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Update

Judge sets aside punitive award against Lincoln National affiliate

SANTA ANA, Calif.—American States Insurance Co. will get a new trial after a trial judge set aside a jury's $85.9 million bad-faith and breach-of-contract award against the insurer.

Superior Court Judge Floyd Schenk granted the new trial after finding that the award—$80.5 of which was punitive damages—was excessive and that the evidence was insufficient to support a judgment of breach of contract and bad faith against the property/casualty unit

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Andrew, Iniki losses grow

Continental cites big hits in reinsurance withdrawal

By JOANNE WOJCIK and LOUISE KERTESZ

Several insurers are significantly increasing their damage estimates from Hurricane Andrew as they adjust claims in South Florida.

The rising toll from Andrew, combined with $1.6 billion in estimated damage from Hurricane Iniki, is triggering a growing number of predictions that the soft property/casualty insurance market is coming to an end.

Largely as a result of the disasters, Continental Corp. announced last week it would stop writing reinsurance business and would sell its Continental Reinsurance Corp. unit.

At least two smaller insurers have admitted financial trouble because of Hurricane Andrew, with a Florida judge ordering the liquidation of one of the companies (see story, page 86).

Several insurers have increased their original estimates of losses from Hurricane Andrew, whose insured property losses were initially estimated at $7.8 billion by the Property Claim Services division of the American Insurance Services Group Inc. (*BI*, Sept. 7).

The Prudential Insurance Co. of America says gross claims payments for Hurricane Andrew total $1.2 billion, four times higher than initial estimates of $250 million. The claims translate into a $900 million loss after taxes and reinsurance.

Standard & Poor's Corp. last week placed Prudential's AAA claims-paying ability rating on CreditWatch with negative implications. The downgrade also

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AP/Wide World Photo

ERISA used to challenge state health laws

By CHRISTINE WOOLSEY

Two more state health care laws have come under fire for allegedly violating the federal Employee Retirement Income Security Act.

In fact, the pre-emption provision in ERISA—which generally bars states from passing laws that "relate" to employee benefit plans—may very well become a barrier for states trying to finance health insurance for the uninsured by indirectly taxing group benefit plans, consultants and attorneys say.

In New York, two federal court suits, which have been consolidated, challenge the Omnibus Revenue Act of 1992. The state budget bill allegedly violates ERISA because the surcharges it imposes on the hospital bills of commercially insured patients will eventually be passed along to employee benefit plans in the state (*BI*, July 6; June 15).

And, in Minnesota, a self-insured multiemployer health care plan is suing the state on similar grounds. The plan claims that the state's MinnesotaCare law, which requires hospitals to pay a 2% tax on gross revenues to help cover the state's uninsured, violates ERISA because the tax eventually will be passed along to the plan (*BI*, April 27).

The plaintiffs in both states hope to convince the courts that states cannot tax benefit plans to either pay for uncompensated health care or to expand health care coverage. Both laws levy taxes or surcharges on hospitals or other service providers, like insurers, that will increase employer costs.

That argument worked recently in New Jersey. A federal judge there struck down the state's hospital reimbursement system on the grounds that it re-

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Fronting proposal satisfies RIMS

Draft would specifically exclude most captives

By MEG FLETCHER

CINCINNATI—Risk management representatives are applauding a new draft regulation governing fronting arrangements that would not apply to programs involving most captives.

They also are pleased that several insurance regulators and at least one insurance trade group supports the proposed model law drafted by Iowa Insurance Commissioner David Lyons.

While the draft would generally not apply to fronted programs reinsured by a corporation's captive, it would apply to programs involving captives that write third-party business.

Regulators attending the fall zone meeting of the National Assn. of Insurance Commissioners in Cincinnati last week discussed the Iowa draft only briefly and are not expected to discuss it further until at least early November.

The draft, though, will be considered along with a draft proposed by New York insurance regulators. New York regulators did not discuss in detail their fronting proposal at the meeting. However, an Aug. 24 copy of the New York draft obtained by *Business Insurance* would exempt single-parent and group captives with 10 or fewer owners that do not write non-related business.

Before any draft is approved by the NAIC as a model law, it must clear the NAIC Reinsurance Task Force and the Special Issues Committee, which is chaired by New York officials.

NAIC

Many regulators want to restrict fronting arrangements, which they say can threaten ceding company solvency.

The Iowa draft is a welcome alternative to a long line of onerous proposals that would have limited fronting arrangements involving captives, risk management representatives say.

"It is far and away the best thing we've seen," said Paul Brown, director of governmental affairs for the Risk & Insurance Management Society Inc. in New York.

"It's probably the broadest exemption proposed so far" for captives, said Debra Anderson, vp and general counsel of the Reinsurance Assn. of

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Risk-based capital standards proposed for life/health insurers

By MEG FLETCHER

CINCINNATI—U.S. life/health insurers likely will be required to report risk-based capital levels to state regulators as early as March 1994.

A revolutionary package of regulatory proposals to establish risk-based capital requirements for life/health insurers likely will be available for public comment this week.

Regulators are still drafting risk-based capital proposals for property/casualty insurers. Property/casualty insurers likely won't have to report risk-based capital figures until 1995.

Most states now require life/health insurers to have at least $1 million to $3 million in capital and surplus; regulators then limit the amount of business insurers can write against their

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Update

Bad faith verdict set aside

Continued from previous page
of Lincoln National Corp.

A state court jury made the award in June to Cyress Planned Development of Lompoc, Calif., a development firm being sued by homeowners over alleged construction defects (*BI*, June 29). American States refused to defend the developer and to indemnify it for damages sought by plaintiffs.

Thomson starts rating insurers

NEW YORK—Thomson BankWatch Inc., a prominent bank rating agency, is now assigning claims-paying ability ratings to insurers.

Thomson's InsuranceWatch Rating & Consulting Service on Friday assigned claims-paying ability ratings to 13 property/casualty insurers and 25 life insurance companies. The property/casualty insurer ratings range from triple-A for Chubb Corp.'s property/casualty units and St. Paul Cos. Inc.'s property/casualty units to a triple-B for United States Fidelity & Guaranty Co.

Thomson, which also assigned long- and short-term debt ratings for 16 insurers on Friday, has been rating insurer debt since early this year and insurers' financial strength since June 1991. The insurer financial strength ratings are not publicly released.

French flood losses covered

PARIS—Flooding in Southern France last week caused insured damages of at least 1.5 billion French francs ($294 million at current exchange rates), estimates the Federacion Francaise des Societe d'Assurances.

Worst hit was the Vaucluse region, but damage also was recorded in parts of the Ardeche and Drome regions.

The French government is expected to declare the flooding a natural disaster, said an official with the insurer trade group.

French insurers are able to recoup losses caused by a natural catastrophe through state-owned reinsurer Caisse Centrale de Reassurance. The reinsurer's natural catastrophe guaranty fund is financed by levies on all French policyholders.

The flooding was the worst in France since the Nimes flood of 1988, which caused insured damage of 2 billion French francs ($392 million at current exchange rates). Insured losses from that flood were also reimbursed by the guaranty fund.

Firm covered in S&L settlement

ATLANTA—An Atlanta law firm is fully insured for its $20 million settlement of a lawsuit filed by the Resolution Trust Corp. over the firm's role in one of the nation's most costly savings and loan failures.

The RTC charged that the law firm, Troutman Sanders, aided Charles Keating, former chairman of Lincoln Savings & Loan Assn., in an illegal tax-sharing plan with parent company American Continental Corp. The RTC said the plan involved a $95 million transfer of funds from Lincoln Savings to American Continental. Regulators estimate that Lincoln's failure will cost taxpayers $2.6 billion.

Troutman Sanders settled the suit to avoid "the complications of a protracted trial" and to avoid more lawsuits, said former Georgia Gov. Carl J. Sanders, the firm's managing partner, who denied any wrongdoing.

Mr. Keating is serving a 10-year prison sentence in California following his conviction in a separate criminal case that involved the sale of high-risk junk bonds issued by American Continental to Lincoln Savings depositers.

Minnesota comp fund bailout

ST. PAUL, Minn.—A $20 million loan agreement by a Minnesota reinsurance association would allow ailing non-profit workers compensation insurer State Fund Mutual Insurance Co. to recover from huge investment losses.

The Workers Compensation Reinsurance Assn., which reinsures Minnesota workers comp insurers, agreed Friday to loan the amount to the Eden Prairie-based mutual insurer. The WCRA, the single source of reinsurance for workers comp insurers in the state, is financed by the insurers and self-funded employers.

State Fund Mutual, created by the state Legislature in 1983, was placed under supervision after reporting midyear investment losses equal to nearly half of its 1991 year-end surplus (*BI*, June 1).

State Fund Mutual wrote $64.9 million in premiums for 5,522 employers in 1991.

With the loan, State Fund Mutual would have "adequate capital to continue doing business, and I have every reason to believe it will continue serving its policyholders and helping to fill the small-employer niche in the workers compensation market," said Minnesota Commerce Commissioner Bert J. McKasy, the state's insurance regulator.

The loan would be repaid within 15 years. Until it is repaid, State Fund would not pay any of the principal on the $5.2 million it still owes the state to cover its start-up costs of $5.8 million. While legislation is still needed to implement the debt payment delay, state commerce officials say the governor and legislative leaders support the plan.

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Primerica deal a boon for Travelers: Analysts

By DEBORAH SHALOWITZ

NEW YORK—Primerica Corp.'s agreement to invest $722.5 million in Travelers Corp. will help strengthen Travelers' financial stability and enlarge its customer base.

However, Travelers' problem-ridden real estate portfolio will continue to be a financial drain on the company despite the capital infusion, several analysts say.

The agreement, announced last week, did not have an immediate effect on Travelers' insurance claims-paying ability ratings.

Hartford, Conn.-based Travelers announced at the same time that it will reduce its workforce by 3,500 employees over the next two years through attrition and layoffs.

Under the agreement with New York-based Primerica, Travelers will exchange 38 million shares of stock valued at $19 per share for $550 million in cash; 50% of the equity of Gulf Insurance Co., a Primerica property/casualty insurance unit; and 100% of Transport Life Insurance Co., a Primerica health insurer.

Travelers also will acquire Transport Life's third-party administration subsidiary and its preferred provider organization, ProAmerica Managed Care Inc., which contracts with 1,500 hospitals nationwide and has almost 2 million members.

A Travelers spokesman said last week that the company had not yet decided how to allocate the new capital.

Generally, the agreement was viewed positively by analysts

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Where do they stand?

Senate candidates give their views on health, tort issues

The nation's health care and civil justice systems must be reformed, but states should continue to regulate the insurance industry, say many of the candidates for Senate seats in six Midwestern states.

Candidates will be vying for 35 U.S. Senate seats in 34 states in the November general election. *Business Insurance* has asked the major candidates how they would respond to the most pressing issues facing risk and employee benefits managers and the insurance industry:

- Runaway health care costs and the growing uninsured population.
- Tort awards that are considered excessive.
- Efforts to repeal the antitrust exemptions granted insurers by the McCarran-Ferguson Act.
- Efforts to give the federal government a role in regulating the insurance industry.

This week, *BI* spotlights the views of candidates running for the Senate in Indiana, Illinois,

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Philadelphia to take over health plans

PHILADELPHIA—Mayor Edward G. Rendell says the city of Philadelphia will save tens of millions of dollars by taking over the administration of group health insurance plans from union locals representing city workers.

The city is taking over administration of the plans under a labor contract that the mayor unilaterally imposed on city workers last week.

Philadelphia pays several union-run welfare funds to provide coverage to city employees represented by collective bargaining agreements. The city pays the full cost of coverage, which varies from $437 to $562 per employee each month.

This year, the city expects to pay about $180 million for health care coverage, which is projected to rise to about $194 million next year. But city officials believe that they can provide coverage for about $129 million.

Local district units of the American Federation of State, County and Municipal Employees have rejected the city's proposals but negotiations were continuing last week.

—By Jerry Geisel

Congress acts on benefit bills at last minute

By JERRY GEISEL

WASHINGTON—Congress is trying to resolve a slew of benefit issues before it adjourns.

In a flurry of action last week:

- The Senate unanimously approved a tax bill amendment restricting how long self-funded employers and insurers could deny health insurance to workers with pre-existing medical conditions.

The amendment, proposed by Sens. Lloyd Bentsen, D-Texas, and David Durenberger, R-Minn., also would ban certain marketing practices by insurers writing coverage in the small-group market.

The amendment was attached to a tax bill, H.R. 11, awaiting Senate approval (*BI*, Sept. 7, Aug. 10).

In addition to the small-group reform provisions, the Senate tax bill would ease the administrative burden of a new 20% withholding tax on certain pension distributions and simplify plan administration.

- Conferees began meeting to decide whether big defense contractors should be required to provide

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Inside

- The industry needs a courageous voice to lead imperative commercial insurance rate hikes, this week's editorial says. **PAGE 8**
- A health maintenance organization's own rising workers comp costs led it to develop a 24-hour coverage program, an executive explains at the recent Self-Insurance Institute of America meeting. Conference coverage begins on **PAGE 71**
- The foresight to develop catastrophe plans spared at least two Miami employers from the full extent of Hurricane Andrew's wrath. **PAGE 73**
- Poor underwriting judgment is blamed for a Lloyd's syndicate's 1988 loss of nearly $115 million. **PAGE 79**
- Analyst Myron Picoult is startled by those who say Hurricane Andrew won't turn the market. **PAGE 87**

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Workers Compensation

Expanded use of managed care helping employers shrink comp costs

But more than PPO required

By LOUISE KERTESZ

The use of managed care in the treatment of workplace injuries and illnesses is growing, as more employers demand that insurers or third-party administrators apply every allowable technique to hold the lid on runaway medical costs.

But while employers have embraced managed care, only a handful of states—including Connecticut, Massachusetts, Michigan and Oregon—have changed their workers compensation statutes to explicitly authorize comprehensive managed care programs that include a full array of cost containment measures.

And only 27 states currently have provider fee schedules for workers comp medical services, which many consider the first step in managing workers comp health care costs.

"As the law is changed to allow for a fee schedule, it normally happens that the state allows you to use other managed care tools as well. They run hand-in-hand," explained James Duff, executive vp in charge of the workers comp division of ADN Corp., a managed care company based in Fort Wayne, Ind.

More states are looking at ways to support managed care in the workers compensation system. For example, a Minnesota law passed earlier this year calls for a state agency to develop guidelines governing the use of managed care techniques in workers comp (see story, page 28).

And several states, including Florida and Oregon, have initiated pilot programs to test the effectiveness of managed care networks in the workers comp (*BI*, Sept. 16, 1991).

Florida officials have just finished compiling data on the state's two managed care pilot programs, which were launched in 1991. A report should be issued in December, said Robbie Simpson, project coordinator at the Florida Department of Insurance.

"We are very positive" about the results of the two managed care pilot programs, she said. "Yes, managed care is working."

Even without legislative support, employers, insurers and managed care organizations nationwide are finding that they can effectively use various managed care techniques to hold down costs in the workers comp arena. These techniques include preferred provider networks, case management, utilization review and bill audits, among others.

Managed care organizations are "attempting to influence treatment patterns by talking with the physicians and getting them to understand the value of appropriate treatment protocols—regardless of whether or not there's a law there that says someone can beat them over the head" for not following a protocol, said Jeff Pierce, director of workers comp managed care services for Intracorp, a health care management unit of CIGNA Corp. based in Berwyn, Pa.

Because of the extensive use of PPOs, utilization review and medical-bill review, Arizona workers comp insurers will increase rates only 1.6%, effective Oct. 1, said Thomas Cleary, director of government, consumer and industry affairs at the National Council on Compensation Insurance (*BI*, Sept. 7).

"We're very close to seeing the tide change here," predicts Richard Petersen, chief counsel and vp-government affairs at Intracorp. "Within two or three years, we'll see aggressive cost containment for workers comp in virtually every state, (because) employers and insurers are so desperate to find solutions" to soaring workers comp medical costs, he said.

Employers and insurers are realizing that "managed care is a way of fighting fire with fire," said Stanton F. Long, president of American International Group Inc.'s Cost Containment Division in New York.

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Working together to staunch flow of workers compensation dollars

Consensus on how to proceed is first step to system reform

By MEG FLETCHER

Nearly everyone who cares about workers compensation is actively trying to figure out how to stem the flood of rising costs and patch up the nation's oldest social insurance program.

At both the national and state level, system participants are identifying problems and suggesting various ways to remedy them.

Many of these efforts are helping to lay a foundation for consensus among system participants, which is a critical hurdle to overcome, observers say.

For example, position papers suggesting reforms have been drafted by two discussion groups comprising employers, insurers, labor representatives, physicians and other interested parties.

But it remains to be seen whether these proposals will be embraced by state legislators.

"A higher level of workers compensation reform activity has taken place this year than at any time since the mid-1970s," observed Steven D. Millikan, vp-workers compensation and commercial lines for the Alliance of American Insurers in Schaumburg, Ill. It was during the 1970s that the National Commission on State Workmen's Compensation Laws issued 19 "essential" reforms for states to adopt.

The system nationally is in "a desperate situation," observed Charles O. Davis, executive director of the National Conference of Insurance Legislators in Brookfield, Wis. "We've got a system we can't afford to pay for and we can't afford to do without."

Higher workers compensation costs have taken their toll on state economies. The increases "have been serious enough to disrupt the economies of several states, causing businesses to reduce the number of their employees and, in some cases, to cease operations entirely," the National Governors Assn. said recently.

At least a dozen states this year considered some form of workers compensation legislation. Among those where reform measures have become law are Alabama, Georgia, Mississippi, Missouri, Oklahoma, Rhode Island and Tennessee.

And Rhode Island is among a handful of states, including Colorado, Oregon and Texas, where recent reform laws could well produce significant change, experts say (see story, page 32).

In Oregon, in fact, a 1987 law is credited for three straight years of double-digit cuts in average workers compensation rates (see story, page 34).

To continue the drive for reform, national discussion groups are circulating position papers among state legislators and others who examine

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Tracking work comp reform efforts in:
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Rehabilitation firms say they can help employers to comply with the Americans with Disabilities Act. Page 60

Workers comp reform

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workers comp problems and make general recommendations for change.

One such group, a 24-member panel formed under the auspices of the National Conference of State Legislatures, has prepared a package of five position papers covering workers comp medical issues, system administration, insurance economics, and workplace safety and health, among other matters.

"The NCSL is very pleased with what has been done," and has decided to keep the group intact to consider additional issues, said Brenda Trolin, the Denver-based organization's principal for labor and insurance issues.

The group recommends that states adopt its five papers at one time.

"Tinkering with parts of it and failing to view the various components and their relationships will result in failure to create a healthy, viable system," the panel cautions.

Another national panel, the 16-member Labor/Management Discussion Group on Workers Compensation, has released two position papers that discuss system administration and data collection.

Though some of the panel's recommendations seem basic, all states could improve their systems if they adopted every proposal, contends Edward Welch, an assistant professor at Michigan State University in Lansing, who serves as secretary of the group.

The labor/management group expects to soon release a third paper on health care issues.

The Labor/Management Discussion Group on Workers Comp has 'matured'. . .and its members 'are more willing to take on the tough issues,' like managing the cost of providing health care to injured workers, says Mr. Countryman.

The discussion group was formed after a 1989 congress in Philadelphia, sponsored by the National Council on Compensation Insurance. That congress laid the groundwork for insurer-initiated cost-containment efforts in several states, including Colorado, Louisiana and New Mexico, said Chapin Clark, the NCCI's senior vp for rates and external affairs.

Most labor representatives refused to participate in the congress because they didn't feel their views would be adequately represented.

But in 1990, labor groups agreed to take a leadership role in a discussion group that stemmed from one originated by Gary L. Countryman, chairman and chief executive officer of Liberty Mutual Insurance Co. (*BI*, Feb. 26, 1990).

The group has "matured" since then, and its members "are more willing to take on the tough issues," like managing the cost of providing health care to injured workers, Mr. Countryman said.

Along with the NCCI and other industry groups, insurers also are seeking reform of the workers compensation system, trying to make workers comp a more profitable line of insurance.

These efforts include complaining more stridently about what they regard as politically inspired "rate suppression"; improving service to employers that obtain coverage through state assigned risk pools, while reducing subsidies to these residual markets; and combatting fraud.

In addition, the NCCI has offered its services to anyone wishing to analyze the financial impact of legislative proposals before they are adopted.

The aim is to "clarify reasonable expectations for (workers comp reform) legislation," said the NCCI's Mr. Clark.

The NCCI estimates that workers comp insurers' combined ratio rose to a record 123% on average in 1991, compared with an average of 118% during the previous five years.

Investment income offsets some underwriting losses. But even after factoring in investment income, workers comp losses and expenses still stood at 110% of revenue in 1991, the NCCI said. Over the previous five years, the average had been 105% (*BI*, May 4).

Faced with huge losses, many insurers have stopped writing workers comp coverage in the voluntary market, which increases the number of employers seeking coverage in a state's residual market.

In a particularly troubled state like Maine, the residual market writes more than 90% of all workers compensation coverage. Without legislative action, the state's residual market could collapse as insurers abandon the market (see story, page 26).

The root causes of insurers' complaints were summed up by the National Conference of State Legislatures panel in its position paper on insurance economics:

"The clear trend in the United States has been the expansion of workers' compensation costs. Benefit levels and utilization have increased, the scope of coverage is broader than in the past, and increases in workers compensation medical costs have outpaced those in the general health care system. These changes have brought with them significant pressures on the pricing system, as well as pressures to reduce benefit levels and utilization."

System administrators and state insurance regulators also are looking for change.

The NAIC last year released the results of an exhaustive study that essentially found the NCCI's rate-setting approach to be reasonable (*BI*, Dec. 23, 1991).

The NAIC now is overseeing the NCCI's implementation of dozens of minor technical changes recommended by the study (*BI*, May 4).

In addition, the NAIC recently approved a model rating law designed to increase competition by requiring insurers to individually add profit and expense components to the loss-cost-only data the NCCI files with states on their behalf.

The NAIC also is analyzing residual market servicing insurers

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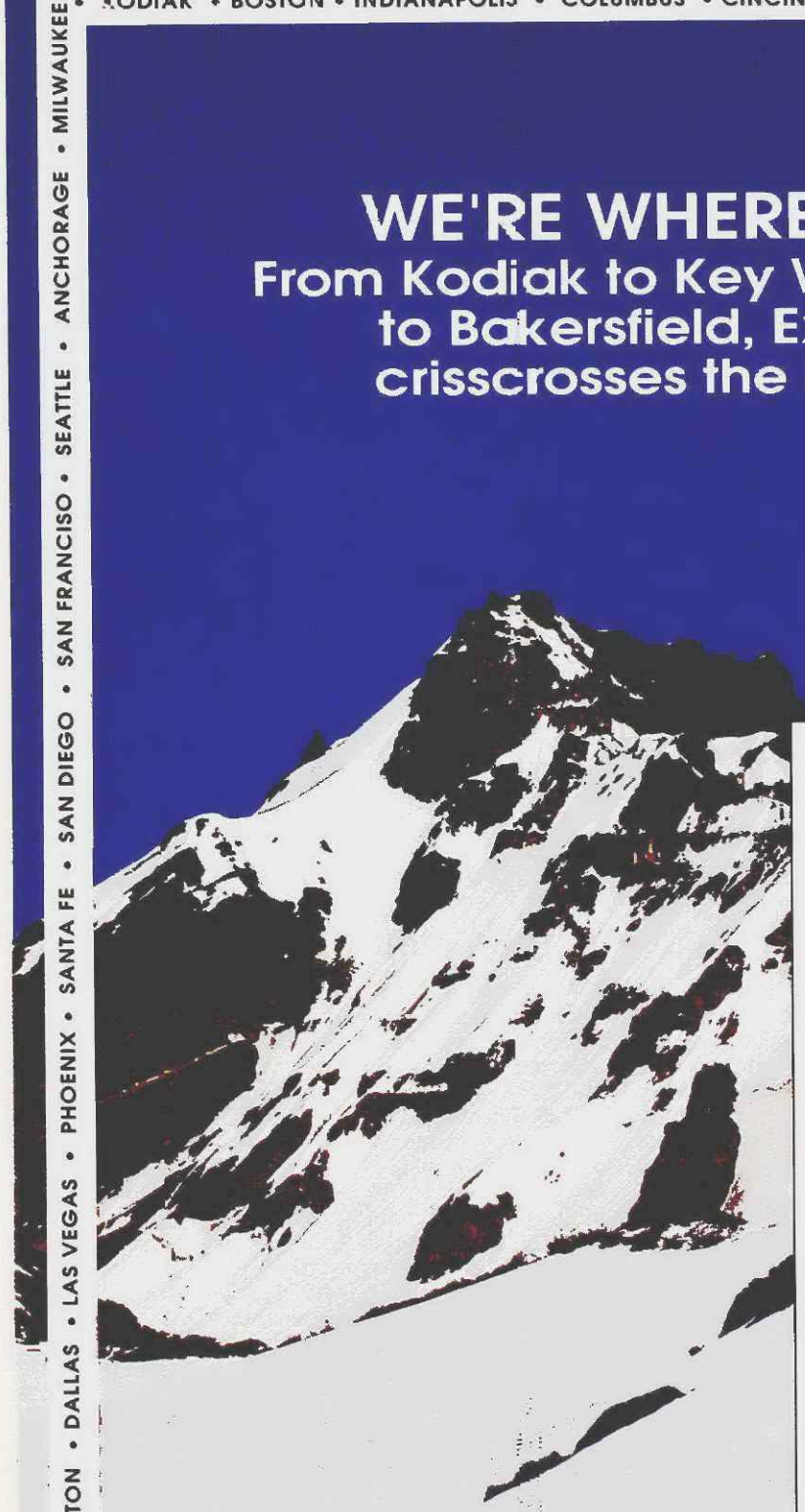

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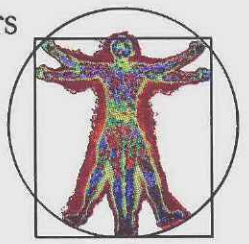

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Workers comp reform

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to explore whether they have adequate incentives and disincentives to hold down costs, said Eric Nordman, a senior regulatory specialist.

And, it is also examining workers comp issues in employee leasing arrangements as well as data collection issues, according to Mr. Nordman.

Administrators of many state workers compensation agencies are expected to participate in an electronic data interchange program sponsored by the International Assn. of Industrial Accident Boards & Commissions in conjunction with other state and federal agencies.

The Daytona Beach, Fla.-based IAIABC wants insurers and others to be able to electronically transmit employee injury reports and related information to state agencies.

Electronic transmission, the association says, would reduce the agencies' reliance on paper records, increase staff productivity and improve data.

Tests are now being done in Illinois, Wisconsin and South Carolina, and more than three dozen other states are considering participating, said Robert R. Spencer, the organization's information management coordinator.

The high level of reform activity is getting mixed reviews.

"I think we have a foundation to begin some meaningful reform efforts," said the NCSL's Ms. Trolin. "While there has been a lot of cynicism, people now have hope for the future of the system."

'I think we have a foundation to begin some meaningful reform efforts,' according to Ms. Trolin of the NCSL. 'While there has been a lot of cynicism, people now have hope for the future of the system.'

And because of consensus-building efforts, special interests may now be less inclined to so water down reform proposals that more proposals are still needed, experts say.

In fact, nearly all interest groups have said they agree with the following goals for a workers compensation system as outlined by Richard Victor, executive director of the Workers Compensation Research Institute in Cambridge, Mass.:

- To provide adequate and equitable benefits to injured workers.
- To promptly pay eligible claimants.
- To encourage injured employees to return to work.
- To create non-litigious systems for delivering workers compensation benefits.
- To effectively administer the system.
- To impose affordable and stable costs on both employers and insurers.

The NCSL panel and the labor/management group make many similar recommendations in their position papers on administration. The similarities include emphasizing the need for: adequate funding of agencies in charge of administering state systems; effective educational programs for all system participants; an independent medical evaluator to review claims; and adoption of informal and formal mechanisms to resolve claims disputes.

Both groups also stressed the need for uniform claims data collection to reduce administrative expenses and provide information that can be used to better manage the system.

Despite the flurry of reform activity, some insurance executives say they are discouraged by the slow pace of change.

"The pace of change is such we slip further and further behind," said Mr. Countryman of Liberty Mutual. "By the time we get reform in states like Massachusetts, the differences in prices in the marketplace and costs are such that reforms can't close the gaps."

Some observers question whether the discussion groups can truly overcome individual members' agendas.

Reaching consensus among such diverse parties is tough—so tough, in fact, that the actual discussion group recommendations "have not been terribly specific," said John F. Burton Jr., director of the Institute of Labor and Management Relations at Rutgers University in New Brunswick, N.J.

"I've seen little or no practical improvement as a result of their efforts," commented Paul Brown, director of governmental affairs for the Risk & Insurance Management Society Inc. in New York.

Still, Mr. Brown said he supports the groups' efforts.

"You can see from the two thin papers we produced (that) there is not a lot of flesh on the bones because it is difficult to reach consensus" among labor, employers, insurers and physicians, conceded James Ellenberger, assistant director for the AFL-CIO's Department of Occupational Safety and Health in Washington.

Mr. Ellenberger, along with Alan Strohmaier, director of unemployment and workers compensation for General Motors Corp. in Detroit, is co-chairman of the labor/management group.

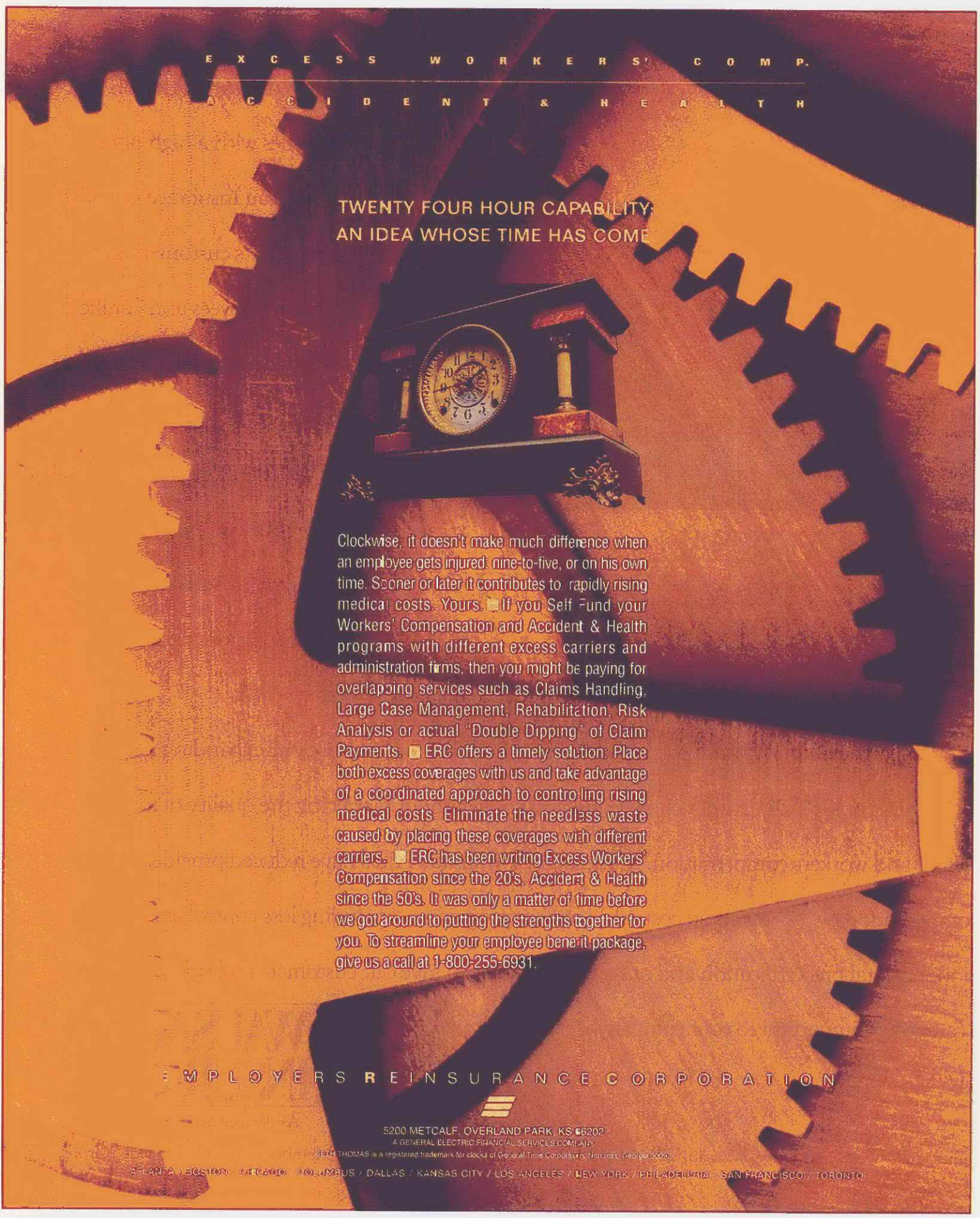
But you can "more easily and honestly" address the issues in a small group, Mr. Ellenberger said.

The process alone is very valuable, according to Mr. Welch, secretary of the labor/management group.

Observers should appreciate the "camaraderie and collegiality" that has developed among the diverse members on the NCSL panel, said the group's Ms. Trolin.

While it is hard to quantify results, efforts to find common ground "are raising the awareness among interest groups and among legislators," said Mr. Burton.

Both parties are getting more educated about the process and able to reach agreement about "some fairly general principles," like what a state administrative agency should do and the need for adequate funding of such agencies, he said. ■



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Opinions

Leaders in short supply

THE COMBINATION OF rock-bottom property/casualty insurance rates and soaring loss costs could add up to a disaster for the insurance industry—and risk managers—that will make Hurricanes Andrew and Iniki look like gentle breezes.

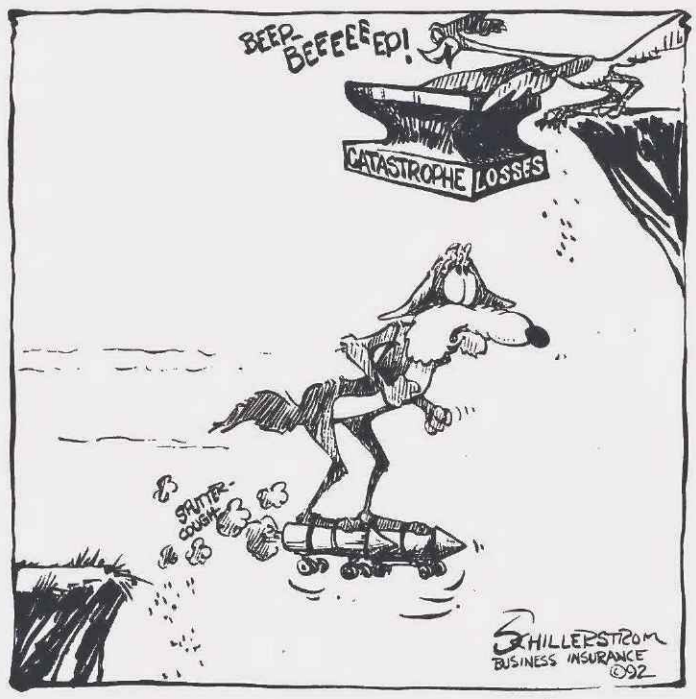
Commercial insurance rates must rise: American International Group Inc. knows that; other insurance executives do, too, and so do most risk managers. And, rates will rise—someday. But the answers to the questions of "When?" and "By how much?" are much less clear.

At the Rendez-Vous de Septembre, the international gathering of insurers and reinsurers in Monaco (*BI*, Sept. 21), several executives pointed to the need for senior managements to make the hard choice and lead a market turn. However, few offered to take the first step.

It indeed takes courage to set the pace. AIG discovered that when it was hit by the storm of controversy that greeted a memo written by Jeffrey W. Greenberg that said Hurricane Andrew presented "an opportunity to get price increases now."

Many have spent the last three weeks debating the wisdom of writing the memo and whether or not the memo may have been deliberately leaked. Those questions should be put aside. What should be discussed is the unfair reaction to the memo—that includes rate freezes and the now-familiar cry of antitrust violations —by state insurance commissioners and consumer advocates.

No one condones price-gouging, especially in the aftermath of a catastrophe. But nowhere in the memo does Mr. Greenberg say anything about sticking it to hurricane victims in particular. Instead, he put into writing—with the hope that his words would be converted to action—what many others are whispering: "The industry cannot absorb the loss or the cash hit without increasing rates."



Insurance commissioners are charged with protecting the public and regulating the industry. Any insurance commissioner that blocks justifiable rate increases for political purposes is betraying the public he or she is supposed to protect. While no one enjoys paying higher rates, rate hikes—especially if they are moderate—are far preferable to insurer insolvencies.

Of course, the smart risk manager knows that. It's extremely difficult to advocate price hikes, especially in a recession.

But, in the insurance market, what comes down must eventually go up. Risk managers would far rather see a series of small, predictable price hikes than a repeat of 1985.

Letters

Lloyd's should continue to rely on individual investor

To the editor: In an Aug. 31 article on the issue of allowing corporate capital into Lloyd's of London, "Capital New Idea Challenges Old Order," you report a critic's statement that introducing corporate capital would "turn Lloyds' into a structure similar to the three U.S. insurance exchanges formed in the 1980s, only one of which is still open. . ."

This reference seems to imply that allowing corporate capital into Lloyds' could somehow hasten its demise. This unfortunate analogy to the U.S. exchanges is misplaced.

First, allowing limited liability capital in the U.S. exchange markets was one of their strengths and not a weakness. The continued success of the Illinois Insurance Exchange is the best proof of this fact. The exchanges in Florida and New York did not succeed for many reasons, including bad timing, inadequate pricing, overcapacity in the market, an overly cumbersome and expensive structure and lack of adequate regulatory controls. Limited liability capital was not a factor.

What was a factor, however, was the restrictions imposed by the Internal Revenue Service on limited liability opportunities available to individual investors in U.S. exchanges, such as restructuring the use of limited partnerships or Subchapter S Corporations. The U.S. exchanges attempted to obtain a level playing field with the tax advantages granted by the IRS to Lloyds' names in the United States, but were unsuccessful.

Without this flexibility, the only limited liability capital available to U.S. exchanges was corporate capital. This in part undermines the basic premise of exchanges and, in that sense, may contribute to their inability to compete effectively in the capital market.

As Lloyd's considers the issue of limited liability capital, it should do so in the context of continuing to emphasize individual entrepreneurial investors as opposed to large corporate investment. An exchange market like Lloyd's or the Illinois Insurance Exchange will thrive on the basis of individuality and flexibility, which will be hindered if the driving force in either exchange become large corporate players, as opposed to individual or smaller entrepreneurial investors.

Peter H. Bickford
Bickford Hahn & Haley
New York

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Loss prevention's role in crisis plan

To the editor: The ARM exercise in your Aug. 24 issue was presented as an example from ARM 55-Risk Control. The case asked the risk manager to describe a crisis management program for a possible leak from tanks holding 20,000 gallons of toxic chemicals on a riverside. The answer described the crisis management plan; however, as an example of risk control, it left out the most important action the risk manager could take: prevention.

When the "risk management professional recognized that a crisis management plan is needed" in this case, the first question he or she should ask is: "Why are we storing 20,000 gallons of toxic material alongside the river?"

Perhaps the material need not be stored at all; perhaps the inventory can be reduced, the storage relocated, or the tanks constructed or protected to reduce the probability of a leak. Perhaps alternate shipping methods would be safer.

The risk manager may be the only person in the corporation in a position to force all the parties involved to study these options.

The excerpt left the unfortunate impression that the risk manager has no option but to accept the exposure and react to a crisis. Crisis plans are necessary, but more risk managers should help their companies prevent crises before they occur.

George J. Krafcisin, CIH
Vp-Environmental Services
NATLSCO
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Managed care

Continued from page 3

"When you have a regulatory pattern than creates entitlement mentalities (and) treatment patterns often twice as long in comp as in private medicine," managed care provides disincentives for all the players in the comp system that overcharge or overutilize, he explained.

Managed care in workers comp is "growing rapidly," particularly among self-insured employers, said Maurice D. Kent, executive vp of General Rehabilitation Services Inc. of Wayne, Pa., and sister company General Care Review Corp. of Atlanta.

All employers are "trying to control their own destiny" and are asking insurers and managed care organizations to implement more managed care techniques for workers comp cases, Mr. Kent said.

But managed care "will continue to grow faster in the self-insured community than in the insured, (since self-insured) employers seem to be more concerned about their own dollars, it's sad to report," he said.

"Every year employers are better educating themselves as to the managed care techniques that exist. I must receive five brochures per month on different seminars dealing with workers comp managed care," said John Potter, vp of health care management for Atlanta-based Crawford & Co.

"Employers are attending these and asking their insurance companies what they are doing on their behalf. Or if they're self-insured, they're asking their administrators," he said.

Managed care is "virtually selling itself," Mr. Potter asserted. For example, employers in states without an established fee schedule asked Crawford to audit workers comp medical bills against usual and customary charges, which prompted the company to expand its bill audit services to 15 additional states, he said.

But not everyone feels workers comp managed care is spreading so rapidly.

"It's still getting off the ground," said Nancy C. Romeo, president and chief executive officer of Consumer Health Network, a workers comp PPO based in South Plainfield, N.J.

"There's quite a bit of caution in the business," she said. Managed care is "taking little baby steps more than giant steps" into workers comp, she added.

"We've come a little bit further than a year ago because we raised people's awareness, and this year people are starting to respond," she added. "But in general, people are exploring' and investigating what has worked in group health before making workers comp changes, she said.

"What has helped the movement a lot is that many risk managers have gone back to the employee benefit side and asked, 'What has worked for you? How can we parallel that'" in workers comp? Ms. Romeo observed.

"We're trying to improve communication between both sides," to enable them to "share their expertise," agreed Maddy Bowling, regional vp-Midwest for Intracorp in Chicago.

In fact, Intracorp and the Illinois Chamber of Commerce are helping two employers "identify some key internal and external issues that were keeping the employee benefits and workers comp staff from talking to each other," she said.

"That they weren't talking really puzzled us," since they are both responsible for employee health care programs, she said.

Conventional wisdom holds that all the managed care expertise is on the group health side. But it can go both ways. For example, employee benefits managers can learn something about wellness from risk managers who have implemented successful safety programs, Ms. Bowling said.

Experts vary in their descriptions of an effective managed care program. But most agree that use of preferred provider networks alone is not enough to contain workers comp costs.

"When a company goes out and buys a PPO and simply begins to use that—that often falls well short, because the management of workers comp claims and the application of managed care techniques is an integrated process," said Bruce Miller, chairman and chief executive officer of ADN Corp.

Employers like Marriott Corp., which applies a full array of prospective, concurrent and retrospective managed care techniques to the care of its injured workers, do not even have contracts with preferred provider networks.

Instead, Marriott has established relationships with panels of high-quality providers nationwide, without contractual discounts, said Robert Steggert, vp of casualty claims for the hotel chain in Bethesda, Md.

"I'm a little cynical" about provider networks that offer discounts, since the utilization rate tends to go up in those networks, he said.

Comprehensive managed care programs that build on good provider groups and apply a wide array of services like utilization review, preadmission certification and the development and application of treatment protocols have saved employers millions, industry sources say.

In 1991, Marriott's comprehensive program saved the company $4.4 million, Mr. Steggert said.

Eighty-five percent of the savings in a workers comp managed care program are attributable to the total, comprehensive program, according to John Fostik, director of Rx Comp, CIGNA Corp.'s property/casualty cost-containment unit in Philadelphia. "An additional 15%-20% is attributable exclusively to PPOs."

"I have personally worked with businesses that have literally cut their (workers comp) costs in half" through the use of comprehensive managed care programs, said AIG's Mr. Long.

"Something as simple as a medical bill audit has saved us over $100,000 so far this year," pointed out Greg Benefield, director of risk management at Nashville, Tenn.-based Shoney's Inc. which operates a 23-state restaurant chain.

Shoney's does not have a workers comp PPO, but its physician panels—which do not offer discounts—have provided "some control" and have reduced workers comp claims costs, he said.

Shoney's is planning "to dovetail" its physician panels into a workers comp PPO, he said.

The growth of managed care continues to spur new programs and products.

With the proliferation and refinement of managed care techniques, Intracorp within the last year developed "a new service that integrates the cost-containment

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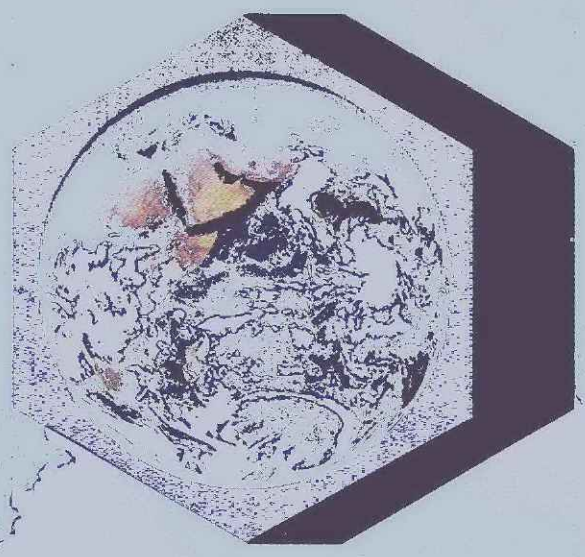

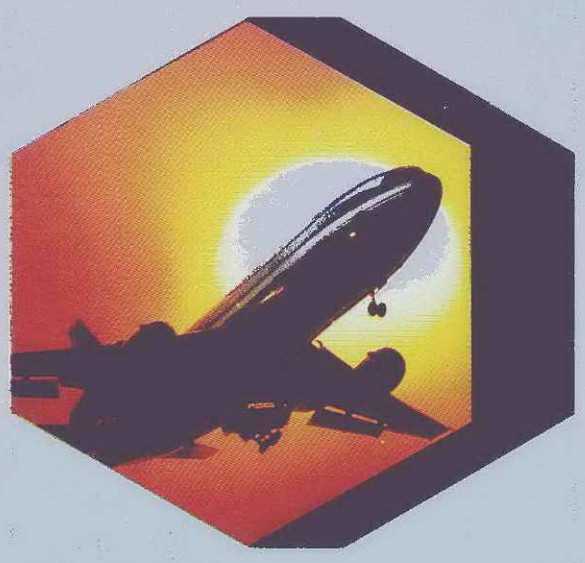

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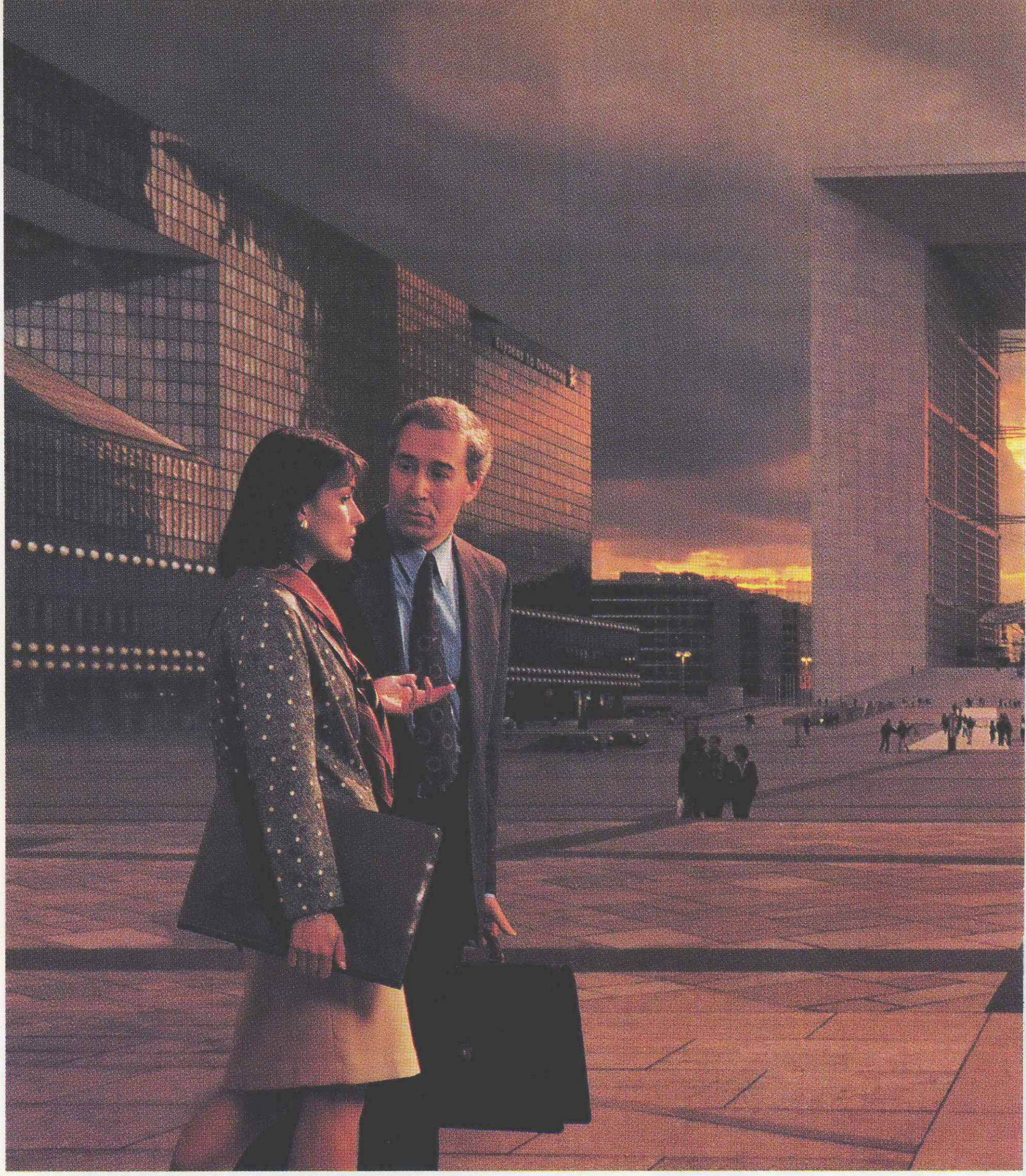

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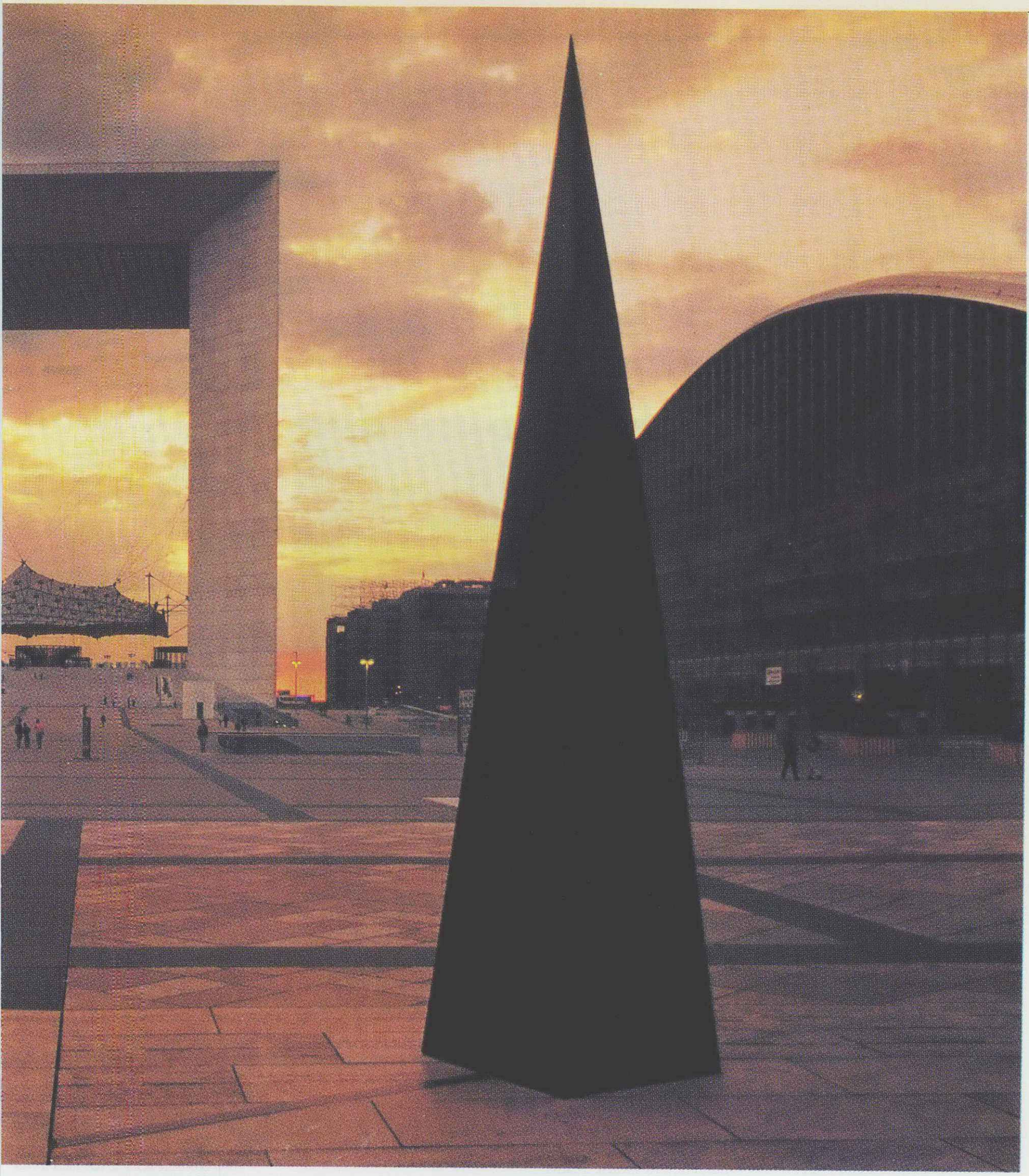

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Managed care

Continued from page 10

services into a full spectrum of managed care services," said Mr. Pierce.

Those include an early identification system that uses objective criteria to determine which cases need to be managed, in order not to "load up the customer's bill" with unnecessary services, he said.

"If people are not using objective criteria" in making decisions about care, employers will be spending money where they don't have to, Mr. Pierce asserted.

With an eye toward cost reduction and quality improvement, more relationships are being established between workers comp insurers and managed care companies.

For example, CNA Insurance Cos. has teamed up with FOCUS Healthcare Management Inc., headquartered in Nashville, to provide comprehensive managed care services in an eight-state region.

FOCUS estimates that its services will annually save CNA more than $1 million in workers comp medical expenses.

In addition, FHP International Corp., a managed care firm based in Fountain Valley, Calif., earlier this month agreed to acquire a workers compensation insurance affiliate of Skandia Group (*BI*, Sept. 21) The acquisition will allow FHP to offer life, health and workers comp coverages, as well as managed health care services.

And managed care programs are being applied to alternative insurance mechanisms, as well.

ManagedComp Inc. of Atlanta, a subsidiary of Waltham, Mass.-based Tufts Associated Health Plans, conceived of a plan to offer managed workers comp coverage through a captive insurer.

After receiving the Georgia Insurance Department's approval, ManagedComp organized enough interested employers to launch the captive in July. ManagedComp administers the captive's workers comp insurance.

"The managed care components of ManagedComp ensure that risk is carefully controlled, and the insurance vehicle such as a captive group allows companies to profit from their good experience," said James Walter, ManagedComp president.

Kemper National Services, the Fort Lauderdale, Fla.-based managed care unit of Kemper National Insurance Cos., provides 15 different managed care services in a "fundamentally different," computer-based system, says Tom Chapman, president and chief executive officer of KNS.

"We process 100% of the medical bills—even a simple office visit—for all types of care, including chiropractic care. We audit everything. We are capturing the complete on-line medical history of every patient with every provider," said Mr. Chapman.

KNS then reviews every diagnosis against a worker's on-line medical history, in order to determine whether appropriate medical services are being delivered in a cost-efficient manner, he said.

KNS also operates a PPO network that includes group health and workers comp providers, he said.

KNS' comprehensive on-line system allows it to put in controls "so there are balances between payers, patients and providers," he said.

In its medical bill audit service, KNS audits "about $40 million a month in charges, or about 140,000 medical bills. We stop more than $6 million a month in duplicate billings."

Clients save another $6 million to $7 million through the use of payment reductions when provider bills are higher than the state's fee schedule or usual and customary charges. "We also save about $2 million a month in PPO reductions on top of that," Mr. Chapman said.

But just the use of managed care techniques—no matter how comprehensive or innovative— will not automatically spell cost savings, said ADN's Mr. Duff. The key is "the timely use" of those techniques, he said.

For example, said ADN's Mr. Miller, "Particularly when you're dealing with large-claim management and you have a severely injured employee, it's extremely important to intervene on the first day (of the injury) to gain confidence and gain credibility, so that all of the managed care techniques can subsequently be applied."

"We've had spectacular cases where we've intervened in terrible injuries and gained tremendous results—savings in the high six or seven figures for the employer, and getting better care for the employee," said ADN's Mr. Duff.

In addition to timing, communicating how managed care works to employees is critical.

"It's important to make sure the employer actively communicates the benefits of the system to the employee," said CIGNA's Mr. Fostik. That way the employee is convinced "there is a mechanism to cover all out-of-pocket expenses," and litigation is less likely, he said.

But effective communication with employees will require "a culture change" for employers that do not have a "partnership" with their workforce, he said.

Meanwhile, not everyone in the industry is a convert to the idea that managed care will save money in workers comp.

"Everybody selling managed care in group health has claims of vast savings, but as far as I'm aware, there are only a limited number of studies" showing cost savings, said Keith Bateman, vp of policy development at the Alliance of American Insurers in Schaumburg, Ill. And, they are "basically opinion surveys," he said.

"It's really too early to tell if managed care is working as applied to workers comp," he continued. There are some indications that "it will end up costing more than it will save you," he said.

If all the components of managed care are applied: discounts, utilization review, treatment protocols, case management, Mr. Bateman said, "You're going to save this year. But the provider has so much more paperwork to deal with, his overhead's going to go up. So you're going to pay for it a year down the line."

"The jury is certainly still out" on managed care as applied to workers comp, he asserted.

Individual insurers and employers will want the savings that managed care may achieve. "But the fact that you're dealing with that medical provider and enjoying savings doesn't mean that someone else using that medical provider isn't paying more," through cost shifting, Mr. Bateman explained.

But AIG's Mr. Long disagrees: "Will managed care save money on an individual account? There is absolutely no doubt that it will. Is there any reason to believe that if everybody did it it wouldn't save the whole system money?" ■

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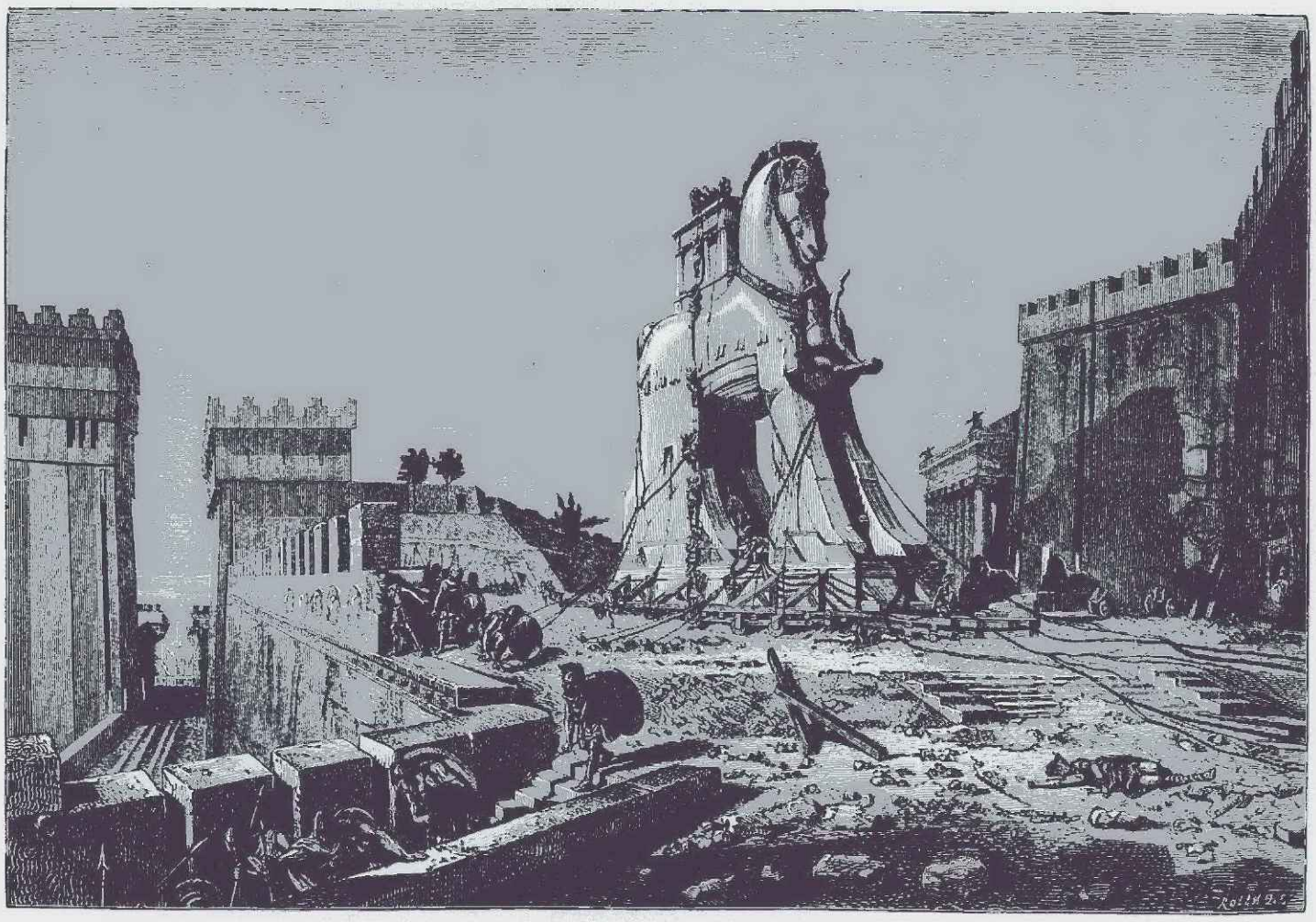

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Spotlight report

Little things that can mean a lot for worker safety

Even when stakes high, costs for safety don't have to be

By SALLY ROBERTS

Cutting costly workers compensation claims need not cost an arm and a leg.

Simple things like regularly cleaning windows or providing cleaning tissues have proven to reduce eye strain injuries and accidents due to dusty goggles, pointed out Ray Padron, director of engineering for Aetna Life & Casualty Co. in Windsor, Conn.

But not enough companies take advantage of these small safety measures.

"It's amazing how often these inexpensive things are overlooked," Mr. Padron said.

Employees adapt to their environment no matter how uncomfortable it is, and that's when accidents occur, he said.

Cumulative trauma disorders like carpal tunnel syndrome and repetitive motion back strain are among the most costly workers comp claims in all industries. Yet ergonomics programs designed to reduce these injuries can cost very little, safety specialists say.

One easy and expense-free way to reduce these injuries, especially if there is a high degree of repetition in a job, is through job rotations, said Ken Brock, senior vp of loss prevention with Liberty Mutual Insurance Co. in Boston.

Also, regular work breaks and even changing the lunch hour to evenly break up the day can decrease repetitive motion injuries for some employees, he said.

Wrist ailments like carpal tunnel syndrome are one of the most common claims paid by employers. Some could be eliminated easily by adjusting the height of chairs, Mr. Padron said. Chairs at the proper height allow employees' wrists to handle keyboards or other machinery at a natural position for their arms, he said.

And if the chairs themselves are too high, "a simple platform allows workers to rest their feet," Mr. Padron said.

Another relatively low-cost solution is $10 to $15 pads that allow employees to rest their wrists properly while working at a keyboard, he said.

Assembly workers have proven particularly vulnerable to wrist injuries. Some of these could be curbed by using bent-nosed tools, said Mr. Padron. Workers using these tools can hold their wrists straight while applying pressure and avoid awkward positions and eventual wrist injuries.

An additional method to reduce back and shoulder strain in the office is simply changing the orientation of a desk.

For example, if a computer screen gives off a glare from sunlight or an overhead light, employees may try to avoid the glare by changing positions in ways that can ultimately cause back and shoulder strain, Mr. Padron explained.

Simply moving the screen to an area void of glare will prevent such injuries at little to no cost.

Similarly, keeping windows and light bulbs clean will allow for maximum light and prevent eye strain, he said.

Several cost-effective safety tips are especially relevant to food service companies, which pay significant claims from slip and fall accidents.

Two of the most important slip and fall remedies are treating the floors and using proper footwear, said Ken Smith, program manager for the occupation safety and health consultation program at the Georgia Tech Research Institute in Atlanta.

Those two factors were the focus of a recent demonstration by Project Safe Georgia, a coalition of business, safety and health specialists concerned with the problems facing small businesses. For six months, 12 Waffle House restaurants tried special floor treatments and special shoes and showed safety videos, Mr. Smith said.

'It's amazing how often these inexpensive things are overlooked,' says Ray Padron.

During that time, slip and fall accident claims for the 12 restaurants were reduced to $640 from $15,478 during the same period the previous year, Mr. Smith said.

While the demonstration just ended, but both measures "are very cost-effective when looking at the raw data," Mr. Smith said.

Something as simple as keeping knives sharp can also be valuable for restaurants. Dull blades require more force and may be more likely to slip, cutting the worker rather than the food, Mr. Padron explained.

Knives may even be eliminated altogether in the name of safety. Aurora Packing Co. Inc., for example, has reduced workers comp claims by replacing knives with safety cutters that shield a blade from contact with fingers, said Michael J. Fagel, corporate safety director for the North Aurora, Ill.-based meatpacking company.

Employees formerly used knives to open packages and boxes, resulting in a cutting accident about every month, Mr. Fagel explained. So the company invested in the safety cutters—under $5 a piece—and has "all but eliminated accidents involving using the wrong tool," he said.

Other employers have found that establishing in-house safety programs can reduce claims at very little cost.

Take Russell Corp., for example. Nine of the textile and clothing manufacturer's plants

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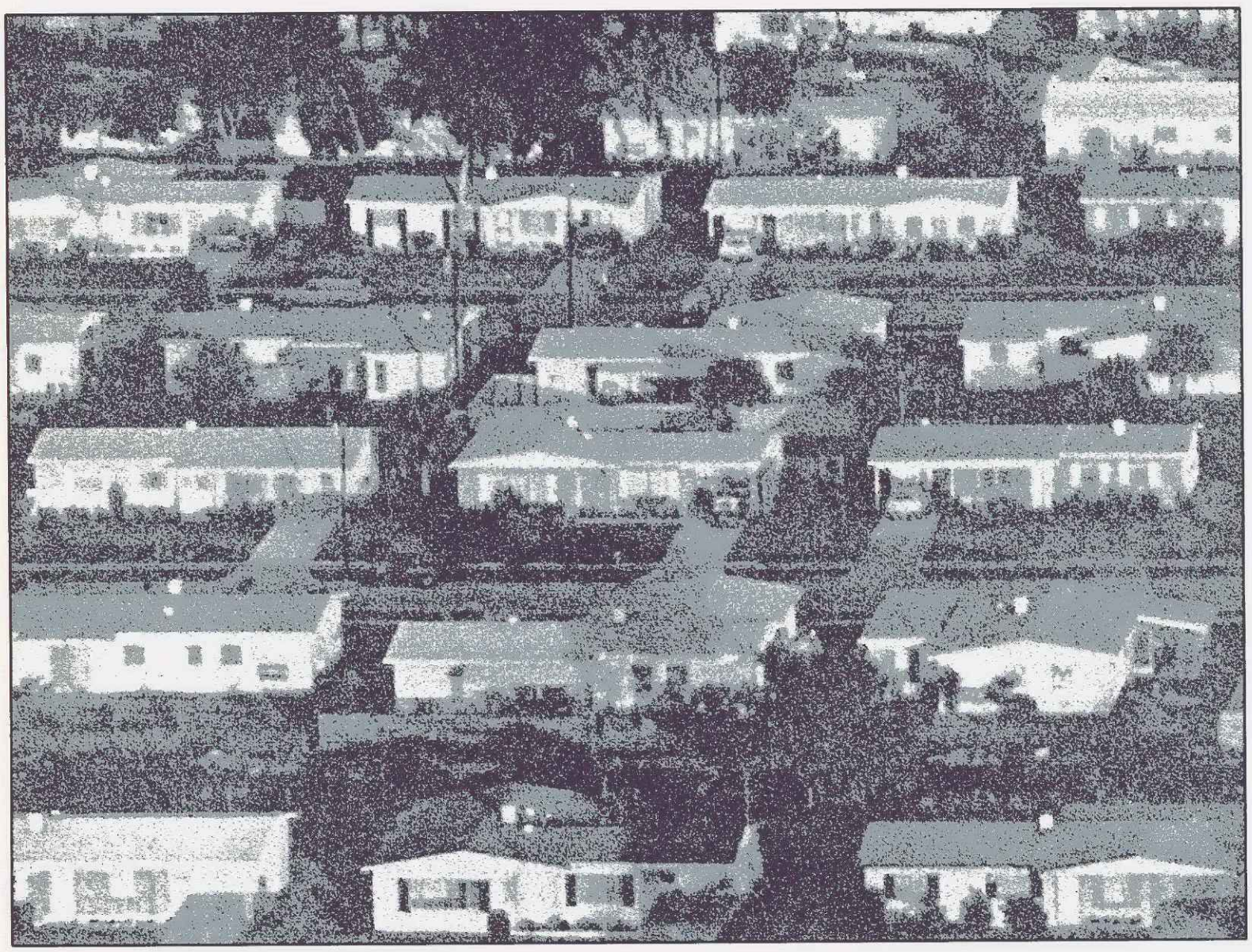

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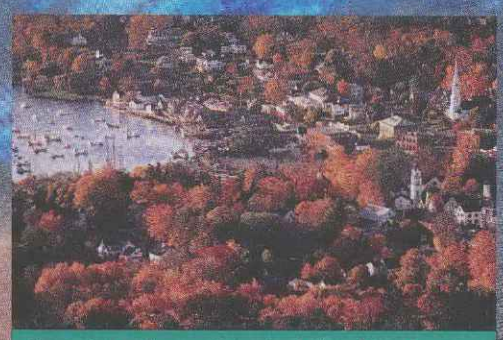

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Safety measures

Continued from page 16
participate in the Occupational Safety and Health Administration's Volunteer Protection Program, said Charles Robinson, director of safety and health at the Alexander City, Ala.-based company.

In the program, management and employees work together in a positive way to reduce workers comp claims, he said (*BI,* Sept. 10, 1990).

For companies that qualify for the program, OSHA foregoes its ordinary annual inspections for three years, Mr. Robinson explained. Instead, the companies are responsible for inspections and OSHA conducts a single safety audit during that time.

"It takes lots of work to get into the program and to stay in," Mr. Robinson said.

But the hard work has paid off. Since 1986, overall injuries at the nine plants have fallen 50%, he said.

Mobile Chemical Co. is also involved with the OSHA program and credits its success to "getting employees involved," said Bob Brant, manager safety, health and loss prevention at the Princeton, N.J.-based company.

The company "asks the employees how things should be," he said.

Employee involvement keeps the safety program going and ultimately reduces injuries and claims, Mr. Brant said. And it doesn't cost anything to get employees involved, he added.

Educational and incentive programs can also help employees reduce injuries.

Education programs at Russell Corp., for instance, tell workers exactly what their jobs entail and how to do them safely, said Mr. Robinson. This has cut down on accidents, he added.

Additionally, incentive programs have proven surprisingly effective, he added. Any Russell plants that go a year without a lost-time accident receive a luncheon, Mr. Robinson explained.

This keeps safety on the minds of the employees and has ultimately reduced injuries and claims, he said, and the cost of the luncheon is roughly $5 per person.

"It's surprising how important lunches are to them," Mr. Robinson commented. "Our people would rather eat than receive gifts."

While the Russell Corp. uses incentive programs, the Aurora Packing Co. keeps safety on its employees' minds through repeated safety messages.

On every one of the 10,000 boxes that leave the company each day, two messages are printed: "Lift with your legs first, not with your back" and "Think safety first," Mr. Fagel said.

"Every box leaves with this tip, and it doesn't cost a dime, but every customer and employee sees it," he said. "It's an attitude." ■

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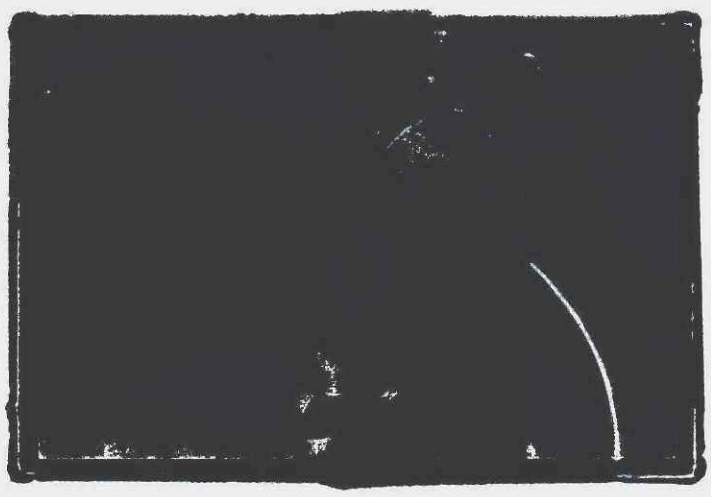

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Risk Management Planning and Support

Pilot projects' wings clipped

24-hour coverage spawns much talk, not so much action

By LOUISE KERTESZ

State legislative efforts are keeping the concept of 24-hour coverage alive.

Several states have passed laws authorizing 24-hour coverage pilot projects, while other states are considering similar laws.

But while studies have shown that employers think a "true" 24-hour plan could help them control medical costs under both their group health care and workers comp programs (*BI,* June 15; May 4), employers are not rushing to participate in pilot 24-hour coverage programs.

Under the most advanced form of 24-hour coverage, a "seamless" program would integrate workers comp and group health coverage into a single plan, for which employers would pay a single premium. Whether workers are injured on the job or elsewhere, the plan would cover the cost of their medical care under the same terms.

Other, less-radical programs that would combine elements of group health care and workers comp programs also are being tested—and many say these less-ambitious programs are much more feasible than a "true" 24-hour coverage program.

Florida's 1990 workers comp law, upheld by the state's Supreme Court, was amended last year to encourage employers to establish pilot 24-hour coverage programs (*BI,* March 18, 1991).

But, the Insurance Department and employers are waiting to develop pilot programs until legislators amend the law further to give participating employers the same tort immunity they now have under the workers comp law, said Robbie Simpson, the department's project coordinator.

The department also is seeking an amendment that would allow only pilot programs rather than statewide programs so the concept can be tested before it is widely implemented, she said.

But the Florida Legislature did not address workers comp issues in its last session, she said.

Georgia, Maine and Massachusetts also have enacted laws that would allow 24-hour programs or pilot projects (*BI,* June 29).

Other states are considering legislation that would establish 24-hour coverage pilot projects.

A California bill, A.B. 3757, that would authorize pilot 24-hour programs is on its way to the governor's desk.

A 24-hour coverage pilot project also is being studied by an Oregon Department of Insurance and Finance task force.

Since there are "many unanswered questions" about 24-hour coverage, Oregon wants to conduct three separate pilot programs: one with a state agency, another with a private corporation and another with a municipality, said Evelyn Ferris, executive assistant to the Oregon department's director.

Of eight 24-hour coverage models that the state has identified, it plans to choose three—one for each pilot program—and then determine which is most cost-effective, she said.

But the project is "in limbo" until the state learns the status of its application for a grant from the Robert Wood Johnson Foundation to fund the project, Ms. Ferris said. Oregon expects a response to the application next month.

In Arizona, a technical advisory group of the Greater Phoenix Affordable Health Care Foundation is expected to issue a report on the 24-hour coverage concept in the next few weeks, said Thomas Cleary, director of government, consumer and industry affairs at the National Council on Compensation Insurance in Agoura Hills, Calif. The group comprises business leaders, managed health care plans, insurers, providers and government officials.

A second Arizona group—a task force at the Risk Management Division of the Arizona Department of Administration—also is studying the concept, Mr. Cleary said.

Though a bill allowing 24-hour programs was defeated in Colorado, "there's still a good deal of interest" in 24-hour coverage in that state, according to Eric Nordman, senior regulatory specialist at the National Assn. of Insurance Commissioners.

A commission has been created in Minnesota to study the 24-hour concept.

But the legislation that has been passed enabling 24-hour pilot programs is not specific enough to encourage employers and insurers to launch programs, observers say.

A chief obstacle stems from the fact that workers comp is mandated by law, while employee benefit programs are voluntary.

In addition, injured workers generally are entitled to broader medical coverage than most group health plans offer.

"I don't see growth in true 24-hour coverage—with a single policy and a single provider, said Donald J. Krutek, senior vp at Johnson & Higgins in Chicago.

Mr. Krutek does anticipate that rising medical costs will prompt more employers to look into a "seamless care approach" of using a single provider network to deliver care to employees, regardless of whether they have been hurt on or off the job.

Managed care company FHP Inc. and Reliance National Insurance Co. recently joined forces to offer such a program (see story, page 71).

Several other insurers, managed care companies and claims firms can administer both group health and workers comp medical claims for an employer that has purchased both coverages from one insurer or self-insures both coverages.

Kemper National Services, the Kemper National Insurance Cos. managed care unit, is trying to increase its group health business. KNS wants to coordinate workers comp and group health for large clients that self-insure their health plans, said KNS President and Chief Executive Officer Tom Chapman.

Yet, managed care firm Intracorp in Berwyn, Pa., reports that "not many clients are requesting" such coordination.

It's expected that employers that self-fund their group health and workers comp programs will be the first to test these programs.

"We feel very strongly that self-insured employers will lead the way in all of those states, because they are very much involved in trying to control their own destiny," said James Duff, an ADN executive vp in Fort Wayne, Ind.

Once an employer decides to self-fund its workers comp and group health care plans, 24-hour coverage becomes an attractive possibility, he said.

Another impetus for 24-hour coverage is that many universal health care proposals include the concept, said Keith Bateman, vp-policy development in the commercial lines division of the Alliance of American Insurers.

Several universal health care bills introduced this year at the state level center on mandatory employer-provided coverage and include a 24-hour program, Mr. Bateman observed.

At least one proposal—California Insurance Commissioner John Garamendi's plan (*BI,* Feb. 17)—has a chance of passing, observers say.

But the Alliance continues to oppose 24-hour coverage on the grounds that the cost savings from such a system have not been proven (*BI,* March 18, 1991).

"Those that are talking about 24-hour haven't demonstrated the benefits are greater" than improving the existing system, Mr. Bateman said.

"To be real frank and honest, I really think 24-hour coverage is as much a marketing ploy by insurance companies as anything else," agreed Maurice D. Kent, executive vp of General Rehabilitation Services Inc. and General Care Review Corp in Berwyn, Pa.

"Basically, only about 4% of workers comp claims overlap with group health, so the cost of coordinating the plan and implementing it might not pay for itself," he said.

"The workers comp system is nearly bankrupt and so is group health. Merging two bankrupt systems is not a formula for success," said Stanton F. Long, president of American International Group Inc.'s Cost Containment Division.

"You have to solve the underlying problems," he said. However, "Too many people want to avoid taking on the entrenched interests that run up health care costs." ■

With *Business Insurance's* Reinsurance Issues

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Issue Date: August 31

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Texas comp reforms working: Study

By JAMES M. BURCKE

Texas employers believe the state's workers compensation reform law is working, with more insurers generally willing to write workers comp coverage at lower rates.

Nearly half, or 48%, of the 139 Texas risk managers who responded to a *Business Insurance* survey conducted this month said that their workers compensation costs have dropped since the Texas workers comp reform law, commonly known as S.B. 1, went into effect in 1991.

Twenty-two percent said that their workers comp costs have climbed since the law took effect, 25% said costs have remained about the same and the remainder had no response.

The Texas reform law, hailed by insurers and employers when it was passed in late 1989, made numerous changes to the Texas workers comp system (*BI*, Dec. 18, 1989.)

However, the future of the reforms remains in jeopardy. A state appellate court is expected to rule soon on the constitutionality of the reforms included in the law (see story, page 23).

"The key now is to uphold the constitutionality of the law, which is now being attacked by trial lawyers," commented the risk management officer of a diversified energy company in Texas with 12,000 employees.

"The new comp law is working. I hope the lawsuit will be resolved in favor of the new law, and I think at that time insurance companies will start reducing their rates," said the president of an oil field services company with 450 workers.

By a 2-1 margin, Texas employers say insurers have been more willing to write their workers comp coverage since the new law took effect. Thirty-four percent of respondents said insurers were more willing to write coverage, 17% said insurers were less willing, 45% observed no change and the rest had no comment.

"Our savings and the new-found interest in our coverage is mainly due to the perception of an improved market in Texas," summed up a risk manager for a manufacturer with 175 Texas employees.

The elimination of the state's trial de novo system, under which most Industrial Accident Board rulings could be appealed to state courts for jury trials, was regarded by 82% of the surveyed risk managers as an effective reform mechanism.

Concerning other reforms contained in S.B. 1:

- 71% said that requiring that attorneys' fees be based on time and effort was effective.
- 55% labeled as effective a provision that required the use of an impairment-rating schedule, instead of loss of wage-earning capacity, to determine disability benefits.
- 53% cited as effective the requirement that injured workers receive the permission of the employer or the state Workers Compensation Commission before changing doctors.

However, only 31% felt that the increased emphasis on workplace safety contained in the reform law has been effective.

"All of the changes have had a positive effect," said the risk manager for a city with nearly 10,000 employees, who singled out the establishment of the impairment-rating systems and the change in attorneys' fees as the most effective of the reforms.

Eight percent of the respondents say they are insured by the Texas Workers Compensation Insurance Fund, a competitive state fund established under the law that started writing coverage earlier this year.

"Commercial companies would not quote," said the manager of business risk insurance for an energy company that is now insured by the fund.

A Texas city with more than 1,300 workers switched its coverage to the state fund because of "monetary savings and better claims control," the city's risk manager said.

Finally, 23% of the respondents said they will begin self-insuring their workers compensation risks when they become eligible. Under the law, employers with more than $750,000 in workers comp premium will be able to self-insure beginning next year, while those with $500,000 or more in premium will be able to self-insure in 1994. Currently, only government entities can self-insure workers comp risks in Texas.

However, 45% said they would not self-insure—many because they are too small—while 17% were unsure of their plans, 11% represented public entities that already were self-insured and the remainder gave no response.

While many risk managers believe the reforms have improved the workers comp climate in Texas, some still prefer not to participate in the workers comp system, which is allowed in Texas.

"We have elected to non-subscribe to workers comp," explained the director of loss control for a trucking company with 4,300 employees. "Since we dropped out of the system, we have enjoyed a 64% savings while providing better benefits to our employees." ■

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Texas law faces constitutionality test

But state says work comp reforms have cut costs sharply

By MICHAEL BRADFORD

AUSTIN, Texas—A state appeals court is expected to rule soon on the constitutionality of reforms that have stabilized the Texas workers compensation market.

If the court finds the law unconstitutional, an appeal is expected to the Texas Supreme Court.

For now, the 1989 reform law remains in effect. The law, among other things, cut down the role of lawyers by eliminating the state's trial de novo system and created impairment rating schedules for disability benefits (*BI*, Dec. 18, 1989).

Under the trial de novo system, nearly all Industrial Accident Board rulings could be appealed to state courts for jury trials. But eliminating the system denies workers the due process rights guaranteed by the state constitution, the AFL-CIO argues in a lawsuit (*BI*, Dec. 10, 1990).

In 1991, the first full year the new law was in effect, workers comp claims costs fell 25.7%, said the Texas State Board of Insurance. Workers comp insurance rates have not been raised since a 22% hike in 1990.

Employers and insurers say that the 1989 law has brought needed change.

"There are some concerns, but on balance, we feel the system is working very well," said Dane Harris, president of the Texas Assn. of Business in Austin. "It takes a lot of continuing oversight as it's fine-tuned and so forth, but overall it has worked well and has lived up to its expectations."

"From our perspective, we believe it is working pretty much as intended," said Jack Stewart, assistant vp and regional director-commercial lines at the Alliance of American Insurers in Schaumburg, Ill.

"That's not to say that our intent was to get all the attorneys out of the system or make it difficult for workers to get representation," said Mr. Stewart. "Our intent was to allow the employee to go through the system without the need of an attorney. After all, we're talking about a system that is supposed to be dispute-free."

But lawyers who represent injured workers say employers and insurers conspired to cut them out of the process.

"Lawyers are not involved in the workers comp system in Texas anymore" on the plaintiff's side, said Howard Nations, president of the Texas Trial Lawyers Assn. "The insurance lobby, using the business lobby as a front, was very successful in removing the lawyer from the workers comp system.

"Employers backed the legislators who promised them the moon," including a pledge "that insurance rates would be under control with this new act."

Insurers, he said, "can now treat claimants any way they want to" and are "paying infinitely less money in claims."

And even as claims costs decline, insurers continue to seek maximum rate increases, Mr. Nations charged.

"Employees are being ripped off by the system," the lawyer charged. "Money is going into the pockets of injured workers less than in the past."

Mr. Stewart of the Alliance said when insurers filed for rate increases earlier this year they didn't have the data showing costs had fallen 25.7%. In fact, he added, that information wasn't compiled by regulators until months after the filings and just before a hearing in which insurers were asked to resubmit their rate requests.

At the urging of the State Board of Insurance, some insurers have scaled down their requested increases (*BI*, July 20).

"Too many," though, are still seeking the maximum allowable increases, said a state board spokesman, who noted a hearing on those requests could be held this month.

If the reform law is overturned, some say the result would be chaotic.

"Everything would revert back to a pure tort system," Mr. Stewart said. "What would happen to all the claims in the system that are being paid? They would have to go through the tort system. All premiums would have to be reimbursed."

"We can't go back to the old system," said Mr. Harris. "It's an invalid system" made obsolete by passage of the 1989 law.

Change also has overtaken Texas' residual market. The Legislature approved creation of a competitive state workers comp fund last year with the passage of H.B. 62 (*BI*, Sept. 2, 1991).

That fund is scheduled to replace the Texas Workers Compensation Insurance Facility, the existing assigned risk pool, in 1994. The pool's deficit has shrunk to $137.7 million in 1991 from $556.5 million in 1990, in part because of the reform law (*BI*, May 18).

Texas is one of two states that allow employers to opt out of the workers comp system, and regulators say about 40% of eligible employers have chosen to become "non-subscribers."

That doesn't mean that employees are without protection for on-the-job injuries.

Members of the Texas Assn. of Responsible Non-subscribers are required to provide benefits comparable to those that workers would get if the employer were part of the state's system, explained Steve Bent, the association's executive director.

"Our aim is to see that those that can operate outside the system will be able to do so," he said.

He said many of the group's members provide benefits that are more generous than those provided for in the law.

But by dropping out of the state system to avoid high premiums and regulation, employers are also giving up immunity from lawsuits by injured workers. ■

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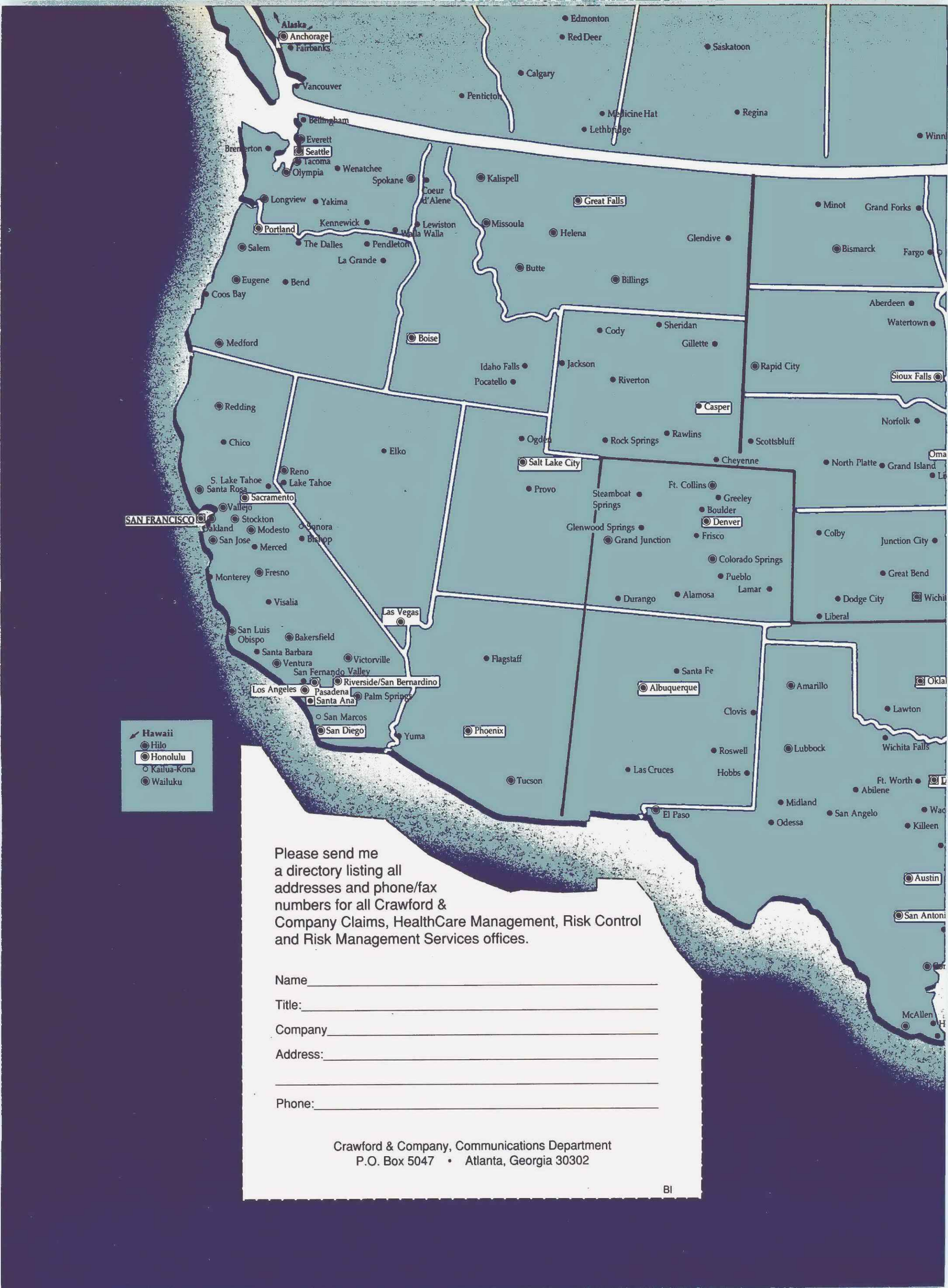

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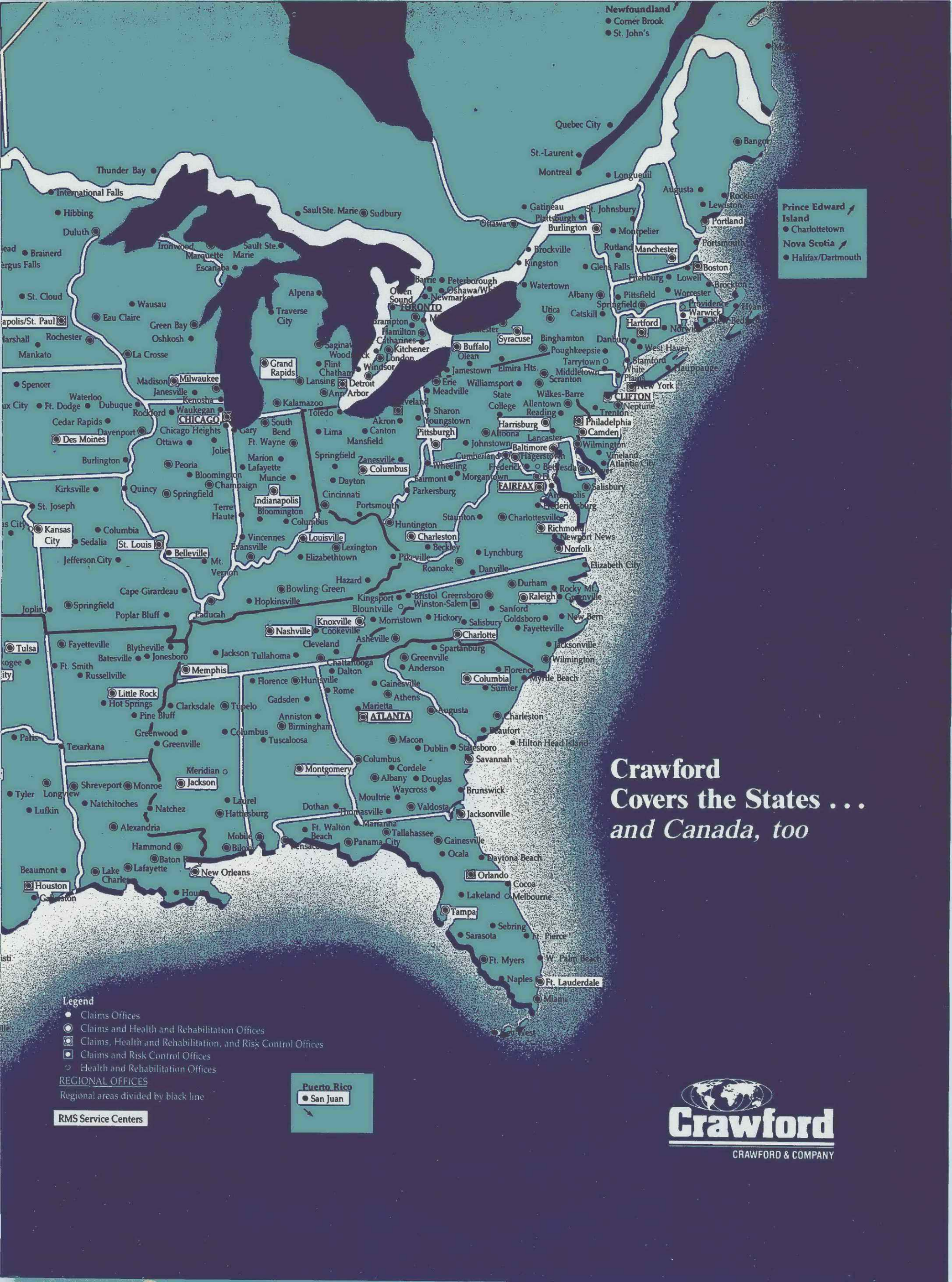
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Spotlight report

Maine tries to keep insurers

Comp bill would shift residual market losses to employers

By MEG FLETCHER

AUGUSTA, Maine—Maine employers hope that legislators will approve reforms designed to prevent the year-end collapse of the workers compensation system.

The reforms are contained in a 202-page bill that was proposed Aug. 31 by a state commission and then discussed at legislative and public hearings (*BI*, Sept. 7).

Republican Gov. John R. McKernan Jr. is expected to call the Democratic-controlled Legislature into a special session Oct. 1 or Oct. 2 to consider the bill. He plans to insist that legislators keep a promise to vote it "up or down" without amendment. That promise was made last year when an impasse over workers comp legislation stalled passage of a state budget (*BI*, July 8, 1991).

With two of its four members picked by the governor, and two by legislative leaders, the state commission was set up to develop reform proposals to prevent more insurers from leaving Maine to avoid future residual market deficits.

"I think that most people have assumed that the key elements of the blue ribbon commission's report will probably become law," said Jack Dexter, president of the Maine Chamber of Commerce and Industry in Augusta.

John Melrose, executive director of the Maine Council of Self-Insurers, said, "We see the report as very strong."

The bill, which adopts many of the key features of Michigan's workers compensation system, would:

- Place the burden of future residual market deficits on employers, rather than split them equally between employers and insurers as has been done since 1989.

Employers in the current residual market—where more than 90% of all Maine employers obtain coverage—would become members of one of eight mutual insurers created by the bill. They would be individually liable only for their personal losses.

- Refocus benefits to help the lowest-paid and the most seriously injured workers.

Historically, Maine workers have received "significantly greater" benefits than workers elsewhere, though that gap has been closing recently, the commission found.

Also, Maine workers were found to use the system more frequently and stay in the system longer than workers in other states.

- Increase opportunities for managed care and cost containment, including allowing employers to pick doctors during the first 10 days of a worker's treatment.
- Increase the use of mediation.

This would "significantly" reduce the number of workers hiring lawyers, Mr. Melrose said.

- Empower a new Workers Compensation Board of Maine—headed by four labor and four employer representatives—to manage the state's workers comp system.
- Establish a type of "file and use" system to help deregulate workers comp rates, using lost-cost filings by the National Council on Compensation Insurance.

The NCCI estimates that the Maine residual market's deficit stands at more than $500 million for 1988 through 1991, though one insurer says the deficit could top $1 billion (*BI*, Aug. 31; July 20).

The commission's proposal "is a move in the right direction, but whether it's a solution to all system ills remains to be seen," said NCCI Vp Barry Llewellyn.

After a preliminary reading of the bill, Joseph A. DiGiovanni Jr., vp with the American Insurance Assn. in Boston, said, "It does not go far enough."

The bill would likely reduce losses by about 12%, said John Herzfeld of Milliman & Robertson in Boston, who served as actuary to the state commission.

Those decreases, though, would not necessarily mean lower premiums, because rates are already 30% to 50% too low, the NCCI's Mr. Llewellyn said.

Despite business backing, the fate of the bill is uncertain.

It has a "50-50 chance, at best," said a spokesman for Charles Pray, D-Millinocket, president of the state Senate.

"We oppose the bill in its entirety," said Ralph Coffman, state director of United Workers of Maine, a non-profit group representing workers and small businesses. He specifically opposes provisions that cut benefits, require employees to pay their own lawyers and terminate benefits without a hearing.

The "sole shining light" in the bill is the eight-member board—balanced between labor and employer interests—to run the system, he said.

State election laws, Mr. Melrose points out, throw a wild card into upcoming deliberations over the bill: All Maine legislators serve two-year terms, so they are all up for re-election in November.

While some legislators fear antagonizing constituents, others worry about being seen as part of the problem for failing to solve it. However, they know that without legislative action, the primary market for workers comp coverage may dry up at year-end, because all but one small insurer intend to cease writing new business rather than face liability for deficits. ■

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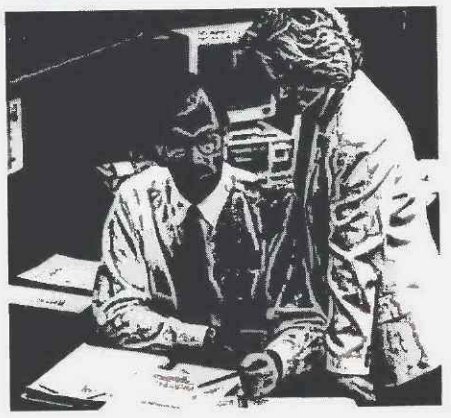

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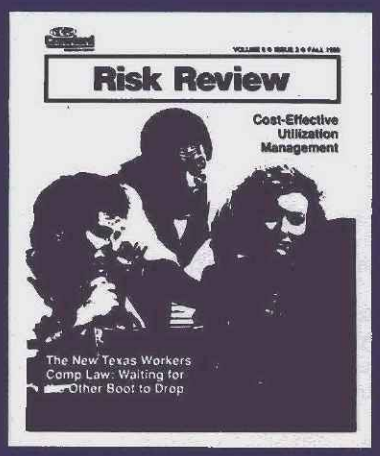

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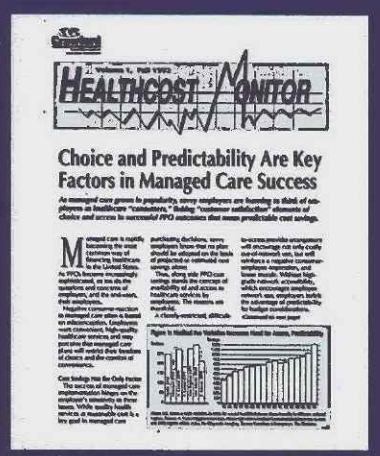

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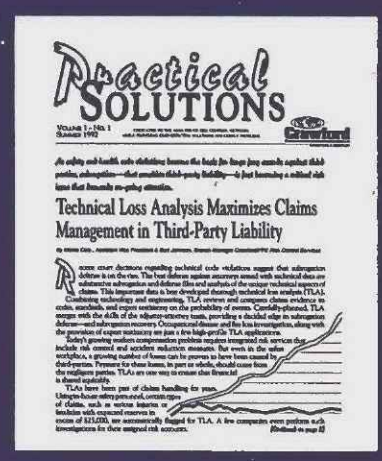

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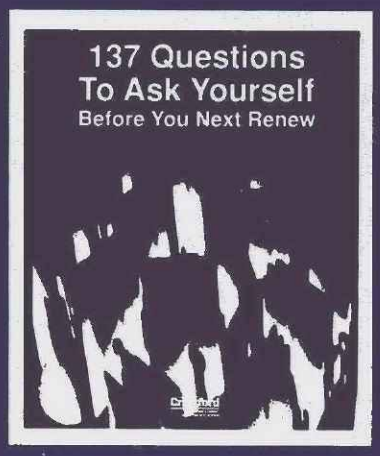

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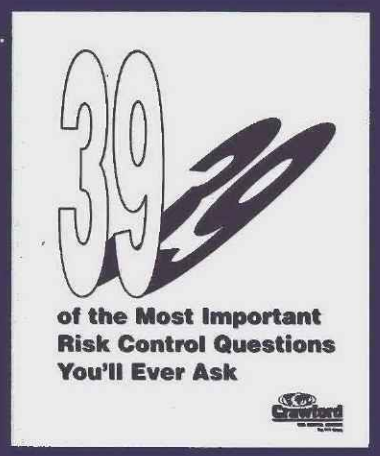

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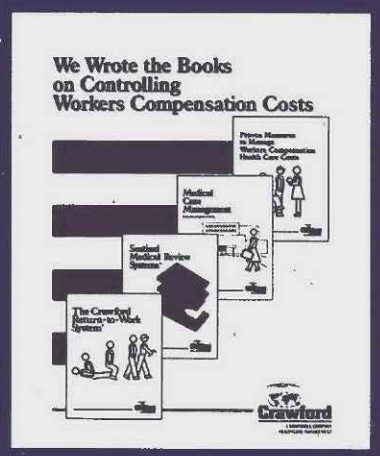

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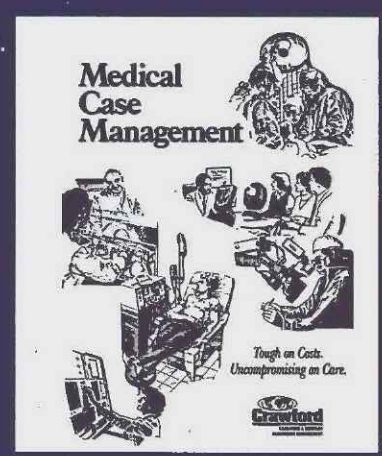

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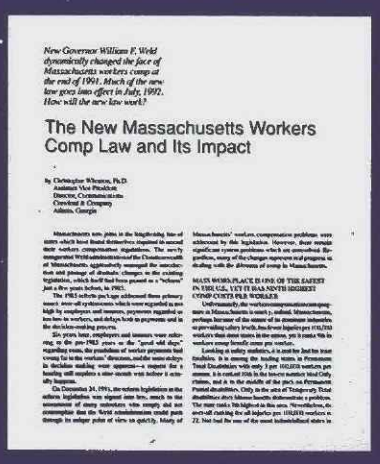

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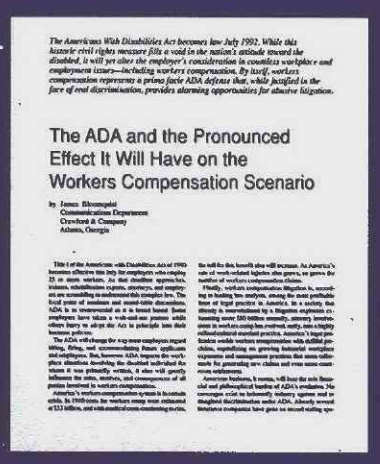

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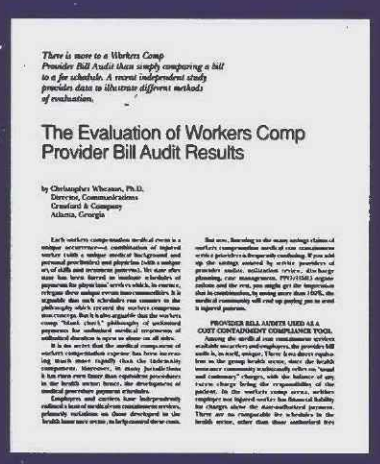

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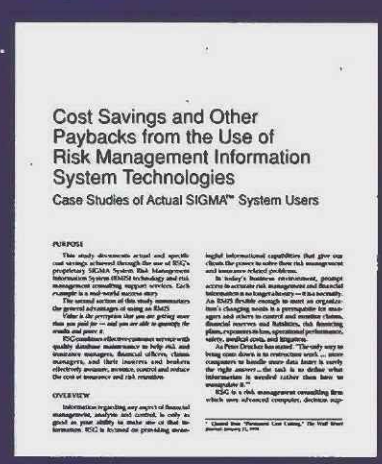

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State to set managed care guidelines

Minnesota reforms take effect Oct. 1

By SARA J. HARTY

ST. PAUL, MINN.—Although Minnesota's workers compensation system generally receives good marks from employers, insurers and labor representatives, each group sees room for improvement.

The state will address some of those concerns on Oct. 1, when a workers comp reform law passed last spring goes into effect (*BI*, May 4).

"The new law is a good first step in dealing with some of the cost drivers in the Minnesota system," said Bob Johnson, executive vp of the Insurance Federation of Minnesota, a St. Paul-based trade group.

The new law "is a good first step; it is not true reform," agreed Mahlon Schneider, vp and general counsel of Geo. A. Hormel & Co. in Austin, Minn.

And Minnesota AFL-CIO President Bernard Brommer says although "employers like to say that the new legislation is a good first step, I think they're going to be surprised. This was a very comprehensive piece of legislation that dealt with a wide range of issues. I don't sense a willingness on the part of the Legislature to dive back into additional reform efforts," he said.

First of all, "The Legislature will want to see the impact of the new law" before jumping into any new reforms, Mr. Brommer added.

Among other things, the reform measure provides for the development of rules governing the use of managed care for workers comp medical treatment, which could help control a "huge and escalating chunk of costs in the workers compensation system," said the insurer group's Mr. Johnson.

Interested parties are waiting to see the new rules that will govern the use of managed care, which the Labor Department should release in the next several weeks.

The law also calls for a 16% reduction in workers comp rates, effective Oct. 1.

The commercial market's reaction to this mandated rate reduction—including the possibility of some insurers dropping some risks, tightening underwriting standards or leaving the market altogether—remains to be seen, said Mr. Johnson.

Another key change to Minnesota's workers comp system is a provision in the law providing for a penalty to be assessed against malingering employees or providers who misrepresent a comp claim, said Hormel's Mr. Schneider.

The new law not only allows employees or providers to be prosecuted for theft, if convicted they can be forced to repay benefits.

"Business owners are especially pleased with this change, Mr. Schneider said. "It should act as a significant deterrent" to fraud.

But employers say some facets of the system still direly need reform. A key concern is that the system assigns a permanent total disability rating to an injured worker unable to find a job commensurate with his or her current job within a 30-mile radius of his home.

In Minnesota's rural areas, this can occur often enough to be an issue in the workers comp system, observed Tom Triplett, executive director of the Minnesota Business Partnership, a coalition of the 100 largest companies in the state.

"Too many people with minor injuries are drawing lifetime benefits," Mr. Schneider said.

"In Minnesota, 3% of the claims are driving 73% of the costs," he said. "That wouldn't be so bad if the 3% were seriously injured."

State audits have shown, however, that a substantial portion of workers receiving permanent total disability benefits are suffering only minor injuries, he said.

"We need to tighten that law up so that there is some reasonable and medical standard" for determining permanent total disability, said Mr. Triplett.

Employers hope to see rules from the commissioner—or a statutory revision—that will clarify that geographic location is not a condition for determining permanent total disability, he said.

But, opinions are not unanimous.

"We oppose employers on that issue because what they're talking about is relocating workers and uprooting their families" without any guarantees of long-term security, said the AFL-CIO's Mr. Brommer.

"Employers have been willing to talk about some relocation expenses," but nothing beyond that, he said. Mr. Brommer said the AFL-CIO wants a "failsafe mechanism" so if a worker relocates then encounters problems beyond his or her control, such as the closing of the new place of employment, he or she should be able to again receive workers comp benefits.

"Employers won't discuss these issues," he said. ■

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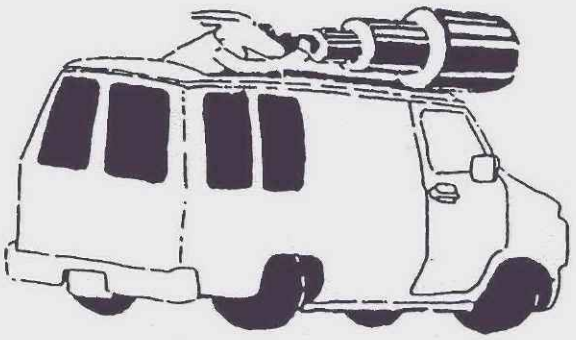

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Spotlight report

Insurers eye Louisiana reforms

Competitive state fund is centerpiece of changes to market

By MICHAEL BRADFORD

BATON ROUGE, La.—Louisiana employers are betting that a new competitive workers compensation fund will lure back insurers that bailed out of the state because of heavy losses.

Created by a 1991 law, the Louisiana Workers Compensation Corp. is a non-profit organization that will begin operating as a commercial insurer Oct. 1 (*BI*, July 15, 1991).

The competitive fund will also operate as a residual market for employers that cannot get coverage from an insurer with at least an A– rating from A.M. Best Co.

Although it will not be state-controlled, the fund will be able to borrow state funds and ultimately will be backed by the state.

The law that created the corporation also will eliminate in October 1993 the existing Louisiana Workers Compensation Assigned Risk Plan, a pool administered by the National Council of Compensation Insurance and financed by private insurers.

When the Louisiana Workers Compensation Corp. begins writing business, voluntary market insurers will be relieved of the burden of assigned risk plan assessments. That should draw workers comp insurers back to Louisiana, business and labor leaders say.

"The biggest problem that we have had in recent years is the market has been abandoned by voluntary writers," said Clark Cosse, general counsel and vp of governmental relations at the Louisiana Assn. of Business & Industry.

As a result, he added, the assigned risk plan has grown as never intended, now covering most Louisiana businesses. That growth brought with it ballooning assessments, leading many voluntary insurers to pull out of the state.

With the competitive state fund in place, insurers won't have to face those assessments, Mr. Cosse noted.

The same law that created the fund will also let insurers file and use rates, as long as increases do not exceed 20% annually.

"It's our opinion that the carriers are going to wade back in," said Mr. Cosse. "We do believe we will have a competitive situation."

"It will bring some of them back," agreed Carl Crowe, assistant to the president of the Louisiana AFL-CIO. And additional competitors will be good news for employers, he noted. "In other states where there are competitive funds, rates don't go up as fast."

The AFL-CIO worked with business leaders to help develop and push for the legislation that created the new fund, Mr. Crowe noted.

One of the fund's most notable features is its strong safety requirements, he said. "To get into the fund, you have to be open to a safety audit at any time." Employers that don't agree to a review by the fund's safety inspectors won't be covered, which should keep unsafe businesses out of the fund, he noted.

Insurers are keeping an eye on changes in Louisiana, but aren't rushing back in yet, according to Jack Stewart, assistant vp and regional director of commercial lines with the Alliance of American Insurers in Schaumburg, Ill.

Lawmakers should now stop tinkering with the workers comp system in Louisiana, he suggested, and give changes time to take hold and produce results.

The workers comp situation "was bad and they've made some changes that are positive," observed Mr. Stewart, but the changes haven't been in effect long enough to influence insurance availability.

Further changes are probably "not in the cards," said Mr. Cosse. "Everybody is holding their breath, hoping for the corporation to do its job and do it well. I think it will."

Mr. Crowe of the AFL-CIO said while the changes signify "something on the horizon" for the workers comp system in Louisiana, it still is saddled with some problems.

The biggest is a lack of hearing officers to handle disputes, he noted. Hearing officers are being added, he said, but there remain "cases out there as old as 15 or 16 months. If you haven't had a decision and benefits aren't being paid, there's not a lot at the end of 15 months you haven't lost. You've lost your home, car and everything else."

Trial lawyers agree that workers are being hurt by backlogs.

Prior to 1990, workers could take disputed cases to district courts for resolution in Louisiana. Under a trial de novo system, the court could not consider the hearing officer's findings and the facts of the case had to be re-established on appeal.

But a 1990 constitutional amendment gave hearing officers the authority to settle cases and eliminated trial de novo if a decision was disputed in court.

The changes were implemented to allow workers to move through the dispute process without an attorney if the worker chose.

"It hasn't remedied the things it was supposed to remedy," said R. Michael Caldwell, an attorney with Moore, Walters & Shoenfelt in Baton Rouge. "It was supposed to help workers by getting prompt resolution of cases. It has slowed down resolution of cases."

Mr. Caldwell said not only is there a shortage of hearing officers, but some of those who do hear cases suffer from "inexperience or a lack of training" in handling workers comp disputes. ■

Reform law faces challenges

Two lawsuits attack Colorado workers comp law

By SARA MARLEY

DENVER—More than a year after a workers compensation reform law took effect here, employers and insurers are cautiously optimistic that it will withstand two court challenges.

One pending lawsuit, filed by a group of attorneys who represent injured workers, claims the law is unconstitutional.

The second suit was filed Sept. 15 by an affiliated group of attorneys. It challenges the secretary of state's refusal to place on the November ballot a proposed constitutional amendment that would let workers sue employers that "knowingly maintain an unsafe work environment."

Safe Workplace Colorado, a coalition of labor groups and lawyers for injured workers, filed 71,000 signatures supporting the initiative, hoping at least the required 50,000 would be declared valid (*BI*, Aug. 10). But 28,000 were later disqualified.

"If we don't get it on the ballot, we'll start all over again in January," said Craig Eley, the Denver attorney who drafted the initiative.

Both lawsuits will ultimately fail, predicts Robert Ferm, a counsel for the American Insurance Assn.

What's more important is that the workers comp reform "stayed in place substantively throughout the whole 1991 legislative session," said Mr. Ferm, an attorney with Hall & Evans in Denver.

The workers comp system is much less stable in Mr. Eley's eyes.

"I'm not sure what law will eventually apply. The system is in turmoil," Mr. Eley said.

Lawyers are not settling or closing their cases until courts hear the constitutional challenges, which increases the backlog the reform bill was intended to reduce.

Fewer workers are hiring lawyers for workers comp cases under the new law, said Lucille A. Gallagher, vp of risk management for Monfort Inc. in Greeley, Colo. But the proposed amendment would "put workers comp back in the tort arena," she said.

And that could be expensive. Expanding employer liability for unsafe workplaces would cost business and taxpayers $1.5 billion, estimates a University of Denver study.

Mr. Eley is as disdainful of the new law as opponents are of his ballot initiative. "It stinks," he said. "It's unfair."

Among his complaints: It cuts off workers comp benefits at age 65 and, by considering a worker's pay at the time of injury, it discriminates against lower-paid workers.

The reform bill that took effect July 1, 1991, rewrote the definition of permanent total disability to restrict the payment of such benefits to those who are "unable to earn any wages in the same or other employment" (*BI*, July 1, 1991).

It also, among other things:

- Requires the use of American Medical Assn. guidelines to determine impairment ratings.
- Requires use of independent medical examiners to settle disputes over maximum medical improvement and impairment ratings.
- Caps combined temporary and permanent partial disability benefits.
- Raises permanent partial disability benefits to $60,000 for workers with less than 25% impairment and $120,000 for workers with more than 25% impairment.
- Limits compensation for stress-related ailments.
- Sets a 2% annual cost-of-living adjustment for permanent total disability benefits.

"It's early to say how well the reform is working," said Gary Pon, president of Denver-based Colorado Compensation Insurance Authority, the state's competitive workers comp fund and the largest underwriter of workers comp coverage in the state.

"We've seen relatively few cases closed under the new law," said Mr. Pon.

Those that have been settled are simple cases of temporary total disability, Mr. Pon said.

In more complex cases of permanent total disabilities—the main focus of the reform law—it may take years for an injured worker to reach maximum medical improvement, Ms. Gallagher said.

There should be far fewer permanent total disabilities because the reform law bars paying full workers comp benefits to anyone who is able to work at some job, Mr. Pon said.

"The outcomes are more predictable," Ms. Gallagher said. "Because of the way the medical evaluation is done, there are not drastic swings like before."

Business and labor lobbyists are talking with legislators about "fine-tuning the law without disturbing the integrity of the reform," Mr. Ferm said.

Legislators may consider changing the allocation of payouts for permanent partial disabilities, changing the distribution, "but not the size of the pie," he said.

Terminating payments for permanent total disability at age 65 may also be revisited, Mr. Ferm added. ■

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Spotlight report

Insurers, regulators disagree

Does Rhode Island need higher rates?

By SARA MARLEY

PROVIDENCE, R.I.—Workers compensation insurers and Rhode Island regulators are at odds over whether a 3-month-old workers comp reform law precludes the need for any rate increases.

Sheldon Whitehouse, director of the state Department of Business Regulation, recently denied the National Council on Compensation Insurance's request for a 55% average rate hike (*BI*, Sept. 14). Mr. Whitehouse argued that the new reform measure renders the rate hike unnecessary, even though the rate-making group has been seeking a rate hike for more than a year.

The NCCI originally requested an 86.2% average increase in January 1991. The DBR rejected that request, and instead tentatively approved a 55% hike in workers comp rates last September. But implementation of the 55% increase was stalled while a coalition of employers, insurers and labor hammered out Rhode Island's reform law.

Earlier this month, the DBR denied the 55% increase altogether, citing the savings contained in the July reform law.

The NCCI, though, contends that the reform law does not address insurers' immediate needs and has asked the DBR to reconsider. "We think this reform is certainly in the right direction," said Ken Christiansen, director of government, consumer and industry affairs for NCCI in Hartford, Conn. "We are hopeful it will work, but there is always room for more improvement."

An actuarial survey by The Wyatt Co. commissioned by the governor found that the workers comp reforms would save employers and the state $160 million per year.

However, the 1992 reform law "needs at least a year to mature," before the true cost savings are known, says Mr. Christiansen.

Rhode Island's workers comp system had nearly hit bottom in 1991, with a huge residual market burden and the withdrawal of five of the state's nine workers comp insurers.

With more than 90% of its employers in the assigned risk pool, the state was second only to Maine in the number of businesses in the residual market, said a DBR report.

Providence-based Providence Washington Insurance Co. agrees with the DBR that the 55% increase was not needed in light of the reform, says Senior Vp Griffin Affel.

"We think the new reform has come very close to making the rates adequate," Mr. Affel said. "The big question is whether insurers will return to the voluntary market."

Providence Washington, once a residual market servicing carrier, has not written workers comp coverage in the state since 1989.

Beacon Mutual Insurance Co., the state's new competitive fund, will take over the residual market in January, but will begin writing risks in the voluntary market before then. The fund will be subsidized by a 3% surcharge on workers comp premiums.

The more than 10,000 employers currently in the residual market will receive non-renewal notices and must try to obtain coverage in the voluntary market. Employers that are turned down by two insurers can then obtain coverage from Beacon Mutual, Mr. Affel said.

As a further incentive for workers comp insurers, the reform law included a "fresh start" provision that requires employers to assume 90% of insurer's residual market workers comp losses between June 1, 1992, and Dec. 31, 1992, and 75% of those losses in 1993.

The reform measure was signed into law May 18 by Gov. Bruce Sundlun after it was passed unanimously by both the House and the Senate (*BI*, June 8; May 25).

The 1992 reform law in part:

- Recalculates the benefits of workers with permanent partial disabilities who have reached maximum medical improvement, paying full benefits only to those with 65% impairment or more. A worker with 25% impairment, for example, would receive only 25% of the maximum benefits.
- Extends benefits beyond six years only for workers with 65% functional impairment or more.
- Changes maximum benefits to 75% of net wages from 66.7% of gross wages.
- Offsets disability benefits by Social Security and private pension benefits an injured worker receives.

The effects of the 1992 overhaul are already being felt, along with the impact of 1990 administrative reforms, said Francis J. Holbrook, executive vp of the Rhode Island Chamber of Commerce Federation.

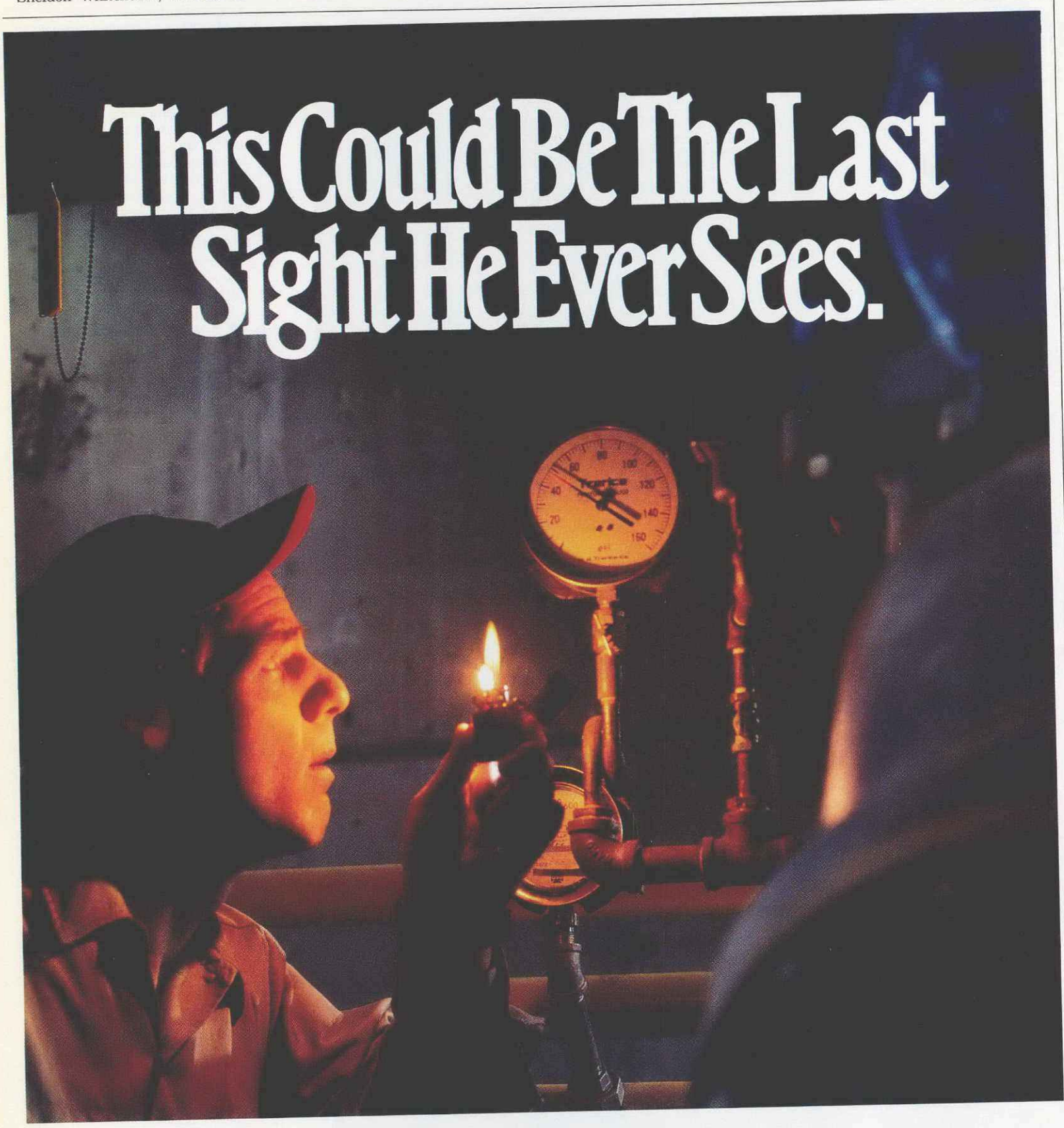
Those earlier reforms "streamlined the system, made it more efficient," Mr. Holbrook said. The 1992 law changes the benefit structure and implements medical protocols.

Mr. Holbrook urged legislators to hold off on further changes.

He suggested that the law be reviewed at least six months to a year after it went into effect. Changes should be based on statistical, not anecdotal, data, he added.

The workers comp court system has also improved, said Mr. Affel of Providence Washington. The backlog for a first hearing on a disputed workers comp claim has been reduced to less than one month from four months, he added.

That saves employers money because they are required to pay benefits to workers while they are waiting for hearings. ■



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Spotlight report

Oregon reforms still yield savings

Workers comp rates to dip again in '93

By LOUISE KERTESZ

SALEM, Ore.—Workers compensation reform laws passed in 1987 and 1990 have made Oregon a leader in combating workers compensation costs.

Average base workers comp premiums will fall 11.4% in 1993, according to Insurance Commissioner Gary Weeks. That follows reductions of 11% in 1992 and 12.1% in 1991.

Lower rates for 1993 will save employers an estimated $57 million.

Oregon's progress at holding down workers compensation costs has been notable. The state, which once had the eighth-highest workers comp premiums among the states, now ranks No. 22, says Gov. Barbara Roberts.

That rank is well ahead of the Oregon's goal. Officials had hoped to bring the state down to between No. 20 and No. 25 by 1995.

Gov. Roberts attributes the improvement to a drop in on-the-job injuries and illnesses and reform of the workers comp laws. She also credits the workplace safety division of the Department of Insurance and Finance for its enforcement effort and free "no penalty" consultations, which have helped employers improve job safety.

Since the 1987 and 1990 laws took effect, benefit levels for injuries and illnesses have increased, while non-job related claims have been weeded out.

Stanton F. Long, the former head of SAIF Corp., the state workers comp fund, credits most of the improvement to "legislative redefining of what is a compensable injury."

Another factor is SAIF's ability to sort out compensable cases from "those that are mere exaggerations," said Mr. Long, who is now president of the cost-containment division of American International Group Inc.

Under Oregon law, injuries are compensable only if they result from conditions that can be corroborated by "medical evidence supported by objective findings." The law also limits the extent to which pre-existing conditions or subsequent injuries can become part of or prolong a claim.

Further, the law narrows the definition of "attending physician," those authorized to order time-loss payments and declare a worker permanently disabled.

Medical doctors, oral surgeons and osteopaths have unlimited authority as attending physicians. But chiropractors' authority is limited, and naturopaths and other alternative providers are no longer considered attending physicians.

Palliative care is not compensable, except to maintain a prosthetic device, monitor prescription drugs or in permanent total disability cases. But insurers or state regulators may approve a request from the attending physician for palliative care—such as chiropractic visits—to keep a worker on the job.

Managed care has also played a role in Oregon.

The state is "in the forefront" of encouraging the use of comprehensive managed care techniques to workplace injuries, said Mr. Long.

Oregon law permits health care providers to establish managed care organizations, which must then be certified by the state. Insurance companies contract with these organizations, and insurers and employers can require that injured workers be treated in the networks.

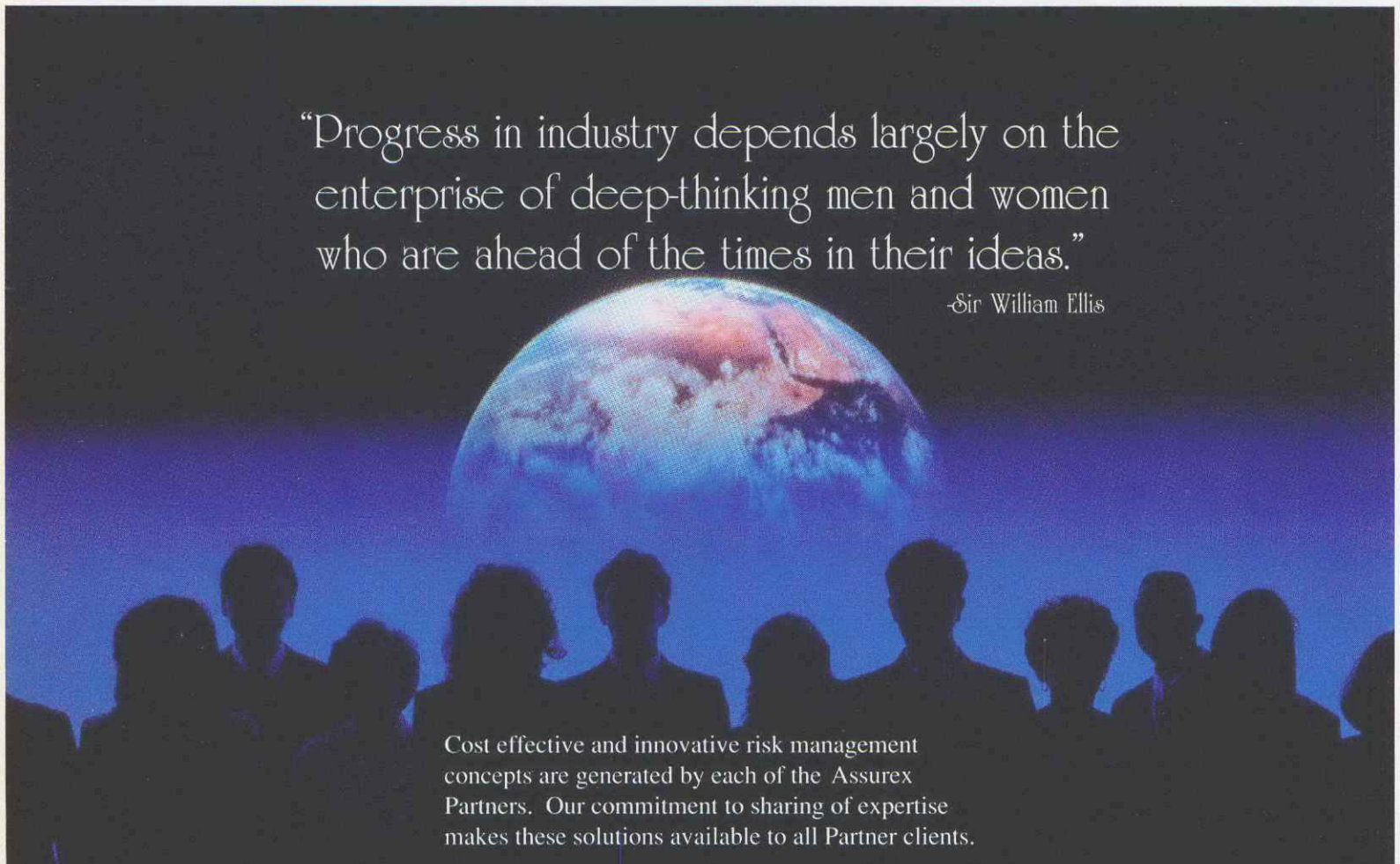
In contracts between the state workers comp fund and three managed care firms, the following features ensure cost-effective medical care for injured workers:

- Medical providers are required to comply with treatment standards, billing procedures and response-notification deadlines.
- Medical providers who do not conduct themselves in an ethical manner are excluded from the managed care organization.
- Physicians are accountable for medical case management.
- Treatment standards are consistent with those used for cases covered by group health insurance.
- Prospective medical providers are screened.
- Services are reviewed for medical necessity and appropriateness.
- Providers are made aware of the importance of early return-to-work and loss-control programs.
- Cost controls are established for inpatient and outpatient hospital services and medical supplies.

SAIF's contracts are considered models for contracts with the state's six other managed care organizations.

"Anything less than what SAIF is offering is not true managed care and will not provide employers or injured workers with the full benefits of managed care," according to SAIF.

Oregon officials expect that more than 60% of all workers in the state will eventually be covered by a managed care contract. ■



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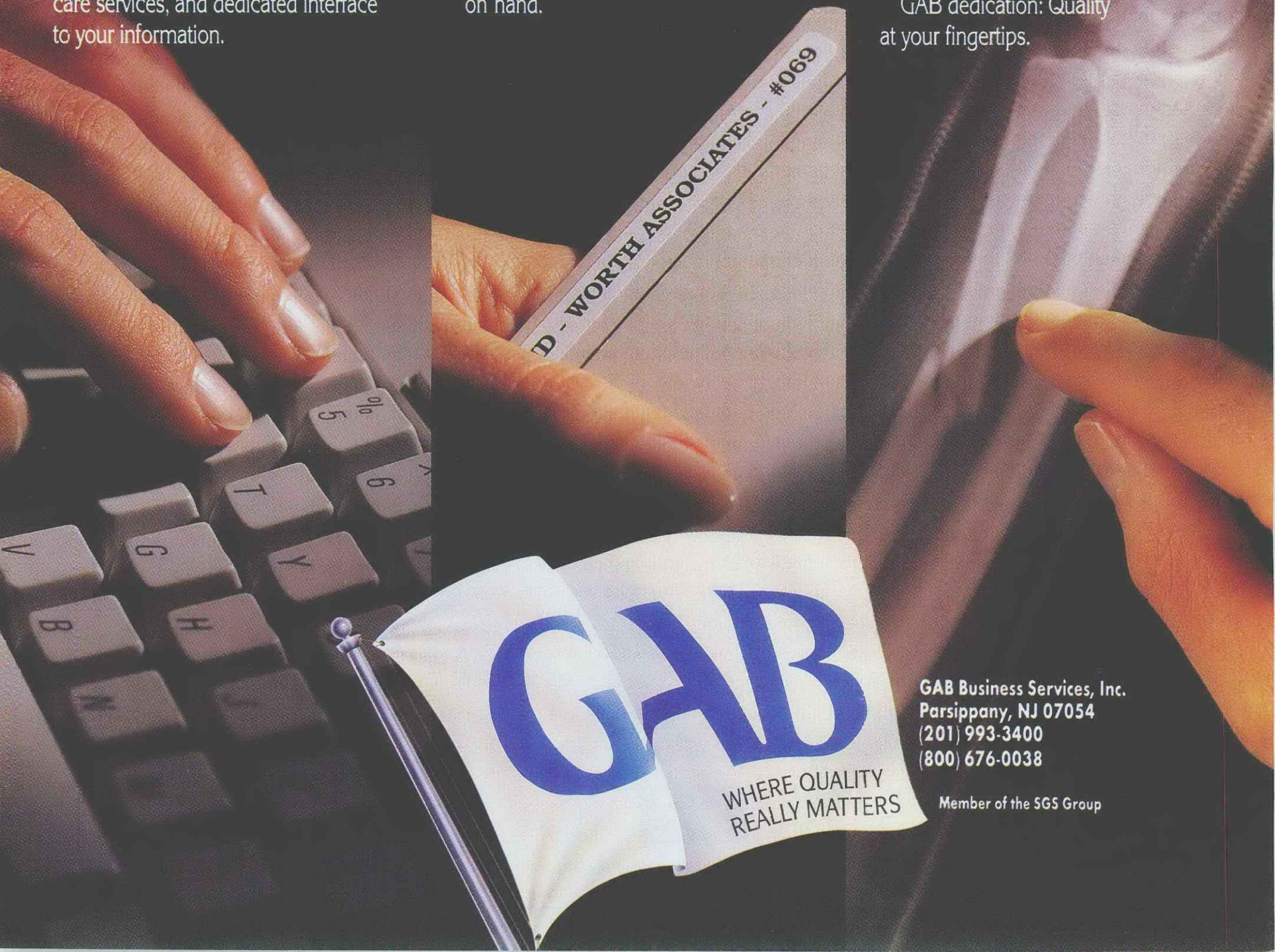

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■ An article from Industrial Indemnity Co. highlights some of the key provisions of the federal and state **laws covering the employment and coverage of minors by workers comp insurance.** Request item 1704.

■ A Crawford & Co. report examines the **newly revised Texas Workers Compensation Act**. Request item 1705.

■ An overview of the **evolution of medical/disability cost control mechanisms** used to manage workers comp and employee benefit claims is offered by Conservco Inc. Request item 1706.

■ Crawford & Co. offers a six-page, four-color brochure on how to approach the work comp and **risk management needs of public entities** as well as private industry. Request item 1707.

■ A newsletter published by Beech Street of California Inc. discusses managed care issues for **controlling workers comp medical costs,** among other cost-control topics. Request item 1708.

■ A brochure from Crawford & Co. describes its **workers comp medical case management process** for appropriate cost-effective treatment. Request item 1709.

■ A booklet from Continental Corp. looks at the **escalating costs of workers comp and measures that can be taken to control these increases.** Request item 1710.

■ A brochure from Crawford & Co. outlines its **occupational re-employment program**, which helps return injured workers to the job through light-duty positions and job modification. Request item 1711.

■ Working Solutions Inc. reviews 12 questions employers should be prepared to answer concerning the **impact of the Americans with Disabilities Act** on workers compensation. Request item 1712.

■ An article offered by Beech Street of California Inc. summarizes a paper presented to the California Legislature by two consultants that defines the **issues and options involved in 24-hour coverage.** Request item 1713.

■ A workers comp information bulletin provided by GAB Business Services Inc. looks at the **alcohol and drug-abuse crisis in the workplace** and related state statutes. Request item 1714.

■ A booklet on **quality control standards in workers comp claims services** is provided by Crawford & Co. These standards cover customer service, service time requirements, reserves and ethics. Request item 1715.

■ A guide to **computing workers comp modification factors,** from Specific Software Solutions Corp. explains how to use both the new and old National Council on Compensation Insurance methods. Detailed step-by-step instructions are provided. Request item 1716.

■ A six-page brochure describes **workers compensation in Canada,** outlining how Crawford & Co.'s services can help control costs. Request item 1717.

■ An article from Beech Street of California Inc. summarizes a recently released study by the Minnesota Department of Labor and Industry to **evaluate medical benefits in the workers comp system.** Results show that workers compensation medical costs are much higher than medical costs in the health benefits arena. Request item 1718.

■ A model for assigning and controlling **video surveillance of workers comp claimants,** including strategies, legalities and red flags of malingering, is outlined in a 10-page booklet from InPhoto Surveillance. Request item 1719.

■ A leaflet from Crawford & Co. describes its **return-to-work program.** Medical assessment and care coordination, vocational assessment and planning, and job placement are discussed. Request item 1720.

■ "OnFile," a quarterly **newsletter for claims adjusters** is offered by Intracorp. The newsletter provides regular columns, including treatment approaches, a glossary of trade words and articles on workers comp issues. Request item 1721.

■ Using data from a recent independent study, this report from Crawford & Co. looks at different methods of **evaluating the effectiveness of workers comp pro-**

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The Workers Compensation Information Resource section is an editorial compilation of current informational and educational materials on topics of interest to risk management, financial and insurance executives.

The listings are published as an editorial service by *Business Insurance*; there is no charge to list materials in the section.

The materials all may be obtained free of charge by *Business Insurance* readers. Please write the item numbers of the items you want on the reader service coupon printed page 37.

Fill out the remainder of the coupon and mail it to: *Business Insurance* Reader Service Center, 605 S. Clark St., Sixth Floor, Chicago, Ill. 60605-1702.

All requests must be received before **Nov. 30** to be processed.

Continued from previous page
vider bill audits. Request item 1722.

■ An article reprint from Beech Street of California Inc., points out the large **increase in medical costs in workers comp claims** in the past 15 years and offers a solution. Request item 1723.

■ Crawford & Co. describes its **nurse specialist program**, which offers a case manager with both clinical and case management experience. Request item 1724.

■ A managed care services newsletter from Gallagher Bassett Services Inc. features articles on **containing workers comp costs** through prompt claim reporting, managed care consulting services and cost-containment solutions. Request item 1725.

■ A flier describing the new edition of **Classification Cross Reference,** a text that helps in cross referencing commercial general liability codes with the National Council on Compensation Insurance's workers comp codes, is available from the International Risk Management Institute Inc. Request item 1726.

■ A guide from Crawford & Co. lists more than 170 of its **health and rehabilitation office locations** in North America. Request item 1727.

■ An Industrial Indemnity article provides an extensive report on **assessing medical cost containment programs for workers comp insurance.** Request item 1728.

■ An eight-page article covers the new **Massachusetts workers comp law** and its impact. The Crawford & Co. paper also lists applicable fines for late payments. Request item 1729.

■ The new 100-page edition of **The Workers Compensation Guide** from the International Risk Management Institute Inc. explains recent policy changes, advises on endorsements and addresses ratings plans, claims management and more. For a flier and order form, request item 1730.

■ A recent 11-page report from Crawford & Co. addresses the impact of the **Americans with Disabilities Act** of 1990 on workers comp issues. Request item 1731.

■ Working Solutions Inc. offers **a 23-question quiz/self-audit** that will rate your company's loss prevention and workers comp process. Request item 1732.

■ **A flow chart outlining seven ways to reduce workers comp medical costs** is available from Crawford & Co. Request item 1733.

■ Because each state computes actual earnings differently, GAB Business Services Inc. has put together a **Work Comp Average Weekly Wage Determination** report in an issue of its Information Bulletin. Request item 1734.

■ Crawford & Co. offers a sample copy of Riskletter, its **quarterly, four-color, newsletter on workers comp** and other risk management topics. Request item 1735.

■ Specific Software Solutions Corp. offers an **information kit on its New Jersey ModMaster software**. The included manual and demo disk allow the user to compute and understand the complicated New Jersey experience-rating methodology. Request item 1736.

■ A six-page article reprint from Crawford & Co. outlines **effective steps for controlling medical and indemnity costs** in workers comp. Request item 1737.

■ GAB Business Services Inc. reports on **Louisiana utilization review.** Managed care activities are defined as a set of coordinated cost and utilization management activities by the insurer/self insured employer to assure appropriate payment for health care services. Request item 1738.

■ Crawford & Co.'s **Risk Review** magazine contains extensive reports pertinent to risk managers and claims personnel. For a sample copy, request item 1739. ■

Business Insurance **Information Resource**

NOTE: THIS COUPON WILL NOT BE SERVICED AFTER NOVEMBER 30, 1992
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To obtain copies of literature and information about products and services listed in the Sept. 28 WORK COMP INFO RESOURCE section, simply indicate the key numbers for the items you want and mail this coupon to:

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Spotlight report

BI's annual directory of safety consulting firms

Guide to listings of consultants

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

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

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

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

Next, **on-site** safety consulting **services** the company provides are detailed. **Other services** includes off-site services and general safety research.

Information on **staff** follows, including total staff; professionals assigned to safety, occupational health and industrial hygiene consulting; and designations or professional memberships held. Following under the **clients** heading are the total number of clients and then total corporate and institutional safety consulting clients in 1991.

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

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

When reported by the company, 1991 **gross revenues** are given in the listing.

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

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

AAAS is American Assn. for Advancement of Science; **AAIH** is American Academy of Industrial Hygienists; **AAFS** is American Institute of Forensic Sciences; **ACII** is Associate of Chartered Insurance Institute; **ACS** is American Chemical Society; **AHERA** is Certified Asbestos Inspector; **AIA** is American Institute of Architects; **AIC** is Associate in Claims; **AIChE** is American Institute of Chemical Engineers; **AIHA** is American Industrial Hygiene Assn.; **AIM** is Associates in Management; **AIPLA** is American Intellectual Property Lawyers Assn.; **ALCM** is Associate in Loss Control Management; **ANHPS** is American Nuclear/Health Physics Society; **AOHNO** is American Occupational Health Nurses Assn.; **APS** is American Physical Society; **APTA** is American Physical Therapy Assn.; **ARM** is Associate in Risk Management; **ARP** is Associate in Research and Planning; **ASA** is Accredited Safety Auditor; **ASCE** is American Society of Civil Engineers; **ASME** is American Society of Mechanical Engineers; **ASP** is Associate Safety Professional; **ASQC** is American Society of Quality Control; **ASSE** is American Society of Safety Engineers; **ASTM** is American Society for Testing and Materials; **AWMA** is Air and Waste Management Assn.; **BOCAI** is Building Officials Code Administration International; **BMBC** is Bureau of Mines Blasting Certified; **BPVI** is Boiler and Pressure Vessel Inspectors; **CCC-A** is Certificate of Clinical Competency in Audiology; **CEI** is Certified Electrical Inspector; **CFEI** is Certified Fire & Explosion Investigator; **CFI** is Certified Fire Inspector; **CFPS** is Certified Fire Protection Specialist; **CHC** is Certified Hearing Conservationist; **CHCM** is Certified Hazard Control Manager; **CHMM** is Certified Hazardous Materials Manager; **CHP** is Certified Health Physicist; **CHSP** is Certified Healthcare Safety Professional; **CIC** is Certified Insurance Counselor; **CIH** is Certified Industrial Hygienist; **COCH** is Certified Occupational Health Consultant; **COHN** is Certified Occupational Nurse; **COT** is Certified Occupational Therapist; **CPCU** is Chartered Property/Casualty Underwriter; **CPSM** is Certified Product Safety Manager; **CQE** is Certified Quality Engineer; **CRE** is Certified Reliability Engineer; **CRI** is Certified Ride Inspector; **CRSP** is Canadian Registered Safety Professional; **CSD** is Certified Safety Director; **CSE** is Certified Safety Executive; **CSI** is Certified Safety Instructor; **CSM** is Certified Safety Manager; **CSP** is Certified Safety Professional; **CSS** is Certified Safety Specialist; **CSSD** is Certified Safety & Security Director; **CST** is Certified Safety Technician; **CTCS** is Certified (by OSHA) Teacher of Construction Safety; **DC** is Doctor of Chiropractic; EIT is Professional Engineer in Training; **GETA** is Genetic and Environmental Toxicology Assn.; **HFS** is Human Factors Society; **IAAI** is International Assn. of Arson Investigators; **IH** is Industrial Hygienist; **IAEI** is International Assn. of Electrical Inspectors; **IEEE** is Institute of Electrical and Electronic Engineering; **IHIT** is Industrial Hygienist in Training; **IHT** is Industrial Hygiene Technologist; **ISA** is Instrument Society of America; **LIA** is Licensed Independent Adjuster; **MD** is Medical Doctor; **ME** is Marine Engineer; **MSPE** is Massachusetts Society of Professional Engineers; **NAC** is National Asbestos Council; **NAFE** is National Academy of Forensic Engineers; **NAFI** is National Assn. of Fire Investigators; **NETA** is National Environmental Training Assn.; **NFPA** is National Fire Prevention Assn.; **NSC** is National Safety Council; **NSMS** is National Safety Management Society; **NSPE** is National Society of Professional Engineers; **NSPI** is National Spa and Pool Institute; **OHST** is Occupational Health & Safety Technician; **OT** is Occupational Therapist; **PE** is Professional Engineer; **Ph.D** is Doctor of Philosophy; **PT** is Physical Therapist; **REP/A/M** is Registered Environmental Professional/Assessor/Manager; **RN** is Registered Nurse; **SAE** is Society of Automotive Engineering; **SATAI** is Southwestern Assn. of Technical Accident Investigators; **SCSE** is Society of Casualty and Safety Engineer; **SFPE** is Society of Fire Protection Engineers; **SME** is Society of Mechanical Engineers; **SSS** is System Safety Society; **VS** is Veterans of Safety; **WSE** is Western Society of Engineers; **WSO** is World Safety Organization. ■

THE HOM

OLD PROS ON

A

Accredited Risk Management Specialists Inc.

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

Founded: 1990.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes, human resource management, ADA/EEO compliance.
Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health, ergonomic research; industrial hygiene testing done at various locations.
Staff: Seven total; (dual roles) seven safety consultants, four occupational health consultants, two industrial hygiene consultants. Designations include three CFEIs, one CHCM, four NSCs, two PEs, three Ph.Ds and three ASSE members.
Clients: 25 total; all corporate and institutional clients.
Specialties: Construction, petroleum, marine, manufacturing, chemical and plastics.
1991 gross revenues: 60% from unbundled safety consulting services, 40% from risk management, human resource management and forensics.
Officers: A.J. Scardino Jr., chairman/chief executive officer; Donna E. Ledgerwood, president; Don Godlewski; Norma Manning.
Contact: A.J. Scardino Jr.

Paul Alamar

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

Founded: 1972.
On-site services: Safety audits/reviews; safety, ergonomic and occupational health program assistance; training classes.
Other services: OSHA compliance, product liability research.
Staff: One total who is a safety consultant and holds CSP, PE and ASSE designations.
Clients: 40 total; five corporate and institutional clients.
Specialties: Construction, glass glazing.
Officers: Paul Alamar.

J.H. Albert International Insurance Advisors Inc.

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

Founded: 1967.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance, ergonomic research.
Staff: 40 total. Designations include one ALCM, 12 ARMs, 16 CPCUs, one CSP and one ASSE member.
Clients: 520 total; 120 corporate and institutional clients.
1991 gross revenues: $5 million total, 5% from unbundled safety consulting services, 95% from risk management and loss management consulting.
Officers: Joseph H. Albert, president; Michael A. Rodman; George W. West; Thomas L. Atkins; Martin S. Berman.
Contact: Linda Brodt, director-loss management services.

Alcona Associates

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

Founded: 1983.
On-site services: Safety audits/reviews, safety program assistance, training classes.
Other services: Publication of safety materials, OSHA compliance, product liability research.
Staff: Two total; one safety consultant who holds a PE designation and is an ASSE member.
Clients: 30 total.
Specialties: Metal-forming processes and machinery.
Branch offices: Harrisville, Mich.
Officers: William S. Roorda, president; Pearl E. Roorda, secretary/treasurer.

Alexander & Alexander Services Inc.

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

Founded: 1899.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health, ergonomic, product liability research; industrial hygiene testing done by contract with outside labs.
Staff: 288 total; 256 safety consultants, 22 occupational health consultants, 10 industrial hygiene consultants. Designations include five AIHAs, 15 ARMs, 23 ASPs, five CIHs, 196 CSPs, 30 CSEs, 90 PEs and 163 ASSE members.
Branch offices: 130 offices nationwide.
Officers: Tinsley H. Irvin, Ron W. Forrest, chairmen/chief executive officers; Michael K. White, executive vp/director; James A. McCormick, president/chief executive officer-Alexander & Alexander Inc.; William M. Wilson, executive vp/director.
Contact: Tom M. Ascherman, director-national loss control division.

Anti Fire, P.E. Phillips & Associates

1963 Sycamore Trail, Las Vegas, Nev. 89108; 702-648-6757; fax: 702-648-6757

Founded: 1974.
On-site services: Fire protection audits/reviews, fire protection program assistance, codes/standards/plan reviews/appraisals relating to fire protection.
Other services: Legal consulting service in fire protection engineering.
Staff: One total who holds CSP and PE designations and is a SFPE member.
Specialties: Business and industrial fire protection consulting service including nuclear and legal service/expert witness to lawyers.
Officers: Patrick E. Phillips, president/principal engineer.

Applied Remedial Services Inc.

7940 Capwell Drive, Oakland, Calif. 94621; 510-430-8709; fax: 510-430-8862

Founded: 1990.
On-site services: Safety audits/reviews; safety, industrial hygiene and occupational health program assistance; training classes; compliance for hazardous waste facilities.
Other services: OSHA compliance, industrial hygiene and occupational health research.

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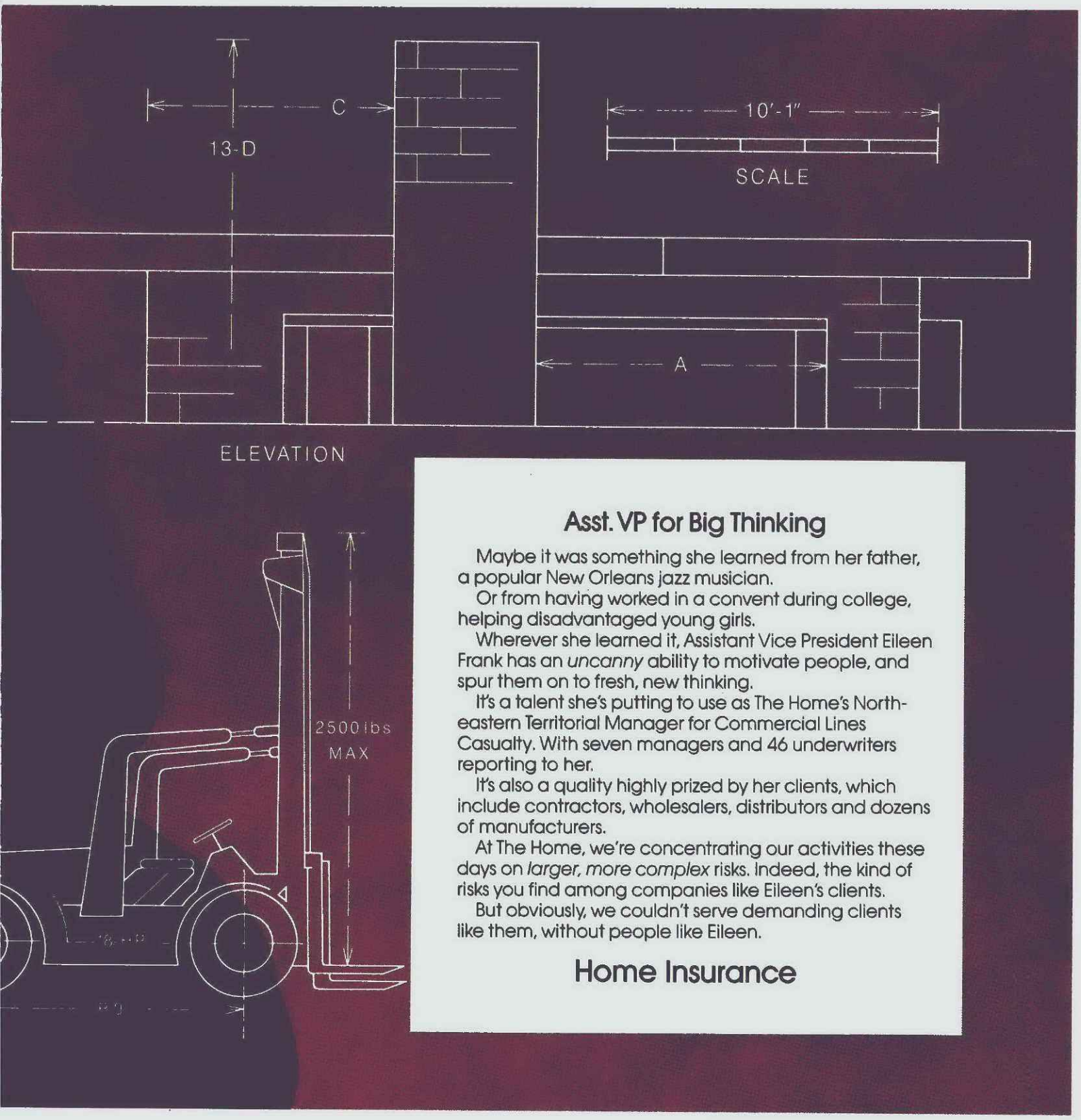
E TODAY



Asst. VP for Big Thinking

Maybe it was something she learned from her father, a popular New Orleans jazz musician.

Or from having worked in a convent during college, helping disadvantaged young girls.

Wherever she learned it, Assistant Vice President Eileen Frank has an *uncanny* ability to motivate people, and spur them on to fresh, new thinking.

It's a talent she's putting to use as The Home's Northeastern Territorial Manager for Commercial Lines Casualty. With seven managers and 46 underwriters reporting to her.

It's also a quality highly prized by her clients, which include contractors, wholesalers, distributors and dozens of manufacturers.

At The Home, we're concentrating our activities these days on *larger, more complex* risks. Indeed, the kind of risks you find among companies like Eileen's clients.

But obviously, we couldn't serve demanding clients like them, without people like Eileen.

Home Insurance

A NEW TEAM

Continued from previous page

The Brooks Cos.

44 Codfish Lane, Weston, Conn. 06883; 203-226-6970

Founded: 1971.
On-site services: Safety audits/review of current programs; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: OSHA compliance; industrial hygiene, occupational health, ergonomic research; industrial hygiene laboratory.
Staff: Nine total; (dual roles) three safety consultants, three occupational health consultants, four industrial hygiene consultants. Designations include one AIHA, two Ph.Ds and two ASSE members.
Clients: 150 total; 100 corporate and institutional clients.
1991 gross revenues: $100,000 total, 35% from unbundled safety consulting services, 65% from environmental/engineering consulting.
Officers: Keisa McPartland, chief executive officer; Margaret Y. Brooks, president; Keith Brooks, chairman.
Contact: Keisa McPartland.

C

C-A-B Consultants Inc.

4921 Butterfield Road, Hillside, Ill. 60162; 708-449-2221

Founded: 1985.
On-site services: Safety audits/reviews; safety, ergonomic and occupational health program assistance; training classes.
Other services: Development of training materials, OSHA compliance, occupational health research.
Staff: Seven total; three safety consultants, four occupational health consultants. Designations include two COHNs, three CSPs, one RN, one MD and three ASSE members.
Clients: 92 total.
Officers: Carol A. Bacon, president; Steven K. White, vp.
Contact: Carol A. Bacon.

Chubb Services Corp.

25 Independence Blvd., Warren, N.J. 07059; 908-580-7170; fax: 908-580-7187

Founded: 1991.
Parent: Chubb & Son Inc.
On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance, training classes.
Staff: 31 total; seven safety consultants, three occupational health consultants, three industrial hygiene consultants. Designations include seven CSPs, seven NSCs, two PEs, one RN, four CFPSs and seven ASSE members.
Specialties: Manufacturing, wholesale, retail, service.
Branch offices: Framingham, Mass.
1991 gross revenues: 40% from unbundled safety consulting services, 60% from other services.
Principal officers: William Frey, president; Richard Fiala, Robert F. Santoro, vps; John Fraser, Art Billington, assistant vps.
Contact: Robert F. Santoro.

Claymore Engineering

1308 Valle Vista Drive, Fullerton, Calif. 92631; 714-870-4521; fax: 714-870-7051

Founded: 1982.
On-site services: Safety audits/reviews, safety program assistance, ventilation.
Other services: OSHA compliance.
Staff: One total who is a safety consultant. Designations include a PE, CSP and an ASSE member.
Clients: 12 corporate and institutional clients.
Specialties: Manufacturing.
1991 gross revenues: $100,000 total, 10% from unbundled safety consulting services, 90% air pollution control.
Officers: Denison W. York, president.

COMCO Inc. Environmental and Safety Services

17120 Clark Ave., Bellflower, Calif. 90706-5730; 310-804-0305 or 800-327-5570; fax: 310-925-4248

Founded: 1980.
On-site services: Safety audits/reviews, safety and occupational health program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance, occupational health research.
Staff: 25 total; 15 safety consultants and trainers, 10 occupational health consultants and trainers. Designations include five CSDs, five CSEs, five CSMs, two CSPs, one Ph.D, one MD and one ASSE member.
Clients: 250 total.
Specialties: Petroleum industry, chemical industry, automotive.
Branch offices: Battle Ground, Wash.
1991 gross revenues: $890,000 total, 45% from unbundled safety consulting services, 55% from training.
Officers: Donald Rhodes, president; Jay L. James, chief financial officer.

Compliance Consulting Group Inc.

5995 Greenwood Plaza Blvd., Suite 220, Englewood, Colo. 80111-4714; 303-779-1152; fax: 303-741-0222

Founded: 1988.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; phase I and II environmental audits.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health, ergonomic research.
Staff: Five total; three safety consultants, one occupational health consultant, one industrial hygiene consultant. Designations include one COHN, one RN and one ASSE member.
Clients: 24 total; 21 corporate and institutional clients.
1991 gross revenues: $105,000 total, all from unbundled safety consulting services.
Officers: Kenneth A. Roberts, president; Ronald L. Battles, vp-environmental services; Helen J. Young, vp-occupational health services.
Contact: Kenneth A. Roberts.

Comprehensive Risk Management Inc.

515 Lowell St., Peabody, Mass. 01960; 508-535-9779; fax: 508-535-3636

Founded: 1991.
On-site services: Safety audits/review of current programs; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; risk management audits; risk management program assistance.
Other services: Publication of safety materials; development of training materials; OSHA compliance; ergonomic, research.
Staff: Three total; two safety consultants. Designations include one ARM, one CSP, one NSC and one ASSE member.
Clients: 12 total; all corporate and institutional clients.
Specialties: Manufacturing, municipalities, associations.
Officers: Philip E. Goldsmith, president.

CONFIRM Inc.

P.O. Box 265, 111 B Green St., Albany, N.Y. 12201-0265; 518-426-9301; fax: 518-426-9298

Founded: 1989.
On-site services: Safety audits/reviews, safety program assistance, training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; occupational health research.
Staff: Three total; one safety consultant. Designations include one ALCM, one ARM, two CPCU and one ASSE member.
Clients: 15 total; four corporate and institutional clients.
Specialties: Construction, trucking and municipalities.
Officers: James P. Faughnan Jr., president; Charles H. Cornish, vp; Paul J. Czesak, director-engineering services.
Contact: James P. Faughnan Jr.

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All Day
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Access the Alternatives with

Continued from previous page

Consolidated Risk Management Services Inc.

1602 Rolling Hills Drive, Richmond, Va. 23229; 804-285-8000; fax: 804-285-3578

Founded: 1969.
Parent company: Blue Cross and Blue Shield of Virginia Inc.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials, development of training materials, rehabilitation, OSHA compliance, occupational health and ergonomic research.
Staff: 10 total, all assigned to safety consulting. Designations include one ARM, two CHCMs, one CSD, three CSPs and six ASSE members.
Specialties: Construction, manufacturing, mercantile, municipalities, educational.
Branch offices: Fairfax, Va.; Saginaw, Farmington Hills, Mich.; Columbia, Rockville, Md.; Raleigh, N.C.
Officers: William D. Monday Jr., president; Thomas D. England, executive vp-Western Division; Stephen R. Hall, chief financial officer.
Contact: Harold D. Parker, director-loss control.

Constitution State Service Co.

1 Tower Square, Hartford, Conn. 06183-4072; 203-277-2677; fax: 203-277-0142

Founded: 1980.
Parent: The Travelers Corp.
On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene; ergonomic, research; industrial hygiene laboratory.
Staff: 343 total; 310 safety consultants, seven occupational health consultants, 26 industrial hygiene consultants. Designations include 12 AIHAs, 38 ALCMs, 10 ARMs, 14 ASPs, three CIHs, five CPCUs, one CSM, 127 CSPs, three OHSTs, 18 PEs and 70 ASSE members.
Clients: 300 total; 35 corporate and institutional clients.
Branch offices: 65 field offices nationwide.
1991 gross revenues: $2.5 million total, 20% from unbundled safety consulting services, 80% from other services.
Officers: James Nothem, senior vp; Dennis Replogle, second vp; Andrew J. Myer, vp; Steven Boccia, assistant director.
Contact: Steven Boccia, 203-277-2709.

Consultant Services Institute Inc.

651 W. Mt. Pleasant Ave., Livingston, N.J. 07039; 201-992-3811

Founded: 1969.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance.
Staff: 28 total; (dual roles) all safety consultants, two industrial hygiene consultants. Designations include three AIHAs, five CHCMs, nine CREs, nine CQEs, 18 CSPs, 25 PEs, 17 Ph.Ds, four RNs and 15 ASSE members.
Clients: 3,000 total; 2,500 corporate and institutional clients.
Specialties: Litigation support.
Officers: Richard M. Jacobs, James Korczak.

Consumer Usage Laboratories

1688 E. Gude Drive, Rockville, Md. 20850; 301-424-8200

Founded: 1976.
On-site services: Ergonomic program assistance.
Other services: Consulting on product labeling, warning and recalls.
Staff: Two total; designations include one Ph.D and one ASSE member.
Clients: 100 total.
Specialties: Manufacturing, legal profession.
Officers: Robert Cunitz, president; Anita Cunitz, vp.

Corporate Risk Management Inc.

Daylesford Plaza, Suite 300, P.O. Box 1010, Paoli, Pa. 19301; 215-647-8880; fax: 215-251-9368

Founded: 1985.
Parent: B.G. Balmer & Co. Inc.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials.
Staff: One total who is a safety consultant, holds a CPCU designation and is an ASSE member.
Clients: 40 total; 25 corporate and institutional clients.
Specialties: Manufacturing, YMCAs.
1991 gross revenues: $100,000 total, all from unbundled safety consulting services.
Officers: Barry G. Balmer, president.
Contact: Dale D. Young.

Coulter Consulting Group Inc.

35 N. Washington St., Delaware, Ohio 43015; 614-363-9715; fax: 614-369-1235

Founded: 1980.
On-site services: Safety audits/reviews, safety program assistance, training classes, ADA audits.
Other services: Publication of safety materials.
Staff: 16 total; eight safety consultants, designations include three CRIs and five ASSE members.
Clients: 50 total.
Specialties: Amusement park and carnival industry, leisure/entertainment industry, recreational venues, auditoriums and arenas.
1991 gross revenues: 100% from unbundled safety consulting services.
Officers: Richard J. Coulter, president; Jeffery W. Abendshien, senior vp; Dona M. Roudabush and George E. Laibe, vps; Fayetta Coulter, secretary/treasurer.
Contact: Dona M. Roudabush.

Continued on next page

It's 3:00 A.M., a time of rest for most, but not for hospitals, where it's business as usual 24 hours a day, every day.

And their workers' compensation exposures can be as tough as their schedule.

When several hospitals desired a responsive, cost-effective program to handle their unique round-the-clock workers' compensation exposures, Commonwealth Risk was there to help.

As a specialist in alternative risk financing, Commonwealth Risk knows how the Alternative Market "operates." With over twelve years of experience in structuring captives, Insurance Profit Center® programs and innovative funding arrangements, Commonwealth Risk can assist brokers in developing responsive workers' compensation programs for all types of sophisticated insureds.

Designing the right alternative risk financing program is just like making the right diagnosis.

When you need a remedy to cure the rising cost of workers' compensation coverage for your large clients, call Commonwealth Risk.

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Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health, ergonomic, research; industrial hygiene testing done at independent laboratories.
Staff: 90 total; 59 safety consultants, two occupational health consultants, 15 industrial hygiene consultants. Designations include 10 AIHAs, eight ALCMs, six ARMs, four ASPs, 10 CHCMs, nine CIHs, two COHNs, three CPCUs, 20 CSPs, eight NSMSs, 12 PEs, one Ph.D and two RNs.
Clients: 205 corporate and institutional clients.
Specialties: Restaurant industry, health care, electronics, construction manufacturing.
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Contact: Jim Sybert.

D

Delaney Consulting Inc.

8001 Nicklaus Drive, Suite 2, Orlando, Fla. 32825-8240; 407-273-7901

Founded: 1981.
On-site services: Safety audits/review of program, safety program assistance, training classes.
Other services: OSHA compliance.
Staff: Two total, both safety consultants. Designations include one CSE, two CSPs and two ASSE members.
Clients: 27 total.
Specialties: Industrial and construction.
Officers: Edward L. Delaney, president; Marie L. Delaney, secretary/treasurer.
Contact: Edward L. Delaney.

Doerfer Engineering

201 Washington St., Cedar Falls, Iowa 50613; 319-277-3110; fax: 319-277-7023

Founded: 1962.
Parent: JSC Corp.
On-site services: Safety audits/reviews, safety program assistance, training classes.
Other services: OSHA compliance.
Staff: 140 total; two safety consultants. Designations include one CSP, 10 PEs and one ASSE member.
Clients: 100 total.
Specialties: Agriculture, manufacturing, consumer products.
Contact: Dale Gumz.

Drucker Health & Safety Management Inc.

505 N. Sepulveda Blvd., Suite 16, P.O. Box 3515, Manhattan Beach, Calif. 90266; 310-372-8686

Founded: 1984.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; hearing conservation; respiratory protection; air testing.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing done at accredited laboratories nationwide.
Staff: Five total, all industrial hygiene consultants. Designations include one CHCM, one CIH and one CSP.
Clients: 400 total; 100 corporate and institutional clients.
1991 gross revenues: All from unbundled safety consulting services.
Officers: Marjorie A. Drucker, president.

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Montgomery Building, P.O. Box 80800, Wilmington, Del. 19880-0800; 302-992-3240 or 800-532-7233; fax: 302-892-0972

Founded: 1802.
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terials, OSHA compliance, ergonomic research, safety climate surveys.

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Specialties: Manufacturing industries.

Branch offices: Houston; Westlake Village, Calif.

1991 gross revenues: $30 million total.

Officers: Richard A. Romanelli, director-safety/environmental resources; David Herbert, business manager; Rick Frick, consulting manager; John Hilyard, seminars manager.

E

ELB & Associates Inc.

605 Eastowne Drug, Chapel Hill, N.C. 27514; 800-334-5478; fax: 919-493-2263

Founded: 1978.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Safety materials, training materials, OSHA compliance, industrial hygiene laboratory.

Staff: Six safety consultants, five occupational health consultants, six industrial hygiene consultants. Six AIHAs, one ARM, one ASP, three CIHs, one COHN, six CSPs, one Ph.D, one RN, three CCCAs, eight ASSE designations.

Clients: 600 total; 500 corporate and institutional clients.

Specialties: Manufacturing, government, construction, chemical industry.

Branch offices: LaGrange, Ga.; Gaffney, S.C.

1991 gross revenues: $5 million total, 50% from unbundled safety consulting services, 50% from other services.

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EOS Environmental Inc.

705 Mission St., South Pasadena, Calif. 91030; 818-441-7050; fax: 818-441-0166

Founded: 1988.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes: full asbestos support programs.

Other services: Safety materials.

Staff: Eight total; two safety consultants, two occupational health consultants, four industrial hygiene consultants. Three AIHAs, one CIH, one CSP, one PE, four AHERA, one ASSE designations.

Clients: 40 corporate and institutional clients.

1991 gross revenues: $600,000 total.

Officers: Eugene A. Port, president; Bernadine Kolk, secretary; Anthony Kolk, chief financial officer.

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2 Liberty Place, 1601 Chestnut St., Philadelphia, Pa. 19192-2105; 215-761-6784; fax: 215-761-5434

Founded: 1953.

Parent: CIGNA Corp.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; property, construction, motor fleet, professional liability and product liability consulting.

Other services: Safety materials; training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health and ergonomic, research; industrial hygiene laboratory.

Staff: 510 total; 451 safety consultants, three occupational health consultants, 15 industrial hygiene consultants. 12 AIHAs, 12 ARMs, 12 CIHs, 91 CSPs, 30 PEs, 358 ASSE designations.

Clients: 1,123 total; 190 corporate and institutional clients.

Specialties: Construction, chemical, general manufacturing.

Branch offices: Atlanta, Boston, Chicago, Dallas, Houston, Los Angeles, New York, Philadelphia, San Francisco.

1991 gross revenues: 10% from unbundled safety consulting services, 90% from claims handling and risk management information systems.

Officers: Edward P. Holleran, president; Brian P. O'Hara, director-product management; Bruce Hemphill, manager-product management; Robert F. Bruce, loss control manager.

Contact: Bruce Hemphill.

F

Fallsafe Inc.

P.O. Box 165, Portland, Ore. 97207; 503-243-3549; fax: 503-243-3549

Founded: 1986.

On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes, instructor training for back injury prevention and ergonomics, organizational development consulting with a safety emphasis.

Other services: Publication of safety materials, training materials.

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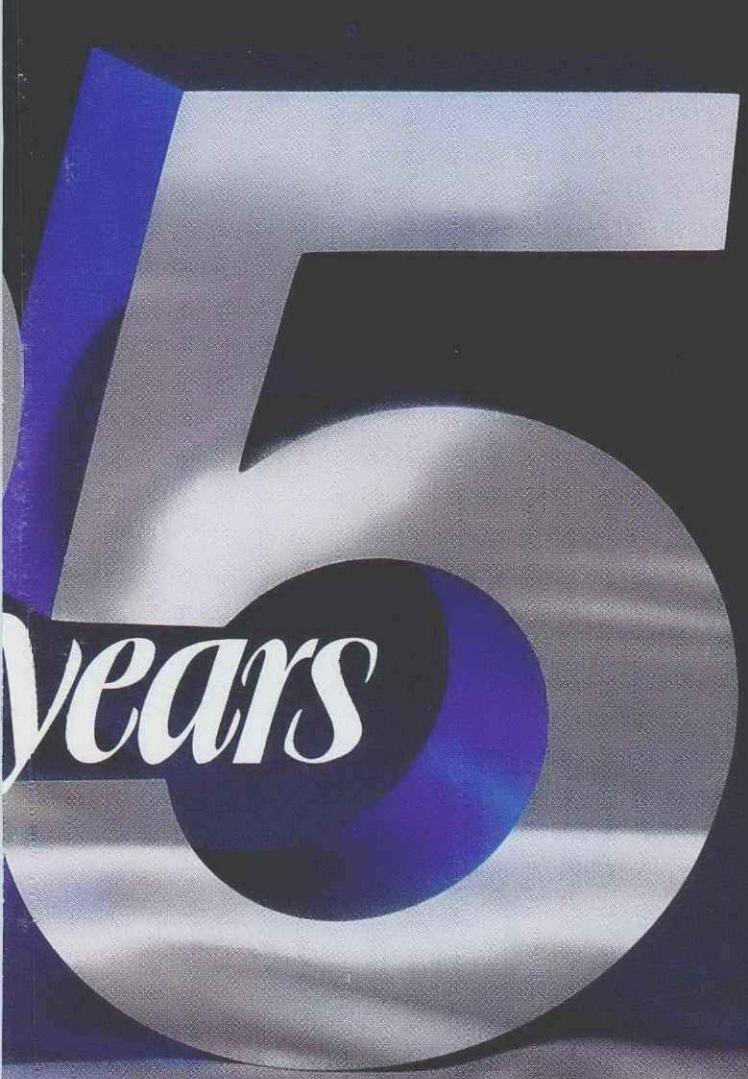

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Management accountability

Allocating costs of unsafe workplace motivates managers

By Michael J. Crall and Steven A. LaShier

THE PRINCIPLES OF CONTROLLING workers compensation costs are well understood. The pages of *Business Insurance*, as well as many other trade and general business publications, regularly give good advice on the subject. The key components of a workers compensation management program can be precisely enumerated and detailed. We know a lot about loss prevention, worker selection and training, claims and medical cost management, establishing return-to-work programs and litigation management.

The key question is: If we know so much, why don't we get better results? Why are most companies frustrated in their attempt to control workers compensation costs, in spite of the broad availability of technical expertise and support from insurance companies and independent vendors? Why is American industry's workers compensation record in general so poor, with costs growing at double-digit rates and a national bill now approaching $80 billion?

For some time, we have been working with clients based on the premise that the main differentiator between companies that are successful in controlling workers compensation costs and those that are not is what we refer to as "management accountability." Management accountability occurs when companies bring safety management and accountability for insurance costs into their mainstream management process.

Where management accountability is in place, line managers are accountable for injury costs in exactly the same way they are responsible for other revenue and expense results. Workers compensation costs are viewed within the management system as being fully controllable by management actions. They are, therefore, fair and appropriate components in determining compensation, promotion and other personnel actions. The critical concept here is line-management accountability, as opposed to responsibility residing in a staff safety department. (Professional safety and claims management expertise remains centrally important. The issue is how to make it effective.)

Accountability measures focus on safety-related goals that are designed to vary depending upon the level of management. Front-line managers are best held accountable and measured for their success in implementing safety activities. For example: conducting toolbox meetings, new employee orientations, routine area/equipment inspections, enforcement of personal protective-equipment rules. Plant and department managers should normally be held accountable and measured through some kind of financial or accident-tracking system such as: loss ratio, incident rates, costs per person-hour, etc. The key is getting accountability into every manager's performance objectives, and doing so on a basis that fairly measures his or her scope of responsibility.

The importance of management accountability in achieving good workers compensation results has been obvious to us for some time. Recently we tried to develop some objective data to support our contention. Using an outside consultant, Sumner Associates, we made a careful selection of 20 large accounts—a minimum of $500,000 of unmodified premium—which we separated into two groups of 10 each. We did everything we could think of to make the two groups mirror images of one another: similar geographic concentration, similar industries, similar risk factors. The only distinguishing factor was that we had worked with the clients in Group I to establish a management-accountability program, while in Group II we had not.

The results were dramatic:

		1989-1990	1991-1992	% change
Group I	Payroll	$124.9	$126.7	1.9
	Losses	$5.5	$3.5	(36.3)
Group II	Payroll	$126.3	$134.0	6.0
	Losses	$5.2	$10.2	96.2

Group I, the companies that implemented management accountability for workers compensation results, reduced losses by $2 million in two years. Group II companies, whose workers compensation cost-control approaches remained essentially unchanged, saw their costs increase by $5 million over the same period. All other factors remained essentially constant.

The results of this study were so overwhelming that they seemed too good to be true. We tested our conclusions using a larger sample selected on a slightly less thorough basis, i.e. we were less systematic in matching up clients. The results turned out to be quite similar. In this second sampling, in fact, the result differential in favor of management accountability was even larger than on the analysis detailed above.

Management accountability works. Why it works is not because it replaces other approaches, but rather because it renders them effective. In an environment without management accountability, safety specialists often expend a good part of their efforts giving advice and making recommendations that never get implemented.

In an environment with a good management-accountability program, on the other hand, safety professionals become effective. Rather than being viewed as people who take line management away from "the business," safety professionals become invaluable team members contributing very directly to team results. In a similar vein, the economics of early return-to-work programs come clearly into focus when the same people, i.e. line managers, are responsible for both the costs of production and the costs of workers compensation. Early return to work becomes an attractive cost-control option, where in the past it had been an unacceptable intrusion.

One final characteristic of management accountability for safety is that it is virtually free. It does not require any significant capital expenditure nor does it demand staff expertise beyond what is already present in most corporations. We have launched effective programs with very small amounts of upfront training and orientation.

What is required is action by top management. It must recognize the issue and provide the opportunity and initial implementation of management priorities which unequivocally demand that workers compensation costs be treated as a line-management issue. Where this commitment exists, impediments disappear and positive results follow.

The power of accountability as an effective motivator is a fundamental part of management theory and practice. Companies today routinely find ways to apply accountability to such difficult-to-measure areas as product quality, service quality and customer satisfaction. By comparison, accountability for safety results and workers compensation costs is relatively straight forward. And the payoff for making the effort represents an $80 billion target of opportunity for American business. ■

Mr. Crall

Mr. LaShier

Michael J. Crall is president and Steven A. LaShier is senior vp of Argonaut Insurance Co. of Menlo Park, Calif.

Return-to-work programs

Employers should re-examine vocational rehabilitation

By Peter C. Madeja

BACK-TO-WORK PROGRAMS now occupy a nearly sacred pedestal in the minds of most employers and insurers: Almost everyone agrees on the value of a return-to-work program, and few managers can find fault with the logic of returning an employee to productive employment while simultaneously minimizing skyrocketing workers compensation costs.

In spite of this attitude, however, one key element of an integrated disability management effort continues to be overlooked by many managers who otherwise claim to embrace a return-to-work philosophy. Vocational rehabilitation, which picks up where medical case management leaves off, continues to be viewed askance by the risk management industry. Many managers who are quick to employ medical case management to hasten the recovery of an injured employee balk at using vocational rehabilitation, which aims through counseling, job modification and retraining to return an employee to work when he is medically unable to return to his original job.

Some of that reluctance is understandable: Many managers don't understand the services offered by vocational rehabilitation and even fewer are able to measure its effectiveness as a clear-cut return on investment. Perhaps most significant, though, is the climate in which vocational rehabilitation has been administered. Until recently, many states mandated the use of vocational rehabilitation for workers compensation cases, forcing employers and insurers to utilize the approach whether they believed in its effectiveness or not. Indeed, the simple fact that it was mandated closed the eyes of many managers to viewing it as a positive tool in combatting the upward-spiraling costs of workers compensation.

Continued on next page

Vocational rehabilitation plans

Continued from previous page

But now that many states have begun rescinding mandated vocational rehabilitation, this is an opportune time to re-examine the effectiveness of this often-overlooked tool. Many companies and insurers, suddenly free from the constraints imposed by state regulations, will temporarily abandon vocational rehabilitation. However, I expect that the industry will soon "rediscover" the power of this tool in promoting a return-to-work program.

In fact, I predict that it will be used as frequently—and with greater success—in a voluntary environment. But successful results will come only to companies and insurers that commit themselves to understanding vocational rehabilitation's strengths—and weaknesses—and apply it within an environment that offers the highest chance of success for the company and the employee.

The term "return-to-work" has come to represent myriad efforts or programs to get an injured employee back to work as quickly as possible. The most popular tool used by companies aiming to control workers compensation costs is medical case management, which guides an employee through the disability stage and back to gainful employment, through early intervention and interaction between the treating physician, the injured employee and the employer.

In most cases, medical case management is successful in helping an employee return to his original job with a minimal disability. But in roughly 20% of workers compensation cases, an injury will leave the employee unable to return to his original job. For managers who truly promote and practice a "return-to-work" ethic, vocational rehabilitation will be the next logical step to get an employee back to work. As soon as a medical report indicates the employee may have difficulty resuming his former position, a vocational rehabilitation counselor can step in, picking up where the medical treatment has left off, providing a seamless continuation of case management services dedicated to returning an employee to work.

A vocational rehabilitation counselor will begin by compiling a vocational and educational profile of the employee, exploring interests, aptitudes and transferable skills. Based on this profile, the counselor may be able to suggest less physically demanding jobs within the company, or help craft a new job assignment that includes physical modifications for the injured employee.

Often, the counselor may suggest retraining for injured employees who assume new responsibilities with their employer, or offer motivational counseling for employees who are reluctant to return to work.

In extreme cases where a suitable job cannot be found with the original employer, counselors can help the injured employee find a job with another employer.

Ideally, a company should begin medical case management and vocational rehabilitation at the first sign that they might be needed. While most managers intellectually know that early intervention dramatically increases chances of success and reduces costs, many continue to undermine their efforts by delaying implementation. In fact, research indicates that employers wait three times as long to identify and initiate a vocational rehabilitation case as they do to begin medical case management.

That reluctance is caused largely by the negative image vocational rehabilitation has suffered, shaped by historical developments and the environment in which it has been forced to operate.

Vocational rehabilitation first rose to prominence during the 1970s when the plight of the injured worker was suddenly thrust into the spotlight. California, frequently a barometer for the nation, was the first state to introduce mandatory vocational rehabilitation for workers compensation cases (ironically, quite by accident when a bill implementing it was mistakenly signed instead of vetoed). About the same time, a national study of on-the-job injuries highlighted the human toll of a workers compensation system that paid little attention to the worker following an on-the-job injury, prompting public outcry on the situation.

These acts combined to create national sentiment for a return-to-work ethic. At the same time, this heightened public consciousness was matched by rising interest among labor seeking better protection for injured workers. On this wave of public and business opinion, a number of states, including Minnesota and Georgia, joined California in launching mandatory vocational rehabilitation as part of a disability management approach to workers compensation.

Despite some success, a predictable amount of grumbling accompanied mandatory vocational rehabilitation. That reaction, along with a prevalent attitude that workers compensation costs were simply a necessary cost of doing business, helped erase any inroads gained by vocational rehabilitation. And in the last several years, the pendulum has swung back, with many states repealing their mandates. Georgia, Minnesota and New Mexico, among others, have recently dropped mandatory vocational rehabilitation. California is currently considering a bill in its legislature that would drop the requirement that companies utilize vocational rehabilitation for injured employees.

The result? Now that vocational rehabilitation isn't required, the natural tendency among managers has been to swiftly abandon what was once mandated. However, once the initial elation over the dropping of mandatory vocational rehabilitation subsides, managers will once again be faced with the sobering prospect of minimizing workers compensation costs. And it may be this new, voluntary environment that causes managers to re-evaluate the powerful cost-containment benefits of vocational rehabilitation.

In spite of its tarnished image, vocational rehabilitation continues to be a powerful tool in the workers compensation arsenal, primarily because it is first and foremost a cost-containment tool. When injured employees return to work, their utilization of medical services almost always drops.

Employers and insurers who get the most out of vocational rehabilitation are those who see it as part of a total approach to disability management. Ideally, medical case management and vocational rehabilitation should be integrated and seamless in any return-to-work program.

A savvy manager will also keep the following in mind when approaching a situation that calls for vocational rehabilitation:

The earlier vocational rehabilitation is employed, the more successful the results and the lower the cost to the employer. It is not uncommon for a company to wait 20 or 30 months after an employee's injury before trying vocational rehabilitation. By this time, several years of benefits have already been paid and there are likely to be negative feelings among everyone surrounding the case, further undermining the chances of success.

Screen all cases thoroughly and identify those that offer the best chance for success before implementing a vocational rehabilitation program. In general, the younger the employee, the higher the wages and the more serious the injury, the greater the likelihood that vocational rehabilitation is needed—and the greater the potential for a significant return on investment. Other factors to consider include an employee's experience, education, length of employment with the company, as well as general labor market conditions and the overall financial exposure of the claim.

Set realistic expectations—and be prepared for some failures. As a very general rule of thumb, vocational rehabilitation is successful in approximately 70% of cases. Because about 30% of cases do not respond successfully to vocational rehabilitation (a number that would drop if companies were more selective in identifying candidates for vocational rehabilitation), it's critical that its use be viewed over time and in multiple cases, not just for one case.

Don't get too caught up in the process of vocational rehabilitation at the expense of ignoring results. Too many companies focus on the operational aspects of the program instead of focusing their sights on the end results, which is the true measure of a program's success.

A company interested in vocational rehabilitation can either contract with an outside firm for services or hire an in-house administrator. The latter approach may make more sense for a company with a high volume of on-the-job injuries. An increasing trend among larger companies is to sub-contract vocational counselors from a cost-containment firm; the counselors can be on-site at the company several days a week, offering an extra measure of attention and personalization to a company's needs.

Many employers and insurers are under the impression that the results of vocational rehabilitation don't translate as easily into return-on-investment as do those of the more commonly used medical case management services. In reality, there are reliable methods to compute the savings realized through a vocational rehabilitation effort. It's important, though, that a company, or its provider, have systems in place to help gauge results of such a program.

One of the most common methods of measuring results is to look at total vocational rehabilitation expenditures against the reserve set aside to settle the case. Another method is to examine the days lost by injured employees before and after implementing a rehabilitation program.

For example, the total reserve set aside for a jackhammer operator who shattered his femur on the job was $100,000, of which $60,000 was indemnity reserves for lost wages and benefits and $40,000 for medical reserves. This total figure represented the company's most accurate projection of what this case would cost it to resolve.

But instead, this company turned to a disability management firm, and at the end of six months, found the employee had returned to a modified job, and its costs looked like this: $30,000 indemnity paid; $15,000 paid in medical expenses; and $5,000 paid in rehabilitation services. Instead of a $100,000 price tag, the company had spent only $50,000, realizing a return of $50,000 on its rehabilitation investment of $5,000.

Under the second measurement scenario, a manager can construct before and after snapshots of a company's workers compensation situation by examining: total number of claims; number of lost-time claims; average length of disability; closed cost of claim; and total workers compensation costs.

As a case in point, lumber company Weyerhaeuser Co. has saved nearly $200 million in workers compensation costs since 1984, following the introduction of an aggressive cost-containment and disability management program. Incurred cost per employee dropped to $300 last year from more than $750 in 1984, while cost per man-hour dropped to less than 20 cents from nearly 40 cents in 1984. Additionally, the number of on-the-job injury claims dropped to about 5,000 in 1991 from about 10,000 a decade earlier. That drop resulted in significant decreases in the number of full-time employees absent from work as well as paid lost workdays.

While absolute cause and effect can be somewhat elusive in calculating cost savings realized from utilizing a vocational rehabilitation program, most companies are pleasantly surprised by the pay-off of investing in a disability management effort. In general, a 3:1 return on investment is very realistic—even conservative, by some measures. Catastrophic cases can see returns of 10:1—sometimes as high as 30:1—translating into savings for the employer of $30 for every $1 invested.

For the last two decades, vocational rehabilitation has been a tool that many managers viewed as an unwelcome intrusion into their efforts to minimize workers compensation costs. In states where it was mandated, vocational rehabilitation became a tiresome nuisance for employers and insurers. Even in states where it wasn't required by law, it was barely tolerated—and certainly not exploited as the powerful cost-containment tool it has always been.

Now that mandatory vocational rehabilitation has all but disappeared, it has an opportunity to re-establish itself as a potent savings tool in an overall disability management program. Any manager who truly subscribes to a return-to-work philosophy will set aside the negative image that has enveloped vocational rehabilitation for years and focus instead on the results—significant cost savings and productive employees—offered by this return-to-work tool. ■

Peter C. Madeja is executive vp of General Rehabilitation Services Inc. of Wayne, Pa.

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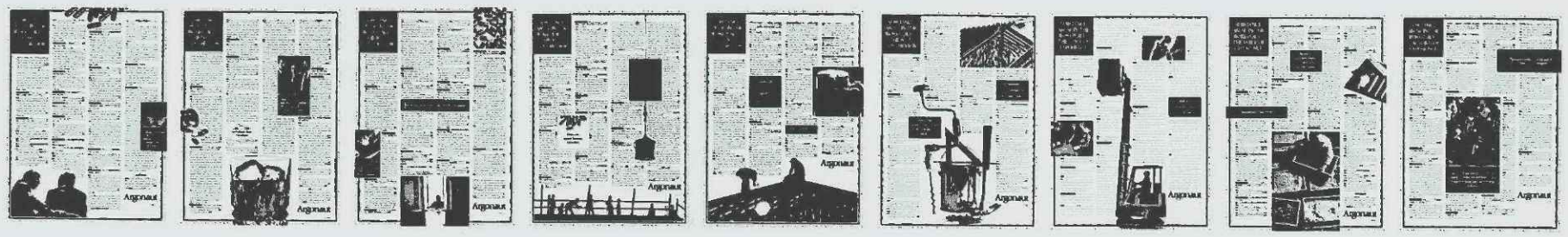

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On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; OSHA required training.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic, research; industrial hygiene testing done at independent certified laboratories.
Staff: Four total; (dual roles) four safety consultants, two occupational health consultants, one industrial hygiene consultant. Designations include one AIHA, one CIH, three CSPs, three PEs, one Ph.D, two NSPEs, two MSPEs, one SAE, one ASME, one VS and four ASSE members.
Clients: 30 total; all with gross revenues less than $200 million.
Specialties: Construction, general industries, longshoring, maritime, ship building and repair, trenching, excavations/shoring, scrap metal.
1991 gross revenues: $115,000 total, all from unbundled safety consulting services.
Officers: John V. Fiatarone.

Fire Protection Associates Inc.

1101 Kermit Drive, Suite 304, Nashville, Tenn. 37217; 615-361-4700; fax: 615-361-4790

Founded: 1981.
On-site services: Fire protection, life safety.
Staff: Two total, both safety consultants. Designations include two SFPEs, one AIA and one ASSE member.
Clients: 30 total.
Specialties: Health care.
1991 gross revenues: $150,000 total, all from unbundled safety consulting services.
Officers: Tom Copeland, president; William M. Steffenhagen, secretary/treasurer.
Contact: William Steffenhagen.

FIRECON

P.O. Box 231, E. Earl, Pa. 17519; 717-354-2411; fax: 717-354-7233

Founded: 1980.
On-site services: Safety audits/reviews, safety program assistance, training classes, emergency preparedness audits, emergency plan development.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: One total who is a safety consultant. Designations include a CHCM, CSP, CET and an ASSE member.
Clients: Over 100 total.
Officers: R. Craig Schroll, president.

Fireman's Fund Insurance Co.

P.O. Box 777, Novato, Calif. 94998-9002; 415-899-2353; fax: 415-899-3800

Founded: 1863.
Parent company: Allianz Insurance Co.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Development of training materials; industrial hygiene, occupational health and ergonomic research.
Staff: 228 total; 200 safety consultants; one occupational health consultant; 27 industrial hygiene consultants. Designations include; 22 ALCMs, seven ARMs, 7 ASPs, seven CIHs, one COHN, 13 CPCUs, one CSM, 95 CSPs, two CSSs, four PEs, one RN, one AIM and 150 ASSE members.
Clients: 20 corporate and institutional clients.
Branch offices: 50 locations nationwide.
Officers: Dennis Cockerham, vp-loss control.
Contact: Duke Hughes.

Forensic Engineering

3490 Whitney Ave., Hamden, Conn. 06518; 203-281-6551; fax: 203-287-9227

Founded: 1973.
On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes, accident investigation, emergency troubleshooting.
Other services: Development of training materials; ergonomic research; system safety studies; critical path project planning/management.
Staff: Five total; two safety consultants. Designations include two PEs, CTCSs and four ASSE members.
Clients: 500 total (approximate), all corporate and institutional clients.
Specialties: OSHA compliance in construction.
Officers: Michael E. Shanok, president; Gilbert E. Nicholls, senior engineer.

Fyrsafe Engineering Inc.

1225 Carnegie St., Suite 108, Rolling Meadows, Ill. 60008; 708-392-1111

Founded: 1986.
On-site services: Safety audits/reviews, safety program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: Five total; three safety consultants. Designations include two CSPs, two PEs, one IAAI, three SFPEs, three NFPAs and three ASSE members.
Clients: 30 corporate and institutional clients.
Officers: John M. Mertens, president.

G

Gallagher Bassett Services Inc.

Two Pierce Place, Itasca, Ill. 60143-3141; 708-773-3800; fax: 708-285-4000

Founded: 1962.
Parent company: Arthur J. Gallagher & Co.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene laboratory.
Staff: 52 total; 42 safety consultants. Designations include two AIHAs, one ALCM, four ARMs, two ASPs, two CHCMs, one CIH, 10 CSPs, six NSMSs, two PEs, three CFPSs and 42 ASSE members.
Clients: 1,080 total; 540 corporate and institutional clients.
Specialties: Manufacturing, food services, printing, municipal, institutional, commercial, educational, religious clients and hotels.
Branch offices: Miami; St. Louis; Atlanta; Schaumburg, Ill.; Los Angeles.
1991 gross revenues: $72 million total, 9% from unbundled safety consulting services, 91% from claims management, information manage-

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We make history. Others simp

In 1917, American Re was formed to underwrite Worker's Comp for seven coal mining families in Pennsylvania. Seventy-five years later, one of our first clients is still with us. In fact, over half of our clients have been with us 20 years or longer.

It takes enduring quality to maintain financial strength and client relationships through hard and soft markets. In 1985, when capacity got tight, we didn't close offices or reduce coverage. Our record of constancy helped our clients through the tough times. Some reinsurers didn't make the same constant commitment; some didn't make it at all.

With stability, we offer innovation. Systems and services especially designed to meet our clients' needs. We bring together specialists from across divisional, corporate and geographic lines to provide customized solutions for our clients. We have actually restructured our company to give full access to the best minds in the business with a flexible, coordinated response

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ment, property appraisal services.

Officers: John G. Campbell, chairman; Peter J. Durkalski, president; Richard McKenna, Richard Rothman, Fred Potenza, executive vps.

Contact: Fred Potenza or Kurt Montalto, RMCS business development representative.

General Consulting Services

113 N. Kickapoo, Lincoln, Ill. 62656; 217-732-1830; fax: 217-735-5135

Founded: 1986.

On-site services: Safety audits/reviews; safety, ergonomic and occupational health program assistance; training classes, back, stress, coping.

Other services: Publication of safety materials, development of training materials, rehabilitation.

Staff: 20 total; three safety consultants, one occupational health consultant.

Clients: 57 total; all corporate and institutional clients.

Specialties: Health care facilities.

Officers: Barbara O'Donohue, chief executive officer; Betty Hayes, chief operating officer.

Contact: Betty Hayes.

James R. Glaze-Safety Consultant

6051 E. Eastland, Tucson, Ariz. 85711; 602-747-0310

Founded: 1970.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: OSHA compliance; industrial hygiene, occupational health and ergonomic research; expert witness testimony.

Staff: One total who holds AIHA, CSP, NSMS and NSC designations and is an ASSE member.

Clients: 30 total.

1991 gross revenues: $150,000 total, 20% from unbundled safety consulting services.

Officers: James R. Glaze, principal.

Gow Management Services Inc.

344 Delaware Ave., Buffalo, N.Y. 14202; 716-856-6148; fax: 716-856-6179

Founded: 1982.

Parent: S.H. Gow & Co. Inc.

On-site services: Safety audits/reviews; safety, industrial hygiene and occupational health program assistance; training classes; contact risk management.

Other services: Development of training materials, OSHA compliance, statistical injury/causal relationship reviews.

Staff: 22 total; three safety consultants, three occupational health consultants, one industrial hygiene consultant. Designations include one ALCM, two ARMs, one Ph.D, one CIC, three LIAs, three AICs, one IH and two ASSE members.

Clients: 110 total.

Specialties: Municipal, heavy industry, general and heavy construction, high tech manufacturing, commercial real estate/development.

Branch offices: Albany, Rochester and Syracuse, N.Y.

1991 gross revenues: $750,000 total, 40% from unbundled safety consulting services, 60% from safety consulting, third-party claims administration, claims investigations.

Officers: Jeffrey Gow, president; Michael Gow, executive vp; Richard Mason, senior vp; Steven McCullough, assistant vp/manager.

Contact: Steven McCullough.

Great Lakes Educational Consultants Inc.

3324 Olney St., Kalamazoo, Mich. 49006; 616-382-2314; fax: 616-382-6495

Founded: 1978.

On-site services: Safety audits/reviews, safety program assistance, training classes, emergency plan development, safety and security plans.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: Three total, all safety consultants. Designations include one CSE and one ASSE member.

Clients: 19 total, all corporate and institutional clients.

1991 gross revenues: $160,000 total, all from unbundled safety consulting services.

Officers: Robert F. Jonaitis, president.

Rod Guidry Consulting & Insurance

P.O. Box 52864, Lafayette, La. 70505-2864
2229 Moss St. Lafayette, La. 70501-2123; 318-237-6316; fax: 318-237-6579

Founded: 1980.

On-site services: Safety audits/reviews, safety program assistance, training classes, workers compensation.

Other services: Publication of safety materials, development of training materials.

Staff: One total who is a safety consultant and an ASSE member.

Clients: One total.

Specialties: General safety practices for small businesses.

Officers: Rodney-Lee Guidry, owner.

H

HGD Consulting Safety Professionals

3603 Elgin St., Nederland, Texas 77627; 409-722-4550; fax: 409-722-4550

Founded: 1982.

On-site services: Safety audits/reviews, safety program assistance, accident investigation and expert witness.

Other services: OSHA compliance.

Staff: One total who is an ASSE member.

Officers: Harold G. Davis, owner.

C.R. Haines & Associates

825 Wheelwright Drive, Manchester, Mo. 63011; 314-227-3959; fax: 314-227-3959

Founded: 1984.

On-site services: Safety audits/reviews, safety program assistance, training classes, litigation defense, safety program development.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: One total who is a safety consultant and holds CSP and PE designations and is an ASSE member.

Clients: 40 total; 20 corporate and institutional clients.

Specialties: Industry, construction, amusement and water parks.

Officers: Charles R. Haines, president.

Hand Therapy Ltd.

1725 W. Harrison St., Chicago, Ill. 60612; 312-642-6698; fax: 312-642-7561

Founded: 1985.

On-site services: Safety, ergonomic and occupational health program assistance, training classes, testing on site for carpal tunnel syndrome.

Other services: Publication of safety materials, development of training materials, rehabilitation, OSHA compliance, occupational health and ergonomic research.

Staff: 14 safety consultants, four occupational health consultants.

Branch offices: Calumet City, Oakbrook and Skokie, Ill.

Officers: Dr. Robert R. Schenck, president; George Heslinga, business manager; Pat McNeil, comptroller; Myrna Weiner, promotional director.

Contact: Myrna Weiner.

Helmsman Management Services Inc.

175 Berkeley St., Boston, Mass. 02117; 617-574-5557; fax: 617-426-1067

Founded: 1983.

Parent: Liberty Mutual Insurance Group.

On-site services: Safety audits/reviews; safety, ergonomic, industrial

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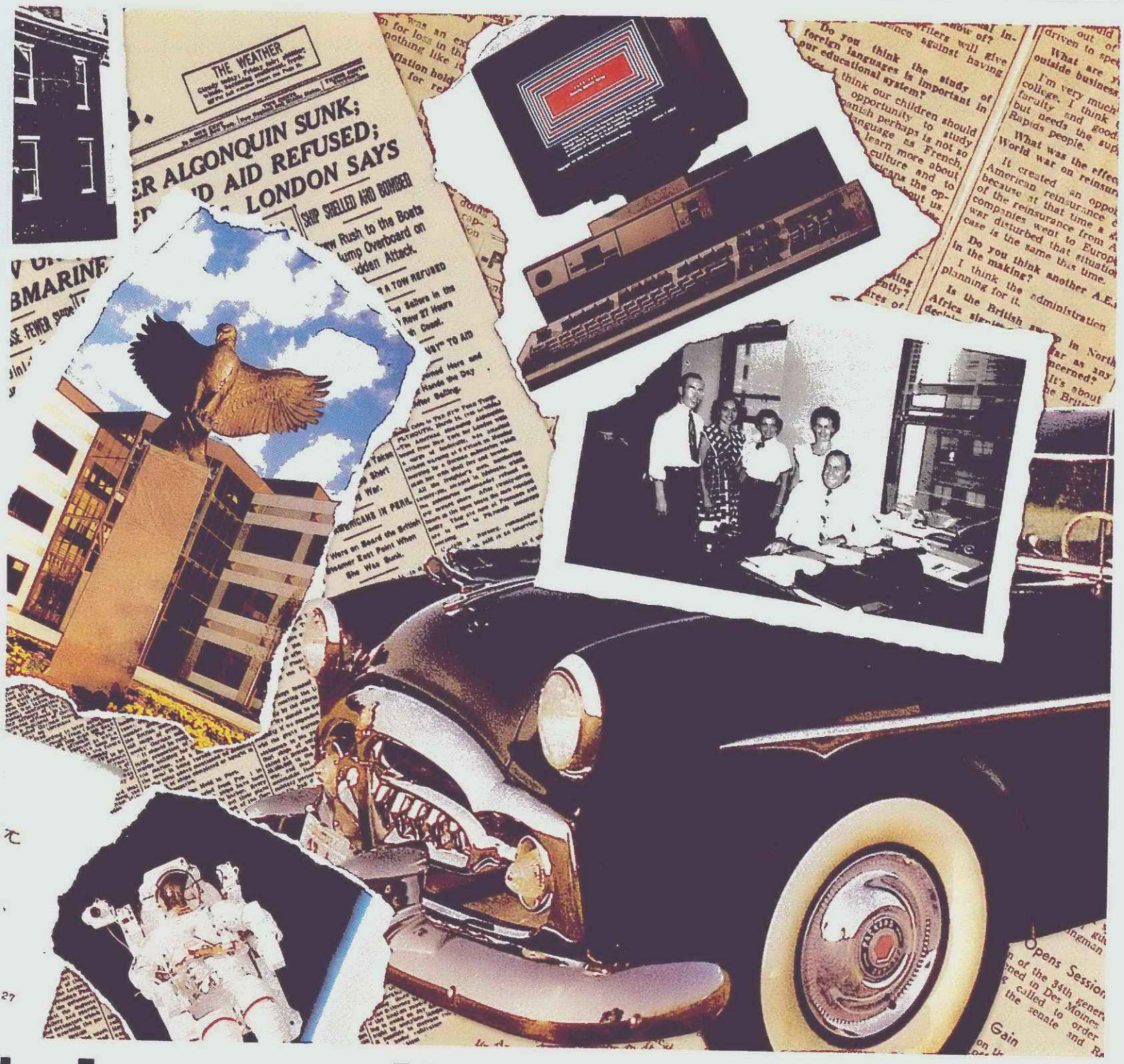

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hygiene and occupational health program assistance; training classes, property consulting services, transportation services included.

Off-site services: Training classes.

Other services: Publication of safety materials; development of training materials; rehabilitation; industrial hygiene, occupational health and ergonomic, research; industrial hygiene laboratory.

Staff: 755 total; 691 safety consultants, 31 occupational health consultants, 33 industrial hygiene consultants. Designations include 30 AIHAs, 16 ALCMs, 54 ARMs, 16 CIHs, 25 COHNs, four CPCUs, 45 CSPs, seven PEs, three Ph.Ds, 30 RNs, 23 BPVI, one MD and 164 ASSE members.

Clients: 150 total.

Specialties: Construction, manufacturing, retail, transportation services.

Branch offices: More than 125 locations in the United States, Canada and England.

1991 gross revenues: $21.8 million total, 10% from unbundled safety consulting services, 90% from claims administration and risk information services.

Officers: Gary L. Countryman, chairman/chief executive officer; Edmund F. Kelly, president; Robert L. Barrese, Therese A. Maloney, senior vps; Amy J. Leddy, vp/manager.

Contact: James M. Rogers, director-sales/marketing.

Hewitt, Coleman & Associates Inc.

P.O. Box 3665, Greenville, S.C. 29608; 803-240-5800; fax: 803-232-8824

Founded: 1923.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene program assistance; training classes.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing done in Novi, Mich.

Staff: Six total; all safety consultants. Designations include one ALCM, one ARM, two CSEs, one CSM, two CSPs, one PE and five ASSE members.

Clients: 800 total.

Specialties: Transportation, poultry, health care, municipalities.

Branch offices: Atlanta; Birmingham, Ala.; Denver; Orlando, Fla.; Raleigh, N.C.

1991 gross revenues: 10% from unbundled safety consulting services, 90% from claims administration, excess placement, underwriting, data management, risk retention groups and captive insurance companies.

Officers: Charles R. Warne, president; Ronald J. Graves, vp-loss control; Randy Chapman, vp-marketing; Garry Coulter, vp-excess/reinsurance.

Contact: Ronald J. Graves, 803-240-5808.

Charles M. Hunt

5043 Grape, Houston, Texas 77096; 713-665-8249

Founded: 1985.

On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: One total who is a safety consultant and holds a CSP designation.

Clients: Four total; all corporate and institutional clients.

1991 gross revenues: $8,000 total.

Contact: Charles M. Hunt.

I

I.P.C. Chicago Inc.

787 Beverly Place, Lake Forest, Ill. 60045; 312-718-7395; fax: 708-498-4453

Founded: 1986.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; U.S., Environmetal Protection Agency and IDPH accredited asbestos-related courses.

Other services: Publication of safety videos, development of training materials, OSHA compliance, industrial hygiene laboratory.

Staff: Five total; three safety consultants, two industrial hygiene consultants. Designations include one AIHA, one ARM, one CHCM, one CSE, one CSP, one NSC, one RN and one ASSE member.

Clients: 3,000 total (students); 50 corporate and institutional clients.

Specialties: Environmental clients.

Officers: Robert G. Cooley.

Impact Hearing Conservation

920 Main St., Suite 700, Kansas City, Mo. 64105; 816-471-3900; fax: 816-471-1929

Founded: 1971.

On-site services: Occupational health program assistance, training classes.

Other services: Publication of safety materials or videos, development of training materials, noise and vibration research.

Staff: 80 total; eight to 10 occupational health consultants. Designations include eight CCC-As.

Clients: 3,500 total.

Specialties: Manufacturing, food, petrochemical, aerospace.

Officers: Jeffrey C. Morrill, chief executive officer; William Glotzbach, chief operating officer/chief financial officer; Robert Garvey, president; Micheal L. Sterrett, vp-sales/marketing.

Industrial Technical Associates

P.O. Box 332, 3 Stanley Road, West Orange, N.J. 07052; 201-674-2625

Founded: 1967.

On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance, air sampling and testing, smoke and heat abating, sound level control.

Other services: Development of training materials, OSHA compliance, product liability and noise and vibration research, fire protection engineering.

Staff: One total who is both a safety consultant and industrial hygiene consultant and holds AIHA, CIH, NSC and CSP designations and is an ASSE member.

1991 gross revenues: More than $100,000 total.

Officers: A. Wallach, director.

Industrial Training Systems Corp.

9 E. Stow Road, Marlton, N.J. 08053; 609-983-7300; fax: 609-983-4311

Founded: 1974.

On-site services: Training classes.

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

Staff: 51 total. Designations include one CIH, one CSE, one NETA and one CET.

Clients: 3,500 total.

Branch offices: Burlington, Ontario, Canada.

1991 gross revenues: $4 million total.

Officers: John M. Evans, president; Jack A. Cowan Jr., exeuctive vp; Timothy S. Casey, senior vp; Amy E. Brofft, controller.

Contact: Dee Kensler, 609-988-2011.

Inservco Insurance Services Inc.

P.O. Box 8898, 3461 Market St., Camp Hill, Pa. 17001-8898; 800-356-0438; fax: 717-763-5732

Founded: 1980.

Parent: Pennsylvania National Insurance Group.

On-site services: Safety audits/reviews, safety program assistance, training classes, property valuations, cost-containment consulting.

Other services: Publication of safety materials or videos, development of training materials, rehabilitation, OSHA compliance, fire protection engineering, ADA job safety analysis and claims-loss analysis.

Staff: 25 total, all safety consultants. Designations include four ALCMs, three ARMs, two ASPs, two CPCUs, two CSPs, one OHST and one PE.

Clients: 135 total, all corporate and institutional clients.

Branch offices: Baltimore; Greensboro, N.C.; Harrisburg, Philadelphia and Pittsburgh, Pa.; Trenton, N.J.

1991 gross revenues: $5.4 million total, 10% from unbundled safety consulting services, 90% from other services including claims adjusting.

Officers: Daniel D. Walters, president; Robert L. Conrad, executive vp; S.G. McDowell, vp; Barry L. Kline, chief financial officer; Kenneth R. Shutts, secretary/general counsel.

Contact: Joseph M. Boslet.

Insurance Control Systems Inc.

1118 N. LaBrea Ave., Inglewood, Calif. 90302; 213-678-7115; fax: 310-673-3350

Founded: 1989.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Publication of safety materials or videos; development of training materials; OSHA compliance; industrial hygiene, occupational health, ergonomic, product liability and noise and vibration research; fire protection engineering; industrial hygiene testing contracted to certified laboratories.

Staff: 12 total; three safety consultants. Designations include one ALCM, one ARM and three CSPs.

Clients: 46 total; 14 corporate and institutional clients.

Branch offices: Atlanta; Dallas; Reno, Nev.

1991 gross revenues: $1.1 million total, 95% from unbundled safety consulting services, 5% from legal witness fees.

Officers: Alfred Kirkpatrick, president; Valeta Paganelli, vp; Laura Patten, vp-operations; Lani Amarino, service manager; Y. Heitkamp, controller; K.D. King, marketing.

Contact: Laura Patten.

Insurers Technical Services Inc.

8600 N.W. 36th St., Miami, Fla. 33166; 305-599-7410; fax: 305-599-7422

Founded: 1983.

Parent: Skandia Group.

On-site services: Safety audits/reviews, insurance underwriting surveys and service.

Other services: Fire protection engineering.

Staff: 14 total; 10 safety consultants. Designations include two CSPs, one OHST, one CST and four ASSE members.

Clients: 15 total.

Specialties: Property and casualty insurance companies.

Branch offices: Orlando, Fla.

1991 gross revenues: $300,000 total, 50% from unbundled safety consulting services, 50% from other services.

Officers: R.C. Chaffin, president; John Marshall, vp; Martin R. Lerner, director.

Contact: Martin R. Lerner.

International Loss Control Institute Inc.

P.O. Box 1898, Loganville, Ga. 30249; 404-466-2208; fax: 404-466-4318

Founded: 1974.

Parent: Det Norske Veritas.

On-site services: Safety audits/reviews, safety program assistance, training classes.

Other services: Publication of safety materials or videos, OSHA compliance.

Staff: 85 total; 50 safety consultants. Designations include three ALCMs, two ARMs, three CHCMs, four CRSPs, eight CSPs, four PEs and one ASA.

Clients: 5,500 total.

Specialties: Process industries.

Branch offices: Houston; Sacramento, Calif.

Officers: Per Olaf Brett, president; David McCollough, vp-finance.

Contact: Clifford Purcell, 800-486-4524.

J

C.E. Jackson Jr., Construction Consultant

P.O. Box 1226, McComb, Miss. 39648; 601-684-1107

Founded: 1982.

On-site services: Safety audits/reviews, safety program assistance, training classes, nationwide service.

Other services: OSHA compliance (construction), construction safety consulting.

Staff: One safety consultant who holds PE, ASCE and NAFE designations and is an ASSE member.

Specialties: Construction.

Officers: C.E. Jackson Jr., owner.

Jacobs Consulting Ltd.

P.O. Box 11779, St. Paul, Minn. 55111; 612-699-7938; fax: 612-699-7938

Founded: 1990.

On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes, ergonomic task analysis, abatement of OSHA ergonomic citations, practical engineering controls for cumulative trauma risk factors.

Other services: OSHA compliance-ergonomics, ergonomic research.

Staff: One total who is a safety consultant and holds CSP and HFS designations and is an ASSE member.

Clients: 30 total.

Specialties: Manufacturing, assembly, electronics, offices, service, warehousing, personal care, automobile and other industries.

1991 gross revenues: 100% from unbundled safety consulting services.

Officers: Philip Jacobs, president.

Jarry Associates

13 Riggs Court, Basking Ridge, N.J. 07920; 908-647-9031

Founded: 1980.

On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: Three total; two safety consultants. Designations include two CSP, one PE and two ASSE members.

Clients: 12 total; four corporate and institutional clients.

Branch offices: Center Conway, N.H.

1991 gross revenues: $70,000 total, 80% from unbundled safety consulting services, 20% from other services.

Officers: Harry J. Eiermann, principal consultant.

Johnson & Higgins

125 Broad St., New York, N.Y. 10004-2424; 212-574-8760; fax: 212-574-7373

Founded: 1845.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes, product liability and environmental management consulting, vehicle fleet safety consulting, construction safety.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; disaster recovery planning.

Staff: 73 total; 62 safety consultants, one industrial hygiene consultant. Designations include a four AIHAs, four ALCMs, 13 ARMs, two CHCMs, one CIH, one CPCU, one CPSM, one CSE, 33 CSPs, two NSCs, six NSMSs, 12 PEs, one AIChE, three NFPAs, three VSs, one NAC, three WSOs, one ANHPS, one NSPE, one AWMA, one ASTM and 50 ASSE members.

Specialties: Manufacturing, construction, health care, government sector, financial institutions, educational institutions.

Branch offices: Atlanta; Baltimore; Birmingham, Ala.; Boston; Charlotte, N.C.; Chicago; Cincinnati and Cleveland, Ohio; Costa Mesa, Los Angeles, Riverside, San Diego and San Francisco, Calif.; Dallas and Houston, Texas; Denver; Detroit and Grand Rapids, Mich.; Hartford and Stamford, Conn.; Honolulu; Louisville, Ky.; Miami; Minneapolis; Nashville, Tenn.; New Orleans; Parsippany and Rochester, N.Y.; Philadelphia; Pittsburgh; Phoenix; Portland, Ore.; Richmond and Roanoke, Va.; St. Louis; Salt Lake City; Seattle; Tulsa, Okla.; Washington; Wilimington, Del.

Officers: Richard E. Meyer, executive vp; John V. Deitchman, senior vp; Joseph T. Mullahey, senior vp/national manager; Ronald R. Williams, James R. Johnson, Dan R. Kett, Robert F. Satterfield, vps.

Contact: Joseph T. Mullahey.

K

K&T Safety Service Inc.

9888 Bissonnet, Suite 285, Houston, Texas 77036; 713-988-9021; fax: 713-988-2358

Founded: 1981.

On-site services: Safety audits/review of programs, safety and industrial hygiene program assistance, training classes or seminars, asbestos surveys, project management, environmental assessments, indoor air quality studies.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, fire protection engineering, industrial hygiene testing contracted to local laboratories.

Staff: Four total; two safety consultants, one industrial hygiene consultant. Designations include one CIH, one CSP, one PE, one EIT and one ASSE member.

Clients: 200 total, all corporate and institutional clients.

Specialties: Manufacturing, construction, oil and gas companies, schools and universities, restaurants.

1991 gross revenues: $350,000 total, all from unbundled safety consulting services.

Officers: Henry G. Kana, president; S.H. Kana, vp; W.C. Higdon, executive vp.

Kemper Risk Management Services/The NATLSCO Division

1 Kemper Drive, Long Grove, Ill. 60049-0075; 708-540-2400; fax: 708-540-4330.

Founded: 1968.

Parent: Kemper Corp.

On-site services: Safety audits/review of programs; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars, environmental; lab services.

Other services: Publication of safety materials or videos, development of training materials, OSHA compliance, industrial hygiene and ergonomic research, industrial hygiene laboratory.

Staff: 144 total; 46 safety consultants, two occupational health consultants, 26 industrial hygiene consultants. Designations include 50 AIHAs, five ARMs, two ASPs, two CHCMs, 20 CIHs, two CPCUs, 22 CSPs, two PEs, three RNs, two IHTs, three COTs and 38 ASSE members.

Clients: 826 total; 670 corporate and institutional clients.

Specialties: National and international corporations.

Branch offices: Summit, N.J.; Fairfax, Va.

Officers: F.G. Minchk, president; A.D. Odom, vp-safety; G.J. Krafcisin, vp-health services; J.G. Weiss, vp-risk management.

Contact: Robert S. Adamski.

Kleckner Enterprises Inc.

P.O. Box 357, Hibernia, N.J. 07842-0357; 201-625-8626; fax: 201-586-2620

Founded: 1961.

On-site services: Safety audits/review of programs; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes or seminars; hazardous materials training and audits.

Other services: Publication of safety materials or videos; development of training materials; rehabilitation; OSHA compliance; ergonomic, product liability and noise and vibration research; fire protection engineering; hazardous material audits.

Staff: One total who is a safety consulting and holds CSE, Ph.D and REP designations and is an ASSE member.

Clients: 600 total, all corporate and institutional clients.

Specialties: Construction, mining and quarries, manufacturing.

Branch offices: Whitehall, Pa.; Lake Telemark, N.J.; Inverness, Fla.

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1991 gross revenues: $1.26 million total, 90% from unbundled safety consulting services, 10% from other services.

Officers: Dr. Willard R. Kleckner.

Leonard H. Kushner

1635 Camino De Villas, Burbank, Calif. 91501; 818-846-1700

Founded: 1976.

On-site services: Safety audits/reviews; safety, ergonomic and occupational health program assistance.

Other services: Publication of safety materials; OSHA compliance; occupational health and ergonomic research.

Staff: Three total; all safety and occupational health consultants. Two ASSE members.

Clients: 18 total.

Officers: Leonard H. Kushner.

L

LKM Safety Consultants

P.O. Box 3954, Champaign, Ill. 61826; 217-352-1673

Founded: 1970.

On-site services: Safety audits/reviews, safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health and ergonomic, research.

Staff: Safety consultants, occupational health consultants and industrial hygiene consultants. Designations include RNs and ASSE members.

Specialties: Construction, manufacturing, hospital safety.

Officers: Linda K. May, owner.

Law Companies Group Inc.

1000 Abernathy Road, N.E., Atlanta, Ga. 30319; 404-396-8000; fax: 404-391-0291

Founded: 1946.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene laboratory.

Staff: 4,900 total; 150 safety consultants, 100 occupational health consultants, 50 industrial hygiene consultants. 950 ASSE members.

Branch offices: Worldwide.

1991 gross revenues: $355 million total.

Officers: R.K. Sehgal, chairman/chief executive officer.

Contact: Anne R. Ockene.

Liberty Mutual Insurance Group

175 Berkeley St., Boston, Mass. 02117; 617-357-9500

Founded: 1912.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Publication of safety materials; development of training materials; rehabilitation; industrial hygiene, occupational health and ergonomic research; industrial hygiene laboratory.

Staff: 755 total; 691 safety consultants, 31 occupational health consultants, 33 industrial hygiene consultants. Designations include 30 AIHAs, 16 ALCMs, 54 ARMs, 16 CIHs, 25 COHNs, four CPCUs, 45 CSPs, seven PEs, three Ph.Ds, 30 RNs, 23 BPVIs, one MD and 164 ASSE members.

Specialties: Construction, manufacturing, retail, transportation services.

Branch offices: 125 offices in the U.S., Canada and England.

1991 gross revenues: $6 billion total.

Officers: Gary L Countryman, chairman/chief executive officer; Edmund F. Kelly, president; Therese Maloney, John B. Conners, Gary P. Lia, executive vps.

Loss Control Associates Inc.

172 Middletown Blvd., Suite B204, Langhorne, Pa. 19047; 215-750-6841; fax: 215-750-6845

Founded: 1986.

On-site services: Safety audits/reviews, safety program assistance, training classes.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: Eight total; five safety consultants. Designations include three PEs.

Clients: 30 total.

Specialties: Petrochemical, refining, heavy industry.

1991 gross revenues: $900,000 total, all from unbundled safety consulting services.

Officers: Orville M. Slye Jr., president.

M

MSM Safety Consulting

P.O. Box 728, Grand Island, Neb. 68802-0728; 800-452-5286

Continued on next page

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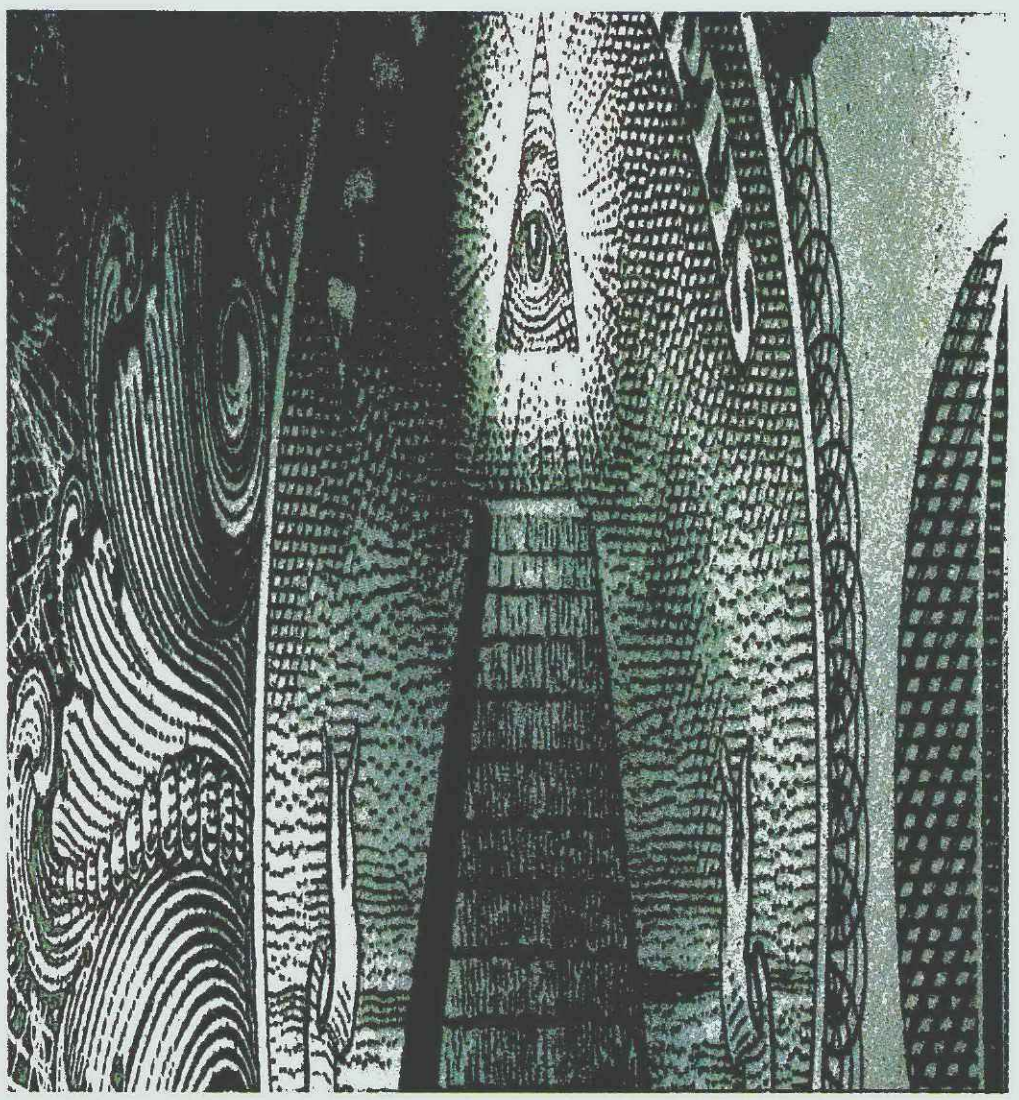

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Continued from previous page

Founded: 1986.
On-site services: Safety audits/reviews, safety and industrial hygiene program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance, industrial hygiene research.
Staff: One total who is a safety and industrial hygiene consultant. Designations include a CSP and PE.
Clients: Six total.
Officers: Neil N. Ruebsamen, senior consultant.

Management Services Inc.

2 E. Main, Suite 208, Danville, Ill. 61832; 217-446-1089; fax: 217-443-0927

Founded: 1978.
On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance, ergonomic research.
Staff: 12 safety consultants. Designations include one ASP, three CHCMs, three CSPs and 10 ASSE members.
Branch offices: Oak Brook, Ill.; St. Louis; Des Moines, Iowa; Indianapolis.
Officers: Sam Cannon, chief executive officer; Bob Cowgill, president; Jacque Cannon, vp; Gary Schirmer, director.
Contact: Gregory Clapper, Bonnie Gotham or Mary Norenberg.

McNeary Insurance Consulting Services Inc.

P.O. Box 220926, Charlotte, N.C. 28222; 704-365-4150; fax: 704-365-4155

Founded: 1956.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: 01Publication of safety materials, development of training materials, OSHA compliance.
Staff: 60 total; two safety consultants, two occupational health consultants, two industrial hygiene consultants. Designations include seven ARMs, one ASP, one CHCM, seven CPCUs, one CSP and one ASSE member.
Clients: 175 corporate and institutional clients.
Specialties: Healthcare.
Branch offices: Atlanta.
Officers: William C. Moore, chairman; Glen Pehl, vice chairman; William D. Yaeger, senior vp; Carl Malmberg, vp.
Contact: Carl W. Malmberg.

Meehan & Associates Inc.

2847 84th St., S.E., Grand Rapids, Mich. 49316-9121; 616-698-3119

Founded: 1991.
On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance, ergonomic research, claims management, OSHA appeals.
Staff: One safety consultant. Designations include CSP, Veterans of Safety and one ASSE member.
Specialties: Manufacturing, construction.
1991 gross revenues: All from unbundled safety consulting services.
Officers: Terrance Patrick Meehan, president.

Dr. Donald P. Milione, Chiropractor

7012 18th Ave., Brooklyn, N.Y. 11204; 718-232-9595; fax: 718-232-6800

Founded: 1990.
On-site services: Safety audits/reviews; safety, ergonomic and occupational health program assistance; training classes; loss source analysis; back and neck injury prevention programs.
Other services: Publication of safety materials, development of training materials, rehabilitation, return-to-work programs.
Staff: Four total; one safety consultant, one occupational health consultant. Designations include one COHC and one DC.
Specialties: Sedentary office workers, construction, manufacturing and transportation.
Officers: Dr. Donald P. Milione, director; C.G. Sammis, occupational health assistant.
Contact: Dr. Donald P. Milione.

A. Mims Associates Inc.

31 Apache Court, Appleton, Wis. 54911-1012; 414-731-7548; fax: 414-472-5716

Founded: 1972.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; expert witness.
Other services: Development of training materials, OSHA compliance.
Staff: Five total: three safety consultants, one occupational health consultant, one industrial hygiene consultants.
Clients: 25 to 30 total; six corporate and institutional clients.
Specialties: Chemical, construction, plastics, metals, paper, food.
Officers: Albert Mims, president; Margie L. Kolbe-Mims, vp/secretary/treasurer.

N

National Medical Advisory Service

7910 Woodmont Ave., Suite 700, Bethesda, Md. 20814-3015; 800-258-0014; fax: 301-913-0028

Founded: 1975.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Development of training materials, OSHA compliance, industrial hygiene research, product risk assessment.
Staff: 25 total; two safety consultants, two occupational health consultants, three industrial hygiene consultants. Designations include four AIHAs, one CIH, one CSP, one Ph.D, two RNs, two IHITs and three MDs.
Branch offices: Baltimore.
Officers: Ronald E. Gots, president; John W. Spencer, vp.
Contact: Nancy Foss, director of client services.

Continued on next page

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Continued from previous page

National Safety Council

1121 Spring Lake Drive, Itasca, Ill. 60143-3201; 708-285-1121; fax: 708-285-1315

Founded: 1913.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research.
Staff: 300 total; 30 safety consultants, 10 occupational health consultants, 10 industrial hygiene consultants. Designations include 15 CIHs, 20 CSPs, 50 NSCs, five OHSTs, 20 PEs, eight Ph.Ds, and 35 ASSE members.
Clients: 50 total.
Branch offices: Syracuse, N.Y.; Washington; Foster City, Calif.; Atlanta.
Officers: Chuck Gilchrest, president; Irvin B. Etter, executive vp/chief operating officer; Michael Meersman, vp-finance; John Kuchta, vp-sales.
Contact: James P. Kaletta, director-safety and health management services, 708-775-2340.

Northeast Consulting Engineers Inc.

The Fulton Building, 74 Holten St., Danvers, Mass. 01923; 508-777-8339; fax: 508-777-6380

Founded: 1989.
On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes, safety engineering, accident reconstruction and investigation, noise and vibration control, product design, machine design.
Other services: Publication of safety materials; development of training materials; OSHA compliance; ergonomic research; design engineering; failure analysis; forensic engineering.
Staff: Three total; two safety consultants, one occupational health consultant. Designations include one CSP, one PE, one Ph.D, one RN, SAE, ASME, NSPE and one ASSE member.
Clients: 25 total; six corporate and institutional clients.
Specialties: Manufacturing industries, general industry, contractors.
1991 gross revenues: $80,000 total, all from unbundled safety consulting services.
Officers: Dr. John W. Mroszczyk, president.

O

Occupational Safety & Health Advisors Inc.

16167 Elmwood Station, Minneapolis, Minn. 55416; 612-444-4775

Founded: 1989.
On-site services: Safety audits/reviews, safety program assistance, training classes, forensic studies for attorneys.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: One total who is a safety consultant. Designations include a CSP and an ASSE member.
Clients: 30 total; 10 corporate and institutional clients.
1991 gross revenues: $50,000 total, all from unbundled safety consulting services.
Officers: Ivan W. Russell, president.

Occupational Safety & Health Consultants

5228 Magazine St., New Orleans, La. 70115-1846; 504-895-8966; fax: 504-734-4464

Founded: 1984.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; expert witness; accident investigation/reconstruction.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene occupational health and ergonomic research.
Staff: Three total; one safety consultant, one occupational health consultant, one industrial hygiene consultant.
Clients: One corporate and institutional client.
Specialties: Drilling and related oil and gas production, pipelines and support services, marine terminals, heavy construction, maritime industries, crude oil storage and transmission facilities.
Branch offices: Lafayette, La.
1991 gross revenues: $100,000 total, 2% from unbundled safety consulting services, 98% from other services.
Officers: Donald G. Broussard Sr., president/owner; Joe McKillip, vp-industrial hygiene services; Renee S. Darsey Broussard, administrative officer/secretary.

Organizational Safety Services Inc.

63 Sequoia Drive, Huntington, W.Va. 25705; 304-736-4920

Founded: 1987.
On-site services: Safety audits/reviews, safety and ergonomic program assistance training classes, accident investigation, litigation assistance.
Other services: Publication of safety materials, development of training materials, OSHA compliance, ergonomic research, conference planning.
Staff: Four total; three safety consultants. Designations include two CSPs, two PEs, two Ph.Ds and three ASSE members.
Clients: 32 total; nine corporate and institutional clients.
Specialties: Paper industry, rubber manufacturing.
Officers: Keith E. Barenklau, president; LeRoy Abbott, Linda C. Abbott, vps; Eric E. Barenklau, secretary.
Contact: Keith E. Barenklau.

Donald E. Ostrum, Consultant

12109 Cottonwood St., N.W., Coon Rapids, Minn. 55448 612-757-0102

Founded: 1985.
On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance, training classes.

Continued on next page

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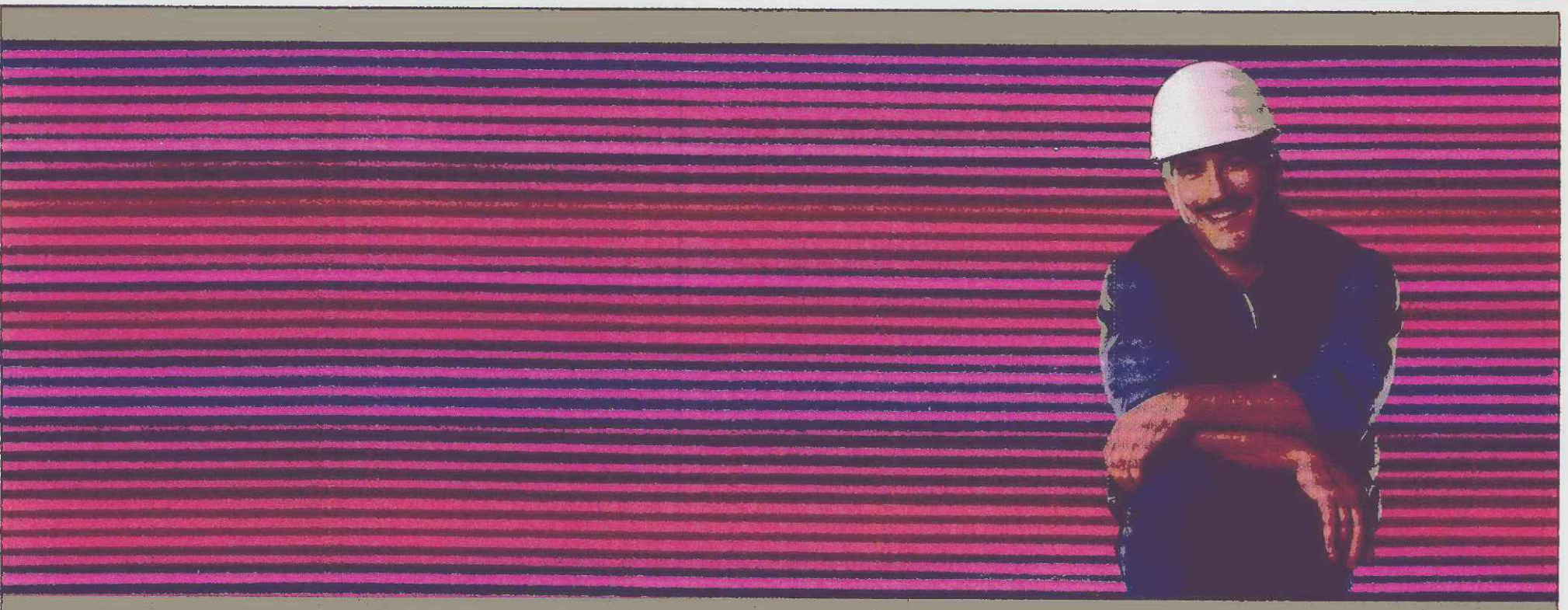

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Continued from previous page

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene and ergonomic research.

Staff: One total. Designations include a AIHA, CHCM, CSP, CHC, NFPA and an ASSE member.

Clients: 80 total; 50 corporate and institutional clients.

Specialties: Attorneys, railroads, Ready-Mix, grain, animal feed, lumber.

1991 gross revenues: More than $50,000 total, 50% from unbundled safety consulting services, 50% from other services including expert witness.

Officers: Donald E. Ostrum, owner.

P

Pooler Consultants Ltd.

321 Upland Drive, Lafayette, La. 70506; 318-984-1601; fax: 318-988-1762

Founded: 1989.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; environmental.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene and occupational health research; industrial hygiene testing done at local laboratories.

Staff: Seven total; four safety consultants, two occupational health consultants, one industrial hygiene consultant.

Officers: Ben Pooler, president.

Professional Safety Associates Inc.

9613 Interline, Suite C, Baton Rouge, La. 70809; 504-924-3580; fax: 504-926-1509

Founded: 1984.

On-site services: Safety audits/reviews, safety program assistance, training classes, development and presentation of specialized safety training programs.

Other services: Publication of safety materials, OSHA compliance.

Staff: Three total; all safety consultants. Designations include two CSPs and three ASSE members.

Clients: 41 total.

Specialties: Petrochemical facilities, industrial contractors.

1991 gross revenues: $300,000 total, all from unbundled safety consulting services.

Officers: Steven P. Pereira, president.

Professional Safety Consultant Service Inc.

424 S.E. 30th Ave., Ocala, Fla. 34471; 904-694-4601 or 800-329-7233

Founded: 1975.

On-site services: Safety audits/reviews, safety and occupational health program assistance, training classes, security related consultation.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene and occupational health, research.

Staff: One total who is a safety and occupational health consultant. Designations include a CHCM, CPSM, CSE, CSM, CSP, CSS, NSC, NSMS, PE, CHSP, CHMM, CSSD and an ASSE member.

Clients: 100 total.

Officers: Herbert T. Bogert, president.

Professional Safety Consultant Services Inc.

1923 Molino, Suite 205, Long Beach, Calif. 90804; 310-597-1988; fax: 310-498-2085

Founded: 1976.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Development of training materials; OSHA compliance; industrial hygiene research.

Staff: One total who is a safety, occupational health and industrial hygiene consultant. Designations include a AIHA, CSP, PE and an ASSE member.

Clients: 50 total; five corporate and institutional clients.

Specialties: Litigation and expert witness in petroleum and construction.

1991 gross revenues: $150,000 total; all from unbundled safety consulting services.

Officers: Raymond N. Chace Sr., president/chief executive officer; Raymond N. Chace Jr., vp; Michelle Chace-Bass, secretary/treasurer.

Contact: Raymond N. Chace Sr.

R

R.E.C. Inc.

12900 Silver Crest Road, Chester, Va. 23831-4328; 804-748-8003; fax: 804-748-2384

Founded: 1975.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Publication of safety materials, OSHA compliance, industrial hygiene research, industrial hygiene testing done at local accredited laboratories.

Staff: Four total; one safety consultant, one occupational health consultant, one industrial hygiene consultant. Designations include three AIHAs, one CIH, one CSP, one PE, one RN, AOHNA, ASQC, SSS, HFS and one ASSE member.

Clients: 46 total; 25 corporate and institutional clients.

Specialties: Asbestos and lead removal companies, indoor air quality, government, private and commercial companies, municipalities, chemical and pharmaceutical manufacturing facilities.

1991 gross revenues: $250,000 total; all from unbundled safety consulting services.

Officers: Henry M. Taylor Jr., president; Genevieve Wills-Taylor, vp.

Contact: Genevieve Wills-Taylor.

RMS Associates

109 Shasta Road, Plymouth Meeting, Pa. 19462; 215-275-0820; fax: 215-277-9660

Founded: 1971.

On-site services: Accident investigation and product evaluations for safety.

Other services: Expert witness services, accident investigation.

Staff: One total who is a safety consultant. Designations include an ASSE member.

Clients: 75 total.

Specialties: Legal profession, insurance adjustors.

Officers: Robert B. Benowitz, president.

RPF Associates

20 LeRoy St., Dix Hills, N.Y. 11746; 516-586-0778; fax: 516-586-5164

Founded: 1985.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; OSHA audits; DOT audits; right-to-know training; lockout/tag out training; basic electrical training; HIV/hepatitis B and blood born pathogens program development; C.O.L. training; confined space entry programs.

Other services: Publication of safety materials; development of training materials; OSHA compliance; occupational health and ergonomic research.

Staff: Five total; three safety consultants, one occupational health consultant. Designations include one ARM, two CSPs, one NSC and two ASSE members.

Clients: 40 total; all corporate and institutional clients.

Specialties: Printing industry, general manufacturing, liquor distribution and warehousing, retail store safety, expert testimony for slip and fall, auto accident investigation and reconstruction, OSHA regulations 1910 and 1926.

1991 gross revenues: All from unbundled safety consulting services.

Officers: Robert P. Firmbach, president.

Frederick Rauh & Co.

3300 Central Parkway, Cincinnati, Ohio 45225-2384; 513-559-0500; fax: 513-559-7093

Founded: 1870.

Parent: American Business Insurance.

On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance, training classes, amusement ride safety inspections, fire prevention/protection and design.

Other services: Publication of safety materials, development of training materials, OSHA compliance research, industrial hygiene testing done in commercial and insurer laboratories, code reviews.

Staff: 86 total; three consultants who do safety, occupational health and industrial hygiene consulting. Designations include one CSE, one CSP, two CSSs, one NSC, one NFPA, one SFPE and two ASSE members.

Clients: 23 corporate and institutional clients.

Specialties: Large amusement park rides, manufacturing, construction, broadcasting, hospitals, large habitational, selected chemical risks.

1991 gross revenues: 1% from unbundled safety consulting services, 99% from continuous consulting and risk management services, commercial/personal property insurance, casualty insurance, life/group and individual health insurance, annuities, etc.

Officers: Steve Wolder, president; Harry Addison, senior vp; Bob Stone; Pete Dowd; Bob Lang.

Contact: Robert J. Stone.

The Reliability Group

P.O. Box 1099, Miami, Fla. 33186; 305-595-5848 fax: 305-595-5848

Founded: 1985.

On-site services: Safety audits/reviews, safety program assistance, training classes.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: Eight total; seven safety consultants. Designations include two ARMs, one CSP, one Ph.D and three ASSE members.

Clients: 29 total; 24 corporate and institutional clients.

Specialties: Petroleum, wood products/paper, manufacturing, utilities, defense.

Officers: Hank Sarkis, president; Dr. Robert A. Cooke, vp.

Contact: Hank Sarkis.

F.A. Richard & Associates

P.O. Box 30070, Lafayette, La. 70593; 204 Winchester Dr., Lafayette, La. 70506; 318-988-4008; fax: 318-988-4121.

Founded: 1977.

On-site services: Safety audits/reviews; safety, ergonomic and occupational health program assistance; training classes.

Other services: Publication of safety materials, development of training materials, OSHA compliance, ergonomic research.

Staff: Six total; five safety consultants, one occupational health consultant. Designations include one ARM.

Clients: 60 total; 50 corporate and institutional clients.

Specialties: Construction, manufacturing, petrochemical, governmental entities, educational institutions, wood products.

Branch offices: Shreveport, La.

1991 gross revenues: $500,000 total; 80% from unbundled safety consulting services, 20% from other services.

Officers: David R. Sturgis, manager.

Risk Analysts Inc.

4828 Loop Central Drive, 9th Floor, Houston, Texas 77081; 713-661-9933; fax: 713-669-4724

Founded: 1984.

Parent: Wisenberg Insurance & Risk Management.

Continued on next page

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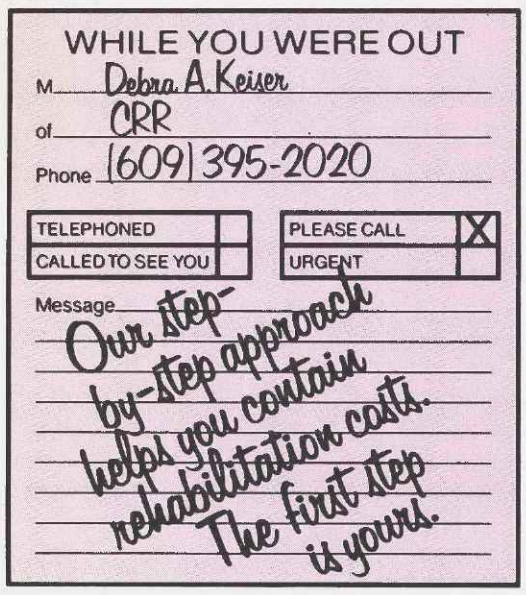

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Continued from previous page

On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance; training classes; job safety analysis; early return-to-work programs; ADA compliance.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene and ergonomic research; industrial hygiene testing done at CTEK labs in Dallas.

Staff: 65 total; four safety consultants, one industrial hygiene consultant. Designations include one ARM, CSTs and three ASSE members.

Specialties: Hospitals, health care, light to heavy manufacturing, wholesale, warehousing, retail, hotel/motel, restaurants, real estate, auto racing.

1991 gross revenues: 10% from unbundled safety consulting services, 90% from engineering services for workers compensation, non-subscriber, general liability, commercial fleet, property protection and customized safety training programs.

Officers: Irving Pozmantier, chairman; Joe L. Williams, president; Thomas C. Francis, vp; Nicholas P. Dalby, assistant vp.

Contact: Nicholas P. Dalby.

Risk Management Services

1324 Greenfield, Naperville, Ill. 60564; 708-416-7686

Founded: 1991.

On-site services: Safety audits/reviews, safety and occupational health program assistance, training classes, claim audits, investigations.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: Three total; all assigned to safety consulting. Designations include two ARMs, one CHCM and one ASSE member.

Specialties: Local government and small business.

Officers: William C. Kostner, president; Jerry A. Kostner, vp.

J.D. Roberts, CSP-Professional Safety Consultant

1308 Independence Drive, Slidell, La. 70458; 504-643-7309

Founded: 1989.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research.

Staff: Two total; one safety consultant. Designations include a CSP and an ASSE member.

Clients: 25 total; five corporate and institutional clients.

Specialties: Marine, oil and gas construction, parks and recreation.

1991 gross revenues: $120,000 total, all from unbundled safety consulting services.

Officers: J.D. Roberts.

J.C. Roumas & Associates

895 Linden Ave., Ridgefield, N.J. 07657; 201-945-7970

Founded: 1988.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene laboratory.

Staff: Two total; (dual roles) one safety consultant, one occupational health consultant, one industrial hygiene consultant. Designations include one AIHA, one CSP, one PE and one ASSE member.

Specialties: Manufacturing, chemical processing, construction, general industry.

Officers: James C. Roumas.

S

Safety Associates Inc.

1351 E. Morehead St., Charlotte, N.C. 28204; 704-334-8690; fax: 704-375-5838

Founded: 1978.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes, OSHA defense.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: Six total; five safety consultants, one occupational health consultant. Designations include four ASSE members.

Clients: 20 total.

Specialties: Printing, manufacturing, service.

1991 gross revenues: 50% from unbundled safety consulting services, 50% from other services.

Officers: Jim Stephens, president.

Safety Consulting Inc.

P.O. Box 2789, Topeka, Kan. 66601-2789; 1271 S.W. Harrison St., Topeka, Kan. 66612-2302; 913-232-3887

Founded: 1971.

On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance; training classes.

Other services: Publication of safety materials, development of training materials, OSHA compliance.

Staff: Five total; two safety consultants. Designations include two ASSE members.

Clients: 80 total.

Specialties: Construction, manufacturing, petroleum.

Branch offices: Wichita, Kan.

1991 gross revenues: $300,000 total, all from unbundled safety consulting services.

Officers: Denzell B. Ekey, president; Philip W. Blake, vp.

Safety Consulting Service

1288 Newman Ave., Seekonk, Mass. 02771; 508-761-5625

Founded: 1966.

On-site services: Safety audits/reviews, safety and ergonomic program assistance and training classes.

Other services: Publication of safety materials, development of training materials, OSHA compliance,first-aid and CPR training.

Staff: One total who is a safety, occupational health and industrial hygiene consultant and holds CHCM and CSP designations and is an ASSE member.

Clients: 20 total.

Specialties: Research laboratories, manufacturing.

1991 gross revenues: $5,000 total.

Officers: Eric W. Spencer.

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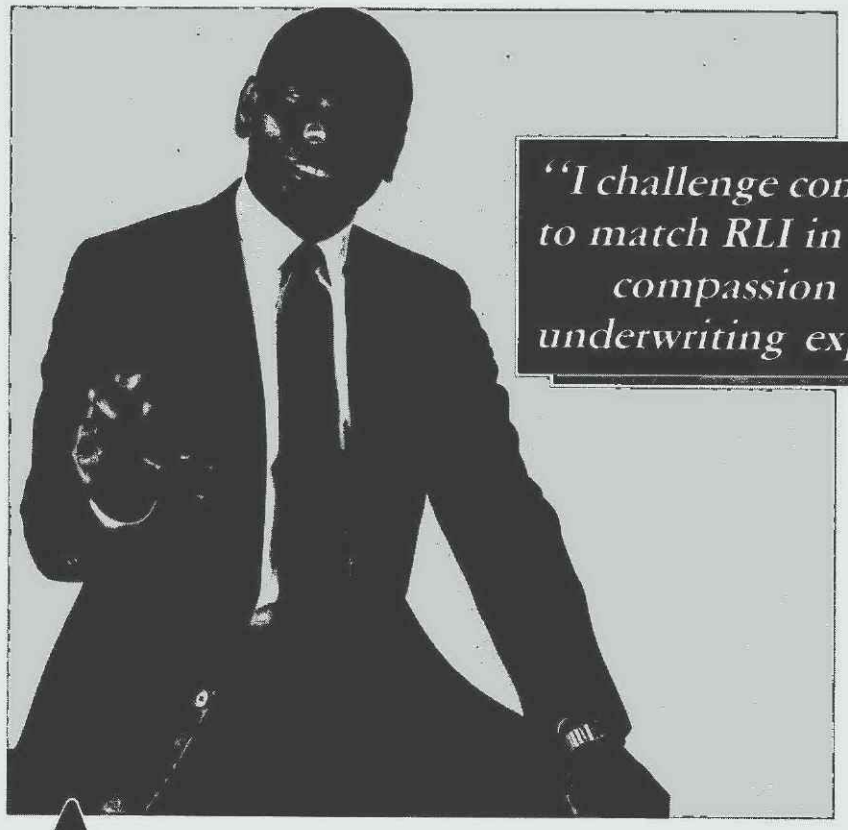

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John R. Coleman
Vice President
RLI Northern California Regional Office

At RLI, service in the field is measured by how promptly we respond to our customers' needs. Our fast quote turnaround and standard 15-day policy issuance are certainly part of this service. But I'm especially proud of RLI's reputation as a caring market that works with customers to help tailor special coverages.

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RLI 9025 N. Lindbergh Drive Peoria, IL 61615
800/445-5468

Continued from previous page

Safety & Hazard Associates

P.O. Box 249, Annapolis, Md. 21404; 410-267-7171

Founded: 1984.
On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: Two total; two safety consultants. Designations include two ASSE members.
Clients: Seven total; all corporate and institutional clients.
Specialties: Construction, manufacturing, federal government.
1991 gross revenues: $121,000 total, all from unbundled safety consulting services.
Officers: Richard C. Knapp.

Safety & Health Consultants Inc.

161 William St., New York, N.Y. 10038; 212-349-1221; fax: 212-732-2639

Founded: 1984.
On-site services: Safety audits/reviews; safety, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene and occupational health research; industrial hygiene testing done at outside labs.
Staff: 10 total; three safety consultants, five occupational health consultants, two industrial hygiene consultants. Designations include one ASP, one CIH, two CSPs, one PE and one Ph.D.
Clients: 50 total; seven corporate and institutional clients.
Specialties: Construction, healthcare, manufacturing, municipalities.
Officers: Stephen J. Lovell, president/chief executive officer; Richard F. Andree, executive vp/chief operating officer.
Contact: Matthew V. McFarland.

Safety & Loss Control Associates

P.O. Box 440, Prospect Heights, Ill. 60070; 708-296-5989

Founded: 1985.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance and industrial hygiene research.
Staff: Two total; one safety consultant. Designation include a CSE, NSC and an ASSE member.
Clients: 33 corporate and institutional clients.
Specialties: Construction.
Principal officers: Donald A. Neslund.

Safety Management Associates

P.O. Box 693, Springfield, Va. 22150-0693; 703-978-3000

Founded: 1981.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing done by contract with outside labs.
Staff: Two total; one safety consultant. Designations include one CHP, one CHCM, one CPSM, one CSP and two ASSE members.
Clients: 10 corporate and institutional clients.
Specialties: Defense industry, legal profession.
1991 gross revenues: All from unbundled safety consulting services.
Principal officers: Neil R. Temple, president/principal consultant.

Safety Management Services Inc.

P.O. Box 51927, 126 Heymann Blvd., Building 11-Suite 123, Lafayette, La. 70505; 318-235-6524; fax: 318-232-8641

Founded: 1981.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; environmental assessments.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene laboratory.
Staff: One total. Designations include a ASP, CSE, CSP, NSMS, COHC, REP and an ASSE member.
Specialties: Oil and gas industry.
Officers: Jack R. Barnidge, president.

Safety Management Services of Texas

13647 Purple Sage Road, Dallas, Texas 75240; 214-661-1941

Founded: 1985.
On-site services: Safety audits/reviews; safety, ergonomic and industrial hygiene program assistance; training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance, industrial hygiene testing done in commercial labs.
Staff: 10 total; eight safety consultants, two industrial hygiene consultants. Designations include two AIHAs, eight CSPs, three PEs, one Ph.D and six ASSE members.
Clients: 30 total; 12 corporate and institutional clients.
Specialties: High tech, semiconducter manufacturing.
1991 gross revenues: $250,000 total, all from unbundled safety consulting services.
Officers: Dr. Roy H. Kinslow, president.

Safety Management Systems

14881 Blackwater Road, Baker, La. 70714; 504-262-0040; fax: 504-262-0045

Founded: 1979.
On-site services: Safety audits/reviews, safety program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: Three total; two safety consultants. Designations include one CSP and one ASSE member.
Clients: 40 total.
Specialties: Hazard recognition and control; slip, trip and fall; results oriented safety training.
1991 gross revenues: Over $200,000 total, all from unbundled safety consulting services.
Officers: Dennis R. Howard, president.

Safety & Risk Control Services Inc.

395 Main St., Suite 4, Metuchen, N.J. 08840-1806; 908-906-2244; fax: 908-906-2045

Founded: 1989.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; supervision and auditing of insurance carrier loss control services; on-site loss prevention surveys; fire prevention surveys and plan reviews.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing done in independent certified labs.
Staff: 15 total; 14 safety consultants. Designations include two ARMs, one CPCU, one CPSM, one CSD, five CSPs, five NSCs, five NSMSs, one PE and 14 ASSE members.
Clients: 17 total; 14 corporate and institutional clients.
Specialties: Manufacturing, transportation and associations.
1991 gross revenues: 70% from unbundled safety consulting services, 30% from management and development of loss prevention underwriting survey programs for insurance carriers, associations, trusts and managing general agents.
Officers: Harvey S. Staple, president.

Sandler Occupational Medicine Associates Inc.

275 Broadhollow Road, Suite 302, Melville, N.Y. 11747; 516-756-2204; fax: 516-756-2213

Founded: 1983.
On-site services: Ergonomic, industrial hygiene and occupational health program assistance; training classes; medical case programs; occupational health care delivery; ADA compliance system; occupational health audits; medical monitoring and surveillance.
Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing done by subcontracted labs.
Staff: 35 total; two safety consultants, 28 occupational health consultants, five industrial hygiene consultants. Designations include five CIHs, two COHNs, two CSPs, seven Ph.Ds, seven RNs, 25 MDs and three ASSE members.
Clients: 200 total; 75 corporate and institutional clients.
Branch offices: Rockville, Md.; Philadelphia; San Antonio.
1991 gross revenues: $2.3 million total.
Officers: Howard M. Sandler, president; Sheldon H. Rabinovitz, Richard Bloom, vps; Amy Apostoleris, director.
Contact: Lisa Fallon, marketing manager.

Sarasota International Risk & Insurance Services

1680 Fruitville Road, Sarasota, Fla. 34236; 813-365-6795 or 800-226-8878; fax: 813-955-7649

Founded: 1990.
On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: 11 total; all safety consultants. Designations include one ARM, one CSP, two RNs and 11 ASSE members.
Clients: Five corporate and institutional clients.
Specialties: General industry, construction, trucking, health care.
Branch offices: Fort Lauderdale, Orlando, Tallahassee, Fla.
Officers: Randy Hindman, president; James T. Malone, vp; Mary A. Pierce, senior vp.

Schaible Associates

900 Center St., Mount Joy, Pa. 17552-9371; 717-684-6045; fax: 717-898-9302

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Development of training materials, OSHA compliance, industrial hygiene testing done at AIHA accredited labs.
Staff: One total who is a safety, occupational health and industrial hygiene consultant. Designations include a AIHA, CIH, CPSM, CSE, CSP, PE, REP and an ASSE member.
Clients: Over 400 total.
Officers: Ronald D. Schaible, president.

Schirmer Engineering Corp.

707 Lake Cook Road, Deerfield, Ill. 60015; 708-272-8340; fax: 708-272-2639

Founded: 1939.
On-site services: Safety audits/reviews, safety program assistance, training classes, fire safety, exit facilities analysis, loss investigations.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: 89 total; 60 safety consultants. Designations include one ARM, eight CSPs, 25 PEs and eight ASSE members.
Clients: 500 total.
Branch offices: Dallas, Washington, San Francisco, Los Angeles.
1991 gross revenues: $4.6 million total, 40% from unbundled safety consulting services, 60% from other services.
Principal officers: Chester W. Schirmer, chairman; Richard R. Osman, president; Carl F. Baldassarra, vp/secretary; Gerald R. Schultz, assistant secretary.
Contact: Marc Deneau, corporate sales coordinator.

John B. Schroering

P.O. Box 242, Prospect, Ky. 40059; 502-228-0331

Founded: 1980.
On-site services: Safety audits/reviews, safety and ergonomic program assistance.
Other services: OSHA compliance; ergonomic research.
Staff: Four total; all safety consultants. Designations include one PE, one RN, one CSP and one ASSE member.
Clients: 100 total.
Specialties: Recycling, sanitation and refuse industries.
Branch offices: Louisville, Ky.
Officers: John B. Schroering, president.

Robert Scotto-Lavino

87 Plonkett St., Brentwood, N.Y. 11717; 516-435-4632

Founded: 1979.
On-site services: Safety audits/reviews, safety and ergonomic program assistance.
Other services: Publication of safety materials, OSHA compliance, ergonomic research.
Staff: One total who is a safety consultant. Designations include a CSP, NSC, PE and an ASSE member.
1991 gross revenues: All from unbundled safety consulting services.
Officers: Robert L. Scotto-Lavino, owner.

Sedgwick James Inc.- Risk Control Services

2000 Center Point Drive, Suite 2350, Columbia, S.C. 29210; 803-772-1111; fax: 803-772-6361

Founded: 1858.
Parent: Sedgwick Group P.L.C.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; computerized contingency planning services; environmental consulting services.
Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing done by contract with outside labs.
Staff: 101 total; 65 safety consultants, six occupational health consultants, four industrial hygiene consultants. Designations include four ALCMs, 23 ARMs, one ASP, four CHCMs, five CPCUs, one CSE, 33 CSPs, five PEs, one RN, one ARP, one AHERA, one CIC, two EITs, one ME, one BMBC and one BPVI.
Specialties: Self-insured associations/pools, real estate, heavy industrial, public entities, healthcare, retail, warehouse/distribution, utilities, construction wrap-up, hotels, food processing, transit.
Branch offices: Atlanta; Boston; Chicago; Dallas; Darien, Conn.; Detroit; Fort Lauderdale and Maitland, Fla.; Harrisburg, Philadelphia and Pittsburgh; Irvine, Los Angeles, San Francisco and West Palm Beach, Calif.; Jackson, Miss.; Kansas City and St. Louis, Mo.; Little Rock, Ark.; Memphis and Nashville, Tenn.; Minneapolis; New York and Rochester, N.Y.; Omaha, Neb.; Phoenix; Portland, Maine; Portland, Ore.; Seattle; Short Hills, N.J.
1991 gross revenues: 30% from unbundled safety consulting services, 70% from other services.
Officers: R. Jane Hill, senior vp-risk services; J. Steven Hunt, national director-casualty risk control services; Richard E. Botts, national director-property risk control services.
Contact: J. Steven Hunt, P.O. Box 21804, Columbia, S.C. 29221.

Sullivan Associates-Engineering Consultants

15 Dale St., Andover, Mass. 01810; 508-475-0448; fax: 508-475-3811

Founded: 1955.
On-site services: Safety audits/reviews, accident investigations-cause and origin.
Other services: OSHA compliance.
Staff: Two total; both safety consultants. Designations include one CSP, two PEs, two NFPAs, one NFPE, two IEEEs and two ASSE members.
Clients: 150 total; 80 corporate and institutional clients.
Specialties: Insurance companies-claims, lawyers-liability.
Branch offices: Coral Springs, Fla.
1991 gross revenues: $150,000 total, all from unbundled safety consulting services.
Officers: James F. Sullivan, president/owner.

System Engineering & Laboratories Corp.

Route 7, Box 917, Tyler, Texas 75707; 903-566-1980; fax: 903-566-4504

Founded: 1981.
On-site services: Safety audits/reviews.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: 21 total; two safety consultants. Designations include four CFEIs, one CHCM, two CSPs, eight PEs, three CSIs and three ASSE members.
Specialties: Construction, manufacturing and transportation industries.
Branch offices: New Orleans.
Officers: Frank H. Johnson, Dixie R. Johnson.
Contact: Tracie Bolton or Leo Baca.

System Engineering & Laboratories of Northwest Texas

P.O. Box 1506, Amarillo, Texas 79105; 806-371-7657; fax: 806-371-7657

Founded: 1985.
On-site services: Safety audits/reviews, safety and industrial hygiene program assistance, training classes, lightning protection design, potential damage assessment.
Other services: Development of training materials, OSHA compliance, industrial hygiene research, industrial hygiene testing done in Tyler, Texas, lightning protection.
Staff: 12 total; one safety consultant, one occupational health consultant, one industrial hygiene consultant. Designations include; two PEs, one Ph.D and one ASSE member.
Clients: Two total; both corporate and institutional clients.
Specialties: Manufacturing, chemical processing.
Officers: Dr. Lawrence C. Keaton, managing partner; Smaler P. Keaton, administrative manager.
Contact: Dr. Lawrence Keaton.

F.J. Szymanski-Safety Services

5258 Forest Circle S., Stevens Point, Wis. 54481; 715-344-4127

Founded: 1984.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; insurance surveys.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: Two total, both safety consultants. Designations include one ASSE member.
Clients: Over 35 total; 20 corporate and institutional clients.
Specialties: Manufacturing, concrete plants, construction.
1991 gross revenues: $75,000 total, all from unbundled safety consulting services.
Officers: Frank J. Szymanski, principal.

T

Texas Insurance Agency Inc.

5368 Fredericksburg Road, Suite 300, San Antonio, Texas 78229; 512-366-0671; fax: 512-524-2087

On-site services: Safety audits/review of programs; safety, ergonomic and occupational health program assistance; training classes or seminars.

Continued on next page

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Other services: Publication of safety materials or videos, development of training materials, professional safety services for Texas workers compensation commission.

Staff: Two total (safety only); one safety consultant, one occupational health consultant. Designations include one CSP and one ASSE member.

Clients: 14 total; all corporate and institutional clients.

Specialties: Restaurants, wholesale distributors, beverage distributors, auto dealers.

Branch offices: Austin and Houston, Texas.

1991 gross revenues: $60,000 total (safety only), all from unbundled safety consulting services.

Officers: Joe Minihan, president; Greg Stevens, vp.

Contact: Stanley F. Gregory.

V

Vernon Associates

P.O. Box 10101, College Station, Texas, 77840; 409-696-3871

Founded: 1988.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; system safety engineering, risk assessment, economics, public liability, workers compensation.

Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic, research; industrial hygiene testing done in an outside laboratory; working/walking surfaces safety; safeguarding mechanical systems.

Staff: Five total; two safety consultants, one occupational health consultant, two industrial hygiene consultants. Designations include two AIHAs, two CIHs, four CSPs, three PEs, two Ph.D.s, three SSSs, two AAIHs and three ASSE members.

Clients: 16 total.

Specialties: Manufacturing, construction, chemical processing, research and development.

Officers: Ralph J. Vernon, president/owner.

W

Warren, McVeigh & Griffin Inc.

1420 Bristol St. N., Suite 220; Newport Beach, Calif. 92660; 714-752-1058; fax: 714-955-1929

Founded: 1968.

On-site services: Safety audits/reviews, safety and occupational health program assistance.

Other services: Management review of safety programs and design of programs.

Staff: Eight total; one safety consultant, one occupational health consultant. Designations include two ARMs and three CPCUs.

Specialties: Governmental agencies.

Branch offices: San Mateo, Calif.

Officers: C.C. Griffin, chief executive officer.

Contact: Bruce Codding, vp, 415-341-5600.

Webb, Murray & Associates Inc.

P.O. Box 58250, Houston, Texas 77258; 713-335-1668; fax: 713-335-1682

Founded: 1974.

On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; process safety management including process hazard analysis and emergency planning.

Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing subcontracted to AIHA accredited labs; qualitative/quantitative process hazard analysis and system safety analysis; field facility and industrial operation inspections; model vapor cloud dispersions; audit emergency services.

Staff: 133 total; 36 safety consultants, one occupational health consultant, three industrial hygiene consultants. Designations include one AIHA, one ARM, one ASP, one CIH, four CSPs, nine PEs, four SSSs, two ASMEs, nine EITs, one ISA and eight ASSE members.

Clients: 200 total; 150 corporate and institutional clients.

Specialties: Petrochemical, chemical, construction, educational, medical, offshore structures and marine vessels, aerospace, public utilities, research/development operations involving unique exposures.

Branch offices: Deer Park and Nassau Bay, Texas.

1991 gross revenues: $7.7 million total, 40% from unbundled safety consulting services, 60% from large facility safety support contracts and fire protection system design, installation and maintenance.

Continued on next page

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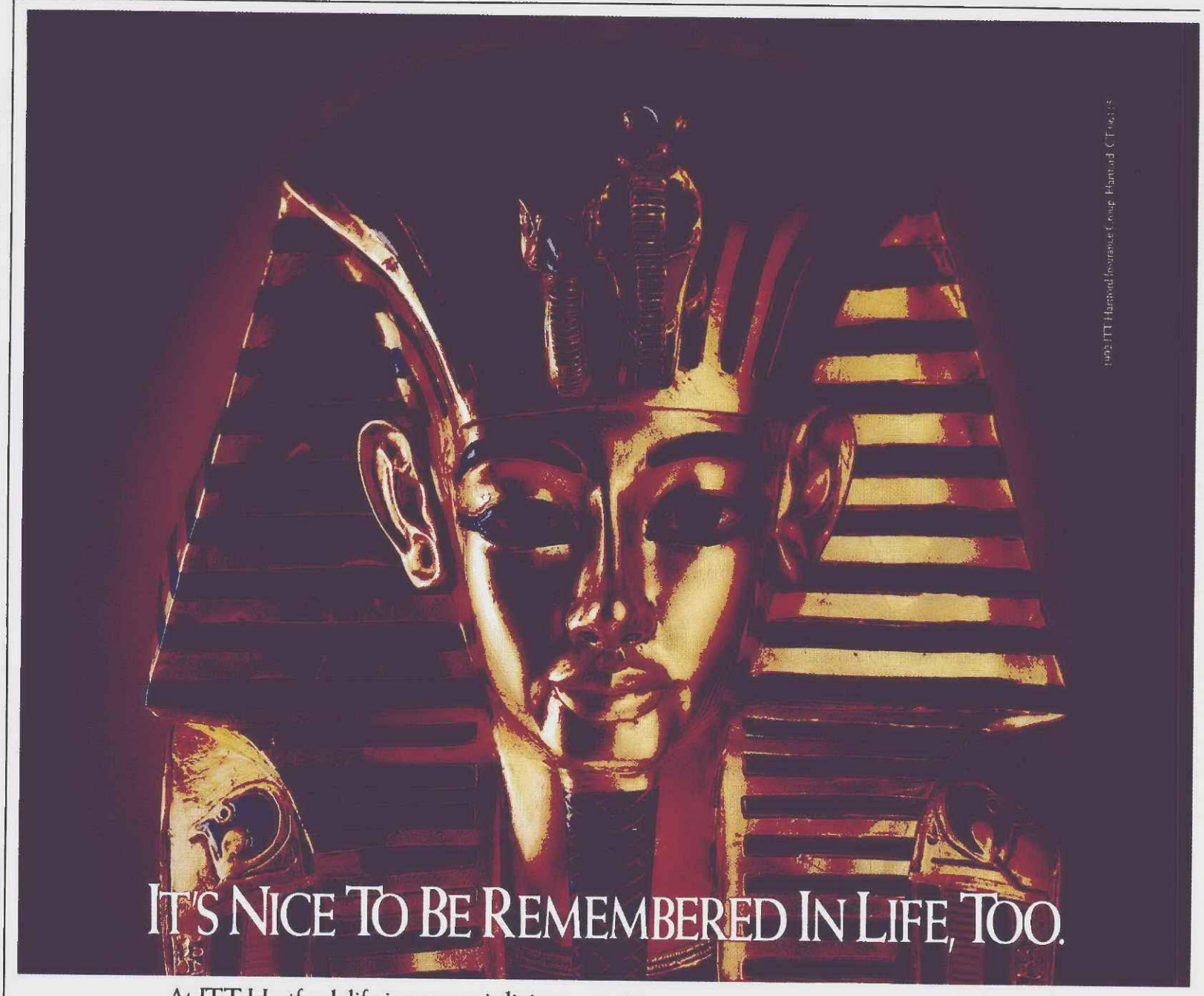

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ITT HARTFORD

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Continued from previous page

Officers: Robert M. Webb, president/treasurer; Robert W. Murray, senior vp/secretary; Billy C. Magee, vp.

Contact: Bill Crittenden or Bob Brennecke.

Weiner & Associates Ltd.

305 W. Chesapeake Ave., Towson, Md. 21204; 410-821-7450; fax: 410-821-1042

Founded: 1965.
On-site services: Safety audits/reviews, product safety audits, design, expert witness services.
Other services: OSHA compliance; basic contractual research on product safety and failures, testing and analysis.
Staff: Seven total; three safety consultants. Designations include one CSD, one CSP, one NSC one PE, one NAFE, one SSS, one VS, one NSPE, one SAE, one NSPI and two ASSE members.
Clients: 50 total; 10 corporate and institutional clients.
Specialties: Swimming pool, industrial machinery, recreational equipment, auto/motorcycle/ATV, biomedical instruments.
1991 gross revenues: More than $750,000 total.
Officers: Robert I. Weiner, president; Barbara J. Janos, secretary/treasurer.
Contact: Robert I. Weiner.

Weinstein, Bohan & Associates

371 Fore St., Portland, Maine 04101; 207-772-1142; fax: 207-773-4585

Founded: 1986.
On-site services: Safety audits/reviews, safety program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: Five total; four safety consultants. Designations include one PE, two Ph.Ds, one SME, one AAFS, one AAAS, one ACS, one APS, one NFPS, one NAFI, one SAE, one SATAI and one AIPLA.
Clients: Five total; all corporate and institutional clients.
Specialties: Manufacturing.
1991 gross revenues: All from unbundled safety consulting services.
Officers: Alvin S. Weinstein, Thomas L. Bohan.
Contact: Rebecca D'Alessio.

Scott Wetzel Services Inc.

500 Pacific Ave., Suite 700, Bremerton, Wash. 98310; 800-426-5990; fax: 206-479-8297

Founded: 1941.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; industrial hygiene, occupational health and ergonomic research.
Staff: 350 total; three safety consultants. Designations include two ASSE members.
Clients: 500 total; 70 corporate and institutional clients.
Officers: John Harrold, chief executive officer/president; Terry Neal, executive vp-finance; Ed Kocott, vp-operations; Doug Alsop, vp-marketing; Warren Zimmerman, vp-corporate services.
Contact: Valerie Williams, loss control administrator or Doug Alsop.

White Hill Services

1063 Technology Park Drive, Glen Allen, Va. 23060; 804-261-7040

Parent: Figgie International Inc.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials; development of training materials; OSHA compliance; ergonomic research; industrial hygiene testing done at an outside laboratory.
Staff: Four total; (dual roles) four safety consultants, two occupational health consultants, three industrial hygiene consultants. Designations include two AIHAs, one CHCM, two CSPs, four NSCs and four ASSE members.
Clients: 60 total; all corporate and institutional clients.
Specialties: Sporting goods manufacturers, fire engine manufacturers, glass manufacturers, hospitals, trucking companies, construction-scaffolding and sprinklers, respiratory protection equipment manufacturers.
1991 gross revenues: $500,000 total, all from unbundled safety consulting services.
Officers: Joseph S. Black Jr., director-safety, health and environmental services; John Latham, John Dunbar, Geoff Cathin, Doug Wall.
Contact: Joseph S. Black Jr.

Wood Associates, Aviation Safety Consultants

12711 Ninth St., Yucaipa, Calif. 92399-2138; 714-795-5141; fax: 714-795-5141

Founded: 1980.
On-site services: Safety audits/reviews, safety program assistance, training classes.
Other services: Publication of safety materials, development of training materials, aircraft accident reconstruction.
Staff: One total who is a safety consultant. Designations include a CSP, PE and an ASSE member.
Clients: 20 total.
Specialties: Aviation industry.
1991 gross revenues: $60,000 total, all from unbundled safety consulting services.
Officers: Richard H. Wood, president.

The Woodsmall Cos.

5 Crown Center, 2480 Pershing Road, Kansas City, Mo. 64108; 816-421-7788; fax: 816-472-5517

Founded: 1974.
On-site services: Safety audits/reviews, safety and ergonomic program assistance, training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: Six total; all safety consultants. Designations include one ARM, one ASP, one CSP and six ASSE members.
Clients: 45 corporate and institutional clients.
Specialties: Manufacturing, health care, municipalities, schools.
Branch offices: Des Moines, Iowa.
1991 gross revenues: $9.72 million total, 6% from unbundled safety consulting services, 94% from workers compensation, claims management, risk management consulting, property and casualty, self-funded and conventional employee benefits.
Officers: Warren O. Woodsmall, chairman; Peter L. Woodsmall, president/chief executive officer; Thomas E. Klug, J. Michael Brewer, executive vps; Gordon Cook, vp/chief financial officer.
Contact: Charles Pirie, vp, 816-395-8577.

The Worksafe Group Inc.

25251 Paseo de Alicia, Suite 101, Laguna Hills, Calif. 92653; 714-583-1760; fax: 714-583-7091

Founded: 1984.
On-site services: Safety audits/reviews, safety and occupational health program assistance, training classes, defensive driving and first aid training/certification.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: 12 total; six safety consultants. Designations include four ARMs, one COHN, one Ph.D and one ACII.
Clients: 55 total; 48 corporate and institutional clients.
Specialties: Construction, health care, municipal, manufacturing, distribution, temporary employment agencies.
1991 gross revenues: $800,000 total, 70% from unbundled safety consulting services, 30% from training.
Officers: Robert S. Anderson, president; Thomas V. Jolicoeur, vp.
Contact: Thomas V. Jolicoeur.

X

Xordium Inc.

12465 Lewis St., Suite 104, Garden Grove, Calif. 92640; 714-748-9291; fax: 714-748-9294

Founded: 1985.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes.
Other services: Publication of safety materials, development of training materials, OSHA compliance.
Staff: 11 total; five safety consultants, one occupational health consultant. Designations include one CSP, one PE and three ASSE members.
Clients: 125 total; 50 corporate and institutional clients.
Specialties: Manufacturing and service, resaurant, retail.
1991 gross revenues: $500,000 total, all from unbundled safety consulting services.
Officers: Karen Gillett, president; Fred Gillett, vp; Michael Blewett, vp-marketing.
Contact: Fred Gillett or Michael Blewett.

Y

Yankus Associates

3820 Vardon Court, Woodridge, Ill. 60517; 708-416-1898

Founded: 1988.
On-site services: Safety audits/reviews; safety, ergonomic, industrial hygiene and occupational health program assistance; training classes; risk management computer programs; environmental programs.
Other services: Publication of safety materials; development of training materials; rehabilitation; OSHA compliance; industrial hygiene, occupational health and ergonomic research; industrial hygiene testing done by contract with independent labs.
Staff: Six total; four safety consultants, five occupational health consultants, three industrial hygiene consultants. Designations include one CHCM, two CSPs, two NSCs and three ASSE members.
Clients: 33 total, all corporate and institutional clients.
Specialties: Construction, manufacturing, associations, insurance, service.
Officers: Jerry Yankus, president. ■

Rehab firms expect ADA to boost demand for services

By SARA J. HARTY

Time will tell exactly what role rehabilitation firms will play under the Americans with Disabilities Act.

Rehabilitation experts say their skills are uniquely fitted to employers' needs under the 1990 anti-discrimination law. But they concede it may be awhile before employers see the same connection.

The ADA is designed to protect from discrimination job applicants and employees with disabilities who are "qualified" to perform the "essential functions" of a job with or without "reasonable accommodation" (*BI*, July 13).

Virtually all rehabilitation firms already offer to help employers put the essential functions of a job into a job description. But so far, employer interest has been only moderate, they say.

Other services, though, may not be in demand until after case law has been established that, for example, clarifies what "reasonable accommodation" means.

At that point, rehabilitation firms will be able to help employers make those accommodations for disabled applicants or employees. Also, they say they will be able to help put together documentation to show a needed accommodation is too expensive or unreasonable.

Only a few employers have detailed plans to comply with the ADA, observed Audrey Schlong, rehabilitation supervisor for Intracorp in Mankato, Minn.

For now, many are doing nothing as they wait to see how strictly the law will be enforced, she said.

"There is still a large group with a wait-and-see attitude," agreed Joan Lee, an Intracorp rehabilitation director in Dallas.

Only "proactive companies have already started the process," said Don Hurter, director of training and administration with American International Health & Rehabilitation Services Inc. in Orlando, Fla.

That situation should change after there has been some ADA-related litigation, he said.

A typical ADA program that rehabilitation companies are offering employers includes assisting them in creating job descriptions that identify essential functions and also offering ADA seminars.

None of these services is new, and neither is making accommodations in job duties for injured workers, Mr. Hurter said. All are just ADA-specific offshoots of what rehabilitation firms have been doing all along, he said.

"The goal in rehabilitation is to return the employee to work. We need to know what the job requires before we can hope to return the employee," and that requires a job analysis, he said.

The services may be more or less the same, but "the ADA will probably increase the rate of successful rehabilitation," said Ileana Chapman, vp with Kemper National Services Inc., a rehabilitation division of Kemper National Insurance Cos. in Fort Lauderdale, Fla.

"Our No. 1 goal is to return employees to their original employer, and now the employer has more incentive to be responsive to that goal," Ms. Chapman said.

"We hope it may make it easier for us to get people back to work—something we've always tried to do," agreed Intracorp's Ms. Lee.

The ADA also gives rehabilitation companies a way to get their foot in the door with a return-to-work message, suggested Chuck Holmquist, assistant director for health and rehabilitation services for the state of Washington.

New marketing opportunities have been created by the disabilities law, Ms. Chapman agreed.

Most employer interest currently is focused on "pre-employment" issues.

"Right off the bat, we started to do job analyses and job descriptions even before the law was enacted," said Trish Wiener, vp of operations at General Rehabilitation Services Inc. in Berwyn, Pa.

With demand fairly constant for those services, competition is developing among rehabilitation firms.

Continental Rehabilitation Resources Inc., a subsidiary of Continental Corp., is backing its pre-employment services with a $1 million indemnity agreement.

Once the firm is satisfied that a particular company's employment practices, job applications, interviewing techniques and job descriptions fully comply with the ADA, it will offer an indemnity agreement of up to $1 million.

"It's kind of an extended warranty on our work," said Debra Keiser, senior vp of Continental Rehabilitation in Cranbury, N.J.

Employers that buy the agreement would be indemnified under the rehabilitation firm's errors and omissions policy, which is written by Continental Insurance Co.

Eventually, rehab specialists hope to move beyond pre-employment services.

They expect to eventually sell employers a wide array of ADA-related services, like determining what is a reasonable accommodation, training workers for modified jobs and possibly providing expert testimony in an ADA claim—once again a new twist on old skills.

A likely boom area for the specialists will center on the "reasonable accommodations" requirement of the law.

Under the ADA, an employer cannot refuse to hire a disabled person just because the person would need a reasonable accommodation to perform the essential functions of the job.

If an accommodation is too expensive for an employer to make, a job applicant must be allowed to provide additional funds to make the needed change.

"Employers are going to have to be very careful in determining if the accommodations needed to bring the worker back are too expensive," said Patrick Norton, assistant vp and product manager for vocational services at Crawford & Co. in Atlanta.

Workers injured on the job will in some cases more easily meet the ADA standard for a qualified individual with a disability than other people with disabilities, he said.

Employees who held the job prior to being injured know whether they can perform its essential functions, with or without an accommodation, he said.

If an accommodation is needed, employers must be very cautious in deciding what is reasonable.

"Employers will need help determining what is a reasonable accommodation and how they can be developed very inexpensively," Ms. Keiser said.

But in some cases, rehabilitation specialists will be called upon to document that a particular accommodation would not be reasonable, Mr. Norton said.

Rehabilitation specialists also see themselves consulting more on ADA-related matters.

"Employers need to be educated that there can be no snap decisions," Mr. Norton said.

For example, it would be possible for an injured worker to file an ADA claim if an employer refuses to rehire the employee after a workers compensation claim has been settled, Mr. Norton said.

"It may be our job to clarify" what kind of risks are involved in an employee's return to work, Intracorp's Ms. Lee suggested.

In the past, doctors may have kept workers from returning to work to avoid the risk of reinjury. Under the ADA, though, the potential harm to a worker may have to be quite substantial to justify that decision, she said.

Only when there are is a "significant risk of substantial harm" to the employee or others does the disabilities law permit an employer to refuse to hire or rehire a person with a disability. ■

Listing of firms offering vocational rehabilitation

A

ALTA Health Strategies Inc.

6975 Union Park Center, Suite 600, Salt Lake City, Utah 84047; 801-568-5500; fax: 801-568-5490

Founded: 1960.
Frequent services: Screening for rehabilitation intervention, case management, medical assessment, independent medical examination, preauthorization of workers comp claims.
Occasional services: Job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.
Other services: Utilization review, patient advocacy programs, PPO access.
Staff: Four RNs, one physician. Designations held include one CRC, one CIRS, one CRRN.
Contact: Carl Cecka, vp; Leigh Ann Havas, director-disability management program, 801-568-5500.

Administrative Services Inc.

P.O. Box 21900, Salt Lake City, Utah 84121-0900; 801-264-9494; fax: 801-263-0505

Founded: 1989.
Business: 15% rehabilitation services for employers, 85% other, including third-party administration, claims payments, case management, discount program coordination.
Frequent services: Prescreening for rehabilitation intervention, telephone case management, independent medical examination, medical records review, diagnosis vs. treatment, ratings review.
Occasional services: On-site medical case management, return-to-work modification and coordination, vocational assessment and testing, labor market survey, job-seeking skill training, job placement, expert witness.
Other services: Utilization review, PPO access, discount vision service, prescriptions, reprice bills to RVS schedule.
Staff: Six total; professionals include three RNs.
Customers: 14 total, including 10 corporate and institutional employers.
Cases: 50 closed in 1991. 104 independent medical examination cases, four expert opinion cases.
Service area: Nationwide.
1991 gross revenues: (7 months) $152,924 total, $20,000 from rehabilitation services.
Compensation: Per hour, $45 to $85.
Officers: Richard L. Smith, president; Shelley H. Kaas, account executive; Maria Bates, claims manager.
Contact: Shelley Kaas.

American International Health & Rehabilitation Services Inc.

400 Interpace Parkway, Building A, Parsippany, N.J. 07054; 201-402-3625; fax: 201-402-3105

Founded: 1986.
Parent: American International Group.
Business: 10% rehabilitation services for employers, 80% for insurance companies and TPAs. 10% other, including medical and legal file review.
Frequent services: Prescreening for rehabilitation intervention; on-site case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.
Occasional services: Telephone case management, expert witness, life care plan, cost projections.
Other services: Utilization review, patient advocacy programs, PPO access, peer review, medical/legal file review, psychiatric review.
Staff: 500 total; 400 professionals, including 300 RNs, 100 vocational counselors. Designations held include 50 CRCs, 75 CIRSs, 25 CRRNs.
Customers: 350 total, including 75 corporate and institutional employers.
Cases: 11,000 closed in 1991. 500 independent medical examination cases, 100 expert opinion cases.
Service area: Nationwide.
1991 gross revenues: $32 million total, $25 million from rehabilitation services.
Compensation: Per hour, $67 to $82.
Officers: Ralph L. Rousseau, president; Alexander Biel, vp; Elaine C. Halberstadt, assistant vp.
Contact: Elaine C. Halberstadt.

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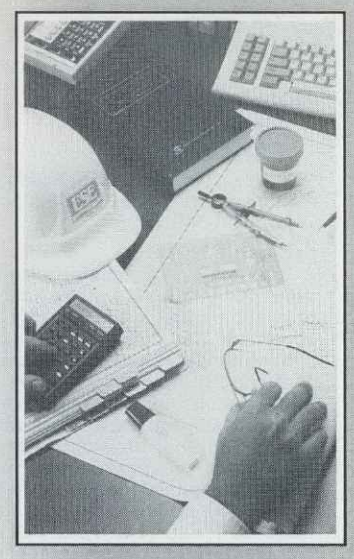

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Guide to rehabilitation listings

The second annual *Business Insurance* directory of rehabilitation management service providers lists companies that offer rehabilitation services directly to employers on an unbundled basis. Rehabilitation is defined as services included in the medical management or vocational rehabilitation of an injured or ill individual.

The listings begin with the company name and address, followed by the year **founded**, and the **parent** company, if applicable.

Under **business**, a percent breakdown of gross revenues is given, divided into rehabilitation services for employers; for insurance companies and third-party claims administrators under workers compensation or other liability lines of insurance; and other services.

The **frequent services** and **occasional services** headings list rehabilitation services. **Other services** lists any cost containment or utilization review services available.

Total **staff** members in 1991, does not include part-time or per case consultants. Also listed is the number of professionals employed, divided into registered nurses, vocational counselors, and other degreed professionals (social workers, physical therapists and occupational therapists); and designations held including **CIRC** (Certified Rehabilitation Counselor), **CIRS** (Certified Insurance Rehabilitation Specialist) and **CRRN** (Certified Rehabilitation Nurse).

Next is total **customers** in 1991, including a breakout of corporate and institutional employers.

Cases includes the number of rehabilitation cases *closed* in 1991, the number of independent medical examination cases in 1991 and the number of expert opinion cases in 1991.

Service area is given by state or region, and **gross revenues** lists 1991 total revenues and 1991 revenues generated solely by rehabilitation services. Charges and methods of billing is given under **compensation**.

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

Companies were asked to complete a *BI* questionnaire to be included in the directory. Each firm's listing is based on its responses to that questionnaire. Although every effort is made to publish complete and accurate listings, *BI* is unable to verify all information provided.

The directory is published as an editorial service; there is no charge for companies to be included. If you would like to be listed in the 1993 directory of rehabilitation management service providers, please write Kerry Dziubek, Editorial Assistant, *Business Insurance*, 740 N. Rush St., Chicago, Ill. 60611-2590.

Continued from previous page

Aspire

8125 Parkview Drive, Des Moines, Iowa 50322-1512; 515-276-7344

Founded: 1991.
Business: 10% rehabilitation services for employers, 70% for insurance companies and TPAs. 20% other, including services for physicians and attorneys.
Frequent services: Prescreening for rehabilitation intervention; on-site medical case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training.
Occasional services: Medical assessment, job placement, expert witness.
Other services: Patient advocacy programs.
Staff: One professional vocational counselor who is a CIRS.
Service area: Colorado, Illinois, Iowa, Minnesota, Montana, Wisconsin, Wyoming.
Compensation: Per hour: $65 plus expenses including mileage, $165 for depositions, $265 for expert testimony plus expenses including mileage.
Officers: Clark H. Williams.

Associates in Vocational Management

P.O. Box 9819, Bakersfield, Calif. 93389; 805-327-0804; fax: 805-327-2318

Founded: 1979.
Business: 8% rehabilitation services for employers, 90% for insurance companies and TPAs. 2% other.
Frequent services: Job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.
Occasional services: Prescreening for rehabilitation intervention, telephone case management, expert witness.
Staff: 26 total; eight vocational counselors. Designations held include four CRCs, three CIRSs.
Customers: 2,116 total, including 20 corporate and institutional employers.
Cases: 349 closed in 1991.
Service area: California.
1991 gross revenues: $1.2 million total, all from rehabilitation services.
Compensation: $65 per hour, plus $.44 per mile.
Officers: Kenneth P. Ferra, Scott N. Hanson, partners.
Contact: Kenneth P. Ferra.

B

Bluegrass Rehabilitation Inc.

P.O. Box 436177, Louisville, Ky. 40253-6177; 502-245-7236; fax: 502-244-5935

Founded: 1989.
Business: 20% rehabilitation services for employers, 75% for insurance companies and TPAs. 5% other, including hospital bill reviews, ADA consulting.
Frequent services: Prescreening for rehabilitation intervention; on-site medical case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job placement; expert witness; catastrophic case management.
Occasional services: Telephone case management, independent medical examinations, job-seeking skill training.
Other services: Utilization review.
Staff: 15 total; 12 professionals, including nine RNs, three vocational counselors. Designations held include two CRCs, four CIRSs, two CRRNs.
Customers: 24 total, including 15 corporate and institutional employers.
Cases: 360 closed in 1991.
Service area: Kentucky, Southern Indiana.
1991 gross revenues: $981,000 total, $959,580 from rehabilitation services.
Compensation: Per hour, $50 to $55.
Officers: Bruce L. Ferguson, Bruce W. Ferguson, Scott Ferguson, Ann Marie Marks, Jack R. Stewart.

Board Certified Rehabilitation Consultants

2501 Catlin, Suite 205, Missoula, Mont. 59801; 406-721-9320; fax: 406-549-5305

Founded: 1987.
Business: 30% rehabilitation services for employers, 60% for insurance companies and TPAs. 10% other, including ADA compliance.
Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; FELA.
Occasional services: Independent medical examination.
Other services: Utilization review, patient advocacy programs, PPO access, life care plans, educational services.
Staff: 11 total; nine professionals, including one RN, seven vocational counselors. Designations include five CRCs, one CIRS, one CRRN.
Customers: 200 total, including 25 corporate and institutional employers.
Cases: 396 closed in 1991 including 50 independent medical examination cases, 250 expert opinion cases.
Service area: California, Idaho, Montana, Washington, Wyoming, others on request.
1991 gross revenues: $750,000 total, $700,000 from rehabilitation services.
Compensation: Per hour, $67 to $75.
Principal officers: William R. Goodrich, president; Pam Goodrich, board member; Katherine Kleinkopf, vp; Kent Kleinkopf, secretary/treasurer/marketing vp.
Contact: Kent Kleinkopf, Kathy Kleinkopf or Bill Goodrich.

Briskie & Associates

P.O. Box 965, South Pasadena, Calif. 91031-0965; 818-285-8127

Founded: 1983.
Business: 1% rehabilitation services for employers, 85% for insurance companies and TPAs. 14% other, including disability management, return-to-work programs.
Frequent services: Prescreening for rehabilitation intervention, telephone case management, job analysis, return-to-work modification and coordination, job-site modification/job accommodation assistance.
Occasional services: Vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.
Other services: Disability management, return-to-work program development, ADA compliance assistance.
Staff: One vocational counselor with a CIRS designation.
Customers: 20 total.
Cases: 125 closed in 1991.
Service area: Nationwide.
1991 gross revenues: $65,000 total, all from rehabilitation services.
Compensation: Per hour: $55 to $75, disability management $100 to $150.
Principal officers: Mark Briskie, owner.

C

CCM

12481 Telecom Drive, Tampa, Fla. 33637; 813-978-9711; fax: 813-978-0275

Founded: 1979.
Parent: ADJUSTCO Inc.
Business: 35% rehabilitation services for employers, 35% for insurance companies and TPAs. 30% other.
Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.
Occasional services: Independent medical examiniation, expert witness.
Other services: Utilization review, PPO access, ADA consultation.
Staff: 110 total; 75 professionals, including 35 RNs, 40 vocational counselors. Designations include seven CRCs, nine CIRSs, two CRRNs.
Customers: 125 total, including 25 corporate and institutional employers.
Cases: 1948 closed in 1991. 135 independent medical examination cases, 50 expert opinion cases.
Service area: California, Colorado, Florida, Louisiana, Minnesota, New York, Texas.
1991 gross revenues: $5.7 million total, $4.4 million from rehabilitation services.
Compensation: Per hour, $63 to $72.
Officers: Grace B. Armstrong, senior vp; Sherrie L. Dulworth, vp-sales/marketing; David San Filippo, vp-operations.

Care Management Consultants

P.O. Box 3101, Brentwood, Tenn. 37024; 615-373-2273; fax: 615-377-0433

Founded: 1990.
Business: 15% rehabilitation services for employers, 80% for insurance companies and TPAs. 5% other.
Frequent services: Prescreening for rehabilitation intervention; on-site medical case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; life care plans.
Occasional services: Telephone case management.
Staff: 24 professionals, including 21 RNs, three vocational counselors. Designations held include three CRCs, eight CIRSs, three CRRNs.
Customers: 60 total.
Cases: 10 expert opinion cases closed in 1991.
Service area: Tennessee.
Compensation: Per hour, $58 to $65.
Officers: Kathleen Ingleson, president; Cathlin Vinett, vp/treasurer.

Cascade Rehabilitation Counseling Inc.

4601 N.E. 77th Ave., Suite 250, Vancouver, Wash. 98662; 206-892-8855; fax: 206-892-4980

Founded: 1980.
Parent: Liberty Mutual Insurance Co.
Business: 2% rehabilitation services for employers, 85% for insurance companies and TPAs. 13% other, including management contracts.
Frequent services: Prescreening for rehabilitation intervention; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; software for job analysis.
Occasional services: Telephone case management, testimony, expert witness.
Staff: 61 total; including 40 vocational counselors. Designations include 21 CRCs, 26 CIRSs.
Customers: 130 total, including three corporate and institutional employers.
Cases: 2,100 closed in 1991. 150 expert opinion cases.
Service area: California, Colorado, Florida, Illinois, Maryland, Michigan, Minnesota, Massachusetts, New Hampshire, Rhode Island, Vermont, Wisconsin.
1991 gross revenues: $4 million total, $3.5 million from rehabilitation services.
Compensation: Per case, $300 to $1,500; per hour, $55 to $70.
Officers: Bob Lancaster, president; Carrie Light, Milan Dahlquist, Reg Wakefield, vps.

Centennial Rehabilitation Associates Inc.

1325 S. Colorado Blvd., Suite 614, Denver, Colo. 80222; 303-757-5271; fax: 303-757-3575

Founded: 1979.
Business: 20% rehabilitation services for employers, 80% for insurance companies and TPAs.
Frequent services: On-site medical case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.
Occasional services: Prescreening for rehabilitation intervention, telephone case management, life care planning.
Staff: 40 total; including 11 RNs, 16 vocational counselors, two degreed professionals. Designations include four CRCs, four CIRSs, two CRRNs.
Customers: 80 total, including 16 corporate and institutional employers.
Cases: 700 closed in 1991.
Service area: Colorado, Nebraska, Wyoming.
Officers: Barbara Laskowski, president; Dennis Boyd, secretary.
Contact: Dennis Boyd.

Comprehensive Rehabilitation Associates Inc.

312 Union Wharf, Boston, Mass. 02109; 617-367-2163; fax: 617-367-8519

Founded: 1978.
Business: 24% rehabilitation services for employers, 72% for insurance companies and TPAs. 4% other, including department of health and human services, attorney referrals.
Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; auditing; peer reviews; provider bill reviews.
Other services: Utilization review, patient advocacy programs, PPO access.
Staff: 1,325 total.
Customers: 1,345 total, including 434 corporate and institutional employers.
Cases: 24,515 closed in 1991. 24,195 independent medical examination cases, 3,204 expert opinion cases.
Service area: Nationwide and Canada.
1991 gross revenues: $66.3 million total, $58.5 million from rehabilitation services.
Compensation: Per hour, $56 to $66.
Officers: Lois E. Silverman, chief executive officer; Donald J. Larson, president.

Conservco Inc.

3903 Northdale Blvd., Suite 200, Tampa, Fla. 33624; 813-960-6212; fax: 813-265-6430

Founded: 1981.
Parent: Travelers Corp.
Business: 42% rehabilitation services for employers, insurance companies and TPAs. 58% other, including utilization management, medical bill repricing.
Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; ADA compliance initiatives.
Occasional services: Independent medical examiniation.
Other services: Utilization review, patient advocacy programs, PPO access.
Staff: 1,700 total.
Cases: 41,000 closed in 1991.
Service area: Nationwide.
1991 gross revenues: $115 million total.
Officers: Dwight Robertson, president; Kam Shah, chief financial officer; Patrick Kinney, vp-sales/marketing; Catherine Rayhill, vp-information systems; Mike Steele, vp/network; Pat Soranno, vp-human resources; James Vance, chief medical.

Continental Rehabilitation Resources Inc.

1 Continental Drive, Cranbury, N.J. 08570; 609-395-2020; fax: 609-395-6303

Continued on next page

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Founded: 1989.
Parent company: Continental Insurance Co.
Frequent services: Prescreening for rehabilitation intervention, case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.
Occasional services: Independent medical examiniation.
Staff: 350 total; 270 professionals, including 106 RNs, 164 vocational counselors, 80 support staff. Designations held include 76 CRCs, 62 CIRSs, 10 CRRNs.
Customers: 540 total, including 141 corporate and institutional employers.
Cases: 11,313 closed in 1991. 250 expert opinion cases.
Service area: All states except Ore., Mont., Wyo., Iowa, S.D., N.M., Ohio, N.D., Minn., Colo.
1991 gross revenues: $23.44 million from rehabilitation services.
Compensation: Per hour, $59 to $84.
Principal officers: Debra A. Keiser, senior vp.

Corp Care

241 Springside Drive, Akron, Ohio 44333; 800-742-1830; fax: 216-665-4130

Founded: 1986.
Parent: Akron General Medical Center.
Business: 35% rehabilitation services for employers, 35% for insurance companies and TPAs. 30% other, including occupational medicine cost containment programming.
Frequent services: Prescreening for rehabilitation intervention, case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, labor market survey, expert witness.
Occasional services: Vocational assessment, testing, counseling and plan development; job-seeking skill training; job placement.
Other services: Utilization review.
Staff: 53 total; professionals include eight RNs, 12 degreed professionals, four physicians. Designations held include two CRCs.
Customers: Over 500 total.
Cases: Over 100 closed in 1991. 50 Independent medical examination cases, 75 expert opinion cases.
Service area: Ohio, Pa., Mich.
1991 gross revenues: $3.5 million total, $2.75 million from rehabilitation services.
Compensation: $50 per hour.
Principal officers: Robert Raitz, president; Michael Kosuth, director-business development; Dixie Benshoff, director-back to work services.
Contact: Suzanne Kirk, sales manager.

Corporate Care Management Inc.

70 Corporate Drive, Binghamton, New York 13904; 607-724-6520; fax: 607-722-1332

Founded: 1974.
Business: 30% rehabilitation services for employers, 70% rehabilitation services for insurance companies and TPAs.
Frequent services: Prescreening of cases for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; job placement; expert witness.
Other services: Utilization review, patient advocacy programs, PPO access.
Staff: 24 total; 19 professionals, including 18 RNs, one physician.
Customers: Five total.
Service area: New York.
Officers: John Spring, chairman/medical director; Barbara Kane, vp/chief operating officer; Patrick Kearse, vp/chief executive officer.
Contact: Patrick Kearse.

CorVel Corp.

(formerly FORTIS Corp.)
1920 Main St., Suite 1090, Irvine, Calif. 92714; 714-851-1473; fax: 714-851-1469

Founded: 1987.
Business: 5% rehabilitation services for employers, 52% for insurance companies and TPAs. 43% other.
Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; catastrophic case management.
Occasional services: expert witness, independent medical examination clinics, early intervention medical case management services, life care plans.
Other services: Utilization review, patient advocacy programs, PPO access, managed care organization services in all applicable states.
Staff: 1,200 total; 900 professionals, including 375 RNs, 425 vocational counselors, 100 degreed professionals. Designations held include 250 CRCs, 235 CIRSs, 110 CRRNs.
Customers: 738 total, including 150 corporate and institutional employers.
Service area: Nationwide.
1991 gross revenues: $46.8 million total; $26.7 million from rehabilitation services.
Compensation: Per hour, $65 to $68, some states slightly higher.
Principal officers: Gordon Clemons, president; Daniel H. Davis, vp-marketing; Bennie Hamlin, Michael Wilson, vps-field operations.
Contact: Daniel H. Davis, 1210 Northbrook Drive, Suite 410, Trevose, Pa. 19053.

Crawford & Co.

5620 Glenridge Drive, N.E., Atlanta, Ga. 30342; 404-256-0830; fax: 404-847-4028

Founded: 1941.
Business: 7% rehabilitation services for employers, 15% for insurance companies and TPAs. 78% other.
Frequent services: Prescreening for rehabilitation intervention, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; internal/light duty return-to-work, ADA services.
Occasional services: Telephone case management.
Other services: Utilization review, patient advocacy programs, PPO access.
Staff: 7,800 total; 1,092 professionals, including 640 RNs, 349 vocational counselors, 94 degreed professionals, nine physicians. Designations held include 307 CRCs, 220 CIRSs, 178 CRRNs.
Customers: 2,400 total, including 960 corporate and institutional employers.
Cases: 64,750 closed in 1991.
Service area: Nationwide.
1991 gross revenues: $538.03 million total, $109 million from rehabilitation services.
Compensation: Per hour, $67 to $90.
Officers: F.L. Minix, chairman; P.A. Bollinger, president/chief operating officer; J.D. Tiller, J.H. Potter, J. V. Aycock, vps.

Creative Rehabilitation Management Inc.

4755 Kingsway Drive, Suite 325, Indianapolis, Ind. 46205-1521; 317-257-7725; fax: 317-255-1259

Founded: 1991.
Business: 25% rehabilitation services for employers, 25% for insurance companies and TPAs. 50% other, including expert testimony and legal assessments.
Frequent services: Prescreening for rehabilitation intervention; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.
Occasional services: Case management, medical assessment, independent medical examination.
Other services: Utilization review, patient advocacy programs.
Staff: Three total; two profes-

Continued on next page

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Continued from previous page
sionals, both vocational counselors with CRC designations.

Customers: 540 total, including 20 corporate and institutional employers.

Cases: Eight closed in 1991. 25 independent medical examination cases, 650 expert opinion cases.

Service area: Nationwide.

1991 gross revenues: $193,206 total, all from rehabilitation services.

Compensation: Per hour, $65 to $100. Depositions: $300 up to three hours, $500 half-day.

Officers: Stephanie R. Archer, president; Michael L. Blankenship, vp.

Contact: Mike Blankenship.

D

Desert Vocational Services

340 S. Farrell Drive, A-108, Palm Springs, Calif. 92262; 619-320-9077; fax: 619-320-1573

Founded: 1986.

Business: 10% rehabilitation services for employers, 70% for insurance companies and TPAs. 20% other, including personal injury expert witness, outplacement, ADA medical case management, safety, state contracts.

Frequent services: On-site medical case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.

Occasional services: Prescreening for rehabilitation intervention, telephone case management, medical assessment, expert witness, substance abuse, ADA consulting, safety programs, outplacement.

Other services: Utilization review, 24-hour emergency response.

Staff: 15 total; 12 professionals, including one RN, 11 vocational counselors.

Customers: 109 total, including 14 corporate and institutional employers.

Cases: 540 closed in 1991. Eight expert opinion cases.

Service area: Arizona, California.

1991 gross revenues: $1.25 million total, all from rehabilitation services.

Compensation: Per hour, $65 to $150.

Officers: Charlotte R. Rios, owner; George Galliber, office administrator-San Bernardino; James D. Daniel Jr., human resources director.

E

Ellis & Associates Inc.

300 W. Grand Ave., Suite 500, Chicago, Ill. 60610; 312-645-1214; fax: 312-645-0752

Founded: 1979.

Business: 20% rehabilitation services for employers, 70% for insurance companies and TPAs. 10% other.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; ADA technical assistance for employers.

Occasional services: Independent medical examination.

Other services: Utilization review, PPO access.

Staff: 70 total; 50 professionals, including 22 RNs, 24 vocational counselors, four degreed professionals. Designations held include 20 CRCs, seven CIRSs, eight CRRNs.

Customers: 264 total, including 85 corporate and institutional employers.

Cases: 1,862 closed in 1991. 40 independent medical examination cases, 125 expert opinion cases.

Service area: Nationwide.

1991 gross revenues: $3.8 million total, $3.3 million from rehabilitation services.

Compensation: Per hour, $64 to $85.

Officers: Cindy R. Ellis, president; Steve Ellis, treasurer; Bitsie Van Deraa, secretary; Steve Blumenthal, vp.

Employee Development Services of Wisconsin

534 Water St., Eau Claire, Wis. 54703; 715-834-8326; fax: 715-834-8398

Founded: 1983.

Business: 10% rehabilitation services for employers, 60% for insurance companies and TPAs. 30% other, including human resource consulting and vocational expert evaluation and testimony.

Frequent services: On-site medical case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Occasional services: Prescreening for rehabilitation intervention, telephone case management.

Other services: Utilization review.

Staff: Seven total; four professionals, including one RN, three vocational counselors. Designations held include two CRCs, two CIRSs, one CRRN.

Customers: 60 total, including 10 corporate and institutional employers.

Cases: 65 closed in 1991. 200 expert opinion cases.

Service area: Wisconsin, Eastern Minnesota.

Compensation: Per hour, $69.

Officers: Jeanne Krizan, president.

F

First Physical Therapy/Executive Fitness Institute

1027 N. 27th St., Billings, Mont. 59101; 406-245-6513; fax: 406-245-4193

Founded: 1979.

Business: 8% rehabilitation services for employers, 2% for insurance companies and TPAs. 90% other, including physical therapy examination and treatment services.

Frequent services: Medical assessment, expert witness, physical therapy treatment, consultation with business and industry to prevent the need for rehabilitation services.

Occasional services: Prescreening for rehabilitation intervention, job analysis, return-to-work modification and coordination, independent medical examination.

Other services: Utilization review.

Staff: Seven degreed professionals.

Customers: 12 corporate and institutional employers.

Cases: 52 independent medical examination cases closed in 1991, 12 expert opinion cases closed in 1991.

Service area: Western United States and Canada.

1991 gross revenues: $1 million total, $100,000 from rehabilitation services.

Compensation: Per employee for pre-placement screening; per hour, $115 to $150.

Officers: Jerome B. Connolly, president; Lorin R. Wright, vp/treasurer.

Contact: Jerome B. Connolly.

G

GAB Business Services Inc.

Linden Plaza, 9 Campus Drive, Parsippany, N.J. 07054; 201-993-3400; fax: 201-993-9579

Founded: 1887.

Parent: Societe Generale de Surveillance Holding S.A.

Business: 25% rehabilitation services for employers, 75% for insurance companies and TPAs.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; 90 day QRR (California only).

Occasional services: Expert witness.

Other services: Utilization review, PPO access.

Staff: 100 total; professionals include 63 RNs, 37 vocational counselors. Designations include 21 CRCs, 43 CIRSs, five CRRNs.

Customers: 84 total, including 47 corporate and institutional employers.

Cases: 3,284 closed in 1991. 200 expert opinion cases.

Service area: Nationwide.

1991 gross revenues: $7.7 million from rehabilitation services.

Compensation: Per hour, $55 to $75.

Officers: Richard A. Simon, chairman/chief executive officer; William F. Bergs, president/chief operating officer; Joseph L. Rizzo, executive vp-operations; John F. Darden, senior vp-finance; G. Roger Eiler, senior vp-sales/customer service.

Contact: Sander VanderWerf, assistant vp.

The Gelarden Group

875 Johnson Ferry Road, Suite 120, 400 Lincoln Building, Atlanta, Ga. 30342; 404-250-9422; fax: 404-250-9398

Founded: 1989.

Business: 100% rehabilitation services for insurance companies and TPAs.

Frequent services: Case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job placement.

Occasional services: Prescreening for rehabilitation intervention, medical assessment, job-seeking skill training, expert witness.

Other services: Utilization review, patient advocacy programs.

Staff: 15 total; professionals include two RNs, nine vocational counselors. Designations include six CRCs, three CIRSs, one CRRN.

Customers: 23 total.

Cases: 139 closed in 1991. One expert opinion case.

Service area: Atlanta.

Compensation: Per hour, $58 to $65.

Officers: Sue K. Gelarden, president.

General Consulting Services

113 N. Kickapoo, Lincoln, Ill. 62656; 217-732-1830; fax: 217-735-5135

Founded: 1986.

Business: 20% rehabilitation services for employers, 10% for insurance companies and TPAs. 70% other.

Frequent services: Prescreening for rehabilitation intervention, case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, labor market survey.

Occasional services: Vocational assessment, testing, counseling and plan development; job-seeking skill training; job placement.

Other services: Utilization review, PPO access, back care, stress management.

Staff: 20 total; two degreed professionals.

Customers: 57 total.

Service area: Illinois.

Officers: Barbara O'Donohue, chief executive officer; Betty Hayes, chief operating officer.

Contact: Betty Hayes.

General Rehabilitation Services

735 Chesterbrook Blvd., Suite 200, Wayne, Pa. 19087; 215-993-2800; fax: 215-993-2822

Founded: 1979.

Business: 16% rehabilitation services for employers, 83% for insurance companies and TPAs. 1% other, including hospital bill auditing.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Other services: Utilization review, patient advocacy programs, PPO access.

Staff: More than 1,000 total; 565 professionals, including 374 RNs, 191 vocational counselors, one physician.

Compensation: Per hour, $65 to $75.

Officers: Lawrence J. Kent, president; Maurice Kent, Peter Madeja, executive vps; Michael Lindberg, Patricia Wiener, vps.

Contact: Patricia Wright.

H

Hand Therapy Ltd.

1725 W. Harrison, Suite 263, Chicago, Ill. 60612; 312-642-6698; fax: 312-642-7561

Founded: 1985.

Frequent services: Prescreening for rehabilitation intervention, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, vocational assessment and testing, acute injury therapy, splinting.

Staff: 30 total.

Service area: Illinois.

Officers: Dr. Robert R. Schenck, president.

Contact: Myrna Weiner, promotional director.

Harbor Resources Inc.

900 Circle 75 Parkway, Suite 205, Atlanta, Ga. 30339; 404-956-0685; fax: 404-952-4241

Founded: 1979.

Business: 80% rehabilitation services for insurance companies and TPAs. 20% other, including industrial prevention education programs, industrial nursing services.

Frequent services: On-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational assessment, testing, counseling and plan development, labor market survey, job-seeking skill training, job placement, ADA compliance assistance, job description development.

Occasional services: Prescreening for rehabilitation intervention, expert witness.

Other services: Utilization review.

Staff: 30 total; seven RNs, 10 vocational counselors, one degreed professional. Designations held include 12 CRCs, three CIRSs, two CRRNs.

Customers: 200 total, including 50 corporate and institutional employers.

Cases: 180 closed in 1991.

Service area: Alabama, Florida, Georgia, South Carolina, Tennessee.

1991 gross revenues: $1.8 million total, $1 million from rehabilitation services.

Compensation: Per hour $60 to $65; hourly industrial prevention, $80 to $100.

Officers: Colette Johnson, president; Jack Jones, secretary/treasurer.

Contact: Colette Johnson.

Health Care Review Inc.

18587 Sigma Road, Suite 200, San Antonio, Texas 78258; 512-490-9008; fax: 512-490-4948

Founded: 1986.

Business: 3% rehabilitation services for employers, 9% services for insurance companies and TPAs. 88% other, including fee guideline review, retrospective peer review, hospital audit, utilization review.

Frequent services: Prescreening for rehabilitation intervention, onsite medical case management, medical assessment, job analysis, return-to-work modification and coordination, expert witness.

Occasional services: Telephone case management, independent medical examination.

Other services: Utilization review, provider bill audits, PPO access.

Staff: 63 total; 21 professionals, including 20 RNs, one physician.

Customers: 151 total, including nine corporate and institutional employers.

Cases: 282 closed in 1991. Four independent medical examination cases, 1,410 expert opinion cases.

Service area: Arizona, Arkansas, Louisiana, New Mexico, Oklahoma, Texas.

1991 gross revenues: $1.8 million total, $208,939 from rehabilitation services.

Compensation: Utilization review per employee, $1.35 to $1.60; rehabilitation services per hour, $60 to $75; retrospective peer review, $60 per hour plus reviewer fees; fee schedules, 99¢ per line; hospital audits, 1.5% to 2.5% of original billing.

Officers: Delores Reinhardt, president; Robert D. Brown, chief executive officer; Jacob Sorg, vp-sales/marketing; Maureen Brown, finance officer; Carmault B. Jackson Jr., medical director.

Contact: Maureen Brown.

Heartland Rehabilitation Associates Inc.

11225 Davenport St., Suite 112, Omaha, Neb. 68154-5604; 800-545-4249 or 402-330-3066; fax: 402-330-3767

Founded: 1987.

Business: 40% rehabilitation services for employers, 40% for insurance companies and TPAs. 20% other, including earnings capacity evaluations.

Frequent services: On-site medical case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.

Occasional services: Prescreening for rehabilitation intervention, telephone case management, expert witness.

Other services: Utilization review, patient advocacy programs.

Staff: Nine total; six professionals, including two RNs, three vocational counselors, one degreed professional. Designations held include two CRCs, two CIRSs, one CRRN.

Customers: 75 total, including 14 corporate and institutional employers.

Service area: Iowa, Nebraska.

Compensation: Per hour, $65.

Officers: Lynne R. Easterday, president; Jerry L. Easterday, Michael L. Newman, vps.

Contact: Lynne R. Easterday.

I

Industrial Rehabilitation Associates Inc.

47 Jackson St., Holyoke, Mass. 01040; 413-532-3800; fax: 413-532-4178

Founded: 1985.

Business: 4.5% rehabilitation services for employers, 92.8% for insurance companies and TPAs. 2.7% other, including ergonomic job analysis, job demand and alternate job track reports and supply sale.

Frequent services: Prescreening for rehabilitation intervention, telephone case management, job analysis, return-to-work modification and coordination.

Occasional services: On-site medical case management, independent medical examination, expert witness.

Staff: 20 total; 12 professionals, including one RN, 11 degreed professionals.

Customers: 478 total, including 241 corporate and institutional employers.

Cases: 1,041 closed in 1991. Six independent medical examination cases.

Service area: Connecticut, Massachusetts.

1991 gross revenues: $1.43 million total, $1.32 million from rehabilitation services.

Compensation: Per hour, $50 to $125; work capacity evaluations $425; work hardening, $150 to $200.

Officers: Charles D. DelTatto, president; Edward C. Swanson, vp/chief executive officer.

Interpose, Disability Management Consultants

326 Center Ave., Verona, Pa. 15147; 412-826-1220; fax: 412-826-9224

Founded: 1982.

Business: 55% rehabilitation services for employers, 40% for insurance companies and TPAs. 5% other, including vocational expert, life care plans and other vocational and medical expert services to attorneys and liability managers.

Frequent services: Prescreening for rehabilitation intervention, case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, vocational counseling and plan development,

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job placement, expert witness, first day telephone case management/ tracking, physician panel organization for employers.

Occasional services: Vocational assessment and testing, labor market survey, job-seeking skill training.

Other services: Utilization review, PPO access.

Staff: 65 total; professionals include 23 RNs, 14 vocational counselors. Designations held include four CRCs, four CIRSs.

Customers: 95 total, including 45 corporate and institutional employers.

Cases: 550 closed in 1991. 83 independent medical examination cases, 23 expert opinion cases.

Service area: Ohio, Pa., W.Va.; nationwide service through Care Management Network affiliate.

1991 gross revenues: $2.3 million total, $1.8 million from rehabilitation services.

Compensation: Per employee, $3 to $7.50; per hour, $59 to $95.

Officers: Mark L. Heckman, president; Sharon L. Mains, executive vp.

Contact: Mark Heckman.

Intracorp

1205 Westlakes Drive, Suite 300, Berwyn, Pa. 19312; 215-889-2600; fax: 215-889-2621

Founded: 1970.

Parent: CIGNA.

Business: 1% rehabilitation services for employers, 41% for insurance companies and TPAs. 58% other.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Other services: Utilization review, patient advocacy programs, PPO access.

Staff: 4,284 professionals, including 1,500 RNs, 450 vocational counselors, 250 degreed professionals, 30 physicians.

Customers: 1,427 total, including 352 corporate and institutional employers.

Cases: 55,775 closed in 1991. 4,037 independent medical cases, 289 expert opinion cases.

Service area: Nationwide.

1991 gross revenues: $291.3 million total, $121.8 million from rehabilitation services.

Officers: S. Jeffery Ackerman, president/chief executive officer; Donald M. Duford, senior vp-marketing/sales; Kenneth R. Ross, senior vp-operations.

J

Jordan Services

900 Ellison Ave., Westbury, N.Y. 11590; 516-683-0100; fax: 516-683-0259

Founded: 1974.

Business: 50% rehabilitation services for employers, 25% for insurance companies and TPAs. 25% other.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; expert witness.

Occasional services: Job analysis, job placement, home modification.

Other services: Utilization review.

Staff: 25 total; professionals include 20 RNs, four vocational counselors, one degreed professional. Designations held include three CRCs, four CIRSs.

Customers: Over 500 total.

Service area: N.Y., N.J., Pa., Ga.

Officers: Morris Ehrenreich, director.

K

Kemper National Services

P.O. Box 22330, Ft. Lauderdale, Fla. 33335-2330; 305-779-2600; fax: 305-779-2667

Founded: 1981.

Parent: Kemper Corp.

Business: 35% rehabilitation services for insurance companies and TPAs. 65% other, including medical bill review, utilization review, hospital audit, preadmission certification, PPO access.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; intervention and assessment program; computerized transferable skills analysis; job search training.

Other services: Utilization review, PPO access.

Coverage: Workers comp, auto and general liability, catastrophic case management.

Staff: 425 total; 118 professionals including 4 RNs, 21 vocational counselors, 91 degreed professionals, 2 physicians. Designations held include 19 CRCs, 11 CIRSs, 13 CRRNs.

Customers: 38 total, including four corporate and institutional employers

Cases: 1877 closed in 1991. 22 expert opinion cases.

Service area: Catastrophic cases nationwide; other services in Fla., Ga., N.C., Ky., Calif.

1991 gross revenues: $20 million

Continued on next page

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total, $6 million from rehabilitation services.

Compensation: Per hour, $60 to $75.

Officers: Tom Chapman, president/chief executive officer; Bob Kulbick, vp-operations; Ileana Chapman, vp-rehabilitation; Gary Chohamin, vp-data processing.

Contact: Ileana Chapman or Eileen Ramallo, assistant vp, 305-761-9881.

Kentucky Rehabilitation Professionals Inc.

11063 Shelbyville Road, P.O. Box 436089, Louisville, Ky. 40253-6089; 502-245-7331; fax: 502-245-3721

Founded: 1988.

Business: 80% rehabilitation services for employers, 20% for insurance companies and TPAs.

Frequent services: On-site medical case management, job analysis, return-to-work modification and coordination, independent medical examination.

Occasional services: Prescreening for rehabilitation intervention; telephone case management; medical assessment; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.

Other services: Utilization review, patient advocacy programs.

Coverage: Workers comp, auto and general liability, auto no-fault.

Staff: 24 total; professionals include 20 RNs, three vocational counselors. Designations held include two CIRSs.

Customers: 37 total, including eight corporate and institutional employers having 60% with under 500 employees, 30% with 500 to 999 and 10% with 1,000 to 2,499. 25 insurance companies, four claims administrators and TPAs.

Service area: Kentucky, Indiana, Ohio.

Compensation: Per hour, $50 to $60.

Contact: Walt Schumm, 800-467-7331.

L

LRC Rehabilitation Consultants Inc.

Station Square One, Suite 202, Paoli, Pa. 19301; 215-296-9021; fax: 215-296-5951

Founded: 1986.

Business: 45% rehabilitation services for employers, 50% for insurance companies and TPAs. 5% other, including auditing and review of medical bills, peer reviews and life care plans.

Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; job-seeking skill training; job placement; expert witness.

Occasional services: Telephone case management, labor market survey, job analysis for ADA, auditing and peer reviews, LIFE CARE plans.

Other services: Utilization review, PPO access, life care planning.

Staff: 30 total; 23 professionals, including 13 RNs, 10 vocational counselors. Designations held include three CRCs, three CIRSs, three CRRNs.

Customers: 80 total, including 16 corporate and institutional employers.

Cases: 791 closed in 1991. 56 independent medical examination cases, 69 expert opinion cases.

Service area: Pennsylvania, New Jersey, Delaware.

1991 gross revenues: $1.7 million total, all from rehabilitation services.

Compensation: Per hour, $52.

Officers: Diana L. Lorine, president.

Contact: Diana Lorine, Leona Franks, Norman Esibil.

Lafon Management Consulting

P.O. Box 1767, 26139 Highway 189, Lake Arrowhead, Calif. 92352; 714-337-0745; fax: 714-337-1624

Founded: 1982.

Business: 5% rehabilitation services for employers, 5% for insurance companies and TPAs. 90% other, including forensic services to law firms and government, management consulting.

Frequent services: Job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; expert witness.

Occasional services: Prescreening for rehabilitation intervention, case management, medical assessment, independent medical examination, job-seeking skill training, job placement, vocational rehabilitation bill audits, ADA compliance, computerized transferable skill analysis.

Other services: Utilization review.

Staff: Two total; one vocational counselor. Designations held include one CRC, one CIRS.

Cases: Four closed in 1991. 15 independent medical examination cases, 250 expert opinion cases.

Service area: Southern California.

1991 gross revenues: $89,000 total, $50,000 from rehabilitation services.

Compensation: Per hour, $65 to $150.

Contact: Richard H. Lafon.

Liaison Inc.

17000 Dallas Parkway, Suite 103, Dallas, Texas 75248; 214-380-6944 or 800-333-6944

Founded: 1984.

Business: 40% rehabilitation services for employers, 55% for insurance companies and TPAs. 5% other, including medical record reviews, life care plans.

Frequent services: Prescreening for rehabilitation intervention, onsite medical case management, job analysis, return-to-work modification and coordination, independent medical examination, medical record reviews, life care plans.

Occasional services: Telephone case management; medical assessment; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Staff: 125 total; 100 professionals, including 80 RNs, three vocational counselors, 17 degreed professionals. Designations held include two CRCs, six CIRSs, two CRRNs.

Customers: 150 total, including 45 corporate and institutional employers.

Cases: Over 3,000 closed in 1991. Over 300 independent medical examination cases, over 100 expert opinion cases.

Service area: Arkansas, Illnois, Indiana, Kansas, Kentucky, Louisiana, Mississippi, Montana, Nebraska, New Mexico, Oklahoma, Tennessee, Wisconsin.

Compensation: Per hour, $58 to $75.

Principal officers: Madeline Schneider, president; Catherine Marrs, executive vp; Gary Brust, vp/general manager; Tommy Jeffrey, comptroller; Ron Schuldt, director of operations.

Contact: Bill Jackson, director of sales.

M

MBA Rehabilitation Inc.

920 Beech Ave., Hershey, Pa. 17033; 717-533-5173; fax: 717-534-2560

Founded: 1986.

Parent company: Inservco Insurance Services Inc.

Business: 40% rehabilitation services for employers, 50% for insurance companies and TPAs. 10% other, including physician panels, life care planning, education and training.

Frequent services: Prescreening for rehabilitation intervention; onsite case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; preferred physician network, education training.

Occasional services: Telephone case management, life care planning.

Other services: Utilization review, PPO access.

Staff: 35 total; 25 professionals, including nine RNs, 16 vocational counselors. Designations held include four CRCs, two CIRSs, one CRRN.

Customers: 44 total, including five corporate and institutional employers.

Cases: 680 closed in 1991.

Service area: Pennsylvania.

1991 gross revenues: $1 million total, all from rehabilitation services.

Compensation: Per hour, $52 to $65.

Officers: Daniel D. Walters, president; Robert L. Conrad, executive vp; Michael P. Sheib, vp-operations; Mary Beth Orris, vp-rehabilitation.

Contact: Mary Beth Orris.

Menninger Return to Work Center

3500 S.W. Sixth Ave., Suite 100, Topeka, Kan. 66606-2806; 913-232-9937; fax: 913-233-2750

Founded: 1928.

Business: 29% rehabilitation services for employers, 24% for insurance companies and TPAs. 47% other, including federal grants for industry projects.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey, job-seeking skill training; job placement; expert witness, disability management employer consultations; employer based training; videos and publications; life care planning; ADA consultations.

Staff: 26 total; 20 professionals, including one RN, five vocational counselors, one degreed professional. Designations held include one CRC, three CIRSs, one CRRN.

Customers: 165 total, including 22 corporate and institutional employers.

Cases: 994 closed in 1991. 422 expert opinion cases.

Service area: Nationwide.

1991 gross revenues: $1.05 million total, all from rehabilitation services.

Compensation: Per hour, $35 to $60; vocational evalution, $200 to $650; disability management consultations, $505 to $667 per day; depositions or courtroom testimony, $325 to $850.

Officers: Dr. Roy Menninger, Dr. Walt Menninger, president/chief executive officers; Dr. Dan Pope Sr., vp-personnel; Duane Swanson, executive vp-operations; Gerard Hoogergeide, senior vp-finance.

Contact: Marilyn Greeve, 800-678-0633.

Donald P. Milione

7012 Eighteenth Ave., Brooklyn, N.Y. 11204; 718-232-9595; fax: 718-232-6800

Founded: 1990.

Frequent services: Case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, job placement.

Other services: Utilization review.

Staff: Four total; one professional who is a physician.

Cases: 10 independent medical examinations and 10 expert opinion cases closed in 1991.

Service area: New York.

Compensation: Per employee, $100 to $250; per case, $250 to $350; per hour, $150 to $250.

Officers: Donald P. Milione, C.G. Sammis.

Montana Rehabilitation & Clinical Consultants

314 N. Last Chance Gulch, Helena, Mont. 59601; 406-443-0530; fax: 406-449-8443

Business: 5% rehabilitation services for employers, 80% for insurance companies and TPAs. 15% other, including vocational assessment and vocational expert work.

Frequent services: Job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job placement; expert witness.

Occasional services: Job-seeking skill training.

Staff: Nine total; professionals include six vocational counselors. Designations held include six CRCs, one CIRS.

Customers: 25 total.

Service area: Montana.

Compensation: $60 per hour.

Principal officers: James Gracey, president/owner; John Clarke, owner.

Contact: Lawrence L. Kowan.

Moss Functional Capacity Testing Institute

Center One, 9880 Bustleton Ave., Suite 203, Philadelphia, Pa. 19115; 215-673-6559; fax: 215-676-9593

Founded: 1992.

Parent: Moss Rehabilitation Hospital.

Frequent services: Prescreening for rehabilitation intervention; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; expert witness; ergonomic analysis.

Occasional services: Case management.

Other services: Patient advocacy programs, second surgical opinion, research, injury prevention programs, evaluation and education.

Service area: Southeastern Pennsylvania, Southwestern New Jersey.

Compensation: Per hour; independent medical examination, $500 to $800, depending on medical specialty.

Officers: Sy Schlossman, president-Moss Rehabilitation Hospital; George A. Fee, vp-finance-Moss Rehabilitation Hospital; Thomas L. Boyer, vp-outpatient services-Moss Rehabilitation Hospital; Leonard Kamen, medical director-Moss Functional Capacity Test Institute; Robert O'Donnell, program director-Moss Functional Capacity Test Institute.

Contact: Anne Hammond, director-business development, Moss Rehab Outpatient Services, 1200 W. Tabor Road, Philadelphia, Pa. 19141, 215-884-9050.

N

National Rehabilitation Consultants Inc.

1700 W. Highway 36, Suite 400, St. Paul, Minn. 55113; 612-636-9699; fax: 612-636-9316

Founded: 1970.

Business: 5% rehabilitation services for employers, 90% for insurance companies and TPAs. 5% other.

Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Occasional services: Telephone case management.

Other services: Utilization review, PPO access, ADA consulting, work injury management consulting to employers, management consulting to rehabilitation providers.

Staff: 70 total; 56 professionals, including 10 RNs, 46 vocational counselors. Designations held include 22 CRCs, six CIRSs, one CRRN.

Customers: 206 total, including 15 corporate and institutional employers.

Cases: 1,712 closed in 1991. 150 expert opinion cases.

Service area: Minn., Wis., Colo., N.M., Northern Ill., Eastern N.D., Eastern S.D., Northern Iowa, Southern Wyo., Eastern Utah, Western Texas, Eastern Ariz.

1991 gross revenues: $3.1 million total, $2.9 million from rehabilitation services.

Compensation: Per hour, $55 to $80.

Officers: Richard W. Nelson, president; Mark L. Anderle, vp; Connie John Swanson, Minnesota director; Harold Vermeer, Colorado director; Kevin Vaudt, New Mexico director; Tim Greenya, Wisconsin director.

Contact: Mark L. Anderle.

Nowak & Associates Inc.

P.O. Box 669, New Lenox, Ill. 60451; 815-485-4736; fax: 815-485-1217

Founded: 1988.

Business: 10% rehabilitation services for employers, 80% for insurance companies and TPAs. 10% other, including expert testimony and speaker fees.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.

Occasional services: Expert witness, ADA compliance consulting, disability management programs.

Staff: 13 total; 10 professionals, including one RN, five vocational counselors, four degreed professionals. Designations held include five CRCs.

Customers: 27 total.

Cases: 85 closed in 1991.

Service area: Ill., Ind., Wis.

Compensation: Per hour: $60; expert testimony, $120.

Principal officers: P. Bridget Nowak.

O

Occupational Assessment Services

310 E. 75th St., Suite 3F, New York, N.Y. 10021; 212-744-2021 or 800-292-1919; fax: 212-517-6909

Business: 25% rehabilitation services for employers, 50% for insurance companies and TPAs. 25% other.

Frequent services: Job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; ADA consultation.

Occasional services: Prescreening for rehabilitation intervention, telephone case management.

Staff: Eight total; including two vocational counselors. Designations held include two CRCs.

Service area: Nationwide.

Compensation: Per hour, $100 to $200.

Officers: Edmond A. Provder, president.

Contact: Randi Lass.

Occusystems Inc.

P.O. Box 31737, Richmond, Va. 23294-1737; 804-965-0550; fax: 804-965-6958

Founded: 1984.

Business: 15% rehabilitation services for employers, 84% for insurance companies and TPAs. 1% other, including attorneys and trust funds.

Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Other services: Utilization review, PPO access.

Staff: 42 total; 33 professionals, including 15 RNs, 18 vocational counselors. Designations held include nine CRCs, three CIRSs, two CRRNs.

Customers: 58 total, including four corporate and institutional employers.

Cases: 376 closed in 1991. 20 independent medical examination cases, 25 expert opinion cases.

Service area: Delaware, District of Columbia, Maryland, North Carolina, Northwest South Carolina, Virginia.

1991 gross revenues: $1.35 million total, all from rehabilitation services.

Compensation: Per case, $325 to $375; per hour, $57 to $63.

Officers: George D. Moore, president; Denise Moore, secretary.

Contact: Jan Norwood, account representative, 8201 Greensboro Drive, Suite 713, McLean, Va. 22102, 703-827-7690.

Options

1400 Penn Ave., Suite 200, Pittsburgh, Pa. 15222/Two Bala Plaza, Suite 300, Bala Cynwyd, Pa. 19004; 412-391-9607 or 215-660-7769; fax: 412-391-0468 or 215-667-8174

Founded: 1981.

Business: 30% rehabilitation services for employers, 50% for insurance companies and TPAs. 20% other, including ADA, consulting, auditing and PPO network.

Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; medi-

Continued on next page

Continued from previous page
cal assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Occasional services: Telephone case management, independent medical examination.

Other services: Utilization review, patient advocacy programs, PPO access.

Staff: 60 total; 40 professionals, including 12 RNs, 26 vocational counselors, one degreed professional, one physician. Designations held include five CRCs, eight CIRSs, two CRRNs.

Customers: 105 total, including 15 corporate and institutional employers.

Cases: 350 closed in 1991. 75 independent medical examination cases, 120 expert opinion cases.

Service area: Pennsylvania, Eastern Ohio, Northern West Virginia, New Jersey, Delaware.

Compensation: Per hour: $59; expert opinion cases, $80 to $125.

Officers: Joseph McCabe, chief executive officer; Antonia Scarlata, president.

Contact: Lesly S. Wagner, 800-395-9607.

P

PHR Associates Inc.

P.O. Box 271364, Tampa, Fla. 33688; 813-931-0101; fax: 813-933-2475

Founded: 1979.

Business: 15% rehabilitation services for employers, 85% for insurance companies and TPAs.

Frequent services: Case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.

Occasional services: Prescreening for rehabilitation intervention, independent medical examination, expert witness.

Other services: Utilization review, PPO access.

Staff: Four RNs, 10 vocational counselors. Designations held include five CRCs, seven CIRSs, two CRRNs.

Customers: 63 total, including eight corporate and institutional employers.

Service area: Alabama, Florida, Georgia.

Contact: Tom Aderhold.

Pacific Review Services

5995 Plaza Drive, Cypress, Calif. 90630-5028; 800-223-4276; fax: 714-220-3743

Founded: 1983.

Parent: Pacificare Health Systems.

Business: 20% rehabilitation services for employers, 25% for insurance companies and TPAs. 55% other.

Frequent services: Prescreening for rehabilitation intervention; telephone case management; medical assessment; job analysis; return-to-work modification and coordination; maternity options, chemical dependency/substance abuse, psychiatric and medical/surgical case management.

Occasional services: On-site medical case management; independent medical examination; vocational assessment, testing, counseling and plan development; job-seeking skill training; expert witness.

Other services: Utilization review, PPO access, case management.

Staff: 71 total; 48 professionals, including 29 RNs, five vocational counselors, one physician. Designations held include one CRC, one CIRS, one CRRN.

Customers: 99 total, including 78 corporate and institutional employers.

Cases: 186 closed in 1991. 18 expert opinion cases.

Service area: Nationwide.

1991 gross revenues: $5.29 million total, $3.30 million from rehabilitation services.

Compensation: Per employee, $1.30 to $3; per case, $175 to $400; per hour, $115; per determination, $115.

Officers: Vicki Merrill, president.

Norman Peterson & Associates Inc.

287 Fourth St., Suite 4, Ashland, Ore. 97520; 503-488-0162; fax: 503-488-5408

Founded: 1988.

Business: 8% rehabilitation services for employers, 2% for insurance companies and TPAs. 90% other, including consulting, research and design of early return-to-work programs, development of policy manuals for employers, ADA compliance and ergonomic assessment.

Frequent services: Job analysis, return-to-work modification and coordination.

Occasional services: Prescreening for rehabilitation intervention; telephone case management; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Staff: Eight total; five professionals, including four vocational counselors, one degreed professionals.

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IBM Business Partner

Continued from previous page

Customers: 50 total, including 45 corporate and institutional employers.

Cases: 160 closed in 1991. Five expert opinion cases.

Service area: Nationwide.

1991 gross revenues: $500,000 total, $86,000 from rehabilitation services.

Compensation: Per hour, $55 to $65; $1,200 per day for all consulting.

Officers: Norman A. Peterson, president; Mark Anderson, vp; Patricia DeLozier, operations manager.

Contact: Norman Peterson.

The Principal Financial Group/Principal Mutual Life Insurance Co.

711 High St., Des Moines, Iowa 50392-0001; 515-247-5111; fax: 515-247-5930

Founded: 1879.

Business: 10% rehabilitation services for employers, 55% for insurance companies and TPAs. 35% other.

Frequent services: Prescreening for rehabilitation intervention, case management, medical assessment, job analysis, return-to-work modification and coordination, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.

Occasional services: Independent medical examination, expert witness.

Other services: Utilization review.

Staff: 21 total; five RNs, 16 vocational counselors. Designations held include four CRCs, six CIRSs.

Customers: 50 total, including nine corporate and institutional employers.

Cases: 91 closed in 1991. 10 independent medical examination cases, 12 expert opinion cases.

Service area: Iowa, Neb., Utah, Calif., Ga.

1991 gross revenues: $10.38 billion total.

Compensation: Per hour, $60 to $65.

Officers: G. David Hurd, chairman/chief executive officer; Roy Ehrle, vice chairman; Dave Drury, Ted Hutchison, Ron Keller, Chuck Rohm, executive vps.

Professional Review Organization for Washington

10700 Meridian Ave. N., Suite 100, Seattle, Wash. 98133-9075; 206-364-9700; fax: 206-368-2419

Founded: 1975.

Frequent services: Case management, medical assessment, physical therapy review, medical claims consultation, provider bill review.

Occasional services: Expert witness.

Other services: Utilization review.

Staff: 96 total; 58 professionals, including 40 RNs, 16 degreed professionals, one physician.

Customers: 59 total, including 31 corporate and institutional employers.

Service area: Alaska, Ariz., Colo., Idaho, Mont., Neb., Nev., N.M., N.D., S.D., Utah, Wash., Wyo.

1991 gross revenues: $6.8 million total.

Officers: Herbert M. Hilgers, chairman; John W. Daise, chief executive officer; J.C. Peterson III, director of medical affairs; Michael B. Garrett, director of utilization management and marketing.

Contact: Michael B. Garrett.

Q

Quality Care Systems Inc.

770 Lexington Ave., New York, N.Y. 10021; 800-669-9660; fax: 212-980-3380

Founded: 1986.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; early intervention program with medical algorithms; life care plans; senior care servces.

Other services: Utilization review, PPO access.

Staff: 42 total.

Customers: 100 total, including 20 corporate and institutional employers.

Cases: 2,000 to 2,500 independent medical examination cases closed in 1991.

Service area: Nationwide for CompCare early intervention program, Eastern U.S. for onsite case management.

Officers: Peter A. Banker, chairman/president; John M. O'Mara, chairman-executive committee; Lisa M. Astor, executive vp; David L. Banker, senior vp/treasurer.

Contact: Ed Yalange, vp-sales or Lisa Astor.

Quality Managed Care Inc.

8717 W. 110th St., Suite 270, Overland Park, Kan. 66210; 913-345-1784; fax: 913-345-1804

Founded: 1988.

Parent: Lifetime Corp.

Business: 2% rehabilitation services for employers, 13% for insurance companies and TPAs. 85% other, including utilization management services.

Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job placement; transferrable skill assessments.

Occasional services: Job-seeking skill training, expert witness, ADA compliance assessments.

Other services: Utilization review.

Staff: 30 total; professionals include 18 RNs, two vocational counselors. Designations held include three CIRSs, three CRRNs.

Customers: 50 total, including 12 corporate and institutional employers.

Cases: 540 closed in 1991. 38 independent medical examination cases, six expert opinion cases.

Service area: Nationwide.

Officers: Tony Reeves, president; Herbert Maxwell, vp/general manager.

Contact: Cathy VanDoren, director-professional services, 333 W. Hampden Ave., Suite 820, Englewood, Colo. 80110; 303-781-7300.

Quality Rehabilitation Services

11640 Arbor St., Suite 100, Omaha, Neb. 68144; 402-333-2543; fax: 402-333-9024

Founded: 1977.

Business: 30% rehabilitation services for employers, 70% for insurance companies and TPAs.

Frequent services: On-site medical case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness.

Occasional services: Prescreening for rehabilitation intervention.

Other services: Utilization review, patient advocacy programs, PPO access.

Staff: 16 total; 11 professionals, including five RNs, five vocational counselors, one degreed professional. Designations held include four CRCs, two CIRSs.

Customers: 37 total, including four corporate and institutional employers.

Cases: 273 closed in 1991. 10 independent medical examination cases, 24 expert opinion cases.

Service area: Neb., Western Iowa, Southern S.D., Northeast Kan., Northwest, Miss.

1991 gross revenues: $822,000 total, all from rehabilitation services.

Compensation: Per hour, $62.

Officers: Kathleen Hesselink, president; Beverly Eckhoff, vp; Margaret Fox, secretary.

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Reader Reply Service

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IBF CONFERENCES

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R

Rainier Case Management Inc.

4601 N.E. 77th Ave., Suite 250, Vancouver, Wash. 98662; 206-892-8855

Founded: 1980.
Business: 20% rehabilitation services for employers, 80% for insurance companies and TPAs.
Frequent services: Prescreening for rehabilitation intervention; telephone case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job placement; job site modifications; ADA consulting/program development; return-to-work programs for employers.
Occasional services: On-site medical case management, job-seeking skill training, expert witness.
Staff: 45 total, all vocational counselors. Designations include six CRCs, six CIRSs.
Customers: 50 total, including 10 corporate and institutional employers.
Cases: 1,000 closed in 1991. 100 expert opinion cases.
Service area: Idaho, Oregon, Washington.
Compensation: Per hour, $55 to $65.
Officers: Tom Garbarino, president; Brad Reckord, vp.
Contact: Brad Reckord.

Recovery Unlimited Inc.

2173 Commons Parkway, Okemos, Mich. 48864; 517-349-9092; fax: 517-349-1332

Founded: 1974.
Parent: ASU Group.
Business: 5% rehabilitation services for employers, 95% for insurance companies and TPAs.
Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; hospital bill audits; review of all medical bills; professional and peer reviews.
Occasional services: Telephone case management, expert witness.
Other services: Utilization review, PPO access.
Staff: 64 total; 45 professionals, including 26 RNs, 19 vocational counselors. Designations held include five CRCs, four CIRSs.
Customers: 190 total, including 15 corporate and institutional employers.
Cases: 815 closed in 1991.
Service area: Indiana, Kentucky, Michigan, Minnesota, Ohio.
1991 gross revenues: $3.4 billion total.
Compensation: Per hour, $62 to $66.
Officers: Linda Hill, president; Larry Musser, chairman; Tara LaRose, vp; Chris Jennette, secretary; Pete Strongrich, treasurer.
Contact: Linda Hill.

Rehabilitation Advisors Inc.

445 Wymore Road, Suite 220, Winter Park, Fla. 32789; 407-629-1110; fax: 407-629-4221

Founded: 1981.
Business: 10% rehabilitation services for employers, 90% for insurance companies and TPAs.
Frequent services: On-site medical case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.
Occasional services: Prescreening for rehabilitation intervention, expert witness.
Other services: Utilization review, PPO access.
Staff: 18 total; 15 professionals, including five RNs, nine vocational counselors, one degreed professional. Designations held include two CRCs, eight CIRSs, three CRRNs.
Customers: 40 total, including 10 corporate and institutional employers.
Cases: 150 closed in 1991.
Service area: Florida.
1991 gross revenues: $750,000 total, all from rehabilitation services.
Compensation: Per hour, $58 to $75.
Officers: Betty Reid, president/owner.
Contact: Bethan Hyde, sales representative.

Rehabilitation Consultants for Industry Inc.

1420 Kensington Road, Suite 334, Oak Brook, Ill. 60521; 708-571-6650; fax: 708-571-6675

Founded: 1981.
Business: 31% rehabilitation services for employers, 69% for insurance companies and TPAs.
Frequent services: Prescreening for rehabilitation intervention; case management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; injury management consultation.
Occasional services: Expert witness.
Other services: Utilization review, PPO access.
Staff: 122 total; 103 professionals, including 66 RNs, 31 vocational counselors, six degreed professionals. Designations include 35 CRCs, 24 CIRSs, 40 CRRNs.
Customers: 109 total, including 28 corporate and institutional employers.
Cases: 2,624 closed in 1991. 172 independent medical examination cases, 98 expert opinion cases.
Service area: Illinois, Indiana, Iowa, Louisiana, Minnesota, Mississippi, South Dakota, Texas, Wisconsin.
1991 gross revenues: $10 million total, $8 million from rehabilitation services.
Compensation: Per case, negotiable; per hour, $65 to $75.
Officers: John Allen, chief executive officer; Mark Johnston, president.
Contact: Mark Johnston.

Rehabilitative Services & Vocational Placement Inc.

2809 Emerywood Parkway, Suite 125, Richmond, Va. 23294; 804-672-7787; fax: 804-672-6236

Founded: 1981.
Business: 10% rehabilitation services for employers, 85% for insurance companies and TPAs. 5% other, including liability file reviews, expert services.
Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement.
Occasional services: Telephone case management, expert witness.
Other services: Utilization review, discharge planning.
Staff: 17 total, all professionals including seven RNs, 10 vocational counselors. Designations include three CRCs, three CIRSs, four CRRNs.
Service area: Virginia, Washington.
Compensation: Per hour, $58 to $75.
Officers: Edward M. Rice, president; Sharon D. Bunger, general manager; Karen L. Trinkle, medical case management supervisor.
Contact: Edward M. Rice.

Resource Opportunities Inc.

7110 Forest Ave., Suite 200, Richmond, Va. 23226; 804-285-7900; fax: 804-282-3557

Founded: 1977.
Parent: Pharmacy Management Services Inc.
Business: 10% rehabilitation services for employers, 80% for insurance companies and TPAs. 10% other, including group health and long term disability.
Frequent services: Prescreening for rehabilitation intervention; onsite medical casl2e management; medical assessment; job analysis; return-to-work modification and coordination; independent medical examination; vocational assessment, testing, counseling and plan development; labor market survey; job-seeking skill training; job placement; expert witness; catastrophic case management; hispanic services; limited assignments.
Occasional services: Telephone case management.
Other services: Utilization review, PPO access, patient advocacy programs.
Staff: 210 total; 153 professionals, including 73 RNs, 80 vocational counselors. Designations include 32 CRCs, 22 CIRSs, seven CRRNs.
Service area: California, Delaware, Florida, Georgia, Illinois, Iowa, Louisiana, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Virginia, West Virginia, Utah.
Officers: Ronald Hall, president; J. Meric, chief financial officer; Jeff Odell, marketing manager; Alice Hall, executive vp, Michael Leep, vp.

F.A. Richard & Associates Inc.

2360 Fifth Ave., Suite 100, Mandeville, La. 70448; 504-624-8383; fax: 504-624-8489

Founded: 1978.
Business: 1% rehabilitation services for employers. 99% other, including claims administration safety services.
Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development; labor market survey; expert witness.
Other services: Utilization review, PPO access.
Staff: Eight total; four professionals, including three RNs, one vocational counselor. Designations include one CRC, three CRRNs.
Customers: 678 total, including 150 corporate and institutional employers.
Cases: 605 closed in 1992.
Service area: Alabama, California, Georgia, Louisiana, Mississippi, Texas.
1991 gross revenues: $10 million total, $150,000 from rehabilitation services in 1992.
Compensation: Per case, $90 to $2,800; per hour, $60.
Officers: Francis A. Richard, president/chief executive officer; M. Todd Richard, executive vp; Reed A. Bell, David Cantrell, Dan Clark, senior vps.
Contact: Reed A. Bell.

S

Sandler Occupational Medicine Associates

275 Broadhollow Road, Suite 302, Melville, N.Y. 11747; 516-756-2204; fax: 516-756-2213

Founded: 1983.
Business: 7.5% rehabilitation services for employers, 7.5% for insurance companies and TPAs. 85% other, including occupational safety and health, occupational medicine, software and information management, litigation support.
Frequent services: Prescreening for rehabilitation intervention, telephone case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, expert witness, medical case management information systems, occupational physician and medical specialist case file triage, analysis and evaluation.
Other services: Develop and manage occupational health care delivery system.
Staff: 30 total; 18 professionals, including six RNs, 12 physicians.
Customers: 100 total, including 50 corporate and institutional employers.
Cases: 100 independent medical examination cases closed in 1991, 100 expert opinion cases closed in 1991.
Service area: Nationwide.
1991 gross revenues: $2.2 million total, $300,000 from rehabilitation services.
Compensation: Per hour, $95 to $200.
Officers: Howard M. Sandler, president; Richard Blume, vp; Ramona Salotti, associate; Amy Apostoleris, director; Catherine Matier, manager.
Contact: Lisa Fallon.

Select Rehabilitation Associates

4645 Richmond Road, Cleveland, Ohio 44128; 216-831-8855; fax: 216-831-0517

Founded: 1989.
Parent: Lakeland Healthcare Corp.
Business: 55% rehabilitation services for employers, 15% for insurance companies and TPAs. 30% other, including litigation, expert opinions, employment practices consultation.
Frequent services: Prescreening for rehabilitation intervention; telephone case management; medical assessment; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development, labor market survey, job-seeking skill training, job placement, expert witness, ADA compliance and post offer screenings.
Occasional services: On-site medical case management, independent medical examination, ergonomic consultation, injury prevention programs.
Other services: Utilization review.
Staff: 14 total; professionals include two RNs, six vocational counselors, two degreed professionals. Designations include five CRCs, four CIRSs, one CRRN.
Customers: 90 total, including 49 corporate and institutional employers.
Cases: 191 closed in 1991. 70 independent medical examination cases, 42 expert opinion cases.
Service area: Northern and Central Ohio.
Compensation: Per hour, $66 to $120.
Officers: Paul E. Balcom, president; Jeff A. Leimgruber, vp; Joseph M. Cannelongo, director; George W. Cyphers, manager.
Contact: George W. Cyphers.

Southern Rehab Resources Inc.

P.O. Box 1872, Madison, Miss. 39130-1872; 601-853-4690

Founded: 1992.
Frequent services: Prescreening for rehabilitation intervention; onsite medical case management; job analysis; return-to-work modification and coordination; vocational assessment, testing, counseling and plan development.
Occasional services: Telephone case management, labor market survey, job-seeking skill training, job placement, expert witness.
Staff: Designations include one CRC, one CIRS.
Service area: Mississippi.
Officers: Latricia J. Graves, president.

Sprecks Rehabilitation Consultants Ltd.

P.O. Box 5265, Woodridge, Ill. 60517; 708-246-0100; fax: 708-246-0206

Founded: 1991.
Business: 20% rehabilitation services for employers, 80% for insurance companies and TPAs.
Frequent services: Prescreening for rehabilitation intervention, case management, medical assessment, job analysis, return-to-work modification and coordination, independent medical examination, workers compensation anti-fraud unit.
Staff: Three total; professionals include RNs.
Service area: Illinois.
Compensation: Per hour: $60 professional fee; $30 travel.
Officers: Liz Spreck, chief executive officer.
Contact: Jay Spreck.

Systemedic Corp.

10809 Executive Center Drive, Suite 105, Little Rock, Ark. 72211; 501-227-5553; fax: 501-227-8362

Founded: 1981.
Business: 10% rehabilitation services for employers, 80% for insurance companies and TPAs. 10% other, including medical auditing and case management consulting and seminars.
Frequent services: Prescreening for rehabilitation intervention, case management, medical assessment, job analysis, return-to-work modification and coordination, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement, expert witness, life care planning.
Occasional services: Independent medical examination, vocational assessment and testing.
Other services: Utilization review.
Staff: 48 total; professionals include 18 RNs, seven vocational counselors. Designations include six CRCs, one CIRS, four CRRNs.
Customers: 82 total, including 12 corporate and institutional employers.
Cases: 45 expert opinion cases closed in 1991.
Service area: Alabama, Arkansas, Tennessee.
Compensation: Per hour, $65 to $80.
Officers: Tom Strickland, president; Jeanne Boling, director-medical services; Howard Bennett, business manager.

V

Vocational Consultants Inc.

P.O. Box 35340, Richmond, Va. 23235; 804-276-2772; fax: 804-745-7194

Founded: 1990.
Business: 10% rehabilitation services for employers, 90% for insurance companies and TPAs.
Frequent services: Prescreening for rehabilitation intervention, onsite medical case management, job analysis, return-to-work modification and coordination, vocational counseling and plan development, labor market survey, job-seeking skill training, job placement.
Occasional services: Telephone case management, medical assessment, independent medical examination, vocational assessment and testing, expert witness.
Other services: Utilization review.
Staff: 15 total; professionals include one RN, six vocational counselors, two degreed professionals. Designations held include two CRCs, one CIRS, one CRRN.
Customers: 26 total, including five corporate and institutional employers.
Cases: 213 closed in 1991. 37 independent medical examination cases, 17 expert opinion cases.
Service area: Delaware, Kentucky, Maryland, North Carolina, Virginia, West Virginia.
1991 gross revenues: $443,612 total, all from rehabilitation services.
Compensation: Per hour, $45 to $55; travel, 28¢ to 36¢ per mile.
Officers: Barry B. Henderson, president; Gregory B. Henderson, vp.
Contact: Gregory B. Henderson, 800-849-8282.

Y

S. Yangouyian & Associates Inc.

27041 Southfield Road, Suite 200, Lathrup Village, Mich. 48076-7911; 313-552-0550; fax: 313-552-0571

Founded: 1984.
Business: 25% rehabilitation services for employers, 74% for insurance companies and TPAs. 1% other, including expert witness consult/testimony.
Frequent services: On-site medical case management, medical assessment, job analysis, return-to-work modification and coordination, vocational counseling and plan development, labor market survey, job placement, on-site return-to-work program with auto manufacturers, on-site disability case management with TPAs.
Occasional services: Prescreening for rehabilitation intervention, vocational assessment and testing, job-seeking skill training, expert witness.
Staff: 18 total; professionals include six RNs, six vocational counselors. Designations include five CRCs, five CIRSs.
Customers: 29 total, including four corporate and institutional employers.
Cases: 468 closed in 1991. 19 expert opinion cases.
Service area: Michigan, Ohio.
Compensation: Per hour, $69 to $150.
Officers: Sandra Yangouyian, president. ■

Lobby now or hold your peace, SIIA told

By LOUISE KERTESZ

SAN FRANCISCO—Employers, insurers and others responsible for health insurance programs must play an active role in national health care reform by lobbying legislators and educating employees on health care issues.

So urged the two keynote speakers at the Self-Insurance Institute of America conference held here recently.

In keeping with the conference theme of "Stop, Listen & Learn," Mary Ann Ridder, president of Indianapolis-based Spectrum Underwriting Managers Inc., said: "Stop procrastinating. Stop and take the time to understand the issues. The time to become involved is now.

"First and foremost, start teaching our politicians (that) what they don't know will hurt us. Informed input is vital to the process."

Ms. Ridder, who is SIIA board chairwoman, said, "Special-interest groups inevitably will shape the final outcome" of health-reform efforts. "Those who prosper in the status quo will be active players.

"Insurance companies, doctors, hospitals, drug manufacturers and others with a vested interest in the $666 billion-a-year industry have an important stake in the issue and its resolution."

Ms. Ridder presented an overview of current health care proposals and highlighted the SIIA's opposition to two of them.

Most of the nation's uninsured work for small businesses or are dependents of those workers. "For those who think the access problem can be solved simply by mandating employer coverage, this is an important fact. We know that small businesses, almost by definition, face significant obstacles in providing coverage," she said. Foremost among those problems is high premiums.

The SIIA opposes all "play or pay" plans, including the one supported by Democratic presidential candidate Bill Clinton, she said.

A recent Urban Institute study, Ms. Ridder pointed out, found that the "number of workers covered through private, employment-based group plans would decline under the 'play or pay' proposals" (*BI*, Jan. 13).

"The principal reason is that many employers will find it cheaper to pay the tax and cover their employees under the public plan than to provide private coverage," Ms. Ridder said.

The SIIA also opposes H.R. 5502, the small-employer reform bill sponsored by Rep. Pete Stark, D-Calif., and Rep. Richard Gephardt, D-Mo. The reform bill would prohibit employers that have fewer than 100 employees from self-insuring health benefits.

"Rep. Stark, along with many insurance companies, argues that insured health plans are the most efficient means to extend coverage to the working uninsured. They believe that self-funded health plans are unreliable vehicles for providing health care, because smaller employers are more likely to go out of business and leave employees with uncompensated health benefits than larger, more financially stable employers," she said.

But Ms. Ridder counters that "self-insurance offers a cost-effective method of providing health coverage for all firms, regardless of size."

Often small firms, especially in areas like printing, construction and agribusiness, can't buy health insurance at any price, according to an SIIA position paper. Small-group reform proposals pending in Congress "deserve careful consideration," but they should not include a ban on self-funding, the SIIA said.

The self-insurance group says it supports legislation to increase the number of workers at small firms who have health health insurance. It particularly supports H.R. 2773, introduced by Rep. Thomas E. Petri, R-Wis.

But the group opposes proposals to allow some waivers of the Employee Retirement Income Security Act for states with plans to expand access and control costs.

'Stop procrastinating. Stop and take the time to understand the issues. The time to become involved is now,' says Ms. Ridder. 'First and foremost, start teaching our politicians (that) what they don't know will hurt us. Informed input is vital to the process.'

Such waivers, the SIIA argues, "would allow them to make up any shortfalls in state risk pools by taxing self-funded health plans."

The second conference keynote speaker, Francis X. Maguire, advised his audience that it had "a critical and vital role in one of the most controversial and important issues of our day."

Mr. Maguire, formerly senior vp-industrial relations at Federal Express Corp., is now president of the Hearth Communications Group, a management and communications consulting firm in Germantown, Tenn.

"Start teaching our politicians —Amen to that," he said, referring to Ms. Ridder's remarks.

"The concern about my health and the health of my parents is not to be toyed with," Mr. Maguire said.

"The best way to predict the future of health care in this country is to invent it. You can't afford to stand around and say, 'What Happened?' " he said.

He urged his audience to stand up to bureaucracies, just as a fledgling Federal Express sought and won airline deregulation when the Federal Aviation Administration would not allow the company to fly the heavier planes it needed.

"You don't have to take 'No' from the FAA or whomever you talk to," Mr. Maguire asserted.

He reminded his audience of insurers, risk managers, employee benefit managers, third-party administrators and consultants: "You aren't about filling out forms. You are about helping people and peace of mind.

"Stop competing and start helping. Start teaching those politicians.

"And start teaching our people that we care about them so they don't think the only thing we're about is dividing up the big bucks." ■

Learning hard way about 24-hour cover

By LOUISE KERTESZ

SAN FRANCISCO—A health maintenance organization's own rising workers compensation costs led it to join forces with an insurer to develop a 24-hour coverage program now available to other employers.

As a large employer, FHP Inc. of Fountain Valley, Calif., about four years ago "saw a deterioration in our workers compensation experience," said Vp Armando Baez. "Our costs were out of control."

At that time, the HMO, which operates in five Western states, decided to apply its managed care techniques to workers comp care in a 24-hour program for FHP employees.

Success came quickly.

"By 1989, our injury rate was down 15%, cost per claim was down 54% and the litigation rate was down 50%," said Mr. Baez, who spoke at a session during the Self-Insurance Institute of America's annual conference, recently held in San Francisco.

As a result of its own success, FHP said, "Why not offer the product outside?" Mr. Baez explained.

Meanwhile, insurer Reliance National Insurance Co. decided to get involved in a 24-hour program because "we are a relatively significant company in workers compensation," said James D. Blinn, vp of Reliance National.

"Employers are concerned about out-of-control costs" in workers comp, he said at the SIIA session. Those costs are driven by cost shifting from group health, where managed care is squeezing providers, and by "double dipping," the practice of submitting a claim for payment both through a group health plan and through workers comp, he explained.

And despite large payouts by insurers, "the state-by-state regulatory system is not responding to insurer requests for rate hikes," Mr. Blinn noted. "So there is significant pressure on insurers" as well as on employers, he said.

Reliance "felt we had to do something to develop a 24-hour program, and we were fortunate to be introduced to FHP," he said. Mr. Blinn said a "working definition" of 24-hour coverage is "a system to treat all injuries and diseases regardless of causation or work status."

In the FHP-Reliance version of 24-hour coverage, an employer purchases a workers comp policy from Reliance and a group health policy from FHP and pays a combined premium.

Employees choose to receive their medical care either through an industrial injury provider network or through a group health network.

Allowing that freedom of choice reduces the number of injured employees who leave the networks after 30 days, as they are entitled to do under California law.

With injured employees assured of treatment under the program, litigation is reduced.

Reliance has delegated such functions as underwriting, sales and claims administration for the 24-hour product to FHP.

The first step in FHP-Reliance's 24-hour program was the creation of the industrial injury network, composed of a small number of providers specializing in occupational injuries and illnesses that were "the best we could find," according to Mr. Baez.

The network was selected after FHP staff conducted on-site inspections. Mr. Baez emphasized that those inspections are necessary because some providers offering workers comp services don't have the expertise or the proper equipment to care for workplace injuries "and would simply refer the employee out" for care.

The providers have "a managed care orientation" and follow FHP-developed treatment protocols. FHP providers are also fully credentialed as industrial injury physicians and clinicians.

FHP also assigns every workers comp claim, "whatever the level of intensity," to a case manager. "Even a small claim can become a big claim if left unmanaged," he said.

FHP-Reliance's 24-hour program includes an "accelerated return-to-work program," which can involve writing to the employee, sending flowers and arranging transportation to the doctor or to work. Once FHP even paid a claimant's phone bill "so that communication would continue" between the employee and the worksite.

FHP believes that "the key is to experiment with ways to bring the two systems together. . .if we can't find a better system, we will adapt our own," Mr. Baez said.

About 120 employers in Southern California currently participate in FHP-Reliance's 24-hour program.

The companies plan to make the program available in Northern California next year and subsequently in other states, Mr. Baez said.

There are financial and administrative advantages to 24-hour programs, Mr. Blinn said. For example, such a program eliminates double-dipping.

The administrative advantage of a 24-hour program is that it provides "a single focal point of control" for employees' injuries and illnesses.

This focal point replaces "two organizations—risk management and employee benefits departments—that aren't talking to each other unless one is making a case that the other" has erred in handling a claim, he quipped.

Having a single control point also simplifies decisions on a claim's compensability, another factor in reducing litigation, Mr. Blinn observed.

And, a 24-hour program enhances loss prevention because a professional in charge of both workers comp and group health "would be better able to understand what is injuring workers," he contends.

Certain aspects of 24-hour coverage also benefit employees, Mr. Blinn noted.

For example, it is easier to determine whether an injury or illness is covered, he said.

"The managed care industry made 24-hour coverage possible," because the concept of 24-hour coverage grew out of programs that apply group health managed care techniques to workers comp, FHP's Mr. Baez asserted.

FHP created a 24-hour system "from an HMO perspective," using tools that have been developed by HMOs, according to Mr. Baez.

Basically, HMOs are "excellent preventive systems, as opposed to reactive," he said.

Users have easy access to them which encourages early and frequent use.

As applied to workers comp, "we are proactive with our employers" to make sure they are attempting to reduce the likelihood of workplace injury, he said.

"HMOs have succeeded because they enable an employee to be seen by a provider who gives appropriate care," which is unlike the traditional workers comp system where providers are selected "because they are closer to work, or cheaper," Mr. Baez said. ■

SIIA meeting attracts 1,700 to San Francisco

SAN FRANCISCO—The Self-Insurance Institute of America Inc.'s 12th annual National Educational Conference and Expo was held Sept. 9-12 at the San Francisco Marriott at Moscone Center.

The conference drew 1,700 attendees, up from 1,600 in 1991, who attended a panoply of workshops and industry roundtables and enjoyed typical Bay Area Indian summer weather.

Conference topics included legislative/regulatory updates, managing the cost of stress and drug-related illnesses, 24-hour coverage and complying with the Americans with Disabilities Act of 1990.

Next year's SIIA conference will be held at the Copley Marriott in Boston on Oct. 20-23.

Group's reform efforts start at local level

By LOUISE KERTESZ

SAN FRANCISCO—Big businesses in the San Francisco Bay area are fighting to control health care costs and improve services.

They have an important ally in their fight: the Bay Area Business Group on Health, which studies their health plans, said Patricia Powers, executive director of the group.

Ms. Powers spoke at the recent Self-Insurance Institute of America conference, held earlier this month in San Francisco.

Formed in 1989, the Bay Area group is unique among the 150 or so health care coalitions nationwide. Its members consist solely of large corporations like Bank of America Corp., Bechtel Power Corp., Chevron Corp., Fireman's Fund Insurance Co., Pacific Gas & Electric Co. and Wells Fargo & Co.

All told, the companies spend about $2 billion a year on health care coverage for 2 million covered lives, Ms. Powers said.

Each company offers at least one health maintenance organization. They also all offer, or will soon offer, point-of-service plans, which will probably replace their indemnity plans, she said.

The coalition's main goals are to get the best value from providers and health plans and to reform the health care system, Ms. Powers said. The group is motivated by findings in studies such as a 1991 Milliman & Robertson Inc. report that half of all hospitalizations are unnecessary, she said (*BI*, Nov. 11, 1991).

Among the studies that the BBGH has conducted on behalf of its members was an investigation of the proliferation of Caesarean sections. The group found that the procedure increased from 13% of all California births in 1975 to 25% in 1987. The study also found that C-sections were performed more often among insured employees.

So the big business group set out to reduce "inappropriate private-pay C-sections in selected hospitals," Ms. Powers said.

The BBGH gave 17 hospitals charts comparing their C-section rates with other hospitals', she said. "We also worked with our employers in educating employees on the need for C-sections."

Why would a hospital cooperate? "We tell them we spent about $3 million there last year," said Ms. Powers. "Most physicians eventually agree with what we've done because our researchers are credible" and because there is widespread recognition that C-sections are performed too frequently.

She recounted one success story. One year after the group sent its charts and letter to a particular hospital, the C-section rate there fell 30%, saving the companies $140,000, Ms. Powers said.

"Part of the problem is patient demand," Ms. Powers continued, which is why the group works with employers to educate employees on the purpose of C-sections.

Doctors also get a share of the blame. "The C-section rate goes way up after 5 p.m.," she said, presumably because physicians would like to get home rather than wait for a normal childbirth to occur.

The BBGH conducted the study because "no one else is doing it," Ms. Powers said. But, "We should not be doing a study like this. . .the (health insurers) should be doing it."

Another BBGH study focuses on a topic near and dear to its members' hearts: managed care. Most member employers, she said, contract with provider networks formed by insurers like Aetna Life Insurance Co., CIGNA Corp., Metropolitan Life Insurance Co., Prudential Insurance Co. of America and Travelers Insurance Co.

"Employers rely on the carrier to manage care. Though employers can make some changes to the benefit structure—for example, instituting a flat fee for a delivery—employers have to rely on the network to keep costs down," Ms. Powers said.

Ms. Powers predicted employers will continue to count on the insurers' HMOs and PPOs: "Direct contracting is not very likely to happen for our companies. Philosophically, I don't think employers should be hiring physicians and opening clinics. Our companies are not really moving in that direction."

The BBGH has served its members in other ways. When member companies asked coalition staff "to come up with vendor criteria for health promotion plans," the BBGH found that "many vendors do not have appropriate products." So criteria were developed for several wellness areas, Ms. Powers said.

The group wants to develop a "wellness activity schedule" that all providers that serve coalition employers would follow. Currently, health plans use widely differing programs for preventive services like mammograms, Ms. Powers said.

The BBGH is also beginning a study on competitive managed care. Since consolidation of HMO and PPO networks in California is under way, "we want to see a few carriers competing in the market. But we can't compare them yet because they all offer different (benefit) packages," Ms. Powers said.

"One component of competitive managed care is standardization of (benefit) packages." Once the package is standardized, employers will be encouraged to compare plans and purchase accordingly, she said.

Employers and unions should be among those hammering out the standard benefit package. "In my mind everyone wins" as a result of the "simplification" that such a package would achieve.

But the project will take a couple of years to complete, she said.

In addition, since many of the group's employers are carving out their mental health care benefits, the BBGH and the University of California at Berkeley are conducting a study of the effects of one employer's carve-out program, Ms. Powers said. ■

For the Record

Kamen new chairman at Metropolitan Life

NEW YORK—Harry Kamen, currently senior executive vp of Metropolitan Life Insurance Co., will become chairman and chief executive officer in April upon the retirement of Robert Schwartz, who is now chairman, president and chief executive officer.

Ted Athanassiades will become president and chief operating officer of the New York-based insurer. Mr. Athanassiades is also a senior executive vp and heads MetLife's pension operations department.

Also, Stewart Nagler, senior executive vp for insurance operations, will become chief financial officer upon retirement of Phillip Briggs, who is vice chairman and chief financial officer.

In an unexpected move, Senior Executive Vp Robert Chappell, head of investment operations, will also retire, effective immediately. Mr. Chappell will be succeeded by Executive Vp Gerald Clark.

Mr. Chappell said in a prepared statement he was retiring because of "fundamental organizational issues that could not be resolved to my satisfaction."

The senior executive vp position is second only to the CEO and president. Messrs. Nagler and Chappell had already shared that position when Messrs. Kamen and Athanassiades were each promoted to that post in October 1991.

Mr. Schwartz's retirement and the executive shifting that ensued ended a four-way deadlock for the top spot at MetLife.

Appeals court rules A&A can sue defectors

ST. LOUIS—Alexander & Alexander Inc. can sue former employees who defected to Frank B. Hall & Co. Inc. for violating the terms of non-compete agreements they signed with A&A, a federal appeals court has ruled.

The decision settles conflicting rulings by two lower courts that interpreted a confidential agreement the two brokers signed to settle litigation over earlier defections by A&A employees to Hall. At issue in the latest litigation was whether A&A could sue employees who defected to Hall after the brokers signed the agreement for violating non-compete agreements with A&A (*BI*, Sept. 23, 1991).

A U.S. District Court judge in Omaha, Neb., last year ruled that nothing in the brokers' agreement prevents A&A from suing former employees for violating non-compete agreements.

However, in a similar Missouri case, a federal judge denied A&A's request for a preliminary injunction to prohibit two Hall employees who had formerly worked at A&A's Kansas City, Mo., office from soliciting A&A clients. The court ruled that the brokers' agreement precludes A&A from suing the employees. Hall also argued that A&A agreed to resolve future disputes over the agreement through alternative dispute resolution.

However, a three-judge panel of the 8th U.S. Circuit Court of Appeals ruled 2-1 on Sept. 10 that Hall's argument "stretches the language of the agreement beyond its breaking point."

A Hall spokesman would not comment about whether the brokerage plans to appeal.

Wrongful death suit seeks $1 million

CHICAGO—A retired printer whose wife died after his multiemployer health care plan denied coverage for home care is seeking more than $1 million in damages in a wrongful death suit against the plan and its stop-loss insurer.

Martin T. Rovak last month filed suit in Cook County Circuit Court in Chicago against PII Employee Benefit Trust, a Chicago-based multiemployer plan that covered printing employees in Illinois and Indiana; Prudential Insurance Co. of America, which provided stop-loss coverage for the self-insured plan; and David T. Rallo, an attorney for the plan.

The suit was transferred to the U.S. District Court on Sept. 10 because benefit issues are governed by the federal Employee Retirement Income Security Act of 1974.

According to the original suit, Mr. Rovak took an early retirement in July 1991 to care for his wife, who was being treated by nurses at home for a heart condition. Mr. Rovak was assured by medical plan administrators and attorneys that both he and his wife would continue to be covered if he paid COBRA premiums.

But the defendants stopped paying for the home care, claiming that Mr. Rovak was not covered under the plan, the lawsuit alleges. The nursing care was discontinued in September 1991, and Mrs. Rovak died in November 1991.

Mr. Rovak is seeking both the payment of medical expenses and punitive damages exceeding $1 million, said plaintiffs' attorney Robert Holstein of Holstein Mack & Klein in Chicago.

BC/BS creates PPO for federal workers

WASHINGTON—The Blue Cross & Blue Shield Assn. is establishing a nationwide preferred provider network of physicians, hospitals and pharmacies for federal employees, dependents and retirees.

The PPO, which will be offered beginning in 1993, will include approximately 300,000 physicians of all specialties and 3,000 hospitals. The pharmacy network will include approximately 20,000 pharmacies.

A BC/BS official estimates that the PPO and pharmacy network will save the government and employees $70 million over the estimated cost of the existing benefit plan BC/BS offers federal workers.

Subscribers who use the PPO will have between 95% and 100% of their medical costs reimbursed after meeting an annual deductible. Subscribers who do not use the PPO generally will have 75% of their medical costs reimbursed after an annual deductible. After meeting a separate pharmacy deductible, subscribers will be reimbursed 80% for drugs if using network pharmacies and 60% if using other pharmacies.

Premiums are increasing almost 10% for federal employees and retirees next year.

Excess comp insurer raises new capital

ST.LOUIS—Midwest Employers Casualty Co., which offers excess workers compensation coverage and other services to self-insured employers, earlier this month raised $10.8 million in new capital to fund anticipated growth.

The company's surplus now stands at $46 million. Midwest Employers wrote approximately $60 million in premiums in 1991 and expects volume to increase by 20% this year.

Cost of QE2 repairs exceed $3.5 million

LONDON—Hull repairs on the Queen Elizabeth 2 passenger liner which ran aground Aug. 8 will cost insurers around 2 million pounds ($3.6 million), insurance sources say.

Cunard Steamship Co. P.L.C., the ship's owner, will not comment on the repair cost estimate, nor will lead underwriter Commercial Union Assurance Co. P.L.C. (*BI*, Aug. 17).

A Cunard spokesman said that the QE2 is scheduled to leave dry dock in Hamburg, Germany, on Oct. 2 and resume its normal schedule Oct. 4 departing from Southampton, England.

There have been no estimates yet of the business interruption claim. Voyages have been canceled since the QE2 ran aground after striking a submerged object off Massachusetts. ■

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Firms detail homemade disaster plans

By MARK A. HOFMANN

MIAMI—Hours before Hurricane Andrew ripped across South Florida, at least two Miami employers put homemade catastrophe plans into action to protect operations and personnel.

On Aug. 23, the day before Andrew hit, Ryder System Inc. began an orderly shutdown of headquarters and prepared to transfer computer operations to a site more than 1,000 miles away.

Nearby, Miami law firm Steel Hector & Davis also activated a catastrophe response plan, with employees copying vital computer files for transfer to a satellite office in Palm Beach.

Both the truck rental company and law firm were fortunate to avoid serious damage to their headquarters. They were also lucky that their home-brewed catastrophe plans were equal to the task of responding to the most destructive hurricane to hit the U.S. mainland in decades.

"It worked exactly as it was designed to do," said Wayne Johnson, vp-risk management for Ryder. The plan, set up about a decade ago, is designed to give its employees maximum protection and to protect vital computer operations (*BI*, Aug. 22, 1988).

Ryder's plan is designed to respond to a Category 5 storm, which is the highest rank on the Saffir-Simpson scale. Winds in Category 5 storms exceed 155 mph.

"Our disaster plan calls for us to evacuate the building if it was going to be a Category 5," he said.

Company officials reviewed weather forecasts on Sunday, Aug. 23, before putting the plan in full operation, said Mr. Johnson. With all signs pointing to a Category 5 storm, "we decided to shut it down cold," he said.

Two things didn't happen, though. First, the storm never reached Category 5 status. And second, Andrew veered south of its projected path when it struck Florida on Aug. 24.

"The hurricane didn't score a direct hit on our building," said Mr. Johnson. The storm had initially been projected to pass directly over Ryder's headquarters near Miami International Airport.

The headquarters were spared from serious damage but left without power, he said. Without power, Ryder's central computer, which processes daily financial and equipment status information reported by field offices, remained down.

Even without Ryder's mainframe computer, local offices would have been able to continue operating and renting equipment for a few days, Mr. Johnson noted. But Ryder officials didn't want to take the chance that a few days would run into weeks and eventually force the company to cut back operations.

A team was sent to an alternative site in North Bergen, N.J., to get backup computer systems up and running.

"As it turns out, it really wasn't necessary," said Mr. Johnson. Due to delays in their departure, the backup team arrived at the alternate site about the same time that power was restored to Ryder's headquarters, he said. The mainframe went back into operation on Tuesday, Aug. 25, Mr. Johnson said.

Had Ryder's headquarters been knocked out indefinitely by Andrew, the company would have divided corporate functions among other offices in Florida, said Mr. Johnson. Data entered into local computer systems in Orlando and Tampa, for example, could then be accessed by the mainframe in New Jersey, he said.

"We look at this plan every year and evaluate it," he said. Part of the evaluation involves holding emergency drills so that key personnel will know what to do, he said.

A key component of the plan was to count heads in the wake of the hurricane and search for any missing employees, Mr. Johnson said. Ryder has roughly 2,000 employees in South Florida, he said.

About 50 workers were unaccounted for when headquarters operations resumed. Other employees went to the area that was most severely impacted by the hurricane, looking for their co-workers, he said. All were found safe and sound, but it was no easy task for the searchers to navigate debris-choked roads with non-existent street signs, he said.

Steel Hector & Davis also activated its catastrophe plan the day before Andrew struck, said Richard Braun, the law firm's executive director. The firm has about 120 attorneys in its Miami office, he said.

"We knew by midnight Saturday that we'd have a big storm," he said.

"We just picked up and moved to our Palm Beach office."

But, he made it clear that wasn't simply a matter of throwing some papers in the trunk and heading out of the storm's path.

On Sunday, employees copied electronic files necessary to conduct business and prepared to relocate at the firm's satellite office in Palm Beach, about 60 miles north of Miami.

In addition, vital computer equipment was secured in the Miami office, he said. Furniture was also moved to protect it from the storm. "We were pretty well buttoned up and pretty well protected" by Sunday night, the eve of Andrew's landfall.

The law firm arranged housing for employees in the Palm Beach area and had its main telephone line switched by the phone company from Miami to Palm Beach, he said.

"It was invisible to callers that we weren't in the Miami office," said Mr. Braun.

Like Ryder, the law firm suffered little damage to its headquarters. In fact, the building suffered so little damage that lawyers might have been able to resume work there early in the week if local authorities hadn't denied them access to the building because it lacked water, said Mr. Braun.

Like Mr. Johnson, Mr. Braun said that locating all of his firm's employees in the wake of the storm took some time.

"It took a day of getting our heads clear. Monday was a lost day for everybody," he said.

But a communications system designed for just such an emergency responded well, he said.

"We set up networks of key people who would 'Christmas tree' to other people," Mr. Braun said. In other words, a handful of people act as the communications trunk, each calling a certain number of other people who in turn served as communications branches to contact still more people, he explained.

"By Friday, we had 75% of our workforce back" in the reopened Miami office, he said. ■

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ERISA allegations

Continued from page 1
quired self-funded group health plans to indirectly pay for treatment of individuals who are not plan beneficiaries (*BI*, June 1).

Attorneys say that same logic could be applied to litigation brought in U.S. District Court in Manhattan by Travelers Corp. and the Health Insurance Assn. of America. Both argue that the state cannot require commercial insurers and non-Medicaid health maintenance organizations to pay a surcharge on hospital bills. The surcharge is designed to offset the cost of the greater risks assumed by Medicaid and Blue Cross/Blue Shield plans operating in New York.

The new law requires New York hospitals to add an 11% surcharge on bills to patients covered by commercial health insurance. Combined with previously enacted surcharges, insurers and self-insurers now pay 24% more for hospital care than paid by Medicaid and BC/BS plans.

The law also requires hospitals, in certain circumstances, to impose a surcharge of up to 9% on bills of patients belonging to HMOs. The proceeds go into the state's general revenue fund.

"In New York, the vast majority of persons covered by commercial health insurance and self-insured plans, and a substantial number of the persons subscribing to HMOs, receive that coverage pursuant to employee benefit plans subject to ERISA," according to the insurers' complaint.

"The primary effect of these surcharges, therefore, is to increase the cost of benefits paid out by ERISA employee benefit plans that use any of these methods to provide health coverage for their participants and beneficiaries."

'It's one of the most obnoxious means of financing health care access,' says Mr. Ugoretz.

In Minnesota, a lawsuit was filed earlier this month in U.S. District Court in St. Paul by the Twin Cities Pipe Trades Welfare Trust, a self-insured multiemployer plan covering 10,000 beneficiaries. The lawsuit seeks to exempt the union from paying higher hospital bills it says will result from the 2% assessment on hospitals under the MinnesotaCare law.

The trust claims that the law violates ERISA by requiring the self-insured plan to pay for the care of people other than plan beneficiaries.

The question in both cases is whether "the statute sufficiently relates to employee welfare plans to qualify for ERISA pre-emption," explained Mark Lutes, a partner in the Washington law firm of Epstein, Becker & Green.

But, he said, both courts could determine that the New York and Minnesota laws do violate ERISA in light of the Supreme Court's liberal interpretation of ERISA pre-emptions.

The lawsuits "are an expansion of several Supreme Court decisions in recent years that have broadly applied the ERISA pre-emption," said Mary Lynn Eubanks, a consultant with Hewitt Associates in Lincolnshire, Ill.

The high court's most recent ruling in this area was in a 1990 case involving FMC Corp. of Chicago. "(The) pre-emption clause is conspicuous for its breadth," wrote Justice Sandra Day O'Connor. "It establishes as an area of exclusive federal concern the subject of every state law that 'relates' to an employee benefit plan governed by ERISA" (*BI*, Dec. 3, 1990).

Minnesota officials say the tax was designed carefully to avoid running afoul of ERISA. "(It) is a broad-based tax that isn't applied directly to benefit plans," said Deborah Huskins, special assistant attorney general.

However, "There is an old tenet of law that says courts won't allow you to accomplish indirectly what you can't accomplish directly," pointed out Henry Saveth, a principal with A. Foster Higgins & Co. Inc. in New York. "The bottom line is still the same, no matter how you dress it up."

"The states should be commended for trying to do something to increase access to health care," said Dr. Roger Taylor, leader of the The Wyatt Co.'s national health care practice in Washington. These laws are "largely a response to the absence of federal legislation."

But, the laws include "a backdoor funding mechanism to provide health care to the poor and the near-poor. It's not good policy," he said.

"It's one of the most obnoxious means of financing health care access," said Mark Ugoretz, president of the ERISA Industry Committee, an employer lobbying group in Washington. "The states are looking at ways to tax health plans, including self-insured plans, as a means of raising revenues and as a means of hiding taxes from the people.

"We strongly oppose (such efforts) because the taxes are in effect passed along to employers and employees," Mr. Ugoretz commented. "We don't think because an individual has a health insurance plan that he or she should be taxed on it or that employers—insured or self-insured—should be required to subsidize the health care of employers that don't offer health insurance." ■

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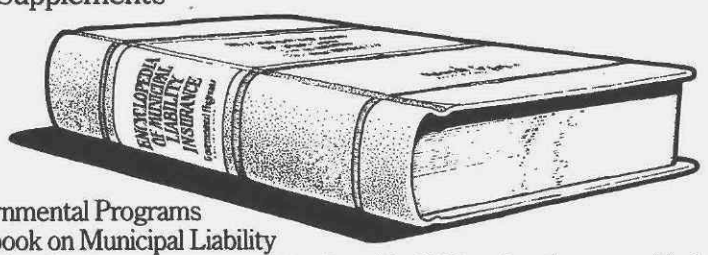

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Travelers deal

Continued from page 2
and investors.

Travelers' stock price rose from $17.50 per share before trading began Monday to $23.75 on Wednesday.

The agreement "shows that sophisticated financiers must believe that returns on capital in the property/casualty and life business are going to be much better in the next four to five years than in the past, and that is a healthy sign," said Russell R. Miller, chairman of Russell Miller Inc., a San Francisco investment banking and consulting firm that specializes in the insurance industry.

"It's a very exciting move," commented Chuck Ronson, an analyst at Balestra Capital in New York.

Most agreed that Travelers' insurance operations would be affected more by its acquisitions of Primerica's insurance subsidiaries than by the capital infusion.

"We don't think they're going to change their approach to the property/casualty business as a result of this transaction," noted Bruce Ballentine, a senior analyst at New York-based Moody's Investors Service Inc. "We think Travelers' existing property/casualty operations either are performing quite well and will continue to go in their present direction, or they're being overhauled and fixed without regard to this capital infusion."

The agreement "most likely would have a limited effect on Travelers' property/casualty operations," agreed Paula Federman, a director at New York-based Standard & Poor's Insurance Rating Service.

However, Mr. Miller noted that "the increase in capital ought to encourage them to be able to write if not more, at least as actively as they did before they suffered" problems with their real estate portfolio.

And, "something's going to have to be dropped into the (property/casualty) company" because of mounting losses from Hurricane Andrew, speculated Jack Snyder, senior vp in the property/casualty division of Oldwick, N.J.-based A.M. Best Co.

Based on new claims information, Travelers estimates that net losses from Hurricane Andrew will reduce its third-quarter earnings by $175 million to $225 million, up substantially from its original $70 million estimate (*BI*, Sept. 21).

Travelers will gain a foothold in some markets in which it currently does not participate, like directors and officers liability and errors and omissions coverage, through the acquisition of 50% of Gulf Insurance Co. Dallas-based Gulf posted net written premiums of $232.2 million in 1991.

On the group health side, Travelers also will benefit from the acquisition of ProAmerica Managed Care, several experts said.

With the acquisition, Travelers can expand its managed care services without having "to invest its own funds and build a facility in a locality from the ground up," noted S&P's Ms. Federman.

However, "in our view, we think they're going to need most of this capital that they expect to get from Primerica and the other capital that they've raised in order to prefund losses that they're going to have on their real estate portfolio," she said.

According to Travelers' second-quarter earnings report,

Continued on next page

Continued from previous page

$5.2 billion of its total real estate portfolio of $13.8 billion consists of underperforming mortgage loans and foreclosed real estate.

However, Travelers earlier this year raised $675 million through private debt and preferred stock offerings.

With the Primerica capital infusion, Travelers will have raised more than $1.2 billion in new capital this year.

Nonetheless, the agreement between Primerica and Travelers did not immediately affect Travelers' ratings.

S&P last week affirmed its current A+ claims-paying ability ratings for Travelers Insurance Co. and Travelers Life & Annuity Co., Travelers' life/health units. S&P also affirmed its AA− rating of Travelers Indemnity Co. Intercompany Pool, which includes six Travelers subsidiaries that write the majority of its property/casualty business: Charter Oak Fire Insurance Co., Phoenix Insurance Co., Travelers Indemnity Co., Travelers Indemnity Co. of America, Travelers Indemnity Co. of Illinois and Travelers Indemnity Co. of Rhode Island.

Best last week also affirmed its current ratings of Travelers. Best had rated Travelers Insurance Co. A and Travelers Indemnity Co. Intercompany Pool A−.

"We do not intend to take any action based on this transaction," said Larry Mayewski, a vp in Best's life/health division.

Best's Mr. Snyder explained that when the A− rating for the intercompany pool was issued, it considered Travelers' plan to find a significant investor and raise additional capital.

Moody's Investors Service Inc. last week placed the credit ratings for Travelers Corp. and its principal units under review for possible upgrade. A Moody's official did not know when a decision would be made.

Moody's has given insurance financial strength ratings of Baa1 to Travelers Insurance Co. and A2 to Travelers Indemnity Co. Intercompany Pool.

Meanwhile, Sanford I. Weill, chairman and chief executive officer of Primerica, and James Dimon, president and chief financial officer of Primerica, were elected to the Travelers board. Mr. Weill, a former American Express Co. and Fireman's Fund Insurance Co. executive, will head the board's finance committee.

Travelers is 'going to need most of this capital that they expect to get from Primerica and the other capital that they've raised in order to prefund losses that they're going to have on their real estate portfolio,' says S&P's Paula Federman.

Primerica will nominate two additional board members when the transaction is closed.

Edward H. Budd, chairman and CEO of Travelers Corp., was elected to the Primerica board. A new operating committee, headed by Mr. Budd and Mr. Weill, is to oversee Travelers' major operations.

Upon approval of the agreement by regulators and Travelers' shareholders, which is anticipated by year end, Primerica will hold about 27% of Travelers' outstanding common stock. Except under special circumstances, Primerica cannot buy more shares in the next five years without agreement of the Travelers board.

Primerica will raise between $100 million and $200 million of the cash needed for the transaction through normal corporate borrowing, while the remainder will come from cash on hand, according to a spokeswoman.

Travelers also announced last week that it will reduce its workforce by more than 10%, or 3,500 people, over the next two years through attrition and layoffs. Travelers currently employs 33,000 people.

Travelers offers employees who are 55 or older and have been with the company 10 or more years an early retirement option as part of its regular benefits package. The early retirement benefit varies depending on an employee's length of service.

Travelers will take a third-quarter $132 million aftertax charge to pay for the restructuring. However, the annual aftertax savings is expected to be approximately $95 million by 1994, according to the insurer. ■

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Continued from page 2

Iowa, Kansas, Oklahoma and Wisconsin.

Indiana

Republican incumbent **Daniel Coats,** 49, opposes a play-or-pay system of health care reform, calling it a "backdoor approach to national health."

He is working on developing a universal health care plan that emphasizes individual choice and promotes competition in the market.

"It incorporates medical liability reform, tax fairness for farmers and small business and an IRA-style medical savings account with incentives for individual cost containment," Sen. Coats said.

"My proposal would also expand home health care options for long-term care and funding for community health centers."

Sen. Coats also supports the efforts of the Working Group for Electronic Data Interchange, which is developing a nationwide electronic health care claims filing and billing system. The paperless system is intended to save billions of dollars annually in administrative costs (*BI*, Nov. 11, 1991).

In the tort reform area, Sen. Coats is "a strong advocate of both product liability reform and caps on punitive damages." He also favors medical liability reforms, including caps on non-economic damages.

Sen. Coats

Mr. Hogsett

He also opposes legislation, S. 794, that would amend the Employee Retirement Income Security Act of 1974 to allow punitive damages to be awarded on a state-by-state basis in tort suits over wrongly denied health benefit claims. The House is considering similar legislation (*BI*, Aug. 3; June 15; March 9).

On insurance regulation issues, Sen. Coats opposes repeal of insurers' antitrust exemptions and federal intervention in regulating the insurance industry. "Insurance is administered and overseen best at the state level. The current antitrust laws embodied in the McCarran-Ferguson Act are working well. No fine-tuning is necessary."

The National Assn. of Insurance Commissioners and each state insurance commissioner "should have the authority to administer insurance regulations," Sen. Coats said.

Democratic challenger **Joseph H. Hogsett,** currently secretary of state in Indiana, supports a national health care system that would require employers to provide basic health care benefits.

"As a U.S. senator, I would support a health care system that has as its goals: universal coverage for every American; comprehensive basic benefits and services, including long-term care; and cost containment. Federal and state governments should take a strong role in providing the public programs, tax law reforms and regulatory changes that are needed to achieve these goals," he said.

Mr. Hogsett, 36, would encourage employers to adopt managed care plans by eliminating tax deductions for the cost of expensive fee-for-service plans. He also favors adopting a uniform claim form to reduce administrative costs.

In addition, Mr. Hogsett favors providing incentives to encourage physicians to become primary care doctors rather than specialists.

Mr. Hogsett favors effective cost-containment measures for hospitals and other providers and limiting price increases for pharmaceuticals to the rate of inflation.

Illinois

Two attorneys are vying for the seat of two-term incumbent Democratic Sen. Alan Dixon, who was defeated in the primary.

Mr. Dixon was defeated in March by **Carol Moseley Braun,** 45, Cook County recorder of deeds and the first black woman ever to win a U.S. Senate primary.

Despite repeated requests, Ms. Braun's campaign staff declined to answer questions.

Ms. Braun

Mr. Williamson

Republican nominee **Rich Williamson,** 43, a partner with the Chicago law firm Mayer, Brown & Platt, says the nation's "out-of-control" health care costs must be better managed.

"We must reform our system to contain costs while increasing access and promoting prevention. I back the creation of a system based on private enterprise and competition, one that will be open to everyone, affordable and offering full choice for the patient," he said.

Radical proposals for socialized medicine would raise costs, eliminate choice and destroy private insurers, said Mr. Williamson, who supports health care reforms similar—but not identical—to those proposed by President Bush (*BI*, Feb. 10).

"For the chronically uninsurable, I support vouchers redeemable at insurers in permanent 'risk pools' that spread the burden around. Temporary 'risk pools' will provide for those between jobs," he said.

He also supports cutting "bloated" health insurance claim administration costs; reforming medical malpractice liability laws; and expanding research to fight "killer" diseases.

Mr. Williamson supports a cap on punitive damages in all cases and adopting "reasonable, uniform standards" to determine when punitive damages should and should not be assessed.

Seeking huge punitive damages "has become like playing the lottery," he said. "As long as someone is filing a lawsuit, it costs nothing to add a demand for punitive damages, in any dollar amount he wants. This standardless roll of the dice adds significant uncertainty to the litigation, raising the stakes as well as the cost of defending the cases."

He also believes that punitive damages should be paid to a local, state or federal government treasury. "The punitive damages should not be awarded as a windfall lottery prize to the person who happened to bring the lawsuit—who would already have been fully compensated for any injuries—and his lawyer."

Regarding insurance industry regulation, Mr. Williamson said state oversight has "worked well" because states react better to local circumstances than a uniform federal system would.

In addition, he would be "extremely wary" about increasing the federal government's role in regulating insurance.

However, categorically rejecting any change in insurance industry regulation would be unwise, he said.

Iowa

Republican incumbent **Charles E. Grassley,** 59, supports health insurance market reform legislation that would eliminate unfair insurance practices and increase efficiency. He also favors reform of "crazy malpractice laws" to reduce the cost of defensive medicine.

Sen. Grassley also said he favors reforms that "would encourage the formation of small business purchasing groups to help give them the purchasing power to drive down the price of insurance."

He does not support a "complete federal takeover" of the health care system, because such a system would "drown in red tape," could not control costs and would result in health care rationing.

Sen. Grassley is a co-sponsor of a federal product liability reform bill, S. 640, that recently stalled in the Senate (*BI*, Sept. 14; Sept. 7).

The bill would eliminate joint and several liability for non-economic damages in product liability cases, make it harder to recover punitive damages, and encourage use of alternative dispute resolution.

Sen. Grassley

Sen. Lloyd-Jones

In addition, Sen. Grassley is the sponsor of S. 2180, the Access to Justice Act. One of its features is a "fairness rule" that would require losing parties to pay the costs of a lawsuit in certain situations.

Sen. Grassley opposes reform of the McCarran-Ferguson Act.

"Regulation of the insurance industry at the state level can be very effective and sound," Sen. Grassley said in a statement.

Democratic challenger **Jean Lloyd-Jones,** 62, currently pres-

Continued on next page

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Continued from previous page
ident pro tempore of the Iowa Senate, favors a single-payer health plan administered at the state level. "The administrative entity should be selected from the private sector by a competitive process."

The plan would cover comprehensive medical care—including preventive medicine, long-term care, prescription drugs and mental health care—"without limitations, qualifications or exclusions."

Sen. Lloyd-Jones says insurers should not be able to exclude individuals from coverage, and she will not support any health reform plan that does not make "serious and substantial change in this area."

And, she will not support a plan that does not contain serious cost control measures.

She said she also will oppose any reform measure that "places undue burden on small employers."

Sen. Lloyd-Jones opposes caps on the liability of drug companies for defective products or capping doctors' malpractice liability.

Kansas

Republican incumbent **Robert Dole,** 69, supports reforming the health care system "using a free-market approach to reduce costs and expand access."

Sen. Dole, along with Sen John H. Chafee, R-R.I., co-sponsored legislation, S. 1936, introduced last year designed to make health insurance more affordable for small companies.

Under the bill, group health insurers could not exclude individual members of groups, cancel policies due to claims experience or exclude coverage for pre-existing

Sen. Dole

Ms. O'Dell

conditions.

On tort reform, Sen. Dole supports President Bush's proposals, saying they would "restore reason and efficiency to our civil justice system."

The Bush administration has proposed limiting punitive damage awards in personal injury suits to the amount of compensatory damages awarded; forcing the losing party to pay the legal costs of the winning party in some federal cases; and encouraging parties to use alternative dispute mechanisms (*BI*, Aug. 19, 1991).

Sen. Dole says he will oppose any efforts to repeal or scale back the McCarran-Ferguson antitrust exemptions.

He also supports continuing insurer solvency regulation by the states, "which have been relatively successful in dealing with industry problems as they have arisen."

Democratic challenger **Gloria O'Dell,** 46, a former Topeka newspaper editor, did not respond to repeated requests for her positions on insurance industry issues.

Missouri

Republican incumbent **Christopher "Kit" Bond,** 51, introduced the Health Insurance Simplification and Portability Act in February.

The bipartisan bill is designed to reduce the estimated $96 billion to $120 billion spent annually on health care claims administration through the use of a plastic card, like an automatic teller machine card, that would contain a policyholder's health insurance information. It would allow insurance claim information to be electronically transferred to patients' insurers.

Some of the savings from this system could then be used to finance some yet-unspecified "consumer protections," said Sen. Bond.

In addition, he said: "Unfortunately, we have a system that has allowed some unscrupulous insurance companies to try to insure only healthy people. Too often sick people either lose their coverage or cannot change jobs for fear of los-

Sen. Bond

Ms. Rothman-Serot

ing their health insurance benefits."

Democratic challenger **Geri Rothman-Serot**, 48, currently a St. Louis County councilwoman, does not believe that the federal government can effectively administer a comprehensive health care program.

She supports the "American Health Security Plan," under which states would administer a program whose services and budget would be set by a national, independent Federal Health Board modeled after the Federal Reserve Board.

The private insurance industry under this plan would remain intact and might administer state plans in addition to providing coverage, she said.

Ms. Rothman-Serot believes that the issue of tort reform is intertwined with the most important issue in this year's election: "the creation of a vibrant economy with an increase in jobs."

She said that "just as the Democratic Party is seeking to instill the values associated with responsible personal behavior, the corporate sector must also adhere to a similar standard of conduct. Some 'tort reform' proposals seek to achieve a diminution of corporate responsibility by erecting barriers to the court system. We understand that such lawsuits may have the effect of stifling research and development of new products and technologies, thus creating a deterrent to economic growth."

Therefore, she favors the creation of a "Product Liability National Trust" that would be funded by corporate contributions based on "an analysis of litigation judgment awards and profit increases. Funds from this trust would be utilized to satisfy all judgment awards, except in those cases where punitive damages are assessed."

Ms. Rothman-Serot says that no industry should be completely immune from federal antitrust law. However, she says that "the insurance industry is an exception" because it sometimes requires protection for certain joint activities—like the pooling of historical loss data—that are essential to the industry and benefit consumers.

In addition, she believes that states should continue to regulate the insurance industry.

Oklahoma

Republican incumbent **Don Nickles** believes that the country should not have to give up "the best health care in the world" for a high-cost government-run system.

Sen. Nickles has unveiled a "Health Care Bill of Rights" during his re-election campaign. He proposes, among other things, increasing access to health care by increasing the income tax deductions for health insurance premiums paid by self-employed individuals to 100% from the current 25%.

In addition, small employers would receive a tax credit equal to 25% of their first-year health costs for sponsoring a health care plan. An annual 5% credit would be available for five years to businesses offering a managed care plan.

Sen. Nickles

If an employer offers dependent coverage, a credit equal to 24% of the cost of covering dependents would be allowed.

Small employers that form nonprofit health care purchasing groups could receive an additional 20% credit against health insurance costs under the plan.

Sen. Nickles is an advocate of tort reform and is pushing to cap attorneys' fees and non-economic damages, to allow periodic payments of large awards and to establish alternative dispute resolution procedures.

Insurance regulation should remain with the states, he says, rejecting any federal role in oversight.

Sen. Nickles "believes that excess regulation costs more jobs than it creates," a spokesman said.

Some type of federal guaranty fund for insurers, like the Federal Deposit Insurance Corp. for banks, is not needed now, according to Sen. Nickles. "We can't discount it, but it's probably not necessary at this time."

Democratic challenger **Steve Lewis,** 49, an attorney and former assistant majority leader of the Oklahoma House, would not respond to numerous requests for his views.

Wisconsin

Republican incumbent **Robert W. Kasten Jr.,** 50, has sponsored and co-sponsored measures that he says "continue the private nature of health insurance and recognize the importance of malpractice reform as an element of any meaningful health care legislation."

But his name is most closely tied to product liability legislation. Sen. Kasten has championed the cause since introducing the first major product liability reform bill in the Senate in 1981. His latest effort, S. 640, died earlier this month (*BI*, Sept. 14).

He also favors other tort reform measures.

Sen. Kasten opposes both outright repeal and reform of the McCarran-Ferguson Act, and supports state oversight of the

Sen. Kasten

Sen. Feingold

insurance industry.

Democratic challenger **Russell D. Feingold,** 39, currently a state senator, did not respond to repeated requests for his views on insurance industry issues.

•

Associate Editors Meg Fletcher, Chris Woolsey and Laura Mazzuca in Chicago and Michael Bradford in Dallas contributed to this report.

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Heath-backed yacht sets sail

SOUTHAMPTON, England—If all goes well, 14 novice sailors aboard a broker-sponsored yacht will return to the south coast of England next May after having spent eight grueling months sailing around the globe the "wrong way."

As part of the British Steel Challenge race, the amateur crew of the yacht Heath Insured, sponsored by broker Heath Group P.L.C., will circumnavigate the world against the prevailing winds.

The race, which was scheduled to start Saturday, comes 21 years after British yachtsman Chay Blyth became the first man to complete the journey solo. Mr. Blyth is the organizer of the British Steel Challenge.

The race features 10 identical 67-foot yachts and all-amateur crews, many of whom had no sailing experience before training for the race. Each of the volunteer crew members paid 15,000 pounds ($26,250) for their adventure, but all of the yachts have corporate sponsors.

The yachts' skippers, however, are all experienced sailors.

Heath Insured will dock en route at Rio de Janeiro, Brazil; Hobart, Australia; and the Cape of Good Hope, South Africa, before returning to Southampton in May 1993.

—By Gavin Souter

Poor judgment blamed for huge syndicate loss

By GAVIN SOUTER

LONDON—Nearly $115 million in losses incurred by a single Lloyd's of London syndicate in 1988 was largely due to errors of underwriting judgment rather than malpractice, concludes a confidential Lloyd's report.

Ineffective management control by the syndicate's managing agents, Rose Thomson Young (Underwriting) Ltd., also contributed to the huge losses in syndicate 255's 1988 account, the report says.

The syndicate's members will almost certainly proceed with litigation against the agency on the strength of the revelations in the report on its 1988 losses. A report on the syndicate's 1989 losses is due out soon.

Meanwhile, a confidential interim report into losses on syndicates managed by Devonshire Underwriting Agencies Ltd. has been sent to the Council of Lloyd's.

The report on Rose Thomson Young is highly critical of its underwriter, Norman Bullen.

"The active underwriter's actions were as a result of errors of judgment and the lack of a full appreciation of the market. There is no suggestion of any degree of malpractice or thought of personal reward involved," said the report.

The report was written by a Lloyd's loss review committee headed by Timothy Boatman, a senior partner at accountant Coopers & Lybrand in London.

Loss review committees are established for syndicates that report a loss in excess of 100% of their allocated capacity.

On its still-open 1988 account, syndicate 255 lost 63.3 million pounds ($114.6 million at applicable exchange rate) on capacity of 27.8 million pounds ($50.3 million). The syndicate had 996 members, the report said. With the 228% loss, a syndicate member with a 10,000 pound ($18,100) investment, for example, would owe 22,800 pounds ($41,268).

On its 1989 account, which also is still open, the syndicate lost 68.9 million pounds ($111.2 million at applicable exchange rate) on a capacity of 34.1 million pounds ($55 million), and had 1,286 members, the report said. Members face losses of 202% of their investment.

Most of the 1988 loss stems from syndicate 255's London market excess-of-loss account, which was blown apart by the Piper Alpha oil platform explosion, the report said. The blast produced an overall insured loss of $1.4 billion (*BI*, July 11, 1988).

About 55 million pounds ($99.6 million) of syndicate 255's 1988 loss, or about 87%, is attributable to the Piper Alpha explosion, the report said.

Syndicate 255's LMX account

Continued on next page

Sun Alliance sells most of stake in CU

By GAVIN SOUTER and STACY SHAPIRO

LONDON

LONDON-Sun Alliance Group P.L.C. has sold most of a 14.43% stake it held in rival British multiline insurer, Commercial Union P.L.C., for about 280 million pounds ($475.2 million).

The proceeds will be used to reduce Sun Alliance's short-term debt and for reinvestment, said Nicholas Bunker, corporate development manager.

The 60 million Commercial Union shares were sold to securities firms Smith New Court Securities Ltd. and Cazenove & Co. for 470 pence ($7.98) per share, and were then placed with institutional investors at 475 pence ($8.06) per share.

The sale reduces Sun Alliance's stake in CU to 3.48 million shares, Mr. Bunker said.

Sun Alliance has held a limited number of shares in CU for several years, and in 1989 it bought 55.1 million shares ($93.5 million at current exchange rates) at 465 pence ($7.89) per share from Adelaide Steamship, an Australian investment company, he said. Sun Alliance made the 1989 purchase to help prevent a predatory foreign insurer from taking over CU and destabilizing the British market, he said. "But we no longer see so many deep-pocketed predators around."

Moody's Investors Service Inc. in New York is considering downgrading its ratings on Sun Alliance, Royal Insurance (UK) Ltd. and Eagle Star Insurance Co. Ltd. All three insurers have been badly affected by losses on mortgage indemnity guarantee business, Moody's said.

Under Moody's current financial strength ratings, Sun Alliance is rated Aa2, Royal is A3 and Eagle Star is A1.

Lloyd's unit trust

Sedgwick Lloyd's Underwriting Agents Ltd. is offering

Continued on page 81

$1.4 billion sought for Haven spill

GLOBAL BRIEFS

GENOA, Italy—More than 1,300 claimants are seeking a total of $1.4 billion of compensatory damages as a result of an oil spill that occurred last year when a tanker sank a mile off the Italian Riviera.

International marine liability conventions, though, will probably restrict payments to about $80 million, the tanker's liability insurers say.

Italian officials have notified the tanker owner that criminal charges may be brought.

Around 36,850 barrels of light crude oil escaped from The Haven, a Cypriot-registered tanker and the sister ship to the Amoco Cadiz, when it went down last April (*BI*, April 22, 1991).

An unspecified amount of oil washed ashore on beaches along Italy's Mediterranean coast and some French islands off the coast at St. Tropez.

The tanker is owned by Venha Maritime Ltd. of Monrovia, Liberia. The ship's agents are Troodos Shipping & Trading Ltd. of Monte Carlo, Monaco. Troodos is a member of the United Kingdom Mutual Steam Ship Assurance Assn. (Bermuda) Ltd. protection and indemnity club.

The ship was built by Astilleros Espanoles S.A. of Cadiz, Spain.

Claims against Troodos have been filed in an Italian court in Genoa, said Jerry Edmond, a director of Thomas Miller & Co., which manages the U.K. Club.

Claimants include the Italian government and regional authorities, fishermen, restaurateurs, hotels and yacht owners, he said.

Although Troodos has P&I coverage up to $500 million, the company's liability will be limited to 14 million special draw-

Continued on next page

Focus chairman fights contempt charges

By ROGER SCOTTON

HAMILTON, Bermuda—Focus Insurance Co. Chairman Mark Hardy is fighting so-called committal proceedings for alleged contempt of court.

Focus liquidators David Lines and Peter Mitchell have begun an action to have Mr. Hardy jailed or to receive "other punishment as the court may deem fit" for violating injunctions restricting the use of Mr. Hardy's personal assets.

The liquidators, both partners with accounting firm of Coopers & Lybrand, charge that Mr. Hardy has breached Bermuda Supreme Court orders issued in July 1991 and February 1992 (*BI*, July 15, 1991).

The orders, which are known as mareva injunctions, were made in connection with a suit by the liquidators that seeks $19.7 million in damages from Mr. Hardy and eight other defendants for "willful negligence and breach of statutory duties" (*BI*, May 18, 1992).

The injunctions applied a freeze to Mr. Hardy's personal assets, restraining him, his servants or agents from removing, disposing or transferring assets that he holds, both within and outside of the court's jurisdiction. The court also ordered that he restrict his living expenses to $10,000 a month and his monthly business expenses to $5,000.

The contempt of court allegations maintain that:

- Mr. Hardy failed to disclose his interest in a yacht, the Golden Drum, that was sold last year with the proceeds going to a co-defendant in the action.
- He did not disclose his interest in a $250,000 deposit held by a U.K. entity, Close Brothers Group P.L.C., and did not reveal his interests in several international companies domiciled in Europe and the United States: Starbrook Investments Ltd., Villarosa Establishment, SCI Lacloche S.A., HIA Inversiones S.A., Forum Re Finance Inc. and Prompt Finance Inc.
- He did not report the recent disposal of a property he owned in Concord, Mass.
- He did not divulge details of his involvement in a transaction of loan notes completed in April this year.
- He exceeded the $10,000 monthly limit on personal expenses between February and March.

Mr. Hardy last week angrily denied the allegations, which he condemned as false and malicious.

The yacht mentioned in the action was a company-owned charter vessel based in Tortola, Mr. Hardy said. He added that he does not own the companies mentioned by the liquidators and that the Massachusetts house had been sold with the full knowledge of the liquidators and their attorneys.

He said the proceeds from the sale were used to pay debts, settle legal fees and meet permissible living expenses. "Not a lot was left!"

The liquidators' assertion that Mr. Hardy had exceeded a $10,000 limit on his personal spending was "provably wrong," he said. The allegation was based on his American Express account for the period showing expenditures of 9,051.40 pounds, Mr. Hardy said, adding that at an exchange rate of $1.78 to the pound, the amount was equivalent to $16,111.49.

"The mareva permits me $10,000 for personal living expenses and $5,000 for normal business expenses," he said. "But, as will be proved, my account included expenses to be reimbursed by others—air fares and hotel bills—aggregating more than 80% of the total."

The liquidators have declined to comment on the contempt motion, which is due to be heard by the court next month.

Syndicate loss

Continued from previous page
was part of the LMX spiral in the London market, where risks were retrocessionally reinsured several times around the market. In many cases, syndicates or companies reinsured the same risk several times.

The LMX spiral has largely collapsed over the past two years because of the huge losses it generated.

However, in the early and mid-1980s, some Lloyd's syndicates—255 included-made sizable profits as a result of LMX spiral business.

Syndicate 255 was established in 1980, when traditional marine business was declining, the report said. "As a new syndicate, the only business it could easily obtain was marine excess-of-loss reinsurance."

As this class became more profitable, more London underwriters competed for business and prices were driven down.

"The increased competitive pressures resulted in the link between considerations of pricing and probability of risk becoming dislocated," the report said.

Syndicate 255 wrote small lines on a large number of risks in an effort to spread its exposure and reduce its risk of loss, the report noted.

"However, the structure of interlinking reinsurance that had emerged in the LMX market was effectively retaining risk within the London market rather than dispersing it," the report said.

"In such market conditions, it was critically important for an active underwriter to make a proper judgment of the extent to which his syndicate could be exposed to loss if a catastrophe disaster such as Piper Alpha occurred, and to buy sufficient reinsurance protection," the report said.

Mr. Bullen, however, did not buy sufficient reinsurance to protect the syndicate from the Piper Alpha loss, according to the report. "Mr. Bullen's understanding of the market in which he was participating did not allow him to make judgments that were borne out by events or the appropriateness of the volume of business he was writing and his reinsurance program."

Mr. Bullen has freely admitted, with the benefit of hindsight, that he made a mistake, the report said.

When interviewed by the committee, Mr. Bullen said, according to the report: "There is no point in buying so much reinsurance that you can never make a profit in the first place. You have to decide which area of the account you are prepared to run as a risk and which area you are going to protect."

Mr. Bullen elected to buy extensive "horizontal" reinsurance to cover a series of claims, but bought less "vertical" coverage against the risk of one large claim, the report said.

"Mr. Bullen was prepared, consistently, to expose his names to the risk of a loss of up to nearly five times their allocated premium," the report said.

Compounding the problem was that Mr. Bullen's error in judgment was not caught by Rose Thomson Young management because the managing agency did not have sufficient control of the syndicate, the report charges. "The shortcomings in the quality of the managing agent's supervision of syndicate 255 were significant."

The management relied on informal contact between the agency and the underwriters, a system of management that was not in accord with the demands of the changing business environment at Lloyd's in the 1980s, the report said.

For example, the 1988 underwriting plan and reinsurance program for syndicate 255 were not received by the board of Rose Thomson Young until May 1988. And when they were produced, the documents were highly abbreviated and had no commentary from the underwriter to assist in their understanding, the report said.

Nevertheless, the documents should still have prompted questions by the Rose Thomson Young board on the extent of the syndicate's vertical reinsurance protection, the report said.

"This question was not asked. The active underwriter's oral reassurances, from time to time, that the reinsurance protection was adequate were accepted without demur," the report said.

Executives at Rose Thomson Young were not available for comment last week.

The critical revelations in the report will give extra ammunition to members of syndicate 255, many of whom are preparing to sue the managing agency.

The 600 members of the Rose Thomson Young Syndicate 255 Names Action Group plan to begin litigation early next month alleging negligence against the agency, Ken Grant-Coker, secretary of the group, said last week.

"The report shows that he (Mr. Bullen) did not buy sufficient reinsurance protection, and if he had, like most other LMX syndicates did, 255 would not have had a problem. So there are clearly grounds for a negligence claim," Mr. Grant-Coker said.

The group will meet on Oct. 5 to discuss the report and a writ will likely be filed shortly after the meeting, he said.

Meanwhile, another loss review committee's interim report into losses at syndicates managed by Devonshire Underwriting Agencies has been issued. The Council of Lloyd's had directed the committee to issue an interim report because the full report was taking longer to compile than initially expected. The full report is expected next month.

The two Devonshire syndicates, 216 and 833/834, were also involved in the LMX market and suffered heavy losses in 1989 and 1990 as a result of the large catastrophe losses spiralling through the market, the report said.

Syndicate 216 lost 56.4 million pounds ($91 million) in 1989 on a capacity of 20.6 million pounds ($33.3 million), the report said. As a result, its 1,045 members face losses of 273% of their investment. The syndicate's 1989 account remains open.

On the 1990 year, which is not due to close until year-end 1992, 1,188 members of syndicate 216 have so far had to pay 14.1 million pounds ($27.2 million at applicable exchange rate) on a capacity of 22.8 million pounds ($44 million), the report said. That translates into losses of 61% of allocated capacity.

Syndicate 833/834 lost 21.3 million pounds ($34.4 million) in 1989 on capacity of 21.1 million pounds ($34.1 million). Its 942 members face a 101% loss on the still-open account.

On the still-open 1990 year, syndicate 833/834 members have so far had to pay 11 million pounds ($21.2 million) on capacity of 23 million pounds ($44.4 million), the report said. That loss already equals about 48% of capacity.

Further reports from loss review committees investigating several other Lloyd's syndicates are expected within weeks. The next report due is from a committee looking into losses at syndicates managed by Feltrim Underwriting Agencies Ltd. The report is currently being circulated among the lawyers of involved parties. ■

GLOBAL BRIEFS

Continued from previous page
ing rights ($19.9 million) under the Civil Liability Convention, which was adopted in 1969. The International Oil Pollution Fund will pay another 46 million SDRs ($65.3 million) compensation.

Those claimants granted compensation will be paid on a pro-rata basis from the total funds available, Mr. Edmond said.

Also, the Genoa authorities have taken action to protect the Italian government's right to prosecute criminal charges against the company at a later date, he said.

Mr. Edmond would not comment on the implications for the company or its insurers if a criminal prosecution were successful.

—By Gavin Souter

Scandal rattles ING

THE HAGUE, Netherlands—The chairman of the executive board of International Nederlands Groep, Willem Scherpenhuijzen Rom, resigned last week after a series of allegations in the Dutch press that directors of the insurance and banking company engaged in insider trading.

Aad Jacobs, formerly chairman of the executive board of Nationale-Nederlanden N.V., ING's insurance arm, has been named new chairman of ING.

Insurance analysts do not expect the resignation to alter ING's plans to acquire Banque Bruxelles Lambert of Belgium, though they say it will spotlight the difference between ING's banking and insurance cultures (*BI*, Sept. 21).

Nationale Nederlanden is considered highly conservative and reliable, while ING banking unit NMB Postbank is known as an opportunistic dealmaker, particularly in trading of Latin America debt.

The ING spokesman downplayed these criticisms saying, "We are the first fully merged bank and insurance company. The ING group is a pioneer, and pioneers do things that other people don't do."

In a letter to ING employees, Mr. Scherpenhuijzen Rom said he resigned because "the allegations are detrimental to the group and my position as chairman. The fact that the aforementioned publications are based on anonymous sources has affected me deeply. I sincerely hope that my resignation will put an end to this sometimes-biased reporting."

Mr. Scherpenhuijzen Rom also said he considered resigning for awhile for "family reasons."

The allegations to which Mr. Scherpenhuijzen Rom referred concerned himself and former ING director Ton Soetekouw.

Mr. Scherpenhuijzen Rom had come under fire in the media for a 1977 investment he made in a real estate development company financed by Nederlandsche Middenstandsbank, which he then headed. That bank then merged with Postbank to form NMB Postbank in 1989, which merged with Nationale-Nederlanden in 1991 to form ING.

Mr. Scherpenhuijzen Rom's actions were allowed under the bank's rules at the time, the spokesman said.

When NMB changed its rules last year to prohibit such investments by its directors, Mr. Scherpenhuijzen Rom severed ties with the real estate firm.

Allegations about Mr. Soetekouw concerned an investment in a computer company that was an NMB Postbank client that involved insider information, the ING spokesman said.

Initially, Mr. Scherpenhuijzen Rom said he was unaware of this transaction. But then, the press reported earlier correspondence between him and the Amsterdam Stock Exchange regarding the investment.

Mr. Soetekouw has since resigned from ING, as have another director and two general managers, all allegedly involved in insider trading.

The ING spokesman said that there is no connection between the scandals, resignations and the proposed bid for the Belgian bank. A BBL spokeswoman in Brussels says the negotiations between the two companies are continuing normally and will not be affected by the resignations.

Insurance analysts are not drawing any comparisons between the ING situation and the Scandinavian insurance crisis.

"There are no parallels with Scandinavia, and ING is not the next meltdown candidate," says Jonathan Lawlor, analyst at Kleinwort Benon Securities.

Mr. Lawlor believes the allegations against various ING executives originated from increased media coverage following the 1991 merger between Nationale Nederlanden and NMB Postbank. Resistance to the merger by the insurer's institutional investors resulted in a substantial revision of the merger terms.

Mr. Lawlor says that Nationale Nederlanden shareholders believed that much of the company's implicit value, particularly in its life insurance funds, was not reflected in the merger terms.

"Since then, management has been building a financial services empire with less regard to the short-term," he said. "They are suggesting that management should pay more heed to the shareholders."

A separate study by London securities firm Hoare Govett said ING "still looks like a company run for the management."

—By Maria Kielmas

Heddington Insurance Limited (Bermuda) wishes to announce that effective immediately Kempe & Whittle Associates Limited (KWAL) will handle all functions of the run-off of Heddington's non-related insurance business. All future correspondence should be sent to KWAL at:

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Initial Contacts: **Doug Jennett, Senior Manager**
Chris Worsfold, Claims Manager
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Business written through Heddington Reinsurance Limited, managed by NRG Victory Management (Bermuda) Limited is unaffected by the above announcement.

John P. Turner
Senior Vice-President

INTERNATIONAL

LONDON

Continued from page 79
the first investment trust for Lloyd's members who want to write a small amount of capacity on numerous syndicates.

So far, more than 658 members are interested in the "Sedgwick Standard Program," which will accept investors beginning in 1993, said a spokesperson for SLUA.

The average Lloyd's member participates on 10 syndicates with a minimum investment of 10,000 pounds ($16,970) each. The SSP allows members to participate on 41 syndicates signed up for the program.

Each member writes a total of 50,000 pounds ($84,850) under the program.

That capacity is spread over the 41 syndicates, so that 1,000 pounds ($1,697) of capacity is written on each of 32 syndicates and 2,000 pounds ($3,394) is written on each of nine syndicates.

The members do not choose which syndicates the larger investment is made.

The SSP is designed to have a total capacity of 100 million pounds ($169.7 million), of which 40% will be placed in the marine market, 40% in the non-marine market and 10% each in the aviation and motor markets.

The only drawback may be if one of the 41 syndicates participating in the program stays open in the future, in which case the members would find it difficult to resign from Lloyd's.

However, under the program, the members would be writing much smaller limits than those who currently are members of open syndicates.

Lowndes in Baltics

New opportunities are emerging for insurance brokers in two of the Baltic states, according to Lowndes Lambert Group Holdings P.L.C., which is buying brokerages in the markets.

The Finnish insurance market has grown since the enactment of a 1989 law that allowed the establishment of brokers, and foreign investment is increasing in Estonia, which make both countries are attractive prospects for brokers, said David Margrett, deputy chairman and managing director of Lowndes Lambert.

The broker this month acquired Finnish Insurance Brokers Ltd. in Helsinki, as well as a 55% stake in Estonian Insurance Brokers Ltd. in Talinn.

Finnish Insurance Brokers was established in 1989, shortly after the law was passed, Mr. Margrett said. Prior to the new law, insurance in Finland was typically bought directly from insurance companies.

"Finnish Insurance Brokers have managed to establish themselves in the market now, and they are producing some good commercial business," Mr. Margrett said.

The broker has specialties in several industries, including fish farms, marine businesses and hotels, as well as general business clients, he said.

No financial details are being released. The company will be renamed Lowndes Lambert Finland.

Estonian Insurance Brokers was established by Finnish Insurance Brokers earlier this year in conjunction with Estonian investors.

The company will operate as Lowndes Lambert Estonia and will target similar business to the Finnish company, Mr. Margrett said. "There is a lot of investment going into Estonia, especially from the United States, so we see the market developing well."

Syndicate 404 closes

An era ends at Lloyd's of London with the closing of the market's oldest non-marine syndicate.

Syndicate 404, managed by Cuthbert Heath Underwriting Ltd., announced this month that it will not accept new business and will go into runoff.

"The syndicate's results have not been very good in recent years. . . .We felt it was not the type of syndicate that would receive support from members agents for 1993," pointed out Richard Maylam, chairman of A.J. Archer Holdings P.L.C., which announced plans to buy Cuthbert Heath last month (*BI*, Sept. 7).

Syndicate 404's 1989 account remains open. It is estimated that the syndicate lost 58 million pounds ($93.6 million at year-end 1989 exchange rate) on capacity of 77.3 million pounds ($124.8 million).

The 1989 losses are largely due to U.S. pollution and asbestos claims from 1959 to 1976, according to a spokesman for Cuthbert Heath.

Many other Lloyd's non-marine syndicates have closed or merged over the past year, but 404's closing is significant because its founding in 1888 by underwriter Cuthbert Heath marked the commencement of a non-marine market at Lloyd's separate from the marine market.

Tax agency under fire

The Inland Revenue has a lot to answer for about the financial problems at Lloyd's of London, says a leading London plaintiff's attorney.

"There is no doubt that the Revenue has played a major role in the present undermining of Lloyd's and its membership," charged David McIntosh, senior partner of Davies Arnold Cooper at a meeting of members of Merrett Underwriting Agency Management Ltd. earlier this month.

The Inland Revenue took no apparent interest in Lloyd's until 1982, when the scandal surrounding PCW Underwriting Agencies Ltd. erupted, said Mr. McIntosh.

"This seemed to bring about an attitude of general mistrust on the part of the Revenue, which found expression in two particular forms," he commented.

First, the Inland Revenue "wrongly" saw reinsurance-to-close premiums as "a device for deferring liability to tax for no very good reason by holding greater reserves than were necessary for longer than was necessary," said Mr. McIntosh.

Second, the Inland Revenue "killed" rollover funds, usually held offshore, which Mr. McIntosh says were "effectively rainy day contingency funds set aside against the event of an unforeseen disaster striking in the future."

Indeed, Lloyd's in the late 1980s paid a total of 41 million pounds ($69.6 million) to the Inland Revenue in a marketwide settlement of a tax dispute over these funds.

"As is now all too apparent, disaster was waiting and by the time it came, rollovers were no longer there to ease the pain," said Mr. McIntosh.

"Although the mechanism itself may have been imperfect and sometimes abused, the principle of the rollover was sound, as is demonstrated by the back-year losses which have escalated during the latter half of the 1980s," he said.

"Had rollovers or something like them been permitted to survive, and had the Revenue's relentless downward pressure on reinsurance-to-close reserves been less heavy, there would have been substantial funds out of which to bear a part of the current losses," Mr. McIntosh alleges. ■

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----------X

In re:	:	In Petition Under
	:	Section 304
Petition of Richard Claude Boys-Stones and Colin Graham Bird, as	:	Case No. 92B-43498 (JLG)
Joint Provisional Liquidators of TRINTY INSURANCE COMPANY LIMITED,	:	
	:	
Debtor in Foreign Proceedings	:	

----------X

NOTICE OF INJUNCTION

YOU ARE HEREBY NOTIFIED THAT ON OR ABOUT JUNE 19, 1992, PETITIONS WERE FILED PURSUANT TO SECTION 304 OF THE UNITED STATES BANKRUPTCY CODE BY THE JOINT PROVISIONAL LIQUIDATORS OF TRINITY INSURANCE COMPANY LIMITED (92B-43498 (JLG)) AND BRYANSTON INSURANCE COMPANY LIMITED (92B-43499 (JLG)) (COLLECTIVELY, THE "COMPANIES") IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK ("BANKRUPTCY COURT").

YOU ARE HEREBY FURTHER NOTIFIED THAT, PURSUANT TO AN ORDER OF THE BANKRUPTCY COURT, ALL SUBSEQUENTLY IDENTIFIED PARTIES WITH INTERESTS ADVERSE TO THE COMPANIES ARE TEMPORARILY AND PRELIMINARILY ENJOINED AND RESTRAINED FROM: (1) RELINQUISHING OR DISPOSING OF ANY PROPERTY OF THE COMPANIES IN THE UNITED STATES, OR THE PROCEEDS OF SUCH PROPERTY, TO THIRD PARTIES; (2) COMMENCING OR CONTINUING ANY JUDICIAL, ADMINISTRATIVE OR REGULATORY ACTION OR PROCEEDING OR ANY ARBITRATION PROCEEDING AGAINST THE COMPANIES OR ANY OF THEIR PROPERTY IN THE UNITED STATES; AND (3) ENFORCING ANY JUDICIAL, ADMINISTRATIVE, OR REGULATORY JUDGMENT, ASSESSMENT OR ORDER OR ANY ARBITRATION AWARD OR DECISION AND COMMENCING OR CONTINUING ANY ACT OR ANY JUDICIAL, ADMINISTRATIVE, ARBITRATION OR REGULATORY PROCEEDING TO CREATE, PERFECT OR ENFORCE ANY LIEN, SET-OFF OR OTHER CLAIM AGAINST THE COMPANIES OR ANY OF THEIR PROPERTY IN THE UNITED STATES.

ANY PERSON OR ENTITY AFFECTED BY THE BANKRUPTCY COURT'S ORDER MAY FILE A MOTION WITH THE BANKRUPTCY COURT, WITH NOT LESS THAN TWO DAYS' NOTICE TO PEPPER, HAMILTON & SCHEETZ, 1201 MARKET STREET, SUITE 1401, WILMINGTON, DELAWARE 19801, (ATTENTION: CHRISTOPHER J. LAMB) (302) 657-8448, (302) 656-8865 (FAX), REQUESTING A HEARING TO VACATE OR MODIFY THE ORDER.

ALL PERSONS AFFECTED BY THE BANKRUPTCY COURT'S ORDER HAVING QUESTIONS OR DESIRING A COPY OF THE DOCUMENTS FILED WITH THE BANKRUPTCY COURT MUST CONTACT CHRISTOPHER J. LAMB AT THE ADDRESS AND TELEPHONE NUMBER SHOWN ABOVE.

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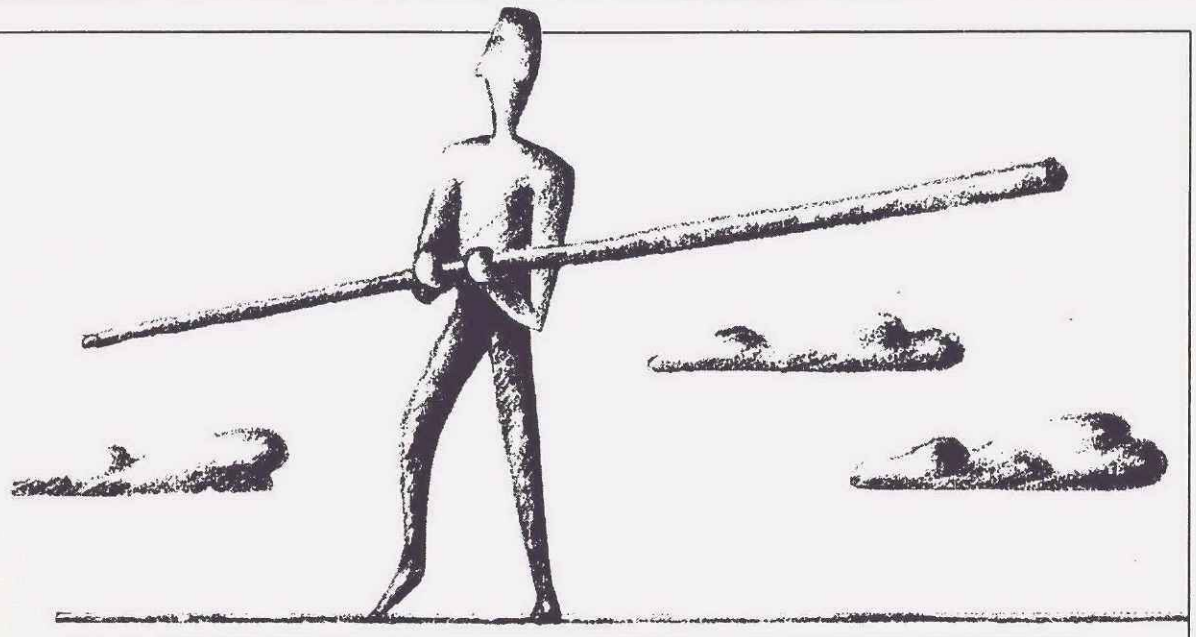

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* Source Business/Occupational breakdown of qualified circulation, May 25, 1992 issue, as submitted to BPA for June 1992 BPA Publisher's Statement.

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Fronting

Continued from page 1

America in Washington, which also supports the draft.

"There is broad industry acquiescence to this draft," though parents of captives and fronting insurers probably would prefer no new regulation at all, Mr. Brown said.

The Iowa draft, titled the "Fronting Disclosure and Regulation Act," says regulators would have the power to require and approve information regarding fronted reinsurance transactions that involve ceding insurers domiciled in their state. A regulator would have similar powers over transactions involving an insurer licensed in his or her state but domiciled in another state if that other state has not adopted fronting regulations.

Under the act, an insurer must seek prior approval from the regulator if it intends to cede 85% or more of the gross premium produced by a group of policies to an unauthorized reinsurer to which it has delegated either claims settlement authority or binding underwriting authority.

The fronting insurer must provide the regulator with information about the reinsurer and any broker or agent to whom underwriting or claims authority has been delegated; an outline of the transaction agreement; the projected gross and net premium volume subject to the agreement; and information about any collateral or guarantee held by the insurer to secure reinsurance recoverables.

The regulator would have 45 days to approve the transaction.

In addition, an insurer would be required to report certain information to a regulator if it cedes to an unauthorized reinsurer:

- 85% or more of the gross direct written premium on the policies subject to the reinsurance agreement.
- 50% or more of the premium if it delegates claims or underwriting authority to the unauthorized reinsurer or an affiliate.

Among the information that must be reported under this provision would be: the gross premiums written by the insurer; the lines of business subject to the agreement; information regarding the reinsurer; the amount and percentage of premium ceded; the outstanding loss and loss adjustment expenses ceded; and the identity of any other companies that have received claims settlement or underwriting authority.

The Iowa draft also calls for unauthorized reinsurers participating in fronting arrangements to maintain with ceding insurers collateral "equal to 100% of the unearned premium reserve" and losses outstanding, including amounts for incurred-but-not-reported losses.

Fronting arrangements involving captives are excluded from the proposed model law. In addition, an insurer does not have to comply with the prior approval or the reporting requirements if less than 15% of its total gross premium volume is ceded through a fronting arrangement or less than 5% of its total gross premium volume is ceded to "a single unauthorized reinsurer" as part of a fronting arrangement.

However, a footnote to the draft notes that the 5% benchmark "remains subject to further review."

The draft defines "a captive insurer" as an insurer "which writes directly and/or reinsures" the risks of its owners and affiliates or the risks "related to" the business or operations of its owners and affiliates. The draft does not further explain the "related to" clause.

A captive also would be excluded from the draft law if it writes and/or

Continued on next page

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Fronting

Continued from previous page

reinsures risks "derived from" a pool or other similar arrangement formed "solely" as a mechanism to cede, distribute or allocate fronted risks among one or more insurers. The pooling arrangement would not have to be organized as an insurance company or a reinsurance company.

"The definition of captive for all intents and purposes exempts all captives—single-parent and association captives—except those writing unrelated third-party business," Mr. Brown said.

"I think excluding nearly all captives is the way to go," said Vermont Captive Insurance Assn. attorney Jeffrey P. Johnson.

Mr. Johnson said he has "no problem" with not exempting a captive writing third-party business. For example, an oil industry group captive would be subject to the act if it also insured a steel company's risks, said Mr. Johnson, of Primmer & Piper in St. Johnsbury, Vt.

The RAA's Ms. Anderson said that while there were a "sufficient" number of votes on the task force to pass the Iowa draft at the NAIC meeting, she understood "that New York didn't want it on the agenda."

"It's obvious to everyone that Commissioner Lyons had more than enough votes to adopt this bill," Mr. Brown said. But New York, North Carolina and maybe a few other states are not happy with it, he said.

States on the task force that support the latest Iowa draft likely include Illinois and Vermont and perhaps Louisiana, Ohio, Virginia and Utah, observers say.

However, regulators—including Task Force Chairman Steven T. Foster of Virginia, New York Insurance Superintendent Salvatore Curiale and Mr. Lyons—agreed that more discussion was needed on the Iowa draft and a separate draft prepared by New York regulators.

The two drafts exist because regulators from Iowa and New York were unsuccessful in developing a single draft at an Aug. 12 meeting in San Francisco (*BI*, Aug. 24).

In a Sept. 8 letter to the New York department, Mr. Lyons said that the regulators had made "some significant progress" in ironing out differences, but New York's redraft of Iowa's proposal went beyond the scope of what he understood New York had been asked to do.

Among the differences between the two departments' positions is that Iowa proposes that an unauthorized reinsurer provide 100% collateralization, instead of the 125% New York prefers.

Also, an Aug. 24 version of the New York draft eliminates exemptions for insurers that cede less than 15% of their total business through fronting arrangements or less than 5% of their business to any one unauthorized reinsurer.

However, the Aug. 24 New York draft would exclude from the act "a reinsurance agreement with a single-parent captive or industrial captive whose writings are limited to coverage of risks of its controlling policyholders."

A lack of consensus makes it "premature" to act, Mr. Curiale said before the task force meeting.

"It's a fluid situation that we are working on," Mr. Lyons said.

At the task force meeting, regulators briefly discussed the Iowa and New York drafts and decided to consider them at the task force level rather than waiting for the sharply divided working group.

One key part of Mr. Lyons' draft concerns the authority of a commissioner in any state to intervene if he suspects the act is being violated.

Essentially, the commissioner of the state where a fronting insurer is domiciled is given the first opportunity to intervene. But if he does not, any commissioner concerned about a fronting arrangement affecting an insurer licensed in his or her state can intervene after giving 60 days notice to the domiciliary regulator.

"Frankly, we think that is a good compromise," Mr. Brown said. It accomplishes the goals of regulating fronted programs and gives the domiciliary regulator the first opportunity to enforce the regulations. But, it does not subject all fronted programs to the threat of 50-state oversight, which captive and insurer representatives say is unworkable.

"We hope between now and December to obtain consensus," said Mr. Curiale. ■

The IRI Difference:

In Hard Economic Times, We Offer Our Customers Unique Financial Strength

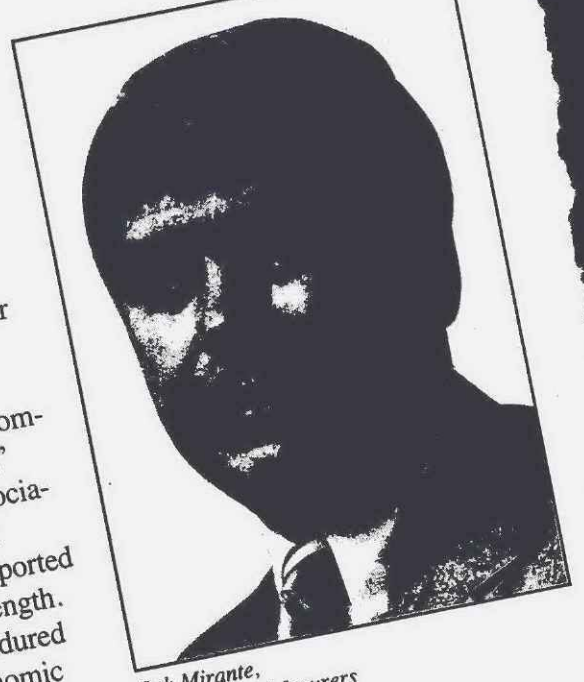
"With an increasing number of financial institutions closing their doors, businesses want to know their insurers will be around tomorrow to honor claims," said Bob Mirante, IRI Vice President and Treasurer—Finance and Administration. "We offer that assurance—because of our unique financial strength.

"Unlike many competitors, we're not just a single insurance company supported by its own assets," Mr. Mirante said. "We're an association of some of the world's most financially sound insurers—supported by their combined financial strength.

"This unique structure endured the century's most severe economic conditions," Mr. Mirante said. "It enabled us to remain solvent during the worst years of the Great Depression, when many businesses were going bankrupt.

"Over the years, we have increased our financial strength dramatically," he noted. "Our member companies have become stronger through their profitable activities. Other leading companies have joined our ranks, further increasing our financial strength. Today, we have 43 member companies whose combined assets exceed $130 billion and whose aggregate policyholders' surplus totals more than $30 billion.

"In these times, this financial strength is the most significant example of The IRI Difference."



Bob Mirante, Industrial Risk Insurers

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To RIMS, not easy giving up the green

CINCINNATI—Paul Brown of the Risk & Insurance Management Society Inc. is seeing red over the change in the color of its National Assn. of Insurance Commissioners convention badge ribbon.

The switch—to gold from green—signifies that the NAIC now considers RIMS an insurance industry group not a consumer group.

"This is the biggest slap the regulators have ever given risk managers," said Mr. Brown, RIMS' director of governmental affairs. He contends the change is retaliation for RIMS' support for federal—rather than state—regulation of insurers writing coverage for large corporations (*BI*, April 6).

NAIC officials deny that they were retaliating.

President William McCartney said he decided to change RIMS' status last month because RIMS representatives primarily lobby on behalf of captive insurers at NAIC meetings.

During the NAIC's fall zone meeting last week, Mr. Brown sought unsuccessfully to appeal that decision to the NAIC's Zone Coordination Committee, headed by North Carolina Insurance Commissioner Jim Long.

But Mr. Long, too, voiced concern about the captive lobbying. He noted that RIMS is "the first of several" organizations that will have their status changed as part of an ongoing committee review.

The change in status means that RIMS must pay registration fees that were previously waived. The fee for the fall zone meeting fee was $250 for early registration and $300 at the door.

—By Meg Fletcher

Risk-based capital

Continued from page 1

capital.

However, under the risk-based capital concept, life/health insurers would use a complex formula to compare their actual capital to a minimum level of capital they would be required to have based on individual risk factors. Both numbers would be reported in insurers' annual statements.

Requiring insurers to have a certain level of capital based on a company's individual risk—known as "threshold capital"—is "far superior to the fixed-dollar minimum capital that now exists in virtually every state's law," according to a statement by the National Assn. of Insurance Commissioners' Life Risk-Based Capital Working Group.

The proposed "Risk-Based Capital for Life and/or Health Insurers Model Act" includes a four-step scheme to give states more authority over life/health insurers with deteriorating financial conditions.

Currently, regulators find it difficult to take action against an insurer until its assets have dwindled to less than the minimum capital requirement. By that time, there often is little or no money left to pay claims.

The working group plans to close the comment period with a public hearing on the package Nov. 9, during an interim NAIC meeting in Boston. Only a few minor changes are expected to result from the hearing, since the model act has been extensively debated and tested.

The entire NAIC is expected to vote on—and approve—the measures at a meeting Dec. 6-9 in Atlanta.

Insurers will be required to report risk-based capital once the NAIC approves the model law; the new regulatory scheme must be approved by each state.

"Once in place, the new standards will provide us with an unprecedented look at the capital adequacy of the insurers we regulate," said NAIC President William H. McCartney, Nebraska's insurance commissioner.

"The real benefit is to the overall marketplace," said working group chairman Terence Lennon, assistant deputy superintendent and chief examiner of the Life Insurance and Companies Bureau of the New York Insurance Department.

Requiring insurers to individually evaluate their risk-based capital allows them to identify potential problems themselves and still gives regulators options if they see problems, he said.

The working group stressed that risk-based capital is designed to identify insurers that need regulatory attention.

"It would be entirely inappropriate to use this formula to rate or rank adequately capitalized companies," a statement from the working group said, echoing a similar concern earlier expressed in an NAIC resolution (*BI*, June 15).

However, while Mr. Lennon "is doing a good job of putting the message out" that the formula is not to be used to differentiate between adequately capitalized companies, "it is being ignored," said insurance consultant Doug Barnert, president of Barnert Associates Inc. in New York.

Once the model law is approved by the NAIC, each insurer would be required to list on the historical page of its 1993 annual statement—which must be submitted by March 1994—both its actual capital and the minimum amount it is required to have under the risk-based capital formula.

Under the formula, insurers' assets and liabilities are grouped into four categories labeled C1 to C4, which reflect the different business risks they face:

- The risk that the value of assets may decline.
- The risk of adverse mortality and morbidity experience.
- The risk that policyholders may withdraw funds based on interest rate levels.
- Normal business and management risks.

Line items in each category are multiplied by a predetermined factor to derive the required amount of risk-based capital.

For example, when examining asset risk, the common stock in an insurer's portfolio would be assigned a 30% factor. Thus, an insurer with $100 million in common stock would need $30 million in capital to support that investment. The riskier the asset, the more capital needed to support it.

The required capital for each category is then combined in accord with actuarial principles to yield a total risk-based capital amount that an insurer should have.

Regulators in states that approve the model law will use the risk-based capital numbers to decide whether regulatory action should be taken. The model specifies that when an insurer's actual capital is:

- 75% to less than 100% of its risk-based capital—or whose past experience shows that capital is likely to drop to that level in the coming year—the insurer will be required to submit a comprehensive financial plan within 45 days that identifies the cause of the problem and specifies proposals to correct it.
- 50% to less than 75% of its risk-based capital, the insurer will be required to file a corrective plan, submit to examinations and analyses as needed, and follow orders for corrective action.
- 35% to less than 50% of its risk-based capital, the insurer may be placed under regulatory control.
- Less than 35% of its risk-based capital, the insurer must be placed under control.

Under the actual wording of the model act, these trigger points are expressed as percentages of "base-adjusted capital," which is defined as 50% of risk-based capital. So, for example, an insurer whose actual capital is less than 70% of its base-adjusted capital would have to be placed under regulatory control.

These regulatory guidelines would not be fully effective until 1995 based on insurer's 1994 reports.

The act primarily gives a commissioner authority over life/health insurers domiciled in his or her state, though a commissioner would have some limited authority to request reports from insurers based in other states.

While aggregate risk-based capital figures will be disclosed in insurers' annual statements, the model act specifies that detailed breakdowns of risk-based capital calculations and any financial plans requested by regulators will be kept confidential.

"We are very sensitive to the possibility that this additional tool will be misused by the marketplace," said Jim Schacht, chief deputy director of the Illinois Insurance Department.

The model act prohibits "any advertisement or other public announcement of or reference to the RBC of any insurer, or of any component derived from the calculation thereof, by any insurer, agent, broker or other person engaged in any manner in the insurance business that would be misleading."

Industry reaction to the proposal last week was generally supportive.

"The industry is very supportive of the concept of risk-based capital," said actuary Cande Olsen, a vp at New York Life Insurance Co. and operating director of the NAIC's Life Risk-Based Capital Advisory Committee.

"I think it's a very significant tool because it will help insurance departments better direct their resources" to spot financially troubled insurers, said Stephen N. Steinig, chief actuary and controller of New York Life Insurance Co. "I would hope that it would minimize insolvencies and, where insolvencies occur, the companies will come under regulatory authority more quickly and at a point where their liabilities can be paid out of their assets and not a guaranty fund."

"I've so far heard no one, strong voice objecting to the package," but insurers may want to change some components, said Paul Kolkman, vp-finance of IDS Life Insurance Co. in Minneapolis and vice chairman of the NAIC advisory group.

For example, insurers generally lobbied to keep their individual risk-based capital information confidential, which regulators resisted.

Risk-based capital requirements for property/casualty insurers are further off.

A second draft formula for property/casualty insurers is due in December. All 2,200 U.S. property/casualty insurers will be asked to provide data needed to test it early next year, said Vincent Laurenzano, chief of the New York Insurance Department's property/casualty bureau.

Property/casualty insurance companies could be required to report risk-based capital in their 1994 annual statements, which will be filed in March 1995, though insurers could be required to separately file some data in 1994. ■

Benefits bills

Continued from page 2

special, enriched pension benefits to laid-off, older workers.

A House-passed Defense Department spending bill would require the payments, which could cost contractors hundreds of millions of dollars. The Senate version of the bill would not require the payments (*BI*, July 20).

The Senate last week was trying to complete action on the tax bill so conferees can begin work this week on resolving differences between the Senate and House measures. Congress is trying to adjourn by Oct. 5.

But the Senate was bogged down last week as one amendment after another was proposed.

One that did pass on a voice vote was the Bentsen-Durenberger proposal on small-group health insurance.

The amendment is a resurrection of a reform package that Sen. Bentsen originally proposed last year. The provision was stripped from an earlier tax bill by a conference committee.

Health insurers say the Bentsen-Durenberger amendment is likely to face the same fate again. House Democrats will oppose the measure because it could block momentum for more substantive reform next year, they say.

"I would put down money that the provision will be stripped from the bill in conference," said Stuart J. Brahs, vp-federal government relations for The Principal Financial Group.

Under the proposal, a self-funded employer or an insurer could not deny coverage to an individual with a pre-existing medical condition who had previous coverage.

This provision is designed to prevent "job lock"—that is, employees' reluctance to change jobs for fear they would lose their health insurance.

Other provisions would apply exclusively to insurers providing coverage to employers with fewer than 50 employees. For example, an insurer could not "cherry-pick," or deny coverage to one individual in a group.

And, a complex small group health insurance rating mechanism could limit insurers' ability to increase premiums for reasons not related to experience and demographics.

Employers welcome many other benefit provisions included in the Senate tax bill.

The bill would, for instance, make it somewhat easier to run non-discrimination tests on 401(k) plans and somewhat easier to administer other pension plans.

The measure also would remove some of the hassles of complying with a 20% withholding tax on certain pension distributions. The bill, would, for example, automatically exclude pension distributions of less than $500 from the withholding tax.

Meanwhile, congressional conferees were deciding the fate of an amendment in a House-passed defense spending bill, H.R. 5006, that would require firms with more than $100 million in annual defense contracts to offer special pension benefits to laid-off workers.

Such a requirement was not included in a Senate-passed companion bill. Benefit lobbyists said they could not predict how conferees will resolve the difference. ■

Hurricane losses grow

Continued from page 1

applies to Prudential's property/casualty insurance operations, though not its reinsurance unit.

Travelers Corp. raised its preliminary estimate of net aftertax losses from Hurricane Andrew to between $175 million and $225 million from original estimates of $70 million.

"After three weeks of on-the-scene work in Florida, it is apparent that losses are substantially more than our preliminary estimates," the insurer said.

GEICO Corp. expects gross losses from Hurricane Andrew "may reach $80 million or more," up from an initial projection of $50 million. GEICO's net aftertax losses are estimated at $16 million.

Some insurers underestimated their losses because they "never contemplated such widespread, complete damage," suggested Michael Smith, senior vp at Shearson Lehman Brothers in New York.

"Even with Hurricane Hugo you could go down to the lumber yard and find a piece of wood to nail up on a window. But with Andrew, even the lumber yard was blown away," he said.

The Property Claim Services division is conducting an industry survey to determine whether it must revise its estimate of insured damages from Andrew, said Jim Welsh, a claims consultant.

Meanwhile, PCS estimates Hurricane Iniki, which battered the Hawaiian island of Kauai on Sept. 11, caused $1.6 billion in insured damage, much higher than previous estimates. Iniki is the third most-costly storm in U.S. history, after Andrew and Hugo.

Total estimated insured U.S. catastrophe losses stand at a record $13.4 billion with three months of 1992 remaining, according to the Insurance Information Institute. Hurricane Andrew alone exceeds the previous 1989 record of $7.64 billion.

This year's catastrophes include damage from the Los Angeles riots, the Chicago flood and several costly hailstorms (*BI*, July 27).

The combined hit from Andrew and Iniki delivered $110 million—$55 million a piece—in net aftertax losses to Continental Corp., which last week announced it was withdrawing from the assumed reinsurance business.

"We're anxious to leave the reinsurance business, particularly the catastrophic business, as rapidly as possible. We have been extracting ourselves from the reinsurance business for the past four or five years," explained John P. Mascotte, chairman and chief executive officer.

Continental wrote $59.5 million in reinsurance premiums in the first six months of 1992, up from $50.4 million for the same period in 1991.

In addition, Continental will stop writing local insurance business abroad. Mr. Mascotte said the company would sell Lombard Continental Insurance P.L.C., which writes indigenous primary coverage in the United Kingdom.

However, it will continue to write global insurance programs for multinational companies.

Continental will take a $200 million charge against earnings in the third quarter, which includes hurricane losses and the cost of reinsurance reinstatements. It will also take a $120 million charge in the period to cover costs associated with its withdrawal from the reinsurance and local international insurance markets.

Continental's management has recommended that dividends be cut to 25 cents from 65 cents a share per quarter, a move that could save Continental $90 million a year. In addition, the company will lock in $100 million of realized capital gains in the third quarter to boost capital.

Continental's announcement caused its stock to tumble $6.13 to $24 per share on Thursday from $30.13 on Wednesday.

Moody's Investors Service Inc. downgraded the senior debt ratings of Continental Corp. and its subsidiaries to Baa1 from A2, citing the catastrophe losses. A.M. Best Co. lowered Continental Re's rating from A− to NA-4, but it reaffirmed other Continental units' A− rating.

Continental also announced last week that President and Chief Operating Officer William Thiele would resign effective Dec. 31. Mr. Thiele is resigning for personal reasons, Mr. Mascotte said, pointing out that the resignation was not sought. Mr. Mascotte will assume Mr. Thiele's posts.

Many other insurers also have announced that Hurricane Andrew claims are likely to cut into 1992 earnings.

But even if Andrew's total destruction eventually climbs as high as $10 billion, "it's not outside the range expected by insurers," Mr. Smith said.

Insurers had set their net retentions in anticipation of a $10 billion to $12 billion catastrophe, he said.

Still, Prudential will make a capital infusion of $900 million to subsidiary Prudential Property & Casualty Insurance Co. to cover Hurricane Andrew claims, which are expected to number more than 35,000.

While past hurricanes have resulted in maximum damage of 30% to 40% of insured property value,

Continued on next page

Hurricane losses

Continued from previous page

Andrew's destruction is averaging above 50%, Prudential said.

In areas where destruction is almost total, PRUPAC's market share is substantially higher than its 3.4% statewide average in Florida, the company said.

Prudential said it will receive $4 million in claims from Iniki.

ITT Hartford Group Inc. last week said it will report a $70 million net aftertax loss from Andrew.

Aetna Life & Casualty Co. estimates that its claim costs from Hurricane Andrew will reduce third-quarter net income by approximately $65 million, after reinsurance and taxes. This includes about $12 million in net aftertax claim costs for subsidiary American Re-Insurance Co.

To date, Aetna has received 9,400 claims from Florida and approximately 1,300 claims from Louisiana.

But Aetna will have "minimal if any" losses in Hawaii, a spokesman said.

USF&G Corp. is projecting a $40 million to $45 million net aftertax loss from Hurricane Andrew. The insurer carries $225 million in catastrophe reinsurance above a $22.5 million retention (*BI*, Sept. 14).

The Home Insurance Co. estimates a net aftertax loss of $20 million from Andrew, though its losses from Iniki "would be minimal," a spokesman said.

Ohio Casualty Corp. estimates that insured property losses from Andrew will total approximately $13 million on a net aftertax basis. It has received more than 800 claims.

Ohio Casualty's reinsurance program covers about 85% of losses in excess of $13 million.

National Re Corp. estimates its net aftertax impact from Hurricane Andrew will be $3.3 million, but said Iniki losses will be negligible.

Phoenix Re Corp. estimates that net losses from Hurricane Andrew will total about $4.8 million, while Iniki losses should be substantially less.

The estimate includes the costs of reinstating Phoenix Re's own catastrophe coverage and anticipated collection of reinstatement premiums from ceding companies.

State Farm Group estimates property claims from Hurricane Iniki will total $194 million, while auto claims will be $8 million. State Farm's loss estimates from Andrew remain at $1.5 billion in South Florida and $112.5 million in Louisiana.

State Farm does not buy reinsurance.

"The cost of construction is going up, which makes the final figure even more nebulous," a State Farm spokesman said.

Liberty Mutual Insurance Co. estimated its gross losses from Andrew would amount to $195 million. The insurer has so far received 7,687 property claims and 2,232 auto claims from South Florida and Louisiana.

Liberty Mutual's exposure in Hawaii is far lighter. The insurer has received 241 property claims—including eight commercial claims—and 27 auto claims for a total of $2.9 million in gross losses.

AIG Hawaii Insurance Co., an American International Group Inc. unit that writes personal lines coverage in Hawaii, is expecting about $35 million in gross losses, "plus or minus $10 million," said Robin Campaniano, AIG Hawaii president.

"That's a significant hit for a small company," he said. AIG Hawaii projects it will receive 1,000 homeowners claims and 2,000 auto claims.

'The market has to turn. Companies don't have the cash,' says analyst David Seifer.

Mr. Campaniano expects that "a significant portion" of the loss "should be reinsured" through AIG's in-house programs.

However, at least one insurer will take a huge hit from Iniki: Hawaiian Insurance Group, based in Honolulu, estimates it faces claims from Iniki totaling between $140 million and $150 million. The claims will translate into a loss of $15 million to $18 million after reinsurance, said President Tom Adams.

The company expects that about 75% of 506 commercial policyholders on Kauai will file claims averaging $80,000 to $85,000, while about 90% of 4,322 homeowner policyholder will file claims averaging $27,000 to $30,000, he said.

HIG's parent, Hawaiian Electric Industries, has made a capital contribution of $20 million to the insurer, Mr. Adams said. HIG had surplus of nearly $42 million as of year-end 1991.

HIG has put its reinsurance intermediaries on notice that it will be seeking reinstatement of catastrophe coverage even though "we haven't exhausted the layers yet," Mr. Adams said.

Several insurance industry analysts predicted the double-whammy of back-to-back hurricanes followed by tightening in the catastrophe reinsurance market will likely signal the beginning of the next hard primary property insurance market.

"The market has to turn. Companies don't have the cash," said David Seifer, an analyst with Donaldson, Lufkin & Jenrette Securities Corp. in New York.

"This is a business where bad news is good news and terrible news is even better," said Shearson Lehman's Mr. Smith.

The bad news is that "Continental has chosen to get out of a business where it was systematically doing poorly. Continental always seemed to be stepping on its tail" in the reinsurance business, he said.

But, Mr. Smith said, "It's good news in that what the stock market has been looking for is a reduction in capacity, and that is what Continental has effectively signaled."

But before the market turns, "a lot more companies will have to do the same," he added.

In addition, the brokers to which Mr. Smith has spoken said that the catastrophe reinsurance reinstatements "went too easily" after Andrew.

Still, "Pressures are now beginning to build up to force U.S. companies to raise prices."

Continental's Mr. Mascotte said he believes the year's crop of catastrophes "will hasten the turn in the market."

"The frequency and size of the 1992 catastrophes will cause insurers to buy more reinsurance, not less," Mr. Mascotte explained. That could be "the canary on the miner's cap, an early warning sign." The surge in demand for reinsurance coverage may be met with a decline in supply, thus raising the cost of reinsurance, which would cause primary insurers to pass along the higher costs to policyholders, he reasoned.

However, at least one analyst was skeptical that a market change was imminent.

"I don't believe prices generally will rise. But this is going to make the financial situation even more tenuous for some companies," said Barbara Stewart, president of Stewart Economics Inc., an Atlanta-based consultant. ■

Florida Fire & Casualty Insurance enters liquidation

Expected losses from Hurricane Andrew have forced the liquidation of a small Fort Lauderdale-based insurer.

A state court judge last week ordered the liquidation of Florida Fire & Casualty Insurance Co. The insurance company consented to the liquidation.

All its claims will be covered by the Florida Insurance Guaranty Assn., said Insurance Commissioner Tom Gallagher. In addition, the guaranty fund will provide 30 days of additional coverage to Florida Fire's estimated 11,000 policyholders.

Florida Fire, which primarily wrote homeowners and flood insurance, began operations in 1987. Not large enough to receive an A.M. Best Co. letter rating, the company scored "below average" on Best's Financial Performance Index.

The company, which had $1.4 million in surplus as of Dec. 31, wrote $6.83 million in gross premiums and $2.3 million in net premiums in 1991. Its 1991 combined ratio stood at 127.7%.

Florida Fire's total claims from the storm are not known.

Earlier, MCA Insurance Co., a unit of Newark, N.J.-based Motor Club of America, said it would stop writing because of the hit from Andrew (*BI*, Sept. 21).

MCAIC officials met with Oklahoma regulators Sept. 11 and voluntarily agreed to stop writing new business, said Tammie Kilpatrick, a deputy commissioner with the Oklahoma Insurance Department.

The company, which continues to pay claims, is seeking additional capital while awaiting a firmer estimate of its losses, she said.

The department expects to decide shortly whether to take further action, she said.

Meanwhile, A.M. Best Co. has downgraded American Reliance Insurance Group of Lawrenceville, N.J., to A− from A+.

American Reliance expects to incur gross losses of $400 million from Hurricane Andrew but will suffer a net loss of only $20 million after reinsurance recoveries and taxes, according to the company and A.M. Best.

American Reliance has received about 10,600 claims so far on approximately 28,000 policies in force in Florida, according to Best.

Of the $400 million in gross losses, about $370 million will be covered by a combination of pro-rata treaty reinsurance and catastrophe reinsurance. Some details of the catastrophe program were disclosed in an 8-K filing with the Securities and Exchange Commission earlier this month (*BI*, Sept. 14).

Reinsurers already have advanced $100 million in cash to settle claims, Best reported.

Pretax losses net of reinsurance are estimated at $30 million, but aftertax losses will amount to about $20 million, Best and American Reliance said.

The aftertax loss will reduce American Reliance's policyholder surplus nearly 20% to an estimated $60 million at the end of this year from $74 million at year-end 1991, Best said.

—By Sara Harty and Douglas McLeod

Update

Bridge contractor insured

CHICAGO—The general contractor that was repairing a downtown Chicago drawbridge when it unexpectedly and rapidly opened last week has liability insurance coverage.

The extent of damage caused by the sudden lifting of a section of the Michigan Avenue bridge during repairs, as well as the cause of the freak incident, were still unknown late last week. During the mishap, a construction crane toppled and became lodged between the street and the bridge.

Under a city contract, the project's general contractor, F.H. Paschen Group/Meccor Industries of Chicago, was required to buy builder's risk and general liability coverage.

The contractor could not be reached for comment.

Briefly noted

The New Jersey Supreme Court ruled 4-3 last week that the owned-property exclusion in a comprehensive general liability policy bars coverage for the costs of a state-mandated **pollution cleanup** on a policyholder's own property. . . .The Senate last week overrode President Bush's veto of a **mandatory family leave bill** by a 68-31 vote margin. The House is scheduled to vote this week on whether to override the veto of S. 5, which would require employers with 50 or more workers to provide up to 12 weeks unpaid leave for the birth of a child or family emergencies (*BI*, Sept. 14). . . .The House of Representatives has effectively gutted the District of Columbia's **domestic partners law**. It denied funds to implement the law, under which the partners of unmarried city workers—regardless of their sex—would be covered by the city's health care plan (*BI*, July 20; March 16). . . .Wind, hail and tornadoes caused an estimated $70 million of **insured property damage** in portions of Kansas and Oklahoma Sept. 5-7. . . .The Alabama Supreme Court has ruled that the estate of a plaintiff involved in a **personal injury lawsuit** at the time of his death can seek compensatory damages. Previously, the estate could continue to pursue the plaintiff's claim only under Alabama's wrongful-death law, which allows punitive but not compensatory damages. . . .**MBIA Inc.**, the parent of Municipal Bond Investors Assurance Corp., has filed a shelf registration with the Securities and Exchange Commission for an offering of 1.8 million shares of common stock and a $100 million debt issue. . . .California Insurance Commissioner John Garamendi is charging **Allstate Insurance Co.** and eight of its agents with 153 violations of the state's Unfair Claims Practices Act in connection with their handling of claims from the 1991 Oakland Hills fire. The company faces a $2.5 million fine and possible suspension of its license to write homeowners insurance in the state. . . .**EXEL Ltd.**, the parent of X.L. Insurance Co. Ltd., reported net income of $81.9 million for the quarter ending Aug. 31, up 50.8% from $54.3 million in the same period of 1991. Nine-month net income rose 12.8% to $214.6 million in 1992 from $190.3 in 1991.

Businesses face hurricanes' aftermath

As insurers adjust claims from the year's back-to-back hurricanes, businesses in Hawaii and Florida are picking up the pieces.

Two Sheraton hotels on Kauai will be closed for the rest of this year. The hotels, under Japanese ownership and covered by Japanese insurers, had "very substantial business interruption coverage," said Patrick J. Birmingham, senior vp at ITT Sheraton Corp. in Honolulu.

Seattle-based Westin Hotels also has canceled reservations at its Kauai resort through year-end.

Stouffer Hotel Co. is still assessing damage to its Kauai property, said a spokesman for the hotel chain.

Westin has $75 million in property coverage, while Stouffer Hotels has $50 million, according to London sources (*BI*, Sept. 21).

Because of the island's remote location and loss of utilities, insurers and property owners are having difficulty surveying the damage.

"Unlike one of the contiguous 48 states, the people who here are pretty much isolated, said Jim Welsh, a claims consultant with the Property Claim Services division of the American Insurance Services Group.

Mr. Welsh said that residents had "no electricity, no water, no food" when he was on Kauai last Tuesday.

"I didn't see even one standing power pole. If they can get the power back on in 30 days, I salute them," he said.

In Florida, ITT/Hartford Group Inc. advanced a $10 million payment to the Dade County school system, which operates 278 schools for more than 300,000 students.

The funds were to be used, among other things, to help the school district repair and replace facilities so that hurricane-damaged schools could reopen Sept. 14.

Hartford is the district's excess insurer, writing $125 million excess of $25 million. The district's total claim has been estimated at $100 million.

Damage to offshore gas and oil rigs in the Gulf of Mexico and off the Atlantic Coast will be greater than expected.

In an updated assessment, the U.S. Minerals Management Services, an arm of the U.S. Interior Department, estimates the number of damaged offshore structures is 241, up from 200 reported earlier.

In addition, international loss adjuster Rush Johnson Associates' Houston office reported that a total of 196 pipelines sustained damage in the Grand Isle, Ship Shoal, South Pass, South Pelto, South Timbalier and West Delta areas of the Gulf of Mexico.

MMS has issued a directive requiring operators to inspect offshore platforms, structures and pipelines for possible underwater damage.

An estimated 700 structures within 50 miles northeast and 35 miles southwest of the path of the hurricane's eye will require inspection, an MMS spokesman said.

The spokesman expects it will take until May 1993 for all the inspections to be completed.

—By Joanne Wojcik and Louise Kertesz

Just as startling as the storm

Even huge Andrew losses haven't convinced insurers to turn the pricing cycle

By MYRON M. PICOULT

Special to Business Insurance

BY ANY STANDARD, Hurricane Andrew was a costly loss for individuals, business and the insurance industry. Insured losses are currently estimated at $7.3 billion, while losses in Louisiana are projected at $500 million (*BI*, Sept. 7; Aug. 31). We believe the total estimate will prove to be low and that a $9 billion to $10 billion estimate is more realistic.

The devastation left in the wake of the hurricane was awesome. Just as startling is the perspective held by most industry observers and participants that this event is not sufficient to turn the commercial pricing cycle.

Some industry gurus have related the $7.8 billion estimate to the industry's $161 billion surplus figure and concluded that the industry can easily take the hit. The $161 billion in surplus exists, in part, to *absorb* unusual losses. But is the surplus figure supposed to be cut in half before managements cry uncle?

From our perch, we see the following:

- A sizable hit to cash flows, which will further squeeze already-flagging growth in net investment income. Some insurance companies will slip into negative cash flows.
- In some extreme cases, where cash flow is presently marginally positive, use of bank lines and/or some partial portfolio liquidations are possible.
- Affected primary insurers will find out rather quickly who the stronger reinsurers are (many insurers have refused to provide reinstatement data).
- We have to be alert to insurers that bust through or are close to depleting their reinsurance covers. A whole bunch are on reinstatements.
- Because of the publicity involved, we expect insurance companies to "bend over backwards" to be fair to their affected policyholders.

An announcement by State Farm Group that it will augment payouts to strengthen rebuilt homes backs this up.

Such extra efforts, together with some inevitable price gouging for construction labor and supplies, will exacerbate industry losses by swelling the size of the average claim.

- Claims will be concentrated in the personal lines sphere, such as homeowners and auto covers and boats that have become land-based vehicles. There will be commercial exposures as commercial claimants seek settlements for property damage and—where applicable—business interruption insurance that would pay for continuing business expenses and lost profits.

The $161 billion in surplus exists. . .to *absorb* unusual losses. But is it supposed to be cut in half before managements cry uncle?

Insurance is a sharing of risks. Even though the brunt of the losses will be personal lines-related, it's hard to believe that there will not be some pricing changes on the commercial side down the road—sooner rather than later—either overtly or through reduced competitive pressures. Primary underwriters will likely review their geographic concentrations of business and the availability and pricing of catastrophic covers. Some, we believe, will attempt to reduce risk retention levels and seek more comprehensive reinsurance protection, but a capacity crunch in the reinsurance sphere could preclude this for a while.

Perversely, this industry thrives on adversity because it increases the demand for insurance products. The worse the numbers are, the better the outlook. For some time, we have believed that the industry was operating under a false pricing and reserving facade. Hurricane Andrew has blown part—if not all—of the facade away and left the emperor wondering what to do about his tattered clothing.

At this juncture, most primary insurers appear to be dumbfounded by recent events and literally have no strategy. Hence, it is much easier to reverse a corporate strategy, such as retention levels, if there is an exogenous factor that they can finger. The implementation of risk-based capital would be one such event, but that is a few years away. A sharp rise in the cost of catastrophe covers—or, more importantly, lack of availability—is another exogenous factor that could carry some weight.

One other point should be noted. An enormous amount of time and effort is spent trying to pick the inflection point when commercial pricing will rise in the property/casualty business. This is an exercise in futility because it will simply happen.

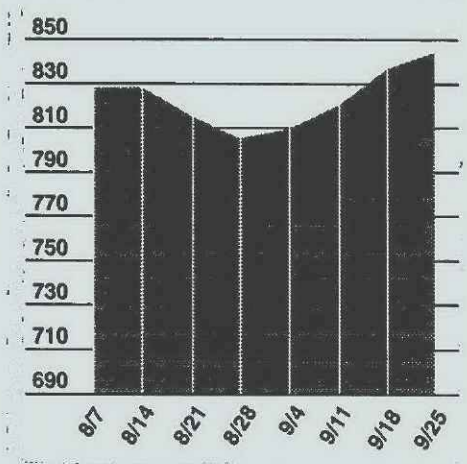
There is another inflection point that is perhaps more important and is being ignored; it deals with investor psychology: The primary industry's stupidity index seems to be at an all-time high.

As previously noted, the prevailing attitude is that the losses from Hurricane Andrew and Iniki will not be sufficient to reverse the commercial pricing malaise.

If the industry does not react to the pressures presently bombarding it, it is very possible that investors will declare "a plague on both your houses" and relegate the industry to a non-investment status, just at the time many insurance companies will have a real need for access to the capital markets. ■

Myron M. Picoult is managing director and senior insurance analyst with Oppenheimer & Co. in New York. He is the past president of the Assn. of Insurance & Financial Analysts and a member of the New York Society of Security Analysts.

BI Insurance Index



Base = 100 on Dec. 29, 1978
Source: Nordby International Inc.

Insurance industry stocks continued to rise last week, as the *Business Insurance* Index gained 9.2 points to 845.3 on Sept. 25, from 836.1 on Sept. 18. Advancing issues for the week were led by Travelers Corp., 30.7%; Phoenix Re Corp., up 23.7%; and NAC Re Corp., up 19.1%. Declining issues for the week followed Continental Corp., down 21.7%; Pacificare Health Systems, down 11.6%; and Frank B. Hall & Co. Inc., down 7.4%. The most active issue was Travelers, 7.9 million shares traded. The *BI* Index was up 1.1%; while the NYSE Composite and Standard & Poor's 500 each fell 2% and the Dow Jones 30 Industrials lost 2.3%.

British Issues

Sept. 24 Companies	Price pence	P/E	Div. pence	Yield %	1 Week High—Low pence	pence
Comml Union	519	N/M	31.5	6.1	519	493
Genl Accident	509	N/M	35.7	7.0	509	485
Gdn Royal Exch	149	N/M	10.0	6.7	149	139
Royal	184	N/M	7.0*	3.8	184	148
Sun Alliance	303	N/M	19.0	6.3	303	280
Brokers						
Bradstock	117	13.1	6.3	5.4	117	115
CE Heath	301	17.5	34.5	11.5	302	301
Hogg Group	117	11.1	10.9	9.3	118	117
JIB Group	138	10.7	10.0	7.2	140	138
Lloyd Thompson	219	17.7	7.5	3.4	222	207
Lowndes Lmbrt	271	10.5	16.8	6.2	272	271
PWS Holdings	49	5.6	5.3	10.8	50	49
Sedgwick Grp	133	10.5	8.0*	6.0	139	133
Steel Brrl Jones	206	10.2	17.7	8.6	208	199
Willis Corroon	188	11.8	17.6	9.4	194	188

Source: Philip Olsen, London — * Estimated

BI Industry Stock Report

SEPTEMBER 21, 1992 THROUGH SEPTEMBER 25, 1992

BROKERS		Price	Weekly % change	Year to Date % change	Annual High	Annual Low	Vol.(000)	$ Div.	% Yield	P/E	Book value	Mkt/Bk. value
Alexander & Alexander	NYS	26.25	6.60	28.05	26.25	18.00	737	1.00	3.81	109	13.10	2.00
Gallagher Arthur J. & Co.	NYS	27.00	8.00	20.67	27.25	19.00	42	0.64	2.37	20	5.88	4.59
Frank B. Hall	NYS	3.13	-7.41	-26.47	5.50	2.63	79	0.00	0.00	-3	1.95	1.60
Hilb, Rogal & Hamilton	NYS	14.50	5.45	9.43	14.50	11.00	253	0.40	2.76	23	3.56	4.07
Marsh & McLennan	NYS	88.50	4.89	8.76	88.50	70.00	901	2.68	3.03	21	28.00	3.16
Poe & Associates	OTC	12.50	6.38	4.17	16.00	11.25	17	0.40	3.20	16	2.82	4.43
BROKERS	AVERAGE		4.0	7.4					2.2	27		
CONGLOMERATES & HOLDING COMPANIES												
Berkley W.R. Corp.	OTC	42.75	15.54	40.16	42.75	23.50	782	0.36	0.84	15	36.95	1.16
Berkshire Hathaway Inc.	NYS	9325.00	-0.80	3.04	9325.00	254.69	0	0.00	0.00	31	7270.00	1.28
ITT (Hartford Group)	NYS	64.00	-0.39	10.82	70.63	50.00	1234	1.84	2.88	18	112.05	0.57
Sears (Allstate)	NYS	41.63	2.46	9.90	48.00	32.50	3427	2.00	4.80	11	34.50	1.21
CONGLOMERATES	AVERAGE		4.2	16.0					2.1	19		
INSURERS/REINSURERS												
AEGON N.V.	NYS	40.50	-2.70	15.71	41.63	28.69	35	2.68	6.62	7	N/A	N/A
Aetna Life & Casualty	NYS	40.75	4.49	-7.39	47.00	33.25	2100	2.76	6.77	13	87.60	0.47
Allied Group Inc.	OTC	27.50	0.00	61.76	27.75	16.25	52	0.64	2.33	8	19.85	1.39
American General	NYS	49.88	3.10	12.08	50.38	39.00	704	2.08	4.17	11	60.00	0.83
American Heritage Life Ins.	NYS	31.88	0.39	4.08	32.25	21.94	2	0.84	2.64	16	N/A	N/A
American Indemnity/Fin'l	OTC	4.75	0.00	0.00	9.25	4.50	2	0.08	1.68	7	12.93	0.37
American International	NYS	102.25	6.93	3.94	102.25	78.63	3293	0.56	0.55	13	99.30	1.03
Aon Corp.	NYS	47.00	6.52	18.61	49.75	34.75	947	1.68	3.57	12	39.70	1.18
Argonaut Group	OTC	28.75	-0.86	21.05	30.25	21.75	40	0.84	2.92	8	20.96	1.37
AVEMCO Corp.	NYS	23.63	0.00	-5.50	28.00	21.50	9	0.40	1.69	23	9.55	2.47
Baldwin & Lyons Inc.	OTC	31.50	0.00	22.33	33.00	23.00	5	0.48	1.52	8	24.29	1.30
Chandler Insurance	OTC	4.63	5.71	42.31	7.63	2.13	3	0.00	0.00	42	5.95	0.78
Chubb Corp.	NYS	82.50	10.37	7.14	82.50	60.75	2139	1.60	1.94	13	42.67	1.93
CIGNA Corp.	NYS	50.63	3.58	-17.18	61.75	44.13	1234	3.04	6.00	11	117.15	0.43
CNA Financial Corp.	NYS	90.75	0.97	-7.40	104.50	78.50	134	0.00	0.00	9	70.23	1.29
Continental Corp.	NYS	24.38	-21.69	-11.76	34.75	23.25	4109	2.60	10.67	17	40.00	0.61
EXEL Ltd	NYS	42.63	13.29	13.67	42.63	29.75	877	0.92	2.16	8	N/A	N/A
Fund American Corp.	NYS	70.25	-0.18	0.54	71.25	62.50	40	0.68	0.97	18	36.11	1.95
Fremont General Corp.	OTC	25.75	0.00	5.64	26.25	17.00	65	1.00	3.88	6	45.55	0.57
Frontier Insurance Group	NYS	35.00	2.56	29.63	40.50	21.91	87	0.60	1.71	13	26.65	1.31
Gainsco Inc.	ASE	11.75	0.00	25.89	13.75	7.22	192	0.04	0.34	18	3.37	3.49
General RE Corp.	NYS	99.75	5.00	-2.09	104.75	77.50	1956	1.80	1.80	13	78.65	1.27
Guaranty National Corp.	NYS	18.88	2.03	30.17	18.88	12.63	121	0.48	2.54	12	N/A	N/A
Hanover Insurance Co	OTC	44.75	-2.19	25.17	47.00	28.50	330	0.44	0.98	10	37.44	1.20
Harleysville Group	OTC	23.50	13.25	10.59	23.75	16.75	135	0.64	2.72	9	22.99	1.02
Hartford Steam Boiler	NYS	58.38	2.19	1.52	58.75	45.13	62	2.00	3.43	17	35.50	1.64
Kemper Corp.	NYS	23.25	5.68	-39.02	46.13	20.75	493	0.92	3.96	9	50.00	0.47
Lawrence Insurance Group	ASE	8.25	0.00	-25.84	11.13	7.00	0	0.48	5.82	19	4.71	1.75
Liberty Corp.	NYS	27.63	-1.34	24.86	32.88	20.13	33	0.48	1.74	12	29.35	0.94
Lincoln National	NYS	66.50	1.14	21.46	66.50	47.38	754	2.92	4.39	12	81.00	0.82
Markel Corp.	OTC	27.75	-0.89	26.14	28.75	17.75	8	0.00	0.00	7	15.59	1.78
Mutual Risk Mgmt. Ltd.	NYS	32.00	3.23	-8.90	37.75	22.25	29	0.24	0.75	20	-	-
NAC Re Corp.	OTC	34.25	19.13	8.73	34.25	21.75	668	0.16	0.47	15	18.90	1.81
National Re Corp.	NYS	23.63	17.39	N/A	23.63	17.00	402	0.12	0.51	12	N/A	N/A
Navigators Group	OTC	32.00	0.00	-21.95	48.25	28.50	49	0.00	0.00	17	13.52	2.37
Nobel Insurance LTD	OTC	4.63	-2.63	15.63	6.00	3.50	106	0.00	0.00	3	7.76	0.60
NWNL Companies	NYS	38.88	-0.64	24.90	43.75	25.25	29	1.48	3.81	11	62.65	0.62
Ohio Casualty Corp.	OTC	65.25	5.67	31.82	65.25	43.50	319	2.68	4.11	10	18.00	3.63
Old Republic Int'l	NYS	22.63	2.84	27.46	22.63	15.13	742	0.40	1.77	8	33.09	0.68
Orion Capital Corp.	NYS	39.75	1.60	25.69	40.25	29.00	63	0.92	2.31	7	43.50	0.91
Phoenix RE Corp.	OTC	11.75	23.68	11.90	12.25	8.50	160	0.20	1.70	24	13.30	0.88
Provident Life	NYS	25.75	-2.83	10.75	28.00	18.00	50	1.00	3.88	11	39.50	0.65
Re Capital Corp.	ASE	13.25	1.92	-7.83	16.38	12.25	18	0.24	1.81	16	16.07	0.82
Reliance Group Holdings	NYS	5.63	0.00	36.36	5.88	3.50	67	0.32	5.69	3	6.40	0.88
RLI Insurance Corp.	NYS	19.88	-0.63	20.45	21.38	14.63	13	0.52	2.62	8	14.41	1.38
St. Paul Companies	NYS	73.25	3.53	0.51	80.75	57.13	461	2.72	3.71	7	86.60	0.85
SAFECO Corp.	OTC	53.25	5.97	9.23	53.38	36.13	1731	1.64	3.08	14	51.65	1.03
SCOR U.S. Corp.	NYS	16.13	16.22	4.88	18.88	13.13	86	0.28	1.74	9	11.19	1.44
Seibels Bruce Group	OTC	2.50	0.00	-54.55	6.75	2.13	171	0.36	14.40	-1	10.60	0.24
Selective Ins. Group	OTC	19.50	-3.70	16.42	23.50	15.25	80	1.12	5.74	8	30.75	0.63
Statesman Group Inc.	OTC	7.50	3.45	30.43	8.13	4.88	263	0.00	0.00	4	2.48	3.02
Tokio Marine & Fire	OTC	48.88	7.42	-5.10	55.25	32.25	0	0.00	0.00	-	70.93	0.69
Tofchmark Corp.	NYS	50.88	-2.63	31.86	53.38	32.84	405	1.04	2.04	15	40.95	1.24
Transamerica	NYS	42.63	1.49	6.90	46.75	35.63	372	2.00	4.69	22	55.00	0.78
Transatlantic Holdings	NYS	43.00	12.42	10.61	43.00	29.00	559	0.24	0.56	13	18.38	2.34
Travelers Corp.	NYS	22.88	30.71	5.76	23.75	17.13	7869	1.60	6.99	10	59.00	0.39
Trenwick Group Inc.	OTC	34.50	17.95	21.05	34.50	23.00	249	0.80	2.32	12	21.71	1.59
United Fire & Casualty	OTC	40.13	0.31	33.75	42.50	28.84	6	1.00	2.49	9	35.39	1.13
Unitrin	OTC	36.50	-3.63	2.10	38.25	31.00	260	1.20	3.29	13	37.23	0.98
UNUM Corp.	NYS	40.88	-3.82	0.93	45.00	28.81	1219	0.64	1.57	12	37.70	1.08
US Facilities Corp.	OTC	9.25	1.37	-37.82	19.00	7.00	961	0.00	0.00	7	9.58	0.97
USF&G Corp.	NYS	10.88	1.16	50.00	15.00	5.63	2568	0.20	1.84	-12	12.30	0.88
USLICO Corp.	NYS	17.88	-0.69	-3.38	20.38	17.00	40	1.00	5.59	-19	33.15	0.54
USLIFE Corp.	NYS	48.25	-1.03	0.78	52.50	38.50	127	1.72	3.56	9	84.55	0.57
Washington National	NYS	23.00	-1.08	44.88	23.38	14.00	40	1.08	4.70	-58	33.50	0.69
Zenith National Ins.	NYS	17.25	-0.72	2.22	19.50	13.75	11	1.00	5.80	8	13.14	1.31
INSURERS/REINSURERS	AVERAGE		3.2	9.9					3.4	11.4		
HEALTH MAINTENANCE ORGANIZATIONS												
FHP International	OTC	17.50	-5.41	22.81	20.00	9.88	914	0.00	0.00	18	15.50	1.13
HMO America Inc.	OTC	17.50	0.00	4.48	17.75	17.25	0	0.00	0.00	18	0.61	28.69
Pacificare Health Sys.	OTC	38.00	-11.63	-3.80	43.50	10.75	299	0.00	0.00	23	28.25	1.35
Safeguard Health Enter.	OTC	7.50	0.00	-20.00	14.75	6.75	16	0.00	0.00	10	3.53	2.12
Sierra Health Services	ASE	30.88	0.41	233.78	32.38	12.38	312	0.00	0.00	15	1.78	17.35
United Healthcare Corp.	NYS	47.88	-4.25	-35.74	52.75	25.50	1178	0.01	0.02	34	43.60	1.10
United Medical Corp.	ASE	7.25	-4.92	3.57	8.75	5.88	7	0.20	2.76	40	8.79	0.82
U.S. Healthcare	OTC	64.25	-2.10	54.82	68.00	23.50	4056	0.56	0.87	27	20.55	3.13
HMOs	AVERAGE		-3.5	32.5					0.5	23		
ALL COMPANIES	AVERAGE		2.0	16.5					2.8	14		

System design: Nordby International Inc.

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