurance Co., Guaranty National Insurance Co., Interstate Fire & Casualty Co., National Fire & Marine Insurance Co., Sphere Drake Insurance Co. P.L.C.

**Branches:** Fort Lauderdale, Fla.; Metairie, La.; Houston.

**Specialties:** Property, excess and primary casualty.

**Licensed in:** All states and Puerto Rico.

**Membership:** NAPSLO.

**Officers:** John P. Cooney, president; Tom Curtis, chairman; Ron Helveston, executive vp.

### Crump Insurance Services Inc.\*

7557 Rambler Road, Suite 350, Dallas, Texas 75231; 214-265-2660; fax: 214-265-2661

	1996	1995
Premium volume	\$522,550,000	\$520,000,000
Gross revenues	\$38,669,000	\$38,700,000
Employees	339	319
Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

\* Formerly Price Forbes North America.

Founded: 1955.

**Parent:** Sedgwick Group P.L.C.

**Business:** 20% managing general agent, 80% broker, Lloyd's of London coverholder.

**MGA for:** American Empire Surplus Lines Insurance Co., American International Group, Canal Insurance Co., CIGNA Corp., First State Management Group Inc., General Star National Insurance Co., Gulf Insurance Co., Interstate Fire & Casualty Co., Jefferson Insurance Group, National Fire & Marine Insurance Co., National Indemnity Co., Nautilus Insurance Co., Navigators Insurance Co., Northland Insurance Co., Scottsdale Insurance Co., United National Group, Western World Insurance Co.

**Broker for:** American Financial Insurance Group, American International Group, W.R. Berkley Group, Berkshire Hathaway Group, Canal Insurance Co., Chubb Corp., Fireman's Fund Group, Gryphon Holdings Inc. Group, ITT Hartford Insurance Group, Investors Insurance Group, Market Corp. Group, Northland Insurance Co., RLI Group, Reliance Insurance Group, Royal Insurance Group.

**Branches:** Crump Group Inc.: Glendale, Irvine, Sacramento and San Francisco, Calif.; Casselberry, Fla.; Atlanta; Chicago; Boston; New York; Portland, Ore.; Memphis and Nashville, Tenn.; Dallas; Houston; Bellevue, Wash.

**Specialties:** D&O and E&O liability, marine, commercial auto, umbrella, excess liability, financial services.

**Licensed in:** California, Florida, Georgia, Idaho, Illinois, Louisiana, Massachusetts, Nevada, New Jersey, New York, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Washington.

**Membership:** AAMGA, NAPSLO.

**Officers:** Orville D. Jones, chairman/CEO; Marcus Payne, president/COO; Patrick R. O'Brien, executive vp/CFO.

**Contact:** Orville D. Jones or Marcus Payne.



### ECS Underwriting Inc.

520 Eagleview Blvd., P.O. Box 636, Exton, Pa. 19341; 800-327-1414; fax: 610-458-8667

	1996*	1995*
Premium volume	\$196,000,000	\$180,200,000
Employees	350	300
Commercial lines	100%	100%
Admitted business	100%	100%

\* Fiscal years ending 6/30/96 and 6/30/95.

Founded: 1979.

**Parent:** ECS Inc.

**Business:** 100% underwriting manager. **Underwriting manager for:** Reliance National Insurance Co.

**Subsidiaries:** ECS Claims Administrators Inc., ECS Risk Control Inc., ECS Underwriting (U.K.).

**Specialties:** Auto liability, environmental liability, general liability, property, surety.

**Membership:** NAPSLO.

**Officers:** William Kronenberg, president/CEO; Frank Piliario, executive vp/CFO; David Rosenberg, executive vp; Mark Vuono, executive vp.

**Contact:** Neil Wernick, vp-marketing.

### Eastern America Insurance Agency Inc.

P.O. Box 193900, San Juan, Puerto Rico 00919-3900; 787-273-1288; fax: 787-782-8233

	1996	1995
Premium volume	\$147,903,000	\$142,142,000
Gross revenues	\$5,946,000	\$6,146,000
Employees	75	75
Commercial lines	70%	73%
Admitted business	98%	98%
Non-admitted	2%	2%

Founded: 1981.

**Parent:** Eastern America Insurance Group.

**Business:** 60% underwriting manager, 40% managing general agent.

**MGA for:** American International Insurance Co. of Puerto Rico, CIGNA Insurance Co. of Puerto Rico, El Fenix de Puerto Rico, Federal Insurance Co., Reliance Insurance Co., Royal Insurance Co. of Puerto Rico, Seguros Triple S Inc., Universal Insurance Co.

**Licensed in:** Puerto Rico.

**Membership:** NAPSLO.

**Officers:** Luis Miranda Casanas, president; Jorge J. Amadeo, Rafael A. Rodriguez, executive vps; Guillermo A. Fernandez, vp.

**Contact:** Jorge J. Amadeo.

### Environmental & Commercial Insurance (ECI)

2400 Corporate Exchange Drive, Columbus, Ohio 43231; 614-891-3200; fax: 614-891-5757

	1996	1995
Premium volume*	\$15,000,000	\$15,000,000
Employees	33	27
Commercial lines	100%	100%
Admitted business	80%	80%
Non-admitted	20%	20%

\* Estimate.

Founded: 1990.

**Parent:** International Alliance Services Inc.

**Business:** 20% underwriting manager, 80% managing general agent.

**Underwriting manager for:** Century Surety Co., Evergreen National Indemnity Co.

**MGA for:** Commercial Underwriters Insurance Co., Empire Fire & Marine Insurance Co., United National Insurance Co.

**Branches:** Slidell, La.; Reston, Va.

**Specialties:** General liability, professional liability, auto, environmental/pollution coverage.

**Licensed in:** All states.

**Officers:** Christopher Timm, president/CEO; Jacky Turner, vp/COO; Bill Gulledge, Trenton Eversull, vps.

**Contact:** Susan Crites.



To obtain free information on the products and services advertised, turn to our post-paid Reader Service Reply Card bound in this issue, or complete the coupon below and mail to:

**BUSINESS INSURANCE**  
Reader Service Center  
650 S. Clark St., 6th Fl.  
Chicago, IL 60605-1702



FREE LITERATURE FOR READERS

Issue Date: SEPTEMBER 15, 1997

Card Expiration: NOVEMBER 10, 1997

All questions must be answered to process inquiries.

PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

1. My organization is best described as:

- A  Mfg/Svcs      F  Ins Agent      K  Adj/Apprs  
 B  Association      G  Ins Broker      L  TPA  
 C  Union      H  Ins/Reins Co      M  Health care  
 D  Government      I  Consultant      N  Inst  
 E  Educational Inst      J  Actry/Attorney      O  Other

2. Number of employees:

- 1  150 or less      2  151 - 499      3  500 - 999  
 4  1,000 - 4,999      5  5,000 or more      6  Unknown

3. My title is best defined as:

- A  Administrative Mgt      D  Benefits Mgt  
 B  Financial Mgt      E  Loss Prevention Mgt  
 C  Risk Mgt      F  Other

4. My purchasing involvement for the requested products is to:

- 1  recommend only      2  specify      3  approve

5. Do you now receive a personally addressed copy of Business Insurance?

- A  Yes      B  No, so please send subscription info

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the September 15, 1997 issue. Cards with more than 20 items circled will not be processed. This card expires November 10, 1997.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
31	32	33	34	35	36	37	38	39	40	41	42	43	44	45
46	47	48	49	50	51	52	53	54	55	56	57	58	59	60
61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
76	77	78	79	80	81	82	83	84	85	86	87	88	89	90
91	92	93	94	95	96	97	98	99	100	101	102	103	104	105
106	107	108	109	110	111	112	113	114	115	116	117	118	119	120
121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

Please print clearly

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone ( ) \_\_\_\_\_

Continued on next page

Continued from previous page

**Excess & Surplus Lines Insurance Brokers Inc.**

13484 Ventura Blvd., Suite A,  
Sherman Oaks, Calif. 91423;  
800-243-7542; fax: 818-990-4530

	1996	1995
Premium volume	\$13,188,000	\$8,966,000
Gross revenues	\$1,772,960	\$983,845
Employees	17	12
Commercial lines	99%	98%
Admitted business	97%	95%
Non-admitted	3%	5%

**Founded:** 1975.  
**Business:** 65% managing general agent, 2% Lloyd's of London coverholder, 33% broker.

**MGA for:** Burlington Insurance Group Inc., First Financial Insurance Co., Western Specialty Insurance Co.

**Branches:** Rancho Mirage, Calif.  
**Specialties:** Contractors, mobile home parks.

**Licensed in:** California, Hawaii.  
**Officers:** Jerry C. Boyer, president; M.J. Alcazar, vp; D.L. Messina, vp.  
**Contact:** Jerry C. Boyer.

**First Capital Agency Inc.**

185 Great Neck Road, Great Neck, N.Y.  
11021; 516-466-1313; fax: 516-482-7878

	1996	1995
Premium volume	\$35,000,000	\$12,000,000
Gross revenues	\$3,600,000	\$1,300,000
Employees	23	10
Commercial lines	100%	100%
Admitted business	90%	90%
Non-admitted	10%	10%

**Founded:** 1995.  
**Business:** 85% managing general agent, 15% broker.

**MGA for:** Reliance Insurance Co. of Illinois, Reliance Insurance Co., Reliance National Indemnity Co., Reliance National Insurance Co.

**Broker for:** American Reinsurance Corp. Group, Swiss Reinsurance Group, Travelers Insurance Group.

**Branches:** Pocatello, Idaho; Doylestown, Pa.; Great Neck, N.Y.; Dallas.  
**Specialties:** Surcharge property, habitational, energy, international property, agricultural property, general liability.

**Licensed in:** Alabama, Connecticut, District of Columbia, Florida, Georgia, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Hampshire, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia, West Virginia.  
**Officers:** Alvin B. Moss, president/CEO; Ken Cody, Frank Guerriero, Robert Lynch, executive vps; Michael Young, vp.  
**Contact:** Alvin B. Moss.

*Support services, including administrative, regulatory, actuarial, claims and reinsurance services provided by Reliance Group of Cos.*

**First State Management Group Inc.**

150 Federal St., Boston, Mass. 02110;  
617-526-7650; 617-526-0605

	1996	1995
Premium volume	\$245,483,000	\$240,574,000
Employees	234	234
Commercial lines	100%	100%
Admitted business	18%	21%
Non-admitted	82%	79%

**Founded:** 1948.  
**Parent:** ITT Hartford Insurance Group.  
**Business:** 100% underwriting manager.

**Underwriting manager for:** Pacific Insurance Co. Ltd., Trumbull Insurance Co., Twin City Fire Insurance Co., ITT Hartford Insurance Group.

**Branches:** Los Angeles; San Francisco; Atlanta; Chicago; Boston; New York; Burlington, N.C.

**Licensed in:** California, Georgia, Illinois, Massachusetts, North Carolina, New York.  
**Membership:** AAMGA, NAPSLO.

**Officers:** Ralph J. Palmieri, president/COO; Peter P. Coghlan, executive vp; Raymond T. Lewis, senior vp.

**Contact:** John A. MacFarland.  
*Support services, including investment services, employee benefits and payroll and some actuarial support provided by parent company.*

**Fischer Underwriting Group Inc.**

The Atrium, East 80, Route 4,  
Paramus, N.J. 07652;  
201-843-5678; fax: 201-843-2323

	1996	1995
Premium volume*	\$5,000,000	\$5,000,000

	1996	1995
Employees	5	5
Commercial lines	100%	100%
Admitted business	10%	NA
Non-admitted	90%	100%

\* Estimate.  
**Founded:** 1981.  
**Parent:** Frontier Insurance Group.  
**Business:** 90% managing general agent, 10% broker, Lloyd's of London coverholder.

**MGA for:** Frontier Insurance Co., United Capitol Insurance Co., Westport Insurance Corp.

**Broker for:** American International Group Inc.

**Specialties:** D&O, E&O.  
**Licensed in:** New Jersey.  
**Membership:** AAMGA, NAPSLO.

**Officers:** Donald R. Fischer, president; Paul Bunone, associate vp.  
**Contact:** Donald R. Fischer.

**Freberg Environmental Inc.**

1675 Broadway, Suite 2210,  
Denver, Colo. 80202;  
800-377-4152; fax: 303-623-8101

	1996*	1995*
Premium volume	\$15,000,000	\$10,000,000
Gross revenues	\$1,500,000	\$1,000,000
Employees	10	7
Commercial lines	100%	100%
Admitted business	15%	5%
Non-admitted	85%	95%

\* Fiscal years ending 03/31/96 and 03/31/95.

**Founded:** 1991.  
**Business:** 100% managing general agent.

**MGA for:** Everest National Insurance Co., Gulf Insurance Group, United National Insurance Co.

**Specialties:** Environmental engineers/contractors, hazardous materials, waste haulers, analytical testing laboratories.

**Licensed in:** All states.  
**Membership:** AAMGA, NAPSLO.

**Officers:** Michael J. Hill, president; Danelle R. Nielsen, vp.  
**Contact:** Danelle R. Nielsen.

*Support services, including accounting and reception services provided by Freberg & Company Inc.*

**General Star Management Co.**

695 E. Main St., P.O. Box 10354,  
Stamford, Conn. 06904-2354;  
203-328-5700; fax: 203-328-6131

	1996	1995
Premium volume	\$354,000,781	\$301,479,710
Employees	262	247
Commercial lines	99%	98%
Admitted business	15.5%	19.1%
Non-admitted	84.5%	80.9%

**Founded:** 1979.  
**Parent:** General Reinsurance Corp.

**Business:** 100% underwriting manager.  
**Underwriting manager for:** General Star Indemnity Co., General Star National Insurance Co.

**Branches:** Los Angeles, Atlanta, Chicago, New York, Dallas.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Kevin P. Brooks, chairman/president; Patricia Roberts, Sam Anderson, senior vps; Craig Ott, Adin Tooker, vps.

**Contact:** David W. Micik.  
*Support services, including general services, human resources, actuarial, legal, investment and treasury services provided by parent company.*

**Genesis D&O Liability Insurance Program**

25550 Chagrin Blvd., Suite 300,  
Beachwood, Ohio 44122;  
216-766-5416; fax: 216-591-0906

	1996	1995
Premium volume	\$75,000,000	\$46,000,000
Employees	22	18
Commercial lines	100%	100%
Admitted business	95%	95%
Non-admitted	5%	5%

**Founded:** 1992.  
**Parent:** General Reinsurance Corp.

**Business:** 100% underwriting manager.  
**Underwriting manager for:** Genesis Indemnity Insurance Co., Genesis Insurance Co.

**Branches:** San Francisco; White Plains, N.Y.

**Subsidiaries:** Genesis D&O Advisory Services, Beachwood, Ohio.  
**Specialties:** D&O, employers practices liability.

**Officers:** Kevin LaCroix, president; Marty Hacula, vp; Joe Aber, Mark Eastman, Mike Hoy, underwriting managers.  
**Contact:** Randy Hein, 216-766-6427.

**Global Facilities Inc.**

146 Merrick Road, P.O. Box 743,  
Lynbrook, N.Y. 11563; 516-599-3800

	1996	1995
Premium volume	\$6,635,000	\$6,375,095
Employees	5	5
Commercial lines	97%	98%
Admitted business	95%	97%
Non-admitted	5%	3%

**Founded:** 1977.  
**Specialties:** Packages, property and casualty, trucking, umbrella transportation, inland marine, ocean marine, E&O homeowners, liquor liability, D&O buffers.

**Licensed in:** Connecticut, New Jersey, New York.

**Membership:** NAPSLO.  
**Contact:** Robert Shapiro, president.

**Go Pro Underwriting Managers Inc.**

7401 Beaufort Springs Drive,  
Suite 400, Richmond, Va. 23225;  
800-368-3583; fax: 800-972-5345

	1996	1995
Employees	100	NA
Commercial lines	100%	100%
Admitted business	83%	60%
Non-admitted	17%	40%

**Founded:** 1980.  
**Parent:** Aon Specialty Group.

**Business:** 100% managing general agent.

**MGA for:** National Casualty Insurance Co., Scottsdale Insurance Co., Wausau Insurance Co.

**Branches:** Phoenix; Albany, N.Y.; Pittsburgh; San Antonio.

**Specialties:** Governmental entities, trash collectors.  
**Licensed in:** All states, excluding Alaska, Arizona, California and Delaware.

**Officers:** John Wasburn, president/CEO; Theresa Britt, COO.  
**Contact:** Ted Joyce, vp-agency development.

**Good Weather Insurance Agency Inc.**

76 Lafayette St., Salem, Mass. 01970;  
800-324-7759; fax: 508-741-8786

	1996	1995
Premium volume	\$3,530,000	\$2,500,000
Employees	4	3
Commercial lines	100%	100%
Admitted business	80%	80%
Non-admitted	20%	20%

**Founded:** 1993.  
**Business:** 100% underwriting manager, Lloyd's of London coverholder.

**Underwriting manager for:** Reliance National Insurance Co.

**Specialties:** Weather insurance.  
**Licensed in:** All states.

**Officers:** Lauralee Tillman, president; Alison Jones, underwriting manager.  
**Contact:** Lauralee Tillman.

**Gracechurch Associates Inc.**

83 Big Oak Road, Monroeville, Pa. 15067;  
215-295-0725; fax: 215-295-1780

	1996	1995
Premium volume	\$12,500,000	\$12,500,000
Employees	11	11
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

**Founded:** 1965.  
**Business:** 100% broker.  
**Licensed in:** New Jersey, Pennsylvania.

**Membership:** NAPSLO.  
**Officers:** Philip Corsc, president; Ronald Kellet, executive vp.  
**Contact:** Ronald Kellet.

**Gresham & Associates Inc.**

P.O. Box 927, 1 Gresham Landing,  
Stockbridge, Ga. 30287; 770-389-1600;  
fax: 770-389-1650

	1996	1995
Premium volume	\$78,951,700	\$61,469,787
Gross revenues	\$7,534,696	\$6,718,162
Employees	103	97
Commercial lines	100%	100%
Admitted business	45%	45%
Non-admitted	55%	55%

**Founded:** 1979.  
**Business:** 37% managing general agent, 3% Lloyd's of London coverholder, 60% broker.

**MGA for:** American Equity Insurance Co., Essex Insurance Co., GAINSCO County Mutual Insurance Co., Pacific Insurance Co., Penn-America Insurance Co., Scottsdale Insurance Co.

**Broker for:** American International Group, CIGNA Group, First State Management Group, General Star Management Group, Great American Insurance Co., RLI

Insurance Group, Royal Special Risks Insurance Co., USF&G Specialty Insurance Co., Westchester Specialty Group, Zurich Insurance Group.

**Branches:** Gresham & Associates Inc.: Birmingham, Ala.; Jacksonville and Palm Beach Gardens, Fla.; Charlotte, N.C.; Nashville, Tenn. Gresham & Associates of Indiana Inc., Indianapolis; Gresham & Associates of Louisiana Inc., Baton Rouge, La.

**Licensed in:** Alabama, Florida, Georgia, Indiana, Louisiana, North Carolina, Tennessee.

**Membership:** AAMGA, NAPSLO.  
**Officers:** James V. Gresham, chairman/owner; George L. Abernathy, president; James A. Gresham, senior vp; Barbara Gail Gresham, secretary/treasurer.

**Contact:** James A. Gresham.

**H&W Underwriters Agency Inc.**

4300 Shawnee Mission Parkway,  
Shawnee Mission, Kan. 66205;  
800-616-9475; fax: 913-432-1706

	1996	1995
Premium volume	\$9,000,000	\$8,977,023
Gross revenues	\$1,872,751	\$1,576,539
Employees	15	13
Commercial lines	100%	100%
Admitted business	95%	90%
Non-admitted	5%	10%

**Founded:** 1958.  
**Business:** 98% managing general agent, 2% broker.

**MGA for:** Century Surety Group, SAFE-CO Insurance Cos., ULICO Group.

**Broker for:** Clarendon Insurance Group, Essex Insurance Co.

**Specialties:** Non-profit D&O liability, labor union D&O liability, primary and excess taxicab liability.

**Licensed in:** Kansas, Missouri.  
**Membership:** AAMGA, NAPSLO.

**Officers:** Neil Pouppirt, chairman; Bernard Geis, president/CEO; Bruce Pouppirt, executive vp.  
**Contact:** Bernard Geis.

**Hanover Excess & Surplus Inc.**

228 N. Front St., P.O. Box 1411,  
Wilmington, N.C. 28402;  
800-672-9006; fax: 800-426-5566

	1996	1995
Premium volume	\$12,151,000	\$11,500,000
Gross revenues	\$1,553,500	\$1,398,700
Employees	23	21
Commercial lines	80%	90%
Admitted business	50%	50%
Non-admitted	50%	50%

**Founded:** 1970.  
**Business:** 80% underwriting manager, 10% Lloyd's of London coverholder, 10% broker.

**Broker for:** Acceptance Insurance Co., Colonia Insurance Co., Jefferson Insurance Co., National Casualty Insurance Co., Occidental Fire & Casualty Co. of North Carolina, Scottsdale Insurance Co.

**Specialties:** Commercial transportation, general liability.

**Licensed in:** Maryland, North Carolina, South Carolina, Tennessee, Virginia.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Glasgow Hicks Jr., president; David L. Parker, vp.  
**Contact:** David L. Parker.

**Contact:** David L. Parker.

**L.E. Harris Agency Inc.**

1353 Holton Lane, P.O. Box 8330,  
Langley Park, Md. 20787-8330;  
301-439-4700; fax: 301-439-5800

	1996	1995
Premium volume	\$9,393,000	\$10,043,000
Gross revenues	\$1,194,472	\$1,455,682
Employees	13	13
Commercial lines	99%	99%
Admitted business	38%	35%
Non-admitted	62%	65%

**Founded:** 1922.  
**Business:** 58% managing general agent, 5% Lloyd's of London coverholder, 37% broker.

**MGA for:** Burlington Insurance Co., Empire Fire & Marine Insurance Co., GAINSCO Cos., First Financial Insurance Co., Jefferson Insurance Co. of New York, Monticello Insurance Co., Mount Vernon Fire Insurance Co., National Indemnity Cos., Penn-American Insurance Co., St. Paul Reinsurance Co. Ltd., United States Liability Insurance Co.

**Broker for:** Admiral Insurance Group, Coregis Group, Chubb Corp., Evanston Insurance Co., Employers Reinsurance Corp., Executive Risk Indemnity, Fireman's Fund Insurance Cos., Lexington Insurance Co., Media/Professional Insur-

ance Co., National Union Fire Insurance Co., Reliance National Insurance Co., United National Group.

**Specialties:** Commercial property; commercial liability; wrongful act coverages; automobile, including commercial, public, garage and trucking.

**Licensed in:** District of Columbia, Maryland, Virginia.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** David A. Riffert, president; Mark J. Baldwin, vp; Cindy Milburn, secretary.  
**Contact:** David A. Riffert or Cindy Milburn.

ance Co., National Union Fire Insurance Co., Reliance National Insurance Co., United National Group.

**Specialties:** Commercial property; commercial liability; wrongful act coverages; automobile, including commercial, public, garage and trucking.

**Licensed in:** District of Columbia, Maryland, Virginia.

**Membership:** AAMGA, NAPSLO.  
**Officers:** David A. Riffert, president; Mark J. Baldwin, vp; Cindy Milburn, secretary.  
**Contact:** David A. Riffert or Cindy Milburn.

**Healthcare Professional Services Inc.**

Continued from previous page

Non-admitted	1996 10%	1995 10%
--------------	-------------	-------------

**Founded:** 1991.  
**Business:** 100% underwriting manager.  
**Underwriting manager for:** Guaranty National Group, Guaranty National Insurance Co. of California, Landmark American Insurance Co., Peak Insurance Co.  
**Branches:** Alpharetta, Ga.  
**Specialties:** Umbrella/excess.  
**Membership:** NAPSLO.  
**Officers:** Jeffrey L. Heath, president; Pat Silva, manager.  
**Contact:** Jeffrey L. Heath.



**Independent Insurance Wholesalers Inc.**

722 S.W. Second Ave., Suite 340, Portland, Ore. 97204; 503-224-1956; fax: 503-224-3010

	1996*	1995*
Premium volume	\$6,000,000	\$6,000,000
Employees	5	6
Commercial lines	100%	100%
Admitted business	30%	20%
Non-admitted	70%	80%

\* Fiscal years ending 6/30/96 and 6/30/95.

**Founded:** 1983.  
**Business:** 15% managing general agent, 5% Lloyd's of London coverholder, 80% broker.

**MGA for:** American Equity Insurance Co., General Star National Insurance Co., Nautilus Insurance Co., Western World Insurance Co.

**Broker for:** Admiral Insurance Co., Agricultural Excess & Surplus Insurance Co., Coregis Indemnity Co., Executive Risk Inc., General Security Insurance Co., General Star National Insurance Co., Guaranty National Insurance Co.

**Licensed in:** Oregon.  
**Officers:** Robert K. Stahl, president; Thomas E. Sawyer, vp.  
**Contact:** Robert K. Stahl.

**Insurance Intermediaries Inc.**

6460 Busch Blvd., Columbus, Ohio 43229; 614-846-1111; fax: 614-846-2111

	1996	1995
Premium volume	\$36,416,250	\$29,821,924
Gross revenues	\$2,719,682	\$2,917,266
Employees	32	32
Commercial lines	45%	45%
Admitted business	90%	90%
Non-admitted	10%	10%

**Founded:** 1975.  
**Parent:** Nationwide Insurance Enterprise.  
**Business:** 5% managing general agent, 0.5% Lloyd's of London coverholder, 94.5% broker.

**Licensed in:** Arkansas, Connecticut, Florida, Georgia, Illinois, Indiana, Kentucky, Maryland, Michigan, Missouri, New York, South Carolina, West Virginia, Wisconsin, Virginia.

**Membership:** NAPSLO.  
**Officers:** R. Lee Ayotee, president; Larry C. Bobb, vp; Robert Dunlap, associate vp; James R. Arnold, director.  
**Contact:** Larry C. Bobb.

**Insurisk Excess & Surplus Lines**

1500 Riverfront Drive, Little Rock, Ark. 72203; 501-661-1417; fax: 501-663-5861

	1996	1995
Premium volume	\$27,000,000	\$30,000,000
Employees	8	8
Commercial lines	99.9%	99.9%
Admitted business	60%	60%
Non-admitted	40%	40%

**Founded:** 1980.  
**Parent:** Rebsamen Insurance Agency.  
**Business:** 20% managing general agent, 80% broker, Lloyd's of London coverholder.

**Broker for:** American International Group, Chubb Custom Insurance Co., ITT Hartford Insurance Group.

**Licensed in:** Arkansas.  
**Membership:** NAPSLO.  
**Officers:** Al McDowell, president; Stephen Hoffmann, senior vp; Dianna Farish, vp.  
**Contact:** Steve Jenkins, administration/marketing manager.

Support services provided by parent company.

**International Placement Services Inc.**

7710 Carondelet, Suite 433, St. Louis, Mo. 63105; 314-725-8394; fax: 314-725-4317

	1996	1995
Gross revenues	\$1,431,936	\$1,335,882
Employees	13	12
Commercial lines	100%	100%

Admitted business	65%	65%
Non-admitted	35%	35%

**Founded:** 1981.  
**Business:** 4% managing general agent, 4% Lloyd's of London coverholder, 92% broker.  
**Broker for:** Acstar Insurance Co., Admiral Insurance Co., Affiliated FM Insurance Co., American International Group, Allianz Insurance Group, Chubb Corp., Clarendon Insurance Group, Colony Insurance Co., Coregis Group, Commercial Underwriters Insurance Co., Essex Insurance Co., Executive RE Indemnity Inc., Fidelity & Deposit Group, Fireman's Fund Insurance Co., First Specialty.

**Branches:** Clearwater, Fla.  
**Specialties:** Aggregate self-insurance programs, earthquake.

**Licensed in:** Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Virginia, Wisconsin.

**Membership:** NAPSLO.  
**Officers:** Richard J. Eichhorn, president; Michael J. Eichhorn, vp/casualty; Robert C. Fagan, vp/property; John N. Harmon, vp; Dan H. Brimer, assistant vp/property.  
**Contact:** Richard J. Eichhorn.

**Interstate Risk Placement Inc.**

3523 Willow Knolls Road, Peoria, Ill. 61614-1078; 309-692-8544; fax: 309-693-0402

	1996	1995
Premium volume	\$4,200,000	\$5,000,000
Employees	5	5
Commercial lines	95%	95%
Admitted business	80%	80%
Non-admitted	20%	20%

**Founded:** 1985.  
**Business:** 60% managing general agent, 10% Lloyd's of London coverholder, 30% broker.

**MGA for:** Acceptance Insurance Co., Adriatic Insurance Co., Burlington Insurance Co., Colony Insurance Co., Essex Insurance Co., First Financial Insurance Co., Guaranty National Insurance Co., Landmark American Insurance Co.

**Broker for:** Badger Mutual Insurance Co.  
**Branches:** Little Rock, Ark.  
**Subsidiaries:** Interstate Risk Placement Inc. of Arkansas, Little Rock, Ark.

**Specialties:** Truck and public auto liability/physical damage, Illinois liquor liability and related package coverages.

**Licensed in:** Arkansas, Illinois.  
**Membership:** NAPSLO.  
**Officers:** C. Jack Miller, president; Steven C. Miller, secretary; Rick Sutton, vp/underwriting; Diane Fuller, vp/administration.



**Jaeger & Haines Inc.**

P.O. Box 1623, 4268 Gabel Drive, Fayetteville, Ark. 72702; 501-521-2551; fax: 501-521-3195

	1996	1995
Premium volume	\$14,500,000	\$11,800,000
Employees	50	46
Admitted business	40%	40%
Non-admitted	60%	60%

**Founded:** 1976.  
**Business:** 60% managing general agent, 30% Lloyd's of London coverholder, 10% broker.

**Licensed in:** Arkansas, Missouri, Oklahoma, Tennessee.  
**Membership:** AAMGA, NAPSLO.

**Officers:** Larry Haines, CEO; Mike Johnson, president; Alan Mitchell, senior vp; Joe Diederich, vp.  
**Contact:** Mike Johnson.

**Jimcor Agencies**

P.O. Box 890, 366 Kinderkamack Road, Westwood, N.J. 07675; 201-666-8600; fax: 201-666-5792

	1996	1995
Premium volume	\$18,600,000	\$18,100,000
Gross revenues	\$2,200,000	\$1,850,000
Employees	38	33
Commercial lines	90%	95%
Admitted business	20%	18%
Non-admitted	80%	82%

**Founded:** 1986.  
**Business:** 60% managing general agent, 15% Lloyd's of London coverholder, 25% broker.

**MGA for:** American Equity Insurance Co., The Burlington Insurance Co., Essex Insurance Co., Interstate Fire and Casual-

ty Co., Monticello Insurance Co., Mount Vernon Fire Insurance Co., Nautilus Insurance Co., Penn-America Insurance Co., Scottsdale Insurance Co., Western World Insurance Co.

**Broker for:** Admiral Insurance Co., Agricultural Excess & Surplus Insurance Co., Allianz Insurance Group, Chubb Corp., Evanston Insurance Co., Fireman's Fund Insurance Co., Investors Insurance Co. of America, Tudor Insurance Co., United Capital Insurance Co., United National Group, United States Liability Insurance Co.

**Branches:** Mount Laurel, N.J.; Glen Falls, N.Y.; Bensalem, Pa.  
**Licensed in:** Delaware, Illinois, Maryland, New Jersey, New York, Pennsylvania.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Francis J. Mastowski, president; Ellen Mastowski, executive vp/treasurer; Barry Riff, vp; Coryn Mastowski, secretary; John George, Raymond McDowell, John Hill, regional managers.  
**Contact:** Francis J. Mastowski, 201-666-8600 ext. 123.



**K&K Insurance Group Inc.**

1712 Magnavox Way, Fort Wayne, Ind. 46804; 219-459-5000; fax: 219-459-5866

	1996	1995
Premium volume	\$209,028,539	\$197,211,358
Gross revenues	\$45,777,250*	\$43,269,000
Employees	260	240
Commercial lines	100%	100%
Admitted business	98%	100%
Non-admitted	2%	NA

**Founded:** 1952.  
**Parent:** Aon Specialty Group.  
**Business:** 100% managing general agent.

**MGA for:** John Deere Insurance Co., TIG Specialty Insurance Co.

**Branches:** Orlando, Fla.; Greensboro, N.C.  
**Specialties:** Sports, leisure, entertainment.

**Licensed in:** Florida, Indiana, North Carolina, Virginia.  
**Officers:** Stephen Lunsford, CEO/president; Jerry Tegan, chief marketing officer; Todd Bixler, COO.

**Contact:** Angie Poulos, 800-637-4757.  
\* BI estimate.  
Support services, including accounting, data processing and corporate support functions provided by parent, SLE Worldwide.



**London American Risk Specialists Inc.**

11000 Richmond Ave., Suite 600, Houston, Texas 77042; 713-977-7726; fax: 713-977-7606

	1996*	1995*
Premium volume	\$33,600,000	\$42,500,000
Gross revenues	\$2,360,000	\$2,650,000
Employees	28	30
Commercial lines	99%	99%
Admitted business	53%	54%
Non-admitted	47%	46%

\* Fiscal years ending 1/31/97 and 1/31/96.

**Founded:** 1984.  
**Business:** 23% managing general agent, 2% Lloyd's of London coverholder, 75% broker.

**MGA for:** Burlington Insurance Co. Inc., CNA International Reinsurance Co. Ltd., Essex Insurance Co., Fidelity & Casualty Co. of N.Y., Interstate Fire & Casualty Co., Pacific Insurance Co. Ltd., St. Paul Reinsurance Co. Ltd., Sphere Drake Insurance Co. P.L.C., Western World Insurance Co.

**Broker for:** Admiral Insurance Co., Allianz Insurance Group, Chubb Custom Insurance Co., Fireman's Fund Insurance Co., General Accident Insurance, General Star Indemnity Co., The Hartford Steam Boiler Group, Interstate Fire & Casualty Co., ITT Hartford Insurance Group, Pacific Insurance Co. Ltd., SAFECO Surplus Lines Insurance Co., Sheffield Insurance Corp., Sorema N.A. Group, TIG Insurance Co., Travelers Indemnity Co.

**Branches:** Dallas.  
**Licensed in:** Texas.  
**Membership:** NAPSLO.  
**Officers:** Brian Brecker, president; Mike Driscoll, Ken Keathley, Karl Emery, vps; Peter Gordon-Wright, branch manager-Dallas.

**Contact:** Ken Keathley.

**London International Group**

9600 Koger Blvd., Suite 225, St. Petersburg, Fla. 33702; 813-578-2800; fax: 813-578-9977

	1996	1995
Premium volume	\$6,000,000	\$5,000,000
Employees	6	6
Commercial lines	98%	98%
Admitted business	75%	50%
Non-admitted	25%	50%

**Founded:** 1983.  
**Business:** 20% managing general

agent, 80% broker.  
**MGA for:** Barkers Insurance Group.  
**Broker for:** American Home Assurance Co., Institute of London Underwriters, Lloyd's of London, Navigators Insurance Co., New York Marine & General.  
**Specialties:** Commercial marine.  
**Licensed in:** Florida.  
**Contact:** Ian R. Greenway, president; Ginger K. Hayes, vp.

**LoVullo Associates Inc.**

689 Main St., Buffalo, N.Y. 14203; 716-856-3065; fax: 716-856-8057

	1996	1995
Premium volume	\$20,034,183	\$17,697,642
Gross revenues	\$2,871,185	\$2,590,977
Employees	31	29
Commercial lines	65%	64%
Admitted business	67%	66%
Non-admitted	33%	34%

**Founded:** 1949.  
**Business:** 63% managing general agent, 4% Lloyd's of London coverholder, 33% broker.

**MGA for:** American Modern Home Insurance Co., CIGNA Worldwide Insurance Co., Jefferson Insurance Co., Markel American Insurance Co., Midwest Mutual Insurance Co., National Casualty Insurance Co., National Liability & Fire, Northland Insurance Co., Penn-America Insurance Co., RLI Insurance Co., United States Liability Insurance Co.

**Broker for:** Acceptance Insurance Co., Essex Insurance Co., National Indemnity Insurance Co., Scottsdale Insurance Co., U.S. Underwriters Insurance Co.

**Licensed in:** New York.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Lecnard T. LoVullo, president; Paul W. LoVullo, vp.  
**Contact:** Leonard T. LoVullo.



**Gary Markel Surplus Lines Brokerage Inc.**

9700 Ninth St. N., Suite 400, St. Petersburg, Fla. 33702; 813-577-5980; fax: 813-577-5804

	1996	1995
Premium volume	\$9,000,000	\$7,000,000
Gross revenues	\$685,000	\$600,000
Employees	7	5

Continued on next page

# Carvill

## Reinsurance Intermediary

INDEPENDENCE  
INTEGRITY  
SERVICE

CONSISTENT PHILOSOPHY & PERFORMANCE

SINCE 1977

Atlanta    Bermuda    Chicago    London    Stamford

Continued from previous page

	1996	1995
Commercial lines	100%	100%
Admitted business	5%	5%
Non-admitted	95%	95%

**Founded:** 1993.  
**Business:** 24% managing general agent, 1% Lloyd's of London coverholder, 75% broker.  
**MGA for:** Essex Insurance Co., Preferred National Insurance Co.

**Broker for:** Acceptance Insurance Co., Admiral Insurance Co., American International Surplus Lines Insurance Co., American National Fire Insurance Co., Coregis Group, Evanston Insurance Co., Executive Risk Group, Investors Special Risk Insurance Co., Mount Hawley Insurance Co., National Union Fire Insurance Co. of Pittsburgh, Pa., United Capitol Insurance Co.  
**Specialties:** Habitational, general contractors, real estate owners/managers, restaurants.  
**Licensed in:** Florida.  
**Membership:** NAPSLO.  
**Officers:** Gary Merkel, president; Paula Wachholz, executive vp; Barbara Ermatinger, assistant vp.  
**Contact:** Paula Wachholz.

**Market Finders Insurance Corp.**

P.O. Box 6549, Louisville, Ky. 40206; 502-423-1800; fax: 502-426-7970

	1996*	1995*
Premium volume	\$44,500,000	\$43,000,000
Gross revenues	\$4,450,000	\$4,300,000
Employees	59	63
Commercial lines	72%	83%
Admitted business	44%	42%
Non-admitted	56%	58%

\* Fiscal years ending 01/31/96 and 01/31/95.  
**Founded:** 1972.  
**Business:** 5% underwriting manager, 45% managing general agent, 5% Lloyd's of London coverholder, 45% broker.

**Underwriting manager for:** Sphere Drake Insurance Co. P.L.C., Terra Nova Insurance Co. Ltd.

**MGA for:** Acceptance Insurance Co., American Equity Insurance Co., Century Surety Insurance Co., Colony Insurance Co., Empire Fire & Marine Insurance Co., Essex Insurance Co., First Financial Insurance Group, Nautilus Insurance Co., Stratford Insurance Co., Western World Insurance Co.

**Broker for:** Admiral Insurance Co., Colony Insurance Co., Essex Insurance Co., Evanston Insurance Co., Investors Insurance Group, Scottsdale Insurance Co., United National Insurance Co.

**Branches:** Dayton, Ohio; Pittsburgh; Greenville, S.C.  
**Specialties:** Aviation, medical malpractice, transportation.

**Licensed in:** Indiana, Kentucky, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, West Virginia.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** James Ryan, president/CEO; Joseph V. Colosimo, COO; Jerome Boyett, secretary/treasurer.  
**Contact:** Jerry Ennenbach, marketing director.

**G.A. Mavon & Co.**

10 W. Chicago Ave., Hinsdale, Ill. 60521; 630-655-2400; fax: 630-654-4447

	1996	1995
Premium volume	\$15,800,000	\$15,400,000
Employees	22	23
Commercial lines	48%	49%
Admitted business	85%	85%
Non-admitted	15%	15%

**Founded:** 1916.  
**Business:** 70% managing general agent, 5% Lloyd's of London coverholder, 25% broker.

**MGA for:** Acceptance Insurance Co., Northland Insurance Co., Scottsdale Insurance Co., Standard Mutual Insurance Co.

**Broker for:** Evanston Insurance Co., First State Management Group.

**Licensed in:** Illinois.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** P.G. Mavon Jr., president; Phil Mavon, executive vp; Jim Davis, assistant vp; Bill Wilson, manager; Ken Cuprisin, manager.  
**Contact:** Tony Jasinski, marketing manager.

**McClelland & Hine Inc.**

P.O. Box 792710, San Antonio, Texas 78279; 210-366-2500; fax: 210-366-2407

	1996	1995
Premium volume	\$22,500,000	\$24,000,000
Commercial lines	95%	95%
Admitted business	30%	30%
Non-admitted	70%	70%

**Founded:** 1982.

**Business:** 1.5% underwriting manager, 78.5% managing general agent, 20% broker, Lloyd's of London coverholder.  
**Branches:** Dallas, Houston.  
**Specialties:** Artisan contractors.  
**Licensed in:** Texas.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Gilbert C. Hine Jr., president; Shelley Hine, vp/treasurer; Harold Smith, Suzanne Herndon, vps.  
**Contact:** Gilbert C. Hine Jr.

**Media/Professional Insurance**

2300 Main St., Suite 800, Kansas City, Mo. 64108-2404; 816-471-6118; fax: 816-471-6119

	1996	1995
Premium volume	\$85,100,000	\$88,400,000
Employees	120	120
Commercial lines	100%	100%
Admitted business	55%	55%
Non-admitted	45%	45%

**Founded:** 1979.  
**Parent:** Aon Specialty Group.  
**Business:** 100% underwriting manager.  
**Underwriting manager for:** Gulf Insurance Group, National Casualty Co., Nationwide Insurance Enterprise.

**Branches:** Media/Professional Insurance Agency Ltd., London.  
**Specialties:** Media liability, intellectual property infringement, professional liability.  
**Licensed in:** Kansas, Missouri.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** John Pfannenstiel, president/CEO; Dennis Brenton, Mark Hutchins, senior vps-underwriting.  
**Contact:** Marcia Jensen, marketing coordinator.

**Meindl Insurance Agency Inc.**

3452 Grand Blvd., Brookfield, Ill. 60513; 708-354-0184; fax: 708-354-0403

	1996*	1995*
Premium volume	\$12,300,000	\$12,500,000
Gross revenues	\$1,107,000	\$1,125,000
Employees	21	21
Commercial lines	40%	40%
Admitted business	85%	85%
Non-admitted	15%	15%

\* Fiscal years ending 03/31/96 and 03/31/95.  
**Founded:** 1974.  
**Business:** 95% managing general agent, 5% Lloyd's of London coverholder.

**MGA for:** Admiral Insurance Co., American Ambassador Casualty, American Services Insurance Co., Commercial Underwriters Insurance Co., Empire Fire & Marine Insurance Co., Foremost Insurance Co., Fremont General Group, Gallant Insurance Co., Illinois Founders Insurance Co., Mount Vernon Fire Insurance Co., Pembridge General Insurance Co., Safety Insurance Co., Topa Insurance Co., Universal Underwriters Group, United States Liability Insurance Co.

**Subsidiaries:** H & M Premium Finance Co. Inc.  
**Specialties:** Workers compensation, liquor liability.  
**Licensed in:** Illinois.  
**Membership:** NAPSLO.  
**Officers:** Fred J. Harris, CEO; Joseph Peter Harris, president.  
**Contact:** Joseph Peter Harris.

**Miami Valley Excess & Surplus Agency Inc.**

P.O. Box 29, Miamisburg, Ohio 45342; 937-438-0491; fax: 937-438-9834

	1996	1995
Premium volume	\$4,750,000	\$4,300,000
Gross revenues	\$686,500	\$635,000
Employees	9	9
Commercial lines	99%	99%
Admitted business	85%	85%
Non-admitted	15%	15%

**Founded:** 1985.  
**Business:** 85% managing general agent, 15% broker.

**Branches:** Miami Valley E&S Agency of Kentucky Inc., Lexington, Ky.; Miami Valley E&S Agency of West Virginia Inc., Fairmont, West Virginia.

**Licensed in:** Kentucky, Ohio, Virginia, West Virginia.  
**Membership:** AAMGA.  
**Officers:** Fred C. Wootan, president; Barbara A. Wootan, vp; Lester L. Coug, vp; Greg Seikel, assistant vp; Janet Magness, operations manager.  
**Contact:** Fred C. Wootan.

**Midlands Management Corp.**

3503 N.W. 63rd, Suite 305, Oklahoma City, Okla. 73116; 405-840-0074; fax: 405-840-5432

	1996	1995
Premium volume	\$24,100,000	\$15,946,000
Gross revenues	\$2,157,000	\$1,685,000
Employees	14	13
Commercial lines	100%	100%
Admitted business	20%	35%

Non-admitted	80%	65%
--------------	-----	-----

**Founded:** 1990.  
**Business:** 25% managing general agent, 6% Lloyd's of London coverholder, 69% broker.

**MGA for:** Associated International Insurance Co., Clarendon National Insurance Co.

**Broker for:** Chubb Custom Insurance Group, Clarendon American Insurance Co., Doran Excess Underwriters, Reliance Insurance Co. of Illinois.

**Subsidiaries:** Midlands Claim Administrators Inc., Oklahoma City.

**Specialties:** Excess lines of workers compensation, reinsurance of workers compensation.

**Licensed in:** Oklahoma.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Charles Caldwell, CEO; Wayne Keith, executive vp; Mark Davis, vp; Richard Gerrond, vp; Sheryl Casey, vp.  
**Contact:** Charles Caldwell.

Support services, including claims administration provided by Midlands Claim Administrators Inc.

**Nason Associates Inc.**

6901 W. 63rd St., Suite 207, Overland Park, Kan. 66202; 913-677-1550; fax: 913-384-9350

	1996*	1995*
Premium volume	\$8,560,000	\$7,167,529
Gross revenues	\$503,136	\$487,300
Employees	7	7
Commercial lines	85%	80%
Admitted business	95%	95%
Non-admitted	5%	5%

\* Fiscal years ending 6/30/96 and 6/30/95.  
**Founded:** 1980.  
**Business:** 100% broker.

**Broker for:** Houston Casualty Insurance Co., Lloyd's of London.

**Specialties:** Aviation insurance, including aircraft products liability.  
**Licensed in:** Kansas, Missouri.  
**Officers:** Courtney H. Nason, chairman; Linda S. Joy, president; Lorri A. Shuey, vp.  
**Contact:** Linda Joy.

**National Insurance Professionals Corp.**

1040 N.E. Hostmark St., Suite 200, Poulosbo, Wash. 98370-8720; 360-697-3611; fax: 360-697-3688

	1996	1995
Premium volume	\$14,489,000	\$14,564,000
Employees	20	20
Commercial lines	100%	100%
Admitted business	31%	40%
Non-admitted	69%	60%

**Founded:** 1976.  
**Business:** 91% managing general agent, 9% broker.

**MGA for:** Continental Casualty Co., Contractors Bonding & Insurance Co., Gryphon Insurance Group, SAFECO Insurance Cos., United National Group.

**Licensed in:** Alaska, California, New York, Washington.  
**Specialties:** Professional and industrial associations and affinity groups, including social service agencies and the bicycle industry.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Thomas C. Downs, chairman; William S. Reese, president; William L. Johnson, executive vp; Barry C. Clipsham, senior vp.  
**Contact:** Thomas C. Downs.

**North Island Group Inc.**

30 Park Ave., Manhasset, N.Y. 11030; 516-365-7440; fax: 516-365-7392

	1996*	1995*
Premium volume	\$76,000,000	\$80,000,000
Employees	70	72
Commercial lines	96%	95%
Admitted business	92%	92%
Non-admitted	8%	8%

\* Fiscal years ending 03/31/97 and 03/31/96.  
**Founded:** 1976.

**Business:** 65% managing general agent, 3% Lloyd's of London coverholder, 32% broker.

**MGA for:** Hermitage Insurance Co., National Union, Royal Insurance Group, National Casualty Co., Scottsdale Insurance Co., United States Liability Insurance Co.

**Broker for:** Admiral Insurance Co., Chubb Corp., Evanston Insurance Co., Executive Risk Group, Fireman's Fund Insurance Co., First Financial Insurance Co., First State Insurance Co., General Star Indemnity Co., Interstate Insurance Group, Investors Insurance Group, Lexington Insurance Co., Reliance Insurance Group, Reinsurance Corp. of New York, SAFECO Insurance Cos., Travelers Group.

**Branches:** N.I.F. Pro, Manhasset, N.Y.; N.I.F. Services of New Jersey, Montvale, N.J.; N.I.F. Services of New York, New York; N.I.F. Services of Mid-Atlantic, Bala Cynwyd, Pa.; N.I.F. Services of New England, Warwick, R.I.

**Specialties:** Social services institutional program, including professional liability.

**Licensed in:** Connecticut, District of Columbia, New Jersey, New York, Pennsylvania, Rhode Island, Virginia.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Michael A. Orlando, president; John G. Orlando, executive vp; Dennis Loggie, Bill Battistini, vps.  
**Contact:** Daphne Alvarado.

**J.R. Olsen Bonds & Insurance Brokers Inc.**

22900 Ventura Blvd., Suite 360, Woodland Hills, Calif. 91364; 818-224-4855; fax: 818-224-4857

	1996	1995
Premium volume	\$4,200,000	\$3,750,000
Employees	14	NA
Commercial lines	100%	NA
Admitted business	100%	NA

**Founded:** 1984.  
**Business:** 100% managing general agent.

**MGA for:** Century Indemnity Co., CIGNA Group, Connecticut Indemnity Co., Frontier Insurance Co., Gulf States Insurance Co., Hartford Insurance Co., SAFECO Insurance Cos., Star Insurance Co.

**Officers:** James R. Olsen, Hope Olsen.  
**Contact:** James R. Olsen.

**Professional Indemnity Agency Inc.**

P.O. Box 130, 409 Manville Road, Pleasantville, N.Y. 10570; 914-747-1818; fax: 914-747-3737

	1996*	1995*
Premium volume	\$66,000,000	\$63,000,000
Employees	46	41
Commercial lines	100%	100%
Admitted business	65%	63%
Non-admitted	35%	37%

\* Fiscal years ending 01/31/97 and 01/31/96.  
**Founded:** 1978.

**Business:** 100% managing general agent, Lloyd's of London coverholder.

**MGA for:** Legion Indemnity Co., Legion Insurance Co., Reliance National Insurance Co., Ulico Casualty Co., Ulico Indemnity Co.

**Branches:** Upper Saddle River, N.J.  
**Specialties:** Fiduciary liability, D&O, E&O, kidnap/ransom/extortion, malicious product tampering/accidental product contamination.

**Licensed in:** New Jersey.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Mark E. Rattner, president; David F. Rattner, corporate secretary/business development manager; Gerald Axel, senior vp/treasurer; Albert Van Wagenen, Nick Xanders, senior vps.  
**Contact:** David F. Rattner.

**Professional Indemnity Management Co.**

4225 Naperville Road, Suite 265, Lisle, Ill. 60532; 800-447-4626; fax: 630-505-1221

	1996	1995
Premium volume	\$11,000,000	\$8,200,000
Employees	8	7
Commercial lines	100%	100%
Admitted business	99%	97%
Non-admitted	1%	3%

**Founded:** 1987.  
**Business:** 99% managing general agent, 1% broker.

**Broker for:** Doran Excess Underwriters Inc., Evanston Insurance Co., Executive Risk Group, General Star Indemnity Co., Lloyd's of London.

**Specialties:** Accountants professional liability, architects & engineers professional liability, insurance agents E&O.

**Licensed in:** Illinois.  
**Officers:** James M. Romano, president; Michelle A. Duffett, executive vp; Susan Harker, underwriting manager.

**ProSurance Group Inc.**

1101 San Antonio Road, Mountain View, Calif. 94043; 415-428-0818; fax: 415-428-0860

	1996	1995
Premium volume	\$12,000,000*	\$8,000,000*

Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

\* Estimate.  
**Founded:** 1993.  
**Business:** 50% managing general agent, 50% broker.

**MGA for:** CIGNA Group.  
**Broker for:** American International Group, Professional Underwriters Liability Insurance Co., Reliance Insurance Co.

**Specialties:** Financial and medical professional liability.

**Licensed in:** California, Florida, Maine, Minnesota, New Jersey, Texas, Virginia.

**Officers:** John V. Wagner, chairman/CEO; Donald W. Satterlee, president; Susan Canlis, Dorothy Kent, vps.

**R**

**Rapport Insurance Services Inc.**

15415 Katy Freeway Plaza, Houston, Texas 77094-1813; 281-492-1735; fax: 281-579-1258

	1996	1995
Premium volume	\$27,342,613	\$30,285,000
Gross revenues	\$1,777,699	\$1,891,000
Employees	25	24
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

**Founded:** 1988.  
**Business:** 25% managing general agent, 25% Lloyd's of London coverholder, 50% broker.

**MGA for:** Empire Fire & Marine Insurance Co., The Hartford Steam Boiler Group.

**Broker for:** American International Group, Clarendon Insurance Co., Empire Fire & Marine Insurance Co., The Hartford Steam Boiler Group, Interstate Fire & Casualty Co., Lloyd's of London.

**Subsidiaries:** Atwell/Rapport Insurance Services Inc., Albuquerque, N.M.

**Specialties:** Commercial auto.  
**Licensed in:** New Mexico, Texas.  
**Contact:** Edward A. Gorman Jr., president.

**Repath Group**

4301 Hillsboro Road, Suite 314, Nashville, Tenn. 37215; 615-297-1739; fax: 615-297-3796

	1996	1995
Premium volume	\$54,109,000	\$46,257,000
Gross revenues	\$3,760,000	\$3,240,000
Employees	39	39
Commercial lines	100%	100%
Admitted business	20%	18%
Non-admitted	80%	82%

**Founded:** 1984.  
**Business:** 8% managing general agent, 1% Lloyd's of London

Continued from previous page

	1996	1995
Admitted business	45%	40%
Non-admitted	55%	60%

**Founded:** 1966.  
**Parent:** The Riggs Group Inc.  
**Business:** 35% managing general agent, 10% Lloyd's of London coverholder, 55% broker.

**MGA for:** American Empire Surplus Lines Insurance Co., China American Insurance Co., Empire Fire & Marine Insurance Co., Essex Insurance Co., Great Divide Insurance Co., Monticello Insurance Co., New Hampshire Insurance Co.

**Broker for:** Alliance General Insurance Co., American International Group, Atlantic Mutual Insurance Co., Chubb Corp., First State Insurance Co., General Star National Insurance Co., Interstate Fire & Casualty Co., United National Group.

**Specialties:** Energy, transportation.  
**Licensed in:** Texas.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** David L. Geary, president; Daniel E. Whitt, Ronald D. Fuos, senior vps; Jere Freel, James Parker, vps.  
**Contact:** Mary Ann Johnson, secretary.  
*Support services provided by parent company.*

**Roehrig & MacDuff**

P.O. Box 2427, Daytona Beach, Fla. 32115; 904-252-6454; fax: 904-257-5799

	1996	1995
Premium volume	\$28,500,000	\$28,000,000
Gross revenues	\$2,750,000	\$2,700,000
Employees	26	27
Commercial lines	100%	100%
Admitted business	18%	17%
Non-admitted	82%	83%

**Founded:** 1980.  
**Parent:** Poe & Brown Inc.  
**Business:** 30% managing general agent, 18% Lloyd's of London coverholder, 52% broker.

**Branches:** St. Petersburg, Fla.  
**Licensed in:** Florida.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** W.L. (Bill) Rambo, president; Glen Epley, W. Dana Roehrig, senior vps; William Zimmer, treasurer; Laurel Grammig, secretary.  
**Contact:** W.L. Rambo.

**SMIS Inc.**

2 Riverchase Office Plaza, Suite 208, Birmingham, Ala. 35244; 205-985-7511; fax: 205-403-0761

	1996	1995
Premium volume	\$9,500,000	\$8,500,000
Gross revenues	\$972,000	\$815,000
Employees	12	10
Commercial lines	100%	100%
Admitted business	10%	10%
Non-admitted	90%	90%

**Founded:** 1980.  
**Business:** 10% underwriting manager, 40% managing general agent, 50% broker.  
**Specialties:** Product liability, employment practices liability.  
**Licensed in:** Alabama.  
**Membership:** NAPSLO.  
**Officers:** James Godfrey, chairman; Dave Barringer, president; Lamar Andrews, Joyce Cailleateau, vps.  
**Contact:** Lamar Andrews, 800-755-7647.

**W.A. Schickedanz Agency Inc.**

300 W. Main St., Belleville, Ill. 62220; 618-233-0644; fax: 618-233-0672

	1996	1995
Premium volume	\$6,500,000	\$6,300,000
Employees	15	15
Commercial lines	85%	80%
Admitted business	90%	85%
Non-admitted	10%	15%

**Founded:** 1931.  
**Business:** 70% managing general agent, 15% Lloyd's of London coverholder, 15% broker.

**MGA for:** Burlington Insurance Co., Empire Fire & Marine Insurance Co., First Financial Insurance Co., Guaranty National Insurance Co., Landmark American Insurance Co., Northfield Insurance Co., Northland Insurance Co.

**Broker for:** Bituminous Fire & Marine Ins., Bituminous Insurance Co., Fidelity & Deposit Co. of Maryland, First State Insurance Co., Hartford Insurance Co., Metropolitan Property & Casualty, United National Insurance Co.  
**Subsidiaries:** Agency Network America

Inc., Belleville, Ill.; Gateway Premium Budget Inc., Belleville, Ill.

**Specialties:** Illinois liquor liability and related package coverages, truck liability/physical damage.

**Licensed in:** Illinois.  
**Membership:** AAMGA.  
**Officers:** C. Jack Miller, president/CEO; Steven C. Miller, executive vp.

**The Schinnerer Group**

2 Wisconsin Circle, Chevy Chase, Md. 20815; 301-961-9800; fax: 301-951-5444

	1996	1995
Premium volume	\$444,000,000	\$442,000,000
Gross revenues*	\$37,100,000	\$37,000,000
Employees	305	304
Commercial lines	100%	100%
Admitted business	95%	95%
Non-admitted	5%	5%

\* BI estimate.  
**Founded:** 1937.  
**Parent:** Seabury & Smith.  
**Business:** 99% underwriting manager, 1% broker.

**Underwriting manager for:** Continental Casualty Co.; Employers Reinsurance Corp.; Executive Risk Group; School, College & University Underwriters Ltd.; United Educators Insurance RRG; USF&G Insurance Co.; Zurich-American Insurance Pool.

**Broker for:** Chicago Insurance Co., Executive Risk Group.

**Branches:** San Francisco; Chicago; Ottawa; Toronto; London.  
**Subsidiaries:** ENCON Insurance Managers Inc., Ottawa; ENCON Underwriting Agency Inc., Chevy Chase, Md.; Schinnerer & Co. Ltd., London; Victor O. Schinnerer & Co. Inc., Chevy Chase, Md.

**Specialties:** Architects/engineers PL; liability for schools, colleges & universities; non-profit D&O liability; hospital excess liability; security guards E&O liability; professional liability.

**Licensed in:** California, Maryland.  
**Officers:** Vincent C. Santorelli, president; Paul L. Genecki, senior vp; Richard J. Walk, senior vp; Lorna M. Parsons, senior vp; Homer M. Sandridge, executive vp.  
**Contact:** Richard J. Walk.

**Shand Morahan & Co. Inc.**

Shand Morahan Plaza, 1007 Church St., Evanston, Ill. 60201; 847-866-2800; fax: 847-866-0778

	1996	1995
Premium volume	\$123,748,000	\$133,484,000
Gross revenues	\$25,004,000	\$26,396,260
Employees	174	164
Commercial lines	100%	100%
Admitted business	1%	1%
Non-admitted	99%	99%

**Founded:** 1970.  
**Parent:** Markel Corp.  
**Business:** 100% underwriting manager.  
**Underwriting manager for:** Essex Insurance Co., Evanston Insurance Co., Investors Insurance Co. of America, Markel American Insurance Co., Markel Insurance Co.

**Specialties:** Professional liability, product liability.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Anthony F. Markel, chairman/CEO; Paul W. Springman, president/COO; Gerard Albanese Jr., senior vp/chief underwriting officer; Michael A. Rozenberg, executive vp/chief administrative officer; Edgar W. Phoebus, secretary/general counsel.  
**Contact:** Letha Heaton, vp-sales/marketing, 847-866-0856.

**Sherwood Insurance Services**

201 California St., Suite 1000, San Francisco, 94111; 415-956-3236; fax: 415-956-1204

	1996	1995
Premium volume	\$263,000,000	\$238,000,000
Gross revenues	\$23,800,000	\$21,000,000
Employees	147	135
Commercial lines	100%	100%
Admitted business	75%	80%
Non-admitted	25%	20%

**Founded:** 1978.  
**Parent:** Aon Specialty Group.  
**Business:** 18% managing general agent, 1% Lloyd's of London coverholder, 81% broker.

**MGA for:** CNA Insurance Cos., Commercial Underwriters Insurance Co., Essex Insurance Co., First State Insurance Co., Scottsdale Insurance Co., Transamerica Insurance Group.

**Broker for:** Agricultural Excess & Surplus Insurance Co., Associated International Insurance Co., CNA Insurance Cos., Commonwealth Insurance Co., First State Insurance Co., Insurance Co. of the West, RLI Insurance Co., The Royal Insurance Group, Scottsdale Insurance Co., Westch-

ester Specialty Group.

**Branches:** Irvine, Pasadena and Woodland Hills, Calif.; Chicago; New York; Seattle.

**Subsidiaries:** Loxley Insurance Services, Sherwood Construction Program Manager, Special Risk Services.

**Specialties:** Property catastrophe, commercial umbrellas, primary and excess general liability.

**Licensed in:** All states.  
**Membership:** NAPSLO.  
**Officers:** James W. Barnes, chairman/CEO; Phillip Mazur, executive vp; Curt Biersch, executive vp; Kevin Schrage, CFO; Marion Woodbury, vp.

**Contact:** Philip Mazur, 415-956-3236; Curt Biersch, 818-593-2008; Marion Woodbury, 714-477-2050.

**Leon F. Skinner Agency Inc.**

1032 Sibley Tower Building, Rochester, N.Y. 14604; 800-836-4430; fax: 716-232-2173

	1996	1995
Premium volume	\$6,500,000	\$6,100,000
Employees	8	8
Commercial lines	90%	90%
Admitted business	80%	80%
Non-admitted	20%	20%

**Founded:** 1959.  
**Business:** 100% managing general agent.

**MGA for:** Essex Insurance Co.  
**Specialties:** Physical damage, cargo/trailer interchange, excess liability.

**Licensed in:** New York.  
**Officers:** Leon F. Skinner, president.

**Myron F. Steves & Co.**

3131 Eastside, Suite 600, Houston, Texas 77098; 713-522-1100; fax: 713-639-6340

	1996	1995
Premium volume	\$75,406,000	\$72,300,000
Gross revenues	\$9,909,989	\$9,490,214
Employees	95	96
Commercial lines	77%	82%
Admitted business	17%	14%
Non-admitted	83%	86%

**Founded:** 1955.  
**Business:** 36% managing general agent, 12% Lloyd's of London coverholder, 52% broker.

**MGA for:** Acceptance Insurance Co., Century Surety Insurance Co., Essex Insurance Co., General Agents Insurance Co. of America, Guaranty National Insurance Co., Hartford Insurance Co., National Fire & Marine Insurance Co., National Security Insurance Co., Republic-Vanguard Insurance Co., Scottsdale Insurance Co., Travelers Indemnity Co., Westport Insurance Co.

**Broker for:** American International Insurance Co., Colonial Insurance Co., Employers Reinsurance Corp., First Specialty Insurance Co., Lloyd's of London, Reliance Insurance Co., Sphere Drake Insurance Co., P.L.C., United National Insurance Co.

**Specialties:** Health care professional liability, surplus lines commercial property/casualty, non-standard home owners.

**Licensed in:** Texas.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Buddy Steves, Fred Steves, Larry Willoughby, executive directors; Ron Belcor, director; Don Krutielek, CFO.  
**Contact:** Fred Steves.

**Allen Sterger & Associates Insurance Services**

P.O. Box 27949, San Diego, Calif. 92198; 619-674-7250; fax: 619-674-1321

	1996	1995
Employees	6	6
Commercial lines	100%	100%
Admitted business	100%	100%

**Founded:** 1990.  
**Specialties:** Lawyers professional liability, agents/brokers professional liability.  
**Licensed in:** California.  
**Contact:** Allen Sterger or Chris Sterger.

**Stewart Smith Group Inc.**

26 Century Blvd., Nashville, Tenn. 37214; 615-872-3030; fax: 615-872-4408

	1996	1995
Premium volume	\$366,169,000	\$355,870,000
Gross revenues	\$28,728,000	\$27,878,000
Employees	216	214
Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

**Founded:** 1936.  
**Parent:** Willis Corroon P.L.C.  
**Business:** 3% managing general agent, 2% Lloyd's of London coverholder, 95% broker.

**Broker for:** Admiral Insurance Co., Chubb Corp., First State Management Group Inc., General Star Management Co., RLI Insurance Co., Reliance Insurance

Group, The Royal Insurance Group, The St. Paul Cos., Westchester Specialty Group, Zurich Insurance Group.

**Branches:** Phoenix; Chicago; New York.

**Subsidiaries:** McAlear Associates Inc.: Grand Rapids, Mich.; Cleveland. Stewart Smith East Inc.: Farmington, Conn.; Bernardsville, N.J.; New York; Philadelphia. Stewart Smith Environmental Specialists, New York. Stewart Smith Mid America Inc., Chicago. Stewart Smith Southeast: Tampa, Fla. Stewart Smith Southwest, Dallas. Stewart Smith Specialty Risks, Southfield, Mich. Stewart Smith West Inc.: Phoenix; Glendale and San Francisco, Calif.

**Licensed in:** Alaska, Arizona, California, Connecticut, Florida, Illinois, Michigan, New Jersey, New York, Ohio, Oregon, Pennsylvania, Texas.

**Membership:** NAPSLO.

**Officers:** Gary Cooper, president/CEO; Edward F. Casey, chief administrative officer; Sue Dudley, CFO; Dave Martin, president/CEO-McAlear Associates Inc.; Jim Compton, president/CEO-Stewart Smith Southeast Inc.; Elliott Jones, president/CEO-Stewart Smith Mid-America Inc.; John McGovern, president/CEO-Stewart Smith Environmental Specialists Inc.; Fred Anderson, president/CEO-Stewart Smith West Inc.; Mark Smith, president/CEO-Stewart Smith East Inc.; George Clarke, executive vp-Stewart Smith Specialty Risks Inc.

**Swett & Crawford Group**

21650 Oxnard St., Suite 1600, Woodland Hills, Calif. 91367; 818-227-3419; fax: 818-227-3410

	1996*	1995*
Premium volume	\$607,503,000	\$589,617,000**
Gross revenues	\$59,089,000	\$57,492,000**
Employees	576	551
Commercial lines	100%	100%
Admitted business	50%	45%**
Non-admitted	50%	55%**

\* Fiscal years ending 9/30/96 and 9/30/95. \*\* Restated.

**Founded:** 1914.  
**Parent:** Aon Specialty Group.  
**Business:** 33% managing general agent, 67% broker.

**MGA for:** American Empire Surplus Lines Insurance Co., American Equity Insurance Co., Athena Assurance Co., Canal Insurance Co., Guaranty National Insurance Co., Jefferson Insurance Co., National Indemnity Co., Nautilus Insurance Co., Scottsdale Insurance Co., St. Paul Surplus Lines Insurance Co., TIG Holdings Group, United States Liability Insurance Co., Western Heritage Insurance Co., Western World Insurance Co.

**Broker for:** Allianz Insurance Co., American Financial Group, American International Group, Associated International Insurance, W.R. Berkley Corp. Group, Berkshire Hathaway Insurance Group, Canal Insurance Co., Chubb Corp., CNA Insurance Cos., Colonia Insurance Co., Coregis Indemnity Co., General Star Indemnity Co., Guaranty National Insurance Co., The ITT Hartford Insurance Group, Lloyd's of London.

**Branches:** 28 locations nationwide.  
**Subsidiaries:** AUSCO Inc., Chicago; Swett Insurance Managers.

**Licensed in:** Arizona, California, Colorado, Florida, Georgia, Idaho, Illinois, Maine, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Oregon, Pennsylvania, Texas, Utah, Virginia, Washington.

**Membership:** AAMGA, NAPSLO.  
**Officers:** David R. Hartoch, president/CEO; Daniel V. Colacurcio, executive vp/western division manager; Ronald D. Wartick, executive vp/central division manager.  
**Contact:** Nanci Evarts, 818-227-3419.

**Symons International Group Inc.**

5900 N. Andrews Ave., Suite 800, Fort Lauderdale, Fla. 33309; 954-772-5061; fax: 954-772-9873

	1996	1995
Premium volume	\$10,211,580	\$6,792,470
Gross revenues	\$1,195,065	\$848,559
Employees	16	13
Commercial lines	100%	100%
Non-admitted	100%	100%

**Founded:** 1976.  
**Parent:** Goran Capital Inc.  
**Business:** 97% underwriting manager, 3% managing general agent.

**Underwriting manager for:** Patco General Insurance Co.  
**MGA for:** United National Insurance Co.  
**Specialties:** Restaurants, bars, apartments, condominiums, motels.  
**Licensed in:** Florida, Georgia.  
**Membership:** NAPSLO.

**Officers:** Ronald E. Chapman, vp/general manager; Alan Symons, president/CEO.  
*Support services provided by Patco General Insurance Co.*



**Texas General Agency Inc.**

P.O. Box 40600, San Antonio, Texas 78229; 210-949-9100; fax: 210-949-9121

	1996	1995
Premium volume	\$30,000,000	\$25,000,000
Employees	50	46
Commercial lines	70%	70%
Admitted business	85%	85%
Non-admitted	15%	15%

**Founded:** 1979.

**Business:** 99% underwriting manager, 1% broker, Lloyd's of London coverholder.  
**Underwriting manager for:** Republic-Vanguard Insurance Co., Southern County Mutual Insurance Co.

**Broker for:** American Reliable Insurance Co., Preferred National Insurance Co.

**Subsidiaries:** Gulf States Insurance Co., Oklahoma City; Pan American Acceptance Corp.  
**Specialties:** Commercial auto.

Continued on next page

**Business Insurance**

**DIRECTORIES**

**DIRECTORY OF BUYERS**

The 1996/97 *Business Insurance* Directory of U.S.-Based Corporate Buyers of Insurance, Benefit Plans and Risk Management Services is available in two editions. The fourteenth annual U.S. edition contains alphabetical listings of nearly 3,100 U.S. corporations. You'll find names and titles of over 17,000 executives responsible for risk management, employee benefits and more - plus vital company facts and figures. The third annual International edition lists approximately 3,800 executives from more than 700 companies in 27 countries outside the U.S. In addition to an address and phone and fax numbers, you'll find nature of business, currency of the country, revenue or sales, and the names and titles of the executives responsible for risk management, security, health care and finance.

BI's Directories of Corporate Buyers are available in print or on disk for the PC. To order your U.S. or international edition, or to purchase the BID Software for either directory, call:

313/446-1609

**DIRECTORY OF MANAGED CARE PROVIDERS**

The 1996/1997 *Business Insurance* Directory of Managed Care Providers is published as a special extras edition of the news-magazine. The directory contains profiles of HMOs and PPOs across the country organized alphabetically by state. To order, call:

313/446-1609

**IN-PUBLICATION DIRECTORIES**

*Business Insurance* publishes more than 20 comprehensive in-publication directories during the year, making access to services and suppliers easy. Providing detailed listings of firms in specialized areas, BI's directories give readers a direct route to better management techniques and eliminate frustrating hours researching services and suppliers available in the marketplace. For a listing of BI's in-publication directories, call:

Directory Information: 312/649-5398

Continued from previous page

**Licensed in:** Texas.  
**Membership:** AAMGA.  
**Officers:** Sam Cangelosi, president; Don Cangelosi, secretary/treasurer; Don E. Meyer, vp.  
**Contact:** Jimmie Faulkner.

**Tower Underwriters**

7501 Boulders View Drive, Suite 120,  
 P.O. Box 35656, Richmond, Va. 23235;  
 804-330-0543; fax: 804-330-3430

	1996	1995
Premium volume	\$4,745,700	\$5,351,024
Gross revenues	\$412,100	\$451,369
Employees	5	7
Commercial lines	100%	100%
Admitted business	94%	97.5%
Non-admitted	6%	2.5%

**Founded:** 1981.  
**Business:** 100% managing general agent.

**MGA for:** Canal Indemnity Co., Canal Insurance Co., Great American Insurance Co., Marine Office of America Corp., National Fire & Marine Insurance Co., National Indemnity Co.

**Specialties:** Commercial auto; general liability; truckers general liability; garage liability, including garage keepers legal liability.

**Licensed in:** Delaware, Virginia.  
**Officers:** Frederick W. Black, president; Sharone H. Beverley, secretary; Joan S. Dunkley, treasurer.  
**Contact:** Frederick W. Black.

**Tri-Arc Financial Services Inc.**

983 Old Eagle School Road, Suite 616,  
 P.O. Box 6745, Wayne, Pa. 19087;  
 800-446-5950; fax: 610-254-9893

	1996	1995
Premium volume	\$5,039,041	\$5,441,350
Gross revenues	\$933,202	\$728,650
Employees	6	3
Commercial lines	100%	100%
Admitted business	100%	100%

**Founded:** 1947.  
**Business:** 97% managing general agent, 3% broker.

**MGA for:** Reliance Insurance Co.  
**Broker for:** Gulf Insurance Co.  
**Branches:** Baltimore; New Rochelle, N.Y.; San Antonio.

**Specialties:** Lessors contingent/excess liability coverages for long-term auto and truck leasing operations, residual value insurance, guaranteed auto protection.

**Licensed in:** Pennsylvania.  
**Officers:** Jon W. Yoskin, CEO; Richard C. Maida, president.  
**Contact:** Kathleen Everhart, vp.

**Tri-City Brokerage Inc.**

50 California St., Suite 2000,  
 San Francisco, Calif. 94111;  
 415-986-5050; fax: 415-986-50C4

	1996	1995
Premium volume	\$454,850,811	\$476,592,9-4
Gross revenues*	\$31,200,000	\$31,200,000
Employees	186	178
Commercial lines	100%	100%
Admitted business	80%	80%
Non-admitted	20%	20%

\* BI estimate.  
**Founded:** 1985.  
**Business:** 2% managing general agent, 98% broker, Lloyd's of London coverholder.  
**MGA for:** Connecticut Specialty Insur-

ance Group, General Star Management Co.

**Broker for:** Acceptance Insurance Co., Admiral Insurance Co., Associated International Insurance Co., The Center Special Risk, Chubb Custom Insurance Co., Essex Insurance Co., Evanston Insurance Co., Executive Re Indemnity Inc., First State Insurance Co., General Star Indemnity Co., Great American Cos., RLI Insurance Co., Reliance National Insurance Co., Royal Specialty Underwriting Inc., St. Paul Fire & Marine Insurance Co.

**Branches:** Universal City, Calif; West Palm Beach, Fla.; Chicago; Edison, N.J.; New York.

**Subsidiaries:** Five Star Managers L.L.C.: Chicago; Jersey City, N.J. Tri-City Benefits L.L.C., Hauppauge, N.Y.

**Licensed in:** California, Florida, Illinois, New Jersey, New York.

**Membership:** NAPSLO.  
**Officers:** John G. Hahn, president; Kieran P. Burke, executive vp; Scott W. Gunnison, George P. Hilditch, Alexander M. Kullman, Daniel S. Real, Michael P. Tilton, Edward W. Ulshafer, executive vps; Robert E. Dillon, COO; Leo P. O'Reilly, CFO.  
**Contact:** John G. Hahn.

**Trinity E&S Insurance Services Inc.**

79 301 Country Club Drive, Suite 200,  
 Bermuda Dunes, Calif. 92201;  
 760-360-4100; fax: 760-360-0055

	1996	1995
Premium volume	\$12,380,772	\$11,350,000
Gross revenues	\$2,146,460	\$1,308,000
Employees	24	18
Commercial lines	100%	100%
Admitted business	55%	55%
Non-admitted	45%	45%

**Founded:** 1985.  
**Business:** 53% managing general agent, 47% broker.

**MGA for:** Century Surety Insurance Co., First Financial Insurance Co., United Capitol Insurance Co.

**Broker for:** Golden Eagle Insurance Co., United Capitol Insurance Co., Western Specialty Insurance Co.

**Branches:** San Diego and San Rafael, Calif.

**Specialties:** Contractors liability, workers compensation.

**Licensed in:** California.  
**Membership:** NAPSLO.  
**Officers:** Thomas J. Gassen, president; Peter J. O'Shaughnessy, chairman; Richard Kersten, secretary; Mark Rosenberg, CFO.  
**Contact:** Thomas J. Gassen.

most Insurance Co., Mount Vernon Fire Insurance Co.

**Broker for:** United National Insurance Co.

**Licensed in:** New Jersey.  
**Membership:** NAPSLO.  
**Officers:** Jeffrey S. Neubauer, president; Jack Neubauer, vp; Bernice Bender, treasurer; Douglas Planer, assistant treasurer; Ingrid Neubauer, secretary.  
**Contact:** Jeffrey S. Neubauer.

**U.S. Risk Insurance Group Inc.**

5910 N. Central Expressway,  
 Suite 1580, Dallas, Texas 75206;  
 214-265-7090; fax: 214-739-1421

	1996	1995
Premium volume	\$121,000,000	\$110,000,000
Gross revenues	\$12,320,000	\$11,735,000
Employees	129	124
Commercial lines	100%	100%
Admitted business	5%	5%
Non-admitted	95%	95%

**Founded:** 1977.  
**Business:** 36% managing general agent, 13% Lloyd's of London coverholder, 51% broker.

**MGA for:** Acceptance Insurance Cos., American Equity Insurance Co., Associated International Insurance Co., GAINSCO Cos., Northland Insurance Cos., Old American County Mutual Insurance Co., Scottsdale Insurance Co.

**Broker for:** Acceptance Insurance Cos., Admiral Insurance Co., Alliance General Insurance Co., American Equity Insurance Co., Commercial Underwriters Insurance Co., General Star Indemnity Co., Legion Indemnity Co., Scottsdale Insurance Co., Travelers Insurance Co., United National Insurance Co.

**Branches:** Scottsdale, Ariz.; San Francisco; Tallahassee, Fla.; Lafayette, La.; Nashville, Tenn.; Austin, Houston and San Antonio, Texas.

**Subsidiaries:** Jean Deal & Associates; Dallas, Jarrett Insurance Brokers Inc.; San Francisco; Tallahassee, Fla.; Lafayette, La.; Nashville, Tenn.; Austin, Dallas and Houston, Texas. U.S. Risk Underwriters Inc.; Scottsdale, Ariz.; Dallas, Houston and San Antonio, Texas.

**Specialties:** Professional liability, public entity coverages, umbrella and excess liability.

**Licensed in:** California, Florida, Louisiana, Tennessee, Texas.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** Randal G. Goss, chairman/CEO; L.M. (Mac) Wesson Jr., president/COO; Thomas S. Bloom, executive vp.  
**Contact:** L.M. (Mac) Wesson Jr.

Non-admitted 70% 70%

**Founded:** 1993.  
**Parent:** Shirlstar Holdings.  
**Business:** 70% underwriting manager, 30% broker.

**Underwriting manager for:** Clarendon America Insurance Co., Clarendon National Insurance Co., Realm National Insurance Co.

**Broker for:** Clarendon Insurance Group, Legion Insurance Co., Lincoln Insurance Co., Lloyd's of London, Reliance Insurance Group.

**Branches:** Covington, La.; Charlotte, N.C.

**Specialties:** Oil and gas, energy, diving, maritime, construction.

**Officers:** Christopher Needham, Peter Willis Fleming, Mark Tolner, Nicholas George, Sir Benjamin Slade.  
**Contact:** Peter Willis Fleming.

Support services provided by parent company.

**Bernard Warschaw Insurance Sales**

18730 Century Park E., Suite 1700,  
 Los Angeles, Calif. 90067;  
 310-286-2687; fax: 310-286-2526

	1996	1995
Premium volume	\$13,900,000	\$14,500,000
Employees	11	11
Commercial lines	100%	100%
Admitted business	2%	2%
Non-admitted	98%	98%

**Founded:** 1989.  
**Parent:** The Doctors' Co.  
**Business:** 100% managing general agent.

**Specialties:** Non-standard medical malpractice.

**Officers:** Manuela S. Puebla, chairman; Jack C. Cummings, president; Charles A. O'Brien, secretary; Michael Jacob, treasurer.  
**Contact:** Stephen Freedman.

Support services provided by parent company.

**Westrope & Associates**

920 Baltimore Ave., Kansas City, Mo.  
 64105; 816-842-8222; fax: 816-842-3081

	1996*	1995*
Premium volume	\$53,000,000	\$37,500,000
Employees	32	23
Commercial lines	100%	100%
Admitted business	25%	25%
Non-admitted	75%	75%

\* Fiscal years ending 5/31/97 and 5/31/96.  
**Founded:** 1992.  
**Business:** 2% managing general agent, 98% broker.

**MGA for:** Essex Insurance Co., Pacific Insurance Co. Ltd., Western World Insurance Co.

**Broker for:** American International Group, Mt. Hawley Insurance Co., Northfield Insurance Co., RLI Insurance Co., Royal Surplus Lines Insurance Co., St. Paul Surplus Lines Insurance Co.

**Specialties:** Product liability; umbrella; E&O; D&O; property, including California earthquake.

**Licensed in:** All states, excluding Nevada.

**Membership:** NAPSLO.  
**Officers:** Kevin T. Westrope, president/CEO; Joseph D. Timmons, chairman; Mark E. Patterson, W. Kay Singleton, executive vps; Robert E. Masterson, secretary.  
**Contact:** Kevin T. Westrope.

**Wood & Co. Inc.**

5445 Triangle Parkway, Suite 200,  
 Norcross, Ga. 30092-2541;  
 800-476-4703; fax: 770-448-7105

	1996	1995
Premium volume	\$57,500,000	\$59,068,935
Gross revenues	\$3,853,000	\$3,721,342
Employees	38	30
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

**Founded:** 1984.  
**Parent:** McGriff, Siebels & Williams Inc.  
**Business:** 100% broker.

**Broker for:** Agricultural Excess & Surplus Insurance Co., Allianz Underwriters Insurance Co., Chubb Custom Insurance Co., First State Insurance Co., General Star Indemnity Co., Great American Insurance Co., Interstate Insurance Group, Markel Insurance Co., Mt. Hawley Insurance Co., Northland Insurance Co., RLI Insurance Co., Royal Special Risks Insurance Co., St. Paul Surplus Lines Insurance Co., Travelers Group, Westchester Specialty Group.

**Branches:** Pensacola, Fla.  
**Specialties:** Manufacturing, contracting, processing, industrial, real estate.  
**Licensed in:** All states.  
**Membership:** NAPSLO.

**Officers:** Bruce Wood, president; George Showalter, Mike Rimbeby, Don Swift, senior vps; Donna Buto, Fred Buck, vps.  
**Contact:** Donna Buto.

**WYCON Corp.**

210 University Drive, Suite 900,  
 Coral Springs, Fla. 33071;  
 954-752-1222; fax: 954-344-7961

	1996	1995
Premium volume	\$58,987,715	\$59,508,452
Gross revenues	\$7,950,000	\$6,750,000
Employees	80	85
Commercial lines	95%	99%
Admitted business	28%	11%
Non-admitted	72%	89%

**Founded:** 1989.  
**Business:** 95% underwriting manager, 5% managing general agent.

**Membership:** AAMGA, NAPSLO.  
**Officers:** Stephen Weicholz, president; Albert S. Solomon, treasurer; Scott Weicholz, secretary; Kenneth Sutter, Darren Marsh, Dennis Wills, vps.  
**Contact:** Kenneth Sutter.



**Yates & Associates Insurance Services Inc.**

1570 Brookhollow Drive, Suite 212,  
 Santa Ana, Calif. 92705;  
 714-641-1125; fax: 714-641-1125

	1996	1995
Premium volume	\$19,616,630	\$17,717,585
Gross revenues	\$3,196,546	\$2,940,399
Employees	38	34
Commercial lines	100%	100%
Admitted business	36%	31%
Non-admitted	64%	69%

**Founded:** 1987.  
**Business:** 65% managing general agent, 35% broker.

**Branches:** Stockton, Calif.  
**Subsidiaries:** R.J. Mestayer E&S Insurance Services Inc., Stockton, Calif.; Municipality Insurance Services Inc., Santa Ana, Calif.; Pacific Coast Premium Finance Co., Santa Ana, Calif.

**Licensed in:** California.  
**Membership:** AAMGA, NAPSLO.  
**Officers:** James M. Yates, president; James L. Hippard, executive vp.  
**Contact:** James M. Yates.

**Business Insurance**  
 • SERVICES •

**REPRINT SERVICES**  
 BI's Reprint Department can provide reprints, in quantities of 100 or more, of any article appearing in the weekly newsmagazine. Legal permission, complying with U.S. copyright laws, also can be provided to companies wishing to reprint on their own, material appearing in the newsmagazine. For information, call or fax:  
 312/ 649-5319  
 Fax: 312/ 280-3174

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

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

**"Be sure that you return it."**

If you're racing through this issue of *Business Insurance* because you "borrowed" it from a colleague, you should have your own subscription. Then you'll be first on the list. You can take as much time as you like with all of *Business Insurance's* exclusive worldwide news of loss prevention, risk financing and benefit management every week.

**To subscribe, use the card in this issue or Call 1 (800) 678-9595 Toll-Free.**

Ask about our special 20%-off group subscription rate for five or more subscriptions. A great way to save money. And avoid pass-along problems.

Subscription Rates in U.S. Dollars for 1 year, 52 Issues.	
USA	\$87
Canada/Mexico	\$105*
All other countries	\$105
by expedited air.	\$205
* Price includes Canadian GST.	

**Business Insurance**  
 Subscription Dept.  
 965 E. Jefferson  
 Detroit, MI 48207  
 Outside the USA  
 Call (313) 446-0450

## INTERNATIONAL

## Global Briefs

London-based **Jardine Lloyd Thompson Group P.L.C.**'s official pro-forma gross revenues for the fiscal year ending June 30 were £247.6 million (\$412.1 million), slightly higher than the estimated £243.5 million (\$379.9 million). *Business Insurance* used in ranking the broker as the world's sixth-largest (*BI*, July 21). Pro-forma pretax profits increased 4% to £48.4 million (\$80.6 million) before an £8.3 million (\$13.8 million) exceptional charge resulting from the February merger. The merged group of Lloyd Thompson Group P.L.C. and JIB Group P.L.C. is switching its fiscal year-end to Dec. 31, and will report 18-month results to year-end 1997 in March next year. . . **Terra Nova (Bermuda) Holding Ltd.** has purchased for an undisclosed price French reinsurer *Compagnie de Reassurance d'Ile de France* in Paris, whose 1996 premium volume reached 153 million French francs (\$29.5 million). Corifrance Chairman and Managing Director M. Eric Vernhes will continue in his present role and "play a key role" in Terra Nova's further development in Europe. Terra Nova Insurance (U.K.) Holdings P.L.C. recently increased its capital by completing a \$75 million bond issue to institutional investors (*BI*, Sept. 1). . . **Sedgwick Reinsurance Brokers Ltd.** is opening a new office in France known as Sedgwick Re Paris, while two other Sedgwick Group P.L.C. units—Sedgwick Asia Pacific and Sedgwick Europe Services—are merging their respective reinsurance businesses into a new regional reinsurance company known as Sedgwick Re Asia Pacific based in Sydney and Singapore. . . **Chubb Insurance Co. of Europe S.A.** has launched a new insurance product to help protect the errors and omissions of directors of life and non-life insurance companies. The "Insurance Company Professional Liability" policy was designed "in response to the increasing number of lawsuits brought against insurance companies as a result of professional misjudgments and oversights," Chubb states. The policy, with limits up to £15 million (\$23.8 million) on a primary or excess basis, offers worldwide coverage, including the United States. . . **Cox Underwriting Services Ltd.** has appointed Doug Harmon as managing director with responsibility for the day-to-day running of the business. He was previously director and head of Premiercare for Nat West Insurance Services Ltd. . . **Brockbank Syndicate Management Ltd.** has named Nick Metcalf as active underwriter of its syndicate 588. He transfers from Brockbank syndicate 861, where he was senior deputy underwriter for eight years. Both syndicates are involved in general lines insurance. The agency's managing director, Ian Martin, said both syndicates intend to increase their underwriting levels for 1998. . . **Lloyd's of London** reports that in its sixth auction of syndicate capacity for the 1998 underwriting year, £183.8 million (\$314.8 million) of market capacity involving 102 syndicates was auctioned at a total value of £9.8 million (16.8 million).

## Norway's Storebrand seeks merger

Trygg Hansa, other Scandinavian insurers targeted for partnership

By MARIA KIELMAS

OSLO, Norway—In an effort to compete with larger players in the consolidating global insurance market, Norway's largest insurer, Storebrand A/S, is seeking merger partners among Scandinavian insurance companies.

The company has held discussions with Sweden's Trygg Hansa Insurance Co. and "several" other insurers throughout Scandinavia, a Storebrand spokesman in Oslo confirmed. However, he added, "We are not in negotiations with any of them."

A spokesman for Trygg Hansa in Stockholm

would not confirm the talks with Storebrand, which late last year shortened its name from UNI Storebrand. "We never comment on speculation," he said.

Storebrand has hired Oslo stockbroker Sundall Collier & Co to assist with the search for a strategic partner. Sundall Collier acted Storebrand's adviser in the insurer's failed attempt to merge earlier this year with the 51% state-owned savings bank, Christiania Bank og Kreditkasse. In June, about 63% of Storebrand shareholders voted in favor of the merger, short of the two-thirds majority required for such a move.

The main opposition to that merger came from two large shareholders, the Orkla A/S food and media conglomerate, and Norwegian businessman Kjell Inge Rokke, chairman of the Oslo-based diverse conglomerate Aker-RGI, who holds 10% of Storebrand. In media interviews at the time, Mr. Rokke said he opposed the merger because the Norwegian government would hold a 25.5% stake in the joint company and consequently would have too great an influence in the organization.

Storebrand now is seeking shareholders that share Chairman Age Korsvold's management. See Storebrand on next page



PHOTO: AFP

## Rail crash losses are self-insured

PARIS—French state-owned railroad Societe Nationale des Chemins de Fer, or SNCF, is self-insured for losses from last week's collision of one of its express trains with a fuel truck.

The Sept. 8 crash caused 13 deaths and 31 injuries. A spokesman for the SNCF in Paris could not elaborate on the damages or liability other than the statement regarding self-insurance.

The train was traveling in a rural area between Bordeaux and Bergerac in southwest France. It hit a fuel truck at a rail crossing in Pointe-Sainte-Foy. The fuel truck, carrying 7,800 gallons of oil, was cut in half and then exploded.

The fire spread to the front of the

train as well as a nearby house, which was struck by the remains of the truck.

A source close to the company said that SNCF buys "hundreds of millions of dollars" of excess catastrophe coverage in the international insurance markets.

London insurance industry sources said the kind of catastrophe that would trigger that excess coverage would be a similar collision that caused a large spill of hazardous waste that polluted a wide area or caused extensive damage in a dense urban area.

Transport Minister Jean-Claude Gayssot has ordered an investigation into the causes of the crash.

—By Maria Kielmas

## U.K. companies urged to prepare for Year 2000

By EDWIN UNSWORTH

LONDON—Despite all the publicity about the "millennium time bomb," too many British companies have failed to implement risk management programs, insurers warn.

Ina Barker, executive director of the Assn. of Insurance & Risk Managers, warned last week, "It is vital that companies act as if they were uninsured for a millennium meltdown and carry out a rigorous risk analysis program to identify all the areas where they

may have problems."

Meanwhile, if insurers act according to advice from the Assn. of British Insurers, those affected by Year 2000 losses may find themselves without insurance protection. The insurers' position always has been that cover was never intended, an ABI spokeswoman reiterated.

She said last week that the association is accordingly urging insurers to examine policy wordings to determine how far they may be exposed to Year 2000 claims, and

See Year 2000 on next page

## Winterthur merger moves forward

WINTERTHUR, Switzerland—Credit Suisse plans to make an offer today to Winterthur Insurance Co. shareholders to exchange their shares for Credit Suisse shares.

Shareholders from Winterthur Group and Credit Suisse Group have voted overwhelmingly in favor of a merger. The exchange would be one Credit Suisse share for every 7.3 Winterthur shares.

Winterthur will remain an independent entity within the merged group (*BI*, Aug. 18).

At a shareholders' meeting, Winterthur Chairman Peter Spalti refuted suggestions that the merged enti-

ty will dispose of its North American insurance interests. He said that so long as they provide sufficient returns to investors, there is no reason to dispose of them. The companies are discussing legal aspects of the merger with U.S. authorities.

A.M. Best Co. has put the A+ rating of Winterthur and its nine U.S. units under review with developing implications. The agency said its action reflects the financial and strategic uncertainties associated with the merger. These will remain under review until the new management addresses the issues, Best said.

—By Maria Kielmas

## Ferry, cargo disasters uninsured

LONDON—London insurers believe they have little or no exposure to claims from two shipping disasters last week and say there is little likelihood that coverage was placed in any of the other major insurance centers.

In the most serious incident, an estimated 200 people drowned Sept. 8 when an overloaded local passenger ferry, La Fierce Gonaevienne, capsized off the coast of Haiti.

Estimates of the number of people on board at the time of the incident varied between the ferry managers' figure of 260 and a government official's report that 276 tickets were sold but that this did not include children.

Meanwhile, a 10-year-old cargo vessel, the Cyprus-registered

North Islands, carrying 6,000 tons of fertilizer, broke in two after running aground Sept. 8 off the coast of San Antonio, Chile. The 30 people on board were rescued.

A Lloyd's of London spokesman said in both cases it was unlikely any of the insurance would have been placed in the London market. He said that such small vessels tend to be insured in their home market, and in Haiti often no coverage is purchased at all.

Richard Youell, a marine underwriter for Lloyd's syndicate 79, added that he had not heard of any insurance claims on either of the vessels, also implying no coverage had been placed in the London market.

—By Edwin Unsworth



PHOTO: AFP

The North Islands, a Cyprus-registered cargo ship, right, ran aground off Chile last week. It was carrying a load of fertilizer.

# Services Guide

**CPCU and IIA candidates**  
 I guarantee you will learn more in less time with The Burnham System — or your money back  
 Ray Burnham, CPCU, CLU, ARM  
 19 Everett Street, Southbridge, MA 01550  
 Call 1-800-GET-CPCU Now!

**INSPECTIONS AND AUDITS**  
 "The Best in Service, Quality & Pricing For Over 15 Years"  
**TECHNICAL INSURANCE SERVICES**  
 1-800-557-1147  
 VISIT OUR WEBSITE:  
[www.tisinspects.com](http://www.tisinspects.com)

## Conference

**SANTA CLARA VALLEY CHAPTER OF RIMS ANNOUNCES ANNUAL FALL EDUCATIONAL FORUM**  
 • September 25, 1997 • San Jose Athletic Club •  
 The following topics will be presented: future of risk management, disaster recovery, strategic risk assessment, pollution prevention, combined lines insurance, Lloyds, and contract review. To register contact: Errol Fitzpatrick at (408) 277-4243 or <http://www.rimsscv.org/fef97.html>

Publishing October 6 in  
**Business Insurance**  
**Business Insurance**  
**International Benefits & Risk Management**  
 Plus:  
**Directory: International Insurers & Benefit Networks**  
**Ad Closing Date: September 24**  
**Call Now To Reserve Your Space!**  
**(312) 649-5340**

ready on the year 2000  
 Call us  
**SBPA SYSTEMS**  
**Medical • Dental • Vision • Disability • Life • COBRA • Section 125 TPA's • Managed Care Organizations • Insurance Companies**  
 Visit us at our web site: [www.sbpa.com](http://www.sbpa.com)  
 1-800-444-1189 • 10777 WESTHEIMER, SUITE 125  
 HOUSTON, TEXAS 77042 • FAX 713-974-3544

**Pyramid services Inc.**  
**PYRAMID CLAIMS & RISK MANAGEMENT SOLUTIONS**  
 CUSTOMER-BASED SOLUTIONS FOR PERFORMANCE-DRIVEN COMPANIES  
**The Pyramid System**  
 Risk Management  
 Claims Administration  
 Policy Administration/Rating  
 Medical Case Management  
 Medical Bill Review  
 Disability Management  
 800 Claims Reporting  
 Document Imaging  
**Pyramid Support Services**  
 Pyramid Training Center  
 Highly Skilled Support Staff  
 Customer Support Tracking  
 Electronic Bulletin Board  
 The Pyramid User Association  
 Account Executive Program  
 Numerous On-site Alternatives  
 Quality Survey Program  
**WINDOWS • DOS • ORACLE • SYBASE • SQLSERVER NT**  
**Pyramid Services, Inc. An AON Company**  
 Call Our Corporate Office: (203) 743-6000 x262

For advertising information contact: Cheryl Butler-Adeszko, Classified & Services Guide Advertising, 740 North Rush Street, Chicago, Illinois 60611. Telephone (312) 649-5340 • Fax (312) 649-7799

## INTERNATIONAL

### Storebrand

*Continued from page 67*  
 strategy of expansion via mergers. One such shareholder the spokesman named was Norwegian food entrepreneur Stein Erik Hagen, who owns 10% of the insurer. Under Norwegian law, no enterprise is allowed to own more than 10% of a Norwegian financial institution without making an acquisition offer.  
 The company also is open to interest from non-Scandinavian insurers and other investors. "We would not exclude them; some European companies are already setting up in Norway," the spokesman said.  
 A merger between Storebrand and another Scandinavian insurer would be welcomed by the stock market,

says Rafael Villarreal, vp and senior analyst at Moody's Investors Service in London. Scandinavian insurers have little room to grow in the small domestic markets, which they dominate, and a merger would give the combined entity the capital to pursue income growth in other countries.  
 "You can write more premium from New York state than from a Scandinavian country," Mr. Villarreal said.  
 A merger between Trygg Hansa and Storebrand could make sense, as the two companies would be able to consolidate their operations, cut costs and compete with other international insurers, he said. "The Storebrand holding companies still have some problems, but the operating companies have a strong cash flow," he said.  
 Mr. Villarreal said Storebrand remains highly leveraged, with a debt-

to-equity ratio of about 60%. Most insurers are not leveraged higher than 30%, and Storebrand's high amount of debt could restrict its ability to write coverage.  
 Storebrand had 1996 gross premium volume of 13.21 billion Norwegian kroner (\$1.78 billion) and net income of 1.12 billion kroner (\$150 million).  
 Storebrand registered 7.5 billion Norwegian kroner (\$998 million) in gross premium volume for the first six months of 1997, up 8% on the same period last year.  
 Trygg Hansa's 1996 gross premium volume was 12.16 billion Swedish kroner (\$1.56 billion), and net income of 2.37 billion kroner (\$304 million). Trygg Hansa registered 6.44 billion kroner (\$818 million) of gross premiums in the first half of this year, up 7.6% from the same 1996 period. **BI**

### Year 2000

*Continued from page 67*  
 for new or renewal policies to be written so that they make clear such claims are not covered under a standard policy, if that is the insurer's intention.  
 One concern, she said, is that if those affected by Year 2000-related losses believe they are insured, they will not bother to take action that could prevent the losses altogether.  
 The ABI already has issued some suggested draft policy exclusion wordings to its members, but the spokeswoman said the general response of insurers was that these were too restrictive.  
 Losses could result from the moment the Year 2000 rings in, because many computers and microprocessors are programmed to read only the last two digits of the year, and so "00" will be read as 1900. It could send systems awry and affect everything from air traffic control to traffic lights and sophisticated medical equipment (*BI*, June 16).  
 The spokeswoman said the ABI is preparing an information sheet for businesses, which it hopes to issue in early October, advising them how to avoid Year 2000 losses.  
 The ABI has also commissioned a confidential study into the implications of Year 2000 for insurers from the London law firm Cameron McKenna. The spokeswoman would not confirm a press report that the

study found that up to three-quarters of British companies would have legitimate grounds for claiming compensation for Year 2000-related losses under their all-risks policies.  
 AIRMIC and the ABI are working closely on this matter to agree what businesses must do to reach a clear understanding of whether or not they are insured against such risks and how to arrange some degree of protection, either through insurance or minimizing their exposures, or a combination of the two.  
 Ms. Barker urged all companies "to check their insurance policies carefully now; instigate a complete Year 2000 compliance-assessment of their existing computer systems; and establish a Year 2000 project team which has board-level authority."  
 Ms. Barker said that while many AIRMIC members appear to be on top of the problem, "there is a lot of evidence that many companies are not."  
 She warns, too, that companies must not think their job is done when their own systems are safe. They must think about such matters as whether their suppliers are 2000-compliant, as well as all other equipment containing computer chips, such as process control, building management systems and industrial robots.  
 London law firm Dibb Lupton Alsop has said insurers are "likely to be bombarded with claims arising from a cocktail of potential liabilities confronting insureds." These will in-

clude those who have been involved in the provision of information technology equipment and services and company directors and officers for failing to deal with or solve Year 2000 problems.  
 Dibb Lupton Alsop says insurers will have to determine for themselves the extent to which, if at all, they are prepared to insure Year 2000-related risks. It, too, advises that "all insurers should conduct a review of their business in order to ascertain the extent of their existing potential exposure" and to check policy wordings "to ensure that there are no latent liabilities lurking."  
 However, Catrin Turner, a partner in another London law firm, Davies Arnold Cooper, maintains that while "psychological warfare" is being waged between insurers and policyholders over Year 2000 coverage concerns about the latter being pursued through the courts for a significant number of claims are probably overstated.  
 Insurers of the information technology equipment providers "have already got their house in order" by issuing exclusions for Year 2000-related claims, and insurers of other parties likely to be affected are quickly following suit, she maintains.  
 Ms. Turner said she does not see any consequences for insurers from a recent claim by a U.S. supermarket owner against the supplier of a cash register that could not recognize credit cards that expire after the Year 2000 (*BI*, Aug. 25). **BI**

## Reinsurance market growing

### Global market has increased by \$30 billion in six years

**By EDWIN UNSWORTH**  
 LONDON—The global market for reinsurance has grown by \$30 billion since 1991 to \$171 billion last year, according to a study by Datamonitor, a London- and New York-based strategic management consultant.  
 The report says the \$171 billion total consists of total direct premiums ceded and excludes retrocession. However, some of this is intracompany business transacted between companies in the same group, so the true size of the global "open" reinsurance market is more likely between \$100 billion and \$120 billion, says the study.  
 Of the larger total, \$145 billion came from non-life reinsurance and \$26 billion from life business. Alan Leach, manager of the financial services practice unit of Datamonitor, said the figures show "life reinsurance is a lot more significant than is often believed."  
 Property reinsurance was the greatest single line worldwide last year at \$47 billion in direct insurance premiums ceded. Auto reinsurance and life

reinsurance were the second- and third-largest lines with premiums ceded of \$36 billion and \$26 billion, respectively.  
 Geographically, North America and Western Europe dominate in terms of direct insurance ceded.  
 However, the emerging markets showing the greatest growth rates, albeit from lower starting points. Whereas the reinsurance markets of North America and Western Europe grew by less than 4% annually between 1991 and 1996, the Pacific Rim increased by an average annual rate of 9% and Latin America by an average annual rate of 6.1%.  
 In a separate study, "IT in European Insurance 1997," Datamonitor says spending by European insurers on information technology will increase rapidly over the next few years.  
 European insurance companies will spend \$14.3 billion on information technology this year, rising to \$18.8 billion in 2002, the study says. Two of the main spurs for this increased spending will be European Monetary Union, which will eventually force insurers to convert systems and proce-

dures to deal in a single currency, and computer-system problems associated with the millennium.  
 Based on this year's figures, more than two-thirds of information technology spending will come from insurers in three countries: Germany, the United Kingdom and France. Germany will account for \$3.5 billion, or 24.3%, of 1997 spending, closely followed by the United Kingdom at \$3.3 billion, or 23.1%, and then France with \$2.9 billion, or 20.1%.  
 Nicholas Byrne, a Datamonitor analyst, says in the report that a major reason for the increased information technology spending is the growing tendency for insurers to organize their core operations around customer lines rather than product lines and to offer general as well as life and pension products, each of which has markedly different underwriting criteria.

Copies of "Global Reinsurance" and "IT in European Insurance 1997" are available for \$3,995 each from Datamonitor USA, 1 Park Ave., New York, N.Y.; 212-686-7400; fax: 212-686-2626.

# Lloyd's members leery of allowing captive syndicates

## Lloyd's to decide issue by end of year

By STACY SHAPIRO

LONDON—Lloyd's of London's traditional members are skeptical about captive syndicates being set up in the market.

Some delegates to the Assn. of Lloyd's Members autumn meeting last week expressed concern that captive syndicates might make calls on the Central Fund and take business away from other Lloyd's syndicates.

But, Paul Bawcutt, managing director of Risk & Insurance Research Group Ltd., who came up with the idea for captive syndicates in 1993, tried to put their minds at ease.

"I think captive syndicates would be a good thing for Lloyd's and for the London insurance market," he told ALM members.

Lloyd's Council is considering the idea and is expected to decide by year end whether to allow captive syndicates.

Captive owners would benefit from setting up syndicates at Lloyd's because they would have access to Lloyd's licenses around the world, Mr. Bawcutt said.

A captive syndicate could write policies on its own paper in all countries where Lloyd's is licensed.

A captive syndicate also could benefit from the Lloyd's reinsurance market right on its doorstep, good underwriting management and the excellent infrastructure of the London insurance market, said Mr. Bawcutt.

Lloyd's would benefit, too, he said, because captive syndicates would make additional contributions to the Central Fund, and new reinsurance business would be generated by captive syndicates for other Lloyd's syndicates.

Also, if 100 of the world's biggest corporations set up captive syndicates at Lloyd's, it would be an acknowledgment that Lloyd's is a secure market, according to Mr. Bawcutt.

But some of the ALM delegates who represent mainly the traditional members of Lloyd's weren't so sure captive syndicates should be allowed.

One delegate wanted to know how traditional members would benefit from captive syndicates because 100% of the capital on such a syndicate would be provided by the parent company.

Traditional members' contributions to the Central Fund and other levies might be reduced if captive syndicates added to the funds, Mr. Bawcutt said.

He added that captive syndicates also would generate more reinsurance business for the market and those traditional members' syndicates.

"There may be some dan-

ger... that captive syndicates put undesirable risks into the market" by way of reinsurance, added another Lloyd's member.

That's a risk every Lloyd's syndicate has regardless of whether it's reinsuring a captive syndicate or taking outside business, Mr. Bawcutt replied. Judging the quality of a risk being reinsured is the responsibility of each syndicate's underwriter, "not whether you have captive syndicates in the market," he said.

"Aren't these captive compa-

**The captive syndicate is not going to expose the Central Fund the way the other syndicates do, says Paul Bawcutt.**

nies, and indeed corporate capital, being written on the back of Lloyd's Central Fund which we as traditional names will have to contribute if it all fails?" asked another member.

Mr. Bawcutt explained that Lloyd's is looking for a "compromise" solution so that a captive syndicate would not unduly expose the Central Fund, and by the same token the captive's owner would not be exposed to other Lloyd's losses through the Central Fund.

It has been suggested that a captive syndicate owner would sign a hold-harmless agreement saying it was responsible for all the syndicate's losses should it fail.

If that were the case, then the captive syndicate would want to pay only a portion of the standard member levy to the Central Fund, because the syndicate wouldn't benefit from it, he said.

"The captive syndicate is not going to expose the Central Fund the way other syndicates do," said Mr. Bawcutt.

Another delegate said, "I've been troubled by the prospect of captives because it seems to me it depends hugely on the quality of Lloyd's regulation." He said he thinks if the underwriting isn't checked, then the captive syndicate could call on the Central Fund.

Although regulation is good at the moment, in the future "the quality of regulation may decline and there really would be an explicit hazard for the names in the market."

Mr. Bawcutt reiterated that the captive syndicates would pay their own losses.

He added that the captive owners are very conservative and do not set up captives to make losses and lose money. "Captives are highly profitable," he said.

# Builders

Continued from page 2

tractors and their insurers to receive early notification that they may be party to a lawsuit, enabling them to participate in pre-trial mediation.

Additionally, the proposal would increase the pre-trial mediation period to 180 days from 90 days.

The bill also would expand the time frames for builders to conduct inspections of property involved in the lawsuit to 45 days from the current 15.

Subcontractors and other concerned parties complain they currently do not receive official notice of potential construction defect claims until they are served with a summons and a complaint.

It is believed the early notification requirement and additional time for mediation and inspections will enhance the possibility of resolution without extensive litigation.

The bill also establishes that "even after the 180-day time frame is exhausted and a summons/complaint is served, the parties (including their insurance carriers) will participate in an 'early meeting of counsel' to discuss adoption of ADR procedures, a preliminary discovery plan, an adoption of a case management order, trial estimates and a proposed schedule for adding new parties."

But while the new law would require insurers to attend the early meeting of counsel, it does not create an added "duty to defend"

beyond that already contained in insurance policies.

This language was added to win the support of the American Insurance Assn., according to Juan Acosta, legislative advocate for the California Building Industry Assn.

For the most part, A.B. 594 was significantly scaled down from the building industry's more ambitious goal to limit its liability in defect cases.

Builders had sought to shorten California's 10-year statute of limitations for construction defect suits and also wanted a legislative definition of construction defects. They also sought immunity for certain expert witnesses and third parties who conduct inspections during construction for quality control purposes.

"But these were what they called the non-starters" which shouldn't even be brought to the table, recalled George Dale, a partner with the insurance defense firm of Dale, Braden & Hinchcliffe in Los Angeles and a task force member.

Most of the objections to the changes came from the California Consumer Attorneys Assn., the state trial lawyer group.

Even though the task force did not reach a consensus on these larger issues, builders haven't given up the fight.

At least three groups have been formed by construction industry interests to generate grassroots support for legislative changes.

Mr. Dale himself is an active member of the recently formed Construction Defect Defense Action Coalition, a group of develop-

ers, contractors, insurers, brokers and adjusters and defense counsel.

While the group's initial focus is in the San Diego County area, it plans to hold meetings in other parts of the state.

The CBIA, which represents more than 5,000 firms engaged in residential, light commercial and industrial construction, also is actively lobbying for changes in state laws to protect builders.

Earlier this year, the Coalition for Quality Affordable Housing filed incorporation papers with the Secretary of State's Office.

All three groups support the changes proposed in A.B. 594 but view them as only incremental reforms.

In the meantime, insurers are providing some relief to contractors by developing owner-controlled insurance programs for residential construction. Before now, OCIPs—more commonly known as "wrap-ups"—have been used primarily in commercial and public works construction projects.

For example, Stewart Smith West Inc. of Glendale this year launched a Residential/Commercial Contractor Program that not only provides coverage to all contractors involved in a project, but requires risk management controls and offers buyers warranties. The program is underwritten by Legion Insurance Co. of Philadelphia.

"Their use in residential construction is really new," Mr. Dale acknowledged. But "wrap-ups are the No. 1 solution for builders' liability."

WE'RE EVERYWHERE YOU NEED US WITH EVERYTHING YOU NEED.

General liability,

professional packages,

commercial packages,

personal lines,

transportation,

premium financing,

specialty coverages . . .

some of the fine

products available from

our 38 branch offices

nationwide. Call us for

the office nearest you.



**Burns & Wilcox**

**800.521.1918**

**Largest MGA Branch Network**

# The Professional Marketplace

## RATES AND CLOSING TIME:

**Rates:** Display classified is \$163.00 per column inch, minimum of one inch. Straight classified is \$14.00 per line, minimum of 5 lines. Count 34 characters per line (include each space and punctuation as a character). Additional \$22.00 charge for all blind box ads. Only those responses which fit into a business size envelope will be forwarded. Responses are forwarded daily.

**Closing:** Published every Monday. Copy must be in typewriter form by 5:00 Tuesday, 6 day preceding publishing date. No verbal phone copy accepted. Most major credit cards accepted. Mail ads to, Cheryl Adeszko, Classified Advertising, 740 N. Rush St., Chicago, IL 60511. For more information call 312-649-5340, FAX 312-649-7937, or e-mail cadeszko@crain.com

### HELP WANTED

"Where Professionals Insure Their Careers"

## EXECUTIVE RECRUITERS NATIONWIDE

- Risk Management
- Insurance Brokerage
- Safety & Loss Control
- Risk Management Consulting
- Claims Management

Also Ask About Our Temporary Opportunities!

15 James Street, Main Level, Florham Park, NJ 07932  
Call 201-765-9000 • Fax 201-765-9009

**RMA RICHARD MEYERS & ASSOCIATES, INC.**

### CLIENT SERVICE MANAGERS - NATIONAL ACCOUNTS

Crawford & Company, the global leader in risk management, seeks qualified Client Service Managers to support our client retention and revenue growth goals. Based in major metropolitan areas, managers will work closely with national clients. Qualified candidate has experience delivering client satisfaction in brokerage or TPA environment; extensive knowledge of risk management issues, products and services; finely honed listening, analytical and problem solving skills; track record of building partnerships and growing client relationships; proven negotiation and sales closing skills; and demonstrated creativity to respond to opportunities with team-based solutions. Undergraduate degree, ARM or CPCU designation, and 3 years prior experience in account management or sales required. Send or fax resume with salary requirements to: G. Cunningham-Sneed, Crawford & Company, P.O. Box 5047, Atlanta, GA 30302, FAX (404) 847-4584. No calls or agencies please. EOE M/F/D/V



## Excellence Endures

First State is a specialty insurance subsidiary of the Hartford Financial Services Group.

We offer a flexible benefits package that allows you to choose benefits to meet your needs (subject to eligibility guidelines). Components include medical, dental, life, spouse and child life, AD&D, dependent care and health care spending accounts and the ability to buy or sell vacation. Other benefits include 401(k) plan, pension plan, ESOP, stock purchase plan, executive bonus plan and more.

For consideration, please send your resume to: Judith April Horgan, Assistant Vice President, Human Resources, First State Management Group, 150 Federal Street, Boston, MA 02110.

An Equal Opportunity Employer

### REGIONAL VICE PRESIDENT Atlanta

We have an executive opportunity for a commercial lines senior manager or director to lead the continuing growth of our Atlanta underwriting office. Responsibilities include:

- Directing the property and casualty underwriting efforts of the office in a creative, intelligent, responsive manner that assures the acceptance of profitably priced unique and unusual business
- Developing solid working relationships with our producers (wholesale brokers)
- Encouraging and developing new concepts based on analysis of competitive environment
- Ensuring prompt and reliable customer service
- Controlling operating expenses
- Motivating, guiding and developing a diverse staff

To be considered a strong candidate, you must have a proven record of improving productivity and increasing profitability in a surplus lines environment. Your leadership philosophy must include a commitment to communication and a strong appreciation that excellent staff are the backbone of any company's success. You must also demonstrate a strong and varied surplus lines underwriting foundation.

You will find additional information about First State at [www.firststateins.com](http://www.firststateins.com)

First State Management Group, Inc.

### HELP WANTED

#### INSURANCE CAREER CENTER

<http://insjobs.com>

The Premier Employment Service on the Internet. Employers! over 2,000 insurance professionals search our employment ads everyday. Are your positions listed? Call 410-266-3970 for ad placement or visit our website today.

### HELP WANTED

#### UNDERWRITERS/AGENTS

A+ rated Insurance Company seeks specialty underwriters/agents for growth and profit-sharing.

G. McGEE & ASSOCIATES  
800-566-4578  
Fax: 201-666-2642  
email: gmcgee@ix.netcom.com

NAS, a wholly owned subsidiary of Swiss Re America is seeking talented and experienced individuals to assume the following positions in its Manchester, NH office:

#### ACCOUNT MANAGER

The Account Manager will facilitate and shape Deal structure to facilitate process filing, maintain accountability for completion of state filing and program design solutions, as well as monitor, track and manage regulatory compliance, filing status, and respond to SID requests.

A College degree, CPCU or equivalent experience, minimum 10 years progressive large account underwriting experience in Commercial Lines required. Specific knowledge in the Casualty lines including Workers Compensation and good working knowledge of Property and Marine desired. Five years of management experience, as well as the ability to manage others through persuasion. Demonstrated ability and success in negotiations. Outstanding oral and written communication skills. Excellent organizational and customer service skills. Proficiency in use of PC required.

#### PRODUCT MANAGER

The Product Manager will manage and maintain the Product Portfolio across SRA's Business Units, be responsible for ensuring NAS' filed products are competitive and current with marketplace needs, and assure pricing and rating techniques meet filing requirements. Ability to effectively communicate at all levels, across a broad spectrum of clients a must.

College degree or equivalent experience, plus 5-7 years progressive underwriting experience with strong product expertise required. Solid knowledge of state filing regulations and procedures required. Effective oral and written communication skills. Excellent organizational skills. Proficiency in use of personal computers.

#### UNDERWRITING MANAGER

The Underwriting Manager will facilitate all NAS Program activities to assure timely, quality and innovative execution of the review, construction and implementation of Traditional Program Business and be responsible for the underwriting, reviewing and auditing of existing programs.

College degree, CPCU, or equivalent experience desired, minimum 10 years progressive account underwriting experience in Commercial Lines. Specific knowledge in the Casualty lines including Workers Compensation and a good working knowledge of Property and Marine required. Demonstrated ability and success in negotiations. Excellent oral and written communication skills. Excellent organizational and customer service skills. Proficiency in use of personal computers.

NAS offers a competitive salary and an excellent benefits package. Qualified candidates should forward a resume, including salary requirements to:

North American Specialty Insurance Company  
Attn: Human Resources  
650 Elm Street • Manchester, NH 03101-2524  
or E-mail to: [Maryse\\_Charbonneau@nasins.com](mailto:Maryse_Charbonneau@nasins.com)

### REQUEST FOR PROPOSAL

#### NOTICE

The South Louisiana Port Commission will receive sealed proposals for Insurance Coverages: Boiler & Machinery; Business Auto; Electronic Data Processing; Employment Practices Liability; Marine - Hull & Machinery and Protection & Indemnity; Marine Pollution Liability; Port/Primary Liability; Property; Public Employees Blanket Bond; Umbrella Liability; and Workers Compensation-including Longshoremen's & Harbor Workers' Compensation. Proposals will be received and publicly opened at the South Louisiana Port Commission, 171 Belle Terre Blvd., Suite 100, LaPlace, LA 70068, at 2:00 p.m. on November 25, 1997. No proposal will be accepted thereafter.

Bid Specifications may be obtained at a cost of \$15.00 on September 10, 1997 at the above address or call James Nelson at (504)652-9278 for further information.

The right is reserved to reject any/or all bids and to waive any informalities.

### LEGAL NOTICE

#### ICS REINSURANCE PRIVATE LIMITED RCMA REINSURANCE LIMITED SCHEMES OF ARRANGEMENT ("the Schemes") Notice of Declaration of Interim Dividends

NOTICE IS HEREBY GIVEN that third interim dividends of 10 cents in the dollar (US) have been declared in the above Schemes. Dividend cheques in respect of those claims which have been agreed will be despatched to Scheme Creditors shortly. Total dividends declared to Scheme Creditors now total 70%.

P J Singer & C J Hughes  
Joint Scheme Administrators  
ICS Reinsurance Private Limited  
RMCA Reinsurance Limited

Dated this 3rd day of September 1997

For a 1997 Classified Rate  
Card call: (312) 649-5340

### HELP WANTED

### HELP WANTED

## P&C PRODUCERS TIRED OF THE BIG BROKERAGE HOUSE SHUFFLE?

Had enough commission cuts and management changes?  
Not really sure where you fit with your present employer?

If you are dissatisfied with your current employment and the lack of opportunity and job security available, this Englewood Cliffs, NJ firm wants to talk to you!

If you are unafraid of hard work, are an intensely competitive, self starter who seeks a challenge and wants to be rewarded for your own performance, then we have a great career opportunity for you.

If you would like to find out more about this rewarding opportunity please contact Walter Christie at 1-800-856-8232.

## INSURANCE SPECIALIST

The World Bank is seeking an Insurance Specialist (based in Washington, D.C.) to assist the Financial Sector Development Department in promoting the growth and deepening of the financial sector in emerging and transitional economies, with particular emphasis on the private insurance industry. The Specialist will take part in financial sector missions to identify impediments to the proper development of the insurance industry, and, where necessary, recommend programs for reform of regulations and strengthening of supervision. The Specialist will also take part in missions dealing with the reorganization and restructuring of insurance institutions in client countries. Additionally, he/she will take the lead in preparing policy and other papers related to the work of the World Bank on insurance issues, and coordinate training programs with the aim of upgrading the capabilities of colleagues in the insurance field.

#### Qualifications include:

- Advanced training (Ph.D. level preferred) in finance, economics or business. Qualifications as an actuary would be an added benefit and may be accepted in place of a formal doctoral degree.
- A minimum of five years' work experience in the insurance field, either as a regulator or in a senior position in a life or non-life insurance company.
- Proven written record and contributions to original thinking in insurance sector policy issues.

- Proven ability to diagnose and propose practical solutions to complex operational and policy issues, as well as a demonstrated ability to lead complex negotiations in the insurance arena and to contribute to creative discussions with client countries.
- Excellent communications skills in English (both oral and written); an ability to converse in French and/or Spanish will be an advantage.

The World Bank is a leading multilateral development institution in global economic development, dedicated to decreasing poverty and increasing the quality of life in developing countries. We offer an internationally competitive compensation package including expatriate benefits. Women, as well as nationals of developing countries, are particularly encouraged to apply. Interested persons should send their resumes, before September 30th, type-written in English and quoting the ad code FSD2, to:

World Bank,  
Recruitment Unit,  
1818 H Street, N.W.,  
Washington, D.C.  
20433. Or fax to any of the following numbers:  
(202) 473-0901;  
(202) 477-4744;  
(202) 477-1831.



The World Bank

## Business Insurance

### Circulation Breakdown Commercial Consumers

**Administrative:**  
CEO's, Presidents, and Owners, ..... 2,200  
Vice Presidents, General Managers and  
Other Administrative Personnel ..... 5,129

**Financial:**  
Chief Financial Officers and Vice Presidents  
of Finance ..... 3,166  
Secretaries, Treasurers, controllers and  
other Financial Personnel ..... 2,973

**Risk/Employee Benefits:**  
Vice Presidents, Directors, Managers, and other  
related department personnel of: insurance, risk,  
employee benefits, personnel, compensation,  
pension, safety, security, industrial relations  
human resources and employee/  
labor relations ..... 17,043

**Sub-total** ..... 30,511  
Associations ..... 290  
Government, Unions and  
Educational Institutions ..... 946

**Commercial Consumers**  
**Sub-total** ..... 31,747  
Insurance Agents and Brokers ..... 3,588  
Insurance Companies ..... 7,327  
Accountants, Actuaries,  
Attorneys & Consultants ..... 2,831  
Adjusters, Appraisers, TPA's, Captive Managers  
& Health Care Providers ..... 1,624  
Others Allied to the Field ..... 966

**Total Qualified** ..... 53,083  
Non-qualified ..... 9  
Single Copy Sales ..... 16

**TOTAL CIRCULATION** ..... 53,108

★ Source Business/Occupational  
breakdown of qualified circulation,  
November 25, 1996 Issue, as  
submitted to BPA for December 1996  
BPA Publisher's Statement

# Equal pay ranks first for women: Report

By DEBORAH SHALOWITZ COWANS

Like actor Cuba Gooding Jr. in the movie "Jerry McGuire," "Show me the money" could be working women's slogan, according to a new survey.

The most frequently cited response to an inquiry about what is very important to working women was equal pay for equal work. Some 94% of working women surveyed this year by the AFL-CIO said equal pay for equal work is "very important," and another 5% called the issue "somewhat important."

Yet only 62% of the more than 50,000 women surveyed said their jobs currently offer equal pay for equal work.

The Washington-based AFL-CIO plans to launch a new campaign to promote equal pay for women, according to Gloria Johnson, AFL-CIO vp and chairwoman of the committee on women workers.

"Equal pay is women's top concern, and we will respond with a

grass-roots campaign that makes women's wages the public issue it deserves to be," she said. "Each woman should not have to fight individually for fair pay. The system needs to treat women fairly."

Women workers' other top concerns include: having a safe and healthy workplace, which 93% of respondents cited as very important; secure, affordable health insurance, cited by 87%; paid sick leave, cited by 82% of women; pension and retirement benefits, cited by 79%; and punishment for sexual harassment, cited by 78%.

Employers excel in providing safe and healthy workplaces, according to the respondents. Eighty-nine percent of the women said their jobs provide a safe and healthy workplace.

However, only 68% of the women said they receive health insurance, the same amount that said they receive paid sick leave.

Sixty-five percent of the respondents said they receive pension and retirement benefits, the same amount that reported sexual

harassment is punished in their workplace.

The AFL-CIO Working Women's Department collected written survey responses from more than 50,000 women nationwide and employed the public opinion research firm of Lake, Sosin, Snell, Perry & Associates to conduct a scientific telephone survey of 725 women.

Although mainstream benefits such as health insurance and pensions were cited frequently as very important to working women, only one-third of women said child care is very important, and only one-quarter said elder care is very important.

However, working women feel much more strongly about paid family leave and flexibility. Seventy percent of those surveyed said paid leave to care for sick family members is very important, and 61% said flexible hours or control over their own hours is very important.

Only 52% of surveyed women receive paid family leave, while 61% said that they have flexible hours or control over their own hours.

Copies of the report, "Ask a Working Woman," are available from the AFL-CIO Working Women's department, 888-971-9797.

## HCOs

Continued from page 1

1993 reforms that called for the creation of HCOs, among other measures.

But the HCOs and their supporters still hope to woo self-insurers by advertising the organizations' advantages.

"Big, self-insured employers have not come out because we haven't tried to sell to them," said Bruce Carlin, chief executive officer of MetraComp, a Long Beach, Calif., HCO and a unit of United HealthCare Corp. "We tried to set up our distribution channels through insurers. Now that those channels are close to being set up, we will start going after the large self-insured market."

Employers that use HCOs can extend the number of days they direct an employee's medical care, and if a claim goes to court, plaintiffs' doctors cannot rebut the testimony of an HCO doctor. Those advantages discourage attorneys from representing some claimants, proponents argue.

Disability insurers, health maintenance organizations and other medical groups can apply to become certified HCOs, though that certification is not required to treat work-related injuries. However, HCOs must provide case management and return-to-work services to employers.

Nationwide, 21 states have certification programs for "managed care organizations," or MCOs—similar to HCOs in California—that treat work-related injuries, according to information published by the Workers Compensation Research Institute in Cambridge, Mass.

MCOs have reduced the medical cost component of workers claims, said Rebecca Bruce, president and CEO of Aon Management Institute in Glastonbury, Conn. "But I think the jury is still out on whether they have brought employees back to work sooner."

Consequently, the nation's MCOs now are focusing more on results, such as reducing the number of days employees are away from work, she said. So far, however, employers largely have chosen other expense-reduction measures, such as monitoring their claims handlers.

But Ms. Bruce sees a future for MCOs if they can help national and international employers with multiple locations consolidate their workers compensation programs.

In California, HCOs can reduce losses by allowing employers that use them to extend control over employee medical care beyond the 30 days normally allowed, said Stuart Baron, president of Workers Comp Claims Control, a Long Beach, Calif., consulting company that advocates the use of HCOs.

Under California law, an employee can designate a physician in advance, but if they do not, an HCO can direct care for 90, 180 or 365 days, depending on certain criteria.

Most HCOs offer 180 days of employer direction, which requires that employers pay more than 50% of an employee's health care premium and offer a choice of two HCOs. To direct medical treatment for 365 days, an employee's primary care provider must be a member of the HCO the employee selects.

But, most primary care doctors are not experienced in treating work-related injuries, so HCOs have not been offering employers the opportunity to direct care for 365 days.

Although the state does not have cost savings estimates yet, Anaheim, Calif.-based PacifiCare HCO predicts employers that use its ser-

vices will see reductions of 30% to 40% in workers comp medical costs, said Mary Jane DeMille, manager for PacifiCare HCO. PacifiCare HCO's clients are fully insured companies.

Self-insured employers did not see a savings potential when legislation created HCOs, and it remains to be seen whether those employers will benefit from recent changes, such as moving HCO oversight under the workers comp division, said Joseph Markey, director of the California Self Insurers Assn. in Sacramento.

Savvy self-insured employers al-

**'Big, self-insured employers have not come out because we haven't tried to sell to them,' says Bruce Carlin.**

ready use preferred provider organizations specializing in workers compensation, Mr. Markey said. However, self-insurers could benefit if competition from HCOs gives them more options and forces down PPO costs.

"As I look at what can we do from a standpoint of managing our medical (expenses) better, truly it has not occurred to me to go out and solicit an HCO," said Theresa Muir, division manager of workers comp in Rosemead, Calif., for Southern California Edison, a utility company with 13,500 employees. "I do not think that having more medical control is necessarily going to help us."

Edison and other self-insured companies worry that in California, the average cost per claim has not declined since the reforms of 1993, Ms. Muir said. Aggregate costs have been reduced because employers have tackled claim frequency.

But, reducing the average cost per claim will require disability management and intensive medical treatment applied early, Ms. Muir said. If HCOs follow health maintenance organizations and ration care, then desired results may not be possible, she added.

Edison uses a PPO whose doctors follow specific treatment protocols. Edison also is looking into onsite medical management. "I think that has more of a chance of working in the work comp environment than HCOs," Ms. Muir said.

But PacifiCare's Ms. DeMille and other HCO proponents say they do not ration care, and they subscribe to the philosophy that early application of intensive care is necessary. Ms. DeMille likens the position of HCOs today to that of HMOs back in the 1970s and says their time is here.

But the backlash against HMOs also could hinder employee appreciation for HCOs if their introduction is not handled properly, Aon's Ms. Bruce said. While employers have practiced managed care in workers compensation for years by directing care to selected doctors, the HCO labeling may draw on negative associations with HMOs.

"You're really introducing a perception that it may be something more for an employer than it is for an employee," she said.

But HCOs will be the way of the future, in part because they can play a role in helping employers and employees understand the benefits of applying managed care techniques to work-related injuries, said a spokesman for Fireman's Fund Insurance Co. The Novato, Calif.-based insurer recently began using MetraComp's HCO services.

# Core components crucial in ergonomics programs

By MEG FLETCHER

WASHINGTON—A new government report analyzing five private ergonomics programs found that simple and flexible programs could help reduce musculoskeletal disorders and workers compensation costs.

However, those programs must be built on core elements, which experts had previously identified, according to researchers with the U.S. General Accounting Office.

The findings were presented last month in a 137-page report: "Worker Protection: Private Sector Ergonomics Programs Yield Positive Results."

The core elements, which are designed to ensure ergonomic hazards are identified and controlled in order to protect workers are: management commitment, employee involvement, identification of problem jobs, development of solutions for problem jobs, training and education for employees, and appropriate medical management.

"However, the facilities often customized the elements to adapt to their own often unique site-specific conditions," according to the report.

For example, ensuring a proper ergonomic environment is the responsibility of the on-site occupational health clinic nurse at the Sisters of Charity Health System in Lewiston, Maine. She must approve any new construction to ensure the new work areas are designed with ergonomic considerations.

Meanwhile, an ergonomist at the American Express Financial Advisors Inc. facility in Minneapolis works with several departments involved with procurement to establish standards for buying ergonomically appropriate furniture and equipment.

The other employer programs studied were: AMP Inc. in Tower City, Pa.; Navistar International

Transportation Corp. in Springfield, Ohio; and Texas Instruments Inc. in Lewisville, Texas.

The five companies included in the study also benefited from a drop in workers compensation costs. They achieved from about 35% to 91% declines in workers comp costs for musculoskeletal disorders as a result of the programs. Texas Instruments had the largest drop, from \$2.6 million in 1991 to \$224,000.

However, researchers acknowledged the small sample size means that their findings are limited and cannot be generalized to the entire employer community, according to the report.

In analyzing the companies, "we also found that the processes for identifying and developing controls for problem jobs, and often the controls themselves, were simple and informal, generally requiring a lower level of effort than that called in the OSHA draft standard or described in the literature," researchers said in the report.

For example, problem jobs were often identified—at least initially—based on a report of a musculoskeletal disorder, employee discomfort or a request for assistance.

Greg Watchman, acting assistant director of the Department of Labor, commented on this point in a letter contained in an appendix: When it comes to identifying problem jobs, "many other firms have adopted a more proactive approach that includes a hazard or job analysis to identify problem jobs where no injury or illness has yet occurred. While the study describes the potential benefits of some incident-based approaches, it is unfortunate that it cannot be used to draw any conclusions about the relative advantages of more proactive approaches," he said.

In addition, the GAO's researchers suggested the federal Occupational Safety and Health Ad-

ministration allow employers some flexibility in reaching ergonomic standards.

Earlier this year, legislators overseeing OSHA's budget gave the federal agency limited authority to develop an ergonomics proposal but not to propose or issue a final mandatory standard (BI, July 28).

That marked a modification of the ban on OSHA developing standards, which stemmed from controversy over OSHA's 1995 controversial draft standards.

Specifically, GAO researchers said: "Our findings suggest that as OSHA proceeds with its efforts to protect workers from ergonomic hazards, it may be useful for it to consider an approach that sets a framework for a worksite ergonomics program while providing employers the flexibility to implement site-specific efforts and the discretion to determine the appropriate level of effort to make, as long as the efforts effectively address hazards."

Former Sen. Paul Simon, D-Ill., originally requested the report before he retired last year. Two other members of Congress succeeded him in requesting it, Sen. Edward M. Kennedy, D-Mass., and Rep. Major R. Owens, D-N.Y. Both Democrats are the ranking minority members on worker-related committees in their respective chambers.

It is unlikely that committee hearings will be held on the report, because each of the those requesting such hearings are members of the minority on their respective committees, according to Lori Rectanus, project manager on the GAO report.

Free copies of the report on private sector ergonomics programs are available from the U.S. General Accounting Office at 202-512-6000 or P.O. Box 37050 in Washington, D.C. 20013. The report number is GAO/HEHS-97-163.

# MTA

Continued from page 1

timetable for reaching a decision on whether the MTA will indeed form a captive, Ms. Gregory said. She added that it's still too early in the study process to discuss what sort of coverage the MTA might place in the captive.

"We hope it would be domiciled in New York," she said. "We are working with the state insurance department on creating what is possibly going to be the first captive in New York."

The MTA is largely self-insured, though it does have "some first-dollar coverage that we buy," she said.

In addition to allowing companies with gross annual revenues or net worth greater than \$100 million, or groups of companies whose aggregate revenues or budgets exceed \$100 million, to form captives in the state, New York's new captive law also allows

non-profits or public authorities with annual budgets of more than \$100 million to form captives there.

The law allows captives to insure their parents or affiliates for most property/casualty risks, but bars them from writing life or health insurance and requires the use of fronting insurers in writing workers compensation or motor vehicle coverages.

Mr. Serio said since the captive law's passage, regulators "have had a number of calls of interest."

New York officials traveled to Vermont in August to attend the Vermont Captive Insurance Assn.'s annual meeting, "and the feedback we got from the Vermont meeting is that people are waiting to see if we're for real," Mr. Serio said. "I'd like to tell you we are very much for real." New York is "on track with where we want to be" in terms of getting its captive domicile up and running, the regulator said.

That includes the promulgation of regulations that "will look very much

like Vermont's regs, so we won't be getting into the old style New York regulation-type of scenario," he said.

He promised New York's captive regulations "will be brief and tight."

"We will get a captive up and running in short order," Mr. Serio said.

While New York's law "really is focusing on our Fortune 500 companies headquartered here in New York who have captives offshore," he said the state isn't "limiting our scope."

And acknowledging that the law does allow large public authorities to form captives there, Mr. Serio said, "I think everybody's going to look very carefully at the MTA experience. And the MTA has been very cooperative."

While captive formation by public transit agencies is uncharted territory in the United States, it's not without precedent overseas. In 1995, London Transport, operator of the London subway system, formed a captive in Guernsey to write employee and public liability risks. **BI**

## Online directory of health care data

### Treatment tracking

NEWPORT BEACH, Calif.—An online directory of health care information will soon be made available by the Center for Healthcare Information.

The resource guide, based on a 5,000-page printed version, will offer free access to users for at least the coming year. It will contain information on 40 categories of health care services, including home health agencies, pharmaceutical and medical product manufacturers, rehabilitation, subacute and long-term care facilities, cancer care and other specialized disease treatment centers, psychiatric care and self-help associations.

PHILADELPHIA—A new online disease management program for asthmatics linking doctors to pharmacists and case managers has been introduced by the University of Pennsylvania Health System and PharmaCare Inc.

The UPHS Asthma Management Program aims to ensure patient compliance with treatment goals by tracking compliance. It tracks 30,000 out of 350,000 patients treated by 300 doctors in eastern Pennsylvania and southern New Jersey.

The program is designed to re-

### Products & Services

The information can be accessed on the Internet at [www.cmrg.com](http://www.cmrg.com). The World Wide Web site will be fully functional after Sept. 30.

The listings will provide corporate and branch locations, and many will provide details such as services, staffing, ownership and affiliations. For information, contact Dr. Kevin O'Grady, 800-627-2244, ext. 112.

### Exhibits insurance

PHILADELPHIA—An insurance program for exhibit designers and producers is available from General Accident Insurance.

The program is intended to offer designers a wide range of property and liability coverages, increased limits and optional endorsements.

The coverage features \$50,000 per occurrence for the care, custody and control of the exhibits of others while stored at the insured's location. Increased limits are available. The program has a \$10,000 limit for the care, custody and control coverage for property of others (excluding exhibits) while stored at insured's location; and errors and omissions coverage with limits of \$500,000 or \$1 million available.

Property coverage and general liability extension endorsements also are available. For information, call Anne Cassidy, director of national programs, 215-625-1000.

### Health programs

SCOTTSDALE, Ariz.—Disease prevention and management programs in women's health, seniors' health and schizophrenia are now available to customers of PCS Health Systems Inc.

The women's health program is intended for generally healthy women, age 45 to 64, and is based on a four-page questionnaire that can be used to design custom-made drug regimens for women. The senior program, for those members 64 and above, provides educational materials to members over the course of a year.

The new schizophrenia program supplies awareness materials to physicians and case managers for distribution to patients and families.

PCS previously has designed disease management programs for asthma, chronic obstructive pulmonary disease, diabetes, depression, heart failure, high cholesterol and hypertension.

For information on the program, call PCS spokeswoman Bettylu Smith, 602-661-3694.

duce behavior that undermines successful treatment, such as drug misuse, duplicate therapies, excessive dosing and inappropriate drug interactions.

PharmaCare, a prescription benefit management firm, developed the computer technology for the new program.

For more information, call Gary Shramek, manager of clinical pharmacy programs, 800-237-6184, ext. 7974.

### QDRO information

BROOKFIELD, Wis.—A guide to qualified domestic relations orders is available from the International Foundation of Employee Benefit Plans.

A QDRO is a court order intended to fairly split benefits during divorces. "QDROs: A Guide for Plan Administrators, second edition" is a 128-page guide with definitions and backgrounds for different types of QDROs and guidelines to help plan administrators deal with the orders. Legal orders for QDROs, checklists, worksheets and form letters are supplied.

The book costs \$37, or \$30 for IFEBP members, plus shipping and handling.

The author, who also wrote the first edition, is Julie L. Bloss, attorney for the Annuity Board of the Southern Baptist Convention in Dallas.

For more information, contact IFEBP, 414-786-6710, ext. 8240.

### Plan evaluation

NEW YORK—A new evaluation program that uses software to judge the value of managed care programs has been introduced by The Segal Co.

The program, called Q-VAL, takes detailed information that Segal collects from a managed care organization and analyzes the management and monitoring of patient needs.

It grades the organization in 25 quality categories, including accreditation, diagnostic lab services, disease management, emergency services, member services, mental health services, provider access, teaching and research and wellness programs.

The program can be used to rate a plan sponsor's current plan, as a tool for comparison in bidding processes, or as a way to empower employers in their plan selection.

For more information, call Nancy Hakes, Q-VAL project team leader, 602-381-4025.

On October 30, 1997 in New York City,  
there will be a conference  
you can't afford to miss.

Can your firm survive a...

# New Madrid Quake?

### Hear First-hand from Leading Experts...

If you have exposure in the New Madrid Seismic Zone—Memphis, St. Louis, Nashville, Birmingham, Louisville, Little Rock—or any other earthquake prone area... you'll want to attend this important conference.

Hear leaders in the field speak about:

- Earthquake analysis
- Loss mitigation
- Structural engineering
- Risk management
- Insurance and reinsurance solutions

Experts concur, the loss potential  
is great...up to \$70 Billion!



Don't delay! Call to register for the  
New Madrid Quake Conference...  
(800) 486-2759

Sponsored by Guy Carpenter & Company, Inc.,  
J&H Marsh & McLennan, Inc., EQECAT, Inc.,  
Zurich Reinsurance Centre, Inc.  
and Business Insurance

# HMOs

Continued from page 2  
make that membership profitable."

The HMO industry is two quarters into a recovery cycle, which typically takes four to six quarters to mature, said Mark Jamilkowski, an HMO analyst with Conning & Co. in Hartford, Conn. "Results are going to continue to get better," he said. "We've only begun to see the improvement."

Gary Frazier, managing director at Bear Stearns & Co. in New York, characterized first-half results as "mixed." Some of the publicly-traded HMOs are "certainly showing signs of better pricing," with "some pockets of better medical cost management," Mr. Frazier said.

While medical cost trends are in the 3% to 5% range, "premium pricing is actually going up as well," he said. "It could be that we're getting the building blocks in place to actually outpace medical cost inflation for the first time in about three years, and maybe in '98 that could happen."

However, Mr. Frazier noted, "There are still some pretty significant issues the industry continues to wrestle with," including pharmacy costs.

One HMO executive said the industry's continued profitability will depend on pricing strategy.

"We are seeing rates pick up, and as rates increase in the marketplace, clearly profitability will improve," observed Bob Smoler, New York-based chief executive officer of Oxford Health Plans (New York), part of Norwalk, Conn.-based Oxford Health Plans Inc.

However, Mr. Smoler said, "If they change their focus and start penetration pricing again," pricing products to increase market share, "that's when you end up seeing profitability erode," said Mr. Smoler, adding Oxford has always priced its products appropriately.

Among the first-half 1997 results:

- Aetna Inc. reported operating earnings from continuing operations, excluding unusual items, of \$392.6 million for the first six months of the year, up 35.2% over last year's first half. Last year's second-quarter results exclude U.S. Healthcare, which merged with Aetna in July.

- Oxford Health Plans reported a 74.5% increase in net income for

the first half to \$71.6 million.

- Santa Ana, Calif.-based PacificCare Health Systems Inc., which completed its acquisition of FHP International earlier this year, reported \$61.5 million in first-half net income, up 52.2% from the comparable period in 1996, which included certain pretax charges.

However, the company reported second-quarter net income of \$18

million with a Medicaid managed care program in Pennsylvania.

Observers appear to be cautiously optimistic.

Greg Baird, senior vp of group sales for Woodland Hills, Calif.-based Blue Cross of California, a subsidiary of WellPoint Health Networks Inc., said after two years of flat or even declining rates, "we're now getting into low

## 'The HMO industry is a short-tail business, so when companies have mispricing issues, it takes over a year to recover,' says Duff & Phelps' Douglas L. Meyer.

million vs. \$36 million for 1996, excluding the pretax charges. It attributed the lower-than-expected results primarily to substantially higher health care costs in the commercial and Medicare lines of business in a number of markets, mainly those in the FHP transaction.

- Woodland Hills, Calif.-based WellPoint Health Networks Inc. reported \$108.7 million in net income, excluding non-recurring costs, down 1.1% from 1996's first-half.

- Woodland Hills, Calif.-based Foundation Health Systems Inc., which was created with the April, 1997 merger of Foundation Health Corp. and Health Systems International, reported a \$141.6 million loss vs. a \$128.8 million profit for the comparable period a year ago. Second-quarter results reflected \$262.9 million in after-tax merger, restructuring and other one-time charges.

- Louisville, Ky.-based Humana Inc. reported net income before special charges of \$81 million, down 8% from 1996's first half before special charges. However, its second-quarter net income increased 20%, to \$42 million before the special charges.

Humana completed its acquisition of Miami-based Physicians Corp. of America last week. Its acquisition of Cincinnati-based ChoiceCare Corp. is expected to be completed early in the fourth quarter.

- Los Angeles-based Maxicare Inc. reported a net loss of \$5.6 million vs. \$6.3 million in net income for the comparable period a year ago. This reflects, however, a \$16 million litigation charge posted in the first quarter in connec-

single-digit increases."

While this has meant no appreciable difference in terms of increased profitability for HMOs, it has allowed the companies to maintain their profitability, said Mr. Baird.

Future profitability "depends on a whole lot of things," said Mr. Baird. One is government cost shifting. Many HMOs get a significant portion of their revenues from Medicare, and if the government "starts tweaking," it could have a big impact on these companies, he said. Mr. Baird said another factor in HMO profitability could be increased state mandated benefits, such as minimum maternity stays, which increase HMO costs.

S&P's Mr. Kumar said the expected adoption by the National Assn. of Insurance Commissioners of risk-based capital guidelines for health organizations, including HMOs, could impact HMOs in 1998 as well.

NAIC regulators are currently testing the formula, which was approved by the Executive Committee in June (BI, June 16). The full NAIC membership is expected to formally adopt the risk-based capital guidelines at its December meeting.

The proposal calls for the guidelines to be added to health organizations' 1998 annual statement form, which they report in the spring of 1999. "Now in most states you can run an HMO with \$2 million or \$3 million" of capital on the balance sheet. The increased capital the guidelines call for, though, will "make companies think twice about getting into price wars, to an extent, because no longer do they have the luxury

of deploying the underwriting unit's capital to gain market share," said Mr. Kumar.

But analysts say they are generally optimistic about results for the remainder of this year and 1998 as well.

"Things are getting better," said Mary O'Connell, an HMO analyst with Louis Nicaud & Associates in San Francisco. "The industry's been hurting the last two years" because of the poor price environment, but there is evidence that July pricing was as good or better than January pricing and "next year looks good," said Ms. O'Connell.

"I think business is getting better at a slow rate," said Michael LeConey, an HMO analyst at National Securities Inc. in New York. Prices may have been up "very slightly" this year, while next year they "may be a good deal better." So "I think we've had a lot of optimism about a turnaround in the industry."

The good performance of some of the stocks "tells you that investors are expecting some very good trends, and I think they've gotten a little bit ahead of themselves in terms of their enthusiasm, but they're on the right track. This business is getting better," said Mr. LeConey.

"The HMO industry tends to be fairly predictable once the first half of the year is done in that there are usually not many surprises," said Rob Mains, an Albany, N.Y.-based HMO analyst with Advest Inc.

There is a "fairly stable outlook" for the remainder of the year, added Mr. Mains, and "from what I'm hearing, commercial pricing for next year should be fairly strong as well, similar to what we saw in '97, so I think the outlook for that side of the business remains good," said Mr. Mains.

Douglas L. Meyer, an analyst with Duff & Phelps Credit Rating Co. in Chicago, said "The HMO industry is, generally speaking, a relatively volatile industry. It's short-tail business, so when companies have mispricing issues, it takes over a year to recover from those mispricing issues."

"The general theme we see in '97 is companies that are in the process of catching up in terms of pricing inadequacy that hurt results in 1996," said Mr. Meyer.

"What happened in '96 was a combination of actual medical trends exceeding pricing. A lot of that can be attributed to prescription drug costs, which really took off in 1996, and just a general

competitive environment in 1996 with an emphasis on increasing membership," he said.

In 1997, said Mr. Meyer, "We're seeing companies attempt to recover from that by putting more emphasis on the bottom line and trying to make price increases stick," with some success.

But unlike some other observers, Mr. Meyer was reluctant to predict 1998 would be a good year. "In this business a lot of the results are driven by the pricing behavior of the competitors, and think generally speaking the pricing cycles in the industry are starting to shorten up a little bit," he said.

Meanwhile, most observers expect merger and acquisition activity to continue. "I see no reason why that should subside," said Conning's Mr. Jamilkowski.

"The cost structure in this business creates the opportunity (to benefit from economies of scale) and that's becoming more important in today's environment than it was 10 years ago, or even five years ago," said Duff & Phelps' Mr. Meyer. "Historically, the bigger you get, the more cost-efficient you become. ... What's becoming increasingly more important is the influence of size on the ability of companies to manage the cost component, which is their medical claims cost," said Mr. Meyer. "That's one of the compelling factors driving this consolidation."

"I don't think that's going to slow down," Blue Cross of California's Mr. Baird said of the acquisition activity. "I think there's still enormous interest in acquisition and mergers, and I believe it'll continue among HMOs" as well as brokers and other sectors in the health care industry, although there could be a short-term slowdown for hospitals.

"I think it's still going to keep going," said Best's Mr. Shaw. "I don't think it's going to slow down at this point. People are either going to be looking for market share through acquisitions or through joint ventures, he said.

However, S&P's Mr. Kumar said, "We think it's going to moderate a little bit." During the first six months of the year there was a "pretty hectic pace in the managed care field, and we see that kind of slowing down."

Those involved in the acquisitions are "trying to integrate the acquisitions, and the integration process in many cases is taking a little longer than anyone planned," said Mr. Kumar. **BI**

## Rate increases could pump life into HMO stocks

By JUDY GREENWALD

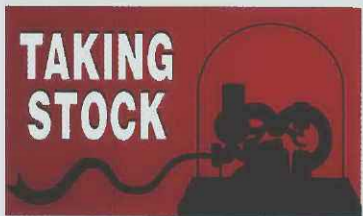
Health maintenance organization stocks have trailed the overall stock market somewhat this year, but this could change as rate increases bolster these companies' results.

According to the *Business Insurance* Industry Stock Report, as of Sept. 5, the stocks of seven publicly traded HMOs advanced 19.41% year-to-date. This compares to a 25.42% improvement in the Standard & Poor's 500 index for the same period.

"I would have thought the group would have done better than it has," because of their improved pricing environment, said Mary O'Connell, an analyst with Louis Nicaud & Associates in San Francisco.

However, the situation could

improve. Wall Street appears now to be "focusing on '98 performance and realizing, in fact, there might be some opportunity for margin expansion" and for premiums to outpace medical costs,



said Gary Frazier, managing director with Bear Stearns in New York. There may be a "mini-rally" in the fall or winter, he said.

However, Michael LeConey, an analyst with National Securities in New York, said while certain stocks, including Aetna Inc. and

WellPoint Health Networks Inc., "have all done extremely well this year in the stock market," he expects them now to "slow down a bit until the business itself gets a whole lot better, and that'll take another six to nine months. I think, if anything, they're a little ahead of themselves right now," said Mr. LeConey, whose recommendations include WellPoint and Coventry Corp.

"I think the HMO stocks aren't going to be afforded the same kind of high price/earnings ratios they were three, four years ago," said Rob Mains, an HMO analyst with Advest Inc. in Albany, N.Y.

He added, however, that companies still will be able to grow their earnings nicely and continue to command good price/earnings ratios "and a good return for investors," said Mr. Mains, whose

recommendations include United HealthCare Corp.

On a long-term basis, "the franchise players really represent the best buying opportunities in

**'Franchise players really represent the best buying opportunities in this market,' says Mark Jamilkowski.**

this market," said Mark Jamilkowski, an HMO analyst with Conning & Co. in Hartford, Conn., pointing to United HealthCare, Aetna and Oxford Health Plans Inc.

"They have the pricing power,

they have number growth, and they are demonstrating the ability to get the price increases necessary to improve margins and to recover from the pricing cycle that was initiated in '95, '96," he said.

"Unfortunately, the market continues to treat the HMO stocks with a broad brush, treating each individual company as if it acted in a herd, and that is not always the case," added Mr. Jamilkowski.

"The issues that have faced the majority of the companies over the past six months have been more company specific than not," Mr. Jamilkowski said. However, "some company stocks have underperformed simply as a result of being in the group, but not necessarily as a result of any mismanagement."

# Tobacco

Continued from page 1

The Agriculture Committee's major interest in the proposal revolves around its impact on tobacco farmers. But last Thursday's hearing—the sixth to be held by a Senate committee since the proposal was announced June 20—dealt with the deal as a whole. Within minutes of the hearing's beginning, it became evident that senators—some of whom are troubled by the proposal's limits on tobacco company liability—are in no hurry to approve the measure.

"I have doubts about the settlement as a whole. It may suffer from an overly regulatory, bureaucratic approach when something simpler would work better. I will ask our witnesses whether a large increase in the federal excise tax on cigarettes—perhaps \$2 a pack—might be more effective in deterring young people from smoking," said the committee's chairman, Sen. Richard Lugar, R-Ind.

The panel's ranking Democrat, Sen. Tom Harkin, D-Iowa, was harsher in his criticism.

"A settlement on the right terms could do even more toward preventing underage tobacco use, besides addressing a number of other tobacco-caused problems. I personally would support a good agreement—one that protects public health by reducing smoking, adequately compensates for the harm caused by tobacco and protects the interests of taxpayers. So I have not given up on the idea, but the deal we have before us plainly is not going to fly in its current form. Right now, I would say it is headed for a crash landing."

"I see no reason to rush to judgment," said Sen. Harkin. "If it's a good deal this fall, it'll be a good deal next spring," he said.

But J. Phil Carlton, a former North Carolina Supreme Court associate justice who served as one of the tobacco industry's negotiators in the talks that led to the proposal, warned that the deal would not survive additional changes.

"We urge you—we implore you—to accept the settlement as it

is. The companies have determined they are as far as they can go," he said after the senators spoke.

Sen. Max Baucus, D-Mont., however, echoed Sen. Harkin's sentiment.

"I hope that during this next year—because this settlement will not be accepted this year—we'll consider" more how this affects children, he said.

From the other side of the political spectrum, Sen. Jesse Helms, R-N.C., predicted that "if and when codified, it will deeply affect the legal, public health and business communities."

"It's a certainty that a precedent is being set for other industries" that manufacture legal products, said Sen. Helms. He predicted that makers of alcoholic beverages would be the next target.

Sen. Helms also used the proposal to take a swipe at the plaintiffs attorneys who helped hammer out the deal.

"We all ought to be aware of the tremendous amount of money going to the lawyers," he said. He called the public health aspects of the proposal simply a "recycled version of the national health fiasco," as he termed President Clinton's failed health reform plan.

"I cannot and will not support this settlement" or any portion of it that does not adequately protect the interests of tobacco farmers, said Sen. Helms.

Although he did not testify before the committee, Mississippi Attorney General Mike Moore, the principal architect of the proposal, used the opportunity posed by a committee break to hold yet another impromptu news conference to assess the situation.

He noted that the Senate voted 95-to-3 to rescind a \$50 billion settlement-related tax credit for tobacco companies last week. The credit would have allowed tobacco companies to reduce their liability under the proposed settlement by having revenues raised from a new tobacco tax "credited against the total payments made by parties pursuant to federal legislation implementing the tobacco settlement agreement of June 20."

Saying he felt "more encouraged" by the tax move than he had before, Mr. Moore said the "tobacco

industry better listen to what they've been hearing from Congress." He called upon the tobacco companies to "quit whining" and pay what is required to get a settlement.

He added that he now expects the White House to weigh in on the deal this week. He said the White House has at least two major concerns that must be met before the president will endorse a settlement: more money from the tobacco industry and fuller disclosure of internal tobacco industry documents. A concern over granting the Food and Drug Administration more regulatory power over tobacco already has been met, he said.

Mr. Moore said he remains optimistic the settlement will be approved.

"It's getting a lot of action for a bill that hasn't been introduced yet," he said.

In other tobacco-related developments last week:

- U.S. District Court Judge James Trimble Jr. ruled that the Louisiana attorney general's suit against tobacco companies and their insurers will remain in the U.S. District Court for the Western District of Louisiana rather than be moved to state court. The judge based his decision on the absolute right of parties to an international commercial agreement containing an arbitration clause to have their cases heard by federal, rather than state courts. "This is an extremely favorable development for the insurance industry," said Mitchell Lathrop, an attorney with the New York office of San Diego-based Luce, Forward, Hamilton & Scripps L.L.P. who represents one of the insurers, Bermuda-based ACE Ltd.

- Another federal district judge dismissed a crucial part of the state of Texas' suit against tobacco companies when he ruled the state could not bring antitrust claims against tobacco companies. Judge David Folsom of the U.S. District Court for the Eastern District of Texas also ruled that internal tobacco industry documents used in Florida's suit against tobacco companies were privileged and could not be introduced in the Texas action, which is expected to go to trial later this month. **BI**

# Claims

Continued from page 2

"We would have to have our heads in the sand if we don't think they will not accelerate deadlines," Mr. Grossman said.

Depending on the scope of what it eventually proposes, the changes might have to be implemented through legislation rather than just regulations.

Under those 1977 regulations, health care plans have 90 days to respond to employees' health care claims by paying it, denying it or seeking more information from the employee.

If a claim is denied, employees have 60 days from the time of the denial to request a review. A decision on the review generally must be made in 60 days.

But the Labor Department notes that since these deadlines were set, significant technological advances have been made that facilitate more rapid communications and decision-making by plan sponsors and employees.

In view of the speeding of communications, "the department's regulation may no longer reflect current plan practices with respect to these aspects of filing and reviewing claims," the agency said.

The department also notes that its current regulations were issued before managed care became the predominant way health care benefits were delivered.

"Fair and expeditious resolution" of benefits disputes has become an increasingly important issue as managed care has expanded, and those problems suggest the department should consider whether its standards protect the interest of participants seeking benefits.

The department's request for information is presented in a question-and-answer format. Questions the department is asking include:

- What information is provided to claimants when requests for services are denied?
- What time frames are typical in ERISA plan claims processes for initial determination and for review of a denied claim?
- What limits do plans impose on the time in which beneficiaries may file a claim for benefits or may request a review?
- To what extent are electronic media used to receive or communicate benefits claims information or to process claims?
- Are claimants being asked to pay anything to the plan in order to pursue their claims review rights?

- Under what circumstances do health care plans utilize alternative dispute resolution processes for review of claims denials?

The department also wants comments on a variety of statistical issues, including:

- Do employers and insurers maintain statistics on pre-authorization requests, patient requests for referrals, claims approvals, denials, appeals and court challenges?
- What proportion of denials, appeals and court challenges are associated with questions of medical necessity, benefit coverage, out-of-network care or the participants' insured status?

In addition, the department wants comments on what the impact would be of new claims processing regulations on employers with less than 100 participants in their health care plans.

The deadline for comments is Nov. 7. Comments should be addressed to the U.S. Department of Labor, Office of Regulations and Interpretations, Pension and Welfare Benefits Administration, 200 Constitution Ave., N.W., Room N-5669, Washington, D.C. 20210. Attention: Claims Procedures.

The department says those filing comments should enclose six copies. **BI**

## Updates

### Disability limits draw lawsuits

Continued from page 2

Labor attorneys familiar with the controversy say the U.S. Supreme Court ultimately will rule on the issue.

Chase, UNUM, Staten Island Bank and Guardian Life had no comment on the allegations pending litigation.

### CSX to appeal jury award

NEW ORLEANS—CSX Transportation will appeal a \$2.5 billion "exemplary" damages award levied against it by a Louisiana jury in connection with a 1987 rail accident.

Jacksonville, Fla.-based CSX Transportation, a unit of CSX Corp. in Richmond, Va., was one of several defendants in the class-action suit, but the jury hit it with the lion's share of the \$3.36 billion award. Exemplary damages are Louisiana's equivalent of punitive damages, "meant to set an example so that defendants will be deterred from conducting themselves in the manner that caused the accident," explained Wendell Gauthier, the partner in the Metairie, La., law firm Gauthier & Murphy, who represented the 8,048-member class. The jury also awarded \$2.3 million in compensatory damages to 20 selected representatives of the class; remaining compensatory claims will be settled later.

"There are excellent grounds for appeal, and we will promptly move forward in that regard," said CSX Transportation President A.R. Carpenter in a statement released after last week's verdict. A company spokesman could not comment on what insurance might ultimately respond to the award if it is upheld.

"We know that some of it is covered by insurance; we've subpoenaed the policies, but we haven't gotten them yet," said Mr. Gauthier.

The award stemmed from a Sept. 9, 1987, blast caused by a leaking railroad car. The explosion forced thousands of residents of a New Orleans neighborhood to flee their homes. No deaths or serious injuries were reported. The plaintiffs held that CSX Transportation had been negligent in inspecting the leaking car.

The other defendants the jury found liable for exemplary damages were Mitsui & Co., \$375 million; GATX Corp., \$190 million; Alabama Great Southern Railroad, \$175 million; and Illinois Railroad Co., \$125 million.

### Medicare risk HMOs rates rise

WASHINGTON—Most health maintenance organizations that have contracts with the Health Care Financing Administration to provide Medicare benefits to retirees will receive a 2% rate increase next year, HCFA announced last week.

However, HMOs serving retirees in more than 1,000 counties with low health care costs will receive substantially larger increases. That is because a provision in budget legislation passed this summer and that takes effect next year guarantees HMOs a minimum rate of \$367 a month per enrollee.

HMOs serving Medicare beneficiaries living in Richmond County, N.Y., will receive the average highest monthly rate in 1998 at \$782.70, up from \$767.35, an increase of 2%.

The rates HMOs receive from HCFA, the federal agency that administers Medicare, are a key factor in the level of benefits and premiums, if any, they charge retirees. To the extent HMOs can offer beneficiaries a rich, low-cost benefit package, retirees are more likely to enroll in HMOs and leave employer plans that supplement Medicare, substantially cutting employers' health care costs.

Rates are determined largely on what HCFA thinks it would cost the government to provide Medicare benefits to retirees based on the counties where retirees live. A complex formula determines the size of rate increases each year.

Some HMOs may have been expecting substantially higher rate increases from HCFA. Employers should check with HMOs to see if the rate increases the HMOs will receive will affect the benefit packages they offer retirees and the premiums, if any, they charge, said Chip Kerby, a principal with William M. Mercer Inc. in Washington. In 1997, Medicare-risk HMOs received rate increases that averaged just over 5%.

### Zurich reorganizes units

NEW YORK—Two U.S. units of Zurich Group are reorganizing to separate reinsurance and insurance operations.

Zurich Reinsurance Centre Inc. has combined its reinsurance business with the U.S. reinsurance business of Centre Reinsurance Co. of New York to form a new company, Zurich Reinsurance (North America) Inc. The company provides treaty, facultative and finite risk reinsurance and other products for insurers.

Meanwhile, Centre Re is changing its name to Centre Re Solutions and will continue to offer insurance, risk management and financial products to U.S. corporate and non-insurance company clients.

### Briefly noted

ReSource Underwriters Ltd., a new multiline reinsurer with \$300 million in capital, is awaiting regulatory approval in Bermuda. ReSource is backed by 18 investors and David Thirkill will be chairman and chief executive officer. Robin Spencer-Arscott will be president and chief operating officer, and Richard Jessal will be chief underwriter. . . . A General Accounting Office report issued recently holds that the Overseas Private Investment Corp., which writes political risk insurance for U.S. companies doing business in specific developing countries is profitable, self-sustaining and the only available insurer in some circumstances. "Officials at the major international banks we visited noted that they are reluctant to lend in high-risk markets without some form of political risk insurance and that the private insurance companies often cannot provide the kind of insurance lenders need in these markets," according to the report. Congress is reviewing OPIC's request for appropriations.

# Xerox

Continued from page 1  
year, a spokesman said.

Chicago-based Resolution Group was formed to handle claims settlement and reinsurance collections on books of business written mainly before 1986 by other Xerox insurance units. Its subsidiaries include International Insurance Co.; Envision Claims Management Corp., which handles environmental and other latent injury claims; and Resolution Reinsurance Services Corp., which handles reinsurance recoveries.

Envision and RRSC both do work for Crum & Forster and Westchester. Mr. Coutu said he believes Envision will keep both companies as clients even after they are sold; whether RRSC retains this business is still to be determined, he said.

Resolution Group's year-end 1996 statutory surplus was \$294 million, and its shareholders equity under generally accepted accounting principles was \$716 million, according to Mr. Coutu.

Under the sale agreement, the \$150 million cash payment to Xerox will consist of \$50 million put up by the investor group and \$100 million in borrowed money.

Xerox will also receive non-voting stock in TRG Holding that is projected to pay it \$462 million based on Resolution Group's perfor-

mance over up to 20 years.

The securities entitle Xerox to share with the investor group in the cash generated by the company's investment gains and reinsurance recoveries, after deductions for claims payments, expenses and payments on the \$100 million bank debt related to the sale, Mr. Coutu said.

"They are in effect getting a percentage of the cash flow, which would vary at different points in time depending on the resolution of the business," he explained.

Payouts to Xerox on the instruments may be lower or higher than the projected \$462 million, he said.

The non-voting securities—which give Xerox no control over TRG Holding—also must be redeemed by TRG after 20 years. The redemption price paid to Xerox will be based on the liquidation value of TRG Holding at the time and is not part of the securities' current \$462 million valuation, Mr. Coutu said.

Xerox will continue to have a stake in Resolution Group's fate in another way: Ridge Reinsurance Ltd., a Xerox-owned Bermuda captive formed in 1992, provides excess-of-loss reinsurance to Resolution Group covering adverse development on reserves set up in 1992 and prior years. The Ridge Re cover provides a gross limit of \$680 million with 15% coinsurance by Resolution Group, meaning the Resolution Group could collect up to \$578 million from Ridge in the worst

case, Mr. Coutu said.

If Resolution Group's business goes smoothly, though, TRG Holding may expand into runoff business unrelated to Xerox, he added.

TRG would form a new entity to do this to avoid combining the Xerox runoff with unrelated business, Mr. Coutu said. New business could comprise both claims management and reinsurance collection on other insurers' discontinued books of business. Alternatively, the new company could also take over discontinued books as a reinsurer, he said.

The new company might renew or issue new policies as required by regulators as part of a runoff, but it will not underwrite new business.

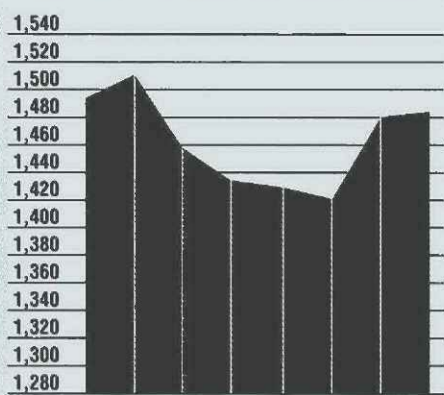
"It is never the intent of (any new TRG entity) to do new underwriting," Mr. Coutu said.

"The world is not waiting for The Resolution Group to compete with the Travelers," agreed Alan Levin, senior vp of Standard & Poor's Corp.'s Rating Group in New York, who viewed the sale as a key step in Xerox's plans.

"It's a deal they wanted to put together," he said. "They have been trying to get Xerox out of the insurance business, and this is an important part of it."

Xerox stock closed last Thursday at \$76.63, down \$1.44.

## BI Insurance Index



Base=100 on Dec. 29, 1978  
Source: Nordby International Inc.

## PCS catastrophe options

As of Sept. 12			Call spread	Price bid/ask
<b>Eastern September 1997</b>				
40/60	-3.0		40/60	-1.2
60/80	-2.5		60/80	5/6
80/100	-			
<b>National Annual 1997</b>				
80/100	8/3.0			
60/80	1.0/4.5			
<b>Southeastern September 1997</b>				
40/60	-2.5			
60/80	-2.0			
80/100	-			
<b>Western Annual 1997</b>				
40/60	-1.2			
50/70	-1.0			

Total volume: 521 Total open interest: 18,121

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.  
Source: Chicago Board of Trade

## British Issues

Companies	Price	P/E	Div.	Yield	52-week high—low
<b>Comml Union</b>	742	11.6	35.8	4.8	767—593
<b>Genl Accident</b>	916	6.2	35.4	4.9	978—644
<b>Gdn Royal Exch</b>	276	3.9	12.2	4.5	311—248
<b>Independent</b>	1097	11.8	14.2	1.6	1120—565
<b>Royal &amp; Sun</b>	510	14.3	13.7	4.8	561—396
<b>Brokers</b>					
<b>Bradstock</b>	81	12.0	6.4	9.8	90—54
<b>CE Health</b>	142	9.2	1.5	1.3	143—74
<b>Lmbt Fenchurch</b>	127	8.5	3.4	8.3	135—101
<b>Lloyd Thmpson</b>	179	14.5	4.5	3.2	206—163
<b>Nelson Hurst</b>	182	16.6	8.6	5.9	192—121
<b>Sedgwick Grp</b>	119	9.7	7.4	6.2	144—115
<b>Steel Bri Jones</b>	25	NA	1.5	7.4	38—22
<b>Willis Corroon</b>	124	12.5	6.6	6.7	165—117

Note: Prices are as of Sept. 12; other numbers from Sept. 11.  
Source: Nordby International Inc.

# Illinois

Continued from page 2

It also seeks to weed out shady leasing companies by declaring ineligible any company whose "workers compensation insurance has been terminated within the past five years in any jurisdiction due to a determination that an employee leasing arrangement was being utilized to avoid premium otherwise payable by" a client company, the law says.

A client company still is responsible for providing workers compensation insurance to its leased employees, although it may make limited contractual arrangements with the leasing company to provide the coverage.

For example, if the workers comp policy is issued to the leasing company as the named policyholder, the client company must be identified through a separate endorsement.

The law also is designed to prevent a client company from laundering its poor

experience-rating modification factor by automatically assuming a leasing company's more favorable modification factor, said John Lennes, vp and director of workers compensation and health with the Alliance of American Insurers in Schaumburg, Ill.

If a client company's experience modification factor exceeds the leasing company's factor by 50% at the beginning of the leasing arrangement, the client company's factor will be utilized to calculate the premium or costs charged to the client company for workers comp coverage for two years. Thereafter, the premium can be calculated on the basis of the leasing company's experience factor.

The law also deals with dissolution of a leasing arrangement. It requires that a leasing company be able to provide unspecified data that a rating organization would need to calculate an experience modification factor for a former client company.

The law also stipulates the liabilities of both leasing and client companies. Both

types of companies are entitled to exclusive remedy protection under the basic workers comp and employers' liability policies, unless specific contract wording changes that.

In addition, the law states that a leasing company is not liable for vicarious liability for the acts, errors or omissions of a client company or of any leased employee acting under the sole and exclusive direction and control of the client.

The law also establishes a hearing process for declaring a leasing company ineligible to operate and Class A misdemeanor penalties for some illegal acts.

"It's significant that Illinois is dealing with this new concept (employee leasing) in the workers compensation arena," said Patricia Holden, assistant vp of state affairs in the Skokie, Ill., office of the American Insurance Assn. However, the bill is "a hybrid version of the National Assn. of Insurance Commissioners' model" and requires some cleanup, she said. For example, a technical cleanup bill is needed to clarify how the leasing process would work with residual market risks, she said.

# BI Industry Stock Report

SEPT. 8, 1997, THROUGH SEPT. 12, 1997

### BROKERS

	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	
Aon Corp.	NYS	51.94	-0.24	25.40	56.13	34.13	923
E.W. Blanch Holdings Inc.	NYS	30.63	4.26	52.17	31.13	18.00	403
Gallagher Arthur J. & Co.	NYS	36.81	2.26	18.75	37.75	29.13	75
Hibb, Rogal & Hamilton	NYS	16.88	0.75	27.36	17.25	12.13	126
Kaye Group Inc.	NDQ	9.00	7.46	71.43	9.00	4.38	6
Marsh & McLennan	NYS	71.94	-0.86	38.34	78.25	46.00	1553
Poe & Brown	NDQ	37.25	0.34	40.57	38.50	23.75	13
Sedgwick Group PLC	NYS	9.81	-1.88	-5.42	10.88	9.38	27
Willis Corroon Corp.	NYS	10.13	0.62	-11.96	13.50	9.38	718
<b>BROKERS AVERAGE</b>			1.62	28.91			

### INSURERS/REINSURERS

	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	
ACE Ltd.	NYS	85.75	-1.01	42.62	88.94	46.63	496
Acceptance Insurance Cos.	NYS	24.25	1.04	22.78	24.75	17.13	219
AEGON N.V.	NYS	73.94	-4.37	16.90	78.88	49.13	438
Aetna Life & Casualty	NYS	102.00	0.74	27.50	118.13	60.13	3899
AFLAC Inc.	NYS	54.94	-3.09	28.51	57.88	34.00	614
Allied Group Inc.	NYS	44.69	0.00	36.97	53.63	24.88	132
Allstate Corp.	NYS	73.94	-1.83	27.75	79.94	46.50	5107
Ambac Financial Group Inc.	NYS	39.56	-3.73	19.21	43.00	27.38	571
American Bankers Ins.	NDQ	67.56	2.85	32.15	70.50	44.50	154
American Financial Group	NYS	45.00	-1.64	19.21	49.25	31.25	267
American General	NYS	50.50	-1.34	23.55	54.75	35.75	2150
American Heritage Life Ins.	NYS	37.50	1.01	42.86	38.75	19.75	25
American Indemnity/Fin'l	NDQ	12.75	0.00	24.39	14.00	9.50	12
American International	NYS	99.69	-1.42	38.14	106.88	64.63	5525
Argonaut Group	NDQ	31.25	-6.72	1.63	36.38	26.75	451
Baldwin & Lyons Inc.	NDQ	19.88	4.61	8.16	22.63	17.38	8
Berkley W.R. Corp.	NDQ	57.13	-1.61	12.56	60.50	43.19	203
Berkshire Hathaway Inc.	NYS	42500.00	-2.97	24.63	48600.00	30000.00	1
Capital RE Corporation	NYS	55.44	6.23	18.90	56.38	36.88	89
Capital Transamerica Corp.	NAS	25.50	-1.92	-17.07	27.50	14.63	10
CapMac Holdings Ltd.	NYS	28.88	3.82	-12.93	36.88	22.50	129
Capsure Holdings Corp.	NYS	14.75	6.79	28.26	18.50	8.00	87
Centris Group Inc.	NYS	20.50	-4.65	4.46	23.56	17.00	214
Chartwell Re	NYS	34.63	-3.82	29.44	36.25	23.25	162
Chubb Corp.	NYS	68.00	-0.73	26.51	70.94	44.25	1758
CIGNA Corp.	NYS	189.88	-2.32	38.98	200.75	116.88	700
CNA Financial Corp.	NYS	116.06	-0.05	8.47	119.13	95.88	45
EMC Insurance Group Inc.	NDQ	14.50	0.00	20.83	15.00	10.50	21
Enhance Financial Services	NYS	49.88	4.72	36.64	51.75	28.63	160

	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	
Everest Reinsurance	NYS	38.00	-1.30	32.17	40.38	23.75	528
Executive Risk Inc.	NYS	60.75	-2.02	64.19	63.13	33.63	911
EXEL Ltd.	NYS	57.63	0.44	52.15	58.25	31.75	423
Fremont General Corp.	NYS	42.81	1.78	38.10	43.63	26.38	259
Frontier Insurance Group	NYS	36.06	-0.52	88.56	36.50	18.13	492
Gainsco Inc.	NYS	9.38	3.45	-2.60	10.88	8.13	278
General RE Corp.	NYS	200.19	1.10	26.90	208.88	140.75	580
Gryphon Holdings	NDQ	16.00	0.00	13.27	17.75	12.50	18
Guaranty National Corp.	NYS	30.00	9.09	79.10	30.00	14.63	50
Harleysville Group	NDQ	41.88	3.40	37.30	43.00	24.50	82
Hartford Steam Boiler	NYS	54.88	0.00	18.33	56.00	42.75	86
HCC Insurance Holdings	NYS	25.75	-9.05	7.29	32.69	21.50	636
IPC Holdings Ltd.	NDQ	29.50	0.43	31.84	30.50	19.50	218
ITT Hartford Group	NYS	81.75	-0.61	21.11	88.81	53.13	1504
LaSalle Re Ltd.	NDQ	30.75	-0.55	15.38	35.63	22.38	76
Life Re Corp.	NYS	50.81	-0.37	31.55	58.00	31.25	54
Lincoln National	NYS	68.81	-0.27	31.07	73.00	43.63	933
MAIC Holdings Inc.	NYS	52.81	-0.82	55.90	53.50	30.13	77
Market Corp.	NYS	147.50	1.72	63.89	147.50	83.00	8
MBIA Insurance Group	NYS	120.94	0.78	19.44	122.00	80.63	326
Meadowbrook Insur. Group	NYS	24.88	-2.21	18.45	28.13	15.25	234
Mid Ocean Ltd.	NYS	57.75	2.01	10.00	61.00	39.25	105
MMI Cos. Inc.	NYS	25.75	-2.23	-20.16	32.75	20.75	108
Mutual Risk Mgmt. Ltd.	NYS	50.31	1.90	35.98	51.00	28.25	469
NAC Re Corp.	NYS	48.00	0.00	41.70	49.50	32.63	141
Navigator Group	NDQ	19.63	1.95	7.53	20.63	15.75	14
Nobel Insurance Ltd.	NDQ	14.88	1.71	18.41	15.38	11.25	42
NYMag Inc.	NYS	25.50	4.88	41.67	25.50	17.00	16
Ohio Casualty Corp.	NDQ	47.38	3.27	33.45	48.06	31.75	126
Old Republic Int'l	NYS	38.25	3.03	42.99	38.25	22.00	594
Orion Capital Corp.	NYS	43.94	1.44	43.76	45.00	25.13	216
Partner Re Ltd.	NYS	41.13	2.81	20.96	42.50	27.88	359
Penn-America Group Inc.	NDQ	19.00	-0.65	76.74	19.75	10.38	106
Philadelphia Cons. Holding	NDQ	42.00	0.90	80.65	43.00	18.25	120
PXRE Corp.	NYS	30.19	0.84	21.97	31.88	22.88	208
Reliance Group Holdings	NYS	12.94	1.47	41.78	13.88	7.50	1319
Reliastar Financial Corp.	NYS	37.50	-1.64	29.87	39.88	22.38	742
RenaissanceRe Holdings Ltd.	NYS	43.94	1.59	33.14	46.13	26.75	92
Risk Capital Holdings	NDQ	23.13	2.21	19.35	23.38	15.88	91
RLJ Corp.	NYS	40.00	3.90	19.85	40.06	25.00	75
St. Paul Companies	NYS	77.31	1.06	31.88	82.81	51.75	1027

	Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)	
SCOR	NYS	41.50	-4.60	20.73	44.50	34.00	41
SAFECO Corp.	NDQ	51.33	0.74	30.27	52.38	33.38	1859
Seibels Bruce Group	NDQ	8.38	6.35	1.52	11.25	5.88	144
Selective Ins. Group	NDQ	50.00	-1.23	31.58	54.00	32.25	3
Sphere Drake Holdings	NYS	8.63	-4.83	-2.82	10.50	8.50	165
TIG Holdings	NYS	32.44	2.98	-4.24	38.00	26.38	1478
Titan Holdings, Inc.	NYS	21.19	-2.59	28.41	25.00	13.50	61

# Reliance National's Entertainment Division

## WHEN THE SPOTLIGHT IS ON YOU...

The anticipation of seeing a performance come to life, whether it's a rock concert or the ballet, is almost as thrilling as the event itself. Timing is everything, and every cast member must know their part.

As your global insurance carrier, we strive to reach new heights in the image-driven world of entertainment. From insuring Broadway musicals and festivals in the park to safeguarding the risks associated with casinos and special events, Reliance National's product portfolio covers the behind-the-scenes requirements of your client.



Primary and Excess coverages are available for, but not limited to:

- Motion Picture/Television Production
- Cinemas
- Professional & Amateur Sports Teams
- Venues/Facilities/Casinos
- Nightclubs
- Broadway Show & Touring Theatrical Companies
- Performers, Actors & Musicians
- Rock Concerts & Other Event Promoters
- Motorsports
- Weather Insurance
- Non-Appearance/Event Cancellation
- Prize Indemnification
- Special Events Liability

When your client puts you in the spotlight ... come to **THE CHOICE, Reliance National.**

**THE CHOICE**



**Reliance National**

A Reliance Group Holdings Company  
77 Water Street, New York, N.Y. 10005

For further information  
write us or call (212) 858-6602  
<http://RelianceNational.com>

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

© 1997 Reliance National