



CPCU CHAPTERGRAM

PHILADELPHIA CHAPTER
THE SOCIETY OF CHARTERED PROPERTY
& CASUALTY UNDERWRITERS

VOLUME 18, NUMBER 2

Peter F. Palestina, CPCU—Editor

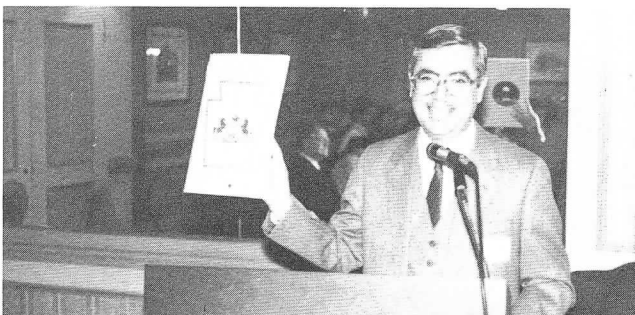
DECEMBER, 1984

October 15th Declared CPCU Day in Pennsylvania

The Pennsylvania House of Representatives declared October 15 as CPCU day in the State of Pennsylvania by a 189-0 vote. The Resolution was made on the House Floor after being introduced by Representative Roy Reinard who represents the 178th Legislative District in Bucks County. The Honorable Roy Reinard is an insurance man by trade and was a speaker at one of our Chapter Meetings several months ago. President Spinelli read the Proclamation at the October 5th meeting. The Chapter extends its thanks to Roy for his quick action as the proclamation was delivered to us within three working days from the time it was requested by the Chapter.



Philadelphia Chapter of the Society of CPCU Past President Pete Palestina, CPCU is presented with a Resolution from State Representatives Paul Clymer, Roy Reinard and Ben Wilson declaring October 15, 1984 CPCU Day in the State of Pennsylvania. The Resolution was passed by the House of Representatives 189-0 after being introduced by Rep. Reinard.

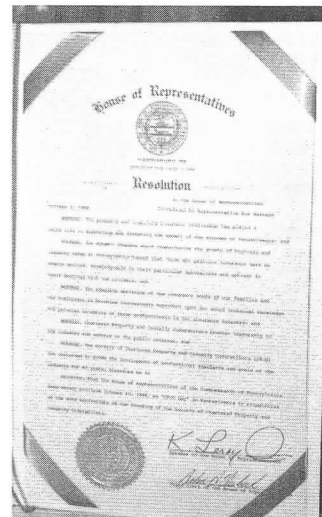


President Spinelli shows Pennsylvania House of Representatives Proclamation declaring October 15th CPCU Day in Pennsylvania.

Chapter Members Qualify for Continuing Professional Development Recognition

The following Chapter members have qualified for recognition under the CPD Program and are to be congratulated for their achievement.

The list is current only as of September 14, 1984. Anyone qualifying after September will have their names published in our March Chaptergram.



Pennsylvania House of Representatives Resolution declaring October 15, 1984 as CPCU Day in the State of Pennsylvania.

- | | |
|------------|-------------------|
| Hewlett R. | Bishop Jr., CPCU |
| Ray P. | Dvorak, CPCU |
| Edwin W. | Elder III, CPCU |
| David S. | Filer, CPCU |
| Thomas | Flannery, CPCU |
| Donald H. | Geyer, CPCU |
| Robert J. | Gibbons, CPCU |
| Donald M. | Grimes, CPCU |
| G. Victor | Hallman III, CPCU |
| James W. | Hamilton, CPCU |
| Deborah J. | Hirt, CPCU |
| Harry R. | Johnson, CPCU |
| Bruce L. | Kelly, CPCU |
| John J. | Kelly, CPCU |
| Larry L. | Klein, CPCU |
| Raymond E. | Lindsey, CPCU |
| Theresa | Macko, CPCU |
| Joseph M. | McNasby, CPCU |
| Donald R. | Oakes, CPCU |
| Chris P. | Pitt, CPCU |
| James A. | Sherlock, CPCU |
| Philip N. | Spinelli, CPCU |
| Robert K. | Steere, CPCU |
| George A. | White, CPCU |

Seattle National Convention 2nd Largest

The National Convention in Seattle held October 14-18 was the second largest exceeded only by Hawaii. The Philadelphia Chapter was well represented with 81 CPCUs of which 48 were new designees. In addition there were 57 spouses.

The theme was "People . . . Key to the Next Frontier"; and the workshops, although picturing gloom in most cases, were very informative and gave us food for thought.

The Philadelphia Chapter won the Jay Gleason Award for Public Relations. The 1985 Convention will be held in St. Louis and we encourage you to attend.

The President's Corner



**Philip N. Spinelli, CPCU
President**

As we wind our way down to the end of December, we generally take a few moments to reflect on the events which impacted upon us during the course of the year and kind of take some satisfaction in our accomplishments. In terms of myself, the honor of being elected President of your Chapter for a second term is indeed a very gratifying accomplishment.

We have had some very interesting and commendable accomplishments during the first half of our second term. One change the membership has really enjoyed has been the site changes for the breakfast meetings. The use of the Hershey and Warwick Hotels has been a first rate experience, and rightly so, since

this is a first rate chapter. The innovative panel presentation at the October meeting was an outstanding success. Some of our other accomplishments include two jointly sponsored workshops, an assessment of the New Jersey legislation establishing a second injury fund for E & S companies and "Insurer, Reinsurer Insolvency"; a super chapter participation and reception at the national meeting and seminars; a very successful participation in Philly "I" Day; and the continuation of our excellent Chaptergram which in my estimation, is second to none.

There is another area of endeavor of which we are extremely proud. We established a theme for this term of increased visibility of the CPCU designation. Our accomplishments have been dramatic successes with our efforts on Channel 12 and, for the first time, our sponsorship of a fire safety essay contest in a local school district. These activities are visible evidence of our commitment to increase the external recognition of the CPCU designation. To this end, we also need your commitment. You can help by proudly wearing your CPCU keys and by using your professional designation on all your business correspondence. Most of all, you can help through your participation in the Society and in our Chapter.

In closing, I would like to take an opportunity to thank the membership for its confidence and support. We will continue our efforts to make Chapter membership a rewarding experience. On behalf of the entire Board, we extend to you our sincere wishes for a very happy holiday season and wish you continued health and success in 1985. CIAO.



Some of our new Designees take a bow at the September meeting.



New Designee Marshall Sherman in discussion at the Sept. meeting.



Dan Crough, President, Colonial Penn Group, makes a point during his presentation at the September meeting.

September Meeting Recap: Crough Shares Insights on Personal Lines and Financial Services Marketing

Some 70 Chapter members and guests heard Daniel F. Crough, President of Colonial Penn Group share his insights relative to the current personal lines and financial services marketing as well as on the regulatory environment.

Crough began by stating the property/casualty industry experienced in the first half of 1984 the most disastrous six months in its history. "The temptation in reviewing the industry today is to dwell on the evils of cash-flow underwriting and to speculate on the adequacy of loss reserves and the possibility that additional risk has been introduced into investment guidelines as the spread between investment income and underwriting losses has narrowed dramatically," said Crough.

The big debate today, according to Crough, is whether or not banks should be allowed to get into the insurance business. "I don't have a problem with the insurance industry pointing out to regulators, legislators, and the public, that safeguards are necessary in any industry or combination of industries which provides financial services to the consumer. I do have a problem if the motivation for the industry's position is not particularly pro-consumer but is, instead, anti-competitive in a free-market economy, and ignores the realities of the marketplace."

Crough pointed out that "most of the projects that have been announced involve placing agents in the lobbies of branch banks. Some involve direct response techniques, but the consumer will decide whether these new approaches will succeed or not." It was pointed out that retailers such as Kroger and K-Mart are offering insurance and Colonial Penn is offering property and casualty insurance in department stores and supermarkets in Oregon and California.

"If there is anyone who thinks that the consumer is not king, I urge them to examine the facts. Those who do not stay in touch with consumer attitudes, and economic and demographic changes in America, may be doomed to continue with a limited field of vision and limited success as a result."

When the consumer decides that he wants products and services at a lower price, and costs can be squeezed out of the system in order to provide lower prices, he certainly has the power to make things happen. In the insurance industry we need only look at the overwhelming success of the direct marketers in the selling of personal lines insurance over the past twenty years, and the development of self-insurance over the past ten years, to realize that the cost of producing and distributing our products must be lowered when the consumer demands it."

In his closing remarks Crough offered "If the insurance industry wants a better vision of the future, it must understand better who the consumer is and what he wants and expects from the vendors of insurance and other financial services. There is no question in my mind but that the consumer is calling the shots and will have his way. And I also believe that he is willing to rely more on his own abilities and information to evaluate his purchases.

If we, as an industry—company management, brokers, independent and salaried agents—would spend as much time and effort on understanding our customers, and adapting to their changing attitudes, as we do on trying to protect ourselves against competition, I have the strong feeling that we could all be winners."

Fire Safety Essay Contest A Resounding Success

The Chapter's "Fire Safety in the Home" essay contest jointly sponsored with the Council Rock School District was a huge success. Students in the School District wrote their essays during National Fire Prevention Week and each school forwarded their top five to a panel of judges comprised of Pete Palestina, CPCU, representing the Chapter, School Board President Patricia Poprik, and Northampton Township Fire Chief Tom Briggs.

All twelve schools in the district participated and mailed in their entries. The awards were presented to nine winning students before the Council Rock School Board at their November 5th public meeting by Chapter President Phil Spinelli, First Vice President Vince Phillips, and Coordinator Pete Palestina. Also on hand was Fire Chief Tom Briggs. Newspaper reporters were also present and the Chapter picked up press coverage for the event.

The awards of a U.S. Savings Bond and a plaque were presented to the first place finishers in each of three school classes (high school, middle school and elementary school). The second and third place finishers each received a framed certificate of commendation signed by our Chapter President and Secretary. In addition, President Spinelli wrote a personal congratulatory letter to all 36 finalists who do not win awards and presented them to Superintendent of Schools John Byrne for forwarding to the students and for recording in their records.

In addition, students residing in Northampton Township were publicly acknowledged at the Township Board of Supervisors Nov. 14th meeting for their efforts.

The program was such a success that the Chapter is looking forward to doing this on an annual basis with different school districts each year.



Phil Spinelli, CPCU President; Pete Palestina, CPCU Coordinator; and Jack Kay, Asst. Northampton Twp. Fire Chief are pictured here with Council Rock School District Fire Safety Essay winners.

Left to right first row: Kristin Degler, first place elementary; Danny Storaska, third place elementary; Heather Ann Janus, second place elementary. Second row: Syndey Lewis, first place intermediate; Laura Slattery, second place intermediate; Elisa Katz, third place intermediate. Third row: Monica McCoy, first place high school; Alan Feinman, third place high school. Not shown is Allison Stern, second place high school.



President Spinelli presents award to a happy student, Heather Ann Janus, during Fire Safety Essay Award Ceremonies, November 5th.

Kristin Degler — Elementary School — 1st Place

FIRE SAFETY IN THE HOME

Fire safety can save your life. By using these following methods you can save yourself or a friend from injury or death.

First, let's say the fire is in your hallway, and your smoke detector goes off. The first thing you should do is feel your door to see if it is hot. If it is hot, open your window, and yell for help as loudly as you can. If smoke starts to come in your room, get down on your hands and knees and crawl, because smoke rises and you need fresh air. If your door isn't hot, open it a crack, and see where the fire is located in the hallway. If the fire is at the far end of the hallway, go out of your room on your hands and knees so you have fresh air. Go downstairs and out the door.

You and your family should have chosen a meeting place outside. When your whole family is outside, choose one or two people to go to a neighbor's house and call the fire department.

When the fire department arrives, they will start by checking if anyone is still remaining in the building. It is much easier to find a child in the building if there is a tot-finder sticker on their window so the fireman can rescue the child. If there isn't a person in the building, they will start putting out the fire.

Out of all that I have just told you, there are a few very important things you still have to remember. They are: If you catch on fire, you should stop, drop and roll until the fire is completely smothered out. Don't run around when you are on fire because fire needs oxygen to live, and by running around you are giving it oxygen. Always keep the fire department phone number by your phone. Don't ever leave the stove alone when it's on. And never, ever play with matches. Never hide from a fireman. Last but not least, never leave old rags or newspapers by a furnace.

The End

P.S. The Fire Department phone number is:
357-0900 - Northampton Twp.



In Seattle where the hot topic was the new distribution system, Al Federico wants to know when this vendor will be selling homeowners' insurance.

Report on Philly "I" Day

By Fred Roe, CPCU

Approximately 900 people attended Philly "I" Day on Thursday, November 8th. The highlight at lunch, as always, was the Conferment Ceremony. Our chapter congratulates and welcomes all 63 new members.

The "I" Day committee started planning for the event last March. We spent eight months trying to make the entire day flow smoothly and appear so natural that everybody would forget it was carefully choreographed. It is incredible how we failed to solve many of the problems until the last two weeks. Fear is a great motivator.

After a welcome address and presentation declaring November 8 "I" Day by Mayor Wilson Goode, the following seminars were conducted:

- Changes in the 80s
- Financial Guarantee Insurance
- Modern Bank - Client or Competitor
- Future Role of Captives
- Workers Comp - Will Sole Remedy Survive
- Risk Mgmt. - Controlling Claims or Financial Wizardry
- Insurance Trends - An Analyst View
- Claims Management
- Reinsurers - What Now
- The Public's Perception of the Ins. Industry
- Flexible Benefits
- Foreign Intrigue
- To Market To Market

The Board of Directors will select next year's "I" Day co-chairman at their next meeting. It is not too early to start thinking about your participating. The new co-chairman will need help.



New CPCUs during "I" Day luncheon.



Chapter Officers greet new CPCUs during break.



Mayor Goode presents Declaration to Dr. Whelan.



Norm Baglini addresses the audience.



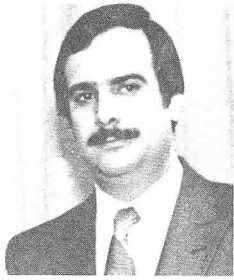
Joe Folz gives instructions to New CPCUs.



Dr. Baglini presents Diploma to new CPCU during ceremony.



The New CPCUs and dignitaries standing in recognition.



Peter F. Palestina, CPCU
Editor

From the Editor

Well friends, you lucked out. We have so much to report on that I am again forced to keep this column short. Believe it or not, that makes me very happy because it shows how active the Chapter has been. An added attraction in this issue is a crossword puzzle I created during one of those rare moments when I had nothing better to do. Hope you like it. Answers will be published in our next issue.

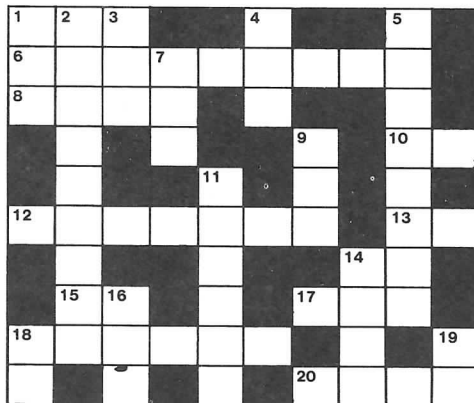
A reminder that your comments, articles, news, criticism, etc., are always welcome, so please call (564-2800) or drop me a line (c/o The Walsh Co., 1700 Race St., Phila. 19103).

In closing I'd like to wish everyone a happy holiday season and a great 1985. Until next time, read and enjoy.

From the Boardroom

- The 1984/85 budget was approved. The Chapter is expected to operate at a deficit of \$4,150 with income of \$19,650 and expected disbursements of \$23,800.
- Fred Roe advised that 61 new Designees have joined our Chapter.
- The Regional Officers' Conference is scheduled for March 8, 1985 and several officers are expected to attend.
- A little side humor: At the August 2, 1984 board meeting an officer, who shall remain nameless, made a motion to increase the breakfast price to \$9.50 and \$10.00 if you pay at the door. The minutes reflect that "the motion was seconded and defeated 7-0."

Chaptergram Crossword Puzzle



ACROSS

- 1—bureau slot rated package
- 6—program usually requiring 3 or more units
- 8—country whose capital is named after a type of bean
- 10—today's underwriting response to request for credits
- 12—search for this prolonged last loose market
- 13—agents usually get this when results are poor
- 14—used to make known in a positive light
- 15—abbr. for one who usually subs out
- 17—agents present state of mind toward insurers actions
- 18—insurance contract
- 20—educational event honoring local new designees

DOWN

- 1—commercial auto policy
- 2—covers goods shipped overseas
- 3—dividend paying plan
- 4—the first bureau package
- 5—premium before discount
- 7—needed to better evaluate loss experience
- 9—not split
- 11—absolute liability
- 14—required for premium before life policy is effective
- 16—our life counterparts
- 18—more and more offices are buying one for data
- 19—last year's national convention site

Candidate Development Update

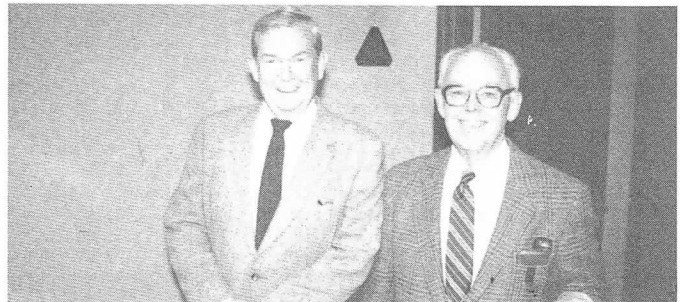
By: **Joseph M. McNasby, CPCU**
Candidate Development Coordinator

As you may recall, last year I had the pleasure to present the first two awards ever presented under our Sponsorship Awards Program. The Awards Program is a national program intended to recognize those CPCUs who were instrumental in a designee containing their CPCU designation.

Nomination forms have been sent to all 1984 designees, and I am pleased to report that we already have a couple of nominees for the awards to be presented this year. The Personal Sponsorship Program is the cornerstone of the Philadelphia CPCU Chapter's candidate development activities. The road to attaining the CPCU designation is a long one filled with many frustrations. Many times the sponsor we assign to a candidate, who has requested a sponsor, provides the moral support needed to continue the journey. It is surprising how many stories you hear of people who were ready to give up but first decided to have a good heart-to-heart talk with someone whose opinion they respect. Knowing that others have encountered the same problems as you and have overcome them, sometimes makes the goals seem more obtainable.

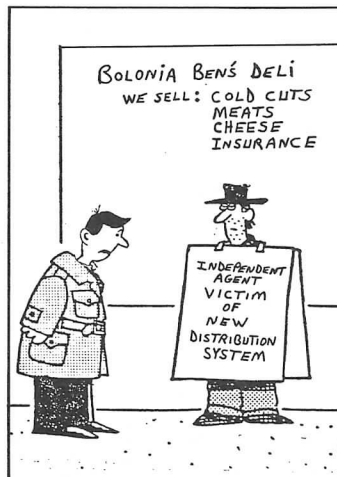
For those of you who have served as personal sponsors under this program, either on a formal or informal basis, I thank you for your continued support of this worthwhile endeavor. To all CPCUs, we urge you to make your fellow workers within the industry aware of the value of the CPCU designation and encourage them to become a part of the program. For those of you who know fellow workers who are presently candidates working toward the CPCU designation, provide the encouragement for those people never to give up. If you know of someone who would benefit through the formal Sponsorship Program, please have them contact me at The Graham Company (phone # 567-6300), and I will gladly see that a sponsor is assigned to that candidate.

I will look forward to presenting the awards to this year's recipients at a breakfast meeting in the near future.



Recently retired from Firemans Fund are Chapter Members Wayne Watson and Walt Frasier, shown here at the National Convention in Seattle.

THE ON-GOING SAGA OF "SEEPY SEEYOU"



Is this what the future holds for independent agents?



Ann Compton speaks to Convention in Seattle.

October Meeting Recap

Panel Discusses Current Markets and Underwriting

One hundred twenty people, the largest audience of the year, attended the October 5 meeting held at the Warwick Hotel to hear and question a panel on "Current Markets — Availability and Pricing" as well as "Critical Underwriting — What, Why and Who." The meeting was moderated by Mike Moody and the panel was comprised of Dick Peterson, Exec. Vice Pres. of Fred S. James; Nick Mesogianes of RFC Intermediaries; and John Topoleski, CPCU, President of Eastern Risk in Philadelphia.

Each panelist opened the discussion with various statements as to why we are in the current market situation. Dick Peterson pointed out that "reinsurers are asking questions and when they start asking underwriting questions, it's now back to basics." John Topoleski indicated that "in past cycles when the companies were making money, they opened up the underwriting, but this time it was different because investment income became a big factor whereas before it wasn't considered that much. This prolonged the last loose market cycle. Now the investment income is not enough to overcome underwriting losses." Nick Mesogianes stated that "in the late seventies we experienced an influx of reinsurers, many of which were set up by the regular companies to take advantage of attracting additional income to use for investments. Captives became more prevalent and everyone was trying to get more money in to take advantage of the high interest rates and get their market share. The rules were easy with loose regulation." In addition, Nick added, "1984 is seeing increased claims cost, inadequate marketing and loss of tax breaks."

On the subject of availability and pricing, the panelists offered the following:

- (P) "It's a real jungle out there; while the product is still available, prices are increasing dramatically."
- (T) "The market is available when the price is right. Companies pull out of a market when loss ratios are terrible, but if these same companies priced the product logically to begin with, they wouldn't have to be pulling out now. Architects and engineers (E&O markets have dried up and it is difficult to buy property insurance on the New Jersey Coast because the companies can't get reinsurance. Right now it's a panic situation and no one knows what they are doing. Hopefully we won't get a black mark from the public."
- (M) "Reinsurers have been taking a bath due to retrocession capacity. We can expect even more rate increases and less capacity in 1985. Insurers will have to change their pricing and underwriting decisions dramatically. Reinsurers right now do not want to write anything and are waiting to see what the prices will be come January."

In discussing the role of the broker in this new market and if underwriters may try to get even with brokers for their pains in the loose market, the panel responded:

- (P) "The broker does not have the hammer that many think he has. The companies make the ultimate decisions and the brokers merely respond."
- (T) "Brokers didn't break a company's arm to write business at a certain price during the loose market, so there shouldn't be a 'Now I'll get him' attitude by the underwriter now that the market has turned. What is more likely to happen is that the underwriter will remember who was or was not loyal to him during the loose market and will respond accordingly now in the hard market. More underwriters will now look at ISO manuals and start doing their job again like checking losses, proper rating and applications."
- (M) "From reinsurers, you will be able to get fringe coverages but it will cost more. In addition, there has been an unwillingness to interpret some exclusions. Reinsurers want to see manuscript forms well enough in advance before they bind coverage. London, in particular, is trying to get away from manuscript forms."

As to what effect newer underwriters, who have learned their job during a loose market, will have in the hard market, the panel responded:

- (T) "You never applied credits to premium prior to 1960. In the last five years underwriters were not able to determine an adequate rate for the exposure. It was simply all of your available credits and write the business. They were not trained to make underwriting judgments and therefore they will now have to start using their brains."
- (M) "The U.S. dollar has a bearing on the capacity that is going to be available in the domestic market. Right now London is working on their terms and conditions. Expect further reductions in capacity."
- (P) "As far as the risk manager is concerned, there aren't many that can go to the home office CEO to discuss his risk; he has to go to his broker. Unfortunately, the broker is going to be the one who has to explain to and educate the client and tell him beforehand that they better budget for the increases coming up in order to avoid surprises which will make the broker look bad."

Dick Peterson made somewhat of a surprise prediction when he said "The tight cycle won't last very long, as even though loss ratios are horrendous, the capital is still there."

Coming Up — Mark Your Calendar

- December 18:** Breakfast Meeting (Hershey Hotel/8:30 a.m.) - *Speaker, Bill Schrempf*
- January 23:** CLU/CPCU Joint Breakfast Meeting (Warwick Hotel/ 8:30 a.m.)
- February 13:** CPCU/RIMS Dinner Meeting - *Speaker, Norm Rosenthal*
- March 20:** Franklin Award Luncheon
- April 18:** Breakfast Meeting (location to be determined) - *Panel discussion on insurance education. Also election of officers and directors.*
- May 8:** CPA/CPCU Dinner Meeting (Buck Hotel) Feasterville, PA
- June 18:** Breakfast Meeting (location to be determined) - *Speaker, Norm Baglini and Annual Business Meeting*
- Social:** Date to be determined (May or June). Event will be a joint picnic/field competition with the Greater Valley Forge Chapter.

A flyer announcing the exact details will be forwarded to each of you three to four weeks prior to each event.



President Spinelli greets Chapter Members and New Designees at the Chapter's Reception in Seattle.



Vi Federico, Ray Lindsay, Dot and Iles Wauhopp pose for our photographer at the Seattle Convention. Al Federico, our Chapter Secretary, is shown at far left in back being distracted while Ray Lindsay makes play for Vi who is Al's wife.



Present and Past Phila. Chapter Presidents at the National Convention left to right: Homer White, Pete Palestina, Walt Butterworth, Phil Spinelli, Len Garry, Bill Arnold, Iles Wauhopp.



October meeting panelists, left to right, Nick Mesogianes, John Topoleski and Dick Peterson seem to be in prayer, concerned and grinning respectively over the current market.