Insurance Times: Homeowners Insurers Confident They Can Weather The Storms And Canines

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by Mark Hollmer
InsuranceTimes

Meteorologists are predicting "above average" storm activity for this year's hurricane season, and some industry groups say the news means potential trouble for coastal property insurers.

Storms, however, are just one of the challenges homeowners insurers are facing. The research firm Conning & Co. suggests that many homeowners are underinsured because of "inadequately priced coverage enhancement" dating back to the 1980s. Dog bites continue to inflate homeowners' liability, and the struggle to make and keep the homeowners insurance market profitable continues.

But some regional insurance company executives insist that none of the issues facing homeowners insurers are insurmountable.

Kevin Meskell, senior vice president of Quincy Mutual Fire Insurance Co., even sees positive trends in areas such as the urban market.

"It has been a stable market for us we continue to see our business grow. That level of status quo is acceptable to us," Meskell said.

Bill Sheridan, senior vice president and chief underwriting officer of Middlesex Mutual Assurance Co. in Connecticut, agrees.

"We're confident," he said.

Reactions to Bad Weather

The most devastating hurricane to hit New England in the 20th Century was in 1938, before forecasters named the storms. It caused 600 deaths and 1,764 injuries, according to the Insurance Information Institute. It was the sixth costliest hurricane in the century, causing $306 million in damage at that time ($17.8 billion in today's dollars.)

The most recent storm to affect the region was Hurricane Floyd in September 1999. Floyd caused storm damage from the Bahamas to New England and killed 75 people outside of the region, according to the III. The hurricane caused $6 billion in damage, not enough to break into the century's "top 10" list.

This year, meteorologists are predicting 11 tropical storms this hurricane season of which seven could become hurricanes. Forecasters say three of those seven hurricanes could cause major damage.

But Quincy Mutual's Meskell said the last weather report he saw is "... no worse from what the average has been over the last 10 years."

Quincy Mutual hasn't taken any unusual steps in advance of hurricane season. Rather, he said, "the prudent measure a carrier takes is really a 12-month process in how it analyzes catastrophe measures and deals with them appropriately."

Middlesex Mutual has also prepared for possible catastrophe the same as it always has, according to Sheridan.

"What we've tried to do is have a rate that meets that exposure for coastal business," Sheridan said. That includes a focus on underwriting requirements such as storm shutters, and the use of independent agents as "ears and eyes to look at homes to make sure they're prepared as best they can be for the weather."

But the additional key, Sheridan said, is diversification of business.

His company created a strategic alliance with Country Companies of Illinois two years ago, to create a "reassurance pooling agreement."

Both companies pool their premiums and exposures across the country. This enables Middlesex Mutual, which does business only in Connecticut and Maine, "to better handle its local exposures by sharing losses in a much larger premium pool.

"It prevents companies such as us from being wiped out by a hurricane," he said.

Nonetheless, some within the industry are still watching for gray skies.

Jack Golembeski, president of the Massachusetts Property Insurance Underwriting Association (the FAIR Plan), said he's paying attention to hurricane forecasts.

"We're a pretty substantial homeowners' writer," he said. "We want to make sure we have appropriate catastrophe plans in place to respond to such an event."

But like Quincy Mutual, the FAIR Plan also relies on long-range planning. The organization, which writes high risk property/homeowners insurance, has a "very detailed catastrophe plan" that dates back "several years."

"We're worried about every season," he said. "The forecasters have said this could be a more significant season but it's hard to know what is going to happen."

Experts at Conning & Co. of Hartford, Conn. are concerned about coastal property insurance this season. But Conning senior vice president Jack Gohsler worries about factors that go beyond bad weather forecasts themselves.

Depopulated Pools

"Conning is concerned by the fact that insurers, particularly in Florida, have depopulated some of the wind storm pools," Gohsler said. Insurers in Florida and elsewhere, he said, have "agreed to accept risk that had been passed off to the state-run market."

In addition, Gohsler said, Conning is worried about "continued economic growth in catastrophe-prone areas" - such as coastal areas prone to hurricanes.

"We look at the North Atlantic, the Connecticut-New York-New Jersey-Massachusetts shores - obviously the continued economic expansion and population growth in those areas is a concern because that raises exposures."

Gohsler credits the industry, however, with taking some action to limit its exposures in these areas through higher deductibles and more limitations on coverage.

Beyond bad weather, dog bites are something that Quincy Mutual and other companies have taken seriously for a long time, Meskell said.

" The concerns of insurance companies relative to dog bites goes back for at least as long as I have been in the business 27 years ago," he said.

"It is still a significant issue."

Meskell said his company has "tried to take a cautious approach toward reducing dog bite exposures.

In other words, Quincy Mutual doesn't cover certain dog breeds.

The same holds true for Middlesex Mutual Assurance. Sheridan said his company continues to file that it won't write homeowners insurance for owners with certain types of dogs. As much as a third of Middlesex's liability claims are due to dog bites, he said. The company is particularly concerned about pit bulls and Rottweilers and Akitas particularly this year.

"They're very aggressive," Sheridan explained.

Golembeski's FAIR Plan has assembled a task force to study its existing database of past dog bite claims (See related story on page 11.) The goal, Golembeski said, is to establish patterns, as to why, when, and where most dog bites occur.

With those factors known, Golembeski said, the FAIR Plan will develop educational campaigns to reduce dog bites, and premiums.

That information won't come soon enough.

According to Gohsler, of Conning & Co., dog bites "are the primary cause of homeowners liability claims."

Profitability

Can insurers overcome the disasters and dogs to make a profit in homeowners?
"Generally speaking the industry has not made significant profits on the homeowners business for an extended period of time," Meskell said.
"It will certainly vary by company, depending on where you're writing your business, the distribution you have and your overall underwriting guidelines."
Meskell would not speak directly about his company's profitability in homeowners insurance. But, he said, his company continues to "increase our written premium in the homeowners line (but) we're prudent in our approaches."
Prudence aside, regional residential property values have skyrocketed in recent years, which can lead to underinsured properties without updated insurance policies that reflect current value.
Meskell said Quincy Mutual is in a good position because the company is "fairly comfortable in terms of our overall insurance-to-value profile."
At Middlesex Mutual Assurance, Sheridan said the company rewrote its entire homeowner book of business in the early 1990s in an effort to address shortfalls in insurance-to-value coverage.
Some homeowners were underinsured and others overinsured. Now, the company feels "reasonably comfortable" with its insurance-to-value profile, Sheridan said, though "there is always work that needs to be done" to keep information current.
Homeowners insurance has not been profitable overall, according to Gohsler.
"If we take out the benefit of capital gains, the industry has not been profitable except for 1997, and a slight (projected) return on equity in 1999," he said. " and we don't expect it to be profitable in the next couple of years."
Gohsler blames a number of factors for this. Among them: The homeowners insurance business, he said, has "been hurt by catastrophes" and heavy competition.
"It's been a line that is every much subject to fiercely competitive pricing," he said. "In the 1980s many companies enhanced coverage they provided (while) in many cases not charging incremental premiums. Those factors have come back to (haunt) the industry."
And he doesn't see the situation changing.
"Many of the major insurers appear to be committed to grow their market shares, and we just don't see adequate pricing coming out of an environment like that," he said.
"We also see very few insurers committed to getting appropriate insurance-to-value." And that fact, he said, is becoming an industry-wide problem.
"There's very strong evidence that the cost of (new home) construction is increasing dramatically and in many cases in a competitive market what you do is you under-price the cost of coverage to meet competition ...as a result, insurance-to-value has become a problem for the industry."
Standard insurance must cover about 80 percent of the value of the home to have enough to cover replacement costs.
But another study shows that "70 percent of residences are underinsured by at least 25 percent," Gohsler said.
Aside from issues of underinsurance, the homeowners business is a hard one overall in which to be profitable, Sheridan said.
"You're going to spend much more of your premium dollar to underwrite homes," he said, adding that catastrophe premiums also create harder profit margins in general.
At the same time, Sheridan said, Middlesex Mutual carried a profitable homeowners business from 1997-1999. The first four months of this year weren't profitable, but Sheridan said the company has plenty of time to make that up.
Insurers are increasingly likely to search for business in urban markets..
"The more insurers investigate the urban marketplace they will find additional opportunities to write profitable business," Meskell said.
"We've been writing property business since 1851...more recently we have seen

some increases in our writings of urban business we have agencies within urban locations that place business with us and we have not been dissatisfied with that business."
Sheridan agrees that the urban market is improving with "less crime, and more renovation and restoration of historic homes and we do write for these homes."
No matter where an insurer writes, sensible business practices can help beat the odds, Sheridan said. "Make sure you insure people (who) have pride and ownership in their homes charge a fair premium (and) there's a very good chance for profitability.
And hope the hurricanes stay away.

Insurance Times: Industry Balks At New Conn. Telemarketing Restrictions
Law Could Put Crimp In Sales
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by Mark Hollmer
InsuranceTimes

A new Connecticut law intended to protect consumers from unwanted sales calls could create headaches for insurers and agents who use the phone to nurture potential clients.
The legislation - Public Act #00118 - affects every business that uses phone sales as part of its marketing plans. Among its provisions: a statewide "do not call" list to which all telemarketers must refer before calling a potential customer.

Protect Consumers
State Sen. Thomas Colapietro said the bill isn't personal and is simply intended to protect consumers from being bothered unwanted at home.
"None of you are bad but you're all doing the same thing and it drives everybody crazy," he said about telemarketing in general. "You're inconveniencing people and you're interfering with people's private lives..."
That's an unfair generalization, say some insurance agents who use telemarketing to reach new clients. They claim the new law is punishing everyone despite a smaller-scale abuse of the system by a few bad apples.
"We've been very careful in terms of quality telemarketing not to offend and not to damage individual members of the community," said Bill Morris, an owner of H.D. Segur in Waterbury, Ct. "Other trades may have used business practices that were not in the public's best interest. This is not our case."
Some agents say the restriction could add more administrative hassle and restrict the chance of making new sales.
"This is damaging to our ability to market products... Mailings don't generate an awful lot of response," said Jon Norris, an owner if the Independent Insurance Center in Manchester, Ct.
The bill itself establishes a statewide "do not call" list to be administered and reviewed by the state's Department of Consumer Protection, which can contract with a company to manage the list. Companies can call existing customers, but they'll have to cross-check their referrals with the "do not call" list before calling those people. If they're on the state list, calling those names will be a violation of the law.
The bill also stops telephone solicitors from using recorded message and automated dialing machines and from knowingly blocking or bypassing a consumer's

Caller ID service. Telemarketers can't call before 9 a.m. or after 9 p.m. Federal law keeps telemarketers from starting work an hour before that.
Ignoring the new law can be considered an "unfair or deceptive trade practice," which can bring fines of between $5,000 to $25,00 for each instance.
Warren Ruppar of the Independent Insurance Agents of Connecticut, said his group was able to water down the harshness of the original bill.
"What we were able to do is to build in an exception (stating that) people can call existing customers regardless of if (they) are on the 'do not call' list."
Lobbying efforts also softened the penalties for calling someone officially registered not to take telemarketing calls. But they tried and failed, Ruppar said, to have language included in the bill that would have exempted referral calls.
"We weren't able to agree on the language," he said.
Norris uses an outside telemarketing firm to help him reach new customers. He said he expects the "do not call" list to be a "cumbersome process" and defends the insurance industry's practice of using the phone to reach potential clients.
"We're diligent," he said, "and I don't think we offend people."
Morris said he's employed his own telemarketing team for about a decade to help sell his insurance products - Monday through Thursday nights and on Saturdays.
He said he already maintains his own "don't call" list and he places any potential customers on it at their request.
Come January, when the law begins to kick in, Morris said he'll have to cross-check his own list with the state's list every quarter.
"That's going to be expensive," he said. "It will add another administrative expense on top of our additional cost.
Morris said the new state law is frustrating because he's always tried to be sensitive while using the phone to reach potential customers.
"If you care about and do something in a regulated way, and then you see the Legislature come in and attempt to remedy the problem my argument is to go find the people that have been doing this bad work and put them out of business" instead.
"There are a lot of people that benefit from our phone calls," he said. "We write a number of policies. We save people money. We improve coverage for them (and) we give them professional advice with respect to insurance and carriers.
"There is a lot of good that appears in the market place by virtue of our solicitation."
This isn't the first attempt in Connecticut to establish a law governing telemarketers.
Colapietro, chairman of the Legislature's general law committee, said he began pursuing a telemarketing law ago three years ago and that "the insurance lobbyists and other telemarketers were able to trap it in committee."
Last month, the Connecticut Senate voted 34-1 for his bill, he said, and the House voted 138-9.
Colapietro said the bill is fair, and even has provisions to let businesses who come to Connecticut have "one bite of the apple." Those new businesses can call potential customers even if they're on the "do not call" list. If they say not to call, then the list restriction kicks in.
"We did not want consumers to be denied the right to hear the pitch," he said.
But members of the insurance industry are reacting strongly against the new law, he said.
And in doing so, some are proving Colapietro's case almost by accident.
One insurance professional called Colapietro from Bristol, Ct. and left a long phone message complaining about the law.
He also left his name and address, so Colapietro called information in an attempt to reach the man and talk to him in person.

"It said 'at the customer's request the number was unlisted.'"
Telemarketers traditionally don't call residents with unlisted numbers.

Insurance Times: Mass. OEM Rider Gets OK Pending Rate Filing

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by Mark Hollmer
InsuranceTimes

Massachusetts automobile owners are close to getting an optional insurance endorsement that would pay for original equipment manufacturer parts to replace those damaged in a crash.

Commissioner of Insurance Linda Ruthardt approved the legal aspects of the proposed endorsement on June 2, and detailed her decision in a letter to Daniel Johnston, president of the Automobile Insurers Bureau, which filed the endorsement in January.

There's still plenty of work to be done, however, before the endorsement becomes available to consumers.

Among the tasks ahead: Ruthardt wrote in her letter that a rate hasn't been established yet and one is needed before the endorsement can be offered.

She also said other issues must be addressed.

"... In the course of the hearing on the proposed rate several concerns arose relating to the marketing of this product, including its offer on a non-discriminatory basis and the appropriate disclosure of information to consumers relevant to their decision to purchase. The Division will issue a bulletin that addresses those matters."

Right now, the state requires the use of aftermarket or generic auto parts for repairs as long as they are "of like kind and quality, at the lowest possible price" - unless they affect vehicle safety.

Generic parts don't have to be used if cheaper parts can't be found, or if a vehicle has been driven less than 15,000 miles.

Insured repairs to cars with a 1990-97 model year would cost an average of about 4.6 percent more by eliminating the use of aftermarket parts, according to an actuary report from the Automobile Insurers Bureau of Massachusetts.

Meanwhile, the use of aftermarket parts in general in Massachusetts could be in jeopardy.

An obscure Massachusetts licensing panel - the Massachusetts Auto Damage Appraiser Board, appears to be leaning toward recommending that aftermarket parts "may" be unsafe and "are not of like kind and quality to original equipment manufacturer parts."

Ruthardt asked for the board's input on the issue of aftermarket parts safety, following a Consumer Reports article last year that suggested some aftermarket parts weren't safe.

The board is expected to finalize its recommendation after a public hearing that was scheduled for June 14. The ADALB will submit a draft report to Ruthardt that covers the issue within a few months.

The aftermarket parts controversy is separate from the proposed optional endorsement policy.

Insurance Times: NY High Court Rejects New Auto Claim Rules

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NEW YORK - A Manhattan judge declared on June 12 that new state rules that shortened the time in which car accident victims have to notify their insurance companies are illegal.

State Supreme Court Justice Phyllis Gangel-Jacob issued a 22-page decision that reverses rules enacted by the New York Insurance Department just four months ago.

Gangel-Jacob, in her ruling, said the agency did not follow state law that sets procedures for changing administrative regulations. She dubbed the rule changes "invalid as a matter of law,'' and their enactment "unlawful, arbitrary, capricious and an abuse of discretion.''

David Golomb, president of the New York State Trial Lawyers Association, called the judge's ruling "a resounding victory for consumers'' against the insurance industry and the state Insurance Department as well.

But the insurance department was not pleased.

"The trial lawyers victory is a loss for all consumers in New York," said spokeswoman Joanna Rose. "This technical procedural ruling will increase the fraud and abuse in the no-fault insurance system, and ultimately increase the cost of auto insurance for all New Yorkers."

Rose said the department plans to appeal the decision and hopes to stay the court's order.

"There should not be one day where New York's insurance consumers are without the benefits contained within" the new regulation, she said.

The new rules required that accident victims notify their insurance companies within 30 days of an accident instead of the previous time limit of 90 days. The change had established the nation's shortest period for filing claims.

Groups of lawyers and doctors around the state filed a lawsuit in February in Manhattan's State Supreme Court to undo the new regulations. They called the 30-day filing deadline ``brutally short.''

By contrast, if an accident in Massachusetts is caused by an unidentified motor vehicle, there is a four-year limit on seeking benefits. Michigan allows one year and Kansas allows two. Pennsylvania has its own 30-day deadline, but its regulations add "or as soon as practicable thereafter."

Gene De Santis, of the New York State Trial Lawyers Association, said when the lawsuit was filed that the new filing rule "requires you to report the extent of injuries before you realize how badly you've been hurt.''

The rule changes also would have affected the billing deadlines for physicians, chiropractors and physical therapists, requiring them to demand payment from insurers within 45 days instead of the previous 80.

The New York State Insurance Association, which pushed for the regulations for four years, had said the new deadlines would help the group prevent fraud.

Bernard Bourdeau, president of the insurer trade group, said that under the old rules, a fraudulent chiropractor could treat a patent three times a week for six months before insurers saw a bill, and had the opportunity to contest it.

John Cucci, vice president of the Alliance of American Insurers, warned that the insurance industry may have to seek legislative reform of the no-fault law to tighten the requirements governing the filing of questionable lawsuits.

The insurance department defended the regulations, claiming they allow insurers to monitor medical treatment and protect consumers by requiring insurers to consider why a claim was filed late. p

Insurance Times: Mass. Auto Insurance Study Runs Into Trouble

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A proposed study of the Bay State's complex automobile insurance system now has only a 50-50 chance of passing this year, according to one of its major legislative supporters.
"I wouldn't make any guesses or bets. I tend to think it's got a 50-50 chance," said state Rep. Nancy Flavin, House chairwoman of the Joint Committee on Insurance.
The House funded a $200,000 study of almost the entire system in its version of the state budget approved in April. But the Senate did not include the study in its own version of the budget approved before Memorial Day weekend.
Sen. Steven Tolman offered an amendment to the budget that would have included the House version verbatim but the measure was defeated on the floor. The Senate and House have now appointed their respective conference committee members. All is not lost because the auto study can still end up in the conference version of the budget.
One reason the Senate did not include the proposed study in its budget is an apparent misunderstanding over a consultant that may or may not have billed the Legislature for more than $70,000 in preliminary costs - even though the study hasn't been approved yet, according to a source.
Sen. Robert Bernstein, senate chair of the Joint Committee on Insurance, reportedly balked at funding the current study in part because Craig Moore, a UMass. professor of economics, had already billed the Legislature for preliminary work. Bernstein and Senate Majority Leader Linda Melconian spoke out against this year's proposed study, calling it misguided and biased, according to the State House News Service.
Interviewed last week, Flavin said Moore was never formally contracted for work and said she does not believe Moore billed the state for anything. "I've never seen a formal bill and I don't think (Bernstein) ever did," she said.

Insurance Times: Mass. Auto Territory Changes Under Review
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The Automobile Insurers Bureau of Massachusetts has filed its proposal for the 2001 private-passenger automobile insurance rating territories.
The Division of Insurance must ultimately approve the filing, which calls for territory changes involving 166 towns, according to the June 8 newsletter from the Massachusetts Association of Insurance Agents.
At least 24 towns would shift from territory 1 to 27; 8 would shift from territory 27 to 1. About 21 towns would drop from territory 2 to 1. Territory 27 is usually the lowest, or cheapest rating, and 1 is the second lowest; 26 is the highest.
Communities only shift one territory higher or lower. The AIB issues its recommendations every two years.
Boston's 10 geographic territories, 17 to 26, will likely stay the same. Among the changes: Quincy, which is in territory 12, is recommended to shift to territory 11. Belmont, currently in territory 3, would shift up a notch to territory 4.
A higher rating would be relatively more expensive for auto insurance customers assuming rates don't change and all the date for each territorial grouping has the same relationship to the average rage.
But once territories are set, officials create new rate indexes, and the subsequent groupings may not necessarily be more expensive (or cheaper).

Insurance Times: After 25 Years, Yates To Depart IIAA In Oct.
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ALEXANDRIA, Va. - Independent Insurance Agents of America (IIAA) CEO for Industry and State Relations Jeffrey M. Yates is leaving the association this fall to pursue other opportunities after 25 years with the organization.
Yates will leave following IIAA's 105th Annual Convention & InfoXchange, which will be held Oct. 29-Nov. 1 in Orlando.
"This August I will reach 25 years of service to the Big 'I', and I have decided that now is an appropriate time for me to complete my tenure as an IIAA employee," says Yates of his decision.
IIAA President William M. Houston praised Yates for his quarter-century of dedication and service to both the association and its many members: "Jeff Yates is the personification of IIAA. Through the years, Jeff has been a very important leader and contributor to IIAA's success. Jeff was instrumental in leading the association to its position as the preeminent agents' group and an industry leader on issues ranging from automation to company relations to advocacy for agent causes."
CEO Paul Equale and Executive Vice President Bob Rusbuldt will run the association.
IIAA's Executive Committee and senior staff have asked Yates to continue working with IIAA on special projects following the convention. p

Mass. lifts countersignature requirement
BOSTON - As expected, the countersignature requirement in Massachusetts is history.
Gov. Paul Cellucci signed HB 4883 into law on June 2, a week after the state Legislature approved the measure.
The bill eliminates countersignature requirement for certain insurance policies.
In addition, an insurer can now print basic information on its policies regarding incorporation, ownership and plan of operation.
The Alliance of American Insurers was among the groups that lobbied for countersignature reform in Massachusetts.
Frank O'Brien, Alliance New England's region manager, said in a written statement that the change translates into good news for the insurance business.
"No fewer than 60 insurers are domiciled in Massachusetts, including a number of very large multi-state writers," he said in the June 5 press release.
"By repealing the countersignature requirement, Massachusetts, assures that these companies won't be retaliated against by other states that have already reformed their countersignature law."
Wyoming became the first state this year to pass countersignature reform, and Alabama is also considering similar legislation, according to the Alliance.
Alabama is among five states left with "absolute" countersignature laws, the alliance said. Mississippi, Nevada, South Dakota and West Virginia are the others.
Georgia, Louisiana, Nebraska, South Carolina and Utah passed countersignature reforms in 1999. Kentucky, Iowa and Pennsylvania repealed their countersignature laws two years ago, the Alliance said. p

NAMIC's Assurance Partners Bank opens
CARMEL, Ind. - Assurance Partners Bank, a specialized bank founded by the National Association of Mutual Insurance Companies (NAMIC) to provide banking products and services to insurance companies and their customers, employees and agents, opened its doors for business on June 12.
"The opening of Assurance Partners Bank is extremely gratifying," said David T.

Fronek, president and CEO. "After a long regulatory approval and organization process, we will now dedicate ourselves to providing competitive products to our customers and shareholder value to our investors."

Assurance Partners Bank offers home equity, automobile, personal, student and consumer loans, credit cards and residential first-mortgages. The bank will be open to all customers as a federally chartered thrift, but the marketing focus will be on providing products and services through affiliations between companies, agencies and the bank. Products specifically targeted to insurance companies, their employees, independent agents and insurance policyholders are under development.

Following the bank's rollout plan, on opening day the bank had more than 50 agents offering selected loan products and related services.

Last fall, the Gramm-Leach-Bliley Act erased many of the barriers that had kept insurance companies, banks and security firms separate. Assurance Partners Bank now offers regional insurance firms and independent agents the opportunity to compete with the new financial companies on an equal basis.

Insurance Times: Maine Blues Sale To Anthem Faces Court Challenge By Consumer Group: Group Claims State Improperly Set Value Of Blues In Transaction
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AUGUSTA, Maine (AP) - A consumer group has appealed the state's decision to approve the sale of Blue Cross and Blue Shield of Maine to Anthem Insurance Cos. of Indiana.

Consumers for Affordable Health Care accuses Insurance Commissioner Alessandro Iuppa of improperly setting the value of Blue Cross. The appeal was filed last week in Kennebec County Superior Court.

Iuppa gave the $102 million sale final approval on May 25. The merger went into effect last week after a 10-day waiting period. Part of Iuppa's decision required at least $81.7 million to be provided to a foundation set up to carry on the charitable mission of Blue Cross.

The lawsuit challenges Iuppa's decision establishing the value of the outstanding stock of Blue Cross. The suit asks that the decision approving the sale be reversed and the value established by Iuppa declared illegal.

Officials from the insurance bureau and Anthem Blue Cross and Blue Shield said they thought the state decision was appropriate.

"We're comfortable with our decision,'' said Deputy Superintendent of Insurance Eric Cioppa. ``The interveners have a right to appeal any decision we make and they're exercising that right.''

Anthem-Blue Senior Vice President Karen Foster said company lawyers were reviewing the appeal and had yet to decide whether the company would participate in any court action.

"We are very comfortable with the decision and order the superintendent of insurance made. We think it is thorough and we think it is fair,'' Foster said.

The state attorney general's office had not filed a response to the appeal on behalf of Iuppa.

Iuppa's approval carried 35 conditions, including provisions to prevent the foundation from being subject to any taxes or liabilities of the former Blue Cross after the transaction is complete.

Capital Level

Under other provisions, the capital level of Anthem Maine must be maintained at a level set by the superintendent, and Anthem Maine may not pay dividends within five years of the closing without the superintendent's approval.

The new company, known as Anthem Blue Cross and Blue Shield, is the state's largest health insurer. With its affiliates, Maine Partners Health Plan, Central Maine Partners Health Plan and Machigonne Benefit Administrators, the plan will cover more than 460,000 people in Maine.

"The completion of this transaction is very good news for our customers, provider partners and our employees,'' said Keith Vangeison, president of Anthem Blue Cross and Blue Shield in Maine, at last week's closing of the deal.

The new company is part of Anthem East, which includes the Blue Cross and Blue Shield plans in Connecticut and New Hampshire. Anthem will insure more than 1.9 million New Englanders.

Anthem Blue Cross and Blue Shield now has more than 6.9 million members in eight states.

Anthem, which is based in Indianapolis, is the Blue Cross and Blue Shield licensee in Indiana, Kentucky, Ohio, Connecticut, New Hampshire, Colorado, Nevada, and Maine.

Insurance Times: Agents See Banks' Lack Of Insurance Smarts And Service As Opportunities

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by Penny Williams
InsuranceTimes

MANCHESTER, N.H. - A recent Professional Insurance Agents of New Hampshire (PIANH) panel with agents who have worked with banks revealed why banks' entry into insurance represents an opportunity for agents, although perhaps not as big an opportunity as some think.

"They are totally ignorant of insurance," Jerry Levine, of Levine-Webster Insurance, in Waterford, Conn., said of banks entering insurance. Levin, who sold out to a bank and is now running the bank's insurance agency, said that because of their lack of insurance knowledge, banks want to affiliate with insurance agencies.

Pat Lavoie, of the Bill Johnson Insurance Agency, Lewiston, Maine, agrees. Lavoie used to run a bank owned insurance operation in North Carolina but gave it up and returned to the Northeast when trying to meld the two cultures became too frustrating.

"Bank people know nothing about insurance," Johnson said. "You don't know what you don't know. The understanding gap is huge, with differences in expectations."

"They just don't understand that we're not risk bearers," he said.

Mark Bowsher, of Royal & SunAlliance in Syracuse, N.Y., speaking about bank-insurance relationships from an insurance company perspective, sees the situation as a boon for independent agents.

"I see very little negative impact on independent agents. An independent agent will be involved somewhere, somehow. We will still be doing business with independent agents who just happen to be affiliated with a bank."

But because banks don't have a handle on how insurance business is done, there exists an opportunity for insurance agents to manage bank insurance operations.

"The bank must have the insurance agent," Bowsher maintained. "The independent agency system has the edge to do it right. Professionalism is a valued commodity to the banking arena."

The two insurance agents advised New Hampshire producers that the opportunities for agency-bank cross-selling may be overrated.

Levine said that he sees "few cross-selling opportunities in a bank relationship."
"The referral situation isn't as rosy as expected," Lavoie added.

Service Level

The panelists maintained that banks don't provide the same level of service that agencies do -- which they said spells another opportunity for independent agents,
"Insurance people know you still have to service accounts, but the bank just wants numbers," Lavoie observed. "So, if you lose an account to a bank, go after it because the bank doesn't do anything for that account."
"I have found that my bigger insurance clients like the bank relationship but the smaller clients feel threatened by it and worry about service," he said.
Lavoie also warned that banks value customers differently than do insurers.
"Banks love people who bounce checks and are up to their necks in debt," he said. "This is not necessarily a good insurance account."

Banks Can Sell

"Banks just do everything differently from job classification, advertising, right on down to their phone systems," Lavoie said. "But bankers are not necessarily poor sales people. I found the bankers I worked with had a good sales culture, were accountable and could be both creative and innovative."
Bowsher, of Royal & SunAlliance., maintained that customers will ultimately dictate how and where products are sold. "So, from the carrier perspective, we want to have as many of those channels open as possible so as to be as successful as others," he said.
Bowsher said his company's bank insurance premium has more than doubled over the last 13 months, and so has the number -- now at 33 -- of bank-affiliated agencies with which the company does business.
Before forming any type of bank-insurance arrangement, Levine suggested that agents consider whether it is a good fit and if the agency will control the insurance operation.

Major Drawback

A major drawback to bank-insurance arrangements is that what the deal is today may well not be the same tomorrow. The bank may be bought or acquired. Thus a key question if being bought out by a bank is how an agency owner will be paid.
"Get as much cash up front as possible," Levine advised.
Jeff Foy, Foy Insurance Group, Exeter, N.H., recommended that agents consider an alliance with a bank rather than a joint venture or a sale. An alliance, he suggested, is more like a courting situation which eliminates some of the difficulties by not having to blend the two cultures. The agency remains independent while offering clients a banking option and obtaining leads from the bank.
"It closes the loop and keeps other entities away from your clients," Foy added.

Insurance Times: Labor And Industry Differ Over Why Mass. Workers Comp Costs Now Rank Among Lowest

June 20, 2000, Vol. XIX No. 13

by Mark Hollmer
InsuranceTimes

Workers compensation costs in Massachusetts are cheaper than in seven other similar states, according to the Workers Compensation Research Institute in Cambridge.

The WCRI discussed the lower medical care costs and other preliminary findings from its new study during a public briefing held June 1 at the Sheraton Boston hotel.

California, Connecticut, Florida, Georgia, Minnesota, Pennsylvania and Texas were also included in the study with Massachusetts because together they account for 40 percent or more of workers compensation benefits nationally, according to the WCRI.

Carol Telles - a WCRI senior analyst - explained the general conclusions, which will be detailed in a report to be released sometime in July. After the briefing, a panel of workers compensation insiders from government, employee and employer sides offered their reactions.

As expected, government and worker perspective on the report differed widely.

"I wasn't surprised about the lower Massachusetts costs," said James Campbell, commissioner of the Massachusetts Department of Industrial Accidents.

He said Massachusetts has lower workers compensation costs because of reform efforts dating back several years, that were developed "by some of the best minds in the country."

But Rich Marline, a panelist and legislative director of the Massachusetts AFL-CIO, said he's worried about how government and insurance companies will use the numbers.

"I have some concerns with how this is going to be used and whether we're measuring outcomes," he said.

"If Massachusetts has better cost containment, Massachusetts also has the highest cost of medical care in the country, yet somehow workers compensation insurance (rates) are low its only because workers compensation patients aren't getting care rates are so low that doctors aren't covering claims."

Donald Baldini, a senior vice president of legislative policy for the Associated Industries of Massachusetts, struck a more moderate ground.

He said the study was a good thing because "we need more data" regarding workers compensation. But, he added, workers compensation costs in Massachusetts are on target.

"Overall we're where we want to be. We are no cost competitive in terms of workers compensation .... (with) higher benefits but middle costs."

But Telles and others with the study reminded the audience that the numbers are preliminary, based on 1995-96 claims evaluated as of 1997.

Telles said other "caveats" should be considered when looking at the results. The study, she said, does not analyze why states differ; and the states included in the study aren't among the lower-cost states. In addition, she said, future research will include more recent and detailed information, including how workers compensation cases were concluded.

Here are the report's key findings:

Workers compensation medical costs in Massachusetts are 39 percent lower than the average state in the study, and the lowest of all the states. Researches credit the low reimbursement rate under the medical fee schedule, treatment guidelines and mandatory utilization review of claims.

Employers don't hear about workers compensation claims as quickly in Massachusetts as in other states in the study. But Bay State workers in comparison receive their first payment more quickly, once they report their injuries.

A typical Massachusetts worker returns to the job more quickly.

More employees sue in Massachusetts than the eight-state average 21 percent versus 17), but defense attorneys in Massachusetts workers compensation cases have lower fees.

Other than Texas, injured Massachusetts workers were more likely to lose more than 7 days of work. But after that, their benefits come in for an average of 12 weeks versus the 14-week average.

Insurance Times: NCOIL To Meet In Vermont

June 20, 2000, Vol. XIX No. 13

Leading state insurance legislators, state insurance commissioners, consumer advocates, and insurance industry representatives will address insurance public policy at the 2000 Summer Meeting of the National Conference of Insurance Legislators (NCOIL). The NCOIL meeting will take place at Radisson Hotel Burlington, Vermont, July 6 through 9.

The meeting agenda will focus on privacy issues, producer licensing, financial modernization, mental health privacy, structured settlements, viatical settlements, commercial and personal lines deregulation, aftermarket parts, workers compensation, international insurance, e-commerce and the high costs of pharmaceuticals.

Insurance Times: Supreme Court Blocks Federal Suits Against Hmos

June 20, 2000, Vol. XIX No. 13

Ruling could affect political debate in Washington and in states over patients' rights; effect on pending class actions against HMOs uncertain

by Laurie Asseo

Associated Press

WASHINGTON - The Supreme Court waded into the patients' rights debate on June 12, shutting down one legal avenue for people to sue their health-maintenance organizations while Congress considers bolstering the right to sue.

The justices' unanimous ruling said patients cannot use a federal law to sue HMOs for giving doctors a financial incentive to cut treatment costs. Such lawsuits could mean the end of HMOs, which are based on financial incentives, the court said.

Contrary to Congress

``The fact is that for over 27 years the Congress of the United States has promoted the formation of HMO practices,'' Justice David H. Souter wrote for the court. ``The federal judiciary would be acting contrary to the congressional policy if it were to entertain (a claim) portending wholesale attacks on existing HMOs solely because of their structure.''

HMO representatives praised the ruling. Stephanie Kanwit of the American Association of Health Plans said the decision was ``sensible for both health plans and for consumers'' because the Illinois lawsuit thrown out by the Supreme Court was ``challenging the very cost containment mechanisms that in fact keep health care costs down for everyone.''

James P. Ginzkey, the lawyer for the Illinois woman who filed the case, ``I am very disappointed but not at all surprised at the decision... It's a bad decision. I think that managed care systems are going to get an awfully lot more aggressive in their cost containment measures. Basically, the Supreme Court has said 'do whatever you want.'''

Patients' rights advocate Jamie Court noted the ruling left open the possibility that lawsuits could be filed in state court. ``This really doesn't do much

damage to the patients' rights movement,'' said Court of the Santa Monica, Calif.-based Foundation for Taxpayer and Consumer Rights.
``We've always believed that state courts are the better venue'' for patients' lawsuits, Court added. The Illinois lawsuit was based on a federal law that strictly limits damage awards.
Several states - including California and Texas - have enacted laws explicitly letting patients sue their HMOs, and some courts have allowed lawsuits in states without such laws.

Federal Legislation

Meanwhile, Congress is considering patients' rights legislation that could give people an expanded right to sue as well as other protections.
This ruling barred a lawsuit by Cynthia Herdrich of Bloomington, Ill., who blames her ruptured appendix on inadequate care. The court said federal law does not allow her to sue her HMO on a claim that it violated its duty to act in patients' best interests.
Souter said, ``Since the provision of profit is what makes the HMO a proprietary organization, (Herdrich's) remedy in effect would be nothing less than elimination of the for-profit HMO'' and perhaps nonprofit HMOs as well.
The ruling leaves in place patients' right to file lawsuits in state court alleging that an individual doctor committed medical malpractice.
It was not certain how this latest ruling would affect about a dozen federal class-action lawsuits that accuse HMOs of unlawfully concealing doctors' financial incentives to hold down treatment costs. The Supreme Court's ruling noted that Herdrich did not raise such a claim in her lawsuit.
Herdrich sued the Carle Clinic Association in 1992, saying her appendix ruptured and peritonitis set in because her doctor delayed diagnostic tests for eight days so the tests could be performed at a facility owned by the HMO.
She was awarded $35,000 in damages for medical malpractice under Illinois law. But she also sued under a federal law that governs employee health benefits and pensions, known as the Employee Retirement Income Security Act, which requires health plan managers to act in patients' best interests.
A federal judge dismissed her claim, but the 7th U.S. Circuit Court of Appeals let her sue. The Supreme Court said the appeals court was wrong.
Congress passed legislation in 1973 intended to encourage the development of HMOs. The ERISA law, passed the following year, aimed to protect workers' benefits by setting federal standards.

HMO Stocks

Several HMO stocks were up following the decision. Aetna, which was upgraded by Salomon Smith Barney on June 12y, rose $3.25 to $70.625. Cigna jumped $2.25 to $90.75. United Healthcare rose $1.50 to $78.18; and Pacificare rose $1.50 to $67.87.
The case is Pegram vs. Herdrich, 98-1949.

Insurance Times: NAIC Targets Remedies For Race-Based Rating

June 20, 2000, Vol. XIX No. 13

ORLANDO, Fla. - Members of the National Association of Insurance Commissioners (NAIC) at the group's summer meeting here unanimously approved a resolution to remedy the previous use of race as a criteria in underwriting and to conduct a regulatory analysis of the small face value life insurance industry.
The Florida Department of Insurance has banned race as an underwriting criteria and has been investigating small face-value life and industrial life insurance

policies sold in Florida. In addition, the Florida Department of Insurance is negotiating a settlement with companies that the NAIC will use as a framework for a national settlement.

"The use of race as an insurance underwriting criteria is inexcusable. It is a practice that is opposed unanimously by state insurance regulators. We, in our separate jurisdictions, are checking with companies to see if it is still being used. If it is, the practice must stop immediately. In addition, state insurance regulators will seek joint settlement with the companies that have not taken the necessary corrective action, including restitution," NAIC President and Kentucky Commissioner George Nichols III said.

Resolution Wording

In part, the resolution states the members of the NAIC "will redirect regulatory analysis of the small face value life insurance business, in all its various distribution forms, and will emphasize in this analysis the overriding goal of fair policyholder treatment addressing the issue of fair value for the premiums paid."

"We are just beginning our discussions about how to proceed with the settlement issues, including restitution and an assessment of the small face value products. I am optimistic that we will address this issue yet this year," Nichols added.

New York insurance officials were amoung the first to announce they would pursue the issue. A law formally banning the practice of race-based life insurance underwriting has been on the books in New York State since the 1930s.

The department announced that it has met with some life insurers that do business in New York to discuss the issue, regarding past practices and any potential violations now going on.

Joanna Rose, insurance department spokesperson, said that nothing has happened, nor have allegations been made in New York State that preceded the investigation.

NY Follows Florida

New York decided to follow the example of Florida to see if race-based life insurance underwriting still happens in the state.

The department also wants to see if there are "lingering effects" from the practice prior to the 1930s law that banned it.

"We're trying to see if (there are) lingering effects (from) prior to the law, and to see if restitution can be made, if needed," she said.

As such, the department is requiring each domestic and foreign life insurer that does business in the state to review its underwriting history in addition to current practices. Findings must be reported to the department.

New York Insurance Superintendent Neili Levin commented on the issue in a recent press release.

"The practice of race-based underwriting, evidenced by different premium rates, compensation rates, risk clarifications and unequal treatment with regard to dividends, benefits or other policy terms or conditions, based solely on race, shocks the conscience...," he said.

Insurance Times: CAR Seeks Change In Insurer Qualifications

June 20, 2000, Vol. XIX No. 13

by Mark Hollmer
InsuranceTimes

Anyone interested in the proposed change in minimum exposures needed to qualify for Massachusetts CAR obligations has until June 23 to submit written testimony. Right now, 10,000 minimum exposures are needed before CAR - the Commonwealth Automobile Reinsurers - kicks in.
But CAR, the state's high risk sharing organization, last April proposed reducing the number to 3,000 but voted in a compromise move to inch the number up to 5,000.
As part of the process, the Division of Insurance held a 40-minute hearing on June 7 to consider testimony in the case. DOI officials took no action but kept the hearing open two additional weeks so any interested individuals or companies could submit testimony or other materials in the case.
The DOI is also looking for more information from the three parties who testified in the case: CAR, the American Insurance Association and Farm Family Casualty Insurance Co.
It will be up to Insurance Commissioner Linda Ruthardt to either approve or recommend the recommended change.
Farm Family requested the hearing to allow for discussion of the proposed changes, according to the company's attorney, Peter Robertson.
In theory, the changes will spread CAR obligations around more fairly. The revisions would particularly target companies who come to Massachusetts from out-of-state who have escaped meeting the CAR burden because they're under the minimum 10,000 exposures.

CAR is also proposing two other related changes:
Revision of the method used to calculate the commercial threshold. Right now, voluntarily produced and ERP business is combined for each company, and then divided by the total of all companies' voluntarily produced and ERP premiums. The new formula would take out ERP-produced premiums.
A separation of the private passenger and commercial service carrier obligations.
The AIA opposes the new method of computation that lowers the threshold, plus the separation of commercial and private passenger carrier obligations.
Farm Family supported the separation of private passenger and commercial servicing carrier obligations, but suggested alternatives for revising the commercial servicing carrier threshold.

Insurance Times: Millionaire TV Show Player Admits Insurance Fraud

June 20, 2000, Vol. XIX No. 13

SYRACUSE, N.Y. (AP) - A former ``Who Wants to Be a Millionaire'' contestant who wrote a soon-to-be-released book on how to get on the game show has admitted embezzling $213,800 from an insurance company.
Paul R. Barbour gained instant celebrity status after he and his two brothers became the first three siblings in the country to make it onto ABC-TV's popular game show. Although none made it to the final round, the brothers were the focus of a flurry of media attention, including appearances on ``The Rosie O'Donnell Show'' and ``Inside Edition.''
Barbour, of Baldwinsville, appeared in U.S. District Court with his accomplice, Kellie A. Moran, to plead guilty to defrauding Nationwide Insurance Co. through the mail. Each faces five years in prison, fines of up to $250,000 and an order to pay more than $150,000 in restitution when they are sentenced Sept. 29 by Judge Norman A. Mordue.
Barbour and Moran, admitted inventing a scheme in 1998 to defraud Nationwide,

where Barbour worked as an in-house lawyer. Between April and December 1998, Barbour authorized paying about $213,800 of Nationwide's money to a phony medical services company controlled by Moran, a registered nurse. The money was to pay for evaluations of Nationwide clients' medical records.
Moran's company got paid for reviewing more than 140 case files. Nationwide only received one written report from her.
Barbour appeared on ``Millionaire's'' second show in August 1999 - a month after he was indicted by a federal grand jury. His brother Mark got on the show in March and their older brother Mike made it on in May.
Having successfully advised his brothers on how to get on the show, Paul decided to write a book with tips on how to qualify as a contestant, ``Who Wants to be a Contestant.'' The 200-page book is being published by TV Books and is scheduled to be distributed by HarperCollins.

Insurance Times: Opinion Exchange

June 20, 2000, Vol. XIX No. 13

State insurance regulators sent a strong message that race-based underwriting and any traces of it will not be tolerated last week.
All 50 state regulators agreed to investigate life insurers to determine if any are still charging black customers more for certain policies. They also agreed to seek a national negotiated settlement with guilty insurance companies.
It is believed that all insurance companies stopped selling discriminatory industrial life policies years ago. But insurance regulators and the National Association of Insurance Commissioners have questioned whether some insurers failed to reduce higher premiums for blacks when they eliminated discriminating pricing on new sales.
``The use of race as an insurance underwriting criteria is inexcusable,'' said George Nichols III, the president of the NAIC and Kentucky insurance commissioner. ``We, in our separate jurisdictions, are checking with companies to see if it is still being used. If it is, the practice must stop immediately. In addition, state insurance regulators will seek joint settlement with the companies that have not taken the necessary corrective action."
In April, Florida's insurance commissioner ordered a unit of Houston-based life insurer American General Corp. to stop collecting higher-priced industrial life, or ``burial insurance'' premiums from blacks based solely on their race, following an investigation into the practice last year.
It's hard to believe that there might be some companies that have not yet corrected their past discriminatory actions.
The Flordia Insurance Department, which raised the issue, should move quickly to negotiate any nationwide settlement on behalf of all states and put an end to the race-based rates once and for all.

Experts agree that structures built to meet or exceed current model building codes' high-wind requirements have a much better chance of surviving violent windstorms. Although no home or business can fully withstand a direct hit from a severe tornado, hurricane or major hailstorm, good construction will help a home or business survive.
This advice was offered by the Institute for Business and Home Safety and its president, Harvey G. Ryland, whose insurance industry supported organization is working quietly to advance the cause of building codes and safety.
IBHS continues to work toward a nation that builds businesses and homes to keep its citizens and property safe from natural disasters. This trade association

strives to reduce deaths, injuries, property damage, economic losses and human suffering caused by natural disasters. The IBHS achieves this by keeping businesses open and jobs intact after a natural disaster through ongoing identification and development of technologies and product standards to reduce vulnerability to natural disasters.

The IBHS has developed the "Open for Business Program" with help from the Small Business Administration, which advises small businesses on how to assess risk, reduce damage to buildings and contents, and make sure they have the right levels and types of disaster insurance.

"A community can't survive unless businesses survive," notes Ryland. "It's important to have a program to protect businesses in communities."

With respect to new buildings, code enforcement is the key and needs to be strengthened. In 1999, 70 percent of claims and payments were due to structures not built to existing code. Another concern is existing structures in which most cases, they are not prepared for the natural disaster.

"Owners should ask themselves if the home or business is protected from earthquake disasters or hail damage. Structural villains lead to insurance losses, and we won't be successful unless we deal with existing structures."

IBHS is working with the International Code Council to complete the first unified family of building codes intended for use nationwide. The new codes will include up-to-date wind provisions, quality assurance planning in high-wind regions and enhanced wind requirements for exterior windows and doors.

As an example, an inspector should pay particular attention to the windows and doors, roofing, gables, and connections (roof-to-wall, wall-to-foundation). residences in inland areas are traditionally not built to withstand wind forces that exceed 70 mph, and weaknesses in these parts of the house make it more vulnerable to significant damage.

For more information on the IBHS, visit their website at www.ibhs.org.

Insurance Times: NY's Lawrence Found Guilty Of Embezzlement And Tax Evasion

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SYRACUSE, N.Y. (AP) - A prominent businessman who built an insurance empire stretching over dozens of states was convicted last week of 20 counts of fraud, embezzlement and tax evasion.

A U.S. District Court jury deliberated eight hours over two days before finding Albert Lawrence guilty of illegally using more than $35 million in company assets to save his failing companies and for his own personal benefit.

``This was not a rushed or hurried decision,'' said Assistant U.S. Attorney William Pericak. ``The proof was clear. The verdict was clear. Mr. Lawrence took money that did not belong to him and used it for his own purposes.''

During the month-long trial, defense attorney Michael Koening argued Lawrence was guilty of making bad business decisions, not committing crimes. Koening maintained Lawrence went from being worth $150 million to bankruptcy trying to save his firms.

Lawrence, 72, of Rexford, was found guilty of wire and mail fraud, embezzlement of insurance company assets, tax fraud and embezzlement of pension benefit funds. Under federal sentencing guidelines, Lawrence faces between six to nine years in prison and fines totaling millions of dollars, Pericak said.

Lawrence, who once headed the now-defunct Lawrence Group Inc., a Schenectady-based holding company that owned most of the insurance companies, will be sentenced Oct. 12 in Albany.

The jury determined that Lawrence breached his fiduciary duty by defrauding

policyholders of United Community Insurance Co. and others by using insurance company assets to lend $5 million to First Commercial Credit Corp. in December 1993 and to lend $27 million to Alpha Trust in January 1994.
Evidence showed that the $27 million loaned to Alpha Trust was immediately loaned by Alpha Trust to Lawrence Group Inc., a company wholly owned by Lawrence and was used by LGI to pay off a $26.4 million debt that Lawrence owed to Chase Manhattan and Fleet banks.
Lawrence risked the policyholders' money to pay off his debt even though other commercial lenders determined it was too risky, Pericak said. LGI defaulted on the loans in October 1996, owing more than $25 million. First Commercial Credit also defaulted on the $5 million loan.
Jurors found Lawrence guilty of embezzling another $2.6 million from Senate Insurance Co., another company he controlled. Pericak said Lawrence used $1.6 million of that money to make the first principal payment to Alpha Trust in what he characterized at trial as "robbing Peter to pay Paul.''
Lawrence also was convicted of embezzling $2.25 million from Zurich American Insurance, which Lawrence held in trust as an agent of that company. Pericak said Lawrence used that to make another payment to Alpha Trust.
Lastly, the jury found that Lawrence withheld more than $720,000 in taxes and $74,700 in pension contributions from employee paychecks that he failed to pay to the Internal Revenue Service or pension administrator.

Insurance Times: Mass. Competition Hearing Held

June 20, 2000, Vol. XIX No. 13

by Mark Hollmer
InsuranceTimes

BOSTON - It's automobile insurance rate time again.
The Massachusetts Division of Insurance recently held its annual private passenger automobile insurance competition hearings on May 30 and June 1, in Springfield and Boston.
The annual hearings are held -- as required by law -- to determine if there's enough competition in the marketplace. If there isn't , then Commissioner Linda Ruthardt will set rates after hearings.
Ruthardt has up to 30 days from the June 16 deadline for the close of testimony to make a decision on whether to hold a rate hearing. Massachusetts has held a rate hearing every year since 1977, the last time the state tried competition (which was considered unsuccessful).
Assistant Attorney General Peter Leight supported a return to automobile ratings competition "in the long term" but only if certain subsidies are preserved.
"The Attorney General believes that a competitive system should include a subsidization and cost-sharing mechanism protecting policyholders in urban areas from rate shock, and that competition should not be implemented until such mechanism is in place."

Insurance Times: Sagewave.Com Manages Both Internal, External Industry Information

June 20, 2000, Vol. XIX No. 13

InsuranceTimes, Insurance Journal, Conning & Co., Betterley Report among

resources to be included on insurance portal run by Conn. Company
FAIRFIELD, Conn. - Insurance news, market research, industry statistics, internal spreadsheets, company e-mails, corporate calendars -- all of an insurance company's external and internal insurance information that is accessed or distributed through multiple applications can be now brought together in one place.
A Connecticut high-tech company is launching an insurance industry portal that allows users throughout a company to access all of its communications -- from news wires and trade publications to underwriting guides and company memos -- through one application.
SageMaker Inc. of Fairfield, Conn., which is introducing its SageWave Insurance Portal (sagewave.com) at industry trade shows this spring, hopes to have the combined Internet, Intranet and Extranet system fully functional by mid-summer.
"The insurance industry is struggling to leverage the inherent power of the Internet efficiently into their business processes," says James Moore, vice president and insurance industry director for SageMaker. "We believe that public websites and Internet-enabled transactions are just the tip of the iceberg. Harnessing the web to create internal efficiency is how Internet technology will make its true mark on the insurance market."
In addition to real-time news from Reuters, Financial Times, Dow Jones and Associated Press, the insurance-dedicated information portal will include a variety of insurance publications and reports from research firms.

Online Resources
Among those already participating are InsuranceTimes; Insurance Journal West/Insurance Journal Texas; Crittenden Publishing (monthly newsletters on alternative, excess and surplus, workers compensation, medical malpractice and other insurance markets); The Betterley Report (risk management issues); John Hewitt & Associates, Inc. (disability market reports), and Strategic Asset Alliance (insurance investment news), in addition to Weiss Ratings Inc. and the research firm Conning & Co. Conning Capital Partners is one of the investors in SageMaker.
Moore says discussions are underway to also make other insurance-specific content providers available and searchable online.
"The insurance industry is one of the last industries to access information of all sorts electronically," said Gerard Vecchio, a partner for Conning Capital Partners. "SageMaker offers this industry a portal that is able to combine pertinent internal and external data, and deliver real-time news to financial services companies at a time when insurance, banking, credit and other financial services are converging into one global marketplace."
SageMaker is unique in several ways, according to company officials. Other portal vendors offer companies software without any content. SageMaker actually helps build the content in addition to providing the software. "Other portals are like the bicycle that comes unassembled. Ours comes with a 'No Assembly Required' sign," notes Moore.

Information Investment
SageMaker gives a company control over its information resources, allowing it to decide who has access to what sources and increasing awareness of valuable sources that may not have been easily accessible in the past.
Another feature allows companies to earn what Moore calls a better ROII-- return on its information investment. With this, the company can measure what external and internal resources are valuable to the company, which ones are being used, and by whom.
The system can serve as a company Intranet, allowing users to send company-wide or controlled e-mails, research reports and other documents.
Currently, employees with knowledge in particular areas may bury what they know

in obscure reports which the company never records or archives or, even more likely, these employees simply take the knowledge with them when they leave.
"With Sagemaker, the knowledge stays with the company; it doesn't leave when the employee leaves the company," says Moore.
Finally, the program can serve as an Extranet by allowing companies to communicate with agents, customers, vendors and others. Whether sending underwriting guidelines, event notices or other communications, insurers can reduce the paper they distribute by sending these documents electronically.
Hartford-based Conning & Co. is known for its research in all lines of insurance.
"Our subscribers needed a better way to access our strategic research," said Mario Alvino, vice president of sales and marketing at Conning. "Now through SageMaker's insurance portal solution, they'll all be able to download valuable information from studies to use in presentations."

InsuranceTimes
The publisher of InsuranceTimes, which has expanded its readership among Northeast insurance agencies through the region's leading agent trade associations, has been looking for a way to efficiently increase his newspaper's readership within insurance companies and other large insurance organizations as well.
"SageWave will place InsuranceTimes in front of many more industry eyes than we can reach with our own marketing," said Andrew G. Simpson, Jr., publisher of the Northeast trade newspaper.
"We are looking forward to making InsuranceTimes available online, in a quality environment with other leading information sources, so that users throughout an organization will have access to our coverage and whatever other information they need to stay informed and compete," Simpson said.
(Details on the cost of subscribing to InsuranceTimes online through SageWave will be announced later this summer, Simpson said.)
SageMaker's insurance portal will initially be available to large companies and their employees. Eventually, smaller companies, agencies and individual users will also be able to access the portal through the Internet.
SageMaker, Inc. is a global enterprise information portal (EIP) vendor with more than 4,000 current partner companies and more than 250,000 corporate end-users.
SageMaker already operates a portal for the oil and gas, power and utilities, and telecommunications industries and has plans to start new portals for financial services and pharmaceuticals in addition to the insurance portal.

Insurance Times: Property/Casualty & Risk Management
June 20, 2000, Vol. XIX No. 13

Chubb Custom adds flexibility to hurricane policy
WARREN, N.J. - The Chubb Group of Insurance Companies, through its Chubb Custom Market underwriting division, his offering a new version of its Hurricane Evacuation Coverage Insurance, which provides business with increased flexibility in customizing a policy.
"Typically, a business cannot collect on its business income insurance policy when forced to evacuate its premises for a storm that threatens, but never hits, because there hasn't been any physical damage," notes Jackie Marier, Gesham & Associates. "This new policy can help reduce an insured's loss from such a storm."
The products is available to businesses along the Eastern or Southern coasts except in the Florida Keys and the North Carolina Barrier Islands.

The policy includes the option to choose limits from $5,000 a day up to $25,000 a day and the opportunity to select the number of days from five to a maximum of 10. No deductible or coinsurance applies.
Visit www.gresham-inc.com for more information. p

Wausau Insurance, Visa in insurance deal
Visa has formed an alliance with Wausau Insurance that allows cardholders to pay their insurance premiums on the company's online eWausau.com web site using Visa payment cards.
Cardholders can visit the web site, enter their data, and receive insurance quotes within one business day. Autopay then lets them to pay their entire premium or be billed in monthly installments online
Wausau's online products include workers compensation, business owners, commercial auto and other commercial coverages. The insurer will quote and bind coverage online for small businesses.

Atlantic Mutual enhances builder's risk and contractors policies
Atlantic Mutual Companies' marine division has enhanced its builder's risk and contractor's equipment policies. Each policy adds additional coverage that is broader than the rest of the market. For example, the definition of covered property for contractor's equipment now includes property rented, leased or borrowed. Similarly, builder's risk covered property was broadened to include temporary buildings or structures; scaffolding, construction forms, fences and office trailers; temporary enclosure materials; trees, shrubs, sod and plants. New coverages protect against contract penalties, escalation costs, ordinance and law changes; also, soft costs coverage has been built in. Visit www.atlanticmutual.com.

Insuremytrip.com meets travel insurance needs
COMMACK, N.Y.- Insuremytrip.com is a new insurance venture for travelers who want to insure their trips. The site guides visitors as they research, compare, and buy travel insurance. It allows customers to comparison-shop by enabling them to view premium rates of partner insurance companies.
"As an insurance agency for more than three decades, we have been asked time and time again if we can provide travel insurance," said Insuremytrip.com founder Jim Grace. "Insuremytrip.com is an excellent way to deliver travel insurance. With more and more people making their travel plans on the Internet, this site is the perfect vehicle for meeting their travel insurance needs."
Users simply click on the site and follow a quick 5-step process which takes visitors from entering their quote information to having coverage for their trip.

PruPac selects Iroquois to market personal lines
HOLMDEL, N.J. - Prudential Property and Casualty Insurance (Prupac) has appointed the Iroquois Group network of independent insurance agents as producers. Prupac the eighth largest homeowners insurer and twelfth largest auto insurance nationwide, has marketed personal lines products through its own agency force since 1971.
Iroquois specializes in helping mid-size rural and suburban agencies build their business by providing direct access to insurance companies. Iroquois is headquartered in Olean, New York.

ISO puts personal lines manual on Internet
NEW YORK - Insurance Services Office, Inc. (ISO) has expanded its distribution of insurance information over the Internet by adding ISO's personal lines manual information to ISOnet, ISO's Internet delivery system for insurers and agents.
The new online versions of ISO's personal lines manual provide insurers and

agents access to prospective loss costs and rules information for ISO's personal automobile, homeowners, dwelling property, personal inland marine and personal liability lines of insurance. The service also includes ISO's personal auto symbol information that insurers use as a rating variable to help determine the comprehensive and collision coverage premiums for particular makes and models of personal autos.

Insurance Times: Managed Auto Repair Called Best Hope For Improving Collision Repair Process

June 20, 2000, Vol. XIX No. 13

Conning & Co. study cites need for major overhaul due to escalating repair costs and poor customer service

HARTFORD - A new Conning & Co. study reports that the automobile collision repair industry is getting poor reviews from its two main constituents: customers who are displeased with the quality of service and insurers who complain of escalating repair costs.

These problems, along with the prospect of huge profits, have given consolidators -- repair shop aggregators -- the impetus to overhaul the collision repair process through a managed auto repair initiative, the study found.

Three Goals

The Conning study, "The Managed Auto Repair Initiative: Raising the Bar and Focusing on the Customer," reported that the initiative has three main goals. They are:

- Improved customer convenience and satisfaction that will enable insurers to retain more business and increase market share.
- More positive and productive insurance company/auto repairer relationships that will reduce loss adjustment expenses.
- Fundamental changes to the collision repair process that will result in consistently high quality repairs at reduced costs.

"The focus of the managed repair initiative appears to have changed from a cost reduction strategy to a customer service initiative," said Jack Gohsler, senior vice president of Conning & Co. and author of the study.

"Insurers do not expect to reduce costs any time soon because it will take some time for consolidators to perfect their business model. But insurers do expect to see improvements in customer service, which is key to their customer retention initiatives."

$22.4 Billion

Last year, the auto repair industry took in $25.6 billion in revenue. Insurance pay outs accounted for $22.4 billion of this total. This revenue was split among an estimated 54,000 repair shops of various size and sophistication. Many industry experts suggest that this fragmentation within the collision repair industry prevents adequate investments in people, facilities and equipment which are necessary for an efficient business model.

Many believe the managed auto repair initiative can be something greater than just an extension of Direct Repair Programs (DRPs), a two-decade old initiative that aligns repair shops with insurers.

The promise of managed auto care is that insurers will have to deal with far fewer repairers and, in fact, will interact electronically with dozens of repair shops by sharing data through a central hub. These more efficient relationships will enable more technology investment, refined and re-engineered processes and simplified procedures, to the benefit of customers and insurers. Consolidators have emerged from both within and outside the collision repair industry. Generally, they are well funded and have enough financial clout and managerial talent to drive fundamental change within the industry.

"The managed auto care initiative continues to evolve, and it is too early to judge its success or failure," said Gohsler. "Clearly, the importance of the insurer /repairer relationship can not be emphasized enough, and both insurers and consolidators report that they are still in the 'feeling out stage'. Rather than being able to point out specific improvements they have seen, insurers are more likely to be impressed by the potential benefit of the consolidators' business model and are willing to give them time to perfect the model before making any judgement."

According to the Conning study, insurers are concerned that the consolidators are focused on growth through acquisition at the expense of perfecting their business model. They believe the ability of consolidators to deliver on the goals of the initiative, rather than merely increase their own revenues, will be crucial to the legacy of managed auto repair.

Visit www.conning.com.

Insurance Times: Court Rules Computer Crash Could Be Property Damage

June 20, 2000, Vol. XIX No. 13

Business premiums affected

An Arizona court ruling dealing with the insurance definition of "property damage" and how it relates to computer crashes could expand property coverage and increase business insurance premiums by attempting to rewrite insurance policy language.

"Contract wording is in a state of flux as insurers address the growing implications of electronic commerce, with computer interruption coverage available as part of the business policy and in stand-alone e-commerce policies," said David Golden, director of commercial lines for the Insurance Research Services division of the National Association of Independent Insurers (NAII). "The courts don't need to tinker with established insurance contract definitions. A case like this could set a dangerous precedent for other courts to become unnecessarily involved in the contract relationship between the insurer and policyholder."

The Arizona case, American Guarantee & Liability Insurance Co. v. Ingram Micro Inc., involves a wholesale distributor of microcomputer products that lost electrical power and sustained serious computer outages and subsequently lost data. Ingram made a claim under its property policy with American Guarantee, but the insurer denied the claim because policy language specified that coverage was only available for physical damage to property.

The Arizona district court ruled that Ingram was entitled to collect damages by broadening the interpretation of the policy term "physical damage," finding that it applies not only to the physical destruction or harm of computer circuitry, but includes loss of access, use and functionality. For its reasoning the court cites several criminal statutes in states outside Arizona in which computer crime is defined as the disruption or alteration of computer services.

"There's no question that this case involves a dynamic segment of the business, as electronic commerce becomes more prevalent," Golden said.

"But the Arizona court's decision overreaches, both by using criminal statutes from other states for precedent, and by assuming the role of insurance underwriter by redefining contract terms. Insurers want to actively compete with one another to develop coverages to protect against e-commerce risks. However, a critical part of this process is the development of accurate underwriting guidelines and price structures. This court is attempting to provide coverage where none was intended and no premium charge was made for such an additional exposure."

Insurance Times: Agents Urging Election Of SEMCI As Industry Transaction Standard

June 20, 2000, Vol. XIX No. 13

IIAA campaigns to have ACORD XML Standards adopted

ALEXANDRIA, Va. - While Bush and Gore battle it out, a dark-horse candidate is emerging as a formidable force in the November election, according to the Independent Insurance Agents of America (IIAA).

Analysts predict SEMCI will be declared the winner in the November election by a landslide.

SEMCI is an acronym for single-entry, multi-company interface and it has long been a vision of independent insurance agents.

The IIAA announced recently a grassroots political campaign for the independent agency distribution system to vote for and elect SEMCI as the new industry standard.

The 'SEMCI vision' goes beyond the strict definition of the acronym itself to define a way of doing business for our entire distribution system," said IIAA President Bill Houston. "We must work to eliminate unnecessary expense--wherever it exists. Transaction and processing costs are significant expense items for both independent agents and independent agency system companies. Through the adoption of standards, we can significantly reduce these costs."

"Elect SEMCI" asks insurance carriers, technology vendors and others to adopt the ACORD XML Standards as developed and implemented by the industry.

"This only works if we have everyone on board," stated Len Brevik, IIAA senior vice president, CIO and executive director of ACT, the IIAA's Agents Council for Technology. "New technology and enhanced efficiency is fueling significant growth in our economy and provides tremendous potential for our industry and distribution systems.

"However, unless we adopt the necessary standards, our 'independence' will work against us," Brevik added. "While it's true that independent agents, companies and technology vendors must differentiate themselves in the marketplace, it is also true that a certain level of standardization is necessary for us to remain competitive. Achieving this necessary level of standardization is what this 'Elect SEMCI' campaign is all about."

The "Elect SEMCI" campaign already has begun. It will coordinate the efforts of agency management system users groups and the 51 IIAA state affiliates across America.

IIAA also issued an invitation to insurance carriers and technology vendors to demonstrate what standards-based Internet technology has to offer independent insurance agents at their 104th Annual Convention in Orlando, Florida, Oct. 30 through Nov. 1.

Insurance Times: Insweb Restructures

June 20, 2000, Vol. XIX No. 13

REDWOOD CITY, Calif. - InsWeb Corp. (Nasdaq: INSW), a providers of online-insurance services for consumers and insurers, plans to expand its online insurance agency operations and implement several cost-cutting measures in the coming months, including cutting its staff by 40 percent and consolidating its corporate headquarters and agency operations and relocating them to the Sacramento area later this year.

Mark Guthrie has been promoted to president of InsWeb, in addition to his role as chief operating officer.

The company also said it expects to reduce its staff by approximately 40 percent during the next two quarters. Most staff reductions will result from discontinuing initiatives not considered core to the company's business model and from synergies resulting from consolidating the company's main operations. InsWeb officials said that cost-reduction efforts and more than $75 million in cash and short-term investments as of March 31, make them confident that we will have more than enough cash to operate comfortably through 2002, at which point the firm expect s to begin generating profits."

Insurance Times: Top Private Passenger Auto Insurers

June 20, 2000, Vol. XIX No. 13

by Market Share

Connecticut	
Allstate	15%
Citigroup	7
Berkshire Hathway	7
Nationwide	6.4
American Financial	6
Hartford	5
Progressive	4.6
Amica	4
Metropolitan	4
Liberty Mutual	3.4
Maine	
CGU	15
State Farm	12
Allstate	11.8
Concord	7.6
Progressive	5
Allmerica Financial	4
WR Berkely	4
Liberty Mutual	3.5
North East	2.8
Sentry	2.5
Massachusetts	
Commerce	21
Arbella	12
Safety	8.4
Metropolitan	7
Liberty Mutual	6.8
Allmerica Financial	5.7
CGU	5.5
Trust	4.8
Citigroup	4.6

Plymouth Rock	3.3
New Hampshire	
State Farm	13
Allstate	10
Concord	8
Liberty Mutual	6
GRE	5.6
Progressive	5
Amica	5
Metropolitan	3.8
USAA	3.5
CGU	3.5
New Jersey	
State Farm	16.5
Allstate	15
NJ Manufacturers	11
Prudential	9
Liberty Mutual	7.7
Citigroup	5
Selective	3
Eagle	2.7
USAA	2.7
CNA	2.4
New York	
Allstate	20
State Farm	12
Berkshire Hathaway	10
Citigroup	6.5
Progressive	6
Nationwide	4.9
Liberty Mutual	3.9
NY Central Mutual	3
General Accident	2.1
Metropolitan	2
Rhode Island	
Allstate	11.2
Metropolitan	10.7
Amica	10.2
Nationwide	10
Progressive	9
Citigroup	5
General Accident	3.9
USAA	3.5
Berkshire Hathaway	3
Liberty Mutual	3
Vermont	
Allstate	15
Concord	12
State Farm	9.5
Nationwide	7.4
Progressive	6.5
Vermont Mutual	4.4
GRE	3.4
Citigroup	3.3
Hartford	3.3
Lumbermens Mutual	2.9

1998 Figures. Approximate market shares based on direct written premiums.
Sources: National Association of Insurance Commissioners; State Insurance Departments.

Insurance Times: FAIR Plan To Study Bite Dogs Take Out Of Insurers

June 20, 2000, Vol. XIX No. 13

by Mark Hollmer
InsuranceTimes

Why does a dog bite?
The answer to that question could save a bundle of money for homeowners insurers across the country - all who have dealt with the extra liability expense of paying dog bite claims.
And now the Massachusetts Property Insurance Underwriting Association - also known as the FAIR Plan - is trying to answer that question.
MPIUA has put together a task force to study its own claims history on dog bites, with the goal of trying to establish patterns to the claims.
If you know the patterns, the theory goes, then programs can be developed to reduce dog bites, and ultimately, dog bite insurance claims.
"Dog bites are a very expensive portion of our liability experience (so we're) attempting to come up with a prevention or safety campaign to reduce" the number, said Jack Golembeski, FAIR Plan president.
FAIR board member Carter Luke - a vice president with the Massachusetts Society for the Prevention of Cruelty to Animals - initiated the study, Golembeski said.

Task Force
He and the FAIR Plan have assembled an 8 to 10-member task force also including a veterinary epidemiologist, animal behavior and public health experts.
Avanash Mehta, FAIR's technical assistant to the president, will be analyzing the dog bite data once it's collected and organized. He said the task force just got started within the last few months, and may take "another few months" to finish its job.
"We have just started," Mehta said. "We have looked at a very small sample of the files there are no conclusions at this point."
Such dog bite data would be valuable to other insurers in the homeowners market.
No policy has been established yet about how the results will be shared, but Mehta said he doesn't see why it wouldn't.
The FAIR Plan has handled approximately 300 dog bite claims over the last three years, Mehta said.
That's a microcosm of dog bite incidents nationally.
Insurance companies across the country overall handled 4.5 million dog bites last year, according to the Insurance Information Institute. About 70 percent of those bites occurred at a dog-owners' property.
Dog bite claim costs paid by the insurance industry reached $250 million in 1996, according to III statistics, and dog attacks now account for one-third of all homeowners liability claims.
About 70 percent of insurance companies will end coverage for dog bites in a case if a dog bites someone and the owner does nothing to prevent future incidents, the III says.
State Farm Insurance estimates dog bite claims will rise to 4.7 million this year, the III says. The company estimates that dog bites cost $1 billion annually in insurance claims, court costs and lost work time.

Insurance Times: Reaction To ISO HO Form Changes Mostly Positive
June 20, 2000, Vol. XIX No. 13

Some agent representatives say it's too early to comment while others are uncomfortable with a few changes but overall ISO wins praise for its HO update

by Mark Hollmer
InsuranceTimes

The insurance industry is moving to keep up with how society has transformed itself over the past decade. Among the changes the industry is taking into account:
More and more people run businesses from home.
The number of retirees living in private communities has skyrocketed, and more and more are driving golf carts to get around.
The definition of a household now encompasses everything from platonic roommates to same-sex couples. A traditional nuclear family is only one example.
To capture these changes and others, Insurance Services Office has come out with its first new homeowners insurance program in nearly 10 years.
Colorado will be the first state to debut the changes in December. Between two and four states a month should come on line after that, as individual state commissioners approve the new policy standards.
They'll be dealing with a huge roster of changes as laid out in the ISO HO 2000 program, which includes more than 40 changes to the homeowners insurance policy forms, a new policy form, 20 optional endorsements, 18 new rules and changes to 29 existing rules.
Estimated pricetags on the changes range from a $45 annual multi-state loss cost for a new assisted living care endorsement, to $35 for an expanded endorsement for other members of an insured's household. Individual insurers will likely add expenses and commissions to these base costs.
Insurance associations are still processing the details, however, response thus far to ISO's effort ranges from favorable to mixed.
"Overall I don't see anything here that's earth shattering I think they've done a good job of just trying to go with the times," said Kathy Weinheimer, vice president of industry relations for the Independent Insurance Agents Association of New York.
Irene Morrill, director of technical affairs for the Massachusetts Association of Insurance Agents, who also serves on the national technical committee for the IIAA, said, are still formulating positions on the specific changes.
But Morrill, speaking for the MAIA, said the state association isn't happy with some provisions such as the new business definition or the expansion of exclusionary language for motor vehicles.
"There are quite a few changes in this policy," she said. "Some are good and some we have some concerns" with.
Some of the policy changes - like the proposed "other members of your household" endorsement that can include same sex couples - may seem outright progressive.
But they're not just an attempt to keep up with the times, explained Ralph Maffei, personal lines manager in charge of personal property products for ISO.
Agents around the country "make us aware of coverage needs for their clients," he said. "They also make us aware of areas in policy forms (where) they have a hard time understanding and would like to see us clarify."
Various court decisions over time also contribute to ISO's changes, Maffei said.
"We review mid-level and high-level court decisions that find coverage in policy

forms that we know was not (originally) intended," he said. "And what we have to do is revise the policy language and more explicitly express what was intended."
ISO usually tries to update its program every five to seven years, Maffei said. But Y2K concerns apparently postponed revisions originally scheduled for 1997-1998.
Among the more significant ISO revisions:
The definition of a business will be broader, and can include everything from garage sales to flea market booths or babysitting, assuming earnings exceed $2,000.
Expanded coverage for claims involving motorized golf carts owned by an insurance customer. Golf carts can be covered for bodily injury or property damage within private residential communities, if they're not registered for use on public roads. The old policy didn't cover accidents caused by carts before reaching their destination.
"The retirement community people wanted this," Maffei explained. "Twenty years ago 5,000 people could afford to own golf carts. Today there are over four million people that own golf carts."
Changes to the "intentional acts" exclusion. Originally, an insured would not be covered if he or she intended to cause, or expected his or her actions would cause, injury or damage. But several court decisions tweaked the rule, stating, for example, that if an insured intended to punch someone in the jaw, the client is covered if he or she accidentally breaks the jaw. Now, the exclusion also covers unintended injuries.
A new endorsement for assisted living care. Right now, a separate tenant policy is needed. But the change would cover a client's relative named in the endorsement who lives in an assisted living care facility, with $10,000 in personal property coverage.
Expanded coverage for college students living away from home. Students will be covered under a homeowner's policy even if they are away at school 12 months a year, on or off campus. Before, students were covered only if they lived in a residence hall.
An endorsement for other members of your household. An insured can name a roommate and any offspring the roommate may have, and all are covered for additional living expenses or liability. The roommate can be a relative, foster child or ward, a live-in companion, domestic partner or platonic housemate.
The new form also raises coverage limits by $500 for certain personal property categories including securities, passports, personal records, watercraft, furs, and the theft of jewelry or firearms. Coverage limits also will go up for additional living expenses an insured homeowner takes on while living elsewhere because his or her home sustained a loss.
Higher limits are also available for vandalism against grave stone damage, losses from electronic fund-transfer cards; and the removal of fallen trees that damage covered property, or block a driveway or handicap-access to a building.

More reaction

Weinheimer, of the IIAANY, said she didn't expect ISO to have trouble gaining approval from the New York Insurance Department. After that, it will be up to the individual companies to decide when they want to start using the forms.
In Massachusetts, Morrill of the MAIA said her association is concerned about "the expanded definition of a business (and) the ultimate impact on the customer."
She's also concerned about "very restrictive language" in the proposed changes involving vehicles like tractor mowers used to maintain a given property. Right now, maintenance equipment is covered off the property, like if a customer uses his mower to care for a neighbor's property. But new personal liability coverage would restrict the vehicle use to just a client's property.
On the other hand, Morrill said, ISO has done "an excellent job with addressing

the need for certain endorsements" such as the one that would cover roommates, housemates, or domestic partners.
"They will then have content and personal liability coverage," she said.
The endorsement for assistant living is positive, Morrill added, because it guarantees that "aged or disabled relatives" who have to go into a nursing home will continue to be insured.
There's a "gray area" under the existing policy concerning the current coverage, she said.
Don Griffin, director of business and personal lines for the National Association of Independent Insurers, said his group is still digesting the new ISO policy, but he reacted well to what he's read so far.
"It's a very positive response to the ever-changing and evolving marketplace," he said.
Meanwhile, it's too soon to get any reaction yet from the Independent Insurance Agents of Connecticut. Warren Ruppar, IIACT executive vice president, said his group is "waiting for anything from our (insurance) department that would indicate they're looking for a comment period."
ISO's Maffei said states would probably take anywhere from 10 months to two years to implement ISO changes once they're approved.

Insurance Times: A New IIAA Study

June 20, 2000, Vol. XIX No. 13

A new IIAA study finds that one-in-four home remodeling projects increases the value of a home by more than 25 percent, yet home remodelers often forget to update their homeowners coverage to reflect their home's increased value
The home remodeling business is booming, with more than one in three American homeowners recently remodeling their home, or planning to do so in the next year. But during this fix-up frenzy many homeowners will be exposed to serious financial risk.
One-in-four home remodeling projects increases the value of a home by more than 25 percent, but too few consumers consider increasing their homeowners insurance limits to reflect their home's increased value, according to a national telephone survey commissioned by the Independent Insurance Agents of America (IIAA). This means millions of homeowners have recently become - or could soon be - seriously underinsured.
Nearly 60 percent of homeowners who recently made major structural changes to their homes -such as bathroom or kitchen remodels, room additions, new decks or patios - have not updated their homeowners policies. And 75 percent of those surveyed who have plans to remodel in the near future indicated they had not thought about updating their policy.
"The investment is considerable, in most cases more costly than a new car.

Significant Investment
"While few people would question the need to adjust their auto insurance if they were to trade up from a compact car to a luxury sedan, many fail to see the importance of safeguarding a significant investment in their home," said Madelyn Flannagan, IIAA assistant vice president of research and development.
Most insurance companies require homeowners to insure their home to a minimum of 80 percent of its replacement value to be eligible for full coverage. If coverage falls below that level and the homeowner experiences a loss, they will be penalized with a partial settlement - often thousands of dollars less than the actual cost to replace the damaged property. A homeowner with a total loss, an outstanding mortgage and a home equity loan could easily risk bankruptcy in

this case, warns Flannagan.
The survey also found that many homeowners are not taking basic steps to protect themselves from losses while work is being done on their homes, regardless of who is actually doing the renovation.

Employing an independent contractor or home remodeling firm.
Approximately 42 percent of homeowners employ a remodeling firm or independent contractor, and four of five said they assume their contractor's liability insurance will cover them during the renovation. Surprisingly, fewer than one in three remembered to ask for proof of insurance. Even when the contractor volunteered insurance information, nearly two-of-three homeowners have no idea whether their contractor is insured, the survey revealed.
The contractor should provide a certificate of insurance. Each certificate includes dates of coverage and should be specific to the homeowners remodeling project (similar to a building permit). It is recommended the homeowner make a copy the certificate and share it with his/her agent before any work begins. An agent can advise consumers if the contractor's insurance is adequate, or of any exposures created by the renovation.

Doing the project themselves or relying on family and friends.
Additionally, 54 percent of home remodel projects are done by the homeowner, family and/or friends. There are often very different insurance needs when the homeowner utilizes family or friend to assist with a project.
Homeowners should check with their agent to confirm they have adequate personal liability insurance, particularly if more than two people will be working on the renovation. It may be necessary to obtain a personal liability umbrella policy - these are easy to obtain, relatively inexpensive, and protect a homeowner well beyond the typical homeowners policy liability.

Insurance Times: IIAA Remodeling Tips
June 20, 2000, Vol. XIX No. 13

IIAA Remodeling Tips:
What Your Insureds Need to Know About Insurance When Remodeling
Make an insurance review an essential part of any home remodeling plan.
Request a copy of the contractor's certificate of insurance from his/her insurance agent and request 30-days notice of cancellation. Share the certificate with your agent for insight specific to your home to determine if there is any exposure.
Always check with the Better Business Bureau when selecting a contractor and follow up with references provided by the contractor. Inquire if the contractor is licensed and bonded (not required in all states).
When opening a home to the elements (i.e. tearing down a wall, replacing a chimney) review your policy for theft and weather damage liability. Typical homeowners insurance may not cover inclement weather damage or theft during a renovation because the homeowner created the vulnerability.
Always establish responsibility for uninstalled appliances, cabinets, carpet and other items in advance; the contractor should have a builder's risk policy or installation floater to cover these items.
If planning to leave home during remodeling, you could be jeopardizing your homeowners insurance if you are gone more than 30 days. Most policies have vacancy clauses that vary from company to company, so be sure to check your policy. You can purchase a vacancy endorsement if needed.

If a friend or family member will be doing the work, ask your insurance agent if you will need builder's risk insurance. If more than two people will be working on the renovation, obtain a personal liability umbrella policy, which is easy to obtain, relatively inexpensive, and protects a homeowner well beyond a typical homeowners policy liability.

Insurance Times: Key Findings from IIAA's

June 20, 2000, Vol. XIX No. 13

Home Remodeling Survey
The key findings include:
One-in-three homeowners have recently remodeled their home or plans to do so in the next year.
Nearly half of respondents (48 percent) age 18-34 said they recently completed or will do significant remodeling in the next year.
Nearly 60 percent of homeowners who recently made major structural changes to their homes - such as bath or kitchen remodels, room additions, new decks or patios - have failed to update their homeowners policies.
Almost three-quarters of those who plan to renovate or add-on to their homes in the near future said they have not thought about updating their insurance policies.
One-quarter of home remodeling jobs today increases the value of the home by 25 percent or more.
Nearly one-third of homeowners used self-employed contractors; only 12 percent used professional remodeling firms.
Of the homeowners who will employ someone else to remodel their home, 80 percent believe their contractor's liability insurance will protect them from losses while the work is being done.
Fewer than one-in-three homeowners said they asked for proof of insurance.
Only 40 percent of contractors produced a certificate of insurance, whether requested or voluntarily offered.

Insurance Times: First Quarter Shows Signs Of P&C Rebound

June 20, 2000, Vol. XIX No. 13

by Robert P. Hartwig, Ph.D. Vice President & Chief Economist Insurance Information Institute
The property/casualty insurance industry reported a statutory rate of return of 7.0 percent (on an annualized basis) during the first quarter of 2000, down from 10.7 percent in same quarter of 1999 but up from 6.6 percent for all of 1999. The results were released by the Insurance Services Office, Inc. (ISO) and the National Association of Independent Insurers (NAII).

Is the Worst Now Behind Us?
The first quarter 2000 financial results, while far from ideal, provide further evidence supporting the view that the financial performance of the property/casualty insurance industry may now be passing through a trough with a rebound on the horizon.
Wall Street has already signaled this belief by sharply bidding up the stock price of most property/casualty insurers beginning late in the quarter. Positive developments in the first quarter results included:

the 3.2 percent increase in net written premium (compared to full-year 1999 growth of 1.9 percent)
the 3.0 percent increase in net investment income (compared to a 3.3 percent drop in investment income in calendar year 1999)
the 0.2 percent decrease in surplus from end-1999

Premium Growth
The 3.2 percent increase in net written premium is the result of both strong economic growth and greater pricing discipline on the part of insurers. More risk appropriate pricing in catastrophe prone areas is also a factor.

Pricing
Pricing is critically important to the industry's turnaround. Conning & Co. reports that spring 2000 renewals for the commercial segment were up across the board for the first time in years. Workers' compensation, the largest of the commercial lines, led the way with the typical renewal policy seeing a 4.1 percent increase compared to a decrease of 6.6 percent a year ago. The commercial multiperil and general liability lines followed suit with each posting increases of 3.2 percent (compared to decreases of 5.0 percent and 4.4 percent, respectively, a year ago). Commercial auto, commercial property, umbrella and excess and surplus lines also experienced significant improvements. On the personal lines side, the price war in the personal auto line shows some signs of abating. The Insurance Information Institute estimates that personal auto rates fell 2.8 percent in 1998 and 3.2 percent in 2000 due, in part, to improving fundamentals but also to intense competition between insurers. The price cutting led to huge underwriting losses at many companies with personal lines operations and were a significant factor in the $3.2 billion (108 percent) increase in the first quarter's net underwriting losses. These losses have compelled many insurers to hold the line on further decreases in many states and are compelling them to raise rates in others.

Economic Activity
and Exposure Growth
The impact of the economy on the industry's fortunes cannot be underestimated. As noted in the ISO/NAII release, the nation's gross domestic product surged 6.9 percent during the first quarter 2000, compared with the same period last year. In fact, despite rising interest rates, the current economic environment is nearly ideal for insurers. Exposure growth is strong in virtually every commercial lines segment. In the workers' compensation line, for example, aggregate wages and salaries increased by $432 billion last year, reflecting both higher wages and the addition of two million net new workers.
While the auto insurance market remains competitive, auto insurers are also benefiting from the strong economy. Auto manufacturers sold a record 18.3 million new vehicles last year, nearly half of which were relatively expensive light trucks and SUVs, also a record.
The nation's housing boom is also working to the benefit of personal lines carriers. Homeowners continue to build new homes at a record pace, with 927,000 constructed in 1999. New home construction could bring insurers $200 billion in new exposure to this year alone. Improvements to existing homes should add billions more.

Investment Income
The 3.0 percent increase in investment income may at first appear to be unimportant, yet is actually one of the first quarter's significant developments. Rising investment income during the first quarter indicates that the property/casualty insurers are on track to end a two-year slide in earnings on investments, which fell by 3.3 percent last year and 3.9 percent in 1998.

The Federal Reserve's shift toward an anti-inflationary bias in 1999 led to several rate hikes during the second half of 1999 and the first half of 2000. The 3-month Treasury bill at the end of the first quarter was 55 basis points (0.55 percentage points) higher than on December 31.

While the Fed's rate actions have successfully lifted short-term interest rates, longer term rates have in some cases actually declined. Treasury securities with 10 years to maturity were yielding 6.41 percent on December 31, but just 6.03 percent on March 31 and 6.26 percent on June 2. In fact, the Treasury yield curve is now inverted, meaning that yields on securities maturing in the next few years are actually higher than those maturing in the more distant future. Under normal circumstances, the longer the time to maturity, the higher the yield. As of June 2, the maximum yield along the Treasury yield curve was 6.64 percent for securities with just two years to maturity! This compares to a yield of only 5.84 percent for the 30-year bond.

The inversion in the yield curve has affected both the industry's optimal investment strategy and the riskiness of the industry's bond portfolio. First, insurers are able to take maximum advantage of higher interest rates by investing in relatively short-term securities. Second, these short-term investments are subject to far less interest rate risk than if insurers had had to invest in long-term securities to lock in high yields.

Underwriting Performance

Underwriting losses during the first quarter of 2000 were sharply higher, despite the development of favorable pricing trends and catastrophe losses that were slightly lower than during the same quarter last year. The current high level of underwriting losses is a reflection of the intensely competitive pricing environment over the past few years and the accumulation of losses on underpriced business. The full impact of higher prices for many property/casualty insurance products, which are only now being implemented, will not be felt for several quarters as rate increases take hold. Existing books of business, of course, can be repriced only as policies come up for renewal. There is also a lag between when premium is written and when it is earned.

Combined Ratio

The industry's combined ratio of 107.4 during the first quarter of 2000 is consistent with expectations. The Insurance Information Institute's annual "Groundhog" survey of industry analysts, released in February, produced a consensus estimate of 107.7 in 2000 .

Wall Street View:
Back from the Brink

Wall Street was unkind to the property/casualty insurance industry in 1999. On a market cap weighted-basis, industry stocks lost 25.7 percent of their value, compared to a gain of 21.0 percent for the Standard & Poor's 500 index. Life insurers as a group declined 9.6 percent.

Of course all eyes in 1999 and early 2000 were on the technology-laden Nasdaq. "Old Economy" industries such as insurers, manufacturers and retailers lagged far behind the returns in so-called "New Economy" industries related to the Internet, telecommunications and biotechnology. The Nasdaq began to plummet, however, after reaching its peak of 5048.62 on March 10. During the remainder of that month and through much of the spring, insurer stocks staged a strong comeback. Prior to the comeback, the prices of many insurer stocks were at their lowest levels in years.

By early June, the property/casualty group on a year-to-date basis had recorded a total return of 8.9 percent compared to a decline in the Nasdaq of 4.8 percent. The divergence is far more dramatic when measured from the Nasdaq peak on March 10. Since the bursting of the tech bubble, the Nasdaq has declined by

23.3 percent (though June 9) compared to a gain of 35.2 percent for the property/casualty group, a performance gap of nearly 60 points. The results for life/health insurers are nearly identical since the tech collapse.
The surge in interest in insurance stocks was driven by several factors, including disappointing earnings (or total lack thereof) among the dot-coms, extraordinarily low valuations for insurance stocks and the prospect of investing at a point that could mark a turn in the insurance cycle leading to improved profitability.

Surplus & Capacity
Of lesser concern is the $0.8 billion decline in surplus since year-end 1999. The decline represents just 0.2 percent of industry surplus and does not represent a threat to insurer solvency. Moreover, analysts have estimated the industry's "excess" capital at $100 billion to $125 billion. If insurers are able to grow net income while at the same time reducing surplus, returns on equity will rebound quickly. Some insurers are also working to reduce excess capacity through stock buybacks and large dividend payouts, both of which reduce capacity by reducing surplus.

Insurance Times: Personal Lines
June 20, 2000, Vol. XIX No. 13

Beacon Mutual makes two senior management changes; Pawtucket promotes two; Guyet joins SIAA; Merchants promotes Bierbrauer
Rhode Island
Gov. Lincoln Almond has named Dianne Connor of East Greenwich as a judge on the Workers Compensation Court. Connor's appointment must be confirmed by the Senate. She replaces Judge Constance Messore. Connor is employed by Brian Cunha & Associates in East Providence where she has specialized in workers compensation and personal injury law. She also serves as managing partner of the law office. She previously worked in the law office of James Murray, where she was workers compensation counsel to Cigna.

Beacon Mutual
Beacon Mutual Insurance Co. in West Warwick, R.I. announced two changes in senior management: Jeffrey C. Johnson is now vice president for community relations, and David R. Clark has filled Johnson's former position of vice president for underwriting and policyholder services.
Johnson will devote his time to representing Beacon at business, industry, public and agency activities and determining which community issues Beacon will support. He will also review Beacon's advertising strategy.
Clark, who came to Beacon after 28 years with the Hartford Insurance Group, will oversee all underwriting functions and policyholder services.

IBANY
The Insurance brokers Association of the State of New York recently elected new officers, including Kenneth M. Padgett of Larchmont as president. Padgett is managing director at Marsh USA Inc.
Dick Impastato of North Stamford, Conn., president and chief operating officer of Foa & Son Corp., was elected executive vice president; Donald F. Privett of New York City, owner of Privett Special Risk Services, was elected secretary/treasurer.
Rogers & Gray
Rogers & Gray Insurance Agency on Cape Cod, Mass. has added Jeffery Sharpe to

its payroll deduction team. Sharpe worked as manager of an agency in Lincoln, Mass. prior to joining Rogers & Gray. He will work out of the South Dennis branch.

SIAA

Strategic Independent Agents Alliance (SIAA) of Swanzey, N.H., has named Debra Guyot as senior vice president of finance. Guyot will be responsible for strategic financial planning; financial reports; budgets and cash flow projections; development and implementation of investment strategies; human resources, and oversight of all corporate financial and accounting matters. She previously held positions as controller for several corporations.

Merchants

Merchants Insurance Group has promoted Daniel Bierbrauer to associates sales director, where he is responsible for generating sales with an emphasis on personal lines.

AAMGA

Leonard T LoVullo, president of LoVullo Associates, Inc. in Buffalo, N.Y., automatically became president of the American Association of Managing General Agents (AAMGA), having served as AAMGA president-elect for the past year.
Baron D. Garcia, president of Oklahoma General Agency, Oklahoma City, is the 2000-2001 president-elect.

Pawtucket Mutual

The Pawtucket Mutual Insurance Co. in Pawucket, R.I. announced two promotions.
David N. Cote has advanced to senior vice president of claims, while Alfonso H. Carvalho has become assistant vice president of software systems development.

New York Life

Catherine Gretta has been appointed as new corporate vice president responsible for the Women's Market at New York Life Insurance Co. Gretta will oversee the company's efforts to recruit, retain and develop women agents. She joins the home office in New York City from the Lehigh Valley, Penn. office where she worked as a New York Life agent.

WGA

William Gallagher Associates (WGA) in Boston announced several promotions and new appointments.
Promoted to vice president were William Frain, Michael Kearney, Terese Cefaioli and Tina Hinckley. All are in the property casualty division in Boston.
Joy DeGuzman was promoted to assistant vice president of the employee benefits division, also in Boston.
William F. O'Connor was appointed vice president with responsibility for developing new client relationships for WGA's environmental practice. He formerly worked with Clean Harbors Environmental Services.
Douglas F. Bixby is a new vice president in WGA's mergers and acquisition division, which includes private equity and venture capital firms and clients involved in M&A transactions.
WGA has also hired Christopher R. Rourke as chief financial officer, with responsibilities in finance, accounting, administration and human resources.
WGA has offices in Boston; Columbia, Md.; Princeton, N.J., and Paris, France.

June 20, 2000

5026 Campbell Blvd., Suite C
Baltimore, MD 21236

The above company has made application to the Division of Insurance for a license to transact Casualty/ Credit insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for a license is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.
June 20, 2000

Preferred Professional
Insurance Company
10707 Pacific St., Suite 205
Omaha, NE 68114-4735

The above company has made application to the Division of Insurance for an amended license/ Certificate of Authority to transact Property & Casualty insurance in the Commonwealth
Any person having any information regarding the company which relates to its suitability for a license or Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.
June 20, 2000

Teachers Insurance and Annuity Association of America
730 Third Ave.
New York, NY 10017
The above company has made application to the Division of Insurance for an amended license/ Certificate of Authority to transact Accident (All kinds) and Health (All kinds) insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for an amended license or Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.
June 20, 2000

The Travelers Indemnity
Company of Missouri
One Cityplace Drive
St. Louis MO, 63141

The above company has made application to the Division of Insurance for a license/ Certificate of Authority to transact Workers' Compensation insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for a license or Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.
June 20, 2000

Jewelers Mutual
Insurance Company
24 Jewelers Park Drive
Neenah, WI 54957-0468

The above company has made application to the Division of Insurance for a license/ Certificate of Authority to transact liability other than auto insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for a license/ Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance,One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.

Insurance Times: Life Insurance & Financial Services
June 20, 2000, Vol. XIX No. 13

Online insurance for overseas travelers
Medsave.com, the nation's largest online health insurance enroller, announced that new benefits and features have been added to its health insurance plans starting July 1, 2000. All health insurance plans for international travelers now include trip cancellation insurance, lost luggage insurance and common carrier accidental death coverage, and payment for the return of minor children to their home if a parent is hospitalized overseas. Coverage can be issued for a trip as short as 15 days or on a permanent basis for persons stationed away from their home country. All persons up to age 85 are eligible regardless of health history.
Applications are available online at www.medsave.com and coverage can be effective within one business day.

Hancock targets wealth transfer market
BOSTON - John Hancock introduced a charitable remainder trust (CRT) program to help its producers capitalize on the growing wealth transfer market and to build on the sales momentum of its Revolution variable annuity products. Revolution variable annuities, which will be used to fund Hancock CRTs, were introduced in September 1999 and have been credited as the reason for Hancock's 49 percent increase in first quarter annuity sales compared to first quarter last year. Hancock has contracted with WealthNet to provide a proprietary proposal and an illustration system, tax preparation, filing and reporting services, as well as a management system including monthly statements and quarterly investment performance and accounting reports.
"Although CRTs can be very advantageous to affluent clients who want to leave a legacy, they're sometimes considered too complex to be undertaken," said Bruce Jones, vice president, Annuity Product Management. "By providing materials and partnering with a premier CRT service provider, Hancock is making it easier and more convenient for our broker/dealers to take advantage of this huge market opportunity," said Jones.
The number of U.S. affluent households, those exceeding $75,000 or investable assets greater than $300,000, has grown by 35 percent since 1994, according to SRI Research. The most significant aggregate assets are among the older affluent segment with those 65+ having $2.5 trillion.
A charitable remainder trust is an irrevocable tax planning tool that enables

the customer to maximize the asset he donates to one or more charities in the future while enjoying current tax deductions as well as distributions during his lifetime.

National Life introduces integrated life and LTC

MONTPELIER, Vt.- National Life Insurance Company's NL LifeCare series, a new line of whole life products, offers a set of riders that are unique to any product of its kind in the industry. Benefits are available for long term care needs, including an Accelerated Care Rider (ACR) and Chronic Care Protection (CCP) rider, which provide the benefit of qualified long-term care expense reimbursement, offering long-term care coverage with options available to cover inflation protection and lifetime benefits. LifeCare also includes a no-cost Accelerated Benefits Rider (ABR) which ensures that terminal and chronic illness are covered.

Products in the NL LifeCare series offer guaranteed paid up life insurance protection as well as high guaranteed cash value accumulation and competitive pricing. The series consists of guaranteed level, limited pay plans with premium paying periods of one, five, ten, fifteen and twenty years.

Unlike most stand-alone long-term care policies, the long-term care riders on NL LifeCare products have premiums which are guaranteed level for the life of the contract. Riders for long-term care benefits are guaranteed paid up at the same time as the underlying life insurance policy, and are non-cancelable for the life of the policy. The Accelerated Care Rider (ACR) accelerates a portion of the death benefit to pay for qualifying unreimbursed long-term care expenses. The Chronic Protection Rider (CCP) extends long-term care benefits beyond the ACR period.

GenAmerica Financial is new name

St. Louis-based GenAmerica Corp. announced a name change to GenAmerica Financial Corp. GenAmerica is a holding company for General American Life Insurance Co., Walnut Street Securities, GeneraLife, GenAmerica Private Placement Insurance Group, and GenAmerica Retirement Plans Group. r (CCP) extends long-term care benefits beyond the ACR period.

Insurance Times: SEC Warns Of Possible Sanctions Over Variable Annuity Sales Methods Emphasizes Importance Of Full Disclosure

June 20, 2000, Vol. XIX No. 13

by Marcy Gordon
Associated Press

WASHINGTON (AP) - Federal regulators are warning investors to be wary about variable annuities, an increasingly popular way to save for retirement that combines features of mutual funds and insurance.

While they offer attractive features such as lifelong payments and death benefits, variable annuities also have some pitfalls which salesmen often don't reveal to investors, the Securities and Exchange Commission said. The agency issued an ``investor alert'' and a brochure on its Web site to help investors understand the benefits, costs and risks of variable annuities.

The warning came as Paul Roye, director of the SEC's Investment Management Division, told an industry group that SEC inspectors have been gathering information on sales of variable annuities from brokerage firms and financial advisers around the country with an eye to possible sanctions.

The SEC is warning, for example, that bonuses offered by some companies selling

variable annuities to lure investors may be outweighed by higher expenses. The bonuses, typically a small percentage of the value of the annuity, are in the form of credits applied to an annuity holder's purchase payments.
The companies offering bonuses may, for example, charge higher penalties for withdrawals, the SEC notes.
Mark Mackey, president and chief executive officer of the National Association for Variable Annuities, acknowledged that bonus credits ``benefit some, but not all, investors.''
Variable annuities are sold by insurance companies, brokerage firms and other financial companies. Sales nationwide reached some $120 billion last year, up from around $100 billion in 1998.
A variable annuity is a contract between an investor and the company selling it in which the company agrees to make periodic payments to the investor, beginning immediately or at some future date. The investor buys a variable annuity contract by making either a single purchase payment or a series of payments.
The payments to the annuity holder vary and are determined by the performance of the underlying investments. Variable annuities offer several investment options, usually involving mutual funds that invest in stocks, bonds or money-market instruments, or some combination of the three.
With fixed annuities, by contrast, all payments to the annuity holder are equal.
Variable annuities differ from mutual funds in several important ways. They are tax-deferred, for example, which means annuity holders pay no taxes on the income and investment gains from their annuities until they withdraw their money.
In general, the SEC says, the benefits of tax deferral will outweigh the costs of a variable annuity only if it is held as a long-term investment to meet retirement and other long-range goals.
Individual Retirement Accounts and 401(k) retirement plans, which offer tax deferral at no cost, are often more advantageous than variable annuities, the SEC notes.
The agency issued the following advice:
IRAs: If an investor buys a variable annuity through a tax-advantaged retirement plan such as an IRA or 401(k), he or she will get no additional tax benefit from the variable annuity. Investors should consider buying a variable annuity in that situation only if it makes sense because of the annuity's other features, such as lifelong payments and a guaranteed death benefit.
Charges: Before they invest in a variable annuity, consumers should make sure they understand the charges that come with it, including sales charges, mortality charges, administrative fees and expenses of the mutual fund investment options.
Exchanges: Investors who own a variable annuity and are considering exchanging it for another one should weigh the decision carefully. An investor who makes the exchange often loses the ability to withdraw money without paying substantial charges.
Mackey, head of the annuities trade group, said he fully supported the SEC's efforts ``to educate the public about annuity products.''
``Annuity products should be sold with full disclosure,'' he said in a telephone interview.

Insurance Times: Term Sales Boost First Quarter Life Sales: Limra

June 20, 2000, Vol. XIX No. 13

WINDSOR, Conn. - Individual life insurance sales recorded one of the best first quarters in recent memory, thanks to a big jump in term policies sold in the fourth quarter of 1999 but processed in the first quarter of 2000. On the strength of sales made on the eve of the enactment of Regulation Triple X, new premiums of term policies increased an impressive 52 percent over the first quarter of 1999.

Face amount sold increased 48 percent and the number of policies sold increased 28 percent.

Those term sales, along with a double-digit increase in variable universal life sales, made for a bright first quarter. Overall compared with the first quarter of 1999, total annualized premiums increased 21 percent, face amount increased 34 percent, and policies sold increased 10 percent. The increase in policies sold is the first quarterly increase in policies since LIMRA started collecting data on a quarterly basis in 1995.

Prior to 1995 LIMRA collected sales results on a monthly basis.

Historically, sales for the year have been lowest in the first quarter and highest in the fourth quarter. In the first quarter 2000, while not quite topping sales in the fourth quarter of 1999, the difference between the two periods is the lowest in years in all measures.

Based on annualized new premiums, variable universal life increased 37 percent, variable life increased 19 percent, universal life fell 3 percent, and whole life fell 4 percent.

Market share by product for the first quarter found variable universal life and term life increasing their shares to 38 percent and 22 percent, respectively, while whole life fell to an all-time low of 21 percent. Universal life at 16 percent and variable life at 3 percent remained steady.

The LIMRA survey tracks individual life insurance new business sales of 89 companies and their 53 subsidiaries operating in the U.S. and represents about 75 percent of the total industry in terms of new premiums collected. Based on data from the 70 companies in the survey that provide sales by distribution channel, brokers increased their new premium by a spectacular 41 percent over the first quarter of last year. They were followed by multiple-line exclusive agents with an increase of 21 percent, agency building agents with an increase of 10 percent, home service agents with an increase of 4 percent, and PPGAs with an increase of 3 percent.

Insurance Times: Cross-Selling Clients With Effective Seminars

June 20, 2000, Vol. XIX No. 13

Seminar Secrets
by Marilee Driscoll

First in a series of columns on how to use seminars to cross-sell existing clients and gain new clients.

Are you looking to attract new customers to your business and/or cross-sell existing clients? Then there is no doubt in my mind that you should be using seminar marketing. Did I hear you groan, "We tried that, and it failed miserably?" Stay tuned.

SEMINAR MARKETING WORKS! Yet most seminars FAIL! Why is that? Some of the most successful insurance agents in the country know the secrets of seminar marketing, and use seminars to provide a never-ending stream of leads. And, guess what? These producers aren't anxious to share their secrets with the competition. Through a process of trial-and-error, and sometimes dumb luck, they have figured out a formula that works. Just like any other prospecting method, it is foolproof not on every given occasion, but when consistently

applied, yields phenomenal results.
Most people don't know how to plan, promote and deliver a successful seminar. Money helps, but it's not necessary to have deep pockets to do successful seminar marketing. Not everything works everywhere every time. "Seminar Secrets" will give you common sense tips on to make sure every dollar you spend will attract more people to your seminar. Once you have filled the seminar room, you'll learn how to leave with a pile of leads, not just handshakes and thank-yous.
Seminar marketing is the best way for an insurance agent to market, since it accomplishes so many objectives at the same time:
TIME EFFICIENT Instead of explaining an insurance product or planning concept to one person across your desk, at a seminar you will be reaching 20, 30, maybe even 50 people at the same time. An effective call-to-action at the end of the seminar means that you are only calling and meeting with people who have been pre-qualified at the seminar, and specifically requested a meeting with you. When it comes to the time you spend in appointments, time saved is truly money in your pocket!
INCREASES REFERRALS Seminars make it much easier for existing clients to refer their friends, neighbors and relatives to you. Imagine how much easier it is for your existing clients to refer potential new clients to a seminar, as opposed to giving your telephone number for the potential client to call - or not.
INCREASES YOUR PROFILE Regular prospecting seminars raise your profile in the community, positioning you as an expert in the topics covered. Through simple but savvy media and public relations you will find local & regional organizations who will help market your seminars ñ as long as your seminar educates, it provides a public service!
CROSS-SELL EXISTING CLIENTS the way they want to be cross-sold: comfortably, with no pressure. By inviting your clients to an ongoing seminar series, you allow them to show you which additional products they may be interested in... by their attendance! An effective call-to-action at the end of the seminar allows them to tell you that either they are ready to be sold, or they are not interested.
LEVERAGING OTHER BUSINESS' CLIENT BASE By bringing in co-sponsors to your seminars, you have the opportunity to invite their clients to learn more about your business. A co-sponsor who invites their client base to your seminar could fill your seminar with fresh faces for almost free (printing & postage). I have planned many seminars where lawyers, accountants and other businesses not only helped the insurance agent fill the room, but they paid to have an information table at the event!
Before you start a seminar marketing program, spend some time thinking about these questions:
Seminars will bring you qualified leads. Is that what your business needs right now? The good news is, no matter how proficient or poor a salesperson you are, more leads will translate to more sales... UNLESS you do not make the time to schedule the required follow-up appointments. If your schedule cannot accommodate more appointments, the time, energy and money spent on a seminar will be wasted. If you don't have the infrastructure set up in your business to call all seminar leads within 48 hours of the seminar (not counting Sundays), your conversion of leads to appointments will suffer. Optimally, the call should be made by someone with strong telemarketing skills.
What kind of business would you like to increase? Perhaps it's getting your life insurance clients to come to you for investments. Maybe it's cross-selling your personal lines clients long term care insurance. Maybe you want to increase the number of two-family dwellings that you in sure in your town. Who have you found, in the past, to be your best clients? What do your favorite clients have in common? Know the shared characteristics such as age, economic

class and marital status of your preferred buyers. This will not only help you in choosing a seminar topic and location, but also in any marketing endeavor. Try not to think only of who is a possible client, but who, historically, you have had success with. Are there common characteristics that your favorite and most profitable clients share? Some agents find that they are especially effective in selling to couples; others find that they do better selling to single people.

Over the next few months this "Seminar Secrets" series will share field-proven ideas that have worked for insurance agents across the country. Do you have a seminar success story - or disaster - that you'd be willing to share? Please contact me! I am looking forward to helping you get more leads through seminar marketing, and many thousands of dollars in new commissions from those leads. p

Marilee Driscoll is president of the Long Term Care Learning Institute in Plymouth, Mass. Her new book is "Seminar Secrets: A Hands-on Guide to Marketing to Baby Boomers and Their Parents." Driscoll can be contacted at (508)830-9975, or mail to:mdriscoll@longtermcarelearning.com

Insurance Times: Aetna Life Offers 'Family-Friendly' AD&D

June 20, 2000, Vol. XIX No. 13

HARTFORD - Aetna Life Insurance Co. announced a comprehensive new benefits package that provides family-friendly accidental death and personal loss coverage.

The new accidental death and personal loss coverage, AD&D Ultra, replaces Aetna's previous AD&D coverage, and provides greater protection, including personal loss coverage, at no additional premium. The package includes 13 standard coverages and a new coma benefit which pays a monthly benefit if a covered person lapses into a coma for more than one month as a result of an accident -- a benefit not found in traditional AD&D coverages.

The new benefit package includes child care, education, passenger restraint and airbag, and repatriation of remains benefits.

"Our new benefit package was designed with a consumer, family-oriented focus in mind," said Ann Bryan, vice president in the life division at Aetna Life. "We evaluated what financial support system a family would need to get through a difficult time following a death or personal loss, then we built product enhancements to provide financial protection and a sense of security for a family's long-term financial well-being and future plans." p

MassMutual offers disability buy-sell for small business

MassMutual Financial Group says its new disability income insurance buy-sell contract is primarily designed for partnerships and professional corporations comprised of two to five business owners between the ages of 18 and 60.

The new policy offers protection against economic loss due to the disability of a co-owner/partner. Conditionally renewable with a guaranteed level premium to age 65, DI Buy Sell provides funds for the purchase of the insured's share of ownership in the event that he or she becomes totally disabled.

"Producers are presented with a great opportunity to enter the small business market with a product that helps protect the future of a business their clients have worked hard to build," said Richard L. Mucci, senior voice president of MassMutual's Disability Income Strategic Business.

Other key benefits of the DI Buy-Sell contracts include the ability to participate with existing buy-sell coverage; a future insurability option rider;

competitive coverage limits; professional fee reimbursement and variety (lump sum, monthly, down payment) in benefit funding options. p

Blue Cross offers discounts on laser eye surgery

CHAPEL HILL, N.C. (AP) - Blue Cross and Blue Shield of North Carolina unveiled a new discount program that it said will save its customers nearly 40 percent on laser eye surgery.

Dubbed Optic Blue, it is one of the first in the nation, the insurance company said. Customers will pay $1,395 per eye for corrective surgery, a savings of about $800, the company said.

Starting Aug. 1, customers will present their identification card at a participating ophthalmologist to receive the discount.

``With Optic Blue, we're able to make laser vision correction more affordable for our customers without compromising quality or convenience,'' said Bob Greczyn, president and chief executive officer.

Physicians say laser vision correction can treat a broad range of eye conditions, including nearsightedness, farsightedness and astigmatism. Patients with corneal or retinal diseases, pregnant women and people under 18 are typically not good candidates.

Optic Blue initially will not be available to BCBSNC's government accounts, such as the State Health Plan and Federal Employees Program, because of long-term contracts already in place. BCBSNC will work with these groups to add Optic Blue, the company said.

Blue Cross and Blue Shield of North Carolina is the state's largest health insurer, with two million members.

Big 3 automakers extend same-sex benefits

DETROIT - DaimlerChrysler Corp., Ford Motor Co. and General Motors Corp. will extend health care coverage to same-sex domestic partners of all eligible United States employees. The coverage follows a commitment from all three companies to study the subject as part of the current UAW and other labor union contracts.

Offering health care benefits to same-sex domestic partners is consistent with each organization's commitment to diversity in the workplace, and is responsive to competitive trends among the Fortune 500 companies.

Specifics of coverage and administration will vary by company. Each company will make the expanded coverage available August 1, 2000.

Employees will be required to attest that their domestic partner relationship meets all eligibility criteria, including being of the same sex and having shared a committed relationship with each other for no less than 6 months.

Insurance Times: Cost Of Hepatitis C Presents Financial Challenge To Insurers

June 20, 2000, Vol. XIX No. 13

Leaders recommend multi-faceted control efforts

A multidisciplinary panel of government, insurance, healthcare, labor and business leaders who participated in a national economic summit on hepatitis C has warned that the costs of this emerging public health threat could burden segments of the U.S. healthcare system financially. Proactive steps taken now in education, screening, and treatment can help manage that threat.

"The Alliance of American Insurers is concerned about the long-term economic consequences of hepatitis C and how it will affect the insurance industry, said Keith D. Lessner, who represented the Alliance at the summit. "We are committed to educating our members on the risks and costs of the emerging hepatitis C epidemic."

More Than AIDS

Hepatitis C affects four times as many people as AIDS, and it will cost this country a fortune in lost work time, insurance payments, and healthcare dollars if the disease continues to be ignored, according to experts.

A recent cost-benefit analysis conducted by the healthcare actuarial and consulting firm Milliman & Robertson Inc., shows that every $1 spent on curative hepatitis C treatment now can result in about $4 of medical cost savings to employers, benefit funds and taxpayers in the future. These savings come in the prevention of costly hepatitis C virus complications.

$45 Billion

According to Milliman & Robertson, hepatitis C costs the U.S. healthcare system about $15 billion per year. This could nearly double to $26 billion (in current dollars) by 2021.

Potential impacts on insurers include workers compensation costs for occupational exposure, malpractice and general liability costs (new infections via third-party exposure), long- and short-term disability insurance costs and increased mortality rates for life insurers.

Summit leaders recommended multi-faceted solutions that include action from the various sectors at risk for carrying the cost-government, insurance carriers, labor unions, and self-funded employers-to prevent life-threatening complications of the disease and its accompanying financial costs from burgeoning out of control.

Representatives of managed care organizations, the insurance industry, unions, corporations, public health policy groups and the Veterans Administration attended the summit, "Leadership for the Emerging Health Care Crisis," sponsored by the New England Medical Center and the Case Management Society of America.

Insurance Times: Vermont Takes Stock Of Health Care System

June 20, 2000, Vol. XIX No. 13

by Mike Eckel
Associated Press

MONTPELIER - Vermont's health care system is not in crisis, but it is under serious and increasing pressures, Gov. Howard Dean says.

Dean and a working group representing hospitals, regulators, patient groups and insurance companies released a report last week that essentially details the state of Vermont health care.

While Dean, a medical doctor by training, said it was just ``truth in advertising,'' the report likely will advance an issue that is expected to take center stage in the race for governor this fall.

``This is basically a common statement from the state, from employers, insurers and hospitals,'' said Dean. ``This doesn't provide all the answers, but it gives us kind of a blueprint to work with.''

The report noted that Vermont has one of the lowest proportions of uninsured people in the country. Compared with other states, Vermonters receive decent health care, particularly in prenatal care and immunizations, the report said.

In terms of costs, the report said Vermont has a relatively inexpensive health care system, with Vermonters spending some 25 percent less on health care per capita than the national average.

``This is more an approach than it is: 'these are the absolute numbers we agree on,' '' said Elizabeth Costle, commissioner of the state Department of Banking, Insurance, Securities and Health Care Administration.
While escalating health care costs and their causes are already shaping up to be a national issue, the issue was on the front burner for the Legislature this past session, with a closely watched, failed attempt to regulate the costs of prescription drugs.
The departure of the health maintenance organization Kaiser Permanente earlier this year also shook confidence in the well-being of Vermont's health insurance market.
Other concerns cited by the report included recent premium increases, cost-shifting as hospitals and insurers try to compensate for being undercompensated in the past and the growing potential for limited access to primary care medicine, particularly in rural areas of Vermont.
Dean also touched on the politically sensitive issue of cost-shifts and Medicaid reimbursements. Earlier this year, several health insurers serving Vermont posted double-digit premium increases, bringing the health care costs issue directly home for many Vermonters. Some hospitals in the state, as well as some Republican lawmakers, sought to blame the increase on Vermont's system of paying lower rates for the Medicaid program for the poor than is paid by the federal Medicare program for the elderly.
Dean dismissed those charges again, while acknowledging that the state does need to do more to address the problems.
``Cost shift and state policy did not contribute to this big premium increase,'' Dean said. ``On the other hand, it does not excuse the state from not dealing with the cost shift which will . . . cause substantial problems if we continue to expand care and not deal with the cost shift.''
Based on the report's recommendations, Dean said discussions between public and private sectors should focus on measures to hold down or limit rising costs, longer-range government mandates, as well as cost-sharing with patients on state programs, such as the Dr. Dynasaur health insurance program for children.
``I happen to believe in universal health care for everybody, and I think we ought to cover all kids,'' Dean said. ``The question is how can you do that without underfunding the system to the degree that you couldn't provide quality care.''
Other members of the group, including Karen Meyer, executive vice president of the Vermont Medical Society, said the report served as a common starting point for disparate groups to tackle health care costs.
``We really appreciate and applaud efforts to get us together, to get us on the same page, to agree on information from which we can move forward,'' said Meyer. ``Our common interest is in the stability of the health care system."

Insurance Times: Americans Rate Health Plans 'Average' Or Better Only 7% Rate Plan As 'Poor'

June 20, 2000, Vol. XIX No. 13

by Karen Gullo
Associated Press

WASHINGTON (AP) - Americans generally give their health insurance plans good marks, even though about half report problems ranging from minor billing difficulties to being denied treatment, a new survey showed.
More people in managed care plans with lots of restrictions reported problems

than people with traditional health insurance, according to a survey of 2,500 people released by the Kaiser Family Foundation.
The report comes as Congress decides whether to pass legislation giving patients a stronger hand in dealing with health plans and managed care organizations. The Senate was expected to debate a patients' bill of rights last week.
Nearly 90 percent of people in the study rated their health plans as average or better and over 80 percent said dealing with their plans had been positive.
Only 7 percent gave their plan a ``poor'' or ``failing'' grade and 15 percent said dealings with the plans had been negative.
The study suggested that people in managed care plans with lots of restrictions were less upbeat about their insurers than those in traditional fee-for-service health insurance plans.
Forty-four percent of people in plans that charged more for using outside doctors, required referrals for specialists and made beneficiaries choose primary care physicians gave their insurers a ``C'' or less. Fifty-three percent gave them an ``A'' or ``B.''
That compared with 74 percent of people with traditional insurance who gave their plans an ``A'' or ``B.'' About 24 percent rated traditional insurers as average or lower.
When it came to encountering problems with health plans, people in strict managed care plans reported more difficulties, with 62 percent saying they had a problem within the past year, compared to 49 percent in less strict managed care plans and 32 percent in traditional plans.
Drew Altman, president of the Kaiser Family Foundation, said the survey shows that the debate over patients' rights is ``grounded in real patient experiences, not just anecdotes,'' but noted that many problems are ``more hassle than horror story.''
Karen Ignani, president of the American Association of Health Plans, an HMO trade group, said the survey's findings were welcome ``because they offer health plans valuable information that they can use in identifying areas that need further attention.''

Insurance Times: Beacon Mutual Makes Two Senior Management Changes; Pawtcket Promotes Two; Guyet Joins SIAA; Merchants Promotes Bierbrauer

June 20, 2000, Vol. XIX No. 13

Rhode Island
Gov. Lincoln Almond has named Dianne Connor of East Greenwich as a judge on the Workers Compensation Court. Connor's appointment must be confirmed by the Senate. She replaces Judge Constance Messore. Connor is employed by Brian Cunha & Associates in East Providence where she has specialized in workers compensation and personal injury law. She also serves as managing partner of the law office. She previously worked in the law office of James Murray, where she was workers compensation counsel to Cigna.

Beacon Mutual
Beacon Mutual Insurance Co. in West Warwick, R.I. announced two changes in senior management: Jeffrey C. Johnson is now vice president for community relations, and David R. Clark has filled Johnson's former position of vice president for underwriting and policyholder services.
Johnson will devote his time to representing Beacon at business, industry, public and agency activities and determining which community issues Beacon will support. He will also review Beacon's advertising strategy.
Clark, who came to Beacon after 28 years with the Hartford Insurance Group, will

oversee all underwriting functions and policyholder services.

IBANY

The Insurance brokers Association of the State of New York recently elected new officers, including Kenneth M. Padgett of Larchmont as president. Padgett is managing director at Marsh USA Inc.

Dick Impastato of North Stamford, Conn., president and chief operating officer of Foa & Son Corp., was elected executive vice president; Donald F. Privett of New York City, owner of Privett Special Risk Services, was elected secretary/treasurer.

Rogers & Gray

Rogers & Gray Insurance Agency on Cape Cod, Mass. has added Jeffery Sharpe to its payroll deduction team. Sharpe worked as manager of an agency in Lincoln, Mass. prior to joining Rogers & Gray. He will work out of the South Dennis branch.

SIAA

Strategic Independent Agents Alliance (SIAA) of Swanzey, N.H., has named Debra Guyot as senior vice president of finance. Guyot will be responsible for strategic financial planning; financial reports; budgets and cash flow projections; development and implementation of investment strategies; human resources, and oversight of all corporate financial and accounting matters. She previously held positions as controller for several corporations.

Merchants

Merchants Insurance Group has promoted Daniel Bierbrauer to associates sales director, where he is responsible for generating sales with an emphasis on personal lines.

AAMGA

Leonard T LoVullo, president of LoVullo Associates, Inc. in Buffalo, N.Y., automatically became president of the American Association of Managing General Agents (AAMGA), having served as AAMGA president-elect for the past year.

Baron D. Garcia, president of Oklahoma General Agency, Oklahoma City, is the 2000-2001 president-elect.

Pawtucket Mutual

The Pawtucket Mutual Insurance Co. in Pawucket, R.I. announced two promotions. David N. Cote has advanced to senior vice president of claims, while Alfonso H. Carvalho has become assistant vice president of software systems development.

New York Life

Catherine Gretta has been appointed as new corporate vice president responsible for the Women's Market at New York Life Insurance Co. Gretta will oversee the company's efforts to recruit, retain and develop women agents. She joins the home office in New York City from the Lehigh Valley, Penn. office where she worked as a New York Life agent.

WGA

William Gallagher Associates (WGA) in Boston announced several promotions and new appointments.

Promoted to vice president were William Frain, Michael Kearney, Terese Cefaioli and Tina Hinckley. All are in the property casualty division in Boston.

Joy DeGuzman was promoted to assistant vice president of the employee benefits division, also in Boston.

William F. O'Connor was appointed vice president with responsibility for developing new client relationships for WGA's environmental practice. He

formerly worked with Clean Harbors Environmental Services.
Douglas F. Bixby is a new vice president in WGA's mergers and acquisition division, which includes private equity and venture capital firms and clients involved in M&A transactions.
WGA has also hired Christopher R. Rourke as chief financial officer, with responsibilities in finance, accounting, administration and human resources.
WGA has offices in Boston; Columbia, Md.; Princeton, N.J., and Paris, France.

Insurance Times: PERSONAL LINES

June 20, 2000, Vol. XIX No. 13

May 23, 2000

Harleysville Mutual
Insurance Company
355 Maple Ave.
Harleysville, PA 19438

The above company has made application to the Division of Insurance for a license/ Certificate of Authority to transact property/ casualty insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for a license or Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.
May 23, 2000

Great American
Insurance Company
580 Walnut St.
Cincinnati, OH 45202
The above company has made application to the Division of Insurance for a license/ Certificate of Authority to transact 54C- Comprehensive Motor Vehicle and Aircraft insurance in the Commonwealth.
Any person having any information regarding the company which relates to its suitability for a license or Certificate of Authority is asked to notify the Division by personal letter to the Commissioner of Insurance, One South Station, Boston, Massachusetts 02210 Attn: Financial Surveillance and Company Licensing, within 14 days of the date of this notice.