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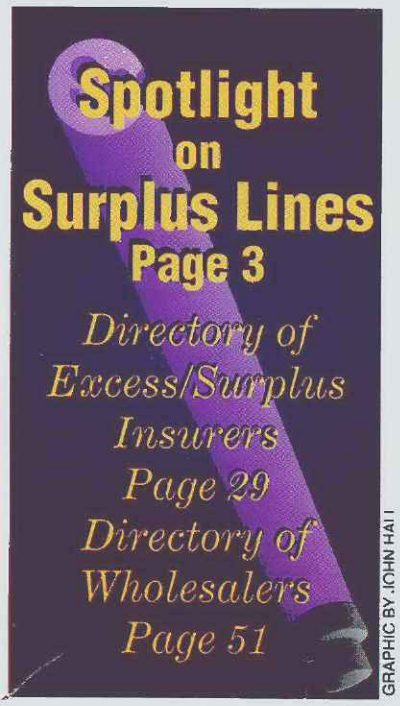
Updates

Dingell seeks state regulation of insurance sales by banks

WASHINGTON—Rep. John D. Dingell, D-Mich., introduced a bill last week that would subject anyone providing insurance in interstate commerce to regulation by the state in which they are selling insurance.

In particular, the Insurance Sales and Underwriting Consumer Protection Act of 1994 takes aim at banks providing insurance products. In introducing the bill, Rep. Dingell, chairman of the House Energy and Commerce Committee, noted that a bank

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GRAPHIC BY JOHN HALT

ACE limiting its exposure

Losses from breast implant litigation prompt sublimits, rate hikes

By STACY SHAPIRO

HAMILTON, Bermuda—Excess liability insurer ACE Ltd. is taking unprecedented action to protect its assets and improve earnings following poor results in its most recent quarter.

The Bermuda-based insurer announced last week that it will cut its excess liability insurance limits in half for claims from more than one policyholder that arise from a single event, as well as raise rates for some policyholders.

ACE is introducing a sublimit of $100 million for "integrated insurance cover," said Walter A. Scott, ACE's chairman, president and chief executive officer. The sublimit to the insurer's $200 million in excess liability limits will be introduced with Dec. 15 renewals.

This underwriting reform is designed to reduce the company's exposure to the aggregation of risk resulting from multiple "batch" claims originating from one event, ACE said. This commonly occurs, for example, in product liability litigation, in which several companies may be held liable by a single court ruling.

However, the company will still offer $200 million excess of $100 million in umbrella liability coverage for claims arising only from one policyholder and one event.

In addition to introducing the sublimit, ACE intends to impose "substantial rate increases" for policyholders in the medical, chemical and energy industries, said Mr. Scott.

The rate increases, which will depend on a policyholder's loss experience, can be made all at once or paid in several smaller rate hikes over two to three years, said Bradford W. Rich, executive vp and general counsel of ACE. The increases will take effect immediately, "with some exceptions," he said.

The rate hikes come in addition to an average of 109% in rate increases already imposed by ACE on chemical and pharmaceutical companies in the past few years.

These underwriting reforms follow ACE's $200 million charge to earnings in its fiscal third quarter to increase reserves for future losses related to breast implant litigation. The reserves were primarily responsible for a $205.3 million net loss in the quarter ended June 30. ACE's fiscal year ends Sept. 30.

"We don't think we'll lose a lot of business" from the reduction in coverage and the rate hikes, Mr. Scott told *Business Insurance*.

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Retroactive benefits likely for veterans returning to work

By JERRY GEISEL

WASHINGTON—Triggered by the 1991 Persian Gulf War and given a new push by the U.S. military intervention in Haiti, Congress is nearing passage of legislation to increase employers' pension obligations to employees returning to work after military service.

The legislation, hammered out by a conference committee, would require employers with profit-sharing plans and other defined contribution plans to retroactively provide employees returning to their jobs after military service the same contributions that other workers received during that period.

Returning veterans also would be allowed to make retroactive contributions to their 401(k) and other savings plans. Employers

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GRAPHIC BY MIKE GARVEY

PBGC reform nears vote

Bill changed to reflect employer concerns

By JERRY GEISEL

WASHINGTON—Sweeping legislation to strengthen pension funding rules and put the Pension Benefit Guaranty Corp. on a sound financial footing is headed for House and Senate votes.

Congressional conferees agreed on a pension funding package—a top priority of the Clinton administration—that will be included as part of broader trade legislation that the House and Senate are expected to vote on next month.

The conferees, responding to complaints of business groups, agreed to a series of technical but important provisions involving interest rate and mortality assumptions employers use to value plan liabilities. Without those changes, employers with well-funded or even overfunded plans could have been subjected to special rules forcing them to accelerate contributions to their pension programs.

Benefit lobbying groups welcome the changes. "The compromise package appears to be a significant movement on the part of the administration and congressional negotiators to recognize the negative impact earlier proposals would have had on well-funded plans," said Lynn Dudley, director of retirement policy at the Assn. of Private Pension & Welfare Plans in Washington.

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Falling comp rates saving California employers billions

By JOANNE WOJCIK

LOS ANGELES—Already low workers compensation rates are likely to drop even further in California, as insurers compete for position in anticipation of the 1995 repeal of the state's minimum rate law.



However, competition alone is not the sole reason rates are dropping. Sweeping workers comp reforms enacted last year are living up to their promise of cutting $1.5 billion from the $11 billion system, primarily by reducing fraud (*BI*, July 26, 1993; July 19, 1993).

Considering these factors, Insurance Commissioner John Garamendi announced last week that he was slashing by 16% the minimum rate for policies renewing in the last three months of this year.

That comes on top of a 12.7% reduction ordered a year ago, as well as a 7% reduction mandated in the omnibus the workers comp reform law passed last July.

Altogether, this lowering of the minimum rate means California workers comp rates today are a hefty 36% lower than they were a year ago.

Employers have been anxiously awaiting the rate cuts, since claims experience "is slow to reflect itself in premium billings," said Charles W. Bader, executive director of Californians for Compensation Reform, an employer coalition based in Sacramento.

"It's quite a contrast from the last 10 years, when rates were rising methodically, driving businesses out of the state," he said.

"Now I'm looking forward to open rating," he added. "Open rating with the cost reductions we've experienced will work together to improve the business climate in California."

"The market has been positioning itself for competitive rating for some time," said Mark Webb, the former senior counsel for the American Insurance Assn., who last week began working as a con-

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Updates

Bill reinforces state regulation

Continued from previous page

annuity product recently was approved for sale by the U.S. comptroller of the currency, who "appears to agree with the idea that federal banking laws pre-empt state insurance laws, and that banks may provide insurance."

"Not only is it absolutely clear that Congress has never pre-empted state insurance laws as to banks providing insurance, it is also a clear misreading of the laws Congress has passed," Rep. Dingell said.

While he has long pushed for federal regulation of the insurance industry, he noted that in the absence of those federal regulations, anyone selling insurance must be subjected to existing state regulations.

"There's a great deal of concern that if banks are going to be selling insurance products that they're subjected to the same rules as everybody else," said Melissa Wolford, director of federal affairs for the American Insurance Assn., which supports the Dingell bill, as well as his proposal for federal solvency regulation.

J&J to outsource benefits

NEW BRUNSWICK, N.J.—Johnson & Johnson has selected Towers Perrin to administer all of its employee benefits programs, with the exception of its employee savings plans, beginning early next year.

Currently, the New Brunswick, N.J.-based health products manufacturer administers all of its benefit programs internally at various sites. The decision to outsource the bulk of its benefit administration duties was made for the express purposes of enhancing coordination and quality of the administration tasks and to achieve "some cost savings," a company spokesman said.

J&J would provide no other details about the decision. Towers Perrin will assume administration duties in phases, starting in early 1995.

Federal benefit plan costs drop

WASHINGTON—The Federal Employees Health Benefits Program—the nation's largest employer-sponsored plan with 9 million participants—will cut enrollees' coverage costs and expand benefits next year when its premiums drop nearly 3.4%.

A major reason for the premium slide is enrollees' increased use of managed care, says the U.S. Office of Personnel Management.

Competition among health plans for FEHBP business also is driving down premiums. FEHBP enrollees will be able to choose from a total of 350 health plans during the upcoming plan enrollment period, including 45 additional prepaid health plans.

The premium reduction also reflects the FEHBP's beefed-up provider fraud investigations and its efforts to ensure that it does not pay claims that should be covered by third-party plans, like automobile and workers compensation insurance, the OPM says.

Contributions for the FEHBP's 8.5 million non-postal enrollees will drop 1.1% on average. But, 42% will face increases ranging from about 5% to 15%.

Among the additional benefits, women with breast cancer will be covered for the cost of high-dose chemotherapy with autologous bone marrow transplant, though the National Cancer Institute is still determining the treatment's effectiveness.

In addition, many prepaid health plans will offer point-of-service options, and the lifetime maximum limits on mental health benefits in fee-for-service plans have been eliminated.

Catastrophe bill in the works

WASHINGTON—The House Public Works and Transportation Committee could approve a new version of the Natural Disaster Protection Act by the middle of this week.

Rep. Norman Mineta, D-Calif., the committee's chairman and chief sponsor of both versions of the bill, plans to unveil the new measure today in San Jose, Calif., and has set a tentative committee vote for Wednesday. The measure, the Natural Disaster Protection Partnership Act, differs from its predecessor, H.R. 2873, in that the federal government would play no direct role in reinsuring property insurers in the event of an enormous catastrophe.

Instead, the legislation would allow insurers and state catastrophe funds to band together to create a private pool that would accumulate funds tax-free to respond to catastrophe claims. The measure does not specify a trigger for activating the pool. If the fund ran out of money, it could borrow from the U.S. Treasury at market rates to make up the shortfall. In addition, an independent actuarial board would set and review the fund's premiums.

The legislation also would leave the business of selling earthquake insurance in the hands of private insurers rather than the federal government. And, people seeking federally insured mortgages for houses in designated earthquake zones would have to buy quake insurance to qualify for relief from the fund.

Updates continued on page 70

Errors & omissions

- Two items in the Sept. 19 Datebook column contained incorrect information: The Inland Marine Underwriters Assn.'s Earthquake Probable Maximum Loss seminar will be Oct. 25 in Atlanta. The number is 800-241-1846. The number for Willis Corroon Corp. of New York's Oct. 11 seminar on Planning Ahead: The Insurance Marketplace 1995-1996 is 212-837-0692.
- Associated International Insurance Co. was inadvertently omitted from the alphabetical listing of excess/surplus lines insurers in this issue. The company's full listing appears on page 69.

Superfund reform doubtful, in spite of possible votes

By MARK A. HOFMANN

WASHINGTON—Chances for Superfund reauthorization during the current congressional session remain cloudy even though the House of Representatives may vote on the measure by the middle of this week.

An expected Sept. 22 vote on H.R. 4916, the House's Superfund reauthorization legislation, which until recently had been numbered as H.R. 3800, was postponed repeatedly after the Rules Committee failed to establish rules for debate and amendments.

A tentative agreement on disposing of a thorny labor-related Superfund dispute was reached on Friday, opening the way for the issuance of a rule on Monday and the beginning of debate in the House on Tuesday. The Senate Finance Committee also plans to vote on its Superfund reform bill, S. 1834, on Tuesday.

But differences remain between the two bills regarding the financing of the proposed Environmental Insurance Resolution Fund—or EIRF—thereby complicating the chances for Superfund reauthorization as the 103rd Congress nears an end.

Meanwhile, opponents of the reauthorization bills picked up another ally when Fireman's Fund Insurance Co. announced its public opposition to the EIRF.

In doing so, Fireman's Fund broke with its trade association, the American Insurance Assn., which has been the most vocal supporter of the EIRF.

The EIRF was designed to decrease Superfund-related

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Acordia, Bain Hogg forging relationship

Indianapolis-based Acordia Inc. and London-based Bain Hogg Group are negotiating a global marketing relationship that also would entail Acordia acquiring Bain Hogg's U.S. retail operations.

The marketing deal would expand Acordia's international presence, while giving Bain Hogg greater access to the U.S. market.

Acordia previously only had a reciprocal services agreement with the former Bain Clarkson Ltd. (*BI*, Aug. 30, 1993). However, upon the May merger of Bain Clarkson and Hogg Group P.L.C., which gave Bain a direct U.S. presence via Boston-based Hogg Robinson Inc., the continuation of the reciprocal agreement came into question (*BI*, May 2).

Under the proposed marketing alliance, the two brokers would jointly develop new products and services and expand existing capabilities for multinational clients.

The deal "puts two strong organizations together that are committed to working together with no conflict of interests," said Ron Forrest, Bain Hogg's chief executive officer.

Also in negotiation is the folding of Bain Hogg Robinson Inc. into Acordia. "We hope to be able to come up with a negotiated price to purchase the broker," said Patrick M. Sheridan, executive vp and chief financial officer of Acordia.

Combining the U.S. Bain Hogg unit with Acordia, the world's eighth-largest broker with $364.8 million in revenues in 1993, likely would boost revenues enough to push Acordia up a notch to No. 7. Bain Hogg Group ranked as the seventh-largest broker in 1993 based on $397.1 million in revenues (*BI*, July 18).

—By Sally Roberts

USVI revises laws governing captives

No taxes on non-U.S. income touted

By SARA MARLEY

Recent changes in the U.S. Virgin Islands' captive insurer laws may make the domicile more attractive to U.S. parent companies.

The modifications, approved last week by USVI's legislators, reconcile the domicile's Exempt Company Act, which grants substantial tax benefits, with last October's International Insurers Act (*BI*, April 18).

"These tax changes are really going to make the USVI take off" as a captive domicile, said Larry Diehl, the USVI's director of banking and insurance. In addition to five existing captives, two new captives began the licensing process this summer, and another is under consideration.

The domicile is permitted to reduce or eliminate the income tax of non-U.S. corporations as long as the income does not originate in the United States.

The new legislation grants a special status to captives formed by corporations that have made an election under section 953(d) of the U.S. Internal Revenue code of 1986. Under the new captive regulations, captive insurers that have qualified for the exemption under

Continued on page 62

Surplus lines act may spread quickly

By MEG FLETCHER

MINNEAPOLIS—Dramatically higher trust fund requirements for non-U.S. surplus lines insurers could be imposed in about two dozen states as early as next year.

That will occur if, as expected, the National Assn. of Insurance Commissioners's International Insurance Department adopts a new NAIC model act with the tougher financial requirements. Nearly two dozen states already delegate their review authority for non-U.S. insurers to the NAIC unit, which was formerly known as the NAIIO.

The trust fund changes are contained in the long-awaited Non-Admitted Insurance Model Act, which the NAIC formally adopted at its meeting last week in Minneapolis. The lengthy changes in the 36-page document are designed to encourage higher financial standards for non-admitted insurers to ensure that only financially secure companies write coverage for U.S. policyholders.

At this time, it is difficult to gauge the reaction of state legislatures, though both Alabama and New York were concerned enough about the security of non-admitted insurers to increase trust fund requirements to $2.5 million earlier this year.

If strong opposition surfaces to the changes—which critics say may cut capacity—it is possible that further changes could be made, said NAIC President David

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Inside

- Congress must clarify employers' obligations in a new veterans benefits bill, this week's editorial says. **PAGE 8**
- Minneapolis-based E.W. Blanch Holdings Inc. and London's Swire Fraser Group are teaming up to form an international reinsurance broker. **PAGE 64**
- The European Commission is considering a proposal that would help short-term credit risk insurers. **PAGE 65**
- While federal health care reform looked more doubtful, a bill has been introduced that would grant six states greater leeway in adopting their own reforms. **PAGE 70**

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New strategies spark surplus lines gains

Insurers, wholesalers see strong '93

By DAVE LENCKUS

Looking at how well business has rebounded for most of the 10 largest U.S. surplus lines insurers and wholesalers, one might think the storm clouds of a hard property/casualty insurance market are brewing.

True, capacity for property catastrophe coverage is tight, and markets are not slugging it out for energy and marine risks.

But, those segments of the market account for only a part of the generally improved performances by the surplus lines industry's top players.

With typically clear sailing in the standard lines market for most risks, surplus lines insurers and wholesalers also have boosted business by adding new products, developing program business and updating their back-office technology.

Many wholesalers also are pegging their future growth on becoming specialists rather than generalists.

No one is waiting around for a generally tight property/casualty insurance market. "We don't even call it a soft market any more. We call it the market," observed Bruce E. Harrell, executive vp and chief operating officer of wholesale broker Alexander Howden North America Inc., the third-largest wholesale broker and the fourth-largest wholesaler overall.

"Although the market as a whole isn't reflecting large-scale change, the standard market continues to withdraw from certain classes in certain territories, or certain types of risks, and that creates opportunities for the E&S market," said Jeffrey W. Greenberg, a director of American International Specialty Lines Insurance Co., the third-largest surplus lines insurer.

So far, even stepped-up regulation of the surplus lines industry has had little effect on the market's largest insurers and wholesalers, market executives say. But, it has forced some insurers and brokers to deal more with admitted markets.

"Hopefully, (regulators) won't take away some of the flexibility the surplus lines industry has, and needs to have, to respond to particular exposures," said James M. Skelton, president and chief executive officer of the Illinois Insurance Exchange, the fifth-largest U.S. surplus lines insurer.

No one would confuse 1993's results with the stellar increases that the top insurers and wholesalers reported in 1985 and 1986, the zenith of the hard market. But, as a group, both the top insurers and the top wholesalers in 1993 reported their biggest gains in business since 1986.

The Top 10 U.S. surplus lines insurers reported $3.03 billion of non-admitted direct premiums for 1993, a 14.8% increase from $2.64 billion in 1992, according to figures provided to *Business Insurance* (see chart).

The same group of insurers in 1992 re-

Continued on next page

Ten largest U.S.-based surplus lines insurers

Insurers Parent company	Non-admitted direct premiums 1993	1992	% change	Total gross premiums 1993	1992	% change	Statutory combined ratio 1993	1992
Lexington Insurance Co. American International Group Inc.	$905,403,302	$764,382,633	18.5%	$1,008,066,671	$802,731,983	25.6%	92.7%	91.1%
Scottsdale Insurance Co. Nationwide Mutual Insurance Co.	572,393,410	582,453,416	(1.7)	871,302,906[1]	809,092,498[1]	7.7	107.7[1]	100.4[1]
American International Specialty Lines Insurance Co. American International Group Inc.	453,711,424	353,658,397	28.3	469,582,547	373,519,879	25.7	95.4	87.5
United National Insurance Co. American Manufacturing Corp.	198,907,712	162,780,870	22.2	235,743,167	199,711,284	18.0	97.8	98.1
Illinois Insurance Exchange	186,457,949	148,441,421	25.6	266,113,806	200,353,155	32.8	98.9	102.0
General Star Indemnity Co. General Re Corp.	181,639,846	175,323,313	3.6	187,338,095	178,594,988	4.9	96.2	97.4
Reliance Insurance Co. of Illinois Reliance Group Holdings Inc.	166,604,507	135,720,371	22.8	203,451,506	188,623,744	7.9	111.8	117.9
The Home Insurance Co. of Illinois The Home Insurance Co.	136,058,380	124,561,476	9.2	176,500,368[2]	154,235,523[2]	14.4	127.2[2]	111.9[2]
Evanston Insurance Co. Markel Corp.	118,627,036	95,035,021	24.8	181,544,304	130,178,224	39.5	105.9	106.0
St. Paul Surplus Lines Insurance Co. The St. Paul Cos. Inc.	111,561,805	97,694,688	14.2	137,700,890	124,921,747	10.2	104.6	117.9

[1]Figures reported prior to pooling [2]Figures are reported on a pooling basis
Source: *BI* survey

GRAPHIC BY KIM ROME

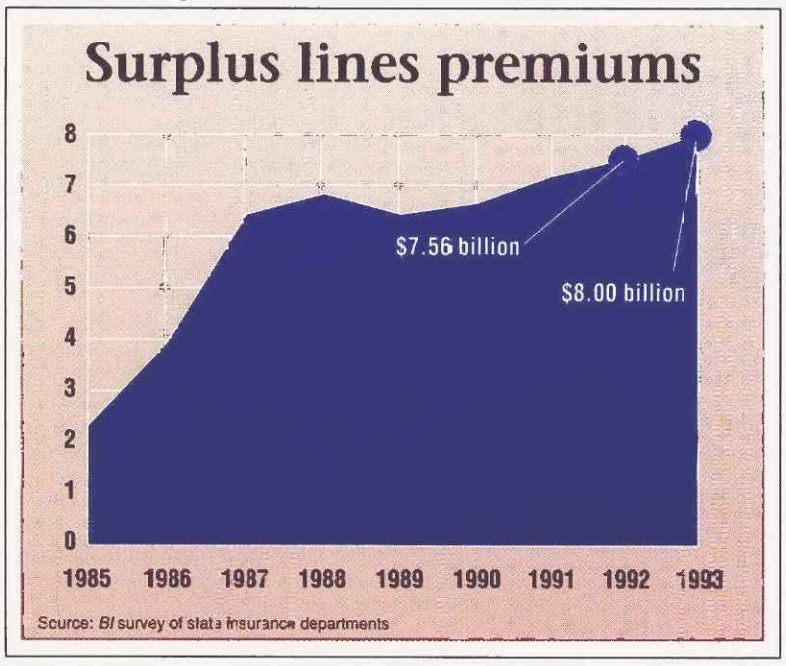
Ten largest U.S.-based insurance wholesalers

Brokers Parent company	Premium volume 1993	1992	% change	Gross revenues 1993	1992	% change	Percent surplus lines[1] 1993	1992
Swett & Crawford Group[2] The St. Paul Cos. Inc.	$536,155,000	$522,406,000	2.6%	$52,210,000	$51,200,000	2.0%	51.0%	60.0%
Price Forbes North America Sedgwick Group P.L.C.	512,000,000	407,000,000	25.8	38,000,000	32,900,000	15.5	65.0	65.0
Alexander Howden North America Inc. Alexander & Alexander Services Inc.	419,436,205	303,407,000	38.2	25,558,492	19,663,500	30.0	20.0	31.0
Tri-City Brokerage Inc. Privately held	402,888,888	358,080,808	12.5	26,200,000[3]	21,500,000[3]	21.8[3]	15.0	15.0
Stewart Smith Group Inc. Willis Corroon Group P.L.C.	275,033,805	248,817,442	10.5	20,336,777	18,433,376	10.3	60.0	60.0
Sherwood Insurance Services Aon Corp.	158,000,000	112,000,000	41.1	12,415,000	9,000,000	37.9	15.0	16.0

MGAs/Underwriting managers Parent company	Premium volume 1993	1992	% change	Gross revenues 1993	1992	% change	Percent surplus lines[1] 1993	1992
The Schinnerer Group Inc. Marsh & McLennan Cos. Inc.	$407,000,000	$415,000,000	(1.9)%	NM	NM	NM	5.0%	5.0%
General Star Management Co. General Re Corp.	241,925,123	214,339,068	12.9	NM	NM	NM	74.8	75.9
Burns & Wilcox Ltd. H.W. Kaufman Financial Group Inc.	204,300,000	179,000,000	14.1	25,594,906	22,438,000	14.1	88.0	88.0
First State Management Group The Hartford Group Inc.	202,100,000	193,228,000	4.6	NM	NM	NM	70.0	70.0

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

GRAPHIC BY KIM ROME



Surplus lines

Continued from previous page
ported a slightly lower increase, 14.6%, in non-admitted direct premiums compared with their 1991 results.

But in 1993, the increase was more evenly spread among the Top 10 insurers.

For example, nine of the 10 insurers reported increases last year, with seven reporting double-digit increases and five reporting increases exceeding 20%. In 1992, eight of the 10 reported increases, with five reporting double-digit increases and four reporting increases exceeding 20%.

For the third consecutive year, AISLIC reported the strongest gain—28.3%.

The surplus lines market overall, though, did not match its year-earlier gains in non-admitted direct premiums. Premiums for the market rose 5.8% last year to $8 billion from a restated $7.6 billion in 1992 (see chart, page 13). The increase was slightly lower than a 7.4% premium increase in 1992 compared with 1991 results.

The few changes in the rankings of the Top 10 insurers were not dramatic.

General Star Indemnity Co. fell two notches to No. 6 with a meager 3.6% increase in non-admitted direct premiums. As a result, United National Insurance Co. and the IIE, on the strength of premium increases exceeding 20%, each moved up a spot to fourth place and fifth place, respectively.

And, the annual flip-flop in the rankings between Evanston Insurance Co. and St. Paul Surplus Lines Insurance Co. continued, with Evanston leapfrogging into the No. 9 position on the strength of a 24.8% premium increase.

The wholesalers reported even better results.

Only one—The Schinnerer Group Inc.—reported a drop in premium volume last year, compared with six in 1992. And seven wholesalers reported double-digit increases in 1993, compared with two the previous year. Three reported increases exceeding 25%, compared with none in 1992.

The changes in the rankings of the Top 10 wholesalers also were more dynamic, with two wholesalers climbing into the rankings for the first time.

Sherwood Insurance Services, an Aon Corp. subsidiary, debuted as the sixth-largest wholesale broker and the 10th-largest wholesaler overall, as its premium volume surged 41.1% in 1993.

Burns & Wilcox Ltd., with a 14.1% premium volume increase, moved into the rankings as the third-largest managing general agent/underwriting manager and the eighth-largest wholesaler overall.

The newcomers replace Talegen Holdings Inc. units Coregis Group Inc. and The London Agency Inc., both of which have different functions in the restructured organization, previously named Crum & Forster Inc.

Coregis now is a holding company for three insurers. The London Agency now is part of a Talegen unit consisting of three insurers, including a standard lines company. It had been an underwriting manager for about 20 Crum & Forster units.

Because of Coregis' and The London Agency's departure from the rankings, General Star Management Co. moved up two rungs to become the second-largest MGA/underwriting manager. It is now the seventh-largest wholesaler overall.

In addition, Howden North America moved ahead of Tri-City Brokerage Inc. to become the third-largest wholesale broker.

First-half 1994 results indicate that many of the top surplus lines players will continue racking up strong performances.

For example, among surplus lines insurers, non-admitted direct premiums were up 47% at United National and 17% at Evanston. Lexington Insurance Co. projects its business will grow 18% to 22% this year.

Among wholesalers, first-half premium volume was up 34.8% at Sherwood, 23% at Howden North America, 15% at Tri-City and 14.6% at Stewart Smith Group Inc.

As surplus lines insurers and wholesalers geared up their new products and programs and watched excess casualty insurance rates erode 5% to 25% for even some medium-sized accounts, they could count on much stiffer property catastrophe rates.

Property rates overall were up 20% to 30% on average last year and have continued climbing 15% to 25% so far this year, while rates for earthquake risks have soared 50% or more since the Northridge, Calif., temblor earlier this year, said Lexington President Kevin H. Kelley.

Deductibles for earthquake risks also continue to rise, though deductibles on other catastrophe-exposed business have leveled off, he said.

"Some quake zones are near the point of having no more willing underwriters," said John G. Hahn,

Continued on page 6

Roger Beerworth/United National Group



Some producers struggle with their competition on Truck Physical Damage business. If you are one of those producers, it's probably because you've never discussed the subject with United National Group.

We are now offering innovative and competitive underwriting on Truck Physical Damage risks via an open-minded approach to structuring deductibles. United National seeks medium and large fleets, and we will consider virtually all commodities, including high hazard materials. This program is approved for surplus lines nationally.

At United National Group — one of the largest surplus lines insurers in America — truck physical damage is a hot topic, and our underwriters are prepared to help get your risks written without delay. Our companies are resourceful, flexible, and inventive, and when it comes to writing Truck Physical Damage, we never say never.

United National Group. Wise enough to listen, strong enough to act.

"Never say never."

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United National Group Companies rated A+, VIII by A. M. Best, eligible for surplus lines in 50 states, and admitted in 37 states.
United National Insurance Company's policyholders' surplus is $160,513,000.

Call back in about a week." "I'll get back to you."
We'll run it past the home office." "I'll have to
tare at it for a while." "Let me show it to the big
vigs." "We'll run it through channels." "Looks good,
et's see what happens." "I'll do what I can for you."
I'll bump it upstairs and we'll keep our fingers
rossed." "It's out of my hands." "I'll do whatever
takes to keep lly expected to
ave an answe ." "One way or
nother I thoug ething by now."
I haven't hear don't know but
doesn't look that says 'No.'"
ut it doesn't r il as to why." "I
vish I could tell d but I just don't
now." "I tell yo ur home phone
nd I'll call as soon as I get an answer." "You know
it were up to me we'd be doing business already."
I should have heard something by now." "What
an I tell you, I'm just as confused as you are." "I'll
nake another run at the brass upstairs." "I think
ve have to just sit back now and adopt a wait-and-
ee attitude." "I think there's some computer
roblem, but we'll get on it right away." "Call back

How Hard Should It Be To Talk To Someone Who Can Say "Yes"?

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Surplus lines

Continued from page 4
president of Tri-City. Through the first six months this year, Tri-City placed about $66 million in property business, up 46.7% from $45 million for the same period in 1993.

About half of Sherwood's growth last year was attributable to higher rates for quake coverage, a specialty product for the broker, according to James W. Barnes, chairman and chief executive officer.

The hardening property catastrophe market helped wholesaler First State Management Corp. boost its property premium volume about 69% to $76 million last year, said Ralph J. Palmieri, president.

First State's premium volume increased only 4.6% in 1993, but that was a vast improvement from its 7.2% drop in premium volume in 1992.

However, Mr. Palmieri said pricing for windstorm coverage has leveled off and that some admitted markets are beginning to compete for business again.

The surplus lines industry, though, isn't sitting back as inflated property catastrophe rates boost their business. Insurers and wholesalers continue to ferret out risks with coverage problems and design products for them.

Many new products are designed for companies with environmental risks, though not all of the products will cover a buyer's potential environmental liability.

The admitted market is still unwilling to cover environmental risks, so it is an area of opportunity for surplus lines insurers, explained Kevin P. Brooks, chairman and president of General Star Management, the underwriting manager for General Star Indemnity.

"It is an area where the market lets us play," he said.

For example, General Star Indemnity has launched several environmental insurance products, including professional liability coverage for environmental consultants and general liability coverage for environmental remediation contractors and manufacturers of pollution abatement and control equipment.

Crump Insurance Services Inc., the wholesale brokerage unit of No. 2 wholesale broker Price Forbes North America, also offers general liability coverage for environmental consultants and cleanup contractors.

And, The Home Insurance Co. of Illinois, the eighth-largest surplus lines insurer, soon plans to offer banks, mortgage companies, schools, municipalities, public housing authorities, and commercial building owners a policy that covers their liability for tenants' lead paint contamination claims. The policy would be based on one it already offers to residential building owners (*BI*, Sept. 5).

Several insurers and wholesalers also are offering directors and officers liability coverage for firms that plan or have recently completed initial public offerings: AIS-LIC, Evanston, Sherwood, Stewart Smith and Tri-City.

"There were a lot of IPOs in 1993, and the new officers need D&O if they're raising money from outside sources," Tri-City's Mr. Hahn explained.

Many surplus lines insurers and wholesalers also have found a demand for employment practices liability policies that protect employers against a limited number or a broad range of employee claims, including racial or gender discrimination, sexual harassment, violations of the federal Americans With Disabilities Act and wrongful termination. Those coverages are available from Crump, Lexington, Reliance Insurance Co. of Illinois and St. Paul Surplus Lines.

"Corporations now realize it's a coverage they need to have" since standard D&O policies may protect company officials but do not protect corporations from such risks, said Pennington H. Way, executive vp of Reliance National Insurance Co., the New York-based sister company of Reliance that oversees parent Reliance Group Holding Co.'s surplus lines operation.

Other new products include patent infringement coverage for high-tech firms from Lexington; short-line railroad liability coverage from Swett & Crawford and General Star Indemnity; and errors and omissions coverage for real estate agencies from United National.

Surplus lines insurers and wholesalers also see great potential in program business.

Edward F. Casey, president and chief executive officer of wholesale broker Stewart Smith is pinning his hopes for such business on Stewart Smith Specialty Risks Inc. of Southfield, Mich., a program management company the wholesaler acquired in January from parent company Willis Corroon Group P.L.C.

St. Paul Surplus Lines is now offering $1 million of claims-made general liability coverage—with some limited gradual pollution cover—to members of the Petroleum Equipment Institute, an association representing manufacturers, distributors, and installers of petroleum equipment like service station tanks.

The IIE is "doing a lot more program-type business," including offering product liability coverage to jet ski manufacturers, among other programs, Mr. Skelton said.

Among the most successful of the several programs that Crump has created recently are its risk purchasing group for parking garages and a program that covers the properties repossessed by financial institutions, including those being supervised by governmental agencies.

Among First State's specialty programs, its new program covering physical damage and bodily injuries for long-haul truckers is growing impressively, said Peter P. Coghlan, executive vp.

And, Schinnerer's United Educators Insurance Risk Retention Group Inc., which has recently added excess liability coverage, and the underwriting manager's real estate agents liability program are growing.

Several insurers and wholesalers also are trying to improve their service by investing million of dollars in technology.

For example, Scottsdale Insurance Co. is converting from a mainframe computer system to a personal computer system that will give every employee access to about 40 million premium records and four million claim records.

General Star Indemnity has invested in a computer imaging system that allows it to directly input faxed messages into its computer underwriting system, giving underwriters instantaneous access to producers' submissions.

Crump and Howden North America also are investing heavily in new technology to facilitate communication among their respective staffs and with underwriters. BI

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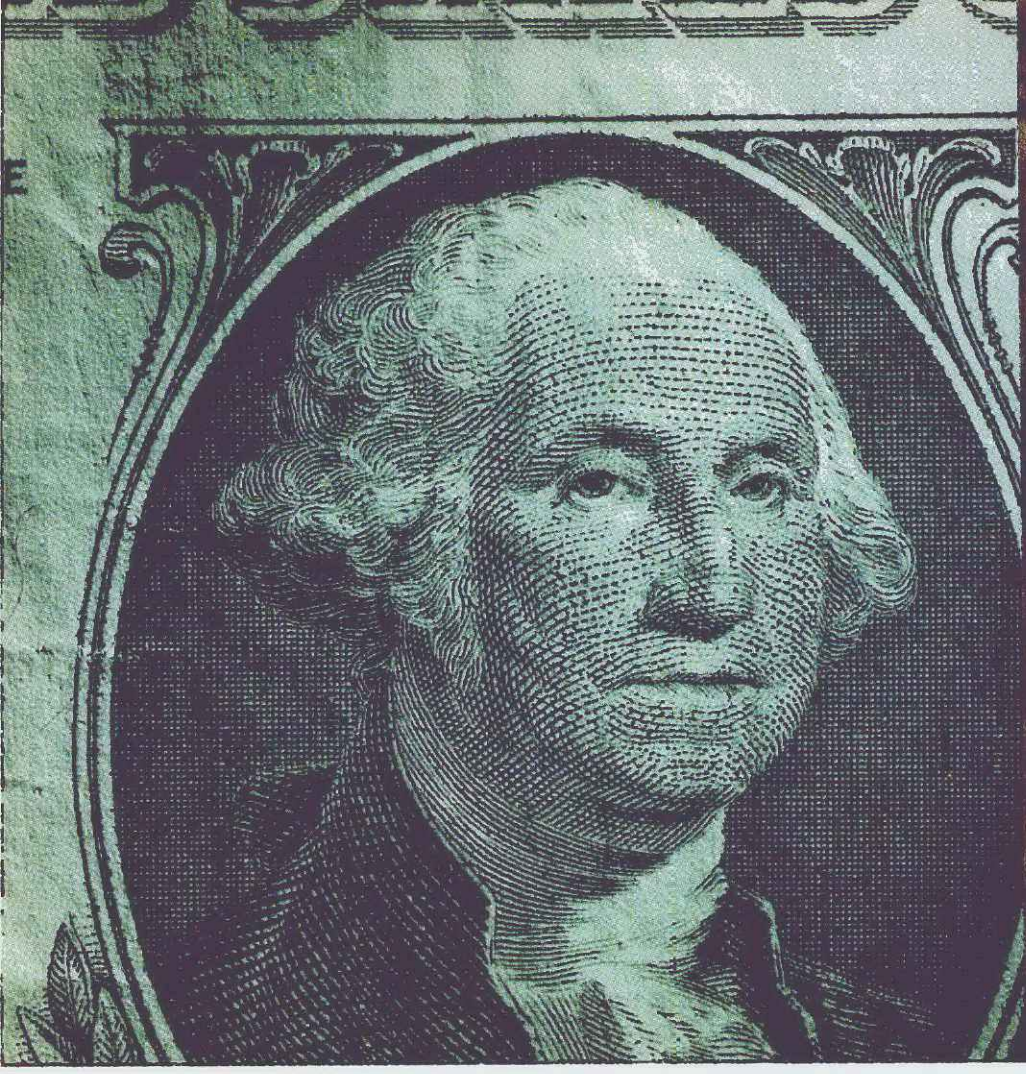
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Opinions

Veterans bill halfway there

GIVEN NEW LIFE by the military intervention in Haiti, legislation to increase employers' benefit obligations to veterans is a step away from passage in Congress.

While we support the goal of the legislation—to ensure employees do not lose retirement savings opportunities while serving our country—employers will need clearer direction than the bill now provides. In particular, the tax ramifications of certain provisions in the bill must be clarified so employers aren't at risk of plan disqualification and costly Internal Revenue Service penalties.

As reported on page 1 this week, the veterans legislation hammered out by a conference committee would require employers with defined contribution plans, like profit-sharing and 401(k) plans, to retroactively provide employees returning to work after military service the same contributions that other workers received during that period.

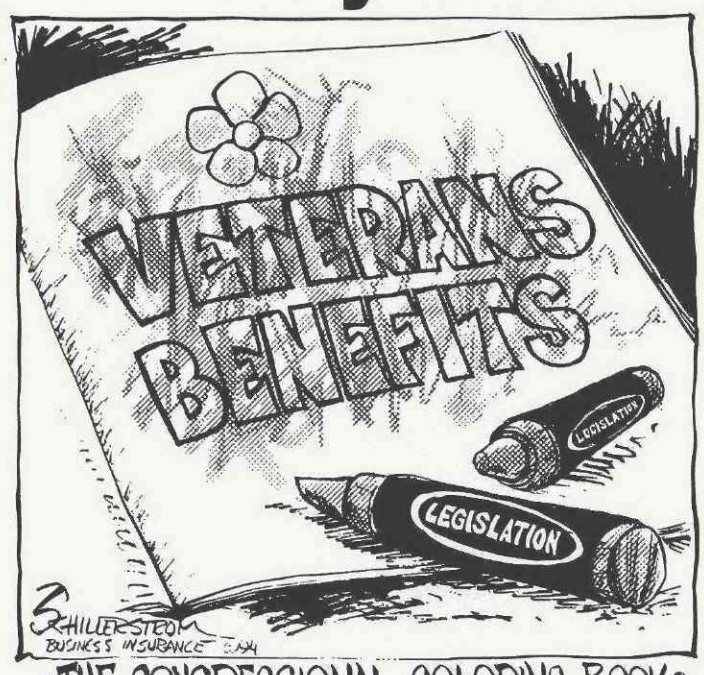
Returning veterans would also be allowed to make retroactive contributions to their retirement savings plans—and employers would have to match those contributions to the extent they did for other employees during the period of service.

The legislation on the surface is nearly identical to legislation introduced in the last session of Congress to address concerns of employees called up for service in the Gulf War. That legislation, which was not acted upon before the session ended, also failed to give employers clear guidance on how to provide these benefits.

Some of those earlier concerns have been addressed in the new legislation, while others have not and still require clarification before it is enacted.

Among the problems that remain, the legislation is not clear whether veterans' back payments could exceed maximum annual deferral limits for defined contribution plans. If a returning veteran wants to make a retroactive contribution as well as a contribution for the current year, that amount could easily exceed the current salary deferral limit.

Without guidance, it is unclear whether an employer would have to limit the veteran's contributions or, if it allows them, whether it would run afoul



•THE CONGRESSIONAL COLORING BOOK•

of the IRS and have its savings plan disqualified.

Another potential problem with the bill lies not so much in its content, but in the stated intentions of its sponsor, Rep. Sonny Montgomery, D-Miss. Rep. Montgomery has argued that the measure clarifies veterans' rights going back to the 1940s. He contends veterans since then have been entitled to profit-sharing contributions and his bill simply clarifies that.

Federal courts have disagreed with that view, and we concur that the measure should not be made retroactive. We oppose that broad application not because of the costs involved, which would be relatively small, but because of the administrative complexity of figuring out how much veterans' would be entitled to contribute, among other things.

We urge the relevant tax committees of Congress to take the time this session to clarify these provisions in the legislation so that employers have a clear picture of their benefit responsibilities to veterans.

Veterans deserve not to be disadvantaged in the workplace by their military service; employers deserve not to be disadvantaged by vague legislative wording.

Letters

Self-funded plans no panacea for small firms

To the editor: I continue to be amazed by the large number of people, apparently including Jerry Naumhoff, who wrote a letter to the editor in the Sept. 5 issue, who believe that self-funded health plans are a health care solution for very small plans.

Last year, I handled a renewal for a plan that covered approximately 100 employees and 250 lives. The plan had been self-funded for three years. In the first year, the company was thrilled with its experiment. Experience was reasonably good, the insurance rates for stop-loss coverage were acceptable, and the company was convinced that self-funding was a tremendous deal.

Year Two was less perfect. The company was hit by both a serious illness and a serious accident. Experience was terrible, the stop-loss rates increased dramatically, and the stop-loss insurers insisted on excluding the known cases from subsequent year coverage. Year Three was almost as bad and the company could no longer afford the plan. Year Four found the company's employees enrolled in a fully-insured HMO.

Insurance is based on the law of large numbers. In its simplest form, spreading the risk spreads the cost. Self-funding works well for companies that employ a large enough base to make the law of large numbers work. Smaller firms that decide to self-insure are playing the insurance version of Russian roulette. If their experience is good, they win. If their experience is bad, they have no one to share it with. Their stop-loss coverage quickly expires and they lose.

Experiments with various versions of community rating systems (most notably in Rochester, N.Y.) have shown that this is an approach that brings down the cost of health insurance for smaller employers without exposing them to the potential disasters that are inherent in self-funding. If Congress must embrace a concept, I would prefer to see it adopt the community rating approach. In the meantime, small employers that are considering self-funding need to be sure they understand the risks, as well as the rewards, before embracing the concept.

Alice Ward
Manager, Tax and Benefit Planning
Argonaut Group Inc.
Menlo Park, Calif.

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McDonald's risk management meritorious

To the editor: Instead of chastising McDonald's risk management as you did in the Sept. 12 editorial, you should be praising it for fighting "ludicrous" suits seeking millions for self-inflicted coffee wounds.

By taking the easy way out, as you suggest, you encourage frivolous lawsuits of this kind. Hopefully the verdict will be overturned and maybe, just maybe, people will begin to take responsibility for their actions. If so, McDonald's will have been part of the solution while actions like you suggest contribute to the problem.

Craig A. Nelson
Vp
Alexander & Alexander
of California Inc.
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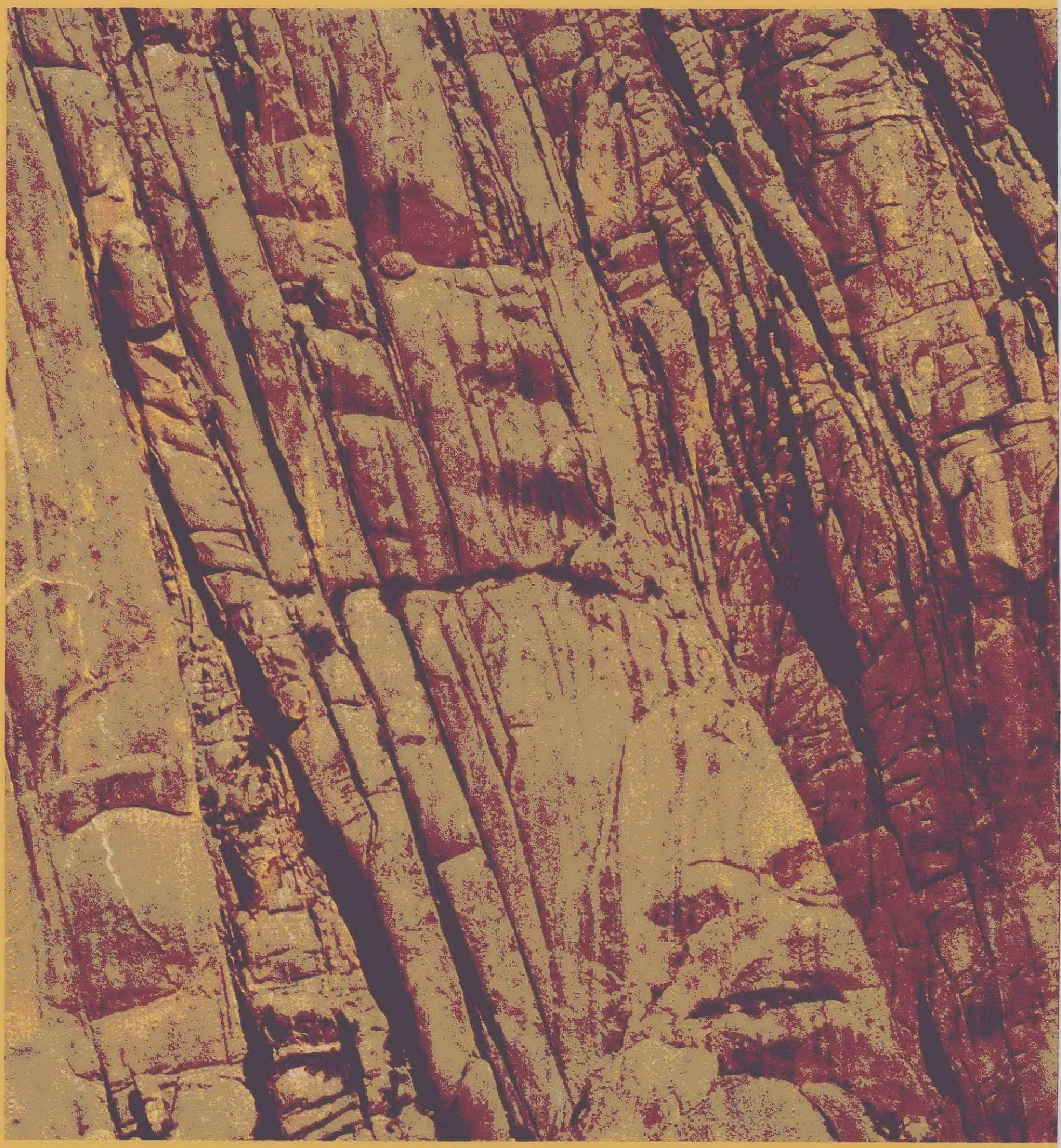
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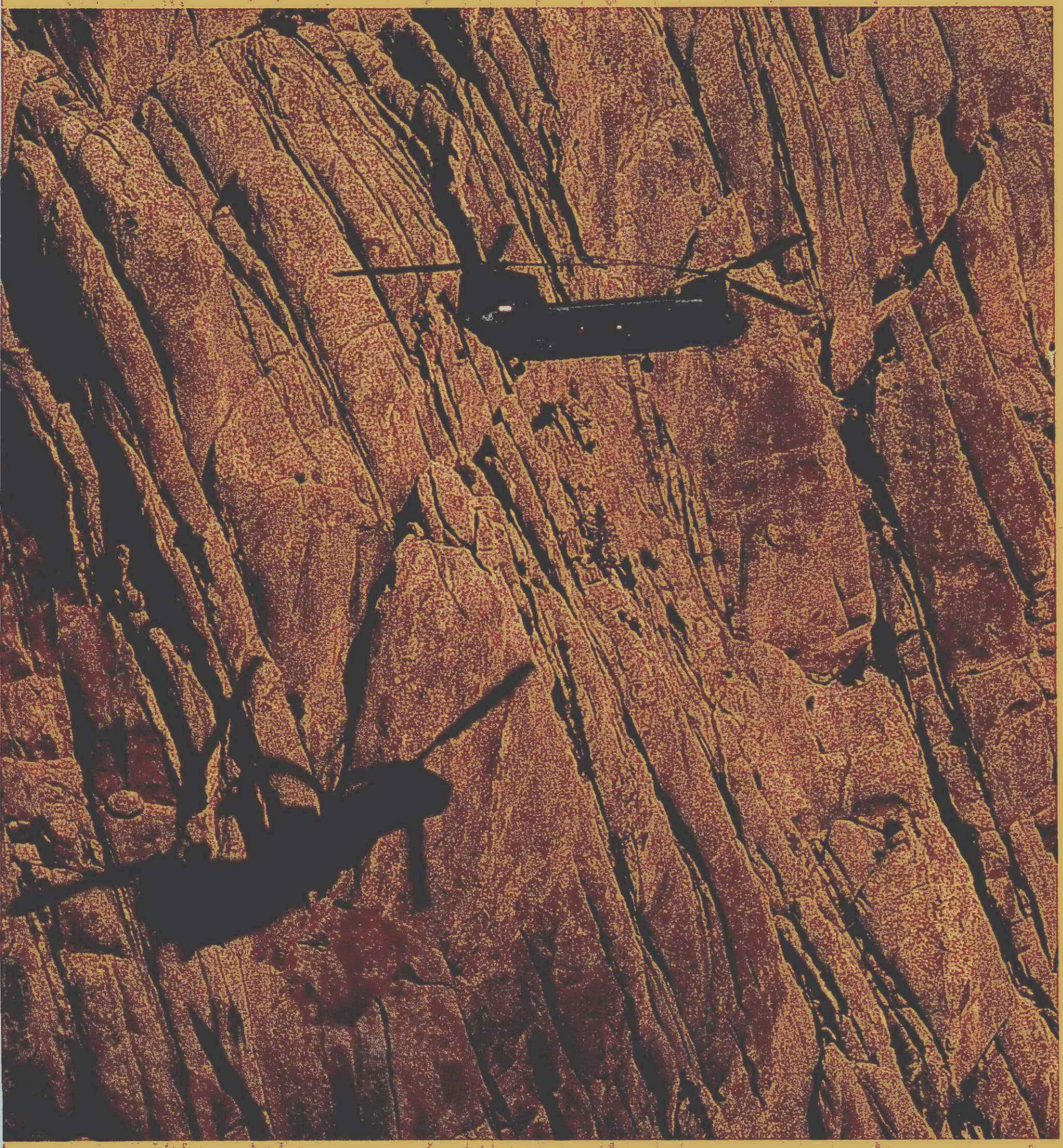
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Competition slows surplus lines premium growth

Surplus lines premium growth has slowed, despite a hardened property catastrophe market, as the admitted market continues to compete for casualty risks.

State surplus lines regulators surveyed by *Business Insurance* reported that surplus lines premiums nationwide totaled $8 billion in 1993, up 5.8% from a restated $7.56 billion in 1992. That increase is down from the 7.4% increase between restated 1992 and 1991 surplus lines premiums.

Many states restate their original figures as more accurate information becomes available during the year. In addition, Louisiana restated its figures to reflect a shift from fiscal-year to calendar-year reporting.

While premium growth nationwide slowed, the largest surplus lines insurers and wholesalers, as a group, saw some of their largest business gains since 1986 (see story, page 3).

California continued to have the largest surplus lines premium volume of any state last year, despite reporting a 15.7% decrease to $1.37 billion from $1.62 billion in 1992.

The largest increase was posted by Hawaii, where surplus lines premiums were up 66.3% to $83 million in 1993 from $49.9 million in 1992. This increase was largely due to rate hikes following Hurricane Iniki in September 1992. Nine other states posted increases of 20% or more: Delaware, up 41.8%; New Mexico, 33.1%; Louisiana, 31.6%; Alabama, 30.4%; Texas, 25.3%; South Dakota, 24.7%; Kentucky, 24.2%; Mississippi, up 21.4%; and North Dakota, up 21.3%.

Overall, 37 states posted increases in surplus lines premium volume between 1992 and 1993.

The state with the largest decline in premium volume was Maine, where surplus lines premiums fell 18.9% to $19.3 million last year from $23.8 million in 1992.

Other states with large declines in volume were California, down 15.7%, and New Hampshire, down 10.5%.

Overall, 12 states posted declines in surplus lines volume. Pennsylvania reported no change.

Separately, 13 states reported changes to their surplus lines laws last year.

While minor changes affected everything from reporting requirements to broker eligibility, a few significant reforms occurred.

Alabama increased the minimum surplus lines brokers bond requirement to $50,000 from $5,000. Also, foreign insurers must have a minimum capital and surplus of $5 million or a guaranteed trust fund of at least $5 million, up from $1.5 million and $750,000, respectively. And, alien insurers must supply a minimum trust fund of $2.5 million, increased from $750,000, and a minimum capital and surplus of $1.5 million.

New York has now set its capital and surplus requirements at a specified amount, rather than pegging the requirement to the amount of business written as it had previously done. The trust fund requirements in New York have increased to $2.5 million, and the requirements for due diligence have been strengthened.

Idaho lowered its surplus lines tax rate to 2.75% from 3%, effective at year-end 1994, while Michigan imposed an additional 0.5% regulatory fee on surplus lines and direct placements. Iowa removed accident and health insurance from the surplus lines requirements altogether.

Proposals to change surplus lines laws are now pending in California, New Jersey and Pennsylvania. BI

Surplus lines premiums & taxes by state

State	Surplus lines premiums 1993	1992	1991	93–92 % change	91–93 % change	Surplus lines taxes 1993	1992	1991	% tax rate
Alabama	$153,222,699	$117,481,100	$106,015,950	30.4 %	44.5 %	$6,128,908	$4,699,244	$4,240,638	4.00 %
Alaska	41,391,487	45,033,339	38,320,306	-8.1	8.0	946,408	916,380	846,369	2.70
Arizona	85,816,711	74,807,282	80,431,254	14.7	6.0	2,867,530	2,300,285	2,377,089	3.00
Arkansas	55,000,000[1]	49,501,904	44,265,199	11.1	24.3	2,131,425	2,021,045	1,802,137	4.00
California	1,368,132,173	1,622,851,298	1,471,526,643	-15.7	-7.0	41,043,965	48,685,539	44,145,799	3.00
Colorado	93,071,145	87,642,759	92,198,007	6.2	0.9	2,792,134	2,450,414	1,843,960	3.00[3]
Connecticut	72,044,002	71,215,142	73,773,579	1.2	-2.3	2,880,975	2,753,923	2,846,593	4.00
Delaware	21,655,965	15,277,308	12,155,371	41.8	78.2	433,121	305,476	243,107	2.00
District of Columbia	47,609,250	41,865,100	60,511,900	13.7	-21.3	952,185	837,302	1,210,238	2.00
Florida	557,271,949	503,558,750	442,439,594	10.7	26.0	26,768,454	22,703,280	20,659,281	5.00
Georgia	190,287,477[1]	197,201,058	174,846,239	-3.5	8.8	7,611,499	7,888,042	6,993,850	4.00
Hawaii	82,978,294	49,895,948	54,718,394	66.3	51.6	3,883,587	2,334,569	2,560,821	4.68
Idaho	15,894,157	14,223,102	17,600,051	11.7	-9.7	476,827	426,705	527,979	3.00[4]
Illinois	275,455,026	273,529,375	277,690,719	0.7	-0.8	8,300,766	8,363,180	8,719,539	3.00
Indiana	81,988,137	72,243,652	61,926,323	13.5	32.4	2,054,994	1,880,744	1,548,159	2.50
Iowa	32,457,905	32,858,963	35,386,303	-1.2	-8.3	649,158	657,179	707,726	2.00
Kansas	42,957,804[1]	47,346,605	40,288,761	-9.3	6.6	2,577,468	2,234,806	1,611,552	6.00[5]
Kentucky	39,812,200	32,044,122	36,799,182	24.2	8.2	1,194,366	961,324	1,103,975	3.00
Louisiana	510,281,715	387,873,556	311,490,617	31.6	63.8	25,514,086	19,393,678	15,574,531	5.00
Maine	19,270,211	23,752,302	16,393,765	-18.9	17.5	578,106	712,569	491,813	3.00
Maryland	80,688,471	75,880,608	80,614,384	6.3	0.1	2,420,655	2,276,419	2,418,432	3.00
Massachusetts	211,790,625	190,433,514	167,614,600	11.2	26.4	8,471,625	7,617,340	6,704,584	4.00
Michigan	362,427,608[1]	315,736,971	304,426,517	14.8	19.1	7,253,388	6,315,066	6,089,074	2.00
Minnesota	75,328,164	76,562,074	85,006,437	-1.6	-11.4	2,259,845	2,296,862	2,550,193	3.00
Mississippi	56,520,317	46,548,783	42,843,790	21.4	31.9	2,239,159	1,861,951	1,671,603	4.00[6]
Missouri	121,361,772	114,029,746	113,619,615	6.4	6.8	6,068,089	5,701,487	5,680,981	5.00
Montana	11,524,659	10,187,631	11,631,318	13.1	-0.9	317,906	322,250	361,779	2.75
Nebraska	26,114,528	21,967,936	19,191,515	18.9	36.1	783,436	668,222	544,205	3.00
Nevada	31,600,000	30,000,000	28,900,000	5.3	9.3	1,106,000	1,050,000	1,011,800	3.50
New Hampshire	24,346,375[2]	27,199,939	27,858,118	-10.5	-12.6	496,090	543,999	557,444	2.00
New Jersey	215,564,686	209,653,972	211,758,202	2.8	1.8	6,819,894	6,827,484	7,190,623	3.00
New Mexico	26,392,907	19,828,180	21,471,860	33.1	22.9	791,787	594,845	644,156	3.00
New York	382,483,324	386,141,471	427,341,112	-0.9	-10.5	13,769,400	13,901,093	15,384,280	3.60
North Carolina	86,460,257	84,877,816	86,425,437	1.9	0.0	4,323,014	4,243,889	4,321,267	5.00
North Dakota	6,259,801	5,162,313	5,437,920	21.3	15.1	109,410	89,013	95,590	1.75
Ohio	146,616,612	126,329,055	130,803,662	16.1	12.1	1,132,786	1,041,082	1,078,555	5.00
Oklahoma	88,611,440[1]	78,874,815	56,918,809	12.3	55.7	5,316,686	4,732,489	3,415,129	6.00
Oregon	75,788,119	73,579,901	71,270,546	3.0	6.3	1,704,922	1,655,097	1,603,590	2.25
Pennsylvania	290,000,000[1]	290,000,000	267,000,000	0.0	8.6	8,700,000	8,700,000	8,010,000	3.00
Rhode Island	39,009,435	42,333,767	46,364,267	-7.9	-15.9	1,170,283	1,270,013	1,390,928	3.00
South Carolina	66,270,095	66,619,269	65,823,633	-0.5	0.7	2,650,804	2,664,771	2,632,945	4.00
South Dakota	10,726,320	8,600,000	7,990,000	24.7	34.2	268,158	215,000	199,000	2.50
Tennessee	94,938,084	87,815,736	76,500,437	8.1	24.1	2,583,553	2,389,194	2,074,963	2.50[7]
Texas	1,313,999,414	1,048,533,731	890,819,831	25.3	47.5	63,718,527[1]	50,859,824[1]	43,190,157[1]	4.85
Utah	31,780,229	30,759,367	28,882,199	3.3	10.0	1,350,660	1,307,273	1,227,493	4.25
Vermont	17,001,233[2]	16,723,467	16,923,033	1.7	0.5	510,031	501,704	507,691	3.00
Virginia	78,366,028	78,221,277	71,207,430	0.2	10.1	1,763,236	1,759,979	1,602,167	2.25
Washington	134,253,882	132,417,500	120,747,504	1.4	11.2	2,685,078	2,648,350	2,414,950	2.00
West Virginia	20,000,000	20,863,251	19,449,977	-4.1	2.8	800,000	834,530	777,999	4.00
Wisconsin	81,606,670	76,866,960	80,835,081	6.2	1.0	2,441,111	2,294,642	2,415,994	3.00[8]
Wyoming	8,793,365	8,327,756	8,374,310	5.6	5.0	271,716	257,322	258,767	3.00
TOTALS/AVERAGES	**$8,003,222,725**	**$7,561,279,470**	**$7,042,829,703**	**5.8 %**	**13.6 %**	**294,083,211**	**$269,966,874**	**$248,081,497**	**3.37 %**

[1] State insurance department estimate [2] *BI* Estimate [3] 2% before March 1, 1992 [4] 3% and 3.553% in 1991 [5] 4% before July 1, 1992 [6] 3% on direct placements [7] 3.25% on fire portion [8] 0.5% on ocean marine coverage
Source: *BI* survey

GRAPHIC BY KIM ROME

Lexington holds solid lead in surplus market

Lexington Insurance Co.

200 State St., Boston, Mass. 02109;
617-330-1100; fax: 617-951-0067

	1993	1992
Gross premiums	$1,008,066,671	$802,731,983
Non-admitted	$905,403,302	$764,382,633
Commercial risks	99.8%	100%
Net premiums	$383,003,650	$253,231,440
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$489,097,786	$448,314,960
Employees	380	350
Combined ratio	92.7%	91.1%
Net income	$87,312,983	$97,979,771
Best's rating	A++	A++
S&P rating	AAA	AAA

Lexington Insurance Co. passed the $1 billion mark in gross written premiums last year and will do so again this year with the help of a still-hardening property market and the expansion of specialized casualty products, President Kevin H. Kelley says.

Lexington, easily maintaining its perennial spot as the largest U.S.-based surplus lines insurer, saw its property gross written premium volume more than double to $312.6 million last year as rates continued to rise in the wake of 1992's Hurricane Andrew and the Northridge, Calif., earthquake.

"The property business has changed fundamentally, and that change will continue to be played out over the next several years," Mr. Kelley said.

A shrinking number of large underwriters will gradually assume a larger share of worldwide property business, he said, explaining that insurers now need to reach a "critical mass" of premium volume and global spread of risk to compete effectively in the surplus lines property market.

He pegged that "critical mass" at $250 million to $500 million a year in gross premiums.

"I don't think many players are capable of doing that," he said. "Most companies decided that they don't have to be in the property business. Therein lies the opportunity."

Lexington, a unit of American International Group Inc., picked up a significant amount of new property business in 1993 from admitted insurers looking to reduce their exposure to catastrophic windstorm losses, he said.

Since January's devastating Northridge quake, the insurer has also picked up new business from surplus lines companies trying to reduce their earthquake exposures.

Property rates overall were up an average 20% to 30% last year and have continued to rise an average 15% to 25% so far this year, with earthquake-exposed risks seeing rate hikes of 50% or more, Mr. Kelley said.

Deductibles on earthquake-exposed risks also continue to rise, though deductibles on other catastrophe-exposed business have leveled off after rising significantly in 1993, he reported.

Meanwhile, Lexington continues to struggle with the ongoing soft market for excess casualty business while focusing on specialty niches where underwriting conditions are better.

The insurer opened a Bermuda branch office in July that will concentrate on Fortune 1000 excess liability business in the $25 million excess of $25 million layer.

This would complement the $100 million excess of $50 million limit available from Starr Excess Liability Insurance Co. Ltd., a Bermuda-based insurer formed by AIG and other investors last year (*BI*, June 28, 1993).

"We think there is an immediate need for capacity in that area," Mr. Kelley said of the intended Lexington layer.

The insurer has also developed an employment practices liability policy to cover employer liability for discrimination and sexual harassment claims.

The coverage, written on a claims-made form with defense costs within policy limits, can carry limits up to $25 million, though the typical limit is $2 million or less, Mr. Kelley said.

Though California has proved an especially tough state for employers in this area, "there are really no friendly legal venues," Mr. Kelley observed. "We are seeing interest from all across the country."

Lexington has also produced a patent infringement policy for high-tech firms to cover liabilities arising from infringement on another company's patents. The insurer can provide limits of up to $2 million for this coverage, which is also written on a claims-made form with defense costs within policy limits, he said.

Directors and officers liability coverage for high-tech firms, including biotechnology and computer software and hardware producers, is another attractive niche, though it requires a high degree of underwriting attention, Mr. Kelley observed.

"It's better, but it's a lot more work," he said.

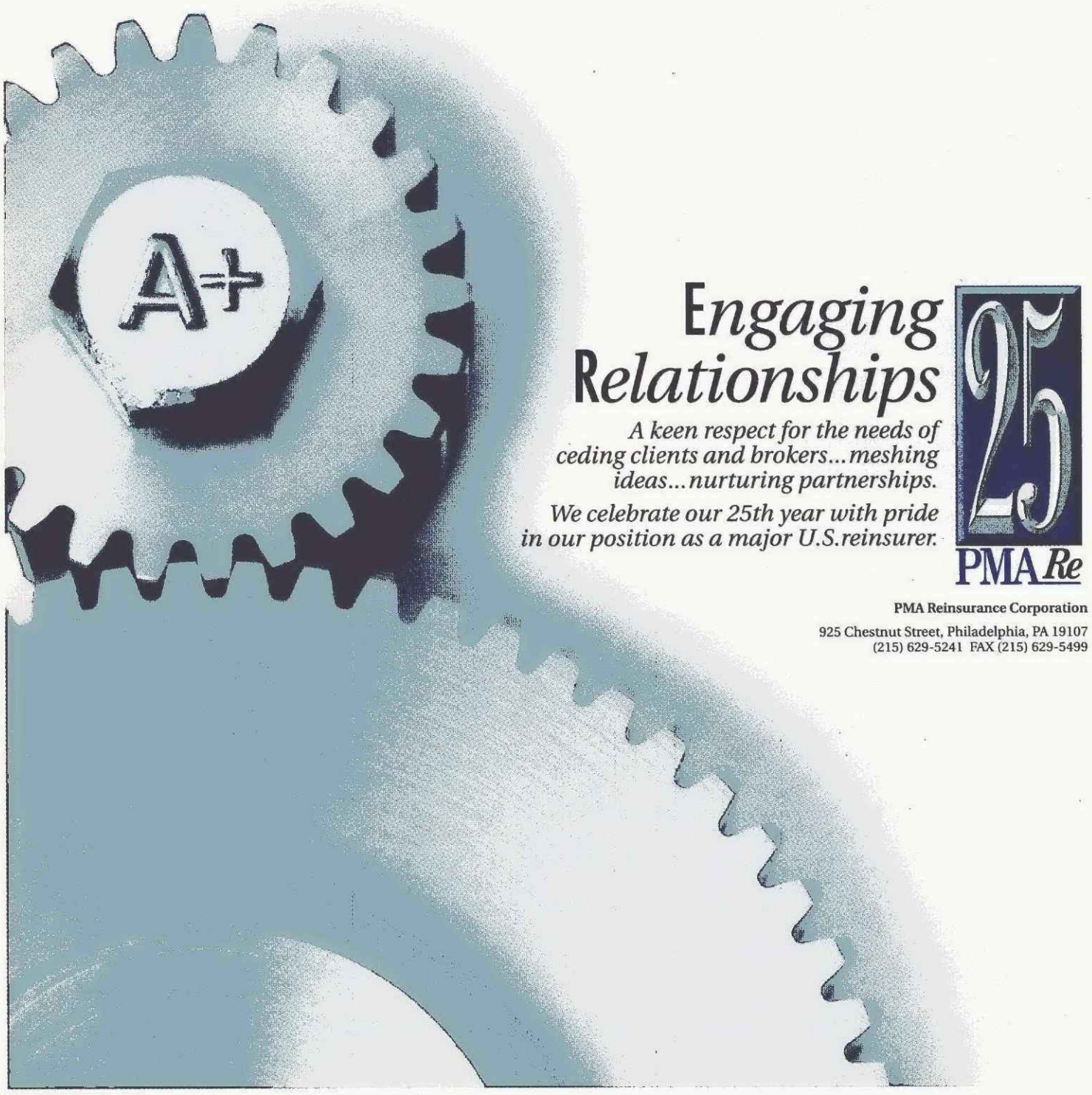
The market for the general run of excess casualty business continues to be lackluster, though.

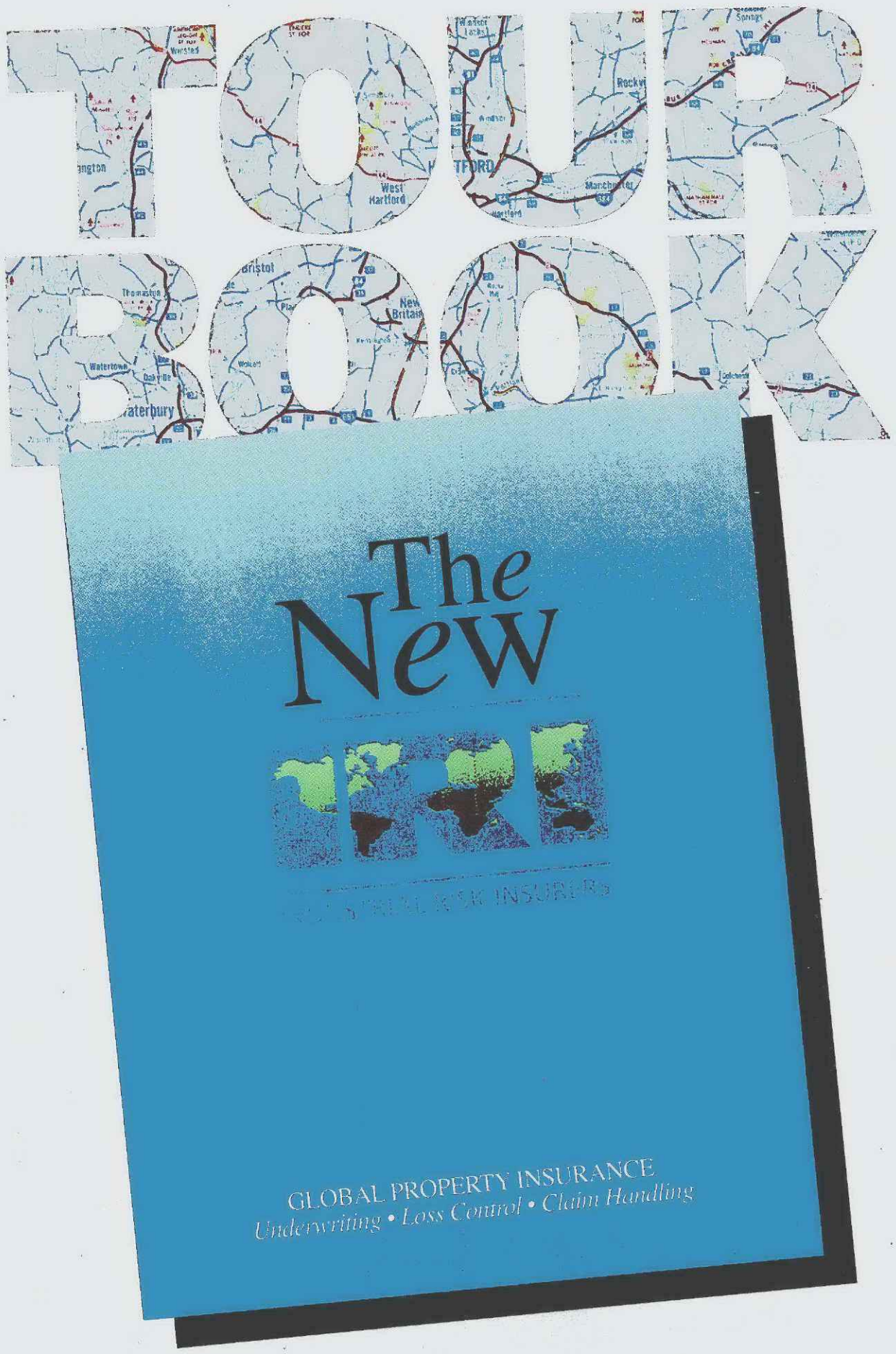
"There are still some pretty good pockets of opportunity" in some casualty lines, but "we continue to see a very competitive market in some elements of our business," he said.

Excess general liability "continues to be competitive because it's the business everybody wants."

Nevertheless, Mr. Kelley said he expects Lexington to "blow right

Continued on page 16





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Continued from page 14
through" the $1 billion gross premium mark this year, racking up an increase of between 18% and 22% over last year's $1.01 billion gross volume.

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

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

The division produced gross premiums of about $75 million last year and will write between $70 million and $75 million this year.

The business has been flat for two reasons, both tied to health care reform, Mr. Kelley said.

The threat of reform has already brought more efficiency to the health care system and medical cost inflation has dropped significantly, stifling any premium volume growth through rate increases, he explained.

In addition, some stop-loss insurers see health care reform eliminating their business and are competing fiercely for existing accounts, believing that this year may be their "last hurrah," he said.

"Because of the uncertainty over where it was going, a lot of players were taking a short-term view of their longevity in (that line). Some companies were writing below burning cost," Mr. Kelley said.

Noting that "it's very difficult to plan" in an environment where your product could suddenly become obsolete, Mr. Kelley said insurers should have a better idea next year where they stand.

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

International division volume will expand to between $115 million and $120 million from just under $70 million booked last year, again reflecting tremendous growth in property underwriting, Mr. Kelley said.

The insurer continues to add staff and products in its London office.

"Given Lloyd's problems and the other problems in that market, we think AIG security will be very sought after," he said.

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

Program volume will expand to about $135 million this year from just under $120 million last year, Mr. Kelley projected.

Lexington offers auto warranty and liquor liability programs, as well as products for mental health clinics, social service agencies and HMOs.

• A captive division, which handles fronting and excess insurance programs for captive insurers.

Gross premiums for this division amounted to just under $140 million last year and will be little changed this year, he reported.

Overall, Lexington's gross written premium volume hit $1.01 billion last year, a 25.6% increase over the $802.7 million in gross premiums written in 1992.

The 1993 volume included liability premiums of $694.2 million, up 6% from $654.9 million in 1992; property premiums of $312.6 million, more than double the $147.6 million booked in 1992; and property and liability combined lines of $1.2 million.

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

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

Net and treaty limits of up to $10 million are available on property risks, and those limits can be increased to $20 million with facultative reinsurance support.

Lexington's book of international property business has been growing and this year will represent about 35% of total property premiums, with domestic property business generating the other 65%, Mr. Kelley said.

Gross premiums written on a direct, non-admitted basis rose 18.4% to $905.4 million last year from $764.4 million in 1992. Lexington is admitted only in Delaware, where it wrote $3.4 million in direct premiums last year.

The insurer's gross volume also included $99.3 million in reinsurance premiums, of which $74.8 million was assumed from other AIG affiliates.

Of Lexington's total $1.01 billion in 1993 gross written premiums, the insurer ceded $625.1 million to reinsurers around the globe. This included $535.4 million ceded to unaffiliated reinsurers and $89.7 million to other AIG companies.

The ceded reinsurance left Lexington with 1993 net written premium volume of $383 million, a 51.2% jump from $253.2 million in 1992 net premiums.

In its 1993 annual statement, Lexington reported a $5.5 million provision for overdue authorized reinsurance, down slightly from the $6.2 million penalty it took in 1992.

In spite of improved conditions in the property market, the insurer's overall underwriting performance deteriorated slightly last year.

Earned premiums rose 37.3% to $319.9 million in 1993 from $232.9 million the previous year.

However, losses, loss adjustment expenses and other underwriting expenses jumped 41.8% to $301.9 million from $212.9 million in 1992. This left Lexington with a net underwriting gain of $18 million, off slightly from the $19 million gain booked in 1992.

The insurer's loss ratio improved to 83.8% last year from 86.9% in 1992, while its expense ratio jumped to 8.9% from 4.2%.

This added up to a statutory combined ratio of 92.7% last year, slightly worse than the 91.1% recorded for 1992.

Investment income also continued to slide, dropping 5.3% to $99.5 million last year from $105.1 million the previous year.

Net aftertax income fell 10.9% to $87.3 million for 1993 from $98 million for 1992.

Lexington last year paid a dividend of $53.9 million to AIG, a substantial increase from the $30.2 million dividend paid in 1992.

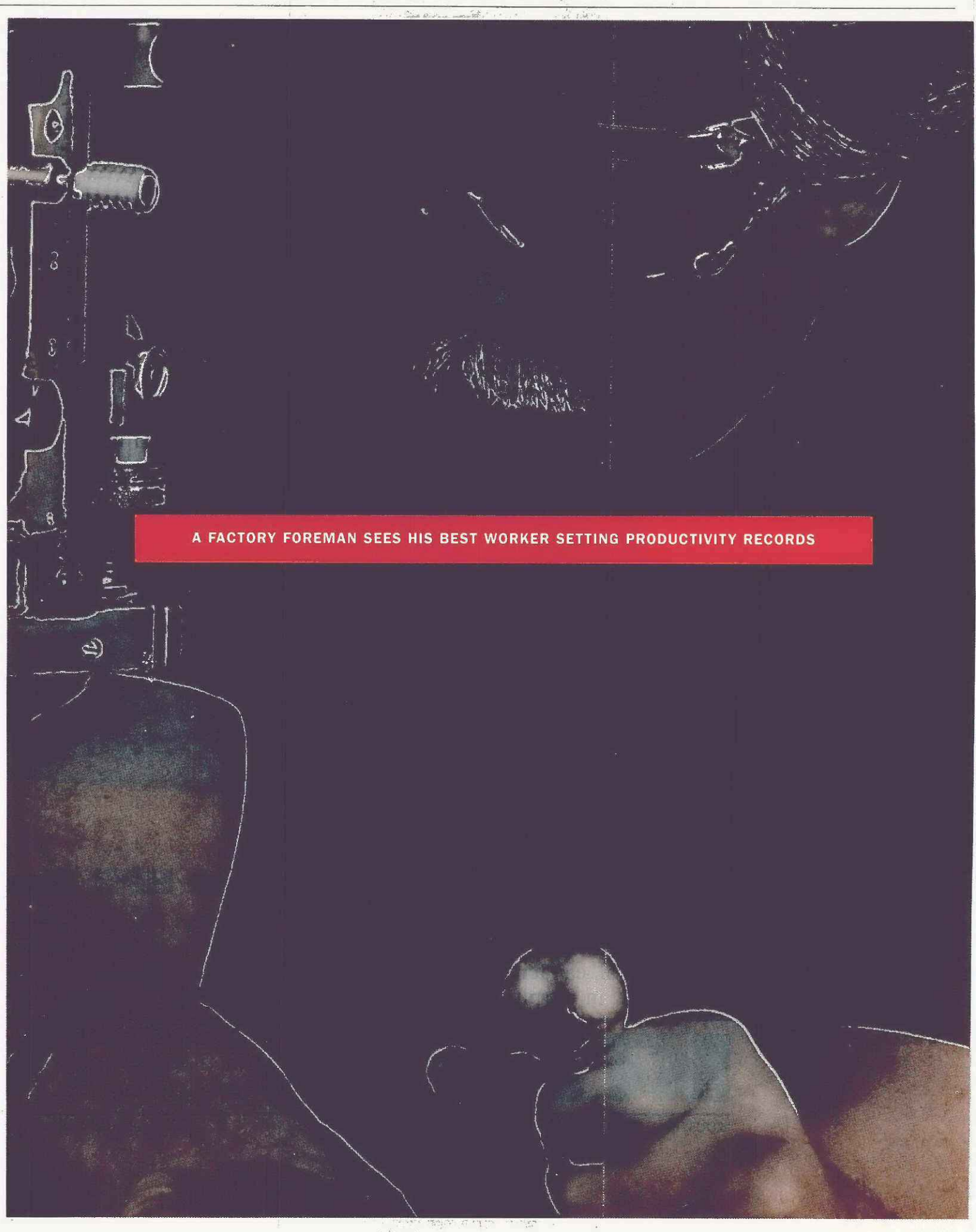
Including this and other gains and losses to surplus, the insurer finished 1993 with policyholder surplus of $489.1 million, a 9.1% increase from the $448.3 million recorded at year-end 1992.

This level of surplus continues to give Lexington a conservative net premiums-to-surplus ratio of 0.78-to-one, although slightly higher than the 0.57-to-one recorded in 1992.

In addition to Mr. Kelley, Lexington officers include Richard Bucilla and Richard E. Jodoin, executive vps; and Nicholas Anselmo and Louis J. Garafalo, senior vps.

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

—By Douglas McLeod



A FACTORY FOREMAN SEES HIS BEST WORKER SETTING PRODUCTIVITY RECORDS

Scottsdale Insurance Co.

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

	1993	1992
Gross premiums	$871,302,906	$809,092,498
Non-admitted	$572,393,410	$582,453,416
Commercial risks	93.1%	94.3%
Net premiums	$622,693,966	$572,681,130
Paid-in capital	$6,027,200	$6,027,200
Capital & surplus	$158,108,538	$151,837,563
Employees	920	858
Combined ratio	107.7%	100.4%
Rating agency	107.7%	100.4%
Net income	$88,359,474	$138,902,189
Best's rating	A+	A+
S&P rating	AA+	AA+

With a new captain steering it through the turbulent surplus lines market, Scottsdale Insurance Co. is sailing full speed ahead toward record growth.

The insurer wrote "just shy of $93 million" in premiums in August, besting its previous monthly record of $87 million from last December, said Vickie Kartchner, president and chief operating officer.

Ms. Kartchner, who succeeded company founder Rolland L. Wiegers only five months ago, is already streamlining Scottsdale and making it more horizontal.

She has merged the in-house specialty underwriting division, which she had run as executive vp, with the general business division so that underwriters can work together as teams lining up coverage for clients with mixed bags of risks.

The specialty division was established about five years ago to act like an in-house brokerage, placing special classes of business backed by separate reinsurance treaties.

Scottsdale is also converting about 40 million premium records and 4 million claims records from a customized processing system run on five mainframe computers to a more flexible, accessible PC-based system.

Non-admitted direct premiums accounted for slightly less of Scottsdale's business in 1993 than in 1992 and actually fell 1.7% to $572.4 million in 1993, which was still good enough to keep the company at No. 2 among U.S. surplus lines companies.

Overall, its gross premium volume rose 7.7% to $871.3 million in 1993. One reason for the growth in admitted business is the 1992 acquisition of a book of professional liability business from Aon Corp.'s Media/Professional Insurance Inc. unit.

"We picked up Media/Professional in the middle of 1992, but it really took until mid-1993 to absorb it. And all of that was admitted business," said Ms. Kartchner.

Most of the insurer's professional liability coverage is written on an admitted basis by sister companies National Casualty Co. and Wausau Insurance Co., with 100% ceded back to Scottsdale, also a unit of Nationwide Mutual Insurance Co. of Columbus, Ohio.

Increased pressure from regulators in some states also is forcing Scottsdale to channel more business through its admitted affiliates, such as in Ohio, where Scottsdale itself is licensed as an admitted carrier, added Marsha Lynch, vp-underwriting.

The insurer also is seeking to license a subsidiary, Scottsdale Indemnity Co., in all 50 states.

Founded in 1993, Scottsdale Indemnity is licensed in 23 states and "will be used to write some of our specialty lines and some of the really clean business that doesn't qualify for Scottsdale because it isn't surplus lines business," Ms. Kartchner said.

Scottsdale will continue to reinsure 100% of the admitted business written by its admitted subsidiaries and affiliates.

While Scottsdale's premium volume grew in 1993, its net income fell more than 36% to $88.4 million from $138.9 million in 1992.

"We had some adverse development in our contractors book in California," said Ms. Kartchner.

"And investment income was down due to lower interest rates," explained John Zicarelli, vp and chief actuary.

These factors combined to push the insurer's combined ratio to 107.7% in 1993 from 100.4% the year before.

Part of that deterioration can be attributed to adjustments in reinsurance commissions, said Mr. Zicarelli.

"1992 was an aberration. 1993 was more normal for us," Ms. Kartchner said.

To enhance future profits, Scottsdale is taking a more conservative approach to underwriting.

Combining the underwriting divisions was part of that approach, she said. With the divisions together, "we've been spending a lot of time really evaluating and analyzing the business" to ensure that the new business that Scottsdale writes "is at the price level and of the nature we want."

In addition, "we've been working very closely with our agents, trying to set production goals," she added.

And the insurer's new team underwriting approach allows surplus lines brokers to do one-stop shopping. "The team approach has allowed us to enhance our focus on our clients, their needs, on developing business plans for each one of them," Ms. Lynch stressed. "Part of Scottsdale's success has always been the relationship that we've had with our clients and our ability to recognize them as individuals."

For example, "someone might come to the casualty department and the casualty underwriter in that area is now so familiar with other underwriting units of the company that they're able to say, 'Well, what are you doing about your automobile, what are you doing with your umbrella, what about your property coverage?' " she explained.

"(Underwriters) are taking a very proactive hand in actually gathering that information and taking it over to the underwriter in the other department."

In fact, underwriters themselves formed the teams. "We've allowed the underwriting people to have a big hand in what the structure (of the company) is going to look like going forward."

Instead of two underwriting divisions, Scottsdale now tracks its business by four departments.

The first is contract casualty and transportation, and the second is contract commercial and personal lines property. This business is produced by general agents to which Scottsdale has given binding authority.

The third department is brokerage lines, which includes property, casualty, incidental professional, auto, excess and umbrella coverages.

And the fourth department is professional liability lines, which

Continued on next page



Continued from previous page
includes the book of business acquired from Media/Professional, a public entity program, a social services program, a small book of attorney and insurance agents errors & omissions and orthodontists.

Scottsdale also has a sizable book of daily auto rental coverages, which insures owners of rental car franchises against collision damage caused by renters.

The insurer has a small book of earthquake business—homeowners coverage for substandard housing in Southern California—estimated at about $12 million in annual premiums.

In the Los Angles earthquake, Scottsdale's losses were less than had been projected by its computer catastrophe model. Scottsdale uses a model developed by Risk Management Software Inc. of San Francisco.

"Also, (the surplus lines broker) that handles that book of business has a lot of experience in the DIC market and it takes a very conservative position on the accounts that he brings to us," Ms. Lynch pointed out.

Scottsdale uses Sherwood Property Underwriters to secure difference-in-condition accounts in Southern California.

Among Scottsdale's major producers are: Burns & Wilcox Ltd. of Southfield, Mich.; Dallas-based Crump E&S Group Inc.; I. Arthur Yanoff & Co. Inc. of Valley Stream, N.Y.; and Los Angeles-based Swett & Crawford Group.

About 80% of Scottsdale's business is written by general agents with binding and quotation authority within certain guidelines the insurer has established.

The insurer used 110 general agents from 160 locations last year.

Scottsdale participates in the Nationwide intercompany pooling program. On a pooled basis, Scottsdale's gross premiums rose 7.4% to $1.16 billion; its combined ratio improved to 107% from 109.4% in 1992; and its net income shot up to $11.2 million from $277,593.

Scottsdale avoids risks like long-haul trucking, personal auto, difficult product liability, aircraft or ocean marine, petrochemical, medical malpractice, high-layer excess liability, workers compensation and Fortune 500 companies.

This year, Scottsdale consolidated its property and casualty reinsurance placements under Aon Reinsurance Agency Inc. of Chicago. A few of the general business contracts had been handled by intermediary E.W. Blanch Co. in Minneapolis.

"Aon already handled 90% to 95% of the treaty book, while Blanch only did one or two contracts," Ms. Kartchner explained. "We tried to simplify the process by using one broker."

Among Scottsdale's reinsurers are: American Re-insurance Co.; General Reinsurance Corp.; Underwriters Reinsurance Co.; and Employers Reinsurance Corp.

The insurer will write up to $10 million in limits, retaining between $500,000 and $1 million of each risk, regardless of whether it is a property or liability risk. Previously, the insurer only retained between $250,000 and $500,000 on general liability risks and up to $100,000 on property risks.

"Every year, we look at retention levels and review them," explained Ms. Lynch.

A seven-person actuarial department that was added this year is enabling Scottsdale to venture into some new lines of business, such as "light" product liability, a category that includes retail goods without moving parts, such as food products and furniture.

The actuaries work hand in hand with underwriters, helping isolate areas where the company can be more aggressive in pricing, such as program business, Ms. Lynch explained.

"We're also looking at assuming a little tougher class of excess umbrella business," she added.

"What we're doing is exploiting Scottsdale's market leadership in those areas by taking advantage of the data that is not available to our competitors," explained Mr. Zicarelli.

Making the actuaries more valuable is the new computer system. The entire company is now on a local area network, and all employees can access company data using their own IBM compatible personal computer.

Despite a substantial investment in new hardware and software, switching over to the $4 million system has actually saved money, said Mr. Zicarelli. "For example, we used to have 16 people just to operate the mainframe. Now we have five."

The company also has abandoned its costly three-year plan to rewrite the original mainframe insurance processing program.

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

In addition to Ms. Kartchner, Ms. Lynch and Mr. Zicarelli, other principal officers are Gordon E. McCutchan, secretary, and James R. Kapeller, treasurer.

Scottsdale received an A+ rating from A.M. Best Co., the highest rating possible for a company in its size category.

—By Joanne Wojcik

American International Specialty Lines Insurance Co.

Harborside Financial Center, 401 Plaza Three, 4th Floor, Jersey City, N.J. 07311; 201-309-1100

	1993	1992
Gross premiums	$469,582,547	$373,519,879
Non-admitted	$453,711,424	$353,658,397
Commercial risks	100%	99.8%
Net premiums	$69,166,399	$58,618,429
Paid-in capital	$5,002,500	$5,002,500
Capital & surplus	$132,405,702	$127,658,819
Employees	0	0
Combined ratio	95.4%	87.5%
Net income	$11,346,643	$10,196,705
Best's rating	A++	A++
S&P rating	AAA	NA

The "unique and the unusual" risk continues to be the focal point of underwriting conducted at American International Specialty Lines Insurance Co.

"When you talk about unique and unusual, you can take virtually any class of business and there will be risks that are difficult and the standard market can't handle them. AI Specialty is getting a reputation of being able to do so," said Jeffrey W. Greenberg, a director of AI Specialty and executive vp of American International Group Inc., AI Specialty's ultimate parent.

And, if AI Specialty's 1993 financial performance is any indication, that's certainly a reputation worth having.

The insurer's direct, non-admitted premium volume grew to $453.7 million in 1993. That was an increase of more than 28% from 1992's $353.7 million. While not as spectacular as 1992's 69.6% increase over 1991's performance,

Continued on next page



Continued from previous page
it still kept the insurer in the No. 3 slot in the *Business Insurance* rankings of the largest U.S.-based surplus lines insurers.

The insurer posted a statutory combined ratio of 95.4% in 1993, an increase from 87.5% a year earlier.

Policyholder surplus grew to $132.4 million last year, an increase of about 3.7% from the 1992 policyholder surplus of $127.7 million.

All of AI Specialty's non-admitted premiums covered commercial risks.

AI Specialty, which first appeared on the rankings of the leading surplus lines insurers in 1991, when it was called American International Surplus Lines Insurance Co., joins another AIG unit on the list.

Lexington Insurance Co. has held the top spot for 14 years (see story, page 14). Mr. Greenberg noted that Lexington's premium volume increased as well during 1993.

The two insurers, however, do not compete with one another, he pointed out. For example, AI Specialty does not write architects and engineers errors and omissions liability insurance, which Mr. Greenberg called "the province of Lexington."

AI Specialty is domiciled in Alaska but maintains its offices in Jersey City, N.J.

Mr. Greenberg attributed much of AI Specialty's performance to adherence to a long-term strategy.

"There's been a focus on the specialty covers that the company is strong in. It's kept a sharp focus on its strengths. The property market has presented opportunities for us as well. The strategy that began several years ago has continued to be followed: the flight to quality, the hardening of the property market, and the focus on specialty areas where there's value added, where we offer something to the marketplace. We handle things in AI Specialty that are unique and unusual," Mr. Greenberg said.

'The strategy that began several years ago has continued to be followed: the flight to quality, the hardening of the property market, and the focus on specialty areas where there's value added,' says Jeffrey W. Greenberg.

Those types of unique and unusual things are found within broad traditional classifications of business.

For example, AI Specialty writes directors and officers liability insurance for companies in special circumstances. This includes those emerging from federal bankruptcy protection and those making initial public offerings.

AI Specialty does not, however, write Resolution Trust Corp. errors and omissions coverages for financial institutions.

The insurer also offers liability programs for investment advisers and mutual fund managers.

"The financial covers in general, the D&O areas in financial services lines are still areas of growth for the company," said Mr. Greenberg.

Health care-related liability coverage, with an emphasis on hospital liability remains an important part of AI Specialty's book of business, added Mr. Greenberg.

AI Specialty writes professional liability covers for law firms and accounting firms. Mr. Greenberg noted, however, that while the insurer will write coverages for large law firms, it does not offer coverage to large accounting firms.

Property coverages also have a place in AI Specialty's book of business, "but the company is still mainly a liability insurer," said Mr. Greenberg. The property business centers on catastrophe-prone property.

Other coverages written by AI Specialty include commercial general excess and umbrella, pollution liability, pension fiduciary Employee Retirement Income Security Act liability and other fiduciary liabilities.

The insurer made no capacity changes in 1993. It offers limits of up to $10 million on all lines of coverage, with occasionally higher limits available through facultative reinsurance.

The company deals with major direct reinsurers for most of its coverage, according to its annual statement. AI Specialty's provision for unauthorized reinsurance was $3,173,742 in 1993 and $1,097,508 for overdue authorized reinsurance.

"The company has a broad producer base among the major producers and some of the surplus lines houses as well," such as Stewart Smith Group Inc. and Swett & Crawford Group, said Mr. Greenberg.

He is optimistic about AI Specialty's future.

"I see continued opportunities for growth. Although the market as a whole isn't reflecting large-scale change; the standard market continues to withdraw from certain classes in certain territories, or certain types of risks and that creates opportunities for the E&S market," he said.

"The marketplace overall is competitive, but we continue to look for those niches and spots that offer us a little greater return and we've been reasonably successful finding them," he said. Mr. Greenberg made clear, however, that the insurer holds a philosophy of a walk-away price.

AI Specialty's net income increased to $11.35 million in 1993 from $10.2 million a year earlier, or an increase of 11.3%.

The insurer's gross premiums reached $469.6 million last year, up 25.7% compared with $373.5 a year earlier. Virtually all of AI Specialty's premiums were written on a direct, non-admitted basis.

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

AI Specialty's net written premiums grew to $69.2 million in 1993, an increase of 18% from 1992's $58.6 million.

In addition to Mr. Greenberg, AI Specialty's principal officers are Thomas R. Tizzio, president; Elizabeth M. Tuck, secretary; Armand G. Pepin, treasurer; Patrick J. Foley, vp; and James M. Kilkenny, vp.

—By Mark A. Hofmann

It Was Either Drop Out Of Schools Or Learn How To Put Out Fires.

Other insurance companies started dropping out.

Arson and vandalism in schools were running into millions of dollars. A lot of companies decided they couldn't afford to underwrite the losses. Or if they did, schools couldn't afford the premiums.

But none of us can afford to see our education system, and our children's futures, go up in smoke. So we, at Coregis, decided to do some homework.

We worked with school administrators and came up with an idea: Teach kids that even the simplest act of vandalism hurts everyone—and ask kids to help us put out the fires.

We joined forces with WeTip,® a national organization and hotline dedicated to stamping out crime. Together, we developed a program to reward anonymous callers for information leading to the arrest and conviction of school arsonists.

And the smoke has started to clear.

Since 1988, calls to the WeTip hotline (1-800-47-ARSON) have helped apprehend 19 school arsonists and reduce school losses 40 to 50 percent. A decline that's helped keep premiums stable and us in school coverage.

Studying a problem from every angle is typical of our approach to all of our insurance programs: Public Entity, Professional Liability or Commercial Property and Casualty. A practice that's earned us an "A" rating from A.M. Best.

At Coregis, our teams of professionals know that the more insight they have about a client's business, the more effective they can be at helping a client meet their goals. Which is our ultimate goal.

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Illinois Insurance Exchange Syndicates

Ranked by gross premium volume in thousands of dollars

Active syndicates	Gross premiums written 1993	Gross premiums written 1992	Net premiums written 1993	Net premiums written 1992	Policyholder surplus 1993	Policyholder surplus 1992	Net premium to surplus ratio 1993	Net premium to surplus ratio 1992	Combined ratio 1993	Combined ratio 1992	Net income (loss) 1993	Net income (loss) 1992	Net investment income (loss) 1993	Net investment income (loss) 1992
Classic Syndicate Inc.	$56,467	$32,281	$28,694	$21,900	$27,308	$19,315	1.05:1	1.13:1	99.7%	102.7%	$446	$794	$3,021	$2,616
Geneva Assurance Syndicate Inc.	37,498	15,316	25,259	17,148	13,470	11,196	1.88:1	1.53:1	100.1	82.2	(2,115)	1,225	(763)	(177)
First Oak Brook Corp. Syndicate Inc.	29,347	27,293	20,647	20,015	8,069	7,894	2.56:1	2.54:1	113.6	100.1	(367)	(675)	621	362
Britamco Underwriters Inc.	28,444	19,884	25,540	18,038	37,524	28,099	0.68:1	0.64:1	62.4	102.3	8,798	5,096	7,144	7,884
First Mercury Syndicate Inc.	25,958	25,433	20,065	20,796	22,133	19,365	0.91:1	1.07:1	106.5	106.7	2,585	2,115	4,400	4,906
Agora Syndicate Inc.	22,618	16,261	14,718	11,313	7,245	3,744	2.03:1	1.82:1	101.3	123.1	579	(2,173)	1,523	792
Resure Inc.	19,186	17,643	7,775	9,011	6,815	6,016	1.14:1	1.50:1	147.7	95.1	(2,754)	460	254	813
Transco Syndicate #1 Ltd.	19,023	20,267	27,438	21,137	22,920	25,321	1.20:1	0.83:1	98.4	93.3	1,469	2,427	1,171	2,766
AAI Syndicate #1 Ltd.	4,763	3,173	4,763	3,167	4,003	4,032	1.19:1	0.79:1	129.9	179.9	(326)	(1,812)	609	755
Comprehensive Ensurers Market Syndicate Inc.	3,585	4,080	3,525	4,001	4,827	4,505	0.73:1	0.89:1	101.0	98.6	453	369	431	408
Prime Syndicate Inc.	3,545	3,533	3,545	3,533	5,604	5,990	0.63:1	0.59:1	116.1	112.1	(394)	(381)	169	156
Total IIE syndicates	**$266,114**	**$200,353**	**$178,426**	**$164,783**	**$173,089**	**$147,891**	**1.03:1**	**1.08:1**	**98.92%**	**101.96%**	**$9,657**	**$7,286**	**$16,369**	**$22,202**

Source: Illinois Insurance Exchange

GRAPHIC BY KIM FOME

United National Insurance Co.

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

	1993	1992
Gross premiums	$235,743,167	$199,711,284
Non-admitted	$198,907,712	$162,780,870
Commercial risks	97%	95%
Net premiums	$62,811,013	$50,524,154
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$155,201,549	$141,106,317
Employees	133	112
Combined ratio	97.8%	98.1%
Rating agency	97.6%	98.3%
Net income	$22,618,047	$17,767,163
Best's rating	A+	A+
S&P rating	BBBq	BBBq

Despite a persistent soft market and increased competition, United National Insurance Co. posted another solid year in 1993 by forging relationships with dozens of new producers and by building on its ties with agents and brokers.

As in previous years, United National's commitment to expanding production sources and encouraging producers to channel more business its way resulted in increases in both written premiums and underwriting profits.

"Our business is a commodities business, thus more and more capital has been chasing a non-increasing pool of premium dollars. To succeed in this type of market requires that we expand our production sources," said Seth D. Freudberg, president and chief executive officer of the suburban Philadelphia insurer.

Much of the increased competition has come from admitted insurers, which are now interested in business surplus lines insurers traditionally write. "I think admitted carriers believe that surplus lines is the last bastion of profitability,' he added.

Profitable United National is. Its net income rose 27.3% to $22.6 million in 1993, to go along with a 22.2% increase in gross non-admitted premiums, which rose to $198.9 million.

United National executives attribute higher premium volume almost entirely to solid work by its growing network of binding-authority producers and other agents, brokers and wholesalers.

"When you expand your production base and maintain long-term relationships (with agencies and brokerages), nice things tend to happen," said Mr. Freudberg. "Something that starts out as a small relationship often leads to something much larger."

Mr. Freudberg and Robert Cohen, vp of marketing, are quick to point out that without its producers, which are responsible for more than 90% of United National's gross premiums, the company would not be growing as it has in recent years.

On the strength of an 18% jump in gross premiums—to $235.7 million from $199.7 million in 1992—the Bala Cynwyd, Pa.-based company remained No. 5 among the Top 10 surplus lines insurers.

Senior Vp Kevin Tate attributes the strong earnings primarily to premium volume growth and a $1.6 million underwriting profit, as well as a $5 million increase in investment income over the previous year.

United National's combined ratio improved slightly in 1993 to 97.8% from 98.1% in 1992. Due to a change in internal accounting procedures, the company's loss ratio increased to 82.6% from 71.6%, while its expense ratio dipped to 15.2% from 26.7%.

By keeping ties with producers, 'nice things tend to happen,' says Seth Freudberg.

United National specializes in excess liability and umbrella coverages and some offbeat primary liability risks, including a few high-hazard ones. For example, the company recently began writing on an in-house basis liability coverage for operators of heavy construction equipment. Another new coverage is errors and omissions coverage for real estate agencies.

But its bread-and-butter line is excess liability and umbrella business, which accounted for about 52%, or $103.4 million, of its premium volume.

Within this segment is excess professional liability coverage for hospitals and health care facilities. United National continues to offer up to $35 million in limits.

Two unrelated producers—Doran Excess Underwriters Inc of Mechanicsburg, Pa., and Myron F. Steves & Co. of Houston—both market this program on behalf of United National.

Doran Excess continues to write an insurance agents E&O program with $5 million in claims-made limits. This program produced more than $4 million in premiums in 1993 and will top $5 million this year, said Mr. Freudberg. And, Steves has for a couple of years been marketing $5 million in umbrella limits for a variety of low-hazard commercial risks.

Another key producer of excess general liability business is International Special Risk Services Inc., a unit of Arthur J. Gallagher & Co. in Itasca, Ill. Policies generally offer at least $5 million in limits.

United National is also well into its second year of writing umbrella liability for all types of risks on an in-house basis. Capacity is $10 million, and greater limits can be offered with the help of facultative reinsurance.

Primary liability coverages accounted for about 31%, or $61.7 million, of the company's book. New programs include a heavy construction equipment operators policy and real estate agents E&O.

The managing general agent on the real estate agents program is R.C. Salisbury & Associates of Bountiful, Utah, and coverage is written on a monthly basis due to the seasonal nature of real estate sales.

United National last year terminated a contractors primary general liability program that Mr. Freudberg said was going well. "The producer (Alexander Howden North America Inc.) found that it needed an admitted facility for this line. It was a textbook case of surplus lines getting pushed out by admitted carriers bidding for the same business."

Commercial multiperil packages accounted for about 8%, or about $16 million, last year. United National lost some of this business when one of its top California-based producers, UCA General Agency Inc., created its own insurance company.

Offsetting some of that lost volume is a successful property and liability package for gaming operations in Nevada. The program offers $2 million of property coverage and $1 million of liability insurance and is produced by Western General Agency Inc. of Salt Lake City.

An in-house truck physical damage program that United National took over from an outside MGA was responsible for about 5%, or about $10 million, last year. Mr. Cohen pointed out that this book of business got smaller in 1993 when the company canceled many policies due to poor loss experience.

He said the target is fleets of five or more vehicles.

Lastly, property and miscellaneous coverages accounted for 4% of United National's premiums, or about $8 million.

Consistent with previous years, United National retained just over 31% of its non-admitted premium volume in 1993. Its core treaty reinsurers remained Employers Reinsurance Corp. and Constitution Reinsurance Corp.

On the facultative side, United National last year added Zurich Reinsurance Centre Inc., Underwriters Reinsurance Co., Swiss Reinsurance Co. unit North American Reinsurance Group and Frankona America Reinsurance Co. to a list that already included Employers Re, Munich America Reinsurance, American Re-Insurance Co., General Reinsurance Corp., Skandia American Reinsurance Corp. and Assicurazioni Generali S.p.A.

Last year, United National reported a penalty of $83,023 for overdue authorized reinsurance and a $1.34 million provision for unauthorized reinsurance.

Mr. Tate explained that the unauthorized reinsurance provision jumped last year from $290,315 in 1992 because United National terminated a contract with one reinsurer that had accepted 100% of a certain program.

As part of the commutation agreement, United National accepted some of that reinsurer's retrocessional companies as its reinsurers, some of which were unauthorized.

Meanwhile, policyholder surplus increased nearly 10% to $155.2 million from $141.1 million in 1992. That increase came in addition to a $9 million dividend United National paid to its parent, American Manufacturing Corp. of Philadelphia.

Through June of this year, the insurer was on a growth pace consistent with 1993. Non-admitted premiums in the first half totaled $147 million, up 47% from about $100 million in 1993. Gross premiums totaled $184 million, up nearly 50% from $123 million a year ago. Midyear net income fell slightly to $9.4 million from $9.5 million.

For the rest of 1994 and into next year, the company's goal is to stay the course and possibly acquire an agency.

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

Besides Messrs. Freudberg, Cohen and Tate, other top executives are Chairman Raymond Freudberg, Treasurer Daniel Kelleher and Ken Garcia, vp-claims.

United National has an A+ rating from A.M. Best Co.

—By Michael Schachner

Illinois Insurance Exchange

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

	1993	1992
Gross premiums	$266,113,806	$200,353,155
Non-admitted	$186,454,949	$148,441,421
Commercial risks	92.74%	93.46%
Net premiums	$178,425,967	$164,782,822
Paid-in capital	$20,647,377	$19,147,377
Capital & surplus	$173,088,638	$147,691,147
Employees	32	32
Combined ratio	98.92%	101.96%
Net income	$9,656,520	$7,286,016
Best's rating	NA	NA

Gross premiums written by the Illinois Insurance Exchange last year set a new record for the 13-year-old underwriting organization.

The IIE's 11 active syndicates wrote $266.1 million in gross premiums last year, 1.8% higher than the previous record of $263 million set in 1986 during the last hard market.

The IIE's gross premiums last year were 32.8% higher than the $200.4 million written by IIE syndicates in 1992.

Premiums written on a direct, non-admitted basis increased 25.6% to $186.5 million from $148.4 million in 1992. That result helped IIE keep its rank as the sixth-largest U.S.-based surplus lines insurer in the *Business Insurance* rankings.

The IIE's active syndicates, which dropped to 11 at year end, from 13 a year earlier, also saw net written premiums increase 8.3% to $178.4 million from nearly $164.8 million.

Increases in premium volume were also reflected in an overall increase in net income, which grew 32.5% to nearly $9.7 million from nearly $7.3 million.

The vast majority of that earnings growth came from the outstanding performance of Britamco Underwriters Inc., which reported net income of nearly $8.8 million compared with $5.1 million in 1992. Five other syndicates reported net losses ranging from $326,000 to nearly $2.8 million, due in part to poor investment returns.

The concept of an insurance exchange, in which syndicates operate both individually and as part of the group linked by a $35.2 million guaranty fund, offers buyers both security and variety in the types of insurance products offered.

An important part of the exchange's role is to act as an "incubator" for new products that

Continued on next page

Continued from previous page

other markets overlook, overprice or refuse to write, said James M. Skelton, the IIE's president and chief executive officer.

IIE syndicates have been successful at providing surplus lines coverage for a wide variety of risks, including blood banks, battered persons shelters, daycare centers, kidney dialysis facilities, liquor stores and supermarkets.

Product liability, professional liability and Main Street commercial business are the top three coverages IIE syndicates write, in that order, Mr. Skelton said.

IIE syndicates also provide professional liability coverage for groups of dentists and hospitals, though they generally avoid providing such coverages for individual physicians and attorneys.

In addition, "we are doing a lot more program-type business," including product liability coverage for jet ski manufacturers as well as combined property and casualty policies for other types of businesses, Mr. Skelton said.

"We're also doing a lot of risk purchasing group business, where the syndicates are the insurer for the purchasing group," he added.

That type of coverage is expected to help the IIE's bottom line in the future, he said. "It's business that's generally constant

IIE is likely on track for $300 million in gross premium writings in 1994, says James M. Skelton.

and stays with you, because associations are less inclined to shop once they have established a relationship," he added.

"We are also doing a little more marine business," by insuring U.S.-based yachts and other vessels, Mr. Skelton said. This is an example of "reverse-flow business" for the exchange, since the U.S.-based risks first sought coverage from the London markets before buying it from Chicago-based exchange syndicates.

Two syndicates—Britamco and Classic Syndicate Inc.—have established business relationships with London-based underwriters in the past 12 months to encourage more business, he added.

"There is a need for capacity in light of Lloyd's financial problems, but I don't think we are competing with them," he said.

In addition, the syndicates are writing more property risks recently, especially in coastal areas, since other insurers are shunning them following recent catastrophe losses, Mr. Skelton said.

The IIE's improved combined ratio is primarily a function of increased rates for property coverages for apartment complexes and commercial shipping centers in coastal areas, he said.

IIE syndicates generally write $5 million in property limits, though they can put together up to $20 million in limits by cooperating in a line slip.

Property underwriters tend to work better together than do the IIE's casualty underwriters, where there has been less demand for higher limits, he noted.

Not all syndicate efforts are worth continuing, investors decide.

ERIC Syndicate Inc. stopped writing primarily property transfer coverage for pollution risks last year, in part because it faced too much competition as a startup player. It withdrew from the exchange effective December 1993, but only after fully reinsuring its liabilities.

In another change, Geneva Underwriters Syndicate Inc. and Geneva Assurance Syndicate Inc. were acquired in December 1993 by Concord General Corp., which owns the Classic Syndicate Inc. Geneva Underwriters is currently running off its book of business.

Most of the IIE syndicates are broker-based and generate business from 125 exchange brokers throughout the country.

Ratings of individual syndicates by A.M. Best's "has been a big plus," for a number of reasons, Mr. Skelton said.

"It's very helpful to everyone on the exchange when anyone gets a rating," he said.

After a syndicate gets a letter rating, the quality of the submissions to it "significantly improves," he added. In addition, with the ratings has come greater interest on the part of "grade A" reinsurers to provide reinsurance to the syndicates.

Currently, six syndicates have traditional Best's letter ratings, with Classic Syndicate the leader with an A- rating.

In the last year, two syndicates' Best's ratings each improved a notch. Britamco and Comprehensive Ensurers Market Syndicate Inc. each saw their ratings improve to B++ from B+. However, the Best rating for one syndicate, Resure Inc., dropped to B from B+.

The remainder of the syndicates have only Financial Performance Index ratings from Best.

Individual syndicate ratings are an important key to the IIE being able to expand its markets beyond the 43 states and territories where it currently operates.

The IIE made what it considers significant progress when it reached an agreement with the New York Insurance Department that relaxed the state's regulatory resistance to the exchange concept and opened the door for well-capitalized syndicates to write coverage there (*BI*, July 18).

The IIE plans to recommend that four IIE syndicates with more than $15 million in capital and surplus apply to write coverage there—Britamco, Classic, First Mercury Syndicate Inc. and Transco Syndicate #1 Ltd.

The Excess Lines Assn. of New York, which is a state-recognized overseer of the surplus lines marketplace, will review each syndicate's fitness to determine if it is eligible to write coverage in New York. The IIE hopes that its breakthrough in New York will encourage neighboring states also to accept the exchange.

Meanwhile, the exchange was able to negotiate a compromise with state regulators, who softened proposed security requirements for the IIE in proposed model law regulating non-admitted insurers (*BI*, Dec. 13, 1993).

Despite the trend toward increased regulation of surplus lines business, the IIE is hopeful for the future.

"We're looking at a 15% to 16% increase in production," Mr. Skelton said, which could mean a new record in gross written premiums.

The exchange appears on track to set a new record this year too, as gross premiums in the first six months of 1994 totaled $142.4 million, compared with $130 million a year before. "It looks like we are on track for $300 million (in gross premium writings) in 1994," he said.

—By Meg Fletcher

General Star Indemnity Co.

695 E. Main St., P.O. Box 10354,
Stamford, Conn. 06904-2354;
203-328-5700; fax: 203-328-6460

	1993	1992
Gross premiums	$187,338,095	$178,594,988
Non-admitted	$181,639,846	$175,323,313
Commercial risks	96%	95%
Net premiums	$127,403,254	$112,394,358
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$246,214,371	$210,155,020
Employees*	0	0
Combined ratio	96.2%	97.4%
Rating agency	95.5%	96.6%
Net income	$36,240,746	$33,906,785
Best's rating	A++	A++
S&P rating	BBq	BBq

* Management provided by General Star Management Co.

Falling rates in several areas and increased competition kept a tight cap on revenue growth at General Star Indemnity Co. last year.

The sluggish growth saw the General Re Corp. subsidiary slip to sixth in the *Business Insurance* rankings of surplus lines insurers from No. 4 in 1993.

But, revenues should rise in 1994, thanks to increasing property rates and business volume in new environmental, biotechnology and railroad products, and a reduction in writing unprofitable business, the insurer's executives say.

Premiums written on a direct non-admitted basis by General Star Indemnity increased to $181.6 million in 1993 from $175.3 million in 1992. Overall gross written premiums rose to $187.3 million from $178.6 million the previous year.

General Star Indemnity writes on an admitted basis only in Connecticut.

The insurance market's failure to harden made for a disappointing 1993, said Kevin P. Brooks, General Star Indemnity's chairman and president. "We believed that between the natural disasters and the length of the soft market, prices would firm up. We found that they did not," he said.

In fact, in several areas prices dropped, Mr. Brooks said.

In the umbrella liability market, for example, rates fell by between 5% and 20%, and in the general liability market prices fell by between 5% and 15%, he said. "The bigger the account, the bigger the discount."

And the definition of large-account business in the primary casualty market is changing, said Vp Ronald S. Austin. "Anything in excess of $75,000 in premium is now regarded as a large account. A year ago, it would have been $100,000, and a year before that, it would have been between $125,000 and $150,000 in premium.

That business is now being chased by more insurers, both admitted and non-admitted, Mr. Austin said.

But, not all rates are dropping.

Property premiums in the Southeast continue to soar and deductibles are being increased as capacity continues to shrink since Hurricane Andrew struck in 1992, Mr. Brooks said.

A typical increase in deductible for a condominium worth $3 million might be $50,000 to $300,000, he said.

As a result, General Star Indemnity is writing significantly more wind deductible buyback business, Mr. Brooks said. Buybacks allow policyholders to reduce their deductibles for an additional premium.

"A lot of condominium owners cannot afford to absorb a $300,000 loss, so instead they purchase a wind deductible buyback," he said.

General Star Indemnity offers $250,000 in coverage excess of $50,000 for wind deductible buybacks.

The Los Angeles earthquake in January also led to a tighter property market in California, Mr. Brooks said.

Although General Star Indemnity writes few property coverages on the West Coast, that may change as companies are less restrictive in their coverage requirements, he said. "Four years ago, when we first tested the waters, it was almost a given that in order to write property you had to include some earthquake coverage, but today there is a willingness to look at it without earthquake."

Property business now accounts for about 10% of General Star Indemnity's premium income, compared with 1% four years ago, Mr. Brooks said.

Small accounts are also a source of increasing premiums, he said.

Although the rates are not increasing, the premium volume for businesses with increasing exposures is rising in line with the risks.

"Two years ago, the growth (in exposure) would have been absorbed by the company—not by the insurer," Mr. Brooks said.

In the future, environmental coverages should help boost revenues, he said. "It is an area where the admitted market will let you play. It's a tough class. There are lot of people that are carrying a lot of baggage from the 1960s and 1970s that are now staying away from the environmental area because being wrong about it twice would be a source of unemployment," Mr. Brooks said.

Last year, General Star Indemnity launched several environmental insurance products. It offers professional liability coverage for environmental consultants and general liability coverage for environmental remedial contractors and manufacturers of pollution abatement and control equipment.

"We have been satisfied thus far with the environmental products and we will be launching some new products in that field," said Mr. Austin.

However, additional competitors are entering the market, he said. Other surplus lines insurers, risk retention groups and risk purchasing groups are all offering more environmental coverages, he said.

Last year, General Star Indemnity launched a new product aimed at the biotechnology industry. The general liability policy covers clinical trials. The insurer offers $1 million in primary coverage and up to $20 million in excess coverage, but the majority of policyholders would purchase no more than $5 million in coverage, Mr. Austin said.

"We have been satisfied with the response, but the marketplace has not grown to the extent that we thought it would. . .but, like the environmental field, it is an emerging industry."

In the past year, General Star Indemnity has also launched a coverage for short-line railroads.

The policy covers general liability, rolling stock, bill of loading coverage and fire suppression. The insurer offers $2 million in primary coverage and $10 million in excess.

General Star Indemnity is trying to reduce its package policies for property risks. The policies cover dwellings, restaurants, supermarkets and office buildings.

"The low rates have meant that the experience has been awful, so we are de-emphasizing that coverage," Mr. Brooks said.

Capacity remains the same as last year in all of the main departments at General Star Indemnity.

The company offers: $20 million for excess liability risks; $1 million for primary risks for most lines but can provide $2 million; and $5 million in property capacity. The facilities department, which is made up of business from managing general agents, offers $1 million.

General Star Indemnity had a net income of $36.2 million in 1993 compared with $33.9 million in 1992.

The company's surplus also increased to $246.2 million from $210.1 million in 1992.

"Our underwriting results were good, our investment income was good and there has been no significant change in our combined ratio," Mr. Brooks said.

The combined ratio edged down to 96.2% in 1993 from 97.4% in 1992.

General Re Corp., General Star Indemnity's parent, is the surplus lines company's main reinsurer.

The number of MGAs producing business for General Star Indemnity is unchanged at 35. The insurer has about 220 producers based throughout the country.

In the past year, the company has introduced a new imaging computer system that allows faxed messages to be input directly into the computer underwriting system.

"It allows the underwriters to have instantaneous access to submissions from producers," Mr. Brooks said.

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

In addition to Messrs. Brooks and Austin, General Star Management's principal officers are Vps Sam Anderson, Patricia Roberts and Adin Tooker.

General Star Indemnity has an A++ rating from A.M. Best Co.

—By Gavin Souter

Reliance Insurance Co. of Illinois

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

	1993	1992
Gross premiums	$203,451,506	$188,623,744
Non-admitted	$166,604,507	$135,720,371
Commercial risks	100%	100%
Net premiums	$16,193,099	$14,859,426
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$21,375,775	$16,911,266
Employees	0	0
Combined ratio	111.8%	117.9%
Net income	$1,569,653	$1,015,357
Best's rating	A-p	A-p
S&P rating	A	BBB+

Continuing interest in an up-and-coming product and permission to operate in a major industrial state were two of the high points of a generally good year for Reliance Insurance Co. of Illinois.

In fact, the surplus lines insurer's premium volume written on a direct, non-admitted basis surged to $166.6 million last year from $135.7 million a year earlier, an increase of 22.8%. Net income also grew significantly to $1.57 million from $1.02 million a year earlier, for an increase of nearly 54%.

"We still do the same lines of business that we did this time last year, and capacity is pretty much the same," said Pennington H. Way, executive vp of New York-based sister company Reliance National Insurance Co., which oversees Reliance Group Holding Inc.'s surplus lines operation.

"The business going in there is the same as last year and why volume's going up, I can't honestly be sure," he said.

These steady results have Reliance Insurance Co. of Illinois holding firmly as the seventh-largest U.S.-based surplus lines insurer in the *Business Insurance* rankings, a position it held last year as well.

The market is still extremely competitive and gives no sign of change,

Continued on next page

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Mr. Way said. "We have to operate as if this is the market and it's going to stay this way for a long time," he said, predicting that "whatever will happen will happen gradually."

"We're not predicting great growth," except in the insurer's extremely popular employment practices liability policy, he said.

In fact, employment practices could be one of the reasons Reliance of Illinois performed so well last year. The program offers limits of up to $5,000, with a minimum deductible of $10,000 and a minimum premium of the same amount.

The policy provides coverage for such risks as wrongful termination, sexual harassment, discrimination and actions brought under the Americans with Disabilities Act of 1991.

Mr. Way calls the employment practices policy, which was developed by Reliance, "a product that is still evolving but it is taking off." He said that the coverage's premium volume increased four fold during the past year, although he would not reveal the 1992 volume.

Mr. Way gave a pair of reasons for the product's popularity. "Corporations now realize it's a coverage they need to have," he said. And, brokers realize they need to offer the product to clients as a defense against errors and omissions lawsuits. The standard directors and officers liability contract, while offering protection to individual officials, does not provide the corporation itself with protection from such risks, he said.

Mr. Way sees a bright future for the product, which is currently facing limited competition.

Mr. Way added, however, that the policy is not always an easy one to sell. "There is also a steep learning curve required on employment practices. All brokers can't sell it. The brokers that are most successful are those that really get in and tear the coverage apart and are real students of the business," he said.

"We're finding that we put out a lot of quotations. They don't die, but they kind of go into limbo for a while and out of the blue, six or seven months later, we'll get an order," he explained.

He said that the six- or seven-month lapse occurs because the policyholder evaluates the need and also evaluates how to get the premium into their risk management budget.

Only a limited number of producers—mostly wholesalers—are authorized to sell the product, he said. But he thinks that the alphabet houses should get more involved in selling the product, because it could be a key source of association business.

He noted that Reliance is an "endorsed carrier for McDonald's" franchises. Even though the individual policies are small, "that turns into a big account," said Mr. Way.

He said he is concerned, though, that as the product becomes more attractive, underwriters without expertise will enter the market. He fears they will drive down prices with unrealistic underwriting.

Mr. Way said that another major development during the past year is the approval of Reliance of Illinois to operate as a non-admitted insurer in New Jersey. "That is something we are very positive about because New Jersey is a very industrialized state and has a lot of the tough business" in which the surplus lines insurer specializes.

The only states left in which Reliance of Illinois does not operate are New Hampshire and Rhode Island. Mr. Way said there are no plans to enter those markets. The company operates as a non-admitted insurer in every other state except Illinois, where it operates on an admitted basis.

Although employment liability is emerging as a star coverage for Reliance of Illinois, the company really has no "bread-and-butter" business, said Mr. Way.

Reliance of Illinois is "very active" in what it classifies as miscellaneous professional liability, said Mr. Way.

This category includes professions such as management consultants, communications professionals and data processors. The category also includes advertising errors and omissions and coverage for insurance agents and brokers.

Mr. Way stressed, however, that miscellaneous professional liability can also cover "one-of-a-kind type things" such as an organization that formulates standards of conduct for a particular profession.

The insurer also writes architects and engineers professional liability and lawyers' liability coverage. Mr. Way said the insurer has revised guidelines for its architects and engineers program, focusing its attention on smaller and mid-sized risks.

Directors and officers liability is also a key part of Reliance of Illinois' book of business.

Typical customers would be new companies, companies emerging from Chapter 11 bankruptcy protection and companies that had financial problems that appear to be over, said Mr. Way.

Excess and surplus general liability and a certain amount of property coverage also have a place in the book. Mr. Way said that the result of "all these little pieces" is a premium volume of $166 million that's "not driven by any one piece."

Reliance of Illinois' 1993 gross premium volume was $203.5 million, compared to $188.6 million in 1992. The company's net written volume increased nearly 9% to $16.2 million from $14.9 million a year earlier.

Surplus grew more dramatically to $21.4 million from $16.9 million a year earlier, an increase of 26.6%. The insurer's statutory combined ratio also improved greatly to 111.8% from 117.9% a year earlier.

Reliance of Illinois carries a Best's rating of A-p, unchanged from 1992. However, Standard & Poor's raised the insurer's claims-paying ability to A from BBB+ a year earlier.

Mr. Way said there were no significant changes in the insurer's reinsurance program.

"Reinsurance is readily available," he said. According to its annual statement, the company took no charge for overdue authorized reinsurance and a charge of $234,000 for unauthorized reinsurance, an increase from the 1992 charge of $97,319.

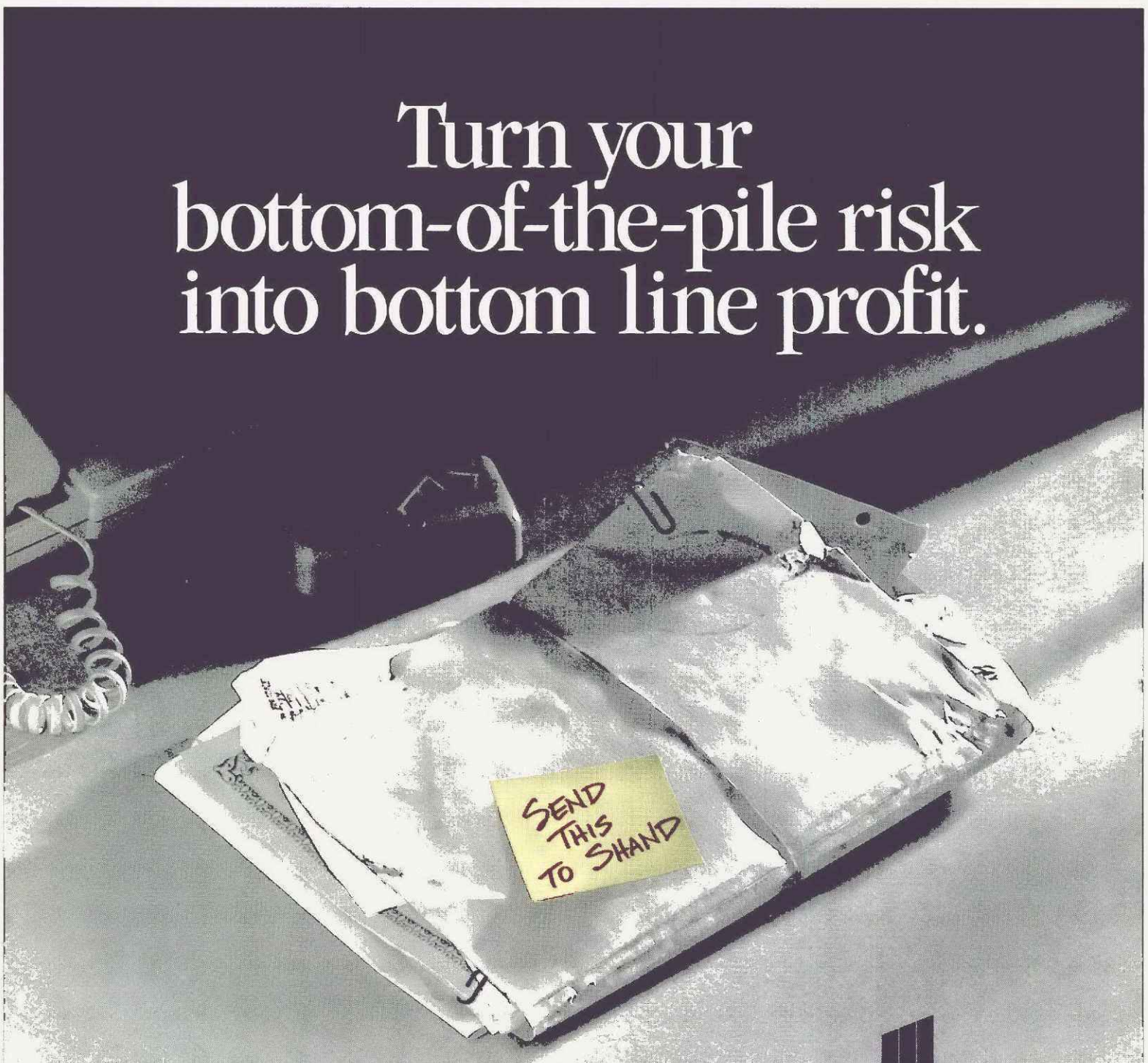
Reliance of Illinois is continuing to cull its producer list, said Mr. Way.

"Our marketing department has an agency development unit. They work with our field offices. They're constantly reviewing our producers" and removing some of them from the approved list. He said the company had approved some producers who never used Reliance of Illinois.

Reliance of Illinois has no employees of its own. It is staffed mainly by Reliance National employees in Reliance National's New York headquarters. Reliance National underwrites specialty and standard commercial coverages through several Reliance Group Holdings units, including Reliance of Illinois.

The company's principal officers are Dean W. Case, chairman and president; Jerome H. Carr, senior vp and chief financial officer; Kenneth R. Froelich, senior vp and chief actuarial officer; Robert Krisowaty, senior vp and controller; and Lee H. Routledge, vp and chief counsel.

—By Mark A. Hofmann



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Spotlight report

The Home Insurance Co. of Illinois

10 S. Riverside Plaza, Chicago, Ill. 60606; 312-559-9500

	1993	1992
Gross premiums	$176,500,368	$154,235,523
Non-admitted	$136,058,380	$124,561,476
Commercial risks	100%	100%
Net premiums	$18,481,994	$15,141,783
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$16,020,111	$16,388,623
Employees	N/A	N/A
Combined ratio	127.2%	111.9%
Rating agency	127.1%	112.4%
Net income	(1,367,653)	1,989,746
Best's rating	A-	A-
S&P rating	A-	A-

With the launch of a lead paint liability insurance product, The Home Insurance Co. of Illinois hopes to become a significant player in environmental insurance.

The surplus lines insurer is expanding other specialty coverages and expects to contribute to parent The Home Insurance Co.'s goal of having 40% of its business come from specialty coverages, up from 27%.

"We'll do that by expansion in the lines we are already in and by launching new products," said Frank Patalano, executive vp and president of specialty lines at The Home Insurance Co.

In 1993, The Home of Illinois' non-admitted direct premiums grew 9.23% to $176.5 million from $154.2 million, one of the smaller increases among the Top 10 surplus lines companies, but good enough to remain in the No. 8 spot.

On the new product front, the company began offering a liability insurance policy that covers residential building owners' liability for lead paint contamination claims (*BI*, Sept. 5).

The coverage offers $1 million in aggregate capacity. Higher limits will be considered for some risks.

"It's a complicated coverage and we've been working on the product for some time," said Mr. Patalano. "It is something that most companies run away from."

The Home of Illinois hopes the product will raise its profile in environmental insurance, an area where the company has not been a significant player. It plans to offer similar coverage to banks, mortgage companies, schools, municipalities, public housing authorities, and commercial building owners.

The Home of Illinois plans to further expand environmental coverages with the launch of new products. Environmental coverages should provide rich pickings for insurers that are prepared to offer them, said Bob Spiro, senior vp.

"We are seeing the development of new liability concepts and out of those laws come the opportunity of launching new products to provide coverage," he said.

One earlier The Home of Illinois offering, meanwhile, has sold poorly.

The policy, which covers certain landfill operators with non-hazardous waste, is written on a claims-made basis and offers $5 million in capacity for general liability, pollution liability and professional liability risks.

Mr. Spiro cites two reasons for the lack of success.

First, The Home of Illinois miscalculated the timing of Superfund reauthorization, betting that new laws would soon require landfill operators to buy more coverage.

"We thought the Clinton administration would be more forceful," said Mr. Spiro. "We were a little premature with it."

Second, other companies are offering similar coverage at better prices.

"We were not willing to compete at their prices," Mr. Spiro said.

Higher rates and aggressive marketing have fuelled revenue growth for The Home of Illinois.

One area of particularly strong growth, said Mr. Patalano, has been directors and officers liability coverage, which is one of the five main areas of the company's business.

The Home of Illinois specializes in insuring new companies and ones with financial histories that prevent them from securing admitted market insurance.

"Most insurers want to see a company tested before they write D&O," said Mr. Patalano. "We evaluate the companies and provide coverage for them until they develop experience, and then other insurers come in and compete for the business."

The Home of Illinois offers $10 million in capacity for D&O risks on a primary and first excess basis.

For general and product liability it writes up to $15 million in capacity, including buffer layers and lead umbrella coverages.

Excess casualty in mid-level and higher layers is written with $50 million in capacity.

Capacity for miscellaneous errors and omissions coverage is $2 million.

Trucking liability capacity is $5 million.

The trucking liability business has been going poorly—which Mr. Patalano attributes to adverse selection—and is being restructured.

"What we are trying to do is de-emphasize the long haul trucking and emphasize regional and smaller operators and we are structuring our pricing accordingly," he said.

Other than trucking, the company's book of business is good, he adds.

The Home of Illinois' statutory combined ratio shot up to 127.9% in 1993 from 111.9% a year earlier. And its net losses hit $1.4 million, compared with net income of about $2 million in 1992.

Mr. Patalano attributes the deterioration to losses in other Home companies.

"We're a pooled company and we had to strengthen reserves," he said, "but the combined ratio for The Home of Illinois is under 100%."

Growth has also been restricted by the soft admitted liability market, said Mr. Spiro. "We are being affected by the soft market but we have done well despite it. We have provided a stable market so we have some loyalty," he said.

The soft market may be coming to an end, Mr. Spiro said. "It is still very soft but I think the market has bottomed out," he said.

The main producing brokers for The Home of Illinois are: Alexander Howden North America Inc.; Stewart Smith Group Inc.; Swett & Crawford Group; Repath Associates Inc.; ARC Excess & Surplus Inc.; Cooney Richert & Curtin; Langan & Co.; Kelly & Elliott; and Major Surplus Lines Inc.

The Home Insurance Co. is The Home of Illinois' sole reinsurer through a pooling arrangement. All direct business is ceded to The Home, with The Home of Illinois then assuming $16.8 million in reinsurance from affiliated insurers.

In 1993, the company added offices in Houston and in Los Angeles to its offices in Atlanta, New York, and Chicago.

Further offices will likely be opened in Dallas and San Francisco, Mr. Patalano said.

Internationally the Home companies operate through correspondent

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Continued from previous page
relationships with insurers in about 60 countries.

Senior management changed at The Home of Illinois in 1994.

Former Chairman and President Arthur Phillips left in April to join Great American Insurance Co.

Mr. Patalano joined in June. Previously he was president of the professional liability division at National Union Fire Insurance Co. of Pittsburgh, Pa., a unit of American International Group Inc. in New York.

In addition to Mr. Patalano and Mr. Spiro, senior officers at The Home of Illinois are: George Reider, John Schroeder, John Tetro, executive vps; and Charles McConnell, chief actuary.

The Home of Illinois carries an A-rating from A.M. Best Co.

—By Gavin Souter

Evanston Insurance Co.

Shand Morahan Plaza, 1007 Church St., Evanston, Ill. 60201; 708-866-2800; fax: 708-866-0778

	1993	1992
Gross premiums	$181,544,304	$130,178,224
Non-admitted	$118,627,036	$95,035,021
Commercial risks	99.3%	95.5%
Net premiums	$127,225,347	$84,495,702
Paid-in-capital	$8,251,229	$8,251,229
Capital & surplus	$105,662,006	$88,096,666
Employees	175	186
Combined ratio	105.9%	106%
Net income	$11,018,170	$32,146,603
Best's rating	A	A-
S&P rating	A-	A-

Evanston Insurance Co. is faster, more focused and more financially secure than ever before, according to Paul W. Springman, president and chief executive officer.

As a result of these improvements, the surplus lines insurer increased its premiums written on a direct, non-admitted basis an impressive 25% in 1993 to $118.6 million from $95 million the previous year.

Based on this premium volume, Evanston is the ninth-largest U.S.-based surplus lines insurer ranked by *Business Insurance*, up from 10th place in the 1993 ranking.

"We are quoting business faster today that we ever have in the past," so the insurer is looking at more business and, as a result, booking more business, Mr. Springman said. "We really recognize the value of speed in business because speed is the major ingredient in winning."

Evanston also is reaping the benefits of another A.M. Best Co. rating improvement to A from A-last year, according to Mr. Springman. "There are clients that demanded an A rating," he noted.

Evanston's gross premium volume rose to $181.5 million in 1993 from $130.2 million in 1992, a 39% increase. More than half of that increase is due to increased business from a reinsurance pooling arrangement Evanston has with affiliates Insurance Co. of Evanston and Markel Rhulen Insurance Co., all of which are owned by Richmond, Va.-based Markel Corp. The remaining portion of the increase is due to increased business from broker affiliate Shand, Morahan & Co.

Net written premiums increased 51% to $127.2 million from $84.5 million in 1992.

Evanston's percentage of gross premiums written on a direct, non-admitted basis related to commercial risks grew to 99.3% in 1993 from 95.5% in 1992 because of a small change in the mix of business under the Markel Rhulen portfolio, according to Mr. Springman.

Evanston's combined ratio remained about the same: 105.9% in 1993, compared with 106% in 1992.

Policyholder surplus, though, grew nearly 20% in 1993 to $105.7 million from $88.1 million in 1992. The growth is "100% due to the increase in unrealized capital gains in the company's investment portfolio," Mr. Springman said.

Net income, however, fell 66% in 1993 to $11 million from $32.1 million in 1992. However, the 1992 net income figure was inflated because of a cash dividend Evanston received in a swap of subsidiaries with another Markel Corp. unit, Mr. Springman explained.

First-half results for 1994 look encouraging: premiums written on a direct, non-admitted basis totaled $69 million during the period, 17% higher than first-half 1993 premium volume of $59 million.

Evanston specializes in hard-to-place liability and professional liability insurance. "If you've got a quote from three or four other markets, it doesn't make sense to come to Evanston," advises Mr. Springman. But for those with unique problems and situations, Evanston offers numerous programs, including:

• Medical malpractice insurance, which accounted for $27.5 million, or 23%, of premiums written on a non-admitted basis last year.

Evanston offers "specified" medical professional liability coverage for specialized medical facilities like outpatient surgical centers or mobile chemotherapy or kidney dialysis units.

Limits of $2 million per claim/$6 million aggregate are available for most of these classes. The aggregate limit is up from $2 million last year.

Evanston also writes professional liability coverage for individual physicians, surgeons and dentists. This coverage is geared to medical professionals with "special needs," such as those who have had problems with substance abuse, bankruptcy, Medicare fraud conviction, or have a poor claims history.

Evanston offers limits of $1 million per claim/$3 million aggregate for most of these classes.

• Directors and officers/errors and omissions liability coverages for financial institutions. Annual premium volume was $19 million in 1993, or 16% of total premiums written on a non-admitted basis.

Limits of $10 million per claim/$10 million aggregate are available for this coverage, up from limits of $5 million per claim/$5 million aggregate last year.

• The "K facility," a kind of clearinghouse for liability risks that do not fall into other categories. The K facility accounted for $15 million of premiums written on a non-admitted basis last year, or nearly 13% of the total.

Some of the policies that Evanston has written through the K facility in the past year include stand-alone sexual abuse liability coverage for an archdiocese with a past history of such problems and liability coverage for gambling casinos on Indian reservations.

Evanston offers limits of $1 million per claim/$1 million aggregate.

• Miscellaneous errors and omissions liability coverage for white collar professionals like third-party administrators, environmental consultants and tour operators. Approximately 11%, or $13.3 million, of Evanston's 1993 premiums written on a non-admitted basis were generated by this class.

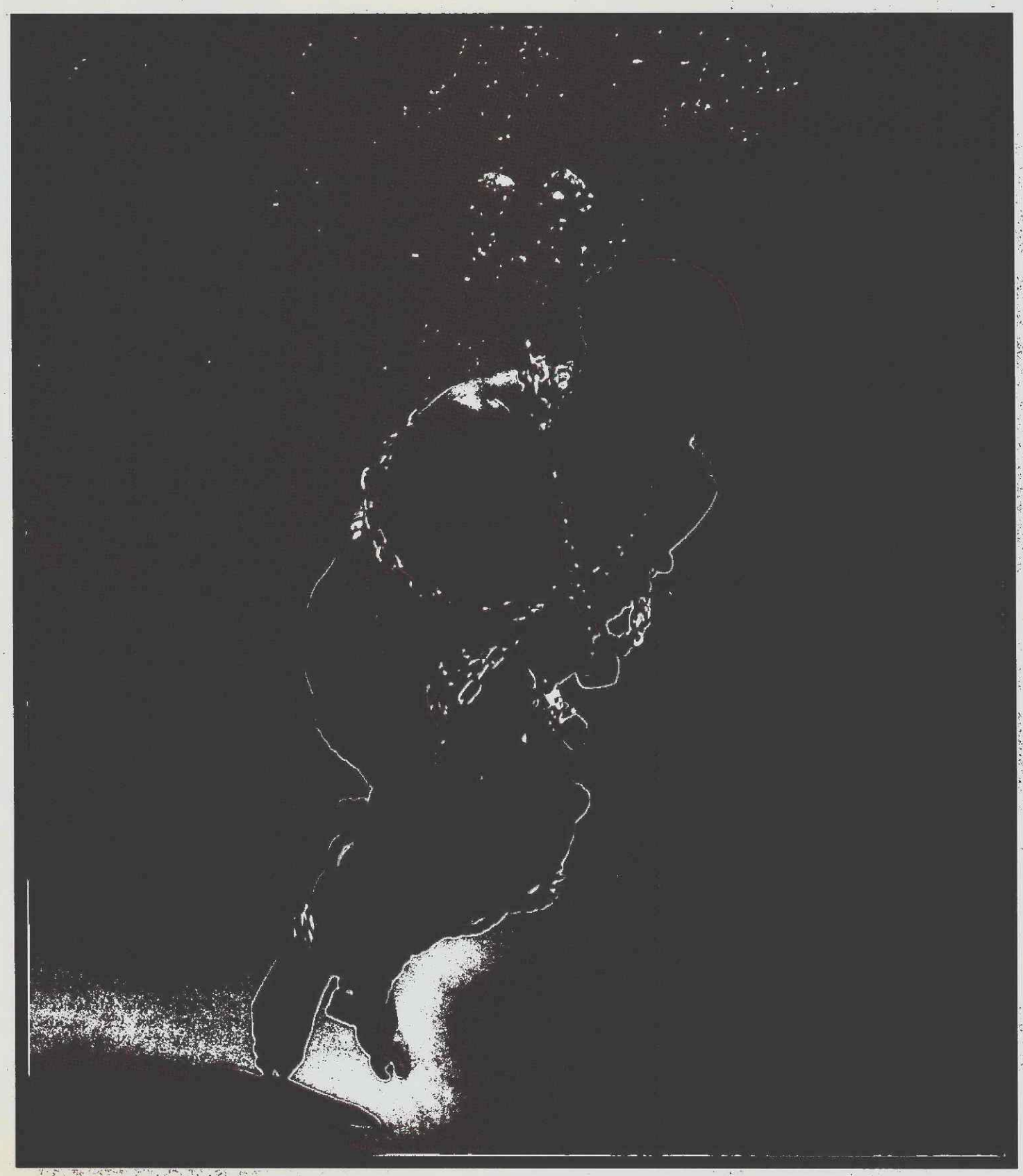
Available limits are $5 million per claim/$5 million aggregate.

• Product liability coverage, which accounted for $12 million, or 10%, of premiums written on a non-admitted basis last year.

Typical product liability coverage

Continued on next page

BENNY LEE, ESCAPE ARTIST



Continued from previous page
written by Evanston includes coverage for chemicals; pharmaceuticals; aviation equipment; and medical equipment.

Evanston also has been writing more product liability coverage for sporting goods and recreational equipment, such as go-carts, snowboards, in-line roller skates, trampolines, and exercise equipment because many admitted insurers are no longer interested in writing this coverage, according to Mr. Springman.

Limits for the product liability coverage are $2 million per claim/$2 million aggregate.

• Professional liability coverage for architects and engineers, which accounted for 7% of the insurer's 1993 premiums written on a non-admitted basis. 1993 premiums totaled $8.1 million.

Evanston concentrates on writing coverage for structural engineers, full-service architectural and engineering firms and stand-alone projects. Evanston writes $5 million per claim/$5 million aggregate.

• Attorneys professional liability coverage, which accounted for $7.5 million, or 6%, of total 1993 premiums written on a non-admitted basis.

Evanston gears its professional liability coverage to attorneys with unique needs, such as high-profile divorce attorneys, patent attorneys and attorneys for banks and savings and loan institutions.

Evanston offers limits of $10 million per claim/$10 million aggregate, up from limits of $5 million per claim/$5 million aggregate last year.

• D&O liability coverage, which accounted for $6 million, or 5%, of non-admitted premiums written.

The target market for this coverage is high-tech companies, biotechnology or medical-related companies and start-up companies or those with initial public offerings.

Evanston offers limits of $2 million per claims/$2 million aggregate, double 1992 limits.

In late 1994 the insurer expects to increase limits to $3 million per claim/$3 million aggregate.

• Professional liability coverage for insurance agents and brokers. Annual premium volume in 1993 was $5.2 million, or 4% of total premium volume.

Evanston writes limits for this class of $5 million per claim/$5 million aggregate.

• A new liability program for scaffolding and contractor's equipment erection, rental and repair, written in partnership with The Kings Bridge Agency Inc. in Mamaroneck, N.Y.

The program, which began last year, generated $1.5 million in premiums. In 1994, Evanston expects to write $2.5 million in premium under this program.

Limits are $1 million per claim/$2 million aggregate.

Evanston retains $1 million per risk, according to Mr. Springman. It purchases reinsurance from several different A-rated U.S. reinsurers. Evanston took no charges for unauthorized or overdue authorized reinsurance in 1993.

Besides Mr. Springman, Evanston's other principal officers include: Anthony F. Markel, chairman and chief executive officer; Michael A. Rozenberg, executive vp and chief administrative officer; Edgar W. Phoebus, senior vp, secretary and general counsel; and Gerard Albanese, Jr., senior vp.

Evanston is admitted only in Illinois. The company is eligible to write as a non-admitted insurer in all states except New Hampshire.

—By Deborah Shalowitz Cowans

St. Paul Surplus Lines Insurance Co.

385 Washington St., St. Paul, Minn. 55102; 612-221-7066; fax: 612-292-8315

	1993	1992
Gross premiums	$137,700,890	$124,921,747
Non-admitted	$111,561,805	$97,694,688
Commercial risks	100%	100%
Net premiums	$26,034,085	$27,227,059
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$49,028,146	$41,317,513
Employees	206	214
Combined ratio	104.6%	117.9%
Net income	$7,542,371	$3,694,233
Best's rating	A+	A+
S&P rating	AAA	AAA

Business was back on track in 1993 at St. Paul Surplus Lines Insurance Co. after a lackluster 1992.

Gross premiums increased 10.2% to $137.7 million and premiums written on a direct, non-admitted basis—which account for about 80% of the insurer's premiums—increased 14.2% to $111.6 million.

Based on that figure, St. Paul is the 10th largest U.S.-based surplus lines insurer.

Developing new business through targeted marketing and product enhancements and maintaining its renewal book are the keys to St. Paul's improvement.

"The plan is to grow and grow profitably," said Janet R. Nelson, president and chief operating officer. "We do not expect the market to make that easy for us, nor do we expect to be able to obtain that growth and profitability through rate increases. The strategy is one of finding ways where what we bring to the table is special and adds value."

The insurer's 1993 combined ratio improved to 104.6% from 117.9% and net income more than doubled to $7.5 million. In 1992, the surplus lines company's results were hurt by The St. Paul Cos. Inc.'s $200 million loss in Hurricane Andrew, which the parent company had passed to St. Paul Surplus Lines through an intercompany pooling arrangement (*BI,* Aug. 16, 1993). The insurer will see a much smaller impact from St. Paul Cos.' $50 million charge for the January earthquake in Los Angeles.

The same catastrophes that are hurting the bottom line, however, are boosting surplus lines growth.

Property "is one notable exception to the doom and gloom of the marketplace," said Robert J. Cecconi, senior vp-surplus lines. "If you have a significant schedule that has some quake or some wind or some flood exposure in it, it's back in the marketplace. The carriers who were hurt by recent catastrophes have left the marketplace or are putting up less capacity."

The Surplus Lines division's property premiums increased 75% in 1993 and a 40% to 50% increase is projected in 1994. "We don't see any significant change in the marketplace for property in the near term," he added.

Property is "something we've always been willing to do, we've always been there to do it, we've always quoted," Mr. Cecconi said. However, "we just couldn't compete. That's not true today."

Beyond catastrophe exposures, however, many property accounts are still competitive and few classes of business are moving from the admitted market to surplus lines.

St. Paul isn't slashing rates in order to compete, though. "We may have minimal reductions on

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Continued from page 26
accounts, particularly in the casualty area, but by and large, our rates are holding pretty strong," he said.

While St. Paul Surplus Lines is writing some earthquake business displaced by the Los Angeles earthquake, "we are not pursuing property any more or any less," he said. "We continue to pursue casualty lines as well."

That pursuit is now taking the form of program marketing, particularly to industries that have had problems in the past.

In the past year, St. Paul Surplus Lines gained the business of the Petroleum Equipment Institute, an association representing manufacturers, distributors, and installers of petroleum equipment like gasoline tanks for service stations. The insurer is writing a claims-made general liability program for the association, with some limited gradual pollution cover and a $1 million limit.

The division's overall capacity hasn't changed from $13 million for property and $10 million for casualty. Up to 90% of St. Paul's casualty business is product liability. About half of that is industrial machinery, with toys and medical products such as implants and prostheses constituting the rest.

The Surplus Lines division is one of three divisions of underwriting manager St. Paul Specialty Underwriting Inc. that writes the business of St. Paul Surplus Lines. The Professional Liability division writes directors and officers liability, errors and omissions for insurers and lawyers' professional liability in Massachusetts and Rhode Island on a surplus lines basis, while the Athena division specializes in energy and primary and excess casualty business.

Professional liability capacity increased to $20 million from $15 million, which "keeps us in the hunt in terms of our competitors and the types of capacity that they make available," said Steve Brady, Professional Liability division vp.

The division's marketing strategy has become more targeted. In the past year, the division has focused on private companies and technology-related entities.

A D&O product endorsement introduced in 1994 provides defense costs to private corporations, where the board membership is often comprised largely of the main shareholder base.

"Private companies are beginning to understand that lawsuits come from a variety of sources other than just shareholders," Mr. Brady said. "There are also D&O lawsuits that are triggered by employees or triggered by other individuals or entities. Private companies are understanding that they are not immune to lawsuits simply because of their private status."

An employment practices liability coverage is also available by endorsement and a stand-alone policy is in the works.

"There's certainly more of a demand" for employment practices liability, Mr. Brady said. "Obviously we're very particular about how we apply that."

At Athena, "we saw premium growth up over 20% over the prior year," said Rick Gustafson, division vp. Premiums have grown an additional 20% through the first six months of 1994.

Athena has added two new programs in the past two months: liability for Washington state schools and commercial automobile in California.

That coverage, which Mr. Gustafson would like to expand to other territories later this year or in 1995, is written on an admitted basis through the wholesale marketplace. Athena Assurance Co. and Ramsey Insurance Co. are admitted companies used specifically to supplement activities of St. Paul Surplus Lines Co.

"Over the last couple of years, there has been a tremendous amount of upheaval in commercial auto in the state with problems with offshore companies and problems resulting from the Northridge earthquake where carriers' financial condition has become somewhat impaired," he said.

Premium volume is higher than expected for both programs.

Capacity was increased for a portion of the energy program, which remains Athena's largest. The insurer now offers $10 million for pollution liability, up from $6 million, Mr. Gustafson said.

On the property side, Athena writes rig physical damage coverage up to $5 million and $20 million limits for control of well coverage, which insures the cost of bringing a well under control after a blowout.

"Market disruptions and a desire for domestic paper have fueled an interest in our product to provide good service and capacity to client needs," Mr. Gustafson said.

Athena also writes a variety of high-risk entertainment ventures, such as bungee jumping operators and an ejection seat simulator at the Minnesota State Fair.

Mr. Gustafson plans to expand to other "fun centers" like arcades, batting cages and go-cart tracks.

Business in monoline umbrella liability for small- and medium-sized accounts "continues to prosper," but volume on liquor liability is suffering as admitted markets include it in their restaurant insurance packages.

Railroad protective and owners and contractors protective programs are outperforming 1993's pace with slight increases in premium volume.

Athena also writes some miscellaneous types of contracting, such as elevator maintenance, chemical plant and refinery contractors, all of which are "performing well in terms of additional customers and premiums."

Swett & Crawford Group, also a unit of The St. Paul Cos., produces all of the business for Athena and the Professional Liability division.

"Swett & Crawford acts as our eyes and ears in the marketplace," Mr. Gustafson said.

Swett & Crawford is also the largest producer for the Surplus Lines division.

Other wholesalers for that division include PCM Excess Ltd.; McAlear Associates Inc.; Travis-Pederson & Associates; Tri-City Brokerage Inc.; Sherwood Insurance Services; Cooney, Rickard & Curtin Inc.; Wood & Co. Inc.; Alexander Howden North America Inc. and Bryson & Associates.

In all, St. Paul Surplus Lines only does business with about 40 organizations, Ms. Nelson said.

"We've got a short list of wholesale brokers with whom we have contracts. We do that very purposefully, because a wholesale network is supposed to be an efficiency network that gets us in" the marketplace, she noted.

St. Paul Surplus Lines is an approved-non-admitted insurer in all states except Delaware, where it is admitted. It carries an A+ rating from A.M. Best Co. and a AAA claims-paying rating from Standard & Poor's Corp.

—By Sara Marley

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Directory of excess/surplus insurers

A

Acceptance Insurance Co.

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

	1993	1992
Gross premiums	$125,426,092	$92,724,986
Non-admitted	$68,631,618	$65,445,554
Commercial risks	100%	100%
Net premiums	$73,139,958	$52,277,735
Paid-in capital	$5,619,520	$2,809,760
Capital & surplus	$57,044,078	$33,324,036
Employees	250	200
Combined ratio 1	104.5%	106.8%
Combined ratio 2	104.5%	106.7%
Net income	$1,293,700	$896,609
Best's rating	A-	A-
S&P's rating	BBBq	BBBq

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

Admiral Insurance Co.

1255 Caldwell Road, Cherry Hill, N.J. 08034; 609-429-9200; fax: 609-795-9301

	1993	1992
Gross premiums	$117,920,486	$82,586,574
Non-admitted	$91,220,155	$75,597,358
Commercial risks	100%	100%
Net premiums	$56,682,864	$35,463,750
Paid-in capital	$3,000,000	$3,000,000
Capital & surplus	$145,018,547	$111,994,214
Combined ratio 1	107.9%	97.1%
Combined ratio 2	NA	94.9%
Net income	$19,061,824	$19,766,899
Best's rating	A++ VIII	A++ VIII

Founded: 1952.
Parent: W.R. Berkley Corp.
Specialties: Commercial general liability on manufacturing and contractors, professional liability.
Approved non-admitted in: All states except Delaware and New Jersey.
Admitted in: Delaware, New Jersey.
Officers: Michael J. Snead, chairman; John J. Kinsella, president; Kathleen Crawford, treasurer/senior vp; Kevin P. Hannon, senior vp/secretary; Herbert Ruffer, senior vp-underwriting services.
Contact: Herbert L. Ruffer.

Adriatic Insurance Co.

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

	1993	1992
Gross premiums	$15,759,790	$13,823,183
Non-admitted	$15,759,790	$13,663,429
Commercial risks	93.5%	88.0%
Net premiums	$12,903,486	$11,321,360
Paid-in capital	$1,500,000	$1,500,000
Capital & surplus	$16,070,435	$15,148,520
Employees	18	18
Combined ratio 1	93.2%	93.0%
Combined ratio 2	93.1%	92.8%
Net income	$1,019,135	$1,207,515
Best's rating	A	A-

Founded: 1979.
Parent: Anglesey Corp.
Specialties: Commercial auto physical damage, commercial fire, motor truck cargo.
Approved non-admitted in: Alabama, Arizona, Arkansas, California, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Delaware, Nevada, New Mexico, North Dakota.
Officers: Joseph E. Taylor, president; Anthony V. Ciervo, secretary; Steven M. Harris, treasurer.
Contact: Joseph E. Taylor.

Agricultural Excess & Surplus Insurance Co.

49 E. Fourth St., Dixie Terminal Building, Suite 923, Cincinnati, Ohio 45202-3803; 513-579-6300; fax: 513-579-6314

	1993	1992
Gross premiums	$71,119,485	$55,453,477
Non-admitted	$69,964,353	$54,355,446
Commercial risks	100%	100%
Net premiums	$1,155,132	$1,098,030
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$15,482,145	$15,204,225
Employees	36	35

Continued on next page

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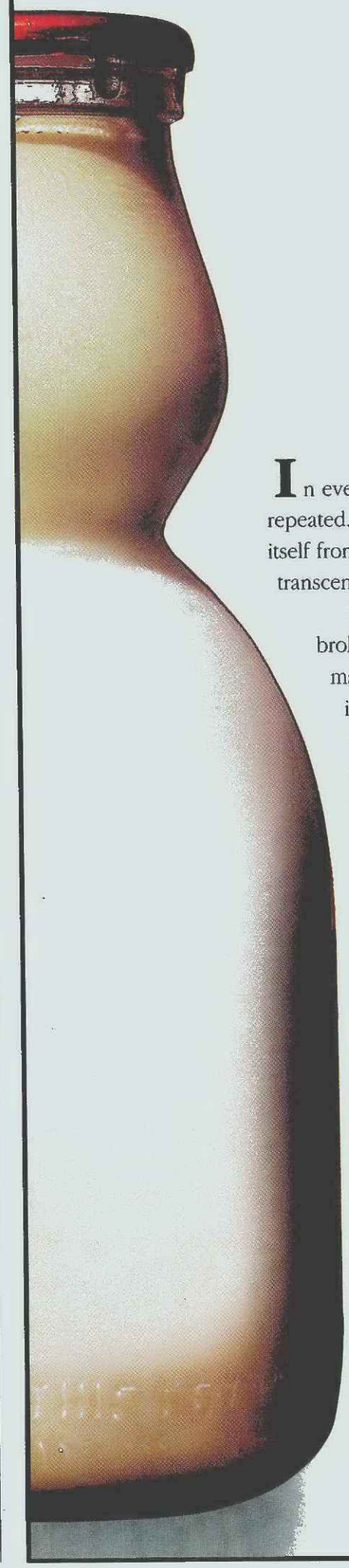
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Accurate and comprehensive submissions, however, frequently require an inordinate amount of backtracking, as evidenced by Mr. Falls. "We, as wholesalers, often spend considerable time going back and forth with retailers in an attempt to develop basic underwriting information. As a rule, this lack of information will cause a given risk to stay at the bottom of a stack."

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Continued from previous page

	1993	1992
Combined ratio 1	104.7%	105.7%
Net income	$670,167	$834,842
Best's rating	A	A

Founded: 1979.
Parent: Great American Insurance Co.
Specialties: D&O, storage tanks, asbestos abatement, college and university professional liability.
Approved non-admitted in: All states except Delaware and New Hampshire.
Admitted in: Delaware.
Officers: Richard C. Koscielak, president; Gayle S. Christen, Alan F. Jaeger, Michael J. Ryan, vps.
Contact: Richard C. Koscielak.

Alliance General Insurance Co.

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

	1993	1992
Gross premiums	$19,983,472	$15,749,546
Non-admitted	$19,119,092	$14,949,033
Commercial risks	96%	95%
Net premiums	$9,337,968	$8,205,233
Paid-in capital	$2,000,000	$2,000,000
Capital & surplus	$12,066,718	$10,190,506
Combined ratio 1	96.4%	99.4%
Combined ratio 2	96.4%	99.4%
Net income	$1,039,212	$810,984
Best's rating	B++	B++

Founded: 1984.
Parent: Alliance Insurance Group Inc.
Specialties: Product liability; business owners packages, including liquor liability.
Approved non-admitted in: Alaska, Arizona, California, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin.
Admitted in: Illinois.
Officers: Donald V. McCann, president; Eric W. Rahn, treasurer; Denise M. LeBeau, secretary; Jeffrey M. Josephs.
Contact: Eric W. Rahn.

Alpine Insurance Co.

311 S. Wacker Drive, Suite 500, Chicago, Ill. 60606; 312-922-8800; fax: 312-922-2202

	1993	1992
Gross premiums	$28,717,406	$5,495,588
Non-admitted	$28,221,182	$5,179,076
Commercial risks	98%	94%
Net premiums	$20,778,009	$4,963,721
Paid-in capital	$1,800,000	$1,800,000
Capital & surplus	$19,395,362	$20,387,941
Employees	5	NA
Combined ratio 1	82.2%	54.3%
Combined ratio 2	82.2%	54.3%
Net income	($1,134,035)	$628,067
Best's rating	A	A

Founded: 1985.
Parent: Exstar Financial Corp.
Specialties: Architects and engineers professional liability; commercial casualty, including products liability and contractors liability.
Subsidiaries: Alpine Premium Finance, Chicago.
Approved non-admitted in: Alabama, Alaska, Arizona, California, Colorado, District of Columbia, Florida, Georgia, Hawaii, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.
Admitted in: Illinois.
Officers: John T. Clark, president/treasurer; Richard P. Shemitis, senior vp-underwriting; Jerry Hart, senior vp-claims; Richard G. Kersten, secretary.
Contact: John T. Clark.

American Empire Surplus Lines Insurance Co.

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

	1993	1992
Gross premiums	$52,525,564	$50,738,087
Non-admitted	$39,448,852	$35,695,373
Commercial risks	100%	100%
Net premiums	$35,780,635	$23,360,210
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$118,561,822	$107,852,944
Employees	73	73
Combined ratio 1	83.6%	47.3%
Combined ratio 2	83.5%	48.3%
Net income	$10,084,851	$16,225,311
Best's rating	A+	A

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

American Excess Insurance Assn.

77 Hartland St., Suite 400, East Hartford, Conn. 06108; 203-528-2105; fax: 203-282-9393

See listing in Wholesalers directory.
Continued on next page

How to use directory

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

There is no charge to be included in the directory. However, to be listed, more than 50% or $10 million of surplus lines insurers' gross premiums must be written on a direct non-admitted basis and relate to commercial risks; excess insurers must generate at least 50% or $50 million of their gross premiums in excess liability lines, either on an admitted or non-admitted basis.

Financial information is taken from the companies' annual statements as filed with state insurance departments, unless otherwise noted.

Gross premiums are the combination of direct business and reinsurance assumed by a company.

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

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

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

The statutory **combined ratio** is calculated by adding the company's ratio of losses and loss expenses incurred to premiums earned with the ratio of underwriting expenses to net premiums written.

A company's combined ratio as calculated by the insurer rating agencies was also requested; when provided it is listed below the statutory combined ratio.

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

The **Best's rating** listed under each year is the rating given by A.M. Best Co. following the close of each year. Rating modifiers are detailed below. Best's Financial Performance Index, which is given to some companies not assigned a rating, is listed if provided.

Standard & Poor's claims paying or solvency rating was also requested.

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

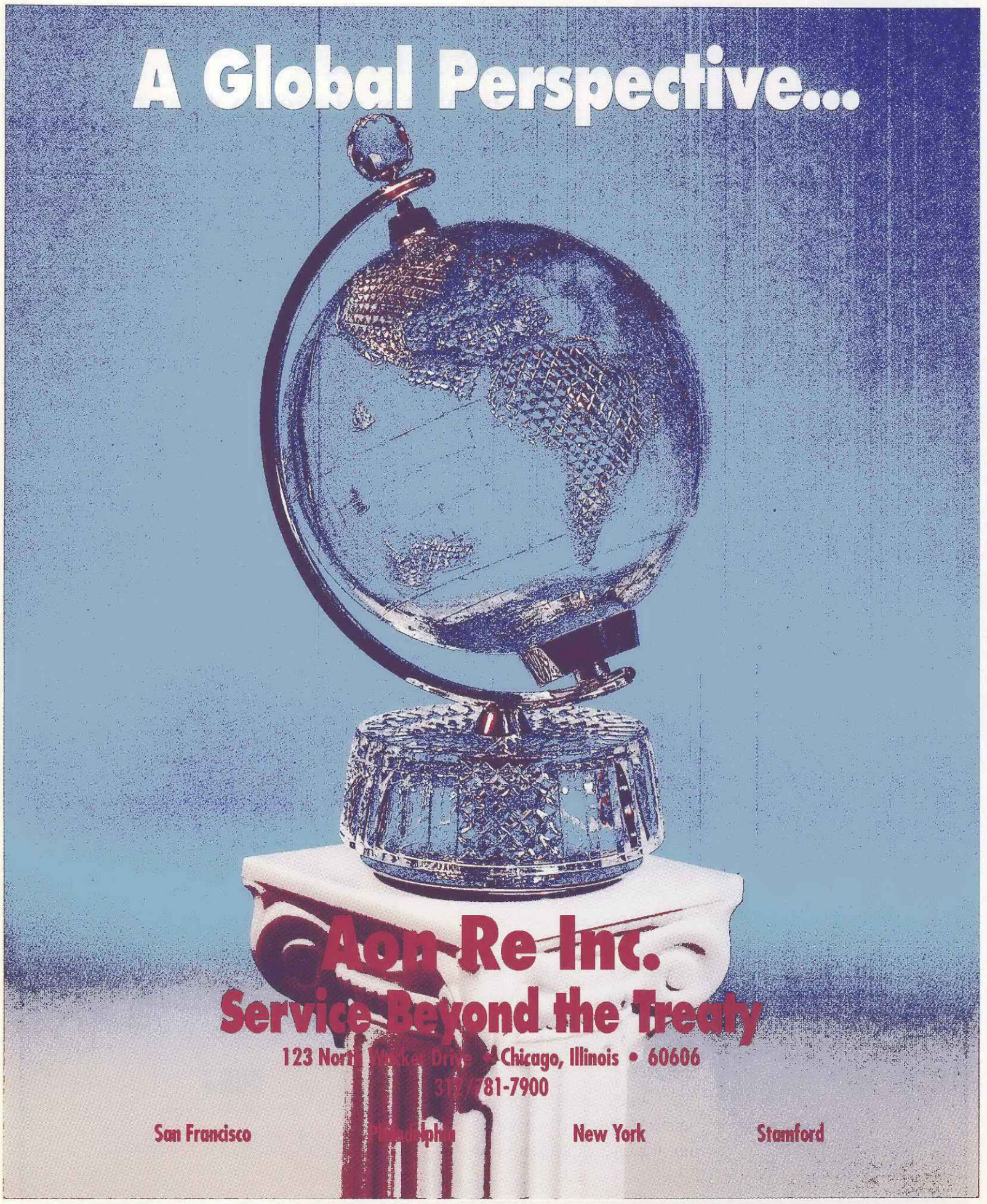
Each listing includes the company's year **founded** and its **parent** company (if any). **Specialties**, commercial risks the company specializes in insuring, and names of **subsidiaries** are also noted.

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

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

Rating modifiers used by the A.M. Best Co. are defined as follows:

(c) is a contingent rating; (e) is the rating of the parent company; (g) is a group rating; (q) is a qualified rating; (p) is a pooled rating; (r) is a reinsured rating; (s) is a consolidated rating.



Continued from previous page

American International Specialty Lines Insurance Co.

P.O. Box 196999, Anchorage, Alaska 99519-6999; 907-274-4100

See profile on page 19

C

Century Surety Co.

2400 Corporate Exchange Drive, Suite 290, Columbus, Ohio 43231; 614-895-2000; fax: 614-895-7036

	1993	1992
Gross premiums	$29,661,183	$17,740,549
Non-admitted	$15,186,745	$5,173,374
Commercial risks	51.5%	29.6%
Net premiums	$20,395,800	$12,043,749
Paid-in capital	$2,000,000	$2,000,000
Capital & surplus	$15,398,670	$11,446,734
Employees	55	46
Combined ratio 1	85.4%	95.7%
Combined ratio 2	87.2%	95.8%
Net income	$1,230,102	$1,568,661
Best's rating	B++	B++

Founded: 1978.
Parent: Alliance Holding Corp.
Specialties: Restaurants, bars, taverns and nightclubs; asbestos abatement contractors; environmental consultants professional liability; apartment buildings; suntan salons; construction contractors; wrecking contractors; day care centers; health and exercise spas; special events; security guards.
Subsidiaries: CSC Insurance Agency, Columbus, Ohio; Continental Heritage Insurance Co., Salt Lake City; Continental Heritage Life Insurance, Salt Lake City; Evergreen National Indemnity Insurance Co., Columbus, Ohio.
Approved non-admitted in: Alabama, Arkansas, California, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Kentucky, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, North Dakota, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Virginia, Washington, Wyoming.
Admitted in: Arizona, Indiana, Ohio, West Virginia.
Officers: Roswell P. Ellis, president; Norm Amick, senior vp; Glenn D. Southwick, treasurer; John G. Wilcox, vp-claims; Anne L. Meyers, secretary.
Contact: Jane Thompson.

Chubb Custom Insurance Co.

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

	1993	1992
Gross premiums	$59,535,041	$50,316,891
Non-admitted	$55,192,303	$47,551,427
Commercial risks	85%	83%
Net premiums	$5,063,445	$4,486,489
Paid-in capital	$3,000,000	$3,000,000
Capital & surplus	$17,481,039	$16,137,546
Combined ratio 1	98.1%	70.1%
Combined ratio 2	85.3%	55.1%
Net income	$1,643,549	$1,643,884
Best's rating	A++XIV G	A++XIV G
S&P's rating*	AAA	AAA

* S&P rating applies to Chubb Group.

Founded: 1980.
Parent: Federal Insurance Co.
Specialties: Commercial property, high value personal lines, contingency risk, primary general liability-products, umbrella and excess-commercial and personal, special event liability, non-standard D&O.
Approved non-admitted in: All states except Delaware, Maine and New Jersey.
Admitted in: Delaware, New Jersey.
Officers: Edward O. Darwin, president; Emelia M. Accardi, vp; Philip J. Sempier, vp/treasurer; Henry G. Gulick, vp/secretary.
Contact: Emelia M. Accardi, 908-903-7075.

CIGNA Specialty Insurance Co.

3700 Wilshire Blvd., Los Angeles, Calif. 90010; 215-761-6804; fax: 215-761-5472

	1993	1992
Gross premiums	$60,018,649	$38,640,790
Non-admitted	$25,020,594	$34,068,008
Commercial risks	100%	100%
Net premiums	$32,781,384	$9,447,237
Paid-in capital	$4,500,000	$4,500,000
Capital & surplus	$33,454,955	$38,940,431
Employees	100	100
Combined ratio 1	150.3%	204.1%
Net income	($4,463,828)	($1,554,770)
Best's rating	A-	A-
S&P's rating	NA	BBB+

Founded: 1792.
Parent: CIGNA Property & Casualty Insurance Co.
Specialties: Railroads.
Approved non-admitted in: All states except California.
Admitted in: California.
Officers: William Palgutt, president; George Mulligan, corporate secretary; Marcy Blender, treasurer; James Engel, Richard Franklin, vps.
Contact: Patty Gibson, 215-761-6804.

Columbia Casualty Co.

CNA Plaza, Chicago, Ill. 60685; 312-822-5000; fax: 312-822-5459

	1993	1992
Gross premiums	$191,037,522	$187,597,601
Non-admitted	$33,178,633	$33,476,993
Net premiums	$151,557,639	$154,053,147
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$139,666,359	$136,213,840
Employees	16,800	17,200
Combined ratio 1	124.3%	142.9%
Combined ratio 2	127.6%	145.3%
Net income	$4,853,818	($18,425,272)
Best's rating	A	A
S&P's rating	AA-	AA-

Founded: 1900.
Parent: Continental Casualty Co.
Specialties: Products and general lia

Continued on next page

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Continued from previous page
bility-primary and excess, liquor liability, excess workers compensation, entertainment programs.

Approved non-admitted in: All states except Illinois and Louisiana.

Admitted in: Illinois.

Officers: Dennis H. Chookaszian, chairman; Richard W. Quehl, president; William P. Casey, Philip L. Engel, executive vps.

Contact: Bill Casey, 312-822-6825.

E

Empire Indemnity Insurance Co.

1624 Douglas St., Omaha, Neb. 68102; 402-341-0135; fax: 402-341-2510

	1993	1992
Gross premiums	**$15,089,251**	$13,188,369
Non-admitted	**$12,474,944**	$11,074,727
Commercial risks	**82.7%**	84.0%
Paid-in capital	**$2,500,000**	$2,500,000
Capital & surplus	**$18,816,669**	$17,685,752
Employees	**230**	216
Net income	**$1,130,917**	$1,290,880
Best's rating	**A+**	A+

Founded: 1957.

Parent: Empire Fire & Marine Insurance Co.

Specialties: Hazardous transports, monoline commercial auto, excess private passenger, liquefied petroleum gas, garbage trucks, ambulances, small buses.

Approved non-admitted in: All states except Connecticut, Louisiana, Maine, Massachusetts, New Hampshire and Oklahoma.

Admitted in: Oklahoma.

Officers: John J. McCartney, president; Charles B. Ralph, John W. Paulsen, senior vps; Kevin H. Purcell, vp/secretary/treasurer; Dominic A. Weber, vp.

Contact: John W. Paulsen.

Essex Insurance Co.

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

	1993	1992
Gross premiums	**$70,049,158**	$56,783,263
Non-admitted	**$67,817,649**	$56,365,635
Commercial risks	**100%**	87%
Net premiums	**$50,805,074**	$43,803,965
Paid-in capital	**$4,500,000**	$4,500,000
Capital & surplus	**$38,717,017**	$34,583,799
Employees	**115**	115
Combined ratio 1	**86.1%**	74.2%
Combined ratio 2	**86.1%**	74.3%
Net income	**$7,642,835**	$8,619,427
Best's rating	**AVI**	A-
S&P's rating	**A-**	A-

Founded: 1980.

Parent: Markel Corp.

Specialties: General liability, property, inland marine, motor truck cargo.

Subsidiaries: Richmond Insurance Co, Evanston, Ill.

Approved non-admitted in: All states except Delaware.

Admitted in: Delaware.

Officers: Britton L. Glisson, president; Alan I. Kirshner, chairman; Anthony F. Markel, vice chairman; Steven A. Markel, treasurer/executive vp; Raymond A. Johnson, vp/secretary; Jacquelyn S. Ash, vp.

Contact: Jill Goldfine.

Directory terms and methodology explained on page 30.

Evanston Insurance Co.

1007 Church St., Evanston, Ill. 60201; 708-866-2800; fax: 708-866-0778

See profile on page 26

F

First Specialty Insurance Corp.

237 E. High St., Jefferson City, Mo. 65102; 913-676-5050; fax: 913-676-5875

	1993	1992
Gross premiums	**$19,288,544**	$16,563,260
Non-admitted	**$17,457,103**	$12,439,916
Commercial risks	**90.5%**	75.0%
Net premiums	**$3,515,896**	$4,197,890
Paid-in capital	**$5,000,000**	$5,000,000
Capital & surplus	**$25,557,771**	$18,490,338
Employees	**12**	10
Combined ratio 1	**105.7%**	88.7%
Net income	**$1,069,163**	$1,262,739

Founded: 1989.

Parent: Employers Reinsurance Corp.

Specialties: Entertainment and leisure, specialty products-unique/one of a kind, excess casualty and umbrella liability.

Approved non-admitted in: All states except Delaware and Missouri.

Admitted in: Missouri.

Officers: Denis deBaroncelli, president; Sharon L. Butler, assistant vp/comptroller; James S. Gradinger, assistant secretary.

Contact: Sharon L. Butler, 913-676-5884.

Front Royal Insurance Co.

45615 Willow Pond Plaza, Sterling, Va. 20164; 703-318-0100; fax: 703-381-0323

	1993	1992
Gross premiums	**$843,649**	$527,835
Non-admitted	**$368,934**	$452,115
Commercial risks	**95.0%**	85.7%
Net premiums	**$564,105**	$414,467
Paid-in capital	**$1,500,000**	$1,500,000
Capital & surplus	**$4,232,679**	$5,028,061
Employees	**8**	8
Combined ratio 1	**132.6%**	81.6%
Combined ratio 2	**132.6%**	81.6%
Net income	**($38,299)**	$170,501
Best's rating	**FRP 1**	NA 3

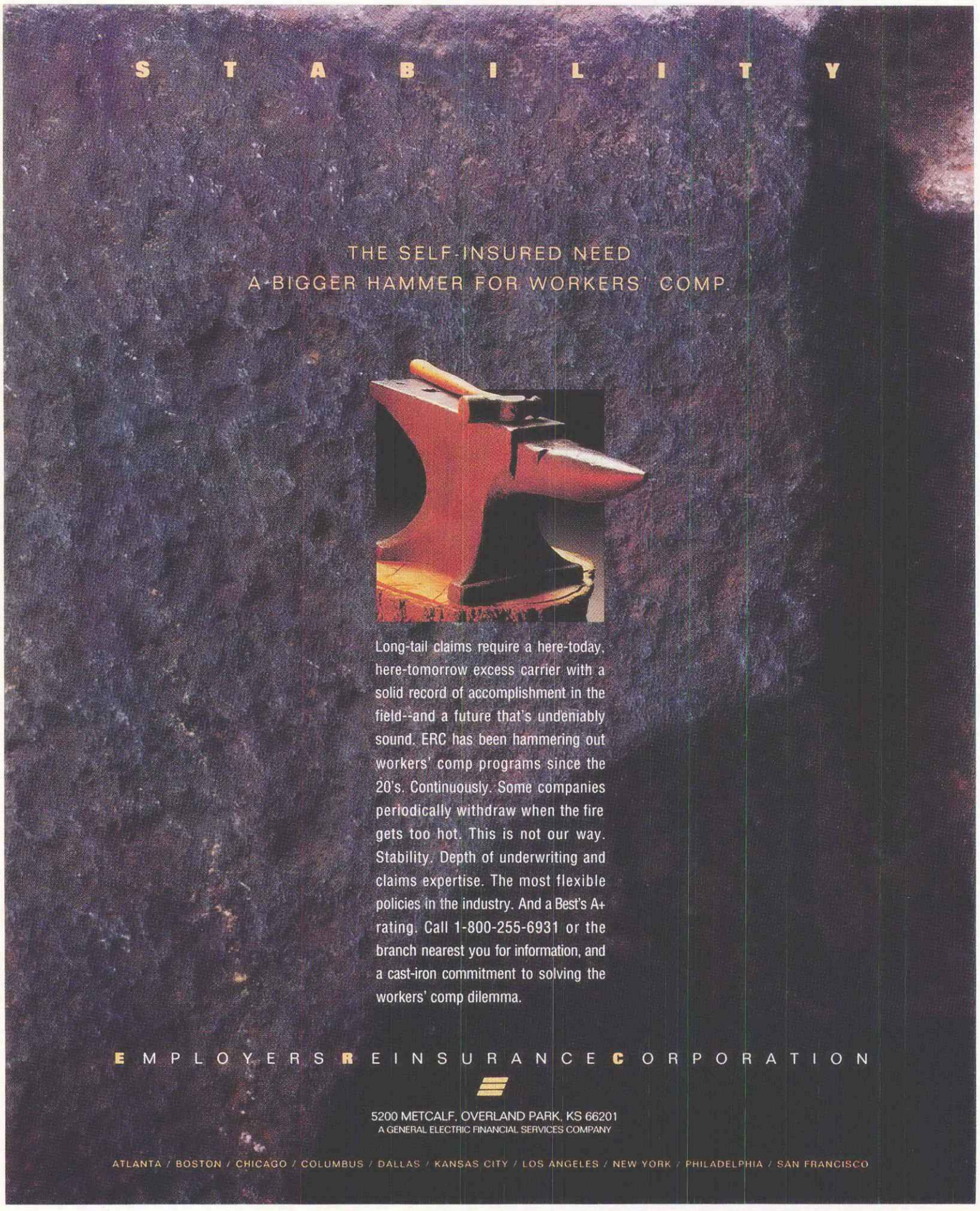
Founded: 1988.

Parent: Front Royal Inc.

Specialties: Environmental impairment liability.

Subsidiaries: Front Royal Environmental Insurance Management Inc., Sterling, Va.; Front Royal Environmental Services Inc., Cary, N.C.

Continued on next page



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Continued from previous page

Approved non-admitted in: Alabama, District of Columbia, Georgia, Hawaii, Illinois, Indiana, Kansas, Kentucky, Mississippi, Missouri, Montana, Nebraska, North Dakota, Oregon, South Dakota, West Virginia, Wisconsin.

Admitted in: Arizona, Virginia.

Officers: John J. Metelski, president; J. Adam Abram, CEO; Michael Sommer, vp-underwriting; Judy D. Young, secretary; Sara Gosnell, treasurer/controller.

G

General Star Indemnity Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

See profile on page 20

General Star National Insurance Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

	1993	1992
Gross premiums	$61,414,157	$54,063,940
Excess liability	88%	86%
Admitted	100%	100%
Net premiums	$27,661,618	$26,071,843
Paid-in capital	$4,000,000	$4,000,000
Capital & surplus	$79,380,813	$67,976,898
Combined ratio 1	91.8%	91.8%
Combined ratio 2	91.4%	93.1%
Net income	$11,436,664	$11,527,471
Best's rating	A++	A++
S&P's rating	BBq	BBq

Founded: 1985.

Parent: General Re Corp.

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

Admitted in: All states.

Officers: Kevin P. Brooks, chairman/president.

Contact: Mary Ann Brown.

H

Health Providers Insurance Co.

737 N. Michigan Ave., Suite 600, Chicago, Ill. 60611; 312-642-4962; fax: 312-642-0348

	1993	1992
Gross premiums	$17,086,281	$16,542,077
Non-admitted	$2,871,528	$2,676,956
Commercial risks	100%	100%
Net premiums	$15,188,435	$14,977,116
Paid-in capital	$2,700,000	$2,700,000
Capital & surplus	$30,172,835	$29,192,525
Employees	25	24
Combined ratio 1	114.6%	112.9%
Combined ratio 2	114.6%	112.9%
Net income	$4,413,484	$4,056,381
Best's rating	A-	A-
S&P's rating	A-	A-

Founded: 1979.

Parent: American Hospital Assn. Services Inc.

Specialties: Hospital professional liability.

Subsidiaries: Health Providers Insurance Co. of Vermont, Berlin, Vt.

Approved non-admitted in: Alabama, Arizona, California, District of Columbia, Florida, Georgia, Idaho, Indiana, Kansas, Kentucky, Maryland, Michigan, Mississippi, Montana, Nebraska, Nevada, New York, North Carolina, North Dakota, Ohio, Oregon, South Dakota, Texas, Washington, Wisconsin, Wyoming.

Admitted in: Hawaii, Illinois.

Officers: Dennis W. Olsen, president; Gerald M. Olney, executive vp; R. John Evans, James A. Smith, vps; Marilyn C. Dahlen, assistant vp.

Contact: John Evans.

The Home Insurance Co. of Illinois

10 S. Riverside Plaza, Chicago, Ill. 60606; 312-559-9500

See profile on page 24

The Home Insurance Co. of Wisconsin

20935 Swenson Drive, Suite 300, Waukesha, Wis. 53186; 414-798-3200

	1993	1992
Gross premiums*	$32,496,168	$26,783,084
Non-admitted	$11,390,669	$9,394,938
Commercial risks	100%	100%
Net premiums*	$18,481,994	$15,141,783
Paid-in capital	$4,000,000	$4,000,000
Capital & surplus	$14,233,928	$14,369,979
Combined ratio 1*	127.2%	111.9%
Combined ratio 2*	127.1%	112.4%
Net income*	($643,724)	$1,314,281
Best's rating	A-	A-
S&P's rating	A-	A-

* Figures reported on a pooling basis.

Founded: 1981.

Parent: The Home Indemnity Co.

Specialties: General and product liability, medical products liability, excess casualty, environmental, D&O, trucking liability.

Approved non-admitted in: Illinois, New York.

Admitted in: Arizona, Indiana, Kentucky, Michigan, Minnesota, Missouri, Oregon, Texas, Wisconsin.

Officers: Lars-Goran Nilsson, chairman/president; Frank Patalano, executive vp-specialty lines; George Reider, executive vp-claim/loss control; John Schroeder, executive vp/chief investment officer; John Tetro, executive vp/CFO.

Contact: Frank Patalano, 212-530-7201.

Houston Casualty Co.

13403 Northwest Freeway, Houston, Texas 77040; 713-462-1000; fax: 713-462-4210

	1993	1992
Gross premiums	$123,650,352	$74,941,560
Non-admitted	$48,226,159	$36,132,040
Commercial risks	100%	100%
Net premiums	$37,756,214	$25,443,678
Paid-in capital	$5,000,000	$2,572,942
Capital & surplus	$101,689,851	$38,553,997
Employees	79	74
Combined ratio 1	83.0%	88.5%
Combined ratio 2	83.0%	90.8%
Net income	$8,445,052	$3,624,036
Best's rating	A	A-1
S&P's rating	BBq	BBq

Founded: 1980.

Parent: HCC Insurance Holdings Inc.

Specialties: Aviation, ocean marine, energy, property.

Subsidiaries: HCC Insurance Co., Houston; HCC Underwriters, Houston.

Approved non-admitted in: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Dakota, Texas, Utah, Virginia, Washington, Wisconsin, Wyoming, Guam, Puerto Rico, Virgin Islands.

Admitted in: Texas.

Officers: Stephen L. Way, chairman/president/CEO; Frank J. Bramanti, executive vp/CFO; Peter B. Smith, executive vp/COO.

Contact: Peter B. Smith, executive vp/COO.

I

Illinois Insurance Exchange

311 S. Wacker Drive, Suite 400, Chicago, Ill. 60606; 312-408-8000; fax: 312-408-80001

See profile on page 21

Interstate Fire & Casualty Co.

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

	1993	1992
Gross premiums	$175,871,206	$149,559,016
Non-admitted	$84,921,164	$70,915,323
Commercial risks	34.0%	35.2%
Net premiums	$112,872,557	$94,684,650
Paid-in capital	$4,200,000	$4,200,000
Capital & surplus	$143,578,771	$127,360,642
Combined ratio 1	101.4%	106.9%
Combined ratio 2	101.4%	106.9%
Net income	$14,248,481	$8,412,377
Best's rating	A	A

Founded: 1950.

Parent: Fireman's Fund Insurance Cos.

Specialties: Commercial and non-standard personal automobile, professional liability, general casualty, property.

Subsidiaries: Chicago Insurance Co.; Interstate Indemnity Co., Chicago.

Approved non-admitted in: All states except Illinois, Michigan and New Hampshire.

Admitted in: Illinois, Michigan.

Officers: Patrick O'Flynn, chairman/CEO; Douglas Boyce, Carol Newman, Gerald Shanks, Michael Sullivan, senior vps.

Contact: Douglas Boyce.

Investors Insurance Co. of America

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

	1993	1992
Gross premiums	$44,814,612	$30,849,980
Non-admitted	$37,781,444	$25,247,390

Continued on next page

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Class VI

AAMGA

Continued from previous page

	1993	1992
Commercial risks	93.9%	90.7%
Net premiums	$31,519,928	$18,245,504
Paid-in capital	$2,500,000	$2,500,000
Capital & surplus	$40,121,032	$43,364,871
Employees	47	49
Combined ratio 1	118.3%	95.7%
Combined ratio 2	118.2%	96.0%
Net income	($1,954,548)	$3,539,084
Best's rating	A-	A-

Founded: 1961.
Parent: Investors Insurance Holding Corp.
Specialties: Products liability, contractors liability, habitational business, umbrella business, lawyers professional liability, architects and engineers professional liability, chiropractor professional liability.
Subsidiaries: Carlisle Insurance Co., Red Bank, N.J.
Approved non-admitted in: All states except New Hampshire, New Jersey, New York and Vermont. Also approved in District of Columbia, Puerto Rico and U.S. Virgin Islands.
Admitted in: New Jersey, New York.
Officers: Frank T. Buziak, president/CEO; John D. Curry, executive vp/chief underwriting officer; Harvey I. Swartz, senior vp; Douglas A. Hillman, vp; Edward J. Ryan Jr., vp/controller/secretary.
Contact: Frank T. Buziak.

Investors Special Risk Insurance Co.

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

	1993	1992
Gross premiums	$5,087,170	$12,039,459
Non-admitted	$6,593,666	$5,571,240
Commercial risks	100%	100%
Net premiums	($1,916,000)	$7,819,502
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$7,192,691	$7,150,179
Combined ratio 1	105.5%	109.6%
Combined ratio 2	105.9%	108.8%
Net income	$64,216	($563,431)
Best's rating	A-	A-

Founded: 1990.
Parent: Carlisle Insurance Co.
Specialties: Products liability, contractors liability, habitational business, umbrella business, lawyers professional liability, architects and engineers professional liability, chiropractor professional liability.
Approved non-admitted in: New Jersey, New York.
Admitted in: Arizona.
Officers: Frank T. Buziak, president/CEO; John D. Curry, executive vp/chief underwriting officer; Harvey I. Swartz, senior vp; Douglas A. Hillman, vp; Edward J. Ryan Jr., vp/controller/secretary.
Contact: Frank T. Buziak.

L

Landmark Insurance Co.

5 Concourse Parkway, Suite 1615, Atlanta, Ga. 30328; 404-671-2148; fax: 404-399-4147

	1993	1992
Gross premiums	$62,550,642	$72,612,569
Non-admitted	$9,351,374	$23,977,232
Commercial risks	13.6%	33.0%
Net premiums	$23,314,713	$3,841,511
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$29,524,945	$31,805,592
Employees	19	3
Combined ratio 1	135.4%	169.8%
Net income	$904,894	$5,231,925
Best's rating	A++	A++
S&P's rating	AAA	AAA

Founded: 1977.
Parent: American International Group
Specialties: Property, primary casualty, excess.
Approved non-admitted in: Alabama, Alaska, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Maryland, Minnesota, Missouri, Montana, Nebraska, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming.
Admitted in: Arizona, California, Colorado, Hawaii, Kansas, Massachusetts, Nevada, New York, Oregon, Washington.
Officers: John M. Griffin, president; Grant Saunders, vp-property; Brad Tennant, vp-primary programs; Steve Singer, vp-excess; Tom Ciccarelli, vp-administration.

Lexington Insurance Co.

200 State St., Boston, Mass. 02109; 617-330-1100; fax: 617-951-0067

See profile on page 14

Lincoln Insurance Co.

P.O. Box 4679, 2 Mill Road, Wilmington, Del. 19807; 302-594-4700; fax: 302-594-4802

	1993	1992
Gross premiums	$24,157,239	$20,740,652
Non-admitted	$24,154,739	$20,738,152
Commercial risks	100%	100%
Net premiums	$20,869,359	$17,121,206
Paid-in capital	$3,500,050	$3,500,050
Capital & surplus	$36,926,020	$32,878,653
Employees	58	58
Combined ratio 1	100.5%	102.5%
Combined ratio 2	100.5%	102.2%
Net income	$6,463,238	$4,567,360
Best's rating	A	A

Founded: 1965.
Parent: Lincoln Insurance Group Inc.
Specialties: Commercial casualty and property risks, including garage risks, artisan contractors and equipment rental dealers. Does not write primary auto and workers comp.
Approved non-admitted in: All states except Maine, Nevada, Rhode Island and Vermont.
Admitted in: Delaware.
Officers: William C. Wren, president; James R. Schurr, vp/secretary/treasurer; Stephan H. Brodzinski, vp-underwriting; James M. Crotwell, vp-claims; Robert W. Hartje, vp-production operations.
Contact: Robert W. Hartje.

M

Monticello Insurance Co.

Newport Tower, 525 Washington Blvd., Jersey City, N.J. 07310-1693; 201-222-8666; fax: 201-222-9161

	1993	1992
Gross premiums	$89,889,144	$71,608,188
Non-admitted	$74,000,730	$58,642,183
Commercial risks	94.2%	93.0%
Net premiums	$15,859,715	$12,942,227
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$25,431,199	$23,754,492
Employees	135	131
Combined ratio 1	105.1%	110.1%
Combined ratio 2	107.4%	109.2%
Net income	$1,694,082	$1,325,685
Best's rating	A	A

Founded: 1973.
Parent: Jefferson Insurance Co. of New York.
Specialties: Hot air balloons, day care centers, general contractors, parasails.
Approved non-admitted in: All states except Louisiana and Rhode Island.
Admitted in: Delaware and New York.
Officers: Claus Cardinal, president/CEO; Edwin Ghigliotty, senior vp/treasurer; Vincent Celano, senior vp/secretary; Andrew Hennelly, vp-underwriting; Atanas Nikow, vp-claims.
Contact: Andrew Hennelly.

Mt. Hawley Insurance Co.

9025 N. Lindbergh Drive, Peoria, Ill. 61615; 309-692-1000; fax: 309-689-2043

	1993	1992
Gross premiums	$76,994,702	$55,792,200
Non-admitted	$76,994,702	$55,792,200
Commercial risks	100%	100%
Net premiums	$47,799,316	$39,887,280
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$60,118,563	$42,235,089
Employees	313	276
Combined ratio 1	89.1%	91.2%
Combined ratio 2	89.3%	91.2%
Net income	$8,393,671	$6,501,238
Best's rating	A	A

Founded: 1979.
Parent: RLI Corp.
Specialties: Surplus lines, including general liability for manufacturers of tough products excess of self-insured retention, D&O liability and employers excess indemnity for Texas employers not in state workers comp system; specialty property risks.
Approved non-admitted in: All states except Delaware.
Admitted in: Delaware.
Officers: Gerald Stephens, chairman/CEO; Jonathan Michael, president/COO; Gregory Tiemeier, senior vp; Gary Bonham, vp-claims; Joseph Dondanville, vp/CFO.
Contact: Jerome E. Mershon.

N

National Fire & Marine Insurance Co.

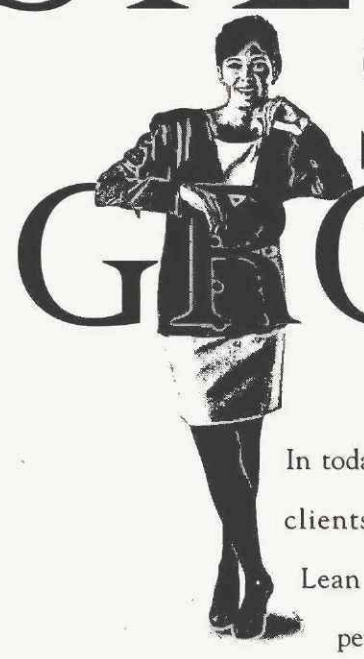
3024 Harney St., Omaha, Neb. 68131-3580; 402-536-3000; fax: 402-536-3030

	1993	1992
Gross premiums	$33,897,698	$74,711,066
Non-admitted	$19,345,128	$20,152,536
Commercial risks	57.1%	27.0%
Net premiums	$18,798,620	$72,828,638

Continued on next page

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Continued from previous page

	1993	1992
Paid-in capital	$2,500,000	$2,500,000
Capital & surplus	$1,225,781,008	$1,261,475,383
Combined ratio 1	103.0%	120.8%
Combined ratio 2	103.0%	120.3%
Net income	$35,818,893	$5,638,827
Best's rating	A++	A++
S&P's rating	AAA	BBBq

Founded: 1949.
Parent: Berkshire Hathaway Inc.
Specialties: Auto physical damage, including high values such as entertainer buses and fire trucks; auto liability where authorized on all classes, specializing in all public auto (limousines, taxis), loggers, dump trucks, tow trucks, long haul, ambulances, medi-vans, rental cars, used car dealers and automobile service operations; general liability coverages on most classes; prize indemnification; D&O; errors and omissions.
Subsidiaries: Redwood Fire & Casualty Insurance Co., Omaha, Neb.
Approved non-admitted in: All states except Hawaii, Massachusetts, Nebraska, New Jersey and New York.
Admitted in: Nebraska, New Jersey.
Officers: Donald F. Wurster, president; Forrest N. Krutter, secretary/vp; Robert D. O'Connell, treasurer/vp; Leslie J. Baller, Michael A. Fortune, vps.
Contact: John P. Giandinoto, vp-marketing.

Nautilus Insurance Co.

7273 E. Butherus Drive, Scottsdale, Ariz. 85260; 602-951-0905; fax: 602-951-9730

	1993	1992
Gross premiums	$68,672,862	$58,474,403
Non-admitted	$48,508,503	$54,238,174
Commercial risks	70.6%	92.2%
Net premiums	$23,828,412	$26,496,196
Paid-in capital	$4,900,088	$4,900,088
Capital & surplus	$39,874,010	$32,488,811
Employees	104	80
Combined ratio 1	94.7%	99.4%
Combined ratio 2	94.7%	99.8%
Net income	$9,303,714	$5,774,714
Best's rating	A	A

Founded: 1985.
Parent: W.R. Berkley Corp.
Specialties: Exercise and health clubs, day care centers, sun tanning beds, artisan contractors, apartments, clubs, special events liability, vacant properties.
Subsidiaries: Great Divide Insurance Co., Scottsdale, Ariz.
Approved non-admitted in: All states except Arizona and Virginia.
Admitted in: Arizona and Virginia.
Officers: Michael Snead, CEO; Gary White, vp; Steve Franke, vp-marketing; Tom Kuzma, vp-underwriting; Ken Brundage, senior vp-claims; John Runberg, treasurer; Elaine Sheehy, vp-human resources.
Contact: Steve Franke, vp-marketing.

Northfield Insurance Co.

1295 Northland Drive, Mendota Heights, Minn. 55120-1146; 612-688-4100; fax: 612-688-4280

	1993	1992
Gross premiums*	$60,240,090	$51,673,694
Non-admitted	$58,391,720	$50,203,737
Commercial risks*	93%	97%
Net premiums	$61,821,211	$59,846,644
Paid-in capital	$2,500,000	$2,500,000
Capital & surplus	$54,251,531	$52,301,108
Employees	110	104
Combined ratio 1	99.5%	97.6%
Combined ratio 2	99.6%	97.8%
Net income	$6,033,758	$6,330,792
Best's rating	A+	A+

* Northfield Insurance Co. is part of the Northland Insurance Company Pool. Figures reported prior to pooling.

Founded: 1972.
Parent: Northland Insurance Co.
Specialties: Primary, excess and umbrella liability, commercial property and inland marine, garage physical damage and liability, financial institution bonds, D&O, professional errors and omissions, special events.
Approved non-admitted in: District of Columbia and all states except Delaware, Maine, Missouri, New Hampshire and New Jersey.
Admitted in: Missouri.
Officers: Austin Chapman, chairman; Gene G. Gopon, president/CEO; Randall D. Jones, Robert B. Spanfelner, executive vps; Daniel J. Zaborsky, senior vp.

P

Paradigm Insurance Co.

9000 Wessex Place, Suite 300, Louisville, Ky. 40222; 502-429-5585; fax: 502-423-0941

	1993	1992
Gross premiums	$19,725,991	$12,421,228
Non-admitted	$17,853,959	$11,023,304
Commercial risks	91%	89%
Net premiums	$16,003,397	$8,936,230
Paid-in capital	$1,900,000	$1,900,000
Capital & surplus	$9,096,838	$6,212,844
Employees	12	12
Combined ratio 1	81.3%	86.8%
Combined ratio 2	80.6%	87.2%
Net income	$2,124,917	$783,350
Best's rating	B+	NA-3

Founded: 1972.
Parent: Tri-Star Investments Ltd.
Specialties: Hospitality-motels, hotels, bars, taverns.
Subsidiaries: Tri-Star Insurance Services Ltd.
Approved non-admitted in: Alabama, Arizona, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Montana, North Dakota, Oregon, South Dakota, Texas, Virginia, West Virginia, Wyoming.
Admitted in: Indiana.
Officers: Michael O'Leary, president; Davinder Sahni, treasurer; Janett Hock, secretary.
Contact: Janett Hock.

Penn-America Insurance Co.

420 S. York Road, Hatboro, Pa. 19040; 215-443-3600; fax: 215-441-5098

	1993	1992
Gross premiums	$35,521,089	$27,539,417
Non-admitted	$18,472,151	$14,992,791
Commercial risks	52%	54%
Net premiums	$28,494,109	$22,615,717
Paid-in capital	$2,600,000	$2,600,000
Capital & surplus	$25,336,877	$14,044,668
Employees	57	44
Combined ratio 1	98.0%	99.5%
Combined ratio 2	98.0%	99.8%
Net income	$2,137,962	$2,012,607
Best's rating	A	A-

Founded: 1975.
Parent: Penn-America Group Inc.
Specialties: Roofers, daycare centers, building contractors, apartments, hotels, motels, restaurants, taverns, special events, property, miscellaneous professional.
Approved non-admitted in: Alabama, Alaska, Arizona, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Mississippi, Montana, Nevada, New Jersey, North Carolina, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming.
Admitted in: California, Delaware, Minnesota, Missouri, Nebraska, North Dakota, Ohio, Oregon, Pennsylvania, South Dakota, Washington.
Officers: Jon S. Saltzman, president; John M. DiBiasi, executive vp; Anthony A. Geyelin, secretary/general counsel; Rosemary R. Ferrero, CFO; Thomas J. Reed, vp.
Contact: John M. DiBiasi, 215-443-3652.

R

Reliance Insurance Co. of Illinois

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

See profile on page 21

Surplus lines insurer directory terms explained on page 30.

Underwriting Managers, MGAs and brokers directory starts on page 51.

S

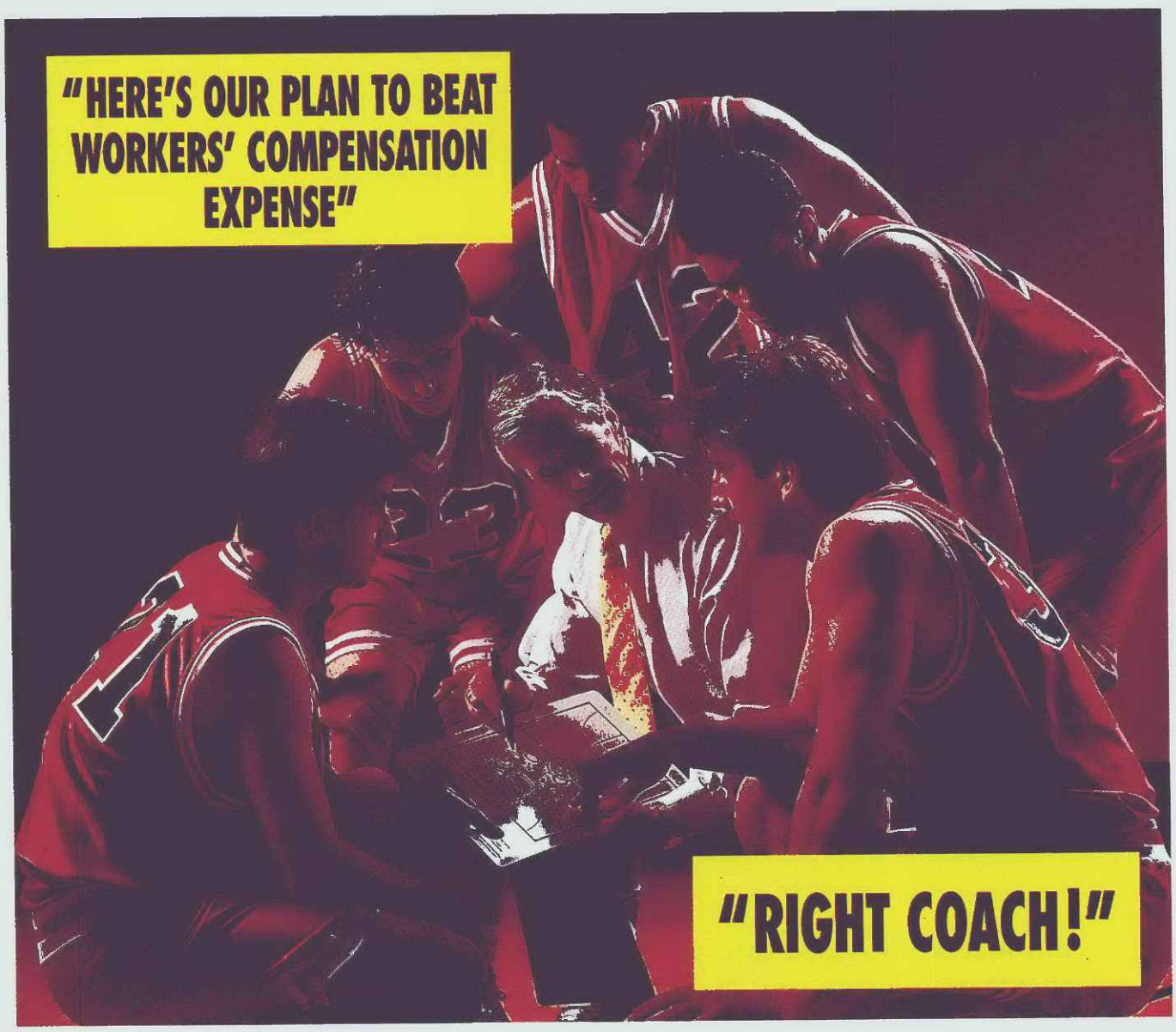
Safety National Casualty Corp.

8151 Clayton Road, St. Louis, Mo. 63117; 314-862-4500; fax: 314-721-9877

	1993	1992
Gross premiums	$99,441,404	$88,709,020
Excess liability	100%	100%
Admitted	98%	98%
Net premiums	$96,015,086	$84,498,776
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$90,902,136	$79,027,280
Employees	77	79
Excess liability	22	24
Combined ratio 1	106.1%	109.0%
Combined ratio 2	98.8%	105.2%
Net income	$13,287,215	$11,707,819
Best's rating	A	A-

Founded: 1942.
Parent: SIG Holdings Inc.
Specialties: Excess workers comp for self-insurers.
Admitted in: District of Columbia and all states except Michigan, New Hamp-

Continued on next page



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Continued from previous page
shire and New York.

Non-admitted in: Michigan.

Officers: B.K. Werner, chairman/CEO; Harold F. Ilg, vice chairman; Edmond A.B. Garesche III, president; C. Donald Ainsworth, executive vp; Terrence T. Schoeninger, senior vp/general counsel/secretary.

Contact: Donald L. Wilson, government relations manager.

St. Paul Surplus Lines Insurance Co.

385 Washington St., St. Paul, Minn. 55102; 612-221-7066; fax: 612-292-8315

See profile on page 25

Scottsdale Insurance Co.

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

See profile on page 17

T

Tudor Insurance Co.

48 S. Franklin Turnpike, Ramsey, N.J. 07446; 201-825-3300; fax: 201-825-1052

	1993	1992
Gross premiums	$25,181,625	$24,466,904
Non-admitted	$19,949,326	$19,226,194
Commercial risks	99.1%	98.9%
Net premiums	$8,528,289	$8,073,388
Paid-in capital	$4,100,250	$4,100,250
Capital & surplus	$22,698,374	$18,727,162
Employees*	145	140
Combined ratio 1	111.2%	115.1%
Combined ratio 2	102.4%	106.1%
Net income	$2,926,861	$2,896,861
Best's rating	A+	A+
S&P's rating	BBBq	BBq

* Employee figures are for Western World Insurance Group.

Founded: 1979.

Parent: Western World Insurance Co.

Specialties: D&O, architects and engineers liability, school board errors and omissions, public officials liability, miscellaneous professional liability.

Approved non-admitted in: All states except New Hampshire.

Admitted in: New Hampshire.

Officers: Andrew Frazier, president; Robert Livingston, executive vp-operations; Stephen Gerstman, Thomas Mulligan, senior vps; Carl Pheifer, Ken LaBar, Terrye Rumsey, vps.

Contact: Nick Hudson.

U

USF Insurance Co.

1760 Market St., Philadelphia, Pa. 19103; 215-563-3800; fax: 215-563-1145

	1993	1992
Gross premiums	$16,478,251	$1,146,471
Non-admitted	$517,398	$345,652
Commercial risks	3.1%	30.2%
Net premiums	$13,437,970	$311,384
Paid-in capital	$3,000,000	$3,000,000
Capital & surplus	$9,444,439	$7,132,711
Employees	7	7
Combined ratio 1	103.3%	309.3%
Combined ratio 2	NA	312.2%
Net income	($2,624)	($148,949)
Best's rating	A-VII	NA

Founded: 1843.

Parent: USF RE Insurance Co.

Specialties: Restaurants and taverns, vacant buildings, grocery stores, supermarkets, unprotected properties, shopping centers, apartments, rooming houses, car washes, motels/hotels, light manufacturing, lessors risks, senior citizens houses.

Approved non-admitted in: Alabama, Arkansas, District of Columbia, Georgia, Illinois, Indiana, Kansas, Kentucky, Maryland, Nebraska, Oregon, Texas, Virginia, Washington, West Virginia, Wisconsin, Wyoming.

Admitted in: Florida, Pennsylvania.

Officers: Richard J. Guilfoyle, president; Mark Burke, senior vp; Francis M. Reilly, Jose Velasco, vps; Glenn L. Kulbick, assistant vp.

Contact: Frank Reilly, Tom Krall, Glenn Kulbick or Helen McGoldrick.

United Capitol Insurance Co.

1400 Lake Hearn Drive, Atlanta, Ga. 30319; 404-843-5599; fax: 404-843-5598

	1993	1992
Gross premiums	$29,063,475	$27,066,374
Non-admitted	$26,690,920	$26,499,874
Commercial risks	91.8%	97.9%
Net premiums	$17,707,950	$17,639,822
Paid-in capital	$4,100,000	$4,100,000
Capital & surplus	$65,675,659	$62,386,533
Employees	43	42
Combined ratio 1	69.0%	63.0%
Combined ratio 2	69.1%	62.9%
Net income	$9,550,664	$12,378,613
Best's rating	A	A

Founded: 1986.

Parent: United Capitol Holding Co.

Specialties: Primary and excess general liability for asbestos abatement contractors, D&O liability.

Subsidiaries: Fischer Underwriting Group Inc., Hasbrouck Heights, N.J.; United Capitol Managers Inc., Atlanta.

Approved non-admitted in: All states except Arizona and Wisconsin.

Admitted in: Arizona, Wisconsin.

Officers: Bruce A. Esselborn, president/CEO; Mary Jane Robertson, executive vp/CFO; Steven S. Zeitman, executive vp/chief underwriting officer; Sheli Z. Rosenberg, vp/general counsel; Arthur A. Greenberg, vp/treasurer.

Contact: Don Fischer, D&O liability, 201-288-8620; Steve Zeitman, asbestos abatement, 404-843-5025; Gary Resman, primary casualty, 404-843-5023.

United National Insurance Co.

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

See profile on page 20

W

Waite Hill Insurance Group

1063 Technology Park Drive, Glen Allen, Va. 23060; 804-261-7000; fax: 804-266-4458

	1993	1992
Gross premiums	$47,438,801	$44,665,124
Non-admitted	$35,290,327	$32,716,267
Commercial risks	74%	73%
Net premiums	$39,323,382	$33,184,908
Paid-in capital	$5,000,000	$5,000,000
Capital & surplus	$22,511,350	$21,358,751
Employees	80	78
Combined ratio 1	108.8%	94.9%
Net income	$1,263,088	$5,110,629
Best's rating	B+	B+
S&P's rating	NA	BBq

Founded: 1980.

Parent: Figgie International Inc.

Specialties: Products liability, bars, taverns, restaurants, pest control, contractors, roofers, security guards, auto repair shops, bed and breakfast inns, special events, umbrella/excess, handymen, convenience stores.

Subsidiaries: Cardinal Casualty, Willoughby, Ohio; Colony Insurance, Glen Allen, Va.; Hamilton Insurance, Glen Allen, Va.

Approved non-admitted in: Alabama, Arizona, Arkansas, California, Colorado, District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, Montana, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.

Admitted in: Alabama, Alaska, Arizona, District of Columbia, Florida, Georgia, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Ohio, Oregon, South Carolina, Tennessee, Texas, Virginia.

Officers: John K. Latham, president; Geoffrey Cahill, vp-marketing; John Dunbar, Dale Pilkinton, vps-underwriting, Douglas Wall, vp-claims.

Contact: Geoffrey Cahill.

Westchester Specialty Group

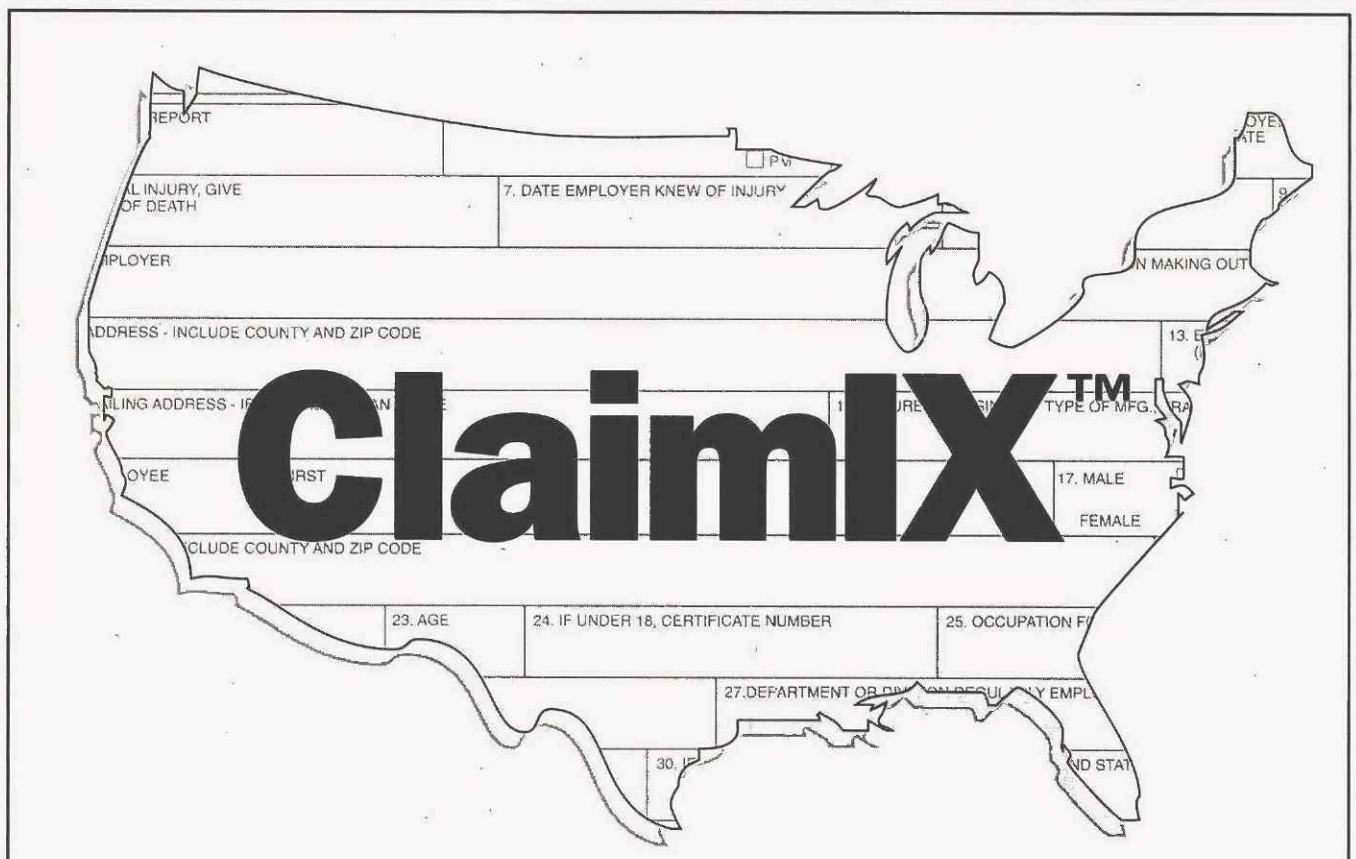
6 Concourse Parkway, Suite 2700, Atlanta, Ga. 30328; 404-393-9955; fax: 404-393-0888

	1993*	1992
Gross premiums	$398,897,618	NA
Excess liability	98%	NA
Admitted	92%	NA
Net premiums	$246,340,664	NA
Paid-in capital	$6,250,000	NA
Capital & surplus	$299,211,953	NA
Employees	314	NA
Excess liability	314	NA
Combined ratio 1	104.7%	NA
Net income**	$17,084,974	NA
Best's rating	A	NA
S&P's rating	A	NA

* 1993 figures reported on a pro forma basis accounting for the reorganization of Talegen Holdings Inc.

** Net income includes charges for restructuring/depooling of companies. Net income excluding these charges is $45,689,397.

Continued on next page



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Continued from previous page

Founded: 1837.

Parent: Talegen Holdings Inc.

Subsidiaries: Industrial Insurance Co. of Hawaii Ltd, Honolulu; Industrial Underwriters Insurance Co., San Francisco; The London Agency Inc., Atlanta; Westchester Fire Insurance Co., Atlanta.

Admitted in: All states, the District of Columbia and Puerto Rico.

Non-admitted in: Alabama, Arizona, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, West Virginia, Wisconsin, Wyoming.

Officers: Dennis Reding, CEO; Richard Plazak, president; Tom Tam, CFO; Tom Johns, senior vp-property; John Edack, senior vp-casualty.

Contact: Dennis Reding.

Western World Insurance Co.

48 S. Franklin Turnpike, Ramsey, N.J. 07446; 201-825-3300; fax: 201-825-1052

	1993	1992
Gross premiums	$73,863,032	$70,079,575
Non-admitted	$57,348,821	$53,523,701
Commercial risks	96.9%	96.6%
Net premiums	$50,611,923	$50,182,112
Paid-in capital	$8,200,000	$4,100,000
Capital & surplus	$105,983,880	$89,186,078
Employees*	145	140
Combined ratio 1	101.0%	100.4%
Combined ratio 2	102.4%	101.5%
Net income	$10,277,414	$11,011,983
Best's rating	A+	A+
S&P's rating	BBBq	BBBq

* Employee figures are for Western World Insurance Group.

Founded: 1964.

Parent: Western World Insurance Group Inc.

Specialties: General Liability, professional liability, miscellaneous malpractice.

Subsidiaries: Stratford Insurance Co., Keene, N.H.; Tudor Insurance Co., Keene, N.H.

Approved non-admitted in: All states except New Hampshire and New York.

Admitted in: New Hampshire, New York.

Officers: Andrew Frazier, president; Robert Livingston, executive vp-operations; Thomas Mulligan, Stephen Gerstman, senior vps; Carl Pheffer, Ken LaBar, Terrye Rumsey, vps.

Contact: Tom Mulligan. BI

Surplus lines insurer directory terms are explained on page 30.

Directory listings for underwriting managers, MGAs and wholesale brokers begin on page 51.

If your organization generates at least 50% or $10 million of gross premiums from commercial risks written on a direct non-admitted basis or you provide wholesale brokerage, managing general agent or underwriting manager services to retail brokers and would like to be listed in next year's directory, please contact Kathy Welyki at 312-649-5279.

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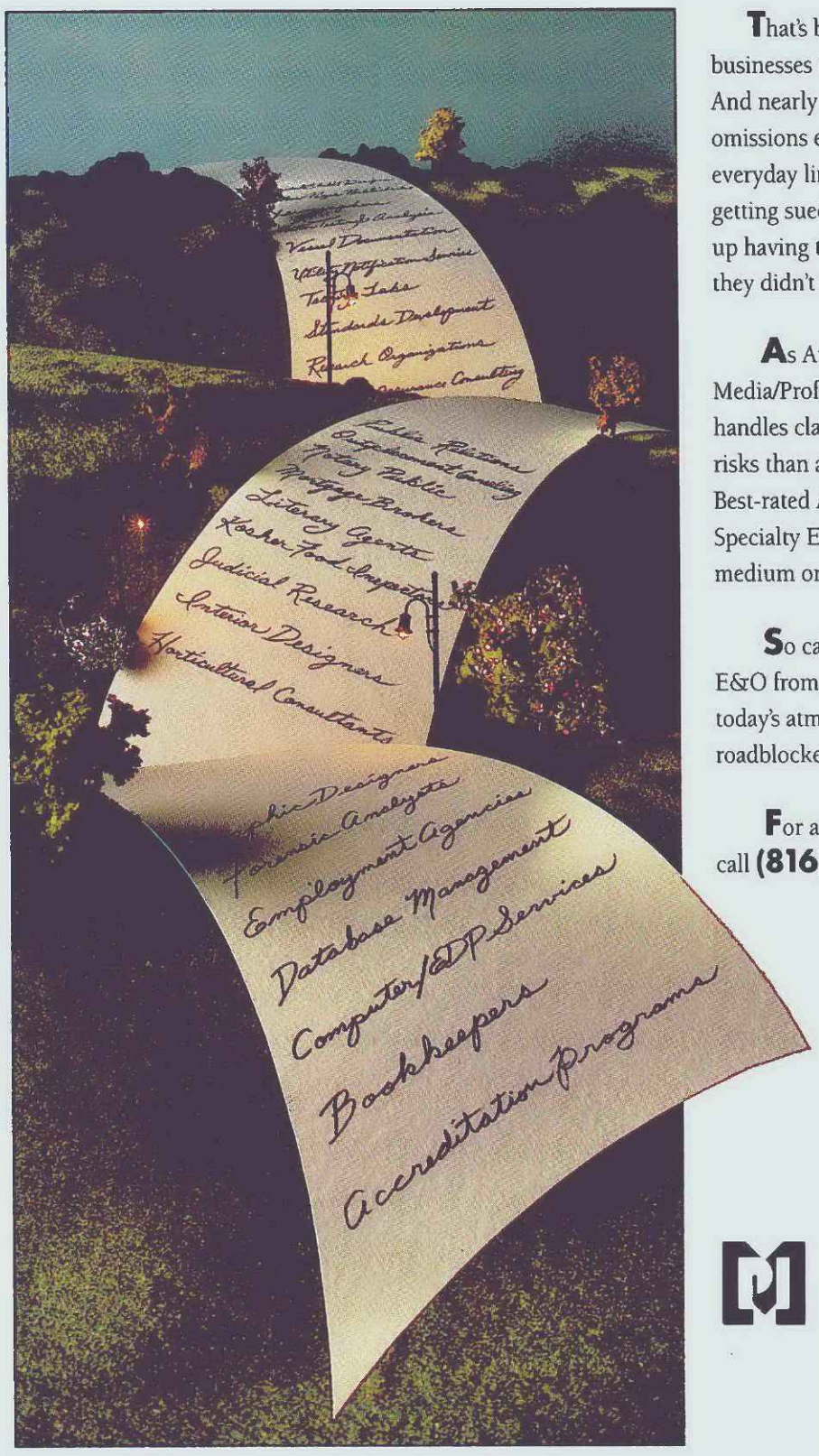
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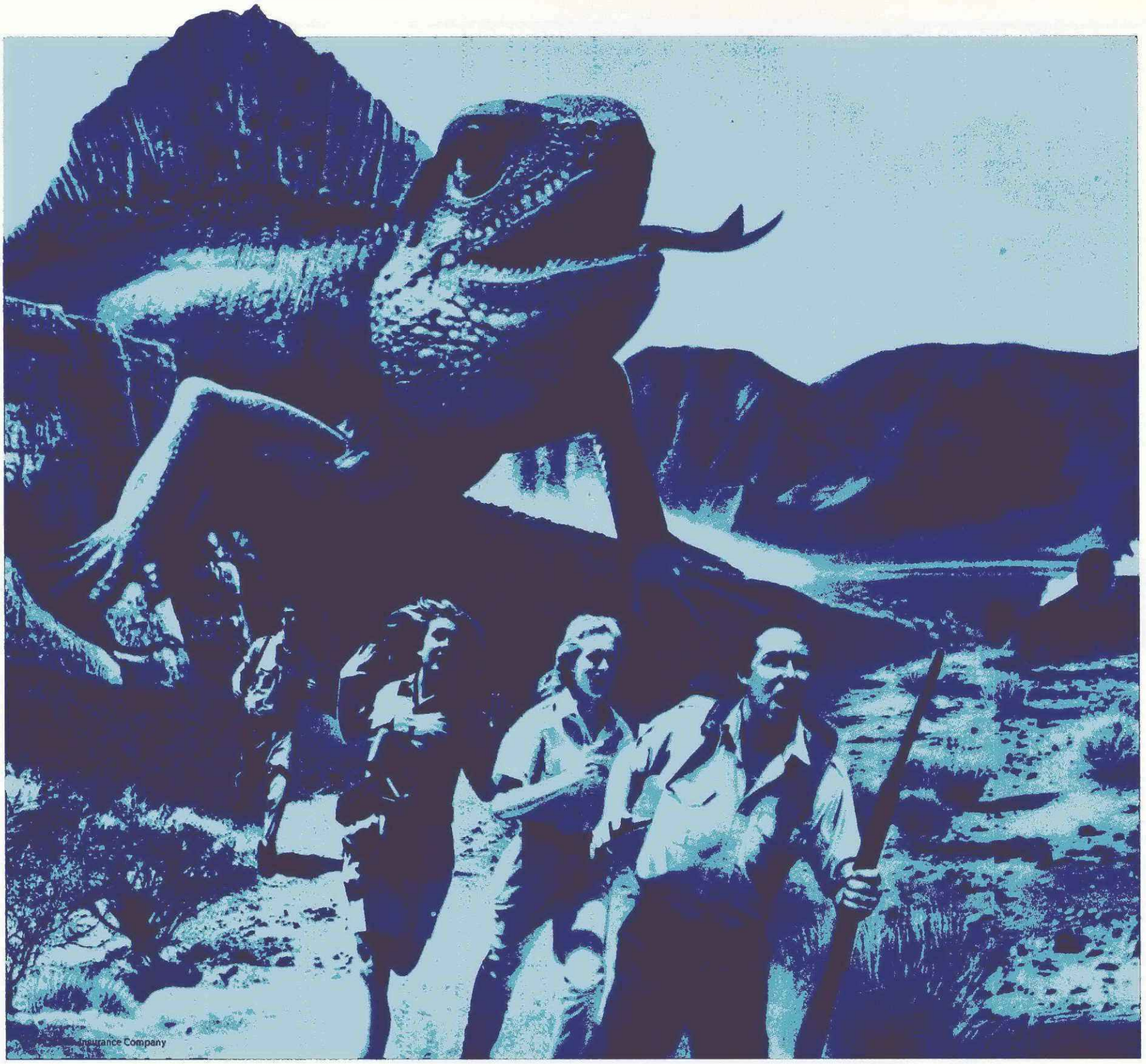
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Quality, independence touted as keys to a good year

Swett & Crawford Group

3699 Wilshire Blvd., Suite 1200, Los Angeles, Calif. 90010;
213-251-1200; fax: 213-383-0241

	1993*	1992*
Premium volume	$536,155,000	$522,406,000
Gross revenues	52,210,000	51,200,000
Employees	532	561
Commercial lines	100%	100%
Admitted insurers	49%	40%
Non-admitted	51%	60%

* Fiscal year ends Sept. 30

The property/casualty market may be relentlessly soft, but the nation's largest wholesaler remains undeterred.

Swett & Crawford Group still expects to post about a 10% growth in its revenues and premium volume when its fiscal year closes Sept. 30.

In fiscal 1993, the Los Angeles-based broker posted only a 2.6% increase in premium volume to $536.2 million, and a 2% increase in revenues, to $52.2 million. Both were by far the lowest increases among the five largest wholesale brokerages.

Fiscal 1994 has been a good year overall for the St. Paul Cos. Inc. unit, says Warren S. Stanley, its president and chief executive officer. And the company expects to continue to do well. "I just like the position of the company right now in the market vis-a-vis our competition," he said.

Premium volume was up 8% to $266.9 million for the six months ending March 30, compared with $247.1 for the year-earlier period.

"Next year we are not anticipating any fundamental market change, and if we can maintain the 10% growth figure we will be pleased, and we are hopeful and expect that will be the result," he said.

Swett & Crawford's size permits it to achieve economies of scale, but that alone is not enough, said Mr. Stanley. "There is no substitute for quality regardless of size."

The wholesaler's combination of quality and size has led to "excellent market relationships and a better ability of spreading necessary and/or needed overhead expenses over a greater production base, hence the economy of scale of operations."

Not being owned by a retail brokerage also helps. "We feel that there are a number of independent agents and brokers who would prefer to deal with a wholesale intermediary that is not owned by one of their 'major' competitors," said Mr. Stanley.

"We also suspect that our (insurance) companies are pleased with the broad spectrum of business, as opposed to a high concentration from one single (source)."

Swett & Crawford's retention rate has remained relatively constant over the years, said Mr. Stanley. "The wholesale business in general tends to churn more than the retail brokerage business."

But, he added, "our retention rate has not deteriorated over the last several years."

"It's remained relatively constant," though "generally speaking we have a better retention rate in our financial and directors and officers liability lines, and probably a little lesser retention rate in our casualty lines," he said, adding, "I believe it's due to the nature of the business."

Over past several years, the alphabet houses have accounted for less and less of Swett & Crawford's business: 21% in 1992, down to 18% in 1993 and only about 14% this year.

Mr. Stanley attributes the decline to conscious decisions by the brokerage houses to rely on their in-house expertise.

"They are definitely trying to use their own wholesale operations on a highly preferential basis," he said.

"Our percentage of premium and/or revenue derived from national alphabet houses continues to diminish as a percentage of our overall activity, yet our total or gross premiums have and continue to increase nicely," Mr. Stanley pointed out. "We have offset that reduction with business generally emanating from independent brokerages."

The diminishing percentage of business from the alphabet houses, as well as "the nature of the marketplace," have influenced

The interests of the client determine where business is placed, says Swett's Warren Stanley.

the type of business Swett & Crawford handles, said Mr. Stanley.

"We are involved in fewer Fortune 1,000 accounts than we would have been four to five years ago," he said, emphasizing that the broker is nevertheless still active in this market.

"Accordingly, our increase generally comes from more middle-tier types of accounts" that come from the larger, independent brokers, he said.

That change has not had a major impact on the lines of business Swett & Crawford handles. While the group is handling more property business these days, "that's really reflective more of the marketplace than any distribution considerations," according to Mr. Stanley.

Swett & Crawford offers a wide variety of products and has added some new ones recently, including a railroad liability policy introduced in July, which offers limits of up to $10 million. Mr. Stanley would not identify the insurer.

The "short-line" railroad coverage is designed for companies like lumber mills that use railroad tracks, but are not primarily in the railroad business.

The soft market has influenced Swett & Crawford's approach. Compared with three to four years ago, "I would say that today we are more of a specialty wholesaler, somewhat less of a generalist, by definition somewhat less of market planner and more of a market maker," said Mr. Stanley.

In a sellers' market, retailers will often come to Swett & Crawford in an attempt to access the market or place business. "This need diminishes as the market becomes a buyers' market," he said.

"We're extremely pleased that we have in the last couple of years grown in all aspects despite a generally competitive market environment and, accordingly, we think our core business is more solid than it was three or four years ago.

"It's more sustainable. We would anticipate our renewal retention to be greater" when the market eventually constricts, said Mr. Stanley.

However, he added, the soft market is expected to continue. "We are planning and budgeting for a continued competitive marketplace, with a generally oversupply of capital and intense price competition in many lines of business."

A few isolated market segments have hardened, among them earthquake coverage in California and first-tier windstorm exposures. Lack of capacity has made the earthquake market "too constrictive and too tight," said Mr. Stanley.

Overall, though, "the core of the business remains highly competitive," he said.

Swett & Crawford said it was not pushed out of any lines of business in the past year. But "there's no question that three or four years ago, we were writing accounts that have subsequently been aggressively sought by admitted carriers" across both property and casualty lines, said Mr. Stanley.

"It just really reflects the appetite of carriers to want to add premium," he said.

Generally speaking, the more than 200 insurers that Swett & Crawford uses have not changed significantly in the past year, though "we are probably using the London marketplace less than we were in years gone by," Mr. Stanley said.

He attributed this to the way North American-based companies are now pricing the business and accepting risk.

In addition, Lloyd's of London has "probably raised some questions" in people's minds that did not exist before, and a few "modest" London bankruptcies in the past few years have "created some turmoil in the market," Mr. Stanley said.

Sister company St. Paul Surplus Lines Insurance Co. is one of Swett & Crawford's most important markets, accounting for 10% to 11% of its premiums.

The interests of the client, not the parent company, determine where business is placed, he said. "We pride ourselves on always doing what is best for the customer with relation to security, price, terms and conditions."

Admitted business grew to 49% of Swett & Crawford's premiums in 1993 from 40% in 1992. "We're uncertain whether that shift will continue," said Mr. Stanley.

Driving that change are the insurers Swett & Crawford does business with and their chosen marketing methods, he said, pointing to sometimes cumbersome regulation of non-admitted insurers.

In addition to wholesale brokerage, Swett & Crawford did about 35% of its total business as a managing general agent in 1993, about the same as a year earlier.

The company has nearly 35 binding authorities in product areas including liquor law liability coverage, trucking, and water parks and recreation centers.

"Our core binding authority and core program business continue to be relatively strong and we are attempting to grow this business," said Mr. Stanley. "We have adding binding authority extensions and/or contracts to the organization on a certain selective basis."

The percentage of the wholesaler's binding authority business has "remained relatively constant for the last 24 months" as it has grown along with the rest of the business, said Mr. Stanley. In two to three years, "we suspect that our binding authority activity will probably become a marginally greater share of our total."

The wholesaler has also expanded its program of electronically issuing policies for its binding authority business, said Mr. Stanley.

Among the companies added to the electronic system in the past year are: Canal Insurance Co. of Greenville, S.C.; various St. Paul units; some syndicates at Lloyd's; and Columbia Casualty Co., a Chicago-based unit of CNA Insurance Cos.

Already participating in the program were Western World Insurance Co. of Ramsey, N.J.; Jefferson Insurance Co. of New York; and Northland Insurance Co. of Mendota Heights, Minn.

All of Swett & Crawford's business is commercial lines.

The broker's top markets are: Admiral Insurance Co., Nautilus Insurance Co. and other units of W.R. Berkley Corp.; units of American International Group Inc.; Associated International Insurance Co.; Canal Insurance Co.; units of Chubb Corp.; units of CIGNA Corp.; CNA Insurance Cos.; Colonia Group; and units of Continental Corp.

Also: Coregis Group Inc.; First State Management Co.; General Star Indemnity Co.; Guaranty National Insurance Co.; units of ITT/Hartford Group Inc.; units of The Home Holdings Inc.; Lexington Insurance Co.; syndicates at Lloyd's of London; Northland Insurance Co.; RLI Insurance Co.; Reliance Insurance Co.; Royal Specialty Insurance Co.; Scottsdale Insurance Co.; St. Paul Surplus Lines; Wesco Insurance Co.; and Westchester Corp.

Swett & Crawford did not complete any acquisitions in 1993 and none are anticipated in 1994, said Mr. Stanley. "We have no specific plans for acquisitions, although we are willing to look at opportunities, though in our case they would have to be good opportunities."

A small southern New Jersey office was integrated into the company's larger Philadelphia area facility, leaving it with a total of 26 offices.

As of year-end 1993, the wholesaler had 532 employees, down from 561 in 1992. "We would estimate it would remain close to its present level and might marginally increase," said Mr. Stanley.

In addition to Mr. Stanley, other principal Swett & Crawford officers are: Robert A. Scott, executive vp and chief financial officer; Daniel V. Colacurcio, executive vp and western division manager; Ronald D. Wartick, executive vp and central division manager; and Herbert F. Moulton, senior vp and eastern division manager.

Swett & Crawford is a member of both the AAMGA and NAPSLO.

—By Judy Greenwald

Price Forbes North America

7557 Rambler Road, Suite 350, Dallas, Texas 75231;
214-265-2660; fax: 214-265-2661

	1993	1992*
Premium volume	512,000,000	407,000,000
Gross revenue	38,000,000	32,900,000
Employees	315	308
Commercial lines	100%	100%
Admitted business	35%	35%
Non-admitted	65%	65%

* Restated

"You gotta keep pumping—it's like an uphill race," observes Orville D. Jones, chairman and chief executive officer of wholesale broker Crump Insurance Services Inc., the larger of two major operating units of holding company Price Forbes North America.

Mr. Jones was explaining how the wholesale brokerage unit of Sedgwick Group P.L.C. is driving hard to bolster its business in an ongoing soft U.S. property/casualty insurance market.

Dallas-based Crump is counting on a maturing force of aggressive producers and is developing specialty risk programs, as well as taking advantage of a hardening property market. Indeed, as it did from 1989 to 1993, Crump plans to double its premium volume and revenues in the next five years.

And, Price Forbes' other major unit, New Orleans-based managing general agent Southern Marine & Aviation Underwriters Inc., is stepping up to find coverage for the huge risks that the U.S. and international standard markets are eschewing.

Even in a rebound year for U.S. surplus lines wholesalers, Price Forbes' 1993 results were impressive.

Its premium volume soared 25.8% to $512 million from a restated $407 million in 1992, ranking Price Forbes again as both the second-largest U.S. wholesale broker and second-largest U.S. wholesaler overall.

The increase was Price Forbes' largest by far since it was created in the 1989 reorganization of Sedgwick's global operations.

With its banner results last year, Price Forbes significantly closed the previous year's $82.4 million premium volume gap between it and Swett & Crawford Group, the largest U.S. wholesaler, to a little more than $24 million.

Of Price Forbes' $512 million of premium volume in 1993, Crump generated nearly $357 million, a 22.7% increase from $291 million the year before.

The hefty increase was less than the 29.3% improvement that Crump reported in 1992.

But Price Forbes' results weren't held down last year as they were the year before by SMAU's performance. With more aggressive sales efforts and a continuing hard London energy and marine market, SMAU turned around its dismal 23.7% premium volume slide in 1992. It reported a 10.7% increase in 1993 to $95 million from a restated $85.8 million.

And, Sedgwick International Marketing Services Inc., a New York-based "reverse-flow" wholesale unit for SMAU, doubled its premium volume to $60 million last year, compared with a 30% drop the year before. SIMS exclusively places business in the North American market for international risks whose coverage needs cannot be filled solely by other world markets.

Price Forbes' results would have been even better last year if

Continued on next page

Spotlight report

Continued from previous page

SMAU had continued as the underwriting manager for Americas Insurance Co. of New Orleans, a Sedgwick subsidiary that primarily writes ocean and inland marine and aircraft liability coverages on a non-admitted basis. In 1992, that business represented about $33 million of premium volume for SMAU—including much of SMAU's aviation business.

Sedgwick Group ended the underwriting management relationship to avoid conflicts of interest in its effort to open up Americas Insurance to more business from other wholesalers.

For the first half of this year, Price Forbes' premium volume is up 13.5% to $261 million from a restated $230 million for the same period a year ago.

Separately, Crump expects that its premium volume will increase 15% this year. SMAU expects a 10% increase, and SIMS expects to at least duplicate its performance of a year ago, if not improve it.

Property and general liability risks together accounted for half of Crump's premium volume last year—28% and 22%, respectively.

Its specialties are directors and officers, errors and omissions, marine, oil and gas utilities, commercial auto, umbrella, excess liability and financial services coverages.

Mr. Jones said a maturing broker force, the hardening property market and the wholesaler's maturing specialty programs helped Crump post huge numbers last year.

Crump benefited from a group of fairly new brokers "hitting their stride," said Marcus Payne, Crump's president and chief operating officer.

Sixteen of Crump's 20 most productive brokers have joined the wholesaler within the past five years, he noted. Crump has attracted several of the brokers from competitor wholesalers and retail brokers.

Other brokers have been added through acquisitions or have been home-grown, he said. Crump has a total of about 80 brokers.

Like other wholesalers, Crump last year also benefited from the tremendous property rate hikes for risks with coastal locations. Mr. Jones said standard and non-admitted markets boosted rates for windstorm and earthquake coverage by up to 50% as they slashed capacity for the coverage.

"But, that's one of the times a wholesaler can really shine—when there's a lack of capacity in the standard market," Mr. Payne said.

Excess casualty coverage accounted for a lower percentage of premium volume last year, though Crump still wrote slightly more of the business, Mr. Jones said. "The standard market is getting a lot more into the excess liability area than it was in the past."

Meanwhile, several specialty programs that Crump has put together in recent years also matured and took off, according to Mr. Payne.

"These are the only risks the standard market is not competing on, or we offer the type of coverage they need," he said.

The two most successful programs for Crump last year were a risk purchasing group created for parking garages and a program devised to cover the properties repossessed by financial institutions, including financial institutions that are supervised by governmental agencies.

The Parking Alliance Risk Control program typically provides $20 million of coverage, though Crump can put together additional limits, if necessary.

Under the Real Estate-Owned program for financial institutions, which provides property and general liability coverage, Crump typically offers $5 million of coverage, but additional limits are available.

Crump also offers numerous other programs, including:

- Employers practices liability insurance to almost any class of business. Employers can buy $5 million of coverage to protect against claims of disability and civil rights law violations, discrimination, sexual harassment and wrongful termination.
- Environmental consultants and cleanup contractors $20 million of CGL—though not pollution—coverage. The standard market is reluctant to write even general liability coverage for this group because it fears that policyholders will somehow succeed in tapping it to cover their pollution liabilities, Mr. Jones explained.
- Financial institutions $5 million of D&0, trust, errors and omissions, institution bonds, mortgage impairment, bankers transit and other coverages on a package basis.
- Members of the Resort Hotel Assn. up to $100 million of liability limits for each location.

Crump also can arrange excess limits for those programs.

And, just a few months ago, Crump introduced a program that covers property management firms for the cost of damage caused by tenants, eliminating the need to collect security deposits from tenants.

Crump placed most of its business in 1993 with:

- American Financial Corp. companies. Crump has binding authority for subsidiary American Empire Surplus Lines Insurance Co.
- American International Group Inc. companies.
- W.R. Berkley Corp. companies. Crump has binding authority for Berkley's Admiral Insurance Co. and Nautilus Insurance Co. units.
- Berkshire Hathaway Inc. companies. Crump has binding authority for subsidiaries National Fire & Marine Insurance Co. and National Indemnity Co.
- Canal Insurance Co., for which it also has binding authority in at least one office.
- Chubb Corp. companies.
- Fireman's Fund Insurance Co. units. Crump has binding authority for subsidiary Interstate Fire & Casualty Co.
- General Re Corp. companies.
- The Home Insurance Co. units.
- ITT Hartford Group Inc. companies.
- Investors Insurance Holding Corp. companies.
- Jefferson Insurance Co. of New York units, for which it also has binding authority in at least one office.
- Various Lloyd's of London brokers and London insurers, for some of which Crump has binding authority.
- Northland Insurance Co., for which it also has binding authority in at least one office.
- RLI Insurance Co. units.
- Reliance Group Holdings Inc. companies.
- Royal Insurance Holdings P.L.C. companies.
- Scottsdale Insurance Co.
- The St. Paul Cos. Inc.
- Talegen Holdings Inc. companies.
- TIG Holdings Inc. companies.
- Western World Insurance Co., for which Crump also has binding authority.

Crump also has binding authority in at least one office for:

- First State Management Corp.
- Marine Office of America Corp.
- Navigators Insurance Co.
- U.S. Liability Insurance Co.

SMAU, which specializes in energy risks as well as marine and aviation risks, was able to turn around its poor 1992 showing by pursuing business more aggressively as the London energy and marine markets remained hard, said President Jerry L. Shelton. He succeeded Stephen P. Dinsdale when Mr. Dinsdale was named president and CEO of Americas Insurance.

For example, SMAU took advantage of the standard market's "stringent" appetite for ocean cargo risks with more aggressive sales efforts of its ocean cargo business.

SMAU can provide cargo owners or shipowners up to $40 million of coverage for a single loss incurred aboard a single vessel.

The coverage is available to "unique ocean-type risks" like steel trade accounts and energy and oil companies shipping bulk liquids, Mr. Shelton said.

"This is an expanding area for us," he added. Indeed, SMAU is "looking into (acquiring) an ocean cargo broker or two" to help it boost this business even more.

SMAU, though, is battling the standard lines market for energy business as admitted insurers jump into this arena to take advantage of the higher rates that the London market is commanding for the coverage, he explained.

Domestic standard lines markets are writing energy risks more regularly and are providing more significant limits than in the past, Mr. Shelton said.

SIMS' 1993 turnaround was fueled mainly by a lot of new business from large global accounts with household names, said President Euan Harvie-Watt. "As you see other international markets contract, we get new business."

About 60% of SIMS' business is energy-related, and 30% is international industrial business, he said. The remainder is casualty and other business.

SIMS has access to about a dozen markets that write offshore energy risks and 10 more that write onshore energy risks, he said.

At least 90% of its business is generated by Sedgwick Group.

For the future, Crump is looking at ways to improve its efficiency. For example, Crump is investing millions of dollars in new computer hardware and software that Mr. Jones says will facilitate coverage placements by the autumn of 1995. The system will provide brokers with desktop manual rating, faxing and policy issuing capabilities, among other things. "Theoretically, from the time a risk comes into the office till the time it leaves, the broker should never have to leave his desk," he said.

In conjunction with that, Crump has hired a consultant to analyze how it can improve its efficiency by enhancing productive procedures or weeding out inefficient measures, Mr. Payne said.

Crump also is on the prowl for producers with a specialty, regardless of whether Crump is currently dabbling in that area, Mr. Jones said.

And, as many wholesalers already are doing, Crump may cut back on the number of retail brokers it will work with to cut costs.

In addition to Messrs. Jones and Payne, Executive Vp and Chief Financial Officer Patrick R. O'Brien is a principal officer at Crump.

Crump and SMAU are members of NAPSLO. Crump also is a member of AAMGA.

—By Dave Lenckus

Alexander Howden North America Inc.

200 Northcreek, Suite 800, 3715 Northside Parkway N.W., Atlanta, Ga. 30327; 404-240-5200; fax: 404-240-5393

	1993	1992
Premium volume	$419,436,205	$303,407,000
Gross revenues	$25,558,492	$19,663,500
Employees	205	201
Commercial lines	100%	100%
Admitted business	80%	69%
Non-admitted	20%	31%

Alexander Howden North America Inc. is counting on its specialty brokerage focus paving the way for a solid future.

"There are a lot of generalists in the game," noted Ross L. McKenzie, president and chief executive officer of the wholesale brokerage subsidiary of Alexander & Alexander Services Inc.

Instead of just serving as an excess and surplus lines broker, Howden North America is focusing on being a specialty broker. The effort started taking shape in 1993 with the creation of three new units: Alexander Howden Energy in Houston; Chicago-based Alexander Howden Facility Managers, which focuses on program business; and Alexander Howden Construction in Pasadena.

"When somebody thinks about those three specialty markets we want them to think of Alexander Howden," said Bruce E. Harrell, Howden North America's executive vp and chief operating officer. The energy unit, in particular, "is performing well and it's got itself a strong market position," Mr. McKenzie said.

Howden North America already had a good bit of business in those specialty areas, "we just didn't have them pulled out," he noted.

Over the next 12 to 15 months, Howden North America hopes to open at least two more specialty divisions, Mr. McKenzie said.

He noted that "when you get into a specialty, we certainly get called in very early and get involved in placement strategy, program design and then the placement process."

"As a result you get better return for time put in," he said, adding that the firm also gets "a happier customer and a happier carrier." The specializing strategy means Howden becomes "an integral part of the process," he said, not just a market representative.

The wholesaler's premium volume increased more than 38% last year to $419.4 million from $303.4 million in 1992. During the same period, gross revenues increased nearly 30% to $25.6 million in 1993 from $19.7 million the prior year.

Howden moved up a spot in the *Business Insurance* ranking to third-largest broker and up two spots to third-largest wholesaler overall.

Based on the first half of the year, Howden North America's business "is going strong again, driven by the specialty business," Mr. McKenzie said.

First-half numbers showed Howden North America with $194.2 million in premium volume, up 23% from the same period in 1992, and gross revenue of $13.3 million, a 36% jump from the first half of 1992.

Howden North America made no acquisitions last year and has recently closed three offices, closing its San Francisco office in 1993 and offices in Boston and Cleveland earlier this year.

The move reflects another strategy: to reform the organization so business is focused on several regional hub offices.

Still, Messrs. McKenzie and Harrell noted that when they staff a specialty operation they staff the units aggressively, bringing on experts in those industries.

The result is that the number of employees increased to 205 in 1993 from 201 in 1992, even with the company closing its San Francisco office.

Officials of the wholesaler are also aware, though, of the need to keep down operating costs imposed by the industry's economic realities.

To those ends, Howden North America is making sizable investments in technology, investing in a computer system that links all of its U.S. and overseas offices, "which has been a major initiative and a substantial expense," Mr. McKenzie said.

The wholesale broker hopes the effort will allow it to substantially increase its revenue base while it makes only modest increases in employee head count.

Meanwhile, Howden North America also is adjusting the nature of its staffing, trying to create more of "an external client force and less of an internal administrative force," Mr. McKenzie said, going as far as bringing in a business consultant to help with that process.



Based on first-half results, Howden North America 'is going strong again, driven by the specialty business,' says Ross McKenzie.

Mr. McKenzie estimated that about 80% of Howden's staff is involved in brokerage activities and client and market relationships, with fewer than 50 employees doing support work.

In the long run, Mr. McKenzie hopes Howden North America will be able to communicate electronically with agents and underwriters and eventually eliminate paper transactions altogether.

"We believe that unless this industry can achieve that in a short period of time, the administrative costs and the manpower growth will outstrip any growth in revenue, particularly in the absence of growth of premiums," he said. He noted, though, that there will always be a need for direct contacts between principal producers and the market.

The company has continued to scale down its retail broker base in an effort to work more closely with key agencies. Over the past few years, it's trimmed that list of agencies by about 200 to a current level of about 190 nationwide.

"We're down to a very core group of agencies," Mr. Harrell said.

About 45% of Howden North America's business is done with the alphabet houses, most of that business coming from parent Alexander & Alexander.

Howden North America continued to increase the percentage of its premiums placed with admitted insurers in 1993 to 80% from 69% in 1992.

Mr. McKenzie noted that Howden North America's specialty strategy is global in nature, even though the wholesaler increased the portion of its business placed in the U.S. market last year.

"That's just a change in the

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market in particular," he said. "As London has become less competitive in the market we're tending to do more domestically."

Howden North America last year generated 82% of its premium volume from brokerage services, placing the most business with Crum & Forster Inc., underwriters at Lloyd's of London, American International Group Inc., The Home Insurance Co., Royal Specialty Underwriting Inc., Scottsdale Insurance Co., RLI Insurance Co., Zurich-American Insurance Group, First State Insurance Co. and St. Paul Surplus Lines Insurance Co.

The other 18% of its premium volume was derived from managing general agency operations. Howden North America has binding authority for The Home Insurance Co., underwriters at Lloyd's of London and Scottsdale Insurance Co.

Messrs. McKenzie and Harrell see no problem finding casualty market capacity for clients, and said they've seen premium reductions of 10% to 15% on the casualty side.

"We're seeing the standard markets being aggressive, competitive, certainly in casualty business," Mr. McKenzie said. "We're planning on '95 being the same market as '94 was."



'Our clients all pay pretty much anything they have to if they can find the limits,' says Bruce Harrell.

Mr. McKenzie said he sees surplus lines insurers responding to the competition from the admitted markets, but only so far.

"They're trying to stay in the business—not, however, down to ridiculously low rates," he said.

On the property side, things are "a little different certainly with hard market pricing and capacity," said Mr. Harrell. Howden North America is finding property capacity for clients "through strong market relationships."

Property premiums have stabilized for the most part since last year, though finding the same limits as in years past is difficult, Mr. Harrell said.

"Our clients all pay pretty much anything they have to if they can find the limits. The issue is finding the limits," he said.

In the broadest sense, Howden North America's approach comes down to finding the right spot in those markets for the customer, Mr. McKenzie said.

"Our goal at the end of the day is to find the right markets with the right security for our clients," he said.

Summing up Howden North America's strategy for the future, Mr. Harrell said, "People, technology and specialization."

In addition to its Atlanta headquarters, Howden North America has offices in New York, Chicago, Houston, Dallas, Newport Beach and Pasadena, Calif., and Ramsey, N.J.

Besides Messrs. McKenzie and Harrell, key staff include: Jerriann Lewis, senior vp and CFO; John Marlborough, COO-Alexander Howden Energy; and Martin Lyus, executive vp.

Alexander Howden North America Inc. is a member of the AAMGA.

—By Rodd Zolkos

Tri-City Brokerage Inc.

50 California St., Suite 2000, San Francisco, Calif. 94111; 415-986-5050; fax: 415-986-5004

	1993	1992
Premium volume	$402,888,888	$358,080,808
Gross revenues*	$26,200,000	$21,500,000
Employees	140	110
Commercial lines	100%	100%
Admitted business	85%	85%
Non-admitted	15%	15%

* *BI* estimate

While casualty business still accounts for close to 60% of Tri-City Brokerage Inc.'s premium volume, it is clearly property and financial services business that currently is fueling growth at the San Francisco-based wholesaler.

For the eighth straight year, Tri-City Brokerage's premium volume increased substantially in 1993. Premium volume climbed 12.5% to $402.9 million last year from $358.1 million.

The broker slipped one spot in the *Business Insurance* rankings to the fourth-largest U.S. insurance wholesaler. It traded its third-place spot with last year's No. 4, Alexander Howden North America Inc.

Casualty-related premiums declined slightly in 1993, while property and financial services business each had notable gains.

"I'm actually happy with the casualty drop," said President John G. Hahn.

"Umbrella and excess liability premiums were down at least 10% to 15% last year. This proves to us that the decision we made several years ago to diversify and focus more on property and financial services was correct. I'd love for us to get to 50/50 by the end of 1995."

The gains Tri-City Brokerage has made in brokering property and financial services business have not been made without a fair share of hard work, he noted.

"We're tapping into virtually every nickel of capacity that's out there, especially for our national accounts. Property is an even tougher line now than it was in 1993. Markets had reduced their capacity to $5 million or $10 million last year and they're down to $1 million to $3 million now," Mr. Hahn said.

Tri-City Brokerage's property volume will likely increase 40% in 1994 and may top $150 million by year end, Mr. Hahn predicted.

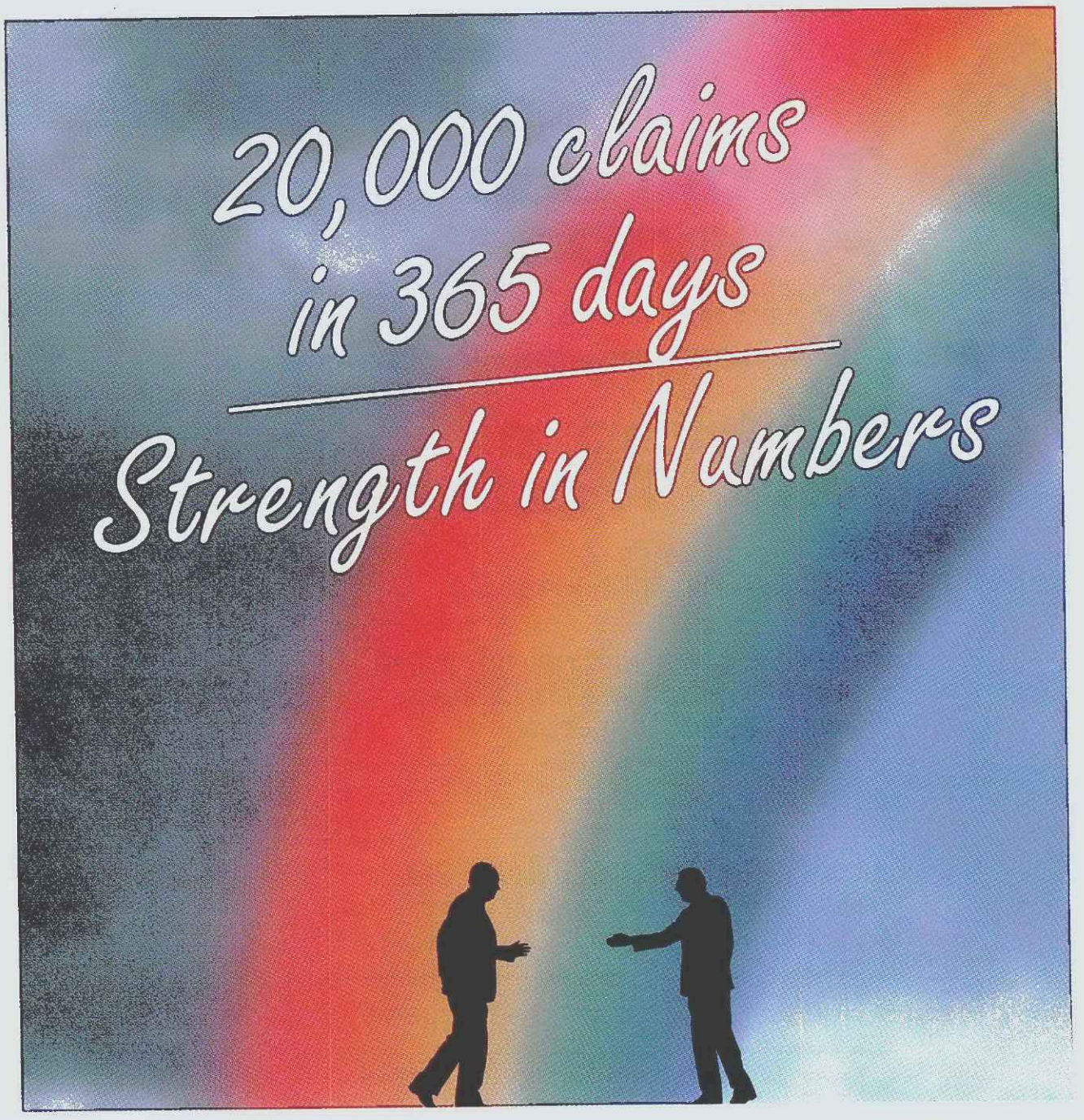
"The property crunch has been created by treaty problems. Every exposure in a catastrophe area is being closely examined. Insurers need to trim their exposures (due to a shortage of reinsurance), thus the placement process has never been harder."

Business is booming for its financial services book of business, which primarily includes placing errors and omissions and directors and officers liability protection for professionals, biotechnology and high-tech industries and privately held companies conducting initial public offerings.

"Naturally, a lot of this business is going to the surplus lines companies, but it's not exclusive to the non-admitted market like it once was. There are standard lines carriers bidding for this business," Mr. Hahn said.

But, overall business has been clicking along rather well, he said. While the company does not report its gross revenues, *BI* estimates that revenues totaled about

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When it comes to paying claims, our 5-day standard turnaround is among the best in the business. In 1994 we continue to build our reputation for servicing claims promptly, cutting our standard turnaround to a record 3 ½ days. For close to 100 years we have demonstrated this commitment to service by responding to customer claims quickly and efficiently. No wonder so many insurance professionals count on Skandia America Re to deliver the answers they need when they need them.

Skandia

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$26.2 million last year, up 21.9% from $21.5 million in 1992.

Through the fist six months of this year, premium volume was $221.8 million, up 17.5% from $188.7 million last year. Like last year, higher property rates are behind the increase.

Property business has been Tri-City Brokerage's main source of growth.

Both coastal windstorm coverage and earthquake coverage in California remain the hardest property risks to place, Mr. Hahn said.

"California earthquake is brutal and not improving. Pricing is up and so are deductibles and retentions. Some quake zones are near the point of having no more willing underwriters," he noted.

Property-related premium volume last year increased 50.7% to $113 million from $75 million in 1992. Property placements accounted for 28% of Tri-City's book of business in 1993, up from 21% in 1992.

Through the first half of 1994, Tri-City placed about $66 million in property business, up 46.7% from $45 million in midyear property premiums a year ago.

Financial services business also is expanding.

"Financial services is esoteric stuff. With law firms and high-tech companies, our clients want us to speak their language. We've been hiring people with legal and high-tech knowledge and then training them in brokering and it's working," Mr. Hahn said.

Last year, financial services business accounted for about 13% of Tri-City's business, or about $53 million in premiums, up 43.2% from the previous year. As in previous years, much of that business was E&O and D&O for lawyers, accountants, architects and high-tech companies. Included in that book is D&O for the officers of companies conducting initial public offerings.

'We're tapping into virtually every nickel of capacity that's out there,' says Tri-City's John G. Hahn.

"There were a lot of IPOs in 1993 and the new officers need D&O if they're raising money from outside sources," he said.

A new financial services product being marketed by Tri-City is "intellectual property coverage," which high-tech firms buy to protect their trade secrets and inventions. "This was introduced at the beginning of last year but didn't really get off the ground," said Mr. Hahn.

Despite a small drop in liability premiums last year, liability business remains Tri-City's largest individual line.

Liability business, which generated $237 million in premiums in 1993, down 3.7% from $246 million in 1992, still represented nearly 59% of Tri-City's overall volume. But that's down from 69% in 1992 and 72% in 1991.

"Due to massive capacity, casualty pricing, primarily umbrella, is totally depressed. One can get a 25% premium reduction if they ask hard enough for it. As a result, our casualty renewals were the worst they have ever been, and I said the same thing last year," said Mr. Hahn.

Of Tri-City's $237 million casualty book of business, umbrella and excess liability business accounted for about 65% last year, or about $154 million.

"Fortunately, our CGL and primary products liability lines stayed fairly strong. Our renewals were pretty good in those lines," said Mr. Hahn.

Meanwhile, 1993 renewals in general were quite acceptable, according to Mr. Hahn. "I'd estimate that we retained about 70% to 75% of our accounts, which is all right. Dollar in for dollar out is certainly not our goal," he said.

Mr. Hahn said Tri-City's client base is now about 65% independent and regional brokers. While it frequently works with the large national brokers, "most of the alphabet houses have their own specialty and wholesale units," he noted.

Tri-City continues to maintain open relationships with more than 700 brokers and agents across the country and throughout the world, primarily in London. However, no one broker or agent accounts for more than 10% of its business.

The broker has maintained access to more than 60 admitted and non-admitted markets, with about 85% of placements going to admitted insurance companies for the second consecutive year.

Some of Tri-City's leading commercial markets are: Acceptance Insurance Co.; Aetna Casualty & Surety Co.; American International Group Inc.; Chubb Custom Insurance Co., a unit of Chubb Corp.; General Star Indemnity Co.; The Home Insurance Co.; Reliance National Insurance Co.; RLI Insurance Co.; Royal Specialty Underwriting, a division of the Royal Insurance Group; St. Paul Surplus Lines Insurance Co.; Travelers Insurance Co.; and the Westchester Specialty Group.

With clientele demanding so much more of Tri-City Brokerage in the areas of property and financial services placements, the firm expanded its workforce last year by 30 people, bringing the total number of employees at Tri-City Brokerage to 140.

"We needed to beef up our support staff. I think we became a little lean on service, which is unacceptable in the line of business," said Mr. Hahn.

Tri-City opened a new office in Edison, N.J., earlier this year. Tri-City also operates from its San Francisco headquarters and offices in New York, Los Angeles and Chicago.

The Edison office, Mr. Hahn said, was created to allow the company to split its East Coast focus between two separate offices. He said the New York office is responding mostly to clients in the New York area and New England, while Edison is handling much of the company's business south of New York down the Atlantic Seaboard. Edison also functions as Tri-City Brokerage's new national accounts headquarters.

In addition to Mr. Hahn, who is one of 10 partners of the privately held firm, other principal officers are: Leo O'Reilly, chief financial officer; and Executive Vps Kieran Burke, Scott Gunnison, George Hilditch, Alexander Kullman, George Pagoumian, Daniel Real, Thomas Spinner, Michael Tilton and Edward Ulshafer.

Tri-City Brokerage is a member of the National Assn. of Professional Surplus Lines Offices.

—By Michael Schachner

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Stewart Smith Group Inc.

26 Century Blvd., Nashville, Tenn. 37214; 615-872-3641; fax: 615-872-3093

	1993	1992
Premium volume	$275,033,805	$248,817,442
Gross revenues	$20,336,777	$18,433,376
Employees	195	190
Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

After several years of changing headquarter locations and corporate affiliations, Stewart Smith Group Inc. concentrated in 1993 on getting back to the business of brokering insurance.

The hard work seems to have paid off: The wholesaler's premium volume increased 10.5% to $275 million in 1993 from $248.8 million the previous year. Gross revenues rose nearly the same amount—10.3%—to $20.3 million last year from $18.4 million in 1992.

And, 1994 premium volume and gross revenues are increasing at an even greater rate. For the first six months of 1994, premium volume totaled approximately $160.1 million, an increase of 14.6% over the same period a year earlier. Gross revenues increased to $11.8 million during the first half of 1994, an increase of 12.9% from the first half of 1993.

"We're having a very good year," acknowledged Edward F. Casey, president and chief executive officer.

The Nashville, Tenn.-based wholesaler's 1993 premium volume earned it a place as the fifth-largest surplus lines broker and sixth-largest wholesaler overall as ranked by *Business Insurance*.

Approximately half of the growth in Stewart Smith's business can be attributed to greater property insurance premium placements and the other half to growth in the firm's directors and officers liability and errors and omissions coverage placements, Mr. Casey said.

There is "a lot of new business, a tremendous amount of new business" in property coverage for catastrophe-prone areas, he said. Rates for this coverage are rising, Mr. Casey said, though he declined to be more specific.

In the D&O and E&O liability areas, "we continue to do a lot of" placements for coverage for initial public offerings, Mr. Casey noted.

Although premium volume increased in 1993, Stewart Smith's mix of business remains virtually unchanged from previous years, according to Mr. Casey.

Approximately 55% of the firm's premium volume comes from placements for casualty coverage, including primary general liability, automobile and umbrella liability. Some 23% of premiums are generated by placements for D&O and E&O liability coverage. Property coverage placements accounted for 18% of premium volume last year. The remaining 4% of premium volume was split equally between placements for aviation liability coverage and medical stop-loss coverage.

As has been true for the past several years, about 90% of Stewart Smith's business is brokerage, with the remaining 10% generated as a managing general agency.

The wholesaler's clients are large regional brokers, independent agents and the alphabet brokers. Last year, independent brokers and agents accounted for 75% of production; Stewart Smith's parent company, Willis Corroon Group P.L.C., accounted for 18% of premium volume; and other alphabet brokers accounted for 7% of production. Stewart Smith handled business from 2,947 brokers and agents in 1993.

Stewart Smith placed 40% of its business with admitted markets and 60% with surplus lines markets in 1993, the same proportion as 1992.

Stewart Smith's major markets during the past year include Admiral Insurance Co.; Chubb Custom Insurance Co.; units of Coregis; First State Management Group; General Star Indemnity Co., a unit of General Re Corp.; Lexington Insurance Co., a unit of American International Group Inc.; Northland Insurance Co.; RLI Insurance Co.; The Reliance Group; Royal Specialty Underwriting Inc.; St. Paul Surplus Lines Insurance Co.; Special Programs Management Inc.; and Westchester Specialty Group.

'You really need a good mix of markets to serve your clients,' says Stewart Smith's Edward F. Casey.

Stewart Smith Group units serve as an MGA for American Empire Surplus Lines Insurance Co.; Burlington Insurance Group Inc.; Columbia Casualty Co., a unit of CNA Financial Corp.; Essex Insurance Co., a unit of Markel Corp.; General Star Indemnity Co.; Gulf Insurance Co.; Interstate Fire & Casualty Co.; underwriters at Lloyd's; Nautilus Insurance Co., a unit of W.R. Berkley Co.; Northfield Insurance Co.; Republic Vanguard; and Western World Insurance Co.

The wholesaler retained 67% of its accounts in 1993, a 2% improvement over 1992. And, for the first six months of 1994, the rate was 71%, Mr. Casey said.

Mr. Casey said Stewart Smith's uniqueness lies in three areas, in order of importance: the firm's staff, its access to markets and its financial strength.

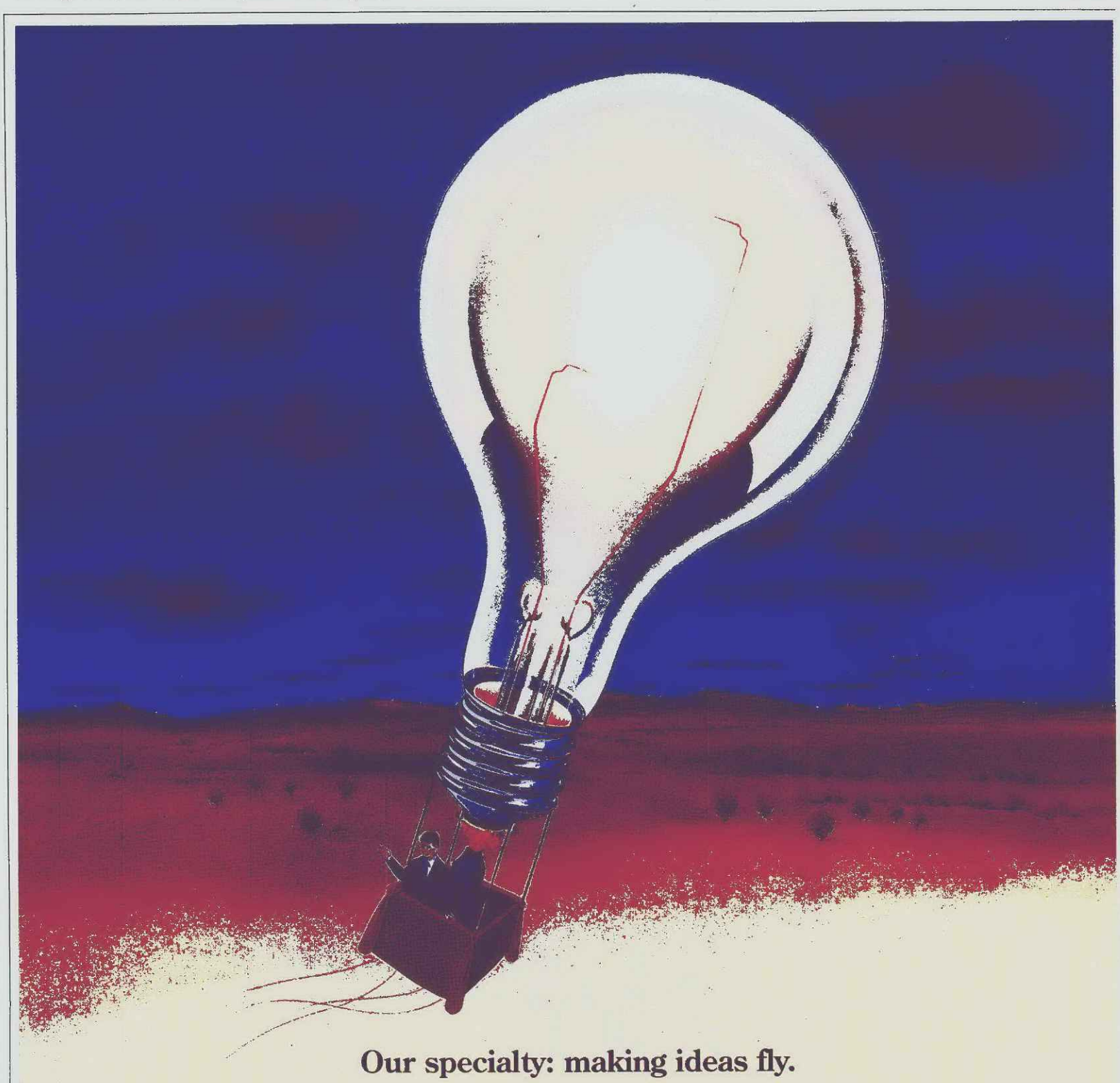
"We have a professional staff of brokers who are experts in their particular fields," he said. Stewart Smith has 88 brokers out of a total staff of 215 this year. Last year, there were 77 brokers on staff out of a total of 195 people.

Also, "you really need a good mix of markets to serve your clients," Mr. Casey stated. He noted the firm currently does business with more than 200 markets.

Addressing the importance of a company's financial stability, Mr. Casey said financial strength "gives the retail client a certain degree of comfort knowing they're dealing with an organization that's going to be around in the future."

Although 1993 was a relatively calm year for the wholesaler in terms of organizational changes, Stewart Smith Group Inc. acquired a program management company from Willis Corroon on Jan. 1, 1994. The company, previously called Willis Corroon Specialty Risks Inc., has been renamed Stewart Smith Specialty Risks Inc. and is based in Southfield, Mich. This deal accounts for much of the increase in the wholesaler's staff count for 1994 to 215 from 195.

Continued on next page



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Continued from previous page

Stewart Smith Specialty Risks currently offers two programs: first-party physical damage coverage for contractor's equipment and first-party physical damage coverage for new car dealer-owned inventory.

The wholesaler is "very interested in expanding" this unit's business, Mr. Casey said. Although he declined to provide details, he said Stewart Smith Specialty Risks is looking into developing several new programs.

"We are interested in doing more program business," he said. "We'd love to be able to have them create unique programs that we can sell for them."

"For the balance of this year, I see more or less a repeat of the first six months," Mr. Casey said. Specifically, he expects continued premium growth from catastrophe-prone property coverage placements and D&O and E&O liability coverage placements.

As to the market's future, Mr. Casey quipped that a hard market "is something that my grandchildren may see someday."

Stewart Smith's subsidiaries are: McAlear Associates Inc., which is based in Grand Rapids, Mich., and operates a branch office in Cleveland; Stewart Smith East Inc., which is based in New York and operates branch offices in Cedar Knolls, N.J., Farmington, Conn., and Philadelphia; Stewart Smith Mid America Inc., based in Chicago; Stewart Smith Southeast Inc., which is based in Tampa, Fla., and operates a branch office in Nashville, Tenn.; Stewart Smith Southwest Inc., based in Dallas; Stewart Smith Specialty Risks, based in Southfield, Mich.; and Stewart Smith West Inc., which is based in Los Angeles and operates branch offices in Eugene, Ore., Phoenix and San Francisco.

In addition to Mr. Casey, other top officers of Stewart Smith Group Inc. include: Kenneth H. Pinkston, chairman; John Rogers, senior vp and chief financial officer; Fred Anderson, president of Stewart Smith West; Mark Smith, president of Stewart Smith East; James Compton, president of Stewart Smith Southeast and Southwest; Martin Horwitz, president of Stewart Smith Mid America; Ralph Leistner, president of McAlear Associates; and George Clarke and Chuck Hodgkins, executive vps of Stewart Smith Specialty Risks.

Stewart Smith Group Inc. is a member of NAPSLO.

—By Deborah Shalowitz Cowans

Sherwood Insurance Services

201 California St., Suite 1000,
San Francisco, Calif., 94111;
415-956-3236; fax: 415-956-1204

	1993	1992
Premium volume	$158,000,000	$112,000,000
Gross revenues	$12,415,000	$9,000,000
Employees	85	71
Commercial Lines	100%	100%
Admitted business	85%	84%
Non-admitted	15%	16%

These are booming times for Sherwood Insurance Services.

Thanks to a hard market for its earthquake insurance specialty as well as a hard-working staff, the Aon Corp. wholesale subsidiary boasted an impressive 41.1% increase in premium volume to $158 million in 1993 from $112 million in 1992.

Gross revenues increased an almost-parallel 37.9% to $12.4 million last year from $9 million in 1992.

That growth has enabled Sherwood to crack the ranks of *Business Insurance's* list of the ten largest U.S. insurance wholesalers for the first time as it claims the No. 10 spot. And the growth trend is continuing this year, as the wholesaler posted a 34.8% increase in first-half premium volume to $86.3 million from $64 million, and a 37.7% increase in gross revenues during the half to $7.1 million from $5.2 million.

About half of Sherwood's growth was attributable to new business and the remainder to revenues generated by the hard market for earthquake coverage, said James W. Barnes, Sherwood's chairman and chief executive officer.

"We had some new, talented people that produced a lot of business," he said. There was also a "lot of hard work" by Sherwood's team of 26 producers servicing existing accounts. The wholesaler also put in place new underwriting facilities, which increased revenues as well, said Mr. Barnes.

Furthermore, "We specialize in large, Fortune 1,000 property accounts with an emphasis on earthquake," which posted revenue increases due to "skyrocketing" premiums, said Mr. Barnes.

About 60% of Sherwood's business is property, of which three-quarters has earthquake peril coverage, either on a difference-in-conditions or on an all-risks basis, including flood coverage, as well, said Mr. Barnes.

Sherwood's growth will continue, he predicted. In addition to the hard earthquake market, growth is continuing in other property areas, as well as in casualty and professional liability.

"We're constantly bringing new programs on board, looking for underwriting agreements with carriers, and we're constantly looking for new, talented producers to bring in the business and help service it," said Mr. Barnes.

"We do expect the growth to continue over the next years, and we've been actively planning for it," he said.

New products are now in the planning stage. "We're currently putting together primary property facilities for earthquake," Mr. Barnes said. The brokerage is also developing a casualty contracting facility for large contractors. Both are expected to be introduced late this year or early next.

The wholesaler has also continued to add underwriting facilities for its smaller commercial accounts, both in its San Francisco headquarters and its branch office in Woodland Hills, Calif. "We're always prospecting for new products to place," said Mr. Barnes.

Underwriting facilities now account for about 10% of Sherwood's total business, and will probably grow to more than 25%.

However, despite this and the introduction of the new products, "We are first and foremost brokers, which is what we will continue to be," said Mr. Barnes. Underwriting contracts "just enhance our brokering capabilities."

"The whole company is founded on being brokers," he added. "That's the background of our production people" and that thrust will not change.

Sherwood was founded in 1978 as an 11-year joint venture between Don Sherwood and broker Frank. B. Hall & Co. Inc. When the joint venture agreement ex-

Continued on next page



Continued from previous page
pired in 1989, Sherwood became a wholly-owned Hall subsidiary.

Mr. Sherwood retired in October 1991, and his position was assumed by Mr. Barnes. In late 1992, Aon Purchased Frank B. Hall, "and we came along with the purchase."

"From Day One we were predicated on being a niche wholesale broker," said Mr. Barnes. For its first seven years, in fact, before it opened its southern California office and expanded into casualty business, Sherwood concentrated just on property lines.

"We were probably the only major wholesaler dominated by a property book of business" because its brokers were all property specialists, explained Mr. Barnes.

"We always take the position that we add value to the transaction," he said. "Our focus has always been to take the large Fortune 100 or Fortune 1,000 and large property accounts and help the retail broker market those accounts."

"Our service has always been one of our tremendous assets," said Mr. Barnes.

"We always service what we broker" and have made underwriters part of a three-way team that also includes the broker and insurer, he said.

As a result, he said, Sherwood has been successful in developing a "very loyal group of underwriters and retail brokers that we do



'We are first and foremost brokers, which is what we will continue to be,' says Sherwood's James Barnes.

business with."

In 1985, when Sherwood opened its Los Angeles office, which subsequently moved to Woodland Hills, it was staffed by a "very competent group of casualty brokers."

While Sherwood's mix of business today is about 60-40 property to casualty, "certainly within the next few years that will probably be 50-50, and that's the level we'd like to keep," Mr. Barnes said.

Sherwood's casualty business includes large contracting accounts as well as product liability and self-insured retention business.

It is also attempting to place excess and umbrella business, "but that's extremely competitive," said Mr. Barnes.

The company also expects to do about $10 million in business this year in professional liability insurance, for which it pursues medium-sized accounts. Sherwood also has had some "very great success" offering directors and officers liability coverage in connection with initial public offerings, which is handled by a Sherwood specialist.

"It's a very esoteric field, but he does a very good job at it," said Mr. Barnes.

A total of 85% of Sherwood's business in 1993 was placed in the admitted market, up slightly from 84% in 1992.

"It should remain constant," Mr. Barnes said. "There doesn't seem to be much movement in that area."

"We try to be the No. 1 or No. 2 source of business with all the 100 markets with which Sherwood places business," Mr. Barnes explained.

The wholesaler has found this makes for a much better relationship, strengthens ties, makes loyalty much more important, "and gives us tremendous market clout with the underwriters," Mr. Barnes said.

"We work very hard to get to that relationship and keep that relationship." Sherwood does not enter into them lightly "and we certainly don't leave them lightly," he said.

Sherwood works with about 1,200 brokers. About 45% of its book is placed on behalf of alphabet brokers, with the remaining 55% comprising major local and regional brokers as well as the smaller local brokers.

Sherwood helps both groups in different ways. For the alphabet houses it places Fortune 1,000, large capacity and difficult national accounts. For the others, it will help place earthquake coverage for their one or two larger accounts.

'We always take the position that we add value to the transaction,' says James W. Barnes. 'Our focus has always been to take the large Fortune 100 or Fortune 1,000 and large property accounts and help the retail broker market those accounts.'

"For them, we act more as a marketing department," said Mr. Barnes.

"We have access to the entire spectrum of E&S companies, while alphabet houses could have some of the same access," he observed.

All of Sherwood's business is commercial lines.

The broker's top markets are: Associated International Insurance Co.; Commonwealth Insurance; First State Insurance Co.; The Home Insurance Co.; Industrial Underwriters; RLI Insurance Co.; Reliance Insurance Co.; Royal Excess & Surplus Lines Insurance Co.; Scottsdale Insurance Co.; and Transamerica Insurance Co.

It has underwriting authority for Commercial Underwriters Insurance Co.; syndicate at Lloyd's of London and other British insurance companies; Monticello Insurance Co.; National Casualty Co.; Nautilus Insurance Co.; Scottsdale Insurance Co.; Topa Insurance Co.; and Twin City Fire Insurance Co.

At year-end 1993, the company had 85 employees, up from 71 at year-end 1992. By mid-year, the total had increased to 101.

In addition to Mr. Barnes, other principal Sherwood officers are: David R. Hartoch, president and chief operating officer; Casey Hamlin, senior vp and Kevin Schrage, chief financial officer.

Sherwood is a member of NAPSLO as well as the Western Assn. of Insurance Brokers; Professional Liability Underwriting Society; Professional Insurance Agents of California and Nevada and the California Insurance Wholesale Assn.

—By Judy Greenwald



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Schinnerer remains largest underwriting manager

The Schinnerer Group Inc.

2 Wisconsin Circle, Chevy Chase, Md. 20815; 301-961-9800; fax: 301-951-5444

	1993	1992
Premium volume	$407,000,000	$415,000,000
Gross revenues*	$34,100,000	$34,500,000
Employees	278	290
Commercial lines	100%	100%
Admitted business	95%	95%
non-admitted	5%	5%

*BI estimate

The Schinnerer Group will expand and strengthen existing relationships in its core businesses as a central part of its strategy for the next year.

By listening to customer desires and declining to enter areas that don't meet the underwriting manager's strategy, Schinnerer hopes to reverse a trend of declining premium volume, said Richard J. Walk, senior vp of the Chevy Chase, Md.-based unit of Seabury & Smith, which is itself part of Marsh & McLennan Cos. Inc.

"Our core programs are growing," he said. "For the whole year of 1994, we expect to be equal to or slightly higher than 1993."

According to Mr. Walk, Schinnerer has five core programs: architects and engineers liability, educators liability, real estate professionals liability, hospital liability, and nonprofit directors and officers liability.

Schinnerer's premium volume dropped less than 2% to $407 million in 1993 from $415 million a year earlier. The drop continued into the first six months of 1994, as Schinnerer estimated its first-half premium volume at $191 million, a 4.5% drop from the same period in 1993.

Despite those results, Schinnerer remains the nation's largest underwriting manager/managing general agent. Based on premium volume, it ranked as the fourth-largest wholesaler, down from third the year before.

Business Insurance estimates that Schinnerer's gross revenues declined 1.2% to $34.1 million in 1993 from an estimated $34.5 million a year earlier.

Mr. Walk rates the past year "pretty positively." He noted that the insurance market remains soft, that Schinnerer's core business—architects and engineers liability—is "extremely sensitive to what is happening in the building industry" and that "we were also intentionally moving some programs that did not have the right strategic fit for us out of Schinnerer."

One program that was dropped was media liability insurance, launched in 1993. It simply "didn't pan out," said Mr. Walk. Schinnerer also began phasing out its involvement in negotiating reinsurance placements on programs on behalf of its insurers.

"The things we are turning out are the ones that are making revenues slide," he said.

"What we're trying to do is to really focus on our core business and work closely with our broker network," said Senior Vp Homer M. Sandridge. Schinnerer will "focus on our strengths," notably its underwriting expertise, he said. Schinnerer will "focus on building new relationships, that is, new programs, but will do so in a very selective fashion."

Mr. Sandridge is confident that Schinnerer will add "a couple of new programs" during the next year.

"Strategic fit" is the key, Mr. Walk said. He noted that the underwriting manager added numerous small programs during the late 1980s and found its underwriting expertise spread thin. "We'd rather have a half-dozen strong programs that are all of solid size, say, at least $10 million in premium and hopefully bigger, and have the ability to grow to be $25 million or $50 million programs, rather than have 20 $3 million programs."

Schinnerer is streamlining its products and processes but always first bearing in mind the customer's desires, he added.

The biggest of Schinnerer's programs is its architects and engineers liability program, which accounts for about 50% of its business, said Mr. Sandridge, who is in charge of the area.

The program is now in its 38th year and offers limits of $15 million. It has been insured by Chicago-based CNA Insurance Cos. since its launch and has been commended by the American Institute of Architects and the National Society of Profession Engineers, he pointed out.

The number of firms participating in the program increased by 10% last year, Mr. Sandridge said, but the premium volume rose by a smaller amount because of "continued rate erosion" stemming from a soft market and a "dramatic" drop in loss frequency. Given market conditions, the program did "reasonably well."

Schinnerer began doing business in a new way with small design firm professionals in March, Mr. Sandridge said. The program, officially called the Small Firm Initiative, is aimed at firms with less than $250,000 a year in fees, a category into which half the firms in Schinnerer's architects and engineers business fall.

He said Schinnerer found that such firms wanted an easier way to do business, so the underwriting manager shortened the application, "totally simplified the rating approach," set up a toll-free telephone quotation line and created a three-year fixed-price program with a standard deductible of $1,000. Limits of up to $1 million are available with full defense cost coverage within the limit.

The new program has proved to be an "exceptionally" popular product, he said. It is currently approved in 37 states.

Schinnerer has also revised its pollution pricing coverage so that the cost is "negligible for firms without complex environmental exposures," Mr. Sandridge added. The coverage, which appears as a $5 million sublimit within the architects and engineers liability policy, is designed to meet the needs of a firm's "incidental pollution coverage."

Mr. Sandridge also noted that CNA's "Commitment Plus" program, in which underwriting profits on the $1 million layer are shared with architect and engineers policyholders, will return $50 million to clients this year, up from $38 million last year. The program, under which underwriting profits in excess of 3% are returned with interest over a

Continued on next page

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Continued from previous page

five-year period to policyholders, combines "basic fairness and a way to stabilize an insured's premiums over time."

The program has returned $138 million to policyholders since its inception in 1990.

Messrs. Sandridge and Walk also pointed to Schinnerer's team approach for national accounts—those clients with gross annual receipts of more than $5 million—as a means of meeting customer needs and desires. A team consists of an underwriter, a loss prevention specialist and a claims professional assigned to a particular client.

"If we do a good job of serving our customers, we find that the loyalty factor is very high," said Mr. Sandridge, noting that Schinnerer's retention rate is above 91%.

"I think a lot of competitors would be happy with 80%," said Mr. Walk.

The underwriter also offers programs to related professions within the construction industry. Those groups include land surveyors, landscape architects and design-build firms. Growth in surveyors coverage has been particularly strong, Mr. Sandridge said.

Another area that is "growing nicely" is the United Educators Insurance Risk Retention Group Inc., a Vermont-domiciled risk retention group for which Schinnerer acts as underwriting manager. Both premium volume and the number of insureds grew by a little more than 10% in the past 12 months, said Mr. Walk.

United Educators "continues to dominate the market for higher education" and added an umbrella form and a following form policy in excess.

United Educators currently has more than 1,000 policies in force, covering about 800 participants. Its most popular coverage, educators legal liability, currently offers limits of up to $25 million. Mr. Walk noted that the facility has been writing liability coverage for other non-profit entities, such as museums, in addition to its major base of colleges, universities and private preparatory schools.

Real estate agents liability "has really grown far faster than our predictions," Mr. Walk said. "We're probably looking at more than doubling the size of that program this year," despite having more competitors than ever, he said.

"What kicked it into high gear was that our biggest competitor, HMS—Homeowners Marketing Services—which was writing through AIG, approached us and, early in 1994, they began writing all of their business through Schinnerer and CNA. We are halfway through the process of converting their book of business to CNA," Mr. Walk said.

The Schinnerer program continues to carry the endorsement of the National Assn. of Realtors and, like the architects and engineers program, is underwritten by CNA. Limits are currently $2 million, though most clients buy $1 million or less, said Mr. Walk. "We listened to what the Realtors wanted."

For example, after surveying its customers, Schinnerer is introducing an "Easy E&O" policy. It involves a short-form application that can be mailed by producers, Mr. Walk said. In fact, it is "really a self-rater" that the real estate agent can use to figure out the premium, attach a check and send it back to the broker. Because there is no quoting involved, the new product "short-circuits the whole process."

Schinnerer also hopes to offer some clients automatic renewals within the next few months. Small firms that have no claims do not need to be underwritten annually, he said. The annual renewal category could account for at least one-third of the underwriting manager's real estate book of business, said Mr. Walk.

Schinnerer also offers a per transaction payment option to its clients. That allows real estate professionals to pay their premium according to the number of transactions they have during a month.

Hospital liability is the one segment of Schinnerer's business that has not been growing, said Mr. Walk. "It's a tremendously competitive marketplace served by almost every heavy hitter you can think of," he said. And, the client base is changing as hospitals merge and larger facilities turn increasingly to captives, he added. Schinnerer's target markets are community and rural hospitals.

The program is written by TIG Holdings, formerly the property/casualty arm of Transamerica Insurance Group, and can offer limits of up to $25 million on a facultative basis.

In addition, the program has a new reinsurance treaty that will provide greater coverage and price flexibility as well as increased commissions for brokers, said Mr. Walk. The treaty provides up to $10 million in limits.

Schinnerer's fifth major program is directors and officers liability for non-profit organizations, which it has been underwriting for Chubb Corp. for a number of years. The program currently offers limits of $25 million and is aimed at trade associations, libraries, museums and a variety of other institutions.

But a few months ago, an insurer that Mr. Walk said he cannot yet publicly name approached Schinnerer and asked it to take over the underwriting of its book of non-profit D&O business.

The new arrangement, which should commence later this year, will allow Schinnerer to become a leader in non-profit D&O business, Mr. Sandridge said.

In fact, it should result in Schinnerer gaining "many multiples" of the business currently placed with Chubb, Mr. Walk said.

The relationship with Chubb will be phased out through 1995, said Mr. Walk. But he stressed that the two are undergoing a "very amicable parting of the ways" and that Chubb still reinsures the United Educators program.

Schinnerer won the 1993 Seabury & Smith award for developing and implementing a quality program, placing first out of a field of about 30 Seabury & Smith offices. To win the award, called "Quest for Quality," Schinnerer concentrated on improving service by achieving such goals as getting quotations out to brokers faster, improving telephone services and issuing policies faster.

Besides its headquarters in suburban Washington, Schinnerer has offices in: Chicago; New York; San Francisco; London; Ottawa, Ontario; and Toronto.

Schinnerer Group acts as a holding company for its underwriting management subsidiaries, including Victor O. Schinnerer & Co. in Chevy Chase, Md., ENCON Insurance Managers of Ottawa and Schinnerer & Co. Ltd. in London.

James R. Stevens is Schinnerer's chairman, and Vincent C. Santorelli is its president. Other senior vps besides Messrs. Sandridge and Walk are John L. Colmer and Paul L. Genecki. Mr. Colmer, however, is leaving Oct. 1. He has overseen reinsurance operations, which Schinnerer is scaling back.

—By Mark A. Hofmann

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General Star Management Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

	1993	1992
Premium volume	$241,925,123	$214,339,068
Gross revenues	N/A	N/A
Employees	228	230
Commercial lines	96%	95%
Admitted business	25.2%	24.1%
Non-admitted	74.8%	75.9%

Moderate growth in admitted and non-admitted business helped increase 1993 premium volume at General Star Management Co.

Increased property rates in windstorm-exposed areas, small account business and environmental coverages helped push premiums up 12.9% to $241.9 million last year from $214.3 million in 1992, said Kevin P. Brooks, chairman and president.

But continued competition in the general liability and product liability markets stopped premiums from rising further for General Star Indemnity Co. and General Star National Insurance Co., an admitted insurer, he said.

General Star Management, a unit of General Re Corp., is the underwriting manager for General Star Indemnity, which writes mainly non-admitted business (see story, page 20), and General Star National. General Star Management ranked No. 7 among all wholesalers and No. 2 among MGAs/underwriting managers.

The increase in property business comes mainly from the Southeast, where condominium owners are seeking to cover the increased deductibles imposed by insurers after Hurricane Andrew, Mr.



Continued competition in the general liability and product liability markets stopped premiums from rising further, says Kevin Brooks.

Brooks said. "It is a line of business where we can get a proper rate for the risk."

Environmental products should be a source of increased income over the next year, said Vp Ronald S. Austin. General Star Indemnity launched several environmental products last year and more are in the pipeline, Mr. Austin said.

New products include: professional liability coverage for environmental consultants and general liability coverage for environmental remedial contractors and manufacturers of pollution abatement and control equipment.

The admitted market's unwillingness to cover environmental risks presents an opportunity for surplus lines insurers, said Mr. Brooks. "It is an area where the market lets us play," he said.

General Star's own admitted business increased last year.

General Star National reported gross premiums of $61.4 million in 1993 compared with $54.1 million in 1992. General Star National is admitted in all 50 states.

The increase in premium volume at General Star Management has continued to press forward in the first half of 1994. Premium volume increased 20.2% to $133.6 million compared with $111.1 million in the first half of 1993.

The make up of General Star Management's business in the first half of 1994 has changed slightly from the first six months of 1993. Some 77% of its business was non-admitted in the first half of 1994, compared with 74% in the first six months of 1993.

For the full year, the percentage of premiums that were non-admitted fell slightly to 74.8% in 1993 from 75.9% in 1992.

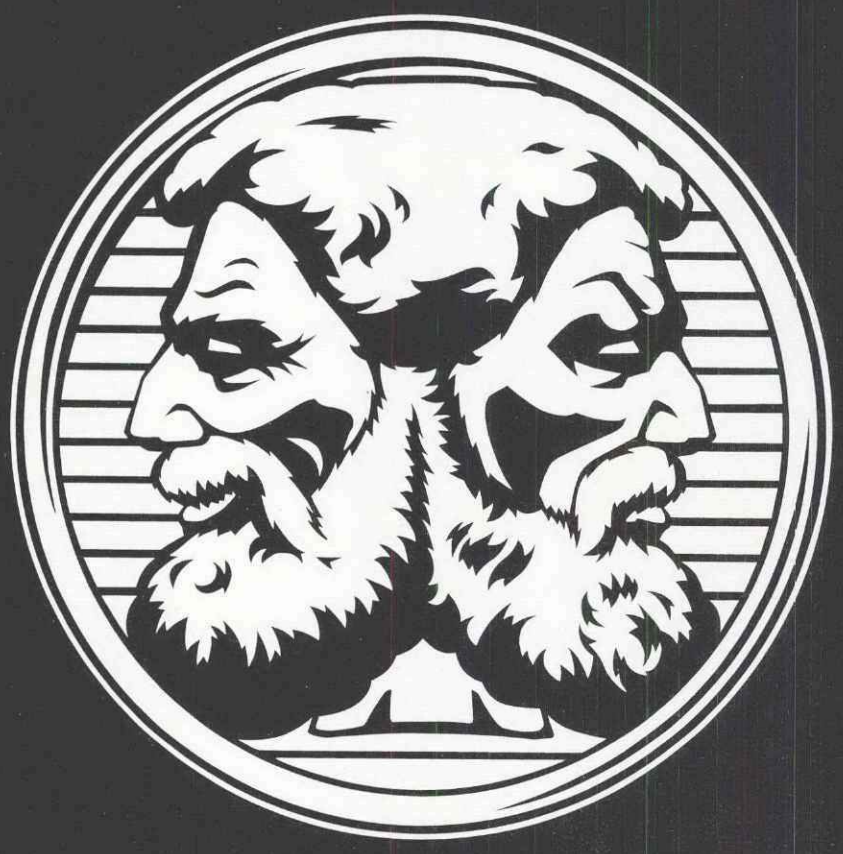
General Star Indemnity and General Star National have no employees of their own. The staff of General Star Management fell to 228 in 1993 from 230 in 1992. In the first six months of 1994, it fell further to 221.

In addition to Messrs. Brooks and Austin, General Star Management's principal officers are: Sam Anderson, Patricia Roberts and Adin Tooker, vps.

General Star Management is a member of AAMGA and NAPSLO.

—By Gavin Souter

INTEGRITY



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Burns & Wilcox Ltd.

30833 Northwestern Highway, Suite 220, Farmington Hills, Mich. 48334; 810-932-9000; fax: 810-932-9050

	1993	1992
Premium volume	$204,300,000	$179,000,000
Gross revenues	$25,594,906	$22,438,000
Employees	380	343
Commercial lines	93%	93%
Admitted business	12%	12%
Non-admitted	88%	88%

Compared with other wholesale brokers, Burns & Wilcox Inc. sounds unapologetically old-fashioned.

"Relationships," says President Herbert W. Kaufman, explaining his company's approach. "I have turned down a million dollar book of business when I wasn't comfortable with people."

"You've got to have these principles," Mr. Kaufman said. "I know people say it's old fashioned and they don't believe it, but you've got to have them."

And as some brokerages consolidate operations, 25-year-old Burns & Wilcox—a newcomer to the ranks of the largest wholesalers—continues to add offices to be closer to customers. Two new offices this year bring the total to 32.

Having offices close to clients allows Burns & Wilcox to serve them better, said Mr. Kaufman. And as some insurers close local offices, the brokerage is taking on more and more of the local service work they once provided for clients.

The approach also reflects Burns & Wilcox's awareness of its market niche, placing coverages in the $25 million range, and those clients' particular needs.

"People always say, 'Gee Kaufman, maybe you only need about six or eight major offices,' " Mr. Kaufman said. "But I say, 'Gee, that would never work for us because the market niche that we're in is about $25 million."

Wholesalers that have cut back the number of offices often look for larger coverage to place. Burns & Wilcox likes larger coverage, too, allows Mr. Kaufman. "But that's not your everyday thing and when you lose one. . . ."

The biggest brokerages account for only a small portion of its business. "The alphabets have never been our big forte," said Mr. Kaufman. "Our market is that agent who needs us on a fairly regular basis because he's being squeezed.

"It happens to be that the client who needs us on a regular basis is that medium-sized company," he said. "We know that market niche

Continued on next page

Continued from previous page

and it has been good for us. You don't want to break it if it works."

With the network of 32 offices and two satellite offices, the wholesale brokerage likes to refer to itself as "the largest MGA network."

Burns & Wilcox is owned by H.W. Kaufman Financial Group Inc., a holding company traded on the American Stock Exchange. Mr. Kaufman is chairman and CEO of the holding company.

Burns & Wilcox placed 58% of its 1993 premium volume as a managing general agent, and has binding authority for Scottsdale Insurance Co., Nautilus Insurance Co., General Agents Insurance Co., Canal Insurance Co., Essex Insurance Co. and Lloyd's of London syndicates.

Burns & Wilcox is an aggressive acquirer. Half its offices come from acquisitions.

"Every year we look at between 10 and 12 potential acquisitions," Mr. Kaufman said. "Last year all we took was a small book of business in San Diego." In that transaction Burns & Wilcox purchased American Pathfinders Insurance Brokers Inc., merging its business with Burns & Wilcox's San Diego office.

While making no major acquisitions in 1993, Burns & Wilcox did expand its offices in Charlotte, N.C.; Birmingham, Ala.; and Denver.



Telemarketing has helped Burns & Wilcox. 'That opens the door for us and we quote them and, bang, we get the business,' says Herbert Kaufman.

This year, Burns & Wilcox has acquired the books of business of Howard James Co. and Market Insurance Corp., both of Encino, Calif., and took over an Alexander Howden North America Inc. office in Cleveland, as well.

The wholesaler also opened an office in Morehead City, N.C., this year, "which now complements our Charlotte office," Mr. Kaufman said.

Another advantage of the Burns & Wilcox approach to local offices, he said, is with many states now restricting business to companies with a local presence, the wide network of offices makes it easier for the brokerage to acquire business.

The multiple facilities also provide a network of expertise, he said.

Burns & Wilcox also has its own premium finance operation in 24 states. The Royal Premium Budget Inc. unit provides premium financing not only for Burns & Wilcox policies but those placed through other firms.

"All these pieces make up a business," Mr. Kaufman said. "When we opened Denver eight years ago it was the worst possible time. Whole shopping malls were empty. Now who insures them? We insure them."

Each of Burns & Wilcox's offices operates independently in terms of underwriting. "But we have a very sizable operations book that tells them how to do it," he said.

Accounting is done through the home office, which also provides a central computer operation with a staff of five and the wholesaler's own claims specialist. The claims specialist paid dividends for the company during Hurricane Andrew, Mr. Kaufman said, ultimately bringing in more business.

After Andrew struck, "she immediately had that thing under control so naturally people have gravitated to us through that."

While the local offices operate independently, Mr. Kaufman receives revenue reports from them weekly, as well as a report on their telemarketing efforts and other business development efforts.

Of the required telemarketing efforts, Mr. Kaufman said, "Our competitors say, 'Oh, that's basic, we used to do that.' " But for Burns & Wilcox it's part of what he calls "a constant marketing effort" that pays off in doors opened to new business.

"We've had many times when we've talked to somebody and they've said 'We're doing business with so-and-so but if we fax you can you quote us?' " Mr. Kaufman said. "That opens the door for us and we quote them and, bang, we get the business."

In 1993, doors opened to the tune of $204.3 million in premium volume, up 14% from $179 million in 1992. That translated into $25.6 million in gross revenue last year, up 13.8% from $22.4 million in 1992.

Having done $114.7 million in premium volume in the first half, Burns & Wilcox projects full-year volume of $236 million, which would be a 15.5% increase.

"We think that's pretty good in a soft market," Mr. Kaufman said.

Of Burns & Wilcox's 1993 premium volume, 93% was in commercial lines, and 88% was placed with non-admitted insurers. The wholesaler's renewal rate was 80% to 85%.

Burns & Wilcox generated 42% of its 1992 premium volume as a brokerage, doing the most business with Evanston Insurance Co., First State Management Group, Interstate National Corp., Admiral Insurance Co., Chubb Corp., and Coregis Group Inc.

One of the major industries Burns & Wilcox places coverage for is the construction and contracting industry, and it also does considerable business through its jewelers block program.

Professional liability also is a big area for the wholesaler for a broad scope of professional classes.

"Professional liability is big for us," Mr. Kaufman said. "Many others will not take the time. They will send people to us."

"It's a field that we do well in," he said, stressing that expertise is essential in professional liability. "Our people have a lot of expertise in that. We have facilities to do this. The turnaround time is extremely critical in this business but there is a certain amount of research that has to be done because when we put on $10 million or $25 million that exposure is out there."

As it continues to grow, Burns & Wilcox keeps adding staff. Payroll, measured in full-time equivalent employees, rose 10.8% in 1993 to 380.

Out of a 15-person office, 10 are typically underwriters, two administrators and three clerical, Mr. Kaufman said, and the company's strong financials and a keen knowledge of the office's budget allows Burns & Wilcox to add staff quickly as needed in its various offices.

Even as the staff grows, they are central to another "old-fashioned" element of the Burns & Wilcox approach. Mr. Kaufman calls each of them on their birthdays, keeping a list of upcoming staff birthdays on his desk and while traveling.

"We're trying to keep this large corporate structure still a family operation," he said.

In addition to Mr. Kaufman, key Burns & Wilcox staff include: Steve Allen, Gerald W. Horton and David Price, senior vps; Gerald Weolowski, controller; and Brooke Bothe, corporate secretary.

Burns & Wilcox is a member of AAMGA, NAPSLO and the Independent Insurance Agents of America.

—By Rodd Zolkos

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NAPSLO has been the source for Excess and Surplus Lines Specialists for more than 20 years and this week NAPSLO is celebrating "Twenty Years of Progress" with its twentieth annual convention.

Businesses look to NAPSLO members for help on hard to place risks. Surplus lines is a $7.5 billion industry and NAPSLO members write approximately 80 percent of the business. Regulators, legislators, and the media look to NAPSLO and its members for information, positions, and help with current issues.

For additional information about the excess and surplus lines industry or for a listing of NAPSLO member brokers in your area, contact NAPSLO at (816)741-3910.

National Association of Professional Surplus Lines Offices, Ltd.
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Spotlight report

First State Management Group

150 Federal St., Boston, Mass. 02110;
617-526-7600; fax: 617-526-0600

	1993	1992
Premium volume	$202,100,000	$193,228,000
Gross revenues	NM	NM
Employees	205	205
Commercial lines	100%	100%
Admitted business	30%	30%
Non-admitted	70%	70%

Like many other surplus lines underwriters, First State Management Group is zeroing in on catastrophe-exposed property business as a key source of relief from the ongoing soft excess casualty market.

Buoyed by rate increases that followed Hurricane Andrew and the Northridge, Calif., earthquake, the wholesale underwriting unit of ITT Hartford Group Inc. has seen its property insurance premium volume rise dramatically, reports Ralph J. Palmieri, First State's president.

"The biggest story on the upside was in property," Mr. Palmieri observed. "Our property business jumped quite significantly in 1993" to about $76 million from about $45 million in 1992.

Overall, catastrophe and non-catastrophe property business saw average rate increases of 20% last year, he said.

First State also started picking up windstorm-exposed property risks in Florida.

The market for windstorm business has already changed somewhat, though: Pricing has leveled off and some admitted markets are returning to compete for business, Mr. Palmieri said.

Meanwhile, First State—writing for Pacific Insurance Co. Ltd. of Hawaii on a non-admitted basis and Twin City Fire Insurance Co. on an admitted basis—continues to write California earthquake coverage, for which the market has tightened dramatically.

The underwriting manager already had a "fair amount" of California business when the Northridge quake hit in January, though its losses will not be significant after reinsurance recoveries, he said.

Since then, rates on this business have jumped an average of 25% and deductibles have increased 5% to 10%, he observed. "Our property lines should actually register a profit for the year," barring any more big losses during the upcoming hurricane season.

First State writes a gross line of up to $7.5 million on property risks, with its managed companies retaining a net line of about $1.5 million.

On the excess casualty side, competition pushed rates down an average 5% to 10% last year.

The underwriting manager continues to offer gross excess liability limits of up to $10 million.

It's a different story on the casualty side. "There's really no attraction for us in that particular market," said Mr. Palmieri. Instead, First State is focusing on its primary casualty program and specialty niche programs.

The company's primary liability program offers limits of $1 million per occurrence and $2 million annual aggregate, with about half the business consisting of manufacturers and contractors liability risks.

Primary casualty volume amounted to $25.8 million in 1993 and is expected to jump to about $42 million this year as the program expands, according to Mr. Palmieri.

First State started offering the primary casualty product in 1988 through its Boston office only, but last year started writing it through its several branch offices.

Wholesale brokers have contributed to that success as they—like underwriters—have shifted toward primary business and away from the more competitive excess lines. "The distribution system is really acting in concert with our own expansion of the product into the field," Mr. Palmieri observed.

Among its specialty programs, First State is also seeing impressive growth in a long-haul trucking physical damage and bodily injury program it started last year through a new branch office in Burlington, N.C., said Peter P. Coghlan, executive vp.

Premium volume on the program will expand from the couple of million dollars written last year to about $12 million this year and may grow by another 50% in 1995 as the program expands to more producers in more states, he observed.

"It's a good growth line for us," Mr. Coghlan said.

First State also introduced a corporate fiduciary liability policy last year, offering claims made coverage with limits of up to $5 million per claim and annual aggregate, Mr. Palmieri reported.

The program, offered exclusively through a New York agency he declined to name, produced about $500,000 in gross premiums last year and will generate more than $1 million this year.

Meanwhile, First State continues to write a number of other specialty casualty programs, including:

- A legal malpractice program mainly for lawyers in Massachusetts and Rhode Island.

"Even though we have added that product to more states, I would say our volume has remained fairly level," largely reflecting the competitive state of the market, Mr. Palmieri observed.

- A property/casualty program for nursing homes, which started in Massachusetts and has expanded into Arkansas, Oklahoma and Texas.

The program provides primary liability limits of $1 million per occurrence and umbrella limits of up to $10 million, with property limits of up to $10 million.

"That's a line of business that has a steady growth pattern to it," Mr. Palmieri said.

- Errors and omissions coverages for employee leasing firms, trustees and officers of mutual savings banks and freight forwarders.
- A liquor liability program with limits of $1 million primary and $5 million umbrella that is available in Massachusetts and 13 other states.

Overall, First State's premium volume expanded a slight 4.6% last year to $202.1 million from $193.2 million in 1992. It ranks as the fourth-largest underwriting manager, and the ninth-largest wholesaler overall.

About 70% of its business is written on a non-admitted basis, unchanged from a year ago.

Pacific Insurance Co., its non-admitted market, is licensed only in Hawaii.

First-half premium volume rose 17.5% in 1994 to $117.3 million.

Last year was the first full year of operation for First State after a major reorganization: In 1992, Hartford shut down the three insurance units formerly managed by Cameron & Colby Co. Inc., its now-defunct wholesale and reinsurance underwriting unit.

The three insurers—First State Insurance Co., New England Insurance Co. and New England Reinsurance Corp.—had been subsidiaries of Hartford Fire Insurance Co., but ownership was transferred to ITT Corp.

ITT then took a $1.15 billion charge to bolster reserves for the threesd companies' loss-plagued pre-1986 business, and shifted the runoff of that business to a newly formed unit, ITT New England Management Co.

First State Management was formed to act as Hartford's new wholesale unit, producing business for Pacific and Twin City.

"It's been very gratifying that we were able to grow during that period of time, and we also see the producers having no problem whatsoever making the transition from our previous issuing companies to Pacific and Twin City," Mr. Palmieri reflected.

"Right now, I'm happy to say we are back in the business of writing insurance 100% of the time and not worrying about structural reorganization."

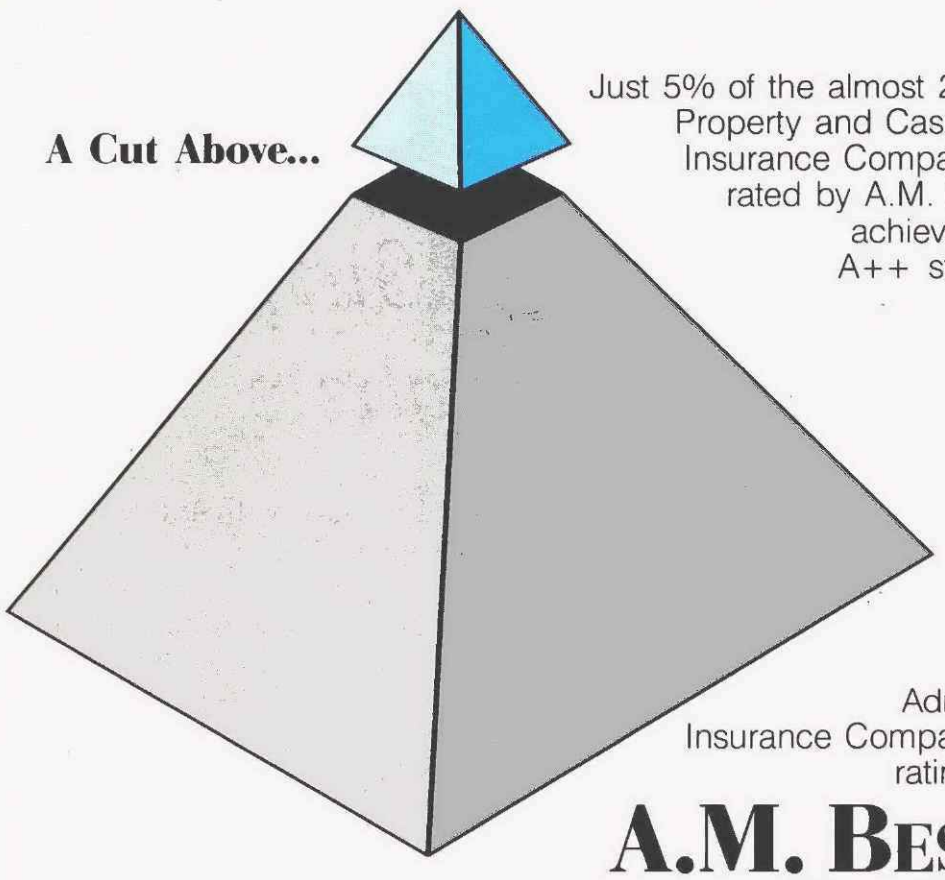
The management operation's staff numbered about 210 at the end of the first half, down significantly from the more than 300 employees before the reorganization, which saw many staffers move to ITT New England Management.

In addition to Mr. Palmieri and Mr. Coghlan, First State officers include Raymond T. Lewis, senior vp.

Thomas S. Johnston, formerly a First State senior vp, has become executive vp at ITT New England Management. He has been replaced at First State by Robert Thompson, first vp and chief actuary.

First State is a member of AAMGA and NAPSLO.

—By Douglas McLeod



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P.O. Box 659, 2732 Anne Elizabeth Drive, Burlington, N.C. 27216-0659; 910-584-1465; fax: 910-584-1244

	1993	1992
Premium volume.....	$25,115,983	$25,888,290
Gross revenues.....	$2,963,956	$3,237,776
Employees.....	49	52
Commercial lines	81%	81%

Founded: 1957.
Parent: Acceptance Insurance Cos. Inc.
Business: 50% underwriting manager, 40% managing general agent, 10% broker.
Underwriting manager for: Acceptance Indemnity, Acceptance Insurance, Redland Insurance.
MGA for: Essex, International Insurance, Travelers.
Broker for: Chubb, National Union, Reliance.
Lloyd's of London cover holder.
Branches: Council Bluffs, Iowa.
Specialties: Commercial Long Haul Trucking.
Officers: Joseph P. Hutelmyer, president; Michael Oien, H. Allen Rierson, J. Phillip Hogan, vps; Kathy M. Cox, assistant vp/accounting manager.
Contact: Joseph P. Hutelmyer.
Licensed in: 48 states.
Membership: AAMGA, NAPSLO.
Support services provided by parent company.

A.P.P.L.E. (A Preferred Professional Liability Enterprise Inc.

132 Nassau St., 6th Floor, New York, N.Y. 10038; 212-608-4505; fax: 212-608-4540

	1993	1992
Premium volume.....	$17,000,000	$15,925,000
Employees.....	7	7
Commercial lines	100%	100%
Admitted business ..	30%	20%
Non-admitted	70%	80%

Founded: 1990.
Business: 100% broker.
Broker for: AIG, Agricultural Excess & Surplus, CNA International, Continental, Fidelity & Casualty, Lexington, Lloyd's of London, Reliance, Zurich Reinsurance Centre.
Specialties: Lawyers professional liability, D&O liability, association liability.
Officers: Mark F. Diette, chairman/vp; Deborah Gallo DiMarco, president/treasurer.
Contact: Julia Pellegrino.
Licensed in: D.C., N.J., N.Y.
Membership: American Bar Assn. standing committee on legal malpractice.

ARC Excess & Surplus Inc.

300 Old Country Road, Mineola, N.Y. 11501; 516-747-4100; fax: 516-747-3633

	1993	1992
Premium volume.....	$140,000,000	$120,000,000
Employees.....	30	24
Commercial lines	100%	100%
Admitted business ..	70%	70%
Non-admitted	30%	30%

Founded: 1986.
Business: 5% managing general agent, 95% broker.
MGA for: Connecticut Indemnity, Gulf Insurance.
Broker for: Admiral, Aetna, Agricultural Excess & Surplus, American Alliance Insurance, CIGNA, CNA, Connecticut Indemnity, Continental, Evanston, Federal Insurance, Fireman's Fund, Great American, Gulf Insurance, The Home, Lexington, Lloyd's of London, National Union, Old Republic, Reliance, Royal, RLI Insurance, Zurich American.
Branches: Houston.
Subsidiaries: ARC Consulting Group Inc., ARC Special Risks Inc. and Preferred Risk Facilities Inc., Mineola, N.Y.
Specialties: D&O liability, fiduciary liability, lawyers professional liability, union fiduciary, fidelity.
Officers: Albert L. Salvatico, Richard A. Fierstein, Christopher J. Cavallaro, John Semeraro, Robert H. Goodman, Vikki Robinson, Michael Cavallaro, Mark N. Campson, Robert B. Drew.
Licensed in: N.Y., Texas.
Membership: NAPSLO, Professional Insurance Wholesalers of New York, Professional Liability Underwriting Society.

Agency Marketing Services Inc.

130 Pinellas Way N., St. Petersburg, Fla. 33710; 813-384-1036; fax: 813-343-4123

	1993	1992
Premium volume.....	$16,000,000	$10,000,000
Employees.....	10	9
Commercial lines	%100	%100
Admitted business ..	%70	%60
Non-admitted	%30	%40

Founded: 1982.
Business: 70% managing general agent, 30% broker.
MGA for: Acceleration Insurance, Continental, The Home.
Broker for: Aetna, AIG, Chubb, Coregis, Evanston, Firemans Fund, Great American, Gulf Insurance, Hermitage, Interstate Fire Insurance, RLI Insurance, Tudor, Zurich American.
Specialties: Professional liability, lawyers, accountants, architects, engineers, medical, title agents, miscellaneous errors & omissions, D&O
Officers: Kevin Schuck, Bryon Chenell, Tim Hoelle, Mark Saunders, Don Baker.
Contact: Kevin Schuck.
Licensed in: Ala., Fla., Ga., Miss., Texas.
Membership: NAPSLO, Florida Surplus Lines Assn., Professional Liability Underwriting Society.

Alexander Howden North America Inc.

200 Northcreek, Suite 800, 3715 Northside Parkway N.W., Atlanta, Ga. 30327; 404-240-5200; fax: 404-240-5393

See profile on page XX.

All American Agency Facilities Inc.

8060 165th Ave. N.E., Redmond, Wash. 98052; 206-885-5959; fax: 206-883-9595

	1993	1992
Premium volume.....	$31,500,000	$33,500,000
Gross revenues.....	$3,180,000	$3,155,000
Employees.....	42	48
Commercial lines	98%	97%
Admitted business ..	50%	50%
Non-admitted	50%	50%

Founded: 1981.
Parent: W.R. Berkley Corp.
Business: 60% managing general agent, 40% broker.
MGA for: American Empire, American Modern Home Insurance, Canal Insurance, Capitol Indemnity, Carolina Casualty, CIGNA, Gainsco County Mutual, Great Divide Insurance, Scottsdale, Union American, Waite Hill, Western World.
Broker for: Admiral, American Custom Insurance, AIG, Crum & Forster, General Star, Great American, The Home, Illinois Insurance Exchange, Investors Insurance, Shand Morahan, Transamerica, United National.
Lloyd's of London cover holder.
Branches: Denver; Jackson, Miss.; Redmond, Wash.
Subsidiaries: Commercial General Agency Inc., Jacksonville, Fla. and Charlotte, N.C.; Diversified X/S Underwriters, Lincoln, Neb.
Specialties: Commercial transportation.
Officers: H. Raymond Lankford Jr., president; Irvin Wolf III, senior vp; Kenneth R. Baker, Phillip J. Dikes, Robert L. McGrew, vps; T. Michael Black, assistant vp; John M. Plumb, regional manager.
Contact: H. Raymond Lankford Jr., 206-885-5959 or Irvin Wolf III, 904-636-9061.
Licensed in: Colo., Fla., Miss., Neb., N.C., Va., Wash.
Membership: AAMGA, NAPSLO.

All Risks Ltd.

1001 Cromwell Bridge Road, Suite 302, Towson, Md. 21286-3374; 410-828-5810; fax: 410-828-8179

	1993	1992
Premium volume.....	$31,000,000	$25,000,000
Employees.....	56	50
Commercial lines	90%	85%
Admitted business ..	65%	50%
Non-admitted	35%	50%

Founded: 1964.
Business: 80% managing general agent, 20% broker.
MGA for: Canal Insurance, Century Surety, Colony Insurance, Essex, Guaranty National, Houston General, Mount Vernon, National Indemnity, Northland Insurance, Scottsdale.
Broker for: Admiral, Alliance General Insurance, AIG, First Oak Brook Syndicate, First State, The Home, Investors Insurance, London Agency, Northland, Reliance National, Shand Morahan, Zurich American.
Branches: Cleveland; York, Pa.; Richmond, Va.
Subsidiaries: Skipjack Finance Co.
Specialties: Security guards; public automobile; local, intermediate and long haul truckers.
Officers: William J. Salladin, CEO; Marte Dickinson, president; Nick Cortezi, executive vp; Rex Regan, branch manager-Virginia office; Pete Petioski, vp-Pennsylvania operations
Contact: Nick Cortezi.
Licensed in: Md., N.C., Ohio, Pa., Va.
Membership: AAMGA, NAPSLO.

AmBrit International Insurance Inc.

1300 Post Oak Blvd., Suite 2101, Houston, Texas 77056; 713-621-0170; fax: 713-621-0175

	1993	1992
Employees.....	12	10
Commercial lines	100%	100%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Continued on next page

Three Good Reasons Why We Have Confidence in our General Agents.

And why you will too.

1.
Access to a Wide Variety of Specialty Programs
Our company's strength is based on the *relationship* we have with our general agents. By listening to their ideas, we tailor our specialty programs to meet the needs of your customers.

2.
Well Established Reputations with Local Producers
Our general agents have a proven track record for success with their local producers. Over the years, they have cultivated relationships based on trust, loyalty, and innovation with producers of all sizes in their region.

3.
Local Underwriting and Marketing Expertise
Our general agents have extensive, long-term knowledge of the local insurance marketplace. They have established marketing networks that have proven to be invaluable to our company's success. And, ultimately to yours.

Call today and let us put you in touch with an appointed general agent near you! For more information, call John DiBiasi, CPCU, Executive Vice President at (215) 443-3652.

Penn-America Insurance Company
"Just Doin' Business"
Rated A (Excellent) by A.M. Best Company
AAMGA

Continued from previous page

Founded: 1991.
Parent: AmBrit International Holdings Inc., Lowndes Lambert Group Overseas Holdings Ltd.
Business: 15% managing general agent, 85% broker.
Broker for: Commonwealth Insurance, Fireman's Fund, The Home, Lloyd's of London, London Cos., Reliance National.
Specialties: Onshore and offshore energy risks, marine risks.
Officers: Bruce D. Wohlwend, president; Sammie R. Aden, senior vp; Stan Ackerman, vp.
Contact: Sammie R. Aden.
Licensed in: Texas.

American E&S

40 Fulton St., New York, N.Y. 10038; 212-619-4220; fax: 212-766-1019

	1993	1992
Premium volume.....	**$66,700,000**	$71,500,000
Employees.....	**54**	57
Commercial lines	**100%**	100%
Admitted business ..	**58%**	52%
Non-admitted	**42%**	48%

Founded: 1980.
Parent: Acordia Inc.
Business: 15% managing general agent, 85% broker.
MGA for: Scottsdale.
Broker for: Agricultural Excess & Surplus, Lloyd's of London, RLI Insurance, Ranger Insurance, Royal Special Risks, Scottsdale, Travelers.
Branches: San Francisco; Seminole, Fla.; Houston.
Specialties: Property and difference in conditions, casualty products and excess liability, public entity liability, moving and storage program.
Officers: Roger Walsh, president; Arthur Forenza, executive vp; Chuck Caldwell, Jane Vander Velde, Jim Wilson, senior vps.
Contact: Roger Walsh.
Licensed in: California, Florida, New Jersey, New York, Texas.
Membership: AAMGA, NAPSLO, New York Professional Insurance Wholesalers Assn., California Insurance Wholesalers Assn., Texas Surplus Lines Assn., Western States Surplus Lines Assn.

American Excess Insurance Assn.

77 Hartland St., Suite 400, East Hartford, Conn. 06108; 203-528-2105; fax: 203-282-9393

	1993	1992
Premium volume.....	**$41,047,096**	$40,282,220
Employees.....	**20**	20
Commercial lines	**100%**	100%
Admitted business ..	**100%**	100%

Founded: 1986.
Business: 100% underwriting manager.
Underwriting manager for: Aetna, Continental Casualty, Continental, Employers Re, Federal Insurance, General Accident, General Star, The Home, INA County Mutual, NAC Re, Travelers, Zurich (U.S. branch).
Branches: New York.
Specialties: Excess liability.
Officers: J. Kirby, president; Clinton N. Greene, vp; N. Colgan, secretary.
Contact: Bill Hall, 212-466-3447.
Claims services provided by Aetna Casualty & Surety.

American Insurance Marketing Services Inc.

205 W. Randolph, Suite 1320, Chicago, Ill. 60606-1814; 312-201-8333; fax: 312-201-8818

	1993	1992
Premium volume.....	**$6,500,000**	$4,500,000
Gross revenues.....	**$390,000**	$300,000
Employees.....	**4**	4
Commercial lines	**100%**	100%
Admitted business ..	**66%**	66%
Non-admitted	**34%**	34%

Founded: 1986.
Business: 100% broker.
Broker for: AIG, Agricultural Excess & Surplus, Associated International Insurance, Classic Insurance, Continental, Coregis, Evanston, First State, Homestead, Royal, Sphere Drake, Westchester Fire.
Lloyd's of London cover holder.
Specialties: Public entity pools and groups, public entity pools and groups, public entity self-insured retention driven business.
Officers: John P. Middleton, president.
Contact: John P. Middleton or Bob Blessing.
Licensed in: Illinois, Mississippi, Wisconsin.
Membership: NAPSLO.

Anderson & Murison Inc.

800 W. Colorado Blvd., Los Angeles, Calif. 90041-1704; 213-255-2333; fax: 213-255-0957

	1993	1992
Gross revenues.....	**$2,933,447**	$2,653,251
Employees.....	**33**	30
Commercial lines	**65%**	65%
Admitted business ..	**35%**	29%
Non-admitted	**65%**	71%

Founded: 1965.
Business: 90% managing general agent, 10% broker.
MGA for: Acceptance Insurance, American Bankers, American Empire, Colonia, Commercial Underwriters Insurance, First Financial Insurance, Jefferson Insurance, Topa Insurance, Western World.
Broker for: Ausco, Commercial Underwriters Insurance, First State, Media Professionals, Schinnerer, Shand Morahan, Topa Insurance.
Lloyd's of London cover holder.
Officers: David F. Anderson, president; Horst L. Lechler, senior vp; Sorn Harn, vp.
Contact: David F. Anderson.
Licensed in: Calif.
Membership: AAMGA, NAPSLO, California Insurance Wholesalers Assn., Surplus Line Assn.

Arlington/Roe & Co. Inc.

8465 Keystone Crossing, Suite 100, Indianapolis, Ind. 46240; 317-257-9123; fax: 317-259-4106

	1993	1992
Premium volume.....	**$15,282,114**	$14,323,248
Gross revenues.....	**$1,700,385**	$1,581,614

Continued on next page

BI directory of wholesalers explained

The annual *Business Insurance* directory of wholesale marketers lists underwriting managers, managing general agents and surplus lines brokers that responded to a *Business Insurance* questionnaire.

The directory is published as an editorial service; there is no charge for companies to be listed.

Listings begin with the company name, address, telephone and facsimile numbers.

Companies were asked for **premium volume, gross revenues** (defined as commissions and fees after commissions to producers, including investment income and contingent commissions), **number of employees** and percentage of premiums that are **commercial lines** and percentage of premium volume placed with **admitted** and **non-admitted insurers**.

Business specifies the percent of premium volume placed in the market as an underwriting manager, managing general agent and as a wholesale broker. Companies acting as underwriting managers listed companies for which they have underwriting authority. Managing general agents gave the names of companies for which they have binding authority, while brokers supplied names of companies with which they place the most business. If a company is listed as a **cover holder for Lloyd's of London**, the company holds the authority to either bind and/or issue insurance documentation on behalf of a Lloyd's underwriter.

Business Insurance defines an underwriting manager as a company that handles all the affairs of the insurance company, including underwriting, reinsurance and claims, with the possible exception of investments.

A managing general agent is defined as having underwriting authority for an insurer, which includes the ability to determine rates on individual risks; it can bind and issue policies on behalf of the insurer. A managing general agent may or may not have reinsurance and claims supervision authority related to the insurance it has written.

A broker places business with markets but has no underwriting authority or binding authority without approval of the insurer.

Following the financial information, the year **founded** and **parent company** (if any) are noted. Locations of **branch offices** and **subsidiaries, specialties** (any commercial risk that constitutes 25% or more of the company's annual premium volume) and **principal officers** are also noted. A **contact** at the company for those wishing further information is also given.

States in which the company is **licensed** to do business as an excess/surplus lines broker and **memberships** in either of the two national surplus lines organizations—the American Assn. of Managing General Agents (AAMGA) and the National Assn. of Professional Surplus Lines Offices (NAPSLO)—as well as state surplus lines organizations are included.

In addition to this directory of wholesale marketers, a listing of excess and surplus lines insurers begins on page 29.

Although *BI* makes every effort to publish complete and accurate information, it is unable to verify all figures.

READER REPLY SERVICE

PRODUCTS & SERVICES LISTING

Issue of September 26

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26	NAC Reinsurance Corp.	9
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28	NILS Publishing Company	44
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32	PMA Reinsurance Corp.	14
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33	RLI Corp.	29
34	Royal Insurance	68
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READER SERVICE

To obtain free information on the products and services advertised, turn to our post-paid Reader Service Reply Card bound in this issue, or complete the coupon below and mail to:

BUSINESS INSURANCE
Reader Service Center
650 So. Clark St., 6th Fl.
Chicago, IL 60605-1702

Business Insurance®
FREE LITERATURE FOR READERS

Issue Date: SEPTEMBER 26, 1994
Card Expiration: NOVEMBER 21, 1994

All questions must be answered to process inquiries.

PLEASE CHECK ONE ITEM FOR EACH CATEGORY:

1. My organization is best described as:
A ❑ Mfg/Svcs B ❑ Association C ❑ Union D ❑ Government E ❑ Educational Inst F ❑ Ins Agent G ❑ Ins Broker H ❑ Ins/Reins Co I ❑ Actry/Conslt J ❑ Attorney K ❑ Adj/Apprs L ❑ TPA M ❑ Health care Inst N ❑ Other ____

2. Number of employees:
1 ❑ 150 or less 2 ❑ 151 - 499 3 ❑ 500 - 999 4 ❑ 1,000 - 4,999 5 ❑ 5,000 or more 6 ❑ Unknown

3. My title is best defined as:
A ❑ Administrative Mgt B ❑ Financial Mgt C ❑ Risk Mgt D ❑ Benefits Mgt E ❑ Loss Prevention Mgt F ❑ Other____

4. My purchasing involvement for the requested products is to :
1 ❑ recommend only 2 ❑ specify 3 ❑ approve

5. Do you now receive a personally addressed copy of *Business Insurance*?
A ❑ Yes B ❑ No, so please send subscription info

Circle the numbers below that correspond to the companies listed on our Advertiser Index for the **September 26, 1994** issue. Cards with more than 20 items circled will not be processed. This card expires **November 21, 1994.**

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
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121	122	123	124	125	126	127	128	129	130	131	132	133	134	135
136	137	138	139	140	141	142	143	144	145	146	147	148	149	150

Please print clearly

Name _____
Title _____
Company _____
Address _____
City _____ State _____ Zip _____
Phone ( ) _____

Continued from previous page

	1993	1992
Employees	30	32
Commercial lines	58%	54%
Admitted business	70%	70%
Non-admitted	30%	30%

Founded: 1964.
Business: 66% managing general agent, 34% broker.
MGA for: American Empire, American Modern Home Insurance, Capitol Indemnity, Cardinal Casualty, Century Surety, Colony Insurance, Empire Fire & Marine, Foremost Insurance, Guaranty National, Midwest Mutual, National Indemnity, Northfield Insurance, Northland Insurance, Universal Underwriters, United States Liability Insurance, Western Heritage, Western World.
Broker for: Aetna, Alliance General Insurance, AIG, Chubb, Coregis, Employers Re, Evanston, Fireman's Fund, First State, General Star, The Home, Homestead Insurance, Investors Insurance, Lexington, National Casualty, RLI Insurance, Reliance Insurance, Royal, Scottsdale, Tudor Insurance, United National.
Lloyd's of London coverholder.
Branches: Louisville, Kentucky.
Specialties: Mobile home, recreational vehicles, aviation, professional liability, errors and omissions, D&O.
Officers: James A. Roe, president; Allen J. Grau, executive vp.
Contact: James A. Roe.
Licensed in: Indiana.
Membership: AAMGA, NAPSLO, Independent Insurance Agents of America, Professional Insurance Agents of America.

Atlanta Insurance Broking Services Inc.

53 Perimeter Center E., Suite 320, Atlanta, Ga. 30346; 404-671-9135; fax: 404-671-9270

	1993	1992
Employees	4	4
Commercial lines	%100	%100
Admitted business	10%	10%
Non-admitted	90%	90%

Founded: 1991.
Business: 100% broker.
Lloyd's of London coverholder.
Specialties: Energy and marine related industries, war and political risks.
Officers: Jonathan R. Smyth, president; Linda R. Doiron, vp/treasurer; Joseph P. Sanchez, vp/secretary.
Contact: Jonathan R. Smith, Linda R. Doiron, Terri P. Thompson, Ralph Santoro, Joseph P. Sanchez.
Licensed in: Georgia.
Membership: American Institute of Marine Underwriters, Atlanta Mariners Club, Georgia Surplus Lines Assn.

AVRECO Inc.

10 S. LaSalle, Chicago, Ill. 60603, 312-346-6161; fax: 312-580-0106

	1993	1992
Premium volume	$83,000,000	$74,750,000
Gross revenues	$5,100,000	$4,550,000
Employees	40	38
Commercial lines	100%	100%
Admitted business	35%	35%
Non-admitted	65%	65%

Founded: 1962.
Parent: Cameron General Corp.
Business: 2% underwriting manager, 3% managing general agent, 95% broker.
Underwriting manager for: Reliance.
Broker for: Admiral, Agricultural Excess & Surplus, Chubb, Employers Re, First State, The Home, Interstate Fire & Casualty, Lexington, Reliance, St. Paul, United National.
Lloyd's of London coverholder.
Branches: Scottsdale, Arizona; New York.
Specialties: Hospital professional liability.
Officers: Fred Pearson, William D. Yurek, executive vp; Ben Heyman, CFO.
Contact: William D. Yurek.
Licensed in: Arizona, Illinois, New Jersey, New York.
Membership: NAPSLO, Assn. of Lloyd's Brokers, Surplus Line Assn. of Illinois, Surplus Line Assn. of New York.

B

Bailey Special Risks Inc.

P.O. Box 768, Hendersonville, Tenn. 37077-0768; 615-264-3977; fax: 615-264-3980

	1993	1992
Premium volume	$4,200,000	$3,900,000
Gross revenues	$336,000	$273,000
Employees	6	6
Commercial lines	99%	99%
Admitted business	30%	30%
Non-admitted	70%	70%

Founded: 1989.
Business: 30% managing general agent, 70% broker.
MGA for: Colony Insurance, Pacific Insurance.
Broker for: Audubon Indemnity, Chubb, Fireman's Fund, The Home, Illinois Insurance Exchange, Lexington, Pacific Insurance, United National.
Lloyd's of London coverholder.
Specialties: Transportation; contractors; restaurants, bars and taverns.
Officers: J.W. Edwards, president; Nancy T. Edwards, vp.
Contact: Jim Edwards.
Licensed in: Tennessee.
Membership: NAPSLO, Professional Insurance Agents, Professional Liability Underwriting Society, Insurors of Nashville.

F.B. Beattie & Co. Inc.

1601 Fifth Ave., Suite 1500, Seattle, Wash. 98101-1642; 206-622-4040; fax: 206-624-5975

	1993	1992
Employees	173	150
Commercial lines	98%	98%
Admitted business	65%	70%
Non-admitted	35%	30%

Founded: 1976.
Parent: General America Corp, a SAFECO Insurance Group holding company.
Business: 45% underwriting manager, 30% managing general agent, 25% broker.
Underwriting manager for: First National Insurance, General Insurance Co. of America.
MGA for: Essex, SAFECO.
Broker for: Admiral, Commonwealth Insurance, Essex, Evanston, Fireman's Fund, Investors Insurance, Lexington, RLI Insurance, Scottsdale.
Lloyd's of London coverholder.
Branches: Chicago, Atlanta.
Subsidiaries: F.B. Beattie Insurance Services Inc., Orange, Calif.
Officers: Cal B. Rees, president/CEO; Barbara Campbell, vp/CFO; S. Chris King, Meg Bratz, Richard J. Michela, vps.
Contact: S. Chris King.
Licensed in: Alaska, California (F.B. Beattie Insurance Services Inc.), District of Columbia, Georgia, Illinois, Minnesota, Montana, Utah, Virginia, Washington.
Membership: NAPSLO.
Support services, including processing, claims, actuarial and state filing services, are provided by SAFECO for business placed through SAFECO companies.

J.H. Blades & Co. Inc.

1800 Bering Drive, Suite 1000, Houston, Texas 77057; 713-780-8770; fax: 713-780-2851

	1993	1992
Premium volume	$85,000,000	NA
Employees	47	49
Commercial lines	100%	100%
Admitted business	5%	5%
Non-admitted	95%	95%

Founded: 1952.
Business: 90% managing general agent, 10% broker.
Lloyd's of London coverholder.
Branches: Blades Environmental Services, Dallas; Crescent Underwriting Services, Houston.
Specialties: Energy, environmental.
Officers: Charles L. Bailey, president; John S. Parsley, executive vp; Richard Martin, director; Ben Verdina, treasurer.
Contact: Charles L. Bailey.
Licensed in: Texas.
Membership: NAPSLO, Texas Surplus Lines Assn.

Bliss & Glennon Inc.

21307 Hawthorne Blvd., Suite 200, Torrance, Calif. 90503; 310-316-8336; fax: 310-316-6225

	1993	1992
Premium volume	$21,000,000	$16,000,000
Gross revenues	$2,709,604	$2,310,462
Employees	32	28
Commercial lines	90%	90%
Admitted business	80%	60%
Non-admitted	20%	40%

Founded: 1966.
Business: 60% managing general agent, 40% broker.
MGA for: First Financial Insurance, Great Divide Insurance, Nautilus, Penn-America, Western World.
Broker for: Admiral, Commercial Underwriter's Insurance, Golden Bear, Topa Insurance, Transco Insurance.
Lloyd's of London coverholder.
Branches: Morgan Hill, Calif.
Officers: Robert P. Abramson, president; Corrine M. Jones, senior vp; Patrick Martin, Carol Marquez, Gary Yench, vps.
Licensed in: California.
Membership: AAMGA, NAPSLO.

Bohrer, Croxdale & McAdoo Inc.

P.O. Box 2760, Springfield, Mo. 65801-2760; 417-869-2550; fax: 417-869-5102

	1993	1992
Premium volume	$11,000,960	$9,653,524
Gross revenues	$1,433,935	$1,180,337
Employees	29	25
Commercial lines	99%	99%
Admitted business	43.6%	50.9%
Non-admitted	56.4%	49.1%

Founded: 1977.
Business: 81% managing general agent, 19% broker.
MGA for: Capitol Indemnity, Empire Fire & Marine, Northland, Scottsdale.
Broker for: Alliance General Insurance, AIG, Employers Re.
Specialties: Truck liability.
Officers: Yvonne Bohrer, president; Sydney Croxdale, vp; Sidney McAdoo, secretary/treasurer.
Contact: Pat Prichard, marketing representative, 816-356-8355.
Licensed in: Kansas, Missouri.
Membership: AAMGA, NAPSLO, Surplus Lines Assn. of Missouri, Professional Independent Insurance Agents of Missouri.

Russell Bond & Co. Inc.

866 Ellicott Square Building, Buffalo, N.Y. 14203-2595; 716-856-8220 or 800-333-7226; fax: 716-856-0403

	1993	1992
Premium volume	$12,000,000	$9,000,000
Gross revenues	$975,000	$890,000
Employees	16	14
Commercial lines	100%	100%
Admitted business	80%	75%
Non-admitted	20%	25%

Founded: 1950.
Business: 30% managing general agent, 70% broker.
MGA for: National Casualty, North River, United States Liability Insurance.
Broker for: Admiral, AIG, Chubb, Employers Re, Evanston, General Star, Gulf Insurance, Lloyd's of London, Reliance National.
Subsidiaries: Environmental Liability Managers Inc., Buffalo, N.Y.
Specialties: Excess workers comp, excess employers liability, public entity, D&O, errors and omissions liability, professional liability, excess general liability, excess products liability, environmental.
Officers: Kurt C. Bingeman, president/treasurer, Alan A. Hall, executive vp, Gary A. Holleder, vp/general manager.
Contact: Kurt C. Bingeman.
Licensed in: New York.
Membership: NAPSLO, Excess Line Assn. of New York, Professional Insurance Wholesalers Assn. of New York.

British-American Insurance Group Ltd.

111 N. Causeway Blvd., Suite 210, Mandeville, La. 70448; 504-624-8585; fax: 504-624-8558

	1993	1992
Premium volume	$20,000,000	$25,000,000
Employees	5	5
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1990.
Business: 10% managing general agent, 90% broker.
MGA for: Sphere Drake.
Broker for: Lexington, Lloyd's of London, United National.
Branches: London.
Specialties: Energy contractors, oilfield trucking risks, special programs for industry groups.
Officers: Norman P. Fonseca, Peter A.T. Myrtle, directors.
Contact: Norman P. Fonseca.
Licensed in: Louisiana.
Membership: Louisiana Surplus Lines Assn.
Support services provided by London office.

Geo. F. Brown & Sons

55 E. Monroe St., Chicago, Ill. 60603; 312-456-5000

	1993	1992
Premium volume	$46,282,000	$34,233,000
Gross revenues	$4,911,000	$4,426,000
Employees	42	49
Commercial lines	68%	69%
Admitted business	96%	95%
Non-admitted	4%	5%

Founded: 1912.
Parent: Fireman's Fund Insurance Cos.
Business: 85% managing general agent, 15% broker.
MGA for: Chicago Insurance, CNA.
Subsidiaries: Auto Insurance Services, Oakland, Calif.; Lenders Insurance Services, Dallas.
Specialties: Non-standard auto (California, Illinois), car washes, realtors, errors and omissions, liquor liability (California, Colorado, Florida, Illinois, Ohio).
Officers: Patrick S. O'Flynn, president; Mark J. Strong, senior vp; Michael P. Sullivan, senior vp/treasurer/CFO; Carol R. Newman, senior vp/secretary/general counsel; Gerald R. Shanks, senior vp.
Contact: David Miretzky.
Licensed in: California, Illinois, New York, Texas; non-resident licenses in 46 states.
Membership: AAMGA, NAPSLO, Professional Liability Underwriting Sociey.
Support services provided by parent company, Interstate National Corp. (a subsidiary of Fireman's Fund Insurance Cos.).

Brown & Riding Insurance Services Inc.

4221 Wilshire Blvd., Los Angeles, Calif. 90010; 213-930-1321; fax: 213-930-1327

	1993	1992
Premium volume	$28,314,062	$25,944,010
Gross revenues	NA	$1,750,000
Employees	17	21
Commercial lines	100%	100%
Admitted business	85%	85%
Non-admitted	15%	15%

Founded: 1980.
Business: 100% broker.
Broker for: Admiral, AIG, Indemnity Underwriters Group, Investors Insurance, RLI Insurance, Reliance, Royal.
Lloyd's of London coverholder.
Branches: San Mateo, Calif.
Specialties: Manufacturing, contractors, public entities.
Officers: Chris Brown, president; Peter Brown, chairman; Celia McDonnell, senior vp; Ravi Chopra, Ramon Howing, vps.
Contact: Chris Brown.
Licensed in: Arizona, California, Colorado, Hawaii, Louisiana, Nevada, New Mexico, Oklahoma, Oregon, Texas, Utah, Washington.
Membership: NAPSLO, California Surplus Lines Assn.

W. Brown & Associates

4675 MacArthur Court, Suite 770, Newport Beach, Calif. 92660; 714-851-2060; fax: 714-851-2155

	1993	1992
Premium volume	$25,650,000	$23,875,000
Employees	23	21
Commercial lines	100%	NA
Admitted business	40%	45%
Non-admitted	60%	55%

Founded: 1987.
Business: 70% managing general agent, 30% broker.
MGA for: Empire Fire & Marine, GAINSCO County Mutual, Reliance National, Scottsdale.
Broker for: Admiral, Alpine Insurance, Associated International Insurance, General Star, Pacific Insurance, RLI Insurance.
Lloyd's of London coverholder.
Specialties: Aviation.
Officers: William W. Brown, W. Scott Brown, John W. Krebs, Vincent Zimmerer, Brian English.
Contact: W. Scott Brown (aviation), John E. Krebs (property/casualty).
Licensed in: Calif.
Membership: AAMGA, NAPSLO, Aviation Insurance Assn.

Bryson Associates Inc.

100 West Ave., Beaver Hill S., P.O. Box 545, Jenkintown, Pa. 19046; 215-576-1500; fax: 215-884-2869

	1993	1992
Premium volume	$66,103,179	$62,811,831
Gross revenues	$4,744,500	$4,438,348
Employees	39	39
Commercial lines	100%	100%
Admitted business	68%	66%
Non-admitted	32%	34%

Founded: 1977.
Parent: Aon Corp.
Business: 1% managing general agent, 99% broker.
Broker for: Continental Excess & Select, First State, General Star, Lexington, Reliance, Royal Excess & Surplus Lines, Shand Morahan, Travelers, United Capitol, Westchester Specialty.
Branches: New York, Cincinnati.
Officers: James H. Bryson, chairman; Daniel P. McDonnell, president; Maureen C. Caviston, managing vp-New York; Kevin McLaughlin, senior vp; William D. Trumbower, Michael J. McCarthy, vps.
Contact: James H. Bryson, chairman.
Licensed in: New Jersey, New York, Ohio, Pennsylvania, Virginia.
Membership: NAPSLO, Insurance Brokers Assn. of New York, New Jersey Surplus Lines Assn., Ohio Assn. of Professional Specialty Lines Offices, Pennsylvania Surplus Lines Assn., Professional Insurance Wholesalers of New York.

Burns & Wilcox Ltd.

30833 Northwestern Highway, Suite 220, Farmington Hills, Mich. 48334; 810-932-9000; fax: 810-932-9050

See profile on page 48.

C

Cambridge General Agency

100 Pine St., Suite 350, San Francisco, Calif. 94111; 415-955-8555; fax: 415-394-6305

	1993	1992
Premium volume	$50,000,000	$50,000,000
Gross revenues	$3,300,000	$3,200,000
Employees	40	40
Commercial lines	95%	95%
Admitted business	5%	5%
Non-admitted	95%	95%

Founded: 1962.
Business: 70% managing general agent, 30% broker.
MGA for: Acceptance Insurance, National Casualty, Scottsdale.
Branches: Covina and Stockton, Calif.
Specialties: Commercial and personal lines.
Officers: A. Mason Blodgett, president; Paul Janofsky, Julie Sylim-Uang, Tom Rucki, vps.
Contact: A. Mason Blodgett.
Licensed in: California.
Membership: AAMGA, NAPSLO.
Continued on next page

Underwriting Managers, MGAs and wholesale brokers directory terms explained on page 52.
Surplus lines insurers directory starts on page 29.

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Continued from previous page

Carpenter Moore Insurance Services Inc.

111 Pine St., San Francisco, Calif. 94111; 415-433-1001; fax: 415-433-5148

	1993	1992
Premium volume.....	$19,000,000	$15,000,000
Employees.....	8	8
Commercial lines	100%	100%
Admitted business ..	27%	32%
Non-admitted	73%	68%

Founded: 1986.
Business: 27% underwriting manager, 73% broker.
Broker for: Agricultural Excess & Surplus, CNA, Continental, Evanston, Gulf Insurance, National Union, Progressive American Insurance, Reliance, Zurich American.
Lloyd's of London coverholder.
Specialties: Executive liability, professional liability.
Officers: Kinsey L. Carpenter, president; Susan M. Miner, CFO.
Contact: Kinsey Carpenter.
Licensed in: California, Utah.
Membership: NAPSLO.

Centrex Underwriters Inc.

P.O. Box 171176, Memphis, Tenn. 38187; 901-767-4754; fax: 901-767-0153

	1993	1992
Premium volume.....	$2,920,000	$2,704,000
Employees.....	7	8
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1985.
Business: 100% managing general agent.
MGA for: First Specialty Insurance, General Star, United National.
Specialties: Primary liquor liability, excess FDIC deposit insurance.
Officers: Joseph Carlson, president; Eric Sturm, vp.
Contact: Joseph Carlson.
Licensed in: Tennessee.
Membership: AAMGA.

Chicago Underwriting Group Inc.

211 W. Wacker Drive, Chicago, Ill. 60606; 312-750-8800; fax: 312-750-8965

	1993	1992
Employees.....	17	17
Commercial lines	100%	100%
Admitted business ..	95%	95%
Non-admitted	5%	5%

Founded: 1983.
Parent: Old Republic International Corp.
Business: 100% underwriting manager.
Underwriting manager for: Old Republic.
Subsidiaries: CHUG Insurance Brokers Inc., CHUG Services Inc., Chicago; CHUG Services (Bermuda) Ltd.; Upper Peninsula Insurance Co., Jackson, Miss.
Specialties: Corporate D&O liability, nonmedical professional liability.
Officers: Martin J. Perry, president; William J. Schwass, Barlow M. Westcott, senior vps; Vivian K. Yamaguchi, general counsel; Diane C. Vasti, assistant vp; Gretchen Sievers, claims counsel.
Contact: Martin J. Perry.

Commercial Insurance Underwriters Inc.

1200 E. Woodhurst, Suite M-400, Springfield, Mo. 65808-9005; 417-883-3277; fax: 417-883-3393

	1993	1992
Premium volume.....	$9,872,409	$10,159,600
Gross revenues.....	$1,331,553	$1,269,184
Employees.....	18	18
Commercial lines	99%	99%
Admitted business ..	50%	50%
Non-admitted	50%	50%

Founded: 1984.
Business: 50% managing general agent, 50% broker.
Officers: David W. Hinrichs, president; Eunice K. Harralson, S. Cal Rogers, Cindy J. Closser, vps.
Contact: David W. Hinrichs.
Licensed in: Arkansas, Kansas, Missouri.
Membership: AAMGA, NAPSLO.

Cooney, Rikard & Curtin Inc.

P.O. Box 59689, Birmingham, Ala. 35259; 205-870-7790; fax: 205-879-3739

	1993	1992
Premium volume.....	$87,700,000	$67,000,000
Gross revenues.....	$5,700,000	$4,300,000
Employees.....	45	38
Commercial lines	100%	100%
Admitted business ..	60%	60%
Non-admitted	40%	40%

Founded: 1982.
Business: 1% managing general agent, 99% broker.
Lloyd's of London coverholder.
Specialties: Umbrella, property, excess casualty.
Officers: Tom Curtin, chairman; John P. Cooney, president; Ron Helveston, executive vp.
Contact: Tom Curtin or John Cooney.
Licensed in: Alabama, Utah, Virginia.
Membership: NAPSLO, Professional Liability Underwriting Society; Alabama Independent Agents Assn., Louisiana Independent Agents Assn., Mississippi Independent Agents Assn.

Corporate Advisors Inc.

910 Skokie Blvd., Suite 204, Northbrook, Ill. 60062; 708-564-5820; fax: 708-564-5828

	1993	1992
Premium volume.....	$650,000	$630,000
Gross revenues.....	$75,000	$75,000
Employees.....	3	3
Commercial lines	99%	99%
Admitted business ..	41%	37%
Non-admitted	59%	63%

Founded: 1970.
Business: 100% broker.
Broker for: Admiral, Evanston, The First Reinsurance Co. of Hartford, Illinois Insurance Exchange, Old Republic, Virginia Surety.
Specialties: Professional liability, including fire protection and other engineers, financial consultants and lawyers; events.
Officers: Louis W. Biegler. president; C.M. Murphy, vp/secretary.
Contact: Ken Hill, brokerage manager.
Licensed in: Illinois.
Membership: Illinois Insurance Exchange Brokers Assn.

Cox Insurance Group Inc.

5170 Commerce Circle, Indianapolis, Ind. 46237; 317-887-0030; fax: 317-888-7145

	1993	1992
Premium volume.....	$28,000,000	$39,200,000
Employees.....	35	35
Commercial lines	100%	%100
Non-admitted	100%	100%

Founded: 1981.
Business: 100% managing general agent.
Lloyd's of London coverholder.
Branches: Birmingham, Ala.; Minneapolis, Minn.
Officers: Ray Cox, president; Steve Kern, vp-finance; Terri Moriarty, vp-operations; Derek Cox, vp-marketing.
Contact: Terri Moriarty.
Licensed in: Indiana.
Membership: NAPSLO.

D

Thomas C. Devore & Associates Inc.

P.O. Box 127, Hilliard, Ohio 43026; 614-771-4905; fax: 614-771-7470

	1993	1992
Premium volume.....	$4,500,000	$3,200,000
Gross revenues.....	$333,000	$267,000
Employees.....	5	4
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1989.
Parent: Homestead Insurance Co.
Business: 100% managing general agent.
MGA for: Homestead.
Specialties: Commercial umbrellas and excess general liability.
Officers: Thomas Devore, president; Martin Beittler, Frank Peri, vps.
Contact: Tom Devore.
Licensed in: Ohio.
Membership: NAPSLO.
Support services provided by parent company.

Doran Excess Underwriters Inc.

6240 Carlisle Pike, P.O. Box 1417, Mechanicsburg, Pa. 17055-1417; 800-553-6739; fax: 717-697-7506

	1993	1992
Premium volume.....	$12,843,000	$13,249,000
Employees.....	12	12
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1975.
Parent: Doranco Inc.
Business: 100% managing general agent.
MGA for: Diamond State Insurance, Hallmark Insurance, United National.
Specialties: Insurance agents, brokers and third-party administrators; errors and omissions; excess hospital professional liability; excess and umbrella liability.
Officers: Ronald G. Hihn, president; Elizabeth D. Firestone, senior vp; James A. Messec, Mark G. Murphy, vps; Deborah L. Grivens, vp/general counsel.
Contact: James A. Messec.
Licensed in: Pennsylvania.
Membership: Pennsylvania Surplus Lines Assn.

E

ECS Underwriting Inc.

520 Eagleview Blvd., Exton, Pa. 19341; 610-458-0570; fax: 610-458-8667

	1993	1992
Premium volume.....	$151,500,000	$142,400,000
Employees.....	235	195
Commercial lines	100%	100%
Admitted business ..	95%	95%
Non-admitted	5%	5%

Founded: 1979.
Business: 100% underwriting manager.
Underwriting manager for: Reliance.
Subsidiaries: Consulting Services Inc., ECS Underwriting (U.K.), Environmental Claims Administrators, ORBIS Environmental.
Specialties: Industrial and commercial risks, including environmental liability, general liability, auto liability, property and surety.
Officers: William Kronenberg III, president/CEO; David M. Rosenberg, executive vp; Frank A. Piliero, senior vp/CFO; Mark Vuono, senior vp.
Contact: ECS Marketing, 800-327-1414.
Licensed in: District of Columbia, Pennsylvania.
Membership: NAPSLO.

ESL Inc.

1900 Derry St., Harrisburg, Pa. 17105; 717-255-6820; fax: 717-255-6343

	1993	1992
Premium volume.....	$5,050,000	$4,000,000
Employees.....	7	4
Commercial lines	100%	100%
Admitted business ..	60%	70%
Non-admitted	40%	30%

Founded: 1980.
Parent: Pennsylvania National Insurance.
Business: 50% managing general agent, 50% broker.
MGA for: American Empire, Essex, Harco National, Lincoln General, Lincoln Insurance, Pennsylvania National Mutual.
Broker for: AIG, Great American, Mount Airy, Philadelphia Insurance, United States Liability Insurance.
Specialties: Trucking.
Officers: James I. Taylor, president; Brent Parrett, executive vp; Barry Kline, senior vp/CFO; Ken Shutts, secretary/general counsel.
Contact: Brent Parrett.
Licensed in: Alabama, Maryland, North Carolina, Pennsylvania, South Carolina, Tennessee, Virginia.
Membership: AAMGA, NAPSLO, Pennsylvania Surplus Lines Assn.

Eastern America Insurance Agency Inc.

Metro Office Park, Marginal Kennedy Ave., Caparra Heights, San Juan, P.R. 00921; 809-273-1288; fax: 809-782-8233

	1993	1992
Premium volume.....	$99,615,000	$57,697,000
Gross revenues.....	$5,862,000	$4,8000,000
Employees.....	74	72
Commercial lines	90%	96%
Admitted business ..	100%	100%

Founded: 1981.
Parent: Eastern America Insurance Group.
Business: 50% underwriting manager, 50% managing general agent.
Underwriting manager for: Universal Insurance.
MGA for: AIG of Puerto Rico, CIGNA of Puerto Rico, Federal Insurance, El Fenix de Puerto Rico, Hartford Steam Boiler, William H. McGee & Co., Reliance, Royal of Puerto Rico, Seguros Triple S, Universal Insurance, Utica Mutual.
Officers: Luis Miranda Casanas, president; Jorge J. Amadeo, Rafael A. Rodriguez, executive vps; Guillermo A. Fernandez, vp.
Contact: Jorge J. Amadeo.
Licensed in: Puerto Rico.
Membership: Professional Insurance Agents of Puerto Rico, Professional Insurance Agents of the Caribbean.

Esprit General Agency Inc.

13430 Northwest Freeway, Suite 550; Houston, Texas 77040; 800-243-7748 or 713-895-1600; fax: 713-895-1666

	1993	1992
Premium volume.....	$18,000,000	$15,000,000
Gross revenues.....	$1,500,000	$900,000
Employees.....	24	29
Commercial lines	34%	18%
Admitted business ..	35%	25%
Non-admitted	65%	75%

Founded: 1983.
Business: 20% underwriting manager, 75% managing general agent, 5% broker.
Underwriting manager for: St. Paul Re.
MGA for: Adriatic, Northern County Mutual, Sphere Drake, St. Paul Re, Terra Nova.
Broker for: Agents General Agency, Clarendon National, G.A. Insurance Services, Home State County Mutual, Ironwood Underwriters, Van Wagoner Cos.
Lloyd's of London coverholder.
Specialties: Personal auto physical damage; homeowners insurance; commerical lines, including trucking, cargo, dealers open lot/garagekeepers liability, general liability.
Officers: John E. Boyd III, president.
Contact: Henry W. Eversole Jr., marketing manager.
Licensed in: Texas.

Excess & Surplus Lines Insurance Brokers Inc.

13848 Ventura Blvd., Suite A, Sherman Oaks, Calif. 91423; 818-990-8860; fax: 818-990-4530

	1993	1992
Premium volume.....	$10,510,000	$9,988,666
Gross revenues.....	$966,800	$932,000
Employees.....	10	9
Commercial lines	98%	96%
Admitted business ..	62%	58%
Non-admitted	38%	42%

Founded: 1975.

Continued on next page

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Continued from previous page

Business: 67% managing general agent, 33% broker.
MGA for: American Empire, Burlington, First Financial Insurance, Homestead.
Broker for: Alliance Insurance, Associated International, Evanston, Illinois Insurance Exchange.
Branches: Hilo, Hawaii.
Specialties: Mobile home parks, day care centers, artisian contractors.
Officers: J.C. Boyer, president; M.J. Alcazar, J.L. Thomas, vps.
Contact: J.C. Boyer.
Licensed in: Ariz., Calif., Hawaii.
Membership: NAPSLO.

F

Farmington Management Inc.

77 Hartland St., Suite 400; East Hartford, Conn. 06108; 203-528-2105; fax: 203-282-9393

	1993	1992
Premium volume.....	$41,047,096	$40,282,220
Employees.....	21	20
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1986.
Parent: Aetna Life & Casualty.
Business: 100% managing general agent.
MGA for: Aetna, Continental Casualty, Continental, Employers Re, Federal Insurance, General Accident Insurance, General Star, CIGNA, National Home Insurance, NAC Re Travelers, Zurich (U.S. branch).
Branches: New York.
Specialties: Excess liability.
Officers: J. Kirby, president; C.N. Greene, vp; N. Colgan, secretary; M.J. St. Pierre, C.E. Stevens, senior vps.
Contact: William C. Hall, Two World Trade Center, Suite 3870, New York, N.Y. 10048.
Claims services provided by Aetna Casualty & Surety Co.

Felts, Mullens & Fuos

12655 N. Central Expressway, Suite 800, Dallas, Texas 75243; 214-661-9841; fax: 214-960-7381

	1993	1992
Premium volume.....	$27,000,000	$23,000,000
Gross revenues.....	$2,400,000	$1,900,000
Employees.....	44	33
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1986.
Business: 45% underwriting manager, 2% managing general agent, 53% broker.
Underwriting manager for: American Empire, Empire Fire & Marine, Essex, Monticello.
Broker for: General Star, Transamerica, United National..
Lloyd's of London coverholder.
Branches: Houston and Kilgore, Texas.
Specialties: Habitation, contractors.
Officers: Ron Fuos, president; Bob Felts, vp-property; Mike Mullens, treasurer/vp-casualty.
Contact: Ron Fuos, property; Mike Mullens, casualty.
Licensed in: Alaska, Ariz., Ark., Colo., Iowa, Kan., Mich., Neb., N.J., N.M., N.Y., Okla.
Membership: NAPSLO, Texas Surplus Lines Assn.

First State Management Group

150 Federal St., Boston, Mass. 02110; 617-527-7600; fax: 617-526-0600

See profile on page 50.

Fischer Underwriting Group Inc.

P.O. Box 814, Hasbrouck Heights, N.J. 07604; 201-288-8620; fax: 201-288-2275

	1993	1992
Premium volume.....	$10,000,000	$10,000,000
Employees.....	6	6
Commercial lines	100%	100%
Admitted business ..	5%	0%
Non-admitted	95%	100%

Founded: 1981.
Parent: United Capitol Insurance Co.
Business: 100% underwriting manager.
Underwriting manager for: United Capitol, Western Surety.
Lloyd's of London coverholder.
Specialties: D&O liability, professional liability.
Officers: Donald R. Fischer, president; Steven S. Zeitman, executive vp.
Contact: Donald R. Fischer.
Membership: AAMGA, NAPSLO, Professional Liability Underwriting Society.
Support services provided by parent company.

Freberg Environmental Inc.

1675 Broadway, Suite 2210, Denver, Colo. 80202; 800-377-4152; fax: 303-623-8101

	1993	1992
Premium volume.....	$5,000,000	$1,000,000
Gross revenues.....	$500,000	$100,000
Employees.....	6	3
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1991.
Business: 100% managing general agent.
MGA for: Homestead.
Specialties: Environmental, including engineers, consultants, contractors & design/building engineers.
Officers: Michael J. Hill, Neal Gehring, William Freberg.
Contact: Michael J. Hill.
Licensed in: Colo.
Support services provided by Freberg & Co.

G

Gateway Underwriters Agency Inc.

11116 S. Towne Square, St. Louis, Mo. 63123-7809; 314-845-3900; fax: 314-845-3921

	1993	1992
Employees.....	8	8
Commercial lines	100%	100%
Admitted business ..	55%	55%
Non-admitted	45%	45%

Founded: 1954.
Parent: Berkshire Hathaway Inc.
Business: 90% managing general agent, 10% broker.
MGA for: Mount Vernon, National Fire & Marine, National Indemnity, National Liability & Fire Insurance, Nautilus, Scottsdale, Western World.
Broker for: Admiral, Employers Re, Hartford, Lexington, Tudor, United National, U.S. Liability Insurance.
Specialties: Public auto, including buses, limousines and shuttle services; police professional liability; general liability; errors and omissions; D&O.
Officers: Carl H. Bartlotti, president.
Licensed in: Ark., Ill., Iowa, Kan., Mo., Neb.
Membership: NAPSLO, Surplus Lines Assn. of Missouri.

General Star Management Co.

695 E. Main St., P.O. Box 10354, Stamford, Conn. 06904-2354; 203-328-5700; fax: 203-328-6460

See profile on page 48.

Underwriting Managers, MGAs and wholesale brokers directory terms explained on page 52.

Geneva Management Inc.

200 W. Madison St., Chicago, Ill. 60606; 312-855-0590; fax: 312-855-0620

	1993	1992
Premium volume.....	$43,000,000	$27,000,000
Employees.....	23	25
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1985.
Parent: JBW & Co. Inc.
Business: 92% underwriting manager, 4% managing general agent, 4% broker.
Underwriting manager for: Geneva Assurance Syndicate, Geneva Underwriters Syndicate.
MGA for: Classic Fire & Marine.
Broker for: Classic Syndicate, Geneva Assurance Syndicate, Transco Syndicate.
Officers: Richard E. Foss, president; B.K. Marrs, F.P. McGovern, D.J. Bieda, vps; H. Turpin, treasurer.
Contact: R.E. Foss.
Licensed in: Ill.
Membership: NAPSLO.
Support services, including claims, accounting and electronic data processing provided by Concord General Corp.

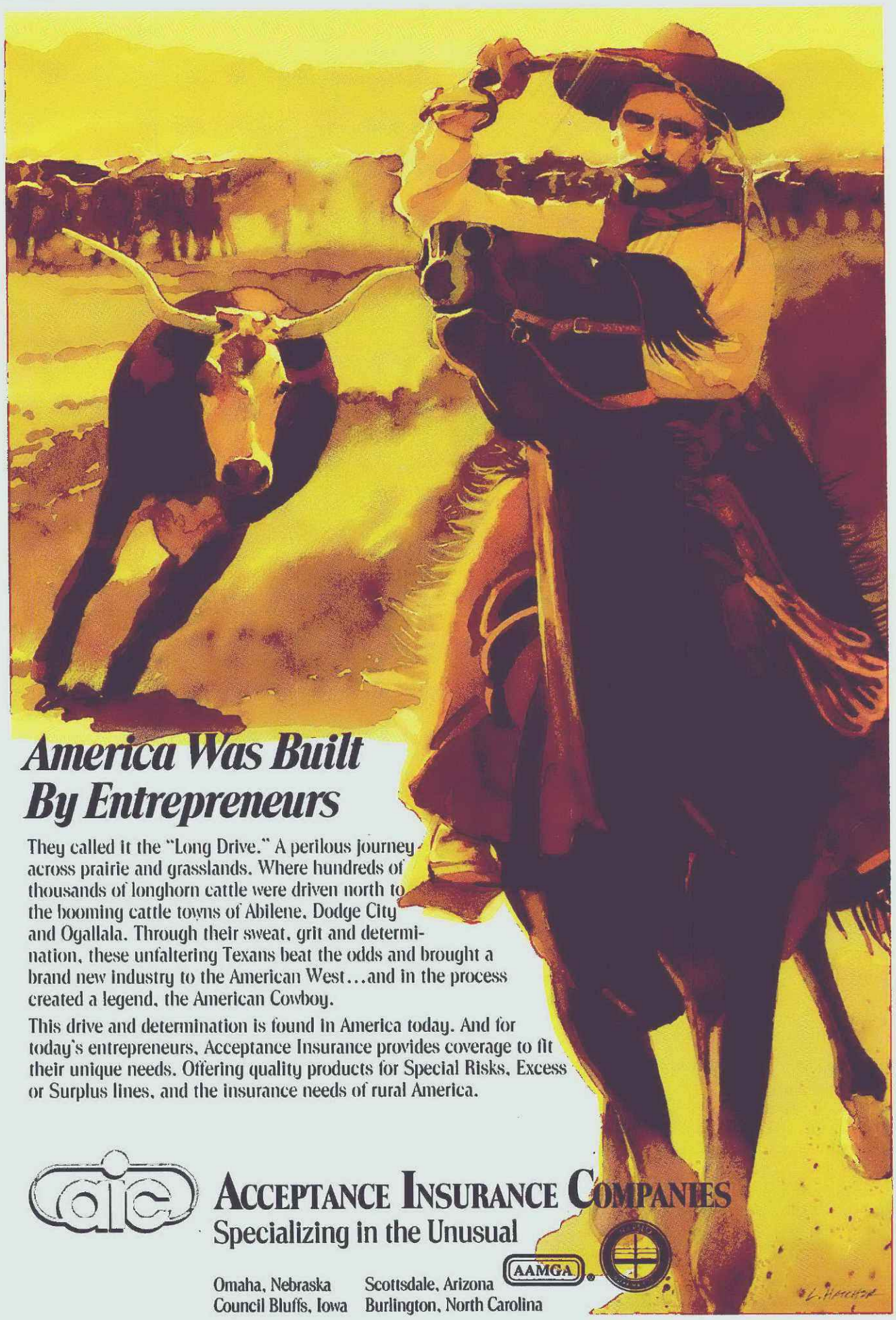
Global Facilities Inc.

146 Merrick Road, P.O. Box 743, Lynbrock, N.Y. 11563; 516-599-3800; fax: 516-599-3930

	1993	1992
Premium volume.....	$5,475,000	$5,265,000
Employees.....	5	5
Commercial lines	98%	98%
Admitted business ..	97%	99%
Non-admitted	3%	1%

Founded: 1977.
Business: 80% managing general agent, 20% broker.
MGA for: Colonia, First Central Insurance, Mount Vernon, New York Merchant Bakers Mutual, Otsego Mutual.
Broker for: Calvert Insurance, John Deere, General Star, Gulf Insurance, Lloyds New York, Mass Plate Glass, Pawtucket Mutual, Providence Washington, Recc Insurance, Republic Insurance, Tower Insurance, Transtate Insurance, U.S. Underwriters Insurance.
Specialties: Special multiperil, property, casualty, trucking, umbrella, business, public autos, inland marine.
Officers: Robert Shapiro, president; Sheldon Bagatell, vp; Maria Defilippis, George Black, underwriters.
Contact: Robert Shapiro.

Continued on next page



Continued from previous page

Licensed in: Conn., N.J., N.Y.

Membership: NAPSLO, Excess Lines Assn. of New York, Professional Insurance Wholesalers of New York.

Gracechurch Associates Inc.

83 Big Oak Road, P.O. Box 879, Morrisville, Pa. 19067; 215-295-0725; fax: 215-295-1780

	1993	1992
Premium volume.....	**NA**	$6,500,000
Employees.....	**9**	9
Commercial lines	**99%**	99%
Admitted business ..	**15%**	15%
Non-admitted	**85%**	85%

Founded: 1965.

Business: 3% managing general agent, 97% broker.

MGA for: Lincoln Insurance.

Broker for: Agricultural Excess & Surplus, Alliance General Insurance, Federal Insurance, General Insurance Co. of America, Mount Hawley, Reliance, RLI Insurance, United Capitol, United Coastal, United National.

Specialties: Commercial real estate.

Officers: Philip S. Corso, president; Ronald S. Kellett, executive vp; Philip J. Corso, Lee Stacey, Anthony J. Petruzzi, vps.

Contact: Ronald S. Kellett.

Licensed in: N.J., Pa.

Membership: NAPSLO, Pennsylvania Surplus Lines Assn.

Gresham & Associates Inc.

P.O. Box 927, 1 Gresham Landing, Stockbridge, Ga. 30281; 404-389-1600; fax: 404-389-1650

	1993	1992
Premium volume.....	**$37,110,182**	$31,546,220
Gross revenues.....	**$3,688,684**	$2,932,239
Employees.....	**57**	53
Commercial lines	**99%**	99%
Admitted business ..	**50%**	51%
Non-admitted	**50%**	49%

Founded: 1979.

Business: 45% managing general agent, 55% broker.

MGA for: Essex, First State, GAINSCO, National Casualty, Penn-America, Scottsdale.

Broker for: Admiral, AIG, Colonia, Fireman's Fund, First State, RLI Insurance, Royal, Transamerica, Westchester Fire.

Lloyd's of London coverholder.

Branches: Nashville, Tenn.; Palm Beach Gardens, Fla.

Officers: James V. Gresham, Chairman; George L. Abernathy, president; Tony Gresham, Debbie Cornwell, senior vps; David Domico, vp; Gail Gresham, secretary/treasurer.

Contact: James V. Gresham.

Licensed in: Fla., Ga., La., Tenn.

Membership: AAMGA, NAPSLO.

H

H&W Underwriters Inc.

P.O. Box 10303, Kansas City, Mo. 64111; 913-676-9301; fax: 913-432-1706

	1993	1992
Premium volume.....	**$8,893,163**	$9,780,000
Gross revenues.....	**$1,651,911**	$1,820,000
Employees.....	**12**	12
Commercial lines	**100%**	100%
Admitted business ..	**20%**	20%
Non-admitted	**80%**	80%

Founded: 1958.

Business: 40% underwriting manager, 60% managing general agent.

Underwriting manager for: Americana Excess & Reinsurance, Paratransit Risk Retention Group.

MGA for: SAFECO, Ulico Casualty.

Specialties: Public transportation, including bodily injury and property damage; association professional liability; labor union errors & omissions.

Officers: Neil R. Pouppirt, chairman/CEO; Bernard R. Geis, president/COO; Michael Kosednar, senior vp.

Contact: Neil R. Pouppirt.

Licensed in: Kan., Mo.

Membership: AAMGA, NAPSLO.

M.J. Hall & Co. Inc.

P.O. Box 192, Stockton, Calif. 95201; 209-948-8108; fax: 209-465-3843

	1993	1992
Premium volume.....	**$9,691,666**	$9,175,667
Employees.....	**22**	18
Commercial lines	**100%**	100%
Admitted business ..	**50%**	50%
Non-admitted	**50%**	50%

Founded: 1973.

Business: 35% managing general agent, 65% broker.

MGA for: First Financial Insurance/Burlington, General Star, Scottsdale.

Broker for: Associated International Insurance, Golden Bear, Investors Insurance, RLI Insurance.

Lloyd's of London coverholder.

Branches: Anchorage, Ala.; Phoenix; Woodland Hills, Calif.

Subsidiaries: Golden Bear Insurance Co., Stockton, Calif.; Delta Adjusting, Stockton, Calif.

Officers: Michael J. Hall, president; John A. Quattrin, senior vp/secretary/treasurer; Steve Stern, Paul Wahlstrom, assistant vps; Roy Hollinger, assistant secretary-Alaska.

Contact: Kate M. Nolan.

Licensed in: Alaska, Ariz., Calif.

Membership: AAMGA, NAPSLO, California Insurance Wholesalers Assn.

Hanover Excess & Surplus Inc.

228 N. Front St., P.O. Box 1411; Wilmington, N.C. 28402; 910-762-7109; fax: 910-762-6426

	1993	1992
Premium volume.....	**$10,500,000**	$8,800,000
Employees.....	**28**	22
Commercial lines	**90%**	10%
Admitted business ..	**50%**	40%
Non-admitted	**50%**	60%

Founded: 1970.

Business: 95% underwriting manager, 5% broker.

Underwriting manager for: Acceptance Insurance, Colonia, Guaranty National, Jefferson Insurance, Scottsdale.

Broker for: Casualty Underwriters Insurance, Employers Re, International Surplus Lines.

Lloyd's of London coverholder.

Subsidiaries: Hanover General Agency, Wilmington, N.C.

Specialties: Commercial auto, general liability.

Officers: Glasgow Hicks Jr., president; David Parker, vp; John Hicks, secretary/treasurer.

Contact: David Parker.

Licensed in: Ga., N.C., S.C., Va.

Membership: AAMGA, NAPSLO, USA Alliance.

L.E. Harris Agency Inc.

1353 Holton Lane, P.O. Box 8330, Langley Park, Md. 20787-8330; 301-439-4700; fax: 301-439-5800

	1993	1992
Premium volume.....	**$9,763,000**	$10,040,175
Gross revenues.....	**$1,198,440**	$1,408,175
Employees.....	**14**	14
Commercial lines	**99%**	99%
Admitted business ..	**35%**	34%
Non-admitted	**65%**	66%

Founded: 1922.

Business: 59% managing general agent, 41% broker.

MGA for: Aetna, Burlington, First Financial Insurance, Jefferson, Lincoln General, Monticello, National Indemnity, Nautilus, Penn-America, St. Paul Re, United States Liability Insurance.

Broker for: Admiral, AIG, Crum & Forster, Chubb, Evanston, Employers Re, Fireman's Fund, Illinois Insurance Exchange, Media Professional, RLI Insurance/Mount Hawley Insurance, Reliance National, Seaboard Surety, United Capitol.

Lloyd's of London coverholder.

Specialties: Commercial public auto; commercial liability; bankers coverages, including bond, mortgage impairment and D&O.

Officers: David A. Riffert, president; Nicholas Taube, executive vp; Mark J. Baldwin, vp; Cindy Milburn, assistant secretary.

Contact: David Riffert or Nicholas Taube.

Licensed in: D.C., Md., Va.

Membership: AAMGA, NAPSLO, Maryland Excess & Specialty Lines Brokers Assn., Specialty Underwriters of Virginia.

Heath Holdings USA Inc.

4809 Cole Ave., Suite 107, Dallas, Texas 75205; 214-528-3999; fax: 214-528-9101

	1993	1992*
Premium volume.....	**$71,500,000**	$16,800,000
Gross revenues.....	**$4,500,000**	$1,100,000
Employees.....	**68**	35
Commercial lines	**100%**	100%
Admitted business ..	**40%**	35%
Non-admitted	**60%**	65%

* Company was in operation for 11 months in 1992.

Founded: 1992.

Parent: C.E. Heath P.L.C.

Business: 2% underwriting manager, 98% broker.

Underwriting manager for: American Empire, Audubon Indemnity, Monticello, Western World.

Broker for: Admiral, Audubon Indemnity, Chubb, Evanston, General Star, The Home, Investors Insurance, Lloyd's of London, Reliance National, Royal Specialty Underwriters, St. Paul, Westchester Specialty.

Branches: San Francisco, Atlanta, Chicago, Houston.

Subsidiaries: Heath Insurance Brokers Inc., San Francisco, Atlanta, Chicago, Dallas, Houston.

Specialties: Umbrella liability, products liability, D&O, property/marine.

Officers: Gene Eisenmann, CEO; Ron Travis, president; Marshall Kath, CFO; Curt Ross, Atlanta; Tom Sieks, Chicago; Bob Barnard, Houston; Jim Pettipas, San Francisco.

Contact: Gene Eisenmann.

Membership: NAPSLO.

Jeffrey L. Heath Inc.

59 S. Finley Ave., P.O. Box 301, Basking Ridge, N.J. 07920-0301; 800-524-3284 or 908-766-7140; fax: 908-766-4419

	1993	1992
Premium volume.....	**$6,000,000**	$5,000,000
Employees.....	**3**	2
Commercial lines	**100%**	100%
Admitted business ..	**80%**	80%
Non-admitted	**20%**	20%

Founded: 1991.

Business: 100% managing general agent.

MGA for: Guaranty National, Landmark American Insurance.

Specialties: Umbrella, excess, excess umbrellas.

Officers: Jeffrey L. Heath.

Contact: Jeff Heath or Pat Silva.

Licensed in: All states.

I

Independent Insurance Wholesalers Inc.

722 S.W. Second Ave., Suite 340, Portland, Ore. 97204-3130; 503-224-1956; fax: 503-224-3010

	1993	1992
Premium volume.....	**$7,500,000**	$7,200,000
Gross revenues.....	**$732,000**	$757,000
Employees.....	**7**	7
Commercial lines	**100%**	100%
Admitted business ..	**15%**	20%
Non-admitted	**85%**	80%

Founded: 1983.

Business: 10% managing general agent, 90% broker.

MGA for: General Star, Nautilus, Western World.

Broker for: Admiral, Agricultural Excess & Surplus, General Star, Lloyd's of London, Unity Fire & General Insurance.

Officers: Robert K. Stahl, president; Thomas E. Sawyer, vp; Sherrie L. Stahl, secretary/treasurer.

Contact: Robert K. Stahl.

Licensed in: Ore.

Membership: NAPSLO, Oregon Surplus Lines Assn.

Insurance Unlimited Inc.

23123 State Road 7, Suite 200, Boca Raton, Fla. 33428, 407-488-5864; fax: 407-451-0521

	1993	1992
Gross revenues.....	**$78,290**	$31,978
Employees.....	**3**	3
Commercial lines	**100%**	100%
Non-admitted	**100%**	100%

Founded: 1991.

Business: 10% managing general agent, 90% broker.

MGA for: Capacity Insurance.

Broker for: Alliance General, Geneva Syndicate (Illinois Insurance Exchange), Regis Insurance.

Branches: North Miami, Fla.

Specialties: Home owners associations.

Officers: Brian D. Sutton, president; Maxine Stern, manager.

Licensed in: Fla., Ga., Ill.

Support services provided by American Bloodstock Corp.

Interline Insurance Services Inc.

12641 E. 166th St., Cerritos, Calif. 90703; 310-926-5061; fax: 310-404-4792

	1993	1992
Premium volume.....	**$21,568,438**	$16,301,790
Gross revenues.....	**$1,941,159**	$1,208,950
Employees.....	**16**	15
Commercial lines	**99%**	99%
Admitted business ..	**90%**	79%
Non-admitted	**10%**	21%

Founded: 1982.

Parent: Crest Financial Corp.

Business: 90% underwriting manager, 10% managing general agent.

Underwriting manager for: Guaranty National, Ranger Insurance, Security Insurance Co. of Hartford.

MGA for: Continental.

Specialties: Local, intermediate and long haul trucking.

Officers: Charles J. Escalante, president.

Licensed in: Calif.

Support services provided by parent company.

International Insurance Brokers Ltd.

3885 Upham St., Wheat Ridge, Colo. 80034; 303-467-8508; fax: 303-467-8598

	1993	1992
Premium volume.....	**$73,500,000**	$52,140,000
Employees.....	**3**	3
Commercial lines	**100%**	100%
Admitted business ..	**70%**	75%
Non-admitted	**30%**	25%

Founded: 1990.

Parent: Insurance Specialists Inc.

Business: 30% underwriting manager, 60% managing general agent, 10% broker.

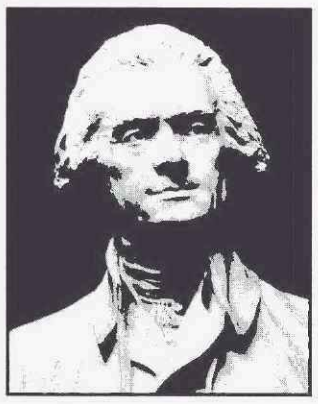
Specialties: Warranties, service contracts, credit card enhancements.

Officers: Ed Allen, president; Bill Diones, executive vp.

Contact: Bill Diones.

Support services provided by parent company.

Continued on next page



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Continued from previous page

International Placement Services Inc.

7710 Carondelet, Suite 433, St. Louis, Mo. 63105; 314-725-8394; fax: 314-725-4317

	1993	1992
Premium volume.....	$12,402,801	$11,982,000
Employees.....	13	12
Commercial lines	100%	100%
Admitted business ..	60%	60%
Non-admitted	40%	40%

Founded: 1981.
Business: 13% managing general agent, 87% broker.
MGA for: Colony Insurance, Lincoln Insurance, Northland.
Broker for: ACSTAR Insurance, Admiral, Aetna, Affiliated FM, Alliance General Insurance., American Empire, AIG, CIGNA, Colony Insurance, Fidelity & Deposit, Fireman's Fund, Frontier Insurance, Front Royal, Generali, Great American, Hartford, Hartford Steam Boiler, The Home, Illinois Insurance Exchange, Lloyd's of London, LMI Insurance, Midwest Employers Casualty, Mount Hawley Insurance/RLI Insurance, Northland, Pacific Insurance, Reliance Insurance, Republic Western Insurance, Safety National Casualty, State Surety, Stonewall, Surplus Underwriters Casualty Insurance, Transamerica, Travelers, Underwriters Indemnity, United Capital, United Coastal, United State Fidelity & Guaranty, Virginia Surety, Westchester Fire, Zurich.
Lloyd's of London coverholder.
Specialties: Self-insurance related risks; excess workers comp; difference-in-conditions, including earthquakes and floods.
Officers: Richard J. Eichhorn, president; Michael J. Eichhorn, vp-casualty; Robert C. Fagan, vp-property; John N. Harmon, vp.
Contact: Richard J. Eichhorn.
Licensed in: Mo.
Membership: NAPSLO.

Interstate Excess/ Interstate Healthcare

100 W. Big Beaver, Suite 350, Troy, Mich. 48084; 810-528-9090; fax: 810-528-3121

	1993	1992
Premium volume.....	$8,925,070	$10,515,856
Gross revenues.....	$473,789	$533,362
Employees.....	7	9
Commercial lines	100%	100%
Admitted business ..	76%	71%
Non-admitted	24%	29%

Founded: 1972.
Business: 100% broker.
Broker for: American Continental, Continental, Crum & Forster, Great American, Lexington, Liberty National Fire, Star Insurance, Stonewall, United Capitol.
Specialties: Medical malpractice liability for hospitals, clinics, physicians and HMOs/PPOs; product liability; municipal liability.
Officers: Charles E. Marlin, president; Joseph Inwald, vp; Kathy L. Morosan, secretary/treasurer; Laura A. Marlin, director.
Contact: Charles E. Marlin.
Licensed in: Mich.
Membership: Michigan Surplus Agents Assn.

J

Jaeger & Haines Inc.

P.O. Box 1623, Fayetteville, Ariz. 72702; 501-521-2551; fax: 501-521-3195

	1993	1992
Premium volume.....	$12,300,000	$10,300,000
Employees.....	37	37
Commercial lines	78%	74%
Admitted business ..	60%	60%
Non-admitted	40%	40%

Founded: 1976.
Business: 98% managing general agent, 2% broker.
Lloyd's of London coverholder.
Officers: Larry Haines, CEO; Mike Johnson, president; Matt Carter, senior vp; Alan Mitchell, vp.
Contact: Mike Johnson.
Licensed in: Ark., Okla, Mo., Tenn.
Membership: AAMGA, NAPSLO.

Jimcor-R&R Agencies

P.O. Box 890, Westwood, N.J. 07675; 201-666-8600; fax: 201-666-5792

	1993	1992
Premium volume.....	$10,900,000	$10,200,000
Gross revenues.....	$1,000,000	$1,000,000
Employees.....	17	18
Commercial lines	95%	95%
Admitted business ..	20%	20%
Non-admitted	80%	80%

Founded: 1986.
Business: 10% underwriting manager, 70% managing general agent, 20% broker.
Underwriting manager for: Illinois Insurance Exchange-Classic Syndicate, United National.
MGA for: Lincoln Insurance, Mount Vernon, Nautilus, Penn-America, Scottsdale, Tudor, United States Liability Insurance, Western World.
Broker for: Admiral, Calvert, Interstate Indemnity, Interstate Fire & Casualty, Investors Insurance, Tudor, United Capital, United National.
Lloyd's of London coverholder.
Branches: Mt. Laurel, N.J.; Glens Falls, N.Y.; Bensalem, Pa.
Subsidiaries: Jimcor Associates Corp., Glens Falls, N.Y.; Jimcor Associates Inc., Bensalem, Pa.
Specialties: Property, casualty, professional lines.
Officers: Francis J. Mastowski, president; Ellen Mastowski, executive vp; Anne E. Grippo, Marvin Levey, vps; John George, regional manager.
Contact: Francis J. Mastowski.
Licensed in: Ill., N.J., N.Y., Pa.
Membership: AAMGA, NAPSLO, New Jersey Surplus Lines Assn., PIA, Independent Insurance Agents of America.

K

K&K Insurance Group Inc.

1712 Magnavox Way, Fort Wayne, Ind. 46804; 219-459-5000; fax: 219-459-5866

	1993	1992
Premium volume.....	$156,234,208	$161,201,000
Gross revenues.....	$30,007,648	$26,177,822
Employees.....	309	322
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1957.
Parent: Aon Corp.
Business: 100% managing general agent.
MGA for: John Deere, Lincoln National, TIG Insurance.
Subsidiaries: American Insurance Brokers, Seattle; K&K Brokers, Toronto; K&K Specialities Inc., Greensboro, N.C.; National Sports Underwriters, Fort Wayne, Ind.
Specialties: Sports, leisure, entertainment.
Officers: Michael S. Mullen, president/CEO; Jerry L. Tegan, executive vp/chief marketing officer; Todd W. Bixler, executive vp/COO; Terry H. Stevens, senior vp-underwriting; Gerald J. Montero, senior vp/CFO.
Contact: Gerald J. Montero.
Licensed in: Ind., N.C., Va.

Karges & Associates Inc.

4700 Rockside Road, Suite 420, Independence, Ohio 44131; 216-573-8080; fax: 216-573-8077

	1993	1992
Premium volume.....	$3,500,000	NA
Gross revenues.....	$180,000	NA
Employees.....	3	NA
Commercial lines	100%	NA
Admitted business ..	40%	NA
Non-admitted	60%	NA

Founded: 1993.
Business: 100% broker.
Broker for: Chubb, Columbia Casualty, Evanston, First State, The Home, Interstate Fire & Casualty, RLI Insurance, United National.
Officers: Gary Karges, president.
Licensed in: Ohio.

L

Lemac & Associates Inc.

5670 Wilshire Blvd., Suite 1200, Los Angeles, Calif. 90036; 213-857-9400; fax: 213-857-9600

	1993	1992
Premium volume.....	$34,036,000	$34,671,527
Employees.....	21.7	21.5
Commercial lines	100%	100%
Admitted business ..	64%	61%
Non-admitted	36%	39%

Founded: 1984.
Business: 7.5% managing general agent, 92.5% broker.
MGA for: Calvert.
Broker for: Admiral, California Compensation Insurance, General Security, General Star, Zenith.
Lloyd's of London coverholder.
Branches: Anaheim, Calif.; Walnut Creek, Calif.
Subsidiaries: Environmental Insurance Services, Anaheim, Calif.
Specialties: Workers compensation, general liability for contractors.
Officers: William Newton, president; Pauline Kwan, Frank Squibb, Mario Gomez, vps; Barbara Higgins, assistant vp.
Contact: Bill Newton.
Licensed in: Calif.
Membership: NAPSLO, California Insurance Wholesalers Assn., The Surplus Line Assn. of California.

Leverett, Doi & Associates Inc.

875 Old Roswell Road, Suite G-100, Roswell, Ga. 30076; 404-993-0645; fax: 404-993-1077

	1993	1992
Premium volume.....	$10,000,000	$7,000,000
Gross revenues.....	$690,000	$530,000
Employees.....	8	6
Commercial lines	100%	100%
Admitted business ..	25%	25%
Non-admitted	75%	75%

Founded: 1985.
Business: 10% managing general agent, 90% broker.
MGA for: Cardinal Insurance, Colony Insurance, Hamilton, Pacific Insurance.
Broker for: Alliance General, Allianz, CNA, Colony Insurance, General Star, Hermitage, Interstate Fire & Casualty, Lloyd's of London, Pacific Insurance, RLI Insurance/Mount Hawley, Reliance National, TCO, United National.
Specialties: Property, general liability, umbrella, excess workers compensation, inland marine, environmental, D&O.
Officers: Jerry J. Leverett, president; David Doi, Linda Townsend, Gwen West, vps; E.J. Leverett, chairman. Mandy Wilson, treasurer.
Contact: Mandy Wilson.
Licensed in: Ala., Fla., Ga., La., N.C., S.C., Tenn., Texas.
Membership: NAPSLO, Georgia Property & Casualty Wholesalers Assn., Georgia Surplus Lines Assn., Insurance Institute of America, Professional Insurance Assn.

London American Risk Specialists Inc.

9301 Southwest Freeway, Suite 630, Houston, Texas 77074; 713-777-6404; fax: 713-777-5471

	1993	1992
Premium volume.....	$38,222,690	$31,684,284
Gross revenues.....	$2,379,838	$1,892,212
Employees.....	27	24
Commercial lines	99%	99%
Admitted business ..	42%	43%
Non-admitted	58%	57%

Founded: 1984.
Business: 7% managing general agent, 93% broker.
MGA for: AEGON, Burlington, CNA International Re, St. Paul Re, Scottish Lion Insurance, Sphere Drake, Western World.
Broker for: Admiral, Aetna, Allianz, Chubb, Fireman's Fund, General Star, The Home, Industrial Insurance Co. of Hawaii, Insurance Co. of the State of Pennsylvania, Interstate Fire & Casualty, Lexington, Marine Office of America, Pacific Insurance, Phoenix Assurance, Navigators, Somerset Marine, Northbrook, Stonewall, SAFECO, Sheffield, Travelers.
Lloyd's of London coverholder.
Branches: Dallas.
Officers: Brian L. Brecker, president; Ken S. Keathley, Roy S. Shoultz, Karl B. Emery, Michael Driscoll, vps.
Contact: Ken Keathley.
Licensed in: Texas.
Membership: NAPSLO, Texas Surplus Lines Assn.

London International Group

111 Second Ave. N.E., Suite 1401, St. Petersburg, Fla. 33701; 813-898-1444 or 800-854-6378; fax: 813-898-1555

	1993	1992
Employees.....	8	8
Commercial lines	100%	98%
Admitted business ..	2%	2%
Non-admitted	98%	98%

Founded: 1983.
Business: 60% managing general agent, 40% broker.
MGA for: Illinois Insurance Exchange, Lincoln Insurance and multiple London/British companies.
Broker for: Institute of London Underwriters and other British companies, Lloyd's of London.
Specialties: Commercial marine and professional liability.
Officers: Ian R. Greenway, president; Ginger K. Hayes, Denise B. Linden, vps.
Contact: Denise B. Linden.
Licensed in: Fla.
Membership: Florida Surplus Lines Assn.

LoVullo Associates Inc.

689 Main St., Buffalo, N.Y. 14203; 716-856-3065; fax: 716-856-8057

	1993	1992
Premium volume.....	$11,530,000	$11,279,259
Employees.....	25	24

Continued on next page

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- Country Inns
- Franchise/Fast Food
- Fraternities
- Homeowners Associations
- Marinas
- Motorcycle Dealers/Repairs
- Outfitters & Guides
- Riding Stables/Carriage Rides
- Scenic Railroads
- Service Stations/Towing
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GREAT AMERICAN®
INSURANCE COMPANIES

Continued from previous page

	1993	1992
Commercial lines	65%	70%
Admitted business ..	69%	69%
Non-admitted	31%	31%

Founded: 1949.
Business: 61% managing general agent, 39% broker.
MGA for: American Modern Home, CIGNA, Insurance Co. of Evanston, Fireman's Fund, Jefferson Insurance, Midwest Mutual Insurance, National Casualty, National Liability & Fire Insurance, Northland, RLI Insurance.
Broker for: Essex, Investors Insurance, Lloyd's of London, National Indemnity, Scottsdale, Tudor, United National, U.S. Underwriters Insurance.
Officers: Leonard T. LoVullo, president; Paul W. LoVullo, vp.
Contact: Leonard T. LoVullo.
Licensed in: N.Y.
Membership: AAMGA, NAPSLO, Professional Insurance Wholesalers of New York State.

MacDuff Underwriters Inc.

P.O. Box 2427, Daytona Beach, Fla. 32115; 904-252-6454; fax: 904-257-5799

	1993	1992
Premium volume.....	$12,500,000	$12,500,000
Gross revenues.....	$1,200,000	$1,250,000
Employees.....	15	13
Commercial lines	100%	100%
Admitted business ..	25%	35%
Non-admitted	75%	65%

Founded: 1980.
Parent: Poe & Brown Inc.
Business: 49% managing general agent, 51% broker.
MGA for: AEGON, Essex Insurance, Guaranty National, Lincoln Insurance, St. Paul Re, Sphere Drake, Union American, Britamco Underwriters.
Broker for: Admiral, Alliance General, Crown Valley, GAN North American, General Star, Hartford Specialty, The Home, Investors Insurance, Landmark, Lexington, Lloyd's of London, Regis Insurance, United Capital.
Lloyd's of London coverholder.
Specialties: Property.
Officers: W.L. Rambo, president; J. Hyatt Brown, vp; Barbara Caton, assistant vp; Timothy Young, CFO; Laurel Lenfesty, secretary.
Contact: W.L. Rambo.

For a directory of surplus lines insurers, see page 29.

Licensed in: Fla.
Membership: AAMGA, NAPSLO, Florida Surplus Lines Assn., Professional Liability Underwriters Society.

Maclean, Oddy & Associates Inc.

1445 Ross Ave., Dallas, Texas 75202; 214-855-7700; fax: 214-855-7794

	1993	1992
Premium volume.....	$89,501,000	$75,550,000
Employees.....	42	39
Commercial lines	100%	100%
Admitted business ..	20%	20%
Non-admitted	80%	80%

Founded: 1983.
Business: 100% broker.
Broker for: Allianz, AIG, Continental, Royal, Westchester Specialty.
Subsidiaries: Maclean, Oddy & Associates of Texas Inc., Dallas; Maclean, Oddy (Bermuda), Bermuda; Maclean, Oddy Consulting Services, Dallas; Maclean, Oddy International, Dallas; Maclean, Oddy Reinsurance Intermediaries Inc., Dallas; Maclean, Oddy Underwriting Management Co., Dallas.
Specialties: Energy, heavy manufacturing, mining, medical professional, construction.
Officers: Roy B. Oddy, chairman; Anita Chanpong, president; Jack Souza, executive vp/CFO; Miles Lowein, Stuart Dobbie, executive vps.
Contact: Jackie Graves, 214-855-7732.
Licensed in: Texas.
Membership: NAPSLO, Texas Surplus Lines Assn.

Gary Markel Surplus Lines Brokerage Inc.

9700 Ninth St. N., Suite 400, St. Petersburg, Fla. 33702; 813-577-5980; fax: 813-577-5804

	1993	1992
Premium volume.....	$650,000	NA
Gross revenues.....	$50,000	NA
Employees.....	2	NA
Commercial lines	100%	NA
Admitted business ..	5%	NA
Non-admitted	95%	NA

Founded: 1993.
Business: 25% managing general agent, 75% broker.
MGA for: Essex.
Broker for: Acceptance Insurance, Admiral, Agricultural, Evanston, The Home, Insurance Co. of North America, Mount Hawley, Scottsdale, United Coastal.
Specialties: General contractors; large owners, landlords and tenants risks; product liability; environmental.
Officers: Gary Markel, president; Paula Wachholz, executive vp.
Contact: Paula Wachholz.
Licensed in: Fla.
Membership: Florida Surplus Lines Assn.

Markel Service Inc.

4551 Cox Road, Glen Allen, Va. 23058-2009; 804-965-1690; fax: 804-965-1633

	1993	1992
Premium volume.....	$14,000,000	$12,000,000
Employees.....	22	22
Commercial lines	90%	90%
Admitted business ..	25%	25%
Non-admitted	75%	75%

Founded: 1942.
Parent: Markel Corp.
Business: 75% managing general agent, 25% broker.
MGA for: Albany Insurance, American Reliable, Essex, National Casualty, Scottsdale.
Broker for: Illinois Insurance Exchange, Investors Insurance.
Lloyd's of London coverholder.
Officers: Anthony F. Markel, president; Steve Markel, executive vp; Darrell Martin, CFO; Alan Kirshner, chairman; Robert M. Bryant, vp-wholesale brokerage.
Contact: Robert M. Bryant.
Licensed in: All states except Alaska and Hawaii.
Membership: AAMGA, NAPSLO, Virginia Specialty Lines Assn.

Market Action General Insurance Brokers

1570 Brookhollow Drive, Suite 218, Santa Ana, Calif. 92705; 714-641-1125; fax: 714-641-1342

	1993	1992
Premium volume.....	$16,831,465	$18,170,051
Gross revenues.....	$2,500,675	$2,759,418
Employees.....	31	37
Commercial lines	100%	100%
Admitted business ..	25%	31%
Non-admitted	75%	69%

Founded: 1987.
Business: 45% managing general agent, 55% broker.
MGA for: Century Surety, Commercial Underwriters Insurance, Essex, Lincoln Insurance, London companies, Nautilus, Scottsdale.
Broker for: Commercial Underwriters Insurance, First State, Golden Bear Insurance, Golden Eagle Insurance, Reliance National, Shand Morahan, Transco Syndicate, Topa Insurance.
Officers: James M. Yates, president; James Hippard, executive vp.
Contact: James M. Yates.
Licensed in: Calif.
Membership: AAMGA, NAPSLO, California Insurance Wholesalers Assn., Western States Surplus Lines Assn.

Market Finders Insurance Corp.

9117 Leesgate Road, Louisville, Ky. 40222; 502-423-1800; fax: 502-426-7970

	1993	1992
Premium volume.....	$43,000,000	$38,000,000
Gross revenues.....	$4,100,000	$3,700,000
Employees.....	62	59
Commercial lines	80%	80%
Admitted business ..	40%	40%
Non-admitted	60%	60%

Founded: 1972.
Business: 40% managing general agent, 60% broker.
MGA for: Acceptance Indemnity, Aegis Security Insurance, American Bankers, Burlington, Century Surety, Colony Insurance, Empire, Essex, First Financial Insurance, Great Divide, Nautilus, St. Paul Re, Sphere Drake, Stratford Insurance, Surplus Underwriters Casualty Insurance, TIG Insurance, Terra Nova, Western World.
Broker for: AIG, Admiral, Carolina Casualty, Evanston, First State, General Star, Illinois Insurance Exchange, Paradigm, Tudor.
Lloyd's of London coverholder.
Branches: Dayton, Ohio; Pittsburgh; Greenville, S.C.; Nashville, Tenn.
Subsidiaries: MFI Premium Budget Corp.
Specialties: Medical malpractice.
Officers: James Ryan, president; Jerome H. Boyett, secretary/treasurer; C.B. Darland Sr., executive vp; Sylvia Smith, comptroller; J. Dennis Watts, vp.
Contact: James Ryan or C.B. Darland Sr.
Licensed in: Ind., Ky., Ohio, N.C., Pa., S.C., Tenn., W.Va.
Membership: AAMGA, NAPSLO, Independent Insurance Agents of Kentucky, Kentucky Surplus Lines Assn., Professional Insurance Assn.

G.A. Mavon & Co.

10 W. Chicago Ave., Hinsdale, Ill. 60521; 708-655-2400; fax: 708-654-4447

	1993	1992
Premium volume.....	$13,800,000	$13,000,000
Employees.....	22	24
Commercial lines	50%	45%
Admitted business ..	88%	90%
Non-admitted	12%	10%

Founded: 1916.
Business: 15% managing general agent, 85% broker.
MGA for: Northland Insurance, Scottsdale.
Lloyd's of London coverholder.
Officers: P.G. Mavon Jr., president/treasurer; Phil Mavon, vp; James Davis, assistant vp; William Black.
Contact: Phil Mavon.
Licensed in: Ill.
Membership: AAMGA, NAPSLO.

McComb & Flanagan Inc.

102 Wilmot Road, Suite 370, Deerfield, Ill. 60015; 708-405-9111; fax: 708-405-9121

	1993	1992
Employees.....	5	4
Commercial lines	98%	98%
Admitted business ..	9%	7%
Non-admitted	91%	93%

Founded: 1988.
Business: 70% managing general agent, 30% broker.
MGA for: General Agents Insurance, MGA Insurance Co., National Casualty, Penn-America, Scottsdale.
Broker for: Illinois Insurance Exchange: Agora Syndicate, Classic Syndicate, First Oakbrook, Geneva Assurance Syndicate, Geneva Underwriters Syndicate, Resure, Transco; Homestead Insurance; International Surplus Lines; United National.
Lloyd's of London coverholder.
Officers: Jack F. McComb, president; Susan M. Flanagan, vp.
Contact: Jack McComb.
Licensed in: Ala., Ark., Fla., Ga., Ill., Ind., Iowa, La., N.C., Va., Wis.
Membership: Lloyd's Brcker Assn., Surplus Lines Assn. of Illinois.

Media/Professional Insurance

2300 Main St., Suite 800, Kansas City, Mo. 64108-2404; 816-471-6118; fax: 816-471-6119

	1993	1992
Employees.....	120	115
Commercial lines	100%	100%
Admitted business ..	55%	55%
Non-admitted	45%	45%

Founded: 1979.
Business: 100% underwriting manager.
Underwriting manager for: Employers Insurance of Wausau, Gulf Insurance Group, National Casualty, Scottsdale.
Specialties: Miscellaneous errors and omissions; media liability, including libel, intellectual property and related torts.
Officers: John Pfannenstiel, CEO; Mark Hutchins, Dennis Brenton, underwriting vps.
Contact: Scott May, marketing manager, 816-292-7239.
Membership: AAMGA, NAPSLO.

Miami Valley Excess & Surplus Agency Inc.

2787 Orchard Run Road, Dayton, Ohio, 45449; 513-438-0491; fax: 513-438-9834

	1993	1992
Premium volume.....	$2,850,000	$2,370,000
Gross revenues.....	$427,500	$355,500
Employees.....	7	6
Commercial lines	96%	96%
Admitted business ..	85%	90%
Non-admitted	15%	10%

Founded: 1985.
Business: 95% managing general agent, 5% broker.
MGA for: Adriatic, Burlington, Cardinal Casualty, Century Surety, Colony Insurance, Empire Fire & Marine, First Financial Insurance, Hamilton, Lincoln Insurance.
Broker for: Lloyd's of London, United Capitol, United National.
Branches: Fairmont, W.Va.
Subsidiaries: Miami Valley Excess & Surplus Agency of West Virginia Inc., Miami Valley Excess & Surplus Agency of Kentucky Inc.
Officers: Fred C. Wootan, president/treasurer; Barbara A. Wootan, vp/secretary; Ted Bingley, Greg Seibel, assistant vps.
Contact: Fred C. Wootan.
Licensed in: Ky., Ohio, W.Va.
Membership: Ohio Assn. of Professional Specialty Lines Offices.

Midlands Management Corp.

3503 N.W. 63rd, Suite 305, Oklahoma City, Okla. 73116; 405-840-0074; fax: 405-840-5432

	1993	1992
Premium volume.....	$10,625,345	$5,192,524
Gross revenues.....	$1,100,734	$893,009
Employees.....	10.5	8.5
Commercial lines	100%	100%
Admitted business ..	23%	8%
Non-admitted	77%	92%

Founded: 1990.
Business: 5% underwriting manager, 38% managing general agent, 57% broker.
Underwriting manager for: Belvedere.
MGA for: Associated International, Waite Hill.
Broker for: Clarendon, Transamerica.
Lloyd's of London coverholder.
Subsidiaries: Midlands Claim Administrators, Oklahoma City.
Specialties: Excess workers comp, excess employer's liability, insurance agent's errors and omissions.
Officers: Charles C. Caldwell, president; Wayne F. Keith, senior vp; Sherri L. Fraser, Richard Gerrond, vps.
Contact: Charles C. Caldwell.
Licensed in: Okla.
Membership: AAMGA, NAPSLO, Oklahoma Surplus Lines Assn.

Midwest Indemnity Corp.

5550 W. Touhy Ave., Suite 400, Skokie, Ill. 60077; 708-982-9800; fax: 708-982-9816

	1993	1992
Employees.....	85	80
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1944.
Business: 100% underwriting manager.
Underwriting manager for: Gulf Insurance, National American.
Branches: San Clemente, Calif.; Avon, Conn.; Seattle.
Specialties: Contract, license and permit and miscellaneous surety bonds in all 50 states.
Officers: Marvin Silverman, president/co-chairman; Martin L. Shape, co-chairman; Perry Gantman, secretary/treasurer; Steven Swerdloff, executive vp.
Contact: Patrick Brandell.
Membership: The American Surety Assn., National Assn. of Surety Bond Producers.

Mining Insurance Markets Inc.

P.O. Box 20214, Birmingham, Ala. 35216-0214; 205-823-5209; fax: 205-823-6177

	1993	1992
Premium volume.....	$14,200,000	$9,600,000
Employees.....	5	5
Commercial lines	100%	100%
Admitted business ..	100%	100%

Founded: 1985.
Parent: CGH Insurance Group Inc.
Business: 100% broker.
Broker for: American Mining Insurance, Lincoln General, Royal Indemnity.
Specialties: Coal, sand and gravel, limestone, clay and other mining risks.
Officers: Chandler F. Cox Jr., president; Kenneth A. Hoyle, vp; Edward M. Glenn, secretary; Dominick Giovannelli, treasurer.
Contact: Chandler F. Cox Jr., 800-448-4523.
Licensed in: Ala., Pa., Tenn., W.Va.
Membership: Brokers and Managing Agents of Alabama.
Support services provided by parent company.

Continued on next page

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Atlanta Branch
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Atlanta, GA 30328
(404) 396-2515

Chicago Branch
1901 North Roselle Rd.
Schaumburg, IL 60195
(708) 884-1960

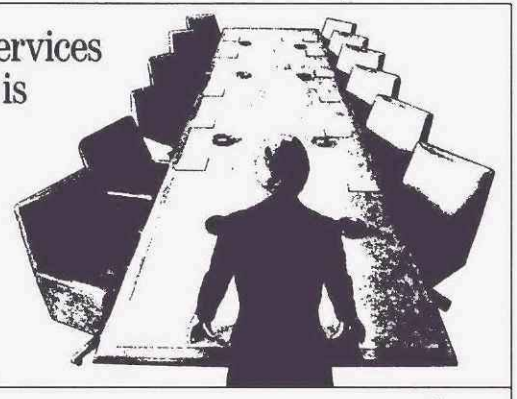
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Continued from previous page

Montgomery & Collins Inc.

177 Milk St., Boston, Mass. 02109; 617-482-6211; fax: 617-482-6710

	1993	1992
Premium volume.....	$75,635,293	$99,832,000
Gross revenues.....	$5,220,000	$6,819,000
Employees.....	100	120
Commercial lines	100%	100%
Admitted business ..	70%	65%
Non-admitted	30%	35%

Founded: 1935.
Parent: Arbor Acquisition Corp.
Business: 18% managing general agent, 82% broker.
MGA for: American Empire, Essex, First Financial, Great Divide, Guaranty National, Northland, Scottsdale, United National.
Broker for: Associates International Insurance, General Star, Guaranty National, National Casualty, Pacific Insurance, RLI Insurance, St. Paul, Scottsdale, Transamerica, United National.
Lloyd's of London coverholder.
Branches: Anchorage, Alaska; Los Angeles; San Francisco; Denver; Hartford, Conn.; New Orleans; Detroit; Kansas City, Mo.; Charlotte, N.C.; Columbus, Ohio; Philadelphia; Dallas; Houston.
Officers: Sanford D. Elsass, chairman/president/CEO; Thomas F. Goode, executive vp-marketing; Jane A. Frank, executive vp-administration; Christopher D. Van Curan, executive vp; Dana W. Litman, treasurer.
Contact: Jane A. Frank.
Licensed in: All states except Ind., Ky., Maine, Minn., N.D., Okla., R.I., S.D., Vt., Wyo.
Membership: AAMGA, NAPSLO.

Morstan/LMG/ Brisco Group Inc.

5 Dakota Drive, Lake Success, N.Y. 11042; 516-488-4747; fax: 516-327-0200

	1993	1992
Premium volume.....	$90,000,000	$75,000,000
Gross revenues.....	$7,000,000	$5,600,000
Employees.....	80	65
Commercial lines	70%	65%
Admitted business ..	96%	95%
Non-admitted	4%	5%

Founded: 1965.
Business: 70% managing general agent, 30% broker.
MGA for: Calvert, Colonial Indemnity, Empire, Executive Insurance, Mount Vernon Fire, Public Service Mutual, Republic Insurance, Tower Insurance.
Broker for: AIG, General Star, The Home, Kemper National, Royal, Twin City Fire Insurance.
Officers: Al Moss, Warren Goldfarb, Barry Tash, Jay Levy, Al Eskanazy.
Contact: Warren Goldfarb.
Licensed in: N.J., N.Y.
Membership: NAPSLO, Professional Insurance Agents, Independent Insurance Agents of New York.

N

NAS Ltd.

100 S. Wacker Drive, Suite 2012, Chicago, Ill. 60606; 312-726-2186; fax: 312-726-8715

	1993	1992
Premium volume.....	$15,205,899	$13,802,319
Employees.....	9	10
Commercial lines	100%	100%
Admitted business ..	28%	30%
Non-admitted	72%	70%

Founded: 1974.
Business: 100% broker.
Broker for: Acceptance Indemnity, General Star, United National.
Branches: Marlton, N.J.
Specialties: Hazardous product liability, municipalities-property and casualty.
Officers: John T. Bogart, president; Al Abramakis, Joanna Gesicki, Richard Munce, Mary Jane Ferrari, vps.
Contact: John T. Bogart.
Licensed in: Ill., N.J., Pa.
Membership: NAPSLO.

Nason Associates

6901 W. 63rd St., Overland Park, Kan. 66202; 913-677-1550; fax: 913-384-9350

	1993	1992
Premium volume.....	$6,328,497	$5,772,114
Gross revenues.....	$426,000	$354,000
Employees.....	8	8
Admitted business ..	90%	90%
Non-admitted	10%	10%

Founded: 1981.
Business: 100% broker.
Broker for: American Eagle, AIG, Associated Aviation Underwriters, CIGNA, Reliance, United States Aircraft Insurance Group.
Officers: C.H. Nason, president; Linda S. Joy, vp.
Contact: C.H. Nason, L.S. Joy, R. Hopson or L. Shuey.
Licensed in: All states.
Membership: Aviation Insurance Assn.

National Insurance Professionals Corp.

2601 Fourth Ave., Suite 200, Seattle, Wash. 98121-1297; 206-441-7960; fax: 206-441-3868

	1993	1992
Premium volume.....	$15,690,000	$16,285,000
Employees.....	24	24
Commercial lines	100%	100%
Admitted business ..	32%	31%
Non-admitted	68%	69%

Founded: 1976.
Business: 95% managing general agent, 5% broker.
MGA for: Continental Casualty, Lexington, TIG Insurance.
Broker for: Homestead, Professional Underwriters Liability Insurance Co.
Specialties: Program administrator for professional and industry associations and affinity groups, new program development.
Officers: Harry L. Baker, president; Thomas C. Downs, executive vp; William J. Reese, senior vp; William L. Johnson, Barry C. Clipsham, vps.
Contact: Harry L. Baker.
Licensed in: Calif. (risk purchasing groups only), Wash.
Membership: AAMGA, NAPSLO.

North Island Group Inc.

30 Park Ave., Manhasset, N.Y. 11030-2444; 516-365-7440; fax: 516-365-7392

	1993	1992
Premium volume.....	$75,000,000	$64,000,000
Employees.....	65	45
Commercial lines	95%	95%
Admitted business ..	90%	90%
Non-admitted	10%	10%

Founded: 1976.
Business: 65% managing general agent, 35% broker.
MGA for: Hermitage, Mount Vernon, National Casualty, National Union, Scottsdale, United States Liability Insurance, U.S. Underwriters Insurance.
Broker for: Admiral, Calvert Insurance, Coregis, Evanston, Fireman's Fund, First Central Insurance, First State Insurance, General Star, Interstate Fire & Casualty, Investors Insurance, Lexington, Lloyd's of London, Reliance, Travelers.
Branches: New Jersey, New York, Pennsylvania, Rhode Island.
Specialties: Social services institutional programs, including professional liability.
Officers: Michael A. Orlando, president; John G. Orlando, executive vp/secretary; Dennis Loggie, William Battistini, vps.
Contact: Esther Gullo.
Licensed in: Conn., N.Y., N.Y., Pa., R.I., Va.
Membership: NAPSLO, Independent Insurance Agents, Professional Insurance Agents.

O

J.R. Olsen Bonds & Insurance Brokers Inc.

22900 Ventura, Suite 360, Woodland Hills, Calif. 91436; 818-224-4855; fax: 818-224-4857

	1993	1992
Premium volume.....	$4,000,000	$3,500,000
Gross revenues.....	$775,000	$675,000
Employees.....	12	10
Commercial lines	100%	100%
Admitted business ..	90%	90%
Non-admitted	10%	10%

Founded: 1984.
Business: 80% managing general agent, 20% broker.
MGA for: Hartford, SAFECO, F&D, Amwest, Frontier, American Bonding, ENESCO.
Broker for: AIG, Lloyd's of London.
Specialties: Errors & omissions insurance, fidelity bonds, surety bonds.
Officers: James R. Olsen.
Contact: James R. Olsen.
Membership: PIA.

P

PWN Insurance Underwriting Managers Inc.

4 Liberty Square, Boston, Mass. 02109; 617-482-0600; fax: 617-426-6988

	1993	1992
Premium volume.....	$8,400,000	$7,500,000
Employees.....	11	11
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1988.
Business: 100% managing general agent.
MGA for: First Specialty Insurance.
Specialties: Jewelers block; restaurant, bar and tavern business.
Officers: Christopher C. Dawson, president; William P. Twomey, executive vp; Kenneth Harvey, vp; Christine Foisy, assistant vp.
Contact: Donnalynn Johnson.
Licensed in: All states except Mo.
Membership: NAPSLO.

Phoenix Insurance Group Inc.

812 Sylvia St., West Trenton, N.J. 08628; 215-355-6200; fax: 609-530-0111

	1993	1992
Premium volume.....	$8,500,000	$9,200,000
Gross revenues.....	$935,000	$1,000,000
Employees.....	9	11
Commercial lines	100%	100%
Admitted business ..	35%	35%
Non-admitted	65%	65%

Founded: 1974.
Business: 85% managing general agent, 15% broker.
MGA for: Scottsdale.
Broker for: Fireman's Fund, First Jersey Casualty, First Specialty Insurance, Illinois Insurance Exchange, The Insurance Co. of the State of Pennsylvania, Princeton Insurance, Reliance, United National.
Branches: Feasterville, Pa.
Subsidiaries: Phoenix Excess & Surplus Lines Inc.
Officers: Ed Johnson, CEO; Dennis Pellegrino, president.
Licensed in: N.J., N.Y., Pa.
Membership: NAPSLO, Illinois Insurance Exchange, New Jersey Surplus Lines Assn., Pennsylvania Surplus Lines Assn., Independent Insurance Agents of America, Professional Insurance Agents.

Pomerleau Program Administrators

108 Church St., P.O. Box 6, Burlington, Vt. 05402; 802-863-0544; fax: 802-863-8206

	1993	1992
Premium volume.....	$6,500,000	$5,600,000
Employees.....	6	5
Commercial lines	99%	99%
Admitted business ..	25%	20%
Non-admitted	75%	80%

Founded: 1985.
Parent: Pomerleau Agency Inc.
Business: 85% managing general agent, 15% broker.
MGA for: Columbia Casualty, Continental Casualty, The Home, Transcontinental.
Broker for: Agricultural Excess & Surplus, Agricultural Insurance.
Specialties: Liquor liability.
Officers: A.B. Pomerleau, chairman; C.S. Lord, president; T.L. Mays, executive vp; B.L. Courcy, senior vp; E.A. Pomerleau, secretary.
Contact: Brian L. Courcy.
Licensed in: N.H., Vt.
Membership: NAPSLO.
Support services provided by parent company.

Price Forbes North America

7557 Rambler Road, Suite 350, Dallas, Texas 75231; 214-265-2660; fax: 214-265-2661

See profile on page 39.

Professional Indemnity Management Co.

4225 Naperville Road, Suite 265, Lisle, Ill. 60532; 708-505-0808 or 800-447-4626; fax: 708-505-1221

	1993	1992
Premium volume.....	$4,700,000	$3,600,000
Employees.....	5	4
Commercial lines	100%	100%
Admitted business ..	80%	70%
Non-admitted	20%	30%

Founded: 1987.
Business: 100% managing general agent.
MGA for: SAFECO, including General Insurance Co. of America, SAFECO Surplus Lines and SAFECO National.
Specialties: Accountants professional liability, insurance agents errors & omissions, architects and engineers professional liability.
Officers: James M. Romano, president; Michelle A. Duffett, executive vp.
Contact: James Romano, Michelle Duffett, Susan Harker.
Licensed in: Ill.
Membership: AAMGA, Professional Liability Underwriting Society.

Professional Managers Inc.

2 N. Riverside Plaza, Suite 1460, Chicago, Ill. 60606; 312-559-0101; fax: 312-559-0167

	1993	1992
Non-admitted	100%	100%

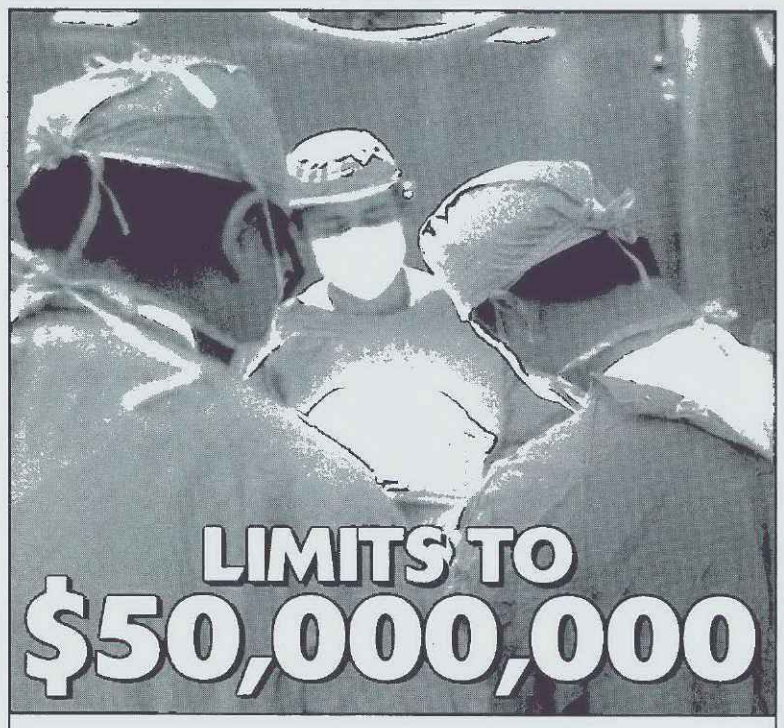
Founded: 1981.
Business: 95% managing general agent, 5% broker.
MGA for: General Star, Tudor, Western World.
Broker for: Lloyd's of London.
Subsidiaries: PMI Insurance Services Inc.
Specialties: Professional liability, including architects, engineers, insurance agents and accountants and errors and omissions.
Officers: John Van Cleave, president; Guy R. Calhoun, executive vp; Brian Van Cleave, vp-underwriting.
Contact: Guy Calhoun.
Licensed in: Ill. (writes in all states).
Membership: AAMGA, NAPSLO.

Professional Underwriters Agency Inc.

2907 Butterfield Road, Suite 320, Oak Brook, Ill. 60521-1197; 708-575-8111; fax: 708-575-0033

	1993	1992
Premium volume.....	$6,000,000	$4,800,000
Gross revenues.....	$525,000	$427,200
Employees.....	7	6

Continued on next page



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Continued from previous page

	1993	1992
Commercial lines	100%	100%
Admitted business ..	99%	99%
Non-admitted	1%	1%

Founded: 1990.
Business: 95% managing general agent, 5% broker.
MGA for: Carlisle Insurance, Investors Insurance Co. of America, Investors Special Risk.
Broker for: Lloyd's of London.
Specialties: Professional liability for architects, engineers, construction managers, environmental consultants, actuaries, lawyers, accountants and miscellaneous errors and omissions.
Officers: Ram H. Chandarana, president; Jeanine Benning, James E. Ruiz, Sandip R. Chandarana, Nila R. Chandarana, vps.
Contact: Ram H. Chandarana.
Licensed in: Ill.
Membership: Professional Liability Underwriting Society.

R

RISC Inc.

2777 Stemmons Freeway, Suite 1425, Dallas, Texas 75207; 214-640-2222; fax: 214-640-2200

	1993	1992
Premium volume.....	$33,000,000	$34,000,000
Gross revenues.....	$2,500,000	$2,700,000
Employees.....	23	22
Commercial lines	99%	99%
Admitted business ..	20%	25%
Non-admitted	80%	75%

Founded: 1966.
Parent: The Rigg Group Inc.
Business: 10% underwriting manager, 25% managing general agent, 65% broker.
Underwriting manager for: International Lloyds.
MGA for: American Empire, Commonwealth, Nautilus, Stonewall Underwriters.
Broker for: Alliance General, First State, Interstate Fire & Casualty, Lexington.
Lloyd's of London coverholder.
Specialties: Transportation, energy, logging.
Officers: David L. Geary, president; Frances Griffin and Daniel Whitt, senior vps; Jere Freel, Jim Thomas, Terry Tunks, vps.
Contact: David L. Geary.
Licensed in: Texas.
Membership: NAPSLO, Texas Surplus Lines Assn., Texas Assn. of Insurance Agents.
Support services provided by parent company.

Rapport Insurance Services Inc.

15415 Katy Freeway, Suite 605, Houston, Texas 77094; 713-492-1735; fax: 713-579-1258

	1993	1992
Premium volume.....	$11,700,000	$8,000,000
Gross revenues.....	$774,000	$603,000
Employees.....	12	10
Commercial lines	100%	100%
Admitted business ..	60%	50%
Non-admitted	40%	50%

Founded: 1988.
Business: 100% broker.
Broker for: AIG, Associated International, Clarendon, Empire Fire & Marine, Hartford Steam Boiler, Interstate Fire & Casualty, Lloyd's of London.
Specialties: Employers excess indemnity, boiler and machinery, truckers liability and physical damage.
Officers: Edward A. Gorman Jr., Sheri Gorman, Richard Dauchy, Glenn Hargrove, Jeff Day.
Contact: Susan Stroup.
Licensed in: Texas.
Membership: Independent Insurance Agents of America, Professional Insurance Agents.

Repath Associates Inc.

4301 Hillsboro Road, Suite 314, Nashville, Tenn. 37215; 615-297-1739; fax: 615-297-3796

	1993	1992
Premium volume.....	$35,000,000	$29,500,000
Gross revenues.....	$2,720,000	$2,135,000
Employees.....	28	22
Commercial lines	99.5%	99.5%
Admitted business ..	28%	28%
Non-admitted	72%	72%

Founded: 1984.
Business: 10% managing general agent, 90% broker.
MGA for: American Empire, Century Surety, Colony Insurance, Essex, Lloyd's of London.
Broker for: First Specialty, First State, General Star, The Home, Interstate Insurance, Lexington, RLI Insurance, United National.
Lloyd's of London coverholder.
Branches: Boca Raton, Fla.; Indianapolis; Grand Rapids, Mich.; Columbus, Ohio.
Specialties: Product liability, excess liability.
Officers: Derek J. Repath, president; May S. Bell, Dan Powell, Sandra Breedlove, Ralph Costanzo, senior vps.
Contact: Janie Moss.
Licensed in: 28 states.
Membership: NAPSLO.

Roehrig, Flood & Associates Inc.

9800 Fourth St. N., P.O. Box 22268, St. Petersburg, Fla. 33742; 813-577-3003; fax: 813-576-7652

	1993	1992
Premium volume.....	$6,000,000	NA
Gross revenues.....	$654,300	NA
Employees.....	10	NA
Commercial lines	100%	NA
Admitted business ..	35%	NA
Non-admitted	65%	NA

Founded: 1988.
Business: 87% managing general agent, 13% broker.
MGA for: American Empire, Canal Indemnity, Canal Insurance, Century Surety, Columbia Casualty, Evanston, Lloyd's of London, National Fire & Marine, National Indemnity.
Broker for: Admiral, AIG, General Star, Illinois Insurance Exchange, Interstate Insurance, Investors Insurance, Lexington, Mount Hawley, RLI Insurance, United Capital, United National.
Lloyd's of London coverholder.
Specialties: Commercial/public automobile liability and physical damage, liquor liability, commercial general liability, commercial property.
Officers: W. Dana Roehrig. Jack Flood.
Contact: Jack Flood.
Licensed in: Florida.
Membership: AAMGA, NAPSLO, Florida Surplus Lines Assn., Florida Assn. of Independent Agents.

S

SMIS Inc.

2 Riverchase Office Plaza, Suite 208, Birmingham, Ala. 35244; 800-755-7647 or 205-985-7511; fax: 205-403-0761

	1993	1992
Premium volume.....	$8,000,000	$7,900,000
Gross revenues.....	$770,000	$751,000
Employees.....	11	12
Commercial lines	100%	100%
Admitted business ..	10%	10%
Non-admitted	90%	90%

Founded: 1980.
Business: 50% underwriting manager, 50% broker.
Underwriting manager for: Equipco Insurance, Evanston.
Broker for: Alliance General Insurance, Colony Insurance, Evanston, The Home, Illinois Insurance Exchange.
Specialties: Products liability, commercial general liability, property for mining risks, employment practices liability, pollution.
Officers: James H. Godfrey Jr., president; David Barringer, CFO/treasurer; David G. Condon, executive vp/general counsel; Lamar Andrews, Donna Stanley, assistant vps.
Contact: Lamar Andrews or Dave Condon.
Licensed in: Alabama.
Membership: NAPSLO, Alabama Surplus Lines Assn.

W.A. Schickedanz Agency Inc.

300 W. Main St., Belleville, Ill. 62220; 618-233-0644; fax: 618-233-0672

	1993	1992
Premium volume.....	$6,500,000	$6,800,000
Gross revenues.....	$1,150,000	$1,200,000
Employees.....	16	16
Commercial lines	80%	80%
Admitted business ..	85%	85%
Non-admitted	15%	15%

Founded: 1931.
Business: 70% managing general agent, 30% broker.
MGA for: Burlington Insurance, Empire Fire & Marine, First Financial Insurance, Guaranty National, Landmark American, Nautilus, Northfield, Northland.
Broker for: Bituminous Fire & Marine, Bituminous Casualty, Continental, Fidelity & Deposit Insurance, First State Insurance, Guaranty National, Hartford, United National.
Lloyd's of London coverholder.
Subsidiaries: Gateway Premium Budget Inc., Belleville, Ill.
Specialties: Illinois liquor liability and related property and liability, truck liability and physical damage.
Officers: C. Jack Miller, president/CEO; Steven C. Miller, executive vp.
Licensed in: Illinois.
Membership: AAMGA, NAPSLO, Illinois Surplus Lines Assn.

The Schinnerer Group Inc.

2 Wisconsin Circle, Chevy Chase, Md. 20815; 301-961-9800; fax: 301-951-5444

See profile on page 46

Shand Morahan & Co. Inc.

1007 Church St., Evanston, Ill. 60201; 708-866-2800; fax: 708-866-0866

	1993	1992
Premium volume.....	$129,369,000	$113,688,000
Gross revenues.....	$27,585,162	$24,315,000
Employees.....	175	186
Commercial lines	100%	98%
Admitted business ..	3%	6%
Non-admitted	97%	94%

Founded: 1970.
Parent: Markel Corp.
Business: 100% underwriting manager.
Underwriting manager for: Evanston, Insurance Co. of Evanston, Markel Rhulen Insurance Co.
Specialties: Professional and product liability.
Officers: Anthony F. Markel, chairman/CEO; Michael A. Rozenberg, executive vp/chief administrative officer; Paul W. Springman, executive vp/COO; Edgar W. Phoebus, senior vp/secretary/general counsel; Gerard Albanese Jr., senior vp.
Contact: Irene Hayes.
Membership: AAMGA, NAPSLO, Professional Liability Underwriting Society.

Sherwood Insurance Services

201 California St., Suite 1000, San Francisco, Calif. 94111; 415-956-3236; fax: 415-956-1204

See profile on page 44.

Leon F. Skinner Agency Inc.

1032 Sibley Tower Building, Rochester, N.Y. 14604; 800-836-4430; fax: 716-232-2173

	1993	1992
Premium volume.....	$8,950,000	$8,200,000
Employees.....	8	8
Commercial lines	100%	100%
Admitted business ..	80%	80%
Non-admitted	20%	20%

Founded: 1952.
Business: 80% managing general agent, 20% broker.
Specialties: Trucking fleets and single units, commercial auto liability, physical damage, cargo, bobtail, trailer interchange, workers compensation, special class programs.
Officers: Leon F. Skinner, president.
Licensed in: New York.

S.H. Smith & Co. Inc.

41 N. Main St., Suite 300, West Hartford, Conn. 06107; 203-561-3600 or 800-356-0168; fax: 203-561-3606

	1993	1992
Premium volume.....	$54,128,900	$34,500,000
Employees.....	52	45
Commercial lines	100%	100%
Admitted business ..	35%	35%
Non-admitted	65%	65%

Founded: 1982.
Business: 10% managing general agent, 90% broker.
MGA for: First State, Jefferson Insurance, Monticello, Mount Vernon, Nautilus, Northfield, Northland, United States Liability Insurance.
Broker for: Aetna, Executive Risk Management, Coregis, First State, General Star, Northland, RLI Insurance.
Lloyd's of London coverholder.
Branches: Boston; Hudson, Ohio; Providence, R.I.
Specialties: General liability, products liability, umbrellas and excess, D&O, errors and omissions, lawyers professional packages/SMP, property schedules, financial institution coverage.
Officers: Scott Smith, president; John Williams, John Wellsey, Neil Cross, senior vps.
Licensed in: Connecticut, Massachusetts, Ohio, Rhode Island.
Membership: NAPSLO.

Southern Insurance Managers Inc.

95 Whitebridge Road, P.O. Box 50297, Nashville, Tenn. 37205; 615-356-2900; fax: 615-356-3795

	1993	1992
Premium volume.....	$8,057,057	$7,414,868
Gross revenues.....	$1,276,655	$950,125
Employees.....	16	15
Commercial lines	83.4%	80.2%
Admitted business ..	59.8%	60.7%
Non-admitted	40.2%	39.3%

Founded: 1953.
Business: 98% managing general agent, 2% broker.
MGA for: Acceptance Insurance, AEGON, American Reliable Insurance, Burlington, Canal Insurance, First Financial Insurance, Great Divide, National Casualty Insurance, National Fire & Marine, National Indemnity, Nautilus, Penn-America, Scottsdale, Sphere Drake, TIG Insurance.
Broker for: Brittamco, Employers Re, Lloyd's, Professional Indemnity Insurance.
Lloyd's of London coverholder.
Specialties: Commercial intermediate, long-haul and short-haul trucking; commercial fire and liability, package and program.
Officers: Edward J. Knish, president; Roy E. Bearden, executive vp/secretary; Faye Bain, treasurer.
Contact: Edward J. Knish.
Licensed in: Tennessee.
Membership: AAMGA, NAPSLO.

Sovereign Group International Inc.

242 Main St., P.O. Box 70, Staten Island, N.Y. 10307; 908-750-2300; fax: 908-750-1650

	1993	1992
Premium volume.....	$21,500,000	$20,000,000
Gross revenues.....	$1,935,000	$1,800,000
Employees.....	32	30
Commercial lines	99.7%	99.7%
Admitted business ..	52%	49%
Non-admitted	48%	51%

Founded: 1976.
Business: 60% managing general agent, 40% broker.
MGA for: National Casualty, Scottsdale.
Broker for: Admiral, First Specialty, General Star National, Lloyd's of London, Reinsurance Corp. of New York, Reliance National Westchester Specialty.
Branches: Braintree, Mass.; Iselin, N.J.; Philadelphia.
Subsidiaries: Sovereign Brokers Inc., Sovereign Excess Inc., Sovereign Facilities Inc., Sovereign General Agency Inc., Sovereign Insurance Services Inc.
Specialties: Class "A" real estate risks, large

Continued on next page

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San Diego, CA (619) 297-9410
San Francisco, CA (415) 391-3080

Continued from previous page
Contractors.

Officers: William F. Lynch, president; Daniel J. Lynch, executive vp; Joseph Certo, vp-underwriting; Medardo Yap, controller.

Licensed in: Massachusetts, New Jersey, New York, Pennsylvania.

Membership: AAMGA, NAPSLO, Professional Insurance Wholesaler Assn. of New York, New Jersey Surplus Lines Assn., Professional Insurance Agents, Independent Insurance Agents Assn.

Special Program Management Inc.

525 Washington Blvd., Jersey City, N.J. 07310; 201-798-5100; fax: 201-798-9064

	1993	1992
Premium volume	$19,742,318	$16,790,654
Employees	9	9
Commercial lines	100%	100%
Admitted business	10%	16%
Non-admitted	90%	84%

Founded: 1987.

Parent: Willis Corroon P.L.C.

Business: 7% underwriting manager, 93% managing general agent.

Underwriting manager for: Calvert Insurance.

Lloyd's of London coverholder.

Specialties: D&O, fiduciary/trustees protective liability.

Officers: James R. Martocci, president; Marjorie B. Feit, assistant vp.

Contact: James R. Martocci.

Licensed in: New Jersey.

Membership: AAMGA, NAPSLO, Professional Liability Underwriting Society, Professional Insurance Agents of New Jersey.

Support services provided by parent company.

Specialty Insurance Services Inc.

6624 Merrill Road, Jacksonville, Fla. 32277; 904-743-4314; fax: 904-743-5657

	1993	1992
Premium volume	$4,780,799	$6,417,673
Gross revenues	$778,317	$891,211
Employees	13	15
Commercial lines	100%	100%
Admitted business	32%	35%
Non-admitted	68%	65%

Founded: 1979.

Business: 95% managing general agent, 5% broker.

MGA for: Empire Fire & Marine, Empire Indemnity, Lincoln Insurance, Penn-America, River Thames.

Broker for: Evanston, Mount Airy.

Lloyd's of London coverholder.

Branches: Atlanta.

Subsidiaries: Insurance Network of Florida Inc., Jacksonville, Fla.

Officers: Harley K. Dulaney, president; Joanne S. Dulaney, Harley K. Dulaney III and Melanie D. Hosford, vps.

Contact: Harley K. Dulaney.

Licensed in: Florida, Georgia.

Membership: NAPSLO, Florida Surplus Lines Assn., Florida Assn. of Independent Agents.

Allen Sterger & Associates Inc. Services

P.O. Box 27949, San Diego, Calif. 92198-1949; 619-674-7250; fax: 619-674-1321

	1993	1992
Premium volume	$10,000,000	$7,500,000
Employees	6	5
Commercial lines	100%	100%
Admitted business	100%	100%

Founded: 1990.

Business: 100% broker.

Broker for: Insurance Co. of the West, Philadelphia Indemnity.

Specialties: Lawyers professional liability, insurance agents and brokers errors and omissions.

Officers: Allen Sterger, president; Lee Graves, vp.

Contact: Allen Sterger.

Licensed in: Calif.

Myron F. Steves & Co.

3131 Eastside, Suite 545, Houston, Texas 77098; 713-522-1100; fax: 713-639-6340

	1993	1992
Premium volume	$87,000,000	$90,000,000
Gross revenues	$10,138,000	$10,100,000
Employees	106	106
Commercial lines	87%	85%
Admitted business	15%	15%
Non-admitted	85%	85%

Founded: 1955.

Parent: Lawrence A. Willoughby Inc., Buddy Steves Inc., Frederick B. Steves Inc., Teresa S. Skinner Inc.

Business: 40% managing general agent, 60% broker.

MGA for: Guaranty National, National Indemnity, Scottsdale, United National.

Broker for: Admiral, First Specialty, GAINSCO County Mutual, Lexington, Lloyd's of London, Reliance, United National.

Lloyd's of London coverholder.

Branches: St. Germain, Wis.

Specialties: Hospital and health care professional liability, excess of large self-insured retentions; surplus lines commercial business; non-standard homeowners.

Officers: Buddy Steves, executive director-healthcare division; Fred Steves, executive director-property and casualty division; Larry Willoughby, executive director-insurance operations; Dan Krutilek, managing director-financial services; Earl Isbell, director-healthcare division; Ron Balcar, director-property and casualty division.

Licensed in: Texas.

Membership: AAMGA, NAPSLO, Texas Surplus Lines Assn.

Stewart Smith Group Inc.

26 Century Blvd., Nashville, Tenn. 37214; 615-872-3641; fax: 615-872-3093

See profile on page 43.

Sunbelt Special Risks Inc.

9428 Brookline Ave., Baton Rouge, La. 70809; 504-928-7700; fax: 504-928-7333

	1993	1992
Premium volume	$5,000,000	$4,500,000
Employees	11	11
Commercial lines	95%	95%
Admitted business	5%	5%
Non-admitted	95%	95%

Founded: 1983.

Business: 98% managing general agent, 2% broker.

MGA for: Essex Insurance, National Indemnity, St. Paul Re, Scottsdale.

Broker for: Schinnerer, Shand Morahan.

Specialties: Contractors, commercial auto liability, service contractors.

Officers: Michael J. Ardoin, president/secretary; Russell A. Landry, vp/treasurer.

Contact: Mike Ardoin.

Licensed in: Louisiana.

Membership: NAPSLO, Professional Insurance Agents, Louisiana Surplus Lines Assn.

Swett & Crawford Group

3699 Wilshire Blvd., Suite 1200, Los Angeles, Calif. 90010; 213-251-1200; fax: 213-383-0241

See profile on page 39.

Symons International Group Inc.

5900 N. Andrews Ave., Suite 800, Fort Lauderdale, Fla. 33309; 305-772-5061; fax: 305-772-9873

	1993	1992
Premium volume	$3,900,000	$2,850,000
Gross revenues	$514,000	$308,000
Employees	11	11
Non-admitted	100%	100%

Founded: 1986.

Parent: Goran Capital Inc.

Business: 60% underwriting manager, 35% managing general agent, 5% broker.

Underwriting manager for: Pafco General Insurance.

MGA for: United National.

Broker for: First Interstate, Lloyd's of London.

Lloyd's of London coverholder.

Specialties: Liquor liability, jewelers block, auto agents errors and omissions, restaurants, bars, taverns.

Officers: Ronald E. Chapman, vp/general manager; Douglas H. Symons, president; James F. Young, senior vp.

Contact: Ronald E. Chapman.

Licensed in: Florida.

Membership: NAPSLO, Professional Insurance Agents, Independent Insurance Agents of America.

Support services provided by parent company.

Tower Transportation Underwriters Inc.

7501 Boulders View Drive, Suite 120, P.O. Box 35656, Richmond, Va. 23235; 804-330-0543; fax: 804-330-3430

	1993	1992
Premium volume	$4,854,472	$5,387,785
Gross revenues	$397,801	$432,249
Employees	5	5
Commercial lines	100%	100%
Admitted business	100%	100%

Founded: 1981.

Business: 100% managing general agent.

MGA for: Canal Insurance, Marine Office of America, National Indemnity.

Specialties: Commercial automobile.

Officers: Frederick W. Black, president; Sharone M. Beverley, secretary; Joan S. Dunkley, treasurer.

Contact: Frederick W. Black.

Licensed in: Virginia.

Transatlantic Insurance Underwriters Inc.

Parkview Building, 5821 Fairview Road, Suite 200, Charlotte, N.C. 28209; 704-554-9665; fax: 704-554-7055

	1993	1992
Premium volume	$1,500,000	NA
Employees	3	NA
Commercial lines	0%	NA
Admitted business	30%	NA
Non-admitted	70%	NA

Founded: 1992.

Business: 30% underwriting manager, 70% managing general agent.

Underwriting manager for: Standard Security Life Insurance.

Broker for: Lloyd's of London.

Specialties: Self-funded major medical plans.

Officers: Kevin J. Manthorpe, president.

Licensed in: North Carolina.

Membership: Self Insurance Institute of America.

Transportation Insurors Inc./Bradshaw Insurance Agency

111 East Main St., P.O. Box 59, Delphi, Ind. 46923; 800-950-7364; fax: 317-564-4638

	1993	1992
Premium volume	$8,750,000	$9,500,000
Gross revenues	$1,001,000	$1,200,000
Employees	16	17
Commercial lines	80%	80%
Admitted business	15%	10%
Non-admitted	85%	90%

Founded: 1859.

Business: 20% underwriting manager, 78% managing general agent, 2% broker.

Underwriting manager for: Calvert Insurance.

MGA for: Acceptance Insurance, Sphere Drake, Union American.

Broker for: Lloyd's of London, Marine Office of America, Zurich American.

Specialties: Trucking.

Officers: William H. Bradshaw, president; Thomas C. Bradshaw, vp; David M. Clifford, marketing.

Licensed in: 48 states.

Membership: NAPSLO.

Tri-City Brokerage Inc.

50 California St., Suite 2000, San Francisco, Calif. 94111; 415-986-5050; fax: 415-986-5004

See profile on page 41.

Tri-State General Insurance Agency Ltd.

P.O. Box 2737, Salisbury, Md. 21802; 410-546-1255; fax: 410-546-3953

	1993	1992
Premium volume	$11,877,622	$12,137,731
Gross revenues	$1,895,130	$1,846,717
Employees	31	33
Commercial lines	100%	100%
Admitted business	40%	40%
Non-admitted	60%	60%

Founded: 1979.

Business: 80% managing general agent, 20% broker.

MGA for: AEGON, Burlington Insurance, Cardinal Casualty, Colony Insurance, Empire Insurance, First Financial, GAINSCO, Guaranty National, Landmark Insurance, Lincoln General, Lincoln Insurance, Scottish Lion, Sphere Drake, Terra Nova, Union American Insurance.

Broker for: Adriatic, Arc Excess, Baldwyn Sadler, John Deere, General Star, Lloyd's of London, Scottsdale, Mid-Continent Insurance, Marine Office of America, Transco Syndicate, Tudor Insurance, United National, United States Fire Insurance, Windsor-Mount Joy.

Branches: Medford, N.J.; Westchester, Pa.; Richmond, Va.

Officers: Edward A. Dickerson Sr., chairman; Edward A. Dickerson III, president; Kathy Ellmaker, executive vp; James Dickerson, vp.

Contact: Edward A. Dickerson III.

Licensed in: Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania, Virginia.

Membership: NAPSLO, Maryland Surplus Lines Assn., New Jersey Surplus Lines Assn., Pennsylvania Surplus Lines Assn., Virginia Surplus Lines Assn.

Trinity E&S Insurance Services Inc.

79 301 Country Club Drive, Suite 200, Bermuda Dunes, Calif. 92201; 619-360-4100; fax: 619-360-0055

	1993	1992
Premium volume	$8,785,000	$9,306,400
Gross revenues	$966,350	$1,135,275
Employees	11	11
Commercial lines	100%	100%
Admitted business	45%	40%
Non-admitted	55%	60%

Founded: 1985.

Parent: TCO Insurance Services.

Business: 35% managing general agent, 65% broker.

Broker for: Century Surety, Classic Fire & Marine, Lincoln Insurance, TOPA Insurance, Transco Syndicate, Alpine Insurance.

Branches: San Rafael, Calif.

Officers: Thomas J. Gassen, president; Peter O'Shaughnessy, chairman; Craig Rice, treasurer; Richard Kersten, secretary.

Contact: Thomas J. Gassen.

Continued on next page





Spotlight report

Continued from previous page

Licensed in: Calif.

Membership: NAPSLO, California Insurance Wholesalers Assn.

Support services provided by parent company.

Truckers Insurance Associates

7117 Hickman Road, Des Moines, Iowa 50322; 515-276-7704; fax: 515-276-1418

	1993	1992
Premium volume	$21,200,000	$18,900,000
Employees	20	18
Commercial lines	99%	99%
Admitted business	100%	100%

Founded: 1943.

Business: 100% managing general agent.

MGA for: Carolina Casualty, Northland Insurance.

Specialties: Public automobile, trucking.

Officers: Gary K. Albaugh, chairman/CEO; Doug Wilson, president.

Contact: Gary K. Albaugh.

Licensed in: Iowa, Kan., Mo., Neb., N.D., S.D.

Membership: AAMGA, IIA, PIA.

Tyser Metro & Co.

2400 Morris Ave., P.O. Box 1422, Union, N.J. 07083-1422; 908-688-3088; fax: 908-686-6275

	1993	1992
Premium volume	$3,580,000	$1,890,025
Gross revenues	$312,000	$189,745
Employees	8	4
Commercial lines	100%	100%
Admitted business	55%	55%
Non-admitted	45%	45%

Founded: 1983.

Parent: Tyser International Management Corp.

Business: 35% managing general agent, 65% broker.

MGA for: Frontier, Lloyd's of London, Sphere Drake.

Broker for: Chubb Custom Insurance, Fireman's Fund, Hermitage Insurance, Lexington, Security Indemnity, Seneca.

Correspondent: Lloyd's of London.

Branches: Boca Raton, Fla.

Officers: Steven R. Gross, president/CEO; Anthony Montano, executive vp; Mary Ann O'Connell, vp.

Contact: Steven R. Gross.

Licensed in: Fla., N.J.

Membership: NAPSLO, New Jersey Surplus Lines Assn.

U

U.S. & Overseas Agencies Inc.

1693 Stuyvesant Ave., Union, N.J. 07083; 908-964-5950; fax: 908-964-9487

	1993	1992
Premium volume	$3,500,000	$3,350,000
Gross revenues	$305,000	$310,000
Employees	7	8
Commercial lines	75%	80%
Admitted business	25%	20%
Non-admitted	75%	80%

Founded: 1933.

Business: 98% managing general agent, 2% broker.

MGA for: Lincoln Insurance, Lloyd's of London, Mount Vernon.

Broker for: United National.

Correspondent: Lloyd's of London.

Specialties: Automobile physical damage, special multi-peril packages.

Officers: Jack Neubauer, president; Jeffrey S. Neubauer, vp; Ingrid Neubauer, secretary; Bernice Bender, treasurer.

Contact: Jeffrey S. Neubauer.

Licensed in: N.J.

Membership: NAPSLO, IIA, Insurance Brokers Assn. of New Jersey.

U.S. Risk Insurance Group Inc.

5910 N. Central Expressway, Suite 1580, Dallas, Texas 75206; 214-265-7090; fax: 214-739-1421

	1993	1992
Premium volume	$62,000,000	$44,000,000
Gross revenues	$6,903,000	$4,592,000
Employees	82	68
Commercial lines	100%	100%
Admitted business	3%	5%
Non-admitted	97%	95%

Founded: 1977.

Business: 45% managing general agent, 55% broker.

MGA for: Acceptance Insurance, American Modern Home Insurance, Associated International, GAINSCO, Lloyd's of London, Scottsdale.

Broker for: Acceptance Insurance, Alliance General Insurance, Associated International, General Star, Illinois Insurance Exchange, Lloyd's of London, Scottsdale, Sphere Drake, United National.

Correspondent: Lloyd's of London.

Branches: Larkspur, Calif.; Boca Raton, Fla.; Albuquerque, N.M.; Nashville, Tenn.; Austin and Houston, Texas.

Subsidiaries: Jean Deal & Associates, R.L. Jarrett Risk Services Inc., Jarrett Specialty Services, U.S. Risk of Florida, U.S. Risk of New Mexico, U.S. Risk of Tennessee, U.S. Risk Underwriters Inc.

Specialties: Professional liability, public entity, commercial umbrella and excess.

Officers: Randall G. Goss, chairman/CEO; L.M. (Mac) Wesson Jr., president/COO; Thomas S. Bloom, executive vp; L. Douglas Williams, executive vp/CFO.

Contact: L.M. Wesson Jr.

Licensed in: Calif., Fla., N.M., Tenn., Texas.

Membership: AAMGA, NAPSLO, Texas Surplus Lines Assn., PLUS.

W

Bernard Warschaw Insurance Sales Agency Inc.

1875 Century Park E., Suite 1700, Los Angeles, Calif. 90067; 310-286-2687; fax: 310-286-2526

	1993	1992
Premium volume	$13,700,000	$13,900,000
Employees	5	5
Commercial lines	100%	100%
Admitted business	4%	4%
Non-admitted	96%	96%

Founded: 1989.

Parent: The Doctors' Co., An Interinsurance Exchange.

Business: 100% broker.

Broker for: The Doctors' Co.; Professional Underwriters Liability Insurance.

Specialties: Nonstandard medical malpractice.

Officers: Manuel S. Puebla, CEO; Jack C. Cummings, president; Charles A. O'Brien, secretary; Jerry J. Reiley, treasurer.

Contact: Stephen D. Freedman, assistant vp-operations.

Licensed in: Calif.

Membership: PLUS.

Westport Management Group Ltd.

366 Veterans Highway, Commark, N.Y. 11725; 516-543-5010; fax: 516-543-5138

	1993	1992
Premium volume	$21,483,000	$12,542,000
Employees	18	17
Commercial lines	100%	100%
Non-admitted	100%	100%

Founded: 1985.

Business: 100% managing general agent.

MGA for: Classic Fire & Marine, Classic Syndicate, United Southern Assurance.

Specialties: Errors and omissions, blood bank liability.

Officers: Arthur E. Torrington, chairman/CEO; John W. Lepre, president; Janet M. Wesche and Martin Cholewa, senior vps; Michael Mendonez, vp.

Contact: Martin Cholewa.

Licensed in: N.Y.

Membership: NAPSLO.

Support claims services provided by Concord General Corp.

Wilson Financial Group Inc.

915 W. 55th St., Suite 100, Western Springs, Ill. 60558-2202; 708-246-7475; fax: 708-246-7660

	1993	1992
Premium volume	$5,178,337	$4,812,581
Gross revenues	$469,641	$443,248
Employees	10	10
Commercial lines	100%	100%
Admitted business	92%	95%
Non-admitted	8%	5%

Founded: 1983.

Business: 30% managing general agent, 70% broker.

MGA for: Adriatic Insurance, Essex Insurance, Great American Insurance.

Broker for: Evanston Insurance, Illinois Insurance Exchange, First State Management.

Subsidiaries: Ex-Check Inc.

Specialties: Long haul trucking.

Officers: William J. Wilson, president; Marilyn J. Wilson, vp/treasurer.

Contact: Bill Wilson.

Licensed in: Ill.

Membership: NAPSLO, Illinois Surplus Lines Assn.

Wood & Co. Inc.

5335 Triangle Parkway, Suite 300, Norcross, Ga. 30092; 404-448-7148 or 800-476-4703; fax: 404-448-7105

	1993	1992
Premium volume	$52,782,157	$43,795,763
Gross revenues	$3,371,812	$2,895,939
Employees	28	25
Commercial lines	100%	100%
Admitted business	60%	60%
Non-admitted	40%	40%

Founded: 1984.

Parent: McGriff, Seibels & Williams Inc.

Business: 1% managing general agent, 99% broker.

MGA for: Lloyd's of London.

Broker for: Aetna Casualty & Surety, Chubb Custom Insurance, Fireman's Fund, First State Insurance, General Star, The Home, Industrial U/W Insurance, Interstate Fire & Casualty, National Union, Northfield, RLI Insurance, Royal Indemnity, St. Paul Surplus Lines, TIG, Travelers, Westchester, Zurich American.

Correspondent: Lloyd's of London.

Specialties: Manufacturing, processing, industrial, contracting, real estate, retail/wholesale exposures.

Officers: Bruce Wood, president/CEO; Don Swift, George Showalter and Mike Rimbey, vps.

Contact: Donna Davis, marketing director.

Licensed in: Ala., Ark., Colo., D.C., Fla., Ga., Ill., Ind., Iowa, Kan., Ky., Md., Mich., Minn., Mo., Neb., Nev., N.H., N.C., Ohio, Ore., Pa., S.C., S.D., Tenn., Texas, Va., Wis.

Membership: NAPSLO, PLUS.

Worldwide Facilities Inc.

3530 Wilshire Blvd., Suite 1400, Los Angeles, Calif. 91108; 213-380-4670; fax: 213-384-1501

	1993	1992
Premium volume	$30,000,000	$30,000,000
Employees	24	24
Commercial lines	100%	100%
Admitted business	50%	50%
Non-admitted	50%	50%

Founded: 1970.

Business: 100% broker.

Correspondent: Lloyd's of London.

Specialties: Construction industry, public entities, energy, marine liability.

Officers: Donald R. Davis, chairman; Stephen B. Campbell, vice chairman; David D. Moore, president; Frank J. Bermack and Lynn W. Davis, vps.

Contact: Stephen B. Campbell.

Licensed in: Alaska, Ariz., Calif.

Membership: NAPSLO. BI

Captives

Continued from page 2

the IRS provision can engage in active conduct of a trade or business in the United States and can be owned by U.S. citizens.

Captives are only exempt from taxes on income generated from U.S. Virgin Islands sources. The USVI does not have the authority to exempt U.S.-owned USVI companies from taxation on their non-USVI income.

Captives annually are required to pay a flat premium tax of $6,000 and a $1,000 franchise tax. Captives are exempt from federal excise tax.

In addition, each new captive receives a contract signed by the lieutenant governor that the regulations and tax structure will not change in regard to that company for 20 years.

The changes contained in the new legislation are meant to clarify the regulations for captive parents, Mr. Diehl said.

The application process has been streamlined because the same information is not requested multiple times. A single employee will now process all forms.

Ultimately, Mr. Diehl would like to be able to license companies 20 to 30 days after the initial meeting.

The changes are in response to input from risk managers gathered by Aon Risk Services and Rollins Hudig Hall Co. after the International Insurers Act passed last year. That gathering has evolved into an informal advisory council.

"The USVI was really interested in hearing what the users cared about," said Arthur F. Quern, chairman and chief executive officer of Rollins Hudig Hall Co. in Chicago. "In this case, the user had something to do with the friendliness."

ARS has as many as 15 clients looking into forming a captive in the USVI, said Tracey Carragher, senior vp of Aon Risk Services and CEO of Aon Captive Management Inc. and Aon Risk Resources Inc. in Greenwich, Conn.

The USVI combines the best of onshore and offshore captives, Mr. Diehl said. Employee benefits may be insured through USVI-domiciled captives, because the Virgin Islands is viewed as a state for ERISA purposes.

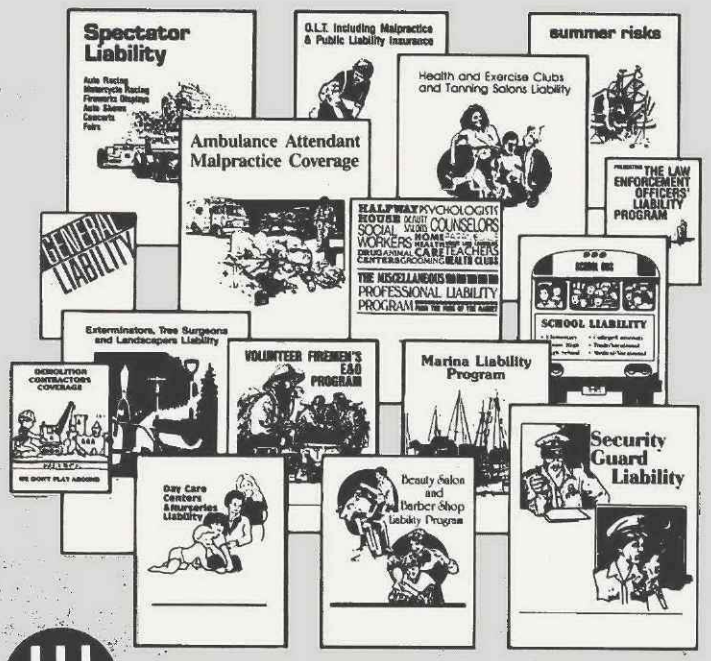
Other advantages include the protection of the U.S. flag and access to U.S. courts.

Information on the USVI is available from the Department of Banking and Insurance, P.O. Box 450, St. Thomas, USVI 00801; 809-774-2991. BI

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44RSA

California

Continued from page 1

sultant to the Coalition of California Compensation Cos., a trade association of California-domiciled workers comp insurers.

Mr. Webb was one of the principal architects of the competitive rating provisions contained in the reform legislation.

Multiline insurers are offering especially competitive workers comp rates, he said, explaining that the law permits them to rate workers comp policies as part of a package with other coverages they sell employers.

As of Jan. 1, insurers can give a break to employers that purchase workers comp coverage in combination with insurance for other risks, such as general liability or property. Such discounts are also available to multistate employers that merge their workers comp coverage into a single, global policy, Mr. Webb said.

"We've been experiencing a soft market in workers compensation for the last year or so because claims have declined," observed John R. Keenan, chief executive officer of broker Keenan & Associates Inc. in Torrance.

He attributed much of the decline to Mr. Garamendi's highly publicized anti-fraud campaign.

Even though the insurance industry has lambasted the insurance commissioner for his flaming rhetoric, "you've got to give the guy credit," Mr. Keenan said. "He put work comp on TV."

But Mr. Keenan added that some of the credit for lower costs also should go to local district attorneys and the fraud detection efforts of some insurers, such as Fremont Compensation Insurance Co.

Despite the gains made by work comp reform, the employer-led CCR isn't ready to disband just yet, according to Mr. Bader.

Much of the reductions have occurred since the 1989 and 1993 work comp reform acts were passed, both of which focused primarily on fraud, medical/legal expenses and bogus stress claims, he noted.

"This shows how widespread the fraud epidemic was. Our next issue to tackle will be medical treatment costs and implementing managed care," Mr. Bader said.

The state's economic downturn, which has led to workforce reductions, as well as a plunge in job injury claim frequency, also has contributed to the competitive pricing trend.

Workers comp claim frequency in California fell 11.4% in the first quarter of 1994 compared with the year-earlier period, according to the California Workers Compensation Institute in San Francisco.

For the first three months of 1994, insurers received 97 new claims for each $1 million of earned premium. That compares with 109.5 new claims in the first quarter of 1993 and the previous quarterly low of 101.3 new claims reported for the fourth quarter of 1993.

At an Aug. 31 hearing on Mr. Garamendi's proposed rate decrease, representatives of the State Compensation Insurance Fund, California's largest workers comp insurer, said that a 14% rate rollback—which would save employers more than $1 billion in premiums—was feasible based on improved loss experience.

The rollback would also remove the inherent inequity that would be created for policies renewing before the competitive rating law took effect, said Frank Floyd, communications and educational center manager for the state fund in San Francisco. If rates weren't adjusted before Jan. 1, 1995, "employers with Oct. 1 renewals wouldn't be able to take advantage of the lower rates (created by competition) until Oct. 1, 1995."

Meanwhile, competition in the market is cutthroat, some say.

"Some carriers will do anything to hold onto the business," said Mr. Floyd, criticizing a practice of some workers comp insurers to raise broker commissions, which are then passed on to employers as "kickbacks."

Indeed, under the minimum rate law, insurers could actually lower workers comp premiums by raising commissions, as long as both amounts together equal the minimum rate, Mr. Floyd explained.

There's so much "crazy low-balling" in the market that even Golden Eagle Insurance Co.—long considered one of the most competitive workers comp underwriters in the state—can't beat some of the pricing, said John Mabee, president of San Diego-based Golden Eagle.

"Everyone wants to get what they can on the books so they can cash in" before competitive rating takes effect, he said. "But when they start seeing their earned premium in 1995 based on their 1994 writings, they won't be happy."

Competition is being further fueled by the potential growth of a 24-hour coverage market, suggested the CCCC's Mr. Webb, who pointed to several recent acquisitions of workers comp insurers by health insurers and managed care companies.

For example, California Compensation Insurance Co. is now a unit of Foundation Health Corp. of Rancho Cordova, UniCARE Insurance Co. is now a unit of Woodland Hills-based WellPoint Health Networks Inc., and FHP Inc. is the parent of Great States Insurance Co.

Other workers comp insurers are forming alliances with health care companies, such as: Kaiser Permanente and the state fund, which are partners in a 24-hour pilot project launched last month in San Diego County; Liberty Mutual Insurance Co. of Boston and PacifiCare Health Systems Inc.; and Woodland Hills-based HealthNet Inc. and American International Group Inc. of New York.

Some California workers comp market observers predict the competitive market will slow growth of the self-insurance market, particularly among small employers.

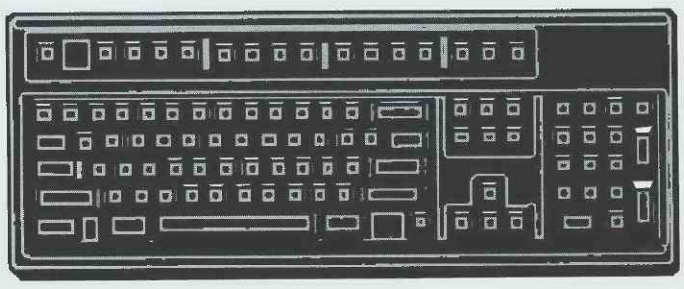
A.B. 110, the omnibus workers compensation reform legislation signed by Gov. Pete Wilson last July, amended the state labor code to permit "groups of employers" to join together and self-insure their workers comp exposures. Regulations implementing the group self-insurance program became effective July 1, 1994.

"The rates aren't that attractive for large self-insurers," Keenan & Associates' Mr. Keenan said of quotes from the traditional market. "But they will affect group self-insurance."

California Compensation Insurance Co. is still betting that large employers will want to gain control over their workers comp costs through self-funding.

The Novato-based insurer has launched a captive management joint venture with Petaluma-based risk financing firm R.M. Hunt & Associates Inc. and Associated Claims Management Inc. of Concord, a third-party claims administrator.

Under the program, CalComp will act as a fronting insurer for policies issued by employer-owned captives managed by R.M. Hunt and whose claims will be paid by Associated Claims Management. BI



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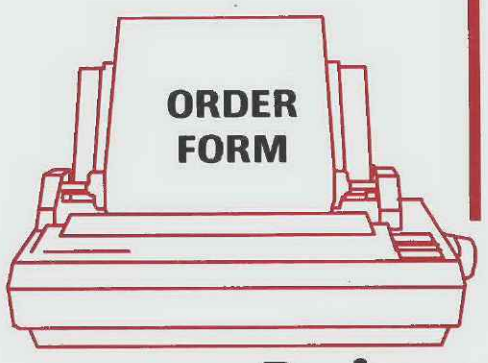
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NAIC

Continued from page 2

Walsh of Alaska, who also heads the NAIC group overseeing the IID's operations.

Mr. Walsh said the IID would not adopt the model act's provisions for at least nine months, so the states for which it has authority could be notified of the changes and have time to react to them.

"We don't intend to encroach on the prerogatives of states," said Stewart Keir, an assistant deputy superintendent and chief examiner with the New York Insurance Department. He oversaw the nearly three-year process used to draft the new model law, which combines three earlier models.

"This is very unlikely to be a piece of knee-jerk legislation," said Commissioner Linda Ruthardt of Massachusetts, who is a member of the NAIC's Surplus Lines Task Force, which helped shaped the model act.

At this time, there is no push to make the model act part of the body of laws states must enact to be accredited by the NAIC.

The model act's critics are concerned because historically, the NAIC's review unit has automatically adopted the financial standards contained in relevant model acts, said Richard Bouhan, executive director of the National Assn. of Professional Surplus Lines Offices in Kansas City, Mo.

NAIC Vp Lee Douglass confirmed that passage of the model act means "there will be a change in the (IID) plan of operation" following discussions that will be held next year. Mr. Douglass is expected to succeed Mr. Walsh as NAIC president after elections in December.

Critics contend that the increased trust fund and other requirements in the lengthy act go too far and will cause financially secure non-U.S. insurers to withdraw from the marketplace, reducing capacity for buyers and possibly increasing prices (see related story).

The final version of the controversial model act calls for most non-U.S. surplus lines insurers to establish an individual trust fund equal to the greater of $2.5 million or 50% of its gross U.S. liabilities, which will be funded over a five-year phase-in period. A $100 million trust fund cap also was added by the Executive Committee before the NAIC as a whole reportedly approved it unanimously during a closed voting session.

It also contains "an escape hatch" that would allow a commissioner to waive the percentage requirements in a hard or unique market, Ms. Ruthardt said.

The final version of the model act is slightly more liberal than the original proposal sent to the Executive Committee, which proposed a trust fund level of 75% of liabilities, net of reinsurance (*BI*, June 27).

The trust fund provisions, however, do not apply to some specific insurers, like Lloyd's of London or insurance exchanges, that have their own requirements.

The final version also allows a non-admitted insurer to take some credit for funds held in state-mandated trusts.

The final version of the act is "a marginal improvement," said P.M. Marcell, chairman of London-based Unionamerica Insurance Co. Ltd., which is an approved non-admitted insurer in 48 states.

He predicted the possibility of a significant drop in surplus lines capacity if financially secure insurers writing relatively small books of business decide against putting that much capital into a U.S. trust fund, as happened in California after rules were tightened in late 1992 (*BI*, Dec. 7, 1992).

Earlier testimony emphasized the decline in the number of surplus lines writers after the California rule changes, but acknowledged that other writers stepped in to fill the void.

The act also increases administrative costs, said Marie-Louise Rossi, chief executive of the London Insurance & Reinsurance Market Assn.

"I think they hit the wrong target," said John Mulhern, an attorney with LeBoeuf, Lamb, Greene & MacRae in New York, which represents several non-U.S. insurers. "The target they should be shooting at are those companies that are offshore and do not get IID review," he said.

"Regulators and industry did a good job in combining the three model bills that affect the non-admitted marketplace, but the act is flawed," said Richard Smith, executive director of the Excess Line Assn. of New York.

Other controversial sections of the model remained unchanged in the final version, including a broker-opposed measure that makes them liable for the unpaid claims of non-admitted insurers with which they placed business.

In addition, surplus lines brokers failed to get the NAIC to approve an exemption for brokers placing excess coverage for industrial insureds with industrial insurers. They did, however, win an exemption for brokers acting as consultants.

Now that the act is a reality, "we as industry have been dealt a hand that must be implemented, and we should join together—whether we like it or not—to implement it the best way possible," said ELANY's Mr. Smith. BI

S&P sees flaw in NAIC model act

By DEBORAH SHALOWITZ COWANS

NEW YORK—Although failures among surplus lines insurers have been more frequent in the past six years than failures among admitted insurers, the surplus lines industry generally is in a strong and stable financial position, according to Standard & Poor's Insurance Rating Services.

A model act passed last week by the National Assn. of Insurance Commissioners may discourage some viable insurers based outside the United States from participating in the surplus lines market, though it probably will not discourage questionable operators from engaging in surplus lines activity, according to S&P.

Capacity for some risks could be constrained if foreign insurers decide to concentrate their marketing in nations with less strict security requirements, according to S&P (*BI*, Sept. 12).

Under the Non-Admitted Insurance Model Act, most foreign surplus lines insurers must maintain an irrevocable trust fund equal to the greater of$2.5 million or 50% of their gross U.S. liabilities, up to $100 million.

S&P found that over the past six years, 42 U.S. surplus lines insurers, which wrote a combined total of $400 million in premiums, have failed. Policyholder claims against insolvent surplus lines insurers generally are excluded from reimbursement under state guaranty funds.

"U.S. surplus lines business represents only about 3% of the total market, but these insurers represented about 9% of the premiums written by all failed insurers over this period," said Steven J. Dreyer, an S&P director."This reflects the greater unpredictability of claims, the increased dependence on reinsurance support and the sheer difficulty of pricing the more unfamiliar risks encountered by surplus lines writers," he said.

The failure record of foreign insurers conducting business in the United States on a surplus lines basis is about the same, according to S&P.

However, the surplus lines industry on the whole should not be tainted by these findings, Mr. Dreyer said.

"The surplus lines market has been wrongly characterized as a seedy business conducted by charlatans," he stated. "Although the openness of the market provides opportunities for rogue operators, such instances have been limited largely to insurers emanating from certain Caribbean island nations. The vast majority of the more than $10 billion of premium in the U.S. surplus lines market is underwritten by strong, stable U.S.- and foreign-based insurers."

As of July, there were 68 insurers listed by the NAIC's International Insurance Department, 50 of which have a "secure" financial strength rating, according to S&P. Of the remaining 18 insurers, 11 are rated "vulnerable" and seven are not rated. BI

Blanch, Swire joint venture

By GAVIN SOUTER

E.W. Blanch Holdings Inc. and Swire Fraser Group are teaming up to develop a new international reinsurance broker to serve clients outside the United States and Britain.

The new joint venture, Swire Blanch Holdings Ltd., will handle the existing business of the two reinsurance brokers outside London and the United States and will develop new business, explained Edgar W. Blanch, chairman and chief executive officer of Minneapolis-based E.W. Blanch.

Swire Blanch will concentrate on placing specialized property/casualty risks, he said.

The joint venture will put both companies in a good position for the future, Mr. Blanch said.

"I think there's a likelihood that as you look to the future the era of correspondent brokerage will wane," he said.

Instead, risks will be placed by the producing brokers, Mr. Blanch said. "And another advantage of having a partnership is that the client is not a political football between the brokers."

Swire Blanch assumes the business of two existing offices in:

- Copenhagen, where an E.W. Blanch office established in 1982 will service European clients.
- Sydney, where Swire Fraser Pty. will service Australian and New Zealand clients.

And the company is opening an office in Singapore, where it hired a team of brokers from rival broker Nicholson Leslie, a unit of Aon Corp.

Swire Blanch Ltd. in London will place business in the London market generated by Swire Blanch offices elsewhere.

Swire Blanch can service all classes of reinsurance but will concentrate on catastrophe reinsurance and specialty risks, said Cory Moulton, joint managing director of Swire Blanch, who is based in New York.

The specialty lines include workers compensation, auto liability and financial and alternative reinsurance.

"Those are the areas where we already have expertise," he said.

Swire Blanch also will introduce a European version of the E.W. Blanch catastrophe modeling system, Mr. Moulton said.

Based on gross revenues, E.W. Blanch was the third-largest U.S.-based reinsurance brokerage last year, as ranked by *Business Insurance*. Swire Fraser is a specialist London broker that is 80% owned by Swire Pacific, a Hong Kong-based trading company.

Joint Managing Director Charles R.R. Mathews is based in London. BI

Insurer ordered to help clean up predecessor's site

PHILADELPHIA—American Premier Underwriters Inc., a Cincinnati-based auto and workers compensation insurer, must pay part of a $28 million cleanup project at a rail yard outside Philadelphia, a federal appeals court ruled.

American Premier, which changed its name earlier this year from Penn Central Corp. after divesting itself of all non-insurance businesses, was ordered last month by a panel for the 3rd U.S. Circuit Court of Appeals to pay for the percentage of cleanup costs attributable to polychlorinated biphenyls contamination at the Paoli, Pa., site before 1976.

The 1976 date was chosen because that was when the badly contaminated rail yard was taken over from Penn Central, a former diversified conglomerate, by Conrail, a major owner and operator of rail tracks throughout the Northeast.

American Premier argued that as successor to Penn Central, it should not be responsible for the cleanup under terms of Conrail's purchase of the site.

"It was our belief that Conrail assumed that property on an 'as is, were is' basis. There was no provision for us to contribute further to clean up that site," said an American Premier official, who wished not to be identified.

The official said American Premier has notified its insurers of the ruling, though he declined to provide coverage details. The company has not yet decided how it will respond to the ruling.

—By Michael Schachner

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INTERNATIONAL

Agency, bank form corporate capital vehicle

By ADRIAN LADBURY

London—A Bermuda bank and a Lloyd's of London managing agency are jointly forming a dedicated corporate capital vehicle that will allow investors to write up to 10 times the amount of their investment.

Hamilton-based Butterfield Bank, Bermuda's oldest bank, and Venton Underwriting Agencies Ltd., have named the new facility Venton Underwriting Group.

Under current Lloyd's rules, the best investment to underwriting ratio available is 5-to-1 for high-liquidity members agent pooling arrangements and high-income members who have 500,000 pounds ($786,750) in net worth and minimum annual income of 75,000 pounds ($118,012).

VUG investors will enjoy a 10-to-1 ratio because Butterfield will only ask investors for 20 pence of each one-pound share to be paid up front. The balance will be covered by letters of credit backed by Butterfield Bank.

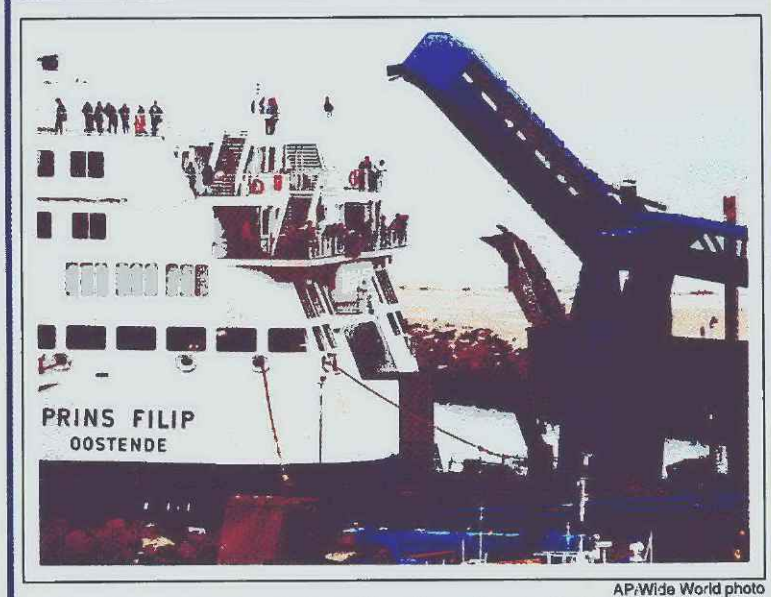
The balance will only be called by the bank if VUG posts losses or if the venture is floated on the London Stock Exchange.

VUG, as a corporate capital vehicle, would be allowed to write up to twice its investment, effectively doubling investors' underwriting capacity.

Butterfield Securities Ltd., the bank's London-based corporate finance operation, intends to publish a prospectus for the new investment vehicle tomorrow.

Chris Leahy, account director-corporate finance with the firm, hopes to raise up to 25 million pounds ($39.3 million) for the new vehicle in Bermuda, Hong Kong and London

Continued on page 67



AP/Wide World photo

A walkway to the ferry Prins Filip collapsed at the U.K. port of Ramsgate, killing six and injuring five on Sept. 9.

Trouble strikes twice for ferry operator as walkway collapses

By ADRIAN LADBURY

LONDON—Six people died and five were seriously injured recently when a walkway fell away from a ship docked at a port in Ramsgate, England.

The U.K. Health and Safety Executive is expected to report its findings on the cause of the Sept. 9 collapse this week. Until then, however, it is unclear if the port, the ferry operator or the walkway manufacturer will be liable for what may be a costly accident.

The eleven passengers fell nearly 60 feet onto a metal pontoon as the walkway, which was installed in April, reportedly broke away from the ferry as they were preparing to board the ship. Five died instantly and the sixth died later at a local hospital.

None of the three parties involved—Sally Line Ltd., a ferry operator which owned the port, the ferry's owner or the walkway's manufacturer—would comment on possible causes.

It was the second disaster within three weeks for Sally Line.

On Aug. 21, a fire broke out on the Sally Star, a ferry en route to Ramsgate from Dunkirk, France. There were only two minor injuries among a crew of 104 and 17 passengers after the fire started in the ship's engine room. Firefighters kept the blaze under control and saved both lives and cargo.

Until more details about the passengers who were killed or injured in the walkway incident are available, it will be very difficult for underwriters to assess the cost of death and injury claims. Each claim will depend on the age, occupation and nationality of the passengers who were killed or injured, a London marine liability expert said.

Early evidence suggests that Sally Line, as owner of the port, could be held liable unless it can prove that the walkway was defective.

Continued on page 67

Credit insurers may get boost from E.C. plan

By MARIA KIELMAS

BRUSSELS, Belgium—The European Commission is preparing a proposal that would allow governments in the European Union to provide limited reinsurance support to short-term export credit insurance facilities in their countries.

The move is aimed at addressing a longstanding grievance on the part of British export credit insurers over earlier E.U. plans that declared government participation in the reinsurance of such risks was anti-competitive because it amounted to state aid to private industry.

A commission statement on a new formula for determining the amount of capacity that governments can provide is expected by the end of October, said a spokesman at the E.C. Competition Directorate in Brussels. The crux of the problem is the different ways in which European Union member states provide short-term export credit and political risk insurance and how these risks are reinsured, the spokesman explained. The United Kingdom, for example, privatized the short-term credit insurance arm of its Export Credit Guarantee Department by selling the short-term portfolio to Holland's Nederlandsche Credietverzekering Mij. N.V., which formed NCM Credit Insurance (U.K.) Ltd. (*BI*, Dec. 23, 1991). To aid the transition, the U.K. government agreed to give NCM some reinsurance support.

The portfolio included commercial risks covered by credit insurance, such as payment defaults, as well as political risks, such as currency transfer risks.

In contrast, the spokesman said, some other European Union state export credit insurers, such as Coface in France, have transferred only commercial risks to the private sector. These commercial risks are wholly reinsured by the private sector, while political risks are still insured and reinsured by the state.

"There are huge differences between the member states," said the E.C. spokesman. "The U.K. has privatized all the commercial and political risk business, others have privatized just the commercial business while countries such as Greece and Portugal have no private sector export credit insurance at all."

"The sticking point is that the commission has not been happy to allow U.K. government participation in the reinsurance of commercial risk," said Barbara Bennet, corporate affairs manager at London-based export credit insurer Trade Indemnity P.L.C.

During the privatization of the ECGD's short-term portfolio, British export credit insurers like NCM and Trade Indemnity persuaded the British government to participate to a small degree in their reinsurance treaties, in order to ensure reinsurance capacity for British companies' political risks.

This participation amounts to just 1% to 2% of a 15 billion pound ($23.55 billion) treaty that combines both political and commercial risks, said a spokesman for NCM in Cardiff, Wales. "Elsewhere in Europe it is 30% to 40%," he said, referring to government participation in the reinsurance of political risks.

However, a group of E.U. member states, led by France and including Belgium, Spain and Germany, have argued that the British government's participation in the credit insurers' reinsurance treaties is a subsidy for the commercial business and therefore gives them an unfair competitive edge over other E.U. credit insurers.

The British government and U.K. export credit insurers have argued, though, that the government's participation is minimal compared with that of other E.U. countries, particularly since political risk insurance is completely privatized in Britain.

Continued on page 67

France grapples with med mal issues

By DIGBY LARNER

PARIS—France's medical malpractice insurance market remains in limbo as health care providers and insurers await a government-sponsored solution to their problems.

The government has promised to announce a new method for funding medical malpractice payments by Oct. 1. However, that self-imposed deadline may be out of reach.

The French medical malpractice system has evolved into a de facto "no-fault" system due to recent court cases that found that patients who are injured while under a doctor's care are due a settlement, even if the doctor did nothing wrong. As a result, medical malpractice claims and awards have increased dramatically. From 1989 to 1991, the latest figures available, total medical malpractice claims jumped by 140%.

The government, which effectively pays the premiums for France's system of state-funded doctors, says it will fund malpractice payments according to one of two proposals suggested by two insurance trade associations, the Syndicat Professionnel des Mutuelles d'Assurance, or GEMA, and the Federation Française des Sociétés d'Assurances.

GEMA, which represents the country's 16 mutual insurers, has recommended a new tax be levied on all insurance policy premiums to fund future malpractice claims.

The FFSA proposed funding medical malpractice payments by add-

Continued on page 67

S&P sizes up Lloyd's

Survival of the fittest syndicates leads to a stronger market

By STACY SHAPIRO

LONDON—Individual Lloyd's of London syndicates are stronger now than they were a year ago, despite the market's guaranty fund being riddled with losses.

Standard & Poor's last week unveiled its syndicate rankings for 1994, based on 1991 results, shortly after Lloyd's Chairman David Rowland detailed the extraordinary lengths the market went through to pass its solvency tests this year.

Lloyd's syndicates are better off this year than last year, said Tony Evans, sales and marketing director for S&P's Insurance Rating Services, which announced its 1994 syndicate stability rankings last week.

Many financially troubled syndicates have left the market, leaving stronger syndicates behind, he said.

Under a new ranking procedure, about half of Lloyd's syndicates performed above average financially based on 1991 results, which closed at the end of last year. A year ago, only 40% of syndicates performed above average based on 1990 results.

About a quarter of syndicates are average—compared with about a third a year ago—and a quarter were below average in both years.

S&P gave a five crowns ranking—"well above average"—to 25 of the 159 syndicates. Another 55 syndicates were given four crowns, which meant they were "above average," and 39 syndicates were three crowns or "average" financially.

Only 35 syndicates were "below average" with two crowns and five were "weak" with one crown.

S&P will reveal the syndicates to which these rankings were assigned on Sept. 30.

S&P's syndicate analysis has been attacked in the past by Lloyd's members who feel the rankings are inaccurate because they analyze accounts that are three years old. S&P, for example, gave Stephen Merrett's syndicate 418 three stars a year ago—which was the highest ranking under the old system. By year-end 1993, the syndicate was shut down.

S&P's Mr. Evans said Mr. Merrett's syndicate was an "exception," noting that its closure had more to do with personalities than finances.

In fact, of the 92 syndicates that received three stars in 1992, seven have since stopped underwriting; and of the 71 syndicates to receive three star rankings in 1993, three have since stopped underwriting—including Merrett 418.

While S&P ranks individual syndicates, it will not comment on the overall financial stability of the market, or on the potential impact to syndicates from a deficit in the market's Central Fund and from the nearly 8 billion pounds ($12.59 billion) in losses from 1988 to 1992.

At the Society of Names meeting earlier this month, Lloyd's Chairman David Rowland explained how the market passed its solvency tests.

Continued on page 67

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Secretaries, Treasurers, controllers and other Financial Personnel 3,335

Risk/Employee Benefits:
Vice Presidents, Directors, Managers, and other related department personnel of: insurance, risk employee benefits, personnel, compensation, pension, safety, security, industrial relations, human resources and employee/labor relations 16,157

Sub-total **28,309**
Associations 369
Government, Unions and Educational Institutions 974

Commercial Consumers
Sub-total **29,652**
Insurance Agents and Brokers 8,408
Insurance Companies 8,181
Accountants, Actuaries, Attorneys & Consultants 3,611
Managers & Health Care Providers 1,903
Others Allied to the Field 849

TOTAL **52,604**

★ *Source Business/Occupational breakdown of qualified circulation, May 30, 1994 Issue, as submitted to BPA for June 1994 BPA Publisher's Statement*

INTERNATIONAL

Export

Continued from page 65

Furthermore, the British argue, government participation is inevitable since commercial and political risk business is combined in the same reinsurance treaty.

"We have always had the approach which suits U.K. exporters," said Trade Indemnity's Ms. Bennet. "If we go down the road and separate political and commercial risks then it may become more expensive to exporters because of the allocation of premiums."

Italy also is arguing for an element of government reinsurance support on a contingency basis for wholly-privatized short-term export credit and political risk insurance.

"We are committed to dropping this business," said a spokesman at the government-owned export credit insurer, Sace, referring to moves to eventually transfer all of Italy's short-term credit business to the private sector.

Short-term export credit business in Italy is insured through Societa Italiana Assicurazioni Credit, a company that is jointly owned by all of the major Italian insurers. But in practice all political risk business is covered by the state, which provides insurance and reinsurance to SIAC.

The E.C. spokesman said the task ahead is to define what kind of export credit and political risk business could be covered only on a private-sector basis and what could be publicly supported. He explained that if governments are to participate in the business then they must do so on a purely commercial basis and no distinction should be made between private and public. BI

Walkway

Continued from page 65

London-based Sally Line Ltd. acquired the port 14 years ago, according to a company spokesman. Sally Line is ultimately owned by Effjohn International, a Helsinki, Finland-based ferry and cruise operator.

"It is down to the solicitors and the port of Ramsgate, which is fully insured for any liability," the spokesman said.

The ferry, the Prins Filip, is one of four owned by Oostende, Belgium-based Oostende Lines, which is the commercial name for the state shipping company, the Belgian State Maritime Authority. The company signed a joint marketing agreement last year with Sally Line that gives the operators mutual access to each other's ports.

Oostende Lines' liability coverage is written by U.K. Mutual Steam Ship Assurance Assn. (Bermuda) Ltd. but neither the protection and indemnity club nor the ferry company believe they will ultimately be liable for the accident.

"We do not believe that the Prins Filip has any liability at all," said a spokesman for the P&I club.

"The passengers all had tickets and in that way the carrier will take responsibility. But if we receive claims from our passengers on that basis, then afterward we and our insurers will refer the claims to the port of Ramsgate because it operates the infrastructure. Afterwards the port may go to the (walkway) manufacturer and its insurers," said Eric Depraete, general manager of Oostende Lines.

The walkway was manufactured by a Swedish ferry equipment manufacturer, Fartygs Entreprenader AB of Uddenvalla. Chairman Stefan Mattsson said in an interview that he had sent a team of employees to investigate on the accident and report to the Health and Safety Executive's investigators as soon as he had heard of the incident.

He said that the walkway was installed in April as part of an overall redevelopment of the port, partially to accommodate the new Belgian ferries. The walkway was certified by leading classification society Lloyd's Register of Shipping, along with the manufacturing installations and other structures at the port.

Each walkway meets specific buyer requirements, but the basic model is not new and is in use "all over the world," Mr. Mattsson said.

He said the company is fully insured against potential risks but declined to provide details. BI

France

Continued from page 65

ing a surcharge to every homeowners policy. This, it estimates, would add between 70 French francs and 100 francs ($13 and $18) annually to the cost of every homeowners policy.

Medical malpractice coverage is still available, though "high levels of insurance, at say 1 million French francs, are becoming harder to find," said Thierry Van Santen, president of the Association pour le Management des Risques et des Assurances de l'Entreprise, the French risk management association.

With the deadline fast approaching, there is still no sign of a decision, said Hervé Cachin, president of Société Anonymc Française de Réassurances, the Paris-based reinsurer. "The government was supposed to arbitrate between the GEMA and FFSA, but so far we have heard nothing," he said, adding that a new proposal is urgently needed, due to fast growing medical claims.

France's medical malpractice dilemma developed in part because the spread of AIDS and hepatitis C through blood transfusions contributed to increased medical malpractice claims. Since 1989, an estimated 6,000 cases of AIDS caused by HIV-infected blood transfusions have developed. While the nation's blood supply is now safe, a number of cases are still filtering through the courts. The final insurance bill is expected to total 6 billion French francs ($1.1 billion).

A relatively recent shift in the way the French courts deal with malpractice lawsuits further changed the system. Until four years ago, patients were required to prove a doctor had acted negligently before a medical malpractice award would be delivered.

However, a landmark decision in Lyon in December 1990 changed that. Serge Gomez, a teen-ager, successfully sued his doctor and Eduard Herreot Hospital after a back operation left him paralyzed from the waist down. While the court admitted the doctor had not been at fault, it still held the hospital responsible for the injury. This principle was set in stone by France's highest court, the Conseil d'Etat, in Paris on April 9, 1993. The court settled the case of another patient who was left paralyzed from the neck down after surgery at L'Hopital Peoni in Marseilles. The court said that while no one was at fault, the hospital still had to indemnify the victim.

Currently the cost of such claims is being passed on to the hospitals' insurers. But, this new principle of "responsibility without blame" establishes a brand new area of risk that is proving too costly, according to French insurers. BI

Solvency

Continued from page 65

Lloyd's has to meet two solvency tests for the Department of Trade and Industry to allow it to continue trading. One of those tests looks at the market as a whole. This year, Lloyd's solvency ratio is higher than last year because 1993 premiums were substantially higher than the market's losses.

By Aug. 31 of each year, Lloyd's also must show the DTI that each member is solvent, said Mr. Rowland. If members are insolvent, then Lloyd's Central Fund must be "earmarked" for the amount they owe.

Lloyd's has had to earmark 1.34 billion pounds ($2.11 billion) in the Central Fund. This exceeds total assets in the fund by 436 million pounds ($686.05 billion).

Lloyd's has mortgaged its assets and manipulated accounting figures to pass this test. Specifically, it revalued its assets, including its building, works of art and publishing subsidiary Lloyd's of London Press Ltd. to boost its assets by 300 million pounds ($472.1 million).

In addition, Mr. Rowland said the DTI allowed Lloyd's to reduce its 1991 global loss by eliminating "double counting" from its results. This occurs when a syndicate is reinsured by another syndicate and both have reserved for the same loss.

Lloyd's members had to pay the double count, so their actual losses totaled 2.58 billion pounds ($3.82 billion) at the end of 1991. But Lloyd's only had to post 2.05 billion pounds ($3.03 billion). Lloyd's has been able to use 180 million pounds ($266.4 million) of this amount as an asset said Mr. Rowland. BI

Venton

Continued from page 65

by the end of October. Of this, 5 million pounds ($7.9 million) would be in cash, with the remainder in LOCs from Butterfield Bank.

This would give VUG underwriting capacity of 50 million pounds ($78.7 million).

There are no immediate plans to float VUG on the stock exchange, but Martin Slade, managing director of Venton Underwriting Agencies, said that would happen if "conditions were right." He added that it is likely that the managing agency would be absorbed by VUG to create "an insurance company at Lloyd's."

Mr. Leahy could not say whether Butterfield would buy a major stake in the new company but confirmed it will likely invest in the launch of VUG.

Mr. Slade said that plans to raise a corporate capital vehicle had been hatched late last year, but that the partners decided to wait for 1995 so that they could "get it right."

The advantage of dedicated capital is the security and stability it offers to managing agents, according to Mr. Slade. Venton does not own a members agency and so is entirely dependent on the vagaries of the members agency community for capital every year.

Venton intends to increase the capacity of its three main syndicates, 376, 1038 and 1183, to 185 million pounds ($291.1 million) next year from 127 million pounds ($192.4 million) this year. BI

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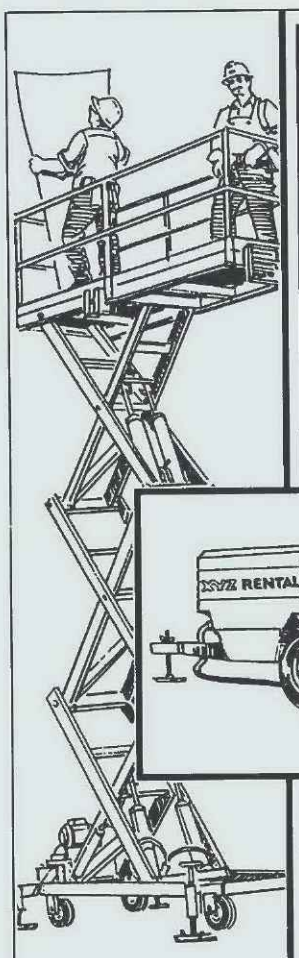
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Veterans

Continued from page 1

would have to match those retroactive deferrals to the same extent they matched other workers contributions during the period of military service.

Employees' salaries and wages—on which profit-sharing and 401(k) contributions are based—generally would be defined as what the employee would have earned if he or she had not entered the military, or compensation earned during the prior 12 months before the military service began.

Employers also would have new obligations to extend health coverage for employees called up for military service. For leaves up to 31 days, the employee would pay the same percentage of the premium as before the leave began.

If the leave exceeds 31 days, employers would have to offer COBRA-like coverage to employees who joined the military and their dependents for 18 months after the worker entered the military. Currently, employers with fewer than 20 workers are exempt from the health care continuation provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985. COBRA allows employers to charge beneficiaries a premium equal to 102% of plan costs.

The veterans legislation is a compromise put together by congressional conferees who ironed out differences in bills passed last year by the House and Senate (*BI*, Nov. 22, 1993). The House approved the compromise this month and Senate approval is expected soon.

The compromise package removes certain provisions objected to by employers. For example, conferees stripped a provision in the House bill that would have required employers to credit employers' and employees' retroactive contributions with interest that would have been earned during the employee's period of military service.

Such a requirement could have been impossible to administer fairly for savings plans, like 401(k) plans, with multiple investment options. For example, a returning veteran could have retroactively selected an investment option that earned the most income during the period the employee was in the military.

Other provisions in the conferees' agreement provide needed clarification. The agreement specifies that employees would have three times the length of their military service—but in no case more than five years—in which to make their retroactive contributions. By contrast, earlier bills were vague on this point, saying that employees could make retroactive savings plan contributions during any "reasonable" continuous period after leaving service agreed upon by the employer and returning veteran.

Despite the improvements, the legislation would present—in the absence of certain necessary changes to the Tax Code—big administrative uncertainties for employers. It also could increase savings plan costs more than expected and encourage litigation. "The conferees' agreement is an improvement over earlier versions. But problems clearly remain," said Sarah Bourne, a consultant with Hewitt Associates L.L.C. in Washington.

The administrative problems are due to the way legislation was put together. The measure does not make Tax Code changes needed to accommodate certain requirements laid down by the legislation.

Take for example, the situation in which an employee returning to work after military service wants to make a retroactive contribution to his 401(k) plan as well as a contribution for the current year.

The combined contributions could exceed the maximum annual salary deferral—currently $9,240 in a given year—an employee can make to a 401(k) plan. If an employer doesn't allow the employee to make a retroactive contribution, the employer would violate the veterans legislation. But if the employer allows the contribution, it would violate IRS rules and face the possibility that its 401(k) plan would be disqualified.

Employers would face other problems as well. For example, it isn't clear if the retroactive contribution to a 401(k) plan would be a pretax or aftertax contribution. That lack of certainty would pose problems for employers with 401(k) plans who match a portion of employees' pretax contributions, but not their aftertax contributions, said Charles Mazza, vp-human resources at Mead Corp. in Dayton, Ohio.

Such problems are not unexpected, since the congressional panels with the authority to make Tax Code changes have not yet put together a package for this legislation.

To ease administrative problems—at least in the short run—the veterans legislation does give employers two years to comply with the pension provisions. Presumably, that would give Congress time to pass the legislation incorporating the needed changes to the Tax Code.

But other uncertainties—thanks in large part to comments made by on the House floor—may be more difficult to resolve.

Rep. Sonny Montgomery, D-Miss., the chief sponsor of the legislation, views the pension provisions as a clarification of veterans laws going back to 1940. In his view, veterans were entitled—even before the latest measure—to profit-sharing contributions covering their years in the military. The most significant ruling on the issue—a 1985 6th U.S. Circuit Court of Appeals decision in which that court ruled veterans were not entitled profit-sharing contributions covering the period they were in the military—did not reflect the congressional intent, Rep. Montgomery said.

Ever since the first veterans' rights legislation was enacted in 1940 on the eve of the U.S. entry in World War II, employers with profit-sharing plans have been required to make contributions covering the years of military service, he said.

But the actual legislative language in the bill passed by the House this month does not specifically say that the measure would be retroactive to cover past military service.

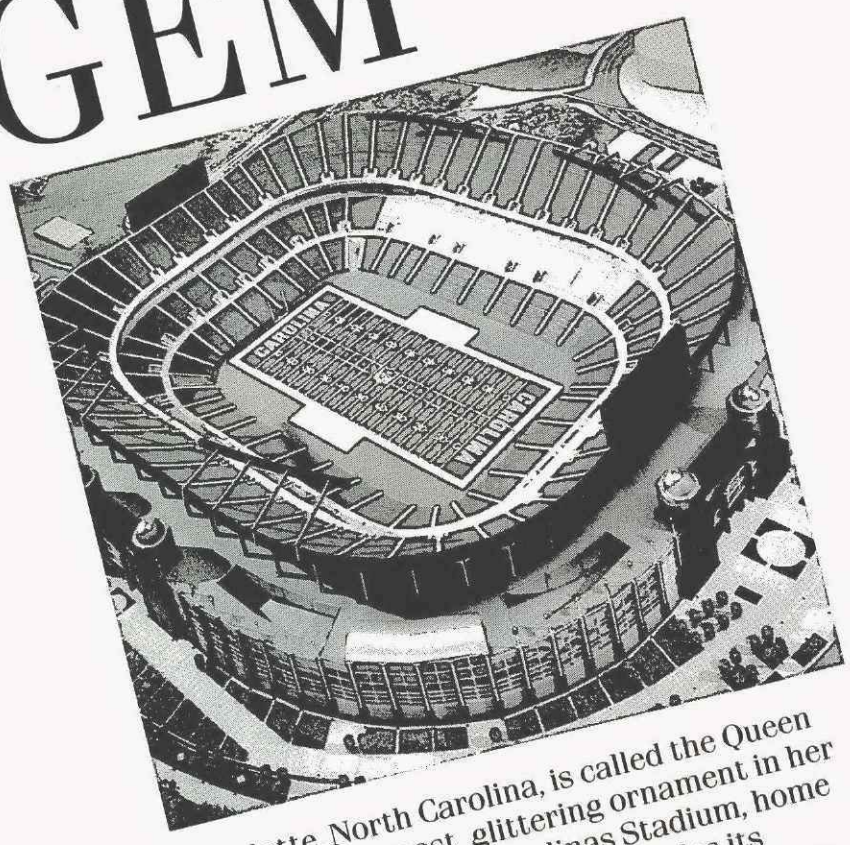
The remarks of Rep. Montgomery "throw a real cloud" on whether the legislation is retroactive, said Gerald Uslander, a principal with William M. Mercer Inc. in Washington. He noted that the issue might have to be resolved by the courts if veterans sue to recover savings plans contributions going back to World War II.

Given the low salaries of that period the amounts involved would be relatively small. The bigger problem would be that employers would lack records from that time.

The current legislation was developed in the aftermath of the Persian Gulf War in which 245,000 men and women were called up from the reserves and National Guard. At the time, consultants said their phones were ringing off the hook from employers who didn't know what their benefit responsibilities were for employees called up for military service.

Most employers said only a handful of their workers were called up. For example, at Long Grove, Ill.-based Kemper National Insurance Cos., only five employees—out of workforce of about 9,000—were called up, said Sally Bullen, vp of compensation and benefits. At AT&T Corp., about 1,200 of the company's 283,000 employees were called up. BI

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ACE

Continued from page 1

Admittedly, the moves "won't make people happy," but many of ACE's policyholders will not be affected by the changes, he said.

"The people who will be impacted are the people who gave us the losses," added Mr. Scott, who is retiring at the end of the month.

Some people may think that the reduction in coverage is counter to ACE's original intent when it was set up: to offer excess general liability limits that no one else would provide.

ACE started out in 1985 by offering $100 million excess of $100 million at a time when this type of excess liability coverage was not available to most U.S. corporations (*BI*, Dec. 23, 1985).

Last week's announcement represents no change in the original philosophy of the company, Mr. Rich said. ACE has always intended to "provide an underwriting profit" to its shareholders, whether they are policyholder investors of the past or the stock market investors of the present, he noted.

"We'd be doing this even if we were the old ACE," added Mr. Scott.

ACE provides excess liability coverage on a custom-made policy that the company calls a "broad occurrence first reported form."

It has responded only to claims made during the policy period that occur after the policy's retroactive date.

In the first year of ACE coverage, the retroactive date was the same as the policy's inception. But, in later years, the retroactive date has been the inception of the policyholder's first ACE policy.

The form includes an aggregation clause that defines all losses arising from the same cause or event as a single occurrence for the purposes of applying the policy limit.

If coverage has been terminated, the form also provides for an "open-ended" discovery period for reporting claims stemming from incidents that occurred before termination of the policy. An annual premium is charged for this tail coverage.

This type of form has meant that the longer policyholders continue with ACE, the more "occurrence" coverage it is effectively offering, said Mr. Scott. Since 1986, ACE has been one of the few players in the excess liability market, he said. Those two factors mean that "more and more future liabilities will fall on the shoulders of ACE," he said.

The problem has been compounded by several ACE policies being triggered by the same event, Mr. Scott said. ACE does not buy clash reinsurance cover for multiple policyholders being involved in the same event.

For example, several ACE policies were triggered by the $4.2 billion global settlement by several breast implant manufacturers (*BI*, July 18; Sept. 13, 1993). As a result of the settlement, ACE had to increase its estimate of reserves for unpaid losses and loss expenses to a total of $1.1 billion.

The breast implant litigation and settlement "crystallizes" the possibility of future liability losses hitting the insurance industry, said Mr. Scott. "Liabilities like this will be more severe for companies like ACE" because there is a smaller market now to pay the losses.

Introducing the $100 million sublimit for integrated occurrence coverage will "reduce the volatility of our earnings," said Mr. Scott. For ACE's 430 policyholders this should be "good news" because it will allow ACE to continue to be a "stable provider" of excess liability coverage.

In addition, since the casualty market is softer, policyholders will probably find the capacity they need for the other $100 million from other underwriters, Mr. Scott said.

Brokers and risk managers last week were surprised by the announcement.

Kansas City, Mo.-based Hallmark Cards Inc. is just completing its Oct. 1 renewals with ACE and was not aware of the changes last week, said Richard C. Heydinger, director of risk management.

'ACE is not serving the original policyholder shareholders by these moves, but benefiting the new shareholders,' contends Chris Valentine, group risk and insurance manager for The Wellcome Foundation in London.

Hallmark has been offered the same limits and terms from ACE as last year for its renewal, which are "very competitive," he said. In the past, the company has purchased $200 million of integrated occurrence coverage from ACE.

The underwriting reforms will have an impact on British pharmaceutical giant The Wellcome Foundation, which renews its coverage after Dec. 15, said Chris Valentine, group risk and insurance manager for Wellcome in London.

Introducing a sublimit might be acceptable for medical device manufacturers that have had losses, "but it is not justified for all pharmaceutical companies because they haven't had any losses," argued Mr. Valentine.

Wellcome, which buys the full $200 million in limits, has not had a claim trigger its ACE coverage, though it is one of the insurer's original policyholder shareholders, he said.

"ACE is not serving the original policyholder shareholders by these moves, but benefiting the new shareholders," he contended.

However, one good thing might come out of this, he added. "It may encourage competition in the excess market," with new players entering the arena.

Most markets offer $25 million to $50 million in aggregate coverage for all events that occur in one year, so policyholders should be able to find new ways to cover the risk, said one London broker. But "it will be difficult" to replace the full $100 million in integrated occurrence coverage, he admitted.

ACE's underwriting reforms will particularly affect some product manufacturers' liability programs "because they will have half the coverage," added John Goldberg, senior vp and managing director of Johnson & Higgins Intermediaries in Bermuda.

Mr. Goldberg said he is more concerned about the "significant" rate hikes on the three categories of business—medical, chemical and energy—that comprise a large portion of ACE's portfolio.

ACE's underwriting reforms are "a major deviation by a major market (which) always causes angst," he said. But "no one will know what the impact is until policyholders sit down and negotiate renewals."

Some brokers and risk managers pointed out that since newer Bermuda-based excess liability insurers are now competing for this type of coverage, some price reductions for the "vanilla" type of risks that don't include the medical, chemical and energy industries have occurred.

In particular, some buyers are turning to Starr Excess Liability Insurance Co. Ltd., which offers $100 million excess of $50 million in integrated occurrence coverage (*BI*, April 18).

But Starr's coverage is more restrictive than ACE's because it has a sunset clause, which means a policy only covers claims made three to five years from the inception date of the policy period.

Brokers and risk managers also question whether ACE would have had to take these actions at all if it had established higher reserves in earlier years, when it was earning significant profits.

While ACE is contracting its excess liability coverage, it is expanding its marketing efforts. For example, in the past two weeks, the Bermuda-based insurer opened a contact office in London headed by Senior Vp Michael Lange, former assistant vp of the U.K. offices of Chubb Corp.

Approximately 35% to 40% of ACE's new business in the past three years has come from outside the United States. ACE now sees potential growth in the directors and officers liability market in Europe.

ACE also plans to offer excess property coverage of $25 million excess of $50 million to U.S. buyers and possibly excess of $25 million for selected non-U.S. buyers. The company is searching for an underwriter and underwriting team to write the new coverage for year-end renewals.

ACE also offers satellite coverage, though its coverage was not hit by a recent $187 million satellite loss on an Ariane rocket (*BI*, Sept. 18). BI

Superfund

Continued from page 2

litigation between insurers and policyholders. Although it has undergone many changes since it was first suggested, the heart of the EIRF remains a pool of insurer-provided money that would provide partial payment of policyholders' cleanup costs. Policyholders that accepted the EIRF offers would have to agree not to sue their insurers for any further Superfund coverage.

The EIRF bitterly divided the property/casualty insurance industry, with the AIA and two major non-affiliated insurers—American International Group Inc. and CNA Insurance Cos.—supporting the idea and most of the rest of the property/casualty industry opposing it.

"We felt all along that the EIRF has some fundamental problems. Closer analysis has convinced us that it will not work. As a practical matter, Fireman's Fund would prefer to keep any divisions that it might have with the AIA internal. However, in this case, we think we have a fiduciary responsibility to our policyholders and our agents and brokers and owners to voice our opposition to the EIRF," said Peter A. Lefkin, vp-federal affairs for Fireman's Fund in Washington.

"We have strained over the last six months to try to keep as muted as possible over internal concerns about the EIRF. However, we're at the point now where we feel we have no other option. In retrospect, maybe we should have followed Chubb and been more public with our concerns," he added.

Chubb Corp. had led several other AIA members in protest over the proposed allocation of taxes to fund the EIRF and threatened to push alone for what it regarded as the most equitable allocation. Chubb's position was ultimately endorsed by the AIA.

But the House delay in considering Superfund appears to have had less to do with the EIRF, contentious as it has proved to be, than a pair of other concerns.

The first is the House bill required that the Davis-Bacon Act cover wages at any cleanup involving a public/private partnership. That act holds that workers on federal projects be paid the prevailing wage in their area, which generally means the union wage.

'We felt all along that the EIRF has some fundamental problems. Closer analysis has convinced us that it will not work,' says Peter A. Lefkin, vp-federal affairs for Fireman's Fund Insurance Co. in Washington.

Most Republicans and many conservative Democrats oppose extending Davis-Bacon under any circumstances. As long as the provision remains in the bill, as many as 150 of the House GOP members would vote against the bill, according to Rep. Michael Oxley, R-Ohio, one of the bill's staunchest Republican backers. Although a deal was supposedly struck on Davis-Bacon on Friday, the details of the compromise weren't known at press time and earlier reports of an agreement had proved to be premature.

The second reason the House didn't jump to push through Superfund reform legislation has more to do with practical politics than economic philosophy. Members of both the House and Senate are anxious to get home to do some campaigning before the November elections. The upset defeat of eight-term Rep. Mike Synar, D-Okla., in a runoff primary election last week has added new urgency to campaigning, as has the relatively poor showing of House Speaker Tom Foley, D-Wash., in another primary election last week.

But opponents of the current Superfund legislation are not letting down their guard, even though the tide appears to be turning in their favor.

"Because of the history of this legislation, I am loath to declare victory until every member of Congress is 100 miles beyond the Beltway," said Joel Wood, vp-government affairs for the Council of Insurance Agents & Brokers in Washington.

"I won't count this thing out until Oct. 7 or whenever Congress adjourns. This has had more comebacks than Marion Barry," joked Paul Brown, vp-government affairs for the Risk & Insurance Management Society Inc. in New York.

"Our members are putting pressure on members of the Finance Committee. We're still assuming the bill has a chance, so that's why we're in the action mode," Mr. Brown added.

Opponents of the bill are not the only ones pushing hard to get their way on Superfund.

"We are doing everything we can to make this happen," said Dell Perelman, senior assistant general counsel of the Chemical Manufacturers Assn. in Washington.

The CMA, which has taken no position on the EIRF, backs the bill as a whole. "Are we engaging in heavy advocacy? Absolutely," he said.

While the CMA is concerned about the delays, passage is "always possible." If the measure passes the House with "strong bipartisan support, which we expect it to have," the Senate is likely to follow suit, he said.

But lobbying by private concerns alone might not be sufficient to assure passage, noted Francis D. Bouchard, federal affairs representative and lobbyist for the Reinsurance Assn. of America.

"Time is running short and it will probably take a massive effort on the part of the administration to break it loose," he said.

"We still think the best approach would be strip the EIRF from the bill and vote on the remaining titles," said Julie A. Rochman, assistant vp and lobbyist for the Alliance of American Insurers in Washington. That way, the non-controversial bulk of the bill, which deals with improvements to remedy selection and limiting the liability of small contributors to a waste site, could be enacted quickly. Such an approach is being discussed on Capitol Hill, she said. BI

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	1993	1992
Gross premiums	$86,682,119	$88,662,147
Non-admitted	$28,524,445	$22,703,590
Commercial risks	32.9%	33.0%
Net premiums	$47,628,179	$39,333,857
Paid-in capital	$2,500,000	$2,500,000
Capital & surplus	$53,611,964	$44,443,822
Employees	54	41
Combined ratio 1	109.0%	89.8%
Combined ratio 2	109.0%	89.8%
Net income	$6,127,314	$9,918,989
Best's rating	A	A

Founded: 1972.
Parent: Gryphon Holdings Inc.
Specialties: Self-insured retentions; excess or buffer layers; umbrella; architects and engineers errors and omissions; special programs; California DIC; excess property, including utilities and railroads; COC; vacant building package.
Subsidiaries: Associated International Intermediaries Inc., Woodland Hills, Calif.
Approved non-admitted in: All states except California and Maine.
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Officers: John F. Iannucci, president; Kathryn W. Suchomel, executive vp-casualty; Matthew T. Peller, senior vp-property; Joseph K. Saad, senior vp-claims; and Sunil L. Hingorani, vp/treasurer.
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Mitchell may pull the plug

Bill introduced that would aid state health reform efforts

By JERRY GEISEL and MARK A. HOFMANN

WASHINGTON—The drive to pass health care reform legislation is almost—but not quite—out of gas.

Last week, rumors were flying on Capitol Hill that Senate Majority Leader George Mitchell, D-Maine, would call an end to his effort to pass at least a scaled-back health care reform bill long under development by a bipartisan group of senators.

Amid that uncertainty, legislators introduced a proposal that would give states more authority to pass their own reforms. That approach, strongly opposed by business groups that fear a maze of state benefit rules, could get greater congressional support if broader legislation dies.

Sen. Mitchell said he had to assess two developments before deciding whether to proceed with bringing a health care reform bill up for debate on the Senate floor:

• The formal opposition of 45 consumer and labor groups to the mainstream proposal, which does not include an employer mandate or ensure universal coverage.

• Warnings delivered at the White House by Senate Minority Leader Robert Dole, R-Kan., and Rep. Newt Gingrich, R-Ga., that tying up Congress in debate over health care legislation during the closing weeks of the session could threaten action on other measures that are top Clinton administration priorities, including legislation to implement an international trade agreement. The trade legislation includes provisions to strengthen pension funding rules (see story, page 1).

While Sen. Mitchell contemplated his next step, some Democrats urged him to continue his efforts.

"I don't want to see Democrats be the ones who will have to pull the plug," said Sen. John D. Rockefeller IV, D-W.Va.

Other legislators were taking a different approach. Sens. Mark Hatfield, R-Ore., and Bob Graham, D-Fla., unveiled legislation last week that would give states greater leeway in adopting their own health care reforms. Among other things, the Health Innovation Partnership Act of 1994 would grant six states waivers from provisions in federal Employee Retirement Income Security Act that block states from enacting legislation that "relates" to employee benefit plans. The six states covered are: Connecticut, Hawaii, Maryland, New York, Oregon and Washington.

Those states need ERISA waivers for different reasons. Legislation passed earlier in Oregon and Washington include employer mandates that would almost certainly be struck down by courts as violating ERISA unless Congress approves ERISA waivers (*BI*, March 22, 1993; March 18, 1991).

New York and Connecticut laws that imposed surcharges on hospital bills were struck down by courts as violating ERISA (*BI*, March 7). A new Connecticut law that allows self-funded employers, insurers, preferred provider organizations and union welfare funds to directly negotiate rate discounts and reimbursement methods with hospitals also may be challenged (*BI*, April 11). Maryland fears that its hospital rate-setting law might one day be overturned. Hawaii already has an ERISA waiver, but it cannot make any changes in its health care statute without a new waiver.

In addition to the ERISA waivers, the Graham-Hatfield bill would: limit insurers' ability to exclude people from coverage based on pre-existing conditions, provide federal grants to improve access to health care in rural and other areas deemed underserved and expand federal support for medical research. A $1 per pack tax on cigarettes and other tobacco products would raise $65 billion over five years to fund the bill's initiatives. BI

PBGC bill

Continued from page 1

"This is a reasonable compromise. It makes pension plans more secure and therefore makes the financial position of the PBGC more secure," said Mark Ugoretz, president of the ERISA Industry Committee in Washington.

While conferees changed certain details, the basic thrust of the legislation remains intact: improving pension plan funding by forcing companies with underfunded plans to speed up contributions, and removing certain loopholes in current law that have allowed some companies to minimize contributions to their pension plans.

Because of weak funding rules and various loopholes, some pension plans have only a fraction of the assets needed to pay promised benefits.

That has exposed the PBGC to big losses when those companies went out of business and the agency took over the pension plans to pay participants' basic benefits. To pay for these benefits, the PBGC has been forced several times to seek legislation raising premiums it charges employers. Escalating PBGC premiums have angered employers with well-funded plans who see it as no more than a tax.

But if Congress passes the funding reforms, plans would become better funded, PBGC losses should decrease and its $2.7 billion deficit should be eliminated within 10 years, federal officials say.

"Companies with well-funded plans can have greater confidence in a stronger pension system and a stronger PBGC," said PBGC Executive Director Martin Slate.

Reforms in the legislation would:

• Tighten funding requirements. A special rule that requires employers whose pension plans are less than 35% funded to accelerate contributions to their plans would be extended to plans that are less than 60% funded.

• Require plans to maintain minimum liquid assets equal to at least three years of benefit payments.

That provision is intended to stop a current problem in which lump-sum payments quickly drain a pension plan of its assets.

• Boost the annual premium that employers with grossly underfunded pension plans pay the PBGC to $140 on average per plan participant from the current maximum of $72 per participant. The premium for employers whose plans are fully funded would remain at $19 per participant.

Boosting premiums for employers whose plans are the least funded and pose the greatest financial risk to the PBGC "brings a greater balance to the premium structure," Mr. Slate said.

Changes made by the conferees include:

• Mortality assumptions.

Employers would be required through 1999 to use a conservative mortality table—known as GAM 83—in calculating the life expectancies of plan participants. The Treasury Department would be charged with developing a new mortality table—based on independent studies and plan experience—to be used beginning in 2000.

The Treasury Department would be required to review the tables at least every five years and adjust them as necessary.

In addition, beginning in 1996, pension plans could use special tables to calculate mortality rates for employees who retire on disability pensions. Earlier proposals would have mandated the indefinite use of GAM 83, now used by about 20% of employers, and would not have allowed employers to use special mortality tables for disabled plan participants.

PBGC officials earlier argued that mandated mortality assumptions are necessary to stop abuses in which employers have grossly underestimated the life expectancies of employees and thus have minimized plan liabilities and the contributions needed to pay the liabilities.

• Interest rate assumptions.

In valuing pension plan liabilities and determining how much they must contribute to their plans, employers now are required to use an interest rate that is in the range of 90% to 110% of a four-year weighted average of the rate for the 30-year Treasury bonds.

Under the legislation, that 110% ceiling would be lowered by one percentage point—beginning next year—until it was reduced to 105% in 1999. A proposal passed by the Ways and Means Committee would have set the interest range at between 90% and 100%.

By phasing-in the interest rate formula used to measure liabilities, employers would have more time to plan ahead, said Michael Johnston, a consultant with Hewitt Associates L.L.C. in Lincolnshire, Ill. Earlier proposals did not include such a phase-in.

Using these interest rate assumptions, employers whose pension plans are less than 90% funded for current liabilities would have to make special payments to their plans. Depending on a plan's funding level, these payments—known as the deficit reduction contribution—must be made over five to 13 years, rather than over 30 years, like other contributions.

But a provision adopted by the conferees reduces the likelihood that relatively well-funded plans would be slapped with the DRC. If a plan is at least 90% funded for two consecutive years, then no DRC would be due in either of the next two years so long as the plan was at least 80% funded in those years.

The legislation also contains certain transition rules that would prevent companies with severely underfunded plans from being hit with extraordinary increases in pension contributions over a seven-year period. BI

Updates

Milliman stands behind study

NEW YORK—Milliman & Robertson Inc. is standing by its study of New York's health care system despite allegations by state Superintendent of Insurance Salvatore Curiale that the consulting firm's August report grossly misrepresents the number of New Yorkers that lost health care coverage due to reforms.

In a Sept. 15 letter to M&R Chairman Daniel J. McCarthy, Mr. Curiale criticized the accuracy of the firm's study. The study concluded that New York's reform of the small group and individual health insurance system—which mandated open enrollment and community rating—caused the number of covered individuals to drop by approximately 500,000 between March 1993 and January 1994. Mr. Curiale claimed this estimate was derived from an improper comparison of pre-reform Census figures and post-reform in-force policy counts.

Milliman's Mr. McCarthy said the report points out that community rating does, in fact, reduce average costs for older, less healthy individuals, while increasing costs for younger people. However, the report does not specify who has lost coverage as a result of the law nor does it attribute all of the drop in covered lives to the new law.

Mr. Curiale said the M&R study's ultimate assertion that health insurance reform in New York has been a failure comes "without credible evidence."

In a return letter to Mr. Curiale, Mr. McCarthy said he would agree to have the study evaluated by a "truly independent" panel that would review both M&R's and the Insurance Department's data.

"For now, we stand by our estimates. We continue to believe there was a significant drop in the number of people covered after the system changed," Mr. McCarthy said in an interview.

OSHA takes aim at smoking

WASHINGTON—The federal government is willing to change a controversial indoor air-quality rule, but remains committed "to take whatever action" is necessary to protect workers from "dangerous airborne chemicals on the job," including cigarette smoke, according to a top OSHA official.

Michael Silverstein, director of policy for the Occupational Safety and Health Administration, labeled the proposal "a starting point" as OSHA kicks off nearly three months of public hearings on indoor air-quality standards. The OSHA proposal would ban smoking in almost all workplaces. Mr. Silverstein stressed, though, that tobacco smoke was only one of the substances affected by the proposal.

The air quality requirement would go into effect 14 months after a final rule is published in the Federal Register. Tobacco companies have launched an attack on the measure, claiming among other things that prohibiting workers from smoking on the job could reduce productivity as they clustered outside offices and factories to light up.

Briefly noted

A congressional conference agreement accompanying legislation passed by the House of Representatives last week directs the Health Care Financing Administration not to impose fines on employers that do not comply with a federal Medicare **data bank law** requiring them to file health care coverage information with HCFA. The Senate is expected to act on the legislation this week. . . .Moody's Investors Service Inc. said it has lowered the insurance financial strength ratings of members of **Aetna Life & Casualty Co.**'s two property and casualty insurance pools to A1 from Aa2. The agency, which also lowered the company's long-term senior debt rating to A2 from A1, cited the weak profitability of its P/C group and uncertainties surrounding its exposure to environmental and asbestos claims. . . .Several foreign plaintiffs and some health insurers of U.S. plaintiffs have filed notices of appeal opposing the **global silicone breast implant settlement** that was recently approved by U.S. District Court Judge Sam Pointer in Birmingham, Ala. The foreign plaintiffs' are concerned that they will not recoup as much as U.S. plaintiffs, and health insurers fear they won't recover medical expenses incurred for U.S. plaintiffs, a Dow Corning Corp. spokeswoman said. . . .William H. Bolinder, president and chief executive officer of **Zurich-American Insurance Group** has been named to the corporate executive board and a member of senior management of Zurich Insurance Group. Effective Oct. 1, Constantine "Dinos" Iordanou will succeed Mr. Bolinder at Zurich-American and will assume the title of chief operating officer. Pending board approval, he will also assume the role as president. Both executives will reside in the Chicago area. . . .The **National Assn. of Insurance Commissioners** accredited Maryland and Tennessee last week, bringing to 38 the number of certified states. . . .**Value Health Inc.**, an Avon, Conn.-based specialty managed care services firm, acquired Fresno, Calif.-based pharmacy benefit management company RxNet Inc. . . .Lars Thunell, president of the asset management group Securun, will replace Bjorn Sprangare as chief executive officer of **Trygg-Hansa**. . . .**The California Public Employees Retirement System** Board of Administration has named James E. Burton its new chief executive officer, replacing Dale M. Hansen, who resigned in May. Mr. Burton had served as CalPERS' assistant executive officer for investment operations. . . .Russian immigrant **Michael Smushkevich** was sentenced to 22 years in prison and ordered to forfeit $50 million in assets, pay more than $41 million in restitution and pay a $2.75 million fine for his role in a so-called "rolling labs" insurance scam (*BI*, March 22, 1993; Sept. 9, 1991). David Smushkevich has pleaded guilty and awaits sentencing. . . .**Trigon Blue Cross & Blue Shield** will pay $5 million to Virginia regulators and an undetermined amount in refunds to policyholders to settle claims that it did not pass on to consumers savings realized from fee negotiations with hospitals (*BI*, Aug. 8). . . .New Jersey Gov. Christine Whitman's administration aims to push for several types of **tort reform**—including capping punitive damages and modifying joint and several liability—during the upcoming legislative year, according to a report by her chief counsel. . . .

For the Record

Union Carbide sells unit involved in Bhopal leak

DANBURY, Conn.—Although Union Carbide Corp. is selling its interest in the Indian unit whose Bhopal factory leaked a poison gas that killed more than 3,800 people in 1984, criminal charges against the company and its officials are still pending in Indian courts.

Union Carbide Corp. has agreed to sell its 50.9% interest in Union Carbide India Ltd. to McLeod Russel (India) Ltd. of Calcutta for about $90 million. About $13 million of that is committed to funding a hospital in Bhopal, and the rest will remain on deposit in India subject to an attachment by an Indian court.

In 1989, Union Carbide and India's government agreed to a $470 million settlement for the leak, which also injured more than 20,000.

In 1992, a judicial magistrate in Bhopal ordered the seizure of all Indian assets of Union Carbide Corp. as part of continuing criminal proceedings involving still-pending charges of culpable homicide against Union Carbide, its retired chairman Warren Anderson, and officers of the Indian unit (*BI*, Dec. 9, 1991).

Health Systems buys Connecticut HMO

WOODLAND HILLS, Calif.—Health Systems International Inc. will add more than 113,000 HMO members to its ranks with its purchase of M.D. Health Plan, a health maintenance organization owned by M.D. Health Enterprises of Connecticut Inc. in New Haven.

Health Systems International will acquire the HMO, Connecticut's third-largest, in a stock swap valued at $101 million.

The deal is expected to close by yearend, upon approval of M.D. Health Plan's 2,200 physicians who are shareholders, said a spokeswoman for M.D. Health Plan. Under the terms of the deal, those shareholders stand to make a profit of about $95 million on their $6 million investment in the company, she said.

M.D. Health Plan will continue to do business under its existing name and there will be no management changes.

Health Systems International was formed by the merger earlier this year between Health Net of Woodland Hills, Calif. and QualMed, a Pueblo, Colo.-based system of HMOs (*BI*, Sept. 6, 1993). As of June 30, Health Systems International's enrollment stood at more than 1.4 million members.

Keyboard manufacturers to warn of injury risk

HOUSTON—Two leading computer manufacturers are putting warning labels on keyboards to ward off product liability lawsuits linking prolonged use to crippling hand and wrist injuries.

Houston-based Compaq Computer Corp., which was vindicated in one such suit earlier this year, announced last month that it will put warning labels on keyboards directing users to read a safety guide that offers tips on avoiding hand and wrist injuries. The company has included a booklet of safety tips with each computer since 1991.

Microsoft Corp. of Seattle said it also will place warning labels on a specially designed keyboard it will begin marketing soon.

Chicony America Inc., an Irvine, Calif.-based company that makes keyboards for several major computer manufacturers, for years has been warning users against prolonged use.

Compaq won its first battle with computer users attempting to link keyboard use to repetitive strain injuries last February, when a Texas jury rejected a secretary's suit for more than $800,000 in damages and lost wages due to disabling wrist injuries. That verdict is under appeal (*BI*, Feb. 28).

Many similar cases citing manufacturers' failure to warn have either been settled out of court or dismissed at the trial court level.

Texas sets up new fund for catastrophe losses

AUSTIN, Texas—Texas has established a new reserve fund to help pay claims from natural catastrophes along the state's coast.

The fund replaces Aetna Casualty & Surety Co. as reinsurer of the Texas Catastrophe Property Insurance Assn. The pool will deposit any remaining premium and income into the reserve fund at the end of the year after paying claims and operating expenses.

The catastrophe pool writes wind and hail insurance for coastal residents whose homeowners or commercial property policies do not provide those coverages. All insurers that write property insurance in Texas must participate in the pool.

About $122.4 million is currently in the reserve fund, which has accumulated since 1985 when the catastrophe pool stopped rebating insurers if it had a surplus at year end.

The catastrophe pool will pay the first $100 million in storm claims with assessments on participating property insurers. The newly created reserve fund would pay outstanding claims above that amount. If that fund is exhausted, the pool may make additional assessments on insurers. If those assessments exceed $200 million, companies can recoup the additional amounts through state tax credits.

Chevron to appeal suit on breach of contract

Chevron Corp. will appeal a $47.3 million judgment in a 1991 suit against the oil company in connection with its sale of oil-and gas-producing properties in the Los Angeles Basin.

The ruling included $30.9 million in punitive damages awarded to McFarland Energy Inc. by a Los Angeles Superior Court jury Sept. 7 and $16.4 million in compensatory damages awarded on Sept. 2.

McFarland, based in Santa Fe Springs, Calif., owned the properties jointly with Chevron U.S.A. Inc., a former Chevron subsidiary that handled the corporation's oil and gas operations. Chevron later decided to sell its stake in the property. The plaintiff contended its contract with Chevron gave it the first option to purchase the properties.

"I think basically they believed they had a right to buy these properties and when we sold them to somebody else, they sued us," a spokesman for Chevron Corp. said.

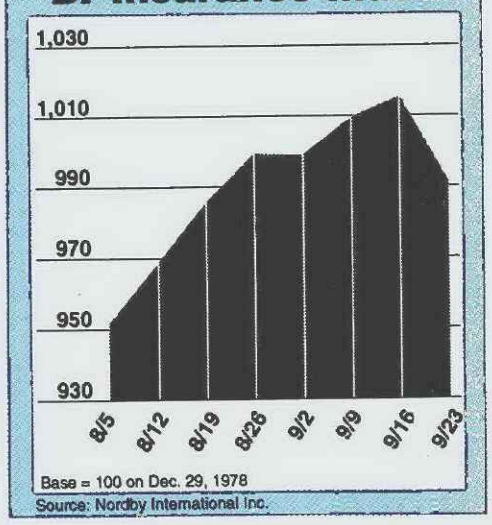
Chevron advertised the properties and sought the highest bids, ultimately selling them to Stocker Resources Inc. and Stocker L.P. of California, he said.

While McFarland's suit named Chevron U.S.A., the company has since reorganized, with its oil and gas operations now run by Chevron U.S.A. Production Co.

Chevron will move quickly with its appeal, the spokesman said.

He was uncertain whether it would have coverage for the judgment, if the appeal were unsuccessful. Punitive damages are uninsurable in California. Breach of contract judgments are not usually insured. BI

BI Insurance Index



Insurance stocks fell last week, as the *Business Insurance* Index lost 24.5 points to 991.2 Sept. 23 from 1,015.7 on Sept. 16. Advancing issues for the week were led by: Tokio Marine & Fire, up 7.3%; AEGON N.V., up 5.4%; and Poe & Brown, up 3.8%. Declining issues for the week followed: Continental Corp., down 8.4%; Travelers Corp., down 8.2%; and Reliance Group Holdings, down 8.0%. The most active issue was Travelers Corp., 4.8 million shares traded. The *BI* Index fell 2.4%; the Dow Jones 30 Industrials lost 2.6%; the NYSE Composite fell 2.3%; and the Standard & Poor's 500 fell 2.4%.

British Issues

Sept. 22 Companies	Price pence	P/E*	Div.* pence	Yield %	1 week high—low
Comml Union	495	15.8	31.0	6.3	518—488
Genl Accident	550	11.0	34.4	6.3	567—550
Gdn Royal Exch	179	11.4	9.5	5.3	188—177
Independent	265	3.6	10.4	3.9	267—265
Royal	270	11.7	9.4	3.5	280—265
Sun Alliance	315	14.1	18.4	5.8	323—309
Brokers					
Bradstock	98	11.0	6.9	7.0	100—98
Fenchurch	154	12.0	9.0	5.8	155—154
CE Heath	276	9.5	20.0	7.2	282—276
JIB Group	135	11.8	9.4	7.0	136—135
Lloyd Thmpson	169	11.7	9.8	5.8	170—169
Lowndes Lmbrt	197	12.4	9.4	4.8	198—197
Nelson Hurst	167	16.4	7.0	4.2	167—153
PWS Holdings	40	N/M	2.5	6.3	43—40
Sedgwick Grp	151	16.8	7.5	5.0	162—151
Steel Brl Jones	113	N/M	11.3	10.0	124—113
Willis Corroon	149	13.6	8.3	5.6	155—149

Source: Philip Olsen, London * Latest reported year

BI Industry Stock Report SEPT. 19, 1994, THROUGH SEPT. 23, 1994

		Price	Weekly % change	Year to date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt./Bk. value
BROKERS												
Acordia Inc.	NYS	27.00	0.00	9.64	28.75	21.00	12	0.60	2.22	14	10.22	2.64
Alexander & Alexander	NYS	19.38	-4.91	-2.52	22.75	14.00	587	0.10	0.52	-	6.73	2.88
E.W. Blanch Holdings Inc.	NYS	21.75	1.75	25.18	23.50	15.75	20	0.32	1.47	19	4.10	5.30
Gallagher Arthur J. & Co.	NYS	33.50	-0.37	-6.29	37.13	28.13	27	0.88	2.63	17	7.52	4.45
Hilb, Rogal & Hamilton	NYS	12.00	-1.03	-8.57	13.88	11.13	31	0.48	4.00	16	4.51	2.66
Marsh & McLennan	NYS	77.75	-2.35	-4.45	89.25	76.00	888	2.90	3.73	16	16.76	4.64
Poe & Brown	NDQ	20.50	3.80	13.89	22.75	16.88	61	0.40	1.95	15	3.02	6.79
BROKERS	AVERAGE		-0.4	3.8					2.4	14		
INSURERS/REINSURERS												
ACE Ltd.	NYS	24.88	-0.50	-18.44	35.00	22.75	244	0.44	1.77	-33	28.74	0.87
Acceptance Insurance Cos.	NYS	14.75	-0.84	26.88	15.63	11.13	117	0.00	0.00	14	9.65	1.53
AEGON N.V.	NYS	59.13	5.35	7.99	59.50	47.00	44	2.94	4.96	11	34.71	1.70
Aetna Life & Casualty	NYS	45.38	-6.68	-24.69	66.25	44.88	2004	2.76	6.08	-7	71.84	0.63
Allied Group Inc.	NDQ	30.25	3.42	21.00	32.50	22.75	26	0.60	1.98	7	10.45	2.89
Allmerica Prop. & Casualty	NYS	16.75	-1.47	-22.24	22.16	14.25	445	0.16	0.96	10	56.97	0.29
Allstate Corp.	NYS	24.25	-6.28	-18.49	34.25	22.63	754	0.72	2.97	15	18.43	1.32
American General	NYS	27.63	-3.91	-3.07	34.75	24.88	1778	1.16	4.20	21	22.09	1.25
American Heritage Life Ins.	NYS	18.13	-2.68	-2.68	21.75	16.50	20	0.66	3.64	11	12.42	1.46
American Indemnity/Fin'l	NDQ	11.00	-5.38	-15.38	15.25	10.00	29	0.24	2.18	5	16.18	0.68
American International	NYS	89.88	-2.57	1.99	99.88	81.75	2588	0.46	0.51	14	45.25	1.99
American Re Corp.	NYS	29.50	-7.09	4.42	35.75	23.50	476	0.00	0.00	15	14.80	1.99
Aon Corp.	NYS	32.75	-4.03	1.81	37.41	30.00	530	1.28	3.91	11	33.10	0.99
Argonaut Group	NDQ	29.75	-0.83	-2.46	33.75	26.25	19	1.16	3.90	9	27.65	1.08
AVEMCO Corp.	NYS	15.75	-0.79	-16.00	21.25	13.75	70	0.44	2.79	11	8.13	1.94
Baldwin & Lyons Inc.	NDQ	14.88	-2.46	0.00	16.25	13.75	26	0.24	1.61	9	12.59	1.18
Berkley W.R. Corp.	NDQ	35.81	-1.21	9.35	44.25	32.00	474	0.44	1.23	17	28.12	1.27
Berkshire Hathaway Inc.	NYS	18755.00	-0.24	14.89	19750.00	15150.00	0	0.00	0.00	-	8115.28	2.31
Capital Re Corporation	NYS	23.88	-0.52	-7.28	27.50	18.50	41	0.20	0.84	9	21.66	1.10
Capsure Holdings Corp.	NYS	12.63	-2.88	-6.48	17.25	12.25	38	0.00	0.00	12	13.08	0.97
Chubb Corp.	NYS	69.88	-1.76	-11.13	85.63	69.88	1461	1.84	2.63	24	46.59	1.50
CIGNA Corp.	NYS	60.38	-5.11	-4.55	74.00	57.00	1574	3.04	5.04	13	78.23	0.77
CNA Financial Corp.	NYS	63.50	2.83	-19.37	88.25	60.00	121	0.00	0.00	-16	77.92	0.81
Continental Corp.	NYS	13.63	-8.40	-50.68	33.00	13.63	1941	0.00	0.00	-59	38.99	0.35
EMC Insurance Group Inc.	NDQ	9.25	0.00	-2.63	10.25	8.50	2	0.52	5.62	10	N.A.	N.A.
Emphesys Financial Gr. Inc.	NYS	32.13	-3.38	NA	34.13	21.25	212	0.60	1.87	8	N.A.	N.A.
EXEL Ltd.	NYS	38.00	-2.88	-15.56	47.88	36.00	390	1.20	3.16	7	33.81	1.12
Fremont General Corp.	NYS	24.63	-2.48	2.07	28.25	21.50	110	0.76	3.09	7	23.40	1.05
Frontier Insurance Group	NYS	30.88	-2.37	-29.63	37.50	25.41	34	0.48	1.55	15	16.33	1.89
Gainsco Inc.	ASE	9.00	-1.37	0.00	12.16	7.84	130	0.04	0.44	13	3.49	2.58
General Re Corp.	NYS	107.25	0.47	0.94	125.50	101.75	1268	1.92	1.79	15	55.54	1.93
Guaranty National Corp.	NYS	17.75	-0.70	1.43	24.75	13.75	54	0.50	2.82	11	11.81	1.50
Harleysville Group	NDQ	24.25	-3.00	-14.91	30.25	19.75	15	0.68	2.80	17	18.35	1.32
Hartford Steam Boiler	NYS	43.88	-2.77	-1.40	53.38	42.38	100	2.12	4.83	56	15.80	2.78
HCC Insurance Holdings	NDQ	20.25	-5.81	0.41	23.84	15.00	205	0.00	0.00	15	10.75	1.88
Home Holdings Inc.	NYS	9.63	0.00	-44.20	18.50	8.38	63	0.00	0.00	-1	19.96	0.48
ITT (Hartford Group)	NYS	80.50	-1.83	-12.26	95.97	78.63	3100	1.98	2.46	11	57.11	1.41
Kemper Corp.	NYS	60.75	-2.02	69.34	65.00	33.13	2010	0.92	1.51	-	38.98	1.56
Lincoln National	NYS	36.13	-4.93	-15.99	48.25	35.50	998	1.64	4.54	9	32.53	1.11
Markel Corp.	NDQ	41.50	0.00	7.79	44.50	37.50	49	0.00	0.00	10	24.68	1.68
Mid Ocean Ltd.	NDQ	26.38	-0.47	-6.64	34.75	24.13	76	0.00	0.00	14	20.24	1.30
Mutual Risk Mgmt. Ltd.	NYS	25.75	0.49	-14.17	32.75	21.13	37	0.28	1.09	15	5.71	4.51
NAC Re Corp.	NDQ	26.38	0.48	-9.44	37.00	24.00	140	0.16	0.61	14	19.24	1.37
National Re Corp.	NYS	26.00	-1.89	-15.10	34.50	23.50	158	0.16	0.62	10	17.51	1.48
Navigators Group	NDQ	17.13	-2.14	-51.07	39.00	16.00	36	0.00	0.00	-6	16.39	1.01
Nobel Insurance Ltd.	NDQ	8.00	-3.03	4.92	8.63	6.63	21	0.20	2.50	4	6.34	1.17
NWNL Companies	NYS	29.88	-3.63	-8.08	38.75	27.00	407	0.90	3.01	10	23.97	1.25
Ohio Casualty Corp.	NDQ	31.25	-2.34	-1.96	35.38	26.50	270	1.46	4.67	13	23.34	1.31
Old Republic Int'l	NYS	21.38	-1.16	-5.00	26.63	21.25	204	0.48	2.25	8	23.57	0.91
Orion Capital Corp.	NYS	30.75	-5.38	-0.40	36.31	28.63	115	0.80	2.60	8	27.43	1.12
Partner Re Holdings Ltd.	NDQ	21.00	-0.88	-3.45	23.50	18.50	1146	0.40	1.90	17	N.A.	N.A.
Penn-America Group Inc.	NDQ	7.25	0.00	-5.69	9.50	6.50	83	0.00	0.00	8	6.21	1.17
Phoenix Re Corp.	NDQ	27.50	2.80	0.00	37.75	18.50	361	0.30	1.09	7	19.99	1.38
Provident Life	NYS	26.88	-6.52	-15.02	31.88	24.38	74	1.04	3.87	-11	25.38	1.32
Re Capital Corp.	NDQ	12.56	0.50	-7.80	15.50	12.25	34	0.32	2.55	12	13.88	0.74
Reliance Group Holdings	NYS	5.75	-8.00	-25.81	10.38	4.88	332	0.32	5.57	10	4.22	1.36
RLI Corp.	NYS	21.88	-1.13	-18.22	27.75	20.63	41	0.60	2.74	-43	22.91	0.95
St. Paul Companies	NYS	40.88	-2.10	-8.91	49.00	37.69	1161	1.50	3.67	8	31.88	1.28
SAFECO Corp.	NDQ	50.88	-5.79	-6.86	65.75	48.50	2806	1.96	3.85	9	41.59	1.22
SCOR U.S. Corp.	NYS	11.38	-5.21	-9.90	16.88	10.13	10	0.36	3.16	-	16.08	0.71
Seibels Bruce Group	NDQ	2.94	-6.00	67.86	3.50	0.38	145	0.00	0.00	-7	.50	1.55
Selective Ins. Group	NDQ	25.50	-5.56	-15.70	31.00	23.00	36	1.12	4.39	10	23.11	1.10
Sphere Drake Holdings	NYS	15.13	-1.63	-8.33	21.63	14.63	22	0.12	0.79	7	12.17	1.24
Statesman Group Inc.	NYS	15.75	1.61	26.00	15.75	10.25	317	0.10	0.63	6	8.65	1.82
TIG Holdings	NYS	20.25	-1.82	-10.50	28.00	17.25	265	0.20	0.99	18	18.49	1.10
Titan Holdings Inc.	NYS	9.13	-1.35	-16.09	12.25	7.75	38	0.28	3.07	8	8.33	1.02
Tokio Marine & Fire	NDQ	62.25	7.33	15.28	66.00	49.25	34	0.41	0.65	-	57.72	1.08
Torchmark Corp.	NYS	42.63	-0.87	-4.75	57.38	36.75	922	1.12	2.63	11	17.35	2.46
Transatlantic Holdings	NYS	50.63	-1.70	-5.15	58.63	45.38	52	0.36	0.71	13	28.60	1.77
Transnational Re Corp.	NDQ	21.50	-2.27	-20.37	27.00	0.13	644	0.00	0.00	17	N.A.	N.A.
Travelers Corp.	NYS	32.13	-8.21	-17.36	49.50	31.00	4777	0.60	1.87	8	33.35	0.96
Trenwick Group Inc.	NDQ	37.50	-4.46	-3.23	47.75	33.25	160	1.00	2.67	13	26.00	1.44
United Fire & Casualty	NDQ	40.00	-2.44	11.11	44.00	36.00	2	1.08	2.70	9	26.96	1.48
Unitrin	NDQ	47.75	-1.55	12.35	51.50	38.50	130	1.60	3.35	34	36.90	1.29
UNUM Corp.	NYS	47.00	-5.53	-10.48	58.00	43.00	2066	0.96	2.04	11	27.55	1.71
US Facilities Corp.	NDQ	11.63	-3.63	-2.11	14.63	8.25	53	0.00	0.00	16	10.48	1.11
USF&G Corp.	NYS	13.38	-2.73	-11.57	17.38	11.69	1537	0.20	1.50	9	10.60	1.26
USLICO Corp.	NYS	20.75	-1.78	25.76	24.00	15.75	186	0.24	1.16	8	25.22	0.82
USLIFE Corp.	NYS	33.63	-3.93	-13.23	45.75	33.50	228	1.24	3.69	8	41.73	0.81
Washington National	NYS	22.50	0.56	-7.22	26.13	20.63	75	1.08	4.80	8	28.40	0.79
Zenith National Ins.	NYS	23.50	-4.08	6.21	28.75	20.63	17	1.00	4.26	10	17.77	1.33
Zurich Reinsurance Centr.	NYS	27.00	0.00	-4.42	33.00	24.25	10	0.00	0.00	-56	24.47	1.11
INSURERS/REINSURERS	AVERAGE			-2.3	-4.7				2.3	8.3		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	NDQ	27.50	-7.56	5.77	31.00	19.25	1741	0.00	0.00	16	11.43	2.41
Humana Inc.	NYS	22.00	-1.68	19.73	23.50	12.38	3038	0.00	0.00	26	5.71	3.85
Pacificare Health Sys.	NDQ	75.00	-2.28	98.68	77.75	30.50	434	0.00	0.00	26	11.15	6.73
Safeguard Health Enter.	NDQ	9.88	-5.95	-21.00	15.50	9.50	202	0.00	0.00	13	5.71	1.73
Sierra Health Services	NYS	25.13	-5.19	12.92	30.75	15.50	112	0.00	0.00	16	4.50	5.48
United Healthcare Corp.	NYS	52.00	-3.70	39.13	54.63	32.25	3702	0.03	0.06	38	10.54	4.89
U.S. Healthcare	NDQ	43.75	-2.78	14.13	47.50	28.00	4301	0.84	1.92	20	6.21	7.05
Wellpoint Health Networks	NYS	27.38	0.92	-11.34	37.00	24.25	465	0.00	0.00	13	10.34	2.50
HMOs	AVERAGE		-3.5	19.8					0.2	19		
A..L COMPANIES	AVERAGE		-2.1	6.3					2.5	11		

System design: Nordby International Inc.

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