Pension promise: television review

page 28

New risk man views old issues

page 56

Legal world of product liability

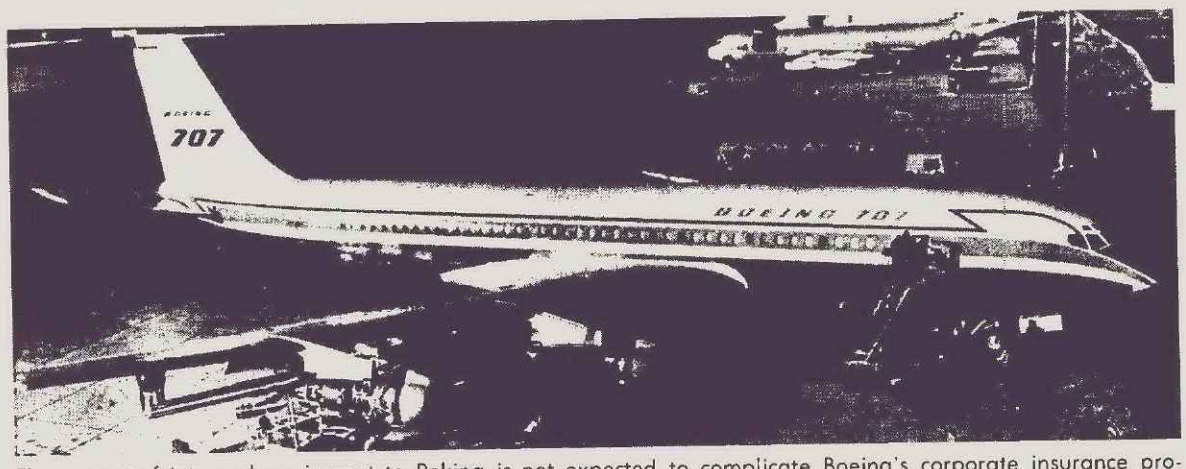
page 59

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45¢ a copy; $10 a year September 25, 1972

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The export of jets and equipment to Peking is not expected to complicate Boeing's corporate insurance program. The corporation's risk manager says any claims will be dealt with as they occur. —Wide World photo

Insurance troubles not expected from jets' sale to China

SEATTLE—Wrapping up the biggest Sino-American deal since the embargo on trade with China was lifted 15 months ago the Boeing Co. has reached an agreement to export $150 million worth of 707 jets and equipment to Peking. However, the deal is not expected to complicate Boeing's existing corporate insurance program, according to sources queried by *Business Insurance*.

The $125 million contract price for 10 jets is more than 20 times the price involved in the largest previous Chinese-American deal, which was engineered with RCA. Under a Department of Commerce export license, the total exchange of $150 million will be allowed to include supplementary jet equipment.

What will be the implications for the insurance market? It seems no one is really sure yet. John Look, corporate insurance manager for Boeing, emphasized that the Chinese deal is a venture without precedent, and that any claims that may arise will be dealt with as they occur.

As is all other product coverage for Boeing, the ten 707s will be insured by the United States Aviation Insurance Group. Johnson & Higgins of Seattle is the broker.

No special procedures have been formulated for processing any claims that may come through Chinese channels. Boeing will train Chinese ground crews here early in the spring. After the 707s are transported to Peking, Mr. Look said he expects that the Chinese will insure or reinsure the jets for their own purposes. But for Boeing, as for USAIG, there will be no direct dealing with Chinese insurers.

A USAIG spokesman painted much the same picture. Joking at first, he asked, "Can you imagine one of our men tramping through the Mongolian jungles to settle a claim?" But he was quick to point out that as far as he knew, the deal would not have any special ramifications for the insurance market, either nationally or internationally. All coverage is to be through the normal markets.

Continued on page 2

McGovern names pension advisers

See related stories on pages 4 and 12.

WASHINGTON—Sen. George McGovern will be advised by a variety of senior citizens and specialists on retirement problems—including several backers of the Senate's major pension reform bill—before coming out with detailed campaign proposals on how to help the aged.

The advice will come from a 57-member "McGovern-Shriver Committee for Older Americans." McGovern/Shriver headquarters said the new committee includes Mrs. Rose Kennedy; former Illinois Sen. Paul Douglas; Mrs. Robert S. Shriver, mother of the Democratic vice presidential candidate; and Rev. Martin Luther King Sr.

Also on the committee are Sen. Thomas Eagleton (D.-Mo.), Sen. Frank Church (D.-Id.), and a dozen others ranging from Congressmen to labor and senior citizen leaders who have expressed support for the private pension plan reform bill of Sens. Harrison A. Williams (D.-N.J.) and Jacob Javits (R.-N.Y.) that is now awaiting a Senate vote. Sen. Eagleton is a member of the Senate labor committee, which unanimously voted the bill out to the Senate floor.

Sen. McGovern is said to consider the Williams-Javits bill an initial step toward reform of the private pension system but so far has not made it part of his presidential campaign.

The committee's recommendations will be compiled by a special task force on aging into a proposed program on problems of older people. The program will be announced by Sen. McGovern before the end of this month or in early October, McGovern/Shriver headquarters said.

Members of the task force include Esther Peterson, former special assistant to President Johnson for consumer affairs, and Wilbur Cohen, dean of education, University of Michigan, and former Secretary of Health, Education and Welfare. ■

BI contest winners: The best in the field

CHICAGO—Winners have been chosen in the *Business Insurance* Benefits Communication Awards competition, the first nationwide competition honoring employers for excellence in telling the benefits story to their employes.

Awards to employers and citations for their consultants will be made at an awards dinner on Tuesday, Oct. 23, at the Hyatt Regency O'Hare near Chicago's O'Hare airport. The dinner is the opening event of the *Business Insurance* Benefits Communication Workshop, described in detail on page 10. (See story on related workshop on page 3.)

More than 100 entries in five categories were received from a wide range of employers, including many of the nation's blue-chip companies. Judges, who praised the overall quality of the benefits communication items, were:

Harold Gully, manager, public relations department, Leo Burnett Co. Inc.; George K. Gunderson, vp, Lithographers & Photogravers International Union local 245; Louis A. Lerner, publisher, Lerner Newspapers, Chicago; Ned A. Miller, vp, Compensation Planning Corp., New York, and a *Business Insurance* contributing editor; and William A. Robinson, president, William A. Robinson Co., marketing consultants, Northbrook, Il.



Judges Harold Gully, William Robinson and George Gunderson spent long hours critiquing more than 100 entries in the BI benefit communication contest. —*Business Insurance* photo

Attendance at the awards dinner is included in the tuition for the Benefits Communication Workshop. Representatives of employers who entered the contest and their consultants may attend the dinner and cocktail hour by making reservations at $25 each by writing *Business Insurance*, Awards Dinner, 740 Rush St., Chicago, Il. 60611. Tables for 10 are also available. ■

Ann-Margret probably insured for non-appearance through London

LAKE TAHOE, NV.—Insurance coverage on actress-entertainer Ann-Margret, who fell from a 22-foot-high scaffold just prior to a performance of her new $100,000 act at a hotel here, was probably written in London, according to insurance industry sources.

Insurance details were not immediately available but spokesmen for the two largest insurers specializing in entertainment risks, Fireman's Fund American Insurance Co. and Pacific Indemnity Co., reported that their companies did not write Ann-Margret's coverage.



"If it wasn't written by one of us," one of the spokesman said, "It was almost certainly written in London, if it was written at all. Anyone can write a policy but the overwhelming bulk of the business is handled in these three areas."

THE SOURCES told *Business Insurance* that, if Ann-Margret was covered, it would be by a non-appearance type of policy, which would protect her against out-of-pocket losses. "She has a choreographer, musicians, costumers and many other people associated with her act who have to be paid anyway," one source pointed out. "This kind of coverage is for continuing expenses even while she cannot perform."

The 31-year-old entertainer suffered five facial bone fractures, a broken jaw and a broken left arm when she fell from the scaffolding as she was mounting a platform built in the shape of an outstretched hand. This platform was used to lower her onto the stage for her entrance.

The insurance sources also guessed that she had accident coverage to take care of medical expenses.

The attorney for the Del E. Webb Corp. of Phoenix, owner of the Sahara Tahoe Hotel where the accident occurred, refused to talk about the hotel's coverage "except under court order."

AGAIN speculating, one of the insurance men noted that while non-appearance insurance on performers was available to hotels, it was rarely purchased. "They can usually get a replacement in a hurry so they really don't worry about it too much," he said. Roger Miller replaced Ann-Margret as the hotel's headliner the day after the accident.

The source said he also felt that the hotel had probably not made special insurance arrangements for her performance because, in his experience, they would normally be covered under existing policies.

For example, he said that any hotel's comprehensive general liability policy would protect it against any liability judgments against it and that special liability coverage would not be necessary.

It was reported that, because of the star's injuries, a television special slated for Nov. 29 would be postponed but a later announcement said that it would run as planned. ■

Require new commercial reflectors

WASHINGTON—Motor carriers operating interstate trucks and buses must use emergency reflective triangles on the vehicles after Jan. 1, 1974.

The Federal Highway Administration's bureau of motor carrier safety will require commercial trucks and buses to place the warning devices on or near the highway when their vehicles are disabled. The new requirement does not ban emergency warning devices that have self-contained power sources, such as liquid-burning emergency flares and red electric lanterns. According to Robert A. Kaye, director of the bureau of motor carrier safety, "these devices may be very useful to supplement the triangular warning devices; therefore we will allow them to be carried and used as supplementary warning devices."

Red flags, red emergency reflectors and emergency triangles that do not meet the performance standards of the new Motor Vehicle Safety Standard No. 125 must be phased out before the 1974 deadline. ■

China buys ten 707s

Continued from page 1

Until there is cause to test otherwise, the USAIG man indicated that the same channels for settling claims would be used for the Boeing 707s as for any other case the company currently insures. Any legal problems would likely be processed through U.S. courts rather than People's Republic of China courts.

UNITED AIRCRAFT Corp. the company that manufactures the engines for the Boeing 707s, was questioned about the ultimate product liability risks it might face. Again, it seems that no substantial insurance difference exists because of sale to China. R. G. Hugel, United Aircraft's insurance manager, said that the engines slated for sale to Peking have no additional product liability coverage beyond the all-inclusive policy his company carries in the world markets.

The $150 million deal, settled just a few weeks ago, followed five months of arduous negotiating between nine Boeing officials headed by Byron H. Miller, six United Aircraft officials, and a team of expert Chinese lawyers.

DURING what Mr. Miller called "the most rigorous negotiation I've ever been involved in," Boeing drew up a 125-page contract with the Chinese.

The contract was combed by the rival teams 10 times, paragraph by paragraph. When all points were resolved, the Chinese threw a gala dinner party for their American guests. The contract was signed the following morning, Saturday, Sept. 9.

A down payment of $6 million was expected to be turned over to Boeing shortly after the signing, with the final cash payment for the jets scheduled to be made by the time the last one is delivered in the spring of 1974. ■

GUIDE TO FEATURES

Washington Watch 4
Info for Buyers 8-9
London Line 16
Opinions 22
For the Record 36
Perspective 43-44
Giles on the Law 47
Dates for Buyers 52

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How to meet the product liability challenge is topic of BI workshop

See related workshop story on page 10.

CHICAGO—Nationally known experts on key aspects of the pressing problem of product liability will conduct sessions of the *Business Insurance* Product Liability Workshop to be held Monday and Tuesday, Oct. 23 and 24, at the Hyatt Regency O'Hare near O'Hare airport in Chicago.

As product liability claims spiral under the goad of the consumer revolution, an increasing number of corporate executives have become enmeshed with the prevention of such claims.

Techniques of meeting these challenges will be reviewed by authorities in the fields of law, insurance, corporate management, risk management and product testing at the one-and-a-half day Product Liability Workshop, an expansion of a *Business Insurance* session on the



Ralph M. Parilla

same subject that drew praise from participants last January.

TWO SIDES of the legal aspects of product liability will be reviewed by outstanding members of the Chicago trial bar.

- Leonard M. Ring, an active plaintiffs' lawyer affiliated with the American Trial Lawyers Assn., will discuss with participants the attitudes and techniques employed by attorneys who represent complainants in product liability suits. Mr. Ring is the attorney who brought the successful suit to strike down the Illinois no-fault auto insurance law, and he has a nationwide reputation as an innovative trial attorney.
- Michel A. Coccia, attorney with Baker & McKenzier, Chicago, and chairman of the product liability committee of the Defense Research Institute, will offset Mr. Ring by discussing with workshop participants the methods that defense lawyers use to answer product liability suits. He will talk specifically about techniques that corporate managers can apply to successfully cooperate with defense counsel.
- Donal Breting, vp of Underwriters' Laboratories Inc., will discuss the interrelationship of product testing, product safety and product claims. As the executive in charge of follow-up services for UL, Mr. Breting has wide experience in working with industry on product testing and product safety.
- Robert Schaible, product manager-liability for Employers Insurance of Wausau, will review the relationship liability insurers have to their policyholders. As a veteran insurance executive with wide experience in claims handling, Mr. Schaible has the capacity to translate insurance policy terms into actual product claim situations.

On-the-spot experience with product liability claims handling, insurance and defense will be

Continued on Page 60

Register by telephone

CHICAGO—Listfax telephone numbers have been established for *Business Insurance*'s Product Liability and Employe Benefits Communications Workshops. Those who call in may have their reservations confirmed immediately at early registration prices stated on this page.

To register toll-free, call **800-243-6000.** Connecticut registrants have their own number: **1-800-882-6500.**

An operator will confirm your registration in either or both workshops.

WORKSHOP REGISTRATION

Mail to: Workshops
c/o Business Insurance
740 Rush Street
Chicago, Il. 60611

Please enter my early registration for:

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- ☐ **Product Liability Workshop (October 23-24)**
- ☐ **Benefits Communication Workshop (October 24-25).**

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washington watch

McGovern campaign still unsure how to handle pension reform plan

By JOHN REVETT
Washington editor

WASHINGTON—The McGovern campaign appears to be building up the momentum everyone has said it must have if there's to be a real presidential race in the next few weeks. There is a bit less stress now on staff responsibility problems and other internal difficulties, in which the campaign had been spinning its wheels earlier.

But troubles still exist behind the scenes for the Democrats, and one of them is the question of how Sen. McGovern should deal with pension reform.

So far he has picked up some of Ralph Nader's proposals for private plan reform, stating to the Senate in June that, "the best approach would be to take the management of pension money out of employers' hands and permit each employe to select a fund in which to establish a retirement account."

Employers would still contribute toward their employes' retirement under this approach, "and they would still get tax deductions for those contributions. But instead of creating their own funds, they would pay into funds selected by the employe."

MAJOR advantages for employes would be "immediate vesting" and complete portability, said Sen. McGovern. He said, "the fact that employers would no longer be responsible for the administrative work associated with pension plans would make it feasible for many new employers to begin pension programs for their employes." He also recommended that future minimum wage legislation include "requirements for minimum employer contributions to pension funds," since pension contributions "are, after all, deferred wages."

The difficulty stems from differences over how hard Sen. McGovern should hit on these points and how much of an issue he should make of his opposition to the Nixon Administration's proposed pension changes as the campaign progresses.

On the surface, it might seem that the answer is simple: The Democratic candidate should blast the Republican incumbent's proposals as pro-rich and anti-working-man and vigorously espouse his own as the answer to the needs of the people. Indeed, Sen. McGovern has called the Administration's legislation "phony pension reform" that "ignores the pension needs of most older Americans and offers new tax breaks to the affluent few." The Nixon-backed legislation would permit self-employed professionals to deduct 15% of their income for private pension savings; it would also allow 20% deductions for employes of companies without plans and a schedule of smaller deductions for employes who contribute to employes who contribute to employer-administered plans.

THE DEMOCRATIC candidate has also said the administration's "rule of 50" vesting proposal (under which a 35-year-old employe with 15 years on the job would begin vesting) "would provide little or no protection for millions of workers" and would cause many employers to be reluctant to hire older workers.

The problem Sen. McGovern and his aides are considering—as they put together a detailed McGovern program for the aged, due out this month—is the effect a campaign battle over pensions could have on the Williams-Javits reform bill. The bill is generally considered a reform law that could pass the Senate this year—provided it holds on to its bipartisan base of support.

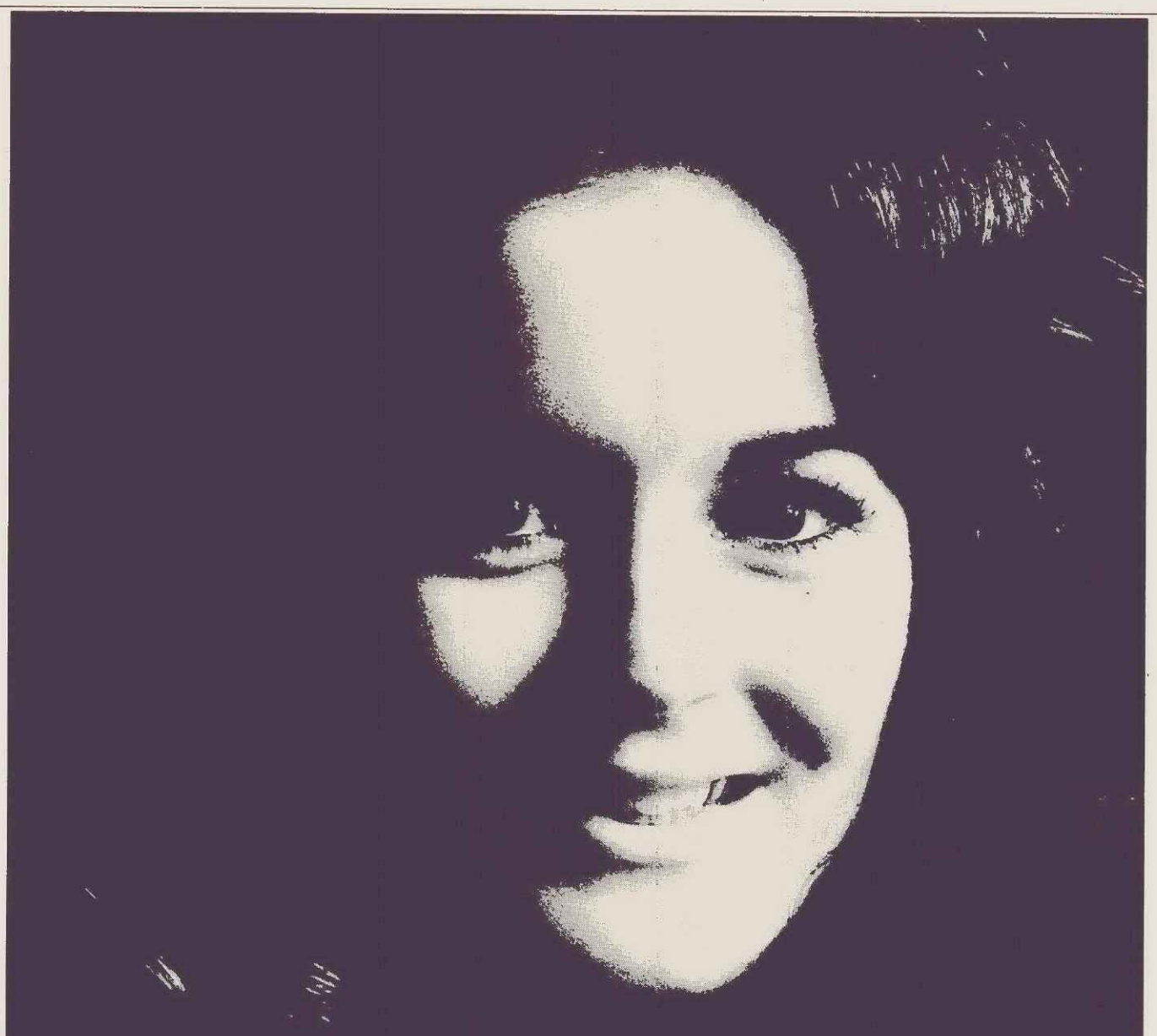
There are those who feel Sen. McGovern could get more Senate support for his presidential campaign and pick up more voter backing if he came out for the bill instead of putting his efforts solely behind new reforms that probably would require a rehashing of the whole pension problem.

INDICATIONS are that Sen. McGovern may give at least token backing to the measure when he announces his program for older Americans. One aide said the candidate "may point to the Williams-Javits bill as a good start or something to that effect."

Others, however, say pension reform "is an important campaign issue for Sen. McGovern and he wants it to be. He wants to show the difference between his approach and the Administration's." They feel that the Nixon campaign's relative silence on the issue, giving heart to Williams-Javits supporters who want Republican senators to stick with them, "doesn't really mean anything. We think what the Administration really wants is to slow down pension reform this year to see if it can get more of its own people into Congress in the election. Then they'll dump the Javits bill."

Thus, according to this thinking, Sen. McGovern has nothing to lose by going all out for the kind of reform he feels is needed and giving second place, if any place at all, to the pending Senate legislation.

Yet another view, coming from Capitol Hill staffers who have heard witness after witness tell of losing pension benefits, is that both the Nixon and McGovern campaign should back the Senate bill, to bring basic reform before more people have to be brought in to tell of their losses. ■



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Insurance bid accepted

The Lynden Wa. school board has accepted the bid of Snapper & Schuler Insurance Agency for the school district insurance, although it was slightly higher than another bid. The board took the higher bid, $12,803 against $12,224 from Noteboom, Byeman & Hendricks, because the higher bid had fuller coverage, said Claude Case, superintendent.

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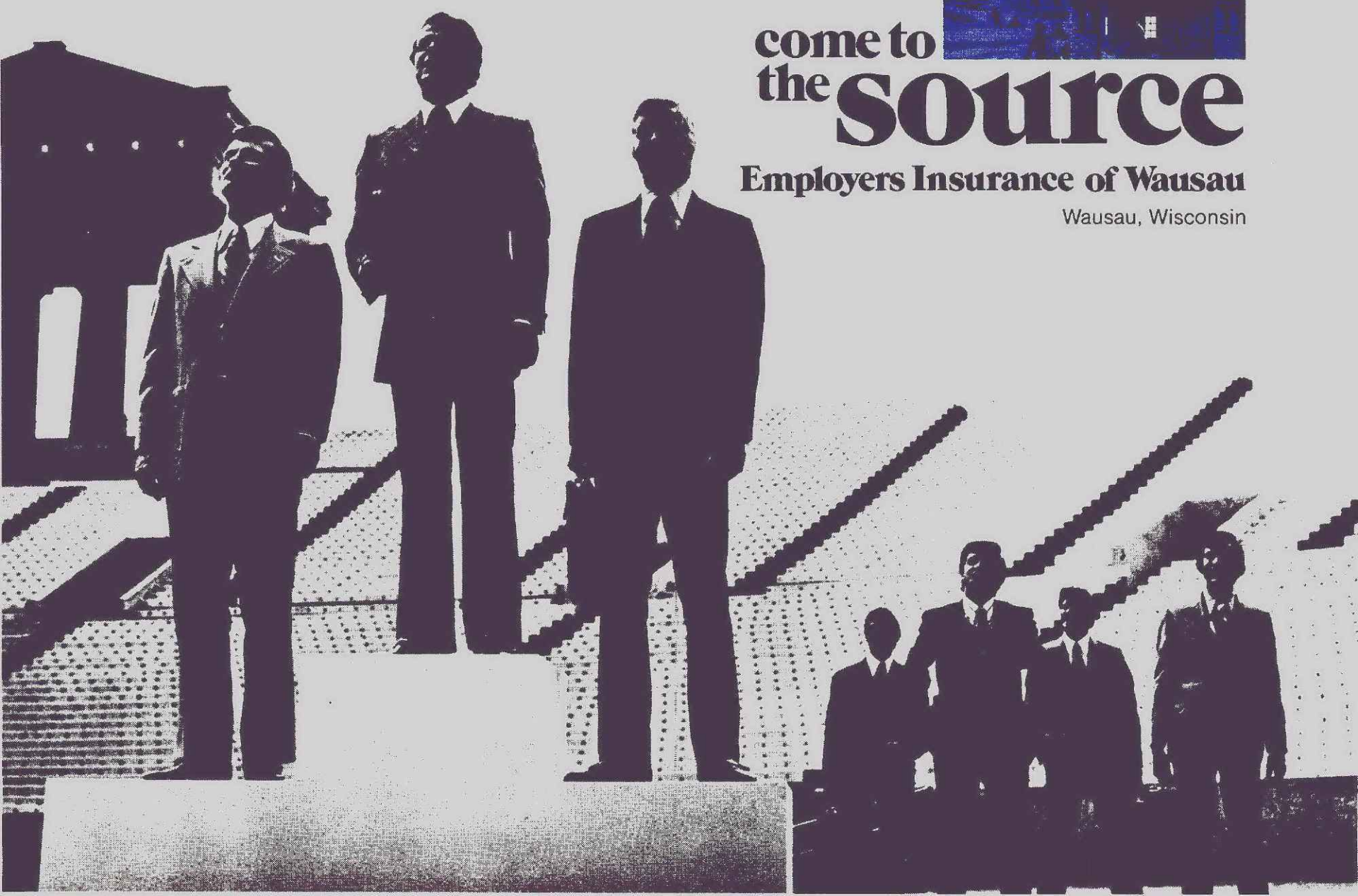
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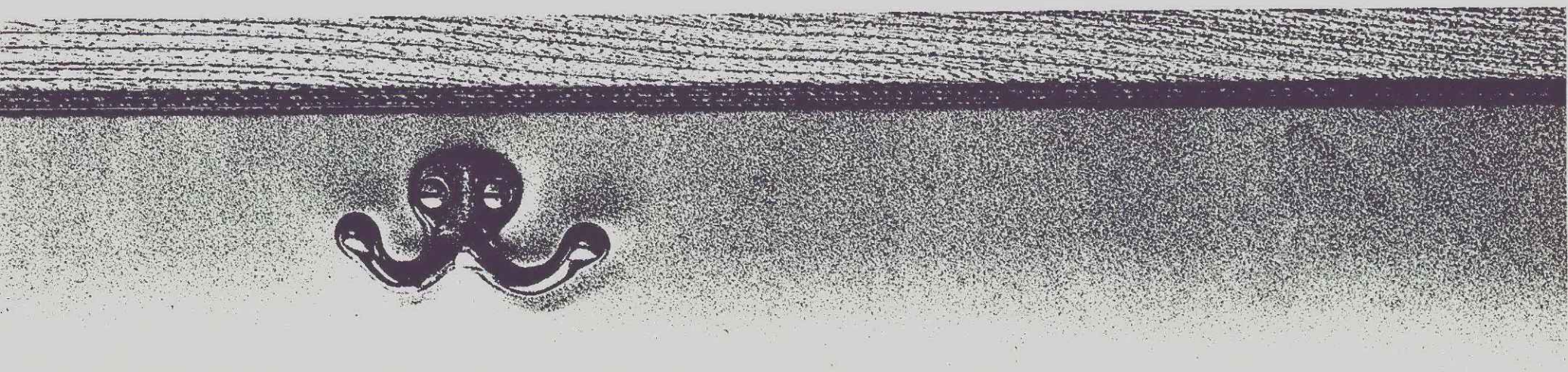
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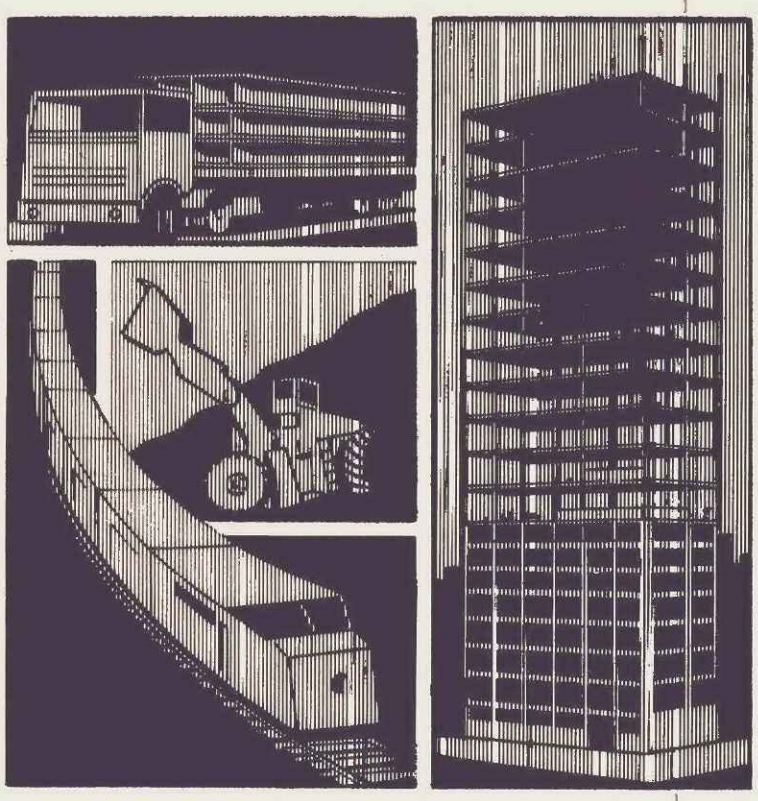


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info for buyers

THIS SPECIAL Info for Buyers section features an array of audio-visual materials of special interest to readers of *Business Insurance*. To receive more information on the motion pictures, slide presentations and film strips offered here, write to the name and address accompanying each item. Readers are welcome to submit items for possible inclusion in the column. A sample of your literature should be sent to Info for Buyers, *Business Insurance*, 740 Rush St., Chicago, Il. 60611. And now, the Info Film Festival:

☆ ☆ ☆ ☆

• **The Man from OSHA,** available as a slide presentation or a 16 mm film from Fred. S. James & Co. is an aid in alerting supervisory personnel to OSHA compliance regulations. The film includes examples of frequent violations and offers specific suggestions for avoiding them. For more information write the Corporate Safety Director, Fred. S. James & Co. Inc., OSHA Information Center, 230 W. Monroe St., Chicago, Il. 60606.

• **Ready . . . or Not?,** a 14-minute color film from Employers Insurance of Wausau, aims at persuading individuals to be prepared should they be the first to arrive at a serious accident. Although primarily motivational, the film does stress the handling of potentially fatal situations. A companion film produced in 1969,



Before the Emergency, highlights community action toward the same goal. To obtain either on free loan, contact an Employers representative, a Modern Talking Picture Service film library or the Film Librarian, Employers Insurance of Wausau, Wausau, Wi. 54401.

• **City Driving,** a slide presentation available from the National Safety Council, is intended for drivers in metropolitan areas and points out many possible dangers facing the urban motorist. The set consists of 30 slides and a 16-page script book. For price information write the council at 425 N. Michigan Ave., Chicago, Il. 60611.

• **RipOff** is a timely 22-minute color film designed to reduce burglary losses among commercial establishments by demonstrating the various methods available to protect commercial premises against burglary. The movie was produced in commercial establishments using authentic burglary prevention and detection equipment. For price details and more information write Aptos Film Enterprises, 120 Thunderbird Dr., Aptos, Ca. 95002.

• **OSHA Made Clear,** produced by the Greater Los Angeles chapter of the National Safety Council, is a 20-minute audio-visual presentation explaining and updating OSHA regulations. For purchase or rental information write the film library, Greater Los Angeles Chapter, National Safety Council, 3388 W. 8th St., Los Angeles, Ca. 90005. The film library has also recently made available a new catalog of safety and training films.

• The Chamber of Commerce of the United States has released a videotape presentation explaining employers' rights under OSHA. The program includes a panel of experts and discusses inspections and enforcement, management considerations and safety and health standards. Also available in videotape is **A Short Course on Job Safety.** For price information write the Chamber of Commerce of the United States, audio-visual department, 1615 H St., N.W., Washington, D.C. 20006.

• **School Bus Evacuation,** available from the National Safety Council, is a slide show giving school bus drivers step-by-step suggestions covering major aspects of evacuation, from placing warnings on the highway to teaching select students how to stop the bus in case the driver is incapacitated to reducing panic and injury. For more information write the membership department of the council, 425 N. Michigan Ave., Chicago, Il. 60611.

• The Fire Research Institute of America, a division of Close Productions Inc., has produced a series of audio-visual filmstrips comprising a complete training program of interest to paid firemen, volunteers and those concerned with fire protection. A preview highlights film and more information may be obtained by writing the institute, 2020 San Carlos Blvd., Fort Myers Beach, Fl. 33931.

• **Keep It Clean for Safety's Sake** and **Safety Attitudes,** two films produced using the "anti-motion" filming technique, have been made available by the National Safety Council. The first stresses the need for careful housekeeping in the plant, office and home; the second illustrates how attitudes affect traffic and industrial accidents. For more information write the council at 425 N. Michigan Ave., Chicago, Il. 60611.

• **OSHA Whim-Whams,** a motion picture explaining OSHA to agents and commercial insureds, has been made available by Royal-Globe Insurance Cos. The film tells the story of three risk managers faced with the "OSHA whim-whams" who utilize Royal-Globe's loss prevention and control representatives. For more information write the company at 150 William St., New York, N.Y. 10038.

• The Department of Transportation has issued a Federal Aviation Administration film catalog listing over 50 available films and slide series which can be obtained through the FAA. Also included are complete instructions for screening the films

and ordering. For your copy write the FAA, Department of Transportation, Washington, D.C. 20590.

• **Small Cars and Crashes,** available from Harvest Films Inc., 309 Fifth Ave., New York, N.Y. 10016, is a presentation of a series of experimental head-on crashes between six "economy" sized cars and six standard family sedans conducted by the Insurance Institute for Highway Safety. The film explains and shows the exposure to risk that occupants of the cars face in actual crashes. For price details, write the company.

• **Product Liability—Loss Prevention and Control** is a full color audio-visual filmstrip made available by the Kaiser Aluminum & Chemical Corp. The 30-minute program, designed to stimulate employe awareness of product liability problems in all areas of design, development, production, sales and marketing,



explains in layman's terms the current law of product liability and its evolution. It highlights the importance of loss prevention and suggests a possible corporate structure and policy to deal with the product liability problem. For more information write the company, 759 Kaiser Bldg., 300 Lakeside Dr., Oakland, Ca. 94604.

• **Violence and Vandalism,** a 16-minute color film produced by American Educational Films, discusses the causes of violence and vandalism and their cost to schools. Written by Marilyn Elias and narrated by Hugh O'Brien, the film proposes answers that young people can understand. For more information on possible uses and costs write American Educational Films, 331 N. Maple Dr., Beverly Hills, Ca. 90201.

• A 15-minute, 16 mm color film on the most frequently raised questions consumers ask on no-fault auto insurance has been made available on a free loan basis by West Glen Films, 565 Fifth Ave., New York, N.Y. 10017. Produced by Travelers Insurance Cos., the film employs non-technical and easily understandable language. Allow four weeks from ordering to the date of showing, and specify an alternate date.

• **Fall Guy Follies,** an employe hand-out pamphlet prepared by the National Safety Council, clearly illustrates the major causes of disabling or fatal falls in industrial situations and tells how to overcome potential falls through caution, common sense and the alleviation of hazardous conditions. The illustrated leaflet may be used in conjunction with a National Safety Council film on falls entitled **Down and Out.** For quantity price information write the council, 425 N. Michigan Ave., Chicago, Il. 60611, referring to stock number 193.22.

• **What is Value?,** a 25-minute slide presentation, defines and illustrates the proper applications of the various terms of value for clear communication in business transactions. For more information write John Heath Jr., Marshall and Stevens Inc., 1645 Beverly Blvd., Los Angeles, Ca. 90026.

Union accuses Canadian GM of attempting to raid jobless fund

TORONTO—A charge of trying to plunder an unemployment insurance fund has been leveled at General Motors of Canada Ltd. in Oshawa, Ont. by United Auto Workers.

The union alleges that the automobile manufacturer is attempting to raid the unemployment insurance fund by securing government permission to have the fund pay out the first 15 weeks of sickness and accident benefits following a waiting period of two weeks.

The Unemployment Insurance Commission has been urged by United Auto Workers to revoke the approval given to General Motors to become "second payer" under the firm's accident and sickness program.

General Motors is the sole major company with which the union has agreements that has applied to have the Unemployment Insurance Commission carry most of the financial burden of sickness and accidents, the union contends.

THIS CHARGE was leveled at a press conference here by union executive George Specht, administrative assistant to UAW Canadian director Dennis McDermott, and Steve Nimigon, chairman of the Canadian UAW General Motors council.

Under the sickness and accident provisions of the unemployment benefit setup, the commission pays a maximum of $100 a week for up to 15 weeks. A majority of employes are entitled to about $110 a week for up to 53 weeks under General Motors' present plan.

A supplement designed to make up the difference between commission benefits and what would have been paid under the company's plan had been offered by General Motors but the union refused to go along with this proposal. It maintained that by withholding it, General Motors would not qualify to have the Unemployment Insurance Commission become the initial payer.

Meanwhile, the director of public affairs for the Unemployment Insurance Commission, J.C.Y. Charlebois, declared that any controversy over whether mutual consent is needed should be settled by the company and the union alone.

MR. CHARLEBOIS pointed out that the plan presented to the UIC by General Motors was acceptable regardless of whether there was mutual consent or whether a supplement is involved.

At a recent meeting in Detroit, the union was told by General Motors that it would not pay any supplement because of the union's refusal to give mutual consent.

"The problem has to be negotiated between the two parties," said Mr. Charlebois, pointing out that although the sickness benefit plan was not intended to replace private plans, it did not prevent companies from substituting UIC for private plan payments.

Continued on page 59

What do we have in common?



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Learn how to talk with employes at BI workshop

See story on related workshop and registration coupon on page 3.

CHICAGO—How do we get employes to talk about the benefits they want?

How do other companies tell the benefits story in the home plant and in branch offices?

What are the latest techniques in communicating benefits through audiovisual aids, booklets and letters to employes, their families and retirees?

Useful answers to these questions and more will be given to participants in the *Business Insurance* Benefits Communication Workshop to be held Tuesday and Wednesday, Oct. 24-25, at the Hyatt Regency O'Hare near Chicago's O'Hare airport.

Registrants will begin the day-and-a-half workshop with a cocktail reception from 6 to 7 p.m. on Tuesday.

THEN COMES a workshop highlight: An awards dinner at which winners of the *Business Insurance* Benefits Communication Awards competition will be honored for excellence in employe benefits communication. Examples of the best audiovisual entries will be shown during the awards ceremony.

Representatives of winning employers will tell how they produced top-notch communication material.

Wednesday, Oct. 25, will be a full day of workshop sessions designed to give participants new insight into the three functions of employe benefits communication —listening, describing and reporting.

Leading off the day's program will be Dr. Charles McDermid, president of Management Psychologists, Chicago, who will review methods of listening to employes about benefits through individual interview, group interviews and written surveys. Dr. McDermid will describe how psychologists work with employers to get straight answers from employes about how they feel about benefits they now get and benefits they wish they had.

SECOND WORKSHOP faculty member on Wednesday will be Howard Peck, partner in Hewitt Associates, benefits consultants in Deerfield, Il., and a contributing editor of *Business Insurance*. Mr. Peck, an authority on benefits communication, will review methods of describing benefits with special attention to problems in benefits communication encountered in companies with diverse groups of employes.

Mr. Peck's presentation on special benefits communication will be taken a step farther by Burton Seeker, manager of branch communications for the 3M Co.



Robert S. Hall

Mr. Seeker will tell workshop participants about a system set up by 3M that enables employes to get instant answers to benefits questions, even if they are employed in an installation far from the home office.

Morning sessions will be concluded by a panel presentation by in-company benefits communicators who must solve day-to-day benefits communication challenges brought about by changes in benefits programs, hiring of new employes or acquisition of additional companies. Members of this panel include Raymond Orth, director of employe services, Motorola Inc., Chicago, and Robert S. Hall,

Continued on page 60



Raymond A. Orth

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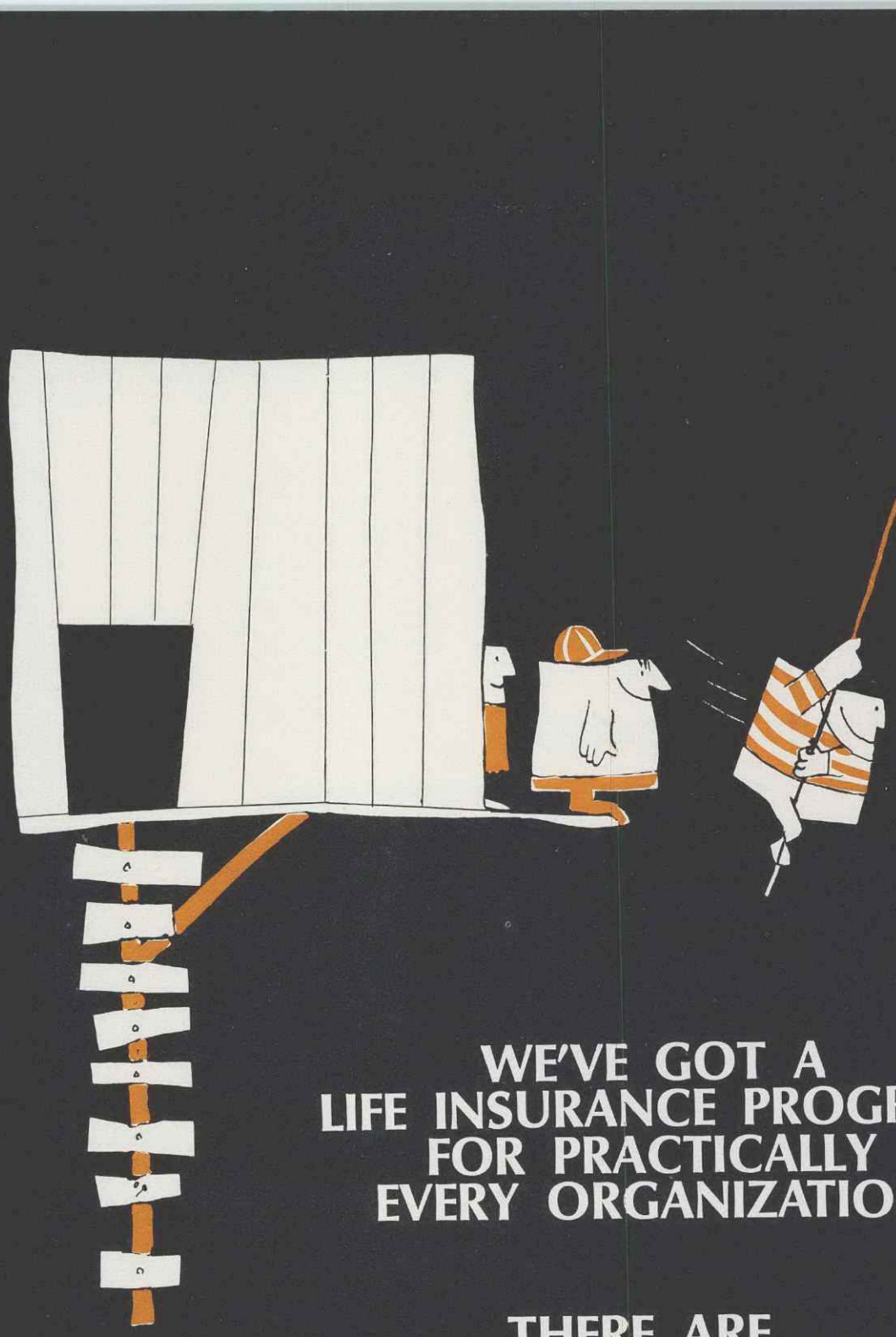
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Wait 'till next year

In the Sept. 11 issue of *Business Insurance* it was erroneously reported that Michael Krikorian, corporate manager of safety for Brunswick Corp., Chicago, has been elected president of the American Society of Safety Engineers for 1972-1973. Mr. Krikorian, in fact, has been elected president-elect, while B. Gawain Bonner, director, loss control of the Tenneco Corp. in Houston is the society's new president.



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Bright future for Williams-Javits pension bill

WASHINGTON—The Williams-Javits pension reform bill is being labeled an eventual winner in the Senate, even by opponents of the legislation, who are turning their efforts to the more conservative House.

Although it is possible that the measure will not reach the Senate floor for a vote before Congress takes an election adjournment early next month, the weight of support for the bill is generally thought to be such that even losses by moderates and liberals in tight contests in November would not turn it back in the Senate.

A unanimous vote sent the bill from the Senate's labor subcommittee to the full labor committee—which unanimously reported it out for a floor vote. Estimates of backing in the full Senate run as high as 97 votes out of a possible 100.

THERE IS, however, a "race against the clock to get it up for a Senate vote this year," a Labor committee staff member said. Congress is expected to adjourn for more than a month starting Oct. 7 or 8, leaving only a few weeks in which it will be in session before its Christmas-New Year recess. The bill had not made the list of pre-election-vote legislation of the Democratic majority as of last week, but a spokesman for Sen. Robert Byrd (D.-W.V.), Democratic whip, said it "might make it anyway. Everyone's very aware of it."

Opponents of the measure also think it could pass the Senate this year by a hefty majority. Joseph Leary, director of the Assn. of Private Pension and Welfare Plans, said members "will be in touch with their Senators" in an attempt to block the legislation, but he added that opposition efforts "are becoming very difficult because this has been developed into a moral issue" by pension reform supporters.

Mr. Leary pointed to extensive news coverage given to a Labor subcommittee report this month (which stressed retirement benefits losses by numerous workers whose company plans had either folded or failed in other ways to deliver) and an NBC-TV documentary that emphasized the tragedy of such losses.

"IN THIS atmosphere it's hard to get across some of the problems this bill would cause," said Mr. Leary. He said most of the association's members favor the Nixon administration's milder reform, which focuses mainly on tax deduction for individual pension savings and vesting under a "rule of 50" (age plus years of service).

Under the Williams-Javits bill, vesting starts with 30% after eight years of service, increasing 10% each year thereafter until full vesting is reached at 15 years. Existing plans would be given the option of dividing into "new plans" and "old plans," with new employes covered under the former and employes in current plans receiving the option of coverage under either. An "old plan" wouldn't have to comply with the vesting standard.

All plans would have to comply with minimum funding standards (assuring that all plan liabilities after the date of the legislation will be funded over a 40-year period) and federal insurance program requirements under the Williams-Javits bill. The measure also establishes a voluntary portability program in which workers whose employers participate can transfer their vested credits from one employer to another through a government-operated central fund.

OPPONENTS of the bill are counting on the House to force a compromise between what they feel is the Senate's "labor-oriented" approach and the administration's tax-based proposals.

Their hopes are not dampened by the fact that the House bill most similar to Williams-Javits, an early-vesting measure introduced by Rep. John H. Dent (D.-Pa.), is bogged down in the House labor subcommittee. The administration bill, however, is in the House ways and means committee. The committee's chairman, Rep. Wilbur Mills (D.-Ark.), co-sponsored the bill, which is said to appeal to his tax-oriented philosophy.

One section of the Williams-Javits bill that is said by Senate staffers to be uncontroversial but is considered a government "overreach" by some opponents is a list of amendments to the 1959 Welfare and Pension Plans Disclosure Act. Sen. Williams has called the act "a relatively weak law which fulfilled its sponsors' commendable aim of requiring plans to report their financial activities yearly to the Department of Labor, but which left the Secretary of Labor without any enforcement or oversight powers."

Added pension report disclosure requirements in the bill include:

"A schedule of all investments of the fund . . . as of the end of the fiscal year."

"The aggregate cost and aggregate value of each security by issuer."

"The aggregate cost and aggregate value, by type or category, of all other investments . . . separately identifying each investment (exceeding $100,000 or 3% of the value of the fund) and each investment in securities or properties of any person known to be a party in interest."

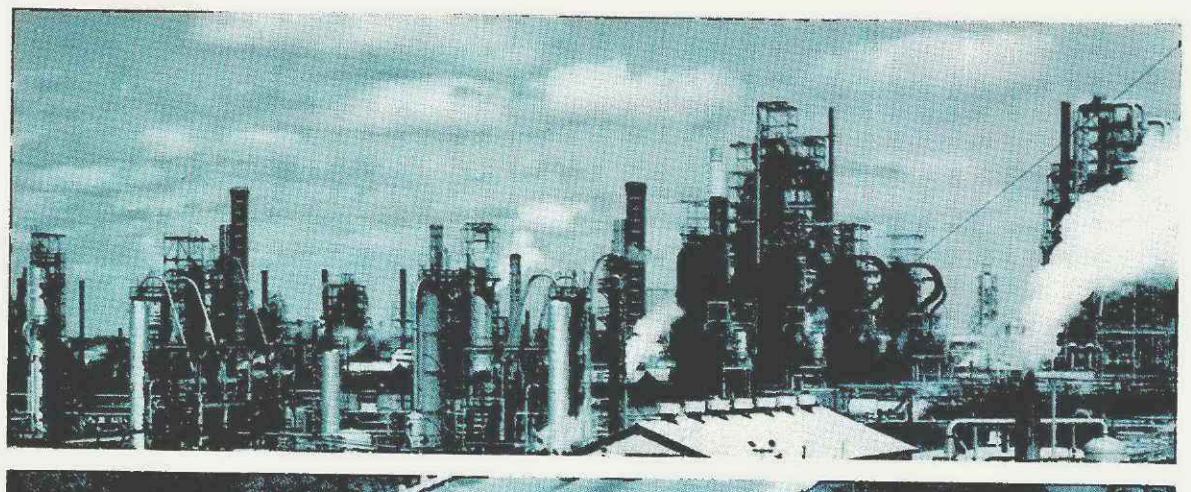
Also, loans made by the fund must be reported if they were made to a "party in interest" or were in default, written off during the year, or exceeded $100,000 or 3% of the fund's value.

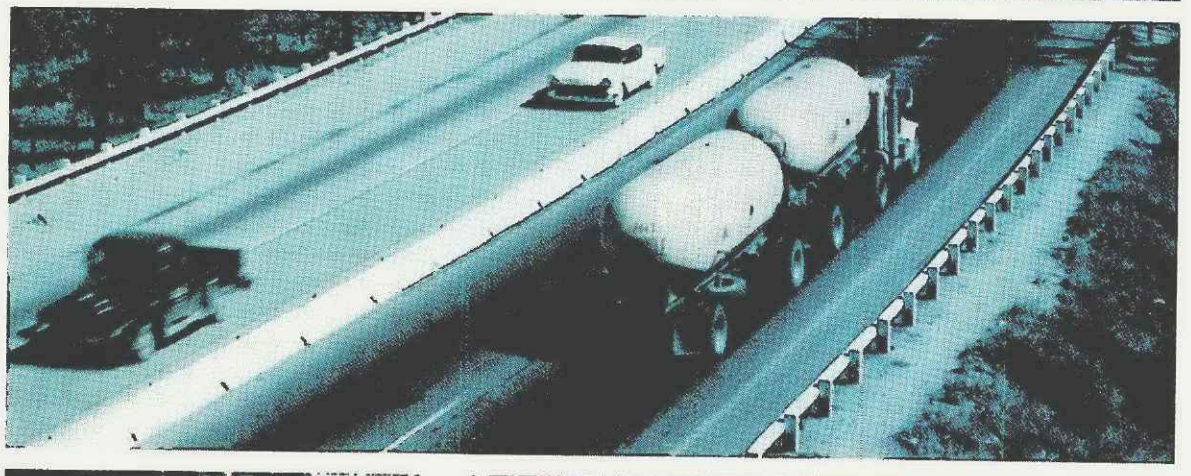
The enforcement section empowers the Secretary of Labor to compel a pension or profit-sharing-retirement plan to comply with the act "or effect recoveries of monies which may be due under the act" or "obtain other appropriate relief." ■

United boosts benefits

Members of the International Assn. of Machinists in Seattle have ratified a 20-month contract wth United Air Lines. It affects 17,000 employes nationwide, including 600 mechanics and ramp servicemen in the Seattle area. The contact enables employes to retire at age 55, provides $100,000 free life insurance against bomb explosions, and offers unlimited flight passes after 1 years' employment.

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Benefits in Far East

Politics and polygamy sometimes have effect

NEW YORK—Employe benefits in the Far East can puzzle insurers. How do you write medical coverage for an Indonesian worker with four wives? What political pressures affect insurers in Taiwan?

To answer questions such as these—although the former never has been resolved—and to more fully discuss employe benefits problems, the group management division of the Amercan International Group held a seminar in New York August 24.

Group managers Mike King, for Taiwan, and Tan Thuan Seng, for Indonesia, Singapore and Malaysia, sketched the backgrounds of their areas, and explained some of the difficulties of setting up new benefits programs there.

Mr. King, representing Nan-Shan Life Insurance Co., noted that the newly formed company based on Taiwan has 78 policyholders, with a premium volume amounting to $150,000. Half the policyholders are American, half Taiwanese. The most common benefits for workers written by these private insurers are long-term life insurance and accident insurance. Mr. King feels that the next big area to be covered will be major medical.

TAN THUAN SENG, representing American International Assurance Co. Ltd., based in Singapore, stressed that although annual incomes are low, insurance among workers is necessary to supplement the minimal social security coverage given by the government. In medical benefits especially, the need for employe benefits is pressing.

In all the countries, the problems of insurers trying to set up employe benefits programs are complicated by the "beneficient approach" to compensation, traditionally used by employers, according to both AIG men.

This unwritten method is based largely on the worker's personal relationship with the employer, and whether the employer considers him to be loyal. There are no guidelines for benefits payments. Insurers are working out ways to break these cultural patterns in favor of an impartial means of establishing employe benefits to supplement social security.

Given the relative newness of such benefits programs in Taiwan, Mr. King cited security as the strongest sales point on the island. Taiwanese insurers are wary of any change in the political climate, and consider, for example, that President Nixon's recent trip to Peking is a "headache" for them.

Tan Thuan Seng noted that so far in Indonesia, Malaysia and Singapore, American employers are the only ones who have made a concerted effort to provide comprehensive fringe benefits for employes. Other foreign and local employers are still competing for workers on a cash-wage basis only. ■

Simpler rules for insurance

SPOKANE, WA.—Karl V. Herrmann, Washington State insurance commissioner, said simplified rules will make it much easier for Washington motorists to obtain assigned risk auto liability insurance coverage.

The former Spokane Valley attorney and state senator, said agreement has been reached among the board of governors and the member insurance carriers of the Washington Automobile Insurance Plan to remove all lengthy and complex eligibility requirements.

"The only requirements are that the applicant has a valid driver's license at the time of application and that he pay the indicated premium," declared Mr. Herrmann at the state labor convention. ■

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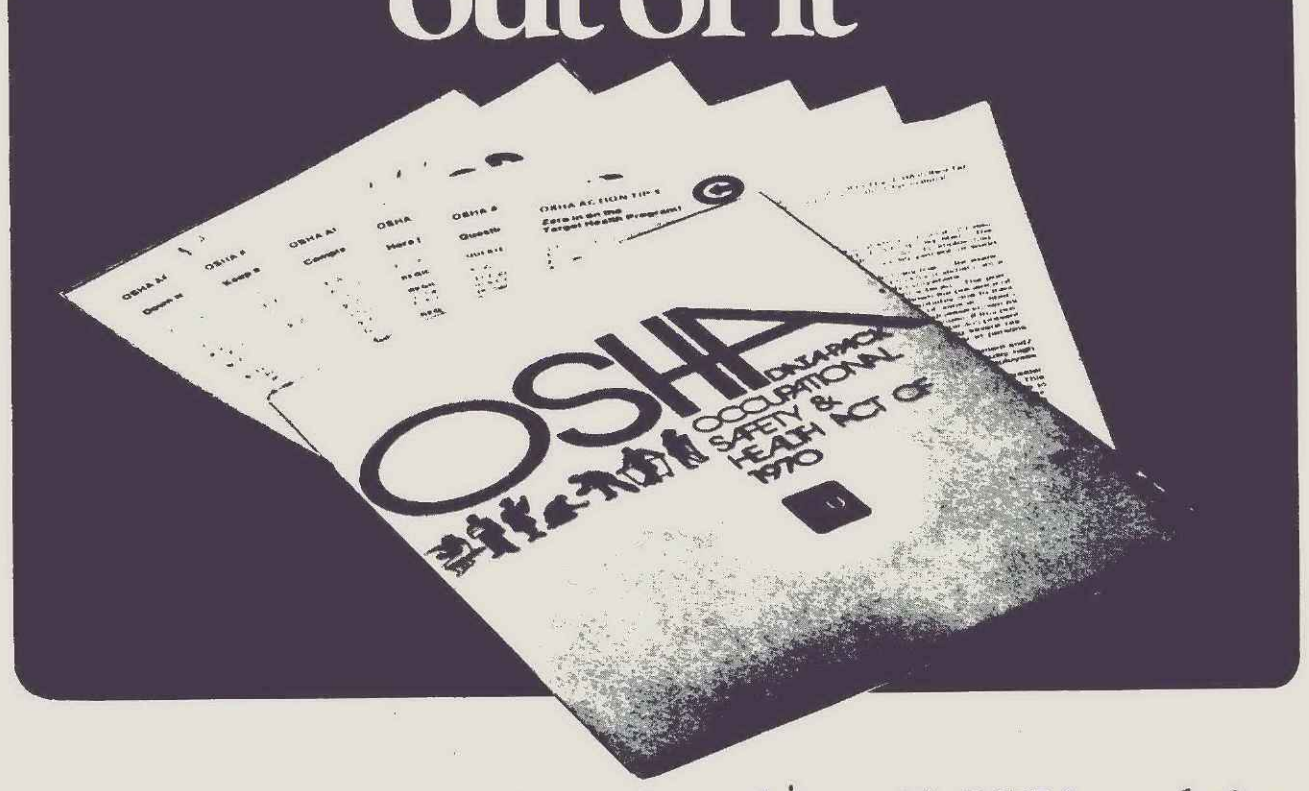
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How does OSHA apply to your company? What are your responsibilities and how can you best meet them? Are you doing all you should to protect your employees from occupational safety and health hazards, and yourself from OSHA's teeth? Commercial Union Companies can help. A new CU Data Pack provides a convenient summary of basic OSHA information, together with a suggested Loss Prevention plan.

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Premium rates for industrial fire risk cut by British insurance companies

LONDON—Premium rates for more than 40 different classes of industrial fire-risk are being lowered by leading British insurance companies.

They have taken this step because improved methods of fire protection and prevention in these categories are being reflected successfully in their loss statistics.

Industrial groups which will benefit as of Jan. 1, 1973, will include manufacturing, chemicals, pharmaceuticals, footwear, paint and certain engineering and printing works.

Rates will go up in other industries where fire losses are mounting, but there will still be special rates for premises with sprinkler installations. The plastics industry is being treated separately because there has been a highly unpredictable incidence of fires in that industry.

"This has been a cause of major concern to insurers," said John Howorth, chairman of the U.K. fire offices committee.

He explained that industry is both innovating and expanding so rapidly, that underwriters have had to determine premiums on individual risks, without detailed experience which they have in older-established industries.

But the British plastics federation has been co-operating with insurers, so as to supply technical advice on which a set of standard ratings for particular processes, and storage premises, can be based. There will be discounts for features such as superior construction of buildings used for plastic manufacturing.

"The new rating system will be based mainly on the processes carried out, rather than, as frequently in the past, on the materials used," Mr. Howorth commented. "The former system has been especially unsatisfactory in an industry where materials used have been subject to frequent change."

* * *

BRITAIN'S government-appointed "monopolies commission" has decided it is wrong to have fixed agreements among insurance companies on the amounts they will charge for fire risks.

So in a form of antitrust move, the government will be asked to end the tariff system which has been operated by more than sixty different companies for many years. But the insurance firms concerned, who handle $250 million worth of business every year, are challenging the decision and want freedom to keep their rates uniform.

The government's trust-busting commission was told that monopoly conditions prevail in the supply of fire insurance. At least one-third of the insurance is supplied by corporations who conduct their business so as to restrict competition, either by charging common minimum rates or imposing common restrictions on their terms.

Insurance companies who oppose the commission findings say there will be intensive and unrealistic rate-cutting if the present system changes, and this could have an adverse effect on the overseas operations and earnings of U.K. based insurers.

* * *

WAR RISK RATES for shipments to still-troubled areas of the Mediterranean have been lowered by British insurers. The changes reflect the obvious absence of major hostilities in the Israeli and Egyptian zones in the past six months.

New rates agreed to by the institute of London underwriters through its war risks rating committee are now 0.15%, or 15¢ per $100, for Israel, Egypt, Lebanon and Syria. This compares to 0.20%, 20¢ per $100, which was the rate agreed to last March (*Business Insurance*, March 27).

The new rates, effective Aug. 31, are now among the lowest offered in some time. Exceptions are for goods shipped to ports and terminals actually in the Gulf of Suez, which still carry the higher figure of 0.375%, or 37.5¢ per $100.

Rates to Jordan are coming down at the same time from 0.375% to 0.20%. All these new rates are for cargoes by sea only. Air risk rates stay unchanged.

Rates for other parts of the world also stay unchanged, with the Vietnam, Cambodia and Laos zones still being so risky that underwriters charge what they like. Rates for Bangladesh, India and West Pakistan were lowered some time ago after their high-point during the war there.

The new rates are accepted by agreement throughout the London market, and are also passed for guidance to the U.S. through the American Institute of Marine Underwriters in New York, and to a marine underwriters board in San Francisco. ■

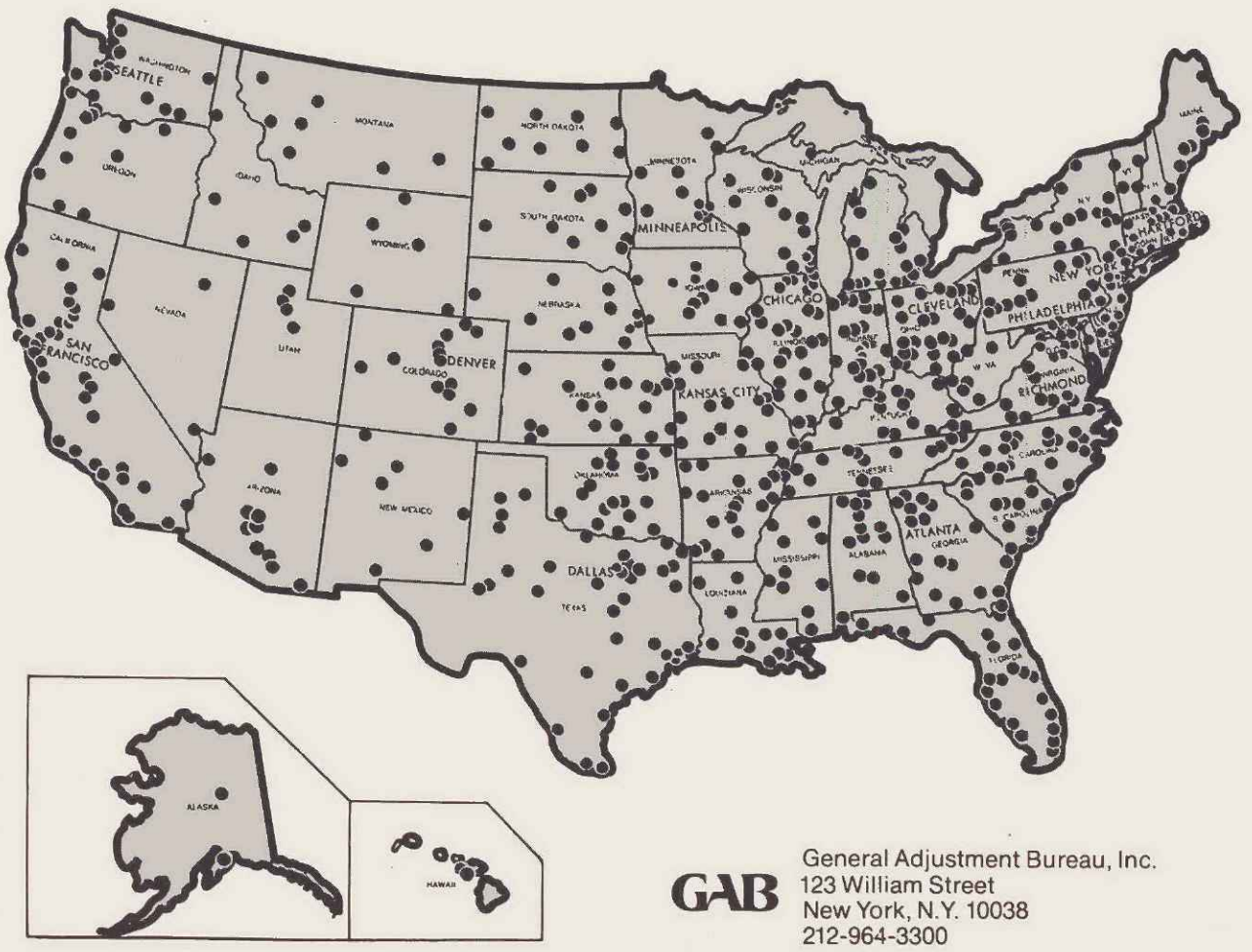
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Baby powder poisons 28

PARIS—Twenty-eight babies are reported to have died from poisoning after using a brand-name talcum powder sold widely in French supermarkets.

It contained hexachlorophene, which is regarded as highly dangerous if handled in excessive doses, but is widely used in many forms of cosmetics. Hospitals in Britain were warned about its hazards earlier this year (*Business Insurance*, May 22), but it is still available in many French cosmetic and sanitary products.

The drug is reputed to be safe if used in proper quantities.

The dosage of talcum powder which is feared to have caused the deaths in France was at least six per cent, compared with medical experts' views that even one per cent should only be permitted under supervision.

Lawsuits are being started by several parents against the cosmetics firm which marketed the baby powder. Brain damage was suffered by other babies on whom it was used, but they did not die. ■

Bay State no-fault, lauded by its backers, moves into second year

BOSTON—Going into its second year, Massachusetts' first-in-the-nation no fault automobile insurance law has proved a resounding success, according to its proponents. In the past 12 months it has provided stabilized premiums, savings of a proliferation of administrative paper detail—and some $40 million for the insurance indutsry.

A Bay State insurance department spokesman told *Business Insurance* that 50,000 fewer claims were filed in 1971 under the bodily insurance category than in 1970. This amounts to a 57% reduction compared to the year immediately preceding no-fault in Massachusetts.

Moreover, rate reductions for bodily insurance coverage have totaled 42% for motorists with minimum coverage, the state supreme court upholding an insurance commission order that provides for a 27% rebate from bodily injury rates for 1971.

No-fault was extended in 1972 to include collision and property damage. In 1971, no-fault was only applicable to compulsory bodily injury (liability coverage to pay for bodily injuries in motor wrecks).

NOT SO surprisingly, of course, premiums for collision and property damage are escalating—primarily because of the on-going inflationary trend affecting the nation's economy. But, it was noted, the reductions in bodily injury coverage have appeared to more than offset any marked hikes.

Massachusetts motorists will not have a $2 to $3 increase in extra bodily injury rates, as initially predicted by state insurance commissioner John Ryan.

A spokesman for companies writing such coverage told the commissioner at a Sept. 5 public hearing that the companies had decided to drop their request for the rate boost.

What was involved was the rate for bodily injury coverage carried by a driver in excess of the compulsory $5,000 and $10,000. About 80% of the Bay State's motorists carry more than is required by law, according to the spokesman.

Basically, premiums for auto insurance in the Bay State are high. There's a tab of $1,000-plus for an under-25 couple living in Boston, for example, with a new, medium-priced car but what the insurance department has noted in the past year is considerable relief from heretofore skyrocketing rates. Claims are being settled faster, too.

Massachusetts no-fault prohibits "pain-and-suffering" claims under compulsory bodily injury if actual medical expenses total less than $500. Out-of-court settlement is required for all claims under $2,000. Blame for the mishap cannot be attributed to either party; the motorist's own insurer has to pay the individual regardless of who was at fault.

What does the Massachusetts insurance department think is the underlying factor for 1971's successful track record? Primarily, the spokesman said, the elimination of what is characterized as "nuisance" pain-and-suffering claims—over and above the demonstration of actual injury, as evidenced by medical bills.

THE BAY STATE'S 135,000 bodily injury claims in 1970 meant a $90 million tab for the insurance industry, while it was estimated that 85,000 claims were handled for about $50 million in 1971.

Premiums for compulsory bodily injury prior to no-fault hit $150 million; the figure for 1971 was $95 million.

There was a 15% reduction in bodily injury premiums in 1971, and another 27.6% reduction in 1972. An order by state insurance commissioner John Ryan—subsequently upheld by the state supreme court means there will be another 26.7% reduction since, it was argued, the 1971 reduction of 15% simply was not enough.

Physical damage coverage was incorporated into state law last year by the state legislature, going along with the thinking that no-fault is a good thing for Massachusetts. This makes property coverage mandatory, with three options of varying degrees of coverage, the rates varying according to type of coverage, car model and where the vehicle happens to be garaged. ■

HMO future discussed by health group

CHICAGO—An audience at a conference on health maintenance organizations (HMOs) heard that HMO was a "health care delivery system that has considerable potential for controlling over-utilization by both the consumer and the physician."

But, according to Daniel W. Pettengill, vp, Aetna Life & Casualty, "the health maintenance organization is not a utopia that will solve all problems."

Mr. Pettengill felt there were a number of different types of health care delivery systems in this country which deserved encouragement and that the HMO was one of them.

APPEARING TO have mixed feelings on the subject, Mr. Pettengill noted the HMO concept was sound in theory but that did not necessarily mean all HMOs would function perfectly.

"They are even more of a human organization than most businesses and hence are subject to human frailties as well as strengths," he said. "Therefore, I do not advocate them as the sole health care delivery system."

On the other hand, he said HMOs were "a desirable, if not essential, alternative to the solo-practice, fee-for-service system," adding that, "the true significance of the HMO is that it is a combination of financing and delivery, with the former intended to influence the latter.

"Specifically," he continued, "the payment of a per capita by the insured to the HMO, regardless of whether or not he is sick, is intended to encourage the patient to use just the services of the HMO and not to seek unneeded care elsewhere.

"Conversely, the fact that the physicians participating in the HMO are obliged to provide all necessary care to the enrollees, sets the scene for them to minimize the use of expensive hospital in-patient facilities and to place special emphasis on prevention of disease and the maintenance of good health."

The conference was sponsored by the Health Insurance Assn. of America. ■



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New black lung regulations will improve benefits

WASHINGTON—The Department of Health, Education and Welfare has announced proposed regulations to update benefits for miners under the Black Lung Benefits Act of 1972. This act amended the black lung benefits portion of the Federal Coal Miner Health and Safety Act of 1969.

In making the announcement, HEW Secretary Elliot L. Richardson said that the regulations would result in favorable action on many of the 193,000 claims that were not paid under the old law.

He also pointed out that, in most cases, the benefits would be retroactive to the month in which the original application was filed, some of them as far back as January 1970.

THE POINTS covered by the new regulations include:

- Extension of payable benefits to virtually any of the miner's dependents;
- Provision for an occupational definition of total disability based on coal mining skills and abilities;
- Prohibition of denial of claims based solely on a negative x-ray;
- Extension of benefits to certain surface miners and their survivors, as well as to underground miners;
- Extension of the responsibility of the Social Security Administration for handling new claims from miners until July 1, 1973, and claims from survivors of miners who die before Jan. 1, 1974.

THE NEW LAW also provides that black lung benefits not be subject to the usual Social Security workmen's compensation offset. In other words, any miner who is eligible for both black lung benefits and Social Security disability benefits will be allowed to collect the full amount of both. This provision is retroactive to the beginning of the black lung benefit program.

The proposed regulations also state that a miner with 15 or more years of service in coal mines may be presumed to be disabled because of pneumoconiosis (black lung), if he has a totally disabling respiratory or pulmonary problem. This presumption could not be overturned on the basis of a negative x-ray alone but only if a biopsy or autopsy showed that he did not have the disease or if it could be proven that the impairment was not caused by working in the mines.

A miner with less than 15 years coal mine employment could receive the benefits if it was established that he did, indeed, have the disease and that he contracted it due to his employment. However, any miner with many years of mining experience, though not up to the 15-year point, and a severe lung impairment could be eligible for benefits even though the disease had not been diagnosed by x-ray, biopsy or autopsy. This would be a judgement problem on the part of the administration.

HEW, in conjunction with the Social Security Administration, also announced that, effective immediately, fees for attorneys representing coal miners and survivors of miners disabled by the disease will be limited to no more than 25% of the amount of benefits due.

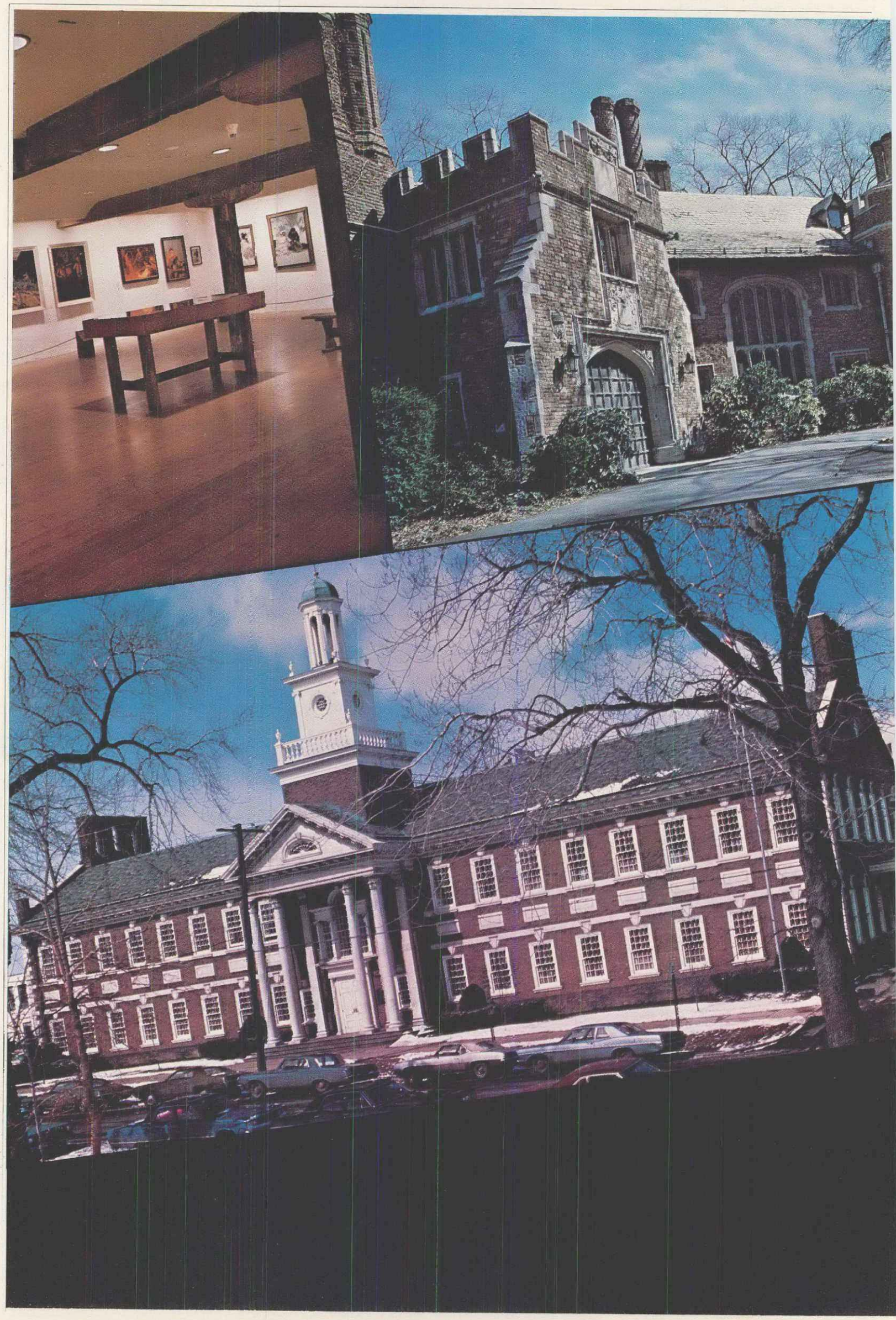
THESE regulations require that lawyers seeking benefits for their clients must submit in writing to the Social Security Administration the amount they want to charge and a detailed description of the services rendered to the clients. The SSA would then approve or reject the fee.

Direct payment to attorneys by the SSA is limited to 25% of a family's benefit or an amount agreed upon by the attorney and his client, whichever is smaller.

Under the new Black Lung Benefits Act, which was passed last May, final regulations must be published by the end of this month and, while suggestions and comments from interested parties have been invited, HEW expects the regulations to pass with few changes.

"There will undoubtedly be some parties who will not be satisfied," a HEW spokesman told *Business Insurance*, "but the proposals should get by pretty much as they are. The main reason for this is that the regulations as they stand resulted from extensive consultation and cooperation with just about everyone with a stake in it.

"We talked to mine operators, the United Mine Workers and the Black Lung Assn. This way, most objections to the regulations were worked out before they were officially proposed." ■



Government aide details consumer comp plan

NEWARK, N.J.—Among the many topics discussed at a product liability prevention conference here was what one speaker referred to as, "a sort of consumer's compensation program."

Bruce B. Wilson, deputy chief of the justice department's antitrust division, felt that a product safety program could be built along the lines of the workmen's compensation system, with manufacturers being charged according to the number of injuries any of their particular products inflicted.

"The more the injuries, the higher the charge," he told his audience at the Newark College of Engineering. "This would really serve two purposes: First, it would make it expensive to manufacture unsafe products and, second, it would provide a fund for compensation of unfortunate victims and also for research into how to make products more safe."

He said that the same kind of approach used for charging unsafe product manufacturers could also be used in the ecological realm by making it uneconomical for businesses to pollute.

"We have to make economics work for regulation rather than, as is now often the case, having regulation work against economics," he noted.

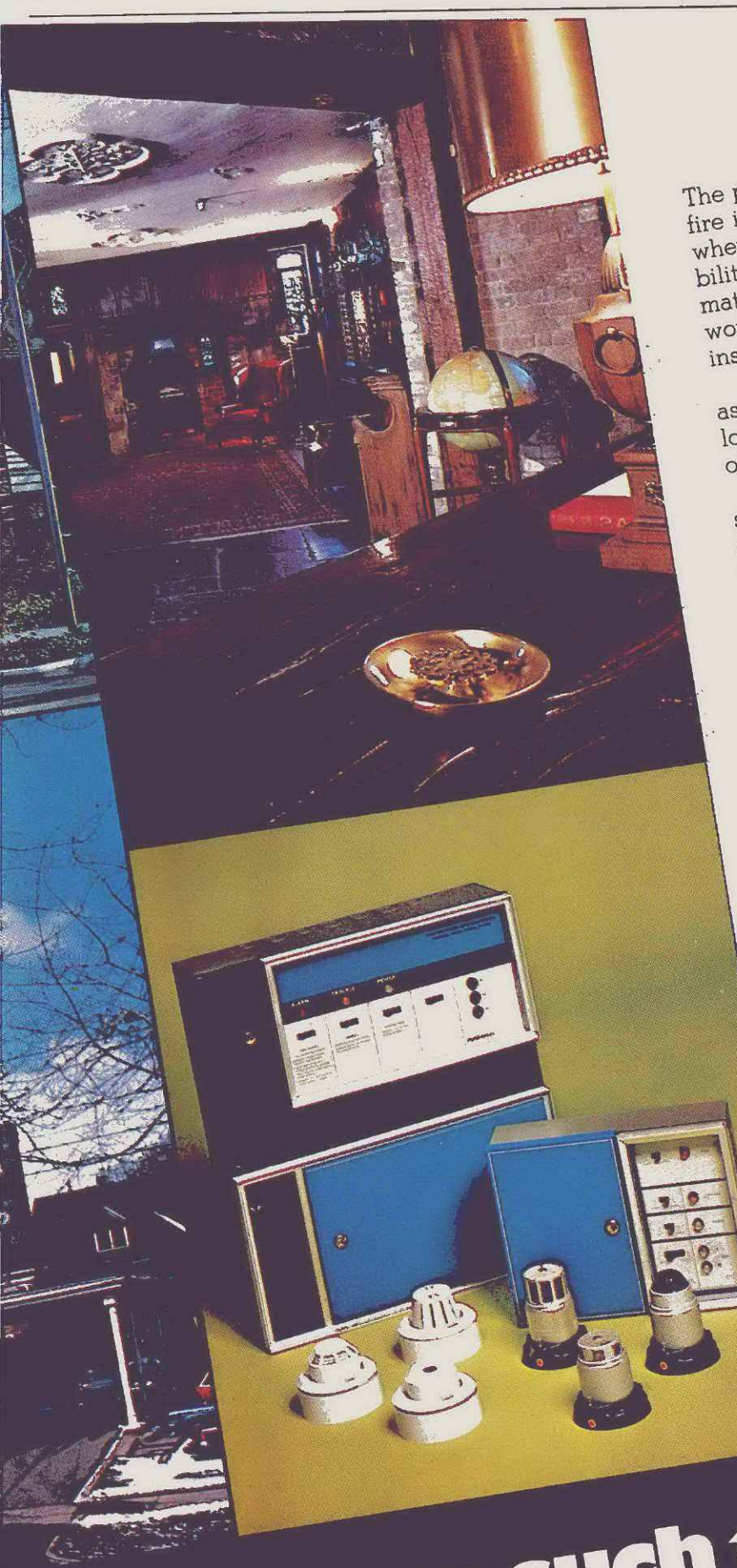
He said this concept, while reaching the goal of safer products, "would avoid creation of yet another government bureaucracy whose primary commission would be to interfere with the marketplace, tinker with resource allocation and tell manufacturers how much to build for whom."

The conferees also heard assistant state attorney generals from three states—New Jersey, Maryland and New York—who warned that there was greater product liability litigation on the horizon unless companies began keeping their promises to consumers.

THE NEW JERSEY official indicated that he was on the verge of instituting a product investigation public disclosure program while the New York man said that automobiles, major appliances, record players and television sets were the cause of the most frequent consumer complaints in his state.

Another speaker, attorney Edward Swartz, pointed out that he knew of many cases in which a simple, inexpensive safety device or product modification could save consumers' lives.

"In these instances," said the author of a book on hazardous toys, "the manufacturer's burden seems a small price to pay." ■



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Nader bid against ITT turned down

HARTFORD—Ralph Nader's request to reopen the case against the completed but contested merger of Hartford Fire Insurance Co. and International Telephone and Telegraph Corp. was refused by a federal court judge early this month.

The consumer advocate's latest attempt to intervene in the merger stemmed from a complaint by him and Washington attorney Reuben Robertson. They claimed the justice department had committed what amounted to fraud on the court by not disclosing all the reasons for its agreement with ITT that opened the way to the merger. The justice department itself had previously taken antitrust action against the merger when it was proposed.

Judge M. Joseph Blumenfeld called the charge of fraud "completely unfounded." His decision noted that the justice department was not necessarily obliged to inform the court of its reasons.

THE MERGER, which was approved by the United States district court in September 1971, has had a three-year history of opposition. Mr. Nader appealed it several times, citing that it would threaten the future market capacity and foster conflicts of interest. (*Business Insurance,* May 25, 1970). The justice department had also opposed it because of "adverse competitive effects" expected in insurance markets. (*Business Insurance,* July 20, 1970).

Most recently, the operations of the merger came under fire from the Securities and Exchange Commission, which filed an injunction against ITT in connection with the sales of about 26,000 shares of ITT stock by a wholly-owned subsidiary of its Hartford Fire Insurance subsidiary. ■

Device developed to help prevent railroad grade crossing mishaps

TAPPAN, N.Y.—A unique device designed to prevent grade crossing collisions has been developed by Solitron Devices Inc., a firm located just a few miles from the Rockland County school bus-train crash location that killed five children last March (*Business Insurance*, April 10, May 8).

The Solitron system electronically warns buses, trucks or passenger cars that a moving train is in the vicinity. It works on a transmitter-receiver basis, with the small transmitter in the train locomotive, and the receiver installed in the motor vehicle.

The train transmitter sends out a signal for a predetermined distance, perhaps a 15- to 20-block radius. As a car enters this area, the signal automatically activates the unit. The display portion of the receiver, located on the dashboard, produces a series of beeps, while the word "TRAIN" flashes in large red letters. When the train passes out of the area, the beeping and flashing stop.

SOLITRON spokesman Perry Smith said the new product is insured for product liability coverage through Liberty Mutual Insurance Co., which insures everything the company manufactures —mainly semi-conductor units.

Asked the primary prospects for sale of the new item, Mr. Smith, admittedly optimistic, said "Penn Central." He explained that the company was anxious to get their product installed on the 50,000 locomotives owned by the various railroads throughout the nation. He also stressed that his company was interested in capturing the school bus market, which represents 250,000 vehicles. Another obvious target is the fleet trucking industry.

Benjamin Friedman, president of Solitron Devices, said the full cost of the unit is now about $100 for a motor vehicle, and about $300 for a train.

Mr. Friedman expects that the costs will be reduced once mass production begins. Mr. Smith estimated that the cost for the train transmitter could be brought down to about $100 per train after mass production.

But Mr. Smith tempered his remarks by noting that the railroad industry, beset by financial trouble, was likely to lobby against any extra expenditures. Even at $100 each, the cost of the Solitron system device for some 50,000 locomotives might be prohibitive to marketing it with the train industry.

AS YET, no individual rail companies have been approached by Solitron. However, the new safety device was demonstrated in late August at the National Conference Rail-Highway Grade Crossing Safety in Columbus, Oh. Mr. Smith noted that "all the safety people from the major railroads were there, and had an opportunity to see the transmitter in operation."

For private vehicles, Mr. Smith said there is a possibility that costs could be reduced through implementing existing automotive equipment with the Solitron system. He said his company is at work on developing a way to install the receiver in car radios, so that the only new equipment necessary would be the display unit with the flashing word "TRAIN."

LOOKING to the future, the Solitron people hope that their sensing system will be the forerunner of even more sophisticated motor vehicle safety devices. For example, a unit is under study that would work in conjunction with electronic road signs, such as those on the New Jersey Turnpike, which are electronically triggered to warn of road hazards.

The signs would be coated with a transmitting device to flash their precautionary messages directly to the display units of individual car receivers. Drivers could automatically get advance warning of such hazards as ice conditions or excessive fog. ■

James rates an Oscar!

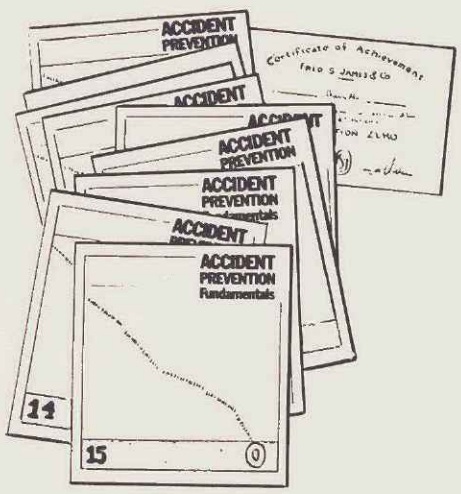


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Maryland self-cover plan heard

ANNAPOLIS, MD.—The Maryland senate finance committee has released a report which contends that the state could save more than $1 million annually if it stopped buying coverage from insurance companies and, instead, insured itself against most losses.

The report, which indicated that the state could trim almost $1.2 million from its budget by self-insuring against fire, public transportation, automobile and property losses, said that Maryland could absorb all losses, pay all claims and still come up with a profit. The state now pays $3.5 million a year to private insurance companies for its coverage.

A special fund of $5 million could be set up to take care of claims and losses, suggested the report, and any loss in excess of that figure could be absorbed by a catastrophic single incident policy the state could purchase to protect itself against losses from any major disaster.

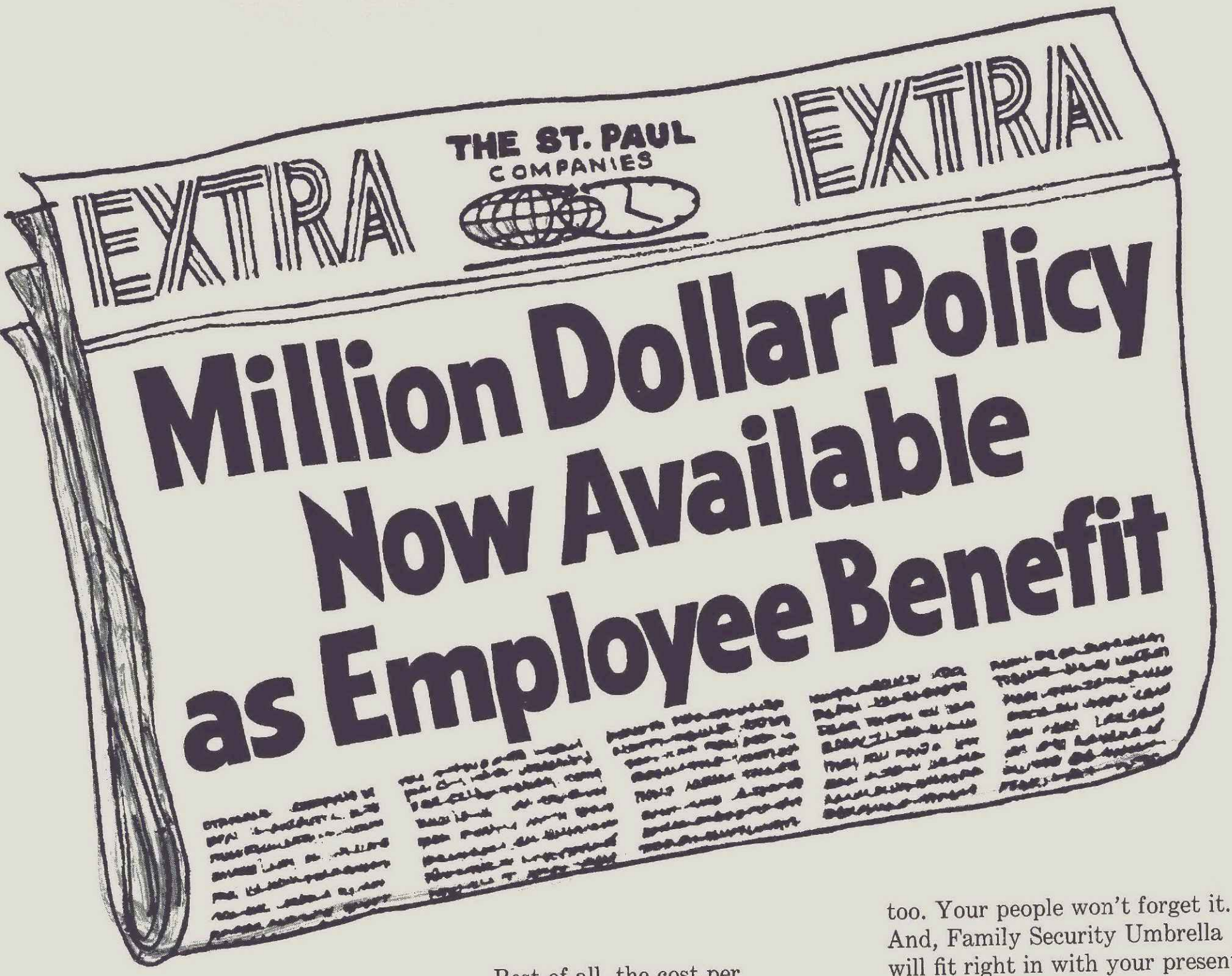
THE LEGISLATIVE analyst who prepared the report for the committee pointed out that money saved by cancelling the insurance coverage would be put in the fund to cover claims and losses. He also felt that, until the fund reached the desired $5 million peak, the state should create a standby bond authority of $5 million to cover any possible losses.

This is not the first time Maryland's legislators have heard self-insurance proposals. Two years ago, a similar report indicated that the state could save $300,000 by insuring itself and last year, the state treasurer's office came out in opposition to state self-insurance bill.

This year's report also urged the state to furnish personal liability insurance for all state employes and also asked the state supply attorneys for employes who have legal problems. ■

Reinsurance seminar

An international seminar on reinsurance is being planned for next March by the Reinsurance Offices Assn. The seminar is scheduled for Sussex University in Britain, and will be attended by an estimated 200 senior managers. The theme was announced as, international reinsurance as an essential service.



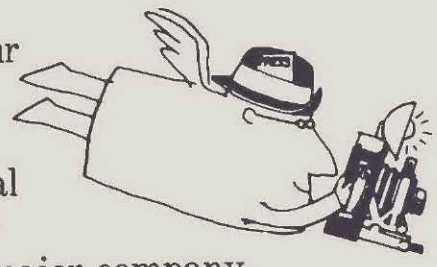
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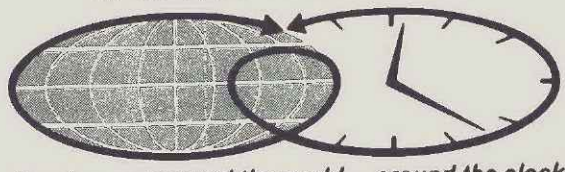
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editorial opinions

Lifting an edge of the carpet

A STORY ON page one of the Sept. 11 issue of *Business Insurance* must have irked corporate executives involved in the risk and insurance management of their companies. It did us.

It was datelined Atlantic City, N.J., although it may have happened and probably often does in Most Anytown, U.S.A. The story detailed some insurance buying bungles in Atlantic County, N.J. To wit: Lawnmowers were being insured as motor vehicles on policies having $50 deductibles; two rented autos still have liability premiums paid up, although they were returned to the rental agency a year ago; a rusted bucket loader found abandoned in a gravel pit is still insured as an operating vehicle, although unused.

The wasteful insurance buying practices in Atlantic County were uncovered by an elected official who has apparently turned a lot of faces red in mid-New Jersey. However, something is now being done about it. An insurance advisory board has been set up to study the matter and suggest how similar mistakes may be avoided in the future. A proposal to buy insurance through competitive bidding has been introduced. That is perhaps the very least that should be done in a county that spends about $500,000 a year on insurance. Competitive bidding is a good starting point, yes, but county fathers must keep in mind that good management of the county's insured or uninsured risks—as in corporate risk management—is rarely a "lowest-bid-is-the-best" proposition.

Beyond Atlantic County there is a lesson to be learned in thousands of other small, medium and large communities in the U.S. The exposure of insurance wastes in a single community, there is reason to believe, is like lifting a corner of a huge carpet. True, some towns, cities and states are now recognizing the soundness of good risk management. Illinois, for example, was the most recent state to make a move in this direction when it appointed a manager of risk management (*Business Insurance*, April 10).

It behooves other bureaucracies, from the smallest to the largest, to recognize that insurance costs are now a big taxpayer expense. Moreover, there is little reason not to believe that in a great many communities insurance budgets are being divvied out like political plums. Privately run companies, large and small, have in recent years begun to realize that insurance is too costly and important an item to be bought and sold at the nineteenth hole of the local country club. Should municipalities operate any differently?

Perhaps, even, it is time for professional risk and insurance management people to begin asking a few questions at public budget hearings in their own communities.

It bears repeating

ON SEPT. 11 the first of three sequential risk management courses, designed by the Insurance Institute of America to lead to the risk management certificate, began throughout the country. This year, as in every year since the program began, enrollment figures show that those employed in the field of risk management are far outnumbered by the agents, brokers, consultants and insurance company employes taking the course.

Last year *Business Insurance* ran an editorial reminding risk managers "to look over their shoulders . . .to find out how many people are interested in the risk management concept and becoming expert in it." Arthur Widtmann, a former risk manager who is now an insurance consultant with Ebasco Services Inc., has taught the IIA risk management course for five years and recently called to thank us for "planting a seed" by encouraging risk managers to increase their sophistication through the IIA program.

But perhaps that seed needs watering. Mr. Widtmann noted that of the 26 people enrolled in his class, "only six are actively in risk management; the rest are either producers or underwriters."

He also raised the question: "Are risk managers becoming too complacent?" This may be a rhetorical question but Mr. Widtmann emphasized one fact in particular that should not be ignored by risk managers who aim to do the best for themselves and their companies: While it may be nice to deal with industry people who are well versed in the principles of risk management, corporations should not blissfully leave everything to the expertise of the agent or broker. It is a question of who is running the show.

Mr. Widtmann, we hope your garden produces a bumper crop of knowledgeable risk managers!

Benefits issue

ON DECEMBER 4 this magazine will publish its annual special emphasis issue zeroing in on life and health benefits.

In the past this has been a fertile field for our editors to cull. This year should be no different. We'll be flagging trends in the life/health benefit world and reporting them.

This is also an excellent time for our readers to help. Perhaps you have reworked a benefit plan that you are proud of. Maybe you have solved a benefit problem you know others have. Or perhaps you just want to sound-off about something in the life/health benefit area that bothers you. Let's hear it. Responses should be directed to Stephen Gilkenson, editor, *Business Insurance*, 630 Third Ave., New York, N.Y. 10017.

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Published at 740 Rush St., Chicago 60611 (337-5200). Offices at 630 Third Ave., New York 10017 (YU 6-5050); National Press Bldg., Washington, D.C. 20004 (Re 7-7659); 6404 Wilshire Blvd., Los Angeles 90048 (OL 1-3710). 45 cents a copy, $10 a year in U. S., Canada and Pan America. Elsewhere $4 a year extra. WILLIAM STRONG, circulation director. ROGER DIGREGORIO, subscription manager. Four weeks' notice required for change of address. Address all subscription correspondence to subscription manager, Business Insurance, 740 Rush St., Chicago, Il. 60611.

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letters

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Agent/Broker profiles

To the Editor: Congratulations on your July 31 issue of *Business Insurance*, with the excellent Agent/Broker Profiles section. I thought it was very well done, and you may have noted that many of the firms "profiled" in the article included the National Assn. of Casualty & Surety Agents as being one of the organizations to which they belong.

On page 86 of the issue, you included a brief description of some of the trade associations to which the profiled agents/brokers belonged, including National Assn. of Insurance Agents, National Assn. of Mutual Insurance Agents and National Assn. of Insurance Brokers. A description of NACSA was not included, however, and I would like to ask that one be included.

Bruce T. Wallace
Exec vp, National Assn. of Casualty & Surety Agents

Editor's note: Done. NACSA, 5525 Wisconsin Ave. N.W., Washington, D.C. 20015, is a voluntary, non-profit organization made up of leading medium-to-large size insurance agencies and brokerage firms in the U.S., Canada, Puerto Rico and Mexico. Established in 1913, its primary thrust is to help solve problems peculiar to the medium to large volume commercial insurance-oriented agent and broker. Among its objectivess To preserve a reasonably competitive insurance marketplace, to foster self-regulation rather than legal regulation of insurance, to maintain the right of individual member firms of the association to negotiate with insurance carriers for remuneration.

BI reprints

To the Editor: Several articles that I have found very interesting appeared in your issue of *Business Insurance* of Aug. 28, 1972.

I refer to the article on page 3 entitled "Union members have fully paid health care plan" and also to the article on page 30 on "Health insurance exec predicts rapid growth for dental coverage."

Could either one or both of these articles be reproduced for distribution in an insurance guide that will be distributed among California school business officials? Your permission or answer will be anxiously awaited.

Harry E. Blair
County Superintendent of Schools

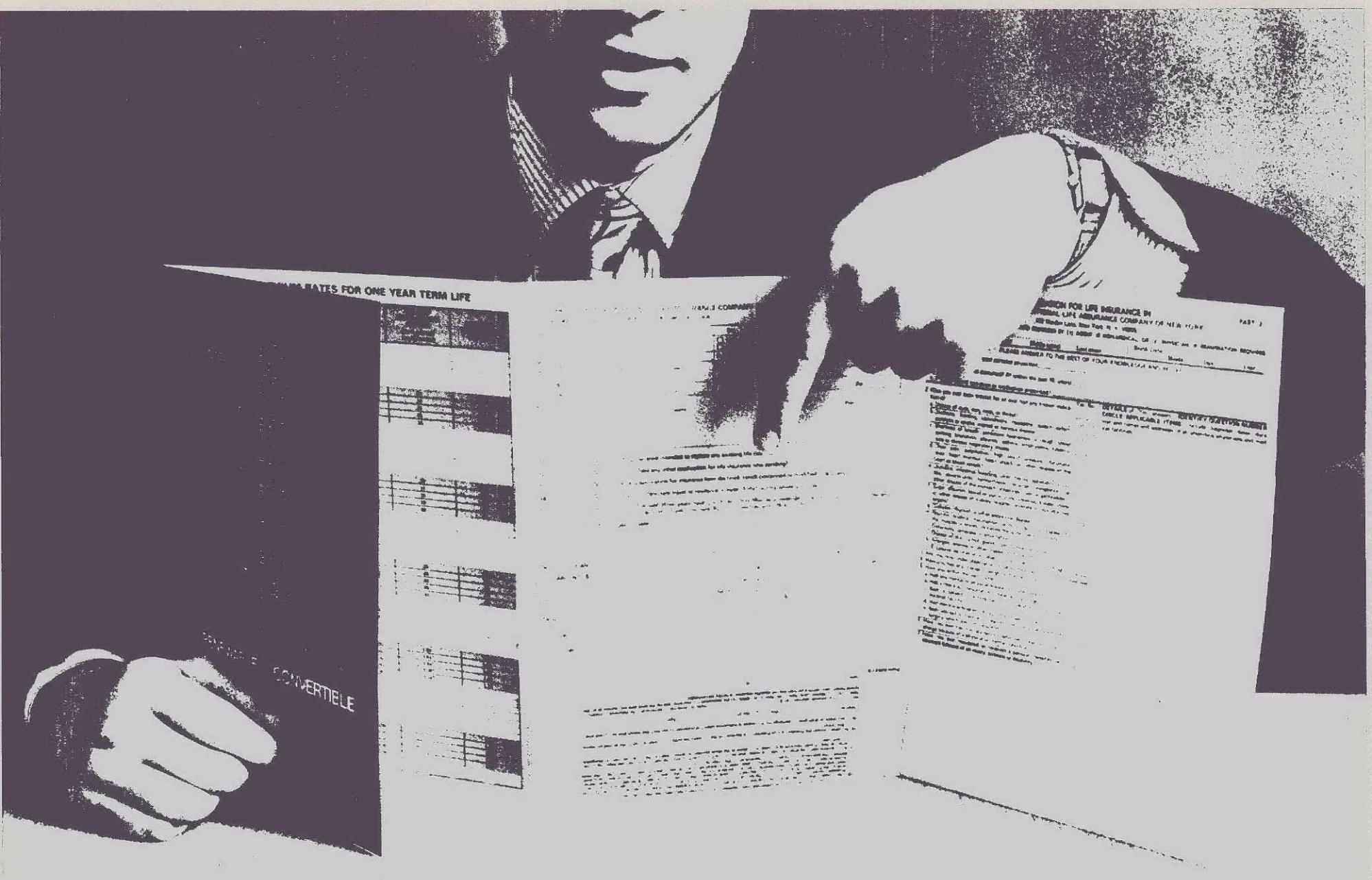
Carl Schrader
Administrative Consultant, Bakersfield, Ca.

Editor's note: You have our permission to reprint the articles in question. Oud only stipulation is that the reprints credit Business Insurance, *including the date of the article, and that two copies be sent to us for our files.*

ASIM activities

To the Editor: In the Editorial Opinions of *Business Insurance* dated Aug. 28, 1972, you mention that William S. Mortimer was formerly active in the American Society of Insurance Management. I would appreciate having the ad-

Continued on page 32



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Denenberg places new guidelines on advertising insurance coverage

HARRISBURG, PA.—The Pennsylvania insurance department, generally credited with starting the movement toward intensive scrutiny of mail-order health and accident insurance, has issued a regulation which will place strict guidelines on advertising and solicitations for the coverage.

Regulation 25, which grew out of hearings in Philadelphia early this year (*Business Insurance*, Feb. 28, 1972), will require that advertising be written in language that the general public can easily understand and that all limitations or exceptions affecting the advertised policy be made clear.

The guidelines, which become official the end of October, state that all mail-order life and health insurance solicitations must be filed with the department 30 days before they are to be used. The department may then approve the solicitation or reject it if it fails to measure up to the new standards.

ADVERTISEMENTS other than direct mail, such as radio, television and newspaper ads, will also be reviewed by the department at its "discretion," according to a spokesmen there.

"We won't look at these ads before they are used," he told *Business Insurance*, "But we will once they are used. If our review shows that the ads don't meet the regulation's standards, the insurance companies will have 45 days to comply or they will be subject to penalties."

Commenting on his new regulation, insurance commissioner Herbert S. Denenberg said, "No longer will personalities, like Art Linkletter, be able to endorse a mail-order policy without telling the public he's on the board of directors and is a stockholder of the company earning $50,000 a year. No longer will ads be able to make liberal use of maximum coverage figures without telling the reader that he has to be half dead before he gets paid that much.

"And no longer," he continued, "will insurance companies be able to use phony discount introductory rates to lure the consumer into a high-priced policy with rapidly increasing premiums."

THE REGULATION will also prohibit numerous other advertising practices, including:

- Misleading policyholders into believing they will make a profit while in the hospital;
- Language which suggests that the policyholder is getting the benefit of group coverage when he is not;
- Failing to state clearly when benefits begin;
- Advertising "no medical examination is required" and failing to obtain a written medical history, later denying payment under term of policy for pre-existing conditions.

With the issuance of the regulation, Pennsylvania officially joins the list of states which have cracked down on this particular type of insurance. Of those states, Florida and Ohio have been noticably hard-nosed in their dealings with the insurers.

The Pennsylvania insurance department spokesman said he expected the companies to comply because "they are in a bad position because of all the publicity this issue has received. I think they realize that it could only hurt their position too complain too loudly or not comply." ■

Liability loss prevention plan started

SAN FRANCISCO—A unique new loss prevention program, specially designed for architects, engineers and builders, has been started by Continental Casualty Co. and the brokerage firm of Victor O. Schinnerer and Co.

The new program is intended to reduce losses by informing designers and builders about areas in which legal problems are most likely to rise and by assisting attorneys in preparing legal defenses.

The insurance carrier will distribute a monthly newsletter to the 10,000 architectural and consulting engineering firms in the program, with material on types of structures or projects that produce relatively high frequency of loss.

The newsletter also will concentrate on aspects of professional services that produce large loss amounts, special studies of specific types of claims and general information not elsewhere available.

Another newsletter will be issued by Continental for attorneys who specialize in representing design and building professionals. This will provide information on current trends in decisions, statutory law and policy conditions as well as a "brief bank" of unpublished court decisions.

The program also will include seminars designed to educate architects, engineers, builders and their attorneys on problems they face in liability. ■

First-aid kit maintenance now required

WASHINGTON—Regular maintenance of first-aid supplies is now required of 4.1 million businesses by the 1971 federal Occupational Safety and Health Act.

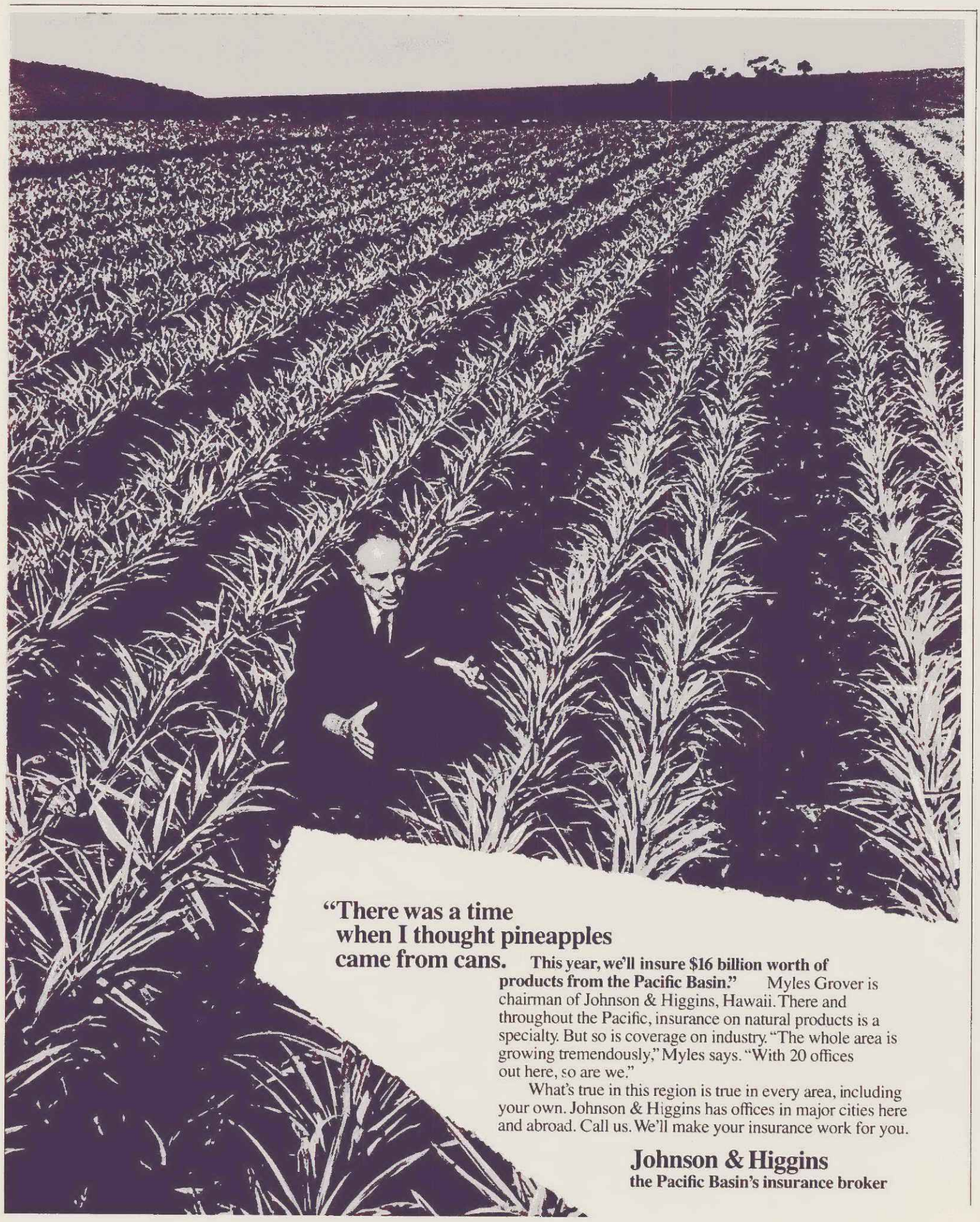
The OSHA standards apply to every business in the country with two or more employes, that is involved in interstate commerce.

Regulations are divided into two categories—the construction industry and all other businesses. As stated in OSHA rules for construction sites: "The first-aid kit shall be in a weatherproof container, with each item in an individual container.

"The contents of each kit shall be checked before it goes out on a job, and checked monthly while at the work site."

For other businesses, "the first-aid kit approved by the consulting physician shall be readily available." Maritime and mining businesses are governed by other federal laws.

An office of the labor department will inspect first-aid facilities at work sites and govern enforcement of OSHA guidelines. ■



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No flaws in your armor when you're covered by Z-A's Top Security* multi-peril package. Your specific protection needs are no problem—no matter how unique. Z-A can hammer out a perfect fit.

A Top Security policy‡ can put all commercial hazards under the Z-A armor. Not only the basics, such as fire and lightning, wind, explosion, sprinkler leakage, riot, vandalism . . . and sonic boom. But optional coverages, too, such as glass, building collapse, burglary and robbery, fidelity bond, business interruption, product liability, elevator collision.

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For your own top security—call your Independent Agent or Broker about it . . . or call us for the name of our nearest representative.

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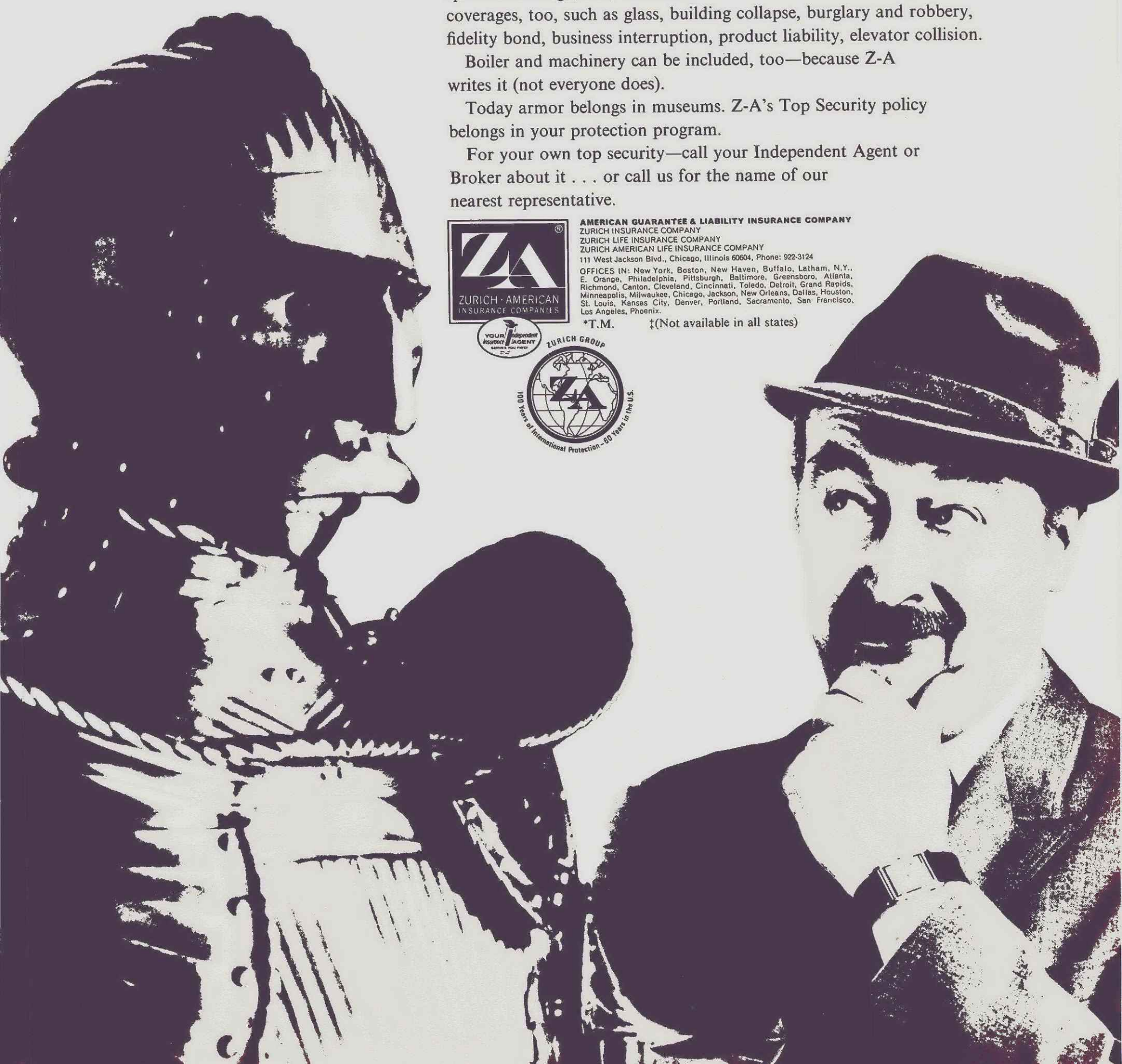
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*T.M. ‡(Not available in all states)



No-fault auto insurance challenged by judges on constitutional grounds

BAILEYS HARBOR, WI.—No-fault auto insurance plans which restrict payments for pain, suffering and disfigurement were challenged on constitutional grounds at the annual meeting of the Wisconsin board of circuit judges.

The state constitution provides that no person can be prevented from suing for any grievance, circuit Judge Richard W. Orton said.

He also contended, during a panel discussion on no-fault plans, that insurance companies would be enriched by limiting payments to auto accident victims unless the victims carried additional coverage.

Robert Habush, a Milwaukee attorney and secretary of the American Trial Lawyers Assn., said that bar associations were not opposed to speedy payments of medical bills and wage losses to accident victims under a first party no-fault system. But it would not be in the best public interest if the state were to pass legislation restricting or banning payments for such general damages as pain, suffering and disfigurement, he added.

A Janesville attorney, James E. Brennan, said he was convinced that Wisconsin's present fault system was preferable to other plans. "It's repulsive to throw out the existing fault system simply because some professor in an ivory tower claims we don't need it anymore," he said.

William Gibson of Chicago, midwest manager of the American Insurance Assn., argued that a no-fault system would guarantee payment of medical bills and wage losses to all accident victims regardless of who was at fault. "Under the present fault system, those with slight injuries now collect more than those most seriously injured," he said.

"IN ADDITION to speedy basic payments to all accident victims, no-fault insurance would also result in lower insurance premiums by eliminating costly litigations," he added.

Allen Gruenisen, vp, and secretary of American Family Mutual Insurance Co., Madison, said he supported a modified no-fault plan as provided in assembly bill 1040. "Many insurance firms believe that assembly bill 1040 would adequately provide a proper system of economic loss coverage for auto accident victims and at the same time reduce the present contingency fees now received by lawyers representing injured clients," he said.

Gov. Patrick Lucey recently said that he favored no-fault auto insurance and predicted that it would be adopted in the 1973 legislative session. ■

Arizona no-fault plan

PHOENIX—The Arizona committee on no-fault insurance was warned that legislators should pass "meaningful insurance and reparations reform" speedily.

Howard Clark, a U.S. department of transportation official, warned that new no-fault auto insurance bills are in the offing in Congress.

The scuttling of a no-fault bill by the U.S. Senate this year gives state legislatures only a "brief respite," Mr. Clark stated.

He said the present administration prefers action at the state level and had some reservations about the bill. He recommended a no-fault plan drafted by the National Conference of Commissioners of Uniform State Laws. James Bush, a Phoenix attorney, described the conference's plan as the most comprehensive no-fault proposal to date.

AMONG ITS provisions, he said, are some restricting damages for "pain and suffering" to instances involving death, significant permanent injury, serious disfigurement or six months of disability.

No court awards could be made unless damage exceeded $5,000, he noted, a provision designed to "eliminate the small, phony claims." Mr. Clark said the present liability system "invites exaggeration of injury and inhibits rehabilitation."

In states where vehicle insurance is required, there has been a "swelling of assigned-risk policies" at higher premium levels, with inferior coverage, he contended. He said 65% of the assigned-risk policyholders in New York had no trafifc violations or accidents.

Insurers tend to fight mandatory insurance because it fosters public complaints over rates and brings demands for reform, he added. ■

Armor-plated airliners

El Al airline is reported to have tested armored airliners in secret experiments over Israeli desert territory. Reports indicate that successful tests have been made of armor-plated baggage compartments: So that even if a bomb escapes an airport security net, it will not destroy the main structure of an aircraft.

Retirement for teachers

HOUSTON—Insurance plans for retired teachers were explained at a meeting of the Houston National Retired Teachers Assn.

The Houston NRTA unit, which has 768 members, heard Dallas insurance consultant Steve Polansky outline the insurance plans. They are designed to supplement coverage such as Medicare or Blue Cross-Blue Shield, he said.

He added, any national member of NRTA, regardless of age, is eligible, including former teachers who may have taught for only two years.

MR. POLANSKY told the teachers the enrollment periods are in the spring and fall, but newly retired teachers have a six month period, either before or after they retire, to enroll.

Only those claims resulting from new accidents or illnesses are covered during the first six months, he said, but thereafter both old and new accidents are covered. NRTA offers both inpatient and outpatient plans, the latter including two nursing home plans. ■



Insurance for Montreal museum arrives in time to cover art theft

MONTREAL—A Rembrandt painting and other art pieces valued at more than $2 million, stolen from the Montreal Museum of Fine Arts earlier this month, are still missing. And the museum came close to missing insurance for the stolen pieces.

Two days before the museum was looted, its old insurance policy expired, *Business Insurance* learned. Fortunately for the museum and its patrons, the new policy was valid, and any losses will be covered under it.

The old museum is insured in a policy placed among a pool of about 20 companies, including MOAC, a Continental subsidiary, and Pearl Insurance of Montreal. The pool is represented by the Underwriters' Adjustment Bureau Ltd., of Montreal.

When J. L. DeQuoy, the Underwriters' man handling the museum's insurance was first contacted, he was not able to be definitive about the amounts involved because he did not even have the policy on his desk yet. "It's still in the mail," he acknowledged. "It's a brand-new policy. The museum's old one expired two days before the robbery."

WHEN THE policy was available for scrutiny, Mr. DeQuoy confirmed that the museum is covered on an all-risk policy in excess of $7 million. There is a $1,000 deductible, and a guaranteed amount of coinsurance.

A reserve of $3 million is being held by the insurers as potential payment to the museum for the unrecovered pieces.

There is no set waiting period before insurers pay the museum for loss of the stolen art. However, the museum's dilemma about what to do with the insurance money is not so easily solved. If the paintings are recovered at a later time, the museum would have to return the money to the insurance companies. That means if the art is unrecovered, the museum director is still not free to spend the insurance money on replacement paintings.

SEVERAL YEARS ago, Mr. DeQuoy recounted, this actually happened to the Museum of Fine Arts. A Rembrandt drawing was stolen. Insurers paid $50,000. Museum director David Carter held the money for four years. Just as he was about to use the cash for another museum need, the drawing was recovered, and the insurers had to be reimbursed.

DIRECTOR Carter's problems at the time of the theft were compounded by an alarm system that was not functioning properly, due to building repairs being done that week. He declined to comment on how this faulty security system would affect his insurance. But he said that "the security could be better in a better building."

Interpol, the international police force, is working on the case along with Canadian authorities. Mr. DeQuoy, as the insurers' representative, is offering a reward for the return of the purloined paintings. He is optimistic about their eventual recovery.

"I wouldn't be surprised if the paintings turn up in a few weeks. Chances are good they're still in Montreal because of the difficulty involved in trying to get them past our alerted customs officials and police at the Canadian borders."

The motives for the theft are not yet clear. "We're still in the dark about whether the paintings were stolen for ransom or for a private collector," Mr. DeQuoy said. (There have been speculations that the daring theft was engineered by or for a criminal art collector of the "Doctor No" variety, who would have no scruples about harboring stolen paintings in his home).

In addition to the Rembrandt landscape painting, articles stolen included paintings by Courbet, Daumier, Delacroix and Gainsborough and 39 pieces of jewelry and figurines. ■

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Infants can recover for damages

SAN FRANCISCO—Malpractice insurance carriers "suffered a blow," and personal injury attorneys "a modest victory," when the California supreme court reversed a 1938 appelate court ruling that infants cannot recover damages for pain and suffering.

Associate Supreme Court Justice Mathew O. Tobriner wrote the unanimous decision in a case involving the Kaiser Foundation Sunset Hospital, Hollywood, where Rachel Capelouto gave birth to a daughter Kim on July 30, 1938. Soon after discharge of mother and daughter, the baby girl developed severe diarrhea, vomiting and cramps which continued "during much of the first year of her life."

THE CAPELOUTO baby was one of 14 infants in two of the hospital's maternity nurseries who eventually contacted the bacterial infection, contracted by one child from its mother, a carrier of the salmonell bacteria. It spread to other new-born babies and, according to Judge Tobriner, the entire maternity unit was temporarily closed by the epidemic.

Judge Tobriner's decision reversed the Los Angeles trial court ruling which was based on 1938 precedent, that Kim could not recover damages for "pain and suffering," although a jury, following judicial instruction, awarded Kim $1,510.24 medical expenses.

"The infant's inability to explain the cause of pain or to describe the extent of it," Justice Tobriner wrote, "does not affect the sting. The infant's cry of hurt is as poignant as the most detailed exposition." The trial court was ordered to permit a jury to decide the amount of damages. ■

Unemployment comp

Unemployment compensation is not allowed for the head of a company who voluntarily closes his business, according to a Dane County, Wi., court ruling. A circuit court judge upheld a decision of the state department of industry, labor and human relations, which denied unemployment compensation to the former president of White Equipment Sales and Service, Inc. Mr. Fish contended he closed his business after a national truck strike made it unprofitable, but the state agency ruled that Mr. Fish's unemployment was voluntary.

Blue Cross gets rate increase in Connecticut

HARTFORD—The Connecticut state insurance department has rejected a Connecticut Blue Cross request to boost its rates 8.5% for 180,000 individual subscribers not covered by group plans. But the department did okay a rate increase not to exceed 3.28%, effective Oct. 1.

Paul B. Altermatt, state insurance commissioner, said he considered the proposed Blue Cross hike "excessive," despite its argument that for the first six months of 1972, the health plan had paid out—in claims and expenses—$100.90 for every $100 taken in.

The commissioner conceded that some rate increase was necessary, his department assuming that wage-and-price controls applicable to hospitals would be effective in holding claims down.

Under the authorized rate increase, an individual in Blue Cross plan DP-12, will pay a quarterly rate of $19.20, as compared to the existing tab of $18.70. Under the same plan, the family membership rate will go from $41.40 to $42.75.

Individuals under plan DP-25 will pay $37.25 instead of $36.05. Family memberships under the plan will cost $76.10, up from $73.70.

In reviewing the rates, the insurance department had to determine if hospital costs would escalate at the same rate next year as they did prior to Phase I wage-and-price controls.

Mr. Altermatt said he assumed that wage-and-price controls would be effective.

His seven-page decision stated that the loss and expense ratio of Blue Cross had stabilized to a degree. "It should be noted," he said, "that when rates on these contracts were last increased (May 1, 1971) the full amount of that rate increase was not granted by the insurance department."

The current rates for direct payment contracts provide an annual income of $18.8 million for Blue Cross in Connecticut, while the proposed rates would have added $1.6 million to that total.

The commissioner's decision stated that individual contracts —based on the June, 1972, loss and expense ratio—were responsible for an annual loss of $169,-268.

The state insurance department last spring, as reported in *Business Insurance* (March 27) turned down a 4.9% increase.

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tv review

The pension 'promise' gets treatment on tv

By PATRICK THOMAS

THE NATIONAL Broadcasting Co. helped kick off "NBC Week," the network's week-long party for its new programs, by airing a 60-minute show with the intriguing title, "Pensions, the Broken Promise." If anyone missed it, it followed a heavily-advertised segment of "Bonanza" on Tuesday night, Sept. 12.

The program, as the first of this year's "NBC Reports," was understandably billed as a news hour, but that billing missed the point somewhat. The program, while undeniably a news feature, could reasonably be considered a public service.

"Pensions, the Broken Promise," was, by necessity, sketchy and it revealed nothing new to anyone who spends any of his time in the pension area. But what it hopefully did do was warn an ever increasing number of working people that they may have to spend their later years scratching out the most meager of existences, rather than playing shuffleboard.

The main problem, according to Edwin Newman, the program's deft commentator, appeared to be the sorry fact that too many people reach retirement age merely assuming that there is a pension awaiting them. They hadn't really looked into the matter, true, but they were given booklets by their employers which, they were told, described their plan so any worries about not having enough to eat after retirement were rather remote. (Some of those booklets were displayed by New Jersey Sen. Harrison Williams and it is debatable whether a trained legal mind could make sense of some of the wording).

Along with Sen. Williams, the hour "starred" such familiar, to these pages at least, faces as insurance commissioners Herbert Denenberg (Pa.) and Benjamin Schenck (N.Y.) and Sen. Richard Schweiker (R. Pa.). But it was the supporting cast, a legion of bitter, cheated Americans who had expected one thing and received another (or nothing at all), who really gave the program its importance.

HOW DO YOU argue with someone who says, "On my old man's legs, I don't want to have to compete with other old men on old men's legs, racing down the supermarket aisles for dented cans and stale bread,"? He had worked as a warehouse foreman for A & P for 17 years. When the company closed his warehouse, he was let go and his pension credits were suddenly meaningless. He was not quite at retirement age and did find another job, but he was too old to start over in a pension plan.

He did not see a conspiracy, he simply asked, "How does the president of A & P sleep?"

There were others, however, who were victims of corporate policies which called for the termination of long-service employes just prior to their vesting in the plans.

The dubious honor of looking villainous was not reserved exclusively for business. Mr. Newman and other NBC reporters interviewed aging workers who detailed graphically the abuses of union-operated pension plans.

Many of the problems of the system were explored—plant closings and their effect on pensions, for example—as were many of the proposed solutions. Pension plan reinsurance, portability and the creation of new institutions to handle the plans were all mentioned but there was just not enough time to do it thoroughly.

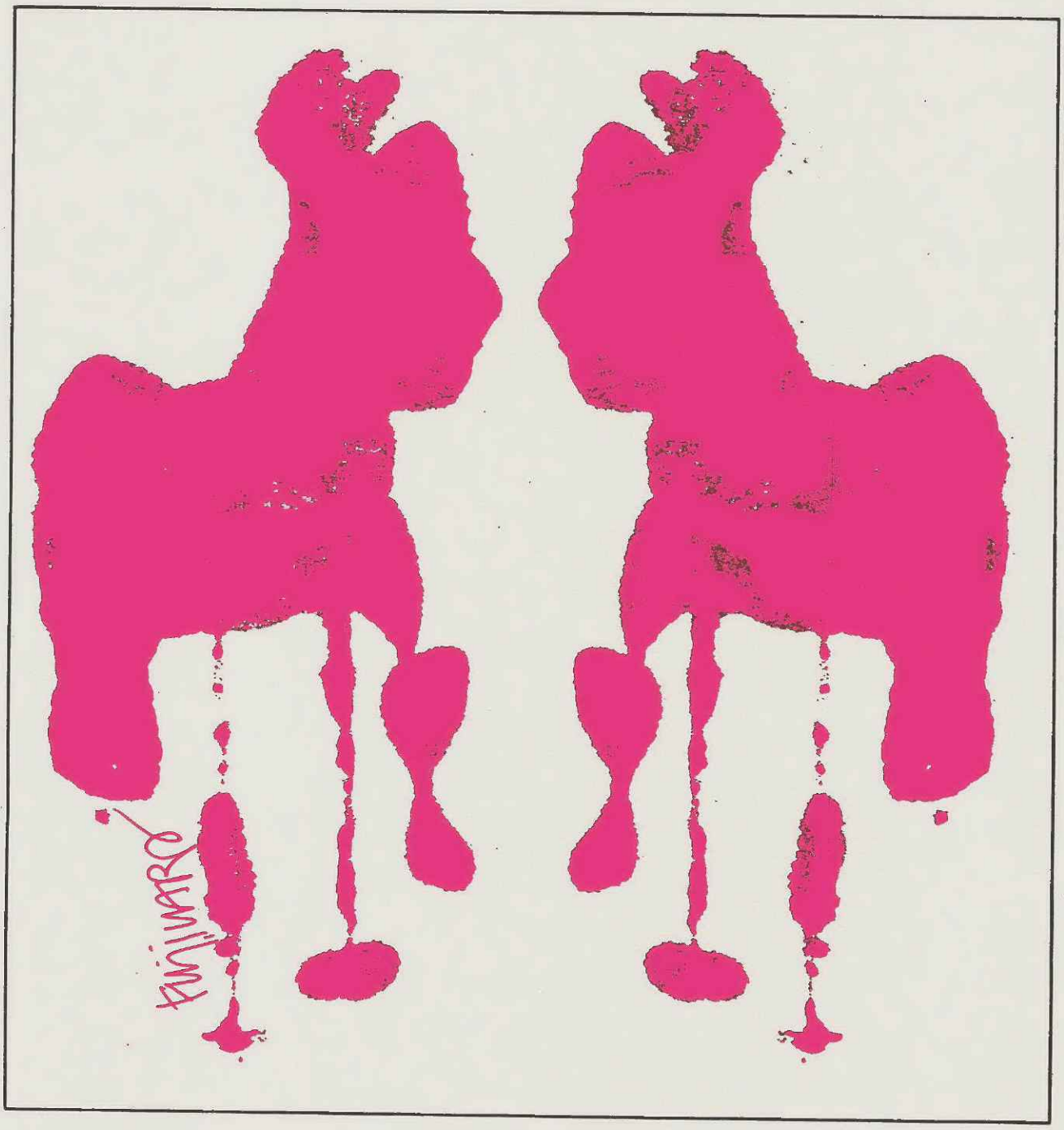
The program was by no means objective; it could not have been. Spokesmen for the National Assn. of Manufacturers and the Bank of America had their say but this is one of those Ed Murrow-type stories where there is no other side.

As Mr. Newman put it, "The crux of the matter is that old people should not be expected to live in poverty, or near it."

He pointed out that there were many good pension plans and that many retired persons were living happy, comfortable lives but it was his conclusion that "it is inconceivable that this system grew up with so little undersanding of it. The situation is deplorable."

Patrick Thomas is an Associate Editor of BUSINESS INSURANCE. *This column will run from time-to-time whenever television looks into a subject affecting the corporate insurance consumer.*

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Canadian auto insurers unsure about rate cut

TORONTO—Canadian automobile insurance companies are reacting cautiously to a recommendation by a major U.S. auto insurance rating organization for a 10% reduction in collision insurance premiums on 1973 model cars with improved impact-resistant bumpers.

Insurance Services Office of New York, whose member companies include more than 450 U.S. auto insurers, says the new U.S. government standards requiring bumpers that reduce damages to headlights, fuel and cooling systems and other equipment are expected to reduce repair costs and the consequent insurance claims costs.

Spokesmen for the two major rating groups in Canada, the Canadian Underwriters Assn. and the Independent Insurance Conference, say it is too early to assess the savings in repair costs that the improved bumpers may bring. They expect it will take at least two years before there is sufficient statistical evidence to warrant reductions in collision insurance rates.

AT THE SAME time, they think that rising material, towing and labor costs in repair garages could wipe out any savings that may result from improved bumper construction.

Officials of both associations predict that any savings in collision and property damage insurance rates will not become evident until 1975, when there will be a higher proportion of cars with crash-resistant bumpers on the road.

J. R. A. MacKenzie, chief agent of State Farm Insurance Cos., whose U.S. parent company is not an ISO member, said it will take "two or three months" before the company will be able to reach a decision on a rate reduction in Canada.

THE CHIEF problem, he asserted, is that replacement parts, including the new bumpers, are more costly in Canada. In addition, the number and cost of claims has been increasing over the first six months of 1972.

"However," he said, "it is likely that we will give collision coverage discounts of varying percentages keyed to the degree of protection built into the 1973 models. ■

Connecticut teachers to get pregnancy disability

HARTFORD—The Connecticut Education Assn. has started a new statewide campaign to guarantee disability pay for teachers on leave because of pregnancy.

A proposed CEA maternity policy, classifying pregnancy as a "temporary" disability subject to the same benefits as other forms of physical disability, has been submitted to CEA chapters for comment and possible submission to local school boards.

Existing state statutes guarantee a minimum of 15 days leave, with pay, for illness or physical incapacity.

The proposed policy defines as temporary disabilities any disability "caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom," and guarantees teachers' pay, accrual of seniority and normal fringe benefits on the same terms as for other such disabilities.

TEACHERS would be allowed to resign "for purposes of parenthood" by providing 30 days notice and be guaranteed full pay for up to 30 days of accrued sick leave. In addition, teachers would be allowed to take additional unpaid leave time, "for purposes of childbearing," for the remainder of the school year, which may be extended for additional school months if requested.

Dr. Robbins Barstow, CEA's director of professional development, believes the CEA executive board will approve the proposal "or something very much like that" in the next few months.

CEA in the past has backed a number of court actions on behalf of teachers who claimed discrimination against them because of sex.

Most recent was a suit by a pregnant teacher against the Bristol board of education, which had ordered her to terminate employment two months before her child was due. ■

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Tax against employers to double

MADISON, WI.—A solvency tax this year, at double the rate of last year's, will be levied against Wisconsin employers whose unemployment compensation accounts are overdrawn, according to the state department of industry, labor and human relations.

The new rate will be .6% of the first $4,000 of an employe's wages. It was .3% last year. The maximum, therefore, that an employer must pay will be $25.20 per employe, according to the announcement.

The higher tax is necessary because of an increase in unemployment compensation, Philip E. Lerman, head of the department, said. Payments have risen to $99.3 million this year from $58.2 million in 1970. The state also received a lower interest rate this year on invested unemployment compensation funds, Mr. Lerman added.

THE DEPARTMENT must maintain a balance of at least $33 million in the unemployment compensation fund. State law requires the department to levy a special assessment when the balance dips below that figure. The fund had a balance of $11.7 million on July 30.

Employers paying the higher rate will be those whose benefit payments have exceeded their contributions into the fund. Others will not be required to pay the special tax because it will be deducted from their regular contributions. ■

Premiums paid in Utah

Total insurance premiums paid in Utah during 1971 increased by $69.92 million, to $334.85 million, an 18.2% increase over 1970. Taxes and fees paid to the state by insurance companies totaled $6.85 million, an increase of $1.26 million for the year.

The hardest way to learn about insurance is by accident.

There are hidden dangers in every operation. They sit there, patiently awaiting the right set of circumstances. And then, when you least expect it, they happen.

If you're lucky, no one will be injured, your insurance will pay for the loss, and you can correct the situation.

But if you're not lucky, you're going to learn about your insurance the hardest way there is.

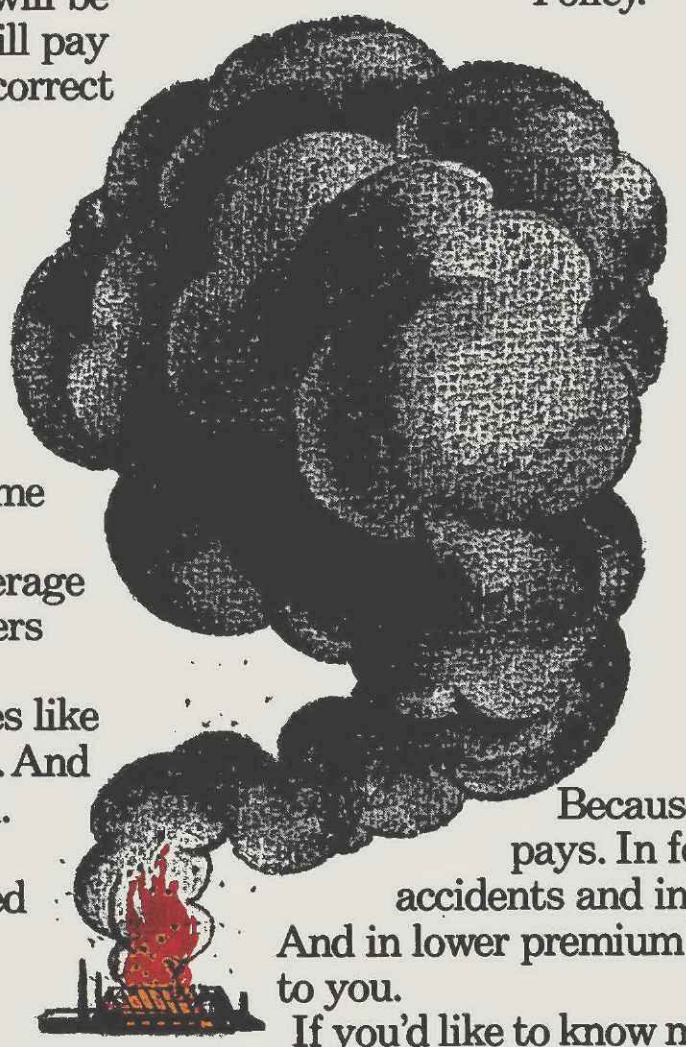
At Kemper Insurance we work hard to help our policyholders identify dangers before they become accidents.

And we design our coverage to protect our policyholders against these accidents.

We've helped businesses like yours from coast to coast. And we would like to help you.

Our large staff of loss control engineers is trained to locate potential accident situations. And we can show you how to reduce or possibly eliminate these hazards.

We'll put our loss control engineers to work when we write your business insurance. Whether it's Workmen's Compensation insurance, Boiler and Machinery coverage, General Liability, Fire, Burglary, or a Package Policy.



Because safety pays. In fewer accidents and injuries. And in lower premium costs to you.

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Lumbermens Mutual Casualty Company, American Motorists Insurance Company, American Manufacturers Mutual Insurance Company.

Successful HMO plan at Wausau may be expanded to other groups

CHICAGO—A health maintenance organization plan for employes at Employers Insurance of Wausau was both praised and explained by Harold E. Bliss, the company's senior vp, at the Health Insurance Assn. of America's conference on HMOs here.

Mr. Bliss, who indicated that patient reaction had, so far, been excellent, said the Wausau experimental program's seven-month statistics showed that:

- Average length of hospital confinement dropped to 4.3 days from 7.1 days;
- The number of hospital days confined per thousand fell from 850 to 435;
- The per diem charge rose to $88 from $81.

IN OUTLINING his company's program, Mr. Bliss said the plan provided total coverage on all inpatient and outpatient care with the only major limitations being a deductible on over-the-counter prescription drugs and coinsurance on outpatient mental illness.

Preventive care, he continued, was taken care of by routine physicals, whose schedule was controlled on the basis of age, and immunizations.

Management of patients, under the Wausau plan for 3,400 employes, was stressed by furnishing benefits for virtually all variations of hospital confinement, including extended care, nursing home care, self-care and home care.

The plan, he explained, handled cost control through contracts with doctors and hospitals of specific fees and charges, which were frozen for 12 months.

MR. BLISS felt that the plan was popular among patients because they had "complete freedom of choice of physician for any member of the family" and because of "the guaranteed availability of care and the extremely broad coverage without normal limitations.

"Also, there is no patient billing involved nor any claim form to complete," he added.

Doctors had been "generally enthusiastic," he said, noting that 71 of 72 eligible physicians had signed up to participate in the program.

"Thus far," Mr. Bliss stated, "the activity represents between 5% and 10% of their patient load and obviously this limitation had a bearing on their willingness to take a chance with this experiment."

HE ALSO pointed out that the insurer planned to expand the program to other groups in the Wausau area. "As a matter of fact, we are in the process of discussing with several carriers an arrangement for possibly implementing a plan in Milwaukee.

"The arrangement," he continued, "would provide for each carrier doing their own marketing, their own actuarial work.

"If a plan becomes operational in a city as large as Milwaukee," Mr. Bliss mused, "then, perhaps, it would have considerable potential in other areas." ■

State retirement board

W. Adrian Wright, Salt Lake City realtor, has been re-elected president of the Utah State Retirement Board. A. Lawrence Higgins, Salt Lake bank executive and a new appointee to the board, was named vp. Mr. Wright was named in 1962 to both the Utah School Employes Retirement Board and the Utah Public Employes Retirement Board and elected vice president of each. When the two boards were combined in 1963, he was named to that body. He was elected president in 1970 and re-elected to the post in 1971.

letters

Continued from page 22

dress of the ASIM so that I could write to them for more details about their activities.

Fred Edinger
Treasurer, Parents' Magazine Enterprises Inc., Bergenfield, N.J.

Editor's Note: You may contact ASIM by writing Ron Judd, managing director, at the national headquarters at 500 Fifth Ave., New York, N.Y. 10038. The phone number is 212-LA4-2833.

Pension disagreement

To the Editor: I fail to see anything newsworthy in the pensions article, "Pensions campaign issue in N. H.," datelined Concord, N. H., on page 32 of the Aug. 28 issue. At least three of the comments by candidate Dave Brock are incorrect, for instance: lack of regulation or control over managers of private pension plans; the one in 10 theory was shown to be untrue by the Griffin study published in Pension & Welfare News, March, 1971, and the Social Security Bulletin, November, 1971, and "thousands of workers have been denied their pension benefits after contributing to plans for years."

Rather than use your excellent magazine as a forum for misstatements about subjects close to the purpose of the periodical, your staff should write, in my opinion, material intended to point out inaccuracies.

Bernhardt K. Stabert
Huggins & Co. Inc.,
Philadelphia

New officers for ASIM in Wisconsin

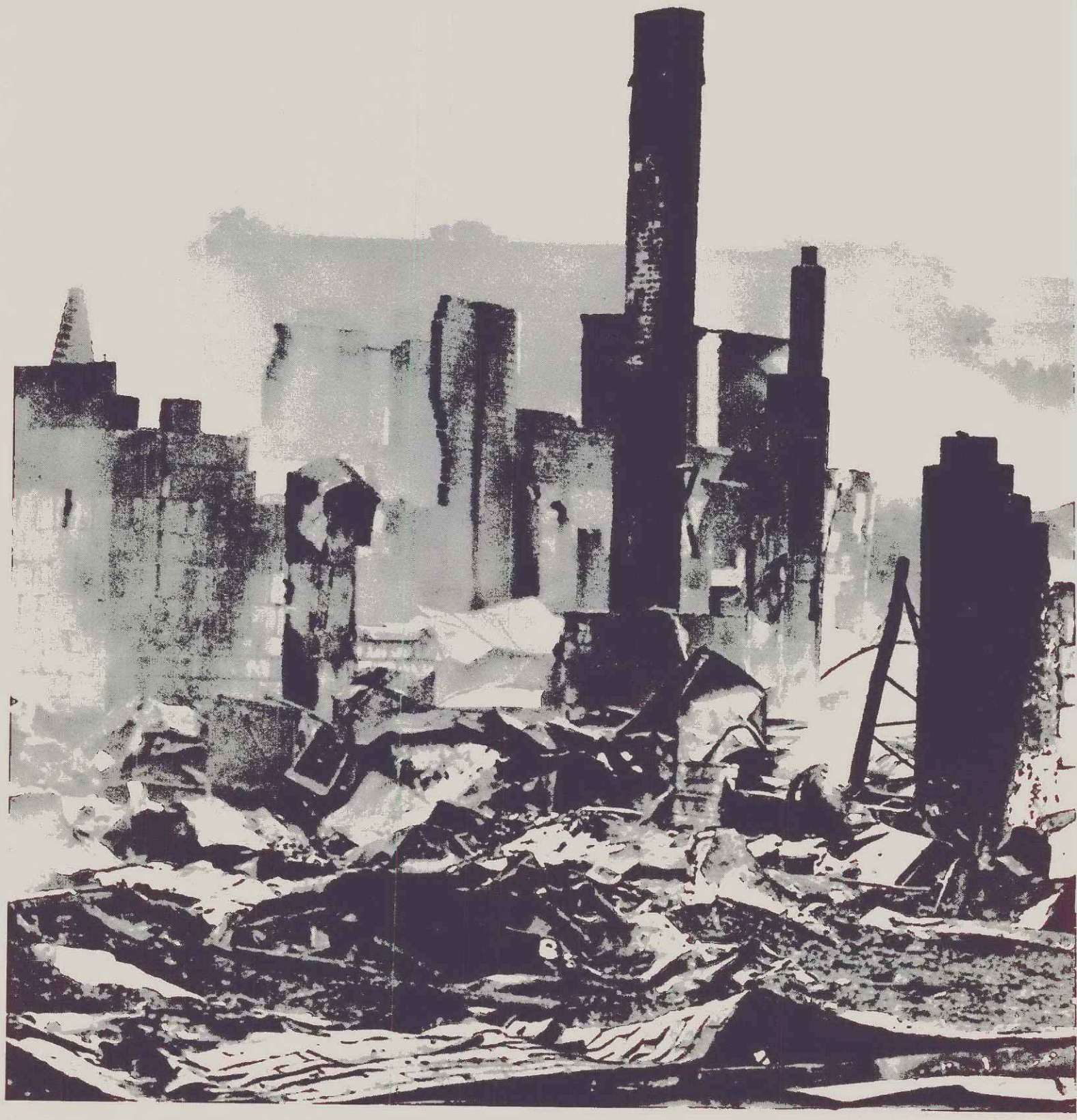
MILWAUKEE—David G. Zellmer, insurance officer of First Wisconsin Bankshares Corp., has been named president of the Wisconsin chapter of the American Society of Insurance Management for 1972-1973.

Mr. Zellmer explained that he and the committee chairman responsible for educational programs are "looking at the cassette idea" for building a risk management library.

"We've been toying with the idea of a library of instructional sound cassettes on risk management," that could be loaned out to members for their use, he outlined.

The chapter's other new officers are: Ervin Daskow, Towne Realty Inc., vp; Richard J. Edwards, Snap-On-Tools Corp., treasurer; and Ronald O. Wiese, Ladish Co., secretary. ■

The biggest losses in a fire can be things that didn't burn.



Professional liability coverage is tight in Canada, along with U.S.

MONTREAL—Professional liability insurance has become a painful topic of conversation among architects, engineers, lawyers and accountants in Canada, much as it has in the U.S.

The professional liability insurance market, moreover, has dried up in recent years, and some Canadian insurance sources attribute this to poor experience in other parts of the world.

One Montreal underwriter, who said he has insured all the professions at one time or another in recent years, said that many companies in the professional liability business have withdrawn from the market.

"We have two large engineering firms as clients," the underwriter said. "They have never had a successful claim against them, but their premiums have more than doubled in the past five years. Any firm of size today would have to accept a deductible of at least $25,000," he added.

ACCORDING TO insurance sources, Canadian engineers are paying for the poor experience of their colleagues in other countries, especially in the United States where professional liability claims and settlements have soared in recent years.

Architects and engineers can —and have been—held responsible and financially liable for everything from faulty air conditioning to cracks in dams.

Underwriters here say that because of the increasing number of claims, it became difficult for engineers to get comprehensive liability insurance three years ago. Since then, however, one company—Farquhar Bethune Ltd. of Ottawa—has taken up some of the slack by developing a program insured through Simcoe and Erie General Insurance Co. of Hamilton, Ont.

Rates, said Farquhar Bethune, have not increased over the past three years, although a current review and evaluation of claims experience may result in increases. "I can see increases in certain areas, such as mechanical engineering," said Jack Farquhar a company official.

Simcoe and Erie, a specialized, privately-held firm that expects to gross about $20 million in premiums this year, has also been insuring architects for professional liability during the past seven years. Premiums in that category have gone up 20% in that period of time.

Most cases of a professional liability nature are settled out of court in Canada. About 70% of all claims made are unfounded, sources note, and are dropped by the plaintiff before the courtroom date. Of the remaining 30% it is usually more costly to fight the case—even if there is a chance of winning—than to come to an agreement. ■

Legal plan for military officers ready soon

NEW YORK—In a pilot program aimed at officers of the Army, Navy, Air Force, Marine Corps and Coast Guard, the American Home Assurance Co. has proposed legal aid insurance to cover the cost of a civilian attorney in a military trial.

According to a company spokesman, the policy would provide $5,000 of coverage for $26 a year. It is not yet being sold, but has been approved by about thirty states, including Maine, Pennsylvania, and Massachusetts.

The policy would insure against expenses for civilian defense up to the $5,000 limit should the insured be formally charged with a wrongful act arising out of, or in the course of his duty as a commissioned officer. In addition to ordinary cases, the policy would also be applicable to such trials as the My-Lai courtmartial of Lt. William Calley, or the more recent adultery trial of Navy chaplain Andrew Jensen.

NOTING THAT the policy had been discussed with Pentagon officials, American Home representatives said there were indications that it would be "well received" by the military.

Pennsylvania Insurance Commissioner Herbert Denenberg said that members of the military should be able to choose between a civilian and a military lawyer, but many cannot afford a civilian lawyer. However, he pointed out what he felt were problems with the policy. He said it discriminates against enlisted men since it is offered exclusively to officers and questioned whether a policy which insures against criminal activity can be issued.

Defending the policy on both counts, the insurance company spokesman pointed out that the "officers-only" coverage is due to the fact that the policy is a pilot one. There is a possibility that it will be extended to enlisted men if it works well with the officers. The insurance man also noted that state laws determine whether a policy can be issued which covers the defense of criminal activity, and that the 20 or 30 states which have approved the policy have also cleared it on that basis.

ASKED IF an accused officer would have to select an attorney approved by American Home Assurance, the spokesman replied that a "mutual agreement" had to be reached between the insurer and the accused. He said that military personnel in legal trouble frequently "don't know who to pick" as their attorney, and that the company would help them in the decision.

Asked if any similar policies were now in effect, the spokesman said that some labor unions have legal aid insurance for their members, but that he did not know of any plan for the military comparable to what his company is proposing. ■

If you're in business, you probably carry Fire insurance. But don't let that lull you into a false sense of security. You may not be covered as well as you think.

You may need help in tearing things down.

Let's suppose that a fire destroys 50% of your plant. And suppose that local ordinances stipulate that the *remainder* of the building must be demolished (which is often the case).

Fire insurance normally doesn't cover this part of your loss. It only covers property damaged or destroyed in the fire.

What can you do? Buy Contingent Liability from Operation of Building Laws insurance plus Demolition insurance which will protect you against the loss of property *not* damaged or destroyed, including the cost of tearing it down and removing it.

Who usually pays for removing debris?

OK. With "Contingent Liability..." and Demolition insurance, you're paid for the property that didn't burn but which needs getting rid of. But what about the debris of what *did* burn? *That* expense can be covered... usually without charge... by a Debris Removal clause in your standard Fire and other Property Damage policies.

One caution, however. The inclusion of Debris Removal coverage does not... repeat, *not*... increase the limit of the insurance company's liability. It simply adds an additional item for which they will pay, *within* that limit.

Remember that it can be fairly tricky to establish for insurance purposes—and in advance—how much it might cost to remove debris or demolish up to 50% of your plant. One solution: get an estimate from a wrecking contractor.

What if you're not allowed to replace the building?

Zoning laws change. Building codes change. Aside from your own preferences, will you be *allowed* to replace the demolished building? Or will you have to use more costly materials? Conform to more stringent regulations? You'd probably need a lawyer to get the answers.

But we can tell you this: even being insured on a full Replacement Cost basis doesn't always protect you against such losses.

What can you do? You guessed it. There's another type of coverage that answers the question. Increased Cost of Construction insurance.

Replacement Cost vs. Actual Cash Value.

The two terms mean vastly different things. And the time to understand the difference is before a loss.

The standard Fire policy is written on an "actual cash value" basis. Which means that, in settling a loss, a deduction will be made for physical depreciation.

To protect yourself, get Replacement Cost coverage. There are several ways you can do it, but the most common is simply to modify your present policy so that losses will be paid without deduction for depreciation. That means you'll probably have to increase your insurance to cover the amount of depreciation and to be sure you comply with the coinsurance requirements.

Another reason for Replacement Cost coverage: generally, you can't buy Increased Cost of Construction insurance unless you're insured on a replacement cost basis.

Incidentally, Replacement Cost coverage on stock inventory isn't necessary because depreciation normally isn't a factor. But consider it on your improvements and betterments. And, if you can get it, for your equipment and machinery.

Who decides what things are worth?

Buildings deteriorate. Construction costs increase. The result is, determining the value of a piece of property can be difficult. And when losses occur, it can be the source of a great deal of litigation.

The safest thing to do is to get an estimate on property values for insurance purposes, as accurately and scientifically as possible. In advance. And in writing.

And the best way to do that, is to get a competent and reputable professional appraiser or contractor. He'll also know about local building codes, which will help you establish how much Increased Cost of Construction insurance you should carry.

Where do you find such an expert? Check with architects in the area. Or ask your insurance agent. When you do find a qualified man, don't be surprised if his price is high. He's probably worth it.

When you realize that, you'll probably do what you should do... keep your appraisal up to date by periodic review.

What about the most precious commodity... time?

In discussing hidden exposures, it would be an oversight to neglect the question of time.

To protect yourself against this kind of additional loss, there are several types of insurance with which you may be familiar... Business Interruption, Extra Expense, and Rent insurance. And one with which you may *not* be familiar... Demolition and Increased Time to Rebuild insurance.

The actual effect of a loss of time will vary so much, depending on the size, location and nature of your business, as well as on construction problems, that specific advice would be impossible here.

But we can advise you to think about it. And when you do, we think you'll do something about it.

In fact, the whole purpose of this ad is to urge you to think about exposures to loss that you hadn't thought about before.

Getting the right answers on your own may not be easy. That's why you should consult with the professional agent of a service-minded insurance company.

You won't have to look far to find one.



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HOME OFFICE: 80 Maiden Lane, New York, New York 10038

Industrial fire insurance

Industrial fire insurance rates in France have been hiked 20% an an emergency measure because of heavy losses in the early part of 1972. There will soon be a complete overhaul of the industrial fire insurance business in France to deal with the situation. Businesses with sprinkler installations represent only four per cent of industrial fire premium income in France.

A 1½ day briefing that will make you an expert on one of the most explosive problems facing business today . . .

business insurance PRODUCT LIABILITY WORKSHOP

October 23-24, 1972
Hyatt Regency O'Hare • Chicago

This is a comprehensive 1½ day course designed to protect you against the rising tide of product claims from product defects, improper service or misrepresentation in advertising labeling. It involves—in only one night and one day—eight hours of intensive participation and involvement in discussions with a number of outstanding experts and roundtable discussion leaders ranging from testing laboratory authorities and product withdrawal analysts, to one of the nation's most prominent plaintiff's lawyers. In the workshop's total-involvement sessions, you will personally analyze and zero in on effective utilization of each critical component of the management quality control team. In short, this is an opportunity for you to absorb, in a comprehensive form, a massive amount of valuable information dealing with one of the biggest problems of the 70's! Many Business Insurance readers have already stated that they want to see us repeat the most successful Product Liability Workshop held earlier this year . . . so enrollments must be accepted on a first-come, first-served basis. **Don't wait.** Mail the registration form today, or telephone your enrollment toll-free from anywhere in the U.S. Remember you save $25 if your tuition is paid by September 29!

Program Highlights

- **Product Liability Coverage**
  Robert Schaible, Product Manager-Liability, Employers Insurance of Wausau


SCHAIBLE

- **Plaintiff's Lawyer's View**
  Leonard M. Ring, Prominent Chicago Attorney, affiliated with the American Trial Lawyers Association


RING

- **Product Liability Suits and Ways in Which Corporate Managers can Cooperate with Defense Counsel**
  Michel A. Coccia, Leading Chicago Attorney with the Law Firm of Baker & McKenzie


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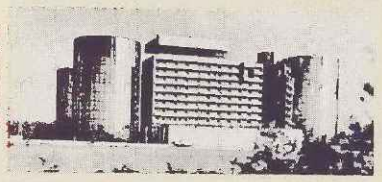
- **Risk Managers' Responsibilities in Preventing and Handling Product Liability Claims**
  Members of the panel include: Edward D. Hansen, risk manager and attorney for Trans Union Corp., N. E. Nilsson, assistant treasurer, Walgreen Drug Stores; and Ralph A. Parilla, administrative coordinator for Pepsi-Cola General Bottlers, Inc.


HANSEN

Plus

"Product Liability—Loss Prevention and Control"—An audio-visual presentation of the increasing problems that face corporate managers in the area of product liability claims • Product Testing and Product Claims • Government's View of Product Safety

The Product Liability Workshop will be held at the new Hyatt Regency O'Hare, less than five minutes from Chicago's O'Hare airport. The hotel has reserved for the workshop a block of modern rooms at attractive rates. Registration for the workshop starts at 3 p.m., October 23, followed by a get-acquainted period at 5 p.m., dinner at 6 p.m., and opening-evening work sessions at 7:30 p.m. Because of the intensive nature of the workshop, on the following day registrants will be kept busy until the workshop adjourns promptly at 4:30 p.m.



To enroll, use the coupon below or

phone 800-243-6000 toll-free

from anywhere in the U.S. Connecticut registrants should call 1-800-882-6500. A Listfax operator will take all necessary information and your enrollment will be confirmed immediately by Business Insurance.

business insurance PRODUCT LIABILITY WORKSHOP

Please enroll me in the Business Insurance Product Liability Workshop to be held Monday, October 23, and Tuesday, October 24, 1972, in Chicago. My registration fee of $140 is reduced to only $115 if you receive payment by September 29. If my plans change and I can not attend, I will get a complete refund if I notify Business Insurance by October 5.

☐ Payment Enclosed ☐ Bill my company

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☐ Check here if attending both workshops

Please make checks payable to Business Insurance Workshops, and mail to Business Insurance, Workshops, 740 Rush Street, Chicago, Illinois 60611.

YOU SAVE $25 IF YOUR FEE IS PAID BY SEPT. 29 AND $50 IF YOU REGISTER FOR BOTH WORKSHOPS AND PAYMENT IS RECEIVED BY SEPT. 29.
(See ad on facing page).

	Your Cost if paid by September 29	Cost After September 29
Product Liability Workshop	$115.00	$140.00
Product Liability Workshop and Benefits Communications Workshop	$200.00	$250.00

Fee for each workshop includes participation in all sessions; one dinner, breakfast, lunch, cocktail social and coffee breaks; plus detailed workbook of the meetings. Accommodations at Hyatt Regency O'Hare are not included in the fee, and should be arranged separately. Hotel information will be sent automatically with registration acknowledgement. There is a $25 service charge for cancellations received between October 6 and October 13.

Legislation to protect injured workers during policy moves is offered

TORONTO—The insurance superintendents of the 10 provinces have proposed legislation which would protect disabled workers from losing their accident and health benefits payments if their group insurance policy is moved from one insurer to another.

Pointing out that there have been a growing number of cases in which disabled employes have been left without any coverage because the original insurer refused to continue payments after the contract was switched, the superintendents said that a law which binds either the new insurer or the old one to continue payments is needed.

The superintendents' standing committee on accident and sickness insurance legislation, chaired by F. A. Swaine of Manitoba, proposed the legislation in its report, which will be discussed with interested parties at the superintendents' annual meeting this month in Montreal.

THE COMMITTEE, which said it was concerned about the situation when group contracts are switched from one insurer to another, noted that, in many cases, the terminating insurance company ceased benefit payments on the assumption that the new insurer should make them.

As an example of the problem, the committee showed a group contract in which it was stated that benefits would not be paid after termination of the contract even though the claim occurred while the contract was in effect.

At the same time, the contract said that any employe who was not at work because of injury or illness when the coverage became effective would be ineligible for benefits.

"Accordingly," the report said, "in the case of a contract of that type being replaced by another with similar provisions, there would be no contractual obligation to pay claims of disabled group members either on the discontinuing insurer or the succeeding insurer."

POINTING OUT that a disabled employe's continuing coverage was somewhat dependent on the whim, "grace" was the term they used, of the new insurer, the committee members felt that the claimants needed more positive protection.

"Where a group policy provides for benefits that are payable to a person insured under the policy in respect of sickness or injury, notwithstanding any provision of the policy, the insurer is liable in respect of any claim that arises during the term of the contract to pay benefits after termination of the contract as though the contract has remained in force," the report recommended.

The committee also suggested, as an alternative, adding a legal condition to the policy which would require the succeeding insurer to continue benefit payments to those who are already receiving them in line with the terms of the old contract. ■

IRS rules on plan wording

WASHINGTON—The Internal Revenue Service has ruled that a profit-sharing plan that requires its trustee to lend plan funds to the employer on request, doesn't qualify for tax deduction.

The ruling was made at the request of lawyers who had doubts about such a requirement for an unidentified plan. It said the contemplated plan's wording, which would require a loan to be made simply "upon the employer's request," could lead to lending "even if some or all of the applicable investment requisites are not met."

THE IRS pointed out that if profit-sharing funds are invested in stock of an employer or loaned to an employer, "full disclosure must be made of the reasons for such arrangement," so that IRS can determine whether the fund "serves any purpose other than constituting part of a plan for the exclusive benefit of employes."

It noted that a plan with a loan requirement would fail to meet four "exclusive benefit-of-employes" requisites, including, "a fair return commensurate with the prevailing rate," "sufficient liquidity . . . to permit distribution in accordance with the terms of the plan," and the presence of "the safeguards and diversity that a prudent investor would adhere to." ■

Lumbermen get pension plan in new settlement

COEUR D'ALENE, ID—Some 560 lumbermen have agreed to strike-ending settlements that institute new pension programs at three lumber companies.

The pension plans, for members of International Woodworkers of America local 3-10, will be financed by taking seven cents an hour out of the employes' 32¢-an-hour pay increase and matching it with funds from the employers.

The agreements are with Atlas Tie Division of Idaho Forest Industries and Northwest Timber Co., both of Coeur d'Alene; Pack River Lumber Co. plants near Sandpoint, Id.; and Diamand International Corp.'s Superior, Mt. lumber plant.

George Dimico, president of the local, said the settlements provide for new pension plans at Northwest, Pack River and Atlas Tie companies, with Diamond International's pension plan remaining unchanged.

As of Jan. 1, 1974, and 1975, the employers will hike their new pension contributions by six cents an hour. The three employers also agreed to pay an additional 10¢ an hour for health and welfare starting Sept. 1, 1972, and two and one-half cents more on Jan. 1, 1974, and 1975.

These raises will bring their total contributions to a total of 40¢ an hour. Out of these funds, Mr. Dimico explained, the union plans to provide dental and eye care coverage.

The pension plans were part of a 32¢ an hour, retroactive pay agreement between striking lumbermen and the companies. ■

AIG had part of cover on air disaster victims

BANGKOK, Thailand—Insurance coverage on several of the passengers aboard the jet which exploded over South Vietnam last June, including the two who were apparently the objects of a murder-for-insurance scheme, was carried by members of the American International Group, *Business Insurance* has learned.

A spokesman for the company said that Somchai Chaiyasut, the Thai police officer arrested and charged with blowing up the Cathay Pacific Airways plane, had policies with both American International Life Assurance Co. of New York and American International Underwriters.

"There were three different series of policies involved," the spokesman said. "He purchased a considerable amount of life insurance on himself and his woman companion and a lesser amount on his daughter.

"He then bought accident insurance on the woman and the child through an agent," he continued. "After that, he also bought more accident coverage at the airport."

LT. SOMCHAI'S seven-year-old daughter and his woman friend were among the 81 victims of the mid-air explosion.

The AIG man pointed out that his company "did not carry anywhere near the entire amount" of the total coverage on the two. Police officials here indicated that all the policies added up to $240,000.

"But," the spokesman related, "we had coverage on several of the other passengers on that flight. The families of those persons might be able to recover some more but we, as the insurer on them, cannot."

Lt. Somchai was arrested late last month and could face the death penalty if convicted. Police said that the insurance policies and a bag which contained a plastic bomb found in his home would be prime evidence against him.

OTHER BITS of evidence which implicated the policeman, who swore to his innocence, included:

- The suitcase which contained the bomb belonged to his girl friend and it was reported that, just before takeoff at Bangkok, a man in a police uniform placed the suitcase under her seat.
- A night club hostess here said that he had paid for a flight to Hong Kong for her and his daughter earlier in the year. Police contended that this was a trial run for the murder trip.

The AIG spokesman noted that insurance murders had not been too commonplace in Asian countries in the past, as compared to, say, the United States, and hoped that this was not an omen. ■

States urged to upgrade workmen's comp plans

SAN FRANCISCO—The choice between improving state plans or submitting to federal control of workmen's compensation programs was presented to the National Commission on State Workmen's Compensation Laws.

In a meeting here this month, three members of the national commission urged the continuance and improvement of state-administered programs. John L. Burton Jr., commission chairman, and two commissioners representing organized labor and management, urged the states to act by mid-1975, or face congressional mandates.

Michael R. Peevey, from the California Labor Federation, AFL-CIO, and William J. Moshofsky, Georgia Pacific Corp., spoke with Mr. Burton at the first public discussion of the commission's report since its release July 31.

Mr. Burton said the commission concluded that the states should act, rather than wait for the federal government to do so, because:

- The states have the economic capability to respond to the commission's recommendations.
- The states have the distinct advantage of having personnel and procedures in place. "Federal takeover would substantially disrupt established administrative procedures."
- The commission has seen no evidence to suggest that federal programs are better administered than state programs.
- Many necessary reforms aren't susceptible to federal mandates. Medical care, rehabilitation and administration were singled out as examples.

The commission's "essential" recommendations for changes in workmen's compensation programs were, compulsory universal coverage; unlimited medical coverage; full coverage of occupational diseases; maximum benefits for temporary and partial temporary disability and death, equal to the state's average weekly wage; and resolution of extraterritorial coverage. ■

Agents start project to cut down thefts

TORONTO—A project aimed at curbing thefts of household valuables is being launched by insurance agents in Ontario.

The campaign has been started by the Ontario Insurance Agents Assn. They seek to have Ontario residents put identification numbers on household goods.

Customers of insurance agents will be requested to engrave their driver's license number on all household items, such as cameras, binoculars, portable TV sets and other high value products. This is to assist police in solving home burglaries.

The program calls for imprinting the number on items with an electric engraving pencil, which insurance agents will loan to property owners.

The association also seeks to enlist support of pawn shop operators, who will be requested to check a customer's driver license number with the number inscribed on items brought in.

Insurance agents will also provide clients with a window sticker bearing the program's emblem, to discourage thieves from stealing valuables which they may have trouble selling. ■

In just 1½ days we can bring you completely up-to-date on one of the most important management tools in use today . . .

business insurance
BENEFITS COMMUNICATION
WORKSHOP October 24-25, 1972
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This unique 1½ day course is designed to teach you practical methods and give you examples of how to communicate benefits to your company's employes. Your faculty of experts will—in only one night and one day—involve you in eight hours of intensive instruction and discussion. They will teach you how to use communication techniques to increase employe morale, company loyalty and productivity. They will also show you how to accomplish this most effectively and efficiently, while saving you unnecessary expense. These experts were brought together from the fields of communications, graphic arts, benefit plan design and employe benefit administration to show you how to translate your benefits program into effective brochures, computer printouts, letters, employe publications and audio-visuals. They will discuss how to meet proposed changes in state and federal legislation concerning employe benefits communication. Since so many Business Insurance readers have already expressed a desire to be enrolled in this workshop, reservations must be accepted on a first-come, first-served basis. **Don't wait.** Mail the registration form today, or telephone your enrollment toll-free from anywhere in the U.S. Remember—you save $25 if your tuition is paid by September 29!

Program Highlights

- **The 1972 Business Insurance Benefits Communication Awards Dinner.**
- **Listening to Employes on Benefits**
  Dr. Charles McDermid, President, Management Psychologists
- **Describing Employe Benefits**
  Howard Peck, Partner, Hewitt Associates, and Contributing Editor, Business Insurance
- **Reporting on Employe Benefits**
  Edward T. McCaffrey, Manager Halltech Associates
- **Describing Cafeteria Benefits for Executives**
  Ned A. Miller, Vice President, Compensation Planning Group, and Contributing Editor, Business Insurance
- **How to Use a Consultant to Prepare Benefits Statements**
  Robert E. Eilertson, Vice President, Benefacts, Inc.


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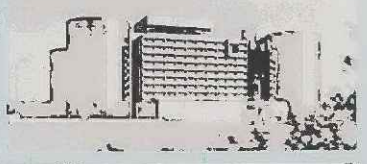
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for the record

Mine disaster claims filed for $5.3 million

BOISE, ID.—Claims totaling $5.3 million have been filed against the state of Idaho by survivors of 51 miners who were killed in the Sunshine Mine fire May 2 near Kellogg, Id.

In addition, a blanket claim has been filed in behalf of all heirs of the 91 miners who were killed at the nation's richest silver mine. There were no figures set in the blanket claim because it alleged the full extent of damages was not known but would be determined later.

The claims were filed with Pete R. Cenarrusa, secretary of state, under the Tort Claims Act, passed in 1971 by the state legislature.

Under the act, survivors have 120 days to file claims with the secretary of state. However, a state insurance department spokesman said, the Tort Claims Act also limits the state's liability to a maximum of $300,000.

The claims are being referred to Pacific Indemnity Co. for handling.

The state has 60 days in which to answer the claims. If they are denied, the claimants have two years to begin litigation through the courts.

The blanket claim was brought, according to the claimants, in behalf of other survivors who may have been unaware of their right to file against the state and the need to do so in 120 days.

All the claims contend that W. Carl Griner, state mine inspector, failed to properly examine the mine for safety standards as required by law. This, they claim, led to the deaths of the 91 miners.

The men were killed when fire raced through the mineshafts more than a half-mile underground. Only two miners, who were buried underground for six days before being rescued, survived.

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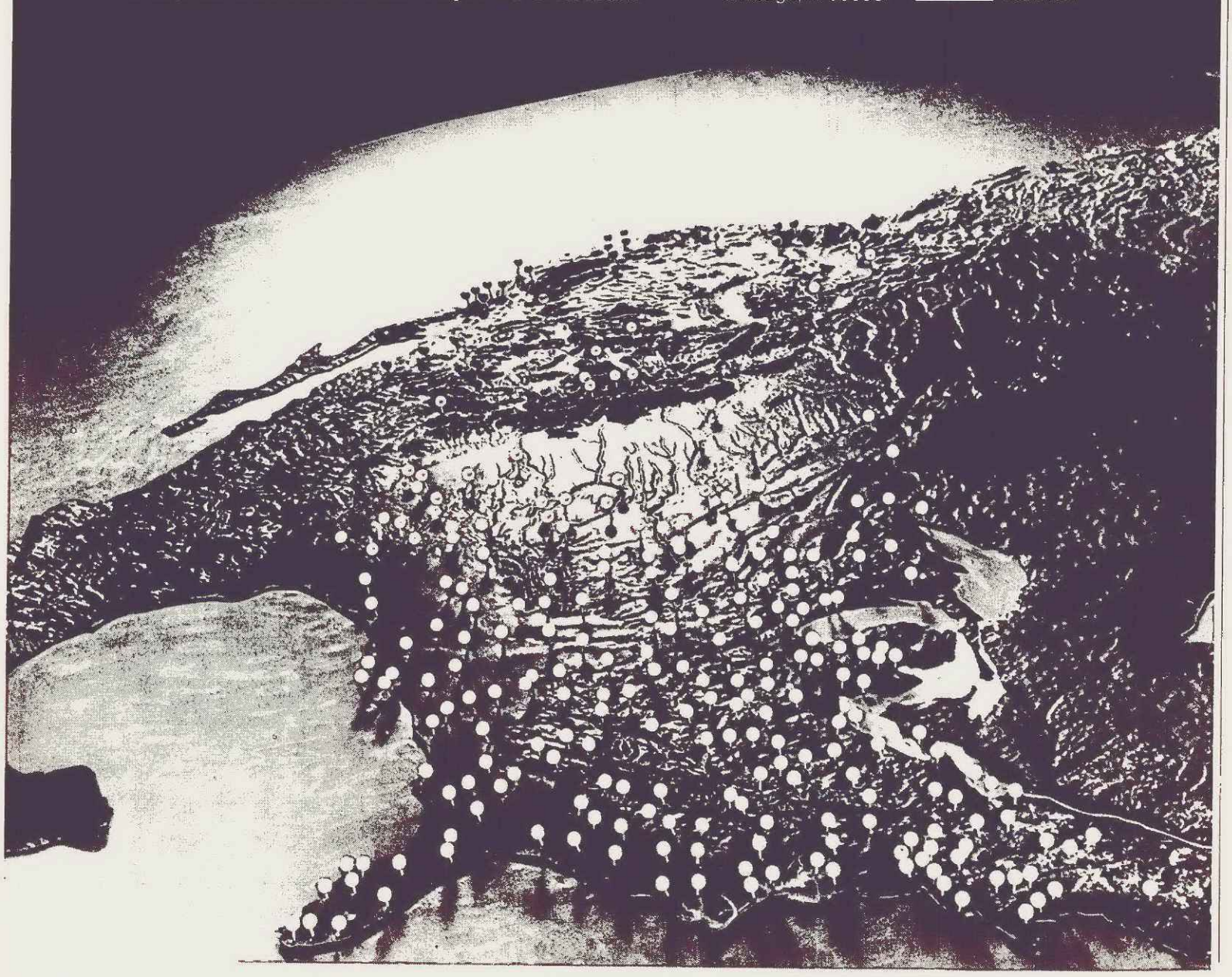
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Prepaid health care arranged by OEO

MILWAUKEE—Prepaid health care services for about 3,000 low income people have been arranged by the U.S. Office of Economic Opportunity.

OEO officials entered an agreement with the Wisconsin Blue Cross-Blue Shield to underwrite the health services.

One-third of those in the program must be at or under the poverty level, set by the Social Security Administration as a $4,000 annual income for a family of four. The remainder of those covered by the program probably will have their enrollments paid for by Medicaid, according to one official.

A group of physicians and five Milwaukee hospitals will provide the health services, officials said. Emphasis, however, will be placed on outpatient care and visiting nurses' services, they added.

OSHA plan proposed for New York state

BUFFALO, N.Y.—New York's proposed occupational safety and health plan will cover about 80% of the 7.8 million workers employed in the state.

This report was made here by Louis L. Levine, state industrial commissioner, who presided at a public meeting at which the proposed plan was discussed for the benefit of businessmen and workers' representatives.

It was pointed out that approximately 40% of the work force in New York state is covered by existing health and safety regulations. The proposed

Continued on page 37

Record . . .

Continued from page 36

state plan was an outgrowth of the federal safety act of 1970 which directed states to prepare health and safety codes at least as strong as the federal measure.

Those states which fail to do this will have to allow federal personnel to enforce federal law, thus halting enforcement of their own state laws.

Mr. Levine told the Buffalo gathering that a preliminary draft of New York's plan will be submitted to the federal government by Sept. 24. The federal government has set a deadline of Dec. 28 for approving state plans.

Levine asserted that the state could have moved out of the "safety business" by permitting the federal government to take over in absence of a new state plan. But representatives of industry and labor in a joint resolution last February urged the state to hold onto its power in enforcing occupational health and safety regulations.

Labor contract yields pension, health boosts

SPOKANE, WA.—A new one-year contract covering 2,500 construction industry workers, has been agreed to, providing the union members with a retroactive raise of 15¢ an hour in their benefits' package.

The agreement, between Inland Empire Chapter of the Associated General Contractors, and operating engineers local 370, AFL-CIO, is subject to approval by the National Operating Engineers Craft Board and the Construction Industry Stabilization Committee.

Union members in eastern Washington and northern Idaho, who work for 100 contractors, accepted a wage increase of 15¢ hour, 5¢ an hour more for health and welfare, and an additional 10¢ an hour for pension payments, all retroactive to June 1.

Beginning Dec. 1, wages will be increased another 15¢ an hour, and pension payments another 10¢ an hour.

It was also announced by an Inland Empire spokesman, that the federal government had approved an earlier contract settlement between 2,000 Washington carpenters and their employers. That agreement provided 5¢ an hour more in health and welfare payments, 5¢ more for pensions, along with a 30% pay boost.

The government has yet to approve a pay and benefit increase scheduled for the carpenters in December, and June, 1973.

Mass merchandising of auto insurance begun

SAN FRANCISCO—Mass merchandising of automobile insurance has been started here by California's American Legion. Letters sent to all members within the state offers such coverage, in addition to the accident and health group coverage the legion has always provided.

The legion also has filed a breach of contract suit against Assn. Group Insurance Administrators, in San Diego superior court.

The suit charges that the organization had "agreed to spend $10,000 to $15,000 for advertising" in the California Legionaire magazine during the first year of the AGIA insurance program "and $5,000 a year, each year after 1966."

The legion asserts that advertising orders have "fallen short by $24,947.54," and the suit asks judgement for that amount plus interest and court costs.

A number of insurance agents and producers in California who also belong to the legion have asked Richards D. Barger, California insurance commissioner, to investigate their complaints that "this kind of arrangement constitutes an illegal rebate."

Fiduciaries Inc. to sell common stock shares

MILWAUKEE—Plans to sell 100,000 shares of common stock were disclosed by Fiduciaries, Inc., a Milwaukee holding company formed last April 18 to acquire Tower Insurance Co. here and M. B. Victora Agency Inc., in Muscoda, Wi.

The proposed sale was disclosed in a preliminary prospectus filed with the Wisconsin commissioner of securities. The price per share to the public was set at $6.

The summary said the stock was speculative and would be sold only to Wisconsin residents for investment purposes, and not for resale. Frederick & Co. Inc., Milwaukee, will be the underwriter.

Fiduciaries owns 99.25% of Tower Insurance, a fire and casualty firm here, and 100% of the general insurance agency in Muscoda. Proceeds from the sale will increase Tower Insurance's capitalization, thus permitting the transaction of business in Michigan and Minnesota, and the expanding of operations into Iowa, the Dakotas and Indiana.

Washington now has 85 self-insuring firms

WENATCHEE, WA.—The number of self-insuring employers in Washington now totals 85 under the state's revised workmen's compensation law.

Gov. Daniel J. Evans reported in Wenatchee that 32 additional employers have been certified as self-insurers since the first 53 were approved last January.

Gov. Evans remarked that neighboring Oregon, which has had a similar self-insurance option for workmen's injury claims since 1966, has only 58 employers in that category with 49,000 employes. An estimated 85,000 persons work for self-insuring employers in Washington.

The Assn. of Washington Business and other employer groups, including several chambers of commerce, reportedly will continue to push for a three-way option at the next legislative session. This would allow employers to choose between the state industrial insurance plan, self-insurance or private insurance companies for coverage.

Board kills plan to give stamps to bus drivers

SAN FRANCISCO—A tie vote by the Golden Gate Bridge Transit board has killed an insurance company idea to give bus drivers savings stamps as an incentive for safe driving.

An eight to eight vote was sufficient to stop a plan that would have given bus drivers 600 Blue Chip savings stamps for each accident free month of driving. The stamp plan had been approved by the district's transportation committee for a six-month trial, at a cost of $2,475 for the stamps.

The idea came from Joseph Trutsman, regional manager of loss prevention, Transit Casualty Co., insurance carrier for the bus company.

Mr. Trutsman said a similar program is being used by transit systems of Long Beach and Santa Monica, and that it "worked out very well and succeded in cutting the accident rate."

HIP in trouble, but says it is still healthy

NEW YORK—The Health Insurance Plan of Greater New York, the second largest prepaid health insurance plan in the country, says it is not bankrupt. Yet.

Denying rumors that HIP is floundering, committee chairman William Michaelson said the plan would cut back administrative expenses but continue all existing medical services. He expects that it will take in $61 million by July while spending $60.5 million.

The spokesman did admit to problems within HIP. The plan has lost some 40,000 subscribers over the last four years, bringing its present enrollment to 750,000. Mr. Michaelson said the board of directors planned to enlist the support of the city's unions, whose members comprise most of HIP's subscribers.

HIP is also considering "cooperative arrangements" with Blue Cross and Group Health Inc. Blue Cross has proposed a package plan that would offer coverage by both HIP and Blue Cross outside HIP present market. market.

No mergers are anticipated.

Work comp and sick leave pay ruling in Pa.

HARRISBURG, PA.—Attorney General J. Shane Creamer of Pennsylvania has overturned a longstanding prohibition on the simultaneous payment of sick leave and workmen's compensation benefits to state employes.

Creamer's opinion, which has the weight of law unless reversed by a court, was based on a 1971 decision by the Pennsylvania supreme court requiring that only "payments in lieu of compensation" be deducted from workmen's compensation benefits.

"Sick leave, like vacation pay, is an incident or benefit provided under the work agreement and is an entitlement like wages for services performed," Mr. Creamer said. "Sick leave payments are not, therefore, 'in lieu of compensation.'"

The attorney general said the state regulation was "in direct conflict with both the spirit and the letter" of the 1971 case and that it was "unlawful and should be rescinded immdeiately."

FICA issues master policy to J. I. Case Co.

NEW YORK—The Foreign Credit Insurance Assn. has announced the issuance of another of its global master comprehensive policies, this one to the J. I. Case Co. of Racine, Wi.

With this policy, Case, a subsidiary of Tenneco Inc., will have its world-wide shipments of agricultural and construction equipment, along with spare parts and accessories, covered against political and commercial credit risks.

FCIA president Reginald J. Denton, in pointing out some of the policy's specifics, said, "As a result of Case Company's agreement to insure their global sales on a deductible policy basis, we have in turn granted Case a sizable discretionary credit limit, allowing most of the day-to-day credit decisions to be made in Racine.

A spokesman for Case said the company was putting a great deal of emphasis on export sales and felt that protection against political and credit risks would add impetus to the marketing drive. ■



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CORRESPONDENTS IN ALL OTHER STATES

Mining firms blasted on fire and flood disasters

WASHINGTON—Reports resulting from investigations into the causes of two mining disasters—one study issued by the federal government here, the other by a state commission in Charleston, W.V.—have come down hard on the managements of the coal mining companies involved.

The federal report, prepared by the Bureau of Mines, accused Consolidation Coal Co., a subsidiary of Continental Oil Co., of laxity in the fire which killed nine miners in Blacksville, W.V., last July (*Business Insurance*, July 31).

The report, a preliminary one based on the sworn statements of 86 miners and company officials, said Consolidation Coal had been negligent in not ordering the men out of the mine in time to save their lives after the underground fire had begun. It also said that the company had botched both its rescue attempts and its efforts to extinguish the blaze.

"FROM ALL indications," the report stated, "the operator's seemingly poor attempts to bring the fire under control were major contributing factors to the seriousness of the fire."

Consolidation, according to the report, has already received two formal safety violation notices from the Department of the Interior in connection with the fire, and there is the possibility that there may be others, but a final report and any punitive action will be delayed until after a public hearing in Morgantown, W.V., next month.

Under the Federal Coal Mine Health and Safety Act of 1969 regulations, the interior department can levy civil penalties of up to $10,000 for each violation and it can close the mine where the violations took place. Another of the department's options would be to refer the case to the justice department for criminal prosecution.

The fire broke out when a large mining machine, which was being moved to a new location within the mine, hit overhead trolley wires. The men who were killed were working in another section of the mine but the report said, "From all indications, the fire had burned to the point where the integrity of the escapeway system had been destroyed before the workmen in the fire area were told to leave their respective stations."

ANOTHER alleged mistake made by the company, according to the report, was failing to foresee the hazard in moving the mining machine through the haulageways in the face of the fact that earlier the same day, workers had reported difficulty in moving a smaller machine.

The West Virginia investigation report, prepared by a state commission which looked into the collapse of the Buffalo Creek dam, accused the Pittston Co. of exhibiting "flagrant disregard" for the persons who lived in the valley below the dam.

The commission, whose members were appointed by Gov. Arch A. Moore Jr., said that Pittston had violated a number of state and federal laws in constructing the dam, which was built from coal refuse and used to filter wastes from water at a coal preparation plant, and recommended that a grand jury continue the inquiry. Gov. Moore, himself, said, "Pittston Co. cannot be excused from responsibility for faulty construction of the dam."

The report also accuses the mining company of not showing the dam on maps turned into the state department of mines on the day before the dam collapsed.

PITTSTON, while reportedly settling death and property claims with survivors of the flood, has denied any responsbility for the flood which killed 125 persons and left another 4,000 homeless.

The commission's report, which was based on the testimony of 91 witnesses, did not, however, single out Pittston for its criticism.

For example, it accused the Bureau of Mines of being a contributing factor in the disaster because it allegedly failed to enforce federal laws against refuse banks which impede natural drainage. At the same time, it said the West Virginia Public Service Commission did not enforce a state law requiring permits for dam building.

Another section of the report asked that the coal mining industry "take a look at those practices which affect public safety and the environment." Notably, the industry should explain why waste products cannot be placed in old, worked-out sections of mines. ■

City airports insured for $30 million

SALT LAKE CITY—City commissioners have awarded a $30 million liability insurance contract to a Salt Lake City firm for coverage at the international airport and a second city airport.

The contract was awarded to Osborne-Dickson of Salt Lake City, underwriters representing Republic Insurance Co. The company submitted the low bid on premiums of $34,350 annually. Bidders also included two foreign firms, Lloyds of London and New Zealand Insurance Co.

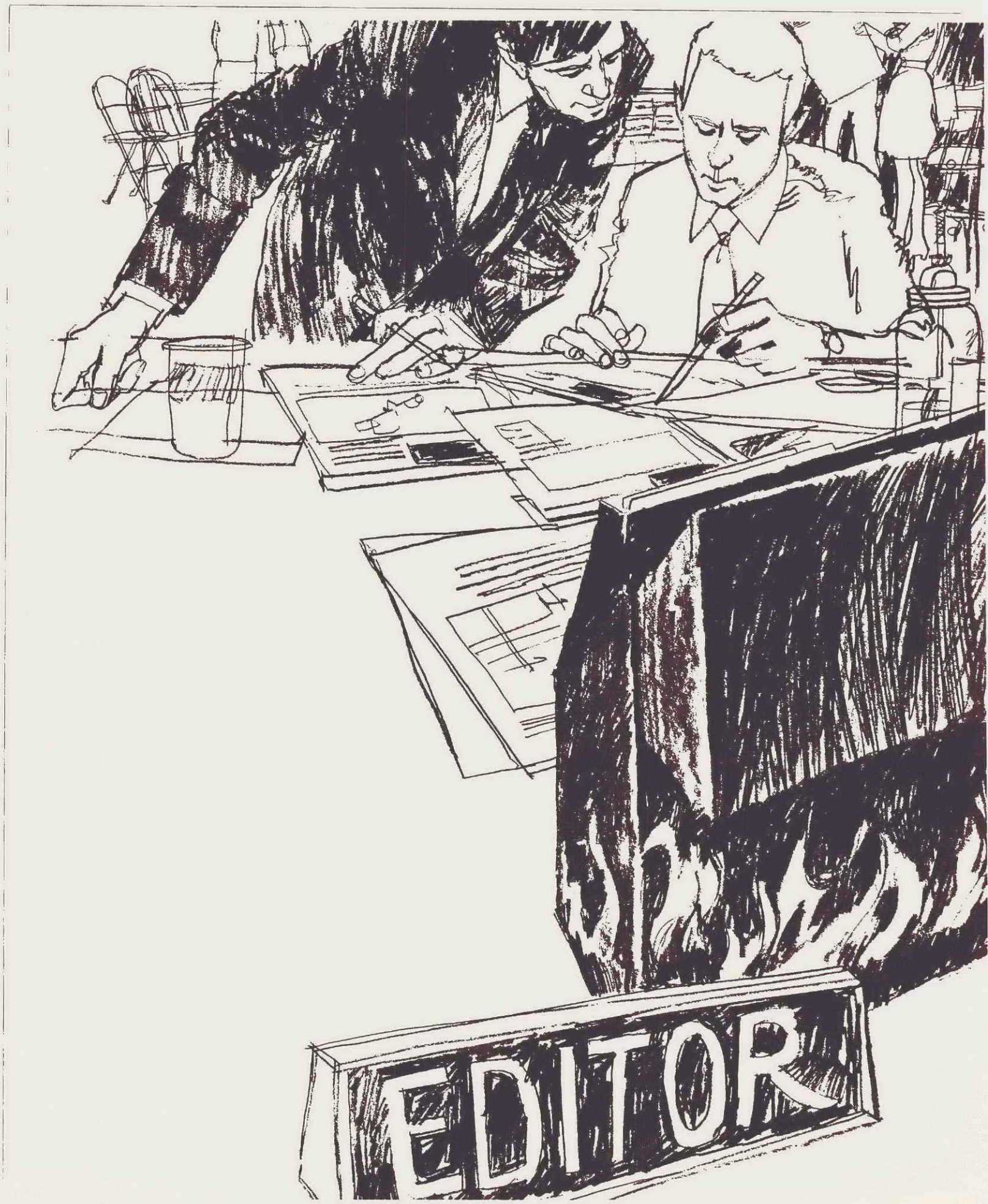
The liability policy, however, is considerably higher than the maximum specified by Utah state law for airports.

Finance commissioner Jennings Phillips Jr., who negotiated the new policy, said a state law limits airport liability to $300,000. "But the law has never been tested and we thought it was wise to go on the assumption that claims could be much higher," he said.

PREVIOUS insurance coverage at the airport totalled $10 million until about a year ago, when it was lowered to the $300,000.

The liability insurance covers all employes, the airport manager, the mayor and city commissioners. Coverage was extended to city officials to protect them against liability suits that include them.

The policy also covers all mobile equipment, hanger rentals, planes and other services and equipment, if the city is involved. The airlines carry their own liability insurance, Mr. Phillips said. ■



Charge insurance fee kickbacks to officials

BUFFALO, N.Y.—Two Erie County Democratic officials have suggested that the county's liability insurance requirements could be handled through the Buffalo Insurance Assn. on a "cost-only" basis. This, they claim, would eliminate alleged fee kickbacks to Republican county headquarters.

The recommendation was made by Henry J. Nowak, county comptroller, and legislator Richard J. Miller in a joint announcement. They said a recommendation along these lines would be made to the Erie County legislature, which is Democratic controlled.

The recommendation is an outgrowth of several stories in the Buffalo Courier-Express, which focused attention on how the county's insurance contractor is alleged to have made payments from his fee to persons designated by the Republican county chairman, Alfonso V. Bellanca.

MR. NOWAK and Mr. Miller said: "Our recommendation to the Erie County legislature is to have the Buffalo Agents Assn. take over Erie County insurance," with the association making a full review of the county's insurance buying policies.

The two county officials noted that Richard Michaels, president of the association, had offered to advise the county on insurance matters.

"If necessary," they said, "this group could obtain competitive bids based on specifications they develop. The association would, in future years, be paid only for services rendered on a cost only basis."

The Erie County investigation of insurance purchasing practices may grow into a statewide issue.

JOHN P. LaFALCE state senator, disclosed that his office will investigate insurance buying practices of 36 state agencies to determine if alleged irregularities, such as those uncovered in Buffalo, are a statewide problem.

Mr. LaFalce has requested the state superintendent of insurance to supply his office with a list of all state departments that buy insurance; information on the use of competitive bidding by those agencies; the names of firms carrying state insurance; the amount of insurance premiums and commissions paid; and any acknowledged fee-splitting practices. ■

Transit group purchases insurance for new plan

KLAMATH FALLS, OR.—A $70,000 experimental school bus program was scheduled to roll Aug. 31 in this Oregon community after a 12-day delay because of a lack of insurance for the private program.

Jack Graham, manager of Klamath area transit (KART), said efforts continued for several months to gain the necessary coverage. After a recent trip to Portland, Mr. Graham said he found a carrier who agreed to provide fire, theft, collision and liability coverage for $5,000 annually. He did not name the insurer.

Initially, he said, the premium quoted was far in excess of the final offer. He said one firm quoted $9,000 for liability alone.

Mr. Graham said insurance companies were simply unable to arrive at a reasonable figure because, "KART is a unique program. There is simply no basis to arrive at a figure," he stated.

KART HAD budgeted $4,000 for insurance but the manager said he believed the additional $1,000 will not create any hardship. KART receives two-thirds of its budget from federal funds, 20% from the state, and the rest from local revenue.

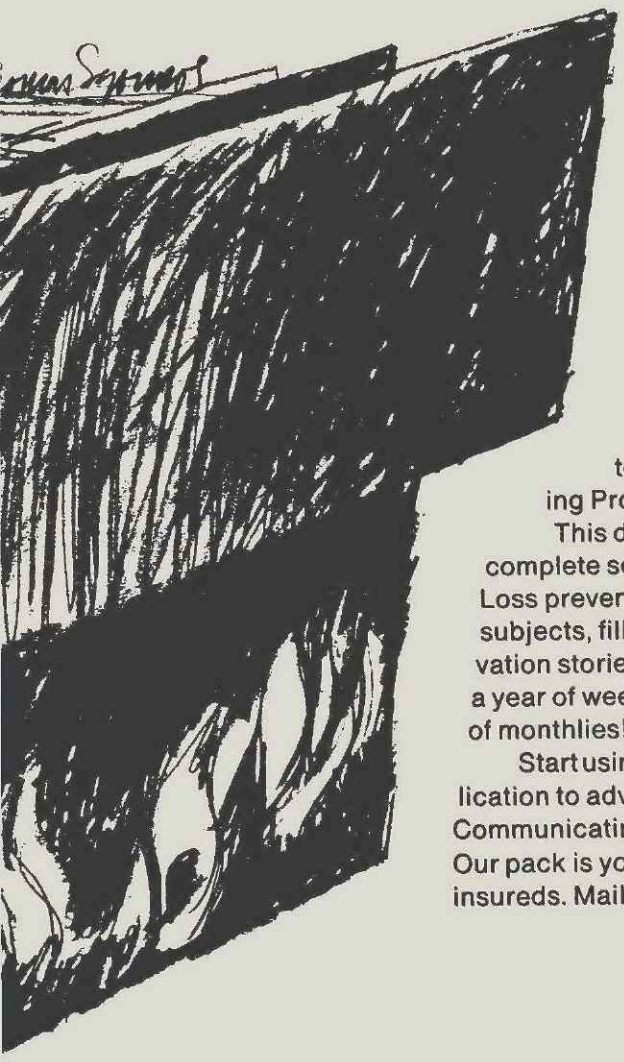
The project won approval of the 1971 Legislature and was approved by the Oregon emergency board earlier this year.

Although originally designed to transport the elderly, KART will provide transportation to any person from the suburbs to downtown Klamath Falls and back. School buses are being utilized during off-hours on school days but on a daily basis all year.

ONE ROUND TRIP a week is planned between Klamath Falls and Chiloquin and on weekends buses will take worshippers to church. Weekday stops are made at shopping centers, downtown businesses, government centers and the library.

Mr. Graham said tests show the buses would prove successful if 2,000 persons a month ride them.

The program was designated for Klamath Falls because officials felt the city typified a small community with one major criterion—no public transportation facilities. ■



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Debate over state's rules for insurance

MADISON, WI.—Rules covering credit insurance were debated at a hearing conducted by Stanley C. Du Rose, state insurance commissioner. Mr. Du Rose labeled as unfair, such procedures as:

Insurers granting special favors to creditors in return for the referral of borrowers; insurers depositing money or securities with creditors without collecting interest, or at lower interest rates than paid to other depositors; insurers paying any part of the premium for life, health or property insurance covering employes of creditors, or other persons affiliated with the creditors.

Bryan Koontz, representing the Wisconsin Bankers Assn., objected, saying that most credit insurance companies doing business in Wisconsin were headquartered in other states. If they had to follow the rule concerning interest rates, they would place their money in financial institutions outside the state, he said.

"It is not good policy to encourage a drain on capital resources from Wisconsin banks to other states," Mr. Koontz declared.

Mr. Du Rose replied he had heard rumors that some insurance companies had offered such deposits to encourage lenders to buy their insurance. Such practices appeared to be in violation of a state law, he said. Mr. Du Rose added that the credit insurance market was "in effect, getting out of hand and we had to set down in writing, rules in regard to credit insurance practices." ■

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business insurance PERSPECTIVE



Long-term disability loss can often be a subjective decision

"Unfortunately, there are some attitudes that cannot be changed through rehabilitation, attitudes involving claims that occur not because of physical disability per se but because of social or economic conditions."

BY PAUL D. HAWKSWORTH
assistant vice president
Continental Casualty Co.

ALL INSURANCE policies are written to provide protection against certain types of loss. In the accident and health field, loss usually can be established in factual terms. In the case of a hospital policy, for instance, loss is defined as being confined to a hospital. Thus, it remains a relatively simple task to verify that there has been such confinement.

The same is true with surgical type coverage or a specific loss contract. Surgery either has been performed or it hasn't. Loss of life or limb has occurred or it hasn't.

I do not mean to oversimplify, since we all know that questions concerning preexisting conditions or questions as to whether the cause was accident or sickness can result in claim adjustment problems. However, for the most part, loss can be factually determined and related to a specific occurrence.

Such is not the case with long-term disability insurance. As this relatively young field of insurance begins to mature, it becomes increasingly evident that the establishment of loss often is a very subjective decision. The question of what constitutes a disability is not always answerable in medical terms, for the mental attitude of the insured can play a dramatic role. For instance, claimants disabled by a coronary condition may feel, even after receiving medical assurance of full recovery, that returning to work will only lead to another seizure.

THIS RELUCTANCE to resume productive activities may even trigger new, imaginary conditions. Human beings vary markedly in their desire for achievement, and there are some who are content with a disability check as opposed to a paycheck.

It is the job of the insurance carrier to help overcome these attitudinal problems through rehabilitation and other measures and to encourage a return to productive employment. Unfortunately, there are some attitudes that cannot be changed through rehabilitation, attitudes involving claims that occur not because of physical disability per se but because of social or economic conditions.

Having been active in the field of long-term disability more than 25 years, we have witnessed a great number of these claims. One class of individual responsible for some cases can be categorized under the "deadwood syndrome." In almost any company there are those who have outlived their function or perhaps never really had one. For one reason or another an employe of this sort remains with the firm and builds up tenure. Management eventually recognizes that this is a nonproductive or less-than-fully-productive individual. However, since he has been on the payroll for decades and has faithfully performed his "duties," there is reluctance to fire him.

Then a long-term disability program is established—and the heart problem or diabetes or hypertension which this employe had "gallantly struggled along with" suddenly becomes the basis for disability. In truth, the "disability" serves as a convenient excuse for what is actually a termination.

ANOTHER CLASS of claimant is the "technologically disabled." Due to age, lack of education or absence of motivation, an unskilled or semi-skilled employe may have little job mobility. When a technological change occurs, such as an automated machine versus a manual function, medical conditions that were not previously considered serious suddenly generate a high incidence of disability claims.

While examples of this type of problem are numerous, one that readily comes to mind involves a prepared food manufacturer. The product was individually packaged manually on an assembly basis until the installation of a machine capable of performing almost the entire packaging process automatically. Within a brief pe-

Continued on following page

Trial by fire for the risk man—handling catastrophe situations

"Insurance with catastrophe potential which protects you against severity of claims should never be allowed to develop any high frequency of claims."



This is the thirteenth and final installment of a series of articles by Bion Francis on buying corporate insurance. Mr. Francis discusses the problems to be expected, how to recognize them and how to surmount them.

BY BION H. FRANCIS
insurance consultant,
Milford, Ct.

THERE CAN BE periods when even well run corporations can explode in destruction or death. And this is not limited to corporations, as colleges have demonstrated in recent years.

Whatever the causes—changes in labor relationships, in public values, in management emphasis—an insurance manager can occasionally find himself in a situation where one or more major lines of insurance are running losses which are 200% or 300%, or even more, of premiums paid.

These times are the test of how well an insurance manager has bought his insurance. If you are ever in a position in which you seem to be fighting to protect your corporation on half a dozen hard fought fronts, consider that the insurance program which you have bought is being tested as much as you are.

WILL YOUR insurance program hold up? Or will your insurance companies pull out and leave you in your time of trouble? If you want a program which will hold up to such testing, how do you get it? In a sense, how do you insure the insurance program you are buying?

Some of the ways of doing this have been discussed already. If you want your insurance companies to support you when the going is rough, you should give them the same kind of support. This is one reason why, in discussing the buying of insurance, I recommended that you should not change insurance companies for minor considerations.

What else? We have already discussed the difference between cost-plus lines of insurance and the catastrophe lines needed to protect us against rising losses. When the chips are down, you must rely heavily on the types of insurance which protect you against catastrophe hazards. Insurance of this nature gives you much needed protection against severity of loss. Is there anything you can do which would help you protect yourself against cancellation of catastrophe-type insurance protection?

ONE WAY of doing this is to arrange your catastrophe-type insurance so that there is never any great frequency of claim against it. This could be done through the use of service policies with low limits which allow service and excess policies with high limits to provide the catastrophe protection needed in excess of the protection provided by the service insurance.

Let me repeat: Insurance with catastrophe potential which protects you against severity of claims should never be allowed to develop any high frequency of claims.

SUPPOSE YOU experience a loss and someone states, "That will cost a quarter of a million dollars." Your deductible is $50,000, so someone reports the losses to the insurance company. When the damages are repaired, it develops that the amount of the loss was actually $30,000. Yet the insurance company remembers this case as one that might have gone over the deductible.

Of course you have an obligation to report, but it should be based on accurate figures. How to get such figures quickly is

Continued on following page

business insurance

PERSPECTIVE

Long-term...

Continued from preceding page
riod, a few dozen claims developed—all made by workers displaced by the machine.

Another area in which we have found a striking correlation between claim incidence and economic conditions concerns mergers or acquisitions. Mergers frequently occur for reasons of economy, and usually result in some jobs being eliminated. Often these involve management positions. The unwanted executive in his mid-50's or older who has some physical impairment often becomes a long-term disability claim, one that would not have arisen if it were not for the disappearance of his job.

"Retirement problems should be solved through a retirement program; personnel problems should be regarded as personnel problems; and only disability problems should be handled by a disability insurance program."

CLEARLY, the purpose of long-term disability insurance is not to serve as a dumping ground for personnel problems. Recognition of this fact by employers is paramount if an orderly market for this coverage is to continue. I don't mean to imply that these abuses are always a result of deliberate action. In many cases, there just may not be awareness of the distinction between a physical disability as opposed to a medical or economic disability.

Long-term disability insurance is designed to take up where traditional short-term disability programs end and, generally, to provide coverage to what would have been a normal retirement age. This fact carries with it two implications: A low claim frequency and a high claim severity. Typical elimination periods are 90 to 180 days. A typical benefit is payable to age 65. In a group of 1,000 insured employes, we would expect three or four to be disabled for as long as 180 days. On the other hand, the potential for paying for two, five, 10 or 20 years or longer results in substantial liability.

What happens if instead of the three or four disabilities per 1,000, the rate becomes six or seven or more? Expected liabilities then could more than double and operating results become disastrous.

In the past few years there has been a substantial "drying up" of the long-term disability market and those carriers still in this field have been forced to employ tighter underwriting standards and increased rates. I submit that one of the reasons for this situation has been the type of problem outlined in this article.

LONG-TERM disability coverage is vital, necessary and fills a very specific and legitimate need. It can only remain available if it provides benefits for genuine physical disabilities that occur randomly throughout a population and not for artificially created impairments. The insurance company has a massive responsibility in this regard and so does the employer.

Retirement problems should be solved through a retirement program; personnel problems should be regarded as personnel problems; and only disability problems should be handled by a disability insurance program. ■

Paul D. Hawksworth is an assistant vp of Continental Casualty Co., a subsidiary of CNA Financial Corp. He joined CNA's Chicago office in 1958 as a special representative in the commercial-special risks division. In 1961 Mr. Hawksworth was named assistant manager, underwriting, and two years later was appointed regional underwriting manager. He was elected assistant vice president in 1970 and named to his current position as director of underwriting and product development. Mr. Hawksworth graduated from Wabash College in 1956.

Risk management notes

Know what the limitations on your replacement cost coverage are

BY WARREN, McVEIGH & ASSOCIATES
risk management consultants
San Francisco—Los Angeles

MOST AGREE that the use of replacement cost coverage in property insurance policies is generally desirable but there are times when it can be misused. Each situation should be looked at with the limitations of the replacement cost endorsement in mind.

Among other things, the amount payable under replacement cost wording is no more than the replacement cost of identical property on the same premises and intended for the same occupancy and use of the actual and necessary expenditure in repairing or replacing the property. In the latter case, the new building need not be on the same premises. It sometimes happens that more efficient operating procedures can allow for a smaller or less expensive replacement building. In this case, it may be preferable to purchase actual cash value insurance rather than replacement cost because the building would not be replaced as is and the additional insurance for depreciation may be of no value.

The more usual situation for growing companies is the opposite of the above—the new building would be considerably larger and more expensive, in which case conventional replacement cost coverage—kept up to date—is desirable. However, the cases described above happen more often than you might think, and call for careful analysis.

In some instances, a building's current occupancy may be different from that originally intended, and the cost to construct new facilities for the current usable floor space could be, say, 25% of the actual cash value. In this case, coverage on this structure could be provided by purposely setting the value at 25% of actual cash value with complete disclosure to underwriters, or by writing a separate policy (or endorsement) in an amount needed to build the same usable floor space of different design: a valued policy.

Factory Mutuals Simplified

Two principal areas of confusion about the Factory Mutual organization are the company structures and their method of rating. Looking at organization first, there are four separate insurance companies (Allendale Mutual, Arkwright-Boston Manufacturers Mutual, Philadelphia Manufacturers Mutual, and Protection Mutual) that together create the Associated Factory Mutual Fire Insurance Cos., or the Facotry Mutual system. (Don't call it the Affiliated Factory Mutuals.) There are also a number of owned and affiliated companies set up for special purposes, but the principal business of underwriting large, highly protected properties is with these four companies, one of which takes the lead on each specific account. Engineering, inspection and other services are handled by separate entities owned by all four companies.

Individual operating companies are:

- **Appalachian Insurance Co.,** writes special insurance coverages such as difference-in-conditions and surplus lines.
- **Affiliated FM Insurance Co.** Writes insurance for properties not qualifying for highly-protected-risk coverage.
- **FM Insurance Co. Ltd.** London-based international insurance company.
- **Factory Mutual Research Corp.** Contracts with the public (not only policyholders) for fire research.
- **Factory Mutual Engineering Assn.** Engineering and inspection work, but with departments for claims adjusting and appraisals; works for policyholders only; includes what used to be called the engineering division.
- **New Providence Corp.** Underwriting managers for Appalachian and Affiliated FM.

There are other corporate entities but these are the ones most significant to the risk manager.

Now to the rating system, which is one of the most confusing aspects to many insureds. A large deposit premium is paid initially and is the same whether the policy is one or three years. At the end of the policy term, the actual premium earned is "absorbed" and the difference between the deposit premium and the absorption is credited toward the renewal premium or, if not renewed, returned to the policyholder.

The absorption is calculated (though not billed) monthly and is currently about 1.27%. This is a little more than 15% for a one-year policy and a little less than 46% for a three-year policy. This figure is applicable to the normal policy covering fire and its related perils, but not to boiler, earthquake or those fire risks which do not have the high degree of protection normally required, where additional absorptions may be required.

Boiler insurance absorption is 84%. Earthquake insurance is absorbed at various rates but usually at the conventional fire rate absorption plus an additional monthly absorption of 1.2% making a total annual absorption for earthquake of about 30%.

An interesting difference of the Factory Mutual approach is that the absorption does not change, even with a mid-term cancellation, so there is, in effect, no short-rate penalty.

The high deposit complicates a comparison with other insurance quotations since the time value of the amount of the deposit in excess of a competing prepaid premium must be calculated. Many companies finance the deposit through their own banks but some prefer the Factory Mutuals to do the financing for them, which they will at a rate of 1% above prime (at this writing 5.25%, making the interest charge 6.25%). ■

Trial...

Continued from preceding page
something you might work out with the controller's office.

If you want to rely on the insurance which you have bought, you must constantly ask yourself—"Do these policies meet the needs of my corporation now? Will they continue to meet these needs a month from now? A year from now? The nature of risk can change sharply. Some years ago colleges and universities were satisfactory insurance risks. Then they erupted in a welter of violence and death.

THE INSURANCE which you are buying is changing to meet new conditions. You may have thought, for example, that you understand product liability, but laws and increasing concern for the protection of consumers are changing the landscape rapidly.

Landscape, in a different sense, is now a source of worry as society becomes increasingly concerned with ecological problems. Practices which have been accepted for years are now sources of law suits and social criticism. With increasing demand for safety, your problems will be further intensified.

Changing conditions bring new problems. You may be the logical man to take care of some aspects of these difficulties. What better man to work out claim settlement problems than the man who bought the insurance?

In any event, you should continue to review losses and claims. These studies, together with your loss prevention activities, will be the tools you will need in working out premium adjustments during the next round of insurance buying negotiations.

Let me close with a mention of loss prevention once more. If you want to "insure" your insurance program, one of the most effective ways of doing so is through an effective and continuing program of loss prevention. Perhaps the most important requirement for effective loss prevention is real concern—not simply lip service—shown by top management. Try to get that concern in any way you can. ■

At CNA we fight dirty.

We fight dirty air. We fight dirty water. How?

By refusing to write insurance for **willful** polluters. And by not renewing coverage of clients who persist in polluting, as we recently did in certain cases.

Why? Because pollution isn't just dirty business, it's bad business. And as far as we're concerned the polluter who refuses to correct the situation is a bad risk. From a business standpoint, CNA believes that a concern that stubbornly refuses to correct its pollution problems will prove to be unprofitable in other areas. From an ecological standpoint, it blatantly degrades the general environment. CNA has no desire to profit from such a customer.

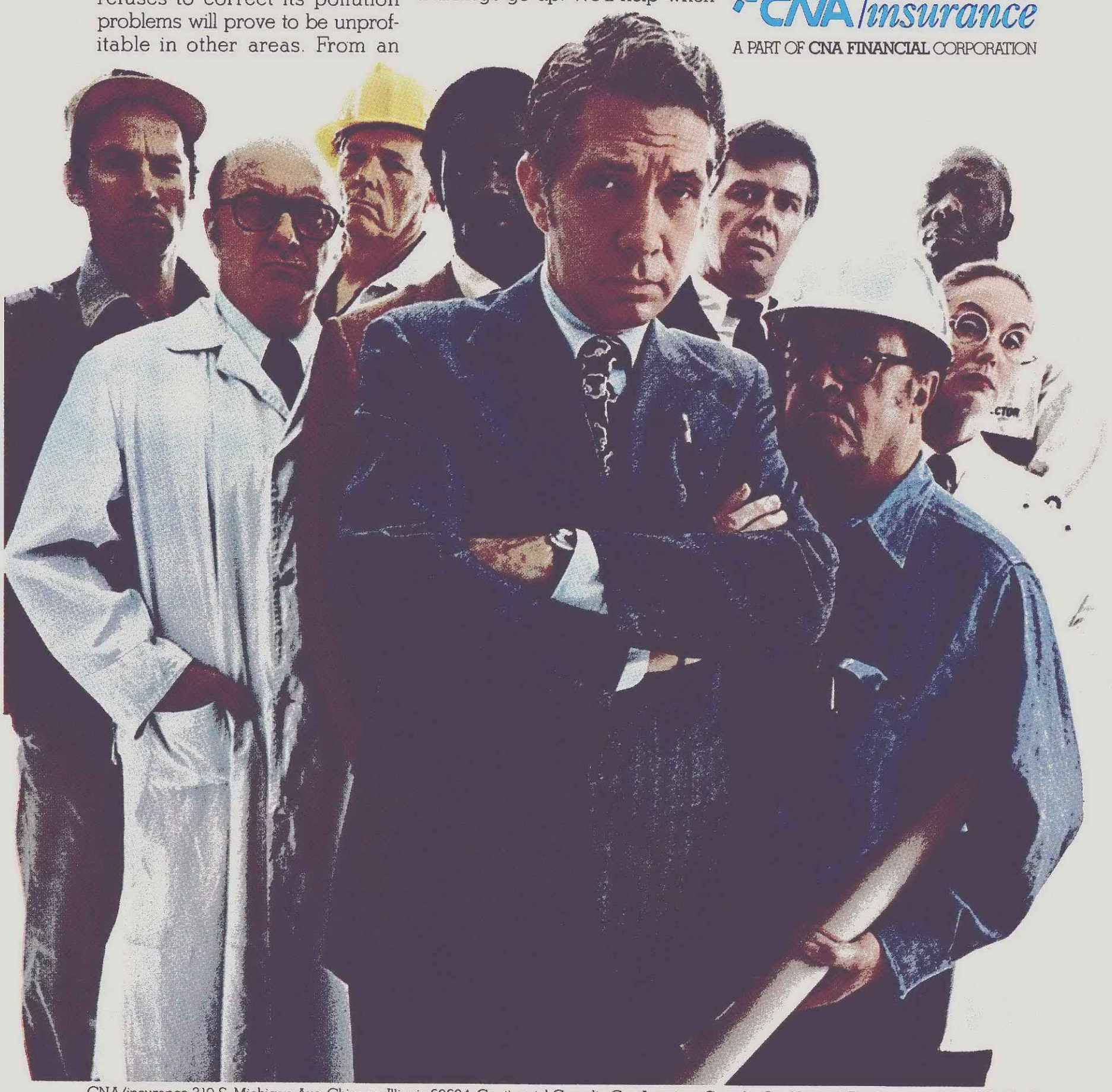
On the other hand, CNA does desire to help. So we'll work with any client or prospective client who wants to clear up a pollution problem. Our specially trained environmental specialists will work with them, or any experts they appoint, in analyzing their situation and recommending remedies. We'll even consult with architects before new buildings go up. We'll help whenever we can, wherever we can, as we've helped more than one hundred clients in just the past year.

So let's fight dirty together. Because this is the only kind of fighting that can win a better future for all of us. Call your CNA agent. Or write us. We care about the company that cares about tomorrow.

Working to insure a better tomorrow.

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Wisconsin Blue Cross has new plan to control rising hospital room rates

MILWAUKEE—In an effort to control rising hospital care expenses, Wisconsin Blue Cross announced that after Oct. 11 it will not pay for increased hospital room rates unless it approves them in advance.

Hospitals that raise room rates without Blue Cross approval will have two options, according to a spokesman. They can sever their connections with Blue Cross or, if they retain their Blue Cross affiliation and accept any payment on room charges, they must consider the amount offered by Blue Cross as payment in full.

In the event of disaffiliation from Blue Cross, the health care plan will pay the patient 90% of the part of the bill covered by insurance. Collection from the patient would be the hospital's responsibility, the spokesman said.

All hospitals in Wisconsin providing short term acute illness care are affiliated with Blue Cross, the spokesman added. The health care plan covers about one-third of the state's population and is the biggest customer of Wisconsin's hospitals.

One aim of the veto power is to establish some sort of review in the health care industry to blunt the effects of proposed government regulation, the spokesman said.

Blue Cross thus establishes itself as the enforcement arm of hospital planning committees. Hospital outlays for additional facilities will not be recognized by Blue Cross as part of the room rate bases unless they exceed $100,000, it was explained.

According to the plan, hospitals wanting to increase room charges will submit their intentions and justifications to a rate review committee composed of representatives of hospital administration, industry and organized labor.

IF THE REQUEST is rejected, the hospital could go before an appeals board which would have the final say. Appointments to the committee and appeals board will be made each year.

The spokesman said Blue Cross did not expect any hospitals to disaffiliate over room rate disputes, especially since they face the possibility of federal controls. Any hospital that did cut its connections with Blue Cross would do so to the disadvantage of its patients, he said. Instead of full coverage on room cost,, they would get only 90%, he explained. ■

Insurance firm sued for $115 million

LOS ANGELES—A $115 million class action civil suit has been filed in superior court here by three policy holders charging Pennsylvania Life Insurance Co. with fraudulent and deceitful tactics in the sale of disability insurance coverage.

The suit was filed by Los Angeles attorney William Shernoff on behalf of three buyers of "lifetime disability insurance income" plans from the company, which has headquarters in Santa Monica.

As a class-action, the suit would cover all California citizens who made similar policy purchases, should the judge decide the suit falls into that category. The suit seeks $40 million damages for premiums paid to the firm in the past 10 years as well as $75 million in punitive damages.

The policies, according to Mr. Shernoff, were purchased "by people with low to moderate income who were inexperienced with insurance contracts. They were told the plan would pay monthly benefits if a policy holder became disabled.

"Salesmen also told buyers," he said, "that the policy would remain in force for life and would not be cancelled except for failure to pay premiums. "However," Mr. Shernoff added, "the company often cancels policies if a buyer becomes disabled and appears to be entitled to collect benefits." ■

Schools hit by arson

Arson, not accident, has been blamed as the reason for a 300% rise in fire damage to Ontario's schools in 1971. The statistics show that fires caused $1.8 million damage in 1971 to Ontario's schools, outside of metropolitan Toronto, as compared to $464,000 in 1970. Insurance firms now require area school boards to take out $1,000 deductible insurance for fire and $2,500 deductible for mailicious damage and theft.

Agent/Broker Directory Available Now

Because of the demand for the profiles tables, charts and analyses contained in the July 31 issue, this information has been published in the form of a 6" x 9" desk-top directory. The annual *Business Insurance* Directory of Commercial Insurance Agents & Brokers, September, 1972, edition contains this important information for use by corporate insurance buyers, financial institutions, consultants and government officials. Readers may order copies by filling in this coupon and mailing it to: *Business Insurance*, 740 Rush Street, Chicago, Ill. 60611.

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THE MARYLAND'S 48-HOUR GUARANTEE.

Giles on law

Liability judged in case of injured workman vs. architects, contractors

By JOHN W. GILES
Attorney at law

WASHINGTON—Is an architect liable when a scaffold on which a workman was working collapses, consequently killing the workman? The dependents of the deceased worker brought action against the architect of a sports arena, the ceiling tile subcontractor who rented the scaffolding for installing ceiling tile, and others.

In absolving the architect from liability, the court said that he had nothing whatever to do with the scaffolding, since he neither designed it, constructed it, designated any material for it, nor had anything to do with renting it or maintaining it. He owed no duty to the subcontractors or their employes in connection with the scaffolding.

His responsbility was to his client, the owner of the building, and his duty in that regard was to see that the sports arena was properly erected and safe for the uses to which it would be put when it was finished. It is the duty of the industrial commission, not the architect, the court said, to see that contractors furnish employes with safe places to work. (Utah Sup. Ct. *Peterson* v. *Fowler* February, 1972.)

* * *

THE OCCUPATIONAL disease law should be liberally construed, but the court may not disregard its plain statutory meaning. In this case, the court held that testimony of an impartial expert who examined X-rays of the claimant was sufficient to support a finding that the claimant did not become disabled from asbestosis.

The defendant in this case produced asbestos pipe, felt and slate roofing, shingles, felt and water proof paper. This was not enough, said the court, to prove that asbestos is a hazard in that industry or occupation. The court found that the claimant only occasionally passed or repaired the asbestos machines; that none of the defendants' other employes contracted asbestosis; that claimant's supervisor, who stated that claimant worked in an asbestos hazard, based this conclusion on statements made to him by the claimant; that this supervisor never visited the plant; and finally that no tests were ever conducted in the plant to determine if asbestos fibers were present in the air.

Under these circumstances, it was not a capricious disregard of evidence to conclude that the defendant's plant was not in itself a hazard. (*Billett* v. *Keystone Roofing Manufacturing Co.* 291 At. 2nd 921. June 15, 1972.)

* * *

WHAT IS assumption of risk? There are many definitions but in this instance an employe did not assume the risk, according to the U. S. court of appeals. The employe inadvertently placed her fingers in a dangerous position while operating a book-binding machine and severed her fingers. Was her action voluntary to the extent it warranted an assumption of the risk? The court said, "No."

The interpretation of the word voluntary advanced by the manufacturer apears to be similar to that in use in physiology, where activities regulated by the autonomic nervous system are compared with those considered voluntary. Such an interpretation of the word as having application to the theory of assumption of risk must be rejected, the court said. If the employe's fingers became placed in a dangerous position in a machine by reason of her inadvertence, momentary inattention, or diversion of attention, this did not amount to assumption of the risk. Voluntary action bringing one within the doctrine of assumption of risk requires intentional and positive thought. (Ca 3. *Elder* v. *Crawley Book Machinery Co.* March 1, 1972.)

* * *

THE MICHIGAN court of appeals has determined that Medicare benefits are not considered "insurance," within a policy excluding coverage for medical expenses covered by other insurances. (*Muris* v. *Michigan Millers Mutual Insurance Co.* 198 N.W. 2nd 36.)

* * *

IS A HOMEBUILDER liable for injuries sustained by a child who entered a partially constructed home thru an unlocked door, climbed to the second floor and fell off a ledge? The court wisely said, "No."

In commenting on section 339 of the Restatement of Torts, which covers artificial conditions highly dangerous to trespassing children, the court said it eliminated run-of-the-mill home construction cases, where any danger is as observable to a child as it is to an adult. The courts comment is interesting. "The thrust of the child's argument in substance and effect is no more than: that one who is building the house should enclose it with a fence, failing which, section 339 allows recovery, and that, ergo, we should adopt and apply the section to the facts of this case."

The court continued, "The same sort of argument could be advanced by saying there could be a recovery even if a fence were built, and a child, climbing it, fell off the fence, plaintiff pleading that the owner should have built it higher. In other words, it appears to us that plaintiff is holding out for a doctrine of insurability against injury by invoking as yet unespoused philosophy of absolute liability and its corollary of liability without fault. We are not constrained to go along with such a philosophy at this time." (Utah Sup. Ct. *Featherstone* v. *Berg.* June 26, 1972.)

* * *

HOW ABOUT Seventh Day Adventists who refuse to work after sundown Fridays? Can they be discharged for their refusal?

The employe here contended that where the general rules of employment require certain working hours, the employe is entitled to satisfy his religious scruples by virtue of the employer's making a reasonable accomodation to his religious beliefs. The court agreed and said the employer did not demonstrate that he was unable to reasonably accomodate to the religious observance without undue hardship on the conduct of his business.

Continued on Page 53

How many times have you endured this:
You fire off a claim, an endorsement or something requiring immediate attention. And you wait.
After a week, with your client on your back, you call the carrier.
"Um-hum. We're certainly sorry. Um-hum. We'll put a tracer on it. Um-hum."



You'll get a reply from us in 48 hours. Or else.
—Charles H. Peterson, Pres.

And you wait.
A week later you're pulling your hair out. Your client is pulling your hair out.
Finally, you get an answer.
Meanwhile you've upset your ulcers, lost sleep, time, your appetite and maybe the client.
Does that open a few old wounds?
Well at The Maryland we know we're good enough, at least 85 percent of the time, to get your reply in the mail within 48 hours after we receive it. Or else.
Or else we call and give you a specific date when you can expect an answer.
Charles Peterson won't have it any other way.

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Other product liability problems told to FIC

PORTLAND, OR.—Two product liability problems—the strictly commercial loss and reinsurance—were discussed at the summer meeting of the Federation of Insurance Counsel.

Richard A. Bowman, a Minneapolis attorney specializing in product liability, urged attorneys and insurers alike to make certain that their clients had a limitation of remedy statement on all their sales material. This, he said, was a good defense against the purely commercial loss.

Pointing out that the Uniform Commercial Code says a manufacturer may limit remedies on repairing or replacing defective parts, Mr. Bowman said, for this reason, insurers should take an active interest in their clients' sales documents.

"Now insurers every day are checking their clients' fire sprinkling equipment to see that the place isn't going to burn down," he observed. "Well are insurers really checking their clients' sales documents to see that they have a valid and defensible limitation of remedies provision in them? It's more valuable than any disclaimer or warranty and it is not, as a matter of law, unconscionable to put in the documents."

HE SAID that the commercial loss was the fastest growing field of product liability. Usually, the losses involved factory equipment or vehicles which were used for commercial purposes.

"The potential damages in these kinds of cases are limitless," he emphasized, "because the law in most states says you can recover for loss of profits if you are an established business, if you've got a track record you can show and you can project the profit you would have lost. More and more plaintiffs are finding this out."

Regarding the reinsurance problem, Bert M. Thompson of Security Mutual Casualty Co., said the proliferation of product liability litigation was forcing reinsurers into a more active role in the cases because they are realizing they may never recover from primary insurers.

REINSURERS must act to protect themselves, he said, so "consequently many reinsurers are organizing claims departments and retaining counsel and you may expect requests for representation on their behalf.

"Extreme cases may require that letters be served on the primary insurer demanding that settlement discussions be undertaken or that the primary insurer release its own retention, so that the reinsurer can directly control the case and conclude a settlement which will consider its interests," Mr. Thompson noted. ■

Exclusions hold up in liability suit

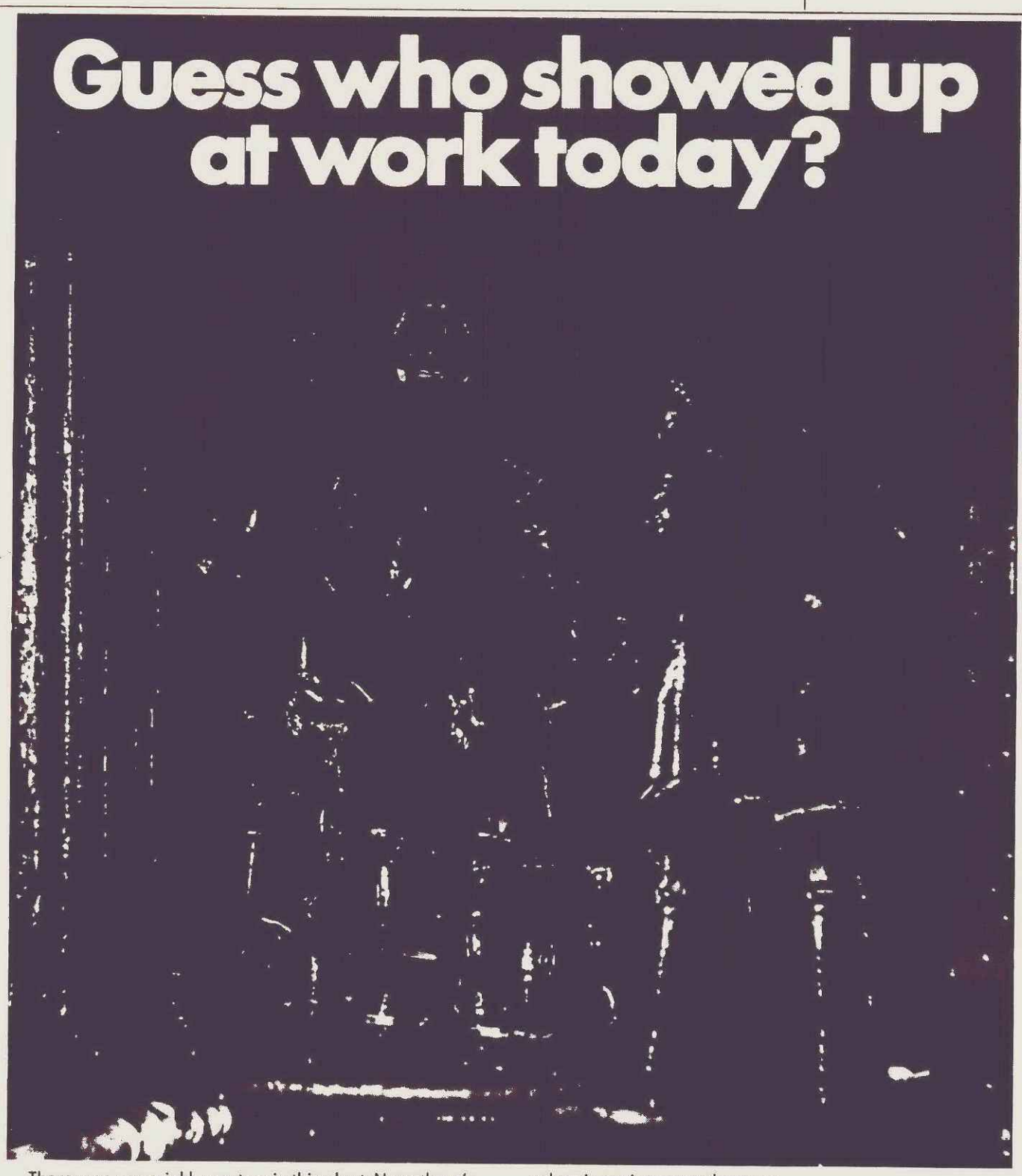
HARTFORD—A Fairfield, Ct., man has lost his state supreme court appeal to recover damages for injuries received when a truck he was driving went off the road and crashed.

Joseph Novella, an employe of a scrap yard, had sought $35,000 in damages from Hartford Accident and Indemnity Co., which had issued an auto liability insurance policy to the firm.

A lower Connecticut superior court jury had awarded Mr. Novella the $35,000 in a suit, but when judgment was not paid, Mr. Novella turned around and sued the insurance company.

According to the case as outlined in the higher court's opinion, the insurance policy contained two exclusionary clauses. One said the policy did not apply to bodily injury suffered by any employe of the insured arising out of the employment. The second said it did not apply to any obligation for which the insured might be held liable under any workmen's compensation law. ■

Guess who showed up at work today?



There was no sprinkler system in this plant. Now, there's no plant.

With it went blueprints, personnel records, accounts receivable, prototypes and equipment. The backlog is gone, too, and probably the business with it.

And what about the employees with their valuable knowledge and capability? They just couldn't afford to wait for the business to be rebuilt.

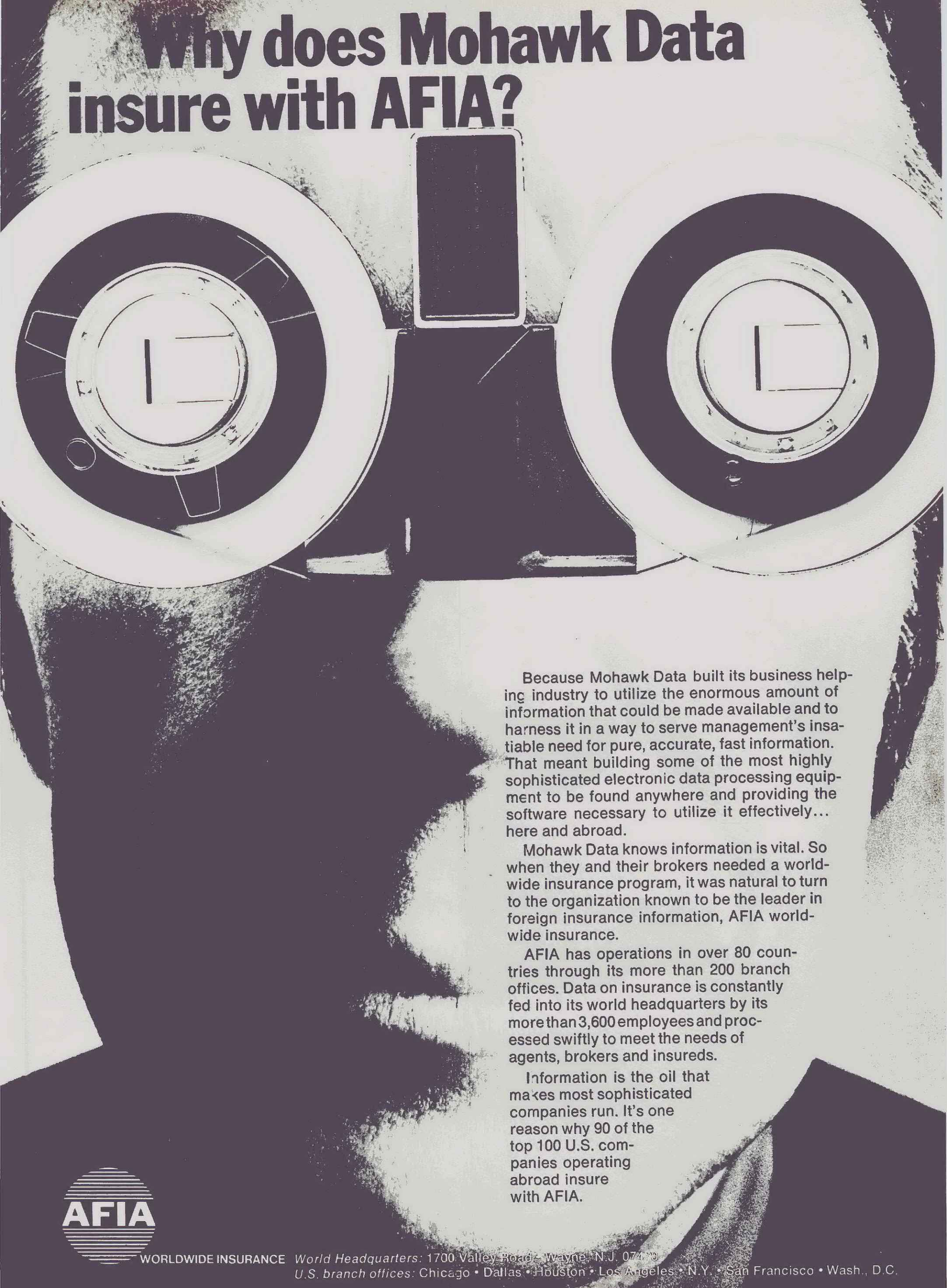
Grinnell engineered sprinkler systems protect against these disasters. They prevent major fire loss and assure business continuity. Furthermore, they pay for themselves in savings over the years.

One recent customer, in a leisure time industry, discovered this fact not long ago. His system will be paid for out of fire insurance premium savings over the next 4½ years. After that, those savings go directly into profits. It's a business that can grow, thanks to sound protection coupled with savings.

Learn more about it. Our booklet "Fire Protection Is Good Business" explains our systems further. Furthermore it's yours by writing Grinnell, Dept. (B1), 260 West Exchange Street, Providence, Rhode Island 02901.

GRINNELL

Why does Mohawk Data insure with AFIA?



Because Mohawk Data built its business helping industry to utilize the enormous amount of information that could be made available and to harness it in a way to serve management's insatiable need for pure, accurate, fast information. That meant building some of the most highly sophisticated electronic data processing equipment to be found anywhere and providing the software necessary to utilize it effectively... here and abroad.

Mohawk Data knows information is vital. So when they and their brokers needed a worldwide insurance program, it was natural to turn to the organization known to be the leader in foreign insurance information, AFIA worldwide insurance.

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Insurance advertising controlled in California

SAN FRANCISCO—Advertising used in mass marketing of individual health insurance will be "strictly" controlled by California's department of insurance.

Insurance commissioner Richards D. Barger said his department has reviewed 42 newspaper and magazine ads and 13 television "scripts." "We have received excellent cooperation," Mr. Barger said, "from most insurers and from the newspapers."

He said, "radio scripts for commercials that advertise this kind of insurance must receive prior review by the insurance department before it can be broadcast. The review process will apply to all newspaper, magazine, television and radio advertising, including such ads used as leads for insurance agents."

Mr. Barger also pointed out that "distinctions made by the National Assn. of Insurance Commissioners between ads which are 'invitations to inquire' and 'invitations to contract' are not acceptable to this department.

"FICTITOUS narrative stories," he added, "also will not be considered acceptable advertising. We also believe that since NAIC issued its guidelines, insurers have developed new advertising phrases which are not adequately regulated by the guidelines."

Mr. Barger said form letters and other "stuffer" advertising, mailed either with a policy or to people who respond to a mass market ad "must also comply with our view regulations. In authorizing for use a mass market ad," he noted, "we will presume that all other material used as part of the advertising campaign utilizes terminology consistent with the terminology authorized for use in related newspaper, magazine, television and radio ads."

"It is of extreme importance," Mr. Barger said form letters health insurance benefits advertised and sold to senior citizens be of real economic value and advertised in a manner which does not mislead or have the capacity and tendency to mislead or deceive the elderly population of this state."

IN MID-AUGUST, Mr. Barger's department held public hearings on minimum health insurance benefits and, as a result, will soon issue regulations governing minimum benefits for such insurance to supplement Medicare. "The regulations," he said, "will include provisions applicable to expense incurred benefits and benefits payable on other than an expense incurred basis.

"In advertising of Medicare supplements," he continued, "this department will recognize the distinction between advertising expense incurred benefits and advertising benefits payable while the insured is confined in the hospital, irrespective of expenses incurred."

In 1970, Medicare inpatient hospital admissions in California were 518,900. Many previous ads directed to such potential customers have "conveyed the misconception that the insurer is affiliated with or approved by the U.S. government.

"Much of this advertising in the recent past," Mr. Barger said, "has led readers to believe that the advertising has been issued by, or is connected with, the U.S. government, and has stimulated fear that failure to respond will unfavorably affect or terminate their federal Medicare coverage."

He added that this kind of advertising has been banned by his department, as well as any advertising that contains misleading descriptions of the federal Medicare program.

"When Medicare increased its hospital deductibles," Mr. Barger explained, "some insurers described it in their advertising as, 'Your share of expenses under Medicare jumps again by 13.3%. While it is true that the Medicare beneficiary pays an increased amount for hospitalization," he said, 'it is misleading to advertise Medicare in that matter. It is a scare tactic and it will not be authorized by this department.

"USE OF scare tactics, such as an ad with an illustration of a bed patient with a sad expression and with the caption, 'Here's where most people over 65 learn about the gaps in Medicare,' or 'Heres where many folks over 65 find out what hospital Medicare doesn't pay,' will not be permitted in California."

Mr. Barger also pointed out that "inferences of long hospital stays being quite common among the aged" is frequently found in the advertising of insurance plans with coverage "that does not begin until the 61st day of hospitalization.

"Actually," he said, "the average hospital stay for persons age 65 and more is 12.8 days and the average stay is now dropping even below that. Fewer than one Medicare beneficiary in 20 remains in a hospital more than 60 continuous days in a benefit period." He also cited ads which feature large dollar maximum amounts with the inference that such payments are common, as "most misleading.

"SOME POLICIES," he explained, "provide for up to a maximum of $50,000, but surveys have shown that the average claim payment under such policies is not substantial."

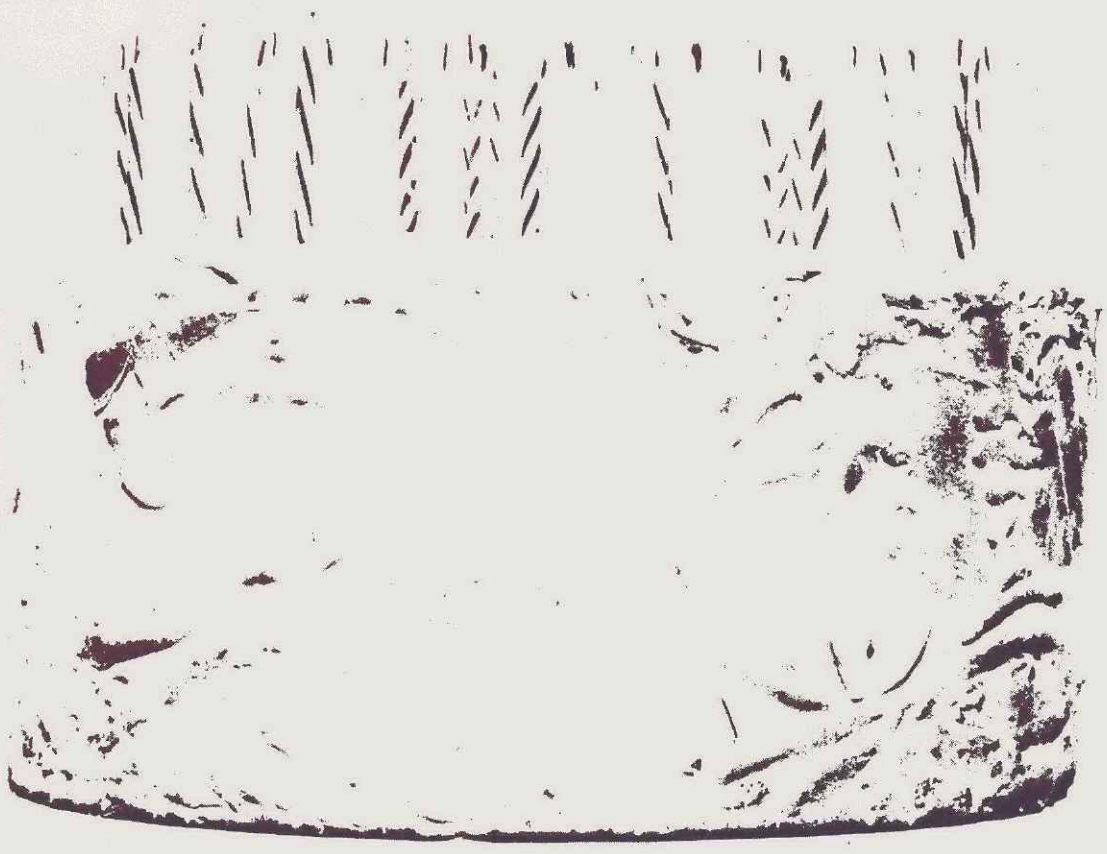
All insurers will be required by Mr. Barger to file a certificate of compliance with the advertising regulations, along with their next annual statement filing with the insurance department. ■

Farm insurance costs

Oregon State Accident Insurance Fund officials feel an "in-depth study" of SAIF operations is needed to find ways to reduce insurance costs to farmers. SAIF manager Chuck Gill told the legislative interim committee on natural resources that SAIF might be able to reduce insurance costs to farmers by changes in its appeals system, vocational rehabilitation programs and in the way it closes claims. Gov. Tom McCall has appointed a task force to investigate the rates SAIF charges farmers.

Wisconsin safety plan

A legislative committee voted to seek federal approval for Wisconsin to continue its own job safety program instead of submitting to federal enforcement. The state occupational safety and health act committee also approved a bill that would make Wisconsin conform with the federal standards that were adopted in 1970, with passage of OSHA.



In our 44th year we handled over 19,000 self insurance claims and administered more than $9,000,000 of our clients' funds.

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You'll find that our services are provided with simplicity because we've eliminated the typical insurance company red tape. Our innovative reporting systems are quick and efficient, and all details are taken care of for you. We will be glad to provide a comprehensive competitive comparison of your present program at no cost or obligation. Contact us.

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We want to know about them. Together, we may be able to come up with the kind of package you—and a lot of other producers—are looking for.

Which is what our unwritten policy's all about.

By filling it out and sending it to us you begin the process of putting that elusive package together.

This unwritten policy isn't altogether new. A couple of years ago, a West Coast producer had a line on a number of beauty shops. To close the sale, all he needed was some specific coverages not available in one policy from any other carrier.

So we wrote up a beauty of a package for his beauty shops.

He got the business. Now a lot of other producers are using that same program.

The same thing happened again last year. A producer needed a package to cover a bunch of fast-food restaurants.

We put all the ingredients together and served up a delicious solution to his problem.

Our point is this: If we can write a package that will help you, it will help us, too.

So if you're tired of poking around for a policy that may or may not cover your needs, start filling in our unwritten policy.

Write now.

Consolidated Mutual Insurance Company
Member Company: Improved Risk Mutuals
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When you need a Company. Not just a policy.

The Unwritten Policy

I am interested in writing the following business(es). Can you help me out?

Category of business _____

Location of business _____

Coverage needed _____

Additional information _____

Producer's name _____

Business or trade affiliation _____

Address _____

City _____ State _____ Phone _____ Zip _____

Mr. Arthur Mehmel
Consolidated Mutual Insurance Co.
345 Adams Street
Brooklyn, N.Y. 11201

Thieves gain $1 million daily

TORONTO—Philip W. Goldman, president of Kofler Stores Ltd., is an angry man. He is tired of cliches, he is tired of labels, but mainly he is tired of thieves.

Mr. Goldman, as a panelist at a Commercial Security Assn. seminar on crime in industry, told his audience that retailers in Canada lose $1 million a day to thieves, including, shoplifters, fraud artists and employe-pilferers.

Pointing out that, in his opinion, a shoplifter was nothing more than a thief, not a victim of sociological or emotional deprivations, he said, "Shoplifting is showing appalling increases by people in every walk of life. The most prolific shoplifter is the young suburban wife."

He indicated that shoplifting was the most rapidly growing crime, rising 20% a year over the past decade, even though employe theft was five to 15 times greater than shoplifting. He also said that only 5% of shoplifting was done by professionals, the remainder being perpetrated by teenagers and housewives.

Revealing that a U. S. department store study showed that one of every nine customers steals something, Mr. Goldman stated, "In our cliche-ridden, label-attaching society, we have a tendency to shift a behavioral problem to psychologists, psychiatrists or sociologists. The often conflicting opinions of these learned authorities confuse the issue with the symptoms.

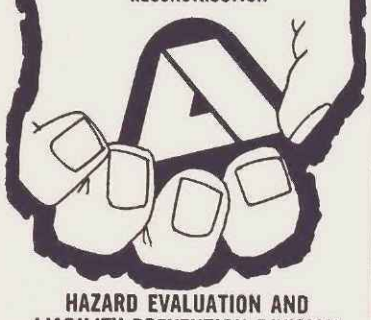
"We are skirting the problem unless we place responsibility where it belongs," he added. "The social flaw of such staggering nature becomes the responsibility of many people and institutions."

"Our society," he said, "cannot cope with temptation and its many options. There is too much motivation toward acquisition. The incessant bombardment of advertising, the cost exposure to sight, feel, smell and taste of the great storehouse of goods that provide the good life are too much for our loosely structured, inconsistent value system." ■

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- LABEL, ADVERTISING AND LITERATURE REVIEW
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Department sues Biaggi

NEW YORK—New York state insurance department officials have filed a suit to recover a portion of the legal fees paid to Mario Biaggi, state representative for his role in the unsuccessful court battle against the insurance departments effort to liquidate Citizens Casualty Co. of New York for insolvency.

The insurance department specifically contends that Mr. Biaggi is not entitled to $100,000 of the $240,000 he was paid. They cite an agreement, filed with court papers, which stated that Mr. Biaggi would be paid a $100,000 contingency fee if the litigation was settled, or if the trial resulted in Citizens Casualty Co. continuing in business or being purchased by another party.

Since these conditions were not met, the insurance department hopes to recover the $100,000. They add that it would be paid to shareholders. Policyholders in the company were protected.

John R. Weist, president of Citizens Casualty until the proceedings ended, said that the fees were justified since the company "was fighting for its life." ■

dates for buyers

October 2-3, American Management Assn. orientation seminar, "OSHA compliance for the small company," Sheraton Lincoln Hotel, Houston. For more information write the AMA, 135 W. 50th St., New York, N. Y. 10020.

October 2-4, Society of Chartered Property and Casualty Underwriters annual meeting, New York Hilton, New York City. For more information write CPCU, P. O. Box 566, Media, Pa. 19063.

October 2-4, American Management Assn. orientation seminar, "Long-term disability management," AMA management center, Chicago. For more information write the AMA, 135 W. 50th St., New York, N. Y. 10020.

October 2-4, American Management Assn. workshop seminar, "Risk management—cash management—how they can pull together to hold the line on costs," Sheraton Lincoln Hotel, Houston. For more information write the AMA, 135 W. 50th St., New York, N. Y. 10020.

October 3-4, Insurance Services Office seminar "No-fault automobile insurance", New York Hilton, New York City. For more information write Bruce Herrick, Insurance Services Office, 160 Water St., New York, N. Y. 10038.

October 4-6, Institute of Noise Control Engineering INTER-NOISE 72, Shoreham Hotel, Washington, D. C. For more information write Malcolm J. Crocker, general chairman, INTER-NOISE 72, Ray W. Herrick Laboratories, School of Mechanical Engineering, Purdue University, Lafayette, In. 47907.

October 5-6, Carolinas' and Piedmont chapters of ASIM regional seminar, Ocean Forest Hotel, Myrtle Beach, S. C. For more information write C. J. Spivey, 623 E. Trade St., Suite 302, Charlotte, N. C. 28202.

October 23-24, *Business Insurance* Product Liability Workshop, Recency Hyatt House, Chicago. **October 24-25,** *Business Insurance* Employe Benefits Communication Workshop, Regency Hyatt House, Chicago. For more information write Workshops, *Business Insurance*, 740 Rush St., Chicago, Il. 60611.

October 26-27, Council of Profit Sharing Industries annual conference, Sheraton-Blackstone Hotel, Chicago. For more information contact Neil Regan, Gardner, Jones & Co. Inc., 79 W. Monroe St., Chicago, Il. 60603.

October 26-27, North Central Regional ASIM annual seminar, The Christopher Inn, Columbus, Oh. For more information write Edward J. Davis, The Klingbeil Co., 42 E. Gay St., Columbus, Oh. 43215.

November 9-10, American Management Assn. annual national insurance conference and employe benefits conference, Drake Hotel, Chicago. For more information write the AMA, 135 W. 50th St., New York, N. Y. 10020.

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Union gets dental plan

TORONTO—The first dental service plans to be negotiated by a major Canadian industrial union with large employers have been signed by International Nickel Co. of Canada Ltd., Steel Co. of Canada Ltd. and Algoma Steel Corp. Ltd. with the United Steelworkers of America.

Toronto-based Travelers of Canada is handling the dental coverage for Stelco. Inco and Algoma are insured through Ontario Hospital Assn. and Blue Cross of Toronto.

The three companies have introduced dental plans insuring employes and their family dependents for a wide range of normal dental procedures. These plans carry a $25-a-year deductible provision and pay 80% of the routine dental procedures based on the Ontario Dental Assn. ODA tariff of fees.

ROUTINE services include examination and consultation, maintenance care, cleaning, scaling, susceptibility and vitality test, X-rays, amalgam, silicate and resin fillings, removal of teeth and general anesthesia for extractions.

The coverage excludes orthodontia, crowns, bridges and full denture costs and charges in excess of ODA tariff.

J. K. Mark, vp of the group department for William M. Mercer Ltd. of Toronto, the employe benefit consultant firm retained by Stelco, predicted a proliferation of dental service plans by an increasing number of unions and employers following the move by Inco and the steel companies. He forecast a high degree of union activity in the dental care coverage area during the last six months of 1973 in Canada. ■

Union, contractors agree on pension, welfare hike

SPOKANE, WA.—A new one-year labor contract between the Inland Empire Chapter, Associated General Contractors and Operating Engineers Local 370, AFL-CIO, provides an additional 10¢ an hour for pensions and 5¢ more per hour for health and welfare, retroactive to June 1.

The agreement covers 100 contractors and about 2,500 union members in eastern Washington and northern Idaho. It must be approved by the National Operating Engineers Craft Board and the Construction Industry Stabilization Committee, said Merwin Cederblom, executive director of the AGC chapter.

If approved, on Dec. 1, pension payments would go up another 10¢ an hour.

Mr. Cederblom also announced that the Construction Industry Stabilization Committee in Washington, D.C., has approved the first increment of a two-year labor agreement negotiated earlier with the Washington State Council of Carpenters. The initial increase will give approximately 2,000 union carpenters in eastern Washington and northern Idaho 5¢ more an hour for health and welfare and 5¢ more for pensions, he noted. ■

Giles...

Continued from page 47

Because of that, the court said, the discharge was an unlawful discriminatory employment practice under Title VII of the 1964 Civil Rights Act. (CA 5. *Riley* v. *Bendix Corp.* July 14, 1972.)

* * *

DOES AN employe's psychological collapse, precipitated by stressful pressures of her work, constitute "injury" arising out of work and entitle the employe to workmen's compensation under the Longshoremen's and Harbor Workers Compensation Act?

The documentation presented before the labor department did contain substantial evidence indicating that the nervous reaction of the employe was precipitated by the stressful pressures of her job. While there was no one physical or external cause of psychological injury, that does not appear to be necessary. "It has been held a number of times, and we think correctly, that an accidental injury may occur when the injured is not engaged in his usual and ordinary work, and likewise that the injury need not be external. It is enough if something goes wrong with the human frame." See *Commercial Cas. Ins. Co.* v. *Hoage*, 75 Fed. 2nd 677. Psychological injuries should be included within the purview of the act. (U.S.D.C. Dist. Col. *Urban Land Institute* v. *Garrell.* June 22, 1972.)

* * *

WHAT MAY happen to a landlord who fails to inspect the condition of a third-story apartment window which was defective?

The screen was out and some putty was gone from around the glass. The court held that the landlord was liable when a woman was injured by stampeding sidewalk shoppers who scattered to avoid being struck by falling glass. The glass was pushed out by a nine-year-old trespasser who was resisting the closing of the defective window by an occupant of the apartment.

It appeared that the child's act constituted a "contributing cause of the accident." Did this contributing cause relieve the landlord from liability? The court said, "No." The principle involved here is simply the "basic principle" of the law of intervening or superseding causes—that the original negligent actor is not relieved of liability by the subsequent negligent acts of another, if the subsequent act might reasonably have been foreseen.

As far as foreseeability entering into the question of liability for negligence, it is not required that the particular precise form of injury be foreseeable. It is sufficient if the probability of injury of some kind to persons act could be foreseen. (Ky. Ct. Akh. *Glasgow Realty Co.* v. *Metcalfe.* June 23, 1972.) ■

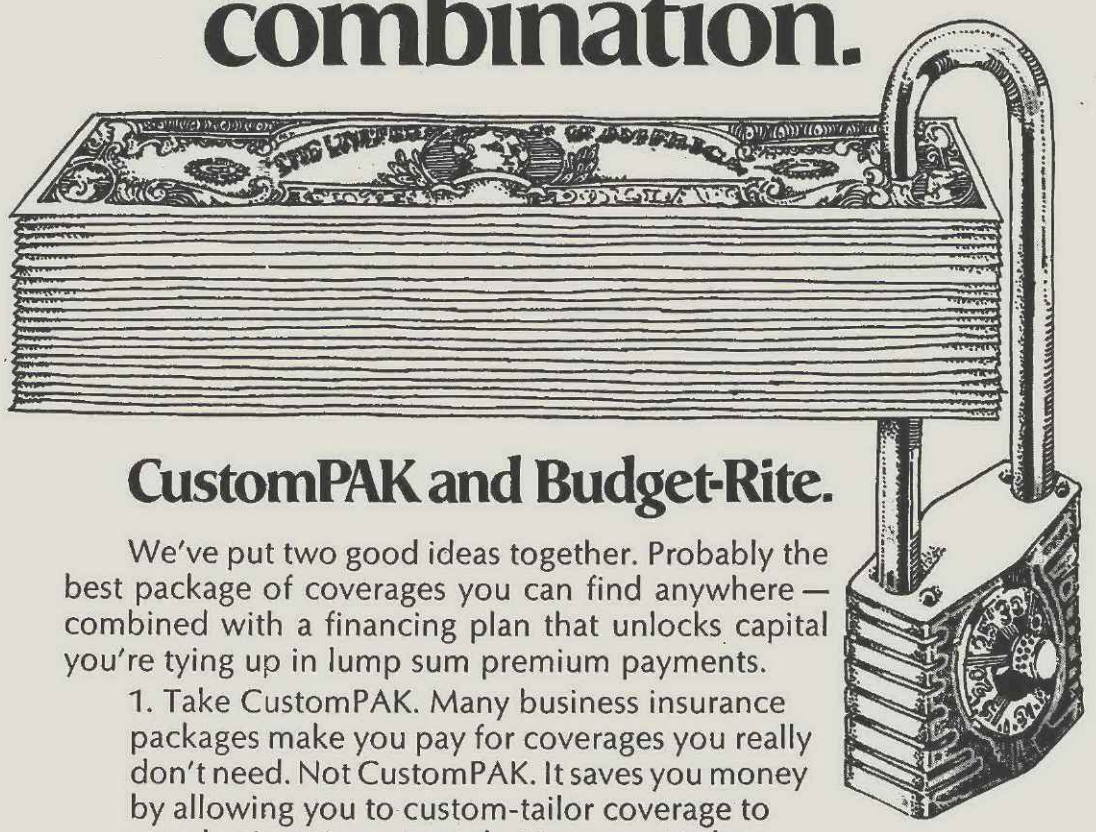
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2. Our second good idea is Budget-Rite. It's a way we have of financing your insurance premiums. At less than most bank rates, and with the convenience of 12 monthly payments. You don't tie up capital by pre-paying your premiums. One more convenience: when premiums change, your account is adjusted automatically.

Talk to your local Ætna agent or broker about CustomPAK and Budget-Rite. He knows the perfect combination for your business insurance.

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LIFE & CASUALTY

Agents' group is asked to review county cover

BUFFALO, N.Y.—The government affairs committee of the Erie County legislature has recommended that the Independent Insurance Agents Assn. of Western New York review the county's insurance coverage in an effort to cut commissions on county liability insurance policies.

The action was an outgrowth of allegations by a newspaper here in August that approximately $20,000 in commission fees on $236,000 in premiums the county paid in 1971 were divided among four agents, most of them Republican party leaders.

This prompted Richard J. Miller, a Democratic county legislator, to request the review by the insurance agents' association.

The government affairs committee was told by Richard W. Michaels, president of the agents' association, that the executive committee of the association had been ordered to prepare a review of the county's insurance needs and coverage without pay.

THE PROPOSED review would be executed by a task force made up from the agents' group; Ralph J. Vanner, a Buffalo independent insurance broker, and a member of the county legislature, said it is the objective of the study to determine "the lowest cost along with the maximum, optimum coverage."

The recommendation by the committee requesting the study was part of a resolution also requesting the county attorney to find out if the county can legally advertise for insurance bids. It also directs the county controller to prepare a list of insurance brokers now used, coverage provided and premiums paid.

During the legislative session, Mr. Michaels came to the defense of Yaeger & Co., the county's insurance broker, and Merchants Mutual Insurance Co., the county's insurance carrier.

Mr. Michaels described both firms as "highly qualified" companies, adding: "Taxpayers haven't been injured by the fee-splitting per se." He did say, however, that a new "open rating" law could allow the county to secure lower premiums and commissions.

COUNTY BUDGET Director Louis J. Russo, discussing the county's insurance policies, told the legislature he was not aware that the county could influence the commissions. His belief was that the commissions are entirely a business matter between the agents and the broker.

Mr. Russo stated that Erie County usually does not carry fire insurance but sets aside $250,000 annually for general liabiltiy protection. The county comptroller said he was in favor of the insurance study if the county might save some money as a result. ■

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Improvements for state workmen's comp urged

SACRAMENTO—Trade unions in California will push for eight changes in the state's workmen's compensation system when the legislature opens its next session after the first of the year.

According to John F. Henning, executive director of the California Labor Federation, AFL-CIO, the changes will be sought despite extensive improvements in benefits won by workers last year—the broadest improvements in the program's 60-year history.

The eight changes sought will be:

- An increase in the maximum weekly benefits for temporary total disability to assure most injured workers two-thirds of their pre-injury wages.
- An increase in the maximum weekly benefit for permanent disability to bring it in line with those benefits for temporary liability.
- An assurance that injured workers have the right to choose their own physician.
- A provision to make death benefits payable to dependents and the surviving spouse until remarriage or death.
- An extension of coverage to domestic household workers.
- The enactment of a statute to include two labor representatives who are not attorneys on the workmen's compensation appeals board.
- The establishment of a mandatory rehabilitation program with regular weekly benefits payable during the rehabilitation period.
- The reduction of the waiting period for benefits from seven days to three days, with the reduction of the retroactive waiting period from 28 days to 14 days.

Last year's workmen's compensation improvements in California raised the maximum temporary benefit from $87.50 per week to $105 per week. Permanent disability benefits were also boosted, from $52.50 per week to $70 a week. Death benefits were raised by $5,000 and the waiting period for benefits was sliced from 49 to 28 days. ■

New York City passes first noise control code

NEW YORK—This city's first comprehensive noise control code was passed early this month by the city council, despite heavy opposition from the construction industry.

The legislation, which was approved by the council on environmental protection and is soon to be signed into law by Mayor John Lindsay, will regulate a variety of sounds ranging from ice cream wagon bells to the roar of jets zeroing in for landings. It will achieve this end by placing strict decibel limits on noise sources, including air compressors, paving breakers, air conditioners, motor vehicles, garbage trucks, sirens and horns.

The construction industry conducted an intensive campaign against the bill, charging that building would be brought to a halt by the noise code.

BERTRAM A. GELFAND, a Bronx Democratic leader in the fight against the anti-noise bill, said that the code raised the possibility not only of loss of jobs but also of delaying or raising the cost of vitally needed facilities such as new housing and rapid transit.

"ARRANT nonsense," was Councilman Theodore S. Weiss's reaction to industry assertions. Mr. Weiss, chairman of the environmental protection committee, described the construction industry's efforts to the stop the legislation, saying, "Council members were subjected to as concentrated an effort to persuade and sway them as anything I have ever seen here."

He urged support of the bill just before the crucial vote was taken. It passed by a vote of 31 to 5.

Opposition to the noise code centered around a provision stipulating that no construction noise would be allowed except between 7 a.m. and 6 p.m. on weekdays. The code provides for three-day variances in emergency cases. A technical amendment reached through Mayor Lindsay is expected to provide for longer variances.

A MAYORAL spokesman said that the mayor "is pleased that the noise code has passed, but believes that it needs a technical amendment to allow night workers to fill potholes in the city streets and to allow night construction work within the noise safeguards so that the city's building productivity can go forward."

One controversial provision of the noise code encourages citizen complaints by allowing citizens to collect up to 25% of an eventual fine that results from a complaint. Mr. Gelfand, on behalf of the opposition, argued that this provision would create "professional extortionsists" who would hold out the threat of filing a complaint unless they were paid off.

Mr. Weiss, speaking for the environmentalists, countered that this participation by citizens would make it possible for builders to avoid the bribes that have been prevalent in the industry. ■

No-fault for Wyoming?

CHEYENNE, WY.—Gov. Stan Hathaway will recommend a "low-threshold, no-fault auto insurance plan" to the next session of the state legislature, he told the Wyoming Bar Assn. convention here.

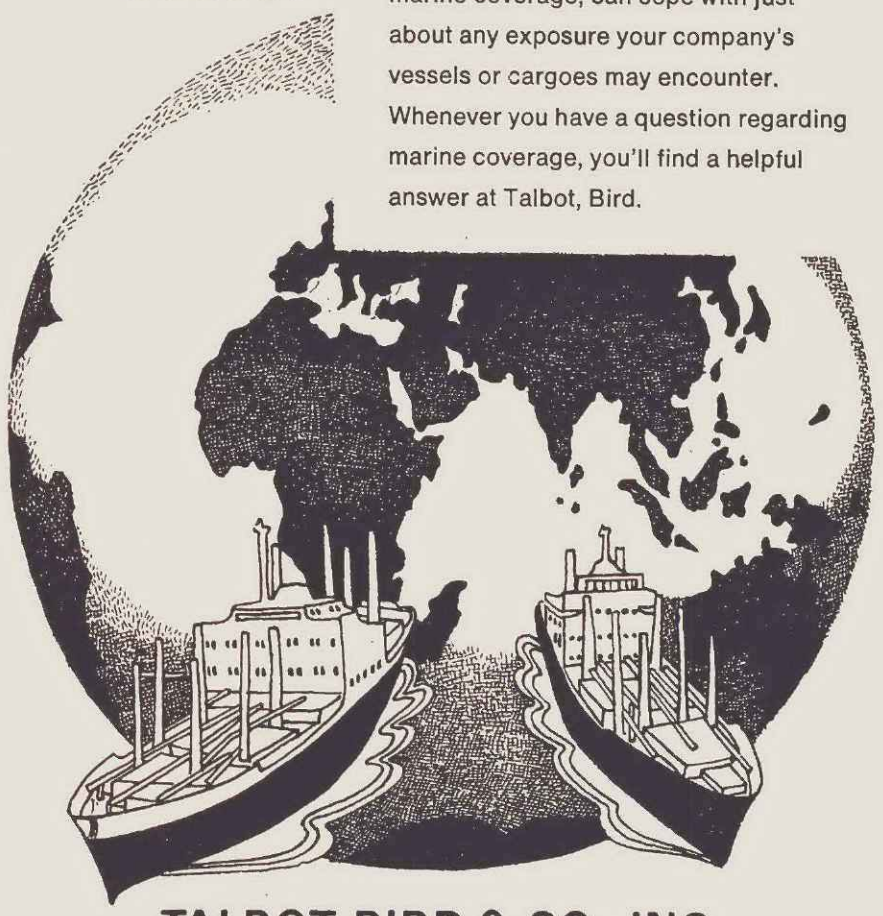
He said the state needs a no-fault plan that would have an upper limit of $1,200 for a claim. The no-fault concept was attacked Friday by Richard Bostwick, an attorney, who said it "would destroy individual rights."

The governor also said the state should act on the no-fault plan "before the federal government does." He reminded the lawyers a federal bill lost by only two or three votes in Congress last year.

Gov. Hathaway said the federal bureaucracy is becoming, as he put it, 'too regimented, and too much a part of society." ■

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SWITZERLAND GENERAL INSURANCE CORPORATION OF NEW YORK
THE YASUDA FIRE & MARINE INSURANCE COMPANY OF AMERICA

Ahern asks wider use of mail fraud statutes

WASHINGTON—Just two days after Clifford Irving began a federal jail term for his fraudulent biography of Howard Hughes, James F. Ahern, director of the Insurance Crime Prevention Institute, claimed it was the mail fraud statute that helped put the writer behind bars.

"The mail fraud statute can be perhaps this nation's most powerful weapon against persons and syndicates trying to cheat Americans and American business," the ICPI head told the National Postal Forum last month.

The ICPI does not sell insurance or settle claims. Rather, it works with law enforcement authorities in the investigation and criminal prosecution of insurance defrauders. To this end, Mr. Ahern pegged the postal inspection service as ICPI's "most useful and effective relationship."

MR. AHERN explained how fraudulent schemes (which he terms "white collar crime") often involve the postal service: Physicians can mail false medical reports to insurance companies; a criminal can mail a bill or circular to a victim; or a victim may mail a check to the criminal.

"Professional people developed intricate plans to defraud insurance companies and were brought to justice through the use of the mail fraud statute," Mr. Ahern declared. He listed a number of recent cases of fraud that were detected with the help of the postal authorities. Besides the Irving caper, he named a Miami insurance fraud swindle in which five persons, including a former public defender, faked an automobile accident and combined to collect over $13,000 in claims.

The ICPI head concluded his remarks with an appeal to American businesses to reduce the occurrence of fraud by not assuming that it is a normal and usual cost of operation. "The time has come to put an end to white collar crime," Mr. Ahern said. "With the help of America's businessmen and professions, the postal inspectors and their law enforcement associates can move us toward that goal."

As if to concur with Mr. Ahern's assertions, Maine postal authorities late last month arrested 59-year old Boyd I. Carver on charges of mail fraud in connection with an alleged scheme to defraud 16 insurance companies across the nation. ■

Golfer beaten by state in suit over fall on floor

ALBANY, N.Y.—The moral to this story is: Don't run across a cement floor in your spiked golf shoes. If you fall on your face, your chances of collecting from anyone are not good.

Thaddeus A. Zolad of Frankfort Center, N.Y., brought a suit for $50,000 after an accident at the Crestwood Golf Club, a state facility at Marcy State Hospital, April 30, 1968.

Mr. Zolad, at the invitation of a club member, agreed to a golf match. Shortly after teeing off it began to rain and the golfers returned to the clubhouse. He and his friends played cards for a while and then Mr. Zolad decided to telephone his accounting office. He walked on the mat provided in the pro shop for players with spiked shoes.

He was warned by the pro shop manager to watch where the mat ended as he approached the telephone. But Mr. Zolad apparently slipped and fell on the concrete floor after leaving the mat area.

The suit was dismissed by Judge John H. Cooke, who ruled that Mr. Zolad had been a golfer 40 years and had played the same course at least 18 times. The trial record indicated there were signs warning golfers with spiked shoes to stay on the mat and that the pro had given him prior warning.

The judge ruled that Mr. Zolad had failed to sustain his burden of proving the state was negligent. ■

Insurance fund drying up

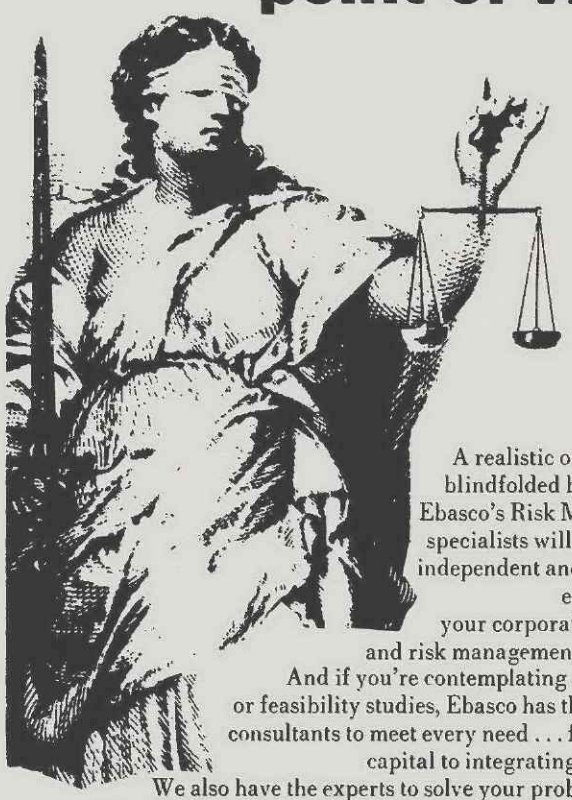
SAN FRANCISCO—The self-insurance fund of this city's municipal railway has had a bad year, as result of injuries to both persons and automobiles.

The public utilities commission this week paid out nearly $200,000 for claims and reported it is "rapidly running out of money for this kind of purpose." The claims included a court judgement of $147,834, won by a retired man who was struck by a trolley coach.

Perhaps the most unusual of the claims was one of $1,527 paid to Angelina Alioto, wife of San Francisco's Mayor Joseph Alioto, for damage to her Rolls Royce when it was struck by a bus.

John M. Christiansen Jr., finance director for the utilities commission, warned, "Funds for settling accident claims against the city will run out before the end of October. The municipal railway," Mr. Christiansen said, "had a claims settlement fund of $1.7 million for this 1972-1973 fiscal year but we had to spend $900,000 of that to pay off claims outstanding from last year." ■

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James Edwards, Union Pacific risk man, aims at centralizing coverages

NEW YORK—The three-year-old Union Pacific Corp., as a relatively young holding company, is finding some new ways to handle old problems. Assisting in its efforts on the insurance front is James Edwards, the recently appointed manager of corporate insurance.



James Edwards

From his office on Park Avenue, the new manager told *Business Insurance* about his position, created just this past June. "It involves all facets of risk management, with the ultimate goal of recommending and establishing a risk management corporate and subsidiary insurance program," he explained.

A duck-hunting enthusiast from southern New Jersey, Mr. Edwards has had prior experience as an insurance manager for Continental Can Co., as well as ITT Rayonier. He presently faces the basic responsibility of centralizing the existing insurance policies of the Union Pacific Corp. and its five subsidiaries to arrive at the most efficient and economical program possible.

THE FIVE subsidiaries include the well-known freight line, the Union Pacific Railroad, as well as Champlin Petroleum Co., Union Pacific Mining Corp., Rocky Mountain Energy Co., and Upland Industries, a land development corporation. In the past, the subsidiaries bought their own insurance. Now that Union Pacific Corp. is their parent company, Mr. Edwards sees the reason for his position as one of "economic sense."

He will be reviewing the policies of the firms to see "if we can combine coverages of the subsidiaries to generate broader coverages, lower costs, and coordinate and centralize individual buying functions."

THERE ARE numerous brokers and carriers handling many policies for the corporation and its subsidiaries. Mr. Edwards hopes to consolidate the coverages into fewer markets. "It's conceivable that major contracts could be consolidated with one underwriter, but with different deductibles for the various subsidiaries, based on their individual financial strength," the new risk manager speculated.

Although loss prevention will be one of Mr. Edwards areas of responsibility, he feels fortunate in finding this area well advanced. The subsidiaries have maintained an excellent "track record" for safety over the past, he said. For example, the railroad's loss prevention program already includes an award-winning color film, "Getting Off on the Right Foot," about safety for switchmen.

"Difficulties in acquainting myself with the exposures of the subsidiaries, the avenues of loss that threaten them," was an issue Mr. Edwards described as a challenging requirement of his new job, especially since his background has been with different industries.

As Mr. Edwards put it, Union Pacific has "areas of potential catastrophe." Besides minor risks like finding a herd of sheep on the tracks of a company train, there is always the worry of such possible hazards as explosions at an oil refinery, or a serious train derailment.

After he finished a cup of black coffee, Mr. Edwards got up from his desk and went over to a polished wooden credenza. "This is what the job is all about," he smiled, pulling open a drawer that was filled to the brim with official-looking papers and folders.

"See these? They're existing contracts of the subsidiaries. I've reviewed them this week, analyzing them by major line of insurance for each subsidiary. Right now I'm preparing a 'memo of analysis' that outlines my thoughts as to the proper directions to pursue in consolidating the contracts."

It looked like a big job. ■

Insurance commission not a public defender

MADISON, WI.—Although it received 18,000 complaints and inquiries last year, most of them from disgruntled policyholders, the state insurance commission kept no records on how the matters were resolved.

Stanley C. Du Rose, Wisconsin insurance commissioner, said about 1,200 of the 18,000 "had a basis for a gripe." But he said he did not know how many were resolved in favor of the complainant.

"We are not a public defender," Mr. Du Rose said. "We can't practice law." He added that the state agency is powerless to force a company to pay a legitimate claim. "The company could say, 'The hell with you,' and we can't order them to pay a claim," Mr. Du Rose said. "We just don't have the legal power. If a person has a dispute about a legal matter, he has to seek legal counsel."

Although last year he initiated a rule setting up penalties for transgressing companies, Mr. Du Rose said, "I don't recall levying any fines."

NEITHER HAS the agency called any hearings in the last year on deceptive business practices, despite its power to do so, Mr. Du Rose said. "That's an almost impossible statute," he said, adding that the commission has not revoked the licenses of any insurance companies recently.

The agency has the power to revoke a license but Mr. Du Rose said he would do so only if there were a general pattern of deception or illegal language in the contracts.

He added that he would not revoke a license on the basis of isolated complaints, even if they were valid.

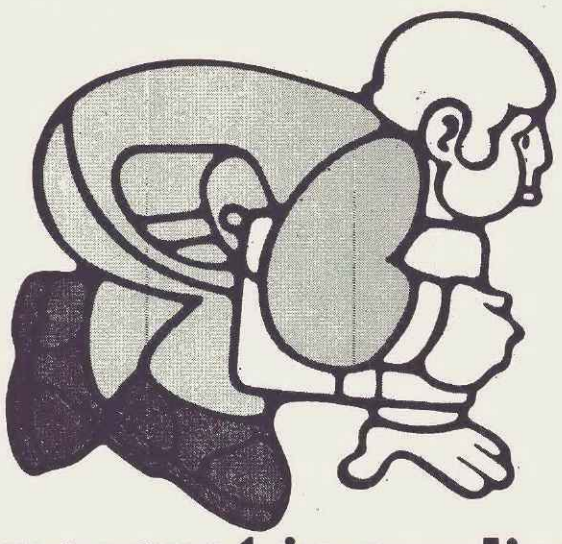
The agency has five full time employes handling complaints from the public, as well as a division chief who spends about half of his time working on them. Besides licensing insurance firms, the commission checks their solvency, regulates rates and audits tax returns. ■

More job injuries

Pennsylvania's labor and industry department reported there were 8,814 more lost-time work injuries in the state during the first half of 1972, than for the same period of 1971. The six-month total was 53,050, including 295 fatalities, compared to 44,866, including 282 fatalities, during the first half of 1971.

Agnes claims in U.K.

Few major claims were made on General Insurance Corp., Britain, after hurricane Agnes, which is thought to have paid $1 million in claims. This compares with more than $5 million paid by the Royal insurance group in Britain.



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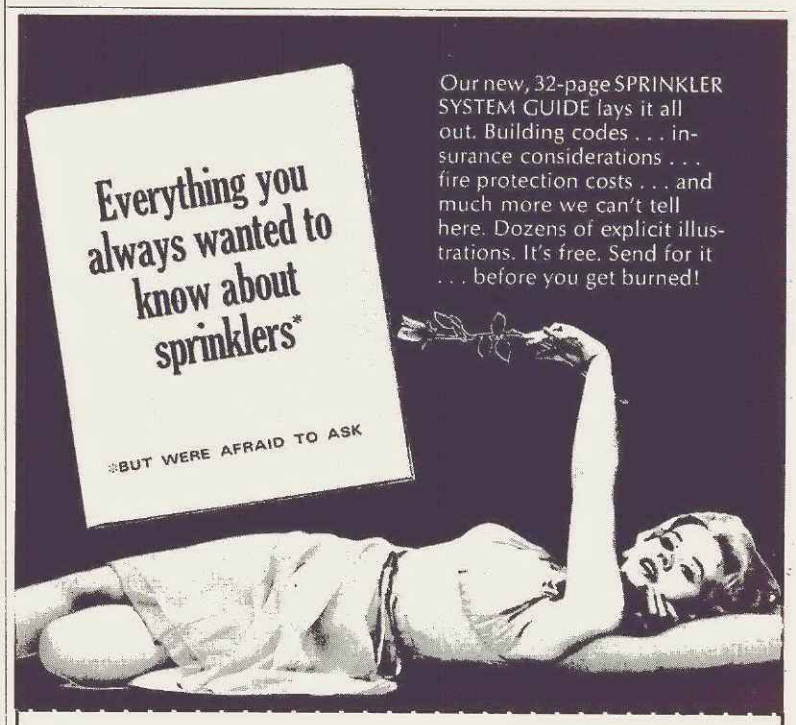
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Law society and insurer agree to new premium

TORONTO—The wager, there really is no other word for it, between the Law Society of Upper Canada and Guardian Insurance Co. of Canada will, in all probability, terminate with the insurer coming out on top—by losing money. (See *Business Insurance*, July 31, for original story).

What happened was that the insurer notified the society last year that it would not insure the society's members against professional liability claims beyond the year-end termination date of the policy, without first collecting a substantial premium increase. The law society balked, and took their business to Lloyd's.

At the time Guardian announced the intention to cancel, it had collected $550,000 in premiums from the society and had paid losses totaling $5,300, but a vast number of potential losses were feared because of court land title rulings.

LATER, the insurer and the society came to terms and announced the "wager." The insurer would rebate to the society any profit above an agreed figure—its administrative expenses and costs and the amount of all claims paid under the policy. At the same time, the society agreed to reimburse the insurer if it loses money. Three years were allotted for the settlement of all existing, but unresolved claims.

As of last July, Guardian had paid claims amounting to $38,266 but its reserves, based on estimates on final settlements made by a law society-appointed adjusting company, have now been set, according to its attorney, at $596,266, more than $46,000 above the premium collected. ■

Trade practices act

California Gov. Ronald Reagan has signed into law a revision of the National Assn. of Insurance Commissioner's Unfair Trade Practices Act. The law authorizes the state insurance commissioner to act against insurance companies that use any of 13 settlement practices, ranging from misrepresentation to requiring the filing of unnecessary statements by physicians.

Commissioner delays sale of Old Line Life

MILWAUKEE—The Wisconsin insurance commissioner's office has delayed the proposed acquisition of Old Line Life Insurance Co. of America by U.S. Life Corp. of New York.

"I believe the merger may need Securities and Exchange Commission approval," said Stanley C. Du Rose, state insurance commissioner.

Mr. Du Rose had requested additional information about the acquisition several weeks ago, when directors of both firms approved the sale in principle.

The information sought by the commissioner involved the relationship of J. C. Bradford Jr. and J. C. Bradford & Co., Nashville, Tn., to Old Line Life.

Mr. Bradford is a partner in the Nashville investment banking firm and one of nine directors of Old Line Life. Mr. Bradford's father headed a group of investors who purchased about 40% of Old Line Life's common stock in 1961. The purchase was described as an investment rather than a move to gain working control of the company.

Three Old Line Life directors, however, embittered by a proxy fight the year before, resigned from the board and sold their stock to the new group of investors.

Mr. Bradford said he believed Mr. Du Rose's concern stemmed from the fact that Life Insurance Investors, a mutual fund which owns 8% of Old Line Life's common stock, is an affiliate of Mr. Bradford's company.

Mr. Du Rose said that any person who owns or controls 10% or more of a Wisconsin company is considered an affiliate under the 1969 Wisconsin statutes concerning holding companies. He said he was not sure whether the SEC had lowered its standard from 10% to 5% ownership but that there was enough of a question to make an appeal to the SEC.

U.S. Life proposed to exchange eight-tenths of a share of its common stock for each share of Old Line Life outstanding. ■

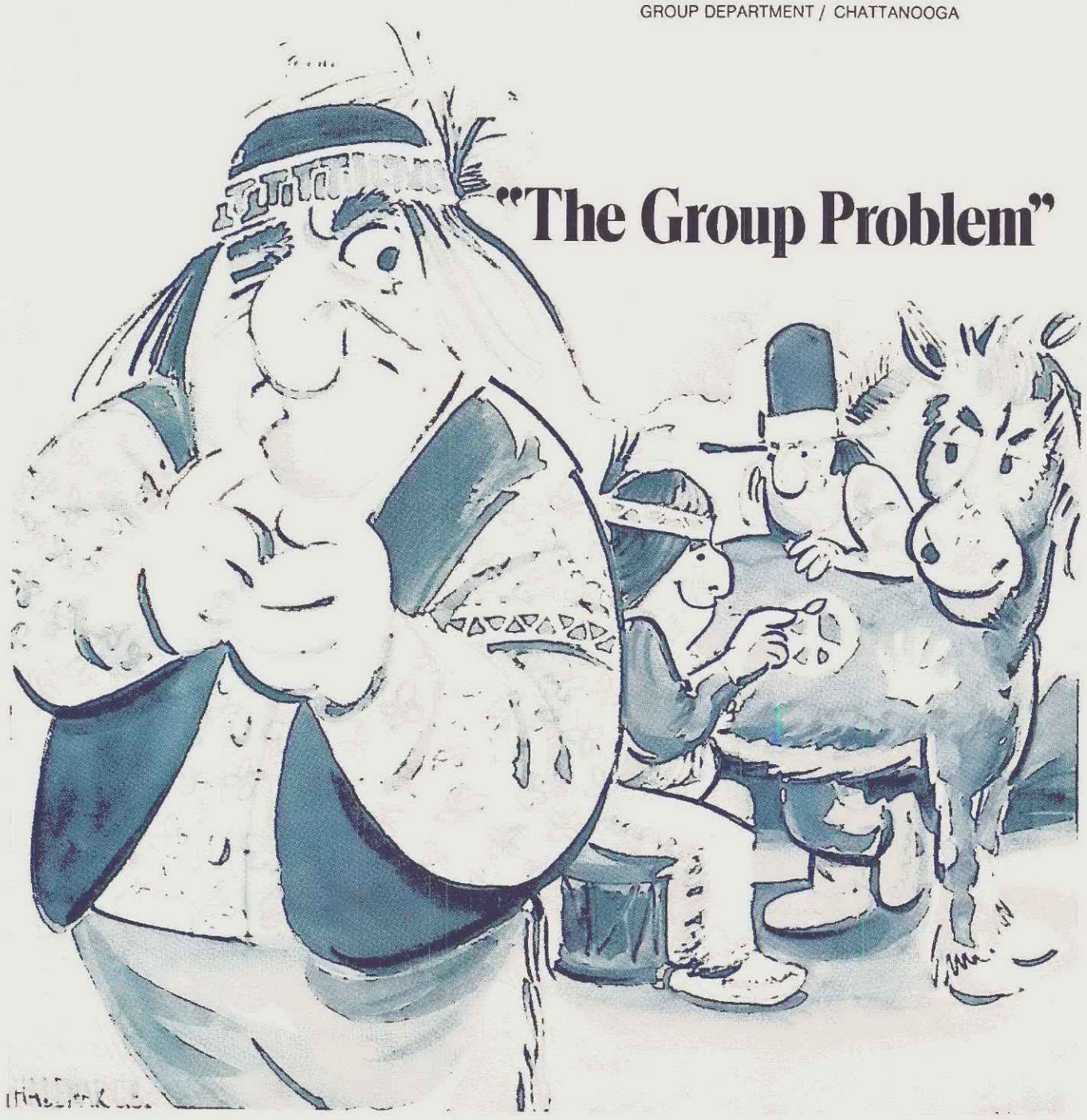
(No. 5 of a Series)

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"The Group Problem"

Canadians not ordering strike cover

TORONTO—An extensive market survey has revealed that most Canadian companies have no demand for strike insurance The survey, which included discussions with officials of the Canadian Manufacturers Assn., consisted of an assessment of the classes of insurance that might be required to cover losses due to strike action. The Insurance Bureau of Canada issued a report following the survey.

It was found that a packaged policy of property damage and business interuption insurance would be called for to embrace payments for damage to property caused intentionally or unintentionally by strikers, and for reimbursement of earnings lost during shutdowns or boycotts.

An IBC spokesman said that strike insurance is unattractive to buyers because of a combination of high deductibles, high premiums and the consequent expense markup of insurance costs. It also exposes insurers to "target risk" situations.

IBC committee members concluded that most Canadian buyers see "no value" in purchasing strike insurance. Consequently, few Canadian insurers are expected to introduce this form of coverage in the foreseeable future. ■

Insurance rates cut

Long term disability insurance rates have been cut from 35¢ per $100 salary to 31.9¢, at the University of Houston. The rate decrease follows a successful enrollment period, started last March, aimed at increasing employe participation in the plan to 75%. The carrier, Continental Insurance Cos., said their rate would drop if a 75% participation figure was reached.

Product liability: A new financial, legal world

SACRAMENTO, CA.—Product liability claims in almost every area of business are soaring and business executives now must work in "an entirely new financial and legal world," according to Stuart D. Menist, president of Fireman's Fund American Insurance Co., San Francisco.

Mr. Menist told the Sacramento Rotary Club that "substantial changes in American attitudes and ethics" were responsible for the "new environment."

"Consumerism today," he said, is a force so strong that we must bend over backwards to appease the suspicious and the prevalent feeling is that individuals are relatively without fault while government, business and society are to blame for most problems." He added that "rapidly fluctuating legal interpretations have made obsolete such old defenses as 'reasonable care' and all of the trends have contributed to a" phenomenal increase in litigation against business.

"THE CHANCES of being sued today, whether the complaint is real or fraudulent, are enormous and settlements are not always of a rational size.

"The real danger stems from the fact that one unintentional slip up can wreck a company," Mr. Menist said, citing the bankruptcy of 108-year-old Bon Vivant 26 days after a death was caused by a can of its Vichyssoise soup. "This new business climate," he said, "requires that business not only insure itself against the usual catastrophes but also strive to remove loss possibilities and cut the size of individual risks."

Mr. Menist singled out three developments that he asserted call for "increased concern and cooperation between the insurance industry and business." These are the soaring product liability claims, the U.S. Occupational Safety and Health Act, and concern about pollution of the environment.

Product claims, he said, have increased from 100,000 in 1965 to an estimated one million last year.

"The best defense," he continued, "remains the use of extreme care and caution in business practices, with thorough inspection and tightening of procedures to lower vulnerability of individual firms."

OSHA, Mr. Menist said, "imposes heavy demands upon all types of enterprises to improve the environment of workers in order to protect their safety and health. Compliance inspectors can wander into any firm to look for violations.

"Many industries," he added, "have turned to their insurers for assistance in meeting the complicated standards imposed by OSHA and insurance firms are advising not only on faulty equipment, exposure to harmful substances or unsafe walking areas, but also on the quality of air, high noise levels and excessive heat."

Insurers, Mr. Menist said, have equipped themselves to assist in applying pollution control techniques "but the insurance industry will not insure intentional pollution. If an industry decides to go ahead and pollute, the industry will pay the costs of any resulting lawsuits."

Class action lawsuits "which can lead to gigantic payments to employes, customers or community residents, are a symbol of the times," he continued. He cited a leading California bank that has been sued by female employes for job and salary discrimination and a taxicab firm sued by a customer on behalf of other numerous customers, claiming they had been "overcharged" due to improper meter settings.

ENVIRONMENTAL suits also have been filed against companies, with claims for financial compensation "for generations yet unborn."

The legal and financial situation for business, Mr. Menist contended, will become "ever more precarious" as the government sets higher and higher industrial standards.

"The risks of lawsuit and fast, harmful publicity have been added to the usual dangers of fire, windstorm, earthquake, war, riot, injury, disease, death and, perhaps most feared of all, changes in supply and demand.

"Somehow," he continued, "my industry continues to manage to insure high valued 747 aircraft, super-tankers and even the billion-dollar Bay Area Rapid Transit System. At the same time, we have found a way to insure business property in risky inner city areas. Insurance has been a basic ingredient in the progress of most business."

IN DISCUSSING product liability claims Mr. Menist cited a number of examples, including the manufacturer of a component part of a heating and air conditioning unit that paid damages of $247,000 when a television station fire was traced to a defect in one small part of an electrical resistance heater. In another case, a manufacturer of birth control pills was sued by "a very pregnant woman." This defendant was found not guilty because his brochure did not promise "absolute 100% effectiveness."

Another court "found good cause of action for a workman in the furnace room of a smelting plant, who had been injured when the dumping car he was driving, exploded. "The workman," Mr. Menist explained, "is now taking a propane distributor to court for supplying propane fuel for the car without warning against use in extreme heat.

"And one fellow," he noted, "is taking legal action against a restaurant because the olive in his martini was not pitted. He bit into it with gusto and broke a tooth."

Because of the wide range of products and manufacturing processes, Mr. Menist warned, there can be no single quality control program. "Generally, though," he said, "if a product is well designed for its purpose and well made, the manufacturer is reasonably safe."

MR. MENIST suggested that dealers or distributors "check your suppliers' procedures."

Product safety guidelines, he urged, should be in the form of a written policy statement and one individual should carry the responsibility for product safety.

"Engineering and testing personnel must be extremely competent," said Mr. Menist, "and government standards must be considered minimal. Product safety should be a primary goal in product design or re-design. Maintenance of complete and up-to-date records concerning design, testing, inspection, packing and shipping is essential and legal advice must be available for preparation of labels and instructions.

"Employes should be motivated toward error-free performance," Mr. Menist urged "and, additionally, standby procedures to accomplish recall or modification of products should be established."

FIREMAN'S FUND recall insurance, Mr. Menist explained, requires an effective plan for recall operations. "Our requirements," he said, "are strict because recalls are expensive. For example, a corporation insured by Fireman's Fund found that a supply of brake fluid it had manufactured was excessively corrosive, by Federal standards.

"Unfortunately, the fluid was already in cars purchased by about 100,000 people. Since our insured was responsible for the problem, my company paid $750,000 to the automobile company concerned, to cover its recall costs."

"Too often," Mr. Menist continued, "policyholders do not realize that there is more profit in supporting a good loss control program than in thinking that a loss covered by insurance does not penalize them. On the contrary, it is estimated that for every dollar paid to an insured in claims, the employer loses $40. Work stoppage when an injury occurs, time lost talking about it later and consequent hesitation or fear must be included in ultimate costs."

MR. MENIST cited an example to illustrate the high cost of injuries. A steel fabricating company insured by Fireman's Fund had a high frequency of eye injuries, 25 per quarter, before Fireman's Fund began advising them.

"This company," he said, "was paying $8,000 in annual workmen's compensation insurance premiums, 35% more than a normal business in that category. We persuaded management to get tough about the wearing of safety glasses. Second offenders received a week lay off without pay and a third offense brought firing.

"Along with an incentive award system, the safety glasses program led to a drop in losses, from $10,000 down to $1,600 in the first year. After five years, that company has a net workmen's compensation cost of $2,500, a saving of $5,500 a year in insurance costs alone."

Mr. Menist admitted that "pollution control is expensive" but added "it is imperative that we stop polluting the land, air and water if the human race is to survive. ■

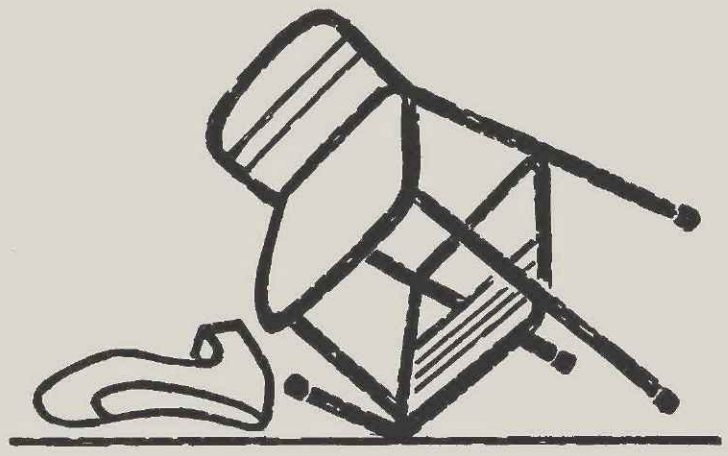
Union . . .

Continued from page 9

The union contends that the company would save several million dollars a year by avoiding making payments for up to 15 weeks.

The move was an internal business decision, said A.G. Stepleton, director of personnel for General Motors of Canada. He maintains that the company is not violating the collective agreement in making application to integrate its own plan with that of the Unemployment Insurance Commission. ■

Products Liability...
the market has changed



The impact of consumerism and changes in product law have appreciably altered the insurance needs of manufacturers, wholesalers, distributors, processors and retailers. 500,000 claims averaging more than $25,000 are being filed against these firms every year. Many agents rely on the expertise of Bowes & Company, Inc. when handling such difficult product risks as: household appliances, cosmetics, food, drugs, furniture, cleaning products and sports equipment. For your special insurance requirements, have your agent contact "The Man from Bowes".

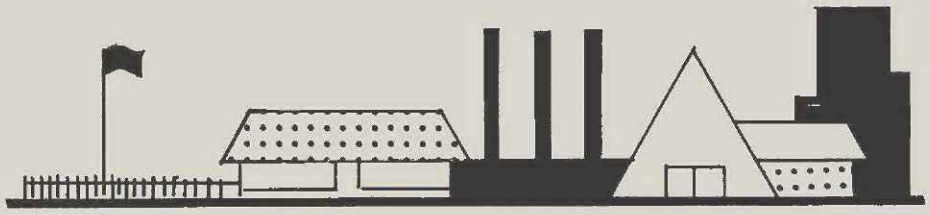
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Liability . . .

Continued from page 3

narrated by a panel of corporate risk managers that includes:

- Edward D. Hansen, risk manager and attorney, Trans Union Corp., Chicago.
- N. E. Nilsson, assistant treasurer, Walgreen Drug Stores.
- Ralph A. Parilla, administrative coordinator, Pepsi-Cola General Bottlers Inc., Chicago.

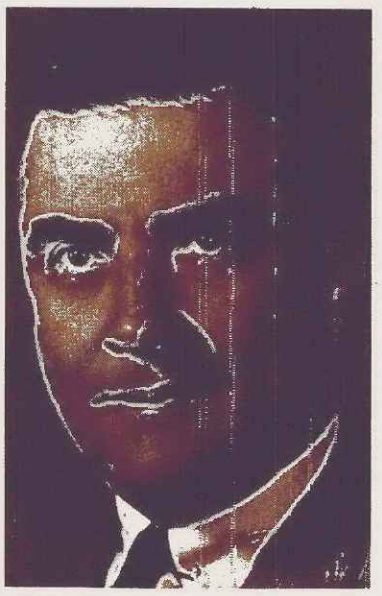
Kaiser Aluminum and Chemical Corp. will show its outstanding film on product liability claim prevention titled "Product Liability—Loss Prevention and Control." The animated cartoon film, filled with information on the history and nature of product liability, was first made for Kaiser employes and managers and is now available to other firms for use in educational programs.

The *Business Insurance* Product Liability Workshop begins with a cocktail reception on Monday, Oct. 23, at 5 p.m., followed by a dinner and an opening session and three discussion sessions.

TUESDAY'S PROGRAM includes, in addition to the Kaiser film and two discussion sessions, workshop roundtable sessions at which participants can discuss problems among themselves and with workshop faculty members.

Registration for the workshop includes admission to all workshop sessions, a cocktail reception, dinner, continental breakfast, two coffee breaks and lunch.

Register for the *Business Insurance* Product Liability Workshop by sending in the coupon published with this article or by calling the special registration telephone numbers in the box accompanying this article. Note that the low-cost early registration fee of $115 is available only to those who register by Sept. 29.



Michel Coccia

Registrants after that date will pay the full $140 tuition.

Those who wish to register for both the Product Liability Workshop and the Benefits Communication Workshop which follows on Oct. 24-25 in the same hotel may save by paying a combined early registration fee of $200 by Sept. 29 or $250 for both workshops after that date.

Learn how . . .

Continued from Page 10

director of industrial relations, Allied Mills Inc., Chicago.

Wednesday afternoon sessions will begin with a presentation on the communication of cafeteria benefits for executives by Ned A. Miller, vp of Compensation Planning Corp., New York, and a contributing editor of *Business Insurance*. Mr. Miller will review the communications complexities that attend the installation of pick-and-choose benefits for executives who often use attorneys to advise them in the selection of the benefits most advantageous to them.

LEGAL REQUIREMENTS in benefits communication will be reviewed with workshop participants by Thomas F. Finch, an attorney with the Chicago law firm of McDermott, Will and Emery. Mr. Finch, who specializes in employe benefits law, will cover reporting requirements under various disclosure acts and also the effect of recent court decision on employers obligations to report benefits accurately and fairly.

Concluding the Wednesday program will be workshop sessions conducted by experts on the reporting of employe benefits.

Edward T. McCaffrey, manager of Halltech Associates, New York, will review the design and presentation of computer statements of employe benefits. Mr. McCaffrey will also tell of the recent introduction by some employers of reply cards on which employes record their reactions and questions about their computerized benefits statements.

Robert E. Eilertson, vp of Benefacts, Inc. of Baltimore, will discuss the pros and cons of preparing computerized benefits statements in-company or having them prepared by an outside consultant. "There is no one answer to this question," Mr. Eilertson says, "because it depends upon the nature of the firm and the facilities it has available."

YOU AND YOUR associates may attend the *Business Insurance* Benefits Communication Workshop by mailing the coupon published on page 3 with an early registration fee of $115 per registrant or by calling the special reservations telephone numbers that appear in the box on page 3. Remember that the early registration fee applies only until Sept. 29; registrations after that date require tuition of $140.

Registrants are entitled to attend all workshop sessions as well as the cocktail reception, awards dinner, continental breakfast, two coffee breaks and Wednesday lunch.

Those who wish to register for both the Benefits Communication Workshop and the Business Insurance Product Liability Workshop to be held Oct. 23 and 24 in the same hotel may save by paying a combined early registration fee of $200 by Sept. 29 or $250 after that date. ■

Dental, eye plans in union's future

SEATTLE—Warehousemen in local major department stores have ratified a new three-year contract affecting some 500 employes.

Improvements were gained in medical and dental programs according to Norman Ramsey, secretary-treasurer of Teamsters Local 130. He said a vision-care plan will be added June 1, 1973, and a health and welfare program for retirees will be added June 1, 1974.

The new contract with the Seattle Department Store Assn. is retroactive to June 1 and allows the maximum allowable wage increases by the Pay Board in each of three classifications: wrappers and markers, warehousemen, and receiving and shipping clerks.

Stores affected include Frederick & Nelson, the Bon Marche, I. Magnin and Nordstrom-Best. ■

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BUCK ROGERS IN THE 25TH CENTURY



In our last adventure, Buck and Wilma were being slowed down by the ponderous Mr. Maelstrom in their attempts at a Mars flight. In today's episode...things are looking up.

We all know Captain Buck was the man of action in the 25th Century. At Midland in the 20th Century we think we've got quite a few Buck Rogers types aboard.

For example, Bill Immen, Chief of Midland's Maritime Center, a Kings Point graduate, holder of a Master's License, veteran of eight years at sea and obviously a very good sport. Bill and his crew of pros just might feel right at home with a fleet of Dr. Huer's space freighters because they certainly know their business when it comes to present-day situations.

In fact, Bill tells it best of anyone, "We concentrated originally on Liability for Stevedoring risks, but consistent with a company-wide dedication to account underwriting we provide a broad program of waterfront coverage that includes Stevedores' and Terminal Operators' Legal Liability, Wharfingers' Liability and the like as well, of course, as the common shore-side automobile and General Liability covers. And not just for Stevedores but also for people in dredging, ship repair, ship cleaning and maintenance to name a few."

Looking shoreside, Bill and his people are already gearing up for the time when most shippers will be thinking "intermodal", putting their talents to work in the closely-related short line railroad field.

Attitudes like this, translated into action mean that Midland is already meeting tomorrow's needs...is preparing for the time when all shippers will want to see continuous protection from ship to destination.

If you are like Midland and would like to break away from yesterday's ponderous methods and move into tomorrow along with us, we'd welcome the chance to tell you more.

You may not be handling shipments for Dr. Huer right now... but who knows how tomorrow's problems will shape up for you.

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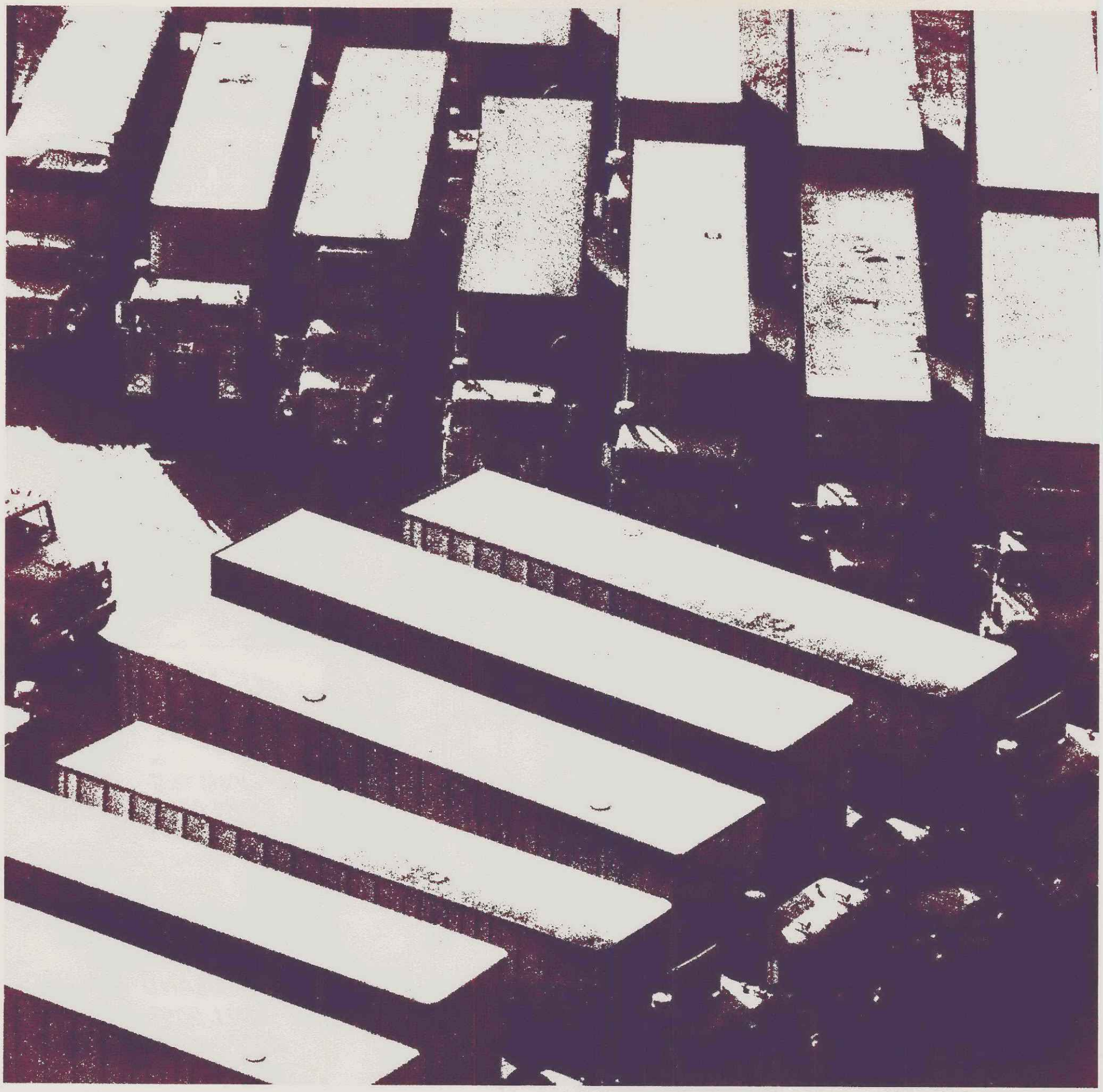
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