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Updates

Collapse of deal puts ratings of Talegen units into question

STAMFORD, Conn.—The scuttling of the $2.7 billion deal that would have sent Xerox Corp.'s Talegen Holdings Inc. property/casualty insurance operation and a Talegen runoff insurer to Kohlberg Kravis Roberts & Co. and Talegen management will for now stave off lower A.M. Best Co. ratings for four Talegen units.

Best last week reaffirmed its A—or excellent—ratings for the four units: Coregis Group Inc., Crum & Forster Holdings Inc., Industrial Indemnity Holdings Inc. and

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HCFA saga nearing end

By JERRY GEISEL

WASHINGTON—A federal court ruling issued last month could pave the way for employers, insurers and third-party claims administrators to recover—at last—millions of dollars in older workers' health care claims that the federal government improperly demanded they pay.

U.S. District Court Judge Royce Lamberth in Washington rejected government arguments that the only victors of a 1994 federal appeals court ruling striking down regulations the government developed to enforce the massive Medicare Data Match project were members of the two insurance trade associations—the Blue Cross & Blue Shield Assn. and the Health Insurance Assn. of America—that challenged those regulations.

Under that project, government officials have been combing through medical claims records going back to the early 1980s, when Congress passed a series of laws shifting to employer plans from Medicare the primary responsibility to pay physician and hospital claims of certain beneficiaries.

As part of the project, officials at the Health Care Financing Administration, the federal agency that administers Medicare, have sent thousands of letters to employers, insurers and TPAs demanding repayment for claims—chiefly those of workers staying on the job after turning 65—that group plans, not Medicare, should have paid.

Medicare often improperly paid bills of workers staying on the job after 65 because hospitals sent claims to Medicare rather than to employers and plan administrators.

As of March 1995—the most recent information available—HCFA had sent out demand letters for $1.6 billion to recover mistaken Medicare payments and collected about $400 million from employers.

In 1994, though, the U.S. Court of Appeals for the District of Columbia tossed out two HCFA regulations the agency followed in administering the Data Match program and sending out demand letters. Among other things, the appeals court ruled:

- HCFA could not demand payment in situations in which a beneficiary, such as an older worker, or a provider had not filed a claim within a health plan's or insurer's deadline.

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Acquisitions boost X.L.

Bermuda-based X.L. to take on business of two specialty insurers

By JUDY GREENWALD

HAMILTON, Bermuda—X.L. Insurance Co. will acquire the American Excess Insurance Assn. and the Railroad Insurance Assn. Ltd.

X.L.'s parent, EXEL Ltd., said last week its subsidiary will acquire the assets of the Farmington, Conn.-based AEIA for an undisclosed amount.

X.L., which generated $698 million in gross premiums last year, also plans to acquire all the outstanding shares of Bermuda-based RAIL, a mutual insurer owned by 12 transportation companies, in a transaction valued at $50 million.

AEIA, an association of 13 U.S.-based insurers, specializes in providing up to $100 million in excess third-party liability coverage over a minimum attachment point of $25 million. The association's 1995 annual premium was $47 million in premiums in 1995.

"We have not disclosed the amount (of the transaction) for the simple reason that it is based on the amount of business that we will renew over the next 12 months," said Gavin R. Arton, senior vp at X.L.

X.L. has paid the association a deposit of an undisclosed amount that is "not material to X.L., but enough to get the transaction done," he said.

"We won't know the final costs until we renew the business, which we hope will be the majority of their premium."

RAIL provides its members with liability coverage of $50 million excess of $50 million.

Commenting on the transaction, Myron Picoult, vp at Wasserstein, Perella & Co. in New York, said the deal "obviously makes sense. It is additive to their core businesses, and from what I can gather. . .when you combine the businesses, the assets and what they apparently paid, in essence they got these things for free. I mean that, to me, is the key."

The transactions are also "making more effective use of their capital base," Mr. Picoult said.

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OPIC loses bid for reauthorization

By MARK A. HOFMANN

WASHINGTON—The House of Representatives' lopsided vote last week against reauthorizing the Overseas Private Investment Corp. could mean severe headaches for risk managers seeking political risk insurance to cover foreign exposures.

OPIC, which provided $8.6 billion in political risk insurance to U.S. companies doing business in 140 countries last year, is the only entity currently offering 20-year political risk insurance contracts.

The 25-year-old federal agency also provides land war and currency inconvertibility coverages.

Without these coverages, some U.S. companies that are planning overseas projects will be unable to secure the financing for those projects, observers warn.

OPIC fell victim to congressional distaste for what House Budget Committee Chairman John Kasich, R-Ohio, called "corporate welfare." Rep. Kasich and other conservative budget hawks joined in an unusual alliance with extremely liberal members,

See **OPIC** *on page 77*

Political risk powerhouses

Congress may curb OPIC, but there still are major players in the private political risk insurance market. They include:

AIG Global Trade & Political Risk Insurance Co.
Lloyd's of London
Citicorp International Trade Indemnity Inc.
People's Insurance Co. of Singapore
UNISTRAT Assurances S.A.

Source: David Avasthi, Minet Group

Fran losses hit $1.6 billion

By RODD ZOLKOS, MICHAEL PRINCE and SALLY ROBERTS

A week after Hurricane Fran smacked into the North Carolina coast, estimated insured property losses from the storm stand at $1.6 billion.

In releasing the estimate, the Property Claims Service of the New York-based American Insurance Services Group Inc. said it expects the insurance industry to receive about 500,000 Fran-related claims.

Property damage was reported in North Carolina, South Carolina, Virginia, Maryland, West Virginia, Pennsylvania and Ohio. The bulk of the claims for Fran losses—350,000—will come from North Carolina, PCS estimated.



Floods resulting from Hurricane Fran shut down businesses across the Eastern United States.

AP/ WORLD WIDE PHOTOS

Meanwhile, Hurricane Hortense turned north Wednesday into the Atlantic, having already crashed across Puerto Rico, the Dominican Republic and Grand Turk Island. The PCS said it would have its first estimates of damage from that storm this week.

By Thursday morning at least 16 deaths in Puerto Rico and the Dominican Republic were attributed to Hurricane Hortense, which hit Puerto Rico early Tuesday with 80 mph winds and the Dominican Republic later Tuesday.

Hortense picked up strength before hitting Grand Turk on Wednesday, then continued to strengthen, with winds reaching 115 mph as it moved north into the Atlantic.

Officials in Puerto Rico reported considerable flooding and some wind damage to homes, and much of the territory lost elec-

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Updates

Talegen deal collapses

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Westchester Specialty Group Inc. Best affirmed the ratings because the units no longer face the significant leverage that would have been imposed on Talegen Holdings if the deal had been consummated. The $2.7 billion offer included cash, securities and debt assumption.

The reaffirmation also reflects the units' "solid operating performance and capitalization" in recent months, Best said.

However, the insurer rating agency assigned negative outlooks to all four units because of the potential market disruption created by the busted deal, ownership uncertainty for the four units, competition in Talegen's markets and "questions arising from the circumstances surrounding the deal's termination."

Eric Simpson, a vp in Best's property/casualty division, and John Wicher, a managing director with insurance industry investment banker Russell Miller Inc., observed that transactions like the deal between KKR and Xerox most often break down because of buyers' concerns over the adequacy of loss reserves.

Mr. Simpson also observed that Xerox, in negotiating previous sales of other insurance operations, backed away from some deals that would not have generated the minimum proceeds it was intent on obtaining. For example, Xerox in 1991 aborted an initial public offering for its former Constitution Re Corp. subsidiary and then sold it to Exor America Inc. in late 1994 for $400 million in cash—which many observers considered a great deal for Exor (*BI*, Dec. 26, 1994).

A source said he understood that Xerox's deal with KKR did break down over questions about the adequacy of Talegen Holdings' loss reserves. He said KKR still offered to complete the deal at a lower price but that Xerox rejected the offer. Xerox took a $1.5 million charge in the fourth quarter of 1995 to increase Talegen Holdings' loss reserves.

Xerox and KKR would not comment on why the deal was called off.

The Best rating for the runoff insurer, The Resolution Group Inc., remains B++ and is unaffected by the termination of the sale.

Xerox said it now will look at selling all of the units separately.

Given the continued softness of the property/casualty insurance market and Wall Street's disappointment that there is no foreseeable market turn, "that'll be a real uphill battle" for Xerox, Mr. Simpson said.

For the sophisticated buyer, the runoff operation may be the most attractive operation among all of the entities because its business does not depend on attracting or retaining business, he said.

New financial reinsurer forms

OVERLAND PARK, Kan.—Employers Reinsurance Corp. and Bermuda-based CAT Ltd. plan to establish a company to write finite and financial reinsurance and insurance.

The company, to be called Enterprise Reinsurance Corp., will be majority-owned by CAT Ltd., and Employers Re will have a 30% stake in the venture, said Thomas Gybel, manager of business development at Employers Re. Mr. Gybel said other CAT shareholders will also be investors, but he would not identify them at this time. CAT's investors include the Zurich Insurance Group and Chubb Corp., among others.

Jon Roberts, formerly at American International Group Inc., where he was responsible for finite and financial reinsurance, will be the company's president and chief underwriting officer, said Charles Kline, president of CAT Ltd., which changed its name from Centre Cat Ltd. in April. Mr. Kline would not say how much capital the company will have beyond that "it will be of sufficient size to compete for any financial reinsurance transaction."

"The intention is to build on both Cat Ltd.'s segment and our position and some of the other investors, so we feel we have every opportunity to become quite a dominant player in the segment," said Mr. Gybel.

The company, which will have offices in a yet-to-be determined location in the United States as well as in Bermuda, will be an admitted U.S. company, said Mr. Gybel. The company is expected to begin transacting business this year, perhaps as soon as next month, he said.

The two companies are also in the early stages of negotiations to form a similar partnership in Europe.

Kemper seeks EMLICO review

LONG GROVE, Ill.—Kemper Reinsurance Co. is asking the Massachusetts Insurance Division to reconsider its July decision not to reopen hearings on the redomestication of Electric Mutual Liability Insurance Co. to Bermuda.

In a July 2 ruling, Insurance Commissioner Linda Ruthardt found "sufficient grounds to warrant inquiry" into whether EMLICO, a longtime General Electric Co. liability insurer, misled the division about its plans to liquidate after moving to Bermuda last year. However, she declined to reopen the matter on grounds that a Bermuda court was already hearing Kemper's charges that the move was part of a fraudulent plot by EMLICO and GE to take advantage of Bermuda's creditor-friendly liquidation laws (*BI*, July 8).

A Bermuda judge in July refused to halt EMLICO's winding-up for a trial of the charges, though, and noted that "the Massachusetts commissioner is best placed to determine whether or not her office was deceived." (*BI*, July 29).

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Errors & omissions

• Information about an Illinois Insurance Exchange syndicate that was ordered to cease underwriting was omitted from the IIE profile that begins on page 33 because the move occurred after the profile went to press. The Illinois Insurance Exchange last week issued a cease and desist order barring First Oak Brook Corp. Syndicate Inc. from writing any new or renewal business until further notice. The move followed First Oak Brook's decision to voluntarily stop writing. A hearing before an internal exchange committee is scheduled for tomorrow.

High court may rule on Superfund

By MARK A. HOFMANN

WASHINGTON—The Supreme Court is virtually assured a chance to do what Congress has consistently been unable to do for years: reform Superfund's liability system.

The high court's opportunity is likely to arise because no matter how the 11th U.S. Circuit Court of Appeals in Atlanta decides *United States vs. Olin Corp.*, which it is scheduled to begin hearing Oct. 4, one party or the other appears certain to seek high court review.

U.S. District Court Judge W.B. Hand of Mobile, Ala., ruled earlier this year that Congress never intended Superfund liability to be imposed retroactively and that the imposition of retroactive liability could not cover acts that occurred before Superfund became law in 1980 (*BI*, June 3). Most of the contamination in question at plants in McIntosh, Ala., formerly operated by Stamford, Conn.-based Olin and its predecessor occurred before 1980.

Judge Hand also ruled that the Comprehensive Environmental Response, Liability and Compensation Act that created Superfund could not apply to the *Olin* case. Doing so would run counter to the U.S. Constitution's commerce clause, he ruled, because there is no evidence that ground water from the McIntosh plants crossed any state lines. To apply CERCLA liability in such a case would exceed the power granted to Congress to regulate interstate commerce because no such commerce was involved, he wrote.

Given the stakes involved, observers are sure the Supreme Court will be asked to review the case, no matter which side wins in the appeals court.

Observers agree the outcome could have a big impact on future

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Businesses fighting benefit mandates

By JERRY GEISEL

WASHINGTON—Business lobbyists are waging a last-ditch effort to derail fast-moving legislation that would add new federal benefit mandates to employers' health care plans.

Business lobbyists say the odds are against them as they try to stop a proposal that would require group health care plans to offer the same annual and lifetime coverage for mental disorders as they do for physical illnesses.

While lobbyists say there still is a fighting chance to stop the mental health care proposal, they say it may be impossible to stop another proposal mandating that health care plans provide coverage for at least 48 hours of inpatient care for mothers and newborns after a normal vaginal delivery and 96 hours of coverage after a Caesarean section.

Both these proposals were added on the Senate floor earlier this month to a House-passed bill appropriating money for the Veterans Administration and the Department of Housing and Urban Development (*BI*, Sept. 9).

Last week the full House on a 392-17 vote instructed its conferees, who will meet with their Senate counterparts to iron out differences in the two bills, to accept the mental health and maternity provisions added in the Senate.

While the House vote instructing its conferees is non-binding, it is an indication, lobbyists say, of

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California to ease its laws on surplus lines companies

By JOANNE WOJCIK

SACRAMENTO, Calif.—California, not considered to be among the more insurer-friendly U.S. domiciles, seems to be warming up to the surplus lines industry.

Two new laws that would make it easier for surplus lines insurers and brokers to do business here passed in the final days of the 1996 legislative session and are awaiting the governor's signature.

One bill, A.B. 2869, would give surplus lines brokers authority to issue policies on behalf of non-admitted insurers for the first time.

The other, A.B. 328, would exempt surplus lines insurers on the List of Eligible Surplus Lines Insurers, known as the "LESLI" list, from having to post so-called "pre-answer bonds" in coverage disputes.

Both bills would become effective immediately upon the governor's signature. Because Gov. Pete Wilson is a pro-business Republican, industry advocates expect him to sign both bills.

"I think the climate in California for non-admitted companies has done a complete turnaround," observed Dave Anderson, chairman of Anderson & Murison Inc. in Los Angeles and legislative chairman of the Surplus Line Assn. of California.

The Insurance Department has made much progress bridging the communication gap that formed under former Insurance Commissioner John Garamendi, he said.

Since Republican Chuck Quackenbush assumed the regulator's mantle in January 1995, "the communication between everybody has been very, very good," Mr. Anderson said.

In 1991, Mr. Garamendi had threatened to hold surplus lines

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Integrity to fight with reinsurers over liquidation

By DOUGLAS McLEOD

HACKENSACK, N.J.—Integrity Insurance Co.'s liquidator is preparing to fight reinsurers over its statutory authority to pursue a plan that would speed up the estate's reinsurance recoveries and wind up the liquidation early.

The plan—similar to one recently rejected by a California court in the Mission Insurance Co. liquidation—calls for an estimation of Integrity's incurred-but-not-reported losses, immediate collection from reinsurers and a final payout to Integrity policyholders.

The New Jersey Insurance Department, estimating Integrity's IBNR losses at $1.3 billion, is aiming to cut short a runoff that could take up to 30 years.

Integrity reinsurers, however, are challenging the plan, contending—as reinsurers did in the Mission case—that the Insurance Department does not have the authority under state law to allow estimation of contingent claims.

A hearing is scheduled for Thursday in New Jersey Superior Court in Hackensack.

Paramus, N.J.-based Integrity, which wrote excess general liability coverage for many large corporations, was placed in rehabilitation in December 1986, and the insurer was ordered into liquidation three months later.

The failure followed the September 1986 collapse of a proposed acquisition and recapitalization of the insurer. The proposed buyers—convicted swindler Clifford Noe and his nephew Paul Noe II—were arrested after trying to buy $10 million in bogus certificates of

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• Assicurazioni Generali has sold its stake in AXA S.A. and plans to acquire an Austrian bank. **PAGE 71**

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Soft market woes beset surplus lines

Admitted market providing stiff competition

By DAVE LENCKUS

The soft-market undertow continues to carry away business from the surplus lines property/casualty insurance market, though some of the largest surplus lines insurers and wholesalers are making headway.

For risk managers, the non-admitted market's struggle to build or rebuild business is more like a pool party. Increasingly, coverage that had been written in the surplus lines market is available from admitted insurers, and the non-admitted market is trying to buoy itself with new products that cover even tougher risks.

"We're still trying to be creative and innovative, but we're still competing in a very soft market," said R. Max Williamson, president of Scottsdale Insurance Co., one of a handful of top surplus lines markets whose non-admitted direct premiums slipped last year. "It appears about anything we do in excess and surplus lines is a candidate for standard lines in some territories."

One exception may be property catastrophe insurance. A few additional non-admitted insurers and wholesalers are diving into that market.

Many also are shoring up their core programs, investing in their technology infrastructure to improve their response time to retail brokers and acquiring smaller competitors to boost business.

For their efforts, the market's top insurers and wholesalers attained far less growth than they achieved in 1994 and 1993.

During that period, premium volume gains by the market's elite insurers did not approach the 50% to 100% or more gains that they racked up during the mid-1980s hard market. Still, direct, non-admitted premiums for the 10 largest surplus lines insurers grew nearly 17% in 1994 and almost 15% a year earlier—the strongest gains the largest non-admitted insurers had recorded since 1986.

But, in 1995, the Top 10 insurers could not muster even half of that growth. They reported less than $3.76 billion of direct, non-admitted premiums, a 7.2% gain from $3.5 billion in 1994.

The nation's surplus lines market as a whole fared even worse. Surplus lines premiums in 1995 fell 4.9% to $7.48 billion from nearly $7.87 billion a year earlier, marking the second consecutive drop in premiums for the industry. Premiums fell slightly less than 1% in 1994 (see chart, page 12).

Among the Top 10 insurers, only the top three maintained their positions in the ranking this year.

Four of the Top 10 reported decreases in premium volume in 1995, compared with none in 1994 and one in 1993. The largest decrease was a 36.9% drop at the Illinois Insurance Exchange. That decrease dropped the IIE five places to No. 10 in the ranking.

United National Insurance Co. also reported a huge decrease of 33.3%, which dropped it three places in the ranking to No. 7. But much of that drop was due to an accounting anomaly that lumped some of the insurer's 1993 premiums into its 1994 results, causing those to be inflated.

And Evanston Insurance Co., which reported a 2.3% drop in premiums in 1995, fell out of the Top 10 ranking.

But, six Top 10 insurers reported double-digit premium increases, compared with seven in each of the previous two years. Three of those gains were whopping increases ranging from nearly 31% to more than 89%.

For the first time in five years, American International Specialty Lines Insurance Co., an American International Group Inc. subsidiary, did not record the greatest premium gain. However, its third-best 30.9% increase strengthened its hold on the No. 2 spot in the *Business Insurance* ranking and closed some distance between it and the nation's leading non-admitted market, sister company Lexington Insurance Co.

The two insurers that reported stronger gains benefited from acquisitions made by their parent companies: Steadfast Insurance Co., which moved up four steps to No. 4 in the ranking on the strength of an 89% increase, and Columbia Casualty Co., which debuted at No. 9 in the ranking on the strength of a 51% gain.

The leading wholesalers reported weaker premium volume gains for the second consecutive year. Only four reported double-digit increases, compared with seven in both 1994 and 1993.

And, the largest increase last year was Sherwood Insurance Service's 16.7% gain. In 1994, one wholesaler—Sherwood—managed a gain that exceeded 25%. In 1993, three wholesalers surpassed that mark.

As in 1994, only one wholesaler last year reported a drop in premium volume. In 1995, it was Price Forbes North America, which reported a 3.9% decline. That drop, though, largely stemmed

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10 largest U.S.-based surplus lines insurers

Insurers Parent company	Non-admitted direct premiums 1995	1994	% change	Total gross premiums 1995	1994	% change	Statutory combined ratio 1995	1994
Lexington Insurance Co. American International Group Inc.	1,026,690,236	1,030,720,098	-0.4%	$1,250,083,615[1]	1,192,979,444[1]	4.8%	94.3[1]	93.2[1]
American International Specialty Lines Insurance Co. American International Group Inc.	793,130,552	606,128,641	30.9	812,142,074	624,214,713	30.1	89.6	94.3
Scottsdale Insurance Co. Nationwide Mutual Insurance Co.	544,101,028	579,939,358	-6.2	1,160,855,368[1]	1,189,633,933[1]	-2.4	113.5[1]	108.2[1]
Steadfast Insurance Co. Zurich Insurance Group	327,121,585	172,918,408	89.2	356,144,362[1]	187,505,828[1]	89.9	112.9[1]	111.8[1]
General Star Indemnity Co. General Re Corp.	237,221,725	213,404,509	11.2	243,853,456	218,988,791	11.4	96.1	96.9
Reliance Insurance Co. of Illinois Reliance Insurance Co.	204,802,424	179,498,441	14.1	241,458,417[1]	218,132,508[1]	10.7	101.4[1]	108.0[1]
United National Insurance Co. American Manufacturing Corp.	173,873,102	260,679,939	-33.3	242,336,639	338,131,524	-28.3	94.4	92.8
St. Paul Surplus Lines Insurance Co. St. Paul Fire & Marine Insurance Co.	160,835,176	140,445,569	14.5	192,534,814[1]	167,521,793[1]	14.9	102.6[1]	103.3[1]
Columbia Casualty Co. CNA Insurance Cos.	147,601,114	97,718,410	51.0	502,611,356[1]	415,958,873[1]	20.8	107.8[1]	120.3[1]
Illinois Insurance Exchange	140,338,831	222,524,676	-36.9	172,481,806	175,119,282	-1.5	104.7	98.0

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

GRAPHIC BY ADAM DOI

10 largest U.S.-based insurance wholesalers

Brokers Parent company	Premium volume 1995	1994	% change	Gross revenues 1995	1994	% change	% surplus lines[1] 1995	1994
Swett & Crawford Group[2] The St. Paul Cos. Inc.	633,617,326	610,463,460	3.8%	60,492,479	56,606,231	6.9%	45.0%	51.0%
Price Forbes North America Sedgwick Group P.L.C.	520,000,000	541,000,000	-3.9	38,700,000	39,100,000	-1.0	60.0	65.0
Tri-City Brokerage Inc. Privately held	476,592,944	458,038,852	4.1	31,200,000[3]	30,000,000[3]	4.0	20.0	10.0
Alexander Howden North America Inc. Alexander & Alexander Services Inc.	454,992,043	438,739,212	3.7	29,669,808	28,266,442	5.0	12.0	15.0
Stewart Smith Group Inc. Willis Corroon Group P.L.C.	355,870,000	322,010,000	10.5	27,878,000	24,337,000	14.5	60.0	60.0
Sherwood Insurance Services Aon Corp.	238,000,000	204,000,000	16.7	21,000,000	16,660,000	26.1	20.0	18.0

MGAs/Underwriting managers Parent company	Premium volume 1995	1994	% change	Gross revenues 1995	1994	% change	% surplus lines[1] 1995	1994
The Schinnerer Group Inc. Marsh & McLennan Cos. Inc.	442,000,000	401,000,000	10.2%	37,000,000[3]	33,600,000[3]	10.1	5.0%	5.0%
General Star Management Co. General Re Corp.	301,479,710	278,917,175	8.1	NM	NM	NM	80.9	78.5
Burns & Wilcox Ltd. H.W. Kaufman Financial Group Inc.	258,500,000	232,700,000	11.1	33,901,000	30,156,000	12.4%	88.0	88.0
First State Management Group ITT Hartford Group Inc.	240,574,000	238,279,000	1.0	NM	NM	NM	79.0	71.0

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

GRAPHIC BY JOHN HALL

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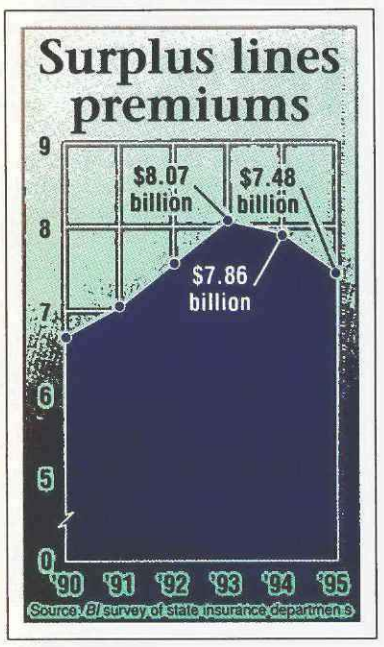
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Market

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from some restructuring moves by parent company Sedgwick Group P.L.C. over the past couple years that have stripped the wholesaler of some premium sources.

But, unlike the surplus lines insurer ranking, the wholesaler ranking remained stable. The single change: Burns & Wilcox Ltd. leapfrogged over First State Management Group into eighth place.

The overall weaker surplus lines market results, however, do not automatically translate into bottom-line busts.

For example, "Evanston didn't write as much in 1995 as it did in 1994, but our bottom line is just as healthy, if not more so," pointed out Paul Springman, president and chief executive officer. Evanston Insurance's underwriting income remained stable at more than $20 million, and statutory surplus increased by more than $20 million, he said.

Seven of the Top 10 surplus lines insurers, including two of the four that wrote less premiums last year, reported improved profitability.

Steadfast was the only insurer that wrote more premiums but reported leaner profits last year. The company attributes its 68.2% dropoff to the portion of the costs that parent company Zurich Insurance Group passed along to it to reinsure the obligations of Home Holdings Inc., which Zurich purchased last year.

Scottsdale reported the steepest decline in profits: a 72.4% drop to $5 million from $18.2 million.

The outlook for the surplus lines market?

It could be choppy, some say.

Retail brokers will be under increasing pressure to use admitted insurers, predicted Pennington H. Way III, executive vp of Reliance National Insurance Co., the New York-based sister company to Reliance Insurance Co. of Illinois, the nation's sixth-largest surplus lines market.

"There is a ton of capacity" in the admitted market, he explained. "The surplus lines market will not grow very much."

In addition, as other industries—like the legal profession and architects and engineers—consolidate as they mature, "there's a smaller pie to go around" the insurance market, pointed out Evanston Insurance's Mr. Springman.

However, he sees clearer sailing for innovative insurers and wholesalers. The shifting sands in the business sector create opportunities for creative underwriters, he said.

For example, after the massive downsizing at many of the nation's largest companies, some of those companies have determined their cuts were too drastic and are hiring back some of their former personnel as consultants. For the surplus lines industry, that creates an opportunity to provide consultants errors and omissions coverage, he said.

The "opportunity for the surplus lines underwriter today is better than it has been in recent history," Mr. Springman said.

In addition, insurance industry consolidation may lead to more opportunities for surplus lines insurers, observed Kevin H. Kelley, president of Lexington.

But that trend could create coverage problems for some risk managers, because it likely will produce tougher underwriting standards and prompt the merged companies to pare some business. That unwanted business may be picked up by non-admitted markets, Mr. Kelley said.

First-half 1996 results indicate that the various forces at work in the non-admitted market are boosting business for at least some of the market's largest insurers and wholesalers.

At least eight insurers and wholesalers report double-digit increases in premium volume compared with the same period last year. Notable among those improvements is United National's 34.3% increase.

Among those is the Illinois Insurance Exchange, even though it has been beset with the first insolvency of an exchange syndicate and withdrawal petitions from three other syndicates. The IIE can show an increase because it restates its results to produce year-to-year comparisons that reflect only the business written by its active syndicates.

Compounding the IIE's woes is the trouble that its second-largest syndicate based on 1995 premium faces.

The exchange's board last week issued a cease and desist order that bars the syndicate, First Oak Brook Corp. Syndicate Inc., from writing any new or renewal business until further notice.

The move came only days after First Oak Brook voluntarily stopped underwriting.

Gerald Murphy, the exchange's general counsel, confirmed the actions but would not explain the reasons for the suspension. Exchange President James M. Skelton could not be reached.

A receptionist at the syndicate's Oak Brook, Ill., offices said company officials would have no comment until this week.

A hearing before an internal exchange committee is scheduled for tomorrow.

First Oak Brook is the parent of Oak Brook Property & Casualty Insurance Co., an Illinois-domiciled surplus lines insurer. Both are units of United Financial Group Inc. of Illinois.

The Illinois Insurance Department has been notified of the cease and desist order.

As the admitted market pulls business away from the surplus lines market, non-admitted insurance companies are replacing it with a steady stream of new products. And, more non-admitted insurers and wholesalers are offering catastrophe property coverage.

However, "clearly, the challenge is to find another way to grow over the next five years without depending on the property line of business," for which rates have stabilized this year, according to Ralph J. Palmieri, president and chief operating officer for First State.

To see an appreciable impact on its results, Swett & Crawford Group has to offer "no fewer than five to 10 new concepts" this year, said Warren S. Stanley, president and CEO.

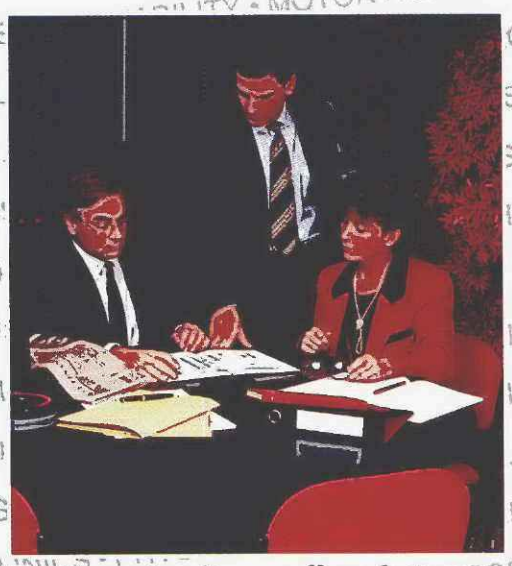
Those that succeed for Swett and others could give them new premium

See **Market** *on page 6*

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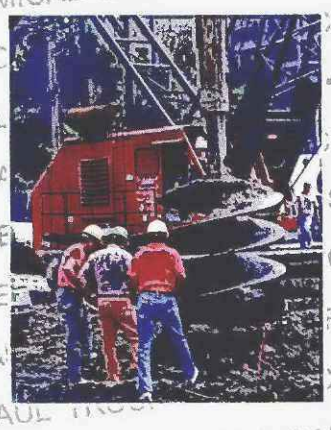




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Market

Continued from previous page

streams for a while.

That is because "not too many large (admitted) companies can move too quickly" to develop their own products and move that coverage into the admitted market, said Roger S. Walsh, president and CEO of American Excess & Surplus, a New York-based wholesale brokerage subsidiary of Acordia Inc.

Employment practices liability coverage in various forms indeed continues to be one of the most common new products introduced in the surplus lines market.

One unveiled by Swett & Crawford, which is underwritten in the London market, is designed for companies with more than 50 employees. It provides $1 million of limits.

Burns & Wilcox last year developed an employment practices liability program for companies with 125 or fewer employees. Burns & Wilcox has binding authority for up to $1 million of coverage, but it has the capacity to write more.

Earlier this year, First State introduced an employment practices liability product that provides $1 million of coverage for companies with 250 or fewer employees.

Many non-admitted insurers and wholesalers—even smaller companies—also will be focusing more on program business to generate additional premium.

"We grew 24% last year in program business," said Mr. Walsh of American Excess & Surplus, which targets, among other risks, large public entities and commercial contractors.

Program business has played a key part in United National's rebound in non-admitted direct premiums so far this year, executives said. The insurer late last year introduced programs covering various risks for, among other things, security guard companies, contractors and truckers.

Contractor programs are becoming a popular offering in the surplus lines market.

Sherwood offers roofers nationwide general liability and product liability coverage.

Alexander Howden Construction Inc., a unit of Alexander Howden North America Inc., had a "good year" as it concentrated on commercial contractors and launched a new facility for crane owners and operators, said Bruce E. Harrell, president and CEO of Howden North America.

Howden also is seeking residential contractor business, he said.

The Schinnerer Group Inc. has launched a program that provides contractors up to $15 million of limits to cover claims of faulty design services.

There also are several new trucking and transportation programs.

For example, First State is beginning to look at handling truck business that is riskier than what it already handles, like truckers that haul hazardous cargo.

And, Swett & Crawford expanded its coverage for trucking and public automobiles, like taxis and shuttle services, into several more states.

Several new professional liability programs also are available.

Those include:

- Swett & Crawford's program for managed health care companies.
- General Star Indemnity Co.'s combination general liability/professional liability program for companies that both sell a product and train people on the product at the company's facilities. Gen Star also has introduced professional liability programs for companies that conduct clinical trials involving genetic engineering and new drugs and for environmental consultants who design cleanup plans.
- Schinnerer's new programs for the nation's 100 largest architectural and engineering firms and for certified financial planners and registered investment advisers.

But, Mr. Kelley does not foresee program business generating a lot of new business for Lexington. He said the soft market has hit the insurer's program division hard.

Meanwhile, a comeback may be in the making for pollution liability coverage.

It has become one of the most fertile areas for AI Specialty.

"In terms of risk transfer business, pollution is by far the key line there. That's been growing quite rapidly for us. It's running somewhere north of 40% growth rate," said William D. Smith, an AI Specialty director and a senior vp at AIG.

AI Specialty has introduced two pollution liability coverages recently, both of which also are available from an admitted affiliate.

In March, it introduced a program designed to fill pollution coverage gaps in business automobile and trucking policies. The Supplemental Environmental Automobile Liability program, or SEAL, covers bodily injury, property damage or cleanup costs caused by pollution releases from cargo carried by insured vehicles. It provides up to $10 million of limits.

Its Environmental and General Liability Exposures program, or Eagle, provides general liability and legal liability coverage. The general liability portion, available on both an occurrence and claims-made basis, protects the policyholder against bodily injury, property damage or personal injury claims stemming from the policyholder's operations, products or premises.

The pollution legal liability coverage, available on only a claims-made basis, responds to third-party bodily injury, property damage and clean-up cost claims arising from pollution produced at scheduled locations.

The two coverages are available with a combined single limit of up to $1 million, with Eagle umbrella providing excess coverage of up to $10 million.

General Star Indemnity Co. has introduced general liability coverage for oil and gas contractors that provides $20 million of primary and excess coverage for sudden and accidental pollution.

Stewart Smith also is expanding into environmental liability coverage. In April, it created a subsidiary, Stewart Smith Environmental Specialists, to handle all kinds of environmental liability coverages, Mr. Casey said.

Stewart Smith will place coverage for underground storage tanks, sudden and gradual pollution and cleanups.

And, Lexington has introduced a directors and officers liability policy that covers losses arising from management decisions on environmental issues.

Many market executives are not counting on those new products alone to generate more business.

For example, several non-admitted insurers have increased wholesalers' commissions in an effort to dig up more business. Some of those insurers are not known for offering that type of incentive, noted Mr. Walsh of American Excess & Surplus.

At the same time, many non-admitted insurers and wholesalers are re-evaluating their relationships with retail brokers. Some are trying to improve them in an effort to win more business, while others are cutting ties with those that generate little business.

•

Douglas McLeod contributed to this story.

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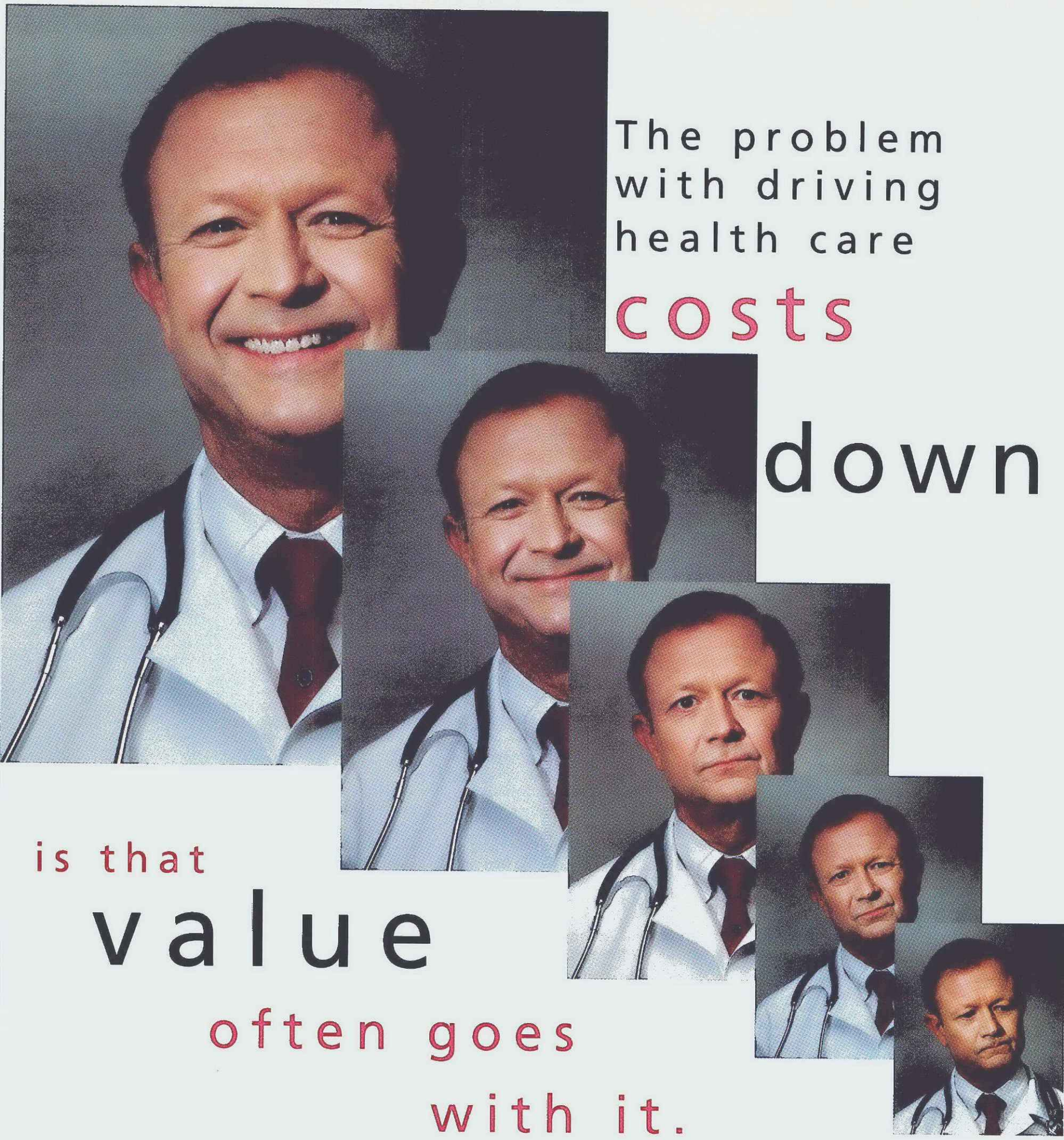
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Opinions

Back to real work for HCFA

WE HOPE A RECENT federal court ruling puts an end to years of government bullheadedness on a thorny issue: enforcement of federal laws that require employer plans to be the primary payer of health care bills of workers who stay on the job after age 65.

What has developed into a seemingly endless saga began in the 1980s when Congress—as part of an effort to reduce Medicare costs—shifted the responsibility for paying older workers' medical claims to employers from Medicare.

Fair enough. We saw no reason that employers' responsibility for paying an employee's medical claims should end just because a worker turned 65.

Medicare coverage, as we have always seen it, begins when an individual is at least 65 and no longer is working.

But the Health Care Financing Administration, the federal agency that administers Medicare, botched implementing changes in the law.

Logic would have dictated that HCFA would have launched a massive communications effort to inform hospitals that medical bills of older workers should go to employers and health care plan administrators—not to Medicare.

But no such effort occurred.

Not surprisingly, hospitals, unaware of the changes in law, improperly sent hundreds of millions of dollars in older workers' health care claims to Medicare for payment.

And, Medicare and its contractors often paid those claims without checking whether Medicare was responsible for payment.

Predictably, Congress, concerned that the savings it intended Medicare to achieve when it changed the law were not being achieved, passed legislation giving HCFA authority to launch a massive program—known as Medicare Data Match—to recover claims payments from employers, insurers and TPAs that group health care plans, not Medicare, should have made.

The problem was the way HCFA developed regulations to implement the Data Match project.

Among other things, the agency said it had the right—essentially in perpetuity—to recover Medicare overpayments from group health care plans.



As we report on page 1, that has been something federal courts have refused to accept, correctly so.

They have ruled that HCFA could not demand payment in situations where a beneficiary, like an older worker or a provider, had not filed a claim within the plan's or insurer's deadline, which typically are a year from the time a service is performed.

Of course, that makes perfect sense.

Otherwise, employers could face HCFA demand letters involving claims several years old and for which they no longer had records.

Now that the litigation appears to be ending, we hope HCFA quickly moves on several fronts.

It should spell out and publicize how employers, insurers and plan administrators can obtain refunds from the government.

And HCFA should expand its efforts to ensure that Medicare does not pay bills that are the responsibility of group health care plans.

It is a lot more cost-effective, for everyone, to have the right party pay a bill the first time than for the government and employers to wrangle years after the fact trying to establish who is responsible for those bills.

Letters

Accountant calls attack on profession unfair

To the editor: Eugene Anderson's Aug. 5 letter, "Pulling Teeth to Get Payouts," was an attack on me as an accountant who works for insurers.

I do not know how Mr. Anderson can categorize me in the manner that he did when he has not worked on a case in which I was involved.

I would like to make it clear to Mr. Anderson that I "would not much prefer to have pussycats as policyholders." Nor do I, my firm and our clients treat policyholders as scam artists and thieves, even those few who do fit that definition.

We prefer to have honest policyholders who are seeking to receive what they are entitled to under the terms of the policy—no more, no less.

There are many of those around, and I have dealt with thousands of them over the years and hope to continue to do so in the future.

Many large corporations are not pussycats and request that our firm, and sometimes specifically me, get involved in handling their losses on behalf of their insurers.

I stand on my letter—which was written in reply to your May 6 article, "Avoiding Challenge to Claim"—that appeared in the June 24 edition of *Business Insurance*.

My letter and that article should not be read out of context, as Mr. Anderson has done.

Let me also make one point clear: Mr. Anderson, as a lawyer, is an advocate. That is the foundation of his profession and, therefore, he plays that role. He has built a very large legal practice on attacking insurers, some of which may be worthy of his attack and many of them not.

I am a certified public accountant, who by the code of ethics of my profession is required to be—and I follow that code—objective and independent. I cannot be an advocate, nor am I. I do get hired by insurance companies, but my opinions are my own and are independent of my clients.

Chris Campos
President
Campos & Stratis
Teaneck, N.J.

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Insightful reporting draws reader's praise

To the editor: I want to commend Michael Prince for a fine reporting job on a difficult issue: the tripartite relationship among lawyer, client and insurer. He managed to make sense out of the complex dispute between the "one-client" vs. "two-client" debate and to fairly describe the efforts of the two major factions: the American Law Institute and the insurance industry.

Policyholders, insurers and attorneys alike are well served by understanding this issue and the practical effect the Restatement of Law Governing Lawyers will have on defending clients' rights and attorneys' obligations. I look forward to Mr. Prince's continued reporting on this important topic.

Jill B. Berkeley
Attorney
Schiff Hardin & Waite
Chicago

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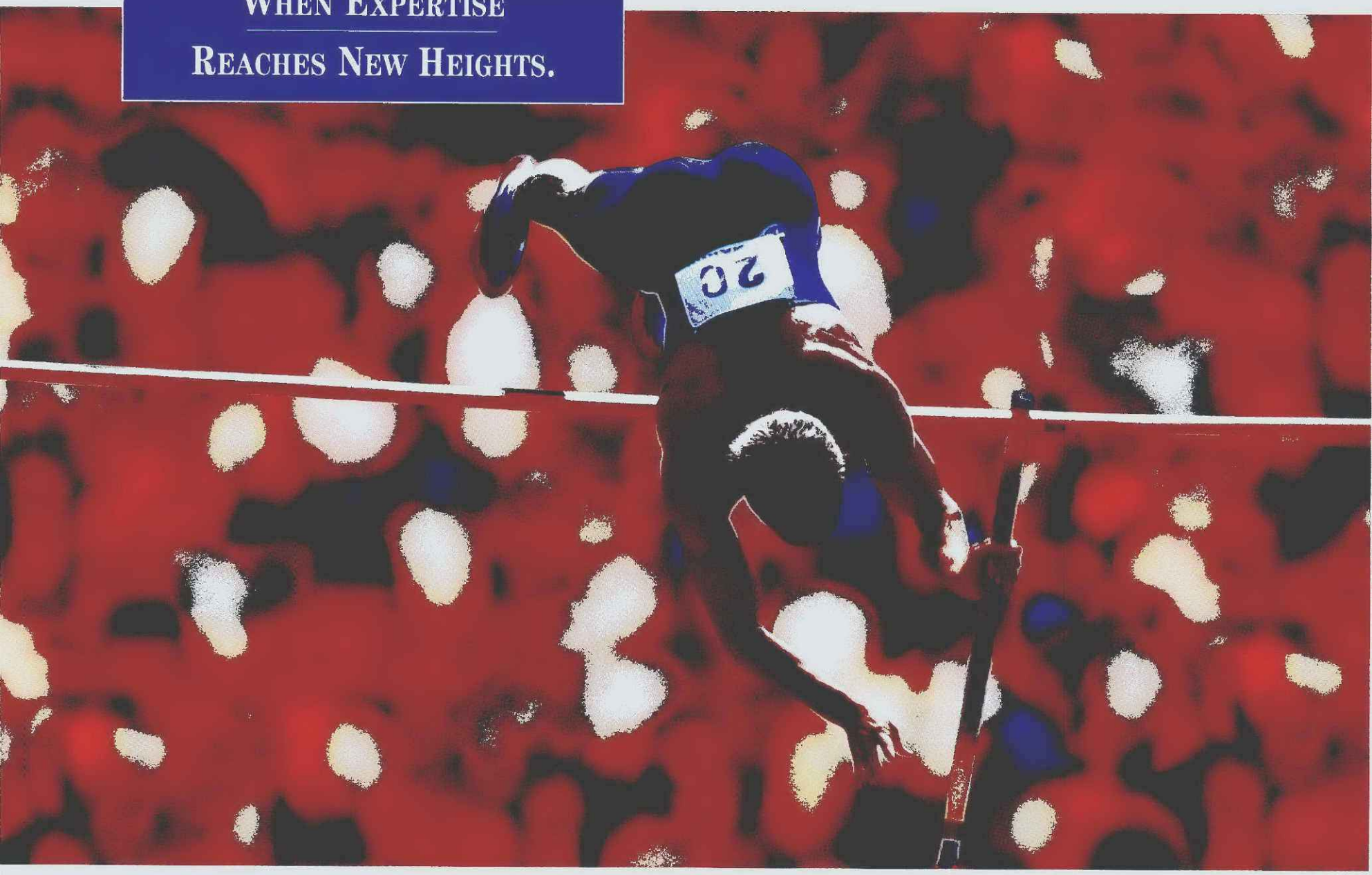
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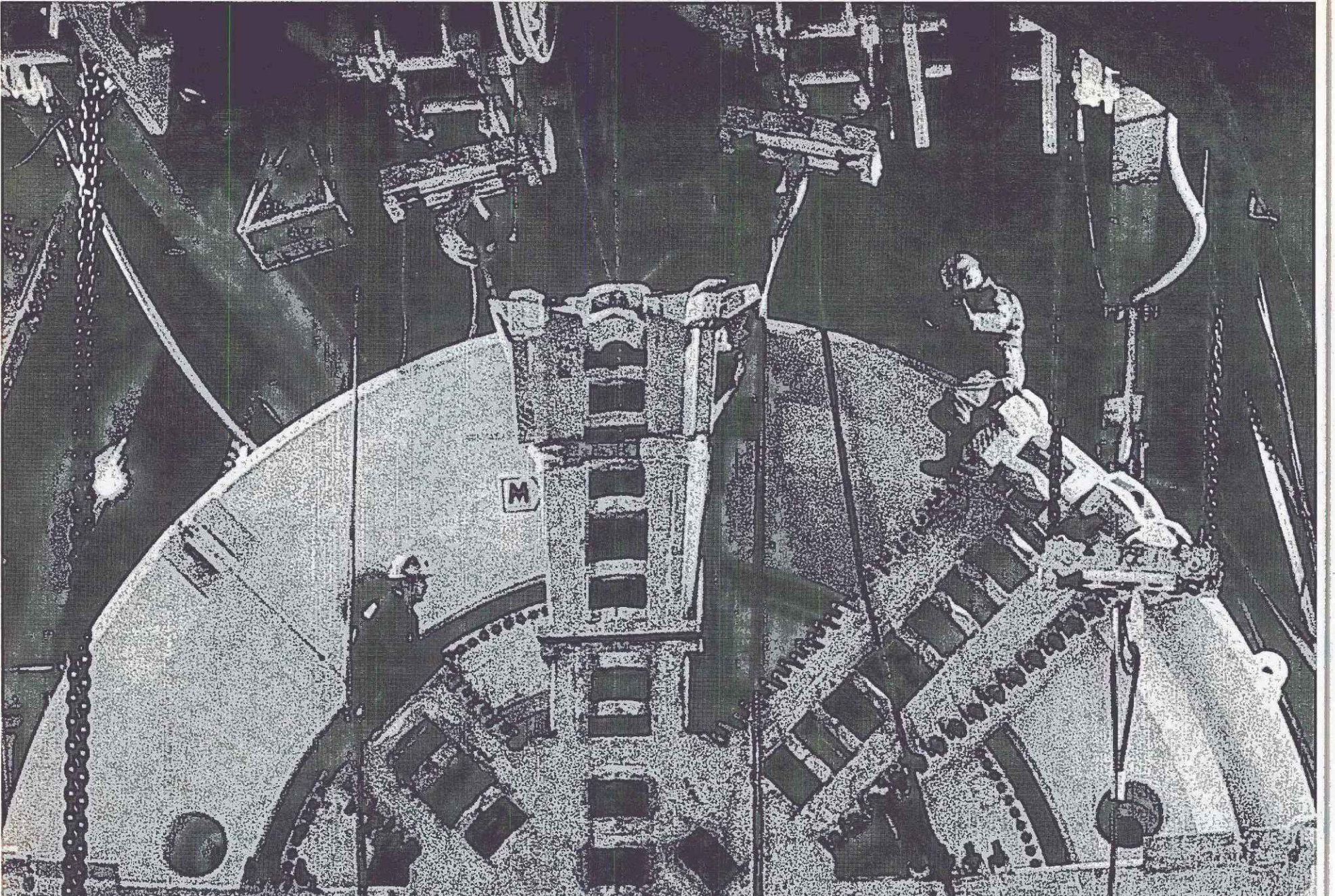
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U.S. surplus lines premiums drop for second straight year

Amid 5% dip nationwide, Texas overtakes California as state with highest premium volume

By LEE VELKER

While the nation's top 10 surplus lines insurers reported an increase in premium volume last year, the U.S. surplus lines market's premium volume overall dropped nearly 5%.

Nationwide, surplus lines premiums fell 4.9% to $7.48 billion in 1995 from a restated $7.87 billion in 1994, according to *Business Insurance*'s survey of state insurance regulators.

This year's drop follows a 0.8% decrease in surplus lines premium volume between 1993 and 1994.

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

Texas overtook California as the state reporting the largest surplus lines premium volume for 1995.

Texas reported $1.10 billion in premiums for 1995, up 0.7% from 1994.

California's premium volume plummeted to $912.6 million from $1.34 billion the previous year.

California's 31.8% decrease was the largest drop in premium volume, but 23 other states also reported declines.

Maine reported a 30.5% drop in premium volume to $12.2 million in 1995 from $17.5 million a year earlier.

Three other states reported declines of between 20% and 30% for surplus lines premium volume: Rhode Island, down 29.6; Louisiana, down 28.0%; and Oklahoma, down 23.2%.

Six others reported losses of more than 10%: Maryland, down 16.8%; Kansas, South Dakota and Wyoming, each down 15.1%; Alaska, down 13.8%; and Alabama, down 12.4%.

The largest increase in premium volume was posted by the District of Columbia, which climbed 22.7% to $59.3 million from $48.3 in 1994.

Nine other states reported increases above 10%: Florida and Nebraska, each up 18.1%; South Carolina, up 17.2%; Colorado, up 17.0%; Delaware; up 14.3%; Michigan, up 13.8%; Massachusetts, up 12.8%; New Jersey, up 11.2%; and Virginia, up 11.0%.

Overall, 26 states and the District of Columbia reported increases in surplus lines volume.

Surplus lines tax rates averaged 3.42% across the nation, with Alabama raising the tax to 6% from 4%.

Surplus lines tax rates remained stable in the other states.

Proposals to change surplus lines laws are now pending in Arizona, California, New Jersey and Virginia. EI

Surplus lines premiums and taxes by state

State	Surplus lines premiums 1995	1994	1993	94'–95' % change	93'–95' % change	Surplus lines taxes 1995	1994	1993	% tax rate
Alabama	125,024,733	$142,776,275	153,222,699	-12.4%	-18.4%	7,501,784	5,711,051	6,128,908	6.00%[1,2]
Alaska	33,574,575	38,936,908	41,397,112	-13.8	-18.9	776,045	929,645	946,561	2.70%
Arizona	92,639,482	89,746,768	92,042,544	3.2	0.6	2,775,249	2,688,433	2,763,377	3.00%
Arkansas	52,664,378	48,479,524	50,352,503	8.6	4.6	2,166,320	1,990,771	2,062,176	4.00%[3]
California	912,633,167[4]	1,337,526,567[4]	1,368,132,173[4]	-31.8	-33.3	27,378,995	40,125,797	41,043,965	3.00%
Colorado	110,497,368[4]	94,440,913[4]	93,071,145[4]	17.0	18.7	3,360,973	2,880,526	2,840,701	3.00%
Connecticut	87,100,000	79,512,724	74,321,665	9.5	17.2	3,483,000	3,126,308	2,880,975	4.00%
Delaware	20,841,566	18,228,769	21,655,965	14.3	-3.8	417,201	364,575	433,121	2.00%
District of Columbia	59,279,461	48,300,363	45,649,900	22.7	29.9	1,171,675	966,007	952,185	2.00%
Florida	767,525,229[5]	649,816,967	608,868,767	18.1	26.1	36,067,379	28,573,477	26,768,454	5.00%
Georgia[6]	220,931,690	224,465,300	190,287,477	-1.6	16.1	8,837,268	8,978,612	7,611,499	4.00%
Hawaii[6]	96,557,865[4]	97,530,469[4]	83,073,833[4]	-1.0	16.2	4,516,082	4,564,426	3,888,446	4.68%
Idaho[6]	19,727,124	18,950,000	18,673,632	4.1	5.6	526,466	495,278	476,827	2.75%
Illinois[6]	269,286,100	287,028,000	276,692,200	-6.2	-2.7	8,078,583	8,610,840	8,300,766	3.00%
Indiana	87,378,429	94,774,483	81,988,137	-7.8	6.6	3,788,152	2,570,360	2,054,994	2.50%
Iowa	41,024,520	42,914,429	32,457,905	-4.4	26.4	820,490	858,289	649,158	2.00%
Kansas	34,844,175[5]	41,060,266	44,076,438	-15.1	-20.9	2,090,651	2,484,522	2,630,461	6.00%
Kentucky	40,519,377	40,688,954	39,812,200	-0.4	1.8	1,215,381	1,220,668	1,194,366	3.00%
Louisiana	372,581,885	517,377,149	507,242,646	-28.0	-26.5	18,629,094	25,868,857	25,362,132	5.00%
Maine	12,160,207	17,494,801	19,270,210	-30.5	-36.9	364,806[7]	524,844	578,106	3.00%
Maryland[6]	57,872,131	69,536,225	81,688,470	-16.8	-29.2	1,686,663	2,037,485	2,420,654	3.00%
Massachusetts	220,000,000	195,000,000	200,000,000	12.8	10.0	8,800,000	7,800,000	8,000,000	4.00%
Michigan	358,055,641	314,623,379	362,454,134	13.8	-1.2	8,612,934	6,926,249	7,259,657	2.50%[8]
Minnesota	85,105,776	85,385,994	75,328,164	-0.3	13.0	2,553,173	2,561,580	2,259,845	3.00%
Mississippi	63,313,808	61,430,195	56,520,317	3.1	12.0	2,493,892	2,427,581	2,239,159	4.00%[9]
Missouri	164,855,299	160,302,262	125,296,384	2.8	31.6	8,073,451	7,857,206	6,068,088	5.00%
Montana	11,446,656	11,753,480	11,524,659	-2.6	-0.7	315,382	323,541	317,906	2.75%
Nebraska	31,732,434	26,871,046	26,114,528	18.1	21.5	951,973	816,483	783,436	3.00%
Nevada	30,986,039	32,030,840	27,139,865	-3.3	14.2	1,140,901	1,110,271	953,425	3.50%
New Hampshire	23,063,134	25,477,831	24,346,375	-9.5	-5.3	461,263	509,556	496,090	2.00%
New Jersey	266,911,706	240,049,111	215,564,686	11.2	23.8	8,465,107	7,827,524	6,819,894	3.00%
New Mexico[6]	25,819,574	28,591,028	26,392,907	-9.7	-2.2	774,587	857,731	791,787	3.00%
New York	370,731,683	375,075,175	382,483,324	-1.2	-3.1	13,346,340	13,769,400	13,901,093	3.60%
North Carolina	83,649,691	80,937,506	86,460,257	3.4	-3.3	4,182,483	4,046,877	4,323,014	5.00%
North Dakota[6]	6,943,777	7,121,898	6,259,801	-2.5	10.9	121,497	127,167	109,410	1.75%
Ohio[6]	27,310,609	25,253,298	23,407,412	8.1	16.7	1,365,830	1,262,665	1,170,371	5.00%
Oklahoma	66,281,910	86,317,057[5]	88,611,440	-23.2	-25.2	3,976,915	5,179,023	5,316,686	6.00%
Oregon	71,655,421	68,199,509	75,788,119	5.1	-5.5	1,612,127	1,534,453	1,704,922	2.25%
Pennsylvania	303,000,000	308,000,000	290,000,000[4]	-1.6	4.5	10,900,341	11,742,125	8,700,000	3.00%
Rhode Island	27,851,500[4]	39,583,633[4]	40,511,133[4]	-29.6	-31.2	835,545	1,187,509	1,215,334	3.00%
South Carolina	85,036,930	72,535,976	66,269,438	17.2	28.3	3,401,477	2,901,439	2,650,778	4.00%
South Dakota	9,792,500	11,532,500	10,726,320	-15.1	-8.7	244,813	288,312	268,158	2.50%
Tennessee	117,490,749	115,073,673	94,938,084	2.1	23.8	3,196,815	3,116,265	2,583,553	2.50%[10]
Texas	1,104,932,388[11]	1,097,136,268[11]	1,313,999,414[11]	0.7	-15.9	53,591,602	53,229,082	63,718,527	4.85%
Utah	42,264,629	40,604,536	31,780,228	4.1	33.0	1,796,246	1,725,692	1,350,659	4.25%
Vermont	9,859,848	10,720,341	11,065,627	-8.0	-10.9	295,795[7]	321,610[7]	331,969[7]	3.00%
Virginia	127,801,956	115,132,561	95,406,135	11.0	34.0	2,875,544	2,590,482	2,146,638	2.25%
Washington	124,737,437	124,515,165	134,253,882	0.2	-7.1	2,495,953	2,490,915	2,685,078	2.00%
West Virginia	21,635,822	20,000,000[5]	20,000,000[5]	8.2	8.2	796,610	800,000[5]	800,000[5]	4.00%
Wisconsin	76,852,251	78,247,994	81,606,670	-1.8	-5.8	2,296,699	2,312,890	2,441,111	3.00%[12]
Wyoming	8,061,591	9,490,457	9,353,628	-15.1	-13.8	249,105	265,673	271,716	3.00%
TOTALS/AVERAGES	**$7,481,844,221**	**$7,866,578,568**	**$7,937,580,551**	**-4.9%**	**-5.7%**	**$285,876,657**	**$293,480,072**	**$293,666,138**	**3.42%**

[1] Fiscal years ending 9/30 [2] 4% for 1994 and 1993 [3] Tax is 4% of premiums plus 4% of underwriting expenses [4] Non-taxable premiums excluded [5] State insurance department estimate [6] Fiscal years ending 6/30 [7] BI estimate
[8] 2% before July 1, 1994 [9] 3% on direct placements [10] 3.25% on fire portion [11] Non-taxable premiums and purchasing group premiums excluded [12] 0.5% on ocean marine coverage

Source: *BI* survey

GRAPHIC BY JOHN HALL

Lexington retains rank of top surplus lines insurer

Lexington Insurance Co.

200 State St., Boston, Mass. 02109;
617-330-1100; fax: 617-443-6131

	1995	1994
Gross premiums	$1.25 billion	$1.19 billion
Non-admitted	$1.03 billion	$1.03 billion
Net premiums	$506,270,017	$477,353,521
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$966,564,068	$824,614,182
Employees	206	202
Combined ratio	94.3%	93.2%
Rating agency	92.3%	92.6%
Net income	$132,835,540	$105,442,359
Best's rating	A++	A++
S&P rating	AAA	AAA

Insurance industry consolidation may end up being a winner for the surplus lines business, says Lexington Insurance Co. President Kevin H. Kelley.

The accelerating merger and acquisition trend among reinsurers and admitted market insurers will likely produce tougher underwriting standards as the merged companies pare unwanted lines of business, he explained.

As these companies prune their books, the unwanted business may fall naturally into the laps of non-admitted markets.

"That has always been fertile ground for the surplus lines market," Mr. Kelley observed.

It couldn't happen a moment too soon for Lexington and other surplus lines insurers that have seen premium volume growth erode as spiking property rates stabilize and casualty lines remain soft.

Lexington, a unit of American International Group Inc., managed a 4.8% gain in gross written premiums last year to $1.25 billion from $1.19 billion in 1994, and direct non-admitted premium volume actually fell slightly.

While the increase in gross premiums was well below the double-digit property-driven growth rates of the previous couple of years, Lexington easily maintained its customary spot as the largest U.S. surplus lines insurer.

Growth increasingly requires harder work, though, Mr. Kelley suggested.

Catastrophe-exposed domestic and international property risks, for example, continue to be a strong line for Lexington.

In the still-competitive casualty market, Lexington continues to concentrate on profitable niches, including employment practices liability, contractors liability, architects and engineers errors and omissions and health care liability coverages.

"The only sane strategy on the casualty side is to focus in those areas where you have a competitive advantage," Mr. Kelley said. Lexington's advantages include efforts to integrate claims management and other services with the insurance product, he said.

While liability lines still generate the bulk of Lexington's gross premiums, liability volume actually fell last year as property volume grew, narrowing the gap.

Property gross written premiums jumped 26.2% to $463.1 million last year from $367.1 million in 1994. Driven by rising property catastrophe rates, property volume had climbed 17.4% in 1994 and had more than doubled in 1993.

Lexington's property net volume, meanwhile, shot up 31.7% to $199.8 million from $151.7 million in 1994 as the insurer continued to retain more of its potentially profitable book.

Along with windstorm- and earthquake-exposed property business, Lexington continues its specialties in energy risks—including petrochemical, pipeline and refinery risks—and big-ticket locations like bridges, dams, tunnels, mining and railroad risks.

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

Property—particularly on the international side—"has been a good growth engine for us. We caught the market at the right time," Mr. Kelley observed.

While international property rates have been at "reasonable" levels, though, prices are starting to decline, Mr. Kelley added.

As a result, Lexington is intent on building producer relationships wherever it sees opportunities, and has committed more underwriters to international business in its Boston and Miami offices.

"We are getting closer to the sources of production, but without necessarily being in the countries of origin," Mr. Kelley explained.

The object of building those producer relationships is not only to shore up volume in the classes of business where rates are falling but to pursue other types of business that aren't under the same price pressure.

For both property and casualty business, Lexington producers include retail and wholesale brokers, managing general agents, reinsurance intermediaries and London brokers. About half of the insurer's business is produced through the Risk Specialists Cos. Inc., an AIG agency unit with more than two dozen subsidiary companies throughout the United States.

Last year, Lexington also wrote $14.4 million in gross premiums for the combined lines of property and liability, a huge increase from the scant $2.5 million written in 1994.

This business consists mainly of high-value Florida coastal homeowners risks, a line Mr. Kelley said he expects to see grow further this year.

Liability premiums, meanwhile, fell for the first time since 1991, sliding 6.2% last year to $772.5 million from $823.4 million in 1994.

This was "definitely" a result of soft market conditions, Mr. Kelley said. "Casualty and program business is where we are showing some strain."

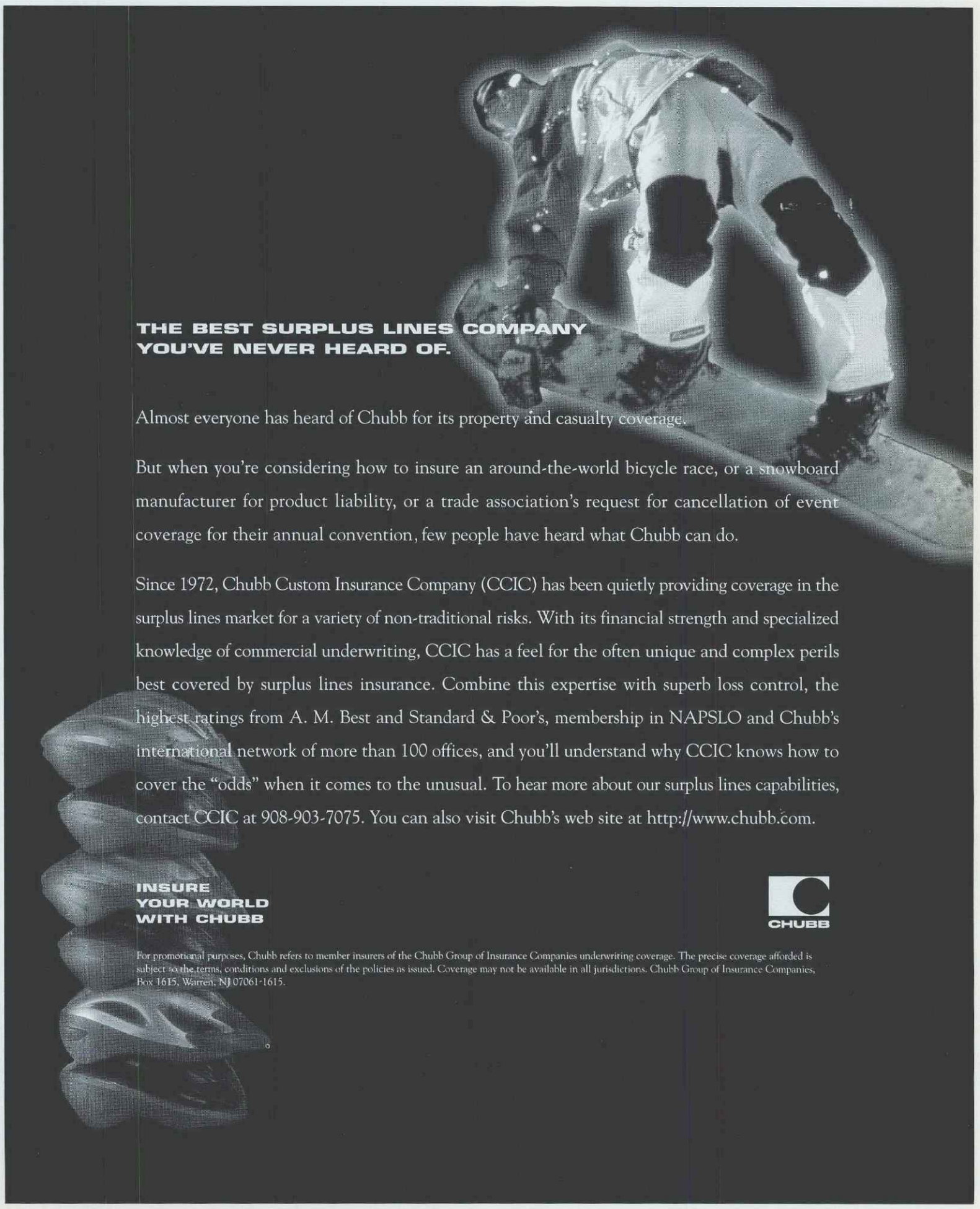
Lexington's casualty book is about 65% excess and umbrella risks, 20% transportation risks written on an occurrence form and 15% primary liability business.

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

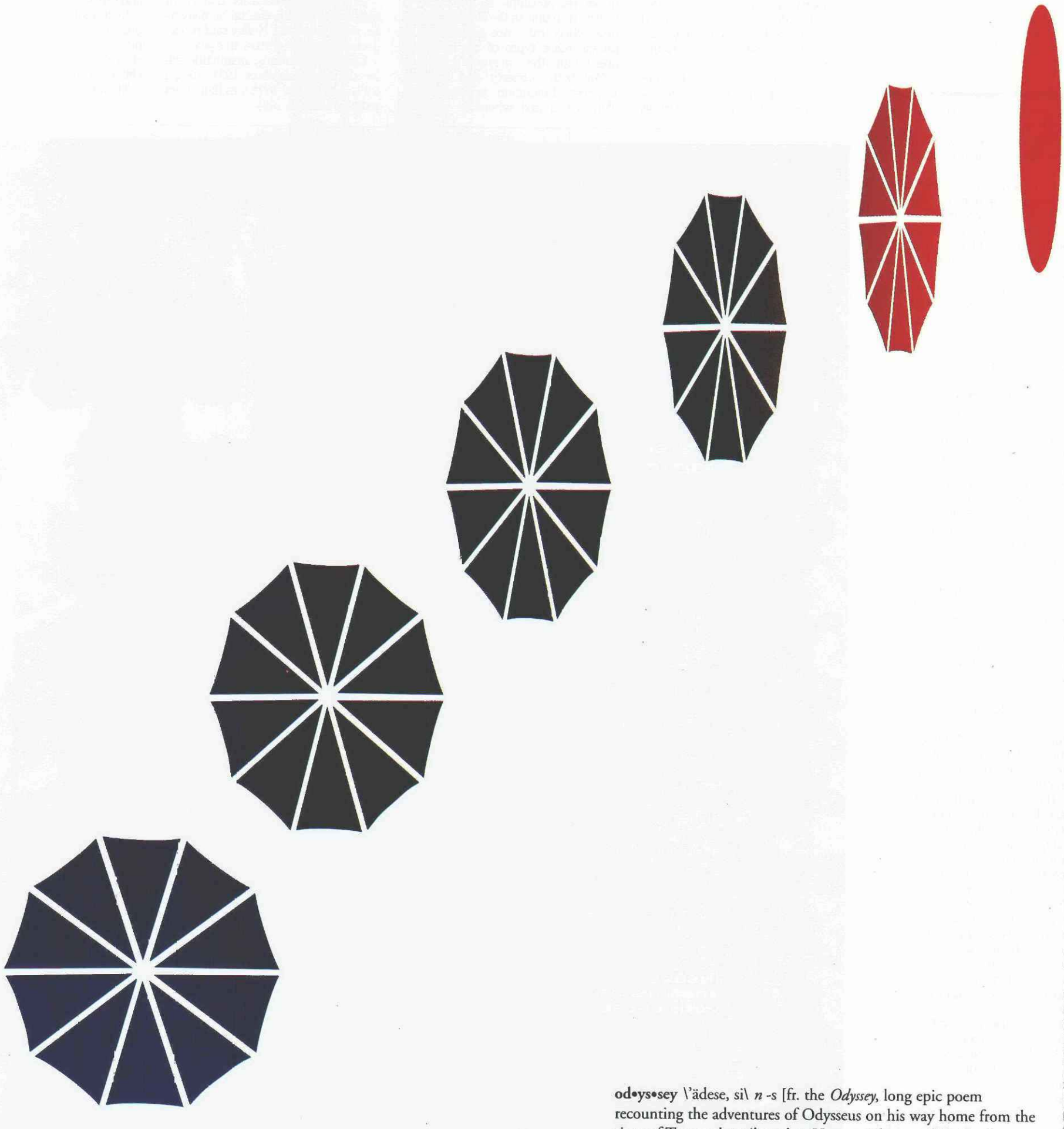
Lexington is battling soft market pressures by focusing on tougher niche casualty products like its successful employment practices and architects and engineers programs.

The insurer also generates a steady

Continued on page 16

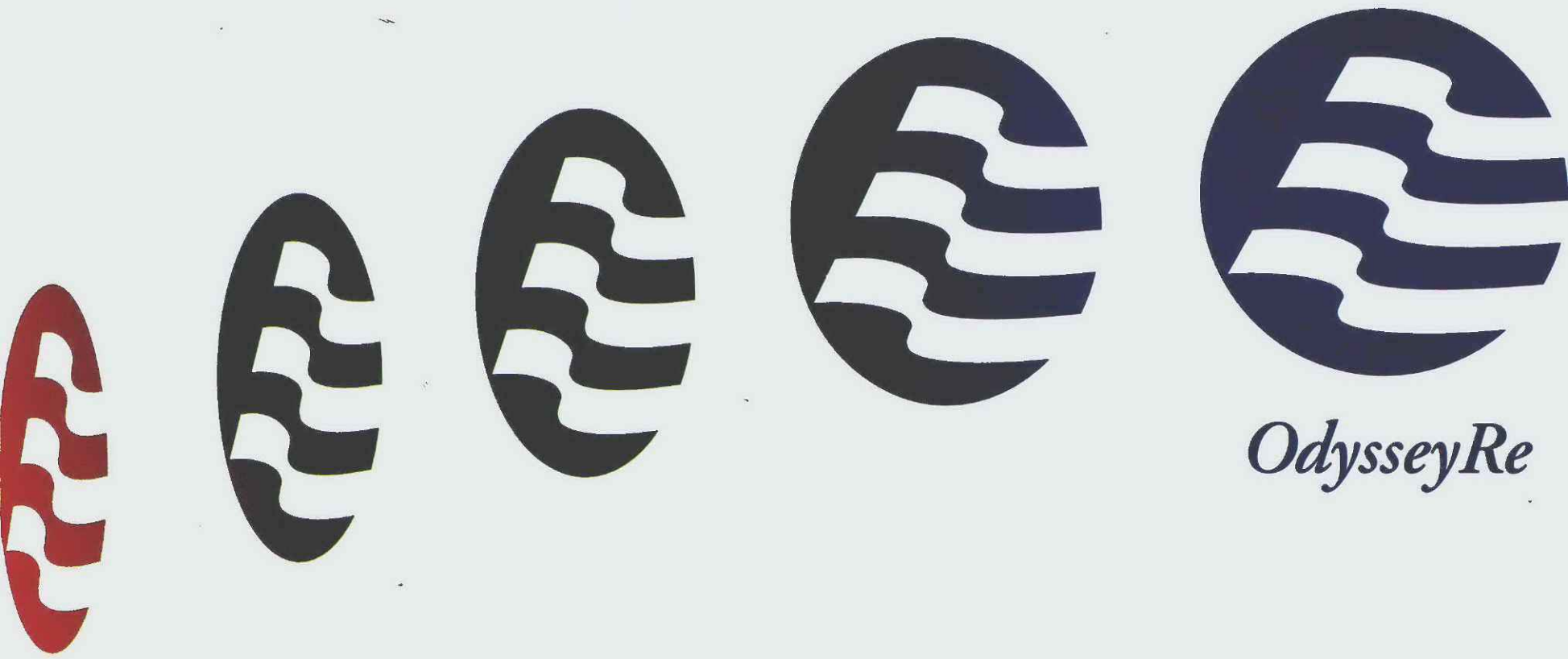


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Spotlight report

Continued from page 13

stream of new product ideas. Among those introduced this summer were a package policy for managed care operations that combines managed care E&O, medical malpractice, D&O and provider stop-loss coverages; and a specialized D&O policy covering liabilities arising from management decisions on environmental issues.

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

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

Lexington has split this business, transferring underwriting of the employer stop-loss portion—representing about 80% of the division's business—to Medical Excess Insurance Services Inc., an AIG managing general agency unit in Costa Mesa, Calif.

"We think the benefits business is going through a lot of change, and we clearly saw two markets emerging," one consisting of employer stop-loss risks and the other of provider stop-loss business, Mr. Kelley explained.

Volume in the division was flat last year and probably will not improve until 1997, Mr. Kelley predicted.

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

The division has recorded strong growth on property business, its main product, but is also writing other lines, including architects and engineers E&O and some health care coverages, he said.

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

This division has been hard hit by the soft market: "Program business is quite difficult at this point in time because it's tough to grow programs, and it's tough to replace programs that you lose. So we are losing ground there," Mr. Kelley said.

• A captive division, which provides fronting and excess insurance programs for captives, and which recorded flat to marginal growth last year.

Lexington also has a Bermuda office through which it has offered excess liability coverage in the $25 million excess of $25 million layer to Fortune 1,000 companies. The coverage is intended to complement the $100 million excess of $50 million limit available from AIG affiliate Starr Excess Liability Insurance Co. Ltd.

Growth in Bermuda has been slow, but Lexington plans to stay: "There's so much volume flowing into that market, there's good reason to keep our nose in it," Mr. Kelley said.

Even with the slowdown in volume, Lexington has continued to produce impressive financial results. Earned premiums rose 2.6% last year to $462.4 million from $450.8 million in 1995. Losses, mainly on property business, jumped significantly, though, and despite a drop in loss adjustment expenses, Lexington's underwriting gain fell 34% to $21 million last year from $31.8 million in 1994. Investment gains more than made up for this, however, and Lexington finished the year with net income of $132.8 million, up 26% from $105.4 million in 1994.

The trends continued in the first half of this year: Earned premiums inched up 1.4% to $595.8 million from $587.4 million in the same period last year. Hammered by winter storm losses, though, Lexington saw its underwriting gain shrink 34.6% to $10.4 million for the first six months from $15.9 million the previous year. Investment gains once again came to the rescue, and the insurer finished the first half with net income of $79.6 million, up 21.7% from $65.4 million in the first half of 1995.

Lexington's gross non-admitted direct premiums expanded at a faster clip in the first half: Non-admitted volume hit $559.3 million, up 10.4% from $506.5 million in the first six months of 1995.

In addition to Mr. Kelley, Lexington's officers include Richard H. Bucilla and Richard E. Jodoin, executive vps; and Nicholas Anselmo and David Walsh, senior vps.

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

—By Douglas McLeod



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American International Specialty Lines Insurance Co.

c/o American International Surplus Lines Agency Inc.
Harborside Financial Center,
401 Plaza 3, Jersey City,
N.J. 07311; 201-309-1100;
fax: 201-309-1886

	1995	1994
Gross premiums	$812,142,074	$624,214,713
Non-admitted	$793,130,552	$606,128,64[illegible]
Commercial risks	100%	100%
Net premiums	$100,765,105	$79,919,11[illegible]
Paid-in capital	$5,002,500	$5,002,500
Capital & surplus	$170,437,802	$149,544,52[illegible]
Employees	0	[illegible]
Combined ratio	89.6%	94.3[illegible]%
Net income	$22,992,624	$16,007,07[illegible]
Best's rating	A++	A++
S&P rating	AAA	AAA

Like its increasingly popular Eagle policy, which combines general liability and pollution legal liability coverage under one form, American International Specialty Lines Insurance Co. continues to soar above much of the competition in the surplus lines insurance market's crowded skies.

A good portion of AI Specialty's growth also is coming on the wings of its alternative risk transfer products.

Gross premiums for the Alaska-domiciled insurer, a unit of American International Group, rose 30.1%, to more than $812.1 million last year from $624.2 million in 1994.

Growth in premiums written on a direct, non-admitted basis was even stronger. Non-admitted premiums grew almost 30.9% to $793.1 million from $606.1 million a year earlier. That allowed AI Specialty to maintain its second-place position in the *Business Insurance* rankings of the largest U.S.-based surplus lines insurers. In fact, it ranks second only to another AIG unit, Lexington Insurance Co.

For the first half of 1996, AI Specialty wrote $303.9 million in direct, non-admitted premiums, compared with $327.3 million a year earlier.

Despite the soft market, AI Specialty's net income grew by even more, reaching nearly $23 million in 1995, up 43.6% from $16 million.

Net income for AI Specialty was $10.7 million for the first half of this year, compared with $11.2 million for the same period a year ago.

Policyholder surplus also increased last year from that of a year earlier, although not by as dramatic a margin. Surplus grew 14% to $170.4 million last year from $149.5 million in 1994.

William D. Smith, a director of AI Specialty and senior vp of AIG, says interest in alternative risk transfer is benefiting AI Specialty, which writes insurance portions for blended risk-financing programs.

"There's no way to address these blended multiyear transactions in an admitted form," Mr. Smith said.

Continued on page 20

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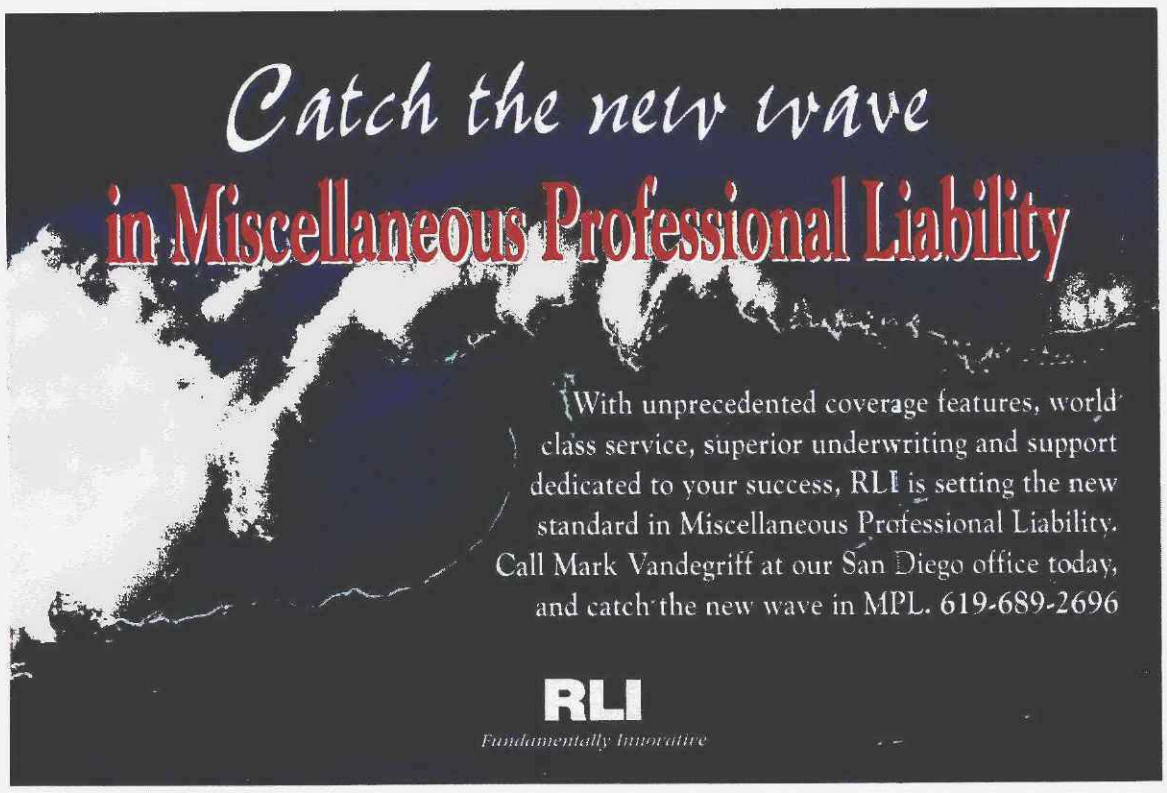
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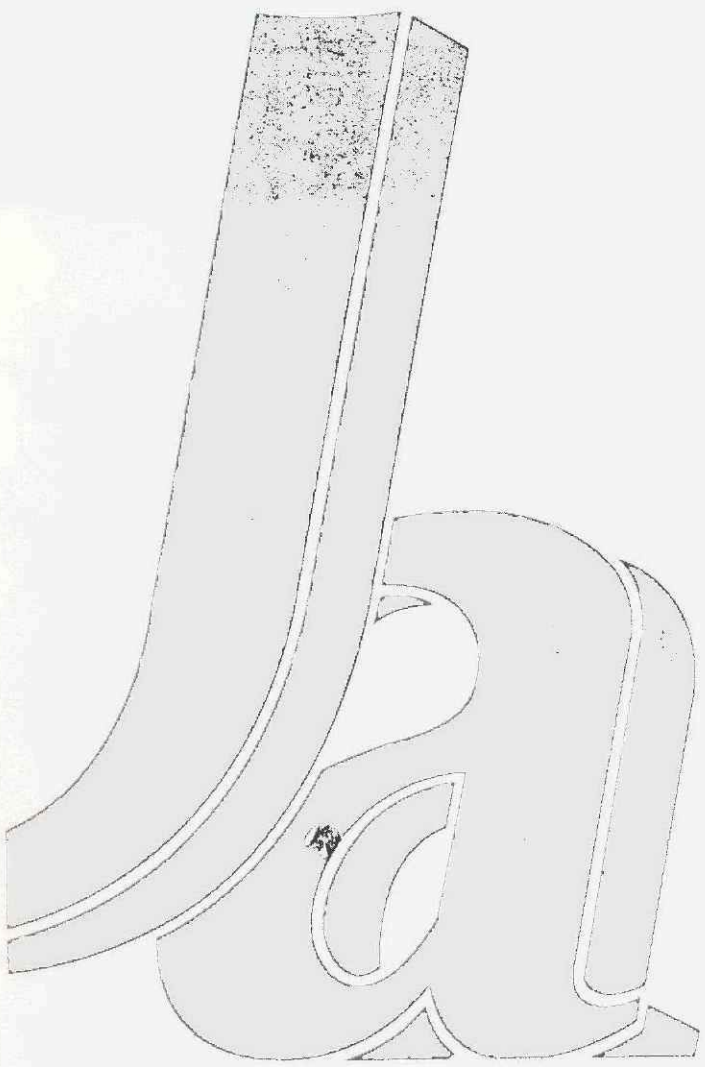
Something to Celebrate

Over the past 25 years Unionamerica Insurance Company has built up a unique position as a specialist casualty and property reinsurer and insurer. Its record over the years has been one of underwriting leadership, consistent growth and increasing financial security. Its 25th anniversary has been marked by two notable ratings:

Standard & Poor's: In May 1996, Standard & Poor's raised its secure claims-paying ability rating of Unionamerica to Single 'A'.

Best's: In July 1996, A.M.Best assigned Unionamerica a rating of 'A–' (Excellent) 'with positive outlook'.

These ratings are the best anniversary present we could have - a present we can share with all our coverholders and clients, to our mutual benefit.



Ua
Unionamerica Insurance Company Limited

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In addition to the opportunities in alternate risk transfer products, there is still great potential in traditional surplus lines products, he said. "We're doing a much better job of getting an array of products out there that really respond to what customers need. The second thing is I think we're doing a much better job of informing and communicating to producers and to insureds that those products exist."

One such product is the Eagle policy, which AIG introduced in 1995. Eagle, the Environmental and General Liability Exposures program, continues to do extremely well, he said.

The Eagle policy carries limits of up to $10 million and combines general liability and pollution coverages. The general liability portion covers claims for bodily injury, property damage or personal injury stemming from the policyholder's operations, products or premises. The pollution legal liability coverage responds to losses from pollution coming from scheduled locations causing third-party bodily injury, third-party property damage and third-party cleanup costs.

Eagle's general liability is available on a claims-made or occurrence basis, while pollution liability is available on a claims-made basis only. The two coverages are available with a combined single limit of up to $1 million, with Eagle umbrella providing excess coverage of up to $10 million, a standard for most policies AI Specialty writes, Mr. Smith said. Eagle umbrella can exclude pollution legal liability, if the policyholder desires.

Much of AI Specialty's growth this year came from alternative risk transfer involving financial institutions and medical malpractice, he said.

He credited changes in AI Specialty's business mix with an improvement in the insurer's statutory combined ratio to 89.6% in 1995 from 94.3% a year earlier.

Pollution liability, particularly in light of the industry's absolute pollution exclusion in the commercial general liability policy, has become one of the most fertile areas for AI Specialty.

There's a new addition to the product menagerie as well, pointed out Mr. Smith. Seal, short for Supplemental Environmental Automobile Liability program, was introduced in March of this year. The program is designed to fill pollution coverage gaps in business automobile and trucking policies. He described it as an environmental coverage for transportation risks. Seal picks up exposures not covered under typical auto liability policies and combines the auto and environmental exposures, Mr. Smith said.

The policy provides coverage against claims of bodily injury, property damage or cleanup costs caused by pollution releases from cargo carried by an insured vehicle. It carries liability limits of up to $10 million. It also is available as an endorsement to other AIG policies.

Eagle and Seal are written on an admitted basis by AIG unit Commerce & Industry Insurance Co. and by AI Specialty on a non-admitted basis.

Although pollution liability has emerged as AI Specialty's bread-and-butter coverage, "I wouldn't want to say that we have anything we won't write," said Mr. Smith.

Instead, the insurer continues to seek out what Mr. Smith called the "unique and unusual" exposures.

AI Specialty's other accounts include commercial general excess and umbrella, medical malpractice liability, various errors and omissions liability, miscellaneous professional liability, directors and officers liability, pension fiduciary liability under ERISA, other forms of fiduciary liability and primary and excess property coverage.

Mr. Smith downplayed any impact the Illinois Insurance Exchange's current problems might have on AI Specialty.

Lloyd's of London, however, is a different story. "Lloyd's has of course become very, very competitive this year, so we're not seeing any increase in business from London, and if anything, in certain areas they've managed to start creating the same kind of rate problems that they had the last time they were a factor," he said. "It's a very competitive market, and we think it will stay that way."

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

It is an admitted insurer in Alaska, where it was incorporated in 1973

The company has no employees of its own. Its staff is employed by the surplus lines insurer's parent, AIG.

AI Specialty's principal officers are Thomas R. Tizzio, president; Elizabeth M. Tuck, secretary; Armand G. Pepin, treasurer; David J. Walsh, senior vp; and James M. Kilkenny, vp.

—By Mark A. Hofmann

Scottsdale Insurance Co.

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

	1995	1994
Gross premiums*	$1.16 billion	$1.19 billion
Non-admitted	$544,101,028	$579,939,358
Commercial risks	91.6%	93.1%
Net premiums	$305,706,248	$296,443,321
Paid-in capital	$6,027,200	$6,027,200
Capital & surplus	$182,829,817	$180,325,990
Employees	1,059	998
Combined ratio	113.5%	105.2%
Rating agency	113.5%	105.2%
Net income	$5,024,180	$18,221,363
Best's rating	A+p	A+p
S&P rating	AA	AA+

* Premiums pooled with other Nationwide units.

Despite three consecutive years of management flux, Scottsdale Insurance Co. remains the third-largest U.S.-based surplus lines insurer.

R. Max Williamson, former president, chairman and chief executive officer of Dublin, Ohio-based ACCEL International Corp., took the helm as Scottsdale's president in October 1995 after a nationwide search.

Mr. Williamson has 34 years' experience in property/casualty, excess and surplus lines and professional liability insurance.

He replaces company founder Rolland L. Wiegers, who came out of retirement after his hand-picked successor, Vickie Kartchner, left in June 1995 to head a new surplus lines insurer created by TIG Group Inc. Ms. Kartchner had been named president and chief operating officer of Scottsdale in June 1994.

Other top managers are:

- Michael D. Miller, named vp and treasurer in August 1995. He came from Farmland Mutual Insurance Co., a unit of parent company Nationwide Mutual Insurance Co. in Des Moines, Iowa, where he served as vp and treasurer. Mr. Miller replaced James R. Kapeller, who left to form his own company.
- Robert Keul was promoted to vp-underwriting in May of this year. He had been vp in Scottsdale's professional lines division. He replaced Martha Lynch, who also went to TIG.
- Mike Horsman, formerly vp-claims at St. Paul Fire & Marine Insurance Co., was named vp-claims in January. He replaced Whit Crail, who went to TIG.

About a dozen Scottsdale executives and other employees left with Ms. Kartchner.

Notwithstanding the management restructuring and the enduring soft surplus lines market, Scottsdale wrote $544.1 million in gross premiums on a direct, non-admitted basis last year, down about 6.2% from the $579.9

Continued on next page

Continued from previous page
million in non-admitted business written in 1994.

Altogether, Scottsdale wrote $1.16 billion in gross premiums in 1995, down 2.4% from $1.19 billion the year before.

Mr. Williamson attributed both declines to soft insurance pricing and pressure by regulators and brokers to place more business in the admitted market.

"We're still trying to be creative and innovative, but we're still competing in a very soft market," he said. "It appears about anything we do in excess and surplus lines is a candidate for standard lines in some territories."

Competition is hottest for large commercial casualty risks—those that generate $500,000 or more in annual premiums.

But Scottsdale won't underwrite at a loss to capture this business, Mr. Williamson said.

Still, a $40.9 million underwriting loss for 1995 reduced the insurer's net income down to just over $5 million from $18.2 million in 1994.

The insurer's combined ratio also deteriorated to 113.5% from 108.2% in 1994.

Non-admitted premiums for the first half of 1996 totaled $257.6 million, down 7.5% from $278.5 million the year before. Gross written premium in the first half was $268 million, down 7.2% from $288.9 million in 1995. Net income rose 28.9% in the first half to $4.9 million from $3.8 million in 1995.

Scottsdale is taking time to develop new products, like employment practices liability insurance for lawyers and insurance agents and coverage for Internet publishing risks. Some of the exposures Scottsdale underwriters are considering in its media program are similar to those covered under its media professionals program: copyright infringement, libel and slander, "in other words, exposures emanating from cyberspace," explained Bob Keul, vp-underwriting.

"It's no different than the broadcast by ABC/Cap Cities or a printing of Dow Jones' Wall Street Journal," he explained. "It's just that it's electronic."

Another area Scottsdale is looking to tap is the personal lines property market.

"There are pockets where there are real problems with the standard markets" pulling out, particularly in "coastal, wind areas, hurricane belts, tornado belts," Mr. Williamson noted.

As a result, Scottsdale has experienced a 20% surge in its personal lines property writings, he estimated.

Personal lines property business now represents about 15% of Scottsdale's book of non-admitted business, up from 12% previously. But, the insurer has cut back on its earthquake writings after taking a $24 million hit from the 1994 Northridge, Calif., quake. Scottsdale's Southern California property and difference-in-conditions programs generated just $12 million in premiums that year.

Scottsdale uses Sherwood Insurance Services to secure DIC accounts in Southern California.

The insurer writes commercial property in all 50 states and personal lines property in 30 states.

About 70% of Scottsdale's business is written on a non-admitted basis, while the remaining 30% is admitted. Altogether, 91.6% of Scottsdale's 1995 non-admitted business was related to commercial risks, down from 93.1% in 1994.

About $8.6 million of the admitted premiums were underwritten by Scottsdale Indemnity Co., a Scottsdale unit formed in 1993. The insurer is now licensed in 32 states, and applications are pending in the remainder.

Scottsdale Insurance reinsures 100% of the business written by Scottsdale Indemnity.

Even though Scottsdale can funnel admitted business through other Nationwide units, reinsuring 100% of those risks, it formed Scottsdale Indemnity so it could write "multiple pricing tracks." For example, many states require insurers to have more than one admitted facility to write several classes of trucking risks.

Scottsdale Insurance uses a departmental underwriting approach in which all of the insurer's underwriters work together to find coverage for the diverse risks of its general agents' and surplus lines brokers' clients.

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

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

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

Scottsdale divides its book of business into four departments:

- Contract casualty and transportation.
- Contract commercial and personal lines property.
- Brokerage lines, which include property, casualty, incidental professional liability and automobile, excess and umbrella liability coverages.
- Professional liability lines, which includes Media/Professional Insurance; a public entity program; a social services program; a small book of attorney and insurance agents errors and omissions liability; orthodontists professional liability; and other miscellaneous E&O liability programs.

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

Scottsdale's reinsurance is placed by Aon Re Inc. of Chicago. Principal reinsurers are Chartwell Reinsurance Co., Folksamerica Reinsurance Co., Kemper Reinsurance Co., St. Paul Fire & Marine Insurance Co., Skandia America Reinsurance Co., Trenwick America Reinsurance Corp. and Zurich Reinsurance Centre Inc.

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

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

—By Joanne Wojcik

Steadfast Insurance Co.

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

	1995	1994
Gross premiums	$356,144,362	$187,505,828
Non-admitted	$327,121,585	$172,918,408
Commercial risks	100%	100%
Net premiums	$27,659,364	$20,319,559
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$49,466,273	$18,805,248
Employees	0	0
Combined ratio	112.9%	111.8%
Net income	$318,654	$1,001,953
Best's rating	A+	A+
S&P rating	AAA	AAA

Rapid growth accelerated dramatically in 1995, thanks largely, but not exclusively, to attracting The Home Insurance Co. of Illinois business as it came up for renewal.

Steadfast Insurance Co.'s already Steadfast's direct, non-admitted gross premiums increased 89% to $327.1 million in 1995 from $172.9 million in 1994.

That gain follows a 31.8% increase in direct non-admitted gross premiums from $131.2 million in 1993 to $172.9 million in 1994.

Last year's premium increase bumps Steadfast up four notches to No. 4 in the *Business Insurance* rankings of the largest surplus lines insurers.

Winning the business previously written by Home of Illinois, which is now in runoff, was a key goal for Steadfast in 1995.

Zurich Insurance Co., Steadfast's ultimate parent, put Home of Illinois in runoff after taking over the surplus line's insurer ultimate parent, Home Holdings Inc.

Zurich acquired Steadfast in 1989 when it acquired Maryland Casualty Co.

The goal was met, and it "accounts for some of the growth without a doubt," said Janet Jordan-Foster, a senior vp in the specialty lines division of Zurich-American Insurance Group, which manages Steadfast.

But the dramatic increase in premium volume reflects other growth in Steadfast's business as well, much of that an indirect offshoot of the Home deal. By bringing Home offices and employees under the Zurich-American umbrella, the acquisition also brought expanded opportunities for tapping new business to the surplus lines insurer.

"The Home transaction was able to leverage other business opportunities by giving us a broader distribution base and a broader distribution system," said Tom Routson, a vp in Zurich-American's specialty division.

Zurich-American's various divisions underwrite their business using one of the company's various member insurance companies. As one of the insurers making up the pool of Zurich-American companies, Steadfast sees most of its business coming from Zurich-American's specialty division.

Within Zurich-American, Steadfast "is just one of the insuring companies and it gives us the opportunity to offer surplus lines paper when that makes sense to the customers," Mr. Routson said. "We have the flexibility."

Even as Steadfast saw a major increase in premium volume, it experienced a drop in net income in 1995, to $318,654 from slightly more than $1 million a year earlier. Mr. Routson attributed that decline in large part to costs passed to the surplus lines insurer associated with reinsuring Home obligations.

All of Steadfast's direct, non-admitted business is related to commercial risk, and while Steadfast is an admitted insurer in Delaware, 92% of its 1995 gross premium volume was written on a direct, non-admitted basis.

"Virtually all of the Steadfast premium is non-admitted," said Jim DeSimone, a vp in Zurich-American's specialty lines division.

Steadfast is eligible to write non-admitted business in Puerto Rico and all states except Maine and South Carolina.

Steadfast's primary focus is on the hard-to-place casualty business of middle-market to large customers, with the company specializing in environmental impairment liability coverage, professional liability, railroads, primary surplus lines, excess and umbrella coverage, general liability, architects and engineers professional liability and directors and officers liability.

"Capacity varies by line depending on reinsurance agreements in place," Mr. Routson said.

Finding adequate reinsurance is not a problem in any of Steadfast's business lines, however. "You've got plenty of capacity and lots of competition," Mr. Routson said.

Steadfast offers up to $5 million in primary casualty capacity. Architects and engineers professional liability has up to $10 million in capacity, as does a specialty group program that offers coverage such as professional liability and errors and omissions to affinity groups.

The company divides its environmental coverages into several different product lines, offering capacity ranging from $10 million to $30 million "depending on the product line," Mr. Routson said.

Environmental products, which have been introduced over the past few years, include property transfer coverage for future liabilities resulting from pre-existing pollution on property that has changed hands, and coverage for lead-based paint and asbestos exposures.

Capacity of up to $25 million is available for a broad package of railroad liability, including general liability, E&O and contractors liability; D&O and professional liability.

Health care coverage—largely medical malpractice—has $30 million in capacity. Steadfast also recently got a new medical provider excess liability stop-loss program up and running with limits of $10 million.

Excess casualty customers can get up to $50 million in capacity from Steadfast.

While Steadfast sees considerable business coming from the major brokers, overall its primary business producers "vary by profit center," said Ms. Jordan-Foster.

"Overall for specialties the alphabet houses are probably half of it," Mr. Routson said. "We have a very wide distribution system being open brokerage. We have very strong relationships with some regional brokers and some wholesale brokers."

Faced with a highly competitive market, Steadfast is trying to resist pressure to cut rates. "We're trying to hold rates whenever possible, though we do find we need to hold on to our renewals," Ms. Jordan-Foster said. "So, depending on how long we have written an account, we may cut premiums."

"We're seeing a major run at some of the business," she said, noting that some of that competition is coming from admitted market insurers.

"Anytime the market gets as soft as it is you do see some of that," Ms. Foster said.

"It's definitely a buyer's market out there," Mr. Routson said, adding that he sees nothing on the horizon to suggest the market will harden.

"I think we're all working on the assumption that there's not going to be a hard market," he said.

As competitive as the market is, some risks remain the exclusive domain of the surplus lines market, including California home builders, Mr. Jordan-Foster said.

"Definitely, some of the environmental is being done that way," Mr. Routson added.

Policyholder surplus registered a dramatic gain, increasing more than 163% to nearly $49.5 million last year from $18.8 million in 1994, also a result of the Home acquisition.

Steadfast's combined ratio increased slightly to 112.9% in 1995 from 111.8% in 1994.

Business goals for Steadfast in the near future essentially dovetail with the overall goals for Zurich-American, with the surplus lines insurer viewed as providing an important component in an overall strategy.

"We have rather strong growth goals overall for Zurich-American but we're focusing on writing profitable business," Mr. Routson said. "Steadfast gives us the wide range of flexibilities and possibilities that we need in the market sectors that we're in."

Steadfast has no employees of its own, all staff being Zurich-American employees. The surplus lines insurer has an A+ rating from A.M. Best Co., unchanged from the prior year. Its Standard & Poor's Corp. rating, also unchanged, is AAA.

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

—By Rodd Zolkos

General Star Indemnity Co.

695 E. Main St., P.O. Box 1354,
Stamford, Conn. 06094-2354
203-328-5700; fax: 203-328-6460

	1995	1994
Gross premiums	$243,853,456	$218,988,791
Non-admitted	$237,221,725	$213,404,509
Commercial risks	97%	96%
Net premiums	$177,842,543	$161,019,819
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$322,693,926	$277,786,971
Combined Ratio	96.1%	96.9%
Rating agency	95.3%	96.6%
Net income	$40,784,626	$32,524,739
Best's rating	A++	A++
S&P rating	AAq	BBBq

New products are the armor shielding General Star Indemnity Co. from lackluster results during the soft market, said Kevin P. Brooks, its chairman and president.

Over the past few years, General Star has successfully introduced wind-related property coverage in the Southeast. A strong segment of the wind-related property coverage is its wind-deductible buyback coverage designed to cover policyholders for their existing deductibles. Another new product related to natural disasters is earthquake coverage.

General Star said its ventures into other product areas also have been well-received. The company offers limits of up to $2 million in primary coverage and $10 million in excess coverage in general and professional liability insurance for biotechnology companies involved in genetic engineering or clinical trials of new drugs. The insurer offers limits of $2 million in primary coverage and $10 million in excess coverage for sudden and accidental pollution or oil well blowouts. This coverage is designed for suppliers, electricians and caterers, "but there is nothing to preclude us from underwriting the operators or the drillers," said General Star vp Ron Austin.

The company also is writing general liability insurance for contractors and consultants that clean up pollution sites, and professional liability insurance for consultants that design cleanup plans. This coverage is offered

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executed in

ber 1995.

Insurance Co.
USA

TITLE: Vice President

Signed at Anywhere, USA this twenty-seventh day of November, 1995.

Insurance Co.
Anywhere, USA

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Spotlight report

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with limits of $5 million for primary coverage and $10 million for excess coverage.

"In general, the market pricing has been going down for eight- to nine-plus years, and it's irrational to think that your business will have any other outcome than the way the market is going," said Mr. Brooks.

"So, when you write the business, you have to assume that next year is going to be less. New products give you some protection from that in the sense that you normally are going to be looking at new products in areas where they're just not that many players."

General Star also offers a new combination CGL/professional policy. The CGL is written on an occurrence basis, while the professional policy is written on a claims-made basis. The product is for companies that both sell a product and train people on the product at the company's facilities, such as flight simulators for airlines. It is not designed for traditional areas of professional coverage, such as doctors or lawyers. "It's designed for the emerging companies and to take advantage of the increasing professionalism in America arising out of growth in the service sector," Mr. Austin said.

Other recently developed coverages include: association program business for associations with peculiar exposures, animal mortality and damaged crop and coverage for prescription drug manufacturers. Ocean marine general liability coverage for privately owned yachts that also are used for fishing and tourism is offered with limits of $1 million primary and $5 million excess, Mr. Brooks said. "A lot of the product development now is in specific niches," Mr. Austin added.

The success of the new products drove up premiums written on a direct, non-admitted basis 11.1% to $237.2 million in 1995 from $213.4 million in 1994. The growth was led by the property area, which is particularly strong in writing wind-related business in the Southeast, where admitted carriers have retrenched following large losses. "As they pull back and as the markets look for coverage, for capacity, the surplus lines market becomes the fill-in," Mr. Brooks said.

"We're writing this stuff all over the coast, from Texas all the way around through North Carolina," Mr. Brooks said. "If there's one place where it's still fun to underwrite, I could say that's one of them."

Because of the growth, property coverage now accounts for about 15% of General Star's premium income, up from 10% two years ago. Mr. Brooks said he expects it to continue growing in double digits for the next few years. In the past five years, the company's property lines gross premiums have tripled to $63.2 million in 1995 from $21.3 million in 1991.

Overall gross premium volume has increased to $243.8 million in 1995 from $164.9 million in 1991.

In addition to the boost from new products last year, General Star's pre-1995 introductions continue to do well. These include coverage for short-track railroads; general and product liability coverage for manufacturers and distributors of medical products, with limits of $2 million primary and $20 million excess; and professional liability for scuba diving instructors. The only exception to the success of the new products is the D&O coverage where the premiums have declined. Mr. Brooks, however, said he expects this to turn around and he anticipates success in the long term.

Although the new products have been successful the increase in the company's net income came primarily from improvement in its investment income. Net income grew 25.5% to $40.8 million in 1995 from $32.5 million in 1994, as General Star's net investment gain increased 28.7% to $48.0 million in 1995 from $37.3 million in 1994. This is a reversal for the company that saw a 24.5% decline in investment income from 1993 to 1994.

With the exception of wind-related property and earthquake coverage, Mr. Brooks sees the market as remaining soft for the next few years.

"I don't see any signs that the market is changing at all," he said. "I can't see anything on the horizon that would lead a knowledgeable person to say, 'Yes, do your planning, hire more people get more space, staff up.' "

According to Mr. Brooks, premiums are 5% to 20% lower upon renewal across all lines, including the once hard areas of D&O and professional liability coverage.

The continued dropping of premiums has caused General Star to not renew some business rather than take on a bad risk. Mr. Brooks said this strategy differs from other companies that take on such business.

"If you're not prepared to walk away from an account that's at a price level that you view as marginal at best, you're not that smart," he said. "Once you get complacent about pricing, you've lost your edge entirely."

Despite this policy, there are no lines that the company won't write if the premiums are adequate.

Excess liability limits at General Star Indemnity have increased to $25 million this year from $20 million. The other areas remain unchanged. The company offers $1 million for primary risks for most lines but can provide $2 million. The company writes property coverage with $5 million limits. The facilities department, which handles business from managing general agents, offers limits of $1 million.

The company's surplus also increased to $322.7 in 1995 from $277.8 in 1994.

The number of MGA's producing business for the company has increased to about 40 from 35. General Star has about 220 producers located throughout the country, unchanged from last year.

The company retains 73% of the risk, up from 71% last year. The remainder is reinsured through various reinsurers, the largest of which is General Re Corp. its parent company.

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

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

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

General Star Indemnity has an A+- rating from A.M. Best and an AAq rating from Standard & Poor's.

—By Michael Prince



Reliance Insurance Co. of Illinois

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

	1995	1994
Gross premiums	$241,458,417	$218,132,508
Non-admitted	$234,802,424	$179,498,441
Commercial risks	100%	100%
Net premiums	$15,058,079	$15,256,938
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$28,511,283	$25,405,135
Employees	0	0
Combined ratio	101.4%	108.0%
Rating agency	101.5%	107.5%
Net income	$3,272,204	$1,398,229
Best's rating	A-p	A-p
S&P rating	A	A

Despite the lingering soft surplus lines market, Reliance Insurance Co. of Illinois is continuing to build on its core employment practices and professional liability programs to maintain its standing as one of the 10 largest U.S.-based surplus lines insurers.

The Illinois-domiciled unit of Reliance Group Holdings Inc. wrote $204.8 million in gross premiums on a direct, non-admitted basis in 1995, a 14% surge from the $179.5 million in non-admitted business the insurer wrote in 1994.

For the first half of this year, Reliance of Illinois wrote $126.6 million in direct, non-admitted premiums, compared with $95 million for the same period last year, and total gross premiums of $132.1 million.

While last year's increase surpassed the 1994 jump of 7.7%, it still lags behind the 22.8% leap registered in 1993 over 1992.

Still, the 1995 results allowed Reliance of Illinois to move up a notch to No. 6 in the *Business Insurance* rankings of the largest U.S.-based surplus lines insurers. It had held the No. 7 spot for three years in a row.

Net income also more than doubled to $3.3 million in 1995 from $1.4 million the year before. Net income for the first half of 1996 was $908,473, compared with $1.8 million for the same period last year.

The results are "an indication that the specialty units are doing well," observed Pennington H. Way III, executive vp of New York-based sister company Reliance National Insurance Co. Reliance National oversees Reliance Group Holdings' surplus lines operations.

"Employment practices liability is one of our fastest-growing lines," he said. "We're growing at about a 50% clip" annually.

However, competition in this line is heating up, and Reliance of Illinois last year doubled EPL limits and modified the form to include coverage for prior acts, among other things, according to Mr. Way.

The policy provides coverage for wrongful employment practices, including wrongful termination, sexual harassment, discrimination and actions brought under the Americans with Disabilities Act.

The program offers limits of up to $10 million, and reinsurance capacity is available for additional coverage amounts.

Last year, Reliance of Illinois offered just $5 million in EPL coverage limits.

With close to 20 competitors now offering the relatively new employment practices liability coverage in response to increased employment litigation, Mr. Way said, "We have two choices: Either give up or compete." "But the market's too new for anyone to leave, so we use price and form to compete."

But, if losses develop at a pace faster than now anticipated, Mr. Way expects premiums eventually to increase.

Meanwhile, in keeping with the insurer's conservative underwriting philosophy, Reliance of Illinois still is trying to maintain a 100% loss ratio for employment practices liability risks.

The insurer also increased coverage limits in two other lines:

- Up to $25 million in health care professional liability limits is now available, an increase from $15 million.
- Up to $20 million in lawyers' excess professional liability is now available, up from $10 million previously.

This is the second increase in limits for the lawyer program since 1993, when the insurer offered just $5 million on minimum underlying layers of $1 million.

Approximately one-third to one-half of Reliance of Illinois' surplus lines business is professional-liability oriented.

The insurer also offers an architects and engineers professional liability policy with limits of up to $10 million and various forms of directors and officers liability coverage, as well as a miscellaneous professional liability policy with up to $10 million in limits for such professionals as entertainment business and sports managers, public officials, certain insurance professionals, broadcasters, publishers, inspection firms consultants other than investment advisers, and others.

Reliance of Illinois also writes surcharged property business, which includes hard-to-place property risks such as older buildings in urban areas.

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

Reliance of Illinois writes on a surplus lines basis in all states except New Hampshire and Illinois. Reliance of Illinois operates as an admitted insurer in Illinois.

Regulators are having less impact on the insurer's business these days, according to Mr. Way. "The market pressure is greater than any regulatory pressure now," he said.

For example, "brokers can dictate that they get admitted paper," for risks that previously may have been written on a surplus lines basis, Mr. Way said.

And, as the pressure to use admitted paper increases, he predicts "we'll be forced to file rates and forms [through admitted Reliance affiliates] for lines that traditionally were written on a surplus lines basis," such as architects and engineers professional liability.

In fact, Reliance's architects' program, which had been written by Reliance of Illinois on a non-admitted basis in California, is now being written by another Reliance affiliate on an admitted basis, he said.

Last year the insurer's combined ratio continued to improve to 101.4% from 108.0% in 1994 and 111.8% in 1993.

Mr. Way attributed the change to improved loss development in the 1992 through 1994 underwriting years and to lower expenses.

Reliance of Illinois has no employees of its own. Its staff consists mainly of Reliance National employees.

Reliance National writes spe-

Continued on next page

NO two REINSURANCE PROBLEMS are THE SAME EITHER.

Sedgwick Re

Treaty	Facultative	Diversified Programs		INSTRAT	RSI
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Spotlight report

Continued from previous page

cialty and standard commercial coverages for Reliance Group Holdings units, including Reliance of Illinois.

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

"We get business from everybody," Mr. Way said.

Reinsurance capacity is available from Reliance National's stable of treaty reinsurers, which are reviewed by the parent company's security committee on a regular basis.

Reliance of Illinois' gross premium volume grew 10.7% to $241.5 million in 1995 from $218.1 million in 1994.

Net written volume declined slightly to $15.1 million from $15.3 million the year before.

Policyholder surplus grew 12.2% to $28.5 million in 1995 from $25.4 million in 1994.

Reliance of Illinois has a rating of A-p from A.M. Best Co., unchanged from 1994. The insurer's Standard & Poor's Corp. claims-paying ability rating also remained at A.

According to its annual statement, Reliance of Illinois did not take any charges for unauthorized reinsurance in 1995, compared with a $425,000 charge in 1994. It took no charge for overdue authorized reinsurance in either year.

Robert C. Olsman became chairman of the board and president of Reliance of Illinois last year, replacing Dean W. Case, who retired.

Other principal officers are: Jerome H. Carr, senior vp, treasurer and chief financial officer; Kenneth R. Frohlich, senior vp and chief actuarial officer; Robert Krisowaty, senior vp and controller; and Lee H. Routledge, senior vp, secretary and general counsel.

—By Joanne Wojcik

United National Insurance Co.

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

	1995	1994
Gross premiums	$242,336,639	$338,131,524
Non-admitted	$173,873,102	$260,679,939
Commercial risks	97%	97%
Net premiums	$69,576,218	$82,159,942
Paid-in-capital	$5,000,000	$5,000,000
Capital & surplus	$179,745,093	$162,760,072
Employees	152	145
Combined ratio	94.4%	92.8%
Rating agency	94.4%	92.8%
Net income	$19,875,829	$17,262,708
Best's rating	A+	A+
S&P rating	AAc	BBBq

United National Insurance Co. fell back down to earth in 1995 after record premium growth in the previous year.

While an accounting procedural change accounted for much of the fall in premium last year, the loss of two large programs also helped push non-admitted premiums down below even 1993 levels.

United National executives hope 1996 will show another significant swing in premium volume—but this time upwards.

If the insurer manages to return to growth this year it will be despite market conditions, said Seth D. Freudberg, president and chief executive officer.

Rather, the introduction of several programs, the addition of new managing general agents and the strengthening of relationships with reinsurers will be the key, he said.

In 1995 non-admitted premiums at United National fell 33.3% to $173.9 million from $260.7 million in 1994. The fall more than reversed the stellar 31% rise in premiums in the previous year.

But the drop in premiums looks set to be contained. In the first six months of 1996 non-admitted premiums rose 34.3% to $84.6 million from $63 million in the first half of 1995.

Much of the decrease in premiums in 1995 was due to a procedural accounting change in 1994, said Kevin L. Tate, senior vp. About $35 million of the record premium in 1994 was due to backlogged business in 1993 being booked in 1994, he said.

But a dropoff in real business in 1995 accounted for a further $20 million fall in premiums.

Reinsurers behind a trucking program and a contractors liability program pulled out and the programs were not renewed, Mr. Tate said.

"The reinsurers decided to discontinue and when we lost the reinsurance support we were unable to replace it so we let the programs go," he said.

Despite the drop in premiums United National managed to increase profits thanks largely to a favorable investment market, said Mr. Tate.

Net income for 1995 increased 15% to $19.9 million from $17.3 million in 1994.

United National is making good progress in 1996 due to an increase in the number of programs it put on towards the end of last year that will show up in this year's figures, said Robert Cohen, vp-marketing.

During last year the insurer put on 14 new programs through managing general agents, he said.

"1995 was a very successful year in that we developed many new programs," Mr. Cohen said.

The new programs ranged from primary general liability through commercial umbrella, liability for security guard firms, employers liability, a specialized trucking program, contractors programs, and an inland marine program, he said.

"They are a broad-based spread of programs and they will account for $23 million to $25 million in premium in 1996," Mr. Cohen said.

Examples of the new programs include employers liability and occupational accident program managed by High Point Underwriting Managers L.L.C. in Sparta, N.J.

The program covers workers compensation liabilities for employers that qualify for self-insurance.

The program covers occupational accident and employers' liability covers, commonly known as carve-out coverages for workers comp, he said.

The limits vary between $250,000 and $1 million.

The new programs join a diverse throng of existing programs offered by United National.

With facultative reinsurance United National can provide eight-figure limits, but usually limits are more modest, said Mr. Freudberg.

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

The largest limits written are $35 million for an excess casualty program for hospitals, nursing homes and other health care facilities.

The program is offered through Doran Excess Underwriters Inc. of Mechanicsburg, Pa., and Myron F. Steves & Co. in Houston.

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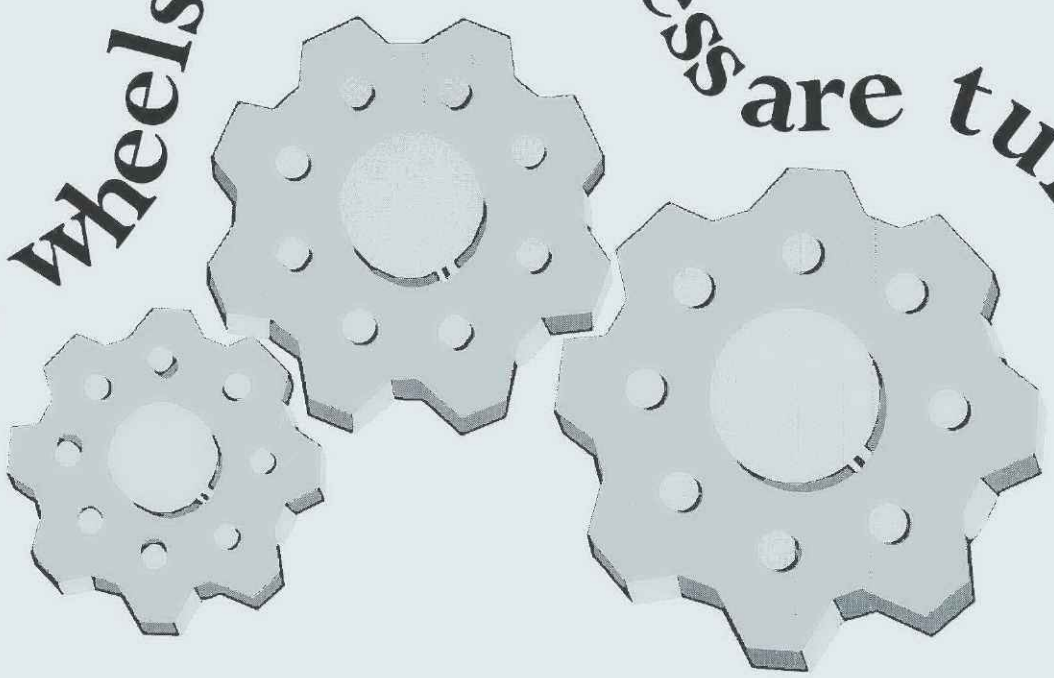


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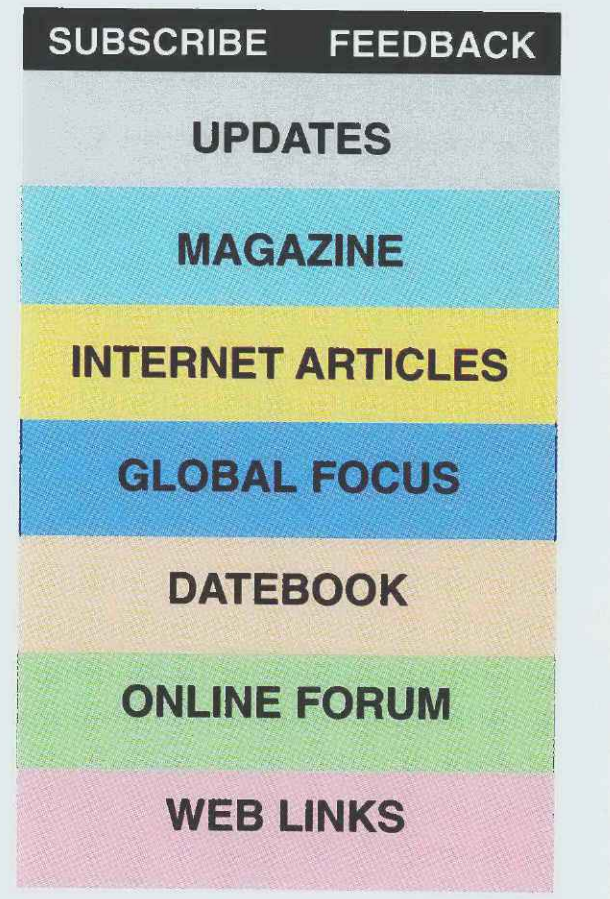
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Spotlight report

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The largest line of business for United National is umbrella and excess casualty, including excess insurance over self-insured retentions. In 1995 it accounted for $120 million or 69%, of non-admitted premiums.

The next biggest line is primary liability, which accounts for $36 million, with property and other miscellaneous lines accounting for the remaining $19 million in non-admitted premiums, Mr. Freudberg said.

Reinsurance support accounts for much of the United National capacity, and the addition of new programs has led to some new reinsurance programs to supplement the core treaties United National already has, Mr. Freudberg said.

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

"But we are a very diverse company, and one of our specialties is the development of new products through new producers and we establish unique treaties to support them," according to Mr. Freudberg.

To support the new products United National is increasing the amount of business it cedes to several reinsurers, which include PMA Reinsurance Corp., NAC Reinsurance Corp. and St. Paul Fire & Marine Insurance Co., Mr. Freudberg said.

Other reinsurers used by United National include American Re-Insurance Co., Everest Reinsurance Co., Frankona America Reinsurance Co., General Reinsurance Corp., Munich America Reinsurance Corp. Odyssey Reinsurance Corp., Swiss Reinsurance America Corp., Underwriters Reinsurance Co. and Zurich Reinsurance Centre Inc.

The changing reinsurance market is affecting United National, he said.

On the positive side, the increased capital of the merged companies means stronger balance sheets to back up the United National programs, Mr. Freudberg said.

"It's a good thing to have a growing number of significantly sized reinsurers," Mr. Freudberg said.

But, on the negative side, the mergers lead to less diverse markets, he said.

"When two great relationships merge, you have one great relationship and that tends to reduce the number of mutual opportunities," he said.

And, in the case of takeovers, the purchasing reinsurance company may not wish to continue underwriting the same business as the reinsurer it is taking over, according to Raymond L. Freudberg, chairman of United National.

"The reinsurers may not have the same appetite for certain types of business," Mr. Freudberg said.

United National also is changing its relationship with the brokers that bring business to the insurer.

"The number of brokers is getting smaller by design," said Mr. Freudberg.

United National last year analyzed the business brought to the company by brokers.

They discovered that about 80% of the business was submitted by 20% of the brokers it has relationships with, according to Mr. Freudberg.

"So it makes better business sense to develop better relationships with fewer brokers," Raymond Freudberg said.

During 1995, the surplus lines insurance company increased its number of managing general agents by 39.

The advantage to United National is that the MGAs bring in new programs and business.

Of those, 25 of the managing general agents came to United National from Lincoln Insurance Co. of Wilmington, Del.

After Lincoln was sold to Markel Corp. last year, four people responsible for marketing and underwriting a general commercial book, including artisan contractors business and garage liability business, left to join United National and brought the MGAs with them.

United National, like most surplus lines insurers, is trying to grow in an increasingly competitive market, according to Seth Freudberg.

"I truly cannot think of one class of business that is not under attack right now," Mr. Freudberg said.

Even property catastrophe insurance, where premiums have been growing for the past several years, is now seeing increased competition and falling premiums, Mr. Freudberg said.

General liability and excess liability insurance continue to see falling prices.

The softest area is umbrella liability, he said.

"It is easy for that to get soft because it is easy for companies to fool themselves that they are making an underwriting profit, because you don't see claims for several years," Mr. Freudberg said.

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

In addition to Seth and Raymond Freudberg and Messrs. Tate and Cohen, other top executives at the surplus lines insurer are: Daniel J. Kelleher, treasurer; Richard S. Marsh, general counsel and senior vp; Joanne Pawulack, vp of underwriting; and Terri Albert, second vp.

—By Gavin Souter

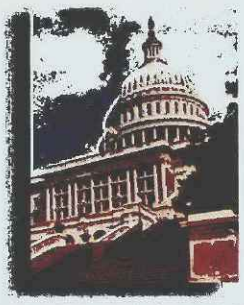
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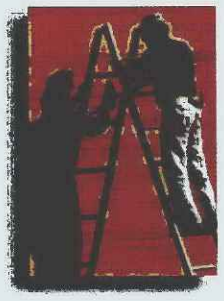
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Spotlight report

St. Paul Surplus Lines Insurance Co.

385 Washington St.,
St. Paul, Minn. 55102;
612-310-7911; fax: 612-310-3810

	1995	1994
Gross premiums	$192,534,814	$167,521,793
Non-admitted	$160,835,176	$140,445,569
Commercial risks	100%	100%
Net premiums	$31,696,638	$27,072,602
Paid-in capital	4,100,000	$4,100,000
Capital & surplus	$64,128,959	$56,393,725
Employees	75	70
Combined ratio	102.6%	103.3%
Net income	$7,887,669	$7,581,449
Best's rating	A+	A+
S&P rating	AAA	AAA

Programs for risks as diverse as carnivals and airports contributed to St. Paul Surplus Lines Insurance Co.'s improved premium volume in 1995.

Gross premiums increased 14.9% to $192.5 million and premiums written on a direct, non-admitted basis—which account for about 84% of the insurer's premium—grew 14.5% to $160.8 million.

The growth in direct non-admitted premiums pushed St. Paul up one spot to No. 8 in the Business Insurance rankings of surplus lines insurers.

"Our strategy is to continue to play on our strengths," said Janet R. Nelson, president of custom markets for St. Paul Surplus Lines. The industry is expected to grow about 4% to 5% in 1996, she said.

"We think we will beat that by five to six percentage points," Ms. Nelson said.

To do this, the insurer this year has been focusing on its core strategy of tackling hard-to-place risks for risk managers but also has been looking to some new strategies aimed to help offset the competitive, soft pricing environment.

"It is our core strategy that has supported our growth" in a market arena that has come at us with "slings and arrows," Ms. Nelson said.

St. Paul Surplus Lines' experienced underwriters and its access to loss control and specialized claims expertise enable the company to tackle risk managers' greatest challenges, Ms. Nelson explained.

The surplus lines insurer also brings to the table the stability of its parent, St. Paul Fire & Marine Insurance Co., executives say.

Because of St. Paul's Fire and Marine's national operation, St. Paul Surplus Lines can offer a long-term consistency with products and approach, said Richard G. Gustafson, vp of St. Paul's Athena division, which underwrites program business produced exclusively by sister company Swett & Crawford.

"Having the same philosophy running through the company. . .helps smooth out the peaks and valleys, especially on programs with national markets," he said.

St. Paul Surplus Lines' growth also is being fueled largely by new product offerings.

During 1995, the insurer expanded its program business and continues to write more of its business in the admitted market.

"It's a very difficult market, but we continue to find things to do," said Robert J. Cecconi, senior vp of the Surplus Lines division. "We continue to grow. I've never felt better about the company."

St. Paul Surplus Line's marketing operation "clearly is one thing we have that not a lot of our competitors have," Mr. Gustafson said.

The marketing operation consists of technical underwriters that assist in developing forms and of support staff to assist in researching and developing new products.

St. Paul Surplus Lines' custom markets is comprised of seven divisions, all of which write coverage for specialized markets. The vast majority of surplus lines business comes from the Surplus Lines division and the Athena division.

First-half 1996 written premiums in the non-admitted market for the insurer were $65.2 million. This is a 31% drop from the $85.5 million reported for the same period in 1995, a decline executives attributed to a drop in catastrophe rates in 1996.

In 1995, "there was opportunity in the cat area that we were able to take advantage of," which led to a 25% increase in property premiums for the Surplus Lines division, compared with a 10% to 15% growth in 1995 casualty business, Mr. Cecconi said.

Historically, the Surplus Lines division has focused on larger individual risks generating $50,000 in property coverage premiums and $100,000 in casualty coverage premiums, with specialities in catastrophic insurance, products liability and fire insurance coverages.

However, recent market conditions have rendered the insurer's "bread and butter business pretty flat," Mr. Cecconi said.

Despite the first-half drop, executives expect growth activity to accelerate during the second half of this year. Part of this growth is expected to continue to come from new program business.

For example, about $10 million in 1995 premiums is attributable to a new program for traveling carnivals introduced in early 1995. The package includes primary general liability, auto and inland marine coverage with limits of about $2 million.

At the end of 1995, the division also introduced a primary liability program for race tracks. And in 1996, the division introduced a new primary liability program for manufacturers of pressure vessels, metal containers used, for example, by utilities and gas companies to store air, water and gas, he said.

On the property side, the Surplus Lines division rolled out a new program for the American Assn. of Airport Executives in 1995; the program is primary property coverage with capacity available up to $80 million.

In addition to new programs, Mr. Cecconi points to the division's experienced underwriting staff as the "cornerstone" of its growth strategy.

The six property underwriters and eight casualty underwriters in the division average 23 years' experience in underwriting.

Surplus lines is just "not the environment to have novice underwriters cutting their teeth because the severity of exposures (they deal with) is so great," Ms. Nelson added.

Primary producers of business for St. Paul's surplus lines division include the following: Castle Insurance Associates Inc.; Cooney, Rickard & Curtin Inc.; McAlear Associates Inc.; PCM Excess Ltd.; Sherwood Insurance Services Inc.; Stewart Smith Group Inc.; Swett & Crawford;

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TIG INSURANCE.

Spotlight report

Continued from page 30

Travis-Pederson & Associates Inc.; Tri-City Insurance Brokers Inc.; and Wood & Co.

While the Surplus Lines division is recently delving into program business, St. Paul's Athena division started underwriting programs in 1983, Mr. Gustafson said. The Athena division underwrites 14 programs, the biggest being energy and transportation programs. Swett & Crawford has underwriting authority for about 75% of Athena's programs.

"The industry is changing," Mr. Gustafson said. More and more specialty business is being placed in the admitted market.

Five years ago, 90% of Athena's premium was placed in the non-admitted market. Today, only 60%, or $30 million, of its premiums, is in the non-admitted market, while 40%, or $20 million, is in the admitted market.

The change is market driven.

The market has chosen to push certain products into the admitted markets for various reasons, Mr. Gustafson said. In some cases it is due to the needs of the buyer; in other cases it may be because the admitted markets have chosen to start underwriting the business.

Because of this, "we are willing to look at doing certain business in the admitted market where rate freedom exists," he said.

Athena uses Athena Assurance Co., to underwrite its admitted program business. Athena Assurance is admitted in 47 states and is a unit of St. Paul Fire & Marine. Overall, growth in the Athena division is "driven by new programs" in the admitted and non-admitted market, Mr. Gustafson said.

In 1995, Athena introduced a transportation program covering the long-haul trucking business that is expected to produce about $15 million in premiums for Athena in 1996, Mr. Gustafson said. The package, which includes commercial auto liability and auto physical damage coverage, is placed in the admitted market with limits up to $1 million.

Other programs Athena writes in the admitted market include its umbrella program, automobile liability and some monoline liquor liability coverages.

In the non-admitted market, Athena introduced a new program for family entertainment centers, which includes bungee jumping venues, water parks, video arcades and go-cart tracks. Currently, Athena will underwrite the primary liability up to $1 million and is looking to underwrite the property side of the program.

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

—By Sally Roberts

Columbia Casualty Co.

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

	1995	1994
Gross premiums	$502,611,356	$415,958,873
Non-admitted	$147,601,114	$97,718,410
Commercial risks	99.2%	100%
Net premiums	$350,362,262	$311,733,722
Paid-in capital	$8,700,000	$8,700,000
Capital & surplus	$242,937,606	$214,277,164
Employees	0	0
Combined ratio	107.8%	120.3%
Rating agency		107.8%119.3%
Net income	$29,020,069	($8,814,337)
Best's rating	A	A
S&P rating	A+	A+

Columbia Casualty Co., the non-admitted CNA Insurance Cos. insurer, is now a powerhouse in the surplus lines field due to its absorption of Pacific Insurance Co., previously Continental Insurance Co.'s non-admitted insurer. CNA Financial Corp. acquired Continental Corp. in May 1995.

Columbia Casualty reported 1995 premiums written on a direct, non-admitted basis of $147.6 million, which launched the company into the *Business Insurance* rankings as the ninth-largest surplus lines insurer.

Columbia Casualty delivered $79.9 million of that volume, while $67.7 million came from Pacific.

Although CNA officially acquired Continental in May 1995, for ranking and comparison purposes Columbia Casualty and Pacific's financial results are being reported on a combined, retrospective basis for the whole year. Virtually all of Pacific's renewals after its acquisition were written on Columbia Casualty paper, said Richard W. Quehl, president of Columbia Casualty and CNA Excess & Select, CNA's specialized and unusual risks division.

Mr. Quehl said Columbia Casualty hopes to become even more of a force in the surplus lines market, possibly through further acquisitions.

"On the one hand, we're real proud of the growth we've been able to achieve," he said. But the company cannot "get to that position of influence" it hopes to achieve without an acquisition, he said.

Calculated on a retrospective basis, Columbia Casualty and Pacific's combined premiums written on a direct, non-admitted basis in 1994 were $97.7 million, which means Columbia Casualty's premiums on a combined basis shot up 51% in 1995.

Mr. Quehl said CNA decided to use Columbia Casualty for all non-admitted business after the merger because Columbia's A.M. Best Co. rating of A—compared with Pacific's A- rating from Best—makes Columbia Casualty more appealing to buyers. Columbia Casualty has an A+ rating from Standard & Poor's Corp., compared with an A- for Pacific.

Pacific still exists as a corporate entity, but CNA has not determined a strategic use for the unit, Mr. Quehl said. In the future, some other risks, like non-standard personal lines, may be written on Pacific paper, he said.

"We've been accelerating our efforts in trying to become a meaningful factor in the surplus lines market," he said.

The jump in premiums written on a direct, non-admitted basis is due to a rise in general liability claims-made business and more of CNA's medical malpractice business being written on a non-admitted basis, Mr. Quehl explained.

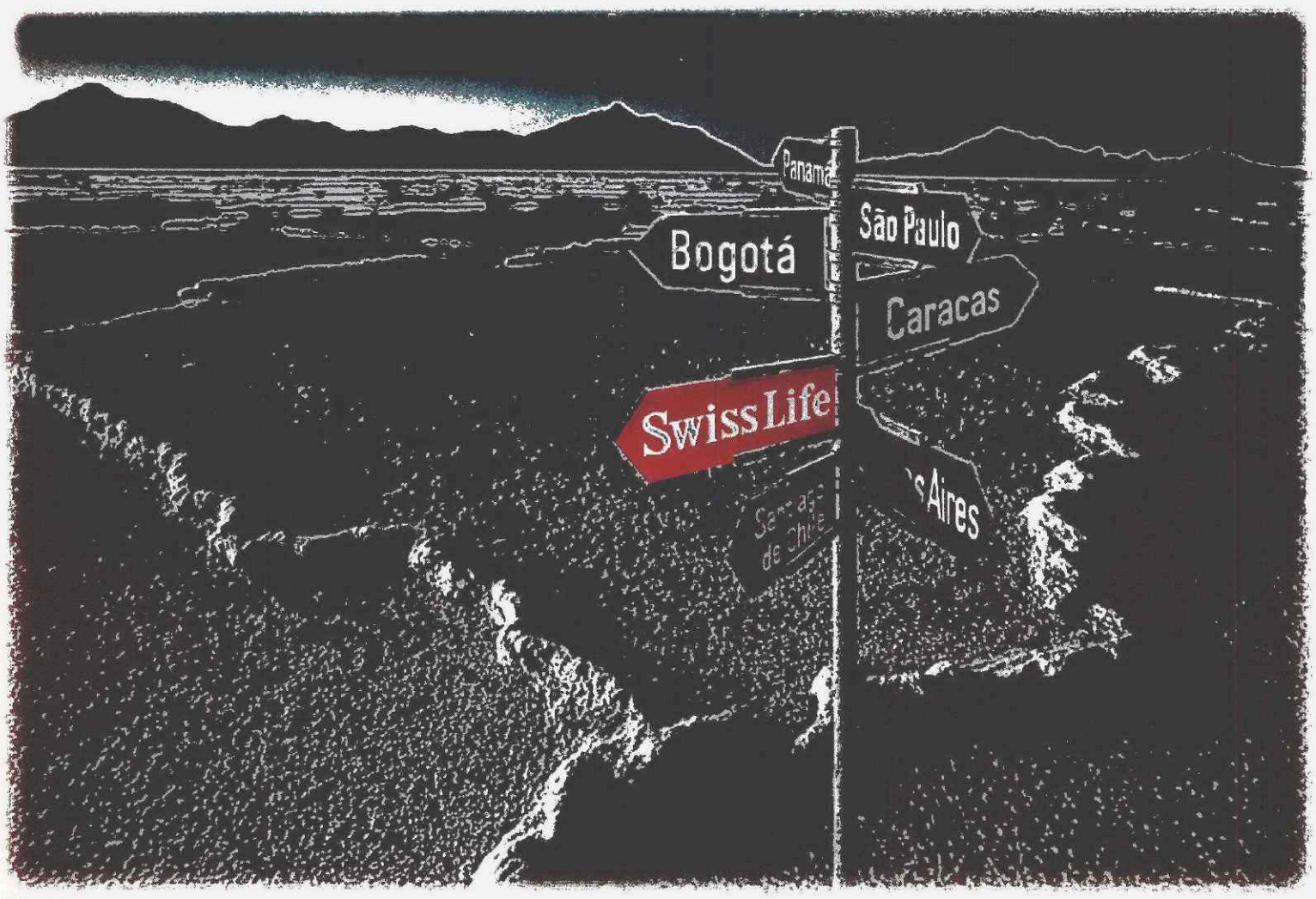
Columbia Casualty's 1995 gross premium volume was $502.6 million, up 20.8% from combined volume of $416 million for the two companies the previous year.

The rise in gross premium volume reflects Columbia Casualty's increase in non-admitted premiums and its portion of the business that other CNA companies write, Mr. Quehl said.

Net written premium volume last year for the combined operations of Columbia and Pacific totaled $350.4 million, up 12.4% from $311.7 million the previous year.

In the future, Mr. Quehl said he expects Columbia Casualty's net written volume to increase, in recognition of "the size of the combined entities and the financial risk holding power that represents." This will happen slowly,

Continued on next page



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Swiss Life

THE RIGHT DECISION

Continued from previous page

however, he said.

Columbia Casualty's combined ratio improved to 107.8% in 1995 from 120.3% in 1994. The improvement is due primarily to Pacific, which posted a combined ratio of 108.8% last year from 129.9% in 1994. One-time occurrences, like weather-related losses, and a push by Pacific to strengthen its environmental reserves pushed the company's 1994 combined ratio way up, Mr. Quehl explained. Calculated separately, Columbia's combined ratio in the same period improved to 106.8% from 110.5%.

The two companies' combined net income surged to $29 million last year from an $8.8 million loss in 1994. The poor 1994 results stemmed from Pacific's $20.3 million loss, Mr. Quehl said.

Columbia Casualty has a policyholder surplus of $242.9 million, up 13.4% from $214.3 million the previous year.

The insurer hopes to grow about 14% in 1996, he said. For the first half of 1996, gross non-admitted premiums were up 12.5%.

Columbia Casualty writes liability coverage on a non-admitted basis only. Liquor liability coverage, primarily for mom-and-pop restaurants, taverns and private social clubs, accounts for about 25% of premiums written on a direct, non-admitted basis.

Medical malpractice coverage accounts for another 25% of non-admitted premiums. Columbia Casualty insures all types of health care providers, from nurses to large hospitals.

Some 30% of non-admitted premiums are generated by a combination of railroad liability coverage, product liability coverage for industries like sporting equipment and heavy machinery, and premises liability coverage.

The remaining 20% of non-admitted premiums are generated by miscellaneous errors and omissions coverage and other specialized coverage, like accidental and malicious product tampering liability coverage.

Columbia Casualty introduced a new automobile liability program three months ago for automobile messengers in California. Mr. Quehl said the insurer plans to expand the program to five or six other Western states this year. The program, which covers both owned and non-owned vehicles, has a $1 million limit.

The insurer also just introduced a construction defects program for contractors. The program is geared to plumbers, electricians, plasterers and other trades, with limits of $1 million per occurrence and $2 million aggregate.

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

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

Major producers of business for Columbia Casualty include the alphabet brokers, other wholesalers and independent managing general underwriters, Mr. Quehl said.

The largest limit Columbia Casualty writes is $25 million. For example, excess product liability can be written with a $25 million limit. The insurer writes excess product liability coverage on a quota-share basis, retaining a maximum of $10 million. Columbia Casualty does not cede any of the primary product liability coverage it writes. It offers $1 million of limits for that coverage.

Columbia Casualty writes premises liability with similar limits; excess coverage can be written with a limit of up to $25 million on a quota-share basis, with the company retaining up to $10 million, while primary coverage with a limit of $1 million is written on a net basis.

Railroad liability coverage can be written with a limit of up to $15 million. Columbia Casualty's maximum retention is $5 million. Both medical malpractice and miscellaneous E&O liability can be written with limits of up to $5 million, Mr. Quehl said. The insurer writes liquor liability with a $300,000 to $500,000 limit, all net.

Columbia Casualty's major reinsurers include American Re-Insurance Co., NAC Reinsurance Corp., Munich Reinsurance Co., Kemper Reinsurance Co. and the London market, Mr. Quehl said.

Columbia Casualty has no employees of its own. Its staff is employed by the surplus lines insurer's parent, CNA Insurance Cos.

William P. Casey, senior vp, is a principal officer of the company, in addition to Mr. Quehl.

—By Deborah Shalowitz Cowans

Illinois Insurance Exchange

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

	1995	1994
Gross premiums	$172,481,806	$175,119,282
Non-admitted	$140,338,831	$222,524,676
Commercial risks	87%	84%
Net premiums	$127,610,652	$132,258,079
Paid-in capital	$14,004,877	$14,147,377
Capital & surplus	$138,442,582	$132,126,716
Employees	28	30
Combined ratio	104.7%	98.0%
Net income	$5,754,538	$12,762,056
Best's rating	NA	NA

The Illinois Insurance Exchange is busy juggling serious problem-solving with helping syndicates maintain a market for hard-to-place coverage and program business.

The IIE seeks to reaffirm the stability of its market while it triggers its guaranty fund in the wake of its first syndicate insolvency, approves the withdrawal of three of its remaining 10 syndicates and finds a new chief executive officer to oversee operations beginning next year.

The IIE's 10 active syndicates last year wrote $172.5 million in gross premiums, just a 2% drop from those syndicates' 1994 writings of $175.1 million, according to restated figures in the IIE's 1995 annual statement. The exchange traditionally restates previous years' numbers to reflect only the business done by syndicates active in the current year.

However, the active syndicates' restated writings were 40.6% below the $294.7 million the IIE originally reported for 1994, which was the exchange's best year. Last year's results and restatings caused the IIE to plummet from the fifth to the 10th-largest U.S.-based surplus lines insurer in this year's *Business Insurance* rankings.

Net written premium volume was down 4% to $127.6 from $132.3 million in 1994. The slide also was seen in the IIE's 37% drop in direct, non-admitted writings to $140.3 million from a restated $222.5 million in 1994.

In addition, the policies written were less profitable. The IIE's statutory combined ratio increased to 104.7% from 98.0% in 1994.

Continued on next page

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Strategic Benefits Planning

Continued from previous page

These developments contributed to a 55% drop in the IIE's net income, to $5.7 million from $12.8 million in 1994.

Countering the downward trend was a 5% rise in policyholder surplus, to $133.4 million from $132.1 million.

Syndicates on the exchange have a combined asset base of more than $440 million.

The duration of the IIE's slide may depend on exchange officials' response to several new problems.

The IIE must trigger its $35 million guaranty fund to cover most claims from the insolvency of Geneva Assurance Syndicate Inc. and negotiate withdrawal agreements with three additional syndicates. It also is striving to rebuild its reputation among buyers and brokers in light of the negative publicity.

"The exchange is in a transition period," said James M. Skelton, the IIE's outgoing president and chief executive officer. That helps create "an opportunity for the exchange to enhance its regulatory mechanism and bring in new players."

Mr. Skelton, who has headed the IIE since the Illinois Legislature approved it 16 years ago, voluntarily submitted his resignation late last month, effective Jan. 1, so he can pursue other business opportunities (*BI,* Sept. 2). IIE Board Chairman Gordon Teach said Mr. Skelton's letter was "a total surprise," and the board plans to invite him to serve as a public trustee.

The most significant challenge the IIE faces stems from a Cook County Circuit Court's July 11 ruling that Geneva Assurance is insolvent by $4.5 million and should be placed in liquidation (*BI,* July 15).

Geneva's mostly small, commercial policyholders suffered property damage as a result of hurricanes in the Caribbean and Florida as well as the 1994 Northridge, Calif., earthquake. Last year, Geneva was the IIE's second-largest syndicate, based on originally reported 1994 gross written premiums of $55.5 million.

Current estimates are that the maximum $15 million available to pay an insolvent syndicate's claims under IIE rules will be at least $4.5 million short of Geneva's estimated claim costs. Payouts to individual claimants are limited to $300,000.

The impact of Geneva's insolvency on other individual syndicates is expected to be negligible because the $35 million in accumulated guaranty fund assets exceeds the maximum $15 million payout under IIE rules.

In addition, exchange rules are designed to limit syndicate liability.

The exchange will attempt to maintain its customer base, though three of its 10 active syndicates have filed to withdraw (*BI,* July 22).

However, spokesmen for two of the three syndicates cite internal business reasons—and not Geneva Assurance's insolvency—for their decision to withdraw. They are Comprehensive Ensurers Market Syndicate Inc. and Transco Syndicate #1 Ltd., which voluntarily ceased underwriting on the exchange earlier this year.

However, Transco is facing some difficulties of its own. Its Alpine Insurance Co. affiliate, a unit of Solvang, Calif.-based Exstar Financial Corp., is reorganizing its operations after giving up efforts to win an insurance license in California, which was its largest source of business.

An Exstar executive said the company intends for Alpine to assume the business of its parent, Transco.

A spokesman for the third withdrawing syndicate, First Mercury Syndicate Inc., declined to comment while his request was pending.

The three withdrawing syndicates wrote a combined total of nearly $40.4 million in 1995 and $6.4 million in the first three months of this year.

The IIE expects to approve the withdrawal requests as promptly as possible, Mr. Skelton said. However, withdrawing syndicates must leave behind enough money to pay their own claims as well as to make guaranty fund contributions as needed in the near future. The IIE does not anticipate any additional withdrawal requests, he said.

Overall, the IIE already has committed to requiring that syndicates adhere more closely to IIE rules and regulations in the future and hired a consultant, Jim Schacht, to help map out a strategy. Mr. Schacht is director of the insurance regulatory practice at Coopers & Lybrand L.L.P. in Chicago and a former chief deputy director of the Illinois Insurance Department.

The negative publicity about the IIE's problems is expected to cause at least a few policyholders to seek coverage elsewhere, syndicate and exchange officials agree.

However, IIE syndicates, excluding First Oak Brook Corp. Syndicate Inc., in first-half 1996 collectively wrote $68.3 million in gross premiums, up about 5% from nearly $65 million during the same period in 1995.

Fueling those writings is the exchange's tradition of continuous innovation in the types of coverages offered. Syndicate writings historically have been a mix of 70% casualty and

Continued on page 36

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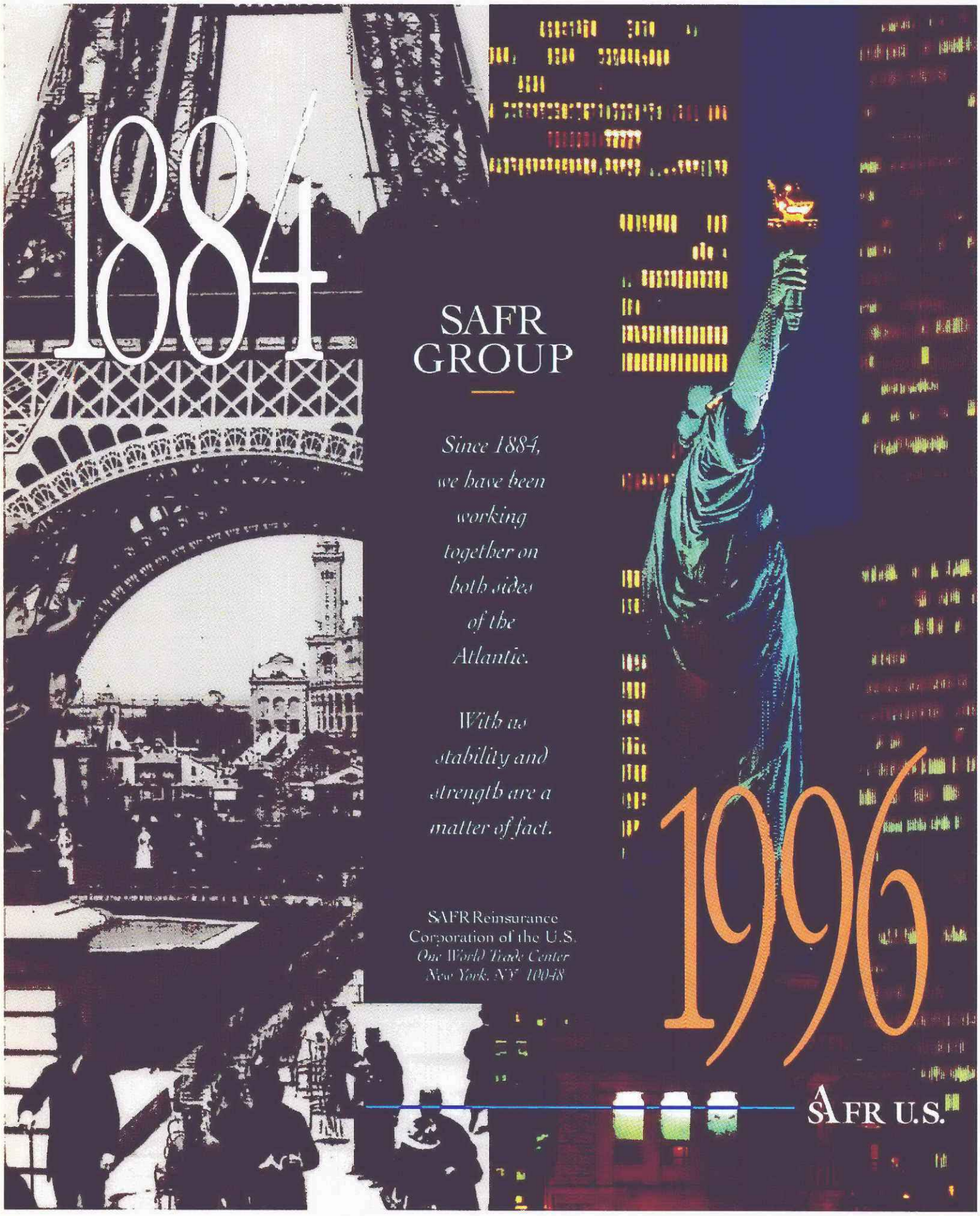
Illinois Insurance Exchange syndicates

Ranked by gross premium volume in thousands of dollars

Active syndicates	Gross premiums written 1995	Gross premiums written 1994	Net premiums written 1995	Net premiums written 1994	Policyholder surplus 1995	Policyholder surplus 1994	Net premium to surplus ratio 1995	Net premium to surplus ratio 1994	Combined ratio 1995	Combined ratio 1994	Net income (loss) 1995	Net income (loss) 1994	Net investment income (loss) 1995	Net investment income (loss) 1994
Britamco Underwriters Inc.	$55,660	$40,135	$49,296	$34,926	$44,997	$41,612	1.10:1	.84:1	77.2%	95.4%	$12,876	$2,823	$9,807	$7,127
First Oak Brook Corp. Syndicate Inc.	34,809	26,136	27,039	18,640	10,179	7,204	2.66:1	2.59:1	127.1	101.7	(5,901)	228	533	479
Agora Syndicate Inc.	23,173	27,784	16,213	19,104	10,700	10,747	1.52:1	1.78:1	101.3	95.6	(242)	(159)	1,501	1,013
Transco Syndicate #1 Ltd.	22,582	24,810	10,529	21,904	18,412	22,105	.61:1	.99:1	108.8	87.9	114	3,207	1,678	1,864
First Mercury Syndicate Inc.	16,583	24,797	12,014	19,673	26,737	24,962	.45:1	.79:1	104.6	99.3	3,396	4,277	4,913	5,224
Resure Inc.	13,052	19,909	6,184	8,527	7,988	7,011	.77:1	.49:1	148.7	85.3	(2,498)	1,703	1,281	1,227
Prime Syndicate Inc.	2,807	3,116	2,807	3,116	5,440	5,516	.52:1	.57:1	32.5	110.3	(70)	(110)	216	211
AAI Syndicate #1 Ltd.	1,863	3,199	1,847	3,194	4,187	4,195	.44:1	.76:1	211.3	106.0	(1,633)	410	514	543
Comprehensive Ensurers Market Syndicate Inc.	1,223	3,234	1,193	3,174	4,510	4,922	.25:1	.65:1	109.9	75.9	2	281	180	140
RCA Syndicate #1 Ltd.	730	0	487	0	5,293	3,853	.09:1	0	448.0	0	(291)	101	163	137
Total IIE Syndicates	**$172,482**	**$175,120**	**$127,609**	**$132,258**	**$138,443**	**$132,127**	**.92:1**	**1:01**	**104.7%**	**98.0%**	**$5,755**	**$12,762**	**$20,786**	**$17,964**

Source: Illinois Insurance Exchange

GRAPHIC BY TONY BUCCINI



Continued from page 34

30% property, though the syndicates wrote slightly more property coverage last year, Mr. Skelton said.

That trend may continue this year, too, though competition continues industrywide with both admitted and non-admitted insurers, he said.

A new development, is that "several traditional reinsurers are aggressively seeking to write primary policies" on a surplus lines basis, he said.

The only tightening he has seen is on some coastal property risks and directors and officers liability coverage.

Wholesalers, including IIE brokers, are the major producers of exchange business, which often is written through individual syndicates' captive brokers, Mr. Skelton said. Easy access to exchange capacity through the captive brokers is the main reason the number of exchange brokers has dwindled to about 60 from a high of about 250 several years ago, he added.

IIE syndicates write more than 200 types of coverage, with the exception of financial guarantees, Mr. Skelton said. Most of their offerings are listed in an updated marketing book titled "What We Write." Syndicates now are doing more program business than in the past as demand in specialized areas grows, Mr. Skelton said.

"I see new growth coming from new syndicates," he added. That includes Prime Syndicate Inc., which organizes entities like tow truck operators and amusement parks into separate purchasing groups.

A resurgence of syndicate interest in joining together to build capacity means the IIE can provide limits of about $5 million for property and up to $2.5 million for liability, he said.

Regulators inside and outside Illinois will play an important role in determining the future of the exchange.

The IIE as an entity is accepted as an eligible surplus lines writer in about three dozen states. However, the IIE syndicates are accepted on an individual basis in six other states. Generally, the IIE cannot write business in the remaining states.

"We have generally and historically been accepted as an entity. Now, more states are taking a syndicate-specific approach," Mr. Skelton said.

Currently, eight syndicates have traditional letter ratings from A.M. Best Co. of Oldwick, N.J., based on their 1995 financial data.

The leaders, with B++ ratings, are Britamco Underwriters Inc. and First Mercury Syndicate Inc. Comprehensive Ensurers Market Syndicate Inc. has a B+. First Oak Brook and Resure Inc. each have a B. Agora Syndicate Inc. has a B-, while AAI Syndicate Inc. has a C. Transco Syndicate #1 Ltd. also has a C rating but is under review. Both Prime Syndicate Inc. and RCA Syndicate #1 Ltd. have an NR-2 designation, which reflects their small size or newness.

—By Meg Fletcher

BI's annual directory of excess/surplus insurers

A

Acceptance Insurance Co.

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

	1995*	1994*
Gross premiums	$310,519,621	$190,840,390
Non-admitted	$145,990,904	$115,408,000
Commercial risks	100.0%	100.0%
Net premiums	$122,945,490	$109,197,530
Paid-in capital	$5,619,520	$5,619,520
Policyholder surplus	$121,337,168	$78,820,742
Employees	350	275
Combined ratio 1	114.6%	102.9%
Combined ratio 2	114.6%	102.9%
Net income	$(6,401,151)	$(1,191,985)
Best's rating	A-	A-
S&P's rating	BBq	BBBq

* Figures reported on a pooling basis.

Founded: 1979.
Parent: Acceptance Insurance Cos. Inc.
Specialties: Product liability.
Subsidiaries: Acceptance Indemnity Insurance Co., Omaha, Neb.; Phoenix Indemnity Insurance Co., Phoenix.
Approved non-admitted in: Alaska, California, Connecticut, District of Columbia, Florida, Hawaii, Idaho, Kansas, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Oklahoma, Oregon, Pennsylvania, Puerto Rico, South Carolina, South Dakota, Texas, Utah, Washington, West Virginia, Wyoming, Virgin Islands.
Admitted in: Alabama, Arizona, Arkansas, Colorado, Georgia, Illinois, Indiana, Iowa, Kentucky, Maine, Michigan, Nebraska, North Dakota, Ohio, Tennessee, Virginia, Wisconsin.
Officers: K.C. Coon, CEO; J.P. Nelson, COO/president; G.D. Ewald, senior vp; G.M. Mace, CFO; W.J. Gerber, vp-investor relations/investments.
Contact: William J. Gerber.

Admiral Insurance Co.

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

	1995	1994
Gross premiums	$119,371,928	$115,189,671
Non-admitted	$112,701,350	$113,564,304
Commercial risks	100.0%	100.0%
Net premiums	$57,796,278	$46,729,861
Paid-in capital	$5,600,000	$5,600,000
Policyholder surplus	$175,622,209	$163,608,986
Employees	133	137
Combined ratio 1	101.8%	99.8%
Combined ratio 2	98.6%	107.0%
Net income	$23,770,193	$22,330,679
Best's rating	A++	A++

Founded: 1952.
Parent: W.R. Berkley Corp.
Specialties: Commercial general liability on manufacturing and contracts, professional liability.
Subsidiaries: Nautilus Insurance Co., Scottsdale, Ariz.
Approved non-admitted in: All states, excluding Delaware and New Jersey.
Admitted in: Delaware, New Jersey.
Officers: Michael J. Snead, chairman; John J. Kinsella, president/CEO; Kathleen Crawford, senior vp/treasurer; Kevin P. Hannon, senior vp/secretary; Charles L. Barnard Jr., Martin M. Michell, Harold M. Mork, regional vps.
Contact: Charles L. Barnard Jr.

Adriatic Insurance Co.

3501 N. Causeway Blvd., Suite 1000, Metairie, La. 70002; 504-838-8100; fax: 504-832-0605

	1995	1994
Gross premiums	$13,174,782	$15,299,107
Non-admitted	$13,174,782	$15,299,107
Commercial risks	96.5%	89.0%
Net premiums	$10,557,386	$12,544,990
Paid-in capital	$3,500,000	$3,500,000
Policyholder surplus	$18,972,393	$17,450,677
Employees	18	18
Combined ratio 1	94.4%	92.2%
Combined ratio 2	94.4%	92.0%
Net income	$1,520,147	$1,377,926
Best's rating	A	A

Founded: 1979.
Specialties: Truck physical damage, taxicab, special automobile, garage keepers legal liability.
Approved non-admitted in: All states, excluding Alaska, Colorado, Connecticut, Delaware, Hawaii, Maine, Massachusetts, Nevada, New Hampshire, New Mexico, North Dakota, Rhode Island and Vermont.
Admitted in: Delaware, Nevada, New Mexico, North Dakota.
Officers: Joseph E. Taylor, president; Steven M. Harris, treasurer; Anthony V. Ciervo, secretary.
Contact: Joseph V. Taylor.

Agricultural Excess & Surplus Insurance Co.

49 E. Fourth St., Dixie Terminal S. Building, Suite 300, Cincinnati, Ohio 45202-3803; 513-579-6300; fax: 513-579-6314

	1995*	1994*
Gross premiums	$93,380,155	$85,064,288
Non-admitted	$91,919,932	$83,723,851
Commercial risks	100.0%	100.0%
Net premiums	$1,460,223	$1,340,436
Paid-in capital	$4,100,000	$4,100,000
Policyholder surplus	$20,604,299	$18,076,939
Employees	54	50
Combined ratio 1	99.8%	106.5%
Net income	$1,253,717	$526,813
Best's rating	A	A

* Figures reported on a pooling basis.

Founded: 1979.
Parent: Great American Insurance Co.
Specialties: D&O, storage tanks, asbestos abatement, college/university, professional liability, food-borne illness, liquor liability, general liability, excess liability, commercial property.
Approved non-admitted in: All states, excluding Delaware.
Officers: Richard C. Koscielak, president; Gayle S. Christen, senior vp; Alan F. Jaeger, vp; Thomas C. McGilly, vp.
Contact: Richard C. Koscielak.

Alliance General Insurance Co.

6 W. Hubbard St., Sixth Floor, Chicago, Ill. 60610; 312-755-0099; fax: 312-755-1056

	1995	1994
Gross premiums	$19,483,170	$17,650,388
Non-admitted	$18,901,048	$16,913,640
Commercial risks	97%	96%
Net premiums	$8,732,186	$8,060,268
Paid-in capital	$2,000,000	$2,000,000
Policyholder surplus	$15,776,327	$16,340,826
Combined ratio 1	99.5%	99.3%
Combined ratio 2	99.5%	99.3%
Net income	$1,872,674	$1,386,455
Best's rating	A-	B++

Founded: 1984.
Parent: Alliance Insurance Group Inc.
Specialties: Product liability, liquor liability.
Approved non-admitted in: All states, excluding Alaska, Connecticut, Delaware, Maine, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New Mexico, Rhode Island, South Carolina and Vermont.
Admitted in: Illinois.
Officers: Donald V. McCann, president; Eric W. Rahn, treasurer; Denise M. LeBeau, secretary; Jeffrey M. Josephs, vp; Steven S. Levenson, vp.
Contact: Eric W. Rahn.

American Empire Surplus Lines Insurance Co.

515 Main St., Cincinnati, Ohio 45202; 513-369-3000; fax: 513-369-3034

	1995*	1994*
Gross premiums	$51,923,299	$57,613,123
Non-admitted	$44,550,972	$46,922,488
Commercial risks	100.0%	100.0%
Net premiums	$31,690,319	$34,440,645
Paid-in capital	$4,100,000	$4,100,000
Policyholder surplus	$107,929,262	$118,080,552
Employees	67	70
Combined ratio 1	86.8%	54.9%
Combined ratio 2	86.5%	55.6%
Net income	$5,654,470	$35,465,981
Best's rating	A+	A+

* Figures reported on a pooling basis.

Founded: 1977.
Parent: Great American Insurance Co.
Subsidiaries: American Empire Insurance Co., Cincinnati; Fidelity Excess & Surplus Insurance Co., Princeton, N.J.
Approved non-admitted in: All states, excluding New Hampshire.
Admitted in: Delaware.
Officers: Joseph M. Walsh, chairman; Walter E. Snyder, president; Robert A. Nelson, senior vp-underwriting; Chester A. Nalepa, senior vp-claims.
Contact: Walter E. Snyder.

American International Specialty Lines Insurance Co.

550 W. Seventh St., Anchorage, Alaska 99501; 907-277-6693

	1995	1994
Gross premiums	$812,142,074	$624,214,713
Non-admitted	$793,130,552	$606,128,641
Commercial risks	100.0%	100.0%
Net premiums	$100,765,105	$79,919,110
Paid-in capital	$5,002,500	$5,002,500
Policyholder surplus	$170,437,802	$149,544,522
Combined ratio 1	89.6%	94.3%
Net income	$22,992,624	$16,007,075
Best's rating	A++	A++
S&P's rating	AAA	AAA

Founded: 1973.
Parent: National Union Fire Insurance Co., a unit of American International Group.
Specialties: Commercial general excess and umbrella, medical malpractice, E&O, professional liability, pollution liability, D&O, pension fiduciary ERISA liability, fiduciary liability, primary and excess commercial property coverage.
Approved non-admitted in: All states, excluding Alaska and New Jersey.
Admitted in: Alaska.
Officers: Thomas Ralph Tizzio, president; Elizabeth Margaret Tuck, secretary; Armand George Pepin, treasurer; David J. Walsh, senior vp; James Martin Kilkenny, vp.
Contact: Armand G. Pepin, 201-309-1100.

Associated International Insurance Co.

21820 Burbank Blvd., Woodland Hills, Calif. 91367; 818-595-0600; fax: 818-316-0380

	1995	1994
Gross premiums	$107,150,685	$103,810,082
Non-admitted	$36,127,391	$33,099,723
Commercial risks	33.7%	33.9%
Net premiums	$56,797,826	$49,750,970
Paid-in capital	$2,500,000	$2,500,000
Policyholder surplus	$66,998,366	$56,039,264
Employees	76	64
Combined ratio 1	96.1%	103.5%
Net income	$13,492,297	$3,985,628
Best's rating	A	A

Founded: 1972.
Parent: Gryphon Holdings Inc.
Specialties: Self-insured retentions; excess or buffer layers; umbrella; architects and engineers; E&O; California difference-in-conditions; condominium owners coverage; vacant building package; excess property, including utilities and railroads; commercial auto.
Subsidiaries: Associated International Intermediaries Inc., Woodland Hills, Calif.; Timberline Insurance Co., Eugene, Ore.
Approved non-admitted in: All states, excluding California and Maine.
Admitted in: California.
Officers: John F. Iannucci, president/CEO; Kathryn W. Suchomel, executive vp-casualty; Joseph K. Saad, executive vp-claims/administration; Matthew T. Peller, senior vp-property; Virendra Amin, vp-information systems.
Contact: Kathryn W. Suchomel.

C

Century Surety Co.

2400 Corporate Exchange Drive, Columbus, Ohio 43231; 614-895-2000; fax: 614-895-7036

	1995*	1994
Gross premiums	$36,979,720	$36,538,079
Non-admitted	$23,798,457	$21,764,864
Commercial risks	100.0%	100.0%
Net premiums	$19,038,980	$24,714,601
Paid-in capital	$2,000,000	$2,000,000
Policyholder surplus	$22,033,530	$20,122,740
Employees	74	71
Combined ratio 1	94.9%	88.4%
Combined ratio 2	94.6%	88.5%
Net income	$3,681,236	$1,804,052
Best's rating	B++	B++
S&P's rating	BBBq	BBBq

* Figures reported on a pooling basis.

Founded: 1978.
Parent: Alliance Holding Corp.
Specialties: Contractors; restaurants, bars and nightclubs; tanning salons; asbestos and lead abatement contractors; retail stores; environmental professional consultants; apartment builders; roofing contractors; hotels/motels.
Subsidiaries: American Inspection & Audit Services Inc., Columbus, Ohio; CSC Insurance Agency Inc., Columbus, Ohio; Continental Heritage Insurance Co., Salt Lake City; Evergreen National Indemnity Co., Columbus, Ohio.
Approved non-admitted in: Alabama, Alaska, Arkansas, California, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, Wyoming.
Admitted in: Arizona, Indiana, Ohio, West Virginia, Wisconsin.
Officers: Roswell P. Ellis, president; Norman D. Amick, executive vp; Glenn D. Southwick, treasurer; Anne L. Meyers, secretary; Craig L. Stout, vp.
Contact: Roger D. Myers.

Chubb Custom Insurance Co.

15 Mountain View Road, P.O. Box 1615, Warren, N.J. 07061-1615; 908-903-2000; fax: 908-903-7084

	1995	1994
Gross premiums	$93,115,350	$76,650,066
Non-admitted	$83,920,825	$70,395,243
Net premiums	$26,526,270	$6,349,808
Paid-in capital	$3,750,000	$3,750,000
Policyholder surplus	$27,516,245	$18,649,549
Combined ratio 1	93.5%	94.4%
Combined ratio 2	91.0%	84.4%
Net income	$336,953	$2,159,640
Best's rating	A++	A++

Founded: 1980.
Parent: Federal Insurance Co., a unit of Chubb Group of Insurance Cos.
Approved non-admitted in: All states, excluding Maine.
Admitted in: Delaware, New Jersey.
Officers: Emelia M. Accardi, president; Philip J. Sempier, vp/treasurer; Hank B. Schram, vp; Hank G. Gulick, vp/secretary; David G. Hartman, vp.

Colony Insurance Co.

P.O. Box 85122, Richmond, Va. 23285-5122; 804-327-1700; fax: 804-327-1792

	1995	1994
Gross premiums	$41,990,027	$37,948,725
Non-admitted	$39,207,944	$34,177,433
Commercial risks	99.9%	97.0%
Net premiums	$32,175,533	$26,218,873
Paid-in capital	$2,000,000	$2,000,000
Policyholder surplus	$26,149,696	$22,741,158
Employees	54	47
Combined ratio 1	97.2%	112.7%
Combined ratio 2	97.3%	112.0%
Net income	$3,156,814	$(2,757,399)
Best's rating	B+	B+

Founded: 1981.
Parent: Front Royal Inc.
Specialties: Artisans, contractors, restaurants, taverns, bars, pest control services, light to medium hazard manufacturers, roofers.
Subsidiaries: Front Royal Insurance Co., Richmond, Va.; Hamilton Insurance Co., Richmond, Va.
Approved non-admitted in: Alabama, Arizona, Arkansas, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Virginia.
Officers: John K. Latham, president/CEO; J. Adam Abram, secretary; Gregg T. Davis, treasurer; Dale H. Pilkington, senior vp-underwriting; Robert B. Angle, vp-marketing.
Contact: John K. Latham.

Columbia Casualty Co.

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

	1995*	1994*
Gross premiums	$502,611,356	$415,958,873
Non-admitted	$147,601,114	$97,718,410
Commercial risks	99.2%	100.0%
Net premiums	$350,362,262	$311,733,722
Paid-in capital	$8,700,000	$8,700,000
Policyholder surplus	$242,937,606	$214,277,164
Employees	123	144
Combined ratio 1	107.8%	120.3%
Combined ratio 2	107.8%	119.3%
Net income	$29,020,069	$(8,814,337)
Best's rating**	A/A-	A/A-
S&P's rating**	A+/A-	A+/A-

* Figures are reported on a pooling basis. ** Ratings are for CNA and Continental Insurance Co. respectively.

Founded: 1974.
Parent: CNA Insurance Cos.
Specialties: Railroad liability, excess workers compensation, liquor liability, elevator maintenance, nonstandard automobile, group personal excess, excess casualty.
Approved non-admitted in: All states.
Admitted in: All states; Canada.
Officers: Richard W. Quehl, president; William P. Casey, senior vp.
Contact: Richard W. Quehl.

E

Empire Indemnity Insurance Co.

809 Northwest 36th St., Oklahoma City, Okla. 73118; 402-341-0135; fax: 402-271-2510

	1995	1994
Gross premiums	$20,226,798	$17,521,848
Non-admitted	$16,746,927	$15,081,562
Commercial risks	100.0%	100.0%
Paid-in capital	2,500,000	2,500,000
Policyholder surplus	$21,161,719	$20,026,103
Employees	300	260
Net income	$1,135,616	$1,209,435
Best's rating	A+	A+

Founded: 1957.
Parent: Empire Fire & Marine Insurance Co.
Specialties: Commercial auto liability, auto physical damage, allied lines, ocean marine.
Approved non-admitted in: All states, excluding Connecticut, District of Columbia and Oklahoma.
Admitted in: Oklahoma.
Officers: John J. McCartney, president; Milan C. Dahlquist, CFO/senior vp; Donald L. Barrand, John W. Paulsen, Charles B. Ralph, senior vps.

Essex Insurance Co.

4551 Cox Road, Glen Allen, Va. 23060; 804-273-1400; fax: 804-273-1435

	1995	1994
Gross premiums	$105,609,091	$91,863,760
Non-admitted	$100,900,717	$87,223,430
Commercial risks	100.0%	100.0%
Net premiums	$73,588,378	$66,700,139
Paid-in capital	$4,500,000	$4,500,000
Policyholder surplus	$48,838,594	$36,742,860
Employees	136	122
Combined ratio 1	86.7%	89.1%
Combined ratio 2	86.7%	89.1%
Net income	$11,695,524	$6,404,403
Best's rating	A	A
S&P's rating	A	A-

Founded: 1980.
Parent: Markel Corp.
Specialties: General liability, vacant properties, general property, motor truck cargo, contractors' equipment.
Approved non-admitted in: All states, excluding Delaware. Also approved in Puerto Rico.
Admitted in: Delaware.
Officers: Britton Lee Glisson, president; Steven Andrew Markel, executive vp; Alan Irving Kirshner, chairman; Anthony Foster Markel, vice chairman; Jill Grode Goldfine, associate vp.
Contact: Jill G. Goldfine.

Evanston Insurance Co.

1007 Church St., Evanston, Ill. 60201; 847-866-2800; fax: 847-866-0778

	1995	1994
Gross premiums	$169,167,708	$140,379,205
Non-admitted	$124,791,317	$127,756,419
Commercial risks	99.9%	99.3%
Net premiums	$143,705,701	$109,747,443
Paid-in capital	$8,251,229	$8,251,229
Policyholder surplus	$123,201,135	$102,330,670
Employees	164	169
Combined ratio 1	107.2%	103%
Combined ratio 2	107.2%	103%
Net income	$22,209,722	$22,921,659
Best's rating	A	A
S&P's rating	A	A-

Founded: 1977.
Parent: Markel Corp.
Specialties: Professional liability.
Subsidiaries: Markel American Insurance Co., Glen Allen, Va.
Approved non-admitted in: All states, excluding New Hampshire.
Admitted in: Illinois.
Officers: Anthony F. Markel, chairman/CEO; Paul W. Springman, president/COO; Michael A. Rozenberg, executive vp/chief administrative officer; Edgar W. Phoebus, senior vp/secretary/general counsel; Gerard Albanese Jr., senior vp.
Contact: Irene Hayes.

G

GAINSCO County Mutual

500 Commerce, Fort Worth, Texas 76102-5439; 817-336-2500; fax: 817-335-1230

	1995*	1994*
Gross premiums	$34,102,161	$33,355,925
Net premiums	$6,000,000	$6,000,000
Policyholder surplus	$2,260,001	$2,250,001
Combined ratio 1	96.1%	87.9%
Combined ratio 2	97.2%	87.8%
Net income	$369,356	$644,257
Best's rating	A+	A+

* Figures reported on a pooling basis.

Founded: 1992.
Parent: General Agents Insurance Co. of America Inc.
Specialties: Commercial auto, trucks, recreational vehicles, contractors, auto dealers, special events.
Subsidiaries: Agents Processing Systems Inc., Fort Worth, Texas; General

Continued on next page

Continued from previous page
Agents Premium Finance Co., Fort Worth, Texas.

Approved non-admitted in: All states, excluding District of Columbia, Maine, Oklahoma and Utah.

Admitted in: All states, excluding California, Colorado, Hawaii, Maine, New Hampshire, New Jersey, New York, Oklahoma and Utah.

Officers: Joseph D. Macchia, chairman/president/CEO; Jack L. Johnson, senior vp; Daniel J. Coots, senior vp/CFO; Landis Graham, Mark D. Brissman, Norman Alberigo, vps.

Contact: Marketing department.

General Agents Insurance Co. of America Inc.

500 Commerce St., Fort Worth, Texas 76102-5439; 817-336-2500; fax: 817-335-1230

	1995*	1994*
Gross premiums	**$103,642,914**	$39,706,100
Non-admitted	**$55,583,536**	$51,331,330
Commercial risks	**100.0%**	100.0%
Net premiums	**$73,053,428**	$34,290,092
Paid-in capital	**$3,000,000**	$3,000,000
Policyholder surplus	**$47,880,301**	$40,100,250
Combined ratio 1	**83.8%**	80.1%
Combined ratio 2	**83.8%**	80.2%
Net income	**$10,425,054**	$9,947,062
Best's rating	**A+**	A+

* Figures reported on a pooling basis.

Founded: 1978.

Specialties: Commercial auto, trucks, recreational vehicles, contractors, auto dealers, special events.

Subsidiaries: Agents Processing Systems Inc., Fort Worth, Texas General Agents Premium Finance Co., Fort Worth, Texas.

Approved non-admitted in: All states, excluding District of Columbia, Maine, Oklahoma and Utah.

Admitted in: All states, excluding California, Colorado, Hawaii, Maine, New Hampshire, New Jersey, New York, Oklahoma and Utah.

Officers: Joseph D. Macchia, chairman/president/CEO; Jack L. Johnson, senior vp; Daniel J. Coots, senior vp/CFO; Landis Graham, Mark D. Brissman, Norman Alberigo, vps.

Contact: Marketing department.

General Star Indemnity Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700 fax: 203-328-3460

	1995	1994
Gross premiums	**$243,853,456**	$218,988,791
Non-admitted	**$237,221,725**	$213,404,509
Commercial risks	**97.0%**	96.0%
Net premiums	**$177,842,543**	$161,019,819
Paid-in capital	**$5,000,000**	$5,000,000
Policyholder surplus	**$322,693,926**	$277,786,971
Combined ratio 1	**96.1%**	96.9%
Combined ratio 2	**95.3%**	96.6%
Net income	**$40,784,626**	$32,524,739
Best's rating	**A++**	A++
S&P's rating	**AAq**	BBBq

Founded: 1967

Parent: General Re Corp.

Specialties: Biotechnology/clinical trials; entertainment risks; environmental and pollution covers; excess auto/buffer layers; E&C/D&O; oil and gas service contractors (on and off shore); police professional; product liability for tough products, including pharmaceuticals, chemicals and medical devices; scenic and short line railroad; wind deductible buybacks.

Approved non-admitted in: All states, excluding Connecticut.

Admitted in: Connecticut.

Officers: Kevin P. Brooks, chairman/president.

Contact: David W. Micik.

General Star National Insurance Co.

695 E. Main St., P.O. Box 10360, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

	1995	1994
Gross premiums	**$63,802,293**	$68,808,451
Excess liability	**82%**	88%
Admitted	**100.0%**	100.0%
Net premiums	**$31,937,725**	$29,201,949
Paid-in capital	**$4,000,000**	$4,000,000
Policyholder surplus	**$100,966,325**	$89,498,502
Combined ratio 1	**96.0%**	97.4%
Combined ratio 2	**94.7%**	97.2%
Net income	**$12,169,395**	$9,935,892
Best's rating	**A++**	A++
S&P's rating	**Aq**	BBBq

Founded: 1864.

Parent: General Re Corp.

Specialties: Day care, entertainment risks, substandard/high hazard property, excess auto buffer layers.

Admitted in: All states.

Officers: Kevin P. Brooks, chairman/president.

Contact: David W. Micik.

Glencoe Insurance Ltd.

Sofia House, 48 Church St., Hamilton, Bermuda HM 12; 441-296-3235; fax: 441-295-4029

	1995*	1994
Paid-in capital	**$500,000**	NA
Policyholder surplus	**$49,500,000**	NA
Employees	**4**	NA

* Figures reflect 1996 year-to-date.

Founded: 1996.

Parent: Renaissance Re Holdings Ltd.

Specialties: Commercial property, difference-in-conditions (earthquake, flood, wind).

Approved non-admitted in: California.

Officers: Keith Hynes, chairman; Glenn Thomas, senior vp; John Nichols, treasurer; William I. Riker, James Stanard, Russell John, Alan Krusi, directors.

Contact: Glenn S. Thomas.

Continued on page 40



How to use the directory

The annual directory of excess and surplus lines insurers lists companies that responded to a *Business Insurance* questionnaire.

To be listed more than 50% or $10 million of surplus lines insurers' gross premiums must be written on a direct non-admitted basis and relate to commercial risks; excess insurers must generate at least 50% or $50 million of their gross premiums in excess liability lines, on an admitted or non-admitted basis.

Financial information is from the companies' annual statements filed with state insurance departments. **Gross premiums** are the combination of direct business and reinsurance assumed by a company.

For surplus lines insurers, the next entry reflects gross premiums written on a direct **non-admitted basis**—the definition of surplus lines. Excess insurers' listings note the percent of gross premiums related to **excess liability** lines and the percent of excess liability premiums written on an **admitted** basis.

Net premium volume is calculated by subtracting reinsurance ceded from gross premiums.

Paid-in capital is the total of the value of both common capital stock and preferred capital stock of the company; the next entry reflects **policyholder surplus**.

The statutory **combined ratio** is calculated by adding the company's ratio of losses and loss expenses incurred to premiums earned with the ratio of underwriting expenses to net premiums written. The company's **combined ratio** as calculated by the insurer rating agencies is listed below the statutory combined ratio when provided.

Statutory **net income** is derived after dividends to policyholders and federal income tax.

A footnote will indicate if figures are reported on a pooling basis, excluding premiums written on a direct, non-admitted basis.

The **Best's rating** listed under each year is the rating given by A.M. Best Co. after the close of each year. Best's Financial Performance Index, given to some companies not assigned a rating, is listed if provided. **Standard & Poor's** claims paying or solvency rating also was requested.

The total number of **employees** (and for excess insurers, the number involved in excess liability underwriting) is given in full-time equivalents when provided.

Each listing includes the year **founded** and **parent** company (if any). Commercial risks the company specializes in insuring are noted under **specialties**. The names of **subsidiaries** are noted next.

States in which the company is an **approved, non-admitted** insurer, and those in which it is an **admitted** insurer follow.

Names and titles of principal **officers**, as well as a **contact** for readers seeking more information complete the listings.

Business Insurance publishes the directory as an editorial service; there is no charge to be included. Although every effort is made to provide complete and accurate information, *Business Insurance* is unable to verify all information received.

Rating modifiers used by the A.M. Best Co.: (c) is a contingent rating; (e) is the rating of the parent company; (g) is a group rating; (q) is a qualified rating; (p) is a pooled rating; (r) is a reinsured rating; (s) is a consolidated rating.



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AIG

Continued from page 38

H

Houston Casualty Co.

13403 Northwest Freeway,
Houston, Texas 77040;
713-462-1000; fax: 713-462-2401

	1995	1994
Gross premiums	$223,149,508	$192,093,133
Non-admitted	$104,549,882	$77,089,074
Commercial risks	100.0%	100.0%
Net premiums	$82,285,870	$57,449,160
Paid-in capital	$5,000,000	$5,000,000
Policyholder surplus	$120,975,625	$107,167,442
Employees	91	81
Combined ratio 1	77.2%	76.3%
Combined ratio 2	77.2%	76.3%
Net income	$18,509,608	$14,527,143
Best's rating	A	A
S&P's rating	Aq	Aq

Founded: 1980.
Parent: HCC Insurance Holdings Co.
Specialties: Aviation; ocean marine; offshore energy; commercial property, including flood and earthquake.
Subsidiaries: Trafalgar Insurance Co., Houston; HCC Underwriters, Houston.
Approved non-admitted in: All states, excluding Michigan, New Hampshire, New Jersey, South Carolina, Tennessee, Texas, Vermont. Also approved in Guam, Puerto Rico and Virgin Islands.
Admitted in: Texas.
Officers: Stephen L. Way, president/CEO; L. Edward Tuffley, senior vp/treasurer; Frank J. Bramanti, Peter B. Smith, executive vps.
Contact: Peter B. Smith.

I

Illinois Insurance Exchange

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

	1995	1994
Gross premiums	$172,481,806	$175,119,282
Non-admitted	$140,338,831	$222,524,676
Commercial risks	87.0%	84.0%
Net premiums	$127,610,652	$132,258,079
Paid-in capital	$14,004,877	$14,147,377
Policyholder surplus	$138,442,582	$132,126,716
Employees	28	30
Combined ratio 1	104.7%	98.0%
Net income	$5,754,538	$12,762,056

Founded: 1982.
Specialties: Specialty programs and associations, contractors, liquor liability, professional liability, recreational coverages, restaurants, commercial marine risks.
Approved non-admitted in: All states, excluding Connecticut, Illinois, Maine, New Hampshire, New York and Rhode Island.
Admitted in: Illinois.
Officers: James M. Skelton, president/CEO; Gerald F. Murray, vp/general counsel; Gary D. Hackley, vp-regulatory compliance; Jeffrey P. Leman, vp-operations; Theresa L. Ryan, assistant vp/administrative assistant.
Contact: Theresa L. Ryan.

Interstate Fire & Casualty Co.

55 E. Monroe St., Suite 3300,
Chicago, Ill. 60603; 312-346-6400;
fax: 312-346-5748

	1995*	1994*
Gross premiums	$287,897,715	$274,688,321
Non-admitted	$65,751,668	$83,655,691
Commercial risks	95.0%	95.0%
Net premiums	$151,796,941	$139,590,667
Paid-in capital	$4,200,000	$4,200,000
Policyholder surplus	$162,132,745	$152,062,907
Combined ratio 1	105.2%	106.3%
Net income	$10,206,783	$5,673,218
Best's rating	A	A

* Figures reported on a pooling basis.

Founded: 1950.
Parent: Fireman's Fund Insurance Co.
Specialties: Professional liability, medical malpractice, umbrella and excess, property inland marine, nonstandard personal auto, commercial auto, general casualty.
Subsidiaries: Chicago Insurance Co., Chicago; Interstate Indemnity Co., Chicago.
Approved non-admitted in: All states, excluding Illinois and Michigan.
Admitted in: Illinois, Michigan.
Officers: Patrick S. O'Flynn, president/CEO; Douglas E. Boyce, senior vp-underwriting; Carol Newman, senior vp/general counsel/corporate secretary; Gerald R. Shanks, senior vp-claims; Michael P. Sullivan, senior vp/treasurer/CFO.
Contact: Douglas E. Boyce.

Investors Insurance Co. of America

200 Schulz Drive, Red Bank,
N.J. 07701; 908-224-0500;
fax: 908-741-2266

	1995*	1994*
Gross premiums	$48,743,424	$38,375,957
Non-admitted	$30,243,268	$28,462,132
Commercial risks	62.0%	74.0%
Net premiums	$33,554,029	$25,719,933
Paid-in capital	$4,200,000	$4,200,000
Policyholder surplus	$36,249,216	$42,774,885
Employees	56	55
Combined ratio 1	133.7%	104.4%
Combined ratio 2	133.7%	104.4%
Net income	$(4,887,737)	$2,298,206
Best's rating	A-	A-

* Figures reported on a pooling basis.

Founded: 1961.
Parent: Investors Insurance Holding Corp.
Specialties: General liability, product liability.
Subsidiaries: Carlisle Insurance Co., Red Bank, N.J.; Investors Special Risk Insurance Co., Red Bank, N.J.
Approved non-admitted in: All states, excluding New Jersey, New York and Vermont.
Admitted in: New Jersey, New York.
Officers: Jeremy D. Cooke, chairman/president/CEO; Rodney Ayer, vp; Edward J. Ryan Jr., vp/controller/secretary; Douglas A. Hillman, vp; Joseph Savarese, vp.
Contact: Edward J. Ryan Jr.

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L

Lexington Insurance Co.

200 State St., Boston, Mass. 02109;
617-330-1100; fax: 617-443-6131

	1995*	1994*
Gross premiums	$1,250,083,615	$1,192,978,444
Non-admitted	$1,026,690,236	$1,030,720,098
Commercial risks	98.8%	98.8%
Net premiums	$506,270,017	$477,358,521
Paid-in capital	$5,000,000	$5,000,000
Policyholder surplus	$966,564,068	$824,614,182
Employees	206	202
Combined ratio 1	94.3%	98.2%
Combined ratio 2	92.3%	92.6%
Net income	$132,835,540	$105,442,359
Best's rating	A++	A++
S&P's rating	AAA	AAA

* Figures are reported on a pooling basis.

Founded: 1965.
Parent: American International Group.
Specialties: Energy, health care, construction, transportation, financial services, professional services, property.
Approved non-admitted in: All states, excluding Delaware.
Admitted in: Delaware.
Officers: Kevin H. Kelley, president; Richard Bucilla, Richard Jodoin, executive vps; Nicholas Anselmo, David Walsh, senior vps.
Contact: Kimberly Metta, 617-330-8443.

M

MGA Insurance Co. Inc.

500 Commerce St., Fort Worth,
Texas 76102-5439; 817-336-2500;
fax: 817-335-1230

	1995*	1994*
Gross premiums	$59,488,899	$46,982,401
Non-admitted	$1,521,037	$1,703,408
Commercial risks	100.0%	100.0%
Net premiums	$24,635,665	$20,875,449
Paid-in capital	$3,000,000	$3,000,000
Policyholder surplus	$15,545,587	$12,830,363
Employees	12	12
Combined ratio 1	76.5%	85.0%
Combined ratio 2	76.5%	86.5%
Net income	$4,742,096	$3,965,833
Best's rating	A+	A+

* Figures reported on a pooling basis.

Founded: 1978.
Parent: General Agents Insurance Co. of America Inc.
Specialties: Commercial auto, trucks, recreational vehicles, contractors, auto dealers, special events.
Subsidiaries: Agents Processing Systems Inc., Fort Worth, Texas; General Agents Premium Finance Co., Fort Worth, Texas.
Approved non-admitted in: All states, excluding District of Columbia, Maine, Oklahoma and Utah.
Admitted in: All states, excluding California, Colorado, Hawaii, Maine, New Hampshire, New Jersey, New York, Oklahoma and Utah.
Officers: Joseph D. Macchia, chairman/president/CEO; Jack L. Johnson, senior vp; Daniel J. Coots, senior vp/CFO; Landis Graham, Mark D. Brissman, Norman Alberigo, vps.
Contact: Marketing department.

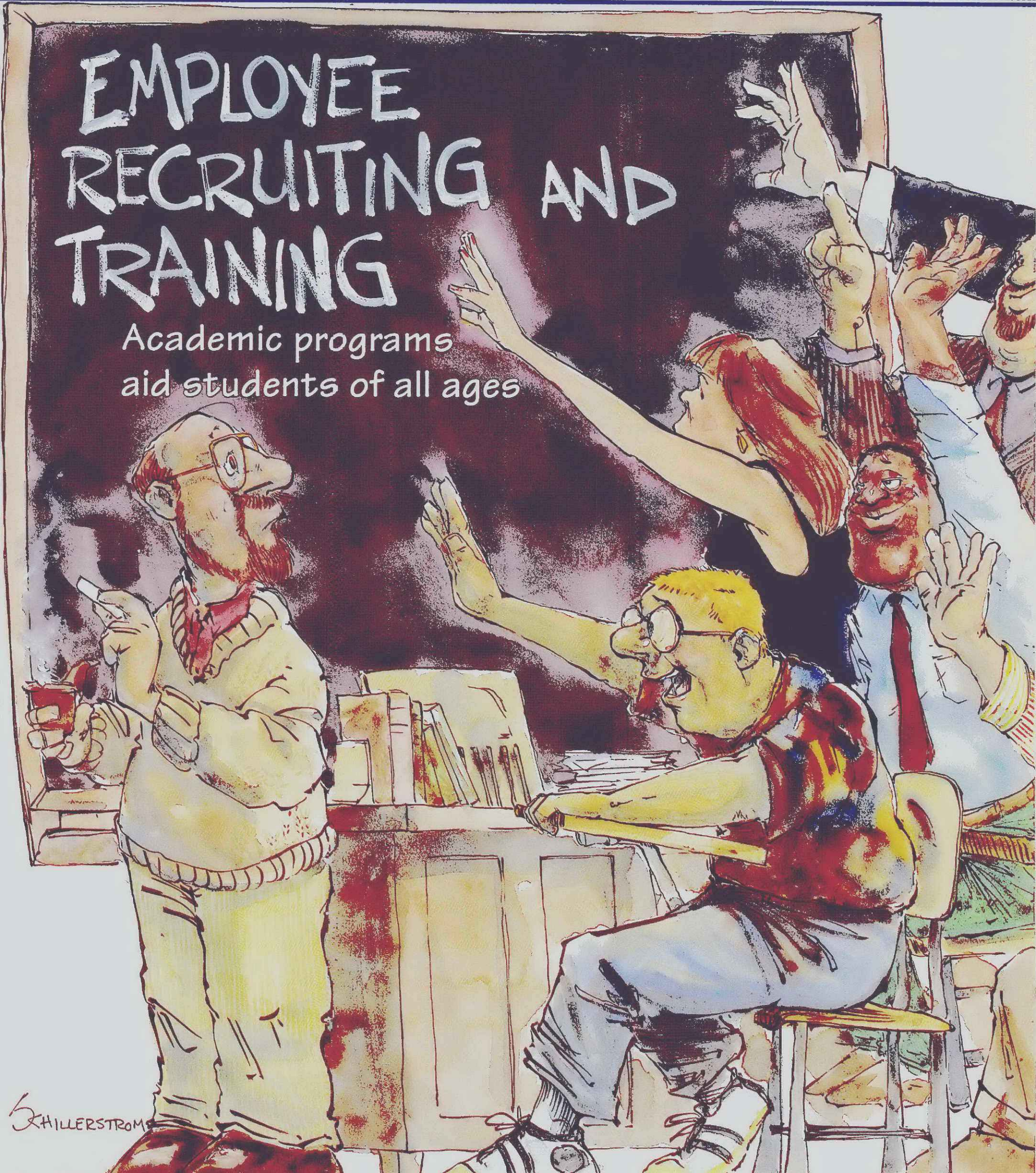
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Insurer Topics

A special editorial section
sent exclusively
to insurers and reinsurers

EMPLOYEE RECRUITING AND TRAINING

Academic programs aid students of all ages



Insurer Topics

Putting a premium on campus talent

By MICHAEL PRINCE

More insurance companies are donating money to colleges to establish insurance and risk management courses and attract students to these programs—students they hope will leave college better trained for insurance and risk management careers.

A recent example is the establishment by Peoria, Ill.-based RLI Insurance Co. of the Gerald D. Stephens Chair in Bradley University's Risk Management and Insurance program. The chair was established with $1.5 million from RLI and occupied in August 1995 by Professor Lisa A. Gardner.

The donations have a dual role. They help support the college and provide insurers fertile recruiting ground. "The benefits are obvious. You have lower training costs than hiring liberal arts graduates," Ms. Gardner said. " They will be able to hit the ground running a lot better than someone from liberal arts."

Ms. Gardner's role is to teach some of the courses, attract top-notch students and create a curriculum designed for students who want to major in risk management. The curriculum was approved earlier this year, and the first students will arrive on campus in fall 1997.

The risk management program will consist of 24 credit hours, including five mandatory core classes, taught by existing business school faculty.

"We see ourselves as being a niche program and are interested in drawing the best and brightest students to the program," according to Ms. Gardner. "The financial support allows the university to offer a more attractive, better-rounded curriculum to the students."

Part of the motivation behind the program is the lack of insurance programs at colleges. This forces insurance companies to devote time and money to teach recent college graduates the intricacies of the insurance industry.

The president and chief executive officer of RLI, Gerald Stephens, the chair's namesake, said there are only about 25 degree programs for studying insurance in the country. Few of these, he said, have the committed money like the one at Bradley.

"We're not altogether altruistic," Mr. Stephens said. "This is more or less a partnership we have created here. It's a two-way street."

The program also is designed to create a better talent pool even for those who don't major in insurance but simply take some insurance courses. Mr. Stephens said RLI hires accounting and finance majors who would benefit from knowledge of the insurance industry.

Education is more important than ever, and the quality of the workers will separate the successful insurance companies from the less successful ones, he said.

Also working closely with the insurance industry is The College of Insurance in New York, which for years has received support from the industry, said its president, Ellen Thrower. Since 1989, donations and pledges from the industry have exceeded $30 million.

The college forms strong partnerships with the insurance and financial services communities that benefit students, faculty and the industry without compromising educational integrity, according to the college.

These partnerships have been increasing in recent years. In November 1995, Bermuda-based insurer ACE Ltd. pledged $1.5 million for the John Cox chair at the college. The money will be invested and the income will be used to hire a full-time professor. The chair honors John Cox, the founder and chairman of ACE (*BI*, Nov. 27, 1995).

ACE also has funded the Robert Clements scholarship at The College of Insurance, which will provide four students each with yearly $25,000 scholarships. "This will allow some bright students to attend college that might not normally be able to attend," Ms. Thrower said.

Like the RLI expenditure, Ms. Thrower said ACE views the donations not as a gift but as an investment in the future of the industry.

Besides ACE, other insurance companies have supported The College of Insurance. In mid-1995, X.L. Insurance Co. Ltd. of Bermuda donated $1 million to establish the Michael Kevany Chair, in memory of the insurer's former chairman, president and CEO, who died in May 1995. The donation will be used to hire a full-time professor to study and teach risk management.

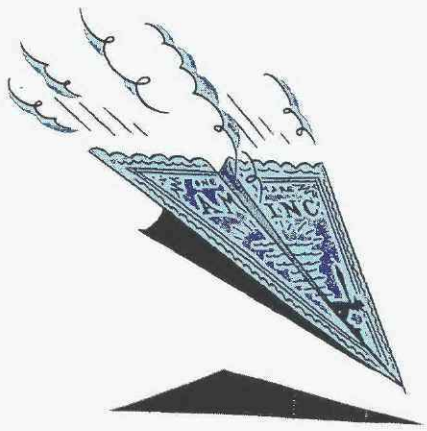
The Connecticut Mutual Life Insurance Co. helped establish the Charles J. Zimmerman Chair in Life Insurance Education at The American College in Bryn Mawr, Pa. The holder of the chair, named for a deceased life insurance executive, will conduct research in life insurance and help prepare students for a career in life insurance.

A center for risk management study supported by the insurance industry is The Richard S. Brantley Risk and Insurance Center at Appalachian State University in Boone, N.C. The Center was established in 1988 by the Independent Insurance Agents of North Carolina and named after their retiring executive director. Totally supported by donations from the IIANC and insurance companies, the center has three faculty members and offers a major in risk management and insurance, Director David Wood said.

"The agents saw a need to encourage young people to go into insurance as a career," he said. "They real-

See **Campus** *on page 40D*

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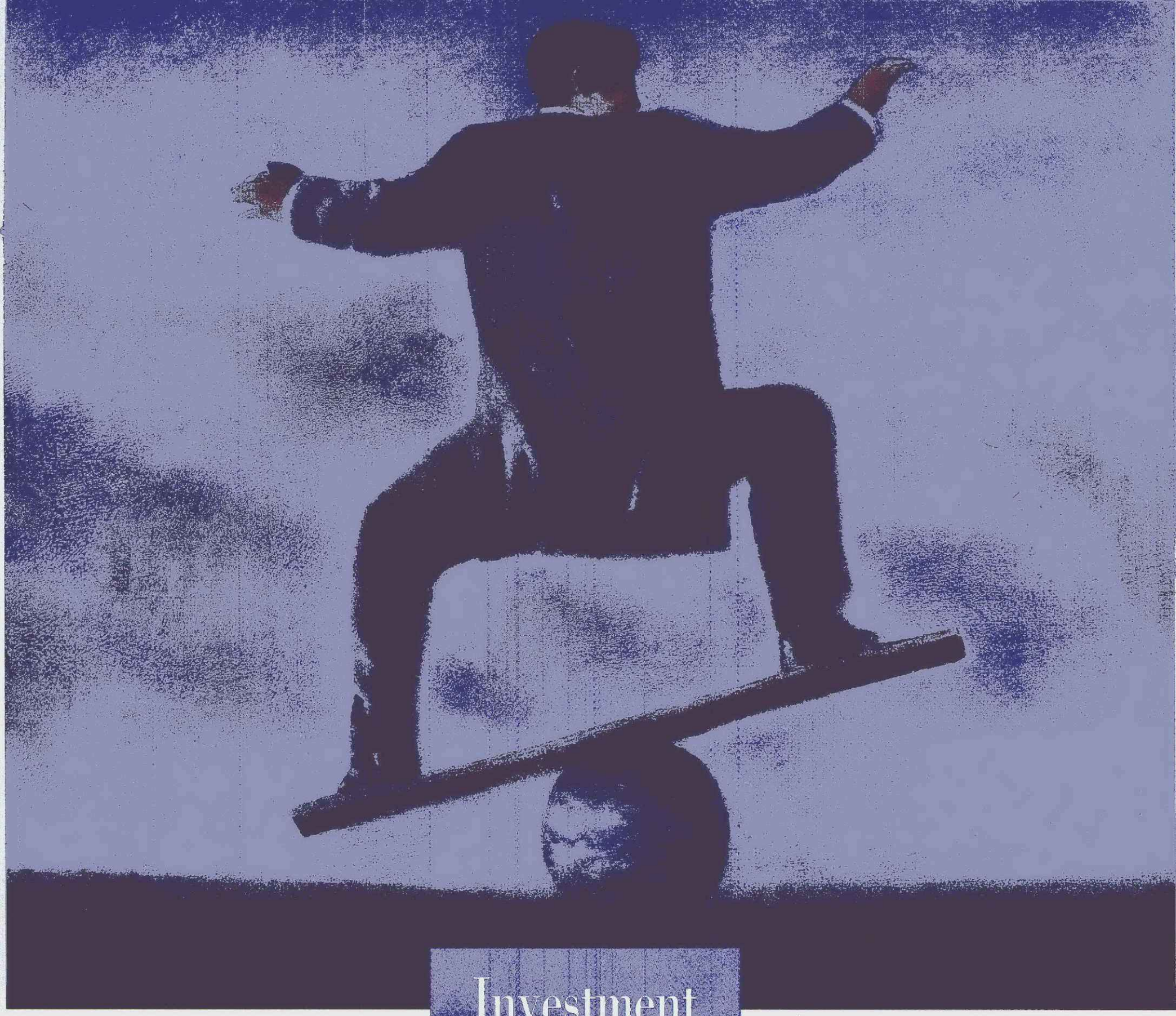
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ZURICH INVESTMENT MANAGEMENT

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Insurer Topics

Campus

Continued from page 40B

ize the best way to do that is to support a university program that prepares students to do that."

The success of the center is evident in the efforts to hire the graduates. Mr. Wood said 25 companies visited campus to recruit the 17 seniors last May. Virtually all graduates get jobs in the insurance industry within weeks of graduation, he said.

"What they're finding is our students are committed to careers in risk management and insurance," Mr. Wood said.

Besides the insurance agents, the Brantley Center in the past has received at least $25,000 each from Nationwide Insurance Cos., Kemper Corp., Travelers Corp., Aetna Life & Casualty Co., The St. Paul Cos. Inc., USF&G Corp. and other insurance companies. Those donations total close to $1 million to date.

Ms. Gardner of Bradley University, who is responsible for obtaining research grants and forging relationships with other local insurance companies, said the program has received a warm reception among local insurance companies—and they will be looking to recruit students. "A number of the companies we have talked to in the area are very excited to hire people with risk management and insurance backgrounds," she said. BI

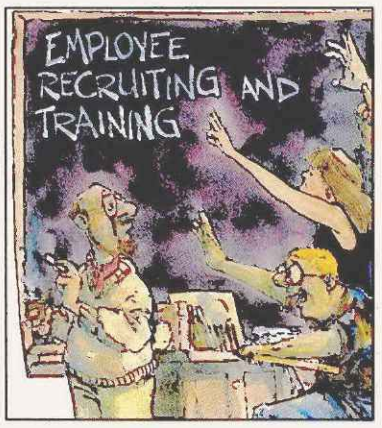
Support strong for ongoing education

In an industry like insurance, which relies heavily on information, knowledge is an important asset. One of the ways insurance company employees can increase their knowledge and develop skills needed for their business is through courses and programs such as those offered by the American Institute for Chartered Property Casualty Underwriters, Insurance Institute of America and the Insurance Institute for Applied Ethics. Lawrence G. Brandon, president and chief operating officer of the Malvern, Pa.-based institutes, spoke recently with Assistant Managing Editor Regis Coccia about insurance education and professional development. Mr. Brandon holds the Chartered Property Casualty Underwriter, Associate in Risk Management and Associate in Management designations.

What are some of the changes you've seen in insurance companies' approach to educating their employees over the past four or five years?

I have seen no real diminution of support for insurance education over the past few years. Companies encourage employees to learn more and study.

The downsizing that has gone on in almost all organizations has affected the amount of time that people have to devote to extracurricular activities such as professional study programs. It's not just the number of



people that have been released by the insurance industry, but those that stay behind are having to do far more than they did in the past. I think virtually everyone's working longer hours, working harder while they're at work, and this takes its toll in terms of energy. It's harder for people to find the time to devote to study. They really have to be motivated.

I think folks are trying to adapt and find out how can they do the things that are necessary to maintain their employability and still keep their job, how can they study and work. And I believe that's an adaptation that will be made in the next year or two, so that we'll be back to a more normal workload for folks and allowing them time to grow professionally through education.

How do you foresee that happening? Will some companies be willing to give employees more time for professional development?

They may give their employees more time or they'll recognize that for the past several years they have not given adequate time, and then they will do something to back up the encouraging words they deliver for insurance education by making it possible for people to have time to study.

I also think that education providers, be it ourselves or others, are trying to make it more convenient for people to study. We are working on a number of computer-based products that will help people to learn, making it more convenient, something they can do at home or perhaps even during the day right at their own desk, as opposed to the older way of having formal classes at a given time on a given date, where you'd either get there or there was nothing available. Now we're just trying to find ways of making it easier for people to obtain education and prepare for examinations that give them the credentials that are recognized in the industry.

I think it's a combination of employers recognizing that education is an investment rather than an expense and that the education providers are doing all that they can

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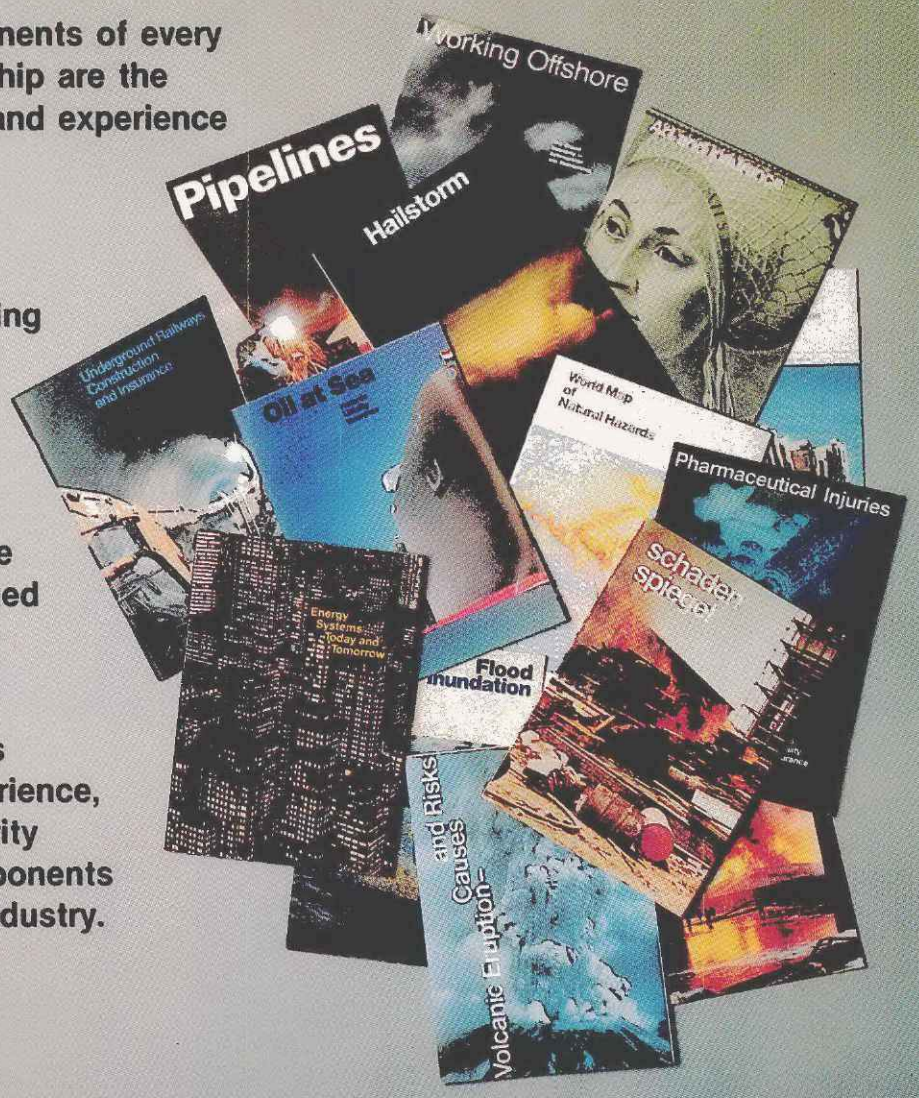
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Continued from previous page
to make it easier for people who are working (to study and learn).

Can enrolling in a professional designation program such as the Chartered Property & Casualty Underwriter replace or limit the need for a company to conduct in-house training?

I don't think it replaces it at all. The institutes are not in competition with the departments of training. We're a supplemental organization providing an insurance education aid.

I think that training has to go on in every organization. You are teaching people how to do their day-to-day job.

The education that we provide prepares someone more broadly for things that perhaps they're not doing on the job today but should be thinking about or may very well encounter in the foreseeable future. There is sort of a difference between education and training. Training is immediately applicable. A lot of what we do has training aspects to it. You analyze a policy in one of our programs, it's sort of the same thing. We like to feel we go beyond that and try to give a broader context in which that policy is used or could be used.

Our efforts are supplemental to what's being done or should be done in organizations. The value that we add to the process is that ours is a national endeavor, as opposed to an individual organization's endeavor. If you're looking at someone who has a CPCU, you could be assured that they have met the educational requirements set by national standards and national examinations.

For insurers considering a prospective employee, are designations such as the CPCU a kind of calling card in the industry?

I would think so. I think it would give someone credibility with whomever they're dealing, be it a prospective employer, a customer or other person they come in contact with. It should give them credibility, but it's no guarantee.

It's like a college education. If you hear somebody has a college education, that opens the door, but not everybody gets the same out of a college education or even puts the same amount into it. I think it's fair to say that a CPCU, like a college education, would improve the individual. Every individual that goes through the program learns something.

I believe this is the age where obtaining knowledge and being able to demonstrate that you have it has become increasingly important. If insurance organizations are going to get the job done with fewer people working smarter, then they'd better have knowledgeable people on their staffs.

Are insurers today encouraging or even requiring employees to take courses leading to professional designations such as the CPCU, ARM, etc.?

There's a wide range of what insurers are doing, but some are requiring certain credentials for certain positions.

For example, in order to be a senior underwriter you have to have completed maybe the underwriting program or a higher-level program in the CPCU.

I don't really know of any organization that is discouraging professional study.

But some of the things that the industry has done, such as the downsizing, have inadvertently discouraged some people from (pursuing professional study programs).

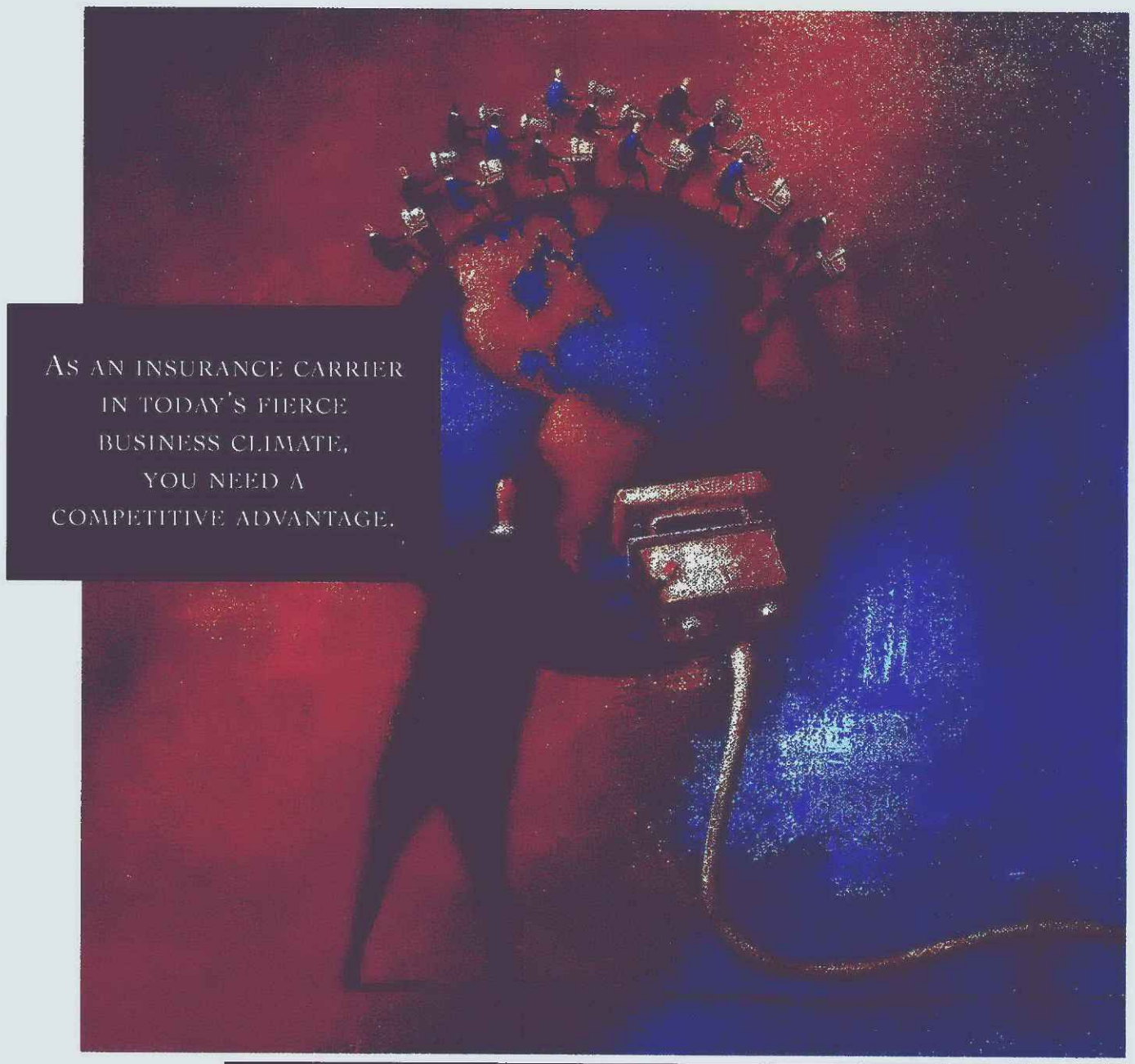
Last year, the AICPCU awarded a record number of CPCUs, and the past few years have seemed to indicate a steady growth in interest in that designation. What are some of the institutes' most popular courses or programs?

A couple of our programs and subjects have a broad knowledge associated with them.

The CPCU is one such example. With 10 parts to the CPCU, five relate directly to insurance, the other five to related disciplines, such as economics. So, a person going through that program has both an in-depth knowledge of insurance and a broad knowledge of the environment in which insurance functions. The same is somewhat true of our program in general insurance. The other programs I could define as being less broad, less comprehensive, but in fact have more depth. Those types of programs are very popular.

The claims program, for example, takes someone who is a specialist in claims and tries to give them a depth of knowledge about their functional area that is really needed. Ideally, a well-educated claims professional would have both the in-depth knowledge that they could gain through the Associate in Claims pro-

See **Learning** *on page 40H*



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Insurer Topics

Learning

Continued from page 40E

gram and the comprehensive knowledge of a CPCU. The CPCU program does not go into as much depth about claims as the Associate in Claims program.

The Associate in Risk Management program is very popular because risk management is a function that's growing in importance. Each one of these goes in depth in each of those areas.

Recently the institutes established an Associate in Surplus Lines Insurance program. How did that program come about?

It was through the national association, the National Assn. of Professional Surplus Lines Offices. They came to us and said that they would like a designation for their function and help in putting together a body of knowledge for people who specialize in surplus lines to study.

We will develop the examinations and set the standards so that for their field that designation will have meaning.

What changes do you foresee in insurance education in the next five to 10 years? Do you think more insurance companies will require professional study?

I think there will be a greater recognition of the need for employees to have more education. I wouldn't like to see it mandated in any organization, really. I think it's the type of thing that people should, by being encouraged by their organizations, be willing to undertake.

I see that in the next five to 10 years or so as growing in importance.

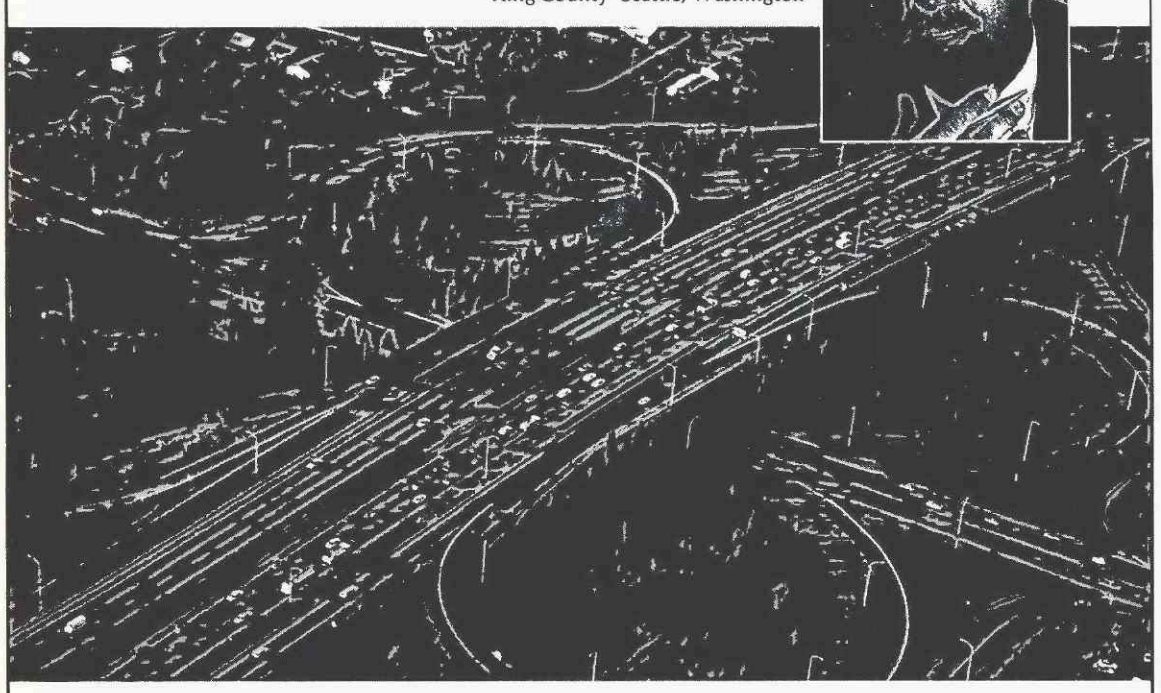
We should become learning organizations since this is the age of learning and information. The advantage will belong to those organizations that share their learning with one another. . . .I really think that will be the competitive advantage in the 21st century. BI

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Interns find success

College programs help students, companies

By CRISTAL CODY

Ask college freshmen what they want to be when they graduate, and insurance and risk management professionals are not likely to be their first picks. But thanks to several internship programs across the country, more students are choosing insurance careers.

Rob Drennan, director of an internship program at Temple University in Philadelphia, placed about 75 of 300 undergraduates majoring in risk management and insurance and actuarial science in internships this summer. Nearly half of these students will continue the internships during the academic year, he said.

'It was true back then as it is now; a lot of college students don't grow up wanting to be insurance agents,' says Arthur J. Gallagher's Terry Hennen.

"It's amazing to see the transformation from when they leave in May until September," he said. "They have more experience in the insurance field and have a sense of professionalism."

Students know internships can lead to success. Companies realize strong internship programs are low-cost recruiting tools that provide excellent young workers who may join the companies after graduation.

"If they want a career in risk management and insurance and actuarial science, it is imperative for them to do an internship to get a full-time job," Mr. Drennan said. "There is a very high correlation between having an internship and securing a good offer after graduation."

Executive Vp John P. Gallagher, who passed away in February, saw the need for new talent early on at broker Arthur J. Gallagher & Co. He founded the Itasca, Ill.-based company's summer internship program in 1965. Since then, more than 300 interns have been recruited, and 30 students are employed with Gallagher this summer in offices across the country.

"It was true back then as it is now; a lot of college students don't grow up wanting to be insurance agents," said Terry Hennen, director of training and communications at Gallagher. "We really want young, enthusiastic insurance people that we can start with from scratch."

Gallagher interviews many more students than it hires as interns in what Mr. Hennen called an "extremely competitive" process.

The Gallagher internship provides eight weeks of basic instruction in sales techniques. After the first week of learning business skills, students are then assigned to shadow brokers making sales calls and negotiating with underwriters. "By the end of the summer, they have a good feel for what it would be like to be a producer at Gallagher," he said. "We want them to know what it really feels like to have this job, and they find they love meeting new people, the chase for new clients and the technical experience."

Mr. Hennen said on average, 50% of Gallagher's interns are hired to full-time positions upon graduating—and half of those have remained with Gallagher. "We're not just hiring people, but hiring (those) who progress to be the top people in the industry," he said.

"We're trying to hire new producers. It's a recruiting device—that's the real benefit," he said.

The main cost to Gallagher is not what the company pays interns—$300 a week—but the costs necessary to train and develop them, Mr. Hennen said. Still, the investment pays off.

"So we don't think it's a major expense; we get paid back a hundred fold," he said. "What we get out of it is top-notch employees who stay for a long, long time."

Dennis Tamcsin, senior vp-agencies at Northwestern Mutual Life Insurance Co. in Milwaukee, said its intern program began almost 30 years ago and has helped more than 3,000 students start careers in insurance. The project began as a way for students to gain experience selling life insurance and to earn some money, Mr. Tamcsin said.

The program is one of the Top Ten Internships in America, according to the 1997 edition of America's Top Internships, published by Random House/Princeton Review Books. The only insurance and financial company featured, this is the second time Northwestern made the directory of 105 internships.

"I think part of the reason they felt we were worthy of recognition probably had to do with the fact that we embrace our interns almost like they are full-time employees," Mr. Tamcsin said. "It gives them a wonderful experience and the opportunity to earn money by the sales they make."

Each year, the company selects 600 interns from 500 campuses to work nationwide in open-ended internships aimed at teaching about life insurance sales. Each week, the students learn more about life and disability income underwriting while earning commissions rather than salaries.

Michael Van Grinsvan, assistant director for Northwestern Mutual's campus recruitment, said their in-

See **Interns** *on page 40I*

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Insurer Topics

Interns

Continued from page 40H

terns are licensed and contracted to sell insurance. The interns typically choose to work six months to two years while taking classes and do everything full-time agents do, only part-time.

"This is not a gophership where they have to push papers or do everything nobody else wants to do," he said. "This is a very real-world business experience."

Mr. Van Grinsvan said their goal is to help an intern grow personally and professionally. "We see it as a challenge for us to communicate how insurance works," he said. "Most people on campus don't know what life insurance is other than getting a check when someone dies, but when they go beyond that and understand it, they become much more interested in it." Todd Ahrens, Northwestern Mutual's top college agent in life sales, has been an intern for almost four years while going to school. Five years ago, he says he did not even have a glimmer of an idea that he would sell insurance for a career. "I had the luxury of testing the waters before jumping in," he said. "People can test-drive a career in insurance sales without having to commit all the resources they would when they got done with school."

Mr. Ahrens, a junior at the University of Iowa, admits he had many of the same misperceptions other students have about insurance when he first started, but he entered the field with an open mind.

"The great thing is I've got all the support of Northwestern, so it's really up to me on where I want to take it," he said. "Here, I'm truly my own boss, so I get paid as much or as little as I want to work."

And work he does. Mr. Ahrens sold 59 life insurance policies in one year, which catapulted him into the No. 1 standing among college agents.

Mr. Ahrens said interns should focus on the help they can provide to people in need. "The issues that we deal with in insurance, everyone wants them taken care of, but (they) just don't want to take the initiative to do that," he said. "It's our job to reach those people and help them understand we can do those things."

George Flanigan, an insurance industry professor with the Katie Insurance School at Illinois State University in Normal, Ill., said that internships benefit both students and the insurance industry. The school runs a risk management and insurance degree program that has more than 40 students in summer internships.

"It gives companies the opportunity to take a potential employee as an intern with the possibility of making the intern a full-time employee," he said.

'(Internships give) companies the opportunity to take a potential employee as an intern with the possibility of making the intern a full-time employee,' Professor George Flanigan says.

"From the companies' point of view, they get excellent employees that way because they get to screen them beforehand."

Rob Hoyt, a professor of risk management and insurance at the University of Georgia in Athens, said the department has an active program in which students can receive college credit for their internships.

"An internship is really an opportunity for them to show some experience to industries, and it gives them direction in where they would like to go in a job," he said. "The real advantage is that it provides them a real leg up in terms of recruiting activities."

The Georgia program has about 280 risk management and insurance majors and averages 60-70 students doing related internships each year, said Mr. Hoyt, adding that 95% of their alumni work in the insurance field. Mr. Hoyt said it is sometimes hard to recruit new employers to hire interns, but finds "employers reap significant benefits" from jobs students can perform.

"The internship is an opportunity for them to take a free look, so to speak," he pointed out. BI

'A catastrophe plan for advertising'

New program is designed to help insurers and agents get in touch with policyholders quickly after disasters

By MICHAEL PRINCE

The 17th of January, 1994 was not a good day for insurance agent Mario Guerra. His Northridge, Calif., agency, Scanlon-Guerra-Jacobsen, was devastated by the powerful pre-dawn earthquake, whose epicenter was nearby.

Visiting his offices, Mr. Guerra found the ceiling had collapsed, the phone lines were knocked out and the computers containing the names and phone numbers of his clients were destroyed. He poked around the rubble for a few minutes until an aftershock made him head for the parking lot.

Working from his personal cellular phone and some numbers he had with him, he started the long task of contacting his clients to help them file claims.

Despite the many obstacles he had to overcome to service his clients, one stood out.

"Communication was the biggest problem we had," Mr. Guerra said.

His work was further hampered because most of his clients lacked phone service. When he did reach one by cellular phone, "they were absolutely amazed I got in touch with them," he recalled.

Mr. Guerra converted his undamaged house and cellular phone into his office, but it still took more than two weeks to contact all of his clients.

To help reach policyholders, Mr. Guerra placed an advertisement in the Los Angeles Times.

It didn't help. He estimates only about 10 clients saw his one-square-inch ad, which cost him $1,500.

After Florida's devastation by Hurricane Andrew in August 1992 and the Northridge quake two years ago, Mr. Guerra and other agents sought a better way to reach clients after a disaster. A better way has arrived.

A new program went into effect June 1, coinciding with the start of hurricane season, to help insurance companies and agents like Mr. Guerra contact policyholders after a natural disaster.

Created jointly by the Independent Insurance Agents of America Inc. and the Property Claim Services division of the American Insurance Services Group, the new program will swing into action after a disaster, placing radio and newspaper ads containing the phone numbers of local insurance agents and insurance companies.

'Our cooperative program will make it easier to respond quickly and notify policyholders of how to file claims and protect property from further damage,' says Gary Kerney.

"Our cooperative program will make it easier to respond quickly and notify policyholders of how to file claims and protect property from further damage," said Gary Kerney, assistant vp of PCS in Rahway, N.J.

The program will benefit policyholders, agents and insurance companies.

Not only will it provide important information to policyholders suffering from property damage, but it will lower the direct cost of advertising by the insurance companies and agents in reaching their policyholders.

"The idea is we can give them the opportunity to reach policyholders and at the same time reduce advertisement costs for newspaper and radio ads," he said.

"Our plan is to aggregate in one place all the ads so that when people open the newspaper the ad will catch their eye. It will be like a little directory in the newspaper that people can take out and keep handy," he said.

The ads also will provide information to policyholders on how to protect their homes from further damage and what documents they should save so insurance companies can pay their claims.

"It's sort of a catastrophe plan for advertising," said a spokesman for the Alexandria, Va.-based IIAA.

After a disaster strikes, PCS will contact its insurer members and IIAA will contact local independent agents to find out which ones will participate.

Print ads will contain the logo and telephone numbers of insurance companies and agents that want to be included. The radio scripts are already written and can be aired within eight hours of the decision to proceed, and newspaper ads can appear within 48 hours, said Mr. Kerney.

Because the ads will contain information from many agents and insurance companies, they will be larger and more visible than the tiny and scattered ads that individual agents and insurers used to rely on.

The cost of the ads will be paid by insurance companies and the IIAA.

The program initially will be used in windstorm-prone areas along the Atlantic and Gulf coasts as well as the earthquake-plagued Pacific coast.

Later, it will be expanded to cover other parts of the country with natural catastrophe exposures.

Mr. Guerra, former chairman of the IIAA's National Catastrophe Task Force and who helped design the program, likens it to helping an independent agent who is juggling a dozen balls after a disaster.

"It's one less thing that we have to worry about in a catastrophe," he said. BI

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Insurers are past the point of no return

Facing volatility in interest rates and squeezed profit margins, companies must take a new approach to investment

By Martin P. Klein

Gone are the days when investment management for insurance companies appeared to work fairly well, and insurers counted on reasonably consistent and solid investment results. The circumstances in which insurers find themselves today have rendered traditional investment approaches inappropriate.

Since the 1970s, significant changes have rocked the insurance environment and dramatically impacted the asset and liability sides of insurers' balance sheets. Interest rates became volatile, with rates climbing to unprecedented heights. Life insurers have introduced interest-sensitive products, such that their profits increasingly are driven by managing spreads between

Insurers have become more dependent on investment returns in an environment that is now more challenging.

the rates they earn on their underlying portfolio and the rates they pay policyholders.

The insurance industry has matured, and increased price competition has put more pressure on investment returns as underwriting margins have been squeezed. As insurance companies reached for higher investment returns, evolutions in technology and revolutions in corporate finance enabled Wall Street to provide new asset classes, such as high-yield bonds, mortgage-backed securities and certain derivatives, with high risk/reward tradeoffs.

These developments have led to the current predicament: Insurers have become more dependent on investment returns and spreads, in an environment where managing such returns and spreads has become more challenging. A review of the investment management process and of insurance company requirements will help in understanding this predicament and the need for specialized insurance asset management.

Managing investments

Although their clients may have varying characteristics and needs, investment managers generally follow a process that involves these steps:

- Develop investment objectives and constraints.
- Create an appropriate investment strategy.
- Manage the portfolio.
- Report results.
- Evaluate performance.

This investment management process works for many types of clients, whether they are institutions or individuals, whether they are investing for long-term retirement needs or for short-term liquidity reasons.

This process has not been working well, however, for insurers. This is not because the process itself is inappropriate; it is because the implementation of the process has not adequately addressed the unique investment needs of the insurers. In fact, in looking at the process described above, portfolio management has drawn the most attention.

The first two steps of the process, where the strategy is built—and the last two, where performance is determined and evaluated—have not been emphasized.

So, as insurers' business environment has changed, only portfolio management has kept pace.

The portfolio management phase is obviously crucial, but the problems many insurers have had stem from poor strategies, not poor portfolio management. Most insolvencies have been functions of inappropriate strategies. This is not to say the front end of the process has been ignored; rather, it has not been well directed.

With respect to the back end of the process, despite the advances in techniques and technologies for portfolio management, actually being able to evaluate portfolio management has been confusing for insurers, given their cash flow requirements and financial constraints.

Addressing issues

Several issues need to be addressed in implementing the investment management process for insurance companies.

- **Asset/liability management.** While asset/liability management always has been a consideration for insurance

See **Investors** *on next page*

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Insurer Topics

Investors

Continued from previous page
companies, asset managers were able to ignore it without immediate ill effects, given the historically stable environments within which insurers operated.

However, as new insurance products have been developed—including many that provide complex, interest-sensitive options to policyholders—and as different investment market conditions and securities have emerged, failing to address asset/liability management issues can be a costly, if not fatal, mistake.

In an attempt to adapt to the changing environment, some managers have tried to address asset/liability management by simply matching the duration of the asset portfolio to that of the liabilities. However, relying only on duration matching can prove very dangerous in the event of significant interest rate changes, due to the options embedded in the assets and often in the liabilities.

• **Integration with financial goals.** It seems obvious that insurers' earnings targets and surplus needs should be incorporated in developing the investment strategy. However, risk and reward criteria have generally focused on the performance of the portfolio by itself, not as part of an insurers' entire operating framework. It is the spread between the portfolio return and the liability cost, not the portfolio return alone, which is the key to an insurance company's success. The portfolio needs to be structured to optimize this spread, not the portfolio return.

• **Regulations and ratings.** Regulatory requirements have increased and are still evolving. New risk-based capital regulations have been developed for both life/health and property/casualty insurers, and life/health insurers need to provide an appointed actuary's certification in which the assets are sufficient to cover the liabilities.

In addition, a new model investment law is being drafted. Rating agencies' reviews also are becoming more involved, and the evaluations have become so important to an insurer's results that they impact its sales, pricing and profit margins.

• **Financial reporting.** Not only do insurers hold a large number of complicated investments, they must account for them under complicated financial reporting systems: statutory, tax and generally accepted accounting principles, as well as other management-designed systems. These rules go well beyond those of most other investors, which may need to report only investment income and capital gains.

• **Performance evaluation.** Asset managers often provide clients with a framework for evaluating investment performance. However, for insurance companies, developing such a framework involves many complex investment management issues, including the insurer's assets/liability constraints and different financial reporting systems.

Performance results can be so clouded by numerous factors, including liability cash flows, reluctance to realize capital losses, and so on, that it is difficult to determine the quality of portfolio management.

Efforts to evaluate financial performance leave insurance company managers frustrated and skeptical because, despite their efforts, they still are not sure of the answers.

Bridging the gap

There is clearly a gap between what investment managers do and what insurance companies need. The implementation of the investment management process needs to be customized to the unique requirements of insurers.

This requires people with insurance expertise, who comprehend the industry's arcane liabilities, complex regulatory environment, and extensive financial reporting requirements. Their backgrounds enable them to support the investment process, particularly in strategy formation and evaluation.

The portfolio needs to be tailored to a company's particular needs and goals. This requires understanding the liability cash flows, and how they would change under different economic scenarios. It means developing risk and reward profiles where profitability and surplus effect are building blocks, not by-products. And it involves creating a portfolio that meets with regulatory and rating agency approval, not concern.

Once this portfolio is created, it needs to be monitored and managed. This means taking advantage of opportunities and protecting against downturns, whether they come from the investment markets or the insurer's own market.

Finally, it involves determining not only what, but also how, the portfolio did. This approach bridges the gap, so that what insurance companies need, investment managers do.

Market forces

Although a portfolio manager's work should be integrated within the insurer's overall operating framework and requirements, he or she usually is focused on understanding the investment markets. Added influences such as volatile interest rates, complex new securities and competitive pricing cause a widening gap between investment and insurance needs. In the U.S. market, there have been insolvencies because these pressures are not integrated and mastered.

To address this industry need for more effective investment management, portfolio managers, actuaries and accountants should:

• Understand and quantify insurers' obligations.

• Develop insurers' return targets—earnings or return on investment—and risk constraints—earnings volatility, capital adequacy.

• Consider investment regulations, financial reporting requirements, rating agency views.

• Develop customized baseline investment strategies.

• Actively manage portfolios under changing market conditions or company circumstances.

• Support investment accounting aspects of financial reporting requirements.

• Evaluate performance against the customized baseline index.

Necessity is often still the mother of invention. BI



Martin P. Klein is senior vp of the insurance advisory group at Zurich Investment Management in New York, a unit of Zurich Kemper Investments Inc. Zurich Kemper manages institutional insurance and pension assets.

Insurance Leadership Forum to address industry issues

Nine insurance industry organizations are sponsoring an Insurance Leadership Forum to discuss issues facing the industry.

The forum, to be held Jan. 14-15, 1997, at the Plaza Hotel in New York, will feature a banquet, reception, keynote address and two panel discussions.

Sponsors of the forum are the Alliance of American Insurers, American Institute for Chartered Property Casualty Underwriters/Insurance Institute of America, American Insurance Assn., Insurance Information Institute, Insurance Services Office Inc., National Assn. of Independent Insurers, National Assn. of Mutual Insurance Cos., the National Council on Compensation Insurance and the Reinsurance Assn. of America.

The banquet and reception will take place Tuesday, Jan. 14, and Louis V. Gerstner Jr., chairman and chief executive officer of Armonk, N.Y.-based International Business Machines Corp., will give the keynote address Jan. 15.

A panel discussion on "Capital Markets and Risk" will follow the address. Featured on the panel are Maurice R. Greenberg, chairman and CEO of American International Group Inc.; Dennis H. Chookaszian, chairman and CEO of CNA Insurance Cos.; Kaj Ahlmann, chairman and CEO of Employers Re Corp.; William H. Bolinder, member of the corporate executive board of Zurich Insurance Group; and Kenneth Froot of the National Bureau of Economic Research.

The "CEO Panel" will feature Dean R. O'Hare, chairman and CEO of Chubb Corp.; Gary L. Countryman, chairman and CEO of Liberty Mutual Insurance Cos.; H. Peter Hudson, chairman and CEO of Monroe Guaranty Insurance Co.; Robert L. Bailey, chairman and CEO of State Auto Insurance Cos.; and Edward B. Rust Jr., president and CEO of State Farm Group. Kathryn J. McIntyre, vp, publisher and editorial director of *Business Insurance*, will moderate the panel discussion.

For information or to register, contact the Insurance Information Institute, 110 William St., New York, N.Y. 10038; 212-669-9200. BI

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Net premiums	$20,154,020	$19,101,895
Paid-in capital	$4,100,000	$4,100,000
Policyholder surplus	$28,115,555	$27,121,175
Employees	141	132
Combined ratio 1	107.2%	105.6%
Combined ratio 2	105.3%	103.4%
Net income	$2,004,434	$1,440,076
Best's rating	A	A
S&P's rating	BBq	BBq

* Figures reported on a pooling basis.

Founded: 1973.
Parent: Jefferson Insurance Co. of New York.
Specialties: Hot air balloons, parasailing, snowmobiles, jet skis.
Approved non-admitted in: All states, excluding Delaware, Louisiana, New York and Rhode Island.
Admitted in: Delaware, New York.
Officers: Claus Cardinal, president/CEO; Kenneth Bolen, senior vp-underwriting; Vincent Celano, senior vp/secretary; Edwin Ghigliotty, senior vp/treasurer; Atanas Nikow, senior vp-claims.
Contact: Kenneth J. Bolen.

Mt. Hawley Insurance Co.

9025 N. Lindbergh Drive, Peoria, Ill. 61615; 309-692-1000; fax: 309-689-2043

	1995	1994
Gross premiums	$93,215,951	$94,675,450
Non-admitted	$93,215,947	$94,675,450
Commercial risks	100.0%	100.0%
Net premiums	$57,556,594	$55,856,496
Paid-in capital	$10,000,000	$4,100,000
Policyholder surplus	$82,619,963	$62,647,441
Employees	260	242
Combined ratio 1	82.1%	94.8%
Combined ratio 2	NA	95.0%
Net income	$12,725,907	$6,876,572
Best's rating	A	A
S&P's rating	BBBq	BBBq

Founded: 1979.
Parent: RLI Corp.
Specialties: Surplus lines and specialty property; surplus lines general liability, including product manufacturers excess of self-insured retention; D&O; employers indemnity (primary and excess) for Texas employers; miscellaneous professional.
Approved non-admitted in: All states, excluding Delaware and Kansas.
Admitted in: Kansas.
Officers: Jonathan E. Michael, president/COO; Terry L. Younghanz, senior vp-underwriting, Gregory J. Tiemeier, senior vp-operations; Michael J. Stone, vp-claims; Joseph E. Dondanville, vp-finance/CFO.
Contact: Jerome E. Mershon, general manager-underwriting.

N

National Fire & Marine Insurance Co.

3024 Harney St., Omaha, Neb. 68131-3580; 402-536-3000; fax: 402-536-3030

	1995	1994
Gross premiums	$64,760,730	$28,205,806
Non-admitted	$34,680,313	$21,764,777
Commercial risks	53.6%	77.2%
Net premiums	$64,652,750	$21,781,043
Paid-in capital	$2,500,000	$2,500,000
Policyholder surplus	$1,229,873,375	$1,284,558,221
Combined ratio 1	3.3%	83.3%
Combined ratio 2	3.3%	83.3%
Net income	$61,325,251	$31,783,766
Best's rating	A++	A++
S&P's rating	AAA	AAA

Founded: 1949.
Parent: Berkshire Hathaway Inc.
Specialties: Large property catastrophe risks; professional liability (D&O, E&O); general liability; prize indemnification; commercial auto physical damage; commercial auto liability, including public transportation; garage liability, including garage keepers legal liability.
Subsidiaries: Redwood Fire & Casualty Insurance Co., Omaha, Neb.
Approved non-admitted in: All states, excluding Massachusetts, Nebraska, New Jersey and New York.
Admitted in: Nebraska, New Jersey.
Officers: Donald F. Wurster, president; Philip M. Wolf, senior vp; Forrest N. Krutter, senior vp/secretary; Leslie J. Baller, vp; R. Scott Stirling, assistant vp.
Contact: John P. Giandinoto, assistant vp-marketing.

Nautilus Insurance Co.

7273 E. Butherus Drive, Scottsdale, Ariz. 85260; 602-951-0905; fax: 602-951-9730

	1995	1994
Gross premiums	$73,004,080	$76,407,033
Non-admitted	$49,408,335	$56,064,676
Commercial risks	67.7%	73.4%
Net premiums	$27,342,992	$24,636,891
Paid-in capital	$7,350,088	$7,350,088
Policyholder surplus	$50,446,322	$44,395,780
Employees	114	103
Combined ratio 1	97.8%	101.8%
Combined ratio 2	97.8%	101.8%
Net income	$6,515,360	$6,272,684
Best's rating	A	A

Founded: 1985.
Parent: W R Berkley Group.
Subsidiaries: Great Divide Insurance Co., Scottsdale, Ariz.
Approved non-admitted in: All states, excluding Arizona, North Carolina and Virginia.
Admitted in: Arizona, North Carolina, Virginia.
Officers: Armin Blumberg, president; Steve Franke, vp-marketing; Tom Kuzma, vp-underwriting; John Runberg, treasurer; Glenn Flotron, vp-claims.
Contact: Steve Franke.

Northfield Insurance Co.

1295 Northland Drive, St. Paul, Minn. 55120; 612-688-4100; fax: 612-688-4280

	1995*	1994*
Gross premiums**	$79,735,883	$69,981,921
Non-admitted	$78,634,233	$68,068,474
Commercial risks	98.6%	97.3%
Net premiums	$74,125,556	$65,885,999
Paid-in capital	$2,500,000	$2,500,000
Policyholder surplus	$62,070,487	$57,161,600
Employees	360	340
Combined ratio 1	97.6%	98.1%
Combined ratio 2	97.9%	98.3%
Net income	$6,856,765	$6,348,810
Best's rating	A-	A-
S&P's rating	Aq	BBBq

* Figures reported on a pooling basis.
** Excludes premiums assumed through intercompany pooling agreement.

Founded: 1972.
Parent: The Northland Co.
Specialties: Garage physical damage and liability, general and professional liability, excess automobile liability, commercial fire, umbrella liability, inland marine.
Approved non-admitted in: All states, excluding Massachusetts, Missouri, New Hampshire and New Jersey.
Admitted in: Missouri.
Officers: Gene G. Gopon, chairman; Randall D. Jones, president; Daniel J. Zaborsky, executive vp; Allen J. Stendahl, David L. Pickard, senior vps.
Contact: Randall D. Jones, 612-688-4470.

O

Old Lyme Insurance Co. of Rhode Island Inc.

175 Metro Center Blvd., Suite 10, Warwick, R.I. 02886; 401-732-4684; fax: 401-732-4634

	1995	1994
Gross premiums	$13,527,047	$16,356,050
Non-admitted	$8,189,972	$14,891,579
Commercial risks	91.7%	98.0%
Net premiums	$13,033,959	$16,480,904
Paid-in capital	$1,100,000	$1,100,000
Policyholder surplus	$21,060,108	$16,700,904
Employees	25	36
Combined ratio 1	62.9%	64.3%
Combined ratio 2	62.9%	64.3%
Net income	$6,242,784	$3,896,591
Best's rating	A-	A-

Founded: 1985.
Parent: Kaye Holding Corp.
Specialties: Property and casualty for affinity groups.
Approved non-admitted in: New York.
Admitted in: Rhode Island.
Officers: Howard Kaye, chairman; Lawrence Greenfield, vice chairman; Bruce D. Guthart, president/CEO; Michael P. Sabanos, senior vp/CFO; Marc Cohen, first vp.
Contact: Maryann Mantia.

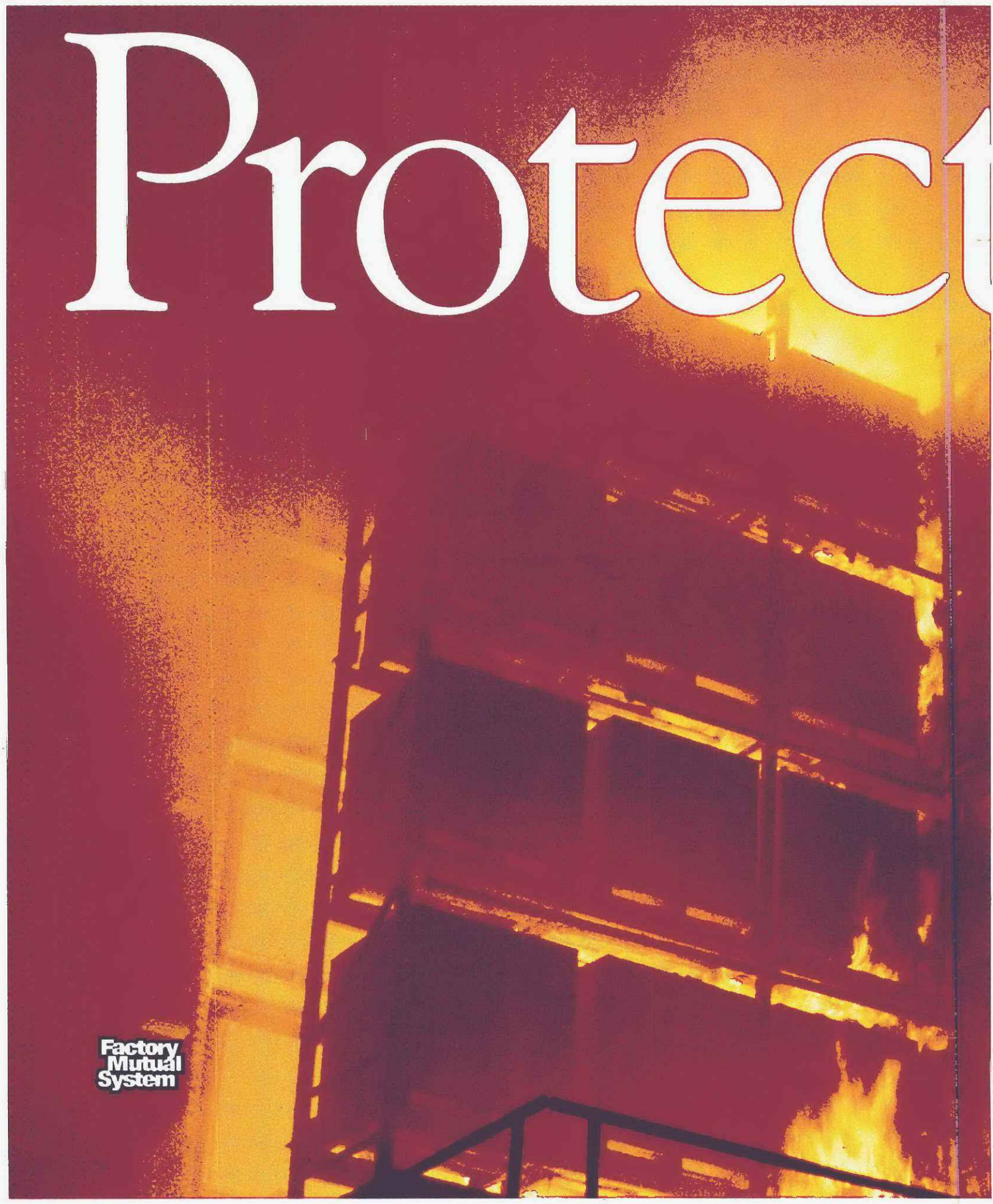
P

Paradigm Insurance Co.

9000 Wessex Place, Suite 300, Louisville, Ky. 40222; 502-429-5585; fax: 502-429-0931

	1995	1994
Gross premiums	$22,156,438	$16,673,368
Non-admitted	$22,046,500	$16,561,497
Commercial risks	99.0%	99.0%
Net premiums	$13,679,115	$15,355,564
Paid-in capital	$1,900,000	$1,900,000

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Policyholder surplus	$16,049,688	$10,916,933
Employees	25	25
Combined ratio 1	92.4%	89.1%
Combined ratio 2	92.5%	89.3%
Net income	$2,107,623	$1,798,303
Best's rating	B++	B+

Founded: 1969.
Parent: Tri-Star Investments Ltd.
Specialties: Medical malpractice; bar/tavern/restaurant; hotel/motel; various specialty programs, including ocean marine, artisan contractors, hospitality and marinas.
Subsidiaries: Tri-Star Insurance Services Ltd., Louisville, Ky.
Approved non-admitted in: Alabama, Arizona, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Indiana.
Officers: Davinder Singh Sahni, president; Gregory Joe Bubalo, Michael Andrew Rava, vps; Linda Ragan Dawson, secretary; Francis John Arkfeld, treasurer.
Contact: Richard Wayne Wooldridge.

Penn-America Insurance Co.

420 S. York Road, Hatboro, Pa. 19040; 215-443-3600; fax: 800-882-8569

	1995	1994
Gross premiums	$66,953,271	$53,925,594
Non-admitted	$39,487,629	$29,845,553
Commercial risks	59.0%	55.0%
Net premiums	$61,285,828	$48,342,441
Paid-in capital	$3,000,000	$3,000,000
Policyholder surplus	$39,118,454	$25,677,333
Employees	82	74
Combined ratio 1	93.0%	94.5%
Combined ratio 2	93.0%	94.5%
Net income	$5,364,018	$645,426
Best's rating	A	A

Founded: 1976.
Parent: Penn-America Group Inc.
Specialties: Roofers, day care centers, apartments, hotels/motels, restaurants, taverns, special events, property, miscellaneous professional, artisans, contractors, vacancies, builders risk.
Approved non-admitted in: Alabama, Alaska, Arkansas, Arizona, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wyoming.
Admitted in: Alabama, Alaska, Arizona, California, Colorado, Delaware, Idaho, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Nevada, New York, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Washington, Wisconsin.
Officers: Jon S. Saltzman, president; John M. DiBiasi, executive vp; Anthony A. Geyelin, secretary/general counsel; Rosemary R. Ferrero, vp/CFO; Thomas J. Reed, senior vp.
Contact: John M. DiBiasi, 215-443-3652.

The directory of wholesalers (underwriting managers, managing general agents and surplus lines brokers) begins on page 58.

R

Reliance Insurance Co. of Illinois

233 S. Wacker Drive, Suite 9220, Chicago, Ill. 60606; 312-876-0886; fax: 312-554-3223

	1995*	1994*
Gross premiums	$241,458,417	$218,132,508
Non-admitted	$204,802,424	$179,498,441
Commercial risks	100.0%	100.0%
Net premiums	$15,058,079	$15,256,938
Paid-in capital	$4,100,000	$4,100,000
Policyholder surplus	$28,511,283	$25,405,135
Combined ratio 1	101.4%	108%
Combined ratio 2	101.5%	107.5%
Net income	$3,272,204	$1,398,229
Best's rating	A-p	A-p
S&P's rating	A	A

* Figures reported on a pooling basis.

Founded: 1972.
Parent: Reliance Insurance Co.
Specialties: Lawyers, architects and engineers, miscellaneous professional, excess and surplus general liability.
Approved non-admitted in: All states, excluding Illinois and New Hampshire.
Admitted in: Illinois.
Officers: Robert Cooper Olsman, chairman/president; Jerome Harris Carr, senior vp/treasurer/CFO; Kenneth Robert Frohlich, senior vp/chief actuarial officer; Robert Kristowaty, senior vp/controller; Lee H. Routledge, senior vp/secretary/general counsel.
Contact: Pennington H. Way III, 212-858-3638.

S

Safety National Casualty Corp.

2043 Woodland Parkway, St. Louis, Mo. 63146; 314-995-5300; fax: 314-995-6847

	1995	1994
Gross premiums	$78,438,529	$88,777,838
Excess liability	97.0%	97.0%
Admitted	99.9%	99.6%
Net premiums	$76,014,942	$84,992,263
Paid-in capital	$5,000,000	$5,000,000
Policyholder surplus	$121,924,558	$102,294,498
Employees	79	76
Excess liability	14	12
Combined ratio 1	106.6%	105.8%
Combined ratio 2	99.4%	98.5%
Net income	$20,035,429	$16,010,794
Best's rating	A	A
S&P's rating	A	NA

Founded: 1942.
Parent: Delphi Financial Corp.
Specialties: Municipalities, school districts, hospitals, nursing homes, government entities, manufacturing, group self-insureds.
Admitted in: All states, excluding Michigan and New Hampshire.
Officers: Terrence T. Schoeninger, president; C. Donald Ainsworth, executive vp; Duane A. Hercules, treasurer; Jeffrey W. Otto, secretary; Mark A. Wilhelm, senior vp-underwriting.
Contact: Donald L. Wilson, government relations manager.

St. Paul Surplus Lines Insurance Co.

385 Washington St., St. Paul, Minn. 55102; 612-310-7911; fax: 612-310-3810

	1995*	1994*
Gross premiums	$192,534,814	$167,521,793
Non-admitted	$160,835,176	$140,445,569
Commercial risks	100.0%	100.0%
Net premiums	$31,696,638	$27,072,602
Paid-in capital	$4,100,000	$4,100,000
Policyholder surplus	$64,128,959	$56,393,725
Combined ratio 1	102.6%	103.3%
Net income	$7,887,669	$7,581,449
Best's rating	A+	A+
S&P's rating	AAA	AAA

* Figures are reported on a pooling basis.

Founded: 1974.
Parent: St. Paul Fire & Marine Insurance Co.
Approved non-admitted in: All states, excluding Delaware.
Admitted in: Delaware.
Officers: Douglas Leatherdale, chairman/CEO; Janet R. Nelson, president/COO; Patrick A. Thiele, executive vp/CFO; Edward M. Gerber, assistant corporate secretary; Robert J. Cecconi, senior vp.
Contact: David Baughman.

Scottsdale Insurance Co.

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

	1995*	1994*
Gross premiums	$1,160,855,368	$1,189,633,933
Non-admitted	$544,101,028	$579,939,358
Commercial risks	91.6%	93.1%
Net premiums	$305,706,248	$296,443,321
Paid-in capital	$6,027,200	$6,027,200
Policyholder surplus	$182,829,817	$180,325,990
Employees	1,059	998
Combined ratio 1	113.5%	108.2%
Combined ratio 2	113.5%	108.2%
Net income	$5,024,180	$18,221,363
Best's rating	A+p	A+p
S&P's rating	AA	AA+

* Figures are reported on a pooling basis.

Founded: 1982.
Parent: Nationwide Mutual Insurance Co.
Subsidiaries: National Premium & Benefit Administration Co.
Approved non-admitted in: All states, excluding Arizona, Delaware and Ohio.
Admitted in: Arizona, Delaware, Ohio.
Officers: Roger Max Williamson, president; Gordon Eugene McCutchan, secretary; Michael Dean Miller, treasurer.
Contact: Arlan G. Oliva.

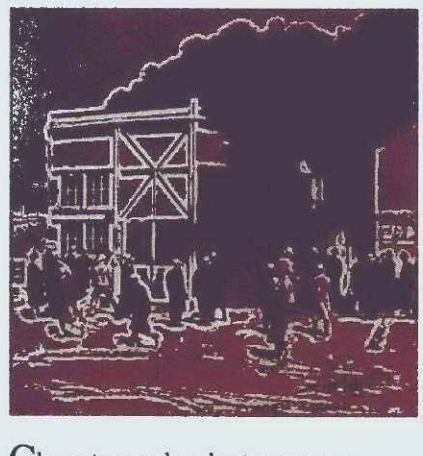
Steadfast Insurance Co.

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

	1995*	1994*
Gross premiums	$356,144,362	$187,505,828
Non-admitted	$327,121,585	$172,918,408
Commercial risks	100.0%	100.0%

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tion.



Changing technologies present risks which are harder to identify, quantify and control. For over 100 years, Protection Mutual has supported extensive research aimed at controlling loss. Today, full-scale fire testing is performed at one of the world's largest laboratories for the study of simulated fire situations. Protecting the assets of a business not only requires the application of HPR standards, but on-going research into changing fire protection requirements.

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Net premiums	**$27,659,364**	$20,319,559
Paid-in capital	**$4,100,000**	$4,100,000
Policyholder surplus	**$49,466,273**	$18,805,248
Combined ratio 1	**112.9%**	111.8%
Combined ratio 2	**NA**	112.3%
Net income	**$318,654**	$1,001,953
Best's rating	**A+**	A+
S&P's rating	**AAA**	AAA

* Figures are reported on a pooling basis.

Founded: 1988.
Parent: Zurich Insurance Co.
Specialties: Environmental, health care, professional liability, railroads, primary surplus lines, excess and umbrella, general liability, architects and engineers, D&O.
Approved non-admitted in: All states, excluding Maine and South Carolina. Also approved in Puerto Rico.
Admitted in: Delaware.
Officers: Constantine P. Iordanou, president/CEO; Loren J. Alter, vp/treasurer; Ronald A. Anderson, David A. Bowers, vps; H. Donald Hanson, vp/actuary.
Contact: Tom Routson, 212-748-2313.

T

TIG Specialty Insurance Co.

2141 E. Highland Ave., Phoenix, Ariz. 85258; 602-381-7000; fax: 602-381-7017

	1995*	1994*
Gross premiums	**$61,862,554**	$33,771,878
Non-admitted	**$38,844,659**	$30,768,686
Commercial risks	**63.0%**	91.0%
Net premiums	**$9,545,153**	$17,464,091
Paid-in capital	**$4,100,000**	$4,100,000
Policyholder surplus	**$20,434,561**	$16,153,648
Combined ratio 1	**143.6%**	116.6%
Combined ratio 2	**NA**	116.6%
Net income	**$574,316**	$(1,800,294)
Best's rating	**A**	A

* Figures reported on a pooling basis.

Founded: 1952.
Parent: TIG Holdings Inc.
Specialties: Professional liability, municipalities, security guards.
Approved non-admitted in: All states, excluding Arizona, California, Colorado, Connecticut, Delaware, Maine, Massachusetts, Nevada, New Hampshire, New Jersey, Rhode Island and Washington.
Admitted in: Arizona, California, Colorado, Nevada, Washington.
Officers: Don D. Hutson, chairman; Vickie F. Kartchner, president; Edwin G. Pickett, executive vp; Stephen L. Porcelli, Martha L. Lynch, Jack A. King, senior vps.
Contact: Vickie F. Kartchner, 602-381-7010.

Tudor Insurance Co.

400 Parson's Pond Drive, Franklin Lakes, N.J. 07417-2600; 201-847-8600; fax: 201-847-1010

	1995	1994
Gross premiums	**$21,086,931**	$22,934,007
Non-admitted	**$15,852,462**	$17,539,017
Commercial risks	**99.0%**	99.3%
Net premiums	**$8,085,383**	$8,233,859
Paid-in capital	**$4,200,000**	$4,200,000
Policyholder surplus	**$25,267,135**	$26,137,191
Employees*	**175**	144
Combined ratio 1	**120.7%**	115.9%
Combined ratio 2	**103.9%**	102.6%
Net income	**$4,177,578**	$3,384,762
Best's rating	**A+**	A+
S&P's rating	**Aq**	BBBq

Founded: 1979.
Parent: Western World Insurance Co.
Specialties: D&O, architects and engineers, school board E&O, public officials liability, miscellaneous professional liability, electronic data processors E&O, specialty brokerage division writing, general liability, product liability.
Approved non-admitted in: All states, excluding New Hampshire.
Admitted in: New Hampshire.
Officers: Andrew Frazier, president; Robert Livingston, executive vp-operations/treasurer; Stephen Gerstman, senior vp; Thomas Mulligan, senior vp; Kenneth La Bar, Gary Resman, Terrye Rumsey, Lynn Rupp, vps.
Contact: Steve Gerstman, professional liability; Gary Resman, general and product liability.
* *Employees of Western World Insurance Group.*

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Japan
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Facsimile: 813 3 222 0803

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U

United Capitol Insurance Co.

400 Perimeter Center Terrace, Atlanta, Ga. 30346; 770-677-0330; fax: 770-399-0771

	1995	1994
Gross premiums	**$21,808,948**	$27,530,676
Non-admitted	**$20,539,551**	$25,653,405
Commercial risks	**94.2%**	93.2%
Net premiums	**$10,981,532**	$17,051,656
Paid-in capital	**$4,100,000**	$4,100,000
Policyholder surplus	**$68,025,642**	$61,750,444
Employees	**48**	50
Combined ratio 1	**(81)%**	86%
Combined ratio 2	**(81)%**	86%
Net income	**$24,696,524**	$9,472,128
Best's rating	**A-**	A

Founded: 1981.
Parent: Frontier Insurance Group.
Specialties: Primary and excess general liability for asbestos abatement, D&O.
Subsidiaries: United Capitol Managers Inc., Atlanta; Fischer Underwriting Group Inc., Paramus, N.J.
Approved non-admitted in: All states, excluding Arizona and Wisconsin.
Admitted in: Arizona, Wisconsin.
Officers: Harry Werner Rhulen, president; Steve Stewart Zeitman, executive vp; Joseph Paul Loughlin, secretary; Edward Lewis Rand Jr., vp/treasurer; Donald Henry Brown, vp.
Contact: Steven S. Zeitman, specialty lines; Mark Brown, primary casualty; Donald Fischer, D&O.

United National Insurance Co.

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

	1995	1994
Gross premiums	**$242,336,639**	$338,131,524
Non-admitted	**$173,873,102**	$260,679,939
Commercial risks	**97.0%**	97.0%
Net premiums	**$69,576,218**	$82,159,942
Paid-in capital	**$5,000,000**	$5,000,000
Policyholder surplus	**$179,745,093**	$162,760,072
Employees	**152**	145
Combined ratio 1	**94.4%**	92.3%
Combined ratio 2	**94.4%**	92.3%
Net income	**$19,875,829**	$17,262,708
Best's rating	**A+**	A+
S&P's rating	**AAq**	BBBq

Founded: 1960.
Parent: American Manufacturing Corp.
Specialties: General liability, special multiperil, fire, jewelers block, umbrella professional liability, specific excess liability, personal lines, liquor law liability.
Subsidiaries: Diamond State Insurance Co., Bala Cynwyd, Pa.; Hallmark Insurance Co. Inc., Bala Cynwyd, Pa.
Approved non-admitted in: All states, excluding Pennsylvania. Also approved in Puerto Rico and Virgin Islands.
Admitted in: Pennsylvania.
Officers: Raymond L. Freudberg, chairman; Seth D. Freudberg, president/CEO; Kevin L. Tate, senior vp; Robert Cohen, vp-marketing; Daniel J. Kelleher, treasurer.
Contact: Daniel J. Kelleher.

W

Westchester Specialty Group

P.O. Box 740276, 6 Concourse Parkway, Suite 2700, Atlanta, Ga. 30374; 770-393-9955; fax: 770-393-0888

	1995	1994
Gross premiums	**$289,662,658**	$345,232,091
Excess liability	**92.0%**	93.0%
Admitted	**88.0%**	91.0%

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Net premiums	$151,894,811	$186,737,525
Paid-in capital	$9,250,000	$8,250,000
Policyholder surplus	$296,901,948	$302,670,547
Employees	279	297
Excess liability	279	297
Combined ratio 1	210.0%	119.7%
Combined ratio 2	210.0%	122.3%
Net income	$(19,587,668)	$27,039,437
Best's rating	A	A
S&P's rating	A-	A

Founded: 1837.

Parent: Talegen Holdings Inc.

Subsidiaries: Industrial Underwriters Insurance Co., Westchester Fire Insurance Co., Westchester Specialty Insurance Services Inc., Westchester Surplus Lines Insurance Co.

Admitted in: All states. Also approved in Guam and Puerto Rico.

Non-admitted in: All states, excluding Alaska, Delaware, Georgia, Maine, Michigan, Minnesota, New Hampshire and Rhode Island. Also approved in Virgin Islands.

Officers: Dennis Reding, chairman/CEO; Richard Plazak, president; John Edack, senior vp-casualty; Marshall Turner, senior vp-property; John Intondi, senior vp-claims; Robert Gaffney, CFO/treasurer.

Contact: Dennis Reding.

Western World Insurance Co.

400 Parson's Pond Drive,
Franklin Lakes, N.J. 07417-2600;
201-847-8600; fax: 201-847-1010

	1995	1994
Gross premiums	$71,414,126	$75,183,064
Non-admitted	$56,741,010	$59,613,966
Commercial risks	97.0%	97.3%
Net premiums	$48,503,472	$51,082,811
Paid-in capital	$8,200,000	$8,200,000
Policyholder surplus	$126,452,012	$113,482,257
Employees*	175	144
Combined ratio 1	102.1%	100.8%
Combined ratio 2	103.9%	102.6%
Net income	$11,848,950	$10,834,086
Best's rating	A+	A+
S&P's rating	AAq	BBBq

Founded: 1979.

Parent: Western World Insurance Group Inc.

Specialties: General liability, professional liability, miscellaneous malpractice.

Subsidiaries: Stratford Insurance Co., Keene, N.H.; Tudor Insurance Co., Keene, N.H.

Approved non-admitted in: All states, excluding New Hampshire and New York.

Admitted in: New Hampshire, New York.

Officers: Andrew Frazier, president; Robert Livingston, executive vp-operations/treasurer; Stephen Gerstman, Thomas Mulligan, senior vps; Kenneth La Bar, Gary Resman, Terrye Rumsey, Lynn Rupp, vps.

Contact: Tom Mulligan.

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Spotlight report

New products help Swett & Crawford remain No. 1

Swett & Crawford Group

3699 Wilshire Blvd., Suite 1200,
Los Angeles, Calif. 90010;
213-251-1200; fax: 213-381-7992

	1995	1994
Premium volume	$633,617,326	$610,463,460
Gross revenues	$60,492,479	$56,606,231
Employees	551	532
Commercial lines	100%	$100
Admitted insurers	55%	49%
Non-admitted	45%	51%

*Fiscal year ends Sept. 30

Generating new insurance products is critical for growth when increased competition continues driving prices down, says Warren S. Stanley, president and chief executive officer of Swett & Crawford Group.

Mr. Stanley should know. Despite market conditions that shaved prices by 10% to 15% during 1995, the nation's largest wholesaler posted a 3.8% increase in premium volume to $633.6 million, up from $610.5 million in 1994. Gross revenues grew by 6.9% to $60.5 million from $56.6 million.

That amount of premium volume growth is down from the 14% increase the unit of The St. Paul Cos. Inc. saw in 1994, when gross revenues rose 8.4% from $52.2 million.

"I don't know of any broker or any wholesale broker who is being helped by market conditions and we anticipate this competitive environment to continue well through 1996 and 1997," Mr. Stanley said.

Still, Mr. Stanley views 1995 as a "solid year."

"Basically, we are winning more than we are losing in that overall game right now," he said.

The year's growth is particularly notable when considering price decreases brought on by the intense market competition, he said. If Swett & Crawford did nothing more than renew every single account it had in 1994, premium volume would have shrunk by 10% to 15%.

"We have to write 10 to 15 percent more insureds just to stay even on a premium or revenue bases," Mr. Stanley said.

St. Paul Surplus Lines Insurance Co. continues to be Swett & Crawford's largest market, accounting for about 13% of premium in 1995, up from 11% the previous year.

Last month, St. Paul announced it had retained Goldman Sachs International to assist in examining options for Minet Group. Observers believe that could result in the sale of Minet (*BI*, Sept. 2).

Swett & Crawford, a unit of Minet, referred questions about the potential impact to The St. Paul Cos. Inc.

"At this point, we are looking at all potential options in respect to Minet, inclusive of Swett & Crawford, as part of that operation," a St. Paul spokeswoman said. "And at this point we don't know what all those options could be."

Meanwhile, the nation's largest wholesaler is more certain about its strategy for growth.

"We are constantly adding new products," Mr. Stanley explained. "The big picture here, or the big issue, is that an operation of our size, with an excess of $600 million in premiums, we feel that in the course of any year we have to enter no fewer than five to 10 new concepts to have an appreciable impact on our overall results.

"Some of these may generate premiums as little as $2 million to $5 million," he said. "But when you multiply that by five or seven of them, by definition you are creating a larger organization and you are creating more revenue."

The key is to get those new ideas to underwriters quickly so the company can immediately capture available premium and revenue, Mr. Stanley said.

"In the aggregate, some of our binding authority business, some of our program business, some of our new product development did help increase our revenue," Mr. Stanley said. "So, from a strategic perspective, our position to be a greater specialty and niche wholesaler appears to be successful."

Swett & Crawford's areas of specialization include property and difference-in-conditions insurance; construction contractors general liability; directors and officers liability; errors and omissions and professional liability; programs for energy-related companies such as pipeline contractors, drillers and service contractors and for contractors working in petrochemical companies; commercial and public auto liability; and liquor liability.

New products in 1995 included two new employment practices liability coverages.

One can be underwritten by Colonia Group and London market companies and is available for employers with 50 or fewer employees. It has limits up to $1 million and can be written on an admitted basis in 43 states.

The second program is for companies with more than 50 employees. It also has limits of $1 million and is underwritten in London on a non-admitted basis.

Growth in 1995 also came from more liability coverage provided to water parks and family fun centers. In 1996, Swett & Crawford began providing property coverage with limits of up to $5 million for those businesses.

Swett & Crawford's binding authority business also contributed to revenue in 1995, although it "grew somewhat modestly" in relationship to the company's overall business mix, Mr. Stanley said.

"We increased some of our transportation, which is binding," he said.

"However, I don't want to imply that pricing per unit of exposure in this area is any firmer than in the (open) brokerage area," he said. "It is under significant price pressure itself. It is just that we have a little more to sell and a few more companies to represent than we did the prior year."

Those companies include Northland Insurance Co., Athena Assurance Co., Jefferson Insurance Co. and American Equity Insurance Co.

Mr. Stanley expects growth in 1996 to be about the same as the 3.8% experienced in 1995. During the first six months of 1996, the wholesaler posted revenue of $29 million and premium volume of $296 million.

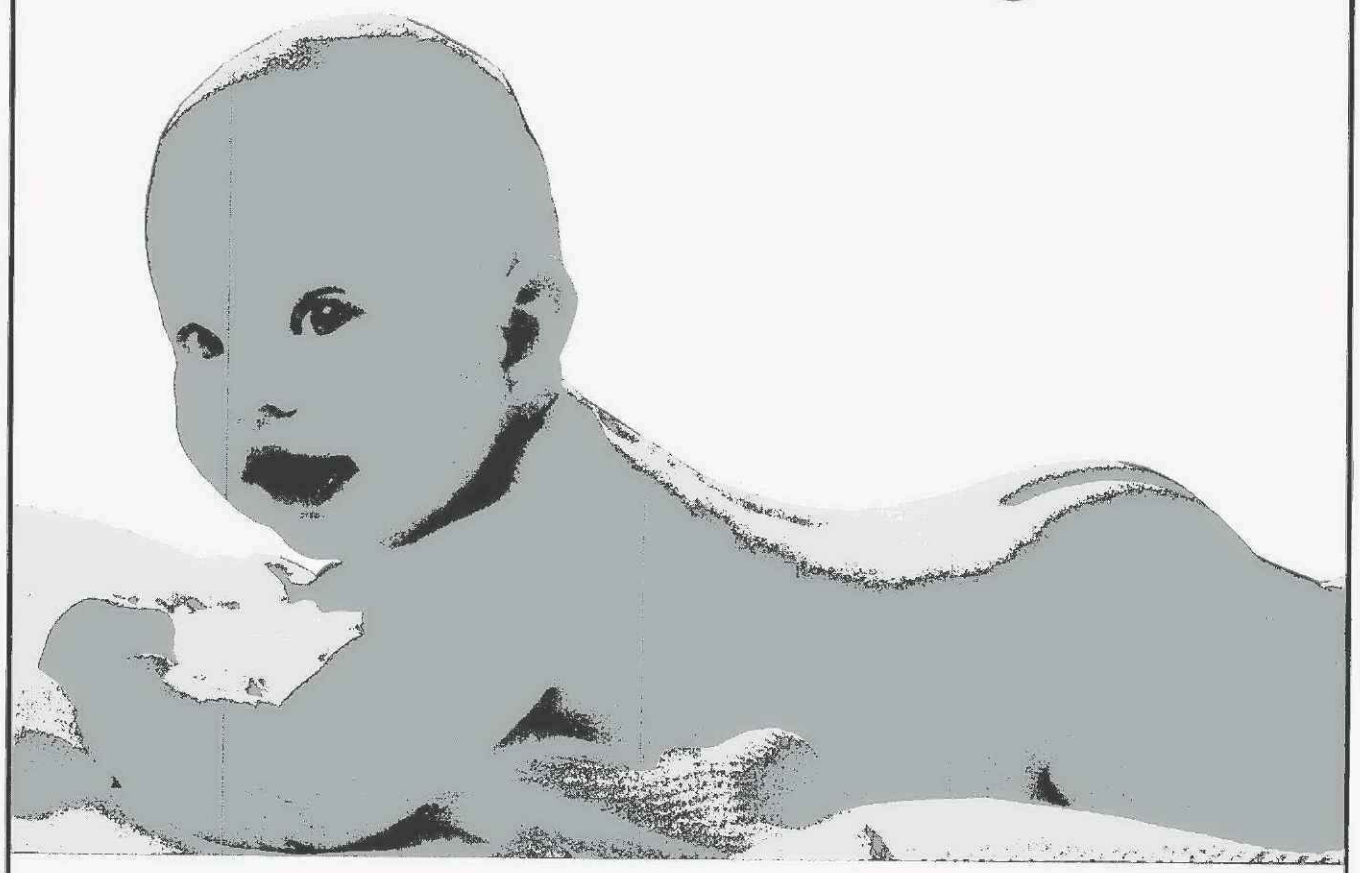
The company declined to specifically discuss profitability amounts. "The company remains profitable within an acceptable margin range; nevertheless, we are aggressively making efforts to improve our margin in a difficult market environment," he said.

Continued on next page

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ADMIRAL INSURANCE COMPANY

Continued from previous page

Future growth will continue to come from new markets or expansion of existing ones. For example, Swett & Crawford expanded its coverage for trucking and public automobiles, such as taxis and shuttle services, into more states, including Texas, Ohio, Indiana, Utah, Missouri and Illinois.

Coverage can be written on an admitted and non-admitted basis, with limits depending on the geographic region and underwriter.

Other new product areas added in 1996 include:

- Restaurant loss of sales due to publicity from food-borne illness. It is underwritten by Lloyd's of London with limits above $50 million.
- Professional liability for managed health care companies, underwritten by Evanston Insurance Co., with limits of $5 million and excess available outside the program.
- Aircraft liability for television and film production companies, with $10 million in combined single limits and up to $20 million aggregate.
- General liability for indoor rock-climbing gymnasiums, with limits of $1 million and excess available outside the program.
- Product liability for auto racing parts manufacturers, with limits of $500,000 or $1 million.
- D&O liability coverage for financially distressed companies.

In other changes during 1995, the wholesaler focused more on getting its name, products and services directly in front of policyholders. To do so, Swett & Crawford worked through trade associations whose members often do not have risk managers and instead rely on financial officers to make insurance decisions.

"I want to emphasize, though, that that still positions Swett & Crawford as a wholesale broker and all we are attempting to do is encourage certain insureds to contact their retail broker to get in touch with us," Mr. Stanley explained.

Also during 1995, the company saw its use of admitted insurers increase to 55% of premium volume compared with 49% in 1994. The shift can be attributed in part to regulatory difficulties in some states, Mr. Stanley said. "And, with the competitive environment, a number of carriers have decided to put a little more emphasis on their admitted companies as opposed to non-admitted, and our overall mix just basically reflects that activity."

The increased emphasis on the admitted market is across the board.

The same holds true with price decreases. Mr. Stanley said all lines have felt it, with D&O liability seeing the greatest competition for business and the steepest decreases.

In addition to Mr. Stanley, other Swett & Crawford officers are: Robert A. Scott, executive vp and chief financial officer; Daniel V. Colacurcio, executive vp and western division manager; Ronald D. Wartick, executive vp and central division manager.

Top markets included St. Paul Surplus Lines Insurance Co.; W.R. Berkley Corp. Group; Allianz Insurance Group/Fireman's Fund Insurance Cos.; American International Group; Associated International/Gryphon; Canal Insurance Co.; Chubb Corp. units; CNA Insurance Group/The Continental Insurance Co.; Coregis Group/ Westchester Specialty Group; General Star Indemnity Co.; Guaranty National; Hartford Group/First State National; Lexington/National Union; Lloyd's of London and the London market; Northland Insurance Cos.

Also: RLI Corp.; Reliance Insurance Group; Royal Group; Scottsdale/Nationwide; The St. Paul Cos. Inc.; Westco Insurance Group; Western Heritage; and Zurich Group.

The broker is a member of both the AAMGA and NAPSLO.

—By Roberto Ceniceros

Price Forbes North America

7557 Rambler Road, Suite 350
Dallas, Texas 75231;
214-265-2660; fax: 214-265-2661

	1995	1994
Premium volume	$520,000,000	$541,000,000
Gross revenues	$38,700,000	$39,100,000
Employees	319	332
Commercial lines	100%	100%
Admitted business	40%	35%
Non-admitted	60%	65%

The numbers at Price Forbes North America may get worse before they get better.

That's because insurance market conditions that stunted the wholesale broker's growth in 1994 and 1995 haven't changed and new programs that Price Forbes put in place this year will need time to mature before they can make significant contributions to premium volume and revenue figures.

And when the 1996 numbers are on the books, they will no longer include those related to Price Forbes unit Sedgwick International Marketing Services Inc. The New York-based "reverse-flow" wholesaler is becoming part of the retail operation of parent Sedgwick Group P.L.C.

Price Forbes lost ground last year, with premium volume dipping 4% to $520 million from $541 million in 1994. Gross revenues were off as well, falling 1% to $38.7 million from $39.1 million.

Price Forbes, though, remains the No. 2 wholesaler overall.

The decline is related to the loss of business in Price Forbes unit Southern Marine & Aviation Inc., which this year moved to Houston from New Orleans.

SMAI lost a major market and finds itself competing for a shrinking number of accounts in the energy business. Premium volume written in 1995 plummeted to $53 million, a 30% drop from $76 million the year before.

Crump Insurance Services Inc., Price Forbes' largest unit, continues to battle a fiercely competitive admitted market that is gobbling up casualty business that usually resides with surplus lines insurers.

"The umbrella market in particular is just really fierce," said Orville D. Jones, chairman and chief executive officer of Crump. Umbrella liability business makes up Crump's fourth-largest book of business.

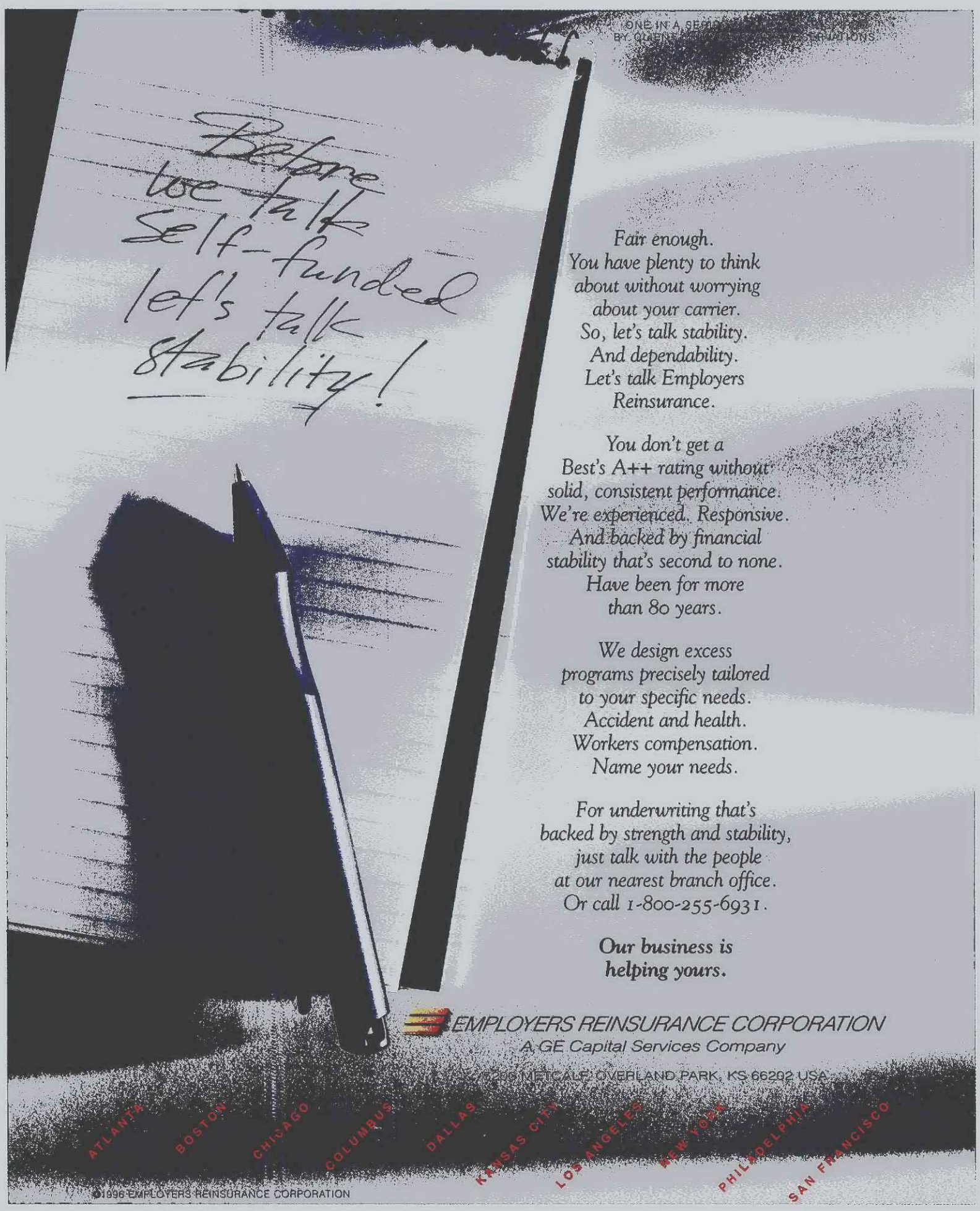
The wholesaler also suffered from the loss of accounts that generated around $15 million of premium. One, which produced $10 million of premium, was lost when the policyholder left the Dallas-based broker to access the London market through an intermediary in that city.

Despite its struggles, Crump's performance last year was the bright spot in Price Forbes' operations. Existing programs are performing well, and new efforts are expected to generate additional business.

Crump's premium volume rose slightly in 1995, to $407.3 million from $401.5 million the previous year. In the first half of this year, premium volume is up 12.7% to $212 million from $188 million for the same period last year.

"We had a good year, but not a great year last year as far as Crump is concerned," said Marcus Payne, Crump's president and chief operating officer. "We wrote a really substantial amount of new business last year."

Continued on next page



Spotlight report

Continued from previous page

The admitted market's appetite for umbrella liability risks has kept down Crump's growth. Last year, Mr. Payne projected umbrella business would make up about 10.5% of the wholesaler's business. It actually comprised 9.7%, down from 11.8% in 1994.

While the admitted market grabbed some of the business, the percentage also reflects a big increase in Crump's property business last year. Property writings were 27.6% of the total book for 1995, and through July of this year that business amounts to 35.7%.

Crump "added some heavy property brokers this year," which means the amount of property business will continue to increase, he said.

Existing Crump programs like those that provide coverage for resort hotels, financial institutions and parking garage owners continue to perform well, according to Mr. Jones. New programs are expected to help replace some of the premium volume lost to the admitted market.

A new Alternative Risk Programs Division is in place that Mr. Jones said he thinks is unique among wholesale brokers. The arrangement allows Crump to be the exclusive marketer for a Bermuda-based rent-a-captive.

While full details on the operation aren't yet available, Mr. Jones described the rent-a-captive as "well-financed" by an individual investor. It will write all lines of coverage on policies issued by Meadowbrook Insurance Group.

Crump is working on eight programs expected to be insured through the rent-a-captive, which will be launched around Oct. 1, he said.

Among Crump's current offerings is a new program that provides general liability and other coverage for messenger and courier businesses.

The program typically provides $1 million in general liability limits, as well as coverage for vehicles and property. Property coverage includes limits of $200,000 on buildings and $20,000 each for computer hardware and software losses.

Crump Underwriting Services, which last year began providing MGA support to Crump's wholesale offices, is writing new contracts, Mr. Payne said. "We have binding contracts for general liability, umbrella, and we have just completed a miscellaneous professional liability contract."

Meanwhile, Sedgwick International Marketing Services is no longer a part of the Price Forbes operation, moving instead to the retail arm of Sedgwick's operation. SIMS places so-called reverse-flow business in the North American marketplace for international risks that have coverage needs that can't be met entirely by other world markets. Last year, premium volume amounted to $60 million, down from $63 million in 1994.

Mr. Jones explained that the type of business handled by SIMS is more suited to Sedgwick's retail operation. "They are moving over to the global brokering arm because basically, that's what they do."

The departure of SIMS means Price Forbes no longer will record the approximately $60 million in premiums the unit generates each year.

Southern Marine & Aviation Inc. won't be generating any big premium volume numbers to help replace the lost SIMS business, but the unit is a leaner and less expensive operation that is writing some profitable business, according to Mr. Jones.

SMAI's New Orleans office has been closed and the unit now is based in Houston, a move made partly because President Jerry L. Shelton and other executives live in that city.

With the decline in SMAI's business, the number of workers has been slashed to about 25, half the number two years ago. The cut shows up in Price Forbes' total employee count of 319 at the end of last year, down from 332 in 1994.

SMAI's premium volume has fallen for several reasons, but much of the drop can be attributed to Sedgwick Group's decision to run off subsidiary Americas Insurance Co. SMAI held MGA and underwriting management agreements with the insurer.

"The closing of Americas hurt them," Mr. Jones said, but the softening of the domestic and international markets hasn't helped either.

"And there's not the energy business now that there was a few years ago," Mr. Jones noted, as those businesses have merged and alternative risk-funding vehicles have become more popular for the risks.

SMAI's writings for the first six months are down nearly 40% from the same period last year, Mr. Jones noted. However, he said, the unit is doing well in some areas.

"They're doing very, very well in the cargo business," offering cargo owners and shipowners up to $40 million in coverage for a single loss incurred aboard a single vessel, Mr. Jones noted.

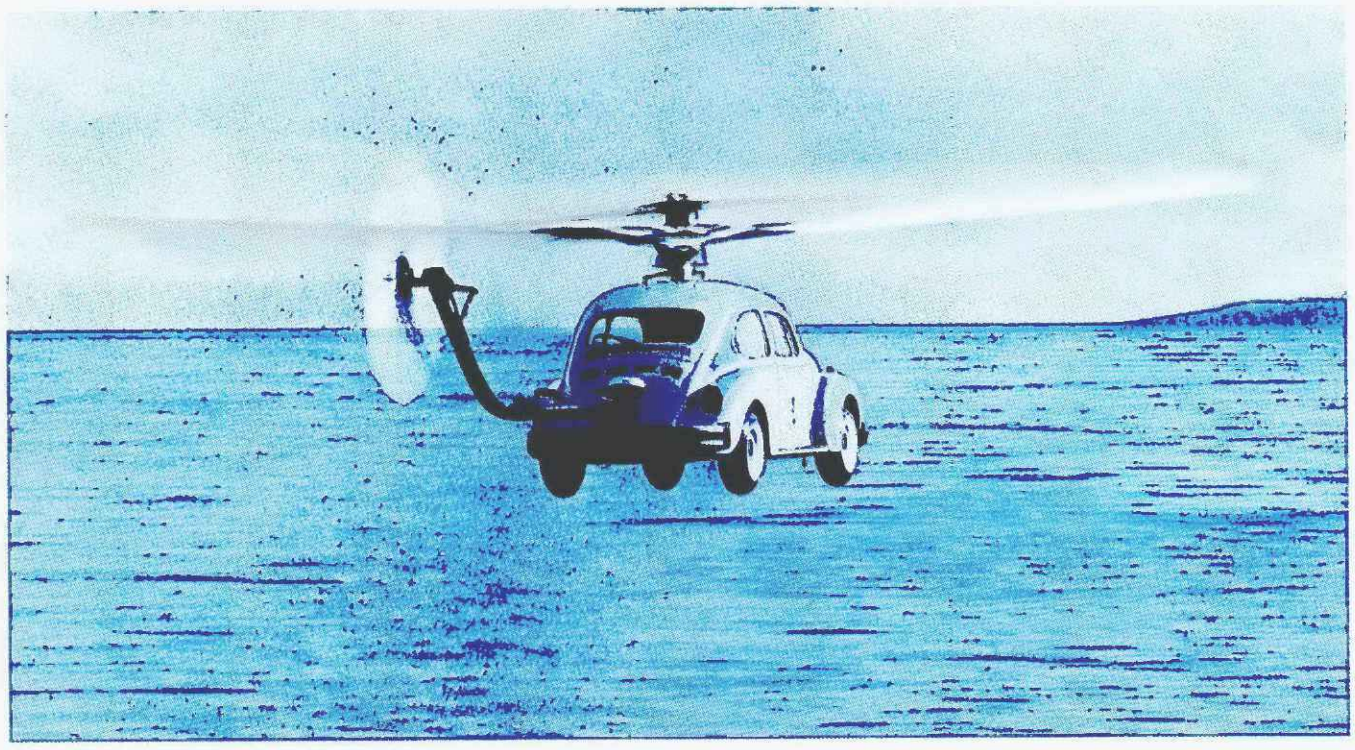
The coverage is written through an underwriting management agreement with Dallas-based Gulf Insurance Co. The insurer shares the risk with various London insurers.

With staffing cut in half, SMAI's lower expenses could give them some breathing room, Mr. Jones said.

Crump and SMAI are members of NAPSLO. Crump also is a member of AAMGA.

—By Michael Bradford

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Tri-City Brokerage Inc.

50 California St., Suite 2000
San Francisco, Calif. 94111
415-986-5050; fax: 415-986-5004

	1995	1994
Premium volume	$476,592,944	$458,038,852
Gross revenues*	$31,200,000	$30,000,000
Employees	178	166
Commercial lines	100%	100%
Admitted	80%	85%
Non-admitted	20%	15%

**BI estimate.*

As the largest independent wholesale insurance broker, Tri-City Brokerage Inc. is in good position to serve the independent retailer, and it plans to make the most of it, according to its president.

"We've got resources and capabilities that we can provide" to the independent broker that he might not be able to provide himself, said President John G. Hahn.

But this means evolving beyond being "just a surplus lines broker to being a distributor of wholesale products," as well as being a "horizontal specialist" rather than just a "generalist."

In addition to the normal broker duties, this involves becoming more actively involved in managing general agency and program business, said Mr. Hahn.

Clearly, Tri-City, which retains its position as the nation's third-largest surplus lines broker and third-largest wholesaler overall, has been successful in its 11-year history.

It has still, though, felt the soft market's impact. In 1995, *BI* estimates Tri-City's revenues increased 4%, to $31.2 million from $30 million, while its premium volume increased 4.1% to $476.6 million from $458 million. This compares with an estimated 14% gross revenue increase and a 13.7% premium volume increase in 1994 over 1993 results.

For the six months ended June 30, premium volume increased just 1.8%, to $245.6 million from $241.1 million for the same period a year earlier. *BI*

Continued on next page

Continued from previous page
estimates revenues increased by a commensurate amount, to $16 million from $15.7 million.

The rate of premium volume growth is down because of alphabet house consolidation and continued softening of the casualty marketplace, explained Mr. Hahn. Pointing to the former, he said that between 1993 and 1995, the company lost $75 million to $80 million in alphabet house premium, but grew anyway, which means its strategy of focusing on the independent retailer is "really paying off." Alphabet houses now account for less than 30% of Tri-City's business, compared with 85% just five years ago, he said.

Despite all the talk about smaller brokers disappearing, there are "still so many out there," said Mr. Hahn. One way Tri-City is serving this segment is by focusing on its MGA business. Its thrusts in this area included a deal last year with General Star Indemnity Co., under which Tri-City, through a Jersey City, N.J.-based operating unit called Five Star Managers, writes up to $10 million in directors and officers liability coverage for executives of companies conducting initial public offerings as well as start-up companies in high-tech, biotech and other sectors.

Five Star also has established a proprietary facility with limits of $5 million backed by Lloyd's of London that writes professional liability coverage for lawyers, architects and engineers, as well as miscellaneous classes of professionals, such as management consultants.

Under an arrangement with Connecticut Specialty Insurance Group, part of Orion Capital Cos., it also has started another MGA for fiduciary liability, offering limits of up to $5 million. The program is a joint venture with underwriter Mike Machanich, said Mr. Hahn.

Tri-City is also involved in arranging for exclusive or semi-exclusive product distribution in a variety of areas.

Tri-City's other programs include general liability coverage for crane and rigging operators and coverage including residual value insurance for the finance and leasing industry, as well as earthquake coverage.

The wholesaler, which has a dedicated team of three people in research and development of new products, is continuing to develop new products, including joint ventures, in the MGA, program and exclusive product arrangements areas.

While today these now account for just 10% to 15% of Tri-City's business, they are ultimately expected to claim a 30% to 40% share of the total, said Mr. Hahn.

Geographic expansion also is possible. Tri-City, which already has offices in Los Angeles, San Francisco, Chicago, New York and Edison, N.J., has its eye on expansion in the South, in particular Florida, where there are opportunities in the catastrophe property perils area. This could be through acquisition or by opening up an office, said Mr. Hahn.

As for Tri-City itself being acquired, "there's clearly interest and activity as people look at the whole question of distribution," with Tri-City in particular of interest as one of the only national independent brokerage operations.

But, he added, "we value our independence," and while the company is willing to talk, "we don't really want to be part of a big organization," he said.

Mr. Hahn added that should any deal materialize in the future, it will clearly be "for strategic and not monetary purposes."

Last year, about 47%, or $224 million, of Tri-City's $476.6 million in premium volume was in casualty business, about a 6% decline from a year ago. Thirty-six percent, or $172 million, was in property business, up about 15% from a year ago.

Fourteen percent, or $67 million, was in financial services, a 3% increase. The remaining 3%, or about $14 million, reflects Five Star and other program business, said Mr. Hahn.

The breakdown of business is expected to change, however, because at the end of the year the team that works on Fortune 1,000 property accounts, which deals primarily with the alphabet houses, is breaking off to form its own boutique operation in an amicable parting, said Mr. Hahn.

That should lead to a cutback of about $50 million in premium in 1997, but Tri-City expects to more than make up for it with new business, said Mr. Hahn.

The company is looking for opportunities in the benefits area through a variety of payroll deduction products, among other projects, said Mr. Hahn.

One promising area Tri-City is planning to enter eventually is employment practices liability, Mr. Hahn said.

Tri-City has relationships with about 1,000 agents and brokers across the country and worldwide, although no single agent accounts for more than 10% of its business. About 80% of its business is placed with admitted insurers, down from 85% in 1994.

Some of Tri-City's leading insurance company markets are: Acceptance Insurance Cos., Admiral Insurance Co., American International Group; Associated International; Chubb Custom Insurance Co., a unit of Chubb Corp.; Essex Insurance Co.; Evanston Insurance Co., the Executive Risk Group, First State Insurance Co., General Star Indemnity Co., Great American Cos.; Lloyd's and British companies; RLI, Royal Specialty Underwriting, a unit of Royal Insurance Group; St. Paul Fire & Marine Insurance Co.; Travelers/Aetna Casualty Co.; Underwriters Special Risk; Westchester Specialty Group and Zurich Insurance Co.

Besides Mr. Hahn, other principal officers at Tri-City are executive vps Kieran P. Burke, Scott W. Gunnison, George P. Hilditch, Alexander M. Kullman, Daniel S. Real, Michael P. Tilton and Edward W. Ulshafer. Robert B. Dillon is chief operating officer and Leo P. O'Reilly is chief financial officer.

Tri-City is a member of NAPSLO and AAMGA.

It also belongs to the Insurance Brokers Assn. of New York, the Professional Insurance Assn., the Surplus Lines Assn. of California, the Professional Insurance Agents, the California Insurance Wholesalers Assn. and the Insurance Brokers Assn. of the West.

—By Judy Greenwald

Alexander Howden North America Inc.

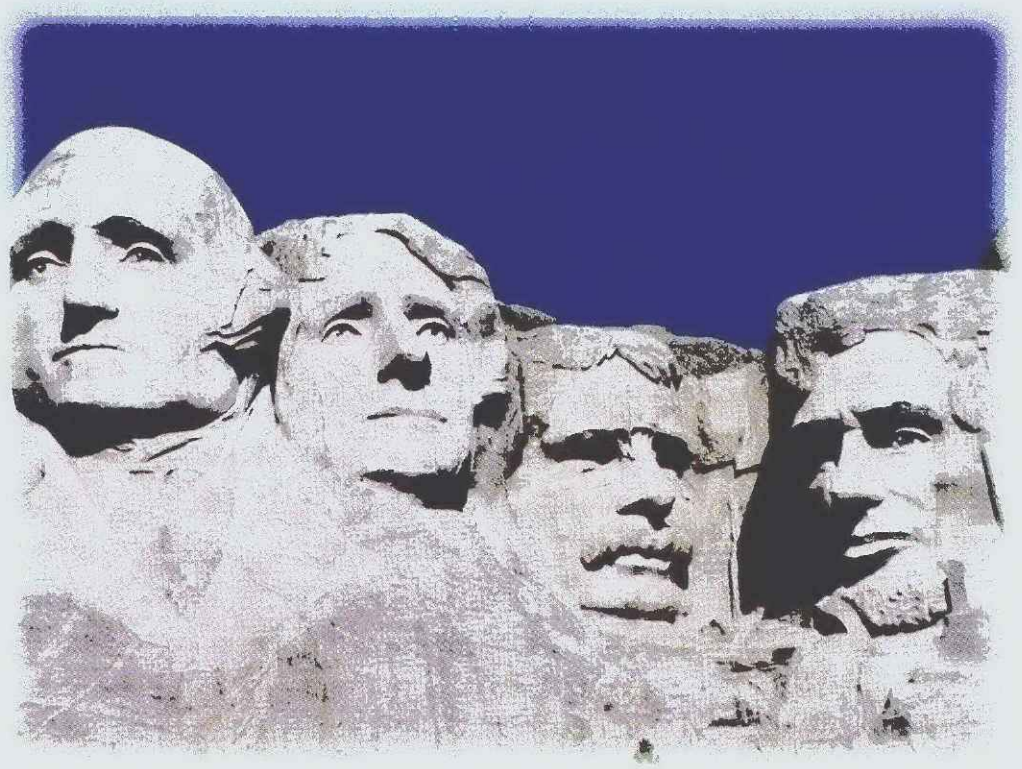
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3715 Northside Parkway N.W.,
Atlanta, Ga. 30327; 404-240-5200
fax: 404-240-5393

	1995	1994
Premium volume	$454,992,043	$438,739,212
Gross revenues	$29,669,808	$28,266,442
Employees	168	202
Commercial lines	100%	100%
Admitted	88%	85%
Non-admitted	12%	15%

Alexander Howden North America Inc. is continuing to specialize to keep pace with a competitive market.

Competing effectively has meant cutting back the number of retail agents with which the Atlanta-based surplus lines broker deals.

Continued on next page



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Specialty underwriting through select surplus line brokers.

Spotlight report

Continued from previous page

The strategy appears to be paying off. Alexander Howden North America's premium volume grew to just under $455 million in 1995, an increase of 3.7% from the previous year's $438.7 million.

The premium growth continued during the first six months of 1996. Alexander Howden's premium volume for the first half of 1996 reached $240 million, an increase of 5.3% from the $228 million registered during the same period in 1995.

"We're having a very strong year in 1996," said Bruce E. Harrell, president and CEO of Alexander Howden North America.

Mr. Harrell was promoted to his present positions from executive vp and chief operating officer at the beginning of the year. He succeeded Dan Osterhout, who became chairman and chief executive officer of Alexander Capital Markets, another subsidiary of Alexander Howden parent Alexander & Alexander Services Inc.

The wholesaler's good performance thus far in 1996 is "primarily due to continued growth in a property book of business and continued emphasis in our specialty areas, construction and transportation," said Mr. Harrell.

Based on 1995 premiums Alexander Howden is the fourth-largest U.S.-based surplus lines broker and the fourth-largest wholesaler overall.

Its gross revenues also increased to about $29.7 million in 1995, an increase of nearly 5% from less than $28.3 million the year before.

"I think the thing that makes us unique is our strong desire to really understand in great detail what the needs and strategies are of our clients so we can help them become more profitable," said Mr. Harrell.

"We're launching some new specialty areas. The one we are aggressively going after this year would certainly be in the transportation area," said Mr. Harrell. Alexander Howden's transportation efforts focus primarily long-haul trucking and regional type trucking, he said. Alexander Howden's transportation programs generally provide limits of up to $1 million on a primary basis, focused mainly on the liability side, said Mr. Harrell.

The other main area has been the construction industry, with an emphasis on both residential and commercial operations, he said. The current target is "pretty much the middle-size contractors." The construction programs generally offer primary limits of up to $1 million, with excess limits up to $5 million.

Alexander Howden formed three specialty units in 1993.

Pasadena, Calif.-based Alexander Howden Construction Inc. had a "good year" as it concentrated on commercial contractors and launched a new facility for crane owners and operators, with a primary limit generally of $1 million. Houston-based Alexander Howden Energy is "really a pure brokerage operation for middle to large energy accounts," he said.

Alexander Howden Facilities Managers, based in Chicago, specializes in program business. The facility discontinued a short-lived employment practices liability product called Trio this year. "By the time we launched the Trio product, there were a lot of other products that came out and offered the employees' liability program as well," Mr. Harrell said.

Alexander Howden is looking ahead to opportunities in liability lines, including the product and professional liability areas, said Mr. Harrell. Alexander Howden is in some professional liability areas, including lawyers errors and omissions and some for-profit directors and officers liability accounts.

Alexander Howden also will look for new opportunities in the property coverage area, primarily in the catastrophe area, which already plays a key role in Alexander Howden's growth, accounting for about 30% of its premium volume.

"The cat business has obviously been very good to us," said Charles Hollingsworth, senior vp in charge of property. Business includes windstorm, earthquake and layered coverages. He said catastrophe business—both quake and wind—has leveled off somewhat, but "cat business is still what drives the market."

All of Alexander Howden's business is commercial. Last year, 88% of the premiums were placed with admitted insurers, up from 85% in 1994 and 80% in 1993.

"The trend will continue because the state insurance departments are making it more and more difficult to do business on a non-admitted basis," Mr. Hollingsworth said.

He said about the only difference remaining between the two markets is that the non-admitted market "may be a bit more flexible on forms."

The overwhelming majority of Alexander Howden's premium volume—91%—was generated from brokerage services, up from 77% in 1994.

Among the insurers Alexander Howden placed business with are units of American International Group; units of Crum & Forster Inc.; Lloyd's of London underwriters; The Royal Specialty Underwriting Inc.; Westchester Specialty Group; First State Insurance Co.; units of CNA Insurance Group; St. Paul Surplus Lines Insurance Co.; Zurich-American Insurance Group; Aetna Casualty & Surety Co.; Allianz Underwriters Insurance Co.; Reliance Insurance Co.; Gerling America Insurance Co.; RLI Insurance Co.; USF&G Group; and Commonwealth Insurance Co.

Only 9% of Alexander Howden's premium volume was generated by its managing general agent activities in 1995, down from 23% a year earlier. It has binding authority for The Home Insurance Co., Lloyd's underwriters and Scottsdale Insurance Co.

Mr. Harrell said the drop in MGA-generated premiums reflected in large part sales of MGA-oriented units over the past few years, such as the sale of Illinois R.B. Jones in April 1995.

The sale of the MGA units cut Alexander Howden's number of employees to 168 in 1995 from 202 a year earlier. "The staff numbers will begin to climb back up as we invest in new areas," Mr. Harrell said.

Mr. Harrell said about 70% of Alexander Howden's business came from national brokers, with the remaining 30% from regional companies. Forty-two percent of the total comes from parent A&A.

He added that "at the beginning of the year, we terminated about 40% of our retail agents. Our mix is still about the same" in terms of national and regional. The agents terminated, though large in number, were very small in business generated, bringing only a single piece of business or two a year to Alexander Howden, he said.

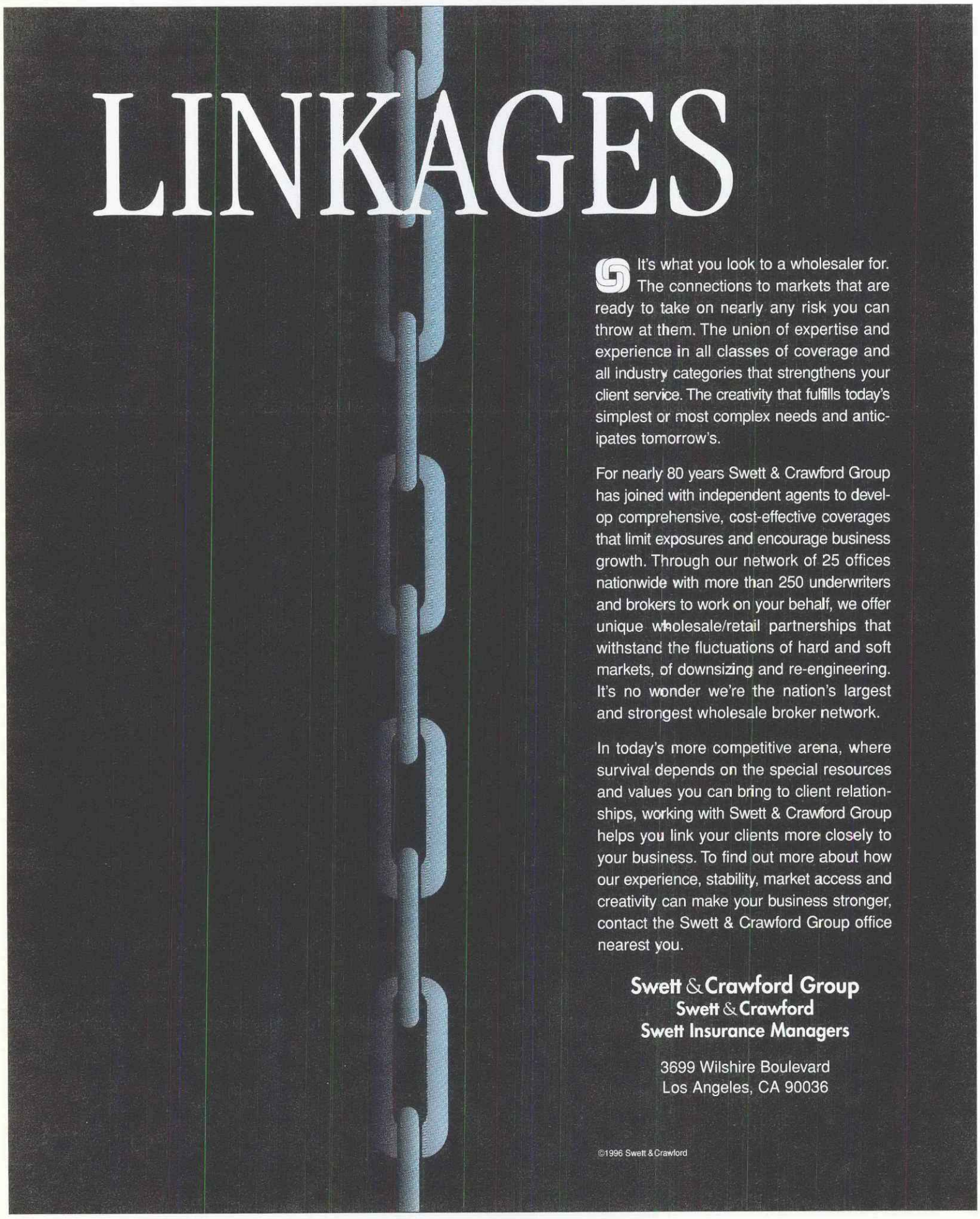
Mr. Harrell said prices on the casualty side "continue to decline in pretty much all lines 15% to 20%." That has meant insurers are looking for ways to write a risk differently so they can still make money, he said.

Besides its Atlanta headquarters, Alexander Howden has offices in Pasadena, Calif.; Ramsey, N.J.; Chicago; New York; Dallas; and Houston.

In addition to Mr. Harrell, Alexander Howden's principal officers include: Alan E. Williams, chairman; Jerriann Pope, senior vp and CFO; John Marlborough, chief operating officer of Alexander Howden Energy; and Martin Lyus, executive vp of Alexander Howden Energy.

Alexander Howden North America is a member of the AAMGA.

—By Mark A. Hofmann



Stewart Smith Group Inc.

26 Century Blvd.,
Nashville, Tenn. 37214;
615-872-3641; fax: 615-872-4408

	1995	1994
Premium volume	$355,870,000	$322,010,000
Gross revenues	$27,878,000	$24,337,000
Employees	214	215
Commercial lines	100%	100%
Admitted business	40	%40%
Non-admitted	60%	60%

While Stewart Smith Group Inc.'s premium growth slowed to 10.5% last year, the Nashville, Tenn.-based company is tapping expansion opportunities in new areas of business.

Stewart Smith Group's premium volume hit $355.9 million last year, up from $322 million the previous year.

Falling casualty rates and renewals lost to competition prevented the wholesaler from achieving more spectacular results, said Edward F. Casey, president and chief executive officer.

The market is "very, very competitive, it's very, very soft," he said.

In 1994, the wholesaler's premiums jumped 17.2%. Slower growth in 1995 is due to "what we refer to as shrinkage," which includes both lost premium due to lower rates and lost renewals, Mr. Casey explained.

Stewart Smith, however, maintained its position as the fifth-largest wholesale broker, according to this year's *Business Insurance* rankings.

Stewart Smith's gross revenues rose 14.6% last year to $27.9 million from $24.3 million in 1994.

First-half premium volume was $175.5 million, up 2.6% compared with first-half 1995 volume of $171 million. First-half revenues were $14.1 million, up 3.2% compared with first-half 1995 revenues of $13.6 million.

This is "more or less what we expected," Mr. Casey commented. "We're right on our profit plan for the year."

Overall, Stewart Smith's mix of business last year was similar to previous years. Mr. Casey said the company has concentrated on the same core products for the 22 years that he has been there.

Capacity is plentiful for all coverages, according to Mr. Casey.

Half of the broker's premium volume comes from casualty coverage, including primary general liability, automobile liability and umbrella liability. Another 22% comes from directors and officers and errors and omissions liability coverages. Stewart Smith specializes in placing "more complicated" D&O and E&O liability coverages, such as those for high-technology companies, troubled financial institutions and companies making initial public and secondary offerings.

Property coverage placements accounted for 22% of premium volume last year. Other coverages, including aviation liability and medical stop-loss coverage, accounted for the remaining 6% of placements.

A new coverage that Stewart Smith is expanding into this year is environmental liability coverage, Mr. Casey noted.

Stewart Smith Group in April created a new subsidiary called Stewart Smith Environmental Specialists to handle all kinds of environmental liability coverages, Mr. Casey said.

Environmental impairment liability coverages Stewart Smith will place include coverage for underground storage tanks, sudden and gradual pollution and cleanups, according to Mr. Casey.

Major markets for the environmental coverage will include Zurich-American Insurance Group and Commerce & Industry Insurance Co., a unit of American International Group Inc.

Stewart Smith Group late last year also created another new subsidiary—Stewart Smith Warranty Specialists. This subsidiary "assists retail brokers in setting up warranty programs for their clients," Mr. Casey explained.

Many states require warranties that are issued by manufacturers to be backed by insurance, Mr. Casey explained. "We feel it's an opportunity, a growth area," he commented.

"The Stewart Smith Group overall will become more involved in program-type business," Mr. Casey said. "We see this as a growth area."

Also, "we're looking for opportunities to be" a managing general agent, Mr. Casey continued.

Stewart Smith Group units currently have binding authority for American Empire Surplus Lines Insurance Co.; CNA Insurance Co.; Essex Insurance Co.; General Star Indemnity Co.; Northfield Insurance Co.; and Western World Insurance Group.

The vast majority—90%—of Stewart Smith's business is brokerage, with the remainder generated as an MGA.

Stewart Smith's clients range from independent agents to alphabet house brokerages. Last year, independent agents and brokers accounted for 74% of production; Stewart Smith's parent, Willis Corroon Group P.L.C., accounted for 22% of premium volume; and other alphabet brokers accounted for 4% of volume. Stewart Smith handled business from about 2,800 agents and brokers last year.

Stewart Smith placed 40% of its business with admitted markets and 60% with surplus lines markets in 1995, the same proportion as 1994 and 1993.

Stewart Smith's major markets during the past year included: Admiral Insurance Co.; Chubb Custom Insurance Co.; First State Management Group; General Star Management Co.; Investors Insurance Group; Lexington Insurance Co.; Northland Insurance Co.; units of Reliance Group Holdings Inc.; RLI Insurance Co.; Royal Specialty Underwriting Inc.; Willis Corroon subsidiary Special Programs Management Inc.; units of the St. Paul Cos. Inc.; and Westchester Specialty Group.

So far two of these markets—General Star and Westchester—can communicate with Stewart Smith online, Mr. Casey noted. And, by early next year, Stewart Smith hopes to put all of its major markets online, he added.

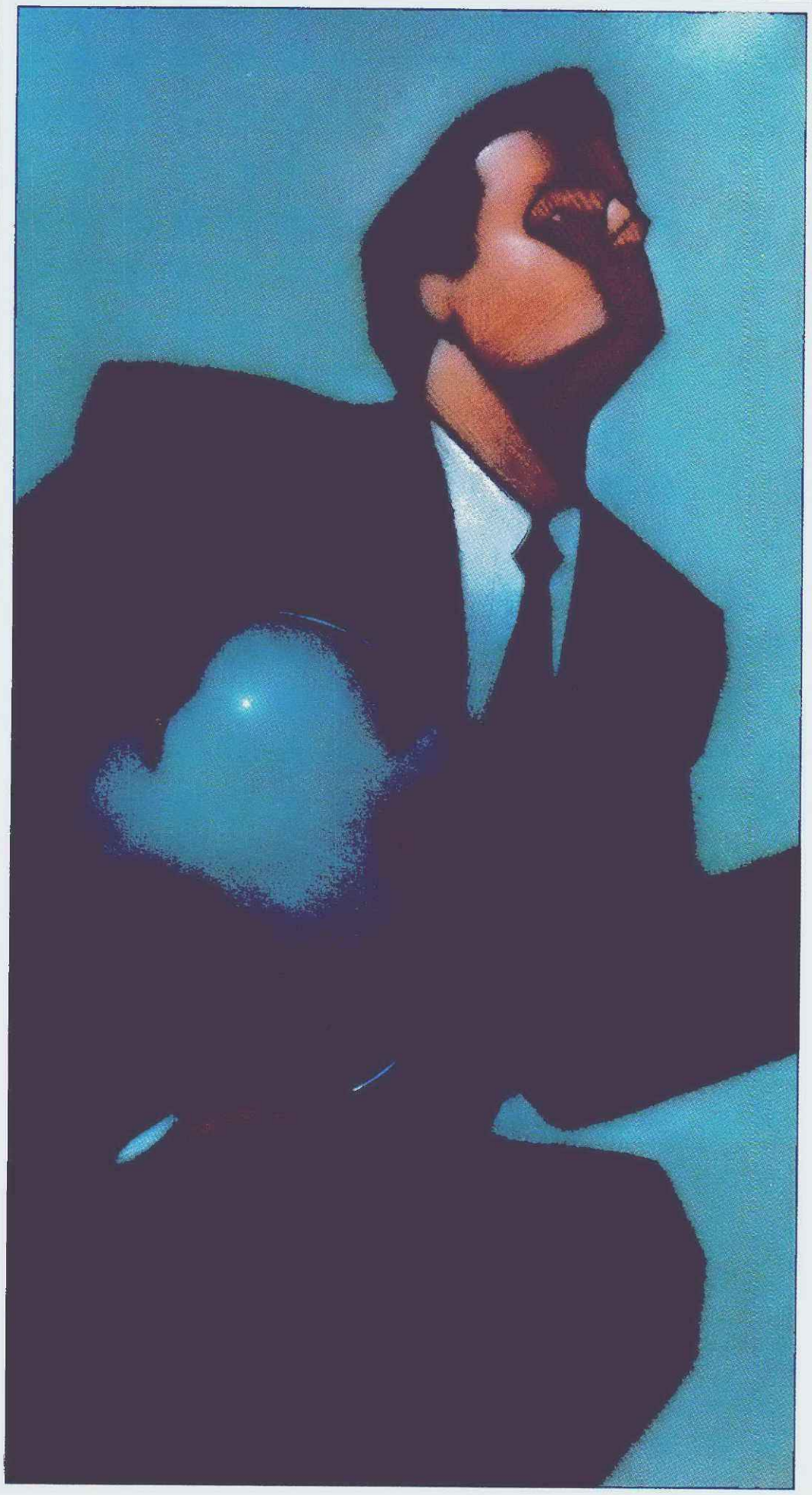
In the future, retail brokers also may be able to communicate with Stewart Smith employees via computer.

"We're going to try to do things that will make it easier for our retail brokers and all our markets to do business with us," Mr. Casey said.

Stewart Smith Group in 1995 had 214 employees, nearly the same as the 215 employed by the company the previous year. Approximately 75 of these employees are brokers, while the rest are support staff.

Many of these brokers have been with Stewart Smith for 20 or more years, according to Mr. Casey. "They bring to Stewart Smith and to our clients an absolute wealth of experience," he said.

Continued on next page



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GLOBAL CLAIMS MANAGEMENT

Spotlight report

Continued from previous page

Stewart Smith's subsidiaries are: McAlear Associates Inc., which is based in Grand Rapids, Mich., and operates a branch office in Cleveland; Stewart Smith East Inc., which is based in New York and has branch offices in Philadelphia, Bernardsville, N.J., and Farmington, Conn.; Stewart Smith Southeast Inc., which is based in Tampa, Fla., and operates a branch office in Nashville, Tenn.; Stewart Smith Environmental Specialists, which is based in New York; Stewart Smith Southwest, which is based in Dallas; Stewart Smith Mid America Inc., which is based in Chicago; Stewart Smith Specialty Risks, which is based in Southfield, Mich.; Stewart Smith Warranty Specialists, which is based in Nashville, Tenn.; and Stewart Smith West Inc., which is based in Glendale, Calif., and operates branch offices in San Francisco, Phoenix and Eugene, Ore.

In addition to Mr. Casey, other top officers of Stewart Smith Group Inc. include: Paul Mahaffey, chairman; Sue Dudley, chief financial officer; David Martin, president of McAlear Associates; Bob Greenebaum, president of Stewart Smith Mid America; Jim Compton, president of Stewart Smith South; Fred Anderson, president of Stewart Smith West; Mark Smith, president of Stewart Smith East; Ron Bussey, president of Stewart Smith Warranty Specialists; John McGovern, president of Stewart Smith Environmental Specialists and George Clarke, executive vp of Stewart Smith Specialty Risks.

Stewart Smith Group Inc. is a member of NAPSLO.

—By Deborah Shalowitz Cowans

Sherwood Insurance Services

201 California St., Suite 1000
San Francisco, Calif. 94111
415-956-3236; fax 415-956-1204

	1995	1994
Premium volume	$238,000,000	$204,000,000
Gross revenues	21,000,000	16,660,000
Employees	135	110
Commercial lines	100%	100%
Admitted business	80%	82%
Non-admitted	20%	18%

Sherwood Insurance Services is still going strong.

With last year's continued hard market for property catastrophe business, Sherwood's premium volume increased 16.7% to $238 million in 1995, from $204 million in 1994. This compares with a 29.1% increase in 1994, when the surplus lines broker again benefited from the hard property catastrophe market at the time.

Gross revenues increased 26.1%, to $21 million from $16.7 million, compared with a 34.2% increase in 1994.

Sherwood's growth has enabled the Aon Corp. wholesale subsidiary, which has only been ranked by *Business Insurance* since 1994, to retain its No. 10 spot among wholesalers overall and its No. 6 spot among brokers.

"For 1995, we had a fantastic year," said James W. Barnes, Sherwood's chairman and chief executive officer.

The good times are expected to continue, said Mr. Barnes, who predicted Sherwood would finish the year with a 15.5% increase in premium volume, bringing it to $275 million.

For the six months ended June 30, Sherwood posted a 13.5% increase in premium volume, to $126 million vs. $111 million for the same period last year. Revenues for that period increased 16.7%, to $10.5 million from $9 million.

Sherwood has focused on large Fortune 1,000 property accounts with an emphasis on catastrophic perils since its founding in 1978 and continues to do so, said Mr. Barnes.

Property makes up two-thirds of its business, with the rest casualty business.

Future growth will come "because of the continuing quest for underwriting facilities," as Sherwood brings new and better products to its retail producers, said Mr. Barnes.

Also boosting its results, said Mr. Barnes, will be Sherwood's experienced staff and its increased use of computers, which enables the brokerage to act more efficiently and service its producers better.

Mr. Barnes noted that ongoing consolidation is expected to lead to a dramatic reduction in the number of wholesalers operating within the industry to only five or six, "and we plan to be among those five or six."

Of Sherwood's property business, 75% to 80% includes earthquake peril coverage, either on a difference-in-conditions or an all-risk basis, including flood coverage.

'For 1995, we had a fantastic year,' says James Barnes of Sherwood Insurance Services.

As for its casualty business, in light of the continuing soft market, Sherwood is looking for "new areas to try to get into to access retail brokers," Mr. Barnes said. This would include primary general liability, business over self-insured retentions and "tough manufacturing business," Mr. Barnes said.

Mr. Barnes noted that last October, Sherwood started a program department and "it is an area that we're developing."

Of the two programs developed so far, one is a national airport managers program, for which Sherwood offers up to $100 million in property coverage, up to $25 million in general liability and up to $5 million directors and officers liability coverage. The other is a national roofers program, for which it offers $1 million per occurrence/$2 million combined aggregate in primary general liability coverage and up to $1 million in products liability coverage.

Mr. Barnes said Sherwood's use of computers for functions including accounting and policy issuance will be particularly valuable in the program area because of all the statistical data that must be gathered to write a program, as well as policy issuance and rating.

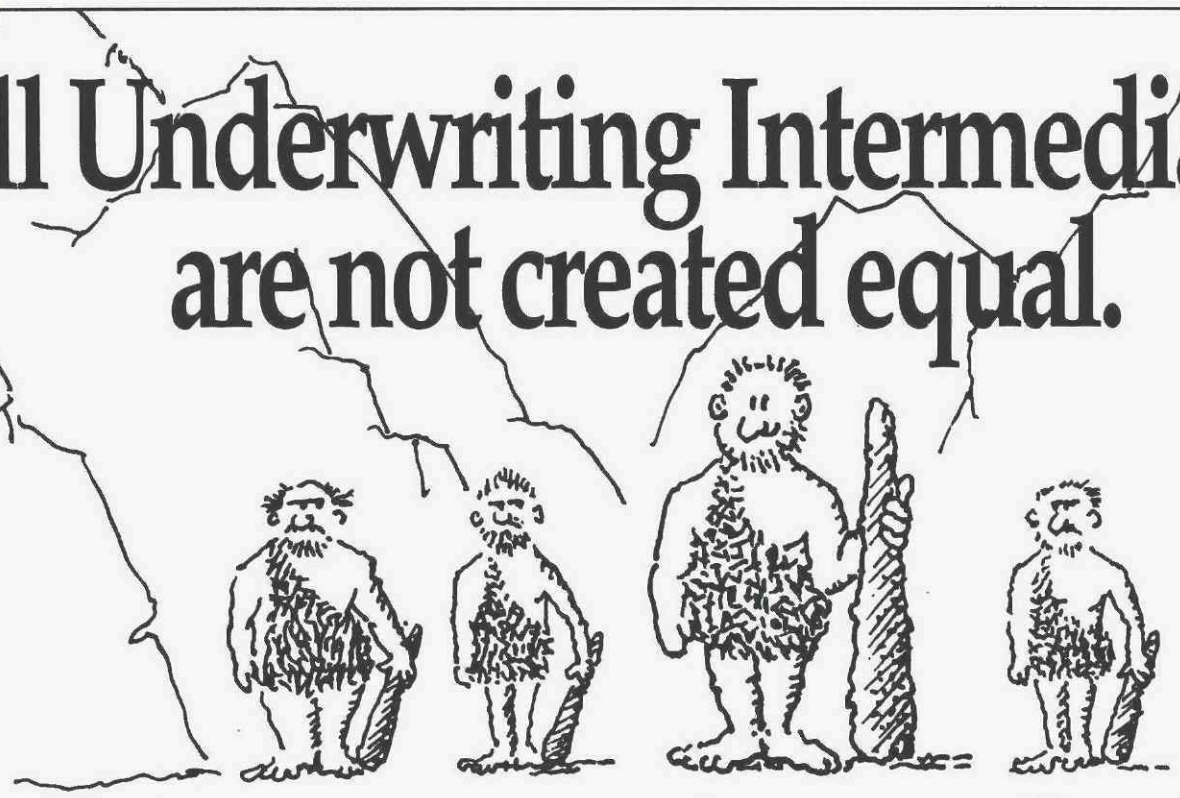
One of Sherwood's areas of expertise is professional liability, where it has pursued medium-sized accounts.

"We seem to be right on target for the year. We'll have about $11 million to $12 million in volume by the end of the year." It's growing at about the same rate as the rest of Sherwood's book of business, Mr. Barnes said.

About 15% of Sherwood's business is as a managing general agent, up from 12%

Continued on next page

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Continued from previous page
a year ago.

Sherwood's MGA business is in two specific areas, property catastrophe and casualty, said Mr. Barnes. It writes large, property catastrophe-peril business that focuses on Fortune 1,000 property accounts on behalf of CNA Insurance Cos. Sherwood also has two binding facilities for smaller catastrophe cover, peril-driven accounts written on behalf of Scottsdale Insurance Co. and the Transamerica Insurance Group. These coverages account for about 80% of its MGA business. The remaining 20% is casualty business, which is written on behalf of Commercial Underwriters and Essex Insurance Co.

It is "much more driven by small to medium-sized local and regional accounts," and tends to be more standard excess and surplus lines business, Mr. Barnes said.

As for Sherwood's future plans in the MGA area, "I never want it to be more than 20-25% of the book," he said.

About 80% of Sherwood's business was placed in the admitted market last year, with the remaining 20% placed with non-admitted insurers, about the same as in 1994.

Sherwood aims to be the No. 1, 2 or 3 producer of business for each of its lead underwriters, said Mr. Barnes. "That's been a continuing thread and philosophy since day one" in 1978, when Don Sherwood founded the company, said Mr. Barnes.

He also said there is a three-way partnership at work at Sherwood among the insurer, retailer and underwriter. Without this, "you won't be among the five or so (wholesalers) that are left" after consolidation, said Mr. Barnes. "You have to take care of your customers."

'We'll have about $11 million to $12 million in volume by the end of the year,' Sherwood's James Barnes says.

Sherwood works with about 1,200 brokers, with alphabet houses accounting for about 45%-50% of premium volume, and independent retailers accounting for the rest.

"We get business from all 50 states," Mr. Barnes said. While the national brokerage business comes from all over, however, the bulk of Sherwood's independent retail business is generated in the 15 Western states, he said.

Sherwood takes a different role with its larger vs. its smaller retailers. For the alphabet houses, Sherwood tends to place Fortune 1,000 large-capacity accounts and difficult national accounts. "We try to work with (the alphabet houses) in concert with their marketing departments" to create, design and help them market this business, Mr. Barnes said.

For the smaller retailers, Sherwood tries to give them access to markets they "can't get to in any other fashion," said Mr. Barnes.

A wholesaler must be full-service, Mr. Barnes said.

Over the past year, Sherwood's retention rate has declined to about 65% from about 80%, noted Mr. Barnes. But with increased competition, you inevitably lose more accounts, he said.

Sherwood, which has branch offices in both Newport Beach and Woodland Hills in addition to its San Francisco headquarters, has no plans at this point to make acquisitions or open up new offices, said Mr. Barnes.

Sherwood's business continues to be exclusively commercial.

The broker's top markets are Scottsdale; RLI Insurance Co.; CNA; Associated International; First State Insurance Co.; Royal Insurance Co.; Westchester Specialty Group, Agricultural Excess & Surplus and Commonwealth Insurance Co.

It has underwriting authority for CNA, Commercial Underwriters Insurance Co.; Essex; First State; Scottsdale and TIG.

In addition to Mr. Barnes, other principal Sherwood officers are David R. Hartoch, president of its southern division and chief operating officer; Kevin Schrage, chief financial officer, Casey Hamlin, senior vp and Phillip Mazur, vp.

Sherwood is a member of NAPSLO as well as of the Professional Underwriting Liability Society, the California Insurance Wholesalers Assn., the Independent Insurance Agents & Brokers of California, and the Professional Insurance Agents of California and Nevada.

—By Judy Greenwald

Strategy keeps Schinnerer on top

Underwriting manager focusing on new as well as core programs

The Schinnerer Group Inc.

2 Wisconsin Circle,
Chevy Chase, Md. 20815;
301-961-9800; fax: 301-951-5444

	1995	1994
Premium volume	$442,000,000	$401,000,000
Gross revenues*	$37,000,000	$33,600,000
Employees	304	282
Commercial lines	100%	100%
Admitted	95%	95%
Non-admitted	5%	5%

* BI estimate.

The Schinnerer Group Inc. is pursuing a three-pronged strategy to compete effectively in a crowded marketplace.

Expanding core programs, strengthening in-house infrastructure to better serve brokers and launching new programs have been key for the Chevy Chase, Md.-based underwriting manager, pointed out Richard J. Walk, senior vp. Schinnerer is a unit of Seabury & Smith, itself a unit of Marsh & McLennan Cos. Inc.

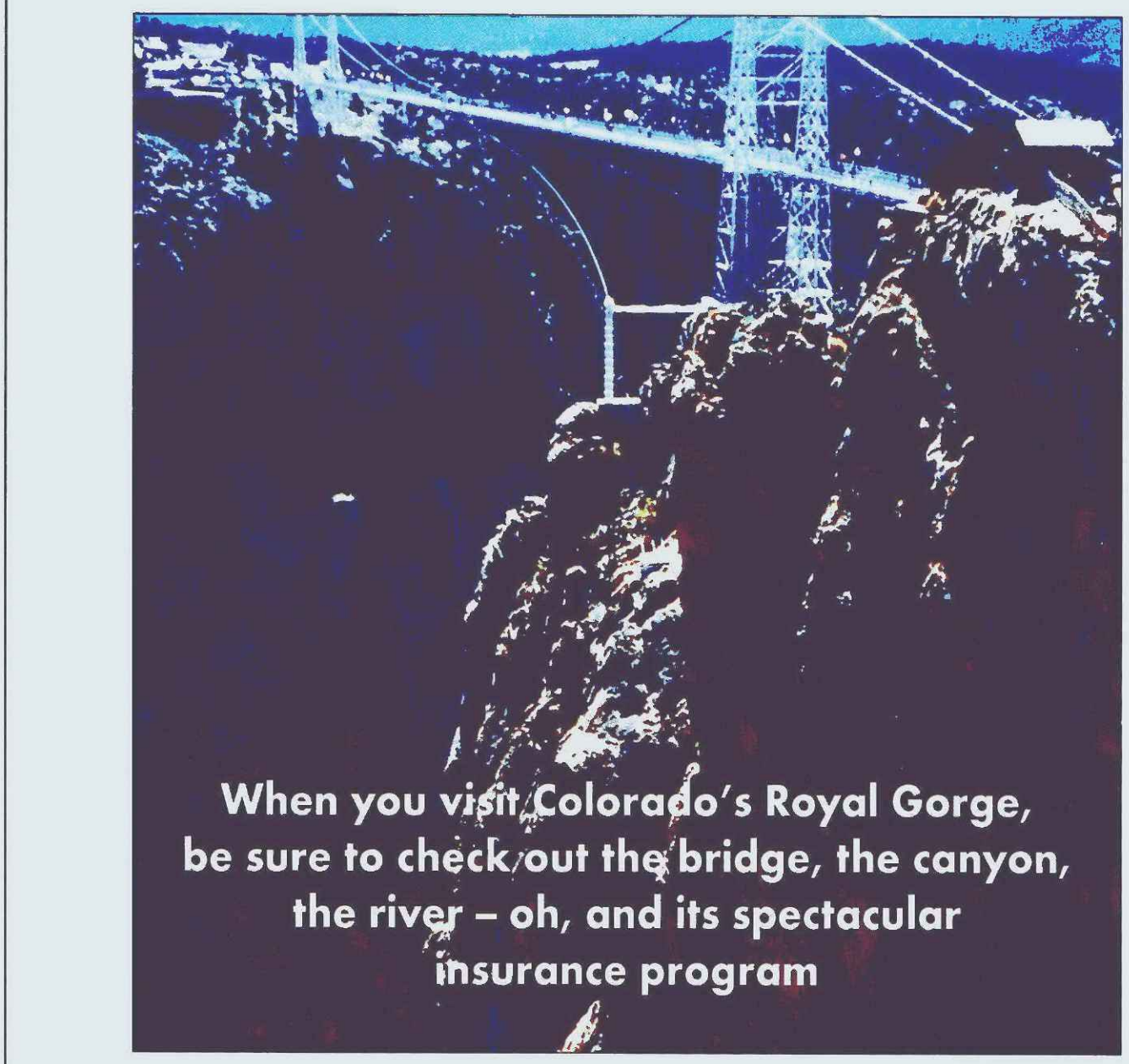
In fact, during the past few months, Schinnerer has rolled out three new programs that provide liability coverage for security guard firms, psychiatrists/neurologists and financial planners.

The strategy appears to be paying off for Schinnerer, which retained its position as the top underwriting manager and the fifth-largest wholesaler in *Business Insurance*'s annual survey.

Premium volume grew more than 10.2% to $442 million in 1995 from $401 million a year earlier. However during first six months of 1996, premium volume remained virtually unchanged from last year.

Business Insurance estimates Schinnerer's gross revenues increased about 10.3% to more than $37 million in 1995 from $33.6 million a year earlier.

Continued on next page



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Continued from previous page

Mr. Walk said a triad of factors has allowed the underwriting manager to maintain its pre-eminent position. The first is a dedication to creating tailored, innovative solutions for brokers and their customers. The second is acting as an underwriter with imagination and a future-oriented outlook. The third is building new relationships with brokers, he said.

Mr. Walk cited the launching of a contractors design/build liability insurance program as an example of Schinnerer' strategy of constantly expanding and improving existing programs. The program, which grew from Schinnerer's core architects and engineers program, protects contractors from claims for faulty design services and offers limits of up to $15 million, he said.

Schinnerer also is building upon the architects and engineers program by developing products that target the nation's 100 largest architectural and engineering firms.

The second prong of the strategy, strengthening in-house infrastructure, is designed to "make life easier for our broker customers," said Mr. Walk. "Much of what we do here is based on speed" because brokers need answers and quotes quickly, he said. Mr. Walk also said Schinnerer is pursuing an initiative to make policies "100% error-free."

As a result of its ongoing "attempt to spot trends in advance," Schinnerer recently launched three new programs, he said.

One, a liability program for psychiatrists/neurologists, is being offered on a claims-made basis with limits of up to $1 million per claim/$3 million aggregate. The program, written by CNA, covers both solo and group practices.

Zurich-American Insurance Group underwrites the other two new programs. The security guard professionals commercial general liability and errors and omissions policy is written on an occurrence form basis with limits of up to $1 million per occurrence with an aggregate of $3 million. The program covers claims like professional negligence, assault and battery, libel and bodily injury and property damage.

The other new program, written on a claims-made basis, covers certified financial planners and registered investment advisers. It is written on a claims-made basis and offers limits of up to $3 million with various deductible options.

"We're primarily looking at the fee-based" advisers, which is the faster growing area, rather than commission-based advisers, said Mr. Walk. The program covers professional exposures in connection with investment advice, plan creation and implementation, retirement planning and personal risk management services and provides a prior acts coverage option.

The new programs build on a core book of business that began with the architects and engineers program. That program, launched in 1957 and insured by CNA since its inception, has a standard capacity of $15 million, although Schinnerer can take it higher under certain circumstances. Homer M. Sandridge Jr., Schinnerer's executive vp, said the program increased its number of clients in 1995 to about 15,500, up from 14,000 a year earlier.

Another staple for Schinnerer is the educator's liability program written by United Educators Risk Retention Group Inc., a Vermont-domiciled risk retention group for which Schinnerer acts as underwriting manager.

"We've had another good year," with enrollment up about 8% to roughly 1,000 clients, said Mr. Walk. Schinnerer has been trying to find ways to penetrate large consortia of schools, mainly in the Midwest, that are buying liability coverage almost exclusively on a group basis, he said.

The program's educators legal liability and excess liability coverage both carry limits of $25 million in excess of $1 million. Wausau Insurance Group reinsures United Educators on a primary level of $1 million, he said.

A third core program is real estate professional liability, said Mr. Walk. "Real estate had a good year in '95," with a growth rate of about 13% in terms of premium volume and roughly the same in terms of number policyholders, he said.

The program, underwritten by CNA, offers limits of up to $2 million, but may go as high as $10 million for larger, more complex accounts, said Mr. Walk.

The growth occurred on both ends of the real-estate spectrum, said Mr. Walk. Schinnerer has continued to promote its "Easy E&O" policy for

Continued on next page

Continued from previous page
real estate professionals. This no-deductible policy was launched two years ago. Mr. Walk said Schinnerer plans to offer it on a three-year basis in the near future.

In addition, the underwriting manager is also going after "the jumbo commercial firms"—large real estate companies that specialize in commercial property.

CNA also underwrites Schinnerer's fourth core business, directors and officers liability insurance for non-profit institutions. The program, launched last year, focuses on trade associations and offers limits of up to $10 million and now has about 4,000 clients.

Schinnerer's subsidiary, ENCON Insurance Managers, also offers a hospital D&O program, underwritten by Executive Risk, with limits of up to $10 million.

Mr. Walk said Schinnerer may find growth possibilities in arrangements it has not traditionally pursued, like regionalized rather than national programs.

"We grew by increasing our market share in a number of programs," said Mr. Sandridge. He added that in some cases, notably the architects and engineers program, premiums have gone up, although not dramatically.

Mr. Walk pointed to the architects and engineers program's growth in the size of clients.

"If there ever is a firming in the market, there's a tremendous base from which to grow," he said.

He added that Schinnerer, although not always the highest in price, is "seldom the lowest."

"We are achieving modest but needed rate increases in both United Educators and our real estate programs. That is a sign of stability and strength if you can do that and have your brokers sell those concepts to their insureds. We're dealing with markets that are experiencing belt-tightening" but still getting rate increases, said Mr. Walk.

The Schinnerer Group consists of Victor O. Schinnerer & Co. in Chevy Chase, Schinnerer & Cc. Ltd. in London, and ENCON of Ottawa, Ontario.

The company also has offices in Chicago, New York, San Francisco and Toronto.

In addition to Mr. Walk and Mr. Sandridge, Schinnerer's top management consists of Vincent C. Santorelli, president; and Paul L. Genecki and Lorna M. Parsons, senior vps.

—By Mark A. Hofmann

General Star Management Co.

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

	1995	1994
Premium volume	$301,479,710	$278,917,175
Gross revenues	N/A	N/A
Employees	247	226
Commercial lines	98%	98%
Admitted business	19.1%	21.5%
Non-admitted	80.9%	78.5%

Bad weather gets at least partial credit for an increase in premium volume at General Star Management Co. in 1995.

The company is the management arm of two other subsidiaries of General Re Corp., General Star Indemnity Co., a non-admitted surplus lines insurer and General Star National Insurance Co., an admitted insurer. All of General Star Management's premiums are written for these insurers.

Premium volume for 1995 rose 8.1% to $301.5 million from $278.9 million in 1994 primarily because of an increase in property coverage, especially windstorm in the Southeast.

Chairman and President Kevin P. Brooks said that much of this business results from admitted insurers pulling back after a spate of large storms.

The growth has continued. Premium volume for the first six months of 1996 was $161.3 million, an increase of 13% over the same period in 1995.

A strong segment of the windstorm underwriting is Gen Star's wind deductible buy-back coverage, which allows policyholders to insure their deductibles for other windstorm property policies.

In addition, other new products including earthquake coverage; general liability for biotechnology firms; general liability coverage for oil and gas contractors; and environmental coverage for contractors and consultants cleaning up pollution sites are receiving strong receptions from clients.

In July, the company started offering earthquake coverage, both primary and excess, which has been well received, Mr. Brooks said. They expect strong growth in this area as the market for this remains hard, he added.

Another new product is for oil and gas contractors who work on offshore rigs or at the drilling fields. This general liability coverage is written primarily for companies like suppliers, electricians and caterers but is also available for drillers and operators. The coverage is written on a primary basis with limits of $1 million. Excess coverage is also available

General Star also offers a new combination commercial general liability/professional liability policy with the CGL written on an occurrence basis and the professional policy written on a claims-made basis. The product is designed for companies that both sell train people on a product at the company's facilities, such as flight simulators for airlines.

With the exception of earthquake and windstorm coverage, Mr. Brooks expects the market to remain soft for a number of years.

General Star National, which is admitted in all 50 states, reported a 7.8% reduction in its gross premium volume in 1995 to $63.8 million from $68.8 in 1994. The percent of premiums written on a non-admitted basis rose from 78.5% in 1994 to 80.9% in 1995. This trend is likely to continue until non-admitted business reaches 85%, due to expected growth in the property department and its non-admitted business, Mr. Brooks said.

General Star Indemnity and General Star National have no employees of their own. The staff of General Star Management increased to 247 in 1995 from 226 in 1994.

In addition to Mr Brooks, the principal officers are Sam Anderson, Ron Austin, Patricia Roberts, Craig Ott and Adin Tooker, vps.

General Star Management is a member of AAMGA and NAPSLO.

—By Michael Prince

Burns & Wilcox Ltd.

30833 Northwestern Highway, Suite 220,
Farmington Hills, Mich. 48334;
810-932-9000; fax 810-932-9050

	1995	1994
Premium volume	$258,500,000	$232,700,000
Gross revenues	$33,901,000	$30,156,000
Employees	483	426
Commercial lines	92%	92%
Admitted business	12%	12%
Non-admitted	88%	88%

A dose of acquisitions, new products and some aggressive marketing helped sweeten the bitter pill of the soft property/casualty market at Burns & Wilcox Ltd. during 1995.

Indeed, the Farmington Hills, Mich.-based wholesaler posted an 11.1% increase in premium volume in 1995 to $258.5 millionfrom $232.7 million in 1994. That translated into a

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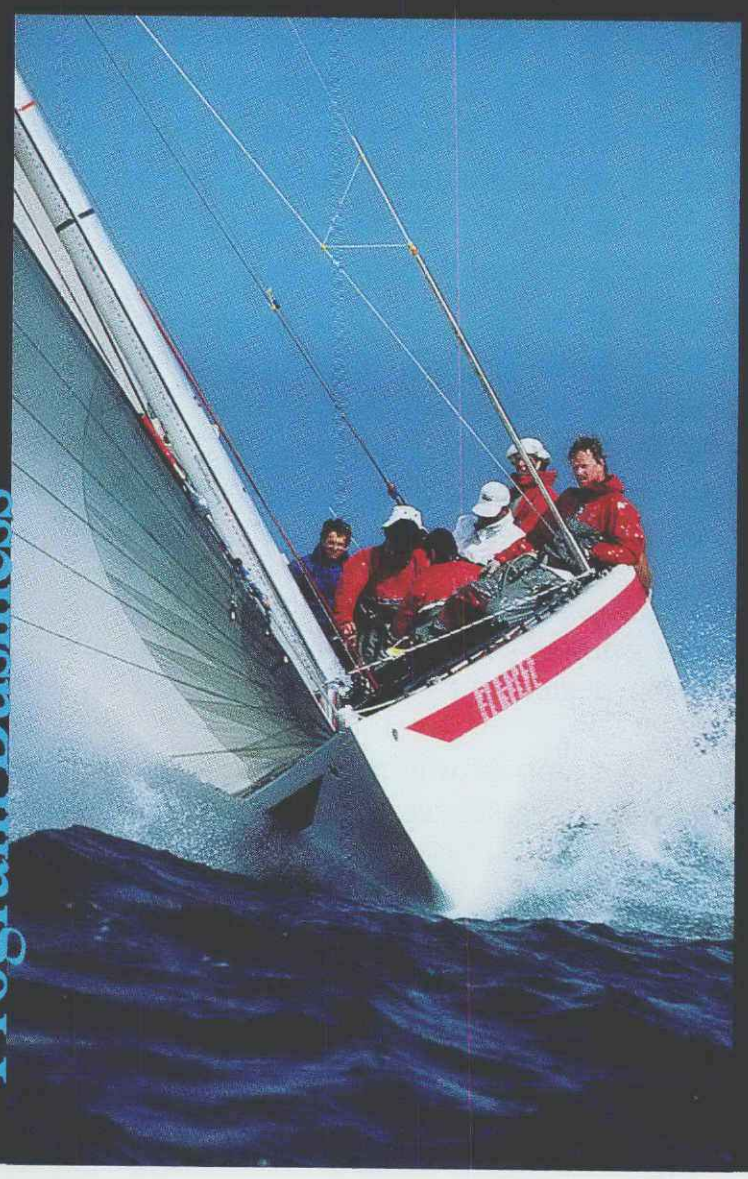
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Spotlight report

Continued from previous page
12.4% increase in gross revenues in 1995 to $33.9 million from $30.2 million in 1994. It also secured Burns & Wilcox's place as the eighth-largest U.S.-based wholesaler in *Business Insurance*'s rankings.

First-half results for 1996 continued that upward trend, with premium volume increasing 9% to $140 million, compared with $128.4 million in 1995.

As surplus lines insurers continue to compete with each other and admitted markets look to take away more business from the non-admitted market, wholesalers as well as insurers are looking for new ways to generate business.

"We're pleased we were able to grow, even in the soft market," said Herbert W. Kaufman, president and chief executive officer of Burns & Wilcox.

"There is no question, the standard companies have definitely stepped down into the (surplus lines) arena," he said. Competition is increasing as a result. "That's why we have to be doing what we're doing."

This includes not only acquiring two managing general agencies last year and two so far in 1996, but also widening its capabilities internationally for the first time with a new trucking program in Mexico, substantially increasing its personal lines business, and expanding its large account brokerage business.

Burns & Wilcox also looks to its in-house claims department, premium finance department and advertising department as a means for growth.

Burns & Wilcox kept to its strategy of growth by acquisition in 1995 and into 1996, beginning with the purchase of Chicago-based Illinois R.B. Jones that took effect in April 1995. The managing general agency specializes in professional liability, liquor liability and medical administrator classes.

In September 1995, it purchased Cravens Dargen Agency Corp. in Houston. In January 1996, it purchased Monson Agency Corp. in New Orleans and later in May, it purchased Donaldson Morford Agency Corp. in Indianapolis.

The last three MGA acquisitions specialize in general insurance products, Mr. Kaufman said.

While Mr. Kaufman said Burns & Wilcox will continue with its acquisition strategy, it represented a "very nominal" portion of the wholesaler's premium volume in 1995, most of which was generated internally.

He points to the wholesaler's special risk department as one of the catalysts behind this growth.

The special risk department consists of roughly 20 people in the home office, half of whom have underwriting authority on such specialty program coverages as jewelry stores, pawn shops, furriers, umbrella, nonprofit directors and officers liability and broad-based errors and omissions liability, among others.

The department also develops specialty programs for Burns & Wilcox's 37 branch offices.

Last year, it developed a new employment practices liability program designed for companies with 125 employees or less. Burns & Wilcox has binding authority for up to $1 million, but "if someone needs $5 million, we can get $5 million all in a matter of a phone call," Mr. Kaufman said.

Burns & Wilcox also introduced a new trucking program in 1995 in Mexico; the program was developed in Burns & Wilcox's Dallas office.

"We're finally breaking through internationally," Mr. Kaufman said.

The program, offered in Burns & Wilcox's Texas and California branch offices, has binding authority for up to $1 million.

Mr. Kaufman said this is only the wholesaler's "first step" internationally, but nothing is on the table for expansion at this point.

In addition to offering new programs, Burns & Wilcox also substantially expanded its personal lines division in 1995. There are now 20 offices with personal lines departments, called Service General, up from only 12 such departments last year, Mr. Kaufman said.

Burns & Wilcox also is focusing on building its large-account brokerage business.

Currently, 38% of the company's premium volume is generated from business where it is a broker, Mr. Kaufman said. "We'd like to increase that by 10% to 12%," he said.

To do this, Burns & Wilcox plans to expand into the large-account arena, providing coverage for risks generating $50,000 in premiums on up.

The wholesaler's bread and butter currently lies in the middle market, placing $1,500 to $2,500 premium accounts, with mid-sized regional agencies with $5 million to $25 million in annual premium volume.

The decision to expand into larger risks comes on the heels of receiving requests for "jumbo accounts," Mr. Kaufman said. For example, Burns & Wilcox recently found coverage for a chain of blood banks with a $1.2 million annual premium.

To position itself so it can place more coverage for larger accounts, Burns & Wilcox is working with larger retail insurance agencies—those with $25 million to $100 million in premium volume, he said.

Mr. Kaufman also looks to the company's in-house departments—namely its in-house advertising, claims and premium finance departments—as growth generators for the company.

"Aggressive marketing has given us the opportunity to grow," he said. Burns & Wilcox's in-house advertising department "has eliminated from the branch offices the need for them to advertise themselves. They just bring it to (the home office). It's the same thing with us assisting them with claims," he said. And "our premium finance department helps us with renewal and brings in new business."

Burns & Wilcox's in-house premium finance operation, the Royal Premium Budget Inc., is licensed in 37 states and provides financing not only for Burns & Wilcox clients, but also for policyholders whose coverages are placed by other brokers.

And, its in-house claims department, staffed with claims handlers and adjusters, is providing customers with better service, according to Mr. Kaufman.

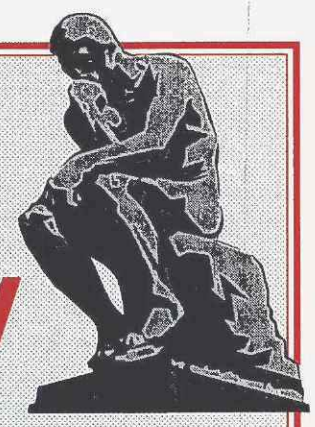
Burns & Wilcox is owned by H.W. Kaufman Financial Group Inc., a holding company that until last year was publicly traded on the American Stock Exchange. Alan J. Kaufman, Mr. Kaufman's son, bought the holding company, which he serves as president, in 1996. Herbert Kaufman remains chairman of the holding company.

Burns & Wilcox placed 62% of its

Continued on next page

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Continued from previous page

1995 premium volume as a managing general agent and has binding authority for: Canal Insurance Co.; Century Surety Co.; Colony Insurance Co.; Essex Insurance Co.; First Financial Insurance Co.; General Agents Insurance Co.; Houston General Insurance Co.; syndicates at Lloyd's of London; National Indemnity Insurance Co.; Nautilus Insurance Co.; Scottsdale Insurance Co.; United National Insurance Co.; U.S. Liability Insurance Co.; and Western World Insurance Co.

The remaining 38% of its 1995 premium volume was generated as a brokerage placing coverage with non-admitted markets. It did the most business with: Admiral Insurance Co.; American International Group; Chubb Corp.; Coregis Group; Evanston Insurance Co.; First State Management Group; and Interstate National Corp.

Of its 1995 premium volume, 92% was in commercial lines, and 88% was placed with non-admitted insurers.

In addition to Mr. Kaufman, key Burns & Wilcox staff include: Gerald W. Horton, executive vp; Steve Allen and David Price, senior vps; Brooke Bothe, corporate secretary; and Gerald Wesolowski, corporate controller.

Burns & Wilcox is a member of AAMGA, NAPSLO and the Independent Insurance Agents of America Inc.

—By Sally Roberts

First State Management Group

150 Federal St., Boston, Mass. 02110;
617-526-7600; fax: 617-526-0605

	1995	1994
Premium volume	$240,574,000	$238,279,000
Gross revenues	NA	NA
Employees	234	230
Commercial lines	100%	100%
Admitted business	21%	29%
Non-admitted	79%	71%

As it rides the crest of a tight market for property catastrophe risks, First State Management Group is already on the lookout for future sources of growth.

"We've had a very good run as a group of companies with the property business over the last several years," said Ralph J. Palmieri, president and chief operating officer of the Boston-based wholesale underwriting unit of ITT Hartford Group Inc. "Clearly, the challenge is to find another way to grow over the next five years without depending on the property line of business."

One way is writing professional liability risks: First State expects its professional liability book expand from about $12 million in gross premiums last year to about $19 million by 1997.

Targeting small policyholders, First State so far has written mainly errors and omissions coverage for financial professionals like investment advisors and savings bank fiduciaries. The underwriting manager will now expand into miscellaneous professional liability classes including interpreters, court reporters, executive recruiters and others, Mr. Palmieri said.

Another key line is transportation risks, including a liability and physical damage program for long-haul truckers written through First State's Burlington, N.C., office.

Transportation business, which generated $15.2 million in gross premiums last year, will also expand as First State begins to consider riskier types of business like truckers hauling hazardous cargo and a program for limousine services, he said.

The liability portion of First State's transportation book, which is written on an admitted basis, is also the first to be moved into the manager's new Hartford-affiliated market, Trumbull Insurance Co., Mr. Palmieri reported.

Until recently, First State produced business for two Hartford units: Pacific Insurance Co. Ltd., the manager's non-admitted market, and Twin City Fire Insurance Co., its admitted market. First State has had to share Twin City with other Hartford underwriting units, though, and Hartford decided instead to convert Trumbull into First State's exclusive admitted market, Mr. Palmieri said.

As of the middle of August, Trumbull had won licenses in 33 states and the District of Columbia and is in the process of making required rate and form filings, he said. The insurer will eventually be licensed in all 50 states and will take over all of First State's admitted market business.

Pacific Insurance Co., the manager's non-admitted market, is licensed only in Connecticut and Hawaii.

Overall, about 79% of First State's $240.6 million in 1995 premiums were written on a non-admitted basis, while the other 21% were written on an admitted basis.

The non-admitted share of First State's volume was slightly higher last year than in 1994, partly because of a larger volume of difference-in-conditions and all risk property business, including earthquake risk written in California, Mr. Palmieri said. "Rates were still going up in 1995 for earthquake and we increased our book of business in California that year," he explained.

Prices have since leveled off, and Mr. Palmieri expects no more big increases in the line.

While catastrophe-exposed property business remained strong last year, success in other lines was mixed. The result was an increase of less than 1% in First State's gross premium volume to $240.6 million from $238.3 million in 1994, making First State the ninth-largest U.S. wholesaler.

In the first six months of this year, First State's premium volume totaled $123.6 million, up 4.3% from $118.5 million in the same period of 1995.

Last year "was very similar to 1994 in many respects, in that we saw some lines that were strong but others because of the soft market were going the other way," Mr. Palmieri observed.

Property continues to be a solid performer this year, though the manager has recently had requests for rate reductions on West Coast earthquake high excess coverages, he reported.

Writing mainly on a non-admitted basis, First State provides up to $5 million in primary or excess property limits.

On the casualty side, First State continues to focus on its primary casualty program and niche liability programs while moving away from excess general liability and other casualty lines that have attracted admitted market competition.

While First State can write up to a $10 million limit for excess general liability, it isn't eager to do so, Mr. Palmieri suggested.

"Very simply, it's no longer the type of business that finds its way to the surplus lines market," he said.

Primary casualty, on the other hand, "has been a strong line for us in a soft market."

First State offers primary limits of $1 million per occurrence and $2 million annual aggregate, and its primary book is a mix of manufacturers and contractors liability, product liability and owners, landlords and tenants liability risks.

Gross premium volume remained steady at about $39 million last year, "which is perhaps a moral victory in a soft market," Mr. Palmieri said.

Volume should increase to about $43 million this year, he added.

First State has also targeted casualty market niches where conditions are tighter than for the general casualty market.

One of these specialties is professional liability, where First State generally provides limits of between $1 million and $5 million but can quote up to $10 million with facultative reinsurance support.

Earlier this year, the manager also introduced an employment practices liability product targeting companies with 250 or fewer employees and offering limits of up to $1 million. First State expects to write about $250,000 in premiums this year and $500,000 to $1 million next year, Mr. Palmieri said.

First State also established a new program through a general agent to write architects and engineers errors and omissions coverage with limits of up to $1 million. Premium volume should hit about $2 million within a year, he predicted.

Other First State programs include:

- A contractors liability program combining $1 million in primary limits with up to $10 million in excess and umbrella coverage. Volume from this program grew to about $10 million last year from $9 million in 1994.
- Several health care-related programs, including property and/or liability programs for nursing homes; home health care providers; "human service providers," such as group homes for physically or mentally impaired people who can still live independently; and home infusion providers, who administer intravenous medication at patients' homes.

All four programs offer a $1 million primary liability limit, and the nursing home and human service provider programs also offer up to $10 million in umbrella limits.

- A legal malpractice program targeting mainly lawyers in Massachusetts and Rhode Island.
- A liquor liability program with limits up to $1 million primary and $5 million umbrella that draws most of its business from Massachusetts but is available in other states.
- The trucking physical damage and bodily injury liability program, offering liability limits of $1 million per claim and $2 million aggregate. The program, operating in about 30 states, produced $8.5 million in liability premiums last year and $6.7 million in physical damage premiums, with the physical damage portion written mainly on a non-admitted basis.

Along with its Boston headquarters and the Burlington office that handles the trucking program, First State has offices in Atlanta, Chicago, Los Angeles, New York and San Francisco.

First State's staff increased to 234 last year from 230 at year-end 1994.

In addition to Mr. Palmieri, First State officers include Peter P. Coghlan, executive vp; and Raymond T. Lewis, senior vp.

First State is a member of AAMGA, NAPSLO and PLUS.

—By Douglas McLeod



Business Insurance annual directory of wholesalers

A

Agency Marketing Services Inc.

130 Pinellas Way N.,
St. Petersburg, Fla. 33710;
813-384-1036; fax: 813-343-4123

	1995	1994
Premium volume.....	**$15,400,000**	$17,500,000
Employees.....	**15**	15
Commercial lines	**100%**	100%
Admitted business ..	**50%**	50%
Non-admitted	**50%**	50%

Founded: 1982.
Business: 50% managing general agent, 50% broker.
MGA for: Mt. Vernon Fire Group, Nautilus Insurance Group, Zurich Insurance Group.
Broker for: Evanston Insurance Co., Executive Risk Group, Fireman's Fund Insurance Cos., Great American Insurance Co., Hermitage Insurance Co., National Union Fire Insurance Co., Reliance Insurance Group, Steadfast Insurance Co., Tudor Insurance Co.
Specialties: Lawyers professional liability, D&O, E&O.
Licensed in: Florida.
Membership: NAPSLO.
Officers: Kevin Schuck, president; Tim Hoelle, Bryon Chenell, Mark Saunders, Ken O'Neil.

Alexander Howden North America Inc.

200 Northcreek, Suite 800, 3715
Northside Parkway N.W., Atlanta,
Ga. 30327; 404-240-5200;
fax: 404-240-5393

	1995	1994
Premium volume.....	**$454,992,043**	$483,739,212
Gross revenues.....	**$29,669,808**	$28,266,442
Employees.....	**168**	202
Commercial lines	**100%**	100%
Admitted business ..	**88%**	85%
Non-admitted	**12%**	15%

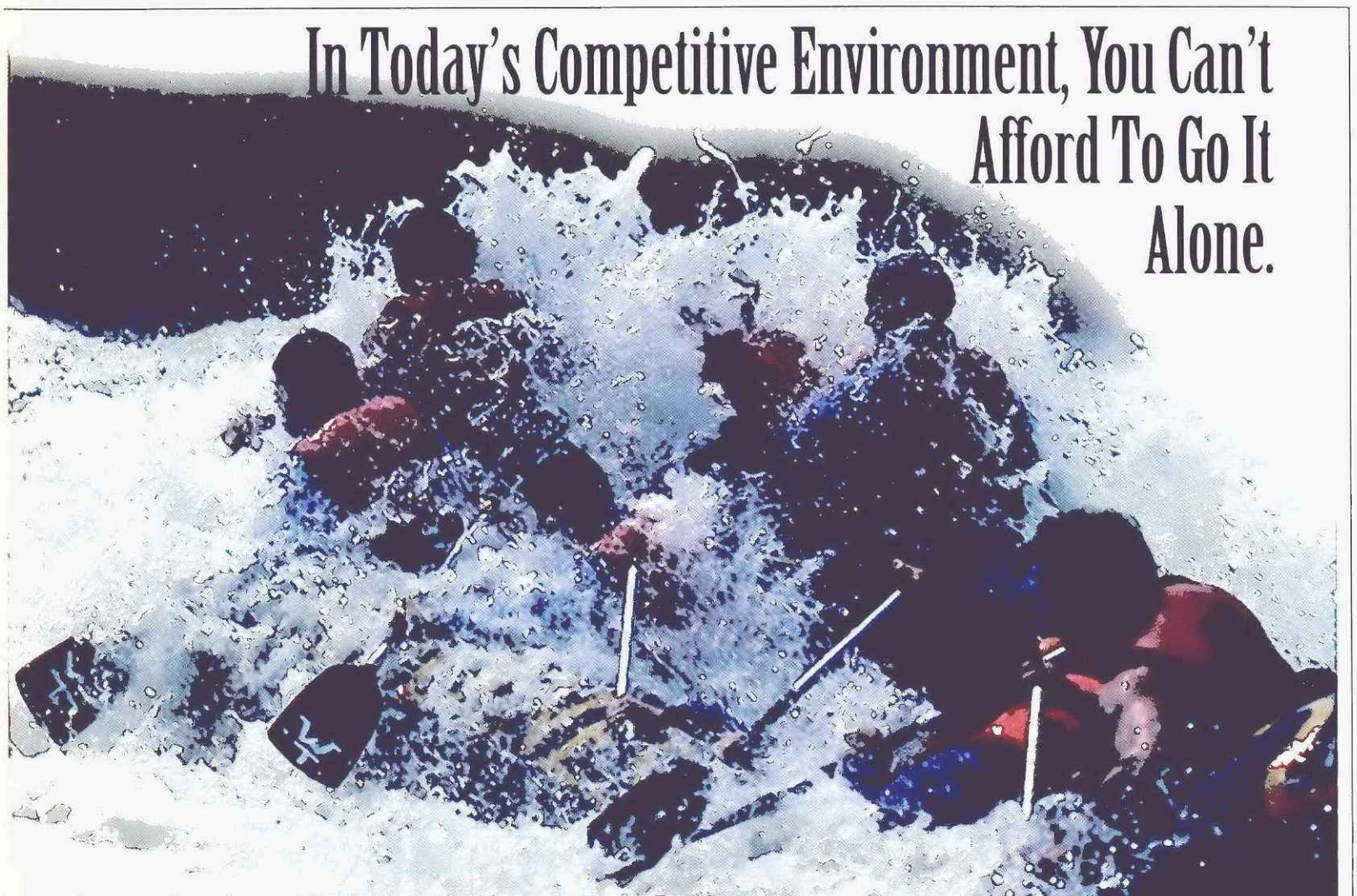
Founded: 1963.
Parent: Alexander & Alexander Services Inc.
Business: 9% managing general agent, 91% broker.
MGA for: Home Insurance Co., Scottsdale Insurance Co.
Broker for: American International Group, Crum & Forster, First State Management Co., Lloyd's of London, Royal Specialty Group, Westchester Specialty Group.
Lloyd's of London coverholder.
Branches: Pasadena, Calif.; Chicago; New York; Dallas.
Licensed in: California, Georgia, Illinois, New Jersey, New York, Pennsylvania, Texas.
Membership: AAMGA.
Officers: Alan E. Williams, chairman; Bruce E. Harrell, president/CEO; Jerriann Pope, senior vp/CFO; John Marlborough, COO-Alexander Howden Energy; Martin Lyus, executive vp-Alexander Howden Energy.
Contact: Bruce Harrell, 404-240-5245.

All American Agency Facilities Inc.

3033 S. Parker Road, Suite 506,
Aurora, Colo. 80014; 303-337-4355;
fax: 303-337-4534

	1995	1994
Premium volume.....	**$35,500,000**	$31,000,000
Gross revenues.....	**$3,400,000**	$3,000,000
Employees.....	**47**	45
Commercial lines	**98%**	98%
Admitted business ..	**40%**	38%
Non-admitted	**60%**	62%

Founded: 1981.
Parent: W.R. Berkley Corp.
Business: 55% managing general agent, 45% broker.
MGA for: American Empire Surplus Lines, American Modern Home Insurance Co., Calvert Insurance Co.; Capitol Indemnity Co.; Carolina Casualty Co.; Colony Insurance Co., GAINSCO County Mutual Insurance Co., Great Divide Insurance Co., Guaranty National Insurance Co., Scottsdale Insurance Co., TIG Holdings Group, Union American Insurance Co., Western World Insurance Group.
Broker for: Admiral Insurance Co., Alliance General Insurance Co., American Custom Insurance Services Inc., American International Group, Crum & Forster Inc., General Star Management Co., Great American Insurance Co., Shand Morahan, Transamerica Insurance Co., United National Insurance Co., Zurich Insurance Group.
Lloyd's of London coverholder.
Branches: Denver; Jacksonville, Fla. Minneapolis; Great Falls, Mont.; Lincoln, Neb.; Charlotte, N.C.; Portland, Ore.; Redmond, Wash.
Subsidiaries: Rocky Mountain General Agency; Diversified X/S Underwriters.
Specialties: Casualty, commercial transportation.
Licensed in: Colorado, Florida, Minnesota, Montana, Nebraska, North Carolina, Oregon, Washington.
Membership: AAMGA, NAPSLO.
Officers: Robert L. McGrew, president; Ken Baker, Irvin Wolf III, senior vps; David Cregger, Donald Hummel, vps.
Contact: Robert L. McGrew.



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STABILITY: Representing 12 of the leading Managing General Agency companies, and over 80 open market facilities rated "A-" or better. We have the markets to meet the needs of specialty, excess & surplus, mainstreet, and national accounts.

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(800) 241-5677	(800) 228-4933	(800) 345-2709	(800) 960-4057	(800) 632-3276

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All Risks Ltd.

1020 Cromwell Bridge Road,
Towson, Md. 21286-3396;
410-828-5810; fax: 410-828-8179

	1995	1994
Premium volume.....	**$44,500,000**	$37,000,000
Employees.....	**74**	65
Commercial lines	**97%**	95%
Admitted business ..	**60%**	60%
Non-admitted	**40%**	40%

Founded: 1966.
Business: 80% managing general agent, 20% broker.
MGA for: Acceptance Insurance Co., Essex Insurance Co., National Indemnity Co., Northland Insurance Co., Scottsdale Insurance Co., TIG Holdings Group, U.S. Liability Group, United National Group.
Broker for: Admiral Insurance Co., American International Group, Agricultural Excess & Surplus Insurance Co., Alliance General Insurance Co., CNA Insurance Cos., Chubb Custom Insurance Co., Coregis Insurance Co., Evanston Insurance Co., First State Insurance Co., General Star Indemnity Co., Gulf States Insurance Co., Northland Insurance Co., RLI Insurance Co., Reliance Insurance Group, Scottsdale Insurance Co., United Capitol Insurance Co., Westchester Specialty Group, Zurich Insurance Group.
Branches: Phoenix; Cleveland; York, Pa.; Richmond, Va.
Subsidiaries: Skipjack Premium Finance Co., Baltimore, Md.
Specialties: Security guards; D&O; commercial auto, including trucks and limousines.
Licensed in: Arizona, District of Columbia, Maryland, North Carolina, Ohio, Pennsylvania, Virginia.
Membership: AAMGA, NAPSLO.
Officers: William J. Salladin, CEO; Marti Dickinson, president; Nick Cortezi, executive vp; Nicholas Croce, vp-brokerage; Rex Regan, vp-Virginia operations.
Contact: Nick Cortezi.

Alternative Risk & Insurance Concepts Agency Inc. (ARIC)

2360 Fifth Ave., Suite 202,
Mandeville, La. 70471;
504-624-8611; fax: 504-624-3971

	1995	1994
Premium volume.....	**$8,000,000**	$11,000,000
Gross revenues.....	**$800,000**	$1,000,000
Employees.....	**14**	20
Commercial lines	**100%**	100%
Admitted business ..	**70%**	70%
Non-admitted	**30%**	30%

Founded: 1991.
Business: 50% managing general agent, 50% broker.
MGA for: Adriatic Insurance Co., American Bankers Insurance Co., TIG Insurance Co.
Broker for: Illinois Insurance Exchange, International Indemnity Insurance Co.
Specialties: Excess workers compensation.
Membership: NAPSLO.
Officers: Donald E. Casse, president/CEO; Todd Richard, secretary.
Licensed in: Louisiana, Texas.
Contact: Donald E. Casse.

Continued on next page

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American E&S Insurance Brokers

40 Fulton St., 15th Floor,
New York, N.Y. 10038;
212-619-4220; fax: 212-766-1019

	1995	1994
Premium volume.....	$95,100,000	$77,500,000
Employees.....	65	55
Commercial lines	100%	100%
Admitted business ..	60%	59%
Non-admitted	40%	41%

Founded: 1980.
Parent: Acordia Inc.
Business: 31% managing general agent, 69% broker.
MGA for: American Equity, Essex Insurance Co., Gulf States Insurance Co., Interstate Fire & Casualty Co., Nautilus Insurance Co., Ranger Insurance Co., Scottsdale Insurance Co.
Broker for: Agriculture Excess & Surplus, First State Insurance Co., Lexington Insurance Co., RLI Insurance Co., Ranger Insurance Co., Reliance National Insurance Co., Royal Specialty Insurance Co., Travelers Group, Zurich American Insurance Co.
Lloyd's of London coverholder.
Branches: Irvine and San Francisco, Calif.; Seminole, Fla.; Dallas.
Specialties: Property and difference-in-conditions (earthquake and wind); casualty; D&O; lawyers professional liability; public entity liability; moving and storage; oil and energy industry; California contractors; motels and hotels.
Licensed in: California, Connecticut, Florida, New Jersey, New York, Texas.
Membership: AAMGA, NAPSLO.
Officers: Roger S. Walsh, president/CEO; Ramona Olszewski, CFO/assistant treasurer; Jane Vander Velde, Richard D. Davis, Denis Brady, senior vps.
Contact: Roger S. Walsh.

American Insurance Marketing Services Inc.

18550 W. Capitol Drive,
Brookfield, Wis. 53045;
800-860-2331; 414-860-1826

	1995	1994
Premium volume.....	$10,000,000	$8,000,000
Gross revenues.....	$525,000	$460,000
Employees.....	6	4
Commercial lines	100%	100%
Admitted business ..	50%	60%
Non-admitted	50%	40%

Founded: 1986.
Parent: Aegis Corp.
Business: 100% broker.
Broker for: Coregis Group, Royal Insurance Co., SCOR Re.
Lloyd's of London coverholder.
Specialties: Public entity liability (schools, municipalities, county and state government), difference-in-conditions (earthquake and flood), excess workers compensation, reinsurance of pools and groups.
Licensed in: Illinois, Oklahoma, Wisconsin.
Membership: NAPSLO.
Officers: John A. Dirkse, Robert Wurtz, John P. Middleton.
Contact: John P. Middleton.

Anderson & Murison Inc.

800 W. Colorado Blvd.,
Los Angeles, Calif. 90041;
213-255-2333; fax: 213-255-0957

	1995	1994
Gross revenues.....	$4,072,889	$3,747,202
Employees.....	40	35
Commercial lines	53%	63%
Admitted business ..	50%	34%
Non-admitted	50%	66%

Founded: 1965.
Business: 93% managing general agent, 7% broker.
MGA for: Acceptance Insurance Co., American Empire Surplus Lines Insurance Co., American Equity Insurance Co., American Reliable Insurance Co., Commercial Underwriters Insurance Co., Colonia Insurance Co., First Financial Insurance Co., GAINSCO County Mutual Insurance Co., Jefferson Insurance Co., Monticello Insurance Co., Topa Insurance Co., Western Specialty Insurance Co., Western World Insurance Co.
Broker for: Golden Bear Insurance Co., Monticello Insurance Co., Topa Insurance Co., Tudor Insurance Co.
Lloyd's of London coverholder.
Licensed in: California.
Membership: AAMGA, NAPSLO.
Officers: Dave Anderson, chairman; Horst Lechler, president; Sorn Harn, vp.
Contact: Elizabeth Janes.

A.P.P.L.E.—A Preferred Professional Liability Enterprise Inc.

132 Nassau St., Suite 600, New York,
N.Y. 10038; 212-608-4505;
fax: 212-608-4540

	1995	1994
Premium volume.. ..	$20,475,000	$19,500,000
Employees..... ..	11	10
Commercial lines . ..	100%	100%
Admitted business ..	60%	40%
Non-admitted	40%	60%

Founded: 1990.
Business: 100% broker.
Broker for: American International Group, CNA Insurance Cos., Lloyd's of London, Reliance Insurance Co., Zurich Re (U.K.) Ltd.
Specialties: Lawyers professional liability, D&O, employment practices liability, non-profit D&O.
Licensed in: New Jersey, New York.
Officers: Mark F. Diette, chairman/vp; Deborah Gallo DiMarco, president.
Contact: Claudia Peneety.

Continued on next page

A guide to using *BI*'s directory

The annual *Business Insurance* directory of wholesale marketers lists underwriting managers, managing general agents and surplus lines brokers that responded to a *Business Insurance* questionnaire.

The directory is published as an editorial service; there is no charge for companies to be listed.

Listings begin with the company name, address, telephone and facsimile numbers.

Companies were asked for **premium volume**, **gross revenues** (defined as commissions and fees after commissions to producers, including investment income and contingent commissions), **number of employees** and percent of premiums that are **commercial lines** and percent of premium volume placed with **admitted** and **non-admitted insurers**.

Business specifies the percent of premium volume placed in the market as an underwriting manager, managing general agent and as a wholesale broker.

Companies acting as underwriting managers listed companies for which they have underwriting authority. Managing general agents gave the names of companies for which they have binding authority, while brokers supplied names of companies with which they place the most business.

If a company is listed as a coverholder for Lloyd's of London, the company holds the authority to either bind and/or issue insurance documentation on behalf of a Lloyd's underwriter.

Business Insurance defines an underwriting manager as a company that handles all the affairs of an insurance company, including underwriting, reinsurance and claims, with the possible exception of investments.

A managing general agent is defined as having underwriting authority for an insurer, which includes the ability to determine rates on individual risks; it can bind and issue policies on behalf of the insurer. The managing general agent may or may not have reinsurance and claims supervision authority related to the insurance it has written.

A broker places business with markets but has no underwriting authority or binding authority without the approval of the insurance company.

Following the financial information, the **year founded** and **parent company**, if any, are noted. Locations of **branch offices**, **subsidiaries** and **specialties** also are listed.

Included next are states in which the company is licensed to do business as an excess/surplus lines broker and memberships in either of the two national surplus lines organizations—the American Assn. of Managing General Agents (AAMGA) and the National Assn. of Professional Surplus Lines Offices (NAPSLO).

Principal **officers** and a **contact** for those wishing further information also are provided.

In addition to this directory of wholesale marketers, a listing of excess and surplus lines insurers begins on page 38.

Although every effort is made to publish complete and accurate information, *BI* is unable to verify all figures.



Continued from previous page

ARC Excess & Surplus Inc.

300 Old Country Road, Mineola, N.Y. 11501; 516-747-4100; fax: 516-747-3633

	1995	1994
Premium volume.....	$160,000,000	$150,000,000
Employees.....	39	35
Commercial lines	100%	100%
Admitted business ..	80%	75%
Non-admitted	20%	25%

Founded: 1986.
Business: 5% managing general agent, 95% broker.
MGA for: CNA Insurance Group, The Connecticut Indemnity Co., Everest National Insurance Group, Gulf Insurance Co.
Broker for: Admiral Insurance Co., Aetna Casualty & Surety, Agricultural Excess & Surplus, American Alliance Insurance Co., CNA Insurance Cos., The Connecticut Indemnity Co., Evanston Insurance Co., Executive Risk Group, Federal Insurance Co., Fireman's Fund Cos., General Star National Insurance Co., Great American Insurance Co., Gulf Insurance Co., Lexington Insurance Co., Lloyd's of London, National Union Fire Insurance Co., Old Republic Insurance Co., RLI Insurance Co., Reliance Insurance Co., Royal Insurance Co., TIG Holdings Group, Zurich-American Insurance Co.
Branches: Houston.
Subsidiaries: ARC Consulting Group Inc., ARC Special Risks Inc., Preferred Risk Facilities Inc., Mineola, N.Y.
Specialties: D&O, fiduciary liability, lawyers professional liability, union fiduciary, fidelity, employment practices liability.
Licensed in: Connecticut, New Jersey, New York, Pennsylvania, Texas.
Membership: NAPSLO.
Officers: Albert L. Salvatico, Richard A. Fierstein, Christopher J. Cavallaro, John Semeraro, Robert H. Goodman, Vikki Robinson, Michael Cavallaro, Mark N. Campson, Robert B. Drew, Joseph Gravier, Robert Salvatico, Jeffrey Karcz, Theresa Hart.
Contact: Albert L. Salvatico.

ARIS Insurance Service

P.O. Box 8865, Calabasas, Calif. 91372-8865; 818-591-1598; fax: 818-591-0657

	1995	1994
Premium volume.....	$11,400,000	$7,600,000
Gross revenues.....	$1,100,000	$722,000
Employees.....	19	16
Commercial lines	100%	100%
Admitted business ..	10%	15%
Non-admitted	90%	85%

Founded: 1983.
Business: 55% managing general agent, 45% broker.
MGA for: Sphere Drake Insurance P.L.C., Union America Insurance Co.
Broker for: Alliance General Insurance Co., Britamco Underwriters Inc.
Branches: Concord, Irvine, Palm Springs and San Jose, Calif.
Subsidiaries: J.F.W. Inc.
Specialties: Contractors.
Membership: NAPSLO.
Officers: Joseph F. Weckerle Sr., president; Joyce Weckerle, executive vp; Laura Weckerle, CFO; Joseph Weckerle Jr., vp.
Contact: Joseph F. Weckerle Sr.

Atlanta Insurance Broking Services

53 Perimeter Center E., Suite 320, Atlanta, Ga. 30346; 770-671-9135; fax: 770-671-9270

	1995	1994
Premium volume.....	$12,000,000	$11,000,000
Employees.....	5	5
Commercial lines	100%	100%
Admitted business ..	20%	10%
Non-admitted	80%	90%

Founded: 1991.
Business: 100% broker.
Broker for: American International Group, Lloyd's of London.
Lloyd's of London coverholder.
Specialties: Marine property/casualty, energy related businesses (oil, gas, coal).
Licensed in: Georgia.
Membership: NAPSLO.
Officers: Jonathan Smyth, president; Linda Doiron, Joe Sanchez, vps.

AVRECO Inc.

10 S. LaSalle St., Chicago, Ill. 60603; 312-346-6161; fax: 312-580-0106

	1995	1994
Premium volume.....	$80,000,000	$83,000,000
Employees.....	36	40
Commercial lines	100%	100%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Founded: 1962.
Parent: Cameron General.
Business: 100% broker.
Broker for: American Empire Surplus Lines Insurance Co., CNA Insurance Cos., Chubb Custom Insurance Co., Employers Reinsurance Corp., Evanston Insurance Co., First Specialty Insurance Co., Interstate Fire & Casualty Co., Lexington Insurance Co., Lloyd's of London, National Union Fire Insurance Co., Travelers Group.
Lloyd's of London coverholder.
Branches: New York.
Specialties: Medical professional liability.
Licensed in: Illinois, New Jersey, New York.
Membership: NAPSLO.
Officers: Fred Pearson, president; William Yurek, executive vp; Ken Heyman, CFO.
Contact: William Yurek.

B

Bailey Special Risks Inc.

P.O. Box 768, Hendersonville, Tenn. 37077-0768; 615-264-3977; fax: 615-264-3980

	1995	1994
Premium volume.....	$5,000,000	$4,500,000
Gross revenues.....	$400,000	$300,000
Employees.....	7	7
Commercial lines	99%	99%
Admitted business ..	15%	15%
Non-admitted	85%	85%

Founded: 1989.
Business: 15% managing general agent, 85% broker.
MGA for: Colony Insurance Co., United National Insurance Co.
Broker for: Agora Insurance Co., Chubb Insurance Co., CIGNA Insurance Co., Colony Insurance Co., Fireman's Fund Insurance Cos., Landmark Insurance Co., Lexington Insurance Co., Paradigm Insurance Co., Zurich-American Insurance Co.
Lloyd's of London coverholder.
Specialties: Employment practices liability, commercial umbrella.
Licensed in: Tennessee.
Membership: NAPSLO.
Officers: James W. Edwards, president; Nancy T. Edwards, vp.
Contact: Jim Edwards.

J.H. Blades & Co. Inc.

1800 Bering Drive, Suite 1000, Houston, Texas 77057; 713-780-8770; fax: 713-780-2851

	1995	1994
Premium volume.....	$53,000,000	$85,500,000
Employees.....	36	42
Commercial lines	100%	100%
Admitted business ..	2%	2%
Non-admitted	98%	98%

Founded: 1952.
Parent: Aon Corp.
Business: 60% managing general agent, 40% broker.
Lloyd's of London coverholder.
Branches: Crescent Underwriting Services, Houston.
Specialties: Energy.
Licensed in: Texas.
Membership: NAPSLO.
Officers: Charles L. Bailey, president; Richard J. Martin, George F. Howard, senior vps; Pat Sweeney, assistant treasurer.
Contact: Charles L. Bailey.

Bliss & Glennon Inc.

21307 Hawthorne Blvd., Suite 200, Torrance, Calif. 90503; 310-316-6336; fax: 310-316-6255

	1995	1994
Premium volume.....	$25,000,000	$24,000,000
Gross revenues.....	$3,541,263	$3,212,937
Employees.....	40	37
Commercial lines	90%	90%
Admitted business ..	60%	60%
Non-admitted	40%	40%

Founded: 1966.
Business: 90% managing general agent, 10% broker.
Broker for: American Equity Insurance Co., First Financial Insurance Co., Nautilus Insurance Co., Penn America Insurance Co., Twin City Fire Insurance.
Lloyd's of London coverholder.
Branches: Morgan Hill and San Diego, Calif.
Licensed in: California.
Membership: AAMGA, NAPSLO.
Officers: Robert P. Abramson, president/CEO; Corinne Jones, senior vp; Pat Martin, CFO; Carol Marquez, Gary Yench, vps.
Contact: Robert Abramson.

Bohrer-Croxdale & McAdoo Inc.

601 South Ave., P.O. Box 2760, Springfield, Mo. 65801-2760; 800-799-2550 or 417-869-2550; fax: 417-869-5102

	1995	1994
Premium volume.....	$12,000,000	$11,500,000
Employees.....	29	29
Commercial lines	100%	100%
Admitted business ..	50%	50%
Non-admitted	50%	50%

Founded: 1977.
Business: 85% managing general agent, 15% broker.
MGA for: Calvert Insurance Co., Capitol Indemnity Co., Empire Fire & Marine Insurance Co., GAINSCO County Mutual Insurance Co., Northland Insurance Co., Scottsdale Insurance Co.
Broker for: American International Group, Coregis Group, Executive Re Indemnity, First State Management Group, Great American Insurance Co., Lloyd's of London, RLI Insurance Co., Seaboard Surety Insurance Co., Tudor Insurance Co., United National Insurance Co.
Specialties: Truck and public auto coverages, restaurants, residential care facilities.
Licensed in: Arkansas, Florida, Illinois, Iowa, Kansas, Missouri, Nebraska, Oklahoma.
Membership: AAMGA, NAPSLO.
Officers: Yvonne S. Bohrer, president; Sydney T. Croxdale, vp; Sidney M. McAdoo, secretary/treasurer.
Contact: Pat Prichard, marketing representative, 816-356-8355.

Russell Bond & Co. Inc.

Ellicott Square Building, 295 Main St., Suite 866, Buffalo, N.Y. 14203-2595; 800-333-7226 or 716-856-8220; fax: 716-856-0403

	1995	1994
Premium volume.....	$15,100,000	$16,700,000
Gross revenues.....	$1,200,000	$1,153,409
Employees.....	19	19
Commercial lines	100%	100%
Admitted business ..	70%	73%
Non-admitted	30%	27%

Founded: 1950.
Business: 31% managing general agent, 69% broker.
MGA for: Colonia Insurance Co., Coregis Group, First Financial Insurance Co., National Casualty Co., United States Liability Insurance Co.
Broker for: American International Group Inc., Chubb Corp., Evanston Insurance Co., General Star Management, Gulf Insurance Co., Lexington Insurance Co., Lloyd's of London, Reliance National Risk Specialists.
Lloyd's of London coverholder.
Specialties: Excess workers compensation, excess employers liability, D&O, E&O, professional liability, public entity, property/casualty, general liability, product liability, excess, environmental.
Licensed in: New York.
Membership: AAMGA, NAPSLO.
Officers: Kurt C. Bingeman, president; Gary A. Hollederer, vp/general manager; Mark M. Palmisano, vp-finance/administration.
Contact: Kurt C. Bingeman.

Bristol Management Group Ltd.

366 Veterans Memorial Highway, Commack, N.Y. 11725; 516-543-5010; fax: 516-543-5138

	1995	1994
Employees.....	12	NA
Non-admitted	100%	NA

Founded: 1995.
Business: 100% managing general agent.
MGA for: Agricultural Excess & Surplus Lines Insurance Co.
Branches: Westwood, N.J.
Specialties: Law enforcement, professional liability.
Membership: NAPSLO.
Officers: Arthur E. Torrington, president; Janet M. Wesche, Patricia Gvecia, executive vps; Martin Cholewa, senior vp; Michael Mendowez, vp.
Contact: Arthur E. Torrington.
Support services provided by parent company.

Brown & Riding Insurance Services Inc.

777 S. Figueroa St., Suite 2550, Los Angeles, Calif. 90017; 213-452-7060; fax: 213-452-7080

	1995	1994
Premium volume.....	$30,000,000	$28,000,000
Employees.....	20	20
Commercial lines	100%	100%
Admitted business ..	50%	60%
Non-admitted	50%	40%

Founded: 1980.
Business: 100% broker.
Broker for: Acceptance Insurance Co., American International Group, Pacific Insurance Co., RLI Insurance Co., Reliance National Insurance Co., Royal Insurance Group, Westchester Specialty Group.
Branches: San Mateo, Calif.
Licensed in: California.
Membership: NAPSLO.
Officers: Chris Brown, president; B. Peter Brown, chairman; Ravi Chopra, Ramon Howing, vps.
Contact: Chris Brown.

Geo. F. Brown & Sons Inc.

55 E. Monroe St., Suite 3210, Chicago, Ill. 60603; 312-456-5000; fax: 312-977-0828

	1995	1994
Premium volume.....	$81,025,000	$55,053,000
Gross revenues.....	$6,223,000	$5,690,000
Employees.....	47	43
Commercial lines	65%	65%
Admitted business ..	98%	96%
Non-admitted	2%	4%

Founded: 1912.
Parent: Interstate National Corp.
Business: 90% managing general agent, 10% broker.
MGA for: Chicago Insurance Co., Continental Casualty Co., Interstate Fire & Casualty Co.
Broker for: Badger Mutual Insurance Co., Casualty Insurance Co., Coregis Group, Fireman's Fund Insurance Co., Interstate Insurance Group.
Subsidiaries: Auto Insurance Service, Oakland, Calif.; Lenders Insurance Services, Dallas.
Specialties: Real estate agents' E&O, liquor liability, vendors single interest.
Licensed in: California, Illinois, New York, Texas.
Membership: AAMGA, NAPSLO.
Officers: Patrick S. O'Flynn, president; Mark J. Strong, senior vp; David J. Miretzky, vp-operations; Roland R. Lada, vp-marketing; Joseph Matyasik, assistant vp.
Contact: Roland R. Lada, 312-456-5212.
Support services, including legal, accounting and MIS services, are provided by parent company.

W. Brown & Associates Insurance Services

4675 MacArthur Court, Suite 770, Newport Beach, Calif. 92660; 714-851-2060; fax: 714-851-2155

	1995	1994
Premium volume.....	$32,800,000	$27,500,000
Employees.....	27	26
Commercial lines	100%	100%
Admitted business ..	46%	45%
Non-admitted	54%	55%

Founded: 1987.
Business: 70% managing general agent, 30% broker.
MGA for: Acceptance Insurance Co., Empire Fire & Marine Insurance Co., GAINSCO County Mutual Insurance Co., National Casualty Co., Reliance National Indemnity Co.; Scottsdale Insurance Co., TIG Holdings Group.
Broker for: Acceptance Insurance Co., Admiral Insurance Co., Pacific Insurance Co., RLI Insurance Co.
Subsidiaries: W. Brown & Associates Property & Casualty Insurance Services.
Specialties: Aviation, commercial auto, mobile home parks.
Licensed in: California.
Membership: AAMGA, NAPSLO.
Officers: William W. Brown, CEO; W. Scott Brown, president-aviation; John W. Krebs, president-property/casualty; Brian English, Vince Zimmerer, executive vps.
Contact: W. Scott Brown (aviation) or John Krebs (property/casualty).

Bryson Associates Inc.

100 West Ave., Beaver Hill S., P.O. Box 545, Jenkintown, Pa. 19046; 215-576-1500; fax: 215-884-2869

	1995	1994
Premium volume.....	$101,000,000	$78,000,000
Gross revenues.....	$7,800,000	$6,000,000
Employees.....	55	45
Commercial lines	100%	100%
Admitted business ..	68%	68%
Non-admitted	32%	32%

Founded: 1977.
Parent: Aon Specialty Group.
Business: 100% broker.
Broker for: Over 80 specialty insurers, including CNA Excess & Select, Chubb Custom, Evanston Insurance Co., First State Insurance Co., General Star Management Co., Investors Insurance Group, Lexington Insurance Co., RLI Insurance Co., Reliance National Insurance Co., Royal Specialty Underwriting Inc., St. Paul Surplus Lines Insurance Co., TIG Insurance Co., Travelers Specialty Inc., United Capitol Insurance Co., Westchester Specialty Insurance.
Branches: New York; Cincinnati.
Specialties: Commercial property and casualty, D&O, E&O.
Licensed in: New Jersey, New York, Ohio, Pennsylvania, Virginia.
Membership: NAPSLO.
Officers: Daniel P. McDonnell, president; Maureen C. Caviston, managing vp-New York; Gary E. Frohn, managing vp-Cincinnati; Kevin M. McLaughlin, senior vp; William D. Trumbower, Michael J. McCarthy, vps.
Contact: Daniel P. McDonnell.

Burns & Wilcox Ltd.

30833 Northwestern Highway, Suite 220, Farmington Hills, Mich. 48334; 810-932-9000; fax: 810-932-9050

	1995	1994
Premium volume.....	$258,500,000	$232,700,000
Gross revenues.....	$33,901,000	$30,156,000
Employees.....	483	426
Commercial lines	92%	92%
Admitted business ..	12%	12%
Non-admitted	88%	88%

Founded: 1969.
Parent: H.W. Kaufman Financial Group Inc.
Business: 62% managing general agent, 38% broker.
MGA for: Canal Insurance Co., Century Surety Group, Colony Insurance Co., Essex Insurance Co., First Financial Insurance Co., General Agents Insurance Co., Houston General Insurance Co., National Indemnity Insurance Co., Nautilus Insurance Co., Scottsdale Insurance Co., U.S. Liability Insurance Co., United National Insurance Co., Western World Insurance Co.
Broker for: Admiral Insurance Co., American International Group, Chubb Custom Insurance Co., Commercial Underwriters Insurance Co., Coregis Indemnity Co., Evanston Insurance Co., Fireman's Fund Insurance Cos., First State Management Co., Great American Insurance Co., Illinois Insurance Exchange, Interstate National Corp., RLI Insurance Co., Reliance Insurance Co., Transamerica Group, United Capitol Insurance Co., Westchester Specialty Group.
Lloyd's of London coverholder.
Branches: 26 locations nationwide.
Subsidiaries: Casualty Underwriters Inc., St. Paul, Minn.; Cravens, Dargen & Co., Houston; General Agents' Service Co., Farmington Hills, Mich.; Howard-James/Burns & Wilcox Insurance Services, Encino, Calif.; Illinois R.B. Jones Inc., Chicago; Rathbone, King & Seeley Insurance Services, Fresno and San Francisco, Calif.; Royal Premium Budget Inc., Farmington Hills, Mich.; Service General, Farmington Hills, Mich.; Floyd West & Co. of Louisiana Inc., Metairie, La.; Floyd West & Co. Inc., Dallas.
Licensed in: All states, excluding Alaska, Hawaii and New York.
Membership: AAMGA, NAPSLO.
Officers: Herbert W. Kaufman, president; Gerald W. Horton, executive vp; Steve Allen, David Price, senior vps; Brooke Bothe, corporate secretary; Gerald Wesolowski, corporate controller.
Contact: Brooke Bothe.

C

Cambridge General Agency

100 Pine St., Suite 350, San Francisco, Calif. 94111; 415-955-8555; fax: 415-394-6305

	1995	1994
Premium volume.....	$28,000,000	$27,000,000
Employees.....	45	45
Commercial lines	95%	95%
Admitted business ..	10%	10%
Non-admitted	90%	90%

Founded: 1953.
Business: 75% managing general agent, 25% broker.
MGA for: Acceptance Insurance Co., Colony Insurance Co., Essex Insurance Co., National Casualty Co., Scottsdale Insurance Co.
Broker for: Executive Risk Group, First State Insurance Co., Lexington Insurance Co., Reliance Insurance Group.
Lloyd's of London coverholder.
Branches: Covina, Sacramento and Stockton, Calif.
Specialties: Property/casualty, nursing homes, commercial vehicles, construction industry.
Licensed in: California.
Membership: AAMGA, NAPSLO.
Officers: A. Mason Blodgett, president; Paul Janofsky, Julie Uang, vps.

Carpenter Moore Insurance Services Inc.

530 Washington St., San Francisco, Calif. 94111; 415-433-1001; fax: 415-433-5148

	1995	1994
Premium volume.....	$25,600,000	$21,000,000
Employees.....	15	12
Commercial lines	100%	100%
Admitted business ..	32%	29%
Non-admitted	68%	71%

Founded: 1986.
Business: 17% managing general agent, 83% broker.
Broker for: Agricultural Excess & Surplus Insurance Co., CNA Insurance Cos., Gulf Insurance Co., National Union Insurance Co., Progressive Risk Management Services, Reliance National Insur

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Business Insurance

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ance Co., Shand Morahan Insurance Co., Zurich American Insurance Co.

Lloyd's of London coverholder.

Branches: Farmington, Connecticut; Cambridge, Mass.

Subsidiaries: Carpenter Moore Healthcare Insurance Services, San Francisco; OBAssist Inc., San Francisco.

Specialties: Executive liability, professional liability.

Licensed in: California, Connecticut, Massachusetts, Utah.

Officers: Kinsey L. Carpenter, president; Susan M. Miner, CEO; Eileen Winter, secretary.

Contact: Kinsey Carpenter.

Centrex Underwriters Inc.

P.O. Box 171176, Memphis, Tenn. 38187; 901-767-4754; fax: 901-767-0153

	1995	1994
Premium volume	$4,710,000	$3,677,000
Employees	9	6
Commercial lines	100%	100%
Admitted business	2.1%	NA
Non-admitted	97.9%	100%

Founded: 1985.

Business: 100% managing general agent.

MGA for: First Specialty Insurance Corp., General Star Indemnity Co., United National Insurance Co., Westport Insurance Corp.

Specialties: Liquor liability, excess FDIC deposit insurance.

Licensed in: Tennessee.

Membership: AAMGA.

Officers: Joseph Carlson, president; Eric Sturm, vp.

Contact: Joseph Carlson.

Chris-Leef General Agency Inc.

P.O. Box 3747, Shawnee Mission, Kan. 66203-0747; 913-631-1232; fax: 913-631-1128

	1995*	1994*
Premium volume	$8,500,000	$5,978,147
Gross revenues	$1,060,250	$675,530
Employees	16	14
Commercial lines	90%	95%
Admitted business	22%	18%
Non-admitted	78%	82%

* Fiscal years ending 5/31.

Founded: 1986.

Business: 70% managing general agent, 30% broker.

Lloyd's of London coverholder.

Licensed in: Kansas, Missouri.

Membership: AAMGA, NAPSLO.

Officers: Gary Peterson, Glenda Dowell, Kelly Dale.

Contact: Gary Peterson.

Commercial Coverage Inc.

16252 Westwood Business Park, St. Louis, Mo. 63021; 800-434-3430; fax: 800-434-3435

	1995*	1994*
Premium volume	$6,800,000	$4,100,000
Employees	15	9
Commercial lines	100%	100%
Admitted business	10%	25%
Non-admitted	90%	75%

* Fiscal years ending *6/30*.

Founded: 1992.

Business: 65% underwriting manager, 10% managing general agent, 25% broker.

Underwriting manager for: Paradigm Insurance Co., Western Specialty Insurance Co.

MGA for: Burlington Insurance Co., First Financial Insurance Co.

Broker for: Admiral Insurance Co., Agricultural Excess & Surplus Insurance Co., American Home Assurance Co., Evanston Insurance Co., Fireman's Fund Insurance Co., Illinois Insurance Exchange, Illinois National Insurance Co, Landmark Insurance Co., Lexington Insurance Co., Reliance National Insurance Co.

Branches: Santa Barbara, Calif.; Boise, Idaho; Minneapolis.

Specialties: Contractors; hospitality, including bars, restaurants, taverns, hotels and motels.

Licensed in: California, Idaho, Illinois, Iowa, Kansas, Minnesota, Missouri.

Officers: Michael D. Adkins, president; Lisa C. Schemenauer, senior vp; Arnold J. Cheldin, secretary; Brad Garrett, vp-sales/underwriting.

Contact: Julie Talbert.

Commercial Insurance Underwriters Inc.

1200 E. Woodhurst M-400, P.O. Box 9005, Springfield, Mo. 65808-9005; 417-883-3277; fax: 417-883-3393

	1995	1994
Premium volume	$13,524,185	$14,129,724
Gross revenues	$1,520,682	$1,663,142
Employees	18	20
Commercial lines	100%	100%
Admitted business	39%	45%
Non-admitted	61%	55%

Founded: 1984.

Business: 47% managing general agent, 53% broker.

MGA for: Acceptance Insurance Co., Capitol Indemnity Co., Essex Insurance Co., Guaranty National Insurance Co., Scottsdale Insurance Co.

Broker for: Acceptance Risk Managers, Chubb Custom Insurance Co., Interstate Insurance Co., Lexington Insurance Co., Marine Office of America Corp., RLI Insurance Co., Shand Morahan Insurance Co., United National Insurance Co., Zurich Group.

Specialties: Large umbrella, tough casualty, large property, brokerage, auto physical damage/cargo.

Licensed in: Arkansas, Kansas, Missouri.

Membership: AAMGA, NAPSLO.

Officers: David W. Hinrichs, president; Eunice K. Harralson, executive vp; S. Cal Rogers, Cynthia J. Closser, vps.

Contact: David W. Hinrichs, 417-883-3277 ext. 200.

Connecticut Underwriters Inc. & Affiliated Cos.

329 Main St., Portland, Conn. 06480; 860-342-0713; fax: 860-342-4392

	1995	1994
Premium volume	$39,000,000	$36,500,000
Gross revenues	$4,500,000	$4,300,000
Employees	38	38
Commercial lines	60%	60%
Admitted business	25%	25%
Non-admitted	75%	75%

Founded: 1964.

Business: 85% managing general agent, 15% broker.

MGA for: American Empire Surplus Lines Insurance Co., First Financial Insurance Co., Great American Insurance Co., Hermitage Insurance Co., Penn America Insurance Co., Western World Insurance Co.

Broker for: American International Group, Lloyd's of London, Reliance Insurance Co.

Subsidiaries: CONEXCO Insurance Agency Inc., Southborough, Mass.; Maine Underwriters Insurance Agency Inc., Kittery, Maine; New Hampshire Underwriters Insurance Agency Inc., Portsmouth, N.H.; Professional Agents Assn. of NY Inc., Brewster and Queensbury, N.Y.

Licensed in: Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island, Vermont.

Membership: AAMGA, NAPSLO.

Officers: Henry J. Stone Jr., president/chairman/treasurer/CEO; M. Merriam March, vp/secretary; Susan Robinson, underwriting manager; Lillian Guilmartin, financial director; Constance Sullivan, agency services manager.

Contact: Susan Robinson.

Cooney, Rikard & Curtin Inc.

P.O. Box 59689, Birmingham, Ala. 35259; 205-870-7790; fax: 205-879-3739

	1995	1994
Premium volume	$135,000,000	$105,000,000
Gross revenues	$9,000,000	$7,900,000
Employees	74	54
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

Founded: 1982.

Business: 1% managing general agent, 99% broker.

MGA for: American Equity Insurance Co., National Fire & Marine Insurance Co.

Specialties: Property, excess and primary casualty.

Licensed in: All states, including Puerto Rico.

Membership: NAPSLO.

Officers: Tom Curtin, chairman; John P. Cooney, president.

Corporate Advisors Inc.

3703 Hale Lane, Island Lake, Illinois, 60042; 847-487-7054; fax: 847-487-7055

	1995	1994
Premium volume	$600,000	$560,000
Gross revenues	$75,000	$66,000
Employees	3	3
Commercial lines	99%	99%
Admitted business	70%	60%
Non-admitted	30%	40%

Founded: 1971.

Business: 100% broker.

Broker for: Admiral Insurance Co., Coregis Group, First Reinsurance Co. of Hartford.

Specialties: Financial consultants, investment advisers, fire protection engineers, environmental consultants.

Licensed in: Illinois.

Contact: Kenneth Hill, president.

Continued on next page

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Continued from previous page

Customized Worldwide Weather Insurance

1615 Northern Blvd., Suite 301, Manhasset, N.Y. 11030; 516-365-7373; fax: 516-365-7474

	1995	1994
Premium volume	$10,000,000	$5,000,000
Gross revenues	$1,500,000	$750,000
Employees	8	7
Commercial lines	100%	100%
Admitted business	95%	98%
Non-admitted	5%	3%

Founded: 1988.
Business: 70% managing general agent, 30% broker.
MGA for: Sphere Drake Insurance.
Broker for: Terra Nova Insurance Co. Ltd.
Specialties: Weather insurance.
Licensed in: New York.
Officers: Harold Mollin, president.
Contact: Pat Sleicher, special events; Frank Parkhurst, liability; Richard Kushner, municipal snow.

D

Doran Excess Underwriters Inc.

6240 Carlisle Pike, P.O. Box 1417, Mechanicsburg, Pa. 17055; 800-553-6739; fax: 717-697-7506

	1995	1994
Premium volume	$11,200,000	$11,500,000
Employees	11	12
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1975.
Parent: Doranco Inc.
Business: 100% managing general agent.
MGA for: Diamond State Insurance Co., Hallmark Insurance Co., United National Insurance Co.
Specialties: E&O for insurance agents/brokers and third-party administrators, excess hospital professional liability, excess and umbrella liability (including medical and non-medical professional).
Licensed in: Pennsylvania.
Membership: NAPSLO.
Officers: Ronald G. Hihn, president; Elizabeth D. Firestone, senior vp; Deborah L. Grivens, Mark G. Murphy, vps.
Contact: Ronald G. Hihn.

E

ECS Underwriting Inc.

520 Eagleview Blvd., Exton, Pa. 19341; 610-458-0570; fax: 610-458-9667

	1995*	1994*
Premium volume	$180,200,000	$165,300,000
Employees	300	265
Commercial lines	100%	100%
Admitted business	95%	95%
Non-admitted	5%	5%

* Fiscal years ending 6/30.

Founded: 1979.
Business: 100% underwriting manager.
Underwriting manager for: Reliance National Indemnity Co.
Subsidiaries: Consulting Services Inc., ECS Underwriting (U.K.), Environmental Claims Administrators Inc.
Specialties: Environmental liability, general liability, auto liability, property and surety.
Licensed in: Pennsylvania.
Membership: NAPSLO.
Officers: William Kronenberg III, president/CEO; David M. Rosenberg, executive vp; Frank A. Piliero, executive vp/CFO; Mark Vuono, executive vp.
Contact: ECS Marketing, 800-327-1414.

Eastern America Insurance Agency Inc.

P.O. Box 193900, San Juan, Puerto Rico 00919-3900; 787-273-1288; fax: 787-782-8233

	1995	1994
Premium volume	$142,142,000	$122,796,000
Gross revenues	$6,146,000	$6,121,000
Employees	75	75
Commercial lines	73%	80%
Admitted business	98%	98%
Non-admitted	2%	2%

Founded: 1981.
Parent: Eastern America Insurance Group.
Business: 60% underwriting manager, 40% managing general agent.
Underwriting manager for: Universal Insurance Co.
MGA for: American International Insurance Co. of Puerto Rico, CIGNA Insurance Co. of Puerto Rico, El Fenix de Puerto Rico, Federal Insurance Co., Reliance Insurance Co., Royal Insurance Co. of Puerto Rico, Seguros Triple S Inc.
Licensed in: Puerto Rico.
Membership: NAPSLO.
Officers: Luis Miranda Casanas, president; Jorge J. Amadeo, Rafael A. Rodriguez, executive vps; Guillermo A. Fernandez, vp.
Contact: Jorge J. Amadeo.

Excess & Surplus Lines Insurance Brokers

13848 Ventura Blvd. Suite A, Sherman Oaks, Calif. 91423; 818-990-8860; fax: 818-990-4530

	1995	1994
Premium volume	$7,822,000	$7,060,000
Gross revenues	$813,000	$769,000
Employees	12	10
Commercial lines	99%	99%
Admitted business	82%	75%
Non-admitted	18%	25%

Founded: 1975.
Business: 66% managing general agent, 34% broker.
MGA for: American Empire Surplus, Burlington Insurance Co., First Financial Insurance Co.
Lloyd's of London coverholder.
Branches: Palm Springs, Calif.
Specialties: Contractors, mobile home parks.
Licensed in: California.
Membership: NAPSLO.
Officers: J.C. Boyer, M.J. Alcazar, D.L. Messina.
Contact: Jerry Boyer.

F

Farmington Management Inc.

77 Hartland St., Suite 400, East Hartford, Conn. 06108; 203-528-2105; fax: 203-282-9393

	1995*	1994*
Premium volume	$47,787,000	$44,018,000
Employees	21	21
Commercial lines	100%	100%
Admitted business	100%	100%

* Fiscal years ending 11/30.

Founded: 1986.
Parent: Travelers Corp.
Business: 100% managing general agent.
MGA for: The Aetna Casualty & Surety Co., Continental Insurance Co., Employers Reinsurance Co., Federal Insurance Co., Fireman's Fund Insurance Co., General Accident Insurance Co., General Star National Insurance Co., Indemnity Insurance Co. of North America, NAC Reinsurance Corp., North American Specialty Insurance Co., Everest National Insurance Co., St. Paul Fire & Marine Insurance Co., Travelers Indemnity Insurance Co., Zurich American Insurance Co.
Branches: New York.
Specialties: Excess liability.
Officers: M.J. St. Pierre, executive vp; C.E. Stevens, vp; N.C. Colgan, secretary; D.R. Francis, administration manager, William C. Hall, national marketing manager.
Contact: William C. Hall, 212-430-4865.
Support services, including claims handling, are provided by parent company.

First Capital Agency Inc.

185 Great Neck Road, Great Neck, N.Y. 11021; 516-466-1313; fax: 516-482-7878

	1995	1994
Premium volume	$17,000,000	NA
Employees	18	NA
Commercial lines	100%	NA
Admitted business	90%	NA
Non-admitted	10%	NA

Founded: 1995.
Business: 100% managing general agent.
MGA for: Reliance Insurance Co. of Illinois, Reliance National Indemnity Co.
Branches: Doylestown, Pa.
Subsidiaries: First Capital Energy Division.
Specialties: Commercial property and casualty, international energy.
Officers: Alvin B. Moss, president; Robert Lynch, executive vp; Kenneth Cody, John Dalton, Michael Young, Darrell Comis, vps; Frank Guerriero, senior vp.
Contact: Alvin B. Moss.

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First State Management Group Inc.

150 Federal St., Boston, Mass. 02110
617-526-7600; fax: 617-526-0605

	1995	1994
Premium volume.....	$240,574,000	$238,279,000
Employees.....	234	230
Commercial lines	100%	100%
Admitted business ..	21%	29%
Non-admitted	79%	71%

Founded: 1948.
Parent: ITT Hartford Group Inc.
Business: 100% underwriting manager.
Underwriting manager for: Pacific Insurance Co. Ltd., Trumbull Insurance Co., Twin City Fire Insurance Co., ITT Hartford Group companies.
Branches: Los Angeles; San Francisco; Atlanta; Chicago; Boston; New York; Burlington, N.C.
Licensed in: California, Georgia, Illinois, Massachusetts, New York, North Carolina.
Membership: AAMGA, NAPSLO.
Officers: Ralph J. Palmieri, president/COO; Peter P. Coghlan, executive vp; Raymond T. Lewis, senior vp.
Contact: John A. MacFarland, 617-526-7650.
Support services provided by parent company.

G

General Star Management Co.

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

	1995	1994
Premium volume.....	$301,479,710	$278,917,175
Employees.....	247	226
Commercial lines	98%	98%
Admitted business ..	19.1%	21.5%
Non-admitted	80.9%	78.5%

Founded: 1979.
Parent: General Re Corp.
Business: 100% underwriting manager.
Underwriting manager for: General Star Indemnity Co., General Star National Insurance Co.
Branches: Los Angeles; Atlanta; Chicago; New York; Dallas.
Membership: AAMGA, NAPSLO.
Officers: Kevin P. Brooks, chairman/president; Sam Anderson, Ron Austin, Patricia Roberts, Craig Ott, Adin Tooker, vps.
Contact: David W. Micik.
Support services provided by parent company.

Global Facilities Inc.

146 Merrick Road, P.O. Box 743,
Lynbrook, N.Y. 11563; 516-599-3800;
fax: 516-599-3930

	1995	1994
Premium volume.....	$6,375,095	$5,765,054
Employees.....	5	5
Commercial lines	97%	98%
Admitted business ..	97%	97%
Non-admitted	3%	3%

Founded: 1977.
Business: 80% managing general agent, 20% broker.
MGA for: Colonia Insurance Co., First Central Insurance Co., Mount Vernon Fire Insurance Co., Otsego Mutual Insurance Co.
Broker for: Blue Ridge Insurance Co., Calvert Insurance Co., John Deere Insurance Co., Everest National Insurance Co., Gulf Insurance Co., Lloyd's of London, Massplate Glass, Pawtucket Mutual Insurance Co., Providence Insurance Co., Reco Insurance Co., Reliance National Insurance Co., Tower Insurance Co., Transtate Insurance Co., US Underwriters Insurance Co., Washington Insurance Co.
Specialties: Special multiperil property casualty, trucking, umbrella transportation, inland marine, miscellaneous E&O.
Licensed in: Connecticut, New Jersey, New York.
Membership: NAPSLO.
Contact: Robert Shapiro, president.

Good Weather Insurance Agency Inc.

76 Lafayette St., Salem, Mass. 01970;
800-324-7759; fax: 508-741-8786

	1995	1994
Premium volume.....	$2,000,000	$1,500,000
Employees.....	4	3
Commercial lines	100%	100%
Admitted business ..	90%	90%
Non-admitted	10%	10%

Founded: 1993.
Business: 90% underwriting manager, 10% managing general agent.
Underwriting manager for: Reliance National Insurance Co.
Lloyd's of London coverholder.
Specialties: Weather insurance.
Licensed in: Massachusetts.
Contact: LauraLee Tillman, president.
Support services are provided by Northshore International Insurance Services.

Gracechurch Associates Inc.

83 Big Oak Road, Morrisville,
Pa. 19067; 215-295-0725;
fax: 215-295-1780

	1995	1994
Premium volume.....	$12,000,000	$10,000,000
Employees.....	10	10
Commercial lines	100%	100%
Admitted business ..	20%	20%
Non-admitted	80%	80%

Founded: 1972.
Parent: The Associated Agencies Inc.
Business: 100% broker.
Broker for: RLI Insurance Co., Reliance Group, USF Insurance Co.
Licensed in: New Jersey, Pennsylvania.
Membership: NAPSLO.
Officers: Philip J. Corso, Lee Stacy, Mark Cohan, Anthony Petruzzi, Ronald J. Kellett.
Contact: Ronald J. Kellett.

H

H&W Underwriters Inc.

4300 Shawnee Mission Parkway,
Shawnee Mission, Kan. 66205;
913-676-9305; fax: 913-432-1706

	1995	1994
Premium volume.....	$8,977,023	$9,367,988
Gross revenues.....	$1,576,539	$1,882,936
Employees.....	13	12
Commercial lines	100%	100%
Admitted business ..	90%	20%
Non-admitted	10%	80%

Founded: 1958.
Business: 100% managing general agent.
MGA for: Century Surety Group, SAFECO Insurance Co. of America, Ulico Casualty Co.
Specialties: Public transportation, including bodily injury and property damage; association professional liability; labor union E&O.
Licensed in: Kansas, Missouri.
Officers: Neil R. Pouppirt, chairman/CEO; Bernard R. Geis, president/COO; Bruce R. Pouppirt, executive vp; Michael Kosednar, senior vp.
Contact: Bernard R. Geis.

Hanover Excess & Surplus Inc.

P.O. Box 1411, Wilmington,
N.C. 28402; 800-672-9006;
fax: 800-426-5566

	1995	1994
Premium volume.....	$11,500,000	$9,500,000
Employees.....	21	19
Commercial lines	90%	95%
Admitted business ..	50%	50%
Non-admitted	50%	50%

Founded: 1970.
Business: 75% underwriting manager, 15% managing general agent, 10% broker.
Underwriting manager for: Acceptance Insurance Co., Colonia Insurance Co., Jefferson Insurance Co., Monticello Insurance Co., National Casualty Insurance Co., Scottsdale Insurance Co.
MGA for: Colorado Casualty Insurance Co.
Broker for: American International Group, Coregis Indemnity Co., Employers Reinsurance, Marine Office of America Corp., Seaboard Surety Co., Wycon.
Lloyd's of London coverholder.
Subsidiaries: Hanover General Agency Inc., Hanover Premium Finance Inc.
Specialties: Commercial automobile, commercial casualty.
Licensed in: Maryland, North Carolina, South Carolina, Virginia.
Membership: AAMGA, NAPSLO.
Officers: Glasgow Hicks Jr., president; David L. Parker, vp; John Hicks, secretary/treasurer.
Contact: David L. Parker.

L.E. Harris Agency Inc.

1353 Holton Lane, Langley Park,
Md. 20783; 301-439-4700;
fax: 301-439-5800

	1995	1994
Premium volume.....	$10,043,000	$10,172,000
Gross revenues.....	$1,455,682	$1,248,737
Employees.....	13	14
Commercial lines	99%	99%
Admitted business ..	35%	35%
Non-admitted	65%	65%

Founded: 1922.
Business: 60% managing general agent, 40% broker.
MGA for: Burlington Insurance Co., First Financial Insurance Co., GAINSCO Cos., Monticello Insurance Co., Mount

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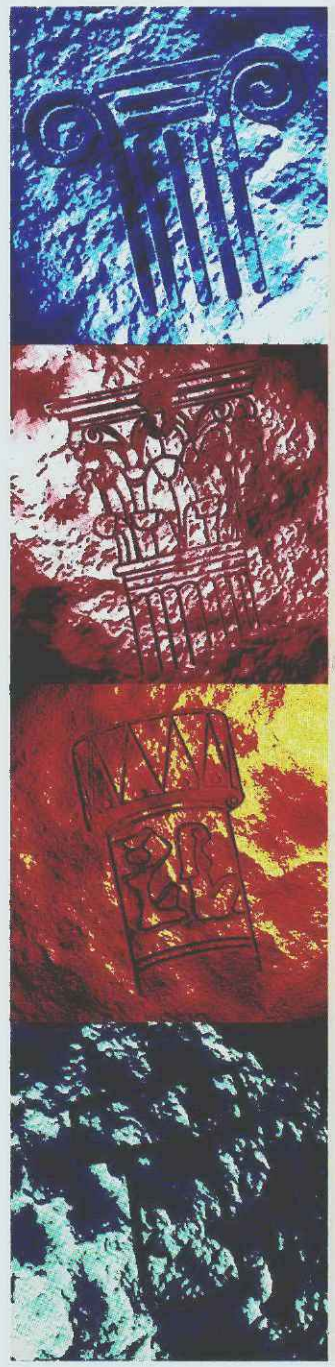
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(504) 836-5300

email: info@bccundrs.com

Continued from previous page
Vernon Fire Insurance Co., National Indemnity Cos., Penn-American Insurance Co., St. Paul Reinsurance Co. Ltd., United States Liability Insurance Co.

Broker for: Admiral Insurance Co., American International Group, American Reliable Insurance Co., Chubb Custom Insurance Co., Coregis Indemnity Co., Employers Reinsurance Co., Evanston Insurance Co., Fireman's Fund Insurance Co., Media/Professional Insurance, Reliance National Insurance Co., Seaboard Surety Co., United National Life of America.

Lloyd's of London coverholder.

Specialties: Commercial property; commercial liability; commercial auto, including public transportation, garage and truck liability; wrongful act coverage.

Licensed in: District of Columbia, Maryland, Virginia.

Membership: AAMGA, NAPSLO.

Officers: David A. Riffert, president; Mark J. Baldwin, vp; Cindy Milburn, secretary.

Contact: David Riffert or Cindy Milburn.

Healthcare Professional Services Inc.

600 Houze Way, Suite C6,
Roswell, Ga. 30076;
770-518-8009; fax: 770-518-0250

	1995	1994
Premium volume.....	$6,827,000	$5,132,000
Gross revenues.....	$596,821	$359,240
Employees.....	4	6
Commercial lines	100%	100%
Admitted business ..	33%	33%
Non-admitted	67%	67%

Founded: 1990.

Business: 100% broker.

Broker for: American International Group, Evanston Insurance Co., Reliance Insurance Co. of Illinois, Western Indemnity Insurance Co.

Branches: Aurora, Colo.

Specialties: Professional liability, medical malpractice.

Licensed in: Georgia.

Contact: Parker Harvey, president.

HEATH Holdings USA Inc.

4809 Cole Ave., Suite 107, Dallas,
Texas 75205; 214-528-3999;
fax: 214-528-9101

	1995	1994
Premium volume.....	$111,000,000	$101,000,000
Gross revenues.....	$7,300,000	$6,600,000
Employees.....	67	72
Commercial lines	100%	100%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Founded: 1992.

Parent: C.E. Heath P.L.C.

Business: 7% managing general agent, 93% broker.

MGA for: American Empire Insurance Co., American Equity Insurance Co., Audubon Indemnity Co., Burlington Insurance Co., Republic Insurance Co., Vanguard Insurance Co., Western World Insurance Co.

Broker for: Admiral Insurance Co., Chubb Group of Insurance Cos., Evanston Insurance Co., General Star National Insurance Co., Investors Insurance Co., Lloyd's of London, Reliance National Insurance Co., Royal Specialty Underwriters, St. Paul Insurance Cos., Westchester Specialty Group.

Lloyd's of London coverholder.

Branches: San Francisco; Atlanta; Chicago; Dallas, Houston and Lubbock, Texas.

Subsidiaries: HEATH Insurance Brokers Inc.: San Francisco; Atlanta; Chicago; Dallas, Houston and Lubbock, Texas.

Specialties: Primary/lead/excess general and property, D&O, E&O, employment practices, ocean/inland marine.

Licensed in: California, Connecticut, Georgia, Illinois, Louisiana, Maryland, Nevada, New York, North Carolina, South Carolina, Tennessee, Texas, Virginia.

Membership: NAPSLO.

Officers: Gene Eisenmann, chairman; Marshall Kath, CEO; Curt Ross, Atlanta; Tom Sieks, Chicago; Bob Barnard, Houston; Bob Ratcliff, Lubbock; Jim Pettipas, San Francisco.

Contact: Marshall Kath.

Jeffrey L. Heath Inc.

P.O. Box 301, 59 S. Finley Ave.,
Basking Ridge, N.J. 07920;
800-524-3284 or 908-766-7140;
fax: 908-766-4419

	1995	1994
Premium volume.....	$10,000,000	$7,250,000
Employees.....	4	4
Commercial lines ...	100%	100%
Admitted business ..	70%	70%
Non-admitted	30%	30%

Founded: 1991.

Business: 100% managing general agent.

MGA for: Guaranty National Insurance Co., Landmark American Insurance Co.

Branches: Jamestown, R.I.

Specialties: Umbrella, excess.

Membership: NAPSLO.

Officers: Jeff Heath, president; Pat Silva, vp.

Contact: Pat Silva.

I

Independent Insurance Wholesalers Inc.

722 S.W. Second Ave., Suite 340,
Portland, Ore. 97204; 503-224-1956;
fax: 503-224-3010

	1995*	1994*
Premium volume.....	$6,000,000	$6,500,000
Gross revenues.....	$600,000	$650,000
Employees.....	7	7
Commercial lines	100%	100%
Admitted business ..	10%	10%
Non-admitted	90%	90%

* Fiscal years ending 6/30.

Founded: 1983.

Business: 20% managing general agent, 80% broker.

MGA for: American Equity Insurance Co., General Star National Insurance Co., Nautilus Insurance Co., Western World Insurance Co.

Broker for: Admiral Insurance Co., Agricultural Excess & Surplus Insurance Co., General Security Insurance Co., General Star National Insurance Co., Guaranty National Insurance Co.

Lloyd's of London coverholder.

Licensed in: Oregon.

Membership: NAPSLO.

Officers: Robert K. Stahl, president; Thomas E. Sawyer, vp; Sherrie L. Stahl, secretary/treasurer.

Contact: Robert K. Stahl.

Insurance Intermediaries Inc.

6460 Busch Blvd., Columbus,
Ohio 43230; 614-846-1111;
fax: 614-846-2111

	1995	1994
Premium volume.....	$30,000,000	$25,334,000
Gross revenues.....	$2,500,354	$2,310,617
Employees.....	30	37
Commercial lines	40%	40%
Admitted business ..	90%	90%
Non-admitted	10%	10%

Founded: 1975.

Parent: Nationwide Insurance Enterprise.

Business: 40% managing general agent, 60% broker.

MGA for: GAINSCO County Mutual Insurance Co., Scottsdale Insurance Co.

Broker for: Lexington Insurance Co., Lloyd's of London, Shand Morahan Insurance Co.

Specialties: D&O, excess workers compensation, excess and umbrella.

Licensed in: Arkansas, Connecticut, District of Columbia, Indiana, Kentucky, Maryland, Missouri, New York, Ohio, South Carolina, Virginia, West Virginia, Wisconsin.

Membership: NAPSLO.

Officers: R. Lee Ayotte, president; Larry C. Bobb, vp; Robert D. Dunlap, assistant vp; James R. Arnold, director.

Contact: Larry C. Bobb.

Insurisk Excess & Surplus Lines

P.O. Box 3198, 1500 Riverfront
Drive, Little Rock, Ark. 72203;
800-482-5914; fax: 501-663-5861

	1995	1994
Premium volume.....	$30,000,000	$30,000,000
Employees.....	8	8
Commercial lines	99%	99%
Admitted business ..	60%	60%
Non-admitted	40%	40%

Founded: 1980.

Parent: Rebsamen Insurance Agency.

Business: 20% managing general agent, 80% broker.

Specialties: Umbrella, property, casualty.

Licensed in: Arkansas.

Membership: NAPSLO.

Officers: Al McDowell, president; Steve Hoffman, senior vp; Dianna Farish, vp.

Contact: Steve Jenkins.

International Placement Services Inc.

7710 Carondelet, Suite 433,
St. Louis, Mo. 63105;
314-725-8394; fax: 314-725-4317

	1995	1994
Premium volume.....	$17,100,000	$14,350,000
Employees.....	12	12
Commercial lines	100%	100%
Admitted business ..	65%	60%
Non-admitted	35%	40%

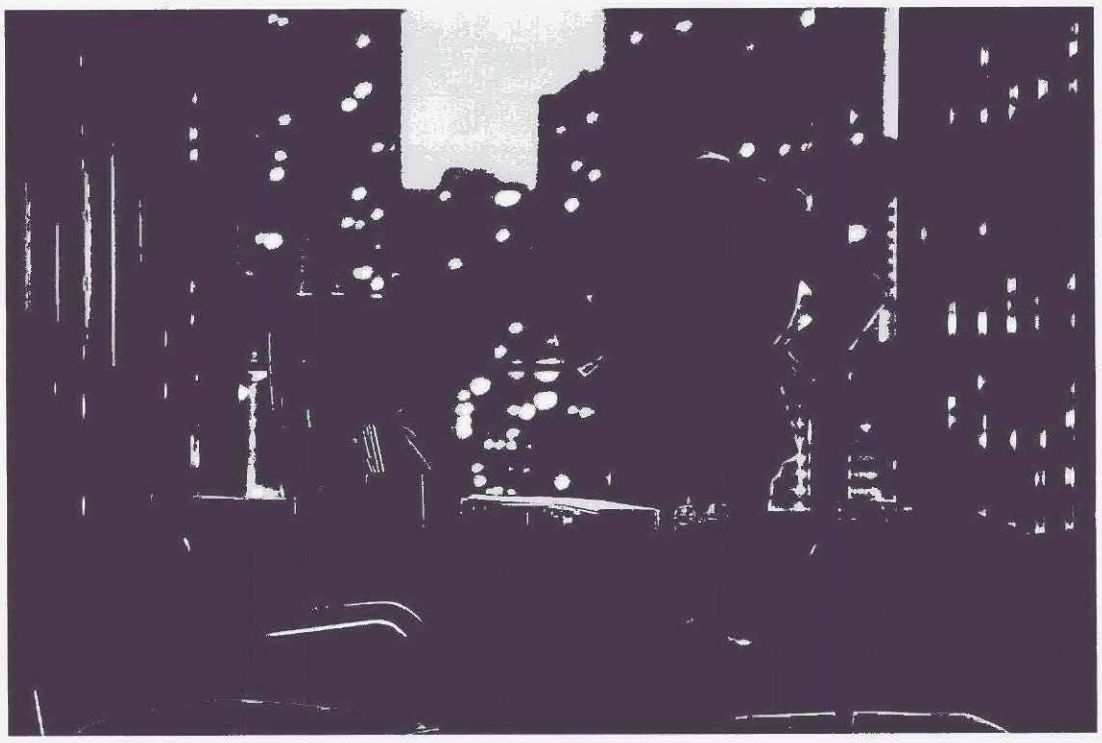
Founded: 1981.

Business: 8% managing general agent, 92% broker.

MGA for: Northland Insurance Cos., United National Insurance Co.

Broker for: Acstar Insurance Co., Admiral Insurance Co., Aetna Casualty Co., Affiliated FM Insurance Co., Alliance General Insurance Co., American Empire Surplus Lines Insurance Co., American International Group, Chubb Custom Insurance Co., CIGNA Specialty Insurance Co., Clarendon Insurance Co., Colony Insurance Co., Coregis Indemnity Co., EBI Cos., Executive Re Indemnity Co., Fidelity & Deposit Co., Fireman's Fund Insurance Co., First Specialty Insurance Corp., First State Management Co., Frontier Insurance Group, Great American Insurance Co., The Hartford Mutual Insurance Cos., The Hartford Steam Boiler Group, Illinois Insurance Exchange, Lloyd's of London, Midwest Employers Casualty, Northland Cos.,

Continued on next page



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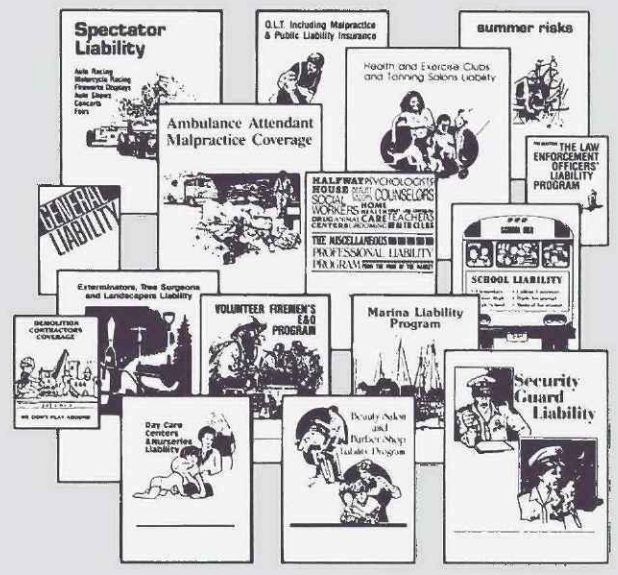
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Continued from previous page

Northwestern National, Old Republic Insurance Co., Philadelphia Insurance Co., RLI Insurance Co., Reliance National Insurance Co., Safety National Casualty Co., Sorema N.A. Group, Stonewall Underwriters, Transamerica Insurance Co., Travelers Insurance Group Inc., Tudor Insurance Co., United Capitol Insurance Co., United Coastal Insurance Co., USF&G Insurance Co., Westchester Specialty Group, Zurich Insurance Co.

Lloyd's of London coverholder.

Specialties: Self-insurance products, including excess workers compensation and all lines aggregate program; difference-in-conditions (earthquake and flood).

Licensed in: Missouri.

Membership: NAPSLO.

Officers: Richard J. Eichhorn, president; Michael J. Eichhorn, vp-casualty; Robert C. Fagan, vp-property; John N. Harmon, vp.

Contact: Richard J. Eichhorn.

Interstate Risk Placement Inc.

3523 W. Willow Knolls Road, Peoria, Ill. 61614-1078; 309-692-8544; fax: 309-693-0402

	1995	1994
Premium volume.....	**$5,200,000**	$5,000,000
Employees.....	**5**	5
Commercial lines	**95%**	95%
Admitted business ..	**80%**	80%
Non-admitted	**20%**	20%

Founded: 1985.

Business: 60% managing general agent, 40% broker.

MGA for: Acceptance Insurance Co., Adriatic Insurance Co., Colony Insurance Co., Essex Insurance Co., Guaranty National Insurance Co., Landmark American Insurance Co.

Broker for: Badger Mutual Insurance Co.

Lloyd's of London coverholder.

Subsidiaries: Interstate Risk Placement Inc., Little Rock, Ark.

Specialties: Truck liability and physical damage, Illinois liquor liability and related package coverages.

Licensed in: Arkansas, Illinois.

Membership: NAPSLO.

Officers: C. Jack Miller, president; Rick Sutton, vp-underwriting; Diane Fuller, vp-administration; Steven C. Miller, secretary.

Support services provided by Gateway Premium Budget Inc. and W.A. Schickedanz Agency Inc.

J

Jaeger & Haines Inc.

P.O. Box 1623, Fayetteville, Ark. 72701; 501-521-2551; fax: 501-521-3195

	1995	1994
Premium volume.....	**$12,000,000**	$14,000,000
Employees.....	**33**	38
Commercial lines	**77%**	77%
Admitted business ..	**60%**	70%
Non-admitted	**40%**	30%

Founded: 1976.

Business: 70% managing general agent, 30% broker.

Lloyd's of London coverholder.

Licensed in: Arkansas, Missouri, Oklahoma, Tennessee.

Membership: AAMGA, NAPSLO.

Officers: Larry Haines, CEO; Mike Johnson, president; Alan Mitchell, senior vp; Joe Diederich, vp-large accounts; John Thill, vp-personal lines.

Contact: Mike Johnson.

Jimcor Agencies

P.O. Box 890, 366 Kinderkamack Road, Westwood, N.J. 07675; 201-666-8600; fax: 201-666-5792

	1995	1994
Premium volume.....	**$18,100,000**	$17,800,000
Gross revenues.....	**$1,850,000**	$1,750,000
Employees.....	**33**	33
Commercial lines	**95%**	95%
Admitted business ..	**18%**	15%
Non-admitted	**82%**	85%

Founded: 1986.

Business: 80% managing general agent, 20% broker.

Broker for: Admiral Insurance Co., Chubb Group of Insurance Cos., Fireman's Fund Insurance Co., Investors Insurance Co., Agricultural Excess & Surplus Insurance Co., Tudor Insurance Co., United Capitol Insurance Co., United National Insurance Co.

Lloyd's of London coverholder.

Branches: Bensalem, Pa.; Mount Laurel, N.J.; Colens Falls, N.Y.

Subsidiaries: Jimcor Associates Corp., Glen Falls, N.Y.; Jimcor Associates Inc., Bensalem, Pa.; Jimcor E&S L.L.C., Mount Laurel, N.J.

Licensed in: Illinois, Pennsylvania, New Jersey, New York.

Membership: AAMGA, NAPSLO.

Officers: Francis J. Mastowski, president; Ellen Mastowski, executive vp/treasurer; Coryn Mastowski, secretary; John George, Raymond McDowell, regional managers.

Contact: Francis J. Mastowski.

K

K&K Insurance Group Inc.

1712 Magnavox Way, Fort Wayne, Ind. 46804; 219-459-5000; fax: 219-459-5866

	1995	1994
Premium volume.....	**$137,211,358**	$177,970,000
Gross revenues.....	**$43,269,000**	$35,331,000
Employees.....	**240**	232
Commercial lines	**100%**	100%
Admitted business ..	**100%**	100%

Founded: 1952.

Parent: Aon Corp.

Business: 100% managing general agent.

MGA for: John Deere Insurance Co., TIG Specialty Insurance Co.

Branches: Orlando, Fla.; Greensboro, N.C.

Specialties: Sports, leisure and entertainment.

Licensed in: District of Columbia, Florida, Indiana, Virginia.

Officers: Steve Lunsford, CEO; Todd Bixler, COO; Jerry Tegan, chief marketing officer.

Contact: Angie Poulos, 219-459-5663.

Support services, including accounting, data processing and corporate support, are provided by SLE Worldwide Inc.

Karges & Associates Inc.

4700 Rockside Road, Suite 420, Independence, Ohio 44131; 216-573-8080; fax: 216-573-8077

	1995	1994
Premium volume.....	**$2,950,000**	$2,800,000
Gross revenues.....	**$210,000**	$200,000
Employees.....	**3**	3
Commercial lines	**100%**	100%
Admitted business ..	**40%**	40%
Non-admitted	**60%**	60%

Founded: 1993.

Business: 15% managing general agent, 85% broker.

MGA for: GAINSCO County Mutual Insurance Co.

Broker for: Alliance Insurance Co., Commercial Underwriters, Chubb Wholesale, Evanston Insurance Co., Interstate Fire & Casualty Co., Lexington Insurance Co., RLI Insurance Co., Steadfast Insurance Co., United National Insurance Co.

Specialties: Product liability, E&O, D&O.

Licensed in: Ohio.

Officers: Gary Karges, president; Geoffrey Simpson, vp.

Contact: Gary Karges.

L

Lemac & Associates Inc.

5670 Wilshire Blvd., Suite 1200, Los Angeles, Calif. 90036; 213-857-9400; fax: 213-857-9600

	1995	1994
Premium volume.....	**$39,421,700**	$39,100,000
Employees.....	**27**	25
Commercial lines	**100%**	100%
Admitted business ..	**58%**	59%
Non-admitted	**42%**	41%

Founded: 1984.

Business: 5% managing general agent, 95% broker.

MGA for: American Equity Insurance Co., Calvert Insurance Co.

Broker for: California Compensation, First State Insurance Co., General Star National Insurance Co., RLI Insurance Co., Reliance Insurance Co., Zenith Insurance Co.

Lloyd's of London coverholder.

Branches: Anaheim and Walnut Creek, Calif.

Subsidiaries: Environmental Insurance Services, Anaheim, Calif.

Specialties: Contractors, workers compensation.

Licensed in: California.

Membership: NAPSLO.

Officers: William Newton, president; Pauline Kwan, Frank Squibb, Mario Gomez, vps; John Carroll, vp-underwriting.

Contact: Bill Newton.

Continued on next page

Directors & Officers Liability Insurance For Condominiums, Co-ops, Homeowners Associations

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◆ Property Managers E&O
◆ Miscellaneous Non-Profit D&O

Call Ian H. Graham, Inc. Insurance for a quote on any of these coverages. Ian H. Graham, Inc., 16130 Ventura Blvd. Suite 100, Encino, CA 91436, 1-800-621-2324, 818-905-3949, Fax: 818-905-3948.

Coverage underwritten by Federal Insurance Company.

Continued from previous page

Leverett, Doi & Associates Inc.

875 Old Roswell Road, Suite G-100, Roswell, Ga. 30076; 770-993-0645; fax: 770-993-1077

	1995*	1994*
Premium volume.....	$11,532,000	$10,372,000
Gross revenues.....	$954,021	$801,195
Employees.....	9	8
Commercial lines	100%	100%
Admitted business ..	34%	25%
Non-admitted	66%	75%

* Fiscal years ending 9/30.

Founded: 1985.
Business: 10% managing general agent, 90% broker.
MGA for: Colony Insurance Co., Pacific Insurance Co. Ltd.
Broker for: Alliance General Insurance Co., American International Group, Chubb Group of Insurance Cos., General Star Indemnity Co., Mt. Hawley Insurance Co., Pacific Insurance Co. Ltd., Reliance National Insurance Co.
Licensed in: Georgia.
Membership: NAPSLO.
Officers: E.J. Leverett Jr., chairman; Jerry J. Leverett, president; David Doi, senior vp; Amanda Wilson, treasurer.
Contact: Amanda L. Wilson.

London American Risk Specialists Inc.

11000 Richmond Ave., Suite 600, Houston, Texas 77042; 713-977-7726; fax: 713-977-7606

	1995*	1994*
Premium volume.....	$43,230,000	$43,475,000
Gross revenues.....	$2,664,986	$2,496,300
Employees.....	30	31
Commercial lines	99%	99%
Admitted business ..	48%	47%
Non-admitted	52%	53%

* Fiscal years ending 1/31.

Founded: 1934.
Business: 6% managing general agent, 94% broker.
MGA for: Burlington Insurance Co., CNA International Reinsurance Co. Ltd., Interstate Fire & Casualty Co., Marine Office of America Corp., St. Paul Reinsurance Co. Ltd., Sphere Drake Insurance P.L.C., Western World Insurance Co.
Broker for: Admiral Insurance Co., Allianz Insurance Co., American International Group, The Chubb Custom Insurance Co. Essex Insurance Co., Evanston Insurance Co., Fireman's Fund Insurance Co., General Star Indemnity Co., The Hartford Steam Boiler Group, Interstate Fire & Casualty Co., Lexington Insurance Co. Marine Office of America Corp., Wm. H. McGee & Co. Inc., Pacific Insurance Co. Ltd., SAFECO Surplus Lines Insurance Co., Sheffield Insurance Corp., Sorema N.A. Group, Steadfast Insurance Co. TIG Insurance Co., Travelers/Aetna Casualty Co., United National Insurance Co., Vesta Insurance Corp., Zurich American Insurance Co.
Lloyd's of London coverholder.
Branches: Dallas.
Licensed in: Texas.
Membership: NAPSLO.
Officers: Brian Brecker, president; Ken Keathley, Mike Driscoll, Karl Emery vps; Peter Gordon-Wright, branch manager-Dallas.
Contact: Ken Keathley.

London International Group

9600 Koger Blvd., Suite 225, St. Petersburg, Fla. 33702; 813-578-2800; fax: 813-578-9977

	1995	1994
Premium volume.....	$5,000,000	$4,200,000
Employees.....	9	8
Commercial lines	98%	100%
Admitted business ..	20%	2%
Non-admitted	80%	98%

Founded: 1983.
Business: 20% managing general agent, 80% broker.
MGA for: Bankers Insurance Group, GAINSCO County Mutual Insurance Co., Sphere Drake Insurance Co
Broker for: British companies, Home Assurance Co., Institute of London Underwriters, Lloyd's of London, Navigators Insurance Co., New York Marine & General.
Specialties: Commercial marine.
Licensed in: Florida.
Officers: Ian R. Greenway, president; Denise B. Linden, Ginger K. Hayes, vps.
Contact: Denise B Linden, 813-578-2800 ext 311.

LoVullo Associates Inc.

689 Main St., Buffalo, N.Y. 14203; 716-856-3065; fax: 716-856-8057

	1995	1994
Premium volume.....	$17,700,000	$13,800,000
Employees.....	27	25
Commercial lines ...	75%	75%
Admitted business .	80%	80%
Non-admitted	20%	20%

Founded: 1949.
Business: 80% managing general agent, 20% broker.
MGA for: American Modern Insurance Co., Markel American Insurance Co., CIGNA Worldwide Insurance Co., Commercial Union Insurance Co., Jefferson Insurance Co., Midwest Mutual Insurance Co., National Casualty Insurance Co., National Liability & Fire, Northland, Penn-America Insurance Co., US Liability Insurance Co.
Broker for: Acceptance Insurance Co., Admiral Insurance Co., Essex Insurance Co., Great American Insurance Co., National Indemnity Insurance Co., Tudor Insurance Co., U.S. Underwriters.
Licensed in: New York.
Membership: AAMGA, NAPSLO.
Officers: Leonard T. LoVullo, president; Paul W. LoVullo, vp; David Pietrowski, manager.
Contact: Leonard T. LoVullo.

Maclean, Oddy & Associates Inc.

1445 Ross Ave., Suite 3900 LB 200, Dallas, Texas 75202; 214-855-7700; fax: 214-855-7736

	1995	1994
Premium volume.....	$82,983,000	$97,172,000
Employees.....	32	45
Commercial lines	100%	100%
Admitted business ..	20%	20%
Non-admitted	80%	80%

Founded: 1983.
Business: 100% broker.
Broker for: Acceptance Risk Managers, Allianz Insurance Group, American International Group, Royal Insurance Group, Westchester Specialty Group, Zurich Insurance Group.
Specialties: Energy, heavy manufacturing, mining, medical professional, construction.
Licensed in: Texas.
Membership: NAPSLO.
Officers: Roy B. Oddy, chairman; Anita Chanpong, president; Jan Smith, CFO; Miles Lowein, Stuart Dobbie, executive vps.
Contact: Jan Smith.

Gary Markel Surplus Lines Brokerage Inc.

9700 Ninth St. N., Suite 400, St. Petersburg, Fla. 33702; 813-577-5980; fax: 813-577-5804

	1995	1994
Premium volume.....	$7,000,000	$3,500,000
Gross revenues.....	$600,000	$285,000
Employees.....	5	4
Commercial lines	100%	100%
Admitted business ..	5%	5%
Non-admitted	95%	95%

Founded: 1993.
Business: 25% managing general agent, 75% broker.
MGA for: Essex Insurance Co., Illinois Insurance Exchange/Britamco Underwriters Inc.
Broker for: Acceptance Insurance Co., Admiral Insurance Co., Mt. Hawley Insurance Co., National Union Fire Insurance Co. of Pittsburgh, RLI Insurance Co.
Specialties: Habitational, general contractors, real estate owners/managers.
Licensed in: Florida.
Membership: NAPSLO.
Officers: Gary Markel, president; Paula Wachholz, executive vp; Barbara Ermatinger, assistant vp.
Contact: Paula Wachholz.

Market Finders Insurance Corp.

P.O. Box 6549, Louisville, Ky. 40206; 502-423-1800; fax: 502-426-7970

	1995*	1994*
Premium volume.....	$43,000,000	$40,000,000
Gross revenues.....	$4,300,000	$4,000,000
Employees.....	63	60
Commercial lines	83%	35%
Admitted business ..	42%	10%
Non-admitted	58%	50%

* Fiscal years ending 1/31.

Founded: 1972.
Business: 5% underwriting manager, 45% managing general agent, 50% broker.
Underwriting manager for: Sphere Drake Insurance Co. P.L.C., Union America Insurance Co.
MGA for: Acceptance Insurance Co., American Equity Insurance Co., Century Surety Co., Empire Fire & Marine Insurance Co., Essex Insurance Co., First Financial Insurance Group, Great Divide Insurance Co., Nautilus Insurance Co., Stratford Insurance Co., Western World Insurance Co.
Broker for: Admiral Insurance Co., Essex Insurance Co., Evanston Insurance Co., First State Insurance Co., Investors Insurance Group, Lloyd's of London, Scottsdale Insurance Co.

Continued on next page

GERLING AMERICA INSURANCE COMPANY

WE SPECIALIZE IN INSURANCE PROGRAMS FOR EUROPEAN AND U.S. INDUSTRIES

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Continued from previous page

Lloyd's of London coverholder.

Branches: Dayton, Ohio; Pittsburgh; Greenville, S.C.; Nashville, Tenn.; Houston.

Specialties: Aviation, medical malpractice, transportation.

Membership: AAMGA, NAPSLO.

Officers: James Ryan, president; Joseph V. Colosimo, COO; C.B. Darland Sr., executive vp; Jerome Boyett, secretary/treasurer.

Contact: Jerry Ennenbach, marketing director.

G.A. Mavon & Co.

10 W. Chicago Ave.,
Hinsdale, Ill. 60521;
630-655-2400; fax: 630-654-4447

	1995	1994
Premium volume.....	$15,100,000	$14,400,000
Employees.....	21	22
Commercial lines	49%	45%
Admitted business ..	80%	80%
Non-admitted	20%	20%

Founded: 1916.

Business: 55% managing general agent, 45% broker.

Licensed in: Colorado, Florida, Illinois, Indiana, North Carolina, South Carolina, Virginia, Wisconsin.

Membership: AAMGA, NAPSLO.

Officers: P.G. Mavon Jr., president; Philip Mavon, vp; James Davis, assistant vp.

Contact: Philip Mavon.

McClelland & Hine Inc.

P.O. Box 792710,
San Antonio, Texas 78279;
210-366-2500; fax: 210-366-9691

	1995	1994
Premium volume.....	$24,000,000	$21,000,000
Commercial lines	95%	95%
Admitted business ..	20%	20%
Non-admitted	80%	80%

Founded: 1982.

Business: 12% underwriting manager, 63% managing general agent, 25% broker.

Underwriting manager for: Home State County Mutual Insurance Co.

MGA for: American Equity Insurance Co., Burlington Insurance Group Inc., GAINSCO County Mutual Insurance Co., Gulf Insurance Group, Penn-America Insurance Co., St. Paul Re (U.K.), Sphere Drake Insurance Co., Union America Insurance Co., United National Insurance Co., Zurich Re (U.K.).

Broker for: Admiral Insurance Co., Audubon Indemnity Co., Fireman's Fund Insurance Co., Illinois Insurance Exchange, Interstate Fire & Casualty Co., Mt. Hawley Insurance Co., Northbrook Indemnity Co.

Lloyd's of London coverholder.

Branches: Dallas, Houston and San Antonio, Texas.

Subsidiaries: McClelland & Hine of Houston L.L.P.

Licensed in: Texas.

Membership: AAMGA, NAPSLO.

Officers: Gilbert C. Hine Jr., president; Shelley Hine, vp/treasurer; Suzanne Herndon, Harold Smith, vps.

Contact: Gilbert C. Hine Jr.

Media/Professional Insurance

2300 Main St., Suite 800,
Kansas City, Mo. 64108-2404;
816-471-6118; fax: 816-471-6119

	1995	1994
Premium volume.....	$88,000,000	$91,000,000
Employees.....	116	116
Commercial lines	100%	100%
Admitted business ..	55%	55%
Non-admitted	45%	45%

Founded: 1979.

Parent: Aon Specialty Group.

Business: 100% managing general agent.

MGA for: Gulf Insurance Group, National Casualty Co. and affiliated members of Nationwide Insurance Cos.

Branches: Media/Professional Insurance Agency Ltd., London.

Specialties: Media liability, including libel, intellectual property infringement and related torts; professional liability.

Licensed in: Kansas, Missouri.

Membership: AAMGA, NAPSLO.

Officers: John Pfannenstiel, president/CEO; Dennis Brenton, Mark Hutchins, senior vps-underwriting.

Contact: Chad Milton, senior vp-marketing.

Meindl Insurance Agency Inc.

3452 Grand Blvd.,
Brookfield, Ill. 60513;
708-354-0184; fax: 708-354-0194

	1995*	1994*
Premium volume.....	$12,000,000	$12,000,000
Gross revenues.....	$1,100,000	$1,100,000
Employees.....	23	22
Commercial lines	45%	45%
Admitted business ..	90%	90%
Non-admitted	10%	10%

* Fiscal years ending 3/31.

Founded: 1974.

Parent: Albacor Inc.

Business: 90% managing general agent, 10% broker.

MGA for: Admiral Insurance Co., Commercial Underwriters Insurance Co., Topa Insurance Co.

Broker for: Empire Fire & Marine Group, Mt. Vernon Insurance Co., U.S. Liability.

Lloyd's of London coverholder.

Subsidiaries: H&M Premium Finance Co. Inc., Brookfield, Ill.

Specialties: Property.

Licensed in: Illinois.

Membership: NAPSLO.

Officers: Fred J. Harris, CEO; Joseph Peter Harris, president; Carolyn W. Harris, director.

Contact: Joseph Peter Harris.

Midlands Management Corp.

3503 N.W. 63rd St., Suite 305,
Oklahoma City, Okla. 73116;
405-840-0074; fax: 405-840-5432

	1995	1994
Premium volume.....	$15,946,000	$11,590,120
Gross revenues.....	$2,477,000	$2,105,000
Employees.....	12	12
Commercial lines	100%	100%
Admitted business ..	35%	15%
Non-admitted	65%	85%

Founded: 1990.

Business: 70% managing general agent, 30% broker.

MGA for: Associated International Insurance Co., Clarendon National Insurance Co., Colony Insurance Co.

Broker for: Chubb Custom Insurance Co., Clarendon America Insurance Co., Doran Excess Underwriters, Reliance Insurance Co. of Illinois, Transamerica Insurance Co.

Lloyd's of London coverholder.

Subsidiaries: Midlands Claim Administrators, Oklahoma City.

Specialties: Excess workers compensation.

Licensed in: Oklahoma.

Officers: Charles C. Caldwell, CEO; Wayne Keith, Rich Gerrond, vps; Dennis Ottis, treasurer.

Contact: Charles C. Caldwell.

Support services provided by Midlands Claim Administrators.

N

Nason Associates Inc.

6901 W. 63rd St., Suite 207,
Overland Park, Kan. 66202;
913-677-1550; fax: 913-384-9350

	1995	1994
Premium volume.....	$7,167,529	$6,985,500
Gross revenues.....	$487,300	$465,000
Employees.....	7	7
Commercial lines	80%	80%
Admitted business ..	95%	95%
Non-admitted	5%	5%

Founded: 1980.

Business: 100% broker.

Broker for: AIG Aviation, American Eagle Group, Associated Aviation Underwriters, United States Aviation Underwriters.

Lloyd's of London coverholder.

Specialties: Aviation insurance, including aircraft products liability.

Licensed in: All states.

Officers: C.H. Nason, president; Linda S. Joy, vp.

Contact: Linda Joy.

National Insurance Professionals Corp.

1040 N.E. Hostmark St., Suite 200,
Poulsbo, Wash. 98370-8720;
360-697-3611; fax: 360-697-3688

	1995	1994
Premium volume.....	$14,564,000	$16,230,000
Employees.....	20	22
Commercial lines	100%	100%
Admitted business ..	40%	30%
Non-admitted	60%	62%

Founded: 1976.

Business: 91% managing general agent, 9% broker.

MGA for: Continental Casualty Co., Gryphon Insurance Group, United National Group.

Broker for: Colonia Insurance Co., Executive Risk Group, Professional Underwriters Liability Insurance Co.

Lloyd's of London coverholder.

Specialties: Professional and industry associations, affinity groups and social service agencies.

Licensed in: California, New York, Washington.

Membership: AAMGA, NAPSLO.

Officers: Thomas C. Downs, chairman; William J. Reese, president; William L. Johnson, executive vp/treasurer; Barry C. Clipsham, vp/secretary; Patricia L. Lantzy, vp.

Contact: Thomas C. Downs.

North Island Group Inc.

30 Park Ave., Manhasset, N.Y. 11030;
516-365-7440; fax: 516-365-7392

	1995*	1994*
Premium volume.....	$80,000,000	$80,000,000
Employees.....	72	72
Commercial lines	95%	95%
Admitted business ..	92%	92%
Non-admitted	8%	8%

* Fiscal years ending 3/31.

Founded: 1976.

Business: 65% managing general agent, 35% broker.

MGA for: Hermitage Insurance Co., National Casualty Co., National Union Insurance Co., Royal Insurance Group, Scottsdale Insurance Co., U.S. Liability Insurance Co.

Broker for: Admiral Insurance Co., Calvert Insurance Co., Chubb Corp., Coregis Indemnity Co., Evanston Insurance Co., Fireman's Fund Insurance Co., First Central Insurance Co., First State Insurance Co., General Star National Insurance Co., Interstate Fire & Casualty Co., Investors Insurance Co. of America, Lexington Insurance Co., The Reinsurance Corp. of New York, Reliance Insurance Co., Tamarack Insurance Co., Travelers Group Inc.

Lloyd's of London coverholder.

Branches: NIF Services of New Jersey, Montvale, N.J.; NIF Services of New York, New York; NIF Services of Mid-Atlantic, Bala Cynwyd, Pa.; NIF Services of New England, Warwick, R.I.

Subsidiaries: Flegenheimer Facilities Ltd., Manhasset, N.Y.; Moore Facilities Ltd., New York.

Specialties: Social services institutional programs, including professional liability.

Licensed in: Connecticut, District of Columbia, New Jersey, New York, Pennsylvania, Rhode Island, Virginia.

Membership: AAMGA, NAPSLO.

Officers: Michael A. Orlando, president; John G. Orlando, executive vp/secretary; Dennis Loggie, William Battistini, vps.

Contact: Daphne Alvarado.

P

Phoenix Insurance Group

812 Sylvia St.,
West Trenton, N.J. 08628;
604-530-0111; fax: 604-538-0661

	1995*	1994*
Premium volume.....	$10,400,000	$8,900,000
Gross revenues.....	$985,000	$878,000
Employees.....	10	9
Commercial lines	95%	95%
Admitted business ..	20%	20%
Non-admitted	80%	80%

* Fiscal years ending 9/30.

Founded: 1974.

Business: 55% managing general agent, 45% broker.

MGA for: Scottsdale Insurance Co.

Broker for: American International Group, American Reliable Insurance Co., Coregis Indemnity Co., Fireman's Fund Insurance Co., Illinois Insurance Exchange, Princeton Insurance Co., United National Insurance Co.

Branches: West Trenton, N.J.; New York; Newtown, Pa.

Subsidiaries: Phoenix Excess & Surplus Lines Inc.

Licensed in: Illinois, New York, Pennsylvania, Virginia, Wisconsin.

Membership: NAPSLO.

Officers: Edward S. Johnson, CEO; Dennis Pellegrino, president.

Contact: Edward Johnson.

Price Forbes North America

7557 Rambler Road, Suite 350,
Dallas, Texas 75231;
214-265-2660; fax: 214-265-2661

	1995	1994
Premium volume.....	$520,000,000	$541,000,000
Gross revenues.....	$38,700,000	$39,100,000
Employees.....	319	332
Commercial lines	100%	100%
Admitted business ..	40%	35%
Non-admitted	60%	65%

Founded: 1945.

Parent: Sedgwick Group P.L.C.

Business: 20% managing general agent, 80% broker.

MGA for: American Empire Surplus Lines Insurance Co., American International Group, Canal Insurance Co., CIGNA Group, First State Management Corp., General Star National Insurance Co., Gulf Insurance Co., Interstate Fire & Casualty Co., Jefferson Insurance Group, National Fire & Marine Insurance, National Indemnity Co., Nautilus Insurance Co., Navigators Insurance Co., Northland Insurance Co., Scottsdale Insurance Co., United National Group, Western World Insurance Co.

Broker for: Aetna Property & Casualty Group/Travelers, American Financial Insurance Group, American International Group, W.R. Berkley Corp., Berkshire Hathaway Inc., Canal Insurance Co., Chubb Corp., Fireman's Fund Group, General Reinsurance Group, Gryphon Holdings Group, ITT Hartford Insurance Group, Investors Insurance Group, Markel Corp. Group, Northland Insurance Co., RLI Insurance Co., Reliance Insurance Group, Royal Insurance Group, Scottsdale Insurance Co., The St. Paul Cos., Talegen Holdings Inc., Westco Insurance Group, Zurich Insurance Group.

Branches: Crump Group Inc.: Glendale, Irvine, San Diego and San Francisco, Calif.; Denver; Casselberry, Fla.; Atlanta; Chicago; Boston; New York; Portland, Ore.; Memphis and Nashville, Tenn.; Dallas; Houston; Bellevue, Wash.; Southern Marine & Aviation Underwriters Inc.: Atlanta; New Orleans; New York; Houston.

Specialties: D&O, E&O, marine, commercial auto, umbrella, excess liability, financial services.

Licensed in: California, Colorado, Florida, Georgia, Idaho, Illinois, Louisiana, Nevada, New York, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Washington.

Membership: AAMGA, NAPSLO.

Officers: Orville D. Jones, chairman/CEO; Marcus Payne, president/COO; Pat O'Brien, executive vp/CFO; Kevin Crombie, senior vp-sales/marketing.

Contact: Orville D. Jones, Marcus Payne or Jerry Shelton.

Professional Indemnity Agency Inc.

P.O. Box 130, 409 Manville Road,
Pleasantville, N.Y. 10570;
914-747-1818; fax: 914-747-3737

	1995*	1994*
Premium volume.....	$63,000,000	$60,000,000
Employees.....	41	42
Commercial lines	100%	100%
Admitted business ..	59%	50%
Non-admitted	41%	50%

* Fiscal years ending 1/31.

Founded: 1978.

Parent: Marshall Rattner Inc.

Business: 100% managing general agent.

MGA for: Reliance National Insurance Co., Ulico Casualty Co., Ulico Indemnity Co.

Lloyd's of London coverholder.

Branches: Closter, N.J.

Specialties: Union fiduciary, corporate fiduciary, D&O, E&O, kidnap/ransom/extortion, product tampering, aggregate and specific stop loss for self-funded medical plans.

Licensed in: New Jersey.

Membership: AAMGA, NAPSLO.

Officers: Mark E. Rattner, president; David F. Rattner, corporate secretary/business development manager; Gerald Axel, senior vp/treasurer; Albert van Wagenen, Nick Xanders, senior vps.

Contact: David F. Rattner.

Professional Indemnity Management Co.

4225 Naperville Road, Lisle, Ill. 60532;
800-447-4626; fax: 630-505-1221

	1995	1994
Premium volume.....	$7,600,000	$5,700,000
Employees.....	9	7
Commercial lines	100%	100%
Admitted business ..	90%	85%
Non-admitted	10%	15%

Founded: 1987.

Business: 99% managing general agent, 1% broker.

MGA for: SAFECO Insurance Cos.

Broker for: Evanston Insurance Co., Executive Re Indemnity Inc., United National Insurance Co.

Specialties: Accountants professional liability, insurance agents/brokers E&O, architects and engineers professional liability.

Licensed in: Illinois.

Membership: AAMGA.

Officers: Jim Romano, president; Michelle Duffett, executive vp; Susan Harker, underwriting manager.

Professional Managers Inc.

2 N. Riverside Plaza, Suite 1460,
Chicago, Ill. 60606; 312-559-0101;
fax: 312-559-0167

	1995	1994
Premium volume.....	$16,000,000	$16,000,000
Commercial lines	100%	100%
Admitted business ..	1%	1%
Non-admitted	99%	99%

Founded: 1981.

Business: 99% managing general agent, 1% broker.

MGA for: General Star Indemnity Co., Tudor Insurance Co., Western World Insurance Co.

Specialties: Non-medical professional liability, architects, engineers, accountants, insurance agents/brokers, wholesalers, miscellaneous E&O.

Membership: AAMGA, NAPSLO.

Officers: John Van Cleave, president; Guy R. Calhoun, executive vp; Brian Van Cleave, vp-underwriting.

Contact: Guy R. Calhoun.

Professional Underwriters Agency Inc.

2907 Butterfield Road, Suite 320,
Oak Brook, Ill. 60521-1197;
708-575-8111; fax: 708-575-0033

	1995	1994
Premium volume.....	$5,984,000	$6,250,000
Gross revenues.....	$523,575	$650,000
Employees.....	7	7
Commercial lines	100%	100%
Admitted business ..	10%	10%
Non-admitted	90%	90%

Founded: 1990.

Business: 92% underwriting manager, 5% managing general agent, 3% broker.

Underwriting manager for: American Equity Insurance Co., Commercial Underwriters Insurance Co.

MGA for: CNA International (London), St. Paul Re (London), Zurich Re (London).

Broker for: British Insurance Cos., CNA International (London), St. Paul Re (London), Union America Insurance Co., Zurich Re (London).

Lloyd's of London coverholder.

Specialties: Architects, engineers and construction managers professional liability; employment practices liability; E&O.

Licensed in: Illinois.

Membership: AAMGA.

Officers: Ram H. Chandarana, president; Jeanine Benning, Sandip Chandarana, James E. Ruiz, vps.

Contact: Ram H. Chandarana.

R

Rapport Insurance Services Inc.

15415 Katy Freeway,
Houston, Texas 77094;
713-492-1735; fax: 713-579-1258

	1995	1994
Premium volume.....	$30,285,000	$26,600,000
Gross revenues.....	$1,891,000	$1,661,000
Employees.....	24	19
Commercial lines	100%	100%
Admitted business ..	60%	60%
Non-admitted	40%	40%

Founded: 1988.

Business: 25% managing general agent, 75% broker.

MGA for: Empire Fire & Marine Insurance Co., The Hartford Steam Boiler Group.

Broker for: American International Group, Clarendon Insurance Co., Empire Fire & Marine Insurance Co., Interstate Fire & Casualty Co.

Lloyd's of London coverholder.

Branches: Albuquerque, N.M.

Subsidiaries: Atwell/Rapport Insurance Services Inc., Albuquerque, N.M.

Specialties: Commercial auto.

Licensed in: Alabama, Arizona, Colorado, Florida, Georgia, Maine, Mississippi, Nebraska, New Mexico, North Carolina, Oklahoma, Louisiana, Tennessee, South Carolina, Wyoming.

Officers: Edward A. Gorman Jr., president; Hugh M. Atwell, Richard M. Dauchy, Richard Butler, Glenn Hargrove, Tom Rooney.

Contact: Susan S. Raimond.

Repath Group

4301 Hillsboro Road, Suite 314,
Nashville, Tenn. 37215;
615-297-1739; fax: 615-297-3796

	1995	1994
Premium volume.....	$48,000,000	$43,000,000
Gross revenues.....	$3,600,000	$3,250,000
Employees.....	39	33
Commercial lines	100%	100%
Admitted business ..	18%	22%
Non-admitted	82%	78%

Founded: 1984.

Business: 10% managing general agent, 90% broker.

MGA for: American Empire Insurance Co., Century Surety, Colony Insurance Co., Essex Insurance Co., Sphere Drake Insurance Co., Terra Nova Insurance Co., Union America Insurance Co.

Broker for: Acceptance Insurance Cos., Admiral Insurance Group, American Empire Insurance Co., American International Group, CNA Insurance Group, Chubb Corp., Essex Insurance Co., Evanston Insurance Co., Fireman's Fund Insurance Cos., First Specialty Insurance Corp., First State Insurance Co., General Star National Insurance Co., Great American Insurance Co., Interstate Fire & Casualty Co., Investors Insurance Group, RLI Insurance Co., Reliance Insurance Co., Travelers

Continued on next page

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Group, United Capitol Insurance Co., Westchester Fire Insurance Co., Zurich Insurance Group.

Lloyd's of London coverholder.

Branches: Boca Raton, Fla.; Indianapolis; Grand Rapids, Mich.; Columbus, Ohio; Charlotte, N.C.; Seattle.

Specialties: Product liability, umbrella, property.

Licensed in: Florida, Indiana, Michigan, North Carolina, Ohio, Tennessee, Washington.

Membership: NAPSLO.

Officers: Derek Repath, president; Sandra Breedlove, May Bell, Dan Powell, senior vps; Elise Repath, president-Florida.

Contact: Derek Repath, 561-479-1993.

RISC Inc.

750 N. St. Paul, Suite 800,
Dallas, Texas 75201;
214-954-0707; fax: 214-954-0999

	1995	1994
Premium volume.....	**$34,000,000**	$31,000,000
Gross revenues.....	**$2,750,000**	$2,600,000
Employees.....	**28**	29
Commercial lines	**94%**	98%
Admitted business ..	**30%**	25%
Non-admitted	**70%**	75%

Founded: 1966.

Parent: The Rigg Group Inc.

Business: 30% managing general agent, 70% broker.

MGA for: American Empire Insurance Co., Empire Fire & Marine, General Star National Insurance Co., Great Divide Insurance Co., Monticello Insurance Co.

Broker for: Essex Insurance Co., First State Insurance Co., Interstate Fire & Casualty Co., Lexington Insurance Co.

Lloyd's of London coverholder.

Branches: Houston.

Specialties: Energy, logging, transportation.

Licensed in: Texas.

Membership: NAPSLO.

Officers: David L. Geary, president; Dan Whitt, Bob Felts, Ron Fuos, Mike Mullens, senior vps.

Contact: Toni Campbell, marketing.

Roehrig & MacDuff

P.O. Box 2427, Daytona
Beach, Fla. 32114;
904-252-6454; fax: 904-257-5799

	1995	1994
Premium volume.....	**$27,500,000**	$17,000,000
Gross revenues.....	**$2,700,000**	$1,650,000
Employees.....	**26**	16
Commercial lines	**100%**	100%
Admitted business ..	**35%**	25%
Non-admitted	**65%**	75%

Founded: 1980.

Parent: Poe & Brown Inc.

Business: 50% managing general agent, 50% broker.

MGA for: CNA Insurance Cos., Canal Insurance Co., Century Surety Co., Colony Insurance Co., Copenhagen Re, Essex Insurance Co., Great Divide Insurance Co., Landmark Insurance Co., National Indemnity Group, St. Paul Re, Sphere Drake Insurance Co., Union American Insurance Co., United National Insurance Co.

Broker for: Admiral Insurance Co., Alliance General Insurance Co., Chubb Custom Insurance Co., Fireman's Fund Insurance Co., GAN North America Group, General Reinsurance Group, Hartford Specialty, Lexington Insurance Co., Marine Office of America Corp., United Capitol Insurance Co.

Lloyd's of London coverholder.

Branches: St. Petersburg, Fla.

Specialties: Long haul trucking, commercial property.

Licensed in: Florida.

Membership: AAMGA, NAPSLO.

Officers: W.L. Rambo, president; Glen Epley, W. Dana Ruegrig, senior vps; Kathy Stasko, vp; Patti Argo, assistant vp.

Contact: W.L. Rambo.

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INSURANCE
GROUP

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AAMGA
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AMERICAN ASSOCIATION OF MANAGING GENERAL AGENTS

SMIS Inc.

2 Riverchase Office Plaza, Suite
208, Birmingham, Ala. 35244;
205-985-7511; fax: 205-403-076

	1995	1994
Premium volume	**$5,400,000**	$4,300,000
Gross revenues.....	**$388,000**	$350,000
Employees.....	**8**	8
Commercial lines	**100%**	100%
Admitted business ..	**5%**	5%
Non-admitted	**95%**	95%

Founded: 1980.

Business: 20% underwriting manager, 10% managing general agent, 70% broker.

Underwriting manager for: Equipco Insurance Co. Ltd.

MGA for: Homestead Insurance Co.

Broker for: Alliance General Insurance Co., Colony Insurance Co., Evanston Insurance Co., Lincoln General Insurance Co., Steadfast Insurance Co.

Specialties: Product liability, employment practices liability, coal and hard rock mining, commercial general liability, pollution.

Licensed in: Alabama.

Membership: NAPSLO.

Officers: James Godfrey Jr., chairman; Dave Barringer, president; Lamar Andrews, vp.

Contact: Lamar Andrews.

W.A. Schickedanz Agency Inc.

300 W. Main St., Belleville, Ill. 62220;
618-233-0644; fax: 618-233-0672

	1995	1994
Premium volume	**$6,750,000**	$5,500,000
Employees.....	**15**	16
Commercial lines	**80%**	80%
Admitted business ..	**85%**	85%
Non-admitted.	**15%**	15%

Founded: 1931.

Business: 70% managing general agent, 30% broker.

MGA for: Burlington Insurance Co., Empire Fire & Marine, First Financial Insurance Co., Guaranty National Insurance Co., Landmark American Insurance Co., Northfield Insurance Co., Northland Insurance Co.

Broker for: Bituminous Fire & Marine, Bituminous Insurance Co., Fidelity & Deposit Co. of Maryland, First State Insurance Co., Hartford Insurance Co., Metropolitan Property & Casualty, United National Insurance Co.

Lloyd's of London coverholder

Subsidiaries: Agency Network America Inc, Belleville, Ill.; Gateway Premium Budget Inc., Belleville, Ill.

Specialties: Illinois liquor liability and related package coverages, truck liability and physical damage.

Licensed in: Illinois.

Membership: AAMGA, NAPSLO.

Officers: C. Jack Miller, president/CEO; Steven C. Miller, executive vp.

The Schinnerer Group

2 Wisconsin Circle, Chevy
Chase, Md. 20815;
301-961-9800; fax: 301-951-5444

	1995	1994
Premium volume.....	**$442,000,000**	$401,000,000
Gross revenues*	**$37,000,000**	$33,600,000
Employees.....	**304**	282
Commercial lines	**100%**	100%
Admitted business ..	**95%**	95%
Non-admitted	**5%**	5%

Founded: 1937.

Parent: Seabury & Smith.

Business: 99% underwriting manager, 1% broker.

Underwriting manager for: Continental Casualty Co., Employers Reinsurance Corp., Executive Risk Group, School, College & University Underwriters Ltd., United Educators Insurance Risk Retention Group, Zurich Insurance Group.

Broker for: Chicago Insurance Co.

Lloyd's of London coverholder.

Branches: San Francisco; Chicago; New York; Ottawa and Toronto, Canada; London.

Subsidiaries: ENCON Insurance Managers, Ottawa, Canada; Victor O. Schinnerer & Co. Inc., Chevy Chase, Md.; Schinnerer & Co. Ltd., London.

Specialties: Architects/engineers professional liability; real estate agents E&O; schools, colleges and universities liability; non-profit D&O; hospital excess liability; security guards E&O and general liability; psychiatrists professional liability; hospital D&O.

Officers: Vincent C. Santorelli, president; Paul L. Genecki, Richard J. Walk, Lorna M. Parsons, senior vps; Homer M. Sandridge, executive vp.

Contact: Richard J. Walk.

** BI estimate.*

Shand Morahan & Co. Inc.

1007 Church St., Evanston, Ill. 60201;
847-866-2800; fax: 847-866-0778

	1995	1994
Premium volume.....	**$133,484,000**	$139,058,000
Gross revenues.....	**$26,396,260**	$29,461,204
Employees.....	**164**	166
Commercial lines	**100%**	100%
Admitted business ..	**1%**	3%
Non-admitted	**99%**	97%

Founded: 1970.

Parent: Markel Corp.

Business: 100% underwriting manager.

Underwriting manager for: Essex Insurance Co., Evanston Insurance Co., Markel American Insurance Co., Markel Insurance Co.

Specialties: Professional liability, product liability.

Membership: AAMGA, NAPSLO.

Officers: Anthony F. Markel, chairman/CEO; Paul W. Springman, president/COO; Michael A. Rozenberg, executive vp/chief administrative officer; Edgar W. Phoebus, senior vp/secretary/general counsel; Gerard Albanese Jr., senior vp.

Contact: Irene Hayes.

Sherwood Insurance Services

201 California St., Suite 1000, San
Francisco, Calif. 94111; 415-956-3236;
fax: 415-956-1204

	1995	1994
Premium volume.....	**$238,000,000**	$204,000,000
Gross revenues.....	**$21,000,000**	$16,660,000
Employees.....	**135**	110
Commercial lines	**100%**	100%
Admitted business ..	**80%**	82%
Non-admitted	**20%**	18%

Founded: 1978.

Parent: Aon Specialty Group.

Business: 15% managing general agent, 85% broker.

MGA for: CNA Insurance Cos., Commercial Underwriters Insurance Co., Essex Insurance Co., First State Insurance Co., Scottsdale Insurance Co., Transamerica Insurance Group.

Broker for: Associated International Insurance, Agricultural Excess & Surplus Insurance Co., CNA Insurance Cos., Commonwealth Insurance Co., First State Insurance Co., RLI Insurance Co., Royal Insurance Co., Scottsdale Insurance Co., Westchester Group.

Lloyd's of London coverholder.

Branches: Newport Beach and Woodland Hills, Calif.

Specialties: Catastrophe property coverage, including earthquake, flood and wind; commercial umbrellas; primary general liability.

Licensed in: All states.

Membership: NAPSLO.

Officers: James W. Barnes, CEO/chairman; David R. Hartoch, COO/president-southern division; Kevin Schrage, CFO; Casey Hamlin, senior vp; Phillip Mazur, vp.

Contact: James W. Barnes.

Special Program Management Inc.

525 Washington Blvd., Jersey
City, N.J. 07310;
201-798-5100; fax: 201-798-9064

	1995	1994
Premium volume.....	**$19,448,187**	$18,534,464
Employees.....	**8**	8
Commercial lines	**100%**	100%
Admitted business ..	**NA**	6%
Non-admitted	**100%**	94%

Founded: 1987.

Parent: Willis Corroon P.L.C.

Business: 100% managing general agent.

Lloyd's of London coverholder.

Specialties: D&O, general partners liability, fiduciary/trustees protective liability.

Licensed in: New Jersey.

Membership: AAMGA.

Officers: James R. Martocci, president/CEO; Marjorie B. Feit, vp; Paul M. Tomasi, assistant vp.

Contact: James R. Martocci.

Support services, including accounting/financial management are provided by parent company.

Allen Sterger & Associates Insurance Services

P.O. Box 27949, San Diego,
Calif. 92198; 619-674-7250;
fax: 619-674-1321

	1995	1994
Premium volume.....	**$9,700,000**	$10,600,000
Gross revenues.....	**$950,000**	$1,000,000
Employees.....	**6**	6
Commercial lines	**100%**	100%
Admitted business ..	**100%**	100%

Founded: 1990.

Business: 100% underwriting manager.

Underwriting manager for: Insurance Co. of the West, Philadelphia Insurance Cos.

Specialties: Lawyers professional liability, insurance agents/brokers E&O.

Licensed in: California.

Contact: Allen Sterger or Chris Sterger.

Myron F. Steves & Co.

3131 Eastside, Suite 600,
Houston, Texas 77339;
713-522-1100; fax: 713-639-6340

	1995	1994
Premium volume.....	**$72,300,000**	$76,500,000
Gross revenues.....	**$9,490,214**	$9,582,760
Employees.....	**96**	109
Commercial lines	**82%**	84%
Admitted business ..	**14%**	15%
Non-admitted	**86%**	85%

Founded: 1955.

Business: 46% managing general agent, 54% broker.

MGA for: Essex Insurance Co., General Agents Group, Guaranty National Insurance Co., National Fire & Marine Insurance Co., National Security Insurance Co., Scottsdale Insurance Co., Westport Insurance Co.

Broker for: American International Group Inc., First Specialty Insurance Co., Reliance Insurance Cos., United National Insurance Co.

Continued on next page

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Continued from previous page

Lloyd's of London coverholder.
Branches: St. Germain, Wis.
Specialties: Health care professional liability, non-standard home owners, surplus lines commercial liability.
Licensed in: Texas.
Membership: AAMGA, NAPSLO.
Officers: Buddy Steves, executive director-health care division; Fred Steves, executive director-property/casualty division; Larry Willoughby, acting CEO; Don Krutilek, CFO; Ron Belcor, director-production property/casualty division.
Contact: Larry Willoughby.

Stewart Smith Group Inc.

26 Century Blvd., Nashville, Tenn. 37214; 615-872-3641; fax: 615-872-4408

	1995	1994
Premium volume.....	$355,870,000	$322,010,000
Gross revenues.....	$27,878,000	$24,337,000
Employees.....	214	215
Commercial lines	100%	100%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Founded: 1936.
Parent: Willis Corroon P.L.C.
Business: 10% managing general agent, 90% broker.
MGA for: American Empire Surplus Lines Insurance Co., CNA Insurance Cos., Essex Insurance Co., General Star Indemnity Co., Nautilus Insurance Co., Northfield Insurance Co., Western World Insurance Co.
Broker for: Admiral Insurance Co., Chubb Corp., First State Management Group, General Star Management Co., RLI Insurance Co., Reliance Group, Royal Specialty Underwriting, St. Paul Cos., Westchester Specialty Group.
Subsidiaries: McAlear Associates Inc.: Grand Rapids, Mich.; Cleveland. Stewart Smith East Inc.: Farmington, Conn.; Bernardsville, N.J.; New York; Philadelphia. Stewart Smith Environmental Specialists, New York. Stewart Smith Mid America Inc., Chicago. Stewart Smith Specialty Risks, Southfield, Mich. Stewart Smith Southeast: Tampa, Fla.; Nashville, Tenn. Stewart Smith Southwest, Dallas. Stewart Smith Warranty Specialists, Nashville, Tenn. Stewart Smith West Inc.: Glendale, Calif.; Phoenix; San Francisco; Eugene, Ore.
Licensed in: Alaska, Arizona, California, Connecticut, Florida, Texas, Illinois, Michigan, Ohio, New York, New Jersey, Oregon, Pennsylvania, Tennessee.
Membership: NAPSLO.
Officers: Paul Mahaffey, chairman; Edward F. Casey, president/CEO; Sue Dudley, CFO; David Martin, president/CEO-McAlear Associates; Bob Greenebaum, president/CEO-Stewart Smith Mid America; Jim Compton, president/CEO-Stewart Smith South; Fred Anderson, president/CEO-Stewart Smith West; Mark Smith, president/CEO-Stewart Smith East; Ron Bussey, president/CEO-Stewart Smith Warranty Specialists; John McGovern, president/CEO-Stewart Smith Environmental Specialists.
Contact: Edward F. Casey.

Swett & Crawford Group

3699 Wilshire Blvd., Suite 1200, Los Angeles, Calif. 90010; 213-251-1200

	1995*	1994*
Premium volume.....	$633,617,326	$610,463,460
Gross revenues.....	$60,492,479	$56,606,231
Employees.....	551	532
Commercial lines	100%	100%
Admitted business ..	55%	49%
Non-admitted	45%	51%

** Fiscal years ending 9/30.*

Founded: 1914.
Parent: The St. Paul Cos.
Business: 40% managing general agent, 60% broker.
MGA for: American Empire Surplus Lines, American Equity Insurance Co., Athena Assurance Co., Canal Insurance Co., Guaranty National Insurance Co., Jefferson Insurance Co., National Indemnity Co., Northland Insurance Co., Nautilus Insurance Co., St. Paul Surplus Lines, Scottsdale Insurance Co., TIG Holdings Group, U.S. Liability Insurance Co., Western Heritage Insurance Co., Western World Insurance Co.
Broker for: Allianz Insurance Co., American International Group, Associated International Insurance, W.R. Berkley Corp. Group, Canal Insurance Co., Chubb Corp., CNA Insurance Cos., Colonia Insurance Co., Coregis Indemnity Co., Fireman's Fund Insurance Co., First State Management Co., General Star Indemnity Co., Gryphon Holdings Inc., Guaranty National Insurance Co., The Hartford Group, Lexington Insurance Co., National Union Insurance Co., Nationwide Insurance Co., Northland Insurance Cos., RLI Insurance Co., Reliance Insurance Group, Royal Group, The St. Paul Cos., Scottsdale Insurance Co., Westco Insurance Co., Western Heritage Insurance Co., Zurich Insurance Group.
Lloyd's of London coverholder.
Branches: 27 locations nationwide.
Subsidiaries: AUSCO Inc., Chicago; Swett Insurance Managers.
Licensed in: Alaska, Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Idaho, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, North Dakota, Pennsylvania, Texas, Utah, Virginia, Washington, Wisconsin.
Membership: AAMGA, NAPSLO.
Officers: Warren S. Stanley, president/CEO; Robert A. Scott, executive vp/CFO; Daniel V. Colacurcio, executive vp/western division manager; Ronald D. Wartick, executive vp/central division manager.
Contact: Nanci Evarts, 818-227-3419.

Symons International Group Inc.

5900 N. Andrews Ave., Suite 800, Fort Lauderdale, Fla. 33309; 954-772-5061; fax: 954-772-9873

	1995	1994
Premium volume.....	$6,792,469	$5,078,572
Employees.....	14	12
Admitted business ..	2%	NA
Non-admitted	98%	100%

Founded: 1976.
Parent: Goran Capital Inc.
Business: 80% underwriting manager, 20% managing general agent.
Underwriting manager for: IGF Insurance Co., Pafco General Insurance Co.
MGA for: United National Insurance Co.
Lloyd's of London coverholder.
Specialties: Liquor liability, jewelers block, auto agents E&O, restaurants, bars, taverns.
Licensed in: Florida.
Membership: NAPSLO.
Officers: Ronald E. Chapman, vp/general manager; Elizabeth Symons, assistant general manager.
Contact: Ronald E. Chapman.
Support services provided by parent company.

T

Texas General Agency Inc.

P.O. Box 40600, 4801 N.W. Loop 410, Suite 1000, San Antonio, Texas 78229; 210-522-1325; fax: 210-520-7222

	1995	1994
Premium volume.....	$25,000,000	$27,000,000
Employees.....	50	52
Commercial lines	75%	65%
Admitted business ..	75%	80%
Non-admitted	25%	20%

Founded: 1981.
Business: 100% underwriting manager.
Underwriting manager for: Lloyd's of London, Republic-Vanguard Insurance Co., Southern County Mutual Insurance Co.
Branches: Lubbock, Texas.
Subsidiaries: Gulf States Insurance Co.
Specialties: Commercial auto.
Licensed in: Texas.
Membership: AAMGA.
Officers: Sam M. Cangelosi, president; Don A. Cangelosi, vp; Don E. Meyer, CFO.
Contact: Sam M. Cangelosi or Jimmie Faulkner.

Tower Underwriters

P. O. Box 35356, Boulders View Drive, Suite 120, Richmond, Va. 23235; 804-330-0543; fax: 804-330-3430

	1995	1994
Premium volume.....	$5,351,024	$5,480,190
Gross revenues.....	$451,369	$459,178
Employees.....	7	6
Commercial lines	100%	100%
Admitted business ..	97.5%	99%
Non-admitted	2.5%	1%

Founded: 1981.
Business: 100% managing general agent.
MGA for: Canal Indemnity Co., Canal Insurance Co., Great American Insurance Co., Marine Office of America Corp., National Fire & Marine Insurance Co., National Indemnity Co.
Specialties: Commercial auto; general liability; truckers general liability; garage liability, including garage keepers legal liability.
Licensed in: Delaware, Virginia.
Officers: Frederick W. Black, president; ShaRone H. Beverley, secretary; Joan S. Dunkley, treasurer.
Contact: Frederick W. Black.

Tri-Arc Financial Services Inc.

P.O. Box 6745, 983 Old Eagle School Road, Suite 616, Wayne, Pa. 19087; 800-446-5950 or 610-254-9890; fax: 610-254-9893

	1995	1994
Premium volume....	$5,441,350	$4,440,350
Gross revenues.....	$728,650	$478,712
Employees.....	6	6
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1979.
Business: 95% managing general agent, 5% broker.
MGA for: Reliance Insurance Co.
Broker for: Gulf Insurance Co.
Branches: Columbia, Md.; New Rochelle, N.Y.
Specialties: Long-term auto and truck lease contingent insurance, guaranteed auto protection, vendors single interest, collateral protection insurance and residual value.
Licensed in: Pennsylvania.
Officers: Jon W. Yoskin, CEO; Richard C. Maida, president.
Contact: Kathleen Everhart.

Tri-City Brokerage Inc.

50 California St., Suite 2000, San Francisco, Calif. 94111; 415-986-5050; fax: 415-986-5004

	1995	1994
Premium volume.....	$476,592,944	$458,038,852
Gross revenues.....	$31,200,000	$30,000,000
Employees.....	178	166
Commercial lines	100%	100%
Admitted business ..	80%	85%
Non-admitted	20%	15%

Founded: 1985.
Business: 1% managing general agent, 99% broker.
MGA for: Connecticut Specialty Insurance Group, General Star Management Co.
Broker for: Acceptance Insurance Co., Admiral Insurance Co., Aetna Casualty & Surety Co./The Travelers Insurance Co., American International Group, Associated International Insurance, Chubb Custom Insurance Co., Essex Insurance Co., Evanston Insurance Co., Executive Re, First State Insurance Co., General Star Indemnity Co., Great American Cos., Lloyd's of London, RLI Insurance Co., Reliance National Insurance Co., Royal Specialty Underwriting Inc., St. Paul Fire & Marine Insurance Co., USF&G, Underwriters Special Risk, Westchester Specialty Group, Zurich Insurance Co.
Branches: Universal City, Calif.; Chicago; Edison, N.J.; New York.
Subsidiaries: Five Star Managers L.L.C.: Chicago; Jersey City, N.J.
Licensed in: California, Illinois, New Jersey, New York.
Membership: AAMGA, NAPSLO.
Officers: John G. Hahn, president; Robert E. Dillon, COO; Leo P. O'Reilly, CFO; Kieran P. Burke, Scott W. Gunnison, George P. Hilditch, Alexander M. Kullman, Daniel S. Real, Michael P. Tilton, Edward W. Ulshafer, executive vps.
Contact: John G. Hahn.

Trinity E&S Insurance Services Inc.

79-301 County Club Drive, Suite 200, Bermuda Dunes, Calif. 92201; 619-360-4100; fax: 619-360-0055

	1995	1994
Premium volume.....	$11,350,000	$10,200,000
Gross revenues.....	$1,308,000	$1,130,513
Employees.....	18	11
Commercial lines	100%	100%
Admitted business ..	55%	45%
Non-admitted	45%	55%

Founded: 1985.
Business: 50% managing general agent, 50% broker.
MGA for: First Financial Insurance Co.
Broker for: Century Surety Insurance Co., Topa Insurance Co., United Capitol Insurance Co.
Branches: San Diego and San Rafael, Calif.
Specialties: Contractors liability.
Licensed in: California.
Membership: NAPSLO.
Officers: Thomas J. Gassen, president; Peter J. O'Shaughnessey, chairman; Craig Rice, CFO; Richard Kersten, secretary.
Contact: Thomas J. Gassen.
Support services provided by TCO Insurance Services Inc.

Tyser Metro & Co.

950 Stuyvesant Ave., Union, N.J. 07083; 908-688-3088; fax: 908-686-6275

	1995	1994
Premium volume.....	$11,894,503	$6,900,000
Gross revenues.....	$928,588	$568,010
Employees.....	13	12
Commercial lines	100%	100%
Admitted business ..	60%	55%
Non-admitted	40%	45%

Founded: 1983.
Business: 35% managing general agent, 65% broker.
MGA for: Frontier Insurance Co., Hermitage Insurance Co., Sphere Drake Insurance Co. P.L.C.
Broker for: Alliance General Insurance Co., Chubb Group, Fireman's Fund Insurance Co., Lexington Insurance Co., Reliance National Indemnity Co., Security Indemnity.
Lloyd's of London coverholder.
Branches: Boca Raton, Fla.
Specialties: Property.
Licensed in: Florida, New Jersey.
Membership: NAPSLO.
Officers: Steven R. Gross, CEO; Barbara J. Gross, CFO; Anthony Montano, executive vp; Maryanne O'Connell, vp.
Contact: Anthony Montano.

U

U.S. & Overseas Agencies Inc.

1693 Stuyvesant Ave., Union, N.J. 07083; 908-964-5950; fax: 908-964-9487

	1995	1994
Premium volume.....	$3,750,000	$3,600,000
Gross revenues.....	$320,000	$304,000
Employees.....	6.5	6.5
Commercial lines	75%	72.5%
Admitted business ..	30%	30%
Non-admitted	70%	70%

Founded: 1933.
Business: 98% managing general agent, 2% broker.
MGA for: Essex Insurance Co., Mt. Vernon Fire Insurance Co.
Broker for: Scottsdale Insurance Co., United National Insurance Co.
Lloyd's of London coverholder.
Specialties: SMP packages, automobile physical damage.
Licensed in: New Jersey.
Membership: NAPSLO.
Officers: Jeffrey S. Neubauer, president; Jack Neubauer, vp; Ingrid Neubauer, secretary; Bernice Bender, treasurer.
Contact: Jack Neubauer.

U.S. Risk Insurance Group Inc.

5910 N. Central Expressway, Suite 1510, Dallas, Texas 75206; 214-265-7090; fax: 214-739-1421

	1995	1994
Premium volume.....	$110,000,000	$82,000,000
Gross revenues.....	$11,735,000	$8,313,000
Employees.....	124	98
Commercial lines	100%	100%
Admitted business ..	5%	3%
Non-admitted	95%	97%

Founded: 1977.
Business: 49% managing general agent, 51% broker.
MGA for: Acceptance Insurance Cos., American Equity Insurance Co., Associated International Insurance Co., GAINSCO Cos., Scottsdale Insurance Co.
Broker for: AIG Investors Group, Acceptance Insurance Cos., Admiral Insurance Co., American Equity Insurance Co., Commercial Underwriters Insurance Co., General Star National Insurance Co., Reliance National Insurance Co., Travelers Insurance Co.
Lloyd's of London coverholder.
Branches: Scottsdale, Ariz.; San Francisco; Tallahassee, Fla.; Lafayette, La.; Albuquerque, N.M.; Nashville, Tenn.; Austin, Houston and San Antonio, Texas.
Subsidiaries: Jean Deal & Associates: Dallas; Jarrett Insurance Brokers: San Francisco; Tallahassee, Fla.; Lafayette, La.; Albuquerque, N.M.; Nashville, Tenn.; Austin, Dallas and Houston, Texas; U.S. Risk Underwriters Inc.: Scottsdale, Ariz.; Albuquerque, N.M.; Dallas, Houston and San Antonio, Texas.
Specialties: Professional liability, public entity, umbrella and excess liability.
Licensed in: California, Florida, Louisiana, New Mexico, Tennessee, Texas.
Membership: AAMGA, NAPSLO.
Officers: Randall G. Goss, chairman/CEO; L.M. Wesson Jr., president/COO; Thomas S. Bloom, executive vp.
Contact: L.M. Wesson Jr.

W

WFT Insurance Brokers Ltd.

40 Lime St., London EC3M 5BS, England; 44-171-929-5424; fax: 44-171-929-5423

	1995	1994
Premium volume.....	$48,000,000	$30,000,000
Gross revenues.....	$2,200,000	$1,900,000
Employees.....	16	10
Commercial lines	100%	100%
Admitted business ..	20%	10%
Non-admitted	80%	90%

Founded: 1973.
Parent: Shirlstar Holdings.
Business: 70% underwriting manager, 30% broker.
Underwriting manager for: Clarendon America Insurance Co., Clarendon National Insurance Co.
Broker for: Clarendon Insurance Group, Legion Insurance Co., Lincoln National Group, Lloyd's of London, Reliance Insurance Group.
Specialties: Oil and gas, energy, diving, maritime, construction.
Officers: Christopher Needham, Peter Willis Fleming, Mark Tolner, Nicolas George, Sir Benjamin Slade.
Contact: Peter Willis Fleming.
Support services provided by Neville Russell and Stirling Cooke.

Bernard Warschaw Insurance Sales Agency Inc.

1875 Century Park E., Suite 1700, Los Angeles, Calif. 90067; 800-537-7362; fax: 310-286-2526

	1995	1994
Premium volume.....	$14,500,000	$12,900,000
Employees.....	6	6
Commercial lines	100%	100%
Admitted business ..	4%	4%
Non-admitted	96%	96%

Founded: 1989.
Parent: The Doctors' Co.
Business: 100% broker.
Broker for: The Doctors' Co., Professional Underwriters Liability Insurance Co.
Specialties: Non-standard physicians and surgeons medical malpractice coverage, including oral surgeons, podiatrists, groups, clinics.
Officers: Manuel Puebla, president; Charles A. O'Brien, corporate counsel; Michael Yacob, CFO.
Contact: Stephen Freedman, assistant vp-marketing/sales.
Support services provided by parent company.

Westrope & Associates

920 Baltimore Ave., Kansas City, Mo. 64105; 816-842-8222; fax: 816-842-3081

	1995*	1994*
Premium volume.....	$37,000,000	$28,000,000
Employees.....	23	20
Commercial lines	100%	100%
Admitted business ..	25%	25%
Non-admitted	75%	75%

** Fiscal years ending 5/31.*

Founded: 1992.
Business: 2% managing general agent, 98% broker.
MGA for: Essex Insurance Co., Pacific Insurance Co. Ltd., Western World Insurance Co.
Broker for: American International Group Inc., Mt. Hawley Insurance Co., Northfield Insurance Co., RLI Insurance Co., Royal Surplus Lines Insurance Co., St. Paul Surplus Lines Insurance Co.
Specialties: Product liability; umbrella; E&O; D&O; property; California earthquake.
Licensed in: All states, excluding Oregon and Nevada.
Membership: NAPSLO.
Officers: Kevin T. Westrope, CEO; Joseph D. Timmons, chairman; Mark E. Patterson, executive vp; Robert E. Masterson, secretary.
Contact: Kevin T. Westrope.

Wood & Co. Inc.

5335 Triangle Parkway, Suite 300, Norcross, Ga. 30092; 770-448-7148; fax: 770-448-7105

	1995	1994
Premium volume.....	$59,068,935	$57,022,285
Gross revenues.....	$3,721,342	$3,649,426
Employees.....	30	29
Commercial lines	100%	100%
Admitted business ..	60%	60%
Non-admitted	40%	40%

Founded: 1984.
Parent: McGriff, Seibels & Williams Inc.
Business: 100% broker.
Specialties: Manufacturing, contracting, processing, industrial, real estate.
Licensed in: All states.
Membership: NAPSLO.
Officers: Bruce Wood, president; George Showalter, Don Swift, Mike Rimbey, senior vps.
Contact: Donna Davis, vp-marketing.

Worldwide Facilities Inc.

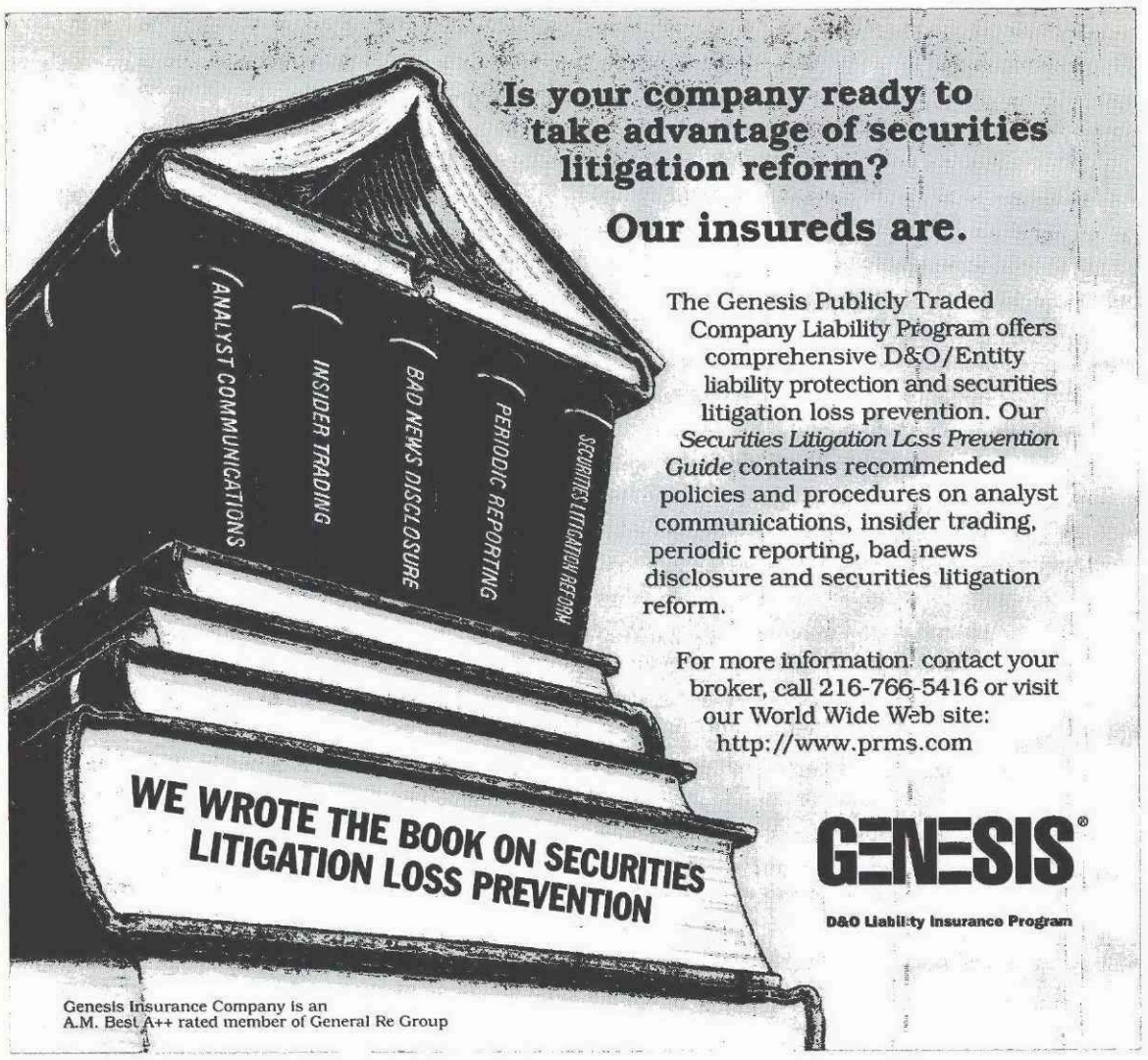
3530 Wilshire Blvd., Suite 1400, Los Angeles, Calif. 90010; 213-380-4670; fax: 213-384-1501

	1995*	1994*
Premium volume.....	$34,000,000	$32,000,000
Employees.....	26	26
Commercial lines	100%	100%
Admitted business ..	50%	50%
Non-admitted	50%	50%

** Fiscal years ending 9/30.*

Founded: 1970.
Business: 100% broker.

Continued on next page



WFT
www.wft-insurance.com

Continued from previous page

Branches: Seattle.
Specialties: Construction, energy.
Licensed in: Arizona, Arkansas, California, Washington.
Membership: NAPSLO.
Officers: Donald R. Davis, chairman; Stephen B. Campbell, vice chairman; Davis A. Moore, president.
Contact: Stephen B. Campbell.

WYCON Corp.

210 University Drive, Suite 900, Coral Springs, Fla. 33071; 954-752-1222; fax: 954-344-7961

	1995	1994
Premium volume.....	$55,659,976	$40,135,044
Gross revenues.....	$12,876,127	$2,823,461
Employees.....	108	96
Commercial lines	97%	100%
Admitted business ..	5%	3%
Non-admitted	95%	97%

Founded: 1985.
Parent: Preferred National Financial Group.
Business: 100% underwriting manager.
Underwriting manager for: Britamco Underwriters Inc., Preferred National Insurance Co.
Specialties: Professional liability, liquor liability, restaurants/taverns, artisan contractors.
Membership: AAMGA, NAPSLO.
Officers: Stephen Weicholz, president; Scott Weicholz, COO; Albert Solomon, CFO; Kenneth Sutter, administrative vp; Darren Marsh, vp.
Contact: Robert Briggs, national marketing representative.

Y

Yates & Associates Insurance Services Inc.

1570 Brookhollow Drive, Suite 212, Santa Ana, Calif. 92705; 714-641-1125

	1995	1994
Premium volume.....	$18,017,585	$17,466,106
Gross revenues.....	$2,940,399	$2,825,451
Employees.....	34	36
Commercial lines	99%	99%
Admitted business ..	14%	15%
Non-admitted	86%	85%

Founded: 1987.
Business: 55% managing general agent, 45% broker.
MGA for: American Equity Insurance Co., Century Surety Co., Essex Insurance Co., Nautilus Insurance Co., Scottsdale Insurance Co., Sphere Drake Insurance Co. P.L.C., United National Insurance Co.
Broker for: Admiral Insurance Co., Commercial Underwriters Insurance Co., Evanston Insurance Co., First State Insurance Group, Golden Bear Insurance Co., Topa Insurance Co.
Branches: Stockton, Calif.
Subsidiaries: R.J. Mestayer E&S Insurance Services, Stockton, Calif.; Pacific Coast Premium Finance Corp., Anaheim, Calif.
Licensed in: California.
Membership: AAMGA, NAPSLO.
Officers: James M. Yates, president; James L. Hippard, executive vp.
Contact: James M. Yates. BI

Helping parents find after-school options

By DEBORAH SHALOWITZ COWANS

It used to be that when middle-school children returned to school in the fall, parents would breathe sighs of relief that they didn't have to worry about at least one group of dependents for a while.

But, the times, they are a-changin'.

With peer pressure to try alcohol and drugs surfacing at increasingly younger ages, and a perceived increased risk of danger and violence, many parents of children in sixth through ninth grade don't want to leave their kids home alone after school.

Employers are tuning into this concern and are beginning to respond.

The American Business Collaboration for Quality Dependent Care, a national coalition of 21 major corporations that are investing a total of $100 million to support quality child care and elder care programs, has earmarked $500,000 to develop and evaluate six pilot afterschool programs for children 10 to 15 years old.

In focus groups with employees, 'we're hearing from parents more and more that they want programs for kids' age 10 to 15, says AT&T's Skip Schlenck.

"I think that, maybe as recently as four or five years ago, parents were more comfortable for their kids to be home alone," said Skip Schlenck, director of AT&T's Family Care Development Fund in Morristown, N.J. The fund is a grant-making program that supports community-based solutions to child and elder care needs. However, "demand has changed," Ms. Schlenck said.

In focus groups with employees, "we're hearing from parents more and more that they want programs for kids this age," according to Ms. Schlenck.

Many employers have noticed that parents are spending a lot of time on the telephone checking on their kids after the children have come home from school, added Betsy Lipson, program manager for the Middle School Youth Project at Work/Family Directions Inc., a Boston-based consulting firm that is working with the employer coalition on the pilot programs.

The six pilot communities where the program is being offered this school year are: Aurora, Colo.; Cupertino, San Francisco and San Jose, Calif.; Westfield, N.J.; and Burlington, Vt. Each community has a significant number of employees of coalition companies.

Each pilot program already has researched existing local after-school care options and what parents and kids want in an after-school program.

As a result, each pilot program is offering something different, ranging from community service activities—such as volunteering at hospitals and nursing homes, to activities like assisting a professional theater company, Ms. Lipson said. The programs, though subsidized by the coalition, also will charge participants a fee.

Each of the programs is receiving $50,000, to be used over two years, for staff recruitment, training and salaries; transportation for field trips; programs; and equipment.

Work/Family Directions at the end of the school year will compile a manual that will outline which program activities work best. BI

INTERNATIONAL

Generali sells AXA stake, makes bid for bank

By MARIA KIELMAS

TRIESTE, Italy—Assicurazioni Generali S.p.A. is revamping its foreign holdings. Last week it sold its stake in French insurer AXA S.A. and the same day made a bid for Austria's largest bank, Creditanstalt.

Acquiring the bank, which has the largest network of offices throughout Eastern Europe and the former Soviet Union of any Eastern European bank, would help Generali rebuild its central and eastern European insurance network. Generali remains one of the largest insurance companies in Europe.

Generali already has an agreement with Creditanstalt for the distribution of life insurance products in Austria and Hungary through the Creditanstalt network of offices, a Creditanstalt spokesman said.

The sale of Trieste-based Generali's 10.8% holding in AXA came as no surprise to analysts. Generali Chairman Antoine Bernheim said last year the group would dispose of its holdings in the French company if it did not get a say in AXA's management.

But the bid for Creditanstalt has bewildered some analysts. "No sooner have they got their hands on $1 billion from AXA than they announce a bid for Creditanstalt. For shareholders, there will probably not be any return," said Michael Lindsay, insurance analyst at Lehman Brothers in London.

Generali sold its stake in AXA for 5.9 billion French francs ($1.2 billion), the two companies said in a joint statement. The shares were sold at a net 285 French francs ($55.83) per share and netted Generali a capital gain of 700 million French francs ($137.13 million).

The shares were bought jointly by the AXA control group, which consists of the AXA Mutual Insurance Cos., small, separate mutuals wholly owned by AXA; AXA unit FINAXA, backed by the French bank Paribas; and by an unidentified holding company subsidiary. Following the share purchase, the AXA Mutual companies have 5.7% of AXA S.A. and 7.7% of its voting rights. In turn, the AXA Mutual companies hold 61.3% of FINAXA and 73.5% of its voting rights. Paribas holds 23.7% of FINAXA and 15% of its voting rights.

The control group invested 3.44 billion French francs ($673.9 million) in the share purchase, while the holding company subsidiary invested the remaining 2.5 billion French francs ($489.8 million).

The AXA S.A. treasury stake increased to 7.8% from 3.3%.

Generali's stake in AXA dates back to 1986, when the Italian company tried to take over French finance company Compagnie Financiere du Midi and built up a 40% shareholding in it. In defense, Midi merged with AXA, thus relegating the Generali stake into a subsidiary vehicle that did not give the Italian company any say in the parent company's management.

In January of this year, Generali exchanged its 40% stake in Midi for a 10.8% holding in AXA with a view toward a later sale (*BI*, Jan. 22).

But, Generali's stake in AXA meant the AXA Mutual insurers and FINAXA lost majority control of AXA at that time. The present purchase allows these companies to raise their voting shares from 45.5% to 56.3%, regaining control. Publicly held shares in AXA amount to 50.9%, accounting for 43.7% of voting shares.

An AXA spokeswoman in Paris said the company now has treasury funds of 21.6 billion French francs ($4.24 billion) and a further 35 billion French francs ($6.87 billion) invested in non-core assets, which could be sold to provide funds for further strategic investments. AXA Chairman Claude Bebear has said that in the future when the company wants to make further acquisitions, these could be sold. The non-core assets are holdings in various French industrial and financial groups as well as real estate.

AXA announced Sept. 10 that it will launch a new fund as its prin-

See **Generali** *on next page*

Lloyd's offers names limited liability option

Program gives individual names alternative to corporate investment vehicles

By EDWIN UNSWORTH

LONDON—Private investors in Lloyd's of London now can participate in one of the first programs to allow them to convert to limited liability underwriting from unlimited liability underwriting.

Rather than participating in the corporate investment vehicles that became available in 1994, names who join the new program will be able to convert their existing Lloyd's investment into an individual limited liability company to be known as a Nameco. Each Nameco will be beneficially owned by the participating name and will underwrite from the start of the 1997 year of account.

The new investment vehicle is being set up under the sponsorship of HSBC James Capel, the securities division of HSBC Investment Bank P.L.C., and will be managed by a newly formed company independent of Lloyd's, Nomina P.L.C.

Unlike previous corporate investment vehicles that required minimum available funds at Lloyd's of £500,000 ($778,000), Namecos will only require minimum funds at Lloyd's of £100,000 ($156,000), providing a way for smaller Lloyd's investors to switch to limited liability.

Jeremy Evans, managing director of Nomina, said, "Most corporate vehicles at Lloyd's are either investment trusts or dedicated vehicles limited to a small group of syndicates.

"Nomina is a vehicle specifically designed to enable names to convert their underwriting to limited liability on what we consider to be a highly cost-effective basis," Mr. Evans said.

The prospectus issued with last week's launch of Nomina said the program has seven key features:

- Names can convert to underwriting on the basis of limited liability on advantageous terms.
- Names can use existing funds at Lloyd's to support the underwriting of their Nameco.
- Low start-up costs could be offset by any proceeds raised from the disposal of excess capacity. This is in large part because Namecos will be exempt from the £10,000 ($15,500) application fee plus value-added tax that normally apply to new corporate vehicles.
- Streamlined management and administration, because each Nameco will share common directors, sponsors, members agents, auditors and lawyers.
- No mutualization of old-year liabilities.
- Namecos will be independently managed by Nomina.
- The prospect of an ultimate exit, including a possible listing after mid-1999 on the London Stock Exchange for Nomina, with names then being allowed to trade shares in their Nameco for shares in Nomina.

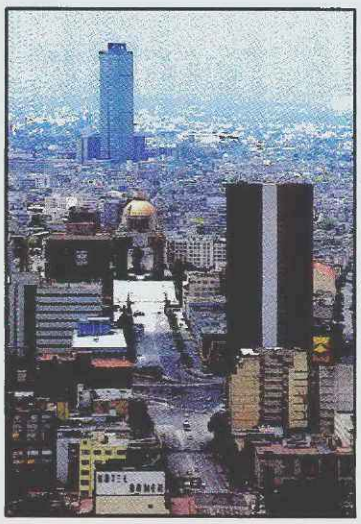
Nomina's board chairman is Sir David Rowe-Ham, a member of the board of several listed U.K. companies and a former consultant to accountant firm Touche Ross & Co. BI

Mexico's health system slowly privatizing

By ROBERTO CENICEROS

Benefit managers whose companies have Mexican operations must stay abreast of changes under way in the benefits and human resource systems there, a consultant said.

Mexico's moves to shift the responsibility for health care benefits to the private sector have received little media attention because the details for implementation remain unresolved. Yet it is a huge issue companies there will have to face, said Guillermo Sander, a consultant in Mexico City for Intergamma S.C., a unit of Hewitt Associates L.L.C.



Benefit managers in Mexico City and elsewhere in Mexico are preparing for upcoming changes to the country's health care and pension systems.

Image Bank

"This will change the entire concept (of health care) completely within the next few years," Mr. Sander said at a recent one-day seminar in Rosemont, Ill., sponsored by Hewitt, which focused on human resources in Latin America.

The encouragement for companies in Mexico to privatize their health plans comes as part of sweeping changes to the country's social security system, which also administers pension benefits for most workers.

The law allowing for alternatives to the social security system was adopted earlier this year. Yet just exactly how health reforms will shape up is expected to be determined later, when accompanying regulations are implemented. These regulations are supposed to be developed in 1997, but the government may not move that fast.

"I will not be surprised if we go all the way into 1998 before we actually have" those regulations, Mr. Sander said.

"But at least it is there. Let's say the objective of where we are going is very clear. It is how we will get there that is not very clear yet."

Meanwhile, the law also calls for privatizing pension benefits, Mr. Sander said. For now, employers contribute 18% of payroll and employees contribute another 5.2% of their salaries to the social security pension and health care system.

Social security currently administers a defined benefit pension. Under the new law, workers will have the option of choosing between the old system and new defined contribution plans administered by private fund managers.

Employees so far have limited knowledge of the new system, but they know the old system doesn't work, Mr. Sander said.

Mexicans also have been critical of their social security hospitals and medical services. But the criticism is only warranted up to a point, Mr. Sander said. For major medical problems, the social security system's hospitals and doctors are excellent.

"If today I found I had a heart condition or lung cancer, I would not even come to one of your hospitals," Mr. Sander told seminar participants, mostly human resource managers for U.S. companies. "I would go right back to Mexico City."

Yet Mr. Sander said he would also use his personal contacts within the system to get the best

See **Mexico** *on next page*

Marine insurers must not ignore state of market: Underwriter

By EDWIN UNSWORTH

LONDON—As marine insurers prepared for their largest annual gathering of the year, a leading underwriter in the London market warned that all major marine underwriting centers face problems from the soft market now apparent in most classes of marine insurance.

Nigel Jenkins, chairman of the Institute of London Underwriters, which represents the marine, transport and energy insurers active in the London market, issued a statement on the eve of this week's International Union of Marine Insurance meeting in Oslo, Norway, warning that the situation has become "critical," and all underwriters should be focusing on these matters.

He cautioned that excess marine insurance capacity, both in London and overseas, "is dragging the market down at a time when stabilization is absolutely vital."

Mr. Jenkins emphasized that marine underwriters have mainly themselves to blame for the state of the market, as they have lowered their rates too much. "The present situation is largely of our own making," and underwriters have been quick to forget the painful lessons learned the last time the cycle changed, he said.

"Despite all the warning signs which have been posted for some time, market share is considered more important" than setting rates at profitable levels, said Mr. Jenkins, also managing director of the London-based Maritime Insurance Co. Ltd.

No one should be surprised by the speed at which the market has turned from hard to soft "since sensible hull markets appear to be short-lived affairs nowadays," he added.

The situation has not been helped either by excess reinsurance capacity and the fact that 1995 was a record low year for shipping casualties.

However, Mr. Jenkins warned that the market can change very quickly, and there are already signs this year that the loss figures are increasing sharply.

This summer the ILU issued figures for the first half of 1996 showing a marked deterioration on the record low level of losses for 1995. Between January and June this year 53 ships of more than 500 gross tons each were lost, an increase of more than 10% over the 48 vessels lost in the comparable 1995 period (*BI*, Aug. 12). With the second half of the year generally producing a worse loss record than the first, underwriters fear total 1996 losses could be far worse than the 95 ships lost in 1995.

The environment will be the theme of this year's IUMI conference, expected to be attended by marine insurers from nearly 50 countries. Norway's Central Union of Marine underwriters will host the event.

Mexico

Continued from previous page
attention as quickly as possible.

"But if I got the flu, I would never go to social security," he said.

Services for minor medical problems are inferior because patients often have to stand in line for hours that can drag into days.

For that reason, many employers purchase private health care coverage, particularly for their white-collar workers. Yet they still must contribute to the social security system (*BI*, Feb. 19). But employers say that paying for additional private coverage can be worth the cost, because employees spend less time away from work while seeking medical attention through private plans.

Yet social security hospitals may be more acceptable to blue-collar workers, Mr. Sander said.

Under Mexico's current law, employers are not obliged to pay employees for days spent waiting for medical attention at social security facilities. The social security system will pay employees for that time, but only beginning on the fourth day. Yet about 95% of employers choose to pay workers for their time spent seeking social security medical attention, and social security will not reimburse them, he said.

There are also cultural reasons for providing private health care coverage for white collar workers.

Those cultural reasons are the type of considerations benefit and human resource managers need to be attuned to, the consultants said. Such class distinctions lead to differing expectations in benefits, he said.

"In addition to having to stand in line for three hours (for care at a social security clinic), I'm going to be standing in line with the son of my mother's maid," Mr. Sander said. "We don't have racial discrimination, but we have social discrimination. (White-collar managers) just don't stand in line with the son of your mother's maid. That is just not done."

'Basically...they are encouraging companies to substitute the social security service with any sort of private health plan,' consultant Guillermo Sander says.

By U.S. standards, most private medical plans offered to employees in Mexico offer very low limits of coverage. Many have limits of about $20,000 per illness. Additionally, workers pay a deductible and a copayment of about 10%, Mr. Sander explained.

For major illnesses they can fall back on the social security system.

Mr. Sander expects that when the law privatizing health care is finally implemented, employers will receive credit against their social security obligations for the amount they spend on private medical arrangements.

"Basically...they are encouraging companies to substitute the social security service with any sort of private health plan which could involve HMOs, or private insurance, or (medical) networks."

In Mexico, that could result in an array of arrangements not heard of in the United States.

For example, a company that builds a plant in a town without a hospital or clinic might create its own medical facility and get credit against its social security obligations by agreeing to treat employees as well as the non-employees residing in the community, Mr. Sander said in an interview after the seminar.

So far, however, without a complete picture of how privatization will proceed, employers in Mexico have not begun considering how they might change their benefit offerings, he added.

Insurers that offer health plans are also waiting for final regulations, said Ernesto Dominguez Garcia, subdirector of operations in Tijuana for Seguros Comercial America. Mr. Dominguez spoke in an interview apart from the Hewitt seminar.

Meanwhile, the insurers are lobbying the Mexican government to maximize the amount of credit against social security obligations employers will receive for purchasing private health plans.

The insurers are also lobbying for tax deductions to employees who contribute to those private health plans. BI

Lloyd's settlement offer nears 95% acceptance

LONDON—Lloyd's of London said last week that as the extended deadline for its £3.2 billion ($4.98 billion) settlement offer passed, the level of acceptance was 94.4%, representing an overwhelming vote of confidence in its reconstruction and renewal program.

Of the more than 34,000 Lloyd's members eligible to vote, 32,081 accepted the offer. Acceptance by U.K. members was 97.3% and by U.S. members was 77.1%.

Lloyd's said that those members who have not paid up or accepted the offer will be pursued "to the full extent of their indebtedness."

David Rowland, chairman of Lloyd's, said the vote of the members represented an "overwhelming vote of confidence" by members and said that it meant that "at last members and the market will be able to put the problems of the past five years behind them."

The task now will be to meet the challenges of a rapidly changing environment for insurance, Mr. Rowland added.

—By Edwin Unsworth

Prudential's profits surprise market

LONDON—Prudential Corp. P.L.C., Britain's largest life insurer, surprised the market last week with an 8% increase in pre-tax operating profit for the first half of 1996 to £421 million ($653.4 million) from a restated £390 million ($622.1 million) in the first half last year.

Analysts had been expecting roughly an 8% dip in Prudential's profits to about £373 million ($580 million), mainly as the result of heavy weather-related claims on its general insurance business.

The result was achieved even after a £33 million ($51.3 million) charge for start-up costs of a new telephone banking operation due to start on Oct. 1 to sell products such as mortgages to existing customers.

Commenting on the planned sale of Prudential's Mercantile & General Reinsurance Co. P.L.C. subsidiary to Swiss Reinsurance Co. (*BI*, Sept. 2), Prudential Chairman Sir Martin Jacomb said proceeds of the £1.75 billion ($2.72 billion) disposal will be used to further the group's strategic ambitions in retail financial service markets in the United Kingdom, the United States and Asia.

Peter Davis, Prudential's group chief executive, added M&G Re was being sold because it had "no significant operational and strategic synergies" with the rest of the group.

He also said the sale price "substantially" exceeds what could have been achieved through a flotation.

M&G Re reported first-half 1996 operating profit of £90 million ($139.7 million), up 3.4% from £87 million ($138.8 million) in the first half of 1995, on gross premiums written, which increased 15.9% to £748 million ($1.16 billion) from £645 million ($1.03 billion).

As a group, Prudential's first-half 1996 gross premiums rose 28.6% to £5.4 billion ($8.38 billion) from £4.2 billion ($6.70 billion).

The start-up costs of the telephone banking operation set for the October launch caused Prudential U.K., which represents the group's British insurance operations, to see its interim profit fall 14.5% to £170 million ($263.8 million) from £199 million ($317.4 million) in the first half of 1995.

However, its gross premiums improved 22.7% to £2.7 billion ($4.19 billion) from £2.2 billion ($3.51 billion).

—By Edwin Unsworth

Generali

Continued from previous page
cipal investment vehicle in China and the rest of Asia. The fund, the AXA National Mutual China Asia No. 1 Fund, will be initially capitalized at $125 million and is expected to reach $500 million in the future.

The fund is being launched together with National Mutual Asia, the AXA Hong Kong subsidiary, and Donaldson, Lufkin & Jenrette Inc. in New York.

Mr. Bebear proposed that Generali Chairman Antoine Bernheim remain on the AXA board, an invitation Mr. Bernheim has accepted.

Lehman Brothers' Mr. Lindsay believes this invitation is a diplomatic way for Mr. Bebear to demonstrate he and Mr. Bernheim have remained on friendly terms.

"Generali still has plans for investing in France," added Mr. Lindsay, who said the AXA management team may hope that this arrangement will keep them in the know.

Soon after Generali divested itself of the AXA shares, it joined a number of other German, Italian and Austrian investors, including banks, an insurer and other financial and industrial companies, in a bid for Austria's largest bank, Creditanstalt. The Austrian government has been planning the sale of its 49% direct stake and 70% voting shares in Creditanstalt for the past five years.

'For shareholders, there probably will not be any return,' analyst Michael Lindsay says of the Generali bid.

Last year, New York investment bank J.P. Morgan & Co. Inc. valued the government's stake at 16 billion to 18 billion Austrian shillings ($1.53 billion to $1.72 billion), according to a Creditanstalt spokesman in Vienna. The remaining shares in the bank are publicly quoted on the Austrian stock exchanges.

The consortium has not disclosed either the size of its bid or the size of the participation of its members.

With the fall of communism, some market observers have predicted that Generali will want to rebuild the large Eastern European network it held before World War II.

The sale of Creditanstalt has been delayed until now for political reasons.

The Austrian "government wants to keep it as an Austrian bank," said Claire Fargeot, Austria analyst at London stockbroker HSBC James Capel.

The Creditanstalt spokesman said he did not expect any developments on the sale for at least another two weeks.

Generali officials could not be reached for comment. BI

Two more foreign reinsurers begin using LIRMA facilities

Hannover, AXA latest to use London facility

LONDON—The London International Insurance & Reinsurance Market Assn. said earlier this month that Hannover Ruckversicherungs A.G. in Hannover, Germany, and AXA Reassurance in Paris are the two latest foreign insurers to join the association and start using its processing facilities.

The two reinsurance companies join three other reinsurers that have become LIRMA members since the association launched its European Strategy in March to recruit more members from throughout the European economic area, whether or not they had a London office.

The others are TIG Re, a London-based branch of the U.S. parent; London-based Threadneedle Insurance Co. Ltd. (U.K.); and QBE Europe (Ireland), a unit of Sydney, Australia-based QBE Insurance Group Ltd.

Hannover Re will process all of its business written in Hannover through the London Processing Centre, a joint venture between LIRMA and the Institute of London Underwriters, which represents London market companies insuring marine, aviation and energy risks.

Hannover Re and AXA Re both will process business through the London Processing Centre.

AXA Re, which is about to submit a formal application to join LIRMA, also will underwrite and process business through the LPC on a cross-border basis.

LIRMA Chairman Philip Marcell said the fact that the new members will be using LIRMA's systems to process international insurance and reinsurance business not underwritten in London "is a clear vindication of the decision taken to open membership. . .and demonstrates a definite demand for the unique package of research, representational and (information technology) processing facilities offered by LIRMA."

LIRMA already has a number of European members—operating through London branches, but licensed in Sweden, Switzerland, Portugal, Belgium and Ireland—which have started to process head office business under the new rules.

—By Edwin Unsworth

HCFA

Continued from page 1

Typically, plans and insurers require a claim to be filed within a year of the time of service. HCFA previously said it could seek recoveries for mistaken Medicare payments regardless of whether beneficiaries or providers submitted a claim within a plan's or insurer's filing deadline.

That was a significant blow to HCFA's recovery efforts because employers and TPAs say the most frequent HCFA demand for repayment of mistaken Medicare payments involves claims that employees and providers never submitted to them.

• HCFA cannot demand payments from TPAs that only administer an employer's health plan and do not insure the benefits.

Under the HCFA regulations, the agency said it had the right to seek overpayment from TPAs, as well as from insurers and employers.

HCFA, though, interpreted the appeals court decision to apply to all entities within the jurisdiction of the District of Columbia Circuit and outside the circuit to only members of Blue Cross & Blue Shield Assn. and the HIAA, which challenged the regulations.

But Judge Lamberth said the appeals court ruling striking down the regulations is not limited to members of the two groups.

"The government has failed to explain how it could have the authority to enforce an invalid regulation against a similar entity simply because that entity was not part of the litigation," Judge Lamberth wrote.

By clarifying the breadth of the appeals court decision, Judge Lamberth's ruling should open the door for employers, insurers, TPAs and others to try to recover payments they have made to HCFA after receiving demand letters.

"There now is the potential for significant recoveries of payments made to HCFA," said Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York.

But not all obstacles have been removed from the recovery effort.

For example, the government still could appeal Judge Lamberth's ruling. A HCFA attorney said the agency is reviewing the ruling.

Other factors also could complicate recovery efforts of employers and others.

Last year, HCFA laid down tough conditions employers and others would have to meet to obtain refunds in situations where they reimbursed the government after receiving demand letters even though beneficiaries and providers did not file a claim within their plan's filing deadline.

HCFA said proof would be required that claims were not filed on time.

That proof is "submission of a written statement indicating that a search of all existing systems of records has been completed and it was determined that no claim for the identified service was found that was timely under any plan covering the individual," HCFA said last year to its administrators.

Providing that kind of documentation involving claims that are many years old could cost more than the amount of the potential recovery.

If HCFA sticks to that position, "You are going to have to jump through a lot of hoops and incur significant costs to establish to HCFA's satisfaction that you are entitled to a refund," said Robert Roth, a principal with the law firm of Michaels, Wishner & Bonner in Washington and a former attorney with the Department of Health and Human Services' Office of General Counsel.

Ultimately, filing for a refund has to be a business decision in which the costs associated with submitting claims has to be compared with the amount of the potential recovery, added Mr. Roth, who is seeking refunds for several clients.

"Employers will have to evaluate the cost of researching and filing a claim with how much money is involved," Mr. Saveth said.

Still, "Refunds now are a viable option and the court ruling is a very good result," Mr. Roth said.

Others note Judge Lamberth's ruling may put an end to years of litigation involving the HCFA regulations and the Medicare Data Match project.

"We are pleased that the litigation seems to be concluded," said Marv Reiter, the Blues senior associate general counsel in Chicago.

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Blue Cross & Blue Shield Assn. and Health Insurance Assn. of America vs. Donna Shalala et al., U.S. District Court for the District of Columbia; Nos. 90-1528, 90-1356.

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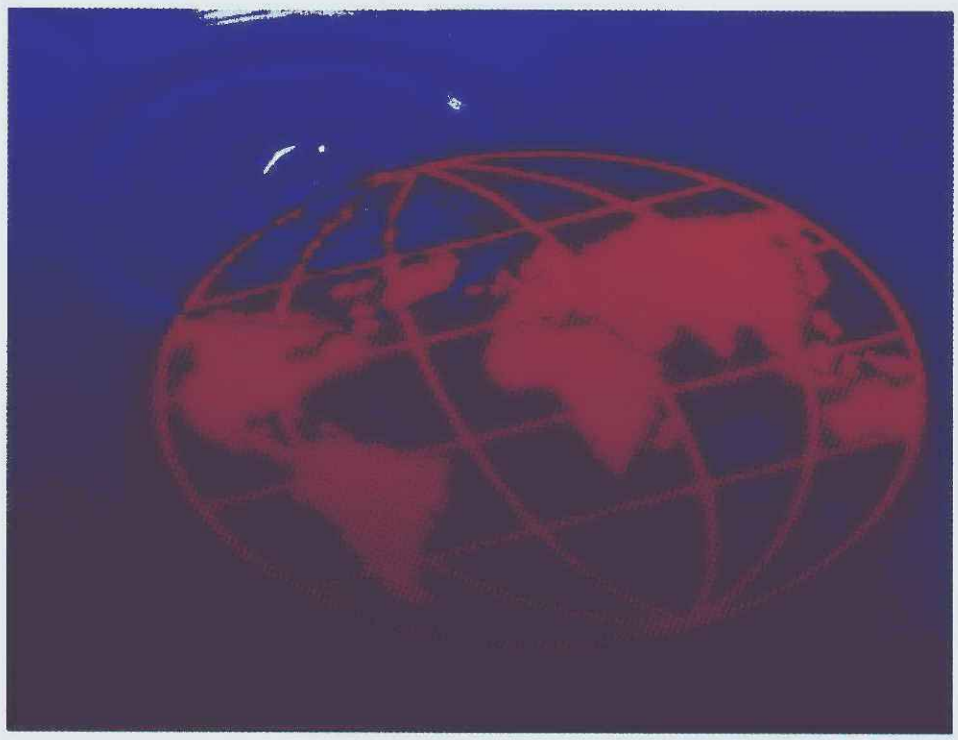
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Business Insurance Circulation Breakdown

Commercial Consumers

Administrative:

CEO's, Presidents, and Owners,	1,746
Vice Presidents, General Managers and Other Administrative Personnel	4,884

Financial:

Chief Financial Officers and Vice Presidents of Finance	3,011
Secretaries, Treasurers, controllers and other Financial Personnel	2,827

Risk/Employee Benefits:

Vice Presidents, Directors, Managers, and other related department personnel of: insurance, risk, employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/ labor relations	17,307
Sub-total	**29,775**
Associations	301
Government, Unions and Educational Institutions	969
Commercial Consumers Sub-total	**31,045**
Insurance Agents and Brokers	8,664
Insurance Companies	7,831
Accountants, Actuaries, Attorneys & Consultants	3,148
Adjusters, Appraisers, TPA's, Captive Managers & Health Care Providers	1,880
Others Allied to the Field	680
Total Qualified	**53,248**
Non-qualified	12
Single Copy Sales	40
TOTAL CIRCULATION	**53,300**

★ *Source Business/Occupational breakdown of qualified circulation, May 27,1996 Issue, as submitted to BPA for June 1996 BPA Publisher's Statement*

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COUNTY DEPARTMENT, CHANCERY DIVISION

IN THE MATTER OF THE LIQUIDATION OF)
GENEVA ASSURANCE SYNDICATE, INC.) NO. 96 CH5093

NOTICE OF CLAIM FILING DEADLINE AND PROCEDURES

PLEASE TAKE NOTICE, that on July 11, 1996, the Circuit Court of Cook County, Illinois entered an Agreed Order of Liquidation With a Finding of Insolvency against Geneva Assurance Syndicate, Inc. ("Geneva"). Mark Boozell, Director of Insurance of the State of Illinois, is the statutory and court affirmed Liquidator of Geneva ("Liquidator").

TAKE FURTHER NOTICE, that on August 6, 1996, the Circuit Court of Cook County, Illinois, entered an Order Fixing Rights and Liabilities and Providing for the Filing of Claims and Claim Filing Deadlines ("Fixing Order"). Pursuant to the Fixing Order, all rights and liabilities of Geneva and its policyholders, creditors and stockholders, and all other persons interested in its property or assets, are fixed as of July 11, 1996, unless otherwise provided in prior or subsequent orders of the Court.

TAKE FURTHER NOTICE, that all persons and entities who have, or may have, claims against Geneva, its property or assets, or against a Geneva insured or policyholder, shall have the right to present and file with the Liquidator proper proofs of claim on or before July 11, 1997 at 4:30 p.m. (C.D.T.).

TAKE FURTHER NOTICE, that any insured under an insurance policy issued by Geneva shall have the right to present and file with the Liquidator a proper proof of claim setting forth a contingent claim on or before July 11, 1997 at 4:30 p.m. (C.D.T.). No contingent claim shall be allowed for purposes of participating in any distribution of estate assets that may be made at the fourth priority level, 215 ILCS 5/205(1)(d), unless such claim has been liquidated and the insured claimant has presented and filed evidence of payment of such claim to the Liquidator on or before July 13, 1998 at 4:30 p.m. (C.D.T.). Any contingent claim for which a proper proof of claim is filed on or before July 11, 1997 at 4:30 p.m. (C.D.T.), but which is not liquidated on or before July 13, 1998 at 4:30 p.m. (C.D.T.), may be estimated pursuant to 215 ILCS 5/209(4)(b) for purposes of participating in any distribution of estate assets that may be made at the fifth priority level, 215 ILCS 5/205(1)(e), unless otherwise directed by the court.

TAKE FURTHER NOTICE, that the form and required contents of all proofs of claim are described in 215 ILCS 5/209. Proofs of claim, along with supporting documents, if any, are to be filed with, and may be obtained from, the Liquidator of Geneva, at 222 Merchandise Mart Plaza, Suite 1450, Chicago, Illinois 60654. A proof of claim shall be deemed "filed" with the Liquidator upon the Liquidator's receipt thereof. The Liquidator reserves the right to require such additional information with respect to any claim filed with him as he may deem necessary. The Liquidator further reserves any and all defenses available to Geneva upon all filed claims. All proofs of claim must be duly sworn to before an officer authorized to take oaths.

THE LAST DATE FOR THE FILING OF PROOFS OF CLAIM WITH THE LIQUIDATOR IS SET FORTH ABOVE. NO PERSONS OR ENTITIES HAVING OR CLAIMING TO HAVE ANY CLAIMS AGAINST GENEVA, OR ITS POLICYHOLDERS, SHALL PARTICIPATE IN ANY DISTRIBUTION OF THE ASSETS OF THE COMPANY UNLESS SUCH CLAIMS ARE PROPERLY FILED WITH THE LIQUIDATOR ON OR BEFORE JULY 11, 1997 AT 4:30 P.M. (C.D.T.).

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California

Continued from page 2

brokers liable if the non-admitted insurers with which they placed business became insolvent.

Norm Levine, president of the California Insurance Wholesalers Assn., described A.B. 2869 as a "verification and delineation of authority." Mr. Levine also is president of the Van Nuys, Calif.-based NorCo Agency.

For years, surplus lines brokers in California had been issuing policies on behalf of non-admitted insurers, explained John Norwood of Norwood & Pedrotti, the Sacramento-based lobbying firm hired by CIWA to promote the bill.

But this authority came into question after a California appellate court in 1986 ruled that a broker who was actually managing a non-admitted insurer had stepped out of bounds.

Since then, many brokers in the state have been practicing what Mr. Anderson termed "safe surplus lines," by issuing just certificates of insurance rather than the actual policies.

As a result, policyholders had to wait longer because the actual policies had to be issued directly by the insurers, many of which were foreign, according to Sandy Clark, executive director of the Surplus Line Assn. of California in San Francisco.

Then, May 30, after nine months of studying surplus lines broker transactions and affiliations with non-admitted insurers, the Surplus Lines Task Force Mr. Quackenbush had appointed in August 1995 issued Bulletin No. 96-4, which prohibited surplus lines brokers from issuing policies on behalf of non-admitted insurers.

Doing so would be "tantamount to establishing and operating a managing general agency or branch office of a non-admitted insurance company in this state without a certificate of authority," the bulletin said, referring to the 1986 decision in *Mor-Ben Insurance Markets Corp. vs. Department of Insurance*.

But the California department's stance wasn't entirely adversarial, Mr. Anderson said.

After issuing the bulletin, the task force invited the surplus lines industry to present legislation that would clear up the question of surplus lines brokers' authority once and for all, he recalled.

In response, the relatively new organization of surplus lines wholesalers—CIWA was formed just five years ago—decided to flex its lobbying muscles for the first time and attempt to enact legislation that would make life easier for its members.

Mr. Levine explained that CIWA members "thought it was better to have legislation rather than regulation because regulations can always be changed by the next commissioner," who may not support insurers as strongly as Mr. Quackenbush.

California wholesalers 'thought it was better to have legislation rather than regulation,' says CIWA's Norm Levine.

The bill, introduced by Assemblywoman Marilyn C. Brewer, R-Irvine, would allow surplus lines brokers to issue policies on behalf of non-admitted insurers "under certain circumstances," Mr. Levine explained.

Specifically, under the bill, a surplus lines broker could issue policies only if the insurer informed the DOI in writing that it had given the broker that authority.

In addition, surplus lines insurers authorized to do business in California would have to provide the department with a current list of all surplus lines brokers in the state authorized to issue policies on their behalf, the bill states.

Several other onerous provisions were carved out of the original legislation by the time it came to a vote, SLA's Mr. Clark pointed out.

For example, regulators had tried to include a provision that would have required non-admitted insurers to submit to the department a "detailed plan of operation" in addition to the list of authorized surplus lines brokers, he said.

"This would have made them (the insurers) subject to the same regulations as admitted insurers," he said.

After the negotiations, the bill that ultimately passed the Legislature Aug. 30 had the support of CIWA, SLA and the Agents & Brokers Legislative Counsel, as well as the Insurance Department.

"It's very good legislation," Mr. Clark said. "We're pleased the department supported it."

While not a companion bill, A.B. 328 also would make it easier for certain surplus lines insurers to operate in California.

Introduced by Assemblyman David Knowles, R-Cameron Park, A.B. 328 would eliminate the requirement that all non-admitted insurers either procure certificates of authority to transact business in California or post bonds before they could file any pleading in any action, suit or proceeding brought against them, explained Mr. Clark.

The legislation would grant to surplus lines insurers and reinsurers included on the LESLI list the same exemption from posting these so-called "pre-answer bonds" that licensed insurers already have in California.

"They should be (exempt) because these are companies who have submitted financial statements to the department and have been approved by the department," said CIWA's Mr. Levine. "They shouldn't be subject to onerous requirements just because they're non-admitted."

Several other pieces of pro-insurance industry legislation also are awaiting Gov. Wilson's signature. Among them are:

- A.B. 582, which would permit insurers to use rate and form manuals compiled by insurance advisory organizations like the Insurance Services Office Inc.

Use of these manuals has been approved in all of the other 49 states.

But under Proposition 103, it is considered a violation of California antitrust and unfair business practice laws for two or more insurers to use the same rate manual or policy form. The maximum penalty for such a violation is revocation of the manuals or forms by the insurance commissioner.

This bill also would amend Proposition 103 to authorize other activities by advisory organizations, such as providing actuarial analyses of loss costs, unless proved by a "preponderance of evidence" to have violated the antitrust or unfair business practice laws.

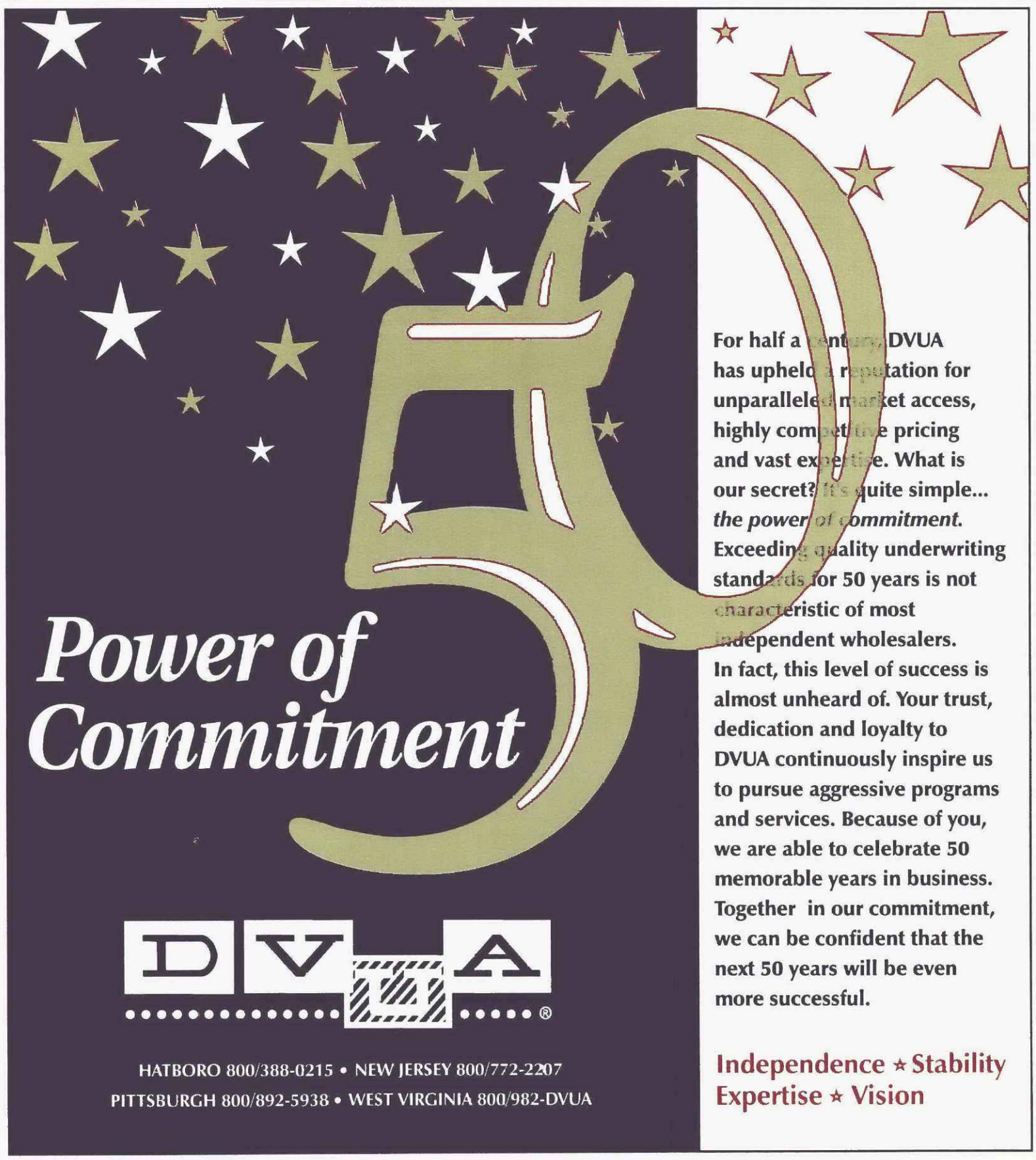
- A.B. 2538, which would amend the Holding Company Act to more closely follow the National Assn. of Insurance Commissioners' model act.

The legislation would change the definition of a "commercially domiciled" insurer to include an insurer whose gross premiums written in California constitute 33% of the company's total gross premiums written nationwide.

- A.B. 2177, which would permit insurance agents as well as both retail and surplus lines brokers to form limited liability companies. Under existing law, LLCs are prohibited from engaging in the insurance business.
- S.B. 1485, which would enact provisions of an NAIC model act dealing with credit granted to insurers for reinsurance.

Existing law prohibits insurers from taking credit for reinsurance unless the contract provides indemnification against all or part of the loss or liability arising out of the primary insurance.

- S.B. 879, which would authorize the Insurance Department to issue revenue bonds on behalf of the request of the California Insurance Guaranty Assn. to provide funds to pay the claims of insolvent insurers if a state of emergency is declared.
- A.B. 3233, which would limit the commissioner's authority to raise agent and broker license fees to no more than 10% annually without legislative approval. BI



Olin

Continued from page 2

similar cases.

Judge Hand's ruling came as a "complete renegade decision against the prevailing weight of court opinion," said Faith Babcock, an associate professor specializing in environmental law at the Georgetown University Law Center in Washington. "If the 11th Circuit were to agree with Judge Hand, this would be big."

Upholding Judge Hand's decision would make it the rule in the 11th Circuit, which is "not an unimportant area in terms of Superfund liability," said Ms. Babcock. The 11th Circuit covers Alabama, Florida and Georgia, which contain many Superfund sites.

A ruling upholding Judge Hand would at least trigger the high court's interest, particularly because there's "no question" the federal government would appeal it, she said. An appeals decision upholding Judge Hand's ruling also could influence how other courts examine similar cases, she said.

"Whichever way the court may rule, I think there is a distinct possibility that it will end up before the U.S. Supreme Court," agreed David M. Farmer, senior vp-federal affairs for the Alliance of American Insurers in Washington, which filed an amicus brief supporting Judge Hand's decision.

"If it's a unanimous decision overruling Judge Hand, it's going to depend on Olin appealing" the decision, said John G. Arlington, vp and senior counsel of the American Insurance Assn. in Washington. He said any other outcome is certain to take the matter to the Supreme Court.

He cautioned, however, that a decision might not come quickly. The 11th Circuit generally takes four or five months to decide a case, he said. It would take much longer for the Supreme Court to agree to hear the case and rule on it, so the matter might not be settled for years, he said.

"Surely, whoever loses on appeal will take the case to the U.S. Supreme Court. The government cannot afford to have the law in the 11th Circuit be contrary to the law in the rest of the country," said John Lobert, senior vp-government relations for the National Assn. of Independent Insurers in Washington.

"I'm reasonably confident that the 11th U.S. Circuit Court of Appeals is going to uphold the trial court decision" because Judge Hand's decision was well reasoned, said Mr. Farmer.

Judge Hand based his decision on two recent Supreme Court rulings.

In *Barbara Landgraf vs. USI Film Products*, the high court held that the expanded damages provisions of the Civil Rights Act of 1991 could not be applied retroactively to a suit filed in 1989 (*BI*, May 2, 1994). In the other, *United States vs. Lopez*, the court in 1995 voided a federal law banning the carrying of firearms near schools because the justices found it violated the commerce clause by exercising police power over areas historically reserved to local governments.

Not surprisingly, the federal government disagreed with Judge Hand's analysis. "The court wrongly concluded that *Lopez* signals a radical departure from prior decisions on the commerce clause. The court in *Lopez*, while rejecting Congress' assertion of authority over the particular activity involved in that case (possession of a gun near a school), specifically reaffirmed its prior precedents on the reach of the commerce clause. Application of CERCLA to the McIntosh site is fully justified under those cases," the government wrote in a July 25 brief seeking 11th Circuit review of the case.

"Here, Congress, in enacting (the Resource Conservation and Recovery Act) and CERCLA, rationally concluded that contamination that was created as the result of manufacturing goods for sale in interstate commerce substantially affects the commerce. Moreover, under precedents reaffirmed by the Supreme Court in *Lopez*, CERCLA may be constitutionally applied to contamination that appears to have only local effects. Where the class of regulated activity has a substantial effect on interstate commerce, particular instances of that class are not exempt from regulation."

The government also took aim at Judge Hand's dismissal of retroactive liability. The brief holds that "contrary to every other court to consider the question, the district court declared that CERCLA has no retroactive effect. The district court incorrectly concluded that the Supreme Court's decision in *Landgraf* established a new test for determining if statutes may have retroactive effect. Under the test applicable both before and after *Landgraf*, statutes are presumed not to have retroactive effect unless there is a 'clear congressional intent favoring such a result.' In the case of CERCLA, retrospective application is an essential part of the statute, and it was plainly the intent of Congress to impose liability for cleanup costs on all responsible parties, including those whose involvement in waste disposal occurred prior to enactment."

The brief also noted that "Congress has twice reauthorized CERCLA without changing the pertinent liability provisions in the face of the unanimous conclusions of the various courts holding that CERCLA was intended to apply retrospectively."

The government's assessment that Congress intended Superfund liability to be imposed retroactively was disputed in another insurance industry brief, filed by the AIA, the National Assn. of Independent Insurers and the Reinsurance Assn. of America.

"In their haste to reach an acceptable compromise, the legislators left several potentially controversial issues—including retroactive liability—on the table, unresolved, for the courts to bail them out," according to the joint brief.

The brief notes that former Sen. Jennings Randolph, D-W.Va., a Superfund backer, explained "it is intended that issues of liability not resolved by this act, if any, shall be resolved by traditional and evolving principles of the common law" as Congress dealt with the measure in 1980.

Looking ahead, reform advocates say the case could have an impact on any moves Congress might make on Superfund. Efforts to reauthorize the program died in both the current and previous Congresses without any change in the liability system.

"Most importantly, the issue of retroactive liability and its change was clearly on the agenda in the next Congress before the existence of this case. So from that standpoint, it is a very, very significant case," the Alliance's Mr. Farmer said.

"To us, the importance of this whole matter is this: Here's the best chance we have so far of getting some reform of Superfund. Congress has failed to act because the issue is too controversial, I think. Courts aren't affected by lobbying constituencies, either for repeal or against repeal," said NAII's Mr. Lobert.

Only one additional brief was filed seeking a reversal of Judge Hand's ruling. That brief, in which 23 states and territories joined, stresses the retroactivity rather than commerce clause aspects of the case.

Eight briefs, including the insurance industry documents, support Judge Hand's *Olin* decision. The briefs represent a variety of business interests as well as 18 members of Congress. Although the Risk & Insurance Management Society Inc. did not file a separate brief, a broad-based coalition to which it belongs, Superfund Reform '95, did, asking the appeals court to uphold his ruling. BI

Integrity

Continued from page 2

deposit from an undercover FBI agent to use in the Integrity takeover (*BI*, Sept. 29, 1986).

Regulators initially pegged the insolvency at $50 million to $75 million, and an Integrity official at first blamed the collapse primarily on Integrity's inability to collect $25 million in reinsurance recoverable from Mission. By the end of 1987, liquidators had increased their estimate of the insolvency to $300 million, and the amount has increased since as Integrity has been hit with huge asbestos, pollution and other long-tail claims.

Integrity's liquidator received a total of about 26,000 claims by the March 25, 1988, bar date set in the insurer's liquidation order. These included thousands of "policyholder protection" claims filed by companies to reserve their right to assert claims later as long-tail losses emerged.

As of last Dec. 31, the liquidator had marshalled more than $350 million in assets for the estate and had allowed $452 million in "absolute" claims whose amounts are known.

The estate is also facing about $349 million in "contingent" claims for losses that have been reported but are not yet fully resolved, and another $1.3 billion in anticipated IBNR losses on its excess and umbrella business.

The liquidator estimates that reinsurers are responsible for about $876 million of the $1.67 billion in contingent and IBNR losses.

Integrity has basically three choices for handling the liquidation, two of which have serious drawbacks, the Insurance Department says in its court filings. They are:

- To continue to run off the business until all the contingent claims become absolute, a process that would take at least 10 more years and could take as long as 30. Aside from the delay in settling claims, this approach risks the insolvency of certain Integrity reinsurers during the liquidation process and the continued drain on estate assets to cover administration costs. Those costs would amount to about $45 million over the next 10 years, the liquidator says.
- To terminate the liquidation at a specified date and cut off claims that are still contingent, an approach that would be "unfair" to claimants that account for an estimated 75% of Integrity's liabilities, the liquidator says.

This approach would amount to a windfall for Integrity's reinsurers and would shift the liabilities to state guaranty funds, which would then pass costs along to insurers and ultimately to the policyholding public.

- To implement the "final dividend plan" proposed by the liquidator to wrap up the estate early.

Under the plan, the liquidator would estimate and allow the present value of all contingent claims, including IBNR claims; collect the present value of the claims from reinsurers; make a final determination of Integrity's assets and liabilities; and make a final payment to direct policyholders, closing out the estate.

Kenneth A. DeKoven, general counsel for the Integrity estate, said it is "unlikely" that the liquidator would ever pursue this option.

While the liquidator says the plan is the best option for policyholders, reinsurers—including Munich Reinsurance Co., the estate's largest reinsurer, and the Reinsurance Assn. of America on behalf of its members—object that the liquidator has no authority to carry out the proposal.

The liquidator initially intended to seek a court hearing on objections to the entire plan, but later agreed to an initial hearing—to be held Thursday—on the limited question of its statutory authority.

Reinsurers contend that New Jersey insurance liquidation law bars Integrity from allowing contingent claims. One section of the law states that "no contingent claim shall share in a distribution of the assets of an (insolvent) insurer," and that a claim must be "absolute against the insurer on or before the last day fixed for filing proofs of claim," Munich Re argues in its filings.

While the statute does not define "absolute," Integrity's contingent claims will not become absolute until the liabilities are fixed by judgments against policyholders, Munich Re argues, asserting that the claims cannot "magically be deemed 'absolute' by estimation."

"An IBNR loss cannot be determined or proved because there is no known event of loss or damage, no known claimant, no liquidated value and no amount of loss. Thus, there is no way to determine whether the loss is even covered under the relevant insurance policy," the RAA adds.

Both parties cite the California Court of Appeals June 14 rejection of a similar liquidation plan proposed for Mission. The court found that California law expressly bars estimation of contingent claims, and Mission's liquidator has since amended its plan to eliminate that provision (*BI*, July 29; June 24).

The California ruling "could not be more relevant to the present case," according to Munich Re, which argues that the language of the California statute is "virtually identical" to New Jersey law and that "to dispute this point would be an exercise in meaningless semantics."

In its own filings, though, Integrity's liquidator does dispute the point and maintains that state law gives it authority to carry out the plan.

While the Mission ruling was based on a California statute that specifically bars unliquidated claims, "there is absolutely no similar language in (New Jersey law)...which would warrant a rejection of the liquidator's proposed plan," the liquidator argues.

Although Section 28(a) of the New Jersey law bars claims that are not "absolute," Section 28(b) allows contingent claims by third party claimants—as opposed to direct claims by policyholders—if the third parties can show they would probably win a judgment against the policyholder. Because the first section of the law doesn't define "absolute," the liquidator contends that the term should be interpreted in light of the second section and read to include contingent claims "susceptible to reasonable estimation."

The liquidator also disputes the reinsurers' description of Integrity's IBNR claims: "IBNR losses are real losses based on events that have already occurred and are covered by Integrity's policies."

At least one Integrity policyholder has voiced support for the liquidator's plan: Lawyers for Fel-Pro Inc., a Skokie, Ill.-based engine parts manufacturer, wrote earlier this month to Superior Court Judge William C. Meehan urging approval of the plan.

Fel-Pro has been served with asbestos injury claims by about 13,000 plaintiffs, the company says in its Sept. 5 letter.

While it has agreed to "nominal" settlements in only 50 cases and 10,000 others have been dismissed without prejudice, the company receives 300 to 400 new claims "in an average month" and the dismissed cases "may be refiled at any time."

The company urges the judge to approve the plan or, if he rejects it, to require the estate to be held open for a runoff of at least 10 years. BI

OPIC

Continued from page 1

including self-described socialist Rep. Bernard Sanders, I-Vt., to block reauthorization of OPIC, by a vote of 260-to-157.

The bipartisan reauthorization measure, H.R. 3759, would have extended OPIC for five years and increased its insurance capacity to $25 billion from the current $13.5 billion.

Unless a compromise is hammered out, OPIC will no longer be able to write new political risk policies or issue project financing or other investment funds after Sept. 30.

Existing policies and contracts will remain in force.

Ruth Harkin, OPIC's president and chief executive officer, issued a statement shortly after the vote promising to "continue to work with Congress on a measure that will preserve OPIC's ability to create American jobs and U.S. exports." But with members of Congress anxious to get back to their districts as soon as possible to campaign for the November election, reauthorization may have to wait until next year at the soonest.

"It was a very surprising vote," said Peggy A. Houlihan, president of Washington-based Coalition for Employment Through Exports, a business-labor-state government group that supports OPIC.

Some legislators were "riding a wave" of anti-corporation sentiment she said, adding that she thinks the vote represented a symbolic nod in that direction rather than a real animosity toward OPIC in particular.

"We'll try to step back and get some sort of compromise. It's really up in the air. They need authority to continue operating beyond Sept. 30, and they need to be able to raise the cap," said Ms. Houlihan.

Ironically, OPIC's insurance operations actually earned $189 million for the federal government last year.

"This actually is a money maker, this actually contributes money to the Treasury," said Arnold Davenport, vp-risk management for Marriott International Inc. in Washington.

"It's a classic example of how government and industry can work together to further the interests of America at no cost to the government," he added.

According to OPIC's 1995 annual report, the agency wrote $8.6 billion in political risk insurance in 1995, up from $6 billion in 1994 and $2.8 billion in 1993. The coverage protects against three political risks:

- Currency inconvertibility: protecting the policyholder's ability to convert profits, debt service and other remittances from local currency into U.S. dollars and transfer those dollars out of the host country.
- Expropriation: protecting against nationalization, confiscation or appropriation by the host government.
- Political violence: protecting against loss of assets because of war, revolution, civil war or other politically motivated violence.

The private political risk insurance market can put together programs worth "several hundred million dollars" for the expropriation exposure, said Ken Horne, vp of Henry Ward Johnson & Co., Inc. in New York, a unit of Johnson & Higgins.

See **OPIC** *on next page*

OPIC

Continued from previous page

"The biggest impact of not having OPIC" would be in the areas of currency inconvertibility and political violence, he said, adding that the private market for these two coverages is limited.

"Inconvertibility is the weakest in the private market," said David Avasthi, senior vp with Minet Group in New York. He said that when private insurers cover inconvertibility, they usually do so as a "de facto" part of the expropriation and confiscation coverage. The underwriters look at the original terms and conditions of the agreement with the host country.

If the agreement allowed convertibility, and the host country then reneged upon it, many private underwriters would consider it deprivation and therefore covered, although there could be a sublimit in terms of specific dividends or earnings covered.

He agreed that the private market for the war area is also weak. "The private market cannot compete with what OPIC was offering," said Mr. Avasthi.

"It remains to be seen whether the private market can pick up the slack. The private market is healthy right now. There's probably more overall capacity today then there has been for many years," Mr. Horne said.

Major underwriters in the private market include AIG Global Trade & Political Risk Insurance Co., Lloyd's of London, Citicorp International Trade Indemnity Inc., People's Insurance Co. of Singapore and UNISTRAT Assurances S.A.

But even the expropriation coverage available in the private market is not always plentiful, particularly for countries in which OPIC does not write political risk coverage, added Mr. Horne. For example, capacity for expropriation coverage for risks in Mexico, which is not among the countries for which OPIC offers insurance, is very tight, as is expropriation coverage for risks in China, he said. OPIC has not written political risk insurance for China since the Tiananmen Square massacre in 1989.

Mr. Avasthi noted that OPIC suffered from "some deficiencies." In addition to not providing coverage for projects in some countries, OPIC is not permitted to insure existing projects, he said. He also said that the application process for OPIC coverage can be cumbersome, particularly when the applicant is seeking more than $50 million in limits.

But the major dislocation facing risk managers if OPIC goes out of business involves how long the policy remains in force.

A shutdown of OPIC "will have an impact on the market. There are other alternative markets that are available, but they basically have some limitations. The major limitation is that if you're going into a country and making an investment there that you're going to need to have protected for a 20-year program, with OPIC you can get 20," said Richard Caines, vp-risk management for Tampa, Fla.-based TECO Energy Inc., an energy services firm. TECO has about $150 million in political risk insurance from OPIC to cover its electricity generating facilities in Guatemala.

By contrast, the private market coverage available generally renews after three years, he said. If a private insurer declined to renew at the end of the period and no one else would provide coverage, "you could be sitting there holding a huge investment without any insurance protection," he said.

"OPIC is the only market that I am aware of that you can get 20-year contracts," agreed Marriott's Mr. Davenport. Mr. Davenport said that while Marriott doesn't have a lot of coverage from OPIC, "we do some steady business with them."

"You can purchase insurance from other markets, but you have no guarantee that if things get bad that they will not withdraw from a particular country and not renew your coverage," he said.

The London political risk market could ultimately benefit from the congressional action.

"We place business with OPIC and we place business with the private market," said Russell Winter, political risk specialist at London brokers Nelson Hurst Political and Credit Risks Ltd. "This vote could mean that more business comes into London. But it will hurt U.S. investors overseas."

London brokers say the private sector market covering political risks for overseas investments is already bigger than the state sector, in terms of capacity for risk. The Lloyds' market can cover up to a limit of $500 million per project, while OPIC's limit is $200 million. But OPIC has always had two major advantages: its 20-year coverages and its war on land coverage.

Anthony Palmer, director of London brokers Berry, Palmer & Lyle, said the trend now in the private market is to offer longer terms of coverage and to insure war on land, the latter being offered by AIG. Lloyds underwriters usually offer coverage in terms of three years, but increasingly five-year coverages are offered. AIG is leading the way by offering a seven-year term. "Both are moving toward (longer terms), but are still short of 15 to 20 years," said Mr. Palmer.

Meanwhile, some U.S. companies will be at a disadvantage as they consider possible overseas expansion.

"A lot of investment bankers, when they're looking to provide financing for large infrastructure projects, look at the OPIC guarantee as very important," said J&H's Mr. Horne.

"I think it would probably have an impact on many U.S. companies ability to commit funds to third-world countries where the risk is a little bit greater than the norm," said Mr. Caines of TECO.

And Minet's Mr. Avasthi predicted that the lack of OPIC coverage will mean that some projects won't come into being.

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Maria Kielmas contributed to this story.

Mental

Continued from page 2

the overwhelming support the two benefit mandates enjoy in Congress.

"Right now, things are not looking promising," said Leslie Pryor, senior director of government relations at the National Assn. of Wholesaler-Distributors in Washington.

"The lopsided House vote certainly increases the chances that these proposals will be passed—if not in the appropriations bill, then perhaps somewhere else," Ms. Pryor added.

Business lobbyists say their efforts to stop the two amendments are complicated by the upcoming elections and the public support the two proposals enjoy.

"An election year is not the best time to decide an emotional issue," said Julie Cantor-Weinberg, associate director of employee benefits policy at the National Assn. of Manufacturers in Washington.

And in Congress, both measures enjoy broad bipartisan support. Last week, the very liberal Sen. Edward Kennedy, D-Mass., and conservative Rep. John Kasich, R-Ohio, appeared together at a press conference to endorse mental care benefits parity.

While the odds may be against defeating the two amendments, business groups are not throwing in the towel. They are urging their members, especially on the mental health care amendment, to contact their representatives in Congress to voice their opposition.

"We have sent a memo to our members to get in touch with their congressional representatives to urge them to knock them (the amendments) out," according to the NAM's Ms. Weinberg.

While the battle may be uphill to defeat the amendments, "there still is time and an opportunity to be heard," said Frank McArdle, a consultant with Hewitt Associates L.L.C. in Washington. One political factor, though, could aid business groups in their efforts to kill the amendments: Traditionally, Congress does not add substantive amendments changing law to appropriations bills.

In view of that traditional reticence to legislate through the appropriations process, some Washington observers, like Mr. McArdle, say a deal could be struck in which the benefit mandates would be taken off the appropriations bill in exchange for quick consideration of the proposals either as free-standing bills or as part of other bills.

Meanwhile, employers are concentrating their fire on the mental health care amendments. Aside from philosophical objections about Congress legislating the design of employee benefit plans, employers say the mental health parity amendment is so poorly drafted as to invite litigation.

For example, notes Mark Ugoretz, president of the ERISA Industry Committee in Washington, the measure does not define mental health care services. That could open up legal battles on the kind of treatment that would have to be covered.

Others note that another amendment added on the Senate floor that would exempt benefit plans from equalizing annual and lifetime limits for mental health disorders and physical illnesses if parity increased plan costs by at least 1%, would cause its own set of problems.

For example, an employer might not know until the end of the year whether or not the provision increased costs by 1%. Then, there would be no mechanism for an employer to recover its costs.

In addition, the legislation doesn't make clear how employers would prove the cost impact of mental health care benefits parity.

"Would there be government auditors examining each plan?" asks the NAW's Ms. Pryor.

"Simply put, it would be unworkable," said Howard Weizmann, a managing consultant with Watson Wyatt Worldwide in Washington.

Benefit managers at corporations with generous mental health care benefits programs say one unintended effect of mental health care benefits parity could be reduction in benefits.

Faced with the cost of increasing limits for mental health care coverage, some employers might choose simply to eliminate mental health benefits, said Helen Darling, manager of health care strategy and programs at Xerox Corp. in Stamford, Conn. "Congress is making it less attractive to offer benefits, and some small employers may find the cost unaffordable." While the proposal mandating minimum coverage periods for maternity hasn't triggered the kind of opposition that mental health care benefits parity have, benefit managers say the proposal is another example of misguided congressional interference.

For example, Congress is moving to set a coverage mandate without doing any research on whether or not early discharges have, in fact, led to an increase in medical problems for newborns, said Suzanne Mercure, manager of benefits administration at Southern California Edison Co. in Rosemead, Calif. BI

Updates

Kemper seeks EMLICO review

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"In light of that comment, the Bermuda Court clearly would not be offended—and indeed would consider it appropriate—if Massachusetts promptly commenced a hearing and investigation of whether its own public officials were deceived," Kemper Re Chief Underwriting and Claims Counsel Richard J. Marcus said in a Sept. 5 letter.

"The division's reputation in the insurance industry stands to be damaged by its continued inaction," the letter added.

An Insurance Division spokeswoman said division officials are reviewing the letter but have not yet responded.

Dow Corning, insurers settle

BAY CITY, Mich.—Two more settlements with insurers totaling about $6 million have been approved by the bankruptcy court overseeing the reorganization of Dow Corning Corp.

A $5.25 million settlement with Stonewall Insurance Co. and a $700,000 settlement with Republic Insurance Co. bring to $1.1 billion the total value of settlements the Midland, Mich.-based company has reached with its insurers since a Wayne County court jury awarded coverage for its breast implant liabilities earlier this year (BI, Feb. 19).

Approximately $600 million of the settlements were for coverage-in-place agreements, while more than $500 million have been cash settlements in which insurers capped their liabilities, according to Edward Rich, Dow Corning's treasurer.

So far the largest settlement was a coverage-in-place agreement with units of American International Group Inc. reached just before the Feb. 14 jury verdict, in which more than $400 million in limits were at stake (*BI*, Feb. 12). In that agreement, both parties agreed to establish a sublimit on each policy for breast implant claims equal to 72.5% of total policy limits. The remaining policy limits will remain in effect for claims not related to breast implants. The AIG units also agreed to apply a continuous trigger in allocating the policies, according to Mr. Rich. However, Dow Corning agreed to hold off receiving payments until after January 2001.

Approximately 19 insurers have yet to settle with Dow Corning. While some are still negotiating with the company, others have filed post-trial motions seeking to overturn the coverage award. A hearing on these motions is expected to be held next month.

Lloyd's to cover oil rig blast

DIME BOX, Texas—The owners of an oil rig and a gas well that exploded in July and killed two workers in Texas have coverage with syndicates at Lloyd's of London to pay property losses from the accident.

The July 13 explosion occurred when drillers at the site in Dime Box struck a natural gas formation (*BI*, July 22).

Pride Petroleum Services Inc. of Houston, the owner of the rig, has replacement-cost coverage at Lloyd's to pay for the destroyed structure, confirmed Paul Bragg, vp and chief financial officer.

Mr. Bragg valued the rig at between $1.5 million and $3 million.

Well owner WCS Oil & Gas Inc. of Dallas has sufficient coverage to pay costs related to putting out the fire, cleaning up the site and other expenses, said Phil Luebbehusen, president of Burk, Luebbehusen, Ray & Co., WCS' Fort Worth-based insurance agent. Those costs haven't been determined.

Investigators from the Occupational Health and Safety Administration are looking into the accident. The Texas Railroad Commission, which regulates the oil and gas industry, said it is checking to see whether its safety requirements were met at the site.

Although the commission said just after the explosion that an investigation would include determining whether completion requirements were met, that should not be a consideration in this explosion because the well was not completed, said Bruce Stensrud, an owner and executive vp at WCS Oil & Gas.

"If you complete the well, that's when you file the completion papers" with the commission, said Mr. Stensrud.

One worker for WCS Oil & Gas was killed when the well exploded, as was a worker for another company providing services at the site.

Briefly noted

Lloyd's of London said Friday it has approved the formation of its **first wholly owned subsidiary in Japan**. Tokyo-based Lloyd's Japan Inc. KK is still awaiting licenses—it needs a separate one for each line of business—from Japan's Ministry of Finance, but those are expected before the end of the year under Japan's newly liberalized insurance laws. Lloyd's premiums from Japanese marine, aviation, transport and reinsurance business totaled $258 million in 1994. . . .New Jersey Attorney General Peter Verniero has **filed suit against the tobacco industry** seeking to recoup health care costs related to smoking and to prevent the sale of tobacco products to minors in the state. Tobacco companies had filed a pre-emptive action to block the suit, challenging the state's authority to use outside law firms on a contingency basis. . . .New York Gov. George E. Pataki signed into law **workers compensation reform legislation** that is expected to reduce premiums paid by employers by 25% (*BI*, July 15). The main provision of the law repeals a state court ruling that permitted employees receiving workers compensation benefits to sue equipment manufacturers who in turn could sue the worker's employer for part of any damages awarded. . . .A Seattle judge earlier this month awarded Weyerhaeuser Co. $1.9 million in **attorneys fees and costs** incurred in pursuing environmental coverage litigation against Commercial Union Insurance Co. A King County Superior Court jury returned a verdict awarding coverage to Weyerhaeuser in March (*BI*, April 1). . . .A.M. Best Co. has assigned an initial rating of A+ to Bermuda-based catastrophe reinsurer IPC Re; and an initial group rating of A- to Terra Nova Insurance Co. Ltd. of the United Kingdom and Terra Nova (Bermuda) Insurance Co. Ltd.

EXEL

Continued from page 1

The $50 million X.L. will receive under terms of the deal, which is expected to be closed in about 30 days, reflects three years' worth of prepaid premium totaling about $20 million, just under $30 million in reported and incurred but not reported reserves, and slightly less than $1.5 million in transaction fees.

Referring to the three years' of prepaid premium, Mr. Arton said, "A big piece of the deal is they wanted continuity of coverage and wanted to make sure they'd not wake up tomorrow" and find themselves without it.

Once the three years are up, X.L. expects to renew the policyholders "as bona fide X.L. insureds," he said. "We have an overlap with RAIL where we do provide some excess liability cover now for several of their insureds, so it's not like they're a stranger. The intention would be to continue all of the accounts," Mr. Arton said.

Robert J. Cooney, X.L.'s president and chief operating officer, said in a statement, "We are confident that we will be able to meet the needs of these sophisticated insureds through our ability to provide the broad coverage terms, large capacity and high level of service that the clients of both AEIA and RAIL have come to expect.

"X.L. is committed to the excess market, and these acquisitions are a key part of our strategic objective to grow our core insurance business."

Mr. Arton said the company's strategy is "to grow its businesses in areas that enhance or expand what we call the core franchise," its customer base of Fortune 500 and related companies. "We believe our growth opportunities are in providing more insurance product and services to them, and in addition expanding the definition of that core so we could broaden our customer base by selling either our existing products to new groups of customers, or new products to existing group of customers.

"But we recognize our current market is maturing and is competitive, so merger and acquisition activity is an alternative."

X.L. and AEIA in particular have similar origins. Marsh & McLennan Inc., which also helped organize X.L., organized AEIA with Johnson & Higgins in 1986.

Originally, five insurers—Aetna Life & Casualty Co., Chubb Corp., CIGNA Corp., Crum & Forster Inc. and Travelers Insurance Co.—agreed to provide excess liability insurance with limits of $75 million excess of $25 million.

At first, M&M said X.L. might be used to support AEIA. However, the two entities decided to operate separately, with each offering its own excess liability program, in part because of a disagreement between X.L.'s sponsors and American Excess' participating insurers over the policy form to be used by the line slip.

"They decided that X.L. would remain entirely offshore and (AEIA) would be onshore, and I guess in terms of dollars and premiums written our model worked pretty well," said Mr. Arton.

AEIA President John A. Traynor, who also serves as a vp of Chicago-based CNA Insurance Cos., one of the participating insurers, said one reason to sell the entity is "the market now is a lot more available to policyholders, and the original cause to create the organization has really disappeared."

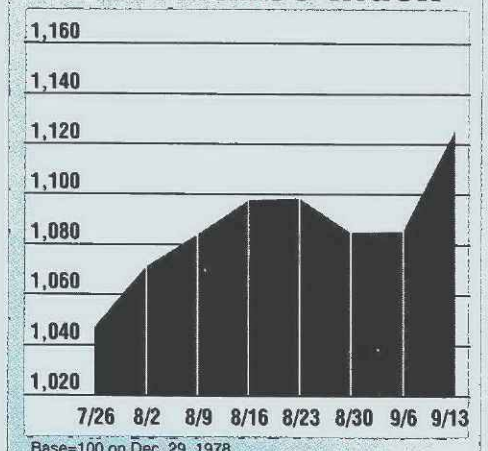
X.L. made an offer, and "we just felt the timing was right for the individual companies to go and complete the deal," said Mr. Traynor, who is based in Cranbury, N.J.

Besides CNA, insurers now on the slip are: Everest National Insurance Co.; Employers Reinsurance Corp.; Federal Insurance Co.; Fireman's Fund Insurance Co.; General Accident Insurance Co.; Indemnity Insurance Co. of North America; NAC Reinsurance Corp.; North American Specialty Insurance Co.; St. Paul Fire & Marine Insurance Co.; General Star National Insurance Co.; Travelers Indemnity Co.; and Zurich Insurance Co. (U.S. branch).

The facility has been operated under a management contract with Farmington Management Inc., a Travelers unit.

Plans for RAIL began in 1985 after railroad companies found they were facing a 75% decrease in coverage compared with the previous year. The business has most recently been managed by Bermuda-based Aon Risk Services in Bermuda. Members of RAIL include Amtrak, which is operated by the Washington-based National Railroad Passenger Corp., Richmond, Va.-based CSX Corp., Bethlehem, Pa.-based Union Pacific Corp. and Fort Worth, Texas-based Burlington Northern Santa Fe Railway Co. BI

BI Insurance Index



Base=100 on Dec. 29, 1978
Source: Nordby International Inc.

PCS catastrophe options

As of Sept. 13

Call spread	Price bid/ask	Call spread	Price bid/ask
Eastern September 1996		**California Annual**	
40/60	.5/4.0	40/60	.5/1.3
50/70	—/—	80/100	.3/1.1
80/100	.4/1		
Southeast Sept. 1996		**Western Annual**	
40/60	—/3.5	40/60	.6/1.5
80/100	.3/1	80/100	.4/1.3
Texas Sept. 1996		**Northeast Sept. 1996**	
40/60	.6/1.4	40/60	—/1.4
80/100	.2/1.2		

Total volume: 50 Total open interest: 5,987

For information on PCS cat options, call the Chicago Board of Trade at 312-435-3674.

Source: Chicago Board of Trade

British Issues

Sept. 12	Price	P/E	Div.	Yield	1 week
Companies	pence		pence	%	high—low
Comml Union	597	11.5	35.3	5.9	601—597
Genl Accident	645	9.7	38.8	6.0	650—642
Gdn Royal Exch	252	9.3	11.3	4.5	255—251
Independent	568	10.6	14.1	2.5	568—568
Royal & Sun	400	9.5	21.6	5.4	300—394
Brokers					
Bradstock	71	11.8	7.1	10.0	71—71
Fenchurch	98	6.6	10.6	10.8	100—98
CE Heath	88	10.4	6.3	7.2	89—88
JIB Group	113	11.2	9.4	8.3	113—112
Lloyd Thmpson	175	10.7	11.3	6.5	176—175
Lowndes Lmbrt	118	7.7	10.5	8.9	119—118
Nelson Hurst	186	11.4	9.8	5.3	186—186
Sedgwick Grp	126	9.8	8.1	6.4	126—126
Steel Brl Jones	37	4.8	5.6	15.1	37—37
Willis Corroon	133	12.0	8.3	6.2	133—130

Source: Philip Olsen, London

Fran

Continued from page 1

tricity because of the storm.

As the cleanup from Hurricane Fran continued late last week, the death toll from that storm stood at 36. Its heavy rains caused considerable flooding, the source of much of the damage in areas along the storm's path as it moved north and inland after making landfall Sept. 5 near Cape Fear, N.C.

"It's too early to tell" how many claims will come from Hurricane Fran, according to a spokesman for the Federal Emergency Management Agency, which administers the government-backed national flood insurance program.

However, "far too few people who should have flood insurance don't," the spokesman said.

As of May 31, 62,554 flood policies were in place in North Carolina representing $6.8 billion in coverage, and 91,013 policies were in place in South Carolina for $11.8 billion in coverage.

Flood coverage varied for other states affected by Fran. For instance, Virginia had 56,856 policies representing $6.4 billion in coverage; West Virginia, 14,713 representing $775.9 million; Maryland, 44,958 policies representing $3.9 billion in coverage; and Pennsylvania, 58,523 policies representing $4.5 billion.

The coverage insures structure and contents only, without coverage for business interruption.

As claims began accumulating and cost estimates were determined last week, some insurers were putting Hurricane Fran into perspective.

Late last week State Farm Insurance Cos. had received nearly 30,000 claims related to Fran. The Bloomington, Ill.-based insurer said it expects to pay $150 million in claims, making Fran the sixth-costliest hurricane in State Farm history. Hurricane Fran's cost to State Farm is about one-third the $480 million in claims the insurer paid out due to Hurricane Hugo, which hit the Carolinas in 1989, but more than 10 times the $12 million the company paid out due to Hurricane Bertha, which hit North Carolina in July.

Nationwide Insurance said Hurricane Fran will likely be the second-costliest natural catastrophe in terms of claim costs in its history, behind Hurricane Hugo. The Columbus, Ohio-based insurer has nearly 1.3 million homeowners, auto and commercial policies in force in North Carolina and expects to pay out about $150 million on an estimated 50,000 claims. So far, Nationwide has received 29,000 claims, most from North Carolina.

As of late last week, Northbrook, Ill.-based Allstate Insurance Co. had received 37,414 claims stemming from Hurricane Fran. A spokesman said the insurer won't have a cost estimate until all claims have been received.

Raleigh, N.C., was hit hard by flooding. The ground floor of the Crabtree Valley Mall in Raleigh was flooded, affecting about 75 stores, a spokeswoman said. The mall closed Sept. 6 and 7; the lower level remained closed Sept. 8.

Chris Mandel, director of risk management for Louisville, Ky.-based KFC Corp., estimated that KFC stores in the Raleigh-Durham area suffered $500,000 in damage, for which the company is self-insured.

Outside North Carolina, recovery appeared well under way. In Virginia, Mary Bannister, deputy insurance commissioner for the property and casualty division of the Virginia Insurance Bureau, said, "We've only had 23 people call into our consumer services section to complain about Hurricane Fran. That's nothing." BI

BI Industry Stock Report SEPT. 9, 1996, THROUGH SEPT. 13, 1996

BROKERS		Price	Weekly % change	Year to date % change	Year to date High	Year to date Low	Vol.(000)
Acordia Inc.	NYS	30.875	0.41	3.78	33.75	23.50	6
Alexander & Alexander	NYS	16.625	3.91	-12.50	25.50	15.38	280
E.W. Blanch Holdings Inc.	NYS	20.75	-1.19	-11.23	25.50	17.75	154
Gallagher Arthur J. & Co.	NYS	34.25	-0.36	-8.05	39.50	30.00	105
Hilb, Rogal & Hamilton	NYS	13.25	0.00	-0.93	14.38	11.38	49
Kaye Group Inc.	NDQ	6.75	25.58	-15.63	8.75	4.63	4
Marsh & McLennan	NYS	95	3.54	7.04	101.63	80.50	735
Poe & Brown	NDQ	23.75	0.00	-4.52	25.50	22.75	10
BROKERS	AVERAGE		4.0	-5.3			
INSURERS/REINSURERS							
ACE Ltd.	NYS	47	-0.27	18.24	50.38	32.75	840
Acceptance Insurance Cos.	NYS	17.75	0.71	19.33	18.63	13.13	54
AEGON N.V.	NYS	50.75	2.27	15.34	51.38	33.88	48
Aetna Life & Casualty	NYS	70.125	6.25	1.26	78.75	55.38	2654
AFLAC Inc.	NYS	34.875	1.45	20.26	36.50	24.38	604
Allied Group Inc.	NDQ	39.25	-0.32	9.03	44.25	31.50	83
Allmerica Prop. & Casualty	NYS	28.25	2.26	4.63	28.75	21.88	153
Allstate Corp.	NYS	48.375	4.59	17.63	48.38	33.25	3504
AMBAC Indemnity Corp.	NYS	56.375	3.20	20.27	56.38	42.00	270
American Bankers Ins.	NDQ	45.3125	-1.23	16.19	47.75	32.50	241
American Financial Group	NYS	33	4.35	7.76	34.50	27.75	363
American General	NYS	38.25	5.15	9.68	39.13	31.00	939
American Heritage Life Ins.	NYS	20.75	0.00	-9.29	24.25	19.00	36
American Indemnity/Fin'l	NDQ	10.25	2.50	2.50	13.38	9.25	6
American International	NYS	99.5	4.87	7.57	103.38	79.75	2557
American Re Corp.	NYS	63.5	0.20	55.35	63.50	36.25	1330
Aon Corp.	NYS	53.25	6.50	6.77	56.00	39.13	537
Argonaut Group	NDQ	30	-1.64	-7.69	35.00	28.75	51
AVEMCO Corp.	NYS	16.25	0.00	1.56	17.50	11.75	15
Baldwin & Lyons Inc.	NDQ	18.75	2.04	15.38	20.75	14.25	80
Berkley W.R. Corp.	NDQ	44	1.44	-18.14	55.50	40.25	97
Berkshire Hathaway Inc.	NYS	32150	1.42	0.16	38000.00	27900.00	1
Capital RE Corporation	NYS	39.375	3.28	28.05	39.38	28.00	45
CapMac Holdings Ltd.	NYS	30.75	6.03	NA	32.75	21.13	84
Capsure Holdings Corp.	NYS	17.375	-5.44	-1.42	18.88	13.00	424
Chartwell Re	NYS	24.75	5.32	NA	25.25	10.00	111
Chubb Corp.	NYS	44.875	1.70	-7.24	52.25	40.88	4014
CIGNA Corp.	NYS	120.5	4.33	16.71	125.50	95.25	707
CNA Financial Corp.	NYS	100.375	0.75	-11.56	123.25	95.75	66
EMC Insurance Group Inc.	NDQ	11.25	-2.70	-18.18	15.25	10.13	4
Everest Reinsurance	NYS	25.25	1.51	8.02	26.50	18.50	333
Executive Risk Inc.	NYS	34.5	3.37	18.97	38.25	22.00	228
EXEL Ltd.	NYS	32.5	-2.26	6.78	36.88	26.50	748
Fremont General Corp.	NYS	27.875	2.29	13.78	27.88	17.75	697
Frontier Insurance Group	NYS	39.75	1.92	24.22	40.88	27.50	94
Gainsco Inc.	NYS	10.25	2.50	-9.89	12.38	8.31	68
GCE Holding Ltd.	NDQ	24.125	2.12	NA	27.25	19.75	176
General RE Corp.	NYS	144.75	0.26	-6.61	158.25	138.75	1357
Gryphon Holdings	NDQ	13.875	8.82	-27.92	20.25	12.00	222
Guaranty National Corp.	NYS	15.875	10.43	3.25	18.13	13.38	118
Harleysville Group	NDQ	25.5	2.00	-21.24	33.00	24.50	76
Hartford Steam Boiler	NYS	45	-1.37	-10.00	52.50	43.25	121
HCC Insurance Holdings	NYS	29.625	0.42	60.14	32.75	12.38	1131
IPC Holdings Ltd.	NDQ	20.375	-0.61	NA	22.25	19.00	120
ITT Hartford Group	NYS	57.25	8.02	18.35	57.25	44.50	1966
LaSalle Re Ltd.	NDQ	24.125	2.66	NA	24.13	19.50	20
Lincoln National	NYS	44.5	2.01	-17.21	57.00	40.75	851
Markel Corp.	NDQ	85.5	-3.93	13.25	94.50	66.50	26
MBIA Insurance Group	NYS	81.75	1.55	9.00	82.38	68.75	287
Meadowbrook Insur. Group	NYS	28	1.36	-16.42	34.13	24.00	176
Mid Ocean Ltd.	NYS	41.125	0.30	10.77	43.00	32.63	197
MMI Cos. Inc.	NYS	32.5	-0.76	35.42	33.38	22.00	77
Mutual Risk Mgmt. Ltd.	NYS	29.25	-4.10	-14.75	34.88	26.88	122
NAC Re Corp.	NYS	39	-0.32	8.33	40.63	28.50	330
National Re Corp.	NYS	52.625	0.00	38.49	52.75	30.00	127
Navigators Group	NDQ	18.875	1.34	7.09	20.25	13.50	12
Nobel Insurance Ltd.	NDQ	11.375	-2.15	0.00	12.75	10.88	54
NYMagic Inc.	NYS	18.625	0.00	9.56	22.00	15.38	35
Ohio Casualty Corp.	NDQ	33	0.00	-14.84	40.00	30.00	213
Old Republic Int'l	NYS	24	7.26	1.41	24.38	18.00	594
Orion Capital Corp.	NYS	50.75	0.50	17.00	51.50	39.88	72
Partner Re Ltd.	NDQ	28.25	-1.31	2.73	31.88	23.75	1437
Penn-America Group Inc.	NDQ	15.625	0.00	9.65	16.75	10.50	9
Philadelphia Cons. Holding	NDQ	18.75	0.00	15.38	22.50	16.25	37
PXRE Corp.	NDQ	23.75	0.53	-10.38	28.25	22.25	145
Reliance Group Holdings	NYS	7.75	-1.59	-10.14	9.25	6.50	991
Reliastar Financial Corp.	NYS	46.25	2.21	4.23	51.63	38.25	155
RenaissanceRe Holdings Ltd.	NYS	28.5	-3.39	-6.17	33.13	22.88	85
Risk Capital Holdings	NDQ	17.25	2.99	-26.20	23.38	16.50	1111
RLI Corp.	NYS	25.375	2.01	1.50	25.88	21.75	31
St. Paul Companies	NYS	53.875	5.38	-3.15	60.50	50.00	922
SAFECO Corp.	NDQ	34.0625	3.61	-1.27	39.75	30.88	1195
Seibels Bruce Group	NDQ	2.3125	15.63	54.17	4.25	0.44	268
Selective Ins. Group	NDQ	32.75	0.38	-7.75	38.75	31.00	58
Sphere Drake Holdings	NYS	9.5	1.33	-32.14	19.13	8.13	109
TIG Holdings	NYS	29	2.65	1.75	34.25	24.63	924
Titan Holdings, Inc.	NYS	14.625	7.34	1.74	16.63	12.50	106
Tokio Marine & Fire	NDQ	58	-0.85	-12.12	69.25	50.88	25
Torchmark Corp.	NYS	44.875	3.76	-0.83	49.88	40.25	544
Transatlantic Holdings	NYS	68.25	-4.21	-6.98	75.25	62.38	140
Transnational Re Corp.	NDQ	23.75	-2.06	-3.06	27.25	20.88	56
Travelers Aetna Property	NYS	28	3.23	NA	28.50	23.13	351
Travelers Corp.	NYS	46.875	7.14	12.28	47.25	32.63	4220
Trenwick Group Inc.	NDQ	54	0.00	-4.00	57.50	46.00	193
Unico American Corp.	NDQ	8.75	11.11	40.00	8.75	5.50	241
Unionamerica Holdings	NYS	18.875	0.67	NA	19.00	14.75	32
United Fire & Casualty	NDQ	34.25	6.20	22.32	40.00	22.88	14
Unitrin	NDQ	49.25	0.00	2.60	51.75	44.25	144
UNUM Corp.	NYS	64.375	2.18	17.05	65.00	50.13	640
US Facilities Corp.	NDQ	17.75	4.03	-16.96	23.38	14.88	118
USF&G Corp.	NYS	17	5.43	0.74	19.50	14.25	3121
USLIFE Corp.	NYS	30.125	1.69	0.84	33.25	26.88	329
Washington National	NYS	27.875	-0.89	0.90	30.50	21.88	293
Zenith National Ins.	NYS	27.25	3.32	27.49	28.88	20.00	45
Zurich Reinsurance Centr.	NYS	30.75	6.03	1.23	32.63	28.13	130
INSURERS/REINSURERS	AVERAGE		2.0	4.7			
HEALTH MAINTENANCE ORGANIZATIONS							
FHP International	NDQ	37.25	1.02	30.70	37.25	21.75	1519
Healthsource Inc.	NYS	15.875	0.00	-55.90	40.88	9.75	2176
Humana Inc.	NYS	20.75	4.40	-24.20	28.88	15.00	6154
Oxford Health Plans	NDQ	46.875	9.01	26.90	55.25	27.69	12160
Pacificare Health Sys.	NDQ	81.125	4.34	-6.75	98.75	57.00	300
Safeguard Health Enter.	NDQ	19.75	0.00	69.89	22.50	11.25	46
Sierra Health Services	NYS	32.75	5.22	3.15	36.00	24.13	108
United Healthcare Corp.	NYS	42.375	9.35	-35.18	69.00	30.00	6743
Wellpoint Health Networks	NYS	31.375	0.00	-2.33	39.13	23.38	136
HMOs	AVERAGE		3.7	0.7			
ALL COMPANIES	AVERAGE		3.2	0.0			

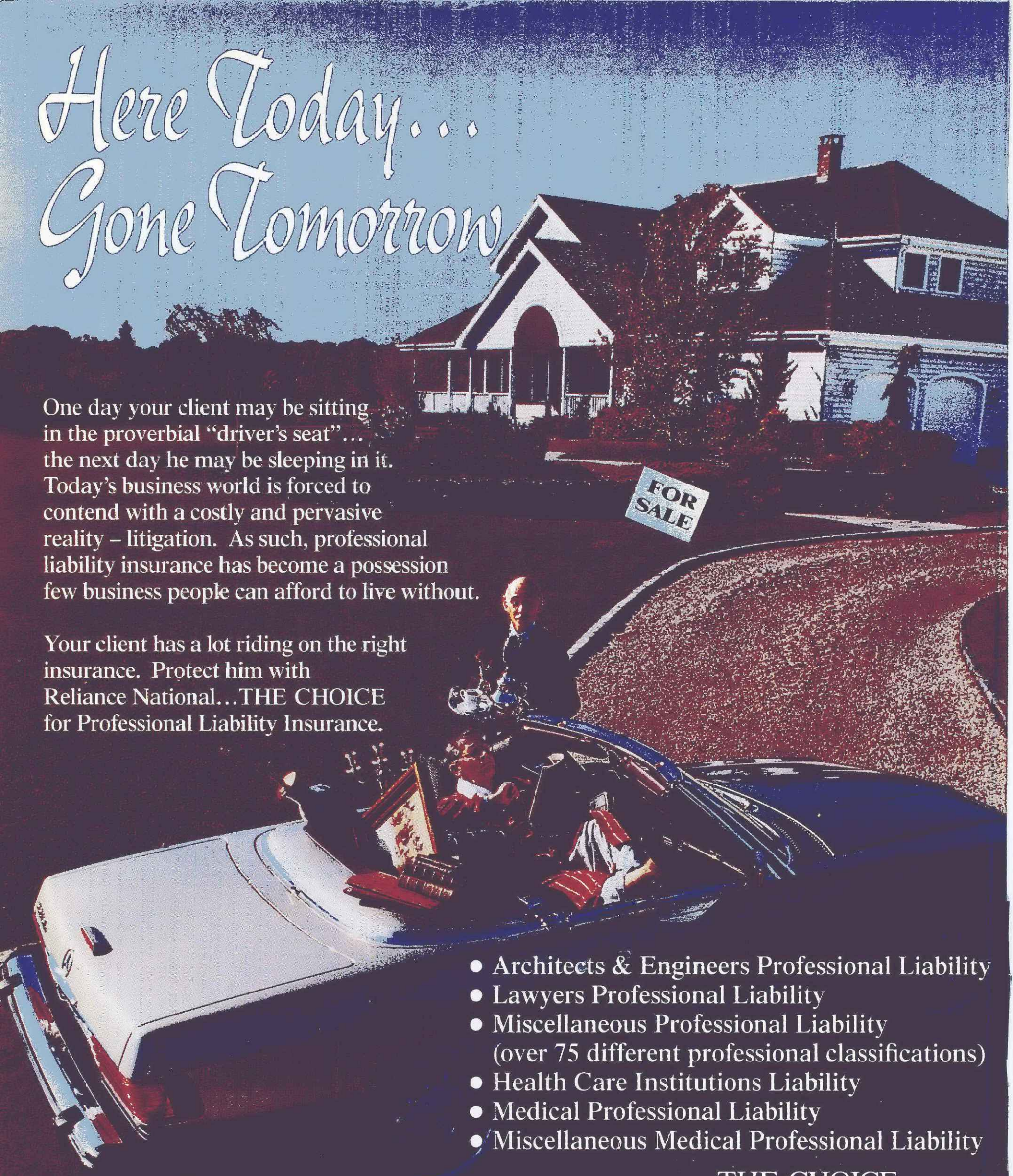
Top advancing issues: Kaye Group Inc., Seibels Bruce Group, Unico American Corp. Leading decliners: Capsure Holdings Corp., Transatlantic Holdings, Mutual Risk Mgmt. Ltd. Most active issue: Oxford Health Plans. The BI Index rose 3.6%; the Dow Jones 30 Industrials rose 3.2%; the S&P 500 increased 3.8% and the NYSE Composite gained 3.1%. Average P/E: Brokers, 15.2; Insurers/reinsurers, 37.7; HMOs, 35.1.

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