

Business Insurance

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D.C. court rejects precedent, says cleanup costs are covered

WASHINGTON—Cleanup costs are considered insurable "damages" under comprehensive general liability insurance policies, says the U.S. Court of Appeals for the District of Columbia in an unusual ruling.

In this significant pro-policyholder ruling, in which the District of Columbia court interpreted Missouri law, it refused to follow a landmark ruling by the entire 8th U.S. Circuit Court of Appeals that cleanup costs were not "damages" under Missouri law (BI, March 7, 1988).

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Court creates cleanup liability shield

By DOUGLAS McLEOD

Some claims subject to bankruptcy proceedings

NEW YORK—Companies facing huge contingent pollution cleanup liabilities now may be more likely to seek bankruptcy protection to avoid these potential obligations.

The 2nd U.S. Circuit Court of Appeals earlier this month ruled that Environmental Protection Agency claims against LTV Corp. for anticipated future cleanup costs may be discharged as part of LTV's bankruptcy proceedings.

Affirming a lower court decision, the appeals panel rejected the EPA's contention that since the undetermined future costs of cleaning up sites already polluted by LTV have not yet been incurred, they do not represent "claims" that can be disposed of in a bankruptcy.

While the ruling applies only to cases in which waste is no longer

being released, it could prompt some companies facing big cleanup bills stemming from past pollution incidents to file for Chapter 11 reorganization to escape or greatly reduce those obligations, bankruptcy experts say.

And, the ruling could give solvent companies a new tool—the threat of a Chapter 11 filing—to negotiate settlements with the

EPA, some lawyers say.

"This ruling, given the state of the economy, will prompt additional substantial bankruptcies," predicted Christopher J. Redmond, a bankruptcy specialist with the Wichita, Kan., law firm of Redmond, Redmond & Nazar. "I think it will prompt companies to file."

"Absolutely," said Leonard P. Goldberger, a lawyer with Wolf,

Block, Schorr & Selis-Cohen in Philadelphia. Bankruptcy will be an option for companies facing cleanup claims, "especially if the pollution has stopped," he said.

While a corporation considering a bankruptcy filing would weigh numerous factors, "environmental liabilities may be the burden that puts it over the edge," Mr. Goldberger said.

However, while many companies deluged with asbestos personal in-

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Open-ended HMOs catch on

Growth among traditional plans slows

By JERRY GEISEL

EXCELSIOR, Minn.—Enrollment in open-ended health maintenance organizations is soaring, while growth in pure or traditional HMOs is nearly stagnant, according to a new survey.

Between January 1990 and January 1991, enrollment in open-ended HMOs surged 38.8% to about 1.2 million enrollees from 857,995 enrollees.

During this same period, enrollment in traditional HMOs nudged ahead by only 3%, according to the survey by InterStudy, a managed care research organization in Excelsior, Minn.

Open-ended HMOs allow employees and dependents to obtain medical services outside of the HMO network at reduced benefit

levels. Traditional HMOs restrict participants to network providers.

The study also found the overall number of HMOs continued to decline in 1990. However, an increased percentage of the population was enrolled in HMOs.

In addition, more than 80% of HMOs were profitable in 1990. Less than two-thirds of all HMOs were profitable in 1989, and most lost money in 1988, says the study, "InterStudy Competitive Edge."

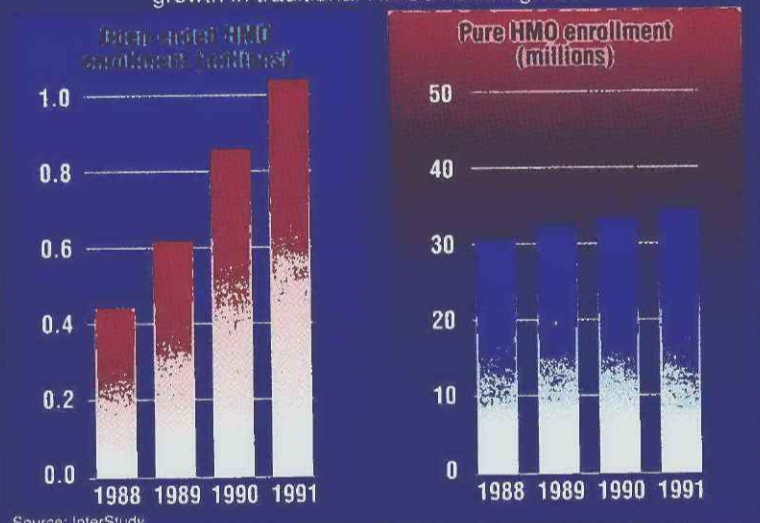
Last year's sharp rise in enrollment in open-ended HMOs comes on the heels of several years of hefty increases in enrollment.

For example, in January 1988, open-ended HMOs had 450,340 enrollees. Enrollment climbed

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Open-ended HMOs surge ahead

Enrollment in open-ended HMOs has exploded while growth in traditional HMOs has stagnated.



Source: InterStudy

GRAPHIC BY JOHN SMITHER

Few see precedent in ruling on Transit offsets

By STACY ADLER

KANSAS CITY, Mo.—A federal judge's denial of a reinsurer's right to offsets in the Transit Casualty Co. liquidation is expected to have little impact on other liquidations.

U.S. District Judge D. Brook Bartlett of Kansas City, Mo., last month denied a Transit reinsurer the right to offset amounts owed to Transit by the amount of unpaid premiums that Transit owed to the reinsurer.

However, the Aug. 28 ruling's impact is expected to be limited because Missouri currently is one of only five jurisdictions without a specific statute allowing offsets. The others are Massachusetts, Mississippi, Rhode Island and the District of Columbia.

While Missouri has approved an offset statute, it does not take effect until 1992.

It also is not clear whether the ruling will be applied to other Transit reinsurers. As written, it only applies to American Re-Insurance Co. of Princeton, N.J., because several other reinsurers originally involved in the litigation dropped out after a series of procedural rulings and settlement negotiations.

The liquidator of Transit says he will seek to have this ruling expanded to the other reinsurers.

If the decision ultimately bars all

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Rulings widen public entity liability

By JOANNE WOJCIK

LOS ANGELES—Public entities in California and perhaps eight other Western states face significantly expanded liability for the criminal acts of their employees under California state court and federal court rulings, attorneys and insurers say.

The California Supreme Court on Sept. 5 ruled 5-2 that the city of Los Angeles was liable for a rape committed by an on-duty police sergeant who had stopped his victim on suspicion of drunk driving. The decision affirms a \$150,000 jury verdict against the city and the sergeant.

And, the 9th U.S. Circuit Court

of Appeals on the same day upheld a \$300,000 jury verdict against a job counselor employed by the Washington State Employment Security Office who allegedly repeatedly raped two Laotian refugees who had sought his assistance in finding employment.

Although a lower court had dismissed the state agency from the case, a 9th Circuit panel ruled 3-0 that the defendant used his official capacity to take advantage of the women.

A similar suit in which the state remains a defendant had been stayed in state court pending a ruling by the 9th Circuit.

Both decisions point up the need for public entity risk managers to

become more involved in employee training and supervision as a form of loss prevention, risk management experts say.

The two decisions "greatly expand municipal liability because it previously had been argued that engaging in criminal conduct was so far outside of the scope of employment that a city could not be held liable," said Los Angeles civil rights attorney Stephen Yagman.

The rulings "closed a loophole that permitted the government to escape liability when one of its employees commits criminal acts while on duty," he said.

The decisions "impose strict liability on public entities," said Vickie Kartchner, vp of the spe-

cialty underwriting division of Scottsdale Insurance Co. of Scottsdale, Ariz., a major underwriter of police professional liability insurance.

"A public entity shouldn't be held responsible when it had no fault," she said. "What we have in practice here is the deep pocket theory, and the taxpayer is the deep pocket."

The rulings are "going to cost municipalities untold tens of thousands of dollars" in damage awards in California, Mr. Yagman concurred.

"It'll take nanoseconds for a plaintiffs' attorney to take advantage of these decisions," predicted

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Update

Pro-policyholder cleanup ruling

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The District of Columbia court said that while the 8th Circuit decision in *Continental Insurance Co. vs. Northeastern Pharmaceutical & Chemical Co.* is to be given deference, it was wrongly decided and therefore should not be followed. "Deference is one thing, blind adherence is quite another," the District of Columbia court said.

Ironically, both cases involve the same claims of dioxin contamination in Times Beach, Mo. The federal government purchased the city for \$33.7 million in 1983 because of high dioxin levels.

IRS extends pension deadline

WASHINGTON—Final Internal Revenue Service rules issued last week give employers more time to alter their pension plans to pass non-discrimination tests.

An employer will now have 9½ months after the close of its plan year to make needed corrections, like increasing benefits for lower-paid employees. An earlier version of the rules appeared to have required corrections to be made during the plan year. Because employers often cannot tell whether their plans were discriminatory until after the plan year closes, they contended that the earlier rules wouldn't have given them enough time to make corrections.

"It was too late to do anything if you had a problem," said Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York.

The 610-page set of rules also provide a new safe harbor that would let cash balance pension plans avoid complex non-discrimination testing requirements.

But benefit consultants say that the safe harbor requirements are so extensive that few cash balance plans may actually qualify. Plans that vary benefits based on years of service, for example, would be ineligible. And plans that guarantee annual increases in account balances would have to base those increases on one of nine interest rate formulas laid out in the rules. Increases could be linked to the one-year Treasury bill rate, for instance, but not to changes in the Consumer Price Index.

Consultants say they also are analyzing one other feature of the cash balance safe harbor requirement. They say the rules appear to require plans to give a younger employee terminating employment a lump-sum benefit that is slightly larger than his or her account balance.

The final rules will be published Sept. 19 in the Federal Register.

Rash of downgrades denied

NEW YORK—Officials at Standard & Poor's Corp. are denying a life insurance trade group's charges that "significant" new changes in how S&P evaluates life insurer assets will soon lead to a "substantial" number of downgrades.

In a recent memo to top life insurer executives, the American Council of Life Insurance warned that its members had been told by S&P that the claims-paying ratings for many life insurers would be lowered. The agency is now assigning much greater weight to asset liquidity and how well an insurer could withstand a run on the bank, the ACLI memo said. It did not specify how many downgrades were expected.

William O'Neill, an S&P vp in New York, conceded that "some" downgrades are likely. But, he said, they would be the result of the agency's ongoing review of the life insurance industry, rather than any tougher new asset standards.

Notions that "there are fundamental changes in our rating methodology that will lead to a St. Valentine's Day massacre are completely unfounded," Mr. O'Neill said. "Granted, we're looking harder at (real estate and other investments) and their susceptibility to quick withdrawals, but we have been doing this for years."

Only recently did some ratings agencies begin to weight heavily the threat of a run on the bank in their evaluations. That change was prompted by sharp criticism of the agencies after a series of huge life insurer failures (*BI*, Aug. 5).

Feds study crash wreckage

HOUSTON—Federal investigators are focusing on a commuter plane's left wing and engine in determining what caused the Continental Express aircraft to crash in a southeast Texas field last week, killing all 14 aboard.

Witnesses said they spotted a fire on the left side of the plane as it crashed en route to Houston from Laredo, Texas.

The Federal Bureau of Investigation was called to the crash site because witnesses reported hearing a loud bang as the plane was falling, said an FBI spokesman in Houston. He said no evidence of a bomb on Flight 2574 was found. Investigators from the National Transportation Safety Board and other federal agencies are looking closely at the burned wing and engine, the FBI spokesman said.

U.S. Transportation Department documents show that Continental Express, a unit of Houston-based Continental Airlines, has \$50 million in liability coverage. Frank B. Hall & Co. of California is the broker.

United States Aviation Underwriters Inc. wrote 25% of the coverage and Lloyd's of London syndicates and other London insurers wrote 20%. French insurer La Reunion Aeriennne has 19% of the risk and CIGNA Corp. and Associated Aviation Underwriters each have 10%. The remainder is spread among three other insurers.

The plane was an Embraer 120 Brasilia valued at \$7.75 million, the same type of aircraft that crashed in April in south Georgia, killing former U.S. Sen. John Tower and 22 others.

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Errors and omissions

• The Sept. 2 issue incorrectly reported statistics for Cologne Reinsurance Co. Cologne Re reported a combined ratio of 105.6% and a loss ratio of 100.9% in 1990. In addition, loss and loss adjustment expenses totaled \$1,451,398,031 in 1990. *Business Insurance* regrets the errors.

U.S. reinsurers' gains don't reflect market turn

By MICHAEL SCHACHNER

NEW YORK—U.S. reinsurers are treading water in a persistently soft market, finding comfort only in the fact that minimal catastrophic losses allowed them to slightly improve their results at midyear.

Increased premium volumes and lower combined ratios, though, are by no means signals that the market is turning, according to reinsurance executives and industry analysts. They still describe the marketplace as "ultracompetitive" and "inhospitable," with no change in sight.

The 61 property/casualty reinsurers surveyed by the Washington, D.C.-based Reinsurance Assn. of America reported an average first-half combined ratio of 106.4%. That is an improvement

from 107.2% reported by a group of 68 companies for the first half of 1990.

Meanwhile, the 20 largest U.S. reinsurers—including several companies not responding to the RAA survey—showed an even bigger improvement, with their first-half combined ratio dropping to 104.7% from the 107.4% posted by the Top 20 reinsurers in the first half of 1990.

First-half net premiums for the U.S. reinsurance industry increased 11.5% to \$5.52 billion from \$4.95 billion. The net premiums written by the 20 largest U.S. reinsurers increased 10.8% to \$5.23 billion from \$4.72 billion.

Despite the improvement in combined ratio and premium levels, reinsurers are quick to point out industry results still trail those posted in the first halves of 1987

and 1988.

In addition, analysts point out that about 78% of the survey group's net premiums was written by the 15 largest reinsurers.

This fact, combined with the dwindling number of companies that have been providing quarterly data to the RAA, shows that the largest, best-capitalized reinsurers are dominating a consolidating marketplace and are positioned best for a market turn, the analysts contend.

But, reinsurance officials say the midyear results are somewhat misleading because market conditions are not improving.

"You have to go beyond just looking at the increased premium volume and improved combined ratio," explained Paul D. Hawksworth, the RAA's chairman and

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Three charged with defrauding policyholders

N.J. fraud indictments

By DOUGLAS McLEOD

NEWARK, N.J.—Three Maryland men face criminal charges that they illegally took over a New Jersey insurer and used it in a scheme to defraud buyers of asbestos abatement insurance and

other high-risk liability coverages.

A federal grand jury in Newark last week indicted Martin Bramson and his brother, Leonard Allen Bramson, both of Columbia, Md.; and Warren H. Berkle Jr. of Ellicott City, Md.

The indictment charges that the three men took control of Preferred Indemnity Insurance Co. of Old Bridge, N.J., without regulatory approval and illegally wrote liability policies without setting up adequate reserves.

The Bramsons are also charged with conspiring to extort \$725,000 from a national nurses' association that had purchased group malpractice insurance from Trans-Pacific Insurance Co. (F.S.M.) of Micronesia, of which Leonard Bramson was treasurer.

Trans-Pacific, which is not licensed in any state, is unrelated to a New York-based unit of Tokio Marine & Fire Insurance Ltd. of the same name.

Federal agents arrested the men Thursday and the three were to appear in court the following day.

Mr. Berkle was expected to be released on bond, while prosecutors said they would ask that the Bramsons be held without bail because of the risk they might flee.

Martin Bramson—who has used the aliases Marty Martin and B.M. Martin—was convicted in 1980 of conspiring to distribute cocaine and a controlled prescription drug and served two years of a five-year prison sentence, according to

Geoffrey Garinther, an assistant U.S. attorney in Baltimore.

None of the defendants or their attorneys could be reached.

Separately, a Maryland federal judge last week issued a temporary restraining order enjoining illegal insurance activity and freezing bank accounts of Martin and Leonard Bramson and several other individuals and companies.

Individuals named in the order are two other Bramson brothers, Ronald and Carl Bramson; their sister, Phyllis Bramson Marin; their father, Norman Bramson; and Dennis J. Simon, a Southfield, Mich.-based lawyer who has represented Bramson companies.

Companies named in the order include Trans-Pacific; Casualty Assurance Risk Insurance Brokerage Co., a Guam-based malpractice insurer; Professional Risk Insurers Management Exclusive Co., another offshore malpractice insurer; and International Bahamian Insurance Co.

Trans-Pacific, CARIB, PRIME and IBI have been hit with cease-and-desist orders and other regulatory actions in more than a dozen states in recent years (*BI*, June 11, 1990; June 26, 1989).

The restraining order was granted after federal prosecutors showed "probable cause to believe that defendants are engaged in an ongoing scheme to defraud," the Maryland judge found. The order was also granted without notice to

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Environmental consultants to be listed

The deadline is approaching for companies to return questionnaires to be listed in the *Business Insurance* directory of environmental risk management consultants, which will appear in the Oct. 21 issue. The issue also will feature a Spotlight Report focusing on environmental liability topics.

There is no charge to be listed in the directory. However, companies must fill out and return a *BI* questionnaire.

If your company is an environmental risk management consultant and you have not yet received a questionnaire, please request one by calling Karen Armaganian at 312-280-3195.

The deadline for returning completed questionnaires is Sept. 23.

Inside

✓ At a time when soaring health insurance costs are putting coverage out of reach for some employers, the last thing they need is a House bill that would increase costs, this week's editorial says. **PAGE 8**

✓ Despite the differences between the group health care and workers compensation systems, managed care tactics can help control workers comp costs, says Intracorp's Safiya Edwards in Perspectives. **PAGE 58**

✓ The Ontario government is abandoning its vow to take over the province's automobile insurance system, much to the delight of insurers and intermediaries. **PAGE 99**

✓ The New York City Department of Transportation is self-insured for losses from a fire that gutted the city's Staten Island Ferry terminal. **PAGE 103**

✓ Commercial auto insurance is not covered under a provision in Proposition 103 that generally prohibits insurers from canceling or not renewing auto policies, a California appeals court affirms. **PAGE 104**

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Workers compensation

Residual market losses plague both employers and insurers

By MEG FLETCHER

The crisis in the workers compensation residual market, which has engulfed insurers and state regulators, also is enveloping employers.

In the past, employers could largely avoid residual market problems by purchasing workers compensation coverage in the voluntary market or by self-insuring their workers comp risks.

However, employers in many states are being forced into the residual market—despite good loss records—because insurers would rather withdraw from the state than continue to be hammered by mounting deficits from residual markets.

In addition, those insurers that cannot escape residual market assessments are increasingly passing this burden to policyhold-

ers by increasing the workers comp rates that all policyholders pay, adding residual market load factors to individual employers' premiums. The insurers also can raise rates for other types of insurance to offset workers comp losses.

And, some insurers and regulators suggest that self-insured employers should be assessed to spread the residual market burden more evenly.

In short, employers "are getting dumped on," said Lucille Gallagher, vp-governmental affairs for the Risk & Insurance Management Society Inc. and vp-risk management at meatpacker Monfort Inc. in Greeley, Colo.

Ms. Gallagher said she resents that loss-conscious employers that strive to prevent workplace injuries are increasingly being tapped to finance residual market deficits.

"I'm always shocked that more employers

are not outraged by the government requirement that they subsidize bad risks," said William Hager, president of the National Council on Compensation Insurance, an insurer-funded statistical and rate advisory organization in Boca Raton, Fla.

The residual market crisis is considered by many to be the most serious ill plaguing the 80-year-old workers compensation system.

"Over the past decade, the residual market has had a profound and highly negative effect on the entire workers compensation system," Mr. Hager said.

Residual markets take different forms in different states. In most states, the NCCI administers the residual market. In these states, employers that cannot buy coverage in the voluntary market are assigned to one of several "servicing carriers," which writes the coverage and handles claims. However, the premiums paid by the policyholder—and the claims it incurs—are shared by all insurers writing voluntary workers comp insurance in the state.

In most other states, the residual market is provided by either monopolistic or competitive state workers compensation funds. In many of these states, commercial insurers are not assessed a portion of residual market losses.

Residual market losses in more than 30 jurisdictions are reinsured by the National Workers Compensation Reinsurance Pool, a NCCI-administered organization consisting of workers comp insurers and other pools.

No matter how residual markets are administered, the share of the overall workers compensation marketplace written by residual markets—and the losses produced by those markets—has skyrocketed in the past decade.

"Right now in the United States, 24.1% of the workers compensation book of business is being placed in the residual markets," Mr. Hager said, citing NCCI statistics from states whose residual markets are reinsured by the national pool. That is up from 22% in 1989, just 16.3% in 1986 and only about 5% in 1984.

Residual market premium volume in states reinsured by the nation pool grew to \$4.3 billion in 1990, up 18.6% from \$3.65 billion in 1989 and a whopping 864% from \$448.4 million in 1984.

The NCCI does point out that after adjusting its figures for estimated wage growth and premium level changes, premium volume actually declined by 1.5% in 1990, while the number of workers comp policies written in residual markets dropped by 0.5% to 616,798 last year from 619,750 in 1989.

However, "at best, what we have now is a plateau at a disastrous level," Mr. Hager observed.

While residual market growth may have leveled off on an adjusted basis, the losses generated by residual markets are still soaring.

Aggregate residual market operating losses ballooned to \$4.16 billion in 1990, up 117.4% from \$1.91 billion in 1989, according to the NCCI.

In addition, the national pool's board of directors increased the pool's reserves by \$1.4 billion on an undiscounted basis earlier this year (BI, April 15).

While the nationwide figures are alarming, the residual market problems are even more intense in individual states.

For example, a whopping 87.1% of the Maine workers compensation market was

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Managed care approach

Strategies adapt well in containing workers comp costs

By LOUISE KERTESZ

As workers compensation medical costs soar, employers increasingly are turning to managed care strategies that have proved successful in group health care programs.

But despite successes in the group health care realm, managed care is still in its infancy in the workers compensation system, observers caution.

And, they add, simply contracting with a network of health care providers will not cut an employer's workers comp costs. Employers also must adopt other critical components of managed care, like case management, utilization review and bill auditing.

In applying the lessons of managed care, "workers comp has the advantage of sort of looking over the shoulder at what's happening in employee benefits," said Gary Anderberg, national account executive and marketing manager-Western region for Conservco, a managed care subsidiary of Travelers Corp. in San Mateo, Calif.

In the 1970s, managed care in group health plans "meant HMOs and a few PPOs and that's about all there was," said Mr. Anderberg. Now, with a wide range of tools, managed care in group health plans is "essentially a mature science."

By contrast, managed care efforts in workers comp are "pretty raw" though growing rapidly, he said.

"As the medical cost for workers compensation gets more expensive, the definition of managed care will expand," said Steve Hudack, benefits director at Sedgwick James of Florida Inc. Mr. Hudak operates out of offices in Palm Beach and Fort Lauderdale.

Although "still in its infancy," managed care is "coming into its own" in workers comp, said Joseph Smith, manager of the Health Policy Research Program at the Workers Compensation Research Institute in Cambridge, Mass.

In the past several years, large insurers and preferred provider organizations have taken what consultants say is the first crucial step in applying managed care to workers comp: setting up networks of providers who deliver care at discounted fees and agree to utilization review, case management and other managed care procedures.

Of 576 companies responding to a nationwide Towers, Perrin, Forster & Crosby Inc. survey last fall (BI, Dec. 17, 1990), 20% reported using PPOs to help control workers comp costs. Another 17% said they expected to use managed care networks for workers comp in the near future.

"As these programs grow in popularity as well as states making it a part of their work comp

legislation, in the not-too-distant future I am sure it could safely be stated that half or more of all employees would be covered under managed care programs involving networks," predicted John Potter, vp of health care management for Atlanta-based Crawford & Co.

However, use of a network alone, simply to take advantage of discounted fees, is not enough to contain costs in workers compensation, experts stress.

"The industry is pretty network-happy," said Safiya Edwards, director of network management and development at Intracorp, a health care management unit of CIGNA Corp. based in Berwyn, Pa.

"Customers have been purchasing networks without a complete understanding of what a network can and cannot do for them. Provider networks with discounts alone will not generate savings. What's going to generate savings is a whole range of cost containment services, one piece of which is the network," she asserted.

Early intervention is the key to managing care in workers comp, she said. After initial contact with the injured worker, the various components of managed care must be applied "prospectively, concurrently and retrospectively" to contain costs, Ms. Edwards explained.

"Managed care in its most basic sense is get-

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Residual market

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written by the assigned risk pool in 1990.

Other states in which the residual market now writes more than one-third of the state's total workers comp premiums include Rhode Island, 79.5%; Louisiana, 65.8%; Massachusetts, 46.3%; New Mexico, 40.7%; Mississippi, 36.2%; Vermont, 35.8%; and Arkansas, 35.7%.

All told, American International Group Inc. is "carefully watching 28 to 30 states where we have some significant concerns" about the residual market, said Richard L. Thomas, a senior vp in New York, who chairs the NCCI's Residual Markets Committee.

While in most states "the sky's not falling, it is getting awfully cloudy out there," said Allyn C. Tatum, a commissioner with the Arkansas Workers Compensation Commission, who is president-elect of the Interna-

tional Assn. of Industrial Accident Boards & Commissions.

That is not to say that the residual market is a problem in all states. AIG generally is not worried about the residual market in Alaska, Arizona, Connecticut, Illinois, Iowa, Michigan, Oregon and the District of Columbia, Mr. Thomas said.

While insurers pay close attention to the size of the residual market in individual states, of equal importance is the size of the residual market "burden," or the losses produced by a state's residual market. The residual market burden is calculated by dividing residual market operating losses by the amount of premium written in the voluntary market.

In 1990, the nationwide burden was 15.5%, down from 16.5% in 1989, the NCCI says. That means workers comp insurers paid about 15.5 cents for \$1 of premium written in the voluntary market in 1990 to subsidize the residual market during 1990.

In 1990, residual market burdens

ranged from 1.3% in Arizona to 304.8% in Rhode Island. That means that an average insurer will be assessed 1.3 cents for every \$1 of voluntary premium written in Arizona and nearly \$3.05 for every \$1 of voluntary premium in Rhode Island.

As a rule of thumb, most insurers can live with residual market burdens in the single digits, one industry official said. But, if the burden is higher, insurers will seek to pass the losses to policyholders.

In theory, workers comp rates—if adequate—include the amount necessary to cover insurers' residual market losses, according to William F. Vieweg NCCI assistant vp.

However, insurers say rates approved by regulators in many states are not high enough to cover residual market burdens—especially in those states with huge burdens—and still provide insurers with an adequate rate of return. Thus, they are attempting to pass along their residual market burdens in other ways.

For instance, insurers may increase rates for other lines of coverage written in the state to offset expected workers compensation losses.

And while state regulators generally do not allow insurers to tack on a specific load factor to the premiums paid by employers that purchase guaranteed-cost workers comp insurance, regulators in some states allow an insurer to add a residual market load factor when negotiating the price of a retrospectively-rated workers compensation program.

Excel Corp., a subsidiary of Minneapolis-based Cargill Inc., estimates that it was paying \$1 million annually in residual market loadings for two meat processing plants in Texas, said Brian R. Turnwall, Cargill's insurance manager (BI, June 10). That load was a main reason Excel decided to withdraw from the Texas workers comp system.

However, the exact residual market load factor an insurer may apply to a policy sometimes is not easily

discernable, said Dick Naylor, senior vp of consultant Richard Oliver in Arlington Heights, Ill. Oliver provides risk management services for seven U.S. manufacturers owned by BTR Nyllex Ltd. in Melbourne, Australia. Contributing to the ambiguity are the many pricing variables that can affect an employer's ultimate workers comp premium, including deviations, schedule rating, dividends and premium discounts.

In addition, insurers may be willing to absorb all or part of the residual market load factor they normally would allocate to a policyholder to preserve market share or to retain an account.

While residual market problems can directly increase the cost of workers comp coverage, they also can raise costs in other ways.

For example, the residual market crisis is causing workers comp insurers to pull out of the voluntary market in some states, like Texas. If enough insurers leave the state, the lack of capacity can force even employers with good loss records into the residual market, where premium rates are usually higher and the level of insurer service lower.

Once the residual market burden reaches 15% to 20%, insurers start curbing their voluntary market writings, an industry official says.

That causes a bigger residual market burden to be spread over a smaller voluntary market base, which Mr. Hager calls "a death spiral."

Such a spiral helped transform Louisiana's residual market into "a pit of hell" that now accounts for almost 66% of the state's overall workers comp market, said Dan Juneau, president of the Louisiana Assn. of Business & Industry in Baton Rouge.

However, Mr. Juneau and others hope voters will approve a constitutional amendment this fall that will create a state fund to replace the traditional residual market (BI, July 15). Under the proposal, insurers would not be assessed for residual market losses after the fund is established, which proponents say will lure insurers back to the state.

The problems in the Louisiana residual market is a product of "the natural evolution of the bad architecture of the assigned risk mechanism," said Stephen Cavanaugh, director of Louisiana's Office of Workers Compensation in Baton Rouge.

The concept of a residual market did not exist when Wisconsin passed the nation's first workers comp law in 1911. That law focused on employers' responsibility to provide no-fault benefits to injured workers and not on how those responsibilities would be met, said Reginald E. Beane, the NCCI's vp-residual markets.

By 1935, the problems faced by employers in high-risk industries that could not find workers comp insurance resulted in the development of residual markets in some states. These markets generally were reinsured by a precursor to the current national pool, said Mr. Vieweg.

Residual markets expanded to other states in the 1940s and 1950s, in part because commercial insurers felt pressure from those who advocated that state or federal governments take control of the workers comp financing mechanism, said Dave Weber, assistant vp of shared markets for Employers Insurance of Wausau, A Mutual Co. in Wausau, Wis., and chairman of the national pool's board.

While the size of the residual market has ballooned during the 1980s and 1990s, the NCCI—which manages assigned risk plans in the majority of states—is taking actions to "depopulate" the plans.

For example, to provide incentives for some employers to purchase coverage in the voluntary market, the NCCI suggests that:

- Premium discounts no longer be offered by residual markets.

- Employers in the residual market automatically pay up to 25% higher premiums than voluntary

Continued on page 6

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Residual market

Continued from page 4
market policyholders.

• Residual market policyholders with higher-than-expected losses be charged additional premiums.

Regulators generally have given those proposals an "excellent" reception, and dozens of states have adopted them, the NCCI's Mr. Hager said.

However, "it's pretty clear to us that our programs don't go far enough," he added.

Others agree, saying even greater reforms will be needed to resolve problems facing the troubled residual markets in many states.

"Without reform, costs will continue to rise, rates will fail to keep pace, the residual market will continue to slowly grow, and the private incentives we count on to provide quality service and market efficiencies will continue to erode," said Gary L. Countryman, president

and chief executive officer of the Liberty Mutual Insurance Cos. in Boston, the nation's largest workers comp insurer.

Possible reforms—which all parties participating in the workers comp system must agree to for them to be successful—range from specific actions to solve residual market problems to changes that will affect the entire workers comp system.

For instance, some suggest that self-insured employers somehow share in the residual market burden.

"Unless self-insurers help solve residual market problems, legislatures will make them pay," the IAABC's Mr. Tatum predicted.

"All of the stakeholders must work together to ensure workplace safety, practice more effective disability management, strengthen state administrative agencies, reduce the cost of dispute resolution, control medical costs and give insurers freedom to price," Mr. Countryman suggested. ■

Residual market administration criticized

While workers comp insurers complain that the residual market is out of control, some critics say insurers are not administering the market as well as they could.

For example, many employers and legislators believe that servicing carriers—the insurers that provide residual market services in various states—do not provide efficient loss control, claims handling and premium collection services, said Allyn C. Tatum, a commissioner with the Arkansas Workers Compensation Commission and president-elect of the International Assn. of Industrial Accident Boards & Commissions. "It will be difficult for insurers to get rate relief if there is a belief that a significant portion of losses is due to insurer incompetence."

A subgroup of the National Assn. of Insurance Commissioners Workers' Compensation Task Force is ex-

amining some of the criticisms. That panel, the Residual Markets Working Group, plans to question National Council of Compensation Insurance officials at the NAIC meeting this week in Pittsburgh, said Richard F. Reynolds, a member of the Texas State Board of Insurance who chairs the working group.

The working group is concerned about:

• The extent to which small employers and those with good loss histories are forced into assigned risk plans.

• Whether loss prevention and other services in assigned risk plans are equal to services provided to policyholders in the voluntary market. For example, the working group is concerned about delays in the issuance of binders, which cause problems for policyholders that must obtain certificates of insurance to

satisfy contract requirements.

• How servicing carriers are chosen, their fees, and incentives they have to minimize losses among assigned risk plan policyholders, provide safety services and minimize uncollected premiums.

• The "often adversarial" relationship between servicing carriers and agents or policyholders.

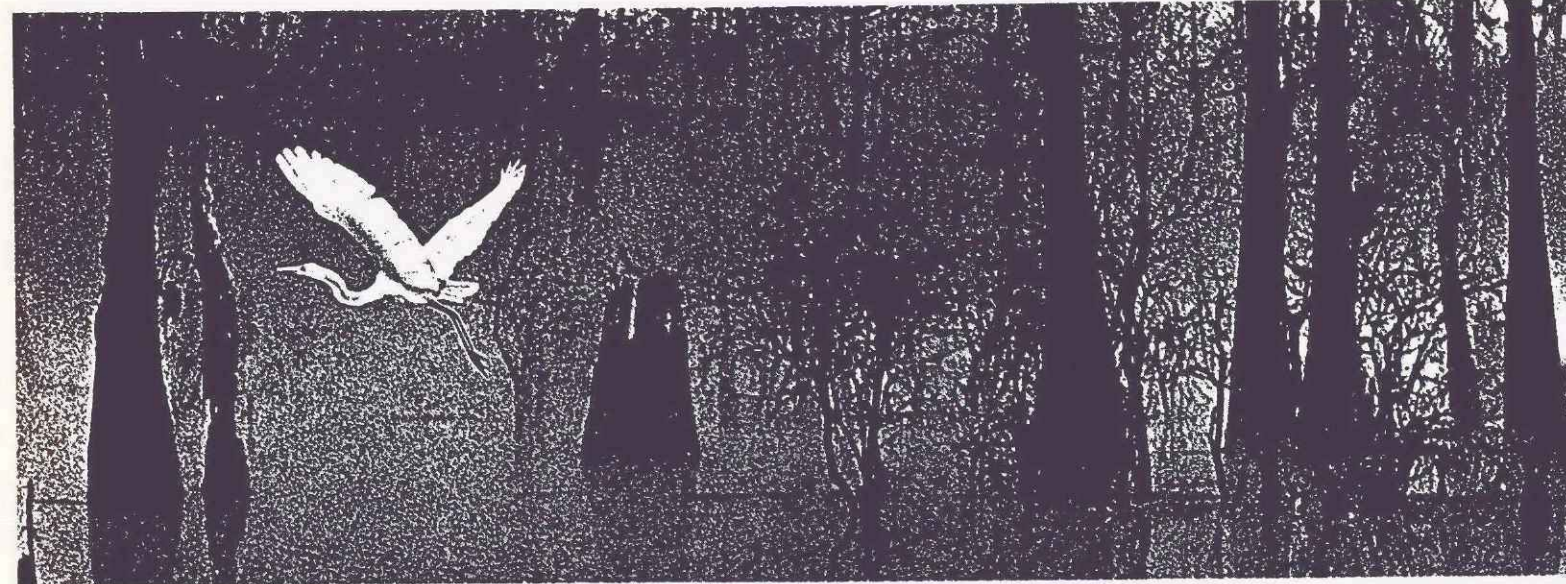
Many of the problems regulators cite stem from servicing carriers being "overwhelmed" by the explosion in residual market applications during the past five years, said Richard L. Thomas, a senior vp with American International Group Inc. in New York and chairman of the NCCI's Residual Markets Committee.

Over the past several years, the NCCI has been trying to "substantially" improve residual market operations, he said.

As an example, he cites the National Workers Compensation Reinsurance Pool, which reinsures state residual markets. Recently the pool's board of governors has increased its monitoring role and beefed up computer capabilities and performance standards for loss control, audit and claims functions. Objective standards like "within 30 days" have replaced words like "timely," and servicing carriers are now required to perform more on-site audits.

—By Meg Fletcher

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General problems triggered upheaval in residual market

The root causes of the crisis in the workers compensation residual market are tied to problems that plague the workers comp system overall.

A growing number of policyholders were denied coverage in the voluntary market during the 1980s because, insurance companies claim, insurers were not allowed to charge adequate rates to offset the rampant increases in workers comp medical, indemnity and administrative costs.

Specifically, insurers say workers comp medical costs have exploded due to rising health care costs, rules that weaken cost containment measures and cost shifting by providers whose revenues are squeezed by comprehensive managed care programs outside the workers comp system.

In addition, workers comp administrative costs, which comprised only 15 to 20 cents of every dollar paid by workers comp insurers a decade ago, now consume 40 cents, said Richard L. Thomas, a senior vp at American International Group Inc. in New York.

One reason for higher administrative costs is lawyers who try to expand the definition of compensable injury.

Designed to handle industrial injuries like fractures, the system has been expanded to include "contingent" ailments like stress-related diseases, said Joseph Edwards, Maine's former superintendent of insurance.

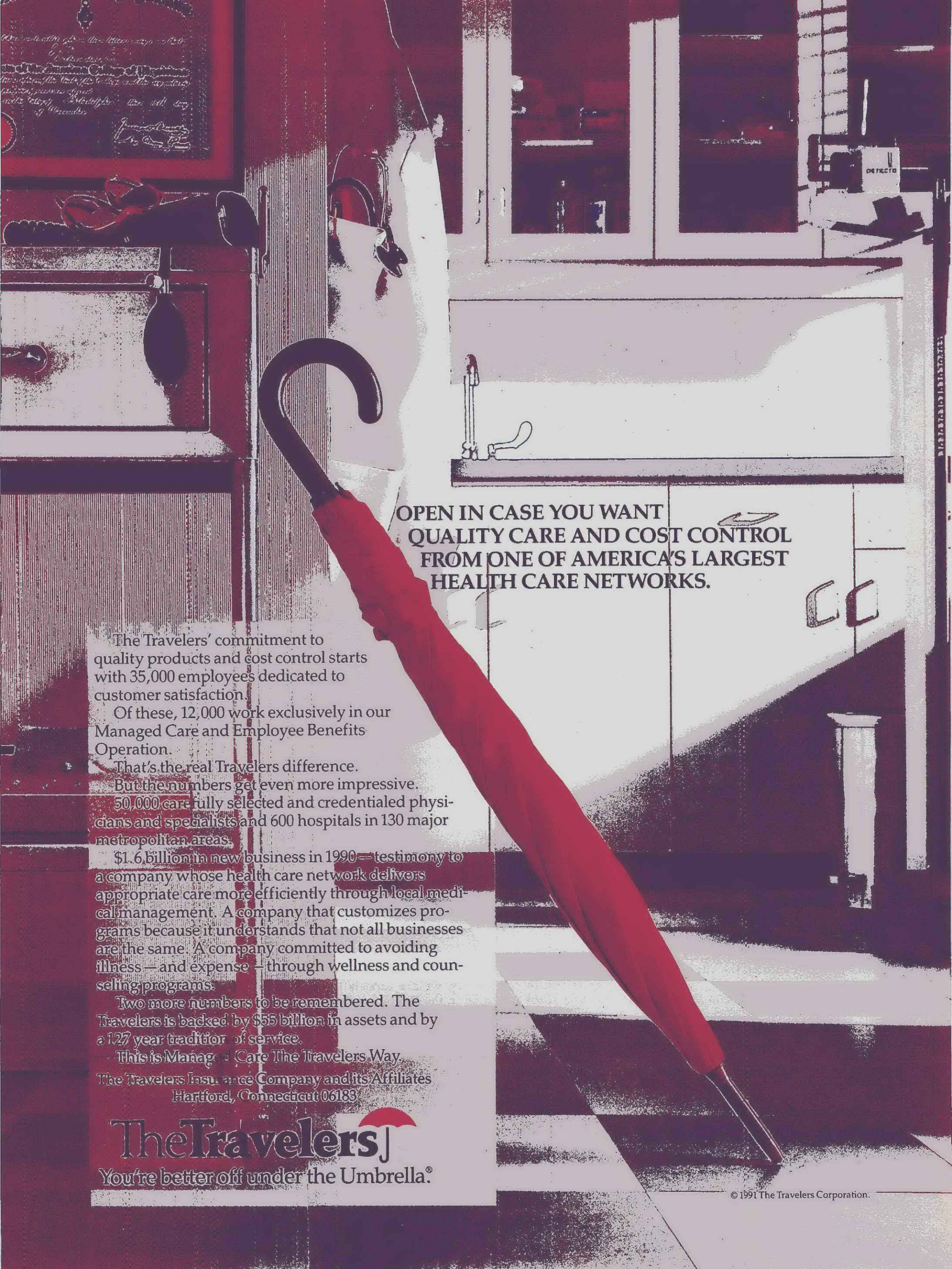
In addition, in too many states, "the dispute resolution process does not operate in a fair and equitable manner," Mr. Thomas said.

Laws relating to the adjudicatory process in states like Texas are so complex that an employee needs an attorney, he said. Workers also think that if they hire an attorney, they will win a higher judgment, he said.

Insurers blame many of the problems on low rates ordered by state regulators. But "the problem of inadequate profits in workers compensation cannot be totally laid at the door of regulators," said Robert Klein, director of research for the National Assn. of Insurance Commissioners.

Mr. Klein maintains that competition among insurers, including the use of rate deviations and dividends, "keeps prices lower than they otherwise would be," he said.

—By Meg Fletcher



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Opinions

Say no to a bad idea. . .

AT A TIME WHEN soaring health insurance costs are putting coverage out of reach for some employers, the last thing that is needed is legislation that would further increase costs.

But that is precisely what would happen under legislation proposed by Rep. Howard Berman, D-Calif., and expected to be voted on this month by the House Labor-Management Relations Subcommittee.

Under the Berman bill, H.R. 1602, and a similar measure, S. 794, introduced in the Senate by Sen. Howard Metzenbaum, D-Ohio, group health insurers' claims handling practices would be subject to state penalties, including punitive damage awards.

The legislation would overturn a 1987 Supreme Court ruling that the pre-emption provisions in the Employee Retirement Income Security Act of 1974 protect insurers from any state sanctions for improperly handling a group health, life or disability claim.

The ruling essentially limited recoveries for mishandled claims to the remedies laid out in ERISA, which allow health care plan participants to sue insurers only to recover the cost of claims. Courts also have discretion under ERISA to award attorneys' fees to health care plan participants (BI, Sept. 2).

Both Rep. Berman and Sen. Metzenbaum say the legislation is needed because participants' ERISA remedies against insurance companies are inadequate.

We disagree. Requiring insurers that have mishandled a claim to pay the claim, their own legal fees and—when courts deem appropriate—participants' attorneys fees strikes us as fair.

While Rep. Berman and Sen. Metzenbaum say the current ERISA penalties for mishandling group health care claims are inadequate, they provide no detailed, objective evidence that insurers are denying legitimate claims filed by participants.

While there are many huge problems to be found in the nation's health care delivery system—chiefly escalating costs and lack of any coverage for 34 million people—we don't think wrongful denial of legitimate claims is that pressing of a concern.

Indeed, with the potential loss of an employer's business, adverse publicity and litigation expenses, insurers have sufficient incentives to pay legitimate claims.

While the current penalty system is working,

. . . But say yes to a good one

THE INSURANCE INDUSTRY, much to its chagrin, has clearly captured the attention of Congress this year.

Legislators are seeking to amend the McCarran-Ferguson Act, give the federal government a role in insurer solvency regulation, stiffen penalties for health insurance companies that mishandle claims, and so on.

The sponsors of all of these bills contend their proposals are necessary to protect the innocent consumer.

Of course, most of these proposals—fortunately or unfortunately—will never make it to the president's desk.

One that should, though, is a bill introduced in the House last month—or a similar proposal already approved by the Senate—that would create federal criminal penalties for insurance fraud (BI, Sept. 9).

Of the two insurance fraud proposals, we prefer the bill, H.R. 3171, now pending in the House Judi-



"I SEE YOU'VE RECEIVED THE LATEST BERMAN/METZENBAUM PROPOSAL!!"

subjecting insurers to state punitive damage awards would create a whole new set of problems.

Just the possibility of winning a multimillion-dollar punitive damage award would, no doubt, stimulate a slew of litigation from participants and hungry plaintiffs' attorneys.

When these suits finally made it to trial, some sympathetic juries likely would award considerable punitive damages to plan participants.

And, even if insurers prevail in the appeals process, the litigation costs of defending such suits would be enormous—a cost that the employers ultimately would assume in the form of higher health insurance premiums.

At the same time, faced with the threat of a punitive damage award for every claims handling decision they make, we wonder how aggressive insurers would be in denying treatment they believed was not cost-effective or necessary.

In considering these proposals, legislators should be reminded that exposing physicians to the full fury of the tort litigation system has resulted in billions of dollars being wasted on unnecessary medical tests.

That's bad enough. That problem shouldn't be repeated by further inflating costs by subjecting group health insurers' claims handling practices to punitive damage awards.

ciary Committee.

While the Senate bill would mete out stiffer penalties in some cases, we are especially enamored of the provision in the House proposal that would pay to the estate of an insolvent insurer any civil penalties awarded against an insurance fraud artist who contributed to the insolvency of the company.

It is difficult to say whether changes to the McCarran-Ferguson Act or to the current insurance regulatory system would really benefit insurance consumers, but cracking down on the crooks that rip off insurance companies—and thereby their policyholders—for millions of dollars each year will benefit everyone—except, of course, the criminals.

While legislators must take a good, hard look at most of the insurance-related proposals now pending in Congress, they should not dillydally in passing the one proposal that is sure to help policyholders.

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Texas firms face work comp Catch-22

By MICHAEL BRADFORD

Tired of sky-high premiums, Texas employers are facing a tough choice: remain in the workers compensation system or find another way to provide benefits for injured workers.

Remaining in the system means accepting insurance costs so high that they could mean financial ruin for some employers.

And, employers note other advantages of pulling out of the system, including giving them more control over claims filed by injured workers.

But, abandoning the system means surrendering their immunity from lawsuits brought by workers injured on the job, as two recent federal court decisions illustrate.

In addition, the state's workers comp reform law and the state's new

competitive workers compensation fund, which will replace the loss-riddled assigned risk pool in a few years, make opting out of the system now less attractive for employers, some observers say.

It is difficult to say exactly how many employers are outside the Texas comp system or how quickly they are leaving.

Employers first were required this year to tell the state whether they carried workers comp insurance. And employers are still not required to report when they opted out of the system or if they had ever insured their workers comp risks.

About 62% to 64% of the Texas workforce is covered by workers comp insurance and around 60% of employers remain in the system, estimates Claire Koriath, chairwoman of

the State Board of Insurance.

Other estimates put the portion of Texas employers remaining in the system at 60% to 66%.

Many employers "don't have a choice these days," asserted Bogdan Rentea, a lawyer with Rentea & Whitehead, an Austin firm that represents employers. "For purely economic reasons, they have to become non-subscribers."

"It's purely an economic issue," Ms. Koriath agreed. "Workers comp rates are very high, so employers are looking for ways to opt out."

Texas employers currently are not allowed to self-insure their workers comp risks, though the sweeping Texas Workers Compensation Act of 1989, designed to control workers comp costs, permits large employers to self-insure beginning in 1993 (BI,

Dec. 18, 1989).

But, some observers dismiss the 1989 reform law—whose constitutionality must still be determined by state Supreme Court (BI, May 20, May 13)—as too little, too late.

For example, J.M. Murray, director of risk management for Home Depot U.S.A. Inc., describes the measure as "a Band-Aid on the Titanic."

The Atlanta-based chain of retail building supply stores "reluctantly" pulled out of the Texas workers comp system last year. Home Depot opted out partly because workers were able to shop around for a doctor who would declare them disabled, Mr. Murray said.

Also, too many workers hired attorneys to appeal their workers comp cases to juries in state court under the old system, he said.

The 1989 law addressed some of those concerns by placing some limits on doctor-shopping and attorney involvement in workers comp cases (BI, Dec. 25, 1989).

But, there were still sufficient problems with the system to warrant the company's withdrawal, Mr. Murray said. For example, he said the 1989 law did not adequately limit doctor shopping, while workers comp premium costs remain high.

Home Depot's 3,000 Texas employees now are covered under a "voluntary plan that parallels comp in some ways" by providing benefits similar to those set forth under the workers comp law, he said.

Since Jan. 1, Home Depot has paid its own worker injury claims up to a "significant" amount, which Mr. Murray would not disclose. Above that amount, various Lloyd's of London syndicates provide coverage, Mr. Murray said, again refusing to disclose coverage details.

Home Depot pays the medical bills of workers who seek treatment from a group of preferred providers. Injured workers treated by these providers are paid 80% of their average wage over the 13 weeks before the injury.

For workers who seek treatment outside of that network, medical benefits are paid through the company's group health plan, but lost wages are not paid.

Ben E. Keith Co.'s reasons for leaving the state workers comp system in 1975 are the same reasons employers cite today for leaving the system.

"There's no control over what is paid out by insurance companies, and premiums are going up without rhyme or reason," said Dave Hawkins, director of safety and insurance for the Fort Worth-based food distributor.

Gaining control over handling claims filed by injured workers was particularly important. Workers comp insurers too often "pay off automatically" simply to settle a claim and close their books, he charged. "You don't want to give control away to that kind of group."

Keith pays its own claims up to \$1 million per claim. After that, an umbrella policy written by an insurer that Mr. Hawkins declined to identify provides coverage up to \$10 million per claim.

The Keith program pays injured workers' medical bills and provides 75% of the employee's average weekly wage earned during the 13 weeks prior to the injury.

Opting out of the system also allows an employer to set up and run its own workers comp system, pointed William Ashcraft, a Dallas lawyer who has defended employers in workers comp cases.

"If you have a fraudulent claim, you can investigate it and refuse to pay the benefit," he said.

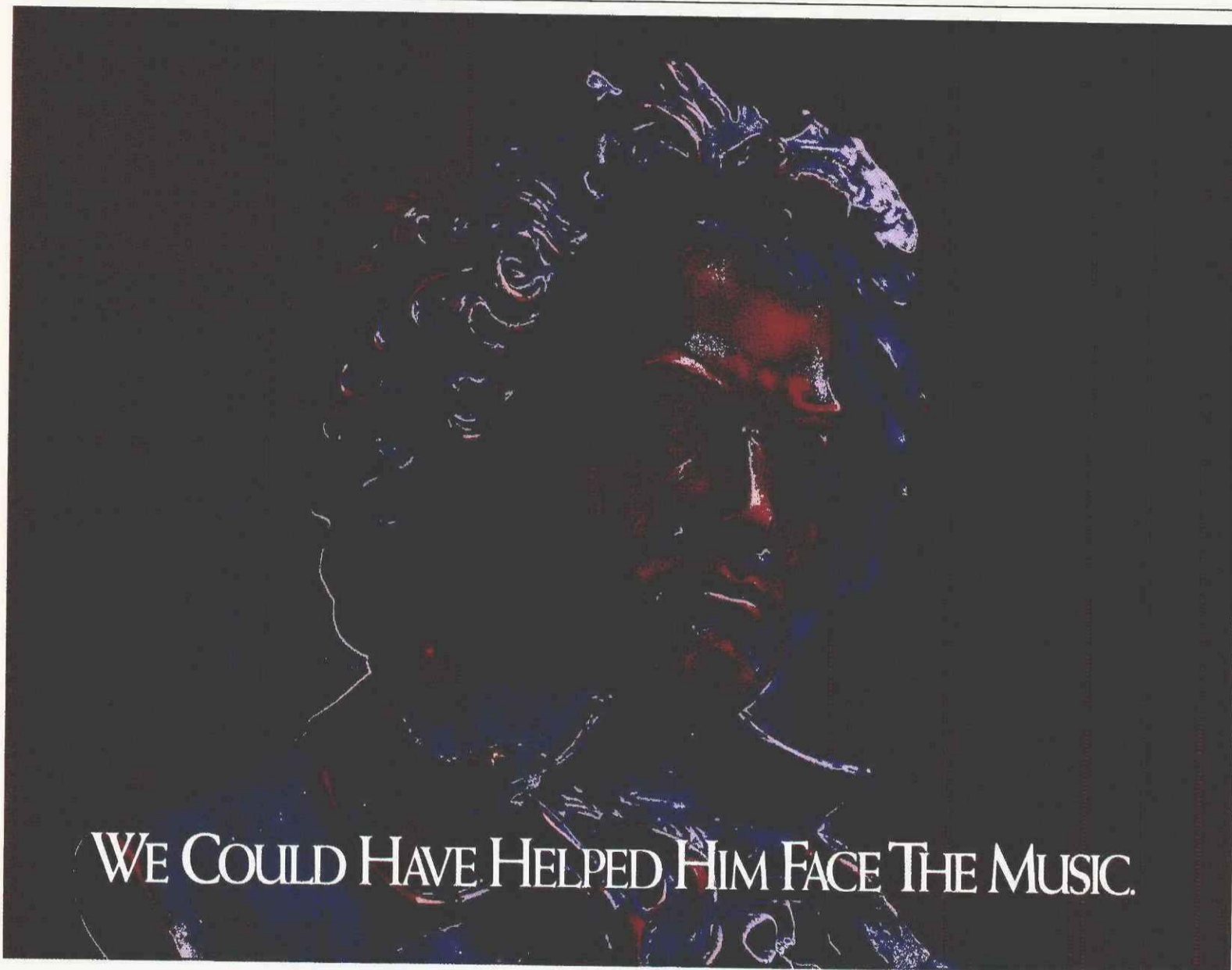
Possible fraudulent claims against insured employers are investigated by the insurer, which may not be as vigilant as some employers that opt out of the system.

Non-subscribers also can dictate which doctors an injured worker must see, thereby gaining control over the types of physicians that treat employees, Mr. Ashcraft said. For example, workers could be required to see doctors specializing in occupational medicine.

Reduced litigation is another potential advantage of opting out of the workers comp system, he said.

"It's been our experience that non-subscribing employees have less involvement with plaintiffs' attorneys," Mr. Ashcraft said. He explained that insurers are more willing than employers to settle these cases, and proving negligence against employers that have opted out of the system is difficult.

Since bailing out of the state work-
Continued on page 14



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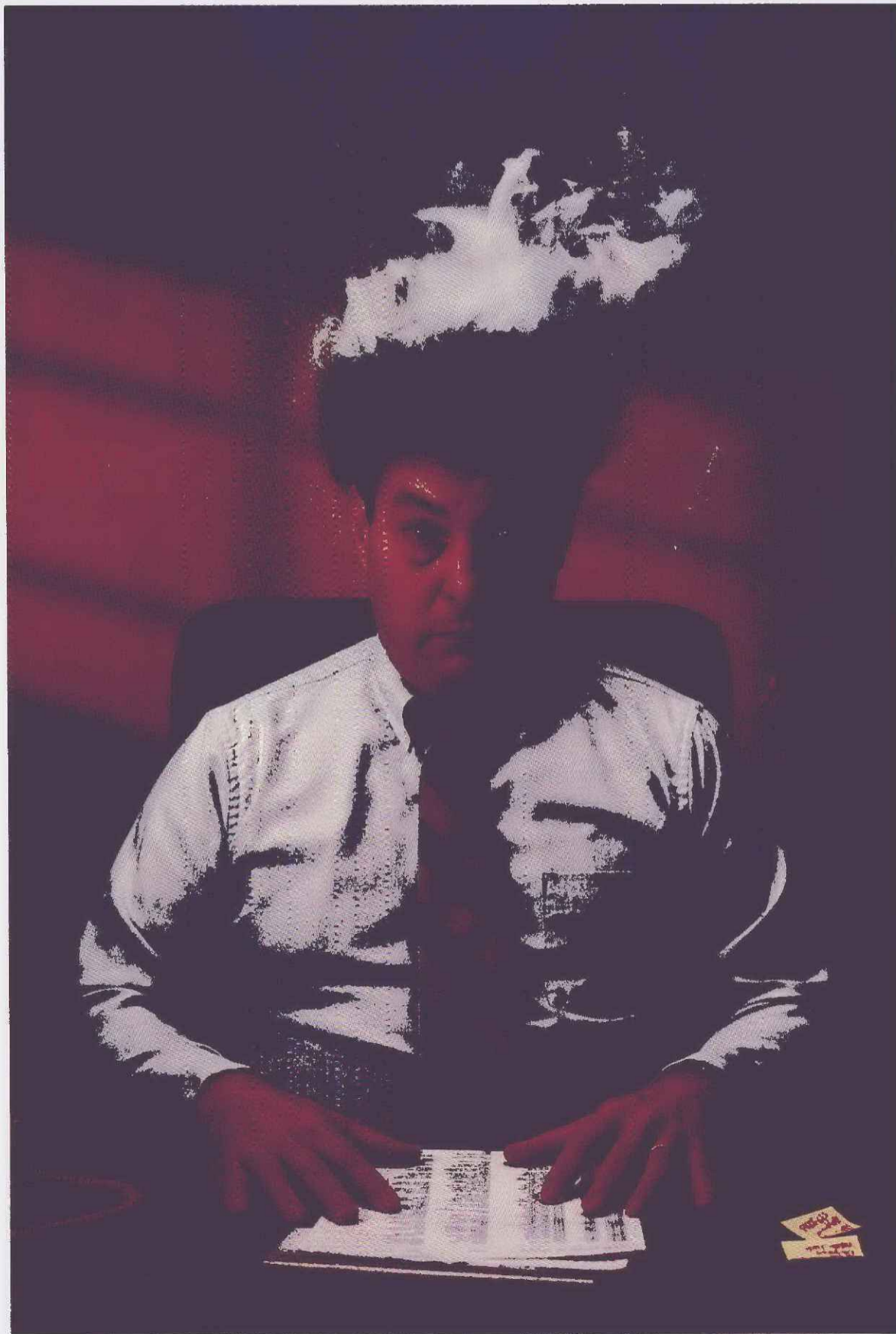
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*Stress in the American Workplace, LRP Publications, 1989.



Texas system

Continued from page 10

ers comp system 16 years ago, Keith has been sued by only a few employers each year. The company currently employs about 1,000 people in Texas.

Only "two or three" of those suits have been settled for \$100,000 or more, Mr. Hawkins said. And, the suits that have gone to trial resulted in small awards, he said.

While no suits have yet been filed this year against Home Depot, the company has received a few letters from attorneys for injured workers charging that their clients were hurt on the job because of the employer's negligence, Mr. Murray said.

But, the Home Depot program is designed to tell employees: "If you're hurt, you don't have to sue us" because benefits are available, he said.

But, two recent federal court rulings may reduce employers' incentive to opt out of the system, some observers say.

Both cases involved negligence suits brought by Wyatt Cafeterias Inc. employees. Wyatt had opted out of the Texas workers comp system, providing benefits for workers injured on the job through a special benefit plan.

Both federal courts originally ruled that Wyatt workers could not sue the employer in state court to recover tort damages because the special benefit plan Wyatt established to cover workers' injuries is subject to the Employee Retirement Income Security Act of 1974.

But, U.S. District Court Judge Barefoot Sanders reversed his May 26 ruling last month, prompting the other federal judge to vacate a similar ruling (BI, Aug. 26).

Both cases have been remanded to state court.

The trend of opting out of the state's workers comp system "has slowed because of that opinion," Ms. Koriath said.

However, even before Judge Sanders' latest decision, the number of employers leaving the state system was leveling off, said Steve Bent, executive director of the Texas Assn. of Responsible Non-subscribers, a group of businesses that have left the state's workers comp system.

Most association members had left the state system before the original federal court decisions, according to Mr. Bent. In fact, he added, the number of businesses leaving the system has "hit a plateau."

And, "if anybody was thinking of getting out of the system solely because of the ERISA pre-emption, they were doing it for the wrong reason," said Richard H. Moscicki, a consultant in Dallas with the Tillinghast division of Towers, Perrin, Forster & Crosby Inc.

Most businesses probably should remain in the system, said Joe Williams, president of Risk Analysts Inc., a Houston firm that advises employers on whether to become non-subscribers.

"There have been a lot more (businesses) dropping out than should," said Mr. Williams, who advises most clients to remain in the system.

Only companies paying annual workers comp premiums of at least \$300,000 should consider dropping out, Mr. Williams cautioned. Other employers typically are not large enough to fund the losses that they would pay under an alternative plan.

And companies in high-risk fields—like oil or petrochemical concerns—generally should not drop out, he said.

Large companies in low-risk industries that are committed to safety throughout the company are the best candidates for opting out, he said.

Observers also warned employers to be careful when approached by so-called experts who push them to become non-subscribers.

These unscrupulous operators are collecting fees of up to \$80,000 to set up a non-subscription plan, Keith's Mr. Hawkins said. "It's robbery."

"I think it's very important to

check out their credentials," said Mr. Williams of Risk Analysts.

Some observers also feel that the 1989 workers comp reforms are strong enough to keep employers in the system and even draw back employers that have opted out.

costs up," like excessive attorney involvement and doctor shopping.

Since the 1989 law became effective last January, it has cut down on workers comp appeals and has reduced the number of injured workers who hire lawyers, he said.

'Any time you have an increase in the number of employers leaving the system, you've got to take it seriously,' says Pam Beachley of the Texas Assn. of Compensation Consumers. 'Whether it's at crisis proportions, I'm not sure of that.'

"In the long term, I think there will be a decreasing rate of companies" opting out of the workers comp system, said Brad Gahm, vp of the Texas Assn. of Business in Austin.

Already, he said, "we're seeing real relief from what was driving the

Opting out of the workers comp system could be a "passing fad" as the reforms begin helping to contain or even lower workers comp costs, said the State Board's Ms. Koriath.

Most employers "want the coverage that comp affords," she said.

"Nothing provides near the coverage as workers compensation."

Businesses also may be encouraged by a competitive state fund that is being created to replace the state assigned risk pool (BI, Sept. 2).

Under the law, which Gov. Ann Richards signed late last month, the competitive fund must begin writing coverage by Jan. 1, 1994.

Supporters say the fund will spur competition and lower rates.

Commercial insurers' costs will be lower since they will not have to cover fund deficits, which will attract new insurers to the market, Mr. Gahm said.

Most observers agree that while the fact that employers are leaving the state system is cause for concern, it is not likely to lead to the collapse of the state's workers comp system.

"Any time you have an increase in the number of employers leaving the system, you've got to take it seriously," said Pam Beachley, executive director of the Texas Assn.

of Compensation Consumers, a coalition of trade groups and employers. "Whether it's at crisis proportions, I'm not sure of that."

Jaelene Fayhee, assistant vp in Austin with the National Council on Compensation Insurance, the insurer-supported advisory organization, agreed.

Texas is such a large workers comp market that the number of employers withdrawing now is not sufficient to skew insurer data on employers' loss experience used to formulate rates, she said.

The current level of employers opting out of the workers comp system "doesn't hurt the system," concurred Synott L. McNeel, chairman of the governing committee of the Texas Workers Compensation Insurance Facility, the state assigned risk pool.

Instead, workers lose benefits they are entitled to under the state's workers comp law and employers face the prospect of enormous payouts if an

Continued on next page



**It's hard to get through
to some group LTD claims handlers.**

Continued from previous page
employee is seriously injured or killed, said Mr. McNeel, who also is senior vp, secretary and treasurer of of American Indemnity Financial Corp. in Galveston.

"I think it's really sad that a worker loses his comfort and security because an employer goes bare and takes his chances," he said.

Mr. Rentea, the employer's attorney, said that based on the interest in opting out shown by his firm's clients, "it's a very serious situation."

But, Mr. Rentea still does not foresee the system collapsing.

In fact, some speculate that there may come a time when Texas will join nearly all other states in making workers compensation coverage mandatory.

Keith's Mr. Hawkins worries that some employers that have opted out of the system will handle claims by injured workers irresponsibly, which would lead to pressure on lawmakers to make the system mandatory.

Ms. Koriath of the State Board favors such a move. But, imposing such a requirement on employers would be politically easier if workers comp insurance rates stabilize in coming years, she said.

No push for mandatory coverage could begin until at least 1993, when the Texas Legislature next convenes in regular session, Ms. Koriath pointed out.

A mandatory system is "very likely," said Ms. Beachley of the Texas Assn. of Compensation Consumers. "But I don't believe it is very likely in the near future."

Rates would have to fall sharply before the state can impose such an expense on employers, she said. But, "if things stabilize, we will probably see mandatory comp."

Mr. McNeel of American Indemnity said requiring employers to carry workers comp coverage would benefit workers. "If you put everybody in the system, everybody is protected."

Mandatory coverage is "not about profits for insurance companies or markets for agents. It's about protecting workers who are injured on the job," Mr. McNeel said.

Howard Nations, president of the Texas Trial Lawyers Assn., agreed.

At some point, the rights of injured workers in Texas will have to be addressed, Mr. Nations said.

"How many workers have to be hurt on the job and left with a grossly inadequate remedy before there is an outcry for restoring their rights?" he asked.

The comp system "will never be fixed until the rights of injured workers are re-addressed by the Legislature," he said.

Mr. Nations charges that the 1989 reforms were designed to remove lawyers from the system, not to lower rates and "certainly not to benefit the employees."

"What was done to workers should be a source of gross embarrassment to the state," Mr. Nations said. ■

S.C. firms can opt out of work comp scheme

By MICHAEL BRADFORD

The Lone Star State is not the only state where employers may choose to opt out of the workers compensation system.

Employers in South Carolina also can choose not to insure or self-insure their workers compensation risks, though few do.

And, employers in New Jersey can elect not to provide statutory workers comp benefits, but they still must insure or have permission to self-insure their workers comp risks.

Although employers in South Carolina can elect not to finance their workers comp risks, "we do not have large numbers of employ-

ers (that) have rejected" the South Carolina Workers Compensation Act, said Gary Thibault, director of coverage and compliance at South Carolina's Workers Compensation Commission.

Those that have left the workers comp system are mostly small companies that could not afford to purchase coverage, Mr. Thibault explained.

South Carolina employers do not have the same motivation as Texas employers do for opting not to insure their workers compensation risks because the South Carolina workers comp system is not experiencing the crisis found in Texas, according to Mr. Thibault.

Many workers comp insurers have been pulling out of the loss-riddled Texas market over the past several years. While observers say the state's 1989 workers comp reform law, which took effect last January, is beginning to help control the factors driving up workers comp costs, the system could crumble if a state court decision striking down the law is upheld (BI, May 20; May 13).

Employers in South Carolina that opt not to insure or self-insure their workers comp risks also face broader liability in employee lawsuits.

For example, unlike Texas firms, these employers are not able to use some common law defenses, including arguing that an employee's own negligence contributed to his injury.

South Carolina employers also are allowed by law to self-insure their workers comp risks either individually or through one of 13 self-insurance funds that operate in the state.

Large employers in Texas cannot begin self-insuring their workers comp risks in 1993.

South Carolina employers that self-insure individually must purchase excess coverage and post a surety bond or letter of credit in amounts determined by the state Workers' Compensation Commission.

Mr. Thibault said that about 1,700 employers in the state self-insure their workers comp risks either individually or through a self-insurance fund.

In New Jersey, the workers comp system "is really not elective," said Joe Dimartino, executive director of the New Jersey Compensation, Rating and Inspection Bureau.

The only "elective" feature of the 1911 New Jersey Workers Compensation Law allows employers to opt not to comply with Article 2 of the law, which establishes benefits for injured workers, he said.

However, employers that take this option are subject to tort lawsuits by injured employees under Article 1 of the law, Mr. Dimartino explained.

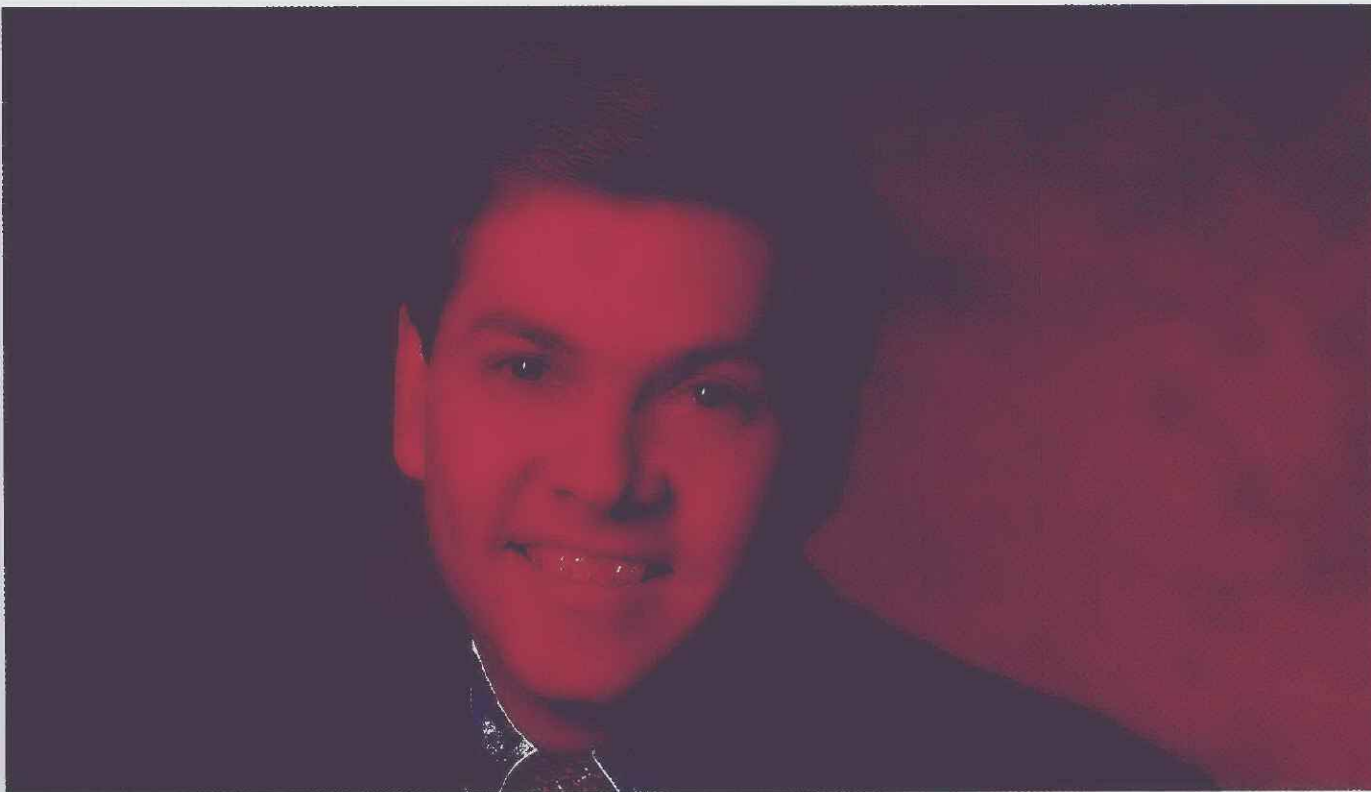
And, Article 5 of the law requires that these employers insure their workers comp risks.

"So what have you accomplished?" he asked. And, no insurance company is likely to write coverage for an employer that has rejected Article 2 and has chosen instead to be vulnerable to employee lawsuits, Mr. Dimartino said.

No employer in New Jersey currently has opted not to provide Article 2 workers comp benefits, according to Mr. Dimartino.

About 170 New Jersey employers do self-insure under the law, he said.

But, self-insurance generally is feasible only for large companies, because employers must report sufficient assets to self-fund the risk, he explained. ■



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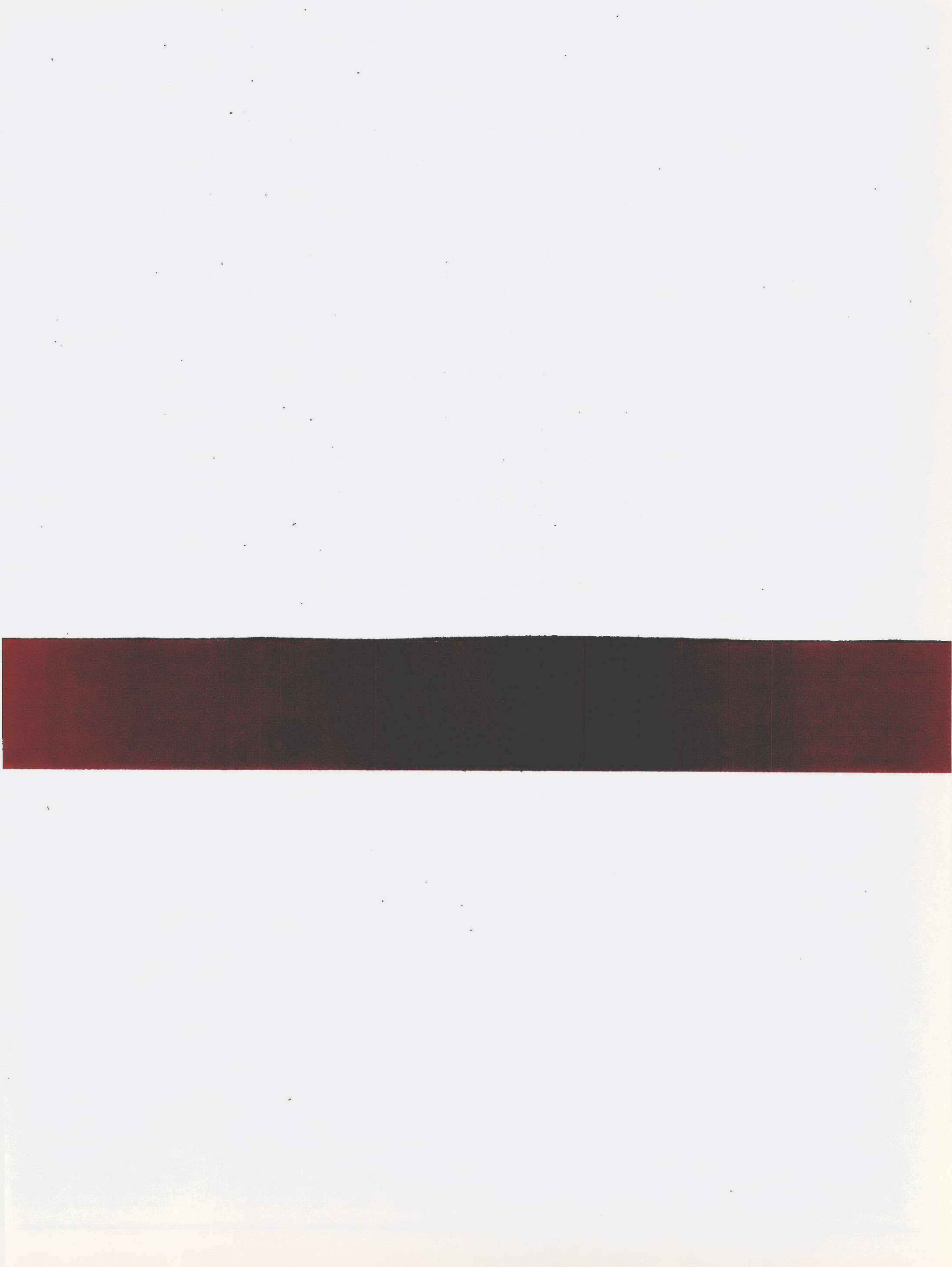
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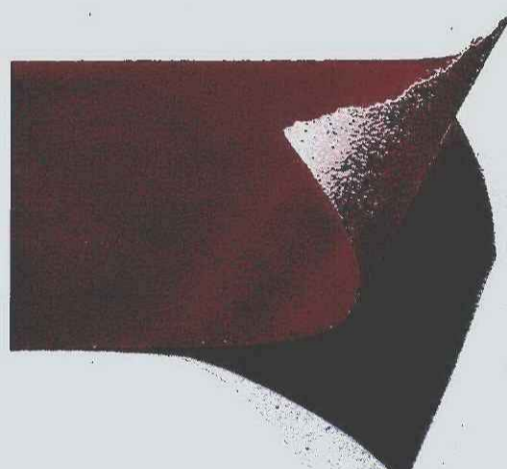
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Managed care

Continued from page 3

ting involved in the medical care or treatment prior to the provision of services so you can effect a care plan of the best quality," agreed Karen Loomam, a consultant with the Tillinghast division of Towers, Perrin, Forster & Crosby Inc. in Valhalla, N.Y.

Experts contend that employers should take a more active role in managing the care of their injured employees, beginning with directing them to particular doctors.

According to the WCRI, 19 states give employers or insurers the initial choice of physician to treat an injured worker. Thirty-nine states restrict the worker's ability to change physicians. Only nine states give injured workers complete freedom to choose doctors.

Several states, including Oregon and Florida, have passed laws allowing the establishment of pilot managed care networks for workers compensation.

In Oregon, a 1990 law permitted the formation of "managed care organizations," or MCOs, for the treatment of injured workers. So far five have been set up, and several other applications are being reviewed, said Jan DeWeese, managed care organization coordinator at the Oregon Department of Insurance and Finance in Salem.

A similar measure was passed in Florida. The 1990 law will help determine whether managed care will "result in an overall reduction in costs, while affording the worker appropriate medical care in a timely manner and return him or her to work faster," said Robbie Simpson, project coordinator at the Florida Department of Insurance in Tallahassee.

"One thing we learned very quickly last September when we sent an overview and solicited proposals from HMOs and PPOs, there were very few that had the components we were looking for to respond to work comp cases," she said.

The organizations lacked the acute-care providers required for workers comp injuries, while many did not provide other components of managed care, including utilization review, peer review and quality assurance, Ms. Simpson explained. "We learned that what we had originally thought was readily available in the marketplace was not." However, she added, some applicants were willing to add the required components.

Effective June 15, Florida's first pilot HMO program began as a public sector project involving all 17,000 state employees in Dade and Broward counties. Half of the employees will be placed in a control group and receive care under the traditional workers comp system, she said. CAC-Ramsay Inc. of Miami is the HMO involved in the project.

The state also plans to begin a pilot PPO project for employees of private companies in October, although it has not yet contracted with a provider, she said. Another pilot PPO may be added later this year.

While two states are sponsoring managed care experiments, employers in other states are actively using managed care techniques in the treatment of injured workers.

In California, for example, employers can control a worker's choice of physician for 30 days after an injury, unless the worker has notified the employer in advance of his or her choice of physician, pointed out Doreen Corwin, vp of network development for Beech Street Inc., an Irvine, Calif.-based PPO.

Few employees in California actually notify their employers that they want to be treated by a certain physician if injured, consultants point out.

That gives the California employer important leverage that it should strive to maintain, Ms. Corwin said.

However, in states where employers are able to direct injured workers to a particular provider, many choose not to do so, displaying "a lack of interest," said the WCRI's Mr. Smith.

"If an employer hasn't figured out which providers to send workers to, if he hasn't developed any criteria for providers," then there is no basis to direct the employee, Mr. Smith said. "My guess is that employers don't have systems in place yet; that's why they're not exercising their right to choose" a

In some states, a listing of preferred providers can be posted, notes Crawford's Mr. Potter.

treating physician, he added.

In an "informal survey" in 1989, Travelers found that fewer than 30% of employers used their right to steer injured workers to a physician, said Dick Keane, director of corporate compensation claims

Even when allowed to do so,

"many employers don't even post a list" of preferred physicians, he noted.

Another study indicates that letting injured workers choose their own doctor can prove costly.

A study completed by Tillinghast last March for the Colorado Workers' Compensation Coalition, a business group, showed that when the treating provider was chosen by the employer, average costs per case for medical and wage-replacement benefits were 29% lower than when selected by the employee.

Even in states that do not allow employers to require treatment by certain doctors, observers say there is nothing to prevent employers

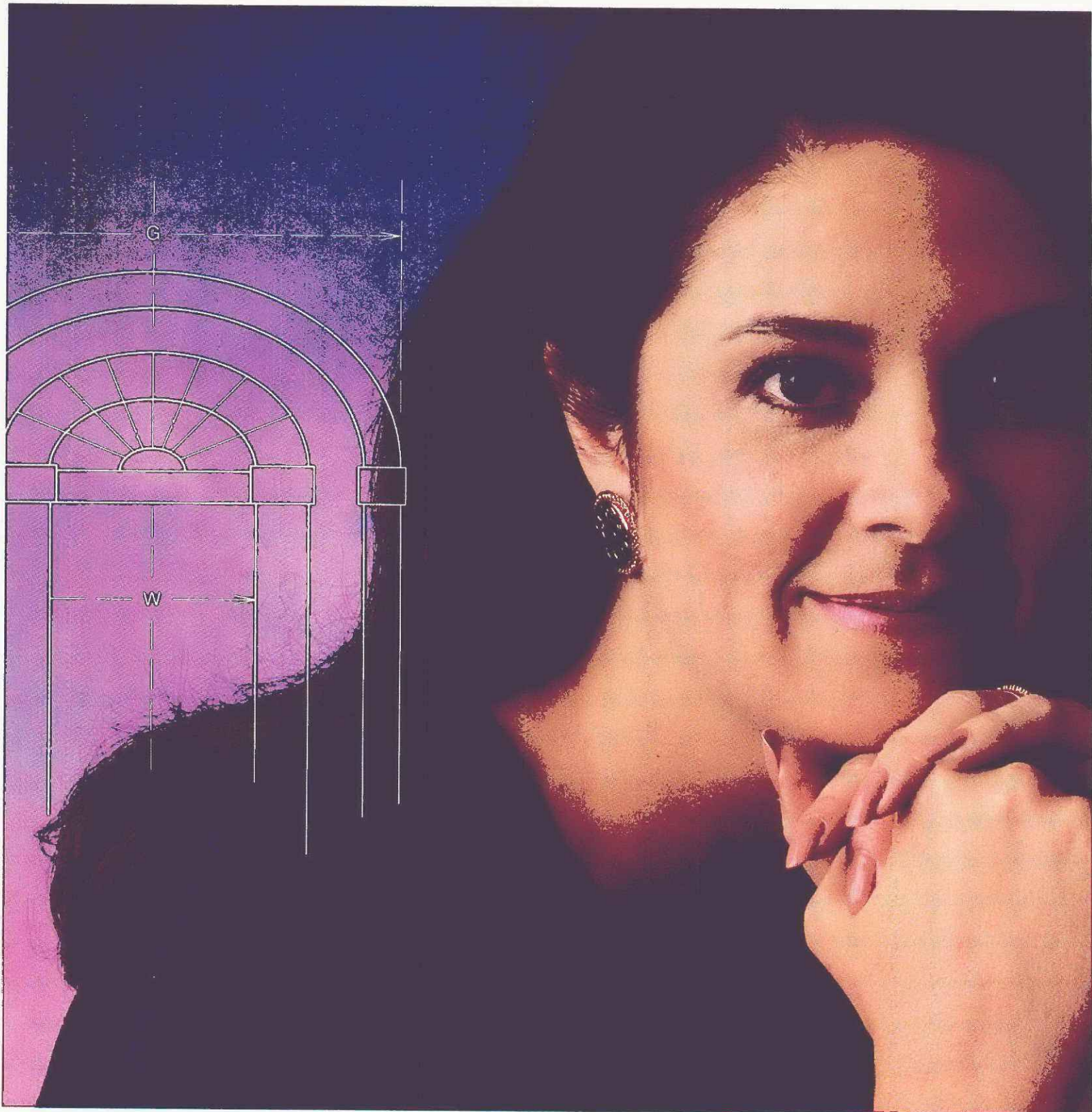
from suggesting which physicians to use.

In some states, a listing of preferred providers can be posted, noted Crawford's Mr. Potter. And, "training can be provided to local plant management indicating that in the event of an emergency an employee can be taken to a particular physician," he said.

"Another way we've been very successful in channeling patients is through our utilization review and hospital precertification," Mr. Potter added. If a physician calls to precertify an admission to a non-PPO hospital when there is a PPO hospital in the vicinity, the nurse

Continued on next page

THE H O M



OLD PROSON

Continued from previous page handling the call can ask if the physician has admitting rights to the PPO hospital and can request the physician to use that hospital for treatment, he explained.

"In some states, though an employer doesn't have the right to choose the first doctor, just being able to encourage a worker to visit a PPO will help control costs, agreed Intracorp's Ms. Edwards. In those states, she predicts, "employers will develop innovative programs to (encourage) workers to use in-network providers."

Experts warn, however, that an employer's suggestions will fall on deaf ears unless there is a good

working relationship between labor and management.

"Workers comp is viewed too often as an adversarial system. Our customers who have had the best success have worked with employees before an accident happens. They have let them know the company is concerned about providing quality care," said Joseph G. Tangney, senior vp and general claims manager at Liberty Mutual Insurance Co. in Boston, the nation's largest workers comp insurer.

The employer's responsibility "is an issue" in managed care, added John F. Ryan, vp and manager of business marketing at Liberty Mu-

'Our goal is to create a system that says, "Your employer cares about you,"' says Mr. Keane.

tual. "When we talk to customers about managed care, we point out that there are some things they need to do to make it work. It's real important when an accident happens to show interest and concern from the start, to reinforce the person's desire to come back

to work."

Health care providers should also communicate that concern.

"Philosophically, what we're trying to do is not force people to see physicians. Our intent is to put together a network of physicians who know how to treat effectively" and are competent with administrative details—"to let injured workers know the system cares about them...to take some of the adversarial sting out of the system," Travelers' Mr. Keane said.

The workers comp system became adversarial because "workers didn't get the information they needed, so they turned to attorneys," he said.

"Our goal is to create a system that says, 'Your employer cares about you and is going to try to identify the doctors who will provide good quality care,'" Mr. Keane said.

Beech Street staff and network providers are encouraged to show the concern—the "warm fuzzies"—that injured workers appreciate, said George Bregante, vp of marketing and sales for the PPO.

And, following treatment, Beech Street surveys patients to find out their feelings about the treatment program, Ms. Corwin added.

Cost savings are not the only reason employers are trying a managed care approach. Under the Americans with Disabilities Act, which becomes effective for firms with more than 25 employees in July 1992, employers will have to take a more active role in bringing injured workers back to work.

The 1990 law requires employers to make "reasonable accommodation so that the disabled employee can return to work."

As a result, disability management—a critical component of managed care for the injured worker—will become increasingly important, said Pat Carlson, divisional vp of Travelers Managed Disability Services in Atlanta.

The new law is all the more reason to abandon "the traditional adversarial role of insurance and people with disabilities," said Ted Haslam, president and general manager of TMDS.

The Travelers unit manages the care given to disabled workers by, among other things, identifying and providing access to providers in the community "who focus on ability and not on disability," he said. TMDS also works with employers to figure out how best to return an injured employee to work.

"A lot of the person's ability to return to work has to do with the employer's attitude. If he will do a simple thing like make a phone call to the employee and ask 'How are you? We're looking forward to having you back at work,' it would have a marked impact" on the injured worker's will to return, Ms. Carlson asserted.

Meanwhile, for employers allowed by state law to steer employees into managed care, networks of PPOs for workers comp are proliferating.

In fact, with the burgeoning interest in applying managed care to workers compensation, "vendors are coming out of the woodwork," said John Lubatti, marketing manager for Sedgwick James of Florida in Fort Lauderdale. "Some perform better than others, some bring more to the table than others. There are so many upstarts without a track record, it's important to evaluate their services carefully. Don't evaluate price in a vacuum," he warned.

Large numbers of employers, though, are gaining access to workers comp preferred providers as insurers and PPOs expand established networks.

Just this week, Intracorp, one of the nation's largest managed care organizations, announced a workers compensation PPO joint venture with USA Healthnet Inc., a Phoenix-based PPO that ranks second only to Blue Cross & Blue Shield Assn. in terms of employees and dependents covered (BI, December 1990).

Under the venture, USA Healthnet's PPO networks, combined with Intracorp's spectrum of managed care services, will be available to employers in 28 states by year-end, Ms. Edwards said.

"A huge number of employers now have access to Travelers' work comp PPOs," including large and medium-sized accounts as well as "real small employers," said Dr. Dwight Robertson, vp of workers

Continued on next page

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Managed care

Continued from previous page
compensation medical management at Travelers in Hartford.

Travelers has workers comp PPOs operating in 28 states and plans to expand to three or four more states within the next several months, said Mr. Keane.

Travelers, Liberty Mutual and other insurers also plan to combine workers comp and group health managed care networks "to make this look as seamless as possible for the employee," according to Conservco's Mr. Anderberg.

Liberty Mutual, though, takes a different view from most others in the industry by maintaining that it didn't learn its managed care skills from employee benefits programs.

"We had the vision 40 years ago," asserts Mr. Tangney.

Liberty Mutual began setting up workers comp PPOs in California in 1986 and now also operates net-

works in Illinois and Alabama. It is in the process of establishing PPO networks with hospitals in 35 other states and with physicians in 15 states.

But before the terms "PPO" or "managed care" were coined, Liberty Mutual was identifying preferred medical providers throughout the country with appropriate treatment patterns and encouraging its employer policyholders to direct injured workers to these providers, Mr. Tangney said.

"For years we've been attempting to manage the person's injury by giving them to preferred doctors for quality care," he explained.

Crawford & Co. in April 1990 began assembling a workers comp PPO network in 42 states. The network now includes 1,200 hospitals and will include 17,000 physicians by the first quarter of next year, said Mr. Potter.

Crawford's workers comp PPOs "probably cover 10 million lives" and serve large and small employers, he said. That number represents about 700 self-insured employers whose workers comp claims are managed by Crawford and who have access to the workers comp PPOs, in addition to 150 insurance company accounts through which employers have access to the PPOs, Mr. Potter said.

American International Health, a Rockville, Md.-based subsidiary of American International Group Inc., began "aggressively developing our (health care PPO) networks as comp networks in 1988," said Richard Eskow, vp for managed care services. AIH has workers comp networks in 31 states, principally in partnership with "the best of local or regional networks," he said.

"We try whenever possible to offer the same network for both health and comp. It's another way to get the workers to use" the comp networks, Mr. Eskow added.

Some insurers that do not write workers comp coverage but offer group health care provider networks are considering offering them to workers compensation clients.

One such insurer is Metropolitan Life Insurance Co. The New York-based company is studying expanding its health care HMOs and PPOs to serve injured workers at large, self-insured companies, said Robert Zilg, manager of competitive research and product development.

Many employers may come to feel "it may not make sense for their employees to go to two different types of providers" for group health and for workers comp treatment, he said.

Meanwhile, a pilot program—believed to be the first in the industry—to establish a PPO for expensive diagnostic imaging procedures was recently unveiled by the Orange, Calif., office of Industrial Indemnity Inc., a unit of Crum & Forster Inc.

The program is a collaboration with Workers Compensation/Casualty Services, a subsidiary of Minneapolis-based HMO United HealthCare Corp., with the assistance of benefit consultant William M. Mercer Inc.

Industrial Indemnity saw workers comp-related imaging costs rise 34% to \$6.1 million in 1990 from \$4.6 million in 1989, the insurer said. But, for the first six months of 1991, imaging costs have dropped 22% in the Orange office compared with the year earlier period, according to Gregory Johnson, a principal with Mercer in San Francisco.

Industrial Indemnity has had "a massive workers comp PPO in the West since 1986, which now includes 4,000 doctors and 400 hospitals," and now plans to implement its imaging review program in all 10 of the Western states in which the PPO operates, he said. ■

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Several states consider 24-hour coverage plans

By LOUISE KERTESZ

There is increasing interest in merging workers compensation coverage with group health care plans, even though many obstacles stand in the way of so-called 24-hour coverage plans.

There are six types of 24-hour plans, according to a report by the Workers Compensation Research Institute of Cambridge, Mass. They range from coordinating workers comp and group health claims information to implementing a single plan that covers both medical and disability benefits for any injury or illness, regardless of whether it is job-related (BI, March 18).

Lawmakers in several states are looking at 24-hour coverage.

For example, the Oregon Legislature and Insurance Department are working on implementing a 24-hour coverage plan.

A bill introduced into the Oregon Senate last session that would have established a legislative task force to examine the issue "did not pass, because a lot of technical issues have to be resolved," said Geoff Guilfooy, deputy director of the Oregon Department of Insurance and Finance.

An internal Insurance Department task force was later formed to look at technical issues surrounding 24-hour coverage, Mr. Guilfooy said. Those issues include:

- Employee deductibles and co-payments, which are not permissible under the workers comp system. Cost-shifting also raises questions about how to deal with the exclusive remedy provisions of the workers comp law when an employer's actions may have contributed to a worker's injury.
- How to include small employers that do not offer their workers health care benefits in 24-hour coverage plans.

The department hopes to present a proposal to legislators that they can introduce during the next session of the Legislature in January 1993, Mr. Guilfooy said.

The Arizona State Compensation Fund, a competitive state fund based in Phoenix, also is working on a program with a major accident and health insurer to offer a 24-hour policy to employers. The product should be ready by year-end, said Jerry LeCompte, president and general manager of the fund. He declined to name the insurer or provide further details.

In Texas, employers have a different motivation for looking at 24-hour coverage (see story, page 10).

Employers in Texas that are opting out of the state's troubled workers comp system are implementing a form of 24-hour coverage "by default," said Gary Anderberg, national account executive and marketing manager-Western region for Conservco, a Tampa, Fla.-based managed care firm.

"We suspect that one of the first areas geographically in which (24-hour coverage) is likely to blossom will be in Texas," where employers fleeing the workers comp system provide medical benefits of workers injured on the job "under some version of their employee benefit program," Mr. Anderberg said.

And, Florida's 1990 workers comp law was amended to encourage employers to establish pilot 24-hour coverage programs.

The Florida Supreme Court upheld the law, "and we're open to receiving proposals from companies," said Robbie Simpson, project coordinator of the Compensation Managed Care Pilot Program at the Florida Department of Insurance.

Florida is "looking for a large employer to volunteer, but an employer or insurance company would be tak-

ing a big risk" in implementing 24-hour coverage because the language of the statute is "rather vague," said John Lubatti, marketing manager in the Fort Lauderdale office of Sedgwick James of Florida Inc.

The Florida statute "may need some further clarification by the Legislature before we can implement it," Ms. Simpson conceded. He said the law has yet to answer:

- What kind of insurance product will a 24-hour coverage plan be: a property/casualty or a health insurance product?
- How will assessments be handled for the workers comp assigned risk pool?
- Will 24-hour coverage plans be

regulated by the state's Labor Department, Insurance Department or some other government agency?

Meanwhile, several employers are moving toward merging their workers comp and health care programs by assigning a top executive to the issue.

"Some employers are taking the initiative to combine workers comp and employee benefits in the management structure in a single vice presidential position," Mr. Anderberg pointed out.

"Six or seven large corporations in California are bringing the functions together in terms of the management structure" and establishing "a single set of responsibilities, pre-

sumably with an eye to" combining their group health care and workers comp programs, he said.

The insurance industry has been moving toward merging some of their group health care and workers comp operations for several years.

For example, insurers and preferred provider organizations currently are trying to merge group health and workers comp PPOs where possible to encourage injured workers to use the PPO and to simplify employers' health care delivery systems (see story, page 3).

Most commonly, individual insurers are trying to merge their accident, health and workers compensation claims and marketing operations.

These efforts are "very beneficial," said William C. Aldrich, vp for government affairs at Hartford Group Inc. of Hartford, Conn., at a recent forum of state legislators in Seattle.

But, Mr. Aldrich warned against "some versions of 24-hour coverage" that involve "dismantling" the work-

ers comp system in favor of "an untried and untested alternative."

Instituting 24-hour coverage, though, would not be easy, because many laws covering workers comp and group health care plans would have to be amended or repealed (BI, March 18).

In addition, many employers report that the departments that handle workers comp claims and group health claims typically have not had to communicate much with each other.

"The people responsible for both areas don't talk to each other," said George Bregante, vp of marketing and sales at Beech Street Inc., an Irvine, Calif.-based PPO.

But, some employers are trying to change that.

"I think risk managers have a keen sensitivity to the managed care issue in terms of getting the employee back on the job," said John Ryan, vp-marketing at Liberty Mutual Insurance Co. of Boston.

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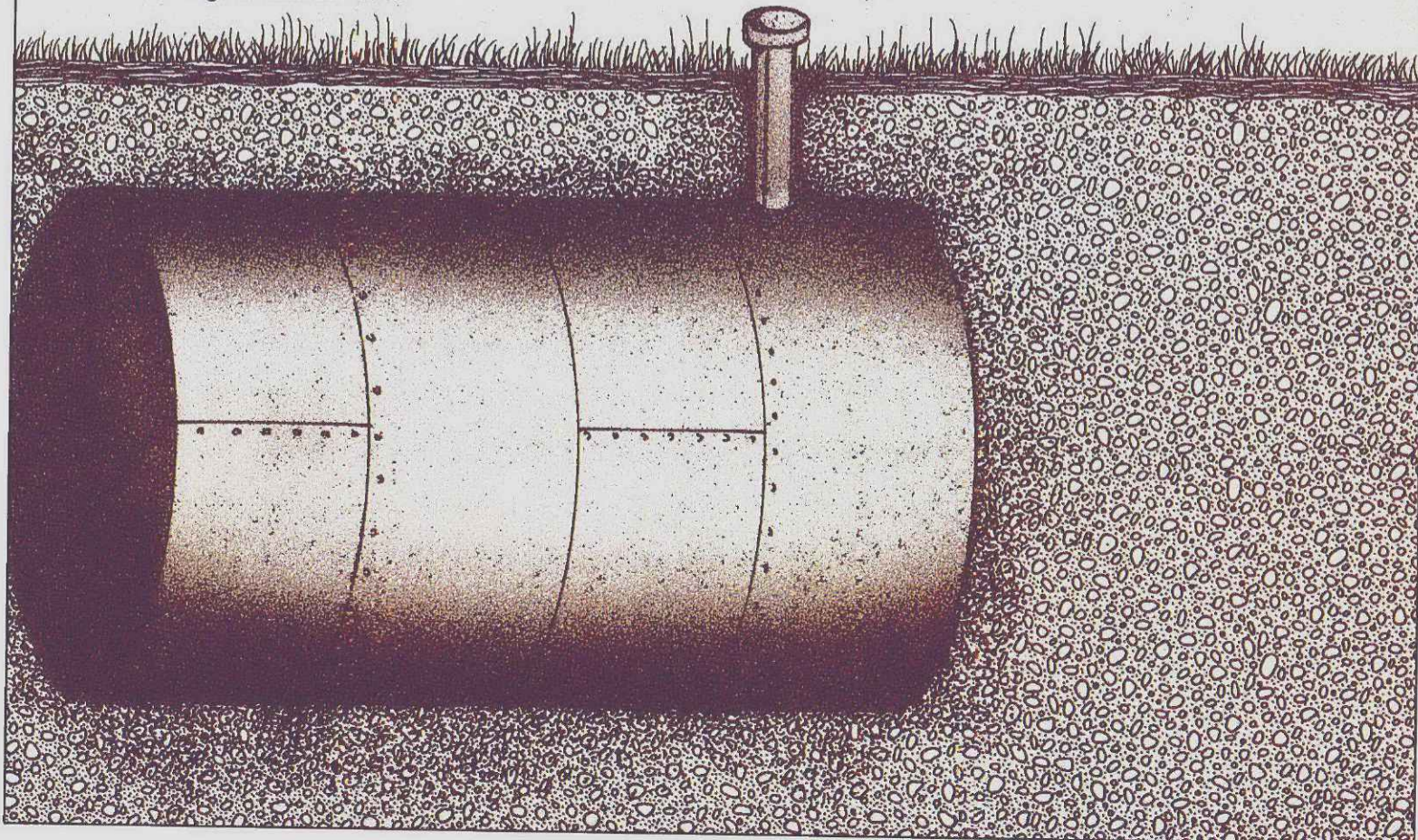
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Critics not swayed by state fund growth

By JOANNE WOJCIK

More states are establishing state workers compensation funds, even though insurers and others question the funds' solvency.

Fans of state funds praise the fact that the funds provide an alternative market for workers compensation insurance that stimulates competition and drives down rates in states with open rating. However, critics argue that the funds undercharge policyholders and thus are likely to run up huge deficits.

Critics also maintain that many state funds are financially shaky, partly because their surplus can be tapped to replenish drained state coffers and partly because the funds liberally discount their loss reserves.

State fund managers counter that their reserves are safe from raids by other state officials and that commercial workers comp insurers discount their reserves if they are permitted to.

State fund officials also believe that their strong emphasis on price and service is attracting policyholders, including many small employers abandoned by commercial insurers.

An increasing number of states have approved the creation of competitive workers comp funds as part of reform packages aimed at increasing the availability and affordability of workers comp insurance.

For example, the Texas Legislature last month voted to form a new competitive fund to replace a deficit-riddled assigned risk plan and stimulate competition in the state's beleaguered voluntary market (see story, page 10).

In New Mexico and Rhode Island, funds approved last year are just now being organized (*BI*, Sept. 24, 1990; July 30, 1990).

And voters in Louisiana will go to the polls Oct. 19 to decide whether to amend the state constitution to permit the formation of a state workers comp fund.

These states join 13 other jurisdictions with competitive state comp funds and six states with exclusive—or monopolistic—workers comp funds, bringing to 23 the total number of state funds in the United States.

Another state—Hawaii—passed legislation in 1986 to establish a state fund, but has not yet provided funding because the workers comp insurance market has subsequently softened in that state, said a spokesman for the Hawaii Insurance Department.

Driving the formation of state funds is the lack of affordable commercial coverage for small employers, which comprise the bulk of state fund policyholders.

Other employers—no matter what their size—cannot find coverage in the voluntary market because of the type of business they conduct.

For example, few, if any, commercial insurers are willing to cover employees of uranium processing plants in Arizona, points out Jerry LeCompte, president and general manager of the Arizona State Compensation Fund in Phoenix.

State funds "are set up to provide an affordable, available market," said Donald Potter, superintendent of the Injured Workers Insurance Fund in Maryland and president of the American Assn. of State Compensation Insurance Funds.

Some funds, like California State Fund Mutual Insurance Co., also serve as assigned risk plans, relieving commercial insurers of that responsibility, said Norm Hansen, vp at California State Fund Mutual.

Because California State Fund Mutual by law must take all comers, "we are a ready market" for workers compensation insurance, he said.

Elsewhere, state funds provide an

alternative to high-priced commercial insurance or the residual market, where many small employers end up when they are turned away by the voluntary market.

"If you're a small employer, (state funds) may be the best place for you," said Tom Briggin, a risk management consultant with The Wyatt Co. in San Francisco.

State funds also tout their other advantages. Because they usually are set up as either mutual insurers or non-profit corporations, they have lower expenses than stock insurers and can return any excess revenues or investment income to their policyholders in the form of lower premiums or dividends, their managers say.

Even the American Insurance Assn. has come out in favor of development

of state funds in states where rising residual market losses has made workers comp an unprofitable line for commercial insurers.

"In some cases, state funds may be better than the status quo," said Eric Oxfeld, senior counsel for the AIA in Washington, D.C.

Developing state funds in Texas and Louisiana, for example, would relieve "some of the pressure on the industry," he said. In those states, insurers have been forced to subsidize the losses of employers "that they didn't want to underwrite in the first place," he said.

However, while state funds "might be a solution where the insurance market has been collapsing or has collapsed," Mr. Oxfeld said, "state funds are not going to fix the problem of the costly workers compensa-

tion system."

State funds also say they give better service to small policyholders than commercial insurers can.

"Most of the private insurers depend on independent agents" to communicate with policyholders, and many agents have little or no expertise handling workers compensation claims, said Jerry LeCompte, president and general manager of the Arizona State Compensation Fund.

And the lower operating costs of state funds "free up more resources to provide support services," like loss control, rehabilitation, medical cost containment and claims administration, he said.

Competitive state funds often are created to stimulate competition among commercial insurers.

California's state workers compen-

sation fund "was created to be a yardstick within the industry," said Gary Lemons, Sacramento district manager for California State Fund Mutual.

The rates set by the fund, which competes with commercial insurers, act as a benchmark for those charged by its commercial competitors, he explained.

While workers comp rates have been falling steadily in Oregon over the past two years, the state fund, SAIF Corp., has led the way in seeking rate decreases, said Executive Vp Katherine Keene.

For example, SAIF Corp. filed for a 10% deviation below the pure rates for July 1, 1990; six months later the commissioner directed all work comp insurers in the state to lower rates

Continued on next page



A substance abuse
program at work
can save employers
money on insurance.

Continued from previous page by 12.2%.

And this year SAIF Corp. requested another 10% deviation beginning Oct. 1, while the commissioner later called for an 11% reduction beginning Jan. 1, 1992, she said.

Some proponents of state funds point out that because the funds operate as non-profit corporations, they can charge lower rates than commercial insurers.

For example, state funds typically have lower expense ratios, according to AASCIF's Mr. Potter.

State funds' expense ratios average around 6.7%, while mutual insurers' expense ratios average 14.7% and stock insurers' expense ratios average 13.8%, he said.

Because the overhead of California's state fund is lower than that of commercial workers comp insurers, its minimum premium—the amount charged to keep a policy in force even if an employer has no

payroll—is lower, said a spokesman for the fund.

Not paying agent commissions also helps state funds keep operating expenses low, some state fund managers say.

The California fund, for example, acts as a direct writer, explained Mr. Hansen. "We have our own salaried sales reps. We don't see any need for a broker to provide services if their client decides to buy coverage from state fund."

Lower overhead also translates into bigger dividends for employers with good loss experience, said Arizona's Mr. LeCompte.

While workers comp fund proponents boast of their lower expense ratios, insurance industry representatives point out that some state funds' have lower overheads because they receive services from the states themselves.

Many, for instance, receive legal services from state attorneys general, said the AIA's Mr. Oxfeld.

One major criticism of state workers comp funds is their vulnerability to political pressure.

In tight budget years, "state lawmakers have put their grubby little hands into the reserves," contended James N. Ellenberger, assistant director of the AFL-CIO's department of occupational safety and health in Washington, D.C.

This is particularly true for Oregon's SAIF Corp., which nearly became insolvent several years after the state took \$81 million from the fund's reserves in 1982.

Policyholders sued, but the State Supreme Court later ruled that the Oregon Constitution permitted the appropriation, according to Ms. Keene.

"If people had known about the adverse trends that were developing in Oregon" in the mid-1980s, the state may not have tapped into the reserves in 1982, Ms. Keene said.

Facing huge losses, SAIF had to reorganize internally and develop a

plan to reduce claims costs, she explained.

This has been accomplished through an emphasis on fraud detection and early return-to-work programs and additional reforms passed during a special legislative session in 1990, Ms. Keene said.

Those reforms "encourage work comp cost containment, eliminate fraud and cut out other excesses in the system," she said.

Utah is another state where the Legislature dipped into state fund coffers to balance the budget.

Although the state Supreme Court has ruled that the \$700,000 the state "borrowed" from the fund in the mid-1970s is the property of policyholders, the money has not yet been returned, said Blaine Palmer, president and chief executive officer of the Workers Compensation Fund of Utah.

Fortunately, "the amount isn't very significant" when compared to the fund's overall reserves of \$55 million

at year-end 1990, he said. But the fund, which three years ago reorganized as a mutual insurer independent of state control, "may go after it," he said.

The State Insurance Fund of New York is raided regularly by that state's Legislature. A total of \$1.3 billion has been removed from the fund since 1981, according to a fund spokeswoman.

Repayments are only required to maintain the fund's solvency, she said. In the meantime, the fund considers the appropriation as a non-interest-bearing "loan" when calculating its finances, the spokeswoman said.

Political pressure also has influenced some state funds' pricing practices, observers point out.

One example is the monopolistic fund in West Virginia. It reported operating losses totaling \$400 million at year-end 1989 as a direct result of a 30% rate cut mandated by the governor in 1985 along with a subsequent rate freeze that lasted until January 1989, points out Roger K. Kenney, a researcher for the Alliance of American Insurers in Schaumburg, Ill., in his report: "Workers Compensation State Funds: Are They Cheaper?"

Political pressure to keep premiums low "may overcome sound judgment," observed Dick Lepinski, assistant vp of workers compensation for Employers Insurance of Wausau, A Mutual Co., a major commercial workers comp underwriter based in Wausau, Wis.

State fund managers themselves acknowledge that politics can influence their underwriting activities.

"The system can function more like an entitlement system than an insurance company in terms of spreading and pricing the risk," said Tom Tam, chief financial officer of the Ohio Workers Compensation Bureau, a monopolistic fund based in Columbus.

Fortunately, Ohio's new governor, George Voinovich, is giving more autonomy to the Ohio fund's management, led by Chief Executive Officer Patrick Mehm, former senior vp of claims for Transamerica Insurance Co., Mr. Tam said. In addition, the governor has assembled a task force of private industry consultants to study how to make the workers comp fund more efficient.

Today, the Ohio fund is operating in "the best of both worlds," said Mr. Tam. "We have a state fund that's run by insurance executives."

But the fund still is hampered by two "handcuffs," Mr. Tam said: Its managers must seek permission from lawmakers before making capital expenditures exceeding \$10,000 and its hiring decisions are reviewed by the state administrative services department, which reports to the governor.

Utah's Mr. Palmer said one reason the Utah state fund "broke free" and reorganized as a mutual insurer in 1988 was to remove itself from state politics.

"We were at the mercy of state politics," he said. "They thought the less money spent on administration, the better run the system was."

Now Utah's state fund is responsible only to its policyholders, like other mutual insurers, Mr. Palmer explained.


"A non-profit corporation is the ideal form of workers compensation insurer," he said. "This way state bureaucracy doesn't get too involved."

Colorado's 76-year-old state fund became a quasi-private operation in 1987, according to a fund spokeswoman.

The only ties the Colorado Compensation Insurance Authority now has to state government are that its investment income is still handled by the state treasurer; it is regularly monitored by the Legislative audit committee; and the governor selects the seven-member board of directors, which is composed of one insurance industry representative, four

Continued on page 28

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MEDICAL COST CONTAINMENT REPORT

ACCOUNT NO.
9999999

POLICY NO.
999999999

ACCOUNT NAME
ABC CORPORATION

REPORTING DIVISION 100 ALL DIVISIONS
REPORTING LOCATION 011 ALL LOCATIONS

PAYMENT PERIOD
8/1/90-8/31/90

REPORT DATE
8/9/90

PAGE
1

OFF CASE	CLAIMANT NAME	STATE	NUMBER BILLS	ORIGINAL AMOUNT	AMOUNT PAID	S PBA	E HER	V	I PPO	G	E S OTHERS	GROSS SAVINGS
001	123451 S. HURCHALLA	PA	2	1,251.00	986.93	0.00	245.07			0.00	0.00	245.07
001	123452 G. KOSTURA	OH	1	225.00	188.49	0.00	0.00			31.01	10.50	41.51
001	123453 W. DUNE	FL	6	2,351.38	1,751.74	258.59	0.00			221.25	0.00	479.84
001	123454 J. BREANE	TX	1	100.00	102.19	26.02	0.00			11.77	0.00	37.81
001	123455 K. MURRAY	GA	5	15,203.48	11,719.38	369.63	0.00			3,014.47	0.00	3,434.10
001	123456 J. HARRINGTON	MI	2	6,081.33	4,687.74	0.00	0.00			1,245.78	147.86	1,393.64
001	123457 A. HAYES	PA	1	3,040.69	2,343.87	0.00	73.93			622.89	0.00	696.82
001	123458 D. PSZONEK	FL	3	2,122.07	7,051.64	221.79	0.00			1,808.60	60.07	2,090.46
001	123459 G. FINN	GA	1	1,520.33	1,071.93	0.00	36.96			311.44	0.00	348.40
TOTALS FOR LOCATION C11 ALL LOCATIONS				22	38,844.53	30,026.88	876.05	355.96		7,367.21	218.43	8,817.65
TOTALS FOR DIVISION 100 ALL DIVISIONS				22	38,844.53	30,026.88	876.05	355.96		7,367.21	218.43	8,817.65

TYPES OF SAVINGS
PBA: PROVIDER BILL AUDIT PPO: PREFERRED PROVIDER ORGANIZATION HER: HOSPITAL BILL REVIEW OTHERS: OTHER TYPES OF SAVINGS

American International Companies

MEDICAL COST CONTAINMENT SUMMARY

ACCOUNT NO.
9999999

ACCOUNT NAME
ABC CORPORATION

PAYMENT PERIOD
8/1/90-8/31/90

REPORT DATE
9/5/90

PAGE
2

NUMBER BILLS	ORIGINAL AMOUNT	AMOUNT PAID	S PBA	E HER	V	I PPO	G	E S OTHERS	GROSS SAVINGS
22	38,844.53	30,026.88	876.05	355.96		7,367.21	218.43	8,817.65	
22	38,844.53	30,026.88	876.05	355.96		7,367.21	218.43	8,817.65	
22	38,844.53	30,026.88	876.05	355.96		7,367.21	218.43	8,817.65	
22	38,844.53	30,026.88	876.05	355.96		7,367.21	218.43	8,817.65	
22	38,844.53	30,026.88	876.05	355.96		7,367.21	218.43	8,817.65	

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Spotlight report

State funds

Continued from page 25

policyholders and two employees that are covered by authority-underwritten workers comp plans, the spokeswoman said.

"This provided us the operational freedom needed to respond to the needs of the marketplace, especially in the areas of loss control," she said.

However, while the Colorado fund has been operating in the black since 1987, it is still trying to make up for a \$199 million deficit caused by politically motivated underpricing earlier in the decade, the spokeswoman said. "The deficit reflects experience over a 10-year period, which includes the time the fund was a state agency."

Another criticism levied against state funds is that the residual market is still growing in states in which state funds have been formed to compete with commercial insurers.

"Residual markets are growing in all states with separate competitive state funds," said the Alliance's Mr. Kenney.

In 1990, the residual market accounted for 24.1% of the total workers compensation direct written premium, up from 22% the year before, according to figures supplied by the National Council on Compensation Insurance.

However, the five states in which the residual market comprises the greatest share of the total workers comp market are states in which state funds are not yet operating, state fund proponents point out.

Those states are Louisiana, with a 65.8% market share in 1990, up from 56.7% in 1989; Maine, 87.1%, down slightly from 90.6% in 1989; Massachusetts, 46.3% in 1990, up from 40.1% in 1989; Rhode Island, 79.5%, up from 66.6% in 1989; and New Mexico, 40.7%, up from 34.4% in 1989.

"States without state funds are in trouble, while the states with workers compensation funds are doing OK," said a spokeswoman for New York's state fund.

Maryland's Mr. Potter agreed: "If you look at all the states with workers comp problems, none have state funds," he said, pointing to Texas, Louisiana and Rhode Island as examples. "We think that if more state funds were around, the residual market losses would be lower."

However, California's Mr. Hansen also points out that "it is not the sole role of state funds to depopulate assigned risk plans. It is our goal to provide coverage at the lowest possible cost."

In another criticism of the funds, the Alliance's Mr. Kenney also suggested that state funds' practice of discounting loss reserves disguises their shaky financial position.

In Colorado, for instance, the fund was able to reduce a \$347 million reserve shortfall to \$199 million in 1990 by discounting its loss reserves 4%, according to a fund spokeswoman. And the Legislature has allowed the fund to discount reserves by 6% this year, she said.

In addition, new policyholders may end up covering losses generated by the funds' poor underwriting habits of the past, pointed out Wausau's Mr. Lepinski. "Current employers will have to pay for the losses of past employers if the funds didn't have adequate loss reserves," he said.

However, state fund managers maintain that discounting loss reserves is a standard industry practice used by numerous commercial insurers.

Minnesota insurance law permitted insurers to discount reserves long before State Fund Mutual Insurance Co. was formed, according to Diana Friede, assistant vp of public affairs for the fund.

"We merely use this existing accounting convention, as do other insurers," she said.

"We believe that discounting more closely matches revenue and expenses, and more reasonably portrays the economic impact of the time value of money in our financial position," she said in a response to Mr. Kenney's report on state funds for the Alliance.

"Investment income on reserves is a significant source of revenue for an insurer. We consider it socially responsible to recognize this income in our reserves and in our rates, and we do so. And, although we earn approximately a 10% pre-tax rate of return on our investments, we are discounting our reserves by only 4%," Ms. Friede wrote.

Arizona's Mr. LeCompte agreed:

"It doesn't make sense to put away \$1 today when you'll have to pay \$1.10 years from now."

Arizona's state fund discounts loss reserves at a 3.5% rate, the same discount rate the NCCI uses when calculating workers compensation rates in those states that allow discounting, he said.

Commercial insurers, where allowed, discount loss reserves for so-called "pension" claims—benefits paid for permanent total disability injuries or to a deceased worker's surviving spouse—explained a spokeswoman for the Boca Raton, Fla.-based NCCI.

"There's nothing really wrong with discounting," the spokeswoman said. "All companies do pension discounting and some do overall discounting."

However, companies that dis-

count workers comp claims reserves on a blanket basis must take care because "it could present a distorted picture of a company's ultimate liabilities," she warned.

Not all state workers comp funds discount loss reserves.

Take, for example, the California and Utah funds. California law prohibits discounting and in Utah, "we're just very conservative," explained Mr. Palmer.

Finally, while state funds tout the services they can provide to their policyholders, critics disagree.

"Some state funds offer more generic loss control than private insurers do," said Wyatt's Mr. Eriggin, noting that industry-specific loss control is often more effective.

Another weak spot appears to be claims handling, he said, noting

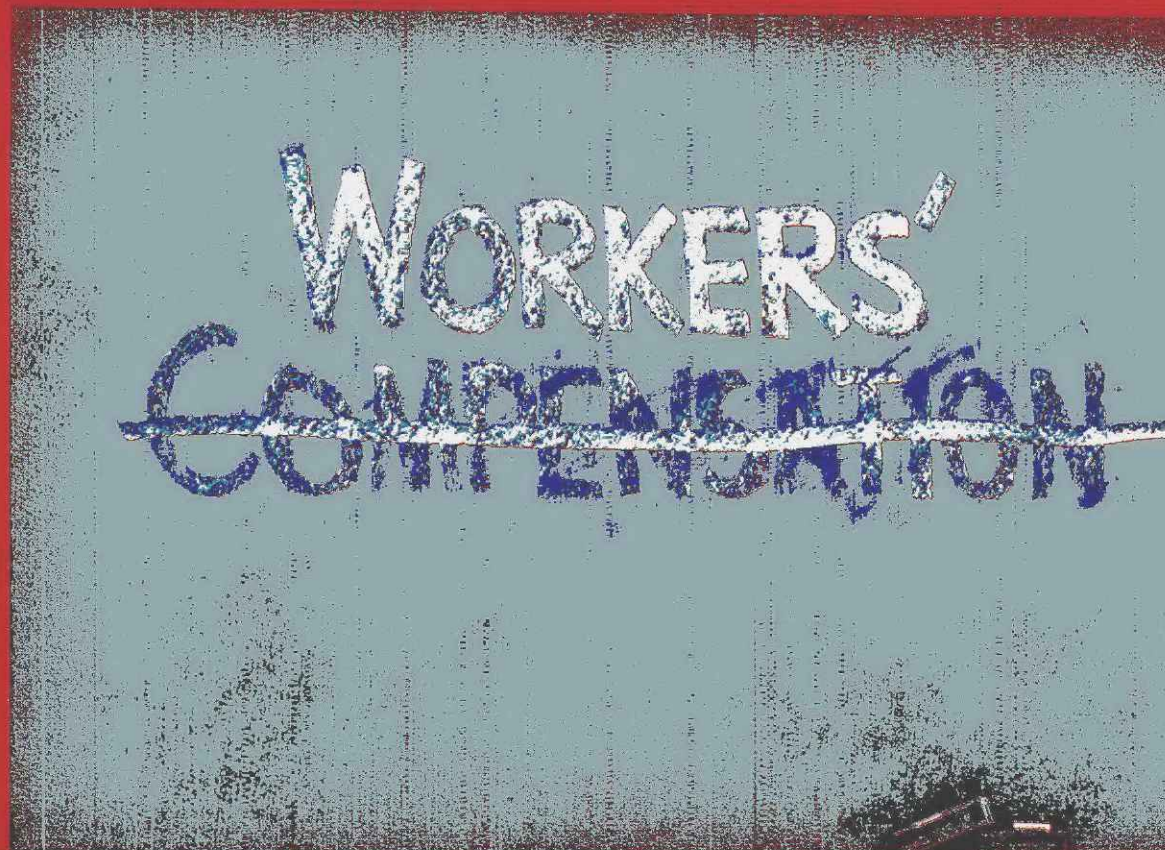
that employees of many state funds are civil servants.

Only nine of the 145 employees in the fund's finance division had accounting degrees when he joined the exclusive state fund earlier this year.

While he has since instituted a staff retraining program, Mr. Tem said it will take time for the employees to get up to the speed of the professionals he worked with at Central Benefits Mutual Insurance Co. of Columbus, Ohio, a Blue Cross & Blue Shield Assn. plan.

"Some state funds provide such terrible services that policyholder losses may be worse than they should be," the AIA's Mr. Oxfield charged.

"When you want to ship a package overnight, do you use the U.S. Postal Service?" he asked. ■



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What all this means to you, at long last, is an opportunity to look

Fee schedules work but are not panaceas

By SARA J. HARTY

Despite its promise, a medical provider fee schedule for workers compensation cases is not a perfect cost containment tool.

Fee schedules can help employers control workers comp medical costs, as a survey of most states with fee schedules and several states without them concludes.

But, some experts say providers negate some of the effect of fee schedules by performing extra tests on injured workers or raising charges for other patients to recover lost income.

And, while the survey suggested

that fee schedules may hurt quality or access to care for injured workers, most experts believe that they cause no such problems.

Twenty-eight states have fee schedules, though one state is not enforcing its use, and three states are considering adopting fee schedules (see chart, page 32).

The survey, prepared earlier this year for the National Council on Compensation Insurance, found that a so-called "good" fee schedule can indeed help contain soaring workers comp medical costs.

Fee schedules appear to lower average costs by approximately 4.5% when economic factors are

considered," concluded the study's authors, actuarial consulting firm Milliman & Robertson Inc. in Washington, D.C.

Milliman & Robertson studied 33 states, many of which had workers comp medical fee schedules.

Other, earlier studies on the effectiveness of fee schedules in reducing workers comp medical costs have been inconclusive, possibly because of the different ways states implement and monitor the schedules, the report suggests.

For example, states that set fees at some percentile of the usual and customary charge actually may see a net increase in workers comp

medical costs if that percentile is greater than average costs statewide, the report noted.

The American Insurance Assn. in Washington, D.C., has found that fee schedules "are of a widely varying quality," said David L. Corum, a senior research analyst.

Mr. Corum said he does not "have any hard evidence confirming that fee schedules have been effective." However, he added, "our feeling is that there is great potential for cost containment" in the future.

Others say the benefits can already be seen.

"There is no doubt that fee

schedules can control costs," said Norman H. Wentland, corporate claims manager at Square D. Co. in Palatine, Ill., a manufacturer with operations in 40 states.

A reasonable fee schedule that fairly compensates providers can be an integral part of an efficient workers compensation system, said Joseph G. Tangney, senior vp and general claims manager at Liberty Mutual Insurance Co. in Boston. A fee schedule is just one part of that system that helps to eliminate disputes, he said.

Fee schedules "do a very good job of containing unit costs at the rate they should be paid," said Greta V. Montes, director of product development for Intracorp in Berwyn, Pa.

However, there is the potential for savings to be lost with overutilization, she said.

If fee levels are controlled, "there is a tendency for providers to provide more services to keep their income at a higher level. You must control utilization while controlling fee levels," Mr. Corum agreed.

For example, although Oregon's fee schedule has led to a reduction in the number of disputes over workers comp provider bills in Portland, the schedule has not been able to help the city keep its workers comp medical costs down because utilization has increased, said Linda L. Jefferson, workers compensation manager for the city (see story, page 35).

The Milliman & Robertson study, though, says fee schedules reduce overall workers comp medical costs, even if greater utilization occurs.

"It seems that price controls do reduce costs and that this reduction is not compromised by an increased utilization of services. This is not to say that increased utilization does not occur. Rather, on average, costs are lower for fee schedule states even after consideration of other relevant factors," the study says.

While fee schedules may reduce workers comp medical costs, they can cause medical costs to rise in other areas, some observers argue.

They can lead to higher medical costs for all payers, including group health care plans, as providers shift costs to recover lost income, said Stephen M. Hadley, chairman of the Utah Industrial Commission in Salt Lake City.

So, while workers comp costs may be contained, the workers comp system no longer is carrying its full share of total health care costs, he said.

Mr. Hadley instead recommends attacking the causes of high medical costs—like excessive provider competition and medical malpractice awards—in addition to just trying to pay or contain costs.

Fee schedules also may impose some indirect costs on providers and payers, experts pointed out, noting that providers could also shift those costs to other payers.

Most states with fee schedules use them to show employers and insurers how much they are required to pay for a certain procedure, rather than to show providers what they must charge.

As a result, employers in various parts of a single state can see greatly varying provider charges for the same treatment. For instance, in California, average provider charges were 13% higher in Southern California than in Northern California, according to the California Worker's Compensation Institute.

"In the case of Florida, doctors are advised to bill as to what they feel is reasonable—this results in

Continued on next page

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Fee schedules

Continued from previous page
 an increased cost of doing business," said Lonnie Maytubby, senior vp of Specialty Risk Services, a third-party administrator unit of Hartford Group Inc. Mr. Maytubby said that medical costs could be reduced if providers were required to bill at the fee schedule levels. Providers currently send a bill, wait for the notification of what will be paid and then rectify their own records, according to Mr. Maytubby.

Payers also could reduce their costs if they did not have to review provider bills, adjust them and then notify providers, he said.

However, the Bureau of Medical Services and Rehabilitation, part of the Florida Division of Workers Compensation in Tallahassee, wants physicians "to charge their regular fees so that we can compare that to our schedule of maxi-

States with fee schedules

State	Year established
Arizona	1925
California	1954
Colorado	1936
Florida	1980
Georgia	1987
Hawaii	1962
Kansas	*
Kentucky	1989
Louisiana	*
Maine	1989
Maryland	1969
Massachusetts	1972
Michigan	1989
Minnesota	1983
Montana	1981
Nebraska	1988
Nevada	1984
New Hampshire	*
New York	1930
North Carolina	1929
North Dakota	*
Ohio	1990
Oklahoma	1987
Oregon	1982
Rhode Island	1978
South Carolina	1953
Texas	1988
Utah	1976
Washington	1971
West Virginia	1988
Wyoming	1974 ¹

* Under development
¹ Not currently in use

Source: Workers Compensation Research Institute/Business Insurance

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mum reimbursement allowance," explained Nancy Rice, a registered nursing consultant with the bureau.

Compiling the data on what providers consider a reasonable fee is a crucial part of Florida's maximum fee revision process, she said.

Milliman & Robertson also notes in its study that the "implications" that workers comp medical fee schedules have on the availability and quality of care is a difficult issue that invites further research.

However, many experts argue that fee schedules do not create accessibility problems in most states.

"I have not seen any evidence of quality or access problems. That is a red herring, I think, that is used to argue for higher fee levels," said the AIA's Mr. Corum.

Complaints of accessibility problems are common, especially when a state initiates a fee schedule, agreed Intracorp's Ms. Montes.

"When a schedule is implemented, you hear doctors express concern about their ability to continue to treat. But experience shows that they do continue to treat," she said.

"We have heard from some of our carriers that they are having difficulty getting doctors to see claimants. Yet when we do ask for documentation, we don't get it," said Janet L. Osgood, chief of the Florida Bureau of Medical Services and Rehabilitation.

Although Utah doctors occasionally complain about low fees, injured workers there have no access problem, Mr. Hadley said.

"We occasionally find medical service providers who basically will not provide services because of the fee schedules, but that is the exception," said Mr. Maytubby of Specialty Risk.

When there is an access problem, though, a specialist may be paid more than the schedule allows to assure that the claimant gets the care needed and gets back to work as soon as possible, he said.

Square D's Mr. Wentland noted that some employers in New York in the 1970s experienced access problems because of the way the fee schedule was then structured.

But, the state has since adopted a fee schedule that incorporates a

Continued on page 34

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Fee schedules

Continued from page 32

relative value scale, which has resolved most of those problems, Mr. Wentland pointed out. A relative value scale assigns a numerical value to each medical service. This value is then multiplied by a dollar value that reflects price differences between urban and rural areas.

However, in Massachusetts, there is a "significant access problem," said Richard E. Mastrangelo, senior vp and general counsel with Boston-based Associated Industries, the state's largest business lobby.

But, part of the problem in Massachusetts is that there are not enough specialists available in some geographic areas of the state, he said.

"Some doctors are so busy that it

is difficult for them to take on new patients. It is unrealistic in those circumstances to ask them to treat for very low fees," Mr. Mastrangelo said.

Physicians are reimbursed "for care rendered to workers compensation clients at a rate substantially lower than the national average for similar procedures in other states," he said.

However, overall health care costs in the state run 40% higher than the national average, he pointed out.

Ensuring fair payment to providers who treat workers comp claimants will do much to solve the access problem, he said.

Associated Industries is working with physicians to develop a revised fee schedule that would increase provider reimbursement somewhat yet still maintain cost management, Mr.

Mastrangelo said. The group hopes to present legislators the revised fee schedule and see legislation enacted by the end of the year.

There is general support from labor, employers and providers for "liberalizing" fee levels in Massachusetts, said Tom Jones, the research director in Boston for the Joint Committee for Commerce and Labor, which consists of 17 state legislators.

The AFL-CIO believes that fees should be increased in the state and that the statute implementing the fee schedule should be amended to require providers to treat workers comp patients, said Marty Foley, the labor union's legislative director in Boston.

The national AFL-CIO is not opposed to fee schedules "in general or in specific," said James N. Ellenberger, assistant director of the AFL-CIO's Department of Occupational Safety and Health in Washington, D.C.

But, fee schedules must "reflect the interest of people affected by them," including providers, "so they don't feel scheduled out," he said. To that end, providers as well as employers and labor should be involved in hammering out a fee schedule, he added.

The AIA's Mr. Corum also pointed to other factors that prevent many states from developing workers comp medical fee schedules:

- Some state workers comp commissions do not understand the potential value of a fee schedule.

- Some states do not have a reliable data base of provider fees statewide on which to base a fee schedule.

- Some states lack the "political will needed to authorize a state agency to develop" a fee schedule.

- The medical community in some states has enough political clout to derail any move toward establishing a fee schedule.

In addition, developing a fee schedule "from ground zero can be costly" in time as well as money, said Intracorp's Ms. Montes.

As a result, most states generally adopt some other state's structure but set up the fee allowance on "their own state's experience," said Ms. Montes.

Eight states and the District of Columbia do not have the statutory authority to establish a fee schedule, according to a study by the Cambridge, Mass.-based Workers Compensation Research Institute.

Several other states without fee schedules, though, do have the authority to implement one, the research body pointed out.

For instance, Connecticut has the authority to implement a schedule but does not have the staff to develop or administer one and is still studying the situation, the WCRI said.

However, in some states, various organizations that are concerned about rising workers compensation medical costs—including management and labor organizations—are meeting to propose solutions, including implementing a fee schedule.

For example, Missouri does not have a workers comp medical fee schedule. But, the state is exploring ways to resolve disputes over provider charges—which are increasing

as more and more insurance companies audit bills—within the current system or through reforms, said Richard R. Rousselot, director of the workers compensation division of the state Department of Labor and Industrial Relations.

The state's current workers comp statute states that provider charges shall be fair and reasonable. Disputes over charges are decided by administrative law judges, Mr. Rousselot said.

The advent of the federal government's new Medicare fee schedule in 1992 may create some additional motivation for states that don't have a fee schedule to develop one, the AIA's Mr. Corum suggested.

Under the new Medicare fee schedule, which will be phased in from early 1992 through 1996, fees for specialty physicians would decrease by 3% to 35% and fees for general and family practitioners would increase 14% to 15% (BI, June 10; Sept. 18, 1989).

"The implementation of the Medicare fee schedule poses a great threat and a great opportunity for workers compensation," Mr. Corum said.

It is a threat because of the cost shifting pressures that will be created as providers look for other areas to make up their decreased income from Medicare, he said.

But it is an opportunity in that states have needed "a rational and reliable basis" upon which to pattern their fee schedules. The Medicare fee schedule is well-researched "and will be the standard for fee schedules in the future," he said. ■

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Firms decry providers' 'terrorist' billing tactics

By SARA J. HARTY

A woman receives a notice from a collection agency warning that her unpaid medical bill is going to damage her credit rating. The bill, however, is the result of a work-related injury that she thought was covered by her workers compensation claim.

This scenario occurs in those states that allow medical service providers to pursue employees for the portion of a bill that an employer or insurer disputes. This procedure, called balanced billing, is most common in the 22 states that don't use fee schedules that list maximum charges for medical services (see story, page 31).

"It's a terrorist tactic on the employee," said Pete Schauf, claims manager for Arkla Inc. in Shreveport, La.

"And there's no way we can defend the employee from this type of harassment," according to Mr. Schauf.

Arkla, a natural gas exploration and distribution company, has employees in 11 states. At one time or another, the company has encountered the problem in every state, especially Missouri and Louisiana.

"It's not been too excessive; the doctors will usually write it off," according to Mr. Schauf. But hospitals, physical therapists and chiropractors will pursue claims, he added.

Arkla is self-insured in several states and insured by Continental

'There's no way we can defend the employee from this type of harassment,' says Mr. Schauf.

Insurance Co. in the others.

Continental "really does an outstanding job" of continually sending notices to the provider explaining why a payment was denied, Mr. Schauf said. There have been claims where 30 letters have gone back and forth on one bill, he said.

Balanced billing is not a common problem for Chicago-based Sara Lee Corp., which has employees in almost every state, said John Postel, claims manager. But, if the problem does occur, "the employ-

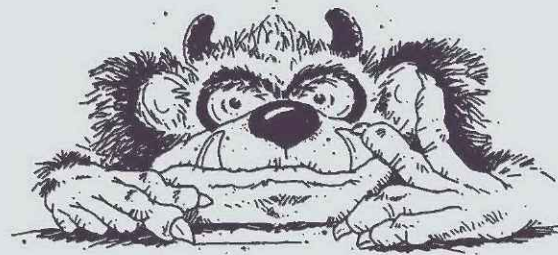
ees go to the local human resource department with whatever bills or collection notices they get" and the medical bills are forwarded to the insurance company or third-party administrator, according to Mr. Postel.

Travelers Corp., which administers Sara Lee's workers comp claims, follows up with the health care provider and explains the problem. "Usually it's because the provider didn't provide the necessary reports," Mr. Postel said.

At Kemper National Insurance Cos., the biggest balanced billing problems occur in Alabama and Tennessee, according to a spokesman. Problems also occur in Iowa, Illinois, Indiana, Kansas, Missouri, Pennsylvania and Wisconsin to varying degrees, according to the spokesman.

Balanced billing used to be a problem in Missouri, but it should not be any longer, said Richard R. Rousselot, director of the workers compensation division in the state Department of Labor and Industrial Relations.

About a year ago, the Missouri workers comp statute was changed to bar providers from pursuing employees for unpaid portions of any medical bills, he said. ■



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Large deductible plans grow popular

By MEG FLETCHER

A small but growing number of employers are purchasing a new breed of workers compensation insurance policy that combines many of the advantages of self-insurance with the advantages of an insurance product.

The employers attracted to the so-called large deductible policies are certain companies with operations in at least several states that have purchased retrospectively rated workers comp insurance programs. For various reasons, some of these companies do not want to self-insure their workers comp risks.

"More and more companies are turning to large deductible programs to control costs," said Dan Juneau, president of the Louisiana Assn. of Business & Industry in Baton Rouge.

Employers increasingly will be attracted to large deductible programs "if they choose not to go to self-insurance or can't go to self-insurance," said Lucille Gallagher, vp-governmental affairs of the Risk & Insurance Management Society Inc. Ms. Gallagher also is vp-risk management for meatpacker Monfort Inc. in Greeley, Colo.

"A lot of our clients have asked us to do this," said Richard L. Thomas, senior vp with American International Group Inc. in New York.

In the past two years, nearly 30 states have approved insurer-requested endorsements to basic workers compensation policies that allow individual employers to retain large deductibles, typically ranging from \$100,000 to \$1 million.

Texas is expected to implement a large deductible program next year, while California, Missouri and Oregon are considering them.

The vast bulk of workers comp policies now are written on a first-dollar basis.

While about half of all states have approved workers comp policies with small deductibles, which typically range from \$500 to \$1,000, few employers have purchased them because the premium credit they provide is usually not worth the risk, said Richard W. Palczynski, a vp and actuary in Travelers Corp.'s National Accounts Group in Hartford, Conn. Travelers is credited with originating the concept of the large deductible workers comp policy.

A large deductible program combines elements of self-insurance and the paid-loss retrospectively rated insurance programs maintained by most of the large employers that purchase workers comp insurance instead of self-insuring.

Under large deductible programs, employers usually pay for nearly all of their own losses, said Arthur Christoffersen, co-manager of the casualty department of broker Johnson & Higgins in New York.

For example, under a typical \$250,000 deductible program, more than 95% of all losses should fall within the deductible amount, he said.

A large deductible program gives employers significant cash-flow advantages since, under a typical program, the insurer pays all claims, including those that fall within the deductible. The employer then later reimburses the insurer for those claims.

Under a self-insured plan, the employer must pay claims as they are incurred.

A large deductible plan also has some advantages not found in an insured, retrospectively rated program.

For example, under a typical large deductible program, only

Employers attracted to self-insurance alternative

those few losses above the policyholder's deductible amount are considered when determining the employer's premium.

Under a retrospectively rated workers comp program, all losses eventually paid by the employer are considered in determining premium.

Thus, because employers with large deductible plans pay much less premium, they pay less in state premium taxes and residual market loadings than do employers with retrospectively rated plans.

An employer can save more money with a large deductible program than it can with a retrospectively rated program in nearly all

the states in which large deductible programs have been approved, said Mike Reeves, assistant vp in the casualty business center with Employers Insurance of Wausau, A Mutual Co. of Wausau, Wis.

Insurers allow employers that operate in many states to use large deductible plans in states in which they have been approved while maintaining their paid-loss retros in states in which large deductible plans cannot be used, he said.

While many insurers and employers are praising large deductible programs, regulators may eventually clamp down on the residual market and premium tax savings that large deductible pro-

grams offer, several observers point out.

And, some critics maintain that large deductible programs force small insurers—which are not as likely to offer the programs as larger insurers—to pick up a greater share of residual market losses. These insurers then pass this burden onto their policyholders.

In addition, large deductible programs are causing confusion among insurers and regulators about how loss statistics should be reported for policyholders. The confusion could result in less-accurate loss data used to determine workers comp insurance rates and

individual employers' experience ratings.

While large deductible programs also reduce the amount of premium collected by workers comp insurers, the insurers that offer the programs see them as a way to stop the huge number of employers that have decided in recent years to self-insure their workers compensation risks.

From an insurer perspective, "the motivation behind large deductible programs is to compete with self-insurance," Travelers' Mr. Palczynski said.

The program also is designed to keep some employers from voluntarily entering state assigned risk plans, he added. In some cases, it is less expensive for an employer to

Continued on next page



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purchase coverage in the assigned risk plan than in the voluntary market.

Thus far this year, Wausau has written large deductible programs that would have resulted in about \$20 million in additional premium if written on a first-dollar basis. Mr. Reeves said.

About 5% to 10% of Travelers' \$2 billion annual book of workers comp premium has shifted to large deductible programs, according to Mr. Palczynski.

"The product has a very narrow target," he said. Travelers' program, which 29 states have accepted, is aimed at employers with at least \$5 million in annual workers comp premium and exposures in several states.

Wausau says its large deductible program is targeted to employers with more than \$1 million in annual workers comp premium, Mr. Reeves said.

However, smaller employers with just \$500,000 in premium also may be able to benefit from large deductible plans, depending on where they operate, said J&H's Mr. Christoffersen.

In addition, an employer considering a large deductible program should have a generally predictable pattern of "high frequency, low severity" work comp claims, Mr. Reeves said.

For example, Wausau policyholders with large deductible programs include a restaurant chain and food processing company specializing in bakery items, which both have multistate operations, he said.

Such companies typically could self-insure but prefer not to because of the "administrative headache" of obtaining state approval, posting security in each state and making sure that claims are properly administered, he said.

State regulators previously had

**'If I were a
small insurer,
I would be
absolutely outraged,'
one observer says.**

approved large deductible endorsements for other types of property/casualty coverage, like general liability insurance. But, they had been leery of allowing an insurer to offer an employer a large deductible on its workers comp policy for fear a company would go bankrupt, leaving workers' claims unpaid.

"When a state approves such an endorsement, it exclusively wants the insurer to still be on the hook to pay the benefits to the injured employee," explained Ron Retterath, senior vp and actuary for

the National Council on Compensation Insurance in Boca Raton, Fla.

As a result, insurers that write large deductible programs agree to pay all workers comp claims, even those that fall within the deductible. They later seek reimbursement for these claims from the policyholder.

Some insurers require employers to post a letter of credit or establish an escrow account to ensure that the insurer is reimbursed.

While the programs became available about two years ago, thus far their impact has been "very small," said the NCCI's Mr. Retterath.

Some multistate employers see several advantages to a large deductible program.

"It offered us a balance between the exercises necessary to qualify for self-insurance and the benefits of a paid-loss, retrospective-type program," said Dick Naylor, senior

vp of risk management consultant Richard Oliver of Arlington Heights, Ill. The company's clients include seven manufacturing companies in the United States owned by BTR Nylex Ltd. of Melbourne, Australia.

In addition, the large deductible program is "a nice package," he said. "The insurer continues to provide the same professional services available through other insured programs, including claims handling, certificates of insurance and first-dollar claims payment."

Under the Travelers deductible program Mr. Naylor arranged for BTR Nylex, the deductible is "on the lower end" of the range from \$100,000 to \$1 million. In addition, he did not purchase aggregate insurance for the program because he decided that the manufacturers' exposure did not warrant the expenditure.

The BTR Nylex companies include manufacturers of concrete pipe and concrete railroad ties, office furniture and commercial glass. They operate in more than two dozen states, so "it's a given that a large deductible plan provides tax savings not available through other typical insured programs," Mr. Naylor said.

Though some insurers stress that large deductible programs provide additional savings through a reduced residual market load, that impact is less clear, he said.

Theoretically, a large deductible program reduces an insurer's voluntary market premium, which is the basis on which the insurer is assessed to pay for residual market losses. But insurers do not necessarily pass all of those savings along to policyholders (see story, page 3).

However, "avoiding the residual market load seems to be the main motivation for these programs," said Michael Lamb, the casualty actuary in Oregon's Insurance Division, which has not yet approved large deductible programs.

But, because small insurers and other insurers that do not offer large deductible programs, they—and consequently their policyholders—will have to bear a greater share of residual market loads, some observers point out.

More than 150 workers comp insurers do not have the service capability or the geographic spread to offer large deductible programs, said Travelers' Mr. Palczynski.

"If I were a small insurer, I would be absolutely outraged," one observer said.

Inequity for small insurers was cited by the NCCI board as the main reason it decided not to file data for large deductible programs and left it to individual insurers to make filings on a state-by-state basis.

"I have some concern about it because of the shift of the residual market burden down to smaller employers and smaller insurers," said Nancy Schroeder, director of workers comp for the National Assn. of Independent Insurers in Des Plaines, Ill. NAI members primarily are small and medium-sized insurers.

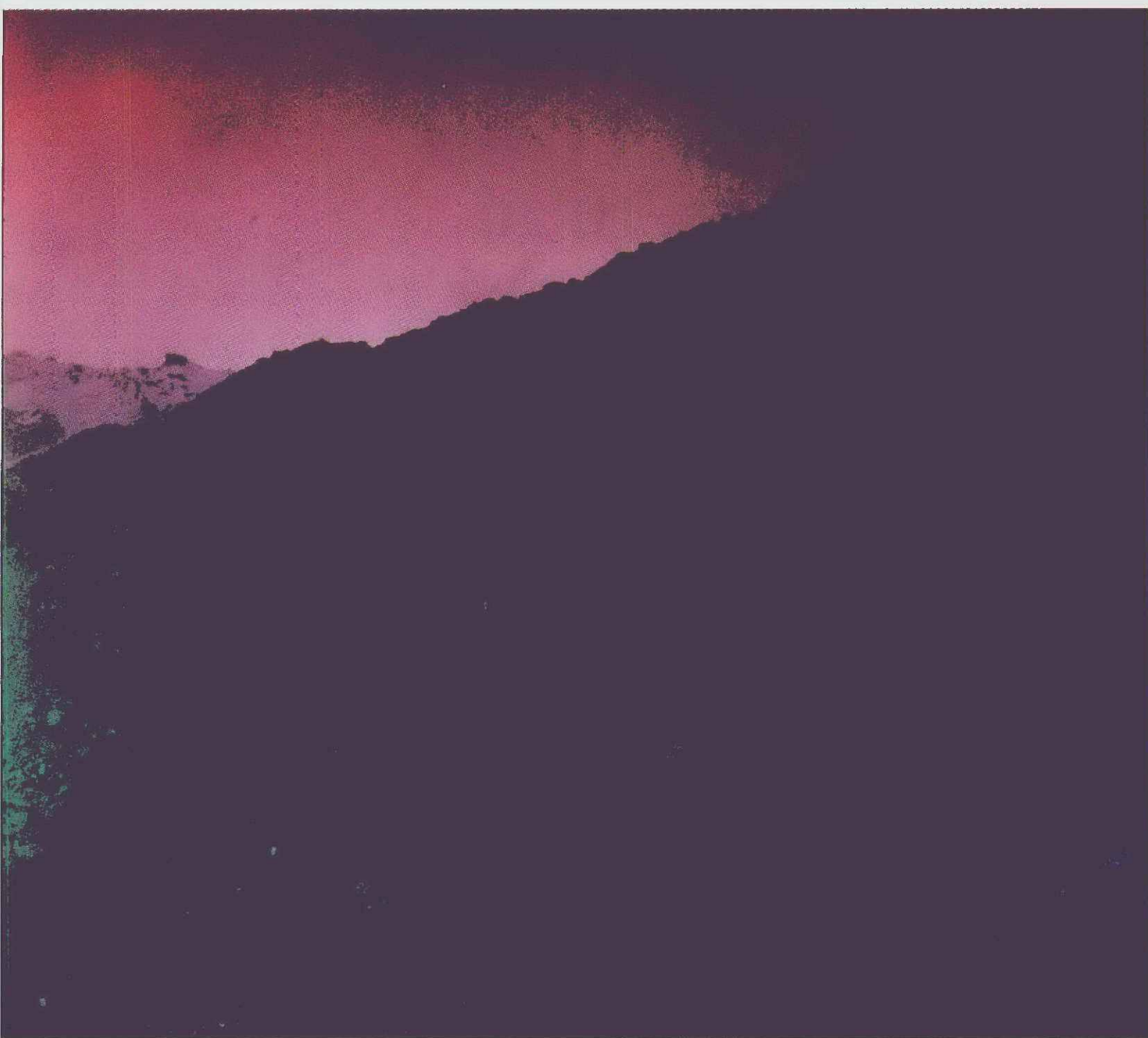
This controversy also may spur consideration of self-insurers' "non-role" in bearing the burden of the residual market, she added.

However, "I don't think it is a large vs. small insurer issue," said Eric J. Oxfeld, senior counsel of the American Insurance Assn. The Washington, D.C., trade group, which represents primarily larger stock companies, supports large deductible programs.

Mr. Oxfeld noted that an insurer that is a large writer of workers comp insurance in one state may be only a small player elsewhere.

While some critics complain that large deductible programs may unfairly affect residual market assessments, others point out that the

Continued on next page



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Large deductible

Continued from previous page
programs reduce the amount of premiums tax states can collect.

"The potential is there for the loss to be fairly substantial," said Kenney Shipley, bureau chief of property/casualty forms and rates for the Florida Department of Insurance in Tallahassee, which has approved large deductible plans.

Ms. Shipley declined to estimate the potential revenue loss to Florida.

"I guess I'm a little surprised there hasn't been more noise" concerning the premium tax issue, said the NCCI's Mr. Retterath.

Part of the reason may be that regulators, like those in New York, are mulling over how premium taxes should be assessed on large deductible programs.

Another reason may be that regulators want workers comp coverage to be insured commercially—

even if it means a loss of some premium tax—rather than have policyholders self-insure the risk, in which case all premium taxes are lost.

However, when regulators realize they are losing 5% to 10% of premium taxes on workers comp policies written through large deductible programs, there will be "a political backlash," industry source predicted.

While some insurers say that large deductible programs currently offer policyholders "a window of opportunity" for saving both premium taxes and residual market assessments, "some insurers (also) say once state regulators catch onto it, they will start clamping down," noted J&H's Mr. Christoffersen.

In fact, at least one insurer has required a policyholder to sign a side agreement that allows the insurer to re-calculate the premium in the future if a state's tighter tax rules on large deductible plans raise the insurer's costs, Mr. Christoffersen said.

For example, states could change the rules so taxes are paid on what would have been the employer's premium if it purchased first-dollar coverage, Florida's Ms. Shipley said.

Alaska is one of the few states that already does that, said Stan Garlington, insurance market analyst with the Alaska Division of Insurance in Juneau.

But even if states take away the premium tax savings offered by large deductible policies, the programs still will have cash-flow advantages, Mr. Christoffersen said.

Taxes are not the only murky area. There is also confusion about how insurers will record loss statistics for large deductible programs, which could affect the accuracy of loss data for determining workers comp premium rates and individual employers' experience rating.

For example, states have not yet decided whether insurers writing large deductible programs should report losses from these programs on a "gross" or "net" basis.

Gross losses would include all losses, including those within the employer's deductible. Net losses would be only those losses above the deductible.

Currently, some states—like Florida and Alaska—accept only gross statistics, while New York and other states require an insurer to keep both net and gross statistics while regulators decide how to require the reporting of data.

There also is a lack of uniformity in reporting requirements for small deductible programs, said Joi Wilson, a consultant in Dallas with the Tillinghast division of Towers, Perrin, Forster & Crosby Inc. Again, some states require net statistics, while others require gross numbers, she said.

"We are still wrestling with what we should be doing about this," said the NCCI's Mr. Retterath.

But, because large deductible programs are so new, they have had "hardly any impact" on insurers' 1990 loss statistics, Mr. Retterath pointed out.

Besides blurring the loss statistics upon which workers comp insurance rates are based, different data reporting methods used by insurers writing large deductible plans can affect an individual employer's experience rating.

"It's important to collect data on an individual employer's total experience in order to have accurate experience rating," said the AIA's Mr. Oxfeld. It is important to preserve an employer's record, especially if the employer decides to switch back to a first-dollar insurance program, he said.

If only net losses were reported, "there is a danger of damaging the data credibility," Mr. Oxfeld explained.

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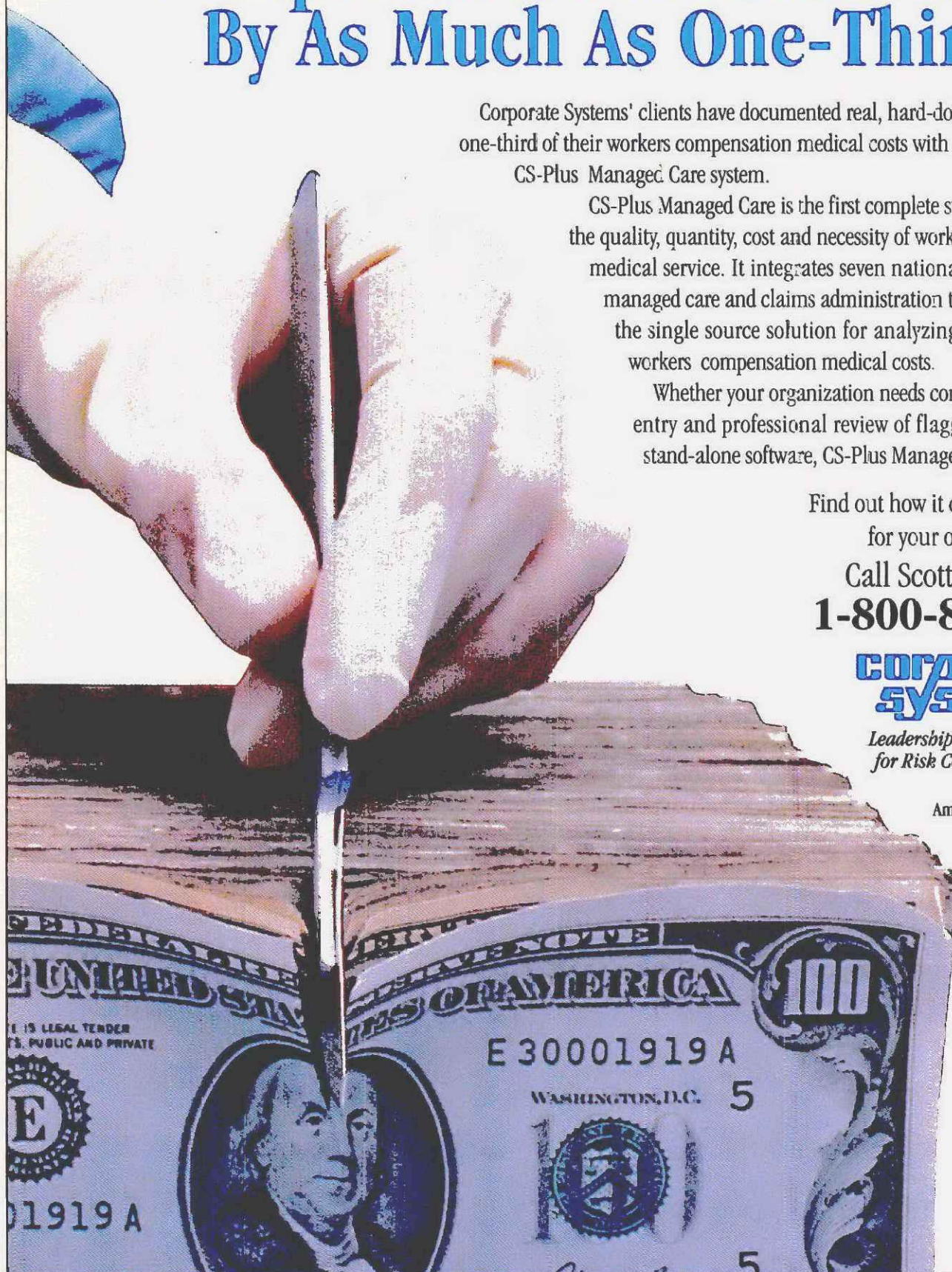
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BI directory lists safety consultants across the nation

A

Principal officers: Paul Alamar.

J.H. Albert International Insurance Advisors Inc.

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

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

Other services: Publication of safety materials or videos, development of safety materials or videos, development of safety materials or videos.
Continued on next page

APO Consulting Services

86-47 105th St., Richmond Hill, N.Y. 11418; 718-846-0734

Founded: 1985.

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

Off-site services: Frequent historic references.

Other services: Frequent publication of safety materials or videos, OSHA compliance, occupational health research, product liability research, fire protection engineering, disability management.

Staff: Two total; both assigned to safety consulting, including one CSP, two PE, one RN, one ANSI, one NSPB designations and one ASSE member.

Clients: Five corporate and institutional clients; 20% with gross revenues less than \$200 million, 60% with \$201 million to \$500 million, 20% with \$501 million to \$999 million.

Specialties: Chemical, food, legal.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Aldo P. Osti, chief consultant.

Accredited Risk Management Specialists

P.O. Box 870971, Dallas, Texas 75287; 800-348-4866; fax: 214-306-6789

Founded: 1990.

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

Off-site services: Frequent training classes or seminars provided in conjunction with the University of North Texas.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration, fire protection engineering.

Staff: 15 total; five assigned to safety consulting, including three CFEL, one CHCM, two PE, two Ph.D., two NSC, one NEPA, two ASTM, three ANSI designations and one ASSE member.

Clients: 45 total; five corporate and institutional clients; 50% with gross revenues less than \$200 million, 15% with \$1 billion to \$3.5 billion, 35% with more than \$3.5 billion.

Specialties: Construction, marine, petroleum services, manufacturing.

Principal officers: A.J. Scardino Jr., chairman/chief executive officer; Donna E. Ledgerwood, president; Donald J. Godlewski, executive assistant.

Contact: Donna E. Ledgerwood.

Paul Alamar, PE, CSP

P.O. Box 134, Scranton, Pa. 18501; 717-347-8665

Founded: 1972.

On-site services: Frequent accident analysis. Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.

Off-site services: Occasional training classes or seminars.

Other services: Frequent OSHA compliance, product liability research.

Staff: One total who is assigned to safety consulting, holds CSP, NSC, PE designations and is an ASSE member.

Specialties: Construction, manufacturing, hospitals, nursing homes, legal and forensic.

SEPTEMBER CLOSINGS

issue:	September 16 — Reader Service
closing:	September 3
editorial feature:	Workers Compensation — Directory: Safety Consultants & Rehabilitation Services
demographic section:	Insurer Topics: Compensation & Benefits
issue:	September 23
closing:	September 10
editorial feature:	Reinsurance: Monte Carlo Rendez-Vous Report
issue:	September 30
closing:	September 18
issue:	October 7
closing:	September 24
editorial feature:	International: Benefits & Risk Mgmt. — Directory: Intl. Insurers & Benefit Networks
demographic section:	Agent/Broker Topics: Contracting For Services

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Continued from previous page ment of training materials.

Staff: 39 total; two assigned to safety consulting, including one ALCM, 10 ARM, 13 CPCU and one CMC designations, one attorney and one ASSE member.

Clients: 450 total; 50 corporate and institutional clients; 34% with gross revenues less than \$200 million, 50% with \$201 million to \$500 million, 15% with \$501 million to \$999 million, 1% with \$1 billion to \$3.5 billion.

1990 gross revenues: \$5 million total, 5% from unbundled safety consulting services, 95% from other services including risk management and claims management consulting.

Principal officers: Joseph H. Albert, president; Michael A. Rodman, George W. West, Thomas L. Atkins and Martin S. Berman, vps.

Contact: Linda R. Brodt, director of loss management services.

Alcona Associates

890 Country Club Circle, Venice, Fla. 34293; 813-497-2569 or 517-724-6649 (summer); fax: 813-497-6256 or 517-724-6895 (summer)

Founded: 1983.

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

Other services: Frequent OSHA compliance. Occasional publication of safety materials or videos, product liability research.

Staff: Two total; one assigned to safety consulting, including one PE and one ASSE member.

Clients: 30 total.

Specialties: Metal-forming processes and machinery.

Branch offices: Harrisville, Mich.
Principal officers: William S. Roorda, president; Pearl E. Roorda, secretary/treasurer.

Alexander & Alexander Services Inc.

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

Founded: 1899.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hy-

giene program assistance. Occasional occupational health program assistance, training classes or seminars.

Off-site services: Frequent training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration re-

Continued on page 42

Guide to consultant directory

The fourth annual directory of safety consultants lists companies that provide services such as advice on employee safety, safety audits and evaluations, employee training classes and safety research.

Information for the directory was gathered from responses to *Business Insurance* questionnaires.

The directory is published as an editorial service; there is no charge to be included. However, consultants listed must offer their services directly to employers on an unbundled basis; companies that offer safety consulting only in conjunction with other products and services are not included.

Listings begin with the name and address of the company, followed by the year **founded** and **parent company**, if any.

Next, the safety consulting services the company provides are detailed, including **on-site** and **off-site services**, which are usually provided in the consultant's facilities. **Other services** includes general research and any other service.

Information on **staff** follows, including total staff, professionals assigned to safety consulting, occupational health consulting and industrial hygiene consulting; and designations or professional memberships held. The total number of clients and then total corporate and institutional safety consulting clients in 1990 and a percentage breakdown of their revenues is listed under the **clients** heading.

If the company specializes in consulting to a particular type of business or industry, it is listed under the **specialties** heading.

Locations of **branch offices** providing safety consulting services follow.

When reported by the company, 1990 **gross revenues** are given. Names and titles of **principal officers**, followed by the name of a **contact** for those wishing further information, complete the listings.

Although every effort is made to publish complete and accurate listings, *Business Insurance* is unable to verify information all provided by the companies.

Following are the full professional designations and organizations for those abbreviated under the staff heading:

AAIH is American Academy of Industrial Hygienists; **ACII** is Associate of Chartered Insurance Institute; **AIC** is Associates in Claims; **AICHE** is American Institute of Chemical Engineers; **AIM** is Associates in Management; **ALCM** is Associate in Loss Control Management; **ANHPS** is American Nuclear/Health Physics Society; **AOHNO** is American Occupational Health Nurses Assn.; **APA** is Associates in Premium Audits; **APTA** is American Physical Therapy Assn.; **ARM** is Associate in Risk Management; **ARP** is Associate in Research and Planning; **ASA** is Accredited Safety Auditor; **ASAE** is American Society of Agricultural Engineering; **ASCE** is American Society of Civil Engineers; **ASIS** is American Society for Industrial Security; **ASME** is American Society of Mechanical Engineers; **ASP** is Associate Safety Professional; **ASQC** is American Society of Quality Control; **ASSE** is American Society of Safety Engineers; **CCI** is Certified Construction Inspector; **CDT** is Certified Driver Trainer; **CEM** is Certified Energy Manager; **CET** is Certified Environmental Trainer; **CFEI** is Certified Fire & Explosion Investigator; **CFPS** is Certified Fire Protection Specialist; **CHCM** is Certified Hazard Control Manager; **CHMM** is Certified Hazardous Materials Manager; **CHP** is Certified Health Physicist; **CHSP** is Certified Healthcare Safety Professional; **CIC** is Certified Insurance Counselor; **CIH** is Certified Industrial Hygienist; **CLU** is Chartered Life Underwriter; **COHC** is Certified Occupational Hearing Conservationist; **COHN** is Certified Occupational Nurse; **COT** is Certified Occupational Therapist; **CPA** is Certified Public Accountant; **CPCU** is Chartered Property/Casualty Underwriter; **CPCM** is Certified Professional Consultant to Management; **CPSM** is Certified Product Safety Manager; **CQE** is Certified Quality Engineer; **CRE** is Certified Reliability Engineer; **CSD** is Certified Safety Director; **CSE** is Certified Safety Executive; **CSM** is Certified Safety Manager; **CSP** is Certified Safety Professional; **CSS** is Certified Safety Specialist; **CSSD** is Certified Safety & Security Director; **CSSM** is Certified Shop Services Manager; **CSSP** is Certified Safety & Security Professional; **CST** is Certified Safety Technician; **DVD** is Doctor of Veterinary Medicine; **EIT** is Professional Engineer in Training; **FCDA** is Federal Collateral Duty Auditors; **HFS** is Human Factors Society; **IAAI** is International Assn. of Arson Investigators; **IHT** is Industrial Hygiene Technologist; **ILCI** is International Loss Control Institute; **LFSI** is Licensed Field Safety Inspector; **MBA** is Masters in Business Administration; **MD** is Medical Doctor; **ME** is Marine Engineer; **MPH** is Masters in Public Health; **MSW** is Masters in Social Work; **NAC** is National Asbestos Council; **NAFE** is National Academy of Forensic Engineers; **NBBM-IC** is National Safety Management Society; **NETA** is National Environmental Training Assn.; **NFPA** is National Fire Prevention Assn.; **NFPS** is National Fire Protection System; **NSC** is National Safety Council; **NSMS** is National Safety Management Society; **NSPB** is National Society to Prevent Blindness; **NSPE** is National Society of Professional Engineers; **OHNA** is Occupational Health Nurses Assn.; **OHST** is Occupational Health & Safety Technician; **OT** is Occupational Therapist; **PCSFHP** is Panama Canal Safety, Fire & Health Professionals; **PE** is Professional Engineer; **Ph.D** is Doctor of Philosophy; **REA** is Registered Environmental Assessor; **REP/A/M** is Registered Environmental Professional/Assessor/Manager; **RN** is Registered Nurse; **SFPE** is Society of Fire Protection Engineers; **SSS** is System Safety Society; **TMA** is Training Media Assn.; **VS** is Veterans of Safety; **WSE** is Western Society of Engineers; **WSO** is World Safety Organization.

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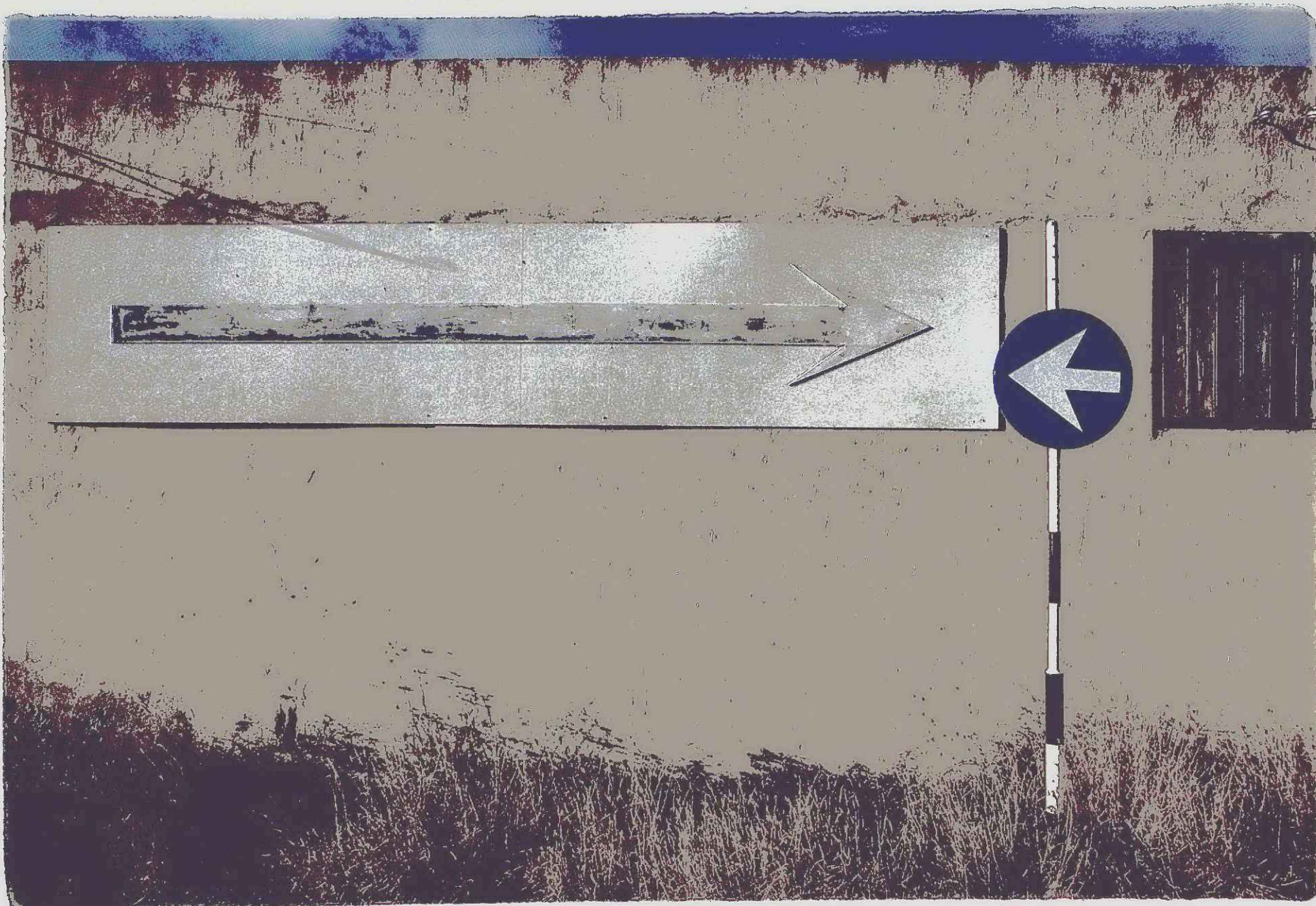
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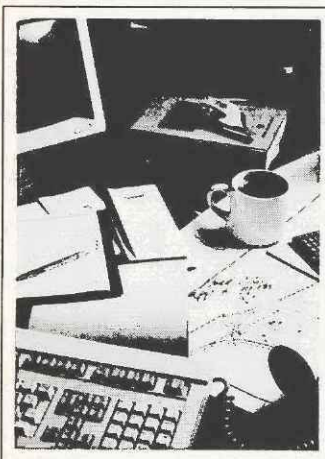
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Continued from previous page
assistance, industrial hygiene program assistance.

Off-site services: Frequent training classes or seminars.

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

Staff: One assigned to safety, occupational health and industrial hygiene consulting. Total staff includes four ARM, five CPCU, one CPSM, one NFPA and one ASSE member.

Specialties: Hospitality, automobile manufacturers/importers, restaurants, wholesale food distributors, motion pictures, manufacturing.

Principal officers: William E. Becher Jr., chairman; David L. Carlson, president; Robert L. Glockstein, senior vp/chief financial officer.

Contact: Scott V. Oxman, vp.

Biehl Engineering Inc.

NGGW 12659 Ravine Drive,
Menomonee Falls, Wis. 53051;
414-251-8251

Founded: 1960.

On-site services: Frequent safety audits/reviews of current programs, accident investigations and reconstruction. Occasional safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent technical reports.

Other services: Frequent OSHA compliance, product liability research, fire protection engineering. Occasional publication of safety materials or videos, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research. Industrial hygiene testing done by independent labs.

Staff: Four total; two assigned to safety consulting, including two PE, one CSP, two SE, one RS, one CFI, one CFAI, one DCI, two CBCI, one NBEE, one RA, one CEI and one IAAI designations and one ASSE member.

Clients: 50 total.

1990 gross revenues: \$200,000 total.

Principal officers: Francis W. Biehl, president; Steven F. Biehl, vp; Clara Biehl, treasurer; Marna Biehl, secretary.

Blakely & Associates

P.O. Box 413, Artesia, Calif.
90702; 213-402-3333

Founded: 1981.

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

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

Staff: One total who is assigned to safety consulting, holds a CPSA designation and is an ASSE member.

Clients: 40 corporate and institutional clients; 97% with gross revenues less than \$200 million, 3% with \$201 million to \$500 million.

Specialties: Trucking, forklift operators.

1990 gross revenues: \$100,000 total, all from unbundled safety consulting services.

Principal officers: Timothy L. Blakely, owner.

Bonatus & Associates Inc.

6292 Lambda Drive, San Diego,
Calif. 92101-4606; 619-582-9429

Founded: 1979.

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

Other services: Frequent development of training materials, OSHA compliance. Occasional publication of safety materials or videos, occupational health research, ergonomic research, noise and vibration research, fire protection engineering, expert witness testimony.

Staff: One staffer who holds ASP, CHCM, CSP, PE, CEM and CPCM designations and is an ASSE member.

Clients: Four corporate and institutional clients.

1990 gross revenues: \$75,000 total.

Principal officers: Kenneth R. Bonatus, president.

B. Gawain Bonner

Route 3, Box 458, Huntsville,
Texas 77340; 409-594-3804

Founded: 1986.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, forensics.

Staff: One total who is assigned to safety consulting, holds CSP and PE designations and is an ASSE member.

Clients: Five corporate and institutional clients.

Specialties: Manufacturing.

Principal officers: B. Gawain Bonner, principal.

Continued on next page

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Continued from previous page

Joseph F. Boxmeyer, Safety Consultant
P.O. Box 143, Laurelton, Pa.
17835-0143; 717-922-4216

Founded: 1982.

On-site services: Frequent safety audits/reviews of current programs, training classes or seminars, static electricity control.

Staff: One total who is assigned to safety consulting, holds CSP and NFPA designations and is an ASSE member.

Clients: 14 corporate and institutional clients; 29% with gross revenues less than \$200 million, 7% with \$201 million to \$500 million, 21% with \$501 million to \$900 million, 7% with \$1 billion to \$3.5 billion, 36% with more than \$3.5 billion.

Specialties: Chemical, pharmaceutical, printing, textile, tape manufacturing.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Joseph F. Boxmeyer.

George Boyd Associates

8111 Eastern Ave., Philadelphia, Pa. 19118; 215-825-5126; fax: 215-825-5203

Founded: 1979.

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

Other services: Frequent development of training materials, OSHA compliance, ergonomic research, noise and vibration research. Occasional publication of safety materials or videos, industrial hygiene research, product liability research, fire protection engineering. Industrial hygiene testing done at independent labs.

Staff: Three total; two assigned to safety consulting, one assigned to industrial hygiene consulting; including AIHA, NSMS, NSC designations and three ASSE members.

Clients: 100% with gross revenues less than \$200 million.

Specialties: Primary metal industry, schools, metal fabrication, metal recycling.

1990 gross revenues: 50% from unbundled safety consulting services.

Principal officers: George Boyd Jr., owner.

Gregory B. Bragg & Associates Inc.

4811 Chippendale Drive, Suite 705, Sacramento, Calif. 95841; 916-344-7995 or 800-222-7995; fax: 916-344-2932

Founded: 1986.

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

Off-site services: Frequent training classes or seminars.

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

Staff: Five total; two assigned to safety consulting, two assigned to occupational health consulting; one ALCM, one ARM, one CPCU, one NSMS, one CSP, one NSMS, one NSC, one attorney and four ASSE members.

Clients: 60 total; 100% of corporate and institutional clients with gross revenues less than \$200 million.

Branch offices: Roseville, Chico, Redding, Stockton and Fairfield, Calif.

1990 gross revenues: \$2 million total, 3% from unbundled safety consulting services, 97% from claims administration.

Principal officers: Gregory B. Bragg, president; Lee Collins, vp; D. Michael Grassinger, secretary; Robert Cregan, treasurer; Jeff Kimball, director-finance and administration.

Contact: Jack Kastorff.

Frank J. Breitsameter, PE, & Associates

1005 E. Cardinal Lane, Mount Prospect, Ill. 60056; 708-259-8304

Founded: 1982.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance.

Other services: Frequent OSHA compliance, forensic safety consulting. Occasional publication of safety materials or videos, product liability research.

Staff: One total who is assigned to safety consulting, holds NSC, PE, WSE, ASME, ISPE and NSPE designations and is an ASSE member.

Specialties: Tunnel programs.

Principal officers: Frank J. Breitsameter.

Morley Brickman & Associates Ltd.

9221 Drake Ave., Unit 410, Skokie, Ill. 60203; 708-674-2664; fax: 708-674-0096

Founded: 1986.

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

Other services: Publication of safety materials or videos, OSHA compliance.

Staff: One total who holds CSE, PE, NCS, NSPE, WSO, BOCA and NAFE designations and is an ASSE member.

Specialties: Construction and manufacturing.

Principal officers: Morley Brickman, president; Betty Brickman, secretary/treasurer.

Brooks Safe & Sound Inc.

44 Codfish Lane, Weston, Conn. 06883; 203-226-6970 or 203-226-6384; fax: 203-227-5211

Founded: 1971.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupa-

tional health program assistance, training classes or seminars. Occasional ergonomic program assistance.

Off-site services: Training classes or seminars, EPA-certified asbestos training facility.

Other services: Publication of safety materials or videos, OSHA compliance, industrial hygiene testing done at Brooks Laboratories Inc.

Staff: Staff members hold two AIHA, one CHCM, one CSP, one MD, one PE, three Ph.D and one NSC designations and one ASSE member.

Clients: 150 total; 60 corporate and institutional safety consulting clients; 90% with gross revenues less than \$200 million, 8% with \$201 million to \$500 million, 2% with \$501 million to \$999 million.

Specialties: Municipalities and manufacturing.

1990 gross revenues: \$1 million total, 100% from unbundled safety consulting services.

Principal officers: Keith Brooks, Dr. Margaret Y. Brooks, Keisa McPartland.

Contact: Keisa McPartland.

C

C-A-B Consultants Inc.

4921 Butterfield Road, Hillside, Ill. 60162; 708-449-2221

Founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars, wellness programs, medical department setup.

Off-site services: Frequent training classes or seminars.

Other services: Development of training materials, OSHA compliance, occupational health research.

Staff: Eight total; three assigned to safety consulting, five assigned to occupational health consulting; including two COHN, three CSP, three RN designations and four ASSE members.

Clients: 100 total.

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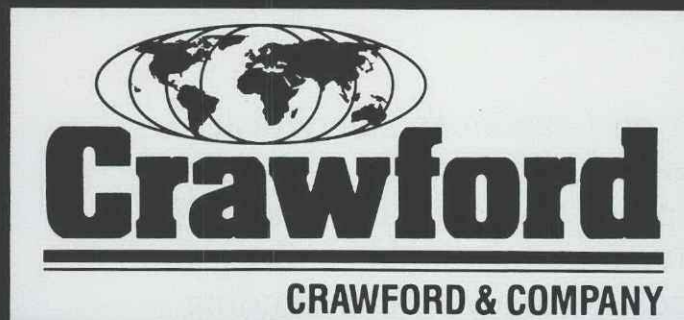
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Spotlight report

Continued from previous page

Principal officers: Carol A. Bacon, president.**Claymore Engineering**

1308 Valle Vista Drive, Fullerton, Calif. 92631; 714-870-4521; fax: 714-870-7051

Founded: 1982.**On-site services:** Frequent design solutions to safety problems. Occasional safety audits/reviews of current programs, safety program assistance, occupational health program assistance.**Other services:** Occasional OSHA compliance.**Staff:** One total assigned to safety consulting, who holds CSP and PE designations and is an ASSE member.**Clients:** 12 total, who are all corporate and institutional clients; 100% with gross revenues less than \$200 million.**Specialties:** Manufacturing.**1990 gross revenues:** \$100,000 total, 25% from unbundled safety consulting services, 75% from other

services including air pollution control.

Principal officers: Denison W. York, vp/chief engineer.**COMCO Environmental & Safety Services**

17120 Clark Ave., Suite B, Bellflower, Calif. 90706-5730; 213-804-0305; fax: 213-925-4248

Founded: 1983.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars. Occasional occupational health program assistance.**Off-site services:** Frequent training classes or seminars.**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance. Occasional occupational health research.**Staff:** Five total; one assigned to safety consulting, including one CSP, one CSSP, one CSE, one CHMM and one REA designations and one ASSE

member.

Clients: 150 total who are all corporate and institutional clients; 98% with gross revenues less than \$200 million, 1% with \$201 million to \$500 million, 1% with \$501 million to \$999 million.**Specialties:** Petroleum industry, hazardous waste operations and emergency response training.**1990 gross revenues:** \$230,000 total, 100% from unbundled safety consulting services.**Principal officers:** Don Rhodes, president; Joy Janes, vp/secretary.**Compliance Consulting Group Inc.**

5340 S. Quebec St., Suite 220, Greenwood Village, Colo. 80111; 303-779-1152; fax: 303-741-0222

Founded: 1988.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance,

training classes or seminars. Occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars.**Other services:** Frequent publication of safety materials or videos, OSHA compliance, industrial hygiene research, occupational health research. Occasional development of training materials, ergonomic research, product liability research, noise and vibration research.**Staff:** Four total; two assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting; including one COHN designation and one ASSE member.**Clients:** 45 total, three corporate and institutional clients; 100% with gross revenues less than \$200 million.**1990 gross revenues:** \$80,000, 100% from unbundled safety consulting services.**Principal officers:** Kenneth A. Roberts, president; Ronald L. Battles, vp; Helen J. Young, director-occupational health services.**Contact:** Kenneth A. Roberts.**Comprehensive Risk Management Inc.**

12 Alfred St., Suite 300, Woburn, Mass. 01801; 617-937-6980; fax: 617-937-6979

Founded: 1991.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars, risk management audits, risk management program assistance. Occasional industrial hygiene program assistance, occupational health program assistance.**Off-site services:** Occasional training classes or seminars.**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance. Occasional ergonomic research, product liability research, noise and vibration research, fire protection engineering.**Staff:** One total who is assigned to safety consulting, holds ARM, CSP and NSC designations and is an ASSE member.**Clients:** Six corporate and institutional clients; 10% with gross revenues less than \$200 million, 50% with \$201 million to \$500 million, 30% with \$501 million to \$999 million, 10% with more than \$3.5 billion.**Specialties:** Manufacturing, health care, municipalities.**1990 gross revenues:** 100% from unbundled safety consulting services.**Principal officers:** Philip E. Goldsmith, president.**CONFIRM Inc.**

111-B Green St., P.O. Box 265, Albany, N.Y. 12201-0265; 518-426-9301; fax: 518-426-9298

Founded: 1989.**On-site services:** Frequent safety audits/reviews of current programs. Occasional safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars.**Other services:** Frequent publication of safety materials or videos, fire protection engineering. Occasional development of training materials, OSHA compliance, occupational health research, ergonomic research, noise and vibration research.**Staff:** Three total; one assigned to safety consulting, one assigned to occupational health consulting including one ALCM, two CPCU, one CSP designations and one ASSE member.**Clients:** 20 total, 10 corporate and institutional clients; 100% with gross revenues less than \$200 million.**Specialties:** Construction, distributors, trucking.**1990 gross revenues:** 33% from unbundled safety consulting services.**Principal officers:** James P. Faughnan Jr., president; Charles H. Cornish, vp; Paul J. Czesak, director-engineering services.**Contact:** James P. Faughnan Jr.**Consolidated Risk Management Services Inc.**

1602 Rolling Hills Drive, Richmond, Va. 23229; 804-285-8000; 804-285-3578

Founded: 1969.**Parent company:** Blue Cross/Blue Shield of Virginia Inc.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars. Occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.**Off-site services:** Frequent training classes or seminars.**Other services:** Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance.**Staff:** 10 staff members; all assigned to safety consulting, including one ARM, two CHCM, three CSP designations and five ASSE members.**Specialties:** Construction, municipalities, educational, manufacturing.**Branch offices:** Fairfax, Va.; Farmington Hills and Saginaw, Mich.; Columbia, Md.; Raleigh, N.C.**Principal officers:** William D. Monday Jr., president; Thomas D. England and Michael P. Murawski, executive vps.**Contact:** Harold D. Parker, director-loss control.

Continued on next page

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Director of Risk Management
Hardee's Food Systems, Inc.*"Crawford & Company has experienced consultants who understand the realities of the business world."*W.R. "Bill" Voss
President, Chief Operating Officer
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Jim Sybert
Vice President
Risk Control
Crawford & Company
5620 Glenridge Drive, N.E.
Atlanta, GA 30342
(404) 256-0830
FAX (404) 847-4025



Continued from previous page

Consultant Services Institute Inc.

651 W. Mount Pleasant Ave.,
Livingston, N.J. 07039;
201-992-3811

Founded: 1969.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Other services: Frequent product liability research. Occasional OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research.

Staff: 60 total; 40 assigned to safety consulting, three assigned to occupational health consulting, five assigned to industrial hygiene consulting, including four AIHA, three CHP, three CIH, five CRE, five CQE, five CSP, 30 PE, 15 Ph.D and four RN designations and 15 ASSE members.

Clients: 400 total; five corporate and institutional clients, 100% with gross revenues less than \$200 million.

Specialties: Liability prevention.
1990 gross revenues: \$700,000 total.

Principal officers: Richard M. Jacobs, president; George Jacobs, vp/ treasurer; E. Rosalyn Jacobs, secretary.

Contact: Richard M. Jacobs.

Consulting Services

12 Jerrys Drive, Burlington, N.J.
08016; 609-386-3788;
fax: 609-386-5639

Founded: 1981.

On-site services: Safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, ACB inspection, oil spill and hazardous material response supervision, new venture analysis.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research.

Staff: Two total; including AIHA, CPSM, CRSP, OHST and Ph.D designations and one ASSE member.

Clients: 35 total; 28 corporate and institutional clients, 71% with gross revenues less than \$200 million, 14% with \$201 million to \$500 million, 11% with \$500 million to \$999 million, 4% with \$1 billion to \$3.5 billion.

Specialties: Spill control and response industry.

1990 gross revenues: \$150,000 total, all from unbundled safety consulting services.

Principal officers: Thomas F. Dalton, consultant; Sarah M. Dalton, administrative assistant.

Contact: Sarah M. Dalton.

Consultor Alleyne

P.O. Box 39, Zone 9-A, Panama,
Republic of Panama; 507-24-5421

Founded: 1974.

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

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

Staff: One assigned to safety consulting who holds NFPA and PCSFHP designations and is an ASSE member.

Clients: Seven corporate and institutional clients; 100% with gross revenues less than \$200 million.

Specialties: Collective bargaining agents and governmental institutions.

1990 gross revenues: \$13,000 total, all from unbundled safety consulting services.

Principal officers: Roberto L. Alleyne, owner.

Consumer Usage Laboratories

1688 E. Gude Drive, Rockville, Md.
20850; 301-424-8200

Founded: 1976.

On-site services: Occasional ergonomic program assistance.

Other services: Ergonomic research, product liability research, consulting on product labeling, warning and recalls.

Staff: Two total, including one Ph.D, one ASSE member.

Clients: Approximately 100 total.
Specialties: Manufacturing, legal profession.

Principal officers: Robert Cunitz, president; Anita Cunitz, vp.

Corporate Risk Management Inc.

Daylesford Plaza, Suite 300, Paoli,
Pa. 19301-0916; 215-647-8880;
fax: 215-251-9368

Founded: 1985.

Parent company: B.G. Balmer & Co. Inc.

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

Off-site services: Occasional training classes or seminars.

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

Staff: One total who holds ALCM, ARM, CPCU and CSP designations and is an ASSE member.

Clients: 30 total, all corporate and institutional clients, 100% with gross revenues less than \$200 million.

Contact: Drew McGillin, manager.

Coulter Consulting Group Inc.

P.O. Box 557, Delaware, Ohio
43015; 614-363-9715;
fax: 614-363-2305

Founded: 1982.

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

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

Staff: Eight total; six assigned to safety consulting, two assigned to industrial hygiene consulting; four ASSE members.

Clients: 50 total; 95% of corporate and institutional clients with gross revenues less than \$200 million, 5%

with \$201 million to \$500 million.

Specialties: Amusement park industry, carnival and entertainment, specialty risk.

Branch offices: Melbourne, Australia.

1990 gross revenues: \$400,000 total, all from unbundled safety consulting services.

Principal officers: Richard J. Coulter, president; Jeffery W. Abendshien, senior vp; Dona Roudabush, vp; Fayetta K. Coulter, secretary/treasurer.

Contact: Dona Roudabush.


**Crawford & Co./
The FPE Group**

5620 Glenridge Drive, N.E.,
Atlanta, Ga. 30342; 404-256-0830;
fax: 404-847-4028

Founded: 1941.

Parent company: Crawford & Co.
On-site services: Frequent safety audits/reviews of current programs,
Continued on next page

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Spotlight report

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safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars, safety business plan development, product liability consultation, fleet safety consultation, on-site safety staff and business interruption analysis. Occasional occupational health program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, fire protection engineering, fire protection systems design, boiler and machinery consultation. Occasional industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done at independent laboratories.

Staff: 95 total; 61 assigned to safety consulting, three to occupational health consulting, 17 to industrial hygiene consulting including 12

AIHA, eight ALCM, six ARM, 10 CHCM, 10 CIH, two COHN, three CPCU, 22 CSP, eight NSMS, 12 PE, one Ph.D and three RN designations and 40 ASSE members.

Clients: 185 corporate and institutional clients; 40% with gross revenues less than \$200 million, 30% with \$200 million to \$500 million, 20% with \$500 million to \$999 million, 7% with \$1 billion to \$3.5 billion, 3% with more than \$3.5 billion.

Specialties: Restaurant, health care, electronics, construction, manufacturing.

Branch offices: Orlando, Fla.; Winston-Salem, N.C.; Washington D.C.; Philadelphia; Cleveland; Clifton, N.J.; Boston; Hartford, Conn.; Detroit; Chicago; St. Paul, Minn.; Oklahoma City; Dallas, Houston and San Antonio, Texas; Los Angeles; San Francisco; Seattle; Chicago.

Principal officers: F.L. Minix, chairman/chief executive officer; Jim Sybert, vp; Garry Hundley and Floyd Parsons, product managers.

Contact: Jim Sybert, vp-risk control services.

Peter J. Crosa & Co.

4135 la Vista Road, Suite 610-316; Tucker, Ga. 30085-5003; 404-717-7644; fax: 404-270-1039

Founded: 1987.

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

Other services: Occasional OSHA compliance, product liability research.

Staff: Three total; two assigned to safety consulting, including one AIC, one IIA.

Clients: One corporate and institutional client with gross revenues of \$1 billion to \$3.5 billion.

Specialties: Long-haul truckers, city carriers and solid waste.

1990 gross revenues: \$144,000 total, 10% from unbundled safety consulting services.

Principal officers: Peter J. Crosa, N.D. Dunavant, C.M. Zellers.
Contact: Peter J. Crosa.

D

Delaney Consulting Inc.

8001 Nicklaus Drive, Suite 2, Orlando, Fla. 32825-8240; 407-273-7901; 407-277-9103

Founded: 1981.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent OSHA compliance. Occasional fire protection engineering.

Staff: Two total; both assigned to safety consulting, including one CSE, two CSPs and two ASSE members.

Clients: 27 total.

Specialties: Industrial and construction.

Principal officers: Edward L. Delaney, president; Marie L. Delaney, secretary/treasurer.
Contact: Edward L. Delaney.

Det norske Veritas Industry B.V.

P.O. Box 7222, 4800 Ge Breda, The Netherlands; 31-76-42-1616; 31-76-42-1040

Founded: 1864.

Parent company: Det norske Veritas.

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

Other services: Frequent publication of safety materials or videos, development of training materials.

Staff: Six total; five assigned to safety consulting, including one CHCM, one NSMS, one PE, three ASA and ASSE member.

Clients: 50 total; corporate and institutional clients include 40% with gross revenues less than \$200 million, 60% with \$501 million to \$999 million.

Specialties: Process industry.
Branch offices: United States; United Kingdom; Oslo, Norway; Belgium; France.

1990 gross revenues: \$1 million total, all from unbundled safety consulting services.

Principal officers: Ernst Marthinussen, general manager; Willem Top, manager-safety/loss control unit.

Contact: Willem Top.

Doerfer Engineering

201 Washington St., Cedar Falls, Iowa 50613; 319-277-3110; fax: 319-277-7023

Founded: 1960.

Parent company: JSC Corp.

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

Off-site services: Occasional training classes or seminars.

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

Staff: 130 total; two assigned to safety consulting, including one CSP, 12 PE, one ASSE, one ASEA, one SAF, five NSPE designations and one ASSE member.

Clients: 100 total; corporate and institutional clients include 73% with gross revenues less than \$200 million, 25% with \$201 million to \$500 million, 1% with \$501 million to \$999 million, 1% with \$1 billion to \$3.5 billion.

Contact: Dale Gumz.

Drucker Health & Safety Management Inc.

505 N. Sepulveda Blvd., Suite 16, P.O. Box 3515, Manhattan Beach, Calif. 90266; 213-372-8686

Founded: 1984.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration research. Industrial hygiene testing done at accredited laboratories.

Staff: 10 total; two assigned to safety consulting, eight assigned to industrial hygiene consulting, including one AIHA, one CHCM, one CIH, one CSP, one REA and one ASSE member.

Clients: 300 corporate and institutional clients; 10% with gross revenues less than \$200 million, 10% with \$200 million to \$500 million, 15% with \$500 million to \$999 million, 50% with \$1 billion to \$3.5 billion, 15% with more than \$3.5 billion.

Branch offices: Atlanta.
Principal officers: Marjorie A. Drucker, president.

William L. Dunlop, Consulting Engineer

3250 Fairchild Ave., Wayzata, Minn. 55391; 612-935-0235

Founded: 1981.

Continued on next page

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BI-WC



Continued from previous page

On-site services: Construction safety.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, construction accident investigation.

Staff: One who holds PE, NSC, NSPE, NAFE designations and is an ASSE member.

Clients: 50 total.

Specialties: Construction safety.
Principal officers: William L. Dunlop.

E

ELB & Associates

605 Eastowne Drive, Chapel Hill, N.C. 27514; 919-967-2228; fax: 919-493-2263

Founded: 1978.

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

Off-site services: Frequent training classes or seminars.

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

Staff: 70 total; eight assigned to safety consulting, two assigned to occupational health consulting, eight assigned to industrial hygiene consulting including six AIHA, one ARM, one ASP, one CHCM, three CIH, one COHN, six CSP, one MD, one NSMS, one Ph.D, one RN, four NSC and eight ASSE members.

Clients: 500 total; 450 corporate and institutional clients, 100% with gross revenues less than \$200 million.

Specialties: Manufacturing, government.

Branch offices: St. Louis.

1990 gross revenues: \$3.5 million total, 25% from unbundled safety consulting services.

Principal officers: Richard C. Ennis, president; John Lumsden and Ray Boylston senior vps.

Contact: Rishard C. Ennis.

EOS Environmental Inc.

705 Mission St., South Pasadena, Calif. 91030; 818-441-7050; fax: 818-441-0166

Founded: 1988.

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

Other services: Frequent publication of safety materials or videos, noise and vibration research.

Staff: Eight total; two assigned to safety consulting, two assigned to occupational health consulting and four assigned to industrial hygiene consulting, including three AIHAs, one CIH, one CSP, one PE, four AHERA designations and one ASSE member.

Clients: 40 corporate and institutional clients; 100% with gross revenues less than \$200 million.

1990 gross revenues: \$600,000.

Principal officers: Eugene A. Port, president; Bernadine Kolk, secretary; Anthony Kolk, chief financial officer.

Contact: Eugene A. Port.

ESIS Inc.

2 Liberty Place, 1601 Chestnut St., Philadelphia, Pa. 19192-2105; 215-761-6779; fax: 215-761-5434

Founded: 1953.

Parent company: CIGNA Corp.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, property, construction, motor fleet, pro-

fessional liability, product liability.

Other services: Frequent publication of safety manuals or videos, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done in company's facilities.

Staff: 576 total; 483 assigned to safety consulting, three assigned to occupational health consulting, 15 assigned to industrial hygiene consulting, including 12 AIHA, 12 ARM, 12 CIH, 100 CSP, 30 PE designations and 355 ASSE members.

Clients: 1,110 total; 143 corporate and institutional clients.

Specialties: Construction, chemical, general manufacturing.

Branch offices: Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, New York, San Francisco.

1990 gross revenues: 10% from unbundled safety consulting services, 90% from other services including claims handling and risk management information systems.

Principal officers: Edward P. Holleran, president; George W. Putnam, vp; Brian P. O'Hara, director-product management; Bruce Hemphill, manager-product management; Robert F. Bruce, loss control manager.

Contact: Bruce Hemphill, 215-761-6784.

Engineering Safety Consultants

4836 Research, San Antonio, Texas 78240; 512-694-4169; fax: 512-694-7911

Founded: 1982.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety manuals or videos, development of training programs, OSHA compliance.

Staff: Four total; all assigned to safety consulting, including one PE, three LFSI designations and two

ASSE members.

Clients: 31 total, all corporate and institutional clients; 95% with gross revenues less than \$200 million, 5% with \$201 to \$500 million.

Specialties: Construction and manufacturing.

1990 gross revenues: \$225,000 total, all from unbundled safety consulting services.

Principal officers: Robert J. Guinee Sr., president; Robert J. Guinee Jr., vp.

William English

3018 Hunt Road, Oakton, Va. 22124; 703-620-3408

Founded: 1985.

On-site services: Frequent safety program assistance, ergonomic program assistance, training classes or seminars, workers compensation cost reduction. Occasional safety audits/reviews of current programs, industrial hygiene program assistance, occupational health program assistance.

Other services: Frequent publication of safety materials or videos, de-

velopment of training materials, development of safety design criteria. Occasional OSHA compliance, product liability research, noise and vibration research, fire protection engineering.

Staff: One, who holds CSP and PE designations and is an ASSE member.

Clients: 16 total; corporate and institutional clients include 90% with gross revenues less than \$200 million, 10% with \$201 million to \$500 million.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: William English, president.

F

FALLSAFE Inc.

P.O. Box 165, Portland, Ore. 97207; 503-245-4296 or 503-243-3549

Founded: 1985.

Continued on next page

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Title _____

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Address _____

Phone _____

BI-WC

John H. Potter, Vice President
Crawford & Company
5620 Glenridge Dr. (Zip 30342)
P.O. Box 5047
Atlanta, GA 30302

Continued from previous page

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

Off-site services: Frequent program design, strategic planning, custom training materials. Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, instruction training in back injury prevention. Occasional OSHA compliance, ergonomic research, noise and vibration research.

Staff: Three total, including two NSMS designations and two ASSE members.

Clients: 95 total; 90 corporate and institutional clients, 5% with gross revenues less than \$200 million, 5% with \$201 million to \$500 million, 25% with \$501 million to \$999 million, 30% with \$1 billion to \$3.5 billion, 35% with more than \$3.5 billion.

Specialties: Manufacturing, petro-

leum, wood products, utilities.

Principal officers: Robert Pater, president; Robert Button, vp.

**Fastring & Associates
 Professional Consultants**
 P.O. Box 870668, New Orleans,
 La. 70187; 504-241-2491

Founded: 1977.

On-site services: Frequent accident investigations, nursing consulting, forensic consulting. Occasional safety audits/reviews of current programs.

Other services: Frequent OSHA compliance, product liability research. Occasional noise and vibration research, fire protection engineering.

Staff: Two total; one assigned to safety consulting, including CSP, PE, RN and NSC designations and one ASSE member.

Clients: 25 total; one corporate and institutional client with gross revenues \$501 million to \$999 million.

Specialties: Insurance companies.

Principal officers: Holt H. Fastring, Elaine L. Fastring.

**John V. Fiatarone &
 Associates**
 P.O. Box 368, 12 Neal Road,
 Danvers, Mass. 01923;
 508-777-4445

Founded: 1984.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, ongoing prevention programs for industrial plants.

Other services: Frequent OSHA compliance, industrial hygiene research, attorney litigation services, expert witness testimony. Occasional publication of safety materials or videos, rehabilitation, occupational health research, ergonomic research, product liability research, noise and vibration research. Industrial hygiene testing done by contract with independent labs.

Staff: Four total; all assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting; including one CIH, three CSP, three PE, one Ph.D, one ASME, one VI, two NSPE, one NFPA, one AAIH designations and four ASSE members.

Clients: 25 corporate and institutional clients; 100% with gross revenues less than \$200 million.

Specialties: Construction, general industries, scrap metal, longshoring, maritime, shipbuilding and repair, trenching and excavations.

Principal officers: John V. Fiatarone, principal.

**Fidelity Environmental
 Insurance Co.**

105 Campus Drive, University
 Square, P.O. Box 7006, Princeton,
 N.J. 08543-7006; 800-338-1236;
 fax: 609-520-1242

Founded: 1987.

Parent company: Environmental Control Group.

On-site services: Frequent safety

audits/reviews of current programs, safety program assistance, training classes or seminars. Occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent training classes or seminars.

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

Staff: Seven total; three assigned to safety consulting, two assigned to occupational health consulting including one COHN, one CPCU, one Ph.D, one RN designations and four ASSE members.

Clients: 24 total; all corporate and institutional clients, 100% with gross revenues less than \$200 million.

Specialties: Asbestos abatement contractors, lead abatement contractors.

1990 gross revenues: \$125,000 total, all from unbundled safety consulting services.

Principal officers: Robert F. Woop, president; Marc P. Vink, vp-loss control; Jackson Anderson, vp-production.

Contact: Marc P. Vink.

**Fire & Safety
 Specialists Inc.**

P.O. Box 9713, College Station,
 Texas 77840; 409-693-7105;
 fax: 409-764-0691

Founded: 1981.

On-site services: Training classes or seminars, fire protection audits.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, fire protection engineering.

Staff: 11 total; five assigned to safety consulting, one ASSE member.

Specialties: Petrochemical and refining.

Principal officers: David White, president.

FIRECON

P.O. Box 231, East Earl, Pa.
 17519; 717-354-2411;
 fax: 717-354-7233

Founded: 1980.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance. Occasional fire protection engineering.

Staff: One total assigned to safety consulting who holds CHM, CSP, NSMS and CET designations and is an ASSE member.

Clients: 100 total; all corporate and institutional clients, 10% with gross revenues less than \$200 million, 30% with \$201 million to \$500 million, 30% with \$501 million to \$999 million, 20% with \$1 billion to \$3.5 billion, 10% with more than \$3.5 billion.

Principal officers: R. Craig Schroll, president.

**Fireman's Fund
 Insurance Co.**

P.O. Box 777, Novato, Calif.
 94998-9002; 415-899-2352;
 fax: 415-899-3600

Founded: 1863.

Parent company: Allianz Insurance Co.

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

Off-site services: Occasional training classes or seminars.

Other services: Occasional development of training materials, industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering.

Staff: 219 total; 182 assigned to safety consulting, one assigned to occupational health consulting, 37 assigned to industrial hygiene consulting, including 20 AIHA, 20 ALCM, six ARM, 10 ASP, six CIH, one COHN, 10 CPCU, one CSM, 102 CSP, two CSS, six PE, one RN, one AIM,

Continued on next page

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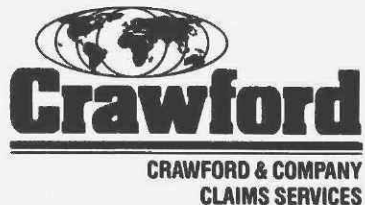
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 Casualty Services, Crawford & Company,
 P.O. Box 5047, Atlanta, GA 30302.

BI-WC



Continued from previous page
one AIC and one APA designations and 150 ASSE members.

Clients: 20 corporate and institutional clients; 5% with gross revenues less than \$200 million, 50% with \$201 million to \$500 million, 35% with \$501 million to \$999 million, 5% with \$1 billion to \$3.5 billion, 5% with more than \$3.5 billion.

Branch offices: 50 locations nationwide.

Principal officers: Dennis Cockrham, vp-loss control.
Contact: Duke Hughes.

Forensic Engineering

3490 Whitney Ave., Hamden, Conn. 06518; 203-281-6551

Founded: 1973.

On-site services: Training classes or seminars.

Other services: Ergonomic research, product liability research, noise and vibration research, accident reconstruction failure analysis, fire cause investigations.

Staff: Five total; two assigned to safety consulting, including two PEs and four ASSE members.

Clients: 300 corporate and institutional clients.

Specialties: Insurance, legal profession, manufacturing, educational institutions.

Principal officers: Michael E. Shanok, president; Gilbert E. Nicholls, senior engineer; Lisa B. Williams and Kimberly Coyle, paratechnical assistants.

Brian Francis Associates

33920 Vista Way, Fraser, Mich. 48026; 313-293-9286

Founded: 1985.

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

Other services: Rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research.

Staff: Four total; two assigned to safety consulting, one to occupational health consulting, one to industrial health consulting, including two ARM, one CPCU, one CSP and two ASSE members.

Clients: 15 total; 75% with gross revenues less than \$200 million, 25% with \$201 million to \$500 million.

Specialties: Hospitality industry, hospitals, manufacturing, municipalities.

Branch offices: Stuart, Fla.

1990 gross revenues: \$250,000 total, all from unbundled safety consulting services.

Principal officers: Brian Francis, president; Jerry LaChapelle, vp-loss control services; Haig Neville, vp-risk management services; Vern Francis, secretary/treasurer-claims management services.

Fyrsafe Engineering Inc.

1225 Carnegie St., Suite 108, Rolling Meadows, Ill. 60008; 708-392-1111

Founded: 1986.

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

Other services: Frequent development of training materials, product liability research, fire protection engineering. Occasional publication of safety materials or videos, OSHA compliance.

Staff: Five total; three assigned to safety consulting, including two CSP, two PE, one IAAI, three SFPE and three NFPA designations and three ASSE members.

Clients: 30 corporate and institutional clients.

Principal officers: John M. Mertens, president.

Parent company: Arthur J. Gallagher & Co.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: 52 total; 42 assigned to safety consulting, including two AIHA, one ALCM, four ARM, two ASP, two CHCM, one CIH, 10 CSP, six NSMS, two PE, three CFPS designations and 42 ASSE members.

Clients: 920 total; 533 corporate and institutional clients.

Specialties: Manufacturing, food

services, printing, institutional, municipal, commercial, educational and religious clients.

Branch offices: Camden, N.J.; Miami; St. Louis; Rolling Meadows, Ill.; Los Angeles; Atlanta.

1990 gross revenues: \$5.7 million total, 45% from unbundled safety consulting services.

Principal officers: John G. Campbell, chairman; Peter J. Durkalski, president; Richard McKenna, Richard Rothman and Fred Potenza, executive vps.

Contact: Fred Potenza.

General Consulting Services

113 N. Kickapoo, Lincoln, Ill. 62656; 217-732-1830; fax: 217-735-5135

Founded: 1986.

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

Off-site services: Training classes

or seminars.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation.

Staff: 19 total; three assigned to safety consulting, one assigned to occupational health consulting.

Clients: 34 total; 33 corporate and institutional clients; 80% with gross revenues less than \$200 million, 20% with \$201 million to \$500 million.

Specialties: Health care.

Principal officers: Barbara O'Donohue, chief executive officer; Betty J. Hayes, director-risk management; Penny Adye-Griffin, administrator.

Contact: Betty J. Hayes.

James R. Glaze-Safety Consultant

6051 E. Eastland, Tucson, Ariz. 85711; 602-747-0310

Founded: 1970.

On-site services: Frequent safety program assistance. Occasional safety audits/reviews of current programs, ergonomic program assis-

tance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars.

Other services: Frequent expert witness testimony. Occasional OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research.

Staff: One total who holds AIHA, CSP, NSMS, and NSC designations and is an ASSE member.

Clients: 30 total.

1990 gross revenues: \$150,000 total, 20% from unbundled safety consulting services.

Principal officers: James R. Glaze, principal.

Gow Management Services Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-6148; fax: 716-856-6179

Founded: 1982.

Parent company: S.H. Gow & Co. Inc.

Continued on next page

Crawford branch managers have worked the same territory an average of 15.2 years.



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Crawford

CRAWFORD & COMPANY
CLAIMS SERVICES

G

Gallagher Bassett Services Inc.

2 Pierce Place, Itasca, Ill. 60143-3141; 708-773-3800; fax: 708-285-4000

Founded: 1962.

Continued from previous page

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance. Occasional publication of safety materials or videos, industrial hygiene research, ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Four total; two assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting, including one AIHA, one ARM, one CIC designations and one ASSE member.

Clients: 75 corporate and institu-

tional clients; 80% with gross revenues less than \$200 million, 15% with \$200 million to \$500 million, 3% with \$500 million to \$1 billion, 2% with more than \$3.5 billion.

Specialties: Heavy industry, bridge and highway construction, municipal, high-tech and aerospace.

Branch offices: Rochester, Syracuse and Albany, N.Y.

Principal officers: Jeffrey J. Gow, president; Michael Gow, executive vp; Richard Mason, senior vp; Steven D. McCullough, assistant vp/manager.

Contact: Steven D. McCullough, 716-856-1100.

Fred W. Graham, CSP

3628 Tall Timber Drive,
Birmingham, Ala. 35242;
205-991-5889

Founded: 1988.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, occupational health program assistance, construction wrap-up insurance and safety programs. Occasional ergono-

mic program assistance, industrial hygiene program assistance, training classes or seminars.

Other services: Frequent publication of safety manuals or videos, OSHA compliance. Occasional development of training materials, rehabilitation, industrial hygiene research, occupational hygiene research.

Staff: One total who holds a CSP designation and is an ASSE member.

Clients: Seven total; all corporate and institutional clients, 72% with gross revenues less than \$200 million, 14% with \$201 million to \$500 million, 14% with \$501 to \$999 million.

Specialties: Construction, manufacturing, Department of Energy.

1990 gross revenues: \$100,000 total, all from unbundled safety consulting services.

Principal officers: Fred W. Graham, safety consultant.

Great Lakes Educational Consultants Inc.

3324 Olney St., Kalamazoo, Mich.
49007; 616-382-2314;
fax: 616-382-6495

Founded: 1976.

On-site services: Frequent safety audits/reviews of current programs, training classes or seminars, development of emergency and security plans.

Other services: Frequent development of training materials. Occasional OSHA compliance.

Staff: One professional.

Clients: 10 corporate and institutional clients; 90% with gross revenues less than \$200 million, 10% with more than \$3.5 billion.

Specialties: Educational institutions.

1990 gross revenues: \$123,000 total, 100% from unbundled safety consulting services.

Principal officers: Robert F. Jonaitis, president.

H

C.R. Haines & Associates

825 Wheelwright Drive, Manchester,
Mo. 63021; 314-227-3959;
fax: 314-227-3959

Founded: 1984.

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

Off-site services: Training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research, product liability research, litigation defense, rehabilitation.

Staff: Two total; one assigned to safety consulting, including one PE designation and one ASSE member.

Clients: 10 corporate and institutional clients; 100% with gross revenues less than \$200 million.

Specialties: Construction, amusement, scaffolding.

1990 gross revenues: \$80,000 total, 100% from unbundled safety consulting services.

Principal officers: Charles R. Haines.

Hewitt, Coleman & Associates Inc.

P.O. Box 3665, Greenville, S.C.
29608; 803-240-5800;
fax: 803-232-8824

Founded: 1923.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars, environmental engineering and risk management consulting. Occasional industrial hygiene program assistance, occupational health program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, ergonomic research. Occasional rehabilitation, industrial hygiene research, occupational health research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Seven total; five assigned to safety consulting, including one ALCM, two CSM, two CSP, one CSS designations.

Clients: 800 total.

Specialties: Municipalities, textiles, lumber, manufacturing, above-ground mining, hospitals and construction.

Branch offices: Raleigh, N.C.; Atlanta; Orlando, Fla.; Birmingham, Ala.; Denver.

1990 gross revenues: 20% from unbundled safety consulting services; 80% from claims administration, excess placement, underwriting, data management, risk retention groups and captive insurance companies.

Principal officers: Charles R. Warne, president; Ronald J. Whitty, vp-finance/administration; Ronald J. Graves, vp-loss control.

Contact: Ronald J. Graves, 803-240-5808.

Charles M. Hunt

5043 Grape, Houston, Texas
77096; 713-665-8249

Founded: 1985.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance.

Staff: One total assigned to safety consulting who holds a CSP designation.

Clients: Four total; 100% of corporate and institutional clients with gross revenues less than \$200 million.

1990 gross revenues: \$8,000 total.

Contact: Charles M. Hunt.

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Risk Sciences Group²
INCORPORATED

A Subsidiary of Crawford & Company

I.P.C. Chicago Inc.

787 Beverly Place, Lake Forest,
60045; 312-718-7395

Year founded: 1986.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic

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Continued from previous page
 program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, asbestos training.

Off-site services: Frequent training classes or seminars, laboratory analysis for environmental hazards.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, fire protection engineering, industrial hygiene laboratory.

Staff: Four total; including one AIHA, one ARM, one ASP, one CHP, one CHCM, one CSP, one RN, one NSC designations and one ASSE member.

Clients: 200 total; corporate and institutional clients include 50% with gross revenues less than \$200 million, 20% with \$201 million to \$500 million, 15% with \$501 million to \$999 million, 10% with \$1 billion to \$3.5 billion, 5% with more than \$3.5 billion.

Specialties: Asbestos, lead, fire, environmental audits.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Robert G. Cooley, president.

IVE Inc.

178 N. Alta St., Salt Lake City, Utah 84103; 801-359-1821

Founded: 1982.

On-site services: Frequent training classes or seminars.

Off-site services: Training classes or seminars, home study courses.

Other services: Publication of safety materials or videos, development of training materials, IAQ, lab ventilation.

Staff: Three total; all assigned to industrial hygiene consulting, including one AIHA, one CIH, one CSP, one PE designations and one ASSE member.

Clients: 30 total.

Principal officers: D.J. Burton.

Industrial Safety Consultants

4 Pamona Ave., Birmingham, Ala. 35209; 205-879-5159

Founded: 1972.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent OSHA compliance, occupational health research, product liability research. Occasional publication of safety materials or videos, development of training materials.

Staff: One total who holds an NSC designation and is an ASSE member.

Clients: 100% with gross revenues less than \$200 million.

Specialties: Construction, manufacturing, legal profession.

1990 gross revenues: \$20,000 total.

Principal officers: Fred Melof, industrial safety consultant.

Industrial Technical Associates

3 Stanley Road, P.O. Box 332, West Orange, N.J. 07052; 201-674-2625

On-site services: Frequent safety audits/reviews of current programs, industrial hygiene program assistance, hazardous waste control. Occasional safety program assistance, ergonomic program assistance, training classes or seminars.

Off-site services: Training classes or seminars.

Other services: Development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering, industrial hygiene testing.

Staff: Five total; one assigned to safety consulting, one assigned to industrial hygiene consulting, including one AIHA, one CSP, one PE, one NSC designations and one ASSE member.

Clients: 100 total.

1990 gross revenues: \$150,000; all from unbundled safety consulting services.

Principal officers: A. Wallach, president; R. Wallach, secretary/treasurer.

Industrial Training Systems Corp.

9 E. Stow Road, Marlton, N.J. 08053; 609-983-7300; fax: 609-983-4311

Founded: 1974.

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

Off-site services: Frequent training classes or seminars, safety training product review sessions, custom production of videotapes, interactive video disk.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, chemical hazard evaluation. Industrial hygiene testing done in independent certified testing laboratories.

Continued on page 61

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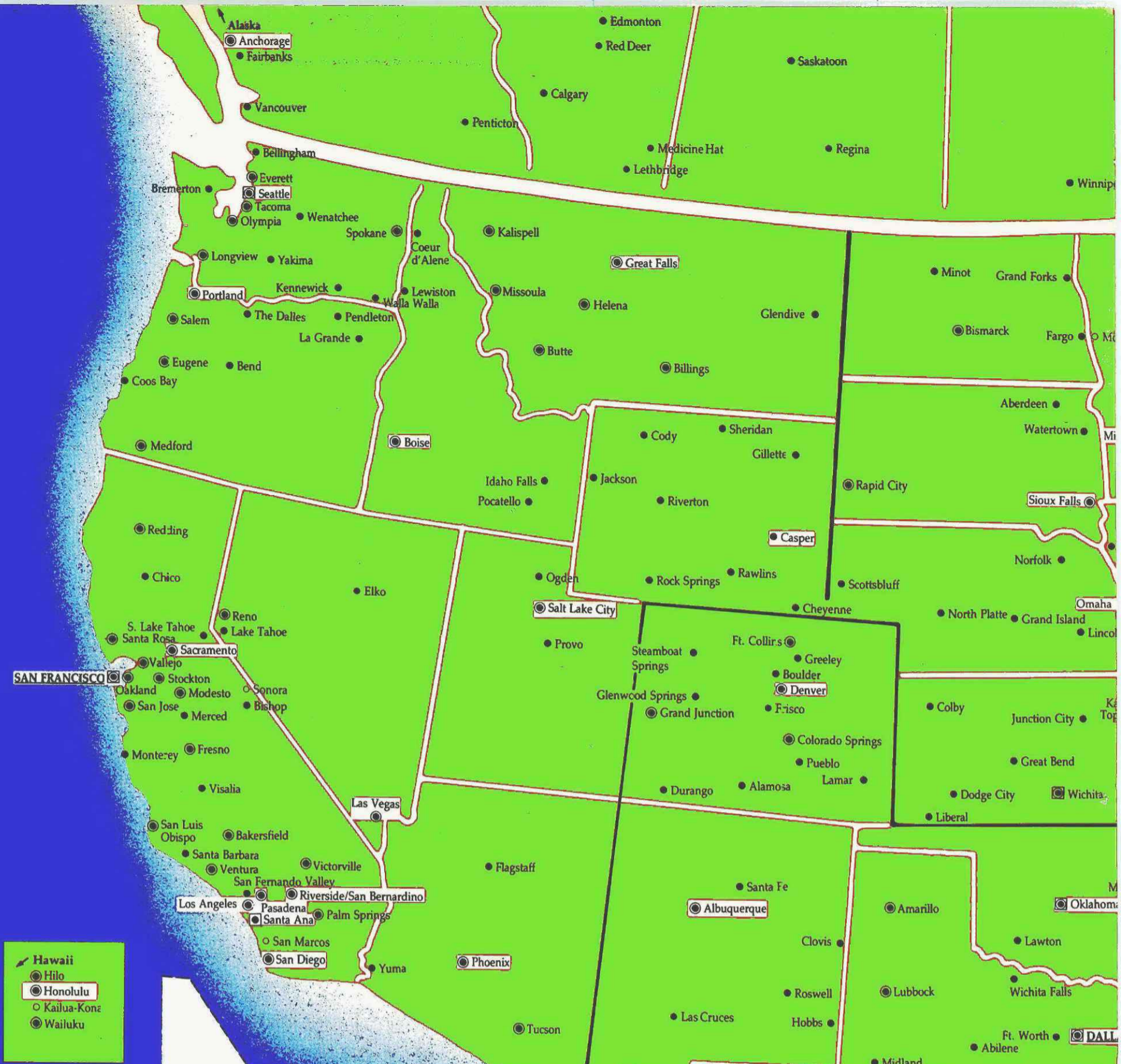
Address: _____

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Barry LaFleur
 Vice President
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 Crawford & Company
 5620 Glenridge Drive, N.E.
 P.O. Box 5047
 Atlanta, GA 30302



BI-WC



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'Employer empowerment'

Movement to repair workers comp can make a difference

By Michael R. Costigan

DO EMPLOYERS HAVE THE ability to control rising workers compensation costs? One look at the factors involved—soaring medical expenses, growing litigation, vague and confusing state regulations—would suggest that the answer is no. But in the competitive 1990s, an increasing number of U.S. companies are stepping up to the challenge. They're attacking the delay, confusion and mistrust that get in the way of effective workers compensation administration and helping to restore order to a system that many felt was beyond repair.

Observers call this movement "employer empowerment," reflecting the bold, take-charge attitude employers must adopt as they seek to reduce workers compensation costs. It's a practical, common-sense approach that stresses active management of each case from the moment an injury occurs. But before employers can succeed with the empowerment approach, they must take a fresh look at workplace risks and commit to dealing with them in dramatically different ways.

In the past several decades, employers have stressed workplace safety in trying to control workers compensation costs. They've based their actions on the belief that fewer accidents will mean lower expenses. In the process, many have built enviable safety records, yet were shocked to find that workers compensation premiums didn't always drop when accident rates did.

What these employers may not have realized is that it's generally the severity of claims—not their frequency—that drives a company's total loss costs. Furthermore, they've failed to acknowledge that accidents will happen, even when the best safety measures are enacted to prevent them. The vision of an accident-free workplace blinded these employers to the need for procedures that could help them deal with the few injuries that might occur. They learned the hard way that without good case management, any claim can turn into a major workers compensation loss.

In today's economy, employers have more incentive than ever to seek lower workers compensation premiums. They're taking a hard look at their losses and attempting to fill the gaps left by their traditional safety programs. Many are building post-injury response systems that specify what the company will do when a worker is hurt on the job. The driving philosophy behind these systems is that it's the employer's responsibility—not the doctor's or the insurer's—to ensure that the worker's medical and financial needs are met.

How does an effective post-injury response system work? What is its value in managing workers compensation costs? We can begin to answer these questions by taking a look at the basic goals that well-designed response systems seek to achieve:

- Prompt, appropriate medical care for injured workers.

Employers know that delayed or inadequate medical care can complicate even the simplest workplace injury. They fear state laws that keep employers from dictating when, where and from whom workers will receive treatment. However, few employers have felt comfortable taking direct action against this problem.

Yet while some state laws preserve the right of injured workers to choose their own medical providers, virtually none restricts the employer from suggesting possible sources of care. What's more, employees may really need help in finding treatment. "If the workers doesn't know where to go, the problem's going to land back in your lap anyway," a company risk manager once told me.

More and more employers are building relationships with local providers in an effort to ensure swift, appropriate treatment for their workers. Some use lists of providers they've worked with successfully in the

past.

Others join preferred provider networks that specialize in treating workers compensation cases.

But the most significant change is the sense of urgency they're showing in dealing with workplace injuries. Active involvement has replaced the old notion that doctors alone should minister to the worker's needs.

- Clear, supportive communication.

Confusion and misunderstanding are a common theme in the most troublesome workers compensation cases. Often this unhealthy pattern develops within hours of the injury. The worker wonders, "How serious is my injury? What will happen if I can't go back to work right away?"

Physicians can help with medically related questions. But the employer also must provide reassurance that the worker's overall needs will be met. A full explanation of workers compensation benefits, for example, should be offered right away. Good post-injury response systems call for this conversation to take place within 24 hours of injury.

They also specify continuing contact so that employees who are away from work for a few weeks don't begin to feel alienated and resentful. Periodic discussions can remind workers that they're valued—and that the employer wants to see them back as soon as possible.

Can something as simple as a friendly phone call really make a difference? One study showed that disabled workers who heard from their employers soon after injury actually returned to work about 20% earlier than those who had no contact. The impact on lost-time benefits can be significant.

- A healthy return to work.

Who is responsible for saying when an injured employee can return to work? In the past, many employers left that call up to the treating physician. But more and more, employers realize that physicians need help in making these assessments. They're developing systems to notify doctors of employees' job requirements and to explain how light-duty programs work. This dialogue becomes the basis for an action plan—"the bridge over which (employer and employee) pass from injury to a successful return to work," explains author and disability manager Gene L. Dent.

Many employers have had great success with light-duty programs, as well as the new work-hardening approaches that ease employees back into their work routines. General Motors Corp. estimates that it has saved \$1.7 million over 10 years by setting up a transitional workshop for injured workers.

But formal programs aren't always necessary to achieve good results. Half the battle is letting employees know that the company cares about their recovery and wants them to rejoin the workforce. This eliminates the angry, neglected feelings that too often propel employees to stay away much longer than medically necessary—and, in the worst cases, to seek legal counsel.

Employers aren't alone in their efforts to develop post-injury response systems. Insurers, too, have a stake in making sure that workers receive prompt, effective care. Progressive insurers are replacing retroactive claim review with up-front utilization review, which helps promote early communication among insurers, employers, physicians and employees. This effort should pay real dividends, since it reduces the tensions often felt when outside parties appear to question a doctor's treatment plan after initial care has been rendered. Through mutual support and trust, all parties can arrange cost-effective care that suits the worker's special needs.

Prospective UR is just one example of the ways insurers are seeking to strengthen their relationships with the medical community. They're also forming close partnerships with providers who specialize in

treating workers compensation patients. In some cases, these providers may offer preferred rates, but quality care—not discounts—is the focus of these partnerships. Most insurers feel that early intervention in the medical delivery system will yield greater savings than any discount program alone could produce.

Insurers are wise to seek better, earlier communication with medical providers and employers. However, they cannot reach this goal until one crucial problem is solved: delays in the reporting of workers compensation claims, which makes it difficult, if not impossible, for insurers to play a meaningful role in post-injury response efforts.

Today, the average workers compensation claim reaches the insurer between 14 and 21 days after the injury occurs. By that time, the opportunity to provide helpful suggestions through early UR has all but disappeared. The long delay also may have convinced the employee that the insurer doesn't care much about his or her welfare.

What causes the lag in the reporting of workers compensation claims? The problem is often blamed on the paperwork employers must complete after every accident. An obvious solution, then, is to replace that paperwork with a toll-free hot line employers can call right after an injury occurs.

This month, Travelers Corp. will introduce a nationwide telephone network employers can use to report workers compensation claims. Pilot programs run last spring showed that the average case can be reported in about 10 minutes. After the call is completed, a state-specific initial notice of loss is sent from the centralized reporting location to the office that will manage the claim.

"In one case, we found the local claims people had all the information just 30 seconds after we hung up the phone," said John Rayder, workers compensation senior analyst with American Airlines Inc., which took part in the pilot program.

During the program, American Airlines was able to reduce the reporting time on most claims from days to minutes, Mr. Rayder noted. The airline is now working to make the most of the time advantage gained through early reporting. "The call-in system is a valuable first step in improving the way we handle workers compensation claims," he said. "It will help us reassure workers before they get worried enough to seek guidance elsewhere."

Reduced paperwork and earlier contact with injured workers are just some of the benefits employers may reap from telephone reporting. Prompt reporting also means that the approved benefits can be processed sooner—easing the workers' financial worries while fulfilling the employer's promise that the worker's needs will be met. And, early insurer involvement also can serve as a check against potential workers compensation abuse. The insurer's contact with doctors and patients places everyone on notice that the case will be monitored carefully.

Employer empowerment deals a substantial blow to the forces behind higher workers compensation costs. It does this by ensuring that the workers compensation system does what it was originally intended to do: provide injured workers with medical care and financial support without having to sue their employers for it. And when the system works, there's little need for the hearings, independent medical exams and costly litigation that only increase total costs. ■



Michael R. Costigan is vp-property/casualty claim department at The Travelers Insurance Co. in Hartford, Conn.

Slowing the cost spiral

By Safiya Edwards

THE PROBLEM of compensation for worker injury and occupational disease has always plagued U.S. employers, but nearly three generations ago, employers, insurers and state legislators collaborated on a long-term solution to the growing workers compensation turmoil.

Their plan of action was brilliant for the times: a state-operated workers compensation system that would provide a no-fault, exclusive remedy for accident and injury on the job, cost-effective medical treatment and responsible income replacement.

Today, more than 70 years later, the workers compensation system has returned to a state of turmoil, assaulted by rising health care costs, increasingly complex occupational disease and political intervention. Once again, the problem demands new short- and long-term solutions.

The most immediate problem for employers is cost. Workers compensation costs are rising dangerously, threatening the viability of the whole system. Costs are increasing at least 10% annually and have increased to \$45 billion in 1990 from \$6 billion in 1974. And, according to the National Assn. of Insurance Commissioners, insurance companies stopped making a profit on workers compensation insurance in 1985.

As a result, these costs have led to double-digit workers compensation insurance premium increases (higher or lower depending upon industry and loss history) as insurers try to make up for their losses. And major insurers are pulling out of some states altogether.

One of the most apparent reasons for these increases is the rapidly increasing medical cost component of workers compensation claims. Since 1975, the workers compensation system has been diverting more and more of its cash flow into medical costs. The portion of the workers compensation claims dollar attributable to medical costs has risen to 40% in 1990 from 30% in 1975.

Of course, the workers compensation system shares this problem with the nation's health care industry, and employers are also feeling the economic strain in the cost of their employee health benefits. For the past several years, health care inflation has been greater than 20% each year. This

Managed care can be effective in work comp

unhappy fact is fueled by an aging workforce whose medical needs can be more complex and costly, a technological revolution that creates more powerful but more expensive equipment and procedures, and the social influence of wider drug and alcohol abuse (which also increases accident frequency).

However, workers compensation is particularly sensitive to these trends, perhaps even more sensitive than the health care industry at large. The workers compensation system is very vulnerable to cost shifting from employee benefit plans and Medicare. Also, conditions considered compensable, such as stress complaints, are expanding.

Employers have made excellent strides in educating their employees to be better health care consumers and have increased employees' incentives to hold down group health care costs with higher deductibles and copayments. Employers also have redesigned employee health plans to attack the problems of costs in several ways, using prospective, concurrent and retrospective techniques to reduce unit costs, like hospital room rates and medical fees, and to influence utilization factors, like hospital admissions and lengths of stay.

Among these "managed care" techniques are preferred provider organizations, used to prospectively reduce the unit cost of health care.

In the past few years, the cost-cutting results of PPOs have been widely reported and, when used in conjunction with other managed care techniques, they have succeeded in reducing health care costs in some situations. However, managed care techniques have not yet helped control workers compensation cost inflation to the same extent as in group health care plans, primarily because of the differences between the two systems.

Under the workers compensation system, workers tend to be not at all price-sensitive because workers compensation provides first-dollar coverage medical treatment. And health care providers, America's 500,000 physicians and 6,000 hospitals, have had little incentive to control either the utilization or

the unit cost of care delivered under the workers compensation system.

Despite the differences between the general health care system and the workers compensation system, PPOs and other managed care tactics can also provide some relief to employers from the health care costs associated with workers compensation. Specifically, employers wanting to manage their rising workers compensation costs need to focus directly on its causes with the full range of managed care techniques:

- Case management.
- Physician, practitioner and hospital bill auditing.
- PPOs.

PPO networks can be a powerful tool for employers dealing with runaway medical costs in workers compensation. Like any other cost containment service, though, networks need to be chosen carefully and employers need to balance their needs against the capabilities of the networks.

Employers also need to remember that PPO networks are only part of the managed care process and should be used along with other cost containment techniques, not as a replacement for other services. The various tools in the managed care repertoire—like hospital preadmission certification, targeted care review, continued stay review, disability management, auditing and hospital bill review—are absolutely essential to the cost containment effort.

Successful managed care is the result of unit cost and utilization management working synergistically, and the whole is a much more potent workers compensation cost remedy than just the sum of the parts.

A crucial component in a managed care strategy for workers compensation is the timing of intervention throughout the life of a claim. Managed care techniques should be applied prospectively, concurrently and retrospectively from the point of injury to the closing of the file.

PPOs and preadmission certification as prospective techniques work hand in hand with concurrent techniques like continued stay review and medical and vocational rehabilitation. Of course, the managed care process also must continue

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How to investigate a private eye

By Tom Severin

THE USE OF VIDEO surveillance as a claim management tool has become a vital option for claims professionals searching for evidence to use in the fight against exaggerated workers compensation claims.

As the utilization of video surveillance intensified in the last 10 years, so did the number of detective agencies claiming to be "surveillance professionals." The claims handler assigning surveillance will realize better and more cost-effective results if potential surveillance vendors are appropriately screened for their degree of expertise and the subsequent surveillance is closely monitored for effort and results.

The selection of an investigative agency that specializes in video surveillance is the first hurdle for the claims professional. Search out claims handlers within your own company or at another insurer who have had successful experiences with surveillances. Inquire about the agency's success record, work

quality and speed in reporting.

A claims handler's inquiry should include these questions:

- What is the experience level of the investigators assigned to surveillance in city, suburban and rural locations?

Tactics differ greatly in each of these environments.

- What type of surveillance vehicle is used? Whether a specially equipped van, utility vehicle or automobile, the vehicle must be appropriate for the surveillance environment to increase the advantage for the investigators.

- Does the agency use industrial video cameras that will accommodate jumbo telephoto lenses for clear facial identification?

- Will the agency conduct the surveillance within the laws pertaining to privacy, entrapment and harassment?

- Does the agency carry sufficient liability insurance as required by most states?

Once an agency has been selected, the claims professional should determine if the initial investigative approach will be

an "activities check" or a video surveillance. An activities check is a discreet intelligence-gathering operation, usually taken from sources in the claimant's neighborhood. This is a cost-effective option suitable for when the file does not contain specific information on the petitioner's condition, and may determine if a surveillance is even warranted.

A successful activities investigation costs about \$250 to \$400 and will spotlight, among other areas, the following points of interest: the subject's possible employment; the amount of time spent away from home and the schedule of departures and arrivals; any activities around the home, including home and auto repair, sports and yardwork; and outward signs of disability.

In cases where surveillance is the only method to determine a claimant's activities, the operation should be conducted on a day-by-day basis with your investigators providing daily progress reports.

In the large majority of workers comp surveillances, two or three days of surveillance will provide an accurate picture of the claimant's physical abilities and hidden employment. In cases where only one day of videotape was obtained, the petitioner's attorney may claim his client had a "good day" and that the videotape is an inaccurate representation of his client's abilities.

It is important that your investigators are instructed to provide daily updates concerning on-going surveillances. By staying in touch, your fraud-fighting efforts will be more effective, and your interest lets the investigators know that you are concerned about their efforts. ■



Tom Severin is chief investigator and director of training for U.S. INTELL, a Glenview, Ill.-based company that specializes in personal injury claims.



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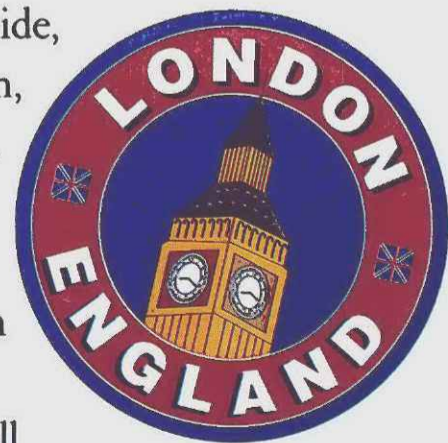
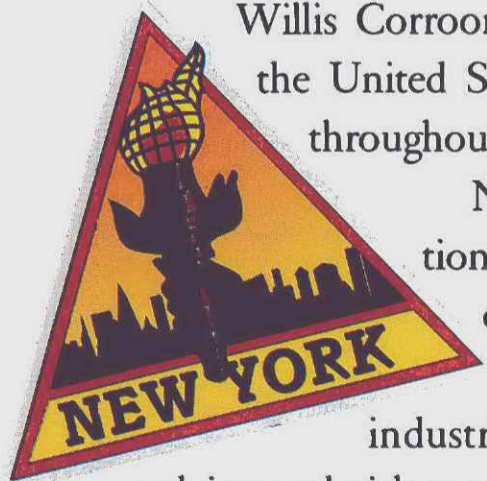
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Workers comp managed care

Continued from page 58

on a retrospective basis with hospital and provider bill reviews.

Although managed care can be an effective remedy for rising health care costs associated with workers compensation, the problems with the workers compensation system overall run much deeper and require even more complex solutions. There are, however, many interim steps employers can take in their journey toward managing their workers compensation health care costs.

In the past 15 years, the bedrock principle of workers compensation has been substantially eroded by new legal, political and social attitudes that, in the long run, threaten the viability of the system.

The growing complexity of workers compensation claims and the increasing sense of entitlement among employees has made workers comp much more adversarial than it was ever intended to be, and the number of contested and adjudicated claims is growing at an alarming rate.

State regulators have been slow to acknowledge

and respond to these problems and, while workers compensation reform is always a popular topic in state capitals, it remains an issue that receives lots of talk but little action.

State regulators and legislators also need to work with industry and the medical profession to develop a concept of extended care to deal with the situations that transcend the traditional workers comp system.

One popular proposal for this purpose is a system of 24-hour coverage that would allow employers to apply seamless managed care to both workers comp and general health benefits. Managed care networks involving PPOs are already positioned to participate in a solution to these issues, because the experience of such organizations includes both workers comp medical treatment and group health care.

Employers need to develop creative strategies in order to effectively deal with regulatory issues that prevent them from using all of the managed care techniques available in the group health care arena. This is a tremendous employee communication challenge but one that deserves increased attention. Sharing a percentage of savings with the injured or ill employee is one such innovative technique that

provides an incentive for employees to choose an in-network provider.

Social attitudes also need to be addressed by employers, insurers and the health care industry. Part of the present turmoil in the workers comp system is society's loss of confidence in a system that initially served efficiently and well, but whose effectiveness has eroded over time. Worker groups, unions and employees at-large seem to have lost sight of the original mission of workers compensation and the value it still holds for employee and employer. Some social re-education is called for about the benefits of workers comp and how we each play a role in its effectiveness. If we are indeed working toward a long-term solution, we must work together on all fronts from safety and prevention to efficient and thoughtful delivery of benefits. ■

Safiya Edwards is director of network management and development at Intracorp, a Berwyn-Pa.-based CIGNA Corp. unit that provides health care cost containment and disability management products and services.

Medical review systems

Systems focus on appropriate health care, instead of billing

By David A. Tweedy

LAST MONTH I discussed programs that perform bill reviews or audits, the software most widely used by claims administration system vendors and third-party administrators. Lately, however, medical review analysis has been getting more attention in the cost containment/medical case management field.

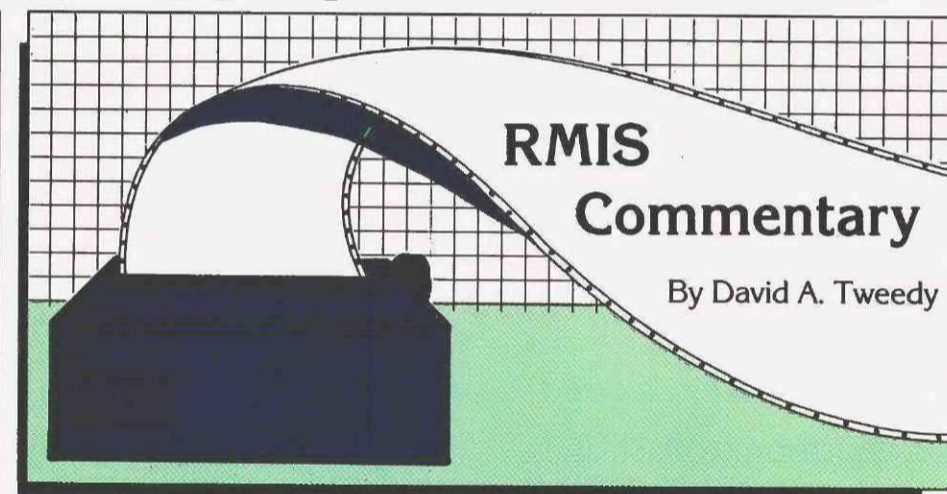
Whereas bill audit software seeks to find out whether certain charges are in compliance with hospital or provider fee schedules, medical review systems broaden the scope by focusing on the appropriateness of the treatment provided. Not all vendors possess this type of capability.

Also, not all medical review software offers the same scope of analysis. While one product will simply flag questionable procedures for further analysis, others are more in the line of artificial intelligence and may actually propose an alternate treatment pattern. Such programs are available for mainframes, minicomputers and personal computers.

At its most basic, medical review software assesses the appropriateness of treatment.

This sort of program tracks the medical claims against the first report of injury's specified industrial accident or occupational disease. It also spots any pre-existing conditions aggravated by a new injury. The objective is to ensure that described procedures on medical bills match up with what is on the first report of injury. For example, if the claimant initially reported a lower back injury, an employer should not be paying claims for carpal tunnel syndrome or a fractured finger.

Surprisingly, however, medical bills—especially the larger ones—can be fraught with mistakes (both honest and planned). It is no secret that there are "aggressive" billing strategies



being used by the medical community today to increase cash flow. An example could be a chiropractor or orthopedic surgeon prescribing physical therapy or any treatment plan involving multiple office visits. Creative billing strategies will often vary several different office visits for the same injury within a large itemized statement, in addition to including services that were either not performed or even warranted. Medical review software is designed to identify these discrepancies.

Closely related to the necessity of medical treatment is whether the provided services are within the commonly accepted medical/surgical ground rules for billing procedures. For example, Crawford & Co.'s Sentinel system evaluates the bills to make sure they are in compliance with the "global surgical fee concept." These ground rules are based on physician billing practices established over the years and accepted by most doctors. Most U.S. health insurers have also adopted them.

The next phase of medical review software involves the human element. The software is meant to identify certain procedures, billing practices or treatment programs that are too complicated or unusual. The system flags these situations and they are brought to the attention of physicians

or registered nurses for their review. When such instances occur, those medical personnel will make recommendations to the claims adjuster for proper case management intervention.

The last—and most interesting and complex—level approaches an artificial intelligence or expert system application. Essentially, this level of medical review software builds upon the previously discussed technology but expands it to include an entire treatment pattern for an injured employee, not just isolated individual services. The objective is still the same: to assess the appropriateness, frequency, and intensity of services billed by medical providers.

This type of system retrospectively analyzes all medical services and bills provided on a claim, identifying discrepancies, problems and potential alternative treatment procedures.

One of the best examples is "Patterns of Treatment," developed by Computer Sciences Corp./Concurrent Review Technology Inc. Although created for the health insurance industry, it has recently been test-piloted by two large employers that have applied it to the medical component of their workers compensation claims in two quite difficult states: California and Florida.

Patterns of Treatment is based on the grouping of all diagnoses into more than 100 groups. Of these, each has a unique pattern or list of services appropriate to the diagnosis group. Each service has a predetermined and specific maximum frequency for service control volume.

The claims organization submits a tape of all medical services rendered per claim and claimant to the medical review team, which analyzes the data, identifying any discrepancies, like over- or underutilization of services, billing aberrations, unnecessary procedures, etc.

For example, the attending physician on the claim recommends back surgery on a lumbar disk based upon all relevant medical information on the injured employee. However, the software flags the claim as potentially "arbitrary or capricious." The medical adviser will then review the specifics and may make a recommendation to the claims organization on an alternative way to handle the case.

To summarize, medical cost management has become an integral part of the claims management process. It represents a tangible return on investment for the user of an RMIS with that capability as it clearly identifies excessive medical costs in workers compensation cases. It could mean literally thousands of dollars. ■

David A. Tweedy is a senior consultant for Betterley Risk Consultants Inc. in Worcester, Mass. He is the editor of Betterley Risk Management Commentary and the author of RMIS Update, a yearly



publication analyzing major risk management information systems and vendors. Mr. Tweedy's column on risk management information systems appears the third Monday of the month.

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Staff: 55 total; five assigned to safety consulting, one assigned to occupational health consulting, two assigned to industrial hygiene consulting including two AIHA, two CIH, two CSP, two PE, one NSC, two CET, one REM, two NETA, four TMA designations and two ASSE members.

Clients: 20,000 total, 13,000 corporate and institutional clients; 30% with gross revenues less than \$200 million, 30% with \$200 million to \$500 million, 25% with \$500 million to \$999, 10% with \$1 billion to \$3.5 billion, 5% with more than \$3.5 billion.

Branch offices: Hamilton, Ontario.

1990 gross revenues: \$4 million total, 90% from unbundled safety consulting services, 10% from skills training services.

Principal officers: John M. Evans, president; Jack A. Cowan, chairman.

Contact: Ted Trump, manager-training, or Joe Quick, 800-727-2487 or 416-333-4310 (Canada).

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Founded: 1989.

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

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

Staff: 14 total; four assigned to safety consulting, including two ALCM, one ARM, three CSP designations.

Clients: 49 total; all corporate and institutional clients, 100% with gross revenues less than \$200 million.

Branch offices: Dallas; Atlanta; Reno, Nev.

1990 gross revenues: \$1.4 million total, 25% from unbundled safety consulting services.

Principal officers: Alfred Kirkpatrick, president; Laura Patten, vp-operations; Valeta Paganelli, vp; Lani Amarino, human resources; Gordon K. Gordon, new business director.

Contact: Laura Patten.

Insurance Management Services Inc.

32255 Northwestern Highway, Suite 290, Farmington Hills, Mich. 48334-1517; 313-855-8815; fax: 313-855-1642

Founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, product liability evaluation, accident investigation, expert witness. Occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, product liability research. Occasional rehabilitation, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Five total; three assigned to safety consulting, one assigned to occupational health consulting, one assigned to industrial hygiene consulting, including one ASP, one CSP, one RN designations and five ASSE members.

Clients: 600 total; corporate and institutional clients include 60% with gross revenues less than \$200 million, 20% with \$201 million to \$500 million, 20% with \$501 million to \$999 million.

Specialties: Manufacturing, service.

1990 gross revenues: \$1.9 million total, 25% from unbundled safety consulting services.

Principal officers: Dennis Jacobs,

president.

Contact: Colleen Doyle, Dennis Jacobs.

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777 New Durham Road, Edison, N.J. 08817; 908-549-3666; fax: 908-548-0778

Founded: 1985.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent OSHA compliance, product liability research, noise and vibration research, fire protection engineering. Occasional development of training materials, rehabilitation, industrial hygiene research, occupational health research, ergonomic research.

Staff: Five total; two assigned to

safety consulting, one assigned to occupational health consulting, two assigned to industrial hygiene consulting, including one ASP, one CIH, one CSP, one PE, one Ph.D. designations and two ASSE members.

Clients: 100 corporate and institutional clients; 75% with gross revenues less than \$200 million, 3% with \$201 million to \$500 million, 7% with \$501 million to \$999 million, 5% with \$1 billion to \$3.5 billion, 10% with more than \$3.5 billion.

Specialties: Petrochemical industry, hazardous waste industry, hydroelectric generating facilities.

1990 gross revenues: \$6 million total, 60% from unbundled safety consulting services, 40% from other services including environmental engineering.

Principal officers: Alan Goeltz, president; Tim Jarema, vp.

Contact: Dr. Willard R. Kleckner.

Insurers Technical Services Inc.

8600 N.W. 36th St., Miami, Fla. 33166; 305-599-7410; fax: 305-599-7422

Founded: 1983.

Parent company: Skandia Group.

On-site services: Frequent safety audits/reviews of current programs, insurance underwriting surveys, safety program assistance. Occasional industrial hygiene program assistance, training classes or seminars.

Other services: Frequent fire protection engineering. Occasional development of training materials, OSHA compliance, noise and vibration research.

Staff: 12 total; 10 assigned to safety consulting, including two CSP, one OHST, one CST designations and four ASSE members.

Clients: 15 total; 10 corporate and institutional clients; 20% with gross revenues less than \$200 million, 50% with \$201 million to \$500 million; 30% \$501 million to \$999 billion.

Specialties: Property and casualty insurance companies.

Branch offices: Maitland, Fla.

1990 gross revenues: \$500,000 total, 70% from unbundled safety consulting services, 30% from other

services including bundled safety services and appraisal services.

Principal officers: R.C. Chaffin, president; John Marshall, vp; Martin Lerner, director.

Contact: Martin Lerner.

International Loss Control Institute

4546 Atlanta Highway, P.O. Box 1898, Loganville, Ga. 30249; 404-466-2208; fax: 404-466-4318

Founded: 1974.

Parent company: Det Norske Veritas.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, research and development of customized loss control training program. Occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials.


Staff: 114 total; 51 assigned to safety consulting, including one

Continued on next page



MARCH 5, 1994

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Continued from previous page
 AIHA, 10 ALCM, 12 CHCM, one CIE, three CRSP, eight CSP, one CSS, four PE, five Ph.D., 30 ASA, one DVM designations and 10 ASSE members.
Specialties: Oil and petrochemical, process industries.
Contact: Susan B. Arnold.

J

**C.E. Jackson Jr.,
 Construction Consultant**
 P.O. Box 1226, McComb, Miss.
 39648; 601-624-1107

Founded: 1966.
On-site services: Training classes or seminars.
Off-site services: Research safety standards.
Other services: OSHA compliance, construction safety consulting.
Staff: One total assigned to safety consulting who holds a PE designation and is an ASSE member.

Specialties: Construction.
Principal officers: C.E. Jackson Jr.

Jacobs Consulting Ltd.
 P.O. Box 1779, St. Paul, Minn.
 55111; 612-699-7938;
 fax: 612-699-7938

Founded: 1990.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars, ergonomic task evaluation and design, abatement of OSHA ergonomic citations, ergonomic technical and awareness training.
Other services: Frequent OSHA compliance. Occasional publication of safety materials or videos, development of training materials, ergonomic research, product liability research.
Staff: One total assigned to safety consulting who holds a CSP designation and is an ASSE member.
Clients: 18 total, all corporate and institutional clients 90% with gross revenues less than \$200 million, 10%

with \$201 million to \$500 million.
Specialties: Food processing, meat and poultry, manufacturing, electronics, wood products, assembly.
1990 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Philip Jacobs, president.

**William L. Jacobs
 Enterprises Inc.**
 P.O. Box 7333, Fort Lauderdale,
 Fla. 33338; 305-766-9910

Founded: 1987.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, training classes or seminars.
Off-site services: Training classes or seminars.
Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, ergonomic research, product liability research, prevention of slip and falls.
Staff: Four total; three assigned to safety consulting, including two CHCM, one CSP, one OHST, one PE, two NSC designations and two ASSE members.
Clients: 100% with gross revenues less than \$200 million.
Specialties: Retailers, supermarkets, municipalities, construction.
Branch offices: Osteen, Fla.
1990 gross revenues: 100% from unbundled safety consulting services.
Principal officers: William L. Jacobs.

Jarry Associates
 108 Commonwealth Drive, Basking
 Ridge, N.J. 07920; 201-647-9031

Founded: 1980.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance. Occasional training classes or seminars.
Other services: Frequent OSHA compliance, product liability research. Occasional publication of safety materials or videos, development of training materials, ergonomic research.
Staff: Three total; two assigned to safety consulting, including one ARM, two CSP, two PE designations and three ASSE members.
Clients: Two total, 92% with gross revenues less than \$200 million, 8% with \$201 million to \$500 million, 2% with \$501 million to \$999 million.
Specialties: Manufacturing.
Branch offices: Center Conway, N.H.
1990 gross revenues: \$58,000 total, 100% from unbundled safety consulting services.
Principal officers: Harry J. Eiermann, principal consultant.

Phil Jaynes & Associates
 7414 Sunpointe Lane, Sacramento,
 Calif. 95828-2619; 916-682-5209;
 fax: 916-689-5977

Founded: 1972.
On-site services: Safety audits/reviews of current programs, safety program assistance, training classes or seminars, safety research, expert witness, sales assistance.
Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research.
Staff: One total who holds a CSP designation and is an ASSE member.
Clients: 12 total; all corporate and institutional clients, 91% with gross revenues \$200 million to \$500 million, 9% with more than \$3.5 billion.
Specialties: Heavy industry, construction, legal profession, burn protection.
Principal officers: Phil Jaynes.

**Johnson & Higgins, Loss
 Control Services**
 6 Century Drive, Parsippany, N.J.
 07054; 201-696-4018;
 fax: 201-292-5249

Founded: 1845.
On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, product liability management consulting, environmental management consulting,
Continued on next page

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Continued from previous page
vehicle fleet safety consulting, construction safety.

Off-site services: Occasional training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, noise and vibration research, disaster planning. Occasional publication of safety manuals and videos, occupational health research, fire protection engineering.

Staff: 73 total; 60 assigned to safety consulting, one assigned to industrial hygiene consulting including four AIHA, four ALCM, 14 ARM, five CHCM, one CIH, two CPCU, one CPSM, one CSE, 46 CSP, 14 CSS, 12 PE, two AICHE, six NFPA, five VS, one NAC, three WSO, one ANHPS and 44 ASSE members.

Specialties: Manufacturing, construction, health care, government sector, financial institutions, educational institutions.

Branch offices: Atlanta; Baltimore; Boston; Chicago; Charlotte, N.C.; Cleveland; Costa Mesa, Los Angeles, San Diego and San Francisco, Calif.; Dallas; Detroit and Grand Rapids, Mich.; Hartford, Conn.; Honolulu; Houston; Minneapolis; Nashville, Tenn.; New Orleans; New York; Philadelphia; Phoenix; Pittsburgh; Portland, Ore.; Richmond, Va.; Salt Lake City; Seattle; Washington D.C.

Principal officers: Richard E. Meyer, executive vp; Joseph T. Mullahey, national manager-casualty loss control; Ronald R. Williams, George L. Flick III, Lawrence M. Garvin, Robert F. Satterfield and Charles E. Higgins, regional managers.

Contact: Joseph T. Mullahey.

K

K&T Safety Service Inc.

9888 Bissonnet, Suite 285, Houston, Texas 77036; 713-988-9021; fax: 713-270-9466

Founded: 1981.

On-site services: Safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, asbestos inspections, indoor air monitoring, environmental Phase I assessment, training classes or seminars.

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, OSHA compliance, industrial hygiene research, audits, fire protection engineering.

Staff: Four total; two assigned to safety consulting, two assigned to industrial hygiene consulting, including AIHA, CIH, CSP and PE designations and one ASSE member.

Clients: 100 total; 10 corporate and institutional clients, 100% with gross revenues less than \$200 million.

Specialties: Construction, manufacturers, schools and universities.

1990 gross revenues: \$500,000 total, all from unbundled safety consulting services.

Principal officers: Henry G. Kana, president; S.H. Kana, vp.

M. Kimbrell, Safety Consultant

4024 Dunsmore St., Huntsville, Ala. 35802; 205-883-9605

Founded: 1990.

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

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

Staff: One total who holds a CSE designation and is an ASSE member.

Clients: Three total, one corporate or institutional client with gross revenues less than \$200 million.

Specialties: Manufacturing, legal.

1990 gross revenues: 100% from unbundled safety services.

Principal officers: Murvin J. Kimbrell, president; Julia M. Kimbrell, vp.

Leonard H. Kushner, Professional Engineer

1635 Camino de Villas, Burbank, Calif. 91501; 818-846-1700

Founded: 1976.

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

Other services: Frequent rehabilitation, OSHA compliance, occupational health research, product liability research, fire protection engineering. Occasional publication of safety materials or videos, development of training materials, industrial hygiene research, ergonomic research, noise and vibration research. Industrial hygiene testing done at certified laboratories.

Staff: Three total; all assigned to safety and occupational health consulting, including one PE, one NSC, one ASSE, one NFPA designations and three ASSE members.

Clients: 20 total.

Principal officers: Leonard H. Kushner.

L

Larks Forensic Engineering

4762 Kingfisher Drive, Houston, Texas 77035-4920; 713-721-6644; fax: 713-721-6679

Founded: 1952.

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

Off-site services: Frequent investigation, research, evaluation and deposition testimony.

Other services: OSHA compliance, product liability research, ergonomic injuries, slips and falls, manual material handling.

Staff: One total, assigned to safety consulting who holds CSE, CSP, PE,

NSC, ASTM and ANSI designations and is an ASSE member.

Clients: 200 corporate and institutional clients; 95% with gross revenues less than \$200 million, 5% with \$201 million to \$500 million.

Specialties: Construction, legal.

Principal officers: Jack Larks, forensic consultant.

Law Companies Environmental Group Inc.

114 Town Park Drive, Suite 500, Kennesaw, Ga. 30144; 404-590-4605; fax: 404-421-3526

Founded: 1946.

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

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, noise and vibration re-

search, industrial hygiene testing.

Staff: Six total; two assigned to safety consulting, five assigned to industrial hygiene consulting including four AIHA, three CIH, one Ph.D. designations.

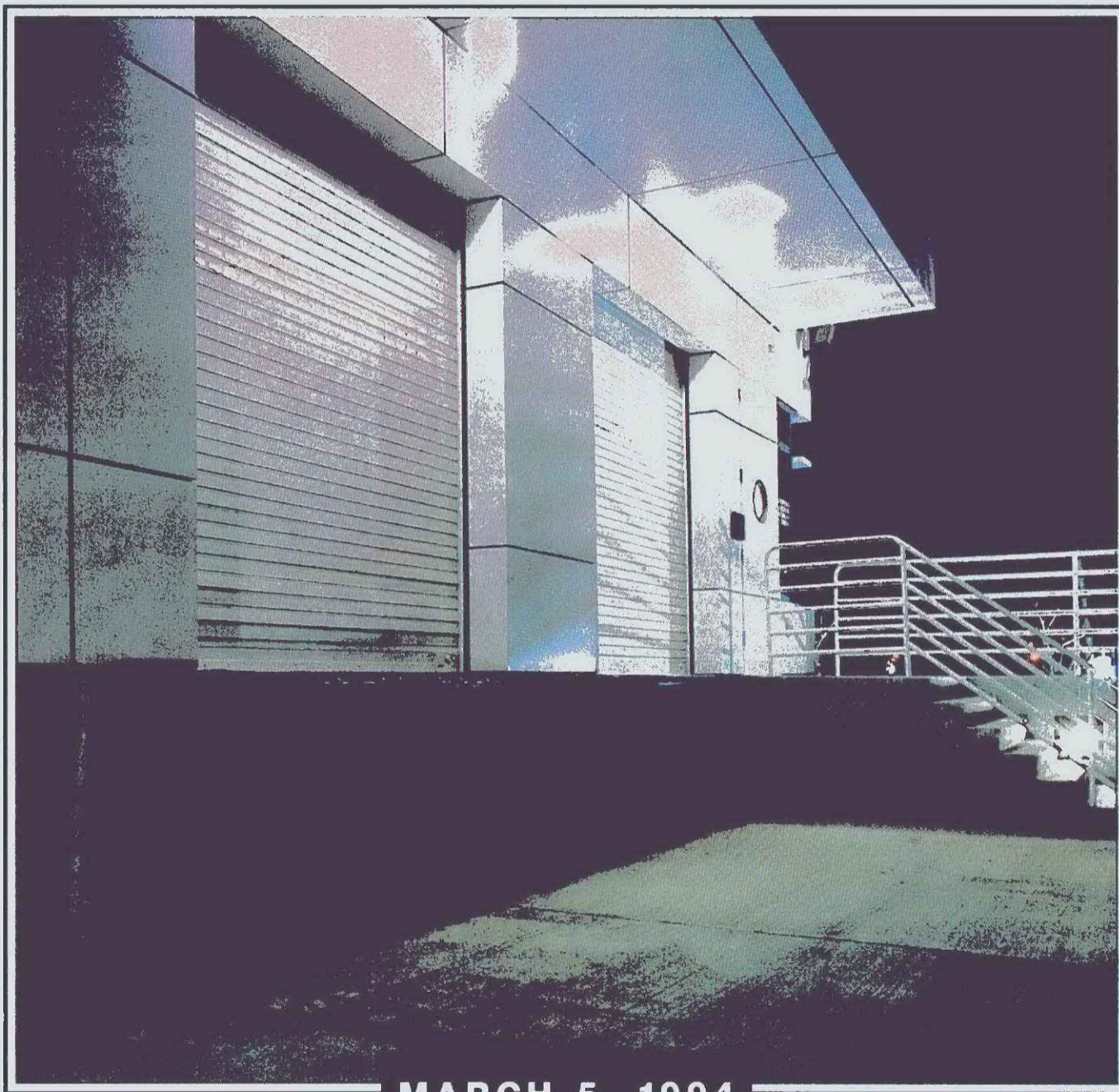
Clients: 800 total; 50 corporate and institutional clients, 30% with gross revenues less than \$200 million, 10% with \$200 million to \$500 million, 10% with \$500 million to \$999 million, 20% with \$1 billion to \$3.5 billion, 30% with more than \$3.5 billion.

Branch offices: Albany, N.Y.; Atlanta; Charlotte, N.C.; Tampa, Fla.; Houston; Los Angeles; Louisville, Ky.; San Francisco; Springfield, Va.; Chicago; New York; Pittsburgh; Seattle; St. Louis; San Juan, Puerto Rico.

1990 gross revenues: \$93 million total, 10% from unbundled safety consulting services, 90% from asbestos operations and maintenance, environmental training, industrial hygiene.

Principal officers: Lee M. Thomas, chairman/chief executive

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MARCH 5, 1994

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program assistance, occupational health program assistance, training classes or seminars, back injury prevention. Occasional industrial hygiene program assistance.

Off-site services: Frequent training classes or seminars, therapy and rehabilitation services.

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

Staff: Four total; one assigned to safety consulting, one assigned to occupational health consulting including one DC and one CIC designation.

Clients: Five total, all corporate and institutional clients with gross revenues less than \$200 million.

Specialties: Sedentary office workers, manufacturing.

Principal officers: Donald P. Milione, industrial health consultant; C.G. Sammis, occupational health assistant.

Contact: Donald P. Milione.

A. Mims Associates Inc.

31 Apache Court, Appleton, Wis.
54911-1012; 414-731-7548

Founded: 1976.

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

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

Staff: Three total; all assigned to safety consulting, including AIHA, CHCM, CSE, CSM, CSP, CSS, NSMS, PE, Ph.D, SSS, WSO, HFE, ASSE and NSC designations.

Clients: 20 total; 15 corporate and institutional clients 100% with gross revenues less than \$200 million.

Branch offices: Madison, Wis.; Naples, Fla.

1990 gross revenues: 100% from unbundled safety services.

Principal officers: Albert Mims, president; Margie L. Kolbe-Mims, vp/secretary/treasurer.

Contact: Albert Mims.

N

NATLSCO

1 Kemper Drive, Long Grove, Ill.
60049-0075; 708-540-2400;
fax: 708-540-4330

Founded: 1968.

Parent company: Kemper Corp.

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

Off-site services: Frequent training classes or seminars, industrial hygiene laboratory analysis.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, ergonomic research, industrial hygiene laboratory.

Staff: 146 total; 50 assigned to safety consulting, three assigned to occupational health consulting, 26 assigned to industrial hygiene consulting, including 50 AIHA, five ARM, one ASP, two CHCM, 22 CIH, three COHN, two CPCU, 23 CSP, one OHST, five PE, three RN, two IHT, five COT, one DC designations.

Clients: 800 total; 660 corporate and institutional clients.

Branch offices: Summit, N.J.; Fairfax, Va.

1990 gross revenues: \$70 million total.

Principal officers: F.G. Minchik, president; A.D. Odom, vp-safety; G.J. Krafcsin, vp-health services; F.G. Minchik, vp-risk management; D.F. Benevich, vp-management; J.G. Weiss, vp-risk management.

Contact: Robert S. Adamski.

National Safety Council

444 N. Michigan Ave., Chicago, Ill.
60611-3991; 312-527-4800;
fax: 312-527-9381

Founded: 1912.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance. Occasional rehabilitation, industrial hygiene research, occupational health research,

ergonomic research, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside facilities.

Staff: 300 total; 15 assigned to safety consulting, one assigned to occupational health consulting, two assigned to industrial hygiene consulting, including one ARM, one ASP, two CIH, six CSP, two Ph.D designations and 15 ASSE members.

Clients: 60 total; corporate and institutional clients include 20% with gross revenues less than \$200 million, 50% with \$200 million to \$500 million, 10% with \$500 million to \$1 billion, 10% with \$1 billion to \$3.5 billion, 10% with more than \$3.5 billion

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NATIONAL RISK RETENTION ASSOCIATION ANNUAL MEETING

October 7, 8, 9 - 1991

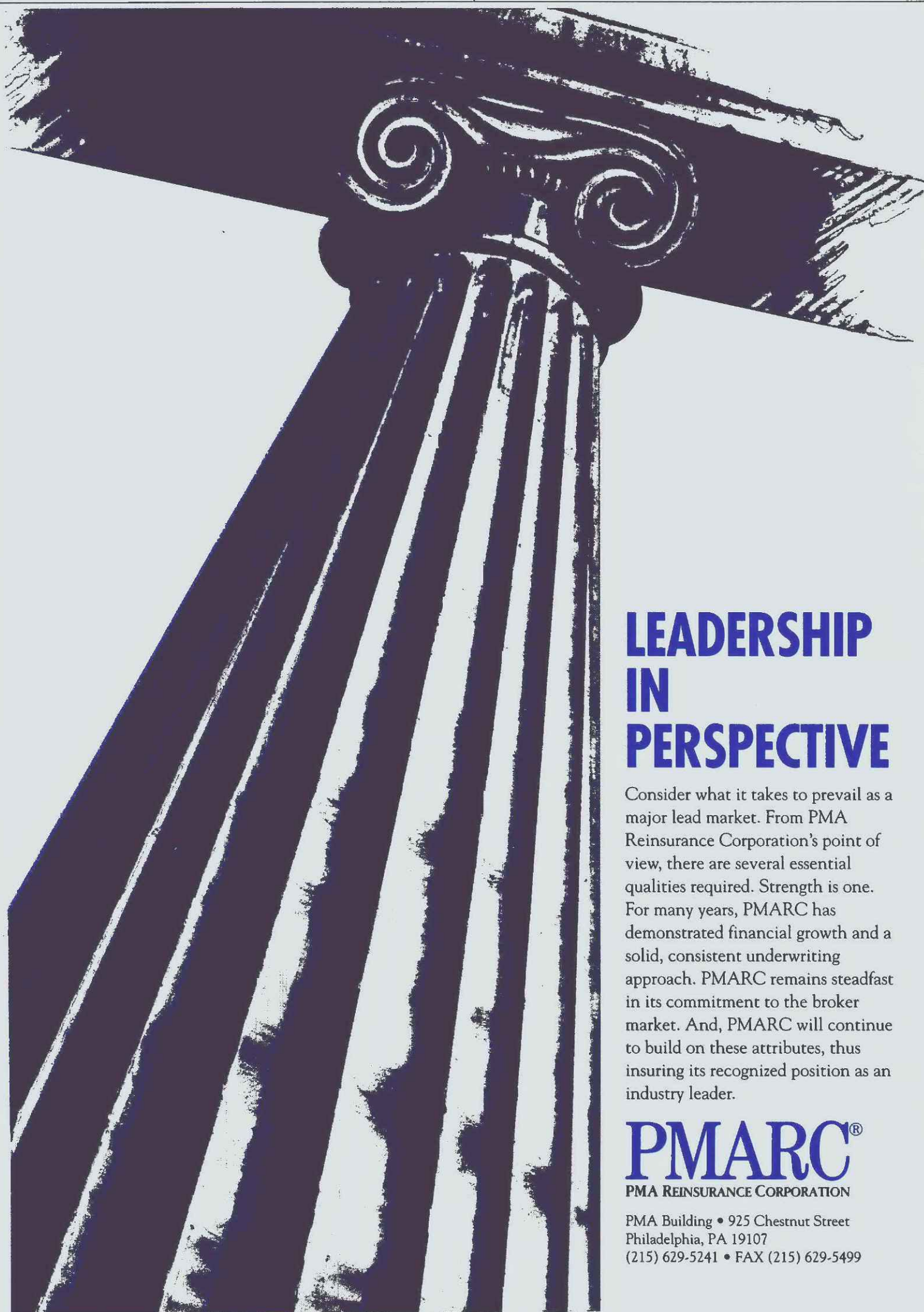
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Spotlight report*Continued from previous page***Specialties:** Manufacturing, public entities, commercial auto fleets.**Branch offices:** Foster City, Calif.; Syracuse, N.Y.; Washington D.C.**Principal officers:** T.C. Gilchrist, president; Irvin B. Etter, senior vp; James Kaletta, director-loss control consulting.**Contact:** James Kaletta.**O****Occupational Safety & Health Advisors Inc.**Elmwood Station, Box 16167,
Minneapolis, Minn. 55416;
612-444-4775**Founded:** 1989.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, forensic studies for attorneys.**Other services:** Frequent OSHA compliance.**Staff:** One total who is assigned to safety consulting, holds a CSP designation and is an ASSE member.**Clients:** 20 total; 10 corporate and institutional clients, 100% with gross revenues under \$200 million.**1990 gross revenues:** \$50,000 total, 50% from unbundled safety consulting services, 50% from other services including forensic studies for attorneys.**Principal officers:** Ivan W. Russell, president.**Occupational Safety & Health Consultants**5228 Magazine St., New Orleans,
La. 70115; 504-895-8966;
fax: 504-734-4464**Founded:** 1984.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars. Occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.**Off-site services:** Frequent training classes or seminars, accident investigation and reconstruction.**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance.**Staff:** Three total; one assigned to safety consulting, one assigned to industrial hygiene consulting including one CSE, one CSM, one NSC designations and two ASSE members.**Clients:** Five total; corporate and institutional clients include 20% with gross revenues less than \$200 million, 80% with more than \$3.5 billion.**Specialties:** Oil and gas drilling, production and service-related industries, marine fabrication.**1990 gross revenues:** \$70,000 total, 80% from unbundled safety consulting services.**Principal officers:** Donald G. Broussard, president; Renee Darsey, secretary/treasurer/office manager; Joe McKillip, industrial hygienist.**Organizational Safety Services Inc.**159 Iroquois Trail, Ona, W.V.
25545; 304-736-4920**Founded:** 1987.**On-site services:** Frequent safety program assistance, training classes or seminars, safety program development. Occasional safety audits/reviews of current program, ergonomic program assistance, occupational health program assistance.**Off-site services:** Frequent accident investigations.**Other services:** Frequent development of training materials, OSHA compliance, ergonomic research. Occasional publication of safety materials or videos, occupational health research, product liability research, fire protection engineering, forensic safety work.**Staff:** Four total; all assigned to safety consulting, including two CHC, two CSP, two PE, three Ph.D designations and three ASSE members.**Clients:** 47 total; 21 corporate and institutional clients; 5% with gross revenues less than \$200 million, 5% with \$201 to \$500 million, 40% with \$501 to \$999 million, 50% with \$1 billion to \$3.5 billion.**Specialties:** Pulp and paper, oil and gas, manufacturing.**1990 gross revenues:** 100% from unbundled safety consulting services.**Principal officers:** Keith E. Barenka, president; Leroy V. Abbott and Linda C. Abott, vps; Eric E. Barenka, secretary.**Donald E. Ostrum, Consultant**12109 Cottonwood St. N.W., Coon
Rapids, Minn. 55448;
612-757-0102**Founded:** 1985.**On-site services:** Safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, training classes or seminars, right to know, courtroom testimony, confined space entry, respiratory protection, accident reconstruction.**Off-site services:** Training classes or seminars.**Other services:** Development of training materials, OSHA compliance, industrial hygiene research, er-

gonomic research, product liability research, noise and vibration research, fire protection engineering.

Staff: One total who holds AIHA, CHCM, CSP, NSC, MPH NFPA and CHC designations and is an ASSE member.**Clients:** 30 total; 10 corporate and institutional clients, 97% with gross revenues less than \$200 million, 3% with \$501 million to \$999 million**Specialties:** General industry, attorneys.**1990 gross revenues:** More than \$50,000 total, 50% from unbundled safety consulting services.**Principal officers:** Donald E. Ostrum.**P****Pooler Consultants Ltd.**321 Upland Drive, Lafayette, La.
70506; 318-984-1601**Founded:** 1989.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, fire equipment design and evaluation, environmental consulting. Occasional ergonomic program assistance.**Off-site services:** Training classes or seminars, legal/safety research.**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, noise and vibration research, fire protection engineering. Occasional rehabilitation, industrial hygiene research, ergonomic research, product liability research. Industrial hygiene testing done by contract with independent labs.**Staff:** One total who holds CSP PE and Ph.D designations and is an ASSE member.**Clients:** 50 total; all corporate and institutional clients, 75% with gross revenues less than \$200 million; 25% with \$201 million to \$500 million.**Principal officers:** Benjamin J.

Pooler II, president.

Professional Safety Consultant Service Inc.424 S.E. 30th Ave., Ocala, Fla.
32671; 904-694-4601 or
800-329-7233**Founded:** 1975.**On-site services:** Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, litigation support services, expert witness. Occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.**Off-site services:** Frequent training classes or seminars.**Other services:** Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, litigation support, expert witness. Occasional industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protec-*Continued on next page*

Alternative vs. Traditional

Specialists in Alternative Risk Financing

Continued from previous page
tion engineering.

Staff: One professional who holds CHCM, CPSM, CSE, CSM, CSP, CSS, NSMS, PE, NSC, CHSP, CHMM and CSSD designations and is an ASSE member.

Clients: 200 total; 100 corporate and institutional clients, 100% with gross revenues less than \$200 million.

Specialties: Industrial, construction, agricultural, health care, schools, public employment.

1990 gross revenues: \$80,000; all from unbundled safety consulting services.

Principal officers: Herbert T. Bogert, president.

Professional Safety Consulting Service Inc.

1923 Molino, Suite 205, Long Beach, Calif. 90804;
213-597-1988;
fax: 213-498-2085

Founded: 1976.

On-site services: Safety audits/

reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, hazardous material training.

Off-site services: Training classes or seminars, certification training.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, forensic engineering.

Staff: One professional who holds AIHA, CSP and PE designations and is an ASSE member.

Clients: 20 total; one corporate and institutional client, 90% with gross revenues less than \$200 million; 10% with gross revenues \$201 to \$500 million.

Specialties: Petroleum.

1990 gross revenues: \$160,000 total, all from unbundled safety consulting services.

Principal officers: Raymond N. Chace, president/director; Michelle Chace-Bass, secretary/treasurer; Raymond N. Chace Jr., vp.

Contact: Raymond N. Chace.

R

R.E.C. Inc.

12900 Silver Crest Road, Chester, Va. 23831-4328; 804-748-8003; fax: 804-748-2384

Founded: 1975.

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

Off-site services: Seminars.

Other services: Frequent OSHA compliance, noise and vibration research. Occasional publication of safety materials or videos, development of training materials, industrial hygiene research, occupational health research, ergonomic research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Five total; two assigned to safety consulting, two assigned to occupational health consulting and four assigned to industrial hygiene consulting, including four AIHA, one CIH, one CSP, one PE, one RN, two ASQC, one AOHNA, one SSS and one HFS designation and one ASSE member.

Clients: 35 total; all corporate and institutional clients.

Specialties: Asbestos and lead removal companies, bulk chemical pharmaceutical production plants, government, county schools and municipalities.

1990 gross revenues: \$254,600 total, all from unbundled safety consulting services.

Principal officers: Henry M. Taylor, president; Genevieve Wills Taylor, vp.

R.P.F. Associates

20 Leroy St., Dix Hills, N.Y. 11746; 516-586-0778

Founded: 1985.

On-site services: Frequent safety audits/reviews of current programs,

safety program assistance, training classes or seminars. Occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering, expert witness testimony.

Staff: Six total; four assigned to safety consulting, including one ARM and two CSP designations and three ASSE members.

Clients: 40 corporate and institutional clients; 20% with gross revenues less than \$200 million, 20% with \$200 million to \$500 million, 60% with \$500 million to \$1 billion.

1990 gross revenues: \$160,000, all from unbundled safety consulting services.

Principal officers: Robert P. Firmbach, president.

Frederick Rauh & Co.

3300 Central Parkway, Cincinnati, Ohio 45225-2384; 513-559-0500; fax: 513-559-7093

Founded: 1870.

Parent company: American Business Insurance.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, amusement park ride safety inspections, fire prevention protection. Occasional ergonomic program assistance, industrial hygiene program assistance, training classes or seminars.

Other services: Frequent OSHA compliance, fire protection engineering, building code and life safety code, review and analysis for specific location. Occasional publication of safety materials or videos, development of training materials.

Staff: 80 total; three assigned to safety consulting, including one CSE, one CSP, two CSS and one NSC designations and two ASSE members.

Clients: 13 corporate and institutional clients, 60% with gross revenues less than \$200 million, 15% with \$201 million to \$500 million, 15% with \$501 million to \$999 million, 10% with \$1 billion to \$3.5 billion.

Specialties: Amusement parks, manufacturing, construction, broadcasting, hospitals, large habitational/real estate management, selected chemical risks.

1990 gross revenues: 1% from unbundled safety consulting services, 99% other services including continuous consulting and risk management services, commercial and personal property and casualty insurance, life, group benefit, health and other insurance and financial services.

Principal officers: Steve Wolter, president; Harry Addison, senior vp; Bob Stone, Bob Lane and Pete Dowd, vps.

Contact: Robert J. Stone, 513-559-7055.

The Reliability Group

11860 S.W. 100 St., Miami, Fla. 33186; 305-595-5848

Founded: 1985.

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

Off-site services: Frequent training classes or seminars.

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

Staff: 10 total; six assigned to safety consulting, including two ARM, one CSP and one Ph.D. designations and three ASSE members.

Clients: 27 total; 22 corporate and institutional clients, 5% with gross revenues less than \$200 million, 20% with \$201 million to \$999 million, 70% with \$1 billion to \$3.5 billion, 5% with more than \$3.5 billion.

Specialties: Petroleum, wood products and paper, manufacturing and utilities.

Principal officers: Hank Sarkis, president; Dr. Robert Cooke, vp.

Contact: Hank Sarkis.

Risk Analysis & Management Corp.

700 St. Louis Union Station, Suite 100, St. Louis, Mo. 63103-2256; 314-436-0800; fax: 314-436-2065

Founded: 1975.

Continued on next page

The disc brake. With the addition of disc brakes, C-Type Jaguars had the winning edge over their competition's traditional

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London, England 071-353-4212

CommonwealthRisk
Services, Inc.
An MRM Company

CommonwealthRisk

Continued from previous page

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

Off-site services: Occasional training classes or seminars.

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

Staff: 26 total; two assigned to safety consulting, two assigned to occupational health consulting, two assigned to industrial hygiene consulting including one ARM, one ASP, one CPCU, one PE and one RN designations and one ASSE member.

Branch offices: Minneapolis.

Principal officers: J. William Rush, president; Steven W. Haskins, executive vp; Walter E. Sir and Edward W. Strouth, vps; Cathy Richter, secretary.

Contact: Edward W. Strouth.

Risk Analysts Inc.

4828 Loop Central Drive, 9th Floor, Houston, Texas 77081; 713-666-5200; fax: 713-669-4724

Founded: 1982.

Parent company: Wisenberg Insurance and Risk Management.

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

Off-site services: Training classes or seminars.

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

Staff: Six total; all assigned to safety consulting, including three ARM, two CPCU and two CSP designations and three ASSE members.

Clients: 50 total; all corporate and institutional clients, 65% with gross revenues less than \$200 million, 10% with \$201 million to \$500 million, 10% with \$501 million to \$999 million, 10% with \$1 billion to \$3.5 billion, 5% with more than \$3.5 billion.

Specialties: Multi-location retail and wholesale, supermarkets, hospitals, restaurants, manufacturing.

1990 gross revenues: \$1 million total, 40% from unbundled safety consulting services, 60% from other services including risk management, claims consulting.

Contact: Joe Williams, president.

J.D. Roberts, CSP-Professional Safety Consultant

1308 Independence Drive, Slidell, La. 70458; 504-643-7309

Founded: 1989.

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

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

Staff: Two total; one assigned to safety consulting who holds a CSP designation and is an ASSE member.

Clients: 25 total; five corporate and institutional clients, 100% with gross revenues less than \$200 million.

Specialties: Marine, oil and gas, construction, parks and recreation.

1990 gross revenues: \$120,000 total, 100% from unbundled safety consulting services.

Principal officers: J.D. Roberts.

J.C. Roumas & Associates

895 Linden Ave., Ridgefield, N.J. 07657; 201-945-7970

Founded: 1988.

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

Off-site services: Occasional training classes or seminars.

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

Staff: One total who holds AIHA, CSP and PE designations and is an ASSE member.

Principal officers: James C. Roumas.

Neil N. Ruebsamen, PE, CSP

111 Lou Rosa, 1st Floor, Collinsville, Ill. 62234; 618-344-7120

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

Other services: Occasional development of training materials, OSHA compliance, noise and vibration research.

Staff: One total who holds CSP, PE and NSC designations and is an ASSE member.

Clients: Three total; all corporate and institutional clients, 50% with gross revenues less than \$200 million, 50% with \$1 billion to \$3.5 billion.

1990 gross revenues: \$100,000 total, all from unbundled safety consulting services.

Principal officers: Neil N. Ruebsamen.

S

Safety Consulting Inc.

P.O. Box 2536, Topeka, Kan. 66601-2789; 913-232-3887

Founded: 1971.

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

Other services: Frequent publication of safety materials or videos, OSHA compliance. Occasional development of training materials, industrial hygiene research, ergonomic research, product liability research.

Staff: Two assigned to safety consulting, including one AIHA, one CHCM, two NSMS, two NSC and one NFPA designations and two ASSE members.

Clients: 80 total; 60 corporate and institutional clients, 94% with gross revenues less than \$200 million, 4% with \$201 million to \$500 million, 2% with gross revenues \$501 million to \$999 million.

Specialties: Construction, manufacturing, government agencies and petroleum.

Branch offices: Wichita, Kan.

1990 gross revenues: \$300,000 total, 100% from unbundled safety services.

Principal officers: Denzell B. Ekey, president; Philip W. Blake, vp.

Safety Consulting Services

1288 Newman Ave., Seekonk, Mass. 02771; 508-761-5625; fax: 508-457-2195

Founded: 1966.

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

Other services: Occasional publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, noise and vibration research, fire protection engineering.

Staff: One total who holds CHCM and CSP designations and is an ASSE member.

Clients: 20 total; one corporate or institutional client with gross revenues less than \$200 million.

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Continued from previous page

1990 gross revenues: \$10,000 total, 100% from unbundled safety consulting services.

Principal officers: Eric W. Spencer, principal.

Safety & Hazard Associates

P.O. Box 249, Annapolis, Md.
21404; 301-267-7171;
fax: 301-544-5126

Founded: 1984.

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

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

Staff: Two total; both assigned to safety consulting including CHCM,

CSP, NSMS and OHST designations and two ASSE members.

Clients: Two corporate and institutional clients.

Specialties: Construction and manufacturing.

1990 gross revenues: \$100,000 total, 100% from unbundled safety consulting services.

Principal officers: Richard C. Knapp.

Safety & Health Management Consultants Inc.

161 William St., New York, N.Y.
10038; 212-349-1221;
fax: 212-267-5188

Founded: 1985.

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

Off-site services: Occasional

training classes or seminars.

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

Staff: Seven total; six assigned to safety consulting, six assigned to occupational health consulting, four assigned to industrial hygiene consulting, including one AIHA, one CHCM, one CIH, one COHN, two CSP, one CSS, one PE and one Ph.D. designations; six ASSE members.

Clients: 130 total; corporate and institutional clients include 80% with gross revenues less than \$200 million, 15% with \$201 million to \$500 million, 5% with \$501 million to \$999 million.

Specialties: Construction, hospital and health care, printers, manufacturers, consulting firms, labor organizations, service industries, trade groups, government bodies and agencies, school districts, sewer districts.

Principal officers: Steven J. Lovell, president; Dr. Richard F. Andree, executive vp.

Contact: Dr. Richard F. Andree.

Safety & Loss Control Associates

P.O. Box 440, Prospect Heights, Ill.
60070; 708-296-5989

Founded: 1985.

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

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance. Occasional industrial hygiene research, noise and vibration research, fire protection engineering.

Staff: Two total; one assigned to safety consulting who holds CSE and NSC designations and is an ASSE member.

Clients: 33 corporate and institutional clients; 95% with gross revenues less than \$200 million, 5% with \$200 million to \$500 million.

Specialties: Construction.
Principal officers: Donald A. Neslund.

Safety Management Associates

P.O. Box 693, Springfield, Va.
22150-0693; 703-978-3000

Founded: 1981.

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

Off-site services: Frequent development of software and data bases for accident, injury and safety data. Occasional training classes or seminars.

Other services: Frequent development of training materials, OSHA compliance, ergonomic research, product liability research, noise and vibration research, fire protection engineering, system safety analysis. Occasional publication of safety materials or videos, industrial hygiene research, occupational health research. Industrial hygiene testing done by contract with outside labs.

Staff: Two total; one assigned to safety consulting who holds CHP, CHCM, CPSM and CSP designation and two ASSE members.

Clients: 10 corporate and institutional clients, 90% with gross revenues less than \$200 million, 10% with \$200 million to \$500 million.

Specialties: Defense industry, legal profession.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Neil R. Temple, president/principal consultant.

Safety Management Consultants Inc.

636 S. Washington St., Elmhurst, Ill.
60126-4347; 708-279-9499;
fax: 708-941-7655

Founded: 1982.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, product hazard review, workers compensation cost containment and fleet safety. Occasional training classes or seminars, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, product liability research, product warning label development, expert witness services, safety product literature and video review. Occasional industrial hygiene research, occupational health research, ergonomic research, noise and vibration research, fire protection engineering, industrial hygiene testing.

Staff: Five total; three assigned to safety consulting, occupational health consulting and industrial hygiene consulting; including one AIHA, two ARM, two CPCU, two CPSM, two CSP, two NSMS, one PE, two NSC and one CDS designations and three ASSE members.

Clients: 25 total; all corporate and institutional clients, 100% with gross revenues less than \$200 million.

Specialties: Product safety and liability loss control, warning label development.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: J. Terrence Grisim, president; Mary Ellen Grisim, vp.

Contact: J. Terrence Grisim.

Safety Management Services Inc.

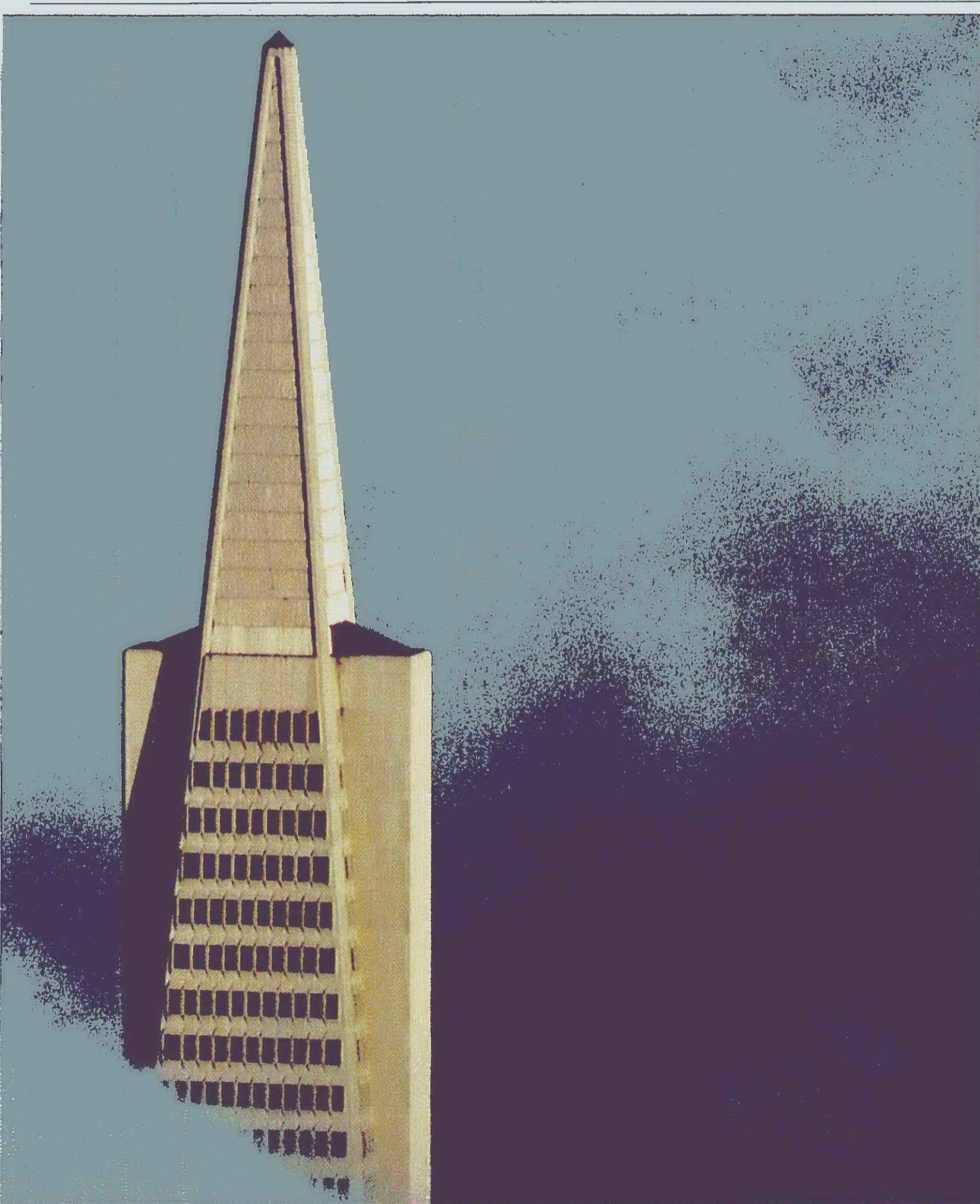
P.O. Box 51927, 126 Heymann Blvd., Lafayette, La. 70505;
318-235-6524; fax: 318-232-8641

Founded: 1981.

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

Off-site services: Training classes or seminars.

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Spotlight report

Continued from previous page

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

Staff: Two total; one assigned to safety consulting, one assigned to industrial hygiene consulting, including one CSE, one CSP, one NSMS and one NSC designations and two ASSE members.

Clients: More than 60 total; corporate and institutional clients include 70% with gross revenues less than \$200 million, 10% with \$200 million to \$500 million, 10% with \$500 million to \$1 billion, 5% with \$1 billion to \$3.5 billion, 5% with more than \$3.5 billion.

Specialties: Petroleum industry.
1990 gross revenues: 100% from unbundled safety consulting services.
Principal officers: Jack Barnidge, president/owner.

Safety Management Services of Texas

13647 Purple Sage Road, Dallas, Texas 75240; 214-661-1941

Founded: 1985

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent OSHA compliance. Occasional publication of safety materials or videos, development of training materials, noise and vibration research. Industrial hygiene testing done in independent labs.

Staff: Four total; two assigned to safety consulting, two assigned to industrial hygiene consulting including one AIHA, one CIH, two CSP, three PE and one Ph.D designations and four ASSE members.

Clients: 25 total; 10 corporate and

institutional clients, 100% with gross revenues less than \$200 million.

Specialties: High-technology.

1990 gross revenues: \$200,000 total, 100% from unbundled safety consulting services.

Principal officers: Dr. Roy H. Kinslow, president.

Safety Management Systems

4664 Jamestown Ave., Suite 103, Baton Rouge, La. 70808; 504-928-4561

Founded: 1980.

On-site services: Safety audits/reviews of current programs, ergonomic program assistance, occupational health program assistance, training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, product liability research.

Staff: Four total; two assigned to safety consulting, two assigned to occupational health consulting, includ-

ing one CSP designation.

Clients: 200 total.

Principal officers: Dennis R. Howard, president.

Contact: Kay Shirley.

Safety Management Systems

250 Honey Jane Drive, Beavercreek, Ohio 45385; 513-429-2943

Founded: 1985.

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

Off-site services: Training classes or seminars.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, product liability research, noise and

vibration research, fire protection engineering.

Staff: One professional who holds CHCM and CSP designations and is an ASSE member.

Clients: 35 corporate and institutional clients, 20% with gross revenues less than \$200 million, 20% with \$200 million to \$500 million, 20% with \$500 million to \$1 billion, 20% with \$1 billion to \$3.5 billion, 20% with more than \$3.5 billion.

Principal officers: Jack Truitt, owner.

Safety & Risk Analysis Inc.

P.O. Box 214718, Auburn Hills, Mich. 48321-4718; 313-458-2686

Founded: 1990.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, product liability and evaluation, accident investigation, expert witness. Occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, product liability research. Occasional rehabilitation, ergonomic research, noise and vibration research, fire protection engineering. Industrial hygiene testing contracted with outside sources.

Staff: Four total; all assigned to safety consulting, including one ASP and one CSP designations and two ASSE members.

Clients: 100 total; corporate and institutional clients include 60% with gross revenues less than \$200 million, 20% with \$201 million to \$500 million, 20% with \$501 million to \$999 million.

Specialties: Manufacturing, service, construction.

1990 gross revenues: \$100,000 total, 100% from unbundled safety consulting services.

Principal officers: Daniel A. Pilarski, president; Dennis Miller, vp; Dennis Jacobs, treasurer; Kenith Kargenian, secretary.

Safety & Risk Control Services Inc.

395 Main St., Suite 4, Metuchen, N.J. 08840; 908-906-2244; fax: 908-906-2045

Founded: 1989.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, loss prevention surveys, fire prevention surveys and plan reviews, supervision and auditing of insurance carrier. Occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent statistical analysis of loss information, development of loss control service plan specification, management and development of loss prevention underwriting survey programs. Occasional training classes or seminars.

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

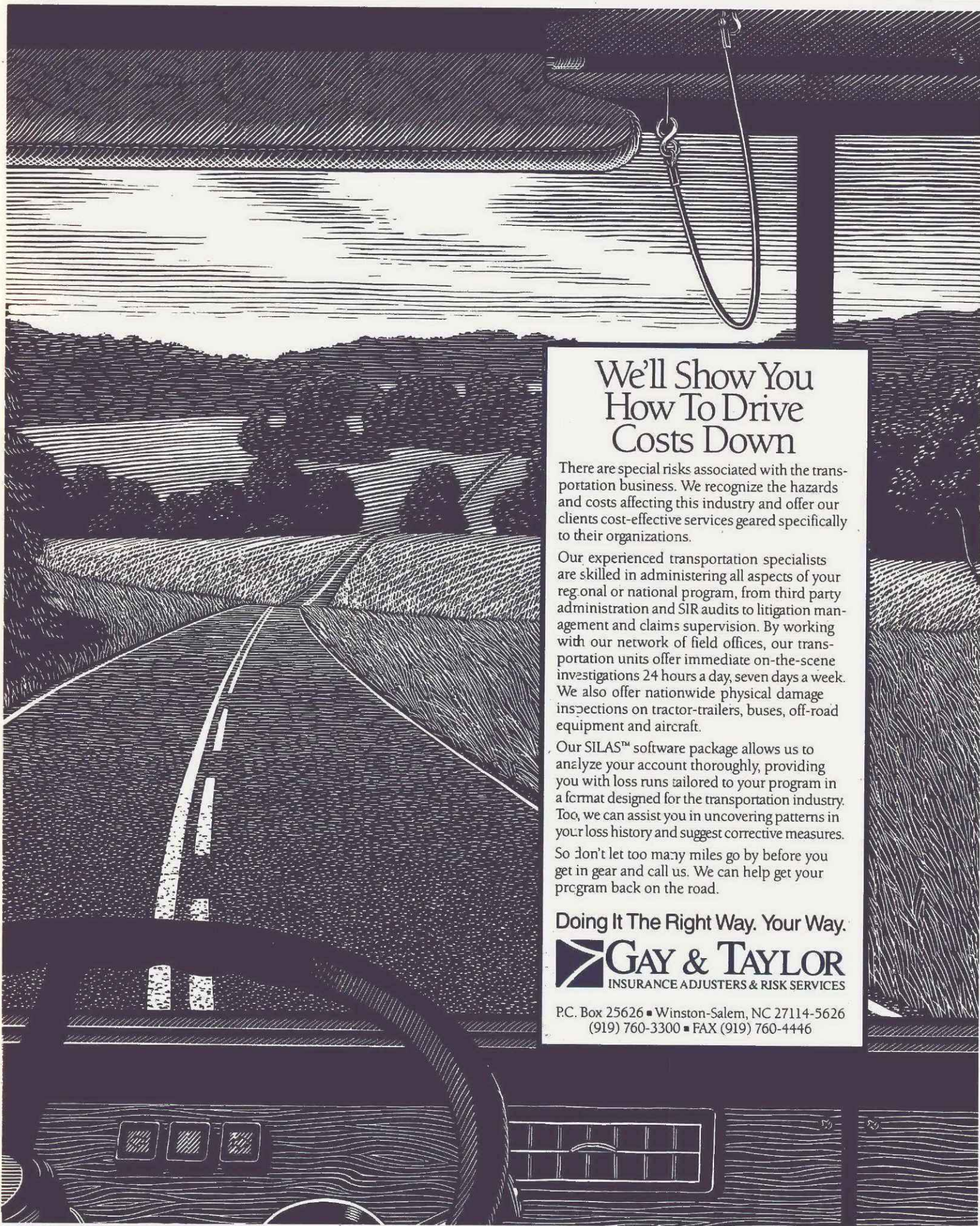
Staff: 16 total; 15 assigned to safety consulting, including two ARM, one CPCU, one CPSM, one CSD, five CSP, three NSMS, one PE and four NSC designations and 16 ASSE members.

Clients: 17 total; 12 corporate and institutional clients.

Specialties: Manufacturing, transportation, associations.

1990 gross revenues: 65% from unbundled safety consulting services, 35% from other services including management and development of loss prevention and underwriting survey programs.

Principal officers: Harvey S. Staple, president.



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Change. For The Better.

Spotlight report

Continued from page 10

Sandler Occupational Medicine Associates Inc.

275 Broadhollow Road, Suite 302,
Melville, N.Y. 11747;
516-756-2204; fax: 516-756-2213

Founded: 1983.

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

Off-site services: Frequent training classes or seminars.

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

Staff: 24 total; five assigned to safety consulting, 15 assigned to occupational health consulting, four assigned to industrial hygiene consulting, including four AIHA, four CIH, four COHN, four CSP, 15 MD and eight Ph.D. designations and one ASSE member.

Clients: 100 total; all corporate and institutional clients, 20% with gross revenues less than \$200 million, 20% with \$201 million to \$500 million, 20% with \$501 million to \$999 million, 20% with \$1 billion to \$3.5 billion, 20% with more than \$3.5 billion.

Branch offices: Rockville, Md.; Philadelphia; San Antonio, Texas.

1990 gross revenues: \$2 million total, 50% from unbundled safety consulting services.

Principal officers: Howard Sandler, president; Sheldon Rabinovitz and Richard S. Blume, vps; Ramona A. Salotti and Amalia Apostoleris, division directors.

Contact: Amalia Apostoleris.**Schaible Associates**

900 Center St., Mount Joy, Pa.
17552-9371; 717-684-6045;
fax: 717-898-9302

Founded: 1982.

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

Other services: Publication of safety manuals and videos, development of training materials, OSHA compliance, noise and vibration research. Industrial hygiene testing done by outside labs.

Staff: Three total; two assigned to safety consulting, one to industrial hygiene consulting; including one AIHA, one CHCM, one CIH, one CPSM, one CSE, one CSP and one CHHM designations and three ASSE members.

Clients: More than 200 total; corporate and institutional clients include 80% with gross revenues less than \$200 million, 10% with \$201 million to \$500 million, 10% with \$501 million to \$999 million.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: Ronald D. Schaible, president.

Schirmer Engineering Corp.

707 Lake Cook Road, Deerfield, Ill.
60015; 708-272-8340;
fax: 708-272-2639

Founded: 1939.

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

Off-site services: Training classes or seminars.

Other services: Fire protection engineering.

Staff: 111 total; 52 assigned to safety consulting, including two ARM, seven CSP and 29 PE designations and four ASSE members.

Specialties: Commercial, government, industrial and institutional facilities.

Branch offices: Dallas, Los Angeles, San Francisco, Washington D.C.

1990 gross revenues: \$8.8 million total, 50% from unbundled safety consulting services.

Principal officers: Chester W.

Schirmer, chairman; Richard R. Osman, president; Raymond G. Weigand and Gary L. Jordan, vps; Carl F. Baldassarra, vp/manager-inspection department.

Contact: Raymond G. Weigand.**John C. Schmitt Consulting**

34-15 Fair Lawn Ave., Fair Lawn,
N.J. 07410-4324; 201-797-3050

Founded: 1985.

On-site services: Occasional safety audits/reviews of current programs, safety program assistance, avoiding products liability risk and safety loss and litigation.

Other services: Product liability research, advice and support to counsel for defense strategy, expert testimony.

Staff: One total, assigned to safety consulting, who holds CPSM and NSMS designations and is an ASSE member.

Clients: Five total.

Specialties: Manufacturing, building materials, adhesives, coatings, plastics, consumer products.

1990 gross revenues: \$40,000.

Principal officers: John C. Schmitt, owner.

John B. Schroering, PE

P.O. Box 242, Prospect, Ky.
40059; 502-228-0331

Founded: 1980.

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

Other services: Frequent ergonomic research, product liability research, noise and vibration research. Occasional OSHA compliance, occupational health research, fire protection engineering.

Staff: One total who holds CSP and PE designations and is an ASSE member.

Branch offices: Louisville, Ky.**Principal officers:** John B. Schroering.**Scott Wetzel Services Inc.**

500 Pacific Ave., Suite 700,
Bremerton, Wash. 98310;
800-426-5990; fax: 206-479-8297

Founded: 1941.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, occupational health program assistance, training classes or seminars, statistical loss analyses, loss prevention research, plant security inspections. Occasional industrial hygiene program assistance.

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

Staff: 350 total; five assigned to safety consulting, four assigned to industrial hygiene consulting, in-

cluding three ALCMs, five ARM, four CIH, one CPCU, 16 CSP, eight PE and one Ph.D designations and five ASSE members.

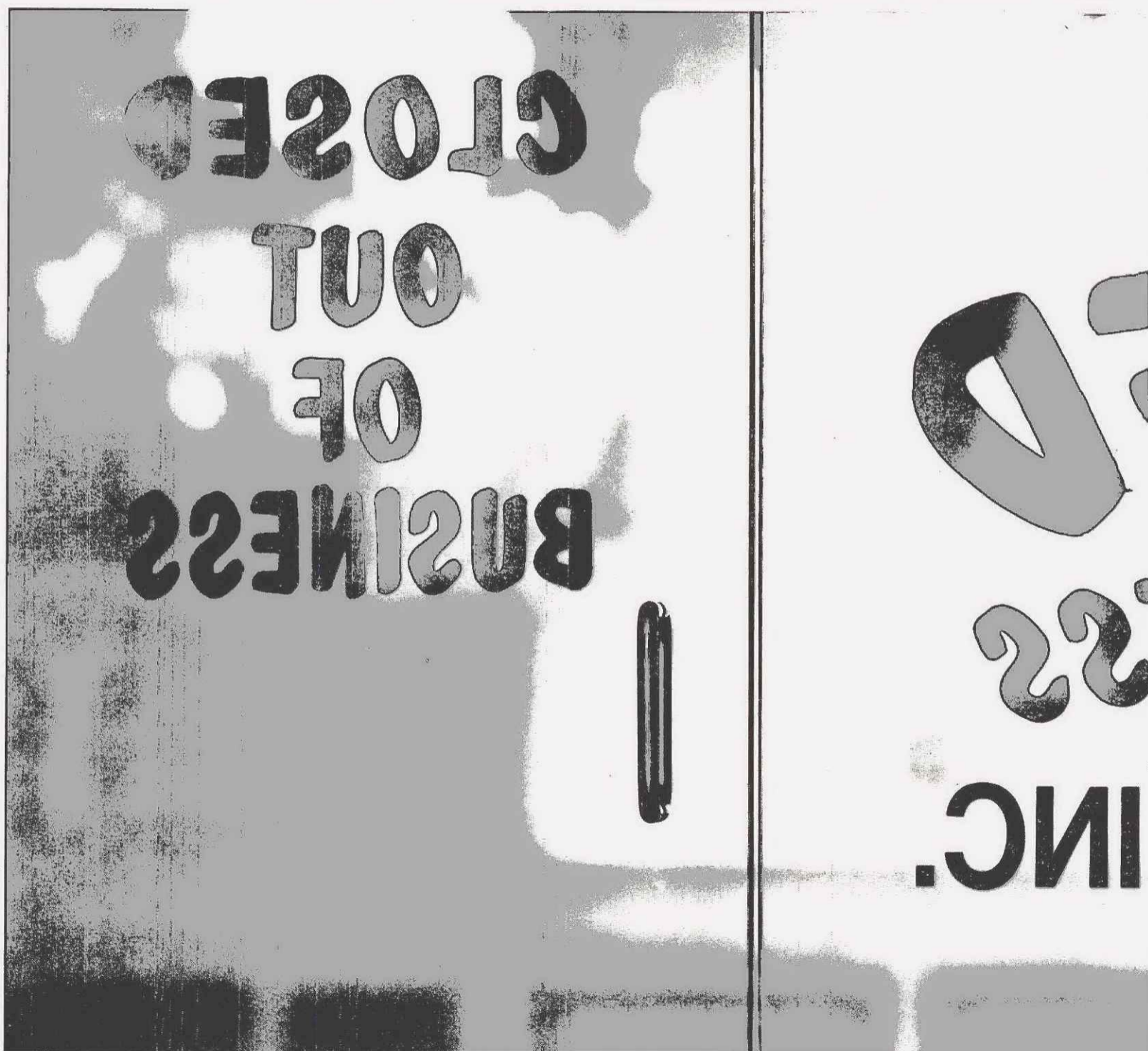
Clients: 500 total; 100 corporate and institutional clients, 86% with gross revenues less than \$200 million, 5% with \$201 million to \$500 million, 6% with \$501 million to \$999 million, 3% with \$1 billion to \$3.5 billion.

Specialties: Municipalities, food processing, retail, metal workers, transportation, health care, utilities, construction.

Branch offices: Anchorage, Ala.; Albany, N.Y.; Atlanta; Beaverton, Ore.; Tukwila, Spokane and Federal Way, Wash.; Chicago; Concord and Orange, Calif.; Dallas; Englewood, Colo.; Houston; Knoxville, Tenn.; Manchester, N.H.; Mountainside, N.J.; North Little Rock, Ark.; Rockville, Md.; Salt Lake City; Tampa, Fla.

Principal officers: John Harrold, chief executive officer/president; Terry Neal, executive vp-finance; Ed Kocott, vp-operations; Doug Alsop, vp-marketing; Vic Teti, vp-informa-

Continued on next page



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Continued from previous page
tion systems.

Contact: Valerie Williams, loss control administrator; Doug Alsop.

**Sedgwick James Inc.-
Risk Control Services**

2000 Center Point Drive, Suite
2350, Columbia, S.C. 29210;
803-772-1111; fax: 803-772-6361

Founded: 1858.

Parent company: Sedgwick Group P.L.C.

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

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, ergonomic research, noise

and vibration research, fire protection engineering. Occasional rehabilitation, product liability research. Industrial hygiene testing done by contract with outside labs.

Staff: 103 total; 56 assigned to safety consulting, six assigned to occupational health consulting, four assigned to industrial hygiene consulting; including five AIHA, three ALCM, 20 ARM, one ASP, four CHCM, four CPCU, one CSE, 32 CSP, one NBBM-IC, five NSMS, five PE, one RN, 26 NSC, one ARP, one Bureau of Mines Blasting Certified, one AHERA, one CNBBPVI, one Ed.D and one ME designations and 38 ASSE members.

Clients: 315 corporate and institutional clients.

Specialties: Self-insured associations/pools, health care, retail, warehouse/distribution, utilities, construction wrap-up, hotels, food processing, transit.

Branch offices: Atlanta; Boston; Chicago; Dallas; Darien, Conn.; Detroit; Fort Lauderdale and Maitland, Fla.; Harrisburg, Philadelphia and Pittsburgh, Pa.; Irvine, San Francisco

and Los Angeles, Calif.; Jackson, Miss.; Kansas City, Mo.; Little Rock, Ark.; Memphis and Nashville, Tenn.; Minneapolis; New York; Omaha, Neb.; Phoenix; Portland, Maine; Portland, Ore.; Rochester, N.Y.; St. Louis; Seattle; Short Hills, N.J.

1990 gross revenues: \$8.5 million total; 30% from unbundled safety consulting services.

Principal officers: R. Jane Hill, senior vp-risk services, Nashville, Tenn.; J. Steven Hunt, national director-casualty, Columbia, S.C.; Richard E. Botts, national director-property, Harrisburg, Pa.

Contact: J. Steven Hunt.

Sigma Associates Ltd.

105 Timber Ridge Blvd., Pass Christian, Miss. 39571;
601-452-4866; fax: 601-452-7202

Founded: 1978.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, risk and human resources management. Occasional ergonomic program assistance, in-

dustrial hygiene program assistance, occupational health program assistance.

Off-site services: Occasional training classes or seminars.

Other services: Frequent publication of safety materials or videos, OSHA compliance. Occasional development of training materials, noise and vibration research, fire protection engineering.

Staff: Eight total; five assigned to safety, occupational and industrial hygiene consulting, including three CFEI, one CHCM, two Ph.D, one PE, two NSC, one VOS, one CSSD, one WSO and one SSS designations and one ASSE member.

Clients: 30 total; corporate and institutional clients include 75% with gross revenues less than \$200 million, 10% with \$201 million to \$500 million, 15% with more than \$3.5 billion.

Specialties: Construction, petroleum, fire.

Gross revenues: 100% from unbundled safety consulting services.

Principal officers: A.J. Scardino Jr., president.

**Richard Zane Spiegel,
CSP, PE**

360 Annapolis Drive, Claremont, Calif. 91711; 714-621-3501

Founded: 1984.

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

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance. Occasional noise and vibration research, fire protection engineering.

Staff: One total who holds CSP and PE designations and is an ASSE member.

Specialties: Construction.
Principal officers: Richard Zane Spiegel.

Sullivan Associates

15 Dale St., Andover, Mass.
01810; 508-475-0448;
fax: 508-475-3811

Founded: 1955.

On-site services: Frequent occupational health program assistance, product evaluations. Occasional safety audits/reviews of current programs, safety program assistance for employers, ergonomic program assistance.

Off-site services: Accident reconstruction.

Other services: Frequent OSHA compliance, product liability research, fire protection engineering. Occasional rehabilitation, ergonomic research.

Staff: Three total; all assigned to safety consulting; including two PE designations and one ASSE member.

Clients: 90 total; 10 corporate and institutional clients including 100% with gross revenues under \$200 million.

Specialties: Construction and manufacturing.

1990 gross revenues: \$100,000 total, all from unbundled safety consulting services.

Principal officers: James F. Sullivan, owner.

**F.J. Szymanski-
Safety Services**

5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

Founded: 1984.

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

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, occupational health research, ergonomic research, noise and vibration research. Occasional industrial hygiene research, fire protection engineering.

Staff: Three total; two assigned to safety consulting, one ASSE member.

Clients: 38 total; corporate and institutional clients include 100% with gross revenues less than \$200 million.

1990 gross revenues: \$100,000 total, all from unbundled safety consulting services.

Principal officers: Frank J. Szymanski, principal.



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T

Texas Consulting & Applied Research

3530 Forest Lane, Suite 50, Dallas, Texas 75234; 214-350-5799; fax: 214-306-6789

Founded: 1981.

On-site services: Frequent safety program assistance, training classes or seminars, selection practices, employment law, discrimination issues, workers compensation, surveys. Occasional safety audits/reviews of current programs, ergonomic program assistance, industrial hygiene pro-

Continued on next page

Spotlight report

Continued from previous page
 program assistance, occupational health program assistance.

Off-site services: Frequent training classes or seminars, surveys, classroom training.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance.

Staff: Seven total; including two NSMS, one PE, five Ph.D., one ILCI, two FCDA designations and two ASSE members.

Clients: 23 total; six corporate and institutional clients.

Specialties: Government.

Principal officers: Donna E. Ledgerwood, president; Nora J. Manning, vp.

V

Wesley R. Van Pelt Associates Inc.

773 Paramus Road, Paramus, N.J.
 07652; 201-445-5124;
 fax: 201-445-6488

Founded: 1985.

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

Off-site services: Training classes or seminars.

Other services: Frequent OSHA compliance, industrial hygiene research.

Staff: One professional who holds

AIHA, CIH and CHP designations and is an ASSE member.

Clients: 10 total; all corporate and institutional clients, 20% with gross revenues less than \$200 million, 10% with \$201 million to \$500 million, 20% with \$501 million to \$999 million, 30% with \$1 billion to \$3.5 billion, 20% with more than \$3.5 billion.

Specialties: Chemical manufacturing, high-technology research and development.

1990 gross revenues: \$200,000 total, all from unbundled safety consulting services.

Principal officers: Wesley R. Van Pelt, president.

W

Waite Hill Services

1063 Technology Park Drive, Glen Allen, Va. 23060; 804-261-7041; fax: 804-266-4458

Parent company: Figgie International Inc.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial hygiene program assistance, training classes or seminars. Occasional ergonomic program assistance, occupational health program assistance, environmental management review and assistance.

Off-site services: Training classes or seminars.

Other services: Frequent publication of safety manuals or videos, OSHA compliance, noise and vibration research. Occasional develop-

ment of training materials, industrial hygiene research, occupational health research, ergonomic research, product liability research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: Five total; four assigned to safety consulting, one to occupational health consulting and two to industrial hygiene consulting, including two AIHA, one ASP, one CHCM, one CSP, four NSC, four ASSE and one NFPA designations and four ASSE members.

Clients: Three total; 40 corporate and institutional clients including 70% with gross revenues less than \$200 million, 20% with \$201 million to \$500 million, 6% with \$501 million to \$999 million, 4% with \$1 billion to \$3.5 billion.

Specialties: Foundries, health care, heavy manufacturing, mercury handling, food processing, service industry.

1990 gross revenues: \$500,000 total, all from unbundled safety consulting services.

Principal officers: M. Simpson, president; D. Miller, controller; Geoff Cahill, marketing; Grace Cashman, data processing; S. Black, safety, health and environmental services.

Webb, Murray & Associates Inc.

P.O. Box 58250, Houston, Texas
 77258; 713-335-1668;
 fax: 713-335-1682

Founded: 1974.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, industrial

hygiene program assistance, occupational health program assistance, training classes or seminars. Occasional ergonomic program assistance.

Off-site services: Frequent training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene research, occupational health research, noise and vibration research, fire protection engineering, model vapor cloud dispersions, hazard and system safety analysis, field facilities and industrial operations inspections, procedures and contingency plan development and review, facility plan review, emergency services auditing, accident/incident/fire investigations. Occasional rehabilitation, ergonomic research, product liability research. Industrial hygiene testing done by contract with outside facilities.

Staff: 112 total; 29 assigned to safety consulting, one assigned to occupational health consulting, three assigned to industrial hygiene con-

sulting, including one ARM, one ASP, one CIH, four CSP, seven PE, one SSS, two ASME, nine EIT, one MBA designations and eight ASSE members.

Clients: 200 total; 150 corporate and institutional clients, 10% with gross revenues less than \$200 million, 15% with \$201 million to \$500 million, 15% with \$501 million to \$1 billion, 35% with \$1 billion to \$3.5 billion, 25% with more than \$3.5 billion.

Specialties: Aerospace, chemical, construction, education, medical, offshore structures and marine vessels, petrochemical, public utilities and research and development.

Branch offices: Freeport, La Porte Corpus Christi and Nassau Bay, Texas.

1990 gross revenues: \$7.2 million total, 40% from unbundled safety consulting services, 60% from other services including large facility safety support contracts and fire protection system design, installation and maintenance.

Continued on next page

Seldane® (terfenadine) 60 mg Tablets

BRIEF SUMMARY

CAUTION: Federal law prohibits dispensing without prescription.

DESCRIPTION

Seldane (terfenadine) is available as tablets for oral administration. Each tablet contains 60 mg terfenadine. Tablets also contain, as inactive ingredients: corn starch, gelatin, lactose, magnesium stearate, and sodium bicarbonate.

INDICATIONS AND USAGE

Seldane is indicated for the relief of symptoms associated with seasonal allergic rhinitis such as sneezing, rhinorrhea, pruritus, and lacrimation.

CONTRAINDICATIONS

Seldane is contraindicated in patients with a known hypersensitivity to terfenadine or any of its ingredients.

PRECAUTIONS

General: Terfenadine undergoes extensive metabolism in the liver. Patients with impaired hepatic function (alcoholic cirrhosis, hepatitis), or on ketoconazole or troleandomycin therapy, or having conditions leading to QT prolongation (e.g. hypokalemia, congenital QT syndrome) may experience QT prolongation and/or ventricular tachycardia at the recommended dose. The effect of terfenadine in patients who are receiving agents which alter the QT interval is not known. These events have also occurred in patients on macrolide antibiotics, including erythromycin, but causality is unclear. The events may be related to altered metabolism of the drug, to electrolyte imbalance, or both.

Information for patients: Patients taking Seldane should receive the following information and instructions. Antihistamines are prescribed to reduce allergic symptoms. Patients should be questioned about pregnancy or lactation before starting Seldane therapy, since the drug should be used in pregnancy or lactation only if the potential benefit justifies the potential risk to fetus or baby. Patients should be instructed to take Seldane only as needed and not to exceed the prescribed dose. Patients should also be instructed to store this medication in a tightly closed container in a cool, dry place, away from heat or direct sunlight, and away from children.

Drug Interactions: Preliminary evidence exists that concurrent ketoconazole or macrolide administration significantly alters the metabolism of terfenadine. Concurrent use of Seldane with ketoconazole or troleandomycin is not recommended. Concurrent use of other macrolides should be approached with caution.

Carcinogenesis, mutagenesis, impairment of fertility: Oral doses of terfenadine, corresponding to 63 times the recommended human daily dose, in mice for 18 months or in rats for 24 months, revealed no evidence of tumorigenicity. Microbial and micronucleus test assays with terfenadine have revealed no evidence of mutagenesis.

Reproduction and fertility studies in rats showed no effects on male or female fertility at oral doses of up to 21 times the human daily dose. At 63 times the human daily dose there was a small but significant reduction in implants and at 125 times the human daily dose reduced implants and increased post-implantation losses were observed, which were judged to be secondary to maternal toxicity.

Pregnancy Category C: There was no evidence of animal teratogenicity. Reproduction studies have been performed in rats at doses 63 times and 125 times the human daily dose and have revealed decreased pup weight gain and survival when terfenadine was administered throughout pregnancy and lactation. There are no adequate and well-controlled studies in pregnant women. Seldane should be used during pregnancy only if the potential benefit justifies the potential risk to the fetus.

Nonteratogenic effects: Seldane is not recommended for nursing women. The drug has caused decreased pup weight gain and survival in rats given doses 63 times and 125 times the human daily dose throughout pregnancy and lactation. Effects on pups exposed to Seldane only during lactation are not known, and there are no adequate and well-controlled studies in women during lactation.

Pediatric use: Safety and effectiveness of Seldane in children below the age of 12 years have not been established.

ADVERSE REACTIONS

Experience from clinical studies, including both controlled and uncontrolled studies involving more than 2,400 patients who received Seldane, provides information on adverse experience incidence for periods of a few days up to six months. The usual dose in these studies was 60 mg twice daily, but in a small number of patients, the dose was as low as 20 mg twice a day, or as high as 600 mg daily.

In controlled clinical studies using the recommended dose of 60 mg b.i.d., the incidence of reported adverse effects in patients receiving Seldane was similar to that reported in patients receiving placebo. (See Table below.)

Rare reports of severe cardiovascular adverse effects have been received which include arrhythmias (ventricular tachyarrhythmia, torsades de pointes, ventricular fibrillation), hypotension, palpitations, and syncope. In controlled clinical trials in otherwise normal patients with rhinitis, at doses of 60 mg b.i.d., small increases in QTc interval were observed. Changes of this magnitude in a normal population are of doubtful clinical significance. However, in another study (N=20 patients) at 300 mg b.i.d. a mean increase in QTc of 10% (range -4% to +30%) (mean increase of 46 msec) was observed without clinical signs or symptoms.

In addition to the more frequent side effects reported in clinical trials (See Table), adverse effects have been reported at a lower incidence in clinical trials and/or spontaneously during marketing of Seldane that warrant listing as possibly associated with drug administration. These include: alopecia (hair loss or thinning), anaphylaxis, angioedema, bronchospasm, confusion, depression, galactorrhea, insomnia, menstrual disorders (including dysmenorrhea), musculoskeletal symptoms, nightmares, paresthesia, photosensitivity, seizures, sinus tachycardia, sweating, tremor, urinary frequency, and visual disturbance.

In clinical trials, several instances of mild, or in one case, moderate transaminase elevations were seen in patients receiving Seldane. Mild elevations were also seen in placebo treated patients. Marketing experiences include isolated reports of jaundice, cholestatic hepatitis, and hepatitis. In most cases available information is incomplete.

OVERDOSAGE
 Information concerning possible overdosage and its treatment appears in Full Prescribing Information.

DOSAGE AND ADMINISTRATION

One tablet (60 mg) twice daily for adults and children 12 years and older.

Product Information as of July, 1990

MARION MERRELL DOW INC.

Prescription Products Division

Kansas City, MO 64114

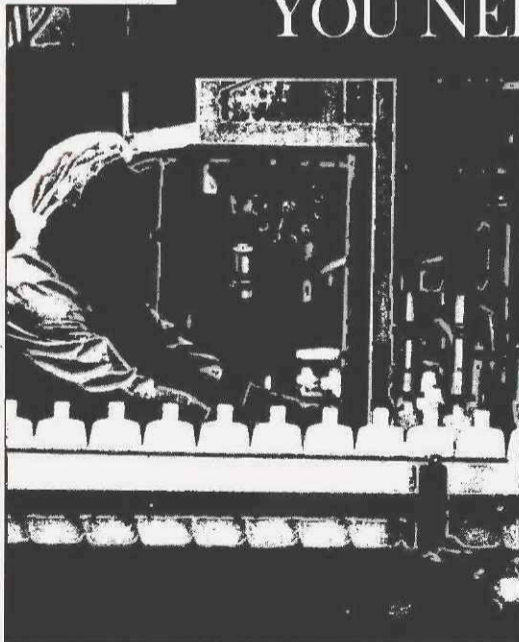
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 Corporate Headquarters
 3510 Kate's Way
 Duluth, Georgia 30136

Continued from previous page

Principal officers: Robert M. Webb, president/treasurer; Robert W. Murray, senior vp/secretary; Billy C. Magee, vp.

Contact: Bill Crittendon or Barry Richard.

Paul C. Witbeck

27 E. Glenwood Drive, Latham, N.Y. 12110; 518-785-8354

On-site services: Safety program assistance, training classes or seminars, expert witness.

Staff: One total who holds CIH and CSP designations and is an ASSE member.

Clients: Three total; 15 corporate and institutional clients.

1990 gross revenues: \$12,000, all from unbundled safety consulting services.

Wood Associates

12711 9th St., Yucaipa, Calif. 92399; 714-795-5141

Founded: 1980.

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

Other services: Frequent publication of safety materials or videos, development of training materials.

Staff: One total who holds CSP and PE designations and is an ASSE member.

Clients: 10 total.

Specialties: Aviation.

1990 gross revenues: \$40,000 total, all from unbundled safety consulting services.

Principal officers: Richard H. Wood, president.

William S. Wood & Associates

1076 Dunvegan W., West Chester, Pa. 19382-7160; 215-692-2160

Founded: 1973.

On-site services: Frequent safety audits/reviews of current programs,

safety program assistance, industrial hygiene program assistance, training classes or seminars. Occasional ergonomic program assistance, occupational health program assistance, support contest of OSHA citations.

Other services: Frequent OSHA compliance, industrial hygiene surveys. Occasional publication of safety materials or videos, development of training materials, product liability research, noise and vibration research, fire protection engineering. Industrial hygiene testing done by contract with outside labs.

Staff: One total who holds AIHA, CIH, CSP, PE, ASC, AICHE, and NFPA designations and is an ASSE member.

Clients: Six corporate and institutional clients; 20% with gross revenues \$200 million to \$500 million, 60% with \$500 million to \$1 billion, 20% with \$1 billion to \$3.5 billion.

Specialties: Chemical and petrochemical.

1990 gross revenues: 100% from unbundled safety consulting services.

Principal officers: William S. Wood, owner/consultant.

The Worksafe Group Inc.

25251 Paseo de Alicia, Suite 101, Laguna Hills, Calif. 92653; 714-583-1760; fax: 714-583-7090

Founded: 1984

On-site services: Safety audits/reviews of current programs, safety program assistance, training classes or seminars. Occasional ergonomic program assistance, industrial hygiene program assistance, certification reports for self-insurance applicant companies.

Off-site services: Training classes or seminars.

Other services: Frequent publication of safety materials or videos, development of training materials. Occasional fire protection engineering.

Staff: Eight total; four assigned to safety consulting, including two ARM, one COHN, one Ph.D and one ACII designations and four ASSE members.

Clients: 40 total. 45 corporate and

institutional clients, 87% with gross revenues less than \$200 million, 8% with \$201 million to \$500 million, 3% with \$501 million to \$999 million, 2% with \$1 billion to \$3.5 billion.

Specialties: Construction, manufacturing, health care, municipalities.

1990 gross revenues: \$800,000 total, 95% from unbundled safety consulting services, 5% from other services including defensive driving training.

Principal officers: Robert S. Anderson, president; Thomas V. Jolicoeur, senior vp.

Contact: Thomas V. Jolicoeur.

X

Xordium Inc.

12465 Lewis, Suite 104, Garden Grove, Calif. 92640; 714-748-9291; fax: 714-748-9294

Founded: 1985.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, training classes or seminars, development of management programs, policies and procedures on occupational safety issues. Occasional ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance.

Off-site services: Frequent computer managed administration of occupational safety, hazardous materials. Occasional training classes or seminars.

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

Staff: Eight total; four assigned to safety consulting, one assigned to industrial hygiene consulting; including one CSP, one PE and two ASSE members.

Clients: 100 total, all corporate and institutional clients; 100% with gross revenues less than \$200 million.

1990 gross revenues: \$300,000 total, all from unbundled safety consulting services.

Principal officers: Karen J. Gillett, president; Fred Gillett, vp.

Y

Yankus Associates

3820 Vardon Court, Woodridge, Ill. 60517; 708-416-1898

Founded: 1988.

On-site services: Frequent safety audits/reviews of current programs, safety program assistance, ergonomic program assistance, industrial hygiene program assistance, occupational health program assistance, training classes or seminars, risk management computer programs, environmental asbestos programs.

Off-site services: Frequent training classes or seminars.

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

Staff: Six total; four assigned to safety consulting, five assigned to occupational health consulting and three assigned to industrial hygiene consulting; including one CHCM, two CSP, one PE, two NSC designations and three ASSE members.

Clients: 30 corporate and institutional clients; 75% with gross revenues less than \$200 million, 20% with \$201 million to \$500 million, 5% with \$501 million to \$999 million.

Specialties: Construction, manufacturing, associations, insurance.

Principal officers: Jerry Yankus, president.

Some medications can impair job performance in ways not readily apparent.

EMPLOYEE PERFORMANCE IMPAIRMENT WILL COST YOU!

There are 40 million allergy sufferers in the United States. Of those taking antihistamines, many could be impaired without even feeling drowsy.

This type of impairment can lead to

- lost productivity
- low worker morale
- safety hazards
- decline in quality of work

The good news is that antihistamines are available that have been shown to have no effect greater than placebo on several aspects of human performance—concentration, reaction time, and motor coordination.^{1,21}

Is Your Health Care Provider Aware of Performance Impairment and its Impact on Your Bottom Line?

Information brought to you by Marion Merrell Dow Inc. (Kansas City, MO 64116), the maker of SELDANE (terfenadine). Please see 311c summary of prescribing information on adjacent page.

TPA GUIDE

to the
 Administration of Self-Funded Health Care Plans

Written by: Carl D. Harker, FSA, EA

- > Claims Manual - 3 Notebooks
- > Monthly Update of Major Changes
- > Monthly Newsletter
- > VHS Tape Catalogue (in-process)
- > Membership to National Self-Funding Educational Coalition

- > 5 Support Books
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 - Cost Containment of Health Care Benefits
 - Medical R&C Charges (1990)
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Rehab proves effective for work comp claims

By MICHAEL SCHACHNER

Many employers are finding that medical and vocational rehabilitation is one of the most cost-effective and ethical means for resolving workers compensation cases that involve seriously injured workers.

Although it can be a costly and arduous process for both employers and injured workers, the majority of companies have come to realize that voluntarily investing in rehabilitation returns employees to the job more quickly and reduces the risk of claims disputes, experts say.

However, despite widespread recognition of its benefits, observers are quick to point out that vocational rehabilitation is not devoid of snags and snarls.

For example, many injured workers find themselves in involuntary rehabilitation programs as part of a settlement or because state laws require rehabilitation. These types of cases are less likely to be successful than voluntary cases, and they often can drag out for years, increasing employers' expenses, experts say.

Another barrier to successful rehabilitation is late referral. Statistics show that when an injured worker does not begin the rehabilitation process until long after sustaining the injury, the rate of success plummets.

But voluntary rehabilitation cases that are properly monitored by employers and are administered in the best interest of all parties have gained a place in the workers compensation arena, observers agree.

"In almost every state, workers compensation costs are going up, up, up, and some employers may feel powerless to stop the spiral," said Dick Nelson, president of National Rehabilitation Consultants in St. Paul, Minn. "But a solid rehabilitation program can stop the bleeding. It just requires a lot of personal contact and follow-ups."

"You have to look at an employee's injury as your responsibility," said Keith Rosenblum, director of safety and claims with Atlanta-based retailer Home Depot U.S.A. Inc. "We go beyond the legal issue and look at an injury as being our moral and ethical obligation to rectify. We feel that we have to get an injured person back to work at equal or greater financial compensation. There's no other option."

While many employers now abide by similar philosophies, it is not always the case.

Some employers haven't embraced rehabilitation because they believe their workers compensation insurer or third-party administrator will handle all return-to-work responsibilities, said John Potter, vp-health care management with Crawford & Co. in Atlanta. "Employers have long felt that once they pay their premium, their responsibility ends. But now they're saying, 'wait,' and calling their carrier to task. And, self-insurers, who are hit with the losses directly, are actively trying to control the system through rehabilitation and medical management," he said.

"Vocational and medical rehabilitation programs have become more and more accepted by employers because the results are being seen," said Debbie Keiser, director of Continental Rehabilitation Resources in Cranbury, N.J., a unit of Continental Corp. "Acknowledging that vocational rehabilitation is expensive was easy for employers. It was harder for them to be convinced that returning employees to work was worth the cost. Too often, they saw a stack of rehabilitation bills, but no results. That's not the case anymore. The results are in."

In Florida, for example, the average workers compensation case settled for about \$32,000 in 1988, while a vocational rehabilitation case without a lawyer representing the worker cost only about \$3,500 to settle, said Robert Galt, president of St. Petersburg-based Car-

Continued on page 78



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Rehabilitation

Continued from page 76
rier's Rehabilitation Service Inc.

"We found that about 90% of 1,500 rehab cases that came to us within 42 days of injury and without attorney involvement saw the participant return to work within 2.7 months at more than 90% of their pre-injury salary," he said.

"Conversely, in a number of cases that settled, the employee got a lump-sum payment from his old employer, the lawyer got 40%, the employee bought a bass boat and a Winnebago, and had nothing 18 months later," he added.

"Rehabilitation works if the employers get involved, the attorneys stay out of the picture and the injured employee is referred to a professional rehabilitator as soon as possible," Mr. Galt said.

A nationwide study of rehabilitation costs and success rates is now being conducted by the Inter-

national Assn. of Industrial Accident Boards & Commissioners, according to Daniel Adelman, manager of research and statistics in the Oregon Workers Compensation Department in Salem. The study should be completed next spring, said Mr. Adelman, who is chairman of the IAIABC's statistics committee.

However, at least one observer says that one of the greatest problems with vocational rehabilitation is that the results are still not quantifiable.

"There still aren't any generally accepted savings standards. It's true that any time you get an injured worker back on the job you have realized savings. But it's hard to say whether that person would have come back anyway even without the money spent on rehab," said Crawford's Mr. Potter.

Others say that one reason medical and vocation rehabilitation is working is because employers have become more receptive to taking back injured workers with limitations.

Employers realize that it is ethically and financially better to have an injured worker back on modified duty at full salary than to continue paying workers compensation indemnity benefits indefinitely.

"Employers used to only want employees with no limitations. They didn't want to restructure jobs to fit someone's restriction. Now they understand that they have to accommodate injured workers and bear the responsibility. It used to be easier to leave someone to the workers comp system, but with the cost of premiums, it became evident that employers had to be part of the solution," Mr. Nelson of National Rehabilitation Consultants said.

"For a long time—and I think some employers still feel this way—work-related injuries were considered a good reason to let unwanted people go," said Maurice Kent, executive vp with General Rehabilitation Services Inc. in Berwyn, Pa.

But that sentiment has changed at many companies, primarily because of rising workers comp costs.

"We feel that a corporate-sponsored rehabilitation program dispels the idea that big corporations don't care about their employees," explained Luis Ramos, workers compensation manager with Walt Disney World Co., the Florida unit of Burbank, Calif.-based Walt Disney Co.

"We have created a centralized workshop where people can work at various tasks that fit within their capabilities. We're hoping to speed along the healing process by giving people some work to do at full pay," said Mr. Ramos.

Experts insist that for vocational rehabilitation to work, employers must develop an immediate rapport with the injured employee and referrals to providers of rehabilitation services must be made promptly.

"The biggest problem is when the rehabilitation coordinator gets a case too late," said Mary Possi, regional rehabilitation director with Intracorp, a Berwyn, Pa.-based subsidiary of CIGNA Corp. "If we get a year-old case where the participant hasn't gone through any rehabilitation, the success rate gets much lower. We need an early referral to make things work."

Ideally, medical rehabilitation, which begins immediately after the injury, should flow directly into vocational rehabilitation, according to experts.

"We shouldn't have to wait until a person is medically stable before we begin to retrain for work. We should be exploring return-to-work options during the medical
Continued on page 80

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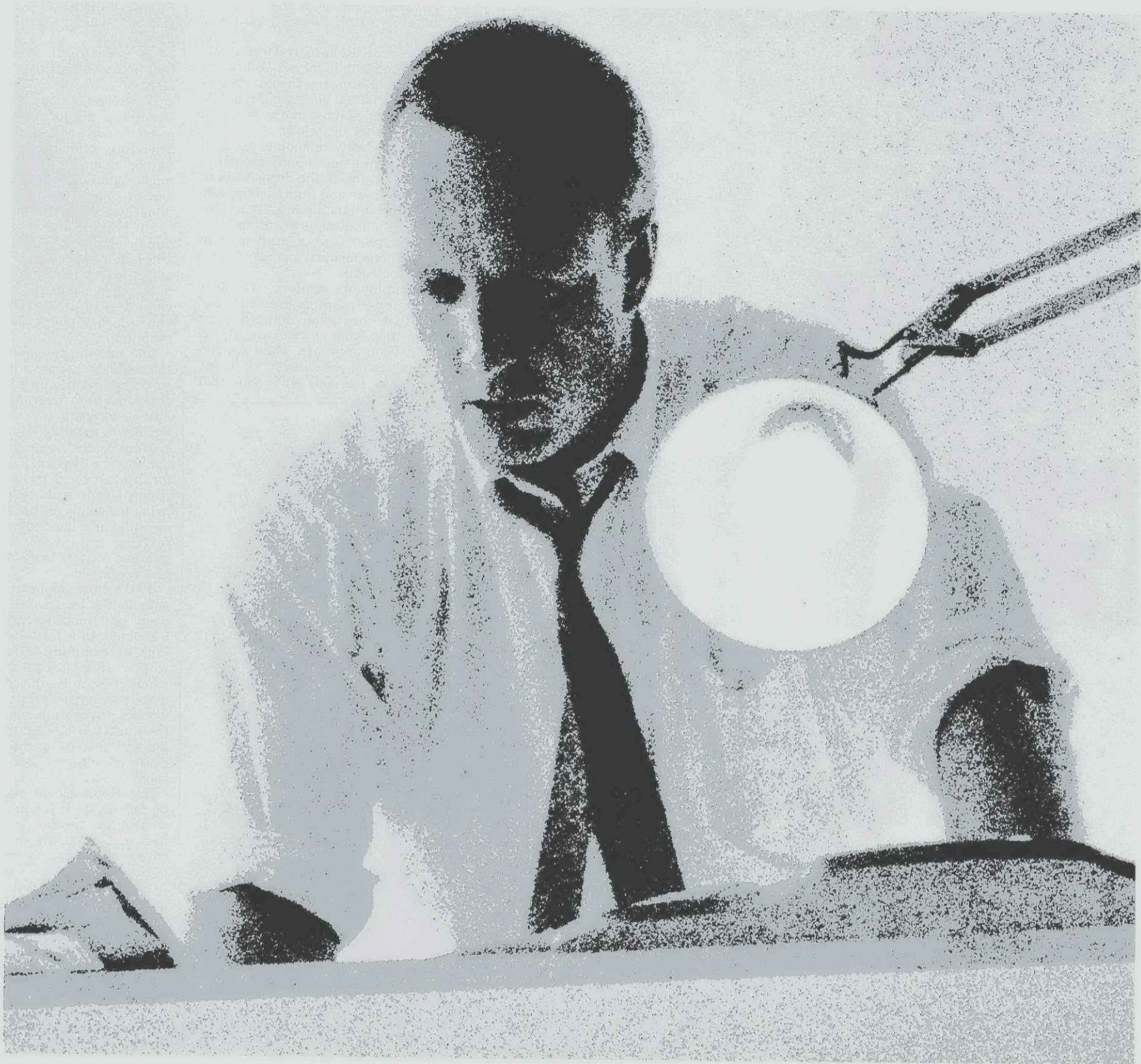
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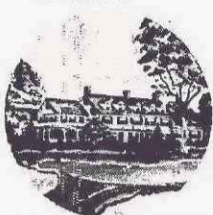
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Rehabilitation

Continued from page 78
 rehabilitation phase," said Ms. Possi.

General Rehabilitation's Mr. Kent noted that the rehabilitation and job placement success rate is less than 50% if vocational rehabilitation is started more than 18 months after the injury.

"That's why immediate medical case management and modified work that meets the needs of both the employer and injured employee is best. I'm not the biggest proponent of stand-alone vocational rehabilitation. I am a proponent of immediate medical management," Mr. Kent said.

"Employers, vendors, attorneys and injured workers must be careful that vocational rehabilitation identifies what is realistic. Based on a team approach, these professionals must assess what skills the employee has and what jobs that

worker can do," said Karen Loomam, a consultant in Hartford, Conn., with the Tillinghast division of Towers, Perrin, Forster & Crosby Inc.

"A vocational rehabilitation plan must be sensible," added Mr. Kent. "You don't have to make rocket scientists out of everybody. Vocational rehab only works if it gets an injured person a job. Therefore, realistic goals that are agreed upon by all parties are a must. Otherwise, vocational rehab can become a very expensive and unnecessary undertaking."

For years, the Home Depot, which employs 28,000 people at 160 home improvement materials stores across the country, has emphasized a hands-on approach to employee injuries, rehabilitation and return-to-work, said Mr. Rosenblum.

One reason, he said, is because the company carries a high self-insured retention within its workers compensation insurance program and is looking to control costs wherever possible. But more important is the company's philosophy toward workplace injuries. If an injury occurs on its premises, Home Depot feels responsible to bring the employee back to work at an equal or higher wage or provide for that employee's welfare, regardless of state laws, Mr. Rosenblum explained.

"With most employers, the claim goes to the insurer or to a third-party administrator and that's it. But what this leads to is a total lack of communication and the worker seeking legal counsel. So, when a person is injured, we immediately assign a staff person to that worker to explain what benefits the worker is entitled to and that a job will be kept open for when the employee returns," Mr. Rosenblum said.

If a Home Depot employee will be out of work for more than six weeks, the person is assigned a personal advocate to coordinate care and manage the medical side of the case.

"You need this when 15% of your cases account for 85% of costs," he said.

And, if after 12 months Home Depot has been unable to bring the person back to work at his or her same job, the company begins a vocational rehabilitation program to identify where the employee can be placed, even if it's with another company.

"This all costs a lot, but it's our obligation," Mr. Rosenblum said. "I don't think you can just turn a case over to a vendor because no one looks after your interests like you do."

Walt Disney World's Mr. Ramos agreed. In Florida, where companies are allowed to self-insure their workers compensation, Walt Disney World has been using an in-house vocational rehabilitation center since the late 1970s.

"You simply can't let these cases go on by themselves. Injured workers need someone to hold their hand and get them back to the job. It saves us an immense amount of money managing the cases ourselves from the medical stage right through vocational rehab," Mr. Ramos said.

Walt Disney World, which employs approximately 30,000 people, has two registered nurses responsible for the company's medical and vocational rehabilitation programs.

Mr. Ramos believes that injured workers benefit from being treated by rehabilitation coordinators that are employees of the company. "It seems that the rehabilitation process works best when employees treat other employees. Plus, you're saving about \$65 per hour that vendors charge. With this arrangement, you have the necessary internal controls that allow you to save money."

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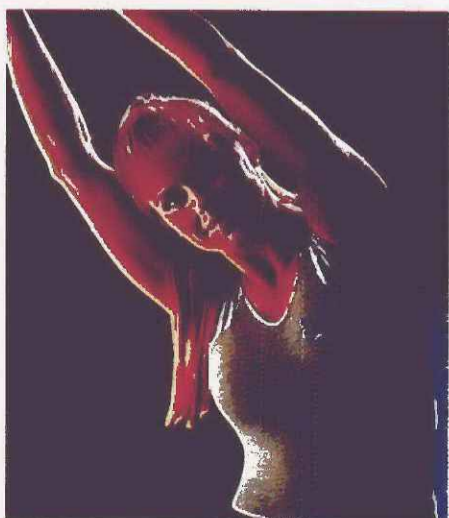
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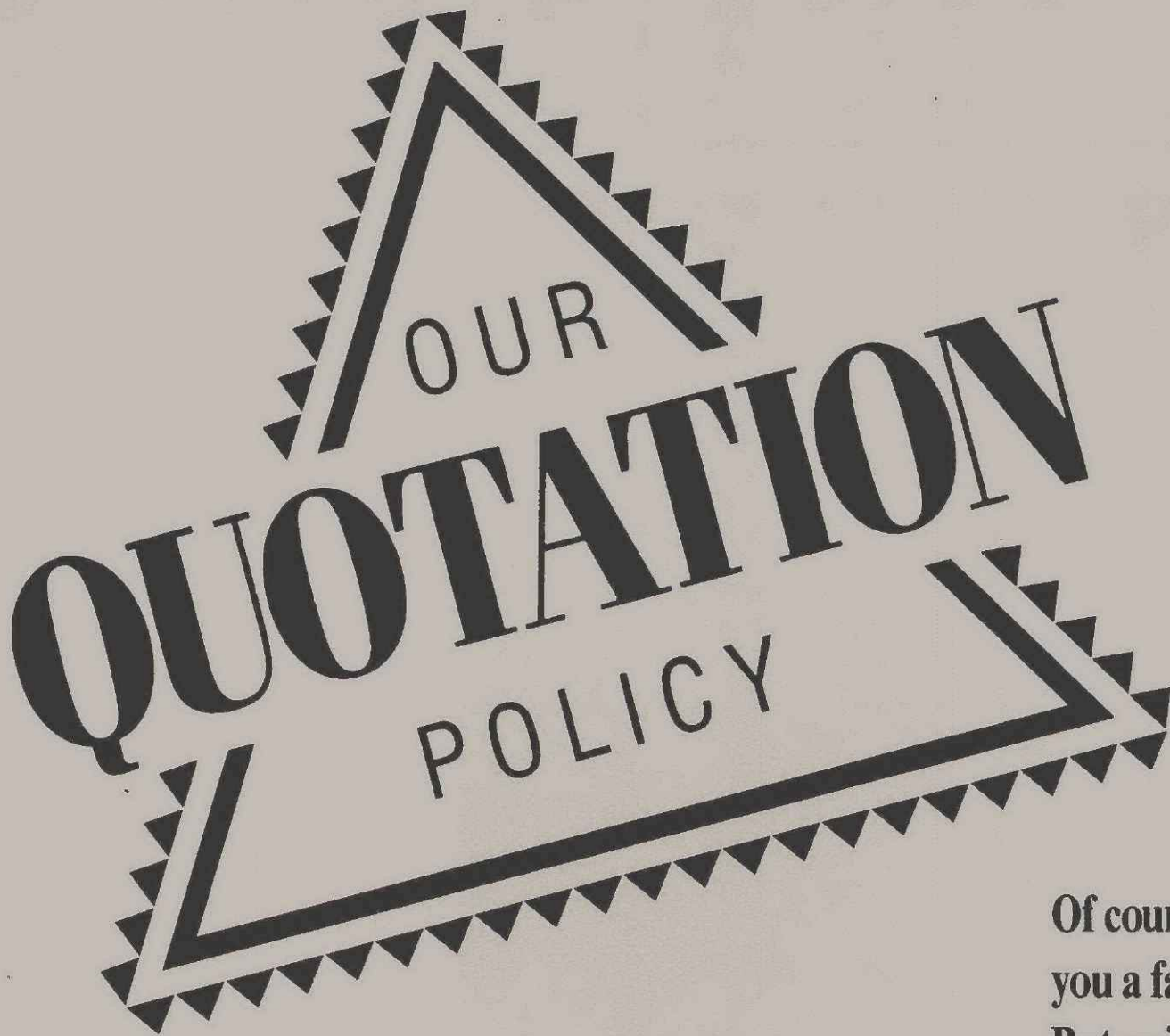
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BI offers listing of medical, vocational rehabilitation management service firms

A

ALTA Health Strategies Inc.

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Salt Lake City, Utah 84047;
801-568-5500; fax: 801-568-5652

Founded: 1960.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, independent medical examination.

Occasional services: Job analysis, return-to-work modification and coordination, vocational assessment

and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, short- and long-term disability.

Staff: Two RNs, one physician. Designations held include one CIRS, one CRRN.

Compensation: Per hour, \$60 to \$90.

Contact: Leigh Ann Havas, manager-disability management program.

American International Health & Rehabilitation Services Inc.

400 Interspace Parkway, Building
A, Parsippany, N.J. 07054;
201-402-2800 or 800-255-6644;
fax: 201-402-3105

Founded: 1986.

Parent company: American International Group Inc.

Business: 10% rehabilitation services for employers, 80% rehabilitation services for insurance companies and TPAs, 10% other, including legal services.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement, life care planning.

Occasional services: telephone case management, independent medical examination, job-seeking skill training, testimony and expert opinion.

Other services: Discharge planning, second surgical opinion, hospital bill audits, medical/legal file review.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long- and short-term disability, group health, mortgage and credit disability.

Staff: 419 total; 294 professionals, including 165 RNs, 102 vocational counselors, 27 degreed professionals. Designations held include 20 CRCs, 71 CIRSs, 40 CRRNs.

Customers: 300 total, including 25 corporate and institutional employers, 96 insurance companies, 144 claims administrators and TPAs, 35 attorneys.

Cases: 8,772 closed in 1990.

Service area: Nationwide.

Compensation: Per hour, \$61 to \$81, plus expenses.

Principal officers: Ralph L. Rousseau, president/chief executive officer; John B. Witty, vp-services; Alan L. Ey, assistant vp-rehabilitation management; Elaine C. Halberstadt, assistant vp-marketing.

Aspire

8125 Parkview Drive, Des Moines,
Iowa 50322; 515-276-7344

Founded: 1991.

Business: 95% rehabilitation services for insurance companies and TPAs, 5% other, including business consulting.

Frequent services: Medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, vocational rehabilitation evaluation and placement.

Occasional services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, independent medical examinations, testimony and expert opinion.

Continued on next page



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San Marcos Treatment Center



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Psychiatric Hospital

Continued from previous page

Other services: Patient advocacy programs, second surgical opinion, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: One total; a vocational counselor who holds a CIRS designation.

Customers: Corporate and institutional employers having 70% with under 500 employees, 30% with 500 to 999. Insurance companies, claims administrators and TPAs.

Service area: Iowa, North Dakota, South Dakota, Nebraska, Minnesota, Wisconsin, Illinois.

Compensation: \$65 per hour plus 26¢ per mile for rehabilitation; \$175 per hour for testimony.

Principal officers: Clark H. Williams, president.

Associates in Rehabilitation & Placement Inc.

79 W. Monroe St., Suite 1114, Chicago, Ill. 60603; 312-855-3737; fax: 312-855-3739; 226 S. Batavia Ave., Batavia, Ill 60510; 708-406-8900; fax: 708-406-8918

Founded: 1989.

Business: 100% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: telephone case management, testimony and expert opinion.

Other services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion.

Coverage: Workers compensation, auto liability, general liability, medical malpractice, long-term disability.

Staff: 10 total; seven professionals, including three RNs, four vocational counselors, one degreed professional. Designations held include three CRCs, two CIRSs.

Customers: Four total, including corporate and institutional employers having 10% with 1,000 to 2,499 employees, 90% with more than 5,000. Eight insurance companies, two claims administrators and two TPAs, 10 attorneys on workers compensation, petitioners attorneys on liability.

Cases: 66 closed in 1990. Two independent medical examination cases, 13 expert opinion cases.

Service area: Illinois, Indiana, Wisconsin.

1990 gross revenues: \$361,197 total, all from rehabilitation services.

Compensation: \$62 per hour.

Principal officers: Jerrolyn McCauley, director-rehabilitation/administration; Kathleen Kelly, director-rehabilitation/marketing.

Contact: Jerrolyn McCauley or Kathleen Kelly, 708-406-8900.

B

Bluegrass Rehabilitation Inc.

11603 Shelbyville Road, Suite 12, Louisville, Ky. 40243; 502-245-7236

Founded: 1989.

Business: 5% rehabilitation services for employers, 94% rehabilitation services for insurance companies and TPAs, 1% other, including medical bill evaluation/audits.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, job placement.

Occasional services: telephone case management, medical assessment, labor market survey, job-seeking skill training, testimony and expert opinion.

Continued on next page

Guide to directory of rehab managers

Total staff members in 1990, not including part-time or per case consultants, is listed under **staff**. Also included under this heading is the number of professionals employed, divided into registered nurses, vocational counselors, and other degreed professionals (social workers, physical therapists and occupational therapists); and designations held including CIRC (Certified Rehabilitation Counselor), CIRS (Certified Insurance Rehabilitation Specialist) and CRRN (Certified Rehabilitation Nurse).

Next is total **customers** in 1990, including a breakdown by type of client and a breakdown of corporate and institutional employer customers by number of employees.

Information on the number of rehabilitation cases closed in 1990, the number of independent medical examination cases in 1990 and the number of expert opinion cases in 1990 are

given under **cases**.

Service area gives states or regions served, and **gross revenues** lists 1990 total revenues and 1990 revenues generated solely by rehabilitation services. Charges and methods of billing is given under **compensation**.

Names and titles of **principal officers** complete the listings, as well as a **contact person** for those seeking more information.

Companies were asked to complete a **BI** questionnaire to be included in the directory. Each firm's listing is based on its responses to that questionnaire. Although every effort is made to publish complete and accurate listings, **BI** is unable to verify all information provided.

The directory is published as an editorial service; there is no charge for companies to be included. If you would like to be listed in the 1992 directory of rehabilitation management service providers, please write Karen Armanagian, Editorial Assistant, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590.

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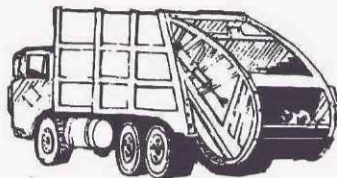
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Charles A. Johnson, NSWMA 1730 Rhode Island Avenue, NW
 Suite 1000-B, Washington, DC 20036
 800/424-2869 or 202/659-4613

NSWMA

Continued from previous page

Other services: Discharge planning, second surgical opinion, hospital bill audits, medical case management.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability.

Staff: 15 total; 13 professionals, including nine RNs, three vocational counselors, one degreed professional. Designations held include one CRC, three CIRSSs, two CRRNs.

Customers: 18 total, including 12 corporate and institutional employers having 96% with under 500 employees, 3% with 500 to 999, 1% with 2,500 to 4,999.

Cases: 146 closed in 1990. Two independent medical examination cases, two expert opinion cases.

Service area: Kentucky.

1990 gross revenues: \$487,000 total, \$478,440 from rehabilitation services.

Compensation: Per hour, \$55; 26 cents per mile plus expenses; all charges are prorated.

Principal officers: Ann Marie Marks, president; Bruce L. Ferguson,

secretary; Scott Ferguson, treasurer; Warren Bessler, vp-operations.

Contact: Ann Marie Marks, 800-456-6594.

Board Certified Rehabilitation Consultants of Montana

2501 Catlin, Suite 205, Missoula, Mont. 59801; 406-721-9320; fax: 406-549-5305

Founded: 1987.

Business: 20% rehabilitation services for employers, 75% rehabilitation services for insurance companies and TPAs, 5% other.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: On-site medical case management.

Coverage: Workers compensation,

auto liability, general liability, auto no/fault, railroad.

Staff: 13 total; nine professionals, including vocational counselors, degreed professionals. Designations held include nine CRCs.

Customers: 75 total, including corporate and institutional employers having 60% with under 500 employees, 30% with 500 to 999, 10% with 1,000 to 2,499.

Cases: 400 closed in 1990. 300 expert opinion cases.

Service area: Montana, North Dakota, South Dakota, Wyoming, Idaho, Washington.

1990 gross revenues: \$750,000 total, all from rehabilitation services.

Compensation: Per case, per hour, \$50 to \$75.

Principal officers: William Goodrich, president/manager; Katherine Kleinkopf, vp/manager; Kent Kleinkopf, vp/marketing manager.

Contact: Kent Kleinkopf.

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12481 Telecom Drive, Temple Terrace, Fla. 33637; 813-978-9711; fax: 813-978-0275

Founded: 1979.

Parent company: Adjustco Inc.

Business: 10% rehabilitation services for employers, 55% rehabilitation services for insurance companies and TPAs, 35% other, including forensics, information and medical reviews.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Telephone case management, testimony and expert opinion, informational services.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, nurse liaison, injury prevention, return-to-work programs.

Coverage: Workers compensation, auto no/fault.

Staff: 106 total; 67 professionals, including 37 RNs, 26 vocational counselors, four degreed professionals.

Customers: 1,100 total, including 100 corporate and institutional employers, 300 insurance companies, 700 claims administrators and TPAs.

Cases: 850 closed in 1990.

Service area: Alabama, California, Florida, Georgia, Louisiana, Massachusetts, Michigan, Minnesota, New Jersey, New York, Pennsylvania, Texas.

Compensation: Per hour, \$63 to \$72.

Principal officers: Grace Armstrong, national director; Sherrie Dulworth and David San Filippo, vps.

Contact: Sherrie Dulworth.

Care Management Consultants Inc.

P.O. Box 3101, Brentwood, Tenn. 37024; 615-373-2273; fax: 615-377-0433

Founded: 1990.

Business: 15% rehabilitation services for employers, 80% rehabilitation services for insurance companies and TPAs, 5% other.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations.

Occasional services: Telephone case management, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, life care plans.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay de-

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Continued from previous page
 termination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, health, long-term disability, malpractice.

Staff: 15 total; all professionals, including 13 RNs, two vocational counselors. Designations held include two CRCs, four CIRSSs, one CRRN.

Customers: 45 total, including 21 corporate and institutional employers having 10% with under 500 employees, 15% with 500 to 999, 60% with 1,000 to 2,499, 15% with 2,500 to 4,999. 19 insurance companies, five claims administrators and TPAs, 10 law firms.

Cases: 400 referrals in 1990. Five expert opinion cases.

Service area: Tennessee.

Compensation: Per hour, \$55 to \$65.

Principal officers: Kathleen Ingleson, president; Cathlin Vinett, vp/treasurer.

Contact: Kathleen Ingleson.

termination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability, social security.

Staff: 889 total.

Customers: 1,172 total, including 354 corporate and institutional employers. 596 insurance companies, 38 claims administrators and TPAs, 184 law firms, one health and human services.

Cases: 14,568 closed in 1990. 18,576 independent medical examination cases, 694 expert opinion cases.

Service area: Nationwide.

1990 gross revenues: \$45.1 million total, \$40.2 million from rehabilitation services.

Compensation: Per hour, \$56 to \$66.

Principal officers: Lois E. Silverman, chief executive officer; Donald F. Larson, president.

Conservco Inc.

3903 Northdale Blvd., Suite 200, Tampa, Fla. 33624; 800-525-5590; fax: 813-960-5772

Founded: 1981.

Parent company: The Travelers Corp.

Business: 15% rehabilitation services for employers, 75% rehabilitation services for insurance companies and TPAs, 10% other.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, American with Disabilities Act compliance.

Other services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning,

Continued on next page

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Centennial Rehabilitation Associates Inc.

1325 S. Colorado Blvd., Suite 614, Denver, Colo. 80222; 303-757-5271; fax: 303-757-5735

Founded: 1979.

Business: 10% rehabilitation services for employers, 90% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: Life care planning.

Other services: Discharge planning, outpatient utilization review.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, Federal Employer's Liability Act, long-term disability.

Staff: 32 total; 24 professionals, including 10 RNs, 12 vocational counselors, two degreed professionals. Designations held include five CRCs, four CIRSSs, two CRRNs.

Customers: 148 total, including 24 corporate and institutional employers having 5% with under 500 employees, 60% with 500 to 999, 10% with 1,000 to 2,499, 15% with 2,500 to 4,999 and 10% with more than 5,000. 74 insurance companies, 20 claims administrators and TPAs, 30 law firms.

Cases: 687 closed in 1990. Approximately 400 expert opinion cases.

Service area: Colorado, Nebraska, Wyoming.

Compensation: Per hour, \$64.

Principal officers: Barbara Laszkowski, president; Dennis Boyd, secretary/treasurer.

Contact: Dennis Boyd.

Comprehensive/Central Rehabilitation Associates Inc.

312 Union Wharf, Boston, Mass. 02109; 617-367-2163; fax: 617-367-8519

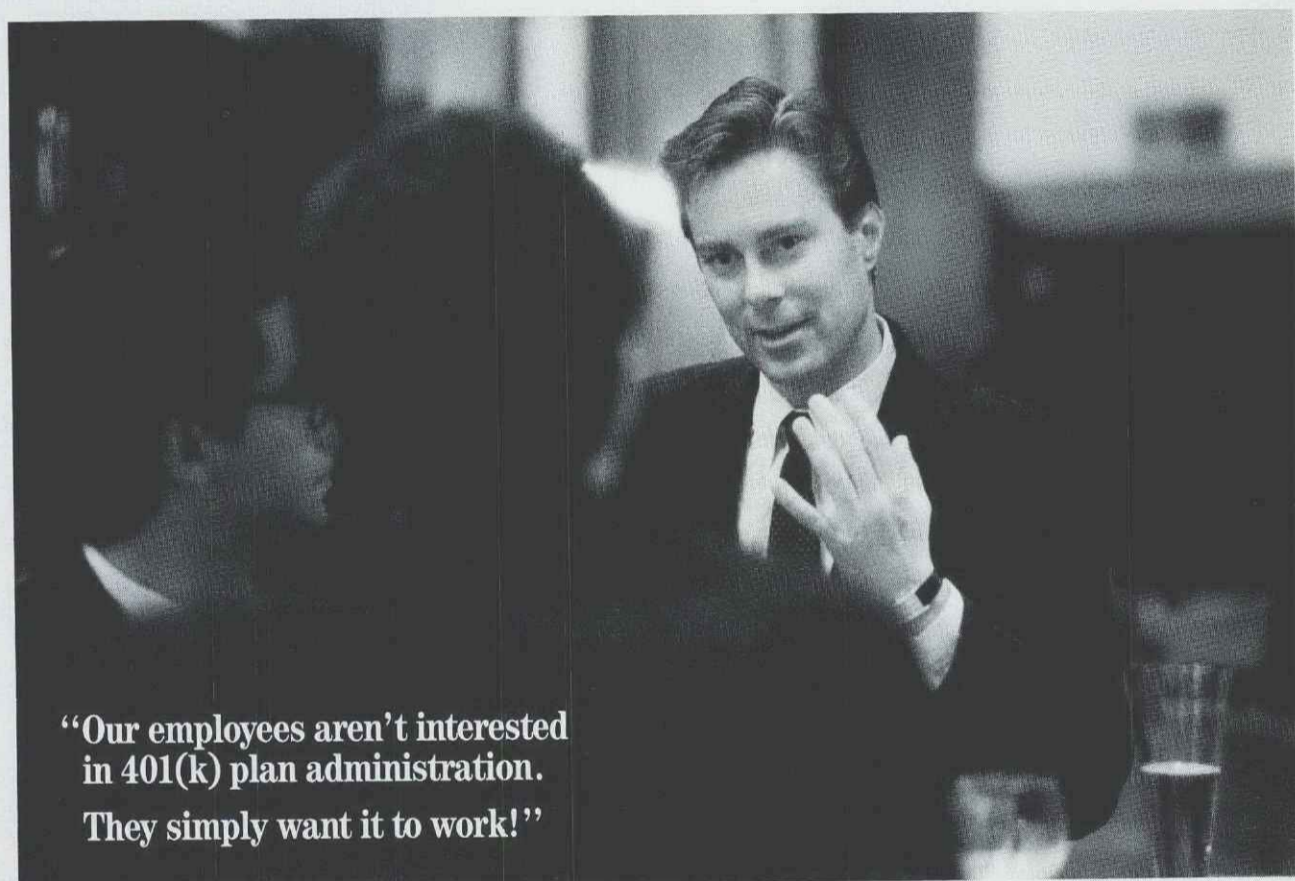
Founded: 1978.

Business: 18% rehabilitation services for employers, 74% rehabilitation services for insurance companies and TPAs, 8% other, including Department of Health and Human Services work and attorney referrals.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, auditing services, peer reviews.

Occasional services: Telephone case management.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay de-



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Spotlight report

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outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, short- and long-term disability, longshore.

Staff: 1,700 total; 1,100 professionals, including 700 RNs, 200 vocational counselors, 200 degreed professionals, four physicians.

Customers: 653 total, including 153 corporate and institutional employers, 173 insurance companies, 113 claims administrators and TPAs, 214 other.

Cases: 25,000 closed in 1990.

Service area: Nationwide.

1990 gross revenues: \$108 million total.

Compensation: Per hour.

Principal officers: Dennis Huffman, president; Cathy Johnson, vp-marketing; Dr. Jim Vance, chief medical officer; Kam Shah, chief financial officer; Pat Soranno, vp-human resources.

Contact: Jack DeMumbrum, vp-product manager.

Continental Rehabilitation Resources

1 Continental Drive, Cranbury, N.J. 08570-0001; 609-395-2020; fax: 609-395-6303

Founded: 1989.

Parent company: Continental Insurance.

Business: 30% rehabilitation services for employers, 70% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment-testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: Telephone case management.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, accident and health, long- and short-term disability.

Staff: 316 total; 230 professionals, including RNs, vocational counselors, degreed professionals. Designations held include 67 CRCs, 54 CIRSS, 13 CRRNs.

Customers: 387 total, including 113 corporate and institutional employers having 10% with under 500 employees, 10% with 500 to 999, 25% with 1,000 to 2,499, 35% with 2,500 to 4,999 and 20% with more than 5,000. 155 insurance companies, 71 claims administrators and TPAs, 48 law firms.

Cases: 9,123 closed in 1990. 125 expert opinion cases.

Service area: Nationwide except Oregon, Montana, Wyoming, Iowa, South Dakota, New Mexico, Ohio, North Dakota, Colorado.

1990 gross revenues: \$19.3 million from rehabilitation services.

Compensation: Per hour, \$59 to \$74.

Principal officers: Debra A. Keiser, assistant vp.

CorpCare-Lostime Management Services Inc.

400 Wabash Ave., Akron, Ohio 44307; 216-384-6578

Founded: 1986.

Parent company: Akron General Medical Center.

Business: 80% rehabilitation services for employers, 20% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement.

Occasional services: Telephone case management, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient

advocacy programs, retrospective review.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability.

Staff: Nine total, including eight RNs, one degreed professional. Designations held include one CIRS, one CRRN.

Customers: 20 total, including 15 corporate and institutional employers having 20% with under 500 employees, 78% with 500 to 999, 2% with 1,000 to 2,499. Three insurance companies, two claims administrators and TPAs.

Cases: 59 closed in 1990.

Service area: Nationwide.
1990 gross revenues: \$246,000 from rehabilitation services.

Compensation: Per hour, \$50.

Principal officers: Jeffrey R. Kreider, director-case management services; Robert Raitz, president/chief executive officer; Michael Kothuth, director-marketing.

Contact: Jeffrey R. Kreider, P.O. Box 450731, Westlake, Ohio 44145; 216-892-4940.

Corporate Care Management Inc.

70 Corporate Drive, Binghamton, N.Y. 13904; 607-724-6520; fax: 607-722-1332

Founded: 1974.

Business: 30% rehabilitation services for employers, 70% other, including health cost management.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, job placement, testimony and expert opinion.

Other services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, disability.

Staff: 24 total; 19 professionals, including 18 RNs, one physician.

Customers: Five total, all corporate and institutional employers having 1% with under 500 employees, 85% with 2,500 to 4,999 and 14% with more than 5,000.

Service area: New York.

Compensation: Per employee, 95 cents to \$1.25; per hour, \$70 to \$95.

Principal officers: John Spring, chairman/medical director; Patrick J. Kearse, president/chief executive officer; Barbara S. Kane, vp/chief operating officer.

Contact: Patrick J. Kearse, president.

Crawford & Co.

5620 Glenridge Drive N.E., Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4028

Founded: 1941.

Business: 6% rehabilitation services for employers, 14% rehabilitation services for insurance companies and TPAs, 80% other, including claims administration, information systems and risk control.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, internal/light duty return-to-work programs.

Occasional services: Telephone case management.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, diagnostic testing review.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability, long-term care, group health.

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Reader Reply Service

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Insurer Topics

A special editorial section sent exclusively to insurers and reinsurers

Shattering the glass ceiling

They've come a long way, but women face a hard climb to insurers' executive suites

By MARK A. HOFMANN

The glass ceiling is beginning to crack for women working in the property/casualty insurance industry.

But while women agree they have far greater opportunities to advance in insurance company management than 10 years ago, they still differ on when the glass ceiling separating them from the top reaches of insurer management will finally shatter and what will deliver the final blow.

They also disagree on the specific career advice they would give young women who hope to make it to the top in the property/casualty insurance industry.

The shattering of the glass ceiling eventually could affect hundreds of thousands of women. According to federal statistics noted in the Insurance Information Institute's "1991 Property/Casualty Insurance Facts" handbook, U.S. property/casualty insurers provided direct employment for more than 546,000 people in 1989, the last year for which data is available. If only half of those employees are women—and some say women account for more than 50% of the industry's workforce—that's more than a quarter of a million people.

Some women in management believe that it's just a matter of time before women will reach the top echelons of the industry.

"If there's a glass ceiling, some women have pierced through it," said Linda L. Bell, senior vp and chief actuary of Transamerica Insurance Co. in Woodland Hills, Calif.

"Does the glass ceiling exist? Yes, but I think we're chipping away at it," said Donna Griffin, vp and branch manager of Warren, N.J.-based Chubb & Son Inc.'s Cleveland office.

"I think the glass ceiling's still there," said Louise A. Ryan, president of the New York-based Assn. of Professional Insurance Women (see story, page 86B). Although an increasing number of women are moving into management positions, "it's still quite rare" to find a woman among property/casualty insurance presidents or chief executive officers, said Ms. Ryan, a vp at St. Paul Reinsurance Management Corp. in New York.

"Anybody would be blind to say that (the glass ceiling) doesn't exist, but it's getting better," agreed Jeanine Kingeter, manager of commercial field operations at Reliance Insurance Co. in Philadelphia. Ms. Kingeter also serves on the board of directors of the Tulsa, Okla.-based National Assn. of Insurance Women (see story, page 86B).

However, some women in the industry aren't as optimistic.

Adrian Tocklin, senior vp-claims for Continental Corp. in New York, said that she "could argue with equal vigor" that the glass ceiling is or is not cracking.

On the positive side, there are more

women in senior positions at insurance companies than there were five years ago, Ms. Tocklin said. And at the middle management level, "there has been definite improvement."

From another perspective, though, the progress is far less impressive. Ms. Tocklin points that few women hold executive positions even though women comprise more than 70% of the payroll at some large companies.

Whereas 20 years ago, only a very small percentage of underwriters or claims adjusters were women, now the proportion is probably half or better, she said. "Obviously, entry-level management is going to be female," Ms. Tocklin said.

"Natural selection" would seem to indicate that the women would comprise a significant proportion of the next layers of management as well, she added. "But natural selection isn't the way the real world works."

To climb the corporate ladder, "the woman still has to be better" than a male competitor, she asserted. "People are more willing to take a chance on a 'B' male," than they are on a "B"—or even "A" female, she said, adding that she believes "there should be a lot more women" in insurers' management ranks.

An executive recruiter specializing in the insurance industry also agrees that a barrier still separates men from women managers at insurance companies.

"I think there is a glass ceiling. I think it's being cracked, but it hasn't been shattered," said Richard T. Bergsund, managing partner of Richard T. Bergsund Associates in San Salito, Calif.

However, any glass ceiling that does exist in the insurance industry today has been raised a couple of notches in the past generation.

Twenty years ago, the rare woman insurance executive was viewed with suspicion, said Transamerica's Ms. Bell. It was assumed that a woman was somehow not the equal of her male counterparts and that she had to prove her competence before being taken seriously, Ms. Bell said.

Continental's Ms. Tocklin recalled that women faced significant obstacles 20 years ago before they even were given a chance to prove their competence.

Ms. Tocklin's first job as an outside claims adjuster in 1970 required her to go through a rigorous screening process not required of men, she said, declining to identify the company except to say that it was not Continental. She sought the job at a Miami-area office of an insurance company that wrote a large book of marine insurance. No other women worked as outside claims adjusters at the company.

Although the company's branch office managers had the authority to hire claims adjusters, Ms. Tocklin said she had to submit to interviews at both the regional and then the home offices before she was hired. At the home office, the executive in charge of claims for the company



looked at Ms. Tocklin as if she had no idea what she was getting into.

"Young lady, do you realize that you'll have to go on the docks?" he asked.

Ms. Tocklin replied that she did indeed understand that handling marine claims in the Miami area would entail going out on the docks.

Even in the 1980s, some male executives remained suspicious of women executives' ability, said Ms. Tocklin.

For example, in 1982 she was involved in a dispute with a policyholder over a coverage question. The policyholder had gone through several layers of lower-ranking executives, finally demanding to see Adrian Tocklin, without knowing that Adrian Tocklin was a woman.

As Ms. Tocklin tells it, the policyholder apparently thought that Ms. Tocklin was a Mr. Tocklin because of the spelling of her first name. When she met the man at the elevator, he thought she was a secretary and asked to see Adrian Tocklin. When Ms. Tocklin informed him that he was looking at Adrian Tocklin, he re-

plied, "I can't deal with a woman" and got back in the elevator.

The policyholder dropped his complaint, even though Continental was willing to negotiate, Ms. Tocklin said. "People like that cost their organizations money," she said.

"Everybody has war stories like that," Ms. Tocklin added. "Every woman would have had experiences like that."

Even today, women run into occasional misconceptions about their status, said Elizabeth M. Lindner, director of corporate planning and research for Kemper National Insurance Cos. in Long Grove, Ill. Ms. Lindner said that in nine out of 10 cases where a man and a woman arrive together at a meeting or other business situation, it is assumed that the man is in charge, she said. Women "need the extra oomph," to prove that wrong, she said.

But Ms. Lindner made clear that she doesn't equate such misconceptions with career-maiming discrimination. "I've never had a sense of being discriminated against because I was a woman."

In fact, she thinks the opportunities offered to women by the property/casualty insurance industry are greater than ever.

"I think the industry is primed and ready and needs new ideas and new talents. To me, that's an outstanding combination for opportunities for women," Ms. Lindner said.

Ms. Lindner is not the only senior manager who says she has never personally faced serious discrimination.

"I think people are assumed to be competent unless they prove themselves otherwise," Transamerica's Ms. Bell said. "I've never been aware of being discriminated against" during roughly 24 years in the industry, she said, adding that the industry's record on hiring and promoting women is "pretty good and improving."

Still, improvement is still needed, she said. For example, golf outings—where business relationships are created and deals are made—sometimes pose barriers to ambitious women.

Continued on next page

Insurer Topics

Glass ceiling

Continued from previous page

"The only sex-linked barriers I've run into are on the golf course," said Ms. Bell, noting that some courses still restrict the hours during which women—even executives—can tee off.

Chubb's Ms. Griffin cited the same example. "The first time I really was discriminated against was when I was on the golf course," she said, again citing restricted hours for female golfers.

The erosion of prejudice in the workplace—if not on the links—has opened career opportunities that were nearly unheard of only two decades ago, several women managers agreed.

Jan Tomlinson, senior vp-human resources and managing director in Chubb & Son's home office, noted the change in hiring patterns by recalling the underwriting training class she attended when she entered the property/casualty insurance industry nearly 20 years ago.

"For many years, it was truly a male-dominated business," she said. Only six of the 50 underwriting trainees in her class were women, she said, adding that women now comprise more than 50% of Chubb underwriting trainees.

Kemper's Ms. Lindner pointed out that an increasing number of women have garnered management positions in what she describes as the "functional" areas of the insurance business—like underwriting, claims and loss-control engineering—as opposed to areas like personnel and purchasing that must be filled at companies in all industries.

Ms. Lindner said she would advise any young woman embarking on a management career at an insurance company to "make sure that you try to avoid getting stereotyped and slotted into an extremely narrow discipline." The greater a manager's exposure to different disciplines within the industry, the better the chances of success, she said.

But an executive recruiter disagrees. "I think you have to go to the one-of-a-kind jobs," said Mr. Bergsund. "More exotic positions" involving computer systems or finance create visibility and might provide a "faster way up the ladder" than traditional routes through the claims and underwriting offices, he said.

"Does a person have to spend long years at an underwriting or claims desk? I say the answer is no," said Mr. Bergsund, who added that while exposure to such disciplines is necessary, these core areas may not be the way to the top.

Reliance's Ms. Kingeter, though, suggested that a woman embarking on an insurance career start with underwriting or claims. "I think it's important to be exposed to all aspects of the insurance industry," she said. But after gaining exposure, the would-be executive should carve out a niche, she said.

"You have to have some kind of strong suit. I don't think the industry needs a whole bunch of generalists," Ms. Kingeter said.

Transamerica's Ms. Bell also stressed the importance of women getting involved in the nuts-and-bolts areas. She said that she chose an actuarial career in part because of its objective nature.

As a math major in the 1960s, Ms. Bell's career options at graduation appeared to consist of teaching, working with computers or pursuing a graduate degree, she said. Actuarial science provided a fourth alternative that was particularly attractive because the criteria for competence were purely objective. "If you pass the exams, you've proved you're competent," she said.

As for today, "I think some companies have gone out of their way to seek out competent women," she said.

However, Victor Caleo, a New York-based executive recruiter, doesn't think that many insurers have gone out of their way to bring women into the higher echelons of management.

"The insurance industry has done a very poor job of encouraging women" to seek the highest executive positions, said Mr. Caleo, president of The Michael Scott Consulting Co. Inc. He said that the reasons for the lack of encouragement include:

- The small number of women already in the insurance industry with the experience necessary for a jump to the highest levels of management.

- An "old boy" network reluctant to admit outsiders.

- A resistance to seeking qualified executives from outside the industry.

"We need one superstar woman from outside the industry," Mr. Caleo said. An example of such a superstar, he said, is Elizabeth H. Dole, the former transportation and labor secretary who recently took the reins at the American Red Cross.

With industry outsiders conspicuously absent, it is not surprising that the few top women executives have come from within the property/casualty industry. And some companies are encouraging that sort of promotion from within.

For example, an official—yet informal—mentoring program at Chubb is helping prepare women middle managers to climb farther up the ladder.

Established 18 months ago, the program aims to have top managers share their experiences with middle managers as they help the middle managers carry out corporate projects, Ms. Tomlinson said. Although the program was not designed specifically for women, 80% of the 28 participants in the pilot program are women, she said.

The mentoring program gives women access to senior managers at Chubb outside of the normal reporting relationship, she noted. The participants benefit from their mentors' experiences, are allowed to witness how things are done at the top levels of the company and can work on specific projects, like examining how personal computers are being used in branch offices and recommending how to use them more effectively, she said.

A recent survey of participants drew a "very positive response," Ms. Tomlinson said.

She pointed out that Chubb had not set up the mentoring program as an exercise in altruism. The workforce is changing, she said, and Chubb's philosophy "is to attract and hire top talent." Many of those people are women who must be prepared for the challenges of senior management, she said.

Ms. Tomlinson said that anyone—man or woman—probably needs at least 20 years in the business to make it into senior management. Since the significant influx of women onto the bottom rungs of property/casualty management didn't begin until about 20 years ago, the cracks in the glass ceiling may become more numerous in the 1990s.

Susanne Wolfe, president of the NAIW and vp and principal of Bultman/Bell Associates Inc., a Greenville, S.C., independent insurance agency, agreed.

"Fifteen years ago, it was almost

APIW allows managers to meet their peers

NEW YORK—While it's always lonely at the top, it was particularly lonely for the handful of women insurance executives who formed the Assn. of Professional Insurance Women in 1976, says the group's current president.

The initial impetus behind the group was to give women in decision-making positions in the insurance industry a chance to talk with their peers, said APIW President Louise A. Ryan.

She added that women in decision-making positions had "very few peers" at the time.

"The APIW gave these women a chance to get to know each other," said Ms. Ryan, who is a vp at St. Paul Reinsurance Management Corp. in New York.

Ms. Ryan pointed out that the New York-based group's approximately 125 members represent a wide range of insurance-related occupations. Some are employed by primary insurers, others by reinsurers, some by brokers and reinsurance intermediaries, and still others as industry analysts, attorneys and journalists, said Ms. Ryan.

To qualify for membership, a woman must have worked in the industry for at least three years, said Ms. Ryan. She must also be in a "decision-making position," which eliminates trainees, Ms. Ryan explained. Such a position is not necessarily managerial, she said, but would require a great deal of autonomy.

A third criterion is that a prospective member attend at least three of the groups' monthly luncheons in New York, said Ms. Ryan. The luncheons feature speakers who address industry issues.

Although its membership is national, its activities center around New York, where most members work, said Ms. Ryan.

Unlike the National Assn. of Insurance Women in Tulsa, Okla., which bestows the Certified Professional Insurance Woman designation, the APIW awards no designations. Instead, the group honors an "Insurance Woman of the Year" each June.

This year's award honored Cheri J. Hawkins, assistant treasurer and director of insurance for Tacoma, Wash.-based Weyerhaeuser Co (BI, June 3). Ms. Hawkins also serves as president of the Risk & Insurance Management Society Inc. in 1990-91, the first woman to hold that position.

Previous Insurance Women of the Year include Kathryn J. McIntyre, associate publisher and editor of *Business Insurance*, and Edith F. Lichota, former senior vp-risk management of Irving Trust Corp. in New York and now head of consultant Lichota & Associates Inc. in Norwalk, Conn.

For further information on the APIW, contact Cathryn Curia, Assistant Vp, Assn. of Professional Insurance Women, Peck Slip Station, P.O. Box 752, New York, N.Y. 10272; 212-238-9243.

—By Mark A. Hofmann

unheard of to have women underwriters and marketing people," she said. "The opportunities are increasing."

"I think in the next 10 to 15 years, things will change," said Ms. Wolfe.

Reliance's Ms. Kingeter said a combination of sheer numbers plus better education will help women break through the glass ceiling. "As women become more and more of the

players, things will open up to them," she said.

For the time being, women insurance executives are hammering at the glass ceiling with every tool at their disposal, not the least of which is confidence.

As Chubb's Ms. Griffin put it, "My favorite saying is: 'Ginger Rogers did everything Fred Astaire did, only backwards and in high heels.'" ■

A 'war agency' that turned to education

By MARK A. HOFMANN

TULSA, Okla.—With the U.S. insurance industry as a whole providing jobs for 1.5 million people—at least half of whom are women—the National Assn. of Insurance Women (International) has only begun to tap its potential pool of members.

In fact, since NAIW membership is open to men as well as women, the association could become the largest insurance industry association in the country, said Susanne Wolfe, 1991-92 president of the Tulsa, Okla.-based group.

Ms. Wolfe, principal and vp of Bultman/Bell Associates Inc., an independent insurance agency in Greenville, S.C., said that one of her chief goals as NAIW president is to reach out to those potential members—particularly the 800,000 or so women, by her estimation, employed in the insurance industry—and thus increase the clout of the 50-year-old organization.

The NAIW currently has more than 20,000 members in the United States, its possessions and Canada. Although men have been allowed to join the NAIW for about a decade, Ms. Wolfe said that men comprise only about 1% of the group's membership.

In July 1990, the NAIW launched

two educational programs for members, one focusing on handling property/casualty claims and the other on topics related to the life/health insurance industry. The programs also "provide networking" opportunities for members, said Ms. Wolfe.

The programs, which will include special seminars at the national and regional conferences, will be evaluated at the end of a two-year pilot period. Additional programs—possibly geared for women executives—may be launched in the future, she said.

The NAIW also bestows a "Certified Professional Insurance Woman/Certified Professional Insurance Man."

To achieve the designation, a member must have belonged to the NAIW for at least three years, have been employed in the insurance industry for at least five years and have completed one of 28 educational requirements.

The requirements include the Chartered Property/Casualty Underwriter designation, the Chartered Life Underwriter designation and the Canadian Accredited Insurance Broker designation.

About a quarter of NAIW members have met the requirements for the designation.

Ms. Wolfe said that in addition to its educational efforts, the NAIW provides "a mechanism for women to learn leadership skills in a no-risk environment." She said that women have "some unique" skills that are needed in the insurance industry. In general, she said, women are more organized, more detail-oriented and display more empathy than their male counterparts.



Ms. Wolfe

"I think we can become a super tool" in building improved relations with consumers, said Ms. Wolfe.

She also said that the NAIW's activities could enhance the insurance industry's poor public image.

The NAIW was founded in Denver in 1940. It was an outgrowth of an organization founded in 1938 by 11 Denver-area women employed in insurance. Their group, the Insurance Women of Denver, ran into initial resistance from employers, who thought the women were using it as a front for labor union organizing rather than as an educational association.

The Insurance Women of Denver discussed the possibility of creating a national organization for insurance women and invited representatives of similar groups from across the country to gather in Denver in June 1940. Representatives of 19 women's insurance groups attended, and the NAIW was formed.

The group came into being shortly before the United States entered World War II. As men were drafted, women moved into jobs men had previously held.

The NAIW drew praise from the president of the National Assn. of Insurance Agents, now the Independent Insurance Agents of America Inc.

In a 1942 address, NAIA President R. W. Foshay said: "I consider the National Assn. of Insurance Women nothing short of a war agency. Because of the increasing depletion in the insurance ranks of men called to the armed services and the consequent double duty placed on the shoulders of those who remain to carry on the war on the home front, it is only natural and necessary that a most impressive proportion of this industrial insurance army should be recruited from American women. The preparation, training and morale of these women are, as I see it, the able

responsibilities of the National Assn. of Insurance Women."

Although the group's membership dropped in 1946, it rebounded the next year. Membership in 1950 stood at about 8,500 and grew to over 13,500 in 1960. Growth slowed sharply in the 1960s, with membership standing at only 14,910 by the end of the decade.

There was another surge in membership in the 1970s, reaching about 21,500 at the end of the decade. Membership has remained roughly the same for the past decade.

Active members affiliated with one of the NAIW's 400 or so local associations pay annual dues of \$50. They also pay local affiliate dues, which vary.

Another category of membership, called the members-at-large, allows people to join the national organization without affiliating with a local group. Members-at-large pay \$115 annually. Membership is open to anyone employed in the risk and insurance field, whether in the property/casualty or life/health insurance sectors.

For further information, contact the National Assn. of Insurance Women (International), 1847 E. 15th St., P.O. Box 4410, Tulsa, Okla. 74159-4410; 918-744-5195. ■

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**Choosing A Reinsurer
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Industry needs lean, mean newcomers

By MARK A. HCFMANN

NEW YORK—The insurance industry is suffering from the long-term effects of years of inbreeding, says the head of an executive search firm that specializes in recruiting insurer executives.

Insurers must look beyond the bounds of their industry to attract the top-level managers they need to survive, according to Victor Caleo, president and chief executive officer of the Michael Scott Consulting Co. Inc. of New York.

And, insurers are beginning to move in the right direction, said Mr. Caleo, whose firm has concentrated on recruiting senior managers for both property/casualty and

life/health insurance companies for about a decade. Among its current or former

clients are American International Group Inc., Aetna Life & Casualty Co. and W.R. Berkley Corp. Most executives it recruits are seeking positions commanding salaries of

\$125,000 or more, he said.

Until recently, insurers tended to perpetuate mediocre management teams rather than seek out talented, ambitious newcomers, ac-

ording to Mr. Caleo. And, "you are who you hire," he noted.

Successful insurance executives should strive to hire someone "better" than they are in certain areas because there is less risk to the company in doing so, he said. A chief executive officer with a marketing background who does not have a good financial officer is "a dead man" and vice versa, he said.

But in too many cases, insurance company chief executive officers have balked at hiring senior managers who have better credentials in any area, Mr. Caleo said.

Sometimes the reason is fear of being displaced. But other times, it is nothing more than a matter of ego, Mr. Caleo said.

In addition, years of tremendous investment results, which have

buoyed underwriting results, have kept the pressure off executives to hire top-flight senior managers, he said. "They've been spoiled by investment income."

As a result, "the insurance in-

dustry has bred mediocrity," Mr. Caleo said.



Mr. Caleo

'The insurance industry has bred mediocrity,' Mr. Caleo asserts. An 'old boy network' dominating executive suites has resisted change and even has gone out of its way to keep new blood from entering the industry, he adds.

An "old boy network" dominating executive suites has resisted change and even has gone out of its way to keep new blood from entering the industry, he said.

"Insurers hired incorrectly—they haven't gone out to the business schools" to compete with other industries for those with freshly minted masters of business administration degrees, he said.

In addition, the insurance industry did nothing to burnish its image to attract talented people, he said. "They've done a very bad P.R. job outside their industry."

For example, many insurers have done nothing to dispel the notion that the insurance industry is a gray, boring monolith.

To make matters worse, "they've paid horribly" compared with other industries, thus helping ensure that the ambitious would go elsewhere, he said. The result has been an inbred industry.

But Mr. Caleo does see some positive signs.

Insurers have begun to realize that they need to hire top executives from outside the industry who have the talent to take a failing company and return it to profitability, Mr. Caleo said.

"The industry is demanding highly experienced turnaround executives," said Mr. Caleo, defining them as "somebody who's gone into a negative situation and made it positive." An example would be an executive who assumes a senior position at an insurance company with a combined ratio of 125% and manages to improve the combined ratio to 99% or better, he said.

A turnaround executive contrasts with a "maintenance executive," who assumes a position and continues to manage just as it was managed before, he said.

Industry leaders must be willing to invest in and use state-of-the-art technology to increase efficiency and service, Mr. Caleo said.

They also must be willing to develop an "entrepreneurial spirit" within their companies, a task at which the insurance industry has been "very poor" at performing, Mr. Caleo asserted.

Leadership involves taking personal risks as well, he said. The insurance industry's potential leaders must be willing to accept new jobs and responsibilities even if that means uprooting their families, he said.

Mr. Caleo cited the financial services industry as a possible source for insurance industry leaders.

One current executive known as a turnaround specialist is Norman P. Blake Jr., chairman and chief executive of USF&G Corp. With no insurance background, Mr. Blake joined the ailing Baltimore-based insurer last year from Heller International Corp., a commercial financial services firm in Chicago (BI, Dec. 3, 1990).

"The leaders of the future will come from outside the industry" because there are not that many outstanding leaders currently in the industry, Mr. Caleo said.

Insurers also are "starting to hire correctly" by recruiting at top-rated business schools, he said. ■

Automation: Claims

What is the insurer's biggest problem with the public? Or is it the public's biggest problem with insurers? Either way, it's claims handling! BI editors will look at the latest developments in employee training and examine state-of-the-art technology for automating the claims handling process. Can anything be done to make the process efficient and fast?

Issue: October 21
Ad Closing: October 8

Reinsurance Issues Relations with Intermediaries

BI editors will examine the special relationship between insurers and reinsurers and their intermediaries. What makes it work? What should one expect from the other? When should an insurer change intermediaries or opt for a direct writer? Plus, BI will cover news from the annual Society of Chartered Property/Casualty Underwriters conference.

Publishing: November 18
Ad Closing: November 5

Mergers/Acquisitions/Divestitures

Insurers are facing the fourth year of a continuing soft market. Is big, or bigger, better? Are there more opportunities for national insurers to spin off or to gobble up smaller operations? Are the British — or other Europeans — searching for American bargains? BI editors will talk to the experts and look at some of the options for insurers.

Issue: December 16
Ad Closing: December 3

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Topics

Is advertising an antidote to soft market?

Study ties level of advertising with increases in profitability

By MARK A. HOFMANN

RED BANK, N.J.—Advertising is a crucial means of increasing profitability during a soft market, not a luxury that insurers can cut during lean times, suggests a study undertaken by a Harvard University institute.

"Advertising positively impacts a company's profitability. It is not a discretionary expense. It is an essential expense of doing business in today's marketplace," said Kim Paterson, president of Creative Insurance Marketing in Red Bank, N.J., who discussed the findings of the study at the Insurance Marketing Communications Assn.'s summer meeting at Traverse City, Mich., earlier this summer.

Ms. Paterson is an independent marketing consultant who specializes in the property/casualty insurance industry.



Ms. Paterson

The survey, "How Advertising Affects Profitability and Growth for Consumer Businesses," was undertaken by the Strategic Planning Institute at Harvard Business School in Cambridge, Mass. It followed the fortunes of 700 consumer businesses from 1970 to 1986.

The institute's "Profit Impact of Market Strategy"—or PIMS—data base was used to quantify the general relationships between factors like advertising and consumer perceptions of quality and value to the competitive positions of particular businesses and brands.

The PIMS study gives insurance marketers and advertising professionals hard evidence that advertising affects profitability, Ms. Paterson said. This is the type of evidence chief executive officers demand when setting spending priorities: something objective, not subjective, Ms. Paterson said.

During an interview after her presentation, Ms. Paterson noted that advertising professionals haven't been terribly effective in giving insurance executives any hard proof that advertising works.

"We talk about image and very subjective things, emotional things," she said. "Things like name awareness, image and market impact don't carry a lot of weight with most CEOs."

CEOs "speak a different language. They think in terms of percentage points, expense ratios and return on investment. So traditional advertising sales pitches seldom motivate these people to act," Ms. Paterson said.

But the PIMS study provides just the type of hard data that CEOs look for.

Using a five-point scale to compare advertising frequency that ran from "much less" to "much more," the study showed that consumer product companies that advertised "much more" than their competitors averaged returns on investment of 32%. Brands at the opposite extreme averaged returns on investment of 17%, while those advertising equally with competitors averaged about 20%.

Ms. Paterson noted that the PIMS survey demonstrated that consumers' perception of a product's quality also had a direct relationship to a business' profitability. On a five-step scale rating businesses' perceived

quality from "inferior" to "superior," companies judged superior by consumers had an average return on investment of 31%. Those judged inferior had an average return on investment of 17%.

Ms. Paterson said in the interview that insurers that attempt to provide value-added products without advertising that added value are fighting a losing battle.

"They forget that the most important aspect of 'value-added' is people perceiving the added value," she said. Without advertising, the public won't

perceive any added value, she stressed.

"Without advertising, an apple is an apple. Without advertising, an insurance policy is an insurance policy," Ms. Paterson said.

The lessons of the PIMS survey are particularly important during soft markets, she noted. The insurance industry is currently in what she called a "cost-cutting frenzy," said Ms. Paterson, who questioned how much longer it can continue.

"The industry is on a crash diet, slimming down, restructuring, closing offices, laying off people, while at the same time trying desperately to increase quality and to improve productivity," she said.

"Three years of intense competi-

tion and aggressive price cutting has whittled down margins and profits so much that some insurers are on the brink of insolvency. The benefits of slimming down and restructuring are running out. For many companies, the productivity payoff is nowhere in sight," she said.

In the interview, Ms. Paterson said that as a result of the rapidly fading benefits of cutting back, "people are saying, 'How can we get a better price for our product?'"

The PIMS study indicates that people are willing to pay more for a product they perceive as being better than its competition, she said.

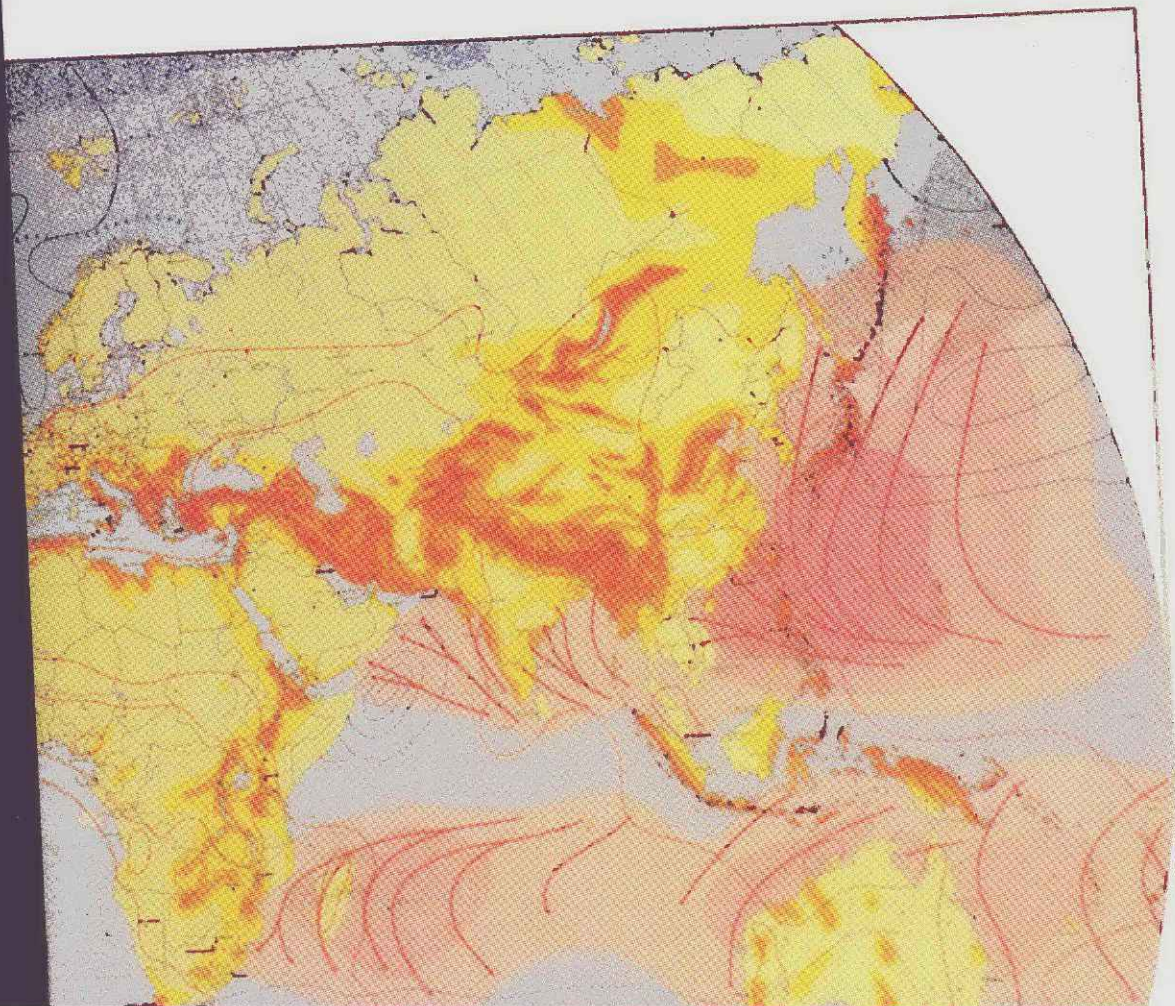
"The most important point of this study is the fact that advertising can help people get a premium price for their product," she said. "In a soft

market, this story is more important than ever."

Insurers can't afford to ignore advertising if they want to get the most out of their value-added products, she said. The distance between the home office, where a value-added product is created, and the consumer, who is asked to pay for it, is considerable and full of twists and turns, she said. Information flows to the branch office and down to insurance agencies and the individual producers who present the product, she said. Without effective advertising, the information can become garbled or vanish altogether, Ms. Paterson said.

And to the consumer, she said, the perceived quality of the product is often lost in the process. ■

World Map of Natural Hazards



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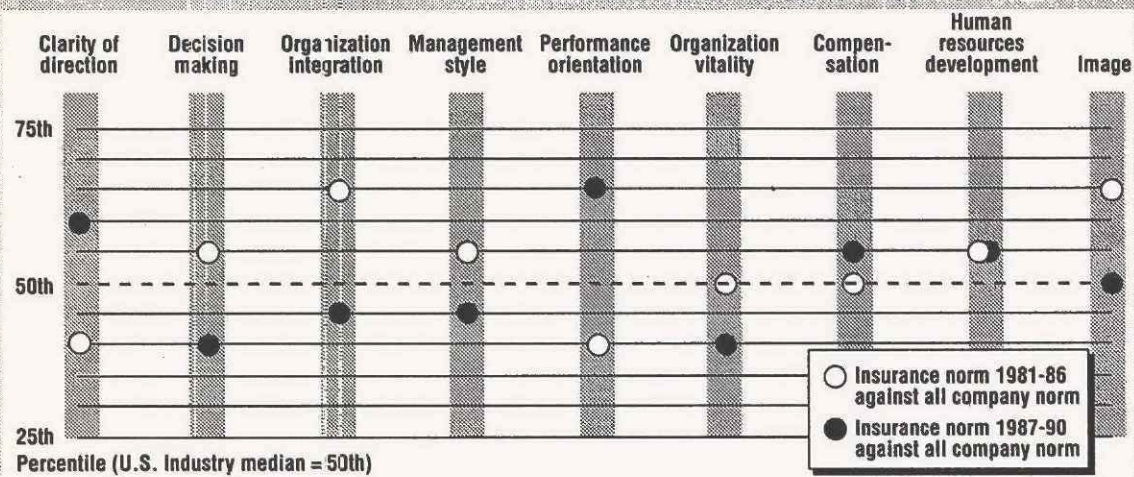
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Pushing — and stifling — performance

A study of management culture of 88 insurers from 1981 to 1990 rated the companies in nine areas.



Source: Hay Insurance Industry Practice

GRAPHIC BY JOHN SMITHER

Insurer execs demand more, but study says workers achieve less than they did 10 years ago

By LAURA MAZZUCA

Although managers at insurance companies are putting more pressure on employees and groups to improve performance, a recent study indicates that insurer bureaucracy may actually be working against such changes.

Management expectation and pressure on individuals and groups nearly doubled during the 1980s, according to Hay Group Inc., a New York consulting firm that studied insurers' management cultures over the decade.

But that did not prevent declin-

ing clarity of direction, decision-making abilities and organization vitality, Hay found (see chart).

The Hay Group compiled the opinions of managers of 88 insurers representing a national cross-section of both life and property/casualty insurers. The survey compared management changes from 1981 to 1986, and 1987 to 1990, thus reflecting the shift from a hard to a soft insurance market.

Respondents ranked their own management cultures in nine areas: clarity of direction, decision-making, organization integration, management style, performance orientation, organization vitality, compensation, human resources development and image.

Researchers noted an irony in the last three years they studied. While managers said they expected higher performance from their employees, they also said decision-making abilities, organizational integration, management style and vitality had actually decreased from earlier in the decade.

"This very appropriate response to new pressures in the industry has not been accompanied by supporting action that would help employees actually accomplish more, not just make them sweat more," said Martin Leshner, managing director of the Hay Group's Insurance Industry Practice, which conducted the study.

"Urging people to perform better is a futile exercise unless you take some very specific actions."

Other industries have probably experienced similar problems, though other industries are traditionally less bureaucratic than insurers, he said. Their inflexibility can make it difficult to react to the rapid changes typical in the last several years, including changing products, the market turn, increased competition from banks and other entities, and legislative and regulatory changes, he said.

To help eliminate the discrepancy between expectations and results, Denis Detzel, director of the study, suggested that insurers:

- Clearly communicate a well-defined, compelling vision of the firm's direction for the future at every level. Without this, it is impossible to be productive for any sustained period of time, he said.
- Stress the value of service quality—meeting or exceeding customer expectations—as paramount both inside and outside the organization. Employee motivation, communication and cooperation can support—or inhibit—an organization's ability to satisfy customers, Mr. Detzel said.
- Emphasize the desire to achieve throughout the organization. Willingness to take responsibility for improvement and to achieve goals is the hallmark of a success-oriented company, he said.
- Encourage employees to take risks. Without risk-taking, chances for change and innovation decrease quickly, he said.
- Focus on team and group work—where managers guide, train and lead—rather than on a hierarchical, controlling management structure and style. As work becomes more complex, no one person can know or do it all, so networks become critical.

For a copy of the study or more information on insurer culture and performance, contact Martin Leshner, managing director, Hay Insurance Industry Practice, 1271 Avenue of the Americas, New York, N.Y. 10020; 212-974-3800.

Contracting For Services

The pressure is on for agents to target commercial accounts. Who are they turning to handle their personal lines business? Are they using consultants to design perpetuation plans, software systems and help improve their office efficiency? BI editors will look at these issues and whether agents are better off contracting for services or handling things on their own.

Issue: October 7

Ad Closing: September 24

Tapping Surplus Lines Markets and IIAA Conference Report

A soft commercial insurance market is shrinking premium volume in the surplus lines business. BI will look at what effects the current market conditions are having on the relationship between retail agents and wholesalers. Are relations still good? And who's courting whom to build volume? Plus, reporting from Honolulu, BI will recap the news from the Independent Insurance Agents of America's annual conference.

Issue: November 4

Ad Closing: October 22

PIA Conference Report

The National Association of Professional Insurance Agents conference is one of the year's most important gatherings of insurance producers. BI editors will report on this year's meeting in San Francisco, providing readers with up-to-the-minute news coming out of the sessions along with information on industry trends, developments and market forecasts.

Issue: December 2

Ad Closing: November 18

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* An Audience Profile of the Business Insurance 'Agent/Broker' Subscriber, 1990.

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**Business
Insurance**
a publication of Crain Communications Inc

Driving forces behind auto insurance reform

Only a complete overhaul can rid system of 'perverse incentives' that increase costs

"Hit Me—I Need the Money!"
By Marjorie M. Berte
Published by ICS Press, 243
Kearney St., San Francisco,
Calif. 94108
\$18.95

By Mark A. Hofmann

THE POLITICS OF auto insurance reform is the politics of stalemate, writes Marjorie M. Berte in her recently published call for true insurance reform, "Hit Me—I Need the Money."

The result is a welter of stand-offs, trade-offs and compromises involving a number of players, including insurers, trial lawyers, auto repair interests, consumer advocates and medical groups, writes the author, a media relations representative for the Western Insurance Information Service, a Los Angeles-based public relations group supported by property/casualty insurers in 10 Western states. She is also a research fellow for the non-profit Institute for Contemporary Studies in San Francisco, which published the book.

According to Ms. Berte, one very important player gets cut out of the compromises, "the one paying the premiums—the driver, the average citizen."

"The process of political compromise is clearly less effective than we would like it to be for addressing complex economic problems—whether the government's budget or the insurance system. Seldom has a legislature passed a law that effectively lowered costs. Most often, the consumer has received no benefit from such legislation. Thus the crisis deepens."

However, Ms. Berte writes that while solutions to the underlying cost problems of auto insurance are not simple, effective ways to control costs do exist. Each individual "must be able to take responsibility for handling his own risk in a way that meets his needs. He must be empowered by information to govern his decisions. Even more important, he must see the rewards of responsible behavior, like maintaining a good driving record, in the insurance system itself."

"Second, changes must be made systemwide to overhaul the way money flows out of the pool of insurance funds. To achieve those broad changes, the political system must be moved out of the classic compromise and stalemate mode, a transformation that will take widespread political pressure, which can come only from informed insurance buyers as constituents," she writes.

Ms. Berte then calls upon consumers to "take matters into their own hands, demanding information and a say in where their premium dollars go. If insurance buyers take collective action—especially political action—to make structural changes in the auto insurance system, then consumers will finally be able to set the priorities for where their insurance dollars go. The system should encourage even more individual control over how it compensates those involved in accidents and how it assesses fair insurance rates for those paying the bill."

The system Ms. Berte has in mind is a no-fault system that greatly restricts the ability to sue in return for guaranteeing benefits

for drivers. Low-income drivers would receive insurance vouchers to guarantee them access to coverage, but the vouchers would not pay the additional costs stemming from a poor driving record. Other reforms she advocates include tougher laws against auto theft, insurance fraud and drunk driving.

According to Ms. Berte, the current automobile insurance system is riddled with "perverse incentives" that increase claims costs. Those who are paid through the claims process—including doctors, lawyers and repair shop owners—have little incentive to keep expenses down, she writes.

Insurers want to keep costs down, but they also want to settle claims as efficiently and quickly as they can, because doing so is "good customer relations, good claims practice and good business," she explains. Paying claims quickly also helps avoid bad faith lawsuits and cuts the cost of investigating and settling claims, she adds.

But that speed carries a price. "Many claims containing nonexistent expenses, inflated values or small-time cheating are paid," Ms. Berte points out. Insurers then must either pass the additional costs on to their customers or close up shop.

For physicians, the chief aim is to make the patient whole again and to avoid malpractice actions, she writes. Doing so means more testing and increasingly sophisticated treatment. And, although auto repair shops compete with one another for business, repair shop operators have little incentive to control costs when they know insurers will pay for the repairs. Sometimes, operators also will help claimants inflate prices by charging for work that wasn't made necessary by the accident, she writes.

Ms. Berte also points out that lawyers on both sides of an insurance dispute have incentives for preserving the present system. The reason that plaintiffs' counsel resist change is obvious and simple: they get paid a percentage of what they win for their clients. Defense attorneys are paid to hold down settlement costs, but they also have an interest in maintaining the current system, because they know that if there were no claims to defend, they'd be out of work, she writes.

After running through a litany of others who benefit from the current system, as well as factors like urbanization that increase the frequency of accidents, Ms. Berte states: "The auto insurance system does not deliver what it was intended to deliver—mending injured people and repairing damaged property—very efficiently. Those paid through the claims process have no motivation to control costs."

Political attempts to bring costs under control haven't worked and in fact have failed miserably in many cases, Ms. Berte writes. Compulsory insurance laws have not only failed to protect the public, but have fueled resentment of the insurance industry among consumers as well, because they mistakenly believe that insurers support such laws, she writes.

Rate controls have also failed, as have state insurance schemes like New Jersey's late, unlamented Joint Underwriting Assn. The JUA ended up insuring about half of the state's drivers at artificially low

Books & ideas

rates, which were in turn subsidized by surcharges on the insurance bought by drivers who remained in the private market.

In place of the current system—or systems—of providing automobile insurance, Ms. Berte advocates the creation of what she calls a "guaranteed benefits auto insurance"



Ms. Berte

system.

"This insurance is a no-fault type that provides every driver with medical benefits and payments for lost wages from his own insurance company, regardless of the circumstances of the accident. It would place limits on the ability to sue through a strong verbal threshold, prohibiting use of the legal system unless an injured person suffered permanent and serious injuries or death. The perverse incentives that drive up costs for economic losses,

non-economic damages and legal expenses would be largely eliminated from the auto insurance dollar," Ms. Berte explains.

She advocates establishment of a system of insurance vouchers to guarantee low-income drivers access to coverage. Drivers who met an income test would receive the vouchers, which would be subsidized by the government, while retaining their right to purchase insurance from any company they choose and to choose the level and types of coverage they desire.

However, "the additional cost caused by a low-income driver's poor driving record would not be subsidized," she writes. Such a voucher system "would also assist all other insured drivers by eliminating subsidies for all drivers who do not merit public assistance and by decreasing the number of uninsured drivers on the road," she contends.

Ms. Berte also advocates stricter laws—and stricter enforcement—against drunk driving, auto theft and insurance fraud, as well as laws that would promote competition among auto repair shops and replacement parts makers.

After advocating that consumers, insurers, agents and

lawmakers accept responsibility for changing the current auto insurance system, Ms. Berte calls for a renewal of the trust that has to exist in any insurance contract. "It is critical that the trust underlying the insurance contract be reconnected as a link between human beings—in the relationship between agent and client, in the contact between claimant and company adjuster, in the communication between company and customer, in the consumer information that enables choice and in the development of community-based approaches to insurance problems."

Ms. Berte's book—combining a call for a freer market in insurance with a safety net for low-income motorists and a guarantee of benefits in exchange for certain changes in tort law—is certain to stir controversy, as is her suggestion that individuals accept greater responsibility for their actions. The fact that she pulls no punches in naming those who profit from the current system won't win her friends in certain law offices or legislatures. But that's the beauty of the book: Its call to arms could serve as the battle cry for a new and possibly successful push for meaningful auto insurance reform. ■

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Issue of September 16

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Business Insurance

FREE LITERATURE FOR READERS

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Continued from previous page

Staff: 7,500 total; 991 professionals, including 580 RNs, 317 vocational counselors, 85 degreed professionals, nine physicians. Designations held include 279 CRCs, 200 CIRSS, 162 CRRNs.

Customers: 2,400 total, including 960 corporate and institutional employers having 10% with under 500 employees, 15% with 500 to 999, 25% with 1,000 to 2,499, 25% with 2,500 to 4,999 and 25% with more than 5,000. 1,350 insurance companies, 40 claims administrators and TPAs, 50 federal and state programs.

Cases: 52,211 closed in 1990.

Service area: Nationwide.

1990 gross revenues: \$449 million total, \$91 million from rehabilitation services.

Compensation: Per hour, \$64 to \$89.

Principal officers: F.L. Minix, chairman; P.A. Bollinger, executive vp; J.D. Tiller, J.H. Potter, J.V. Aycock, vps.

D

Desert Vocational Services

340 S. Farrell Drive, A-108;
619-320-9077; fax: 619-320-1573

Founded: 1986.

Business: 10% rehabilitation services for employers, 80% rehabilitation services for insurance companies and TPAs, 10% other, including personal injury expert witness, outplacement, consulting.

Frequent services: Job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, job placement.

Occasional services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, labor market survey, testimony and expert opinion, California OSHA safety programs, Americans with

Disabilities Act consulting, substance abuse counseling.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audits, 24-hour emergency response.

Coverage: Workers compensation, long-term disability.

Staff: 14 total; including one RN, nine vocational counselor. Designations held include one CRC, one CIRSS.

Customers: 97 total, including nine corporate and institutional employers having 90% with under 500 employees, 7% with 500 to 999, 3% with 2,500 to 4,999. 52 insurance companies, 22 claims administrators and TPAs, 14 Department of Labor attorneys, state rehabilitation unit/division of workers compensation.

Cases: 430 closed in 1990. Eight expert opinion cases.

Service area: California and Arizona.

1990 gross revenues: \$758,397 total, all from rehabilitation services.

Compensation: Per hour, \$65 to \$150.

Principal officers: Charlotte R. Rios, owner; Carlos G. Herrera, professional staff administrator; Mabel Marquez, Manuel Mares, office administrators.

The Double T Group

3322 Sweet Water Springs Blvd.,
Suite 205, Spring Valley, Calif.
91977; 619-660-9200;
fax: 619-660-9201

Founded: 1984.

Business: 25% rehabilitation services for employers, 70% rehabilitation services for insurance companies and TPAs, 5% other, including career assessment, employment preparation, displaced executive in vocational transition counseling.

Frequent services: Job analysis, return-to-work modification and coordination, vocational assessment

and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Prescreening of cases for rehabilitation intervention, telephone case management.

Coverage: Workers compensation.

Staff: Two total, both vocational counselors. Designations held include one CRC, one CIRSS.

Customers: 46 total, including 10 corporate and institutional employers having 30% with under 500 employees, 10% with 500 to 999, 20% with 1,000 to 2,499, 20% with 2,500 to 4,999 and 20% with more than 5,000. 30 insurance companies, six claims administrators and TPAs.

Service area: San Diego County.

Compensation: Per hour, \$65.

Contact: Terry Tucker, owner/counselor.

E

Ellis Enterprises

300 W. Grand, Suite 500, Chicago,
Ill. 60610; 312-645-1214;
fax: 312-645-1945

Founded: 1979.

Business: 30% rehabilitation services for employers, 59% rehabilitation services for insurance companies and TPAs, 11% other.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert

opinion, work hardening, functional capacity evaluation.

Occasional services: Telephone case management.

Other services: Discharge planning, life care planning, Americans with Disabilities Act consulting, pre-employment screening.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability.

Staff: 66 total; 47 professionals, including 18 RNs, 24 vocational counselors, four degreed professionals, one physician. Designations held include 14 CRCs, three CIRSSs, four CRRNs.

Customers: 257 total, including 118 corporate and institutional employers. 128 insurance companies, 11 claims administrators and TPAs.

Cases: 1,250 closed in 1990. 117 expert opinion cases.

Continued on next page

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Business Insurance
a publication of Crain Communications Inc.

Spotlight report*Continued from previous page***Service area:** Illinois, Wisconsin, Indiana, Missouri, Iowa, Kentucky.**1990 gross revenues:** \$3.7 million total, \$3.3 million from rehabilitation services.**Compensation:** Per hour, \$64; work hardening, \$825 per week; functional capacity evaluation, \$550 per evaluation; pre-employment screening, \$55 per hour.**Principal officers:** Cindy R. Ellis, president.**Employment Development Services of Wisconsin**534 Water St., Eau Claire, Wis.
54703; 716-834-8326;
fax: 715-834-8398**Founded:** 1983.**Business:** 30% rehabilitation services for employers, 50% rehabilitation services for insurance companies and TPAs, 20% other, including human resource consulting, outplacement, Americans with Disabilities Act consulting.**Frequent services:** Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, human resource consulting.**Occasional services:** Outplacement.**Other services:** Length of stay de-

termination, discharge planning.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.**Staff:** Four professionals, including one RN, three vocational counselors. Designations held include two CRCs, two CIRs, one CRRN.**Customers:** 60 total, including 10 corporate and institutional employers having 20% with under 500 employees, 20% with 500 to 999, 40% with 1,000 to 2,499, 20% with 2,500 to 4,999. 30 insurance companies, 10 claims administrators and TPAs, 10 law firms.**Cases:** 108 closed in 1990. 55 independent medical examination cases, 260 expert opinion cases.**Service area:** Wisconsin and areas of Minnesota.**Compensation:** Per hour, \$63.**Principal officers:** Jeanne Krizan, president.**F****Fortis Corp.**1920 Main St., Suite 1080, Irvine,
Calif. 92714; 714-851-1473**Founded:** 1987.**Business:** 90% rehabilitation services for employers, 10% rehabilitation services for insurance companies and TPAs.**Frequent services:** Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analy-

sis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Telephone case management, testimony and expert opinion.**Other services:** Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.**Coverage:** Workers compensation, auto liability, general liability, auto no/fault, accident and health, long-term disability.**Staff:** 750 total; including 240 RNs, 300 vocational counselors.**Customers:** 750 total.**Cases:** 8,400 total; 4,000 independent medical examination cases.**Service area:** Nationwide.**1990 gross revenues:** \$28.9 million total.**Compensation:** Per hour, \$62 to \$65.**Principal officers:** Gordon Clemons, president; Daniel H. Davis, vp-marketing/business development; Bennie Hamlin, Mike Wilson, regional vps.**Contact:** Corporate Marketing Office, 1210 Northbrook Drive, Suite 410, Trevoise, Pa. 19053.**G****GAB Business Services Inc.**Linden Plaza, 9 Campus Drive,
Parsippany, N.J. 07054;
201-993-3400; fax: 201-993-9579**Founded:** 1885.**Parent company:** Societe Generale de Surveillance Holding S.A.**Business:** 25% rehabilitation services for employers, 75% rehabilitation services for insurance companies and TPAs.**Frequent services:** Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.**Other services:** Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, retro-

spective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

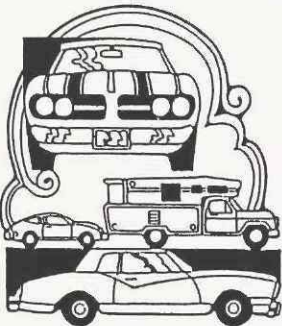
Coverage: Workers compensation, auto liability, general liability, auto no/fault.**Staff:** 77 total; including 47 RNs, 30 vocational counselors. Designations held include 16 CRCs, 21 CIRs, three CRRNs.**Customers:** 47 corporate and institutional employers having 10% with under 500 employees, 15% with 500 to 999, 15% with 1,000 to 2,499, 45% with 2,500 to 4,999 and 15% with more than 5,000. 34 insurance companies, three claims administrators and TPAs.**Cases:** 1,666 closed in 1990.**Service area:** 29 states.**1990 gross revenues:** \$214 million total, \$4.6 million from rehabilitation services.**Compensation:** Per hour, \$61 to \$75.**Principal officers:** Richard A. Simon, chairman/chief executive officer; William F. Bergs, president/ chief operating officer; Joseph L. Rizzo, executive vp-operations; John F. Darden, senior vp-finance; G. Roger Eiler, senior vp-sales/service customer.**Contact:** Eleanor M. Ross, national manager, Injury and Rehabilitation Management, 4360 Chamblee Dunwoody Road, Suite 550, Atlanta, Ga. 30341; 404-986-9688.**Benjamin Gastel**15 Second Ave., Port Washington,
N.Y. 11050; 516-944-3287;
fax: 516-944-6851**Founded:** 1988.**Business:** 60% rehabilitation services for employers, 30% rehabilitation services for insurance companies and TPAs, 10% other, including vocational expert testimony.**Frequent services:** Prescreening of cases for rehabilitation intervention, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, ergonomic assessment, work hardening.**Occasional services:** On-site medical case management, medical assessment, Americans with Disabilities Act consulting.**Other services:** Concurrent hospital treatment review, discharge planning, retrospective review.**Coverage:** Workers compensation, auto liability, general liability, auto no/fault.**Staff:** Three total; professionals include one RN, two vocational coun-

selors, one degreed professional. Designations held include one CRC, one CRRN.

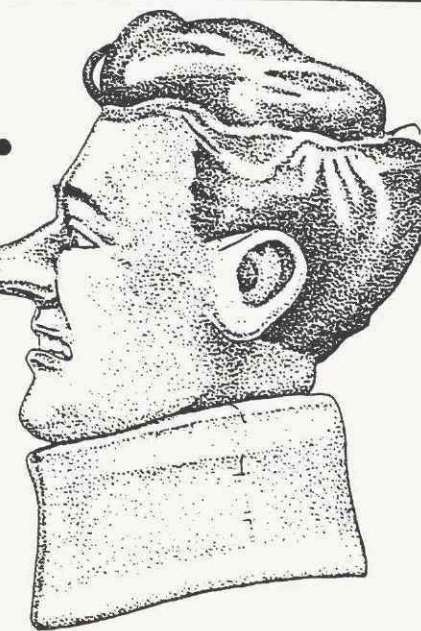
Customers: 31 total, including nine corporate and institutional employers having 12% with under 500 employees, 14% with 500 to 999, 12% with 1,000 to 2,499, 10% with 2,500 to 4,999 and 52% with more than 5,000. Eight insurance companies, three claims administrators and TPAs, 11 law firms.**Cases:** 25 closed in 1990. 12 expert opinion cases.**Service area:** New York, New Jersey, Connecticut, Vermont, Maine, Pennsylvania, Florida, Maryland, Alabama, Michigan.**1990 gross revenues:** \$185,000 from rehabilitation services.**Compensation:** Per case, \$320 to \$1,500; per hour, \$50 to \$125.**Principal officers:** Benjamin Gastel, vp.**The Gelarden Group**875 Douglas Road, Suite 120,
Atlanta, Ga. 30342; 404-250-9422;
fax: 404-250-9398**Founded:** 1989.**Business:** 15% rehabilitation services for employers, 85% rehabilitation services for insurance companies and TPAs.**Frequent services:** On-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.**Occasional services:** Prescreening of cases for rehabilitation intervention, testimony and expert opinion.**Other services:** Discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audits.**Coverage:** Workers compensation, auto liability, general liability, auto no/fault, health insurance, long-term disability.**Staff:** 12 total; seven professionals, including one RN, six vocational counselors. Designations held include five CRCs, two CIRs, one CRRN.**Customers:** 30 total, including five corporate and institutional employers. 18 insurance companies, six claims administrators and TPAs, and the federal government.**Cases:** 100 closed in 1990.**Service area:** Georgia.**1990 gross revenues:** \$383,000 total, all from rehabilitation services.**Compensation:** Per hour, \$63.**Principal officers:** Sue K. Gelarden, president; Angela M. O'Shea, vp.*Continued on next page***INSURANCE FOR BANK AUTOMOBILE LEASING**

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Continued from previous page

General Consulting Services

113 N. Kickapoo St., Lincoln, Ill.
62656; 217-732-1830;
fax: 217-735-5135

Founded: 1986.

Business: 20% rehabilitation services for employers, 10% rehabilitation services for insurance companies and TPAs, 70% other, including risk management consulting, third party administration.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, labor market survey.

Occasional services: Vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, job placement.

Other services: Length of stay determination, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits.

Coverage: Workers compensation, general liability, group health and medical malpractice.

Staff: 19 total; three degree professionals.

Customers: 34 total, 33 corporate and institutional employers having 60% with under 500 employees, 40% with 500 to 999, one other.

Service area: Illinois.

Compensation: Per employee, per case or per hour.

Principal officers: Barbara O'Donohue, chief executive officer; Betty J. Hayes, director-risk management; Penny Adye-Griffin, administrator.

Contact: Betty J. Hayes.**General Rehabilitation Services Inc.**

1436 Lancaster Ave., Berwyn, Pa.
19312; 215-251-9510;
fax: 215-251-9518

Founded: 1979.

Business: 16% rehabilitation services for employers, 83% rehabilitation services for insurance companies and TPAs, 1% other, including hospital bill auditing services.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: Telephone case management.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability, group health.

Service area: Nationwide.

Compensation: Per hour, \$63 to \$70.

Principal officers: Lawrence J. Kent, president; Maurice D. Kent, Peter C. Madeja, Jan R. Munroe, vps.
Contact: Patricia Wright, marketing coordinator.

Good Shepherd Industrial Medicine

820 S. Fifth St., Allentown, Pa.
18103; 215-776-3249

Founded: 1988.

Business: 50% rehabilitation services for employers, 50% rehabilitation services for insurance companies and TPAs.

Frequent services: On-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: Prescreening of cases for rehabilitation intervention, vocational counseling and

plan development.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: 10 total, including one vocational counselor, five degree professionals, one physician.

Customers: Includes corporate and institutional employers having 75% with under 500 employees, 23% with 500 to 999, 2% with 1,000 to 2,499.

Cases: 300 closed in 1990.**Service area:** Lehigh Valley Area.**H****Hand Therapy Ltd.**

1725 W. Harrison, Suite 263,
Chicago, Ill. 60612; 312-642-6698

Founded: 1985.

Frequent services: Return-to-work modification and coordination, independent medical examinations, hand therapy, work hardening, evaluations.

Coverage: Workers compensation.**Staff:** Staff includes physicians.**Contact:** Myrna Weiner, promotional director.**Harbor Resources Inc.**

900 Circle 75 Parkway, Suite 205,
Atlanta, Ga. 30335; 404-956-0685;
fax: 404-952-4241

Founded: 1979.

Business: 45% rehabilitation services for employers, 40% rehabilitation services for insurance companies and TPAs, 15% other, including prevention of on-the-job injuries.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, job seeking training courses.

Other services: Discharge planning, hospital bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: 22 total; 16 professionals, including four RNs, 10 vocational counselors, one degree professional. Designations held include six CRCs, six CIRSs, two CRRNs.

Customers: 250 total, including 50 corporate and institutional employers having 50% with under 500 employees, 40% with 500 to 999, 10% with 1,000 to 2,499. 100 insurance companies, 100 claims administrators and TPAs.

Cases: 161 closed in 1990. 10 expert opinion cases.

Service area: Georgia, South Carolina, Florida, Tennessee, Alabama.

1990 gross revenues: \$1.6 million total, \$1.3 million from rehabilitation services.

Compensation: Per hour, \$60 to \$120.

Principal officers: Colette Y. Johnson, president.

Contact: Colette Y. Johnson, president, 800-868-2625; Jan Carnes, director-rehabilitation, 800-868-

8044 (Savannah, Ga.); Steven Yuhas, 800-868-0117 (South Carolina).

Heartland Rehabilitation Services Inc.

11143 Mockingbird Drive, Omaha,
Neb. 68137-2332;
402-331-9110/800-545-4249;
fax: 402-331-6050

Founded: 1987.

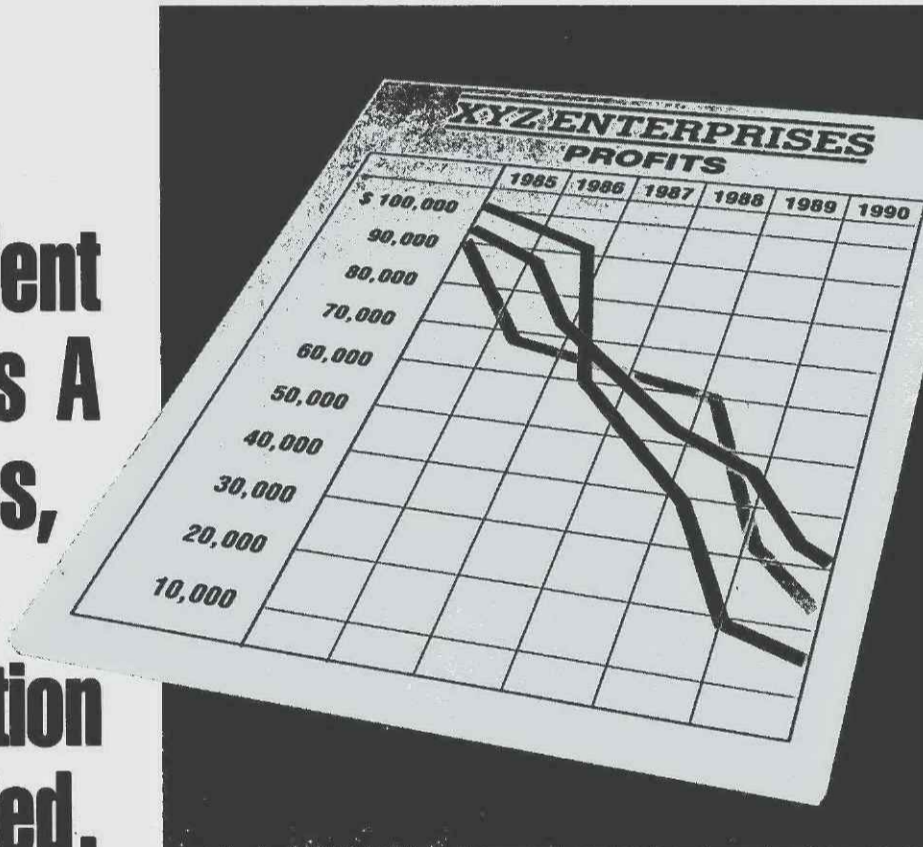
Business: 20% rehabilitation services for employers, 60% rehabilitation services for insurance companies and TPAs, 20% other, including employability assessments.

Frequent services: On-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Prescreening of cases for rehabilitation intervention, testimony and expert opinion.

Continued on next page

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But The
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Hartford, CT 06115

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Continued from previous page

ion, telephone case management, employability assessments, formal and on-the-job plan development.

Other services: Discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audits.

Coverage: Workers compensation, general liability, long-term disability, Federal Employers Liability Act, health insurance.

Staff: 11 total; eight professionals, including two RNs, four vocational counselors, one degreed professional, one physician. Designations held include two CRCs, three CIRSs, two CRRNs.

Customers: 65 total, including 10 corporate and institutional employers, 30% with fewer than 500 employees, 60% with 500 to 999, 10% with 2,500 to 4,999; 15 insurance companies; 40 law firms.

Service area: Nebraska, Iowa.

Compensation: Per hour, \$60 plus 30 cents per mile.

Principal officers: Lynne R. Easterday, president; Dr. Jerry L. Easterday, Michael L. Newman, vps.

Contact: Lynne Easterday, Michael Newman.

I

Intracorp

1205 Westlakes Drive, Suite 300, Berwyn, Pa. 19312; 215-889-2600; fax: 215-889-2990

Founded: 1970.

Business: 1% rehabilitation services for employers, 45% rehabilitation services for insurance companies and TPAs, 54% other.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review,

second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long- and short-term disability.

Staff: 4,300 total; professionals include 2,000 RNs, 450 vocational counselors, 250 degreed professionals, 30 physicians.

Customers: 1,589 total, including 386 corporate and institutional employers; 473 insurance companies; 128 claims administrators and TPAs; 602 government agencies, law health agencies.

Cases: 55,733 closed in 1990; 5,447 independent medical examination cases; 625 expert opinion cases.

Service area: Nationwide.

1990 gross revenues: \$279.3 million total, \$128.2 million from rehabilitation services.

Compensation: Per case or per hour; varies by state.

Principal officers: Warren D. Fuller, president/chief executive officer; Dr. Robert J. Ailes, senior vp/ chief medical officer; Richard D. Anderson, vp-central division; Kenneth R. Ross, senior vp-east division; Kent Spafford, vp-west division; Donald M. Duford, senior vp.

J

Jordan Rehabilitation Services

900 Ellison Ave., Westbury, N.Y. 11590; 800-767-1616 or 516-683-0100; fax: 516-683-0259

Founded: 1974.

Business: 15% rehabilitation services for employers, 70% rehabilitation services for insurance companies and TPAs, 15% other, including audit

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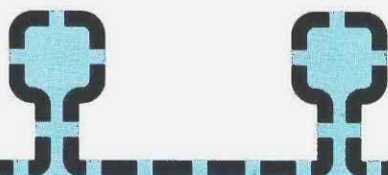
Montgomery J. Gale, J.D., CPCU
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of medical bills.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, job placement.

Occasional services: Telephone case management, labor market survey, job-seeking skill training, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, medical peer review.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: 38 total; all professionals, including 24 RNs, eight vocational counselors, six degreed professionals. Designations held include 11 CRCs, 14 CIRSs, three CRRNs.

Customers: 175 total, including 28 corporate and institutional employers, 5% with fewer than 500 employees, 10% with 500 to 999, 15% with 1,000 to 2,499, 20% with 2,500 to 4,999 and 45% with more than 5,000; 121 insurance companies; 26 claims administrators and TPAs; 18 law firms, other rehabilitation companies or governmental agencies.

Cases: 868 closed in 1990; 53 expert opinion cases.

Service area: New York, New Jersey, southwestern Connecticut, eastern Pennsylvania.

1990 gross revenues: \$2.7 million total, \$2.5 million from rehabilitation services.

Compensation: Per hour, \$65 to \$70.

Principal officers: Morris Ehrenreich, chief executive officer; Sandra Horowitz, chief financial officer; Joan Jennings, chief operating officer; Maureen Armstrong, director-audit checking; Roberta Friedman, director-marketing.

Contact: Roberta Friedman, Morris Ehrenreich.

K

Kemper National Services Inc.

P.O. Box 22330; Fort Lauderdale, Fla. 33335-2330; 305-779-2690; fax: 305-767-8001

Founded: 1981.

Parent company: Kemper Corp.

Business: 35% rehabilitation services for insurance companies and TPAs, 65% other.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, job search training program.

Other services: concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, catastrophic case management.

Staff: 290 total; 71 professionals, including 36 RNs, 35 vocational counselors, 78 degreed professionals, two physicians. Designations held include 12 CRCs, six CIRSs, 11 CRRNs.

Customers: 86 insurance companies; 27 claims administrators and TPAs.

Cases: 613 closed in 1990; five expert opinion cases.

Service area: Nationwide for catastrophic; Florida, Georgia, North Carolina and California for other services.

1990 gross revenues: \$16.6 million total, \$3.7 million from rehabilitation services.

Compensation: Per hour, \$60 (case management) to \$70 (expert witness).

Principal officers: Tom Chapman, chief executive officer/president; Ileana T. Chapman, Gary Chohamin, Bob Kulbick, vps.

Contact: Ileana T. Chapman, Sili Gindzberg Raab.

Kentucky Rehabilitation Professionals Inc.

P.O. Box 436089; Louisville, Ky. 40253-6089; 502-245-7331; fax: 502-245-3721

Founded: 1988.

Business: 15% rehabilitation services for employers, 85% rehabilitation services for insurance companies and TPAs.

Frequent services: On-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational counseling and plan development, job placement.

Occasional services: Prescreening of cases for rehabilitation intervention, telephone case management, independent medical examinations, labor market survey, job-seeking skill training.

Other services: Discharge planning, second surgical opinion.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, group health.

Staff: 29 total; 25 professionals, including 20 RNs, five vocational counselors. Designations held include two CRCs, four CIRSs, two CRRNs.

Customers: 70 total, including 10 corporate and institutional employers, 5% with fewer than 500 employees, 70% with 1,000 to 2,499, 15% with more than 5,000; 50 insurance companies; 10 claims administrators and TPAs.

Cases: 407 closed in 1990.

Service area: Nationwide.

Principal officers: Karen J. Lewis, president.

Contact: Walt Schumm.

L

Lafon Management & Consulting

P.O. Box 1767, 26139 Highway 189; Lake Arrowhead, Calif. 92352; 714-337-0745; fax: 714-337-1624

Founded: 1982.

Business: 5% rehabilitation services for employers, 5% rehabilitation services for insurance companies and TPAs, 90% other, including forensic rehabilitation services to law firms, management consulting.

Frequent services: Prescreening of cases for rehabilitation intervention, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, litigation consulting.

Occasional services: On-site medical case management, independent medical examination.

Other services: Vocational rehabilitation bill audit.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability, life and health, social security assistance.

Staff: Four total, including one vocational counselor. Designations held include one CRC, one CIRS.

Customers: Includes law firms.

Cases: 10 closed in 1990; 150 expert opinion cases.

Service area: Southern California.

1990 gross revenues: \$325,000 total, \$50,000 from rehabilitation services.

Compensation: Per case, \$75 to \$10,000; per hour, \$65 to \$150.

Contact: Richard H. Lafon.

Liaison Inc.

17000 Dallas Parkway, Suite 103, Dallas, Texas 75248; 214-380-6944/800-333-6944; fax: 214-380-8629

Founded: 1984.

Business: 35% rehabilitation services for employers, 60% rehabilitation services for insurance companies and TPAs, 5% other.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis.

Continued on next page

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sis, return-to-work modification and coordination, independent medical examinations, labor market survey, job placement, life care planning, medical records review, 24-hour/seven days per week catastrophic case management.

Occasional services: Vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, testimony and expert opinion.

Other services: Discharge planning, second surgical opinion.

Coverage: Workers compensation, auto liability, general liability.

Staff: 110 total; 93 professionals, including 74 RNs, three vocational counselors, 16 degreed professionals. Designations held include two CRCs, five CIRs, two CRRNs.

Customers: 100 total, including 35 corporate and institutional employers, 5% with fewer than 500 employees, 5% with 500 to 999, 20% with 1,000 to 2,499, 30% with 2,500 to 4,999 and 40% with more than 5,000; 40 insurance companies; 25 claims administrators and TPAs.

Cases: More than 2,000 closed in 1990; 300 independent medical examination cases; 200 expert opinion cases.

Service area: Texas, Louisiana, Arkansas, Oklahoma, New Mexico, Tennessee, Kansas, Missouri, Illinois, Indiana, Kentucky.

1990 gross revenues: All from rehabilitation services.

Compensation: Per hour, \$58 to \$75.

Principal officers: Madeline Schneider, president; Catherine Marrs, executive vp; Gary Brust, vp/general manager; Tommy Jeffrey, comptroller; Ron Schuldt, director-operations.

Contact: Jon Roberts, director-sales.

Michigan Hospital Assn. Service Corp.

24725 W. 12 Mile Road, Suite 104,
Southfield, Mich. 48034;
313-356-7950; fax: 313-356-8543

Founded: 1986.

Parent company: Michigan Hospital Assn.

Business: 50% rehabilitation services for employers, 50% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and

testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Testimony and expert opinion.

Other services: Concurrent hospital treatment review, discharge planning, retrospective review, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, short- and long-term disability.

Staff: Three total; including one RN, two vocational counselors. Designations held include one CRC, one CIRs, one CRRN.

Customers: Include one insurance company, two claims administrators,
Continued on next page

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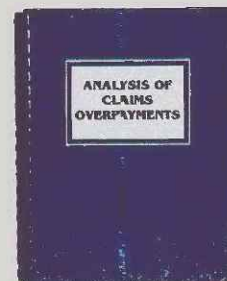
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M

Menninger Return to Work Center

700 Jackson, Ninth Floor, Topeka,
Kan. 66603; 800-678-0633;
fax: 913-273-8625

Founded: 1928.

Business: 21% rehabilitation services for employers, 23% rehabilitation services for insurance companies and TPAs, 56% other, including federal grants.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, employer consultations/disability management, employer-based training, videos and publications, life care planning.

Coverage: Workers compensation, auto liability, general liability, auto no-fault, Federal Employee's Liability Act, long-term disability.

Staff: 28 total; 21 professionals, including one RN, four vocational counselors, one degreed professional. Designations held include one CRC, three CIRs, one CRRN.

Customers: 114 total, including 17 corporate and institutional employers, 12% with 500 to 999 employees, 18% with 1,000 to 2,499, 18% with 2,500 to 4,999 and 52% with more than 5,000; 30 insurance companies; seven claims administrators and TPAs; 60 law firms.

Cases: 565 closed in 1990; 275 expert opinion cases.

1990 gross revenues: \$1.1 million total, all from rehabilitation services.

Compensation: Per hour, \$35 to \$60; vocational evaluations, \$200 to \$650; disability management consultations, \$505 to \$667 per day; depositions or courtroom testimony, \$325 to \$850.

Principal officers: Dr. Roy Menninger, president; Dr. Walt Menninger, executive vp/chief of staff; Dr. Dan Pope, senior vp-personnel; Gerard Hooherheide, senior vp-finance; Duane Swanson-executive vp-operations.

Contact: Marilyn Greeve, 800-678-0633.

Spotlight report

Continued from previous page
TPAs.

Cases: 65 total cases in 1990.

Service areas: Michigan.

1990 gross revenues: \$250,000 total, all from rehabilitation services.

Compensation: Per hour, \$60.

Principal officers: Fritz Kellerman, chief operating officer; James Doherty, executive vp; Kathy Dickenson, vp-workers compensation/insurance services.

Contact: Joe McFawn, manager-rehabilitation services.

Montana Rehabilitation & Clinical Consultants

314 N. Last Chance Gulch, Helena, Mont. 59601; 406-443-0530; fax: 406-449-8443

Founded: 1984.

Business: 10% rehabilitation services for employers, 85% rehabilitation services for insurance companies and TPAs, 5% other, including expert witness services.

Frequent services: Job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, vocational counseling, social security disability review.

Occasional services: Prescreening of cases for rehabilitation intervention, telephone case management, American Disability Act consultation.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: 21 total; 15 professionals, including 11 vocational counselors, four degreed professionals. Designations held include 10 CRCs.

Customers: 121 total, including 11 corporate and institutional employers. Nine insurance companies, 13 claims administrators and TPAs, 88 law firms and individuals.

Cases: 337 closed in 1990. 53 expert opinion cases.

Service area: Colorado, Kansas, New England area.

1990 gross revenues: \$756,000 total, \$752,800 from rehabilitation services.

Compensation: Per hour, \$60, plus expenses and mileage.

Principal officers: John Clarke, president; John Zook, vp; James Gracey, secretary; William Palmer, treasurer; James Schaffer, director.

Contact: William R. Palmer, state director.

N**National Rehabilitation Consultants Inc.**

1700 W. Highway 36, Suite 400, St. Paul, Minn. 55113; 612-636-9699; fax: 612-636-9316

Founded: 1970.

Business: 4% rehabilitation services for employers, 91% rehabilitation services for insurance companies and TPAs, 5% other.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: Work injury management consultation to employers.

Other services: Outpatient utilization review, retrospective review, hospital bill audits, provider bill audits, social security disability advocacy, management consulting to rehabilitation providers.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, social security administration, veterans administration.

Staff: 89 total; 55 professionals, including 14 RNs, 41 vocational counselors. Designations held include 19 CRCs, six CIRSS, one CRRN.

Customers: 208 total, including 20 corporate and institutional employers having 25% with under 500 employees, 15% with 500 to 999, 20% with 1,000 to 2,499, 5% with 2,500 to 4,999 and 35% with more than 5,000. 100 insurance companies, 30 claims administrators and TPAs, 58 law firms.

Cases: 1,445 closed in 1990. 200 expert opinion cases.

Service area: Minnesota, Wisconsin, Colorado, New Mexico, northern Illinois, eastern North Dakota, eastern South Dakota, northern Iowa, Wyoming, Utah, western Texas, eastern Arizona.

1990 gross revenues: \$2.3 million total, \$2.2 million from rehabilitation services.

Compensation: Per hour, \$50 to \$62, flat fee or percentage of savings for medical bill audits.

Principal officers: Richard W. Nelson, president; Mark L. Anderle, vp; Connie John Swansen, Minnesota director; Harold Vermeer, Colorado director; Kevin Vaudt, New Mexico director; Tim Greenya, Wisconsin director.

Contact: Mark L. Anderle.

Nowak & Associates Inc.

P.O. Box 669, 1208 S. Cedar Road, New Lenox, Illinois 60451; 815-485-4736; fax: 815-485-1217

Founded: 1988.

Business: 1% rehabilitation services for employers, 95% rehabilitation services for insurance companies and TPAs, 4% other.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Testimony and expert opinion, training seminars, light-duty program development.

Other services: Discharge planning, patient advocacy programs.

Coverage: Workers compensation, auto liability, general liability, long-term disability.

Staff: Six total; all professionals, including four vocational counselors, two degreed professionals. Designations held include two CRCs.

Customers: 14 total, including two corporate and institutional employers, five insurance companies, three claims administrators and TPAs, four attorney referrals.

Cases: 69 closed in 1990. Five expert opinion cases.

Service area: Illinois, Indiana.

Compensation: Per hour, \$60 (case management) to \$120 (expert testimony).

Principal officers: P. Bridget Nowak, president.

Contact: P. Bridget Nowak or Debbie Rodeghero.

O**Olsten HealthCare Rehabilitation & Consulting Services**

4010 Executive Park Drive, Suite 300, Cincinnati, Ohio 45241; 513-563-6444; fax: 513-563-0907

Founded: 1966.

Parent company: The Olsten Corp.

Business: 50% rehabilitation services for employers, 50% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: telephone case management, independent medical examinations, industrial consultation.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, directors and officers liability, Federal Employee's Liability Act.

Staff: 54 total; including 16 RNs, 25 vocational counselors. Designa-

tions held include nine CRCs, eight CIRSS, five CRRNs.

Customers: 1,200 total, including 800 corporate and institutional employers having 30% with under 500 employees, 20% with 500 to 999, 10% with 1,000 to 2,499, 10% with 2,500 to 4,999 and 30% with more than 5,000. 400 insurance companies.

Cases: 600 closed in 1990. 20 independent medical examination cases, 175 expert opinion cases.

Service area: Michigan, Indiana, Ohio, Kentucky, West Virginia, Pennsylvania, Delaware, Maryland, Virginia, District of Columbia, New Jersey.

1990 gross revenues: \$3 million total, all from rehabilitation services.

Compensation: Per hour, \$60 to \$75; flat rates for deposition/testimony, \$600 per day; vocational evaluation, \$300 to \$800.

Principal officers: William Olsten, chairman; Frank Liguori, vice chairman/chief executive officer; Stuart Olsten, president/chief operation officer; Robert Vitamante, senior vp/treasurer; Lauren Laderoute, vp/general counsel.

Contact: Vickie Myron, national director.

Options

1400 Penn Ave., Suite 200, Pittsburgh, Pa. 15222-4332; 412-391-9607; fax: 412-391-0468

Founded: 1981.

Business: 40% rehabilitation services for employers, 50% rehabilitation services for insurance companies and TPAs, 10% other, including PPO services and workers compensation quality assurance program.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job placement, testimony and expert opinion.

Occasional services: telephone case management, job-seeking skill training.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, Auto Act 6 PRO, independent psychological assessments, workers compensation quality assurance programs.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, Auto Act 6 PRO.

Staff: 51 total; 35 professionals, including 11 RNs, 19 vocational counselors, four degreed professionals, one physician. Designations held include five CRCs, one CIR, one CRRN.

Customers: 57 total, including six corporate and institutional employers having 16.7% with under 500 employees, 16.7% with 500 to 999, 16.7% with 1,000 to 2,499, 33.4% with 2,500 to 4,999 and 16.7% with more than 5,000. 17 insurance companies, 10 claims administrators and TPAs, 24 law firms.

Cases: 600 closed in 1990. 120 independent medical examination cases, 300 expert opinion cases.

Service area: western Pennsylvania, northern West Virginia, eastern Ohio.

Compensation: Per hour, \$55 to \$95, percentage of savings (PPO fee).

Principal officers: Antonia L. Scarlata, clinical psychologist; Joseph M. McCabe, vocational consultant.

Contact: Lesly S. Wagner.

P**PHR Group Inc.**

P.O. Box 23945, Tampa, Fla. 33623-3945; 800-347-0742/813-931-0007; fax: 813-933-2475

Founded: 1979.

Business: 10% rehabilitation services for employers, 61% rehabilitation services for insurance companies and TPAs, 29% other.

Frequent services: On-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, voca-

tional assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: Prescreening of cases for rehabilitation intervention, telephone case management, independent medical examination.

Other services: Preadmissions certification, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, Longshore and Harbor Workers' Compensation Act, long-term disability, group health, Jones Act, Federal Employee's Liability Act, FECA.

Staff: 20 total; 14 professionals, including four RNs, 10 vocational counselors. Designations held include five CRCs, nine CIRSS, one CRRN.

Customers: 72 total, including seven corporate and institutional employers, 32 insurance companies, 12 claims administrators and TPAs, 21 law firms, rehabilitation centers.

Service area: Florida, Georgia, Alabama, Mississippi.

Compensation: Per hour, \$52 to \$56.

Contact: Tom Aderhold, 813-931-0007; Rich Cooperwasser, 813-931-0101.

The Principal Financial Group-Rehabilitation Services

P.O. Box 9157, Des Moines, Iowa 50306; 515-247-5150; fax: 515-248-3669

Founded: 1889.

Parent company: The Principal Financial Group.

Business: 5% rehabilitation services for employers, 45% rehabilitation services for insurance companies and TPAs, 50% other, including social security advocacy services.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Vocational assessment and testing, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, PPO access.

Coverage: Workers compensation, auto liability, auto no/fault.

Staff: 28 professionals, including 16 RNs, 12 vocational counselors. Designations held include four CRCs, six CIRSS, one CRRN.

Customers: Six corporate and institutional employers having 100% with under 500 employees. 18 insurance companies, one claims administrator or TPA.

Cases: 78 closed in 1990. Four independent medical examination cases, one expert opinion case.

Service area: Midwest, California, Georgia.

1990 gross revenues: \$450,000 total, \$202,500 from rehabilitation services.

Compensation: Per hour, \$55 to \$70.

Principal officers: David Hurd, chief executive officer; Ron Killen, Dick Neil, senior vps; Gary Cain, vp; Jon McAvoy, director.

Contact: Catherine Bennett, manager-rehabilitation services, 515-247-5150.

Providence Occupational Health Services

2103 Iowa St., Suite D, Granite City, Ill. 62040; 618-798-3517; fax: 618-798-3101

Founded: 1981.

Parent company: Sisters of Divine Providence.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, medical assessment, job analysis, independent medical examinations.

Occasional services: On-site medical case management, return-to-

work modification and coordination, vocational assessment and testing, labor market survey, testimony and expert opinion.

Coverage: Workers compensation.

Staff: 35 total, including 12 RNs, three degreed professionals, 2 physicians.

Service area: Missouri and Illinois.

Compensation: Per case.

Principal officers: Virginia Leping, vp; Karen Langendorf, marketing/quality assurance coordinator.

Q**Quality Care Systems**

770 Lexington Ave., Third Floor, New York, N.Y. 10021; 800-669-9660; fax: 212-980-3380

Founded: 1986.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, life care plans, social security assessment and evaluation, CompCare-Core Product Early Intervention Program.

Other services: Concurrent hospital treatment review, length of stay determination, discharge planning, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, chiropractic peer review, DRG validation and audit.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long- and short-term disability, employee benefits, Longshore and Harbor Workers' Compensation Act.

Service area: New York, New Jersey, Connecticut, California, Virginia, Maryland, Florida, Pennsylvania.

Compensation: Per hour, \$56 to \$65; volume discounts based on monthly referrals; travel billed at 30 cents a mile.

Principal officers: Peter A. Banker, chairman/president; Lisa M. Astor, executive vp; John M. O-Mara, chairman-executive committee; David L. Banker, senior vp-finance; Edward Palange, vp-sales.

R**Recovery Unlimited Inc.**

2173 Commons Parkway, Okemos, Mich. 48864; 517-349-9092; fax: 517-349-1332

Founded: 1973.

Parent company: Adjusting Services Unlimited Inc.

Business: 30% rehabilitation services for employers, 69% rehabilitation services for insurance companies and TPAs, 1% other, including expert testimony.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: telephone case management, testimony and expert opinion.

Other services: Preadmission certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: 40 total, including 24 RNs, 16 vocational counselors. Designations held include six CRCs, four CIRSS.

Customers: 199 total, including 15 corporate and institutional employers having 83% with under 500 employees, 15% with 500 to 999, 2% with 1,000 to 2,499, 154 insurance com-

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panies, 10 claims administrators and TPAs, 20 law firms.

Cases: 755 closed in 1990. 33 expert opinion cases.

Service area: Michigan, Ohio, Kentucky, Minnesota, Indiana, Wisconsin.

1990 gross revenues: \$3.3 million total, all from rehabilitation services.

Compensation: Per hour, \$60 to \$65.

Principal officers: Ed Rochon, chairman; Larry Musser, treasurer; J.R. Matthews, chief executive officer; Scott Brooks, attorney; Mike Cosm, general manager.

Contact: Linda Hill, vp/director.

The Rehab Team

333 W. Hampden, Suite 800, Englewood, Colo. 80110; 800-767-3422; fax: 303-781-5070; 1000 W. Diversey, Suite 224, Chicago, Ill. 60614; 800-347-3422; fax: 312-880-5502

Founded: 1983.

Business: 100% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, schedule independent medical evaluations.

Occasional services: Telephone case management, testimony and expert opinion.

Other services: Discharge planning, hospital bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, health, long-term disability.

Staff: 12 RNs, five vocational counselors. Designations held include three CIRs, five CRRNs.

Customers: Includes 76 insurance companies.

Cases: Four expert opinion cases.

Service area: Nationwide (telephone); Illinois, Indiana, Wisconsin, Colorado, Arizona, Wyoming, Montana, New Mexico (on-site).

1990 gross revenues: 100% from rehabilitation services.

Compensation: Per hour, \$75 plus expenses.

Principal officers: Catherine Griffin, Liz Griffin, Richard Griffin, Diana Coyne.

Contact: Liz Griffin, Julie Medfeld.

Rehabilitation Consultants for Industry Inc.

1420 Kensington Road, Suite 200, Oak Brook, Ill. 60521; 708-571-6650; fax: 708-571-6675

Founded: 1981.

Business: 35% rehabilitation services for employers, 65% rehabilitation services for insurance companies and TPAs.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Telephone case management, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient

advocacy programs, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: 118 total; 98 professionals, including 64 RNs, 29 vocational counselors, five degree professionals, physicians. Designations held include 26 CRCs, 23 CIRs, 38 CRENs.

Customers: 114 total, including 32 corporate and institutional employers having 2% with under 500 employees, 5% with 2,500 to 4,999 and 93% with more than 5,000. 65 insurance companies, 17 claims administrators and TPAs.

Cases: 2,275 closed in 1990. 83 independent medical examination cases, 31 expert opinion cases.

Service area: Minnesota, Wisconsin, Iowa, Illinois, Indiana, Missouri, Texas.

1990 gross revenues: \$9 million total, \$7 million from rehabilitation services.

Compensation: Per hour, \$65.

Principal officers: John Allen, chief executive officer; Mark Johnston, president.

The Rehabilitation Network

310 E. 75th St., Suite 3-F, New York, N.Y. 10021; 212-744-3861; fax: 212-517-6909

Business: 25% rehabilitation services for employers, 50% rehabilitation services for insurance companies and TPAs, 25% other.

Frequent services: Job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Occasional services: Prescreening of cases for rehabilitation intervention, telephone case management.

Coverage: Workers compensation, auto liability, general liability, auto no/fault.

Staff: Eight total; including two vocational counselors. Designations

held include two CRCs.

Service area: Northeast.

Compensation: Per hour, \$100 to \$200.

Principal officers: Edmond A. Provider, president.

Contact: David Blelock.

Rehabilitation Network

328 S. Third St., Geneva, Ill. 60134; 708-232-0588

Founded: 1989.

Business: 2% rehabilitation services for employers, 96% rehabilitation services for insurance companies and TPAs, 2% other.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

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Rehabilitation Advisors Inc.

445 Wymore Road, Suite 220, Winter Park, Fla. 32789-2881; 407-629-1110

Founded: 1981.

Business: 5% rehabilitation services for employers, 95% rehabilitation services for insurance companies and TPAs.

Frequent services: Telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Testimony and expert opinion.

Other services: Concurrent hospital treatment review, discharge planning.

Coverage: Workers compensation, auto liability.

Staff: 16 total; 13 professionals, including RNs, vocational counselors. Designations held include one CRC, seven CIRs, two CRRNs.

Customers: 175 total, including insurance companies, claims administrators and TPAs, law firms.

Cases: 369 closed in 1990.

Service area: Florida.

1990 gross revenues: \$840,000 total, all from rehabilitation services.

Compensation: Per hour, \$38 to \$58, plus 30 cents per mile.

Principal officers: Betty Reid, president; Richard J. Laur, marketing director; Suzanne Funk, counselor/account representative.

Contact: Richard J. Laur, marketing director.



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Occasional services: Testimony and expert opinion, medical records review, medical audits.

Other services: Discharge planning, patient advocacy programs, retrospective review, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, disability.

Staff: 12 total; 10 professionals, including three RNs, six vocational counselors, one degreed professional. Designations held include four CRCs, two CIRs, two CRRNs.

Customers: 28 total, including four corporate and institutional employers having 10% with under 500 employees, 10% with 500 to 999, 80% with more than 5,000. 16 insurance companies, four claims administrators and TPAs, four law firms.

Cases: 110 closed in 1990. 50 to 60 independent medical examination cases, 15 expert opinion cases.

Service area: Illinois, Wisconsin, Indiana, Missouri.

1990 gross revenues: \$500,000 total, all from rehabilitation services.

Compensation: Per case, \$275 to \$750; per hour, \$50 to \$60.

Principal officers: R.C. Ogata, Linda Ogata, Kathleen Dytrych.

Contact: Kathleen Dytrych, James Dumas.

Rehabilitation Services and Vocational Placement

2809 Emerywood Parkway, Suite 125, Richmond, Va. 23294; 804-672-7787; fax: 804-672-6236

Founded: 1981.

Business: 60% rehabilitation services for employers, 25% rehabilitation services for insurance companies and TPAs, 15% other, including medical bill auditing, expert testimony, liability file review, life care planning.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: telephone case management, testimony and expert opinion, liability file reviews, literature/research review, life care planning, personal adjustment counseling, in-service training, displaced worker programs.

Other services: Length of stay determination, discharge planning, outpatient utilization review, retrospective review, second surgical opinion, hospital bill audits, provider bill audits, PPO access, maintains medical providers and resources listing.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability, U.S. Department of Labor.

Staff: 13 total; including six RNs, seven vocational counselors. Designations held include four CRCs, four CIRs, two CRRNs.

Service area: Virginia, Maryland, District of Columbia, North Carolina, West Virginia, Tennessee.

Compensation: Per hour, \$55 to \$75.

Principal officers: Ed Rice, president/director-marketing; Sharon Bunker, general manager/vocational rehabilitation supervisor; Karen Trinkle, medical case manager/supervisor.

Contact: Edward M. Rice.

S

Nancy Sapp & Associates Inc.

1750 W. Broadway, Suite 106, Oviedo, Fla. 32765; 407-365-4959; fax: 407-365-1475

Founded: 1984.

Parent company: Pharmacy Management Services Inc.

Business: 2% rehabilitation services for employers, 96% rehabilitation services for insurance companies and TPAs, 2% other, including expert witness and career counseling.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examinations, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: Discharge planning, outpatient utilization review, patient advocacy programs.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, health and accident, long-term disability, medical malpractice.

Staff: 58 total; 40 professionals, including seven RNs, 33 vocational counselors. Designations held include 17 CRCs, six CIRs, two CRRNs.

Customers: 343 total, including seven corporate and institutional employers having 100% with more than 5,000 employees. 93 insurance companies, 117 claims administrators and TPAs, 161 attorneys and rehabilitation centers.

Cases: 582 closed in 1990. 38 expert opinion cases.

Service area: Florida and Georgia.

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Continued from previous page
1990 gross revenues: \$2.7 million total, all from rehabilitation services.
Compensation: Per hour, \$62.
Principal officers: Nancy Sapp, president; Bill Chastain, chief executive officer.
Contact: Nancy Sapp.

Select Rehabilitation Associates

3789 "B" S. Green Road,
 Beachwood, Ohio 44122;
 216-831-8855; fax: 216-831-0517

Founded: 1990.

Parent company: Lakeland Healthcare Corp.

Business: 45% rehabilitation services for employers, 25% rehabilitation services for insurance companies and TPAs, 30% other, including expert testimony and other specialty services.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, vocational case management.

Occasional services: Independent medical examinations, vocational assessment and testing.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation, general liability.

Staff: Nine total; including two RNs, five vocational counselors, two degreed professionals. Designations held include four CRCs, two CIRs.

Customers: 65 total, including 28 corporate and institutional employers having 10% with 500 to 999 employees, 25% with 1,000 to 2,499, 14% with 2,500 to 4,999 and 51% with more than 5,000. Two insurance companies, 13 claims administrators and TPAs, 22 law firms.

Cases: 276 closed in 1990. 21 independent medical examination cases, 63 expert opinion cases.

Service area: Ohio.

1990 gross revenues: \$650,000 total, \$592,000 from rehabilitation services.

Compensation: Per hour, \$66 to \$90.

Principal officers: Paul Balcom, president; Jeff Leimgruber, vp; Joseph M. Cannelongo, director; George W. Cyphers, manager.

Contact: George W. Cyphers, Joseph M. Cannelongo.

Southern Cross Rehabilitation Services Inc.

P.O. Box 5108, Jackson, Miss.
 39296-5108; 601-957-3344;
 fax: 601-956-7250

Founded: 1988.

Parent company: Southern Cross Underwriters Inc.

Business: 5% rehabilitation services for employers, 85% rehabilitation services for insurance companies and TPAs, 10% other, including services provided to attorneys.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development.

Occasional services: Telephone case management, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Coverage: Workers compensation, auto liability.

Staff: Designations held include one CRC, one CIRs.

Service area: Mississippi.

Principal officers: Preston H. Gough Jr., president; Joseph E. Horsman, secretary/treasurer; Latricia J. Graves, Alan J. Murray, vps.

Contact: Latricia J. Graves.

Systemedic Corp.

10809 Executive Center Drive,
 Suite 105, Little Rock, Ark. 72211;
 800-822-2680; fax: 501-227-8362

Founded: 1981.

Business: 10% rehabilitation services for employers, 70% rehabilitation services for insurance companies and TPAs, 20% other, including hospital bill auditing, life care plans, seminars and publications.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion, FCE coordinator.

Occasional services: Independent medical examinations.

Other services: Concurrent hospital treatment review, discharge planning, patient advocacy programs, second surgical opinion, hospital bill audits, provider bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long-term disability, health.

Staff: 30 total; 14 professionals, including eight RNs, six vocational counselors. Designations held include six CRCs, one CIRs, four CRRNs.

Customers: 120 total, including 15 corporate and institutional employers having 30% with under 500 employees, 20% with 500 to 999, 10% with 1,000 to 2,499, 10% with 2,500 to 4,999 and 30% with more than 5,000. 68 insurance companies, 12 claims administrators and TPAs, 25 state funds, workers compensation commission, law firms.

Service area: Arkansas, Alabama, western Tennessee.

1990 gross revenues: \$1.7 million total, \$1.4 million from rehabilitation services.

Compensation: Per hour, \$65 to

\$75; life care plans, \$90 per hour.

Principal officers: Tom Strickland, president; Jeanne Boling, director-medical services; Linda Davis, Susan Handling, medical supervisors; Karon Martir, vocational supervisor.

Contact: Tom Strickland.

W

Work Med Occupational Health Service

363 Highland Ave., Fall River, Mass.
 02720; 508-679-7044; fax:
 508-679-7106

Founded: 1987.

Parent company: Charlton Memorial Hospital.

Business: 60% rehabilitation services for employers, 5% rehabilitation services for insurance companies and TPAs, 35% other, including pre-placement physicals, employee assistance programs, corporate wellness and qualified loss management.

Frequent services: Prescreening of cases for rehabilitation intervention, telephone case management, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, work site analysis.

Occasional services: Independent medical examination, vocational assessment and testing, vocational counseling and plan development, job-seeking skill training, job placement, testimony and expert opinion.

Other services: Preadmissions certification, concurrent hospital treatment review, length of stay determination, discharge planning, outpatient utilization review, patient advocacy programs, retrospective review, hospital bill audits, provider bill audits, PPO access.

Coverage: Workers compensation.

Staff: 35 total, including six RNs, one vocational counselor, 12 degreed

Y

S. Yangouyian & Associates Inc.

27041 Southfield Road, Suite 200,
 Lathrup Village, Mich. 48076-7911;
 313-552-0550; fax: 313-552-0571

Founded: 1984.

Business: 45% rehabilitation ser-

professionals and six physicians.

Customers: 260 total, including 250 corporate and institutional employers having 70% with under 500 employees, 27% with 500 to 999, 2% with 1,000 to 2,499, 1% with 2,500 to 4,999. 10 insurance companies.

Cases: 4,469 closed in 1990.

Service area: southeastern Massachusetts.

1990 gross revenues: \$1.4 million total, \$489,861 from rehabilitation services.

Compensation: Per employee, \$25 to more than \$300; per case, \$300.

Principal officers: Frederic Dreyer Jr., president (Charlton Memorial Hospital); Dr. Ronald Goodspeed, chief operating officer; John Gurney, vp-Allied Clinical Services; Donna Lee Clark, director; Elizabeth Viveiros, administration assistant.

services for employers, 45% rehabilitation services for insurance companies and TPAs, 10% other.

Frequent services: Prescreening of cases for rehabilitation intervention, on-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment and testing, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, testimony and expert opinion.

Other services: Discharge planning, hospital bill audits.

Coverage: Workers compensation, auto liability, general liability, auto no/fault, long- and short-term disability, group health insurance.

Staff: 20 total; 15 professionals, including eight RNs, seven vocational counselors. Designations held include five CRCs, seven CIRs.

Customers: Four corporate and institutional employers having 25% with 2,500 to 4,999 employees and 75% with more than 5,000. 13 insurance companies, seven claims administrators and TPAs.

Cases: 600 closed in 1990. 10 expert opinion cases.

Service area: Michigan.

Compensation: Per hour, \$68 to \$125.

Principal officers: Sandra Yangouyian.

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No slowdown in health care spending seen

By MARK A. HOFMANN

WASHINGTON—The nation's health care bill will continue to spiral throughout the 1990s, reaching \$1.6 trillion—or 16.4% of the gross national product—by the year 2000, says a new study.

The estimated health care tab for 1991 is \$738.2 billion, according to a study that will be published next month by the U.S. Department of Health and Human Services.

Some employee benefit consultants consider the projections, made by the department's Health Care Financing Administration, too optimistic.

"It's consistent with the general feeling, given the current health care system and the current operation of the health care system, there's going to be little change in the rate of growth in health care costs," said Ken Sperling, a consultant with Hewitt Associates in Rowayton, Conn.

"Health care costs are going to continue to go up at an alarming rate and there's nothing in the cards to stem the tide," said Mr. Sperling.

"I think the numbers are shocking, but unfortunately too conservative," said Dr. Roger Taylor, national leader of The Wyatt Co.'s health care practice in Washington, D.C.

Dr. Taylor noted that the study projects that between 1990 and 1992 annual growth in private sector health care costs will range from 8.2% to 11%.

"It takes only about 8.5% inflation per year to double costs in nine years, to the year 2000. For employers, Wyatt surveys show that health care expenditures have

increased at 15% per year for the last four years, and there's no slowdown in sight for 1991," said Dr. Taylor.

"For employers, unfortunately, the doubling will happen much earlier than the year 2000," he said.

According to the HCFA, the total amount spent on health care will increase by 118.9% between 1991 and 2000. Per-capita health care expenditures will also more than double to \$5,712 at the turn of the century from \$2,817 this year. The nation's population, however, will increase by only 7.9% to 282.9 million in 2000 from this year's estimated 262.1 million.

The study projects that private health care spending will more than double to \$859.4 billion in 2000 from 1991's estimated \$421.1 billion. Public sector health care outlays will increase by 138.6% during same period to \$756.5 billion from \$317.1 billion. As a result, the private sector's share of the national health care bill will decline slightly to 53.2% in 2000 from 57% in 1991, the study says.

Wyatt's Dr. Taylor questioned the accuracy of HCFA's contention that private sector health care costs would decline as a percentage of the national total. The federal government continues to shift costs to employers, he said, adding there's no reason to believe that is going to change in the near future.

Employer cost-containment strategies will probably fall short of bringing the rate of health care inflation down to that projected by HCFA, Dr. Taylor also said.

"We're finding that companies that aggressively introduce managed care can reduce their rate of

health care inflation, but it's unlikely that it could be reduced on a sustained basis to the level projected by HCFA for the private sector," he said.

Hewitt's Mr. Sperling, however, agreed with the HCFA projection that the public sector's share of the nation's health care bill will increase during the 1990s. He said cost shifting has been evident within the private sector, such as between a managed care plan and a non-managed care plan.

Now, as more and more businesses and individuals find themselves priced out of the health care marketplace, they will drop their private sector coverage, he said. Some, like the working poor, will turn to public alternatives like Medicaid.

HCFA projected that health care spending, currently estimated at \$738.2 billion—or 13.1%—of the GNP for 1991, will more than double by 2000 to \$1.615 trillion, or 16.4% of the projected GNP. In comparison, health care spending accounted for 5.9% of GNP in 1965,

8.3% in 1975, 9.1% in 1980 and 10.5% in 1985.

The agency projects health care costs will increase throughout the 1990s, both in absolute terms and as a percentage of GNP.

It projects the national health care tab growing by 9.6% over the 1991 estimate of \$738.2 billion to \$809 billion in 1992, accounting for 13.4% of the GNP. By 1995, the total bill is expected break the trillion-dollar mark to reach \$1.07 trillion, which would account for 14.7% of the estimated GNP.

"The question is how high does this GNP share have to get before we move into the red line area," said Hewitt's Mr. Sperling.

The HCFA projects that the federal government faces the largest percentage increase in its health care bill during the next decade. Federal expenditures are projected to total \$517.6 billion in 2000, compared with \$215.7 billion this year, an increase of 140%. Local and state government health care spending is projected to increase by 135.5% to \$238.8 billion in 2000

from this year's \$101.4 billion.

If the HCFA estimates prove correct, total health care spending will have increased by nearly 3,800% during the 35 years covered by the study. During the same period, the GNP is projected to have grown by roughly 1,300%, while population will have grown by 38.7%.

The Health and Human Services Department released the projections without editorial comment. The projections will officially appear in the fall "Health Care Financing Review," which is scheduled for release on Oct. 14.

A department spokeswoman said that the health care spending scenario was based on the assumption that health care costs could not continue to grow as a percentage of GNP indefinitely, and that therefore, "at some point in time, because more and more people are interested in this issue, things are going to start happening to control this growth."

She would not comment on policy implications of the study. ■

Blues form transplant network

Markets

Blue Cross & Blue Shield Assn. has established three networks of selected medical institutions across the nation to perform heart, liver and bone marrow transplants.

And, the Chicago-based association anticipates expanding the networks to other transplant procedures and facilities in the future.

Each medical institution in the network meets quality criteria jointly developed by the BC/BS Assn. and transplant experts. The criteria include benchmarks on the number of procedures performed, survival rates, transplant team experience, the age of the transplant program and evidence that the institution is committed to providing long-term follow-up services.

Participating institutions were selected based on an evaluation of their performance against those criteria and on-site visits, said Douglas Peters, senior vp at BC/BS Assn. "That is important, because in highly specialized medical procedures like transplants, quality service depends on more than just an individual surgeon's skill. Good patient outcomes depend on the skills and experience of an entire team of hospital professionals."

The network was built upon existing contracts between some local BC/BS plans and transplant institutions, Mr. Peters said. According to Mr. Peters, though, all of the institutions that were retained were chosen on the basis of quality, not cost.

The medical institutions in the BC/BS network represent about 25% of all transplant institutions in the country. The three networks together are composed of 62 institutions lo-

cated in 25 states.

New facilities and medical procedures gradually will be added, Mr. Peters said.

"Each year, all transplant institutions will be given an opportunity to apply to the networks" and "networks for heart/lung, lung-only and kidney/pancreas transplants will be added next year."

Employers' cost for access to the networks varies, depending on whether transplant benefits are already included in an employer's BC/BS group health coverage or whether transplant benefits have been added as a rider to the coverage.

People in BC/BS plans who live in states without a transplant institution may receive transplant services at one of the network institutions. Most BC/BS plans have extended coverage to include travel and living expenses for a covered patient and an immediate family member if the transplant is performed far from home.

For more information and a list of hospitals in the transplant networks, contact David Tennenbaum, Director-Medical Necessity, Blue Cross & Blue Shield Assn., 676 N. St. Clair St., Chicago, Ill. 60611; 312-440-6155.

Mergers/acquisitions

General Accident Insurance Co. of America in Philadelphia purchased Hawkeye-Security Insurance Co. of West Des Moines, Iowa,

and subsidiaries United Security Insurance Co., also of West Des Moines, and Western States Insurance Co. of Freeport, Ill., from USLICO Corp. for \$96.5 million in cash. As part of the agreement, Hawkeye-Security will return to USLICO, an Arlington, Va.-based holding company, 500,000 shares of USLICO common stock just before the acquisition is completed. Each of the former USLICO units will retain its name and staff.

Aetna Life Insurance Co. of Hartford, Conn., purchased the remaining 80% of Bay Pacific Health Plan, a San Bruno, Calif.-based health maintenance organization. Aetna had acquired 20% of the HMO in October 1990.

American E&S, a New York-based excess and surplus line broker owned by American Business Insurance Inc., acquired Houston-based Texstar Insurance Co., a brokerage firm specializing in commercial automobile coverages. Terms of the agreement were not disclosed. The seven-person Texstar staff will join the Houston office of American E&S.

New offices

Mound, Cotton & Wollan, Esqs., a law firm with offices in New York, San Francisco and London, has opened an office in New Jersey. The address is 9 Sylvan Way, Parsippany, New Jersey 07054; 201-285-9234.

Fort Worth, Texas-based General Agents Insurance Co. of America Inc. moved to 500 Commerce St., Fort Worth, Texas 76102; P.O. Box 2933, Fort Worth, Texas 76113; 817-336-2500; 800-477-3443. ■

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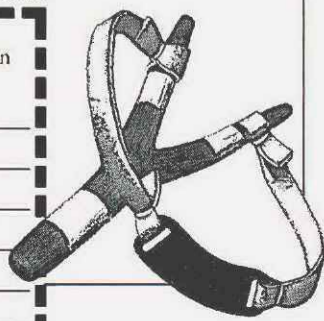
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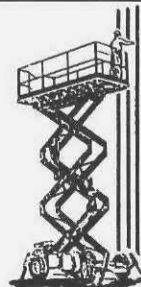
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HMO study

Continued from page 1

36.9% to 316,565 in January 1989, and then jumped 39.2% to 857,995 in January 1990.

Benefit experts are not surprised at the surge in enrollment, noting that open-ended HMOs are a good way to introduce managed care to employees.

Employers have a better opportunity to control costs by offering a managed care network, while employees enrolled in open-ended HMOs still can receive services outside the network, albeit with higher deductibles and coinsurance, experts note.

"An open-ended HMO is a much more acceptable way to get employees to join an HMO," said Dr. Paul Ellwood, president of InterStudy.

"Open-ended HMOs are a way for an employer to get into managed care while still maintaining employee choice," agreed Pat Richter, a consultant with Hewitt Associates in Lincolnshire, Ill.

As enrollment in open-ended HMOs continues to rise, more HMOs are adding an open-ended option.

For example, as of Jan. 1, 116 HMOs offered an open-ended arrangement, up 38.1% from 84 in January 1990 and up 65.7% from

tion and the actual number of residents enrolled in HMOs.

As of Jan. 1, enrollment in California HMOs was 9.1 million, or 30.6% of the population. In 1990, HMO enrollment in the state totaled 8.7 million, or 30% of the population.

Other states with large HMO enrollments as of Jan. 1 include:

- New York, 2.84 million enrollees, or 15.8% of the population, up from 2.69 million enrollees in January 1990.

- Massachusetts, 1.65 million enrollees, or 24.7% of the population, up from 1.49 million.

- Illinois, 1.48 million enrollees, or 13% of the population, down from 1.5 million enrollees.

- Michigan, 1.46 million enrollees, or 15.7% of the population, up from 1.45 million enrollees.

The study also found that the largest HMOs generally are increasing their share of the traditional HMO market.

For example, of the 34.1 million enrollees in traditional HMOs, 21.4 million, or 62.9%, were members of HMOs with at least 100,000 enrollees. Those figures are up slightly from 1990, when these jumbo HMOs had 20.2 million enrollees, or 61.1% of the 33.1 million enrolled in traditional HMOs.

By contrast, the share of the traditional market held by very small HMOs fell slightly.

For example, at the start of the year, HMOs with fewer than 5,000 enrollees had 143,132 members, or 0.4% of total traditional HMO enrollment. Those figures are down from 171,986 enrollees and a 0.5% market share in 1990.

In addition, enrollment in HMOs with between 5,000 and 14,999 members fell to slightly less than 1.1 million, or 3.2% of the market, down from slightly more than 1.23 million, or 3.7% of the market, last year.

The study also found an improving profit picture for the HMO industry. Last year, 83.2% of HMOs reported a net profit or an increase in surplus, compared with 60% in 1989 and 36% in 1988.

Sharp increases in medical indemnity plan costs has enabled HMOs to raise their premiums and thus boost their profits, benefit experts say.

"The increases in premiums charged by indemnity plan insurers have given HMOs the opportunity to increase premiums and still be competitive," said John Erb, a managing consultant with A. Foster Higgins & Co. Inc. in New York.

"With indemnity plan costs going up, there is less pressure on HMOs to keep premiums down," concurred Hewitt's Ms. Richter.

The profitability of HMOs, though, varied slightly by region. For example, 86.8% of those in the South either said they turned a profit or increased their surplus last year, compared with 86.6% of the HMOs in the Midwest, 80% in the West and 77.7% in the Northeast.

Copies of the "InterStudy Competitive Edge," Volume 1, No. 1, are available for \$80 each from InterStudy, 5715 Christmas Lake Road, P.O. Box 458, Excelsior, Minn. 55331; 612-474-1176.

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'An open-ended HMO is a much more acceptable way to get employees to join,' says Paul Ellwood.

70 in January 1989, according to the survey.

Medica, a Minnetonka, Minn.-based HMO, reported the highest open-ended enrollments in 1991 with 215,146 enrollees.

HMOs with the next-largest open-ended enrollments as of the beginning of this year include:

- Humana Health Plan Inc. of Louisville, Ky., which has 88,123 enrollees.

- Sanus Texas Health Plan of Houston, which has 77,467 enrollees.

- M.D. IPA Health Plan of Rockville, Md., which has 75,000 enrollees.

- Group Health Inc. of Minneapolis, which has 58,023 enrollees.

While enrollment in open-ended HMOs is soaring, InterStudy's Dr. Ellwood believes that open-ended growth will peak in several years when employees become acclimated to managed care and employers then can move on to traditional HMOs.

"Over time, there will be more growth in closed-end HMOs, where an HMO can have the best control over quality and cost," Dr. Ellwood said.

Meanwhile, the overall number of HMOs, which has declined sharply in recent years due to a wave of mergers, dropped 3.3% to 556 as of Jan. 1 from 575 in 1990, the survey found.

The number of HMOs peaked at 653 in January 1988 and has been falling ever since, according to InterStudy.

But, the percentage of the population enrolled last year in HMOs—including both traditional and open-ended HMOs—increased slightly, InterStudy found.

Traditional and open-ended enrollment totaled 35.3 million in January, or 14.2% of the U.S. population.

In January 1990, the combined enrollment totaled 34 million, or 13.7% of the total population, the survey says.

California, where the HMO movement started in the 1930s, continued to lead all other states by far in the percentage of popula-

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Largest U.S. reinsurers' first-half 1991 results

Ranked by net reinsurance premiums written. All amounts in thousands of dollars.

Reinsurers	Net reinsurance premiums written 1991	Net reinsurance premiums written 1990	Policyholders surplus (reinsurers only)	Net income 1991	Losses & loss adjustment expenses	Loss ratio	Underwriting expenses	Expense ratio	Combined ratio 1991	Combined ratio 1990
1. General Re	\$1,016,125	\$945,689	\$3,023,039	\$290,861	\$737,730	71.9%	\$302,629	29.8%	101.7%	99.0%
2. Employers Re	586,516	540,262	1,523,572	158,965	442,370	78.3	166,834	28.4	106.8	104.9
3. American Re	461,842	389,963	732,647	78,309	365,234	74.1	120,176	26.0	100.1	103.1
4. North American/Swiss Re	372,242	290,040	605,277	23,841	258,695	70.5	145,123	39.0	109.5	107.8
5. Prudential Re	318,224	247,950	543,459	20,751	254,755	78.9	113,653	35.7	114.6	121.9
6. Munich Re	263,305	260,106	646,410	28,242	198,467	76.9	86,688	32.9	109.8	115.6
7. Transatlantic/Putnam	243,272	230,664	374,244	31,024	209,411	81.1	62,291	25.6	106.7	105.6
8. Berkshire Hathaway	236,994	50,080	N/A	N/A	120,882	135.4	7,549	6.2	141.6	124.3
9. Kemper Re	226,584	168,093	309,446	20,859	183,434	84.9	52,028	23.0	107.9	116.0
10. St. Paul Cos.	222,405	203,639	N/A	N/A	206,610	94.2	73,007	32.8	127.0	136.3
11. Skandia America Group	191,648	163,496	338,492	3,917	150,135	79.9	61,735	32.2	112.1	113.6
12. Transamerica Re	183,676	151,497	208,064	14,450	142,096	76.2	53,053	28.9	105.1	105.8
13. CIGNA Re	159,031	156,055	193,340	13,334	115,841	78.5	37,500	23.6	102.1	104.2
14. F&G Re (USF&G)	131,798	298,178	N/A	N/A	89,083	61.8	35,629	27.0	91.8	96.2
15. National Re	130,392	118,175	225,176	24,336	102,358	74.1	36,649	28.1	102.2	103.0
16. Constitution Re	118,588	158,358	227,889	16,290	87,503	71.8	39,307	33.1	104.9	106.6
17. NAC Re	111,820	105,777	209,679	13,420	81,450	73.6	38,716	34.6	108.2	108.9
18. Winterthur Re	97,790	85,206	165,234	6,258	68,387	75.1	31,724	32.4	107.5	109.2
19. Scor Re/Unity	84,218	86,916	214,797	12,329	51,161	62.2	32,765	38.9	101.1	103.5
20. Underwriters Re	68,605	66,233	166,728	15,516	45,105	69.5	26,043	38.0	107.5	107.9
Totals for Top 20	5,225,075	4,716,377	9,707,493	772,702	3,910,707	75.7	1,523,099	29.0	104.7	107.4
Total for all companies	5,516,082	4,946,979	12,825,868	876,129	4,120,727	75.4	1,712,372	31.0	106.4	107.2

Source: Reinsurance Assn. of America and Business Insurance

Reinsurer results

Continued from page 2
president of Mercantile & General Reinsurance Co. of America of Morristown, N.J.

"I think the increase in volume is coming primarily from financially-driven deals," Mr. Hawksworth said, referring to financial reinsurance and other non-traditional reinsurance deals.

"I speculate that traditional re-

insurance business hasn't increased or has decreased somewhat," he said.

"The market is still very competitive, and there's no end in sight to existing conditions," said Bard E. Bunaes, chairman and chief executive officer of Constitution Reinsurance Corp. of New York.

"I don't believe that results are reflecting true market conditions. Things will probably get worse before they get better," he said.

Reinsurance executives explain that a lack of major catastrophes during the first half of 1991—one of their few highlights during that period—is largely responsible for improved mid-year results. The average loss ratio for the 61 surveyed companies was 75.4% for the first half, a slight improvement from 75.9% for the similar group surveyed for the first half of 1990.

"As an industry, we did a little better than last year because last year was severely affected by some major catastrophes," noted Craig Eisenacher, senior vp and comptroller with Prudential Reinsurance Co. of Newark, N.J.

"But rates and terms and conditions are probably worse. Any improvements have come as a result of fewer large-scale losses, not better conditions," Mr. Eisenacher said.

"Things could have been different had Hurricane Bob hit harder. But in the absence of a major catastrophe, the industry is likely to plod along at this pace," said

James R. Fisher, senior vp and comptroller with American Re-Inurance Co. in Princeton, N.J.

"The market isn't going to turn unless a major catastrophe hits," he said.

"The primary companies are still holding very high retentions, so there's all sorts of reinsurance capacity waiting on the sidelines.

down to 31% from 31.3% in 1990.

Analysts also note that the ongoing soft market has caused a noticeable consolidation that will continue if the market does not harden soon.

"Let's face it, as many as half of the reinsurance companies out there today won't see the turn of the century," said Shaun Flynn,

'Bigger is still better,' says Michael Smith of Lehman Bros. 'The smaller companies are producing much lower premium volumes due to market conditions, and they're experiencing some deterioration in both expense and loss ratios.'

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With the primary companies holding onto much of the business, it makes it very hard for us," he said.

Reinsurance intermediaries agree that the market has changed little in the last year and that no end is in sight to the cutthroat competition among primary insurers.

"In terms of midyear results and renewals, things are rather quiet. Reinsurers are very aware that the primary product is not well-priced, and one cannot expect improvements under these conditions," said Willis King, chairman of Willis King Inc., a New York-based intermediary.

"In general, the property market is still soft with tons of capacity," echoed Michael Rothpletz, executive vp with G.L. Hodson & Son Inc., a New Hyde Park, N.Y.-based reinsurance brokerage unit of Willis Corroon P.L.C.

"Only in the catastrophic property market are we seeing any reduction in reinsurance capacity," Mr. Rothpletz said.

As the soft market drags on for reinsurers, "bigger is still better, as the Top 15 reinsurers are outpacing the rest of the industry" in terms of premium volume, observed Michael Smith, vp and insurance industry analyst with Lehman Bros. in New York.

"The smaller companies are producing much lower premium volumes due to market conditions, and they're experiencing some deterioration in both expense and loss ratios," Mr. Smith said.

However, overall, "reinsurers have been making a good effort to control expenses," observed Mr. King. "At this stage, it's about the only thing still in their control." The average expense ratio edged

vp with Standard & Poor's Corp. in New York.

"Many small companies don't have the capital, and there's been virtually no growth in traditional reinsurance products since the market turned soft," he said.

While reinsurers do not face the sort of solvency crisis that some life insurers face, they are staring at a "continuity problem," according to Mr. Flynn.

"The reinsurance industry is treading water. We're seeing serious consolidation that will only continue. The industry has gone top-heavy in recent years with the big companies sitting on loads of capital and the smaller companies operating without the minimum," Mr. Flynn said.

The immediate market outlook is bleak for reinsurers, who admit that they are pessimistic that the cycle will harden soon.

"The tightening of the market is right around the corner—but who knows how far off that corner is?" said Prudential Re's Mr. Eisenacher.

"By looking at the industry's combined ratio you see that no one is really suffering. The large companies are writing a significant amount of finite risk insurance. Absent of a major catastrophe, I can't foresee any near-future changes," said Mr. Fisher of American Re.

M&G's Mr. Hawksworth is a recent convert to that position. Last year, he and some other reinsurance executives predicted that conditions would improve by 1992 at the latest.

But now, he said, "I can't imagine any real turn until late 1992, which wouldn't affect us until 1993 and 1994."

INTERNATIONAL

Court orders liquidation of NFL captive

By ROGER SCOTTON and LORI BLOCK

HAMILTON, Bermuda—A mutual insurer set up in 1984 to reinsure workers compensation coverage for nine National Football League teams is being liquidated in Bermuda.

The Bermuda Supreme Court granted a petition filed by Travelers Insurance Co. seeking to wind up N.F.L. Insurance Ltd. The Bermuda-based insurer stopped underwriting in 1988.

Members of the mutual were the Chicago Bears, Dallas Cowboys, Los Angeles Rams, Philadelphia Eagles, Phoenix Cardinals, Pittsburgh Steelers, San Francisco '49ers, Seattle Seahawks and Tampa Bay Buccaneers.

"We're still in the process of putting the company's records together, but it looks at this stage as though N.F.L. Insurance is facing claims of about \$14 million and a net deficiency of something in the region of \$13 million," said David Lines, who was appointed to liquidate the insurer at an Aug. 29 creditors meeting.

Mr. Lines, a partner with the accounting firm Coopers & Lybrand, said it appeared "claims experience had just gone badly for the company, and continued support was apparently not forthcoming."

A spokeswoman for Hartford, Conn.-based Travelers read from a prepared statement: "For 1986, 1987 and 1988, Travelers entered into contracts with the N.F.L. Insurance Ltd. of Bermuda, a captive insurer owned by various NFL member teams. Since that company was not licensed in the United States, N.F.L. Insurance Ltd. contracted with Travelers to write workers compensation policies for certain NFL teams, process and pay claims and be fully reimbursed by the Bermuda company. We were recently advised by the NFL that its captive was no longer able to fulfill its obligations under our contracts.

"In response, Travelers has filed a petition in the Supreme Court of Bermuda to formally wind up the affairs of N.F.L. Insurance Ltd.," the statement concluded.

The spokeswoman would not comment further. Attempts to reach the NFL were unsuccessful.

Lloyd's faces litigation to void members' losses

By STACY SHAPIRO

LONDON—Scores of Lloyd's of London members on both sides of the Atlantic are going to court to avoid paying cash calls that total hundreds of millions of dollars.

One members group in London is examining whether it can win court injunctions to bar Lloyd's from seizing their assets to pay losses.

In addition, many North American members are heading for court to avoid paying their losses, charging Lloyd's with fraudulent misrepresentation, fraudulent conduct and practices, and infringement of U.S. and Canadian securities laws.

The North American members' anger and despair has led the U.S. Securities and Exchange Commission to conduct an "informal" investigation to determine whether Lloyd's has infringed securities law as the members allege (see related story).

Lloyd's maintains that it is exempt from certain securities regulations, but it does require that members agents file a list of U.S. members under the Section D exemption of the Securities Act of 1933.

"Lloyd's has offered the SEC full cooperation in its investigation," a Lloyd's spokesman said.

Lloyd's also points out that the United Kingdom is the proper jurisdiction for members' disputes under the terms of their membership agreements. Lloyd's already has used this argument to win a postponement of one lawsuit filed by a U.S. member



in federal court in Denver (BI, Sept. 9). That ruling is being appealed.

However, other North American members allege that because Lloyd's fraudulently misrepresented the quality of the syndicates they joined, their membership agreements are null and void. If the agreements are void, they say, then so is the requirement that litigation be heard in U.K. courts.

In addition, some U.S. members are arguing that U.S. securities law should overrule any contract language that litigation can only be brought in a foreign jurisdiction.

Lloyd's "can't quiet me," summed up Lloyd's member John S. Roby, who is a lawyer, a former FBI agent and the president of insurance agency Roby-Krause-Earick Inc. of Mansfield, Ohio.

Mr. Roby, whose Lloyd's losses could total \$250,000 to \$500,000, is one of dozens of members who have

hired New York law firm Proskauer Rose Goetz & Mendelsohn to sue Lloyd's under U.S. securities laws for mismanagement and fraud.

Although the firm has not yet filed a suit on their behalf, the U.S. members believe that their approach "has never been tried and is much more likely to withstand challenges from Lloyd's," Mr. Roby said.

Lloyd's has filed an injunction in the U.K. High Court to stop one of the members represented by Proskauer—Dale A. Jenkins—from suing in U.S. courts or inducing others to "breach their contracts."

However, Mr. Roby said, "If I see fit to sue them under securities regulations which are available to protect all Americans, they can't stop me."

Most of the disgruntled U.S. members belong to some or all of syndicates once managed by Feltrim Underwriting Agencies Ltd. and/or Gooda Walker Ltd. Those syndicates together could face a total of 750 million pounds (\$1.3 billion at current exchange rates) in losses from

Continued on page 102

SEC questioning U.S. Lloyd's names about investment

LONDON—The U.S. Securities and Exchange Commission is canvassing disgruntled U.S. members about their investment in Lloyd's of London as part of an "informal investigation" into complaints about the market.

Many U.S. Lloyd's members who face huge losses from their participation in the market are alleging that Lloyd's has violated U.S. securities laws, among other charges (see related story).

The SEC this summer has sent several form letters signed by staff attorney Scott A. Cook to Lloyd's members that explain the agency "is conducting an informal investigation" into Lloyd's. The letter asks members to "voluntarily" provide "certain documents and information" to the SEC, like:

- Any and all documents reflecting, referring or relating to membership in Lloyd's and its syndicates and the member's underwriting losses.
- A list of the names, addresses and telephone numbers of other U.S. members and a list of members agents.
- Any and all documents with regard to syndicates formerly underwritten by Feltrim Underwriting Agencies Ltd.

Members of syndicates formerly managed by Feltrim face millions of pounds in losses (BI, Sept. 2).

The mailing of the SEC's letter followed a request by Lloyd's member Andrew Grossman in November 1990 that the SEC investigate Lloyd's membership practices.

The informal investigation, however, "was probably due more to the bad publicity Lloyd's has been getting than to the arguments in my letter," said Mr. Grossman in a recent memo.

Mr. Grossman is one of dozens of Lloyd's members represented by New York law firm Proskauer Rose Goetz & Mendelsohn who are threatening legal action against Lloyd's for alleged infringements of U.S. securities law, mismanagement and fraud.

Those members intend to argue that Lloyd's violated that Securities Act of 1933 by selling securities that were not registered with the SEC, according to one of the members, John S. Roby, an insurance agency executive from Mansfield, Ohio.

Lloyd's has countered that it is exempt from the securities regulations.

However, Mr. Roby says, "a security is exempt from registration only if it is sold primarily to sophisticated, accredited investors whose knowledge of the investment is such that they do not need the protection afforded by the securities laws. Because by definition a Lloyd's name cannot know in advance, let alone evaluate, the risks of any syndicate of which he or she is made a member, Lloyd's membership is not, we believe, properly an exempt security."

The U.S. members are hoping a court will allow them to rescind their investment for the 1991 underwriting year or seek to recover any damages incurred as a result of their prior investment, according to Mr. Roby.

Lloyd's Chief Executive Alan Lord said earlier this month that Lloyd's first had discussions with the SEC in 1970, when Americans were first allowed to become members. Lloyd's next had discussions with the SEC in 1988, "to go over the ground to make sure what we were doing was absolutely right," Mr. Lord said.

Continued on page 103

Auto cover to remain private

By MICHAEL BRADFORD

TORONTO—The Ontario government is abandoning its vow to take over the province's automobile insurance system, much to the delight of insurers and intermediaries.

The socialist New Democratic Party, elected a year ago, had pledged to bring all types of automobile insurance under its control in an effort to stabilize rates.

But, the insurance industry warned that such a move would cost the government billions of dollars and could mean it would owe foreign companies compensation for lost trade.

Last week, the provincial government dropped its plan.

"We're delighted," said Cliff Fraser, a vp with State Farm Mutual Automobile Insurance Co. in Toronto. "Our feeling was that automobile insurance should be left in the hands of free enterprise."

The Bloomington, Ill.-based insurer writes about 10% of the Ontario auto market. Around 500,000 State Farm policyholders pay about \$400 million Canadian (\$350.8 million) in annual premiums.

U.S. insurers write around \$1 billion Canadian (\$877 million) in annual auto premiums in Ontario.

"It is fantastic news for the industry," said Mario Myre, executive vp of Sodarcen Inc. in Montreal. "It was a major dark cloud hanging over the Canadian market."

Had the province taken over auto insurance, "it would have been the single-largest financial catastrophe the market has ever experienced," Mr. Myre contended.

The Ontario auto market represents one-third of the entire property/casualty market in Canada, he pointed out. "You don't take away 30% without provoking a major dis-

turbance."

The provincial government was swayed by a report commissioned by State Farm, according to Mr. Fraser. The report, which was prepared by accounting firm Coopers & Lybrand,

found that thousands of jobs would be lost and that the government would have to spend around \$1.5 billion Canadian (\$1.3 billion) in start-up costs

In addition, the report concluded that trade agreements would require the government to pay as much as \$1.3 billion Canadian (\$1.1 billion) in compensation to foreign companies forced out of the market.

Ontario Premier Bob Rae conceded last week that the province would have to spend \$1.4 billion Canadian (\$1.2 billion) to put the system in place and that 13,500 jobs would be lost.

A government takeover of auto insurance during a recession is a "case of the right policy at the wrong time," Mr. Rae observed.

"As a government, we owe it to the people of this province to help them get out of a recession, not to make their hardship worse," he said.

However, Mr. Rae vowed to press for lower auto insurance premiums in Ontario. He also said he will support legislation to allow accident victims greater access to the courts, improve accident benefits and remove caps on rehabilitation benefits.

Brian Charlton, the province's minister of financial institutions, said legislation calling for these changes

will be introduced this fall.

Mr. Charlton said insurers should cut annual auto premiums between \$40 Canadian and \$60 Canadian (\$35 and \$53) per policyholder.

The province last year enacted a no-fault auto insurance law under which premiums upon renewal this year increased by 8% in the Toronto area but remained unchanged through the remainder of the province. Had the Ontario Motorist Protection Act not been enacted, premiums would have increased 35% on average, government officials said last year (BI, June 18, 1990).

"We are inviting the industry to work with us in ensuring accessibility to affordable insurance," Mr. Charlton said.

Insurers have accepted that invitation, according to Mr. Fraser, and industry representatives began meeting with government officials last week to discuss auto insurance products and prices.

Mr. Fraser said he believes the government will not ask for industry-wide auto rate rollbacks but instead will negotiate rate cuts individually with companies.

He noted that State Farm reduced its rates in the province by 8.6% in February.

Brokers, too, were glad to hear that the Ontario government had put aside its effort to take over the automobile insurance market.

Although brokers were expected to remain a part of the distribution system if the auto insurance market had been nationalized, commission revenues were expected to be cut, Sodarcen's Mr. Myre noted.

He had predicted Sodarcen would lose between \$1 million Canadian and \$1.5 million Canadian (between \$877,000 and \$1.3 million) under a government system (BI, July 1).



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For bid information and a copy of the Invitation For Bids contact Tom Lopez, Executive Director, Taos County Housing Authority, Taos, New Mexico, 87571, (505) 758-2460.

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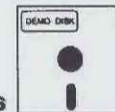
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INTERNATIONAL

Lloyd's members

Continued from page 99

1988 to 1990. The Feltrim members already have been asked to pay between 80 million and 100 million pounds (\$138.4 million and \$173 million), while Gooda Walker members face losses of at least 22 million pounds (\$382.3 million) (*BI*, Sept. 2).

If members are successful in blocking Lloyd's from taking their personal assets to pay for the cash calls, Lloyd's will be forced to pay the claims from its Central Fund, which held 377 million pounds (\$652.2 million) at year-end 1990.

However, if the fund is inadequate to pay the losses, Lloyd's would have to call for a general levy on all members to pay for any unpaid claims.

A Lloyd's spokesman could not say last week how many members have refused to pay their cash calls and how much would have to be earmarked in the Central Fund for these potential defaults. The entire membership has until Oct. 31 to satisfy Lloyd's solvency requirements—including payment of cash calls—before funds in the Central Fund are earmarked.

Many members are vigorously fighting to prevent Lloyd's from drawing down the security they have posted, including letters of credit and personal deposits, to pay disputed cash calls.

In London last week, Alfred Doll-Steinberg, chairman of the Gooda Walker Action Group, sent a letter to all Gooda Walker members saying that the group was seeking to find "valid grounds for members to refuse to pay cash calls."

If the group can substantiate grounds for voiding Lloyd's policies, their membership agreements, or both, it will consider "applying for injunctions to stop the payment from the names' funds or guarantees held at Lloyd's to meet losses arising from allegedly void policies," the letter said. Any Gooda Walker members interested in seeking legal ways of refusing to pay cash calls were told to contact the action group's legal advisers, who would "supply details on request."

Meanwhile, in Canada, 67 members in the Hamilton, Ontario, area are seeking a declaration in the Ontario Court, General Division, that

the membership agreements between each of them and Lloyd's are null and void. The plaintiffs contend the agreements were "induced by the fraudulent misrepresentations and fraudulent conduct and practices of the defendant Lloyd's."

The plaintiffs also intend to amend their complaint to say that Lloyd's was in contravention of Canadian securities laws when Canadian members joined the market, said members' lawyer Alan Lenszner, a partner with McCarthy Tetrault in Toronto.

Until their case goes to trial, the members are seeking an injunction to restrain, prohibit and prevent Lloyd's from drawing down on their letters of credit, which altogether total nearly \$20 million. The hearing for this injunction is set for Sept. 26 in Toronto, Mr. Lenszner said.

The 67 Canadian members allege in their lawsuit that "had they known of the fraudulent misrepresentations and fraudulent practices of the defendant Lloyd's... each one of them would not have signed the (membership) documents and would not have become members of Lloyd's. The plaintiffs allege that they and each of them were induced by the fraudulent misrepresentations and material non-disclosure of Lloyd's to sign the said documents and become members of Lloyd's."

The members also charge that "Lloyd's knowingly deceived and misled them by publishing or permitting to be published material information which was false to the knowledge of Lloyd's."

In particular, the lawsuit alleges that Lloyd's "perpetrated a fraud" in approving of the existence of the Feltrim syndicates, to which many of the Canadian names belonged. The lawsuit alleges that the Feltrim syndicates were a "continuation" of the old syndicate 174/175 once managed by PCW Underwriting Agencies Ltd., which later was assigned syndicate number 540/542, managed by WMD Underwriting Agency Ltd.

Lloyd's negotiated a settlement between loss-burdened PCW names and members agents and brokers in 1987, withdrawing 23.9 million pounds (\$41.4 million) from the syndicate's reserves and transferring them to a reinsurance facility established to run off the PCW syndicate accounts, the members allege (*BI*, June 10).

A Lloyd's spokesman said that the liabilities for syndicate 540/542 that matched these reserves also were transferred to the reinsurance facility.

However, the Canadian members allege that only 4 million pounds (\$6.9 million) was left in the syndicate's reserves to match the liabilities for the years 1984-1986, which were also left with the syndicate.

Syndicate 540/542 and its underwriter, Patrick Feltrim Fagan, were also allowed to re-register under the name Feltrim by the Committee of Lloyd's in November 1986 for the 1987 underwriting year, the members allege.

In removing the reserves, "Lloyd's knowingly breached its own bylaws... which required that reserves should stand in a one-to-one ratio to premium income," says the Canadian members' lawsuit. "Since premium income for 1987 was 20 million pounds, the reserves should have been at 20 million pounds, not 4 million pounds."

The withdrawal of the reserves was not known to the members when they joined the syndicate, the lawsuit charges. They only saw the historical data of the syndicate, which showed reserves of 28 million pounds (\$48.4 million), they claim. "Such withholding of material factual information was fraudulent," the suit contends.

The Canadian members also contend that Feltrim's main source of revenue—London market excess-of-loss reinsurance—was "illusory and not real reinsurance for catastrophes."

LMX reinsurance provided additional capacity for the Feltrim syndicates by reinsuring each other in a spiral effect, they charge. "Rather than spreading the catastrophe risk amid reinsurance layers, the catastrophe risk stays within a definite circle and remains concentrated," the suit says. The suit contends that Lloyd's "knowingly permitted a fraudulent and dangerous practice to exist, namely the LMX spiral."

Lloyd's so far has filed no answer to the Canadian action and could not comment on the case because it has not been served with the lawsuit, a Lloyd's spokesman said.

However, Mr. Lenszner is certain that Lloyd's will raise the argument that the matter should be heard in

U.K. courts under the terms of the Lloyd's membership agreement.

But, if the agency agreement was signed under fraudulent circumstances, "then the U.K. jurisdiction doesn't apply," he said.

Lloyd's also might charge that its members cannot sue the Corporation of Lloyd's under immunity granted by the Lloyd's Act of 1982, Mr. Lenszner said.

But, Section 14 of the 1982 law still allows members to sue Lloyd's "for bad faith," he said.

Meanwhile, two U.S. members—Kenneth F. Bonny and his wife, Francesca B. Bonny—appeared before U.S. Magistrate Joan B. Gottschall in U.S. District Court in Chicago last week seeking a preliminary injunction to "restrain" Lloyd's from calling on their letters of credit at various banks until their action against Lloyd's and others is heard in front of a jury.

The letters of credit total 165,000 pounds (\$285,450), but the Bonnys altogether owe Lloyd's 319,314 pounds (\$552,413) in losses, "which represents virtually their entire personal wealth," court papers say. The couple, through their members agency Lime Street Underwriting Agencies Ltd., are members of the Feltrim and Gooda Walker syndicates.

Both Bonnys live in Pennsylvania but are suing in the U.S. District Court in Chicago, in part because Lloyd's is licensed in the state of Illinois, the court papers say.

The Bonnys' action was filed under U.S. securities laws, in particular the Securities Act of 1933, the Securities Exchange Act of 1934 and the Security Exchange Commission Rule.

"This action is brought by a husband and wife who were induced to invest in the Lloyd's insurance market through the violation of federal and state securities laws, fraud and other wrongful conduct of certain of the defendants," their lawsuit charges.

Transcripts of the Bonnys' motion indicates that Lloyd's contends their action should be heard in U.K. courts. The transcripts also show that Lloyd's has raised the issue of a possible statute of limitations problem with making claims under the 1933 securities law.

According to the plaintiffs' action, when Mr. Bonny was deciding

whether to become a member in 1987 for the 1988 underwriting year, he was given assurances from his members agent that:

- Investment in Lloyd's involved little risk.

- He could expect a return of approximately 7% to 10% annually on his premium income limit, which was nearly three times the amount of his deposit, thus making "his capital work twice for him."

- Names had enjoyed 20 years of continuous profits at Lloyd's.

- No name had encountered financial difficulty at Lloyd's in 20 years.

- No case was known of a name losing all of his or her wealth because of the market's system of unlimited liability.

- The Central Fund would help members with financial difficulties.

Based on this and other encouraging information, Mr. Bonny traveled to London for his "rota committee" meeting with a Lloyd's council member, which allegedly lasted 15 minutes, and subsequently signed a membership agreement, allegedly without carefully reading it because of a time factor.

Defendants Lloyd's, Lime Street and others "concealed... and failed to disclose" several material facts concerning Mr. Bonny's investment in Lloyd's that, had he known, would have persuaded him not to join Lloyd's, the suit charges. Those allegedly include that:

- Three major scandals came to light at Lloyd's between 1982 and 1985.

- There was "substantial risk" in investing in Lloyd's.

- More members resigned from Lloyd's in 1986 than on average over the past 10 years.

- Lloyd's syndicates were not audited under generally accepted accounting principles as are U.S. insurers.

- The Central Fund exists not to protect names but to protect policyholders in case of default of names.

"Had Kenneth and Francesca Bonny been aware of the facts which were concealed from them, they would not have made application to become underwriting members of Lloyd's," their complaint charges.

As of late last week, the magistrate had not yet ruled on the Bonnys' preliminary injunction. ■

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Bankruptcy

Continued from page 1

jury claims filed bankruptcy in the 1980s to seek relief from those claims, attorneys do not expect companies facing EPA cleanup claims to flood the bankruptcy courts (see accompanying story).

In addition, some lawyers predict the EPA may ask Congress to amend the bankruptcy code to give pollution cleanup claims a higher priority over other types of claims.

While part of the LTV ruling represents a defeat for federal and state environmental agencies, other findings by the appeals panel are more favorable to those agencies. For example, the panel also ruled that:

- An EPA injunction that orders a bankrupt company to end or ameliorate "ongoing" pollution is not a "claim" that can be discharged in a bankruptcy proceeding.

The court noted that "most environmental injunctions will fall on the non-'claim' side of the line."

- Costs the EPA incurs during a bankruptcy proceeding to clean up pollution that was released on com-

pany-owned property prior to the bankruptcy filing represent administrative expenses to preserve the estate and are entitled to priority payment.

The EPA and the state of New York—which also filed a cleanup action against LTV—have not decided whether to ask the appeals court for a rehearing or seek review by the U.S. Supreme Court, lawyers representing the federal and state governments say.

LTV filed for Chapter 11 reorganization in 1986, and the EPA subsequently filed a proof of claim for \$32 million, representing cleanup costs the EPA incurred at 14 sites where LTV was identified as a "potentially responsible party" under the Comprehensive Environmental Response, Compensation and Liability Act, also known as Superfund.

However, the EPA also claimed that the \$32 million may be only a small fraction of LTV's ultimate CERCLA liability for cleanups at these and other sites.

LTV notified the government that it expected its bankruptcy reorganization to discharge all environmental liabilities traceable to its actions before the Chapter 11 filing, including cleanup costs incurred after the bankruptcy plan is confirmed.

The two sides agreed that the \$32 million already spent by the EPA represented a dischargeable claim in the bankruptcy proceeding.

However, the government sued LTV for a declaratory judgment that the bankruptcy court could not discharge claims for cleanup costs the EPA incurred or will incur following the bankruptcy filing.

U.S. District Judge John E. Sprizzo ruled largely in LTV's favor in a March 1990 decision, and a three-judge panel of the 2nd Circuit affirmed that decision on Sept. 6.

In its ruling, the appeals panel noted that the litigation involves a conflict between the objectives of the bankruptcy code, which seeks to dispose of as many of a debtor's liabilities as possible, and CERCLA, which seeks to clean up pollution.

However, the court rejected the EPA's argument that a narrow reading of the bankruptcy code's definition of "claim" would give priority to the environmental concerns Congress identified by enacting CERCLA. "If the code, fairly construed, creates limits on the extent of environmental cleanup efforts, the remedy is for Congress to make exceptions to the code to achieve other objectives that Congress chooses to reach," the court concluded.

The appeals panel found that, under a fair reading of the bankruptcy code, the EPA's unincurred response costs should be regarded as dischargeable "claims" in the LTV reorganization.

The panel noted that the bankruptcy code's "inclusion of 'unmatured' and 'contingent' claims is usually said to refer to obligations that will become due upon the happening of a future event that was 'within the actual or presumed con-

templation of the parties at the time the original relationship between the parties was created.' "

"The relationship between environmental regulating agencies and those subject to regulation provides sufficient 'contemplation' of contingencies to bring most ultimately maturing payment obligations based on pre-petition conduct within the definition of 'claims,'" the court ruled.

"True, EPA does not yet know the full extent of the hazardous waste removal costs that it may one day incur and seek to impose upon LTV, and it does not yet even know the location of all the sites at which such wastes may yet be found," the court noted. "But, the location of these sites, the determination of their coverage by CERCLA and the incurring of response costs by EPA are all steps that may fairly be viewed... as rendering EPA's claim 'contingent,' rather than as falling outside the code's definition of 'claim.' "

The court also noted that the EPA ultimately could be hurt if it succeeded in its argument that future response costs are not "claims."

Accepting the EPA's argument would leave the agency "without any possibility of even partial recovery against a dissolving corporation in a Chapter 7 liquidation case," the panel observed. "Indeed, while EPA obviously prefers in this case to keep its CERCLA claim outside of bankruptcy so that it may present it without reduction against the reorganized company that it anticipates will emerge from bankruptcy, one may well speculate whether... some corporations facing substantial environmental claims will be able to reorganize at all."

Meanwhile, the appeals court also affirmed the lower court's ruling that an EPA injunction ordering a company in bankruptcy to halt or ameliorate "ongoing" pollution is not a claim that is dischargeable in bankruptcy proceedings.

The court rejected LTV's contention that EPA injunctions to abate ongoing pollution represent monetary obligations that should be discharged by a bankruptcy court.

Under CERCLA, the EPA has the option of either ordering a company to clean up a polluted site or of cleaning up the site itself and suing the company for response costs.

The "EPA is entitled to seek payment if it elects to incur cleanup costs itself, but it has no authority to accept a payment from a responsible party as an alternative to continued pollution," the court ruled.

"Since there is no option to accept payment in lieu of continued pollution, any order that to any extent ends or ameliorates continued pollution is not an order for breach of an obligation that gives rise to a right of payment and is, for that reason, not a 'claim' " under the bankruptcy code, the court found.

"But an order to clean up a site, to the extent that it imposes obligations distinct from an obligation to stop or ameliorate ongoing pollution, is a 'claim' if the creditor ob-

Pollution, asbestos claims differ

While a recent federal appellate court ruling may prompt some companies to seek bankruptcy protection from pollution cleanup costs, pollution claims are very different from the claims that forced asbestos producers into bankruptcy in the 1980s.

At least eight asbestos producers—including industry leader Manville Corp.—have sought protection from personal injury claims by filing for protection under Chapter 11 of the Federal Bankruptcy Act.

But factual differences between environmental and asbestos liabilities could deter companies facing pollution claims from seeking bankruptcy protection, say attorneys who have represented companies in both types of litigation.

Pollution liabilities, unlike asbestos liabilities, represent a quantifiable exposure, said William Boyd of Brobeck, Phleger & Harrison in San Francisco. "Companies can get a sense of what a cleanup will cost."

By estimating what a cleanup will cost and what share of the pollution is attributable to their own operations, companies can estimate their liabilities, he said. Asbestos claims, by contrast, "were handled by jury trials so that the amount of each claim was unknown," explained Mr. Boyd. "In addition, the number of claims was unknown."

In addition, a small number of companies were responsible for paying millions of asbestos bodily injury claims, explained William Greaney of Covington & Burling in Washington, D.C.

But most firms facing pollution claims are one of several "potentially responsible parties" under the Comprehensive Environmental Response, Compensation and Liability Act, better known as the Superfund Act.

Furthermore, while CERCLA does provide for joint and several liability, state and federal environmental authorities are unlikely to try to force a single party to pay for an entire cleanup, if doing so would threaten its solvency, attorneys say.

"The EPA has no incentive to bankrupt the major chemical companies in the United States," said Mr. Greaney. "The EPA tries to spread the hit."

Eugene Anderson of Anderson, Kill, Olick & Oshinsky in New York agreed: "Joint and several liability (under CERCLA) is a bigger threat than a reality."

"The environmental authorities are very wary of putting a company that puts a teaspoon of waste into the environment out of business," he said. "If they did that, then the environmental law would be changed."

Attorneys cite another distinction between the asbestos and environmental litigation.

"In the asbestos context it was the big companies that went into bankruptcy," said Mr. Anderson. "In the environmental context, it is more likely that the companies forced into bankruptcy will be the corner grocery store or the little gas station with underground storage tanks."

—By Stacy Adler

INTERNATIONAL SEC probe

Continued from page 99

In the 1988 discussion, Lloyd's never conceded that Lloyd's membership was in fact a "security," according to New York-based law firm LeBoeuf, Lamb, Leiby & McCrae, which serves as Lloyd's general counsel. However, the SEC did recognize it as a security in order to give it exemption status, the law firm said.

The exemption was granted to Lloyd's members agents, however, and not to Lloyd's itself, the law firm said.

Meanwhile, the law firm also pointed to an Aug. 5 letter from SEC Senior Associate Director Mary E.T. Beach to Rep. Donald J. Pease, D-Ohio, describing Lloyd's status vis-a-vis the SEC rules.

In the letter, Ms. Beach explains that Lloyd's is an insurance marketplace made up of individual syndicates and members agents. She also admits that Lloyd's membership is a "unique" investment.

"There is no existing precedent as to whether Lloyd's participations are securities but... the (SEC's) Division of Corporation Finance believes they are securities and, as such, are subject to the provisions of the federal securities laws in the same manner and to the same extent as more conventional securities," wrote Ms. Beach.

Following discussions with Lloyd's in 1988, "it was determined that if the members agents solicited participations in accordance with the procedures proposed by Lloyd's counsel (an offering structure intended to comply with the commission's regulation D), registration under the Securities Act would not be required."

However, in light of the issues being raised by Mr. Roby and others, "the staff may consider whether the actions of members agents were consistent with the earlier representations of counsel and whether further action is appropriate," Ms. Beach's letter said.

Lloyd's first became aware of the SEC's informal investigation in August when a U.S. member sent Lloyd's the form letter issued by the SEC's Mr. Scott. LeBoeuf Lamb—Lloyd's U.S. general counsel—says it then contacted the staff attorney from the SEC and said that it would provide him with the information it sought regarding U.S. members.

"Lloyd's has offered its cooperation to the SEC and is about to make various documents available to it," the law firm said. The documents will include data sent to members and underwriting agency manuals.

An SEC spokesman refused to comment on whether an investigation is taking place.

—By Stacy Shapiro

New York self-insured for terminal fire

By DOUGLAS McLEOD

NEW YORK—The New York City Department of Transportation is self-insured for losses from a fire that gutted the city's Staten Island Ferry terminal.

The blaze, which broke out in the early morning hours of Sunday, Sept. 8, buckled walls, caused a partial cave-in of the terminal's roof and scattered asbestos-coated debris throughout the building.

About 20 firefighters, police officers and others suffered smoke inhalation and minor injuries. No one was killed.

Damage estimates were not available last week from the city's transportation department, which operates the commuter ferry service between Staten Island and lower

Manhattan.

The fire disrupted service for the roughly 70,000 commuters who ride the ferries on a normal workday. Ferries were docking temporarily at a Manhattan Coast Guard slip last week. The transportation department was suspending the ferry's normal 50-cent fare and was offering free rides.

The department will decide whether to restore the terminal at an as-yet-undetermined cost or rebuild the facility completely.

Rebuilding the terminal—originally was built in 1907 and rebuilt half a century later—would cost \$40 million to \$50 million, a spokesman said.

Money for either option would have to come out of the city's capital budget or other funds, with possi-

ble contributions from the federal government, the spokesman said. Engineers were inspecting structural damage to the walls and roof of the terminal's upper-level passenger concourse last week.

And, demolition contractors began cleaning up asbestos contamination of the concourse and lower level, where the ferries dock, the spokesman said.

Most of the contamination—caused by the collapse of asbestos-insulated sections of the building—was confined to the terminal itself. However, a few "hot spots" were identified on the street outside and cleaned up.

While the terminal's two lower-level slips were contaminated with asbestos, the fire did not cause any lower-level structural damage or harm the slips' mechanical systems,

especially in cases where the company stands a good chance of emerging from Chapter 11 as a profitable business.

Mr. Reed noted that several otherwise profitable companies filed for Chapter 11 in the 1980s to escape from onerous collective bargaining agreements with unionized workers.

While companies might "play the bankruptcy card" in trying to negotiate settlements of cleanup liabilities with the EPA, several lawyers expressed doubts that the EPA would go along with too many settlements.

Instead, the agency is more likely to ask Congress to amend the bankruptcy code to remove the incentive for polluters to file for reorganization.

"Any notion that bankruptcy law would be used... to unfairly avoid those responsibilities is the kind of thing that would potentially arouse passions on Main Street," Mr. Reed observed.

After the spate of Chapter 11 filings by companies seeking to void union contracts, Congress acted to limit the incentives for such filings, he noted. ■

Transit offsets

Continued from page 1

of Transit's reinsurers from taking offsets, the liquidator will be able to recover an additional \$150 million to \$300 million in reinsurance proceeds, said Burleigh Arnold, Transit's special deputy receiver.

The insolvency of Transit—ordered into liquidation in 1985—could ultimately total about \$4 billion, receivership officials estimate.

Court papers did not indicate how much American Re sought to offset.

Attorneys call the ruling significant for the Transit case, but say it will have little effect on other liquidations.

"The Missouri statute is an aberration," said reinsurer attorney Dean Hansell of LeBoeuf, Lamb, Leiby & MacRae in Los Angeles, referring to the fact that the state has no statutory offset provision. "The decision will have limited applicability anywhere else in the United States."

Some 45 states have statutes permitting offsets, according to Transit attorney Bruce Baty of Morrison & Hecker in Kansas City, Mo.

Offset statutes in two other states—Kansas and Michigan—apply only to agents and brokers.

"This decision is not going to mean anything in other states that have specifically adopted an offset statute," Mr. Baty said.

Nationwide, very few courts have considered a reinsurer's right to offsets, but three recent rulings—by the 7th U.S. Circuit Court of Appeals in Chicago, a California appellate court and a New York appellate court—all have allowed offsets.

The 7th Circuit decision involved insolvent Reserve Insurance Co., and allowed members of a reinsurance pool to offset roughly \$550,000 that Reserve owed to the pool against about \$750,000 the pool owed Reserve's liquidator (*BI*, July, 30, 1990; Nov. 6, 1989).

The California Supreme Court is now reviewing an appellate decision that allows Prudential Reinsurance Co. to offset debts it owed to insolvent Mission Insurance Co. by amounts Mission owed to Prudential (*BI*, Jan. 8, 1990; Jan. 1, 1990).

The New York appellate decision allowed Kemper Reinsurance Co. to offset \$750,000 it owed in reinsurance claims to the insolvent Midland Insurance Co. by amounts of unpaid premiums owed to Kemper Re (*BI*, May 20).

However, attorneys distinguish the

Transit ruling from the earlier rulings because earlier cases involved interpretations of state offset statutes.

In the Transit case, American Re claimed that New York law, which allows reinsurance offsets, should apply.

That claim was based on Transit's contract with American Re, which stated: "In the event of insolvency of a party hereto, set-offs shall only be allowed in accordance with the provisions of Section 538 of the New York (Insurance) Code."

That section provides that, in an insolvency, reinsurers can offset debts owed to the insurer by amounts the insurer owed to reinsurer in unpaid premiums.

However, Judge Bartlett ruled that, despite the contract, Missouri law—not New York law—governed the case because Transit was incorporated and domiciled in Missouri.

Applying Missouri law, he found no statutory or common law right to offsets.

"No express provision is found within the Missouri Insurance Code providing for a right of set-off in the insurance liquidation context," Judge Bartlett said. "Furthermore, no other statutory provision is found within the Missouri Revised Statutes recognizing any general right of set-off."

"Therefore, American Re has no statutory right to set off the unpaid premiums owed to it by Transit against the reinsurance proceeds owed to Transit," he concluded.

Judge Bartlett also rejected American Re's claim that the right to offset is part of Missouri common law.

Furthermore, the judge said, even if a such a right existed, it would not be applied if it conflicted with Missouri statutes setting out the specific order of claims payment in a liquidation. "Even if there is a general common law right of set-off in Missouri, it does not apply if it is in conflict with the statutory scheme regulating insurance companies."

Section 375 of the Missouri Insurance Code states that an insolvent insurer's assets are, first, to be used to pay expenses; second, to pay government taxes and debts; third, to pay policyholder claims and fourth, to pay other debts.

Allowing offsets would, in effect, give American Re "a superior priority to the extent of its claim for premiums," Judge Bartlett concluded.

"The Missouri Insurance Code is not merely silent on the right of offset, but the statute outlines the order of claimants to be paid in an insol-

veny," Mr. Baty explained. "The reinsurers wanted to be treated ahead of third- and other fourth-class claimants," he said.

"It is likely that all of Transit's money will be exhausted in paying third-class claims—policyholder claims," leaving no assets to pay American Re, Mr. Baty said.

An American Re official says the company has not decided whether it will ask Judge Bartlett to reconsider his ruling or whether it will appeal the decision to the 8th U.S. Circuit Court of Appeals.

"The court misinterpreted Missouri law with respect to the common law right to offset," said Robert M. Hall, American Re's general counsel and secretary.

Another reinsurer attorney agreed. "The decision is not rightly decided," said David Spector of Mayer, Brown & Platt in Chicago, who represents CIGNA Corp. in the liquidation. "The right to setoffs has long been part of the common law."

Another attorney, however, contends that American Re argued "the wrong legal theory." Instead of arguing for a common law right to offsets, the reinsurer should have argued for recoupment, said Larry Brandes of Miller, Singer, Raives & Brandes in New York.

Offsets apply to amounts owed by the reinsurer under many reinsurance contracts and premiums owed by the ceding under many reinsurance contracts. In contrast, recoupment applies to a single reinsurance contract, Mr. Brandes explained.

"They should have argued they were trying to recoup premiums paid under the same contract that they paid claims," said Mr. Brandes. "They would have had a much better shot of arguing (that) recoupment is allowed under common law."

Meanwhile, Mr. Baty says that for the ruling to apply to Transit's other reinsurers, the liquidators will have to either convince the other reinsurers that they have no right to offsets or pursue action against them in state or federal court.

In such litigation, Mr. Baty says he would rely on Judge Bartlett's ruling as being determinative of the offset dispute. "The rule of law in the Transit receivership is that offsets are not allowed," he said.

•
Allendale Mutual Insurance Co. et al. vs. Lewis E. Melahn et al., U.S. District Court for the Western District of Missouri; No. 87-4450-CV-9.

N.J. indictments

Continued from page 2

the defendants when the judge found that victimized policyholders could be injured if "defendants are allowed the opportunity to remove or transfer funds" from the frozen bank accounts.

The Newark indictment charges that Martin and Leonard Bramson and Mr. Berkle took control of Preferred Indemnity in April 1990 through a Delaware holding company, Regency Holding Corp.

New Jersey regulators learned of the takeover when they received Preferred Indemnity's 1989 annual statement, said Donald Parisi, New Jersey deputy attorney general.

In a June 21, 1990, meeting, New Jersey regulators told Martin Bramson—who was using the alias B.M. Martin—and Mr. Berkle that Preferred Indemnity did not have adequate reserves to pay claims and ordered the insurer to stop underwriting, cancel outstanding policies and return all premiums collected, the indictment charges.

Although Martin Bramson and Mr. Berkle agreed to do so, they did not cancel policies but manufactured false cancellation notices, the indictment charges. Preferred Indemnity also continued to collect premiums on outstanding policies and write new business, the indictment alleges.

When the defendants learned that New Jersey regulators planned to seize the insurer, Leonard Bramson

tried to transfer funds including Preferred Indemnity premiums from a Chicago bank to an account at New World Bank Ltd. in Zurich, Switzerland, the indictment charges.

The indictment shows that Preferred Indemnity pollution and asbestos abatement liability policyholders included a New Jersey tank cleaning service and four other New Jersey firms. But prosecutors and regulators are uncertain how many policies the insurer wrote or how much premium it generated after Regency acquired it, said Michael Chertoff, U.S. attorney for New Jersey.

The indictment also charges that Martin and Leonard Bramson tried to extort \$725,000 from Professional Buyers Guild of Lakewood, N.J., which administered a malpractice insurance program for the American Organization of Health Care Professionals, an association of 60,000 nurses. PBG arranged malpractice coverage with Trans-Pacific, with premiums to be deposited in a trust account with a federal reserve bank or agreed-upon brokerage firm.

When Martin and Leonard Bramson learned that the state of Texas—where Trans-Pacific had been hit with a cease-and-desist order—was attempting to seize the insurer's assets, they demanded that PBG move \$725,000 in the trust account to an offshore bank account, the indictment charges. PBG refused to comply, and the two Bramsons then

threatened to tell members of the nurses' group that coverage had been canceled because of PBG's actions. The Bramsons also refused to defend association members against lawsuits unless the premiums were turned over, the indictment charges.

Trans-Pacific also collected a total of \$162,488 from the nurses' premiums, purportedly to cover New Jersey taxes. However, Martin and Leonard Bramson never paid the taxes, depositing the checks instead in a Trans-Pacific account, according to the indictment, which also charges that they generated false records showing that the tax payment had been made.

Trans-Pacific President Martin Jano could not be reached.

William Sweeney, a Philadelphia lawyer who represents the insurer in civil litigation, said: "I do not know of anything fraudulent" done by Trans-Pacific.

The 29-count indictment includes charges of mail and wire fraud, conspiracy and money laundering against the Bramsons and Mr. Berkle. The Bramsons are also charged with extortion and failure to pay taxes in connection with Trans-Pacific's coverage of the nurses' association.

If convicted on all charges, Martin Bramson faces a maximum sentence of 185 years in jail and \$9 million in fines; Leonard Bramson 180 years and \$9 million in fines; and Mr. Berkle 80 years and \$4.25 million in fines. ■

Update

N.C. to add 27 safety inspectors

RALEIGH, N.C.—The North Carolina Department of Labor will add 27 workplace safety inspectors by Oct. 1, Gov. James G. Martin announced last week.

State officials announced that they would appropriate \$1.4 million for the additional inspectors less than two weeks after a fire killed 25 workers and injured 55 others at a Hamlet, N.C., poultry processing plant. In its 11 years of operation, the plant had never been inspected (*BI*, Sept. 9).

The state labor department cited a lack of manpower for the omission, noting that 37 inspectors were responsible for policing 180,000 workplaces. The federal Occupational Safety and Health Administration recommends that the state have at least 64 inspectors. North Carolina is one of 23 states that operates its own workplace safety inspection program with approval from OSHA.

According to a Labor Department spokesman, the department had requested a \$17.5 million budget for 1991—intending to add 108 to 110 safety inspectors—but instead had its budget cut.

Gov. Martin also announced plans to set up a toll-free phone line for reporting unsafe workplace conditions, a requirement that any vacant state inspector positions be filled and the creation of a new fire safety inspection division within the North Carolina Insurance Department.

Prenatal injury liability bill

SACRAMENTO, Calif.—Children would be able to sue their parents' employers when they suffer prenatal injuries caused by the employers' negligence under a bill awaiting the signature of California Gov. Pete Wilson.

A.B. 489, which passed the Assembly last Friday by a 46-22 vote and the Senate last Wednesday on a 23-10 vote, would overturn a California Supreme Court ruling. That 1989 decision, *Bell vs. Macy's California*, held that an unborn child injured due to the negligence of his mother's employer cannot bring a tort action against the employer. The court said the workers comp system was the child's exclusive remedy.

A spokesman for Gov. Wilson, a Republican and strong advocate of business, said the governor has not taken a position on the bill.

The California Chamber of Commerce and various employer groups in the state oppose the measure.

Briefly noted

Two former officials of **Harbor Medical Administrators Inc.**, a Boston-based administrator of self-insured multiple employer welfare arrangements, have pleaded guilty to federal charges including conspiracy, embezzlement and mail fraud. Philip W. Carpenter, former executive vp, faces up to 52 years in prison and fines totaling \$3 million; Anne B. Dunlop, a former vp, faces up to 20 years and \$1 million in fines. Sentencing is set for Nov. 8. . . . A federal district court jury in Anchorage has awarded \$2.55 million in compensatory damages to 16 fishermen hurt by a 1987 Alaska oil spill from the tanker **S.S. Glacier Bay**. . . . UNR Industries Inc. has the right to pursue a coverage claim against Continental Casualty Co., the 7th U.S. Circuit Court of Appeals ruled, reversing a federal trial court's dismissal of the case. The claim stems from an **asbestos bodily injury settlement** between UNR and thousands of claimants (*BI*, Dec. 5, 1988; April 25, 1988). . . . Folksam Holding Co. Inc., a unit of Folksam Group of Stockholm, Sweden, completed its purchase of **MONY Reinsurance Corp.** from Mutual Life Insurance Co. of New York for an undisclosed amount.

Prop. 103 auto ruling upheld

By LOUISE KERTESZ

LOS ANGELES—Commercial automobile insurance is not covered under a provision in Proposition 103 that generally prohibits insurers from canceling or not renewing auto policies, a California appeals court affirms.

Commercial automobile insurance policyholders are already covered under statutes governing cancellation and non-renewal of policies, the appeals court found, concluding that if the framers of Proposition 103 had wanted to repeal those statutes, they would have stated so explicitly.

The ruling last month by the California Court of Appeal for the 2nd Appellate District upholds a 1989 Los Angeles Superior Court decision in favor of National Indemnity Co. of Omaha, Neb., a Berkshire Hathaway Inc. unit. The state Insurance Department had appealed that ruling (*BI*, Aug. 7, 1989).

National Indemnity had decided in October 1988 to suspend writing commercial auto policies in California and had issued policyholders notices of cancellation or non-renewal. The insurer made the decision because it believed Proposition 103 would pass the following month and that its provision requiring rollbacks of property/casualty insurance "charges" would reduce "National's premiums on its commercial motor vehicle policies to an inadequate level," according to court documents. California voters approved the ini-

tative in November 1988.

In February 1989, then-Commissioner Roxani Gillespie notified National Indemnity that its failure to renew commercial auto policies violated the law.

The insurer subsequently filed suit seeking a declaratory judgment in support of its position.

The National Assn. of Independent Insurers, the Assn. of California Insurance Cos. and the Alliance of American Insurers filed a joint brief in support of National Indemnity.

National Indemnity and the insurance groups said that other sections of Proposition 103 limit the term "automobile insurance" to private passenger coverage and argued that definition should apply to the cancellation/non-renewal sections of the initiative as well, said Sam Sorich, NAII assistant vp in Sacramento.

The insurers also emphasized the competitiveness of the California market, Mr. Sorich said. "The market for commercial coverage was very vigorous and very competitive, so if a customer was non-renewed or canceled, there was no great difficulty in finding other coverage," he said.

National Indemnity is now studying whether to resume writing commercial auto coverage in California.

Meanwhile, the California Office of Administrative Law last month rejected the department's regulation 2173, which would have effectively barred surplus lines brokers from placing auto coverage with non-admitted insurers (*BI*, Feb. 11). ■

Municipal liability

Continued from page 1

G. Patrick Gallagher, director of the Institute for Liability Management, a division of risk management consultant Gallagher Bassett Services Inc. The Leesburg, Va.-based division specializes in police liability issues. "That's another vulnerability that we have now," agreed Richard Welch, risk manager for the city of Los Angeles.

Attorneys say that the two decisions also are likely to influence litigation over the Rodney King beating by Los Angeles police officers (BI, March 25).

"The Rodney King case will be greatly enhanced by this decision," predicted Spokane, Wash., attorney Carl Maxey, who represented the state employee in the Washington case.

In addition, public entities in California—and perhaps throughout the 9th Circuit—that still purchase commercial insurance could be slapped with higher premiums to reflect their added liability, Scottsdale's Ms. Kartchner said.

"In the absence of a reversal (of the decisions), we will have to eventually adjust rates upward to account for the added expense," she said.

The 9th Circuit covers Alaska, Arizona, California, Hawaii, Idaho, Montana, Nevada, Oregon and Washington, as well as Guam.

In the California case, Sgt. Leigh Schroyer, who was on duty as a field supervisor on the night of Oct. 3, 1981, stopped the plaintiff for erratic driving.

When the plaintiff failed a field sobriety test that the sergeant administered, the woman began to cry and pleaded with the police officer not to take her to jail, according to court papers.

Instead, Sgt. Schroyer drove the plaintiff home, where he told her he expected "payment" for not taking her to jail, court papers say.

When the plaintiff resisted, the police officer raped her. Afterward, Sgt. Schroyer radioed a message to police dispatch from his squad car that he was returning from a "lunch" break.

The plaintiff filed a criminal complaint against Sgt. Schroyer, and he subsequently was convicted of rape and sentenced to state prison. He has since been released.

Following the conviction, the plaintiff also filed a civil suit against Sgt. Schroyer and the city of Los Angeles. She claimed that the city was vicariously liable for the sergeant's actions because he acted as an agent of the city.

A jury awarded the plaintiff \$150,000 and

held the city and Sgt. Schroyer jointly and severally liable.

In April 1988, the state's 2nd District Court of Appeal in Los Angeles overturned the verdict, ruling the police officer was not acting within the scope of his official duties.

However, the state Supreme Court reinstated the trial court verdict.

"The issue in this case is: When a police officer on duty, by misusing his official authority, rapes a woman whom he has detained, can the public entity that employs him be held vicariously liable for his misconduct? We conclude that the employer can be held liable under the doctrine of respondeat superior," the court ruled.

Under the doctrine of respondeat superior, an employer may be held vicariously liable for torts committed by an employee while acting within the scope of employment.

The court cited three reasons for applying the doctrine of respondeat superior: "to prevent recurrence of the tortious conduct; to give greater assurance of compensation for the victim; and to ensure that the victim's losses will be equitably borne by those who benefit from the enterprise that gave rise to the injury."

Los Angeles is self-insured for its share of the award.

In the Washington case, two women and their husbands sued employment counselor Vang Xiong Xiong, his supervisors and the state Employment Security Office seeking civil rights damages.

In a 1987 lawsuit, the plaintiffs charged that Mr. Xiong took the women to a motel under the pretense of helping them find jobs and then raped them. The plaintiffs have not pressed criminal charges against Mr. Xiong.

A U.S. District Court judge in Spokane dismissed Mr. Xiong's supervisors and the state agency from the case on summary judgments, but the case against Mr. Xiong went to trial. A jury awarded \$300,000 to the plaintiffs.

On appeal, Mr. Xiong claimed there was insufficient evidence to prove that he acted "under the color of state law."

But the 9th Circuit upheld the award, ruling that it was "clear that Mr. Xiong used his position in state government to deprive these women of their constitutional right to be free from sexual assault."

Even though the state was dismissed from the federal court case, it still could be held liable under the doctrine of respondeat superior in a state court suit the plaintiffs have filed in Spokane Superior Court, said Mr. Maxey, the defendant's attorney.

That suit had been stayed pending the federal court decision.

"The 9th Circuit decision will have a profound effect on the state court litigation," particularly since Mr. Xiong is a civil servant who "doesn't have the deep pockets needed to satisfy the judgment," Mr. Maxey said.

However, a spokesman for the Washington State Risk Management Department said he does not think the 9th Circuit decision will have much precedential value.

"This case was decided on a very narrow issue," he said, referring to the "color of law" issue.

In addition, "the court also used a lower standard to assess liability."

For example, rather than deciding the case based on a preponderance of evidence, the court made its ruling after finding there was "some" evidence to suggest Mr. Xiong was acting within the scope of his employment, the spokesman said.

The state is self-insured for any potential award.

Both the California Supreme Court and the 9th Circuit decisions demonstrate the need for public entity risk managers to become more involved in employee training and supervision, risk management experts say.

"Rulings like these show that risk managers have to reach out and establish a relationship with other departments," particularly the police department, said Mr. Gallagher of the Institute for Liability Management.

Los Angeles' Mr. Welch agreed: "A prudent risk manager is going to increase his reserves. But it's a lot easier to control situations like these."

Another 9th Circuit ruling earlier this year also stressed the need for controlling aberrant government employee behavior. In that case, the court held municipalities responsible for training officers on the legal limits of the use of force (BI, March 25).

But, most municipal managers have little influence over other municipal departments' activities, especially the police department, Messrs. Gallagher and Welch observed.

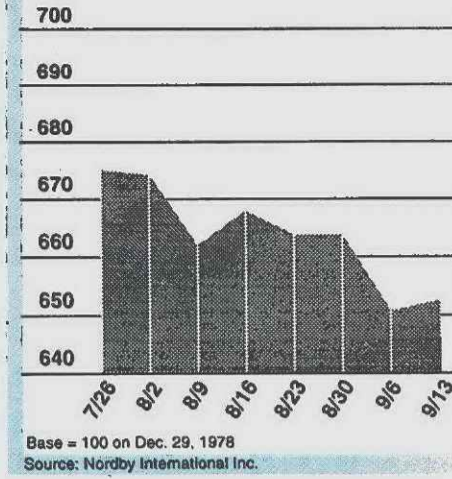
Municipal risk managers' primary role is to buy insurance, establish reserves for anticipated claims against the public entity or both, they explained.

But one way to assure good loss prevention is through better management, training and supervision, Mr. Gallagher said.

"The management of law enforcement agencies and any type of government organization has to recognize that its people are out there to represent them," he said.

"All the courts are doing is requiring a standard of performance that should be there," he said. "Police officers are there to protect people, not to harm them."

BI Insurance Index



Insurance industry stocks inched ahead last week as the *Business Insurance Index* climbed 2.1 points to 652.4 on Sept. 13, from 650.3 on Sept. 6. Advancing issues for the week were led by U.S. Healthcare Corp., up 13.9%; United Healthcare Corp., up 10.3%; and FHP International, up 9.9%. Declining insurance issues for the week followed Chandler Insurance, down 14.3%; Statesman Group Inc., down 7.3%; and Aetna Life & Casualty, down 5.8%. The most active insurance issue for the period was U.S. Healthcare, with 12.8 million shares traded. The *BI Index* was up 0.3%; the Standard & Poor's 500 dropped 1.4%; the Dow Jones 30 Industrials were down 0.9%; and the New York Stock Exchange Composite fell 1.4%.

British Issues

Sept. 12 Companies	Price pence	P/E	Div. pence	Yield %	1 Week	
					High	Low
Comm Union	528	N/M	30.7	5.8	528	515
Genl Accident	564	N/M	35.7	6.3	586	561
Gdn Royal Exch	192	N/M	15.9	8.3	192	188
Royal	383	N/M	34.7	9.1	398	381
Sun Alliance	367	N/M	18.7	5.1	376	367
Brokers						
Bradstock	174	19.8	6.0	3.4	174	174
CE Health	480	16.8	34.5	7.2	480	474
Hogg Group	213	12.7	10.7	5.0	213	213
Lloyd Thompson	411	27.2	10.0	2.4	411	411
PWS Holdings	74	9.1	4.7	6.4	74	74
Sedgwick Grp	272	25.9	16.0	5.9	272	260
Steel Bri Jones	326	17.1	16.3	5.0	326	324
Willis Coroon	306	16.2	17.6	5.8	306	293

Source: Philip Olsen, Insurance Industry Analyst London

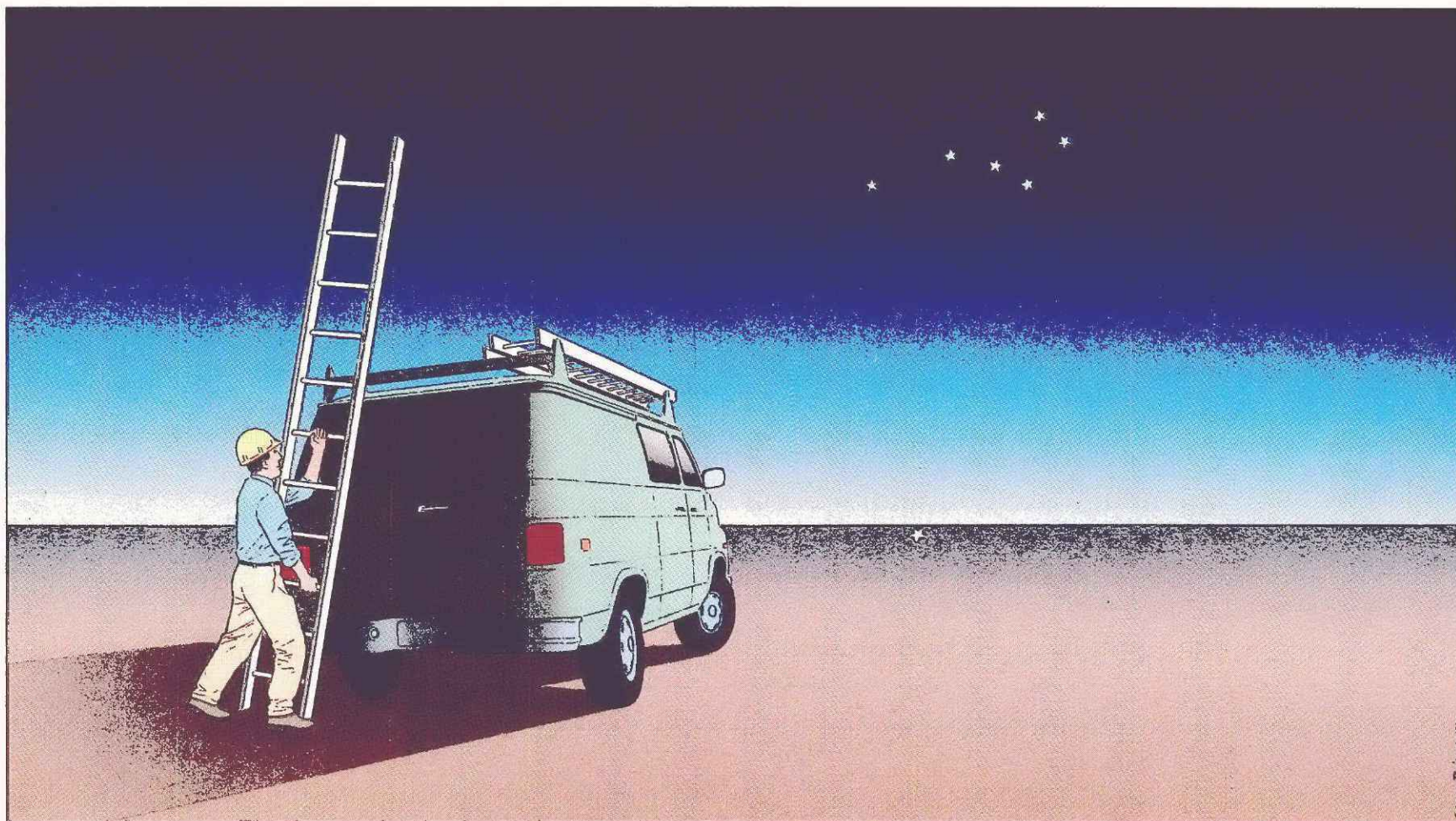
BI Industry Stock Report

SEPTEMBER 9, 1991 THROUGH SEPTEMBER 13, 1991

BROKERS	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value	Price	Weekly % change	Year to Date % change	Annual		Vol.(000)	\$ Div.	% Yield	P/E	Book value	Mkt/Bk. value																					
				High	Low										High	Low																											
Alexander & Alexander	NYS	20.38	0.00	-11.89	27.63	16.13	481	1.00	4.91	17	9.77	2.09	1.37	57.45	19.25	10.25	36	0.00	0.00	9	3.22	5.75																					
Gallagher Arthur J. & Co.	NYS	19.88	0.00	-14.52	28.38	19.50	38	0.64	3.22	16	5.88	3.38	4.52	-25.00	26.34	17.00	104	0.12	0.48	13	18.90	1.31																					
Frank B. Hall	NYS	3.88	0.00	6.90	4.38	2.00	41	0.00	0.00	-8	-5.24	-0.74	-2.94	54.58	34.50	16.50	42	0.00	0.00	20	13.52	2.50																					
Hibb, Rogal & Hamilton	OTC	14.88	-4.03	0.85	17.50	11.25	210	0.36	2.42	23	3.56	4.18	0.00	16.67	4.38	2.50	52	0.00	0.00	5	7.76	0.45																					
Marsh & McLernan	NYS	74.25	-3.88	-4.81	87.25	59.75	403	2.60	3.50	18	14.77	5.03	1.49	51.85	32.88	11.75	837	1.40	5.46	6	42.73	0.60																					
Poe & Associates	OTC	11.75	2.17	83.59	12.50	6.25	28	0.32	2.72	14	2.29	5.13	-1.09	10.98	50.25	26.75	129	2.48	5.45	9	36.38	1.25																					
BROKERS AVERAGE																							-0.8	8.6																			
CONGLOMERATES & HOLDING COMPANIES																																											
Berkley W.R. Ccpr.	OTC	24.75	-3.41	-34.00	32.25	19.00	188	0.32	1.29	14	23.89	1.04	2.63	11.43	24.50	12.00	132	1.00	5.13	5	25.88	0.75																					
Berkshire Hathaway Inc.	NYS	8450.00	-2.09	26.59	8450.00	171.88	1	0.00	0.00	-30	4612.00	1.83	-2.44	16.50	18.63	11.75	8	0.20	1.33	10	15.05	1.00																					
ITT (Hartford Group)	NYS	56.75	-3.40	18.23	63.00	40.25	908	1.72	3.03	9	64.01	0.89	0.00	2.70	7.50	4.25	13	0.32	6.74	-8	1.32	3.60																					
Sears (Allstate)	NYS	40.00	0.63	57.64	43.50	22.00	2292	2.00	5.00	14	37.38	1.07	-1.68	0.86	16.38	9.63	28	0.48	3.28	7	14.41	1.01																					
CONGLOMERATES AVERAGE																							-2.1	17.1																			
INSURERS/REINSURERS																																											
Aetna Life & Casualty	NYS	32.38	-5.82	-16.99	49.13	29.00	1958	2.76	8.53	7	64.23	0.50	7.32	203.90	5.88	1.25	308	0.00	0.00	-238	2.48	1.92																					
American General	NYS	39.25	-1.57	27.64	41.13	23.50	568	2.00	5.10	9	37.14	1.06	1.03	4.23	56.50	34.50	1	0.00	0.00	-	70.93	0.69																					
American Heritage	NYS	29.38	-0.84	39.88	32.25	19.63	0	1.08	3.68	13	19.25	1.53	-3.61	2.30	58.50	38.00	150	1.60	3.20	12	16.70	2.99																					
American Indemnity/Fin'l	OTC	7.25	3.57	123.08	7.75	2.75	15	0.08	1.10	4	12.93	0.56	0.34	11.49	38.38	23.25	341	1.96	5.39	13	36.56	0.99																					
American International	NYS	85.88	0.29	11.71	102.00	57.00	1027	0.48	0.56	12	45.34	1.89	0.37	23.74	39.38	18.88	64	0.20	0.59	12	18.38	1.84																					
Aon Corp.	NYS	35.50	-2.74	2.16	41.75	26.75	145	1.60	4.51	10	18.50	1.92	-2.55	15.04	26.38	11.50	727	1.60	8.37	-10	41.44	0.46																					
Argonaut Group	OTC	25.00	0.00	17.19	33.38	17.75	155	0.68	2.72	8	48.26	0.52	2.82	18.38	30.00	16.25	105	0.60	2.19	10	21.71	1.26																					
AVEMCO Corp.	NYS	22.50	-2.70	33.66	23.25	14.13	8	0.40	1.78	17	9.55	2.36	0.00	22.42	58.00	28.75	0	1.32	3.07	11	35.39	1.22																					
Baldwin & Lyons Inc.	OTC	23.50	2.17	25.33	25.25	17.00	5	0.28	1.19	8	24.29	0.97	5.56	-5.00	21.75	6.13	1271	1.20	2.81	-1	11.96	0.60																					
Belvedere Corp.	ASE	3.38	3.85	35.00	3.38	1.75	4	0.04	1.19	23	7.65	0.44	-3.60	29.22	70.25	32.13	337	1.04	1.73	10	37.25	1.62																					
Chandler Insurance	OTC	3.00	-14.29	-56.36	7.25	2.75	9	0.00	0.00	-2	5.95	0.50	2.71	44.20	42.75	23.25	70	1.64	4.06	9	60.34	0.67																					
Chubb Corp.	NYS	64.00	-0.78	17.97	75.25	34.63	1020	1.48	2.31	10	35.19	1.82	0.33	23.58	41.50	24.50	647	1.00	2.63	14	30.70	1.24																					
CIGNA Corp.	NYS	44.50	4.71	8.87	56.75	33.25	1221	3.04	6.83	11	73.15	0.61	5.26	37.93	18.13	9.38	36	1.08	7.20	-5	26.86	0.56																					
CNA Financial Corp.	NYS	83.50	-1.33	21.68	92.50	49.50	93	0.00	0.00	12	70.23	1.19	-0.66	18.11	21.00	14.75	26	1.00	5.33	10	29.44	0.64																					
Continental Corp.	NYS	25.25	1.51	1.51	30.63	15.75	457	2.60	10.30	9	37.83	0.67	-2.24	20.18	18.50	9.88	9	1.00	6.11	-86	13.14	1.25																					
Durham Corp.	OTC	31.88	-3.41	13.84	34.25	23.00	11	1.00	3.14	18	28.04	1.14	0.3	26.3																													
Fund American Corp.	NYS	63.88	0.20	23.13	65.25	41.63	149	0.68	1.06	19	36.11	1.77																															
Fremont General Corp.	OTC	24.25	3.74	67.24	25.25	10.13	258	0.88	3.63	7	19.13	1.27																															
Frontier Insurance Group	NYS	24.88	1.53	30.92	25.88	15.22	13	0.00	0.00	10	11.20	2.22	9.85	18.85	29.75	8.88	3158	0																									

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