

INSURANCE MEDIA WATCH

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Acting superintendent named for institutions

Ottawa Citizen
Thu 7 Jul 1994

Suzanne Labarge has been named acting federal watchdog for financial institutions.

Labarge, currently a deputy

financial superintendent, will temporarily assume the job of superintendent of financial institutions.

She replaces Michael Mackenzie, whose seven-year term ended June 30.

A number of senior executives from the banking and insurance industry —

as well as from within the federal bureaucracy — have been rumored as permanent candidates to replace Mackenzie.

The office of the superintendent supervises federally regulated financial institutions and pension plans.

ACTIVE goes national with rehab services

Cdn Underwriter News Service
Thu 7 Jul 1994

The Active Physiotherapy Rehabilitation Group has established a network of select, high quality rehabilitation centres in Alberta as of

July 1. It is expected that the ACTIVE network will be established in all provinces by December of this year.

According to ACTIVE, care is being taken to carefully investigate and choose only clinics capable of providing high quality time-limited "active"

treatment programmes with positive outcome measures.

All ACTIVE clinics are required to be owned and operated by physiotherapists in order to avoid any conflict of interest through self referral.

California's insurance crisis man-made, experts warn

Knight-Ridder Tribune
Wed 6 Jul 1994

by Mark Schwanhausser, San Jose Mercury News,

July 6—With the state's biggest insurance companies shying away from writing new homeowners policies in the wake of the Northridge earthquake, experts warn California faces "a developing crisis" that could affect home buyers, homeowners, and, ultimately, perhaps even stifle the economic recovery.

Such predictions arguably are laced with political rhetoric intended to influence the outcome of legislative maneuverings in Sacramento and Washington. But industry and consumer groups agree tens of thousands of Californians soon may discover they no longer can rig their insurance safety net as easily, cheaply or effectively as in past years.

Insurance Commissioner John Garamendi tried to head off the crisis last month by extending the little-known,

industry-sponsored property and quake insurance to the entire state. But even the state-authorized FAIR Plan warns its coverage is limited, pricey and should be considered a "last resort."

"There's no question that insurers and homeowners are between a rock and a hard spot now, and something will need to be done very soon to remedy this or keep it from getting worse," said Norma Garcia, a staff attorney for Consumers Union.

The issue has become alarming in recent weeks because the state's most powerful insurers have limited their homeowners sales by tightening underwriting standards, selling policies only to renewing customers or accepting new policyholders only on a one-for-one basis when current customers drop coverage.

The central issue isn't really over homeowners insurance - it's over earthquake coverage. By law, insurers can't sell homeowners policies in

California unless they also offer earthquake coverage. The problem is that earthquakes are highly unpredictable and potentially devastating - a point driven home by the Northridge quake, which had rung up \$6 billion in damages at the last estimate. But to drop quake coverage, insurers also must drop homeowners coverage.

Insurers say they're worried about their quake risk because they not only have severely underestimated the potential damages of "the big one," but they also have charged far too little for policies. Saying the industry must brace itself for a quake that could cost \$50 billion to \$80 billion, experts say insurers have imposed their moratorium partly so they can re-evaluate their risk and prices.

So far, the state's biggest insurers have acted - notably State Farm, Allstate, Farmers, California State Auto Association, Safeco and Transamerica

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