



# CPCU

PHILADELPHIA CHAPTER  
THE SOCIETY OF CHARTERED PROPERTY  
& CASUALTY UNDERWRITERS

# CHAPTERGRAM

VOLUME 20, NUMBER 2

Peter F. Palestina, CPCU—Editor

DECEMBER, 1986

## OCTOBER MEETING RECAP: ARA Services, Inc. Risk Managers Team Discusses Their Approach to Risk Management

ARTICLE BY: Bruce L. Kelly, CPCU, Director

The featured speakers of this meeting were Don Nelson, CPCU, ARM; Larry Kwasny, ARM; and Jim McNamara, all from ARA Services, along with Robert Needle, managing V.P., Alexander and Alexander. Their topic of discussion was how ARA arrived at its unique risk management approach and insurance program.

Don Nelson, who was also recently named Risk Manager of the Year by Business Ins., related how ARA originally had an incurred loss retro program when he arrived in 1971. He decided there was a need for a paid-loss retro program to facilitate cash flow. This program came to an end due to certain assets not being allowed as collateral, thus the program evolved into a captive program. But the soft market dictated consideration of another approach: first dollar, guaranteed cost program—which was against the grain at the time (1982-83). The broker, Bob Needle, offered ARA a guaranteed, 3-year noncancellable program.

Next, Larry Kwasny told how to take one's risk management/insurance program to market to make it palatable to insurers. First, management must be queried as to what their objectives are and what they see as the company's future. There are certain essentials that must be met: (1) early marketing, (2) quality package design, (3) choosing a broker that has programs compatible with your needs, and (4) good communication with your broker.

Then, Bob Needle, Alexander & Alexander, spoke about how he approached ARA's problems from the brokerage viewpoint. ARA wanted tax-deductible premiums as well as a maximum cost figure. Traditional markets didn't want to give credit for investment income realized as a result of large premium involved with such a large account. Instead, Bob purchased specific and aggregate stop-loss coverage in the reinsurance market then went to a primary market for fronting coverage. Next, a program was designed to afford tail coverage for "long-tail" losses and IBNRs. Finally, all this was to be on a long-term, guaranteed cost basis.

In the first year ARA saved \$10 million on insurance program and \$3 million in the second year. Policy coverage is very broad (manuscript type). The quality of insurers and reinsurers was closely scrutinized to ensure long-term validity of program. The service provided by insurer and claims personnel are factors to be considered very carefully as well.

Finally, Jim McNamara spoke about ARA's program from the claims management perspective. ARA is very diversified, which means there is a whole host of varied and difficult loss exposures especially in the workers' comp area. Management must be made keenly aware of the need for loss control and how a division's losses will directly impact on their bottom line. A cost allocation system is necessary to ensure the success of the program and emphasize to management its direct role in the loss control process. ARA installed special programs to aid in

obtaining good loss control: defensive driving program, rehab programs, return-to-work program, pre-screening program, etc. Also, an incentive program was installed to enhance division's attempts to keep losses under control.

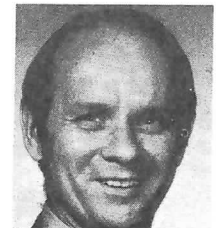
Approximately 60 people attended the meeting.



Some of the attendees at the Oct. 15th meeting.

## Chapter Dues to Increase

Please note, for your budgeting purposes, that due to increasing costs the Board of Directors has voted to increase Philadelphia Chapter dues from \$20 to \$30. (As a point of information, dues have not increased since 1981. Chapter dues across the country currently range from \$15 to \$50.) National dues have also increased from \$80 to \$90 this year. Therefore, the combined annual cost for national and local membership will be \$120 in 1987.



Joseph F. Folz, CPCU  
Co-Chairman

## Come to "Philly I-Day '86" December 17th

As you read this, "Philly I-Day" is only a matter of days away. All of the preparations have been made, the speakers are ready, the subjects have been researched, and the new Philadelphia Chapter CPCUs are ready to walk up on the stage to receive their diplomas, conferred this year by Dr. Norm Baglini. We have a new site, the Franklin Plaza, and hopefully our "home" for many more "I-Days." (Advance notice: Mark your calendars for 1987. "I-Day" will be at the Franklin Plaza, October 29, 1987.)

So take a break from your holiday shopping, January 1st renewals, and everything else that is associated with December, and join about 900 other insurance professionals like yourself on December 17th, at the Franklin Plaza as we honor our new designees, gain new knowledge, and wish each other a happy holiday season.

This is my third "Philly I-Day," second as Co-Chair, and also my last. Pete Raymond of Aetna gets to make plans and attend the meetings next year—I wish him much success in carrying on a noble tradition.



Speakers at our October 15th meeting, shown left to right: Don Nelson, CPCU, ARM; Lawrence Kwasny, ARM; Bob Needle; Jim McNamara.



Pamela H. Godwin  
President

## The President's Corner

I've been thinking a lot about quality lately.

So have a lot of other people, which is evident when you pick up any business publication, read the newspaper, listen to radio or television commentary, or attend a gathering of friends or colleagues. If they're not talking about the issues of quality in American business in a generic or economic sense, they're relating an experience where someone has been the recipient of a service or product of excellent or very poor quality. So it is evident to most people that a business that can deliver its service or product in a high quality fashion has an excellent shot of (a) survival in difficult times and/or (b) truly gaining a strategic, competitive advantage in its marketplace.

What does this have to do with being a CPCU or belonging to a CPCU Chapter? At the risk of being self-congratulatory, I would wager that most of us who have become CPCUs and maintain a membership in a Chapter are individuals who implicitly or explicitly become involved in working the more global issues that affect our industry and our economy; that is, we try to become part of the solutions as opposed to part of the problems. And we as an industry own a number of problems that preclude or seriously impair our ability to deliver the highest quality service to our customers.

Why do I say we own the problems? Because I believe that the people who have the most positive impact in any situation are those who take ownership and resolve to work it out, regardless of whose fault it is. Perhaps my favorite illustration of this point is that one exception in old English common law to the precept that one is innocent until proven guilty. That exception was "If the dead body is found on your territory, you are guilty until proven innocent." Well, our industry's territory has a lot of dead bodies lying on it right now, and the onus is on us to figure out what to do about it.

So, again, Rule One to solving quality problems, I believe, is taking ownership of the issues, and motivating others to do the same.

While in Atlanta at the annual seminars in October, I heard Dr. Michael H. Mescon, PhD, Dean of the Georgia State University School of Business, speak on this issue at the "M" Club Luncheon. He urged American business professionals to "close the gap between mouth and movement and make the American dream a functioning reality" by doing, among other things, the following:

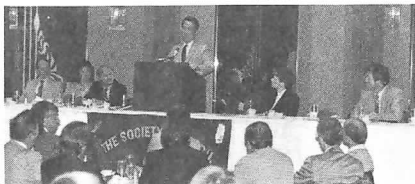
- By realizing that the customer is the boss and that each individual's job is to do whatever it is that has to be done to deliver the product to that customer. (If an organization can achieve that focus, inefficiencies and errors will be reduced to a minimum, if not virtually eliminated.)
- By placing individuals in power positions who are visible and accessible and who can project the attitude "I know, I understand, I am concerned, and I care" to employees and customers. By hiring and reinforcing those individuals who consistently show up on time dressed to play (mentally) and by doing so ourselves.

Enough of my thoughts right now. What do you think? I invite you to submit letters to the editor or your own column on this or any topic that affects our industry or business in general. You can do so by sending your column or letter to me at Colonial Penn Insurance Company, 11 Penn Center Plaza, 12th Floor, Philadelphia, PA 19181, or to Pete Palestina at The Walsh Company, 1700 Race Street, P.O. Box 59449, Philadelphia, PA 19102.

My warmest wishes for a happy and safe holiday season. Don't forget to wear your seatbelts!

Regards,

Pam



Senator Specter, the head table and some of the crowd at the September 16th meeting.



Former chapter member and now President of the Society of CPCU, James L. Kirschbaum, CPCU, addresses the convention after being sworn into office.

## Where Do We Find "Good Insurance People"

BY: Art Hanebury, CPCU

Once again many insurance companies and agencies are looking for "good insurance people" to fill positions vacated or destroyed during the soft market. This is due to the cyclical nature of the insurance industry and the company's budget slashing of funds and programs designated or earmarked for education.

I believe that there are "Good People" sitting next to each of us in our respective offices. Many of these "Good People" could be developed into "Good Insurance People" with a very small amount of encouragement and direction. The creation of a steady flow of new "Good Insurance People" would aid in stabilizing our marketplace. However, left to fend for themselves within our cyclical industry, many will become confused, disheartened and misdirected, consequently leaving the industry without realizing the many opportunities that lie within it.

Because of the high visibility of a CPCU, he or she can affect informally the supply of "Good Insurance People." The CPCU, by informing the "Good People" of the many educational programs and the CPCU Personal Sponsorship Program, where one can obtain more formal career development advice and where to access these programs helps to put people in the "pipeline" to successful completion of the various programs. The obvious result is an increased supply of "Good Insurance People." The Personal Sponsorship Program has put more than 100 people into the CPCU pipeline during the last four years.

Additionally, if the CPCU knows of several individuals who would be interested in hearing about more formalized education in insurance and its corresponding benefits, the "Personal Contact Campaign" program has been created. Last year six very successful presentations were conducted and our own Philadelphia Chapter of CPCU, in conjunction with the Insurance Society of Philadelphia, anticipates increasing the number of presentations to ten during 1986-87.

The availability of "Good Insurance People" has followed, and will continue to follow, the insurance cycle. I believe this trend can be stopped if:

- (1) All players in the Insurance Industry continue the current commitment to train new people.
- (2) All players in the Insurance Industry realize the need to support the formal educational facilities that are currently at their disposal, and
- (3) CPCUs, in their ongoing commitment to professionalism, encourage "Good People" to become "Good Insurance People" by word and deed on a continuing basis.

It's up to us!!



## Atlanta National CPCU Convention 1986

### An Observation

BY: Al Federico, Jr., CPCU  
First Vice President

Al Federico Jr.  
First Vice President

The blitzkrieg of seminars, 12 of them, was not unusual for an annual CPCU convention as 3,000+ CPCUs descended on Atlanta in search of information, education and an exchange of ideas. The topics were timely and certainly provocative as our industry continues its burning march into the 21st century. It was naturally impossible to attend all of the meetings, even for the most diligent, but what one misses can be made up at the social functions (or even around the pool). In fact, this is a crucial part of the convention. Live seminars cannot be played back as if on video (someday maybe?) and often there is quite a lot to absorb and unless there is a pooling (no pun intended) of thought and a discussion afterward, much is lost.

It's amazing how there can be so many different interpretations around the same theme—as Agatha Christie's Hercules Peirout would say "it stirs the little gray cells." Rather than highlight individual seminars, I would rather discuss the convention "around" the seminars—which is just as fascinating.

First, the turnout was large and was the third largest in its history. The word is out that education is knowledge and knowledge can be power and power can mean stability, control, happiness (and perhaps wealth). Insurance literacy is on the rise, which raises the ante for all of us to keep abreast of our own professional development.

Second, the attendance at the seminars seemed higher than ever. The need to group together in chaos and to "see the big picture" may be indicative of the feeling of lack of control in a changing marketplace.

Third, the mood was upbeat over the past few years (like 1980-1984) as the industry has been profitable—at least the last two quarters. This sunshine was not complete as many dark clouds still fill the sky with unresolved topics, such as Tort Reform, Federal Control, Insolvency, Market Softness, Risk Management Alternatives, Mergers, have yet to be met.

Fourth, the speakers seemed aware, concerned and committed to providing direction and were outspoken in potential sensitive areas. This is hardly the time to "ride the line" and I was impressed by their forthright approach.

To this end, I thought the most volatile meeting was on Tort Reform. The Executive Director for the Trial Lawyers, Marianna S. Smith, appealed to the "jury" (us) at large to consider the "plight of us all when recovering from a tortfeasor." Her captivating speech was broken by swift and lively rebuttal from the audience as respects the overlooked downside items of "joint & several" liability as well as excessive "punitive damages." The debate was rather fast and furious as cross examination erupted old wounds. Whatever one may think, I feel these forums are necessary to have all sides present themselves.

I could not help but believe there had to be an impact on all the parties especially outside our organization when by sheer numbers alone as one voice we have gathered together to meld our thoughts and desires to effectively solve (or at least understand) our industry's problems. There are few of us that can claim their impact on this industry is so great that they can "go it alone;" therefore more than even the need to communicate can mean survival and gathering in groups, meeting face to face, still seems the most satisfying. I enjoyed all of it this year and hope to see you next year in San Antonio, Texas.



In Atlanta it appears that Fred Bower, Peg Gafney and Bill Curtis are laughing at the expense of Phil Spinelli.



Chapter President Pam Godwin speaks with Harry Nieman at the reception in Atlanta.



Art Hanebury chats with New York chapter member Peg Gafney at our Atlanta Hospitality Suite.

## National Director Don Cook Sends Congratulatory Message to Chapter President Pam Godwin on Gleason Award Achievement

Dear Pam,

Congratulations to you and your board on winning the 1986 Jay Gleason Memorial Public Relations Award at the Annual meeting.

I don't believe that Philadelphia has very far to go to win the President's Award this year and if I can be of any assistance in this effort let me know.

Best Wishes,

Don Cook



Later Phil Spinelli tries to explain what he really meant to say to a non-believing Fred Bower.



# A Spouse's Overview of the Atlanta Convention

BY: Vi Federico

*What do Georgia Peaches, the Georgia-Tech Yellow-Jackets, "Southern Hospitality," and 3,000 CPCUs have in common? They are all affiliated with the City of Atlanta which hosted the 1986 Annual Convention.*

Those of us who qualified as a Spouse or Guest converged on Atlanta and by way of the Spouse/Guest Hospitality Suites, had fun getting reacquainted with folks and also, making new friends during our stay.

The daily Spouse/Guest Programs offered us various seminars covering timely issues such as Financial Money Management, and in particular the General Session featured Tom Wolfe, well-known author of *The Right Stuff*.

Generally, on the last day of the Annual Convention, Spouses and Guests select a full day tour, and in keeping with tradition, this year's selections included a visit to Stone Mountain, a drive through Magnolia Country, tours of an Antebellum Plantation, and a trip to Coca Cola's International Headquarters (yes, we got free samples!).

Friends and "Southern Hospitality" is how I will best remember Atlanta, and I hope to again one day take Atlantans up on their invitation to "ya'all come back an' see us sometime, ya' hear?"



*Some people are never safe from Roving Photographer and Editor Pete Palestina. Here he catches Lou Sigel (middle) with the assistance of Phil Spinelli at Studebaker's in Atlanta.*



*Al Federico tries to entertain the ladies in Atlanta.*



*Iles Wauhop finds prospective member for Philadelphia Chapter at the Atlanta Hospitality Suite. Patrice McCarthy will soon be coming to our area.*



*Some of the wives (Joan Palestina, Vi Federico and Sandy Phillips) chat with Boyd Bruce while Vince Phillips looks on at the Chapter's Hospitality Suite in Atlanta.*

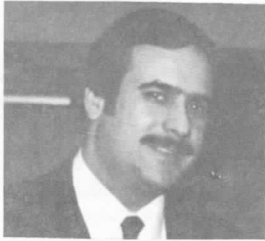
## Atlanta Convention Statistics on Attendance

Unique to the Insurance Industry is the publication and analysis of numbers. Here are some stats your Editor observed from the National Convention in Atlanta.

There were approximately 3,060 people who attended the 1986 Convention. Of these 3,060, there were 1902 CPCUs of which 924 (almost 50%) were new designees. Approximately 65% of the new designees brought their spouse or guest while 45% of the regular CPCUs (old timers with one year or more in grade) brought their spouse or guest.

The Philadelphia/Greater Valley Forge Chapter area had 90 CPCUs plus 45 spouses or guests attending. Of these 90 CPCUs, 27 were new designees. 50% of these new designees brought their spouses or guests while 50% of our area's regular CPCUs did the same.

What does all this mean? Nothing much except perhaps that upon observation, the people in our area either do not prefer to take a partner to the convention as much as the remainder of the country does, or we (or the companies we work for) are tighter with the dollars. If not that, perhaps we have more younger or single people than there are in the other parts of the country.



Peter Palestina  
Editor

## From the Editor Some Bad News— Some Good News

It seems that in this past year we have witnessed more than our fair share of the news that someone we knew, were friendly with, or was a leader in our industry had passed away. Exec. Vice President of the Society, Jim Hamilton, advised us that on October 10, 1986, E. Adrian Teaf, CPCU, CLU was killed in an automobile accident. Adrian was one of the six original CPCUs who received the designation in 1943. He served as President of the Society from 1951 through 1953 and continued his interest and dedication to the Society and the Institutes throughout the ensuing years. A memorial service was held on October 25th at the Trinity Great Swamp Church in Spinnerstown, PA. Adrian will be long remembered for his outstanding service and as one our founders.

On a brighter note, I would like to compliment the Insurance Society of Philadelphia, headed by Dr. Mariellen Whelan and the various CPCUs who volunteer their time in putting together the presentations given to various company personnel as part of the Personal Contact Campaign. It was my recent pleasure to have had a presentation made to my company's (Walsh Company) employees on October 31st. It happened to be Halloween day and many of our people were dressed for the occasion. They learned from the presentation that the trick is committing to enroll in and pass courses in insurance education. The treat is the professionalism and education one receives when becoming involved in the learning process. If you would like a presentation made to your company, contact the Insurance Society; you will find it will be well done, worth the effort and will lead to better, more well-rounded employees. In addition, your chapter was very involved in working with the Institute in putting this program together.

Finally, I would like to extend the very best from your Board of Directors to you and yours for a very happy Holiday Season and a healthy, happy, prosperous New Year. Hope you enjoy the *Chaptergram*, and I'll talk to you next in our March issue.



Connie O'Connor, CPCU addresses employees of the Walsh Company in Philadelphia on the merits of continuing education. Connie was assisted by Scott Engleke, CPCU and Pete Tyler, CPCU, along with Mariellen Whelan, PhD and George Broomall of the Insurance Society of Philadelphia, all as part of the Personal Contact Campaign. (See editor's column.)



Pat Wippel offers his breakfast at our September 16th meeting, but no one seems to be interested.

## CIGNA P&C Launches CPCU Sponsor Program

BY: Terry Macko, CPCU

According to Anne Sechler-Kopanski, CPCU, a consultant in the Property-Casualty division at CIGNA, "obtaining the CPCU designation was a critical element in my personal career development and has provided me many opportunities in our dynamic industry." With this in mind, she along with Wilson Taylor, President of CIGNA Property and Casualty, and Russ Rado, CPCU, an Assistant Vice President of P&C Group Training, initiated a strong campaign to obtain interest of other CPCUs at CIGNA to be a sponsor and "be a person who makes the difference in another's career."

The campaign began with a personal request letter addressed to each of the CIGNA P&C Group's CPCUs from Wilson Taylor. It was followed with an appeal to all professional employees asking them to consider obtaining their CPCU designation. This letter recommends contacting a CPCU in the company who will provide information on the course of study and the financial support that is available. These personal appeals were integrated with published articles in the company's newsletters. As an additional incentive CPCU employees who act as a sponsor are rewarded with a medallion with the CPCU key.

Anne has been enthused by the response. "The phone has been ringing off the hook. Our people are excited and committed to this challenge." She and others at CIGNA believe the sense of accomplishment and other benefits from obtaining the CPCU designation and helping others to obtain it are tremendous. It not only helps in getting promotions and technical development but also builds self discipline and provides goals to work toward. By being a personal sponsor a CPCU helps others to grow and supports team spirit. This can only enhance professionalism in the insurance industry.

## Philadelphia Chapter 1986-87 Approved Budget

### INCOME:

Dues .....	\$12,000.
Meetings:	
Breakfast .....	7,000.
CPCU/RIMS .....	600.
CPCU/CLU .....	800.
CPCU/CPA .....	200.
Seminar .....	400.
Spring Social .....	1,500.
Franklin Award .....	2,000.
I-Day .....	—
Interest .....	500.
Directory .....	1,825.
<b>TOTAL .....</b>	<b>\$26,825.</b>

### EXPENSES:

Meetings:	
Breakfast .....	\$ 6,800.
CPCU/RIMS .....	600.
CPCU/CLU .....	725.
CPCU/CPA .....	250.
Spring Social .....	1,500.
Franklin Award .....	2,500.
I-Day .....	800.
Directory .....	2,000.
Postage & Printing .....	5,000.
Chaptergram .....	4,500.
ISOP .....	600.
Regional Officers Conference .....	500.
Public Relations .....	1,300.
Loman Award .....	500.
Annual Meetings .....	700.
Miscellaneous .....	200.
Research Project .....	250.
Continuing Education .....	100.
<b>TOTAL .....</b>	<b>\$28,825.</b>

PROPOSED DEFICIT .....

(\$2,000.)

# September Meeting Recap

## Senator Arlen Specter Speaks Out on Tort Reform

ARTICLE BY: Gloria D. Forbes, CPCU

The Philadelphia Chapter of the Society of Chartered Property and Casualty Underwriters opened its 1986-1987 program year with a breakfast at The Hershey Hotel, Philadelphia, on Tuesday, September 16. It was the honor of the Society to present as its guest speaker U.S. Senator Arlen Specter.

As the current status of tort reform in the State of Pennsylvania, and also on a national scale, was of primary concern to the audience, Senator Specter opened his address with general comments regarding tort reform. He believed that any legislation that included caps or limitations on pain and suffering would be challenged on a constitutional basis. This was well noted as this issue has already been vigorously attacked by both consumer groups and plaintiff attorneys. However, Senator Specter did feel that any viable tort reform could and should address items such as the Statute of Repose and collateral sources of indemnification. Senator Specter pointed out that tort reform bills would have limited impact if the judiciary failed to "do their homework" when hearing cases.

When questioned about the recent attacks on the McCarren-Ferguson Act, Senator Specter stated that he favored a free market where possible, not active federal regulation.

Senator Specter also brought the audience up to date on the status of other important issues. He summarized some key points of the new tax bill and current legislation aimed at the import trade deficit problem.



Senator Specter arrives and is greeted at the head table.



Senator Arlen Specter addresses the members at the September 16th meeting.



Some of the crowd at our September 16th meeting.



More of the CPCUs at the September 16th meeting.

## Fire Safety Essay Contest Winners Announced

On November 1st, the Chapter announced the winners of our 3rd Annual Fire Safety in the Home Essay Contest, co-sponsored with the Council Rock School District. This year more students than ever submitted essays making this project well worth the expenditure to the Chapter, both in safety education and in public relations. The awards were to be presented by Chapter President Pam Godwin and coordinator Pete Palestina at the November 17th Council Rock Board meeting and at the November 26th Northampton Township Board of Supervisors meeting. A report with photos will appear in our March Chaptergram.

It is with great pleasure that we announce the following winners of this year's contest:

### FIRST AND SECOND GRADE CATEGORY

- 1st Place: *Janelle Everett, Feinstone Elem., \$100 Bond & Plaque*
- 2nd Place: *Amanda Goldsmith, Rolling Hills Elem., Plaque*
- 3rd Place: *Jeffrey Rabberman, Feinstone Elem., Framed Certificate of Commendation*

### THIRD AND FOURTH GRADE CATEGORY

- 1st Place: *Donna Primrose, Churchville Elem., \$100 Bond & Plaque*
- 2nd Place: *Christopher Kaufhold, Holland Elem., Plaque*
- 3rd Place: *Cindy Tease, Churchville Elem., Framed Certificate of Commendation*

### FIFTH AND SIXTH GRADE CATEGORY

- 1st Place: *Mark Rotolo, Churchville Elem., \$100 Bond & Plaque*
- 2nd Place: *Stacy Kramer, Rolling Hills Elem., Plaque*
- 3rd Place: *Scott Pachman, Holland Elem., Framed Certificate of Commendation*

## THE ON-GOING SAGA OF "SEEPY SEEYOU"



"Yeah, I can't really use this as it doesn't seem to have any defects. I was looking for something with more liability potential."

## Upcoming Events and Program Dates

### Mark Your Calendars!

The following is the latest list of tentative dates for Chapter meetings or events. Be sure to always check your monthly flyer/reservation announcement for the exact date, place and time. John Kelly, CPCU is Program Chairman. Any questions call John at 647-8880.

- December 17, 1986 — "I-Day" . . . . . Franklin Plaza Hotel
- January 13, 1987 . . . . . Hershey Hotel
- February 11, 1987 . . . . . Hershey Hotel
- March 19, 1987 . . . . . Hershey Hotel
- April 16, 1987 . . . . . Hershey Hotel
- May 13, 1987 . . . . . Hershey Hotel
- June 11, 1987 . . . . . Hershey Hotel

## Help Wanted by Bruce Kelly

### BE A TV STAR



Bruce L. Kelly, CPCU

ATTENTION all you aspiring (frustrated) thespians! Now is your chance to fulfill those dreams. After the New Year the Chapter is planning to put together a program on personal risk management to be aired on a local Bucks County cable network. All those interested, please call Bruce Kelly at 543-5525.